

- 11% increase in distribution over previous 6 months
- Distributions for 6 months of 32,63 cents
- 12 month total returns 43%
- Vacancies decline from 6,1% to 5,7%

## INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2004

### Abridged income statement

	Unaudited six months ended 31 Dec 2004 R'000	Audited seven months ended 30 June 2004 R'000	Unaudited one month ended 31 Dec 2003 R'000
<b>Revenue</b>	<b>181 117</b>	<b>179 669</b>	<b>23 166</b>
Property expenses	(58 973)	(60 843)	(7 822)
Administration and management expenses	(10 675)	(10 940)	(1 766)
Depreciation	(3 416)	(3 004)	(285)
<b>Net income from property rental operations</b>	<b>108 053</b>	<b>104 882</b>	<b>13 293</b>
Change in fair value of investment properties	—	86 906	—
Maintenance fund expenses	(1 379)	(1 330)	—
Listing costs	—	(345)	(264)
Profit on sale of investment property	1 369	—	—
<b>Operating profit</b>	<b>108 043</b>	<b>190 113</b>	<b>13 029</b>
Financing costs	(16 692)	(20 669)	(2 826)
Interest received	2 090	8 046	2 172
<b>Net profit for the period</b>	<b>93 441</b>	<b>177 490</b>	<b>12 375</b>
<b>Reconciliation between earnings and headline earnings:</b>			
Net profit for the period	93 411	177 490	12 375
Adjusted for:			
Change in fair value of investment properties	—	(86 906)	—
Profit on sale of investment property	(1 369)	—	—
<b>Headline earnings per participatory interest</b>	<b>92 072</b>	<b>90 584</b>	<b>12 375</b>
<b>Reconciliation of headline earnings to distribution per participatory interest:</b>			
Headline earnings	92 072	90 584	12 375
Adjusted for:			
Amortised borrowing costs	148	173	—
Maintenance fund expenses	1 379	1 330	—
Interim distributions paid to PI holders	—	(12 373)	—
<b>Distribution payable to participatory interest holders</b>	<b>93 599</b>	<b>79 714</b>	<b>12 375</b>
<b>Distribution per participatory interest</b>	<b>32,63</b>	<b>29,29*</b>	<b>4,72</b>

\*For the six month period ended 30 June 2004

### Abridged balance sheet

	Unaudited six months ended 31 Dec 2004 R'000	Audited seven months ended 30 June 2004 R'000	Unaudited one month ended 31 Dec 2003 R'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	1 886 623	1 866 799	1 374 902
Plant and equipment	33 244	34 228	18 736
	<b>1 919 867</b>	<b>1 901 027</b>	<b>1 393 638</b>
<b>Current assets</b>			
Account receivables and prepayments	3 195	4 269	6 963
Investments	23 670	24 104	—
Cash	8 769	4 027	332 671
	<b>35 634</b>	<b>32 400</b>	<b>339 634</b>
<b>Total assets</b>	<b>1 955 501</b>	<b>1 933 427</b>	<b>1 733 272</b>
<b>Equity and liabilities</b>			
Participatory interest holders' capital	1 501 589	1 501 747	1 301 207
<b>Non-current liabilities</b>			
Interest bearing debt	325 207	310 978	386 784
<b>Current liabilities</b>			
Short-term portion of long-term interest bearing debt	1 950	1 867	2 492
Accounts payable	32 656	39 121	30 414
Provision for distributions to participatory interest holders	93 599	79 714	12 375
	<b>128 705</b>	<b>120 702</b>	<b>45 281</b>
<b>Total equity and liabilities</b>	<b>1 955 501</b>	<b>1 933 427</b>	<b>1 733 272</b>

### Statement of changes in equity

	Participatory interest R'000	Non- distributable reserve R'000	Retained earnings R'000	Total R'000
Balance at 1 July 2004	1 416 344	85 576	(173)	1 501 747
Net profit for the period	—	—	93 441	92 941
Distribution to PI holders	—	—	(93 599)	(93 599)
Transfer of maintenance fund expenses to non-distributable reserve	—	(1 379)	1 379	—
Profit on sale of investment property	—	1 369	(1 369)	—
<b>Balance at 31 December 2004</b>	<b>1 416 344</b>	<b>85 566</b>	<b>(321)</b>	<b>1 501 589</b>

### Abridged cash flow statement

	Unaudited six months ended 31 Dec 2004 R'000	Audited seven months ended 30 June 2004 R'000	Unaudited one month ended 31 Dec 2003 R'000
Cash generated by rental operations	104 699	141 063	36 458
Net finance cost	(14 602)	(12 623)	(654)
Distribution to participatory interest holders	(79 714)	(12 373)	—
<b>Cash flow from operating activities</b>	<b>10 383</b>	<b>116 067</b>	<b>35 804</b>
Additions to/purchase of investment properties	(25 024)	(1 779 893)	(1 374 902)
Purchase of furniture and fittings	(2 127)	(37 232)	(18 450)
Decrease/(increase) in maintenance fund	434	(24 104)	—
Proceeds on disposal of investment property	6 764	—	—
<b>Net cash utilised in investing activities</b>	<b>(19 953)</b>	<b>(1 841 229)</b>	<b>(1 393 352)</b>
Issue of participatory interest	—	1 426 468	1 310 668
Cash utilised for listing costs	—	(10 124)	(9 725)
Cash raised from borrowings	14 229	310 978	389 276
Increase in short-term portion of borrowings	83	1 867	—
<b>Net cash from financing activities</b>	<b>14 312</b>	<b>1 729 189</b>	<b>1 690 219</b>
<b>Net increase in cash and cash equivalents</b>	<b>4 742</b>	<b>4 027</b>	<b>332 671</b>
Cash and cash equivalents at beginning of period	4 027	—	—
<b>Cash and cash equivalents at the end of period</b>	<b>8 769</b>	<b>4 027</b>	<b>332 671</b>

#### Accounting policies

The financial statements are prepared in accordance and comply with South African Statements of Generally Accepted Accounting Practice. The accounting policies are consistent with those used in the preparation of the financial statements for the seven months ended 30 June 2004.

### Segmental information

Primary segment	Retail R'000	Office R'000	Industrial R'000	Other R'000	Total R'000
<b>Revenue</b>					
Revenue	60 871	91 149	29 097	—	181 117
<b>Segmental result</b>					
Operating profit	36 221	57 651	20 529	(6 358)	108 043
Depreciation	399	2 077	440	500	3 416
<b>Other information</b>					
Investment properties	659 088	965 258	295 502	19	1 919 867
Total assets	660 558	967 215	294 305	33 423	1 955 501
Accounts payable	9 424	13 412	4 189	5 631	32 656
Capital expenditure	12 874	13 488	770	19	27 151
<b>Geographical segments</b>					
<b>Revenue</b>					
Total assets					
– Gauteng	42 714	75 165	17 359	—	135 238
– Western and Eastern Cape	5 332	6 779	4 467	—	16 578
– KwaZulu-Natal	—	9 205	7 271	—	16 476
– Free State	10 680	—	—	—	10 680
– North West	2 145	—	—	—	2 145
	60 871	91 149	29 097	—	181 117
<b>Total assets</b>					
– Gauteng	454 754	757 949	168 929	25 435	1 407 067
– Western and Eastern Cape	75 588	78 237	49 743	3 387	206 955
– KwaZulu-Natal	—	131 029	75 633	2 373	209 035
– Free State	110 052	—	—	2 228	112 280
– North West	20 164	—	—	—	20 164
	660 558	967 215	294 305	33 423	1 955 501

#### Related parties and related party transactions

Emira's major PI holder is Momentum Group Limited. At 31 December 2004, Momentum owned 48% of the fund's participatory interest and the remaining 52% of the participatory interests are widely held. The following transactions were carried out with related parties:

	Unaudited six months ended 31 Dec 2004 R'000	Audited seven months ended 30 June 2004 R'000	Unaudited one month ended 31 Dec 2003 R'000
<b>Strategic Real Estate Managers (Pty) Limited</b> Expenditure comprising: asset management fee <i>Relationship: Associated company of the FirstRand Group</i>	4 759	5 240	785
<b>Rand Merchant Bank, a division of FirstRand Bank Limited</b> Expenditure comprising: advisory fee Borrowings Net finance cost <i>Relationship: Associated company of the FirstRand Group</i>	— 226 125 11 469	1 500 312 044 12 450	1 500 389 276 654
<b>RMB Properties (Pty) Limited</b> Expenditure comprising: property management fee and letting commissions Promoters fee <i>Relationship: Associated company of the FirstRand Group</i>	5 916 —	13 762 9 762 4 000	5364 1 364 4 000
<b>Momentum Group Limited</b> Purchase of properties at listing Purchase of Boundary Terraces <i>Relationship: Major PI holder</i>	— —	43 208 56 100	43 208 56 100
<b>Hawley Road Developments (Pty) Limited</b> Purchase of properties at listing <i>Relationship: Associated company of the FirstRand Group</i>	—	57 347	57 347
<b>Momentum Property Investments (Pty) Limited</b> Purchase of properties at listing Purchase of Strathmore Park Purchase of Safecash Technologies <i>Relationship: Associated company of the FirstRand Group</i>	— — —	769 620 16 300 1 500	769 620 — —

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

### Comparison to pre-listing forecast

	Results 31 Dec 2004	Pre-listing Statement
<b>Revenue</b>	<b>181 117</b>	<b>165 177</b>
Property expenses	(58 973)	(63 035)
Administration and management expenses	(10 675)	(9 841)
Depreciation	(3 416)	(4 552)
<b>Net income from property rental operations</b>	<b>108 053</b>	<b>102 764</b>
Interest paid	(16 692)	(11 952)
Interest received	2 090	—
Profit on sale of investment property	1 369	—
Maintenance fund expenses	(1 379)	—
<b>Net profit for the period</b>	<b>93 441</b>	<b>83 715</b>
Participatory interests in issue	286 828 772	272 133 684
Earnings per participatory interest	32,58	30,76
Headline earnings per participatory interest	32,10	30,76
Distribution earnings per participatory interest	32,63	30,76
Market capitalisation (R'000)	1 871 288	1 360 668
Market value of investment properties (R'000)	1 919 367	1 564 954
Net asset value per participatory interest (cents)	526	496
Listed market price (cents per unit)	655	500
Premium to net asset value (%)	24,0	1,0
Average vacancy factor (%)	5,7	10,1

### Commentary

#### Financial Results

Strategic Real Estate Managers (Pty) Limited is pleased to announce a distribution of 32,63 cents for the interim six-month period ended 31 December 2004, which represents an 11% increase on the previous six months. This brings the total distribution for the 12 months to December 2004 to 61,92 cents, 5,4% higher than the forecast for this period made at listing in November 2003. This was achieved despite the delay in the transfer of a number of properties subsequent to listing and is attributable to the inclusion of income from these properties for the full six months and the earnings enhancing acquisitions made in the first half of 2004.

#### Acquisitions and disposals

Emira's committed debt facilities have reached the maximum 30% level which is permitted by the Collective Investment Scheme Act. As a result, acquisitions will need to be funded through a combination of debt and equity. Despite the firming in capitalisation rates and a shortage of quality properties making earnings enhancing acquisition opportunities increasingly difficult to source, efforts are ongoing in this regard.

The following movements in the portfolio took place during the period: two office buildings in Derby Downs Office Park, Westville were acquired; Electron Place in Isando and Waterford Place in Century City were disposed of at a healthy premium to book value. Non-refundable deposits for Waterford Place have been lodged and the transfer process is underway.

Property	Type	Price	Forward Yield	GLA	Book Value	Tenants
<b>Acquisitions</b>						
Derby Downs	Office	R12,5 million	12,8%	2 225	—	Ivory Systems, McCarthy Retail, LaFarge
<b>Disposals</b>						
Electron Place	Industrial	R6,9 million	2,6%	9 221	R5,2 million	PG Autoglass
Waterford Place	Office	R35,0 million	8,9%	3 800	R24,1 million	Century City Ltd

#### Letting

Vacancies declined as a percentage of total GLA from 6,1% in June 2004 to 5,7% in December. This represented the net reduction of close to 3 000 m<sup>2</sup> of vacant space.

	June 2004		December 2004	
	GLA m <sup>2</sup>	% Vacant	GLA m <sup>2</sup>	% Vacant
Offices	16 532	7,0	21 964	9,3
Retail	3 959	2,8	3 007	2,1
Industrial	14 015	7,6	6 551	3,7
<b>Total</b>	<b>34 506</b>	<b>6,1</b>	<b>31 521</b>	<b>5,7</b>

#### Debt

As at 31 December 2004 Emira has a total debt facility available of R585 million, of which R522 million has been utilised, split into six tranches as follows:

	Rate	Term	Amount	% of Debt
Debt – Floating	Prime – 2%	N/A	107,4	20,6
Debt – Fixed	9,35%	September 2005	100,0	19,2
– Fixed	9,76%	November 2006	126,1	24,1
– Fixed	10,21%	November 2008	100,0	19,2
– Fixed	11,39%	May 2005 – October 2009	78,7	15,0
– Fixed	10,20%	October 2009	9,8	1,9
<b>Total</b>	<b>9,87%*</b>		<b>522,0</b>	<b>100</b>

\*Weighted average cost of debt assuming prime at 11,0%.

The remaining portion of the facility is to be used for the purchase of Lincolnwood and Phylbus Road, the purchase of which is suspensive on the signing of a lease by a tenant.

#### Directorate

Mr BT Jackson resigned as a non-executive director of Strategic Real Estate Managers (Pty) Limited effective 11 January 2005.

#### Prospects

Distribution growth in the coming six-months will be driven by organic growth from the existing portfolio, cost savings and yield enhancing acquisitions. The outlook for the remainder of the financial year is positive, although the rate of growth in distributions is not expected to be at the same rate as that experienced in the previous six months.

#### Distribution

Notice is hereby given that a cash distribution of 32,63 cents per participatory interest has been declared payable to participatory interest holders payable on 7 March 2005.

Last day to trade "cum" distribution Friday, 25 February 2005  
Participatory interest trade "ex" distribution Monday, 28 February 2005  
Record date Friday, 4 March 2005  
Payment date Monday, 7 March 2005

Participatory interest certificates may not be dematerialised or rematerialised between Monday, 28 February 2005 and Friday, 4 March 2005, both days inclusive.

#### By order of the Board

#### C Middlemiss

Company secretary

James Templeton

Chief executive officer

Warren Schultze

Director

Sandton

9 February 2005

**Property Fund Manager:** Strategic Real Estate Managers (Pty) Limited  
**Directors of the fund manager:** B J van der Ross (Chairman)\*, J W A Templeton (Chief executive officer), L Barnard\*, L Basson\*, M S B Naser\*, W K Schultze \*Non-executive director  
**Registered address:** 6 Protea Place