

# 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: ZAE000050712 ("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 balance sheet

	Unaudited 31 Dec 2008 R'000	Unaudited 31 Dec 2007 R'000	Audited 30 June 2008 R'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	7 525 631	7 516 063	7 305 166
Allowance for future rental escalations	142 869	119 038	130 004
Unamortised upfront lease costs	44 423	24 483	37 631
	<b>7 712 923</b>	<b>7 659 584</b>	<b>7 472 801</b>
<b>Current assets</b>			
Accounts receivable and prepayments	35 641	56 975	41 673
Derivative financial instruments	—	45 868	189 953
Cash and cash equivalents	46 676	38 610	68 825
	<b>82 317</b>	<b>141 453</b>	<b>300 451</b>
Non-current assets held for sale	47 329	—	18 635
<b>Total assets</b>	<b>7 842 569</b>	<b>7 801 037</b>	<b>7 791 887</b>
<b>Equity</b>			
Participatory interest holders' capital and reserves	5 647 167	5 905 068	5 761 040
<b>Non-current liabilities</b>			
Redeemable preference shares	200 000	90 000	90 000
Interest-bearing debt	1 138 775	1 137 522	1 137 204
Deferred taxation	295 040	306 767	312 672
	<b>1 633 815</b>	<b>1 534 289</b>	<b>1 539 876</b>
<b>Current liabilities</b>			
Short-term portion of long-term interest-bearing debt	100 000	—	100 000
Accounts payable	163 974	144 301	155 896
Derivative financial instruments	57 167	—	—
Distributions payable to participatory interest holders	240 446	217 379	235 075
	<b>561 587</b>	<b>361 680</b>	<b>490 971</b>
<b>Total liabilities</b>	<b>2 195 402</b>	<b>1 895 969</b>	<b>2 030 847</b>
<b>Total equity and liabilities</b>	<b>7 842 569</b>	<b>7 801 037</b>	<b>7 791 887</b>

### Condensed income statement

	Unaudited Six months ended 31 Dec 2008 R'000	Unaudited Six months ended 31 Dec 2007 R'000	Audited Year ended 30 Jun 2008 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 Six months ended 31 Dec 2008 R'000	Unaudited Six months ended 31 Dec 2007 R'000	Audited Year ended 30 Jun 2008 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
	<b>48,79</b>	<b>44,34</b>	<b>92,04</b>

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 Six months ended 31 Dec 2008 R'000	Unaudited Six months ended 31 Dec 2007 R'000	Audited Year ended 30 Jun 2008 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 interest R'000	Fair value and other reserves R'000	Fair value earnings R'000	Total 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 Six months ended 31 Dec 2008 R'000	Unaudited Six months ended 31 Dec 2007 R'000	Audited Year ended 30 Jun 2008 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
<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>			

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.

### Segmental information

	Retail R'000	Office R'000	Industrial R'000	Adminis- trative and corporate R'000	Total 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 Abardere 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	1	