EMIRA
PROPERTY FUND

Integrated annual report

2020

Contents

About this report

This integrated report to stakeholders is for Emira Property Fund Limited ("Emira", or "the Fund", or "the Company" or "the Group") for the year ended 30 June 2020.

SCOPE AND BOUNDARY

Emira's previous report covered the year ended 30 June 2019. This report is aimed at providing stakeholders with an integrated view of Emira's economic, social and environmental performance and to demonstrate its ability to create and sustain value over the short, medium and long term.

The information contained herein relates to Emira's operational activities and interests in South Africa as well as in the United States of America, for the past 12 months, however, post-balance sheet events have been included for the sake of completeness. Emira's most relevant material issues are presented herein. These issues pertain to Emira's strategy, which underpins its sustainability, its performance, associated risks and opportunities and its prospects in a manner that is transparent, accurate and balanced. Preparation of this integrated report was done in accordance with best practice, applying the principles of the King Report on Corporate Governance, International Integrated Reporting Council's International <IR> Framework ("<IR> Framework"), the Companies Act, No. 71 of 2008 ("the Companies Act"), International Financial Reporting Standards ("IFRS") and the Listings Requirements of the JSE Limited ("the JSE Listings Requirements").

ASSURANCE AND COMPARABILITY

The Board of Directors ("the Board") is required to prepare annual financial statements in terms of the Companies Act and the JSE Listings Requirements, which represent the financial affairs of Emira in a fair manner conforming with IFRS. Emira's external auditors are obliged to examine the annual financial statements and have reported their opinion thereon. Emira has not pursued external assurance for its non-financial information disclosed in this integrated report. There are no material changes to the structure of this report when compared to the 2019 report, other than further elaboration on Emira's investments, strategic priorities, risk management, corporate governance and environmental management and the inclusion of information in line with the <IR> Framework.

STAKEHOLDER FEEDBACK

Stakeholders are welcome to address any comments to the company secretary, emira@acorim.co.za, with feedback on this integrated report.

FORWARD-LOOKING STATEMENTS

This integrated report contains certain forward-looking statements relating to the financial performance and position of the Group. All forward-looking statements are solely based on the views and considerations of the directors. While these forward-looking statements represent the directors' judgments and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from their expectations. Factors that could cause actual results to differ materially from those in forward looking statements include, but are not limited to, global and local market and economic conditions, industry factors as well as regulatory factors. Emira is not under any obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements, whether as a result of new information, future events or otherwise. This forward-looking information has not been reviewed or reported on by the external auditors.

BOARD RESPONSIBILITY STATEMENT

The Board acknowledges its responsibility to ensure the integrity of the integrated report. The directors confirm that they have individually and collectively reviewed the content of the integrated report and believe it addresses material issues, as determined by using Emira's risk framework as a screening mechanism and is a fair presentation of Emira's integrated performance. The Board approved the release of the 2020 integrated report on 22 October 2020.

For and on behalf of the Board

Gerhard van Zyl
Chairman*

Geoff Jennett
Chief Executive Officer

Greg Booyens
Chief Financial Officer

Ulana van Biljon
Chief Operating Officer

Michael Aitken
Non-executive Director*

Bryan Kent
Non-executive Director*

Vusi Mahlangu
Non-executive Director*

Wayne McCurrie
Non-executive Director*

Berlina Moroole
Non-executive Director*

Vuyisa Nkonyeni
Non-executive Director*

Jasandra Nyker
Non-executive Director*

James Templeton
Non-executive Director

Derek Thomas
Non-executive Director*

* Independent.

Bryanston
26 October 2020

About Emira

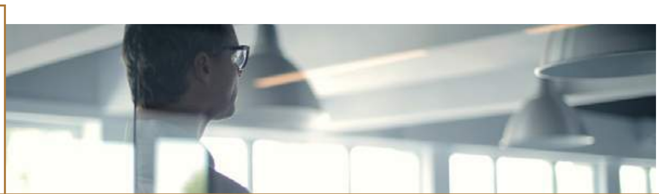
In 2003 Emira Property Fund, a real estate investment trust ("REIT"), listed on the Johannesburg Stock Exchange ("JSE"). The Fund listed with the intention of growing a balanced and diversified portfolio, thereby limiting exposure to any one property sector.

As a REIT, Emira offers investors the opportunity to own a share of the conservatively geared portfolio, in order to receive a portion of the income generated by the Fund's properties and investments as dividends.

Being great in the provision of great real estate

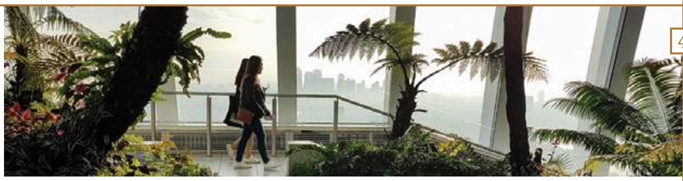
This is **OUR PURPOSE**, our long-term reason for being, and it guides our strategy and the daily endeavours of our team. We fulfil our purpose by servicing the needs of our stakeholders as set out in the specific order of the four steps below:

1. Serving our **tenants** with excellence and providing great real estate



3. Serving our **communities** responsibly and protecting the **environment**

2. Creating a thriving working environment for our **staff and service providers**



4. Delivering reliable, sustainable returns to our **debt providers and equity holders**

Our purpose forms the foundation of **OUR STRATEGY**. It is discussed on pages 12 and 13 and informs the narrative throughout this integrated report.

Major milestones as a REIT

2015

Emira converted from a property unit trust to a REIT.

2017

Concluded the Enyuka transaction and B-BBEE transactions with Letsema Holdings and Tamela Holdings to the value of R575,0 million and R364,2 million respectively.

2018

Further offshore diversification through investments into the US, acquiring minority equity interests, alongside US co-investors Rainier Group, in four grocery anchored convenience power retail centres to the value of USD199,5 million.

Entered the residential sector via The Bolton office conversion to further diversify the property portfolio. In partnership with residential specialist Feenstra Group.

2019

Emira acquired a 34,9% minority stake in specialist affordable residential REIT, Transcend Property Fund. Emira's CEO Geoff Jennett was elected to the Transcend board as a non-executive director.

Concluded a portfolio rebalancing disposal of 25 non-core office assets for R1,8 billion in a structured B-BBEE transaction with majority black-owned Inani Prop Holdings.

2020

The Fund disposed of its remaining 18,6 million units in Growthpoint Australia ("GOZ") between July 2019 and June 2020 at an average of AUD4,11 per share.

Amid global uncertainty, Emira steadied the ship to bed down and strengthen the assets and investments in the portfolio.

Our KPIs

Distributions per share (c)

104,36

2019: 151,34

Listed market price per share (c)

649

2019: 1 380

Market capitalisation (Rm)

3 392

2019: 7 213

Net asset value per share (c)

1 530

2019: 1 791

Number of direct properties

79

2019: 80

Direct property value (Rm)

10 208

2019: 10 942

Vacancy rate (%)

4,1

2019: 3,6

Indirect property investments value (Rm)

2 779

2019: 3 075

Loan-to-value (%)

43,0

2019: 36,9

Our portfolio

Direct investments

NUMBER OF PROPERTIES

79

2019: 80

NUMBER OF TENANTS

1 362

2019: 1 462

TOTAL PROPERTY VALUE (Rm) INCLUDES LAND

10 207

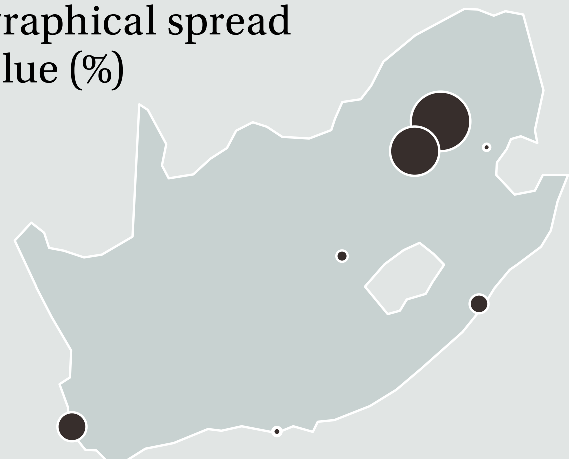
2019: 10 942

TOTAL GLA (m^2)

816 443

2019: 821 982

Geographical spread by value (%)



72	**GAUTENG**	2019: 73
35	JOHANNESBURG	2019: 35
37	PRETORIA	2019: 38
16	**WESTERN CAPE**	2019: 16
8	**KWAZULU-NATAL**	2019: 8
2	**FREE STATE**	2019: 2
2	**MPUMALANGA**	2019: 1

GLA split per sector (%)

* INCL. THE BOLTON | ** EXCL. THE BOLTON

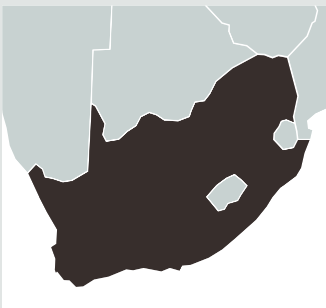
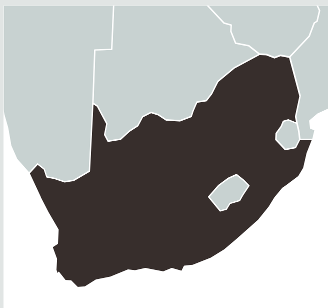
38*
URBAN RETAIL
2019: 38**

19*
OFFICE
2019: 20**

41*
INDUSTRIAL
2019: 42**

2*
RESIDENTIAL
2019: 0**

Indirect investments

	US	TRANSCEND	ENYUKA
CARRYING VALUE (EMIRA'S SHARE OF INVESTMENT)	R1 630m 2019: 1 065	R506m 2019: 572	R643m 2019: 679
SECTOR INVESTMENT	Retail	Residential	Retail
TOTAL UNDERLYING PROPERTY VALUE (GROSS)	USD493,1m	R2,7bn	R1,7bn
NUMBER OF UNDERLYING PROPERTIES	10	23	24
TOTAL GLA	2 941 151ft^2	264 994m^2	156 298m^2
NUMBER OF TENANTS	285	4 466	500
VACANCY	5,2%	4,7%	4,6%
HELD BY EMIRA	46,7% – 49,6%	34,9%	49,9%
LOCATION			

Leadership

1. Geoff Jennett (52)

CHIEF EXECUTIVE OFFICER

E ESG INVITEE: A R I F RN

QUALIFICATIONS: BCom, BCom (Hons), HDipAcc, CA(SA)

APPOINTMENT DATE: 1 September 2015

Geoff, a qualified chartered accountant by original training, had over 20 years' deal-making experience in the financial markets, particularly in the structured capital markets and the corporate equity derivatives spaces, prior to joining Emira.

He has worked at FNB Corporate, Coronation Capital, Nedbank Capital and Absa Capital, and was the financial and operations director of Honey Fashion Accessories. Geoff joined Emira on 1 November 2014, becoming Chief Financial Officer with effect from 1 January 2015. He was then appointed as Emira's CEO effective from 1 September 2015.

2. Greg Booyens (43)

CHIEF FINANCIAL OFFICER

E INVITEE: A R I F ESG

QUALIFICATIONS: BCom, BCom (Hons), CA(SA)

APPOINTMENT DATE: 1 January 2016

Greg is a qualified chartered accountant with over 15 years' experience in finance and operations management, nine of which have been in the listed property sector. Greg completed his articles at PKF in South Africa and thereafter spent eight years in the United Kingdom where he gained experience in the financial services sector. Greg joined Emira on 1 January 2016.

3. Ulana van Biljon (53)

CHIEF OPERATING OFFICER

E INVITEE: A R I F ESG

QUALIFICATIONS: BCom

APPOINTMENT DATE: 10 February 2012

Ulana has nearly 26 years' experience in the property industry, specifically in retail, property and asset management. She is experienced in both private and listed property fund environments. As Chief Operating Officer of Emira, she is also responsible for the asset and operations management of its property portfolio. Ulana was appointed Executive Director on 10 February 2012 and Chief Operating Officer effective 1 September 2015.

She was the winner of the Standard Bank Top Woman Awards in the property category in 2019.

4. Gerhard van Zyl (61)

INDEPENDENT NON-EXECUTIVE CHAIRMAN

I RN

QUALIFICATIONS: B Eng, B Eng (Hons), Hons B (B&A), MBA

APPOINTMENT DATE: 10 September 2013

Gerhard brings a wealth of knowledge and more than 20 years' experience in the commercial property industry having been the CEO of a property management company as well as the CEO of three separate listed property funds. In addition, he has consulted extensively in the property field. He was also the SAPOA president in 2003/4.

5. Michael Aitken (63)

INDEPENDENT NON-EXECUTIVE DIRECTOR

I

QUALIFICATIONS: BA, LLB

APPOINTMENT DATE: 16 April 2007

Michael has considerable experience in property-related activities, with specific expertise in asset and fund management related to directly held and listed property vehicles. He is currently actively involved in property investment. Michael is a non-executive director of Transcend Residential Property Fund as well as chairman of the Transcend audit committee and past Chairman of Hyprop Investments Limited.

6. Bryan Kent (75)#

INDEPENDENT NON-EXECUTIVE DIRECTOR

A R RN*

QUALIFICATIONS: BCom, FCMA, CA(SA)

APPOINTMENT DATE: 16 April 2007

Bryan is a financial business consultant with considerable experience in property matters and financial structuring and was previously a partner at PriceWaterhouse. He is currently a director of several other companies which are both listed and unlisted.

* Stepped down on 13 August 2019.

Retires on 31 October 2020.

7. Vusi Mahlangu (50)

INDEPENDENT NON-EXECUTIVE DIRECTOR

A R RN

QUALIFICATIONS: BSc Eng (Chem) (UCT), MBA (Harvard Business School)

APPOINTMENT DATE: 24 June 2010

Vusi is a former investment banker with over 21 years' experience. He is a founder and director of Tamela Holdings (Pty) Ltd. Between 2005 and 2008, he was the CEO of Makalani, a JSE listed mezzanine fund. Prior to joining Makalani he worked for Investec and African Oxygen Limited.

8. Wayne McCurrie (59)

INDEPENDENT NON-EXECUTIVE DIRECTOR

F RN*

QUALIFICATIONS: BCompt (Hons), CA(SA)

APPOINTMENT DATE: 10 December 2008

Wayne started his working career under Articles of Clerkship and then as a management accountant in KwaZulu-Natal in 1979. He moved up to Johannesburg in 1989 to work for Lifegro Assurance, a company bought out by Momentum Group. He transferred to investments in 1991.

Wayne has worked with the broader FirstRand Group's investment houses, performing various functions including Chief Investment Strategist, Chief Investment Officer, among others. He transferred to FNB Wealth and Investments in 2018 and is currently a portfolio manager. He also regularly appears on radio and television as a market commentator.

* Appointed from 13 August 2019.

9. Berlina Moroole (48)

INDEPENDENT NON-EXECUTIVE DIRECTOR

A* R*

QUALIFICATIONS: B Com, B Compt (Hons), CA(SA)

APPOINTMENT DATE: 1 July 2020

Berlina is the Chief Risk Officer of Rand Mutual Assurance, with over 20 years' experience in audit, risk management and governance principles for different industries. She has previously worked as a Deloitte Partner, Group Chief Risk Officer and Chief Audit Executive for Liberty and Chief Audit, Risk and Sustainability Officer for Motus Holdings Limited. She was also a board member for Legal Aid South Africa, Assupol Holdings and an Audit Advisory Committee member for one of the United Nations agencies, UNFPA.

* Appointed from 1 July 2020.

10. Vuyisa Nkonyeni (51)

INDEPENDENT NON-EXECUTIVE DIRECTOR

A R ESG

QUALIFICATIONS: BSc (Inf Proc), BSc (Hons) Computer Science, Postgraduate Diploma in Accounting, CA(SA)

APPOINTMENT DATE: 24 August 2011

Vuyisa has over 20 years' experience in investment banking and private equity. He is a chartered accountant by training having served his training contract with PriceWaterhouse, which he completed n 1996. Subsequent to his training, he joined Deutsche Bank in 1997 where he gained investment banking experience primarily in corporate and project finance advisory work over a four-year period. He has also served as the Financial Director of Worldwide African Investment Holdings (Pty) Ltd and the CEO of Kagiso Tiso Holdings (Pty) Ltd, a position he held from 1 January 2012 until 31 December 2017. Vuyisa is now pursuing various private investment opportunities across a range of industry sectors.

11. Jasandra Nyker (47)

INDEPENDENT NON-EXECUTIVE DIRECTOR

F* I* ESG

QUALIFICATIONS: BBusSc (Finance), MBA (London Business School)

APPOINTMENT DATE: 22 May 2019

Jasandra is a Managing Director within the Power and Renewables team at Denham Capital. She is also the former CEO of BioTherm Energy, with over 20 years' experience in investing and building companies in the energy and technology sectors. She has previously worked in private equity, investment banking and strategy consulting in international markets. She also worked for PCG Asset Management in California, Lehman Brothers in London, as well as Brait Private Equity in South Africa.

She is a World Economic Forum Young Global Leader and has been listed in the Power Elites in 2017 and was winner of the Africa Utility Week, 2019 Outstanding Contribution to Power Award.

* Appointed from 13 August 2019.

12. James Templeton (47)

NON-EXECUTIVE DIRECTOR

I*

QUALIFICATIONS: BCom (Hons), Chartered Financial Analyst

APPOINTMENT DATE: 1 July 2020

James was employed at Barnard Jacobs Mellet, a prominent South African stockbroker from 1996 to 2003 where he covered various sectors including real estate. James was the CEO of Emira Property Fund from 2004 to 2015. He is currently CEO of Castleview Property Fund, a REIT listed on the JSE's AltX.

* Appointed from 1 July 2020.

13. Derek Thomas (50)

INDEPENDENT NON-EXECUTIVE DIRECTOR

F

QUALIFICATIONS: Bachelor of Commerce (Hons) (Wits), MCom Economics (Wits), MSc Development Economics (SOAS, London)

APPOINTMENT DATE: 15 August 2017

Derek is the co-founder of Letsema, an independent diversified holding company with long-term interests in management consulting and proprietary investments. Over the past 20 years, Derek has worked extensively across various capacities within the Letsema Group. He was appointed as a Non-executive Director of Emira on 15 August 2017.

KEY TO COMMITTEES

- E EXECUTIVE COMMITTEE
- A AUDIT COMMITTEE
- R RISK COMMITTEE
- RN REMUNERATION COMMITTEE
- F FINANCE COMMITTEE
- ESG ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE
- I INVESTMENT COMMITTEE
- ● CHAIRMAN

Chairman and CEO's statement

We were fortunate to enter this new environment with a strong balance sheet, supported by realistic property valuations.

In reviewing and refining Emira's strategy during the year, we articulated our purpose: **being great in the provision of great real estate**. Our purpose is embedded in our every endeavour and there are discussions pertaining to our execution of our purpose in sections throughout this report. Refer to our strategy on page 13 for a summary of how we lived up to our purpose during the year.

Our integrated report for 2020 has a new structure with dedicated sections focusing on Emira's financial and operational matters, and we have significantly improved our levels of disclosure in the new environmental, social and governance ("ESG") report.

COVID-19

In recent years, the strategic steps undertaken by management and the Board were bearing fruit and we were achieving our objectives, despite a weak local economy. In March 2020, we were on track to deliver growth similar to the first half of the financial year, however, with the onset of the coronavirus ("COVID-19") pandemic, we adopted a defensive stance to protect the sustainability of our tenants and defend Emira's favourable liquidity position.

CHANGING BUSINESS ENVIRONMENT

Current conditions are unprecedented, affecting share prices, liquidity, and opportunities in markets across the globe. Prior to the pandemic, the South African economy was already precarious and in recession. The country's fiscal position worsened due to the simultaneous sovereign credit downgrade and arrival of COVID-19 in late March. The US economy was in a stronger position than South Africa, and its lockdown was far less severe, making a faster rebound more likely.

In the new environment, we have further prioritised tenant retention and containing vacancies at low levels. Key to this is understanding the needs of tenants and working together with them to deliver space of the appropriate quality and price. To reduce risk, we prudently switched our focus from strategic growth to maintaining and managing our portfolio as best we can.

OUR VALUED STAKEHOLDERS

In order to fulfil our purpose, we need to be in constant contact with our stakeholders. The Board held monthly meetings during the worst of the pandemic, which were vital to make important decisions timeously. We rely on our key stakeholders to provide great real estate as much as they rely on us. At the onset of COVID-19, the directorate unanimously agreed to come to the aid of our tenants through rental discounts and deferments. 'Doing the right thing' for our stakeholders became essential to living up to our purpose during an unprecedented global crisis.

To give a lifeline to tenants, the Board backed the executives, approving R118,6 million in rental discounts and deferments over the three months of April to June. Emira's staff, excluding the three executives, received 100% of their salaries and service providers were also paid in full during the lockdown period. The property manager was paid in full, despite shortfalls on collections due to the lockdown, which were covered by Emira. We are proud to have done the right thing for our stakeholders during the worst months of COVID-19.

In the US, the outcomes of tenant negotiations during the pandemic were very positive and resulted in the weighted average lease expiry of US assets extending from 5,2 years to 6,2 years. This demonstrates both the quality of the assets and the competence of our US co-investment partners, the Rainier Group.

Through meaningful interaction over the past five years, our management team has built strong relationships with our debt providers, who have a firm understanding of our business and an appreciation for the steps we have taken to enhance the sustainability of Emira.

By maintaining open channels of communication with our equity holders and debt providers, they valued our honesty, transparency and the way we followed through on our core principles by ensuring balance sheet strength, meeting debt covenants and paying a sustainable dividend, in spite of the challenges.

OUR PERFORMANCE

DISTRIBUTABLE EARNINGS

In our financial reporting, we distinguish between distributable earnings and dividends. To maintain Emira's REIT status with the JSE, we are required to pay out 75% of distributable earnings as dividends. Due to the pandemic, the Board agreed to pay out the cash-backed portion of distributable earnings, which is sustainable and responsible.

After making adjustments due to the effects of COVID-19 and the relief we provided to our tenants, the Board approved the declaration of a final dividend of 30,26 cents per share for the six months to 30 June 2020 with the **full-year dividend per share of 104,36 cents**. Refer to the CFO report on page 18 for further details.

OUR PORTFOLIO

ACQUISITIONS

Together with our US co-investment partners, we made our tenth acquisition in February 2020, namely Dawson Market Place. An opportunity also arose to make an additional US acquisition, but that property fell short of Emira's strategic and long-term investment criteria. Emira is under contract to acquire Northpoint, a 16 415m² industrial midi unit multi-tenanted park. The property is located in Brackenfell, Cape Town and has a good yield of 10,55%. Refer to the CFO report and the COO report on pages 22, 48 and 49 respectively for further information.

KEY METRICS

128,36c
DISTRIBUTABLE INCOME PER SHARE
(JUNE 2019: 151,34c)

104,36c
DISTRIBUTIONS PAID PER SHARE
(JUNE 2019: 151,34c)

1 530c
NET ASSET VALUE PER SHARE
(JUNE 2019: 1 791c)

INVESTMENT THESIS

Emira has been a diversified property fund since listing in 2003, which speaks to the long-term nature of our investments. First and foremost, we invest to provide great real estate to our tenants.

We provide great real estate by being balanced and invested in various different property sectors locally and offshore. We keep our investment spread weighted appropriately and have rebalanced the portfolio's sectoral components over the last few years, adjusting to economic changes.

We believe in the merits of co-investing with experienced partners. Great partnerships benefit from both parties' contributions, delivering strong results through improved asset management, expert skills, reduced risk and better diversification.

Whether our properties are P-grade, A-grade or B-grade, we keep them well managed, in great condition and performing optimally, to deliver reliable and sustainable returns for our equity holders and debt providers.

We believe in doing the basics well and doing today what we believe will be right for tomorrow.

DISPOSALS

To capitalise on an overvalued share price, a decision was made to fully dispose of Emira's remaining GOZ shareholding, which was achieved at a rate well in excess of cost. In South Africa, office sector property 1059 Francis Baard was transferred out of the portfolio, with a select number of other properties potentially in the pipeline for disposal. Refer to the CFO report for more information.

CAPITAL EXPENDITURE ("CAPEX")

We reinvested R161 million as capex back into our portfolio during the year, staying true to our purpose. We maintained our buildings to keep the portfolio in great condition and performing to a high standard. To further enhance the longevity of the portfolio, we continued our investment in environmental and sustainability projects. The effectiveness of our reinvestment is evident in the low average vacancy rate of 3,7% achieved by our teams for the year. See the COO report and environmental report for details.

ACCESS TO CAPITAL

Emira's capital structure is sound with a strong balance sheet and properties that have been realistically valued. In terms of liquidity, via our multi-lender approach, at 30 June 2020, there was cash on hand and debt capacity, which allows up to R720 million to be available if needed. Moreover, our unencumbered properties valued at R2,4 billion provide refinancing flexibility on some of our maturing debt in the coming years.

REMUNERATION

To meet our purpose of providing our people with an environment that enables them to thrive and perform at their best, we ensure that our employees and Board members are rewarded fairly, and in line with peer benchmarking. Our remuneration policy is formula driven and defined by a set of metrics that are based on performance. We are refining our remuneration to better align with Emira's purpose, by categorising KPIs more appropriately to achieve better results over the longer term. More detail can be found in the remuneration report commencing on page 102.

In keeping with doing what is right, the Board unanimously agreed to contribute to the Solidarity Fund, whereby Emira's executive directors sacrificed 30% of their salaries for April, May and June, and all non-executive directors sacrificed 30% of their directors' fees for the same period, for a total donation of R1 million.

GOVERNANCE

During the crisis, the Board was in full attendance for monthly business update sessions, which can be described as mini-Board meetings. These meetings were crucial due to the intense business activity during the months of April to June 2020.

THE BOARD'S 2020 KEY FOCUS AREAS

The Board's key focus during the year was to manage Emira's strategy in the rapidly changing environment. To protect the Fund's liquidity during the pandemic, the Board adopted a more defensive approach. This meant putting on hold elements of strategy including the recycling of non-core assets, and further local or offshore expansions until there is greater certainty. The Board also re-affirmed that the strategy of being a balanced and diversified fund, both by sector and geographically, remains appropriate.

DIRECTORS' ROTATION AND TENURE POLICY

To enhance Emira's governance practices, the Board was unanimous in adopting a fair and transparent policy framework that defines director tenures and rotation. The policy is aimed at refreshing the Board over time and clearly sets out the criteria governing directors' independence assessments, retirement by rotation, tenure extensions and retirement age. Refer to the governance section of the ESG report.

CHANGES TO THE BOARD

New Board appointments have strengthened Emira's leadership and oversight. Effective 1 July 2020, Berlina Moroole was appointed as an independent non-executive director, and James Templeton was appointed as a non-executive director.

In line with the Board's independence policies, Nocawe Makiwane resigned as an independent non-executive director in April 2020, having served on the Board since 2006. In addition, Bryan Kent retired with effect from 31 October 2020 after serving on the Board for 13,5 years. We thank both Nocawe and Brian for their years of dedicated service and wish them well in their future endeavours.

Derek Thomas is now considered to be an independent non-executive director, having been re-assessed as such during the year.

OUTLOOK

While there is much uncertainty that obscures our outlook, a clear need remains for physical property, for businesses and individuals to occupy bricks and mortar premises.

In the current environment of low investor and consumer confidence and a contracting economy, our focus will be on retaining our existing tenants and maintaining vacancies at lower than industry levels. Our collection rates have continued to increase steadily since the onset of the pandemic.

As reported in our year-end results, we did not provide guidance to the market in terms of dividends. In the interests of transparency, we disclosed that the target for distributable income per share set for the purposes of the executive directors' KPIs is 119,73 cents per share for the year ended 30 June 2021. Refer to the remuneration report for further detail.

We aim to live up to our purpose by being consistent and doing the fundamentals well. We will continue to provide great real estate and serve our tenants with excellence to produce income, generate the distributable earnings and pay out dividends to our shareholders.

ACKNOWLEDGEMENTS

Our sincere thanks to the Board and our staff for their unwavering support and extraordinary efforts during the year and beyond. We thank our providers of capital, our property managers, our service providers and co-investment partners for standing by Emira when it mattered most. Finally, we thank our tenants and shareholders, who give purpose to our endeavours.

Geoff Jennett

Gerhard van Zyl
Chairman

Geoff Jennett
Chief Executive Officer

Bryanston

26 October 2020

Our strategy

Being great in the provision of great real estate

1 Serving our **tenants** with excellence and providing great real estate

2 Creating a superb working environment for our **staff and service providers**

3 Serving our **communities** responsibly and protecting the **environment**

4 Delivering reliable risk-based returns to our **debt providers** and top quartile long-term returns to our **equity holders**

Ensures a sustainable business

We fulfil our purpose of being great in the provision of great real estate by following a path that management, guided by our Board, has set in order to maximise performance and achieve our goals. In this section, we summarise how we lived up to our purpose during the year under review, with cross references for further reading throughout the report.

First and foremost, we are fundamentally in the business of providing great real estate to our tenants.

HOW WE LIVED UP TO OUR PURPOSE

We reduced the significant impact of the COVID-19 lockdown on our tenants, by assisting them in the following ways:

- Protecting tenants' businesses and livelihoods by way of rental remissions and payment deferments. p.10 p.29
- Addressing tenants' safety and health concerns at all our buildings during the lockdown. p.28
- Sharing the burden with tenants, making plans together for business continuity. p.29

Our aim is to support our staff and service providers by creating environments in which they can thrive and deliver service excellence to our tenants.

HOW WE LIVED UP TO OUR PURPOSE

To safeguard the longevity of Emira, we ensured that our staff and service providers were equipped to weather the lockdown by:

- Encouraging our staff and service providers to work remotely and safely, while still servicing and engaging our tenants. p.73
- Providing face masks and other necessary items of personal protective equipment ("PPE").
- Paying full salaries to our staff throughout the lockdown period. p.10
- Providing full payment to service providers including the property manager, despite rental collections being affected by the lockdown. p.10

We believe in leading by example and conducting ourselves responsibly as a business within our communities and the environment.

HOW WE LIVED UP TO OUR PURPOSE

Despite unprecedented, tough conditions during the year, we made a positive impact on our world by:

- Contributing 30% of executives' salaries and directors' fees to the Solidarity Fund for a total of R1 million. p.68
- Finding temporary employment opportunities for retail tenant employees out of work due to lockdown regulations. p.68
- Continuing our efforts to provide backup power generation, water harvesting and greening initiatives at our buildings. p.37 p.56 to 61

Our goal is to provide secure, reliable returns for our debt providers, and deliver top quartile long-term income and share price returns for our equity holders.

HOW WE LIVED UP TO OUR PURPOSE

In terms of our debt providers:

- During the lockdown we communicated with each of our banking partners on a weekly basis to provide updates on rental collections, as well as stress tests on the portfolio. p.67
- We ensured that our covenants were met throughout the lockdown. p.26
- Our bankers are aware of and comfortable with Emira's financial position due to our regular interactions prior to COVID-19.

In terms of our equity holders:

- We provided regular, transparent business updates on our position in uncertain times. p.67
- We shared vital portfolio metrics as well as performance targets with our equity holders to keep them informed.
- We communicated our plans to meet our covenants, provide discounts to tenants, and pay staff and service providers.
- Staying true to our core principles, we managed our balance sheet and paid a dividend. p.18

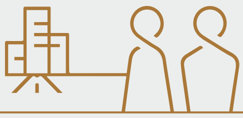
How it all comes together

By following the path of our purpose, we ensure the sustainability of our business. This ensured that we did not place too much emphasis on any one pillar to the long-term detriment of any of our other pillars.

By first taking care of our tenants, we then look after our staff, service providers, communities and the environment. Following this path, we are able to live up to our primary purpose as great providers of great real estate, honour our covenants, and secure great long-term returns for our equity holders.

Strategic priorities

It stands to reason that Emira's priorities have changed, given the current global environment, particularly operating under the very different circumstances of COVID-19. Whereas in the past, the Company's endeavours have had particular focus on areas such as growing distributions, portfolio growth, diversification and rebalancing, the priorities for the next 12 to 24 months are slightly different. During this time, the Company's strategy has become more defensive, while still closely aligning to Emira's purpose.

	OBJECTIVE
FINANCIAL 	Optimise net income and grow distributions in excess of pre-set targets
	Target gearing to be limited to 40% of total assets
PORTFOLIO 	Selectively recycle and upgrade assets
	Have a balanced sectoral and geographical exposure
	Dispose of non-core or non-performing properties
	Maintain vacancy level at below national average and manage lease expiry profile
STAKEHOLDER 	Increase market capitalisation, liquidity and spread of investors
	Reduce Emira's environmental impacts
	Improve Emira's transformation credentials

In terms of the overall portfolio, the aim is to preserve, bed down and strengthen the balance sheet that Emira currently has, rather than making major adjustments amid the prevailing uncertainty. It is fortunate that due to the various portfolio interventions implemented by management during previous years, the Fund is better able to safely navigate and manage these unprecedented times.

With the above in mind, the following table sets out Emira's strategic objectives as they stand, however, 2020 performance and future targets should be viewed in the context of the changing global environment during the year under review.

2020 PERFORMANCE	2021 TARGETS
› **-15,2%** distributable income per share NOT ACHIEVED	› Executive director KPI set at **119,78c** distributable income per share
› **43,0%** LTV NOT ACHIEVED	› Maintain levels in the low **40 – 45%** range
› Refurbishment of Hyde Park Lane, 80 Strand and Granada › Redevelopment of Denver Warehouse ACHIEVED	› Continue to selectively upgrade assets as required
› Dawson Market Place acquired in the US › GOZ investment disposed in full ACHIEVED	› Maintain current exposure and, subject to balance sheet strength, opportunistically increase industrial (SA) and offshore (US) exposure
› Planned disposals interrupted by COVID-19 NOT ACHIEVED	› Planned disposal of assets valued at >R100m
› Vacancies of **4,1%** with tenant retention at **80%** (by revenue) ACHIEVED	› Target average vacancy level of **<6,7%** › Target tenant retention of **>70%** (by revenue)
› Share price reduced resulting in lower market capitalisation › Market for Emira shares remains liquid › Diverse spread of investors maintained PARTIALLY ACHIEVED	› Maintain liquidity and shareholder spread › Increase share price
› 2 new solar energy projects commenced › 3 new water harvesting projects implemented ACHIEVED	› Continued investment into greening and sustainability initiatives as set by ESG Committee
› B-BBEE rating improved to **Level 5** › B-BBEE ownership increased to **50,25%** ACHIEVED	› Improve B-BBEE rating › Maintain B-BBEE ownership

Business model

Tenants

MANUFACTURED CAPITAL

INPUTS

- Portfolio of office, retail and industrial properties and one residential property
- Listed REIT investments
- Unlisted property investments
- Recent expansion into new property sectors: SA-based residential and US-based grocery anchored retail

OUTPUTS

- Growing distributable income and increasing NAV

OUTCOMES

- Increasingly diversified property portfolio via investments into residential and US-based retail

Emira people and service providers

EXECUTIVE DIRECTORS, ASSET MANAGERS, SUPPORT STAFF, BOARD OF DIRECTORS, CO-INVESTMENT PARTNERS

PROPERTY MANAGERS AND OTHER SERVICE PROVIDERS

INTELLECTUAL CAPITAL

INPUTS

- Asset management expertise
- Property management expertise
- Funding and treasury management skills
- Currency management skills
- IT skills

OUTPUTS

- Exposure to a diversified portfolio of properties and property-related equity investments, funded by debt and equity capital, that are actively managed within a strict governance framework

OUTCOMES

- Optimally managed portfolio of investments
- Reliable and trustworthy data and good reputation
- Investor confidence and shareholder support
- Transparency

HUMAN CAPITAL

INPUTS

- Hands-on asset management team
- Outsourced property management
- Board of directors
- Share incentive schemes and ownership facilitation structures

OUTPUTS

- Service level agreements with property managers
- Incentivised and motivated team of 24 permanent employees

OUTCOMES

- Loyalty and retention
- Employee and service provider satisfaction

Communities and environment

INVESTMENTS INTO RELATED INITIATIVES

SOCIAL CAPITAL

INPUTS

- Participation in community-based organisations and industry bodies
- B-BBEE initiatives
- Emerging supplier development
- Township and rural development
- Graduate training programme

OUTPUTS

- Real estate investment in underinvested communities
- SMME empowerment through procurement support and enterprise development
- Developing young black property professionals

OUTCOMES

- Black empowerment
- Job creation
- Township development investment
- Economic growth for communities

NATURAL CAPITAL

INPUTS

- Water and electricity conservation
- Low carbon footprint
- Low environmental impact
- Utility management
- Recycling of assets

OUTPUTS

- Energy and water efficient buildings
- Reduced electricity and water consumption

OUTCOMES

- Reduced occupancy costs for tenants, resulting in improved tenant retention
- Responsible waste removal

Debt providers

Shareholders

FINANCIAL CAPITAL

INPUTS

- Equity and debt
- R7,4 billion equity
- R5,2 billion debt

OUTPUTS

- Capital investment into portfolio of property investments to grow both distributable income and net asset value for investors

OUTCOMES

- Improved property investment portfolio
- Improved tenant profile
- Stronger, more sustainable income growth

CFO report

INTRODUCTION

In line with Emira's overall purpose of **being great in the provision of great real estate**, the financial function focuses on the aspect of **delivering excellent returns for equity holders and debt providers**, which ultimately stems from fulfilling Emira's core purpose of serving tenants with excellence.

In the year under review, Emira performed commendably for its stakeholders, despite significant economic headwinds and the unprecedented conditions brought on by the pandemic, which continue to unfold.

This report sets out Emira's financial-related business activities for the year ended 30 June 2020 and features improved levels of detail and disclosure when compared with reports of prior years.

DISTRIBUTABLE EARNINGS

Distributable earnings for the year ended 30 June 2020 has decreased by 15,2% to R670,9 million. After the inclusion of adjustments relating to the effects of COVID-19, the Board approved the declaration of a final dividend of 30,26 cents per share for the six months to 30 June 2020 (June 2019: 78,48 cents). This is a period-on-period decrease of 61,40%, bringing the full-year dividend per share to 104,36 cents (June 2019: 151,34 cents), a decrease of 31,0%. The reduction is due to the impact of COVID-19 and the relief provided by Emira and its partners to their tenants.

DISTRIBUTION STATEMENT

Revenue reduced year-on-year by 11,6% from R1,70 billion to R1,50 billion (excluding straight-lining adjustments in respect of future rental escalations). The reduction is due to rental concessions provided to tenants as part of Emira's COVID-19 response as well as the office portfolio that was disposed of to Inani Property Fund ("Inani"), where properties transferred from Emira to Inani on a staggered basis between January 2018 and December 2019. Total concessions of R118,6 million were provided to tenants in the form of permanent remissions (R69,9 million) and deferrals (R48,7 million).

Property expenses increased by 2,0% from R639,0 million to R651,8 million. The Fund increased its estimated credit losses on outstanding debtors as at 30 June 2020 in light of the heightened risk of tenant failure, with 40,5% of the outstanding debtors (net of VAT) now provided for. Debtors relating to the rent deferrals were separately considered, with 41,2% of the deferred rent amount provided for.

DIVIDEND POLICY

The uncertainty resulting from the COVID-19 impact has compelled the Board to reconsider its dividend policy. Emira exists to provide a platform from which investors can access the net rental income generated from its underlying portfolio of diversified property investments. On this basis, provided Emira can demonstrate its ability to meet its future financial obligations, it should declare a dividend to shareholders. The onset of COVID-19 highlighted the importance of a strong balance sheet and liquidity position, which the Board has assessed and confirmed. In evaluating the dividend policy, the Board has resolved to adjust distributable earnings where there is uncertainty regarding the cash flow of an underlying item or where cash is being retained in an underlying investment to ensure debt servicing is met while rent collections are subdued. These adjustments are not intended to adjust normal timing differences that exist in the ordinary course of business between standard accounting practices and the related cash flows.

In the year under review, Emira **performed commendably** for its stakeholders, despite significant economic headwinds and the unprecedented conditions brought on by the pandemic, which continue to unfold.

This report sets out Emira's financial-related business activities for the year ended 30 June 2020 and features improved levels of detail and disclosure when compared with reports of prior years.

DISTRIBUTION STATEMENT

R'000	Year ended 30 Jun 2020	Year ended 30 Jun 2019	% change
Operating lease rental income and tenant recoveries excluding straight-lining of leases	**1 501 960**	1 698 802	(11,6)
Property expenses excluding amortised upfront lease costs*	**(651 789)**	(639 018)	2,0
Net property income	**850 171**	1 059 784	(19,8)
Income from listed investments	**12 808**	53 410	(76,0)
Administration expenses	**(120 225)**	(123 249)	(2,5)
Realised foreign exchange gain/(losses)	**11 672**	(2 792)	>100
Other income	**3 559**	7 949	(55,2)
Distributable income from equity-accounted investments	**225 260**	157 957	42,6
Dividend received/accrued from Transcend	**21 466**	29 616	(27,5)
Net finance costs	**(348 382)**	(402 934)	(13,5)
Finance income	**51 578**	30 450	69,4
Finance costs	**(399 960)**	(433 384)	(7,7)
Interest paid and amortised borrowing costs	**(403 728)**	(454 250)	(11,1)
Interest capitalised to the cost of developments	**3 768**	20 866	(81,9)
Taxation (non-capital)	**(9 167)**	(5 227)	75,4
Minority shareholders' interests	**–**	(2 247)	(100,0)
Net ESA Trust adjustment	**7 595**	–	>100,0
Net BEE Scheme adjustment	**16 121**	18 723	(13,90)
Distributable income	**670 878**	790 990	(15,2)
Distributable income adjustments			
1. Deferred rental net of expected credit loss	**(28 603)**	–	(100,0)
2. Income from US equity-accounted investments	**(76 762)**	–	(100,0)
3. Interest accrued on investment in Inani	**(16 288)**	–	(100,0)
4. Capitalised interest limitation	**(3 768)**	–	(100,0)
Dividend payable to shareholders	**545 457**	790 990	(31,0)
Number of shares in issue	**522 667 247**	522 667 247	–
Dividend per share (cents)	**104,36**	151,34	(31,0)

* Excludes the amortisation of upfront lease cost relating to lease commission expenses pre 1 July 2015. Such lease commission expenditure was expensed in full in the year incurred, for distribution purposes only.

KEY METRICS

104,36c
DIVIDEND PER SHARE
(JUNE 2019: 151,34c)

43,0%
LTV
(JUNE 2019: 36,1%)

R671m
DISTRIBUTABLE EARNINGS
(JUNE 2019: R791m)

1 530c
NET ASSET VALUE PER SHARE
(JUNE 2019: 1 791c)

83,0%
FIXED DEBT
(JUNE 2019: 91,2%)

While cost management is always a focus, the impact of COVID-19 required the Fund to reassess its cost base further. Escalating electricity and municipal costs remain a key concern, and the Company continues to invest in alternative energy sources and initiatives to reduce electricity and water consumption.

The Fund sold the balance of its units in Growthpoint Australia Limited ("GOZ"), resulting in income from listed property investments decreasing by 76,0% to R12,8 million, which includes R4,1 million recognised for distribution purposes only in respect of the cum dividend element of the 18 638 447 units sold.

Administration expenses, which include property management fees and staff costs, reduced by 2,5% to R119,0 million (June 2019: R123,3 million) mainly from lower staff costs and reduced travel.

Emira realised a foreign exchange gain of R11,7 million compared with a loss of R2,8 million the previous year which related to GOZ and the US investments. The related income and expenditure are accounted for at a weighted average monthly rate and then converted on a cash flow basis at the forward exchange contract rates or the spot rate.

Other income of R3,6 million includes a raising fee of R0,1 million in respect of the mezzanine loan provided by Emira to Inani for the final property transferred during the period, as well as 50% of the asset management fee charged to Enyuka Property Fund ("Enyuka") (R3,5 million).

Distributable income from equity-accounted investments of R225,3 million includes:

- income from investments made in the United States of America ("USA" or "US") of R139,2 million which represents Emira's share of the net distributable income from the 10 property investments held in the US;
- income from Enyuka of R71,6 million, being the interest received on Emira's loan to Enyuka (R80,4 million) less Emira's 49,9% portion of Enyuka's net loss (R8,8 million after interest). Enyuka's net loss is post a total asset management fee of R7,1 million of which Emira receives 50% which is shown in "Other Income"; and
- income from Transcend Residential Property Fund ("Transcend") of R43,1 million, which comprises interest received on Emira's loan to Transcend of R14,5 million and dividends received of R28,7 million. Dividends received includes an amount of R5,5 million, which has been accrued for distribution purposes only in respect of the dividend declared by Transcend on 13 August 2020 in respect of the six months ended 30 June 2020. Transcend reduced its interim dividend by 60% citing the uncertainty of the impact of COVID-19 on its tenant base being a risk on future performance, and therefore adopting a cautious liquidity approach for the time being.

Net finance costs for the year reduced to R348,4 million (June 2019: R402,9 million). Debt levels were lower as a result of proceeds received from the Inani office portfolio disposal as well as the GOZ disposal proceeds. Finance costs include R7,1 million in respect of the ESA Trust and the BEE Scheme's third-party debt obligations. Finance income increased substantially, primarily due to interest charged on the mezzanine loan provided to Inani of R331,1 million.

The tax charge of R9,2 million relates to foreign withholding taxes of R7,2 million provided for in respect of taxable income of Emira's US subsidiary, CIL2, as well as a provision of R2,0 million for South African income tax, based on the difference between Emira's taxable income and its qualifying distributions.

The distributable income due to minorities of R0,2 million relates to Bet All Investments Proprietary Limited, the subsidiary which owns The Bolton, where minority shareholders hold 25,0%.

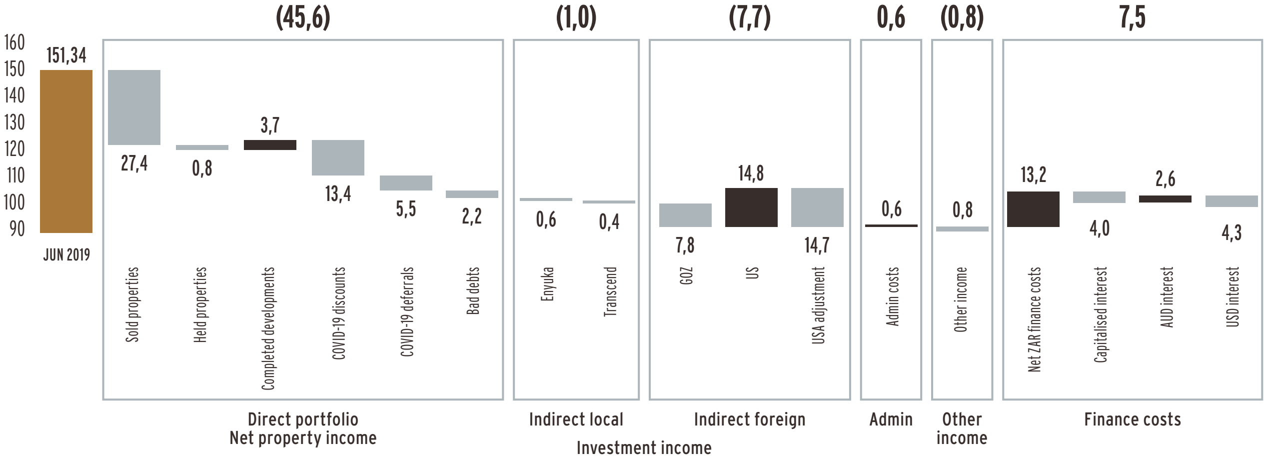
Net ESA Trust adjustment: The ESA Trust (the "Trust") is a special purpose investment vehicle that holds Emira shares, set up for the benefit of Emira's executive directors. Emira is deemed to control the Trust, hence it is consolidated, and any third-party finance costs are included in Emira's consolidated interest paid. Profits generated by the Trust are for the benefit of the beneficiaries. Emira has guaranteed the Trust's third-party debt obligations hence any net losses would ultimately be for Emira's account. The purpose of this adjustment is to adjust Emira's distributable income such that the effect of any items related to the Trust, consolidated into Emira, are limited to a net amount of zero, after factoring in the dividends received by the Trust and all its interest obligations. Included in Emira's "Interest paid and amortised borrowing costs" is a R3,9 million interest charge in respect of the ESA Trust's interest obligations to its third-party lender.

Net BEE Scheme adjustment: The BEE Scheme is comprised of the restricted special purpose investment vehicles that hold Emira shares, set up for the benefit of the BEE parties which participated in Emira's June 2017 black empowerment equity issuance ("BEE Scheme"). Emira was deemed to control the parties with effect from April 2020, hence they were consolidated, and any third-party finance costs are included in Emira's consolidated interest paid. Profits generated by the BEE Scheme are for the benefit of the underlying investors. Emira has guaranteed the BEE Scheme's third-party debt obligations hence any net losses would ultimately be for Emira's account. The purpose of this adjustment is to adjust distributable income such that the effect of any items related to the BEE Scheme are limited to a net amount of zero, after factoring in the dividends received by the BEE Scheme and all its interest obligations. Included in Emira's "Interest paid and amortised borrowing costs" is a R3,2 million interest charge, from the date of consolidation, in respect of the BEE Scheme's interest obligations to its third-party lender.

THE FOLLOWING ADJUSTMENTS HAVE BEEN MADE TO DISTRIBUTABLE EARNINGS TO ARRIVE AT THE DIVIDEND PAYABLE:

- **Deferred rentals net of estimated credit losses:** Considering the challenging operating environment, uncertainty exists regarding the future collection of the deferred rentals granted by Emira to its tenants. Therefore, distributable earnings have been adjusted to exclude the deferred rentals, net of estimated credit losses provided for, resulting in an adjustment of R28,6 million. The Fund will include any collection of these deferrals in the calculation of future dividends, in the periods when the collections take place.
- **Distributable income from equity-accounted investments:** the distributable income from Emira's equity-accounted US investments has been reduced by R76,2 million. As a result of deferments granted to tenants in response to COVID-19, Emira and its partners elected to retain sufficient cash in the underlying investment companies to ensure cash reserves were bolstered so as to provide a more meaningful buffer for debt servicing and future operating costs. Therefore, no cash dividends were declared out of the underlying property-owning entities for the quarters ended March 2020 and June 2020 and distributable earnings have been adjusted by R76,8 million accordingly.
- **Finance income:** In terms of its loan agreement, Inani has elected not to pay interest for the quarters ended March 2020 and June 2020, citing lower cash reserves due to COVID-19 rental concessions provided to its tenants. Given the uncertainty on the collection and timing of this interest, Emira has adjusted distributable earnings by R16,3 million.
- **Interest capitalised to developments:** Capitalised interest of R3,8 million has been adjusted for on the basis that it is not supported by an underlying cash flow, and the related development is on hold.

DIVIDEND PER SHARE BRIDGE (cents)



STATEMENT OF FINANCIAL POSITION

Emira was fortunate to enter this new environment with a strong balance sheet having initiated and completed a series of landmark changes over the past four years. Emira's approach to the valuation of its assets meant its starting point when entering this period was a realistic one and the valuations performed at 30 June 2020 are the directors' best estimate, given the information at hand.

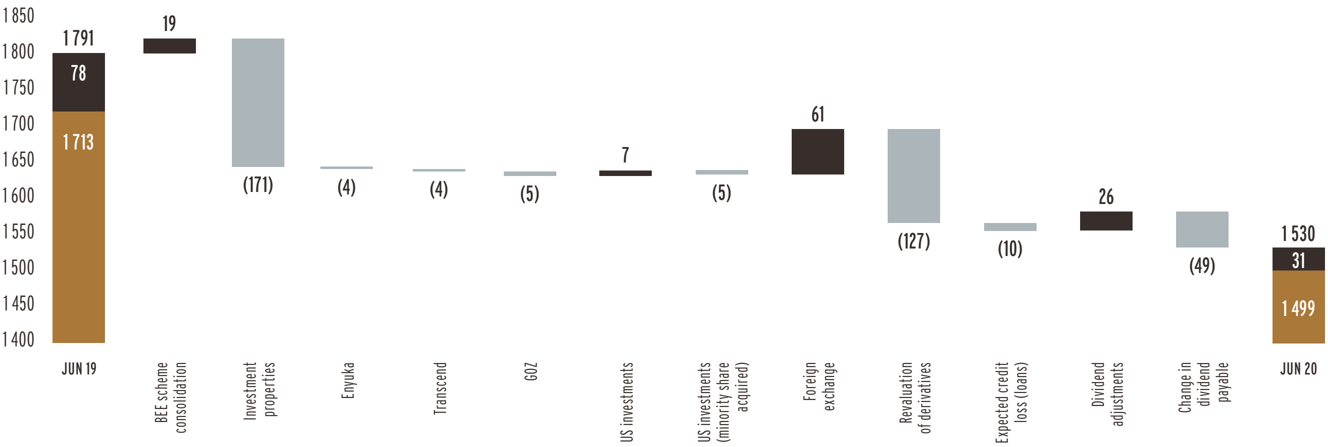
SIMPLIFIED STATEMENT OF FINANCIAL POSITION

R'million	30 Jun 2020	30 Jun 2019	% change
Investment properties	**10 248**	10 942	(6,3)
Indirect investments			
Indirect local – Enyuka	**643**	681	(5,5)
Indirect local – Transcend	**506**	574	(11,9)
Indirect offshore – GOZ	**–**	760	>(100,0)
Indirect offshore – USA	**1 630**	1 065	53,0
Loans receivable	**415**	456	(8,9)
Other assets	**422**	327	29,2
Total assets	**13 864**	14 805	(6,4)
Interest-bearing debt	**5 179**	5 293	(2,2)
Other liabilities	**1 244**	529	135,1
Shareholder equity	**7 441**	8 983	(17,2)
Total equity and liabilities	**13 864**	14 805	(6,4)

NET ASSET VALUE ("NAV")

Emira's NAV reduced by 14,6% to 1 530 cents per share at 30 June 2020 (June 2019: 1 791 cents). This follows a reduction in the value of investment properties together with an increase in net derivative liabilities, driven by a decrease in interest rates, both in South Africa and the USA, along with a weaker Rand.

NET ASSET VALUE PER SHARE BRIDGE (cents)



The number of shares used to calculate NAV was 486 493 736 and is made up as follows:

	2020	2019
Actual shares in issue	**522 667 247**	522 667 247
Adjusted for:		
Shares held by the BEE Scheme [i]	**(26 133 364)**	(12 370 510)
Shares acquired for the Emira Forfeitable Share Plan [ii]	**(2 840 147)**	(1 448 299)
Shares held by the ESA Trust [iii]	**(7 200 000)**	(7 200 000)
Adjusted shares in issue	**486 493 736**	501 648 438

i. Emira shares held by the BEE Scheme under Emira's June 2017 BEE Transaction (as defined in the circular to shareholders dated 29 May 2017) are classified as treasury shares upon consolidation of the BEE Scheme, effective April 2020. For the year ended 30 June 2019, prior to consolidation, the number of shares was adjusted by the portion of the BEE Scheme shares funded by the Emira Vendor Loan (as defined in the circular to shareholders dated 29 May 2017).

ii. Emira shares held by Emira's Forfeitable Share Plan are classified as treasury shares for accounting purposes.

iii. Emira shares held by the ESA Trust are classified as treasury shares upon consolidation of the ESA Trust.

INVESTMENT PROPERTY

ACQUISITIONS

The Fund is under contract to acquire Northpoint Industrial Park, a multi-tenanted industrial property located in Cape Town for R108,0 million. However, the COVID-19 lockdown led to an extended delay in fulfilling the conditions precedent, and the property is only likely to transfer after October 2020.

DISPOSALS

The only disposal for the year was 1059 Francis Baard, being the final property in the office portfolio sold to Inani. The property transferred in December 2019.

VALUATIONS

The year-on-year market value of investment property reduced by 6,7%, however, when factoring in capital expenditure of R161,3 million, there was a net reduction of 8,0% for the year.

TOTAL PORTFOLIO MOVEMENT

Sector	Jun 2020 (R'000)	Jun 2020 (R/m²)	Jun 2019 (R'000)	Jun 2019 (R/m²)	Difference (%)	Difference (R'000)
Office	**3 215 449**	**20 067**	3 497 010	21 079	(8,1)	(281 561)
Retail	**4 950 100**	**15 780**	5 290 926	16 887	(6,4)	(340 826)
Industrial	**1 830 650**	**5 345**	1 933 650	5 643	(5,3)	(103 000)
Residential	**211 200**	**–**	220 000	–	(4,0)	(8 800)
Total	**10 207 399**		10 941 586		(6,7)	(734 187)

The fair value of commercial buildings is estimated using a five-year discounted cash flow ("DCF") 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.

In light of the deteriorating macro-economic conditions and poor outlook, the Fund has increased its discount rates and exit capitalisation rates and has also adjusted the majority of its valuation inputs, namely void periods, market rentals, rental growth rates and perpetual vacancy rates. Because of the realistic starting point, and the adjustments to all the variable assumptions, Emira is of the view that the net reduction of 8,0% represents the appropriate adjustment to its property values in these current times.

VALUATION PARAMETERS: SEGMENTAL

	Retail	Office	Ind	Res	Jun 2020 Total	Retail	Office	Ind	Res	Jun 2019 Total
DIRECT PROPERTY PORTFOLIO										
Number of properties	**20**	**20**	**38**	**1**	**79**	20	21	38	1	80
GLA (m²)	**313 698**	**160 237**	**342 508**	**–**	**816 443**	313 317	166 026	342 639	–	821 982
Valuation (Rm)	**4 950**	**3 215**	**1 831**	**211**	**10 207**	5 291	3 497	1 934	220	10 942
Average value per property (Rm)	**248**	**161**	**48**	**–**	**128**	264	164	51	–	135
Valuation Rate (R/m²)	**15 780**	**20 067**	**5 345**	**–**	**12 244**	16 887	21 079	5 643	–	12 953
% of the portfolio valued externally	**20**	**45**	**37**	**^**	**34**	40	30	26	100	31

	Retail	Office	Ind	Res ^	Jun 2020 Total	Retail	Office	Ind	Res ^	Jun 2019 Total
VALUATION INPUTS										
Average discount rate (%) *	**13,8**	**14,4**	**15,0**	**–**	**14,2**	13,6	14,3	14,9	–	14,1
Average exit cap rate (%) *	**8,7**	**9,5**	**10,2**	**–**	**9,2**	8,6	9,2	9,9	–	9,0
Average rental escalation (%) *	**6,6**	**7,3**	**6,9**	**–**	**6,9**	7,1	7,6	7,6	–	7,4
Average permanent vacancy factor * †	**4,7**	**3,0**	**2,9**	**5,0**	**4,0**	–	–	–	–	–
Market rental assumptions	#	#	#	#		#	#	#	#	

* Weighted average by value (Rm).

^ Residential property valued on an Income Capitalisation method.

The market rentals applied play a significant role and these are assessed on a property by property basis, taking cognisance of location, quality, size and type as well as all the relevant and prevailing market conditions which are then benchmarked against research and asset manager projections.

† Applied to terminal value.

Discount rates were calculated by adding a risk premium to the risk-free rate. The risk-free rate was determined by averaging the 10-year government bond yield average for the period and the combined average of the 5, 10 and 20-year government bond yields over the same period. Property specific and sector risk premiums were added to the average risk-free rate. These were tested for reasonability against published research reports from SAPOA as well as surveys and opinions from other industry bodies.

INDIRECT INVESTMENTS

			CARRYING VALUE		
Investment	Classification	Equity held (%)	Investment R'm	Loan R'm	Total R'm
Transcend	Equity-accounted investments	34,9	403	103	506
Enyuka	Equity-accounted investments	49,9	59	584	643
USA	Equity-accounted investments	49,0	1 630		1 630
			2 091	687	2 778
GOZ *	Listed property investment	–			
Inani	Other financial assets	20,0	19	294	313

* Investment in GOZ was sold during the year.

	STATUTORY INCOME				DISTRIBUTABLE INCOME				
Investment	Share of profit R'm	Dividend income R'm	Interest on loan R'm	Total R'm	Share of profit R'm	Dividends received R'm	Interest on loan R'm	Adjust-ments R'm	Total R'm
Transcend	1		14	16	–	21	14		35
Enyuka	(29)		80	51	(9)		80		72
USA	172			172	139			(76)	63
	144	–	95	239	130	21	95	(76)	170
GOZ *		9		9		13			13
Inani			33	33			33	(16)	16

* Investment in GOZ was sold during the year.

TRANSCEND

Transcend is a specialist residential REIT in which Emira holds a 34,9% equity interest. During the year, R40 million of the R143,4 million mezzanine loan provided by Emira to Transcend was repaid leaving a balance of R103,4 million as at 30 June 2020. Post year end, in July 2020, a further R10 million was repaid with the remaining balance due on 30 June 2021.

Emira equity accounts its interest in Transcend, and the R16 million recognised includes Emira's share of Transcend's net profit of R1,7 million and R14,3 million in interest received on the mezzanine loan provided to Transcend.

During the period, Emira received dividends of R15,9 million from Transcend for the six months ended 31 December 2019. An amount of R5,5 million has been accrued for distribution purposes only in respect of the dividend declared by Transcend on 13 August 2020 relating to the six-month period ended 30 June 2020. Against the backdrop of the COVID-19 pandemic, Transcend followed a prudent approach, withholding a portion of their distributable earnings to protect their business.

As at 30 June 2020, Transcend's total property portfolio was valued at R2,7 billion and its loan-to-value ("LTV") ratio was 49,1%, with the interest cover ratio at 1,7 times.

ENYUKA

Enyuka is a rural retail venture between Emira and One Property Holdings. Emira equity accounts its interest in Enyuka and the R58,6 million recognised includes Emira's share of Enyuka's net loss of R29,0 million (of which R8,8 million is a distributable loss) and R80,4 million in interest received on the shareholder loan provided to Enyuka. Enyuka's management adopted a similar approach to Emira in respect of rent relief granted to tenants in their response to COVID-19. Rental remissions provided to tenants in the period totalled R14,3 million with a further R1,1 million of rent deferrals granted, resulting in the distributable loss. In addition to the impact of the rental concessions, Enyuka's net income was negatively affected by a slowdown in letting activity in the last quarter.

As at 30 June 2020, Enyuka's total property portfolio was valued at R1,7 billion and its LTV ratio was 53,3%. Enyuka's interest cover ratio was 2,4 times at 30 June 2020.

USA

Emira has, on a deal-by-deal basis, co-invested into 10 grocery-anchored dominant value-oriented power centres in the USA, together with its USA-based partner, The Rainier Companies ("Rainier"). Emira, through its US subsidiary CIL2, owns a minority share in each of the 10 direct property-owning entities but has a unanimous voting arrangement on all major decisions.

Emira equity accounts the 10 direct property-owning entities and R171,7 million was recognised as its share of the net profit for the year of which R139,2 million is distributable. The carrying value of the equity-accounted investments as at 30 June 2020 was R1,6 billion (or USD93,9 million).

US VALUATIONS

All 10 US assets were valued internally by the directors using a 10-year DCF valuation model, compared to only four assets revalued in the prior year. The following metrics were applied to the portfolio:

	Jun 2020	**Jun 2019**
Portfolio value (USD'm)	**493,1**	414,6
Average value per property (USD'm)	**49,31**	46,1
Value per square foot (USD/sq ft)	**167,64**	160,53
	Average	**Average**
Average exit capitalisation rate (%)*^	**8,00**	8,34
Average discount rate (%)#^	**8,83**	9,45
Vacancy factor	**Property specific**	Property specific
Market rental assumptions	**Property specific**	Property specific

* Exit cap rates ranged between 7,25% – 9,00% in FY2020, and 8,11% – 8,60% in FY2019.

\# Discount rates ranged between 8,00% – 9,50% in FY2020, and 9,24% – 9,67% in FY2019.

^ In FY2019, only four of the nine assets were revalued. The remaining five were held at cost on the basis that they had been recently acquired. In FY2020, all 10 assets have been revalued. Therefore, a year-on-year comparison of the average exit capitalisation rate and average discount rate is not a like-for-like comparison.

GOZ

During the six months to 30 June 2020, the Company disposed of the balance of its GOZ holding, being a further 5 752 491 units at an average price of AUD3,61 per unit, taking the total GOZ units disposed for the year to 18 638 447. The sales were in line with Emira's strategy of disposing of non-core assets. Disposal proceeds were fully repatriated to South Africa and all related cross-currency interest rate swaps were settled.

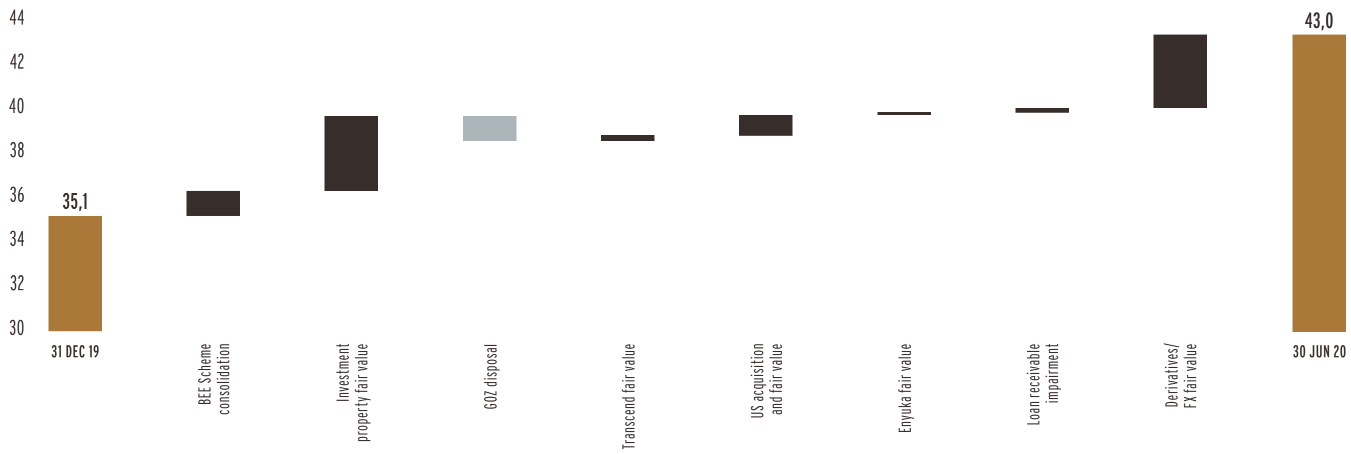
OTHER FINANCIAL ASSETS

The investment in Inani is classified as a financial asset through profit and loss with a fair value of R19,4 million as at 30 June 2020.

FUNDING AND TREASURY MANAGEMENT

Emira's LTV, measured by dividing interest-bearing borrowings (net of cash and cash equivalents and including the fair value of net derivative liabilities) by the fair value of income-producing assets including property, listed investments, equity-accounted investments and loans receivable, was 43,0% at 30 June 2020 (June 2019: 36,1%). The increase in LTV was driven by the sharp deterioration in the value of Emira's derivative contracts resulting from falling interest rates and the weaker Rand together with the drop in fair value of investment properties. The Fund's interest cover ratio at a Group level was 3,0 times at 30 June 2020.

LTV BRIDGE: DEC 2019 VS JUN 2020 (%)



Breakdown of interest-bearing borrowings per the Statement of Financial Position:

R'000	Jun 2020	Jun 2019
Emira		
Capital	**4 967**	5 195
Accrued interest	**28**	40
Unamortised borrowing costs	**(5)**	(6)
	4 989	5 230
SPVs consolidated through common control*		
Capital	**186**	40
Accrued interest	**5**	0
	190	40
Per statement of financial position	**5 179**	5 269

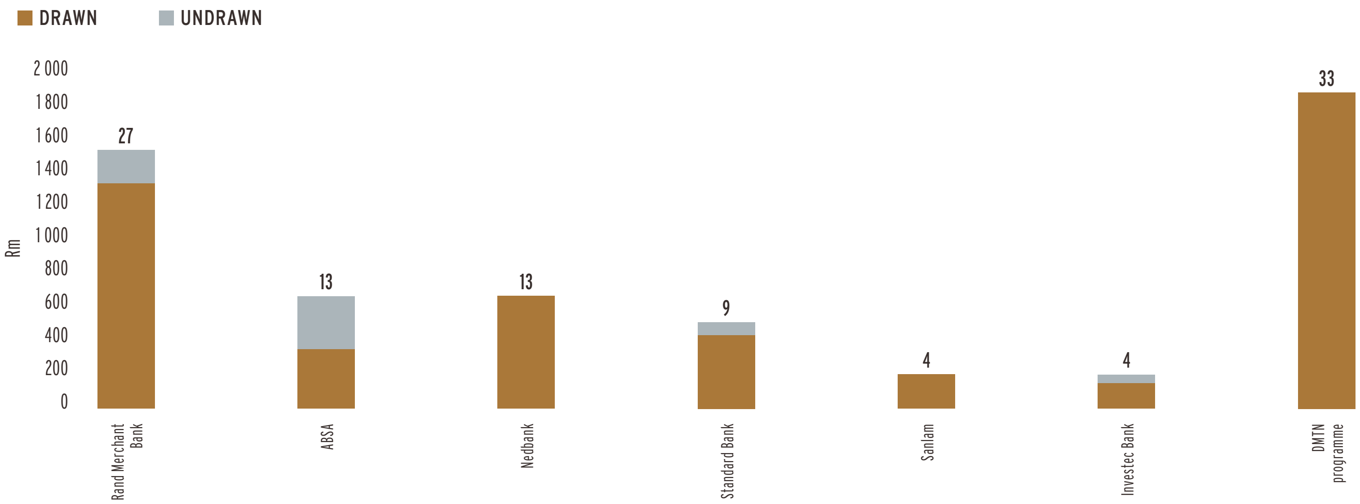
* Interest-bearing debt of ESA Trust and BEE Equity Scheme.

EMIRA BORROWINGS

Emira has diversified sources of funding and banking facilities in place with all the major South African banks. A portion of Emira's funding continues to be accessed from the debt capital markets through its established Domestic Medium Note Programme. During the year, facilities that were either put in place or refinanced included the following:

- a R300,0 million two-year revolving credit facility with RMB was renewed for a further three years at prime less 145bps;
- a new R200,0 million three-year unlisted note was issued to RMB at three-month JIBAR plus 195bps;
- a R200,0 million two-year secured term facility with ABSA was refinanced for a further three years at three-month JIBAR plus 160bps;
- a R200,0 million 12-month general banking facility with Investec was renewed for a further 12 months; and
- R660,0 million of new listed commercial paper and corporate bonds were issued to refinance R1,1 billion of maturing notes. The new instruments were issued for an average term of 1,6 years and at an average cost of 1,26% above three-month JIBAR versus the matured notes of 2,0 years and a cost of 1,47%.

DEBT FACILITIES BY SOURCE (%)



The weighted average duration to expiry of Emira's debt facilities is 2,1 years (June 2019: 2,4 years).

R'000	Facility amount	Amount drawn	Amount undrawn	% of drawn facility
Expiry period				
Jun 21	1 704	1 654	50	33,3
Jun 22	530	530	–	10,7
Jun 23	2 052	1 483	569	29,9
Jun 24	900	900	–	18,1
Jun 25	300	300	–	6,0
Jun 26	100	100	–	2,0
	5 586	4 967	619	100,0

Emira had unutilised committed bank facilities of R619 million as at 30 June 2020 which, together with cash-on-hand of R95,0 million, provides assurance that the Group will be able to meet its short-term commitments. Two further facilities are in the process of being finalised which will provide the Fund with an additional R450 million of committed backup facilities.

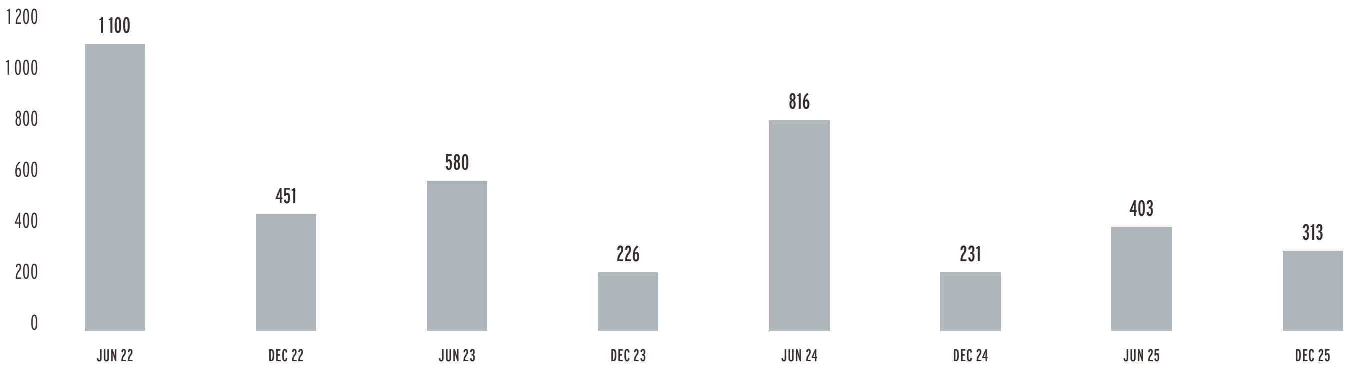
As at 30 June 2020, Emira had effective USD denominated debt of USD73,0 million (June 2019: USD64,9 million) through its USD cross-currency interest-rate swaps ("CCIRS") against its USA investments valued at USD93,9 million (June 2019: USD77,5 million).

COST OF FUNDING AND HEDGING

The average all-in cost of Emira funding, including CCIRS, is 7,45% (June 2019: 7,60%) and interest rates are hedged for 83,0% (June 2019: 91,2%) of Emira's drawn interest-bearing borrowings for a weighted average duration of 3,2 years (June 2019: 3,0 years).

	JUN 2020			JUN 2019		
	Average all-in rate (%)	Average fixed rate (%)	Fixed duration years	Average all-in rate (%)	Average fixed rate (%)	Fixed duration years
ZAR	**8,70**	**7,12**	**2,8**	8,88	7,53	3,1
USD	**2,43**	**2,43**	**4,5**	2,60	2,60	3,3
AUD	**–**	**–**	**–**	2,14	2,14	2,0
Total	**7,45**	**5,99**	**3,2**	7,59	5,76	3,0

INTEREST RATE SWAP PROFILE



CROSS CURRENCY INTEREST RATE SWAP EXPOSURE

	Nominal USD'000	Nominal R'000	Initial exchange rate	Interest rate USD (fixed)	Interest rate ZAR (floating)	Weighted average duration to expiry	Foreign assets USD'000	CCIRS vs Foreign assets (%)
US investment	72 974	990 429	13,57	2,43	3m JIBAR	4,5	93 922	77,7 *

* Excludes foreign cash.

COVENANTS

Emira's most stringent loan covenants are a 50% corporate LTV requirement and a two times interest coverage ratio. For Emira's LTV calculation, certain debt providers limit the inclusion of equity-accounted investments and loans receivable to 20% of total income-producing assets. The table below shows the current values of these ratios:

	JUN 2020		JUN 2019	
	Actual	Required	Actual	Required
LTV ratio (%)	**44,8 ***	**50,0**	36,1	45,0
Interest cover ratio (times)	**3,0**	**2,0**	2,9	2,0

* Actual LTV of 43,0% increased due to limit on the inclusion of income-producing assets and loans receivable.

No covenants have been breached during the year and are not anticipated to be breached in the foreseeable future.

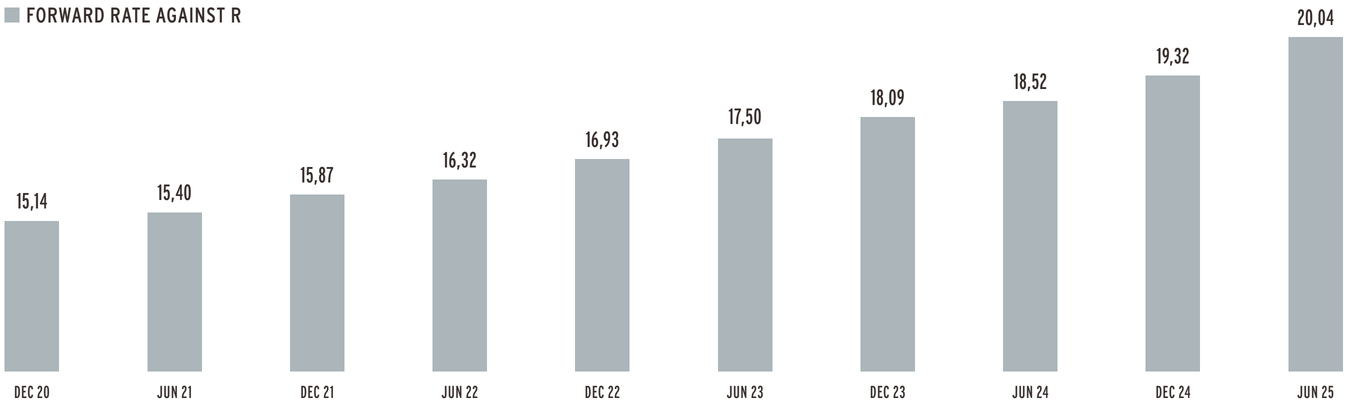
CREDIT RATING

Global Credit Rating Company (Pty) Limited affirmed a corporate long-term credit rating of A(ZA) and corporate short-term rating of A1(ZA), with the outlook accorded as stable, in April 2020.

FOREIGN INCOME HEDGING

To minimise potential adverse foreign exchange fluctuations on Emira's earnings, a portion of the expected net income from Emira's US investments, after offsetting foreign interest on CCIRS, is hedged. At least 90% of the first four years of expected net income from Emira's US investments was hedged on the date that each investment was made. Subsequently, additional hedges have been put in place to extend the hedged profile.

The following USD hedges were in place as at 30 June 2020:



RECEIVABLES AND ESTIMATED CREDIT LOSSES ("ECLs")

LEASE RECEIVABLES AND RELATED ECLs

Challenging trading conditions compounded by the effects of the COVID-19 pandemic meant arrears relating to standard lease receivables increased to R63,4 million (including VAT) at 30 June 2020. In addition to the standard lease receivables, arrears relating to the rent deferrals granted to tenants as part of the Fund's COVID-19 relief package, totalled R48,7 million at 30 June 2020.

While the collection of rentals has always been of utmost importance, the current environment requires even more focus in this area, and additional procedures have been implemented to track outstanding debtors and timeously collect what is due.

Considering the impact of COVID-19, certain adjustments were made to the Fund's ECL model as historical loss ratios are not necessarily the only proxy for losses which may occur in the current operating environment. When assessing the ECLs on both the standard lease receivables and deferred rentals, a higher probability of default was applied to smaller and medium-sized tenants, given the constraints on their businesses. The ECLs raised at 30 June 2020, which take into account forward-looking information, were as follows:

R'000	Standard lease receivables	Deferred rentals	Total
Gross debtors	63 382	48 683	112 065
VAT adjustment	(8 267)	–	(8 267)
Debtors net of VAT	55 115	48 683	103 798
Estimated credit losses	25 722	20 080	45 802
% Provided	46,7%	41,2%	44,1%

LOANS RECEIVABLE AND RELATED ECLs

While Emira is not in the business of granting loans to counterparties, loans are advanced infrequently and typically form part of a transaction that the Fund is party to, and where it has intimate knowledge of the borrower.

The ECLs associated with loans receivable carried at amortised cost are assessed on a forward-looking basis using the general model per IFRS 9. At 30 June 2020 total ECLs of R50,8 million were provided for against the outstanding loans receivable, with the probability of default on the Inani loan being assessed as most at risk.

SUBSEQUENT EVENTS

In line with IAS 10, Events after the reporting period, the declaration of the final dividend of 30,26 cents per share occurred after the end of the reporting period, resulting in a non-adjusting event that is not recognised in the financial statements.

While the economy is opening up and lockdown restrictions have been eased, Emira recognises that businesses of certain of its tenants continue to be constrained. Where necessary, for deemed high risk tenants, and provided Emira is satisfied with the longevity of the underlying business, further relief has been provided post 30 June 2020.

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

SA REIT ASSOCIATION BEST PRACTICE RECOMMENDATIONS ("BPR")

The SA REIT Association recently released a second edition of the BPR, which deals with best practice reporting for SA REITs. The new BPR is applicable for year-ends starting from 1 January 2020. Emira has assessed the BPR and does not foresee any material changes to its current reporting once adopted. Emira confirms that this set of results is compliant with the original BPR as published by the SA REIT Association.

Greg Booyens
Chief Financial Officer

26 October 2020

COO report

Ulana van Biljon
CHIEF OPERATING OFFICER

The past year, and specifically its last quarter, have been operationally tough both locally and internationally. However, Emira's dedicated team, supported by property managers and JV partners, has focused on what is required to maximise the portfolio value and has improved the properties to ensure Emira provides great real estate.

COVID-19 — SA DIRECT PORTFOLIO

The South African Government was swift to react to the growing global coronavirus ("COVID-19") pandemic by announcing a "State of Disaster" on 26 March 2020, placing the country into a strict Level 5 lockdown.

These unprecedented events and those that followed under various levels of the lockdown continue to have a serious impact on the domestic economy, further weakening business confidence and with total job losses not yet known. The local economy was under sustained pressure even prior to the pandemic, with increasing constraints on household spending.

IMPACT ON SECTORS

RETAIL

Due to the national lockdown, many shoppers became cautious of visiting retail centres, and their buying behaviour notably changed as a result.

Likewise, the enforced practice of social distancing influenced the way consumers shop. With a reduced average number of visits to shopping centres and retail outlets, consumer spend per visit increased.

This change in consumer behaviour had a direct effect on retail sales. In response, retailers had to rapidly adjust the way they do business by fast-tracking their online shopping and delivery offerings through improved capabilities and technology.

OFFICE

The office sector saw a large number of companies opting for a work-from-home policy, even after Level 5 was lifted. Many companies continued to do so until Level 2, when companies began introducing a more flexible work model, which entails working from the office as well as from home.

INDUSTRIAL

In contrast to the office sector, many industrial tenants returned to working at their premises, starting from Level 4. This further proved the resilience of the industrial sector, despite its exposure to the effects of power supply interruptions or load-shedding.

Positively for the sector, supply chain adjustments brought about by COVID-19 benefited certain industrial tenants as online shopping deliveries from distribution centres increased.

CARING FOR TENANTS AND SERVICE PROVIDERS

HEALTH AND WELFARE

As soon as the national lockdown was announced, Emira focused on swiftly communicating and implementing hygiene and safety measures for tenants, which included:

- Hand sanitiser dispensers at the entrance of all buildings
- Signage informing tenants and customers of the regulations to be adhered to
- Stricter and more regular cleaning measures in common areas and touch points
- Guidelines for tenants on how to deal with positive cases

This report provides an informative overview of Emira's direct local portfolio of properties, its indirectly held local investments, and its indirectly held offshore investments in the US.

SHARING THE FINANCIAL BURDEN

To navigate the uncertainty of the pandemic, Emira's **guiding principle was to share the burden with tenants** and be understanding in terms of the impact on their businesses due to COVID-19 and the lockdown regulations.

Emira provided tenants with vital rental concessions, including rental remissions and deferments for the months of April, May and June. The Company focused on assisting tenants most affected by COVID-19, in particular small, medium and micro enterprises and businesses that were unable to trade under the regulations.

Emira offered tenants deferred payment terms, which range from between three to nine months, with the majority of deferred rentals being payable in nine equal instalments, interest free, commencing October 2020.

At year-end, Emira had provided financial relief to 1 153 tenants for a total of R118,6 million.

Rental collection was under the most pressure during Stages 5 and 4, when the majority of business were under lockdown. Retail tenants were severely impacted due to trading restrictions and consumers staying at home.

To underline the challenges, Emira's arrears increased noticeably over the lockdown period compared to prior months.

Depending on individual circumstances, certain tenants from all sectors were provided with further relief after June, including those in the following high-risk categories:

- Personal care services
- Restaurants
- Entertainment and travel
- Gyms
- Home and decor

While Emira has to date lost relatively few tenants due to the direct effects of COVID-19 and the lockdown, certain tenants that were already under strain prior to April were unable to endure the month of June.

STAYING ENGAGED

During the national lockdown, Emira's team interacted with its property managers on a daily basis and assisted with overcoming many day-to-day challenges as they arose.

Emira supported its service providers by maintaining open channels of communication and paying suppliers in full throughout the lockdown period, despite the service interruptions brought on by COVID-19.

Positively, there was a marked improvement in interest from prospective tenants from Level 3 onwards. Earlier, the take-up of vacant space was slowed due to lockdown regulations preventing site visits, and the concerns of prospective tenants around economic stability and growth.

In addition, since Level 3, lease renewal negotiations that were not finalised before lockdown and were halted, have either resumed or restarted.

SA DIRECT PORTFOLIO

PORTFOLIO STRATEGY

Emira strengthens the quality of its property portfolio on a continuous basis to retain existing tenants, attract new tenants, maintain growth and enhance sustainability. To achieve this, management remains focused on a programme of building maintenance, as well as strategic refurbishments, upgrades and redevelopments of specific properties. This approach helps to sustain and enhance Emira's operational efficiencies, ensuring the longevity and relevance of the properties within their nodes and in line with tenant requirements.

AREAS OF FOCUS

- Managing Emira's vacancies and lease expiries to enhance the financial performance of the portfolio.
- Addressing the decreasing duration of lease terms, which is due to weak economic conditions that affect the financial performance of tenants under pressure.
- Maintaining strong relationships with tenants that likely require asset management intervention and focus. This approach has a positive impact on tenant retention and renewals.
- Diversifying the portfolio by way of sectoral and geographical exposure, including offshore investments.
- Disposing of non-core assets is a strategic priority and keeps the properties in Emira's portfolio performing and relevant.
- Reinvesting capital from disposals into acquisitions or capex projects that offer improved quality, relevance to the node and sustainable returns.
- Recognising the importance of being environmentally responsible and focusing on initiatives and projects to advance clean energy production, energy efficiency, water efficiency and harvesting, biodiversity, and carbon footprint reduction, among others.

OPERATING ENVIRONMENT

As Emira's directly held property assets reside in provinces across South Africa, the local operating environment is key and can affect the performance of the portfolio positively as well as negatively. For the year under review and from a property sector perspective, the key characteristics of the South African operating environment are summarised on the next page.

KEY METRICS

7,3%
RENTAL ESCALATIONS

4,1%
VACANCIES

79
DIRECTLY HELD PROPERTIES

80%
TENANT RETENTION BY GROSS RENTAL

10
US PROPERTY CO-INVESTMENTS

- Overall, an environment of challenging market conditions prevailed both locally and globally, offering slow or deficient growth for the most part.
- The current environment is unusual and fluid, changing constantly and creating uncertainty.
- The onset of the COVID-19 pandemic has affected the property sector in unprecedented ways and has taken a significant toll on tenants as well as landlords.
- The resulting effects on vacancies, tenant retention and negative rental reversions have yet to be determined.
- A consequence of the pandemic is likely to be on office space. Where and how people work is changing and could result in a transformation of the workplace.
- The effects of the pandemic and the lockdown regulations has changed the way companies do business and thus their view on space requirements.
- Uncertainty surrounding power supply interruptions continue, affecting businesses and households. Due to water storage and dam levels, possible water supply interruptions also pose a risk.
- There has been growing importance around environmental responsibility, a trend that looks likely to continue.
- There are low levels of business and consumer confidence due to the effects of the pandemic, as well as the country's sovereign credit downgrade and recessionary environment.
- With less disposable income, consumers are focusing their household buying on essential goods.
- Softening trading densities are due to consumers being under pressure and the effects of COVID-19 on shopping patterns.
- The pandemic saw increased e-commerce activity, a fast-tracked shift to online shopping and businesses' omni-channel offerings coming to the fore.

OVERVIEW

With offices in Bryanston, Pretoria and Cape Town, Emira is managed by a devoted team of 26 staff, including two intern graduates. The Fund's property management role is primarily fulfilled by Broll, as well as by Feenstra Group and Swish. In line with the Fund's Board-approved strategic priorities, the direct local portfolio is **a sectorally diversified mix of 79 properties** comprising 20 offices, 20 urban retail, 38 industrial and 1 residential asset. Emira's South African properties are also **geographically diversified, with exposure to key economic nodes** across South Africa.

KEY PORTFOLIO METRICS

- At year-end, the **direct local portfolio was valued at R10,2 billion** (June 2019: R10,9 billion), with an average property value of R128 million (June 2019: R135 million).
- **By value**, the split is 48% urban retail, 32% offices, 18% industrial and 2% residential.
- **By GLA**, the portfolio is split as 38% urban retail,19% offices, 41% industrial and 2% residential.
- For the year under review, **tenant retention** within the direct local portfolio was 80% by gross rental and 78% by GLA (June 2019: 80% and 81% respectively).
- On a Fund level, **reversions** increased to -5,1% for the year (June 2019: -1,2%), largely due to the effects of the pandemic and generally poor economic conditions.
- The Fund's **weighted average lease expiry** ("WALE") was 2,7 years (June 2019: 3,0 years).

SECTORS

URBAN RETAIL

During the last quarter, the performance of shopping centres was severely impacted by the state of disaster and the lengthy, regulated national lockdown commencing mid-March 2020. The South African economy was in an already weakened state prior to the impact of COVID-19, the full extent of which is still unfolding. Exacerbating this was rising unemployment and low business confidence, which has seen declines in income growth and retail sales growth. While the lower interest rate will provide some relief, electricity supply interruptions could offset the benefits.

Challenges already facing the retail sector prior to COVID-19 worsened with the spread of the pandemic. Social distancing was a key preventative measure, introduced during the lockdown to curb the virus. This led to lower footfalls in shopping centres and fast-tracked consumers' adoption of online retail. Emira's retail portfolio proved relatively defensive, comprising mostly regional and neighbourhood centres located close to their communities and are well let with low vacancies.

Urban retail: key metrics

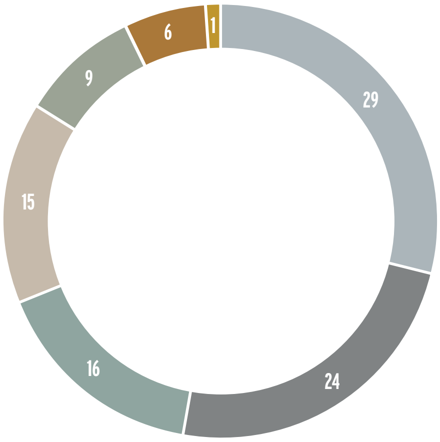
For the year under review, the Fund's retail properties comprised 38% of the total direct portfolio by GLA (June 2019: 38%). Vacancies in this sector increased to 3,8% (June 2019: 2,3%) but remain better than the South African Property Owners Association ("SAPOA") national average of 4,8% as reported by SAPOA in March 2020. Major retail vacancies are located at: Wonderpark Shopping Centre (2 129m²), One Highveld (1 308m²) and Randridge Mall (1 277m²).

During the year under review, revenue decreased by 1,6% on a like-for-like basis to R715,1 million with expenditure, including bad debts increasing by 12,9% to R327,5 million. Net income for the year declined by 11,2% to R387,6 million. The decline was driven by rental concessions provided through to tenants together with rising municipal costs and increased bad debts.

For the year under review, the tenant retention rate for the Fund's retail properties was 79% by gross rental and 77% by GLA (June 2019: 78% and 78% respectively).

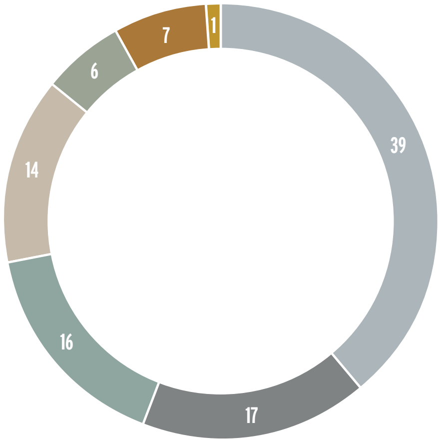
MSCI SEGMENTAL CLASSIFICATION

URBAN RETAIL BY GLA (%)



REGIONAL SHOPPING CENTRES
COMMUNITY SHOPPING CENTRES
SMALL REGIONAL SHOPPING CENTRES
NEIGHBOURHOOD SHOPPING CENTRES
SHOWROOM
HYPERMARKET
LOCAL CONVENIENCE CENTRE

URBAN RETAIL BY VALUE (%)



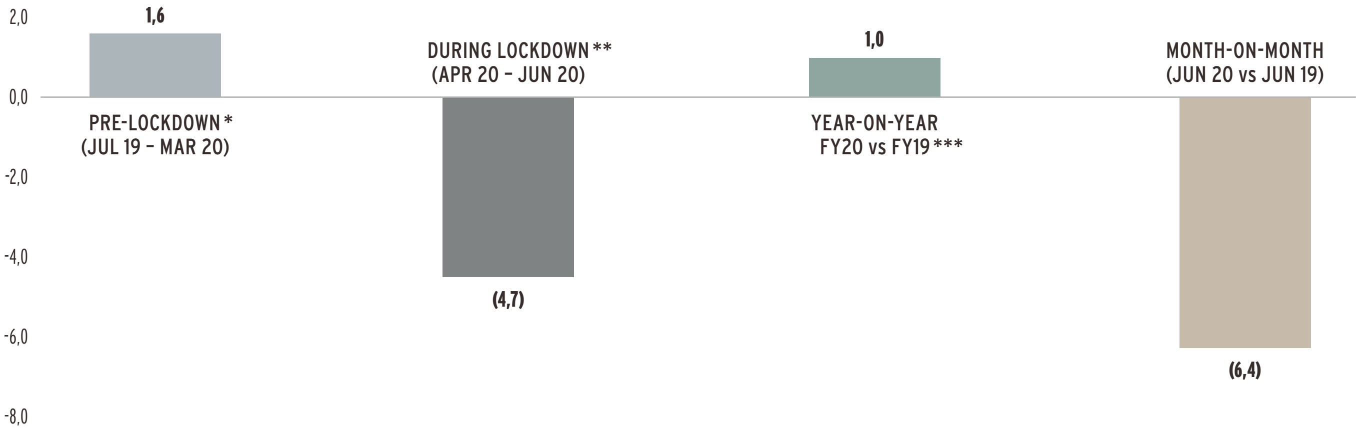
Limited exposure to Edcon

- At year-end Emira had six Edcon leases in the urban retail portfolio, and all highlighted by Edcon as some of their better performing stores:
  - Edgars Wonderpark (3 998m²) was ceded to Retailability
  - Four out of the five Jet Stores (3 443m²) have new leases in place with The Foschini Group ("TFG")
  - Emira elected to re-let one Jet Store (436m²)

After the Edcon inclusion

- As a percentage of Emira's total GLA:
  - The Foschini Group represents 1,1%
  - Retailability (Edgars) represents 0,6%
- As a percentage of Emira's total gross rental:
  - The Foschini Group represents 1,5%
  - Retailability (Edgars) represents 0,6%

RETAIL TRADING DENSITIES (%)



* 64% of retail tenants. ** 37% of retail tenants. *** 36% of retail tenants.

MSCI SEGMENTAL CLASSIFICATION – TRADING DENSITIES

Retail portfolio	Year-on-year growth %*	Month-on-month growth %**
Neighbourhood shopping centres	11,1	(0,6)
Community shopping centres	(4,6)	(4,1)
Small regional shopping centres	(1,0)	(6,6)
Regional shopping centres	0,8	(10,6)
Grand total	1,0	(6,4)

* 12 months ended 30 June 2020 vs 12 months ended 30 June 2019. ** June 2020 vs June 2019.

RETAIL SPACE LET TO TENANTS AS AT 30 JUNE 2020

	Area lettable (m²)	% Area lettable	Monthly gross rental (R)	% Monthly gross rental
National retail tenant	**241 417**	**80,1**	**36 069 240**	**77,1**
Government and SOEs	3 770	1,2	341 387	0,7
National tenants/large businesses	221 388	73,5	32 122 974	68,7
Franchisee	16 259	5,4	3 604 879	7,7
Non-national retail tenant	**59 861**	**19,9**	**10 694 697**	**22,9**
SMMEs	59 861	19,9	10 694 697	22,9
Grand total	**301 278**	**100,0**	**46 763 937**	**100,0**

OFFICE

Challenging conditions characterised the office market, including an oversupply in certain nodes, a weak economy and a diminishing demand for space. In this environment, many businesses remain under strain with tenant failures becoming more prevalent.

Positively, Emira's office vacancies remained low and well contained after repositioning its office portfolio to comprise quality properties in sought after locations. As circumstances continue to evolve, it is too early to determine the impact of COVID-19 on office requirements, particularly on open plan areas and remote working.

As the pandemic had a notable impact on where and how people work, this could change how people use office space in the future. However, as human interaction remains an important part of everyday life, businesses require a place to meet, collaborate, connect and socialise. Corporates are currently evaluating their space requirements and how the pandemic has affected the workplace due to flexible working hours and more people working from home. While there was a small increase in shared office environments relative to total office space, the longer-term effects of the pandemic on people's behaviour is unclear.

Office: key metrics

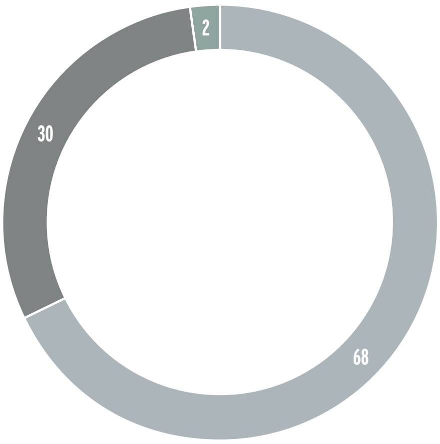
During the year under review, the Fund's office properties comprised 19% of the total portfolio by GLA (June 2019: 20%). As anticipated, Emira's office vacancies increased to 6,9% (June 2019: 5,3%) but this remains well below the national average of 12,3% as reported by SAPOA in June 2020. The major office vacancies are located at Hyde Park Lane (2 991m²), Epsom Downs Office Park (2 429m²) and Albury Park (1 092m²).

Revenue increased by 0,2% on a like-for-like basis to R457,7 million with expenditure, including bad debt, increasing by 10,8% to R192,3 million. Net income for the year declined by 6,3% to R265,4 million. The decline was driven by rental concessions provided through to tenants together with rising municipal costs and increased bad debts.

For the year under review, Emira's tenant retention rate for office properties was 82% by gross rental and 82% by GLA (June 2019: 65% and 66% respectively).

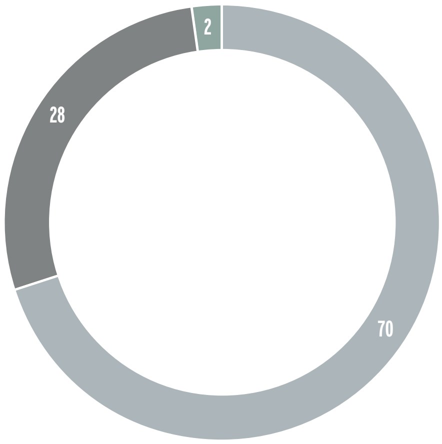
MSCI SEGMENTAL CLASSIFICATION

OFFICES BY GLA (%)



OFFICE PARK (WHOLE OR SINGLE UNIT)
HIGH RISE OFFICE
FREE-STANDING OFFICE

OFFICES BY VALUE (%)



INDUSTRIAL

Emira's industrial property portfolio is itself diversified, thereby reducing overall portfolio risk. The Fund's industrial sector are split between single-tenant light industrial and warehouse facilities, and multi-tenanted midi- and mini-unit industrial parks. Vacancies in this portfolio are nominal and under control. While all of Emira's industrial tenants are trading, they remain vulnerable to the effects of load-shedding and economic constraints.

Positively, during the COVID-19 lockdown, most industrial tenants returned to work at their premises from Level 4, which was sooner than other sectors, once again proving the resilience of the industrial sector. Furthermore, some industrial tenants have benefited from changes taking place in supply chains as a consequence of the pandemic.

Industrial: key metrics

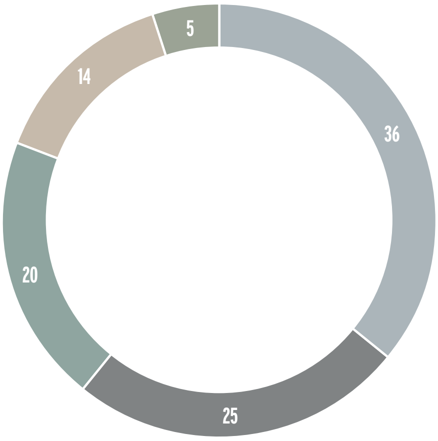
For the year under review, the Fund's industrial properties comprised 41% of the total portfolio by GLA (June 2019: 42%). Thanks to the considerable efforts and expertise of Emira's management team, the low industrial vacancy rate was reduced to 3,2% (June 2019: 4,1%). This was comfortably lower than the national average of 5,0% reported by SAPOA in December 2019. The decrease is due to FoodServ Solutions taking up 9 752m² at Denver Warehouse.

Revenue decreased by 0,7% on a like-for-like basis to R293,6 million with expenditure increasing by 10,9% to R131,5 million. Net income for the year declined by 8,5% to R162,1 million. The decline was driven by rental concessions provided through to tenants together with rising municipal costs and increased bad debts.

For the year under review, the Fund's tenant retention rate for industrial properties was 78% by gross rentals and 79% by GLA (June 2019: 89% and 85% respectively).

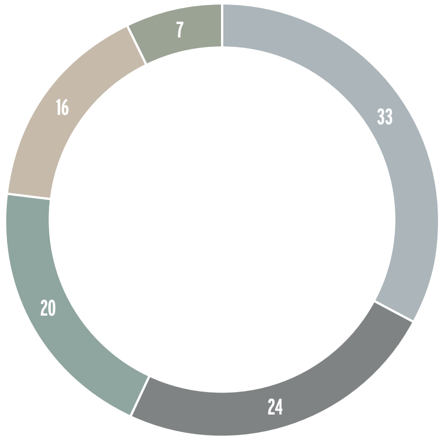
MSCI SEGMENTAL CLASSIFICATION

INDUSTRIAL BY GLA (%)



- INDUSTRIAL PARK
- LIGHT MANUFACTURING
- DISTRIBUTION CENTRE
- WAREHOUSE
- WAREHOUSE SHOWROOM

INDUSTRIAL BY VALUE (%)



RESIDENTIAL

The Bolton is the sole directly held residential property in Emira's portfolio and was redeveloped into 282 contemporary residential units from old B-grade offices. Residential property offers the Fund added diversification and the sector is regarded as defensive in nature. While COVID-19 has had a relatively limited impact on the residential sector, management is being proactive in its approach to risk containment.

For the first time since its completion in May 2019, the Bolton contributed a full 12 months to Emira's income streams during the year under review. The property is aimed at the high-demand, mid-to-lower market and is very well located in the popular Rosebank node. In line with Emira's philosophy of working with experts in specialist property sectors, the Company partners with the Feenstra Group at The Bolton.

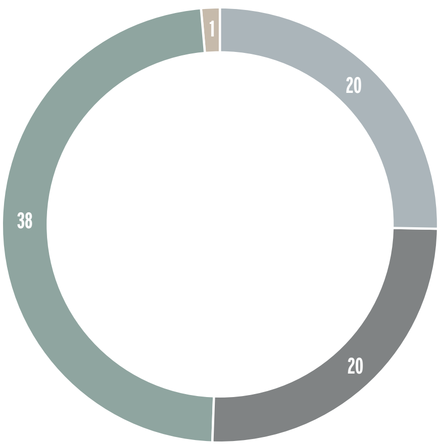
Residential: key metrics

For the year under review, The Bolton was 81% let, with 54 out of 282 units being vacant as at 30 June 2020.

This was lower than anticipated and is a direct result of COVID-19.

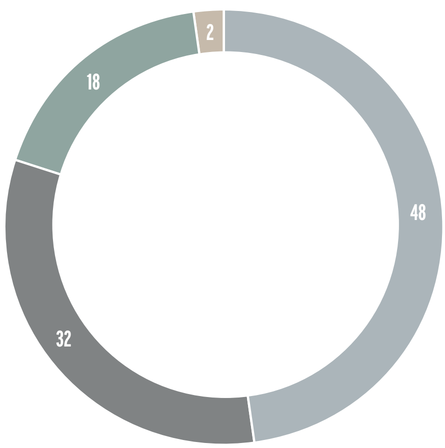
DIRECT PORTFOLIO STATISTICS

NUMBER OF PROPERTIES BY SECTOR



- URBAN RETAIL
- OFFICES*
- INDUSTRIAL
- RESIDENTIAL

VALUE SPLIT BY SECTOR (%)



* 1059 Francis Baard transferred 20 December 2019.

Top 10 properties by value

INCLUDING MAJOR TENANTS WITH GLA >800m²

Split per sector (%)

01

Wonderpark Shopping Centre

Karenpark, Pretoria North

GLA (m²)	90 916
TENANTS	172
AVERAGE NET RENTALS (R/m²)	R151,93

Pick n Pay Hypermarket	12 867m²
Game	5 292m²
Checkers	4 709m²
Woolworths	4 642m²
Edgars	3 998m²
Virgin Active	3 508m²
Truworths	1 987m²

02

Menlyn Corporate Park

Menlyn, Pretoria

GLA (m²)	26 784
TENANTS	25
AVERAGE NET RENTALS (R/m²)	R181,35

King Price Insurance	10 586m²
SALGA	7 025m²
Santam	4 846m²
BVI Engineering	1 533m²

03

Knightsbridge

Bryanston, Sandton

GLA (m²)	16 148
TENANTS	13
AVERAGE NET RENTALS (R/m²)	R152,03

WSP	5 829m²
KFC	3 150m²
Gold One Management	1 122m²
Verifone	864m²
Ventureweb	813m²

04

Quagga Shopping Centre

Pretoria West

GLA (m²)	29 412
TENANTS	66
AVERAGE NET RENTALS (R/m²)	R133,84

Shoprite	5 715m²
Pick n Pay	4 878m²
Woolworths	1 807m²
ABSA Bank	1 160m²

05

Summit Place (50%)

Menlyn, Pretoria

GLA (m²)	15 223
TENANTS	28
AVERAGE NET RENTALS (R/m²)	R199,10

Assupol Life	3 973m²
Land Rover (Kempster Sedgwick)	2 484m²
SNG Grant Thornton	2 402m²
Planet Fitness	1 470m²

06

Randridge Mall

Randpark Ridge, Randburg

GLA (m²)	22 444
TENANTS	78
AVERAGE NET RENTALS (R/m²)	R143,20

Pick n Pay	4 473m²
Woolworths	2 124m²
Dis-Chem	2 035m²

07

Makro Selby

Selby, Johannesburg

GLA (m²)	18 956
TENANTS	1
AVERAGE NET RENTALS (R/m²) *	R144,24

Makro	18 956m²

* Single tenanted, therefore weighted net average for Emira's retail sector used

08

RTT ACSA Park

East Rand

GLA (m²)	46 673
TENANTS	1
AVERAGE NET RENTALS (R/m²) *	R57,98

RTT Group	46 673m²

* Single tenanted weighted net average industrial rentals across portfolio

09

Market Square Shopping Centre

Plettenberg Bay

GLA (m²)	14 846
TENANTS	48
AVERAGE NET RENTALS (R/m²)	R133,24

Pick n Pay	2 547m²
Woolworths	2 053m²
Clicks	1 075m²

10

Hyde Park Lane

Craighall, Sandton

GLA (m²)	15 244
TENANTS	45
AVERAGE NET RENTALS (R/m²)	R145,22

Standard Bank	1 722m²
Transaction Capital Recoveries	1 546m²

ASSET MANAGEMENT

Emira specialises in the asset management of the portfolio with five specialist asset managers dedicated to formulating strategies that seek to enhance individual assets within the portfolio. Collectively Emira's five asset managers together with the COO have over 200 years of property experience.

The directly held local portfolio comprises a diverse mix of properties that span a wide range of areas and serve many different communities. These property assets include P-grade offices at Knightsbridge in Bryanston, mini industrial units in Cape Town and regional and neighbourhood retail assets across South Africa.

Emira's approach to asset management

- Asset managers follow a hands-on and proactive work methodology.
- Working alongside Emira's property managers remains an important focus.
- Establishing relationships with tenants and understanding the businesses of major tenants in particular.
- Focused on improving the value of properties in the portfolio.
- Safeguarding the long-term financial sustainability of Emira's properties.
- Keeping Emira's properties relevant in an ever-changing landscape by way of refurbishments and environmental responsibility projects.

VACANCIES

For the year under review, Emira's vacancy rates in the office, retail and industrial sectors were all lower than the market averages reported by SAPOA. Emira achieved this performance by proactive asset management initiatives and by prioritising tenant retention. To offset the effects of changing market conditions, management interventions included letting strategies and campaigns, and adjusting tenant incentives where appropriate.

While lower than SAPOA's national figures, Emira's vacancies have increased to 4,1% for the year under review (June 2019: 3,6%). The increase was largely due to the slower than anticipated take-up of space during the lockdown period and the failure of tenant businesses that were already under strain before the pandemic.

With little or no domestic economic growth and growing financial pressure on businesses and households, Emira has placed a greater emphasis on tenant retention, which is also a strategic priority. To this end, it is crucial to actively engage with tenants on an on-going basis.

GLA RECONCILIATION

	GLA m^2
Balance at 30 June 2019	821 982
Disposals	(5 993)
Acquisitions/extensions	–
Re-measurements	454
Balance at 30 June 2020	816 443
Occupied GLA at 30 June 2020	782 678
Vacant GLA at 30 June 2020	33 765
Vacancy %	4,1

VACANCY RECONCILIATION

	GLA m^2	%
Balance at 30 June 2019	29 776	3,6
Less: Properties sold since 30 June 2019	(150)	
Remaining portfolio balance at 30 June 2019	29 626	
Leases expired	184 149	
Renewal of expired leases	(122 418)	
Leases to be renewed	(18 086)	
New letting of vacant space	(39 506)	
Balance at 30 June 2020	33 765	4,1

COMMERCIAL VACANCIES

	No. of buildings Jun 2020	GLA Jun 2020 (m^2)	Vacancy Jun 2020 (m^2)	Vacancy Jun 2020 (%)	No. of buildings Jun 2019	GLA Jun 2019 (m^2)	Vacancy Jun 2019 (m^2)	Vacancy Jun 2019 (%)
Office	**20**	**160 237**	**11 020**	**6,9**	21	166 026	8 757	5,3
Retail	**20**	**313 698**	**11 805**	**3,8**	20	313 317	7 063	2,3
Industrial	**38**	**342 508**	**10 940**	**3,2**	38	342 639	13 956	4,1
Total	**78**	**816 443**	**33 765**	**4,1**	79	821 982	29 776	3,6

RESIDENTIAL VACANCIES

	No. of buildings Jun 2020	No. of units Jun 2020	Vacancy Jun 2020	Vacancy Jun 2020 (%)	No. of buildings Jun 2019	No. of units Jun 2019	Vacancy Jun 2019	Vacancy Jun 2019 (%)
Total	**1**	**282**	**54**	**19,1**	1	282	69	24,5

PROPERTY MANAGEMENT

The important role of property management is **key to fulfilling Emira's purpose of being great in the provision of great real estate**. To this end, Emira uses an outsourced property management model that benefits tenants, employees, service providers, equity holders and other key stakeholders, and ultimately the Company.

Emira has appointed specialist property managers who are focused on performing the day-to-day operational functions at Emira's properties. The property managers work closely with Emira's asset managers and **strive to achieve the strategic priority** of maximising net income from properties in the portfolio.

As the property management teams interact with Emira's tenants and other stakeholders, it is crucial that they are seen as an **extension of the Emira team**.

Emira's main property manager is Broll, having taken over management of the office and industrial portfolios during the year from Eris Property Group. Property management services are also provided by Feenstra Group and Swish at certain properties. Read more about **Emira's purpose** on pages 12 and 13 of this integrated report.

UTILITY MANAGEMENT

With a portfolio of 79 directly held properties, keeping utility costs under control is of vital importance and a focus of both asset and property management. To deal with above-inflation municipal cost increases, Emira works together with utilities companies to manage charges and ensure billings are correct and not inflated. The team does their utmost to reduce the constant increase of occupancy costs for their tenants.

Emira invests in technology to track consumption, including smart meters, and invests into projects that make buildings in the portfolio more energy and water efficient. To mitigate an unreliable electricity supply, Emira allocates capital for the provision of generators, alternative and renewable energy sources such as photovoltaic ("PV") also known as solar.

ENERGY EFFICIENCY

Emira has undertaken multiple energy efficiency projects, which continued during the year across the portfolio despite the challenges. Projects include LED lighting, air conditioning, solar lighting, power factor corrections, smart metering and lift drive replacements. Read more in the environmental section of the ESG report, commencing on page 53.

The largest single project was a R12 million investment at RTT, which replaced the centralised HVAC system with a new, more energy efficient system as well as converting the entire site to new LED light technology with more than 6 000 lamps being upgraded. The RTT upgrade project is discussed in further detail on page 59.

Cleaner energy production

Emira has completed six PV farms that **save 6 832 216kWh/year and remove 6 538tCO_2e annually** from being emitted. **Additional capex of R13,9 million** has been committed for two PV farms to be completed by August 2020 at Market Square and Springfield Retail Centre, with further PV projects still in planning phase. The Company's projected annual **energy savings from the two new PV farm projects are 2 284 807kWh with 2 187tCO_2e being saved**.

Back-up power

In Emira's directly held local property portfolio:

- **65% of properties have back-up power** through generators.
- 45% of properties have **100% generator back-up power** coverage. The largest of these properties are Wonderpark Shopping Centre, Menlyn Corporate Park, Knightsbridge, Summit Place, Makro Selby and RTT.

WATER, WASTE AND BIODIVERSITY

Water

Emira has invested in **16 water sourcing projects**, including water efficiency, rain and ground water harvesting.

Savings for year ended 30 June 2020 was **128 000 000ℓ or 51 Olympic-sized swimming pools**.

Emira is committed to the #SURPLUSWATER 2025 initiative and **contributes 450 000ℓ per day towards the initiative**.

Waste

Waste continues to be a specific focus for the Company.

Recycling has been introduced at the majority of Emira's shopping centres and the Fund is actively tracking its diversion rates from landfill.

Continuous monitoring and working with service providers and tenants to **reduce Emira's waste production remains an on-going project** across the Fund's operations.

Biodiversity

Emira submitted its first Biodiversity Performance Declaration to the Biodiversity Disclosure Project, receiving a **score of 10,5** compared to a sector average of 0,43.

In partnership with Trees for Africa, **Emira has planted 223 fruit and indigenous trees** in schools around Gauteng.

Emira's urban farming initiatives include two vegetable gardens at Wonderpark and Gateway Landing which are offered free to surrounding communities.

For details on the summarised information above, please refer to the environmental section of the ESG report, commencing on page 53.

LEASING

In the current environment, lease periods are becoming shorter, with lower annual escalations. To mitigate these effects, Emira's team structure includes broker consultants who maintain the key relationships with external brokers and facilitate leasing to tenants across the portfolio. The team put together innovative leasing deals for both new and existing tenants. For the year under review, Emira's weighted average lease expiry ("WALE") for its direct portfolio is 2,7 years (June 2019: 3,0 years; Dec 2019: 2,9 years).

New leases

For the year under review, the **most significant new leases concluded by value** were as follows:

- FoodServ Solutions at Denver Warehouse in Johannesburg (9 752m² for a total value of R25,3 million);
- Rare Woods at Epping Warehouse in Cape Town (5 490m² for a total value of R16,9 million) replacing Transpaco;
- House and Haven at Kramerville Corner in Johannesburg (1 017m² for a total value of R11,4 million);
- Redfox Management at Boundary Terraces in Cape Town (435m² for a total value of R8,4 million); and
- Transaction Capital Recoveries at Hyde Park Lane in Johannesburg (1 546m² for a total value of R8,0 million).

Lease renewals

By revenue, 80% of expiring leases were renewed and tenants retained in the year under review (June 2019: 80%) and 78% by GLA (June 2019: 81%).

By lease value, the most substantial renewals concluded were:

- Pick n Pay at Randridge Mall in Johannesburg (4 473m² for a total value of R28,4 million);
- Dis-Chem at Randridge Mall in Johannesburg (2 035m² for a total value of R22,7 million);
- The Department of Public Works at 9 Long Street in Cape Town (4 444m² for a total value of R20,8 million);
- The Beverage Company at Isando (20 Anvil Road) in Johannesburg (12 250m² for a total value of R18,4 million); and
- Bidvest Services at Steiner Services in Johannesburg (4 804m² for a total value of R17,9 million).
- In addition, the King Price Insurance lease at Menlyn Corporate Park in Pretoria was renewed early, until at least June 2022 (10 586m² for a net contract value gain of R8,4 million).

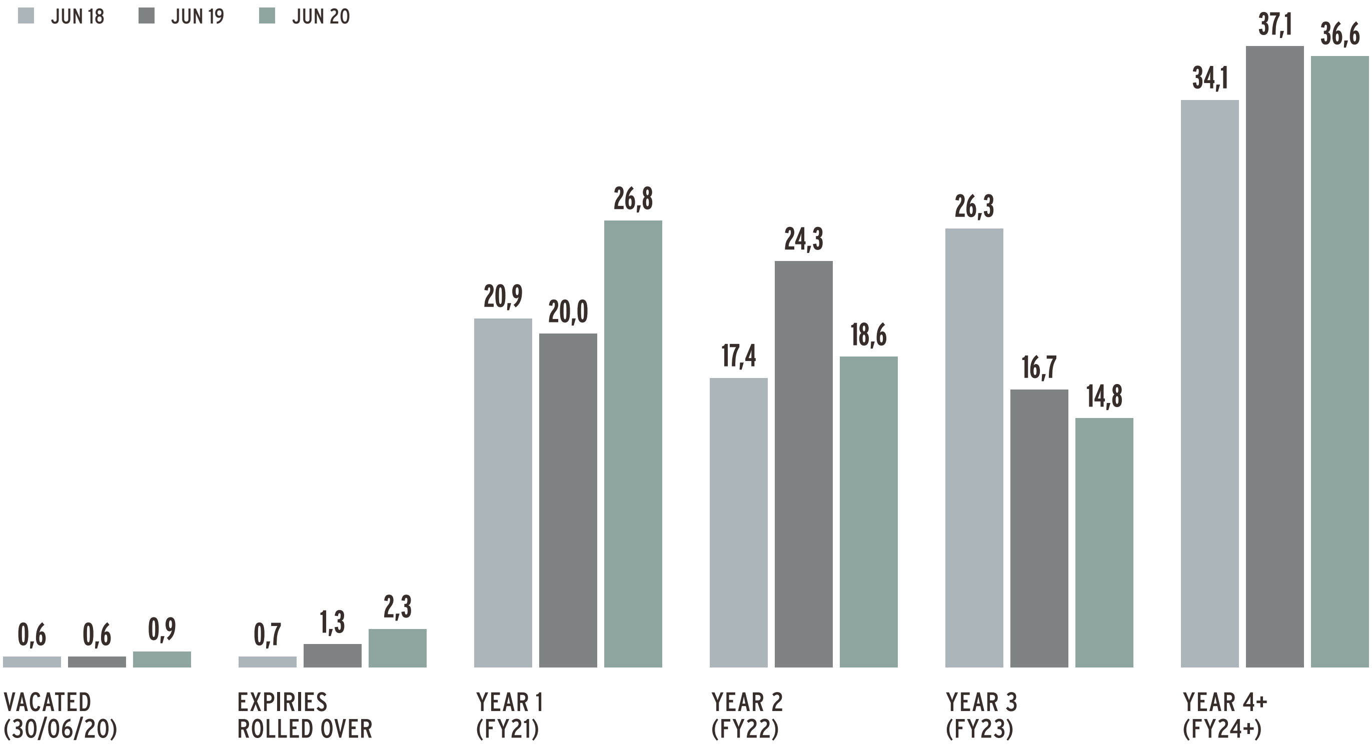
Broker community and leasing strategies

Emira's team structure includes in-house broker consultants who maintain key relationships with the broker community and facilitate new leasing in the portfolio. The broker community is extremely important to Emira as most of the new letting is done through external brokers.

Emira's Intelligent Relocation programme is an innovative leasing incentive package, offered on selected buildings to new tenants seeking quality office and industrial space. The incentives allow tenants to relocate easily by choosing a deal that is best suited to them – one that offers competitive rentals, attractive benefits in prime locations and makes relocating **an intelligent choice**.

The rise of social media has seen a growing influence on the world of business. To stay up-to-date, relevant and in touch with brokers, consumers and communities, Emira has accounts on Instagram, Facebook and Twitter.

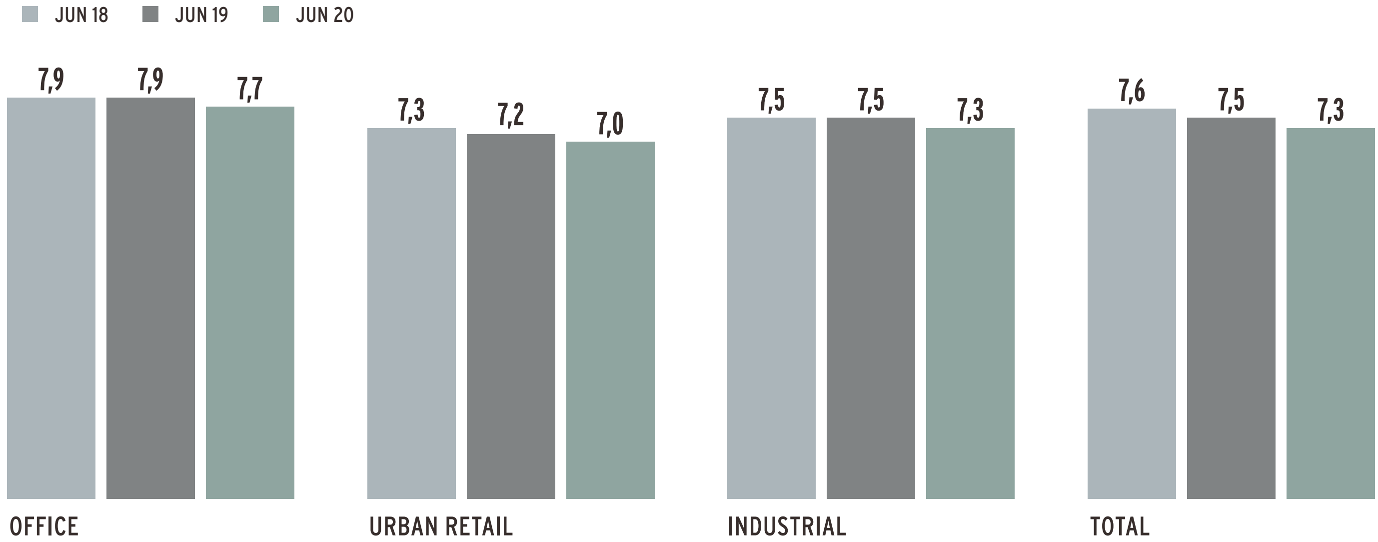
LEASE EXPIRY PROFILE BY GROSS RENTAL (%)



ESCALATIONS

For the year under review, the Fund's average annual escalations were slightly lower but remained healthy at 7,3% (June 2019: 7,5%) Notwithstanding, challenges exist as rental growth has slowed, the cost of occupation has increased accompanied with higher municipal charges, as well as increased competition to retain tenants. In light of the effects of the pandemic and an underperforming economy, future rental growth and escalations will likely remain under pressure.

ESCALATIONS (%)



RENT REVERSIONS

REVERSIONS – TOTAL (GROSS RENTALS)

Sector	Area	Avg. expiry rental	Avg. new lease rental	Increase/ decrease %
Office	25 884	151,46	148,25	(2,1)
Urban retail	41 044	189,61	176,41	(7,0)
Industrial	73 369	59,76	57,12	(4,4)
Total Jun 20	140 297	114,69	108,83	(5,1)
Total Jun 19	217 280	91,61	90,49	(1,2)
Total Jun 18	216 305	102,32	99,46	(2,8)

REVERSIONS – RENEWALS (GROSS RENTALS)

Sector	Area	Avg. expiry rental	Avg. new lease rental	Increase/ decrease %
Office	22 605	149,15	146,10	(2,0)
Urban retail	33 421	191,08	175,79	(8,0)
Industrial	57 955	60,15	57,34	(4,7)
Total Jun 20	113 982	116,29	109,67	(5,7)
Total Jun 19	190 426	91,74	90,87	(1,0)
Total Jun 18	163 495	108,79	105,53	(3,0)

REVERSIONS – NEW LEASES (GROSS RENTALS)

Sector	Area	Avg. expiry rental	Avg. new lease rental	Increase/ decrease %
Office	3 279	167,33	163,09	(2,5)
Urban retail	7 623	183,15	179,14	(2,2)
Industrial	15 414	58,28	56,27	(3,4)
Total Jun 20	26 316	107,82	105,17	(2,5)
Total Jun 19	25 758	88,36	85,29	(3,5)
Total Jun 18	52 113	80,39	79,26	(1,4)

MAJOR UPCOMING LEASE EXPIRIES

10 MAJOR LEASE EXPIRIES BY GROSS RENTAL: FY21

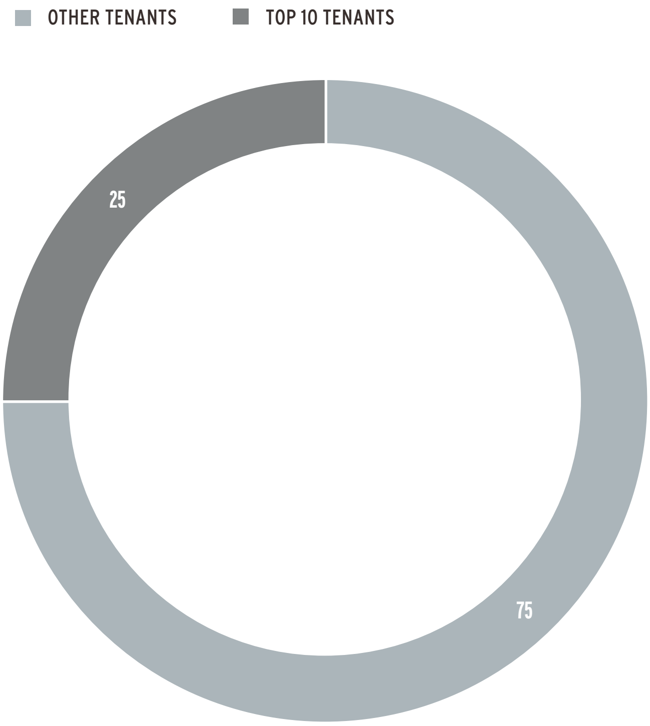
Property	Tenant	Lease end	GLA (m^2)
Menlyn Corporate Park	SA Local Government	Oct 20	7 025
Menlyn Corporate Park	Santam	Nov 20	4 524
Arjo Wiggins – Mahogany Ridge	Kalideck	Jun 21	6 907
Podium at Menlyn	SA Forestry	Sep 20	2 419
Cambridge Park	ITEC	Dec 20	5 668
Mitek	Mitek Industries	Jan 21	6 692
East Coast Radio House	Internet Solutions	Jul 20	2 146
Quagga Centre	ABSA	Dec 20	1 156
Menlyn Corporate Park	BVI Consulting	Jun 21	1 533
Mitchells Plain Town Centre	Shoprite	Jun 21	3 624
Total			**41 694**

10 MAJOR LEASE EXPIRIES BY GLA: FY21

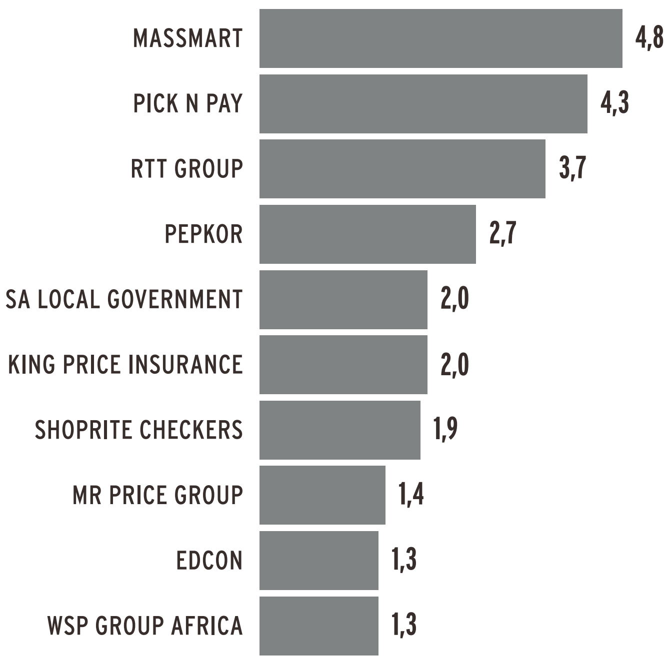
Property	Tenant	Lease end	GLA (m^2)
Menlyn Corporate Park	SA Local Government	Oct 20	7 025
Arjo Wiggins – Mahogany Ridge	Kalideck	Jun 21	6 907
Mitek	Mitek Industries	Jan 21	6 604
Cambridge Park	ITEC	Dec 20	5 617
Menlyn Corporate Park	Santam	Nov 20	4 846
Epping Warehouse (WGA)	Autozone	Jul 20	4 191
Aeroport (96 Loper Road)	Tenova Takraft	Jun 21	3 966
Gateway Landing	Grit Procurement	Aug 20	3 842
Mitchells Plain Town Centre	Shoprite	Jun 21	3 624
1 Medical Road	Johnson & Johnson	Aug 20	3 472
Total			**50 094**

TOP 10 TENANTS BY GROSS RENTAL – FUND LEVEL

TOP 10 TENANTS OF THE TOTAL PORTFOLIO (%)



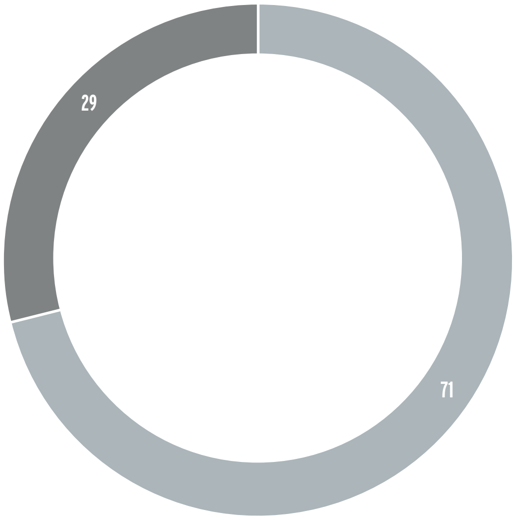
TENANT EXPOSURE – TOP 10 TENANTS (%)



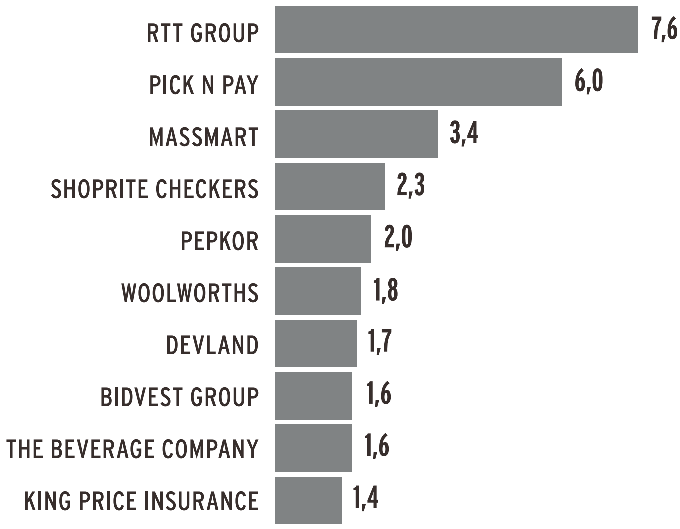
TOP 10 TENANTS BY GLA – FUND LEVEL

TOP 10 TENANTS OF THE TOTAL PORTFOLIO (%)

OTHER TENANTS TOP 10 TENANTS

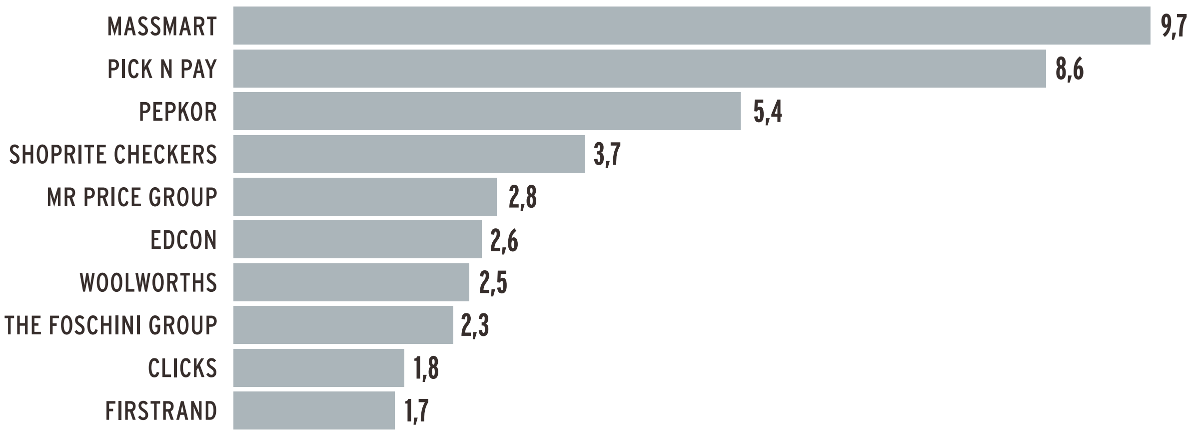


TENANT EXPOSURE – TOP 10 TENANTS (%)

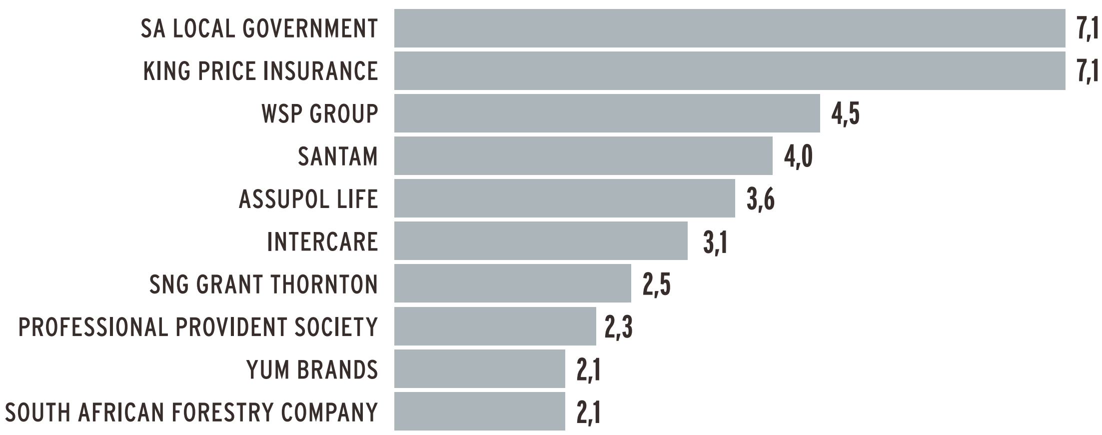


TOP TENANTS BY GROSS RENTAL PER SECTOR

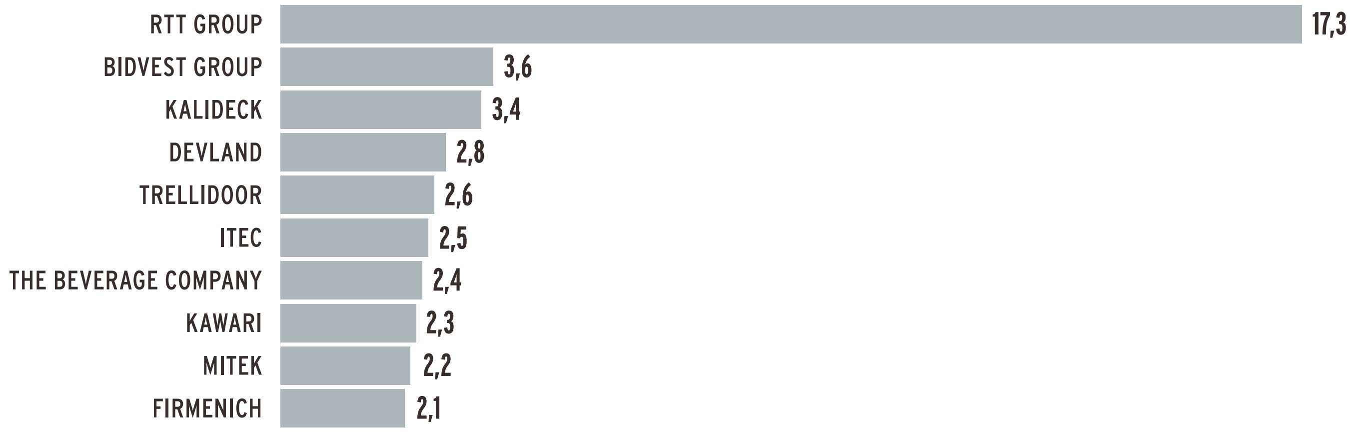
RETAIL – TOP 10 TENANTS BY GROSS RENTAL (%)



OFFICES – TOP 10 TENANTS BY GROSS RENTAL (%)



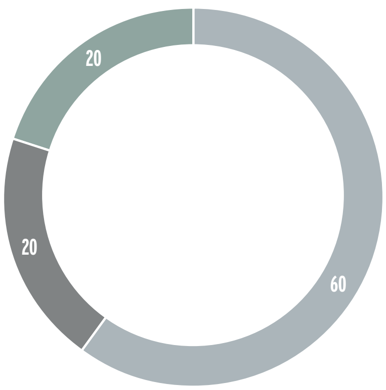
INDUSTRIAL – TOP 10 TENANTS BY GROSS RENTAL (%)



TENANT GRADING BY GLA (%)

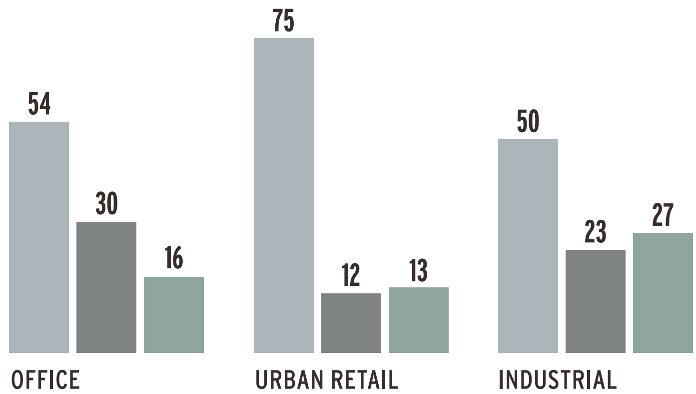
TOTAL PORTFOLIO (%)

A B C



PER SECTOR (%)

A B C

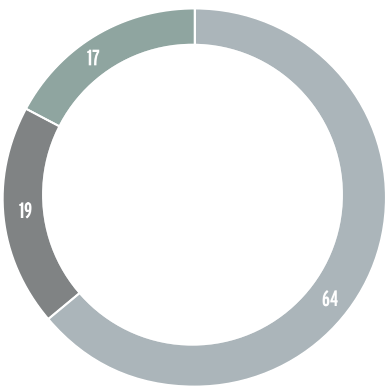


GRADING
"A" LARGE NATIONAL TENANTS, LARGE LISTED TENANTS, GOVERNMENT AND MAJOR FRANCHISES
"B" NATIONAL TENANTS, LISTED TENANTS, FRANCHISES, LARGE REGIONAL TENANTS, MEDIUM TO LARGE PROFESSIONAL FIRMS
"C" OTHER

TENANT GRADING BY GROSS RENTAL (%)

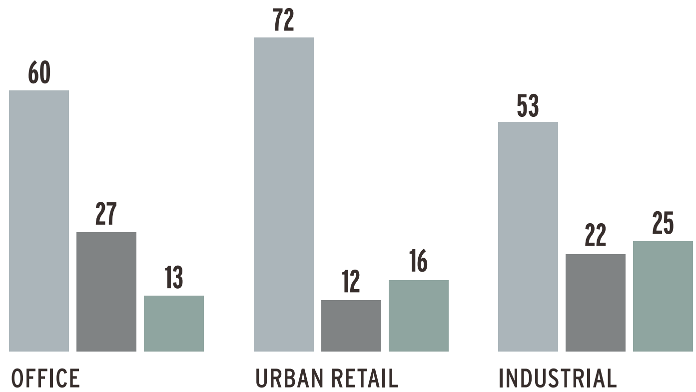
TOTAL PORTFOLIO (%)

A B C



PER SECTOR (%)

A B C



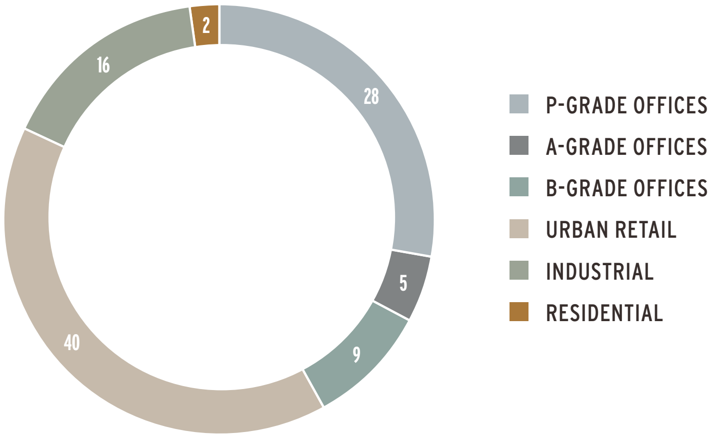
GRADING
"A" LARGE NATIONAL TENANTS, LARGE LISTED TENANTS, GOVERNMENT AND MAJOR FRANCHISES
"B" NATIONAL TENANTS, LISTED TENANTS, FRANCHISES, LARGE REGIONAL TENANTS, MEDIUM TO LARGE PROFESSIONAL FIRMS
"C" OTHER

CAPITAL EXPENDITURE PROJECTS

Emira enhances the performance of its directly held local properties by allocating capital to undertake specific projects that meet with investment criteria and align with the Fund's strategic priorities. To unlock value and improve its assets, Emira recycles capital and makes strategic investments in planned, focused upgrades. Especially during economic downturns, maintaining the quality and appearance of the Fund's buildings is key to attracting and retaining tenants.

For the year under review, **Emira invested R161,3 million into capex projects throughout the direct local portfolio**. This amount includes investment into projects that enhance the Company's environmental sustainability.

CAPEX SPENT PER SECTOR AND/OR PROPERTY GRADING (%)



DENVER WAREHOUSE REDEVELOPMENT

HYDE PARK LANE UPGRADE

OUTLOOK — DIRECT PORTFOLIO

With the current operating environment changing constantly and uncertainty around COVID-19, it is anticipated that businesses will be reluctant to make long term space decisions in the next few months as they will remain under strain and Emira anticipates an increased risk of tenant failures. Both new leasing and renewals in the year ahead also remain uncertain, and rental reversions and escalations are likely to be under pressure. Added to this are utility supply disruptions including Eskom's inability to provide power and water shortages.

It is expected that demand for space of all sectors and tenants' requirements will evolve together with the changing times. Commercial office space will likely mean different combinations and workplace models being explored by tenants, between working from home and the office. Likewise, Emira will adjust the letting strategies and incentives to meet with changing market conditions, while maintaining a key focus on tenant retention.

The industrial sector should be rather more resilient than other sectors, as it has been through the worst of the pandemic and beyond. Emira's industrial properties are well located and well tenanted with low vacancies and a similar performance is anticipated in the coming year.

Emira will continue doing what it does best - providing quality and well-maintained real estate by following an approach of continued investment to enhance the portfolio. To mitigate supply risks and to bolster the Fund's sustainability, projects related to alternative energy supply, water harvesting, as well as backup power will be expedited.

While the year ahead is expected to remain tough and uncertain, Emira's team will continue to provide stability and support to its tenants, property managers and service providers.

INDIRECT LOCAL PORTFOLIO

ENYUKA

Emira holds a 49,9% equity interest in Enyuka, which is the lower-LSM rural retail joint venture between Emira and specialist co-investment partners One Property Holdings ("One"). Emira and One jointly asset manage the Enyuka portfolio, resulting in a close working relationship. Emira and One hold formal asset management meetings on a monthly basis. In addition, Emira attends Enyuka's quarterly board and shareholder meetings.

Despite tough COVID-19 market conditions, Enyuka's vacancies at 4,6% are a good result in the current environment, with rent reversions at +5%. Likewise, Enyuka's tenant retention by gross rental was solid at 78,9% and its weighted average lease expiry was stable at 3,0%. In a tough environment, Enyuka's metrics demonstrate the resilient nature of well managed rural retail assets.

As at 30 June 2020, **Enyuka's total portfolio of 24 properties was valued at R1,7 billion and its LTV ratio was 53,3%**. Enyuka's interest cover ratio was 2,4 times at 30 June 2020. As Enyuka nears the conclusion of its five-year journey in August 2021, its portfolio size and LTV has reached capacity.

Regarding the rent relief granted to Enyuka's tenants in response to COVID-19, the business adopted a similar approach to Emira's. Rental remissions provided to tenants in the period totalled R14,3 million with a further R1,1 million of rent deferrals granted. In addition to the impact of the rental concessions, Enyuka's net income was negatively affected by a slowdown in letting activity in the last quarter.

In December 2019, **Enyuka acquired two new properties for a total consideration of R493,1 million**, including acquisition costs. These acquisitions were funded by new debt facilities and are being bedded down in the portfolio.

ENYUKA — KEY METRICS

	Jun 20	Jun 19
Number of properties	**24**	22
GLA of properties (m²)	**156 298**	120 915
Property portfolio value (R'bn)	**1,66**	1,15
Average value per m² (R)	**10 592**	9 483
Average value per property (R'm)	**69**	52
LTV (excluding shareholder loans) (%)	**53,3**	32,3
Vacancy by GLA (%)*	**4,6**	3,4
Tenant retention		
% of gross rentals	**78,9**	83,3
% of GLA	**79,1**	85,8
% of number of leases	**70,5**	70,7
Rent reversions – total (gross rentals) (%)	**5,0**	2,1
Like-for-like growth in net income (%)	**(4,6)**	6,0
Escalations (%)	**7,0**	6,9
Weighted average lease expiry (years)	**3,0**	2,9

* The vacancy value by GLA of 4,6% for June 2020 excludes Alberton and Ermelo due to a rental guarantee on those vacancies, including those buildings, will result in a vacancy of 6,0%.

TRANSCEND

Emira holds a 34,9% equity interest in Transcend, a specialist residential REIT. In February 2020, Transcend migrated its listing from the JSE's Alternative Exchange to the "SA Listed Property" sector of the Main Board of the JSE. Emira's CEO is a member of Transcend's board of directors, which gives the Fund crucial involvement in the direction of the residential REIT. Emira attends Transcend's quarterly board meetings and actively engages in monthly executive management strategy and asset management discussions.

Transcend's properties are managed by a team of residential experts at International Housing Solutions ("IHS"), which has successfully managed thousands of residential rental units since 2007. IHS also provides the asset management services for Transcend's portfolio of 4 687 rental units spread across 23 properties.

Transcend's management interventions in response to the pandemic proved to be successful. Collections remained robust, with low arrears of 1,89% on their stabilised portfolio at 30 June 2020. For the same period, Transcend's total portfolio unit occupancy of all properties was strong at 95,3%. As Transcend is generating good returns, Emira's 34,9% investment remains on track. Transcend's positive performance, especially during difficult times, also confirms residential property as a defensive asset class.

In terms of capital recycling through disposals, Transcend has successfully sold individual sectional title units at Birchwood and De Velde, at premiums to book values. In this way, Transcend continues to manage their liquidity, which is vital in this environment. Transcend's portfolio continues to generate strong cash flows and the business remains focused on maintaining a sound financial position, able to meet all of its debt obligations and financial obligations to staff and suppliers.

TRANSCEND — KEY METRICS

	Jun 20	Jun 19
Number of properties	**23**	23
Number of units	**4 687**	4 767
GLA of properties (m²)	**264 994**	270 451
Property portfolio value (R'bn)	**2,71**	2,82
LTV (excluding shareholder loans) (%)	**49,1**	47,6
Vacancy by GLA (%)	**5,9**	5,8
Occupancy by unit (%)	**95,3**	95,01

INDIRECT OFFSHORE PORTFOLIO

GOZ

Emira's long-term investment into Growthpoint Australia ("GOZ") came to a close during the year under review, as the Fund disposed its remaining 18,6 million units between July 2019 and June 2020 at average of AUD4,11 per share. When compared to the average cost of AUD1,97 per share, the investment performed extremely well for Emira.

The investment delivered a stable performance over the duration but offered little in the way of active involvement for Emira, unlike the Fund's other indirectly held investments in Transcend, Enyuka and the US portfolio.

US INVESTMENTS

Emira's US investment thesis leverages the following attributes:

- Size and value of a first world economy
- Investments focus on open-air power centres with grocer component and value offering
- Investments are in an undervalued subsector
- Diversified, credit-quality tenant base
- Asset-by-asset approach, with co-investment partners
- USD yields are in excess of 10,5%
- Focus on mid, south and south-eastern US states
- 10-year fixed interest only non-recourse debt at property level
- Value-add opportunities such as undeveloped pads on properties

OVERVIEW

In a first for South African REITs, Emira has co-invested into 10 grocery-anchored dominant value-oriented power centres in the US with in-country partners, Rainier. The US investments form the main thrust of Emira's offshore diversification strategy and has grown to represent 12,6% of the Company's total assets (June 2019: 7,6% and June 2018: 3,1%).

The US property investments are located in the states of Florida, Georgia, Indiana, Missouri, Ohio, Oklahoma and Texas.

Emira owns a minority share ranging from 46,7% to 49,6% in each of the 10 direct property-owning entities through US subsidiary CIL2 but has a unanimous voting arrangement on all major decisions.

Emira's US investments are underpinned by sound property fundamentals and a high-quality tenant base. By net rental, the properties have a consolidated weighted average lease expiry of 5,7 years and a vacancy rate of 5,2%.

After negotiating with tenants for rental abatements and deferrals during COVID-19, **the weighted average lease expiry by GLA increased to 6,2 years** (June 2019: 5,2 years). Negotiations with tenants in the US portfolio is discussed further below.

COVID-19

While the last quarter of the year posed significant challenges due to the COVID-19 pandemic, **the US portfolio fared relatively well and was impacted far less compared to traditional enclosed malls and lesser quality properties**. Among other factors, this was due to the following:

- the centres are shadow anchored by major grocery retailers that remained open as essential service providers and continued to draw shoppers to the properties;
- the high credit quality and value offering focus of the medium to larger tenants, which occupy the majority of GLA, meant that the tenants had the financial resources to endure the worst of the decrease in demand, and were also most likely to take advantage of the return in demand, as constrained consumers preferred the value offerings they provided; and
- the open-air nature and locations of the properties meant shoppers were likely to feel more comfortable shopping at these centres rather than enclosed malls, and tenants were more easily able to adapt their offerings and utilise initiatives such as curbside pickup, home deliveries and take-aways.

Between March and June 2020, a significant amount of negotiation took place with tenants, resulting in assistance being provided mostly in the form of deferments of a varying portion of rentals for April, May and June 2020, typically with expense recoveries not being deferred.

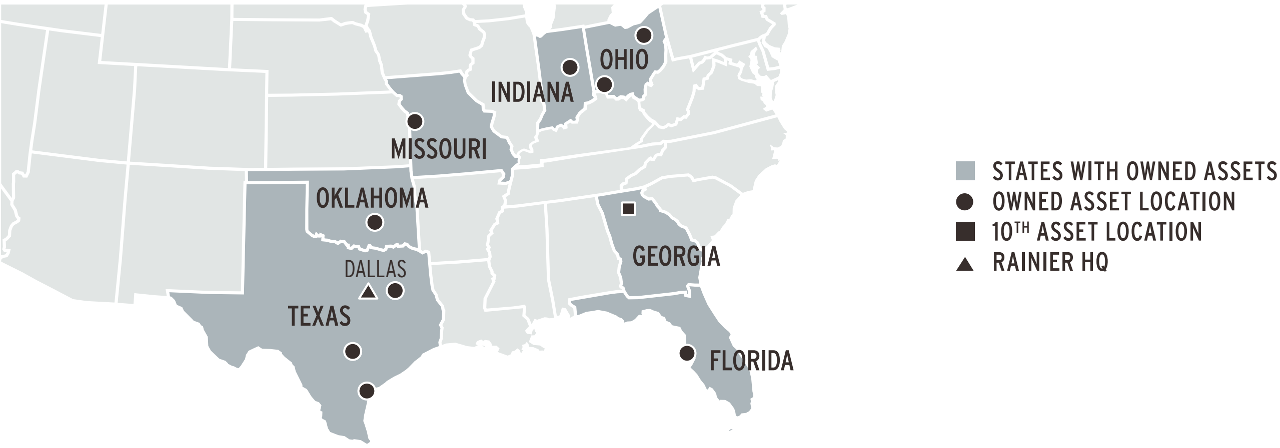
Although uncommon, where rental abatements were given, the landlord generally received equal economic benefit through various means, including lease extensions and/or reductions in future tenant installation commitments. To date, collections and assistance given to tenants are summarised below:

	April 2020	May 2020	June 2020	Total
Rental collection before relief (% of billings)	66,5	63,5	69,0	**66,4**
Relief given to tenants (% of billings)*	32,0	35,5	26,3	**31,4**
Relief given to tenants (USD'000)*	1 353	1 550	1 152	**4 056**
Arrears outstanding (% of billings)	1,5	0,5	4,7	**2,3**

* Relief given to tenants in the form of deferments and abatements.

To date, negotiations have been concluded or are in advanced stages with tenants representing approximately 85% of total rental income.

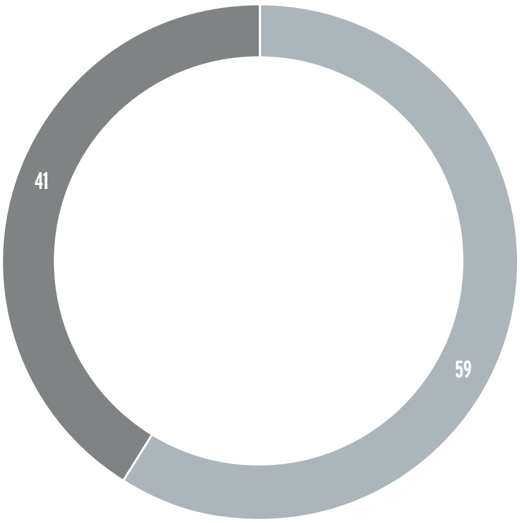
US GEOGRAPHIC EXPOSURE



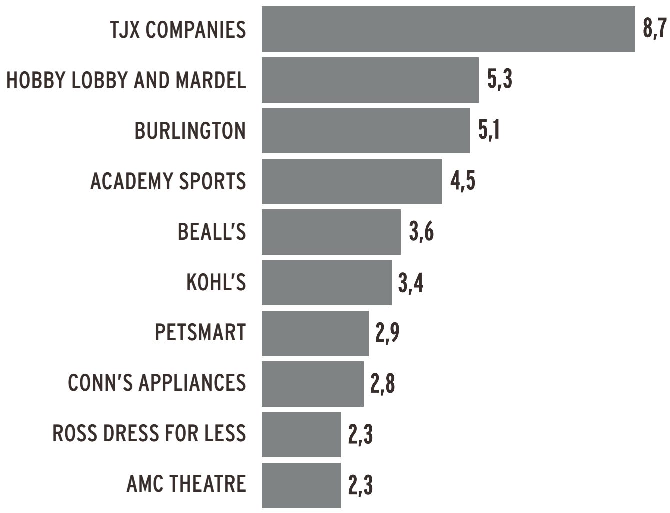
US TENANT EXPOSURE BY GLA

TOP 10 TENANTS OF THE TOTAL PORTFOLIO (%)

OTHER TENANTS TOP 10 TENANTS



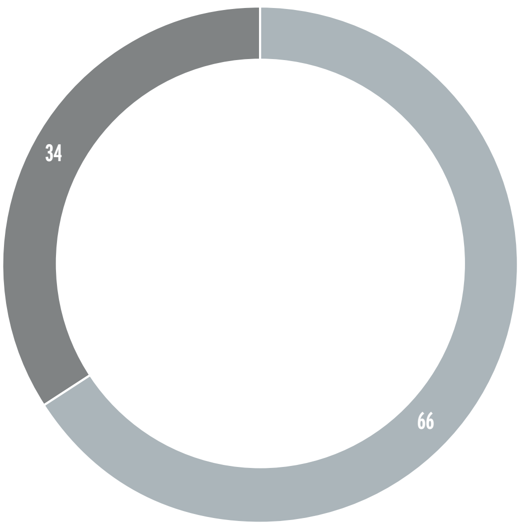
TENANT EXPOSURE – TOP 10 TENANTS (%)



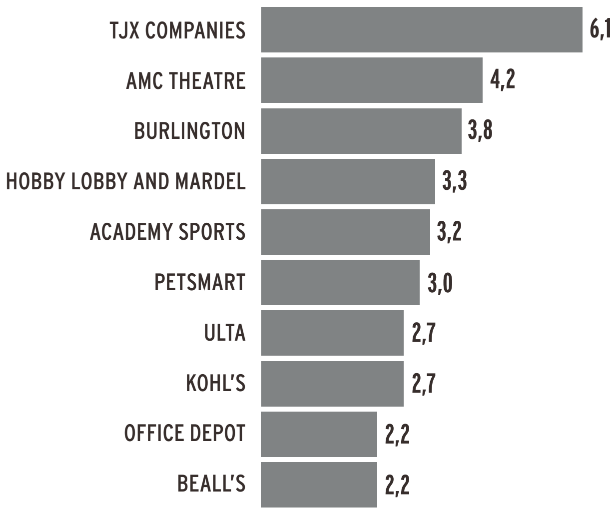
US TENANT EXPOSURE BY RENTAL

TOP 10 TENANTS OF THE TOTAL PORTFOLIO (%)

OTHER TENANTS TOP 10 TENANTS



TENANT EXPOSURE – TOP 10 TENANTS (%)



US INVESTMENTS – KEY METRICS

Property	Belden Park Crossing	32 East	Moore Plaza	Stony Creek Marketplace	Woodlands Square
Location	North Canton Ohio	Cincinnati Ohio	Corpus Christi Texas	Noblesville Indiana	Tampa Florida
GLA (SF)	484 360	188 912	377 048	204 814	314 699
Vacancy % by GLA	3,43	10,93	4,66	5,67	13,38
Ave annual rent/SF (USD)	13,73	13,35	15,63	14,05	16,55
Weighted ave lease expiry (years by GLA)	5,53	6,96	7,67	3,36	6,28
Acquisition date	17 Oct 17	19 Jan 18	18 Jan 18	28 Mar 18	26 Oct 18
Purchase price (USD)	67 000 000	29 100 000	70 646 000	32 800 000	64 000 000
Emira investment (USD)	8 400 000	4 250 000	13 240 510	6 500 000	12 200 000
Emira % owned	46,67	49,42	49,50	49,43	49,57
Property yield (%) (at acquisition)	7,7%	8,61	8,11	8,6	7,82
Equity cash yield (USD %) (at acquisition)	12,0 *	12,0 *	12,14	11,74	11,82
LTV at asset level (%)	69,19	68,95	61,78	62,06	64,40
DSCR at asset level (projected/covenant) #	1,2x/1,2x	1,62x/1,35x	1,52x/1,15x	1,82x/1,65x	1,53x/1,15x

Property	Truman's Marketplace	San Antonio Crossing	Wheatland Towne Center	University Town Center	Dawson Marketplace	Total
Location	Grandview Missouri	San Antonio Texas	Dallas Texas	Norman Oklahoma	Dawsonville Atlanta	
GLA (SF)	308 209	141 081	206 874	348 877	366 677	**2 941 151**
Vacancy % by GLA	3,54	3,04	0,0	6,40	2,22	**5,24**
Ave annual rent/SF (USD)	9,54	13,76	14,51	15,75	14,21	**14,18**
Weighted ave lease expiry (years by GLA)	6,41	6,73	3,66	4,89	8,86	**6,18**
Acquisition date	24 Dec 18	24 Feb 19	29 Mar 19	24 Jun 19	03 Feb 20	
Purchase price (USD)	30 650 000	20 480 000	32 200 000	63 000 000	79 400 000	**489 276 000**
Emira investment (USD)	6 050 000	4 158 000	6 300 000	12 395 000	13 220 000	**86 633 510**
Emira % owned	49,43	49,50	49,42	49,64	49,60	
Property yield (%) (at acquisition)	8,79	9,50	8,67	8,06	7,43	
Equity cash yield (USD %) (at acquisition)	11,12	12,87	12,56	10,82	11,09	
LTV at asset level (%)	50,27	52,33	54,95	58,54	58,67	**60,9**
DSCR at asset level (projected/covenant) #	1,98x/1,65x	1,85x/1,15x	1,91x/1,25x	1,99x/1,15x	1,44x/1,20	

* First ranking.

\# Debt Service Cover Ratio ("DSCR"). Calculations are forward looking and do not include lease up of vacant space or revenue from tenants that are in bankruptcy or are vacating.

ACQUISITION

In February 2020, Dawson Marketplace shopping centre in Dawsonville, Georgia, was the tenth property acquired, at a total cost to Emira of USD13,2m for a 49,6% equity interest at an expected initial equity yield of 11,1%. The centre is shadow-anchored by a Kroger's Market grocer. It boasts credit-worthy tenants including Hobby Lobby, Burlington, Marshall's, HomeGoods, Ross Dress for Less, Ulta and Five Below. The power centre component has a weighted average lease expiry of 8,8 years and a vacancy of only 2,2%. Another attractive aspect included in the acquisition was several pad sites that will be developed in the future.

DAWSON MARKETPLACE DAWSONVILLE, GEORGIA (AS AT ACQUISITION)

Purchase price
USD79,4m

PAD sites (across 9 sites)
±9,85 acres

Emira investment
USD13,22m

Yield
7,43%

Occupancy
97,8%

Equity stake
49,60%

GLA
366 677ft²

WALE
9,3 years

Equity cash yield
±USD11,09%

DISPOSALS

No significant disposals were made during the year under review. However, two pad sites were sold in line with the asset management strategy that was set out at acquisition of the relevant properties. The net proceeds will be used in overall liquidity requirements of ongoing capital expenditure and tenant installation reserves. The details of the sales are as follows:

Property	GLA (ft²)	Tenant	Sale price USD'000	Disposal yield (%)	Closing date
Moore Plaza	2 400	Raising Cane's	4 900	5,8	12 Mar 2020
San Antonio Crossing	5 240	Bank of America	1 815	5,5	14 May 2020

ASSET MANAGEMENT

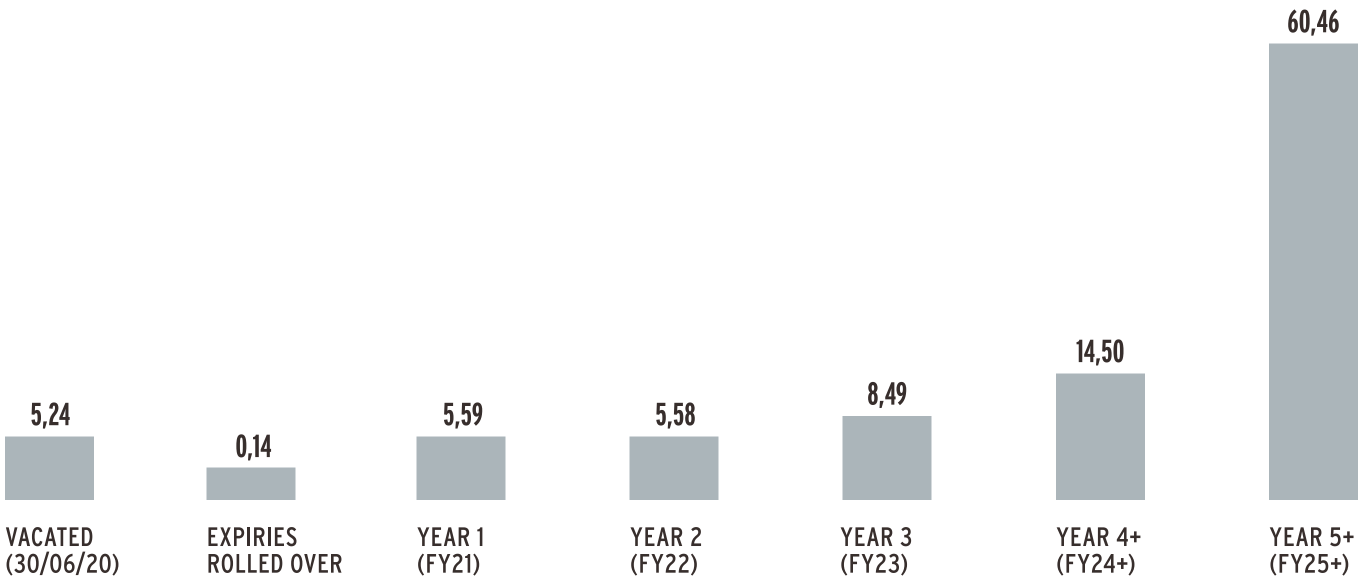
Bi-weekly meetings between Rainier and Emira take place, deliberating both operational and strategic matters of the portfolio, as well as in-depth monthly asset management meetings.

Rainier – Emira's US co-investment partners
- Company is based in Dallas, Texas
- Local, on the ground specialists
- Team of 18 professional staff
- Four principals
- Over 100 years' collective real estate experience
- USD1,4bn of assets and over 5 000 000ft² under management
- Over USD2bn in commercial real estate investments closed
- Unanimous decision making between Emira and Rainier
- Weekly meetings were held during COVID-19 lockdown

VACANCIES

The vacancy rate increased during the year from 3,6% in June 2019 to 5,2% in June 2020, attributable mostly to increases at Woodlands Square, University Town Centre and 32 East, partially offset by leasing at Moore Plaza and Wheatland Towne Centre. At Woodlands Square, the primary driver was the vacating of Earth Fare, however an offer to re-let the space to a new operator under the same Earth Fare brand has been signed by both parties. The bankruptcies of several retailers contributed to the increase in the vacancy, including Dress Barn, Pier One Imports and Famous Footwear. Overall, vacancies in the portfolio are expected to increase marginally during the year, depending on the outcome of tenants that have just entered bankruptcy, such as Stein Mart, and offset by anticipated new leasing.

US PORTFOLIO — LEASE EXPIRY PROFILE BY GLA (%)



US PORTFOLIO — LEASING

	No.	Area (ft²)	Ave expiry rental (USD/ft² P.A)	Ave new lease rental (USD/ft² P.A)	Ave duration (years)	Increase/ decrease (%)
Reversions						
Renewals	54	596 652 *	12,49	12,74	6,24	1,9
New leases (with reversions)	2	20 249	10,87	13,79	10,01	26,87
Total – reversions	**56**	**616 901**	**12,77**	**12,44**	**6,36**	**2,63**
All leases concluded						
Renewals	54	596 652	12,49	12,74	6,24	
New leases	13	59 520 #		17,77	8,23	
Total – all leases	**67**	**656 172**			**4,76**	

* Represents 20,3% of total portfolio.
# Represents 2,0% of total portfolio.

MAJOR LEASE EXPIRIES BY RENTAL — FY21

Property	Tenant	Lease end	GLA (SF)	Status
Belden Park Crossings	Kohl's	Jan 21	99 776	Renewed – 5 years
Belden Park Crossings	Dick's Sporting Goods	Oct 20	65 120	Vacating
Stony Creek Marketplace	Best Buy	Jan 21	31 004	Expecting to renew
Belden Park Crossings	Value City Furniture	Jan 21	50 000	Renewed – 5 years
Moore Plaza	Marshalls	May 21	32 228	Renewed – 5 years
Stony Creek Marketplace	PetSmart	Jan 21	20 122	Renewed – 10 years
Stony Creek Marketplace	Barnes & Noble	Jan 21	21 980	Vacating – LOI for replacement tenant concluded with Ross
Belden Park Crossings	Arhaus	Dec 20	15 000	Vacating
Belden Park Crossings	David's Bridal	Oct 20	11 025	Renewed – 5 years
Moore Plaza	Eyemart Express	Apr 21	5 600	Renewed – 7 years
			351 855	**65,04% expected to retain of top 10 (69,61% retention across all FY21 expiries)**

DEVELOPMENTS AND REFURBISHMENTS

To ensure that centres are well maintained and kept to a high standard, ongoing and routine capital expenditure on assets continues, however, no significant developments or refurbishments were undertaken during the year under review. At Dawson Marketplace, several undeveloped pads were part of the acquisition, and these are expected to be developed in due course when leases and development agreements are concluded with the appropriate tenants.

OUTLOOK – USA

Market activity in the US is expected to regain momentum swiftly post COVID-19 as the developed economy gets back into gear. While online shopping made significant inroads during the pandemic, the US assets proved their resilience as grocery-anchored dominant value-oriented power centres that are well supported by their communities.

The management of the US portfolio is in good hands. Under tough conditions, Rainier has proved to be agile and highly competent, by not only weathering the COVID-19 storm, but turning it into an advantage by taking the opportunity to renegotiate a number of leases. Emira will continue to benefit from this key co-investment partnership during the years ahead.

When prudent in time to come, Emira will look to make additional co-investments into similar assets that share these winning attributes. Emira will continue to align its offshore strategy with that of its local portfolio, which forms the majority of the Fund's total investment value. To this end, Emira's endeavours will continue to be guided by the principles within Emira's purpose.

Ulana van Biljon

Ulana van Biljon
Chief Operating Officer

Bryanston
26 October 2020

Environmental, Social and Governance report

Emira's overall strategy and purpose as a business is **being great in the provision of great real estate**, which is discussed on pages 12 and 13 of this report.

The following frameworks assist the Fund in identifying areas of underperformance, and areas for improvement, in order to fulfil its purpose and make a positive impact on the business and the world in which it operates.

ESG reporting has never been more important than it is today, as evidenced by current business models around the world straining under the weight of the COVID-19 pandemic.

The impact of climate change has come to the fore with soaring temperatures and wildfires in Australia and the USA. February 2020 saw the highest temperature ever recorded in Antarctica at 20,7ºC degrees. In August 2020 the highest temperature on earth was recorded at 54,4ºC in Death Valley National Park, Nevada. Furthermore, 11 900 000ha in tree coverage in the tropics was lost to deforestation during 2019.

While COVID-19 has drawn attention away from climate change, companies now have a greater appreciation for the health and well-being of their staff and stakeholders. A greater emphasis is also being placed on quality education, gender equality, access to healthcare, poverty and hunger reduction, as well as responsible consumption and production.

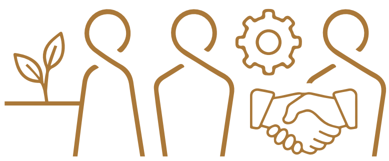
Within the new environment, Emira has better aligned its reporting with local and global peers by undertaking to implement the Global Real Estate Sustainability Benchmark ("GRESB") reporting structure and the United Nations ("UN") 17 sustainable development goals ("SDGs") as identified in the UN's Sustainable Development Guidelines.

GRESB is an investor driven global benchmark and reporting framework that assesses the ESG performance of REITs, property companies and real estate developers.

The UN Sustainable Development Guidelines were adopted by all UN member states in 2015 and provide a shared blueprint for peace and prosperity for people and the planet, now and into the future.

The 17 SDGs are an urgent call to action by all countries, both developed and developing, in a global partnership. It is understood that ending poverty and other deprivations go hand-in-hand with appropriate strategies to improve the status quo. The aim is to improve health and education, reduce inequality, and spur economic growth, while simultaneously tackling climate change and preserving the world's oceans and forests.

Contents



Environmental report

EMIRA'S JOURNEY

Emira's history of environmental stewardship and disclosure dates back to 2011, when the Company submitted its first CDP submission on its FY2010 carbon emissions. **Emira completed its tenth submission for FY2019**.

To overcome the early challenge of improving Emira's data confidence, smart electrical meters were rolled out across the portfolio with the support of the Fund's property managers and specialist metering companies, which helped to gain a better understanding of electrical consumptions.

A programme was then developed to prioritise interventions, ranging from tariff structures, lighting and air conditioning unit upgrades, to more costly improvements such as electrical switchgear, lifts and escalators, and centralised heating, ventilation, and air conditioning ("HVAC") systems. Emira's strategy in this regard reached its peak in 2013 with the introduction of renewable energy at certain properties.

Through milestones of the Paris Agreement, and Emira becoming the first company in Africa to have science-based carbon reduction targets recognised via the Science Based Targets Initiative ("SBTi"), sustainability has become embedded in the Fund's ethos and the way it operates.

Smart metering, LED technology, water conservation and harvesting, as well as photovoltaic ("PV") farms and energy security are now considered the **new normal**.

As the Fund evolves its sustainability journey beyond Net-Zero, which focuses on energy, water and carbon goals, it recognises the importance of reversing the effects of climate change on a global scale, the effects of which are clearly evident in its daily business operations.

EMIRA'S APPROACH

The Company has developed an internal business resilience scorecard for each of its core properties in the directly held South African portfolio. The scorecard measures each asset's risks and mitigation strategies, including energy consumption and production, water efficiency and harvesting initiatives and the impact on local biodiversity.

Emira's approach goes beyond merely reducing CO_2 emissions, and factors in the unique challenges facing businesses in South Africa. These include back-up energy and water systems, waste diversion from landfill rates as well as the final phasing out of systems that utilise refrigerant gases with a high ozone depleting potential ("ODP").

Each property's risk and mitigation score is then measured against its income producing contribution to shareholder distributions. This method helps to highlight key areas of risk and levels of priority, and measures progress against an internal cost of carbon.

While following the Emira Way in its unique approach, the Company appreciates that to benchmark itself against local and global peers, it needs to adopt the principles and guidelines of the UN SDGs and the GRESB reporting frameworks as a basis of its ESG strategy.

GREENHOUSE GAS ("GHG") EMISSIONS

CARBON FOOTPRINT REPORTING

Generally accepted GHG accounting principles can be likened to those of financial accounting and reporting. They serve to underpin and guide GHG accounting and reporting, to ensure that the reported information represents a faithful, true, and fair account of an organisation's GHG emissions. These principles also facilitate data that is accurate and comparable from year to year, across multiple entities.

Using GHG information, businesses can track and compare emissions data over time, which helps to identify trends and assess performance. To produce comparable GHG emissions data over time, both from inventories and other reporting organisations, it is essential to consistently apply accounting approaches, inventory boundary, and calculation methodologies.

To be accurate, companies must compile the GHG information for all operations in a way that ensures the aggregate information is internally consistent and comparable over time. If there are changes in the inventory boundary, methods, data, or any other factors affecting emission estimates, these must be transparently justified, documented, and disclosed.

CHANGE IN REPORTING METHODOLOGY

Emira has recorded and disclosed its carbon footprint using the equity share approach since FY2014. At that time, the Fund directly held most of its 141 properties and had total operational control over each property. Under the equity share approach, Emira accounted for all GHG emissions from operations according to its share of ownership in each property under its Scope 1 and 2 emissions.

The Fund has evolved, with the formation of Enyuka and Inani and investments into the US and Transcend. In order to be comparable and appropriate, Emira's reporting methodology also needed to evolve. To this end, the Fund's auditors recommended using the **financial control reporting methodology** as of FY2020.

The financial control approach records emissions of properties over which Emira has operational influence. This refers to the Fund's directly held South African portfolio and Enyuka, under its Scope 1 and 2 emissions. Emissions from investments where Emira is either a minority shareholder or has no operational control over the property, are recorded under the Company's Scope 3 emissions. These include Emira's investments in Inani, Transcend and the US.

GOING FORWARD

This approach will align the Fund's reporting in terms of the developing carbon tax obligations, while allowing the Company to develop an internal cost of carbon that is relevant to the properties in its South African portfolio.

A comparison of Emira's audited FY2019 carbon footprint disclosure is included below to demonstrate the impact of changing its approach to reporting.

FY2019 FOOTPRINT – EQUITY SHARE APPROACH

GHG INVENTORY (tCO_2e)

SCOPE	CATEGORY	AUDITED FY17	AUDITED FY18	AUDITED FY19
Scope 1	Product use: refrigerant gases (Kyoto Protocol)	604,6	731,3	515,0
	Stationary combustion	56,0	65,2	328,1
Scope 2	Purchased electricity	194 441,8	176 082,0	160 818,1
Scope subtotal		**195 102,4**	**176 878,6**	**161 661,1**
Scope 3	Business travel	37,7	28,7	28,7
	Employee commute	57,7	52,0	52,0
	Fuel and energy related activities: T&D losses	16 702,5	15 583,3	14 714,9
	Purchased goods and services: paper usage	3,2	4,4	4,4
	Purchased goods and services: water	1 076,0	1 096,8	1 019,0
	Waste generated in operations		8 114,7	5 290,4
Scope subtotal		**17 877,1**	**24 879,9**	**21 109,3**
Total emissions		**212 979,6**	**201 758,4**	**182 770,4**
Out of scopes		**645,5**	**748,9**	**284,4**
TOTAL EMISSIONS		**213 625,0**	**202 507,3**	**183 054,8**

FY2019 COMPARISON AND FY20 FOOTPRINT – FINANCIAL CONTROL APPROACH

GHG INVENTORY (tCO_2e)

SCOPE	CATEGORY	FY17	FY18	FY19	FY20
Scope 1	Product use: refrigerant gases (Kyoto Protocol)	604,6	731,4	515,0	125,0
	Stationary combustion	56,0	64,2	343,2	308,5
	Scope emissions	**660,6**	**796,5**	**858,2**	**433,5**
Scope 2	Purchased electricity	187 532,6	126 621,4	153 124,4	150 016,9
	Scope emissions	**187 532,6**	**126 621,4**	**153 124,4**	**150 016,9**
Scope subtotal		**188 193,3**	**127 417,9**	**153 982,6**	**150 450,4**
Scope 3	Business travel	37,7	28,7	28,7	17,8
	Employee commute	57,7	52 ,0	52,0	42,4
	Fuel and energy related activities: T&D losses	16 109,0	11 206,0	14 010,9	14 551,6
	Investments		2 820,3	9 527,4	22 461,3
	Purchased goods and services: paper usage	3,2	4,4	4,4	0,4
	Purchased goods and services: water	1 056,9	518,3	707,6	976,8
	Waste generated in operations		7 348,2	6 311,4	7 727,7
	Scope emissions	**17 264,5**	**21 977,9**	**30 642,4**	**45 778,1**
Scope subtotal		**17 264,5**	**21 977,9**	**30 642,4**	**45 778,1**
Total emissions		**205 457,8**	**149 395,7**	**184 625,0**	**196 228,6**
Out of scopes		**642,3**	**732,6**	**284,4**	**19,9**
TOTAL EMISSIONS (including out of scopes)		**206 100,0**	**150 128,3**	**184 909,4**	**196 248,5**

INDEPENDENT AUDITING

Emira has engaged an external service provider to supply an independent verification of its FY2019 carbon footprint disclosure. In terms of reporting time frames, Emira provides confirmation of its audited carbon footprint one year in arrears.

WASTE MANAGEMENT INCLUDED

During the year under review, Emira has included waste disposal in its disclosure report for the first time. Recycling has been implemented at the majority of Emira's retail shopping centres and the further rollout to the commercial and industrial portfolios remains a focus going forward.

CDP

Previously known as the Carbon Disclosure Project, CDP runs a global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts. CDP has put together the most comprehensive collection of self-reported environmental data in the world. With combined assets of USD96 trillion, the CDP's global network of users, investors and policy makers use the data and insights to make better, more informed decisions.

Emira has made its tenth CDP submission and currently awaits a score.

RESPONSE YEAR	RESPONSE TYPE	STATUS	SCORE
2020	Public	Submitted	Pending response
2019	Public	Scored	B
2018	Public	Scored	B
2017	Public	Scored	B
2016	Public	Scored	A-
2015	Public	Scored	C 98
2014	Public	Scored	C 83
2013	Public	Scored	C 77
2012	Public	Scored	D 81
2011	Public	Scored	D 70

UNDERSTANDING EMIRA'S CDP SCORE

In terms of performance, average CDP scores are as follows:

- **Financial services:** C
- **Africa:** B+
- **Global average:** C
- **Emira's score:** B demonstrates that the Fund is taking coordinated action on climate issues

KEY CDP FOCUS AREAS

- Initiatives throughout the local portfolio to reduce Emira's carbon footprint and Scope 1 and 2 emissions.
- Recognising the impact of Emira's Scope 3 emissions and working with joint venture partners to implement carbon reduction strategies where applicable.

CARBON REDUCTION TARGETS WITH SBTi

Emira is the first company in Africa to have its science-based carbon reduction targets approved by SBTi, in alignment with the Paris Accord to a 2ºC reduction scenario. Subsequently, the Fund has been in discussion with SBTi to upgrade its targets to the more ambitious 1,5ºC scenario.

0,5°C MAKES A BIG DIFFERENCE

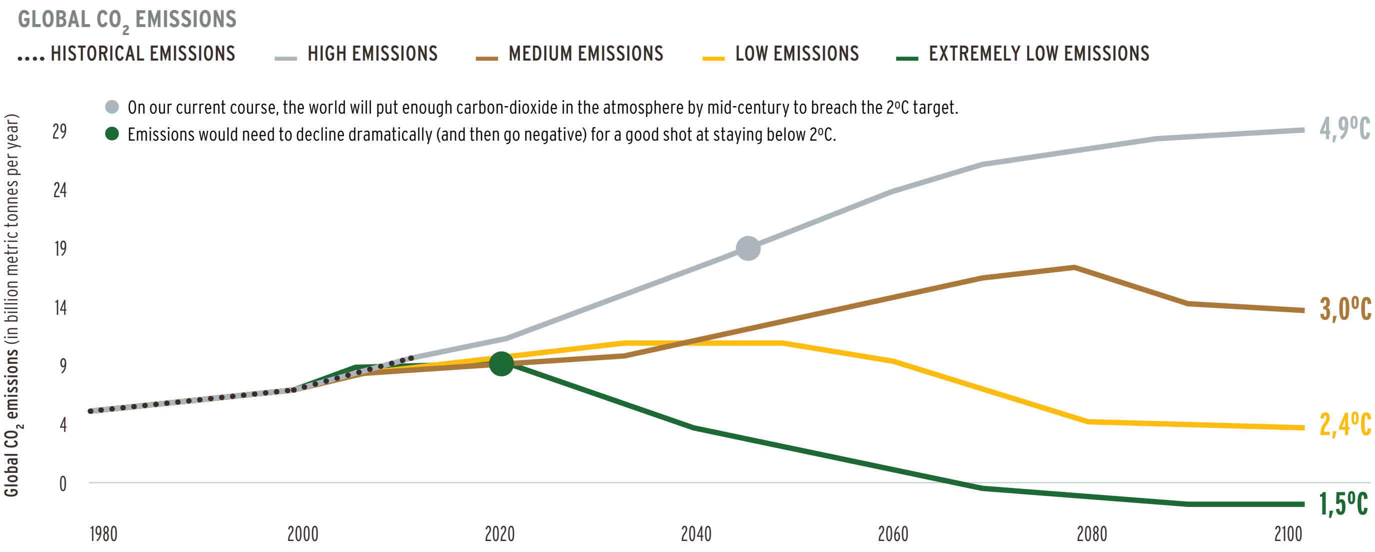
In terms of consequences for the planet, the difference between 1,5°C and 2°C is vast. Restricting global warming to 1,5°C could result in 11 million fewer people being exposed to extreme heat, with 61 million fewer people exposed to drought, and 10 million fewer people impacted by rising sea levels.

In addition to these human benefits, the number of vertebrate and plant species facing severe range loss by the end of the century could be reduced by 50%.

Studies show that the value of services provided by a functioning biosphere averages approximately USD125 trillion a year. This suggests that restricting warming to 1,5°C could help to avoid more severe global economic losses.

The business case for maintaining warming at 1,5°C is a more economically stable world.

Companies could benefit from more secure supply chains that are less susceptible to flood and extreme weather risks. In addition, workforces would be healthier and safer by being less exposed to extreme heat, water scarcity and food shortages. Furthermore, operations would be more stable by being significantly less at risk of dramatic changes to water supplies. From the supply chain to the consumer, every part of a company's value chain stands to benefit from limiting global warming to 1,5°C.



Source: Sanford et al. (2014)

SUSTAINABLE CITIES AND COMMUNITIES

AFFORDABLE AND CLEAN ENERGY

Emira first started its exploration into on-site, embedded energy production for use at the property with the small, rooftop 271kWp farm at Epsom Downs Shopping Centre. Taking learnings from this pilot project, Emira has recently completed an eighth installation, taking its total production to over 9m kWh annually.

Emira has completed six PV farms within the directly held South African portfolio, within the reporting period.

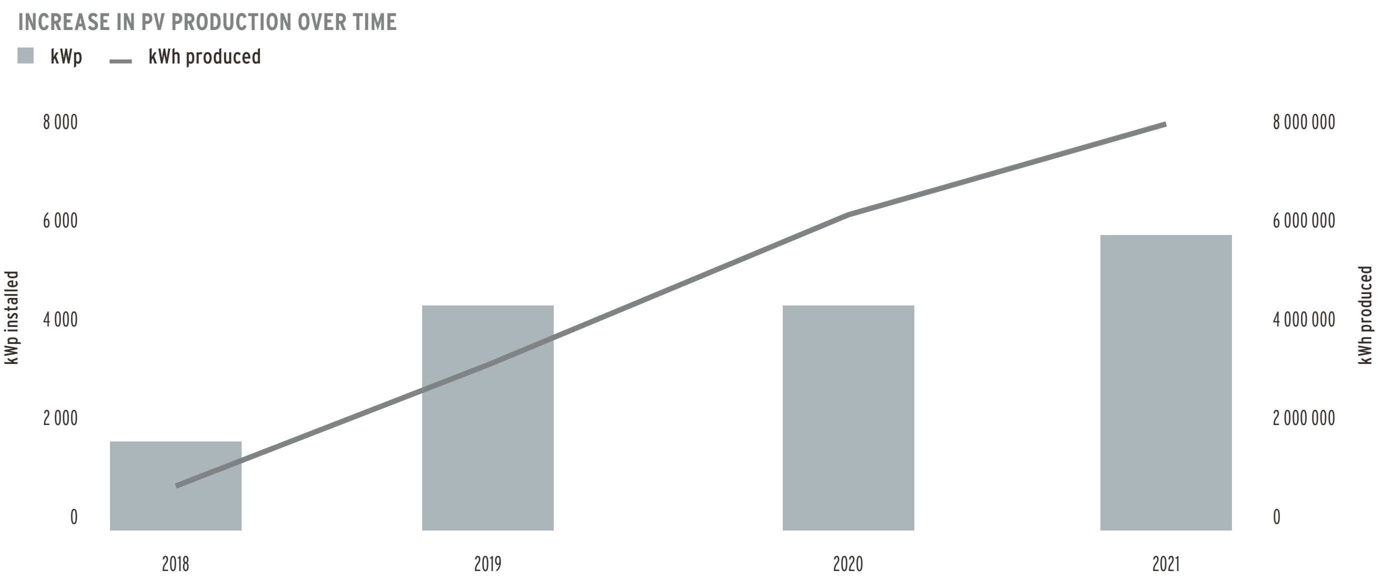
For the year under review, the PV farms produced:

- 2,7% of the portfolio's total energy
- 6 832 316kWh (6,8MWp)

Another 1,9kWp has been completed in October 2020 at the Springfield and Market Square centres for a capex spend of R13,98 million. This has increased Emira's annual production to 9 117 023kWh or 3,6%% of total Fund consumption (FY2020 unaudited total electricity consumption 251 052 783 kWh.)

Further investigations into PV farms include:

- Southern Centre: R10 million capex for 1,2MWp to deliver ~2 141 740 kWh per annum
- Wonderpark Extension: R29 million capex for 3MWp to deliver ~4 630 932 kWh per annum
- Quagga Centre: R10 million capex for 1,2MWp to deliver ~2 000 000 kWh per annum



BEN FLEUR SHOPPING CENTRE

BOSKRUIN SHOPPING CENTRE

POWER SECURITY – GENERATOR PROJECTS

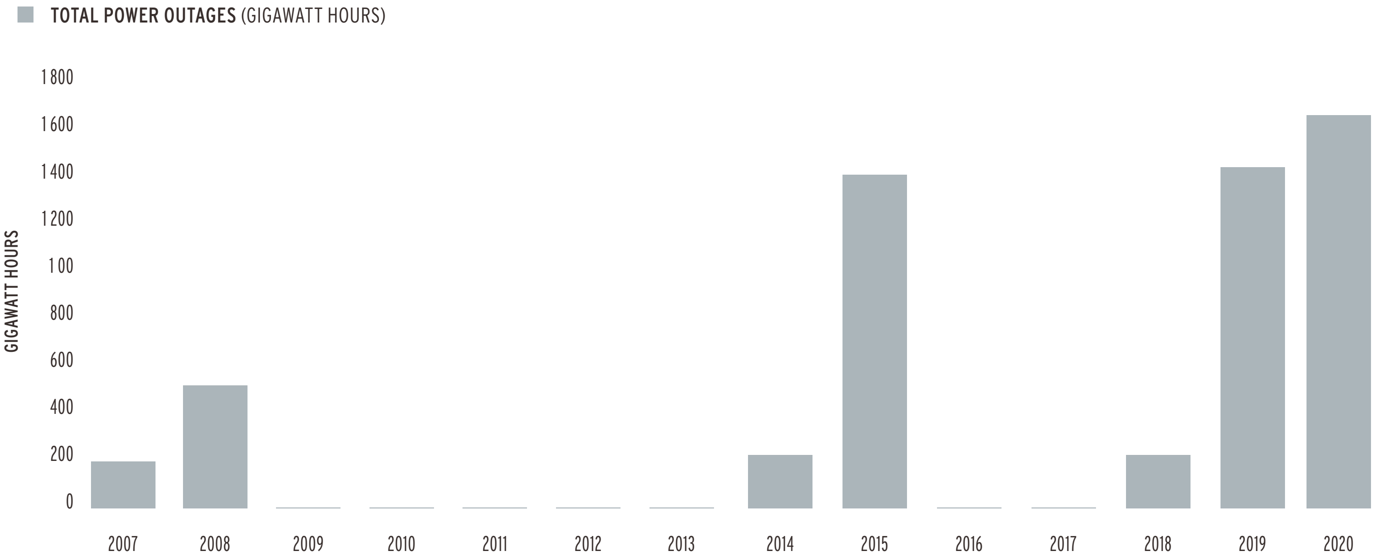
During the year, power outages due to unreliable electricity supply were at their highest level, according to new data from the Council for Scientific and Industrial Research ("CSIR").

As reported by Bloomberg, data shows that **South Africa experienced around 1 500 gigawatt hours' worth of total power outages as of 2 September 2020**. By comparison, the country experienced closer to 1 300 gigawatt hours' worth of outages between 2015 and 2019.

In a presentation to parliament on 2 September 2020, the power utility's executives said the nation can expect an unreliable and unpredictable power supply while it repairs poorly maintained generation plants over the next 18 months. In the event that unplanned breakdowns exceed forecast levels, Eskom reported that the country could see up to stage 3 load shedding until March 2022.

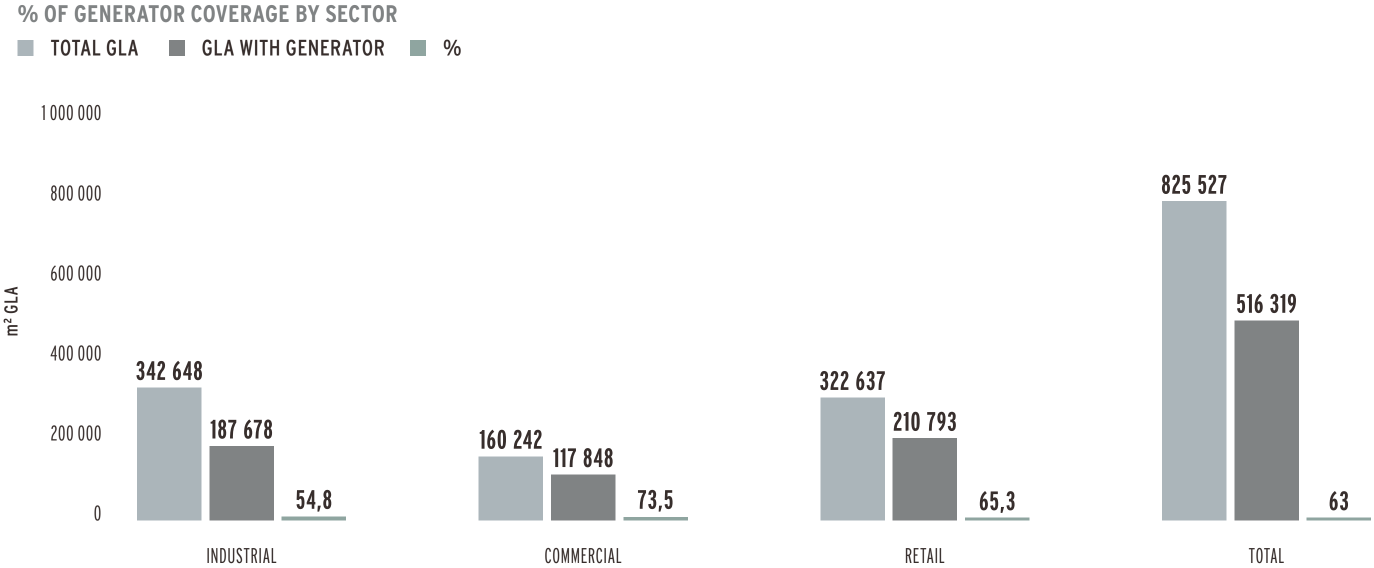
To mitigate this risk, Emira installed additional backup generators during the year under review at Epsom Downs Office Park and Hyde Park Lane. Capex on these projects amounted to R5,1 million for a combined production of 2 330kVA. As set out in the graph on page 58, 63% of the total Emira portfolio now has generator backup power.

ESKOM POWER OUTAGES 2007 TO 2020



Source: Council for Scientific and Industrial Research

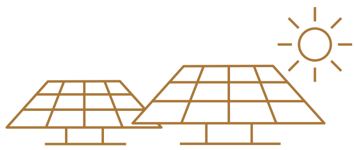
Note: 2020 is year-to-date as at 2 Sep 2020



ENERGY MANAGEMENT

Operational capex of **R40,7 million** was spent on **191 projects, saving 3 151tCO_2e** for the year. This is mainly attributable to upgrades and replacements of HVAC and LED lighting, and generator installations. **Over the past five years, Emira has spent R193 million** on numerous initiatives at an **average R38,7 million per year** (value not adjusted for inflation).

Operational capex spent	Total number of projects	Total saving of carbon dioxide
R40,7m	191	3 151tCO_2e

Total spend over past five years	Average spend per year	
R193m	R38,7m	

ENERGY EFFICIENCY – LED PROJECTS

LED is a highly energy efficient lighting technology with the potential to change the future of lighting globally. Residential LEDs, particularly ENERGY STAR rated products, use at least 75% less energy and last 25 times longer than incandescent lighting. LEDs also generate less heat which has further savings from the running of aircon units. Emira has a policy in place whereby LED technology is installed in vacant spaces, where required, prior to being re-let, as part of the ongoing efforts to lower the operating costs for tenants.

PROJECT IN FOCUS
RTT Jet Park lighting upgrade

THE PROPERTY
With a GLA spanning over 46 600m², Emira's RTT ACSA Park is an industrial sector property located in Jet Park, near OR Tambo International Airport in Gauteng. The property is occupied by a large-scale supply chain operator and expert in distribution and logistics.

THE OPPORTUNITY
The motivation for the upgrade was to deliver significant savings to the tenant in terms of lighting consumption and maintenance costs by using LED lighting technology. The project was aimed at enhancing tenant retention by reducing the cost of occupation, improving the overall performance and affordability of the property, and future-proofing the site's lighting design.

THE UPGRADE
The first phase involved a comprehensive audit of the building's existing lighting technologies, followed by the design of an energy efficient LED lighting solution. The project called for an extensive upgrade to the existing, older technology used to illuminate the property's warehouse buildings and perimeter.

The new LED light fittings have built-in motion sensors and dimming functionality and can detect movement and brighten output by up to 100%. If no movement is detected for 15 minutes, the LED light's output reduces to 20%.

The rated life of the new LED fittings ranges from between 30 000 and 50 000 hours in the offices, and between 50 000 and 80 000 hours for the warehouse and perimeter, to last between eight and 11 years.

Crucially, the tenant remained fully operational throughout the project, which was completed in early 2020.

In total, more than 2 500 old light fittings containing over 6 000 globes and lamps were removed and replaced.

THE OUTCOME
The site's new LEDs are expected to consume 860 000kWh per annum – far less than the old fittings, which consumed over 2 350 000kWh per annum. This represents a massive annual energy saving for the tenant of over 1 490 000kWh, or about 63%.

Moreover, in terms of reducing the site's overall energy costs, the new lighting solution will save the tenant over R2 000 000 per year, as calculated using the 2018 blended average rate of R1,35 per kWh.

As a responsible corporate citizen, Emira is always mindful of reducing its impact on the environment. To this end, the old fittings and globes were disposed of in an environmentally responsible way and the Fund was issued with a crushing certificate.

GOOD HEALTH AND WELL-BEING

AIR QUALITY

R-22 GAS REPLACEMENT PROJECT PROGRESS

Further to phasing out the R-22 refrigerant gas used in older aircon units, the Fund continues its ongoing replacement programme. This includes upgrading outdated technology with more energy efficient invertor type units, which use a more environmentally friendly refrigerant gas. In the year under review, the Fund's expenditure on air-conditioner replacement and upgrades was R10,3 million.

GREEN BUILDINGS

Emira is a proud and long-standing member of the Green Building Council of South Africa ("GBCSA"). During the reporting period, **the Fund certified four buildings at Knightsbridge** using the GBCSA's Existing Building Performance Rating Tool. This certification independently confirms that the previously obtained Green Star SA Design Ratings have converted to actual operational performance.

The benefits of Green Buildings have never been more important and are multi-tiered for owner and tenant benefits.

Owners can benefit from the following:

- Increased occupancy rates
- Slower depreciation
- Lower refurbishment costs
- Corporate prestige and image
- Compliance with legislation and internal ESG requirements
- Attracting and retaining premium tenants

Tenants can benefit from the following:

- Improved health and wellbeing of occupants
- Increased productivity
- Lower operating costs
- Lower maintenance costs
- Green Buildings help to attract and retain staff

COVID-19

Due to the highly contagious nature of COVID-19, the fresh air supply and air-conditioning systems are now of vital importance to the health and wellbeing of tenants.

All of Emira's buildings have systems in place to keep the workplace well ventilated by natural or mechanical means to reduce the viral load of COVID-19.

Where reasonably practicable, Emira's buildings have effective local extraction ventilation systems, with high-efficiency particulate air filters. These managed systems:

- are technically assessed to be functioning effectively;
- are regularly cleaned and maintained;
- do not recirculate the air;
- ensure that ventilation vents do not feed back in through open windows; and
- have ventilation filters that are cleaned and replaced by a competent person in accordance with the manufacturer's instructions.

PHYSICAL ENVIRONMENT

SOFT FURNISHINGS AND LANDSCAPING

Maintaining and operating Emira's buildings at their peak has been a long-standing approach and is even more relevant in the current distressed economic environment. This approach extends beyond the tenant's rented space and into the common areas, ablutions and landscaping environments. Emira continues to upgrade and modernise its portfolio by upgrading ablutions and common areas, not only from an aesthetic point of view, but also to improve water efficiency and common area energy consumption.

Emira's introduction of common area soft furnishings, indoor plants and artwork enhances the tenant experience within its spaces and improves the lettability of vacancies.

Where applicable, landscaping is a key focus for the Fund at certain of its properties. From a biodiversity point of view, Emira targets a "no nett loss", and landscaping provides a beautiful setting for its properties and improves their lettability. Our "No Net Future Loss" target aims to improve the Biodiversity on our properties by the introduction of more indigenous species of plants and wildlife, always ensuring that wherever existing landscaping or vegetation is removed, that it is replaced in equal amounts elsewhere on the property.

At the Fund's Knightsbridge development, the property's original 30-year-old trees were saved and then reintroduced into completed phases. Landscaping on the property creates a sensory experience, with areas being designed with different interventions around floral aromas, water ways and break-away areas.

CLEAN WATER AND SANITATION

WATER MANAGEMENT

There are growing concerns around water supplies in South Africa, mainly due to the following:

- Climate change is having an impact, as rainfalls that previously replenished the country's water supplies become less frequent.
- With urbanisation from rural areas increasing, pressure is mounting on cities to meet their water demands.
- According to AquaAffection, 37% percent of water in South African cities is lost in the current urban transmission infrastructure.
- The construction of dams in key areas have either been delayed or are still in the process of being built, while existing structures are deteriorating.

Emira appreciates the importance of good water stewardship and continuously strives to improve the operational usage and quality of water at its properties.

WATER PROJECTS

IN NUMBERS

Emira's **16** water projects save **128 553KL** annually.

Equal to annual saving of **51,4** Olympic-sized swimming pools of **2,5ML** each.

Current water savings **~450 000L** per day.

In monetary terms, **R5,27 million** or **~15,6%** is saved annually.

Water projects save **13,5%** of the Fund's annual water consumption of **825 986KL**.

#SURPLUSWATER2025 PROGRAMME

Across the world, the issue of water scarcity is becoming increasingly serious. With a growing global population, the demand for potable water increases daily. In 1975, the scale of water scarcity was limited to a small number of countries in North Africa, Europe and the Middle East. By 2000 water scarcity had spread to a number of large and densely populated countries in Asia.

South Africa has escalated from a water stressed country to a water scarce country and ranks as the 30th driest country in the world. On its current trajectory, South Africa could be included in the 'extreme scarcity' category by 2025.

Emira supports the #SurplusWater2025 campaign, which seeks to ensure a sustainable water supply for the future.

DAY-ZERO PLANNING

Emira takes heed of water scarcity and the potential impact on its stakeholders. The advent of Day-Zero water in the Western Cape in late 2017 and early 2018, highlighted the country's dependence on water as well as serious deficiencies in water conservation.

To enhance tenant experience, Emira is targeting the storage of a minimum two-day supply of potable water at each of its core properties. Once in place, short-term supply interruptions due to water infrastructure repairs and maintenance can be absorbed by the backup supply and prevent an impact on day-to-day operations.

Emira is also exploring and implementing solutions to harvest rainfall, ground water and borehole water to ensure that its properties have alternate water sources and mitigate the risk of future Day-Zero scenarios.

Currently, Emira's largest borehole-to-potable water project harvests, cleans and utilises over 200 000L per day.

CLIMATE CHANGE AFFECTING RAINFALL

Climate change is increasing in intensity and is an identified risk to the Fund. Changing rainfall patterns have made modelling using historical data very difficult and unreliable. As part of the ongoing PV roll-out projects, Emira is installing weather stations at each of its PV farms. This will help to monitor the real solar radiation and rainfall being experienced at the Fund's properties.

The Company believes that having its own weather-related data will provide better insight into the capital costs of climate change and allow it to develop specific strategies to strengthen the portfolio's resilience.

CLIMATE ACTION: ECOLOGICAL IMPACTS

LIFE BELOW WATER

PLASTIC REDUCTION AND RECYCLING

The world's recycling efforts will not bring an to end the global climate crisis, however, Emira recognises the importance of the reduction, reuse and recycling of materials, especially single-use items. The Fund has introduced recycling facilities at all of its retail centres as well as at certain key commercial assets. The Company's waste streams are monitored and are now included in its carbon disclosure, the details of which are on page 54.

While not directly owning any assets that impact the world's oceans, Emira recognises the inter-connectedness of the global ecological system. Moreover, Emira supports and encourages the reduction of single use plastics and strives to improve the recycling at each of its properties to reduce the ongoing contamination of water resources.

WATER QUALITY TESTING

Due to the ageing infrastructure of South Africa's water treatment and transmission networks, Emira monitors and tests the quality of water on all sites where it has undertaken water projects. This is either performed on sites where water is being harvested for potable usage, or by independent laboratories where water is used for non-potable consumption.

LIFE ON LAND

BIODIVERSITY

Emira follows its purpose to **serve communities responsibly and protect the environment**. At many of Emira's properties, this means creating a sustainable environment of indigenous plant life to enhance the overall experience for tenants, their clients, visitors to the properties and surrounding communities.

Biodiversity is crucial to healthy ecosystems, which are central to human well-being. Healthy ecosystems, interlinked with working landscapes and other open spaces, form the ecological infrastructure of the country and are the foundation of clean air and water, fertile soil and food. All South Africans depend on healthy ecosystems to support the economy and their livelihood.

The country's natural ecosystems are under pressure from land use change and related processes causing degradation, as well as invasive alien species. Accelerated climate change is exacerbating existing pressures through rising temperatures and atmospheric CO_2 and changing rainfall patterns.

Healthy ecosystems provide natural solutions that build resilience and help society adapt to the adverse impacts of climate change. Well-functioning ecosystems shield communities from extreme weather events such as floods and droughts. This boosts natural resources, supports diverse local livelihoods, provides food and habitats for animals and plants, which in turn support communities in times of need.

Emira has a "No Net Future Loss" policy across its portfolio. The conservation of biodiversity at Emira's properties is in line with the Fund's purpose, which aims to reduce its environmental impact and to undertake the further preservation and restoration of the natural biomes in which the Fund's properties are located and across the value chain boundaries.

To address the decline of global bee populations, Emira has undertaken the installation of beehives at Hyde Park Lane Office Park and Knightsbridge. These will produce unique honey at the properties due to the flora and fauna found at each location. A further roll-out to suitable sites is planned during the coming year.

BEEHIVES INSTALLED AT KNIGHTSBRIDGE

PROJECT IN FOCUS
Hyde Park Lane upgrade

THE PROPERTY

Emira's Hyde Park Lane is a 15 000m² A-grade office park consisting of eight buildings within a well-established, treed park environment. During the year, the property underwent a R12,5 million upgrade, which included external repainting, improving building interiors and common areas, as well as a major refurbishment to the landscaping.

IDENTIFYING A CHALLENGE

During the upgrade, the landscaping team uncovered a major infestation of Polyphagous Shot Hole Borer ("PSHB") beetle, affecting almost every tree on the property. The PSHB beetle is native to Southeast Asia and has a symbiotic relationship with the fungus Fusarium Euwallaceae, a food source for the adult beetles and their larvae.

Polyphagous Shot Hole Borer Beetle

A GROUNDBREAKING SOLUTION

To slow the spread of the infestation, badly affected trees must be treated urgently or removed. Previous treatments have sought to poison the beetle, which drills tiny holes through the protective bark layer, exposing the tree's vascular system. In this flawed method, both the beetles and the trees die from the poison.

To address the problem, Emira partnered with Beetle Busters, whose new treatment targets the fungus that sustains the adult beetles and their larvae. In this way, the tree is saved by starving the beetle and killing the fungus. The treatment has been 100% successful and represents a key intervention.

The beetles have decimated trees across South Africa, attacking a wide range of exotic and indigenous trees. In susceptible trees, it is the fungus that slowly kills the tree, rather than the beetle.

The far-reaching PSHB infestation in South Africa has had a major impact on Johannesburg's dense urban forest. Other affected areas include Durban, Richards Bay, Pietermaritzburg, George, Knysna and Hartswater.

In South Africa, 21 tree species have been identified as the beetles' reproductive hosts and evidence of PSHB has been found in 151 tree species in the country. A heavily infested tree can contain over 100 000 beetles, and females can fly up to 1km.

ENHANCED BIODIVERSITY

Having saved the treed gardens, the property's biodiversity was boosted further with the introduction of 35 new tree species, and 55 Bougainvillea that thrive in the area. Another 58 different species of colourful shrubs, perennials and flowering species were also introduced.

As part of Emira's conservation efforts, managed beehives have been introduced to remote areas of the park. In time, the bees will harvest and pollinate the new gardens and produce a uniquely flavoured honey from the variety of plants on the property.

STRATEGIC PARTNERSHIPS TO INCREASE IMPACT

Emira has strategic partnerships with the World Wide Fund for Nature ("WWF"), the Endangered Wildlife Trust, and Trees for Africa.

WWF

ENDANGERED WILDLIFE TRUST
conservation in action

Food & Trees For Africa
www.trees.co.za

TREES FOR AFRICA

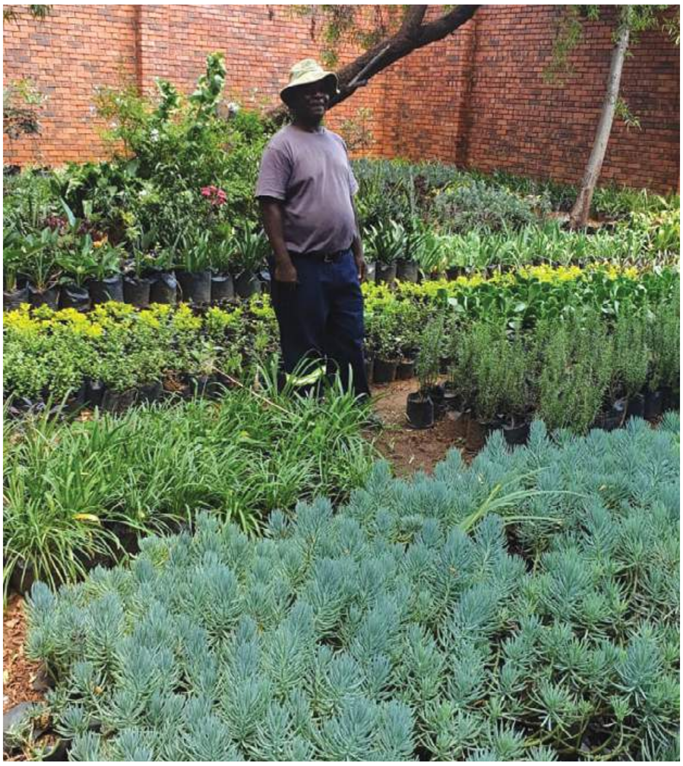
In 2019, Emira addressed its operational carbon emissions for company travel, staff commute and paper consumption by planting 223 trees, offsetting 82 28tCO_2e produced. The Company partnered with Food & Trees for Africa, planting a mix of 70 fruit trees and 163 indigenous shade trees of different varieties at seven under-resourced primary and intermediate schools in the Daveyton and Katlehong areas.

Emira went further in 2020, planting a variety of 79 new trees on its properties. The Fund again partnered with Food & Trees for Africa, planting an additional 86 trees, offsetting the Company's operational carbon footprint. As part of Emira's ongoing biodiversity strategy, the intention is to offset the Fund's entire operational footprint by planting trees on properties within the directly held local portfolio.

This will benefit Emira's Carbon Reduction Strategy while also beautifying its properties for the enjoyment of tenants and their clients.

URBAN FARMS

Notably included in the Fund's biodiversity strategy and CSR food programme are two urban farms, both of which reside at properties within the local portfolio. One is at Gateway Landing, an industrial property, and the second is at Wonderpark Shopping Centre, both of which are located in Pretoria. The two farms support local charities by growing fresh seasonal fruit and vegetables for consumption by members of the local communities.



The nursery at Wonderpark also farms numerous species of trees and indigenous plants that can be found within the portfolio.

EMIRA'S ENVIRONMENTAL OUTLOOK: 2021

STRATEGIC FOCUS AREAS

These include:

- Developing internal resources to accelerate project implementation
- Driving the development of energy and water infrastructure projects that will support sustainable growth and operation of the Company's tenants and assets
- Reducing tenants' total cost of occupancy by driving efficiencies and tenant communication
- Rolling out additional clean energy projects
- Entrenching sustainability standards and policies across the entire portfolio

CHALLENGES TO OVERCOME

These include:

- Constrained economic growth
- Constrained capital expenditure environment
- Highly variable tenant occupancy rates, which complicates the benchmarking progress
- The widespread effects of load shedding
- Gauging the effects of COVID-19 on tenants' psyche and the effects of "business in the new normal"

Social report

We at Emira are committed to responsible corporate citizenship and take care of the symbiotic relationships we have in place to succeed as an ethical business. This forms part of our **greater** purpose as a business, which is discussed in our strategy on pages 12 to 13 and appears throughout this report.

We endeavour to grow our social and relationship capital by aligning Emira's value creation with the needs of our stakeholders and communities, which includes participation in worthy causes and social initiatives. We drive transformation in our business by doing our best to meet the BEE requirements we have put in place.

We believe in keeping employee wellbeing at the forefront in our day-to-day business activities. We support diversity among our employees, and promote fair labour practices, equal opportunities and employee skills development.

STAKEHOLDER RELATIONSHIPS

Our key stakeholders play important roles in fulfilling our purpose and executing our business strategy. They include employees, shareholders, partners, investors and analysts as well as providers of capital, tenants, service providers, suppliers, local government structures, industry bodies, the media and the communities in which we operate.

We believe in maintaining transparent, honest and timely interactions with our stakeholders and keep them updated on our policies, performance and practices. We facilitate forthright and open discussions with our stakeholders and acknowledge our responsibility and role in protecting their interests.

We focus our interactions on cultivating mutually beneficial relationships with our most important stakeholders, which we identify as those most likely to influence, or be affected by, our business activities. We keep our engagements with stakeholders relevant in an ever-changing world.

COVID-19 ENGAGEMENTS

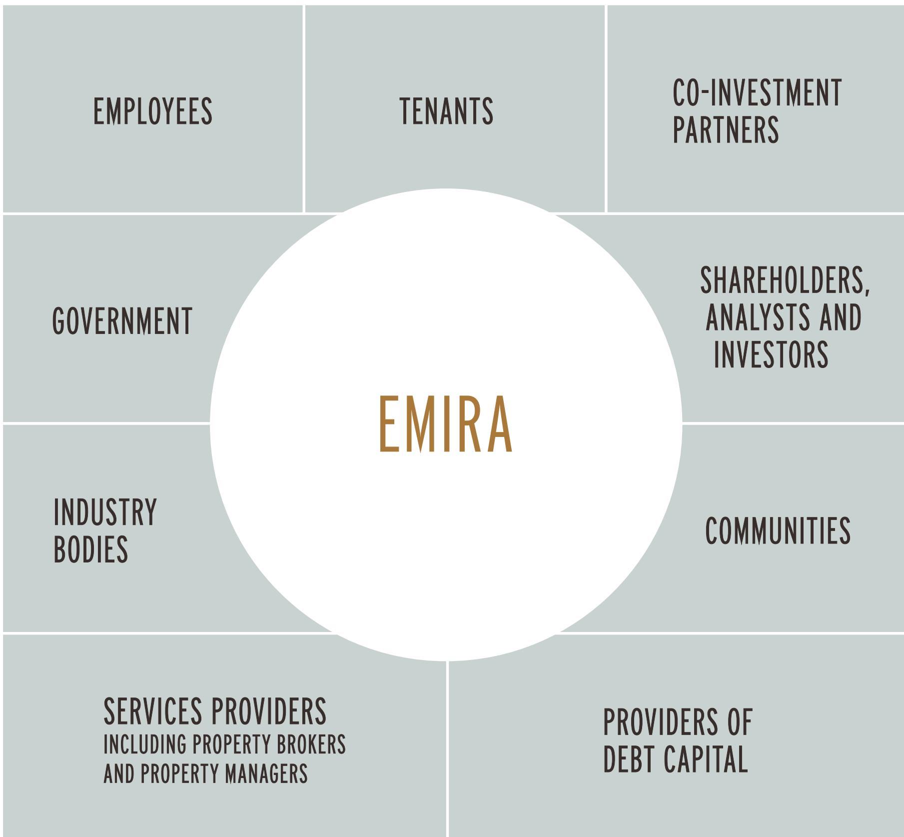
Our approach to stakeholder engagement was put to the test by COVID-19. Having built strong relationships with our stakeholders over the years, we were able to connect with them seamlessly – on virtual platforms, as and when required on a daily, weekly or monthly basis.

The longevity and sustainability of our tenants was paramount, and we proactively engaged with them to understand their individual needs and circumstances. This allowed us to calculate what we would be able to offer them, in conjunction with the property industry bodies we are affiliated to.

During the height of the pandemic, our property managers proved they are a reliable extension of our team. We have developed a greater understanding with our property managers, and they were able execute our emergency plans efficiently when it mattered most.

It was vital to keep our providers of our debt and equity capital updated on the performance of the business and we did so by holding regular sessions with them. Navigating such uncertainty requires a skilled and dedicated team, and our employees rose to the challenge, which is a tribute to Emira's long-standing practice of investing into staff.

Our stakeholders



STAKEHOLDER ENGAGEMENT

Our engagement strategy is regularly reviewed to keep our methods of engagement appropriate and relevant to our different stakeholder groups. We interact with our stakeholders through various methods, as set out in the following table:

STAKEHOLDER	METHOD OF ENGAGEMENT
EMPLOYEES	Engagement with employees takes place via face-to-face/electronic, daily contact and by way of training. Employee performance is assessed against pre-set KPIs, through bi-annual appraisals. Weekly staff meetings are held which encourages interaction and knowledge sharing.
TENANTS	Our executive directors and asset managers conduct direct engagement with tenants, as do our property managers Broll, Swish and Feenstra. Indirect methods of contact include electronic and social media.
CO-INVESTMENT PARTNERS	Regular meetings take place with co-investment partners to discuss strategy and performance to ensure the parties remain aligned. In the case of the US partners, videoconferences are held at least bi-monthly with Rainier to discuss opportunities and results. During the pandemic, meetings took place weekly.
PROVIDERS OF DEBT CAPITAL	Meetings with our providers of debt finance to assess their ongoing needs, contractual obligations and funding requirements, and undertake bi-annual debt roadshows. Regular interaction took place during the lockdown.
SHAREHOLDERS, ANALYSTS AND INVESTORS	Our annual and interim results are disclosed transparently via presentations in Johannesburg and Cape Town, followed by one-on-one meetings with major shareholders. Investors can contact our executives directly, and are kept informed via SENS and monthly press releases published in the media and social media, and site visits. Regular business updates were provided during the lockdown.
SERVICES PROVIDERS, INCLUDING PROPERTY BROKERS AND PROPERTY MANAGERS	Constant contact is maintained with our property managers and meetings with other suppliers through the property managers are held on an ongoing basis. Regular interaction with property brokers via Emira's website, vacancy portal and social media together with a well-established annual broker incentive programme.
COMMUNITIES	Community interactions occur by way of marketing and public relations events that retail shopping centres in the portfolio host, and social media channels.
INDUSTRY BODIES	We actively participate in the commercial property industry and are members of SAPOA, SAREITA, the Property Sector Transformation Council, the South African Council of Shopping Centres, SA Institute of Valuers and the Green Building Council of South Africa.
GOVERNMENT	Regular meetings take place with government departments to address industry-related issues such as the REIT legislation and the Property Sector Transformation Charter. We also engage with government departments regarding rates, zoning and planning.

SOCIAL INTERVENTIONS AND TRANSFORMATION

CORPORATE SOCIAL RESPONSIBILITY

Our purpose includes **serving our communities responsibly and protecting the environment**. To fulfil our commitment, we understand the importance of investing into the communities in which Emira operates. We live up to our purpose through our wide-reaching involvement in various initiatives and activities, which are discussed below.

COMMUNITY INVOLVEMENT

We at Emira stay in touch and relevant to local communities around our centres and operations. We endeavour to address their needs through our involvement in various initiatives that uplift communities and better the lives of those who live near our properties. These include efforts to benefit both shoppers and under-resourced members of local communities.

SOCIAL INITIATIVES UNDERTAKEN

Solidarity Fund donations

We believe in leading by example, conducting ourselves responsibly as a business and doing what is right for society where we can. During the pandemic, we contributed to the Solidarity Fund through Emira's executive directors, who donated 30% of their salaries for April, May and June, and all non-executive directors, who donated 30% of their directors' fees for the same period, for a total contribution of R1 million.

Tenant employee assistance

As responsible members of our communities, we helped to find temporary work for our retail tenants' employees, who were unable to work due to the strict regulations of the COVID-19 lockdown. To help make ends meet, they were given temporary employment at some of our buildings in support of safety, health and well-being during the pandemic. We appreciate their role in providing extra assistance, which helped to keep our tenants, their staff and customers safe.

Retail social initiatives

Our shopping centres assist the less fortunate who come from surrounding communities. Our retail centres support a wide variety of charity focused social initiatives each year, to make a positive impact on local communities. The centres help to raise awareness and funds for worthy causes and facilitate donations of food, clothing, school bags, library books, stationery and sports kits, garden and landscaping assistance.

Our retail social initiatives provide entertainment and educational services to local communities, as well as personal health and safety discussions. The centres help to protect the natural environment, domestic animals and wildlife by assisting the Society for the Prevention of Cruelty to Animals, and organising beach, lagoon and nature trail clean-ups.

The following table is a snapshot of the retail social initiatives undertaken at Emira's shopping centres during the year:

RETAIL SOCIAL INITIATIVES IN FY2020

NUMBER	CATEGORY AND DESCRIPTION	CENTRES INVOLVED
48	**CHARITY INITIATIVES** Include: Fundraisers and donations for underprivileged children CANSA Shavathons for cancer awareness Charitable sponsorships of advertising and exhibition space Christmas carols and donations Charitable events for the elderly Fundraisers and donations for animal welfare and shelters Disaster relief donations to families in need School donations, sponsorships and fundraising Festive season gift wrapping for charity HIV counselling and testing Drugs and alcohol education, training and support Health, sport and fitness fundraisers Student marketing intern sponsorships	Ben Fleur Shopping Centre Boskruin Shopping Centre Epsom Downs Shopping Centre Granada Square Market Square Park Boulevard Quagga Centre Randridge Mall Southern Sentrum The Tramshed Wonderpark Shopping Centre
23	**ENVIRONMENTAL INITIATIVES** Include: Street, beach and park clean ups Tenant and shopper recycling awareness Recycling non-compactable waste Replacing harmful air-conditioning with modern systems Energy saving globes and LEDs to replace inefficient lighting Solar harvesting rooftop PV farm installations Water harvesting system installations Installation of aerated taps and water-saving fittings Energy-saving photocell light sensors in common areas Water leaks reported and repaired urgently Move from municipal refuse collection to waste management Water-efficient landscaping with greater oxygen levels Borehole water harvesting for emergency and common areas	Ben Fleur Shopping Centre Epsom Downs Shopping Centre Granada Square Market Square Mitchell's Plain (50%) Park Boulevard Quagga Centre Randridge Mall Southern Sentrum Springfield Retail Centre The Colony Centre Wonderpark Shopping Centre

RETAIL SOCIAL INITIATIVES IN FY2020 CONTINUED

NUMBER	CATEGORY AND DESCRIPTION	CENTRES INVOLVED
14	**COMMUNITY-DRIVEN CAMPAIGNS** Include: COVID-19 testing services Women's Day events National blood services drives Blood transfusion services drives High School Entrepreneur's Day Street, beach and park clean ups Alcohol and drug abuse awareness campaign Community childrens' holiday programmes Free health and wellness clinic Motorbike safety training and awareness Free dental care community drive Entrepreneurial skills community education Recycling through local start-up businesses Wonderpark community vegetable garden	Ben Fleur Shopping Centre Market Square Park Boulevard Southern Sentrum Springfield Retail Centre The Tramshed Wonderpark Shopping Centre
34	**HEALTH AND SAFETY INITIATIVES** Include: COVID-19 awareness campaigns Sanitiser units, branded masks and social distancing posters First aid and firefighting training for centre staff Security and traffic awareness campaigns Safety and evacuation drills for staff and tenants First aid box and signage installations OHS compliance for contractors Swift completion of repairs and maintenance Audit and service of fire equipment Mitchell's Plain Town Centre City Improvement District Security guards sanitising shoppers at all entrances Satellite police station for the CPF	Ben Fleur Shopping Centre Boskruin Shopping Centre Epsom Downs Shopping Centre Market Square Mitchell's Plain (50%) Quagga Centre Randridge Mall Southern Sentrum The Colony Centre The Tramshed Wonderpark Shopping Centre

TRANSFORMATION

We believe in engaging in B-BBEE initiatives that facilitate the meaningful participation of black people in the local economy, thereby guiding the country's socio-economic transformation.

BEE CERTIFICATE

To show our commitment to B-BBEE, we have adopted a number of policies and initiatives to aid in our transformation journey. These include for example our gender and racial diversity policies which are discussed below as well as in our detailed governance report and other social initiatives. This year we have seen an improvement to our B-BBEE scorecard.

The plan of action that the Board established during 2018 produced positive results, boosting our B-BBEE contributor status in terms of the Property Sector Charter's B-BBEE codes from a Level 7 to a Level 5 in 2020, with effective black ownership increasing substantially to 50,25%. The increase in effective black ownership was a result of the conclusion of the R1,8 billion office portfolio disposal to the majority black-owned Inani Property Holdings.

The elements scored as follows:

	2020 SCORE	2019 SCORE
Ownership	20,10	19,88
Black ownership %	50,25	18,97
Black woman ownership %	0,94	2,48
Management control	2,95	2,23
Enterprise and supplier development	26,37	24,19
Socio-economic development	0,00	0,00
Economic development	5,00	5,00
Overall result	**76,42 (out of 132)**	**51,30 (out of 85)**
Priority elements achieved	Yes	No
Empowering supplier	Yes	Yes
BEE level	**5**	**7**

IMPROVED
UNCHANGED

PREFERENTIAL PROCUREMENT AND SUPPLIER DEVELOPMENT

We have a preferential procurement policy that targets the procurement of goods and services from B-BBEE compliant suppliers and service providers, with a focus on small- and medium-sized businesses and our supplier development initiatives promote and financially assist B-BBEE compliant suppliers. In 2019 plans were put in place to make further inroads on supplier development and, by June 2020, total financial assistance, in the form of loans, had been provided to qualifying B-BBEE suppliers to date of more than R14 million.

To transform our shareholder base, we have also implemented a B-BBEE equity scheme.

HUMAN CAPITAL

INTRODUCTION

We believe in creating a superb working environment for our staff, so they can thrive and perform at their peak. We employ people of a high calibre and invest time and energy into their development to maximise the returns of our portfolio of investments. Employees are our most valuable assets and we leverage their skills and expertise to achieve our goals for our equity holders and other stakeholders.

To encourage the free flow of ideas between management and staff, we live the values of "the Emira Way", with respectful business dealings and an open-door policy. Emira is managed from offices in Bryanston, Pretoria and Cape Town by a dedicated and empowered team of 24 people who are experts in their fields.

The team is led by the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, who report to the Board of Directors. The executives are supported by asset managers, broker consultants, analysts, managers of finance, valuations, acquisitions and disposals, development managers, office managers and our graduate interns.

EMPLOYEE CULTURE AND ETHICS

THE EMIRA CULTURE

From our staff to our management team and the Board, we believe in doing things the Emira Way. This means being mindful of one another and collaborating together to achieve our common goals as a team and a business. Emira has a flat management structure, which makes the business agile and the open-door policy gives access to management for better decision making and results. Respectful business dealings help to maintain healthy and productive relationships with both our staff and key stakeholders. Refer to the governance report on page 76 for further details.

CODE OF ETHICS AND CONDUCT

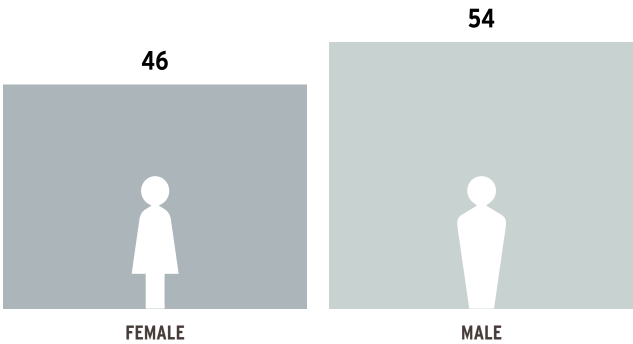
To guide our everyday activities and interactions, we have a code of conduct in place at Emira, which has been approved by the Board and is reviewed on an annual basis. In keeping with the Emira Way and culture, the key values of the code of ethics are **responsibility, fairness, honesty and mutual respect**. We believe in ethical business practices and the code of conduct reinforces Emira's values to ensure that all directors, officers and employees interact with one another and with stakeholders with integrity. For further detail, refer to the governance report on page 76.

Employee diversity

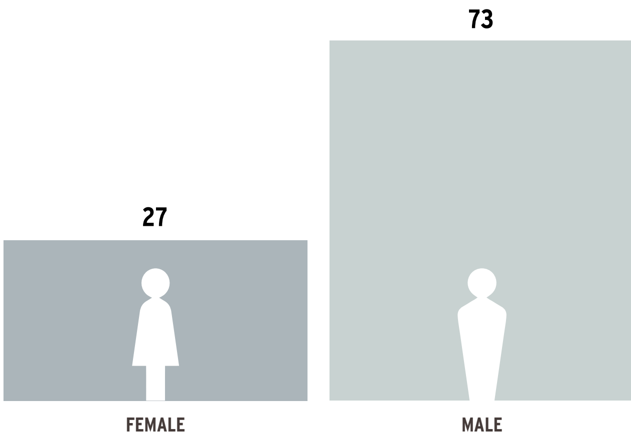
Emira has diverse and complementary skills in a team of individuals comprising 24 full time employees, plus two interns who are taken on annually through the graduate development programme. We believe that a diverse workforce enables value creation and to support this, we have a Board-approved diversity policy in place. Our leadership promotes a broader diversity, which includes gender, race, culture, age, field of knowledge, skills and experience.

The policy is in place to ensure that, wherever possible, we as Emira embrace diversity in the business. Wherever possible, and subject to 95% confidence level on merit, we endeavour to make new appointments from EE candidates who are also female. Our internal staff targets aim to meet a minimum of 25% to 33% employees who are previously disadvantaged individuals and female, with an ideal range of between 33% to 50%.

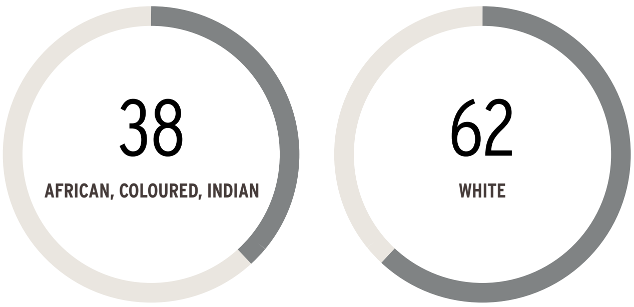
♀♂ GENDER DIVERSITY



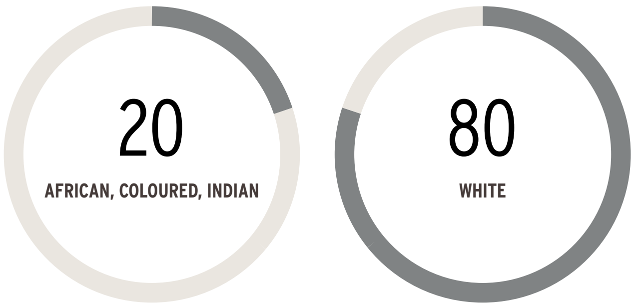
♀♂ GENDER DIVERSITY OF MANAGEMENT COMMITTEE



RACIAL DIVERSITY



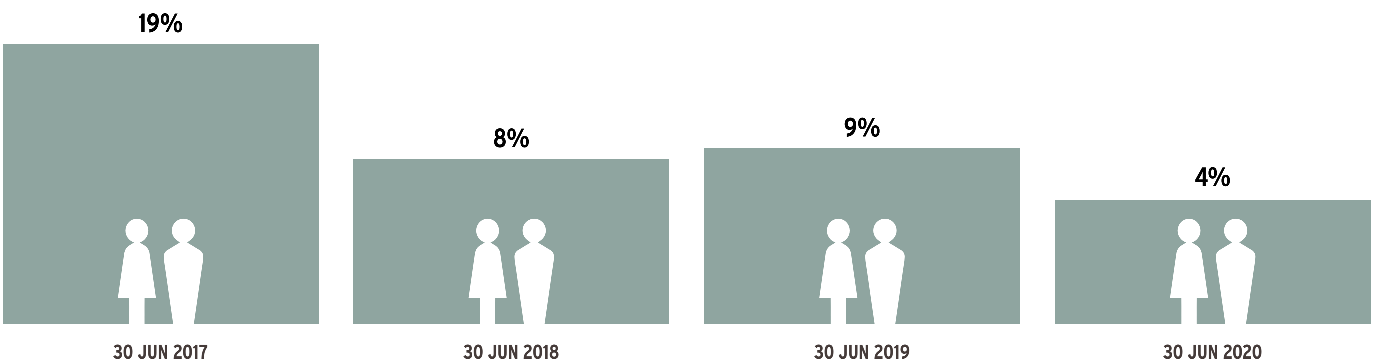
RACIAL DIVERSITY OF MANAGEMENT COMMITTEE



EMPLOYEE TURNOVER

In line with our purpose of **creating a superb working environment** in which our people can thrive, Emira has a very low employee turnover, which demonstrates the general satisfaction experienced by our employees.

Emira's employee turnover for the past four years is as follows (% of starting employees who left in the year):



EMPLOYEE REMUNERATION

The Remuneration Committee has been established to govern remuneration matters and it ensures that our employees are paid fair and market-related salaries in accordance with industry, market and country benchmarks. Our remuneration policy aims to ensure that we employ and retain staff of a high calibre and that they are aligned with Emira's purpose, values and corporate culture in order to optimise income growth, distributions and overall return to all stakeholders.

We take a balanced approach to remuneration, which encourages our employees to achieve Emira's short- and long-term strategic goals. Share ownership also encourages long-term, meaningful employee contributions to Emira's health and wellness and our long-term share incentive scheme in the form of a forfeitable share plan ensures employees interests are aligned with those of shareholders.

Refer to our remuneration report commencing on page 102 for more detailed information.

EMPLOYEE DEVELOPMENT AND GROWTH

TRAINING

We have a mentorship culture at Emira, the purpose of which is to share vital knowledge, insights and experience with one another to reinforce the skills base of the business. We encourage our employees to further develop their capabilities by undertaking training to enhance their various roles and functions. We provide **an environment in which employees can thrive** by making relevant courses or training available, typically approved by management upon request by employees at their biannual assessments.

GRADUATE PROGRAMME

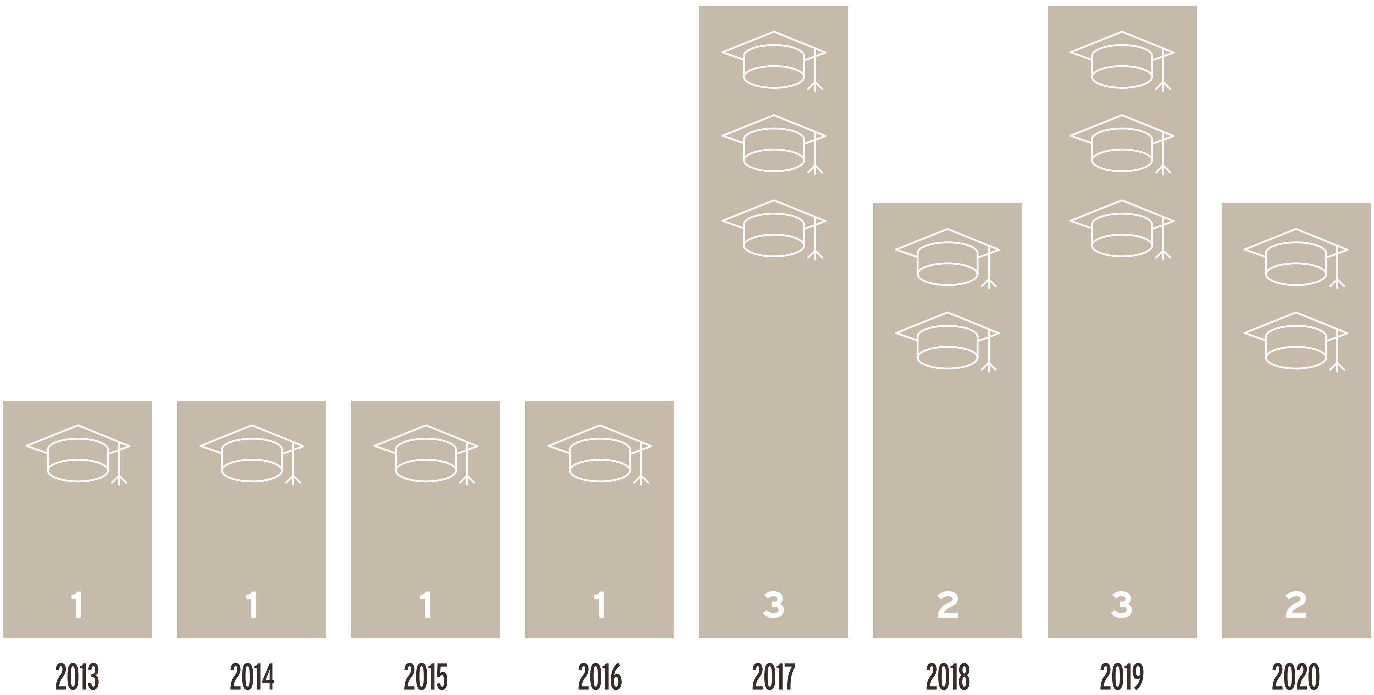
Emira's graduate programme was established in 2013 with the aim of enhancing the succession plan and safeguarding the future of the business. On an annual basis, Emira takes on between one to three graduates who qualify for consideration by having completed a Bachelor of Science Property Studies university degree. In addition, participation in the programme is limited to black, Indian and coloured graduates.

To progress the development of new black graduates into property professionals, candidates must complete a minimum of one year of practical training in the programme. Graduates are circulated through different areas of the business to ensure they are exposed to all aspects of property ownership and management thereof.

This rotational approach helps graduates gain valuable insights and includes spending a period of time with Emira's property managers. To ensure our graduates make the most of their time at Emira, they also benefit from being mentored by the executives and senior management.

The following graphic indicates the number of graduates per year since the programme's inception:

NUMBER OF GRADUATES PER YEAR



EMPLOYEE ENGAGEMENT

With an open-door policy in place, staying in touch and engaged with our employees is central to the ongoing success of the business. To this end, we interact with our employees on a daily basis and hold weekly staff meetings where every employee has the opportunity to table issues or voice any concerns they may have. In addition, we nurture our "Emirian" culture by hosting frequent staff events that foster a sense of togetherness and camaraderie.

For more information on our various methods of engaging with employees and other key stakeholders, refer to the stakeholder engagement section on page 67.

EMPLOYEE WORKING ENVIRONMENT

As part of Emira's purpose, we support our employees by creating environments in which they can thrive and deliver service excellence to tenants and other key stakeholders. Emira's main office is in Bryanston, Johannesburg with satellite offices in Pretoria and Cape Town.

Our offices have been set up to be conducive to work and boost productivity. To encourage collaboration and teamwork, the offices create a comfortable environment that is inviting to both staff and visitors.

Since the onset of the pandemic, we have adopted a flexible policy on remote working and our staff are encouraged to perform their work where they are most efficient. Staff have been set up at their homes in order to work remotely should the need arise. Emira's IT systems enable employees to work from any location with an internet connection. And to facilitate this, all our staff have been allocated a 3G card to provide internet access.

EMPLOYEE HEALTH, SAFETY AND WELL-BEING

HEALTH

The CEO is ultimately responsible for the occupational health and safety at Emira, and to this end, a trained health and safety representative has been appointed to perform this function. Any employee concerns around matters of occupational health and safety can be tabled at monthly Management Committee meetings, where a standing agenda item is in place to address any issues.

SAFETY

For management, taking care of employee safety is part of **creating a superb working environment** and is therefore always top of mind. During the COVID-19 lockdown, employees were encouraged to work from home for as long as necessary to protect themselves from possibly contracting the virus, as well as to prevent the possible spread to others.

WELL-BEING

We encourage our employees to practice personal financial planning. There is a responsible retirement policy in place to ensure that employees plan for their futures by contributing to retirement plans. All employees are required to contribute to the mandatory employee retirement benefit plan.

Being a responsible business and to encourage a healthy workforce, it is also compulsory for all employees to be a member of a medical aid scheme. In order to educate employees and keep them up to date, their personal circumstances are reviewed annually. We also facilitate update sessions between our employees and the retirement benefit provider, as well as the medical aid provider.

Governance report

Gerhard van Zyl
CHAIRMAN OF THE BOARD

It has been an eventful year for Emira and the world. Being great in the provision of great real estate extends to corporate governance. The Board's key focus was to reassess the strategy of the Fund and actively managing the situation developing around the COVID-19 together with the extremely competent Emira team.

INTRODUCTION

The arrival of the pandemic required Emira to shift into defensive mode. The Board held three special meetings during the months of April, May and June 2020 where management provided an update on operating conditions, any changes to the risks faced by the Group, actions taken to assist tenants and manage risks as well as Emira's solvency and liquidity position. While the strategy to selectively recycle non-core assets remains in place, further investment expansion plans are on hold until there is greater certainty on the future.

During the year under review, the Board adopted a policy on the promotion of broader diversity on the Board, focusing not only on gender and race but also on the promotion of other diversity attributes such as culture, age, field of knowledge, skills and experience.

It also adopted a new framework with regards to non-executive director tenure which is discussed more fully in this report. As a result, Nocawe Makiwane retired with effect from 1 April 2020 after serving on the Board for 14 years and Bryan Kent retires with effect from 31 October 2020 after serving on the Board for 13,5 years. A heartfelt thank you to both of you for your years of dedication, support and sage advice and I wish you well.

On 25 June 2020, two new directors were appointed to the Board with effect from 1 July 2020. Berlina Moroole joins the Board as an independent non-executive director and James Templeton, as a non-executive director. The appointments have strengthened Emira's leadership and oversight and we welcome their contributions.

While uncertainty remains over the short term, I am confident that Emira will stay true to its purpose of being great in the provision of great real estate and will navigate through troubles of the present with a strong team and the support of the Board.

Gerhard van Zyl
Chairman of the Board

APPLICATION OF KING IV

The four governance outcomes set out by the King IV Report on Corporate Governance for South Africa, 2016 ("King IV") are as follows: ethical culture, good performance, effective control and legitimacy, all of which are endorsed and supported by the Group. The discussion that follows explains how the Group has applied these principles.

The application of the King IV principles is assessed and reviewed on an ongoing basis.

ETHICAL LEADERSHIP

PRINCIPLE 1: The governing body should lead ethically and effectively.

Emira's Board provides ethical and effective leadership to guide the business through challenging and uncertain times. This approach is embodied by "the Emira way" – doing business honestly, transparently and with mutual respect, accountability, fairness and responsibility. This philosophy guides the Company's dealings with its staff, shareholders, tenants, communities, investment partners, property managers and other stakeholders. The Emira way is supported by a set of policies, practices and procedures, as set out in the sections that follow.

The Board acknowledges and embraces the responsibilities bestowed upon it by the Companies Act and the King IV Report on Corporate Governance and is fundamentally responsible for ensuring that Emira's strategy, risk, performance and sustainability are inseparable.

Principles in the Charter of Corporate Governance set up firm operational processes, procedures and tools to institute, implement, monitor and control internal policies and procedures in furtherance of corporate governance, effective compliance and risk management.

MANAGING CONFLICTS OF INTEREST

Emira has a policy in place to proactively manage directors' conflicts of interest. When directors become aware that they have a direct or indirect interest in any existing or proposed transaction with an entity of Emira, they notify the Company Secretary who in turn informs the Board's Chairman.

The Company keeps a register of all directors' internal and external interests, which is updated with any changes reported by directors, either prior to or during each Board meeting.

This process was adhered to for the year under review and directors recused themselves from any discussions as a result of personal conflict of interests. Any potential professional conflict of interests is disclosed by the director concerned and noted in the Board minutes. One of the independent non-executive directors deals with matters where the Chairman may be conflicted. The Company's conflict of interest policy is regularly reviewed and enhanced as and when necessary.

DIRECTORS' DEALINGS IN SHARES

The Board-approved policy on dealing in shares is in place to ensure that directors and all staff are prohibited from dealings in the Company's shares in periods immediately prior to the announcement of Emira's interim and year-end financial results and at any other time deemed necessary by the Board or as required in terms of the JSE regulations.

Before trading in shares, directors must obtain written clearance from the Chairman, who consults with the CEO before granting the clearance to ensure that there is no material price sensitive information that has not been disclosed to the market. Clearance is provided on receipt of a written request from the director. The Company's policy and all necessary disclosures align with the JSE Listings Requirements.

DEVELOPMENT OF DIRECTORS

The Board has a policy in place for the induction of newly appointed directors, which includes a sound understanding of the Company's operations to adequately perform their duties and responsibilities. The Company also encourages the further development of directors, which includes training programmes that are coordinated by the Company Secretary and cover relevant topics such as economic and property industry trends. In addition, relevant new developments are communicated to directors at Board meetings, including those regarding the Companies Act, corporate governance and other relevant legislation.

KEY VALUES OF

Emira's code of ethics

RESPONSIBILITY

FAIRNESS

HONESTY

MUTUAL RESPECT

ORGANISATIONAL ETHICS

PRINCIPLE 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

CORPORATE VALUES AND CULTURE

The Board understands the importance of maintaining an ethical corporate culture as a means to create long-term business value and stakeholder support. The Company follows the values of "the Emira way", with respectful business dealings, a working environment that allows for employee empowerment, and an open-door policy that encourages the free flow of ideas between management and staff.

In order to see these objectives to fruition, the Board delegates the responsibility to the Environmental, Social and Governance Committee.

Good corporate governance is integral to delivering sustainable growth and to that end, the Board of Directors reviews the governance climate, structures and processes, which are enhanced to accommodate internal developments and ensure best practice.

CODE OF ETHICS AND CONDUCT

Emira has a Board-approved code of ethics in place, which sets out the ethical business practices of the Company. The code actively promotes the avoidance of possible conflicts of interest within specific areas of competence.

The code reinforces Emira's values of responsibility, honesty, fairness and mutual respect and dictates that all actions must be trustworthy and ethical. Through the code, all directors, officers and employees are obliged to interact with one another and with stakeholders with integrity. Ethical business practices have been included in the terms of appointment of contract and service providers. The code is reviewed annually and can be found on Emira's website: www.emira.co.za.

In accordance with the code, employees must act with the highest personal and moral standards and must demonstrate respect for human dignity of all other people. All members of staff are expected to conduct personal affairs in a proper and responsible manner and must sign the code of conduct on commencement of employment.

In terms of the code of ethics, there have been no issues of non-compliance, fines or prosecutions levied against Emira or its management. There is currently no need to change focus with regard to ethics.

GIFT DECLARATION POLICY

The Company has policies in place that encourage transparency and the ethical conduct of employees, including a policy on receiving and declaring gifts. The definition of gifts that are given or received can include any number of physical items, services or anything of value that can be transferred from one to another. Before staff can receive or give such gifts, they must first obtain written permission from senior management or the Company's executives. The gifts policy is reviewed on an annual basis.

WHISTLEBLOWING

Emira has considered implementing a whistleblowing facility but does not currently have such a facility in place due to the Company's small size.

ADHERING TO ETHICAL STANDARDS

Emira's ethics programme is in place to ensure that employees adhere to the Company's policies and high ethical standards of conduct. Emira's open-door policy encourages an environment of honest, transparent and mutually respectful engagement between executives and staff. This allows for any instances of unethical behaviour to be reported freely by staff and without fear of reprisal.

RESPONSIBLE CORPORATE CITIZENSHIP

PRINCIPLE 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

It is important for Emira to both live the values of being a responsible corporate citizen, and to be seen as one by the market and society. The Company creates sustainable returns for its shareholders and other stakeholders by delivering on its environmental, social and governance principles.

The Company has a number of projects and initiatives underway that aim to:

Reduce Emira's impact on the environment

- Projects that enhance and reduce Emira's carbon footprint: read more on page 56
- Renewable/alternative energy investments into PV (solar power): read more on page 56
- Water intervention projects save water through efficiency and harvesting: read more on page 61

Foster a culture of good corporate governance

- Honesty, transparency and fairness are cornerstones of Emira's business dealings: read more on page 75
- The Company is focused on all relevant forms of compliance and is fully tax compliant
- Emira maintains a politically neutral stance and does not donate to any political parties

Promote development, employment equity and the health, safety and the well-being of employees

- Emira has a graduate development programme in place which targets black graduates with an aim to training and upskilling them into full-time Emira employees
- Emira encourages the development and personal growth of employees in alignment with the Company's objectives
- Emira's responsible retirement policy ensures that employees safeguard their futures by contributing to retirement plans
- Mandatory medical aid membership for staff encourages a healthy workforce
- Health and safety initiatives monitor the health and safety of employees through stringent adherence to the OHS ACT

Drive transformation across the business

- Emira has adopted a policy in respect of both gender and racial diversity
- Emira has a preferential procurement policy that targets the procurement of goods and services from BEE compliant suppliers and service providers, with a focus on small- and medium-sized businesses
- The Company's supplier development initiatives promote and financially assist BEE compliant suppliers
- A BEE equity scheme was implemented to transform Emira's shareholder base

STRATEGY AND PERFORMANCE

PRINCIPLE 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

STRATEGY

The Board is ultimately responsible for performance by determining and overseeing the strategic direction of the business. The Board ensures that the company's purpose and values align with its strategy and ESG objectives. For details about Emira's strategy, strategic objectives and performance, see our strategy from pages 12 to 15 of this integrated report.

During the year under review, the Board held its annual strategy session, where the Company's high-level strategic plan was set, which included both the short- and long-term plans for the business.

Emira's strategic priorities are performance objectives that are set by the Board for the short to medium term and discussed on pages 14 and 15 of this integrated report.

At the annual strategy session, the Board also considered the future in terms of Emira's strategic direction and set out the **long-term plan for creating sustainable stakeholder value**:

Long-term objectives

- Being a great provider of great space in real estate
- Holding a balanced and diversified portfolio of assets, both by sector and geography, locally and offshore
- Ensuring sufficient balance sheet strength and liquidity
- Partnering with specialists and co-investing
- Optimising net income and growing distributions

GOING CONCERN

The going-concern basis has been adopted in preparing the Company's financial statements. The onset of COVID-19 required Emira's solvency and liquidity to be interrogated even more so than before. The directors have no reason to believe that Emira will not be a going concern in the foreseeable future, based on forecasts and available cash resources. The financial statements support Emira's viability, accountability and effective internal control processes. The Company's going-concern status is assessed quarterly, or four times a year, rather than just twice at the six-month intervals when Emira declares its dividends to shareholders.

REPORTING

PRINCIPLE 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.

It is the Audit Committee's responsibility to oversee and ensure the integrity of Emira's annual reports and other disclosures. Ultimately, the Board is responsible for approving disclosures and reports prior to publication. To assist the Board in this regard, the following reporting frameworks and standards are adhered to in the reporting process:

Emira's reporting frameworks

- King IV Report on Corporate Governance for South Africa 2016 ("King IV")
- International Integrated Reporting Council's International <IR> Framework ("<IR> Framework")
- The Companies Act, No. 71 of 2008, as amended ("the Companies Act")
- International Financial Reporting Standards ("IFRS")
- The Listings Requirements of the JSE Limited ("the JSE Listings Requirements")

The Audit Committee is responsible for overseeing the Company's annual financial statements. It is the Board's responsibility to ensure that the Company's annual financial statements are reported to a high standard.

In addition to the disclosures required by IFRS, the Company provides further explanations on critical accounting estimates, which enhances its disclosures and makes them more accessible.

CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

For the year under review, the critical accounting estimates, judgements and assumptions required by management were as follows:

- Investment property
- Accounts receivable
- Revenue recognition
- Estimated credit losses
- Derivative financial instruments
- Current and deferred tax
- Investment in associates, joint ventures and other financial assets
- Accounting treatment of the B-BBEE transaction and ESA Trust, including the treatment post the provision of the guarantee to their third-party debt funders
- IFRS 16 Leases

Refer to the notes to the annual financial statements for details on the above key estimates and assumptions.

Once the Board has reviewed and approved the annual financial statements, they are presented to the Company's shareholders. The Board has approved Emira's 2020 annual financial statements and believes they are an accurate presentation of the Company's financial status, and that the Company's subsidiaries and affiliated entities have been properly consolidated and presented.

Compliance with corporate laws

Emira has complied with the Companies Act, particularly with reference to the incorporation provisions as set out in the Companies Act and has operated in conformity with Emira's Memorandum of Incorporation during the year under review.

GOVERNING STRUCTURES AND DELEGATION

PRINCIPLE 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.

PRIMARY ROLE AND RESPONSIBILITIES OF THE BOARD

BOARD CHARTER

The Company's detailed Board Charter is aligned to King IV. The charter sets out the composition of the Board, defines the directors' fiduciary duties and roles, provides a clear division of directors' responsibilities and accountability, both collectively and individually, to ensure an appropriate balance of power and authority. The charter also provides details on the processes of appointment, tenure and rotation of directors.

To summarise the Board Charter, the Board's primary responsibilities are to:

- Provide direction for Emira's strategy and monitor its implementation;
- Ensure high standards of ethical conduct and compliance with laws and regulations;
- Appoint and evaluate the performance of the CEO, CFO, COO and company secretary;
- Monitor materiality, key risk areas, performance indicators and management;
- Review the Company's financial results and procedures, policies and codes of conduct;
- Establish and set the terms of reference for the Board committees; and
- Approve financial and non-financial objectives, including economic, environmental social and governance.

Key focus areas of the Board in 2020

During the year, the Board's key focus area was to reassess the strategy of the Fund. The arrival of the COVID-19 pandemic has forced Emira to shift into defensive mode to protect its liquidity. While the strategy to selectively recycle assets which are deemed non-core remains in place, further expansion offshore into the USA as well as locally into both industrial and residential opportunities are on hold until there is greater certainty on the future. The Board has affirmed that the strategy of being a balanced and diversified fund, both by sector and geography remains appropriate. The Board confirms that it is satisfied that it has carried out its duties and responsibilities in compliance with its mandate and the Board Charter.

BOARD ACCESS TO INFORMATION AND RESOURCES

In order to make informed decisions, Board members must have sufficient information covering the matter at hand. To this end, the Company's directors all have access to Emira's records, information, documents and property. To enable the directors to perform their duties to a high standard, the Board continuously assesses and provides for their information needs.

On occasion, the Board may need to seek independent advice, legal or otherwise, information or opinions from external, professional resources, which are provided at the Company's expense. During the year, there were no instances where the directors required the Company to procure such services.

Non-executive directors also have unfettered access to management at any time. Directors are informed timeously of matters that will be discussed at meetings and comprehensive information packs are provided well in advance of all meetings.

BOARD MEETINGS AND ATTENDANCE

Meetings for the Board were held five times during the year under review and aligned with the Company's financial reporting cycle. The Audit, Risk, Finance and Investment Committees held four meeting during the year with the Environmental, Social and Governance Committee meeting twice during the year and the Remuneration and Nomination Committee meeting three times during the year. Board meeting attendance by the Company's directors for the year is as follows, with new appointees in attendance where applicable.

The implementation of the national lockdown by the South African Government to curtail the spread of COVID-19 gave rise to unprecedented circumstances for Emira and its tenants. The Board held three special meetings during the months of April, May and June 2020 where management provided an update on operating conditions, any changes to the risks faced by the Group, actions taken to assist tenants and manage risks as well as Emira's solvency and liquidity position.

BOARD MEETINGS ATTENDED 2020

MEMBER	BOARD MEETINGS ATTENDED	APPOINTED TO BOARD
G van Zyl (Chairman)	5/5	10 September 2013
MS Aitken	4/ 5	16 April 2007
BH Kent	5/5	16 April 2007
V Mahlangu	5/5	24 June 2010
NE Makiwane*	2/2	24 August 2006
W McCurrie	5/5	10 December 2008
V Nkonyeni	4/5	24 August 2011
J Nyker	5/5	22 May 2019
DJJ Thomas	5/5	15 August 2017
GM Jennett	5/5	1 September 2015
G Booyens	5/5	1 January 2016
U van Biljon	5/5	10 February 2012

* Resigned 31 March 2020.

COMPOSITION OF THE BOARD

PRINCIPLE 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Creating sustainable value for stakeholders goes hand in hand with good corporate governance. To this end, Emira believes that its Board composition is balanced and is in line with best practice guidelines. The Board considers the Chairman to be independent, however, a lead independent director would be appointed if the Chairman was no longer considered to be independent by the Board.

The Board follows a unitary board structure and, as at 30 June 2020, it comprised 11 directors, eight of whom are independent non-executive directors, and three are executive directors.

As announced on SENS on 25 June 2020, two new directors were appointed to the Board with effect from 1 July 2020, namely Berlina Moroole, an independent non-executive director and James Templeton, a non-executive director. The appointments have strengthened Emira's leadership and oversight.

The Board is constituted in accordance with the Company's Memorandum of Incorporation ("MOI") and the principles of King IV. To effectively and objectively discharge its governance role and responsibilities, the Board is appropriately balanced in terms of its levels of competence, skills, knowledge, experience, diversity and independence.

The skills matrix on page 79 provides details on individual directors' areas of expertise and experience.

CHANGES TO THE BOARD IN 2020

THE COMPANY'S DIRECTORS AS AT 30 JUNE 2020

- G van Zyl – Independent Non-executive Chairman
- MS Aitken – Independent Non-executive Director
- BH Kent – Independent Non-executive Director
- V Mahlangu – Independent Non-executive Director
- W McCurrie – Independent Non-executive Director
- V Nkonyeni – Independent Non-executive Director
- J Nyker – Independent Non-executive Director
- DJJ Thomas – Independent Non-executive Director
- GM Jennett – Chief Executive Officer ("CEO")
- G Booyens – Chief Financial Officer ("CFO")
- U van Biljon – Chief Operating Officer ("COO")

The detailed biographies of these directors are presented on pages 9 of this integrated report.

The table above references the attendance of Board meetings, refer to committees for meeting attendance.

RESIGNATION EFFECTIVE 31 MARCH 2020

- NE Makiwane – Independent Non-executive Director

APPOINTMENTS EFFECTIVE 1 JULY 2020

- B Moroole – Independent Non-executive Director
- J Templeton – Non-executive Director

RESIGNATION EFFECTIVE 31 OCTOBER 2020

- BH Kent – Independent Non-executive Director

NEW BOARD APPOINTMENTS

The Remuneration and Nominations Committee regularly assesses the need for new Board appointments. Prospective new directors must go through a process of background checks, screening and due diligence. Candidates who are recommended through this process may then be approved for appointment by the Board.

When appointing a new Board member, candidates undergo a formal interview to determine whether they have sufficient skills as well as time and capacity available in order to fulfil the requisite duties.

DIVERSITY OF THE BOARD

An important enabler of value creation is a balanced Board comprised of individuals with diverse and complementary skills. To this end, the Board ensures that the directors have a diverse range of knowledge, expertise and experience in strategic, financial, commercial and property activities, in order to function efficiently and effectively, while exercising independent judgement in Board decisions and deliberations. The Board has adopted a policy on the promotion of broader diversity on the Board, focusing not only on gender and race but also on the promotion of other diversity attributes such as culture, age, field of knowledge, skills and experience.

These combined skills and experience benefit the Board as a whole in its supervisory role. Biographies of the Board can be found on pages 9 of this integrated report.

DIVERSITY OF AGE

In order to enhance the diversity of age on the Board, the Company has adopted a new policy on director rotation, which is discussed below, under the heading Board refreshment and succession. As at 30 June 2020, the average age of the Company's directors is 55 years.

INDEPENDENCE OF THE BOARD

To maintain the Board's healthy levels of objective oversight, the Remuneration and Nominations Committee regularly assesses the independence of directors and reports on this to the full Board. To confirm the independence of the Board, directors are individually assessed on an annual basis in a process that considers the JSE Listings Requirements, the Companies Act and King IV.

KEY LEADERSHIP

Roles, functions and responsibilities

Emira's Board is led by Independent Non-executive Chairman, Gerhard van Zyl. The Company's Chairman is appointed on an annual basis and is responsible for the Board's effective leadership by fulfilling the King IV role and functions.

The Chairman's role and responsibilities are distinct and completely separated from those of the CEO. This provides a clear division of responsibilities and ensures an appropriate balance of power and authorities such that no director has unfettered powers of decision-making.

The CEO, CFO and COO represent executive management on the Board in order to enhance the direct access and levels of interaction that exist between the Company's non-executive directors and management.

The responsibilities and duties of the Board members are set out within this report to illustrate their various roles in the value creation process.

CHAIRMAN

As the Board's leader, he ensures that the integrity and effectiveness of the Board and its committees are upheld at all times.

Leads by example to ensure that both the Board and the Company maintain high standards of corporate governance and ethical conduct.

CEO

The primary executive responsible for effectively managing and running Emira's business according to its Board-approved strategies and objectives.

Chairs Emira's EXCO, leads and drives the performance of executive and senior management.

Ensures that the Board is kept up-to-date and accurately informed of Emira's performance.

DIRECTORS' SKILLS MATRIX

	GvZ	MA	BK	VM	WM	BM	VN	JN	DT	JT	GJ	GB	UvB
KNOWLEDGE AND SKILL													
Property development	■	■	■							■	■		■
Property asset management	■	■								■	■	■	■
SA retailer knowledge	■	■			■			■		■	■		■
SA corporate knowledge	■	■	■	■	■		■	■	■	■	■	■	■
International markets		■			■			■		■	■	■	■
Tax			■	■	■		■				■	■	
Financial markets	■	■	■	■	■		■	■	■	■	■	■	
Financial accounting	■		■		■	■	■	■			■	■	
Risk management	■		■	■		■	■	■	■	■	■	■	■
Funding	■	■	■	■	■		■	■	■	■	■	■	
Investment management	■	■	■	■	■		■	■		■	■	■	■
Sales and marketing	■	■			■				■	■	■		■
Legal and regulatory	■	■	■		■	■	■	■	■	■	■	■	■
Information technology			■			■						■	
Environmental, social and governance	■	■	■			■	■	■	■		■	■	■
Human resources	■					■		■			■	■	■
EXPERIENCE													
Board experience	■	■		■	■	■	■	■	■	■	■	■	■
Board chair experience	■	■							■	■	■		

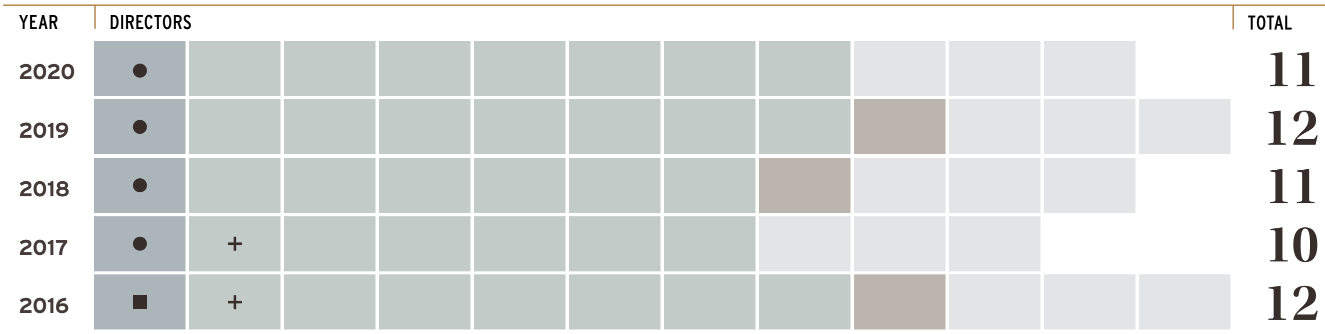
■ CHAIRMAN
■ INDEPENDENT NON-EXECUTIVE
■ NON-EXECUTIVE
■ EXECUTIVE

DIRECTORS

GvZ (G van Zyl), **BK** (B Kent), **VM** (V Mahlangu), **MA** (M Aitken), **WM** (W McCurrie), **BM** (B Moroole), **VN** (V Nkonyeni), **JN** (J Nyker), **JT** (J Templeton), **DT** (D Thomas), **GJ** (G Jennett), **GB** (G Booyens), **UvB** (U van Biljon)

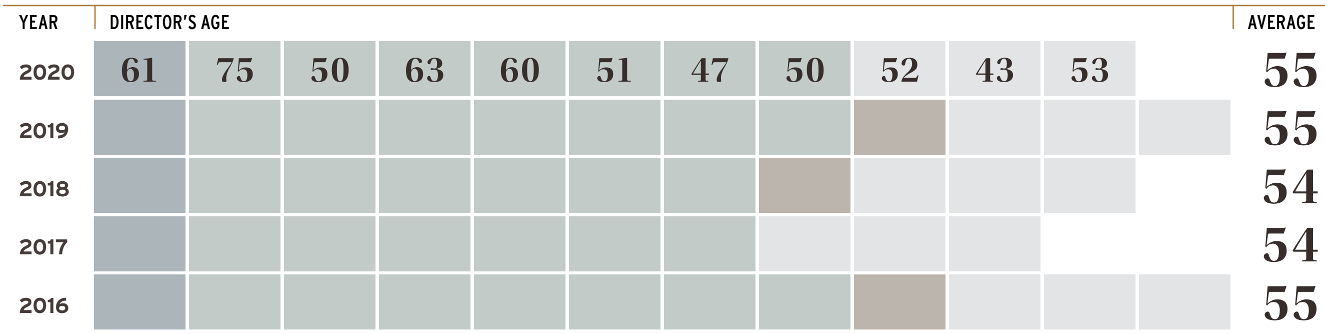
BOARD SIZE AND COMPOSITION AS AT 30 JUNE 2020

● INDEPENDENT NON-EXECUTIVE CHAIRMAN | ■ NON-EXECUTIVE CHAIRMAN | + LEAD INDEPENDENT NON-EXECUTIVE



CHAIRMAN | INDEPENDENT NON-EXECUTIVE | NON-EXECUTIVE | EXECUTIVE

DIVERSITY OF AGE AS AT 30 JUNE 2020

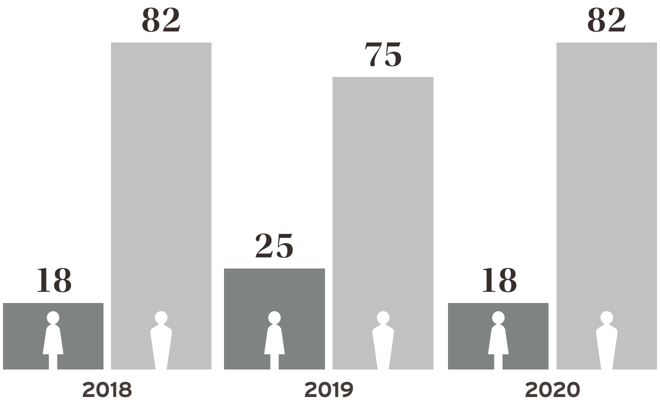


INDEPENDENCE OF THE BOARD AS AT 30 JUNE 2020 (%)

INDEPENDENT | NON-INDEPENDENT

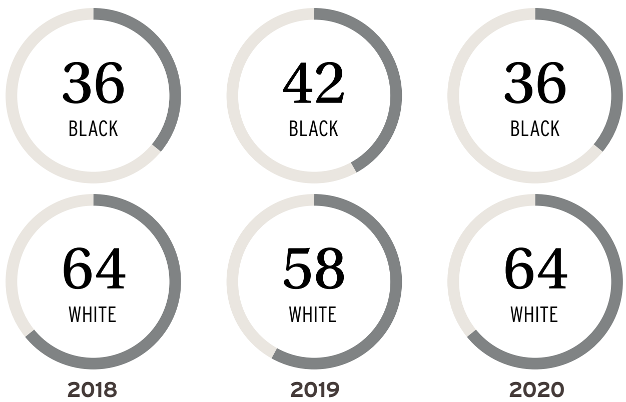
8/11 or 73% of directors are independent | 8/8 or 100% of non-executives are independent

GENDER DIVERSITY AS AT 30 JUNE 2020 (%)



Note: post year-end appointments include one female director, increasing gender diversity to 23% or 3/13 female.

RACIAL DIVERSITY AS AT 30 JUNE 2020 (%)



Note: post the year-end appointments, racial diversity is 38% or 5/13 black.

FINANCIAL AUTHORITY THRESHOLDS

AUTHORISATIONS OF	ARE APPROVED BY THE BOARD WHEN	OR DELEGATED TO THE INVESTMENT COMMITTEE WHEN	OR DELEGATED TO EXCO WHEN
Acquisitions	≥R125m	≥2% of total asset value and <R125m	<2% of total asset value
Disposals	≥R125m	≥2% of total asset value and <R125m	<2% of total asset value
Capex projects	≥R75m	≥R20m and <R75m	<R20m

The status of Derek Thomas' independence changed during the year such that he is now considered to be an independent non-executive director.

The Company ensures that members of the Board are independent from the management team as follows:

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

GENDER AND RACIAL DIVERSITY

To address and enhance diversity of the Board, the Company has policies on race and gender, which are both considered when appointing new directors. The Remuneration and Nominations Committee ensures that it has the appropriate balance of skills and expertise to facilitate the strategic direction of the Company.

During the year under review, with the retirement of Nocawe Makiwane a black female independent non-executive director, Emira's B-BBEE Board representation dipped below its target of 40% to 36%. This also led to the target of 25% female representation being missed and falling to 18%. Post year-end appointments include one black female director, increasing gender diversity to 23% female, with racial diversity currently 38% black.

Should a vacancy arise, suitable candidates in line with the Board's race and gender diversity targets will be considered. The Company's policies and targets on gender and racial diversity are set out in the social section of the ESG report on page 71.

BOARD REFRESHMENT AND SUCCESSION

To address both diversity and business continuity, the Remuneration and Nominations Committee oversees the Company's succession planning. Emira is a relatively small company with a headcount of 24 permanent staff members, including three executive directors. To ensure seamless operation, the Company has a succession plan in place to address any shortfalls should the need arise.

If required, the Board Chairman, as well as the Chief Financial Officer and/or Chief Operating Officer would be able to fulfil the role and assume the responsibilities of the Chief Executive Officer. Likewise, the current Chief Executive Officer was Emira's previous Chief Financial Officer and would be able to assume these duties while the recruitment process for the needed position is underway. The other executive directors together with the senior asset managers are also able to assume the duties of the Chief Operating Officer if required.

Emira's succession plan specifies key areas of need such as ensuring membership of the Audit and Risk Committee are suitably filled. These and other factors are also considered when targeting new Board appointments.

PERFORMANCE OF THE BOARD

The Board is responsible for setting Emira's strategic objectives and determines the Company's investment and performance criteria. Furthermore, the Board is responsible for the proper management, control, compliance and ethical behaviour of the business under its direction. During the year under review, Acorim (Pty) Limited conducted an evaluation of the Board. For more information, refer to Principle 9 on page 94 of this report.

APPOINTMENT, ROTATION AND RE-ELECTION OF DIRECTORS

New directors are appointed to the Board by way of a transparent policy that is in place to ensure a formal and fair process is followed, which includes policy-approved selection criteria. The Board delegates the nomination of new directors to the Remuneration and Nominations Committee, which comprises a majority of independent directors. The committee makes its recommendations to the Board, which is then responsible for considering and ultimately approving the recommendations to formalise appointments.

DIRECTORS' TENURE POLICY SNAPSHOT

The Company's MOI states that:

One-third of directors must retire by rotation at each AGM to be eligible for re-election

If at the date of any AGM any director will have held office for a period of three years since his/her last election of appointment shall retire at such meeting

The directors so to retire at each AGM shall be those who have been longest in office since their last election

As set out in the notice of AGM and in terms of the MOI, Vusi Mahlangu, Vuyisa Nkonyeni and Gerhard van Zyl are due to retire by rotation at the upcoming AGM in order to be eligible for re-election. Their brief biographies are included in the notice on page 197.

During the year, the Board adopted the following framework with regards to non-executive director ("NED") tenure:

1. Initial period of three years
2. Extendable, with unanimous approval, for two further periods of three years (to nine years)
3. Extendable, with unanimous approval for three further periods of one year each (to 12 years)
4. Special exception for specific skills, with unanimous approval for three further periods of one year each (to 15 years)
5. Maximum retirement age is 70 years old
6. Maximum number of three NEDs more than 10 years and no more than two NEDs retiring in any year

As a result of the new framework Nocawe Makiwane retired with effect from 1 April 2020 after serving on the Board for 14 years. Further, Bryan Kent retires with effect from 31 October 2020 after serving on the Board for 13,5 years.

The Board has determined that Michael Aitken, who has served on the Board for 13 years, possesses specific skills required by the Board and his tenure has therefore been extended. Vusi Mahlangu, Wayne McCurrie and Vuyisa Nkonyeni have all served on the Board for nine years or longer and the Board has assessed by way of a thorough and transparent process that they, as well as Michael Aitken, all remain independent.

BOARD COMMITTEES

PRINCIPLE 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

DELEGATION OF AUTHORITY FRAMEWORK

The Company's delegation of authority framework helps to clarify the various Board and Committee roles to enable the effective exercise of authority and responsibilities. The delegation of authority framework is reviewed and updated where necessary by the Risk Committee, which then presents it to the Board on an annual basis. The Board is satisfied with the framework and has approved it until the next review during the coming year.

To assist the Board in discharging its collective responsibilities, certain Board responsibilities have been delegated to the committees set out in the governance structure below. In doing so, the Board facilitates independent oversight of key areas of the business. This enhances the realisation of strategy and unlocks the value provided by the directors through their respective areas of expertise.

Each committee acts within the boundaries of clearly defined, Board-approved terms of reference. These committees meet independently and provide detailed feedback to the Board via their chairpersons. All committee meetings are minuted and directors may raise any questions arising from these minutes. The various committee chairpersons have confirmed that the terms of reference have been materially complied with for the year under review.

As the Company's ultimate authority, the Board **does not delegate** responsibilities that include strategic planning; identifying materiality, risks and opportunities; the appointment, oversight and remuneration of executives; succession planning; interactions with shareholders; matters of compliance; and financial controls.

The Board delegates certain responsibilities via financial authority thresholds that deal with specified values of acquisitions, disposals and capex. These thresholds are approved annually by the Board after reviewing the Investment Committee's recommendations. Refer to table on the facing page.

COMMITTEE COMPOSITION, RESPONSIBILITIES AND TERMS OF REFERENCE

Audit Committee

COMPOSITION AND MEETING PROCEDURES

The Audit Committee comprises three independent non-executive directors. The Audit Committee members are appointed by the directors and approved annually by shareholders at the AGM. The committee met four times during the year with the executive management as well as the executives responsible for finance, the compliance officer, and external and internal auditors. The Company Secretary attends all meetings as secretary to this committee.

COMMITTEE MEMBERSHIP AT 30 JUNE 2020*

CHAIRMAN

Bryan Kent †

APPOINTMENT DATE: APRIL 2007

MEETING ATTENDANCE:

4/4
100%

Vusi Mahlangu

APPOINTMENT DATE: JUNE 2010

MEETING ATTENDANCE:

4/4
100%

Vuyisa Nkonyeni ‡

APPOINTMENT DATE: APRIL 2017

MEETING ATTENDANCE:

4/4
100%

* Berlina Moroole was appointed to the committee post year-end on 1 July 2020.
† Bryan Kent steps down as chairman and member of the committee upon his retirement from the Board, effective 31 October 2020.
‡ Vuyisa Nkonyeni was appointed chairman of the committee post year-end, effective 31 October 2020.

REGULAR INVITEES

- **GEOFF JENNETT**
  Chief Executive Officer
- **GREG BOOYENS**
  Chief Financial Officer
- **ULANA VAN BILJON**
  Chief Operating Officer

The detailed biographies of the above directors are presented on page 9 of this integrated report.

Roles and responsibilities

The committee is governed by a charter and terms of reference that have been approved by the Board, which was updated during the year under review.

RESPONSIBILITIES OF THE COMMITTEE INCLUDE:

- Evaluating the adequacy and efficiency of:
  - internal control systems;
  - accounting practices;
  - information systems; and
  - auditing processes;
- Nominating the appointment of an independent registered auditor
- Reviewing the audit plans for the external and internal auditors
- Evaluating the Company's solvency and liquidity position
- Assessing the expertise and experience of the CFO and the finance function
- Enhancing the credibility and objectivity of Emira's financial statements and integrated reports

Focus areas
IN 2020

01 **Internal audit plan and effectiveness of internal audit function**

02 **Implementation of IFRS16 Leases**

03 **External valuers and property valuations**

04 **Financial reporting of interim and annual results**

05 **Data migration from Eris to Broll**

06 **Reassessment of estimated credit losses methodology given increased risk resulting from COVID-19**

The report of the Audit Committee, which includes more detail on its responsibilities and key areas of focus for the year, commences on page 112 of this integrated report.

Plan
FOR 2021

The committee plans to dedicate significant time to the following key areas during the year ahead:

01 **Reviewing the internal financial controls within the business in line with the statement required in terms of JSE Listings Requirement 3.84(k)**

02 **Overseeing the implementation of an appropriate methodology in respect of the VAT Apportionment Class Ruling**

03 **Expanding the combined assurance approach**

04 **Continued focus on REIT governance and compliance**

05 **Reporting on SA REIT Best Practice**

06 **Ongoing assessment of the adequacy of estimated credit losses given the continued uncertainty resulting from COVID-19**

Risk Committee

COMPOSITION AND MEETING PROCEDURES

The Risk Committee comprises three independent non-executive directors. The Board nominates the members of this committee and its chairman, who have the necessary skills and experience to discharge their duties on this committee. The chairman of the Audit Committee is also the chairman of this committee. The committee met four times during the year with the executive management as well as the executives responsible for finance, the compliance officer, and external and internal auditors. The Board nominates the members of this committee and its chairman.

The Chief Risk Officer, who is also the Chief Financial Officer, assists the committee in executing its duties and the Company Secretary is the secretary to this committee.

COMMITTEE MEMBERSHIP AT 30 JUNE 2020*

CHAIRMAN

Bryan Kent †

APPOINTMENT DATE: APRIL 2007

MEETING ATTENDANCE:

4/4
100%

Vusi Mahlangu

APPOINTMENT DATE: JUNE 2010

MEETING ATTENDANCE:

4/4
100%

Vuyisa Nkonyeni ‡

APPOINTMENT DATE: APRIL 2017

MEETING ATTENDANCE:

4/4
100%

* Berlina Moroole was appointed to the committee post year-end on 1 July 2020.

† Bryan Kent steps down as chairman and member of the committee upon his retirement from the Board, effective 31 October 2020.

‡ Vuyisa Nkonyeni was appointed chairman of the committee post year-end, effective 31 October 2020.

REGULAR INVITEES

- **GEOFF JENNETT**
  Chief Executive Officer
- **GREG BOOYENS**
  Chief Financial Officer
- **ULANA VAN BILJON**
  Chief Operating Officer

The detailed biographies of the above directors are presented on page 9 of this integrated report.

Roles and responsibilities

The committee has an independent advisory role and does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management.

RESPONSIBILITIES OF THE COMMITTEE INCLUDE:

- Ensuring that risk disclosure is comprehensive, timely and relevant
- Overseeing the development and implementation of an effective risk management plan and policy
- Recommending levels of risk tolerance and appetite to the Board and monitoring those risks
- Anticipating unpredictable risks using frameworks and methodologies
- Providing a formal opinion to the Board on the effectiveness of the risk management system and processes
- Reviewing the Company's reporting on risk management
- Liaising closely with the Audit Committee to exchange risk information

For more information, refer to risk management on pages 99 to 101 of this integrated report.

Focus areas IN 2020

01 Reassessing the Company's risk register and associated risk matrix in light of the onset of COVID-19

02 Assessing the risk of cyber security and implementing mitigating controls

03 Assessing high risk tenants

04 Transfer of the property management function for commercial and industrial properties from Eris to Broll

Plan FOR 2021

The committee plans to dedicate significant time to the following key areas during the year ahead:

01 Ongoing review and tracking of Emira's solvency and liquidity

02 Reassessing the IT governance framework, with a particular focus on data and information security risk

03 Further reassessing the Company's risk register and associated risk matrix, including the risk tolerance levels

04 Overseeing the Company's compliance with the Protection of Personal Information Act No. 4 of 2013

05 Continue to assess high risk tenants

Remuneration and Nominations Committee

COMPOSITION AND MEETING PROCEDURES

The committee comprises three independent non-executive directors. The Board nominates the members of this committee and its chairman, who have the requisite qualifications to fulfil their responsibilities on this committee. The committee meets on an ad hoc basis as required for matters of remuneration and nominations and met three times during the year under review.

COMMITTEE MEMBERSHIP AT 30 JUNE 2020

Vusi Mahlangu (chairman of remuneration matters)

APPOINTMENT DATE: JUNE 2010

MEETING ATTENDANCE:

3/3
100%

Gerhard van Zyl (chairman of nominations matters)

APPOINTMENT DATE: APRIL 2017

MEETING ATTENDANCE:

3/3
100%

Wayne McCurrie *

APPOINTMENT DATE: AUGUST 2019

MEETING ATTENDANCE:

3/3
100%

* Bryan Kent stepped down from the committee on 13 August 2019 and was replaced by Wayne McCurrie.

REGULAR INVITEE

› **GEOFF JENNETT**
Chief Executive Officer

The detailed biographies of the above directors are presented on page 9 of this integrated report.

Roles and responsibilities

An updated charter has been adopted by the Board setting out the purpose, role and responsibilities of this committee. At the Company's AGM, shareholders are requested to consider and vote on separate non-binding advisory resolutions that recommend the approval of the remuneration policy and its implementation.

The committee follows a formal, transparent and fair process of nominating and appointing Board members, and complies with the relevant legislation, regulation and governance codes.

THE COMMITTEE'S ROLES AND RESPONSIBILITIES INCLUDE:

- Upholding, reviewing and amending the Company's remuneration philosophy and policy as appropriate
- Ensuring the fair remuneration of staff, with appropriate criteria to measure their performance
- Approving remuneration packages that attract, retain and motivate employees
- Encouraging longer term wealth creation for staff through share ownership in the Company
- Submitting recommendations to shareholders for appropriate remuneration of non-executive directors
- Reviewing Board and committee composition according to the needs of the Company
- Succession planning to ensure the transfer of skills and business continuity

The committee's full and detailed remuneration report commences on page 102 of this integrated report.

Focus areas
IN 2020

01 **Further engagement with stakeholders after the 2019 AGM in respect of the vote on the remuneration policy and the implementation thereof**

02 **Further refinement of the KPIs to take into account Emira's restated purpose**

03 **Review of non-executive directors' remuneration against market benchmarks**

04 **Enhancing the remuneration report disclosures based on stakeholder comments**

Plan
FOR 2021

The committee plans to dedicate significant time to the following key areas during the year ahead:

01 **Continued engagement with stakeholders**

02 **Continued assessment of KPIs to ensure they remain relevant**

03 **Three-year exercise of benchmarking staff packages against the peer and industry group**

Environmental, Social and Governance Committee

COMPOSITION AND MEETING PROCEDURES

During the year under review, the Social and Ethics Committee was renamed the Environmental, Social and Governance ("ESG") Committee. This was deemed necessary by the Board due to a greater focus in the market in terms of reporting to a best practice and progressive ESG framework. This committee has been constituted in terms of section 72(4) of the Companies Act No. 71 of 2008, as amended and its accompanying regulations, to implement the mandate prescribed by regulation 43(5).

The committee comprises two independent non-executive directors and one executive director. The committee meets on an ad hoc basis but at least twice a year. The committee met twice during the year under review.

COMMITTEE MEMBERSHIP AT 30 JUNE 2020

Jasandra Nyker *

APPOINTMENT DATE: AUGUST 2019

MEETING ATTENDANCE:

2/2
100%

Vuyisa Nkonyeni

APPOINTMENT DATE: MAY 2018

MEETING ATTENDANCE:

2/2
100%

Geoff Jennett

APPOINTMENT DATE: FEBRUARY 2017

MEETING ATTENDANCE:

2/2
100%

* Nocawe Makiwane resigned as an independent non-executive director with effect from 31 March 2020, in line with the Board's independence policies, and was replaced on the committee by Jasandra Nyker.

REGULAR INVITEES

- **GREG BOOYENS**
  Chief Financial Officer
- **ULANA VAN BILJON**
  Chief Operating Officer
- **JUSTIN BOWEN**
  Head of Sustainability

The detailed biographies of the above directors are presented on page 9 of this integrated report.

Roles and responsibilities

THESE INCLUDE:

- Driving initiatives to minimise the Company's impact on the environment
- Reducing the Company's carbon emissions, energy and water usage
- Accurate reporting and observing environmental laws and applicable regulations
- Driving policies relating to the training, development, health, safety and ethical conduct of employees
- Effective stakeholder engagement programmes and managing the outcomes
- Facilitating corporate social investment programmes to assist local communities
- Helping to provide decent work and working conditions for employees
- Driving transformation, including racial and gender diversity, and improving the Company's B-BBEE rating level
- Aligning with relevant employment equity policies and legislative requirements
- Managing ethical conduct effectively in accordance with King IV recommendations
- Enhancing enterprise risk management processes and frameworks

For details on Emira's environmental and social reporting for the year under review, refer to the sections commencing on pages 53 and 66 respectively.

Focus areas
IN 2020

01 **Aligning ESG matters with the Company's strategy**

02 **Overseeing the communication of ESG policies and programmes in the Company's ESG report**

03 **Selecting suitable criteria to monitor and report the progress in implementing ESG-related policies and programmes**

04 **Monitoring the implementation of the plan to improve Emira's B-BBEE rating**

Plan
FOR 2021

The committee plans to dedicate significant time to the following key areas during the year ahead:

01 **Maturing and bedding down the Company's ESG strategy and related policies**

02 **Directing of goals to be set for environmental and sustainability matters**

03 **Reviewing the Company's transformation programmes**

Finance Committee

COMPOSITION AND MEETING PROCEDURES

The committee comprises four independent non-executive directors. The Company Secretary is the secretary to this committee. The committee meets on an ad hoc basis as required and met four times during the year under review.

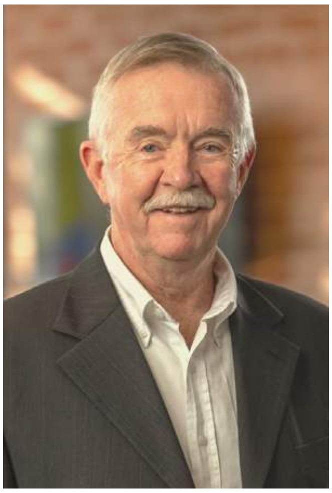
COMMITTEE MEMBERSHIP AT 30 JUNE 2020

Wayne McCurrie

APPOINTMENT DATE: JANUARY 2014

MEETING ATTENDANCE:

4/4
100%



Bryan Kent *

APPOINTMENT DATE: JANUARY 2014

MEETING ATTENDANCE:

3/4
75%

Derek Thomas

APPOINTMENT DATE: NOVEMBER 2017

MEETING ATTENDANCE:

4/4
100%

Jasandra Nyker †

APPOINTMENT DATE: AUGUST 2019

MEETING ATTENDANCE:

4/4
100%

* Bryan Kent steps down from the committee post year-end upon his retirement from the Board, effective 31 October 2020.

† Jasandra Nyker was appointed to the committee on 13 August 2019.

REGULAR INVITEES

- GEOFF JENNETT
  Chief Executive Officer
- GREG BOOYENS
  Chief Financial Officer
- ULANA VAN BILJON
  Chief Operating Officer

The detailed biographies of the above directors are presented on page 9 of this integrated report.

Roles and responsibilities

The committee does not assume the functions of management, which remain the responsibility of the executive directors. To ensure the committee fulfils its roles and responsibilities, it follows a formal annual workplan that is regularly reviewed and updated.

THE COMMITTEE'S ROLES AND RESPONSIBILITIES INCLUDE:

- Offering the Board technical assistance and making recommendations on all financial matters
- Identifying and addressing important financial matters that are relevant to Emira
- Guiding the Board on strategy relating to debt structures, interest rate hedging and foreign currencies
- Reporting at every quarterly Board meeting on activities and progress of the committee
- Ensuring that the resolutions of the Board are carried out
- Considering and advising the Board on any matter delegated to the committee

Focus areas
IN 2020

During the year under review the committee's key focus areas included the following:

01 **Assessing the Company's plans to refinance upcoming debt maturities**

02 **Reviewing strategy in terms of sources of debt capital, interest rate hedging and foreign currencies**

03 **Tracking bank covenants, including LTV and ICR, taking into consideration the impact of COVID-19 on asset values and cash flows**

04 **Assessing the Company's liquidity position and access to debt capital**

Plan
FOR 2021

The committee plans to dedicate significant time to the following key areas during the year ahead:

01 **Reassessing the Company's optimal gearing level and how to reduce the LTV**

02 **Reconsidering the Company's exposure to unsecured debt in the DMTN market**

03 **Reassessing the Company's foreign exchange hedging policy**

04 **Assessing opportunities to take advantage of the low interest rate environment**

05 **Continuing to assess the Company's liquidity position**

Investment Committee

COMPOSITION AND MEETING PROCEDURES

The committee comprised three independent non-executive directors for the year under review. The committee meets on an ad hoc basis and met four times during the year under review.

COMMITTEE MEMBERSHIP AT 30 JUNE 2020*

CHAIRMAN

Michael Aitken

APPOINTMENT DATE: MAY 2015

MEETING ATTENDANCE:

4/4
100%

Gerhard van Zyl

APPOINTMENT DATE: MAY 2015

MEETING ATTENDANCE:

3/4
75%

Jasandra Nyker†

APPOINTMENT DATE: AUGUST 2019

MEETING ATTENDANCE:

3/3
100%

* James Templeton was appointed to the committee post year-end on 1 July 2020.

† Jasandra Nyker was appointed to the committee on 13 August 2019.

REGULAR INVITEES

- **GEOFF JENNETT**
  Chief Executive Officer
- **GREG BOOYENS**
  Chief Financial Officer
- **ULANA VAN BILJON**
  Chief Operating Officer
- **JOHN GREVE**
  Specialist investment committee consultant

The detailed biographies of the above directors are presented on page 9 of this integrated report.

Roles and responsibilities

The duties and responsibilities of the committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities who must continue to exercise due care and judgement in accordance with their legal obligations as directors.

THE COMMITTEE'S MAIN RESPONSIBILITIES INCLUDE:

- Reviewing and approving the Company's investment strategy and investment proposals
- Considering, interrogating and stress testing the Company's potential acquisitions, investments and disposals
- Evaluating major capex proposals such as new developments, extensions, upgrades and refurbishments
- Reviewing and approving the composition of the property portfolio from time to time
- Reviewing the annual property valuations
- Considering and making recommendations to the Board on risk-related matters
- Integrating the risk management policy in the daily activities of the investment and sales teams
- Ensuring the investment team has appropriate resources of experience and expertise
- Fulfilling its mandate in accordance with laws, regulations and the Company Approval Framework
- Reviewing the replacement values of the property portfolio for insurance purposes

Focus areas IN 2020

01 **Overseeing the disposal of the balance of the Company's holding in Growthpoint Australia**

02 **Overseeing the Company's property disposals made during the year**

03 **Assessing the acquisitions made during the year including the new investment in the USA**

04 **Evaluating the Company's due diligences and investment practices to ensure ethical and responsible conduct**

Plan FOR 2021

The committee plans to dedicate significant time to the following key areas during the year ahead:

01 **Continued assessment of opportunities to recycle non-core assets**

02 **Assessment of further investment opportunities, including those in the USA**

03 **Continued assessment of property values, taking into account the impact of COVID-19**

BOARD PERFORMANCE EVALUATION

PRINCIPLE 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

ENCOURAGING EXTERNAL EVALUATION

External Board evaluations play an important role in maintaining and improving the effectiveness of the Board through a fair assessment of its skills, expertise and practices by a suitable, independent service provider. The Company benefits from the added value of an honest and objective assessment and therefore encourages external Board evaluations.

BOARD EVALUATION IN 2020

During the year under review, Acorim (Pty) Limited was appointed to conduct an independent evaluation to determine the effectiveness of the Board and its committees. The direction and subject matter covered by the evaluation was determined by the Chairman and the CEO.

Evaluation scope

Each director completed a thorough questionnaire covering:

- Board and committee-related matters
- Board composition and performance
- The roles, duties and responsibilities of directors
- Internal and external audit matters
- Board and committee meeting procedures

The results of the evaluation and an extensive analysis of the findings were presented to the Board, without identifying any matters of material concern. The positive assessment found that the Board and its committees were operating effectively and, where required, plans were formulated to make improvements. The evaluation of the Board was conducted fairly and in a timeous manner without being restrictive.

Evaluation results summary

The overall results of the evaluation indicated that:

- The Board is performing well;
- The Board is confident in its overall performance and members are satisfied that they have collegial working relationships and are up to date with the latest market and regulatory developments;
- The Chairman encourages free, open and fair debate of agenda items; and
- The Board is supported by a strong and confident team of directors and committee members.

Focus areas for the Board's attention:

- Size and composition of the Board in light of future strategy;
- Board diversity;
- Continued professional development, induction and training, specifically for the Audit Committee;
- Shareholder engagement and their expectations in terms of the Company's strategic direction;
- IT governance and expertise; and
- Consideration of the impact of the Company's operations on the environment.

The Board is addressing these areas.

APPOINTMENT AND DELEGATION TO MANAGEMENT

PRINCIPLE 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

DELEGATION TO MANAGEMENT

In order to perform its role and responsibilities, the Board has unfettered access to management at all times. To achieve Emira's strategic objectives and fulfil its purpose, the Board delegates authority to the Company's executive management, whose roles are clearly defined and subject to limitations by the Company's delegation of authority framework. Refer to Principle 8 on page 81 for more information.

CEO APPOINTMENT AND ROLE

Geoff Jennett is Emira's current CEO and was appointed by the Board on 1 September 2015. The Board delegates to the CEO the responsibilities of overseeing Emira's day-to-day business activities and driving the implementation and execution of approved Company planning, strategies and policies. The CEO serves as the Board's primary access to executive and senior management.

To safeguard the interests of the Company and its stakeholders, the Board evaluates the CEO's performance on an annual basis and measures his actual performance against predetermined metrics and targets. These performance metrics are set out in further detail on page 106.

Subject to matters reserved for decision by the Board, the CEO's authority in managing Emira is unrestricted, however, unbudgeted transactions in excess of R20 million require Board approval (i.e. two directors to sign, and, if >R20 million, then Board approval) and a minimum of two executive directors need to sign to commit the Company.

EXECUTIVE AND SENIOR MANAGEMENT

The CEO is assisted in his duties by the Executive Committee ("EXCO") which comprises the CEO, CFO and COO. The EXCO manages Emira and focuses on formulating and implementing Emira's strategies and policies. The EXCO meets formally on a weekly basis.

To ensure the limitations on management are suitable according to the Company's size and operations, the Board assess its delegation of authority on an annual basis. For the year under review, the company secretary can confirm that Emira's executive management have discharged their duties within the framework of authority delegated to them by the Board.

The CEO and EXCO are supported in their day-to-day duties by the Management Committee ("MANCO"), which comprises the CEO, CFO, COO and assisted by asset managers, development managers, legal manager, finance manager, valuer and the management information reporting analyst manager. The Board's delegation to management, roles and structure are illustrated in the diagram on the facing page.

SUCCESSION PLANNING

The Board oversees the continuity of Emira's leadership, be it in the short term, in emergencies or over the longer term. To facilitate succession, programmes dealing with talent management, personal and skills development and succession planning are reviewed by the Remuneration and Nominations Committee on an annual basis or when required. To fully assess potential candidates and fill vacant positions appropriately, Emira's succession plans are determined well before a member of executive management leaves the Company's employ. Succession planning is discussed further under Principle 7 on page 81.

COMPANY SECRETARY

The Board as a whole and the individual directors have unrestricted access to the advice and services of the Company Secretary, who provides guidance to the Board and to the directors with regard to how their responsibilities are to be discharged.

Acorim (Pty) Ltd is an independent company secretarial and corporate governance advisory service provider and is represented by Nikita Hunter.

Primary roles and responsibilities

These include:

- Attending all Board meetings
- Ensuring the Company's corporate governance processes are adhered to
- Providing guidance to directors on how they should fulfil their obligations and responsibilities in the best interests of the Company and its stakeholders
- Assisting the CEO in ensuring that the annual Board plan is set and that agendas are relevant to Board decision making
- Overseeing the training of all directors and induction of newly appointed directors
- Reporting to the Chairman on governance matters and to the CFO on general company secretarial matters
- Maintaining independence and an arm's length relationship with the Board and its directors
- Performing independent, external evaluations of the Board and its committees

acorim
Secreterial & Governance Services

Delegation to management

BOARD OF DIRECTORS

Refer to pages 77 to 81

SUB-COMMITTEES

Refer to pages 81 to 93

EXECUTIVE COMMITTEE

COMPOSITION: CEO, CFO and COO
RESPONSIBILITIES: Execution and implementation of Emira's Board-approved strategy
FREQUENCY OF MEETINGS: Monthly, quarterly and on an ad-hoc basis

MANAGEMENT COMMITTEE

COMPOSITION: CEO, CFO, COO, asset managers, development managers, legal manager, finance manager, valuer and the management information reporting analyst manager
RESPONSIBILITIES: Driving day-to-day business activities to achieve Emira's purpose and strategy
FREQUENCY OF MEETINGS: Monthly, quarterly and on an ad-hoc basis

Risk management process

ONGOING REVIEW PROCESS

ONGOING REVIEW PROCESS

ONGOING REVIEW PROCESS

OPERATING CONTEXT

IDENTIFY RISKS

ASSESS RISKS

QUANTIFY AND PRIORITISE RISKS

RISK MITIGATING ACTIONS

OPPORTUNITIES TO UNLOCK VALUE FROM RISKS

ONGOING REVIEW PROCESS

In accordance with paragraph 3.84(h) of the JSE Listings Requirements, an annual evaluation of the Company Secretary was conducted in May 2020. Subsequently, the Board can confirm it is satisfied with the expertise, experience, competence and qualifications of the Company Secretary. The Board is also satisfied the Company Secretary is not a director or employee of the Company or any of its subsidiaries and confirms that the relationship between the Board and the Company Secretary remains at arm's length.

RISK GOVERNANCE

PRINCIPLE 11: The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.

The Board understands that in order to make sound decisions to achieve the Company's strategic objectives, risk management must be effective and play a central role in the business. The governance of risk is the Board's ultimate responsibility and includes determining the Company's risk appetite and tolerance levels, the approval of the risk strategy and policy, the risk management framework and system of internal control.

Emira regularly reviews its appetite for risk and the various types of risks that have been identified are set out in the Company's risk register. The risk model and risk management process are kept in line with Company strategy through regular reviews and updates. The Board delegates the oversight of risk governance to the Risk Committee, whose members are suitably qualified and experienced.

Effective risk management requires balancing potential rewards for the business through strategy, against the potential for negative impacts of uncertainty. An overview of the Company's risk management process is illustrated in the diagram on the previous page.

For more information on the Company's approach to risk management, refer to page 99 of this integrated report.

INFORMATION AND TECHNOLOGY GOVERNANCE

PRINCIPLE 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

IT MANAGEMENT

New and enhanced information management capabilities and connectivity facilitates improved decision-making for the Board and senior management – at a faster pace than before while still maintaining a prudent approach.

The accelerating rate of technological change requires that the Company remain agile and competitive in the markets in which it operates. The proliferation of new technology creates both opportunities and threats, and these must be assessed and analysed in terms of their impacts on Emira. In this context, the Company drives the use of technology and information policies in order to advance Emira.

While the Board is responsible for information and technology ("IT") governance, it delegates oversight of this to the Risk Committee, which in turn utilises the IT Steering Committee. Chaired by the Chief Financial Officer, the IT Steering Committee is governed by Board-approved policies. It also oversees the IT functions at Emira's offices and has established the necessary IT security policies and firewalls. The Company outsources the day-to-day management of its IT systems and related data to a third-party service provider who follows best practice processes and procedures.

The internal auditors regularly review the IT operations at Emira's outsourced property managers and report to the Audit and Risk Committees regarding IT operations, back-ups and continuity plans in place at the managers' offices. Emira's property managers maintain electronic records with regard to property management matters.

Focus areas in 2020

- Bedding down the data management and analytics system and enterprise resource planning system
- The migration of data from Eris to Broll
- Reassessing the Company's IT requirements and realigning with appropriate service providers

There have been no further material changes to the Company's IT management during the year under review. Emira will continue to assess and re-evaluate its IT systems to drive improvement and efficiencies across the business.

Emira's ICT governance was last independently assessed in 2018 and found to be compliant with King IV. The ICT governance will next be independently reassessed in 2021.

Plans for 2021

- Further advancing the digitalisation of business processes within the Company; and
- Reassessing the Company's IT governance with a specific focus on security, particularly considering that employees are working from home more frequently.

COMPLIANCE GOVERNANCE

PRINCIPLE 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

INTEGRATED COMPLIANCE

Integrated compliance means embedding compliance into the Company's culture through the actions of each of Emira's employees, representatives and service providers. The Company uses integrated compliance processes as a system with which to manage its approach to all activities that are subject to legal and regulatory requirements. As a listed entity in good standing and as a responsible corporate citizen, integrated compliance is an important part of Emira's purpose, culture and everyday business dealings.

The Board is ultimately responsible for compliance but delegates to the Risk Committee, which in turn oversees the Steering Committee that implements Emira's integrated compliance processes. Internal and external audit functions regularly assess Emira's levels of compliance through formal reviews of its compliance risk management process.

Details of Emira's legal and regulatory compliance processes are contained in the Company's risk management policy and framework. The Company complies with all legislation and anticipates the statutory requirements of bills and regulations by the compliance function.

Emira ensures that all business, legislative and administrative processes and procedures are implemented, monitored and adhered to and that in ensuring that compliance is enforced, eliminates reputational risk, alerts the compliance officer to aspects of non-compliance and endeavours to minimise any potential financial loss.

Key compliance themes in 2020

- The commencement of the remaining sections of the Protection of Personal Information Act No. 4 of 2013 was proclaimed by the President of South Africa
- The publication of the draft regulations under section 70 of the Property Practitioners Act No. 22 2019
- The enquiry by the Competition Commission into exclusive lease agreements
- Amendments to the JSE Listings Requirements

During the year under review, Emira's King IV recommendations were complied with in the year under review with one exception: Other than the executive directors, the remuneration for the top three earning employees has not been disclosed due to the small size of the staff complement, and the highly competitive market in which Emira operates. The Board does not consider disclosure of this remuneration to be appropriate for privacy reasons.

REMUNERATION GOVERNANCE

PRINCIPLE 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Board delegates to the Remuneration and Nominations Committee to ensure that Emira's employees are remunerated and rewarded fairly for their individual contributions to the Company's overall performance and reaching its strategic objectives. The committee ensures that employees' pay is market-related and in accordance with industry, market and country benchmarks.

The Company takes a balanced approach to remuneration, which encourages employees to achieve Emira's short- and long-term strategic goals. Share ownership encourages long-term, meaningful employee contributions to the health and wellness of the Company.

Key objectives of the remuneration policy

- Employ and retain staff of a high calibre
- Align with Emira's purpose, values and corporate culture
- Optimise income growth, distributions and overall return to all stakeholders

Emira believes in honest and transparent disclosures and engages with stakeholders at AGMs on, among other matters, remuneration and the various KPIs that measure the performance and remuneration of its executives. Shareholders exercise their right to vote on the Company's remuneration policy as well as its implementation report. This key interaction has led to further engagement with stakeholders, improvements being made to the policy as well as enhanced levels of disclosures. the committee believes that the policy should continuously evolve to ensure that it best meets the needs of staff, the Company and that of its stakeholders.

For further information, Emira's detailed remuneration report commences on page 102 of this integrated report.

ASSURANCE

PRINCIPLE 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

Assurance forms an integral part of good corporate governance, whereby the Company endeavours to provide its stakeholders with timely and accurate information regarding the effectiveness of its strategy, policies and operations, as well as its levels of compliance.

The Board is responsible for assurance and delegates to the Audit Committee to determine appropriate levels of assurance for the various risks facing the Company. To enhance the ongoing success and longevity of the business, the Board encourages continuously improving and coordinated compliance practices. Emira's combined assurance framework incorporates an effective environment with four levels of control and is set out below.

INTERNAL CONTROL

The Board is responsible for Emira's systems of internal and operational control. The Company's internal audit function assesses Emira's risk management and internal control environment and submits its assessment to the Audit Committee on an annual basis. The accuracy of the internal assessment is also tested by the external audit function. The reports of the internal and external auditors are reviewed by the Audit Committee regarding audits conducted on the internal control environment. Matters that arise from the audits are recorded by the committee, as are management's responses to those matters.

The executive directors are responsible for ensuring that assets are protected, for minimising the losses that could arise from fraud and/or other illegal acts, that all valid transactions are recorded properly, and systems operate effectively. To meet with a recently promulgated JSE requirement, which is effective from 31 December 2020, Emira's CFO and CEO will be required to approve the Company's internal financial controls.

Combined assurance framework

AUDIT COMMITTEE

MONITORING BY EXECUTIVES AND SENIOR MANAGEMENT

INTERNAL AUDIT

EXTERNAL AUDIT

Emira's financial statements support its viability, accountability and effective internal control processes. For the year under review, the Audit Committee is satisfied that the Company's financial controls are functioning effectively, with no material breaches of control being brought to the committee's attention.

INTERNAL AUDIT

During the year under review, the internal auditor comprehensively reviewed and tested the effectiveness of the internal control systems in operation and reported its findings to the Audit Committee. To ensure proper coverage of financial, operational and compliance controls, the internal audit function coordinates with other internal and external providers of assurance. To provide adequate assurance that Emira can achieve its objectives, the internal audit function includes an audit of corporate governance.

With the cooperation of all the Company's directors, management and staff, the Audit Committee is satisfied that controls and systems within Emira have been adhered to during the period under review.

For further information, refer to the Audit Committee's report commencing on page 112 of this integrated report.

STAKEHOLDER RELATIONSHIPS

PRINCIPLE 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

STAKEHOLDER ENGAGEMENT

The Company strives to fulfil its purpose to stakeholders by adhering to the principles of the Emira Way – always doing business honestly, transparently and with mutual respect, accountability, fairness and responsibility.

Emira appreciates the important roles played by key stakeholders:

- Employees
- Tenants
- Co-investment partners
- Shareholders, analysts and investors
- Communities
- Providers of debt capital
- Service providers, property brokers and property managers

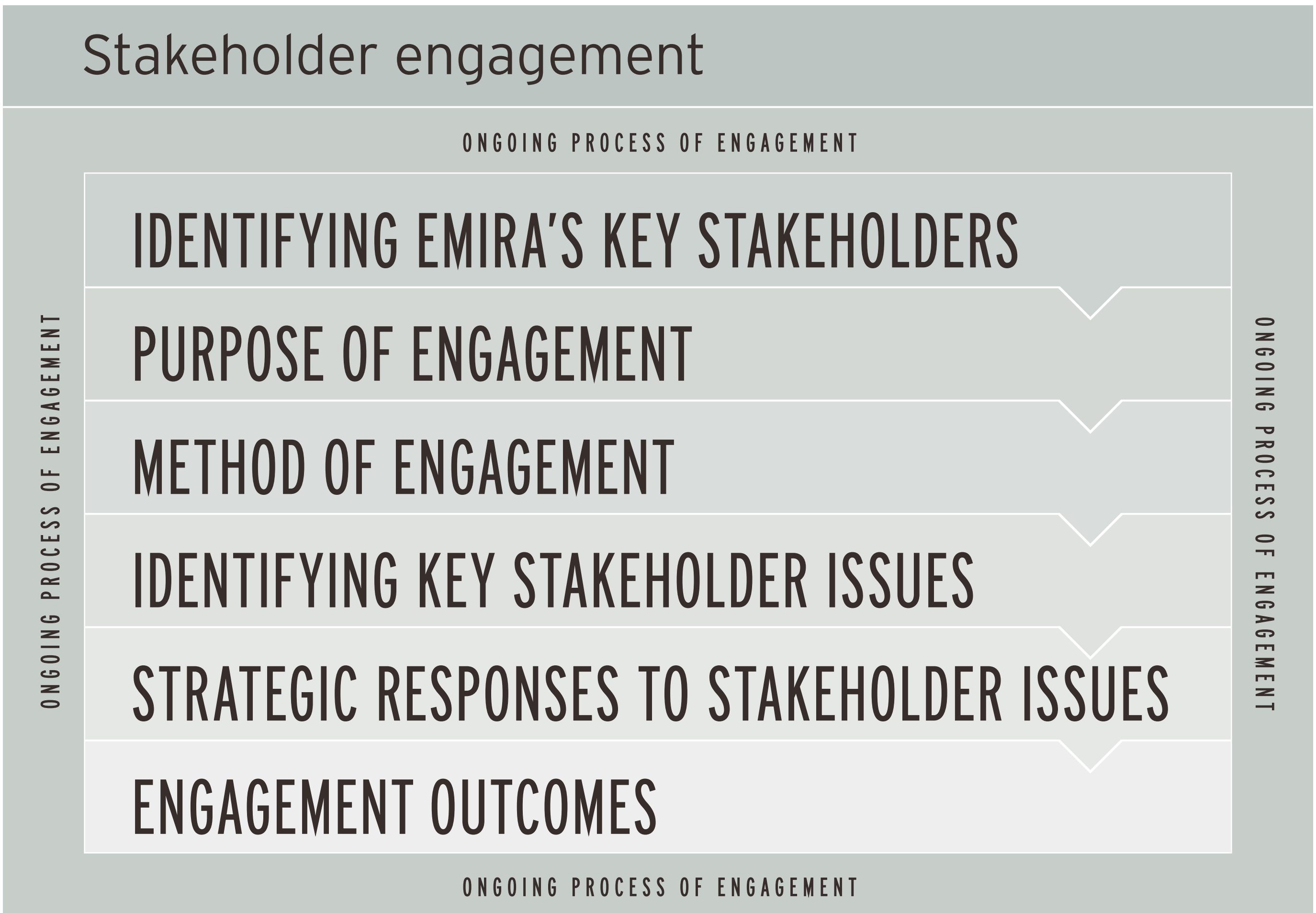
As stakeholders are key to creating sustainable value, Emira acknowledges its responsibility to report and communicate transparently on all matters of an economic, environmental, social and governance nature. It is the Board's duty to present a balanced and understandable assessment of Emira's position in reporting to stakeholders. To this end, the Board evaluates Emira's stakeholder communication policy on an annual basis.

The Company engages with stakeholders via presentations, corporate actions and reports on performance, as well as any other information deemed relevant, which are published on Emira's website. Shareholders and other stakeholders are also advised of such newly published items via SENS.

As specified by the JSE Listings Requirements, Emira publishes and reports on its half- and full-year financial results, in print and electronic media and the executive directors maintain regular contact with the media by disseminating relevant information.

Emira creates value through its ongoing process of stakeholder engagement, which is set out below.

Further information on Emira's methods of engagement and communication with stakeholders can be found on pages 66 and 67 of this integrated report.



Risk management

Emira recognises that risk management is a critical process whereby risks to which the business is exposed are identified, assessed, managed and monitored. **The arrival of the COVID-19 pandemic highlighted the importance of a robust risk management framework**. The governance of risk is ultimately the Board's responsibility and includes determining the Company's risk appetite and tolerance levels, and the approval of the risk strategy, policy and framework.

RISK MANAGEMENT APPROACH AND POLICY

The Board sets risk strategy policies in conjunction with senior management. Emira has a comprehensive risk register in place, which is supported by policies that have been reviewed by the Board.

Supporting the Company's risk management policies is a strong vision, mission and strategy, and a high level of awareness at the operational level. To ensure that Emira manages risks appropriately, the Board has delegated the responsibility to design, implement and monitor the risk management plan to the Risk Committee and to management.

Risk management provides a formalised process and structure to continually identify, assess, evaluate and manage risk, rather than attempting to eliminate risk completely. Risk management forms part of the Fund's policy framework and is embedded in its overall governance.

In its risk philosophy, Emira recognises that managing risk is essential to generate sustainable value and enhance stakeholder interests. Furthermore, the Company recognises that an appropriate balance should be struck between entrepreneurial endeavour and sound business practice.

The method of identifying key risks involves a systematic, documented assessment of the processes and outcomes surrounding risks and addresses Emira's exposure to physical and operational risks, human resource risks, technology risks, business continuity and disaster recovery, credit and market risks, compliance risks and macro-economic risks. To this end, business continuity plans are in place at the premises of Emira's head office, and its property managers.

Information systems and data analysis are imperative to actively manage risk and Emira continues to scrutinise these areas as early warning systems to better manage its risk.

Management's approach to enterprise risk management

- Aligning risk appetite with strategy, which considers the risk appetite in evaluating strategic alternatives, setting related objectives and developing mechanisms to manage related risks;
- Enhancing risk response decisions by selecting alternative risk responses, which includes risk avoidance, reduction, sharing or acceptance;
- Reducing operational losses by gaining enhanced capabilities to identify potential events and establish responses;
- Identifying and managing multiple cross-enterprise risks;
- Seizing opportunities by identifying a full range of potential events; and
- Improving deployment of capital by obtaining robust risk information to allow management to effectively assess overall capital needs and enhance capital allocation.

Enterprise risk management facilitates effective reporting and compliance with laws and regulations, and helps avoid reputational damage to Emira and the associated impacts thereof. These capabilities inherent in enterprise risk management help management achieve the Company's key performance and profitability targets, while protecting its assets and avoiding loss of resources.

Emira's risk limits and tolerance levels are set by the Board, which is committed to reporting on instances where risks fall outside of these limits or deviate materially from the limits of Emira's risk tolerance. The Board is satisfied with the effectiveness of the risk management policies and procedures that are in place.

Emira has identified its risks from the perspective of its stakeholders who are impacted by, or who can affect, its ability to deliver on its strategy. The analysis of the significant influences or material impacts is presented on pages 100 and 101.

The Fund's strategic priorities are founded on three key risk management mechanisms: its balanced investment portfolio across all property sectors; the diversification of the portfolio by geography and property; and a smooth and balanced profile of leases with quality tenants. Emira continues to assess these three mechanisms.

The challenging, low-GDP market conditions which have persisted in South Africa, were exacerbated by the arrival of COVID-19. While losses have been suffered these were limited by risk mitigation strategies employed by the Fund. Risk management and risk mitigation is a continuous process.

Risk mitigation: action taken during the year

1. The Fund completed the disposal of its GOZ investment. A portion of the proceeds were used to acquire Emira's 10th investment in the US with the balance used to reduce the Company's debt. This demonstrates Emira's ability to evolve and execute on its risk management strategy, by maintaining its geographical exposure in stronger economies and reducing debt.
2. Committed undrawn debt facilities were put in place to ensure the Fund's liquidity was strengthened.
3. Emira and its US partners elected to retain sufficient cash in the underlying investment companies to ensure cash reserves were bolstered so as to provide a more meaningful buffer for debt servicing and future operating costs given the higher level of gearing used.
4. The credit risk of tenants was reassessed upon the arrival of the pandemic and cash collection processes strengthened.
5. Emira's Board was strengthened with the appointment of two new non-executive directors which brings additional skills to complement the existing knowledge base.

Top 10 risks

RISK	STAKEHOLDER GROUP AFFECTED	POTENTIAL IMPACT	MITIGATION RESPONSE
1 Above average vacancies in properties and failure to retain tenants	› Investors › Providers of capital › Tenants › Employees	Negative impact on Emira's revenue stream, resulting in failure to meet budgets Deteriorating building values and net asset value	› Incentives put in place to encourage brokers to focus on Emira's vacancies › Management of expiry profiles: spread over a number of years with a target maximum tolerance level of 30% of all leases expiring in any one year › Emphasis on retention of existing tenants on lease expiries and tracking successful retentions with a target minimum of 70% of all tenants to be retained › Regular contact with external leasing brokers › Monthly and weekly analysis performed on current and projected vacancy levels, taking into account expiring leases › Continued engagement with tenants › Willingness to negotiate leases to retain tenants › Continual review of information systems and data analysis tools to ensure accurate information is available on demand › Assess the sectorial and geographic exposures on an ongoing basis (and making potential adjustments through acquisitions and disposals) › Leasing strategy per property › Broker consultants with singular focus › Tenant incentives
2 Liquidity and access to capital	› Investors › Providers of capital › Service providers	Inadequate liquidity could result in the Group being unable to meet its obligations as they fall due	› Strict balance sheet management whereby assets are realistically valued and gearing levels are contained › Committed backup debt facilities are maintained › Unencumbered pool of securable assets maintained › Monthly cash flow forecasts prepared and reviewed › LTV and ICR covenants are constantly monitored
3 Increases in the cost of utilities	› Investors › Providers of capital › Tenants › Property managers › Service providers	Significant utility cost increases will impact the tenants' ability to service rental liabilities and operating costs, increasing lease default risk which would negatively impact Emira's net income	› Projects aimed at utility cost savings, such as water harvesting schemes, solar farms and the introduction of LED lighting, are prioritised › Tenants are encouraged to change their usage patterns to avoid unnecessary consumption › Utility management with a minimum of 100% recovery expected
4 Interest rate risk	› Investors › Providers of capital	Increase in interest rates will have a negative impact on Emira's financial results and return to investors	› Target debt to asset ratio of a maximum of 40% › A minimum of 80% of long-term natured borrowings are to be fixed at any point in time › Interest rate hedging agreements are entered into to fix interest rates for a target weighted average period of at least two years › Continual engagement with funders to establish what alternative hedging options are available
5 Exchange rate risk	› Investors › Providers of capital	Volatility in and/or declining returns to investors – a strengthening of the ZAR could result in reduced income being received in ZAR, from the US investments	› Foreign exchange rates are monitored daily and as per Emira's foreign income hedging policy, forward foreign exchange contracts of up to a 60-month period are taken out › Regular interaction with bankers to obtain foreign exchange forecasts › Matching a major portion of the currency of the debt with the currency of the asset for foreign assets – either through direct foreign currency denominated debt or synthetically through cross-currency interest rate swaps

RISK		STAKEHOLDER GROUP AFFECTED	POTENTIAL IMPACT	MITIGATION RESPONSE
6	**Properties are undervalued for rates purposes**	› Investors › Providers of capital › Property managers	Reductions to distributions due to an increase in rates expenses which cannot all be passed over to tenants	› Municipal publications reflecting updated valuations are constantly monitored by Emira's professional valuer › Where municipal valuations are materially lower than Emira's values these are noted as future risks to future income › Section 78 objections are filed when council unreasonably increases valuations for rates purposes › Engage with industry bodies (such as SAPOA) to deal with councils as a collective
7	**Failure to comply with OHS Act and Safety requirements**	› Tenants › Property managers	Possible prosecution of directors/officers of Emira and managers	› Property managers are required to have an appointed OHS Act officer › Review compliance by the property manager and the implementation of its recommendations › Regular OHS Act training updates are held › Directors' and officers' insurance taken out
8	**Country risk**	› Investors › Providers of capital › Employees	A major negative political or country event in South Africa will negatively impact Emira's performance as a result of its over exposure to South Africa	› Diversification of investments offshore, into the US
9	**Joint venture partners are not aligned**	› Investors › Providers of capital › Tenants › Property managers	Reduction in income and/or the value of the property within the joint venture	› Continual monitoring of how the joint venture is operating, local and offshore › Regular meetings held with joint venture partners › Arrangements are put in place to protect Emira's rights › Regular reporting to monitor progress and results
10	**Disease outbreaks**	› Investors › Providers of capital › Tenants › Property managers › Service providers › Employees	Contraction of GDP ultimately leading to financial losses as a result of preventative measures taken by government and businesses	› Diversified portfolio of assets by sector and geography, both locally and offshore › Lease agreements protect Emira's rights › Conservatively geared › Undrawn debt facilities in place to provide liquidity backup › Disaster recovery plan

Remuneration report

Dear stakeholders

I hereby present the Company's Remuneration Report for 2020 on behalf of the Emira Remuneration Committee ("the committee" or "Remco") and the Company's Board of Directors.

PART 1

The recommendations of King IV have been adopted by the Company, where possible, and the committee presents its three-part report below.

Part 1 provides the Remco chairman's statement, placing the decisions and considerations taken during the reporting year, which influenced the remuneration outcomes, in context.

Part 2 discusses Emira's remuneration philosophy and policy.

Part 3 details the remuneration awarded during the year under review.

There was a change in Remco membership with Bryan Kent stepping down on 13 August 2019, after Bryan indicated that he intends to retire from board and all of the committees that he serves as a member on 31 October 2020, in line with Emira's board policy, Wayne McCurrie joined the committee as of that date.

The Company continued to engage with its stakeholders subsequent to the 2019 annual general meeting regarding particular issues of the remuneration policy that was voted against by 10,9% of the voting rights exercised, and the implementation report that was voted against by 21,5% of the voting rights exercised.

While the policy has been improved and the level of disclosures expanded, the Remco believes that the policy should be continually enhanced to ensure that it best meets the needs of the Company, its stakeholders and that of staff.

Following on from Emira's annual re-assessment of the application of its threshold KPIs that are the key criteria in determining the level of annual STI payments to staff, they were revised to ensure that they even better represent the philosophy of the team and ultimately drive the right behaviour which aligns with the Emira Purpose – **being great in the provision of great real estate**.

To better define and balance the weightings of KPIs to measures of the Emira Purpose, certain KPIs were refocused and the weightings thereof re-emphasised, all to ensure that the measurement against defined pre-set threshold targets is most appropriate.

The committee believes that the remuneration policy discussed below continues to be in line with the Company's objectives, and the implementation thereof reflects improved disclosure and continues to work towards further improvement going forward in order to realise the principles and recommendations of King IV and the Companies Act.

Vusi Mahlangu

Chairman

26 October 2020

PART 2

INTRODUCTION

The Company's 2020 staff complement totalled 24 employees (2019: 25) comprising executive management, asset managers and support staff.

Emira's external outsourced property managers Broll, Feenstra Group and Swish Property Group deal with the daily property management functions in respect of the Company's property portfolio. During the year under review, property management fees paid were R37,5 million (2019: R41,0 million).

REMUNERATION PHILOSOPHY

Emira believes that it is very important that the working environment is such that employees are able to thrive and deliver their best effort and accordingly, the philosophy is that all employees should be remunerated and rewarded fairly for their performance and contributions. Industry, market and country benchmarks are used to ensure that employees' pay is market related. The benchmarking process is conducted every three years and is assessed against the median of the benchmark. Share ownership is also encouraged to ensure long-term employee participation in the Company's sustainability.

The Company's balanced approach to remuneration encourages employees to achieve both the short- and long-term strategic goals of the Company. The remuneration policy's strategic objectives are to provide an enabling work environment that results in the employ and retention of highly skilled staff to ensure the Emira purpose is achieved and maximised, ultimately resulting in distributable income growth and overall long-term, top quartile returns to all stakeholders.

It is essential that Emira retains and remunerates its employees in a fair and equitable manner that is commensurate with the packages of its peer group. To this end, a scheduled benchmarking exercise will be conducted in 2021 against the benchmarking peer group of other listed and comparable property companies.

Depending on the level of achievement of their KPIs and future performance hurdles, Emira employees are rewarded by way of incentives. This assists in the alignment of the Company's strategic goals with those of its staff which results in the Company's long-term sustainability and success despite the prevailing challenging market conditions. Total guaranteed package ("TGP"), variable annual short-term incentives ("STIs") and long-term incentives ("LTIs"), together with a share ownership facilitation plan, comprise the remuneration pillars and are fully disclosed below.

All components of remuneration are approved by the committee. Remco may amend the schemes in place should it be of the opinion that improvements could be made to better align the objectives of remuneration with the performance of the Company.

REMUNERATION AND NOMINATIONS COMMITTEE

COMPOSITION

The committee comprises three independent non-executive directors. Vusi Mahlangu is the committee's chairman, and the CEO attends these meetings by invitation.

The committee met three times during the year under review as indicated on page 86 of this integrated report.

The members of the Remuneration and Nominations Committee are:

- **Vusi Mahlangu** (chairman)
- **Bryan Kent** (retiring on 13 August 2019)
- **Gerhard van Zyl**
- **Wayne McCurrie** (joined 13 August 2019)

RESPONSIBILITIES

The responsibilities of the committee include:

- upholding, reviewing and amending, if appropriate, the remuneration philosophy and policy.
- ensuring that staff members are rewarded fairly, in accordance with the median of the peer group benchmark, for their individual contributions to Emira's overall performance, having regard to the interests of stakeholders and Emira's financial position.
- approving remuneration packages designed to attract, retain and motivate high-performing employees including, but not limited to, basic salary, performance-based short- and long-term (share-based) incentives.
- encouraging and facilitating long term share ownership to better align the interests of staff members to that of stakeholders and ultimately to encourage longer term wealth creation for staff through share ownership in the Company.
- establishing appropriate criteria to measure the performance of employees, and then measuring the actual performances against the pre-set criteria.
- reviewing and recommending appropriate levels of remuneration to be paid to the non-executive directors and submitting these recommendations to shareholders for approval.

KEY 2020 REMUNERATION DECISIONS

In execution of its duties and responsibilities, the committee considered the following matters and made the appropriate decisions:

- Further amendment of the STI performance conditions to further align to Emira's purpose and in accordance with market best practice. The KPIs were re-aligned and better defined. These KPIs are continually assessed every year to ensure that they remain aligned with the Company's strategic objectives;
- Proposed amendment of the non-executive directors' fees for the 2020/21 year to close the gap between the previous fees and the benchmark of comparable non-executive directors' fees, specifically with the peer group of four other comparable listed REITs;
- 30% of the TGPs for the executive directors and 30% of director fees for non-executive directors, for the months of April to June 2020, were sacrificed in favour of contributions to the Solidarity Fund;
- Enhancement to the disclosures made in the remuneration report, based on stakeholder feedback. This included the re-alignment of the KPIs for the 2021 year, the inclusion of the hard-coded KPI targets and the re-assessment of the KPI weightings for the executive directors, all to better represent the ideals and goals of the Company and the disclosure to all stakeholders.

SERVICE CONTRACTS AND TERMS OF APPOINTMENT

The executive directors have standard terms and conditions of employment. They do not receive any special remuneration or other benefits for their additional duties as executive directors save as contained herein. All executive directors have employment contracts with notice periods of four months. This provides a level of comfort to the Company to allow it sufficient time to find suitable replacements for resigning executives and could act as a deterrent to potential offers being made to executive management.

None of the executives have any special termination benefits and there is no restraint of trade in place. To retain key staff, the committee may structure the variable pay incentive so that should the staff member leave the Company's employ within a 12-month period after payment of that variable incentive, a part thereof must be repaid.

No such adjustments were made to the variable pay incentive during the financial year, however, should the need arise, and should the committee deem it necessary, changes may be introduced in the years to come.

In addition, the Company has a *malus and clawback* provision in its STI such that if there is malice or *male fide* error, then the Company can clawback STIs paid out within 12 months of payment. This clawback extends to the LTI scheme. Furthermore, an additional retention mechanism is the equity-settled FSP scheme and its deferred vesting over a period of time.

All non-executive directors have signed a letter of appointment, and their remuneration, in the form of non-executive director fees, is seen to be fair for both the Company and the directors in comparison with Emira's peer group of companies. All such contracts provide for a notice period of 30 days and tenure is managed in accordance with a pre-determined policy.

COMPONENTS OF REMUNERATION

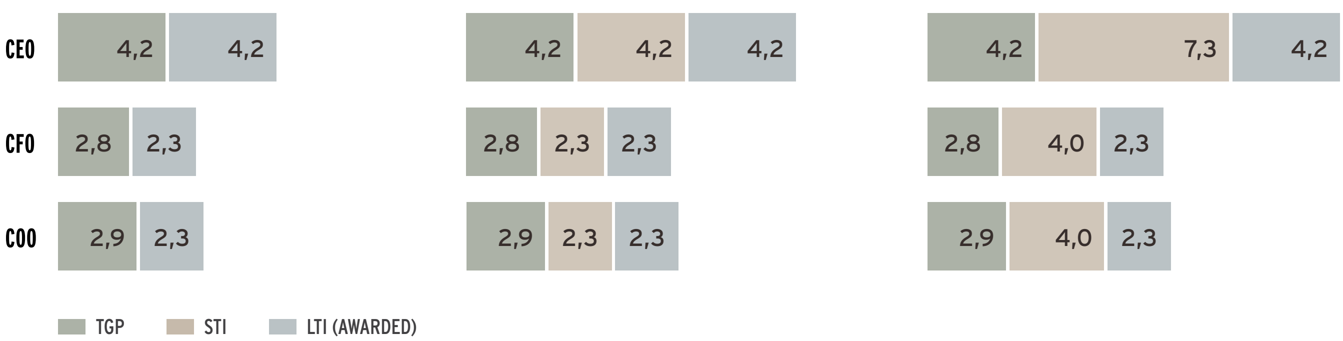
ELEMENT	Total guaranteed packages TGP	Short-term incentives STIs	Long-term incentives LTIs: FSP	Long-term incentives LTIs: share ownership
ELIGIBILITY	All staff	All staff	All staff	All staff but with particular focus on executives and selected senior management
BASIS	Fixed	Variable	Variable	Variable
PURPOSE	This is the non-variable element of the employee's package that is benchmarked and positioned, taking into account the peer group and industry market norms. Emira's aim is to pay employees based on the median of the peer group comparison.	Aligns individual and group performance with the short-term objectives of the Company primarily through the comparison against the pre-determined KPIs that address each pillar of the Company's purpose. New KPI scorecard introduced for STIs for FY21.	LTIs promote a longer-term view of the business and aims to ensure wealth creation for both stakeholders and employees. Importantly it ensures that employees think longer term like stakeholders – looking after the long-term health and wellness of the Company.	These mechanisms encourage staff members to acquire shares in the Company so that they participate in the long-term health and wellness of the Company.
DESCRIPTION	Guided by industry surveys and a comparison with Emira's listed peers, it comprises a total cost to company package that includes base salary and standard benefits such as health and retirement fund contributions.	These are cash bonuses paid to staff members annually after fiscal year-end based on the achievement of set personal KPIs and performance of the portfolio. Should bonuses be in excess of R250 000, the amount is paid in two equal proportions, in August and December. Payments made are subject to malus and clawback provisions. Malus and clawback mean the recovery of a bonus amount upon the discovery of malice or male fide error becoming apparent up to 12 months after date of payment.	The FSP scheme was introduced in 2017 where employees are allocated a proportion of forfeitable shares in line with their determined TGPs. If the performance criteria are not met then, to the degree that they are not met, the LTI is forfeited. There is a retention element so that employees would stand to forfeit their "unvested" shares should they leave the Company's employ. It includes a malus and clawback provision should malice or mala fide error be discovered affecting the awarding thereof, and up to 12 months after date of payment.	Mechanisms to encourage and facilitate share ownership are in place; being a matching share scheme with performance criteria and a limited loan finance scheme for the acquisition of shares in the Company.

To illustrate the potential maximum rewards for the executive directors in various scenarios, the following table sets out the Rand values awarded:

BELOW EXPECTED PERFORMANCE
FY20 (Rm)

AT ON-TARGET/EXPECTED PERFORMANCE
Pay mix FY20 (Rm)

ABOVE EXPECTED/STRETCH PERFORMANCE
FY20 (Rm)



STIs

An individual's achievement of set KPIs affects the STI component of variable pay in the form of an annual incentive bonus and is dependent upon personal performance and the Company's performance. Set KPIs are dependent on seniority and include comparison of the distributable income per share against the pre-set disclosed target and the peer group, strategic direction and business growth against pre-set targets; financial performance inclusive of business funding and other financial measures; staff management; portfolio performance inclusive of vacancies, tenant retention and effective arrears management; employee and service provider metrics and various pre-set environmental initiatives.

General staff can expect a bonus ranging from 0% to 15% of their TGP, depending on the Company's performance and the level at which KPIs are achieved, while senior key staff can expect a bonus ranging from 0% to 75% of their TGP. Executive management can expect a bonus ranging from 0% to 175% of their TGP. Linear vesting (or linear interpolation) is applied, where necessary, in measuring the achievements of performance criteria, however this is moderated using various minimum levels that are required to be performed. Staff members have to be in the Company's employ at the time of such STI payment.

While the committee has the discretion to utilise retention incentives for the purposes of retaining key staff, it did not do so and it does not expect to do so in the immediate future. The extent of the retention incentives will have to be approved by the committee on an individual basis and may never surpass 50% of the employee's TGP.

REVISED KPI SCORECARD REPORT FOR 2020/21

Following on from Emira's annual re-assessment of the application of its threshold KPIs, they were revised to ensure that we continue on the right behaviour to align with the Emira Purpose – great provision of great real estate.

The KPIs were redefined against threshold targets. It is noteworthy to mention that, as evidenced by the Avior "Skin in the game" February 2020 report, Emira stood out from its peer group with a 40% shareholder total return KPI versus the market average of only 4%.

Because shorter-term shareholder total return may be driven by shareholder behaviour, which management has limited short-term involvement, it is possible that a heavy weighting could result in a STI result that is not reflective of the actual performance of management in a particular year. Because of this and to better balance the weightings of KPIs to measures of the Emira Purpose, a redefined set of measurements against defined pre-set threshold targets are seen to be more appropriate KPIs. Rather, the total shareholder return (when compared with the peer group) is now included in LTIs with a heavy weighting in the LTI performance vesting so as to recognise the longer-term results that shareholders experience. These proposed STI changes must be seen in context with the LTI performance measure changes.

The new scorecard requires that more pre-set targets are disclosed to ensure that shareholders are more informed of the pre-set targets from the outset which will aid them to assess their reasonableness and appropriateness

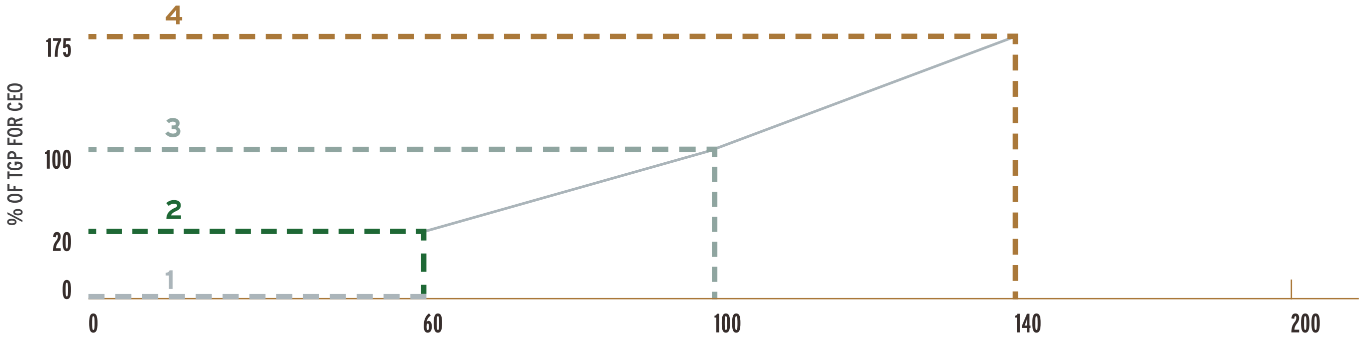
STI 2019/20: EXECUTIVE KPI/THRESHOLD SCORECARD WEIGHTING

KPI/THRESHOLD	TARGETS FOR FY20	CEO	COO	CFO
Financial measures: 80% for FY20				
Share total return relative to peer group	Average total return of peer group comparison*#	40,0	40,0	40,0
Distribution against target	Comparison to approved target growth in DPS#	15,0	15,0	15,0
Target acquisitions and disposals	Actual acquisitions in US >USD20m at yields >10,5% Part-disposal of GOZ Recycling of identified assets >R138m Furthering corporate action#	10,0	8,0	8,0
Capital structure and operational metrics	Management of gearing below 37,0% Hedging >80,0% of long-term debt Debt management WA to expiry >2 years Cost of debt capital <8,0% Operational targets of LFL growth after BD 2,8% Average vacancies = 3,0% Tenant retention of 79,0% Gross cost-to-income ratio 38,5% Effective arrears 10,0%#	15,0	17,0**	17,0##
Non-financial measures: 20% for FY20				
Strategic initiatives	Positioning of Emira as a diversified fund Recycling of capital Building pipeline on acquisitions and disposals Offshore initiatives Corporate action, assessed against pre-set targets	8,0	6,0	6,0
Transformation and Sustainability: B-BBEE and green strategy	Improve B-BBEE rating to Level 4 for 2020 Satisfy diversity plan Rollout and implementation of the sustainability plan	6,0	7,0	7,0
Risk and governance. Succession planning	Achieve clean audit and compliance reports People development	6,0	7,0	7,0
Total		**100,00**		

* Peer group: Growthpoint, Redefine, Vukile, SA Corporate and Investec Property Fund. # Limited to a minimum of 50% to score and a maximum of 150%. ** On the operational metrics. ## On the capital structure.

The graphic below illustrates the STI pay out for the CEO relative to the achievement of his KPIs, and the same formula is applied for the CFO and COO, but with the maximum of STI pay out being limited to 140% of TGP:

STI PAYOUTS IN TERMS OF KPIs ACHIEVED (%)



1 SHOULD CEO ACHIEVE 0% TO 59% OF KPIs CEO RECEIVES A 0% STI
2 SHOULD CEO ACHIEVE 60% OF KPIs CEO RECEIVES 20% TARGET STI
3 SHOULD CEO ACHIEVE 100% OF KPIs CEO RECEIVES 100% TARGET STI
4 SHOULD CEO ACHIEVE 140% OF KPIs CEO RECEIVES 175% TARGET STI

The graphic below sets out the new KPI threshold scorecard report for STIs for FY21:

STIs – FY21: NEW KPI THRESHOLD SCORECARD REPORT

RECATEGORISED/REDEFINED KPIs	PROPOSED TARGETS FOR FY21	PROPOSED NEW FY21 WEIGHTING (%) – CEO	COMPARATIVE FY20 WEIGHTING	PROPOSED NEW FY21 WEIGHTING (%) – COO	PROPOSED NEW FY21 WEIGHTING (%) – CFO
Tenant drivers	Operational metrics of tenant retention >70% and average vacancy of <6,7% Management of effective arrears <14,5% Measurement of tenant exit for non-landlord reasons >90% Limited to a minimum of 50% to score and a maximum of 150%	**10,0** Hybrid of previous operational metrics KPI	8,0	20,0 (17,0)	0,0 (0,0)
Employment environment and service provider drivers	**Achievement of pre-set targets including:** Employee satisfaction level >90% via Performance Appraisals Steps taken to drive B-BBEE rating to level 4 Interactions with service providers via survey >90%	**10,0** Previous non-financial KPI	6,0	15,0 (7,0)	15,0 (7,0)
Environment, sustainability and governance drivers	**Achievement of greening and sustainability initiatives set by ESG committee, including:** Three completed PV projects Eight completed water savings and/or water harvesting projects Risks managed within risk register with clean audit achieved	**10,0** Previous non-financial KPI	6,0	10,0 (7,0)	10,0 (7,0)
Capital provider drivers – debt	**Satisfaction of debt management objectives, including:** Debt management WA to expiry >2 years Cost of debt capital <7,5%* and banking covenant stretch targets of actual <90% of covenant Limited to a minimum of 50% to score and a maximum of 150%	**10,0** Previous non-financial KPI	7,0	0,0 (0,0)	20,0 (17,0)
Capital provider drivers – equity	Comparison of distributable income per share against approved target of 119,73cps Comparison of changes in distributable income per share against the peer group** Both limited to a minimum of 50% and a maximum of 150%	**15,0** **20,0** Previous financial KPIs with adjustments are incorporated	15,0 40,0#	15,0 (15,0) 20,0 (40,0#)	15,0 (15,0) 20,0 (40,0#)
Strategic initiatives drivers	Positioning of Emira as a diversified fund in accordance with strategic objectives set by Board Strategic positioning of Emira to ensure sufficient headroom to navigate cycle Recycling of capital (local disposals >R100m) Building a pipeline of acquisitions (USD4,5m equity and yield >10,5%) and preset initiatives progressed re platform base building in the US	**25,0** Previous non-financial KPI and the target acquisitions/ disposals KPI	18,0	20,0 (14,0)	20,0 (14,0)
Total		**100,00**	**100,0**	**100,0**	**100,0**

* Potentially can change if external conditions change. ** Peer group: Growthpoint, Redefine, Vukile, SA Corporate and Investec Property Fund. # Vs. peer total share return KPI.

LTIs

SHARE AWARD SCHEMES

FORFEITABLE SHARE PLAN ("FSP")

The scheme awards shares to employees, and the vesting is conditional upon the achievement of pre-set performance targets. The FSP aims to incentivise employees to deliver Emira's business strategy and objectives over the longer term through the selection of appropriate and stretch target performance conditions. The on-target LTI levels, performance measures and vesting periods are discussed in the table below.

Dividends on the shares awarded under the FSP are paid to staff members in accordance with the normal dividend cycle.

The following limits are in place:

- FSP Company limit: A maximum limit of 1,5% of total outstanding share capital exposure is applied as the overall Company limit. As at 30 June 2020, 0,541% have been issued.
- FSP individual limit: A maximum limit of 0,5% of total outstanding share capital exposure is applied per participant. As at 30 June 2020, the actual maximum per participant is 0,157%.

A malus and clawback provision exist so that awards of FSPs can be reversed or withdrawn should malice or mala fide error become apparent at any time during the vesting periods of the FSPs, and includes clawback for a period of 12 months after date of payment.

SHARE APPRECIATION RIGHTS ("SARS") (DISCONTINUED)

The cash settled SARS (option) scheme was discontinued after the introduction of the new FSP scheme in 2017.

SHARE OWNERSHIP FACILITATION MECHANISMS

The mechanisms available encourage staff to acquire shares and participate in the long-term sustainability of the Company through share ownership. These mechanisms are in addition to the FSP scheme discussed above.

These mechanisms cater for different risk profiles of staff members, all with the view of enabling employees to participate in the acquisition of Company shares:

MATCHING SHARE CO-INVESTMENT PLAN

Where employees purchase shares in the Company, the Company will match the shares that are held by each staff member as follows:

- A matching contribution of one share for every three shares held by the staff member.
- A minimum of three years applies to the matching.
- It includes a performance criterion that the employee must achieve greater than 75% of their KPIs over that period in order for the matching contribution to be made i.e. if less than 75% is achieved, then no matching takes place.
- There will be a maximum matching amount of no more than 50% of TGP (calculated as TGP/share price = number of matching shares) in any three-year cycle.
- Staff members may not make use of the Company provided loan finance for the acquisition of shares for purposes of this matching scheme.
- The Company may facilitate the acquisition of shares through the general order book of the JSE on behalf of staff in order to deliver these matching shares to qualifying staff members on achievement of the requirements.

LTI FSP SUMMARY

Participants	All staff with particular focus on executives and selected senior management.
Purpose and operation	The LTI aligns participants closely with stakeholders' interest through the awards of FSPs which were adopted in 2017, the vesting of which are subject to predetermined performance metrics and continued employment, which are intended to be used as an incentive to participants to deliver the Company's business strategy and goals over the long term through the selection of appropriate and stretch performance conditions.
On-target award levels	Annual awards of FSPs are made, set at a fixed multiple of TGP, being for the CEO 100%, CFO and COO 80% , and senior management staff 45%. The level of awards has been reduced to a fixed % of TGP, specifically so that staff are exposed to the performance of all the LTI metrics over the longer term of vesting, rather than so much on the awarding of the LTIs. Key is that vesting of the awards is based on the achievement of the performance measures.
Performance measures relating to the vesting of the performance shares over the 3/4/5-year vesting periods	**FSP**: (linear vesting) In terms of Emira's financial performance (75% total weighting): › Total return of dividends and share price movements over the vesting period relative to the peer group (37,5% weighting) (previously this was only growth rate in distributions relative to the peer group) › Performance of distributable income per share relative to the peer group over the period (37,5% weighting) (previously growth rate in distributions relative to budget) In terms of non-financial performance (25% total weighting): › Personal performance over the vesting period (12,5% weighting), based on the KPI set, however this carries a 25% weighting for executive directors of the Company for awards made after September 2018 retention – automatic vesting of 12,5% due to employee still being employed (this automatic vesting would not be applicable to executive directors of the Company for awards made after September 2018).
Performance period	Assessment of the performance conditions after three years, with 1/3 of the award being vested annually based on the achievement of the performance measures.
Maximum issue and minimum shareholding requirement	The overall level of shares that can form part of the LTI is limited to no more than a maximum of 5,0% of the total number of shares in issue at any point in time, being a maximum of 1,5% for FSP shares and a maximum of 3,5% for share ownership mechanisms. The maximum number of shares that may be allocated to any individual may never exceed a maximum of 0,5% for FSP shares and 1,20% for share ownership mechanisms. Because of the nature of the awards and vesting, the executives should have a minimum unvested shareholding in excess of 200% of their TGP at any one time, and they are strongly encouraged to retain their shareholding (after accounting for taxes as applicable) after vesting.

As at 30 June 2020, the number of FSPs outstanding are as indicated below:

LTI: FSPs OUTSTANDING

	TRANCHE 1	TRANCHE 2	NOTICE PERIOD TRANCHE	TRANCHE 3
Number of shares	648 000	733 600	66 699	1 391 848
Issue dates	15 December 2017	15 September 2018	15 September 2018	15 September 2019
Vesting dates	October 2020/21/22	October 2021/22/23	December 2021	October 2022/23/24
Performance condition	Performance measures	Performance measures	Employment	Performance measures
Performance vesting %	100	100	100	100

LTI: PARTICIPATION IN ESA TRUST

PARTICIPANTS	NO. OF SHARES[1]	CLOSING DATE VALUE[2]	SHAREHOLDING VALUE[3]	EMIRA VENDOR LOAN[4]	THIRD PARTY SENIOR DEBT[5]	AMORTISING LOAN[6]
GM Jennett	3 168 000	R20 560 320	R43 801 402	R21 900 701	R17 520 561	R2 100 488
GS Booyens	2 016 000	R13 083 840	R27 873 619	R13 936 810	R11 149 448	R1 454 016
U van Biljon	2 016 000	R13 083 840	R27 873 619	R13 936 810	R11 149 448	R1 493 140
Total	**7 200 000**	**R46 728 000**	**R99 548 640**	**R49 774 320**	**R39 816 456**	**R5 047 644**

1 Issued at the 30-day VWAP for the period up to 28 June 2019.
2 Value as at 30 June 2020.
3 Value as at 28 June 2019.
4 50% funded by a five-year vendor loan from Emira, with an interest charged at a rate equal to 50% of the dividends paid on those shares.
5 Third party senior debt, five-year period, interest only at three-month JIBAR + 300bps.
6 As at 30 June 2020, amortising loan guaranteed by the executive for a five-year period, at an interest rate at the greater of the FBT rate or the all-in cost of debt funding to Emira. Amortisation is required during the period at an amount equal to 50% of the after-tax portion of the STI paid to the executive in each year.

PROVISION OF LOAN FINANCE TO ENCOURAGE STAFF MEMBERS TO ACQUIRE SHARES

For those employees with a greater risk profile, the Company has implemented a loan-funding scheme to further encourage staff members to acquire shares in the Company, whereby it will loan amounts to staff members as follows:

- For the purchase of shares in the Company, by the staff member, through the general order book of the JSE.
- The maximum loan amount will not exceed 50% to 250% of TGP, the loan % to TGP being dependent on their position in the Company.
- The interest rate is set at the all-in cost of borrowing of the Company from year to year, or the Fringe Benefit Tax interest rate, whichever is higher.
- The interest repayments will be required to be serviced by the staff member should dividends not be sufficient.
- The shares will be pledged to the Company as security for the repayment of the staff loan.
- The loan will be repayable or refinanced by the staff member within five years or on leaving the Company's employ, whichever is the earlier. Acknowledgements of debt are signed by all staff members who decide to partake of the loan finance.
- It is noted that these shares so acquired cannot form part of the matching share co-investment plan.

LONG-TERM SHARE ACQUISITION TRUST ("THE ESA TRUST")

This mechanism was approved to encourage and facilitate executives to acquire a more geared position in the shares in the Company. This share trust mechanism works on a similar basis to the BEE scheme that was put in place in June 2017 and was to enable the purchase of shares in the Company on the same basis as the BEE scheme.

No further tranches of the ESA Trust are envisaged.

PART 3

IMPLEMENTATION OF POLICY IN THE 2020 FINANCIAL YEAR

EXECUTIVE REMUNERATION

The table on page 109 of this report summarises the executive directors' remuneration paid in 2019/20 and further detail can be found in note 3 commencing on page 132 in the annual financial statements.

The important implementation steps taken during the year included:

- Following the AGM, the Company continues to engage with stakeholders to enhance the disclosures made in remuneration policy and implementation report. Stakeholders were contacted telephonically and electronically and they were encouraged to make recommendations and offer feedback on the remuneration and implementation report.
- New and adjusted KPI targets and the disclosure thereof.
- The issue of shares to the ESA Trust was concluded in the previous financial year, making meaningful strides to further align the long-term interests of the executive directors to that of shareholders.

Other than the executive directors, disclosure of the remuneration for the top three earning employees is not seen to be in the best interest of the Company due to the small size of the staff complement and the highly competitive property market, nor does the Board deem it appropriate for reasons of privacy.

DIRECTORS' TRADING IN COMPANY SECURITIES

All directors are required, as a standard Group policy, to obtain clearance prior to trading in the Company's securities. Such clearance must be obtained from the Chairman and CEO, or a designated director if it is the Chairman requesting approval.

Directors may not trade in Company securities during closed periods and are prohibited from dealing at any time when they are in possession of unpublished price sensitive information in relation to the Company, or when clearance to trade is not given.

EXECUTIVE DIRECTORS' REMUNERATION

TGP, STIs AND LTIs – FY20

R'000	FY20 SALARY	FY20 STI AWARDS (NOTE 1)	LTI – FSP DIVIDENDS RECEIVED	2020 TOTAL
EXECUTIVE DIRECTORS				
GM Jennett	3 862	2 933	895	7 690
GS Booyens	2 619	1 680	557	4 856
U van Biljon	2 653	1 566	620	4 839

Note 1: The FY20 STI amounts were only awarded in September 2020, but because they relate to the FY20 financial year, they have been included for comparison purposes for the current year performance and the STIs awarded.

STI 2019/20: EXECUTIVE KPI/THRESHOLD SCORECARD WEIGHTING

KPI/THRESHOLD	FY20 WEIGHTING (%)	TARGETS FOR FY20	ACHIEVEMENTS		CEO	COO	CFO
Financial measures: 80% for FY20							
Share total return relative to peer group	40,0	Average total return of peer group comparison* #	Achieved a negative 41,91% vs peer group negative 46,78% = 110,4%	ACHIEVED	44,16 / 40,00	44,16 / 40,00	44,16 / 40,00
Distribution against target	15,0	Comparison to approved target growth in DPS #	Achieved DPS of ±105c vs pre-set target of 153,88c = <50%	NOT ACHIEVED	0,00 / 15,00	0,00 / 15,00	0,00 / 15,00
Target acquisitions and disposals	10,0	Actual acquisitions in US >USD20m at yields >10,5% Part-disposal of GOZ Recycling of identified assets >R138m Furthering corporate action #	US acquisition of USD13,3m GOZ fully disposed Recycled R64m proceeds Corporate action decided against = 78,22%	PARTIALLY ACHIEVED	7,82 / 10,00	6,26 / 8,00	6,26 / 8,00
Capital structure and operational metrics	15,0	Management of gearing below 37,0% Hedging >80,0% of long-term debt Debt management WA to expiry >2 years Cost of debt capital <8,0% Operational targets of LFL growth after BD 2,8% Average vacancies = 3,0% Tenant retention of 79,0% Gross cost-to-income ratio 38,5% Effective arrears 10,0% #	Gearing level of 43,00% Long-term hedging of 83,00% WA debt expiry of 2,10 years Cost of debt capital of 7,45% LFL growth after BD of 1,60% Average vacancies = 3,70% Tenant retention of 80,30% Gross cost-to-income ratio of 42,40% Effective arrears of 11,6% = 89,58%	PARTIALLY ACHIEVED	13,44 / 15,00	13,92 / 17,00**	16,87 / 17,0##
Non-financial measures: 20% for FY20							
Strategic initiatives	8,0	Positioning of Emira as a diversified fund Recycling of capital Building pipeline on acquisitions and disposals Offshore initiatives Corporate action, assessed against pre-set targets	Positioning as per strategy Purpose redefined Navigating COVID-19 response = 100%	ACHIEVED	8,00 / 8,00	6,00 / 6,00	6,00 / 6,00
Transformation and Sustainability: B-BBEE and green strategy	6,0	Improve B-BBEE rating to Level 4 for 2020 Satisfy diversity plan Roll-out and implementation of the sustainability plan	On track for level 4 B-BBEE rating Diversity targets reached Sustainability plan on track = 95%	PARTIALLY ACHIEVED	5,70 / 6,00	6,65 / 7,00	6,65 / 7,00
Risk and governance. Succession planning	6,0	Achieve clean audit and compliance reports People development	Clean audit and compliance, successfully implemented Property management change Training and staff rating high = 100%	ACHIEVED	6,00 / 6,00	7,00 / 7,00	7,00 / 7,00
Total	**100,0**				**85,12**	**83,98**	**86,94**
			Adjustment to pay-out table (60 = 20%, 100 = 100%)		**70,24**	**67,97**	**73,87**
			% of TGP		**100%**	**80%**	**80%**
			STI % of TGP		**70,24%**	**54,38%**	**59,10%**

* Peer group: Growthpoint, Redefine, Vukile, SA Corporate and Investec Property Fund. # Limited to a minimum of 50% to score and a maximum of 150%. ** On the operational metrics. ## On the capital structure.

As at 30 June 2020, the LTIs outstanding for the executive directors are as follows:

EXECUTIVE DIRECTORS' REMUNERATION

LTIs – FY20

R'000	OPENING NUMBER	GRANTED IN THE YEAR	GRANT PRICE (ZAR)	(EXPIRED/ FORFEITED) IN THE YEAR	(SETTLED) IN THE YEAR	CLOSING NUMBER	CASH/VALUE RECEIVED (ZAR)[1]	CLOSING FAIR VALUE (ZAR)[2]
GM JENNETT – CEO								
SARs Tranche 3	109 866		15,17	(109 866)		0	0	0
SARs Tranche 4	1 053 334		17,77	(526 667)		526 667	0	0
SARs Tranche 5	1 200 000		14,21	(400 000)		800 000	0	0
FSP Tranche 1	147 900		13,20			147 900		959 871
Matching Share Scheme (Nov 2017)	24 000		15,51			24 000		155 760
FSP Tranche 2	193 500		15,50			193 500		1 255 815
Notice period 3-year FSP (Nov 2018)	22 446		15,50			22 446		145 675
FSP Tranche 3		459 250	12,55			459 250		2 980 533
Total						**2 173 763**		**5 497 653**
GS BOOYENS – CFO								
SARs Tranche 3	32 960		15,17	(32 960)		0	0	0
SARs Tranche 4	483 334		17,77	(241 667)		241 667	0	0
SARs Tranche 5	1 000 000		14,21	(333 333)		666 667	0	0
FSP Tranche 1	114 100		13,20			114 100		740 509
FSP Tranche 2	116 800		15,50			116 800		758 032
Notice Period 3-year FSPs (Nov 2018)	14 624		15,50			14 624		94 910
FSP Tranche 3		246 399	12,55			246 399		1 599 130
Total						**1 400 257**		**3 192 581**
U VAN BILJON – COO								
SARs Tranche 3	87 892		15,17	(87 892)		0	0	0
SARs Tranche 4	833 334		17,77	(416 667)		416 667	0	0
SARs Tranche 5	1 000 000		14,21	(333 333)		666 667	0	0
FSP Tranche 1	124 800		13,20			124 800		809 952
FSP Tranche 2	137 600		15,50			137 600		893 024
Notice Period 3-year FSPs (Nov 2018)	29 629		15,50			29 629		192 292
FSP Tranche 3		235 326	12,55			235 326		1 527 266
Total						**1 610 689**		**3 422 534**

1 Number of awards settled in the year x settlement price/value.

2 Closing number of awards x "in the money" value of a SARs/FSP award at year-end (based on the year-end share price (R6,49) versus the grant price).

As at 30 June 2020, the total share exposure of the executive directors was:

	TOTAL UNVESTED SARS	TOTAL UNVESTED FSPS	OWNED VIA THE ESA TRUST	BENEFICIALLY OWNED	TOTAL SHARE EXPOSURE	% OF TOTAL SHARES IN ISSUE *
EXECUTIVE DIRECTORS						
GM Jennett	1 326 667	823 096	3 168 000	72 000	5,389,763	1,03
GS Booyens	908 334	491 923	2 016 000	0	3 416 257	0,65
U van Biljon	1 083 334	527 355	2 016 000	0	3 626 689	0,69
	3 318 335	**1 842 374**	**7 200 000**	**72 000**	**12 432 709**	**2,37**

* Calculated from 522,6 million shares in issue.

NON-EXECUTIVE DIRECTORS' REMUNERATION PROPOSAL

R	NO.	FY20	FY21	CHANGE (%)
Main Board – Chair	1	367 100	465 000	27
Main Board – member	8	221 600	260 000	17
Audit and Risk Committee – chair	1	139 800	155 000	11
Audit and Risk Committee – member	2	95 100	107 000	13
Remuneration Committee – chair	1	73 200	88 000	20
Remuneration Committee – member	2	64 900	74 000	14
Investment Committee – chair	1	73 200	110 000	50
Investment Committee – member	4	64 900	87 000	34
Finance Committee – chair	1	73 200	88 000	20
Finance Committee – member	3	64 900	74 000	14
Social/Ethics ESG Committee – chair	1	45 900	49 000	7
Social/Ethics ESG Committee – member	1	40 300	42 000	4
Ad hoc meetings fee/hour		2 950	3 050	3
Total		3 294 900	3 787 000	15

NON-EXECUTIVE DIRECTORS' FEES

The non-executive directors' annual fee comprises a base annual fee paid quarterly in arrears, with an expectation of a certain number of meetings per annum, which, if exceeded, can incur additional fees at the ad hoc per hour rate. Committee fees are constructed on the same basis with the expectation of a certain number of meetings per annum and additional meetings, if any, charged at the ad hoc per hour rate.

Any such ad hoc fees, which are limited to an annual maximum of 33% of non-executive annual fees, must be approved by the committee and Board prior to payment thereof. All travel and accommodation expenses incurred by directors to attend Board and committee meetings and site visits, are borne by the Company in full.

A benchmarking exercise was performed during the current year for the non-executive directors' fees, and it revealed the significant under-payment of non-executive director fees relative to the chosen peer group of Vukile, SAC, Arrowhead, Fortress and Investec Property Fund.

The benchmark evidence showed that the current fees are an average of 37,9% lower than that of peer group. Because of the challenging environment brought about by the COVID-19 pandemic and lockdown, and recognising how important it is to fairly reward a high performing Board in these times, more so than ever, the Remuneration Committee has recommended to the Board that it absorb almost half of this adjustment to the market-related peer-benchmarked non-executive director fees in the forthcoming period.

Audit Committee's report

The Audit Committee is an independent statutory committee and has the cooperation of all directors, management and staff in order to perform its duties.

CHARTER AND ROLE OF THE COMMITTEE

The committee is governed by a charter and terms of reference that have been approved by the Board, which was updated during the year under review. The committee's prime objective is to assist the Emira Board in evaluating the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied within the day-to-day management of its business. This includes:

- Facilitating and promoting communication regarding the matters referred to above or any other related matter between the board of directors and the executive officers of both the external auditor and the internal auditor.
- Introducing such measures that in the committee's opinion, may serve to enhance the credibility and objectivity of the financial statements and reports prepared with reference to the affairs of Emira.

COMPOSITION

During the financial year ended 30 June 2020, the Audit Committee comprised the following members:

- Bryan Kent (chairman)
- Vusi Mahlangu
- Vuyisa Nkonyeni

Post year end the following changes were made to the committee:

- Berlina Moroole was appointed as a member of the committee effective 1 July 2020
- Bryan Kent retires from the board and steps down from the committee, and chairman, effective 31 October 2020
- Vuyisa Nkonyeni was appointed as chairman of the audit committee effective 31 October 2020

The detailed biographies of these directors are presented on page 9 of this integrated report. The committee members are all independent non-executive directors.

MEETINGS

The committee met four times during the year with the executive management as well as the executives responsible for finance, the compliance officer, and external and internal auditors. The Company Secretary attends all meetings as secretary to this committee. Refer to page 82 for attendance at these committee meetings.

RESPONSIBILITIES

The responsibilities of the committee are to:

- Nominate for appointment as auditor a registered auditor, who is independent of Emira.
- Determine the fees to be paid to the auditor and the auditor's terms of engagement.
- Ensure that the appointment of the auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors.
- Determine the nature and extent of any non-audit services that the auditor may provide or that the auditor must not provide to Emira.
- Pre-approve any proposed contract with the auditor for the provision of non-audit services to Emira.
- Review and approve the interim and final financial results and their press releases and the reviewed statements of financial position and statements of comprehensive income of Emira with the relevant press releases for recommendation to the Board.
- Evaluate the quality of the financial information produced to ensure the integrity of reporting and to ensure that measures necessary, in the committee's opinion, are introduced to enhance the integrity of such reporting.
- Review Emira's solvency and liquidity position.
- Review the insurance cover effected by Emira annually to ascertain its sufficiency, scope and costs.
- Receive and evaluate reports from management on significant breakdowns and/or potential areas in the risk management and assessment process, including the disaster recovery plan.
- Consider the audit plans for the external and internal auditors to ensure completeness of coverage, reduction of duplicate effort and the effective use of audit resources.
- Consider any significant findings and recommendations of the external and internal auditors as well as the adequacy of corrective actions taken in response to these findings.
- Promote communication by and provide an open avenue of communication between the external and internal auditors, and the committee.
- Evaluate the independence and effectiveness of the internal auditors.
- Encourage and, where appropriate, approve the development of codes of ethical conduct and receive reports from internal audit of significant contraventions thereof.
- Review the effectiveness of the systems of internal control.
- Evaluate and ensure Emira's compliance with statutes and regulations governing Emira's business.
- Ensure that any matters, which have come to its notice, which may significantly affect the financial position or affairs, are reported to the Board.
- Ensure Emira's adherence to accounting standards and policies.
- Evaluate the adequacy and effectiveness of Emira's accounting practices, information systems and audit processes.
- Evaluate the experience and expertise of the Chief Financial Officer and Emira's financial function.
- Perform other functions determined by the Board including the development and implementation of a policy and plan for a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within Emira.
- Monitor any corrective actions to be taken in terms of its charter.
- Receive and deal appropriately with any complaints (whether from within or outside the organisation) relating either to Emira's accounting practices and internal audit or to the content or auditing of its financial statements, Emira's internal financial controls, or to any related matter.

The following significant matters were considered by the committee in relation to the annual financial statements for the year ended 30 June 2020:

- The property valuations as at 30 June 2020
- The accounting treatment resulting from the guarantees provided through to the parties to the June 2017 BEE scheme and the ESA trust
- The accounting treatment of the rent deferrals granted to tenants in response to the impact of the COVID-19 lockdown
- Reassessment of estimated credit losses methodology given increased risk resulting from COVID-19
- The implementation of the new IFRS 16 Leases standard

The committee was satisfied that the accounting treatment of the matters listed above was adequate.

The committee has fulfilled its function and responsibilities, as mentioned above, and has executed its duties during the year under review, complying with its legal, regulatory and other responsibilities in accordance with its terms of reference. The Board did not assign any additional responsibilities to the committee.

The expertise and experience of the Chief Financial Officer and Financial Director, Greg Booyens, was reviewed during the committee's annual assessment and the committee has satisfied itself thereof. In addition, it has considered and further satisfied itself of the expertise of the finance function and adequacy of resources and experience.

INDEPENDENCE OF EXTERNAL AUDITORS

The committee is required to review the independence of the external auditors, Ernst & Young Inc. in accordance with the following criteria:

- Representations made by Ernst & Young Inc. to the committee.
- The criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.
- The auditor does not, except as external auditor, receive any remuneration or other benefit from Emira.
- The auditor's independence was not prejudiced as a result of any previous appointment as auditor.
- The committee is satisfied that the external auditor is independent.

The external auditor performed the following non-audit services: reports in respect of the issue of commercial paper; agreed upon procedures to verify the operating profit for leasehold properties and assistance with VAT related queries from SARS. Should further services be required in the future, they will be approved on the basis that no conflict of interests arise.

INTERNAL CONTROL

The system of internal financial and operational control is the responsibility of the Board. The executive directors ensure that assets are protected, systems operate effectively and all valid transactions are recorded properly.

Internal auditors, reporting directly to the Audit Committee, have conducted extensive reviews, testing the effectiveness of the internal control systems. These systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements, to safeguard, verify and maintain accountability of Emira's assets and to identify and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The internal audit function coordinates with other internal and external providers of assurance to ensure proper coverage of financial, operational and compliance controls.

Based on these reviews, information and explanations given by management and discussions with the external auditors on the results of their audit, the committee is satisfied that Emira's system of internal controls operated effectively in the year under review. Nothing has come to the committee's attention that causes it to believe that the system of internal financial controls is not effective.

INTERNAL AUDIT

The Board is of the opinion that a separate Internal Audit Charter is not required at this time as the Audit Committee's terms of reference clearly defines the role and associated responsibilities and authority of internal audit. In addition, the committee reviews and amends the internal audit mandate, where necessary, to ensure that it complies with all the necessary regulatory and legislative requirements. This mandate has been presented to and approved by the Board.

It is the committee's responsibility to ensure that the internal audit function is independent and has the necessary resources, standing and authority to discharge its duties. The appointed internal auditors are responsible for regularly reporting the findings of internal audit to the committee.

The internal auditors are tasked to perform their function in accordance with a rolling three-year plan. This year, due to the interruption caused by the COVID-19 lockdown, only the annual reviews of the property management operational function and the property management finance function were completed. Both of these reviews focus on the functions performed by Emira's four outsourced property managers. Good feedback was received on controls from three of the four parties, while improvements were required by the fourth party.

BDO (formerly Grant Thornton) is the internal auditor who has been mandated to perform the internal audit functions. The committee conducts an assessment of the performance of the internal audit function on an annual basis.

OVERSIGHT OF RISK MANAGEMENT

The committee plays a vital role in the process of risk management and the Chief Risk Officer reports directly to the committee. All risk identification, measurement and management is addressed through these channels. A risk management plan, risk register and risk policy were reviewed and approved by the committee during the year. A full discussion on risk management is presented on pages 99 to 101 of this integrated report.

In addition, and following the committee's review of the Independent Regulatory Board for Auditors' latest findings report and the latest inspection reports and summary of internal review findings in terms of paragraph 22.15 (h) of the JSE Listings Requirements provided by the auditors, the committee satisfied itself that both Ernst and Young and Ernest van Rooyen are accredited in terms of the JSE Listings Requirements and are independent from the Company.

INTEGRATED REPORT

Following the review by the committee of the annual financial statements of Emira Property Fund for the year ended 30 June 2020, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act and IFRS and fairly presents Emira's financial position at that date and the results of operations and cash flows for the year then ended.

The committee has also satisfied itself of the integrity of the remainder of the integrated report. Having achieved its objectives, the committee has recommended the integrated report for the year ended 30 June 2020 for approval to the Board.

The Board has subsequently approved the integrated report, which will be open for discussion at the forthcoming annual general meeting.

GOING CONCERN

The committee has reviewed a documented assessment, including key assumptions prepared by Management, of the going concern status of Emira. The Board's statement on the going concern status of Emira, which is supported by the committee, appears on page 115 of the integrated annual report.

On behalf of the Audit Committee

Bryan Kent
Chairman

Bryanston
26 October 2020

Directors' report

NATURE OF THE BUSINESS

The Company is a Real Estate Investment Trust ("REIT") and listed on the JSE in November 2003. In line with its strategic objectives, Emira's property portfolio spans multiple sectors, namely office, retail, industrial and residential. The Company is focused on growing the quality and value of its portfolio of property investments, in order to sustain and enhance its distribution growth to shareholders. This is achieved via selective acquisitions and disposals, as well as refurbishments, upgrades and the redevelopment of specific properties. To this end, all investment decisions are reinforced by Emira's stringent investment criteria to enhance yields and improve the performance of the portfolio.

Emira has a direct property value of R10,2 billion (2019: R10,9 billion) together with indirect property investments of R2,8 billion (2019: 3,0 billion). Emira's geographical exposure is predominantly South Africa, with increasing offshore investments into the US.

SHARE CAPITAL

Emira's share capital is detailed in note 16 to the annual financial statements. There were no new shares issued during the year.

SHAREHOLDER ANALYSIS

Shareholders with an interest of 5% or more in the issued ordinary share capital of the Company are listed on page 189.

DISTRIBUTABLE EARNINGS

The Group reported distributable earnings of R670,9 million or 128,36 cents per share (2019: R790,9 million or 151,34 cents per share).

DIVIDENDS

Emira declared a final dividend of 30,26 (2019: 78,48) cents per share for the six months ended June 2020, together with the interim dividend of 74,1 (2019: 72,86) cents per share declared for the six months ended December 2019. The total dividend for year ended 30 June 2020 amounts to 104,36 (2019: 151,34) cents per share.

In line with IAS 10 Events after the Reporting Period, the declaration of the final dividend will occur after the end of the reporting period, resulting in a non-adjusting event that is not recognised in the annual financial statements. The dividends meet the requirements of a REIT's "qualifying distribution" for purposes of section 25BB of the Income Tax Act, No 58 of 1962, as amended.

IMPACT OF COVID-19

The impact of COVID-19 on global economies has been profound, particularly in South Africa where it has exacerbated existing economic pressure. Emira recognises the substantial influence that the lockdown has had on its tenants. While some restrictions were lifted in early May, the lockdown continued to constrain large parts of the economy. Emira welcomed the transition to Alert Level 2 from 16 August, which marked the resumption of the vast majority of economic activity. Even so, the effects of the lockdown will be felt by business and consumers for years to come.

Implementing COVID-19 safety measures was a critical focus for the Emira team to ensure the welfare not only for tenants and customers but for its staff and service providers.

As highlighted on SENS on 25 June 2020, Emira took a long-term view when assessing the type and level of rent relief provided to tenants. Tenant sustainability has been at the forefront of the Company's considerations throughout, to ensure that as many tenants as possible survive. A considerable amount of time was dedicated to engaging with tenants, both directly and through collective industry initiatives, to understand the impact of the COVID-19 related lockdown on their businesses.

DIRECTORATE

	DATE OF APPOINTMENT
Independent non-executive directors	
Gerhard van Zyl (Chairman)	10 September 2013
Bryan Kent *	16 April 2007
Vusi Mahlangu	24 June 2010
Vuyisa Nkonyeni	24 August 2011
Wayne McCurrie	10 December 2008
Nocawe Makiwane ^	24 August 2006
Michael Aitken	16 April 2007
Jasandra Nyker	22 May 2019
Derek Thomas	15 August 2017
Berlina Moroole	1 July 2020
James Templeton	1 July 2020
Executive directors	
Geoff Jennett	1 September 2015
Greg Booyens	1 January 2016
Ulana van Biljon	10 February 2012

* Bryan Kent stepped down with effect from 31 October 2020 as an independent non-executive director of the Board of Directors of Emira, and as the chairman of the Audit Committee.

^ Nocawe Makiwane resigned with effect from 31 March 2020, as an independent non-executive director from the Board of Directors of Emira, and as chairman of the Environmental, Social and Governance Committee.

DIRECTORS' BENEFICIAL HOLDINGS

The directors' holdings in shares of the Company as at 30 June 2020, were:

	2020				2019			
Number of shares	Beneficial direct	Beneficial indirect	Held by associates	Total	Beneficial direct	Beneficial indirect	Held by associates	Total
Executive directors								
Geoff Jennett	–	3 240 000	–	3 240 000	–	3 240 000	–	3 240 000
Greg Booyens	–	2 016 000	–	2 016 000	–	2 016 000	–	2 016 000
Ulana van Biljon	–	2 016 000	–	2 016 000	–	2 016 000	–	2 016 000
Non-executive directors								
Vusi Mahlangu	–	4 127 765	–	4 127 765	–	4 127 765	–	4 127 765
Michael Aitken	–	–	283 222	283 222	20 000	–	288 000	308 000
Derek Thomas	–	5 618 673	–	5 618 673	–	5 618 673	–	5 618 673
Nocawe Makiwane	–	–	–	–	–	536 741	–	536 741
Total	–	17 018 438	283 222	17 301 660	20 000	17 555 179	288 000	17 863 179

Between 30 June 2020 and the date of approval of the annual financial statements the following changes in the shareholdings of directors took place:

- On 15 October 2020 47 285 shares relating to Tranche 1 of the Emira Forfeitable Share Plan vested in the name of Geoff Jennett
- On 15 October 2020 36 779 shares relating to Tranche 1 of the Emira Forfeitable Share Plan vested in the name of Greg Booyens
- On 15 October 2020 39 900 shares relating to Tranche 1 of the Emira Forfeitable Share Plan vested in the name of Ulana van Biljon

Emira has endeavoured to share the burden by aiding most of its tenants, with a particular focus on those tenants hardest hit by the lockdown, specifically those unable to trade and small, medium and micro enterprises ("SMMEs"). Concessions in the form of gross rental deferrals and/or rental remissions were provided to tenants, depending on their specific circumstances, for the months of April, May and June 2020 and, for certain high-risk tenants, beyond.

Relief was provided to a total of 1 153 tenants for April, May and June 2020, consisting of rental remissions of R69,9 million and rental deferments of R48,7 million. Rental concessions were granted to 1 045 SMME tenants across Emira's direct portfolio totals approximately R76,3 million, which demonstrates the extent to which the Fund is sharing the burden with its tenants who are hardest hit by this pandemic.

While the economy is opening up, Emira recognises that the businesses of certain of its tenants will continue to be constrained. Where necessary, for deemed high risk tenants, and provided Emira is satisfied with the longevity of the underlying business, further relief has been provided post 30 June 2020.

INTERESTS OF DIRECTORS AND OFFICERS

During the financial year, no contracts were entered into in which directors or officers of the Company had an interest and which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group except to the extent that they are shareholders as disclosed in this report.

SUBSEQUENT EVENTS

Refer to note 29 to the annual financial statements for disclosure regarding subsequent events.

COMPANY SECRETARY AND REGISTERED OFFICE

Acorim (Pty) Ltd is the appointed Company secretary of Emira. Acorim (Pty) Ltd is an independent company secretarial and corporate governance advisory service provider and is represented by Nikita Hunter.

The Company's registered office is 1st Floor, Block A, Knightsbridge Office Park, 33 Sloane Street, Bryanston 2191.

GOING CONCERN

The directors have reviewed the Group and Company's cash flow forecasts up to the period ending September 2021 and, in light of this review and the current financial position, the directors believe that the Group and Company have adequate financial resources to continue in operation for the ensuing twelve month period. Accordingly, the consolidated and separate annual financial statements have been prepared on a going-concern basis.

Statement of directors' responsibilities

The directors of the Company are responsible for the preparation, integrity, and fair presentation of the financial statements of the Company and the Group. The financial statements presented on pages 120 to 186 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and include amounts based on judgements and estimates made by management.

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

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

The Fund operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business, are being controlled. The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Fund will not be a going concern in the foreseeable future, based on forecasts and available cash resources.

These financial statements support the viability of the Fund. The Fund's external auditor, Ernst & Young Incorporated, audited the financial statements, and their report is presented on page 117.

Gerhard van Zyl
Chairman

Geoff Jennett

Geoff Jennett
Chief Executive Officer

Certificate by Company Secretary

In terms of section 88(2)(e) of the Companies Act of South Africa, 71 of 2008, as amended (the Companies Act), I declare that, to the best of my knowledge, for the year ended 30 June 2020, Emira Property Fund Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

Acorim Proprietary Limited
Company Secretary

Hyde Park, South Africa
26 October 2020

Approval of annual statements

The annual financial statements of the Company and Group, incorporating statutorily required information in respect of the Company, for the year ended 30 June 2020 set out on pages 120 to 186 were approved by the Board of Directors of Emira on 26 October 2020 and are signed on its behalf by:

Gerhard van Zyl
Chairman

Geoff Jennett

Geoff Jennett
Chief Executive Officer

Independent auditor's report

To the Shareholders of Emira Property Fund Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Emira Property Fund Limited and its subsidiaries ('the group') set out on pages 120 to 186 which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 30 June 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
VALUATION OF INVESTMENT PROPERTY (NOTE 6 – INVESTMENT PROPERTIES)	
The investment properties of Emira Property Fund Limited ('Emira') comprises of a portfolio of income generating assets ranging across the office, retail, industrial and residential property sectors. As noted in Note 6 to the consolidated financial statements, the total investment property balance as at 30 June 2020 amounts to R10,2 billion (2019: R10,8 billion) representing 74% (2019: 73%) of total assets. Emira uses the discounted cash flows (DCF) method for the valuation of their property portfolio with the exception of the residential property for which the capitalization rate valuation technique was adopted in the current year. We have identified the valuation of investment property to be a key audit matter as the inputs into these valuations are inherently judgemental and in the current year significant consideration was applied by the audit team to assess the extent and appropriateness of the impact of the Covid-19 pandemic and resultant lockdown, on the judgement applied by management regarding the inputs into their valuations. This necessitated discussion with management and the support from EY valuation specialists. The specific areas of judgement requiring auditor attention and support from our EY valuation specialists included the following market related assumptions: › the discount rates, terminal value and capitalisation rate which are derived from widely available market related data and which require management to exercise judgement in the selection of these factors based on the category, gross lettable area (GLA), location and grade of a property; and › vacancy rates, projected rental income and operating expenses which are judgemental and determined by management based on unique property specific information including historic cash flows as well as market related assumptions. The disclosure associated with the valuation of investment properties is set out in the consolidated financial statements in Note 6 – Investment Property.	Our audit procedures included, among others, the following: › We confirmed our understanding of managements internal property valuation processes through discussion with management including enquiring as to any changes in the processes or additionally implemented controls in light of the Covid-19 pandemic; › We evaluated the competence, independence and experience of management's external independent valuers and the EY valuation specialists with reference to their qualifications and industry experience; › We agreed the fair value of investment properties in the portfolio that were valued by managements external valuer to the valuation. We inspected that such valuation was performed subsequent to the Covid-19 pandemic and resultant lockdown and inspected that it therefore took such into account; › With the support of our EY valuation specialists we assessed the reasonability of the methodology, assumptions applied to the inputs used in determining the fair value of investment property by management and their external valuers. This included: » Assessing the appropriateness of the valuation methodologies applied to the different asset types with reference to generally accepted property valuation techniques in the real estate market; » Assessing the category, GLA, location and grade of a property, all of which inform management in the selection of the appropriate capitalisation rates and/or discount rates to apply from the latest Rode and South African Property Owners Association (SAPOA) reports, against the outcome of current and prior external valuations; » Agreeing the capitalisation rates and discount rates applied by management in the valuation to the latest Rode and SAPOA reports; » Assessing the reasonableness of managements assumptions concerning projected rental income and operating expenses against historical income and operating expense data; » Agreeing the vacancy rate assumptions applied by management in the property valuations to lease agreements, tenancy schedules and property industry reports. › With reference to the above procedures we considered the extent and appropriateness of the impact of the Covid-19 pandemic and resultant lockdown on the market related assumptions through discussion with both management and our EY valuation specialists; › We assessed the reasonability of the fair value of the investment properties at year end as determined by management against the outcome of our independent calculations in which the outcomes of our above procedures were incorporated; › We assessed the appropriateness of the disclosures included in the consolidated financial statements relating to investment property and the fair value thereof against the requirements of IAS 40 – *Investment Property* and IFRS 13 – *Fair Value Measurement*.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the 204-page document titled "Emira Property Fund Limited Integrated Annual Report 2020", which includes the Directors' Report, the Audit Committee's Report and the Certificate by Company Secretary as required by the Companies Act of South Africa, About this report, About Emira, Leadership, Chairman and CEO's statement, Our strategy, Business Model, CFO report, CEO report, Environmental social and governance report, Supplementary information, Notice of annual general meeting, Form of proxy and Administration. The other information does not include the consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc has been the auditor of Emira Property Fund Limited for three years.

Ernst & Young Inc.

Ernst & Young Inc.
Ernest van Rooyen
Director
Registered Auditor
Chartered Accountant (SA)

EY, 102 Rivonia Road, Sandton, 2146

26 October 2020

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

		GROUP	
R'000	Notes	2020	2019
REVENUE		**1 501 114**	1 686 962
Operating lease rental income from investment properties		**1 093 258**	1 258 751
Recoveries of operating costs from tenants		**408 702**	440 051
Allowance for future rental escalations	7	**(846)**	(11 840)
Property expenses		**(651 906)**	(640 756)
Income from listed property investment		**8 686**	47 818
Administration expenses		**(116 930)**	(128 483)
Transaction and advisory fees	3	**–**	(855)
Depreciation		**–**	(10 555)
OPERATING PROFIT		**740 964**	954 131
Net fair value adjustments		**(1 461 530)**	47 548
Change in fair value of investment properties	6	**(816 505)**	(46 685)
Revaluation of derivative financial instruments relating to share appreciation rights scheme		**8**	(2 989)
Unrealised deficit on interest rate swaps		**(619 930)**	(43 910)
Unrealised (loss)/gain on fair valuation of financial asset through profit and loss	11, 12	**(25 103)**	141 132
Expected credit loss – loans receivable		**(44 572)**	(3 646)
Impairment of Worley Parsons receivable		**–**	(41 042)
Foreign exchange gain/(loss)		**154 073**	(20 823)
Other income		**3 559**	7 949
Income from equity accounted investments	10	**239 126**	344 233
(LOSS)/PROFIT BEFORE FINANCE COSTS		**(368 380)**	1 288 350
Net finance costs		**(348 382)**	(402 933)
Finance income		**51 578**	30 452
Finance costs		**(399 960)**	(433 383)
Interest paid and amortised borrowing costs		**(403 728)**	(454 249)
Interest capitalised to cost of developments		**3 768**	20 866
(LOSS)/PROFIT BEFORE INCOME TAX CHARGE	3	**(716 762)**	885 417
Taxation	4	**(14 400)**	1 207
(Loss)/profit for the year		**(731 162)**	886 624
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		**154 191**	1 919
Total comprehensive income for the year		**(576 971)**	888 543
Total profit for the year attributable to:			
Emira shareholders		**(734 178)**	882 509
Non-controlling interest		**3 016**	4 115
		(731 162)	886 624
Total comprehensive income attributable to:			
Emira shareholders		**(579 987)**	884 367
Non-controlling interest		**3 016**	4 176
		(576 971)	888 543
Basic earnings per share (cents)	5	**(147,69)**	175,92
Diluted earnings per share (cents)	5	**(146,94)**	175,76

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020

		GROUP	
R'000	Notes	2020	Restated 2019
ASSETS			
Non-current assets			
Investment properties	6	**9 949 226**	10 548 180
Allowance for future rental escalations	7	**225 622**	222 731
Unamortised upfront lease costs	8	**32 553**	32 425
Right-of-use asset	6	**40 212**	–
Fair value of investment property		**10 247 613**	10 803 336
Furniture, fittings, computer equipment and Intangible assets	9	**2 859**	2 949
Investments and loans in equity accounted investments	10	**2 686 101**	2 275 524
Listed property investment	11	**–**	759 716
Other financial assets	12	**19 360**	30 822
Loans receivable	14	**377 928**	437 652
Derivative financial instruments	20	**94 951**	37 560
Total non-current assets		**13 428 812**	14 347 559
Current assets			
Loans to equity accounted investments	11	**103 478**	40 000
Loans receivable	15	**37 483**	18 254
Accounts receivable	13	**153 091**	114 636
Derivative financial instruments	20	**46 072**	72 597
Cash and cash equivalents		**95 047**	73 230
Investment properties held for sale	6	**–**	138 250
Total current assets		**435 171**	456 967
Total assets		**13 863 983**	14 804 526
EQUITY AND LIABILITIES			
Total equity and reserves attributable to equity holders			
Stated capital	15	**3 445 296**	3 654 591
Retained (loss)/income		**(246 268)**	412 634
Fair value and other reserves	16	**4 086 457**	4 893 802
Foreign currency translation reserve	16	**173 967**	19 776
Changes in ownership	16	**(24 085)**	–
Non-controlling interest	16	**5 874**	2 595
Total equity attributable to equity holders		**7 441 241**	8 983 398
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	17	**3 498 061**	3 985 432
Other financial liabilities	18	**43 203**	23 651
Lease liability	19	**35 921**	–
Derivative financial instruments	20	**631 072**	182 814
Total non-current liabilities		**4 208 257**	4 191 897
Current liabilities			
Short-term portion of interest-bearing debt	17	**1 681 000**	1 283 930
Lease liability	19	**3 666**	–
Accounts payable	21	**308 288**	283 491
Employee benefits liability	22	**14 074**	26 273
Derivative financial instruments	20	**190 326**	32 175
Taxation	4	**17 131**	3 362
Total current liabilities		**2 214 485**	1 629 231
Total liabilities		**6 422 742**	5 821 128
Total equity and liabilities		**13 863 983**	14 804 526
Net asset value per share (cents)		**1 529,6**	1 790,8

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

		GROUP	
R'000	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	24	**722 458**	1 021 980
Finance income		**6 866**	30 451
Interest paid		**(402 489)**	(454 250)
Taxation paid		**(631)**	(2 964)
Dividends received		**8 686**	–
Dividends paid to shareholders		**(786 473)**	(778 800)
Dividends paid to non-controlling interests		**(827)**	(1 688)
Net cash utilised in operating activities		**(452 410)**	(185 272)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of, and additions to, investment properties excluding capitalised interest	6	**(157 761)**	(297 098)
Proceeds on disposal of investment properties	6	**66 250**	1 842 983
Acquisition of furniture, fittings, computer equipment and intangible assets	9	**90**	(3 315)
Disposal of investment in listed property fund	11	**788 335**	327 368
Proceeds from loans to equity-accounted investments		**115 473**	–
Investment in equity accounted investments	10	**(281 038)**	(870 275)
Loans receivable advanced	14	**(1 845)**	–
Loans received and other financial assets	12, 14	**54 923**	(351 222)
Net cash utilised in investing activities		**584 427**	648 441
CASH FLOWS FROM FINANCING ACTIVITIES			
Non-controlling interest acquired	16	**(22 995)**	–
Premium on share options		**18 875**	18 433
Shares acquired for the Emira Forfeitable Share Plan		**(9 160)**	(20 929)
Repurchase of Emira shares held by ESA Trust		**–**	(99 545)
Land lease payments	19	**(625)**	–
Interest-bearing debt raised	17	**397 070**	40 642
Interest-bearing debt repaid	17	**(493 365)**	(437 995)
Net cash utilised in financing activities		**(110 200)**	(499 394)
Net increase in cash and cash equivalents		**21 817**	(36 225)
Cash and cash equivalents at the beginning of the year		**73 230**	109 455
Cash and cash equivalents at the end of the year		**95 047**	73 230

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

				GROUP				
R'000	Share capital	Change in ownership	Non-distributable reserve	Share-based payment reserve	Foreign currency translation reserve	Non-controlling interest	Retained earnings	Total
2019								
Balance at 30 June 2018 (as previously reported)	3 775 458		4 926 991	(82 143)	17 918	107	330 350	8 968 681
IFRS 9 adoption	–		–		–	–	(2 582)	(2 582)
Balance at 30 June 2018 (restated)	3 775 458		4 926 991	(82 143)	17 918	107	327 769	8 966 100
Shares repurchased and cancelled	(99 545)							(99 545)
Shares issued to ESA Trust	99 549							99 549
JSE listing fees	(393)							(393)
Treasury shares acquired for the Emira Forfeitable Share Plan	(20 929)							(20 929)
Reclassification of Emira shares held by ESA Trust	(99 549)							(99 549)
Premium on share option							18 433	18 433
Profit for the year						4 115	882 509	886 624
Exchange differences on translation of foreign operations					1 858	61		1 919
Equity settled share scheme				11 677				11 677
Transfer to fair value reserve			37 277				(37 277)	–
Dividend paid – September 2018							(397 998)	(397 998)
Dividend paid – subsidiary						(1 688)		(1 688)
Dividend paid – March 2019							(380 803)	(380 803)
Balance at 30 June 2019	3 654 591	–	4 964 268	(70 466)	19 776	2 595	412 634	8 983 398
2020								
Balance at 30 June 2019	**3 654 591**		**4 964 268**	**(70 466)**	**19 776**	**2 595**	**412 634**	**8 983 398**
Recognition of shares issued to BEE Scheme	**172 411**							**172 411**
Reclassification of Emira shares held by the BEE Scheme	**(364 226)**							**(364 226)**
Control of BEE Scheme acquired for no consideration							**26 369**	**26 369**
Shares acquired for the Emira Forfeitable Share Plan	**(17 480)**							**(17 480)**
Premium on share option							**18 875**	**18 875**
Profit/(loss) for the year						**3 016**	**(734 178)**	**(731 162)**
Exchange differences on translation of foreign operations					**154 191**			**154 191**
Equity settled share scheme				**9 160**				**9 160**
Transfer to fair value reserve			**(816 505)**				**816 505**	**–**
Dividend paid – September 2019							**(404 525)**	**(404 525)**
Dividend paid – subsidiary						**(827)**		**(827)**
Dividend paid – March 2020							**(381 948)**	**(381 948)**
Non-controlling interest acquired		**(24 085)**				**1 090**		**(22 995)**
Balance at 30 June 2020	**3 445 296**	**(24 085)**	**4 147 763**	**(61 306)**	**173 967**	**5 874**	**(246 268)**	**7 441 241**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1. GENERAL INFORMATION

Emira Property Fund Limited ("the Company"), its subsidiaries and equity-accounted investments (together the "Group") hold a major portfolio of investment properties in South Africa together with investments offshore into the USA. The Company is listed on the JSE.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 26 October 2020. The shareholders do not have the power to amend the consolidated financial statements after issue.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, JSE Listing Requirements and the requirements of the Companies Act of South Africa, No 71 of 2008.

Preparation of the consolidated financial statements

The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of investment property and financial assets and financial liabilities (including derivative instruments), which are measured at fair value through profit or loss.

The financial statements are presented in Rand and are rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 32.

When the reporting period of the holding company is different to that of the subsidiary, associate or joint venture, the subsidiary, associate or joint venture prepares, for the use of the holding company, financial statements as at the same date as the consolidated financial statements of the Group.

New and amended international financial reporting standards and interpretations

The Group has adopted the following new standards, or amendments to standards which were effective for the first time for the financial period commencing on or after 1 January 2019:

- Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.
- IFRS 16 – Leases
- IFRIC 23 – Uncertainty over Income Tax Treatments
- Annual improvements cycle 2015 to 2017

Based on management's assessment of the above, the only material impact on the financial statements relates to the application of IFRS 16, which is disclosed in note 2.2.

Standards and interpretations applicable to the Fund but not yet effective

At the date of approval of these consolidated financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been early adopted by the Group. None of the below standards, amendments and interpretations are expected to have a material impact on the Group and will be adopted in the in financial period applicable as per the table below:

Amendment to IFRS 3, 'Business combinations' – Definition of a business	Annual periods beginning on or after 1 January 2020
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material	Annual periods beginning on or after 1 January 2020
Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and measurement and IFRS 7, Financial Instruments: Disclosure – Interest rate benchmark reform	Annual periods beginning on or after 1 January 2020
Amendment to IFRS 16, COVID 19 related rental concessions	Applicable from 1 June 2020, with early adoption permitted
Amendment to IAS 1, Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.2 CHANGES IN ACCOUNTING POLICIES

IFRS 16 – Leases

Lessor accounting

The Group acts as a lessor over all its leases over its Investment Property. These leases are classified as operating leases at lease inception. The Group recognises lease payments received under an operating lease as income on a straight-line basis over the lease term as part of Gross Property Revenue.

The Group makes payments to agents for services in connection with negotiating lease contracts with the Group's lessees. The letting fees are capitalised to unamortised upfront lease costs and amortised over the lease term.

The Group did not need to make any adjustment to the accounting for assets held under operating leases as a result of the adoption of IFRS 16.

Lessee accounting

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is measured at the initial amount of the lease liability adjusted for any lease payments made in advance, plus any initial direct costs incurred less any lease incentives received. A right-of-use asset in relation to leased land is recognised as Investment Property and a right-of-use asset in relation to leased office space is recognised as Property, Plant and Equipment.

The right-of-use asset recognised as Property, Plant and Equipment is subsequently depreciated using the straight-line method from the commencement date of the lease to the earlier of the end of the useful life of the asset or the end of the lease term. Right-of-use asset recognised as Investment Property is subsequently measured at fair value.

The lease liability is initially measured at the present value of the future lease payments discounted using the interest rate implicit in the lease, and if unavailable, the Group's incremental borrowing rate. Lease payments included in the measurement of the finance lease liability comprise:

› fixed payments; and
› variable lease payments dependent on an index or a rate, initially measured using the index or rate as at the lease commencement date.

The lease liability is subsequently measured at amortised cost using the effective interest method.

A remeasurement occurs when there is a change in the future lease cash flows arising from a change in the Group's assessment of whether it will exercise an extension or termination option or where variable payments become fixed. Where the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the underlying right-of-use asset.

Transition

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Emira has adopted IFRS 16 – Leases from 1 July 2019 and has adopted the modified retrospective method of application. Emira has elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

In applying IFRS 16, the group has used the following practical expedients permitted by the standard:

› Leases with a remaining term of 12 months or less from the date of application have been accounted for as short-term leases (i.e. not recognised on balance sheet) even though the initial term of the leases from lease commencement date may have been more than 12 months;
› Initial direct costs have not been included in the measurement of the right-of-use asset as at the date of initial application; and
› Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

On adoption, Emira has recognised right-of-use assets and lease liabilities in relation to land leases which had previously been classified as operating leases under the principles of IAS 16 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of 7,4%. Subsequently each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Prior periods have not been restated.

On transition date, the right-of-use assets were measured at the amount equal to the lease liability of R40,2m. The right-of-use assets relating to land leases are subsequently remeasured at fair value in terms of IAS 40. The right-of-use assets' fair value is determined indirectly by assessing the cash generating ability of the building.

The aggregate lease liabilities recognised in the statement of financial position at 1 July 2019 and the Group's lease commitment at 30 June 2019 is reconciled as follows:

R'000	2020
Lease commitments at 30 June 2019	
Investment properties under leasehold agreements	**75 619**
Total lease commitments as at 1 July 2019	**75 619**
Effect of discounting on land leases	**(35 407)**
Lease liability recognised as at 1 April 2019	**40 212**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.3 CONSOLIDATION

2.3.1 Business combinations

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. Under IFRS 3 Business Combinations, a business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to shareholders or participants. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. In the absence of such criteria, a Group of assets is deemed to have been acquired. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

For acquisitions meeting the definition of a business, the acquisition method of accounting is used. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest at the non-controlling interests proportionate share of the acquiree's identifiable net assets. The excess of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill. If the consideration is less than the fair value of the net assets acquired, the difference is recognised directly in the profit or loss for the year as a bargain purchase gain.

Acquisition-related costs in relation to business combinations are expensed as incurred.

For acquisitions not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the identifiable net assets.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

2.3.2 Investment in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group exercises control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are substantive are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3.3 Investment in associates and joint ventures

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. Interests in associates are accounted for using the equity method for both Group and Company.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have benefits derived from the net assets of the joint arrangement.

The profits and losses, asset and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting for Group, except when the investment is classified as held-for-sale, in which case it is accounted for in accordance with IFRS 5. Investments in joint ventures are carried at cost for the Company.

Under the equity method the investment is initially recorded at cost and thereafter the carrying value is adjusted to recognise the Groups share of the post-acquisition profits or losses of the investee after the date of acquisition, distributions received and any impairment adjustments that are required. The share of profit of losses are recognised in the statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments.

They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of total Comprehensive Income of equity-accounted investees, until the date on which the Group loses significant influence.

2.4 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or Group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision maker is the Chief Executive Officer ("CEO") of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.5 FOREIGN CURRENCY TRANSLATION

2.5.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in South African rand, the Company's functional currency and the Group's presentation currency.

2.5.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the year.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the statements of comprehensive income within finance income or finance costs. All other foreign exchange gains and losses are presented net in the statements of comprehensive income within other losses or gains.

2.5.3 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's presentation currency (rand) at exchange rates at the reporting date. The income and expenses of foreign operations are translated to rand at exchange rates at the dates of the transactions (an average rate per month is used). Foreign currency differences related to foreign operations are recognised in Other Comprehensive Income and accumulated in the Foreign Currency Translation Reserve.

When the Group disposes of only part of its interest in a subsidiary that includes foreign operations while retaining control, the relevant proportion of the cumulative amount is re-attributed to non-controlling interest. If control is not retained, the cumulative amount is reclassified from Other Comprehensive Income to profit or loss as a reclassification adjustment.

2.6 INVESTMENT PROPERTY

Property, comprising both freehold and leasehold land and buildings, that is held for long-term rental yields or for capital appreciation or both, is classified as investment property. Investment property is recognised initially at cost, including transaction costs.

Borrowing costs incurred for the purpose of acquiring, developing or producing qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or development is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value which is adjusted for the carrying values of allowance for future rental escalations, tenant installations and unamortised upfront lease costs which are recognised as separate assets, so that these separately recognised assets are not double counted. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Tenant installations and lease commissions are carried at cost less accumulated amortisation on a straight-line basis over the term of the lease.

Fair value measurement on property under development is only applied if the fair value is considered to be reliably measurable.

It may sometimes be difficult to reliably determine the fair value of the investment property under development. In order to evaluate whether the fair value of an investment property under development can be determined reliably, management considers the following factors, among others:

- The provisions of the development contract
- The stage of completion
- Whether the project/property is standard (typical for the market) or non-standard
- The level of reliability of cash inflows after completion
- The development risk specific to the property
- Past experience with similar developments

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any expected cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Changes in fair values are recognised in the statement of comprehensive income. Gains or losses arising from changes in fair value, are included in net profit or loss for the period in which they arise. These gains or losses are transferred to non-distributable reserves in the statement of changes in equity.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of comprehensive income within net fair value gain on investment property.

2.7 INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are recognised at cost less impairment.

2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life – for example, goodwill – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 FINANCIAL INSTRUMENTS

2.9.1 Initial recognition and measurement

The Group classifies its financial assets as financial assets at fair value through profit or loss and at amortised cost. Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost, as appropriate. The Group determines the classification of its financial assets at initial recognition.

The classification of financial assets is based on the business model with which the Fund holds the respective assets, as well as application of the cash flow characteristics test.

2.9.2 Financial assets at amortised cost

Financial assets are held at amortised cost if the cash flows are solely payments of principal and interest, and interest is a consideration for the time value of money and credit risk only. Financial instruments with cash flows that are not solely payments of principle and interest are mandatorily classified at fair value through profit or loss. All equity instruments of the Group, within the scope of IFRS 9, are measured at fair value through profit or loss.

Financial assets are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's financial instruments at amortised cost comprise of "accounts receivable", "loans receivable" and "cash and cash equivalents" in the statements of financial position.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.9.3 Financial instruments at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or if the cash flows of the financial instruments are not solely payments of principal and interest (SPPI) and do not meet the requirements to be classified at amortised cost.

Derivatives financial assets and liabilities are classified as financial assets and liabilities at fair value through profit and loss and comprise mainly interest-rate swaps, share options and forward foreign exchange contracts. The Group uses derivative financial instruments to hedge its exposure to interest-rate and foreign exchange rate risk arising from financing and investing activities (economic hedge).

Investments in the listed securities of property investment companies are designated at fair value through profit or loss at inception, and are financial instruments that are managed and evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

The Fund's policy requires the CEO and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the statement of profit or loss.

2.9.4 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business and are included in "accounts receivable".

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within accounts payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.9.5 Financial liabilities

All borrowings and accounts payable are initially recognised at fair value and subsequently measured at amortised cost, except for instances where an accounting mismatch exists and its more appropriate to designate it at fair value through profit or loss.

All financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the financial liability. The amortisation is included as finance costs in the statement of profit or loss.

The Group obtains deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition or for the lease payments for a period ranging from one to 12 months. Such deposits are treated as financial liabilities at amortised cost and are included in accounts payable.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.10 IMPAIRMENT OF FINANCIAL ASSETS

The expected credit loss model of IFRS 9 applies to financial assets measured at amortised cost and lease receivables at reporting date. While cash and cash equivalents are classified and measured at amortised cost, and are also subject to these impairment requirements, they are considered to have low credit risk, and the expected credit loss is mitigated through the Groups' credit risk management policy.

Expected credit losses ("ECLs") are a probability weighted estimate of credit losses, based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to be received, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, Emira has elected to apply the simplified approach in calculating the loss allowance. Therefore, The ECLs on trade receivables, are estimated using a provision matrix with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forward-looking information of conditions based on lifetime expected credit loss at each reporting date.

At each reporting date, Emira assesses whether financial assets carried at amortised cost (such as long-term loans granted and loans granted to associates) have significantly increased in credit risk. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group (if applicable) or if the financial asset is more than 90 days past due.

Expected credit loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The carrying amount of financial assets is reduced directly by the impairment loss, with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost had impairment had not been recognised at the reversal date. Any subsequent reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

In certain cases, Emira may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 SHARE CAPITAL

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

2.13 TREASURY SHARES

Company shares held by the Emira Forfeitable Share Plan, ESA Trust and BEE Scheme entities that have not yet vested are classified as treasury shares on consolidation and presented as a deduction from equity. These shares are held at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

On purchase, the cost of the shares acquired is deducted from equity. Subsequently, any gain or loss on the sale or cancellation of the Company's own equity instruments is recognised directly in equity.

Both distributions and unrealised losses on own shares are eliminated from Group profit or loss for the year.

2.14 CURRENT AND DEFERRED INCOME TAX

Tax charges comprise current and deferred tax in respect of the Groups subsidiaries. Tax is recognised in profit or loss.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Statement of Financial Position. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the Statement of Financial Position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.15 PROVISIONS

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance cost.

Where the Group, as lessee, is contractually required to restore a leased property to an agreed condition prior to release by a lessor, provision is made for such costs as they are identified.

2.16 REVENUE RECOGNITION

Revenue includes rental income from the listed property investment and operating cost recoveries from tenants, but excludes value added tax. Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis. The amount not yet recognised is capitalised as allowance for future rental escalations, which forms part of the value of investment property.

Emira acts as a principal on its own account when recovering operating costs from tenants.

Distribution income revenue from the listed property investment is recognised when the unit holder's right to receive payment has been established.

2.17 DISTRIBUTIONS PAYABLE TO SHAREHOLDERS

The Group has an obligation to distribute the net amount available for distribution, to its shareholders.

Distributions payable are recognised as a liability once the amount for distribution has been determined and declared by the Board. Distributions exclude items arising as a result of:

- The unrealised fair value adjustments to investment properties
- The unrealised gains and losses in respect of the fair valuing of financial assets through profit and loss
- The income arising out of the straight-lining of lease income

2.18 INTEREST INCOME AND EXPENSE

Interest income and expense are recognised within "finance income" and "finance costs" in profit or loss using the effective interest-rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset.

The effective interest-rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.19 OTHER EXPENSES

Expenses include legal, accounting, auditing and other fees. They are recognised as an expense in profit or loss in the period in which they are incurred (on an accruals basis).

2.20 INVESTMENT PROPERTIES HELD-FOR-SALE

Investment properties are classified as held-for-sale when their carrying amount is to be recovered through a sale transaction and a sale is considered highly probable. Investment properties held-for-sale are measured at fair value.

Investment property classified as held-for-sale is measured in accordance with IAS 40 Investment property at fair value, with gains or losses on subsequent measurement being recognised in profit or loss.

2.21 EMPLOYEE BENEFITS

2.21.1 Short-term employee benefits

Salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised as employee benefit expense and accrued when the associated services are rendered by the employees of the Group.

2.21.2 Defined contribution plans

The defined contribution plan is a post-employment benefit plan under which the Group pays contributions to a separate entity and has no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as an employee benefit expense when the related services have been rendered.

2.21.3 Short-term incentive

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. The bonuses are based on the achievement of pre-set KPIs that takes into consideration the profit attributable to the Group's shareholders after certain adjustments

2.21.4 Share-based payments

Share appreciation rights scheme – cash settled

The Group operates a share appreciation rights scheme that was formulated to reward certain employees who make a meaningful and sustainable contribution to the financial performance of Emira.

The scheme is accounted for as a cash-settled share-based payment. The Group recognises a liability and an expense for cash-settled share-based transactions. The liability on the cash-settled share-based transactions is measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered services to date.

Forfeitable share plan – equity settled

The Group operates an equity-settled share-based forfeitable share plan for its employees.

The scheme is accounted for as an equity-settled share-based payment. The grant date fair value of forfeitable shares awarded to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Matching Share Scheme – equity settled

The Group operates an equity-settled share matching plan for its employees.

In terms of the matching share scheme, participants are encouraged to use their own funds to acquire Emira Property Fund Limited shares. Participants holding shares at the third anniversary of the date of award will be awarded Emira Property Fund Limited shares free of consideration based on a multiple of the original shares linked to the Group and individual's performance, so long as they have achieved a minimum of 75% of their KPIs for the period.

The scheme is accounted for as an equity-settled share-based payment. The grant-date fair value of the matching scheme is recognised as an expense, with a corresponding increase in equity, over the vesting period. The amount recognised as an expense is adjusted for changes in management's estimate of the number of shares expected to vest. such that the amount ultimately recognised is based on the number of awards that vest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

3. PROFIT FOR THE YEAR BEFORE INCOME TAX CHARGE

	GROUP	
R'000	2020	2019
Expenses		
Auditor's remuneration	**6 337**	6 890
– Audit fee	**6 183**	6 264
– Non-audit fees	**116**	587
– Expenses	**39**	39
Operating lease payments – leasehold properties	**17 072**	18 474
Payroll costs	**44 819**	52 863
Transaction and advisory fees	**–**	855
Impairment of Worley Parsons receivable	**–**	41 042
IFRS2 charge – ESA Trust	**–**	6 678
IFRS2 charges on share schemes	**5 743**	3 008
– Share appreciation rights scheme	**(3 417)**	(1 986)
– Forfeitable share plan	**9 039**	4 901
– Share matching scheme	**121**	93

DIRECTORS' EMOLUMENTS

	GROUP				
R'000	Basic salary #	Annual bonus *	Share scheme payment	Dividends received on FSP shares	Total
Executive directors					
2020					
G Jennett (CEO)	**3 862**	**5 765**	**–**	**895**	**10 522**
U van Biljon (COO)	**2 653**	**2 954**	**–**	**620**	**6 227**
G Booyens (CFO)	**2 619**	**3 093**	**–**	**557**	**6 269**
Total	**9 134**	**11 812**	**–**	**2 073**	**23 019**
2019					
G Jennett (CEO)	4 073	2 998	217	377	7 665
U van Biljon (COO)	2 742	2 132	212	307	5 393
G Booyens (CFO)	2 682	1 809	27	265	4 783
Total	9 497	6 939	456	949	17 841

All executive directors sacrificed 30% of their fees for April, May and June 2020 in favour of the Solidarity Fund, following the announcement of the COVID-19 lockdown.

* Bonuses awarded with reference to the financial year ended 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

3. PROFIT FOR THE YEAR BEFORE INCOME TAX CHARGE CONTINUED

SHARE APPRECIATION RIGHTS SCHEME SHARES HELD

Number of shares	Balance at 30 June 2019	Exercised	Issued	Cancelled	Balance at 30 June 2020
Third tranche					
G Jennett (CEO)	109 866	–	–	(109 866)	**–**
G Booyens (CFO)	87 892	–	–	(87 892)	**–**
U van Biljon (COO)	32 960	–	–	(32 960)	**–**
Total	230 718	–	–	(230 718)	**–**
Fourth tranche					
G Jennett (CEO)	1 053 334	–	–	(526 667)	**526 667**
G Booyens (CFO)	833 334	–	–	(416 667)	**416 667**
U van Biljon (COO)	483 334	–	–	(241 667)	**241 667**
Total	2 370 002	–	–	(1 184 998)	**1 185 001**
Fifth tranche					
G Jennett (CEO)	1 200 000	–	–	(400 000)	**800 000**
G Booyens (CFO)	1 000 000	–	–	(333 333)	**666 667**
U van Biljon (COO)	1 000 000	–	–	(333 333)	**666 667**
Total	3 200 000	–	–	(1 066 666)	**2 133 334**

FSP SHARES HELD

Number of shares	Balance at 30 June 2019	Exercised	Issued	Cancelled	Balance at 30 June 2020
First tranche					
G Jennett (CEO)	147 900	–	–	–	**147 900**
U van Biljon (COO)	124 800	–	–	–	**124 800**
G Booyens (CFO)	114 100	–	–	–	**114 100**
Total	386 800	–	–	–	**386 800**
Second tranche					
G Jennett (CEO)	193 500	–	–	–	**193 500**
U van Biljon (COO)	137 600	–	–	–	**137 600**
G Booyens (CFO)	116 800	–	–	–	**116 800**
Total	447 900	–	–	–	**447 900**
Third tranche					
G Jennett (CEO)	–	–	459 250	–	**459 250**
U van Biljon (COO)	–	–	235 326	–	**235 326**
G Booyens (CFO)	–	–	246 399	–	**246 399**
Total	–	–	940 975	–	**940 975**
Notice period FSP					
G Jennett (CEO)	22 446	–	–	–	**22 446**
U van Biljon (COO)	29 629	–	–	–	**29 629**
G Booyens (CFO)	14 624	–	–	–	**14 624**
Total	66 699	–	–	–	**66 699**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

3. PROFIT FOR THE YEAR BEFORE INCOME TAX CHARGE CONTINUED

MATCHING SHARES HELD

Number of shares	Balance at 30 June 2019	Exercised	Issued	Cancelled	Balance at 30 June 2020
First tranche					
G Jennett (CEO)	24 000	–	–	–	**24 000**
U van Biljon (COO)	–	–	–	–	**–**
G Booyens (CFO)	–	–	–	–	**–**
Total	24 000	–	–	–	**24 000**

NON-EXECUTIVE DIRECTORS' FEES

	GROUP	
R'000	2020#	2019
G van Zyl (Chairman)	**460**	471
MS Aitken	**273**	279
BH Kent	**411**	466
V Mahlangu	**299**	416
NE Makiwane*	**201**	245
W McCurrie	**316**	279
V Nkonyeni	**330**	339
J Nyker	**301**	53
D Thomas	**265**	272
Total	**2 855**	2 820

All non-executive directors sacrificed 30% of their fees for April, May and June 2020 in favour of the Solidarity Fund, following the announcement of the COVID-19 lockdown.

* Retired effective 1 April 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

4. INCOME TAX CHARGE

	GROUP	
R'000	2020	2019
Major components of the income tax charge		
Normal	4 127	–
Current	4 127	–
Adjustment to prior year	–	–
Deferred tax	–	(6 435)
Current	–	–
Adjustment to prior year	–	(6 435)
Foreign taxation	10 273	5 227
Foreign taxation – income	5 040	5 227
Foreign taxation – capital	5 233	–
	14 400	(1 207)
Reconciliation of the tax charge		
Profit for the year before income tax credit at 28% (2019: 28%)	(200 693)	247 917
Qualifying distributions	(152 728)	(221 481)
Fair value adjustments	409 231	(11 391)
Allowances for future rental escalations and upfront lease costs	693	3 630
Non-taxable income	(43 027)	(49 469)
Non-deductible expenditure	16 339	12 336
Unrealised foreign exchange gains	(39 872)	–
Other	(4 438)	(6 136)
Tax loss (utilised)/not carried forward	16 055	12 998
Foreign withholding tax – income	5 040	5 227
Capital gains tax	5 233	–
Items not include in profit before tax but which are subject to tax	2 567	5 161
	14 400	(1 207)

As the Fund is a REIT, in terms of Section 25BB of the Income Tax Act, it is able to claim a deduction in respect of qualifying distributions made to shareholders, against taxable income.

The foreign withholdings taxation arose as a result of the foreign dividends received from the USA subsidiary and provision for foreign income and capital gains taxes payable within the US.

Non-taxable income includes income from equity-accounted investments and non-vesting share-based payment adjustments.

Non-deductible expenditure, includes the impairment of investment in subsidiaries, expected credit losses, SARS interest and penalties as well as transaction and advisory fees.

Other includes items that are not deductible for tax purposes as well as amounts that are disregarded and/or forfeited for tax purposes, S24I deductions and capitalised interest.

Items not included in profit before tax but which are subject to tax includes interest received on loans outstanding from BEE parties where the loans and corresponding interest are not recognised for accounting purposes – see note 32, "Critical Accounting Estimates".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

5. BASIC AND DILUTED EARNINGS PER SHARE

	GROUP	
R'000	2020	2019
Reconciliation between earnings and headline earnings		
Profit for the year attributable to Emira shareholders	**(734 178)**	882 509
Adjusted for		
Net fair value loss on revaluation of investment properties	**816 505**	46 685
Net fair value loss on revaluation of investment properties of associates	**3 546**	–
Non-controlling interest portion of fair value adjustments – Bet All Investments	**3 185**	(2 676)
Gain on bargain purchase	**–**	(129 028)
Headline earnings	**89 058**	797 490
Number of shares in issue at the end of the year	**522 667 247**	522 667 247
Weighted average number of shares in issue	**497 105 845**	501 648 438
Earnings per share (cents)		
The calculation of earnings per share is based on net profit for the year of (R734,2) million (2019: R882,5 million), divided by the weighted average number of shares in issue during the year of 497 105 845 (2019: 501 648 438).	**(147,69)**	175,92
Diluted earnings per share (cents)		
The calculation of diluted earnings per share is based on net profit for the year of (R734,2) million (2019: R882,5 million), divided by the diluted weighted average number of shares in issue during the year of 499 656 024 (2019: 502 978 415).	**(146,94)**	175,76
Headline earnings per share (cents)		
The calculation of earnings per share is based on net profit for the year of R89,1 million (2019: R797,5 million), divided by the weighted average number of shares in issue during the year of 497 105 845 (2019: 501 648 438).	**17,92**	158,97
Diluted headline earnings per share (cents)		
The calculation of earnings per share is based on net profit for the year of R89,1 million (2019: R797,5 million), divided by the diluted weighted average number of shares in issue during the year of 499 656 024 (2019: 502 978 415).	**17,82**	158,55
Reconciliation of diluted weighted average number of ordinary shares		
Actual ordinary shares in issue at 1 July	**522 667 247**	522 667 247
Vendor funded shares under the BEE scheme [i]	**(15 811 224)**	(12 370 510)
Treasury shares acquired for the forfeitable share plan [ii]	**(2 550 179)**	(1 448 299)
Treasury shares held by the ESA Trust [iii]	**(7 200 000)**	(7 200 000)
Weighted average number of ordinary shares	**497 105 845**	501 648 438
Issued for zero consideration under the call option to BEE parties, Treasury shares issued to the ESA Trust and Forfeitable Share Plan	**2 550 179**	1 329 977
Diluted weighted average number of shares in issue	**499 656 024**	502 978 415

i Emira shares relating to the outstanding capital on the Vendor Loans provided to the BEE Parties under Emira's June 2017 BEE Scheme, classified as treasury shares upon consolidation of BEE Scheme.

ii Emira shares held by Emira's Forfeitable Share Plan, classified as treasury shares.

iii Emira shares held by the ESA Trust are classified as treasury shares upon consolidation of the ESA Trust.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

6. INVESTMENT PROPERTIES

	GROUP	
R'000	2020	2019
Net carrying value		
Cost ^	**7 392 707**	6 884 814
Fair value surplus ^	**2 556 519**	3 801 616
Investment properties held for sale	**–**	(138 250)
Right of use lease asset	**40 212**	–
	9 989 438	10 548 180
Movement for the year	**–**	–
Balance at beginning of year	**10 548 180**	10 385 240
Additions – subsequent expenditure on investment property ^	**144 452**	324 166
Disposal of investment property at fair value *	**(66 250)**	(1 844 862)
Reallocations	**3 737**	–
Deficit on revaluation	**(816 505)**	(46 685)
Tenant installations and lease commissions	**(2 638)**	–
– costs capitalised	**8 732**	–
– amortisation	**(11 370)**	–
Transfer from non-current assets held for sale	**138 250**	1 730 321
Right of use lease asset	**40 212**	–
Balance at end of year	**9 989 438**	10 548 180
Reconciliation to independent and directors' valuations		
Valuation at 30 June 2020	**9 989 438**	10 548 180
Allowance for future rental escalations	**225 622**	222 731
Unamortised upfront lease costs	**32 553**	32 425
Investment property held for sale	**–**	138 250
Independent and directors' valuations at 30 June 2020	**10 247 612**	10 941 586

* 1059 Francis Baard was transferred to Inani on 20 December 2019, thereby concluding the office portfolio disposal to Inani.

^ Emira has enhanced its disclosure by the aggregation of fixtures and fittings in relation to Investment Property measure at fair value in terms of IAS 40, where previously separately disclosed. The enhanced presentation further allows for consistent and comparable information to industry standards.

Full details of freehold and leasehold investment properties owned by the Group are available for inspection at Emira's registered office.

The properties were valued as at 30 June 2020 using a discounted cash flow approach based on future income streams, applying an appropriate capitalisation rate to each property. In terms of its accounting policy and JSE regulations, one third of the Group's property portfolio is valued annually by independent valuers, with the balance valued by the directors. The Independent valuations were carried out by Real Insight, Yield Enhancing Solutions and Premium Valuation Services, all registered valuers in terms of section 19 of the Property Valuers Profession Act (Act No. 47 of 2000). For further details on the measurement of fair value, please refer to note 30.

The right of use asset was recognised in the current financial period to investment property, upon first time adoption of IFRS 16 Leases. Refer to note 2.2, for further information on the first time adoption.

Investment property classified as held for sale in the year ended 30 June 2019, was reclassified from held for sale to investment property in the current reporting period. The asset is not available for immediate sale in its present condition, as per the conditions precedent of the sale agreement it is subject to the sub-division of its Erf, to which the timing of completion thereof is uncertain.

Investment properties to the value of R7 795,0 million (2019: R8 309,8 million) have been used to provide security for loans taken out. See note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

7. ALLOWANCE FOR FUTURE RENTAL ESCALATIONS

	GROUP	
R'000	**2020**	2019
Balance at beginning of year	**222 731**	208 420
Net straight-lining for the year	**(846)**	(11 816)
Reallocations	**3 737**	–
Transfer within group	**–**	–
Investment properties held for sale	**–**	26 127
Balance at year-end	**225 622**	222 731
Current portion	**44 021**	30 939

8. UNAMORTISED UPFRONT LEASE COSTS

	GROUP	
R'000	**2020**	2019
Balance at beginning of year	**32 425**	32 915
Net smoothing for the year	**(743)**	(1 738)
Unamortised lease commission	**872**	(13 286)
Investment properties held for sale	**–**	14 534
Balance at year-end	**32 554**	32 425

9. FURNITURE, FITTINGS, COMPUTER EQUIPMENT AND INTANGIBLE ASSETS

	GROUP	
R'000	**2020**	2019
Cost	**5 317**	3 025
Accumulated amortisation/depreciation	**(2 458)**	(77)
Carrying value	**2 859**	2 948
Movement for the year		
Opening balance	**2 948**	–
Reallocations	**284**	–
Additions	**386**	3 025
Amortisation/depreciation	**(759)**	(77)
Net carrying value	**2 859**	2 948

Furniture, fittings, computer equipment and intangible assets in owner occupied property are stated at historic cost less accumulated depreciation/amortisation and any impairment losses.

Depreciation/amortisation is charged so as to write off the cost less residual value of assets over their expected useful lives, using the straight-line basis.

The principle useful lives used for this purpose are:

Computer equipment	3 years
Furniture and fittings	6 years
Computer software	5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

10. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS

			GROUP	
R'000	Principal place of business	Effective voting rights (%)	2020	2019
Joint venture				
Enyuka Prop Holdings (Pty) Ltd	South Africa	**49,90**	**643 288**	678 882
Associates				
Transcend Residential Property Fund Ltd	South Africa	**34,90**	**505 813**	571 908
Belden Park Delaware LLC	United States of America	**46,67**	**174 398**	153 930
Rainier Moore Plaza LLC	United States of America	**49,50**	**248 679**	170 508
32 East Center Delaware LLC	United States of America	**49,42**	**79 722**	63 884
Rainier Stony Creek LLC	United States of America	**49,43**	**106 186**	91 547
Rainier Woodlands Square LLC	United States of America	**49,57**	**196 359**	176 316
Rainier Truman's Marketplace LLC	United States of America	**49,51**	**137 763**	90 729
Rainier SA Crossing LLC	United States of America	**49,50**	**84 201**	58 620
Rainier Wheatland Investors LLC	United States of America	**49,60**	**132 062**	83 598
Rainier UTC LLC	United States of America	**49,64**	**232 167**	175 602
Rainier Dawsons Market Place LLC	United States of America	**49,60**	**238 290**	–
Carrying amount			**2 778 926**	2 315 524

	GROUP	
R'000	2020	2019
Reconciliation of equity-accounted investments		
Opening balance	**1 583 159**	518 159
Acquisition of equity-accounted interest	**242 874**	887 908
Share in equity-accounted profit	**144 207**	258 833
Dividends received	**(145 936)**	(78 654)
Foreign currency translation	**266 688**	(3 087)
Carrying amount	**2 090 992**	1 583 159
Reconciliation of loans advanced to equity-accounted investments		
Opening balance	**732 365**	587 785
Capital advanced	**–**	143 461
Expected credit loss	**(5 725)**	(4 928)
Interest accrued	**94 917**	85 350
Repaid during the year	**(133 623)**	(79 303)
Carrying amount	**687 934**	732 365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

10. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

JOINT VENTURE: ENYUKA PROP HOLDINGS (PTY) LTD

R'000		GROUP 2020	GROUP 2019
Acquisition date	1 July 2017		
Primary place of business	South Africa		
Proportion ownership of interest	49,90%		
Carrying value of Emira Property Fund's interest in Enyuka			
Opening balance		**87 603**	60 401
Initial cost		**–**	–
Change from subsidiary to joint venture		**–**	–
Share in post acquisition reserves		**(28 989)**	27 202
Equity-accounted investment		**58 614**	87 603
Loan (net of expected credit loss)		**584 674**	591 279
Total		**643 288**	678 882

Enyuka is the rural retail venture between Emira and One Property Holdings ("One Prop").

Management has concluded that in terms of IAS 28: Investments in Associates and Joint Ventures, Emira jointly controls Enyuka hence Enyuka is equity-accounted.

The loan advanced to Enyuka is unsecured and interest was charged at a rate of 13,99% (2019: 13,39%) for the year ended 30 June 2020. Interest escalates at 6% per annum. Interest is repayable quarterly and capital is repayable on maturity.

Further disclosure on Enyuka is included in note 32.

The credit risk of the loan to Enyuka Prop Holdings (Pty) Ltd was assessed and an expected credit loss of R10,4m (2019: R3,3m) was raised. Refer to note 31 for further information.

LOCAL ASSOCIATES

ASSOCIATE: TRANSCEND RESIDENTIAL PROPERTY FUND LTD

R'000		GROUP 2020	GROUP 2019
Acquisition date	13 December 2018		
Primary place of business	South Africa		
Proportion ownership of interest	34,90%		
Carrying value of Emira Property Fund's interest in Transcend			
Opening balance		**430 822**	–
Initial cost		**–**	294 187
Fair value through profit and loss		**–**	25 842
Gain on bargain purchase		**–**	129 028
Share in post acquisition reserves		**1 487**	(2 438)
Dividend received		**(29 757)**	(15 797)
Equity-accounted investment		**402 552**	430 822
Loan (net of expected credit loss)		**103 261**	141 086
Total		**505 812**	571 908

Transcend, which is listed on the JSE Main Board, 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. This strategy is in line with Emira's co-investment strategy with hands-on sector specialists who have good track records of success in their markets.

Emira provided a mezzanine loan of R143,4m to Transcend on 13 December 2018 upon which a 1,5% raising fee was charged. Interest is charged at a rate of 3,95% (2019: 3,5%) margin above the three-month JIBAR and is repayable on 30 June 2021. The carrying amount approximates the fair value thereof.

The credit risk of the loan to Transcend Residential Property Fund Ltd was assessed and an expected credit loss of R0,3m (2019: R2,9m) was raised. Refer to note 31 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

10. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

FOREIGN ASSOCIATES

Emira has continued with its strategy of investing into grocery-anchored dominant value oriented power centres in the USA, with one further acquisition made during the current financial period. Emira now has a minority share in ten properties, all on a co-investment basis with its USA-based partner, The Rainier Group of Companies ("Rainier").

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

Emira's holds a 100,00% equity investment in CIL 2 LLC, which is the holding company of CIL2 REIT LLC. CIL2 REIT LLC does not exercise control over any of the USA property owning entities in terms of their financial and operating policy decisions. Emira does not have board representation, nor has there been any exchange of managerial personnel and Emira does not provide any guarantees or extend any credit thereto. However, Emira does exercise significant influence over the acquisitions and disposals of the investments made by CIL2 REIT LLC and each investment is equity-accounted.

ASSOCIATE: BELDEN PARK DELAWARE LLC

		GROUP	
R'000		2020	2019
Acquisition date	17 October 2017		
Primary place of business	United States of America		
Proportion ownership of interest	46,67%		
Carrying value			
Opening balance		**153 930**	120 872
Additional investment		**–**	–
Share of profit/(loss) in associate		**(2 114)**	44 393
Dividends received		**(12 949)**	(14 262)
Foreign currency translation movement through other comprehensive income		**35 531**	2 927
		174 398	153 930

Belden Park Delaware LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Belden Park Crossing, located in North Canton, Ohio.

Dividends of USD756 000 (2019: USD1 008 000) were received by Emira from its investments in Belden Park Delaware LLC.

ASSOCIATE: RAINIER MOORE PLAZA LLC

		GROUP	
R'000		2020	2019
Acquisition date	18 January 2018		
Primary place of business	United States of America		
Proportion ownership of interest	49,50%		
Carrying value			
Opening balance		**170 508**	183 875
Additional investment		**15 459**	1 681
Share in post acquisition reserves		**46 074**	(1 173)
Dividends received		**(27 448)**	(18 731)
Foreign currency translation movement through other comprehensive income		**44 087**	4 855
		248 679	170 508

Rainier Moore Plaza LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Moore Plaza, located in Corpis Christi, Texas.

Dividends of USD1 602 547 (2019: USD1 323 870) were received by Emira from its investments in Rainier Moore Plaza LLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

10. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

ASSOCIATE: 32 EAST CENTER DELAWARE LLC

		GROUP	
R'000		**2020**	**2019**
Acquisition date	19 January 2018		
Primary place of business	United States of America		
Proportion ownership of interest	49,42%		
Carrying value			
Opening balance		**63 884**	61 584
Additional investment		**–**	–
Share in post acquisition reserves		**6 904**	7 945
Dividends received		**(6 551)**	(7 216)
Foreign currency translation movement through other comprehensive income		**15 486**	1 571
		79 722	63 884

32 East Centre Delaware LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as 32 East, located in Cincinnati, Ohio.

Dividends of USD382 500 (2019: USD510 000) were received by Emira from its investments in 32 East Delaware LLC.

ASSOCIATE: RAINIER STONY CREEK ACQUISITIONS LLC

		GROUP	
R'000		**2020**	**2019**
Acquisition date	28 March 2018		
Primary place of business	United States of America		
Proportion ownership of interest	49,43%		
Carrying value			
Opening balance		**91 547**	91 427
Additional investment		**–**	–
Share in post acquisition reserves		**4 187**	9 924
Dividends received		**(11 162)**	(12 155)
Foreign currency translation movement through other comprehensive income		**21 613**	2 351
		106 186	91 547

Rainier Stony Creek Acquisitions LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Stony Creek, located in Noblesville, Indiana.

Dividends of USD651 687 (2019: USD859 059) were received by Emira from its investments in Rainier Stony Creek Acquisitions LLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

10. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

ASSOCIATE: RAINIER WOODLANDS SQUARE LLC

		GROUP	
R'000		**2020**	2019
Acquisition date	26 October 2018		
Primary place of business	United States of America		
Proportion ownership of interest	49,57%		
Carrying value			
Opening balance		**176 316**	–
Initial investment		**–**	178 297
Share in post acquisition reserves		**(2 436)**	13 025
Dividends received		**(18 174)**	(8 627)
Foreign currency translation movement through other comprehensive income		**40 653**	(6 379)
		196 359	176 316

Rainier Woodlands Square LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Rainier Woodlands, located in Tampa, Florida.

Dividends of USD1 061 062 (2019: USD609 404) were received by Emira from its investments in Rainier Woodlands Square LLC.

ASSOCIATE: RAINIER TRUMAN'S MARKETPLACE LLC

		GROUP	
R'000		**2020**	2019
Acquisition date	21 December 2018		
Primary place of business	United States of America		
Proportion ownership of interest	49,51%		
Carrying value			
Opening balance		**90 729**	–
Initial investment		**–**	88 869
Share in post acquisition reserves		**32 346**	6 717
Dividends received		**(9 489)**	(1 080)
Foreign currency translation movement through other comprehensive income		**24 177**	(3 777)
		137 763	90 729

Rainier Truman's Marketplace LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Truman's Marketplace, located in Grandview, Missouri.

Dividends of USD554 023 (2019: USD76 232) were received by Emira from its investments in Rainier Truman's Marketplace LLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

10. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

ASSOCIATE: RAINIER SA CROSSING LLC

		GROUP	
R'000		**2020**	2019
Acquisition date	27 February 2019		
Primary place of business	United States of America		
Proportion ownership of interest	49,50%		
Carrying value			
Opening balance		**58 620**	–
Initial investment		**–**	57 895
Share in post acquisition reserves		**17 664**	903
Dividends received		**(7 373)**	(788)
Foreign currency translation movement through other comprehensive income		**15 291**	609
		84 201	58 620

Rainier SA Crossing LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as SA Crossing, located in San Antonio, Texas.

Dividends of USD430 487 (2019: USD55 020) were received by Emira from its investments in Rainier SA Crossing LLC.

ASSOCIATE: RAINIER WHEATLAND INVESTORS LLC

		GROUP	
R'000		**2020**	2019
Acquisition date	29 March 2019		
Primary place of business	United States of America		
Proportion ownership of interest	49,60%		
Carrying value			
Opening balance		**83 598**	–
Initial investment		**–**	88 939
Share in post acquisition reserves		**36 328**	(3 734)
Dividends received		**(10 749)**	–
Foreign currency translation movement through other comprehensive income		**22 884**	(1 607)
		132 062	83 598

Rainier Wheatland Investors LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Wheatland, located in Dallas, Texas.

Dividends of USD627 559 (2019: nil) were received by Emira from its investments in Rainier Wheatland Investors LLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

10. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

ASSOCIATE: RAINIER UTC LLC

		GROUP	
R'000		2020	2019
Acquisition date	24 June 2019		
Primary place of business	United States of America		
Proportion ownership of interest	49,64%		
Carrying value			
Opening balance		**175 602**	–
Initial investment		**–**	178 038
Share in post acquisition reserves		**25 568**	1 200
Dividends received		**(12 283)**	–
Foreign currency translation movement through other comprehensive income		**43 281**	(3 637)
		232 167	175 602

Rainier UTC LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as UTC, located in Norman, Oklahoma.

Dividends of USD717 138 (2019: nil) were received by Emira from its investments in Rainier UTC LLC.

ASSOCIATE: RAINIER HENDON DAWSON MARKETPLACE ACQUISITIONS LLC

		GROUP	
R'000		2020	2019
Acquisition date	3 February 2020		
Primary place of business	United States of America		
Proportion ownership of interest	49,60%		
Carrying value			
Opening balance		**–**	–
Initial investment		**227 415**	–
Share in post acquisition reserves		**7 189**	–
Dividends received		**–**	–
Foreign currency translation movement through other comprehensive income		**3 685**	–
		238 290	–

Rainier Hendon Dawson Marketplace Quisitions LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Dawson Marketplace, located in Dawsonville, Georgia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

10. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

SUMMARISED FINANCIAL INFORMATION

Summarised financial information for each of the associates is presented below and represents the financial information included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest.

STATEMENT OF FINANCIAL POSITION *

2020	Enyuka Prop Holdings R'000	Transcend Residential Property Fund R'000	Belden Park Delaware LLC USD'000	Rainier Moore Plaza LLC USD'000	32 East Center Delaware LLC USD'000	Rainier Stony Creek LLC USD'000
Functional currency	ZAR	ZAR	USD	USD	USD	USD
Sector	Local – Rural retail	Local – residential	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,90	34,90	46,67	49,50	49,42	49,43
ASSETS						
Non-current assets	1 655 500	2 717 002	67 810	70 555	28 850	32 013
Investment property	1 655 500	2 714 851	67 810	70 555	28 850	32 013
Fixtures and fittings	–	2 151	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–
Current assets	40 928	39 549	5 223	4 863	1 566	2 616
Accounts receivable	16 677	5 879	1 955	1 776	763	1 193
Cash and cash equivalents	24 251	33 670	3 268	3 087	804	1 423
Total assets	1 696 428	2 756 551	73 033	75 418	30 416	34 629
EQUITY AND LIABILITIES						
Equity	57 462	1 153 048	20 912	27 190	9 202	12 271
Share capital and reserves	13 089	1 020 934	12 596	28 454	6 497	13 150
Preference share capital	–	–	–	–	–	–
Retained Income	44 374	132 114	8 316	(1 264)	2 705	(879)
Non-current liabilities	1 609 648	1 556 529	50 184	46 628	20 695	21 291
Loans from shareholders	671 552	103 447	–	–	–	–
Interest-bearing debt	907 134	1 367 465	50 184	46 628	20 695	21 291
Other long-term liabilities	10 136	–	–	–	–	–
Derivative financial instruments	20 827	85 617	–	–	–	–
Current liabilities	29 317	46 974	1 937	1 600	519	1 067
Accounts payable	29 317	46 974	1 937	1 600	519	1 067
Interest-bearing debt	–	–	–	–	–	–
Total equity and liabilities	1 696 428	2 756 551	73 033	75 418	30 416	34 629

* The information in Enyuka Prop Holdings was extracted from Enyuka's audited financial statements for the year ending 30 June 2020. The independent external auditors of Enyuka are BDO South Africa Inc. The information in relation to the USA investments were extracted from the audited trail balances for the year ended 30 June 2020. The independent auditors of the USA associates are Whitley Penn LLP.

The information for Transcend was extracted from Transcend's interim financial statements for the six months ended 30 June 2020, as announced on SENS on 13 August 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

10. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF FINANCIAL POSITION * CONTINUED

2020	Rainier Woodlands Square LLC USD'000	Rainier Truman's Marketplace LLC USD'000	Rainier SA Crossing LLC USD'000	Rainier Wheatland Investors LLC USD'000	Rainier UTC LLC USD'000	Rainier Hendon Dawson Marketplace LLC USD'000
Functional currency	USD	USD	USD	USD	USD	USD
Sector	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,57	49,51	49,50	49,60	49,64	49,60
ASSETS						
Non-current assets	62 038	33 706	19 878	34 175	63 543	78 737
Investment property	62 038	33 706	19 878	34 175	63 543	78 737
Fixtures and fittings	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–
Current assets	3 240	3 866	3 022	2 707	4 881	9 643
Accounts receivable	1 497	996	52	634	1 189	448
Cash and cash equivalents	1 743	2 870	2 971	2 072	3 693	9 195
Total assets	65 278	37 572	22 901	36 882	68 424	88 380
EQUITY AND LIABILITIES						
Equity	22 812	15 828	9 802	15 397	26 434	32 059
Share capital and reserves	24 650	12 220	8 400	12 500	24 970	38 169
Preference share capital	–	–	–	–	–	–
Retained Income	(1 838)	3 608	1 402	2 897	1 464	(6 110)
Non-current liabilities	41 696	19 814	12 770	20 850	40 889	55 390
Loans from shareholders	–	–	–	–	–	–
Interest-bearing debt	41 696	19 814	12 770	20 850	40 889	55 390
Other long-term liabilities	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–
Current liabilities	770	1 931	328	635	1 101	931
Accounts payable	770	1 931	328	635	1 101	931
Interest-bearing debt	–	–	–	–	–	–
Total equity and liabilities	65 278	37 572	22 901	36 882	68 424	88 380

* The information in Enyuka Prop Holdings was extracted from Enyuka's audited financial statements for the year ending 30 June 2020. The independent external auditors of Enyuka are BDO South Africa Inc. The information in relation to the USA investments were extracted from the audited trail balances for the year ended 30 June 2020. The independent auditors of the USA associates are Whitley Penn LLP.

The information for Transcend was extracted from Transcend's interim financial statements for the six months ended 30 June 2020, as announced on SENS on 13 August 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

10. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF FINANCIAL POSITION *

2019	Enyuka Prop Holdings R'000	Transcend Residential Property Fund R'000	Belden Park Delaware LLC USD'000	Rainier Moore Plaza LLC USD'000	32 East Center Delaware LLC USD'000	Rainier Stony Creek LLC USD'000
Functional currency	ZAR	ZAR	USD	USD	USD	USD
Sector	Local – Rural retail	Local – residential	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,90	34,90	46,67	49,50	49,42	49,43
ASSETS						
Non-current assets	1 146 675	2 822 164	72 005	70 525	29 290	32 574
Investment property	1 146 675	2 819 234	72 005	70 525	29 290	32 574
Fixtures and fittings	–	2 930	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–
Current assets	22 092	110 906	4 675	4 735	1 230	2 137
Accounts receivable	3 905	6 808	1 052	1 489	300	526
Cash and cash equivalents	18 188	104 097	3 623	3 246	930	1 612
Total assets	1 168 767	2 933 070	76 681	75 260	30 520	34 712
EQUITY AND LIABILITIES						
Equity	88 972	1 279 316	24 498	23 734	9 194	12 710
Share capital and reserves	13 089	1 020 934	15 041	27 182	7 371	12 501
Preference share capital	–	–	–	–	–	–
Retained Income	75 883	258 382	9 457	(3 447)	1 822	209
Non-current liabilities	1 054 520	1 600 410	50 651	49 987	20 979	21 251
Loans from shareholders	660 429	520 720	–	–	–	–
Interest-bearing debt	370 562	1 068 347	50 651	49 987	20 979	21 251
Other long-term liabilities	22 226	–	–	–	–	–
Derivative financial instruments	1 303	11 343	–	–	–	–
Current liabilities	25 275	53 344	1 531	1 538	348	750
Accounts payable	25 275	53 344	1 531	1 538	348	750
Interest-bearing debt	–	–	–	–	–	–
Total equity and liabilities	1 168 767	2 933 070	76 681	75 260	30 520	34 712

* The information for Enyuka was extracted from Enyuka's audited financial statements for the year ending 30 June 2019. The independent external auditors of Enyuka are BDO South Africa Inc.

The information for Transcend was extracted from Transcend's interim financial statements for the six-months ended 30 June 2019 as announced on SENS on 8 August 2019.

^ The information for the foreign US associates was extracted from the audited trial balances of the associates for the 12-months ended 30 June 2019. The independent external auditors of the USA associates are Whitley Penn LLP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

10. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF FINANCIAL POSITION * CONTINUED

2019	Rainier Woodlands Square LLC USD'000	Rainier Truman's Marketplace LLC USD'000	Rainier SA Crossing LLC USD'000	Rainier Wheatland Investors LLC USD'000	Rainier UTC LLC USD'000
Functional currency	USD	USD	USD	USD	USD
Sector	Local – Rural retail	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,57	49,43	49,50	49,42	49,64
ASSETS					
Non-current assets	64 964	31 058	20 312	31 706	63 768
Investment property	64 964	31 058	20 312	31 706	63 768
Fixtures and fittings	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–
Current assets	3 177	3 266	2 031	2 879	3 038
Accounts receivable	609	765	26	709	193
Cash and cash equivalents	2 568	2 501	2 004	2 170	2 845
Total assets	68 141	34 324	22 343	34 586	66 806
EQUITY AND LIABILITIES					
Equity	25 107	12 698	8 131	11 976	24 995
Share capital and reserves	24 650	11 969	8 400	12 500	24 818
Preference share capital	–	–	–	–	–
Retained Income	457	729	(269)	(524)	177
Non-current liabilities	41 629	19 836	13 944	20 793	40 814
Loans from shareholders	–	–	–	–	–
Interest-bearing debt	41 629	19 836	13 944	20 793	40 814
Other long-term liabilities	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–
Current liabilities	1 405	1 790	268	1 816	997
Accounts payable	1 405	1 790	268	1 816	997
Interest-bearing debt	–	–	–	–	–
Total equity and liabilities	68 141	34 324	22 343	34 586	66 806

* The information for Enyuka was extracted from Enyuka's audited financial statements for the year ending 30 June 2019. The independent external auditors of Enyuka are BDO South Africa Inc.

The information for Transcend was extracted from Transcend's interim financial statements for the six-months ended 30 June 2019 as announced on SENS on 8 August 2019.

^ The information for the foreign US associates was extracted from the audited trial balances of the associates for the 12-months ended 30 June 2019. The independent external auditors of the USA associates are Whitley Penn LLP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

10. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF COMPREHENSIVE INCOME *

2020	Enyuka Prop Holdings R'000	Transcend Residential Property Fund R'000	Belden Park Delaware LLC USD'000	Rainier Moore Plaza LLC USD'000	32 East Center Delaware LLC USD'000	Rainier Stony Creek LLC USD'000
Revenue	221 548	354 503	8 138	7 504	3 009	3 966
Other income	690	6 392	40	2 674	33	87
Expenditure						
Operating expenses	(90 787)	(148 421)	(1 659)	(2 113)	(693)	(1 392)
Operating profit	131 451	212 474	6 519	8 065	2 349	2 661
Fair value adjustments	(25 875)	(117 861)	(4 382)	241	(470)	(766)
Finance income	1 405	5 551	1	–	–	–
Finance costs	(150 581)	(141 171)	(2 425)	(2 395)	(997)	(1 032)
Profit before income tax charge	(43 600)	(41 007)	(287)	5 911	883	863
Taxation	13 395	–	–	–	–	–
Profit for the year	(30 205)	(41 007)	(287)	5 911	883	863
Emira's share of profit/(loss)	(28 989)	(14 311)	(134)	2 913	436	427

2020	Rainier Woodlands Square LLC USD'000	Rainier Truman's Marketplace LLC USD'000	Rainier SA Crossing LLC USD'000	Rainier Wheatland Investors LLC USD'000	Rainier UTC LLC USD'000	Rainier Hendon Dawson Marketplace LLC USD'000
Revenue	6 341	4 941	2 518	4 187	6 887	2 249
Other income	4	48	862	7	220	1
Expenditure						
Operating expenses	(1 607)	(2 393)	(899)	(1 570)	(1 594)	(522)
Operating profit	4 738	2 596	2 481	2 624	5 513	1 729
Fair value adjustments	(2 998)	2 573	472	2 874	(497)	–
Finance income	–	–	–	–	3	1
Finance costs	(2 041)	(1 042)	(697)	(872)	(1 769)	(808)
Profit before income tax charge	(301)	4 127	2 256	4 626	3 249	922
Taxation	–	–	–	–	–	–
Profit for the year	(301)	4 127	2 256	4 626	3 249	922
Emira's share of profit/(loss)	(149)	2 043	1 117	2 295	1 613	455

* The information in relation to the USA investments were extracted from the audited trial balances for the year ended 30 June 2020. The independent auditors of the USA associates are Whitley Penn LLP. The information in relation to the USA investments were extracted from the audited trail balances for the year ended 30 June 2020. The independent auditors of the USA associated are Whitley Penn LLP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

10. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF COMPREHENSIVE INCOME *

2019	Enyuka Prop Holdings R'000	Transcend Residential Property Fund R'000	Belden Park Delaware LLC USD'000	Rainier Moore Plaza LLC USD'000	32 East Center Delaware LLC USD'000	Rainier Stony Creek LLC USD'000
Revenue	176 461	90 012	8 976	9 002	3 289	4 028
Other income	453	554	–	72	–	–
Expenditure						
Operating expenses	(63 147)	(36 601)	(2 650)	(4 188)	(738)	(1 216)
Operating profit	113 766	53 965	6 327	4 887	2 551	2 812
Fair value adjustments	50 031	(26 762)	3 671	(2 800)	(409)	(691)
Finance income	997	2 103	–	–	–	–
Finance costs	(119 612)	(36 292)	(2 420)	(2 283)	(1 006)	(1 029)
Profit before income tax charge	45 181	(6 986)	7 577	(196)	1 136	1 091
Taxation	(9 594)	–	–	–	–	–
Profit for the year	35 587	(6 986)	7 577	(196)	1 136	1 091
Emira's share of profit/(loss)	27 202	(2 438)	3 536	(97)	562	540

2019	Rainier Woodlands Square LLC USD'000	Rainier Truman's Marketplace LLC USD'000	Rainier SA Crossing LLC USD'000	Rainier Wheatland Investors LLC USD'000	Rainier UTC LLC USD'000
Revenue	4 514	2 658	848	979	180
Other income	–	–	–	(791)	–
Expenditure					
Operating expenses	(1 276)	(1 273)	(251)	(378)	(3)
Operating profit	3 239	1 385	597	(191)	177
Fair value adjustments	–	–	(232)	–	
Finance income	–	–	–	–	–
Finance costs	(1 393)	(539)	(237)	(333)	
Profit before income tax charge	1 846	845	127	(524)	177
Taxation	–	–	–	–	–
Profit for the year	1 846	845	127	(524)	177
Emira's share of profit/(loss)	915	418	63	(259)	88

* The information for Enyuka was extracted from Enyuka's audited financial statements for the year ending 30 June 2019. The independent external auditors of Enyuka are BDO South Africa Inc.

\# The information for Transcend was extracted from Transcend's interim financial statements for the six-months ended 30 June 2019 as announced on SENS on 8 August 2019.

^ The information for the foreign US associates was extracted from the audited trial balances of the associates for the 12-months ended 30 June 2019. The independent external auditors of the USA associates are Whitley Penn LLP.

11. LISTED PROPERTY INVESTMENT

	GROUP		NUMBER OF STAPLED SECURITIES	
R'000	**2020**	2019	**2020**	2019
Growthpoint Properties Australia Limited ("GOZ")				
Balance at beginning of year	**759 716**	956 209	**18 638 447**	26 058 566
Stapled securities acquired	**–**	–	**–**	–
Stapled securities sold	**(788 236)**	(307 136)	**(18 638 447)**	(7 420 119)
Fair value adjustment	**(12 863)**	131 063	**–**	–
Currency translation adjustment	**41 384**	(20 420)	**–**	–
Balance at end of year	**–**	759 716	**–**	18 638 447

During the current financial period, the Fund disposed of the balance of its GOZ holding, being a further 18 638 447 units at an average quoted market price of AUD4,11 per unit. The sales were in line with the Fund's strategy of disposing its non-core assets. The value disposed of, was determined with reference to the quoted market price of GOZ, which is a level 1 input.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

12. OTHER FINANCIAL ASSETS

	GROUP	
R'000	2020	2019
Inani Property Fund Proprietary Limited		
Holding (%)	**20**	20
Fair value at beginning of the year	**30 822**	–
Acquisition of shares in Inani	**778**	20 753
Fair value adjustment	**(12 240)**	10 069
Fair value at end of year	**19 360**	30 822

The fair value of the investment in Inani was determined with reference to the net asset value of Inani, which is deemed to be a level 3 input of the fair value hierarchy as defined by IFRS 13 *Fair Value Measurements*. For further information in relation to the measurement of fair value, please refer to note 31.

13. ACCOUNTS RECEIVABLE

	GROUP	
R'000	2020	2019
Trade receivables	**112 352**	42 387
Less: Expected credit losses	**(45 801)**	(24 086)
Net trade receivables	**66 551**	18 301
Prepayments	**13 261**	37 656
Accrual of recoverable expenses	**41 441**	35 501
Municipal deposits	**14 297**	15 340
Other receivables	**17 541**	7 838
Total	**153 091**	114 636
Due within one year	**153 091**	114 636

The carrying values of accounts receivable approximate their fair value. All classes of accounts receivable have been considered for impairment.

The movement in the expected credit losses for trade receivables is as follows:

Opening balance	**24 086**	23 384
Expected credit losses written off during the year as uncollectable	**(31 376)**	(18 861)
Additional expected credit losses recognised during the year	**53 091**	19 563
– Standard trade receivables	**33 011**	19 563
– Deferred rental	**20 080**	–
Closing balance		
Ageing of receivables past due but not impaired		
30 days	**1 929**	11 801
60 days	**2 577**	2 246
90 days	**13 523**	2 866
120+ days	**48 522**	1 388
Total	**66 551**	18 301
Ageing of impaired receivables		
30 days	**24 906**	3 366
60 days	**1 224**	2 459
90 days	**9 453**	1 839
120+ days	**10 218**	16 422
Total	**45 801**	24 086

Refer to note 31 for further information on the credit risk of trade and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

14. LOANS RECEIVABLE

R'000	GROUP 2020	GROUP 2019
LOANS PROVIDED ON THE DISPOSAL OF PROPERTY		
Africrest Properties (Pty) Ltd – The Avenues	**6 000**	6 000
The loan bears interest at 9,5% per annum from 29 June 2017 to 28 June 2018, 10,0% per annum from 29 June 2018 to 28 June 2019, 10,5% per annum from 29 June 2019 to 28 June 2020 and 11,0% per annum from 29 June 2020 to 28 June 2021. The loan is unsecured and is repayable on 28 June 2021. The loan relates to finance provided on the disposal of the property known as The Avenues.		
Africrest Properties (Pty) Ltd – Riverworld	**9 270**	9 270
The loan bears interest at 9,5% per annum from 20 December 2017 to 19 December 2018, 10,0% per annum from 20 December 2018 to 19 December 2019, 10,5% per annum from 20 December 2019 to 19 December 2020 and 11,0% per annum from 20 December 2020 to 19 December 2021. The loan is unsecured and is repayable on 19 December 2021. The loans relates to finance provided on the disposal of the property known as Riverworld.		
Inani Prop Holdings (Pty) Ltd	**338 992**	319 073
The loan bears interest at 3 month JIBAR plus a margin of 4,0% (2019: 3,5%) from the first utilisation date until the end of the 15th month after the first utilisation date and thereafter increasing by 50 basis points for each 12-month period. The loan is repayable on 27 June 2024 and Emira has a second ranking debt guarantee.		
RAB Property Investments (Pty) Ltd – Loan 1	**48 702**	42 140
The loan bears interest at 3 month JIBAR plus a margin of 3,5% per annum, is unsecured and is repayable as follows; 11 monthly instalments of R1 million each from and including 28 July 2020 to and including 28 May 2021; followed by three equal instalments payable on and including 28 June 2021, 28 December 2021, 28 June 2022 to reduce the balance to nil. The loan relates to finance provided on the disposal of the properties known as Brooklyn Gardens, Waterkloof House and Brooklyn Forum.		
RAB Property Investments (Pty) Ltd – Loan 2	**42 157**	59 789
The loan bears interest at 9,25% per annum from 28 March 2018 to 27 March 2019, 9,75% per annum from 28 March 2019 to 27 March 2020 and 10,25% per annum from 28 March 2020 to 27 March 2021. The loan is repayable on 27 March 2021. The loan relates to finance provided on the disposal of the property known as Brooklyn Office Park.		
Square Buttons Consulting (Pty) Ltd	**3 735**	3 772
The loan bears interest at 9,5% per annum from 16 October 2017 to 15 October 2018, 10,5% per annum from 16 October 2018 to 15 October 2019 and 11,5% per annum from 16 October 2019 to 15 October 2020. The loan is secured and is repayable on 20 December 2020. The loan relates to finance provided on the disposal of the property known as 4 Kikuyu.		
SUPPLIER DEVELOPMENT LOANS		
BrightBlack Energy (Pty) Ltd – Boskruin	**2 966**	3 044
The loan was advanced in terms of the solar project undertaken in line with the Fund's BBBEE policy of supplier development. R3,1 million was advanced at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 15 April 2029. The loan is secured by a notarial bond over the related solar panels.		
BrightBlack Energy (Pty) Ltd – Randridge	**9 529**	9 746
The loan was advanced in terms of the solar project undertaken in line with the Fund's BBBEE policy of supplier development. R9,7 million was advanced during the year at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 30 September 2029.		
Sinani Energy (Pty) Ltd – Springfield	**905**	–
The loan was advanced in terms of the solar project undertaken in line with the Fund's BBBEE policy of supplier development. R0,9 million was advanced during the year at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 31 December 2030. The loan is secured by a notarial bond over the related solar panels.		
Sinani Energy (Pty) Ltd – Ben Fleur	**3 956**	3 072
The loan was advanced in terms of the solar project undertaken in line with the Fund's BBBEE policy of supplier development. R3,0 million was advanced at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 31 July 2029. The loan is secured by a notarial bond over the related solar panels.		
Total loans receivable	**466 212**	455 906
Less: Current portion of loans receivable	**68 833**	18 254
Non-current portion of loans receivable	**397 379**	437 652
Gross Loans receivable	**466 212**	455 906
Expected credit loss	**(40 148)**	–
Net loans receivable	**426 064**	455 906

Refer to note 31 for further information on the credit risk of loans receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

15. SHARE CAPITAL

AUTHORISED

2 000 000 000 ordinary shares of no par value (2019: 2 000 000 000).

ISSUED

522 667 247 ordinary shares of no par value (2019: 522 667 247).

	GROUP	
R'000	2020	2019
AUTHORISED AND ISSUED		
Balance at beginning of year	**3 654 591**	3 775 458
Share capital	**4 026 633**	4 537 240
Share issue costs	**1 306 856**	1 307 248
Share premium	**(187 425)**	30 000
Debentures	**(1 333 475)**	–
Recognition of shares issued to BEE Scheme	**172 411**	–
Issued during the year	**–**	99 549
Repurchased during the year	**–**	(99 545)
JSE Listing fees	**–**	(393)
Treasury shares in issue	**(381 706)**	(120 478)
Shares acquired by ESA Trust during the year [i]	**–**	(99 549)
Shares acquired for the Forfeitable Share Plan [ii]	**(17 480)**	(20 929)
Treasury shares held by BEE Scheme upon consolidation [iii]	**(364 226)**	–
Vested during the year	**–**	–
Balance at 30 June 2020	**3 445 296**	3 654 591

i The ESA Trust acquired 7 200 000 shares in 2019 at an average price of R13,83 on the JSE, which have been classified as treasury shares upon consolidation.

ii Shares held in treasury in respect of the Forfeitable share plan issued as a long-term incentive to employees of 2 840 147 (2019: 1 448 299).

iii Emira issued 26 133 364 shares to the BEE Scheme SPVs at R13,94 per share in furtherance of its BEE strategy in June 2017. Upon the issue of the guarantee on behalf of the BEE Scheme SPVs, as described in note 32, it was determined that Emira exercises control over the BEE SPVs, resulting in the consolidation thereof with effect from 1 April 2020. Upon consolidation, the shares issued to the BEE SPVs were classified as treasury shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

16. RESERVES

	GROUP	
R'000	2020	2019
Fair value reserve		
Opening balance	**4 964 268**	4 926 991
Transfer to fair value reserve	**(816 505)**	37 277
Closing balance	**4 147 763**	4 964 268
Other reserves		
Opening balance	**(70 466)**	(82 143)
Equity settled share scheme	**9 160**	11 677
Closing balance	**(61 306)**	(70 466)
Foreign currency translation reserve		
Opening balance	**19 776**	17 918
Exchange differences on translation of foreign operations	**154 191**	1 919
Non-controlling interest	**–**	(61)
Closing balance	**173 967**	19 776
Non-controlling interest		
Opening balance	**2 595**	107
Profit for the year	**3 016**	4 115
Exchange differences on translation of foreign operations	**–**	61
Dividends paid	**(827)**	(1 688)
Non-controlling interest acquired	**1 090**	-
Closing balance	**5 874**	2 595
Retained earnings		
Opening balance	**412 635**	330 351
IFRS 9 adoption	**–**	(2 582)
Total comprehensive income for the year	**(734 178)**	882 509
Profit for the year	**(731 162)**	886 624
Non-controlling interest	**(3 016)**	(4 115)
Dividends paid	**(786 472)**	(778 800)
Premium on share option*	**18 875**	18 433
Control of BEE Scheme acquired for no consideration	**26 369**	–
Non-controlling interest acquired^	**(24 085)**	–
Transfer to fair value reserve	**816 505**	(37 277)
Closing balance	**(270 352)**	412 635
Total reserves	**3 995 946**	5 328 807

The fair value reserve represents all fair value adjustments made in respect of investment properties, the listed property investment and fair value movements on interest rate derivatives.

The other reserve represents the charge which was made to the statement of comprehensive income in respect of shares that were issued to the ESA Trust, Fund's BEE partners and vendors of properties in prior years and the cost recognised on the equity settled share schemes, as detailed in note 32.

* The premium on share option of R18,8 million (2019: R18,4 million) represents the interest received on the unrecognised loan to the BEE parties prior to the consolidation of the BEE Scheme. For further information, see note 32.

^ On 12 July 2019, a settlement agreement was entered into between Emira, Continuum, and Continuum Investments LLC (the "Continuum Manager"). Per the terms of the settlement agreement, Emira purchased Continuum's 3,16% equity interest in the Company for total consideration of USD1 500 000, with effect from 20 August 2019. Accordingly, Emira and Continuum agree that with effect from First Closing Date that all ownership rights, entitlements and benefits in and to the Equity Interests shall vest in Emira; and all risks, obligations and duties in and to the Equity Interests shall transfer to Emira.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

17. INTEREST-BEARING DEBT

RECONCILIATION OF INTEREST-BEARING BORROWINGS

	GROUP	
R'000	2020	Restated 2019
Balance at 1 July	**5 293 012**	5 669 550
Borrowings acquired	**1 265 729**	6 480 837
Transaction costs paid	**(2 439)**	(2 711)
Transaction costs amortised (non-cash)	**2 703**	3 042
Interest expense	**34 602**	7 190
Repayment of debt	**(1 537 133)**	(6 864 895)
Reallocation of Feenstra loan to other financial liabilities	**–**	(23 651)
Control of BEE party	**146 238**	–
Balance at 30 June	**5 179 061**	5 269 362
Current portion	**1 681 000**	1 283 930
Non-current portion	**3 498 061**	3 985 432

The carrying amount of the interest-bearing debt approximates its fair value.

As at 30 June 2020 Emira had total debt facilities (excluding other consolidated debt) of R5 586,0 million (2019: R5 815,0 million), of which R4 967,0 million (2019: R5 195,0 million) had been utilised.

At 30 June 2020, the aggregate indebtedness amounted to 43.0% (2019: 36,1%) of the gross value of the underlying income producing assets.

As at 30 June 2020 interest rates were fixed in respect of 83,0% (2019: 91,2%) of interest-bearing borrowings and the weighted average all in interest rate was 7,45% (2019: 7,6%), excluding other consolidated debt. Details of Emira's interest-rate hedging contracts are shown in note 20.

No covenants were breached during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

17. INTEREST-BEARING DEBT CONTINUED

R'000					GROUP	
Funder		Nominal interest rate	Term	Date of maturity	2020	2019
Emira direct funding						
Rand Merchant Bank[1]	Secured	PRIME - 1,45%	36 months	Nov 22	**105 153**	–
Rand Merchant Bank[1]	Secured	PRIME - 1,60%	24 months	Nov 19	**–**	5 784
Rand Merchant Bank[1]	Secured	3m JIBAR + 1,85%	60 months	Dec 23	**301 137**	301 799
Rand Merchant Bank[1]	Secured	3m JIBAR + 1,70%	36 months	Dec 21	**200 658**	200 990
Rand Merchant Bank[1]	Secured	3m JIBAR + 1,65%	38 months	Jul 22	**203 525**	203 433
Rand Merchant Bank[1]	Secured	3m JIBAR + 1,80%	62 months	Jul 24	**305 080**	304 877
Rand Merchant Bank[1]	Secured	3m JIBAR + 1,95%	36 months	May 23	**201 165**	–
ABSA[4]	Secured	PRIME - 1,45%	36 months	Jul 22	**(636)**	251 157
ABSA[4]	Secured	3m JIBAR + 1,60%	36 months	Mar 23	**150 436**	–
ABSA[4]	Secured	3m JIBAR + 1,55%	24 months	Mar 20	**–**	149 981
ABSA[4]	Secured	3m JIBAR + 1,68%	36 months	Mar 21	**199 841**	199 670
Nedbank[2]	Secured	3m JIBAR + 1,85%	63 months	Sep 23	**199 901**	200 035
Nedbank[2]	Secured	3m JIBAR + 1,70%	60 months	Apr 24	**202 893**	203 487
Nedbank[2]	Secured	3m JIBAR + 2,00%	60 months	Sep 22	**299 650**	300 328
Standard Bank[3]	Secured	PRIME - 1,49%	48 months	May 21	**224 752**	226 181
Standard Bank[3]	Secured	3m JIBAR + 1,85%	60 months	Jun 23	**199 987**	200 038
Standard Bank[3]	Secured	PRIME - 1,25%	60 months	Jun 23	**–**	–
Sanlam[5]	Unsecured	3m JIBAR + 1,85%	48 months	Jul 21	**200 032**	200 098
Investec Bank	Unsecured	QUOTED 6,85%	12 months	Jul 20	**150 927**	211
DMTN programme[6]	Secured	3m JIBAR + 1,65%	61 months	Sep 20	**70 311**	70 454
DMTN programme[5]	Unsecured	3m JIBAR + 1,80%	36 months	Sep 19	**–**	241 093
DMTN programme[5]	Unsecured	3m JIBAR + 1,78%	36 months	Nov 19	**–**	101 336
DMTN programme[5]	Unsecured	3m JIBAR + 1,95%	36 months	Jun 20	**–**	200 877
DMTN programme[5]	Unsecured	3m JIBAR + 1,90%	36 months	Nov 20	**150 455**	151 004
DMTN programme[5]	Unsecured	3m JIBAR + 1,80%	36 months	May 21	**402 050**	403 070
DMTN programme[5]	Unsecured	3m JIBAR + 2,00%	60 months	Jun 23	**127 488**	127 756
DMTN programme[6]	Secured	3m JIBAR + 1,45%	36 months	Sep 21	**130 365**	130 586
DMTN programme[6]	Secured	3m JIBAR + 1,60%	60 months	Sep 23	**200 507**	200 889
DMTN programme[6]	Secured	3m JIBAR + 1,80%	84 months	Dec 25	**100 135**	100 299
DMTN programme[5]	Unsecured	3m JIBAR + 1,65%	36 months	Sep 22	**100 236**	–
DMTN programme[5]	Unsecured	3m JIBAR + 1,60%	36 months	Nov 22	**100 867**	–
DMTN programme[5]	Unsecured	3m JIBAR + 1,15%	12 months	Sep 19	**–**	195 093
DMTN programme[5]	Unsecured	3m JIBAR + 1,15%	12 months	Nov 19	**–**	126 593
DMTN programme[5]	Unsecured	3m JIBAR + 1,15%	12 months	Mar 20	**–**	155 947
DMTN programme[5]	Unsecured	3m JIBAR + 0,75%	6 months	Oct 19	**–**	76 445
DMTN programme[5]	Unsecured	3m JIBAR + 0,70%	6 months	Mar 20	**–**	–
DMTN programme[5]	Unsecured	3m JIBAR + 1,10%	12 months	Nov 20	**126 063**	–
DMTN programme[5]	Unsecured	3m JIBAR + 1,10%	12 months	Mar 21	**335 879**	–
					4 988 857	5 229 511
Other consolidated debt						
Sanlam (ESA Trust) **	Secured	3m JIBAR + 3,00%	60 months	Jun 24	**40 828**	39 851
Sanlam (Tamela SPV) ***	Secured	3m JIBAR + 3,00%	64 months	Oct 22	**74 688**	–
Sanlam (Letsema SPV) ****	Secured	3m JIBAR + 3,00%	64 months	Oct 22	**74 688**	–
					5 179 061	5 269 362
Current portion included in current liabilities					**(1 681 000)**	(1 283 930)
					3 498 061	3 985 432

* Relates to the shareholder loan provided by the Feenstra Property Group to Bet All Investments (Pty) Limited, the company holding the residential property known as The Bolton.

** Relates to the funding provided by Sanlam to The ESA Trust ("ESA"), the investment vehicle of the executive directors. The loan is secured by ESA's 7 200 000 Emira shares. ESA is consolidated into Emira due to the common control of the directors.

*** Relates to the funding provided by Sanlam to Tamela Property Investments (Pty) Ltd ("Tamela SPV"), a wholly owned subsidiary of Tamela Holdings (Pty) Ltd ("Tamela"), in terms of Emira's June 2017 BEE equity investment scheme. The loan is secured by Tamela SPV's 13 066 682 Emira shares. Tamela SPV is consolidated by Emira, effective 27 March 2020, due to the guarantee provided by Emira to Sanlam in respect of the Tamela SPV's outstanding debt.

**** Relates to the funding provided by Sanlam to Luxanio Trading 157 (Pty) Ltd ("Letsema SPV"), a wholly owned subsidiary of Letsema Holdings (Pty) Ltd ("Letsema"), in terms of Emira's June 2017 BEE equity investment scheme. The loan is secured by Letsema SPV's 13 066 682 Emira shares. Letsema SPV is consolidated by Emira, effective 27 March 2020, due to the guarantee provided by Emira to Sanlam in respect of the Letsema SPV's outstanding debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

17. INTEREST-BEARING DEBT CONTINUED

The financial assets have been pledged under the following terms:

1. A minimum Group net asset value of R6 billion must be maintained at all times.
   The facility gearing ratio shall not exceed 50%.
   The group consolidated net interest-bearing debt to total assets ratio shall be no more than 50%.
   The facility interest cover ratio ("ICR") shall be greater than 1,9 times.
   The group consolidated ICR shall be greater than two times.
   The facility gearing ratio including hedging liabilities shall be no more than 60%.
2. The group loan-to-value ("LTV") is to remain at a level of at least two times.
   The group LTV ratio may not exceed 50%.
3. The facility ICR shall be greater than 1,2 times.
   The facility LTV ratio shall not exceed 70%.
   The group consolidated ICR shall be greater than two times.
   The group consolidated LTV ratio shall not exceed 50%.
4. The facility ICR shall be greater than two times.
   The facility LTV ratio shall not exceed 60%.
   The facility LTV ratio, including net mark-to-market shall not exceed 70%.
   The group consolidated ICR shall be greater than two times.
   The group consolidated LTV ratio shall not exceed 50%.
5. The group LTV ratio may not exceed 50%.
6. The group LTV ratio may not exceed 50%.
   The facility LTV ratio shall not exceed 40%.

Debt covenant summary:

	TRANSACTION LTV		TRANSACTION LTV, INCLUDING DERIVATIVES		CORPORATE LTV COVENANT		TRANSACTION ICR		CORPORATE ICR	
R'000	Prescribed (%)	Actual (%)	Prescribed (%)	Actual (%)	Prescribed (%)	Actual (%)	Prescribed (times)	Actual (times)	Prescribed (times)	Actual (times)
Rand Merchant Bank #	50,0	37,4	60,0	46,3	50,0	44,8 ##	1,9	3,0	2,0	2,6 ^^
ABSA #	60,0	29,2	70,0	54,3	50,0	44,8 ##	2,0	4,0	2,0	3,0
Nedbank #	n/a	n/a	n/a	n/a	50,0	44,8 ##	n/a	n/a	2,0	3,0
Standard Bank #	70,0	50,7	n/a	n/a	50,0	43,0	1,2	1,7	2,0	3,0
Sanlam ^	n/a	n/a	n/a	n/a	50,0	44,8 ##	n/a	n/a	n/a	n/a
Investec Bank ^	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DMTN programme (secured) #	40,0	39,7	n/a	n/a	50,0	42,3 **	n/a	n/a	n/a	n/a
DMTN programme (unsecured) ^	n/a	n/a	n/a	n/a	50,0	42,3 **	n/a	n/a	n/a	n/a

\# Secured.

^ Unsecured.

\## Actual LTV = 43,0%. These funders limited the inclusion of equity-accounted investments and loans receivable into income producing assets to 20% of total income producing assets.

^^ ICR covenant allocates interest received to EBITDA rather than offsetting against interest paid.

** Actual LTV = 43,0%. The LTV covenant in the DMTN programme limits, the inclusion of equity-accounted investments and loans receivable into income producing assets to 20% of total income producing assets. Further, the mark-to-market of net-derivative assets/liabilities included in borrowings is limited to cross currency interest rate swaps.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

18. OTHER FINANCIAL LIABILITIES

	GROUP	
R'000	2020	2019
Feenstra Property Group (Pty) Ltd	**23 785**	23 651
Shareholder loan to Bet-All Investments (Pty) Ltd. The loan is unsecured and bears interest at three month JIBAR plus 180 basis points.		
Letsema Holdings (Pty) Ltd	**8 135**	–
Shareholder loan proved to Luxanio Trading 157 (Pty) Ltd, which is unsecured and does not bear interest.		
Letsema Strategy Services (Pty) Ltd	**96**	–
Shareholder loan proved to Luxanio Trading 157 (Pty) Ltd, which is unsecured and does not bear interest.		
Sanlam Capital Markets (Pty) Ltd	**2 081**	–
Sanlam equity loan provided to Tamela Property Investments (Pty) Ltd. The loan is unsecured and bears interest at three month JIBAR + 3,25% repayable quarterly.		
Tamela Holdings (Pty) Ltd	**9 106**	–
Shareholder loan proved to Tamela Property Investments (Pty) Ltd, which is unsecured and does not bear interest.		
Closing balance	**43 203**	23 651
Current portion	**–**	–
Non-current portion	**43 203**	23 651
Closing balance	**43 203**	23 651

The carrying values of the other financial liabilities approximate the fair value thereof.

19. LEASE LIABILITY

	GROUP	
R'000	2020	2019
Lease liability recognised at 1 July 2019	**40 212**	–
Interest expense	**2 976**	–
Lease payments	**(3 601)**	–
Closing balance	**39 587**	–
Current portion	**3 666**	–
Non-current portion	**35 921**	–
Closing balance	**39 587**	–
Maturity analysis of lease liability		
– Due within one year	**3 813**	–
– Due within two to five year	**13 443**	–
– Due beyond five years	**54 761**	–
Closing balance	**72 018**	–

The Group adopted IFRS 16 – Leases on 1 July 2019. The lease liabilities relate to the right-of-use assets disclosed under note 6. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The incremental borrowing rate applied to the lease liabilities on 1 July 2019 ranged from 7,4% to 7,6%. Each lease payment is allocated between the liability and finance cost. Finance costs are charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

20. DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP	
R'000	2020	2019
Net fair value of the derivative assets at the statement of financial position date was:		
Cross-currency interest-rate swap contracts	**6 088**	79 804
Foreign exchange option contracts	**134 935**	28 071
Call option contracts and forward contracts relating to share appreciation rights scheme	**–**	2 282
Balance at 30 June	**141 023**	110 157
Less: current portion	**(46 072)**	(72 597)
Non-current portion	**94 951**	37 560

	GROUP	
R'000	2020	2019
Net fair value of the derivative liabilities at the statement of financial position date was:		
Interest-rate swap contracts	**236 040**	61 776
Cross-currency interest-rate swap contracts	**363 176**	119 141
Foreign exchange option contracts	**179 003**	20 487
Forward contracts relating to share appreciation rights scheme	**43 179**	13 584
Balance at 30 June	**821 398**	214 988
Less: current portion	**(190 326)**	(32 174)
Non-current liabilities	**631 072**	182 814

SHARE INCENTIVE SCHEME DERIVATIVES

The Group entered into cash settled forward contracts with Investec as an economic hedge, in respect of the fourth and fifth tranches of the share appreciation rights share incentive scheme, at the following forward prices:

Date	Number of shares	Forward price
Fourth tranche		
5 October 2020	1 791 666	17,56
Fifth tranche		
30 September 2020	1 700 000	13,04
30 September 2021	1 700 000	12,48

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

20. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

INTEREST-RATE DERIVATIVES

The notional principal amount of the outstanding interest-rate hedging contracts at 30 June 2020 was R4 121,9 million (2019: R4 796,0 million).

The interest-rate hedging contracts as at 30 June 2020 are as follows:

Financial institution	Nominal amount	Commencement date	Maturity date	Fixed rate (%)	Rate basis
Interest-rate swaps					
ABSA	R270,0 million	30 Jun 17	30 Jun 21	7,380	3m JIBAR
Rand Merchant Bank	R50,0 million	11 Mar 16	31 Jan 22	6,570	3m JIBAR
Rand Merchant Bank	R50,0 million	15 Jun 19	04 Feb 22	6,490	3m JIBAR
Rand Merchant Bank	R150,0 million	25 Mar 14	25 Mar 22	6,480	3m JIBAR
ABSA	R50,0 million	29 Mar 19	29 Mar 22	7,300	3m JIBAR
Rand Merchant Bank	R40,0 million	01 Jul 11	31 May 22	6,680	3m JIBAR
Nedbank	R150,0 million	07 Sep 17	13 Jun 22	7,340	3m JIBAR
Nedbank	R150,0 million	07 Sep 17	13 Jun 22	7,310	3m JIBAR
Rand Merchant Bank	R200,0 million	20 Jun 13	20 Jun 22	6,830	3m JIBAR
ABSA	R210,0 million	30 Dec 19	30 Jun 22	6,700	3m JIBAR
Rand Merchant Bank	R50,0 million	01 Jul 11	31 Aug 22	7,500	3m JIBAR
Rand Merchant Bank	R50,0 million	01 Jul 11	29 Jul 22	7,510	3m JIBAR
Rand Merchant Bank	R88,5 million	01 Nov 13	01 Aug 22	7,520	3m JIBAR
Rand Merchant Bank	R213,0 million	15 Aug 14	30 Sep 22	6,700	3m JIBAR
Rand Merchant Bank	R100,0 million	10 Sep 07	30 Dec 22	7,450	3m JIBAR
Rand Merchant Bank	R60,0 million	02 Jun 10	31 Jan 23	7,530	3m JIBAR
Rand Merchant Bank	R200,0 million	20 Jun 13	20 Jun 23	7,650	3m JIBAR
ABSA	R125,0 million	17 May 19	17 Aug 23	7,270	3m JIBAR
ABSA	R50,0 million	26 Jun 19	26 Sep 23	7,270	3m JIBAR
ABSA	R125,0 million	03 Jun 19	01 Mar 24	7,480	3m JIBAR
ABSA	R50,0 million	29 Mar 19	28 Mar 24	7,550	3m JIBAR
ABSA	R150,0 million	03 Apr 18	02 Apr 24	7,190	3m JIBAR
ABSA	R150,0 million	28 Mar 19	28 Jun 24	7,480	3m JIBAR
ABSA	R150,0 million	28 Mar 19	28 Jun 24	7,800	3m JIBAR
Rand Merchant Bank	R250,0 million	07 Jan 20	07 Jan 25	6,970	3m JIBAR
Cross-currency interest-rate swaps					
ABSA	USD3,7 million	11 Feb 19	08 May 23	2,800	3m JIBAR
ABSA	USD4,2 million	07 Aug 19	08 Nov 23	2,140	3m JIBAR
ABSA	USD9,7 million	07 Aug 19	08 Feb 24	2,090	3m JIBAR
ABSA	USD6,1 million	07 May 19	07 May 24	2,640	3m JIBAR
ABSA	USD8,0 million	20 Jun 19	07 Aug 24	2,110	3m JIBAR
Rand Merchant Bank	USD8,0 million	28 Jan 20	07 Aug 24	1,930	3m JIBAR
Rand Merchant Bank	USD8,3 million	04 Oct 17	07 Feb 25	2,110	3m JIBAR
Rand Merchant Bank	USD3,1 million	20 Dec 17	07 Feb 25	2,430	3m JIBAR
Rand Merchant Bank	USD1,0 million	16 Nov 17	07 Nov 25	2,305	3m JIBAR
Rand Merchant Bank	USD5,7 million	18 Dec 18	07 Nov 25	3,135	3m JIBAR
Rand Merchant Bank	USD2,5 million	26 Mar 19	07 Nov 25	2,761	3m JIBAR
Rand Merchant Bank	USD1,2 million	10 May 19	07 Nov 25	2,783	3m JIBAR
Rand Merchant Bank	USD11,6 million	19 Oct 18	07 May 26	3,234	3m JIBAR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

20. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

FOREIGN EXCHANGE DERIVATIVES

The Group uses forward exchange contracts to hedge the anticipated income flows from its investments in the USA.

The foreign exchange contracts as at 30 June 2020 are as follows:

Maturity date	Nominal value USD'000	Fixed USD/R rate	% of estimated income hedged
Dec 2020	3 428	15,03	81,07
Dec 2021	3 517	15,82	87,62
Dec 2022	3 455	16,96	80,43
Dec 2023	3 524	18,10	86,92
Dec 2024	1 800	19,32	77,64
Jun 2021	2 054	15,43	88,64
Jun 2022	2 077	16,23	79,32
Jun 2023	2 184	17,53	69,26
Jun 2024	1 694	18,55	42,20
Jun 2025	600	20,40	73,14

21. ACCOUNTS PAYABLE

	GROUP	
R'000	2020	2019
Trade payables	**11 512**	11 050
Tenant deposits	**94 058**	98 652
Accrued expenses	**157 845**	116 479
Pre-paid debtors	**33 872**	31 992
Value added tax	**(3 726)**	16 077
Other payables	**14 725**	9 241
Total	**308 286**	283 491
Current	**308 286**	283 491

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

22. EMPLOYEE BENEFITS

EMPLOYEE BENEFITS LIABILITY

	GROUP	
R'000	**2020**	2019
Share appreciation rights scheme	**488**	3 905
Provision for leave pay	**2 469**	2 347
Accrued bonuses	**11 116**	20 021
Total	**14 074**	26 273

SHARE-BASED PAYMENTS

i. Share appreciation rights

The Group operates a share appreciation rights scheme that was formulated to reward certain employees who make a meaningful and sustainable contribution to the financial performance of Emira.

The awards may be exercised in equal tranches, three, four and five years after the date of grant. Tranche 4 and 5 are subject to a performance condition of annual growth in distributions compared to CPI.

The number of SARs awards outstanding is as follows:

R'000	Outstanding at 1 July 2019	Granted	Cancelled/ expired	Vested	Outstanding at 30 June 2020
Tranche					
Third tranche	421 054	–	(421 054)	–	–
Fourth tranche	3 477 667	–	(1 758 834)	–	1 718 833
Fifth tranche	4 880 500	–	(1 666 833)	–	3 213 667
	8 779 221	–	(3 846 721)	–	4 932 500

No SARs vested during the year. At 30 June 2020, the following SARs were expected to vest in the future.

› Tranche four – None

› Tranche five – third third: 100%

The IFRS 2 charge recognised in the statement of comprehensive income in respect of the share appreciation rights scheme amounted to income of R2,5 million (2019: income R1,9 million). The scheme is accounted for as a cash-settled share-based payment, whereby a share-based payment expense is recognised as the services and vesting conditions are met. The fair value of the share appreciation rights is calculated by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered services to date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

22. EMPLOYEE BENEFITS CONTINUED

ii. Forfeitable Share Plan

The Forfeitable Share Plan ("FSP") was introduced as a long-term incentive for employees who will receive shares in the Company for no consideration. The purpose of the FSP is to provide both an incentive to employees to deliver the Group's business strategy and objectives over the long-term and to act as a retention mechanism. The vesting of the FSP awards are subject to continued employment over the vesting period and meeting certain pre-set performance targets. In terms of the plan and depending on vesting conditions being met, the shares awarded to employees vest in equal tranches from the date of the award to 15 September three, four and five years after the date of the grant.

Participants are entitled to the corresponding voting rights and distributions prior to vesting.

In the event of death, serious disability, retrenchment or retirement of a participant, a portion of the award, to be calculated in terms of the provisions of the FSP, shall vest. If the participant's employment is terminated, the unvested portion of the award will be forfeited in its entirety, or partially, at the discretion of the Remuneration Committee, and all rights will lapse immediately on the date of termination of employment.

The number of FSP awards in issue is as follows:

R'000	Outstanding at 1 July 2019	Granted	Cancelled/ expired	Vested	Outstanding at 30 June 2020
Grant date					
15 December 2017	648 000	–	(7 400)	–	640 600
15 September 2018	800 299	–	(6 900)	–	793 399
15 September 2019	–	1 391 848	–	–	1 391 848
	1 448 299	1 391 848	(14 300)	–	2 825 847

No FSP awards vested during the year. At 30 June 2020 all awards in issue were expected to vest in the future.

The IFRS 2 expense recognised in the statement of comprehensive income for the year in respect of the FSP amounted to R9,1 million (2019: R4,9 million). The fair value was determined by using the actual price that the FSP shares were acquired at grant date.

iii. Matching share scheme

In terms of the matching share scheme, participants are invited bi-annually to acquire Emira shares.

Participants holding shares at the third anniversary of the date of award will, subject to performance criterion being met, be awarded Emira shares, free of consideration, based on a multiple of one share for every three original shares held.

The number of matching scheme awards in issue are as follows:

R'000	Outstanding at 1 July 2019	Granted	Cancelled/ expired	Vested	Outstanding at 30 June 2020
Grant date					
Matching share scheme awards	30 355				30 355
	30 355	–	–	–	30 355

No matching scheme awards vested during the year. At 30 June 2020 all matching scheme awards in issue were expected to vest in the future.

The IFRS 2 expense recognised in the statement of comprehensive income in respect of the share matching scheme amounted to R0,1 million (2019: R0,1 million). The fair value of services received in return for the matching share scheme awards has been determined as the number of shares expected to vest multiplied by the share price at year-end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

23. DEFERRED TAX

	GROUP	
R'000	2020	2019
Comprises of:		
Capital allowances	–	6 593
Reconciliation of the movement in the deferred tax liability		
Prior year deferred tax adjustment	–	(6 435)
Foreign currency translation adjustment	–	(158)
Balance at end of year	–	–

24. NOTES TO THE STATEMENT OF CASH FLOWS

	GROUP	
R'000	2020	2019
Cash generated from operations		
Profit before income tax charge for the year	(716 762)	885 417
Adjusted for:		
Fair value adjustments	841 608	(94 447)
Allowance for future rental escalations	846	11 840
Unamortised upfront lease costs	744	(490)
Amortisation of tenant installations	11 370	–
Income from listed property investment	(8 686)	–
Income from equity-accounted investments	(239 126)	(344 233)
Interest paid	402 489	454 250
Interest capitalised to the cost of developments	(3 768)	(20 866)
Foreign exchange profit	(154 073)	20 823
Unrealised deficit on revaluation of interest rate swaps	619 922	43 910
Expected credit loss	44 572	3 646
Impairment of Worley Parsons	–	41 042
Amortisation of call option	–	4 340
Finance income	(51 578)	(30 451)
Depreciation	759	10 555
Operating profit before working capital changes	748 317	985 336
Increase/(decrease) in accounts receivable	(38 455)	62 584
Decrease/increase in accounts payable	12 596	(25 940)
Cash generated from operations	722 458	1 021 980
Distribution to shareholders		
Distributions payable at the beginning of the year	–	–
Distributions for the year	(815 002)	(778 800)
Distributions paid to shareholders	(815 002)	(778 800)
Taxation paid for the year		
Taxation payable at beginning of year	3 362	7 534
Movement in statement of comprehensive income:	14 400	(1 207)
SA normal taxation	4 127	–
Deferred taxation	–	(6 435)
Withholding tax on foreign dividends received	10 273	5 227
Taxation payable at end of year	(17 130)	(3 362)
Taxation paid for the year	631	2 964

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

25. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

	GROUP	
R'000	2020	2019
Enyuka Prop Holdings (Pty) Ltd		
Shares	**12**	12
Loan	**595 109**	593 832
Expected credit loss	**10 435**	2 553
Loan terms: Refer to note 10 for further information		
Interest received	**80 437**	76 978
Relationship: Joint venture 49,9% owned		
Transcend Residential Property Fund Ltd		
Investment	**402 552**	430 822
Loan	**103 478**	143 461
Expected credit loss	**217**	2 375
Loan terms: Refer to note 10 for further information		
Interest received	**14 480**	8 372
Dividend received	**29 757**	15 797
Relationship: Equity-accounted associate, 34,9% owned		

26. MINIMUM CONTRACTED RENTAL INCOME

	GROUP	
R'000	2020	2019
The Group has rental income receivable in terms of operating lease contracts:		
– Due within one year	**925 027**	990 405
– Due within two to five years	**1 885 048**	2 094 917
– Due beyond five years	**407 348**	854 416
Total	**3 217 424**	3 939 738

The weighted average lease expiry is 2,7 years (2019: 3,0 years) and the average lease escalation is 7,3% (2019: 7,5%).

27. COMMITMENTS AND CONTINGENCIES

	GROUP	
R'000	2020	2019
Authorised capital expenditure		
– Committed	**2 400**	197 077
– Contracted for	**69 743**	55 345

CONTINGENCIES

The Fund has no material contingent liabilities as at 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

28. POST YEAR-END EVENTS

Declaration of dividend after reporting date

In line with IAS 10, Events after the reporting period, the declaration of the final dividend of 30,26 cents per share occurred after the end of the reporting period, resulting in a non-adjusting even that is not recognised in the financial statements.

While the economy is opening up and lockdown restrictions have been eased, Emira recognises that businesses of certain of its tenants continue to be constrained. Where necessary, for deemed high risk tenants, and provided Emira is satisfied with the longevity of the underlying business, further relief has been provided post 30 June 2020.

Emira entered into a Senior Secured Floating Rate Note, in terms of its Domestic Medium Term Note Programme dated 13 March 2019, effective 2 September 2020 for a nominal value of R70,0 million.

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

29. SEGMENT INFORMATION

The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision maker is the CEO of the Fund.

Management has determined the operating segments based on the reports reviewed by the CEO in making strategic decisions. The CEO considers the business based on the following operating segments:

LOCAL SOUTH AFRICAN INVESTMENTS

- Office – comprises directly held commercial properties
- Retail – comprises directly held shopping centres and the investment in Enyuka
- Industrial – comprises directly held industrial properties
- Residential – comprises directly held residential property and the investment in Transcend
- Corporate – comprises the South African administration activities of the Group

INTERNATIONAL INVESTMENTS

- International – comprises the indirect investments into grocery anchored power centres in the USA, the investment into Growthpoint Australia as well as international administration activities

The operating segments derive their revenue, either directly or indirectly, from rental income from lessees. All of the Group's income generating business activities and operating segments are reported within the above segments.

The administration activities of the Group are reported under the "Corporate" operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

29. SEGMENT INFORMATION CONTINUED

R'000	Office	Retail	Industrial	Residential	Corporate	Local	Inter-national	Total
SECTORAL SEGMENTS – JUNE 2020								
Revenue	456 497	731 287	284 190	29 140	–	1 501 114	–	1 501 114
Operating lease rental income and tenant recoveries	465 009	713 306	294 505	29 140	–	1 501 960	–	1 501 960
Allowance for future rental escalations	(8 512)	17 981	(10 315)	–		(846)	–	(846)
Property expenses	(202 135)	(311 864)	(129 993)	(7 915)	–	(651 906)	–	(651 906)
Income from listed property investment	–	–	–	–	–	–	8 686	8 686
Administration expenses	–	–	–	–	(107 389)	(107 389)	(9 542)	(116 930)
Operating profit	254 362	419 423	154 197	21 225	(107 389)	741 819	(856)	740 964
Net fair value adjustments	(265 011)	(420 932)	(117 821)	(12 741)	(632 162)	(1 448 667)	(12 863)	(1 461 530)
Investment properties	(265 011)	(420 932)	(117 821)	(12 741)	–	(816 505)	–	(816 505)
Derivative financial instruments relating to share appreciation rights scheme	–	–	–	–	8	8	–	8
Interest-rate derivatives	–	–	–	–	(619 930)	(619 930)	–	(619 930)
Property investments	–	–	–	–	(12 240)	(12 240)	(12 863)	(25 103)
Expected credit loss	–	–	–	–	(44 572)	(44 572)	–	(44 572)
Foreign exchange loss	–	–	–	–	–	–	154 073	154 073
Other income	–	–	–	–	3 559	3 559		3 559
Income from equity-accounted investments	–	51 448	–	15 967	–	67 415	171 710	239 126
Distributable	–	71 592	–	14 480	–	86 072	139 187	225 259
Non-distributable	–	(20 144)	–	1 487	–	(18 657)	32 523	13 866
Profit before finance costs	(10 648)	49 940	36 376	24 451	(780 564)	(678 445)	312 065	(366 380)
Net finance costs	–	–	–	–	(280 343)	(280 343)	(68 039)	(348 382)
Profit before income tax charge	(10 648)	49 940	36 376	24 451	(1 060 907)	(960 788)	244 026	(716 762)
Taxation	–	–	–	–	(4 127)	(4 127)	(10 273)	(14 400)
Profit for the period	(10 648)	49 940	36 376	24 451	(1 065 034)	(964 915)	233 753	(731 162)
Investment properties	3 215 451	4 987 175	1 833 787	211 200	–	10 247 613	–	10 247 613
Investment properties held for sale	–	–	–	–	–	–	–	–
Listed property investment	–	–	–	–	–	–	–	–
Loans receivable	–	–	–	–	415 411	415 411	–	415 411
Other assets	–	653 724	–	506 030	397 875	1 539 628	1 661 331	3 200 959
Total assets	3 215 451	5 640 899	1 833 787	717 230	795 286	12 202 652	1 661 331	13 863 983
Interest-bearing borrowings	–	–	–	–	5 179 061	5 179 061	–	5 179 061
Other liabilities	–	–	–	–	1 225 124	1 225 124	18 557	1 243 681
Total liabilities	–	–	–	–	6 404 185	6 404 185	18 557	6 422 742

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

29. SEGMENT INFORMATION CONTINUED

R'000	Office	Retail	Industrial	Residential	Corporate	Local	Inter-national	Total
SECTORAL SEGMENTS – JUNE 2019								
Revenue	632 293	750 288	302 786	1 595	–	1 686 962	–	1 686 962
Operating lease rental income and tenant recoveries	647 494	746 025	303 688	1 595	–	1 698 802	–	1 698 802
Allowance for future rental escalations	(15 201)	4 263	(902)	–		(11 840)	–	(11 840)
Property expenses	(242 560)	(278 135)	(119 385)	(663)	–	(640 743)	(13)	(640 756)
Income from listed property investment	–	–	–	–	–	–	47 818	47 818
Administration expenses	–	–	–	–	(118 998)	(118 998)	(9 485)	(128 483)
Transaction and advisory fees	–	–	–	–	(855)	(855)	–	(855)
Depreciation	–	–	–	–	(10 555)	(10 555)	–	(10 555)
Operating profit	389 733	472 153	183 401	932	(130 408)	915 812	38 320	954 131
Net fair value adjustments	(45 921)	(21 698)	10 231	10 703	(36 830)	(83 516)	131 063	47 548
Investment properties	(45 921)	(21 698)	10 231	10 703	–	(46 685)	–	(46 685)
Derivative financial instruments relating to share appreciation rights scheme	–	–	–	–	(2 989)	(2 989)	–	(2 989)
Interest-rate derivatives	–	–	–	–	(43 910)	(43 910)	–	(43 910)
Property investments	–	–	–	–	10 069	10 069	131 063	141 132
Expected credit loss	–	–	–	–	(3 646)	(3 646)	–	(3 646)
Impairment of Worley Parsons receivable	–	–	–	–	(41 042)	(41 042)	–	(41 042)
Foreign exchange profit	–	–	–	–	–	–	(20 823)	(20 823)
Other income	–	–	–	–	7 917	7 917	33	7 949
Income from equity-accounted investments	–	104 180	–	160 853	–	265 034	79 200	344 233
Distributable	–	74 806	–	8 372	–	83 178	74 780	157 957
Non-distributable	–	29 374	–	152 482	–	181 856	4 420	186 276
Profit before finance costs	343 812	554 635	193 632	172 489	(204 009)	1 060 559	227 792	1 288 350
Net finance costs	–	–	–	–	(366 469)	(366 469)	(36 465)	(402 933)
Profit before income tax charge	343 812	554 635	193 632	172 489	(570 478)	694 090	191 327	885 417
Taxation	–	–	–	–	–	–	1 207	1 207
Profit for the period	343 812	554 635	193 632	172 489	(570 478)	694 090	192 535	886 624
Investment properties	3 430 476	5 218 929	1 933 650	220 000	281	10 803 336	–	10 803 336
Investment properties held for sale	66 250	72 000	–	–	–	138 250	–	138 250
Listed property investment	–	–	–	–	–	–	759 716	759 716
Loans receivable				–	455 906	455 906	–	455 906
Other assets	–	655 846	–	–	1 422 340	2 078 186	569 132	2 647 318
Total assets	3 496 726	5 946 775	1 933 650	220 000	1 878 527	13 475 678	1 328 847	14 804 526
Interest-bearing borrowings	–	–	–	–	5 293 013	5 293 013	–	5 293 013
Other liabilities	–	–	–	–	524 141	524 141	3 974	528 115
Total Liabilities	–	–	–	–	5 817 154	5 817 154	3 974	5 821 128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

29. SEGMENT INFORMATION CONTINUED

R'000	Office	Retail	Industrial	Residential	Corporate	Local	International	Total
JUNE 2020								
Revenue								
– Gauteng and Mpumalanga	**311 636**	**545 402**	**210 624**	**29 139**	**–**	**1 096 802**	**–**	**1 096 802**
– Western and Eastern Cape	**112 595**	**53 524**	**49 302**	**–**	**–**	**215 420**	**–**	**215 420**
– KwaZulu-Natal	**39 956**	**70 744**	**34 577**	**–**	**–**	**145 277**	**–**	**145 277**
– Free State	**824**	**43 636**	**–**	**–**	**–**	**44 461**	**–**	**44 461**
	465 011	**713 306**	**294 504**	**29 139**	**–**	**1 501 960**	**–**	**1 501 960**
Investment properties								
– Gauteng and Mpumalanga	**2 102 975**	**3 970 912**	**1 254 700**	**211 200**	**–**	**7 539 787**	**–**	**7 539 787**
– Western and Eastern Cape	**887 875**	**367 350**	**396 487**	**–**	**–**	**1 651 712**	**–**	**1 651 712**
– KwaZulu-Natal	**224 600**	**401 425**	**182 600**	**–**	**–**	**808 625**	**–**	**808 625**
– Free State		**247 489**		**–**	**–**	**247 489**	**–**	**247 489**
	3 215 450	**4 987 176**	**1 833 787**	**211 200**	**–**	**10 247 613**	**–**	**10 247 613**
JUNE 2019								
Revenue								
– Gauteng and Mpumalanga	456 262	577 678	211 051	1 595	–	1 246 586	–	1 246 586
– Western and Eastern Cape	114 370	60 128	51 748	–	–	226 246	–	226 246
– KwaZulu-Natal	51 014	70 084	39 987	–	–	161 086	–	161 086
– Free State	10 647	42 398	–	–	–	53 045	–	53 045
	632 293	750 288	302 786	1 595	–	1 686 962	–	1 686 962
Investment properties								
– Gauteng and Mpumalanga	2 301 471	4 160 730	1 330 850	220 000	–	8 013 051	–	8 013 051
– Western and Eastern Cape	896 905	401 400	405 750		–	1 704 055	–	1 704 055
– KwaZulu-Natal	232 100	426 800	197 050	–	–	855 950	–	855 950
– Free State	–	230 000	–	–	–	230 000	–	230 000
	3 430 476	5 218 930	1 933 650	220 000	–	10 803 056	–	10 803 056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

30. MEASUREMENT OF FAIR VALUE

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	Note	Level 1 2020	Level 2 2020	Level 3 2020	Total 2020	Level 1 2019	Level 2 2019	Level 3 2019	Total 2019
GROUP									
Financial assets measured at fair value									
Listed investments	12	**–**	**–**	**–**	**–**	759 716	–	–	759 716
Other financial assets	13	**–**	**–**	**19 360**	**19 360**	–	–	30 822	30 822
Derivative assets	19	**–**	**141 023**	**–**	**141 023**	–	110 157	–	110 157
Total		**–**	**141 023**	**19 360**	**160 383**	759 716	110 157	30 822	900 695
Financial liabilities measured at fair value									
Derivative liabilities	19	**–**	**821 398**	**–**	**821 398**	–	214 988	–	214 988
Total		**–**	**821 398**	**–**	**821 398**	–	214 988	–	214 988
Net fair value		**–**	**(680 375)**	**19 360**	**(661 015)**	759 716	(104 831)	30 822	685 707

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

Investments

The shares held in a listed property company were disposed during the year. For the year ended 30 June 2019, the shares were held at fair value which is determined with reference to a quoted closing price.

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

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 3,5% and 3,6%. 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 R3,4 million. A 10% decrease in the spot price results in a decrease to the forward contracts of R3,4 million.

Other financial assets

The fair value of other financial assets is measured in terms of Inani's net asset value at reporting date.

The following key factors were taken into account by Inani when measuring investment property at reporting date:

- Weighted average discount rate of 15,84%; and
- Weighted average exit capitalisation rate of 11,18%.

NON-FINANCIAL ASSETS

The following table reflects the levels within the hierarchy of non-financial assets measured at fair value as at 30 June 2020:

R'000	2020 Level 3	2019 Level 3
Assets		
Investment properties	**10 247 613**	10 803 336
Investment properties held for sale	**–**	138 250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

30. MEASUREMENT OF FAIR VALUE CONTINUED

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 2020 were the following:

- The permanent vacancy factor for retail ranged between 0% and 6,0% (June 2019: 0,5% and 7,5%), offices between 2,0% and 7,5% (June 2019: 3,0% and 10,0%) and industrial between 0% and 6,0% (June 2019: 2,5% and 5,0%).
- The weighted average rental escalation percentage applied for retail was 6,6% (June 2019: 7,1%), offices 7,3% (June 2019: 7,6%) and industrial 6,9% (June 2019: 7,6%), and for renewals and new leases ranged between 5,0% and 8,0% (June 2019: 5,7% to 9,0%).
- The reversionary capitalisation rates were increased for all internally prepared valuations by 25bps. The range of the rates applied to the portfolio are between 7,5% and 12,0% with the weighted average, by value, being 9,23% (June 2019: 9,05%).
- The discount rates for all internally prepared valuations were increased by 25bps. The range of rates applied were between 12,75% and 16,25% with the weighted average, by value, being 14,22% (June 2019: 14,09%).
- 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 R173m (1,70%) and a 25 basis points decrease will increase the value of investment property by R179,3m (1,76%). A 25 basis points decrease in the reversionary capitalisation rate will increase the value of investment property by R178m (1,74%) and a 25 basis points increase will decrease the value of investment property by R168,3m (1,65%).
- The market rentals applied play a significant role and these are assessed on a property-by-property basis, taking cognisance of location, quality, size and type as well as all the relevant and prevailing market conditions which are then benchmarked against research and asset manager projections.

Discount rates were calculated by adding a risk premium to the risk-free rate. The risk-free rate was determined by the averaging the 10-year government bond yield average for the period and the combined average of the 5, 10 and 20-year government bond yields over the same period. Property specific and sector risk premiums were added to the average risk-free rate. These were tested for reasonability against published research reports from SAPOA as well as surveys and opinions from other industry bodies.

The valuation inputs vary, not only according to sector, but also in terms of grade and geographic location. Accordingly, the inputs have been disaggregated as follows:

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30. MEASUREMENT OF FAIR VALUE CONTINUED

	Total	JHB	PTA	CPT	KZN	Other
EXIT CAPITALISATION RATES (%)						
Offices	9,49	9,60	9,22	9,60	9,77	–
Offices P-grade	9,11	8,75	9,22	–	–	–
Offices A-grade	9,76	10,17	–	9,60	9,77	–
Offices B-grade	10,90	10,90	–	–	–	–
Retail	8,71	9,44	8,07	10,27	9,38	9,34
Industrial	10,18	10,27	9,86	10,01	10,15	–
DISCOUNT RATES (%)						
Offices	14,44	14,76	14,45	13,94	14,77	–
Offices P-grade	14,41	14,25	14,45	–	–	–
Offices A-grade	14,35	15,17	–	13,94	14,77	–
Offices B-grade	15,40	15,40	–	–	–	–
Retail	13,77	14,32	13,27	14,58	14,33	14,43
Industrial	15,03	15,19	14,56	14,69	15,07	–
MARKET RENTALS (%)						
Offices	163,00	158,25	196,57	158,23	166,08	–
Offices P-grade	196,00	196,00	197,00	–	–	–
Offices A-grade	153,00	128,30	–	158,23	166,08	–
Offices B-grade	111,00	111,00	–	–	–	–
Retail	138,00	133,39	151,67	129,92	161,84	125,77
Industrial	59,26	56,37	65,16	59,96	69,22	–
MARKET RENTAL ESCALATION RATES (%)						
Offices	7,3	7,4	7,3	7,1	7,3	–
Offices P-grade	7,3	7,3	7,3	–	–	–
Offices A-grade	7,3	7,5	–	7,1	7,3	–
Offices B-grade	7,5	7,5	–	–	–	–
Retail	6,6	6,0	6,3	7,1	6,5	6,9
Industrial	6,9	6,6	7,0	7,0	7,1	–
VOID PERIOD (MONTHS)						
Offices	4,4	3,5	5,2	3,7	4,2	–
Offices P-grade	5,0	4,0	5,3	–	–	–
Offices A-grade	3,5	2,3	–	3,7	4,2	–
Offices B-grade	4,6	4,6	–	–	–	–
Retail	4,7	3,1	3,9	2,1	3,5	4,0
Industrial	1,7	1,5	1,3	1,6	0,4	–
PERPETUAL VACANCY (%)						
Offices	4,7	4,3	4,5	5,3	5,0	–
Offices P-grade	4,2	3,0	4,5	–	–	–
Offices A-grade	5,3	5,9	–	5,3	5,0	–
Offices B-grade	5,0	5,0	–	–	–	–
Retail	3,0	2,5	3,0	3,8	3,7	3,0
Industrial	2,0	2,5	2,9	3,6	4,2	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

30. MEASUREMENT OF FAIR VALUE CONTINUED

Further to the overall sensitivity analysis on discount rates and exit capitalisation rates, a sensitivity analysis has been performed on the top three properties (by value) for the retail, office and industrial portfolios, to show the effect on values when adjusting each of the key inputs. The results are as follows:

%	Offices	Retail	Industrial
Valuation impact if exit capitalisation rate is increased by 25bps	(1,7)	(2,1)	(1,4)
Valuation impact if exit capitalisation rate is decreased by 25bps	1,8	2,2	1,5
Valuation impact if discount rate is increased by 25bps	(1,7)	(1,9)	(1,6)
Valuation impact if discount rate is decreased by 25bps	1,8	1,9	1,7
Valuation impact if market rentals increase by 5%	3,7	4,2	4,0
Valuation impact if market rentals decrease by 5%	(3,5)	(4,0)	(3,8)
Valuation impact if rental escalation rates increase by 1%	1,5	2,2	1,1
Valuation impact if rental escalation rates decrease by 1%	(1,5)	(2,1)	(1,1)
Valuation impact if the permanent vacancy factor is increased by 2,5%	(2,0)	(2,9)	(1,8)
Valuation impact if the permanent vacancy factor is decreased by 2,5%	2,0	2,9	0,7

Fair values are estimated twice a year by Emira's internal registered valuer, where after they are reviewed by the executive directors and approved by the Board. One third of the portfolio is valued externally each year end on a rolling basis. The external valuations performed as at 30 June 2020 were done by the following valuers:

Valuer	Company	Qualifications
TLJ Behrens	Real Insight (Pty) Ltd	NDip (Prop Val), MIV (SA) professional associate valuer
BJ Labuschagne	Real Insight (Pty) Ltd	NDip Real Estate(Prop Val), professional valuer
J Liebenberg	Real Insight (Pty) Ltd	BSc Real Estate (Hons), MIV (SA), professional valuer
R Scott Collins	Yield Enhancement Solutions	NDip Real Estate(Prop Val), professional valuer
Y Vahed	Premium Valuation Services	NDip Real Estate(Prop Val), MP Real Estate, MIV (SA), professional valuer

There have been no material changes to assumptions applied by the registered valuers.

Fair value measurement of investment properties held for sale

The fair value of investment properties held for sale is based on the sale price agreed by the parties to the transaction.

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FOR THE YEAR ENDED 30 JUNE 2020 continued

31. FINANCIAL RISK MANAGEMENT

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's financial risk management objective is to manage the capital and financial risk exposure so that the Group continues as a going concern and minimises adverse effects of financial risks on returns.

The Groups activities expose it to a variety of financial risks: capital risk, market risk (including interest rate risk, foreign exchange risk and share price risk), credit risk and liquidity risk.

While risk management is the ultimate responsibility of the Board of directors, the Board has delegated this responsibility to the risk committee which is responsible for developing and monitoring the Group's risk management policies. The Board has also established a finance committee which is specifically responsible for monitoring Emira's funding policies as well as its interest rate and foreign exchange hedging policies.

The Group's financial instruments consist mainly of derivatives, financial assets, loans receivable, deposits with banks, accounts receivable and payable, interest-bearing debt, and loans to and from subsidiaries. The Group purchases or issues financial instruments to finance operations and to manage interest rate and foreign currency risks that may arise from time to time. The Group does not engage in the trading of financial assets for speculative purposes.

Exposure to interest rate, credit and liquidity risks occurs in the normal course of business.

Cash resources are monitored to meet working capital requirements and surplus cash is applied on an access basis against long-term interest-bearing liabilities.

A. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares to shareholders or sell assets to reduce debt.

The Group monitors capital on the basis mandated by the Board. The Group's borrowings are limited to 50% of the carrying value of its income-producing assets. This ratio is calculated as total borrowings, less cash plus/(minus) the net derivative liability/(asset), divided by total income-producing assets as disclosed in the statement of financial position of the Group. Income producing assets include direct property investments, investments into listed property securities, investments into unlisted property securities and loans receivable.

During 2020, the Group's strategy, which was unchanged from 2019, was to maintain a loan to value ratio within its covenant limit and an A credit rating. The Group's GCR's credit rating was A throughout 2020 and 2019. The Group's utilised borrowings capacity at 30 June 2020 can be summarised as follows:

R'000	2020	2019
GROUP		
Total income producing assets	**13 412 391**	14 432 732
Investment properties	**10 207 401**	10 803 336
Investment properties held for sale	**–**	138 250
Listed property investments	**–**	759 716
Investment and loans in equity-accounted investments	**2 778 926**	2 275 524
Loans receivable (net of expected credit loss)	**426 064**	455 906
Total borrowings net of cash	**5 764 389**	5 324 615
Interest-bearing debt – Non-current	**3 498 061**	4 009 083
Interest-bearing debt – Current	**1 681 000**	1 283 930
Net derivative liability	**680 375**	104 832
Cash and cash equivalents	**(95 047)**	(73 230)
Utilised capacity %	**43,0**	36,9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

31. FINANCIAL RISK MANAGEMENT CONTINUED

B. MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group's market risks arise from changes in foreign currency exchange rates, interest rates and change in share price. The Group enters into interest-rate hedging agreements to mitigate the risk of rising interest rates as set out in note 20.

Foreign currency risk management

The Group's exposure to exchange rate fluctuations arose through its investment in Growthpoint Australia ("GOZ"), an Australian listed REIT, and CIL2 LLC, its USA subsidiary which holds equity-accounted investments into USA retail properties. The investment in GOZ, denominated in AUD was fully disposed of in the current year. The investment in CIL2 is denominated in United States dollar ("USD") and translated to the spot rate at each reporting date. Forward exchange contract derivatives are acquired to limit exposure to currency fluctuations with respect to future dividends and interest receivable on these investments. Exchange rate fluctuations are considered to be insignificant due to the Group being fully hedged on its foreign exposure.

Emira fully disposed of its investment in GOZ during the current financial period and consequently has settled all of its AUD hedging instruments as at 30 June 2020.

Emira has entered into cross-currency interest-rate swaps, relating to its US investments where Emira pays USD fixed interest and receives ZAR floating interest. These cross-currency interest-rate swaps are effectively USD loans with a ZAR deposit and largely fund the US investment. By effectively matching the currency of the funding with that of the investment removes the capital related USD/ZAR currency risk movements.

At 30 June 2020, the Fund had cross-currency interest-rate swaps of USD72,9 million in place against assets of USD93,9 million. mature The cross-currency interest rate swaps mature between November 2021 and August 2024.

Interest-rate risk management

The Group's exposure to interest rates on financial instruments at the date of the statement of financial position is set out in note 20.

Interest rates are constantly monitored and appropriate steps are taken to ensure that the Company's exposure to interest rate fluctuations is limited. Interest rates have been fixed for extended periods ranging from 2020 to 2024. The average rate of interest at 30 June 2020 (applicable to the fixed interest rate agreements) was 7,12% (2019: 7,53%). At 30 June 2020 17,0% (2019: 8,8%) of Emira's debt was subject to a variable or floating interest rate and was not covered by an interest-rate swap agreement. An increase in the prime interest rate of 1% per annum would result in an increase in interest payable, in respect of the floating portion of the Group's debt, which would reduce net profit for the year by R1,4 million (2019: R4,6 million). A decrease in the prime interest rate of 1% per annum would result in a decrease in interest payable, in respect of the floating portion of the Group's debt, which would increase net profit for the year by R8,9 million (2019: R10,1 million).

Equity price risk

The investment in GOZ, a REIT listed on the Australian Stock Exchange, was subject to equity price risk. GOZ was fully disposed of in the current financial year. Emira does not have further exposure to equity price risk as its investment in Transcend Residential Property Fund Limited is equity-accounted and therefore not subject to fluctuations in the share price thereof.

C. CREDIT RISK MANAGEMENT

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from cash and cash equivalents, derivative assets, long-term loans granted and trade receivables. Credit risk is managed on a Group basis.

Cash and cash equivalents

The Group's exposure to credit risk is limited through the use of financial institutions of good standing for investment and cash handling purposes.

Material bank balances are with FirstRand Bank Limited, The Standard Bank of South Africa Limited and East West Bankcorp Inc, which have a Standard & Poor's ("S&P") credit rating of zaAA, zaAAA and BBB+ respectively.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Derivatives

The Group mitigates its credit risk to counterparties under derivative contracts by using reputable banks or institutions with a high credit rating for over-the-counter derivatives. Material derivative assets are with FirstRand Bank Limited (S&P: zzAA), Absa Bank Limited (S&P: Aa1.za), Nedbank Limited (S&P: BB) and Investec Limited (S&P: zaAA).

Loans receivable carried at amortised cost

The Group has exposure to credit risk in respect of loans receivable that comprise of funding for vendor loans stemming from property disposals, mezzanine funding provided as part of Emira's investments, the share ownership facilitation schemes, for directors, employees and the BEE equity investment scheme. In assessing the credit risk, the financial position of the counterparties is considered prior to a loan being granted and is also evaluated on an ongoing basis together with any collateral provided by the counterparty.

The Group assesses on a forward-looking basis the expected credit losses associated with its loans receivable carried at amortised cost. Over the term of the loans, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical payment history for each category of counterparty, and adjusts for forward-looking macroeconomic data. The Group uses three main parameters to measure ECL on loans receivable carried at amortised cost. These are the probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD") (i.e. PD X LGD X EAD = ECL).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

31. FINANCIAL RISK MANAGEMENT CONTINUED

Measures of PD and LGD are converted from Through The Cycle to Point In Time measures using Moody's Analytics' ImpairmentCalc tool. They are then converted to forward looking measures of expected losses utilising the Moody's Analytics proprietary models, their database of validated historic macroeconomic and default data and forecast scenarios together with recommended weightings of scenarios. The Baseline, Stronger Near-Term Rebound (S1), and Moderate Recession (S3) forecast sets weighted 40%, 30%, 30% respectively, have been applied. These forecasts take into account the impact of COVID-19 on the economy.

Where the counterparty is a property investment company or there is collateral of a bond over fixed property, the LGD is calculated taking into account the value of the property and the application of a haircut to take into recovery rates typically achieved by the South African banking industry for the relevant property class.

Exposures are mainly segmented by counterparty type to allow for risk differentiation. The probability of a customer defaulting, as well as the realised loss with defaulted accounts, has been determined using historical data or by reference to models built on relevant external data where applicable.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision
Performing	loans whose credit risk is in line with original expectations	12-month ECL is applied
Underperforming	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal payments are 30 days past due	Lifetime expected losses (stage 2)
Non-performing (credit-impaired)	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy	Lifetime expected losses (stage 3)
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

As at 30 June 2020, Emira recognised expected credit losses for loans receivable carried at amortised cost as follows:

R'000	Stage of credit impairment	Gross carrying amount	ECL	2020 Total	2019 Total
GROUP					
Loans to associates and joint ventures	Stage 1	698 587	(10 653)	**687 935**	732 365
Loans receivable	Stage 1	74 783	(1 670)	**73 113**	455 906
Loans receivable ^	Stage 2	391 429	(38 477)	**352 952**	–
Total		1 164 800	(50 800)	**1 114 000**	1 188 271

^ The underperforming loans receivable classified as stage 2 relate to the loans granted to Square Buttons Consulting (Pty) Ltd, Inani Prop Holdings (Pty) Ltd and RAB Properties (Pty) Ltd – Brooklyn Gardens. For further details, please refer to note 14.

Trade receivables

Trade receivables consist of a large, widespread tenant base, diversified by sector and geography. The Group does not have any significant credit risk exposure to any single tenant counterparty.

Management has an established credit policy in terms of which each new tenant is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered. Tenants are required to supply refundable lease deposits and/or bank guarantees and/or suretyships by their principals. The Group monitors the financial position of its tenants and the performance of the underlying business on an ongoing basis.

The Group applies the IFRS 9 simplified approach in measuring expected credit losses ("ECL") on rental debtors, which requires a lifetime loss allowance to be recognised. To measure the expected credit losses, rental debtors are grouped based on shared credit risk characteristics, split into common ageing buckets and estimated using a provision matrix. In calculating the ECL rate used in the provision matrix, historical loss experience as well as future credit loss expectations, using multiple macroeconomic scenarios, are taken into account. The expected credit losses exclude amounts owing that have been specifically provided due to management's assessments that they are credit impaired.

Emira categorises its debtors into three broad categories – SMMEs, Retail Formal and Government. SMMEs represent small independent tenants, Retail Formal represent larger tenants ranging from mid size to very large, across all industries ,and Government represent all government linked tenants.

The advent of COVID-19 has had a fundamental impact on the economy in general with an exaggerated impact on credit risk and Emira has endeavoured to share the burden by aiding most of its tenants, with a particular focus on those tenants hardest hit by the lockdown, specifically those unable to trade and small, medium and micro enterprises ("SMMEs"). Concessions in the form of gross rental deferrals and/or rental remissions were provided to tenants, depending on their specific circumstances, for the months of April, May and June 2020 and, for certain high-risk tenants. The impact of COVID-19 and spread thereof has been factored into managements' assessment of the loss allowance as well as the Moody's analytics forecasts when calculating the expected credit loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

31. FINANCIAL RISK MANAGEMENT CONTINUED

On this basis, the impairment provision as at 30 June 2020 was determined as follows for trade receivables:

R'000	2020	2019
Trade receivables – gross	**112 352**	42 387
– Standard trade receivables	**63 669**	42 387
– Deferred rental	**48 683**	–
Less: Impairment provision	**(45 801)**	(24 086)
– Standard trade receivables	**(25 721)**	(24 086)
– Deferred rental	**(20 080)**	–
Trade receivables – net of expected credit loss	**66 551**	18 301

R'000	Weighted average loss rate %	30 days	60 days	90 days	Over 120 days	Total
GROUP						
Tenant category						
Government	0,05	1 899	107	470	1 342	3 818
– Gross		1 901	107	470	1 342	3 820
– Expected credit loss		(2)	–	–	–	(2)
Retail formal	23,73	21 631	1 919	4 692	2 453	30 695
– Gross		27 008	2 044	6 353	4 839	40 244
– Expected credit loss		(5 377)	(125)	(1 661)	(2 386)	(9 549)
SMME	52,38	11 902	1 617	8 462	10 056	32 038
– Gross		30 693	2 687	16 153	17 743	67 275
– Expected credit loss		(18 791)	(1 069)	(7 691)	(7 687)	(35 238)
Total		35 432	3 644	13 624	13 851	66 551

D. LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Group will be unable to meet its financial commitments. The risk is minimised by holding cash balances, bank overdraft and by a floating loan facility.

The Group monitors liquidity risk by regularly projecting cash flows.

The below table details the maturity of financial assets and liabilities and is used by management to manage liquidity risks. The amounts disclosed in the below table are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within one year or less generally equal their carrying amounts in the statement of financial position as the impact of discounting is not significant.

The fair value of the derivative financial instruments fluctuates in line with interest rate movements. This value will reduce to nil on expiry date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

31. FINANCIAL RISK MANAGEMENT CONTINUED

R'000	Weighted average effective interest rate %	1 year or less	1 – 5 years	More than 5 years	Total
GROUP					
Year ended 30 June 2020					
Financial liabilities					
Interest-bearing debt		**1 681 000**	**3 785 039**	**–**	**5 466 039**
Other financial liabilities		**1 812**	**54 567**	**–**	**56 379**
Lease liability	**7,4**	**3 813**	**13 443**	**54 761**	**72 018**
Accounts payable		**308 286**	**–**	**–**	**308 286**
Derivative financial instruments		**147 321**	**503 843**	**–**	**651 163**
Interest rate swap contracts		**108 565**	**252 014**	**–**	**360 579**
Call option and forward contracts		**36 967**	**15 304**	**–**	**52 271**
Foreign exchange option contracts		**6 982**	**4 028**	**–**	**11 010**
Cross-currency interest-rate swap contracts		**(5 194)**	**232 497**	**–**	**227 303**
Total financial liabilities		**2 142 232**	**4 356 891**	**54 761**	**6 553 884**
Year ended 30 June 2019					
Financial liabilities					
Interest-bearing debt^		1 283 930	5 650 230	102 846	7 037 006
Other financial liabilities*		1 999	12 256	24 758	39 013
Accounts payable		283 491	–	–	283 491
Derivative financial instruments#		103 343	259 628	5 751	368 722
Interest rate swap contracts		23 379	68 817	30	92 227
Call option and forward contracts		7 664	7 006	–	14 670
Foreign exchange option contracts		343	–	–	343
Cross-currency interest-rate swap contracts		71 957	183 804	5 721	261 482
Total financial liabilities		1 672 763	5 922 114	133 355	7 728 232

^ Interest-bearing debt liquidity analysis has been restated to reflect the undiscounted future cash flows from the discounted future cash flows, previously presented of: 1 – 5 years of R4 009 084; more than 5 years of Rnil.

* Other financial liabilities restated in the prior period and associated liquidity risk presented.

Derivative financial instrument liquidity analysis has been restated to reflect the undiscounted future cash flows from the discounted future cash flows previously presented of: 1 – 5 years of R182 814; more than 5 years of Rnil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

31. FINANCIAL RISK MANAGEMENT CONTINUED

Cash and cash equivalents

It is the Group's policy to deposit short-term cash investments with FirstRand Bank Limited, which has been given an AA+ rating.

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

R'000	Fair value through profit and loss	Amortised cost	Total
GROUP			
Year ended 30 June 2020			
Financial assets			
Other financial assets	**19 360**	**–**	**19 360**
Derivative financial instruments	**141 023**	**–**	**141 023**
Accounts receivable	**–**	**153 091**	**153 091**
Loans receivable	**–**	**415 411**	**415 411**
Cash and cash equivalents	**–**	**95 047**	**95 047**
Total financial assets	**160 383**	**663 549**	**823 932**
Financial liabilities			
Interest-bearing debt	**–**	**5 179 061**	**5 179 061**
Other financial liabilities	**–**	**43 203**	**43 203**
Lease liability		**39 587**	**39 587**
Derivative financial instruments	**821 398**	**–**	**821 398**
Accounts payable	**–**	**308 286**	**308 286**
Total financial liabilities	**821 398**	**5 570 137**	**6 391 535**
Year ended 30 June 2019			
Financial assets			
Listed property investment	759 716	–	759 716
Other financial assets	30 822	–	30 822
Derivative financial instruments	110 157	–	110 157
Accounts receivable	–	114 636	114 636
Loans receivable	–	455 906	455 906
Cash and cash equivalents	–	73 230	73 230
Total financial assets	900 695	643 772	1 544 467
Financial liabilities			
Interest-bearing debt	–	5 293 013	5 293 013
Other financial liabilities	–	23 651	23 651
Derivative financial instruments	214 988	–	214 988
Accounts payable	–	283 491	283 491
Total financial liabilities	214 988	5 576 504	5 791 492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

32. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

33.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined in the following:

Investment properties

The COVID-19 pandemic has caused increased uncertainty in the current economic environment and property markets in which the Group operates.

The valuation of investment properties was determined principally using discounted cash flow projections, based on estimates of future cash flows, supported by the terms of any existing lease contracts and by external evidence such as current market rentals for similar properties in the same location and condition, and using discount rates that reflect current market assessments, of the uncertainty in the amount and timing of the cash flows. In light of the deteriorating macro-economic conditions and poor outlook, the Fund has increased its discount rates and exit capitalisation rates and has also adjusted the majority of its valuation inputs (void periods, market rentals, rental growth rates and perpetual vacancy rates).

The future rental rates were estimated depending on the actual location, type and quality of the properties and taking into account market data and projections at the valuation date, as well as the length of vacant periods following the expiry of existing lease agreements.

For further detail and sensitivity analysis, refer to note 6 and note 30.

Accounts receivable

The Group applies the IFRS 9 simplified approach in measuring expected credit losses ("ECL") on rental debtors, which requires a lifetime loss allowance. To measure the ECLs, a provision matrix is used, where the rental debtors are Grouped based on shared credit risk characteristics and into common ageing buckets. The Funds divisional structure reflects its exposure to different tenant Groups and ECL rate is calculated for each Group. The ECLs are calculated by using the provision matrix as well as taking into account amounts owing that have been specifically provided due to management's assessments that they are credit impaired.

For further detail, refer to note 13.

Derivative financial instruments

The valuation of interest-rate swaps was 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 swap curve"). Future floating cash flows are determined using forward rates derived from the swap curve as at 30 June 2020. The net cash flows were discounted using the swap curve as at 30 June 2020.

The valuation of cross-currency interest-rate swaps was determined 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. Future floating cash flows are determined using forward rates derived from the basis swap curve of the respective currencies as at 30 June 2020. The net cash flows were discounted using the basis swap curve of the respective currencies as at 30 June 2020.

The valuation of the USD forward exchange contracts was determined by discounting the forward rates applied at 30 June 2020 to the open hedged positions.

The valuation of the forward contracts relating to the employee share scheme was determined using a cost of carry financial model. The model took into account the spot price as at 30 June 2020.

For further detail, refer to note 20 and note 30.

33.2 CRITICAL ACCOUNTING JUDGEMENTS

Business combination versus asset acquisition

Management has assessed properties acquired during previous financial years and concluded that the assets acquired do not constitute a business as defined by IFRS 3 – Business Combinations due to the following:

- Processes or significant ancillary services were not acquired, and therefore integrated sets of activities were not identified, and
- The purchase price of the assets does not include an element of goodwill.

The acquisition of these properties was accounted for as the acquisition of assets and in line with IAS 40 – Investment Property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

32. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Current and deferred tax

In accordance with the Group's status as a REIT, the distributions made in line with the Group's distribution policy meet the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("Income Tax Act"). In determining the tax obligation of the Group, the "qualifying distribution" is deducted from taxable profits. In addition, the Group is not liable for capital gains tax on the disposal of directly held properties. The Group was not liable for any capital gains tax on the disposal of its investment in GOZ on the basis that Emira holds less than 10% of the equity and that GOZ is a Property Company as defined by section 25BB of the Income Tax Act.

No deferred tax liabilities were raised on the "Allowance for future rental escalations", "Unamortised upfront lease costs" and other balances as these will form part of the Group's "qualifying distribution" in the future and are not expected to attract any tax.

BEE Transaction

The transaction Emira concluded in June 2017, in furtherance of its BEE strategy, with Tamela Holdings (Pty) Ltd ("Tamela") and Letsema Holdings (Pty) Ltd ("Letsema") is still in existence. Tamela Property Investments (Pty) Ltd ("Tamela SPV") and Luxanio Trading 157 (Pty) Ltd ("Letsema SPV"), both wholly owned subsidiaries of Tamela Holdings and Letsema Holdings respectively, hold 26 133 364 shares ("Subscription Shares") of the Company.

The original investment was funded by the BEE Parties as follows:

- R182,1 million (50%) was funded by a vendor loan provided by Emira (the "Vendor Funding"). The Vendor Funding runs for a period of five years and bears interest equal to the dividend payable on the vendor loan portion of the underlying shares. The Vendor Funding is secured by means of a reversionary cession and pledge over the Subscription Shares;
- R145,6 million (40%) was funded by external third-party debt provided to the BEE Parties; and
- R36,4 million (10%) was funded by cash.

The Third Party Loan is secured by 100% of the Subscription Shares. The Lender has the ability to dispose of the Subscription Shares at any time if the market value thereof, based on the 5-day volume weighted average price ("VWAP"), is less than 1,6 times the Third Party Loan or if the closing price of Emira shares is less than 1,5 times the Third Party Loan (each a "Trigger Event").

At 30 June 2020 there was R176,1 million (2019: R172,4 million) outstanding on the Vendor Funding. The maximum number of shares that will be issued on the repayment of the Vendor Funding is 12 370 510 shares (2019: 12 370 510), as a series of forwards, to be exercised a fixed price of R13,94 per share. Emira's maximum exposure in the event that the third party funders dispose of the BEE Parties' interest in Emira would be the balance of the Vendor Funding repayable in relation to the shares issued in respect of the Vendor Funding.

Accounting treatment of the BEE Transaction

Initial recognition

For accounting purposes, the BEE Transaction consists of two elements, which are accounted for as follows:

1. The Cash Funded Specific Issue, being the subscription by the BEE Parties of 13 066 682 Subscription Shares for a cash consideration of approximately R182,1 million.

   This element of the Subscription Shares was funded by the BEE Parties using a combination of their own cash reserves and third party funding. Consequently, at inception, the cash proceeds, net of transaction costs, increased share capital and the number of Emira Shares in issue.

2. The Vendor Funded Specific Issue, being the subscription by the BEE Parties for 13 066 682 Subscription Shares funded through the Vendor Funding provided by Emira, a portion of which was subsequently repaid.

   Based on management's judgement and application of the control principles contained in IFRS 10: Consolidated financial statements, management concluded at inception that the Group does not exercise control and consequently did not consolidate Letsema SPV and Tamela SPV.

   - Emira does not hold shares in Letsema SPV or Tamela SPV;
   - Tamela and Letsema have the decision power over Tamela SPV and Letsema SPV respectively and therefore control, without any restrictions on them from Emira;
   - Emira has no decision-making powers over or involvement with the BEE parties;
   - Emira has neither substantive or protective rights that would result in Emira having power over decision making of Letsema SPV or Tamela SPV;
   - The BEE parties are responsible for obtaining and negotiating their own financing with third party funders. Emira was not involved during these discussions and has not provided any formal or informal guarantees in relation to the liabilities due to the third-party funders;
   - Emira has no step-in rights or call options relating to the BEE Transaction;
   - Emira will not provide any funding in addition to the Vendor Funding or liquidity to the BEE Parties and there is no intention to do so; and
   - Emira did not initially guarantee the amount owed by the BEE parties to third party funders nor did it intend to do so. The Third Party Loan is secured by 100% of the Subscription Shares. The Lender has the ability to dispose of the Subscription Shares at any time if the market value thereof, based on the 5-day volume weighted average price ("VWAP"), is less than 1,6 times the Third Party Loan or if the closing price of Emira shares is less than 1,5 times the Third Party Loan (each a "Trigger Event").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

32. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Considering the factors outlined prior to the guarantee being issued, the economic substance of the Vendor Funded Specific Issue is the granting of a call option on Emira Shares which was accounted for as an equity settled share-based payment arrangement in the year ended 30 June 2017 in terms of IFRS 2: Share based payments. Consequently, the Subscription Shares issued to the BEE Parties in terms of the outstanding Vendor Funded Specific Issue were not treated as issued for accounting purposes, until the Vendor Funding is settled or the BEE SPV's are consolidated.

Re-assessment of control

IFRS 10.B80-85 requires control to be assessed on a continuous basis when facts and circumstances indicate a change in one or more elements of control.

During the year Emira's share price reached a level that a Trigger Event occurred, largely due to the impact of the COVID-19 pandemic. Accordingly, the Lender became entitled to dispose of the Subscription Shares ("the Forced Disposal"), unless additional security was provided.

On 3 April 2020, as a result of the Trigger Event, Emira entered into a guarantee agreement ("Agreement") with the Lender. In terms of the Agreement, Emira irrevocably and unconditionally guaranteed as a separate, principal and independent obligation to and in favour of the Lender, the payment and performance of the obligations of the BEE Shareholders arising in connection with the Third Party Loan, for a maximum guaranteed amount of R149,4 million for the BEE Shareholders.

The Guarantee and Emira's obligations thereunder will terminate automatically on the earlier of:

(a) The first date on which the market value of the Subscription Shares, based on the 30-day VWAP, compared to the outstanding amount of the Third Party Loan is greater than or equal to 2,00:1,00 (two to one) ("Asset Cover Ratio"), provided that the spot 30 day VWAP Asset Cover Ratio is also greater than or equal to 2,00:1,00 (two to one) as at such date; or

(b) the date on which the Third Party Loan has been discharged.

As a result of the Agreement entered into, Emira is deemed to control the BEE SPV entities due to its exposure to losses from providing credit support and the ability to use its power to affect the returns it receives. Accordingly, the BEE SPV entities have been consolidated effective 3 April 2020.

During the year the BEE parties paid R9,2 million to the Company in respect of interest charged on the outstanding Vendor Funding prior to the consolidation of the BEE SPVs. Upon consolidation of the BEE SPVs, the Subscription Shares issued to the BEE Parties in terms of the outstanding Vendor Funded Specific Issue were recognised as issued in Emira Group and Company and treated as treasury shares for accounting purposes in Emira Group.

In the separate annual financial statements of Emira and due to the re-assessment that control is exercised over the BEE SPV's, the Vendor Funding of R172,4 million was recognised at amortised cost together with the issued share capital of the Vendor Funding shares. The financial guarantee contracts were recognised and measured at the higher of the expected loss allowance and the amount initially recognised less cumulative amortisation, where appropriate. However, due to the increased risk that SPV entities will default on the contract, the calculation was based on the lifetime expected credit losses as the difference between the expected payments to reimburse Lender and the value of the security at reporting date. Therefore a guarantee of R75.9 million was recognised for both Tamela and Letsema at reporting date based on the closing quoted market price of R6,49 per share.

ESA Trust

The ESA Trust (the "Trust") is the designated vehicle which holds shares in terms of the share ownership plan for executive directors under the approved remuneration policy.

The beneficiaries of the Trust are the executive directors, namely: Geoff Jennett, Ulana Van Biljon and Greg Booyens.

On 27 June 2019 the Trust subscribed for 7 200 000 Emira shares at R13,8262 per share, for a total consideration of R99 548 640. The Trust funded the acquisition of as follows:

- 40% funded by external third-party debt from Sanlam of R39,8 million.
- 50% funded by a vendor loan from Emira to the ESA Trust of R49,8 million.
- 10% funded by an amortising loan of R10,0 million from Emira to the ESA Trust in terms of which the ESA Trust beneficiaries stand personal surety.

The Emira shares held by the ESA Trust have been pledged to Sanlam. Sanlam has the ability to dispose of the Shares at any time if the market value thereof, based on the 5- day volume weighted average price ("VWAP"), is less than 1,6 times the Sanlam loan or if the closing price of Emira shares is less than 1,5 times the Sanlam loan (each a "Trust Trigger Event"). The Trust Vendor Loan is secured by a reversionary cession and pledge over the Shares.

The ESA Trust has been assessed as a controlled special purpose vehicle and consolidated into the Group annual financial statements. The Emira shares held by the Trust are classified as treasury shares upon consolidation. In the separate financial statements of ESA Trust, the investment is recognised at fair value based on the quoted market price at the reporting date, together with the vendor loan, amortising loans and external interest-bearing debt measured at amortised cost.

Judgement was required in terms of measuring the economic substance of the shares issued to the ESA Trust and the associated funding thereof. It was determined that a call option was granted to the ESA Trust beneficiaries by Emira and has been measured in terms of IFRS 2, Share-based Payments, as an equity-settled share-based payment arrangement.

On initial recognition, being 28 June 2019, the date on which the ESA Trust acquired the shares, a once-off IFRS 2 charge of R6,7 million and corresponding share-based payment reserve was recognised in respect of the equity settled share-based payment arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

32. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

The assumptions used in this model included:

- A spot price of R13,8262 per Emira share, being the Trust's subscription price;
- Volatility of 18,77% (based on historical trends in the Emira Share price);
- A risk-free rate of 7,04%; and
- An average dividend yield of 11,97% during the term of the option.

On 3 April 2020, as a result of the Trigger Event, Emira entered into a guarantee agreement ("Agreement") with the Lender. In terms of the Agreement, Emira irrevocably and unconditionally guaranteed as a separate, principal and independent obligation to and in favour of Sanlam, the payment and performance of the obligations of the ESA Trust arising in connection with the Third Party Loan, for a maximum guaranteed amount of the loan value at reporting date of R40,8 million.

The Guarantee and Emira's obligations thereunder will terminate automatically on the earlier of:

(a) The first date on which the market value of the Subscription Shares, based on the 30-day VWAP, compared to the outstanding amount of the Sanlam loan is greater than or equal to 2,00:1,00 (two to one) ("Asset Cover Ratio"), provided that the spot 30 day VWAP Asset Cover Ratio is also greater than or equal to 2,00:1,00 (two to one) as at such date; or

(b) the date on which the Sanlam loan has been discharged.

The Guarantee reinforced the assessment that Emira controls the ESA Trust.

Investment in associates, joint ventures and other financial assets

The Group has investments in which judgement is required to assess if significant influence is exercised, whereby Emira effectively owns 20,0% or more of the issued share capital of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

On acquisition of the investment in an associate, any excess of the cost of the investment over the investor's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the investor's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. Any dividends received are utilised to reduce the carrying value of the investment.

Enyuka Property Fund ("Enyuka")

Enyuka is the rural retail venture, between Emira and One Property Holdings ("One Prop"). Judgement has been applied in determining if Emira controls Enyuka through it's 49,9% investment of which further details are provided below:

Terms of the transaction

On 2 September 2016, Emira entered into an shareholders' agreement with One Prop (collectively the "Parties") to form Enyuka, whereby Emira holds 49,9% of the ordinary share capital and voting rights while One Prop holds 50,1%. Emira contributed it's 15-asset rural retail portfolio valued at R575 million to the new venture as a shareholder loan, while One Prop contributed cash of R50 million in the form of a shareholder loan. The transaction became effective on 16 January 2017 when the final suspensive conditions were met.

The following key conditions of the shareholders' agreement at inception were imposed on One Prop as follows:

- Growth targets in respect of properties under management (being the cost of the initial portfolio plus cost of acquisitions) were set at R750 million within 18 months of commencement and R900 million within 36 months. Failure to achieve these targets provided Emira with an option to acquire One Prop's interest in Enyuka at fair value;
- A key man event on One Prop's two key persons, namely Chris van Reenen and Selwyn Smith. Per the shareholders agreement, if either of these individuals sold any of their shares in One Prop then Emira could call an exit event; and
- One Prop required Emira's consent for individual acquisitions of over R20 million in value.

In addition to the shareholders agreement, at inception, Enyuka entered into an asset management agreement with Enyuka Asset Management JV, a structure co-owned 50% by Emira and 50% by One Prop. The asset management agreement requires unanimous approval of key decisions between Emira and One Prop.

Initial recognition

The following key factors of the funding structure and shareholders agreement were assessed as key elements that gave rise to the "de-facto" agency relationship between Emira and One Prop in terms of IFRS 10.B73:

- One Prop obtained their 50,1% equity interest with a smaller proportion of funding. The majority of the funding to the initial structure was provided by Emira (92%) hence Emira effectively funded a portion of One Prop's interest;
- The shares held by One Prop could not be sold or encumbered without Emira's prior approval;
- The shareholders of One Prop are Key Persons, as defined, and Emira had a call option over the shares held by One Prop if the Key Persons were no longer involved in the day-to-day management of the Company; and
- The restriction on asset purchases of R20 million was so low that it was effectively a substantive right for Emira.

Therefore, at initial recognition, it was determined that One Prop was acting as an agent on behalf of Emira, Emira retained power over the Investee and therefore, One Prop does not control the Investee when exercising its decision-making authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

32. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Emira was deemed to control 100% of Enyuka despite it only holding 49,9% of the voting rights and One Prop's 50,1% equity interest was assessed as an in-substance equity share-based payment at initial recognition.

The scope of IFRS 2 includes transactions where the identifiable consideration received appears to be less than the fair value of the equity instruments granted or liability incurred. One Prop obtained 50,1% of Enyuka's ordinary equity at less than fair value as the majority of the value was funded by Emira. Emira only held 49,9% of the equity from a legal perspective, however if Enyuka was to liquidate at 30 June 2017 then 92% of the assets would essentially belong to Emira due to the disproportionate funding. As such, based on the initial shareholders agreement, it was determined that a share-based payment existed for the shares held by One Prop, which would vest upon certain performance conditions being met and the repayment of Emira's funding.

At inception, the deemed call option was valued using a Black Scholes model.

Re-assessment of control and deconsolidation

IFRS 10.B80-85 requires control to be assessed on a continuous basis when facts and circumstances indicate a change in one or more elements of control.

In July 2017, following comfort from Emira on One Prop's ability and intentions, the Parties agreed in principle to the following amendments to the shareholders agreement which were later ratified by Emira's board:

- The required growth targets for properties under management were removed, eliminating Emira's option to acquire One Prop's equity interest if these were not met;
- The key man event relating to Chris van Reenen and Selwyn Smith was removed, which eliminated the requirement for them to be employed by One Prop;
- An exit event was added which only triggers when any shareholder of One Prop disposes of more than 20% of their shareholding; and
- Acquisitions requiring Emira's consent were increased to R40 million in value.

In August 2017, due to amendments made to the shareholders agreement, the control assessment was reassessed, and it was determined that Emira had lost control and rather joint control of Enyuka existed with One Prop. The following factors were considered in determining the change from control to joint control:

- The amendments removed the power that Emira previously held over Enyuka as well as its ability to influence the returns it achieves, both of which previously corroborated the assessment of control under the agency relationship;
- An asset management agreement was in place between Enyuka and Enyuka Asset Management JV;
- The asset management agreement requires unanimous consent from Emira and One Prop for decisions relating to the relevant activities of Enyuka; These are considered to be substantive rights, and as decisions regarding these requires the unanimous consent of Emira and One Prop, it prevents either Emira or One Prop from exercising unilateral control; and
  - The appointment and or removal of the asset manager;
  - Sale or transfer of substantial part of the business;
  - Amendments to the dividend policy;
  - Approval of any departure from the annual budget;
  - Acquisition or disposal of assets having a value of greater than R40 million;
  - Designation of an event as an exit event.
- These are considered to be substantive rights, and as decisions regarding these requires the unanimous consent of Emira and One Prop, it prevents either Emira or One Prop from exercising unilateral control; and
- Should there be a dispute between the parties, the matter is submitted for adjudication by an independent party.

Judgement was applied in the re-assessment of control and it was determined that effective from July 2017 Emira no longer controlled Enyuka, but instead had joint control. The Enyuka joint arrangement was setup in a standalone company and was therefore considered to be a joint venture between One Prop and Emira rather than a joint operation. The investment in Enyuka was therefore equity-accounted as in investment in joint venture from 1 July 2019.

The loss of control of Enyuka resulted in the recognition of a loss on deconsolidation of R0,4 million in Emira's consolidated Statement of Comprehensive Income for the year ended 30 June 2018. No consideration was received by Emira for the loss of control as no shares were sold. The investment in Enyuka was therefore equity-accounted as in investment in joint venture from 1 July 2019.

The control assessment of Enyuka was reconsidered for the year ended 30 June 2020 and it was assessed that there were no changes from the position at 30 June 2019.

The joint venture disclosures for Enyuka, which include the equity-accounted interests for the current year, are included in note 10.

Transcend Residential Property Fund ("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 Fund into the residential rental market, given Transcend's expertise in specialised residential property assets and access to significant pipeline opportunities.

On 4 October 2018 Emira subscribed for 7 300 000 shares in Transcend at R6,26 per share for a total consideration of R45,9 million 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 R247,9 million 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.

In addition to the equity investment, Emira provided a mezzanine loan of R143,4 million to Transcend on 13 December 2018 upon which a 1,5% raising fee was charged. During the year, R40 million of the R143,4 million mezzanine loan provided by Emira to Transcend was repaid leaving a balance of R103,4 million as at 30 June 2020. Post year end, in July 2020, a further R10 million was repaid with the remaining balance due on 30 June 2021. Interest is charged at a rate of 3 million JIBAR + 0,45%.

The investment in Transcend was initially recognised as a financial asset and accounted for on a fair value basis through profit and loss resulting in a fair value gain of R25,8 million. Upon making the second investment, Transcend was reclassified as an equity-accounted investment (associate), resulting in a bargain purchase gain of R129,0 million, being the difference between the cost and the fair value of net assets at acquisition, recognised in the year ended 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 continued

32. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Judgement was applied in determining the fair value of the net assets of Transcend at inception, which was based on the net asset value, rather than the underlying share price due to the illiquidity of the shares. Transcend initially listed on the AltX and moved to the JSE Main Board in the current period. The Transcend shares are owned by a limited number of core shareholders whom do not actively trade their shares and view their investment in Transcend as a long-term investment.

In light of the fact that Transcend's shares are illiquid and do not trade in an active market, the net asset value of Transcend was considered to be more accurate measure of the fair value of the identifiable net assets of Transcend at initial recognition.

For further detail, refer to note 10.

Inani Property Fund ("Inani")

In line with the portfolio rebalancing programme, Emira concluded an agreement on 5 October 2018 for the disposal of a R1,8 billion 25 office asset portfolio to Inani. The consideration was financed by Inani through a combination of senior debt (R1,38 billion) and equity (R105,9 million) of which Emira holds 20%, together with a mezzanine loan provided by Emira of R319,8 million. As at 30 June 2020, all properties had transferred to Inani, with 1059 Francis Baard transferring during the current financial period on 20 December 2019.

The Company has assessed that no significant influence is exercised over Inani. The investment in Inani has been classified as a financial asset through profit and loss. The following factors were assessed in determining if significant influence is exercised:

- Emira has no representation on Inani's board nor the right to appoint a director;
- Inani is managed through an asset management joint venture between Zico and One, in which Emira has no involvement nor influence. The joint venture is responsible for all Inani's policy making decisions;
- There is no interchange of management personnel; and
- Emira has not provided any security for the debt owed by Inani to third parties.

For further detail, refer to note 12.

33. RESTATEMENT

RE-PRESENTATION OF LOANS RECEIVABLE AND LOANS TO EQUITY-ACCOUNTED INVESTMENTS

The short-term portion of loans to equity accounted investments and loans receivable for the year ended 30 June 2019, were restated to appropriately reflect the current portion of R40 million and R18,3 million respectively to accurately present the repayment and settlement terms of the underlying loans. The combined value of loans receivable and loans to equity accounted investments remained unchanged.

RE-PRESENTATION OF LOAN TO FEENSTRA PROPERTY GROUP (PTY) LTD

The loan from Feenstra Group (Pty) Ltd of R23,7 million was reclassified from interest bearing debt to other financial liabilities in the year ended 30 June 2019, to provide enhanced disclosure in respect of the nature of the loan as it should not form part of interest-bearing debt. The inclusion of the loan in interest bearing debt has an impact on the accuracy and consistency of the measurements of the Group's loan to value ratio, which is a key Group metric. For further detail of the loan-to-value calculation please refer to note 31.

The change was applied retrospectively and the following line items were effected:

STATEMENT OF FINANCIAL POSITION

R'000	Previously reported Audited 30 June 2019	Restatement	Restated Audited 30 June 2019
Non-current assets			
Investments and loans in equity-accounted investments	2 315 524	(40 000)	2 275 524
Loans receivable	455 906	(18 254)	437 652
Current assets			
Loans to equity-accounted investments	–	40 000	40 000
Loans receivable	–	18 254	18 254
Non-current liabilities			
Interest-bearing debt	4 009 083	(23 651)	3 985 432
Other financial liabilities	–	23 651	23 651

There was no further impact to the key metrics of the Group, including earnings per share and headline earnings per share.

RE-STATEMENT OF LIQUIDITY MATURITY ANALYSIS TABLE

The liquidity risk associated with the Group's financial liabilities, presented as part of the maturity analysis table as per note 32, Risk Management, for the year ended 30 June 2019 has been restated. The maturity analysis table was restated to accurately reflect the undiscounted cash flows in relation each of the financial liabilities, whereas discounted cash flows were previously presented, which is not in line with the requirements of IFRS 7, Financial Instruments Disclosure.

The changes resulting from the restatement are detailed within note 32, Risk Management.

There was no further impact to the key metrics of the Group, including earnings per share and headline earnings per share.

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2020 continued

DISTRIBUTION STATEMENT

		GROUP	
R'000	Notes	2020	2019
Profit for the year attributable to Emira shareholders		**(734 178)**	882 509
Adjusted for:			
Change in fair value of properties (net of NCI)		**823 236**	44 009
– Change in fair value of investment properties		**816 505**	46 685
– Change in fair value on investment property of associate		**3 546**	–
– Non-distributable portion of non-controlling interest		**3 185**	(2 676)
Gain on bargain purchase		**–**	(129 028)
Headline earnings		**89 058**	797 490
Adjusted for:			
Allowance for future rental escalations	1	**846**	11 840
Amortised upfront lease costs	2	**743**	1 738
IFRS 16 Leasehold liability adjustments	3	**(626)**	–
Interest on lease liability		**2 976**	–
Rental paid on lease liability		**(3 601)**	–
Charge/(credit) in respect of leave pay provision and share appreciation rights scheme	4	**(3 295)**	5 312
GOZ shares sold cum dividend	5	**4 122**	5 592
Transaction and advisory fees		**–**	855
Unrealised surplus on revaluation of interest-rate swaps	6	**619 930**	43 910
Revaluation of share appreciation rights scheme derivative financial instruments	7	**(8)**	2 989
Unrealised (gain)/loss on financial assets at fair value through profit and loss	8	**25 103**	(138 456)
Unrealised foreign exchange (profit)/loss	9	**(142 401)**	18 031
Non-distributable income from equity accounted investments	10	**(17 412)**	(57 248)
Dividend received/accrued from Transcend	11	**21 466**	29 616
Depreciation		**–**	10 478
IFRS 9 expected credit loss	12	**44 572**	3 646
Impairment of Worley Parsons receivable		**–**	41 042
Deferred taxation		**–**	(6 435)
Taxation on capital profit	13	**5 233**	–
Distributable portion of non-controlling interest	14	**(169)**	1 867
Net ESA Trust adjustments	15	**7 595**	–
Net BEE Scheme adjustments	16	**16 121**	18 723
		670 878	790 990
Distributable income adjustments:			
Deferred rental net of expected credit loss		**(28 603)**	
Distributable income from the equity accounted US investments not distributed		**(76 762)**	–
Interest due from Inani accrued but not received		**(16 288)**	–
Capitalised interest limitation		**(3 768)**	–
Distribution payable to shareholders		**545 457**	790 990
Dividend per share			
Interim (cents)		**74,10**	72,86
Final (cents)		**30,26**	78,48
Total (cents)		**104,36**	151,34

* The adjustments made to profit for the year to derive the distribution payable have not been audited.

Notes

1. The allowance for future rental escalations of R0,9 million recognised in the statement of comprehensive income is added back on the basis that it is unrealised.

2. R0,7 million of lease commission expense amortisation has been recognised within property expenses in the statement of comprehensive income for the year. R0,7 million of the lease commission amortisation has been added back for distribution calculation purposes – this portion of lease commission amortisation relates to leases signed before 1 July 2015. Lease commission expenses incurred before 1 July 2015 were taken into account in full for purposes of calculating distributable earnings in the year incurred hence the amortisation thereof is added back for distribution calculation purposes. The Fund's policy for the calculation of distributable earnings changed from 1 July 2015. The distribution calculation now follows the accounting hence no adjustment is made for commissions paid on leases concluded from 1 July 2015 onwards.

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2020 continued

DISTRIBUTION STATEMENT CONTINUED

3. IFRS 16 was adopted in the current financial period, thereby recognising both the right of use asset and lease liability on land leases previously recognised as operating leases. The interest expense incurred on the lease liability is added back and the land lease payments made are factored into the distribution calculation to reflect the realised portion of the operating leases.
4. A net negative charge of R3,3 million was recognised within administration expenses in the statement of comprehensive income for both the provision of leave pay and the IFRS 2 charge on share appreciation rights granted to employees. These charges are added back on the basis that they are unrealised.
5. The R4,1 million GOZ cum dividend element is effectively the dividend that is assumed to have accrued to the disposed GOZ shares up to the date of disposal and is recognised for distribution purposes only. The accrual is calculated by taking the actual dividend declared for the six-month financial period in which the shares were sold and proportioning it from the start of such period to the date of disposal.
6. The loss of R620,0 million on the revaluation of interest rate derivative contracts is the mark to market adjustment for the year recognised in the statement of comprehensive income and is added back on the basis that it is unrealised.
7. The gain on the revaluation of the share appreciation rights hedging derivative contracts is the mark to market adjustment for the year recognised in the statement of comprehensive income and is added back on the basis that it is unrealised.
8. The R25,1 million loss consists of R12,2 million revaluation of the investment in Inani and R12,9 million on the revaluation of GOZ recognised in the statement of comprehensive income. The fair value movement is added back on the basis that the gain is both unrealised and is of a capital nature.
9. A net foreign exchange gain of R154,1 million in respect of the Group's investments in GOZ and the US was recognised in the statement of comprehensive income for the year. The unrealised portion, being a gain of R142,4 million, is added back in the calculation of distributable earnings.
10. Total income from equity accounted investments of R239,1 million in respect of Emira's investments into Enyuka, Transcend and the US was recognised in the statement of comprehensive income. The non-distributable portion of R17,4 million, which is calculated in line with Emira's distributable earnings calculation, has been added back in the calculation of distributable earnings.
11. Dividends from Transcend of R21,5 million have been included in the distribution statement. The dividend received for the six-months ended 31 December 2019 of R15,9 million was credited to equity accounted investments on the balance sheet. The dividend for the six-months ended 30 June 2020 of R5,5 million was declared on 13 August 2020 and has been accrued for distribution purposes only.
12. Expected credit losses on loans receivable of R44,6 million, accounted for in terms of IFRS 9 in the statement of comprehensive income, are added back on the basis that these losses are capital in nature and unrealised.
13. Taxation of R5,2 million was accrued for in relation to the disposal of a portion of a US property and was added back on the basis that it is related to a capital gain.
14. The distributable income due to minorities of R0,2m relates to Bet All Investments Proprietary Limited, the subsidiary which owns The Bolton, where minority shareholders hold 25,0%.
15. The ESA Trust (the "Trust") is a special purpose investment vehicle that holds Emira shares, set up for the benefit of Emira's executive directors. Emira is deemed to control the Trust, hence it is consolidated, and any third-party finance costs are included in Emira's consolidated interest paid. Profits generated by the Trust are for the benefit of the beneficiaries. Emira has guaranteed the Trust's third-party debt obligations hence any net losses would ultimately be for Emira's account. The purpose of this adjustment is to adjust Emira's distributable income such that the effect of any items related to the Trust, consolidated into Emira, are limited to a net amount of zero, after factoring in the dividends received by the Trust and all its interest obligations. Included in Emira's "Interest paid and amortised borrowing costs" is a R3,9 million interest charge in respect of the ESA Trust's interest obligations to its third-party lender.
16. The BEE Scheme is comprised of the restricted special purpose investment vehicles that hold Emira shares, set up for the benefit of the BEE parties which participated in Emira's June 2017 black empowerment equity issuance ("BEE Scheme"). Emira was deemed to control the parties with effect from April 2020, hence they were consolidated, and any third-party finance costs are included in Emira's consolidated interest paid. Profits generated by the BEE Scheme are for the benefit of the underlying investors. Emira has guaranteed the BEE Scheme's third-party debt obligations hence any net losses would ultimately be for Emira's account. The purpose of this adjustment is to adjust distributable income such that the effect of any items related to the BEE Scheme are limited to a net amount of zero, after factoring in the dividends received by the BEE Scheme and all its interest obligations. Included in Emira's "Interest paid and amortised borrowing costs" is a R3,2 million interest charge, from the date of consolidation, in respect of the BEE Scheme's interest obligations to its third-party lender.
17. Considering the challenging operating environment, uncertainty exists regarding the future collection of the deferred rentals granted by Emira to its tenants which are accounted for in the statement of comprehensive income. Therefore, distributable earnings has been adjusted to exclude the deferred rentals, net of estimated credit losses provided for, resulting in an adjustment of R28,6 million. The Fund will include any collection of these deferrals in the calculation of future dividends, in the periods when the collections take place.
18. Distributable income from Emira's equity-accounted US investments has been reduced by R76,2 million. As a result of deferments granted to tenants in response to COVID-19, Emira and its US partners elected to retain sufficient cash in the underlying investment companies to ensure cash reserves were bolstered so as to provide a more meaningful buffer for debt servicing and future operating costs. Therefore, no cash dividends were declared out of the underlying property-owning entities for the quarters ended March 2020 and June 2020 and distributable earnings have been adjusted by R76,8 million accordingly.
19. In terms of its loan agreement, Inani has elected not to pay interest for the quarters ended March 2020 and June 2020, citing lower cash reserves due to COVID-19 rental concessions provided to its tenants. Given the uncertainty on the collection and timing of this interest, Emira has adjusted distributable earnings by R16,3 million.
20. Interest capitalised in the year of R3,8 million has been adjusted for on the basis that it is not supported by an underlying cash flow, and the related development is on hold.

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2020 continued

SHAREHOLDERS' PROFILE AND JSE INFORMATION AT 30 JUNE 2020

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
SHAREHOLDER SPREAD				
1 – 1 000	885	23,55	286 445	0,05
1 001 – 10 000	1 787	47,55	7 977 736	1,53
10 001 – 100 000	804	21,39	22 755 843	4,35
100 001 – 1 000 000	221	5,88	67 935 723	13,00
Over 1 000 000 shares	61	1,62	423 711 500	81,07
Total	3 758	100,00	522 667 247	100,00
DISTRIBUTION OF SHAREHOLDERS				
Assurance Companies	34	0,90	10 561 723	2,02
Close Corporations	48	1,28	2 108 285	0,40
Collective Investment Schemes	150	3,99	85 772 387	16,41
Custodians	44	1,17	40 911 596	7,83
Foundations & Charitable Funds	46	1,22	2 790 797	0,53
Insurance Companies	5	0,13	541 124	0,10
Investment Partnerships	12	0,32	483 254	0,09
Managed Funds	15	0,40	1 256 797	0,24
Medical Aid Funds	14	0,37	2 643 695	0,51
Organs of State	5	0,13	71 498 388	13,68
Private Companies	107	2,85	207 305 164	39,66
Public Companies	5	0,13	3 373 316	0,65
Public Entities	1	0,03	49 700	0,01
Retail Shareholders	2 638	70,20	16 283 882	3,12
Retirement Benefit Funds	180	4,79	46 290 862	8,86
Scrip Lending	7	0,19	2 572 981	0,49
Stockbrokers & Nominees	14	0,37	9 863 337	1,89
Trusts	432	11,50	18 359 956	3,51
Unclaimed Scrip	1	0,03	3	0,00
Total	3 758	100,00	522 667 247	100,00
SHAREHOLDER TYPE				
Non-public shareholders	15	0,40	254 970 495	48,78
Directors and Associates	7	0,19	17 301 660	3,31
Major Shareholders > 10% *(I Group Group & GEPF)*	8	0,21	237 668 835	45,47
Public shareholders	3 743	99,60	267 696 752	51,22
Total	3 758	100,00	522 667 247	100,00

	Number of shares	% of issued capital
FUND MANAGERS WITH A HOLDING GREATER THAN 5% OF THE ISSUED SHARES		
Public Investment Corporation	65 147 147	12,46
Allan Gray	28 153 991	5,39
Total	93 301 138	17,85
BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 5% OF THE ISSUED SHARES		
I Group Financial Holdings (Pty) Ltd	173 302 719	33,16
Government Employees Pension Fund	64 366 116	12,31
Total	237 668 835	45,47

SUPPLEMENTARY INFORMATION

PROPERTY LISTING AS AT 30 JUNE 2020 continued

DIRECT PORTFOLIO SUMMARY

SECTORAL PROFILE

	Office	Urban Retail	Industrial	Residential	Total
% of GLA	19,3	37,7	41,4	1,6	100,0
Weighted average lease escalation (%)	7,7	7,0	7,3	N/A	7,3
Lease expiry profile (% of revenue)					
Vacancy (30/06/2020)	0,0	0,0	0,0	N/A	0,0
Vacated (30/06/2020)	0,2	0,5	0,2	N/A	0,9
Expiries Rolled Over	0,5	1,5	0,3	N/A	2,3
Year 1 (FY21)	9,7	10,6	6,5	N/A	26,8
Year 2 (FY22)	6,0	7,7	4,9	N/A	18,6
Year 3 (FY23)	4,5	7,5	2,8	N/A	14,8
Year 4 + (FY24 +)	8,0	22,2	6,4	N/A	36,6
	28,9	50,0	21,1		100,0
Lease expiry profile (% of GLA)					
Vacancy (30/06/2020)	1,4	1,4	1,3	N/A	4,1
Vacated (30/06/2020)	0,1	0,3	0,4	N/A	0,8
Expiries rolled over	0,3	1,1	0,6	N/A	2,0
Year 1 (FY21)	5,9	6,8	10,9	N/A	23,6
Year 2 (FY22)	4,2	5,0	9,5	N/A	18,7
Year 3 (FY23)	3,3	4,9	6,2	N/A	14,4
Year 4 + (FY24 +)	4,5	18,8	13,1	N/A	36,4
	19,7	38,3	42,0		100,0
Vacancy profile (% of GLA)	6,9	3,8	3,2		4,1

GEOGRAPHICAL PROFILE

	Gauteng and Mpumalanga	Western Cape	KwaZulu-Natal	Free State	Total
% of GLA	71,7	16,6	9,1	2,6	100,0
Average annualised yield achieved by the portfolio was 10,5%.					

TENANT PROFILE

	Grade A	Grade B	Grade C	Total
% of GLA	60,4	19,9	19,7	100,0

Tenants have been graded as follows:

"A" grade: Large national tenants, large listed tenants, government and major franchisees. These include, inter alia: Absa Bank Limited, Clicks, Bidvest Data, Firstrand Bank, Mr Price Group, Nedbank, Pick N Pay, Shell South Africa, Shoprite Checkers, Pepkor, Standard Bank, Truworths, Virgin Active, Woolworths, Postnet, Cash Crusaders, Dial-A-Bed, Easylife Kitchens, Fego, Flight Centre, King Pie, Verimark.

"B" grade: National tenants, listed tenants, franchisees and medium to large professional firms. These include, inter alia, Bargain Books, Jam Clothing, Kingsmead Shoes, DN Freight, Kagiso Media, West Pack Lifestyle, GoZone Water, Ventureweb, Tiger Wheel & Tyre, The Pool Team, Capsicum Culinary Studio, MICA, Studio 88, PNA, Webbers, Tile Afrika Cash And Carry.

"C" grade: Other tenants comprise all other tenants that do not fall into the above two categories.

SUPPLEMENTARY INFORMATION

PROPERTY LISTING AS AT 30 JUNE 2020 continued

OFFICE

Property	Location	Province	Major tenants (GLA >500m²)	GLA (m²)	Weighted avg. gross rent/m² †
100 on Armstrong	100 Armstrong Avenue, Forest Park, La Lucia Ridge, Durban	KwaZulu-Natal	CEG Accounting	2 871	173,03
2 Frosterley Park * #	2 Frosterley Crescent, La Lucia Ridge, Umhlanga Rocks, Durban	KwaZulu-Natal	Outworx Contact Centre	2 312	181,28
80 Strand Street (50%) #	80 Strand Street, Cape Town	Western Cape	We Work, Traficc	6 498	147,37
9 Long #	21 Riebeek Street, Cape Town	Western Cape	Department Of Public Works, National Debt Advisors, Transaction Capital Business Solutions	9 528	119,77
Albury Park #	Magalieszicht Avenue, Dunkeld West, Sandton	Gauteng	Network Space, Aegis Media Central Services	8 218	162,10
Boundary Terraces #	1 Mariendahl Lane, Newlands, Cape Town	Western Cape	Professional Provident Society Investments, Savings And Investment Association , World Wide Fund For Nature (WWF), Brimstone	8 023	205,01
Chiappini House	26 Chiappini Street, Cape Town	Western Cape	Tempest Car Hire, CrossFit, De Waterkant Health	1 024	190,98
East Coast Radio House	314/7 Umhlanga Rocks Drive, Umhlanga Rocks, Durban	KwaZulu-Natal	Tafelberg Furniture Stores, Dimension Data, Kagiso Media	4 981	181,91
Epsom Downs Office Park	13 Sloane Street, Bryanston, Sandton	Gauteng	Angor Property Specialists, Hemocue, Red Brick Consulting, Kunene Health Care	9 445	125,83
Gateview #	3 Sugar Close, Umhlanga, Durban	KwaZulu-Natal	Bytes People Solution	2 799	154,27
Hamilton House	30 Chiappini Street, Cape Town	Western Cape	Switchless, Kids Living, H&M Hennes And Mauritz	3 247	163,40
Hyde Park Lane #	Cnr Jan Smuts Avenue and William Nicol Drive, Hyde Park, Sandton	Gauteng	Standard Bank, Transaction Capital Recoveries, Bowden & Company, Truffle Asset Management, NJR Construction and Civils	15 244	149,99
Knightsbridge Office Park	33 Sloane Street, Bryanston Ext 4	Gauteng	WSP Group Africa, KFC, Gold One Management Services, Verifone Africa, Ventureweb, Emira Property Fund, Odyssey Capital Managers, Morish Cuisine, MDA Property Services, Kidrotex	16 148	195,46
Lone Creek	21 Mac Mac Road and Howick Close, Waterfall Park, Midrand	Gauteng	The Concrete Institute, The South African Council For The Quantity Surveying	5 387	124,35
Menlyn Corporate Park	Cnr Corobay Avenue and Garsfontein Road, Menlyn, Pretoria	Gauteng	King Price Insurance Company, South African Local Government Association, Santam, BVI Consulting Engineers Gauteng, Feenstra Group	26 784	218,00
Newlands Terraces #	8 Boundary Road, Newlands, Cape Town	Western Cape	Business Connexion, Taquanta Asset Managers, The Western Province Rugby Football Union, Intembeko Investment Administrators	4 531	173,95
Podium at Menlyn #	43 Ingersol Road, Lynnwood Glen, Pretoria	Gauteng	South African Forestry Company, Big Time Strategic Consultant, GIBB	8 962	180,26
Summit Place (Buildings A, C, D, E)	Cnr of Garsfontein Road and N1 Freeway, Menlyn Pretoria	Gauteng	Assupol Life, SNG Grant Thornton, Planet Fitness, BDO South Africa, Aselsan Elektronik, The Venue	12 738	247,59
The View – Tygervalley	43 Old Oak Road, Bellville, Cape Town	Western Cape	Intercare, Clicks, PPS Insurance Company	6 657	229,34
Waterside Place	Waterside Place, South Gate Tyger Waterfront, Carl Cronje Drive, Bellville, Cape Town	Western Cape	AECOM	4 840	155,34
Subtotal Office				**160 237**	**181,28**

* Single tenant, therefore the weighted average gross rental across Emira's office sector has been used – R181,28/m².

^ Held-for-sale. # Independently valued at 30 June 2020. † Excluding vacancies, parking, storerooms, kiosks and ATMs.

SUPPLEMENTARY INFORMATION

PROPERTY LISTING AS AT 30 JUNE 2020 continued

URBAN RETAIL

Property	Location	Province	Major tenants (GLA >500m²)	GLA (m²)	Weighted avg. gross rent/m² †
Ben Fleur Shopping Centre	Da Vinci Street, Emalahleni	Mpumalanga	Checkers, Woolworths, Spur, Pick n Pay Clothing	10 782	155,06
Boskruin Shopping Centre	Cnr President Fouche and Hawken Avenue, Bromhof, Johannesburg	Gauteng	Woolworths	6 940	191,73
Epsom Downs Shopping Centre ^	13 Sloane Street, Bryanston, Sandton	Gauteng	Pick n Pay Supermarket & Liquors, 4 X 4 Mega World	6 940	142,20
Gateway Centre	1319 Pretoria Street, Hatfield, Pretoria	Gauteng	Hatfield Liquor	1 793	213,39
Granada Square	16 Chartwell Drive, Umhlanga Rocks, Durban	KwaZulu-Natal	Woolworths, Capsicum Culinary Studio	7 208	204,88
Kramerville Corner	16 Desmond Street, Eastgate, Kramerville, Sandton	Gauteng	Griffiths And Griffiths, Il Lusso, Collaro Designs, House And Haven Bedfordview, Decor Republic, Design Plus Interiors, First Quantum Minerals SA, U&G Fabrics, Holistic Technologies, Yen Creation, House & Haven	18 494	134,09
Makro *	15 Hanover Street, Selby, Johannesburg	Gauteng	Makro	18 956	156,89
Market Square	Beacon Way, Plettenberg Bay	Western Cape	Pick n Pay, Woolworths, Clicks, Pick n Pay Clothing, Sportscentre, Mr Price, Ackermans	14 846	139,49
Mitchells Plain (50%) #	Town Centre Mitchells Plain	Western Cape	Shoprite, Jet, Victory Outreach International Church of Cape Town, Ackermans	9 833	125,14
One Highveld	5 Bellingham Street, Centurion, Pretoria	Gauteng	3D Printing Factory	6 124	76,48
Park Boulevard	11 Brownsdrift Road, Riverside, Durban North	KwaZulu-Natal	Spar, KTM Durban	5 358	129,88
Parklands Health Centre	11 Village Walk, Cnr Link and Park Road, Table View, Cape Town	Western Cape	Intercare Managed Healthcare	2 486	184,64
Quagga Centre #	Cnr Court and Quagga Streets, Pretoria West	Gauteng	Shoprite Checkers, Pick n Pay, Woolworths, Absa Bank, Mr Price, Clicks, Bradlows And Sleep Masters, Ackermans, Jet, Pep, Jam Clothing, Foschini, Jumbo Clothing, Creation Furnishers	29 412	141,65
Randridge Mall #	Cnr John Vorster Drive and Kayburne Road, Randpark Ridge	Gauteng	Pick n Pay, Woolworths, Dis-Chem, HealthWorx, Firstrand Bank, Mr Price Apparel, Pick n Pay Clothing, Ackermans	22 444	158,90
Southern Sentrum	Benade Drive, Fichardt Park, Bloemfontein	Free State	Pick n Pay, Shell, First National Bank	21 392	130,10
Springfield Retail Centre #	2 Ilala Avenue, Springfield Park, Durban	KwaZulu-Natal	Food Lovers Market, The Hub, HiFi Corp, Ted's Home Store, Baby City, Outdoor Warehouse, Toyzone, Su Casa, Musicians Gear Zone, The Bed Shop, Tapestry Home Brands	17 290	170,93
Summit Place – Building G1	Cnr Garsfontein Road and N1 Freeway, Menlyn Pretoria	Gauteng	Jaguar Land Rover	2 484	172,04
The Colony Centre #	345 Jan Smuts Avenue, Craighall Park	Gauteng	Baby City, Remake Architectural Consultants, Dial A Bed	7 141	194,80
The Tramshed	288 Van der Walt Street, Pretoria	Gauteng	Pick n Pay, Virgin Active, City Of Tshwane, The Government of RSA , Intercare Managed Health Care, Fashion Fusion	12 858	124,34

* Single tenant, therefore the weighted average gross rental across Emira's retail sector has been used – R156,89/m².

^ Held-for-sale. # Independently valued at 30 June 2020. † Excluding vacancies, parking, storerooms, kiosks and ATMs.

SUPPLEMENTARY INFORMATION

PROPERTY LISTING AS AT 30 JUNE 2020 continued

URBAN RETAIL

Property	Location	Province	Major tenants (GLA >500m²)	GLA (m²)	Weighted avg. gross rent/m² †
Wonderpark	Cnr Old Brits Road and Heinrich Avenue, Karenpark, Pretoria	Gauteng	Pick n Pay Hypermarket, Game Stores, Checkers, Woolworths, Edgars, Virgin Active, Caltex, Builders Express, Buco, The Hub, Ster Kinekor, Truworths, Mr Price Apparel, West Pack Lifestyle, Dis-Chem, Ackermans, HiFi Corp. Standard Bank, Jet, Foschini, OBC Meat & Chicken, Cotton On, Toys R Us, Clicks, Tiger Wheel & Tyre, Parrots, Mr Price Home, Rochester, Mr Price Sport, Pep, Firstrand Bank, Identity, ABSA Bank	90 916	171,32
Subtotal Urban Retail				**313 698**	**156,89**

* Single tenant, therefore the weighted average gross rental across Emira's retail sector has been used – R156,89/m².

^ Held-for-sale. # Independently valued at 30 June 2020. † Excluding vacancies, parking, storerooms, kiosks and ATMs.

INDUSTRIAL

Property	Location	Province	Major tenants (GLA >500m²)	GLA (m²)	Weighted avg. gross rent/m² †
14-16 Boston Circle *	14-16 Boston Circle, Airport Industria, Cape Town	Western Cape	Bidvest Data	7 533	61,46
Admiral House #	151 Lechwe Street, Corporate Park South, Randjiespark Ext 7, Midrand	Gauteng	The Automobile Association of SA, 4x4 Lighting Solutions, Bakali Foodstuffs	4 460	70,68
Aeroport (12/14 Winnipeg Avenue)	12-14 Winnipeg Avenue, Aeroport, Kempton Park	Gauteng	Madibana SA, Bright Idea Projects 112, AT SA Compressors	1 640	62,24
Aeroport (34/36 Director Road)	34-36 Director Road, Aeroport, Spartan, Kempton Park	Gauteng	Scanco Digital Services, Bearing Man	1 715	59,99
Aeroport (96 Loper Road) * #	96 Loper Avenue, Spartan Ext 2, Kempton Park	Gauteng	Tenova South Africa	3 966	61,46
Aeroport (98 Loper Road) *	98 Loper Avenue, Spartan Ext 2, Kempton Park	Gauteng	DN Freight	1 672	61,46
Arjo Wiggins – Mahogany Ridge *	1 Monte Carlo Road, Mahogany Ridge, Pinetown	KwaZulu-Natal	Kalideck	6 907	61,46
Cambridge Park	22 Witkoppen Road, Paulshof	Gauteng	I-Tech South Africa, Puma South Africa	11 985	89,08
CEVA Midrand * #	Cnr 16th and Douglas Roads, Randjiespark, Midrand	Gauteng	Ceva Animal Health	2 781	61,46
Corporate Park (82 Lechwe)	82 Lechwe Street, Sage Corporate Park, Randjiespark Ext 70, Midrand	Gauteng	National Security And Fire, Maxxis Tyres South Africa, Pikitup, Ceracure	6 523	63,84
Denver Warehouse	Cnr Mimetes Rd and Kruger St, Denver, Johannesburg	Gauteng	Foodserv Solutions	9 752	38,00
Epping Warehouse (WGA)	3A Bofors Circle, Epping, Cape Town	Western Cape	Devland Burgersfort, Rare Woods SA, Autozone, Tyreman Auto Centre	23 912	44,16
Evapco *	Cnr Quality and Barlow Streets, Isando, Johannesburg	Gauteng	EVAPCO SA	5 715	61,46
Freeway Park #	Cnr Berkley and Upper Camp Roads, Ndabeni, Maitland, Cape Town	Western Cape	Torga Optical Lens Manufacturing	8 000	90,82
Gateway Landing	70 Banghoek Crescent, N4 Gateway Industrial Park, Pretoria	Gauteng	Grit Procurement Solutions, Tidy Files, Storage King SA, Bakery Incubation Centre Of South Africa	9 371	64,11

* Single tenant – weighted average for the industrial sector – R61,46/m². # Independently valued at 30 June 2020. † Excluding vacancies, parking, storerooms, kiosks and ATMs.

SUPPLEMENTARY INFORMATION

PROPERTY LISTING AS AT 30 JUNE 2020 continued

INDUSTRIAL

Property	Location	Province	Major tenants (GLA >500m²)	GLA (m²)	Weighted avg. gross rent/m²†
Greenfields#	1451 Chris Hani Road, Redhill, Durban	KwaZulu-Natal	Rovac Engineering, Wholesale Motor Glass, Greenwest Investments, Nyakatho Plumbing And Hardware Supplies, Rietriver Mechanical, KNA Logistics	9 398	82,38
HBP Commercial unit*#	36 Park Avenue North, Rooihuiskraal, Centurion, Pretoria	Gauteng	Spero Sensors And Instruments	2 428	61,46
HBP Industrial units#	95 Park Avenue North, Rooihuiskraal, Centurion, Pretoria	Gauteng	Play Town, Productive Systems, Ceramic World, DDZ Technologies	7 291	62,64
Industrial Village Jet Park	Cnr Kelly and Estee Ackerman Roads, Jet Park	Gauteng	Autobax, Connectco Fasteners, Manuel Adelino De Atouguia, Tri-Trade Consolidated Freight, GIF Products, Union-Swiss	11 613	59,56
Industrial Village Kya Sands#	Cnr Elsecar and Barnie Streets, Kya Sands Ext 2	Gauteng	Redline Logistics Project Management, Wenzekahle Trading And Projects , Labelit Packaging, Gozone Water, South African Post Office, Maxicool SA Refrigeration, Abrimix, LGB Distributors, T&R Design, Ecozyme Enzymes, Control Installations And Repair Centre, Evilox 212, Glacier Services Distributors, African Bank, Classique Nuts And Dried Fruit	16 659	49,13
Industrial Village Rustivia	6 Rover Street, Elandsfontein, Germiston	Gauteng	Mzansi Rolls And Label, Butlers Point Of Sale Logistics, Level Productions, Stanley Basson Stanley Logistics, Turbofluid Engineering	9 854	46,88
Isando (20 Anvil Road)*	20 Anvil Road, Isando, Kempton Park	Gauteng	The Beverage Company	12 250	61,46
Johnson & Johnson*#	1 Medical Road, Randjiespark Ext 41, Midrand	Gauteng	Johnson & Johnson Medical	3 472	61,46
Kyalami Business Park (RS Components)#	20 Indianapolis Crescent, Kyalami Park, Midrand	Gauteng	RS Components SA, 123 Drive Rite	3 856	61,25
Midline Business Park#	Cnr Richards Drive and Le Roux Road, Midrand	Gauteng	Coated Fabric, Flintgroup, Akula Trading 176, DK Sound Services	12 026	56,92
Midrand (918 Morkels Close)#	918 Morkels Close, Halfway House, Midrand	Gauteng	TCS John Huxley Africa, Moving Ads South Africa	2 449	79,04
V-Tech*#	Cnr Douglas Road and Old Pretoria Road, Randjiespark, Midrand	Gauteng	V-Tech	2 532	61,46
Mitek South Africa*	754 16th Road, Randjiespark, Midrand	Gauteng	Mitek Industries	6 604	61,46
Morgan Creek*	38 Mahogany Road, Mahogany Ridge, Pinetown	KwaZulu-Natal	Simba	4 283	61,46
RTT Acsa Park*	Cnr Springbok and Jones Streets, Bardene, Jet Park	Gauteng	RTT Group	46 673	61,46
RTT Continental*	Cnr Springbok and Jones Streets, Bardene, Jet Park	Gauteng	RTT Group	12 921	61,46
Steelpark Industrial Park	Symphony Park, Modderdam road, Bellville-South, Cape Town	Western Cape	Easylife Kitchens Manufacturing (Cape), Screamer Electronic Services , Macsteel Service Centres SA, HG Travelling Services, Trelleborg South Africa	9 362	49,82
Steiner Services*	Loper Road, Aeroport, Kempton Park	Gauteng	Bidvest Services	4 804	61,46
Trellidor*#	10 Hoist Street, Montague Gardens, Cape Town	Western Cape	Trellidor Innovations	7 794	61,46

* Single tenant – weighted average for the industrial sector – R61,46/m². # Independently valued at 30 June 2020. † Excluding vacancies, parking, storerooms, kiosks and ATMs.

SUPPLEMENTARY INFORMATION

PROPERTY LISTING AS AT 30 JUNE 2020 continued

INDUSTRIAL

Property	Location	Province	Major tenants (GLA >500m²)	GLA (m²)	Weighted avg. gross rent/m²†
Technohub	Roan Crescent, Corporate Park North, Midrand	Gauteng	Kawari Wholesalers, Firmenich Production, Vodacom	15 261	72,06
The Studios Atlas Gardens	Atlas Gardens, Potsmandam Road, Durbanville, Cape Town	Western Cape	Flexo Line Products, Zapop, Expandasign Cape Town, Yoctosign, Nautilus Chemicals, Glasrite	9 300	69,20
Universal Industrial Park	72 Stanhope Place, Briardene, Durban North	KwaZulu-Natal	Royal Distribution, Traderplus, Liquid Ink Screen Printers, Motus Group, Quadrant Clothing, My O My Foods, SA Plastic Technologies	12 361	48,08
Wadeville Industrial Village	6 Crocker Road, Wadeville, Germiston	Gauteng	Plan-It Safety, GZ Manufacturing, Indentisea Distributors, Klinger, Zippel Filing And Storage Systems, Cromech Engineering, Entech Consulting, Plastix Engineering, Furndoc, A And H Installations	13 384	45,26
Subtotal Industrial				**342 508**	**59,83**

RESIDENTIAL

Property	Location	Province	No. of units	GLA (m²)
The Bolton	Cnr Baker Street and Sturdee Avenue, Rosebank	Gauteng	282	11 858

VACANT LAND

Property	Location	Province
1 West Land #	West Street, Centurion	Gauteng
Discovery Land #	Oak Road, Centurion, Pretoria	Gauteng
Quagga Land #	Cnr Court and Quagga Streets, Pretoria West	Gauteng
Knightsbridge Land #	33 Sloane Street, Bryanston Ext 4	Gauteng

TOTAL INVESTMENT PROPERTIES	**816 443**

* Single tenant – weighted average for the industrial sector – R61,46/m². # Independently valued at 30 June 2020. † Excluding vacancies, parking, storerooms, kiosks and ATMs.

Notice of annual general meeting

Emira Property Fund Limited

(Incorporated in the Republic of South Africa)

Registration number: 2014/130842/06

JSE share code: EMI ISIN: ZAE000203063

(Approved as a REIT by the Johannesburg Stock Exchange)

("Emira" or the "Company")

In terms of section 59(1) of the Companies Act 71 of 2008 ("the Companies Act"), as amended, notice is hereby given that the sixth annual general meeting ("Annual General Meeting" or "AGM") of the shareholders of Emira will be held (subject to any adjournment, postponement or cancellation) by way of electronic communication on Tuesday, 1 December 2020 at 11:00. We encourage you to participate and vote in the AGM electronically as outlined in the notice of AGM ("Notice"). The AGM is your opportunity to engage with company executives regarding the Group's performance for the year ended 30 June 2020.

In light of the measures put in place by the South African Government in response to the COVID-19 pandemic, the board of directors has, in the circumstances, determined that it is necessary, prudent and preferable that the AGM be held by way of electronic participation only, and not by way of a physical meeting. The AGM will accordingly only be accessible through electronic communication, in accordance with the provisions of the Companies Act, 71 of 2008, as amended (the Companies Act) and the company's memorandum of incorporation ("MOI").

RECORD DATES

In accordance with section 62(3)(a) read together with sections 59(1)(a) and (b) of the Companies Act, the following dates apply to the Annual General Meeting:

› Record date for determining those shareholders entitled to receive the notice of Annual General Meeting: Friday, 23 October 2020
› Last day to trade in order to be eligible to participate in and vote at the Annual General Meeting: Tuesday, 17 November 2020
› Record date (for voting purposes at the Annual General Meeting): Friday, 20 November 2020

ACTION BY SHAREHOLDERS

Shareholders entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder nor a member of the Board. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the Annual General Meeting.

Proxy forms must be completed by certificated shareholders or "own name" registered dematerialised shareholders who wish to be represented at the Annual General Meeting.

Dematerialised shareholders (not with "own-name" registration) must notify their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Annual General Meeting in order for such CSDP or broker to be able to issue them with the necessary authorisation letter to enable them to attend the Annual General Meeting, or, alternatively, should the dematerialised shareholder not wish to attend the Annual General Meeting, they should provide their CSDP or broker with their voting instructions.

For administrative purposes only, we request that completed forms be emailed to proxy@computershare.co.za. Alternatively, they can be delivered to Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank. Forms of proxy may also be submitted electronically to the chairperson before the start of the AGM or voting on any particular resolution commences as set out in this notice. During the AGM, each shareholder will have voting rights determined in terms of the voting rights attaching to the shares held by such shareholder as set out in the MOI.

Annual General Meeting participants may be required, in terms of section 63(1) of the Companies Act, to provide identification to the reasonable satisfaction of the Chairperson of the Annual General Meeting. An official identification document issued by the South African Department of Home Affairs, a driver's license or a valid passport will be accepted as sufficient identification.

Shareholders who have any doubt as to the action they are required to take in respect of the following resolutions should consult their CSDP, broker, banker, attorney, accountant or another professional adviser immediately.

ELECTRONIC PARTICIPATION

The electronic platform to be utilised to host the Annual General Meeting does not provide for electronic voting during the meeting.

Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the Annual General Meeting.

Shareholders who wish to participate electronically in and/or vote at the AGM are required to contact the company's transfer secretaries, Computershare Investor Services Proprietary Limited, at proxy@computershare.co.za as soon as possible, but in any event no later than 11:00 South African time on Friday, 27 November 2020.

Computershare will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the Annual General Meeting. Thereafter, Computershare will provide each verified shareholder or their duly appointed proxy with the electronic meeting invitation required to access the Annual General Meeting.

PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group, including the reports of the directors, group audit committee and the independent external auditors, for the year ended 30 June 2020, will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act.

Abbreviated versions have been included in this publication, with the full annual financial statements available on the Company's website, https://emira.co.za/financial-reporting/.

PURPOSE

The purpose of the Annual General Meeting is to:

a. present and consider the annual financial statements of the Company for the financial year ended 30 June 2020, including the reports of the auditors, the Directors of the Company ("the Directors") and the Audit Committee;
b. consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions ("resolutions") set out hereunder in accordance with the requirements of the Companies Act and the Listings Requirements of the JSE Limited ("JSE Listings Requirements"); and
c. consider any and all matters of the Company as may lawfully be dealt with at the Annual General Meeting.

RESOLUTIONS FOR CONSIDERATION AND ADOPTION

ORDINARY RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, all of the ordinary resolutions relating to business set out below.

The minimum percentage of voting rights required for each of the ordinary resolutions set out below to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the Annual General Meeting.

1. ORDINARY RESOLUTION NUMBER 1: RE-APPOINTMENT OF INDEPENDENT EXTERNAL AUDITORS

"**Resolved that** Ernst & Young Incorporated be re-appointed as the independent external auditors of the Company with Mr Ernest van Rooyen, being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year, and to authorise the Directors to determine the auditor's remuneration."

2. ORDINARY RESOLUTION NUMBER 2: RATIFICATION OF DIRECTOR'S APPOINTMENT AND RE-ELECTION OF DIRECTORS

In terms of the Companies Act and the JSE Listings Requirements, the appointment of any directors since the last annual general meeting must be confirmed at the next annual general meeting. Accordingly, the appointments of Ms Berlina Moroole and Mr James Templeton are tabled for approval.

Ordinary resolution 2.1

"**Resolved that** the appointment of Ms B Moroole as an independent non-executive director is hereby confirmed."

Ordinary resolution 2.2

"**Resolved that** the appointment of Mr J Templeton as a non-executive director is hereby confirmed."

Mr V Nkonyeni, Mr V Mahlangu and Mr G van Zyl are obliged to retire by rotation at this Annual General Meeting in accordance with the provisions of Articles 20.3 and 20.4 of the Company's MOI, and having so retired and being eligible, offer themselves for re-election.

Ordinary resolution 2.3

"**Resolved that** the re-election of Mr V Nkonyeni, as an independent non-executive director who, in terms of Articles 20.3 and 20.4 of the Company's MOI retires by rotation at this Annual General Meeting, but being eligible to do so, offers himself for re-election, is hereby confirmed with effect from 1 December 2020."

Ordinary resolution 2.4

"**Resolved that** the re-election of Mr V Mahlangu, as an independent non-executive director who, in terms of Articles 20.3 and 20.4 of the Company's MOI retires by rotation at this Annual General Meeting, but being eligible to do so, offers himself for re-election, is hereby confirmed with effect from 1 December 2020."

Ordinary resolution 2.5

"**Resolved that** the re-election of Mr G van Zyl, as an independent non-executive director who, in terms of Articles 20.3 and 20.4 of the Company's MOI retires by rotation at this Annual General Meeting, but being eligible to do so, offers himself for re-election, is hereby confirmed with effect from 1 December 2020."

Abbreviated curricula vitae in respect of each of the Directors noted in ordinary resolutions 2.1 to 2.5 above, appear on page 9 of the integrated report to which this Notice is attached.

3. ORDINARY RESOLUTION NUMBER 3: APPOINTMENT OF THE CHAIRPERSON AND MEMBERS OF THE AUDIT COMMITTEE

To elect by way of separate resolutions an Audit Committee comprising independent non-executive directors, as provided in section 94(4) of the Companies Act and appointed in terms of section 94(2) of that Act to hold office until the next Annual General Meeting to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and the King Report on Governance for South Africa 2016 ("King IV") and to perform such other duties and responsibilities as may from time to time be delegated by the Board, all subsidiary Companies and controlled trusts. The Board has assessed the performance of the Audit Committee members standing for election and has found them to be suitable for appointment.

Ordinary resolution 3.1

"**Resolved that**, subject to the passing of ordinary resolution number 2.3, the appointment of Mr V Nkonyeni as a member and Chairman of the Audit Committee be and is hereby confirmed with effect from 1 December 2020."

Ordinary resolution 3.2

"**Resolved that**, subject to the passing of ordinary resolution number 2.4, the appointment of Mr V Mahlangu as a member of the Audit Committee be and is hereby confirmed with effect from 1 December 2020."

Ordinary resolution 3.3

"**Resolved that**, subject to the passing of ordinary resolution number 2.1, the appointment of Ms B Moroole as a member of the Audit Committee be and is hereby confirmed with effect from 1 December 2020."

Abbreviated curricula vitae in respect of each member of the Audit Committee, appears on pages 9 of the integrated report to which this Notice is attached.

4. ORDINARY RESOLUTION NUMBER 4: APPROVAL OF THE REMUNERATION POLICY AND IMPLEMENTATION REPORT

Ordinary resolution 4.1

"**Resolved that**, the Company's remuneration policy, as reflected on page 102 of the integrated report, be endorsed, by way of a non-binding advisory vote, in terms of King IV, on the same basis as set out in the audited annual financial statements, proposed as being reasonable by the Remuneration Committee of the Company."

Ordinary resolution 4.2

"**Resolved that**, the implementation report as set out on page 108 of this integrated annual report be and is hereby endorsed through a non-binding advisory vote as recommended in terms of King IV".

Note: King IV recommends that the Company's remuneration policy and implementation report be tabled to shareholders for a non-binding advisory vote at each AGM. Failure to pass this resolution will not have legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when assessing Emira's remuneration policy going forward, and will, in the event that either the remuneration policy or the implementation report, or both, have been voted against by 25% of more of the voting rights exercised by shareholders, provide dissenting shareholders with information as to how to engage with the Company in regard to this matter as well as to the timing of such engagement.

5. ORDINARY RESOLUTION NUMBER 5: SIGNATURE OF DOCUMENTS

"**Resolved that** each Director be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the Annual General Meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered where necessary by the Companies and Intellectual Property Commission, in the case of special resolutions."

SPECIAL RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, all of the special resolutions relating to business set out below.

The minimum percentage of voting rights required for each of the resolutions set out in item number 6 to 10 below to be adopted by at least 75% (seventy-five percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the Annual General Meeting.

6. SPECIAL RESOLUTION NUMBER 1: NON-EXECUTIVE DIRECTORS' REMUNERATION

In terms of section 66(9) of the Companies Act, as read with King IV and the JSE Listings Requirements, a company is required to pre-approve the payment of remuneration to non-executive Directors for their services as Directors for the ensuing financial year by means of a special resolution passed by shareholders of the Company within the previous two years.

Special resolution 1.1

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the chairperson of the Board for his service as such for the financial year ending 30 June 2021, be and is hereby approved on the basis as set out in the table on page 198."

Special resolution 1.2

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the non-executive directors, other than the chairperson of the Board, for their services as Directors for the financial year ending 30 June 2021, be and is hereby approved on the basis as set out in the table below."

Special resolution 1.3

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the chairperson of the Audit Committee and Risk Committee for his service as such for the financial year ending 30 June 2021, be and is hereby approved on the basis as set out in the table below."

Special resolution 1.4

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the members of the Audit Committee and Risk Committee, other than the chairperson, for their services as such for the financial year ending 30 June 2021, be and is hereby approved on the basis as set out in the table below."

Special resolution 1.5

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the chairperson of the Remuneration Committee for his service as such for the financial year ending 30 June 2021, be and is hereby approved on the basis as set out in the table below."

Special resolution 1.6

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the members of the Remuneration Committee, other than the chairperson, for their services as such for the financial year ending 30 June 2021, be and is hereby approved on the basis as set out in the table below."

Special resolution 1.7

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the chairperson of the Finance Committee for his service as such for the financial year ending 30 June 2021, be and is hereby approved on the basis as set out in the table below."

Special resolution 1.8

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the members of the Finance Committee, other than the chairperson, for their services as such for the financial year ending 30 June 2021, be and is hereby approved on the basis as set out in the table below."

Special resolution 1.9

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the chairperson of the Investment Committee for his service as such for the financial year ending 30 June 2021, be and is hereby approved on the basis as set out in the table below."

Special resolution 1.10

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the members of the Investment Committee, other than the chairperson, for their services as such for the financial year ending 30 June 2021, be and is hereby approved on the basis as set out in the table below."

Special resolution 1.11

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the chairperson of the Environmental, Social and Governance Committee for her service as such for the financial year ending 30 June 2021, be and is hereby approved on the basis as set out in the table below."

Special resolution 1.12

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the members of the Environmental, Social and Governance Committee, for their services as such for the financial year ending 30 June 2021, be and is hereby approved on the basis as set out in the table below."

Special resolution 1.13

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the non-executive directors, for their attendance at any ad hoc meetings convened during the financial year ending 30 June 2021, be and is hereby approved on the basis as set out in the table below."

7. SPECIAL RESOLUTION NUMBER 2: AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE FOR THE SUBSCRIPTION OR PURCHASE OF SECURITIES ISSUED OR TO BE ISSUED BY THE COMPANY IN CONNECTION WITH THE DMTN PROGRAMME

"**Resolved that**, in terms of section 44 of the Companies Act, the shareholders of the Company hereby approve of the Company providing, at any time and from time to time during the period of 2 (two) years commencing from the date of this special resolution but subject to Board approval, any direct or indirect financial assistance as contemplated in section 44 of the Companies Act for the purpose of, or in connection with, the subscription for any securities, issued or to be issued by the Company or the Company's subsidiaries, or for the purchase of any securities of the Company or its subsidiaries, provided that the Board from time to time, determines:

- the form, nature and extent of such financial assistance (such as the provision of guarantees for the issuance of notes in issue or to be issued under the Company's ZAR5 billion Domestic Medium Term Note Programme);
- the terms and conditions under which such financial assistance is provided."

	APPROVED ANNUAL FEE FOR	
POSITION	**2020**	**2021**
Board Chairperson	R367 100	R465 000
Board Member	R221 600	R260 000
Chairperson Audit Committee and Risk Committee	R139 800	R155 000
Audit Committee and Risk Committee Member	R95 100	R107 000
Chairperson Remuneration Committee	R73 200	R88 000
Remuneration Committee Member	R64 900	R74 000
Chairperson Finance Committee	R73 200	R88 000
Finance Committee Member	R64 900	R74 000
Chairperson Investment Committee	R73 200	R110 000
Investment Committee Member	R64 900	R87 000
Chairperson Environmental, Social and Governance Committee	R45 900	R49 000
Environmental, Social and Governance Committee Member	R40 300	R42 000
Ad Hoc Meetings (per hour)	R2 950	R3 050

Explanatory note

The reason for special resolution number 2 is to obtain approval from shareholders to enable the Company to provide financial assistance, when the need arises, in accordance with the provisions of section 44 of the Companies Act and as set out below:

› On 12 August 2011 Emira established its ZAR5 billion Domestic Medium Term Note Programme (the "Programme"), in terms of which Emira has issued and has the ability to issue both secured and unsecured notes ("Notes"). The current security structure allows Emira to encumber properties owned directly by Emira and indirectly by its subsidiaries as security for secured Notes issued in terms of the Programme. Section 44 of the Companies Act governs the provision of financial assistance by way of, inter alia, the provision of security in connection with the issue of, inter alia, the Notes. It is therefore necessary to obtain approval from Emira shareholders to permit the provision of such security, for example, by way of mortgage bonds, for current and future Note issuances under the Programme.

8. SPECIAL RESOLUTION NUMBER 3: AUTHORITY TO PROVIDE LOANS OR OTHER FINANCIAL ASSISTANCE, AS CONTEMPLATED IN SECTION 45 OF THE COMPANIES ACT TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

"**Resolved that**, in terms of section 45 of the Companies Act, the shareholders of the Company hereby approve of the Company providing, at any time and from time to time, but subject to Board approval at such time, during the period of 2 (two) years commencing from the date of this special resolution, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to a subsidiary, associate or joint venture of the Company, and provided that the Board is satisfied that:

› immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and

› the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company."

Explanatory note

The reason for special resolution number 3 is to obtain approval from shareholders to enable the Company to provide financial assistance, when the need arises, in accordance with the provisions of section 45 of the Companies Act. Special resolution number 3 specifically includes the provision of inter-company loans within the Group, which are provided in the ordinary course of business to subsidiaries, associates and joint venture entities.

Notice given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance in respect of special resolution number 3:

a. by the time that this Notice is delivered to shareholders of the Company, the Board will have adopted a resolution ("Section 45 Board Resolution") authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 3 are adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a related or inter-related company or corporation;

b. the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 3 are adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that:

   (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and

   (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and

c. in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of 1% of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company, if applicable.

11. REPORT FROM THE SOCIAL AND ETHICS COMMITTEE

In accordance with Regulation 43(5)(c) of the Companies Act, the chairperson of the social and ethics committee or, in his absence, any member of the committee, will present the committee's report to shareholders at the Annual General Meeting.

12. OTHER BUSINESS

To transact such other business as may be transacted at the AGM of the Company.

By order of the Board.

Acorim (Pty) Ltd

Company Secretary

26 October 2020

Illovo

Form of proxy

Emira Property Fund Limited | (Incorporated in the Republic of South Africa) | Registration number: 2014/130842/06 | JSE Share Code: EMI | ISIN: ZAE000203063
(Approved as a REIT by the Johannesburg Stock Exchange) | ("Emira" or "the Fund" or "the Company")

For use only by shareholders who:

1. hold shares in certificated form ("certificated ordinary shareholders"); or
2. have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration,

at the fourth annual general meeting ("Annual General Meeting") of shareholders of the Company to be held at 11:00 on Tuesday, 1 December 2020 by way of electronic communication and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the Annual General Meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy and vote. If they do not wish to attend the Annual General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These ordinary shareholders must not use this form of proxy.

Name of beneficial shareholder: ____________________

Name of registered shareholder: ____________________

Address: ____________________

____

Email: ____________________

Telephone work: (   ) ____________________

Telephone home: (   ) ____________________

Cell: ____________________

being the holder/custodian of ____________ ordinary shares in the Company, hereby appoint (see note):

1. ____________________ or failing him/her,

2. ____________________ or failing him/her,

3. the Chairperson of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the Annual General Meeting of the Company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

	For	Against	Abstain
Ordinary resolutions			
1. Ordinary Resolution 1: Re-appointment of independent external auditors			
2. Ordinary Resolution 2: Ratification of director's appointment and re-election of directors			
2.1 Appointment of Ms Morrole as an independent non-executive director			
2.2 Appointment of Mr J Templeton as a non-executive director			
2.3 Re-election of Mr V Nkonyeni as an independent non-executive director			
2.4 Re-election of Mr V Mhlangu as an independent non-executive director			
2.5 Re-election of Mr G van Zyl as an independent non-executive director			
3. Ordinary Resolution 3: Appointment of the chairman and members of the Audit Committee			
3.1 Appointment of Mr V Nkonyeni as a member and chairman of the Audit Committee			
3.2 Appointment of Mr V Mahlangu as a member of the Audit Committee			
3.3 Appointment of Ms B Moroole as a member of the Audit Committee			
4. Ordinary resolution number 4: Approval of remuneration policy and implementation report			
4.1 Approval of remuneration policy			
4.2 Approval of implementation report			
5. Ordinary resolution number 5: Signature of documents			
Special resolutions			
6. Special resolution number 1: Approval of the non-executive directors' remuneration			
1.1 Board Chairperson			
1.2 Board Member			
1.3 Chairperson Audit Committee and Risk Committee			
1.4 Audit Committee Member and Risk Committee Member			
1.5 Chairperson Remuneration Committee			
1.6 Remuneration Committee Member			
1.7 Chairperson Finance Committee			
1.8 Finance Committee Member			
1.9 Chairperson Investment Committee			
1.10 Investment Committee Member			
1.11 Chairperson Environmental, Social and Governance Committee			
1.12 Environmental, Social and Governance Committee Member			
1.13 Ad hoc meetings (per hour)			
7. Special resolution number 2: Financial assistance for subscription or purchase of securities in connection with the DMTN programme			
8. Special resolution number 3: Authority to provide loans or other financial assistance, as contemplated in section 45 of the Companies Act			

Signed at: ____________________ on ____________________ 2020.

Signature: ____________________ Assisted by (if applicable) ____________________

Notes to the form of proxy

1. Summary of Rights Contained in section 58 of the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act").

   In terms of section 58 of the Companies Act:

   - a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
   - a proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting;
   - a proxy may delegate his or her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
   - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
   - irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
   - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company; and
   - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 6).
   - the completion of a form of proxy does not preclude any shareholder from attending the Annual General Meeting.

2. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".

3. Shareholders who have dematerialised their shares through a CSDP or broker without "own name" registration and wish to attend the Annual General Meeting must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. Should the CSDP or broker not have provided the Company with the details of the beneficial shareholding at the specific request by the Company, such shares may be disallowed to vote at the Annual General Meeting.

4. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the Company) of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the meeting". The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.

5. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.

6. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 (forty eight) hours before the commencement of the Annual General Meeting.

7. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.

8. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

9. A shareholder's authorisation to the proxy including the Chairperson of the Annual General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the Annual General Meeting.

10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

11. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the Chairperson of the Annual General Meeting.

12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.

13. Where there are joint holders of ordinary shares:

    - any one holder may sign the form of proxy;
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

14. Forms of proxy should be emailed to proxy@computershare.co.za.

    A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

Administration

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