EMIRA
PROPERTY FUND

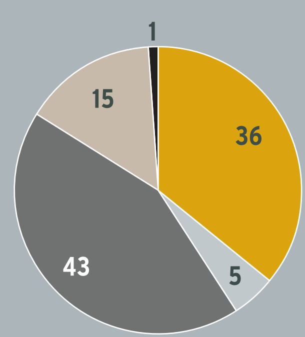
2018

REVIEWED CONDENSED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2018 AND DIVIDEND DISTRIBUTION DECLARATION

EMIRA.CO.ZA

FINAL DIVIDEND PER SHARE (UP BY 2,5%)	**76,15c**
NET ASSET VALUE PER SHARE	**1 758c**
VACANCIES (DOWN FROM 5,7%)	**3,4%**
PROPERTIES SOLD (14,8% PREMIUM TO BOOK VALUE)	**R530,6m**
OFFSHORE INVESTMENTS	**USD32,3m**



VALUE SPLIT PER PROPERTY GRADING (%)

- Office P- and A-grade
- Office B-grade
- Urban retail
- Industrial
- Residential

COMMENTARY

The Board of Directors of Emira ("Board") is pleased to announce that a final dividend of 76,15 cents per share has been declared for the six months to 30 June 2018. This is a year-on-year increase of 2,53%, bringing the full year dividend per share to 146,80 cents. This is in line with the guidance provided after the six month period to 31 December 2017.

DISTRIBUTABLE EARNINGS

There has been a meaningful reduction in vacancies over the past year which was the main contributor to the Company's return to positive distribution growth. The growth in distribution was achieved by the concerted efforts of the Emira team in spite of the prevailing tough trading conditions. Notwithstanding the positive distribution growth, it has to be noted that the ongoing over-supply of offices has necessitated a further reduction in rentals and an increase in tenant incentivisation in order for Emira to remain competitive.

Revenue reduced year-on-year by 2,6% to R1,7bn (excluding straight-lining adjustments in respect of future rental escalations) (June 2017: R1,8bn). This reduction is primarily due to the disposal of 13 properties during the year and the deconsolidation of Enyuka Property Fund ("Enyuka") with effect from 1 July 2017. The stable portfolio performed well, with a pleasing like-for-like growth of 7,5% for the year ended 30 June 2018, driven by contractual escalations and the filling of vacancies.

Property expenses decreased by 3,7%, again driven by disposals and the deconsolidation of Enyuka. Expenses on the stable portfolio showed a like-for-like growth of 8,2% for the year. The gross cost-to-income ratio reduced to 36,8% (June 2017: 37,2%) demonstrating that income grew at a faster rate during the year when compared to expenses.

Administration expenses, which include staff costs and property management fees, increased by 7,3% to R99,9m (June 2017: R93,1m). A portion of this increase is attributable to incremental administration costs related to the investments made into the United States of America ("USA").

Income from the Fund's listed investment in Growthpoint Australia Limited ("GOZ") decreased by 5,9% to R55,0m (which includes R2,2m recognised for distribution purposes only in respect of the cum dividend element of 2 500 000 GOZ units sold during June 2018). While the underlying net Australian dollar ("AUD") distribution per unit increased by 2,9%, this was more than offset by the large increase in the related dividend withholding tax.

Distributable income of R94,6m from equity-accounted investments includes income of R72,0m from Enyuka and R22,6m from the investments made into the USA.

In accordance with the SA REIT Association's best practice recommendations, transaction advisory fees of R8,0m have been excluded from the calculation of distributable earnings. These costs are once-off in nature and relate to the setup of the investment into the USA.

Net finance costs have reduced by 2,1% to R385,3m. While debt levels were on average higher during the year, they were offset by higher interest-bearing loans receivable. Loans receivable include both the Vendor Loans provided under the BEE Transaction (as defined in the circular to shareholders dated 29 May 2017) and loan finance provided on the disposal of certain properties. The Vendor Loans issued under the BEE Transaction are not recognised for accounting purposes as they are deemed to be the granting of a call option on Emira's shares. In terms of the loan agreements interest is charged to the BEE parties at a rate equal to Emira's dividend yield and is recognised for distribution purposes. The BEE parties settle the interest charged on a six-monthly basis.

The net asset value ("NAV") has increased to 1 758 cents per share (June 2017: 1 735 cents). The increase was mainly as a result of the improvement in the value of the investment in GOZ and the value of the investment in Enyuka. The NAV per Emira share at 30 June 2018 is calculated based on 510 296 737 shares in issue. The increase in the number of shares from 30 June 2017 is due to the BEE Parties settling R9,8m of the outstanding capital on their Vendor Loans, which resulted in 696 172 of the vendor loan funded shares issued under the BEE Transaction, being recognised in the year. The shares relating to the outstanding capital on the Vendor Loan's are not deemed to be issued for accounting purposes hence the calculation of NAV disregards them.

DISTRIBUTION STATEMENT

R'000	Year ended 30 Jun 2018	Year ended 30 Jun 2017	% change
Operating lease rental income and tenant recoveries excluding straight-lining of leases	**1 748 876**	1 794 908	(2,6)
Property expenses excluding amortised upfront lease costs	**(643 081)**	(667 610)	(3,7)
Net property income	**1 105 795**	1 127 298	(1,9)
Dividends received on treasury shares	**–**	20 280	<(100,0)
Income from listed property investment	**52 830**	58 516	(9,7)
Income from equity-accounted investments	**94 566**	–	>100,0
Administration expenses	**(100 288)**	(93 438)	7,3
Realised foreign exchange losses	**(165)**	–	>100,0
Minority shareholders interests	**(683)**	–	>100,0
Antecedent interest on new Emira shares issued	**–**	19 404	<(100,0)
GOZ shares sold cum dividend	**2 205**	–	>100,0
Enyuka associate accounting adjustment	**–**	1 860	<(100,0)
Taxation	**(1 707)**	(383)	>100,0
Interest received on vendor loans	**18 160**	–	>100,0
Net finance costs	**(403 437)**	(393 541)	2,5
Finance income	**15 007**	11 278	33,1
Finance costs	**(418 444)**	(404 819)	3,4
Interest paid and amortised borrowing costs	**(446 701)**	(438 089)	2,0
Interest capitalised to the cost of developments	**28 257**	33 270	(15,1)
Dividend payable to shareholders	**767 276**	739 996	3,7
Number of shares in issue	**522 667 247**	522 667 247	–
Dividend per share (cents)	**146,80**	143,18	2,5

VACANCIES

The reduction of vacancies has been one of Emira's key strategic priorities over the past 24 months. The "Intelligent Relocation" initiative, which was launched in July 2017, has continued to deliver pleasing results. Emira continues to aggressively manage its vacancies through a combination of tenant retention and letting strategies and, where necessary, the disposal of non-core properties.

It is pleasing to report that vacancies are significantly lower, having decreased to 3,4% at year-end (June 2017: 5,7%). Urban retail sector vacancies have decreased to 2,0% (June 2017: 3,1%), which is well below the national average of 4,1%. Industrial vacancies have also decreased further to 1,3% (June 2017: 1,7%), and they remain below the national average of 3,3%. Emira's office sector vacancies have shown marked improvement, decreasing to 7,1% from 12,5% reported at 30 June 2017. This too, is well below the SAPOA national levels of 11,1%, and is evidence of the hard work and programs that Emira has put in place.

	Number of buildings Jun 2017	GLA Jun 2017 (m^2)	Vacancy Jun 2017 (m^2)	Vacancy Jun 2017 (%)	**Number of buildings Jun 2018**	**GLA Jun 2018 (m^2)**	**Vacancy Jun 2018 (m^2)**	**Vacancy Jun 2018 (%)**
Office	52	356 406	44 614	12,5	**44**	**318 524**	**22 584**	**7,1**
Retail	38	414 222	13 411	3,2	**21**	**322 065**	**6 303**	**2,0**
Industrial	44	360 949	6 168	1,7	**39**	**348 699**	**4 621**	**1,3**
Total	134	1 131 577	64 193	5,7	**104**	**989 288**	**33 508**	**3,4**

MAJOR LEASES CONCLUDED AND TENANT RENEWALS

During the year under review, the largest new leases concluded, by lease value, were the South African Social Security Agency at Iustitia in Bloemfontein (5 502m² for a total value of R34,0m), Outworx at 2 Frosterley Park in Durban (2 312m² for a total value of R27,2m), Kawari at Technohub in Midrand (6 580m² for a total value of R25,5m) and Devland Burgersfort at Epping Warehouse in Cape Town (13 662m² for a total value of R24,9m).

Tenant retention and lease renewals saw a significant improvement year-on-year. A total of 84% by GLA (June 2017: 77%) and 85% by revenue (June 2017: 72%) of expiring tenants were renewed and retained. The largest renewals were RTT Group at RTT ACSA Park in Johannesburg (46 673m² for a total value of R73,5m), Pick n Pay at Epsom Downs Shopping Centre in Johannesburg (2 939m² for a total value of R64,4m), Pick n Pay at Market Square in Plettenberg Bay (2 427m² for a total value of R45,3m) and Intercare Sub-Acute Hospital Tyger Valley in Cape Town (1 464m² for a total value of R44,3m).

DISPOSALS

Emira continued with its strategy to rebalance its portfolio. This resulted in 13 properties totaling R530,6m in value that were either deemed non-core, were underperforming or posed excessive risk, being sold, as indicated in the table below. The properties were sold at a combined forward yield of 8,3% and a combined 14,8% premium to book value (0,5% if The Pinnacle and Harbour Place are excluded).

The Fund's ability to continuously transact at prices that are, on average, higher than book values, bears testimony to the fact that Emira's properties remain fairly valued.

Emira will continue to reduce its local office exposure. In accordance with this rebalancing strategy, the Fund had, as at 30 June 2018, earmarked 26 properties for disposal to the value of R1,9bn, R1,8bn of which are office properties, and have been classified as held for sale.

PROPERTIES TRANSFERRED OUT OF EMIRA DURING THE 12 MONTHS ENDED 30 JUNE 2018

Property	Sector	Location	GLA (m^2)	Book value (Rm)	Sale price (Rm)	Exit yield (%)	Effective date
Convention House	Office	Durban	6 249	45,0	44,0	11,7	Oct 17
4 Kikuyu Road	Office	Johannesburg	4 608	27,2	28,0	6,9	Oct 17
Harbour Place	Office	Cape Town	5 015	52,0	90,0	6,9	Nov 17
Assegaai Place – Kraaifontein	Industrial	Cape Town	2 877	21,6	20,0	10,8	Dec 17
1 Kikuyu Road	Office	Johannesburg	7 383	37,0	30,0	0,0*	Dec 17
Riverworld Park	Office	Johannesburg	5 079	23,2	23,5	10,8	Dec 17
Brooklyn Office Park	Office	Pretoria	5 186	46,8	46,8	8,5	Mar 18
The Pinnacle	Office	Cape Town	11 867	132,4	161,6	8,4	Apr 18
Linksfield Terraces	Retail	Johannesburg	4 634	39,0	40,0	11,4	Apr 18
Fosa Park	Industrial	Durban	4 200	19,7	27,5	8,0	Jun 18
The Wolds A – 82 Intersite TNT	Industrial	Durban	1 770	6,8	8,5	7,5	Jun 18
The Wolds B – 56/58 Intersite Ave	Industrial	Durban	830	3,3	2,4	9,6	Jun 18
Umgeni Road A – 98/102 Intersite Ubunye	Industrial	Durban	1 886	8,0	8,3	7,8	Jun 18
			61 584	**462,0**	**530,6**	**8,3**	

* Vacant at date of sale.

DEVELOPMENTS AND REFURBISHMENTS

Emira has maintained its approach of recycling its capital and strategically investing in tactical upgrades that unlock value and strengthen its assets. The quality and attractiveness of its assets are key elements to retain existing and attracting new tenants.

The phased redevelopment of Knightsbridge Manor Office Park in Bryanston into the 31 584m² P-graded Knightsbridge is well underway. Phase one, measuring 12 331m², was completed in October 2017 and is currently 95,6% occupied on long-term leases. Phase two, which measures 3 150m², was completed in June 2018, and is fully occupied by Yum! Brand's South African head office. The development of future phases will only commence once suitable levels of pre-letting are achieved at acceptable returns.

During August 2017, Emira began the conversion of its B-grade offices in Rosebank, 12 Baker Street and 2 Sturdee Avenue, into The Bolton, a residential development, thus commencing its strategy of investing into this sector. The Bolton is being converted in partnership with the Feenstra Group who, in addition to being the developer, has acquired a 25% interest in the asset. The Feenstra Group has extensive experience in developing, owning and managing residential units. This project has an estimated completion value of R201,7m and will be targeting LSM brackets 7 to 8. The first phase of the conversion is expected to be completed by August 2018 with the final completion expected by January 2019.

DEBT

Emira has diversified sources of funding and banking facilities in place with all 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 year-end was R5,7bn with a weighted average duration to expiry of 1,8 years. Steps have been taken to extend debt facilities that 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 30 June 2018, the Fund had undrawn, backup facilities of R618,0m which further reduces debt refinance risk and, when drawn, will extend the debt expiry profile.

The following banking facilities were either put in place or refinanced during the year ended 30 June 2018:

- › A R300,0m three-year revolving credit facility with RMB was renewed for a period of two years at prime less 160 bps.
- › A R300,0m unsecured three-year Nedbank term facility was refinanced on a secured basis through an unlisted note with Nedbank for a period of five years at three month JIBAR plus 200 bps.
- › A maturing Bank of China facility was refinanced through a new R150,0m secured two-year ABSA term facility at three month JIBAR plus 155 bps.
- › A new R200,0m, secured three-year ABSA term facility at three month JIBAR plus 167,5 bps.
- › A R200,0m secured three-year Nedbank term facility was refinanced through an unlisted note with Nedbank for a period of five years at three month JIBAR plus 185 bps.
- › A R200,0m secured four-year Standard Bank term facility was early refinanced through an unlisted note with Standard Bank for a period of five years at three month JIBAR plus 185 bps.

During the period, Emira issued R1,3bn of new listed commercial paper and corporate bonds to refinance R1,4bn of maturing notes. The new instruments were issued for an average term of 2,1 years and at an average cost of 1,50% above three month JIBAR versus the matured notes of 1,9 years and a cost of 1,14%.

As at 30 June 2018, Emira had a moderate level of gearing with interest-bearing debt, net of cash, to total income producing assets of 37,9%. The Fund has fixed 93,3% of its debt for periods of between 0,1 and 6,4 years, with a weighted average duration of 2,7 years.

	Weighted average rate %	Weighted average term	Amount (Rm)	% of debt
Debt – Fixed swap	8,0	2,7 years	5 241,9	93,3
Debt – Floating	8,7		400,7	6,7
Total	**8,0**		**5 642,6**	**100,0**
Less: Costs capitalised not yet amortised			(6,0)	
Add: Accrued interest			33,0	
Per statement of financial position			5 669,6	

As at 30 June 2018, Emira had effective AUD denominated debt of AUD87,5m through its AUD cross-currency interest-rate swaps ("CCIRS") against assets valued at AUD94,1m. The AUD CCIRS relate to the Fund's investment in GOZ. In addition, Emira has effective United States dollar ("USD") denominated debt of USD32,3m through its USD CCIRS. These USD CCIRS relate to assets based in the USA valued at USD34,6m, including cash on hand.

VALUATIONS

TOTAL PORTFOLIO MOVEMENT

Sector	Jun 2017 (R'000)	R/m^2	Jun 2018 (R'000)	R/m^2	Difference (%)	Difference (R'000)
Office	5 591 639	15 689	5 232 144	16 426	(6,4)	(359 495)
Retail	5 761 494*	13 909	5 244 250	16 283	(9,0)	(517 244)
Industrial	1 902 450	5 271	1 905 350	5 464	0,2	2 900
Residential	–	–	154 064	–	100,0	154 064
	13 255 583		**12 535 808**		**(5,4)**	**(719 775)**

* June 2017 retail value includes R696,3m relating to Enyuka which has been deconsolidated from 1 July 2017.

For commentary on valuations please refer to the Measurements of Fair Value section in the notes to the financial statements.

INVESTMENTS

ENYUKA

Enyuka is the rural retail venture between Emira and One Property Holdings ("One Prop"). The performance conditions Emira had in place with One Prop lapsed in July 2017. Enyuka has therefore been deconsolidated from Emira effective 1 July 2017. Emira has equity accounted its interest in Enyuka for the year ended 30 June 2018 and the R107,9m recognised includes Emira's share of Enyuka's net profit of R34,8m and R73,1m of interest received on the shareholder loan provided to Enyuka.

At 30 June 2018, Enyuka's total property portfolio was valued at R1,1bn and its loan to value ratio was 33,5%, excluding shareholder loans of R646,2m, including interest.

During the year, Enyuka acquired five new properties at a total cost of R320,0m.

GOZ

In June 2018, the Company disposed of 2 500 000 GOZ units at an average price of AUD3,59 per unit. The rationale for the disposal was the opportunity to sell at a price that was significantly higher than the initial cost and to deploy those proceeds into a higher yielding investment.

As at 30 June 2018, GOZ's unit price was AUD3,61. Emira's remaining investment of 26 058 566 units, comprising 4,5% of the total units in issue, is valued at R956,2m compared to the initial cost price of R380,3m, a 151,4% increase in this investment.

USA INVESTMENTS

On 31 October 2017, Emira announced that it had embarked on an investment strategy into the USA together with its partners, The Rainier Group of Companies ("Rainier"). Emira, through its USA subsidiary, CIL2 LLC ("CIL2"), has, together with Rainier, acquired four grocery-anchored convenience retail centers. CIL2 holds a minority share in the direct property-owning entities and as such these entities have been equity accounted by CIL2, with R23,6m recognised for the year.

The acquisitions made during the year are as follows:

- › Belden Park Crossings shopping center in North Canton, Ohio, was transferred in October 2017 at a total cost to Emira of USD8,4m for a 46,7% equity interest at an expected acquisition yield of 12,0.
- › Moore Plaza shopping center in Corpus Christi, Texas was transferred in January 2018 at a total cost to Emira of USD13,1m for a 49,5% equity interest at an expected acquisition yield of 12,1.
- › 32 East shopping center in Cincinnati, Ohio was transferred in January 2018 at a total cost to Emira of USD4,3m for a 48,9% equity interest at an expected acquisition yield of 12,0.
- › Stoney Creek shopping center in Noblesville, Indiana was transferred in March 2018 at a total cost to Emira of USD6,5m for a 49,4% equity interest at an expected acquisition yield of 11,7.

FOREIGN INCOME HEDGING

To minimise potential adverse foreign exchange fluctuations on Emira's earnings, a portion of the expected net foreign income, after offsetting foreign interest on CCIRS, is hedged.

Foreign income in respect of GOZ is hedged in terms of the following policy:

- › To hedge 100% of the expected net dividend to be received in the following 12 months;
- › To hedge 67% of the expected net dividend to be received in months 13 to 24; and
- › To hedge 33% of the expected net dividend to be received in months 25 to 36.

For the initial USA investments, at least 90% of the expected net income for the first four years was hedged at the date the investments were made. This policy will be maintained for future investments.

In line with these policies, the following hedges are in place:

Forward rate against R	GOZ AUD	USA USD
Dec 18	R10,83	R13,12
Jun 19	R11,09	R13,46
Dec 19	R11,31	R13,83
Jun 20	R11,60	R14,28
Dec 20	R11,07	R14,64
Jun 21	R11,56	R14,95
Dec 21	–	R14,99
Jun 22	–	R14,26

RESTATEMENT

During the year under review, the Fund changed its presentation of foreign exchange gains and losses arising on investments on the face of the statement of comprehensive income. Foreign exchange gains and losses arising on investments, reported for the year ended 30 June 2017, relate entirely to the Company's investment in GOZ. In these reporting periods, the foreign exchange gains and losses on the revaluation of GOZ were disclosed as part of the line: "Unrealised gain/(loss) on fair valuation of the listed property investment". The statement of comprehensive income has now been adjusted to separately show these foreign exchange gains and losses on the line: "Foreign exchange loss". The restatement has no impact on the previously reported dividend per share, earnings per share, headline earnings per share or diluted headline earnings per share.

WORLEY PARSONS UPDATE

The arbitration hearing between Emira and Worley Parsons, regarding its lease obligations at Corobay Corner, is still ongoing. The hearing for the quantum arguments together with the amendment to Worley Parsons' claim has been set for 3 to 14 September 2018. Emira's positive view of its legal position in the arbitration remains unchanged.

For the year ended 30 June 2018, no further income has been accrued in respect of rentals or damages due by Worley Parsons.

SUBSEQUENT EVENTS

There have been no significant events subsequent to the reporting date.

PROSPECTS

South Africa's persistently challenging economic conditions and political uncertainties continue to impede local growth and has driven the Fund's rebalancing and diversification strategies. With these strategies firmly underway, Emira will seek out the most attractive opportunities to reinvest the proceeds of its strategic, non-core asset disposals. Further investment in the offshore and residential elements of the portfolio will be prioritised to accelerate the key drivers for growth.

The Fund expects to improve on its current distribution growth in the coming period. Factoring in the current and expected market conditions for the year ahead, vacancy profiles and expected rental reversions, as well as anticipated opportunities, our target is to further improve on the dividend growth achieved for the current year.

This forecast is the responsibility of the directors of Emira, and has not been reviewed or reported on by Emira's external auditors.

DIVIDEND DISTRIBUTION DECLARATION

The Board has approved, and notice is hereby given that a final gross dividend of 76,15 cents per share has been declared (June 2017: 74,25 cents), payable to the registered shareholders of Emira on 10 September 2018. The issued share capital at the declaration date is 522 667 247 listed ordinary shares. The source of the dividend comprises net income from property rentals, income earned from the Company's listed property investment, income earned from the Company's equity-accounted investments, interest earned on loans receivable and interest earned on cash on deposit. Please refer to the condensed consolidated statement of comprehensive income for further information.

Last day to trade *cum* dividend	Tuesday, 4 September 2018
Shares trade *ex* dividend	Wednesday, 5 September 2018
Record date	Friday, 7 September 2018
Payment date	Monday, 10 September 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 September 2018 and Friday, 7 September 2018, both days inclusive.

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. On 22 February 2017, the dividends withholding tax rate was increased from 15% to 20% and accordingly, any distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, 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 20%, the net amount due to non-resident shareholders will be 60,92 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.

The Company's tax reference number is 9995/739/15/9.

By order of the Emira Property Fund Limited Board

Acorim Proprietary Limited
Company Secretary

Gerhard van Zyl
Chairman

Geoff Jennett
Chief Executive Officer

Bryanston, 15 August 2018

REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

R'000	Reviewed 30 Jun 2018	Audited 30 Jun 2017
Assets		
Non-current assets	**12 856 899**	13 157 379
Investment properties	**10 313 515**	11 827 631
Fixtures and fittings	**71 725**	77 887
Allowance for future rental escalations	**208 420**	219 571
Unamortised upfront lease costs	**32 915**	38 340
Fair value of investment properties	**10 626 575**	12 163 429
Listed property investment	**956 209**	901 390
Investment and loans in equity-accounted investments	**1 105 944**	–
Loans receivable	**116 431**	56 796
Derivative financial instruments	**51 740**	35 764
Current assets	**2 313 779**	1 575 518
Accounts receivable and prepayments	**219 562**	247 317
Loans receivable	**–**	40 252
Derivative financial instruments	**75 529**	27 130
Cash and cash equivalents	**109 455**	168 659
Investment properties held for sale	**1 909 233**	1 092 160
Total assets	**15 170 678**	14 732 897
Equity and liabilities		
Share capital and reserves	**8 968 682**	8 839 852
Non-current liabilities	**4 036 789**	3 525 520
Interest-bearing debt	**3 947 625**	3 478 439
Derivative financial instruments	**82 571**	47 081
Deferred taxation	**6 593**	–
Current liabilities	**2 165 207**	2 367 525
Short-term portion of interest-bearing debt	**1 721 925**	1 900 760
Accounts payable	**335 705**	430 532
Derivative financial instruments	**106 636**	36 233
Taxation	**941**	–
Total equity and liabilities	**15 170 678**	14 732 897
Net asset value per share (cents)	**1 757,5**	1 734,7

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Reviewed year ended 30 Jun 2018	Restated audited year ended 30 Jun 2017
Revenue	**1 771 585**	1 721 360
Operating lease rental income and tenant recoveries	**1 748 876**	1 794 908
Allowance for future rental escalations	**22 709**	(73 548)
Property expenses	**(647 537)**	(677 049)
Income from listed property investment	**52 831**	58 516
Administration expenses	**(103 360)**	(92 410)
Transaction and advisory fees	**(8 030)**	(14 303)
Depreciation	**(9 611)**	(11 054)
Operating profit	**1 055 878**	985 060
Net fair value adjustments	**49 212**	185 827
Net fair value (loss)/gain on investment properties	**(49 437)**	208 177
Change in fair value as a result of straight-lining lease rentals	**(22 709)**	73 548
Change in fair value as a result of amortising upfront lease costs	**4 455**	9 440
Change in fair value as a result of property (depreciation)/appreciation in value	**(31 183)**	125 189
Revaluation of share appreciation rights scheme derivative financial instruments	**4 755**	6
Unrealised (deficit)/surplus on interest-rate swaps	**(45 250)**	11 386
Unrealised gain/(loss) on fair valuation of listed property investment	**139 144**	(33 742)
IFRS2 charge – BEE transaction	**–**	(14 771)
Foreign exchange profit/(loss)	**23 572**	(50 013)
Loss on deconsolidation of Enyuka	**(392)**	–
Income from equity-accounted investments	**131 564**	–
Distributable	**94 566**	–
Non-distributable	**36 998**	–
Profit before finance costs	**1 259 834**	1 106 103
Net finance costs	**(403 437)**	(393 541)
Finance income	**15 007**	11 278
Finance costs	**(418 444)**	(404 819)
Profit before income tax charge	**856 397**	712 562
Taxation	**(7 751)**	(383)
Profit for the year	**848 646**	712 179
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	**17 952**	–
Total comprehensive income for the year	**866 598**	712 179
Total profit for the year attributable to:		
Emira shareholders	**848 486**	712 179
Non-controlling interest	**160**	–
	848 646	712 179
Total comprehensive income for the year attributable to:		
Emira shareholders	**866 404**	712 179
Non-controlling interest	**194**	–
	866 598	712 179

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Shares	Revaluation and other reserves	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
Balance at 30 June 2016	3 787 628	4 713 252		356 768	–	8 857 648
REIT restructure costs	(654)					(654)
Shares issued	182 113					182 113
Shares repurchased	(202 955)					(202 955)
IFRS2 option – BEE transaction		14 771				14 771
Share transfer tax on share buy-back		(1 469)				(1 469)
Total comprehensive income for the year				712 179		712 179
Transfer to fair value reserve		49 480		(52 826)		(3 346)
Dividend paid – September 2016				(376 174)		(376 174)
Dividend declared – March 2017				(342 261)		(342 261)
Balance at 30 June 2017	**3 766 132**	**4 776 034**	**–**	**297 686**	**–**	**8 839 852**
Shares recognised on partial repayment of BEE vendor loan	**9 702**					**9 702**
Premium on share options				**8 989**		**8 989**
REIT restructure costs	**(376)**					**(376)**
Total comprehensive income for the year				**848 486**	**160**	**848 646**
Exchange differences on translation of foreign operations			**17 918**		**34**	**17 952**
Equity settled share scheme		**1 348**				**1 348**
Transfer to fair value reserve		**206 445**		**(206 445)**		**–**
Transfer to currency translation reserve			**17 741**	**(17 741)**		**–**
Dividend paid – September 2017				**(388 080)**		**(388 080)**
Dividend paid – subsidiary					**(87)**	**(87)**
Dividend paid – March 2018				**(369 264)**		**(369 264)**
Balance at 30 June 2018	**3 775 458**	**4 983 827**	**35 659**	**173 631**	**107**	**8 968 682**

CONDENSED STATEMENT OF CASH FLOWS

R'000	Reviewed year ended 30 Jun 2018	Audited year ended 30 Jun 2017
Cash generated from operations	**1 123 869**	1 092 157
Finance income	**23 996**	11 278
Interest paid	**(446 701)**	(438 089)
Taxation paid	**(766)**	(383)
Dividends paid to shareholders	**(757 431)**	(718 435)
Cash flows from operating activities	**(57 033)**	(53 472)
Acquisition of, and additions to, investment properties and fixtures and fittings	**(507 185)**	(630 360)
Proceeds on sale of investment properties and fixtures and fittings	**530 575**	463 660
Disposal/(acquisition) of investment in listed property fund	**90 156**	(44 781)
Investment in equity-accounted investments	**(452 692)**	–
Enyuka deconsolidation	**(36 772)**	–
Cash flows from investing activities	**(375 918)**	(211 481)
REIT restructure costs	**(376)**	(654)
Shares recognised on partial repayment of BEE vendor loan	**9 702**	–
Premium on share options	**8 989**	–
Shares repurchased	**–**	(200 207)
Net proceeds of issue of shares – BEE transaction	**–**	179 365
Share transfer tax on share buy-back	**–**	(1 469)
Interest-bearing debt raised	**4 208 666**	2 989 510
Interest-bearing debt repaid	**(3 844 245)**	(2 588 482)
Cash flows from financing activities	**382 736**	378 063
Net increase in cash and cash equivalents	**(59 204)**	113 110
Cash and cash equivalents at the beginning of the year	**168 659**	55 549
Cash and cash equivalents at the end of the year	**109 455**	168 659

BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated preliminary financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of the 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 in terms of IFRS and are consistent with those used in the audited annual financial statements for the year ended 30 June 2017.

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

These condensed consolidated preliminary financial statements for the year ended 30 June 2018, incorporating the debt, investments, restatement and subsequent events sections of the commentary, have been reviewed by Ernst & Young Inc., who have expressed an unmodified review conclusion. A copy of the auditor's review conclusion is available for inspection at Emira's registered office together with the financial statements identified in the auditor's report. The distribution statement was not reviewed.

RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS AND DISTRIBUTION

R'000	Reviewed year ended 30 Jun 2018	Restated audited year ended 30 Jun 2017
Profit for the year attributable to Emira shareholders	**848 486**	712 179
Adjusted for:		
Net fair value loss/(gain) on revaluation of investment properties	**49 437**	(208 177)
Loss on deconsolidation of Enyuka	**392**	–
Headline earnings attributable to Emira shareholders	**898 315**	504 002
Adjusted for:		
Allowance for future rental escalations	**(22 709)**	73 548
Amortised upfront lease costs	**4 455**	9 440
Unrealised surplus on revaluation of interest-rate swaps	**45 250**	(11 386)
Revaluation of share appreciation rights scheme derivative financial instrument	**(4 755)**	(6)
Credit in respect of leave pay provision and share appreciation rights scheme	**3 394**	(718)
Unrealised (gain)/loss on revaluation of listed property investment	**(139 144)**	33 742
Unrealised foreign exchange (profit)/loss	**(23 736)**	50 013
Non-distributable income from equity-accounted investments	**(36 998)**	–
Depreciation	**9 286**	10 743
Transaction and advisory fees	**8 030**	14 303
IFRS2 charge – BEE transaction	**–**	14 771
Deferred taxation	**6 044**	–
Non-distributable portion of non-controlling interest	**(521)**	–
Dividend received on treasury shares	**–**	20 280
Enyuka associate accounting adjustment	**–**	1 860
Premium on share options	**18 160**	–
GOZ shares sold cum dividend	**2 205**	–
Antecedent interest on new Emira shares issued	**–**	19 404
Distribution payable to shareholders	**767 276**	739 996
Dividend per share		
Interim (cents)	**70,65**	68,93
Final (cents)	**76,15**	74,25
Total (cents)	**146,80**	143,18
Number of shares in issue at the end of the year	**522 667 247**	522 667 247
Weighted average number of shares in issue	**510 140 337**	498 521 707
Earnings per share (cents)	**166,32**	142,90
The calculation of earnings per share is based on net profit for the year of R848,5 million (2017: R712,2 million), divided by the weighted average number of shares in issue during the year of 510 140 337 (2017: 498 521 707).		
Headline earnings per share (cents)	**176,09**	101,10
The calculation of headline earnings per share is based on net profit for the year, adjusted for headline items, of R898,3 million (2017: R504,0 million), divided by the weighted average number of shares in issue during the year of 510 140 337 (2017: 498 521 707).		
Diluted headline earnings per share (cents)	**175,96**	101,10
The calculation of diluted headline earnings per share is based on net profit for the year, adjusted for headline items, of R898,3 million (2017: R504,0 million), divided by the diluted weighted average number of shares in issue during the year of 510 515 773 (2017: 498 521 707).		

SEGMENTAL INFORMATION

R'000	Office	Retail	Industrial	Other	Offshore	Corporate	Total
Revenue	744 857	729 916	296 812	–	–	–	**1 771 585**
Operating lease rental income and tenant recoveries	726 893	720 771	301 212	–	–	–	**1 748 876**
Allowance for future rental escalations	17 964	9 145	(4 400)	–	–	–	**22 709**
Property expenses	(257 859)	(266 846)	(122 832)	–	–	–	**(647 537)**
Profit for the year	**241 099**	**556 393**	**226 001**	**107 941**	**231 419**	**(514 207)**	**848 646**
Total assets	**5 232 144**	**5 244 250**	**1 905 350**	**802 251**	**1 413 966**	**572 717**	**15 170 678**

RELATED PARTY TRANSACTIONS

Emira awarded executive directors 386 800 shares (R5 213 522) as part of the forfeitable share plan and 24 000 shares (R366 000) as part of the matching share scheme.

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 Jun 2018	Level 2 Jun 2018	Level 3 Jun 2018	Total Jun 2018	Level 1 Jun 2017	Level 2 Jun 2017	Level 3 Jun 2017	Total Jun 2017
GROUP								
Assets								
Investments	**956 209**	**–**	**–**	**956 209**	901 390	–	–	901 390
Derivative financial instruments	**–**	**126 407**	**862**	**127 269**	–	61 881	1 012	62 893
Total	**956 209**	**126 407**	**862**	**1 083 478**	901 390	61 881	1 012	964 283
Liabilities								
Derivative financial instruments	**–**	**189 207**	**–**	**189 207**	–	83 314	–	83 314
Total	**–**	**189 207**	**–**	**189 207**	–	83 314	–	83 314
Net fair value	**956 209**	**(62 800)**	**862**	**894 271**	901 390	(21 433)	1 012	880 969

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 0-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 and USD 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 21,8% and the risk-free discount rate used ranged between 6,7% and 7,2%. 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 R1,2m. A 10% decrease in the spot price results in a decrease to the call options of R0,6m. The call option contracts have been classified as Level 3. During the period R1,0m of the option premiums relating to these contracts were amortised and a fair value gain of R3,8m was recognised at 30 June 2018.

The forward contracts relating to the employee share scheme are valued using a cost of carry financial model. The risk-free discount rate used ranged between 6,7% and 7,4%. 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 forward contracts of R13,0m. A 10% decrease in the spot price results in a decrease to the forward contracts of R13,0m.

2. NON-FINANCIAL ASSETS

The following table reflects the levels within the hierarchy of non-financial assets measured at fair value at 30 June 2018:

R'000	2018 Level 3	2017 Level 3
Assets		
Investment properties	**10 626 575**	12 163 429
Investment properties held for sale	**1 909 233**	1 092 160

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 30 June 2018 were the following:

› The range of the reversionary capitalisation rates applied to the portfolio are between 7,50% and 11,00% with the weighted average, by value, being 9,13% (2017: 9,34%).

› The discount rates applied range between 13,00% and 16,25% with the weighted average, by value, being 14,28% (2017: 14,36%).

› 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 R180,9m (1,4%) and a 25 basis points decrease will increase the value of investment property by R187,3m (1,5%). A 25 basis points decrease in the reversionary capitalisation rate will increase the value of investment property by R198,8m (1,6%) and a 25 basis points increase will decrease the value of investment property by R187,9m (1,5%).

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. 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*, D Thomas**, U van Biljon (COO) *Independent Non-executive Director **Non-executive Director

REGISTERED ADDRESS: 1st Floor, Block A, Knightsbridge, 33 Sloane Street, Bryanston, 2191

SPONSOR: Questco Corporate Advisory (Pty) Ltd

TRANSFER SECRETARIES: Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

EMIRA PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 2014/130842/06 Share code: EMI ISIN: ZAE000203063

Tax number: 9995/739/15/9

("Emira" or "the Fund" or "the Company") (Approved as a REIT by the JSE)

SIGIL DESIGN BUREAU

EMIRA PROPERTY FUND