EMIRA
PROPERTY FUND

2021

Reviewed condensed preliminary financial results

for the year ended 30 June 2021 and dividend distribution declaration

Key messages

Distributable income

R649,1m

Down 3,2%

Vacancies

6,4%

Up 2,3%

Final dividend per share

66,65c

Up 120,2%

Loan to value

40,9%

Down 2,1%

Net asset value per share

1 518c

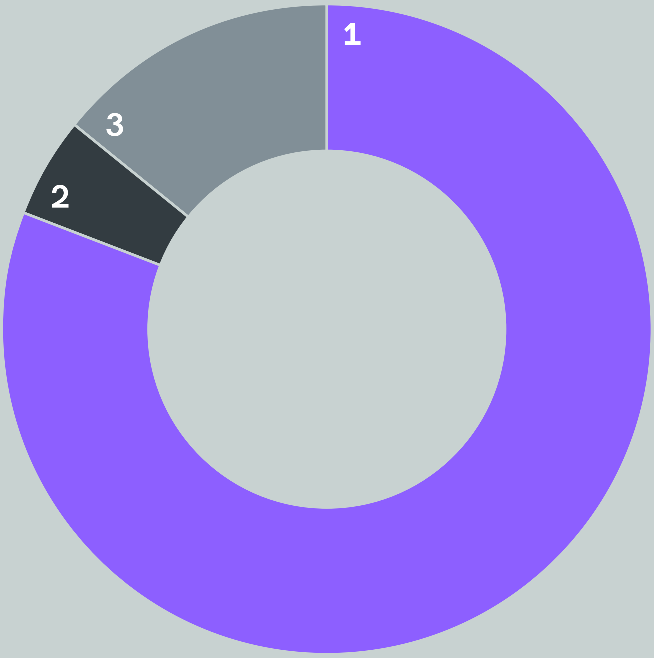
Down 0,7%

B-BBEE contributor level

Level 2

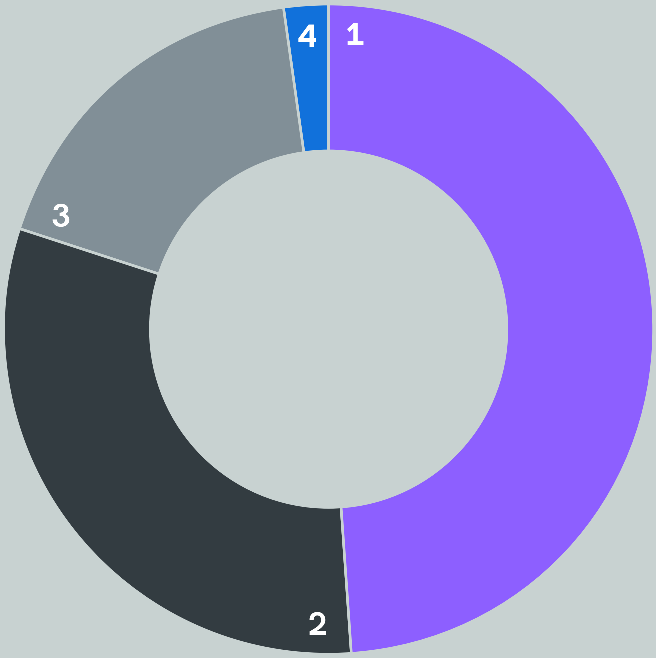
From Level 5

Investments (%)



1.	Direct local	**81**
2.	Indirect local	**5**
3.	Indirect offshore	**14**

Direct property local:
value split per sector (%)



1.	Urban retail	**49**
2.	Office	**31**
3.	Industrial	**18**
4.	Residential	**2**

COMMENTARY

Distributable earnings for the year ended 30 June 2021 has decreased by 3,2% to R649,1m. After taking into account the adjustments to reflect the cash backed position, Emira's Board of Directors (the "Board") has declared a final dividend of 66,65 cents per share for the six months to 30 June 2021 (June 2020: 30,26 cents). This is a period-on-period increase of 120,2%, bringing the full year dividend per share to 118,65 cents (2020: 104,36 cents), an increase of 13,7%.

It has been encouraging to see the strong recovery of the global economy, despite the setbacks experienced by the varying degrees of third wave COVID-19 restrictions imposed by countries in response to the spread of the Delta variant. Having entered the pandemic in a weak position, the South African economy has been slower to bounce back. The recent unrest and looting in Gauteng and KwaZulu-Natal are expected to hamper the local recovery even further. That said, the diversified nature of Emira's investments on a sectoral and geographical basis, including its offshore exposure and its co-investment methodology, has proved defensive with some sectors and regions being hit harder than others. Fundamentally, Emira's local operations continue to be strained. While some positive signs have started to emerge, they vary by sector and region. In contrast, the United States of America's ("USA" or "US") economy is growing again and close to returning to near-normal, and the Fund's open-air grocery anchored retail centre assets are performing well.

Despite the unprecedented environment in which the Fund has been operating, it has achieved its objectives for the year, which included:

- optimising net income and delivering a cash backed return to investors;
- selectively recycling assets and upgrading core assets through reinvestment;
- retaining a high proportion of tenants whose leases expired during the year;
- maintaining above industry average occupancy levels;
- collecting rentals timeously;
- improving liquidity and extending the debt expiry profile; and
- driving diversification across all areas of the business to reduce risk.

While the Fund is unable to materially impact the macroeconomic environment in which it operates, management's approach has been to ensure the fundamentals are performed with excellence.

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. Provided that Emira can demonstrate its ability to meet its future financial obligations, it will declare the cash-backed portion of its distributable income as a dividend to shareholders.

In evaluating Emira's dividend policy, the Board has resolved to continue applying the methodology adopted in August 2020 by adjusting distributable earnings where there is uncertainty regarding the timing of 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 alter normal timing differences existing in the ordinary course of business between standard accounting practices and the related cash flows.

COVID-19 has emphasised the need for a strong balance sheet and liquidity position, which the Board has assessed and confirmed as healthy.

Distributable earnings

Revenue reduced by 1,4% year-on-year to R1,48bn (excluding straight-lining adjustments in respect of future rental escalations) from R1,50bn. The decrease resulted from the disposal of Steiner Services, further rental concessions provided to tenants as part of Emira's COVID-19 response, an increase in vacancies as well as rental reversions for both renewals and new leases. Tenant concessions of R33,6m were provided in the period in the form of permanent remissions.

Property expenses decreased by 3,9% from R689,3m to R662,6m. Lease commissions were lower due to the increase of vacancies, however escalating electricity and municipal costs remain a key concern. Collections have been strong for current year billings, however credit loss provisions have been increased for long outstanding debtors and legal debtors. Fortunately, this increase was offset by the reversal of credit loss provisions from the prior year upon the successful collection of the rent deferrals granted in April, May and June 2020 during the year under review.

Administration expenses increased by 12,2% to R92,8m (June 2020: R82,7m) primarily due to staff costs, including the forfeitable share plan, as well as fees relating to the mandatory offer received from the Maitlantic 10 Proprietary Limited and Clearance Cantara Master Fund Limited.

Emira realised a foreign exchange loss of R10,1m on its foreign investments compared with a gain of R11,7m in the previous period. The loss relates to its US investments where the related income and expenditure are accounted for at a weighted average monthly ZAR versus USD rate and then converted on a cash flow basis at the forward exchange contract rates or the spot rate.

Distributable earnings

R'000	Year ended 30 Jun 2021	Year ended 30 Jun 2020	% change
Operating lease rental income and tenant recoveries excluding straight-lining of leases	**1 481 071**	1 501 960	(1,4)
Property expenses excluding amortised upfront lease costs	**(662 622)**	(689 294)	3,9
Net property income	**818 449**	812 666	0,7
Income from listed investments	**–**	12 808	100,0
Administration expenses	**(92 828)**	(82 720)	(12,2)
Realised foreign exchange gain/(losses)	**(10 068)**	11 672	186,3
Other income	**4 335**	3 559	21,8
Distributable income from equity-accounted investments	**215 622**	225 260	(4,3)
Dividend received/accrued from Transcend	**31 333**	21 466	46,0
Net finance costs	**(357 507)**	(348 382)	(2,6)
Finance income	**40 183**	51 578	(22,1)
Finance costs	**(397 690)**	(399 960)	0,6
Interest paid and amortised borrowing costs	**(401 626)**	(403 728)	0,5
Interest capitalised to the cost of developments	**3 936**	3 768	4,5
Taxation (non-capital)	**7 200**	(9 167)	(178,5)
Minority shareholders' interests	**(423)**	–	–
Net ESA Trust adjustment	**6 934**	7 595	(8,7)
Net BEE Scheme adjustment	**26 046**	16 121	61,6
Distributable income	**649 094**	670 878	(3,2)
Distributable income per share (cents)	**124,19**	128,36	(3,2)
Distributable income adjustments			
1. Deferred rental net of expected credit loss	**49 075**	(28 603)	(271,6)
2. Expected credit loss movement of deferred rentals	**(17 499)**	–	–
3. Income from US equity-accounted investments	**(29 431)**	(76 762)	61,7
4. Interest accrued on investment in Inani	**(27 179)**	(16 288)	(66,9)
5. Capitalised interest limitation	**(3 936)**	(3 768)	(4,5)
Dividend payable to shareholders	**620 125**	545 457	13,7
Dividend per share (cents)	**118,65**	104,36	13,7

Other income of R4,3m is primarily Emira's 50% share of the asset management fee charged to Enyuka Property Fund ("Enyuka").

Distributable income from equity-accounted investments of R215,6m includes:

- income of R125,5m from US investments which represents Emira's share of the net distributable income from the 11 property investments held in the US;
- income of R83,7m from Enyuka, being the interest received on Emira's loan to Enyuka (R85,1m) less Emira's 49,9% portion of Enyuka's net loss (Emira's share being R1,4m after interest). Enyuka's net loss is post a total asset management fee of R8,3m of which Emira receives 50%, which is shown in "Other Income"; and
- income of R37,8m from Transcend Residential Property Fund ("Transcend"), which comprises interest received on Emira's loan to Transcend of R6,5m and dividends received of R31,3m. Dividends received includes an amount of R11,5m, which has been accrued for distribution purposes only in respect of the dividend declared by Transcend on 16 August 2021 in respect of the six months ended 30 June 2021.

Net finance costs for the period have increased to R357,5m (June 2020: R348,4m). Debt levels were on average higher during the year, but this was largely offset by the lower interest rates compared to the prior year. Finance income decreased due to certain of the loans advanced being repaid, specifically the loan advanced to Transcend, together with the lower interest rates.

Taxation provided for in the prior year has been reversed in the current year on the basis that the taxable income per the Fund's submitted tax return was lower than originally estimated.

The distributable income due to minorities of R0,4m relates to Bet All Investments Proprietary Limited, the subsidiary which owns The Bolton, where minority shareholders hold 25,0%.

Net Black Economic Empowerment ("BEE") Scheme adjustment: The BEE scheme comprises the restricted special purpose investment vehicles that hold Emira shares, set up for the benefit of the BEE parties who 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 are 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 with any net losses ultimately being 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 R11,3m interest charge, in respect of the BEE Scheme's interest obligations to its third-party lender.

Net ESA Trust adjustment: Following on from the implementation of the BEE Scheme, the ESA Trust (the "Trust") was set up to facilitate Emira's executive directors share ownership scheme. 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 with any net losses ultimately being 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 R2,7m interest charge in respect of the Trust's interest obligations to its third-party lender.

The following adjustments have been made to distributable earnings to arrive at the net cash backed position and hence the amount available for distribution:

- Deferred rentals collected: Deferred rentals granted to tenants in the previous year were excluded from the dividend calculation at 30 June 2020 on the basis that collection was uncertain. For the year ended 30 June 2021 the Fund has collected R49,1m of the prior year's deferrals which have now been included in the dividend calculation.
- Estimated credit losses on deferred rentals: Estimated credit losses relating to the prior year's deferred rentals were reassessed at 30 June 2021, resulting in a reversal for accounting purposes of R17,5m of the provision raised in the prior year. This current year credit amount has been excluded from the dividend calculation on the basis that it was not taken into account when the credit loss provision was originally raised.
- Distributable income from equity-accounted investments: The distributable income from Emira's equity-accounted US investments has been reduced by R29,4m. As a result of deferments granted to tenants in response to COVID-19, Emira and its US partners retained a portion of cash collections in the underlying investment companies to ensure cash reserves remain bolstered, thus providing an adequate buffer for debt servicing, future operating costs as well as leasing and tenant installation costs. Consequently, lower cash dividends were declared out of most of the underlying property-owning entities for the quarters ended 30 September 2020 and 31 December 2020. For the quarters ended 31 March 2021 and 30 June 2021 all but three of the investments had returned to more normalised distributions.
- Finance income: Interest charged of R27,2m to Inani Property Fund ("Inani") on the loan advanced to it has been capitalised for the year ended 30 June 2021. Given the uncertainty on the collection and timing of this interest, Emira has adjusted distributable earnings by R27,2m.
- Interest capitalised to developments: Capitalised interest of R3,9m has been adjusted for on the basis that it is not supported by an underlying cash flow.

Net asset value ("NAV")

As at 30 June 2021, Emira's NAV decreased by 0,7% to 1 518 cents per share (June 2020: 1 530 cents). This follows a further reduction in the value of investment properties offset by a decrease in net derivative liabilities and an increase in the Fund's equity-accounted investments in the US.

The number of shares used to calculate NAV was 484 204 005 and is made up as follows:

	Jun 2021	Jun 2020
Actual shares in issue	**522 667 247**	522 667 247
Adjusted for:		
Shares held by the BEE Scheme [i]	**(26 133 364)**	(26 133 364)
Shares acquired for the Emira Forfeitable Share Plan [ii]	**(5 129 878)**	(2 840 147)
Shares held by the ESA Trust [iii]	**(7 200 000)**	(7 200 000)
Adjusted shares in issue	**484 204 005**	486 493 736

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.

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.

Portfolio review

South African direct portfolio

Portfolio overview

Emira's directly held portfolio, which is located in South Africa, is valued at R9,7bn. It comprises 77 properties (June 2020: 79) in the retail, office, industrial and residential sectors. One property was disposed during the year while two other adjacent properties, have been combined for classification purposes. The sectoral split by value and number of properties is as follows:

Sector	Value split (%)	Number of properties
Urban retail	49	19
Office	31	20
Industrial	18	37
Residential	2	1
	100	77

RETAIL

Notwithstanding the announcement made on 16 June 2021 to move back up to level 3 restrictions, it was pleasing to see the retail sector recover, with a noticeable increase in trading activity. On a like-for-like basis for the 12-month period ended 30 June 2021, tenant turnover in Emira's retail portfolio increased by 6,4% year-on-year. Many retailers have reported that while there has been an increase in e-commerce trade, many customers have returned to their old habits of visiting stores, particularly grocery stores.

While the recent lockdown restrictions, coupled with the July unrest, will curb the recovery trend, Emira's retail portfolio, comprising mostly grocer-anchored neighbourhood centres within close proximity to their communities, has historically proved resilient.

OFFICE

The office sector remains challenging. Many corporates are still assessing their long-term space requirements and the existing oversupply of offices remains. Vacancies have deteriorated across all grades of offices with rentals under pressure as landlords are doing everything necessary to retain existing tenants. The third wave of COVID-19 infections has further delayed the decision for many corporates to return to their offices. For those tenants who have returned, the trend has been contracts with shorter durations and more flexibility.

Emira's 20 office buildings comprises 31% of its direct portfolio. These properties are located in sought-after nodes and Emira continues to invest in them to ensure they remain attractive and relevant to both existing and prospective tenants.

INDUSTRIAL

Emira's industrial portfolio is split between single-tenant light industrial and warehouse facilities and multi-tenant midi- and mini-unit industrial parks. The broad tenant base provides the Fund with diversification and limits single counterparty risk.

The industrial sub-sector has held up well during the year. Demand for space is increasing and the rentals achieved on renewals and new deals have been encouraging. While the subdued macroeconomic environment seems to have had less of an impact on industrial tenants, the frequent power supply disruptions experienced has affected their ability to trade.

RESIDENTIAL

Emira has one directly held residential property, The Bolton, which is aimed at the higher-demand mid-to-lower market and is well located in the popular Rosebank node. Emira works with experts in specialist property sectors, and partners with The Feenstra Group at The Bolton. Despite consumers being under pressure, The Bolton's occupancy was 94,0% at 30 June 2021, confirming there is still demand for well-run, quality accommodation at the right rental levels.

Civil unrest

Emira was fortunate that only one of its 77 properties in the direct portfolio was affected by the recent civil unrest in Gauteng and KwaZulu-Natal. Extensive looting and associated damage occurred at Springfield Retail Centre in Durban. Approximately one-third of the property sustained fire damage and the associated structural repairs are expected to be completed by March 2022. The balance of the property is expected to be fully operational by October 2021, with some tenants, including Food Lovers Market, already trading. The Company has the maximum amount of SASRIA cover in place which is more than sufficient to cover the damages suffered and loss of rental.

COVID-19

The effects of the pandemic with its different levels of lockdown continue to have a negative impact on the local economy, business confidence and household spending. Property fundamentals are directly linked to the performance of the economy, and remain under pressure, but as the custodian of stakeholders' interests', the Fund has had to evolve and adjust its focus areas to ensure it remains healthy.

Business confidence is unlikely to return until most of the population has been vaccinated and while it is still early days, it is encouraging to see the rate of vaccinations steadily increasing. The recovery in commercial real estate, like much of the rest of the economy, is likely to be uneven across sectors and subject to various lags and delays. Emira has positioned itself to navigate through this uncertainty and come out better and stronger.

Emira's tenants are one of its greatest assets – ensuring that as many as possible endure the challenges brought on by the pandemic, has been at the forefront of the Company's considerations. During the year, rental concessions were provided to tenants on a case-by-case basis, whose trading was restricted due to the Government-imposed restrictions. Permanent rent remissions totalling R33,6m were provided to tenants during the year (June 2020: R69,9m), the majority of whom operated in the hospitality and entertainment sub-sectors. No further rental deferments were granted during the year (June 2020: R48,7m). The Fund will continue to provide the necessary support to tenants but only to the extent that their ability to trade is restricted.

Collections

The monthly collection of rentals continues to be a key focus area and for the 12-months ended 30 June 2021 the Fund's collections versus billings for normal debtors was a pleasing 99,0%. For the same period, the collection rate for the April, May and June 2020 rentals, which were deferred and only billed during the current year, outperformed expectations at 95,1%.

Outstanding debtors, including VAT, for normal billings at 30 June 2021 has decreased to R63,8m (June 2020: R73,3m) and estimated credit losses have been appropriately provisioned, with 63,5% of the balance owing provided for.

Arrears and collections as at 30 June 2021

	30 Jun 2021					30 Jun 2020
R'000	**Urban retail**	**Office**	**Industrial**	**Residential**	**Total**	Total
Arrears (excluding VAT)						
Standard debtors	**14 896**	**22 762**	**17 793**	**40**	**55 491**	63 669
Estimated credit losses on standard debtors					**(37 792)**	(25 722)
Deferred rentals	**742**	**2 456**	**1 149**	**–**	**4 347**	48 683
Deferrals billed not yet recovered	**294**	**1 188**	**1 149**	**–**	**2 631**	–
Deferrals not yet billed	**448**	**1 268**	**–**	**–**	**1 716**	48 683
Estimated credit losses on deferred rentals					**(2 581)**	(20 080)
Normal collections vs billings net of discounts (VAT inclusive)						
Collections: Jul 2020 – Jun 2021	**820 181**	**547 689**	**330 949**	**26 305**	**1 725 124**	
Billings: Jul 2020 – Jun 2021	**822 546**	**547 484**	**345 513**	**26 146**	**1 741 689**	
Collections: Jul 2020 – Jun 2021 (%)	**99,7**	**100,0**	**95,8**	**100,6**	**99,0**	
COVID-19 deferral collections vs deferral billings (VAT inclusive)						
Collections: Jul 2020 – Jun 2021	**13 980**	**26 303**	**18 392**	**–**	**58 675**	48 683
Billings: Jul 2020 – Jun 2021	**14 319**	**27 669**	**19 714**	**–**	**61 702**	48 683
Collections: Jul 2020 – Jun 2021 (%)	**97,6**	**95,1**	**93,3**	**–**	**95,1**	–
COVID-19 rental discounts granted (excluding VAT)						
Discounts: Jul 2020 – Jun 2021	**27 475**	**4 613**	**1 516**	**–**	**33 604**	69 923

Vacancies

GLA reconciliation

	GLA m²
Balance at 30 Jun 2020	816 443
Disposals	(4 804)
Acquisitions/extensions	–
Re-measurements	(1 910)
Balance at 30 Jun 2021	**809 729**
Occupied GLA at 30 Jun 2021	**757 804**
Vacant GLA at 30 Jun 2021	**51 925**
Vacancy %	**6,4**

Vacancy reconciliation

	GLA m²	%
Balance at 30 Jun 2020	33 765	4,1
Less: properties sold since 30 Jun 2020	–	
Remaining portfolio balance at 30 Jun 2020	33 765	
Tenants vacated during financial year 2021	65 323	
Leases concluded for previously vacant units (prior 1 July 2020)	(15 394)	
Leases concluded for tenants vacated during financial year 2021	(31 769)	
Balance at 30 Jun 2021	**51 925**	**6,4**

Overall vacancies increased to 6,4% from 4,1% reported at 30 June 2020. This was largely due to tenants consolidating their space requirements and increased tenant failures. Urban retail sector vacancies increased to 4,1% (June 2020: 3,8%) but remained below the South African Property Owners Association's ("SAPOA") national average of 6,5% as reported in March 2021. While industrial vacancies have increased marginally to 3,5% (June 2020: 3,2%), they too remain well below the SAPOA national average of 5,9% (SAPOA reported December 2020). Emira's office sector vacancies increased to 17,0% (June 2020: 6,9%), which is above the national average of 15,0% (SAPOA reported June 2021). This increase in the office portfolio is spread across various buildings with the following the most significant:

- Santam (4 657m²) vacated Menlyn Corporate Park in Pretoria, as a result of them consolidating into another premises occupied by Santam;
- Aegis Media (1 935m²) vacated Albury Park in Johannesburg, due to group businesses consolidating to one premises; and
- South African Forestry Company vacated a portion of their space (1 861m²) at Podium in Pretoria because of a change in their space requirements.

Given the tough environment, including the oversupply of office space and shift in work habits, the Fund will need to strategise on how better to attract new tenants.

The Bolton, Emira's sole directly held residential property, saw occupancy improve to 94,0% (June 2020: 80,9%), driven by increased demand following the easing of COVID-19 lockdown restrictions, with 17 units of 282 units remaining unlet as at 30 June 2021.

Commercial vacancies

	No. of buildings Jun 2021	**GLA Jun 2021 (m²)**	**Vacancy Jun 2021 (m²)**	**Vacancy Jun 2021 (%)**	No. of buildings Jun 2020	GLA Jun 2020 (m²)	Vacancy Jun 2020 (m²)	Vacancy Jun 2020 (%)
Office	**20**	**160 486**	**27 274**	**17,0**	20	160 237	11 020	6,9
Urban retail	**19**	**306 736**	**12 616**	**4,1**	20	313 698	11 805	3,8
Industrial	**37**	**342 507**	**12 035**	**3,5**	38	342 508	10 940	3,2
Total	**76**	**809 729**	**51 925**	**6,4**	78	816 443	33 765	4,1

Residential vacancies

	No. of buildings Jun 2021	No. of units Jun 2021	Vacancy Jun 2021	Vacancy Jun 2021 (%)	No. of buildings Jun 2020	No. of units Jun 2020	Vacancy Jun 2020	Vacancy Jun 2020 (%)
Total	**1**	**282**	**17**	**6,0**	1	282	54	19,1

Leasing

Emira's weighted average lease expiry for its direct portfolio is 2,6 years, with 24,9% of the leases due for renewal before June 2022, based on gross rental. The largest expiries (by gross rental) for the upcoming year ending 30 June 2022 include:

- King Price Insurance (10 586m²) at Menlyn Corporate Park in Pretoria – exercised their option to renew for three years
- Devland Burgersfort (13 662m²) at Epping Warehouse in Cape Town – in negotiations with the tenant
- Trellidor Innovations (7 672m²) at Trellidor in Cape Town – finalising the lease terms to renew for five years

	Rentable area (%)	Contractual rental revenue (%)
Vacant	6,4	–
Jun 2022	23,3	24,9
Jun 2023	18,9	19,5
Jun 2024	21,7	26,2
Jun 2025	13,4	11,9
Jun 2026 >	16,3	17,5
	100,0	100,0

The largest new leases concluded during the year under review, by lease value, were:

- iMvula Healthcare Logistics at 1 Medical Road in Johannesburg (3 489m² for a total value of R13,1m) replacing Johnson & Johnson
- Mambo's Plastics Warehouse at Springfield Retail Centre in Durban (1 518m² for a total value of R10,5m) replacing The Hub
- Tribugenix at Waterside Place in Cape Town (701m² for a total value of R7,9m)
- Broll Property Group at 80 Strand in Cape Town (273m² for a total value of R5,9m)
- NUR Manufacturers at Admiral House in Johannesburg (2 244m² for a total value of R5,0m)

Tenant retention for the year is a total of 82% by revenue (June 2020: 80%) and 82% by GLA (June 2020: 78%) of the 506 expiring leases (220 859m²). The most substantial renewals concluded by lease value, were:

- South African Local Government Association at Menlyn Corporate Park in Pretoria (7 025m² for total value of R93,2m)
- Game at Wonderpark in Pretoria (5 292m² for total value of R82,2m)
- Shoprite at Mitchells Plain in Cape Town (3 624m² for a total value of R51,9m)
- Builders Warehouse at Wonderpark in Pretoria (2 483m² for total value of R41,1m)
- Checkers at Ben Fleur in Emalahleni (3 258m² for total value of R31,7m)

Valuation

The year-on-year market value of investment property reduced by 4,2%; however, when factoring in capital expenditure of R151,2m, there was a net reduction of 5,9% for the year.

The Fund has maintained the same discount rates and exit capitalisation rates used in its December 2020 valuations, other than those adjusted by external valuers for the properties valued externally in this cycle. Where applicable, all other valuation inputs (void periods, market rentals, rental growth rates and perpetual vacancy rates) have been updated to reflect current market expectations.

The additional decrease in the portfolio value as at 30 June 2021, is as a result of a greater proportion of the anticipated lower rentals and vacancies now within the underlying cash flows. The "Measurements of Fair Value" section, discussed further below, provides a detailed analysis on the Fund's valuation inputs and metrics.

Total portfolio movement

Sector	**Jun 2021 (R'000)**	**Jun 2021 (R/m²)**	Jun 2020 (R'000)	Jun 2020 (R/m²)	Difference (%)	Difference (R'000)
Office	**2 979 885**	**18 568**	3 215 449	20 067	(7,3)	(235 564)
Urban retail	**4 778 000**	**15 577**	4 950 100	15 780	(3,5)	(172 100)
Industrial	**1 783 105**	**5 206**	1 830 650	5 345	(2,6)	(47 545)
Residential	**201 250**	**–**	211 200	–	(4,7)	(9 950)
Total	**9 742 240**		10 207 399		(4,6)*	(465 159)

* *Reduced to 4,3% if the disposal of Steiner Services is excluded from the portfolio at 30 June 2020.*

Acquisitions

As previously advised the Fund had contracted to acquire Northpoint Industrial Park, a multitenant industrial property located in Cape Town, for R103,0m. The property is still under contract and is expected to transfer by October 2021.

Disposals

During the year the Fund disposed of one property, namely Steiner Services in Gauteng, which transferred out on 14 December 2020. The sale price of R34,5m represents a 17% premium to book value and an exit yield of 8,0%.

As at 30 June 2021, three assets valued at R224,3 million, namely Epsom Downs Shopping Centre, Epping Warehouse and The Colony Shopping Centre, have been classified as held for sale.

Developments and refurbishments

During the year the Fund invested capital of R150,2m into its directly held portfolio. While there is an argument to limit capital expenditure in times of uncertainty Emira's view is that continual reinvestment into its portfolio is paramount to ensuring its properties remain relevant and attractive. Projects focused on making Emira's properties more sustainable, particularly those that improve energy efficiency and water conservation, remain a priority.

The following major projects commenced or were concluded during the period:

- an upgrade of Albury Office Park in Johannesburg, which focussed on common areas, the building façades and patios;
- improvements to certain pockets within Epsom Downs Office Park in Johannesburg were completed, creating an innovative workplace model with open spaces and shared use of common areas, breakout spaces and meeting rooms;
- the installation of backup power at a further nine properties to assist tenants with the continued local power supply disruptions;
- upgrades at Wonderpark in Pretoria to resize certain boxes to incorporate new tenants; and
- the installation of photovoltaic (PV) solar farms at Springfield in Durban, Market Square in Plettenberg Bay and Quagga in Pretoria in furtherance of the Fund's sustainability commitments.

Scrutiny of essential capital expenditure remains high and is approved on a case-by-case basis by the executive directors.

Short-term focus areas and key risks

Containing and reducing vacancies across the office portfolio is a key priority of Fund for the year ahead. To ensure tenant retention, Emira will proactively engage with tenants earlier in the cycle, prior to lease expiry to understand their needs, and, where commercially feasible, structure an appropriate product to fulfil their requirements.

Utilities supply disruptions and the continued above-inflation increases of rates, taxes and utilities costs pose major risks for the property sector. Emira will continue to engage with the municipalities where it has property investments to manage these costs. The Fund will continue to expedite projects relating to the supply of alternative energy, water harvesting as well as backup power.

Indirect investments

			Carrying value		
Investment	Classification	Equity held (%)	Investment R'000	Loan (net of ECL) R'000	Total R'000
Transcend	Equity-accounted investments	34,9	438 918	–	438 918
Enyuka	Equity-accounted investments	49,9	65 133	592 062	657 195
USA	Equity-accounted investments	49,0	1 700 155	–	1 700 155
			2 204 206	592 062	2 796 268
Inani	Other financial assets	20,0	5 474	291 106	296 579

Investment	Statutory income				Distributable income				
	Share of profit/ (loss) R'000	Dividend received R'000	Interest on loan R'000	Total R'000	Share of profit/ (loss) R'000	Dividends received R'000	Interest on loan R'000	Adjust-ments R'000	Total R'000
Transcend	61 835	–	6 455	68 290	–	31 333	6 455		37 788
Enyuka	6 519	–	85 121	91 640	(1 428)	–	85 121		83 692
USA	251 959	–		251 959	125 474	–	–	(29 431)	96 045
	320 313	–	91 576	411 889	124 046	31 333	91 576	(29 431)	217 525
Inani	–	–	27 179	27 179	–	–	27 179	(27 179)	–

Transcend

Emira holds a 34,9% equity interest in Transcend, a specialist residential REIT. In June 2021 Transcend settled the remaining balance owing on the mezzanine loan provided by Emira to Transcend.

Emira equity accounts its interest in Transcend, and the R68,3m recognised includes Emira's share of Transcend's net profit of R61,8m and R6,5m of interest received on the mezzanine loan provided to Transcend prior to settlement.

During the year, Emira received dividends of R25,5m from Transcend. Included in Emira's distributable earnings for the year are dividends of R31,3m, being the dividend received for the six-months ended 31 December 2020 of R19,8m and R11,5m which has been accrued for distribution purposes only in respect of the 30 June 2021 interim dividend declared by Transcend on 16 August 2021.

As at 30 June 2021, Transcend's total property portfolio was valued at R2,5bn, and its loan-to-value ("LTV") ratio was 49,8%, with the interest cover ratio at 1,64 times.

Enyuka

Enyuka is a rural and lower LSM retail venture between Emira and One Property Holdings. Emira equity accounts its interest in Enyuka and the R91,6m recognised includes Emira's share of Enyuka's net profit of R6,5m (of which R1,4m is a distributable loss) and R85,1m of interest received on the shareholder loan provided to Enyuka. The rural and lower LSM retail sector continues to perform well with limited impact to tenants because of the different levels of restrictions imposed by government throughout the year to curb the spread of the pandemic.

Six of Enyuka's 24 properties were affected by the recent civil unrest in Gauteng and KwaZulu-Natal. Extensive looting and associated damage occurred at the affected properties. The damage included shopfront and equipment damage as well as structural damage to one of the properties due to fire. Enyuka has adequate SASRIA riot insurance in place to cover the damages and the loss of rental income. Five of the six properties are expected to be fully operational by the end of September, with many tenants already trading. The portion of the property which sustained fire damage is expected to reopen by May 2022.

Enyuka made no acquisitions or disposals during the year.

As at 30 June 2021, Enyuka's total property portfolio was valued at R1,7bn and its LTV ratio was 53,0%. Enyuka's interest cover ratio was 2,8 times.

USA

PORTFOLIO OVERVIEW

Emira has, on a deal-by-deal basis, co-invested in 11 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 11 direct property-owning entities but has a unanimous voting arrangement on all major decisions.

Underpinned by sound property fundamentals and a high-quality tenant base, Emira's US investments have a consolidated weighted average lease expiry of 5,7 years (by GLA) and a vacancy rate of 7,1%.

Emira equity accounts the 11 direct property-owning entities and R252,0m was recognised as its share of the net profit for the year, of which R125,5m is classified as distributable. The carrying value of the equity-accounted investments as at 30 June 2021 was R1,7bn (or USD118,9m).

COVID-19

The US economy rebounded faster than expected after its sharp contraction in 2020. The strong growth was partly due to the general easing of public anxiety over the pandemic as vaccination programmes were rolled out across the country, boosting domestic demand, and allowing businesses in the hospitality sector, such as restaurants and bars, to reopen as restrictions were relaxed. While the Delta variant is a concern and has caused economic growth to slow, its impact on the overall US economy is expected to be limited.

The Fund's US portfolio continued to perform relatively well and was far less impacted compared to traditional enclosed malls and lesser-quality properties, owing to, among others, the following factors:

- 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 (occupying 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 versus enclosed malls, and tenants were more easily able to adapt their offerings and utilise initiatives such as kerbside pickup, home deliveries and take-out.

As previously advised, most of the financial assistance provided to tenants was the deferment of rentals for July to December 2020, typically with no expense recoveries being deferred. Payment of deferred rentals for most agreements began in January 2021. In rare instances where rental abatements were given, the landlord generally received equal economic benefit, including lease extensions and/or reduction in future tenant installation commitments. The collection of rentals for the 12-months to 30 June 2021 have been strong, in line with pre-pandemic collection levels.

VACANCIES

Year-on-year vacancies increased from 5,2% to 7,1%, (December 2020: 8,5%) which is mainly attributable to increases in vacancies at Belden Park Crossings and 32 East, due to Dick's Sporting Goods (65 120 sq ft, Belden Park Crossings) vacating on expiry, and Stein Mart (25 500 sq ft and 28 157 sq ft at and Moore Plaza respectively) going into bankruptcy. The Stein Mart box at Moore Plaza has been re-let to Burlington on a 10-year deal, and lease negotiations are at advanced stages with a replacement high credit-quality tenant for the Stein Mart box at 32 East. Other significant leases concluded include the backfilling of the grocer space by a new operator of the Earth Fare brand at Woodlands Square and the finalisation of additional leasing deals post year-end.

LEASING

Leasing momentum accelerated towards the second half of the FY2021 as retailers rebounded from the effects of the pandemic and resumed their expansion plans. During the period, 41 leases with a total GLA of 260 237 sq ft were renewed at an average new annual rental of USD15,72/sq ft and a duration of 3,4 years, representing a positive reversion of 2,56%. A total of 17 new leases with a GLA of 93 153 sq ft were concluded at an average annual rental of USD18,91/sq ft and average duration of 9,4 years. Eleven of these 17 new leases represented reversions, which averaged a positive 5,72% when compared to the previous rental. Overall, leasing activity was reasonable considering the significant number of early renewals having been negotiated and concluded in the last quarter of FY2020.

VALUATIONS

Ten of the 11 assets being assessed were valued externally by Valuation & Advisory Services department of CBRE Inc, an independent firm of professional appraisers. The exception being Newport Pavilion, which, considering its transfer date of 16 June 2021, was held at acquisition cost. The following metrics were applied to the portfolio:

	Jun 2021	Jun 2020
Total GLA (sq ft)	**3 328 670**	2 941 151
Gross portfolio value (USD'm)	**569,5**	493,1
Average value per property (USD'm)	**51,78**	49,3
Value per square foot (USD/sq ft)	**171,10**	167,64
	Average	Average
Average exit capitalisation rate*	**8,08**	8,08
Average discount rate#	**8,60**	8,83
Market rental assumptions:	**Property specific**	Property specific

* *Exit cap rates ranged between 7,25% – 9,00% at both June 2021 and June 2020.*

\# *Discount rates ranged between 7,75% – 9,50% at June 2021 and 8,00% – 9,50% at June 2020.*

ACQUISITIONS

The eleventh property, Newport Pavilion was acquired during the year under review and transferred on 16 June 2021. Total cost to Emira was USD12,495m for a 49,62% equity interest at an expected initial equity yield of 12,18%. The 336 907 sq ft power centre is anchored by a Kroger's Market grocer (on a ground lease), and shadow anchored by a Target store. The centre has a credit-quality tenant line-up with a 5,1 weighted average lease expiry, including Dick's Sporting Goods, T.J. Maxx, Michaels, PetSmart and ULTA, with further upside potential from the proposed sale of a Chick-Fil-A pad and take up of the 2,3% vacancy that is at an advanced stage.

DISPOSALS

No significant disposals were made during the year under review, however, outparcels were sold at Dawson Marketplace, in line with the asset management strategy that was set out at acquisition. The net proceeds helped settle debt attributable to the relevant owner partnership. The details of the sale are as follows:

Property	GLA (sq ft)	Tenant	Sale price USD'000	Disposal yield (%)	Closing date
Dawson Marketplace	3 500	Chipotle	1 900	5,25	Nov 2020
Dawson Marketplace	5 400	Starbucks and MOD Pizza	3 600	6,35	Jan 2021
Dawson Marketplace	4 507	Verizon	3 100	6,25	Jan 2021

DEVELOPMENT AND REFURBISHMENTS

At Dawson Marketplace, several underdeveloped pads were part of the acquisition, and development is expected once leases and development agreements are concluded with appropriate tenants. Construction of a 35 000 sq ft Onelife Fitness gym, which was delayed due to COVID-19, continued and is due for completion by December 2021, on a 15-year lease term. At San Antonio Crossing, works have begun on an 4 700 sq ft outparcel to be tenanted by Starbucks, incorporating a drive-through, and MOD Pizza. Completion and handover to tenants is expected to be completed in October 2021.

Other financial assets

The investment in Inani is classified as a financial asset through profit and loss with a fair value of R5,5m as at 30 June 2021. The loan to Inani is accounted for under loans receivable and at 30 June 2021 an estimated credit loss provision of R75,1m (June 2020: R37,6m) has been raised against the total amount outstanding of R366,2m (including interest).

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 40,9% at 30 June 2021 (June 2020: 43,0%). The Fund's interest cover ratio at a Group level was 2,9 times at 30 June 2021 (June 2020: 3,0 times).

Breakdown of interest-bearing borrowings:

R'000	**Jun 2021**	Jun 2020
Emira		
Capital	**4 968**	4 967
Accrued interest	**22**	27
Unamortised borrowing costs	**(7)**	(5)
	4 983	4 989
SPVs consolidated through common control*		
Capital	**186**	186
Accrued interest	**3**	4
	189	190
Per statement of financial position	**5 172**	5 179

* *Interest bearing debt of ESA Trust and BEE equity investors (Tamela and Letsema).*

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 new R200,0m four-year secured term facility was put in place with ABSA at three-month JIBAR plus 210bps
- a R200,0m three-year secured term facility with ABSA was early refinanced for a further four years and five months at three-month JIBAR plus 215bps
- a new R250,0m three-year revolving credit facility was put in place with Nedbank at three-month JIBAR plus 220bps
- a R200,0m two-year unsecured term facility with Sanlam was refinanced on a secured basis for a further three years at three-month JIBAR plus 195bps
- a R200,0m three-year unlisted note with RMB was refinanced as a sustainability-linked unlisted note for four years at three-month JIBAR plus 205bps

- a R225,0m four-year secured term facility with Standard Bank was refinanced as a sustainability-linked loan for a further four years at three-month JIBAR plus 205bps
- a R200,0m 12-month general banking facility with Investec was renewed for a further 12 months
- R850,0m of new listed commercial paper and corporate bonds were issued to refinance R1,1bn of maturing notes, with the balance repaid. The new instruments were issued for an average term of 2,1 years and at an average cost of 1,88% above three-month JIBAR versus the matured notes of 2,3 years and a cost of 1,51%. Included in the notes issued was new unsecured three-year R380,0m sustainability-linked listed bond. The bond, being only the third issue of its kind in South Africa at the time, includes sustainability targets and timeframes, which when achieved by Emira will result in a lower coupon rate

The weighted average duration to expiry of Emira's debt facilities is 2,2 years (June 2020: 2,1 years).

R'000	Facility amount	Amount drawn	Amount undrawn	% of drawn facility
Expiry period				
Jun 22	730	696	34	14,0
Jun 23	2 042	1 497	545	30,2
Jun 24	1 600	1 350	250	27,2
Jun 25	1 125	1 125	–	22,6
Jun 26	300	300	–	6,0
	5 797	4 968	829	100,0

Emira had unutilised bank facilities of R829m as at 30 June 2021 which, together with cash-on-hand of R96,9m, provides assurance that the Group will be able to meet its short-term commitments.

As at 30 June 2021, Emira had effective USD denominated debt of USD61,0m (June 2020: USD73,0m) through its USD cross-currency interest-rate swaps ("CCIRS") against its USA investments valued at USD118,9m (June 2020: USD94,2m).

Cost of funding and hedging

The average all-in cost of Emira funding, including CCIRS, is 7,43% (June 2020: 7,45%) and interest rates are hedged for 80,7% (June 2020: 83,0%) of Emira's drawn interest-bearing borrowings for a weighted average duration of 2,1 years (June 2020: 3,2 years).

	Jun 2021			Jun 2020		
	Average all-in rate (%)	**Average fixed rate (%)**	**Fixed duration years**	Average all-in rate (%)	Average fixed rate (%)	Fixed duration years
ZAR	**8,32**	**6,72**	**1,8**	8,70	7,12	2,8
USD	**2,45**	**2,45**	**3,6**	2,43	2,43	4,5
Total	**7,34**	**5,83**	**2,1**	7,45	5,99	3,2

Covenants

The most stringent loan covenants are a 50% corporate LTV requirement and a 2x 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 2021		Jun 2020	
	Actual	**Required**	Actual	Required
Loan-to-value ratio (%)	**42,8***	**50,0**	44,8*	50,0
Interest cover ratio (times)	**2,9**	**2,0**	3,0	2,0

* *Compared with actual LTV of 40,9% (June 2020: 43,0%). Higher due to the limit imposed on the inclusion of income-producing assets and loans receivable by certain of Emira's funders.*

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

Credit rating

Global Credit Rating Company (Pty) Ltd affirmed a corporate long-term credit rating of A(ZA) and corporate short-term rating of A1(ZA), with the outlook accorded as negative, in May 2021.

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 2021:

Period	Forward rate against R
Dec 2021	15,72
Jun 2022	15,85
Dec 2022	16,59
Jun 2023	16,96
Dec 2023	17,70
Jun 2024	17,80
Dec 2024	18,64
Jun 2025	18,89
Dec 2025	16,74

Mandatory offer

On 23 April 2021, Emira shareholders were advised that the Board had received a written notice from Maitlantic 10 Proprietary Limited ("Maitlantic") and Clearance Cantara Master Fund Limited ("CC") (Maitlantic and CC are hereinafter collectively referred to as the "Offerors") informing the Board that Maitlantic had acquired further Emira shares, which had resulted in the Offerors and their related and concert parties collectively holding 35% or more of the voting securities in Emira. Accordingly, the Offerors proceeded to make a mandatory offer, as required in terms of section 123 of the Companies Act, 71 of 2008 (the "Companies Act") read with the Regulations published in terms of the Companies Act, to acquire all of the Emira shares not already held by the Offerors, their holding companies or their holding companies' other subsidiaries, for an offer consideration of R9,15 per Emira ordinary share (the "Mandatory Offer").

The Offerors posted their circular to Emira shareholders on 21 May 2021. The Company's circular in response to the offer circular as prepared by the Independent Board of the Company and containing, inter alia, the opinion of the independent expert and the recommendation of the Independent Board, was posted to Emira Shareholders on 21 June 2021.

The Mandatory Offer is subject to the approval of the relevant competition authorities, which approval is yet to be received.

Transformation and broad-based black economic empowerment ("B-BBEE")

Emira fully recognises and acknowledges the importance of adhering to the country's B-BBEE policies to promote genuine transformation within a South African context. The Fund is pleased to report that in its pursuit to remain a responsible corporate citizen, its B-BBEE rating improved during the year to a Level 2 Contributor from a Level 5, with a verified effective black ownership of 76,68%. This improvement was achieved through the implementation of various initiatives and policies. The Company will continue to find meaningful ways in which to improve its impact on the economy and society.

Prospects

Emira's management is pleased with the way the portfolio has performed over the past year, however, the local macroeconomic environment remains a major concern. While the Board is confident of the strength of the business, it is cognisant of the fact that the majority of Emira's assets are locally based and as such, continues to be cautious of the future. For tenants to thrive, they need a growing economy, and until this is achieved rentals will remain under pressure, specifically in the oversupplied office sector, as landlords try to contain rising vacancies.

The recovery of the US economy has been welcomed. Emira's US investments represent 13,6% of its asset base and it has provided a much-needed buffer, proving that being diversified into an economy with different fundamentals has been a good risk mitigation strategy.

Emira's management team will continue to focus on the areas within its control, by doing the basics to the best of its ability, and strategically positioning the Fund to take advantage of opportunities for when conditions eventually improve.

Given the uncertain environment, the Board has resolved not to provide earnings and distribution guidance until it is comfortable that such guidance is highly probable. In the interests of transparency, the target for distributable income per share set for the purposes of the executive directors' key performance indicators is 114,65 cents per share for the year ended 30 June 2022.

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

Dividend distribution declaration

The Board has approved, and notice is hereby given that a final gross dividend of 66,65 cents per share has been declared (June 2020: 30,26 cents), payable to the registered shareholders of Emira on Monday, 13 September 2021. In making its decision on whether to pay out a dividend and the quantum thereof, the Board has assessed the Company's solvency and liquidity position, taking into account the Company's current position together with forecasts.

The issued share capital at the declaration date is 522 667 247 listed ordinary shares. The source of the dividend comprises net income from property rentals, income earned from the Company's equity-accounted investments, interest earned on loans receivable and interest earned on cash on deposit. Please refer to the condensed consolidated statement of comprehensive income for further information.

Last day to trade *cum* dividend	Tuesday, 7 September 2021
Shares trade *ex*-dividend	Wednesday, 8 September 2021
Record date	Friday, 10 September 2021
Payment date	Monday, 13 September 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 September 2021 and Friday, 10 September 2021, both days inclusive.

Tax implications

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

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

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

Qualifying dividends received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends, but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. Any distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 20%, the net amount due to non-resident shareholders will be 53,32000 cents per share. A reduced dividend withholding tax rate in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of the uncertificated shares, or the transfer secretaries, in respect of certificated shares:

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

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

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

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

Shareholders are advised that certain performance measures used in this announcement are not defined by International Financial Reporting Standards and may accordingly differ from company to company. The Board however believes that these are relevant performance measures to the Company. The methodology for the calculation of the performance measures is set out on the Company's website. The Board is responsible for the preparation of the performance measures and ensuring compliance with Practice Note 4/2019 (Performance Measures) of the JSE Limited's ("JSE") Listings and Debt Listings Requirements.
The performance measures have not been reviewed or reported on by the Company's external auditors.

By order of the Emira Property Fund Limited Board

Acorim Proprietary Limited

Company Secretary

Gerhard van Zyl	**Geoff Jennett**
Chairman	Chief Executive Officer

Bryanston

18 August 2021

Condensed consolidated statement of financial position

R'000	Reviewed 30 Jun 2021	Audited 30 Jun 2020
ASSETS		
Non-current assets	**12 155 255**	13 428 812
Investment properties	**9 268 544**	9 949 226
Allowance for future rental escalations	**220 874**	225 622
Unamortised upfront lease costs	**28 522**	32 553
Right-of-use asset	**40 212**	40 212
Fair value of investment properties	**9 558 152**	10 247 613
Furniture, fittings, computer equipment and Intangible assets	**2 152**	2 859
Investment and loans in equity-accounted investments	**2 204 206**	2 686 101
Other financial assets	**5 474**	19 360
Loans receivable	**303 959**	377 928
Derivative financial instruments	**81 312**	94 951
Current assets	**1 126 115**	435 171
Loans to equity-accounted investments	**592 062**	103 478
Loans receivable	**53 173**	37 483
Accounts receivable and prepayments	**118 278**	153 091
Derivative financial instruments	**41 392**	46 072
Cash and cash equivalents	**96 910**	95 047
Investment properties held for sale	**224 300**	–
Total assets	**13 281 370**	13 863 983
EQUITY AND LIABILITIES		
Share capital and reserves	**7 351 530**	7 441 241
Non-current liabilities	**4 731 279**	4 208 257
Interest-bearing debt	**4 450 878**	3 498 061
Other financial liabilities	**44 016**	43 203
Lease liability	**35 516**	35 921
Derivative financial instruments	**200 869**	631 072
Current liabilities	**1 198 561**	2 214 485
Short-term portion of interest-bearing debt	**720 792**	1 681 000
Accounts payable	**353 973**	322 362
Short-term portion of lease liability	**3 152**	3 666
Derivative financial instruments	**117 054**	190 326
Taxation	**3 590**	17 131
Total equity and liabilities	**13 281 370**	13 863 983
Net asset value per share (cents)	**1 518,3**	1 529,6

Condensed consolidated statement of comprehensive income

R'000	**Reviewed year ended 30 Jun 2021**	Restated* year ended 30 Jun 2020
Revenue	**1 476 324**	1 501 114
Operating lease rental income and tenant recoveries	**1 481 072**	1 501 959
Allowance for future rental escalations	**(4 748)**	(846)
Property expenses	**(661 982)**	(689 411)
Income from listed property investment	**–**	8 686
Administration expenses	**(92 740)**	(79 425)
Operating profit	**721 602**	740 964
Net fair value adjustments	**(148 227)**	(1 461 530)
Change in fair value of investment properties	**(541 378)**	(816 505)
Revaluation of derivative financial instruments relating to share appreciation rights scheme	**4 966**	8
Unrealised surplus/(deficit) on interest-rate swaps	**411 472**	(619 930)
Unrealised deficit on fair valuation of financial asset through profit and loss	**(23 287)**	(25 103)
Expected credit loss – loans receivable	**(29 048)**	(44 572)
Foreign exchange (loss)/profit	**(143 389)**	154 073
Other income	**4 335**	3 559
Income from equity-accounted investments	**411 888**	239 126
Profit before finance costs	**817 161**	(368 380)
Net finance costs	**(357 507)**	(348 382)
Finance income	**40 183**	51 578
Finance costs	**(397 690)**	(399 960)
Profit before income tax charge	**459 654**	(716 762)
Taxation	**4 733**	(14 400)
Profit for the year	**464 387**	(731 162)
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(147 191)**	154 191
Total comprehensive income for the year	**317 196**	(576 971)
Total profit for the year attributable to:		
Emira shareholders	**467 285**	(734 178)
Non-controlling interest	**(2 898)**	3 016
	464 387	(731 162)
Total comprehensive income for the year attributable to:		
Emira shareholders	**320 095**	(579 987)
Non-controlling interest	**(2 898)**	3 016
	317 197	(576 971)
Basic earnings per share (cents)	**96,38**	(147,69)
Diluted earnings per share (cents)	**95,49**	(146,94)

* *During the year, the Fund reviewed its presentation of property management fees. As a result of this review, the Fund's property management fees previously included in 'Administration expenses' have been reclassified to 'property expenses' to provide enhanced disclosure and comparability with industry participants. To provide comparability, the prior-year amounts have been restated accordingly. The impact of the reclassification on the Fund's condensed consolidated statement of comprehensive income is R37,5m which has been reclassified from admin expenses to property expense for the year 30 June 2020.*

Condensed consolidated statement of changes in equity

R'000	Share capital	Changes in ownership	Revaluation and other reserves	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
Balance as at 1 July 2019	3 654 591	–	4 893 802	19 776	412 634	2 595	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 for the year					(734 178)	3 016	(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 as at 30 June 2020	3 445 296	(24 085)	4 086 457	173 967	(246 268)	5 874	7 441 242
Balance as at 1 July 2020	**3 445 296**	**(24 085)**	**4 086 457**	**173 967**	**(246 268)**	**5 874**	**7 441 241**
Shares acquired for the Emira Forfeitable Share Plan	**(14 576)**						**(14 576)**
Emira Forfeitable Share Plan shares vested	**2 754**		**(2 911)**				**(157)**
Emira Matching Share Plan shares vested	**402**		**(402)**				**–**
Profit for the year					**467 286**	**(2 898)**	**464 388**
Exchange differences on translation of foreign operations				**(147 190)**			**(147 190)**
Equity settled share scheme			**12 121**				**12 121**
Transfer to fair value reserve			**(541 378)**		**541 378**		**–**
Dividend paid – September 2020					**(149 849)**		**(149 849)**
Dividend paid – March 2021					**(254 447)**		**(254 447)**
Balance as at 30 June 2021	**3 433 875**	**(24 085)**	**3 553 887**	**26 777**	**358 100**	**2 976**	**7 351 530**

Condensed consolidated statement of cash flows

R'000	Reviewed year ended 30 Jun 2021	Audited year ended 30 Jun 2020
Cash generated from operations	**813 025**	722 458
Finance income	**38 838**	6 866
Interest paid	**(429 722)**	(402 489)
Taxation paid	**(8 428)**	(631)
Dividends received	**–**	8 686
Dividends paid to shareholders	**(402 983)**	(786 473)
Dividends paid to non-controlling interests	**–**	(827)
Cash flows from operating activities	**10 731**	(452 410)
Acquisition of, and additions to, investment properties excluding capitalised interest	**(130 786)**	(157 761)
Proceeds on disposal of investment properties	**34 500**	66 250
Acquisition of furniture, fittings, computer equipment and intangible assets	**(167)**	90
Disposal of investment in listed property fund	**–**	788 335
Proceeds from equity-accounted investments	**219 336**	115 473
Investment in equity-accounted investments	**(89 786)**	(281 038)
Loans receivable repaid	**69 703**	53 078
Investment in other financial assets	**(9 400)**	–
Cash flows from investing activities	**93 399**	584 427
Non-controlling interest acquired	**–**	(22 995)
Premium on share options	**–**	18 875
Shares acquired for the Emira Forfeitable Share Plan	**(14 577)**	(9 160)
Lease liability payment on capital portion	**(3 830)**	(625)
Other financial liabilities raised	**812**	–
Derivative financial instruments settled	**(77 754)**	–
Interest-bearing debt raised	**2 650 745**	397 070
Interest-bearing debt repaid	**(2 653 684)**	(493 365)
Cash flows from financing activities	**(98 288)**	(110 200)
Net increase in cash and cash equivalents	**5 841**	21 816
Foreign currency movement in cash	**(3 977)**	–
Cash and cash equivalents at the beginning of the year	**95 046**	73 230
Cash and cash equivalents at the end of the year	**96 910**	95 046

Basis of preparation and accounting policies

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE's Listings and Debt Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies used in the preparation of these financial statements are in terms of IFRS and are consistent with those used in the audited annual financial statements for the year ended 30 June 2020 except for the amendments relating to the new standards and interpretations which became effective to the Group for the financial year beginning 1 July 2020. None of these had a material impact on Emira's financial results.

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

These condensed consolidated preliminary financial results for the year ended 30 June 2021 have been reviewed by Ernst & Young Inc., who have expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information in the result announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office. The distribution statement and commentary was not reviewed.

Reconciliation between earnings and headline earnings

R'000	Reviewed year ended 30 Jun 2021	Audited year ended 30 Jun 2020
Profit for the year attributable to Emira shareholders	**467 286**	(734 178)
Adjusted for:		
Change in fair value of properties (net of NCI)	**445 393**	823 236
– Change in fair value of investment properties	**541 378**	816 505
– Change in fair value on investment property of associate	**(93 087)**	3 546
– Non-distributable portion of non-controlling interest	**(2 898)**	3 185
Headline earnings	**912 679**	89 058
Number of shares in issue at the end of the year	**522 667 247**	522 667 247
Weighted average number of shares in issue	**484 838 465**	497 105 845
Earnings per share (cents)	**96,38**	(147,69)
The calculation of earnings per share is based on net profit for the year of R467,3m (2020: -R734,2m), divided by the weighted average number of shares in issue during the year of 484 838 465 (2020: 497 105 845).		
Diluted earnings per share (cents)	**95,49**	(146,94)
The calculation of diluted earnings per share is based on net profit for the year of R467,3m (2020: -R734,2m), divided by the diluted weighted average number of shares in issue during the year of 489 333 883 (2020: 499 656 024).		
Headline earnings per share (cents)	**188,24**	17,92
The calculation of headline earnings per share is based on net profit for the year, adjusted for headline items, of R912,7m (2020: R89,1m), divided by the weighted average number of shares in issue during the year of 484 838 465 (2020: 497 105 845).		
Diluted headline earnings per share (cents)	**186,51**	17,82
The calculation of diluted headline earnings per share is based on net profit for the year, adjusted for headline items, of R912,7m (2020: R89,1m), divided by the diluted weighted average number of shares in issue during the year of 489 333 883 (2020: 499 656 024).		
Diluted weighted average number of shares in issue		
Weighted average number of shares in issue	**484 838 465**	497 105 845
Issued for zero consideration under the call option to BEE parties, Treasury shares issued to the ESA Trust and Forfeitable Share Plan	**4 495 418**	2 550 179
	489 333 883	499 656 024

Segmental information for the year ended 30 Jun 2021

R'000	Office	Retail	Industrial	Residential	Corporate	Local	Inter-national	Total
Revenue	431 205	693 263	323 807	28 049	–	1 476 324	–	1 476 324
Operating lease rental income and tenant recoveries	425 719	710 289	317 015	28 049	–	1 481 072	–	1 481 072
Allowance for future rental escalations	5 485	(17 026)	6 793	–		(4 748)	–	(4 748)
Property expenses	(199 653)	(315 540)	(135 065)	(11 724)	–	(661 982)		(661 982)
Income from listed property investment	–	–	–	–		–	–	–
Administration expenses	–	–	–	–	(83 188)	(83 188)	(9 552)	(92 740)
Operating profit	231 552	377 722	188 742	16 325	(83 188)	731 152	(9 552)	721 602
Net change in fair value	(291 041)	(166 273)	(70 778)	(13 286)	393 150	(148 227)	–	(148 227)
Net fair value loss on investment properties	(291 041)	(166 273)	(70 778)	(13 286)	–	(541 378)	–	(541 378)
Revaluation of share appreciation rights scheme derivative financial instruments		–		–	(4 966)	(4 966)	-	(4 966)
Unrealised deficit on revaluation of interest-rate swaps		–		–	411 472	411 472	-	411 472
Unrealised gain on fair valuation of listed property investments		–		–	(23 287)	(23 287)	–	(23 287)
Expected credit loss					(29 048)	(29 048)	–	(29 048)
Foreign exchange loss		–		–	–	–	(143 389)	(143 389)
Other income		–		–	4 335	4 335	–	4 335
Income from equity-accounted investments	–	91 640	–	68 290	–	159 929	251 959	411 889
Distributable		83 692		6 455	–	90 147	125 474	215 622
Non-distributable		7 947		61 835	–	69 782	126 485	196 267
Profit before finance costs	(59 490)	303 089	117 964	71 329	285 251	718 142	99 018	817 161
Net finance costs	–	–	–	–	(282 523)	(282 523)	(74 984)	(357 507)
Profit before income tax charge	(59 490)	303 089	117 964	71 329	2 728	435 620	24 034	459 654
Taxation		–		–	12	12	4 721	4 733
Profit for the period	(59 490)	303 089	117 964	71 329	2 740	435 632	28 755	464 387
Investment properties	2 979 885	4 684 775	1 692 242	201 250	–	9 558 152	–	9 558 152
Investment properties held for sale	–	130 300	94 000	–	–	224 300	–	224 300
Loans receivable		–		–	357 132	357 132	–	357 132
Other assets	–	661 429	–	438 918	315 437	1 415 784	1 726 002	3 141 786
Total assets	2 979 885	5 476 504	1 786 242	640 168	672 569	11 555 368	1 726 002	13 281 370
Interest bearing borrowings	–	–	–	–	5 171 670	5 171 670	–	5 171 670
Other liabilities	–	–	–	–	752 844	752 844	5 325	758 169
Total Liabilities					5 924 514	5 924 514	5 325	5 929 840

Measurements 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	Level 1 Jun 2021	Level 2 Jun 2021	Level 3 Jun 2021	Total Jun 2021	Level 1 Jun 2020	Level 2 Jun 2020	Level 3 Jun 2020	Total Jun 2020
GROUP								
Assets								
Investments	–	–	–	–	–	–	–	–
Derivative financial instruments	–	122 704	–	122 704	–	141 023	–	141 023
Other financial assets	–	–	5 474	5 474	–	–	19 360	19 360
Total	–	122 704	5 474	128 178	–	141 023	19 360	160 383
Liabilities								
Derivative financial instruments	–	317 923	–	317 923	–	821 398	–	821 398
Total	–	317 923	–	317 923	–	821 398	–	821 398
Net fair value	–	(195 219)	5 474	(189 745)	–	(680 375)	19 360	(661 015)

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

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 and the terms of the relevant swap agreements. Cash flows are projected using a zero coupon ZAR swap curve, and are discounted on an uncollateralised basis.

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 was 3,7%. 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 R1,6m. A 10% decrease in the spot price results in a decrease to the forward contracts of R1,6m.

Other financial assets

The fair value of other financial assets is measured in terms of Inani's net asset value at reporting date.

Non-financial assets

The following table reflects the levels within the hierarchy of non-financial assets measured at fair value as at 30 June 2021:

R'000	Level 3 Jun 2021	Level 3 Jun 2020
Assets		
Investment properties	9 558 152	10 247 613
Investment properties held for sale	224 300	
Total	9 782 452	10 247 613

Fair value measurement of investment properties

The fair value of commercial buildings is estimated using a five-year discounted cashflow 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 2021 were the following:

- The permanent vacancy factor for retail ranged between 0% and 5,0% (June 2020: 0% and 6,0%), offices between 3,0% and 5,0% (June 2020: 2,0% and 7,5%) and industrial between 0% and 10,0% (June 2020: 0% and 6,0%).
- The weighted average rental escalation percentage applied for retail was 6,5% (June 2020: 6,6%), offices 6,5% (June 2020: 7,3%) and industrial 6,7% (June 2020: 6,9%), and for renewals and new leases ranged between 5,0% and 7,5% (June 2020: 5,0% to 8,0%).
- The range of the reversionary capitalisation rates applied to the portfolio are between 7,75% and 11,0% with the weighted average, by value, being 9,27% (June 2020: 9,23%).
- The range of discount rates applied were between 12,75% and 16,0% with the weighted average, by value, being 14,15% (June 2020: 14,22%).
- 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 R163m (1,67%) and a 25 basis points decrease will increase the value of investment property by R169m (1,74%). A 25 basis points decrease in the reversionary capitalisation rate will increase the value of investment property by R166,9m (1,7%) and a 25 basis points increase will decrease the value of investment property by R157,8m (1,62%).
- 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 weighted average inputs have been disaggregated as follows:

	Total	JHB	PTA	CPT	KZN	Other
EXIT CAPITALISATION RATES (%)						
Offices	9,60	9,84	9,10	9,82	9,72	–
Offices P-grade	9,07	9,00	9,10	–	–	–
Offices A-grade	9,96	10,67	–	9,82	9,72	–
Offices B-grade	10,90	10,90	–	–	–	–
Retail	8,80	9,50	8,14	9,64	9,70	9,83
Industrial	9,99	9,93	10,29	10,10	10,00	–
DISCOUNT RATES (%)						
Offices	14,44	14,84	14,02	14,48	14,72	–
Offices P-grade	14,08	14,25	14,02	–	–	–
Offices A-grade	14,71	15,50	–	14,48	14,72	–
Offices B-grade	15,40	15,40	–	–	–	–
Retail	13,73	14,18	13,14	14,64	14,60	14,86
Industrial	14,80	14,94	14,81	14,47	14,45	–
MARKET RENTALS (R/m^2)						
Offices	168,30	151,37	188,32	166,20	147,03	–
Offices P-grade	188,82	190,00	188,32	–	–	–
Offices A-grade	152,45	110,00	–	166,20	147,03	–
Offices B-grade	110,00	110,00	–	–	–	–
Retail	145,81	138,27	151,85	125,13	156,09	132,95
Industrial	60,25	56,07	68,22	68,67	66,63	–

	Total	JHB	PTA	CPT	KZN	Other
MARKET ESCALATION RATES (%)						
Offices	6,5	6,0	6,4	7,0	7,2	–
Offices P-grade	6,0	5,0	6,4	–	–	–
Offices A-grade	7,1	7,0	–	7,0	7,2	–
Offices B-grade	7,5	7,5	–	–	–	–
Retail	6,5	6,5	6,5	6,5	6,9	6,5
Industrial	6,7	6,6	6,9	6,6	7,2	–
VOID PERIOD (MONTHS)						
Offices	6,9	4,4	10,5	5,6	4,5	–
Offices P-grade	7,8	1,3	10,5	–	–	–
Offices A-grade	6,0	8,8	–	5,6	4,5	–
Offices B-grade	5,8	5,8	–	–	–	–
Retail	4,1	6,4	3,3	5,5	4,3	2,1
Industrial	2,0	2,2	2,7	1,7	1,2	–
PERPETUAL VACANCY (%)						
Offices	4,8	5,0	4,8	4,8	4,6	–
Offices P-grade	4,9	5,0	4,8	–	–	–
Offices A-grade	4,8	5,0	–	4,8	4,6	
Offices B-grade	5,0	5,0	–	–	–	–
Retail	3,1	4,4	2,3	4,4	2,8	3,9
Industrial	3,0	3,5	3,6	1,9	1,7	–

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	(1,6)	(2,1)	(1,4)
Valuation impact if exit capitalisation rate is decreased by 25bps	1,7	2,2	1,5
Valuation impact if discount rate is increased by 25bps	(0,9)	(1,1)	(1,1)
Valuation impact if discount rate is decreased by 25bps	0,9	1,2	1,1
Valuation impact if market rentals increase by 5%	4,0	4,2	4,0
Valuation impact if market rentals decrease by 5%	(3,9)	(4,0)	(3,8)
Valuation impact if rental escalation rates increase by 1%	1,3	2,1	1,3
Valuation impact if rental escalation rates decrease by 1%	(1,3)	(2,1)	(1,3)
Valuation impact if the permanent vacancy factor is increased by 2,5%	(2,0)	(3,0)	(2,0)
Valuation impact if the permanent vacancy factor is decreased by 2,5%	2,0	3,0	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 2021 were completed by the following valuers:

Valuer	Company	Qualifications
TLJ Behrens	Real Insight (Pty) Ltd	NDip Real Estate (Prop Val), MIV (SA) professional associated valuer
HN Hartman	Real Insight (Pty) Ltd	NDip Real Estate (Prop Val), professional valuer
BJ Labuschagne	Real Insight (Pty) Ltd	NDip Real Estate (Prop Val), 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), MPRE, professional valuer
M Govender	Premium Valuation Services	NDip Real Estate (Prop Val), professional valuer
JW Tweddle	Premium Valuation Services	NDip Real Estate (Prop Val), MRICS, MSARWA, professional associated valuer

Subsequent events

Subsequent to the reporting date, violent civil unrest and disorder broke out in parts of Gauteng and KwaZulu-Natal on 9 July 2021, resulting in sporadic incidents of looting and damage to property. One of Emira's properties, and six of Enyuka's properties, were affected by the extensive looting and damage to shopfronts, equipment as well as structural damage due to fire. Both Emira and Enyuka have adequate SASRIA insurance in place to cover the damages suffered and the resulting loss of rental income. Approximately one-third of the Emira property sustained fire damage and the associated structural repairs are expected to be completed by March 2022. Five of the six Enyuka properties are expected to be fully operational by the end of September, with many tenants already trading. The portion of the Enyuka property which sustained fire damage is expected to reopen by May 2022.

For the properties concerned, management has considered the impact of the events to the 30 June 2021 valuations, and have assessed that the events that lead to the damages occurred after year end and thus were non-adjusting events for the current financial year. Management however, has considered the impact for the 2022 financial year end and concluded that the income stream is covered by insurance and no evidence exists to suggest a change to the capitalisation rates or discount rates.

Directors

G van Zyl (Chairman)*, GM Jennett (CEO), MS Aitken*, GS Booyens (CFO), V Mahlangu*, W McCurrie*, B Moroole*, V Nkonyeni*, J Nyker*, JWA Templeton**, D Thomas*, U van Biljon (COO).

* *Independent non-executive director.* ** *Non-executive director.*

Registered address

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

Sponsor

Questco Corporate Advisory (Pty) Ltd

Debt sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)

Transfer secretaries

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

Emira Property Fund Limited

(Incorporated in the Republic of South Africa)

Registration number: 2014/130842/06

JSE Share Code: EMI JSE Bond Company: EMII

ISIN: ZAE000203063

(Approved as a REIT by the JSE)

("Emira" or "the Fund" or "the Company")

Appendix 1

Reconciliation between earnings and headline earnings and distributable earnings

R'000	Reviewed year ended 30 Jun 2021	Audited year ended 30 Jun 2020
Profit for the year attributable to Emira shareholders	**467 286**	(734 178)
Adjusted for:		
Change in fair value of properties (net of NCI)	**445 393**	823 236
– Change in fair value of investment properties	**541 378**	816 505
– Change in fair value on investment property of associate	**(93 087)**	3 546
– Non-distributable portion of non-controlling interest	**(2 898)**	3 185
Headline earnings	**912 679**	89 058
Adjusted for:		
Allowance for future rental escalations	**4 748**	846
Amortised upfront lease costs	**262**	743
IFRS 16 Leasehold liability adjustments	**(903)**	(626)
Interest on lease liability	**2 911**	2 976
Rental paid on lease liability	**(3 813)**	(3 601)
Charge/(credit) in respect of leave pay provision and share appreciation rights scheme	**(88)**	(3 295)
GOZ shares sold cum dividend	**–**	4 122
Unrealised surplus on revaluation of interest-rate swaps	**(411 470)**	619 930
Revaluation of share appreciation rights scheme derivative financial instruments	**(4 966)**	(8)
Unrealised (gain)/loss on financial assets at fair value through profit and loss	**23 287**	25 103
Unrealised foreign exchange (profit)/loss	**133 321**	(142 401)
Non-distributable income from equity-accounted investments	**(103 180)**	(17 412)
Dividend received/accrued from Transcend	**31 333**	21 466
IFRS9 expected credit loss	**29 048**	44 572
Taxation on capital profit	**2 467**	5 233
Distributable portion of non-controlling interest	**(423)**	(169)
Net ESA Trust adjustments	**6 934**	7 595
Net BEE Scheme adjustments	**26 046**	16 121
Distributable income	**649 094**	670 878
Distributable income adjustments		
Deferred rental net of expected credit loss	**49 075**	(28 603)
Expected credit loss movement of deferred rentals	**(17 499)**	–
Distributable income from the equity-accounted US investments not distributed	**(29 431)**	(76 762)
Interest due from Inani accrued but not received	**(27 179)**	(16 288)
Capitalised interest limitation	**(3 936)**	(3 768)
Distribution payable to shareholders	**620 125**	545 457
Dividend per share		
Interim (cents)	**52,00**	74,10
Final (cents)	**66,65**	30,26
Total (cents)	**118,65**	104,36

* *The adjustments made to profit for the year to derive the distribution payable to shareholders have not been audited.*

Appendix 2

REIT ratios

SA REIT funds from operations (SA REIT FFO)

R'000	Year ended 30 Jun 2021	Year ended 30 Jun 2020
Profit for the year attributable to Emira shareholders	**467 286**	(734 178)
Adjusted for:		
Accounting specific adjustments	**531 652**	908 735
Fair value adjustments to:	**466 523**	841 851
– Investment Property	**448 291**	820 051
– Debt and equity instruments held at fair value through profit or loss	**18 232**	21 801
Asset impairments (excluding goodwill) and reversals of impairment	**29 048**	44 572
Straight-lining operating lease adjustment	**4 748**	846
Adjustments to dividends received from equity interest held	**31 333**	21 466
Foreign exchange and hedging items	**(278 149)**	477 529
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**(411 470)**	619 930
Foreign exchange gains or losses relating to capital items – realised and unrealised	**133 321**	(142 401)
Other adjustments	**(104 034)**	(5 041)
Taxation impact of the above adjustments	**2 467**	5 233
Adjustments made for equity-accounted entities	**(103 180)**	(17 412)
Antecedent earnings adjustment	**–**	4 122
Non-controlling interest in respect of the above adjustments	**(3 321)**	3 016
SA REIT FFO	**616 755**	647 046
Number of shares outstanding at the end of period (net of treasury shares)	**484 204 005**	486 493 736
SA REIT FFO per share (cents)	**127,37**	133,00
Interim SA REIT FFO per share (cents)	**66,08**	77,24
Final SA REIT FFO per share (cents)	**61,29**	55,76
Company specific adjustments to SA REIT FFO	**3 371**	(101 588)
Deferred rental net of expected credit loss	**49 075**	(48 683)
Expected credit loss movement of deferred rentals	**(17 499)**	20 080
Amortised upfront lease costs	**262**	743
IFRS 16 Leasehold liability adjustments	**(903)**	(626)
Distributable income from the equity-accounted US investments not distributed	**(29 431)**	(76 762)
Interest due from Inani accrued but not received	**(27 179)**	(16 288)
Capitalised interest limitation	**(3 936)**	(3 768)
Net ESA Trust adjustments	**6 934**	7 595
Net BEE Scheme adjustments	**26 046**	16 121
Distributable earnings	**620 125**	545 458
Number of shares in issue	**522 667 247**	522 667 247
Distributable earnings per share (cents)	**118,65**	104,36

Appendix 2

REIT ratios continued

SA REIT net asset value (SA REIT NAV)

R'000	**Year ended 30 Jun 2021**	Year ended 30 Jun 2020
Reported net asset value attributable to the parent	**7 351 530**	7 441 241
Adjustments:		
Dividend to be declared	**(348 358)**	(158 159)
Fair value of certain derivative financial instruments	**80 528**	280 108
	7 164 229	7 843 298
Shares outstanding		
Number of shares outstanding at the end of period (net of treasury shares)	**484 204 005**	486 493 736
Effect of dilutive instruments	**4 495 418**	2 550 179
Dilutive number of shares in issue	**488 699 423**	489 043 915
SA REIT NAV per share (R)	**1 465,98**	1 603,80

SA REIT cost-to-income ratio

Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	**661 982**	689 414
Administrative expenses per IFRS income statement	**92 740**	79 424
Excluding depreciation expense in relation to property, plant and equipment of an administrative nature	**(875)**	(759)
Operating costs	**753 847**	768 079
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**1 093 991**	1 093 261
Utility and operating recoveries per IFRS income statement	**387 080**	408 698
Gross rental income	**1 481 071**	1 501 959
SA REIT cost-to-income ratio (%)	**50,90**	51,14

SA REIT administrative cost-to-income ratio

Expenses		
Administrative expenses per IFRS income statement	**92 740**	79 424
Other	**–**	–
Administrative costs	**92 740**	79 424
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**1 093 991**	1 093 261
Utility and operating recoveries per IFRS income statement	**387 080**	408 698
Gross rental income	**1 481 071**	1 501 959
SA REIT administrative cost-to-income ratio	**6,26**	5,29

SA REIT GLA vacancy rate

Gross lettable area of vacant space	**51 925**	33 765
Gross lettable area of total property portfolio	**809 729**	816 443
SA REIT GLA vacancy rate (%)	**6,4**	4,1

Appendix 2
REIT ratios continued

SA REIT cost of debt

%	ZAR	USD
30 Jun 2021		
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	**6,65**	**–**
Fixed interest rate borrowings		
Weighted average fixed rate	**–**	**–**
Pre-adjusted weighted average cost of debt	**6,65**	**–**
Adjustments:		
Impact of interest-rate derivatives	**2,33**	**–**
Impact of cross-currency interest-rate swaps	**(0,74)**	**2,45**
Amortised transaction costs imputed in the effective interest rate	**0,08**	**–**
All-in weighted average cost of debt	**8,32**	**2,45**
30 Jun 2020		
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	7,08	–
Fixed interest rate borrowings		
Weighted average fixed rate	–	–
Pre-adjusted weighted average cost of debt	7,08	–
Adjustments:		
Impact of interest-rate derivatives	2,53	–
Impact of cross-currency interest-rate swaps	(0,97)	2,43
Amortised transaction costs imputed in the effective interest rate	0,06	–
All-in weighted average cost of debt	8,70	2,43

SA REIT loan to value

R'000	**Year ended 30 Jun 2021**	Year ended 30 Jun 2020
Gross debt	**5 171 671**	5 179 061
Less:		
Cash and cash equivalents	**(96 910)**	(95 047)
Add/less:		
Derivative financial instruments liability/(asset)	**195 220**	680 376
Net debt	**5 269 980**	5 764 389
Total assets – per statement of financial position	**13 281 370**	13 863 983
Less:		
Cash and cash equivalents	**(96 910)**	(95 047)
Derivative financial assets	**(122 703)**	(141 023)
Goodwill and intangible assets	**(2 152)**	(2 859)
Trade and other receivables	**(118 278)**	(153 091)
Carrying amount of property related assets	**12 941 326**	13 471 963
SA REIT loan to value ratio (SA REIT LTV) (%)	**40,7**	42,8

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