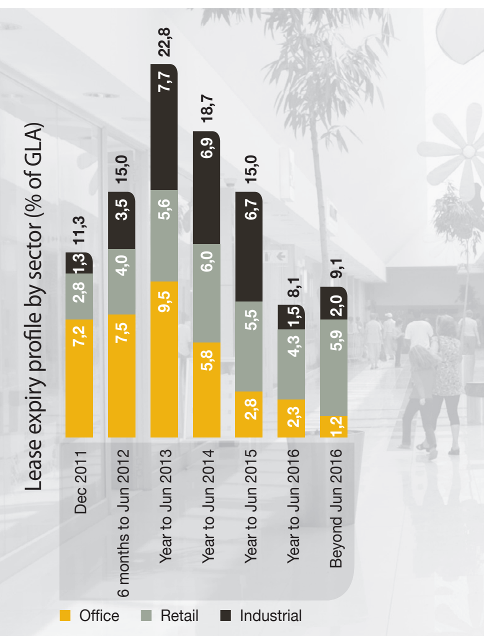
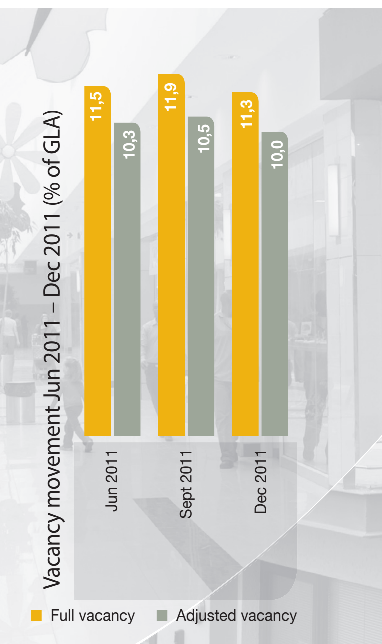
EMIRA PROPERTY FUND

(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")





R272,5 million distributable income

53,81 cents distribution per PI

1 127 cents net asset value per PI

Unaudited financial results for the six months ended 31 December 2011 and income distribution declaration

Condensed consolidated statement of comprehensive income

R'000	Unaudited Six months ended 31 Dec 2011	Unaudited Six months ended 31 Dec 2010	Audited Year ended 30 Jun 2011
Revenue	**637 051**	610 125	1 223 960
Operating lease rental income and tenant recoveries	**640 640**	611 484	1 232 911
Allowance for future rental escalations	**(3 589)**	(1 359)	(8 951)
Income from listed property investment	**15 969**	10 050	22 373
Property expenses	**(254 400)**	(229 669)	(444 230)
Management expenses	**—**	(8 418)	(8 418)
Cancellation payment in respect of amendment to existing service charge arrangement	**(68 250)**	(129 150)	(129 150)
Administration expenses	**(32 357)**	(27 230)	(57 013)
Depreciation	**(5 211)**	(3 884)	(9 805)
Operating profit	**292 802**	221 824	597 717
Net fair value adjustments	**39 803**	151 694	125 165
Net fair value (deficit)/gain on investment properties	**(12 873)**	127 272	89 551
Change in fair value as a result of straight-lining lease rentals	**3 589**	1 359	8 951
Change in fair value as a result of amortising upfront lease costs	**(790)**	2 306	3 117
Change in fair value as a result of property (depreciation)/appreciation in value	**(15 672)**	123 607	77 483
Unrealised gain on fair valuation of listed property investment	**52 676**	24 422	35 614
Profit before finance costs	**332 605**	373 518	722 882
Net finance costs	**(174 981)**	(114 358)	(162 892)
Finance income	**2 654**	7 458	10 205
Interest received	**2 654**	3 351	6 098
Claw-back of distribution in respect of participatory interests issued cum distribution	**—**	4 107	4 107
Finance costs	**(177 635)**	(121 816)	(173 097)
Interest paid and amortised borrowing costs	**(99 546)**	(81 260)	(168 106)
Interest capitalised to the cost of developments	**11 925**	1 808	4 115
Preference share dividends paid	**(5 776)**	(6 183)	(11 895)
Unrealised (deficit)/surplus on interest-rate swaps	**(84 238)**	(36 181)	2 789
Profit before income tax charge	**157 624**	259 160	559 990
Income tax charge	**(248)**	(7 810)	(18 269)
SA normal taxation	**(8 861)**	—	(322)
Deferred taxation	**9 191**	(7 192)	(16 758)
– Revaluation of investment properties	**12 613**	(6 977)	(12 100)
– Other timing differences including allowance for future rental escalations	**(3 422)**	(215)	(4 658)
STC on preference share dividends paid	**(578)**	(618)	(1 189)
Profit for the period attributable to equity holders	**157 376**	251 350	541 721
Total comprehensive income attributable to equity holders	**157 376**	251 350	541 721

Reconciliation between earnings and headline earnings and distribution

R'000	Unaudited Six months ended 31 Dec 2011	Unaudited Six months ended 31 Dec 2010	Audited Year ended 30 Jun 2011
Profit for the period attributable to equity holders	**157 376**	251 350	541 721
Adjusted for:			
Net fair value deficit/(gain) on revaluation of investment properties	**12 873**	(127 272)	(89 551)
Deferred taxation on revaluation of investment properties	**(12 613)**	6 977	12 100
Headline earnings	**157 636**	131 055	464 270
Adjusted for:			
Allowance for future rental escalations	**3 589**	1 359	8 951
Amortised upfront lease costs	**(790)**	2 306	3 117
Unrealised deficit/(surplus) on interest-rate swaps	**84 238**	36 181	(2 789)
Unrealised gain on listed property investment	**(52 676)**	(24 422)	(35 614)
Pre-acquisition income on GOZ units acquired in 2010	**—**	4 628	4 628
Cancellation payment in respect of amendment to existing service charge arrangement	**68 250**	129 150	129 150
SA normal taxation	**8 861**	—	322
Deferred taxation – other timing differences	**3 422**	215	4 658
Distribution payable to participatory interest holders	**272 530**	280 472	576 693
Distribution per participatory interest			
Interim (cents)	**53,81**	55,21	55,21
Final (cents)	**—**	—	58,31
	53,81	55,21	113,52
Number of participatory interests in issue at the end of the period	**506 466 288**	508 010 229	508 010 229
Weighted average number of participatory interests in issue	**507 828 350**	500 661 139	504 305 482
Earnings per participatory interest (cents)	**30,99**	50,20	107,42

The calculation of earnings per participatory interest is based on net profit for the period of R157,4 million (2010: R251,4 million), divided by the weighted average number of participatory interests in issue during the period of 507 828 350 (2010: 500 661 139).

Headline earnings per participatory interest (cents)	**31,04**	26,18	92,06

The calculation of headline earnings per participatory interest is based on net profit for the period, adjusted for non-trading items, of R157,6 million (2010: R131,1 million), divided by the weighted average number of participatory interests in issue during the period of 507 828 350 (2010: 500 661 139).

Commentary

The Board of directors of Strategic Real Estate Managers (Proprietary) Limited ("STREM") hereby announces a distribution of 53,81 cents per Emira participatory interest (PI) for the six months to 31 December 2011. This is a reduction of 2,5% on the previous comparable period, which is in line with the prospects statement in the Fund's June 2011 results announcement released in August 2011, and represents an income return for the six months of 4,4%, being distributions actually paid out during the period under review. Emira is the 6th most traded listed property fund on the JSE by value with R1,3 billion traded in the six month period.

The highlight of the financial year-to-date has been a restructuring of a significant portion of the Fund's debt together with the raising of new facilities, totalling R1,2 billion. On 12 August 2011, Emira raised funding of R500 million, by way of a four-year secured AA rated corporate bond, at three month JIBAR plus an all in margin of 163 basis points. The funds were used to repay the R500 million that was raised through the Freestone Finance Series 1 commercial mortgage backed securitisation (CMBS) in 2006. Although the margin payable on the corporate bond is higher than that paid on the CMBS, the facility is for four years, resulting in Emira's debt facilities now being staggered between 2013 and 2019, reducing risk to Emira PI holders. A new R500 million facility was also raised with Rand Merchant Bank, which will be used for the capital requirements of the Fund as outlined below. Furthermore, the R200 million Nedbank redeemable preference share facility was repaid on 2 February 2012, by way of a new three-year term loan received from Nedbank, which bears interest at three month JIBAR plus a margin of 155 basis points.

In November 2011 the Board approved the implementation of a PI repurchase programme and at the annual general meeting of the Fund this programme also received the necessary support of Emira PI holders. In terms of the programme, the proceeds from the sale of properties will be used to repurchase PIs in the open market, which is expected to be earnings enhancing to the Fund. By 31 December 2011 Emira had repurchased 1 543 941 PIs in the open market at a cost of R18,1 million, an average of R11,73 per PI. The PIs were cancelled in January 2012, resulting in a small net benefit to the Fund in the period to December 2011.

During the period, a significant amount of effort has gone into improving the quality of the Emira portfolio. Not only has there been a greater focus on reducing vacancies, retaining tenants and improving the quality of the existing buildings, but the asset management team has been expanded to improve the skills within the Fund. Moreover, in line with the long-term strategy of the Fund, the quality of the Emira portfolio continues to be improved through (i) the disposal of those properties deemed to be non-core (ii) the acquisition of new properties and (iii) the refurbishment of existing assets.

Disposals

The strategy to dispose of non-core buildings was met with some good success during the period, with 11 buildings being transferred out of the Fund or sold unconditionally for a total of R266,3 million – Crocker Road Industrial Park, Flexitainer, Ciros House, Umhlanga Centre, Dresdner House, Hurlingham Office Park, Linkview and a unit at Georgian Place were all transferred for a total of R210,6 million, while three further properties have been sold unconditionally but not yet transferred – Century Gate, Starsky House and Gift Acres – for a total of R55,7 million. A further 15 non-core properties, worth approximately R636,1 million remain on the disposal list.

The disposal of these properties will significantly improve the quality of the portfolio, reduce vacancies and also allow management to focus on larger buildings, with better income growth prospects. The proceeds from the disposals are expected to be utilised for the Fund's significant capital expenditure project pipeline mentioned below, acquisitions or, in the event that the returns are sufficiently rewarding, PI repurchases.

Acquisitions

As was reported previously, in January 2011 the Board approved the acquisition of a new 13 782m² A grade office building being developed by Eris Property Group, on the corner of Corobay Avenue and Aramist Avenue, in Menlyn Pretoria, for R306,9 million. The development of the building, which is 70% pre-let to KV3 Engineers for 10 years and has a one-year gross rental warranty on the balance of the vacant space from completion from the developer, is well advanced and is expected to be complete by 30 June 2012 and to yield 9,1% per annum. Emira has also agreed to acquire two high quality, well located A-grade office buildings for a total of R254 million, although these transactions are still conditional on the conclusion of certain suspensive conditions.

These acquisitions are in line with the Fund's policy of reducing its exposure to B-grade office space and increasing the quality of its portfolio by buying large, high quality properties.

Refurbishments and extensions underway

Several other projects worth approximately R300,6 million are underway, the most significant of which include (i) the redevelopment of Podium at Menlyn, comprising the construction of 9 239m² of prime, ideally located office space by April 2012 at a total cost of R176,1 million, for which tenants are being sought (ii) the complete refurbishment of 267 West, located opposite the Gautrain station in Centurion (R36,3 million) (iii) the construction of a new Audi dealership with a ten-year lease and refurbishment of the Virgin Active at Cresta Corner (R31,3 million) (iv) the extensions to Market Square Shopping Centre for Edgars and Clicks (R28,8 million), and (v) the refurbishment of Albury Office Park in Dunkeld West (R19,4 million). The Fund is actively marketing the vacant space at Podium at Menlyn and expects progress to be made in this regard by the time the development is completed in April.

Refurbishments and extensions approved

The following projects have been approved by the Board and should commence shortly: (i) the expansion of the Woolworths Food store at Boskruin Shopping Centre for approximately R10 million and (ii) the reconfiguration of tenants at Lynnridge Mall for approximately R9,5 million.

In July 2011 Emira invested a further R61 million in Growthpoint Properties Australia (GOZ), an Australian property trust listed on the Australian Stock Exchange, by acquiring 4,4 million stapled securities at a price of AUD$1,90 per stapled security, through its participation in the AUD$102,7 million rights issue by GOZ, to facilitate its acquisition of Rabinov Property Trust and to reduce its level of gearing. This took Emira's current holding in GOZ to 23,8 million stapled securities, or 6,3% of the GOZ securities in issue. This was valued at R382 million at 31 December 2011 compared to the cost to the Fund of R296 million.

Results

As expected, conditions in the period under review remained tough, with tenants, particularly in the office sector, unwilling to commit to new space due to the uncertainty surrounding global and local economic growth. Rentals continued to be under pressure and landlords needed to be competitive when trying to attract or retain tenants, particularly in the office sector. In contrast, the industrial sector continued to perform well, with vacancies declining notably.

Although income from the listed property investment rose and management expenses declined as a result of the amendments to the Trust Deed approved by PI holders in September 2010, distributions payable declined fractionally due to muted net property income growth and rising finance costs following the increased level of debt in the Fund due to on-going capital expenditure and acquisitions.

Vacancies decreased from 11,5% in June 2011 to 11,3% by December 2011 as a result of a pleasing decline in vacancies within the industrial portfolio, as well as the sale and transfer of non-core buildings during the period. On an adjusted basis (excluding properties under refurbishment or redevelopment), vacancies declined from 10,3% to 10,0%.

Condensed consolidated statement of financial position

R'000	Unaudited 31 Dec 2011	Unaudited 31 Dec 2010	Audited 30 Jun 2011
Assets			
Non-current assets	**7 886 284**	7 521 751	7 622 477
Investment properties	**7 327 848**	7 067 340	7 174 508
Allowance for future rental escalations	**142 254**	161 479	147 089
Unamortised upfront lease costs	**34 087**	36 713	32 557
Fair value of investment properties	**7 504 189**	7 265 532	7 354 154
Listed property investment	**382 007**	256 219	268 235
Deferred taxation	**88**	—	88
Current assets	**154 696**	165 708	190 433
Accounts receivable	**115 612**	83 347	95 921
Cash and cash equivalents	**39 084**	82 361	94 512
Non-current assets held for sale	**636 092**	832 369	823 054
Total assets	**8 677 072**	8 519 828	8 635 964
Equity and liabilities			
Participatory interest holders' capital and reserves	**5 706 586**	5 745 621	5 839 850
Non-current liabilities	**2 078 561**	1 680 190	1 508 621
Redeemable preference shares	**—**	200 000	—
Interest-bearing debt	**1 929 879**	1 231 014	1 350 748
Deferred taxation	**148 682**	249 176	157 873
Current liabilities	**891 925**	1 094 017	1 287 493
Short-term portion of interest-bearing debt	**200 000**	499 298	700 000
Accounts payable	**280 945**	221 065	237 060
Derivative financial instruments	**138 450**	93 182	54 212
Distributions payable to participatory interest holders	**272 530**	280 472	296 221
Total equity and liabilities	**8 677 072**	8 519 828	8 635 964

Condensed consolidated statement of cash flows

R'000	Unaudited Six months ended 31 Dec 2011	Unaudited Six months ended 31 Dec 2010	Audited Year ended 30 Jun 2011
Cash generated from operations	**387 590**	347 714	738 268
Finance income	**2 654**	7 458	10 205
Interest paid	**(99 546)**	(81 260)	(168 106)
Preference share dividends paid	**(5 776)**	(6 183)	(11 895)
Taxation paid	**(3 774)**	(652)	(1 270)
Cancellation payment in respect of amendment to existing service charge arrangement	**(68 250)**	(129 150)	(129 150)
Pre-acquisition income on GOZ units acquired in 2010	**—**	4 628	4 628
Distribution to participatory interest holders	**(296 221)**	(274 354)	(554 826)
Net cash utilised in operating activities	**(83 323)**	(131 799)	(112 146)
Acquisition of and additions to, investment properties and fixtures and fittings	**(182 675)**	(148 540)	(297 785)
Proceeds on disposal of investment properties and fixtures and fittings	**210 645**	55 100	75 300
Acquisition of investment in listed property fund	**(61 096)**	(116 758)	(117 582)
Net cash utilised in investing activities	**(33 126)**	(210 198)	(340 067)
Participatory interests (repurchased)/issued	**(18 110)**	244 442	244 442
Increase in interest-bearing debt	**79 131**	138 649	259 085
Cash balance from subsidiary acquired	**—**	586	2 517
Net cash generated from financing activities	**61 021**	383 677	506 044
Net (decrease)/increase in cash and cash equivalents	**(55 428)**	41 680	53 831
Cash and cash equivalents at the beginning of the period	**94 512**	40 681	40 681
Cash and cash equivalents at the end of the period	**39 084**	82 361	94 512

Basis of preparation and accounting policies

The condensed consolidated interim 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 2011.

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, even though Emira has no direct or indirect shareholding in STREM. This report was compiled under the supervision of Peter Thurling, the Chief Financial Officer.

Results *(continued)*

Excluding the straight-line adjustments from future rental escalations, revenue rose by 4,8% over the comparable period. This was the result of organic growth in income from the existing portfolio, the conclusion of several capital projects in the previous financial year which contributed for the full period under review, increased recoveries of municipal expenses, offset slightly by the disposal of several properties listed below. Excluding municipal recoveries, revenue growth would have been 2%.

Contractual cost escalations were well managed, however growth in net property income was impacted by sharply rising municipal charges, a substantial increase in building maintenance, higher leasing charges on the comparable period and significantly higher refurbishment costs. The net effect is that property expenses rose by 12,2% and net income from properties was 0,3% higher. Excluding the increase in municipal charges, maintenance, leasing charges and refurbishments, property expenses rose by 5,7%, in line with inflation.

The income from the listed investment of R16,0 million, representing the Fund's holding in Growthpoint Australia (GOZ), represents the distributions from GOZ for the period to 31 December 2011 and shows an increase of 8,8% year-on-year. The like-on-like increase from this investment – excluding the additional distribution included in December 2010 income and also the income from the GOZ rights offer that took place in July 2011 – amounted to 16,5%, illustrating the benefits of diversification for Emira PI holders of this investment.

Asset management expenses declined by 32,7% on the comparable period, following the amendment to the service charge payable to STREM in September 2010. Net interest costs excluding unrealised gains or losses on interest-rate swaps as well as capitalised interest rose by 15,9% as a result of increased levels of gearing in the Fund.

Net asset value declined by 2,0% in the six months from 1 150 cents (1181 cents excluding the deferred tax provision) at 30 June 2011 to 1 127 cents (1 156 cents), largely as a result of the payment of the balance owing to STREM in respect of the amendment to the service charge arrangement, the repurchase of PIs during the period and the deficits on interest rate swaps and investment property revaluations.

Distribution statement

R'000	Six months ended 31 Dec 2011	Six months ended 31 Dec 2010	% change	Year ended 30 Jun 2011
Operating lease rental income and tenant recoveries excluding straight-lining of leases	**640 640**	611 484	4,8	1 232 911
Property expenses excluding amortised upfront lease costs	**(255 190)**	(227 363)	12,2	(441 113)
Net property income	**385 450**	384 121	0,3	791 798
Income from listed investment	**15 969**	14 678	8,8	27 001
Per statement of comprehensive income	**15 969**	10 050	58,9	22 373
Pre-acquisition income received	**—**	4 628	(100,0)	4 628
Management expenses	**(8 746)**	(12 992)	(32,7)	(20 085)
Per statement of comprehensive income	**—**	(8 418)	(100,0)	(8 418)
Reimbursement to STREM in respect of management expenses	**(8 746)**	(4 574)	91,2	(11 667)
Administration expenses	**(23 572)**	(22 605)	4,3	(45 244)
Per statement of comprehensive income	**(32 357)**	(27 230)	18,8	(57 013)
Management expenses incurred by STREM included in the above	**8 785**	4 625	89,9	11 769
Depreciation	**(5 211)**	(3 884)	34,2	(9 805)
Net finance costs	**(91 360)**	(78 846)	15,9	(166 972)
Finance costs	**(93 975)**	(86 253)	9,0	(177 075)
Interest paid and amortised borrowing costs	**(99 546)**	(81 260)	22,5	(168 106)
Interest capitalised to the cost of developments	**11 925**	1 808	559,6	4 115
Preference share dividends paid	**(5 776)**	(6 183)	(6,6)	(11 895)
STC on preference share dividends paid	**(578)**	(618)	(6,5)	(1 189)
Investment income	**2 615**	7 407	(64,7)	10 103
Per statement of comprehensive income	**2 654**	3 351	(20,8)	6 098
Investment income earned by STREM	**(39)**	(51)	(23,5)	(102)
Claw-back of distribution in respect of participatory interests issued cum distribution	**—**	4 107	(100,0)	4 107
Distribution payable to participatory interest holders	**272 530**	280 472	(2,8)	576 693
Number of units in issue	**506 466 288**	508 010 229	(0,3)	508 010 229
Distribution per participatory interest (cents)	**53,81**	55,21	(2,5)	113,52

Directorate

Following the granting of regulatory approval, Mr Vuyisa Nkonyeni, the deputy CEO of Kagiso Tiso Holdings, was appointed to the Board as a non-executive director on 24 August 2011, in place of Mr Nkunku Sowazi, who resigned on that date.

Mrs Ulana van Biljon was appointed as an executive director on 14 February 2012. On the same day Mr Warren Schultze, who was previously an executive director, became a non-executive director.

Prospects

The take up of vacancies in the portfolio remains key to the future performance of the Fund. Although there appears to be improved interest from tenants in the early part of 2012, they have been reluctant to commit to new, long-term leases and improved clarity on local and global economic growth is required for vacancies to begin to show a material improvement.

Expectations are that the performance for the financial year ending 30 June 2012 will show a similar trend to that for the six months to 31 December 2011, with subdued gross income growth, relatively high increases in property expenses and increasing interest costs, partially offset by benefits from the Fund's offshore investment and from the amendments to its management agreement. As a result, the level of distributions from the Fund for the financial year is still expected to be below that achieved in the 12 months to 30 June 2011. The forecast financial information on which this statement has been based has not been reviewed and reported on by the Fund's auditors.

Income distribution declaration

Notice is hereby given that an interim cash distribution of 53,81 cents (2010: 55,21 cents) per participatory interest has been declared payable to participatory interest holders, on 12 March 2012. The source of the distribution comprises net income from property rentals, 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, 2 March 2012
Participatory interests trade ex distribution	Monday, 5 March 2012
Record date	Friday, 9 March 2012
Payment date	Monday, 12 March 2012

PI certificates may not be dematerialised or rematerialised between Monday, 5 March 2012 and Friday, 9 March 2012, both days inclusive.

By order of the STREM Board

Martin Harris, *Company Secretary*
Ben van der Ross, *Chairman*
James Templeton, *Chief Executive Officer*

Sandton
14 February 2011

Related parties and related party transactions

MMI Holdings Limited (MMI) is the major participatory interest holder. At 31 December 2011, MMI held 10,4% 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 12,0%. The remaining 77,6% were widely held.

R'000	Unaudited Six months ended 31 Dec 2011	Unaudited Six months ended 31 Dec 2010	Audited Year ended 30 Jun 2011
The following transactions were carried out with related parties:			
Strategic Real Estate Managers (Proprietary) Limited			
Expenditure comprising asset management fees – pre-amendment to service charge arrangement	**—**	8 418	8 418
Cancellation payment in respect of amendment to existing service charge arrangement	**68 250**	129 150	129 150

Segmental information

R'000 Sectoral segments	Office	Retail	Industrial	Adminis-trative and corporate	Total
Revenue	**276 157**	**262 986**	**97 908**		**637 051**
Revenue	281 457	260 572	98 611		640 640
Allowance for future rental escalations	(5 300)	2 414	(703)		(3 589)
Segmental result					
Operating profit	147 559	139 675	69 434	(63 866)	292 802
Investment properties	3 841 121	2 932 960	1 366 200		8 140 281
Geographical segments					
Revenue					
– Gauteng	201 190	176 645	72 034		449 869
– Western and Eastern Cape	37 414	21 268	11 406		70 088
– KwaZulu-Natal	23 520	40 345	14 468		78 333
– Free State	14 033	24 728			38 761
	276 157	**262 986**	**97 908**		**637 051**
Investment properties					
– Gauteng	2 849 747	1 916 082	1 024 200		5 790 029
– Western and Eastern Cape	572 182	304 769	166 500		1 043 451
– KwaZulu-Natal	285 900	449 009	175 500		910 409
– Free State	133 292	263 100			396 392
	3 841 121	**2 932 960**	**1 366 200**		**8 140 281**

Condensed consolidated statement of changes in equity

R'000	Participatory interest	Revaluation and other reserves	Retained earnings	Non-controlling interest	Total
Balance at 1 July 2010	3 511 484	2 015 526	(1 345)	—	5 525 665
Participatory units issued	244 442				244 442
Non-controlling interest in subsidiary acquired				4 636	4 636
Total comprehensive income for the period			251 350		251 350
Distribution to participatory interest holders			(280 472)		(280 472)
Transfer to fair value reserve (net of taxation)		104 656	(104 656)		—
Balance at 31 December 2010	3 755 926	2 120 182	(135 123)	4 636	5 745 621
Balance at 1 July 2011	**3 755 926**	**2 081 521**	**(1 356)**	**3 759**	**5 839 850**
Participatory units repurchased	(18 110)				(18 110)
Total comprehensive income for the period			157 376		157 376
Distribution to participatory interest holders			(272 530)		(272 530)
Transfer to fair value reserve (net of taxation)		(115 154)	115 154		—
Balance at 31 December 2011	**3 737 816**	**1 966 367**	**(1 356)**	**3 759**	**5 706 586**

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 December 2011

Property	Sector	Location	GLA (m²)	Valuation Jun '11 (Rm)	Sale price (Rm)	Exit yield (%)	Effective date
Georgian Place (Section 17)	Office	Kelvin, Gauteng	709	3,1	3,1	9,3	26 July 2011
Crocker Road Industrial Park	Industrial	Wadeville, Gauteng	9 882	22,0	22,0	11,6	25 August 2011
Flexitainer	Industrial	Midrand, Gauteng	1 725	6,5	6,5	12,6	13 October 2011
Ciros House	Office	Sandton, Gauteng	1 803	9,7	9,7	13,3	19 October 2011
Umhlanga Centre	Retail	Umhlanga, KwaZulu-Natal	5 816	35,7	37,5	8,9	15 November 2011
Dresdner House	Office	Sandton, Gauteng	886	11,2	11,2	4,5	1 December 2011
Hurlingham Office Park	Office	Hurlingham, Gauteng	16 206	113,3	113,3	9,3	8 December 2011
Linkview	Office	Randburg, Gauteng	1 496	7,3	7,3	11,3	8 December 2011
					210,6	**9,6**	

Properties sold but not yet transferred out of Emira at December 2011

Property	Sector	Location	GLA (m²)	Valuation Jun '11 (Rm)	Sale price (Rm)	Exit yield (%)	Anticipated effective date
Century Gate	Office	Century City, Western Cape	1 366	8,5	8,7	10,7	February 2012
Starsky House	Industrial	Kramerville, Gauteng	2 450	7,0	7,0	14,1	February 2012
Gift Acres	Retail	Lynnwood Ridge, Gauteng	8 982	65,3	40,0	6,2	March 2012
					55,7	**7,9**	

Vacancies

Vacancies decreased from 11,5% in June 2011 to 11,3% by December 2011, with the office and retail sectors experiencing tougher letting conditions, while demand for industrial space showed a significant improvement. If the vacancies in the buildings that are currently either under refurbishment or pending refurbishment (FNB Heerengracht (6 519m² office), 267 West (5 225m² office), Albury Office Park (2 001m² office), Cresta Corner (1 945m² retail), Market Square (2 921m² retail) and Park Boulevard (1 512m² retail) are removed, adjusted portfolio vacancies drop to 10,0%.

Office vacancies rose from 18,4% to 19,8% (17,5% adjusted), with the major vacancies, besides those mentioned above, being located in Oracle House (5 922m²), Braamfontein Centre (5 541m²) Fleetway House (4 924m²) and Woodmead Office Park (4 444m²).

Retail vacancies increased from 7,5% to 8,2% (7,1% adjusted) – Lynnridge Mall (4 172m²), Worldwear Shopping Centre (3 691m²), Gift Acres (2 930m²) and Montana Value Centre (2 769m²).

Industrial vacancies decreased from 7,2% to 4,4% – Industrial Village Kya Sands (3 680m²), Highway Business Park IST (2 428m²) and Executive City (2 424m²).

	Number of buildings	Jun '11 GLA (m²)	Vacancy Jun '11	%	Number of buildings	Dec '11 GLA (m²)	Vacancy Dec '11	%
Office	73	443 802	81 761	18,4	68	419 961	83 028	19,8
Retail	40	387 455	29 072	7,5	39	387 736	31 741	8,2
Industrial	48	354 823	25 494	7,2	43	342 908	14 935	4,4
Total	**161**	**1 186 080**	**136 327**	**11,5**	**150**	**1 150 605**	**129 704**	**11,3**

Valuations

One-third of Emira's portfolio is valued by independent valuers at the end of every financial year, with the balance being valued by the directors. At the interim stage, directors valuations are used.

Total portfolio movement

Sector	Jun '11 (R'000)	R/m²	Dec '11 (R'000)	R/m²	Difference (%)	Difference R'000
Office	3 794 720	8 550	3 584 087	8 534	(5,6)	(210 633)
Retail	2 905 769	7 500	2 932 960	7 564	0,9	27 191
Industrial	1 345 723	3 793	1 366 200	3 984	1,5	20 477
Property under development	130 996		257 034		96,2	126 038
	8 177 208		**8 140 281**			**(36 927)**

Investment properties decreased by R36,9 million made up of capital expenditure including capitalised interest of R194,6 million, less disposals of R210,6 million, depreciation of R5,2 million and a net downward revision in property values of R15,7 million.

Debt

Emira has a relatively low level of gearing of 24,5%, with available debt facilities at attractive margins which will enable the Fund to acquire good quality properties with sustainable income streams.

A new three year, R500 million facility at the three month JIBAR rate plus 153 basis points has been arranged with Rand Merchant Bank, which was used to redeem the Freestone securitisation notes in June 2011. This loan was repaid on 19 August 2011, using the proceeds of a new issue of Domestic Medium Term Notes (DMTN) which were auctioned on 12 August 2011. The facility is now being used to fund the Corobay and Podium projects which are currently underway.

The R200 million preference share issue to Nedbank was redeemed on 2 February 2012 out of a new three year term loan granted by Nedbank, at the three month JIBAR rate plus 155 basis points.

Emira has entered into various swap agreements a summary of which is set out below. As a result, 103,8% of the Fund's debt at 31 December 2011 has been fixed for periods of between four and 13 years. As at 31 December 2011, the weighted average cost of debt equated to 9,83%.

	Weighted average rate %	Weighted average term	Amount (R'm)	% of debt
Debt – Swaps	9,73	7 years 7 months	2 216,6	103,8
Debt – Floating	7,11		(80,7)	(3,8)
Total	**9,83**		**2 135,9**	**100,0**
Less: Costs capitalised not yet amortised			(6,0)	
Per balance sheet			**2 129,9**	

Fund Manager: Strategic Real Estate Managers (Proprietary) Limited
Directors of the Fund Manager: BJ van der Ross (Chairman)*, JWA Templeton (Chief Executive Officer), MS Aitken*, BH Kent*, V Mahlangu*, NE Makiwane*, W McCurrie*, MSB Neser*, V Nkonyeni*, WK Schultze*, PJ Thurling, U van Biljon. *Non-executive director
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

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BASTION GRAPHICS