



# **UNAUDITED INTERIM FINANCIAL RESULTS**

# FOR THE SIX MONTHS ENDED 31 DECEMBER 2018 AND DIVIDEND DISTRIBUTION DECLARATION

# COMMENTARY

The Board of directors of Emira ("Board") is pleased to announce that an interim dividend of 72,86 cents per share (Dec 2017: 70,65 cents) has been declared for the six months to 31 December 2018. This is a year-on-year increase of 3,1% which is in line with the positive guidance communicated in August 2018.

#### **DISTRIBUTABLE EARNINGS**

Emira has achieved positive growth despite the persistently difficult local economic conditions. Reduced vacancies have allowed the Fund to maintain existing rental streams but rental pressure in all sectors, and particularly 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. Further strides into the United States of America ("USA") and local residential property has enhanced Emira's geographical and sectorial diversification strategy thus improving the defensiveness of its income streams.

Revenue increased by 3,5% year-on-year to R869,9m (excluding straight-lining adjustments in respect of future rental escalations of R8,8m) (Dec 2017: R840,7m). Income from Knightsbridge and Summit Place contributed to this increase, being, for the first time, for a full period. This was partially offset by the income lost in respect of disposals of R462,0m between July 2017 and June 2018. The stable portfolio performed well, with like-for-like income growth of 6,1% for the period ended 31 December 2018, driven by contractual escalations and the filling of vacancies.

Property expenses (excluding amortised upfront lease costs incurred before 1 July 2015 of R1,0m) increased by 6,9% to R324,7m. The movement includes the expenses for completed developments, now in for a full period, as well as the expenses lost from properties disposed. Expenses on the stable portfolio showed like-for-like growth of 9,7% for the period. The gross cost-to-income ratio increased to 37,3% (Dec 2017: 36,1%) due to higher rates charges, specifically on the Johannesburg and Pretoria portfolios, a large proportion of which are not recoverable.

Administration expenses (excluding charges in respect of leave pay provision and share appreciation rights scheme of R2,2m), which includes staff costs and property management fees, increased by 22,8% to R57,6m (Dec 2018: R46,9m). Most of this increase was due to incremental administration costs arising from the Fund's investments into the United States of America ("USA"), increased property management fees due to the addition of Knightsbridge and Summit Place as well as the forfeitable share plan which was introduced in December 2017 to incentivise and retain staff.

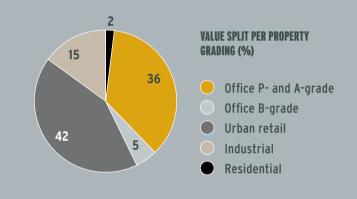
Income from the Fund's listed investment in Growthpoint Australia Limited ("GOZ") decreased by 8,0% to R27,1m (which includes R1,6m recognised for distribution purposes only in respect of the cum dividend element of 2 000 000 GOZ units sold during the period). This decrease is attributable to the units sold in this period as well as the units sold in June 2018. The underlying Australian dollar ("AUD") distribution per unit of GOZ increased by 3,6% to 11,4 cents. Distributable income from equity-accounted investments of R68,4m includes the following:

> Income from investments made into the USA of R30,1m represents Emira's share of the net distributable income of the four properties acquired during the year ended 30 June 2018 as well as the two properties acquired in the current period. ) Income from Enyuka of R37,5m, being the interest received on Emira's loan to Enyuka (R38,8m) less Emira's portion of Enyuka's net loss (R1,3m after interest).

Income from Transcend Residential Property Fund ("Transcend") of R0.8m, which comprises interest on Emira's loan Transcend via addition, and for distribution purposes only, the forecast Transcend via dividend due for the period ended 31December 2018 has been accrued for in the distribution calculation. The Transcend dividend due for the period ended from the date of the investments to 31 December 2018 of R2,6m as well as an antecedent portion of R12,9m, calculated for the date of the investments to 51 December 2018 of R2,6m as well as an antecedent portion of R12,9m, calculated for the date of the investments to 51 December 2018 of R2,6m as well as an antecedent portion of R12,9m, calculated for the date of the investments to 51 December 2018 of R2,6m as well as an antecedent portion of R12,9m, calculated for the date of the investments to 51 December 2018 of R2,6m as well as an antecedent portion of R12,9m, calculated for the date of the investments to 51 December 2018 of R2,6m as well as an antecedent portion of R12,9m, calculated for the date of the investments to 51 December 2018 of R2,6m as well as an antecedent portion of R12,9m, calculated for the date of the investments to 51 December 2018 of R2,6m as well as an antecedent portion of R12,9m, calculated for the date of the investments to 51 December 2018 of R2,6m as well as an antecedent portion of R12,9m, calculated for the date of the investments to 51 December 2018 of R2,6m as well as an antecedent portion of R12,9m, calculated for the date of the investments to 51 December 2018 of R2,6m as well as an antecedent portion of R12,9m, calculated for the date of the investment of R12,9m as antecedent portion of R12

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FINAL DIVIDEND PER SHARE (3,1% GROWTH)	72,86c
NET ASSET VALUE Per share	1 783c
VACANCIES	3,7%
USA INVESTMENTS	USD50,5m
<b>TRANSCEND RESIDENTIAL PROPERTY FUND</b> (SHAREHOLDING ACOUIRED)	34,9%
SALE OF R1,8BN OFFICE PORTFOLIO	nconditional



Net finance costs increased by 11,6% to R210,8m. Debt levels were higher during the period, as a result of the USA investments, the Transcend investment as well as capital expenditure all being debt funded. Interest received on loans receivable include both interest on 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 vield and is recognised for distribution purposes. For accounting purposes, the income earned from The BEE parties is classified as a "premium on BEE share option" and recognised against equity. The BEE parties settle the interest charged on a six-monthly basis.

Taxation of R2,1m was withheld during the period on foreign dividends declared to Emira by its USA subsidiary in respect of profits generated on the underlying USA investments.

The net asset value ("NAV") has risen to 1783 cents per share (June 2018: 1758 cents). This was mainly as a result of a gain on bargain purchase of R73,8m, being the difference between the cost and the fair value at the date of acquisition, recognised on the investment in Transcend as well as an improvement in the value of the held shares in 602. The NAV per Emira share at 31 December 2016 is calculated based on 510 296 737 shares in issue. The shares relating to the outstanding capital on the Vendor Loans provided to the BEE Parties under Emira's June 2016 BEE Transaction (12 370 510 shares) are not deemed to be issued for accounting purposes. The calculation of NAV disregards these shares, thus the actual number of shares in issue differs from the number of shares used for accounting purposes.

#### VACANCIES

The reduction of vacancies and retention of tenants have remained key strategic priorities over the past 36 months The aggressive management of vacancies occurs 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 lower, having decreased to 3,7% at 31 December 2018 from 4,5% at 31 December 2017 and are stable when compared with those reported at 30 June 2018. Urban retail sector vacancies have lowered slightly to 2,0% (Dec 2017: 2,2%), which is well below the national average of 4,4%. Industrial vacancies have increased to 3,7% (Dec 2017: 2,1%), which is slightly above the national average of 3,3%. Emira's office sector vacancies have shown a marked year-on-year improvement, decreasing to 5,6% (Dec 2017: 9,4%). This is well below the SAPOA national levels of 11.1%, and is evidence of the hard work and programmes that Emira have put in place.

	Number of buildings Dec 2018	GLA Dec 2018 (m²)	Vacancy Dec 2018 (m²)	Vacancy Dec 2018 (%)	Number of buildings Jun 2018	GLA Jun 2018 (m²)	Vacancy Jun 2018 (m²)	Vacancy Jun 2018 (%)
Office	44	317 368	17 870	5,6	44	318 524	22 584	7,1
Retail	21	322 696	6 390	2,0	21	322 065	6 3 0 3	2,0
Industrial	39	339 010	12 431	3,7	39	348 699	4 621	1,3
Total	104	979 074	36 691	3,7	104	989 288	33 508	3,4

#### MAJOR LEASES CONCLUDED AND TENANT RENEWALS

The conversion of Emira's B-grade ex Sasol tenanted offices in Rosebank, 12 Baker Street and 2 Sturdee Avenue, into The Bolton, a 282 unit residential development, is well underway. 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. The project has an estimated completion value of R207,0m and will be targeting LSM brackets 7 to 8. The development is nearing completion with final handover expected at the end of May 2019.

- The following additional major projects to the value of R62,4m were commenced or concluded during the period: >A major upgrade and replacement of the air-conditioning system at Southern Centrum in Bloemfontein which will improve the efficiency of the building and reduce the electricity costs for tenants.
- > A redevelopment of Denver Warehouse (previously known as Defy) in Johannesburg into a logistics warehouse > An extension of the façade at Menlyn Corporate Park in Menlyn to create a more prominent entrance.
- > A general refurbishment of Granada Square in Durban to upgrade and modernise the building.
- > The installation of a 1,2MWh photovoltaic (PV) solar farm at Wonderpark in Pretoria to reduce the reliance on Eskom produced power

#### 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 the reporting date was R6,5bn with a weighted average duration to expiry of 1,9 years. Debt levels at 31 December 2018 were higher due to the investment in Transcend taking place ahead of receiving the Inani office portfolio disposal proceeds. The first tranche of disposals transferred out on 4 January 2019 and the net cash proceeds received of R569,0m were used to settle debt. Steps have been taken to extend those debt facilities that are expiring over the next 12 months that are not intended to be permanently settled from the office disposal proceeds. At 31 December 2018, the Fund had undrawn, backup facilities of R368,0m which further reduces debt refinance risk.

In line with Emira's strategy to increase the duration of its debt book, the following facilities were either put in place or refinanced during the six months ended 31 December 2018:

- > A maturing R500,0m secured three-year unlisted note with RMB was refinanced with RMB as follows: a R200,0m secured three-year unlisted note at three-month JIBAR plus 170bps, and a R300,0m secured five-year unlisted note at three-month JIBAR plus 185bps.
- > A new R500,0m unsecured short-term two-month ABSA bridging facility at a fixed rate of 8,0%. This facility was put in place to bridge the gap between the outflows in respect of the investment into Transcend and the inflows from the disposals to Inani. This facility has been settled post 31 December 2018.

>During the period, Emira issued R824,0m of new listed commercial paper and corporate bonds to refinance R697,0m of maturing notes. The new instruments were issued for an average term of 3,0 years and at an average cost of 1,35% above three-month JIBAR versus the matured notes of 1,6 years and a cost of 1,24%.

As at 31 December 2018, Emira's gearing had temporarily increased due to timing differences between outflows on the investments into Transcend and the USA and inflows from the office portfolio disposal. Interest-bearing debt, net of cash, to total income producing assets was 41,0%. Post the completion of the office portfolio disposal, and taking into account anticipated investments as well as capital expenditure, the gearing ratio is forecast to reduce to approximately 37,0% by 30 June 2019. The Fund has fixed 71,8% of its debt for periods of between 0,2 and 5.9 years, with a weighted average duration of 2.7 years. The percentage of fixed debt is also provisionally lower due to the higher level of interest-bearing debt but is anticipated to increase to approximately 90% once debt levels are reduced post the completion of the disposals to Inani.

	Weighted average rate %	Weighted average term	Amount (Rm)	% of debt
Debt – Fixed swap	7,9	2,7 years	4 667,4	71,8
Debt - Floating	8,7		1830,5	28,2
Total	8,1		6 497,9	100,0
Less: Costs capitalised not yet amortised			(5,9)	
Add: Accrued interest			32,4	
Per statement of financial position			6 524,4	

As at 31 December 2018, Emira had effective AUD denominated debt of AUD87,5m through its AUD cross-currency Interest-rate swaps ("CCIRS") against assets valued at AUD90,0m. The AUD CCIRS relate to the Fund's investment in GOZ. In addition, Emira has effective United States dollar ("USD") denominated debt of USD49,6m through its USD CCIRS. These USD CCIRS relate to investments based in the USA valued at USD50,5m.

#### VALUATIONS TOTAL PORTFOLIO MOVEMENT

	12 535 808		12 709 686		1,4	173 878
Residential	154 064	-	195 888	-	27,1	41 824
Industrial	1905 350	5 464	1936 656	5 553	1,6	31 306
Retail	5 244 250	16 283	5 345 596	16 565	1,9	101 346
Office	5 232 144	16 426	5 231 546	16 484	(0,0)	(598)
Sector	Jun 2018 (R'000)	R/m²	Dec 2018 (R'000)	R/m²	Difference (%)	Difference (R'000)

#### INVESTMENTS

#### TRANSCEND

Transcend, which is listed on the AltX of the JSE, was identified as an avenue through which Emira could enhance the diversification of the Company into the residential rental market, given Transcend's expertise in specialised residential property assets and access to significant pipeline opportunities. In line with Emira's co-investment strategy with hands-on sector specialists who have a good track record of success in their markets, Emira took a 34,9% stake in Transcend during the period.

On 4 October 2018 Emira subscribed for 7 300 000 shares in Transcend at R6,26 per share for a total consideration of R45,9m giving Emira an initial 9,9% interest in Transcend. On 13 December 2018 Emira subscribed for a further 38 382 283 Transcend shares at R6,46 per share for a total consideration of R247 949 548 increasing its total equity interest to 34,9%. Geoff Jennett, Emira's CEO, was simultaneously elected to the Transcend board as a non executive director.

The investment in Transcend was initially recognised as a financial asset and accounted for on a fair value basis through profit and loss. Upon making the second investment, Emira is considered to exercise significant influence resulting in Transcend being equity-accounted. A bargain purchase adjustment of R73,8m has been recognised on Transcend, being the difference between the cost and the fair value at acquisition.

In addition to the equity investment, Emira provided a mezzanine loan of R143 461 497 to Transcend on 13 December 2018 upon which a 1,5% raising fee was charged. Interest is charged at a rate of 3,5% above 3-month JIBAR and the loan is repayable on 12 June 2020.

#### ENYUKA

Enyuka is the rural retail venture between Emira and One Property Holdings ("One Prop"). Emira equity accounts its interest in Enyuka and the R51,4m recognised includes Emira's share of Enyuka's net profit of R12,6m and R38,8m of interest received on the shareholder loan provided to Enyuka.

At 31 December 2018, Envuka's total property portfolio was valued at R1,1bn and its loan to value ratio was 34,0% excluding shareholder loans of R648,8m, including interest.

No properties were acquired by Enyuka during the period.

#### GOZ

During the six-month period, the Company disposed of 2 000 000 GOZ units at an average price of AUD3,80 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 31 December 2018, GOZ's unit price was AUD3,74. Emira's remaining investment of 24 058 566 units, comprising 3,3% of the total units in issue, is valued at R918,1m compared to the initial cost price of R351,1m, a 161,5% increase in the capital value of this investment.

#### USA

In October 2017 Emira embarked on an investment strategy into the USA together with its US partners, The Rainier Group of Companies ("Rainier"). As at 31 December 2018, Emira had, together with Rainier, on a deal by deal basis, co-invested into six grocery-anchored dominant value-orientated power centres in the USA at a total cost to Emira of USD50,5m. During the reporting period the following two properties were acquired:

> Woodlands Square shopping center in Tampa, Florida, was transferred in October 2018 at a total cost to Emira of USD12,2m for a 49,4% equity interest at an expected initial equity yield of 11,8%. >Truman's Marketplace shopping center in Grandview, Missouri was transferred in December 2018 at a total cost to Emira of USD6,1m for a 49,5% equity interest at an expected equity yield of 11,1%.

Emira, through its USA subsidiary CIL2 LLC, holds a minority share in the six direct property-owning entities but has a unanimous voting arrangement on all major decisions. Emira equity accounts the six direct propertyowning entities.

#### 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.

from 1 July 2018 to the date of the investments. For the antecedent element, 50% (R6.45m) has been included in the distribution for the current period and 50% will be included in the distribution for the six months ended 30 June 2019.

Other income of R2,2m relates to a raising fee of 1,5% charged in respect of a mezzanine loan provided by Emira to Transcend pursuant to Emira's equity investment into Transcend.

In accordance with the SA REIT Association's best practice recommendations, transaction advisory fees of R0.8m have been excluded from the calculation of distributable earnings. These costs are once off in nature and relate to the set-up of the investment into the USA and the investment in Transcend.

#### DISTRIBUTION STATEMENT

R'000	Half-year ended 31 Dec 2018	Half-year ended 31 Dec 2017	% change
Operating lease rental income and tenant recoveries			
excluding straight-lining of leases	869 863	840 678	3,5
Property expenses excluding amortised upfront lease costs	(324 684)	(303 743)	6,9
Net property income	545 179	536 935	1,5
Income from listed property investment	25 549	29 491	(13,4)
Income from equity-accounted investments	68 380	38 725	76,6
Other income	2 152	-	100,0
Administration expenses	(57 599)	(46 912)	22,8
Realised foreign exchange losses	(513)	-	100,0
Minority shareholders interests	(27)	-	100,0
GOZ shares sold cum dividend	1 574	-	100,0
Accrual for listed security income (Transcend)	2 557	-	100,0
Accrual for listed security income (Transcend) –			
antecedent element	6 474	-	100,0
Net finance costs	(210 839)	(188 975)	11,6
Finance income	8 395	6 499	29,2
Premium on BEE share option	9 013	8 988	0,3
Finance costs	(228 247)	(204 462)	11,6
Interest paid and amortised borrowing costs	(238 764)	(220 270)	8,4
Interest capitalised to the cost of developments	10 517	15 808	(33,5)
Taxation	(2 054)	_	100,0
Dividend payable to shareholders	380 833	369 264	3,1
Number of shares in issue	522 667 247	522 667 247	-
Dividend per share (cents)	72,86	70,65	3,1

ne period under review, the largest new leases concluded, by lease value, were West Pack Lifestyle at Wonderpark ia (1532m² for a total value of R19,2m), Network Space at Corobay Corner in Menlyn (1062m² for a total value of R11,8m) and BUCO Hardware Buildware at Wonderpark in Pretoria (2 227m<sup>2</sup> for a total value of R7,2m).

Tenant retention and lease renewals saw a pleasing improvement year-on-year. A total of 82% by GLA (December 2017) 77%) and 86% by revenue (December 2017: 75%) of expiring tenants were renewed and retained. The largest renewals were RTT Group at RTT ACSA Park in Johannesburg (46 673m<sup>2</sup> for a total value of RTS, 3m), RTT Group at RTT in Johannesburg (12 921m<sup>2</sup> for a total value of R31,9m), National Technologies Implementation Platforms at Tuinhoff in Centurion (2200m<sup>2</sup> for a total value of R23,8m), Builders Express at Wonderpark in Pretorie (2 483m<sup>2</sup> for a total value of R21.9m) and Trellidor Innovations at Trellidor in Cape Town (7 672m<sup>2</sup> for a total value of R18.9m).

#### DISPOSALS

While no properties have transferred out of Emira in the past six months, the Fund has made significant progress in its portfolio rebalancing programme with the conclusion of an agreement on 5 October 2018 for the disposal of a R1.8bn 25 office asset portfolio to Inai Prop Holdings ("Inani"). Inani is 51% owned by Zungu Investment Company ("Zico"), a 98% black-owned, Level I B-BBEE entity and 29% by Boyno Trade and Invest Proprietary Limited, a subsidiary of One Property Holdings. Emira owns the remaining 20% of the structure. The transaction was subject to the approval of the Competition Commission which was received on 19 December 2018. The transfers of properties will occur on a property-by-property basis, with the first transfers having been registered on J January 2019 (1) properties totalling R701,8m), and the remaining transfers expected before 31 March 2019.

The transaction was financed by Inani through a combination of senior debt and equity of R1,48bn (Emira will receive R1,46bn in cash considering the R21,0m it contributed for its 20% equity interest), with Emira providing a mezzanine loan of R319,8m, upon which a 1% capital raising fee will be earned on each drawdown. The disposal, concluded at Emira's 30 June 2018 carrying values, represents a 10,47% yield for Emira. The proceeds will be used to fund Emira's offshore expansion strategy as well as to reduce local debt levels, which were inflated at 31 December 2018 due to funding the investment into Transcend and a further two investments into the USA, ahead of the receipt of disposal proceeds from Inani.

The mezzanine loan is for a term of five years and will attract interest at a rate equal to 3-month JIBAR plus a margin of 350 basis points, which margin will be increased by 50 basis points 15 months subsequent to the first properties transferring to Inani (being 4 January 2019), and by a further 50 basis points per annum thereafter. Interest on the mezzanine loan will be payable quarterly in arrears. The mezzanine loan is payable at the end of the five-year term.

The portfolio is mainly located in Gauteng, as well as in KwaZulu-Natal and the Free State. It includes offices in major nodes including Woodmead, Bryanston, Rivonia, Centurion, and Menlyn, with the largest asset being the R232m Corobay Corner P-grade offices in Menlyn. Once fully implemented, the effect of the disposal will see Emira's exposure to the office sector, by value, decrease from 41% at 31 December 2018 to circa 31%.

A total of R1,9bn of investment property has been classified as held for sale, which includes the office portfolio sold to Inani and two additional properties earmarked for disposal

#### **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.

ing 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 USA investments to date, at least 90% of the expected net income for the first four years was hedged at the date the investments were made. It is anticipated that 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
Jun 19	R11,14	R13,96
Dec 19	R11,34	R14,21
Jun 20	R11,64	R14,74
Dec 20	R11,33	R15,11
Jun 21	R11,85	R15,45
Dec 21	-	R15,83
Jun 22	-	R16,37
Dec 22	-	R17,56

#### 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 which was due to be heard in December 2018 was postponed and has now been set for 1 to 12 April 2019. Emira's positive view of its legal position in the arbitration remains unchanged.

For the six months ended 31 December 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, other than the transfer of properties to Inani, as highlighted above.

#### PROSPECTS

Emira's rebalancing and diversification strategies, which are well underway, will continue to counter the effects of the challenging local economic conditions and political uncertainties which continue to impede local growth. Factoring in the current and expected market conditions for the year ahead, vacancy profiles and expected rental reversions, as well as anticipated opportunities, shareholders can expect a similar growth rate in distributions for the next six-month period.

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 an interim gross dividend of 72,86 cents per share has been declared (Dec 2017:70,65 cents), payable to the registered shareholders of Emira on Friday, 8 March 2019. 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 <i>cum</i> dividend Shares trade <i>ex</i> dividend	Tuesday, 5 March 2019 Wednesday, 6 March 2019
Record date	Friday, 8 March 2019
Payment date	Monday, 11 March 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 March 2019 and Friday, 8 March 2019, both days inclusive

#### TAX IMPLICATIONS

In accordance with Emira's status as a REIT, shareholders are advised that the dividend meets the requirements "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 such since index such as the control of the second se second sec 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%, and the country of residence of the statementer, assuming driven within the metament as a field of the statementer of the state 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:

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

d) a written undertaking to inform their CSDP, broker or the transfer secretaries, as the case may be, should the a write indeel date in the second sec

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. und Limited Board

By order of the Emira Property Fur
Acorim Proprietary Limited
Company Secretary
Gerhard van Zvl

Company Secretary	
Gerhard van Zyl	Geoff Jennett
Chairman	Chief Executive Office
Bryanston, 13 February 2019	

# **REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

#### **CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018**

<b>D</b> /0.00	Unaudited	Unaudited	Audited
R'000	31 Dec 2018	31 Dec 2017	30 June 2018
Assets			
Non-current assets	13 819 840	13 401 135	12 856 899
Investment properties	10 391 847	11 331 794	10 313 515
Fixtures and fittings	100 722	76 045	71725
Allowance for future rental escalations	247 075	218 569	208 420
Unamortised upfront lease costs	48 209	37 118	32 915
Fair value of investment properties	10 787 853	11 663 526	10 626 575
Investment and loans in equity-accounted investments	1 947 167	713 504	1105 944
Listed property investment	918 057	940 647	956 209
Loans receivable	119 372	72 365	116 431
Derivative financial instruments	47 391	11 0 9 3	51740
Current assets	2 282 556	1 511 332	2 313 779
Accounts receivable and prepayments	183 379	255 796	219 562
Derivative financial instruments	82 438	92 7 38	75 529
Cash and cash equivalents	94 906	99 348	109 455
Investment properties held for sale	1921833	1063450	1909233
Total assets	16 102 396	14 912 467	15 170 678
Equity and liabilities			10 11 0 01 0
Share capital and reserves	9 100 622	8 984 035	8 968 682
Non-current liabilities	3 461 457	2 965 930	3 223 360
Interest-bearing debt	3 345 689	2 953 077	3 112 530
Other financial liabilities	22 636	2 955 011	21 6 6 6
Derivative financial instruments	93 132	12 853	82 571
Deferred tax	55 152	12 000	6 5 9 3
	3 540 317	2 962 502	2 978 636
Current liabilities			
Short-term portion of interest-bearing debt	3 178 695	2 522 741	2 535 354
Accounts payable	261 899	370 328	335 705
Derivative financial instruments	99 723	68 165	106 636
Taxation	-	1268	941
Total equity and liabilities	16 102 396	14 912 467	15 170 678

1783.4

1761.0

1758.0

#### Net asset value per share (cents)

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

ended 31 Dec 2018     ended 31 Dec 2018     ended 31 Dec 2018     ended 31 Dec 2018     ended 30 Jun 2018       Revenue Operating lease rental income and tenant recoveries Allowance for future rental escalations     878 631     855 356     1771 585       Operating lease rental income and tenant recoveries Allowance for future rental escalations     8768     14 678     22 709       Property expenses     (325 642)     (30 647 537)     1748 876       Income from listed property investment     25 549     29 491     52 831       Administration expenses     (57 77 618)     (47 098)     (103 360)       Transaction and advisory fees     (887)     64 363     (9 611)       Operating profit     514 326     519 382     1055 878       Net fair value (oss)/gain on investment properties     (24 612)     89 759     (49 437)       Change in fair value as a result of straight-lining lease rentals change in fair value as a result of straight relating to share appreciation rights scheme     6 388     110     4 755       Unrealised (loss)/gain on fair valuation of listed property investments     163 288     45 352     131 564       Distributable     6 88 80     3895     6 4395     36 998 <th></th> <th>Unaudited</th> <th>Unaudited</th> <th>Audited</th>		Unaudited	Unaudited	Audited
R000     31 Dec 2018     31 Dec 2017     30 Jun 2018       Revenue     87 8 631     855 356     1771 F385       Operating lease rental income and tenant recoveries     869 863     840 678     1748 876       Allowance for future rental escalations     87 68     14 678     22 709       Property expenses     (325 642)     (306 738)     (647 537)       Income from listed property investment     25 549     29 491     52 831       Administration expenses     (57 7618)     (47 708)     (103 360)       Depreting profit     514 326     519 382     105 878       Net fair value djustments     15 611     194 886     49 212       Net fair value as a result of straight-lining lease rentals     (16 8768)     (14 678)     (22 709)       Change in fair value as a result of amortising upfront lease costs     63 88     110     4 755       Change in fair value as a result of amortising upfront lease costs     (16 607)     43 707     (45 250)       Marealised     (14 1678)     (22 509)     4 455     (16 802)     01 442     (31183)       Revaluation of fair valuation of listed property invest		six months	six months	year
Operating lease rental income and tenant recoveries     869 863     840 678     1748 876       Allowance for future rental escalations     8768     14 678     22709       Property expenses     (325 642)     (306 738)     (647 537)       Income from listed property investment     25 549     29 491     52 831       Administration expenses     (57 618)     (47 098)     (103 360)       Transaction and advisory fees     (887)     (6973)     (8 030)       Depreciation     (5707)     (4 636)     (9 611)       Operating profit     514 326     519 382     1055 878       Net fair value day attration on investment properties     (24 612)     89 759     (49 437)       Change in fair value as a result of amortising upfront lease costs     (16 678)     (22 709)       Change in fair value as a result of straight-fining lease rentals     (16 678)     (22 709)       Change in fair value as a result of straight-fining lease rentals     (16 678)     (22 709)       Change in fair value as a result of straight-fining lease costs     (16 670)     (22 70)       Unrealised (uoss) on fair valuation of interest-rate swaps     (16 670)     (23 736) <th>R'000</th> <th></th> <th></th> <th></th>	R'000			
Allowance for future rental escalations   8 768   14 678   22 709     Property expenses   (325 642)   (306 738)   (647 537)     Income from listed property investment   25 549   29 491   52 831     Administration expenses   (57 618)   (47 088)   (103 360)     Depretating profit   514 326   519 382   1055 873     Net fair value adjustments   15 611   194 886   49 212     Net fair value as a result of straight-lining lease rentals   6 388   110   4 755     Change in fair value as a result of straight-lining lease costs   (16 602)   101 442   (31183)     Revaluation of derivative financial instruments relating to share appreciation rights scheme   6 388   110   4 755     Unrealised (03)/gain on fair valuation of interest-rate swaps   (16 607)   43 707   (45 250)     Unrealised discloylain on fair valuation of insted property investments   163 288   100   2 3 726     Ciss on deconsolidation of Enyuka   –   (392)   (1642)   39 95   6 397     Unrealised   24 562   (1478)   (22 8277)   (23 455   (30 890)   23 726   36 989     Lors	Revenue	878 631	855 356	1771585
Property expenses     (325 642)     (306 738)     (647 537)       Income from listed property investment     25 549     29 491     52 831       Administration expenses     (57 618)     (47 098)     (103 360)       Depreciation     (5 707)     (4 636)     (9 611)       Operating profit     514 326     519 382     105 878       Net fair value adjustments     15 611     194 886     49 212       Ret fair value as a result of straight-lining lease rentals     (8 768)     (14 678)     (22 709)       Change in fair value as a result of straight-lining lease rentals     (8 802)     101 442     (31183)       Revaluation of derivative financial instruments relating to share     6 838     110     4 755       Unrealised gain/(loss) nair valuation of interest-rate swaps     (11 607)     4 3 707     (4 525)       Unrealised gain/(loss) on fair valuation of interest-rate swaps     (13 68 380     38 957     94 566       Nor distributable     68 380     38 957     94 566     94 908     6 395     36 998       Profit before finance costs     (219 852)     (19 763)     (60 23 37)     856 637	Operating lease rental income and tenant recoveries	869 863	840 678	1748 876
Income from listed property investment     25 549     29 491     52 831       Administration expenses     (57 618)     (47 098)     (80 03)       Transaction and advisory fees     (687)     (6993)     (80 03)       Depreciation     (5 707)     (4 636)     (9 611)       Operating profit     514 326     519 382     1055 878       Net fair value adjustments     15 611     194 884     49 212       Change in fair value as a result of straight-lining lease rentals     (8 768)     (14 678)     (22 709)       Change in fair value as a result of amortising upfront lease costs     (16 802)     101 442     (31183)       Revaluation of drivative financial instruments relating to share appreciation rights scheme     6 388     110     4 755       Unrealised din/(toss) on fair valuation of interest-rate swaps     (11 607)     43 707     (45 250)       Unrealised din/(toss) on fair valuation of listed property investments     163 288     45 322     131 564       Distributable     68 380     38 957     94 566     94 908     6 395     36 998       Profit before finance costs     716 870     728 338     129 834			14 678	22 709
Administration expenses   (57 618)   (47 098)   (103 360)     Transaction and advisory fees   (6877)   (6 993)   (8 030)     Depreciation   (5 707)   (4 636)   (9 611)     Operating profit   514 326   519 382   1055 878     Net fair value adjustments   15 611   194 886   49 212     Net fair value as a result of straight-lining lease rentals   (24 612)   89 759   (49 437)     Change in fair value as a result of straight-lining lease rentals   (16 802)   101 442   (31183)     Revaluation of derivative financial instruments relating to share appreciation rights scheme   6 388   110   4 755     Unrealised gian/(loss) on fair valuation of listed property investments   23 645   (30 890)   23 572     Realised   (513)   -   (164)     Unrealised gian/(loss)   163 288   45 352   131 564     Distributable   68 380   38 957   94 566     Non-distributable   68 380   38 957   94 566     Distributable   68 380   38 957   94 566     Profit before finance costs   (219 852)   (197 963)   (40 3437)	Property expenses	(325 642)	(306 738)	(647 537)
Transaction and advisory fees   (8 87)   (6 993)   (8 030)     Depreciation   (5 707)   (4 636)   (9 611)     Operating profit   514 326   519 382   1055 878     Net fair value adjustments   15 611   194 886   49 212     Net fair value as a result of straight-lining lease rentals   (8 768)   (14 678)   (22 709)     Change in fair value of investment properties   (8 682)   (10 4 478)   (22 709)     Schange in fair value of investment properties   (8 682)   (10 4 478)   (22 709)     Revaluation of derivative financial instruments relating to share appreciation rights scheme   6 388   110   4 755     Unrealised (joss)/(closs) on fair valuation of listed property investments   45 442   6 1310   139 144     Foreign exchange profit/(loss)   -   (164)   24 158   (30 890)   23 572     Realised   -   -   (192)   (130 19)   144   24 158   (30 890)   23 572     Realised   -   -   (164)   24 158   (30 890)   23 732     Loss on deconsolidation of Enyuka   -   -   (164)   24 158   (30 28) <th>Income from listed property investment</th> <th>25 549</th> <th>29 491</th> <th>52 831</th>	Income from listed property investment	25 549	29 491	52 831
Depreciation     (5 707)     (4 636)     (9 611)       Operating profit     514 326     519 382     1055 878       Net fair value adjustments     15 611     194 886     49 212       Net fair value as a result of straight-lining lease rentals     (24 612)     89 759     (49 437)       Change in fair value as a result of straight-lining lease rentals     (16 676)     (12 709)     958     2 995     4 455       Change in fair value as a result of straight-lining lease rentals     (16 802)     101 442     (31183)       Revaluation of derivative financial instruments relating to share appreciation rights scheme     6 388     10     4 755       Unrealised (loss)/gain on fair valuation of listed property investments     23 645     (30 890)     23 762       Loren accoss of deconsolidation of Enyuka     -     (392)     (392)       Increalised     24 158     (13 288     45 352     131 564       Distributable     68 380     38 957     94 566       Non-distributable     68 380     38 957     94 566       Non-distributable     8 395     6 499     15 007       Interest received	Administration expenses	(57 618)	(47 098)	(103 360)
Operating profit     514 326     519 382     1 055 878       Net fair value adjustments     15 611     194 886     49 212       Net fair value (loss)/gain on investment properties     (24 612)     89 759     (49 437)       Change in fair value as a result of straight-lining lease costs     (16 802)     101 442     (31183)       Revaluation of derivative financial instruments relating to share appreciation rights scheme     6 388     10     4 755       Unrealised (loss)/gain on fair valuation of literest-rate swaps     (11 607)     43 707     (45 250)       Unrealised gain/(loss)     nair valuation of literest-rate swaps     (11 607)     43 707     (45 250)       Unrealised gain/(loss)     nair valuation of literest-rate swaps     (11 607)     43 707     (45 250)       Unrealised gain/(loss)     nair valuation of literest-rate swaps     (11 607)     43 707     (45 250)       Unrealised     0.8900     23 572     (11 607)     43 307     (45 250)       Income from equity-accounted investments     163 288     13 564     133 284     53 52     131 564       Distributable     68 380     38 957     94 566     94	Transaction and advisory fees	(887)	(6 993)	(8 0 3 0)
Net fair value adjustments     15 611     194 886     49 212       Net fair value (loss)/gain on investment properties     (24 612)     89 759     (49 437)       Change in fair value as a result of straight-lining lease rentals     (8 768)     (14 678)     (22 709)       Schange in fair value of investment properties     (16 802)     101 442     (31183)       Revaluation of derivative financial instruments relating to share appreciation rights scheme     6 388     110     4 755       Unrealised (uss)/gain on fair valuation of listed property investments     6 388     110     4 755       Revaluation of fair valuation of listed property investments     6 388     110     4 755       Realised     (513)     -     (164)       Durealised gain/(loss)     23 645     (30 890)     23 572       Realised     -     (392)     (392)       Income from equity-accounted investments     163 288     45 352     131 564       Distributable     68 380     38 957     94 566       Non-distributable     716 870     728 338     1259 834       Net finance costs     (219 852)     (17 93)     (1413) </th <th>Depreciation</th> <th>(5 707)</th> <th>(4 6 6 3 6 )</th> <th>(9 611)</th>	Depreciation	(5 707)	(4 6 6 3 6 )	(9 611)
Net fair value (loss)/gain on investment properties   (24 612)   89 759   (49 437)     Change in fair value as a result of straight-lining lease rentals   (8 768)   (14 678)   (22 709)     Change in fair value as a result of straight-lining lease rentals   (8 768)   (14 678)   (22 709)     Schange in fair value of investment properties   8 2 995   4 455   (16 802)   101 442   (31183)     Revaluation of derivative financial instruments relating to share   appreciation rights scheme   6 388   110   4 755     Unrealised (0ss)/gain on fair valuation of listed property investments   7 307   (45 250)   23 572     Realised   (513)   -   (164)     Unrealised   23 645   (30 890)   23 736     Loss on deconsolidation of Enyuka   -   (392)   (392)     Income from equity-accounted investments   163 288   45 352   131 564     Distributable   68 380   38 957   94 566     Non-distributable   68 380   38 957   94 566     Non-distributable   8 395   6 499   150 07     Interest received   8 395   6 499   150 07 <t< th=""><th>Operating profit</th><th>514 326</th><th>519 382</th><th>1 055 878</th></t<>	Operating profit	514 326	519 382	1 055 878
Change in fair value as a result of straight-lining lease rentals   (8 768)   (14 678)   (22 709)     Change in fair value as a result of amortising upfront lease costs   958   2 995   4 455     Change in fair value of investment properties   8 2995   4 455   (16 802)   101 442   (31 183)     Revaluation of derivative financial instruments relating to share appreciation rights scheme   6 388   110   4 755     Unrealised (loss)/gain on fair valuation of listed property investments   6 388   10   4 755     Unrealised gain/(loss)   23 645   (30 890)   23 572     Realised   -   (392)   (392)     Unrealised   163 288   45 352   131 564     Distributable   66 380   38 957   94 566     Non-distributable   94 908   63 395   36 998     Profit before finance costs   716 870   728 338   1259 834     Net finance costs   (21 9852)   (197 963)   (403 437)     Interest paid   22 8247)   (204 462)   (418 444)     Profit before finance costs   17 9852   528 962   846 866     Other comprehensive income   18 972 </th <th>Net fair value adjustments</th> <th>15 611</th> <th>194 886</th> <th>49 212</th>	Net fair value adjustments	15 611	194 886	49 212
Change in fair value as a result of amortising upfront lease costs   958   2 995   4 455     Change in fair value of investment properties   101 442   (31 183)     Revaluation of derivative financial instruments relating to share appreciation rights scheme   6 388   110   4 755     Unrealised (05s)/gain on fair valuation of listed property investments   6 388   110   4 755     Unrealised (05s)/gain on fair valuation of listed property investments   23 645   (30 890)   23 572     Realised   (513)   -   (164)   (45 250)     Unrealised (05s)   -   (392)   (392)   (392)     Income from equity-accounted investments   163 288   45 352   131 564     Distributable   68 380   38 957   94 566     Non-distributable   68 380   38 957   94 566     Non-distributable   94 908   6 395   36 998     Profit before finance costs   716 870   728 381   1259 834     Net finance costs   (219 852)   (197 963)   (403 437)     Interest received   8 395   6 499   15 007     Interest received   501 557   528 962	Net fair value (loss)/gain on investment properties	(24 612)	89 759	(49 437)
Change in fair value of investment properties   (16 802)   101 442   (31183)     Revaluation of derivative financial instruments relating to share appreciation rights scheme   6 388   110   4 755     Unrealised (loss)/gain on fair valuation of listed property investments   6 388   110   4 755     Vinrealised gain/(loss) on fair valuation of listed property investments   23 645   (30 890)   23 572     Realised   (513)   -   (1640)   24 158   (30 20)   (392)     Loss on deconsolidation of Enyuka   -   (392)   (392)   (392)   (392)     Income from equity-accounted investments   163 288   45 352   131 564   564     Distributable   68 380   38 957   94 566   94 908   6 395   36 998     Profit before finance costs   716 870   728 338   125 834   100 728 338   125 834     Net finance costs   (219 852)   (197 963)   (403 437)   101 4442   (418 444)     Profit before income tax charge   497 018   530 375   856 397   74 563   1007   (228 247)   (204 462)   (418 444)     Profit before income for the period	Change in fair value as a result of straight-lining lease rentals	(8 768)	(14 678)	(22 709)
Revaluation of derivative financial instruments relating to share appreciation rights scheme     6 388     110     4 755       Unrealised (loss)/gain on fair valuation of listed property investments     6 388     110     4 755       Foreign exchange profit/(loss)     76     43 707     (45 250)       Realised     23 645     (30 890)     23 572       Realised     (513)     -     (164)       Unrealised     392)     (392)     (392)       Income from equity-accounted investments     163 288     45 352     131 564       Distributable     68 380     38 957     94 566       Non-distributable     94 908     6 395     36 998       Profit before finance costs     (219 852)     (197 963)     (403 437)       Interest received     8 395     6 499     15 007       Interest paid     (228 247)     (204 462)     (418 444)       Profit before income tax charge     497 018     530 375     856 397       Taxation     4 539     (1 413)     (7 751)       Profit before income for the period     518 972     522 934     866 598 </th <th>Change in fair value as a result of amortising upfront lease costs</th> <th>958</th> <th>2 995</th> <th>4 455</th>	Change in fair value as a result of amortising upfront lease costs	958	2 995	4 455
appreciation rights scheme     6 388     110     4 755       Unrealised (0ss)/gain on fair valuation of interest-rate swaps     (11 607)     43 707     (45 250)       Unrealised gain/(loss) on fair valuation of listed property investments     73 642     61 310     139 144       Foreign exchange profit/(loss)     23 645     (30 890)     23 572       Realised     (513)     -     (164)       Unrealised     -     (392)     (392)       Icos on deconsolidation of Enyuka     -     (322)     (392)       Income from equity-accounted investments     163 288     45 352     131 564       Distributable     66 380     38 957     94 566       Non-distributable     64 3895     64 98     63 95     36 998       Profit before finance costs     716 870     728 338     1259 834       Net finance costs     (219 852)     (197 963)     (403 437)       Interest received     395     64 99     150 07       Taxation     4 539     (1413     (77 51)       Profit before income tax charge     497 018     530 375     528 9	Change in fair value of investment properties	(16 802)	101 442	(31 183)
Unrealised (loss)/gain on fair valuation of interest-rate swaps     (11 607)     43 707     (45 250)       Unrealised gain/(loss) on fair valuation of listed property investments     23 645     (30 890)     23 572       Realised     (513)     -     (164)       Unrealised     (30 890)     23 736       Loss on deconsolidation of Enyuka     -     (392)     (392)       Income from equity-accounted investments     163 288     45 352     131 564       Distributable     66 380     38 957     94 566       Non-distributable     66 380     38 957     94 566       Non-distributable     (21 852)     (19 782)     (10 3437)       Interest received     8 395     6 499     15 007       Interest received     8 395     6 499     15 007       Interest received     8 395     6 499     15 007       Interest received     8 395     5 03 375     8 56 397       Taxation     4 539     (1 413)     (7 751)       Profit before income tax charge     497 018     530 375     8 56 397       Taxation     4	Revaluation of derivative financial instruments relating to share			
Unrealised gain/(loss) on fair valuation of listed property investments     45 442     61 310     139 144       Foreign exchange profit/(loss)     23 645     (30 890)     23 572       Realised     (513)     -     (164)       Unrealised     -     (392)     (392)       Loss on deconsolidation of Enyuka     -     (392)     (392)       Income from equity-accounted investments     163 288     45 352     131 564       Distributable     68 380     38 957     94 566       Non-distributable     94 908     6 395     36 998       Profit before finance costs     716 870     728 338     1259 834       Net finance costs     (219 852)     (197 963)     (403 437)       Interest received     8 395     6 499     15 007       Interest received     8 395     6 499     15 007       Interest received     500 375     528 962     848 646       Other comprehensive income     4 539     (1 413)     (7 751)       Profit before income tax charge     497 018     530 375     528 962     848 646	appreciation rights scheme	6 388	110	4 7 5 5
Foreign exchange profit/(loss)   23 645   (30 890)   23 572     Realised   (513)   -   (164)     Unrealised   24 158   (30 890)   23 736     Loss on deconsolidation of Enyuka   -   (392)   (392)     Income from equity-accounted investments   163 268   45 352   131 564     Distributable   68 380   38 957   94 566     Non-distributable   94 908   6 395   36 998     Profit before finance costs   (16 870   728 338   1259 834     Net finance costs   (219 852)   (197 963)   (403 437)     Interest received   8 395   6 499   16 007     Interest received   8 395   8 56 397     Taxation   4 539   (1413)   (7 751)     Profit before income tax charge   4 539   11433   17 952     Total comprehensive income   118 972   522 934   866 598 </th <th>Unrealised (loss)/gain on fair valuation of interest-rate swaps</th> <th>(11 607)</th> <th>43 707</th> <th>(45 250)</th>	Unrealised (loss)/gain on fair valuation of interest-rate swaps	(11 607)	43 707	(45 250)
Realised     (513)     -     (164)       Unrealised     -     (392)     (392)       Loss on deconsolidation of Enyuka     -     (392)     (392)       Income from equity-accounted investments     163 288     45 352     131 564       Distributable     66 380     38 957     94 566       Non-distributable     94 908     6 395     36 998       Profit before finance costs     716 870     728 338     1259 834       Net finance costs     (219 852)     (197 963)     (403 437)       Interest received     8 395     6 499     15007       Interest received     530 375     856 397     7axation       Taxation     4 539     (1413)     (7751)       Profit before income tax charge     497 018     530 375     886 598       Total comprehensive income     Items that may be subsequently reclassified to profit or loss     Exchange differences on translation of foreign operations     17 415     (6 028)     17 952       Total profit for the period     518 972     522 934     866 598     160       Total profit for the period att	Unrealised gain/(loss) on fair valuation of listed property investments	45 442	61 310	139 144
Unrealised     24158     (30 890)     23736       Loss on deconsolidation of Enyuka     -     (392)     (392)       Income from equity-accounted investments     163 288     45 352     131 564       Distributable     68 380     38 957     94 566       Non-distributable     68 380     38 957     94 566       Profit before finance costs     716 870     728 338     1259 834       Net finance costs     (219 852)     (197 963)     (403 437)       Interest received     8 395     6 499     15 007       Interest maid     (218 823)     (1413)     (7 751)       Profit before income tax charge     4539     (1413)     (7 751)       Profit for the period     501 557     528 962     848 646       Other comprehensive income     118 972     522 934     866 598       Total comprehensive income for the period     518	Foreign exchange profit/(loss)	23 645	(30 890)	23 572
Loss on deconsolidation of Enyuka     -     (392)     (392)       Income from equity-accounted investments     163 288     45 352     131 564       Distributable     66 380     38 957     94 566       Non-distributable     94 908     6 395     36 998       Profit before finance costs     716 870     728 338     1259 834       Net finance costs     (219 852)     (197 963)     (403 437)       Interest received     8 395     6 499     15 007       Interest received     8 395     6 499     15 007       Interest received     8 395     6 499     15 007       Interest paid     (228 247)     (204 462)     (418 444)       Profit before income tax charge     497 018     530 375     856 397       Taxation     4 539     (1 413)     (7 751)       Profit for the period     501 557     528 962     848 646       Other comprehensive income     Items that may be subsequently reclassified to profit or loss     17 952       Total comprehensive income for the period     518 972     522 924     866 598 <td< th=""><th>Realised</th><th>(513)</th><th>-</th><th>(164)</th></td<>	Realised	(513)	-	(164)
Income from equity-accounted investments     163 288     45 352     131 564       Distributable     68 380     38 957     94 566       Non-distributable     94 908     6 395     36 998       Profit before finance costs     716 870     728 338     1259 834       Net finance costs     (219 852)     (197 963)     (403 437)       Interest received     8 395     6 499     15 007       Interest received     8 395     6 499     15 007       Interest received     4 539     (1413)     (7 751)       Profit before income tax charge     497 018     530 375     886 397       Taxation     4 539     (1 413)     (7 751)       Profit for the period     501 557     528 962     848 646       Other comprehensive income     Items that may be subsequently reclassified to profit or loss     17 952       Total comprehensive income for the period     518 972     522 934     866 598       Total comprehensive income for the period     518 972     529 204     848 486       Non-controlling interest     1436     (242)     160	Unrealised	24 158	(	
Distributable     68 380     38 957     94 566       Non-distributable     94 908     6 395     36 998       Profit before finance costs     716 870     728 338     1259 834       Net finance costs     (219 852)     (197 963)     (403 437)       Interest received     8 395     6 499     15 007       Interest received     8 395     6 499     15 007       Interest received     4 539     (1413)     (7751)       Profit before income tax charge     4 539     (1413)     (7751)       Profit to the period     501 557     528 962     848 646       Other comprehensive income     Items that may be subsequently reclassified to profit or loss     Exchange differences on translation of foreign operations     17 415     (6 028)     17 952       Total comprehensive income for the period     518 972     522 934     866 598       Total profit for the period attributable to:     Emira shareholders     500 121     529 204     848 446       Non-controlling interest     1436     (242)     160     501 557     528 962     848 646       Total comprehensive	Loss on deconsolidation of Enyuka	-		(392)
Non-distributable     94 908     6 395     36 998       Profit before finance costs     716 870     728 338     1259 834       Net finance costs     (219 852)     (197 963)     (403 437)       Interest received     395     6 499     15 007       Interest paid     (228 247)     (204 462)     (418 444)       Profit before income tax charge     497 018     530 375     856 397       Taxation     4 539     (1 413)     (7 751)       Profit for the period     501 557     528 962     848 646       Other comprehensive income     Items that may be subsequently reclassified to profit or loss     17 415     (6 028)     17 952       Total comprehensive income for the period     518 972     522 934     866 598       Total profit for the period attributable to:     Emira shareholders     500 121     529 204     848 486       Non-controlling interest     1436     (242)     160     1057     528 962     848 646       Total comprehensive income for the period attributable to:     1436     (242)     160       Total profit for the period attributable to:	Income from equity-accounted investments	163 288	45 352	131 564
Profit before finance costs     716 870     728 338     1259 834       Net finance costs     (219 852)     (197 963)     (403 437)       Interest received     8 395     6 499     15 007       Interest paid     (228 247)     (204 462)     (418 444)       Profit before income tax charge     497 018     530 375     856 397       Taxation     4 539     (1 413)     (7 751)       Profit for the period     501 557     528 962     848 646       Other comprehensive income     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss       Exchange differences on translation of foreign operations     17 415     (6 028)     17 952       Total comprehensive income for the period     518 972     522 934     866 598       Total profit for the period attributable to:     Emira shareholders     1436     (242)     160       501 557     528 962     848 646     160     501 557     528 962     848 646       Total profit for the period attributable to:     Emira shareholders     1436     (242)     160       50	Distributable	68 380	38 957	94 566
Net finance costs     (219 852)     (197 963)     (403 437)       Interest received     8 395     6 499     15 007       Interest paid     (228 247)     (204 462)     (418 444)       Profit before income tax charge     497 018     530 375     856 397       Taxation     4 539     (1413)     (7 751)       Profit for the period     501 557     528 962     848 646       Other comprehensive income     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss     Items that	Non-distributable	94 908	6 395	36 998
Interest received     8 335     6 499     15 007       Interest paid     (228 247)     (204 462)     (418 444)       Profit before income tax charge     497 018     530 375     856 397       Taxation     4 539     (1 413)     (7 751)       Profit for the period     501 557     528 962     848 646       Other comprehensive income     Items that may be subsequently reclassified to profit or loss     Exchange differences on translation of foreign operations     17 415     (6 028)     17 952       Total comprehensive income for the period     518 972     522 934     866 598     1001       Total comprehensive income for the period     500 121     529 204     848 486       Non-controlling interest     1 436     (242)     160       501 557     528 962     848 646     10157     528 962     848 646       Total comprehensive income for the period attributable to:     1 436     (242)     160       501 557     528 962     848 646     1057     528 962     848 646       Total comprehensive income for the period attributable to:     1 436     (242)     160	Profit before finance costs	716 870	728 338	1259834
Interest paid     (228 247)     (204 462)     (418 444)       Profit before income tax charge     497 018     530 375     856 397       Taxation     4 539     (1 413)     (7 751)       Profit for the period     501 557     528 962     848 646       Other comprehensive income     Items that may be subsequently reclassified to profit or loss     I7 952       Exchange differences on translation of foreign operations     17 415     (6 028)     17 952       Total comprehensive income for the period     518 972     522 934     866 598       Total profit for the period attributable to:     Emira shareholders     500 121     529 204     848 486       Non-controlling interest     1436     (242)     160       501 557     528 962     848 646       Total comprehensive income for the period attributable to:     501 557     528 962     848 646       Total comprehensive income for the period attributable to:     Emira shareholders     523 151     866 404       Non-controlling interest     1487     (217)     194				
Profit before income tax charge     497 018     500 375     856 397       Taxation     4 539     (1 413)     (7 751)       Profit for the period     501 557     528 962     848 646       Other comprehensive income     Items that may be subsequently reclassified to profit or loss     Exchange differences on translation of foreign operations     17 415     (6 028)     17 952       Total comprehensive income for the period     518 972     522 934     866 598       Total comprehensive income for the period     518 972     529 204     848 486       Non-controlling interest     1 436     (242)     160       Total comprehensive income for the period attributable to:     501 557     528 962     848 646       Total comprehensive income for the period attributable to:     501 557     528 962     848 646       Total comprehensive income for the period attributable to:     Emira shareholders     523 151     866 404       Non-controlling interest     1 487     (217)     194				
Taxation     4 539     (1 413)     (7 751)       Profit for the period     501 557     528 962     848 646       Other comprehensive income     Items that may be subsequently reclassified to profit or loss     Items that may be subsequently reclassified to profit or loss       Exchange differences on translation of foreign operations     17 415     (6 028)     17 952       Total comprehensive income for the period     518 972     522 934     866 598       Total profit for the period attributable to:     Emira shareholders     500 121     529 204     848 486       Non-controlling interest     1436     (242)     160       501 557     528 962     848 646       Total comprehensive income for the period attributable to:     Emira shareholders     523 151     866 404       Non-controlling interest     1487     (217)     194	Interest paid	(228 247)	(204 462)	(418 444)
Profit for the period     501 557     528 962     848 646       Other comprehensive income Items that may be subsequently reclassified to profit or loss     Exchange differences on translation of foreign operations     17 415     (6 028)     17 952       Total comprehensive income for the period     518 972     522 934     866 598       Total comprehensive income for the period     518 972     522 934     866 598       Total comprehensive income for the period     510 121     529 204     848 486       Non-controlling interest     1 436     (242)     160       501 557     528 962     848 646     486 646       Total comprehensive income for the period attributable to:     501 557     528 962     848 646       Total comprehensive income for the period attributable to:     517 485     523 151     866 404       Non-controlling interest     1 487     (217)     194	Profit before income tax charge	497 018	530 375	856 397
Other comprehensive income     Items that may be subsequently reclassified to profit or loss     Exchange differences on translation of foreign operations   17 415   (6 028)   17 952     Total comprehensive income for the period   518 972   522 934   866 598     Total comprehensive income for the period   518 972   529 204   848 486     Non-controlling interest   1 436   (242)   160     501 557   528 962   848 646     Total comprehensive income for the period attributable to:   507 557   528 962   848 646     Total comprehensive income for the period attributable to:   517 485   523 151   866 404     Non-controlling interest   1 487   (217)   194	Taxation	4 5 3 9	(1 413)	(7 751)
Items that may be subsequently reclassified to profit or loss       Exchange differences on translation of foreign operations     17 415     (6 028)     17 952       Total comprehensive income for the period     518 972     522 934     866 598       Total comprehensive income for the period     518 972     529 204     848 486       Non-controlling interest     1436     (242)     160       501 557     528 962     848 646       Total comprehensive income for the period attributable to:     501 557     528 962     848 646       Total comprehensive income for the period attributable to:     501 557     528 962     848 646       Total comprehensive income for the period attributable to:     Emira shareholders     517 485     523 151     866 404       Non-controlling interest     1487     (217)     194	Profit for the period	501 557	528 962	848 646
Exchange differences on translation of foreign operations     17 415     (6 028)     17 952       Total comprehensive income for the period     518 972     522 934     866 598       Total profit for the period attributable to:     Emira shareholders     500 121     529 204     848 486       Non-controlling interest     1 436     (242)     160       501 557     528 902     848 646       Total comprehensive income for the period attributable to:     501 557     528 902     848 646       Total comprehensive income for the period attributable to:     Emira shareholders     517 485     523 151     866 404       Non-controlling interest     1 487     (217)     194	Other comprehensive income			
Total comprehensive income for the period     518 972     522 934     866 598       Total profit for the period attributable to:     Emira shareholders     500 121     529 204     848 486       Non-controlling interest     1 436     (242)     160       501 557     528 962     848 646       Total comprehensive income for the period attributable to:     501 557     528 962     848 646       Emira shareholders     517 485     523 151     866 404       Non-controlling interest     1 487     (217)     194	Items that may be subsequently reclassified to profit or loss			
Total profit for the period attributable to:       Emira shareholders     500 121     529 204     848 486       Non-controlling interest     1 436     (242)     160       501 557     528 962     848 646       Total comprehensive income for the period attributable to:     Emira shareholders     517 485     523 151     866 404       Non-controlling interest     1 487     (217)     194	· · · ·			
Emira shareholders     500 121     529 204     848 486       Non-controlling interest     1 436     (242)     160       501 557     528 962     848 646       Total comprehensive income for the period attributable to:     Emira shareholders     517 485     523 151     866 404       Non-controlling interest     1 487     (217)     194		518 972	522 934	866 598
Non-controlling interest     1 436     (242)     160       501 557     528 962     848 646       Total comprehensive income for the period attributable to:     Emira shareholders     517 485     523 151     866 404       Non-controlling interest     1 487     (217)     194				
501 557     528 962     848 646       Total comprehensive income for the period attributable to:     Emira shareholders     517 485     523 151     866 404       Non-controlling interest     1 487     (217)     194				
Total comprehensive income for the period attributable to:       Emira shareholders     517 485     523 151     866 404       Non-controlling interest     1 487     (217)     194	Non-controlling interest			
Emira shareholders     517 485     523 151     866 404       Non-controlling interest     1 487     (217)     194		501 557	528 962	848 646
Non-controlling interest 1487 (217) 194		F17 105	F00 451	0// 101
<b>518 972</b> 522 934 866 598	Non-controlling Interest		, ,	
		518 972	522 934	866 598

#### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Revaluation	Foreign currency		Non-	
R'000	Shares	and other reserves	translation reserve	Retained earnings	controlling interest	Total
Balance at 1 July 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
REIT restructure costs	(373)					(373)
Total comprehensive income for the period				529 204	(242)	528 962
Exchange differences on translation of foreign operations			(6 053)		25	(6 028)
Transfer to fair value reserve		236 989		(236 989)		-
Transfer to currency translation reserve			(8 836)	8 836		-
Dividend paid – September 2017				(388 080)		(388 080)
Balance at 31 December 2017	3 775 461	5 013 023	(14 889)	210 657	(217)	8 984 035
Balance at 1 July 2018	3 775 458	4 844 848	17 918	330 351	107	8 968 682
Premium on share option				9 420		9 420
Total comprehensive income for the period	-	-	17 364	500 121	1 4 8 7	518 972
Profit for the year				500 121	1 4 3 6	501 557
Other comprehensive income			17 364		51	17 415
Equity-settled share scheme		2 192				2 192
Transfer to fair value reserve		23 421		(23 421)		-
Dividend paid – September 2018				(397 998)		(397 998)
Dividend paid – subsidiary					(646)	(646)
Balance at 31 December 2018	3 775 458	4 870 461	35 282	418 473	948	9 100 622

#### **CONDENSED STATEMENT OF CASH FLOWS**

\_

	onduanceu	ondutica	naunca
	six months	six months	year
	ended	ended	ended
R'000	31 Dec 2018	31 Dec 2017	30 Jun 2018
Cash generated from operations	468 765	491799	997 969
Finance income	8 395	6 499	15 007
Income from equity-accounted investments	69 080	-	94 566
Interest paid	(237 255)	(204 462)	(452 365)
Taxation paid	(2 054)	-	(766)
Dividends paid to shareholders	(397 998)	(388 080)	(757 344)
Dividends paid to non-controlling interest	(646)	-	(87)
Net cash utilised in operating activities	(91 713)	(94 244)	(103 020)
Acquisition of, and additions to, investment properties			
and fixtures and fittings excluding capitalised interest	(184 947)	(284 866)	(507 185)
Proceeds on disposal of investment properties	150	225 500	500 575
and fixtures and fittings	150	235 500	530 575
Investment in equity-accounted investments	(700 388)	(101 973)	(415 694)
Disposal of investment in listed property fund	77 324	-	90 156
Enyuka deconsolidation	-	(36 772)	(36 772)
Net cash utilised in investing activities	(807 861)	(188 111)	(338 920)
REIT restructure costs	-	(373)	(376)
Shares recognised on partial repayment of BEE vendor loan	-	9 702	9 702
Premium on share option	9 420	-	8 9 8 9
Interest-bearing debt raised	4 158 000	1837 000	4 208 666
Interest-bearing debt repaid	(3 282 395)	(1 633 285)	(3 844 245)
Net cash generated from financing activities	885 025	213 044	382 736
Net increase in cash and cash equivalents	(14 549)	(69 311)	(59 204)
Cash and cash equivalents at the beginning of the period	109 455	168 659	168 659
Cash and cash equivalents at the end of the period	94 906	99 348	109 455

Unaudited

Unaudited

Audited

#### 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 in terms of IFRS and are consistent with those used in the audited annual financial statements for the year ended 30 June 2018.

This report was compiled under the supervision of Greg Booyens CA(SA), the Chief Financial Officer of Fmira These condensed con

#### RECONCILIATION RETWEEN FARNINGS AND HEADLINE FARNINGS AND DISTRIBUTARIE FARNINGS

RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARN	Unaudited	Unaudited	Audited
	six months	six months	year
R'000	ended 31 Dec 2018	ended 31 Dec 2017	ended 30 Jun 2018
Profit for the period attributable to shareholders	501 557	528 962	848 486
Adjusted for:	24 (12	(00.750)	40 427
Net fair value loss/(gain) on revaluation of investment properties	24 612	(89 759)	49 437
Loss on deconsolidation of Enyuka	E26 160	420.202	392
Headline earnings	526 169	439 203	898 315
Adjusted for:	(0.7(0))	(14 (70)	(22,700
Allowance for future rental escalations	(8 768)	(14 678) 2 995	(22 709
Amortised upfront lease costs Unrealised surplus on revaluation of interest-rate swaps	958		4 455
	11 607	(43 707)	45 250
Revaluation of share appreciation rights scheme derivative financial instruments	(6 388)	(110)	(4755
	(0 300)	(110)	(4 7 5 5
Charge/(credit) in respect of leave pay provision and share	2 171	244	2 20/
appreciation rights scheme		344	3 394
Unrealised gain on revaluation of listed property investment	(45 442)	(61 310)	(139 144
Unrealised foreign exchange loss	(24 158)	30 890	(23 736
Non-distributable income from equity-accounted investments	(94 908) 5 707	(6 395)	(36 998
Depreciation	5 707	4 478	9 286
Transaction and advisory fees	887	6 993 1 268	8 0 3 0
Deferred taxation	(6 593)		6 0 4 4
Distributable portion of non-controlling interest	(27)	(87)	(52)
Premium on BEE share option GOZ shares sold cum dividend	9 013 1 574	8 988	18 160 2 205
Accrual for listed security income (Transcend)	2 557	_	2 200
Accrual for listed security income (Transcend) – antecedent element		_	
Distributable earnings	<u>6 474</u> 380 833	368 872	767 276
Distribution per share	300 033	300 012	101 210
Interim (cents)	72,86	70,65	70,65
Final (cents)	-	- 10,05	76,15
	72,86	70,65	146,80
Number of shares in issue at the end of the period	522 667 247	522 667 247	522 667 247
Weighted average number of shares in issue	510 296 737	509 214 644	510 140 337
Earnings per share (cents)	98,29	103,88	166,32
The calculation of earnings per share is based on net profit for the period of R501,6 million (2017: R529,0 million), divided by the weighted average number of shares in issue during the period of 510 296 737 (2017: 509 214 644).			
Diluted earnings per share (cents)	98,08	103,88	166,20
The calculation of diluted earnings per share is based on net profit for the period of R501,6 million (2017: R529,0 million), divided by the diluted weighted average number of shares in issue during the period of 511 387 515 (2017: 509 214 644).			
Headline earnings per share (cents)	103,11	86,25	176,09
The calculation of headline earnings per share is based on net profit for the period, adjusted for non-trading items, of R526,2 million (2017: R439,2million), divided by the weighted average number of shares in issue during the period of 510 296 737 (2017: 509 214 644).			
Diluted headline earnings per share (cents)	102,89	86,25	175,96
The calculation of diluted headline earnings per share is based on net profit for the period, adjusted for non-trading items, of R526,2 million (2017: R439,2 million), divided by the diluted weighted average number of shares in issue during the period of 511 387 515 (2017: 509 214 644).			
Diluted weighted average number of shares in issue			
Weighted average number of shares in issue	510 296 737	509 214 644	510 140 337
Issued for zero consideration under the call option to BEE parties	1090778		375 436
issued for zero consideration ander the can option to bee parties	511 387 515		510 515 773

#### **SEGMENTAL INFORMATION**

R'000     Office     Retail     Industrial     Other     Offshore     Corporate     Total       Revenue     368 682     358 361     151 588     -     -     -     878 631       Operating lease rental income and tenant recoveries     362 171     353 693     153 999     -     -     869 863       Allowance for future rental escalations     6 511     4 668     (2 411)     -     -     876 878       Property expenses     (138 769)     (126 180)     (60 693)     -     -     (325 642)       Profit for the period     187 375     209 650     104 833     141 273     67 433     (209 007)     501 577	Total consta	E 270 712	E 20E 40/	1026 (55	1 202 770	1 (70 222	E20 420	16 102 206
Revenue     368 682     358 361     151 588     -     -     -     878 631       Operating lease rental income and tenant recoveries     362 171     353 693     153 999     -     -     869 863       Allowance for future rental escalations     6 511     4 668     (2 411)     -     -     8768	Profit for the period	187 375	209 650	104 833	141 273	67 433	(209 007)	501 557
Revenue     368 682     358 361     151 588     -     -     -     878 631       Operating lease rental income and tenant recoveries     362 171     353 693     153 999     -     -     869 863       Allowance for future     362 171     353 693     153 999     -     -     869 863	Property expenses	(138 769)	(126 180)	(60 693)	-	-		(325 642)
Revenue     368 682     358 361     151 588     -     -     -     878 631       Operating lease rental income and tenant     -     -     878 631     -     -     878 631		6 511	4 668	(2 411)	-	-		8 768
	income and tenant	362 171	353 693	153 999	-	-		869 863
R'000 Office Retail Industrial Other Offshore Corporate Total	Revenue	368 682	358 361	151 588	-	-	-	878 631
	R'000	Office	Retail	Industrial	Other	Offshore	Corporate	Total

Total assets 5 279 713 5 295 496 1 936 655 1 382 779 1 678 333 529 420 16 102 396

**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 2018	Level 2 Dec 2018	Level 3 Dec 2018	Total Dec 2018	Level 1 Dec 2017	Level 2 Dec 2017	Level 3 Dec 2017	Total Dec 2017
GROUP								
Assets								
Investments	918 057	-	-	918 057	940 647	-	-	940 647
Derivative financial instruments	_	129 433	396	129 829		103 721	110	103 831
Total	918 057	129 433	396	1 0 47 886	940 647	103 721	110	1044478
Liabilities								
Derivative financial instruments	_	192 855	-	192 855	-	81 018	-	81 018
Total	-	192 855	-	192 855	-	81 018	-	81 018
Net fair value	918 057	(63 422)	396	855 031	940 647	22 703	110	963 460

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 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 employee sine scale and expected using a brack school softworp in and model. The expected volatility of the unit price of the call options was 22,7% and the risk-free discount rate used was 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 R0,4m. A 10% decrease in the spot price results in a decrease to the call options of R0,2m. The call option contracts have been classified as Level 3. During the period R0,3m of the option premiums relating to these contracts were amortised and a fair value loss of R0,5m was recognised at 31 December 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 7,2% 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 R11,4m. A 10% decrease in the spot price results in a decrease to the forward contracts of R11,4m.

#### **2 NON-FINANCIAL ASSETS**

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

R'000	2018 Level 3	2017 Level 3
Assets		Levero
Investment properties	10 787 853	11 663 526

1921833

1063450

These condensed consolidated interim financial statements have not been reviewed or audited by Emira's independent	Investment properties held for sale
auditor. Ernst & Young Inc.	

# 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 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 2018 were the following:

> The permanent vacancy factor for retail ranged between 0,25% and 5% (2017: 0% and 5,0%), offices between 1.0% and 5.0% (2017: 0.9% and 5.0%) and industrial between 0.25% and 5.0% (2017: 0.2% and 5.0%).

> The weighted average rental escalation percentage applied for retail was 6,4% (2017: 6,7%), offices 7,2% (2017: 7,8%) and industrial 7,7% (2017: 6,7%), and for renewals and new leases ranged between 6,0% and 9,0%

(2017: 6,0% to 8,0%). > The range of the reversionary capitalisation rates applied to the portfolio are between 7,25% and 11,75% with the weighted average, by value, being 9,06% (2017: 9,33%).

> The discount rates applied range between 12,50% and 16,25% with the weighted average, by value, being 14,13% (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 R180,5m (1,4%) and a 25 basis points decrease will increase the value of investment property by R187,5m (1,5%). A 25 basis points decrease in the reversionary capitalisation rate will increase the value of investment property by R197,7m (1,6%) and a 25 basis points increase will decrease the value of investment property by R186,7m (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 end on

## FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES HELD FOR SALE

ted sale price

DIRECTORS: G van Zyl (Chairman)\*, GM Jennett (CEO), MS Aitken\*, G S 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 (Ptv) Ltd. 1st Floor, Yellowwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, 2191

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

#### EMIRA PROPERTY FUND LIMITED

EMIRA.CO.ZA

(Incorporated in the Republic of South Africa)
Registration number: 2014/130842/06
Share code: EMI ISIN: ZAE000203063
JSE interest rate issuer code: EMII
Tax number: 9995/739/15/9
("Emira" or "the Fund" or "the Company") (Approved as a REIT by the JSE)

