

The directors of Fountainhead Property Trust Management Limited, the manager of Fountainhead Property Trust, submit their report on the unaudited results of Fountainhead Property Trust for the six months ended 31 March 2008.

BALANCE SHEET

| | Unaudited as at 31 Mar 2008 R'000 | Audited as at 30 Sep 2007 R'000 | Unaudited as at 31 Mar 2007 R'000 |
|---|--|--|--|
| ASSETS | | | |
| Property assets | 6 917 293 | 6 793 126 | 5 577 096 |
| Straight properties | 6 697 048 | 6 575 794 | 5 361 962 |
| Straight-line lease accrual | 220 245 | 217 332 | 215 134 |
| Current assets | 326 695 | 304 772 | 286 670 |
| Trade and other receivables | 20 188 | 23 287 | 19 707 |
| Cash and cash equivalents | 306 507 | 281 485 | 266 963 |
| Total assets | 7 243 988 | 7 097 898 | 5 863 766 |
| UNITHOLDERS' FUNDS AND LIABILITIES | | | |
| Unitholders' funds | 6 313 892 | 6 315 086 | 5 211 381 |
| Capital of the fund | 1 933 354 | 1 933 354 | 1 933 354 |
| Capital reserve | 501 905 | 498 517 | 495 476 |
| Revaluation reserve | 3 658 327 | 3 665 823 | 2 567 357 |
| Retained earnings | 220 306 | 217 392 | 215 194 |
| Non-current liabilities | 609 000 | 487 000 | 369 000 |
| Interest-bearing liability | 321 096 | 295 812 | 283 385 |
| Current liabilities | 86 030 | 81 464 | 70 232 |
| Trade and other payables | 235 066 | 214 348 | 213 153 |
| Unitholders for distribution | | | |
| Total unitholders' funds and liabilities | 7 243 988 | 7 097 898 | 5 863 766 |

INCOME STATEMENT

| | Unaudited 6 months to 31 Mar 2008 R'000 | Audited 12 months to 30 Sep 2007 R'000 | Unaudited 6 months to 31 Mar 2007 R'000 |
|---|--|---|--|
| Income | 336 479 | 606 544 | 297 701 |
| Contractual rental income | 333 565 | 599 295 | 292 650 |
| Straight-line lease adjustment | 2 914 | 7 249 | 5 051 |
| Expenses | (81 986) | (158 625) | (74 958) |
| Administrative expenses | (18 787) | (37 202) | (17 071) |
| Property operating expenses | (63 199) | (121 423) | (57 887) |
| Operating profit | 254 493 | 447 919 | 222 743 |
| Net finance costs | (16 513) | (13 168) | (4 539) |
| Interest received | 16 858 | 27 774 | 13 206 |
| Interest paid | (33 371) | (40 942) | (17 745) |
| (Loss)/profit on disposal of investment properties | (1 194) | 13 371 | 13 305 |
| Fair value adjustments to investment properties | (2 914) | 1 096 390 | (5 051) |
| Profit for the period | 233 872 | 1 544 512 | 226 458 |
| Basic earnings per unit (cents) | 23,5 | 155,1 | 22,7 |
| Headline earnings and distribution income reconciliation | | | |
| Profit for the period | 233 872 | 1 544 512 | 226 458 |
| Adjust for: | | | |
| Loss/(profit) on disposal of investment properties | 1 194 | (13 371) | (13 305) |
| Fair value adjustments to investment properties | 2 914 | (1 096 390) | 5 051 |
| Headline earnings | 237 980 | 434 751 | 218 204 |
| Less: straight-line lease adjustment | (2 914) | (7 249) | (5 051) |
| Distribution income | 235 066 | 427 502 | 213 153 |
| Headline earnings per unit (cents) | 23,89 | 43,65 | 21,90 |
| Distribution per unit (cents) | 23,60 | 42,92 | 21,40 |
| Interim distribution per unit (cents) | 23,60 | 21,40 | 21,40 |
| Final distribution per unit (cents) | - | 21,52 | - |
| Units in issue | 996 043 081 | 996 043 081 | 996 043 081 |

COMMENTARY

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim results have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 – Interim Financial Reporting and the requirements of the Collective Investment Schemes Control Act. The accounting policies are consistent in all material respects with those applied in the prior year.

2 DISTRIBUTION PER UNIT

Fountainhead Property Trust's net distributable income for the first six months of the financial year amounts to 23,6 cents per unit, 10,3 percent greater than the comparable period last year.

3 CHANGES TO PORTFOLIO

During the period, the following sale was concluded:

| Property | Net selling price R'000 | Exit yield % |
|--------------|----------------------------|-----------------|
| Cenmag House | 5 084 | 4,4 |

4 MAJOR CAPITAL PROJECTS

Significant capital projects and planned projects are:

Kenilworth Centre

The R56 million development of a food court and the new Game store of 5 000 square metres is currently underway at the centre and is progressing within budget.

The Brightwater Commons

The building work has commenced for phase three of the centre in order to accommodate Virgin Active and Woolworths. The premises will be ready for occupation during the second half of the year. Management believes this project will increase foot count to the centre and will be the catalyst for letting of the remaining space in phase three.

Benmore Gardens Shopping Centre

The redevelopment is progressing well and will be complete within the third quarter. The major change to the centre will be a new Pick n Pay store, the relocation of Dischem and the introduction of a Woolworths Food store, Toyzone and Baby City, as well as a revised restaurant offering.

Douglas Roberts Centre

The construction of the parking garage is complete. The remaining upgrade of the office block will be completed within the third quarter. The initial rental is based on 8,5 percent with an R215 million with a 7 percent annual escalation. Until the capital commitment of the development is fully taken up, an interim rental based on spend to date is being paid. Management estimates that the full rental will be paid from June 2008.

Centurion Mall (75% share)

The East side parking deck is complete. This completion marks the end of the second phase of the centre's redevelopment. The centre continues to perform well with limited and declining vacancies throughout the centre and adjoining office blocks.

5 SEGMENTAL INFORMATION

| | March 2008 6 months | | | September 2007 12 months | | | March 2007 6 months | | |
|---------------|------------------------|------------|------------|-----------------------------|------------|------------|------------------------|------------|------------|
| | Revenue | Net income | % of total | Revenue | Net income | % of total | Revenue | Net income | % of total |
| | Rm | Rm | | Rm | Rm | | Rm | Rm | |
| Retail | 236 | 192 | 81 | 437 | 354 | 83 | 212 | 172 | 80 |
| Office blocks | 52 | 40 | 17 | 85 | 63 | 15 | 42 | 32 | 15 |
| Industrial | 33 | 26 | 11 | 55 | 40 | 9 | 28 | 21 | 10 |
| Specialised | 13 | 13 | 6 | 22 | 22 | 5 | 11 | 10 | 5 |
| Corporate | - | (36) | (15) | - | (51) | (12) | - | (22) | (10) |
| Total | 334 | 235 | 100 | 599 | 428 | 100 | 293 | 213 | 100 |

CASH FLOW STATEMENT

| | Unaudited 6 months to 31 Mar 2008 R'000 | Audited 12 months to 30 Sep 2007 R'000 | Unaudited 6 months to 31 Mar 2007 R'000 |
|---|--|---|--|
| Cash effects from operating activities | 233 872 | 1 544 512 | 226 458 |
| Profit for the period | | | |
| Adjustments for: | | | |
| Straight-line lease adjustment | (2 914) | (7 249) | (5 051) |
| Interest received | (16 858) | (27 774) | (13 206) |
| Interest paid | 33 371 | 40 942 | 17 745 |
| Loss/(profit) on disposal of investment properties | 1 194 | (13 371) | (13 305) |
| Fair value adjustments to investment properties | 2 914 | (1 096 390) | 5 051 |
| Operating profit before changes in working capital | 251 579 | 440 670 | 217 692 |
| Trade and other receivables reduced | 3 099 | 1 274 | 4 854 |
| Trade and other payables raised/(reduced) | 4 566 | 3 924 | (7 308) |
| Cash generated from the operations | 259 244 | 445 868 | 215 238 |
| Interest received | 16 858 | 27 774 | 13 206 |
| Interest paid | (33 371) | (40 942) | (17 745) |
| Income distributions | (214 348) | (409 374) | (196 220) |
| Cash flows from operating activities | 28 383 | 23 326 | 14 479 |
| Cash effects from investing activities | (130 445) | (234 147) | (117 470) |
| Proceeds to investment properties | | | |
| Proceeds from disposal of investment properties | 5 084 | 49 852 | 45 500 |
| Cash effects from financing activities | (125 361) | (184 295) | (71 970) |
| Long-term loan raised | 122 000 | 202 000 | 84 000 |
| Long-term loan repaid | - | (14 000) | (14 000) |
| Net increase in cash and cash equivalents | 25 022 | 27 031 | 12 509 |
| Cash and cash equivalents at beginning of period | 281 485 | 254 454 | 254 454 |
| Cash and cash equivalents at end of the period | 306 507 | 281 485 | 266 963 |

STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

| (R'000) | Capital of the fund | Capital reserve | Revaluation reserve | Retained earnings | Total unitholders' funds |
|---|---------------------|-----------------|---------------------|-------------------|--------------------------|
| Balance as at 1 October 2006 | 1 933 354 | 470 243 | 2 584 336 | 210 143 | 5 198 076 |
| Profit/Total income and expenses for the period | | | | 226 458 | 226 458 |
| Profit and revaluation reserve realised on sale of properties transferred to capital reserve | | 25 233 | (11 928) | (13 305) | - |
| Fair value adjustment on investment properties transferred to revaluation reserve | | | (5 051) | 5 051 | - |
| Income distributions | | | | (213 153) | (213 153) |
| Balance as at 31 March 2007 | 1 933 354 | 495 476 | 2 567 357 | 215 194 | 5 211 381 |
| Balance as at 1 October 2007 | 1 933 354 | 498 517 | 3 665 823 | 217 392 | 6 313 086 |
| Profit/Total income and expenses for the period | | | | 233 872 | 233 872 |
| Loss and revaluation reserve realised on sale of properties transferred to capital reserve | | 3 388 | (4 582) | 1 194 | - |
| Fair value adjustment on investment properties transferred to revaluation reserve | | | (2 914) | 2 914 | - |
| Income distributions | | | | (235 066) | (235 066) |
| Balance as at 31 March 2008 | 1 933 354 | 501 905 | 3 658 327 | 220 306 | 6 313 892 |

6 VACANCY LEVELS

Vacancy levels in terms of rentable area at 31 March were as follows:

| | Mar 2008 % | Sep 2007 % | Mar 2007 % |
|---------------|---------------|---------------|---------------|
| Sector | | | |
| Retail | 6 | 6 | 8 |
| Office blocks | 7 | 2 | 3 |
| Industrial | 7 | 9 | 9 |
| Specialised | - | - | - |
| Total | 6 | 6 | 7 |

By value, the vacancies equated to 4 percent of potential rental income, an improvement on the 5 percent as at year-end.

In the retail sector 89 percent of the vacancies were contained in The Boulders, The Brightwater Commons and the offices at Centurion Mall, approximately 40 percent of which have been let for future occupation.

The office sector had a vacancy of 7 percent which is primarily situated in Grayston Ridge, as a result of Motorola relocating.

The industrial portfolio had a vacancy of 7 percent compared to 9 percent in September 2007. The improvement is due to the successful letting of the Nashua and Degussa buildings in Midrand.

7 CHANGE OF SHAREHOLDING IN THE MANAGER

Unitholders are referred to the information announcement dated 27 March 2008 in which it was stated that The Standard Bank of South Africa Limited had sold 50 percent of its shareholding in Fountainhead Property Trust Management Limited to Liberty Group Limited with effect from 31 March 2008.

8 PROSPECTS

As stated in the annual report, the Board anticipates that distributions per unit for the year ending 30 September 2008 will increase by between 12 percent and 14 percent compared with the year ended 30 September 2007. This forecast has not been reviewed or reported on by Fountainhead Property Trust's auditors.

9 DISTRIBUTION ANNOUNCEMENT

Notice is hereby given of distribution no. 50 of 23,6 cents per unit for the six months ended 31 March 2008.

The last date to trade cum the distribution will be Friday, 16 May 2008. The units of Fountainhead Property Trust will commence trading ex-distribution on Monday, 19 May 2008 and the record date will be Friday, 23 May 2008. The distribution will be paid on Monday, 26 May 2008.

Unit certificates may not be dematerialised or rematerialised between Monday, 19 May 2008 and Friday, 23 May 2008, both dates inclusive.

BY ORDER OF THE BOARD

Fountainhead Property Trust Management Limited
(Reg No 1983/003324/06)

5 May 2008



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