ANNUAL REPORT 2004

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")

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Corporate structure

Emira Property fund ("the fund") is a property unit trust in terms of the Collective Investment Schemes Control Act, No. 45 of 2002. The fund is managed by Strategic Real Estate Managers (Pty) Limited ("STREM"), approved by the Registrar of Collective Investment Schemes to manage the fund.

In terms of the Collective Investment Schemes Control Act, No. 45 of 2002 ("CISC Act") the fund is obliged to distribute all income earned to its participatory interest holders. As a result of its distribution obligations, no income tax or capital gains tax is payable by the fund.

Front page (clockwise from top left):

- **Woodmead Office Park** – located on Western Services Road, Woodmead, this office park comprises 17 500 m^2 of office space, let at market related rentals.
- **Deloittes** – Located close to Brooklyn Mall, Pretoria, this prime office building has Deloittes as a single tenant until August 2006.
- **Mitek South Africa** – With a ten-year lease until 2013, this building is located in Midrand and is on a first year yield of 12,2%.
- **Market Square** – This shopping centre, valued at R74 million and with a GLA of 13 300 m^2, is located in Plettenberg Bay. Pick 'n Pay and Woolworths are anchor tenants.

HIGHLIGHTS

4,3% improvement in distributions per PI over pre-listing forecast

6,1% rise in NAV to 526 cents per PI

6,1% average vacancy factor, from 10,1% at listing

Investment strategy and objectives

The fund's principal objective is to grow earnings from a quality-based property portfolio. Growth will be sought by strategic investments where yields are enhancing in the medium to long term. Management will further maintain the quality of the portfolio by disposals of assets, which no longer meet the strategic objectives of the fund.

At listing the manager formulated the following strategy for the fund;

- Optimise net income and growth in distributions;
- Apply gearing to the portfolio to the extent that it enhances returns, limited to 30% as provided for in the Collective Investment Schemes Act;
- Increase market capitalisation, liquidity and spread of investors through selective acquisitions and capital raising;
- Selective recycling of assets;
- Broaden the fund's geographic exposure to KwaZulu-Natal, Western and Eastern Cape;
- Increase exposure to retail properties;
- Dispose of non-performing or potentially underperforming properties;
- Reduce vacancies and smooth the expiry profile of the portfolio.

PORTFOLIO SNAPSHOT

Clockwise from top left: Sanlam Gables – Emira has recently secured a blue-chip, national tenant on a ten-year lease for this 2 850 m^2 office block in Hatfield, Pretoria.

Cambridge Park – Located alongside the busy N1 highway in Paulshof, Johannesburg, this 12 800 m^2 industrial property has excellent visibility.

Quagga Centre – This centre services the blue-collar neighbourhood of Pretoria West with Pick 'n Pay and Shoprite Checkers as anchor tenants.

SL Ind Village Kya Sands – Catering for small to medium-sized businesses, this complex of industrial units is fully occupied.

Clockwise from top left: Braamfontein Centre – offering in excess of 21 000 m^2 of office space in Braamfontein at rentals of R30/m^2 to R40/m^2, vacancies at June 2004 were only 1%.

Midrand Business Park – consisting of 12 500 m^2 of multi-tenanted office and warehouse space, this property is on a forward yield of 13%.

Barracuda – with a GLA of 6 700 m^2 this industrial building is located alongside the busy N1 highway between Johannesburg and Pretoria.

Johnson & Johnson – Located alongside the busy N1 highway, this building has a Johnson & Johnson lease to 2010.

EXECUTIVE SUMMARY

for the seven months ended 30 June 2004

	At 30 June 2004	Prelisting statement	% change
Financial highlights			
Distributions per participatory interest (cents)	**34,01**	32,60*	4,3
Headline earnings per participatory interest (cents)	**33,28**	32,60*	2,1
Average vacancy factor (%)	**6,1**	10,1	(39,6)
Portfolio valuation analysis			
Market value (R'000)	**1 901 027**	1 564 954	21,4
Net asset value per participatory interest (cents)	**526**	496	6,1
Listed market price (cents)	**520**	500	4,0
(Discount)/premium to net asset value (%)	**(1,1)**	0,1	—
Capital and funding resources (R'000)			
Maintenance fund investment	**24 104**	22 297	8,1
Debt funding facility available (R'000)	**272 500**	135 414	—
Salient features			
Participatory interests in issue	**285 293 684**	272 133 684	4,8
Market capitalisation (R'000)	**1 483 527**	1 360 668	9,0
Long-term borrowings (R'000)	**310 978**	298 125	4,3
Long-term borrowings to total assets (%)	**16**	18	(11,1)
Property acquisitions (Rm)	**181,0**	—	—
Number of properties	**84**	77	9,1

**Forecast at prelisting*

FINANCIAL SUMMARY

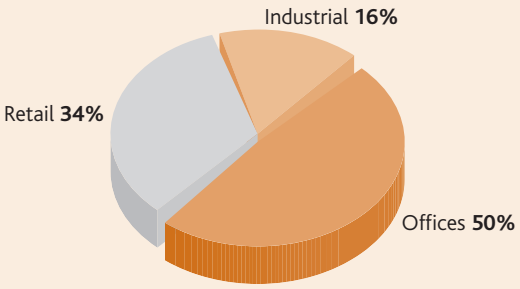
Comparison of seven-month period ended 30 June 2004 with prelisting statement forecast

	30 June 2004 R'000	Prelisting statement R'000
Revenue	**179 669**	180 192
Property expenses	**(60 843)**	(63 035)
Administration and management expenses	**(10 940)**	(9 841)
Depreciation	**(3 004)**	(4 552)
Net income from property rental operations	**104 882**	102 764
Change in fair value of investment properties	**86 906**	—
Maintenance fund expenses	**(1 330)**	—
Listing costs	**(345)**	(197)
Operating profit	**190 113**	102 567
Interest paid	**(20 669)**	(13 999)
Interest received	**8 046**	141
Net profit for the period	**177 490**	88 709
Participatory interests in issue	**285 293 684**	272 133 684
Earnings per participatory interest	**65,22**	32,60
Headline earnings per participatory interest	**33,28**	32,60
Distribution earnings per participatory interest	**34,01**	32,60

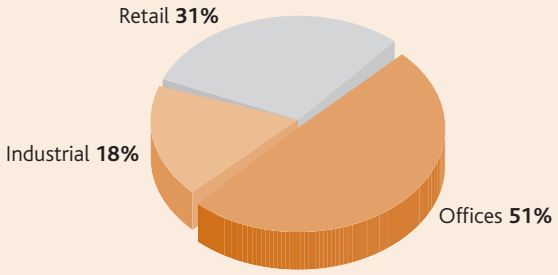
PORTFOLIO SUMMARY

at 30 June 2004

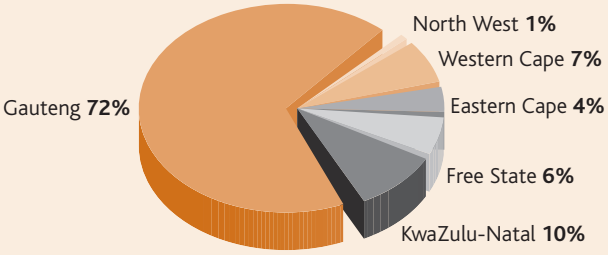
Portfolio value by sector



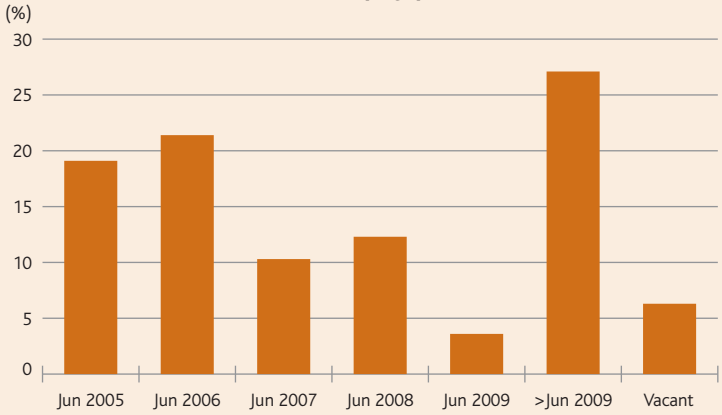
Rental income by sector



Geographic portfolio by market value



Lease expiry profile



MANAGER'S REPORT

for the seven months ended 30 June 2004

The directors of STREM are pleased to present their report on the fund's performance for the seven months ended 30 June 2004, together with an overview of the property environment and the prospects for the fund in the year ahead.

1. Introduction

Emira Property Fund (Emira), the first new property listing on the JSE under the Collective Investment Schemes Act (CISC Act), listed in the Real Estate sector of the JSE Securities Exchange South Africa on 28 November 2003 at a price of R5,00 per participatory interest ('PI').

Projected distributions for the six months to June 2004 and 12 months to December 2004 were 27,98 cents and 58,74 cents per PI respectively. This implied a 12-month forward yield to December 2004 of 11,75%.

At the time of listing, Emira comprised 77 properties, with an asset base of R1,647 billion and had a market capitalisation of R1,361 billion. Gearing constituted 18% of the total asset base at very favourable interest rates.

As a result of the disposal of a substantial number of its properties into Emira, Momentum was the dominant PI holder at the time of listing, owning 74% of PI's in issue.

2. Summary of the fund's performance to date

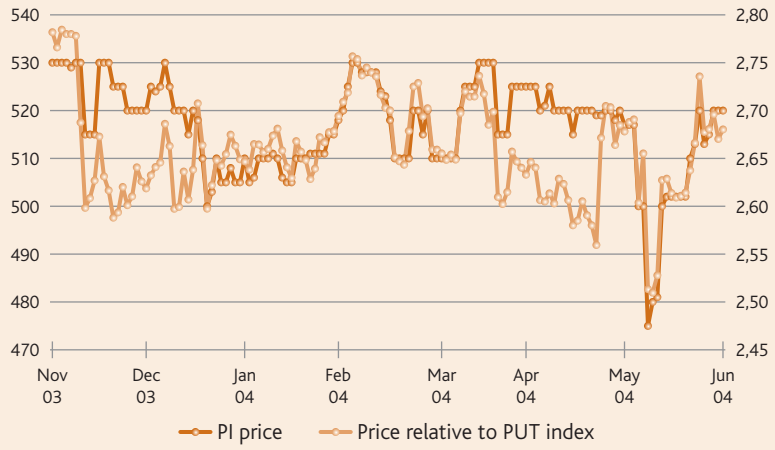
- Net income for the month of December 2003 was distributed to PI holders in February 2004. Distributions amounted to 4,72 cents per PI representing an income return of 0,9% on the listing price. This was in excess of the prelisting forecast of 4,62 cents as a result of lower than expected property and borrowing costs.
- Distributions for the six months to June 2004 amount to 29,29 cents per PI, against projected distributions of 27,98 cents. This is 4,6% better than projected at the time of listing and represents a total yield for the seven months to June 2004 of 6,8%, which, on an annualised basis, equates to 11,7%.
- To date, Emira has concluded acquisitions to the value of R181 million through a combination of gearing, at an average funding rate of 9,5%, and the issue of PI's. The acquisitions have been yield enhancing at an overall yield of 12,3% of the new acquisitions 32% by value are situated in KwaZulu-Natal and 31% in the Western Cape. A more detailed report on new acquisitions is given later in the report.
- Recycling and refurbishment of assets at Randridge Mall, Epsom Downs Shopping Centre and Lynnridge Mall has been successfully completed and will contribute to enhancing future performance.

MANAGER'S REPORT *(continued)*

2. Summary of the fund's performance to date *(continued)*

- Vacancies have been significantly reduced from 55 000 m² (10,1%) as at listing to 34 471 m² (6,1%) at the end of June 2004.
- Directors' valuations were carried out by accredited property valuers on the properties as at 30 June 2004 and reflected an overall growth in the portfolio value of R86,9 million or 4,6%.
- In the seven months since listing, Momentum's holding in Emira reduced to 53% through a combination of market disposals and the issue of new PI's to other institutions to fund acquisitions.
- Net asset value at 30 June 2004 equated to 526 cents per PI, implying that the fund was trading at a discount to NAV of 1,1%.
- Since listing at 500 cents, Emira's price rose to 520 cents as at 30 June 2004. On a price-relative basis over this period, Emira managed to outperform the PUT sector by 2,1% and the PLS sector by 1,9%.
- Over the period, the fund saw 58,7 million PI's trade, representing an annualised volume density of 35%.

Price and price relative



"Growth in distributions from the listed property sector is currently the strongest it has been in years."

3. Financial results for the period ended 30 June 2004

It was anticipated that all properties acquired would be transferred at date of listing whereas only 57 of properties were transferred at that date. A further 12 properties were transferred in December and the balance during the period January to May 2004.

Distributable earnings for the fund were R79,7 million against a prelisting forecast of R76,1 million. This represents an improvement of 4,7% against prelisting forecasts. The improvement is as a result of yield enhancing and geared acquisitions concluded since listing as well as savings in maintenance costs, property management and letting costs. Should the new acquisitions be stripped out, the static portfolio still marginally outperformed the prelisting forecasts despite the effect of the delayed transfers.

Net interest cost was lower than budgeted as a result of delayed transfers. Depreciation was also less than the forecast as the actual wear and tear charge debited to properties with asset registers was less than the 0,5% of capital value budgeted.

4. Overview of the property market

4.1 Listed sector

4.1.1 Total returns

12 months to June 2004

Thanks to the strong run during the second half of 2003 the South African equity markets have still handsomely outperformed bonds and real estate over a 12-month period, although real estate returns have still been respectable. The All Share and FINDI 30 have shown total returns of +24,3% and +34,1% respectively, beating the +15,9% and +12,9% of PLSs and PUTs. Bonds have lagged over the year, delivering only +1,4%.

Post-tax total returns

	All Share	FINDI 30	R153*	PUTs*	PLSs *
3 months	(4,7)	1,9	(0,2)	2,9	2,7
6 months	(1,2)	9,1	(1,1)	1,6	0,8
12 months	24,3	34,1	1,4	12,9	15,9

Source: Inet
**Assuming 30% tax rate applied to the income portion of the total return.*

MANAGER'S REPORT *(continued)*

4.1.2 Listed property fund results

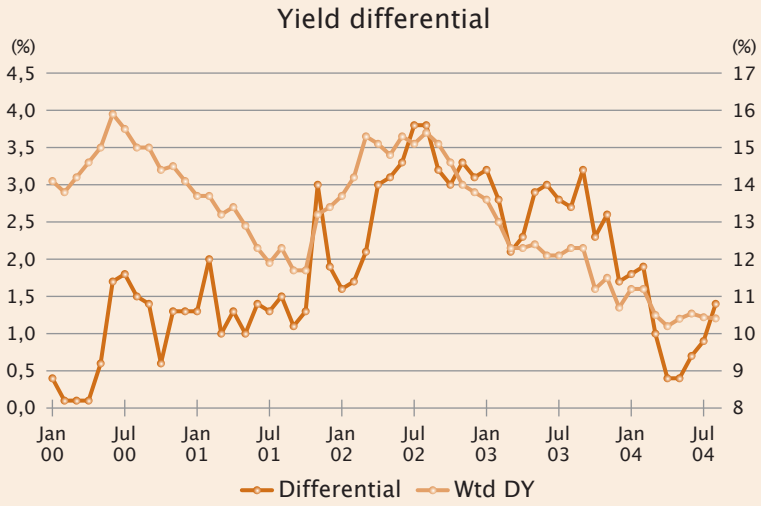
Over the past 12 months the growth in distributions from the listed property sector has shown a marked improvement. Whereas in recent years growth slowed to a virtual standstill, the past year has seen growth increasing, with several large market capitalised funds showing increases in distributions of 3% to 4%.

Certain of the smaller funds have delivered growth in excess of 10%, as interest rates have declined and property fundamentals begun improving.

Industry experts forecast that growth in distributions for the sector over the next 12 months would be between 4,5% and 5%.

4.1.3 The property and bond yield differential

The early part of 2004 saw the differential between listed property and the R153 long bond narrow substantially, such that it reached 0,4% in April and May. This was driven by bond yields rising from their lows in November 2003 and listed property yields firming as numerous funds released good results for the period to December 2003.



The firming in the rand in the following months saw bond yields strengthen significantly, with further momentum being provided by the recent 50 bp rate cut by the SARB. Unfortunately listed property yields did not follow the run in bond yields, such that the differential now stands at 1,4%.

Given the continued good dividend growth prospects for the sector over the next 12 months, we believe that this differential could narrow.

"Conditions in the investment market have continued to firm in the past few months, driven by decreasing interest rates and continued purchases by the listed funds."

4.1.4 Summary

Results from the listed property companies over the past six to nine months have been the best in years, driven by a reduction in interest rates and buoyant retail sales. As the effects of the lower interest rates are filtered out, it is expected that the fundamentals of the office and industrial markets should improve and flow through to bottom line profits.

The recent 50 bp interest rate is expected to benefit the sector, although the majority of debt on fund's balance sheets has been fixed.

Assuming bond yields remain at or near current levels and the anticipated growth in distributions from the sector materialises, this could prompt a rerating relative to other income-bearing investments. As a result, listed property stocks could show further healthy returns compared to other asset classes over the next 12 months.

4.2 Physical property market

Conditions in the investment market have continued to firm in the past few months, driven by decreasing interest rates and continued purchases by the listed funds. The national retail market and the Cape Town market in general remain the most competitive of all the sectors.

Sizeable retail assets are being tightly held in the current market. Quality retail stock is extremely hard to find and many funds are reverting to developments to increase their retail exposure and cater for retailers' demand for space. Medium-sized shopping centres in non-prime areas that have yet to be developed are being offered at yields of between 11% and 12%, depending on their tenant mix and location.

Despite the relative weakness in the office market, new office space in good locations is currently being offered at yields of 10,5% to 11%. Development is still carrying on in certain prime nodes such as Bryanston and Bellville/Tyger Valley. Given the shortage of additional land, refurbishments are currently a characteristic of the Sandton and the Cape Town CBDs.

4.3 Rentals and vacancies

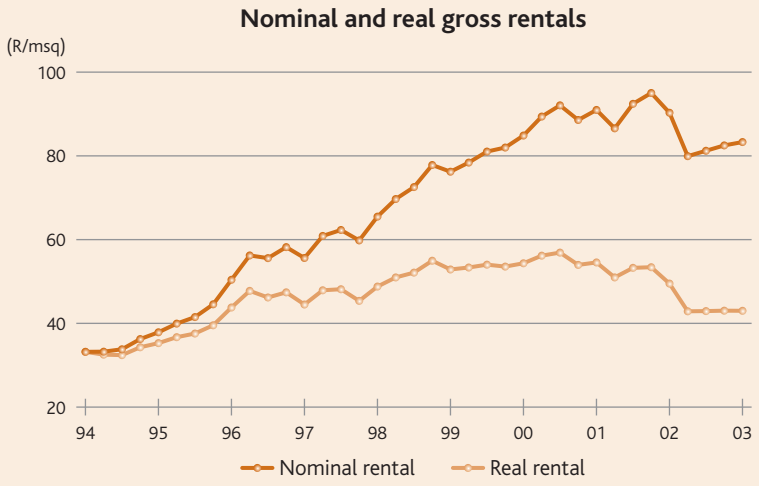
4.3.1 Rentals

4.3.1.1 Office market

We believe it is possible that office rentals could grow in the short to medium term. Rentals have generally grown at below inflation for the past three to four years and vacancies have been declining.

Rode shows that rentals in decentralised space in Johannesburg have grown at an average of 10% since 1992, although in the past five years this has decreased to 5,1%. The decline in real rentals in Sandton since 1996 is shown in the chart below, illustrating that real rentals have not been as low since September 1996.

MANAGER'S REPORT *(continued)*



Although there is the possibility of rentals recovering, the current relatively low inflation environment is leading to declining escalation rates. It is becoming increasingly common for tenants to request CPIX-linked escalation rates in their leases. Although this is not granted, the previous escalation rates in excess of 10% are now becoming less common.

4.3.1.2 Retail market

Given the buoyant retail sales over the past year, it is unsurprising that retail rentals have also been strong. Anchor tenants in certain shopping centres are paying up to R45/m^2 compared with levels closer to R30 or R35/m^2 in the past. This is despite the proliferation of smaller convenience-type centres. It is, however, believed that such centres are detracting from spend at regional shopping centres, limiting the turnover rental income generated at these stores.

Despite the higher rental income, landlords are not having it entirely their own way. Tenant installation costs for major food retailers have risen dramatically to in the region of R3 000/m^2 in some cases, partially offsetting the benefit of higher rentals.

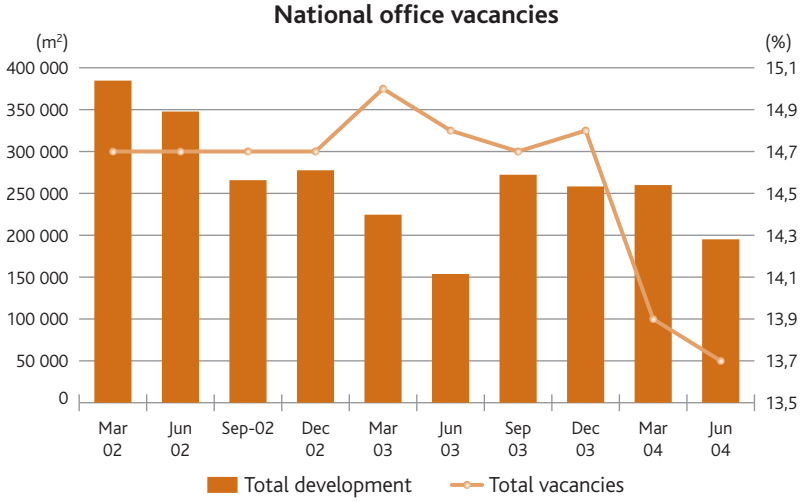
4.3.1.3 Industrial market

Following poor rental growth in 2001 and 2002 it now appears as if industrial rental growth is recovering thanks to the stimulatory effect of low local interest rates. This is despite the adverse affect of the strong rand on exports.

"In line with the improved prospects for the office market, office vacancies have declined over the past year."

4.3.2 Vacancies

In line with the improved prospects for the office market in 4.3.1.1 above, office vacancies have declined over the past year. SAPOA shows that national office vacancies have decreased from 14,8% to – an albeit still high – 13,7% over the past year.



Areas to have contributed to this decline include:

- Bryanston/Epsom Downs, Illovo, Rivonia, Sandton and Sunninghill in Johannesburg;
- The CBD, Claremont and Newlands/Rondebosch in Cape Town;
- The CBD and Umhlanga in Durban;
- The CBD and Centurion in Pretoria.

5. Emira's property portfolio

The property portfolio comprises good quality properties, selected for their ability to deliver sustainable growth in income and diversify risk. Management believes that there is scope for selectively increasing the fund's exposure to the retail sector and metropolitan areas outside Gauteng.

5.1 Sectoral exposure

By income, 51% of the portfolio is comprised of office space, mainly located in Johannesburg and Pretoria. A further 31% of income is from retail properties and the remaining 18% is from industrial space. A more detailed breakdown of the portfolio by value and income can be found on page 6.

5.1.1 Offices

The 38 commercial properties in the fund comprise 51% of the fund's investment properties.

Demand for office space has picked up and rentals have firmed over the past six months. Pretoria decentralised office portfolio has fared particularly well with growth in capital values of 11% since November last year.

The reduced vacancies as well as growth from the acquisitions that have been concluded bode well for the ensuing period.

5.1.2 Retail

The fund's exposure to the retail sector is currently 31%. Boskruin Shopping Centre was added to the portfolio at a cost of R65,8 million and transferred on 15 June 2004. The acquisition is in line with the fund's objectives to increase its exposure in the retail sector. Major tenants in the centre are Woolworths, Clicks and CNA.

Refurbishment projects at Randridge Mall, Epsom Downs and Lynnridge Mall have all been successfully completed and will contribute to enhancing future performance. As a result, the valuation for these properties has risen by over 6%.

Subsequent to year-end the fund has successfully negotiated the purchase of Gift Acres Shopping Centre.

5.1.3 Industrial

The industrial component is the smallest within the fund totalling 18%. Good demand for industrial space has been experienced, with over 12 000 m² having been let in the past six months. This reduction in vacancies is expected to contribute to the bottom line.

"We have generally found that demand for office space has picked up and that rentals have firmed over the past six months."

5.2 Vacancies and letting

The quarterly vacancies for the portfolio since listing are summarised as follows:

	December '03		March '04		June '04	
	GLA (m^2)	%	GLA (m^2)	%	GLA (m^2)	%
Industrial	25 303	13,6	17 559	9,5	14 015	7,6
Offices	24 783	11,0	19 232	9,0	16 532	7,0
Retail	4 973	3,7	10 558	8,2	3 959	2,8
Total	**55 059**	**10,1**	**47 913**	**8,9**	**34 506**	**6,1**

Vacancies have decreased by 37,3% since December 2003, now totalling 34 506 m^2 or 6,1% of the total lettable area. This compares favourably to the 55 059 m^2 or 10,1% at the end of December 2003.

5.2.1 Offices

The office sector experienced an improvement of 8 251 m^2 over the past six months and is now 7% vacant as opposed to 11,0% at the end of December 2003.

We have generally found that demand for office space has picked up and that rentals have firmed over the past six months. Lettings at the following office buildings contributed to the improvement:

1059 Schoeman Street	1 075 m^2
Woodmead Office Park	2 876 m^2
Bradenham Hall	1 990 m^2
Sandgate	1 560 m^2
Midrand Business Park	1 001 m^2
Total	**8 502 m^2**

5.2.2 Industrial

The industrial sector has improved from 13,6% vacant six months ago to 7,6% currently. This represents a net gain of 11 288 m^2 over the past six months. The following industrial properties showed the largest improvement:

Admiral House	1 725 m²
Barracuda	1 990 m²
Greenfields	1 242 m²
Xpanda	1 261 m²
Electron Place	1 164 m²
Flexitainer	661 m²
Grinaker	581 m²
One Highveld	3 600 m²
Total	**12 224 m²**

5.2.3 Retail

The retail portfolio is 2,8% vacant in terms of GLA. This represents a slight improvement from December 2003. The biggest lettings have been at Lynnridge Mall, Epsom Downs Shopping Centre and Randridge Mall.

A further 3 240 m² of vacant space has been committed and will further improve Emira's vacancy situation.

"Emira has acquired six properties since listing, totalling R181 million at an average ungeared forward yield of 12,3%."

5.3 Lease expiry profile

The fund has 19% of leases expiring in the coming financial year, with a further 21% in FY06. This implies that the majority of the leases expire in FY07 and thereafter. It is expected that those leases coming up for expiry should be renewed for three years or more, which should improve the expiry profile.

5.4 Acquisitions

Emira has acquired six properties since listing, totalling R181 million at an average ungeared forward yield of 12,3%. Details of the acquisitions are summarised as follows:

Property	Type	Location	Purchase price (Rm)	Yield (%)
Boundary Terraces	Offices	Claremont, Cape Town	56,1	12,7
Strathmore Park	Offices	Berea, Durban	16,3	11,9
Gateview Offices	Offices	La Lucia, Durban	13,8	12,4
Momentum House	Offices	Kingsmead, Durban	27,5	14,8
Safecash	Industrial	Midrand	1,5	16,2
Boskruin Village	Retail	Boskruin, Randburg	65,8	11,0
Total			**181,0**	**12,3**

The new investments will all contribute to enhancing the quality and performance of the fund in the future and will also further diversify the geographical spread of the portfolio. By value, 32% of the acquisitions are located in KwaZulu-Natal and 31% in Cape Town.

These acquisitions were funded through the issue of 13,16 million new PI's at a price of 500 cents each and funding of R115,2 million at an average rate of 9,5%.

In addition to the above, the purchase of Nimas House for R9,8 million in Westway, Durban has been concluded and transfer is expected in October. The purchase price will be settled by gearing.

Furthermore, Unilever Pension fund has accepted Emira's offer to purchase the following two properties from the Unilever Pension fund. The sales are linked and are suspensive upon a large tenant in Lincolnwood Office Park renewing its lease. It is expected that this condition will be met shortly.

Property	Type	Location	Purchase price (Rm)	Yield (%)
Lincolnwood Office Park	Offices	Woodmead, Sandton	55,75	12,2
122 Phybus Road	Offices	Sandton CBD	15,75	11,1
Total			**71,50**	**11,7**

We are confident that both properties offer good growth prospects, are well located and have good quality tenants.

Emira has also committed to acquire the Gift Acres Shopping Centre, which is in the process of being developed by RMB Properties and is due for completion in May 2005. The development is located on Lynnwood Road, diagonally across from the Lynnridge Mall, and will enhance and complement the fund's exposure in this high growth, affluent area.

The purchase consideration will be R78,6 million and will result in a forward yield of 11,75% on completion. The centre is 8 848 m^2 in extent and is anchored by Woolworths, First National Bank, Kentucky Fried Chicken, Ackermans Home Comforts, Mimmo's, The Meat Company and JB Rivers.

The purchase price will be settled at completion of the centre by additional funding at a rate of approximately 11% fixed for three years.

5.5 Disposals

In accordance with the strategy of the fund, certain properties that are underperforming or pose excessive risk to the fund have been earmarked for disposal or trading. Four properties were identified as potential sales – Electron Place, Mafikeng Game, Grinaker and Motorola.

The disposal process for two of the buildings is well under way, with the investment committee having accepted offers for these buildings. In the table below we have detailed the valuations as at June 2004.

"With the firming in capitalisation rates and advantageous renewals in a number of properties, management expects that the valuation of the portfolio will strengthen further in the coming year."

		GLA (m^2)	Valuation at June 2004 (Rm)	Implied forward yield of valuation (%)
Electron Place	Industrial	9 221	5,2	3,4
Mafikeng Game	Retail	5 218	20,1	13,9

The cash from the sales will be reinvested and acquisitions will need to be identified in the short term. The disposal process for Grinaker and Motorola continues.

5.6 Directors' valuations

Valuations of the properties in the fund were undertaken as at 30 June 2004 by qualified valuers employed by RMB Properties (Pty) Limited.

Change in market values since date of listing are summarised as follows:

Sector	Cost (R'000)	June 2004 valuation (R'000)	Difference (R'000)	Difference (%)
Offices	917 084	953 046	35 962	3,9
Retail	608 233	645 937	37 704	6,2
Industrial	286 811	300 051	13 240	4,6
Total	**1 812 128**	**1 899 034**	**86 906**	**4,8**

The upward valuation is reflective of the overall quality of the fund and a strengthening of the property sector. With the firming in capitalisation rates and advantageous renewals in a number of properties, management expects that the valuation of the portfolio will strengthen further in the coming year.

Recent refurbishments and redevelopments of three retail centres have contributed to the capital growth of 6,2% of the retail sector.

Of the 38 office properties 30 showed an improvement in value, with the Pretoria decentralised office portfolio faring particularly well, growing by 11% since November last year.

The industrial portfolio experienced reasonable growth with the properties in KwaZulu-Natal showing good growth.

The fund is committed to having all properties valued externally on a rotational basis once every three years.

Net asset value of the fund

The valuation of R1 901 million has given rise to a change in fair value in the income statement totalling R86,9 million or 4,6%.

The net asset value of the fund at 30 June 2004 was 526 cents per participatory interest. The fund's listed price at the same date was 520 cents per participatory interest, which reflects a 1,1% discount to net asset value.

6. Gearing

6.1 Current debt profile

As at 30 June 2004 Emira had debt totalling R435 million, split into three tranches as follows:

	% rate	Term	Amount	% of debt
Debt – floating	Prime – 2,00	November 2008	207,4	48
Debt – fixed	9,89	November 2006	126,1	29
– fixed	10,21	November 2008	100,0	23
Total	**9,79***		**433,5**	**100**

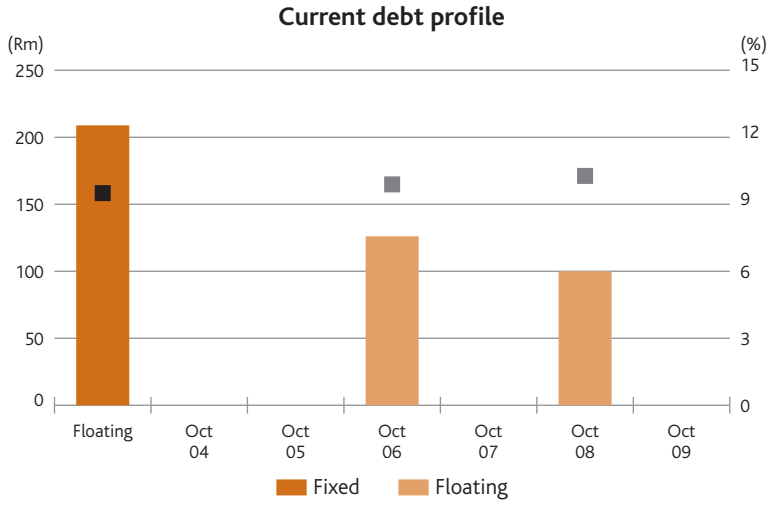
**Weighted average cost of debt assuming prime at 11,5%.*

The majority (52%) of debt was fixed for periods of two or four years, with the remaining portion (48%) at rates linked to prime. This gave the fund an effective weighted average cost of debt of 9,79%.

Emira's peers in the listed sector have fixed between 70% and 90% of total debt. Emira would therefore currently come in at the low end of this range. Given the recent surprise interest rate cut of 50 bp, this has been to the fund's advantage.

"Subsequent to year-end, the fund has fixed a further R100 million of floating debt for a period of one year at a rate of 9,35%."

Diagramatically the exposure of the fund to debt and interest rates can be illustrated as follows:



Although it appears that Emira has a high proportion of floating debt relative to the rest of the sector, there are two mitigating factors to be considered. Firstly, Emira is a PUT and thus gearing is restricted to maximum gearing of 30%. The fund's overall level of borrowings is therefore lower than the sector average.

Secondly, at any one time the amount of debt actually being used in the floating facility can vary by the amount of the six-monthly distribution, as any excess cash is paid into this facility to reduce interest costs. For example, at June 2004, the fund's total borrowings amounted to R311 million, of which floating debt comprised R85 million, or 27%.

Subsequent to year-end, the fund has fixed a further R100 million of floating debt for a period of one year at a rate of 9,35%.

6.2 Future debt requirements

Emira recently signed an additional facility of R151 million, to be used for the purchase of certain properties, detailed in 5.4 above. The fund would remain within its prudential limits of 30% debt to assets.

It is intended that as and when this facility is taken up, the debt will be fixed for a period of at least three years. This will give Emira a far smoother debt profile and a higher proportion of fixed debt. It is, however, possible that the weighted average cost of debt could rise from the current 9,79%.

MANAGER'S REPORT *(continued)*

7. Prospects

The outlook for the coming year is positive. Refurbishments undertaken at certain retail properties have now been completed and are expected to deliver enhanced returns. Reduced vacancies in the office and industrial sectors of the portfolio will also contribute positive to further growth, while the lower interest rates will continue to benefit Emira which previously had a substantial portion of debt at floating rates. There are signs that office vacancies are on the decline, which bodes well for rental growth over the short to medium term.

Acquisitions concluded to date have been yield enhancing and have also improved the fund's composition on a sectoral and geographic basis. Management will continue with this acquisition strategy where possible.

8. Management of the fund

8.1 STREM and subcontract of asset management

STREM is an approved manager by the Registrar of Collective Investment Schemes to manage the Emira Property Scheme. STREM has entered into an asset management agreement with RMB Properties to administer the affairs of the scheme.

STREM will receive an amount equal to 0,5% of the total market capitalisation of the fund, calculated monthly on the average daily closing price of the fund as recorded by the JSE Securities Exchange South Africa, plus the total long-term borrowings.

Fees paid for the period amounted to R5,240 million.

8.2 Changes to the STREM board

Subsequent to the period under review, Ron van der Bos, the Chief Executive Officer of STREM, resigned from the board and James Templeton was appointed in his place. Louisa Forrester, the fund's asset manager, also resigned. The board wishes to thank both individuals for their contribution to the fund's success.

8.3 Property management

Property management of the fund has been outsourced to RMB Properties (Pty) Limited, a fellow subsidiary of Firstrand.

Property management and commissions paid for the period were R9,762 million.

9. Directorate

Details of the directors are set out on pages 26 to 28 of this report.

According to the articles of association of STREM, the executive and non-executive directors shall retire at the following annual general meeting of STREM and will be eligible for re-election.

"Reduced vacancies in the office and industrial sectors of the portfolio will contribute to further growth, while the lower interest rates will continue to benefit Emira."

10. Secretary of the fund

The secretary is Claire Middlemiss who was appointed on 15 September 2003. Her business and postal addresses, which are also the fund's registered and business addresses, are set out at the back of this annual report.

11. Auditors

PricewaterhouseCoopers Inc. have been appointed as the fund's auditors.

12. Directors of STREM interests in participatory interests

The directors' holdings in the participatory interests of the fund as at 30 June 2004 were as follows:

	Beneficial	
	Direct	Indirect
Director	2004	2004
Executive directors:		
W Schultze	—	125 000
Non-executive directors:	—	—

No non-beneficial participatory interests were held by any of the directors.

Subsequent to year-end, J Templeton purchased 89 800 directly held, beneficial PI's and W Schultze acquired a further 175 900 PI's.

13. PI holders' profile and JSE information at 30 June 2004

Non-public	Participatory interests	Number of holders	% of capital	% of holders
Directors (of management company)	125 000	1	0,04	0,36
Totals	**125 000**	**1**	**0,04**	**0,36**
Public	**Participatory interests**	**Number of holders**	**% of capital**	**% of holders**
Insurance companies	167 022 278	5	58,54	1,82
Investment trusts	250 900	22	0,09	7,97
Pension funds	40 050 943	45	14,04	16,30
Unit trusts	42 249 541	19	14,81	6,88
Other	35 595 022	184	12,48	66,67
Totals	**285 168 684**	**275**	**99,96**	**99,64**
	285 293 684	**276**	**100,00**	**100,00**

"At 30 June 2004, Momentum owned 53% of the fund's participatory interests and the remaining 47% were widely held."

Range analysis as at 30 June 2004

Range	Holders	% of holders	Number of PI	% of capital
1 – 5 000	115	41,66	151 383	0,05
5 001 – 10 000	13	4,71	100 934	0,04
10 001 – 100 000	51	18,48	1 965 592	0,69
100 001 – 500 000	55	19,93	13 968 656	4,90
500 001 – 1 000 000	17	6,16	12 501 273	4,38
Over 1 000 000	25	9,06	256 605 846	89,94
	276	**100,00**	**285 293 684**	**100,00**

The following holders of participatory interests hold, directly or indirectly, 30 June 2004, in excess of 5% of the issued PIs:

Holder	Participatory interests	% of issued capital
Momentum Life Assurers Limited	152 403 988	53,42
FNB Pension Fund	19 027 545	6,67

14. Holding company

Emira is controlled by Momentum Group Limited and ultimately by FirstRand Limited. At 30 June 2004, Momentum owned 53% of the fund's participatory interests and the remaining 47% were widely held.

15. Special resolutions

A full list of the special resolutions passed by the fund during the year will be made available to participatory interest holders on request.

16. Subsequent events to balance sheet date

The five year floating facility term loan of R207 414 194 has been syndicated to the Standard Bank of Southern Africa Limited. At year-end, R85,9 million of the facility was utilised.

A further R100 million of floating debt has been fixed at a rate of 9,35% for a period of one year.

For details relating to acquisitions, refer to the manager's report.

17. Directors' remuneration

The directors of STREM are remunerated from the management fee payable by the fund.

DIRECTORATE

Directors of the management company, STREM

The full names, ages, qualifications, occupations and profiles of the directors of STREM are as follows:

BENEDICT VAN DER ROSS (56) *(Non-executive Chairman)*

Qualifications: Dip Law

Occupation: Company Director

Mr Van der Ross was admitted to the Cape Bar as attorney in 1970 and practiced law in his own capacity until 1988. He has served as director of various companies including Executive Director for the Urban Foundation and Independent Development Trust. He was appointed Commissioner to the First Independent Electoral Commission by the State President on the advice of the Transitional Executive Council and subsequently served as Deputy Chief Executive Officer of the Independent Development Trust and acting Chief Executive Officer of South African Rail Commuter Corporation. He currently serves on the boards of FirstRand, Naspers, Momentum Group, and is the Chairman of RMB Asset Management.

LOUISA FORRESTER (38) *(Executive director)*

Qualifications: BProc

Occupation: Emira fund Manager

Mrs Forrester was the Asset Management Director for RMB Properties until December 2002. From 1984 to 1994 she worked for three large property companies during which time she gained experience in various areas of property management, leasing, strategic management and planning as well as management responsibilities that included running the Johannesburg region as a director. During 1994 she joined RMB Properties where she has been responsible for property and strategic management of internal and external clients' portfolios with a current value in excess of R4 billion.

Subsequent to year-end, Mrs Forrester resigned as director of STREM and emigrated to Australia with her family.

WARREN SCHULTZE (44) *(Executive director)*

Qualifications: BCom, BAcc, CA(SA)

Occupation: Chief Executive Officer of RMB Properties

Prior to joining RMB Properties, Mr Schultze served his articles with Arthur Young and was later appointed as financial director for two property financing and property trading companies and during this time he gained extensive experience in property asset management, property financing and property trading activities. He was appointed as Chief Operating Officer in 2000 and Chief Executive Officer in 2004.

JAMES TEMPLETON (31) *(Chief Executive Officer)*

Qualifications: BCom (Hons), CFA

Occupation: Chief Executive Officer of Strategic Real Estate Managers (Pty) Limited

Mr Templeton joined RMB Properties in April 2004 as Business Executive. Previously he was employed at Barnard Jacobs Mellet Securities as an Equities Analyst for seven years. He was the top-ranked analyst in the Real Estate sector according to the Financial Mail in 2002 and 2003 and was appointed CEO of STREM in July 2004.

RON VAN DER BOS (44) *(Executive director)*

Qualifications: BCom, LLB

Occupation: Director of Asset Management at RMB Properties (Pty) Limited

Mr Van der Bos joined RMB Properties in October 2002 as the Asset Management Director. Previously he was with BOE Merchant Bank in the capacity of Property Equities Analyst for four years. He has 13 years' experience in the property market.

Subsequent to year-end, Mr Van der Bos resigned as Chief Executive Officer of STREM to focus on Momentum's wholly-owned property portfolios.

LILIANE BARNARD (40) *(Independent non-executive director)*

Qualifications: BCom

Occupation: Consultant

Ms Barnard has 17 years' experience in the asset management industry. She headed the asset management of Old Mutual Properties (Pty) Limited and had 11 years' experience in managing listed property portfolios for Old Mutual Asset Managers (Pty) Limited. She now acts as consultant and independent advisor to the listed property industry and its investors. She is also an independent non-executive director of Pangbourne Properties Limited.

THYS NESER (48) *(Independent non-executive director)*

Qualifications: BSc (Building Management), MBA

Occupation: Director

Mr Neser has been involved with the Abcon group of companies since 1981 and has acted as Chief Executive Officer for the various companies in the group since the early 1990s. He is active in the residential and commercial property field as well as in the juice, mushroom, flower and service station industries.

DIRECTORATE *(continued)*

LEON BASSON (35) *(Non-executive director)*

Qualifications: BCom (Hons), CTA, CA(SA)

Occupation: Chief Financial Officer of Momentum Retail Insurance

Mr Basson has been with Momentum since January 1995. He served his articles at Pricewaterhouse from 1991 to 1993 and subsequently worked for Pricewaterhouse until the end of 1994.

BRYAN JACKSON (58) *(Non-executive director)*

Qualifications: BCom, LLB

Occupation: Non-executive director of RMB Properties

Mr Jackson was the Managing Director of RMB Properties (Pty) Limited from 1992 and Chief Executive Officer from 2002, and retired in 2004. He has extensive experience in all facets of property development, management and investment. He has been a partner in property development companies and has been involved in excess of 100 retail and commercial property developments.

CORPORATE GOVERNANCE

The directors of STREM endorse the Code on Corporate Governance and Conduct as set out in the King Committee Report II on Corporate Governance and recognise their responsibility to conduct the affairs of the fund with openness integrity and accountability in accordance with generally accepted corporate practices.

Although Emira is listed on the JSE Securities Exchange South Africa ("JSE") and therefore subject to the code, it is not a legal entity and is regulated in terms of the Collective Investments Schemes Control Act of 2002 ("CISC Act"). Certain requirements of the code are therefore not directly applicable to the fund. However, the managers have adopted the principles of the code, being fairness, accountability, responsibility and transparency.

The fund has complied with the code to the following extent:

The board of directors

Structure

The board consists of seven members. The directors of the company are:

Director	Date appointed	Date resigned	No of board meetings	Meetings attended
Executive directors				
R P S van der Bos *(CEO)**	15 September 2003	7 July 2004	1	1
J W A Templeton *(CEO)*	7 July 2004		1	1
L J Forrester	15 September 2003	31 August 2004	1	1
W K Schultze*	15 September 2003		1	1
Non-executive directors				
B J van der Ross *(Chairman)**	15 September 2003		1	1
L Barnard	15 September 2003		1	1
L Basson**	15 September 2003		1	1
B T Jackson	15 September 2003		1	1
M S B Neser*	15 September 2003		1	1

* *Audit committee.*

** *Audit committee chairman.*

"The board sets the strategic objectives of the fund and determines the investment and performance criteria as well as being responsible for the proper management, control compliance and ethical behaviour of the business under its direction."

The capacity of the directors may be categorised as follows:

Executive directors: Messrs J W A Templeton, R P S van der Bos, L J Forrester, W K Schultze are/were employed by RMB Properties (Pty) Limited and partly remunerated out of the service charge payable by the fund to STREM.

Non-executive directors: L Basson represents Momentum Group Limited at board level, which is a significant participatory interest holder. B J van der Ross is a director of FirstRand Limited and Momentum Group Limited. B T Jackson is the former CEO of RMB Properties (Pty) Limited.

Independent non-executive directors: Messrs M S B Neser and L Barnard, are not significant holders of Emira participatory interests, as defined in the code.

The roles of Chairman and Chief Executive Officer are completely separated. The directors have a wide range of skills, all with property experience in common.

The board schedules to meet at least four times per year. In addition, four asset performance committee meetings are held per annum and attended by the executive members of the board.

All directors have unrestricted access to the advice and services of the fund's secretary and to the fund's records, information, documents and property. Non-executive directors also have unfettered access to management at any time.

The board will ensure that it has the expertise, independence and diversity it needs to function independently. Independence of the board from the management team will be maintained by:

- maintaining a non-executive chairperson;
- maintaining a balance of executive and non-executive directors;
- the remuneration of the non-executive directors being unrelated to the financial performance of Emira; and
- all directors being entitled to seek independent professional advice concerning the affairs of Emira at the fund's expense.

The board sets the strategic objectives of the fund and determines the investment and performance criteria as well as being responsible for the proper management, control compliance and ethical behaviour of the business under its direction.

Committees

Audit committee

The audit committee comprises five members of which the chairman is non-executive. The committee meets at least three times per year with the fund's external auditors and executive management as well as the executives responsible for finance, the compliance officer and internal auditors.

CORPORATE GOVERNANCE *(continued)*

The primary objectives of the committee are to provide the board with additional independent and objective assurance regarding the efficacy and reliability of the financial information used by the directors, to assist them in the discharge of their duties. The audit committee is required to provide reasonable assurance to the board that adequate and appropriate financial and operating controls are in place; that significant business, financial and other risks have been identified and are being suitably managed; and that satisfactory standards of governance, reporting and compliance are in operation. The committee also monitors proposed changes in accounting policies, and discusses and advises the board on the accounting implications of major transactions.

The board is responsible for the group's system of internal and operational control. The executive directors will be charged with the responsibility of ensuring that assets are protected, systems operate effectively and all valid transactions are recorded properly. Comprehensive reviews and testing of the effectiveness of the internal control systems in operation will be performed by internal auditors, who report to the audit committee. The internal audit function will co-ordinate with other internal and external providers of assurance to ensure proper coverage of financial, operational and compliance controls.

The committee has the co-operation of all directors, management and staff and is satisfied that controls and systems within the fund have been adhered to and, where necessary, improved during the period under review.

Remuneration committee

Due to the minimal staff employed by the manager, it is not deemed necessary for the board to establish a remuneration committee.

Investment committee

During the year under review an investment committee was established consisting of the two executive directors, and four senior staff employed by RMB Properties (Pty) Limited with the appropriate skills and experience. The committee meets on an *ad hoc* basis and met six times during the period under review.

Managing and financial control

During the year independent internal auditors performed a management and financial control review. No significant weaknesses were identified and the overall conclusion was that the:

- directors had maintained an adequate system of internal controls and accounting records;
- the fund's assets are safeguarded and appropriately insured;
- the fund should remain a going concern in the foreseeable future; and
- management understood the fund's policy and employed the appropriate strategy.

CORPORATE GOVERNANCE *(continued)*

Risk management

The responsibility for risk management resides in the board. The objective of risk management is to identify, assess, manage and monitor risks to which the business is exposed.

Management is accountable to the board for designing, implementing and monitoring the process of risk management. The board, together with senior management, will set risk strategy policies. The risk management process will be integrated with the day-to-day activities of the company and the risk strategy incorporated into the language and culture of the fund. The identification of key risks will entail a systematic, documented assessment of the processes and outcomes surrounding these risks and will address the company's exposure to physical and operational risks; human resource risks, technology risks, business continuity and disaster recovery, credit and market risks; and compliance risks.

Directors' dealings

The board has adopted policies prohibiting dealings by directors and certain other managers in periods immediately preceding the announcement of its interim and year-end financial results and at any other time deemed necessary by the board or as required in terms of the JSE regulations.

ANNUAL FINANCIAL STATEMENTS

for the seven months ended 30 June 2004

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors of STREM are responsible for the preparation, integrity, and fair presentation of the financial statements of the Fund. The financial statements presented on pages 33 to 59 have been prepared in accordance with statements of Generally Accepted Accounting Practice ("GAAP") in South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all statements of GAAP that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the period and the financial position of the fund at year-end. The directors also prepared the other information included in the report and are responsible for both its accuracy and its consistency with the financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the fund to enable the directors to ensure that the financial statements comply with the relevant legislation.

The fund operated in a well established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business, are being controlled.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the fund will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the fund.

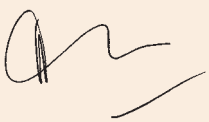
The fund's external auditors, PricewaterhouseCoopers Incorporated, audited the financial statements, and their report is presented on page 35.

B J van der Ross
Chairman

R P S van der Bos
Chief Executive Officer

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the fund, incorporating statutorily required information in respect of the fund, for the seven months ended 30 June 2004 set out on pages 33 to 59 were approved by the board of directors of STREM on 30 August 2004 and are signed on its behalf by:



B J van der Ross
Chairman

R P S van der Bos
Chief Executive Officer

REPORT OF THE INDEPENDENT AUDITORS

To the participatory interest holders of Emira Property Fund

We have audited the financial statements set out on pages 33 to 59 for the seven months ended 30 June 2004. These financial statements are the responsibility of STREM's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of Emira Property Fund and of its operations and cash flows for the seven months ended 30 June 2004 in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Collective Investment Schemes Control Act, No. 45 of 2002.

PricewaterhouseCoopers Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg
6 September 2004

REPORT OF THE INDEPENDENT AUDITORS

for the seven months ended 30 June 2004

In terms of section 70(I)(f) of the Collective Investment Schemes Control Act, No. 45 of 2002

TO THE PARTICIPATORY INTEREST HOLDERS OF THE EMIRA PROPERTY FUND

During the period as set out above during which the Collective Investment Schemes Control Act, No. 45 of 2002 has been in effect, the trust has been administered in accordance with:

1. the limitations imposed on the investment and borrowing powers of the manager by the Act; and
2. the provisions of the Act and the deed.

ABSA Bank Limited
Trustee

Johannesburg
6 September 2004

INCOME STATEMENT

for the seven months ended 30 June 2004

	Notes	30 June 2004 R'000
REVENUE	2	**179 669**
Property expenses		**(60 843)**
Administration and management expenses		**(10 940)**
Depreciation		**(3 004)**
Net income from property rental operations	3	**104 882**
Change in fair value of investment properties		**86 906**
Maintenance fund expenses	9	**(1 330)**
Listing costs		**(345)**
Operating profit		**190 113**
Financing costs	4	**(20 669)**
Interest received	4	**8 046**
Net profit for the period		**177 490**
Earnings per participatory interest (cents)		**65,22**
Headline earnings per participatory interest (cents)	5	**33,28**
Distribution per participatory interest (cents)	5	**34,01**

BALANCE SHEET

at 30 June 2004

	Notes	30 June 2004 R'000
ASSETS		
Non-current assets		
Investment properties	6	1 866 799
Furniture and fittings	7	34 228
		1 901 027
Current assets		
Trade and other receivables	8	4 269
Maintenance fund	9	24 104
Cash	10	4 027
		32 400
Total assets		1 933 427
EQUITY AND LIABILITIES		
Participatory interests	11	1 416 344
Reserves	12	85 403
Equity capital and reserves		1 501 747
Non-current liabilities		
Borrowings	13	310 978
Current liabilities		
Short-term portion of borrowings		1 867
Trade and other payables	13	39 121
Participatory interest holders for distribution		79 714
		120 702
Total equity and liabilities		1 933 427

CASH FLOW STATEMENT

for the seven months ended 30 June 2004

	Notes	30 June 2004 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	15.1	141 063
Interest received		8 046
Financing costs		(20 669)
Distributions to participatory interest holders	15.2	(12 373)
		116 067
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment properties		(1 779 893)
Acquisition of furniture and fittings		(37 232)
Increase in maintenance fund		(24 104)
		(1 841 229)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of participatory interests		1 426 468
Cash utilised for listing expenses		(10 124)
Increase borrowings		310 978
Increase in short-term portion of borrowings		1 867
		1 729 189
Net increase in cash and cash equivalents		4 027
Cash and cash equivalents at the beginning of the period		—
Cash and cash equivalents at the end of the period		4 027

STATEMENT OF CHANGES IN EQUITY

for the seven months ended 30 June 2004

	Participatory interests R'000	Non-distributable reserve R'000	Retained loss R'000	Total R'000
Issue of participatory interests	1 426 468	—	—	**1 426 468**
Participatory issue cost	(10 124)	—	—	**(10 124)**
Net profit for the period	—	—	177 490	**177 490**
Distribution to PI holders	—	—	(92 087)	**(92 087)**
Transfer of maintenance fund expenses to non-distributable reserve	—	(1 330)	1 330	**—**
Transfer of fair value adjustment to non-distributable reserve	—	86 906	(86 906)	**—**
Balance at 30 June 2004	**1 416 344**	**85 576**	**(173)**	**1 501 747**

NOTES TO THE FINANCIAL STATEMENTS

for the seven months ended 30 June 2004

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1.1 Basis of presentation

The preparation of financial statements in conformity with statements of Generally Accepted Accounting Practice requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice using the historical cost convention as modified by the revaluation of investment property.

1.2 Investment properties

1.2.1 Freehold properties

Investment properties are classified as properties held to earn income and for capital appreciation.

Investment properties are treated as long-term investments and carried at fair value. The fair value of an asset is the amount for which that asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is initially measured at cost including transaction costs. Subsequently, properties are valued annually by accredited valuers to fair value. Independent valuations are obtained on a rotational basis so as to ensure that external independent valuation professionals have valued every property every three years. The first rotational valuations are scheduled for December 2004.

Any gains or losses arising from changes in fair value are included in the net income or loss for the year. The net gains or losses are transferred to a non-distributable reserve and are not available for distribution, as set out in the trust deed of the fund.

Gains or losses arising from the disposal of investment properties, being the difference between the net disposal proceeds and the carrying value, are brought to account in the determination of the net income/loss for the year. The net gains or losses are transferred to a capital reserve and are not available for distribution in accordance with the fund's trust deed.

1.2.2 Leasehold properties

Leasehold properties comprise buildings erected on land secured by means of long-term land leases. These leases are classified as operating leases and have varying expiry dates from 15 to 45 years.

1.3 Furniture and fittings

Furniture and fittings are stated at historical cost less accumulated depreciation. Cost comprises the purchase price as well as all costs incurred in order to bring the asset to working condition.

Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual value over their estimated useful lives as at 20%.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Furniture and fittings are linked to specific properties. Consequently, any gains or losses on disposal are not separately accounted for.

1. ACCOUNTING POLICIES *(continued)*

1.4 Trade receivables

Trade receivables are carried at original invoice amounts less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the fund will not be able to collect all amounts due according to the original term of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of the expected cash flows, discounted at the market rate of interest for similar borrowers.

1.5 Maintenance fund

The maintenance fund is accounted for at cost and comprises a diversified portfolio of money market instruments with maturities of less than a year, for the replacement of retired fixed assets and for refurbishments required from time to time. The expenses financed from the fund is transferred to a non-distributable reserve and does not form part of the distributions to participatory interest holders.

1.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

1.7 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred, when the fund becomes party to the contractual provisions. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between proceeds (net of amortised costs) and the redemption value is recognised in the income statement over the period of the borrowings as interest.

Financial liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled, or expire.

1.8 Trade payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

1.9 Revenue and expense recognition

1.9.1 Rental income

Comprises rental income and operating cost recoveries from tenants, but excludes Value Added Tax. Rental income is brought to account on the first day of the month in which the rent becomes due and payable.

1.9.2 Interest and other investment income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding to the effective rate over the period to maturity when it is determined that such income will accrue to the fund.

1.9.3 Management fee

Management fees payable to STREM is an amount equal to 0,5% of the total market capitalisation of the fund, calculated monthly on the average daily closing price of the fund as recorded by the JSE Securities Exchange South Africa, plus the total long-term borrowings.

1. ACCOUNTING POLICIES *(continued)*

1.9.4 Property management fee

Property management fees payable to RMB Properties are calculated on rental collections based on market-related rates applicable to the type and occupancy of buildings.

1.10 Distributions to participatory interest holders

Distributions to participatory interest holders are recognised in the period in which income is earned. The fund is obliged to distribute all income to participatory interest holders.

1.11 Segment reporting

Business segments provide services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide services within a particular economic environment that are subject to risks and returns that are different from those components operating in other economic environments.

1.12 Financial risk management

Financial risk factors

The fund's activities expose it to a variety of financial risks, including the effects of changes in the debt and equity market prices and interest rates. The fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the fund.

Interest rate risk

In terms of the deed, the fund's aggregate borrowings may not exceed an amount equal to 30% of gross value of the underlying assets. The fund's policy is to maintain a significant portion of borrowings in fixed rate instruments. At year-end, 52% of total borrowing facilities was at fixed rates.

Credit risk

The fund has no significant concentration of credit risk due to the fund's large number of tenants.

The fund has policies in place to ensure that lease agreements concluded are with tenants with an appropriate credit history. The fund has policies that limit the amount of credit exposure to any one financial institution, and cash transactions are limited to high credit quality financial institutions.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of secured credit facilities and the ability to close out market positions. Due to the dynamic nature of the fund, management aims at maintaining flexibility in funding by keeping secured credit lines available.

1.13 Taxation

No taxation is accounted for in the fund as all income is distributed to participatory interest holders and taxable in their hands. As a result no deferred taxation have been raised.

		30 June 2004 R'000
2.	**REVENUE**	
	Revenue from:	
	Operating lease rental income on investment properties	128 820
	Operating lease rental income on leasehold properties	4 484
	Recoveries of operating costs from tenants	46 365
		179 669
3.	**NET INCOME FROM PROPERTY RENTAL OPERATIONS**	
	Net income from property rental operation is arrived at after the following items:	
	Expenses	
	Auditors' remuneration	
	Audit fee	453
	Expenses	28
	Depreciation of fixed assets	
	Furniture and fittings	3 004
	Management fee	
	Asset management	5 240
	Property management	5 699
	Operating lease payments – leasehold properties	823
4.	**INTEREST**	
	Financing costs	
	Interest paid on long-terms loans	(20 435)
	Interest paid other	(61)
	Amortised borrowing costs	(173)
	Total financing costs	(20 669)
	Interest received	
	Interest received on cash balances	7 325
	Interest received on maintenance fund investment	721
	Total interest received	8 046

		30 June 2004 R'000
5.	**EARNINGS PER PARTICIPATORY INTEREST**	
	Reconciliation between earnings and headline earnings:	
	Net profit for the period	177 490
	Adjusted for:	
	Change in fair value of investment properties	86 906
	Headline earnings	90 584
	Headline earnings per participatory interest	33,28
	The calculation of headline earnings per participatory interest is based on net profit for the period of R177,5 million, adjusted for the change in fair value of investment properties divided by the weighted average number of participatory interests in issue during the period of 272 133 684. Participatory interests of 13 160 000 will not share in the distribution as these units were issued to vendors at a clean price of 500 cents and will only share in distribution after June 2004.	
	Reconciliation of headline earnings to distribution per participatory interest:	
	Headline earnings	90 584
	Adjusted for:	
	Amortised borrowing costs	173
	Maintenance fund expenses	1 330
	Distribution payable to participatory interest holders	92 087
	Distribution per participatory interest	34,01
	The calculation of distribution per participatory interest is based on headline earnings adjusted for non-distributable items, divided by the weighted average number of participatory interests in issue during the year of 272 133 684. Participatory interests of 13 160 000 will not share in the distribution as these units were issued to vendors at a clean price of 500 cents and will only share in distribution after June 2004.	

		30 June 2004 R'000
6.	**INVESTMENT PROPERTIES**	
6.1	**Investment properties – freehold**	
	Opening balance	—
	Additions	1 725 137
	Change in fair value of investment properties	78 763
	Net carrying value	1 803 900
6.2	**Investment properties – leasehold land**	
	Opening balance	—
	Additions	54 756
	Change in fair value of investment properties	8 143
	Net carrying value	62 899
	Total investment properties	1 866 799

Investment properties pledged as security

Investment properties have been pledged as security by means of collateral mortgage bonds (refer note 13) to secure the borrowing facilities totalling R439,5 million.

Property valuation

Valuations were performed by RMB Properties (Pty) Limited which employs registered valuers using mainly the discounted cash flow of the future income stream method.

For a listing of investment properties, refer to pages 54 to 59.

		30 June 2004 R'000
7.	**FURNITURE AND FITTINGS**	
	Opening balance	—
	Additions	37 232
	Depreciation	(3 004)
		34 228
	Net carrying value	
	Cost	37 232
	Accumulated depreciation	(3 004)
	Total	34 228
8.	**TRADE AND OTHER RECEIVABLES**	
	Trade receivables	589
	Less: Provision for non-recoverable receivables	(475)
	Net trade receivables	114
	Prepayments	758
	Other receivables	3 397
		4 269
	Concentrations of credit risk with respect to trade receivables are limited as the fund covers a wide spectrum of clients across a diverse property portfolio. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the fund's trade receivables.	

		30 June 2004 R'000
9.	**MAINTENANCE FUND**	
	Raised on listing	22 297
	Add: Contributions	2 118
	Add: Maintenance fund acquired with property	1 603
	Add: Capitalised interest	721
	Less: Utilised to replace furniture and fittings	(1 305)
	Less: Maintenance fund expenses	(1 330)
		24 104
10.	**CASH**	
	Cash at bank	4 027
11.	**PARTICIPATORY INTERESTS**	
	Authorised and issued	
	285 293 684 participatory interest of 500 cents each	1 426 468
	Participatory interests' issue costs	(10 124)
		1 416 344
12.	**RESERVES**	
12.1	**Non-distributable reserve**	
	Excess on revaluation of investment properties over cost	86 906
	Transfer of maintenance fund expenses	(1 330)
		85 576
12.2	**Retained loss**	
	Net profit for the period	177 490
	Transfer of change in fair value to non-distributable reserve	(86 906)
	Transfer of maintenance fund expenses to non-distributable reserve	1 330
	Distribution to participatory interest holders	(92 087)
		(173)
	Total reserves	85 403

		30 June 2004 R'000
13.	**LONG-TERM LIABILITIES**	
13.1	**Borrowings**	
	13.1.1 FirstRand Bank Limited – fixed rate three year funding term with a capital repayment upon termination	126 125
	The loan is secured in terms of a first mortgage bond over fixed property with a carrying value of R1 901 million (notes 6 and 7). The loan terminates on 30 November 2006.	
	Interest is payable at a fixed interest rate of 9,76% nominally adjusted compounded monthly (nacm).	
	13.1.2 FirstRand Bank Limited – fixed rate five year funding term with a capital repayment upon termination	100 000
	The loan is secured in terms of a first mortgage bond over fixed property with a carrying value of R1 901 million (notes 6 and 7). The loan terminates on 30 November 2008.	
	Interest is payable at a fixed interest rate of 10,21% nominally adjusted compounded monthly (nacm).	
	13.1.3 FirstRand Bank Limited – floating rate five year funding term with a capital repayment upon termination	85 919
	The loan is secured in terms of a first mortgage bond over fixed property with a carrying value of R1 901 million (notes 6 and 7). The loan terminates on 30 November 2008.	
	Interest is payable monthly at a floating interest rate of prime less 2%.	
	All surplus cash is applied to the floating facility to reduce gearing and interest costs.	
13.2	**Amortised borrowing cost**	
	Mortgage bond costs capitalised to borrowings	1 239
	Less: Amounts amortised	(173)
		1 066
	Borrowings	310 978
	Short-term portion of borrowings	1 867
	Total borrowings	312 845
13.3	**Debt funding**	
	In terms of the trust deed, the fund's aggregated indebtedness may not exceed an amount equal to 30% of the gross value of the underlying assets of the fund. At 30 June 2004, the aggregate indebtedness amounted to 16% of the gross value of the underlying assets.	

		30 June 2004 R'000
14.	**TRADE AND OTHER PAYABLES**	
	Trade payables	3 281
	Tenant deposits	8 431
	Accrued expenses	7 826
	Other payables	19 583
		39 121
	Other payables include amounts payable to settle the purchase price of the Gateview property, transferred on 30 June 2004. The consideration was settled on 1 July 2004.	
15.	**NOTES TO THE CASH FLOW STATEMENT**	
15.1	**Cash generated from operations**	
	Net profit for the period adjusted for:	177 490
	Depreciation	3 004
	Change in fair value of investment properties	(86 906)
	Interest received	(8 046)
	Financing cost	20 496
	Amortised borrowing costs	173
	Operating profit before working capital changes	106 211
	(Increase) in trade and other receivables	(4 269)
	Increase in trade and other payables	39 121
	Cash generated from operations	141 063
15.2	**Distributions to participatory interest holders**	
	Distribution payable at the beginning of the period	—
	Income statement	(92 087)
	Distribution payable at the end of the period	79 714
	Distribution paid to participatory interest holders	(12 373)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

	30 June 2004 R'000
16. RELATED PARTIES AND RELATED PARTY TRANSACTIONS	
The fund is controlled by Momentum Group and ultimately by FirstRand Limited. At 30 June 2004, Momentum owned 53% of the fund's participatory interest and the remaining 47% is widely held.	
The following transactions were carried out with related parties:	
Strategic Real Estate Managers (Proprietary) Limited	5 240
Expenditure comprising: Asset management fee.	
Relationship: Fellow subsidiary company of the FirstRand Group companies	
Rand Merchant Bank (a division of First Rand Bank Limited)	
Expenditure comprising: Advisory fee	1 500
Borrowings	312 845
Net finance costs	12 450
Relationship: Fellow subsidiary company of the FirstRand Group companies	
RMB Properties (Proprietary) Limited	13 762
Expenditure comprising: Property management fee and letting commissions	9 762
Promoter's fees	4 000
Relationship: Fellow subsidiary company of the FirstRand Group companies	
Momentum Group Limited	
Purchase of properties at listing	43 208
Purchase of Boundary Terraces	56 100
Relationship: Major PI holder	
Hawley Road Developments (Proprietary) Limited	
Purchase of properties at listing	57 347
Relationship: Fellow subsidiary company of the FirstRand Group companies	
Momentum Property Investments (Proprietary) Limited	
Purchase of properties at listing	769 620
Purchase of Strathmore Park	16 300
Purchase of Safecash Technologies	1 500
Relationship: Fellow subsidiary company of the FirstRand Group companies	
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.	

		30 June 2004 R'000
17.	**COMMITMENTS AND CONTINGENCIES**	
	Authorised capital expenditure	
	– Already contracted for	8 000
	– Not yet contracted for	—
	Total	8 000
	This expenditure will be financed out of available cash resources and the maintenance fund.	
	Leasehold land is secured by means of land leases in terms of which the fund has the following commitments:	
	Not later than one year	1 661
	Later than one year and not later than five years	7 444
	Later than five years	109 597
	Post-balance sheet events are detailed in the manager's report.	

		Distribution number	(cents)
18.	**DISTRIBUTIONS TO PI HOLDERS**		
	One month to 31 December 2003	1	4,72
	Six months to 30 June 2004	2	29,29
	For the period		34,01

19. SEGMENT INFORMATION

The fund's activities are divided into three main categories namely:

- **Retail**
  Comprise shopping centres
- **Office**
  Comprise decentralised commercial properties
- **Industrial**
  Comprise industrial properties

Primary segmental information	Retail R'000	Office R'000	Industrial R'000	Other R'000	Total R'000
Revenue					
Revenue	55 935	92 165	31 569	—	**179 669**
Segmental result					
Net income from property rental operations	31 987	55 289	24 662	(7 056)	**104 882**
Depreciation	420	2 160	424	—	**3 004**
Change in fair value	37 704	35 962	13 240	—	**86 906**
Other information					
Investment properties	645 937	953 046	300 051	1 993	**1 901 027**
Trade and other receivables	1 946	1 972	(1 080)	1 431	**4 269**
Total assets	648 058	955 149	299 207	31 013	**1 933 427**
Trade and other payables	5 509	10 761	2 795	20 056	**39 121**
Capital expenditure	42 669	21 712	900	—	**65 281**

Unallocated costs represent corporate expenses. Segment assets consist mainly of investment properties and fixed assets and exclude investments. Segment liabilities comprise operating liabilities. Capital expenditure comprises additions to investment properties and fixed assets (notes 6 and 7).

19. SEGMENT INFORMATION *(continued)*

Primary segmental information *(continued)*	Retail R'000	Office R'000	Industrial R'000	Other R'000	Total R'000
Geographical segments					
Revenue					
– Gauteng	38 176	81 380	18 857	—	**138 413**
– Western and Eastern Cape	4 132	7 404	4 817	—	**16 353**
– KwaZulu-Natal	—	3 381	7 895	—	**11 276**
– Free State	13 251	—	—	—	**13 251**
– North West	376	—	—	—	**376**
	55 935	**92 165**	**31 569**	**—**	**179 669**
Total assets					
– Gauteng	442 431	757 753	173 775	26 146	**1 400 105**
– Western and Eastern Cape	75 301	78 015	49 222	2 987	**205 525**
– KwaZulu-Natal	—	119 381	76 210	734	**196 325**
– Free State	110 189	—	—	1 146	**111 335**
– North West	20 137	—	—	—	**20 137**
	648 058	**955 149**	**299 207**	**31 013**	**1 933 427**
Capital expenditure					
– Gauteng	42 478	21 490	401	—	**64 369**
– Western and Eastern Cape	30	53	281	—	**364**
– KwaZulu-Natal	—	169	218	—	**387**
– Free State	161	—	—	—	**161**
– North West	—	—	—	—	**—**
	42 669	**21 712**	**900**	**—**	**65 281**

20. COMPARATIVE FIGURES

Comparative figures have not been provided as this is the fund's first period of operation.

PROPERTY PORTFOLIO

Type	Property	Location	Major Tenant	GLA	Valuation	% of Sector	% of Portfolio
Offices	1059 Schoeman Street	1059 Schoeman Street, Hatfield	S.A B.C TV. News Momentum Group Limited	6 048	25 824	2,71	1,36
Offices	11 Park Lane (Ridgewild)	11 Park Lane, Parktown	Headache Clinic (Pty) Limited Micro Finance Regulatory Council Netcare Gauteng Two (Pty) Limited	3 676	9 396	0,99	0,49
Offices	267 West	267 West Avenue, Centurion	Firstrand Bank Limited OTK Limited	9 799	44 590	4,68	2,35
Offices	Bank Forum	337 Bronkhorst Street, New Muckleneuk, Pretoria	Firstrand Bank Limited Newtons Incorporated	7 687	28 175	2,96	1,48
Offices	Boundary Terraces	1 Mariendahl Lane, Newlands, Cape Town	Coronation Asset Management (Pty) Limited Citadel Investment Service Limited African Harvest Fund Managers (Pty) Limited	8 276	54 350	5,70	2,86
Offices	Braamfontein Centre	23 Jorissen Street, Braamfontein	CTH Legal Administration Trust Jet Education Services (Pty) Limited Johannesburg Propcom (Pty) Limited The Ford Foundation	21 308	56 460	5,92	2,97
Offices	Bradenham Hall	Mellis Avenue, Rivonia	Khula Enterprise Finance Limited	4 569	13 953	1,46	0,73
Offices	Brooklyn Office Park	Nicolson Street, Brooklyn	Moores Rowland	5 364	18 830	1,98	0,99
Offices	Contact Centre Winborne	8 Sherborne Road, Parktown	Rossouws Inc.	1 184	3 876	0,41	0,20
Offices	Dalefern	284 Oak Avenue, Ferndale	Professional Pharmaceutical Marketing Services	3 792	13 060	1,37	0,69
Offices	Deloittes	cnr Fehrsen Street and Waterkloof Road, Brooklyn	Deliotte	4 094	24 170	2,54	1,27
Offices	Dorbyl Parktown	16 Jan Smuts Avenue, Parktown	Dorbyl Limited	2 346	16 576	1,74	0,87

Type	Property	Location	Major Tenant	GLA	Valuation	% of Sector	% of Portfolio
Offices	East Coast Radio House	314/7 Umhlanga Rocks Drive, Umhlanga Rocks	Absa Bank Limited	5 714	41 942	4,40	2,21
			Strauss Daly Inc				
			East Coast Radio (Pty) Limited				
Offices	East Rand Junction	cnr North and K90, Boksburg	Hammond Pole & Dixon Inc.	6 710	28 000	2,94	1,47
			Telkom SA Limited				
Offices	Epsom Downs Office Park	13 Sloane Street, Bryanston	Patrick Bernard Smith	9 841	30 500	3,20	1,60
			Magotteaux (Pty) Limited				
Offices	Faerie Glen	291 Sprite Avenue, Faerie Glen	V.I.P Personnel & Payroll Systems	3 710	22 810	2,39	1,20
Offices	FNB Midrand	cnr 16th and Old Pretoria Road, Midrand	FirstRand Bank Limited	2 532	6 630	0,70	0,35
Offices	Gateview	3 Sugar Close, Umhlanga	Crawford THG	2 714	13 800	1,45	0,73
			F N B Home Loans				
Offices	Knightsbridge Manor	33 Sloane Street, Bryanston Ext 4	Managed Healthcare Systems (Pty) Limited	9 589	46 867	4,92	2,47
			Afgri Operations Limited				
Offices	Lake Buena Vista 1	Gordon Hood Avenue, Centurion	Pebble Bed Modular Reactor (Pty) Limited	5 735	20 069	2,11	1,06
Offices	Lone Creek	cnr Mac Mac and Howick Close, Midrand	Rockwell Automation (Pty) Limited	5 659	22 420	2,35	1,18
Offices	Menlyn Square	cnr Lois and Gobie Streets, Menlyn	Standard Bank of South Africa	9 850	47 955	5,03	2,52
Offices	Midrand Business Park	563 Main Road, Halfway House, Midrand	I Kwezi Information Technologies	13 373	21 330	2,24	1,12
			Orbtech Holdings Limited				
Offices	Momentum House	cnr Stanger, Prince Albert and Dunford Roads, Kingsmead, Durban	Momentum Group Limited	6 249	27 500	2,89	1,45
			Steinhoff Manufacturing (Pty) Limited				
Offices	Momentum Mews	cnr Hibiscus Street and Jacobsen, Lynnwood Ridge	EPI Use Systems (Pty) Limited	3 533	9 000	0,94	0,47
Offices	Motorola	410 Janedel Avenue, Halfway Gardens, Midrand	21st Century Funeral Brokers (Pty) Limited	719	2 437	0,26	0,13
Offices	Oracle House	Smuts Drive, Midrand	Oracle Corporation Sa (Pty) Limited	5 202	30 230	3,17	1,59

PROPERTY PORTFOLIO *(continued)*

Type	Property	Location	Major Tenant	GLA	Valuation	% of Sector	% of Portfolio
Offices	Pilrig	5 Eton Road, Parktown	Centre For Development & Enterprise Touchstone Securities (Pty) Limited	2 027	4 591	0,48	0,24
Offices	Podium House	cnr Atterbury and Lois Avenues, Menlyn	Beget Solutions (Pty) Limited Falconbridge Ventures Of Africa	4 832	16 685	1,75	0,88
Offices	Rentworks	48 Grosvenor Road, Bryanston	Rentworks (Pty) Limited	3 027	19 285	2,02	1,01
Offices	Rigel Park	446 Rigel Avenue, Erasmusrand, Pretoria	Financial Services Board	4 533	21 362	2,24	1,12
Offices	Sandgate Park	16 Desmond Street, Eastgate	Griffiths & Griffiths CC Symetrix (Pty) Limited	12 120	26 422	2,77	1,39
Offices	Sanlam Gables	1209 Schoeman Street, Hatfield	Sanlam Trust The British Council	2 851	12 350	1,30	0,65
Offices	Strathmore Park	305 Musgrave Road, Durban	Orion Telecom South Africa (Pty) Limited M L S Bank Limited	3 762	17 885	1,88	0,94
Offices	Tuinhof	265 West Avenue, Centurion	Swiftnet (Pty) Limited Trans Caledon Tonnelowerheid	8 955	34 887	3,66	1,84
Offices	Waterford Place	1 Waterford Place, Century Boulevard, Century City	Century City Limited (Pty) Limited	3 800	24 076	2,53	1,27
Offices	Westway	17 The Boulevard, Westway Office Park, Westville	First National Asset Management	2 283	17 420	1,83	0,92
Offices	Woodmead Office Park	145 Western Services Road, Woodmead	South African Revenue Services DB Thermal (Pty) Limited Young & Rubicam Hedley Byrne (Pty) Limited	17 514	77 333	8,11	4,07
Subtotal Offices				234 979	953 046	100,00	50,13

Type	Property	Location	Major Tenant	GLA	Valuation	% of Sector	% of Portfolio
Retail	Boskruin Shopping Centre	cnr President Fouche and Hawken Avenue, Bromhof	Woolworths (Pty) Limited	6 752	65 800	10,19	3,46
Retail	Brandwag	Melville Drive, Brandwag, Bloemfontein	Pick 'n Pay Stores Limited	12 118	55 360	8,57	2,91
Retail	Cresta Corner	cnr Beyers Naude Drive and Pendoring Street, Cresta	Virgin Active (Pty) Limited Kempster Sedgewick (Pty)Limited	8 056	34 000	5,26	1,79
Retail	Epsom Downs Shopping Centre	13 Sloane Street, Bryanston	Pick 'n Pay Stores Limited	6 125	44 085	6,83	2,32
Retail	Fourways Game	cnr Fourways Boulevard and Short Street, Fourways	Masstores (Pty) Limited	8 000	45 420	7,03	2,39
Retail	Gateway	1319 Pretoria Street, Hatfield	Makanyane Retail Trading Hatfield McDonalds SA (Pty) Limited	1 768	8 185	1,27	0,43
Retail	Linksfield Road	Linksfield Road, Linksfield	Woolworths (Pty) Limited	4 090	19 463	3,01	1,02
Retail	Lynnridge Mall	cnr Freesia and Mayflower, Lynnwood Ridge	Pick 'n Pay Stores Limited	14 220	82 270	12,74	4,33
Retail	Mafikeng Game	cnr Nelson Mandela and Victoria Streets, Mafikeng	Masstores (Pty) Limited	5 218	20 060	3,11	1,06
Retail	Market Square	Beacon Way, Plettenberg Bay	Woolworths (Pty) Limited Mr Price Group Limited	13 294	74 380	11,52	3,91
Retail	Quagga Centre	cnr Church and West Street, Pretoria West	Pick 'n Pay Stores Limited Shoprite Checkers	22 611	63 755	9,87	3,35
Retail	Randridge Mall	John Vorster Drive, Randpark Ridge	Pick 'n Pay Stores Limited Woolworths (Pty) Limited	18 957	78 090	12,09	4,11
Retail	Southern Sentrum	Benade Drive, Bloemfontein	Pick 'n Pay Stores Limited	20 487	55 050	8,52	2,90
Subtotal Retail				141 694	645 918	100,00	33,98

PROPERTY PORTFOLIO *(continued)*

Type	Property	Location	Major Tenant	GLA	Valuation	% of Sector	% of Portfolio
Industrial	Admiral House	151 Lechwe Street, Randjiespark	AGI Africa (Pty) Limited	5 117	9 494	3,16	0,50
Industrial	Aeroport – Fulcrum	96 Loper Avenue, Spartan	Sturrock & Robson Industries Limited	3 805	7 252	2,42	0,38
Industrial	Aeroport – Grenco	98 Loper Avenue, Spartan	Grenco (Sa) (Pty) Limited	1 672	3 770	1,26	0,20
Industrial	Arjo Wiggins – Mahogany Ridge	1 Monte Carlo Road, Mahogany Ridge, Pinetown	Antalis (Pty) Limited	6 907	18 860	6,29	0,99
Industrial	Barracuda	82 Lechwe Street, Randjiespark	Glass Decorations CC	6 698	11 595	3,86	0,61
Industrial	Cambridge Park	Witkoppen Road, Paulshof	Danfoss (Pty) Limited Exact Mobile Phones (Pty) Limited	12 788	27 520	9,17	1,45
Industrial	Electrocom	Indianapolis Crescent, Kyalami	RS Components Limited	3 856	6 385	2,13	0,34
Industrial	Electron Place	52 Electron Avenue, Isando	P G Autoglass (Pty) Limited	9 221	5 200	1,73	0,27
Industrial	Epping Warehouse (WGA)	1 Bofors Circle, Epping	Nampak Products Limited T/A Nampak Bonerts Motor Spares (Pty) Limited	24 075	20 430	6,81	1,07
Industrial	Evapco	cnr Quality and Barlow Streets, Isando	Evapco Sa (Pty) Limited	5 294	7 180	2,39	0,38
Industrial	Flexitainer	59 Lechwe Street, Randjiespark	Bryant Technology Limited	1 714	2 000	0,67	0,11
Industrial	Fosa Park	570 Inanda Road, Durban	Adcock Ingram Limited	4 200	10 120	3,37	0,53
Industrial	Freeway Park	cnr Barkley and Camp Roads, Maitland	Gerber Goldschmidt Group (Pty) Limited Freefall Tading 199 (Pty) Limited	7 935	21 834	7,28	1,15
Industrial	Goodyear Tycon	Cochrane Avenue, Epping	Super Move (Pty) Limited	5 870	7 000	2,33	0,37
Industrial	Greenfields	1455 North Coast Road, Durban North	Trentyre (Pty) Limited Strategic Logistical Alliance	9 398	13 295	4,43	0,70
Industrial	Grinaker Electronics	35 Waterloo Road, Samrand, Midrand	Logitek 17 (Pty) Limited	3 261	3 845	1,28	0,20
Industrial	Inspectorate	Data Street, Ormonde	Inspectorate M&L (Pty) Limited	2 704	5 870	1,96	0,31
Industrial	Jet Park Lakeside Phase 1&1b	cnr Kelly Street and Ackerman Road, Jet Park	Power Up Marketing (Pty) Limited	11 613	14 280	4,76	0,75
Industrial	Johnson & Johnson	1 Medical Road, Midrand	Johnson & Johnson Professional	3 561	7 220	2,41	0,38

Type	Property	Location	Major Tenant	GLA	Valuation	% of Sector	% of Portfolio
Industrial	Mitek South Africa	16th Street, Midrand	Mitek South Africa Pty Limited	6 604	15 000	5,00	0,79
Industrial	Morgan Creek	38 Mahogany Road, Mahogany Ridge, Pinetown	Simba (Pty) Limited	4 644	11 330	3,78	0,60
Industrial	New Zealand Milk Products	cnr 16th and Douglas Roads, Midrand	New Zealand Milk Products SA (Pty) Limited	2 756	4 430	1,48	0,23
Industrial	One Highveld	5 Bellingham Street, Centurion	C.I.E Group (Pty) Limited	6 012	11 620	3,87	0,61
Industrial	QD House	91-94 Silverstone Crescent, Kyalami	Alchemy Technologies (Pty) Limited	3 470	6 900	2,30	0,36
Industrial	Rinaldo Park	50 Moreland Road, Redhill Industrial Park	Retail Shopfitting Services (Pty) Limited	1 650	2 185	0,73	0,11
Industrial	Siliconics	cnr Precision and Silicon Streets, Kya Sands	Control Techniques SA (Pty) Limited	1 452	2 135	0,71	0,11
Industrial	SL Ind Village Kya Sands	cnr Elsecar and Bernie Streets, Kya Sands	Dolcre Food Ingredients (Pty) Limited Sampla Belting SA (Pty) Limited	16 659	18 985	6,33	1,00
Industrial	The Wolds A	82 Intersite Avenue, Umgeni Business Park	Clipsal S.A. (Pty) Limited	1 710	3 840	1,28	0,20
Industrial	The Wolds B	56 Intersite Avenue, Umgeni Business Park	Heilderberg Graphic Systems SA Optiplan (Pty) Limited	830	1 670	0,56	0,09
Industrial	Umgeni Road A	98-102 Intersite Avenue, Umgeni Business Park	Honeywell South Africa (Pty)Limited	1 886	3 955	1,32	0,21
Industrial	Umgeni Road B	19-23 Intersite Avenue, Umgeni Business Park	Kinesis Logistics (Pty) Limited	6 021	11 650	3,88	0,61
Industrial	Xpanda	918 Morkels Close, Halfway House, Midrand	Xpanda Security (Pty) Limited	2 384	3 201	1,07	0,17
Subtotal Industrial				185 767	300 051	100,00	15,78
Total				562 440	1 899 015	99,89	99,89
Capitalised listing and other costs					2 012	0,11	0,11
Total Investment properties					1 901 027	100,00	100,00

STRATEGIC REAL ESTATE MANAGERS (PROPRIETARY) LIMITED (STREM) COMPANY INFORMATION

Registration number:	1997/020911/07
Registered address:	6 Protea Place South Sandton 2196
Postal address:	PO Box 786130 Sandton 2146
Auditors:	PricewaterhouseCoopers Inc. Johannesburg
Bankers:	First National Bank Limited
Executive directors:	W K Schultze L J Forrester R van der Boss
Non-executive directors:	B T Jackson L Barnard L Basson M S B Neser B J van der Ross
Company secretary:	C Middlemiss

A directors' report has not been prepared as the company is a wholly owned subsidiary of FirstRand Asset Management Limited, a company incorporated in the Republic of South Africa.

STRATEGIC REAL ESTATE MANAGERS (PROPRIETARY) LIMITED BALANCE SHEET

at 30 June 2004

	Notes	2004	2003
ASSETS			
Current assets			
Receivables and prepayments		914 404	200
Cash at bank		624 552	—
Total assets		1 538 956	200
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	2	200	200
Retained earnings		26 724	—
Shareholders' funds		26 924	200
Non-current liabilities			
Long-term liabilities	3	600 000	—
Current liabilities			
Trade and other payables		900 580	—
Current tax liabilities		11 452	—
		912 032	—
Total equity and liabilities		1 538 956	200

INCOME STATEMENT

for the year ended 30 June 2004

	Notes	2004	2003
Turnover		5 247 814	—
Operating profit	4	9 059	—
Net interest income	5	29 117	—
Profit before tax		38 176	—
Tax	6	(11 452)	—
Net profit for the year		26 724	—

STRATEGIC REAL ESTATE MANAGERS (PROPRIETARY) LIMITED CASH FLOW STATEMENT

for the year ended 30 June 2004

	Notes	2004	2003
Cash flow from operating activities			
Cash flow from operating activities	7	(4 565)	—
Net interest income		29 117	—
Net cash utilised in operating activities		24 552	—
Cash flow from financing activities			
Loan from fellow subsidiary		600 000	—
Net cash generated by financing activities		600 000	—
Net increase in cash and cash equivalents		624 552	—
Cash and cash equivalents at beginning of year		—	—
Cash and cash equivalents at end of year		624 552	—

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2004

	Notes	2004	2003
Share capital			
Ordinary shares			
Balance at beginning and end of year		200	200
Reserves			
Retained earnings			
Balance at beginning of year		—	—
Net profit for the year		26 724	—
Balance at end of year		26 724	—

STRATEGIC REAL ESTATE MANAGERS (PROPRIETARY) LIMITED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2004

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the presentation of these financial statements are set out below:

1.1 Basis of preparation

The preparation of financial statements in conformity with Statements of Generally Accepted Accounting Practice requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice using the historical cost convention.

Comparative figures have not been presented, as the company did not trade in the previous year.

1.2 Turnover

Turnover comprises management fees received from Emira Property Fund accounted for on the accrual basis as services are preformed. The fees are based on the substance of the management agreement.

1.3 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and bank overdrafts.

1.4 Taxation

Taxation is provided at current rates on net income before tax for the year after taking into account income and expenditure, which are not subject to taxation.

	2004	2003
2. SHARE CAPITAL		
Authorised		
Ordinary shares		
4 000 ordinary shares of R1 each	**4 000**	4 000
Issued		
Ordinary shares		
200 shares of R1 each	**200**	200

STRATEGIC REAL ESTATE MANAGERS (PROPRIETARY) LIMITED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

		2004	2003
3.	**LONG-TERM LIABILITIES**		
	Owing to:		
	RMB Properties (Proprietary) Limited	600 000	—
		600 000	600 000
	The loan is unsecured and has no fixed terms of repayment. The balance of the loan amount outstanding from time to time shall bear interest at the top call deposit rate. The loan has been subordinated and the claims of any present or future creditor shall be preferred to any claims of the lender.		
4.	**OPERATING PROFIT**		
	The following items have been charged/(credited) in arriving at operating profit:		
	Management fee paid to RMB Properties (Proprietary) Limited	4 258 343	—
	Audit fees – current year	7 000	—
	Operating lease expenses	46 200	—
	Staff costs	328 000	—
	Number of employees at the end of the year	5	—
	Directors' emoluments		
	– remuneration (executive directors)	400 000	—
	R P S van der Bos	200 000	—
	W K Schultze	100 000	—
	L J Forrester	100 000	—
	– directors' fees (non-executive directors)	25 000	—
	M S B Neser	7 500	—
	L Barnard	7 500	—
	B J van der Ross	10 000	—

		2004	2003
5.	**NET INTEREST INCOME**		
	Interest received	**48 906**	—
	Interest paid	**(19 789)**	—
		29 117	—
6.	**TAX**		
	South African normal taxation – current	**11 452**	—
	Tax rate reconciliation	**%**	%
	Standard rate of taxation	**30**	—
	Non deductible expenses	**—**	—
	Prior year adjustment	**—**	—
	Effective rate	**30**	—
7.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit before tax	**38 176**	—
	Adjusted for		
	Net interest income	**(29 117)**	—
	Movements in working capital		
	Increase in receivables and prepayments	**(914 204)**	—
	Increase in trade and other payables	**900 580**	—
		(4 565)	—

8. FINANCIAL INSTRUMENTS

Credit risk

The company has no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

Interest rate risk

The balance of the loan amount outstanding from time to time shall bear interest at the top call deposit rate.

Fair value

The carrying amounts of trade receivables and payables, other receivables and payables and interest bearing borrowings approximate to their fair value.

9. RELATED PARTY TRANSACTIONS

The company is controlled by FirstRand Asset Management (Proprietary) Limited, which owns 100% of the company's shares. The ultimate parent of the group is FirstRand Limited.

NOTICE TO PARTICIPATORY INTEREST HOLDERS

EMIRA PROPERTY FUND

(Participatory interest code: EMI, ISIN: ZAE000050712)

("Emira" or "the fund")

Notice is hereby given that the first annual general meeting of the members of Emira will be held in the boardroom, Second Floor, 6 Protea Place South, Sandton at 14:00 on Thursday, 11 November 2004 for the purposes of considering, and if deemed fit, passing with or without modification the resolutions set out below:

1. ORDINARY RESOLUTIONS

1.1 Ordinary resolution number 1

"Resolved that the annual financial statements for the financial year ended 30 June 2004 including the management company's report and the report of the auditors thereon be received, considered and approved."

1.2 Ordinary resolution number 2

"Resolved to ratify the resignation of Mr Van der Bos as Chief Executive Officer of Strategic Real Estate Managers (Proprietary) Limited with effect from 14 July 2004 and the resignation of Mrs Forrester as an executive director of the fund with effect from 31 August 2004."

1.3 Ordinary resolution number 3

"Resolved to ratify the appointment of Mr Templeton as Chief Executive Officer of Strategic Real Estate Managers (Proprietary) Limited with effect from 14 July 2004."

Biographical details of all directors of the fund are set out on pages 26 to 28 of the annual report.

1.4 Ordinary resolution number 4

"Resolved that, the directors of Strategic Real Estate Managers (Proprietary) Limited, the manager of Emira, are hereby authorised, by way of a renewable general authority, to issue units in the authorised but unissued capital of the fund for cash, as and when they in their discretion deem fit, subject to the Listings Requirements of the JSE Securities Exchange South Africa ("JSE"), provided that:

- this general authority shall be valid until the fund's next annual general meeting or for 15 months from the date of this resolution, whichever period is the shorter;
- the units must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- a press announcement giving full details, in accordance with the Listings Requirements of the JSE including the impact on net asset value and earnings per unit, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of units prior to the issue;
- issues for cash may not exceed 15% in the aggregate in any one financial year of the number of the fund's units already in issue;

- in determining the price at which an issue of units will be made in terms of this general authority, the maximum discount permitted will be 10% of the weighted average traded price of the units measured over the 30 business days prior to the date that the price of the issue is determined or agreed to by the directors of Strategic Real Estate Managers (Proprietary) Limited, the manager of Emira; and
- any such issue will only be made to public participatory interest holders as defined in the Listings Requirements of the JSE and not to related parties.

Approval for this ordinary resolution is obtained by achieving a 75% majority of the votes cast in favour of this resolution at the annual general meeting by all participatory interest holders of Emira present or represented by proxy.

2. SPECIAL RESOLUTION

2.1 Special resolution number 1

"Resolved that the directors of Strategic Real Estate Managers (Proprietary) Limited, the manager of Emira, be hereby authorised by way of a renewable general authority, to approve the repurchase of its own participatory interests by the fund, provided that:

- this general authority shall be valid until the fund's next annual general meeting or for 15 months from the date of this resolution, whichever period is shorter;
- the repurchase of participatory interests will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the fund and the counterparty;
- an announcement complying with the Listings Requirements of the JSE be published by the fund when (i) the fund has cumulatively repurchased 3% of the participatory interests in issue as at the time the general authority was given ("the initial number") and (ii) for each 3% in aggregate of the initial number of participatory interests acquired thereafter by the fund;
- the general repurchase by the fund of its own participatory interests shall not in the aggregate in any one financial year exceed 20% of the fund's issued capital of that class;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the participatory interests for the five business days immediately preceding the date on which the transaction is effected;
- at any point in time the fund may only appoint one agent to effect any repurchase on the fund's behalf;
- the fund will, after a repurchase, still comply with the provisions of the Listings Requirements of the JSE regarding unit spread;
- the fund will not repurchase participatory interests during a prohibited period (as defined by the Listings Requirements of the JSE); and
- such repurchases shall be subject to the trust deed of the fund, the provisions of the Collective Investment Schemes Act and the JSE Listings Requirements, when applicable.

It is the intention of the directors of Strategic Real Estate Managers (Proprietary) Limited, the manager of Emira, that they use such general authority should prevailing circumstances in their opinion warrant it.

NOTICE TO PARTICIPATORY INTEREST HOLDERS

(continued)

The directors of Strategic Real Estate Managers (Proprietary) Limited, the manager of Emira, undertake that they will not implement any such repurchases while this general authority is valid, unless:

- the fund and the group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the notice of the annual general meeting at which this resolution is proposed ("the annual general meeting");
- the assets of the fund and the group will exceed the liabilities of the fund and the group for a period of 12 months after the date of the notice of the annual general meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting polices used in the fund's latest audited annual group financial statements;
- the fund and the group will have adequate PI capital and reserves for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting;
- the working capital of the fund and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting; and
- upon entering the market to proceed with the repurchase, the fund's sponsor has confirmed the adequacy of Emira's working capital for the purposes of undertaking a repurchase of participatory interests in writing to the JSE.

Reason for and effect of the special resolution

The reason for and effect of the special resolution is to grant the fund's directors a general authority to approve the fund's repurchase of its participatory interests in itself.

For the purposes of considering special resolution number 1 and in compliance with the JSE Listings Requirements, the information listed below has been included in the annual report, to which this notice forms part, on the pages indicated:

- Directors and management (pages 26 to 28)
- Major participatory interest holder's details (page 24)
- Subsequent events to balance sheet date (page 25)
- Directors' interests (page 23)
- Participatory interest capital of the fund (page 39)
- Directors' responsibility statement (page 34)

  The directors, whose names are set out on pages 26 to 28 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in this special resolution number 1 and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading and that have made all reasonable queries in this regards.

- Litigation statement

  There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the company is aware), which may have or have had a material effect on Emira's financial position over the last 12 months.

3. TO TRANSACT ANY OTHER BUSINESS WHICH MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING.

Strategic Real Estate Managers (Proprietary) Limited

Secretary

30 September 2004

VOTING AND PROXIES

Members who have not dematerialised their participatory interests or who have dematerialised their participatory interests with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a member.

Proxy forms must be forwarded to reach the company's transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall, Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 14:00 on Monday, 8 November 2004.

Proxy forms must only be completed by members who have not dematerialised their participatory interests or who have dematerialised their participatory interests with "own name" registration.

On a show of hands, every member of the company present in person or represented by proxy shall have one vote only. On a poll, every member of the company shall have one vote for every participatory interest held in the company by such member.

Members who have dematerialised their participatory interests, other than those members who have dematerialised their participatory interests with "own name" registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Registered office

PO Box 786130
Sandton
2146
Tel: (011) 775-1000

6 Protea Place South
Sandton
2196
Fax: (011) 775-1002

ADMINISTRATION

Registered address
6 Protea Place South
Sandton
2146

PO Box 786130, Sandton, 2146

Manager
Strategic Real Estate Managers (Pty) Limited
6 Protea Place South
Sandton
2146

PO Box 786130, Sandton, 2146

Property and asset manager
RMB Properties (Pty) Limited
6 Protea Place South
Sandton
2146

PO Box 786130, Sandton, 2146

Trustees
ABSA Bank Limited
2nd Floor, Block E
Flora Park Office Block
Corner of Ontdekkers and Conrad Roads
Florida
1709

PO Box 1132, Johannesburg, 2000

Merchant bank and joint sponsors
Rand Merchant Bank, a division of
FirstRand Bank Limited
1 Merchant Place
Fredman Drive
Sandton
2196

PO Box 786273, Sandton, 2146

Transfer secretaries
Computershare Investor
Services 2004 (Pty) Limited
70 Marshall Street
Johannesburg
2001

PO Box 61051, Marshalltown, 2107

Auditors
PricewaterhouseCoopers Inc.
2 Eglin Road
Sunninghill
2157

Private Bag X36, Sunninghill, 2157

Bankers
FirstRand Bank Limited t/a First National Bank
Wierda Valley Sandton Outlet
Wierda Valley
2196

PO Box 787428, Sandton, 2146

Attorneys
Hofmeyr Herbstein & Gihwala Inc
6 Sandown Valley Crescent
Sandown
Sandton
2196

Private Bag X40, Benmore, 2010

EMIRA PROPERTY FUND

(Participatory interest code: EMI ISIN: ZAE000050712)

("Emira" or "the fund")

FORM OF PROXY

THIS FORM OF PROXY IS ONLY FOR USE BY:

- **registered members who have not yet dematerialised their Emira participatory interests; and**
- **registered members who have already dematerialised their Emira participatory interests and are registered in their own names in the fund's sub-register.**

For completion by the aforesaid registered members of Emira and who are unable to attend the 2004 annual general meeting of the fund to be held in the boardroom, Second Floor, 6 Protea Place South, Sandton at 14:00 on Thursday, 11 November 2004 ("the annual general meeting").

I/We (name/s in block letters) _____

of (address) _____

being the registered holder/s of _____ units in Emira, as at 14:00 on Thursday, 4 November 2004

hereby appoint (see instruction 1 overleaf) _____

1. _____ or, failing him/her,

2. _____ or, failing him/her

3. the chairman of the annual general meeting, as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the annual general meeting of the fund and at any adjournment thereof, as follows (see note 2 and instruction 2 overleaf):

ORDINARY RESOLUTIONS	FOR	AGAINST	ABSTAIN
1.1 To receive, consider and adopt the annual financial statements for the financial year ended 30 June 2004.			
1.2 To ratify the resignation of Mr Van der Bos as Chief Executive Officer and Mrs Forrester as an executive director with effect from 31 August 2004, of Strategic Real Estate Managers (Pty) Limited.			
1.3 To ratify the appointment of Mr Templeton as Chief Executive Officer of Strategic Real Estate Managers (Pty) Limited, with effect from 14 July 2004.			
1.4 To vote on a general authority to issue units for cash.			
SPECIAL RESOLUTION NUMBER 1			
2.1 To vote on a general authority to repurchase units.			

Signed at _____ on _____ 2004

Signature(s) _____

Assisted by (where applicable) _____

Please read notes and instructions overleaf.

NOTES

1. A participatory interest holder entitled to attend and vote at the meeting may appoint a proxy to speak and vote in this capacity. A proxy need not be a participatory interest holder of the fund. Proxy forms should be forwarded to reach the Fund's transfer secretary Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 14:00 on Monday, 8 November 2004. The appointment of a proxy will not preclude a member from attending the meeting.
2. A participatory interest holder may insert the name of a proxy or alternative proxy of the ordinary participatory interest holder's choice in the space provided with or without deleting "the chairman of the annual general meeting". The participatory interest holder must initial any such deletion. The person whose name appears first on the form of proxy and has not been deleted will be entitled to act as a proxy to the exclusion of those whose names follow.
3. A participatory interest holder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that participatory interest holder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if he is an authorised proxy, to vote in favour of the resolutions, or any other proxy to vote or abstain from voting at the annual general meeting as he/she deems fit, in respect of the participatory interest holder's vote exercisable thereat. A participatory interest holder or his/her proxy is not obliged to use all the votes exercisable by the participatory interest holder or by his/her proxy, but the total of votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the participatory interest holder or his/her proxy.
4. An alteration or correction must be initiated by the signatory/ies.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries of the fund or waived by the chairman of the annual general meeting.
6. His/Her parent or guardian, as applicable, must assist a minor or any other persona under legal incapacity unless the relevant documents establishing his/her capacity are produced or have been registered by the fund.
7. The completion and lodging of this form will not preclude the relevant ordinary shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such participatory interest holder wish to do so.
8. The chairman of the annual general meeting may accept or reject a proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a participatory interest holder wishes to vote.
9. If participatory interest holder have dematerialised their units with a CSDP or broker, other than own name dematerialised participatory interest holder, they must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the general meeting and vote thereat or the participatory interest holder concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the participatory interest holder and the CSDP or broker concerned.

EMIRA
PROPERTY FUND