

# R280,5 million

distributable income

# 55,21 cents

distribution per PI

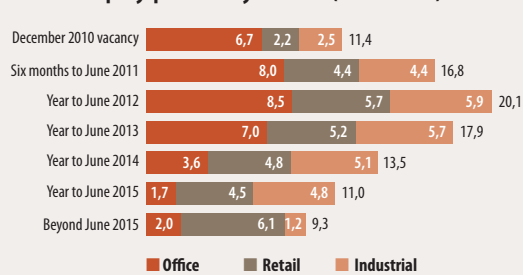
# 1 130 cents

net asset value per PI

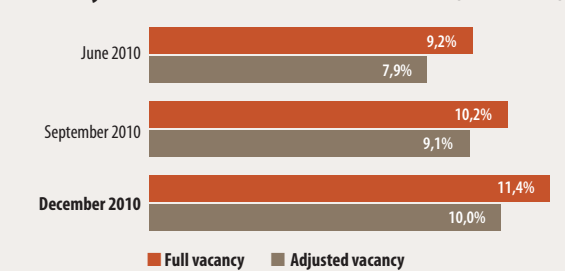
# +15,7%

6 month total return

### Lease expiry profile by sector (% of GLA)



### Vacancy movement Jun 2010 – Dec 2010 (% of GLA)



## Condensed statement of comprehensive income

	Unaudited Six months ended 31 Dec 2010	Unaudited Six months ended 31 Dec 2009	Audited Year ended 30 Jun 2010
<b>Revenue</b>	<b>610 125</b>	585 204	1 162 179
Operating lease rental income and tenant recoveries	611 484	566 918	1 152 167
Allowance for future rental escalations	(1 359)	18 286	10 012
Income from listed property investment	10 050	—	—
Property expenses	(229 669)	(195 776)	(391 807)
Management expenses	(8 418)	(17 478)	(36 171)
Cancellation payment in respect of amendment to existing service charge arrangement	(129 150)	—	—
Preference share dividends paid	(27 230)	(21 219)	(43 214)
Depreciation	(3 884)	(5 620)	(9 704)
<b>Operating profit</b>	<b>221 824</b>	345 111	681 283
<b>Net fair value adjustments</b>	<b>151 694</b>	(114 313)	42 430
Net fair value gain/(deficit) on investment properties	127 272	(114 313)	39 661
Change in fair value as a result of straight-lining lease rentals	1 359	(18 286)	(10 012)
Change in fair value as a result of amortising upfront lease costs	2 306	820	5 329
Change in fair value as a result of property appreciation/(depreciation) in value	123 607	(96 847)	44 344
Unrealised gain on fair valuation of listed property investment	24 422	—	2 769
<b>Profit before finance costs</b>	<b>373 518</b>	230 798	723 713
<b>Net finance costs</b>	<b>(114 358)</b>	(76 616)	(211 839)
Finance income	7 458	2 574	5 484
Interest received	3 351	2 574	5 484
Claw-back of distribution in respect of participatory interests issued cum distribution	4 107	—	—
Finance costs	(121 816)	(79 190)	(217 323)
Interest paid and amortised borrowing costs	(81 260)	(70 291)	(143 219)
Interest capitalised to the cost of developments	1 808	501	3 065
Preference share dividends paid	(6 183)	(6 854)	(13 351)
Unrealised deficit on interest-rate swaps	(36 181)	(2 546)	(63 818)
<b>Profit before income tax charge</b>	<b>259 160</b>	154 182	511 874
<b>Income tax charge</b>	<b>(7 810)</b>	8 036	2 683
Deferred taxation	(7 192)	8 721	4 018
– Revaluation of investment properties	(6 977)	8 492	1 753
– Other timing differences including allowance for future rental escalations	(215)	229	2 265
STC on preference share dividends paid	(618)	(685)	(1 335)
<b>Profit for the period attributable to equity holders</b>	<b>251 350</b>	162 218	514 557
<b>Total comprehensive income attributable to equity holders</b>	<b>251 350</b>	162 218	514 557

## Condensed statement of financial position

	Unaudited 31 Dec 2010	Unaudited 31 Dec 2009	Audited 30 Jun 2010
<b>R000</b>			
<b>Assets</b>			
<b>Non-current assets</b>	<b>7 521 751</b>	7 353 086	7 655 558
Investment properties	7 067 340	7 138 446	7 334 034
Allowance for future rental escalations	161 479	171 112	162 838
Unamortised upfront lease costs	36 713	43 528	39 019
Fair value of investment properties	7 265 532	7 353 086	7 535 891
Listed property investment	256 219	—	119 667
<b>Current assets</b>	<b>165 708</b>	84 101	103 526
Accounts receivable	83 347	54 997	62 845
Derivative financial instruments	—	4 271	—
Cash and cash equivalents	82 361	24 833	40 681
Non-current assets held for sale	832 369	346 980	347 039
<b>Total assets</b>	<b>8 519 828</b>	7 784 167	8 106 123
<b>Equity and liabilities</b>			
Participatory interest holders' capital and reserves	5 745 621	5 447 680	5 525 665
<b>Non-current liabilities</b>	<b>1 680 190</b>	1 882 309	1 535 150
Redeemable preference shares	200 000	200 000	200 000
Interest-bearing debt	1 231 014	1 444 929	1 093 067
Deferred taxation	249 176	237 380	242 083
<b>Current liabilities</b>	<b>1 094 017</b>	454 178	1 045 308
Short-term portion of interest-bearing debt	499 298	—	498 596
Accounts payable	221 065	201 288	215 357
Derivative financial instruments	93 182	—	57 001
Distributions payable to participatory interest holders	280 472	252 890	274 354
<b>Total equity and liabilities</b>	<b>8 519 828</b>	7 784 167	8 106 123

## Condensed statement of cash flows

	Unaudited Six months ended 31 Dec 2010	Unaudited Six months ended 31 Dec 2009	Audited Year ended 30 Jun 2010
<b>R000</b>			
Cash generated from operations	347 714	331 973	691 269
Finance income	7 458	2 574	5 484
Interest paid	(81 260)	(70 291)	(143 219)
Preference share dividends paid	(6 183)	(6 854)	(13 351)
Taxation paid	(652)	(838)	(1 523)
Cancellation payment in respect of amendment to existing service charge arrangement	(129 150)	—	—
Pre-acquisition income on GOZ units acquired in 2010	4 628	—	—
Distribution to participatory interest holders	(274 354)	(255 914)	(508 804)
<b>Net cash (utilised in)/generated from operating activities</b>	<b>(131 799)</b>	650	29 856
Acquisition of investment properties and fixtures and fittings	(148 540)	(89 630)	(139 337)
Proceeds on disposal of investment properties and fixtures and fittings	55 100	5 676	12 189
Acquisition of investment in listed property fund	(116 758)	—	(116 898)
<b>Net cash utilised in investing activities</b>	<b>(210 198)</b>	(83 954)	(244 046)
Participatory interests issued	244 442	—	—
Increase in interest-bearing debt	138 649	71 613	218 347
Cash balance from subsidiary acquired	586	—	—
<b>Net cash generated from financing activities</b>	<b>383 677</b>	71 613	218 347
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>41 680</b>	(11 691)	4 157
Cash and cash equivalents at the beginning of the period	40 681	36 524	36 524
<b>Cash and cash equivalents at the end of the period</b>	<b>82 361</b>	24 833	40 681

## Basics of preparation and accounting policies

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") including IAS 34, and are in compliance with the Listings Requirements of the JSE Limited. The accounting policies used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2010. As a result of the amendment to the service charge arrangements, in terms of IFRS, the risk and rewards of the manager of Emira, Strategic Real Estate Managers (Proprietary) Limited (STREM) are deemed to be attributable to Emira. The financial statements of STREM have therefore been consolidated with those of Emira, with effect from 15 September 2010, even though Emira has no direct or indirect shareholding in STREM. Had the amendment to the service charge arrangement taken place on 1 July 2010, the net profit after tax of Emira would have increased by R5,3 million.

### Results (continued)

Contractual cost escalations were well managed, however growth in net property income was impacted by sharply rising municipal charges, an increase in building maintenance and higher leasing charges on the comparable period. Tenant arrears also continued to rise, resulting in the actual bad debts charge for the period increasing when compared to the comparable period, however remaining constant when compared to the second half of the previous financial year. The net effect is that property expenses rose by 16,6% and net income from properties was 3,3% higher.

The income from the Fund's holding in GOZ of R14,7 million represents the distributions from GOZ for the period to 30 June 2010 and the recently announced distribution to 31 December 2010. Although the distribution from GOZ to 30 June 2010 was only received in August 2010, Emira has received advice that this income is attributable to the period in which GOZ trades ex-dividend, being the financial year to 30 June 2010. As a result, income from the listed investment in the current period is higher than expected by an amount of R5,7 million.

Asset management expenses declined as a result of the amendment to the service charge that became effective on 15 September 2010. As per the amendment, after this date, asset management expenses paid only reimburse the manager for the operating costs actually incurred in the management of Emira, resulting in a net saving to Emira. Net interest costs excluding unrealised gains or losses on interest rate swaps rose by 5,3%. This was the result of increased levels of gearing in the Fund, offset by investment income earned from the issue of PIs in September 2010. Net asset value declined marginally (-0,2%) in the six months from 1 133 cents (1 182 cents excluding the deferred tax provision) at 30 June 2010 to 1 130 cents (1 179 cents), largely as a result of the issue of new PIs during the period.

### Distribution statement

	Six months ended 31 Dec 2010	Six months ended 31 Dec 2009	% change	Year ended 30 Jun 2010
Operating lease rental income and tenant recoveries excluding straight-lining of leases	611 484	566 918	7,9	1 152 167
Property expenses excluding amortised upfront lease costs	(229 669)	(194 956)	16,6	(386 478)
<b>Net property income</b>	<b>381 815</b>	371 962	3,3	765 689
Income from listed property investment	14 678	—	—	—
Per statement of comprehensive income	10 050	—	—	—
Income earned prior to acquisition of stapled securities	4 628	—	—	—
<b>Management expenses</b>	<b>(12 992)</b>	(17 478)	(25,7)	(36 171)
Management expenses per statement of comprehensive income	(8 418)	(17 478)	—	(36 171)
Reimbursement to STREM in respect of management expenses	(4 574)	—	—	—
<b>Administration expenses</b>	<b>(22 605)</b>	(21 219)	6,5	(43 214)
Administration expenses per statement of comprehensive income	(27 230)	(21 219)	—	(43 214)
Management expenses incurred by STREM included in the above	4 625	—	—	—
<b>Depreciation</b>	<b>(3 884)</b>	(5 620)	(30,9)	(9 704)
<b>Net interest cost</b>	<b>(81 260)</b>	(74 255)	5,5	(149 356)
Interest paid and amortised borrowing costs	(81 260)	(70 291)	15,6	(143 219)
Interest capitalised to the cost of developments	1 808	501	260,9	3 065
Preference share dividends paid	(6 183)	(6 854)	(9,8)	(13 351)
STC on preference share dividends paid	(618)	(685)	(9,8)	(1 335)
<b>Investment income</b>	<b>7 407</b>	2 574	187,8	5 484
Investment income per statement of comprehensive income	3 351	2 574	—	5 484
Investment income earned by STREM	(51)	—	—	—
Claw-back of distribution in respect of participatory interests issued cum distribution	4 107	—	—	—
<b>Distribution payable to participatory interest holders</b>	<b>280 472</b>	252 890	10,9	527 244
Number of units in issue	508 010 229	487 827 654	4,1	487 827 654
<b>Distribution per participatory interest (cents)</b>	<b>55,21</b>	51,84	6,5	108,08

### Prospects

The underlying conditions in the commercial property sector were tougher than expected in the period under review. Indicators are that tenant interest has picked up in 2011, however this has yet to be translated into a reduction in vacancies. Emira PI holders are, nevertheless, expected to continue to benefit from the amendment to the service charge implemented in September 2010. As a result, the level of growth in distributions from the Fund for the financial year is expected to be similar to that achieved in the six months to 31 December 2010. The forecast financial information on which this statement has been based has not been reviewed or reported on by the Fund's auditors.

### Income distribution declaration

Notice is hereby given that an interim cash distribution of 55,21 cents (2010: 51,84 cents) per participatory interest has been declared payable to participatory interest holders on 14 March 2011. The source of the distribution comprises: Net income from property interests; income earned from the Fund's listed property investment and interest earned on cash on deposit. Please refer to the statement of comprehensive income for further details.

Last day to trade cum distribution: Friday, 4 March 2011  
Participatory interests trade ex distribution: Monday, 7 March 2011  
Record date: Friday, 11 March 2011  
Payment date: Monday, 14 March 2011  
Participatory interest certificates may not be dematerialised or rematerialised between Monday, 7 March 2011 and Friday, 11 March 2011, both days inclusive.

By order of the STREM Board

**Martin Harris** Company secretary  
**Ben van der Ross** Chairman  
**James Templeton** Chief executive officer  
Sandton  
15 February 2011

**Directors of the Fund manager:** BJ van der Ross (Chairman)\*, JWA Templeton (Chief executive officer), MS Aitken\*, BH Kent\*, V Mahlangu\*, NE Makwane\*, W McCurrie\*, MSB Neser\*, WK Schultze, NL Sowazi\*, PJ Thurling  
**Registered address:** 3 Gwen Lane, Sandton, 2146  
**Sponsor:** Rand Merchant Bank (a division of FirstRand Bank Limited)  
**Transfer secretaries:** Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001

\*Non-executive director  
**www.emira.co.za**



## Unaudited financial results for the six months ended 31 December 2010 and income distribution declaration

(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")

## Related parties and related party transactions

Momentum Group ("Momentum") is the major participatory interest holder. At 31 December 2010, Momentum owned 14,7% of the Fund's participatory interests and the Fund's BEE partners – The Tiso Group, The Shalom Foundation, Avuka Investments, The RMBP Broad Based Empowerment Trust and Mr B van der Ross – held 12,0%. The remaining 73,3% were widely held.

	Unaudited Six months ended 31 Dec 2010	Unaudited Six months ended 31 Dec 2009	Audited Year ended 30 Jun 2010
<b>R000</b>			
<b>The following transactions were carried out with related parties:</b>			
<b>Strategic Real Estate Managers (Proprietary) Limited</b>			
Expenditure comprising asset management fees	8 418	17 478	36 171
Cancellation payment in respect of amendment to existing service charge arrangement	129 150	—	—
<b>Relationship: Manager of Emira Property Fund</b>			
<b>Rand Merchant Bank a division of FirstRand Bank Limited</b>			
Long-term interest-bearing debt	—	954 475	1 099 475
Net finance cost in respect of long-term interest-bearing debt	—	44 841	93 617
Cash on call	—	—	5 000
Cash reserve	—	2 000	2 000
Finance income on cash on call	—	701	1 572
<b>Eris Property Group (Proprietary) Limited</b>			
Expenditure comprising: property management fee and letting commissions	—	27 402	53 409
Development fees relating to refurbishments and extensions	—	2 148	5 364

\*As a result of the disposal of Momentum Group Limited by FirstRand Bank Limited and the subsequent unbundling of the shares in MMI Holdings Limited, FirstRand Bank Limited and Eris Property Group (Proprietary) Limited are no longer associates of Emira. 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

	Office	Retail	Industrial	Administrative and corporate	Total
<b>R000</b>					
<b>Sectoral segments</b>					
<b>Revenue</b>	269 799	245 410	94 916	—	610 125
Revenue	274 265	240 946	96 273	—	611 484
Allowance for future rental escalations	(4 466)	4 464	(1 357)	—	(1 359)
<b>Segmental result</b>					
Net income from property rental operations	157 493	133 714	65 973	(135 356)	221 824
Investment properties	3 789 482	2 948 409	1 360 010	—	8 097 901
<b>Geographical segments</b>					
<b>Revenue</b>					
– Gauteng	199 790	161 818	70 497	—	432 105
– Western and Eastern Cape	35 936	21 326	10 603	—	67 865
– KwaZulu-Natal	22 926	40 367	13 816	—	77 109
– Free State	11 147	21 899	—	—	33 046
	269 799	245 410	94 916	—	610 125
<b>Investment properties</b>					
– Gauteng	2 788 006	1 965 104	1 033 510	—	5 786 620
– Western and Eastern Cape	576 124	271 163	160 100	—	1 007 387