EMIRA
PROPERTY FUND

UNAUDITED INTERIM FINANCIAL RESULTS

for the six months to 31 December 2016, dividend distribution declaration and change in directorate

Dividend per share	68,93c
Distributable income	R351,9m
Net asset value	1 759c

COMMENTARY

The Emira Board of Directors announces that a dividend for the six months to 31 December 2016 of 68,93 cents per share has been declared (Dec 2015: 70,34 cents per share), which is in line with expectations, as communicated to shareholders on 20 June 2016.

Vacancies and tenant renewals

Vacancies have increased from 4,7% at 31 December 2015 to 7,0% at 31 December 2016. Retail sector vacancies have increased marginally to 3,6%, which is below the national average of 3,7% and industrial vacancies of 1,2% are well below the national average of 4,0%. As anticipated, Emira's office sector vacancies have increased to 16% and are above SAPOA national levels of 10,7%. Emira continues to manage its vacancies through a combination of tenant retention and letting strategies and in some instances the sale of properties.

A total of 72,8% by GLA (66,3% by revenue) of expiring tenants were renewed and retained during the six months to 31 December 2016.

Major leases concluded

The largest new leases concluded for the period were at Universal Industrial Park in Durban (2 830m²), Summit Place in Pretoria (2 484m²), Menlyn Corporate Park (1 533m²), Steelpark Industrial Park in Cape Town (1 213m²) and Podium in Pretoria (1 170m²). The largest renewals were Auction Operation at Epping Warehouse in Cape Town (13 662m²), RTT at RTT Continental in Johannesburg (12 921m²), Disaki at Epping Warehouse in Cape Town (4 696m²), Amadeus Global Travel at Amadeus Place in Bryanston (2 800m²), Tenova at 96 Loper Road in Johannesburg (2 344m²) and Johnson & Johnson at the Johnson & Johnson Building in Midrand (2 309m²).

Disposals

The strategy to dispose of non-core buildings continued during the six months under review to 31 December 2016. Two properties, Southern Life Plaza and Cochrane Avenue, totalling R130,2m, were sold and transferred out of Emira during the period. These two properties were sold at a combined forward yield of 10,9% and a combined 26,7% premium to book value. Sales transactions to the value of a further R381,2m have become unconditional and are expected to be transferred within the next six months.

Emira will continue with its strategy to balance the Fund's sector allocations by reducing its office exposure, in order to ensure that the portfolio is better positioned for future periods of lower growth economic conditions.

At 31 December 2016, the Fund had committed to selling 19 properties valued at R917,1m, which have been classified as held for sale.

Developments and refurbishments

Projects to modernise, extend and redevelop five buildings are currently underway totalling approximately R703,5m, the most significant of which is the redevelopment of Knightsbridge Manor Office Park ("Knightsbridge") in Bryanston.

The 29 419m² prime ("P-grade") Knightsbridge is being undertaken in phases. The first phase of 12 384m² is on track to be completed by August 2017 at a total cost of R339m with 47% pre-let to WSP|Parsons Brinckerhoff. The second phase, which measures 3 692m² at a cost of R108m, commenced in February 2017 and will house the South African head offices of KFC and Pizza Hut. The new office park will attain a minimum 4-Star Green Star SA rating from the Green Building Council South Africa.

The number of projects underway reflects the Fund's strategy to continually upgrade and maintain the portfolio and extract value from existing bulk.

Debt

Emira has diversified sources of funding and banking facilities in place with all of the major South African banks. In addition, Emira continues to successfully access funding via the debt capital markets at competitive rates.

Total debt as at 31 December 2016 was R5,4bn with a weighted average duration to expiry of 1,5 years. The average duration of the debt has decreased slightly as a result of the passage of time, however active steps are underway to extend debt facilities, which are expiring over the next 12 months. The debt expiry profile has been managed to ensure that the amount of debt expiring in any one period is manageable. At 31 December 2016, the Fund had R646,0m of undrawn, backup facilities which further reduces debt refinance risk.

Funding activities during the first six months of the financial year under review included:

Date		Amount (Rm)	All-in-rate (%)
22 Aug 16	Repayment of 12-month commercial paper	158	8,45
22 Aug 16	Repayment of 6-month commercial paper	42	8,17
22 Aug 16	Repayment of 6-month commercial paper	30	8,27
22 Aug 16	Issue of 6-month commercial paper	184	8,17
22 Aug 16	Issue of 12-month commercial paper	48	8,56
12 Sep 16	Repayment of 2-year domestic medium term notes	270	8,60
12 Sep 16	Issue of 3-year domestic medium term notes	240	9,16
30 Sep 16	Issue of 18-month domestic medium term notes	60	8,66
4 Nov 16	Repayment of 12-month commercial paper	170	8,43
4 Nov 16	Repayment of 6-month commercial paper	70	8,17
4 Nov 16	Issue of 6-month commercial paper	70	8,11
4 Nov 16	Issue of 12-month commercial paper	160	8,51
6 Nov 16	Repayment of 2-year domestic medium term notes	100	8,65
7 Nov 16	Issue of 3-year domestic medium term notes	100	9,14

During the six months to 31 December 2016, the Fund concluded a new R300m four-year secured facility with Standard Bank.

As at 31 December 2016, Emira had a moderate level of gearing with interest-bearing debt to total property assets of 37,8%. The Fund has fixed 84,0% of its debt for periods of between 0,2 and 7,9 years, with a weighted average duration of 2,9 years. The hedging percentage should be maintained at or around this level with further interest rate hedges to be acquired as new debt is drawn down on Knightsbridge.

	Weighted average rate %	Weighted average term	Amount (Rm)	% of debt
Debt – Fixed swap	7,9	2,9 years	4 518,4	84,0
Debt – Floating	8,6		861,4	16,0
Total	**7,9**		**5 379,8**	**100,0**
Less: Costs capitalised not yet amortised			(2,2)	
Per statement of financial position			5 377,6	

As at 31 December 2016, Emira had effective Australian dollar ("AUD") denominated debt of AUD87,5m through its cross-currency interest-rate swaps. The cross-currency interest-rate swaps relate to the Fund's investment in Growthpoint Australia Limited.

Growthpoint Australia Limited ("GOZ")

On 21 October 2016, Emira acquired a further 1 332 753 shares in GOZ at a price of AUD3,15 per share. As at 31 December 2016, GOZ's unit price was AUD3,28. Emira's investment of 28 558 566 units, comprising 4,9% of the total units in issue, is valued at R924,2m compared to the initial cost price of R416,8m, a 121,7% increase in this investment.

Results

The retail and industrial sectors continued to perform well, with vacancies stable and well below national averages. Continued weak local economic conditions impacted the Fund's performance in the office sector during the period. In certain instances, tenants were unwilling to commit to new space due to flat local economic growth. The over-supply of office space has meant the Fund has needed to be competitive when trying to attract or retain tenants through reduced rentals and increased incentives. Further increases in municipal expenses placed an added burden on the income statements of businesses in South Africa, which resulted in the shrinking of net rentals payable to landlords.

Revenue rose marginally year-on-year by 0,9%, excluding the straight-lining adjustments in respect of future rental escalations. Contractual escalations on the core portfolio were offset by vacancies, rent reversions and disposals. Despite the tough economic conditions, Emira has made progress with the letting of vacant space, the benefit of which should seen in the 2018 financial year.

Dividend income of R10,6m was received during the period, arising from the share buybacks implemented earlier in the year.

Property expenses increased by 7,3% with the gross cost-to-income ratio up to 37,9% (December 2015: 35,7%) mainly due to the low income growth in the period.

Administration expenses, which include staff costs and property management fees, increased by 8,7% to R46,7m (December 2015: R43,0m).

Income from the Fund's listed investment in GOZ increased by 1,7%. The increase in the distribution per unit received was largely offset by the effect of a stronger Rand against the AUD.

Net finance costs decreased marginally by 0,3%. While debt levels for the period were higher as a result of the funding of new developments and refurbishments and the share buybacks, the increased interest was reduced and offset by lower funding rates achieved on cross-currency interest-rate swaps.

The 1,4% increase in net asset value ("NAV") from 1 735 cents per share at 30 June 2016 to 1 759 cents per share at 31 December 2016 was mainly due to an increase in the value of the property portfolio.

DISTRIBUTION STATEMENT

R'000	**Half-year ended 31 Dec 2016**	Half-year ended 31 Dec 2015	% change
Operating lease rental income and tenant recoveries excluding straight-lining of leases	**890 839**	882 934	0,9
Property expenses	**(338 114)**	(315 121)	7,3
Net property income	**552 725**	567 813	(2,7)
Dividend received	**10 618**	–	100,0
Income from listed property investment	**29 216**	28 715	1,7
Administration expenses	**(46 681)**	(42 951)	8,7
Depreciation	**(146)**	(134)	9,0
Net finance costs	**(193 810)**	(194 322)	(0,3)
Finance income	**6 263**	5 075	23,4
Finance costs	**(200 073)**	(199 397)	0,3
Interest paid and amortised borrowing costs	**(214 306)**	(199 986)	7,2
Interest capitalised to the cost of developments	**14 233**	589	2 316,5
Dividend payable to shareholders	**351 922**	359 121	(2,0)
Number of shares in issue	**510 550 084**	510 550 084	–
Dividend per share (cents)	**68,93**	70,34	(2,0)

Disposals

In accordance with the strategy of the Fund to rebalance the portfolio, certain properties that are deemed non-core, are underperforming or pose excessive risk, have been earmarked for disposal.

PROPERTIES TRANSFERRED OUT OF EMIRA DURING THE SIX MONTHS TO 31 DEC 2016

Property	Sector	Location	GLA (m²)	Book value (Rm)	Sale price (Rm)	Exit yield (%)	Effective date
Southern Life Plaza	Office	Bloemfontein	10 697	79,6	98,2	12,0	Oct 2016
Cochrane Avenue	Industrial	Cape Town	5 870	23,2	32,0	7,3	Nov 2016
			16 567	**102,8**	**130,2**	**10,9**	

Vacancies

	Number of buildings Jun 2016	GLA Jun 2016 (m²)	Vacancy Jun 2016 (m²)	%	**Number of buildings Dec 2016**	**GLA Dec 2016 (m²)**	**Vacancy Dec 2016 (m²)**	**%**
Office	61	404 081	42 225	10,5	**60**	**394 332**	**63 188**	**16,0**
Retail	38	415 242	11 581	2,8	**38**	**415 643**	**14 862**	**3,6**
Industrial	45	366 666	8 910	2,4	**44**	**360 796**	**4 306**	**1,2**
Total	144	1 185 989	62 716	5,3	**142**	**1 170 771**	**82 356**	**7,0**

Valuations

TOTAL PORTFOLIO MOVEMENT

Sector	Jun 2016 (R'000)	R/m²	**Dec 2016 (R'000)**	**R/m²**	Difference (%)	Difference (R'000)
Office	5 713 237	14 139	**5 758 134**	**14 602**	**0,8**	**44 897**
Retail	5 370 812	12 934	**5 601 374**	**13 476**	**4,3**	**230 562**
Industrial	1 880 830	5 130	**1 896 150**	**5 255**	**0,8**	**15 320**
	12 964 879		**13 255 658**		**2,2**	**290 779**

Worley Parsons update

The arbitration hearing between Emira and Worley Parsons, regarding their lease obligations at Corobay Corner, took place in November 2016. The arbitrator delivered his judgment on 3 February 2017 and ruled that the lease existed, had been unlawfully repudiated by Worley Parsons and that Emira is entitled to damages. Emira has commenced its damages claim against Worley Parsons.

For the six-month period to 31 December 2016, no income has been accrued in respect of rentals due by Worley Parsons.

Enyuka Property Fund ("Enyuka")

On 2 September 2016, Emira entered into an agreement with One Property Holdings to form Enyuka. Emira has contributed its 15-asset rural retail portfolio to the new venture. The transaction became effective on 16 January 2017 when the final suspensive condition was met.

Share buybacks

During the period, the Fund completed a buy-back programme where 14 016 201 shares were purchased at an average price of 1 427 cents per share. The shares are being held as treasury shares. While the divergence between the Fund's equity value on the stock exchange compared to its net book value remains, Emira will continue to consider investing a portion of its proceeds received from disposals into its own shares.

Change in directorate

Ben van der Ross, who has served as Emira's Chairman since its listing in 2003 has reached retirement age and has announced his retirement from the Board with effect from 14 February 2017. We thank Ben for his valued contributions over the years and wish him well in his retirement. Gerhard van Zyl, an existing independent non-executive director, has taken up the position of Chairman with effect from 15 February 2017. Thys Neser, an independent non-executive director, has also retired effective 14 February 2017. We would like to thank Thys for his sage advice and the wealth of experience that he brought to Emira over the past 14 years.

Prospects

Local macro-economic conditions are expected to remain challenging with low GDP growth for the balance of 2017. The continued pressure on tenants, together with the over-supply of commercial office space, will likely continue to have a negative impact on rentals.

As announced on SENS on 20 June 2016, the growth in Emira's distributions per share for the year to 30 June 2017 is still forecast at negative 2%. This is primarily as a result of increased vacancies in the Fund's office portfolio together with expected negative rental reversions.

The filling of vacancies in the portfolio remains a critical priority. With an increased focus on new letting, tenant retention and the effective utilisation of proceeds from the disposal of non-core assets together with a more stable local and global economic outlook, the Fund expects to return to a positive growth in distributions in the 2018 financial year.

This forecast has not been reviewed and reported on by Emira's external auditors.

Dividend distribution declaration

The Board has approved and notice is hereby given that a gross interim dividend of 68,93 cents per share has been declared (2015: 70,34 cents), payable to the registered shareholders of Emira Property Fund Limited on 13 March 2017. The issued share capital at the declaration date is 510 550 084 listed ordinary shares. The source of the dividend comprises net income from property rentals, income earned from the Company's listed property investment and interest earned on cash on deposit. Please refer to the condensed consolidated statement of comprehensive income for further details.

Tax implications

In accordance with Emira's status as a REIT, shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("Income Tax Act"). Accordingly, qualifying distributions received by local tax residents must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the shareholder. These qualifying distributions are, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders have provided the following forms to their Central Securities Depository Participant ("CSDP") or broker, as the case may be, in respect of uncertificated shares, or the transfer secretaries, in respect of certificated shares:

a) a declaration that the dividend is exempt from dividends tax; and

b) a written undertaking to inform the CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the transfer secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Qualifying dividends received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. It should be noted that until 31 December 2013 qualifying distributions received by non-residents were not subject to dividend withholding tax. From 1 January 2014, any qualifying distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 15%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 15%, the net amount due to non-resident shareholders will be 58,5905 cents per share. A reduced dividend withholding tax rate in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of the uncertificated shares, or the transfer secretaries, in respect of certificated shares:

a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and

b) a written undertaking to inform their CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the transfer secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Local tax resident shareholders as well as non-resident shareholders are encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

Last day to trade cum dividend	Tuesday, 7 March 2017
Shares trade ex dividend	Wednesday, 8 March 2017
Record date	Friday, 10 March 2017
Payment date	Monday, 13 March 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 March 2017 and Friday, 10 March 2017, both days inclusive.

By order of the Emira Property Fund Limited Board

Meredith Leyds
Company Secretary

Gerhard van Zyl
Chairman

Geoff Jennett
Chief Executive Officer

Bryanston
15 February 2017

Basis of preparation and accounting policies

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") including IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa. The accounting policies used in the preparation of these financial statements are consistent with those used in the audited annual financial statements for the year ended 30 June 2016.

This report was compiled under the supervision of Greg Booyens CA (SA), the Chief Financial Officer of Emira.

These condensed consolidated interim financial statements have not been reviewed or audited by Emira's independent auditor, PricewaterhouseCoopers Inc.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DEC 2016

R'000	Unaudited 31 Dec 2016	Unaudited 31 Dec 2015	Audited 30 June 2016
Assets			
Non-current assets	**13 265 373**	13 876 168	13 085 752
Investment properties	**11 954 055**	12 455 618	11 757 917
Fixtures and fittings	**83 357**	61 336	61 784
Allowance for future rental escalations	**281 941**	282 516	292 077
Unamortised upfront lease costs	**19 220**	27 728	18 101
Fair value of investment properties	**12 338 573**	12 827 198	12 129 879
Listed property investment	**924 160**	942 712	940 364
Accounts receivable and prepayments	**–**	40 775	–
Derivative financial instruments	**2 640**	65 483	15 509
Current assets	**381 622**	328 661	373 709
Accounts receivable and prepayments	**299 606**	222 419	301 312
Derivative financial instruments	**75 863**	32 998	16 848
Cash and cash equivalents	**6 153**	73 244	55 549
Investment properties held for sale	**917 085**	170 000	835 000
Total assets	**14 564 080**	14 374 829	14 294 461
Equity and liabilities			
Share capital and reserves	**8 932 583**	9 195 474	8 857 648
Treasury shares	**(200 207)**	–	–
	8 732 376	9 195 474	8 857 648
Non-current liabilities	**3 523 136**	3 845 191	3 969 252
Interest-bearing debt	**3 519 077**	3 801 905	3 944 172
Derivative financial instruments	**4 059**	43 286	25 080
Current liabilities	**2 308 568**	1 334 164	1 467 561
Short-term portion of interest-bearing debt	**1 858 532**	957 000	1 034 000
Accounts payable	**423 500**	372 427	396 250
Derivative financial instruments	**26 536**	2 960	37 311
Taxation	**–**	1 777	–
Total equity and liabilities	**14 564 080**	14 374 829	14 294 461
Net asset value per share (cents) (excluding treasury shares)	**1 758,7**	1 801,1	1 734,9

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Shares	Revaluation and other reserves	Retained earnings	Non-controlling interest	Total
Balance at 30 June 2015	3 795 509	4 808 755	341 013	(5 262)	8 940 015
REIT restructure costs	(3 970)	–	–	–	(3 970)
Acquisition of non-controlling interest in STREM	–	(5 262)	–	5 262	–
Total comprehensive income for the period	–	–	614 874	–	614 874
Transfer to fair value reserve	–	261 381	(261 381)	–	–
Dividends paid	–	–	(355 445)	–	(355 445)
Balance at 31 December 2015	**3 791 539**	**5 064 874**	**339 061**	**–**	**9 195 474**
Balance at 1 July 2016	**3 787 628**	**4 713 252**	**356 768**	**–**	**8 857 648**
REIT restructure costs	**(554)**	**–**	**–**	**–**	**(554)**
Total comprehensive income for the period	**–**	**–**	**451 664**	**–**	**451 664**
Dividend received on treasury shares	**–**	**–**	**10 618**	**–**	**10 618**
Transfer to fair value reserve	**–**	**123 873**	**(123 873)**	**–**	**–**
Dividend paid	**–**	**–**	**(386 793)**	**–**	**(386 793)**
Balance at 31 December 2016	**3 787 074**	**4 837 125**	**308 384**	**–**	**8 932 583**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Unaudited Six months ended 31 Dec 2016	Unaudited Six months ended 31 Dec 2015	Audited Year ended 30 Jun 2016
Revenue	**878 314**	878 818	1 796 951
Operating lease rental income and tenant recoveries	**890 839**	882 934	1 780 516
Allowance for future rental escalations	**(12 525)**	(4 116)	16 435
Income from listed property investment	**29 216**	28 715	58 045
Property expenses	**(343 952)**	(331 530)	(637 805)
Advisory fees	**(5 184)**	–	–
Administration expenses	**(49 100)**	(39 863)	(84 612)
Depreciation	**(6 055)**	(8 850)	(14 840)
Operating profit	**503 239**	527 290	1 117 739
Net fair value adjustments	**69 472**	225 771	(83 347)
Net fair value gain/(loss) on revaluation of investment properties	**124 170**	84 530	(201 028)
Change in fair value as a result of straight-lining lease rentals	**12 525**	4 116	(16 435)
Change in fair value as a result of amortising upfront lease costs	**5 838**	16 409	24 778
Change in fair value as a result of property appreciation/(depreciation) in value	**105 807**	64 005	(209 371)
Revaluation of derivative financial instrument relating to share appreciation rights scheme	**6 287**	(4 541)	(25 753)
Unrealised (loss)/gain on fair valuation of listed property investment	**(60 985)**	145 782	143 434
Profit before finance costs	**572 711**	753 061	1 034 392
Net finance costs	**(121 047)**	(138 187)	(394 306)
Finance income	**6 263**	5 075	10 896
Interest received	**6 263**	5 075	10 896
Finance costs	**(127 310)**	(143 262)	(405 202)
Interest paid and amortised borrowing costs	**(214 306)**	(199 986)	(411 767)
Interest capitalised to the cost of developments	**14 233**	589	10 378
Unrealised surplus/(deficit) on revaluation of interest-rate swaps	**72 763**	56 135	(3 813)
Profit before income tax charge	**451 664**	614 874	640 086
Income tax charge	**–**	–	(6)
SA normal taxation	**–**	–	(6)
Profit for the year	**451 664**	614 874	640 080
Attributable to Emira shareholders	**451 664**	614 874	640 080
	451 664	614 874	640 080
Total comprehensive income			
Attributable to Emira shareholders	**451 664**	614 874	640 080
	451 664	614 874	640 080

RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS AND DISTRIBUTABLE EARNINGS

R'000	Unaudited Six months ended 31 Dec 2016	Unaudited Six months ended 31 Dec 2015	Audited Year ended 30 Jun 2016
Profit for the period attributable to shareholders	**451 664**	614 874	640 080
Adjusted for:			
Net fair value (gain)/loss on revaluation of investment properties	**(124 170)**	(84 530)	201 028
Headline earnings	**327 494**	530 344	841 108
Adjusted for:			
Allowance for future rental escalations	**12 525**	4 116	(16 435)
Amortised upfront lease costs	**5 838**	16 409	24 778
Unrealised (surplus)/deficit on revaluation of interest-rate swaps	**(72 763)**	(56 135)	3 813
Revaluation of share appreciation rights scheme derivative financial instrument	**(6 287)**	4 541	25 753
Unrealised loss/(gain) on fair valuation of listed property investment	**60 985**	(145 782)	(143 434)
Charge/(credit) in respect of leave pay provision and share appreciation rights scheme	**2 419**	(3 088)	(4 238)
Dividend received on treasury shares	**10 618**	–	–
Depreciation	**5 909**	8 716	14 563
Advisory fees	**5 184**	–	–
SA normal taxation	**–**	–	6
Distributable earnings	**351 922**	359 121	745 914
Distribution per share			
Interim (cents)	**68,93**	70,34	70,34
Final (cents)	**–**	–	75,76
	68,93	70,34	146,10
Number of shares in issue at the end of the period (including treasury shares)	**510 550 084**	510 550 084	510 550 084
Treasury shares	**(14 016 201)**	–	–
Number of shares in issue at the end of the period (excluding treasury shares)	**496 533 883**	510 550 084	510 550 084
Weighted average number of shares in issue (excluding treasury shares)	**500 482 281**	510 550 084	510 550 084
Earnings per share (cents)	**90,25**	120,44	125,37
The calculation of earnings per share is based on net profit for the period of R451,7m (2015: R614,9m), divided by the weighted average number of shares in issue during the period of 500 482 281 (2015: 510 550 084).			
Headline earnings per share (cents)	**65,44**	103,87	164,75
The calculation of headline earnings per share is based on net profit for the period, adjusted for non-trading items, of R327,5m (2015: R530,3m), divided by the weighted average number of shares in issue during the period of 500 482 281 (2015: 510 550 084).			
Diluted headline earnings per share (cents)	**65,44**	103,87	164,75

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Unaudited Six months ended 31 Dec 2016	Unaudited Six months ended 31 Dec 2015	Audited Year ended 30 Jun 2016
Cash generated from operations	**569 245**	526 025	1 097 191
Finance income	**6 263**	5 075	10 896
Interest paid	**(214 306)**	(199 986)	(411 767)
Taxation paid	**–**	–	(1 783)
Dividend received on treasury shares	**10 618**	–	–
Dividends paid to shareholders	**(386 793)**	(355 445)	(714 566)
Net cash utilised in operating activities	**(14 973)**	(24 331)	(20 029)
Acquisition of, and additions to, investment properties and fixtures and fittings	**(318 518)**	(450 210)	(722 063)
Proceeds on disposal of investment properties and fixtures and fittings	**130 200**	250 000	284 500
Acquisition of investment in listed property fund	**(44 781)**	–	–
Net cash utilised in investing activities	**(233 099)**	(200 210)	(437 563)
REIT restructure costs	**(554)**	–	(7 881)
Capital restructure	**–**	(3 970)	–
Treasury shares purchased	**(200 207)**	–	–
Interest-bearing debt raised	**1 497 000**	2 543 906	2 620 327
Interest-bearing debt repaid	**(1 097 563)**	(2 295 362)	(2 152 516)
Net cash generated from financing activities	**198 676**	244 574	459 930
Net (decrease)/increase in cash and cash equivalents	**(49 396)**	20 033	2 338
Cash and cash equivalents at the beginning of the period	**55 549**	53 211	53 211
Cash and cash equivalents at the end of the period	**6 153**	73 244	55 549

SEGMENTAL INFORMATION

R'000	Office	Retail	Industrial	Administrative and corporate	Total
Sectoral segments					
Revenue	**345 918**	**391 892**	**140 504**		**878 314**
Revenue	**355 420**	**392 797**	**142 622**		**890 839**
Allowance for future rental escalations	**(9 502)**	**(905)**	**(2 118)**		**(12 525)**
Segmental result					
Operating profit	**195 360**	**225 866**	**85 625**	**(3 612)**	**503 239**
Investment properties	**5 758 134**	**5 601 374**	**1 896 150**		**13 255 658**
Geographical segments					
Revenue					
– Gauteng	**242 710**	**276 926**	**92 495**		**612 131**
– Western and Eastern Cape	**62 328**	**46 102**	**27 152**		**135 582**
– KwaZulu-Natal	**29 124**	**49 072**			**78 196**
– Free State	**11 756**	**19 792**	**20 857**		**52 405**
	345 918	**391 892**	**140 504**		**878 314**
Investment properties					
– Gauteng	**4 346 734**	**4 071 124**	**1 272 300**		**9 690 158**
– Western and Eastern Cape	**941 150**	**597 050**	**367 400**		**1 905 600**
– KwaZulu-Natal	**407 950**	**707 800**			**1 115 750**
– Free State	**62 300**	**225 400**	**256 450**		**544 150**
	5 758 134	**5 601 374**	**1 896 150**		**13 255 658**

MEASUREMENTS OF FAIR VALUE

1. Financial instruments

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

R'000	Level 1 Dec 2016	Level 2 Dec 2016	Level 3 Dec 2016	Total Dec 2016	Level 1 Dec 2015	Level 2 Dec 2015	Level 3 Dec 2015	Total Dec 2015
GROUP								
Assets								
Investments	**924 160**	**–**	**–**	**924 160**	942 712	–	–	942 712
Derivative financial instruments	**–**	**75 193**	**3 310**	**78 503**	–	89 941	8 540	98 481
Total	**924 160**	**75 193**	**3 310**	**1 002 663**	942 712	89 941	8 540	1 041 193
Liabilities								
Derivative financial instruments	**–**	**30 595**	**–**	**30 595**	–	46 246	–	46 246
Total	**–**	**30 595**	**–**	**30 595**	–	46 246	–	46 246
Net fair value	**924 160**	**44 598**	**3 310**	**972 068**	942 712	43 695	8 540	994 947

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Investments

This comprises shares held in a listed property company at fair value which is determined by reference to quoted closing prices at the reporting date.

Derivative financial instruments

The fair values of the interest-rate swap contracts are determined using discounted cash flow projections based on estimates of future cash flows, supported by the terms of the relevant swap agreements and external evidence such as the ZAR O-coupon perfect-fit swap curve.

The fair values of the cross-currency interest-rate swap contracts are valued by discounting the future cash flows using the basis swap curve of the respective currencies at the dates when the cash flows will take place.

The AUD forward exchange contracts are valued by discounting the forward rates applied at the period end to the open hedged positions.

The call option contracts relating to the employee share scheme are valued using a Black Scholes option pricing model. The expected volatility of the unit price of the call options was 28,9% and the risk-free discount rate used ranged between 7,4% and 7,5%. Management considers the key input in the valuation to be the spot price. A 10% increase in the spot price results in an increase to the call options of R1,7m. A 10% decrease in the spot price results in a decrease to the call options of R1,3m. The call option contracts have been classified as Level 3. During the period R1,1m of the option premiums relating to these contracts were amortised and a fair value gain of R0,1m was recognised at 31 December 2016.

The forward contracts relating to the employee share scheme are valued using a Black Scholes option pricing model. The risk-free discount rate used ranged between 7,4% and 7,9%. Management considers the key input in the valuation to be the spot price. A 10% increase in the spot price results in a decrease to the forward contracts of R11,5m. A 10% decrease in the spot price results in an increase to the forward contracts of R11,5m.

2. Non-financial assets

The following table reflects the levels within the hierarchy of non-financial assets measured at fair value at 31 December 2016:

R'000	2016 Level 3	2015 Level 3
Assets		
Investment properties	**12 338 573**	12 827 198
Investment properties held for sale	**917 085**	170 000

Fair value measurement of investment properties

The fair value of commercial buildings is estimated using an income approach which discounts the estimated rental income stream, net of projected operating costs, as well as an exit value, using a discount rate derived from market yields. The estimated rental stream takes into account current occupancy levels, estimates of future vacancy levels, the terms of in-place leases and expectations of rentals from future leases over the remaining economic life of the buildings.

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions regarding vacancy levels, the discount rate and the reversionary capitalisation rate. The estimated fair value increases if the estimated rentals increase, vacancy levels decline or if discount rates (market yields) and reversionary capitalisation rates decline. The overall valuations are sensitive to all four assumptions. Management considers the range of reasonable possible alternative assumptions to be greatest for reversionary capitalisation rates, rental values and vacancy levels and that there is also an interrelationship between these inputs. The inputs used in the valuations at 31 December 2016 were the following:

› The range of the reversionary capitalisation rates applied to the portfolio are between 7,25% and 18,0% with the weighted average being 10,11% (2015: 10,20%).
› The discount rates applied range between 12,50% and 17,00% with the weighted average being 14,96% (2015: 15,00%).
› Changes in discount rates and reversionary capitalisation rates attributable to changes in market conditions can have a significant impact on property valuations. A 25 basis points increase in the discount rate will decrease the value of investment property by R254,9m (1,9%) and a 25 basis points decrease will increase the value of investment property by R174,4m (1,3%). A 25 basis points decrease in the reversionary capitalisation rate will increase the value of investment property by R141,1m (1,1%) and a 25 basis points increase will decrease the value of investment property by R136,2m (1,0%).

Fair values are estimated twice a year by Emira's internal registered valuer, whereafter they are reviewed by the executive directors and approved by the Board of Directors. One third of the portfolio is valued externally each year on a rolling basis.

Fair value measurement of investment properties held for sale

The fair value of investment properties held for sale is based on the expected sale price.

Directors: G van Zyl (Chairman)*, GM Jennett (CEO), MS Aitken*, GS Booyens (CFO), BH Kent*, V Mahlangu*, NE Makiwane*, W McCurrie*, V Nkonyeni*, U van Biljon (COO) * Independent Non-executive Director **Registered address:** Optimum House, Epsom Downs Office Park, 13 Sloane Street, Bryanston, 2191 **Sponsor:** Rand Merchant Bank (a division of FirstRand Bank Limited) **Transfer Secretaries:** Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001

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