

# Unaudited interim financial results for the six months ended 31 December 2008 and income distribution declaration

# EMIRA

## PROPERTY FUND

(A property fund created under the Emira Property Scheme, registered in terms of the Collective Investment Schemes Control Act)  
Share code: EMI ISIN: ZAE00050712  
("Emira" or "the Fund")

- Distributions per PI 48,79 cents representing like-on-like growth of 10,0%
- 6-month total return 293,7 cents or 35,9%
- Available debt facilities of R664 million

### Condensed income statement

|  | Unaudited<br>Six months<br>ended<br>31 Dec 2008<br>R'000 | Unaudited<br>Six months<br>ended<br>31 Dec 2007<br>R'000 | Audited<br>Year<br>ended<br>30 Jun 2008<br>R'000 |
|--|--|--|--|
| <b>Revenue</b>   | <b>531 901</b>   | <b>460 559</b>   | <b>944 198</b>                                   |
| Operating lease rental income and tenant recoveries                | 519 036  | 452 109  | 924 783  |
| Allowance for future rental escalations                            | 12 865   | 8 450  | 19 415   |
| Property expenses  | (172 746)  | (134 645)  | (271 632)  |
| Management expenses  | (15 590)   | (17 723)   | (33 431)   |
| Administration expenses  | (18 313)   | (15 418)   | (32 976)   |
| Depreciation   | (5 392)  | (7 555)  | (9 902)  |
| <b>Profit from property rental operations</b>                      | <b>319 860</b>   | <b>285 218</b>   | <b>596 257</b>                                   |
| Net fair value gain/(deficit) on investment properties             | 95 957   | 295 673  | (10 580)   |
| Change in fair value as a result of straight-lining lease rentals  | (12 865)   | (8 450)  | (19 415)   |
| Change in fair value as a result of amortising upfront lease costs | (6 792)  | (417)  | (13 565)   |
| Change in fair value as a result of property appreciation in value | 115 614  | 304 540  | 22 400   |
| Maintenance fund expenses  | —  | (3 971)  | (3 977)  |
| IFRS 2 adjustments in respect of PI-based payments                 | —  | (5 914)  | (5 914)  |
| <b>Profit before finance costs</b>                                 | <b>415 817</b>   | <b>571 006</b>   | <b>575 786</b>                                   |
| Finance (costs)/income – net                                       | (312 215)  | (56 728)   | 27 606   |
| Interest paid and amortised borrowing costs                        | (57 931)   | (58 891)   | (115 273)  |
| Interest capitalised to cost of developments                       | 886  | 2 791  | 7 635  |
| Preference share dividends paid*                                   | (8 050)  | —  | (8 213)  |
| Unrealised (loss)/gain on interest rate swaps                      | (247 120)  | (628)  | 143 457  |
| Investment income  | 6 143  | 1 503  | 5 864  |
| <b>Profit for the period before taxation</b>                       | <b>109 745</b>   | <b>515 781</b>   | <b>609 256</b>                                   |
| Deferred taxation  | 17 633   | (47 284)   | (53 189)   |
| STC on preference share dividends paid                             | (805)  | (397)  | (821)  |
| <b>Net profit for the period</b>                                   | <b>126 573</b>   | <b>468 100</b>   | <b>555 246</b>                                   |

\*In 2008 preference share dividends paid have been included in finance costs. In 2007 the preference share dividend paid amounted to R3 978 000 and was included in the statement of changes in equity and not expensed in the income statement.

|  | Unaudited<br>Six months<br>ended<br>31 Dec 2008<br>R'000 | Unaudited<br>Six months<br>ended<br>31 Dec 2007<br>R'000 | Audited<br>Year<br>ended<br>30 Jun 2008<br>R'000 |
|--|--|--|--|
| <b>Reconciliation between earnings and headline earnings and distributions payable</b> |  |  |  |
| <b>Net profit for the period</b>   | <b>126 573</b>   | <b>468 100</b>   | <b>555 246</b>                                   |
| Adjusted for:  |  |  |  |
| Net fair value (gain)/deficit on investment properties                                 | (95 957)   | (295 673)  | 10 580   |
| Deferred taxation on revaluation of investment properties                              | (420)  | 47 284   | 34 049   |
| <b>Headline earnings</b>   | <b>30 196</b>  | <b>219 711</b>   | <b>599 875</b>                                   |
| Adjusted for:  |  |  |  |
| Allowance for future rental escalations  | (12 865)   | (8 450)  | (19 415)   |
| Amortised upfront lease costs  | (6 792)  | (417)  | (13 565)   |
| Unrealised loss/(gain) on interest rate swaps  | 247 120  | 628  | (143 457)  |
| IFRS 2 adjustments in respect of PI-based payments                                     | —  | 5 914  | 5 914  |
| Maintenance fund expenses  | —  | 3 971  | 3 977  |
| Deferred taxation – other  | (17 213)   | —  | 19 140   |
| Preference share dividends paid  | —  | (3 978)  | —  |
| <b>Distribution payable to participatory interest holders</b>                          | <b>240 446</b>   | <b>217 379</b>   | <b>452 469</b>                                   |
| <b>Distribution per participatory interest</b>   |  |  |  |
| Interim (cents)  | 48,79  | 44,34  | 44,34  |
| Final (cents)  | —  | —  | 47,70  |
|  | 48,79  | 44,34  | 92,04  |

The calculation of earnings per participatory interest is based on net profit for the period of R126,6 million (2007: R468,1 million), divided by the weighted average number of participatory interests in issue during the period of 492 818 989 (2007: 489 641 031).

**Headline earnings per participatory interest (cents)** 6,13 44,87 122,12

The calculation of headline earnings per participatory interest is based on net profit for the period, adjusted for the non-trading items, of R30,2 million (2007: R219,7 million), divided by the weighted average number of participatory interests in issue during the period of 492 818 989 (2007: 489 641 031).

Headline earnings for 2007 have been adjusted to comply with SAICA circular 8/2007 which is applicable for financial periods ending on or after 31 August 2007.

### Condensed cash flow statement

|   | Unaudited<br>Six months<br>ended<br>31 Dec 2008<br>R'000 | Unaudited<br>Six months<br>ended<br>31 Dec 2007<br>R'000 | Audited<br>Year<br>ended<br>30 Jun 2008<br>R'000 |
|---|--|--|--|
| Cash generated from operations  | 324 129  | 261 609  | 574 925  |
| Investment income   | 6 143  | 1 503  | 5 864  |
| Interest paid   | (57 931)   | (58 891)   | (115 273)  |
| Taxation paid   | (805)  | (397)  | (764)  |
| Preference share dividends paid   | (8 050)  | (3 978)  | (8 213)  |
| Distribution to participatory interest holders                                      | (235 075)  | (103 959)  | (321 353)  |
| <b>Cash flows from operating activities</b>   | <b>28 411</b>  | <b>95 887</b>  | <b>135 186</b>                                   |
| Acquisition of, and additions to, investment properties and furniture and equipment | (179 193)  | (218 357)  | (327 061)  |
| Proceeds on sale of investment properties and furniture and equipment               | 18 633   | 170 500  | 170 500  |
| <b>Cash flows from investing activities</b>   | <b>(160 560)</b>   | <b>(47 857)</b>  | <b>(156 561)</b>                                 |
| Issue of participatory interests  | —  | 45 460   | 45 398   |
| Preference shares issued  | 110 000  | —  | —  |
| Increase/(decrease) in interest-bearing debt  | —  | (68 766)   | 30 916   |
| <b>Cash flows from financing activities</b>   | <b>110 000</b>   | <b>(23 306)</b>  | <b>76 314</b>                                    |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                         | <b>(22 149)</b>  | <b>24 724</b>  | <b>54 939</b>                                    |
| Cash and cash equivalents at the beginning of the period                            | 68 825   | 13 886   | 13 886   |
| <b>Cash and cash equivalents at the end of the period</b>                           | <b>46 676</b>  | <b>38 610</b>  | <b>68 825</b>                                    |

### Basis of preparation and accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") including IAS 34, and the Companies Act of South Africa, Act 61 of 1973, as amended. The accounting policies used in the preparation of these results are consistent with those used in the annual financial statements for the year ended 30 June 2008.

### Condensed statement of changes in equity

|   | Participatory<br>interest<br>R'000 | Fair value<br>and other<br>reserves<br>R'000 | Fair value<br>earnings<br>R'000 | Total<br>R'000   |
|---|------------------------------------|--|---------------------------------|------------------|
| Balance at 1 July 2007                                    | 3 512 323                          | 2 095 973                                    | (1 345)                         | 5 606 951        |
| Net profit for the period                                 | —                                  | —  | 468 100                         | 468 100          |
| Distribution to participatory interest holders            | —                                  | —  | (217 379)                       | (217 379)        |
| Issue of participatory interests                          | 45 460                             | —  | —                               | 45 460           |
| IFRS 2 adjustment in respect of PI-based payments         | 5 914                              | (5 914)                                      | 5 914                           | 5 914            |
| Transfer to fair value reserve (net of deferred taxation) | —                                  | 252 657                                      | (252 657)                       | —                |
| Preference share dividends paid                           | —                                  | —  | (3 978)                         | (3 978)          |
| Balance at 31 December 2007                               | 3 563 697                          | 2 342 716                                    | (1 345)                         | 5 905 068        |
| <b>Balance at 1 July 2008</b>                             | <b>3 563 635</b>                   | <b>2 198 750</b>                             | <b>(1 345)</b>                  | <b>5 761 040</b> |
| Net profit for the period                                 | —                                  | —  | 468 100                         | 468 100          |
| Distribution to participatory interest holders            | —                                  | —  | (240 446)                       | (240 446)        |
| Transfer to fair value reserve (net of deferred taxation) | —                                  | (113 873)                                    | 113 873                         | —                |
| <b>Balance at 31 December 2008</b>                        | <b>3 563 635</b>                   | <b>2 084 877</b>                             | <b>(1 345)</b>                  | <b>5 647 167</b> |

### Related parties and related party transactions

Momentum Group ("Momentum") is the major participatory interest holder. At 31 December 2008, Momentum owned 36,2% of the Fund's participatory interests and the Fund's BEE partners – The Tiso Group, The Shalamuka Foundation, Avuka Investments, The RMBP Broad Based Empowerment Trust and Mr B van der Ross – held 12,4%. The remaining 51,4% were widely held. The following transactions were carried out with related parties:

|   | Unaudited<br>Six months<br>ended<br>31 Dec 2008<br>R'000 | Unaudited<br>Six months<br>ended<br>31 Dec 2007<br>R'000 | Audited<br>Year<br>ended<br>30 Jun 2008<br>R'000 |
|---|--|--|--|
| <b>Strategic Real Estate Managers (Proprietary) Limited</b>                           |  |  |  |
| Expenditure comprising asset management fees  | 15 590   | 17 723   | 33 431   |
| <i>Relationship: Associated company of the FirstRand Group</i>                        |  |  |  |
| <b>Rand Merchant Bank, a division of FirstRand Bank Limited</b>                       |  |  |  |
| Long-term interest-bearing debt   | 750 000  | 644 625  | 750 000  |
| Net finance cost in respect of long-term interest-bearing debt                        | 34 990   | 34 980   | 68 324   |
| Cash on call  | 16 000   | —  | 39 589   |
| Finance income on cash on call  | 3 856  | —  | 1 214  |
| <i>Relationship: Associated company of the FirstRand Group</i>                        |  |  |  |
| <b>Eris Property Group (Proprietary) Limited/RMB Properties (Proprietary) Limited</b> |  |  |  |
| Expenditure comprising property management fee and letting commissions                | 141 301  | 198 195  | 248 098  |
| Purchase consideration of TIS Corporate Park  | 31 203   | 22 044   | 48 097   |
| Purchase consideration of Faerie Glen Phase 4   | 90 100   | —  | —  |
| Purchase consideration of RTT Acsa Park   | —  | 29 598   | 29 897   |
| Development expenditure   | 19 998   | 25 875   | 25 875   |
| <i>Relationship: Associated company of the FirstRand Group</i>                        |  |  |  |
| <b>Momentum Limited</b>   |  |  |  |
| Purchase consideration of Builders Express  | —  | —  | 26 259   |
| <i>Relationship: Associated company of the FirstRand Group</i>                        |  |  |  |

### Segmental information

| Sectoral segments                          | Retail<br>R'000 | Office<br>R'000 | Industrial<br>R'000 | Administrative and corporate<br>R'000 | Total<br>R'000 |
|--|-----------------|-----------------|---------------------|---------------------------------------|----------------|
| <b>Revenue</b>                             | 208 724         | 242 387         | 80 790              | —                                     | 531 901        |
| Revenue                                    | 203 719         | 236 535         | 78 782              | —                                     | 519 036        |
| Allowance for future rental escalations    | 5 005           | 5 852           | 2 008               | —                                     | 12 865         |
| <b>Segmental result</b>                    |                 |                 |                     |                                       |                |
| Net income from property rental operations | 127 480         | 152 919         | 56 942              | (17 481)                              | 319 860        |
| Investment properties                      | 2 734 651       | 3 643 111       | 1 382 490           | —                                     | 7 760 252      |
| <b>Geographical segments</b>               |                 |                 |                     |                                       |                |
| <b>Revenue</b>                             |                 |                 |                     |                                       |                |
| – Gauteng                                  | 138 843         | 176 798         | 59 680              | —                                     | 375 321        |
| – Western and Eastern Cape                 | 17 113          | 29 793          | 6 131               | —                                     | 53 037         |
| – KwaZulu-Natal                            | 31 344          | 20 658          | 12 966              | —                                     | 64 968         |
| – Free State                               | 16 418          | 9 292           | —                   | —                                     | 25 710         |
|  | 203 718         | 236 541         | 78 777              | —                                     | 519 036        |
| <b>Investment properties</b>               |                 |                 |                     |                                       |                |
| – Gauteng                                  | 1 873 886       | 2 695 629       | 1 079 130           | —                                     | 5 648 645      |
| – Western and Eastern Cape                 | 243 640         | 545 782         | 134 700             | —                                     | 924 122        |
| – KwaZulu-Natal                            | 417 705         | 292 800         | 168 660             | —                                     | 879 165        |
| – Free State                               | 199 420         | 108 900         | —                   | —                                     | 308 320        |
|  | 2 734 651       | 3 643 111       | 1 382 490           | —                                     | 7 760 252      |

### Acquisitions

| Property           | Sector      | Location     | GLA (m <sup>2</sup> ) | Purchase price (Rm) | Forward yield (%) | Effective date | Key tenants    |
|--------------------|-------------|--------------|-----------------------|---------------------|-------------------|----------------|----------------|
| TIS Corporate Park | Industrial  | Midrand      | 15 184                | 90,1                | 8,0               | 19 Nov 08      | TIS            |
| Kosmos Flats       | Residential | Bloemfontein | 1 841                 | 8,8                 | 6,1               | 24 Oct 08      | Multi-tenanted |

TIS Corporate Park is a newly developed, prime industrial warehouse located in Corporate Park North, Midrand. Technology Integrated Solutions (Proprietary) Limited (TIS), which is a subsidiary of Aberdare Cables (Proprietary) Limited, has signed a 5-year lease over approximately 6 500 m<sup>2</sup>. The balance of the vacant space is covered in terms of a gross rental warranty from Eris Property Group for a period of eighteen months from completion. The Kosmos flats are located immediately west of Brandwag Shopping Centre, also owned by Emira, which together have excellent exposure to Nelson Mandela Drive in Bloemfontein and are earmarked for future redevelopment by the Fund.

### Property acquisitions approved by the Board, subject to Competition Commission, not yet transferred to Emira

| Property       | Sector | Location                       | GLA (m <sup>2</sup> ) | Purchase price (Rm) | Forward yield (%) | Anticipated effective date | Key tenants    |
|----------------|--------|--------------------------------|-----------------------|---------------------|-------------------|----------------------------|----------------|
| Discovery      | Office | Highveld Technopark, Centurion | 4 055                 | 41,7                | 10,5              | On transfer                | Discovery      |
| Spoor & Fisher | Office | Highveld Technopark, Centurion | 3 910                 | 38,5                | 10,3              | On transfer                | Spoor & Fisher |

Both the Discovery and Spoor & Fisher buildings are modern, well located, and have long-term leases – four and six-years respectively – with blue-chip tenants.

**Disposals**  
In accordance with the strategy of the Fund, certain properties that are underperforming or pose excessive risk to the Fund are earmarked and disposed of.

### Properties transferred out of Emira during the six months to 31 December 2008

| Property  | Sector | Location | GLA (m <sup>2</sup> ) | Valuation Jun 08 (Rm) | Sale price (Rm) | Exit yield (%) | Effective date |
|---|--------|----------|-----------------------|-----------------------|-----------------|----------------|----------------|
| Kuehne & Nagel House  | Office | Durban   | 2 140                 | 8,8                   | 8,8             | 10,5           | 15 July 2008   |
| Georgian Place (portion of sectionalised offices/warehouse) | Office | Kelvin   | 521                   | 2,4                   | 2,4             | 7,8            | 29 Sept 2008   |
| Barvic House  | Office | Randburg | 3 322                 | 9,9                   | 9,9             | 6,4            | 30 Sept 2008   |

**Vacancies**  
The portfolio vacancy at the end of December 2008 was 6,1%, a significant improvement from 6,8% in June 2008. This drop in vacancy is attributable to lettings at Lake Buena Vista (6 894 m<sup>2</sup>), Barracuda (1 354 m<sup>2</sup>), Hurlingham Office Park (1 000 m<sup>2</sup>), Epsom Downs Office Park (950 m<sup>2</sup>) and Market Square (800 m<sup>2</sup>).

| GLA (m <sup>2</sup> ) | Jun 08           | Vacancy Jun 08 | %          | Dec 08           | Vacancy Dec 08 | %          |
|-----------------------|------------------|----------------|------------|------------------|----------------|------------|
| Office                | 442 074          | 47 211         | 10,7       | 439 839          | 42 626         | 9,7        |
| Retail                | 378 303          | 16 626         | 4,4        | 378 059          | 16 469         | 4,4        |
| Industrial            | 367 648          | 16 628         | 4,6        | 380 839          | 14 013         | 3,7        |
| <b>Total</b>          | <b>1 188 025</b> | <b>80 465</b>  | <b>6,8</b> | <b>1 198 737</b> | <b>73 108</b>  | <b>6,1</b> |

| Sector       | Jun 2008 (R'000) | R/m <sup>2</sup> | Dec 2008 (R'000) | R/m <sup>2</sup> | Difference (%) | Difference (R'000) |
|--------------|------------------|------------------|------------------|------------------|----------------|--------------------|
| Office       | 3 467 316        | 7 843            | 3 643 111        | 8 283            | 5,1            | 175 795            |
| Retail       | 2 695 890        | 7 126            | 2 734 651        | 7 233            | 1,4            | 38 761             |
| Industrial   | 1 328 230        | 3 613            | 1 382 490        | 3 630            | 4,1            | 54 260             |
| <b>Total</b> | <b>7 491 436</b> |                  | <b>7 760 252</b> |                  |                | <b>268 816</b>     |

**Debt**  
Emira's balance sheet is relatively lowly geared (18,4% debt to total assets), with available debt facilities at attractive margins which will enable the Fund to acquire good quality properties with sustainable income streams. As at 31 December 2008 Emira had a total debt facility (including preference shares) available of R1,6 billion, of which R1,45 billion had been accessed. Subsequent to the end of the period, Emira has agreed to a further loan facility from FirstRand Bank Limited of R664 million, taking the Fund's granted facilities to R2,26 billion.

During the period Emira engaged in swap agreements which reduced the interest rate payable on the preference shares (R200 million) from a floating rate to a more favourable fixed rate. Subsequent to year-end, these two short-term swaps have been forward fixed for a further 10 years. As a result, all of the Fund's debt has been fixed for periods of between four and 12 years. As at 31 December 2008, the weighted average cost of debt equated to 9,59%.

|                                       | Rate % | Term           | Amount (Rm)    | % of debt    |
|---------------------------------------|--------|----------------|----------------|--------------|
| 1. Debt – Swap                        | 10,28  | January 2010   | 90,0           | 6,2          |
| – Extended                            | 9,87   | January 2020   | —              | —            |
| 2. Debt – Swap                        | 9,69   | September 2011 | 110,0          | 7,6          |
| – Extended                            | 9,79   | September 2021 | —              | —            |
| 3. Debt – Swap                        | 9,78   | April 2013     | 650,0          | 44,8         |
| 4. Debt – Swap                        | 9,20   | June 2013      | 500,0          | 34,5         |
| 5. Debt – Swap                        | 9,66   | December 2014  | 100,0          | 6,9          |
| <b>Total</b>                          |        |                | <b>1 450,0</b> | <b>100,0</b> |
| Less: Costs capitalised not yet amort |        |                |                |              |