FAIRVEST PROPERTY HOLDINGS LIMITED

ANNUAL REPORT

for the year ended 31 March 2008

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CORPORATE INFORMATION

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

SALIENT FEATURES

for year ended 31 March 2008

		31 March 2008	31 March 2007
Properties held at beginning of period		**15**	15
Properties acquired during the period		**–**	3
Properties managed but not owned		**(1)**	–
Properties disposed of during the period		**(2)**	(3)
Properties held at end of period		**12**	15
Valuation of property portfolio	(R million)	**109,2**	151,8
Total interest-bearing borrowings	(R million)	**15,9**	51,3
Interest cover (trading profit/net interest paid)	(times)	**3,7**	1,1
Net asset value per linked unit	(cents)	**138**	91
Linked unit market price at period end	(cents)	**84**	66
Market capitalisation at period end	(R million)	**72,1**	56,7

COMPANY PROFILE

Fairvest Property Holdings Limited is a property investment holding company, which is listed in the "Real Estate Holdings and Development" sector of JSE Limited. The market capitalisation of Fairvest at 31 March 2008 was R72,1 million, an increase of 27% since 31 March 2007. Fairvest is a widely held public company with 1 756 linked unitholders and management holds 14,45% of the issued share capital of the Company.

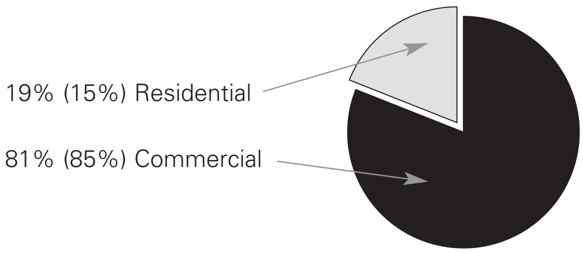
Its investment property portfolio, comprising 12 commercial properties, is valued at R109 million. Based on income receivable, the property portfolio is weighted 81% commercial and 19% residential with a regional split of 21% KwaZulu-Natal, 45% Gauteng, 3% Free State and 31% Eastern Cape.

The Group's 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.

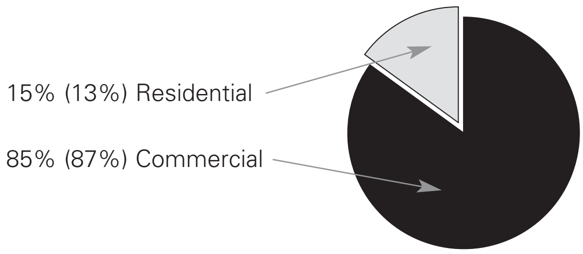
PORTFOLIO ANALYSIS

for year ended 31 March 2008

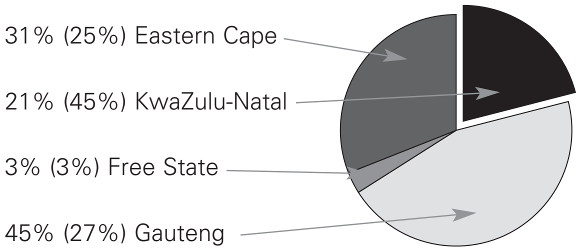
Sectoral profile based on income receivable



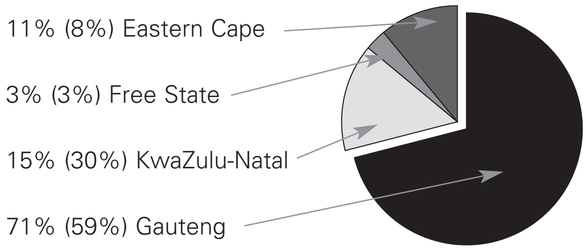
Sectoral profile based on gross lettable area



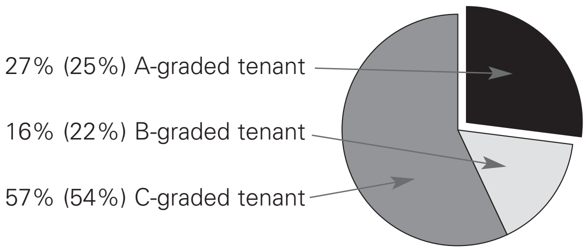
Regional profile based on income receivable



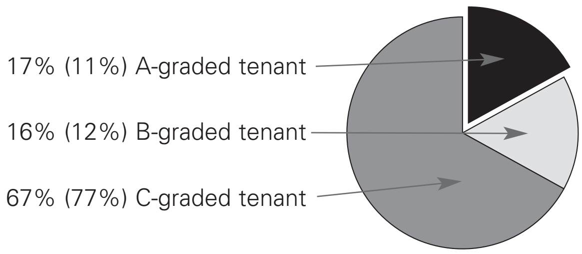
Regional profile based on gross lettable area



Tenant profile based on income receivable



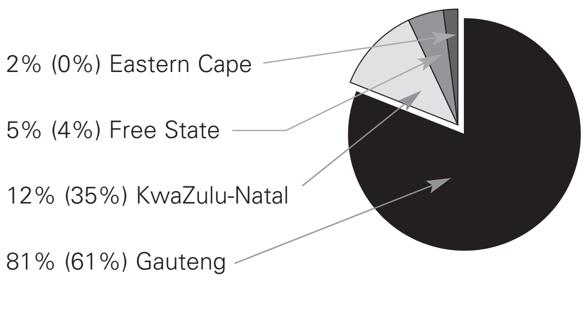
Tenant profile based on rental area



Vacancy profile

The vacancy in the portfolio at 31 March 2008 amounted to 25 548 m^2 (31 503 m^2) equating to 35% (35%) of gross lettable area. 100% (100%) of vacancy is commercial.

Vacancy profile based on gross lettable area



CHAIRMAN'S REPORT

for the year ended 31 March 2008

It is my privilege to report on the performance of Fairvest Property Holdings Limited. The year under review was an exciting and challenging period for the Group as your Board focused on improving the quality of the property portfolio to return value to linked unitholders.

The buoyant property market has enabled Fairvest to dispose of properties with high vacancy factors that require upgrading. Accordingly, the Kempton City property was disposed of during the year and agreements are being finalised and the necessary approvals obtained for the sale of a further property, namely Broadway Nordic. Full details of these transactions are set out in the Directors' Report on pages 11 and 12. The disposal of these under-performing properties was primarily responsible for the net asset value per linked unit increasing 52,4% to 138,4 cents and the fair value of debentures exceeding their face value for the first time.

The strong improvement in trading profit to R10 million, equating to an increase of 62% from prior period annualised trading profit of R6,2 million, is indicative of the continued turnaround of Fairvest. The financial position of the Group has improved significantly. Proceeds from the disposal of the investment properties were utilised to repay interest-bearing borrowings. Interest-bearing borrowings declined from R51,3 million to R15,9 million, which resulted in interest-bearing borrowings being reduced from 34% to 15% of the fair value of property. With cash and cash equivalents of R10,5 million, net debt at year end was R5,4 million

Fairvest's strong balance sheet and good operating cash flows have positioned it well to acquire investment properties which will enhance linked unitholder value. Your directors will continue to make every effort to further improve the quality of the portfolio in the year ahead.

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

T A B Bell
Executive Chairman

18 September 2008

CORPORATE GOVERNANCE REPORT

for the year ended 31 March 2008

Fairvest is committed to the promotion of good corporate governance and to following the principles of fairness, accountability, responsibility and transparency as advocated in the King Report on Corporate Governance for South Africa – 2000 (King II Report).

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

The Board of Directors

The Company has a unitary Board of Directors that consists of a balance between executive, non-executive and independent non-executive directors. Mr Jacques du Toit joined the Board during the year under review, increasing the number of non-executive directors to three, one of whom is independent. Further to this the Board has two directors who are considered to be executive directors, although at this stage it is only necessary for them to devote a portion of their time to the affairs of the Company on an "as and when required" basis.

As the Company grows there may be a need to appoint additional directors and a policy detailing the procedures for appointments to the Board, in compliance with paragraph 3.84(a) of the JSE Listings Requirements, will be drawn up and implemented before any new appointments are considered.

The Board has taken cognisance of the recent addition of paragraph 3.84(h) of the JSE Listings Requirements in terms of which the Company must appoint a financial director before 1 June 2009. In the meantime, the executive Chairman, who is a qualified and experienced Chartered Accountant, assumes this responsibility, the accounting function being outsourced to a firm run by a qualified and experienced Chartered Accountant.

As mentioned in last year's report, Mr Terry Bell accepted the position of Chairman at the request of the members at the annual general meeting held in 2006. The Company acknowledges that this is not an ideal situation as Mr Bell is also deemed to be an executive director, however this is an interim measure that will be rectified once the Company has reached a stage where it can sustain the appointment of additional directors to the Board.

The non-executive director is fully independent of management and is free to make his own decisions.

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

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

The Board meets quarterly with ad hoc special meetings convened where necessary. The attendance of directors at the Board meetings during the year under review is indicated below:

	Attended	Meetings held during tenure
TA Bell	5	5
TP Botsis	4	5
JF du Toit	3	3
DA Johnston	4	5
AB Platt	5	5

Board committees

Audit Committee

Subsequent to the Corporate Laws Amendment Act coming into effect on 14 December 2007, the Board recognised the need for the Committee to be re-constituted to comprise of only non-executive directors, who can be seen to be independent. As such, the Committee was reconstituted to consist of Mr du Toit and Mr Johnston, with Mr Bell attending the meetings as an invitee. The newly constituted Audit Committee has not yet met, its mandate up to this point having been undertaken by the Board as a whole. The Board confirms that it has adopted and adhered to principles in regard to the use of the external auditors for non-audit purposes.

Remuneration philosophy

The Group's property portfolio is now administered by the Group. With the disposal of the Kempton City property the Group staff complement has been reduced to 7 individuals (2007: 21), the majority of whom are administrative staff. These employees are remunerated at market related rates. During the year under review, the Board assumed the duties of the Remuneration Committee and agreed all the employees' and non-executive directors' remuneration, the fees for services rendered by executive directors and all consultants' and other professional advisers' fees.

Fees paid to directors in respect of the year under review are fully disclosed in the Directors' Report on page 13.

Company Secretary

The Board is of the opinion that the Company Secretary is suitably qualified and experienced to carry out her duties as stipulated in Section 268G of the Companies Act, Act No. 61 of 1973, as amended. The Company Secretary provides Board members with guidance in respect of their statutory duties and ensures that they are up to date on all relevant statutory requirements. All directors have access to the advice and services of the Company Secretary and in appropriate circumstances, may seek independent professional advice about the affairs of the Group at the Company's expense.

Relationship and reporting

Code of conduct

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

Communication with stakeholders

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

Going concern

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

DIRECTORS' RESPONSIBILITY AND APPROVAL

of the annual financial statements for year ended 31 March 2008

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

The annual financial statements of the Group and Company for the year ended 31 March 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act, Act No. 61 of 1973, as amended. They are based on appropriate policies and are supported by reasonable and prudent judgements and estimates. No event, other than as disclosed in the Chairman's and Directors' Reports, material to the understanding of this report, has occurred between the financial period end and the date of this report.

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

These annual financial statements set out on pages 10 to 54 have been approved and authorised for issue by the Board of Directors and are signed on its behalf by:

TAB Bell
Executive Chairman

18 September 2008

TP Botsis
Director

REPORT OF THE COMPANY SECRETARY

for the year ended 31 March 2008

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

JA Lupton, ACIS
Company Secretary

18 September 2008

REPORT OF THE INDEPENDENT AUDITORS

for the year ended 31 March 2008

To the linked unitholders of Fairvest Property Holdings Limited

We have audited the Group and Company annual financial statements of Fairvest Property Holdings Limited, set out on pages 16 to 54, which comprise the balance sheet at 31 March 2008, the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and the fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and the Companies Act, Act No. 61 of 1973, as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the Group and Company's annual financial statements present fairly, in all material respects, the financial position of Fairvest Property Holdings Limited as at 31 March 2008, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and the Companies Act, Act No. 61 of 1973, as amended.

BDO Spencer Steward

BDO Spencer Steward (KZN) Inc.
Registered Auditors

Per Neville Kirkwood
Chartered Accountant (SA)
Registered Auditor
Director

18 September 2008

59 Musgrave Road
Durban

DIRECTORS' REPORT

for the year ended 31 March 2008

The directors have pleasure in submitting their report which forms part of the audited financial statements of the Group and Company for the year ended 31 March 2008.

Nature of business

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

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

Financial results

The results for the year under review are set out on pages 16 to 54 of this report. The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and interpretations of those Standards, as adopted by the International Accounting Standards Board, and the Companies Act, Act No. 61 of 1973, as amended.

The turnaround of the Group continued during the year under review with the net asset value per linked unit increasing 52% to 138,4 cents (2007: 90,8 cents). This increase resulted primarily from the revaluation of the Kempton City property to its disposal value and the reduction in the deferred taxation provision required for potential capital gain on redemption of debentures as the fair value of the debentures now exceeds their face value of R112,9 million.

Gross revenues declined to R24,1 million from annualised revenue in 2007 of R26,5 million largely as a result of the disposal of the Nedbank Circle and Mangrove Beach Centre properties during the year. Trading profit increased 62% to R10,0 million when compared against annualised trading profit in 2007 of R6,2 million. Fair value adjustments resulted in Fairvest reporting an operating loss of R15,2 million for the year (2007: profit R20,3 million). The repayment of interest-bearing borrowings resulted in a significant reduction in net interest paid from R8,5 million to R2,7 million. Interest cover, defined as trading profit/net interest paid, improved from 1,1 times to 3,7 times. The reported taxation income resulted from a reduction in the deferred taxation provision of R18,2 million, which was primarily due to the reversal of the prior provision being no longer required. This provision was for potential capital gain on redemption of debentures and no longer required as the fair value of the debentures exceeds its face value. The Group reported no profit attributable to ordinary shareholders and a headline profit of R25,2 million (2007: loss R11 million) for the reasons to be explained below.

The linked unit capital structure of the Group, whereby every shareholder is a debenture holder, coupled with the terms of the Debenture Trust Deed, results in all profits which would be ordinarily attributable to shareholders being reflected as a fair value charge to debentures. As the Debenture Trust Deed states that 99,9% of the profits are attributable to debenture holders, the fair value of the debentures is equal to the fair value of the property portfolio. Therefore, the benefit of improved trading performance was expensed in the income statement as a fair value adjustment to debentures resulting in no profit attributable to ordinary shareholders.

The property portfolio under management decreased from R149,2 million to R107,7 million as the Nedbank Circle and Mangrove Beach Centre properties were sold and the Blue Heights building, which is owned by Polpoint Share Block Limited, is no longer consolidated as Fairvest Property Holdings Limited does not have the ability to control the financial and operating policies in respect of that property. The investment in the Polpoint Share Block Limited has been reflected as an investment in a related property company.

The receipt of proceeds from the sale of investment properties resulted in a significant improvement in cash and cash equivalents from R1,7 million to R10,5 million and a reduction in debt financing from R51,3 million to R15,9 million. Debt financing as a percentage of the property portfolio reduced from 34% to 15%.

Directors' responsibility

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

Borrowings

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

Dividends and distributions

No dividends have been declared or interest distributions made for the year under review in respect of the linked units and none are proposed at this stage, given the gradual turnaround of the Group.

State of affairs – property transactions

Acquisitions

There were no property acquisitions during the year as the properties evaluated did not yield the requisite financial returns.

Disposals

During the year the Group concluded the disposal of various properties and/or shares in wholly-owned subsidiaries. As reported in the 2007 annual report, the following properties were sold on public auction:

- the Mangrove Beach Centre property to Mr Nicholas Pearson for a cash consideration of R17,1 million, net of commission but before settlement of mortgage bonds and amounts estimated to be due in respect of the disposal adjustment accounts on transfer; and
- the Nedbank Circle property to MAB and Associates for a cash consideration of R26,25 million, net of commission but before settlement of mortgage bonds, retrenchment costs and amounts estimated to be due in respect of the disposal adjustment accounts on transfer.

The rationale for the disposals was that the properties experienced high vacancy factors and required upgrading, which the Company was unable to fund at the time. The proceeds of the disposals were received in the current financial year.

At a general meeting of linked unitholders held on 19 May 2008, linked unitholders approved the disposal of the Kempton City property to Jardtal Properties (Proprietary) Limited for a net consideration of R47,8 million pursuant to a circular to shareholders dated 25 April 2008. The rationale for the disposal was that the building required refurbishment and renovation by virtue, inter alia, of the age of the building. Fairvest is an investment company and did not wish to take on the role of property redeveloper.

Post-balance sheet events

Post year-end, the proceeds have been received in respect of the Kempton City property disposal. The financial effects of the disposal of this property were announced in the abridged unaudited consolidated Group financial interim results announcement released on SENS on 7 December 2007 and published in the press on 11 December 2007 and in the circular to shareholders dated 25 April 2008.

The financial effects have been summarised below. The pro forma effects, which are the responsibility of the directors, are provided for illustrative purposes only and, because of their pro forma nature, may not fairly present Fairvest's financial position, changes in equity, results of operations or cash flows.

		Before the disposal	After the disposal	Percentage change
Earnings per linked unit	(cents)	–	–	–
Headline earnings per linked unit	(cents)	19,2	20,7	7,8
Net asset value per linked unit	(cents)	107,77	122,1	13,4
Net tangible asset value per linked unit	(cents)	107,7	122,1	13,4

Notes:

1. The "before" column refers to the financial performance for the six-month period ended 30 September 2007.
2. The "after" column assumes that the property disposals had been effected on 1 April 2007. Receipt of disposal proceeds on 1 April 2007, settlement of mortgage bonds against relevant properties, bond redemption payments, any amounts estimated to be due in terms of the respective adjustment accounts on transfer, transaction costs, estimated capital gains tax, elimination of trading, the reversal of interest payments and incorporation of an after-tax interest received calculated at the average prime interest rate for the 18-month period of 8% per annum on the net cash arising from the disposal has been taken into account.
3. The earnings per linked unit is unchanged owing to the corresponding fair value adjustment to debentures in accordance with the prevailing accounting policies and practice of Fairvest as set out in more detail in these annual financial statements.
4. The calculation of net asset value per linked unit and net tangible asset value per linked unit in the "after" column assumes that the disposals were effected on 30 September 2007 and is based on the number of linked units in issue at that date. The receipt of the disposal proceeds, transaction costs, applicable capital gains tax, amounts estimated to be due in terms of the respective disposal adjustment accounts on transfer and the settlement of the respective mortgage bond balances at 30 September 2007 have been taken into account.

On 16 May 2008 the agreement for the sale of the Broadway Nordic property was concluded for the disposal of the property for R850 000. The effective date of the transaction is the date of transfer of the property.

Going concern and future of the Company

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

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

Board of Directors

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

Terence Ackroyd Bell (age 64)
Terry is a CA(SA) and has been involved in all aspects of the property industry for some 25 years. He has been an executive director of the Company since 2004 and was appointed Executive Chairman at the annual general meeting in July 2006.

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

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

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

Arnold Platt (age 42)
Arnold has been a director of Millennium Property Holdings Limited for eight years and is a director of several other property-owning companies. He has consulted to various government departments and parastatals. Arnold has served as a director of Fairvest for five years, initially as a non-executive director but subsequently as executive director for the past four years.

Directors' remuneration

Policy on directors' remuneration

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

In terms of the Company's Articles of Association directors are appointed by the members in general meeting. Interim Board appointments may be made between general shareholder meetings. Interim appointees are required to retire at the next annual general meeting where they may make themselves available for re-election by members.

Executive directors' remuneration

Executive directors' remuneration is compared to other South African companies to ensure sustainable performance and market competitiveness. The individual fees paid to directors are reviewed annually and approved by members at the annual general meeting.

Non-executive directors' remuneration

Non-executive directors generally receive fixed fees for services. Non-executive directors do not receive short-term incentives nor do they participate in any long-term incentive schemes. The fees paid to non-executive directors are approved by members at the annual general meeting. As mentioned in the Corporate Governance report, neither of the directors deemed to be executive directors are involved full time in the affairs of the Company.

Directors' emoluments

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

2007 **Company**	Management fees R'000	Directors' fees R'000	Total R'000
TA Bell	–	180	180
TP Botsis	–	180	180
DA Johnston	–	100	100
AB Platt	622	–	622
R Wilkinson**	–	20	20
	622	480	1 102

*Appointed as a director on 8 October 2007.
**Resigned as a director on 26 October 2005.

Directors' service contracts

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

Linked units held by directors

The following table reflects the number of linked units held by directors at the date of approval of the annual financial statements:

2008

Name	Beneficial holdings Direct	Beneficial holdings Indirect	Non-beneficial holdings Direct	Non-beneficial holdings Indirect	Percentage of issued ordinary linked units
TP Botsis	**4 101 349**	**1 995 210**	**–**	**908 327**	**8,16**
TA Bell	**–**	**2 592 791**		**–**	**3,02**
JF du Toit	**–**	**–**	**–**	**2 798 875**	**3,27**
Total	**4 101 349**	**4 588 001**	**–**	**3 707 202**	**14,45**

2007

Name	Beneficial holdings Direct	Beneficial holdings Indirect	Non-beneficial holdings Direct	Non-beneficial holdings Indirect	Percentage of issued ordinary shares
TP Botsis	4 101 349	1 995 210	–	908 327	8,16
TA Bell	–	2 592 791		–	3,02
Total	4 101 349	4 588 001	–	908 327	11,18

Interests of directors in contracts

The directors have certified that they were not materially interested in any transaction of material significance and which significantly affected the business of the Group, with the Company or any of its subsidiaries. Accordingly, no conflict of interest with regard to directors' interests in contracts exists. There have been no material changes in the aforegoing since 31 March 2008 and the date of this report.

Directors trading in the Company's securities

All directors are required to obtain clearance prior to trading in the Company's securities. Such clearance must be obtained from the Chairman or, in his absence, from a designated director. Directors are required to inform their portfolio/investment managers not to trade in the securities of the Company unless they have specific written instructions from that director to do so. Directors also may not trade in their shares during closed periods. Directors are further prohibited from dealing in their shares at any time when they are in possession of unpublished price-sensitive information in relation to those securities, or otherwise where clearance to deal is not given. There were no trades by directors in the Company's shares during the year under review.

Linked unitholders' capital and special resolutions

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

The issued ordinary share capital remains unchanged at 85 795 988 ordinary shares and 85 795 988 linked unit debentures of 1 cent each. The number of issued ordinary shares and issued linked units reported above as being currently in issue excludes the linked units repurchased, details of which are as follows:

- 14 000 000 linked units at a price of 41 cents per linked unit from the trustees of the insolvent estate of Mr N G Vontas and Bonatla Property Holdings Limited in terms of a special resolution passed on 13 July 2005; and
- 17 615 616 linked units in respect of the Gorfil settlement in terms of a special resolution passed on 10 December 2001.

All administrative issues have been attended to and the necessary returns to cancel the shares have been lodged with the Companies and Intellectual Property Registration Office (CIPRO) for registration. The delay in cancellation is occasioned by the difficulty being experienced in trying to satisfy CIPRO's requirements with regard to providing it with copies of the relevant Court Orders.

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

Linked unitholders in excess of 5%

Details of linked unitholders in excess of 5% of the issued linked units, together with the spread of linked units between "public" and "non-public" holders, are set out in the analysis of linked unitholders on page 56 of this report.

Company Secretary

The Secretary of the Company is J A Lupton (ACIS) of Highway Corporate Services (Proprietary) Limited, Suite 13, Marwick Centre, Lucas Drive, Hillcrest, 3610, PO Box 1319, Hillcrest, 3650.

Subsidiary companies

Details of your company's investment in subsidiary companies are set out in note 34 to the annual financial statements.

Auditors

The auditors of the Company are BDO Spencer Steward (KZN) Inc., 59 Musgrave Road, Berea, Durban, 4001. The auditors have indicated their willingness to continue in office as auditors of the Company. A resolution to reappoint the auditors will be proposed at the next annual general meeting of shareholders.

BALANCE SHEETS

as at 31 March 2008

		Group		Company	
		31 March 2008	31 March 2007	**31 March 2008**	31 March 2007
	Notes	**R'000**	R'000	**R'000**	R'000
ASSETS					
Non-current assets		**78 843**	151 950	**113 307**	102 219
Investment property	2	**59 033**	149 216	**–**	–
Equipment	3	**5**	–	**–**	–
Investment in subsidiaries	4	**–**	–	**1**	1
Loans to subsidiaries	5	**–**	–	**113 306**	102 218
Financial assets	6	**–**	–	**–**	–
Investment in related property companies	7	**16 888**	–	**–**	–
Operating lease asset	8	**2 917**	2 734	**–**	–
Non-current assets held for sale					
Investment property held for sale	2	**48 650**	–	**–**	–
Current assets		**11 254**	3 537	**–**	96
Trade and other receivables	9	**709**	1 868	**–**	96
Cash and cash equivalents	10	**10 545**	1 669	**–**	–
Total assets		**138 747**	155 487	**113 307**	102 315
EQUITY AND LIABILITIES					
Equity and reserves					
Ordinary share capital	11	**857**	857	**857**	857
Non-current liabilities		**131 588**	147 805	**110 168**	100 717
Linked unit debentures and premium	12	**117 809**	77 042	**109 723**	87 449
Long-term liabilities	13	**12 526**	51 270	**–**	–
Deferred taxation	14	**1 253**	19 493	**445**	13 268
Current liabilities		**6 302**	6 825	**2 282**	741
Taxation		**574**	1 176	**282**	209
Trade and other payables	15	**2 367**	3 872	**241**	–
Provisions	16	**–**	1 777	**–**	532
Redeemable debentures	17	**–**	–	**–**	–
Loans from subsidiaries	18	**–**	–	**1 759**	–
Current portion of long-term liabilities	13	**3 361**	–	**–**	–
Total equity and liabilities		**138 747**	155 487	**113 307**	102 315

INCOME STATEMENTS

for the 12 months ended 31 March 2008

		Group		Company	
	Notes	**12-month period ended 31 March 2008 R'000**	18-month period ended 31 March 2007 R'000	**12-month period ended 31 March 2008 R'000**	18-month period ended 31 March 2007 R'000
Revenue	19	**24 095**	39 748	**300**	450
Other costs		**(14 064)**	(30 438)	**(2 546)**	(1 896)
Trading profit/(loss)		**10 031**	9 310	**(2 246)**	(1 446)
Other (expenses)/income		**(25 243)**	11 006	**(12 790)**	3 796
– Fair value adjustment – debentures	20	**(40 767)**	(17 983)	**(22 274)**	(28 658)
– Fair value adjustment – investment properties	20	**19 502**	23 728	**–**	–
– (Loss)/Profit on sale of investments and financial assets	21	**(1 952)**	1 686	**–**	1 686
– (Loss)/Profit on sale of investment properties	21	**(2 026)**	3 575	**–**	–
– Provision for impairment of interest in subsidiaries	21	**–**	–	**9 484**	30 768
Operating (loss)/profit	21	**(15 212)**	20 316	**(15 036)**	2 350
Finance costs	24	**(3 902)**	(8 995)	**–**	(181)
Investment revenue	25	**1 202**	540	**2 543**	2 348
(Loss)/Profit before taxation		**(17 912)**	11 861	**(12 493)**	4 517
Taxation	26	**17 912**	(11 861)	**12 493**	(4 517)
Profit attributable to shareholders		**–**	–	**–**	–
Earnings per linked unit	27	**–**	–	**–**	–
Diluted earnings per linked unit	27	**–**	–	**–**	–

STATEMENTS OF CHANGES IN EQUITY

for the 12-month period ended 31 March 2008

	Notes	Share capital R'000	Distributable reserve R'000	Total R'000
GROUP				
Balance at 1 October 2005		845	–	845
Share capital not repurchased		12	–	12
Profit for the 18-month period		–	–	–
Balance at 31 March 2007	11	857	–	857
Loss for the 12-month period	11	–	–	–
Balance at 31 March 2008	11	857	–	857
COMPANY				
Balance at 1 October 2005		857	–	857
Profit for the 18-month period		–	–	–
Balance at 31 March 2007	11	857	–	857
Loss for the 12-month period	11	–	–	–
Balance at 31 March 2008	11	857	–	857

STATEMENTS OF CHANGES IN DEBENTURES

for the 12-month period ended 31 March 2008

	Notes	Linked unit debenture capital R'000	Linked unit debenture premium R'000	Total R'000
GROUP				
Balance at 1 October 2005		845	58 226	59 071
Debentures not repurchased		12	(24)	(12)
Fair value adjustment		–	17 983	17 983
Balance at 31 March 2007	12	857	76 185	77 042
Fair value adjustment	12/20	–	40 767	40 767
Balance at 31 March 2008	12	857	116 952	117 809
COMPANY				
Balance at 1 October 2005		857	57 934	58 791
Fair value adjustment		–	28 658	28 658
Balance at 31 March 2007	12	857	86 592	87 449
Fair value adjustment	12/20	–	22 274	22 274
Balance at 31 March 2008	12	857	108 866	109 723

CASH FLOW STATEMENTS

for the 12-month period ended 31 March 2008

		Group		Company	
		12-month period ended 31 March 2008	18-month period ended 31 March 2007	**12-month period ended 31 March 2008**	18-month period ended 31 March 2007
	Notes	**R'000**	R'000	**R'000**	R'000
Cash flow from operating activities		**2 139**	4 533	**(154)**	679
Cash generated from/(used in) operations	29	**5 769**	12 988	**(2 440)**	(1 488)
Finance costs	24	**(3 902)**	(8 995)	**–**	(181)
Investment revenue	25	**1 202**	540	**2 543**	2 348
Taxation paid	30	**(930)**	–	**(257)**	–
Cash flow from investing activities		**40 600**	9 092	**154**	(178)
Acquisition of properties	31	**–**	(10 558)	**–**	–
Disposals of properties	32	**40 600**	19 650	**–**	–
Amounts advanced to subsidiaries		**–**	–	**(1 605)**	(178)
Amounts received from subsidiaries		**–**	–	**1 759**	–
Cash flow from financing activities		**(33 863)**	(14 615)	**–**	(501)
Decrease in long-term liabilities		**(33 863)**	(16 405)	**–**	(2 291)
Proceeds on sale of financial assets		**–**	1 790	**–**	1 790
Net increase/(decrease) in cash and cash equivalents		**8 876**	(990)	**–**	–
Cash and cash equivalents at beginning of period		**1 669**	2 659	**–**	–
Cash and cash equivalents at end of period	10	**10 545**	1 669	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

for the 12-month period ended 31 March 2008

1. ACCOUNTING POLICIES

Fairvest Property Holdings Limited ("the Company") is a company domiciled in South Africa. The consolidated financial statements of the Company for the 12-month period ended 31 March 2008 comprise the Company and its subsidiaries (together referred to as the "Group").

1.1 Statement of compliance

The financial statements and Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretation adopted by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, Act No. 61 of 1973, as amended, and are consistent with the previous period, except for the fact that during the current year the Group adopted IFRS 7 – "Financial Instruments – Disclosure". This has not resulted in any amendment to the measurement of amounts reflected in the financial statements, but has led to additional disclosure – refer to note 37.

1.2 Basis of preparation

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

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

1.3 Basis of consolidation

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

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

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

1.4 Significant judgements and key sources of estimation uncertainty

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

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

1. ACCOUNTING POLICIES continued

1.4 Significant judgements and key sources of estimation uncertainty continued

Significant judgements include:

1.4.1 Impairment

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

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

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

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

1.4.2 Deferred taxation

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

1.4.3 Income taxes

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

1.5 Business and geographical segments

For management purposes, the Group is currently organised into two segments, namely commercial and residential. This is the basis on which the Group reports its primary segmental information. The geographical split is a secondary segment, with the major geographical segments being Gauteng, Western Cape, KwaZulu-Natal and Eastern Cape. Segmental information is presented in note 42.

1. ACCOUNTING POLICIES continued

1.6 Investment properties

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

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

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

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

1.7 Equipment

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

1.8 Non-current assets held for sale and disposal groups

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

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

1. ACCOUNTING POLICIES continued

1.9 Financial instruments

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

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

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

The Group designates financial instruments at fair value through profit or loss either when:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets and liabilities or recognising gains and losses on them on a different basis; or
- a group of financial assets, financial liabilities or both is managed and its performance evaluated on a fair value basis, in accordance with documented risk management or investment strategy and information about this group is provided internally on that basis to Group management.

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

1.9.1 Cash and cash equivalents

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

1.9.2 Trade and other receivables

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

1.9.3 Trade and other payables

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

1.9.4 Other financial liabilities

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

1. ACCOUNTING POLICIES continued

1.9 Financial instruments continued

1.9.5 Loans to/(from) Group companies

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

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

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

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

1.10 Offset

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

1.11 Impairment

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

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

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

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

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

1. ACCOUNTING POLICIES continued

1.12 Investments

1.12.1 Investments in subsidiaries

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

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

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

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

1.12.2 Investments in related property companies

Investments in related property companies are accounted for as available for sale financial instruments and are initially and subsequently measured at fair value.

1.13 Share capital and share premium

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

1.14 Linked unit debentures and debenture premium

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

1.15 Provisions

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

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

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

Provisions are not recognised for future operating losses.

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

Contingent assets and contingent liabilities are not recognised.

1. **ACCOUNTING POLICIES** continued

1.16 Revenue recognition

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

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

1.16.1 Rental income

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

1.16.2 Investment revenue

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

1.16.3 Income from sale of investment property

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

1.17 Leases

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

1.17.1 Leases as lessor

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

1.17.2 Leases as lessee

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

1.18 Borrowing costs

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

1. ACCOUNTING POLICIES continued

1.19 Taxation

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

1.19.1 Current taxation

Current tax for the current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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

1.19.2 Deferred taxation

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

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

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

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

1.19.3 Secondary tax on companies (STC)

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

1.19.4 Value-added taxation (VAT)

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

1. ACCOUNTING POLICIES continued

1.20 Employee benefits

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

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

1.21 Statements and interpretations not yet effective

There are a number of forthcoming new standards and interpretations, which have been issued by the IASB prior to the publication of these financial statements, but which are only effective in future accounting periods, unless early adoption is chosen. The following new relevant standards or interpretations have been issued, but are not yet effective.

Standard/Interpretation		Effective date
IFRS 1 amendment	• Measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time	Annual periods commencing after 1 January 2009
IFRS 2 amendment	• Amendments to vesting conditions and cancellations	Annual periods commencing after 1 January 2009
IFRS 3 amendment	• Amendment to accounting for business combinations	Annual periods commencing after 1 July 2009
IFRS 5	• Plan to sell the controlling interest in a subsidiary	Annual periods commencing after 1 July 2009
IFRS 7	• Presentation of finance costs	Annual periods commencing after 1 January 2009
IFRS 8	• Operating segment reporting	Annual periods commencing after 1 January 2009
IAS 1 amendment	• Amendments to structure of financial statements • Current/non-current classification of derivatives	Annual periods commencing after 1 January 2009
IAS 8	• Status of implementation guidance	Annual periods commencing after 1 January 2009
IAS 10	• Dividend declared after the end of the reporting period	Annual periods commencing after 1 January 2009
IAS 16	• Recoverable amount • Sale of assets held for rental	Annual periods commencing after 1 January 2009
IAS 18	• Costs of originating a loan	Annual periods commencing after 1 January 2009
IAS 19	• Curtailments and negative past service cost • Plan administration costs • Replacement of term "fall due" • Guidance on contingent liabilities	Annual periods commencing after 1 January 2009
IAS 20	• Government loans with below market rate of interest • Consistency of terminology with other IFRS statements	Annual periods commencing after 1 January 2009

1. ACCOUNTING POLICIES continued

1.21 Statements and interpretations not yet effective continued

Standard/Interpretation		Effective date
IAS 23 amendment	• Amendment requiring capitalisation only model • Components of borrowing costs	Annual periods commencing after 1 January 2009
IAS 27 amendment	• Amendment dealing with measurement of the cost of investments with adopting IFRS for the first time • Consequential amendments from changes to Business Combinations • Measurement of subsidiary held for sale in separate financial statements	Annual periods commencing after 1 January 2009
IAS 28	• Consequential amendments from changes to Business Combinations • Required disclosures when investments in associates are accounted for at fair value through profit or loss • Impairment of investment in associate	Annual periods commencing after 1 January 2009
IAS 29	• Description of measurement basis in financial statements • Consistency of terminology with other IFRS statements	Annual periods commencing after 1 January 2009
IAS 31	• Consequential amendments from changes to Business Combinations • Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss	Annual periods commencing after 1 January 2009
IAS 32	• Certain financial instruments will be classified as equity whereas, prior to these amendments, they would have been classified as financial liabilities	Annual periods commencing after 1 January 2009
IAS 34	• Earnings per share disclosures in interim reports	Annual periods commencing after 1 January 2009
IAS 36	• Disclosure of estimates used to determine recoverable amount	Annual periods commencing after 1 January 2009
IAS 38	• Advertising and promotional activities • Unit of production method of amortisation	Annual periods commencing after 1 January 2009
IAS 39	• Reclassification of derivatives into or out of the classification of at fair value through profit or loss • Designating and documenting hedges at the segment level • Applicable effective interest rate cessation of fair value hedge accounting	Annual periods commencing after 1 January 2009
IAS 40	• Property under construction or development for future use as investment property • Consistency of terminology with IAS 8 • Investment property held under lease	Annual periods commencing after 1 January 2009

1. ACCOUNTING POLICIES continued

1.21 Statements and interpretations not yet effective continued

Standard/Interpretation		Effective date
IAS 41	• Discount rate for fair value calculation • Additional biological transformation • Examples of agriculture produce and products • Point of sale costs	Annual periods commencing after 1 January 2009
IFRIC 12	• Service Concession arrangements	Annual periods commencing after 1 January 2008
IFRIC 13	• Customer Loyalty Programmes	Annual periods commencing after 1 July 2008
IFRIC 14/IAS 19	• The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Annual periods commencing after 1 January 2008
IFRIC 15	• Accounting for revenue and associated expenses by entities that undertake the construction of real estate	Annual periods commencing after 1 January 2009
IFRIC 16	• Guidance on net investment hedging in a foreign operation	Annual periods commencing after 1 October 2008

Where applicable, all standards will be adopted at their effective date. The directors have reviewed the above issued standards and are of the opinion that they are not applicable to the Group and will therefore have no impact on future financial statements with the exception of IFRS 1, IFRS 7, IFRS 8, IAS 1, IAS 10, IAS 23 and IAS 34. The impact of the aforementioned issued standards has not yet been assessed.

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
2. INVESTMENT PROPERTY				
Not held for sale	**59 033**	149 216	**–**	–
Held for sale	**48 650**	–	**–**	–
Valuation	**107 683**	149 216	**–**	–
Reconciliation of investment property				
Carrying value at beginning of the period	**149 216**	132 785	**–**	–
Additions and costs capitalised	**–**	10 556	**–**	–
Disposals	**(61 035)**	(16 075)	**–**	–
Fair value adjustment – valuation of investment properties	**19 502**	23 728	**–**	–
Fair value adjustment – lease smoothing	**–**	(1 778)	**–**	–
Carrying value at end of the year	**107 683**	149 216	**–**	–
Straight line lease accrual – non-current	**1 582**	2 734	**–**	–
Straight line lease accrual – current	**(115)**	(190)	**–**	–
Market value of investment property portfolio	**109 150**	151 760	**–**	–
Investment properties disposed of after period-end	**48 650**	43 350	**–**	–
Remaining investment properties	**60 500**	108 410	**–**	–
Market value of investment property portfolio	**109 150**	151 760	**–**	–

2.1 Assets pledged as security

Investment properties are pledged as security for the mortgage bond facilities detailed in note 13.

2.2 Details of assets

Details of the investment properties are reflected on page 55 in the summary of the valuation report. A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act, Act No. 61 of 1973, as amended is available for inspection at the registered office of the Company.

2.3 Property valuations

Investment properties were valued by an independent valuer, Galleon Valuation Services (Proprietary) Limited, a registered professional valuer under the Property Valuation Professional Bill. The valuer is not connected to the Group and has recent experience in the location and category of the investment property being valued. The effective date of the valuations was 31 March 2008. The valuations were based on open market values for existing use for each individual investment property. The "Income Capitalisation Method" was used to determine the market value for each property. This capitalisation method requires the direct comparison of the property, based on market rentals as well as market related expenditure, in order to determine a net annual income for the year forward. The net market related income is then capitalised into perpetuity at a rate of return determined from similar property transactions within the homogeneous area. Cognisance is to be taken of specific investment demands, the overall condition of structures, the accommodation such structures supply as well as the location of the property. If the contractual rentals are higher or lower than market norm then such income is discounted for the remainder of the lease term and the positive or negative influence thereof is deducted or added to the capitalised value. Amounts are recognised in profit or loss for the period.

A summary of the valuation report is reproduced on page 55 in Details of the property portfolio.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
2. INVESTMENT PROPERTY continued				
2.4 Investment property held for sale				
At valuation				
– Broadway Nordic	**850**	–	**–**	–
– Kempton City	**47 800**	–	**–**	–
	48 650	–	**–**	–

For further information refer to note 33, page 11 in the Directors' Report and page 55 in Details of the property portfolio.

2.5 Straight-line lease accrual

This excludes the straight-line lease accrual on investment property managed by Fairvest Property Holdings Limited but owned by a related property company.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
3. EQUIPMENT				
Cost	**20**	15	**–**	–
Accumulated depreciation	**15**	15	**–**	–
Carrying amount	**5**	–	**–**	–
Reconciliation of equipment				
Opening balance	**–**	5	**–**	
Additions	**5**	–	**–**	–
Depreciation	**–***	(5)	**–**	–
Closing balance	**5**	–	**–**	–

*Amount less than R1 000.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
4. INVESTMENT IN SUBSIDIARIES				
At cost	**–**	–	**1**	1

Details of investment in subsidiary companies are set out in note 34.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
5. LOANS TO SUBSIDIARIES				
Loan amount	**–**	–	**113 672**	112 068
Less: Provision for impairment	**–**	–	**(366)**	(9 850)
At fair value	**–**	–	**113 306**	102 218

The loans to subsidiary companies are unsecured, at varying rates of interest linked to the prime rate of interest (2007: varying rates of interest linked to prime rate of interest) and with no fixed terms of repayment. These loans will not be paid within the next 12 months.

Details of loans to subsidiary companies are set out in note 34.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
6. FINANCIAL ASSETS				
Listed ordinary shares – at fair value 10 320 500 Bonatla Property Holdings Limited shares	**–**	–	**–**	–
Reconciliation of listed investments				
Opening balance	**–**	104	**–**	104
Proceeds on disposal	**–**	(1 790)	**–**	(1 790)
Profit on sale	**–**	1 686	**–**	1 686
Closing balance	**–**	–	**–**	–
7. INVESTMENT IN RELATED PROPERTY COMPANIES				
Fair value	**16 888**	–	**–**	–

This relates to an investment made in a property share block company not controlled by Fairvest Property Holdings Limited.

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
8. OPERATING LEASE ASSET				
Non-current	**2 917**	2 734	**–**	–
Current – classified under trade receivables in note 9	**(216)**	(190)	**–**	–
	2 701	2 544	**–**	–

The operating lease asset arises as a result of the straight-line effect on lease rentals. It relates to the difference between the contractual and accrued rental income.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
9. TRADE AND OTHER RECEIVABLES				
Trade receivables	**711**	1 184	**–**	–
Operating lease asset – current portion	**(216)**	(190)	**–**	–
Other receivables	**212**	588	**–**	–
Prepayments	**2**	286	**–**	96
	709	1 868	**–**	96
10. CASH AND CASH EQUIVALENTS				
Comprises bank balances – current and call accounts	**10 545**	1 669	**–**	–
Details of facilities				
– contingent R5 000				
Guarantees				
– The South African Post Office R5 000				
11. ORDINARY SHARE CAPITAL				
Authorised				
300 000 000 ordinary shares of 1 cent each	**3 000**	3 000	**3 000**	3 000
30 000 000 cumulative redeemable convertible preference shares of 1 cent each	**300**	300	**300**	300
Issued				
85 795 988 ordinary shares of 1 cent each	**857**	857	**857**	857

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

Change in authorised and issued share capital

There was no change in the authorised or issued share capital during the year.

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
12. LINKED UNIT DEBENTURES				
Issued				
85 795 988 debentures of 1 cent each	**857**	857	**857**	857
Face value	**112 937**	112 484	**112 937**	112 484
Fair value adjustment	**4 015**	(36 299)	**(4 071)**	(25 892)
Debenture premium	**116 952**	76 185	**108 866**	86 592
	117 809	77 042	**109 723**	87 449
Reconciliation of debentures issued				
Opening balance	**77 042**	59 071	**87 449**	58 791
Repurchased	**–**	(12)	**–**	–
Fair value adjustment	**40 767**	17 983	**22 274**	28 658
Closing balance	**117 809**	77 042	**109 723**	87 449

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

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

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
13. LONG-TERM LIABILITIES				
The monthly repayments detailed below comprise capital and interest amounts based on period end debt and interest rates.				
Nedcor Bank Limited	**29**	11 310	**–**	–
Loan secured by first and second mortgage bonds over land and buildings, bearing interest at prime rate of interest less 1% per annum. Capital and interest are payable in monthly instalments of R1 656 (2007: R419 995). Capital is repayable in October 2009.				
Nedbank Limited	**2 456**	2 451	**–**	–
Loan secured by mortgage bond over land and buildings, bearing interest at prime rate of interest less 0,5% per annum. Interest payable in monthly instalments of R28 890 (2007: R22 363). Capital is repayable in February 2013.				
Investec Bank Limited	**2 010**	2 552	**–**	–
Loan secured by mortgage bond over land and buildings, bearing interest at prime rate of interest per annum. Capital and interest is payable in monthly instalments of R75 835 (2007: R69 318). Capital is repayable in June 2008.				
Nedbank Limited	**3 397**	4 087	**–**	–
Loan secured by mortgage bond over land and buildings, bearing interest at prime rate of interest less 0,25% per annum. Capital and interest is payable in monthly instalments of R95 290 (2007: R92 839). Capital is repayable in January 2012.				
Nedbank Limited	**417**	569	**–**	–
Loan secured by mortgage bond over land and buildings, bearing interest at prime rate of interest less 0,5% per annum. Capital and interest is payable in monthly instalments of R17 921 (2007: R17 526). Capital is repayable in June 2010.				

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
13. LONG-TERM LIABILITIES continued				
Nedbank Limited	**7 578**	7 570	**–**	–
Loan secured by mortgage bond over land and buildings, bearing interest at prime rate of interest less 1% per annum. Capital and payable interest is payable in monthly instalments of R78 026. Capital is R120 412 (2007: R78 026). Capital is repayable in March 2017.				
Nedbank Limited	**–**	1 255	**–**	–
Loan secured by mortgage bond over land and buildings, bearing interest at prime rate of interest per annum. Capital and interest payable in monthly instalments of R114 124. Capital was repaid during the year.				
Investec Bank Limited	**–**	17 952	**–**	–
Loan secured by first and second mortgage bond over land and buildings, cession of rentals and leases, bearing interest at prime rate of interest per annum. Capital and interest payable in monthly instalments of R388 005. Capital was repaid during the year.				
Investec Bank	**–**	2 122	**–**	–
Loan secured by pledge of shares held by Blue Heights Syndicate in Polpoint Share Block (Proprietary) Limited, cession of rights in terms of use agreement entered into with Polpoint Share Block (Proprietary) Limited, cession of lease agreements and rental income, bearing interest at prime rate of interest per annum. Capital and interest are repayable in monthly instalments of R69 049.				
Investec Bank	**–**	1 402	**–**	–
Loan secured by cession of shareholders' loan accounts in Mangrove Venture, cession of lease agreements and rental income and cession of rights in terms of use agreement entered into with Romwood Share Block (Proprietary) Limited, bearing interest at prime rate of interest per annum. Capital and interest payable in monthly instalments of R45 610. Capital was repaid during the year.				
	15 887	51 270	**–**	–
Less: Current portion	**3 361**	–	**–**	–
	12 526	51 270	**–**	–

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
14. DEFERRED TAXATION				
The net deferred taxation liability arises from the following temporary differences:				
Fair value adjustments				
– Investment properties	**1 361**	4 354	**–**	–
– Debentures	**–**	14 444	**445**	13 268
– Straight-line rental income accrual	**756**	695	**–**	–
Deferred taxation asset raised on assessed losses	**(864)**	–	**–**	–
	1 253	19 493	**445**	13 268
Movement summary				
Opening balance	**19 493**	8 845	**13 268**	8 960
Current year income statement charge	**(18 240)**	11 121	**(12 823)**	4 308
Fair value adjustment – lease smoothing	**–**	(473)	**–**	–
Balance at end of period	**1 253**	19 493	**445**	13 268
15. TRADE AND OTHER PAYABLES				
Trade payables	**604**	711	**–**	–
Accruals	**308**	–	**241**	
Deposits received	**1 455**	3 161	**–**	–
	2 367	3 872	**241**	–

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
16. PROVISIONS				
Employee-related	**–**	1 070	**–**	–
Other	**–**	707	**–**	532
	–	1 777	**–**	532
Reconciliation of employee-related provisions:				
Opening balance	**1 070**	29	**–**	–
(Reclassified)/(utilised)/raised during the period	**(1 070)**	1 041	**–**	–
Closing balance	**–**	1 070	**–**	–

Employee-related provisions relate to retrenchment costs utilised in the current year and leave pay which have been reclassified as accruals in the current year.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Reconciliation of other provisions:				
Opening balance	**707**	3 529	**532**	525
(Reclassified)/(utilised)/raised during the period	**(707)**	(2 822)	**(532)**	7
Closing balance	**–**	707	**–**	532

Other provisions relate to interest and unclaimed dividends which have been reclassified as accruals in the current year and legal settlements which have been utilised in the current year.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
17. REDEEMABLE DEBENTURES				
Balance at beginning of year	**–**	2 291	**–**	2 291
Issued during the year	**–**	–	**–**	–
Redeemed during the year	**–**	(2 291)	**–**	(2 291)
Balance at end of year	**–**	–	**–**	–

The interest rate on the debentures is prime bank lending rate less 1%.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
18. LOANS FROM SUBSIDIARIES				
Loan amount at fair value	**–**	–	**1 759**	–

The loans from subsidiary companies are unsecured, bear interest at 0% and have no fixed terms of repayment. Details of loans from subsidiary companies are set out in note 34.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
19. REVENUE				
Rental income – contractual	**23 940**	39 645	**–**	–
– straight-line accrual	**155**	103	**–**	–
Administration and management fees	**–**	–	**300**	450
	24 095	39 748	**300**	450
20. FAIR VALUE ADJUSTMENTS				
Investment property	**19 502**	23 728	**–**	–
Debentures	**(40 767)**	(17 983)	**(22 274)**	(28 658)
21. OPERATING PROFIT				
Operating profit is arrived at after the following items:				
Income				
– Profit on sale of investment properties	**–**	3 575	**–**	–
– Profit on sale of financial assets	**–**	1 686		1 686
Expenses				
– Depreciation of equipment	**–***	5	**–**	–
– Direct operating expenses – generating rental income	**7 194**	8 684	**–**	–
– Direct operating expenses – not generating rental income	**1 625**	2 437	**–**	–
– Loss on sale of investments	**1 952**	–	**–**	–
– Loss on sale of investment properties	**2 026**	–	**–**	–
– Provision for impairment of interest in subsidiaries	**–**	–	**9 484**	30 768
– Staff costs	**1 519**	3 408	**–**	–

* Amount less than R1 000

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
22. AUDITORS' REMUNERATION				
Audit fee	**419**	518	**10**	30
Fees for other services	**–**	–	**–**	–
	419	518	**10**	30

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
23. DIRECTORS' EMOLUMENTS				
Executive directors (past and present)				
Emoluments paid by the Company				
– For services as directors of subsidiaries	**240**	300	**240**	300
– Fees for other services	**557**	622	**557**	622
	797	922	**797**	922
Non-executive directors (past and present)				
Emoluments paid by the Company				
– For services as directors	**60**	180	**60**	180

A detailed breakdown of the directors' emoluments appears on page 13 in the Directors' Report.

	Group		Company	
	2008	2007	**2008**	2007
24. FINANCE COSTS				
Interest paid				
– Fair value through profit or loss:				
Debentures	**–**	181	**–**	181
– Loans and receivables:				
Long-term liabilities	**3 897**	8 509	**–**	–
Bank and others	**5**	305	**–**	–
	3 902	8 995	**–**	181
25. INVESTMENT REVENUE				
Interest received				
– Loans and receivables:				
Bank and others	**1 202**	540	**–**	–
Interest received from subsidiaries	**–**	–	**2 543**	2 348
	1 202	540	**2 543**	2 348

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
26. TAXATION				
Major components of taxation:				
Normal taxation	**(328)**	(740)	**(330)**	(209)
– Current	**(337)**	(740)	**(330)**	(209)
– Adjustment to previous year	**9**	–	**–**	–
Deferred taxation	**18 240**	(11 121)	**12 823**	(4 308)
– Current	**18 912**	(11 121)	**13 281**	(4 308)
– Change in taxation rate	**(672)**	–	**(458)**	–
	17 912	(11 861)	**12 493**	(4 517)
Reconciliation between accounting profit and current taxation:				
Accounting (loss)/profit	**(17 912)**	11 861	**(12 493)**	4 517
Income taxation at applicable rate of 29%	**5 194**	(3 440)	**3 623**	(1 310)
Tax effect of adjustments on taxable income				
Fair value adjustments	**(6 167)**	1 291	**(6 459)**	612
Non-deductible expenditure	**(655)**	1 238	**2 750**	489
Assessed losses utilised	**1 535**	275	**–**	–
Adjustment to previous year	**9**	–	**–**	–
Capital gains taxation at 14,5%	**(244)**	(104)	**(244)**	–
	(328)	(740)	**(330)**	(209)

27. BASIC, DILUTED AND HEADLINE EARNINGS PER SHARE

Ordinary shares are traded as part of linked units.

	Group 2008 R'000	Group 2007 R'000
Basic earnings comprise:		
Profit attributable to shareholders	**–**	–
– Loss/(profit) on sale of investment properties	**3 978**	(5 261)
– Fair value adjustments to investment properties	**(19 502)**	(23 728)
– Fair value adjustment to debentures	**40 767**	17 983
Headline earnings	**25 243**	(11 006)

The above adjustments have no tax effect.

	Group 2008	Group 2007
Basic earnings per share (cents)	**–**	–
Diluted earnings per share (cents)	**–**	–
Headline earnings/(loss) per share (cents)	**29,4**	(12,8)
Effective number of shares in issue	**85 721 788**	85 721 788
Weighted average number of shares	**85 721 788**	85 721 788
Distribution per linked unit (cents)	**–**	–

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

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
28. DIVIDENDS PER SHARE				
No dividends were paid in either the current or prior periods.				
29. CASH GENERATED FROM/(USED IN) OPERATIONS				
Reconciliation of profit before taxation to cash generated from operations				
Profit before taxation	**(17 912)**	11 861	**(12 493)**	4 517
Investment revenue	**(1 202)**	(540)	**(2 543)**	(2 348)
Debenture interest	**–**	181	**–**	181
Finance costs	**3 902**	8 814	**–**	–
Adjustments for:				
– Depreciation	**–**	5	**–**	–
– Fair value adjustment – debentures	**40 767**	17 983	**22 274**	28 658
– Fair value adjustment investment properties	**(19 502)**	(23 728)	**–**	–
– Loss/(profit) on sale of investment properties	**2 026**	(3 575)	**–**	–
– Loss on sale of investments	**1 952**	–	**–**	–
– Profit on sale of financial assets	**–**	(1 686)	**–**	(1 686)
– Provision for impairment	**–**	–	**(9 484)**	(30 768)
– Straight-lining of rental income	**(155)**	(103)	**–**	–
– Other non-cash items	**(4 157)**	1 307	**(2)**	(99)
Operating cash flow	**5 719**	10 519	**(2 248)**	(1 545)
Changes in working capital	**50**	2 469	**(192)**	57
– Decrease in trade and other receivables	**1 859**	3 374	**97**	50
– (Decrease)/increase in trade and other payables	**(1 809)**	(905)	**(289)**	7
Cash generated from/(used in) operations	**5 769**	12 988	**(2 440)**	(1 488)
30. TAXATION PAID				
Balance at beginning of period	**1 176**	397	**209**	–
Charge for current period	**328**	779	**330**	209
Balance at end of period	**(574)**	(1 176)	**(282)**	(209)
	930	–	**257**	–
31. ACQUISITION OF PROPERTIES				
Units 215, 216 and 217, located adjacent to each other, of the Palms Office Park situated at Nupen Crescent, Midrand	**–**	(10 558)	**–**	–
32. PROCEEDS ON DISPOSAL OF PROPERTIES				
Carrying amount of properties disposed	**42 626**	16 075	**–**	–
(Loss)/profit on sale of properties	**(2 026)**	3 575	**–**	–
Proceeds on disposal of properties	**40 600**	19 650	**–**	–

For further information refer to page 11 of the Directors' Report and details of property portfolio on page 55.

33. POST-BALANCE SHEET EVENTS

Subsequent to year-end, the suspensive conditions in the sale of the Kempton City and Broadway Nordic properties were met. The disposal of the Kempton City property was approved by shareholders in general meeting on 19 May 2008 and the proceeds of the sale have been received. The financial effects of this transaction were disclosed to shareholders in the circular dated 30 April 2008. Fairvest is in process of obtaining guarantees in respect of the sale of the Broadway Nordic property and the effective date of the transaction is the date of transfer of the property. For further information refer to note 2.4, page 11 in the Directors' Report and page 55 in Details of the property portfolio.

34. SUBSIDIARY COMPANIES

	Issued ordinary share capital		Indebtedness	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
All subsidiaries are wholly owned and incorporated in South Africa.				
Directly held				
Fairvest Properties (Proprietary) Limited	**1 000**	1 000	**84 997**	85 270
Indirectly held				
577 Point Road Share Block Limited	**1 572**	1 572		
Arrowfield Properties (Proprietary) Limited	**100**	100		
Broadnor Share Block (Proprietary) Limited	**1 000**	1 000		
Climal Properties (Proprietary) Limited	**100**	100		
Fairvest Property Management (Proprietary) Limited	**100**	100	**(1 759)**	965
Fairvest Properties Two (Proprietary) Limited	**1 000**	1 000	**28 675**	25 833
Frontchart Share Block (Proprietary) Limited	**1**	1		
Fullgro Properties (Proprietary) Limited	**100**	100		
Home 599 Investments Share Block (Proprietary) Limited	**100**	100		
Kempton City Props One Share Block (Proprietary) Limited	**1 250**	1 250		
Pro P and P (Proprietary) Limited	**100**	100		
Runacan Park (Proprietary) Limited	**600**	600		
Soundprops 10 (Proprietary) Limited	**100**	100		
Soundprops 1203 Investments (Proprietary) Limited	**1 000**	1 000		
Wilbat Projects 209 Share Block (Pty) Limited	**1 000**	1 000		
			111 913	112 068
Provision for diminution in value				
Fairvest Properties (Proprietary) Limited				
Fairvest Properties Two (Proprietary) Limited			**(366)**	(9 850)
			111 547	102 218

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

35. CAPITAL COMMITMENTS

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

36. RETIREMENT BENEFITS

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

37. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT

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

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

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

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

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

Principle financial instruments

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

- Loans to subsidiaries
- Investment in related property companies
- Trade and other receivables
- Cash and cash equivalents
- Debentures
- Variable rate long term liabilities
- Trade and other payables
- Loans from subsidiaries

The directors have an overall responsibility for the determination of the Group's risk management objectives and policies, and whilst retaining ultimate responsibility for them, they ensure that excess cash as generated from their operations is invested with recognised financial institutions. Finance is provided by counterparties that are well recognised financial institutions. The directors on a monthly

37. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT continued

Principle financial instruments continued

basis monitor their collections from customers and movements in the prime lending rates. Risks are not hedged through the direct use of financial instruments. Furthermore, financial instruments are not used for speculative purposes.

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

Company risk exposure and risk management

The Company's financial instruments are as follows:

- Loans to subsidiaries
- Debentures
- Loans from subsidiaries

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

Categories of financial instruments

Group and Company	Risk exposure	Fair value through profit and loss R'000	Available for sale R'000	Loans and receivables R'000	Total R'000	Fair value R'000
2008 – Financial assets						
Loans to subsidiaries	Credit and interest rate	–	–	113 306	113 306	113 306
Investment in related property companies	Market	–	16 888	–	16 888	16 888
Trade receivables	Credit	–	–	711	711	711
Cash and cash equivalents	Credit and interest rate	–	–	10 575	10 575	10 575
Total		–	16 888	124 592	141 480	141 480
2007 – Financial assets						
Loans to subsidiaries	Credit and interest rate	–	–	102 218	102 218	102 218
Investment in related property companies	Market	–	–	–	–	–
Trade receivables	Credit	–	–	1 184	1 184	1 184
Cash and cash equivalents	Credit and interest rate	–	–	1 669	1 669	1 669
Total		–	–	105 071	105 071	105 071

37. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT continued

Group and Company	Risk exposure	Fair value through profit and loss R'000	Available for sale R'000	Loans and receivables R'000	Total R'000	Fair value R'000
2008 – Financial liabilities						
Debentures	Liquidity and market	117 809	–	–	117 809	117 809
Variable rate long-term liabilities	Liquidity and interest rate	–	–	15 887	15 887	15 887
Trade payables	Liquidity	–	–	604	604	604
Loans from subsidiaries	Liquidity and interest rate	–	–	1 759	1 759	1 759
Total		117 809	–	18 250	136 059	136 059
2007 – Financial liabilities						
Debentures	Liquidity and market	77 042	–	–	77 042	77 042
Variable rate long-term liabilities	Liquidity and interest rate	–	–	51 270	51 270	51 270
Trade payables	Liquidity	–	–	711	711	711
Loans from subsidiaries	Liquidity and interest rate	–	–	–	–	–
Total		77 042	–	51 981	129 023	129 023

Financial assets	**Methods of determining fair value**
Investment in related property companies	At least the sum of the current net asset value as a best estimate at period end.
Current assets, comprising trade receivables and cash and cash equivalents	Approximates carrying value due to the short-term nature of these financial instruments.

Financial liabilities	**Methods of determining fair value**
Debentures	Calculation is detailed in note 12.
Variable rate long-term liabilities	This is the loan amount as the liabilities bear interest linked to prime rate of interest.
Current liabilities, comprising trade payables	Approximate carrying values due to the short-term nature of these financial instruments.

37. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT continued

Credit risk

The Group's credit risk is mainly confined to the risk of customers defaulting on rental invoices raised. Any credit risk arising from cash and cash equivalents is deemed to be insignificant on the basis that all relevant counterparties are recognised financial institutions. The Group's financial instruments that are exposed to concentrations of credit risk consist primarily of trade and other receivables, however this exposure is not considered significant due to its diverse tenant base and property locations. The Group has policies in place to ensure that all properties are leased to tenants with an appropriate credit history. Trade receivables that are neither past due nor impaired are considered to be of a high credit quality, established internally, with a historic default rate of 1,9% (2007: 3,8%). The Group does not request collateral or other guarantees from existing or potential trade debtors, except where appropriate. To date, the Group does not hold any collateral with regards to trade and loans receivable, except for deposits received from tenants.

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

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

The Group does not provide for impairment losses on a general basis. Debts that are past due are impaired based on evidence of the factors cited above. Impairment losses on trade receivables amounted to R446 000 (2007: R1 485 000).

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

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

Loans to subsidiaries have been individually impaired by R366 000 (2007: R9 850 000) where the loan amount exceeds the net asset value of the subsidiary to which the loan was granted. Refer to note 5 and 34. There are no other financial assets that have been individually impaired.

Reconciliation of the doubtful debts allowance account:

	Individually assessed		**Collectively assessed**		**Total**	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000	**2008 R'000**	2007 R'000
Allowances at 1 April	**1 791**	1 860	**–**	–	**1 791**	1 860
(Decrease)/increase in provisions	**(927)**	1 416	**–**	–	**(927)**	1 416
Recovered amounts reversed	**–**	–	**–**	–	**–**	–
Written off as uncollectible	**(446)**	(1 485)	**–**	–	**(446)**	(1 485)
Allowances at 31 March	**418**	1 791	**–**	–	**418**	1 791

37. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT continued

			Financial assets which are past due but impaired:				
			Aging of trade receivables				
Trade receivables	**Carrying amount R'000**	**Of which neither impaired nor past due on the reporting date R'000**	**Current R'000**	**Greater than 30 days R'000**	**Greater than 60 days R'000**	**Greater than 90 days R'000**	**Greater than 120 days R'000**
2008	**711**	**711**	**414**	**194**	**54**	**13**	**36**
2007	1 184	1 184	736	79	1	–	368

Financial assets which were individually impaired:

	Trade receivables		Loans to subsidiaries	
	2008	2007	**2008**	2007
Carrying amount	**1 129**	2 975	**113 672**	112 068
Actual impairment	**418**	1 791	**366**	9 850
	711	1 184	**113 306**	102 218
Fair value of collateral (deposits received)	**1 455**	3 161	**–**	–

Liquidity risk

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

The following table presents the Group's outstanding contractual maturity profile for its non-derivative financial liabilities. The analysis presented is based on the undiscounted contractual maturities of the Group's financial liabilities.

37. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT continued

Contractual maturity analysis for Group and Company:

Financial liabilities	Due on demand/ less than 1 year R'000	Due between year 2 to year 5 R'000	Due after 5 years R'000	Total R'000	Unearned finance charges R'000
	Gross undiscounted cash flow				
2008					
Debentures	**–**	**–**	**117 809**	**117 809**	**–**
Variable rate long-term liabilities	**3 361**	**7 948**	**4 578**	**15 887**	**7 113**
Trade payables	**604**	**–**	**–**	**604**	**–**
Loan from subsidiaries	**1 759**	**–**	**–**	**1 759**	**–**
Total	**5 724**	**7 948**	**122 387**	**136 059**	**7 113**
2007					
Debentures	–	–	77 042	77 042	–
Variable rate long-term liabilities	10 523	32 097	8 650	51 270	16 262
Trade payables	711	–	–	711	–
Loan from subsidiaries	–	–	–	–	–
Total	11 234	32 097	85 692	129 023	16 262

Market risk

Interest rate risk

Market risk arises as a result of the Group's use of variable interest rate long-term liabilities carried at amortised cost. It is the risk that the future cash flow and fair value of a financial instrument will fluctuate because of changes in interest rates. Future changes to the prime lending rates will have a direct impact on the future cash payments towards the settlement of the financial obligation. The risk remains un-hedged at the reporting date. Exposure to cash flow interest rate risk on financial assets and liabilities is monitored on a continuous basis. The benefits of fixing or capping interest rates on the Group's various financing activities are considered on a case-by-case basis and project-by-project basis, taking the specific and overall risk profile into consideration.

The Group also holds cash and cash equivalents, which earns interest at variable rates and has variable rate debt in issue. Consequently, the Group is also exposed to cash flow interest rate risk.

Cash and cash equivalents comprise cash on hand and bank balances. Excess funds are deposited with reputable financial institutions on a rate quotation basis. This ensures that the Group earns the most advantageous rates of interest available.

The Group is sensitive to the movements in the ZAR interest rates which are the primary interest rates to which the Group is exposed. The Group has used a sensitivity analysis technique that measures the estimated change to the income statement of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates on financial liabilities from the applicable rate as at 31 March 2008, for each class of financial instrument with all other variables remaining constant. The calculations were determined with reference to the outstanding financial liability balances for the year. This represents no change from the prior period in the method and assumptions used. This analysis is for illustrative purposes only and represents management's best estimate of reasonably possible changes in interest rates.

37. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT continued

	2008 After tax effect on profit and loss		2007 After tax effect on profit and loss	
	1% Increase R'000	**1% Decrease R'000**	1% Increase R'000	1% Decrease R'000
Variable rate long-term liabilities	**(140)**	**140**	(265)	264
Loans to subsidiaries	**287**	**(287)**	258	(258)
Loans from subsidiaries	**–**	**–**	–	–
Cash and cash equivalents	**105**	**(105)**	17	(17)

Price risk

(i) Investment in related property companies:
Price risk results in the changes to the net asset value of the related property companies.

(ii) Debentures:
Price risk results in the fair value adjustment calculation as disclosed in note 12.

Capital risk management

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

38. RELATED PARTY TRANSACTIONS

Identity of related parties

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

Subsidiary companies

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

Transactions with key management personnel

Directors' remuneration

Disclosure of directors' emoluments is included in the Directors' Report on page 13 and in note 23.

Loans to/from directors

There are no loans to or from directors.

38. RELATED PARTY TRANSACTIONS continued

Interest in contracts

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

Other transactions with key management personnel

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

Shareholders

The Company's shares are widely held, mostly by public members. An analysis of linked unitholders is provided on page 56.

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
Loan accounts owing by related parties				
Details of the loan balances with related parties have been disclosed in note 34 of the financial statements.				
Investments in related property companies				
Polpoint Share Block (Proprietary) Limited	**16 888**	–	**–**	–
Interest paid received from related parties				
Fairvest Properties Two (Proprietary) Limited	–	–	**2 543**	2 348
Administration, accounting and management fees received from/(paid to) related parties				
Related by virtue of subsidiary				
Fairvest Property Management (Proprietary) Limited	–	–	**(879)**	450
Fairvest Properties Two (Proprietary) Limited	–	–	**300**	–
577 Point Road Share Block Limited	–	–	**–**	480
Related by virtue of management personnel				
Cheryl Spence & Co	**(135)**	(290)	**–**	(290)
Spence & Peter CC	**(149)**	–	**–**	–
Joytech SA (Proprietary) Limited	**(221)**	(517)	**–**	(517)
Infocus Administration CC	**(171)**	–	**–**	–
Rental paid				
Related by virtue of management personnel				
Calicom 54 (Proprietary) Limited	**(120)**	(166)	**–**	(166)

39. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND KEY ASSUMPTIONS

The directors have considered the Group's critical accounting policies, key sources of uncertainty and areas where critical accounting judgements were required in applying the Group's accounting policies.

Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. The Group makes estimates, judgements and assumptions concerning the future.

There are no other key assumptions made concerning the future and other key sources of estimation and uncertainty at the balance sheet date that could have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

Refer to notes 1.4 and 12 for additional disclosures.

40. DIRECTORS' INTERESTS IN LINKED UNITS

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

41. CONTINGENCIES

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

42. SEGMENTAL REPORT

42.1 Group results presented according to primary business segments for the 12 month period

	Commercial R'000	Residential R'000	Consolidated R'000
For the 12 months ended 31 March 2008			
Segmental revenue	**19 622**	**4 473**	**24 095**
Segmental results	**21 806**	**1 049**	**22 855**
Segmental assets	**114 548**	**21 313**	**138 747**
Segmental liabilities	**19 530**	**551**	**20 081**
For the 18 months ended 31 March 2007:			
Segmental revenue	33 730	6 018	39 748
Segmental results	27 114	2 730	29 844
Segmental assets	147 551	7 936	155 487
Segmental liabilities	73 005	4 583	77 588

Segmental results shown above are based on profit before tax and before the debenture fair value adjustment as the net profit attributable to shareholders of the Group is nil because 99,9% of the profits are attributable to the debenture holders as described in note 12.

Segmental liabilities shown above exclude the linked unit debentures and premium as described in note 12.

42. SEGMENTAL REPORT continued

42.2 Group results presented according to secondary business segments

	Revenue R'000	Segmental assets R'000	Segmental liabilities R'000
For the 12 months ended 31 March 2008			
KwaZulu-Natal	5 134	9 766	4 216
Gauteng	10 804	95 046	12 434
Free State	671	6 697	2 402
Eastern Cape	7 486	27 238	1 029
	24 095	138 747	20 081
For the 18 months ended 31 March 2007			
KwaZulu-Natal	17 892	73 975	36 540
Gauteng	10 850	54 736	30 036
Free State	1 100	5 531	2 977
Eastern Cape	9 832	21 241	8 035
Northern Province	74	–	–
	39 748	155 487	77 588

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

43. FUTURE OPERATING LEASE COMMITMENTS

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

	No later than 1 year	Later than 1 year and no later than 5 years	Later than 5 years
2008	**11 531**	**29 991**	**2 940**
2007	10 378	24 090	6 968

All the above payments are in respect of investment property leases. Refer to page 55 for details of investment properties.

DETAILS OF INVESTMENT PROPERTY PORTFOLIO

value of portfolio at year-end as per independent valuer's valuation report of 31 March 2008 (note 2)

Properties disposed of post year-end

Name of property	Details	Address	Rentable area (m^2)	Price obtained (R'000)
Broadway Nordic	Portion 3 Erf 10742 Durban	57–61 Broad Street Durban, KwaZulu-Natal	416	850
Kempton City	Portion 327 of the Farm Zuurfontein 33 I.R.	Pretoria Road Kempton Park, Gauteng	46 859	47 800
				48 650

Portfolio of remaining properties

Name of property	Details	Address	Rentable area (m^2)	Valuation at 31 March 2008 (R'000)
Queensburgh	Erven 974, 975 and 976 Queensburgh	143–147 Main Road Malvern, KwaZulu-Natal	2 210	5 200
Bradlows Building	Remaining Extent Erf 814 Bloemfontein	37 Maitland Street Bloemfontein Free State	2 470	6 300
Coronation Walk	Erf 971 Queensburgh	6 Purity Lane, Malvern Queensburgh, KwaZulu-Natal	667	2 700
Jozen Place	Erf 5191 Bryanston Ext 68	17 Georgian Crescent Bryanston Ext 68, Gauteng	711	4 700
Capab House	Erven 3763 and 3766 and RE of Erf 3713 Port Elizabeth Central	4 Military Road Central Port Elizabeth Eastern Cape	1 317	2 800
Deals House	Erf 15511 East London	5 Terminus Street East London, Eastern Cape	6 409	24 100
Fattis Mansions	Sections 3, 4, 5, 7, 8, 9 10, 13, 14, 15 and 16 SS "Fattis Mansions" (Scheme no. 72/1989)	Corner Jeppe and Harrison Streets Johannesburg Gauteng	2 315	2 200
Sante Fe 215	Erf 215 Halfway House Ext 12	Nupen Crescent, Halfway House Ext 12 Midrand, Gauteng	680	4 500
Sante Fe 216	Erf 216 Halfway House Ext 12	Nupen Crescent, Halfway House Ext 12 Midrand, Gauteng	834	4 000
Sante Fe 217	Erf 217 Halfway House Ext 12	Nupen Crescent, Halfway House Ext 12 Midrand, Gauteng	821	4 000
				60 500
Market value of investment property portfolio				109 150

ANALYSIS OF LINKED UNITHOLDERS

at 31 March 2008

	Number of linked unitholders	Percentage of linked unitholders	Number of linked units	Percentage of linked units
Linked unitholder spread				
1 – 1 000 linked units	1 450	82,57	111 128	0,13
1 001 – 10 000 linked units	89	5,07	346 282	0,40
10 001 – 100 000 linked units	110	6,26	4 739 993	5,52
100 001 – 1 000 000 linked units	92	5,24	29 246 199	34,09
1 000 001 linked units and over	15	0,85	51 352 386	59,85
Total	1 756	100,00	85 795 988	100,00
Distribution of linked unitholders				
Banks	30	1,71	411 614	0,48
Close corporations	41	2,33	9 312 928	10,85
Endowment funds	8	0,46	1 058 487	1,23
Individuals	1 449	82,52	26 864 435	31,31
Insurance companies	4	0,23	2 485 951	2,90
Investment companies	12	0,68	761 718	0,89
Mutual funds	1	0,06	411 279	0,48
Nominees and trusts	128	7,29	15 474 471	18,04
Other corporations	27	1,54	1 417 947	1,65
Own holdings	1	0,06	74 002	0,09
Pension funds	2	0,11	19 925	0,02
Private companies	48	2,73	10 097 93	11,77
Public companies	5	0,28	17 405 338	20,29
Total	1 756	100,00	85 795 988	100,00
Public/non-public linked unitholders				
Non-public members	6	0,29	29 800 269	34,74
Directors and associates of the				
Company holdings	4	0,17	12 396 552	14,45
Own holdings	1	0,06	74 002	0,09
Strategic holdings (more than 10%)	1	0,06	17 329 715	20,20
Public linked unitholders	1 750	99,71	55 995 719	65,26
Total	1 756	100,00	85 795 988	100,00
Beneficial linked unitholders holding 5% or more				
Wynbury Limited			17 329 715	20,20
Time and Tide CC			8 035 062	9,37
TP Botsis			6 096 559	7,10
Total			31 461 336	36,66

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of members of Fairvest Property Holdings Limited ("the Company") in respect of the year ended 31 March 2008 will be held in the Boardroom, 9th Floor, Protea Hotel, corner Lighthouse Road and Chartwell Drive, Umhlanga Rocks on Monday, 27 October 2008 at 11:00 for the following purposes:

1. To receive and accept the annual financial statements of the Company for the year ended 31 March 2008, including the Directors' Report and the report of the auditors thereon. The auditors' opinion is available for inspection at the registered office of the company.

2. 2.1 To elect a director in place of Mr AB Platt, who retires by rotation at the forthcoming annual general meeting but, being eligible, he offers himself for re-election.

   2.2 To re-elect Mr JF du Toit, who was appointed during the year, and retires in terms of Article 68 of the Company's Articles of Association; being eligible, he offer himself for re-election.

   Summarised curricula vitae of both directors appear on pages 12 and 13 of this report.

4. To approve the remuneration of the directors for the year ended 31 March 2008.

5. To approve the remuneration payable to the non-executive directors for the year ending 31 March 2009 at the rate of R10 000 per meeting attended.

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

7. To confirm the appointment of the auditors, BDO Spencer Steward (KZN) Inc. to remain in office until the conclusion of the next annual general meeting.

8. **Ordinary resolution No. 1 – Unissued shares to be placed under the control of the directors**

   "THAT the authorised but unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the directors and that the directors be and are hereby authorised and empowered, as a general authority, to allot and issue all or any such ordinary shares, or to issue options in respect of all or any such ordinary shares, to such person or persons 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 provisions of section 221 of the Companies Act, Act No. 61 of 1973, as amended ("the Companies Act"), the Articles of Association of the Company and the Listings Requirements of JSE Limited."

9. **Ordinary resolution No. 2 – General authority to issue shares, and to sell treasury shares, for cash**

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

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

   for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, the Articles of Association of the Company and its subsidiaries and the Listings Requirements of JSE Limited from time to time, which currently provide, inter alia, the following limitations:

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

10. **Ordinary resolution No. 3 – Authority to execute requisite documentation**

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

11. To transact such other business that may be transacted at an annual general meeting.

Voting and proxies

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

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

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

Linked unitholders who have dematerialised their linked units through a CSDP or broker without "own name" registration and who wish to attend the annual general meeting, must instruct their CSDPs or brokers 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 CSDPs or brokers with their voting instructions in terms of the relevant custody agreements entered into between them and their CSDPs or brokers.

Proxy forms must be received at the registered office of the Company at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time of the annual general meeting.

By order of the Board

J A Lupton
Company Secretary

18 September 2008

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

Postal address
PO Box 18
Umhlanga Rocks
4320

General instructions

All members are encouraged to attend the annual general meeting of the Company.

1. All registered holders of linked units in the Company are entitled to attend, speak and vote at the annual general meeting.

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

   2.1 If you wish to attend the annual general meeting you should contact your Central Security Depository Participants (CSDP) or brokers, 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 CSDPs or brokers, 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 your CSDPs or brokers, 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 your 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 CSDPs or brokers, 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.

Designed by MOTIV
Printed by INCE

FORM OF PROXY

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

For the sole use by the following holders of linked units in the Company at the annual general meeting of the Company to be held in the Boardroom, 9th floor, Protea Hotel, Corner Lighthouse Road and Chartwell Drive, Umhlanga Rocks on Monday, 27 October 2008 at 11:00 and at any adjournment thereof:

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

Forms of proxy must be completed and delivered to the Company's registered office, 9th floor, Protea Hotel, Corner Lighthouse Road and Chartwell Drive, Umhlanga Rocks, 4319 (PO Box 18, Umhlanga Rocks, 4320) to be received by no later than 11:00 on Thursday, 23 October 2008.

I/We (BLOCK LETTERS please)

of (address)

Telephone work Telephone home

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

1. or, failing him/her

2. or, failing him/her

3. the chairman of the meeting,

as my/our proxy to attend and speak out and, on a poll, vote for me/us on my/our behalf at the annual general meeting of the Company to be held at 9th Floor, Protea Hotel, corner Lighthouse Road and Chartwell Drive, Umhlanga Rocks on Monday, 27 October 2008 for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against and/or abstain from voting in respect of the linked units in the issued capital of the Company registered in my/our name in accordance with the following instructions:

Resolution	**In favour of**	**Against**	**Abstain**
To accept the annual financial statements			
To re-elect Mr AB Platt as a director			
To re-elect Mr JF du Toit as a director			
To approve the remuneration of the directors for the period ended 31 March 2008			
To approve the remuneration payable to non-executive directors			
To authorise the directors to fix the remuneration of the auditors			
To approve the appointment of auditors			
Ordinary resolution No. 1 – Unissued shares placed in directors' control			
Ordinary resolution No. 2 – General authority to issue shares for cash			
Ordinary resolution No. 3 – Authority to execute requisite documentation			

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

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

Signed this day of 2008

Signature

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the spaces provided, with or without deleting "the chairman of the meeting" but, any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of linked units than the total number of linked units that you own in the Company, insert the number of linked units held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable thereat. A member or his/her proxy is not obliged to use all the votes exercisable by the member or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by his/her proxy.
3. Holders of dematerialised linked units must inform their CSDP or broker of whether or not they intend to attend the annual general meeting and obtain the necessary authorisation from their CSDP or broker to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person.
4. Forms of proxy must be received at the registered office of the Company, 9th Floor, Protea Hotel, Corner Lighthouse Road/Chartwell Drive, Umhlanga Rocks, 4319 (PO Box 18, Umhlanga Rocks, 4320) by no later than Thursday, 23 October 2008.
5. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the annual general meeting.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.
9. The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the chairman is satisfied as to the manner in which the member wishes to vote.

FAIRVEST PROPERTY HOLDINGS LIMITED

Registration number 1998/005011/06

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

PO Box 18, Umhlanga Rocks, 4320

Telephone: 031 561 2355