

EMIRA

(A property fund created under the Emira Property Scheme, registered in terms of the Collective Investment Schemes Control Act)
Share code: EMI ISIN: ZAE000050712
("Emira")

Distributions per PI

67,55c
annualised growth of
+15,9%

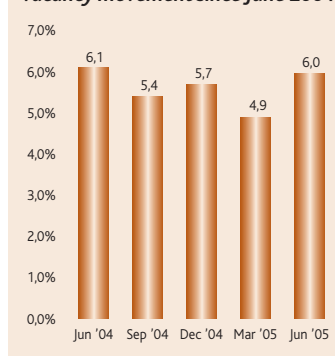
Net asset value per PI

624c
an increase of
+18,6%

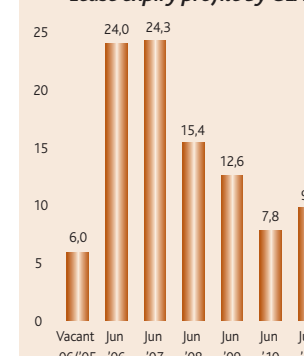
12-month total return

268c
or
51,5%

Vacancy movement since June 2004



Lease expiry profile by GLA



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2005

Abridged income statement

for the year ended 30 June 2005

	Audited results 30 June 2005 R'000	Audited results 30 June 2004* R'000
Revenue	407 088	179 669
Property expenses	(121 309)	(60 843)
Administration and management expenses	(22 740)	(10 940)
Depreciation	(6 464)	(3 004)
Net income from property rental operations	256 575	104 882
Fair value adjustments	248 141	86 906
Change in fair value of investment properties	280 810	86 906
Change in fair value of investment properties as a result of future rental escalations	(32 669)	—
Profit on disposal of investment property	11 179	—
Maintenance fund expenses	(1 827)	(1 330)
Listing costs	(104)	(345)
Operating profit	513 964	190 113
Financing costs	(45 662)	(20 669)
Interest received	3 554	8 046
Net profit for the period	471 856	177 490
*Seven months		
Reconciliation between earnings and headline earnings:		
Net profit for the period	471 856	177 490
Adjusted for:		
Change in fair value of investment properties	(280 810)	(86 906)
Change in fair value of investment properties as a result of future rental escalations	32 669	—
Profit on sale of investment property	(11 179)	—
Headline earnings	212 536	90 584
Reconciliation of headline earnings to distribution per participatory interest:		
Headline earnings	212 536	90 584
Adjusted for:		
Allowance for future rental escalations	(32 669)	—
Unrealised loss on interest rate swaps	11 757	1 330
Maintenance fund expenses	1 827	1 330
Amortised borrowing costs	296	173
Distribution payable to participatory interest holders	193 747	92 087
One month ended 31 December 2003 (cents)	—	4,72
Six months ended 30 June 2004 (cents)	—	29,29
Six months ended 31 December 2004 (cents)	32,63	—
Six months ended 30 June 2005 (cents)	34,92	—
Total	67,55	34,01

Abridged balance sheet

at 30 June 2005

	Audited results 30 June 2005 R'000	Audited results 30 June 2004 R'000
Assets		
Non-current assets		
Investment properties	2 227 105	1 901 027
Allowance for future rental escalations	32 669	—
	2 259 774	1 901 027
Current assets		
Accounts receivables and prepayments	31 757	4 269
Investments	—	24 104
Cash	9 252	4 027
	41 009	32 400
Total assets	2 300 783	1 933 427
Equity and liabilities		
Participatory interest holders' capital	1 788 606	1 501 747
Non-current liabilities		
Interest-bearing debt	364 141	310 978
Current liabilities		
Short-term portion of long-term interest-bearing debt	1 867	1 867
Accounts payable	34 257	39 121
Derivative liabilities	11 757	—
Distributions payable to participatory interest holders	100 155	79 714
	148 036	120 702
Total equity and liabilities	2 300 783	1 933 427

Statement of changes in equity

for the year ended 30 June 2005

	Participatory interest R'000	Non-distributable reserve R'000	Retained earnings R'000	Total R'000
Issue of participatory interest	1 426 468	—	—	1 426 468
Participatory issue cost	(10 124)	—	—	(10 124)
Net profit for the period	—	—	177 490	177 490
Distribution to PI holders	—	—	(92 087)	(92 087)
Maintenance fund expenses	—	(1 330)	1 330	—
Fair value adjustments	—	86 906	(86 906)	—
Balance at 30 June 2004	1 416 344	85 576	(173)	1 501 747
Balance at 1 July 2004	1 416 344	85 576	(173)	1 501 747
Issue of participatory interest	8 750	—	—	8 750
Net profit for the year	—	—	471 856	471 856
Distribution to PI holders	—	—	(193 747)	(193 747)
Transfer of allowance for future rental escalations to non-distributable reserve	—	32 669	(32 669)	—
Fair value adjustments	—	248 141	(248 141)	—
Profit on sale of investment property	—	11 179	(11 179)	—
Unrealised loss on interest rate swaps	—	(11 757)	11 757	—
Maintenance fund expenses	—	(1 827)	1 827	—
Balance at 30 June 2005	1 425 094	363 981	(469)	1 788 606

Abridged cash flow statement

for the year ended 30 June 2005

	Audited results 30 June 2005 R'000	Audited results 30 June 2004 R'000
Cash generated by rental operations	196 087	141 063
Net finance cost	(30 351)	(12 623)
Distribution to participatory interest holders	(173 306)	(12 373)
Cash flow from operating activities	(7 570)	116 067
Purchase of investment properties	(104 693)	(1 779 893)
Purchase of furniture and fittings	(8 984)	(37 232)
Proceeds on sale of investment property	40 455	—
Decrease/(Increase) in maintenance fund	24 104	(24 104)
Net cash utilised in investing activities	(49 118)	(1 841 229)
Issue of participatory interest	8 750	1 426 468
Cash utilised for listing costs	—	(10 124)
Cash raised from borrowings	53 163	310 978
Increase in short-term portion of borrowings	—	1 867
Net cash from financing activities	61 913	1 729 189
Net change in cash and cash equivalents	5 225	4 027
Cash and cash equivalents at beginning of year	4 027	—
Cash and cash equivalents at end of year	9 252	4 027

Segmental information

Primary segment	Retail R'000	Office R'000	Industrial R'000	Other R'000	Total R'000
Revenue	141 458	202 024	63 606	—	407 088
Revenue	129 259	187 613	57 547	—	374 419
Allowance for future rental escalations	12 199	14 411	6 059	—	32 669
Segmental result					
Net income from property rental operations	88 651	134 295	45 356	(11 727)	256 575
Depreciation	1 188	15 249	810	—	6 464
Change in fair value of investment property	83 212	152 984	44 614	—	280 810
Other information					
Investment properties	804 218	1 097 235	325 419	233	2 227 105
Total assets	813 889	1 114 207	337 958	34 729	2 300 783
Accounts payable	11 387	13 619	5 075	4 476	34 257
Capital expenditure	82 416	30 226	2 794	(1 759)	113 677
Geographical segments					
Revenue					
Gauteng	98 980	164 582	36 956	—	300 518
Western and Eastern Cape	13 365	15 249	—	—	37 994
KwaZulu-Natal	—	22 193	17 270	—	39 463
Free State	24 643	—	—	—	24 643
North West	4 470	—	—	—	4 470
Total assets	141 458	202 024	63 606	—	407 088
Total assets					
Gauteng	587 273	888 425	195 365	32 499	1 703 562
Western and Eastern Cape	78 467	67 581	55 957	1 251	203 256
KwaZulu-Natal	—	158 201	86 636	403	245 240
Free State	128 049	—	—	576	128 625
North West	20 100	—	—	—	20 100
Total	813 889	1 114 207	337 958	34 729	2 300 783

Accounting policies

The accounting policies comply in all material aspects with South African Statements of Generally Accepted Accounting Practice. These accounting policies are consistent with those applied at 30 June 2004.

Emira has calculated the effect of the new interpretation of AC105/IAS17 and found that the impact of AC105/IAS17 on the 30 June 2004 results is immaterial, but significant at 30 June 2005. The board elected to process the full adjustment in the financial year pertaining to 2005.

The fund has distributed income in accordance with its interpretation of the trust deed and the Collective Investment Schemes Control Act. This results in the distribution to participatory interest holders being unaffected by the change in interpretation of AC 105/IAS 17 and continuing to effectively distribute cash earnings.

Commentary

The financial year to June 2005 was an extremely successful one for Emira, with healthy growth in distributions and total returns being delivered to unitholders, the portfolio being bedded down post-listing, numerous enhancing acquisitions being made and the fund's debt profile being restructured.

Results
Distributions for the year amounted to 67,55 cents per PI. If this is compared to an annualised distribution for the seven months to 30 June 2004 (34,01 cents for the seven months, or 58,3 cents on an annualised basis) this represents exceptional growth of 15,9% year on year.

Moreover, six-month on six-month growth (34,92 cents to 30 June 2005 compared to 32,63 cents to December 2004) is 7%.

Emira's PI price rose from 520 cents in June 2004 to 720 cents as at 30 June 2005, a rise of 38,5%, and the fund's market capitalisation rose from R1,48 billion to R2,07 billion over the same period. Together with the distribution for the year of 67,55 cents, PI holders therefore received a total return of 51,5% over the past twelve months.

Related parties and related party transactions

Momentum Group is the majority participatory interest holder. At 30 June 2005, Momentum owned 45,6% of the fund's participatory interests and the remaining 54,4% were widely held. The following transactions were carried out with related parties:

	Audited results 30 June 2005 R'000	Audited results 30 June 2004 R'000
Strategic Real Estate Managers (Pty) Limited		
Expenditure comprising: asset management fee	10 590	5 240
Relationship: Associated company of the FirstRand Group		
Rand Merchant Bank, a division of FirstRand Bank Limited		
Expenditure comprising: advisory fee	—	1 500
Borrowings	226 125	312 044
Net finance cost	23 166	12 450
Relationship: Associated company of the FirstRand Group		
RMB Properties (Pty) Limited		
Expenditure comprising: property management fee and letting commissions	90 855	13 762
Promoter's fee	22 683	9 762
Development of Gift Acres Shopping Centre	—	4 000
Relationship: Associated company of the FirstRand Group	68 172	—
Momentum Group Limited		
Purchase of properties at listing	—	43 208
Purchase of Boundary Terraces	—	56 100
Relationship: Major PI holder		
Hawley Road Developments (Pty) Limited		
Purchase of properties at listing	—	57 347
Relationship: Associated company of the FirstRand Group		
Momentum Property Investments (Pty) Limited		
Purchase of properties at listing	—	769 620
Purchase of Strathmore Park	—	16 300
Purchase of Safecash Technologies	—	1 500
Relationship: Associated company of the FirstRand Group		

The above transactions were carried out on commercial terms and conditions no more favourable than those available in similar arm's length dealings at market-related rates.

Acquisitions

Properties transferred to Emira during the financial year

Building	Sector	Location	GLA (m ²)	Purchase price (Rm)	Forward yield (%)	Effective date	Tenants
Nimas House	Office	Westway Office Park Westville	1 372	9,8	12,6	11 Oct 2004	National Independent Medical Aid Society
Derby Downs	Office	Derby Downs Office Park Westville	2 205	12,5	12,7	28 Feb 2005	Lafarge, Ivory Systems
Total			3 577	22,3	12,7		

Properties transferred to Emira subsequent to the end of the financial year

Building	Sector	Location	GLA (m ²)	Purchase price (Rm)	Forward yield (%)	Effective date	Tenants
100 Armstrong	Office	Armstrong Drive La Lucia	2 880	25,0	11,1	11 Jul 2005	Imperial Bank, SAP, RMB Asset Management
Total			2 880	25,0	11,1		

Properties yet to be transferred to Emira

Building	Sector	Location	GLA (m ²)	Purchase price (Rm)	Forward yield (%)	Effective date	Tenants
Gift Acres*	Retail	Lynnwood Ridge Pretoria East	78,68	11,8	11,8	—	Woolworths, Mr Price Group, First National Bank
122 Pybus Road	Office	Sandton CBD	15,75	11,1	11,1	—	SA Rail
Lincolnwood Office Park	Office	Woodmead, Sandton	55,75	12,2	12,2	—	Commuter Corporation
Total			150,18				

*Note that although Emira is still awaiting the transfer of Gift Acres, the development consideration has been paid according to the agreement with RMB Properties and income from the centre has been accruing to the fund since opening on 1 May 2005.

Disposals

Properties sold and transferred out of Emira during the financial year

Building	Sector	Location	GLA (m ²)	Valuation at June '04 (Rm)	Sale price (Rm)	Yield (%)	Effective date
Electron Place	Industrial	Isando	9 221	5,2	6,9	2,6	2 December 2004
Waterford Place	Office	Century City	3 880	24,1	35,0	8,9	7 June 2005
Total			13 021	29,3	41,9		

Properties sold during the financial year and transferred subsequent to year-end

Building	Sector	Location	GLA (m ²)	Valuation at
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