



▲ Distributions per Pl
36,44c
 year-on-year growth
+11,7%
 ▲ 6-month value traded
R673 million
 an annualised percentage of
58,8%



▲ 6-month total return
216c
 OR
30,1%
 ▲ Vacancies decline from
6,0%
 to
5,2%



UNAUDITED INTERIM FINANCIAL RESULTS FOR THE SIX-MONTHS ENDED 31 DECEMBER 2005 AND FURTHER CAUTIONARY ANNOUNCEMENT

Abridged income statement

	Six-months ended 31 Dec 2005 Unaudited	Six-months ended 31 Dec 2004 Unaudited	Year ended 30 June 2005 Audited
	R'000	R'000	Restated R'000
Revenue	217 415	203 207	407 088
Property expenses	(67 395)	(54 096)	(113 292)
Administration expenses	(6 667)	(5 916)	(12 150)
Management expenses	(6 867)	(4 759)	(10 590)
Depreciation	(3 517)	(3 416)	(6 464)
Net income from property rental operations	132 969	135 020	264 592
Fair value adjustments	(9 195)	(26 967)	240 124
Change in fair value of investment properties	—	—	280 810
Change in fair value as a result of deferring upfront lease costs	(1 060)	(4 877)	(8 017)
Change in fair value as a result of future rental escalations	(8 135)	(22 090)	(32 669)
Profit on sale of investment property	5	1 369	11 179
Maintenance fund expenses	(577)	(1 379)	(1 827)
Listing costs	—	—	(104)
Operating profit	123 202	108 043	513 964
Financing costs	(22 877)	(16 692)	(45 662)
Interest received	847	2 090	3 554
Net profit for the period	101 172	93 441	471 856
Reconciliation between earnings and headline earnings:			
Net profit for the period	101 172	93 441	471 856
Adjusted for:			
Change in fair value of investment properties	—	—	(280 810)
Change in fair value as a result of deferring upfront lease costs	1 060	4 877	8 017
Change in fair value as a result of future rental escalations	8 135	22 090	32 669
Profit on sale of investment property (PI)	(5)	(1 369)	(11 179)
Headline earnings per participatory interest (PI)	110 362	119 039	220 553
Reconciliation of headline earnings to distribution per Pl:			
Headline earnings	110 362	119 039	220 553
Adjusted for:			
Allowance for future rental escalations	(8 135)	(22 090)	(32 669)
Change in fair value as a result of deferring upfront lease costs	(1 060)	(4 877)	(8 017)
Unrealised loss on interest rate swaps	2 560	—	11 757
Maintenance fund expenses	577	1 379	1 827
Amortised borrowing costs	219	148	296
Distribution payable to Pl holders	104 523	93 599	193 747
Distribution per Pl (cents)	36,44	32,63	67,55

Abridged balance sheet

	Six-months ended 31 Dec 2005 Unaudited	Six-months ended 31 Dec 2004 Unaudited	Year ended 30 June 2005 Audited
	R'000	R'000	Restated R'000
Assets			
Non-current assets			
Investment properties	2 332 302	1 887 468	2 215 059
Allowance for future rental escalations	40 834	22 090	32 669
Unamortised upfront lease costs	13 105	10 309	12 046
	2 386 241	1 919 867	2 259 774
Current assets			
Accounts receivable	75	3 195	31 757
Investments	—	23 670	—
Cash	4 220	8 769	9 252
	4 295	35 634	41 009
Total assets	2 390 536	1 955 501	2 300 783
Equity and liabilities			
Pl holders' capital	1 785 255	1 501 589	1 788 606
Non-current liabilities			
Interest-bearing debt	444 273	325 207	364 141
Current liabilities			
Short-term portion of long-term interest-bearing debt	1 950	1 950	1 867
Accounts payable	40 218	33 156	34 257
Derivative liabilities	14 317	—	11 757
Provision for distributions to Pl holders	104 523	93 599	100 155
	161 008	128 705	148 036
Total equity and liabilities	2 390 536	1 955 501	2 300 783

Statement of changes in equity

	Participatory interest R'000	Non-distributable reserve R'000	Retained earnings R'000	Total R'000
Balance at 1 July 2005	1 425 094	363 981	(469)	1 788 606
Net profit for the period	—	—	101 172	101 172
Distribution to Pl holders	—	—	(104 523)	(104 523)
Unrealised loss on interest rate swaps	—	(2 560)	2 560	—
Transfer of maintenance fund expenses to non-distributable reserve	—	(577)	577	—
Profit on sale of investment property	—	5	(5)	—
Balance at 31 December 2005	1 425 094	360 849	(688)	1 785 255

Abridged cash flow statement

	Six-months ended 31 Dec 2005 Unaudited	Six-months ended 31 Dec 2004 Unaudited	Year ended 30 June 2005 Audited
	R'000	R'000	Restated R'000
Cash generated by rental operations	164 357	104 699	196 087
Net finance cost	(19 470)	(14 602)	(30 351)
Distribution to Pl holders	(100 155)	(79 714)	(173 306)
Cash flow from operating activities	44 732	10 383	(7 570)
Additions to/purchase of investment properties	(128 384)	(25 024)	(104 693)
Purchase of furniture and fittings	(4 601)	(2 127)	(8 984)
Decrease/(increase) in maintenance fund	—	434	24 104
Proceeds on disposal of investment property	3 006	6 764	40 455
Net cash utilised in investing activities	(129 979)	(19 953)	(49 118)
Issue of Pl	—	—	8 750
Cash raised from borrowings	80 132	14 229	53 163
Increase in short-term portion of borrowings	83	83	—
Net cash from financing activities	80 215	14 312	61 913
Net change in cash and cash equivalents	(5 032)	4 742	5 225
Cash and cash equivalents at beginning of period	9 252	4 027	4 027
Net change in cash and cash equivalents	4 220	8 769	9 252

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 (Interim Financial Reporting) and in compliance with the Listing Requirements of the JSE Limited ("JSE"). The accounting policies comply with IFRS. These are the Fund's first IFRS condensed interim financial statements.

Segmental information

	Retail R'000	Office R'000	Industrial R'000	Other R'000	Total R'000
Primary segment					
Revenue	80 047	104 889	32 479	—	217 415
Revenue	75 725	103 031	30 524	—	209 280
Allowance for future rental escalations	4 321	1 858	1 955	—	8 135
Segmental result					
Net income from property rental operations	50 020	67 347	23 314	(7 712)	132 969
Income from property operations	50 068	66 240	23 313	(7 712)	131 909
Amortisation of upfront lease costs	(48)	1 107	1	—	1 060
Depreciation	662	2 449	406	—	3 517
Other information					
Investment properties	810 234	1 204 093	330 421	659	2 345 407
Total assets	827 981	1 221 849	338 722	1 984	2 390 536
Accounts payable	12 174	18 172	4 419	5 453	40 218
Capital expenditure	17 133	114 538	1 238	76	132 985
Geographical segments					
Revenue					
— Gauteng	59 165	84 481	18 389	—	162 035
— Western and Eastern Cape	5 593	5 983	5 141	—	16 717
— KwaZulu-Natal	—	14 425	8 949	—	23 374
— Free State	12 839	—	—	—	12 839
— North West	2 450	—	—	—	2 450
	80 047	104 889	32 479	—	217 415
Total assets					
— Gauteng	601 488	959 885	195 029	(500)	1 755 902
— Western and Eastern Cape	77 774	77 634	57 300	1 495	214 203
— KwaZulu-Natal	—	184 330	86 393	235	270 958
— Free State	128 558	—	—	754	129 312
— North West	20 161	—	—	—	20 161
	827 981	1 221 849	338 722	1 984	2 390 536

Related parties and related party transactions

Momentum Group is the majority Pl holder. At 31 December 2005, Momentum owned 40% of the Fund's Pls and the remaining 60% were widely held. The following transactions were carried out with related parties:

	Six-months ended 31 Dec 2005 Unaudited	Six-months ended 31 Dec 2004 Unaudited	Year ended 30 June 2005 Audited
	R'000	R'000	Restated R'000
Strategic Real Estate Managers (Pty) Limited			
Expenditure comprising: asset management fee	6 867	4 759	10 590
Relationship: Associated company of the FirstRand Group			
Rand Merchant Bank, a division of FirstRand Bank Limited			
Borrowings	304 125	226 125	226 125
Net finance cost	12 996	11 469	23 166
Relationship: Associated company of the FirstRand Group			
RMB Properties (Pty) Limited			
Expenditure comprising: property management fee and letting commissions	12 078	9 203	22 683
Relationship: Associated company of the FirstRand Group			

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.

Change in accounting policies

Operating leases

Upfront lease expenditure under operating leases is now recognised on a straight-line basis over the lease term in accordance with IAS 17 (International Accounting Standard 17), the comparative figures have been restated accordingly.

Commentary

The Board of Directors of Strategic Real Estate Managers (STREM) (Proprietary) Limited is pleased to announce a distribution of 36,44 cents per Emira Pl for the six-months to 31 December 2005. This represents growth in distributions of 11,7% on the previous comparable period.

Emira Pl holders enjoyed a healthy total return of 30,1% during the six-months to 31 December 2005, comprising capital appreciation of 25% and an income return of 5,1%. The percentage of total Pls in issue that traded in the same period equated to 58,8% on an annualised basis.

The investment market continues to be exceptionally competitive, with very few quality properties available at attractive yields. Pl holders are referred to the cautionary announcement below, which states that Emira is in negotiations in respect of a potential transaction, which may have an impact on the price at which its Pls trade.

Financial results

The six-months to December 2005 saw buoyant conditions in both the listed and physical property markets. Vacancies declined further and healthy rental growth was seen in numerous areas. The positively geared acquisitions made by Emira during the previous financial year and in the period in question also contributed to the growth in income.

Emira's weighted average cost of interest remained extremely competitive, although the absolute value of interest paid during the period rose sharply as a result of various debt-funded purchases mentioned above and in the tables below.

The rising share price during the period and the increased number of units in issue contributed to the 44,3% year-on-year increase in asset management fees.

Interest received declined on a comparative basis as a result of the declining short-term interest rates and the maintenance fund being shifted into the access facility, and out of an interest-earning account.

Acquisitions and disposals

After lengthy delays in the transfer process, 122 Pybus Road and Lincolnwood Office Park were eventually registered in Emira's name, while 100 Armstrong contributed for the majority of the period in question.

Properties transferred to Emira during the six months to December 2005

Property	Sector	Location	GLA (m ²)	Purchase price (R'000)	Forward yield (%)	Effective date	Tenants
100 Armstrong	Office	La Lucia Ridge	2 880	25 000	11,1	11 July 2005	Imperial Bank (Pty) Ltd SAP Africa (Pty) Ltd
122 Pybus Road	Office	Sandton CBD	5 299	15 750	11,1	20 Oct 2005	Rennies Travel (Pty) Ltd
Lincolnwood Office Park	Office	Woodmead	10 911	55 750	12,2	20 Oct 2005	SA Rail Commuters Corporation Ltd
Total				96 500			

Motorola was the single property transferred out of the Fund during the period, while Mafikeng Game and Grinaker Electronics await transfer. Emira has recently received all requisite guarantees from the purchaser of Grinaker Electronics and documents are to be lodged imminently.

Disposals

Properties transferred out of Emira during the six months to December 2005

Property	Sector	Location	GLA (m ²)	Valuation June 2004 (Rm)	Sale price (Rm)	Forward yield (%)	Effective date
Motorola	Office	Midrand	719	2,4	3,0	11,1	11 Aug 2005

Disposals

Properties sold by Emira but yet to be transferred out of the Fund

Property	Sector	Location	GLA (m ²)	Valuation June 2004 (Rm)	Sale price (Rm)	Forward yield (%)
Mafikeng Game	Retail	Mafikeng	5 218	20,1	20,7	15,9
Grinaker Electronics	Office	Midrand	3 261	3,8	7,0	1,6

Vacancies

Vacancies declined from 6,0% to 5,2% during the period, with the largest percentage decline being in the industrial sector, which declined from 4,7% to 2,7%. Offices declined somewhat during the period, while retail vacancies remained flat. Stripping out the vacant space attributable to Grinaker Electronics, vacancies would decline to 4,8%.

	June 2005 GLA (m ²)	Vacancy June 2005	%	Dec 2005 GLA (m ²)	Vacancy Dec 2005	%
Industrial	174 286,3	8 269,8	4,7	174 256,2	4 729	2,7
Office	238 016,6	23 090,8	9,7	253 079,2	23 156	9,0
Retail	151 057,0	2 263,4	1,5	151 053,8	2 492	1,7
	563 359,9	33 624,0	6,0	578 389,2		