



EMIRA
PROPERTY FUND

2021

**Consolidated annual
financial statements**
for the year ended 30 June 2021

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Statement of directors' responsibilities and approval

The directors of the Company are responsible for the preparation, integrity, and fair presentation of the consolidated financial statements of the Group. The consolidated financial statements presented on pages 12 to 84 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and include amounts based on judgements and estimates made by management.

The directors are satisfied that in preparing the consolidated financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all standards of International Financial Reporting Standards that they consider to be applicable have been followed. The directors are satisfied that the information contained in the consolidated financial statements fairly presents the results of operations for the year and the financial position of the Group at year-end. The directors also prepared the other information included in the report and are responsible for both its accuracy and its consistency with the consolidated financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group to enable the directors to ensure that the consolidated financial statements comply with the relevant legislation.

Emira Property Fund Limited ("the Fund") operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business, are being controlled. The going-concern basis has been adopted in preparing the consolidated financial statements. The directors have no reason to believe that the Fund will not be a going concern in the foreseeable future, based on forecasts and available cash resources.

These consolidated financial statements support the viability of the Fund. The Fund's external auditor, Ernst & Young Incorporated, audited the financial statements, and their report is presented on page 9.

The consolidated financial statements of the Group, incorporating statutory required information, for the year ended 30 June 2021 set out on pages 12 to 84, were approved by the Board of Directors of Emira on 23 September 2021 and are signed on its behalf by:

Gerhard van Zyl

Chairman

Geoff Jennett

Chief Executive Officer

CEO and CFO responsibility statement

The directors, whose names are stated below, hereby confirm that:

- a) the consolidated financial statements set out on pages 12 to 84, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- b) no facts have been omitted or untrue statements made that would make the consolidated financial statements false or misleading;
- c) internal financial controls have been put in place to ensure that material information relating to the issuer, its consolidated subsidiaries and equity accounted investments, have been provided to effectively prepare the financial statements of the issuer; and
- d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principles of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls, and any fraud that involves directors, and have taken the necessary remedial action.

Geoff Jennett

Chief Executive Officer

Greg Booyens

Chief Financial Officer

Certificate by Company Secretary

In terms of section 88(2)(e) of the Companies Act of South Africa, 71 of 2008, as amended (the Companies Act), I declare that, to the best of my knowledge, for the year ended 30 June 2021, Emira Property Fund Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

Acorim Proprietary Limited

Company Secretary

Hyde Park, South Africa

23 September 2021

Directors' report

NATURE OF THE BUSINESS

The Company listed on the JSE in November 2003, in the real estate investment trusts sector. In line with its strategic objectives, Emira's property portfolio spans multiple sectors, namely office, retail, industrial and residential. The Company is focused on growing the quality and value of its portfolio of property investments, in order to sustain and enhance its distribution growth to shareholders. This is achieved via selective acquisitions and disposals, as well as refurbishments, upgrades and the redevelopment of specific properties. To this end, all investment decisions are reinforced by Emira's stringent investment criteria to enhance yields and improve the performance of the portfolio.

Emira has a direct property value of R9,8 billion (2020: R10,2 billion) together with indirect property investments of R2,2 billion (2020: 2,8 billion). Emira's geographical exposure is predominantly South Africa, with increasing offshore investment into the USA.

SHARE CAPITAL

Emira's share capital is detailed in note 14 to the annual financial statements. There were no new shares issued during the year.

SHAREHOLDER ANALYSIS

Shareholders with an interest of 5% or more in the issued ordinary share capital of the Company are listed on page 87.

DISTRIBUTABLE EARNINGS

The Group reported distributable earnings of R620,1 million or 118,65 cents per share (2020: R545,5 million or 104,36 cents per share).

DIVIDENDS

Emira declared a final dividend of 66,65 (2020: 30,26) cents per share for the six months ended June 2021. Together with the interim dividend of 52,00 (2020: 74,10) cents per share declared for the six months ended December 2020, the total dividend for year ended 30 June 2021 amounts to 118,65 (2020: 104,36) cents per share.

In line with IAS 10, Events after the Reporting Period, the declaration of the final dividend will occur after the end of the reporting period, resulting in a non-adjusting event that is not recognised in the annual financial statements. The dividends meet the requirements of a REIT's "qualifying distribution" for purposes of section 25BB of the Income Tax Act, No. 58 of 1962, as amended.

CONTINUED IMPACT OF 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. As the custodian of stakeholders' interests, the Fund has evolved and adjusted 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 and many have faced considerable challenges over the past eighteen months. Assisting tenants in overcoming some of these challenges has been at the forefront of the Fund'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 deferrals 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.

DIRECTORATE

The directorate comprises:

	Date of appointment
Independent non-executive directors	
Gerhard van Zyl (Chairman)	10 September 2013
Berlina Moroole	1 July 2020
Derek Thomas	15 August 2017
Jasandra Nyker	22 May 2019
Michael Aitken	16 April 2007
Vusi Mahlangu	24 June 2010
Vuyisa Nkonyeni	24 August 2011
Wayne McCurrie	10 December 2008
Non-executive director	
James Templeton	1 July 2020

Directors' report

continued

	Date of appointment
Executive directors	
Geoff Jennett	1 January 2015
Ulana van Biljon	10 February 2012
Greg Booyens	1 January 2016

DIRECTORS' BENEFICIAL HOLDINGS

The directors' holdings in shares of the Company as at 30 June 2021, were:

Number of shares	2021				2020			
	Beneficial direct	Beneficial indirect	Held by associates	Total	Beneficial direct	Beneficial indirect	Held by associates	Total
Executive directors								
Geoff Jennett	143 285	3 240 000	–	3 383 285	72 000	3 240 000	–	3 312 000
Ulana van Biljon	39 900	2 016 000	–	2 055 900	–	2 016 000	–	2 016 000
Greg Booyens	36 479	2 016 000	–	2 052 479	–	2 016 000	–	2 016 000
Non-executive directors								
Vusi Mahlangu	–	4 127 765	–	4 127 765	–	4 127 765	–	4 127 765
Michael Aitken	–	–	283 222	283 222	–	–	283 222	283 222
Derek Thomas	–	5 618 673	–	5 618 673	–	5 618 673	–	5 618 673
Total	219 664	17 018 438	283 222	17 521 324	72 000	17 018 438	283 222	17 373 660

INTERESTS OF DIRECTORS AND OFFICERS

During the financial year, no contracts were entered into in which directors or officers of the Company had an interest and which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group except to the extent that they are shareholders as disclosed in this report.

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 ("Takeover Regulations"), 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").

In accordance with the provisions of the Companies Act and the Takeover Regulations, an independent sub-committee of the Board, comprising Gerhard van Zyl, Wayne McCurrie and Vuyisa Nkonyeni, (the "Independent Board") was appointed for the purposes of considering the mandatory offer in accordance with the requirements of the Takeover Regulations.

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.

On 24 August 2021 the Offerors announced on SENS that all outstanding conditions precedent to the mandatory offer had been fulfilled and the offer was wholly unconditional and would remain open until 12:00 on Friday, 17 September 2021. On 21 September 2021 the Offerors announced that the mandatory offer was accepted by 26 594 543 shares, representing 5,09% of the Emira shares in issue.

SUBSEQUENT EVENTS

Refer to note 26 to the annual financial statements for disclosure regarding subsequent events.

COMPANY SECRETARY AND REGISTERED OFFICE

Acorim Proprietary Limited ("Acorim") is the appointed Company secretary of Emira. Acorim is an independent company secretarial and corporate governance advisory service provider and is represented by Nikita Hunter.

The Company's registered office is 1st Floor, Block A, Knightsbridge Office Park, 33 Sloane Street, Bryanston 2191.

GOING CONCERN

The directors have reviewed the Group's cash flow forecasts up to the period ending September 2022 and, in light of this review and the current financial position, the directors believe that the Group and Company has adequate financial resources to continue in operation for the ensuing 12 month period. Accordingly, the consolidated annual financial statements have been prepared on a going-concern basis.

Audit committee's report

INTRODUCTION

The Audit Committee is an independent statutory committee and has the cooperation of all directors, management and staff in order to perform its duties.

CHARTER AND ROLE OF THE COMMITTEE

The committee is governed by a charter and terms of reference that have been approved by the Board, which was updated during the year under review. The committee's prime objective is to assist the Emira Board in evaluating the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied within the day-to-day management of its business. This includes:

- Facilitating and promoting communication regarding the matters referred to above or any other related matter between the board of directors and the executive officers of both the external auditor and the internal auditor.
- Introducing such measures that in the committee's opinion, may serve to enhance the credibility and objectivity of the financial statements and reports prepared with reference to the affairs of Emira.

COMPOSITION

During the financial year ended 30 June 2021, the Audit Committee comprised the following members:

- Vuyisa Nkonyeni (chairman)
- Vusi Mahlangu
- Berlina Moroole

The following changes were made to the committee during the year under review:

- Berlina Moroole was appointed as a member of the committee effective 1 July 2020
- Bryan Kent retired from the board and stepped down from the committee, and chairman, effective 31 October 2020
- Vuyisa Nkonyeni was appointed as chairman of the audit committee effective 31 October 2020

The committee members are all independent non-executive directors.

MEETINGS

The committee met four times during the year with the executive management as well as the executives responsible for finance, the compliance officer, and external and internal auditors. The Company Secretary attends all meetings as secretary to this committee.

RESPONSIBILITIES

The responsibilities of the committee are to:

- Nominate for appointment as auditor a registered auditor, who is independent of Emira.
- Determine the fees to be paid to the auditor and the auditor's terms of engagement.
- Ensure that the appointment of the auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors.
- Determine the nature and extent of any non-audit services that the auditor may provide or that the auditor must not provide to Emira.
- Pre-approve any proposed contract with the auditor for the provision of non-audit services to Emira.
- Review and approve the interim and final financial results and their press releases and the reviewed statements of financial position and statements of comprehensive income of Emira with the relevant press releases for recommendation to the Board.
- Evaluate the quality of the financial information produced to ensure the integrity of reporting and to ensure that measures necessary, in the committee's opinion, are introduced to enhance the integrity of such reporting.
- Review Emira's solvency and liquidity position.
- Review the insurance cover effected by Emira annually to ascertain its sufficiency, scope and costs.
- Receive and evaluate reports from management on significant breakdowns and/or potential areas in the risk management and assessment process, including the disaster recovery plan.
- Consider the audit plans for the external and internal auditors to ensure completeness of coverage, reduction of duplicate effort and the effective use of audit resources.
- Consider any significant findings and recommendations of the external and internal auditors as well as the adequacy of corrective actions taken in response to these findings.
- Promote communication by and provide an open avenue of communication between the external and internal auditors, and the committee.
- Evaluate the independence and effectiveness of the internal auditors.

Audit committee's report

continued

- Encourage and, where appropriate, approve the development of codes of ethical conduct and receive reports from internal audit of significant contraventions thereof.
- Review the effectiveness of the systems of internal control.
- Evaluate and ensure Emira's compliance with statutes and regulations governing Emira's business.
- Ensure that any matters, which have come to its notice, which may significantly affect the financial position or affairs of Emira, are reported to the Board.
- Ensure Emira's adherence to accounting standards and policies.
- Evaluate the adequacy and effectiveness of Emira's accounting practices, information systems and audit processes.
- Evaluate the experience and expertise of the Chief Financial Officer and Emira's financial function.
- Perform other functions determined by the Board including the development and implementation of a policy and plan for a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within Emira.
- Monitor any corrective actions to be taken in terms of its charter.
- Receive and deal appropriately with any complaints (whether from within or outside the organisation) relating either to Emira's accounting practices and internal audit or to the content or auditing of its financial statements, Emira's internal financial controls, or to any related matter.

The following significant matters were considered by the committee in relation to the annual financial statements for the year ended 30 June 2021:

- The property valuations as at 30 June 2021.
- The estimated credit losses on trade receivables and loans receivable.
- Assessing whether the post balance sheet civil unrest in Gauteng and KwaZulu-Natal in July 2021 and associated looting and damage to Emira's properties had any impact on the position as at 30 June 2021.

The committee was satisfied that the accounting treatment of the matters listed above was adequate.

The committee has fulfilled its function and responsibilities, as mentioned above, and has executed its duties during the year under review, complying with its legal, regulatory and other responsibilities in accordance with its terms of reference. The Board did not assign any additional responsibilities to the committee.

The expertise and experience of the Chief Financial Officer and Financial Director, Greg Booyens, was reviewed during the committee's annual assessment and the committee has satisfied itself thereof. In addition, it has considered and further satisfied itself of the expertise of the finance function and adequacy of resources and experience.

INDEPENDENCE OF EXTERNAL AUDITORS

The committee is required to review the independence of the external auditors, Ernst & Young Inc. in accordance with the following criteria:

- Representations made by Ernst & Young Inc. to the committee.
- The criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.
- The auditor does not receive any remuneration or other benefit from Emira, except as Emira's appointed external auditor and approved non-audit services.
- The auditor's independence was not prejudiced as a result of any previous appointment as auditor.
- The committee is satisfied that the external auditor is independent.

The external auditor performed the following non-audit services: Reports in respect of the issue of commercial paper and Agreed upon procedures to verify the operating profit for leasehold properties. Should further services be required in the future, they will be approved on the basis that no conflict of interests arise.

INTERNAL CONTROL

The system of internal financial and operational control is the responsibility of the Board. The executive directors ensure that assets are protected, systems operate effectively and all valid transactions are recorded properly.

Internal auditors, reporting directly to the Audit Committee, have conducted extensive reviews, testing the effectiveness of the internal control systems. These systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements, to safeguard, verify and maintain accountability of Emira's assets and to identify and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The internal audit function coordinates with other internal and external providers of assurance to ensure proper coverage of financial, operational and compliance controls.

Based on these reviews, information and explanations given by management and discussions with the external auditors on the results of their audit, the committee is satisfied that Emira's system of internal controls operated effectively in the year under review. Nothing has come to the committee's attention that causes it to believe that the system of internal financial controls is not effective.

Audit committee's report

continued

INTERNAL AUDIT

The Board is of the opinion that a separate Internal Audit Charter is not required at this time as the Audit Committee's terms of reference clearly defines the role and associated responsibilities and authority of internal audit. In addition, the committee reviews and amends the internal audit mandate, where necessary, to ensure that it complies with all the necessary regulatory and legislative requirements. This mandate has been presented to and approved by the Board.

It is the committee's responsibility to ensure that the internal audit function is independent and has the necessary resources, standing and authority to discharge its duties. The appointed internal auditors are responsible for regularly reporting the findings of internal audit to the committee.

The internal auditors are tasked to perform their function in accordance with a rolling three-year plan. The annual reviews of the property management operational function and the property management finance function were completed. Both reviews focus on the functions performed by Emira's two outsourced property managers and good feedback was received on controls at both parties. The internal auditors also conducted a "gap" analysis of the internal financial controls across Emira's business. The final report is still to be received but the preliminary assessment was that the overall control environment is deemed adequate with few control improvements identified.

BDO is the internal auditor who has been mandated to perform the internal audit functions. The committee conducts an assessment of the performance of the internal audit function on an annual basis.

OVERSIGHT OF RISK MANAGEMENT

The committee plays a vital role in the process of risk management and the Chief Risk Officer reports directly to the committee. All risk identification, measurement and management is addressed through these channels.

A risk management plan, risk register and risk policy were reviewed and approved by the committee during the year.

In addition, and following the committee's review of the Independent Regulatory Board for Auditors' latest findings report and the latest inspection reports and summary of internal review findings in terms of paragraph 22.15 (h) of the JSE Listings Requirements provided by the auditors, the committee satisfied itself that both Ernst and Young and Ernest van Rooyen are accredited in terms of the JSE Listings Requirements and are independent from the Company.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Following the review by the committee of the consolidated annual financial statements of Emira Property Fund for the year ended 30 June 2021, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards and fairly presents Emira's financial position at that date and the results of operations and cash flows for the year then ended.

The committee has also satisfied itself of the integrity of the remainder of the Consolidated Annual Financial Statements. Having achieved its objectives, the committee has recommended the Consolidated Annual Financial Statements for the year ended 30 June 2021 for approval to the Board.

The Board has subsequently approved the Consolidated Annual Financial Statements, which will be open for discussion at the forthcoming annual general meeting.

GOING CONCERN

The committee has reviewed a documented assessment, including key assumptions prepared by management, of the going concern status of Emira. The Board's statement on the going concern status of Emira, which is supported by the committee, appears on page 5.

On behalf of the Audit Committee

Vuyisa Nkonyeni

Chairman

Bryanston

23 September 2021

Independent Auditor's Report

To the Shareholders of Emira Property Fund Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Emira Property Fund Limited and its subsidiaries (the 'group') set out on pages 12 to 84, which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 30 June 2021 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter

How the matter was addressed in the audit

Valuation of Investment Property (Note 6 – Investment Properties)

Investment property balance, including those classified as held-for-sale, as at 30 June 2021 amounts to R9,8 billion (2020: R10,2 billion) which constitutes 74% (2020: 74%) of the total assets of Emira Property Fund Limited ("Emira") as at 30 June 2021.

Emira's investment property portfolio comprises of income generating properties across the office, retail, industrial and residential sectors.

We have identified the valuation of investment property to be a Key Audit Matter due to the Group holding a large number of investment properties for which the inputs into the valuation methods are inherently judgmental and highly sensitive, as a small change in the inputs can result in a significant impact in the valuations.

Our audit procedures included, among others, the following:

- We updated our understanding of the property valuation process (internal and external) through discussions with management.
- We assessed whether the valuation techniques and methodologies applied by management and their external appraisers are consistent with generally accepted property valuation techniques in the real estate market.
- We evaluated the competence, independence and experience of management's internal and external valuers with reference to their qualifications and industry experience.

Independent Auditor's Report

continued

Key Audit Matter

How the matter was addressed in the audit

Valuation of Investment Property (Note 6 – Investment Properties)

The fair value of investment property is determined using the discounted cash flow (DCF) valuation technique, with the exception of the residential property for which the capitalisation rate valuation technique is used and non-current assets held for sale which may be valued with reference to a signed sales agreement.

New valuations are performed at each reporting period and the following inputs are used in the determination of the fair value of investment property:

- The discount rates, terminal value and capitalisation rates.
- Projected rental income, projected operating expenses, vacancy rates and void periods.

The ongoing COVID-19 pandemic which has impacted the global and local economies has maintained heightened levels of uncertainty related to the valuation assumptions. The future uncertainties brought about from COVID-19 has further compounded the inherently judgemental nature of investment property valuation. The specific inputs of significant judgement, attention and considered to be of most importance that required auditor attention and support from our EY valuation specialists included:

- Market reversions: In light of the current market conditions, Emira's properties have seen an increase in rental reversions as the bargaining powers shifted from landlord to tenant. This resulted in adjustments to rentals and escalation rates when lease contracts expired or were renewed.
- Increased vacancies and or void periods: In addition to the vacancy factor applied to absorb the uncertainty brought forth by the pandemic for the forecast period, vacancies remained an input to assess due to changes in rental tenures and aggressive cash preservation strategies by tenants despite rental concessions efforts by landlords.

Therefore, given the specific considerations this required additional discussions with management and more research and independent analysis by our valuation specialists in assessing the valuation of the investment property.

The disclosures are set out in note 6 Investment properties of the consolidated financial statements.

- With the support of our EY valuation specialists, we assessed the methodologies and assumptions applied in determining the fair value of investment properties through:
 - Assessing the category, condition, GLA, location and grade of a property, all of which inform management in the selection of the appropriate capitalisation rates, discount rates and terminal capitalisation rates to apply from the latest Rode and South African Property Owners Association ("SAPOA") reports, against the outcome of current and prior external valuations and where applicable capital expenditure and improvements;
 - Through the comparison of the capitalisation rates to other market information and discussions with management and the use of our valuation specialist's professional judgement, we assessed the appropriateness of the specific capitalisation rates used;
 - Challenged and debated the reasonableness of management's assumptions in relation to projected rental income (adjusted for rental reversions) and operating expenses against historical income and operating expense data specifically considering the impact of the COVID-19 pandemic on these;
 - Assessed the vacancy rate assumptions applied by management in the property valuations to lease agreements, tenancy schedules and property industry reports.
- We evaluated the signed sales agreement for non-current assets held for sale and determined the reasonability of the fair value with reference to IFRS 13 criteria, the related presentation and disclosure of the account
- We performed a sensitivity analysis on the key inputs to assess the impact on property values. Through this, we determined the worst-case and best-case scenario in a COVID-19 environment and the possible impacts on the fair values presented.
- We assessed the reasonability of the fair value of the investment properties at year end as determined by management against the outcome of our independent calculations in which the outcomes of our above procedures were incorporated.
- We assessed the appropriateness of the disclosures included in the consolidated financial statements relating to investment property and the fair value thereof against the requirements of IAS 40 – Investment property and IFRS 13 – Fair value measurement.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 98-page document titled "2021 Consolidated annual financial statements for the year ended 30 June 2021", which includes the Directors' Report, the Audit Committee's Report and the Certificate of Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

continued

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Emira Property Fund Limited for 4 years.

Ernst & Young Inc.

Ernst & Young Incorporated

Director: Ernest van Rooyen
Registered Auditor
Chartered Accountant (SA)

EY, 102 Rivonia Road, Sandton, 2146

23 September 2022

Consolidated statement of comprehensive income

For the year ended 30 June 2021

R'000	Notes	2021	Restated* 2020
REVENUE		1 476 324	1 501 114
Operating lease rental income from investment properties		1 093 992	1 093 258
Recoveries of operating costs from tenants		387 080	408 702
Allowance for future rental escalations	7	(4 748)	(846)
Property expenses		(661 982)	(689 414)
Income from listed property investment		–	8 686
Administration expenses		(92 740)	(79 423)
OPERATING PROFIT		721 602	740 964
Net fair value adjustments		(148 227)	(1 461 530)
Change in fair value of investment properties	6	(541 378)	(816 505)
Revaluation of derivative financial instruments relating to share appreciation rights scheme		4 966	8
Fair value surplus/(deficit) on interest-rate swaps		411 472	(619 930)
Fair value deficit on financial assets through profit and loss	11	(23 287)	(25 103)
Expected credit loss – loans receivable		(29 048)	(44 572)
Foreign exchange (loss)/gain		(143 389)	154 073
Other income		4 335	3 559
Income from equity-accounted investments	10	411 888	239 126
Interest received from associates		91 576	94 917
Share of profit from associates		320 312	144 209
PROFIT/(LOSS) BEFORE FINANCE COSTS		817 161	(368 381)
Net finance costs		(357 507)	(348 382)
Finance Income		40 183	51 578
Finance costs		(397 690)	(399 960)
Interest expense and amortised borrowing costs		(401 626)	(403 728)
Interest capitalised to cost of developments		3 936	3 768
PROFIT/(LOSS) BEFORE INCOME TAX CREDIT/(CHARGE)	3	459 654	(716 762)
Taxation	4	4 733	(14 400)
Profit/(loss) 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/(loss) 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 attributable to:			
Emira shareholders		320 095	(579 987)
Non-controlling interest		(2 898)	3 016
		317 197	(576 971)
Basic earnings per share (cents)	5	96,38	(147,69)
Diluted earnings per share (cents)	5	95,49	(146,94)

* During the year, the Fund reviewed its presentation of property management fees. As a result of this review, the 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 Administration expenses to Property expenses for the year 30 June 2020.

Consolidated statement of financial position

As at 30 June 2021

R'000	Notes	2021	2020
ASSETS			
Non-current assets			
Investment property	6	9 268 544	9 949 226
Allowance for future rental escalations	7	220 874	225 622
Unamortised upfront lease costs	8	28 522	32 553
Right of use asset	6	40 212	40 212
Fair value of investment property		9 558 152	10 247 613
Furniture, fittings, computer equipment and intangible assets	9	2 152	2 859
Investments and loans in equity-accounted investments	10	2 204 206	2 686 101
Other financial assets	11	5 474	19 360
Loans receivable	13	303 959	377 928
Derivative financial instruments	19	81 312	94 951
Total non-current assets		12 155 255	13 428 812
Current assets			
Loans to equity-accounted investments	10	592 062	103 478
Loans receivable	13	53 173	37 483
Accounts receivable	12	118 278	153 091
Derivative financial instruments	19	41 392	46 072
Cash and cash equivalents		96 910	95 047
Investment properties held for sale	6	224 300	–
Total current assets		1 126 115	435 171
Total assets		13 281 370	13 863 983
EQUITY AND LIABILITIES			
Total equity and reserves attributable to equity holders			
Stated capital	14	3 433 875	3 445 296
Retained income/(loss)	15	358 100	(246 268)
Fair value and other reserves	15	3 529 502	4 086 457
Foreign currency translation reserve	15	26 777	173 967
Share-based payment reserve	15	24 385	–
Changes in ownership	15	(24 085)	(24 085)
Non-controlling interest	15	2 976	5 874
Total equity attributable to equity holders		7 351 530	7 441 241
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	16	4 450 878	3 498 061
Other financial liabilities	17	44 016	43 203
Lease liability	18	35 516	35 921
Derivative financial instruments	19	200 869	631 072
Total non-current liabilities		4 731 279	4 208 257
Current liabilities			
Short-term portion of Interest-bearing debt	16	720 792	1 681 000
Lease liability	18	3 152	3 666
Accounts payable	20	334 593	308 288
Employee benefits liability	21	19 380	14 074
Derivative financial instruments	19	117 054	190 326
Taxation		3 590	17 131
Total current liabilities		1 198 561	2 214 485
Total liabilities		5 929 840	6 422 742
Total equity and liabilities		13 281 370	13 863 983
Net asset value per share (cents)		1 518,3	1 529,6

Consolidated statements of cash flows

For the year ended 30 June 2021

R'000	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	22	813 024	722 458
Finance income		38 838	6 866
Interest paid		(429 722)	(402 489)
Taxation paid	22	(8 428)	(631)
Dividends received		–	8 686
Dividends paid to shareholders	22	(402 983)	(786 473)
Dividends paid to non-controlling interests		–	(827)
Net cash utilised in operating activities		10 729	(452 410)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of, and additions to, investment properties excluding capitalised interest	6	(130 786)	(157 761)
Proceeds on disposal of investment properties	6	34 500	66 250
Acquisition of furniture, fittings, computer equipment and intangible assets	9	(167)	90
Disposal of investment in listed property fund		–	788 335
Proceeds from equity-accounted investments	10	219 336	115 473
Interest received on loans granted to equity-accounted investments		90 406	75 473
Capital proceeds received on loans granted to equity-accounted investments		103 461	40 000
Dividends received from equity-accounted investments		25 469	–
Investment in equity-accounted investments	10	(89 786)	(281 038)
Investment in equity-accounted investments		(89 786)	(310 795)
Dividends received from equity-accounted investments		–	29 757
Loans receivable repaid	13	69 703	(1 845)
Investment in other financial assets	11	(9 400)	54 923
Net cash utilised in investing activities		93 400	584 427
CASH FLOWS FROM FINANCING ACTIVITIES			
Non-controlling interest acquired	15	–	(22 995)
Premium on share options		–	18 875
Shares acquired for the Emira Forfeitable Share Plan		(14 576)	(9 160)
Lease liability payment on capital portion	18	(3 830)	(625)
Other financial liabilities raised		812	–
Derivative financial instruments settled		(77 754)	–
Interest-bearing debt raised	16	2 650 745	397 070
Interest-bearing debt repaid	16	(2 653 684)	(493 365)
Net cash utilised in financing activities		(98 288)	(110 200)
Net increase in cash and cash equivalents		5 840	21 817
Foreign currency movement in cash		(3 977)	–
Cash and cash equivalents at the beginning of the year		95 047	73 230
Cash and cash equivalents at the end of the year		96 910	95 047

Consolidated statements of changes in equity

For the year ended 30 June 2021

R'000	Share capital	Change in ownership	Non-distributable reserve	Share-based payment reserve	Other reserves	Foreign currency translation reserve	Non-controlling interest	Retained earnings	Total
2020									
Balance at 30 June 2019	3 654 591	–	4 964 268	–	(70 466)	19 776	2 595	412 634	8 983 398
Recognition of shares issued to BEE Scheme	172 411								172 411
Reclassification of Emira shares held by the BEE Scheme	(364 226)								(364 226)
Control of BEE Scheme acquired for no consideration								26 369	26 369
Shares acquired for the Emira Forfeitable Share Plan	(17 480)								(17 480)
Premium on share option								18 875	18 875
Profit for the year							3 016	(734 178)	(731 162)
Exchange differences on translation of foreign operations						154 191			154 191
Equity settled share scheme					9 160				9 160
Transfer to fair value reserve			(816 505)					816 505	–
Dividend paid – September 2019								(404 525)	(404 525)
Dividend paid – subsidiary							(827)		(827)
Dividend paid – March 2020								(381 948)	(381 948)
Non-controlling interest acquired		(24 085)					1 090		(22 995)
Balance at 30 June 2020	3 445 296	(24 085)	4 147 763	–	(61 306)	173 967	5 874	(246 268)	7 441 241
2021									
Balance at 30 June 2020	3 445 296	(24 085)	4 147 763	–	(61 306)	173 967	5 874	(246 268)	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)					(158)
Emira Matching Share Plan shares vested	402			(402)					–
Profit for the year							(2 898)	467 286	464 387
Exchange differences on translation of foreign operations						(147 190)			(147 190)
Equity-accounted investees – share of OCI									–
Equity settled share scheme				12 121					12 121
Transfer to fair value reserve			(541 378)					541 378	–
Transfer to share-based payment reserve				15 577	(15 577)				–
Dividend paid – September 2020								(149 849)	(149 849)
Dividend paid – March 2021								(254 447)	(254 447)
Balance at 30 June 2021	3 433 875	(24 085)	3 606 385	24 385	(76 883)	26 777	2 976	358 100	7 351 530
Notes	14	15	15	15	15	15	15	15	

Dividends per share (cents) 118.65 (2020: 104.36)

Notes to the consolidated financial statements

For the year ended 30 June 2021

1. General information

Emira Property Fund Limited (“the Company”), its subsidiaries and equity-accounted investments (together the “Group”) hold a major portfolio of investment properties in South Africa together with offshore investments into the USA. The Company is listed on the JSE.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 23 September 2021. The shareholders do not have the power to amend the consolidated financial statements after issue.

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

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, JSE Listing Requirements and the requirements of the Companies Act of South Africa, No. 71 of 2008.

Preparation of the consolidated financial statements

The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of investment property and financial assets and financial liabilities (including derivative instruments), which are measured at fair value through profit or loss.

The financial statements are presented in Rand and are rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 30.

When the reporting period of the holding company is different to that of the subsidiary, associate or joint venture, the subsidiary, associate or joint venture prepares, for the use of the holding company, financial statements as at the same date as the consolidated financial statements of the Group.

New and amended international financial reporting standards and interpretations

The Group has adopted the following new standards, or amendments to standards which were effective for the first time for the financial period commencing on or after 1 January 2020:

	Effective date (periods beginning on or after)
Amendment to IFRS 3, ‘Business combinations’ – Definition of a business	1 January 2020
Amendment to IAS 1, ‘Presentation of financial statements’ and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’ on the definition of material.	1 January 2020
Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosure – Interest-rate benchmark reform	1 January 2020
IFRS 16, ‘Leases’ COVID-19-Related Rent Concessions Amendment	1 June 2020

The impact of the adoption of these standards and amendments have been considered and is deemed immaterial.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

2. Summary of significant accounting policies continued

Standards and interpretations applicable to the Fund but not yet effective

At the date of approval of these consolidated financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been early adopted by the Group. None of the below standards, amendments and interpretations are expected to have a material impact on the Group and will be adopted in the in financial period applicable as per the table below:

	Effective date (periods beginning on or after)
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16	1 January 2021
'Leases' – interest-rate benchmark (IBOR) reform (Phase 2)	1 January 2022
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	1 January 2022
Amendment to IFRS 3, 'Business combinations'	1 January 2022
Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

2.2 CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies adopted by the Group in the reporting period.

2.3 CONSOLIDATION

2.3.1 Business combinations

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. Under IFRS 3 Business Combinations, a business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to shareholders or participants. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. In the absence of such criteria, a Group of assets is deemed to have been acquired. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

For acquisitions meeting the definition of a business, the acquisition method of accounting is used. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The excess of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill. If the consideration is less than the fair value of the net assets acquired, the difference is recognised directly in the profit or loss for the year as a bargain purchase gain.

Acquisition-related costs in relation to business combinations are expensed as incurred.

For acquisitions not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the identifiable net assets.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

2. Summary of significant accounting policies continued

2.3.2 Investment in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group exercises control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are substantive are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3.3 Investment in associates and joint ventures

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. Interests in associates are accounted for using the equity method for both Group and Company.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have benefits derived from the net assets of the joint arrangement.

The profits and losses, asset and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting for Group, except when the investment is classified as held-for-sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method the investment is initially recorded at cost and thereafter the carrying value is adjusted to recognise the Groups share of the post-acquisition profits or losses of the investee after the date of acquisition, distributions received and any impairment adjustments that are required. The share of profit or losses are recognised in the statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments.

2.4 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or Group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision maker is the Chief Executive Officer ("CEO") of the Company.

2.5 FOREIGN CURRENCY TRANSLATION

2.5.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in South African rand, the Company's functional currency and the Group's presentation currency.

2.5.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the year.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the statements of comprehensive income within finance income or finance costs. All other foreign exchange gains and losses are presented net in the statements of comprehensive income within other losses or gains.

2.5.3 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's presentation currency (rand) at exchange rates at the reporting date. The income and expenses of foreign operations are translated to rand at exchange rates at the dates of the transactions (an average rate per month is used). Foreign currency differences related to foreign operations are recognised in Other Comprehensive Income and accumulated in the Foreign Currency Translation Reserve.

When the Group disposes only part of its interest in a subsidiary that includes foreign operations while retaining control, the relevant proportion of the cumulative amount is re-attributed to non-controlling interest. If control is not retained, the cumulative amount is reclassified from Other Comprehensive Income to profit or loss as a reclassification adjustment.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

2. Summary of significant accounting policies continued

2.6 INVESTMENT PROPERTY

Property, comprising both freehold and leasehold land and buildings, that is held for long-term rental yields or for capital appreciation or both, is classified as investment property. Investment property is recognised initially at cost, including transaction costs.

Borrowing costs incurred for the purpose of acquiring, developing or producing qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or development is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value which is adjusted for the carrying values of allowance for future rental escalations, tenant installations and unamortised upfront lease costs which are recognised as separate assets, so that these separately recognised assets are not double counted. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Tenant installations and lease commissions are carried at cost less accumulated amortisation on a straight-line basis over the term of the lease.

Fair value measurement on property under development is only applied if the fair value is considered to be reliably measurable.

It may sometimes be difficult to reliably determine the fair value of the investment property under development. In order to evaluate whether the fair value of an investment property under development can be determined reliably, management considers the following factors, among others:

- The provisions of the development contract
- The stage of completion
- Whether the project/property is standard (typical for the market) or non-standard
- The level of reliability of cash inflows after completion
- The development risk specific to the property
- Past experience with similar developments

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any expected cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in the statement of comprehensive income. Gains or losses arising from changes in fair value, are included in net profit or loss for the period in which they arise. These gains or losses are transferred to non-distributable reserves in the statement of changes in equity.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of comprehensive income within net fair value gain on investment property.

2.7 INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries are recognised at cost less impairment in the separate Company financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

2. Summary of significant accounting policies continued

2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life – for example, goodwill – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 FINANCIAL INSTRUMENTS

2.9.1 Initial recognition and measurement

The Group classifies its financial assets as financial assets at fair value through profit or loss and at amortised cost. Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost, as appropriate. The Group determines the classification of its financial assets and liabilities at initial recognition.

The classification of financial assets is based on the business model with which the Fund holds the respective assets, as well as application of the cash flow characteristics test.

2.9.2 Financial assets at amortised cost

Financial assets are held at amortised cost if the cash flows are solely payments of principal and interest, and interest is a consideration for the time value of money and credit risk only. Financial instruments with cash flows that are not solely payments of principle and interest are mandatorily classified at fair value through profit or loss.

All equity instruments of the Group, within the scope of IFRS 9, are measured at fair value through profit or loss.

Financial assets are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's financial instruments at amortised cost comprise of "accounts receivable", "loans receivable" and "cash and cash equivalents" in the statements of financial position.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.9.3 Financial instruments at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or if the cash flows of the financial instruments are not solely payments of principal and interest ("SPPI") and do not meet the requirements to be classified at amortised cost.

Derivatives financial assets and liabilities are classified as financial assets and liabilities at fair value through profit and loss and comprise mainly interest-rate swaps, interest-rate caps, share options and forwards, and foreign exchange contracts. The Group uses derivative financial instruments to hedge its exposure to interest-rate and foreign exchange rate risk arising from financing and investing activities (economic hedge).

The Fund's policy requires the CEO and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the statement of profit or loss.

2.9.4 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business and are included in "accounts receivable".

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within accounts payable.

2.9.5 Financial liabilities

All borrowings and accounts payable are initially recognised at fair value and subsequently measured at amortised cost, except for instances where an accounting mismatch exists and its more appropriate to designate it at fair value through profit or loss.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

2. Summary of significant accounting policies continued

All financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the financial liability. The amortisation is included as finance costs in the statement of profit or loss.

The Group obtains deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition or for the lease payments for a period ranging from one to 12 months. Such deposits are treated as financial liabilities at amortised cost and are included in accounts payable.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

2.10 IMPAIRMENT OF FINANCIAL ASSETS

The expected credit loss model of IFRS 9 applies to financial assets measured at amortised cost and lease receivables at reporting date. While cash and cash equivalents are classified and measured at amortised cost, and are also subject to these impairment requirements, they are considered to have low credit risk, and the expected credit loss is mitigated through the Groups' credit risk management policy.

Expected credit losses ("ECLs") are a probability weighted estimate of credit losses, based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to be received, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, Emira has elected to apply the simplified approach in calculating the loss allowance. Therefore, the ECLs on trade receivables are estimated using a provision matrix with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forward-looking information of conditions based on lifetime expected credit loss at each reporting date.

At each reporting date, Emira assesses whether financial assets carried at amortised cost (such as long-term loans granted and loans granted to associates) have significantly increased in credit risk. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group (if applicable) or if the financial asset is more than 90 days past due.

Expected credit loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The carrying amount of financial assets is reduced directly by the impairment loss, with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost had impairment not been recognised at the reversal date. Any subsequent reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

In certain cases, Emira may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 SHARE CAPITAL

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

2. Summary of significant accounting policies continued

2.13 TREASURY SHARES

Company shares held by the Emira Forfeitable Share Plan, ESA Trust and BEE Scheme entities that have not yet vested are classified as treasury shares on consolidation and presented as a deduction from equity. These shares are held at cost.

On purchase, the cost of the shares acquired is deducted from equity. Subsequently, any gain or loss on the sale or cancellation of the Company's own equity instruments is recognised directly in equity.

Both distributions and unrealised losses on own shares are eliminated from Group profit or loss for the year.

2.14 CURRENT AND DEFERRED INCOME TAX

Tax charges comprise current and deferred tax in respect of the Groups subsidiaries. Tax is recognised in profit or loss.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Statement of Financial Position. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the Statement of Financial Position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.15 PROVISIONS

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance cost.

Where the Group, as lessee, is contractually required to restore a leased property to an agreed condition prior to release by a lessor, provision is made for such costs as they are identified.

2.16 REVENUE RECOGNITION

Revenue includes rental income from the listed property investment and operating cost recoveries from tenants, but excludes value added tax. Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis. The amount of rental income not yet recognised is capitalised as allowance for future rental escalations, which forms part of the value of investment property.

Emira acts as a principal on its own account when recovering operating costs from tenants.

Distribution income revenue from the listed property investment is recognised when the unit holder's right to receive payment has been established.

2.17 DISTRIBUTIONS PAYABLE TO SHAREHOLDERS

The Group has an obligation to distribute the net amount available for distribution, to its shareholders.

Distributions payable are recognised as a liability once the amount for distribution has been determined and declared by the Board. Distributions exclude those items which are unrealised, and specifically those arising as a result of:

- The unrealised fair value adjustments to investment properties
- The unrealised gains and losses in respect of the fair valuing of financial assets through profit and loss
- The income arising out of the straight-lining of lease income

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

2. Summary of significant accounting policies continued

2.18 IFRS 16 – LEASES

Lessor accounting

The Group acts as a lessor over all its leases over its Investment Property. These leases are classified as operating leases at lease inception. The Group recognises lease payments received under an operating lease as income on a straight-line basis over the lease term as part of Gross Property Revenue.

The Group makes payments to agents for services in connection with negotiating lease contracts with the Group's lessees. The letting fees are capitalised to unamortised upfront lease costs and amortised over the lease term.

The Group did not need to make any adjustment to the accounting for assets held under operating leases as a result of the adoption of IFRS 16.

Lessee accounting

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is measured at the initial amount of the lease liability adjusted for any lease payments made in advance, plus any initial direct costs incurred less any lease incentives received. A right-of-use asset in relation to leased land is recognised as Investment Property and a right-of-use asset in relation to leased office space is recognised as Property, Plant and Equipment.

The right-of-use asset recognised as Property, Plant and Equipment is subsequently depreciated using the straight-line method from the commencement date of the lease to the earlier of the end of the useful life of the asset or the end of the lease term. Right-of-use asset recognised as Investment Property is subsequently measured at fair value.

The lease liability is initially measured at the present value of the future lease payments discounted using the interest rate implicit in the lease and if unavailable, the Group's incremental borrowing rate. Lease payments included in the measurement of the finance lease liability comprise:

- Fixed payments; and
- Variable lease payments dependent on an index or a rate, initially measured using the index or rate as at the lease commencement date.

The lease liability is subsequently measured at amortised cost using the effective interest method.

A remeasurement occurs when there is a change in the future lease cash flows arising from a change in the Group's assessment of whether it will exercise an extension or termination option or where variable payments become fixed. Where the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the underlying right-of-use asset.

2.19 INTEREST INCOME AND EXPENSE

Interest income and expense are recognised within "finance income" and "finance costs" in profit or loss using the effective interest-rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. Interest income received from loans granted to equity accounted entities is presented as part of income from equity-accounted investments.

The effective interest-rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.20 OTHER EXPENSES

Expenses include legal, accounting, auditing and other fees. They are recognised as an expense in profit or loss in the period in which they are incurred (on an accruals basis).

2.21 INVESTMENT PROPERTIES HELD-FOR-SALE

Investment properties are classified as held-for-sale when their carrying amount is to be recovered through a sale transaction and a sale is considered highly probable.

Investment properties held-for-sale are measured at fair value.

Investment property classified as held-for-sale is measured in accordance with IAS 40 Investment property at fair value, with gains or losses on subsequent measurement being recognised in profit or loss.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

2. Summary of significant accounting policies continued

2.22 EMPLOYEE BENEFITS

2.22.1 Short-term employee benefits

Salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised as employee benefit expense and accrued when the associated services are rendered by the employees of the Group.

2.22.2 Defined contribution plans

The defined contribution plan is a post-employment benefit plan under which the Group pays contributions to a separate entity and has no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as an employee benefit expense when the related services have been rendered.

2.22.3 Short-term incentive

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

The bonuses are based on the achievement of pre-set KPIs that takes into consideration the profit attributable to the Group's shareholders after certain adjustments.

2.22.4 Share-based payments

Share appreciation rights scheme – cash settled

The Group operates a share appreciation rights scheme that was formulated to reward certain employees who make a meaningful and sustainable contribution to the financial performance of Emira.

The scheme is accounted for as a cash-settled share-based payment. The Group recognises a liability and an expense for cash-settled share-based transactions. The liability on the cash-settled share-based transactions is measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered services to date.

Forfeitable share plan – equity settled

The Group operates an equity-settled share-based forfeitable share plan for its employees.

The scheme is accounted for as an equity-settled share-based payment. The grant date fair value of forfeitable shares awarded to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Matching Share Scheme – equity settled

The Group operates an equity-settled share matching plan for its employees.

In terms of the matching share scheme, participants are encouraged to use their own funds to acquire Emira Property Fund Limited shares. Participants holding shares at the third anniversary of the date of award will be awarded Emira Property Fund Limited shares free of consideration based on a multiple of the original shares linked to the Group and individual's performance, so long as they have achieved a minimum of 75% of their KPIs for the period.

The scheme is accounted for as an equity-settled share-based payment. The grant-date fair value of the matching scheme is recognised as an expense, with a corresponding increase in equity, over the vesting period. The amount recognised as an expense is adjusted for changes in management's estimate of the number of shares expected to vest, such that the amount ultimately recognised is based on the number of awards that vest.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

3. Profit for the year before income tax charge

R'000	2021	2020
Expenses		
Auditor's remuneration	6 702	6 337
Audit fee	6 571	6 183
Non-audit fees	84	116
Expenses	47	39
Variable operating lease payments - leasehold properties	15 272	17 072
Payroll costs	60 368	44 819
IFRS2 charges on share schemes	11 812	5 743
Share appreciation rights scheme	(308)	(3 417)
Forfeitable share plan	11 941	9 039
Share matching scheme	180	121

DIRECTORS' EMOLUMENTS

R'000	Basic salary	Annual bonus	Share scheme payment	Dividends received on FSP shares	Total
Executive directors					
2021					
G Jennett (CEO)	4 235	2 933	–	1 026	8 194
G Booyens (CFO)	2 939	1 680	–	589	5 208
U van Biljon (COO)	2 977	1 566	–	619	5 162
Total	10 151	6 179	–	2 234	18 564
2020					
G Jennett (CEO)	3 862	5 765	–	895	10 522
G Booyens (CFO)	2 653	2 954	–	620	6 227
U van Biljon (COO)	2 619	3 093	–	557	6 269
Total	9 134	11 812	–	2 073	23 019

SHARE APPRECIATION RIGHTS SCHEME HELD

Number of shares	Balance at 30 June 2020	Vested/ exercised	Issued	Cancelled	Balance at 30 June 2021
Fourth tranche					
G Jennett (CEO)	526 667	–	–	(526 667)	–
U van Biljon (COO)	416 667	–	–	(416 667)	–
G Booyens (CFO)	241 667	–	–	(241 667)	–
Total	1 185 001	–	–	(1 185 001)	–
Fifth tranche					
G Jennett (CEO)	800 000	–	–	(400 000)	400 000
U van Biljon (COO)	666 667	–	–	(333 333)	333 334
G Booyens (CFO)	666 667	–	–	(333 333)	333 334
Total	2 133 334	–	–	(1 066 666)	1 066 668

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

3. Profit for the year before income tax charge continued

FSP SHARES HELD

Number of shares	Balance at 30 June 2020	Vested/ exercised	Issued	Cancelled	Balance at 30 June 2021
First tranche					
G Jennett (CEO)	147 900	(47 285)	–	(2 015)	98 600
U van Biljon (COO)	124 800	(39 900)	–	(1 700)	83 200
G Booyens (CFO)	114 100	(36 479)	–	(1 554)	76 067
Total	386 800	(123 664)	–	(5 269)	257 867
Second tranche					
G Jennett (CEO)	193 500	–	–	–	193 500
U van Biljon (COO)	137 600	–	–	–	137 600
G Booyens (CFO)	116 800	–	–	–	116 800
Total	447 900	–	–	–	447 900
Third tranche					
G Jennett (CEO)	459 250	–	–	–	459 250
U van Biljon (COO)	235 326	–	–	–	235 326
G Booyens (CFO)	246 399	–	–	–	246 399
Total	940 975	–	–	–	940 975
Fourth tranche					
G Jennett (CEO)	–	–	721 121	–	721 121
U van Biljon (COO)	–	–	397 886	–	397 886
G Booyens (CFO)	–	–	392 759	–	392 759
Total	–	–	1 511 766	–	1 511 766
Notice period FSP					
G Jennett (CEO)	22 446	–	–	–	22 446
U van Biljon (COO)	29 629	–	–	–	29 629
G Booyens (CFO)	14 624	–	–	–	14 624
Total	66 699	–	–	–	66 699

MATCHING SHARES HELD

Number of shares	Balance at 30 June 2020	Vested/ exercised	Issued	Cancelled	Balance at 30 June 2021
First tranche					
G Jennett (CEO)	24 000	(24 000)	–	–	–
Total	24 000	(24 000)	–	–	–
Second tranche					
G Jennett (CEO)	–	–	47 762	–	47 762
U van Biljon (COO)	–	–	13 300	–	13 300
G Booyens (CFO)	–	–	12 160	–	12 160
Total	–	–	73 222	–	73 222

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

3. Profit for the year before income tax charge continued

NON-EXECUTIVE DIRECTORS' FEES

R'000	2021	2020
G van Zyl (Chairman)	626	460
MS Aitken	370	273
BH Kent*	122	411
V Mahlangu	455	299
NE Makiwane**	–	201
B Moroole#	367	–
JW Templeton#	347	–
W McCurrie	422	316
V Nkonyeni	445	330
J Nyker	470	301
D Thomas	334	265
Total	3 958	2 855

* Retired effective 30 October 2020.

** Retired effective 1 April 2020.

Appointed effective 1 July 2020.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

4. Income tax charge

R'000	2021	2020
Major components of the income tax charge		
Normal	(12)	4 127
Current	(12)	4 127
Deferred tax	–	–
Current	–	–
Foreign taxation	(4 721)	10 273
Foreign taxation – income	(7 188)	5 040
Foreign taxation – capital	2 467	5 233
	(4 733)	14 400
Reconciliation of the tax charge		
Profit for the year before income tax credit/(charge) at 28% (2020: 28%)	128 703	(200 693)
Qualifying distributions	(173 641)	(152 728)
Foreign withholding tax – income	(7 188)	5 040
Foreign capital gains tax	2 467	5 233
<i>Non-taxable items:</i>		
Non-taxable income	(89 207)	(43 027)
Other	(1 948)	(4 438)
<i>Non-deductible items:</i>		
Fair value adjustments	41 504	409 231
Allowances for future rental escalations and upfront lease costs	1 403	693
Items not included in profit before tax but which are subject to tax	7 131	2 567
Non-deductible expenditure	15 256	16 339
Unrealised foreign exchange gains/(losses)	37 330	(39 872)
<i>Other:</i>		
Tax loss not carried forward	33 457	16 055
	(4 733)	14 400

Being a REIT, the Company and its Controlled Companies, are able to claim the qualifying distribution made to shareholders as a deduction against taxable income in respect of Section 25BB of the Income Tax Act.

The foreign capital gains tax arose due to the sale of outparcels at Dawsons Marketplace. Foreign withholding taxation did not materialise due to no foreign dividends being received from the USA subsidiary.

Non-taxable income includes income from equity-accounted investments and non-vesting share-based payment adjustments.

Non-deductible expenditure, includes the impairment of investment in subsidiaries, expected credit losses, SARS interest and penalties as well as transaction and advisory fees.

Other includes items that are not deductible for tax purposes as well as amounts that are disregarded and/or forfeited for tax purposes, s24I deductions and income and capitalised interest.

Items not included in profit before tax but which are subject to tax includes dividends received from equity-accounted investments and interest received on loans outstanding from BEE parties where the loans and corresponding interest are not recognised for accounting purposes – see note 30, Critical accounting estimates and judgements.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

5. Basic and diluted earnings per share

R'000	2021	2020
Reconciliation between earnings and headline earnings		
Profit for the year attributable to Emira shareholders	467 285	(734 178)
Adjusted for		
Net fair value loss on revaluation of investment properties	541 378	816 505
Net fair value loss on revaluation of investment properties of associates	(93 087)	3 546
Non-controlling interest portion of fair value adjustments – Bet All Investments (Pty) Ltd	(2 898)	3 185
Headline earnings	912 678	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)		
The calculation of earnings per share is based on net profit for the year of R467,3 million (2020: R-734,2 million), divided by the weighted average number of shares in issue during the year of 484 838 465 (2020: 497 105 845).	96,38	(147,69)
Diluted earnings per share (cents)		
The calculation of diluted earnings per share is based on net profit for the year of R467,3 million (2020: R-734,2 million), divided by the diluted weighted average number of shares in issue during the year of 489 333 883 (2020: 499 656 024).	95,49	(146,94)
Headline earnings per share (cents)		
The calculation of headline earnings per share is based on the headline earnings for the year of R912,7 million (2020: R89,1 million), divided by the weighted average number of shares in issue during the year of 484 838 465 (2020: 497 105 845).	188,24	17,92
Diluted headline earnings per share (cents)		
The calculation of earnings per share is based on net profit for the year of R912,7 million (2020: R89,1 million), divided by the diluted weighted average number of shares in issue during the year of 489 333 883 (2020: 499 656 024).	186,51	17,82
Reconciliation of diluted weighted average number of ordinary shares		
Actual ordinary shares in issue at 1 July	522 667 247	522 667 247
Vendor funded shares under the BEE scheme ⁱ	(26 133 364)	(15 811 224)
Treasury shares acquired for the forfeitable share plan ⁱⁱ	(4 495 418)	(2 550 179)
Treasury shares held by the ESA Trust ⁱⁱⁱ	(7 200 000)	(7 200 000)
Weighted average number of ordinary shares	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
Diluted weighted average number of shares in issue	489 333 883	499 656 024

ⁱ Emira shares relating to the outstanding capital on the Vendor Loans provided to the BEE Parties under Emira's June 2017 BEE Scheme, classified as treasury shares upon consolidation of BEE Scheme.

ⁱⁱ Emira shares held by Emira's Forfeitable Share Plan, classified as treasury shares.

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

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

6. Investment properties

R'000	2021	2020
Net carrying value		
Cost	7 492 294	7 392 707
Fair value surplus	2 000 550	2 556 519
Investment properties held for sale	(224 300)	–
Subtotal	9 268 544	9 949 226
Right of use lease asset ^	40 212	40 212
	9 308 757	9 989 438
Movement for the year		
Balance at beginning of year	9 989 438	10 548 180
Additions – subsequent expenditure on investment property	100 837	144 452
Transfers within Group	–	–
Disposal of investment property at fair value *	(34 500)	(66 250)
Reallocations	–	3 737
Deficit on revaluation	(541 378)	(816 505)
Tenant installations and lease commissions	18 660	(2 638)
– costs capitalised	37 653	8 732
– amortisation	(18 993)	(11 370)
Investment properties held for sale	(224 300)	138 250
Right of use lease asset	–	40 212
Balance at end of year	9 308 757	9 989 438
Reconciliation to independent and directors' valuations		
Valuation at 30 June 2021	9 308 757	9 989 438
Allowance for future rental escalations	220 874	225 622
Unamortised upfront lease costs	28 522	32 553
Investment property held for sale	224 300	–
Independent and directors' valuations at 30 June 2021	9 782 452	10 247 612

* Steiner Services was disposed on 14 December 2020.

^ The right of use asset was recognised to investment property, upon first time adoption of IFRS 16 Leases.

Full details of freehold and leasehold investment properties owned by the Group are available for inspection at Emira's registered office.

The properties were valued as at 30 June 2021 using a discounted cash flow approach based on future income streams, applying an appropriate capitalisation rate to each property. In terms of its accounting policy and JSE regulations, one third of the Group's property portfolio is valued annually by independent valuers, with the balance valued by the directors. The Independent valuations were carried out by Real Insight, Yield Enhancing Solutions and Premium Valuation Services, all registered valuers in terms of section 19 of the Property Valuers Profession Act (Act No. 47 of 2000). For further details on the measurement of fair value, please refer to note 28.

The investment properties classified as properties held-for-sale relate to properties that the Board approved to be recovered through sale rather than through use. Investment property classified as held for sale, consists of the Colony Centre, Epsom Downs Shopping Centre and Epping Warehouse and are in the process of being disposed of, and where necessary the properties have been revalued to their respective fair values based on the contractual selling prices of the property. These properties have been reclassified from investment properties to non-current assets held-for-sale where the requirements of IFRS 5 have been satisfied and there is a large degree of certainty that these units will be sold and transferred to buyers within 12 months of year end.

Investment properties to the value of R8 478,0 million (2020: R7 795,0 million) have been used to provide security for loans taken out. See note 16.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

7. Allowance for future rental escalations

R'000	2021	2020
Balance at beginning of year	225 622	222 731
Net straight-lining for the year	(4 748)	(846)
Reallocations	–	3 737
Balance at year-end	220 874	225 622

8. Unamortised upfront lease costs

R'000	2021	2020
Balance at beginning of year	32 554	32 425
Net smoothing for the year – lease costs pre 1 July 2015	(263)	(743)
Net smoothing for the year – lease costs post 1 July 2015	(3 769)	872
Balance at year-end	28 522	32 554

9. Furniture, fittings, computer equipment and intangible assets

R'000	2021	2020
Cost	5 323	5 317
Accumulated depreciation	(3 171)	(2 458)
Carrying value	2 152	2 859
Movement for the year		
Opening balance	2 859	2 948
Re-allocations	–	284
Additions	179	386
Depreciation	(886)	(759)
Net carrying value	2 152	2 859

Furniture and fittings, computer equipment and intangible assets in owner occupied properties are stated at cost less accumulated depreciation/amortisation and any impairment losses.

Computer software has a finite useful life and is subsequently amortised on a straight-line method over its estimated useful life.

Depreciation is charged so as to write off the cost less residual value of furniture and fittings and computer equipment over their estimated useful lives, using the straight-line method.

The principle useful lives used for this purpose are:

Computer equipment	3 years
Furniture and fittings	6 years
Computer software	5 years

These are assets within the owner occupied properties and facilitate the day to day management of the Group.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments

R'000	Principal place of business	Effective voting rights (%)	2021	2020
Joint venture				
Enyuka Prop Holdings (Pty) Ltd	South Africa	49,90	657 195	643 288
Associates				
Transcend Residential Property Fund Ltd	South Africa	34,90	438 918	505 812
Belden Park Delaware LLC	United States of America	46,67	141 630	174 398
Rainier Moore Plaza LLC	United States of America	49,50	239 189	248 679
32 East Center Delaware LLC	United States of America	49,42	75 076	79 722
Rainier Stony Creek LLC	United States of America	49,43	89 584	106 186
Rainier Woodlands Square LLC	United States of America	49,57	203 088	196 359
Rainier Truman's Marketplace LLC	United States of America	49,51	135 155	137 763
Rainier SA Crossing LLC	United States of America	49,50	89 530	84 201
Rainier Wheatland Investors LLC	United States of America	49,60	133 092	132 062
Rainier UTC LLC	United States of America	49,64	197 773	232 167
Rainier Dawsons Market Place LLC	United States of America	49,60	216 053	238 290
Rainier Newport Pavilion LLC	United States of America	49,62	179 985	–
Carrying amount			2 796 268	2 778 926
R'000			2021	2020
Reconciliation of equity-accounted investments				
Opening balance			2 090 992	1 583 160
Acquisition of equity-accounted interest			169 953	242 874
Share in equity-accounted profit			320 312	144 207
Dividends received			(94 720)	(145 936)
Foreign currency translation			(282 331)	266 688
Carrying amount			2 204 206	2 090 992
Reconciliation of loans advanced to equity-accounted investments				
Opening balance			687 935	732 366
Capital advanced			–	–
Expected credit loss			6 419	(5 725)
Interest accrued			91 576	94 917
Repaid during the year			(193 867)	(133 623)
Carrying amount of loans to equity-accounted investments			592 062	687 935

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

JOINT VENTURE: ENYUKA PROP HOLDINGS (PTY) LTD

R'000		2021	2020
Acquisition date	1 July 2017		
Primary place of business	South Africa		
Proportion ownership of interest	49,90%		
Carrying value of Emira Property Fund's interest in Enyuka			
Opening balance		58 614	87 603
Share in post acquisition reserves		6 519	(28 989)
Equity-accounted investment		65 133	58 614
Loan (net of expected credit loss)		592 062	584 674
		657 195	643 288

Enyuka is the rural retail venture between Emira and One Property Holdings ("One Prop").

Management has concluded that in terms of IAS 28: Investments in Associates and Joint Ventures, Emira jointly controls Enyuka hence Enyuka is equity accounted.

The loan advanced to Enyuka is unsecured and interest was charged at a rate of 14,80% (2020: 13,99%) for the year ended 30 June 2021. Interest is repayable quarterly and capital is repayable on maturity.

The credit risk of the loan to Enyuka Prop Holdings (Pty) Ltd was assessed and an expected credit loss of R4,2m (2020: R10,4m) was raised. Refer to note 29 for further information.

Further disclosure on Enyuka is included in note 30.

LOCAL ASSOCIATES

ASSOCIATE: TRANSCEND RESIDENTIAL PROPERTY FUND LTD

R'000		2021	2020
Acquisition date	13 December 2018		
Primary place of business	South Africa		
Proportion ownership of interest	34,90%		
Carrying value of Emira Property Fund's interest in Transcend			
Opening balance		402 552	430 823
Share in post acquisition reserves		61 835	1 486
Dividends received		(25 469)	(29 757)
Equity-accounted investment		438 918	402 552
Loan (net of expected credit loss)		–	103 261
		438 918	505 812

Transcend, which is listed on the JSE Main Board, was identified as an avenue through which Emira could enhance the diversification of the Company into the residential rental market given Transcend's expertise in specialised residential property assets, and access to significant pipeline opportunities. This strategy is in line with Emira's co-investment strategy with hands-on sector specialists who have good track records of success in their markets.

The quoted share price of Transcend at 30 June 2021 was R4,56 (2020: R6,50) per share.

Emira provided a mezzanine loan of R143,4m to Transcend on 13 December 2018 upon which a 1,5% raising fee was charged. Interest is charged at a rate of 3,95% (2020: 3,95%) margin above the three-month JIBAR and was fully repaid in the financial period. The loan to Transcend was fully settled during the year.

The credit risk of the loan to Transcend Residential Property Fund Ltd was assessed and an expected credit loss of R0m (2020: R0,3m) was raised.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

FOREIGN ASSOCIATES

Emira has continued with its strategy of investing into grocery-anchored dominant value oriented power centres in the USA, with one further acquisition made during the current financial period. Emira now has a minority share in eleven properties, all on a co-investment basis with its USA-based partner, The Rainier Group of Companies ("Rainier").

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

Emira's holds a 100,00% equity investment in CIL 2 LLC, which is the holding company of CIL2 REIT LLC. CIL2 REIT LLC does not exercise control over any of the USA property owning entities in terms of their financial and operating policy decisions. Emira does not have board representation, nor has there been any exchange of managerial personnel and Emira does not provide any guarantees or extend any credit thereto. However, Emira does exercise significant influence over the acquisitions and disposals of the investments made by CIL2 REIT LLC and each investment is equity accounted.

ASSOCIATE: BELDEN PARK DELAWARE LLC

R'000		2021	2020
Acquisition date	17 October 2017		
Primary place of business	United States of America		
Proportion ownership of interest	46,67%		
Carrying value			
Opening balance		174 398	153 929
Share in post acquisition reserves*		(2 014)	(2 114)
Dividends received		-	(12 949)
Foreign currency translation movement through other comprehensive income		(30 753)	35 531
		141 630	174 398

* For further detail, refer to note 30, Critical accounting estimates and judgements.

Belden Park Delaware LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Belden Park Crossing, located in North Canton, Ohio.

Dividends of USD nil (2020: USD756 000) were received by Emira from its investment in Belden Park Delaware LLC.

ASSOCIATE: RAINIER MOORE PLAZA LLC

R'000		2021	2020
Acquisition date	18 January 2018		
Primary place of business	United States of America		
Proportion of voting rights	49,50%		
Carrying value			
Opening balance		248 679	170 508
Additional investment		-	15 459
Share in post acquisition reserves*		35 003	46 074
Dividends received		-	(27 448)
Foreign currency translation movement through other comprehensive income		(44 492)	44 086
		239 189	248 679

* For further detail, refer to note 30, Critical accounting estimates and judgements.

Rainier Moore Plaza LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Moore Plaza, located in Corpus Christi, Texas.

Dividends of USD nil (2020: USD1 602 547) were received by Emira from its investment in Rainier Moore Plaza LLC.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

ASSOCIATE: 32 EAST CENTER DELAWARE LLC

R'000		2021	2020
Acquisition date	19 January 2018		
Primary place of business	United States of America		
Proportion of voting rights	49,42%		
Carrying value			
Opening balance		79 722	63 884
Share in post acquisition reserves *		9 591	6 904
Dividends received		–	(6 551)
Foreign currency translation movement through other comprehensive income		(14 236)	15 486
		75 076	79 722

* For further detail, refer to note 30, Critical accounting estimates and judgements.

32 East Centre Delaware LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as 32 East, located in Cincinnati, Ohio.

Dividends of USD nil (2020: USD382 500) were received by Emira from its investment in 32 East Delaware LLC.

ASSOCIATE: RAINIER STONY CREEK ACQUISITIONS LLC

R'000		2021	2020
Acquisition date	28 March 2018		
Primary place of business	United States of America		
Proportion of voting rights	49,43%		
Carrying value			
Opening balance		106 186	91 547
Share in post acquisition reserves *		8 519	4 187
Dividends received		(6 339)	(11 162)
Foreign currency translation movement through other comprehensive income		(18 783)	21 614
		89 584	106 186

* For further detail, refer to note 30, Critical accounting estimates and judgements.

Rainier Stony Creek Acquisitions LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Stony Creek, located in Noblesville, Indiana.

Dividends of USD436 105 (2020: USD651 687) were received by Emira from its investment in Rainier Stony Creek Acquisitions LLC.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

ASSOCIATE: RAINIER WOODLANDS SQUARE LLC

R'000		2021	2020
Acquisition date	26 October 2018		
Primary place of business	United States of America		
Proportion of voting rights	49,57%		
Carrying value			
Opening balance		196 359	176 316
Share in post acquisition reserves *		45 669	(2 436)
Dividends received		(3 564)	(18 174)
Foreign currency translation movement through other comprehensive income		(35 376)	40 653
		203 088	196 359

* For further detail, refer to note 30, Critical accounting estimates and judgements.

Rainier Woodlands Square LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Rainier Woodlands, located in Tampa, Florida.

Dividends of USD245 217 (2020: USD1 061 062) were received by Emira from its investment in Rainier Woodlands Square LLC.

ASSOCIATE: RAINIER TRUMAN'S MARKETPLACE LLC

R'000		2021	2020
Acquisition date	21 December 2018		
Primary place of business	United States of America		
Proportion of voting rights	49,51%		
Carrying value			
Opening balance		137 763	90 729
Share in post acquisition reserves *		27 071	32 346
Dividends received		(4 986)	(9 489)
Foreign currency translation movement through other comprehensive income		(24 694)	24 177
		135 155	137 763

* For further detail, refer to note 30, Critical accounting estimates and judgements.

Rainier Truman's Marketplace LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Truman's Marketplace, located in Grandview, Missouri.

Dividends of USD342 998 (2020: USD554 023) were received by Emira from its investment in Rainier Truman's Marketplace LLC.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

ASSOCIATE: RAINIER SA CROSSING LLC

R'000		2021	2020
Acquisition date	27 February 2019		
Primary place of business	United States of America		
Proportion of voting rights	49,50%		
Carrying value			
Opening balance		84 201	58 620
Share in post acquisition reserves *		28 815	17 664
Dividends received		(8 274)	(7 373)
Foreign currency translation movement through other comprehensive income		(15 212)	15 291
		89 530	84 201

* For further detail, refer to note 30, Critical accounting estimates and judgements.

Rainier SA Crossing LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as SA Crossing, located in San Antonio, Texas.

Dividends of USD569 250 (2020: USD430 487) were received by Emira from its investment in Rainier SA Crossing LLC, of which USD187 179 were distributions of a capital nature.

ASSOCIATE: RAINIER WHEATLAND INVESTORS LLC

R'000		2021	2020
Acquisition date	29 March 2019		
Primary place of business	United States of America		
Proportion of voting rights	49,60%		
Carrying value			
Opening balance		132 062	83 598
Share in post acquisition reserves *		35 690	36 328
Dividends received		(10 927)	(10 749)
Foreign currency translation movement through other comprehensive income		(23 732)	22 884
		133 092	132 062

* For further detail, refer to note 30, Critical accounting estimates and judgements.

Rainier Wheatland Investors LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Wheatland, located in Dallas, Texas.

Dividends of USD751 750 (2020: USD627 559) were received by Emira from its investment in Rainier Wheatland Investors LLC.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

ASSOCIATE: RAINIER UTC LLC

R'000		2021	2020
Acquisition date	24 June 2019		
Primary place of business	United States of America		
Proportion of voting rights	49,64%		
Carrying value			
Opening balance		232 167	175 602
Share in post acquisition reserves *		28 362	25 568
Dividends received		(21 657)	(12 283)
Foreign currency translation movement through other comprehensive income		(41 099)	43 281
		197 773	232 167

* For further detail, refer to note 30, Critical accounting estimates and judgements.

Rainier UTC LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as UTC, located in Norman, Oklahoma.

Dividends of USD1 489 955 (2020: USD717 138) were received by Emira from its investment in Rainier UTC LLC.

ASSOCIATE: RAINIER HENDON DAWSON MARKETPLACE ACQUISITIONS LLC

R'000		2021	2020
Acquisition date	3 February 2020		
Primary place of business	United States of America		
Proportion of voting rights	49,60%		
Carrying value			
Opening balance		238 290	–
Initial investment		–	227 415
Share in post acquisition reserves *		33 675	7 190
Dividends received		(13 505)	–
Foreign currency translation movement through other comprehensive income		(42 407)	3 685
		216 053	238 290

* For further detail, refer to note 30, Critical accounting estimates and judgements.

Rainier Hendon Dawson Marketplace Acquisitions LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Dawson Marketplace, located in Dawsonville, Georgia.

Dividends of USD929 086 (2020: USD nil) were received by Emira from its investment in Rainier Hendon Dawson Marketplace Acquisitions LLC, of which USD415 123 were distributions of a capital nature.

ASSOCIATE: RAINIER NEWPORT PAVILION LLC

R'000		2021	2020
Acquisition date	16 June 2021		
Primary place of business	United States of America		
Proportion of voting rights	49,62%		
Carrying value			
Initial investment		169 953	–
Share in post acquisition reserves *		1 462	–
Foreign currency translation movement through other comprehensive income		8 571	–
		179 985	–

* For further detail, refer to note 30, Critical accounting estimates and judgements.

Rainier Newport Pavilion LLC is a limited liability company registered in the State of Texas, United States of America, and is the owner of the property known as Newport Pavilion, located in Cincinnati, Kentucky.

Dividends of USD nil (2020: USD nil) were received by Emira from its investment in Rainier Newport Pavilion LLC.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

SUMMARISED FINANCIAL INFORMATION

Summarised financial information for each of the associates is presented below and represents the financial information included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest.

STATEMENT OF FINANCIAL POSITION*

2021	Enyuka Prop Holdings R'000	Transcend Residential Property Fund R'000	Belden Park Delaware LLC USD'000	Rainier Moore Plaza LLC USD'000	32 East Center Delaware LLC USD'000
Functional currency	ZAR	ZAR	USD	USD	USD
Sector	Local – Rural retail	Local – residential	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,90	34,90	46,67	49,50	49,42
ASSETS					
Non-current assets	1 664 190	2 534 917	65 300	76 200	29 900
Investment property	1 657 606	2 518 833	65 300	76 200	29 900
Fixtures and fittings	6 584	1 384	–	–	–
Loans receivable	–	14 700	–	–	–
Derivative financial instruments	–	–	–	–	–
Current assets	54 963	36 373	6 573	3 644	1 788
Trade and other receivables	10 077	7 775	1 094	(502)	105
Loans receivable	–	8 938	–	–	–
Cash and cash equivalents	44 886	19 660	5 479	4 146	1 683
Total assets	1 719 153	2 571 290	71 873	79 844	31 688
EQUITY AND LIABILITIES					
Equity	66 212	1 257 251	20 573	31 704	10 733
Share capital and reserves	13 089	1 020 934	13 437	19 045	6 760
Preference share capital	–	–	–	–	–
Retained Income	53 124	236 317	7 136	12 659	3 973
Non-current liabilities	1 624 423	680 885	49 435	46 929	20 392
Loans from shareholders	684 699	–	–	–	–
Interest-bearing debt	920 672	632 300	49 435	46 929	20 392
Other long-term liabilities	11 553	–	–	–	–
Derivative financial instruments	7 499	48 585	–	–	–
Current liabilities	28 517	633 154	1 865	1 210	563
Accounts payable	28 517	58 586	1 865	1 210	563
Interest-bearing debt	–	574 568	–	–	–
Total equity and liabilities	1 719 153	2 571 290	71 873	79 844	31 688

* The information of Enyuka Prop Holdings was extracted from Enyuka's trial balance for the year ending 30 June 2021. The independent external auditors of Enyuka are BDO South Africa Inc. The information in relation to the USA investments were extracted from their trial balances for the year ended 30 June 2021. The independent auditors of the USA associates are Whitley Penn LLP. The information for Transcend was extracted from Transcend's interim financial statements for the six months ended 30 June 2021, as announced on SENS on 16 August 2021.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

STATEMENT OF FINANCIAL POSITION* CONTINUED

2021	Rainier Stony Creek LLC USD'000	Rainier Woodlands Square LLC USD'000	Rainier Truman's Marketplace LLC USD'000	Rainier SA Crossing LLC USD'000	Rainier Wheatland Investors LLC USD'000
Functional currency	USD	USD	USD	USD	USD
Sector	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,43	49,57	49,51	49,50	49,60
ASSETS					
Non-current assets	32 500	66 775	34 500	23 163	36 740
Investment property	32 500	66 775	34 500	23 163	36 740
Fixtures and fittings	–	–	–	–	–
Loans receivable	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–
Current assets	2 682	3 796	4 105	2 813	2 660
Trade and other receivables	893	958	507	132	345
Loans receivable	–	–	–	–	–
Cash and cash equivalents	1 789	2 838	3 597	2 680	2 316
Total assets	35 182	70 571	38 605	25 976	39 400
EQUITY AND LIABILITIES					
Equity	12 924	27 836	17 484	12 657	17 812
Share capital and reserves	8 845	19 812	9 855	6 269	9 913
Preference share capital	–	–	–	–	–
Retained Income	4 079	8 023	7 629	6 388	7 899
Non-current liabilities	21 331	41 763	19 921	12 823	20 896
Loans from shareholders	–	–	–	–	–
Interest-bearing debt	21 331	41 763	19 921	12 823	20 896
Other long-term liabilities	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–
Current liabilities	926	972	1 201	495	693
Accounts payable	926	972	1 201	495	693
Interest-bearing debt	–	–	–	–	–
Total equity and liabilities	35 182	70 571	38 605	25 976	39 400

* The information of Enyuka Prop Holdings was extracted from Enyuka's trial balance for the year ending 30 June 2021. The independent external auditors of Enyuka are BDO South Africa Inc. The information in relation to the USA investments were extracted from their trial balances for the year ended 30 June 2021. The independent auditors of the USA associates are Whitley Penn LLP. The information for Transcend was extracted from Transcend's interim financial statements for the six months ended 30 June 2021, as announced on SENS on 16 August 2021.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

STATEMENT OF FINANCIAL POSITION* CONTINUED

2021	Rainier UTC LLC USD'000	Rainier Hendon Dawson Marketplace LLC USD'000	Rainier Newport Pavilion LLC USD'000
Functional currency	USD	USD	USD
Sector	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,64	49,60	49,62
ASSETS			
Non-current assets	64 800	66 130	74 750
Investment property	64 800	66 130	74 750
Fixtures and fittings	–	–	–
Loans receivable	–	–	–
Derivative financial instruments	–	–	–
Current assets	4 472	10 276	1 585
Trade and other receivables	487	126	133
Loans receivable	–	–	–
Cash and cash equivalents	3 985	10 150	1 452
Total assets	69 272	76 406	76 334
EQUITY AND LIABILITIES			
Equity	27 083	27 178	25 383
Share capital and reserves	19 917	36 214	25 180
Preference share capital	–	–	–
Retained Income	7 166	(9 037)	203
Non-current liabilities	40 969	48 355	50 758
Loans from shareholders	–	–	–
Interest-bearing debt	40 969	48 355	50 758
Other long-term liabilities	–	–	–
Derivative financial instruments	–	–	–
Current liabilities	1 221	874	193
Accounts payable	1 221	874	193
Interest-bearing debt	–	–	–
Total equity and liabilities	69 272	76 406	76 334

* The information of Enyuka Prop Holdings was extracted from Enyuka's trial balance for the year ending 30 June 2021. The independent external auditors of Enyuka are BDO South Africa Inc. The information in relation to the USA investments were extracted from their trial balances for the year ended 30 June 2021. The independent auditors of the USA associates are Whitley Penn LLP. The information for Transcend was extracted from Transcend's interim financial statements for the six months ended 30 June 2021, as announced on SENS on 16 August 2021.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

STATEMENT OF FINANCIAL POSITION CONTINUED

2020	Enyuka Prop Holdings R'000	Transcend Residential Property Fund R'000	Belden Park Delaware LLC USD'000	Rainier Moore Plaza LLC USD'000	32 East Center Delaware LLC USD'000	Rainier Stony Creek LLC USD'000
Functional currency	ZAR	ZAR	USD	USD	USD	USD
Sector	Local – Rural retail	Local – residential	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,90	34,90	46,67	49,50	49,42	49,43
ASSETS						
Non-current assets	1 655 500	2 717 002	67 810	70 555	28 850	32 013
Investment property	1 655 500	2 714 851	67 810	70 555	28 850	32 013
Fixtures and fittings	–	2 151	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–
Current assets	40 928	39 549	5 223	4 863	1 566	2 616
Accounts receivable	16 677	5 879	1 955	1 776	763	1 193
Cash and cash equivalents	24 251	33 670	3 268	3 087	804	1 423
Total assets	1 696 428	2 756 551	73 033	75 418	30 416	34 629
EQUITY AND LIABILITIES						
Equity	57 462	1 153 048	20 912	27 190	9 202	12 271
Share capital and reserves	13 089	1 020 934	12 596	28 454	6 497	13 150
Preference share capital	–	–	–	–	–	–
Retained Income	44 374	132 114	8 316	(1 264)	2 705	(879)
Non-current liabilities	1 609 648	1 556 529	50 184	46 628	20 695	21 291
Loans from shareholders	671 552	103 447	–	–	–	–
Interest-bearing debt	907 134	1 367 465	50 184	46 628	20 695	21 291
Other long-term liabilities	10 136	–	–	–	–	–
Derivative financial instruments	20 827	85 617	–	–	–	–
Current liabilities	29 317	46 974	1 937	1 600	519	1 067
Accounts payable	29 317	46 974	1 937	1 600	519	1 067
Interest-bearing debt	–	–	–	–	–	–
Total equity and liabilities	1 696 428	2 756 551	73 033	75 418	30 416	34 629

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

STATEMENT OF FINANCIAL POSITION CONTINUED

	Rainier Woodlands Square LLC USD'000	Rainier Truman's Marketplace LLC USD'000	Rainier SA Crossing LLC USD'000	Rainier Wheatland Investors LLC USD'000	Rainier UTC LLC USD'000	Rainier Hendon Dawson Marketplace LLC USD'000
2020						
Functional currency	USD	USD	USD	USD	USD	USD
Sector	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,57	49,51	49,50	49,60	49,64	49,60
ASSETS						
Non-current assets	62 038	33 706	19 878	34 175	63 543	78 737
Investment property	62 038	33 706	19 878	34 175	63 543	78 737
Fixtures and fittings	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–
Current assets	3 240	3 866	3 022	2 707	4 881	9 643
Accounts receivable	1 497	996	52	634	1 189	448
Cash and cash equivalents	1 743	2 870	2 971	2 072	3 693	9 195
Total assets	65 278	37 572	22 901	36 882	68 424	88 380
EQUITY AND LIABILITIES						
Equity	22 812	15 828	9 802	15 397	26 434	32 059
Share capital and reserves	24 650	12 220	8 400	12 500	24 970	38 169
Preference share capital	–	–	–	–	–	–
Retained Income	(1 838)	3 608	1 402	2 897	1 464	(6 110)
Non-current liabilities	41 696	19 814	12 770	20 850	40 889	55 390
Loans from shareholders	–	–	–	–	–	–
Interest-bearing debt	41 696	19 814	12 770	20 850	40 889	55 390
Other long-term liabilities	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–
Current liabilities	770	1 931	328	635	1 101	931
Accounts payable	770	1 931	328	635	1 101	931
Interest-bearing debt	–	–	–	–	–	–
Total equity and liabilities	65 278	37 572	22 901	36 882	68 424	88 380

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

STATEMENT OF COMPREHENSIVE INCOME*

2021	Enyuka Prop Holdings R'000	Transcend Residential Property Fund R'000	Belden Park Delaware LLC USD'000	Rainier Moore Plaza LLC USD'000	32 East Center Delaware LLC USD'000
Revenue	277 193	154 997	7 245	7 334	2 321
Other income	3 503	2 237	6	3	0
Expenditure					
Operating expenses	(118 646)	(70 282)	(2 748)	(3 196)	(756)
Operating profit	162 050	86 952	4 503	4 141	1 565
Fair value adjustments	13 030	135 531	(3 290)	3 658	716
Finance income	1 122	2 152	1	139	0
Finance costs	(166 034)	(56 483)	(2 375)	(2 182)	(991)
Profit before income tax charge	10 168	168 152	(1 161)	5 757	1 290
Taxation	(3 082)	–	(20)	(45)	(22)
Profit for the year	7 086	168 152	(1 180)	5 712	1 268
Emira's share of profit/(loss)^	6 519	58 685	(139)	2 408	660

2021	Rainier Stony Creek LLC USD'000	Rainier Woodlands Square LLC USD'000	Rainier Truman's Marketplace LLC USD'000	Rainier SA Crossing LLC USD'000	Rainier Wheatland Investors LLC USD'000
Revenue	3 986	6 183	4 863	2 485	4 137
Other income	–	0	0	3	(1)
Expenditure					
Operating expenses	(1 474)	(1 961)	(2 360)	(879)	(1 830)
Operating profit	2 511	4 222	2 502	1 609	2 306
Fair value adjustments	311	4 347	1 064	3 051	2 389
Finance income	–	0	–	–	0
Finance costs	(1 029)	(2 090)	(1 026)	(644)	(869)
Profit before income tax charge	1 793	6 478	2 541	4 016	3 826
Taxation	–	–	–	(11)	(36)
Profit for the year	1 793	6 478	2 541	4 005	3 790
Emira's share of profit/(loss)^	586	3 142	1 862	1 982	2 455

* The information of Enyuka Prop Holdings was extracted from Enyuka's trial balance for the year ending 30 June 2021. The independent external auditors of Enyuka are BDO South Africa Inc. The information in relation to the USA investments were extracted from their trial balances for the year ended 30 June 2021. The independent auditors of the USA associates are Whitley Penn LLP. The information for Transcend was extracted from Transcend's interim financial statements for the six months ended 30 June 2021, as announced on SENS on 16 August 2021.

^ Emira's share of profit of Enyuka Prop Holdings (Pty) Ltd ("Enyuka"), represents its participation rights in respect of its investment into the ordinary share capital and a class preference share capital of Enyuka. For further information in respect of Emira's participation rights to its share profit of its foreign USA associates, refer to note 30, Critical accounting estimates and judgements.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

STATEMENT OF COMPREHENSIVE INCOME* CONTINUED

				Rainier UTC LLC USD'000	Hendon Dawson Marketplace LLC USD'000	Rainier Newport Pavilion LLC USD'000
2021						
Revenue				6 371	5 166	270
Other income				(5)	0	0
Expenditure						
Operating expenses				(1 982)	(1 257)	(2)
Operating profit				4 383	3 909	268
Fair value adjustments				1 192	(5 057)	–
Finance income				2	3	0
Finance costs				(1 686)	(1 781)	(65)
Profit before income tax charge				3 891	(2 927)	203
Taxation				(152)	–	–
Profit for the year				3 739	(2 927)	203
Emira's share of profit/(loss)^				1 951	2 317	101
2020						
Revenue	Enyuka Prop Holdings R'000	Transcend Residential Property Fund R'000	Belden Park Delaware LLC USD'000	Rainier Moore Plaza LLC USD'000	32 East Center Delaware LLC USD'000	Rainier Stony Creek LLC USD'000
Other income	221 548	354 503	8 138	7 504	3 009	3 966
Operating expenses	690	6 392	40	2 674	33	87
Expenditure						
Operating expenses	(90 787)	(148 421)	(1 659)	(2 113)	(693)	(1 392)
Operating profit	131 451	212 474	6 519	8 065	2 349	2 661
Fair value adjustments	(25 875)	(117 861)	(4 382)	241	(470)	(766)
Finance income	1 405	5 551	1	–	–	–
Finance costs	(150 581)	(141 171)	(2 425)	(2 395)	(997)	(1 032)
Profit before income tax charge	(43 600)	(41 007)	(287)	5 911	883	863
Taxation	13 395	–	–	–	–	–
Profit for the year	(30 205)	(41 007)	(287)	5 911	883	863
Emira's share of profit/(loss)	(28 989)	(14 311)	(134)	2 913	436	427

* The information of Enyuka Prop Holdings was extracted from Enyuka's trial balance for the year ending 30 June 2021. The independent external auditors of Enyuka are BDO South Africa Inc. The information in relation to the USA investments were extracted from their trial balances for the year ended 30 June 2021. The independent auditors of the USA associates are Whitley Penn LLP. The information for Transcend was extracted from Transcend's interim financial statements for the six months ended 30 June 2021, as announced on SENS on 16 August 2021.

^ Emira's share of profit of Enyuka Prop Holdings (Pty) Ltd ("Enyuka"), represents its participation rights in respect of its investment into the ordinary share capital and A class preference share capital of Enyuka. For further information in respect of Emira's participation rights to its share profit of its foreign USA associates, refer to note 31, Critical accounting estimates and judgements.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

10. Investments and loans in equity-accounted investments continued

STATEMENT OF COMPREHENSIVE INCOME CONTINUED

	Rainier Woodlands Square LLC USD'000	Rainier Truman's Marketplace LLC USD'000	Rainier SA Crossing LLC USD'000	Rainier Wheatland Investors LLC USD'000	Rainier UTC LLC USD'000	Rainier Hendon Dawson Marketplace LLC USD'000
2020						
Revenue	6 341	4 941	2 518	4 187	6 887	2 249
Other income	4	48	862	7	220	1
Expenditure						
Operating expenses	(1 607)	(2 393)	(899)	(1 570)	(1 594)	(522)
Operating profit	4 738	2 596	2 481	2 624	5 513	1 729
Fair value adjustments	(2 998)	2 573	472	2 874	(497)	–
Finance income	–	–	–	–	3	1
Finance costs	(2 041)	(1 042)	(697)	(872)	(1 769)	(808)
Profit before income tax charge	(301)	4 127	2 256	4 626	3 249	922
Taxation	–	–	–	–	–	–
Profit for the year	(301)	4 127	2 256	4 626	3 249	922
Emira's share of profit/(loss)	(149)	2 043	1 117	2 295	1 613	455

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

11. Other financial assets

R'000	2021	2020
Inani Prop Holdings Proprietary Limited ("Inani")		
Holding (%)	20	20
Fair value at beginning of the year	19 360	30 822
Equity investment in Inani	9 400	779
Fair value adjustment	(23 287)	(12 240)
Fair value at end of year	5 474	19 360

The fair value of the investment in Inani was determined with reference to the net asset value of Inani, which is deemed to be a level 3 input of the fair value hierarchy as defined by IFRS 13, Fair Value Measurements. For further information in relation to the measurement of fair value, please refer to note 29.

12. Accounts receivable

R'000	2021	2020
Trade receivables	64 948	112 352
Less: Expected credit losses	(37 792)	(45 801)
Net trade receivables	27 156	66 551
Prepayments	17 568	13 261
Accrual of recoverable expenses	48 117	41 441
Municipal deposits	13 609	14 297
Other receivables	11 828	17 541
Total	118 278	153 091
Due within one year	118 278	153 091

The carrying values of accounts receivable approximate their fair value. All classes of accounts receivable have been considered for impairment.

The movement in the expected credit losses for trade receivables is as follows:

Opening balance	45 801	24 086
Expected credit losses written off during the year as uncollectable	(28 557)	(31 376)
Additional expected credit losses recognised during the year	20 548	53 091
– Standard trade receivables	38 047	33 011
– Deferred rental	(17 499)	20 080
Closing balance	37 792	45 801

Ageing of gross trade receivables

R'000	Government	Retail formal	SMME	Total
2021				
30 days	1 418	6 518	9 511	17 446
60 days	303	2 322	4 226	6 850
90 days	282	1 574	3 978	5 835
120+ days	2 706	14 457	17 654	34 817
Total	4 709	24 870	35 369	64 948
2020				
30 days	1 901	27 008	30 693	59 602
60 days	107	2 044	2 687	4 838
90 days	470	6 353	16 153	22 976
120+ days	1 342	4 839	18 755	24 936
Total	3 820	40 244	68 288	112 352

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

12. Accounts receivable continued

Ageing of expected credit loss allowance

R'000	Government	Retail formal	SMME	Total
2021				
30 days	372	2 066	2 651	5 089
60 days	167	896	2 730	3 793
90 days	256	566	3 262	4 085
120+ days	2 703	6 977	15 145	24 825
Total	3 499	10 506	23 788	37 792
2020				
30 days	2	5 377	18 791	24 170
60 days	–	125	1 069	1 194
90 days	–	1 661	7 691	9 352
120+ days	–	2 386	8 699	11 085
Total	2	9 549	36 250	45 801

Refer to note 29 for further information on the credit risk of trade and other receivables.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

13. Loans receivable

R'000	2021	2020
LOANS PROVIDED ON THE DISPOSAL OF INVESTMENT PROPERTY		
Africrest Properties (Pty) Ltd – The Avenues	–	6 000
The loan was early settled in full on 24 August 2020.		
Africrest Properties (Pty) Ltd – Riverworld	–	9 270
The loan was early settled in full on 24 August 2020.		
Inani Prop Holdings (Pty) Ltd	366 171	338 992
The loan bears interest at 3 month JIBAR plus a margin of 4,5% (2020: 4,0%) from the first utilisation date until the end of the 15th month after the first utilisation date and thereafter increasing by 50 basis points for each 12 month period. The loan is repayable on 27 June 2024 and Emira has a 2nd ranking debt guarantee.		
RAB Property Investments (Pty) Ltd – Loan 1	40 645	48 702
The loan bears interest at 3 month JIBAR plus a margin of 3,5% per annum and is repayable as follows; 11 monthly instalments of R1 million each from and including 28 July 2020 to and including 28 May 2021; followed by three equal instalments payable on and including 28 June 2021, 28 December 2021 and 28 June 2022 to reduce the balance to nil. The loan is secured by a guarantee from its parent company, Ozmik Property Investments (Pty) Ltd. The loan relates to finance provided on the disposal of the properties known as Brooklyn Gardens, Waterkloof House and Brooklyn Forum.		
RAB Property Investments (Pty) Ltd – Loan 2	–	42 157
The loan matured on 27 March 2021 and was settled in full.		
Square Buttons Consulting (Pty) Ltd	4 070	3 735
The loan bears interest at 9,5% per annum from 16 October 2017 to 15 October 2018, 10,5% per annum from 16 October 2018 to 15 October 2019 and 11,5% per annum from 16 October 2019 until the date of repayment. The loan is secured and was repayable on 20 December 2020. The loan remains outstanding and the Company has instituted legal proceedings to enforce payment of the amount due. The loan relates to finance provided on the disposal of the property known as 4 Kikuyu.		
SUPPLIER DEVELOPMENT LOANS		
BrightBlack Energy (Pty) Ltd – Boskruin Shopping Centre	2 670	2 966
The loan was advanced in terms of the solar project undertaken in line with the Fund's BBBEE policy of supplier development. R3,1 million was advanced at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 15 April 2029. The loan is secured by a notarial bond over the related solar panels.		
BrightBlack Energy (Pty) Ltd – Randridge Mall	8 605	9 529
The loan was advanced in terms of the solar project undertaken in line with the Fund's BBBEE policy of supplier development. R9,7 million was advanced during the year at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 30 September 2029.		
BrightBlack Energy (Pty) Ltd – Market Square	1 979	–
The loan was advanced in terms of the solar project undertaken in line with the Fund's BBBEE policy of supplier development. R1,9 million was advanced during the year at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 31 January 2031.		
Sinani Energy (Pty) Ltd – Ben Fleur Shopping Centre	3 696	3 956
The loan was advanced in terms of the solar project undertaken in line with the Fund's BBBEE policy of supplier development. R3,0 million was advanced at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 31 July 2029. The loan is secured by a notarial bond over the related solar panels.		
Sinani Energy (Pty) Ltd – Springfield Retail Centre	2 673	905
The loan was advanced in terms of the solar project undertaken in line with the Fund's BBBEE policy of supplier development. R0,9 million was advanced during the year at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 31 December 2030. The loan is secured by a notarial bond over the related solar panels.		
Sinani Energy (Pty) Ltd – Quagga Centre	2 237	–
The loan was advanced in terms of the solar project undertaken in line with the Fund's BBBEE policy of supplier development. R2,0 million was advanced during the year at a interest rate of prime. The loan is repayable quarterly with the final repayable amount due on 31 August 2031. The loan is secured by a notarial bond over the related solar panels.		

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

13. Loans receivable continued

R'000	2021	2020
Total gross loans receivable	432 746	466 212
Total expected credit loss	(75 614)	(50 802)
Net loans receivable	357 132	415 410
Current portion of gross loans receivable	53 722	68 833
Current portion of expected credit loss	(549)	(31 351)
Net current portion of loans receivable	53 173	37 483
Non-current portion of gross loans receivable	379 024	397 379
Non-current portion of expected credit loss	(75 065)	(19 451)
Non-current portion of loans receivable	303 959	377 928

Refer to note 29 for further information on the credit risk of loans receivable.

14. Share capital

AUTHORISED

2 000 000 000 ordinary shares of no par value (2020: 2 000 000 000).

ISSUED

522 667 247 ordinary shares of no par value (2020: 522 667 247).

R'000	2021	2020
AUTHORISED AND ISSUED		
Balance at beginning of year	3 445 296	3 654 591
Recognition of shares issued to BEE Scheme	–	172 411
Treasury shares in issue	(11 421)	(381 706)
Shares acquired for the Forfeitable Share Plan ⁱ	(14 576)	(17 480)
Treasury shares held by BEE Scheme upon consolidation ⁱⁱ	–	(364 226)
Emira Forfeitable Share Plan shares vested ⁱⁱⁱ	2 754	–
Emira Matching Share Plan shares vested ⁱⁱⁱ	402	–
Closing balance	3 433 875	3 445 296

ⁱ Shares held in treasury in respect of the Forfeitable share plan issued as a long-term incentive to employees of 5 129 878 (2020: 2 840 147). A total of 2 517 563 shares were acquired at an average price of R5,79 per share.

ⁱⁱ Emira issued 26 133 364 shares to the BEE Scheme SPVs at R13,94 per share in furtherance of its BEE strategy in June 2017. Upon the re-assessment of control of the BEE SPVs, it was determined that control is exercised and the BEE SPVs were consolidated with effect from 1 April 2020 and the shares issued to the BEE SPVs were classified as treasury shares. For further information, please refer to note 30.

ⁱⁱⁱ 204 292 Emira Forfeitable Share Plan shares and 30 355 Emira Matching Share plan shares, vested in the current financial period. For further information, refer to note 21.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

15. Reserves

R'000	2021	2020
Fair value and other reserves		
Opening balance	4 086 457	4 893 802
Equity-settled share scheme charge	–	9 160
Transfer to fair value reserve	(556 955)	(816 505)
Fair value adjustments on investment property	(541 378)	(816 505)
Transfer to share-based payments reserve	(15 577)	–
Closing balance	3 529 502	4 086 457
Share-based payments reserve*		
Opening balance	–	–
Emira Forfeitable Share Plan shares vested	(2 911)	–
Emira Matching Share Plan shares vested	(402)	–
Equity settled share scheme charge	12 121	–
Transfer from fair value and other reserves	15 577	–
Closing balance	24 385	–
* The Share-based payment reserve has been split out of Other reserves in the current financial period to provide enhanced disclosure on the Forfeitable Share Plan and Matching Share Plan schemes.		
Foreign currency translation reserve		
Opening balance	173 967	19 776
Exchange differences on translation of foreign operations	(147 190)	154 191
Closing balance	26 777	173 967
Non-controlling interest		
Opening balance	5 874	2 595
Profit for the year	(2 898)	3 016
Dividends paid	–	(827)
Non-controlling interest acquired	–	1 090
Closing balance	2 976	5 874
Retained earnings		
Opening balance	(270 352)	412 635
Total comprehensive income for the year	467 286	(734 177)
Profit for the year	464 387	(731 161)
Non-controlling interest	2 898	(3 016)
Dividends paid	(404 297)	(786 472)
Premium on share option*	–	18 875
Control of BEE Scheme acquired for no consideration	–	26 369
Non-controlling interest acquired^	–	(24 085)
Transfer to fair value reserve	541 378	816 505
Closing balance	334 015	(270 352)
Total reserves	3 917 656	3 995 947

* The premium on share option of Rnil million (2020: R18,8 million) represents the interest received on the unrecognised loan to the BEE parties prior to the consolidation of the BEE Scheme. For further information, see note 30.

^ On 12 July 2019, a settlement agreement was entered into between Emira, Continuum, and Continuum Investments LLC (the "Continuum Manager"). Per the terms of the settlement agreement, Emira purchased Continuum's 3,16% equity interest in the Company for total consideration of USD1 500 000, with effect from 20 August 2019. Accordingly, Emira and Continuum agree that with effect from First Closing Date that all ownership rights, entitlements and benefits in and to the Equity Interests shall vest in Emira; and all risks, obligations and duties in and to the Equity Interests shall transfer to Emira.

The fair value reserve represents all fair value adjustments made in respect of investment properties and listed property investment.

The other reserve represents the charge which was made to the statement of comprehensive income in respect of shares that were issued to the ESA Trust, the Fund's BEE partners and vendors of properties in prior years and the cost recognised on the equity settled share schemes, as detailed in note 30.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

16. Interest-bearing debt

RECONCILIATION OF INTEREST-BEARING BORROWINGS

R'000	2021	2020
Opening balance	5 179 061	5 293 013
Borrowings acquired	2 655 000	1 265 729
Transaction costs paid	(4 257)	(2 439)
Transaction costs amortised (non-cash)	3 053	2 703
Interest accrued	279 554	34 602
Repayment of debt	(2 653 684)	(1 537 133)
Interest paid	(287 057)	–
Control of BEE Scheme	–	146 238
Closing balance	5 171 670	5 179 061
Current portion	720 792	1 681 000
Non-current portion	4 450 878	3 498 061

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

16. Interest-bearing debt continued

R'000 Funder		Nominal interest rate	Term	Date of maturity	2021	2020
Emira direct funding						
Rand Merchant Bank ¹	Secured	PRIME - 1,45%	36 months	Nov 22	129 677	105 153
Rand Merchant Bank ¹	Secured	3m JIBAR + 1,85%	60 months	Dec 23	301 128	301 137
Rand Merchant Bank ¹	Secured	3m JIBAR + 1,70%	36 months	Jun 21	–	200 658
Rand Merchant Bank ¹	Secured	3m JIBAR + 1,65%	38 months	Jul 22	202 608	203 525
Rand Merchant Bank ¹	Secured	3m JIBAR + 1,80%	62 months	Jul 24	303 749	305 080
Rand Merchant Bank ¹	Secured	3m JIBAR + 1,95%	36 months	May 23	201 106	201 165
Rand Merchant Bank ¹	Secured	3m JIBAR + 2,05%	48 months	Jul 25	199 889	–
ABSA ⁴	Secured	PRIME - 1,50%	36 months	Jul 22	(319)	(636)
ABSA ⁴	Secured	3m JIBAR + 1,60%	36 months	Mar 23	150 493	150 436
ABSA ⁴	Secured	3m JIBAR + 2,15%	36 months	Apr 25	199 336	199 841
ABSA ⁴	Secured	3m JIBAR + 2,10%	48 months	Nov 24	199 381	–
Nedbank ²	Secured	3m JIBAR + 1,85%	63 months	Sep 23	200 039	199 901
Nedbank ²	Secured	3m JIBAR + 1,70%	60 months	Apr 24	202 127	202 893
Nedbank ²	Secured	3m JIBAR + 2,00%	60 months	Sep 22	299 893	299 650
Nedbank ²	Secured	3m JIBAR + 2,20%	36 months	Mar 24	(688)	–
Standard Bank ³	Secured	PRIME - 1,49%	48 months	May 21	–	224 752
Standard Bank ³	Secured	3m JIBAR + 2,05%	48 months	Jun 25	224 595	–
Standard Bank ³	Secured	3m JIBAR + 1,85%	60 months	Jun 23	200 076	199 987
Standard Bank ³	Secured	PRIME - 1,25%	60 months	Jun 23	–	–
Sanlam ⁵	Unsecured	3m JIBAR + 1,85%	48 months	Jun 21	–	200 032
Sanlam ⁵	Secured	3m JIBAR + 1,95%	36 months	Jul 24	199 527	–
Investec Bank	Unsecured	QUOTED	12 months	Apr 22	166 565	150 927
DMTN programme ⁷	Secured	3m JIBAR + 1,65%	61 months	Sep 20	–	70 311
DMTN programme ⁶	Unsecured	3m JIBAR + 1,90%	36 months	Nov 20	–	150 455
DMTN programme ⁶	Unsecured	3m JIBAR + 1,80%	36 months	May 21	–	402 050
DMTN programme ⁶	Unsecured	3m JIBAR + 2,00%	60 months	Jun 23	127 485	127 488
DMTN programme ⁷	Secured	3m JIBAR + 1,45%	36 months	Sep 21	130 427	130 365
DMTN programme ⁷	Secured	3m JIBAR + 1,60%	60 months	Sep 23	200 564	200 507
DMTN programme ⁶	Unsecured	3m JIBAR + 1,80%	84 months	Dec 25	100 160	100 135
DMTN programme ⁷	Secured	3m JIBAR + 1,65%	36 months	Sep 22	90 194	100 236
DMTN programme ⁶	Unsecured	3m JIBAR + 1,60%	36 months	Nov 22	100 761	100 867
DMTN programme ⁷	Secured	3m JIBAR + 2,10%	36 months	Sep 23	70 246	–
DMTN programme ⁶	Unsecured	3m JIBAR + 2,10%	36 months	May 24	381 679	–
DMTN programme ⁶	Unsecured	3m JIBAR + 1,10%	12 months	Nov 20	–	126 064
DMTN programme ⁶	Unsecured	3m JIBAR + 1,10%	12 months	Mar 21	–	335 879
DMTN programme ⁶	Unsecured	3m JIBAR + 1,70%	12 months	Nov 21	170 293	–
DMTN programme ⁶	Unsecured	3m JIBAR + 1,60%	12 months	Mar 22	231 567	–
					4 982 558	4 988 858
Other consolidated debt						
Sanlam (ESA Trust)*	Secured	3m JIBAR + 3,00%	60 months	Jun 24	40 593	40 827
Sanlam (Tamela SPV)**	Secured	3m JIBAR + 3,00%	64 months	Oct 22	74 260	74 688
Sanlam (Letsema SPV)***	Secured	3m JIBAR + 3,00%	64 months	Oct 22	74 260	74 688
					5 171 670	5 179 061
Current portion included in current liabilities					(720 792)	(1 681 000)
					4 450 878	3 498 061

* Relates to the funding provided by Sanlam to The ESA Trust ("ESA"), the investment vehicle for the executive directors. The loan is secured by ESA's 7 200 000 Emira shares. Emira exercises control over ESA and as such it is consolidated in line with IFRS 10.

** Relates to the funding provided by Sanlam to Tamela Property Investments (Pty) Ltd ("Tamela SPV"), a wholly owned subsidiary of Tamela Holdings (Pty) Ltd ("Tamela"), in terms of Emira's June 2017 BEE equity investment scheme. The loan is secured by Tamela SPVs 13 066 682 Emira shares. Tamela SPV is consolidated by Emira, effective 27 March 2020, due to the guarantee provided by Emira to Sanlam in respect of the Tamela SPVs outstanding debt.

*** Relates to the funding provided by Sanlam to Luxanio Trading 157 (Pty) Ltd ("Letsema SPV"), a wholly owned subsidiary of Letsema Holdings (Pty) Ltd ("Letsema"), in terms of Emira's June 2017 BEE equity investment scheme. The loan is secured by Letsema SPVs 13 066 682 Emira shares. Letsema SPV is consolidated by Emira, effective 27 March 2020, due to the guarantee provided by Emira to Sanlam in respect of the Letsema SPVs outstanding debt.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

16. Interest-bearing debt continued

The financial assets have been pledged under the following terms:

- A minimum group net asset value of R6 billion must be maintained at all times.
The facility gearing ratio shall not exceed 50%.
The group consolidated net interest-bearing debt to total assets ratio shall be no more than 50%.
The facility interest cover ratio ("ICR") shall be greater than 1,9 times.
The group consolidated ICR shall be greater than two times.
The facility gearing ratio including hedging liabilities shall be no more than 60%.
- The facility ICR shall be greater than 1,2 times.
The facility LTV ratio shall not exceed 70%.
The group consolidated ICR shall be greater than two times.
The group consolidated LTV ratio shall not exceed 50%.
- The facility ICR shall be greater than 1,2 times.
The facility LTV ratio shall not exceed 70%.
The group consolidated ICR shall be greater than two times.
The group consolidated LTV ratio shall not exceed 50%.
- The facility ICR shall be greater than two times.
The facility LTV ratio shall not exceed 60%.
The facility LTV ratio, including net mark-to-market shall not exceed 65%.
The group consolidated ICR shall be greater than two times.
The group consolidated LTV ratio shall not exceed 50%.
- The group LTV ratio may not exceed 50%.
The 30 Day VWAP of the pledged Transcend Residential Property Fund shares must be greater than 80% of the Opening 30 Day VWAP.
- The group LTV ratio may not exceed 50%.
- The group LTV ratio may not exceed 50%.
The facility LTV ratio shall not exceed 40%.

Interest-bearing debt is measured at amortised cost.

As at 30 June 2021 Emira had total debt facilities (excluding other consolidated debt) of R5 797,0 million (2020: R5 586,0 million), of which R4 968,0 million (2020: R4 966,7 million) had been utilised.

At 30 June 2021, the aggregate indebtedness amounted to 40,9% (2020: 43,0%) of the gross value of the underlying income producing assets.

As at 30 June 2021 interest rates were fixed in respect of 80,7% (2020: 83,0%) of interest-bearing borrowings and the weighted average all in interest rate at 30 June 2021 was 7,34% (2020: 7,45%), excluding other consolidated debt. Details of Emira's interest-rate hedging contracts are shown in note 19.

No covenants were breached during the year.

Debt covenant summary:

	Transaction LTV		Transaction LTV, including derivatives		Corporate LTV covenant		Transaction ICR		Corporate ICR	
	Prescribed (%)	Actual (%)	Prescribed (%)	Actual (%)	Prescribed (%)	Actual (%)	Prescribed (times)	Actual (times)	Prescribed (times)	Actual (times)
Rand Merchant Bank #	50,0	38,6	60,0	40,8	50,0	42,8*	1,9	3,9	2,0	2,6**
ABSA #	60,0	36,7	65,0	43,5	50,0	42,8*	2,0	4,6	2,0	2,9
Nedbank #	70,0	48,6	n/a	n/a	50,0	42,8*	1,2	2,5	2,0	2,9
Standard Bank #	70,0	52,9	n/a	n/a	50,0	42,8*	1,2	3,1	2,0	2,9
Sanlam ***	***	***	n/a	n/a	50,0	42,8*	n/a	n/a	n/a	n/a
Investec Bank ^	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DMTN programme (secured) #	40,0	39,1	n/a	n/a	50,0	42,8*	n/a	n/a	n/a	n/a
DMTN programme (unsecured) ^	n/a	n/a	n/a	n/a	50,0	42,8*	n/a	n/a	n/a	n/a

Secured.

^ Unsecured.

* Standard calculation of LTV = 40,9%. These funders limit the inclusion of equity-accounted investments and loans receivable into income producing assets to 20% of total income producing assets, which increases the LTV to 42,8%.

** ICR covenant allocates interest received to EBITDA rather than offsetting against interest paid.

*** Sanlam facility is secured by Emira's 45 682 283 Transcend Residential Property Fund ("TPF") shares. Trigger event occurs if 30 day VWAP of TPF shares \leq R3,648. 30 day VWAP at 30 June 2021 was R4,560.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

17. Other financial liabilities

R'000	2021	2020
Feenstra Property Group (Pty) Ltd	23 548	23 785
Loan provided to Bet-All Investments (Pty) Ltd from minority shareholder. The loan is unsecured and bears interest at three month JIBAR plus 180 basis points.		
Letsema Holdings (Pty) Ltd	7 795	8 135
Loan provided to Luxanio Trading 157 (Pty) Ltd in respect the shareholder's equity contribution. The loan is unsecured and does not bear interest.		
Letsema Strategy Services (Pty) Ltd	140	96
Loan provided to Luxanio Trading 157 (Pty) Ltd in respect of the shareholder's equity contribution, which is unsecured and does not bear interest.		
Sanlam Life Insurance Limited	3 427	2 081
Loan provided to Tamela Property Investments (Pty) Ltd in respect of the shareholder's equity contribution. The loan is unsecured and bears interest at three month JIBAR + 3,25% repayable quarterly.		
Tamela Holdings (Pty) Ltd	9 106	9 106
Loan provided to Tamela Property Investments (Pty) Ltd in respect of the shareholder's equity contribution, which is unsecured and does not bear interest.		
Closing balance	44 016	43 203
Current portion	–	–
Non-current portion	44 016	43 203
Closing balance	44 016	43 203

The carrying values of the other financial liabilities approximate the fair value thereof.

18. Lease liability

R'000	2021	2020
Opening balance	39 587	40 212
Interest expense	2 895	2 976
Lease payments	(3 813)	(3 601)
Closing balance	38 668	39 587
Current portion	3 152	3 666
Non-current portion	35 516	35 921
Closing balance	38 668	39 587
Maturity analysis of undiscounted future lease liability payments		
– Due within one year	3 169	3 813
– Due within two to five years	14 341	13 443
– Due beyond five years	50 694	54 761
Closing balance	68 204	72 018

The Group adopted IFRS 16 – Leases on 1 July 2019. The lease liabilities relate to the right-of-use assets disclosed under note 6. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The incremental borrowing rate applied to the lease liabilities on 1 July 2019 ranged from 7,4% to 7,6%. Each lease payment is allocated between the liability and finance cost. Finance costs are charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

19. Derivative financial instruments

R'000	2021	2020
Net fair value of the derivative assets at the statement of financial position date was:		
Interest-rate swap contracts	2 492	–
Cross-currency interest-rate swap contracts	–	6 088
Foreign exchange option contracts	120 212	134 935
Balance at 30 June	122 704	141 023
Less: current portion	(41 392)	(46 072)
Non-current portion	81 312	94 951
R'000	2021	2020
Net fair value of the derivative liabilities at the statement of financial position date was:		
Interest-rate swap contracts	108 936	236 040
Cross-currency interest-rate swap contracts	113 600	363 176
Foreign exchange option contracts	90 449	179 003
Forward contracts relating to share appreciation rights scheme	4 938	43 179
Balance at 30 June	317 923	821 398
Less: current portion	(117 054)	(190 326)
Non-current liabilities	200 869	631 072

SHARE INCENTIVE SCHEME DERIVATIVES

The Group entered into cash settled forward contracts with Investec as an economic hedge, in respect of the fourth (the fourth tranche expired during the current financial period) and fifth tranches of the share appreciation rights share incentive scheme, at the following forward prices:

Maturity date	Number of shares	Forward price
Fifth tranche		
30 September 2021	1 700 000	12,48

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

19. Derivative financial instruments continued

INTEREST-RATE DERIVATIVES

The notional principal amount of the outstanding interest-rate hedging contracts at 30 June 2021 was R4 009,0 million (2020: R4 121,9 million).

The interest-rate hedging contracts as at 30 June 2021 are as follows:

Financial institution	Nominal value	Commencement date	Maturity date	Fixed rate (%)	Rate basis
Interest-rate swaps					
Rand Merchant Bank	R50,0 million	11 Mar 16	31 Jan 22	6,570	3m JIBAR
Rand Merchant Bank	R50,0 million	15 Jun 19	4 Feb 22	6,490	3m JIBAR
Rand Merchant Bank	R150,0 million	25 Mar 14	25 Mar 22	6,480	3m JIBAR
ABSA	R50,0 million	29 Mar 19	29 Mar 22	6,820	3m JIBAR
Rand Merchant Bank	R40,0 million	1 Jul 11	31 May 22	6,680	3m JIBAR
Nedbank	R150,0 million	9 Jun 17	13 Jun 22	7,335	3m JIBAR
Nedbank	R150,0 million	12 Jun 17	13 Jun 22	7,310	3m JIBAR
Rand Merchant Bank	R200,0 million	20 Sep 13	20 Jun 22	6,830	3m JIBAR
Rand Merchant Bank	R210,0 million	1 Jul 11	31 Aug 22	7,502	3m JIBAR
ABSA	R50,0 million	30 Jun 17	30 Jun 22	6,700	3m JIBAR
Rand Merchant Bank	R88,5 million	1 Jul 11	29 Jul 22	7,510	3m JIBAR
Rand Merchant Bank	R213,0 million	1 Nov 13	30 Jun 22	7,520	3m JIBAR
Rand Merchant Bank	R50,0 million	15 Aug 14	30 Sep 22	6,700	3m JIBAR
Rand Merchant Bank	R100,0 million	10 Sep 07	30 Dec 22	7,446	3m JIBAR
Rand Merchant Bank	R60,0 million	2 Jun 10	31 Jan 23	7,528	3m JIBAR
Rand Merchant Bank	R270,0 million	14 Jun 21	14 Jun 23	4,743	3m JIBAR
Rand Merchant Bank	R200,0 million	20 Jun 13	20 Jun 23	7,650	3m JIBAR
Rand Merchant Bank	R200,0 million	6 Aug 20	7 Aug 23	4,190	3m JIBAR
ABSA	R125,0 million	15 Aug 17	17 Aug 23	7,270	3m JIBAR
ABSA	R50,0 million	26 Sep 17	26 Sep 23	7,270	3m JIBAR
Rand Merchant Bank	R200,0 million	20 Dec 13	20 Jun 23	7,650	3m JIBAR
ABSA	R125,0 million	1 Mar 18	1 Mar 24	7,160	3m JIBAR
ABSA	R50,0 million	29 Mar 19	28 Mar 24	7,550	3m JIBAR
ABSA	R150,0 million	3 Apr 18	2 Apr 24	7,190	3m JIBAR
ABSA	R150,0 million	29 Jun 17	28 Jun 24	7,480	3m JIBAR
Rand Merchant Bank	R250,0 million	7 Jan 20	7 Jan 25	6,970	3m JIBAR
Cross-currency interest-rate swaps					
ABSA	USD4,2 million	16 Oct 19	8 Nov 23	2,140	3m JIBAR
ABSA	USD9,7 million	16 Oct 19	8 Feb 24	2,090	3m JIBAR
ABSA	USD6,1 million	31 Jul 19	7 May 24	2,640	3m JIBAR
ABSA	USD8,0 million	18 Jun 19	7 Aug 24	2,310	3m JIBAR
Rand Merchant Bank	USD8,0 million	28 Jan 20	7 Aug 24	1,934	3m JIBAR
Rand Merchant Bank	USD3,1 million	20 Dec 17	7 Feb 25	2,384	3m JIBAR
Rand Merchant Bank	USD1,0 million	16 Nov 17	7 Feb 25	2,184	3m JIBAR
Rand Merchant Bank	USD1,2 million	10 May 19	7 Nov 25	2,764	3m JIBAR
Rand Merchant Bank	USD2,5 million	26 Mar 19	7 Nov 25	2,771	3m JIBAR
Rand Merchant Bank	USD5,7 million	18 Dec 18	7 Nov 25	2,892	3m JIBAR
Rand Merchant Bank	USD11,6 million	19 Oct 18	7 May 26	2,888	3m JIBAR

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

19. Derivative financial instruments continued

FOREIGN EXCHANGE DERIVATIVES

The Group uses forward exchange contracts to hedge the anticipated income flows from its investments in the USA.

The foreign exchange contracts as at 30 June 2021 are as follows:

Maturity period	Nominal value USD'000	Fixed USD/R rate
Dec 2021	3 782	15,72
Jun 2022	2 607	15,85
Dec 2022	3 985	16,59
Jun 2023	2 714	16,96
Dec 2023	4 054	17,70
Jun 2024	2 224	17,80
Dec 2024	2 246	18,64
Jun 2025	962	18,89
Dec 2025	181	16,74

20. Accounts payable

R'000	2021	2020
Trade payables	13 639	11 512
Tenant deposits	85 762	94 058
Accrued expenses	179 885	157 847
Pre-paid debtors	30 651	33 872
Value added tax	5 742	(3 726)
Other payables	18 914	14 725
Total	334 593	308 288
Current	334 593	308 288

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

21. Employee benefits

EMPLOYEE BENEFITS LIABILITY

R'000	2021	2020
Share appreciation rights scheme	180	488
Provision for leave pay	2 689	2 469
Accrued bonuses	16 511	11 116
Total	19 380	14 074

SHARE-BASED PAYMENTS

i. Share appreciation rights

The Group operates a share appreciation rights scheme that was formulated to reward certain employees who make a meaningful and sustainable contribution to the financial performance of Emira.

The awards may be exercised in equal tranches, three, four and five years after the date of grant. Tranche 4 and 5 are subject to a performance condition of annual growth in distributions compared to CPI.

The number of SARs awards outstanding is as follows:

	Outstanding at 1 July 2020	Granted	Cancelled/ expired	Vested	Outstanding at 30 June 2021
Tranche					
Fourth tranche	1 718 833	–	(1 718 833)	–	–
Fifth tranche	3 213 667	–	(1 656 834)	–	1 556 833
	4 932 500	–	(3 375 667)	–	1 556 833

No SARs vested during the year. At 30 June 2021, the following SARs are expected to vest in the future.

– Tranche five – third third: 100%

The IFRS 2 charge recognised in the statement of comprehensive income in respect of the share appreciation rights scheme amounted to income of R0,3 million (2020: income R2,5 million). The scheme is accounted for as a cash-settled share-based payment, whereby a share-based payment expense is recognised as the services and vesting conditions are met. The fair value of the share appreciation rights is calculated by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered services to date.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

21. Employee benefits continued

ii. Forfeitable Share Plan

The Forfeitable Share Plan ("FSP") was introduced as a long-term incentive for employees who will receive shares in the Company for no consideration. The purpose of the FSP is to provide both an incentive to employees to deliver the Group's business strategy and objectives over the long-term and to act as a retention mechanism. The vesting of the FSP awards are subject to continued employment over the vesting period and meeting certain pre-set performance targets. In terms of the plan and depending on vesting conditions being met, the shares awarded to employees vest in equal tranches from the date of the award to three, four and five years after the date of the grant.

Participants are entitled to the corresponding voting rights and distributions prior to vesting.

In the event of death, serious disability, retrenchment or retirement of a participant, a portion of the award, to be calculated in terms of the provisions of the FSP, shall vest. If the participant's employment is terminated, the unvested portion of the award will be forfeited in its entirety, or partially, at the discretion of the Remuneration Committee, and all rights will lapse immediately on the date of termination of employment.

Movements in the number of forfeitable shares outstanding during the year are as follows:

	Outstanding at 1 July 2020	Granted	Cancelled/ expired	Vested	Outstanding at 30 June 2021
Grant date					
15 December 2017	640 600	–	(26 908)	(204 292)	409 400
15 September 2018	793 399	–	(32 300)	–	761 099
15 September 2019	1 391 848	–	(51 782)	–	1 340 066
15 October 2020	–	2 517 551	(94 841)	–	2 422 710
	2 825 847	2 517 551	(205 831)	(204 292)	4 933 275

At 30 June 2021 all awards in issue were expected to vest in the future.

The IFRS 2 expense recognised in the statement of comprehensive income for the year in respect of the FSP amounted to R11,9 million (2020: R9,1 million). The fair value was determined by using the actual price that the FSP shares were acquired at grant date.

iii. Matching Share Scheme

In terms of the matching share scheme, participants are invited bi-annually to acquire Emira shares.

Participants holding shares at the third anniversary of the date of award will, subject to performance criterion being met, be awarded Emira shares, free of consideration, based on a multiple of one share for every three original shares held.

Movements in the number of matching scheme awards during the year are as follows:

	Outstanding at 1 July 2020	Granted	Cancelled/ expired	Vested	Outstanding at 30 June 2021
Grant date					
27 November 2017	30 355	–	–	(30 355)	–
27 November 2020	–	97 833	–	–	97 833
	30 355	97 833	–	(30 355)	97 833

At 30 June 2021 all matching scheme awards in issue are expected to vest in the future.

The IFRS 2 expense recognised in the statement of comprehensive income in respect of the share matching scheme amounted to R0,1 million (2020: R0,1 million). The fair value of services received in return for the matching share scheme awards has been determined as the number of shares expected to vest multiplied by the share price at grant date.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

22. Notes to the statement of cash flows

R'000	2021	2020
Cash generated from operations		
Profit before income tax charge for the year	459 654	(716 762)
Adjusted for:		
Fair value adjustments	564 665	841 608
Allowance for future rental escalations of investment properties	4 748	846
Unamortised upfront lease costs	262	744
Amortisation of tenant installations	18 993	11 370
Income from listed property investment	–	(8 686)
Income from equity-accounted investments	(418 750)	(239 126)
Interest expense	404 537	402 489
Interest capitalised to the cost of developments	(3 936)	(3 768)
Foreign exchange profit/(loss)	137 985	(154 073)
Unrealised deficit on revaluation of interest-rate swaps	(411 470)	619 922
Revaluation of derivative financial instruments relating to share appreciation rights scheme	(4 966)	–
Expected credit losses	29 048	44 572
Share-based payment amortisation	11 963	–
Finance income	(40 183)	(51 578)
Depreciation	875	759
Operating profit before working capital changes	753 423	748 317
Decrease/(increase) in accounts receivable	34 813	(38 455)
Increase/(decrease) in accounts payable	24 788	12 596
Cash generated from operations	813 024	722 458
Distribution to shareholders		
Distributions for the year	(402 983)	(815 002)
Distributions paid to shareholders	(402 983)	(815 002)
Taxation paid for the year		
Taxation payable at beginning of year	17 130	3 362
Movement in statement of comprehensive income:	(5 112)	14 400
SA normal taxation	(12)	4 127
SARS Interest and penalties	(379)	–
Foreign taxation	(4 721)	10 273
Taxation payable at end of year	(3 590)	(17 130)
Taxation paid for the year	8 428	631

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

23. Related parties and related party transactions

The following transactions were carried out with related parties:

R'000	2021	2020
Enyuka Prop Holdings (Pty) Ltd		
Shares	12	12
Loan	596 296	595 109
Interest received	85 121	80 437
Expected credit loss	(4 234)	(10 435)
Relationship: Joint venture, 49,9% owned		
Transcend Residential Property Fund Ltd		
Investment	438 918	402 552
Loan	–	103 478
Interest received	6 455	14 480
Dividend received	25 469	29 757
Expected credit loss	–	(217)
Relationship: Equity-accounted associate, 34,9% owned		

Related party relationships exist between the Company, its subsidiaries, directors, and key management of the Group. Refer below for a list of all subsidiaries and structured entities consolidated.

Remuneration paid to directors is set out in note 3.

Details of the Emira Forfeitable Share Plan and Emira Matching Share Plan in which the executive directors participate are provided in note 21.

Details of directors' interest in the ordinary shares of the Group are provided in the Directors Report.

The Company has the following wholly-owned subsidiaries, unless otherwise indicated, all of which are property investment companies incorporated in South Africa:

Subsidiaries directly held

Adamass Investments (Pty) Ltd
 Aquarella Investments 272 (Pty) Ltd
 Backbone Investments (Pty) Ltd
 Bet All Investments (Pty) Ltd (75%)
 CIL2 LLC ^
 Freestone Property Holdings (Pty) Ltd
 Libra Investments 5 (Pty) Ltd
 Lowmer Investments (Pty) Ltd
 Menlyn Corporate Park (Pty) Ltd
 Monagon Properties (Pty) Ltd
 No 9 Sturdee Share Block (Pty) Ltd
 Omnicron Investments 005 (Pty) Ltd
 Rapidough Properties 509 (Pty) Ltd
 Strategic Real Estate Managers (Pty) Ltd
 Waterside Place Body Corporate
 Windrifter Share Block (Pty) Ltd

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

23. Related parties and related party transactions continued

Subsidiaries indirectly held

ESA Trust
 Tamela Property Investment (RF) (Pty) Ltd
 Luxanio Investments 157 (Pty) Ltd
 Cape Poinsett Property Investments (Pty) Ltd
 Freestone Property Investments (Pty) Ltd
 CIL2 REIT LLC ^
 CIL2 REIT TRS LLC ^
 Ranier CIL2 Stony Creek LLC ^
 Ranier 32 East LLC ^
 Ranier Belden Park LLC ^

^ Incorporated in the USA.

24. Minimum contracted rental income

R'000	2021	2020
The Group has rental income receivable in terms of operating lease contracts:		
– Due within one year	914 944	925 027
– Due within two to five years	1 592 086	1 885 048
– Due beyond five years	319 747	407 348
	2 826 777	3 217 424

The weighted average length of leases is 2,6 years (2020: 2,7 years) and the average annual escalation rate is 7,1% (2020: 7,3%).

25. Commitments and contingencies

R'000	2021	2020
Authorised capital expenditure		
– Committed	34 033	2 400
– Contracted for	33 005	69 743

CONTINGENCIES

The Group has no material contingent liabilities as at 30 June 2021.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

26. Post year-end events

Declaration of dividend after reporting date

In line with IAS 10, Events after the reporting period, the declaration of the final dividend of 66,65 cents per share occurred after the end of the reporting period, resulting in a non-adjusting event that is not recognised in the financial statements.

Civil unrest

Subsequent to the reporting date, on 9 July 2021, violent civil unrest and disorder broke out in parts of Gauteng and KwaZulu-Natal, resulting in sporadic incidents of looting and damage to property. One of Emira's properties, and six of Enyuka's properties, were affected, with extensive looting and associated damage, which included shopfront and equipment damage, as well as some 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 affected 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 one 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 has further considered the impact for the 2022 financial year end and have concluded that the income stream is covered by insurance and no evidence exists to suggest a change to the capitalisation rates or discount rates.

Funding

Emira entered into a Senior Secured Floating Rate Listed Note, in terms of its Domestic Medium Term Note Programme dated 13 March 2019, effective 7 September 2021 for a nominal value of R130,0 million, to refinance the maturing EPF016 note.

Other

Enyuka has entered into a sale agreement with Sizovuna Property Fund (Pty) Ltd for the 50% undivided share of Bizana for R15,3 million. This is pending the fulfillment of suspensive conditions and is thus not unconditional.

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

27. Segment information

The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision maker is the CEO of the Fund.

Management has determined the operating segments based on the reports reviewed by the CEO in making strategic decisions. The CEO considers the business based on the following operating segments:

LOCAL SOUTH AFRICAN INVESTMENTS

- Office – comprises directly held commercial properties
- Retail – comprises directly held shopping centres and the investment in Enyuka
- Industrial – comprises directly held industrial properties
- Residential – comprises directly held residential property and the investment in Transcend
- Corporate – comprises the South African administration activities of the Group

INTERNATIONAL INVESTMENTS

- International – comprises the indirect investments into grocery anchored power centres in the USA, as well as international administrative activities.

The operating segments derive their revenue, either directly or indirectly, from rental income from lessees. All of the Group's income generating business activities and operating segments are reported within the above segments.

The local administration activities of the Group are reported under the "Corporate" operating segment, and the international administration activities are reported under the international segment.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

27. Segment information continued

R'000	Office	Retail	Industrial	Residential	Corporate	Local	Inter-national	Total
SECTORAL SEGMENTS – JUNE 2021								
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)
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 fair value adjustments	(291 041)	(166 273)	(70 778)	(13 286)	393 150	(148 227)		(148 227)
Investment properties	(291 041)	(166 273)	(70 778)	(13 286)	–	(541 378)	–	(541 378)
Derivative financial instruments relating to share appreciation rights scheme	–	–	–	–	4 966	4 966	–	4 966
Interest-rate derivatives	–	–	–	–	411 472	411 472	–	411 472
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

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

27. Segment information continued

R'000	Office	Retail	Industrial	Residential	Corporate	Local	Inter-national	Total
SECTORAL SEGMENTS – JUNE 2020								
Revenue	456 497	731 287	284 190	29 140	–	1 501 114	–	1 501 114
Operating lease rental income and tenant recoveries	465 009	713 306	294 505	29 140	–	1 501 960	–	1 501 960
Allowance for future rental escalations	(8 512)	17 981	(10 315)	–	–	(846)	–	(846)
Property expenses	(213 314)	(330 358)	(135 130)	(10 610)	–	(689 411)	–	(689 411)
Income from listed property investment	–	–	–	–	–	–	8 686	8 686
Administration expenses	–	–	–	–	(69 884)	(68 884)	(9 542)	(116 930)
Operating profit	254 362	419 423	154 197	21 225	(107 389)	741 818	(856)	740 964
Net fair value adjustments	(265 011)	(420 932)	(117 821)	(12 741)	(632 162)	(1 448 667)	(12 863)	(1 461 530)
Investment properties	(265 011)	(420 932)	(117 821)	(12 741)	–	(816 505)	–	(816 505)
Derivative financial instruments relating to share appreciation rights scheme	–	–	–	–	8	8	–	8
Interest-rate derivatives	–	–	–	–	(619 930)	(619 930)	–	(619 930)
Property investments	–	–	–	–	(12 240)	(12 240)	(12 863)	(25 103)
Expected credit loss	–	–	–	–	(44 572)	(44 572)	–	(44 572)
Foreign exchange loss	–	–	–	–	–	–	154 073	154 073
Other income	–	–	–	–	3 559	3 559	–	3 559
Income from equity-accounted investments	–	51 448	–	15 967	–	67 415	171 710	239 126
Distributable	–	71 592	–	14 480	–	86 072	139 187	225 259
Non-distributable	–	(20 144)	–	1 487	–	(18 657)	32 523	13 866
Profit before finance costs	(10 648)	49 940	36 376	24 451	(778 565)	(678 446)	312 065	(366 380)
Net finance costs	–	–	–	–	(280 342)	(280 342)	(68 039)	(348 382)
Profit before income tax charge	(10 648)	49 940	36 376	24 451	(1 058 907)	(960 788)	244 026	(716 762)
Taxation	–	–	–	–	(4 127)	(4 127)	(10 273)	(14 400)
Profit for the period	(10 648)	49 940	36 376	24 451	(1 063 034)	(962 915)	233 753	(731 162)
Investment properties	3 215 451	4 987 175	1 833 787	211 200	–	10 247 613	–	10 247 613
Investment properties held for sale	–	–	–	–	–	–	–	–
Listed property investment	–	–	–	–	–	–	–	–
Loans receivable	–	–	–	–	415 411	415 411	–	415 411
Other assets	–	653 724	–	506 030	397 875	1 539 628	1 661 331	3 200 959
Total assets	3 215 451	5 640 899	1 833 787	717 230	795 286	12 202 652	1 661 331	13 863 983
Interest-bearing borrowings	–	–	–	–	5 179 061	5 179 061	–	5 179 061
Other liabilities	–	–	–	–	1 225 122	1 225 122	18 557	1 243 679
Total liabilities	–	–	–	–	6 404 183	6 404 183	18 557	6 422 740

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For the year ended 30 June 2021 continued

27. Segment information continued

R'000	Office	Retail	Industrial	Residential	Corporate	Local	Inter-national	Total
JUNE 2021								
Revenue								
– Gauteng and Mpumalanga	276 047	527 273	230 155	28 049	–	1 061 523	–	1 061 523
– Western Cape	116 894	53 394	55 573	–	–	225 861	–	225 861
– KwaZulu-Natal	38 263	70 570	38 079	–	–	146 913	–	146 913
– Free State	–	42 026	–	–	–	42 026	–	42 026
	431 205	693 263	323 807	28 049	–	1 476 324	–	1 476 324
Investment properties								
– Gauteng and Mpumalanga	1 880 425	3 821 921	1 246 140	201 250	–	7 149 736	–	7 149 736
– Western Cape	879 525	363 865	381 037	–	–	1 624 427	–	1 624 427
– KwaZulu-Natal	219 935	391 100	159 065	–	–	770 100	–	770 100
– Free State	–	238 189	–	–	–	238 189	–	238 189
	2 979 885	4 815 075	1 786 242	201 250	–	9 782 452	–	9 782 452
JUNE 2020								
Revenue								
– Gauteng and Mpumalanga	311 636	545 402	210 624	29 139	–	1 096 802	–	1 096 802
– Western Cape	112 595	53 524	49 302	–	–	215 420	–	215 420
– KwaZulu-Natal	39 956	70 744	34 577	–	–	145 277	–	145 277
– Free State	824	43 636	–	–	–	44 461	–	44 461
	465 011	713 306	294 504	29 139	–	1 501 960	–	1 501 960
Investment properties								
– Gauteng and Mpumalanga	2 102 975	3 970 912	1 254 700	211 200	–	7 539 787	–	7 539 787
– Western Cape	887 875	367 350	396 487	–	–	1 651 712	–	1 651 712
– KwaZulu-Natal	224 600	401 425	182 600	–	–	808 625	–	808 625
– Free State	–	247 489	–	–	–	247 489	–	247 489
	3 215 450	4 987 176	1 833 787	211 200	–	10 247 613	–	10 247 613

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

28. Measurement of fair value

FINANCIAL INSTRUMENTS

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

R'000	Note	2021 Level 1	2021 Level 2	2021 Level 3	2021 Total	2020 Level 1	2020 Level 2	2020 Level 3	2020 Total
Financial assets measured at fair value									
Other financial assets	11	–	–	5 474	5 474	–	–	19 360	19 360
Derivative assets	19	–	122 703	–	122 703	–	141 023	–	141 023
Total		–	122 703	5 474	128 177	–	141 023	19 360	160 383
Financial liabilities measured at fair value									
Derivative liabilities	19	–	317 923	–	317 923	–	821 398	–	821 398
Total		–	317 923	–	317 923	–	821 398	–	821 398
Net fair value		–	(195 220)	5 474	(189 746)	–	(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 decrease to the forward contracts of R1,6m. A 10% decrease in the spot price results in a increase 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.

The following key factors were taken into account by Inani when measuring investment property at reporting date:

- Weighted average discount rate of 15,88% (2020: 15,84%); and
- Weighted average exit capitalisation rate of 11,13% (2020: 11,18%).

NON-FINANCIAL ASSETS

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

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

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

28. Measurement of fair value continued

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 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 risk-free rate. These were tested for reasonability against published research reports from SAPOA as well as surveys and opinions from other industry bodies.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

28. Measurement of fair value continued

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:

	JHB	PTA	CPT	KZN	Other	Total 2021	Total 2020
EXIT CAPITALISATION RATES (%)							
Offices	9,84	9,10	9,82	9,72	–	9,60	9,49
Offices P-grade	9,00	9,10	–	–	–	9,07	9,11
Offices A-grade	10,67	–	9,82	9,72	–	9,96	9,76
Offices B-grade	10,90	–	–	–	–	10,90	10,90
Retail	9,50	8,14	9,64	9,70	9,83	8,80	8,71
Industrial	9,93	10,29	10,10	10,00	–	9,99	10,18
DISCOUNT RATES (%)							
Offices	14,84	14,02	14,48	14,72	–	14,44	14,44
Offices P-grade	14,25	14,02	–	–	–	14,08	14,41
Offices A-grade	15,50	–	14,48	14,72	–	14,71	14,35
Offices B-grade	15,40	–	–	–	–	15,40	15,40
Retail	14,18	13,14	14,64	14,60	14,86	13,73	13,77
Industrial	14,94	14,81	14,47	14,45	–	14,80	15,03
MARKET RENTALS (%)							
Offices	151,37	188,32	166,20	147,03	–	168,30	163,00
Offices P-grade	190,00	188,32	–	–	–	188,82	196,00
Offices A-grade	110,00	–	166,20	147,03	–	152,45	153,00
Offices B-grade	110,00	–	–	–	–	110,00	111,00
Retail	138,27	151,85	125,13	156,09	132,95	145,81	138,00
Industrial	56,07	68,22	68,67	66,63	–	60,25	59,26
MARKET RENTAL ESCALATION RATES (%)							
Offices	6,0	6,4	7,0	7,2	–	6,5	7,3
Offices P-grade	5,0	6,4	–	–	–	6,0	7,3
Offices A-grade	7,0	–	7,0	7,2	–	7,1	7,3
Offices B-grade	7,5	–	–	–	–	7,5	7,5
Retail	6,5	6,5	6,5	6,9	6,5	6,5	6,6
Industrial	6,6	6,9	6,6	7,2	–	6,7	6,9
VOID PERIOD (MONTHS)							
Offices	4,4	10,5	5,6	4,5	–	6,9	4,4
Offices P-grade	1,3	10,5	–	–	–	7,8	5,0
Offices A-grade	8,8	–	5,6	4,5	–	6,0	3,5
Offices B-grade	5,8	–	–	–	–	5,8	4,6
Retail	6,4	3,3	5,5	4,3	2,1	4,1	4,7
Industrial	2,2	2,7	1,7	1,2	–	2,0	1,7
PERPETUAL VACANCY (%)							
Offices	5,0	4,8	4,8	4,6	–	4,8	4,7
Offices P-grade	5,0	4,8	–	–	–	4,9	4,2
Offices A-grade	5,0	–	4,8	4,6	–	4,8	5,3
Offices B-grade	5,0	–	–	–	–	5,0	5,0
Retail	4,4	2,3	4,4	2,8	3,9	3,1	3,0
Industrial	3,5	3,6	1,9	1,7	–	3,0	2,0

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

28. Measurement of fair value continued

Further to the overall sensitivity analysis on discount rates and exit capitalisation rates, a sensitivity analysis has been performed on the top three properties (by value) for the retail, office and industrial portfolios, to show the effect on values when adjusting each of the key inputs. The results are as follows:

%	Offices	Retail	Industrial
Valuation impact if exit capitalisation rate is increased by 25bps	(1,6)	(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 (Prop Val), MIV (SA) professional associate 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), MP Real Estate, MIV (SA), 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

There have been no material changes to the assumptions applied by the registered valuers.

Fair value measurement of investment properties held for sale

The fair value of investment properties held for sale is based on the sale price agreed by the parties to the transaction where applicable or the fair value thereof.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

29. Financial risk management

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's financial risk management objective is to manage the capital and financial risk exposure so that the Group continues as a going concern and minimises adverse effects of financial risks on returns.

The Group's activities expose it to a variety of financial risks: capital risk, market risk (including interest-rate risk, foreign exchange risk and share price risk), credit risk and liquidity risk.

While risk management is the ultimate responsibility of the Board of directors, the Board has delegated this responsibility to the risk committee which is responsible for developing and monitoring the Group's risk management policies. The Board has also established a finance committee which is specifically responsible for monitoring Emira's funding policies as well as its interest rate and foreign exchange hedging policies.

The Group's financial instruments consist mainly of derivatives, financial assets, loans receivable, deposits with banks, accounts receivable and payable, interest-bearing debt, and loans to and from subsidiaries. The Group purchases or issues financial instruments to finance operations and to manage interest rate and foreign currency risks that may arise from time to time. The Group does not engage in the trading of financial assets for speculative purposes.

Exposure to interest rate, credit and liquidity risks occurs in the normal course of business.

Cash resources are monitored to meet working capital requirements and surplus cash is applied on an access basis against long-term interest-bearing liabilities.

A. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares to shareholders or sell assets to reduce debt.

The Group monitors capital on the basis mandated by the Board. The Group's borrowings are limited to 50% of the carrying value of its income-producing assets. This ratio is calculated as total borrowings, less cash plus/(minus) the net derivative liability/(asset), divided by total income-producing assets as disclosed in the statement of financial position of the Group. Income producing assets include direct property investments, investments into listed property securities, investments into unlisted property securities and loans receivable.

During 2021, the Group's strategy, which was unchanged from 2020, was to maintain a loan to value ratio within its covenant limit and an A(ZA) 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). The Group's utilised borrowings capacity at 30 June 2021 can be summarised as follows:

R'000	2021	2020
GROUP		
Total income producing assets	12 895 640	13 412 390
Investment properties	9 517 940	10 207 401
Investment properties held for sale	224 300	–
Listed property investments	–	–
Investment and loans in equity-accounted investments	2 796 268	2 789 579
Loans receivable (net of expected credit loss)	357 132	415 410
Total borrowings net of cash	5 269 980	5 764 389
Interest-bearing debt – Non-current	4 450 878	3 498 061
Interest-bearing debt – Current	720 792	1 681 000
Net derivative liability	195 220	680 376
Cash and cash equivalents	(96 910)	(95 047)
Utilised capacity %	40,9	43,0

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

29. Financial risk management continued

B. MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group's market risks arise from changes in foreign currency exchange rates, interest rates and change in share price. The Group enters into interest-rate hedging agreements to mitigate the risk of rising interest rates as set out in note 19.

Foreign currency risk management

The Group's exposure to exchange rate fluctuations arose through its investment in CIL2 LLC, its USA subsidiary which holds equity-accounted investments into USA retail properties. The investment in CIL2 is denominated in United States dollar (USD) and translated at the spot rate at each reporting date. Forward exchange contract derivatives are acquired to limit exposure to currency fluctuations with respect to future dividends and interest receivable from these investments. Exchange rate fluctuations are considered to be insignificant due to the Group hedging the majority of its foreign exposure.

Emira has entered into cross-currency interest-rate swaps ("CCIRS"), in respect of the debt funding of its equity investments into the USA. Under the terms of the CCIRS Emira pays USD fixed interest and receives ZAR floating interest. These cross-currency interest-rate swaps are effectively USD loans with a ZAR deposit. The Fund aims to synthetically convert at least 50% of the ZAR debt funding relating to its US investments into USD debt funding using CCIRS. By effectively matching a portion of the currency of the funding with that of the investment, a proportion of the capital related USD/ZAR currency risk movements are eliminated.

At 30 June 2021, the Fund had cross-currency interest-rate swaps of USD61,0 million in place against assets of USD119,0 million. The cross-currency interest-rate swaps have a weighted average duration to expiry of 3,6 years and mature between November 2023 and May 2026.

Interest-rate risk management

The Group's exposure to interest rates on financial instruments at the date of the statement of financial position is set out in note 20.

Interest rates are constantly monitored and appropriate steps are taken to ensure that the Group's exposure to interest-rate fluctuations is limited. Interest rates have been fixed for extended periods ranging from 2022 to 2026. The average rate of interest at 30 June 2021 (applicable to the fixed interest-rate agreements) was 6,72% (2020: 7,12%). At 30 June 2021, 19,3% (2020: 17,0%) of Emira's debt was subject to a variable or floating interest rate and was not covered by an interest-rate swap agreement. An increase in the base interest rates of 1% per annum would result in an increase in interest payable in respect of the floating portion of the Group's debt, which would reduce net profit for the year by R1,6 million (2020: R1,4 million). A decrease in the base interest rate of 1% per annum would result in a decrease in interest payable in respect of the floating portion of the Group's debt, which would increase net profit for the year by R1,6 million (2020: R8,9 million).

Equity price risk

Emira does not have balance sheet exposure to equity price risk on its investment in Transcend Residential Property Fund Limited as it is equity accounted, and therefore the carrying value is not subject to fluctuations in the share price.

C. CREDIT RISK MANAGEMENT

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from cash and cash equivalents, derivative assets, long-term loans granted and trade receivables. Credit risk is managed on a Group basis.

Cash and cash equivalents

The Group's exposure to credit risk is limited through the use of financial institutions of good standing for investment and cash handling purposes.

Material bank balances are with FirstRand Bank Limited, The Standard Bank of South Africa Limited and East West Bankcorp Inc, which have a Standard & Poor's ("S&P") credit rating of zaAA, zaAAA and BBB+ respectively.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Derivatives

The Group mitigates its credit risk to counterparties under derivative contracts by using reputable banks or institutions with a high credit rating for over-the-counter derivatives. Material derivative assets are with FirstRand Bank Limited (S&P: zaAA), Absa Bank Limited (S&P: Aa1.za), Nedbank Limited (S&P: BB) and Investec Limited (S&P: zaAA).

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

29. Financial risk management continued

Loans receivable carried at amortised cost

The Group has exposure to credit risk in respect of loans receivable that comprise of funding for vendor loans stemming from property disposals, mezzanine funding provided as part of Emira's investments, and the share ownership facilitation schemes for directors, employees and the BEE equity investment scheme. In assessing the credit risk, the financial position of the counterparties is considered prior to a loan being granted and is also evaluated on an ongoing basis together with any collateral provided by the counterparty.

The Group assesses on a forward-looking basis the expected credit losses associated with its loans receivable carried at amortised cost. Over the term of the loans, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers the payment history for each category of counterparty, and adjusts for forward-looking macroeconomic data. The Group uses three main parameters to measure ECL on loans receivable carried at amortised cost. These are the probability of default (PD), loss given default (LGD), and exposure at default (EAD) (i.e. PD X LGD X EAD = ECL).

Measures of PD and LGD are converted from Through The Cycle to Point In Time measures using Moody's Analytics' ImpairmentCalc tool. These are incorporated into their GCorr macroeconomic forecast set. Based on research conducted by Moody's Analytics they recommend the use of their Baseline, Stronger Near-Term Rebound (S1) ("Bullish"), and Moderate Recession (S3) ("Bearish") forecast sets weighted 40%, 30%, 30% respectively for a forward looking adjustment for the purposes of IFRS 9. They consider both public and private South African company defaults in this research. The methodology does consider the industry of the asset and includes in the calculations likely volatility of that industry to the average impact of the South African economy.

Where the counterparty is a property investment company or there is collateral of a bond over fixed property, the LGD is calculated taking into account the value of the property and the application of a haircut to take into account the recovery rates typically achieved by the South African banking industry for the relevant property class.

Exposures are mainly segmented by counterparty type to allow for risk differentiation. The probability of a customer defaulting, as well as the realised loss with defaulted accounts, has been determined using historical data or by reference to models built on relevant external data where applicable.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision
Performing	Loans whose credit risk is in line with original expectations	12 month ECL is applied
Underperforming	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal payments are 30 days past due	Lifetime expected losses (stage 2)
Non-performing (credit-impaired)	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy	Lifetime expected losses (stage 3)
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

As at 30 June 2021, Emira recognised expected credit losses for loans receivable carried at amortised cost as follows:

R'000	Stage of credit impairment	Gross carrying amount	ECL	Total
2021				
Loans to associates and joint ventures	Stage 1	596 296	(4 234)	592 062
Loans receivable	Stage 1	21 860	(222)	21 638
Loans receivable [^]	Stage 2	406 816	(75 187)	331 629
Loans receivable [*]	Stage 3	4 070	(205)	3 865
Total		1 024 972	(79 848)	949 194
2020				
Loans to associates and joint ventures	Stage 1	698 587	(10 653)	687 935
Loans receivable	Stage 1	74 783	(1 670)	73 113
Loans receivable [^]	Stage 2	391 429	(38 477)	352 952
Total		1 164 800	(50 800)	1 114 000

[^] The underperforming loans receivable classified as stage 2 relate to the loans granted to Inani Prop Holdings (Pty) Ltd and RAB Properties (Pty) Ltd – Brooklyn Gardens. For further details, please refer to note 13.

^{*} The underperforming loans receivable classified as stage 3 (2020: stage 2) relate to the loans granted to Square Buttons Consulting (Pty) Ltd. For further details, please refer to note 13.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

29. Financial risk management continued

Trade receivables

Trade receivables consist of a large, widespread tenant base, diversified by sector and geography. The Group does not have any significant credit risk exposure to any single tenant counterparty.

Management has an established credit policy in terms of which each new tenant is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered. Tenants are required to supply refundable lease deposits and/or bank guarantees and/or suretyships by their principals. The Group monitors the financial position of its tenants and the performance of the underlying business on an ongoing basis.

The Group applies the IFRS 9 simplified approach in measuring expected credit losses (ECL) on rental debtors, which requires a lifetime loss allowance to be recognised. To measure the expected credit losses, rental debtors are grouped based on shared credit risk characteristics, split into common ageing buckets and estimated using a provision matrix. In calculating the ECL rate used in the provision matrix, historical loss experience as well as future credit loss expectations, using multiple macroeconomic scenarios, are taken into account. The expected credit losses exclude amounts owing that have been specifically provided due to management's assessments that they are credit impaired.

Emira categorises its debtors into three broad categories – SMMEs, Retail Formal and Government. SMMEs represent small independent tenants, Retail Formal represent larger tenants ranging from mid size to very large, across all industries and Government represent all government linked tenants.

The 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, and consequently credit risk. Emira has continued to share the burden by granting rental concessions 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 deferrals were granted during the year (June 2020: R48,7m). The impact of Covid-19 and spread thereof has been factored into management's assessment of the loss allowance and Moody's analytics forecasts when calculating the expected credit loss.

On this basis, the impairment provision as at 30 June 2021 was determined as follows for trade receivables:

R'000	2021	2020
Trade receivables – gross	64 948	112 352
– Standard trade receivables	61 922	63 669
– Deferred rental	3 026	48 683
Less: Impairment provision	(37 792)	(45 801)
– Standard trade receivables	(35 212)	(25 722)
– Deferred rental	(2 581)	(20 080)
Trade receivables – net of expected credit loss	27 156	66 551

R'000	Weighted average loss rate %	30 days	60 days	90 days	Over 120 days	Total
2021						
Tenant category						
Government	74,30	1 046	135	26	4	1 210
– Gross		1 418	303	282	2 706	4 709
– Expected credit loss		(372)	(167)	(256)	(2 703)	(3 499)
Retail formal	42,24	4 452	1 426	1 008	7 479	14 364
– Gross		6 518	2 322	1 574	14 457	24 870
– Expected credit loss		(2 066)	(896)	(566)	(6 977)	(10 506)
SMME	67,26	6 860	1 497	716	2 509	11 581
– Gross		9 511	4 226	3 978	17 654	35 369
– Expected credit loss		(2 651)	(2 730)	(3 262)	(15 145)	(23 788)
Total		12 357	3 057	1 750	9 992	27 156

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

29. Financial risk management continued

R'000	Weighted average loss rate %	30 days	60 days	90 days	Over 120 days	Total
2020						
Tenant category						
Government	0,05	1 899	107	470	1 342	3 818
– Gross		1 901	107	470	1 342	3 820
– Expected credit loss		(2)	–	–	–	(2)
Retail formal	23,73	21 631	1 919	4 692	2 453	30 695
– Gross		27 008	2 044	6 353	4 839	40 244
– Expected credit loss		(5 377)	(125)	(1 661)	(2 386)	(9 549)
SMME	52,38	11 902	1 618	8 462	10 056	32 038
– Gross		30 693	2 687	16 153	17 743	67 276
– Expected credit loss		(18 791)	(1 069)	(7 691)	(7 687)	(35 238)
Total		35 432	3 644	13 624	13 851	66 551

D. LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Group will be unable to meet its financial commitments. The risk is minimised by holding cash balances, bank overdraft and by a floating loan facility.

The Group monitors liquidity risk by regularly projecting cash flows.

The below table details the maturity of financial liabilities and is used by management to manage liquidity risks. The amounts disclosed in the below table are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within one year or less generally equal their carrying amounts in the statement of financial position as the impact of discounting is not significant.

The fair value of the derivative financial instruments fluctuates in line with interest-rate movements. This value will reduce to nil on expiry date.

R'000	Weighted average effective interest rate %	1 year or less	1 – 5 years	More than 5 years	Total
Year ended 30 June 2021					
Financial liabilities					
Interest-bearing debt	7,4	1 087 881	4 589 490	–	5 677 371
Other financial liabilities		17 367	28 291	–	45 658
Lease liability	7,4	3 169	14 341	50 694	68 204
Accounts payable		334 593	–	–	334 593
Derivative financial instruments		76 577	(2 891)	–	73 686
Interest-rate swap contracts		81 700	28 468	–	110 167
Call option and forward contracts		6 122	–	–	6 122
Cross-currency interest-rate swap contracts		(11 244)	(31 358)	–	(42 603)
Total financial liabilities		1 519 587	4 629 231	50 694	6 199 511

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

29. Financial risk management continued

R'000	Weighted average effective interest rate %	1 year or less	1 – 5 years	More than 5 years	Total
Year ended 30 June 2020					
Financial liabilities					
Interest-bearing debt	7,5	1 681 000	3 785 039	–	5 466 039
Other financial liabilities		1 812	54 567	–	56 379
Lease liability	7,4	3 813	13 443	54 761	72 018
Accounts payable		308 286	–	–	308 286
Derivative financial instruments		147 321	503 843	–	651 163
Interest-rate swap contracts		108 565	252 014	–	360 579
Call option and forward contracts		36 967	15 304	–	52 271
Foreign exchange option contracts		6 982	4 028	–	11 010
Cross-currency interest-rate swap contracts		(5 194)	232 497	–	227 303
Total financial liabilities		2 142 232	4 356 892	54 761	6 553 884

Cash and cash equivalents

It is the Group's policy to deposit short-term cash investments with FirstRand Bank Limited, which has been given an AA+ rating.

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

R'000	Fair value through profit and loss	Amortised cost	Total
Year ended 30 June 2021			
Financial assets			
Other financial assets	5 474	–	5 474
Derivative financial instruments	122 703	–	122 703
Accounts receivable	–	118 278	118 278
Loans receivable	–	357 132	357 132
Cash and cash equivalents	–	96 910	96 910
Total financial assets	128 177	572 320	700 497
Financial liabilities			
Interest-bearing debt	–	5 171 671	5 171 671
Other financial liabilities	–	44 015	44 015
Lease liability	–	38 667	38 667
Derivative financial instruments	317 923	–	317 923
Accounts payable	–	334 593	334 593
Total financial liabilities	317 923	5 588 945	5 906 869

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

29. Financial risk management continued

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES CONTINUED

R'000	Fair value through profit and loss	Amortised cost	Total
Year ended 30 June 2020			
Financial assets			
Other financial assets	19 360	–	19 360
Derivative financial instruments	141 023	–	141 023
Accounts receivable	–	153 091	153 091
Loans receivable	–	415 411	415 411
Cash and cash equivalents	–	95 047	95 047
Total financial assets	160 383	663 549	823 932
Financial liabilities			
Interest-bearing debt	–	5 179 061	5 179 061
Other financial liabilities	–	43 203	43 203
Lease liability	–	39 587	39 587
Derivative financial instruments	821 398	–	821 398
Accounts payable	–	308 286	308 286
Total financial liabilities	821 398	5 570 137	6 391 535

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

30. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

30.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined in the following:

Investment properties

The 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. 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 increased vacancies now within the underlying cash flows. Note 28, Measurement of Fair Value, provides a detailed analysis on the Fund's valuation inputs and metrics.

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. Refer to Note 26, Post year-end events, for further detail on the impact on investment property at the reporting date.

The valuation of investment properties was determined principally using discounted cash flow projections, based on estimates of future cash flows, supported by the terms of any existing lease contracts and by external evidence such as current market rentals for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. In light of the deteriorating macro-economic conditions and poor outlook, the Fund has increased its discount rates and exit capitalisation rates and has also adjusted the majority of its valuation inputs (void periods, market rentals, rental growth rates and perpetual vacancy rates).

The future rental rates were estimated depending on the actual location, type and quality of the properties and taking into account market data and projections at the valuation date, as well as the length of vacant periods following the expiry of existing lease agreements.

For further detail and sensitivity analysis, refer to note 6 and note 28.

Accounts receivable

The Group applies the IFRS 9 simplified approach in measuring expected credit losses ("ECL") on rental debtors, which requires a lifetime loss allowance. To measure the ECLs, a provision matrix is used, where the rental debtors are grouped based on shared credit risk characteristics and into common ageing buckets. The Funds divisional structure reflects its exposure to different tenant Groups and an ECL rate is calculated for each Group. The ECLs are calculated by using the provision matrix as well as taking into account amounts owing that have been specifically provided due to management's assessments of their credit impairment.

For further detail, refer to note 12.

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 valuation of cross-currency interest-rate swaps was determined by discounting the future cash flows using the basis swap curve of the respective currencies at the dates when the cash flows will take place. Future floating cash flows are determined using forward rates derived from the basis swap curve of the respective currencies as at 30 June 2021. The net cash flows were discounted using the basis swap curve of the respective currencies as at 30 June 2021.

The valuation of the USD forward exchange contracts was determined by discounting the forward rates applied at 30 June 2021 to the open hedged positions.

The valuation of the forward contracts relating to the employee share scheme was determined using a cost of carry financial model. The model took into account the spot price as at 30 June 2021.

For further detail, refer to note 19 and note 28.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

30. Critical accounting estimates and judgements continued

30.2 CRITICAL ACCOUNTING JUDGEMENTS

Business combination versus asset acquisition

Management has assessed properties acquired during previous financial years and concluded that the assets acquired do not constitute a business as defined by IFRS 3 – Business Combinations due to the following:

- Processes or significant ancillary services were not acquired, and therefore integrated sets of activities were not identified, and
- The purchase price of the assets does not include an element of goodwill.

The acquisition of these properties was accounted for as the acquisition of assets and in line with IAS 40 – Investment Property.

Current and deferred tax

In accordance with the Company's status as a REIT, the distributions made in line with the Company's distribution policy meet the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("Income Tax Act"). In determining the tax obligation of the Company and its Controlled Companies, the "qualifying distribution" is deducted from taxable profits. In addition, the Company and its Controlled Companies are not liable for capital gains tax on the disposal of directly held properties.

No deferred tax liabilities were raised on the "Allowance for future rental escalations", "Unamortised upfront lease costs" and other balances as these will form part of the Group's "qualifying distribution" in the future and are not expected to attract any tax.

BEE Transaction

The transaction Emira concluded in June 2017, in furtherance of its BEE strategy, with Tamela Holdings (Pty) Ltd ("Tamela") and Letsema Holdings (Pty) Ltd ("Letsema") is still in existence. Tamela Property Investments (Pty) Ltd ("Tamela SPV") and Luxanio Trading 157 (Pty) Ltd ("Letsema SPV") (collectively, "the BEE Parties"), both wholly owned subsidiaries of Tamela Holdings and Letsema Holdings respectively, hold 26 133 364 shares ("Subscription Shares") of the Company.

The original investment was funded by the BEE Parties as follows:

- R182,1 million (50%) was funded by a vendor loan provided by Emira (the "Vendor Funding"). The Vendor Funding runs for a period of five years and bears interest equal to the dividend payable on the vendor loan portion of the underlying shares. The Vendor Funding is secured by means of a reversionary cession and pledge over the Subscription Shares;
- R145,6 million (40%) was funded by external third-party debt provided to the BEE Parties; and
- R36,4 million (10%) was funded by cash.

The Third Party Loan is secured by 100% of the Subscription Shares. The Lender has the ability to dispose of the Subscription Shares at any time if the market value thereof, based on the 5-day volume weighted average price ("VWAP"), is less than 1,6 times the Third Party Loan or if the closing price of Emira shares is less than 1,5 times the Third Party Loan (each a "Trigger Event").

At 30 June 2021 there was R180,6 million (2020: R176,1 million) outstanding on the Vendor Funding. The maximum number of shares that will be issued on the repayment of the Vendor Funding is 12 370 510 shares (2020: 12 370 510), as a series of forwards, to be exercised at a fixed price of R13,94 per share. Emira's maximum exposure in the event that the third party funders dispose of the BEE Parties' interest in Emira would be the balance of the Vendor Funding repayable in relation to the shares issued in respect of the Vendor Funding.

Accounting treatment of the BEE Transaction

Initial recognition

For accounting purposes, the BEE Transaction consists of two elements, which are accounted for as follows:

1. The Cash Funded Specific Issue, being the subscription by the BEE Parties of 13 066 682 Subscription Shares for a cash consideration of approximately R182,1 million.

This element of the Subscription Shares was funded by the BEE Parties using a combination of their own cash reserves and third party funding. Consequently, at inception, the cash proceeds, net of transaction costs, increased share capital and the number of Emira Shares in issue.

2. The Vendor Funded Specific Issue, being the subscription by the BEE Parties for 13 066 682 Subscription Shares funded through the Vendor Funding provided by Emira, a portion of which was subsequently repaid.

Based on management's judgement and application of the control principles contained in IFRS 10: Consolidated financial statements, management concluded at inception that the Group does not exercise control and consequently did not consolidate Letsema SPV and Tamela SPV.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

30. Critical accounting estimates and judgements continued

The following were indicators at inception that the Group did not exercise control:

- Emira does not hold shares in Letsema SPV or Tamela SPV;
- Tamela and Letsema have the decision power over Tamela SPV and Letsema SPV respectively and therefore has control, without any restrictions on them from Emira;
- Emira has no decision-making powers over or involvement with the BEE parties;
- Emira has neither substantive or protective rights that would result in Emira having power over decision making of Letsema SPV or Tamela SPV;
- The BEE parties are responsible for obtaining and negotiating their own financing with third party funders. Emira was not involved during these discussions and has not provided any formal or informal guarantees in relation to the liabilities due to the third-party funders;
- Emira has no step-in rights or call options relating to the BEE Transaction;
- Emira will not provide any funding in addition to the Vendor Funding or liquidity to the BEE Parties and there is no intention to do so; and
- Emira did not initially guarantee the amount owed by the BEE parties to third party funders nor did it intend to do so. The Third Party Loan is secured by 100% of the Subscription Shares. The Lender has the ability to dispose of the Subscription Shares at any time if the market value thereof, based on the 5-day volume weighted average price ("VWAP"), is less than 1,6 times the Third Party Loan or if the closing price of Emira shares is less than 1,5 times the Third Party Loan (each a "Trigger Event").

Considering the factors outlined prior to the guarantee being issued, the economic substance of the Vendor Funded Specific Issue was considered the granting of a call option on Emira Shares and was accounted for as an equity settled share-based payment arrangement in the year ended 30 June 2017 in terms of IFRS 2: Share based payments. Consequently, the Subscription Shares issued to the BEE Parties in terms of the outstanding Vendor Funded Specific Issue were not treated as issued for accounting purposes, until the Vendor Funding is settled or the BEE SPVs are consolidated.

Re-assessment of control

IFRS 10.B80-85 requires control to be assessed on a continuous basis when facts and circumstances indicate a change in one or more elements of control.

During the prior year Emira's share price reached a level that a Trigger Event occurred, largely due to the impact of the Covid-19 pandemic. Accordingly, the Lender became entitled to dispose of the Subscription Shares ("the Forced Disposal"), unless additional security was provided.

On 3 April 2020, as a result of the Trigger Event, Emira entered into a guarantee agreement ("Agreement") with the Lender. In terms of the Agreement, Emira irrevocably and unconditionally guaranteed as a separate, principal and independent obligation to and in favour of the Lender, the payment and performance of the obligations of the BEE Shareholders arising in connection with the Third Party Loan, for a maximum guaranteed amount of R145,7 million (2020: R149,4 million) for the BEE Shareholders.

The Guarantee and Emira's obligations thereunder will terminate automatically on the earlier of:

- (a) The first date on which the market value of the Subscription Shares, based on the 30-day VWAP, compared to the outstanding amount of the Third Party Loan is greater than or equal to 2,00:1,00 (two to one) ("Asset Cover Ratio"), provided that the spot 30 day VWAP Asset Cover Ratio is also greater than or equal to 2,00:1,00 (two to one) as at such date; or
- (b) the date on which the Third Party Loan has been discharged.

As a result of the Agreement entered into, Emira is deemed to control the BEE SPV entities due to its exposure to losses from providing credit support and the ability to use its power to affect the returns it receives. Accordingly, the BEE SPV entities were consolidated effective from 3 April 2020.

Upon consolidation of the BEE SPVs, the Subscription Shares issued to the BEE Parties in terms of the outstanding Vendor Funded Specific Issue were recognised as issued in Emira Group and Company and are treated as treasury shares for accounting purposes in Emira Group.

In the separate annual financial statements of Emira and due to the re-assessment that control is exercised over the BEE SPVs, the Vendor Funding of R172,4 million was recognised at amortised cost together with the issued share capital of the Vendor Funding shares. The financial guarantee contracts were recognised and measured at the higher of the expected loss allowance and the amount initially recognised less cumulative amortisation, where appropriate. However, due to the increased risk that SPV entities will default on the contract, the calculation was based on the lifetime expected credit losses as the difference between the expected payments to reimburse Lender and the value of the value of the security at reporting date. Therefore a guarantee of R31,8 million (2020: R75,9 million) was recognised for both Tamela and Letsema at reporting date based on the closing quoted market price of R9,89 (2020: R6,49) per share.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

30. Critical accounting estimates and judgements continued

ESA Trust

The ESA Trust (the "Trust") is the designated vehicle which holds shares in terms of the share ownership plan for executive directors under the approved remuneration policy.

The beneficiaries of the Trust are the executive directors, namely: Geoff Jennett, Ulana Van Biljon and Greg Booyens.

On 27 June 2019 the Trust subscribed for 7 200 000 Emira shares at R13,8262 per share, for a total consideration of R99 548 640. The Trust funded the acquisition of as follows:

- 40% funded by external third-party debt from Sanlam of R39,8 million.
- 50% funded by a vendor loan from Emira to the ESA Trust of R49,8 million.
- 10% funded by an amortising loan of R10,0 million from Emira to the ESA Trust in terms of which the ESA Trust beneficiaries stand personal surety.

The Emira shares held by the ESA Trust have been pledged to Sanlam. Sanlam has the ability to dispose of the Shares at any time if the market value thereof, based on the 5- day volume weighted average price ("VWAP"), is less than 1,6 times the Sanlam loan or if the closing price of Emira shares is less than 1,5 times the Sanlam loan (each a "Trust Trigger Event"). The Trust Vendor Loan is secured by a reversionary cession and pledge over the Shares.

The ESA Trust has been assessed as a controlled special purpose vehicle and consolidated into the Group annual financial statements. The Emira shares held by the Trust are classified as treasury shares upon consolidation. In the separate financial statements of ESA Trust, the investment in Emira is recognised at fair value based on the quoted market price at reporting date, together with the vendor loan, amortising loans and external interest-bearing debt measured at amortised cost.

Judgement was required in terms of measuring the economic substance of the shares issued to the ESA Trust and the associated funding thereof. It was determined that a call option was granted to the ESA Trust beneficiaries by Emira and has been measured in terms of IFRS 2, Share-based Payments, as an equity-settled share-based payment arrangement.

On initial recognition, being 28 June 2019, the date on which the ESA Trust acquired the shares, a once-off IFRS 2 charge of R6,7 million and corresponding share-based payment reserve was recognised in respect of the equity settled share-based payment arrangement.

The assumptions used in this model included:

- A spot price of R13,8262 per Emira share, being the Trust's subscription price;
- Volatility of 18,77% (based on historical trends in the Emira Share price);
- A risk-free rate of 7,04%; and
- An average dividend yield of 11,97% during the term of the option.

On 3 April 2020, as a result of the Trigger Event, Emira entered into a guarantee agreement ("Agreement") with the Lender. In terms of the Agreement, Emira irrevocably and unconditionally guaranteed as a separate, principal and independent obligation to and in favour of Sanlam, the payment and performance of the obligations of the ESA Trust arising in connection with the Third Party Loan, for a maximum guaranteed amount of the loan value at reporting date of R16,7 million (2020: R40,8 million).

The Guarantee and Emira's obligations thereunder will terminate automatically on the earlier of:

- The first date on which the market value of the Subscription Shares, based on the 30-day VWAP, compared to the outstanding amount of the Sanlam loan is greater than or equal to 2,00:1,00 (two to one) ("Asset Cover Ratio"), provided that the spot 30 day VWAP Asset Cover Ratio is also greater than or equal to 2,00:1,00 (two to one) as at such date; or
- the date on which the Sanlam loan has been discharged.

The Guarantee reinforced the assessment that Emira controls the ESA Trust.

Investment in associates, joint ventures and other financial assets

The Group has investments in which judgement is required to assess if significant influence is exercised, whereby Emira effectively owns 20,0% or more of the issued share capital of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over these policies.

On acquisition of the investment in an associate, any excess of the cost of the investment over the investor's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the investor's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. Any dividends received are utilised to reduce the carrying value of the investment.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

30. Critical accounting estimates and judgements continued

Enyuka Property Fund ("Enyuka")

Enyuka is the rural retail venture, between Emira and One Property Holdings ("One Prop"). Judgement has been applied in determining if Emira controls Enyuka through its 49,9% investment of which further details are provided below:

Terms of the transaction

On 2 September 2016, Emira entered into a shareholders' agreement with One Prop (collectively the "Parties") to form Enyuka Property Fund ("Enyuka"), whereby Emira holds 49,9% of the ordinary share capital and voting rights while One Prop holds 50,1%. Emira contributed its 15-asset rural retail portfolio valued at R575 million to the new venture as a shareholder loan, while One Prop contributed cash of R50 million in the form of a shareholder loan. The transaction became effective on 16 January 2017 when the final suspensive conditions were met.

The following key conditions of the shareholders' agreement at inception were imposed on One Prop as follows:

- Growth targets in respect of properties under management (being the cost of the initial portfolio plus cost of acquisitions) were set at R750 million within 18 months of commencement and R900 million within 36 months. Failure to achieve these targets provided Emira with an option to acquire One Prop's interest in Enyuka at fair value;
- A key man event on One Prop's two key persons, namely Chris van Reenen and Selwyn Smith. Per the shareholders agreement, if either of these individuals sold any of their shares in One Prop then Emira could call an exit event; and
- One Prop required Emira's consent for individual acquisitions of over R20 million in value.

In addition to the shareholders agreement, at inception, Enyuka entered into an asset management agreement with Enyuka Asset Management JV, a structure co-owned 50% by Emira and 50% by One Prop. The asset management agreement requires unanimous approval of key decisions between Emira and One Prop.

Initial recognition

The following key factors of the funding structure and shareholders agreement were assessed as key elements that gave rise to the "de-facto" agency relationship between Emira and One Prop in terms of IFRS 10.B73:

- One Prop obtained their 50,1% equity interest with a smaller proportion of funding. The majority of the funding to the initial structure was provided by Emira (92%) hence Emira effectively funded a portion of One Prop's interest;
- The shares held by One Prop could not be sold or encumbered without Emira's prior approval;
- The shareholders of One Prop are Key Persons, as defined, and Emira had a call option over the shares held by One Prop if the Key Persons were no longer involved in the day-to-day management of the Company; and
- The restriction on asset purchases of R20 million was so low that it was effectively a substantive right for Emira.

Therefore, at initial recognition, it was determined that One Prop was acting as an agent on behalf of Emira, Emira retained power over the Investee and therefore, One Prop does not control the Investee when exercising its decision-making authority.

Emira was deemed to control 100% of Enyuka despite it only holding 49,9% of the voting rights and One Prop's 50,1% equity interest was assessed as an in-substance equity share-based payment at initial recognition.

The scope of IFRS 2 includes transactions where the identifiable consideration received appears to be less than the fair value of the equity instruments granted or liability incurred. One Prop obtained 50,1% of Enyuka's ordinary equity at less than fair value as the majority of the value was funded by Emira. Emira only held 49,9% of the equity from a legal perspective, however if Enyuka was to liquidate at 30 June 2017 then 92% of the assets would essentially belong to Emira due to the disproportionate funding. As such, based on the initial shareholders agreement, it was determined that a share-based payment existed for the shares held by One Prop, which would vest upon certain performance conditions being met and the repayment of Emira's funding.

At inception, the deemed call option was valued using a Black Scholes model.

Re-assessment of control and deconsolidation

IFRS 10.B80-85 requires control to be assessed on a continuous basis when facts and circumstances indicate a change in one or more elements of control.

In July 2017, following comfort from Emira on One Prop's ability and intentions, the Parties agreed in principle to the following amendments to the shareholders agreement which were later ratified by Emira's board:

- The required growth targets for properties under management were removed, eliminating Emira's option to acquire One Prop's equity interest if these were not met;
- The key man event relating to Chris van Reenen and Selwyn Smith was removed, which eliminated the requirement for them to be employed by One Prop;
- An exit event was added which only triggers when any shareholder of One Prop disposes of more than 20% of their shareholding; and
- Acquisitions requiring Emira's consent were increased to R40 million in value.

Notes to the consolidated financial statements

For the year ended 30 June 2021 continued

30. Critical accounting estimates and judgements continued

In August 2017, due to amendments made to the shareholders agreement, the control assessment was reassessed, and it was determined that Emira had lost control and rather joint control of Enyuka existed with One Prop. The following factors were considered in determining the change from control to joint control:

- The amendments removed the power that Emira previously held over Enyuka as well as its ability to influence the returns it achieves, both of which previously corroborated the assessment of control under the agency relationship;
- An asset management agreement was in place between Enyuka and Enyuka Asset Management JV;
- The asset management agreement requires unanimous consent from Emira and One Prop for decisions relating to the relevant activities of Enyuka; These are considered to be substantive rights, and as decisions regarding these requires the unanimous consent of Emira and One Prop, it prevents either Emira or One Prop from exercising unilateral control; and
 - The appointment and or removal of the asset manager;
 - Sale or transfer of substantial part of the business;
 - Amendments to the dividend policy;
 - Approval of any departure from the annual budget;
 - Acquisition or disposal of assets having a value of greater than R40 million;
 - Designation of an event as an exit event.
- These are considered to be substantive rights, and as decisions regarding these requires the unanimous consent of Emira and One Prop, it prevents either Emira or One Prop from exercising unilateral control; and
- Should there be a dispute between the parties, the matter is submitted for adjudication by an independent party.

Judgement was applied in the re-assessment of control and it was determined that effective from July 2018 Emira no longer controlled Enyuka, but instead had joint control. The Enyuka joint arrangement was setup in a standalone company and was therefore considered to be a joint venture between One Prop and Emira rather than a joint operation. The investment in Enyuka was therefore equity accounted as in investment in joint venture from 1 July 2018.

The loss of control of Enyuka resulted in the recognition of a loss on deconsolidation of R0,4 million in Emira's consolidated Statement of Comprehensive Income for the year ended 30 June 2018. No consideration was received by Emira for the loss of control as no shares were sold. The investment in Enyuka was therefore equity accounted as in investment in joint venture from 1 July 2018.

The control assessment of Enyuka was reconsidered for the year ended 30 June 2021 and it was assessed that there were no changes from the position at 30 June 2020.

The joint venture disclosures for Enyuka, which include the equity-accounted interests for the current year, are included in note 10.

Inani Property Fund ("Inani")

In line with the portfolio rebalancing programme, Emira concluded an agreement on 5 October 2018 for the disposal of a R1,8 billion 25 office asset portfolio to Inani. The consideration was financed by Inani through a combination of senior debt (R1,38 billion) and equity (R105,9 million) of which Emira holds 20%, together with a mezzanine loan provided by Emira of R366,2 million (2020: R339,0 million).

The Group and Company has assessed that no significant influence is exercised over Inani. The investment in Inani has been classified as a financial asset through profit and loss. The following factors were assessed in determining if significant influence is exercised:

- Emira has no representation on Inani's board nor the right to appoint a director;
- Inani is managed through an asset management joint venture between Zico and One, in which Emira has no involvement nor influence. The joint venture is responsible for all Inani's policy making decisions.
- There is no interchange of management personnel; and
- Emira has not provided any security for the debt owed by Inani to third parties.

For further detail, refer to note 11.

CIL2 LLC ("CIL2") and foreign associates

Emira has a number of US investments which have been classified as associates and are equity-accounted in terms of IAS28, Investment in Associates and Joint Ventures. The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets.

The investor's share of the associates profit or loss is determined in accordance with each investee's operating income and capital profit distribution rules, allocated to each investor based on each of their respective participation rights. Where the associate's profit or loss includes fair value gains or losses on items such as investment property, management has estimated what portion of the fair value gains or losses recognised at reporting date are to be realised through use, versus disposing of the asset (capital transaction). Based on the Group's investment strategy, and in the absence of any evidence to the contrary, management has estimated at each reporting date that it will hold each asset for a period of 10 years in measuring its share of future operating income to be realised through use.

Supplementary information

Distribution statement

R'000	Notes	Group	
		2021	2020
Profit for the year attributable to Emira shareholders		467 286	(734 178)
<i>Adjusted for:</i>			
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			
<i>Adjusted for:</i>			
Allowance for future rental escalations	1	4 748	846
Amortised upfront lease costs	2	262	743
IFRS 16 Leasehold liability adjustments	3	(903)	(626)
<i>Interest on lease liability</i>		2 911	2 976
<i>Rental paid on lease liability</i>		(3 813)	(3 601)
Charge/(credit) in respect of leave pay provision and share appreciation rights scheme	4	(88)	(3 295)
GOZ shares sold cum dividend		–	4 122
Unrealised surplus/(deficit) on revaluation of interest-rate swaps	5	(411 470)	619 930
Revaluation of share appreciation rights scheme derivative financial instruments	6	(4 966)	(8)
Unrealised loss on financial assets at fair value through profit and loss	7	23 287	25 103
Unrealised foreign exchange loss/(profit)	8	133 321	(142 401)
Non-distributable income from equity-accounted investments	9	(103 180)	(17 412)
Dividend received / accrued from Transcend	10	31 333	21 466
IFRS 9 expected credit loss	11	29 048	44 572
Taxation on capital profit	12	2 467	5 233
Distributable portion of non-controlling interest	13	(423)	(169)
Net ESA Trust adjustments	14	6 934	7 595
Net BEE Scheme adjustments	15	26 046	16 121
		649 094	670 878
<i>Distributable income adjustments:</i>			
Deferred rental net of expected credit loss	16	49 075	(48 683)
Expected credit loss movement of deferred rentals	16	(17 499)	20 080
Distributable income from the equity-accounted US investments not distributed	17	(29 431)	(76 762)
Interest due from Inani accrued but not received	18	(27 179)	(16 288)
Capitalised interest limitation	19	(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 have not been audited.

Notes

- The allowance for future rental escalations of R4,8 million (2020: R0,9 million) recognised in the statement of comprehensive income is added back on the basis that it is unrealised.
- The lease commission expense amortisation has been recognised within property expenses in the statement of comprehensive income for the year. R0,3 million (2020: R0,7 million) of the lease commission amortisation has been added back for distribution calculation purposes – this portion of lease commission amortisation relates to leases signed before 1 July 2015. Lease commission expenses incurred before 1 July 2015 were taken into account in full for purposes of calculating distributable earnings in the year incurred hence the amortisation thereof is added back for current calculation purposes. The Fund's policy for the calculation of distributable earnings changed from 1 July 2015. The distribution calculation now follows the accounting hence no adjustment is made for commissions paid on leases concluded from 1 July 2015 onwards.

Supplementary information

Distribution statement continued

3. The IFRS 16, Leases, interest expense incurred on the lease liability is added back and the land lease payments incurred are factored into the distribution calculation to reflect the realised portion of the operating leases.
4. A net negative charge of R0,1 million (2020: R3,3 million) was recognised within administration expenses in the statement of comprehensive income for both the provision of leave pay and the IFRS 2 charge on share appreciation rights granted to employees. These charges are added back on the basis that they are unrealised.
5. The gain of R411,5 million (2020: loss of R620,0 million) on the revaluation of interest-rate derivative contracts is the mark to market adjustment for the year recognised in the statement of comprehensive income and is added back on the basis that it is unrealised.
6. The gain on the revaluation of the share appreciation rights hedging derivative contracts is the mark to market adjustment for the year recognised in the statement of comprehensive income and is added back on the basis that it is unrealised.
7. The R23,3 million (2020: R25,1 million) loss is the revaluation of the investment in Inani recognised in the statement of comprehensive income. The fair value movement is added back on the basis that the gain is both unrealised and is of a capital nature.
8. A net foreign exchange loss of R143,4 million (2020: R154,1 million gain) in respect of the Group's investments in the US was recognised in the statement of comprehensive income for the year. The unrealised portion, being a loss of R133,3 million (2020: gain of R142,4 million), is added back in the calculation of distributable earnings.
9. Total income from equity-accounted investments of R411,9 million (2020: R239,1 million) in respect of Emira's investments into Enyuka, Transcend and the US was recognised in the statement of comprehensive income. The non-distributable portion of R103,2 million (2020: R17,4 million), which is calculated in line with Emira's distributable earnings calculation, has been added back in the calculation of distributable earnings.
10. Dividends from Transcend of R31,3 million (2020: R21,5 million) have been included in the distribution statement. The dividend received for the six-months ended 31 December 2020 of R19,8 million was credited to equity-accounted investments on the balance sheet. The dividend for the six-months ended 30 June 2021 of R11,5 million was declared on 16 August 2021 and has been accrued for distribution purposes only.
11. Expected credit losses on loans receivable of R29,0 million (2020: R44,6 million) accounted for in terms of IFRS 9 in the statement of comprehensive income are added back on the basis that these losses are unrealised.
12. Net taxation of R2,5 million (2020: R5,2 million) relates to the disposal of a portion of a US property and was added back on the basis that it is of a capital nature.
13. The distributable income due to minorities of R0,4 million (2020: R0,2 million) relates to Bet All Investments Proprietary Limited, the subsidiary which owns The Bolton, where minority shareholders hold 25,0%, is included in distributable earnings.
14. The ESA Trust (the "Trust") is a special purpose investment vehicle that holds Emira shares, set up for the benefit of Emira's executive directors. Emira is deemed to control the Trust, hence it is consolidated, and any third-party finance costs are included in Emira's consolidated interest paid. Profits generated by the Trust are for the benefit of the beneficiaries. Emira has guaranteed the Trust's third-party debt obligations hence any net losses would ultimately be for Emira's account. The purpose of this adjustment is to adjust Emira's distributable income such that the effect of any items related to the Trust, consolidated into Emira, are limited to a net amount of zero, after factoring in the dividends received by the Trust and all its interest obligations. Included in Emira's "Interest paid and amortised borrowing costs" is a R2,7 million (2020: R3,9million) interest charge in respect of the ESA Trust's interest obligations to its third-party lender.
15. The BEE Scheme is comprised of the restricted special purpose investment vehicles that hold Emira shares, set up for the benefit of the BEE parties which participated in Emira's June 2017 black empowerment equity issuance ("BEE Scheme"). Emira was deemed to control the parties with effect from April 2020, hence they were consolidated, and any third-party finance costs are included in Emira's consolidated interest paid. Profits generated by the BEE Scheme are for the benefit of the underlying investors. Emira has guaranteed the BEE Scheme's third-party debt obligations hence any net losses would ultimately be for Emira's account. The purpose of this adjustment is to adjust distributable income such that the effect of any items related to the BEE Scheme are limited to a net amount of zero, after factoring in the dividends received by the BEE Scheme and all its interest obligations. Included in Emira's "Interest paid and amortised borrowing costs" is a R10,0 million (2020: R3,2million) interest charge, in respect of the BEE Scheme's interest obligations to its third-party lender.
16. Distributable earnings has been adjusted for deferred rentals. To the extent deferred rentals have been granted, the net deferrals adjusted for expected credit loss provisions have been excluded. To the extent deferrals have been collected, the net amount collected adjusted for expected credit loss provisions reversed have been included.
17. The distributable income from Emira's equity-accounted US investments has been reduced by R29,4 million (2020: R76,2 million). As a result of deferrals 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.
18. In terms of its loan agreement, Inani has elected not to pay interest, citing lower cash reserves due to COVID-19 rental concessions provided to its tenants, as well as senior lender debt obligations. Given the uncertainty on the collection and timing of this interest, Emira has adjusted distributable earnings by R27,2 million (2020: R16,3 million).
19. Interest of R3,9 million (2020: R3,8 million) has been adjusted for on the basis that it is not supported by an underlying cashflow, and the related development is on hold.

Supplementary information

Shareholders' profile and JSE information at 30 June 2021

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
SHAREHOLDER SPREAD				
1 – 1 000	1 190	31,27	290 325	0,06
1 001 – 10 000	1 597	41,97	7 126 231	1,36
10 001 – 100 000	747	19,63	22 026 396	4,21
100 001 – 1 000 000	211	5,55	64 050 200	12,25
Over 1 000 000 shares	60	1,58	429 174 095	82,11
Total	3 805	100,00	522 667 247	100,00
DISTRIBUTION OF SHAREHOLDERS				
Assurance Companies	30	0,79	8 793 652	1,68
Close Corporations	45	1,18	2 121 028	0,41
Collective Investment Schemes	154	4,05	89 630 745	17,15
Custodians	40	1,05	29 864 660	5,71
Foundations & Charitable Funds	44	1,16	3 259 771	0,62
Hedge Funds	2	0,05	3 300	0,00
Insurance Companies	5	0,13	504 885	0,10
Investment Partnerships	12	0,32	1 048 003	0,20
Managed Funds	9	0,24	869 186	0,17
Medical Aid Funds	13	0,34	2 715 026	0,52
Organs of State	5	0,13	70 463 356	13,48
Private Companies	108	2,84	221 854 831	42,45
Public Companies	5	0,13	1 424 285	0,27
Public Entities	2	0,05	289 894	0,06
Retail Shareholders	2 774	72,90	15 917 259	3,05
Retirement Benefit Funds	186	4,89	50 818 044	9,72
Scrip Lending	5	0,13	2 578 653	0,49
Stockbrokers & Nominees	11	0,29	4 048 654	0,77
Trusts	354	9,30	16 462 012	3,15
Unclaimed Scrip	1	0,03	3	0,00
Total	3 805	100,00	522 667 247	100,00
SHAREHOLDER TYPE				
Non-public shareholders	19	0,45	264 936 173	50,69
Directors and Associates	9	0,24	17 449 324	3,34
Major Shareholders > 10% (I Group Group & GEPF)	10	0,26	247 486 849	47,35
Public shareholders	3 786	99,50	257 731 074	49,31
Total	3 805	100,00	522 667 247	100,00
FUND MANAGERS WITH A HOLDING GREATER THAN 5% OF THE ISSUED SHARES				
Public Investment Corporation			65 147 147	12,46
Sesfikile Capital			36 455 622	6,97
Total			101 602 769	19,44
BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 5% OF THE ISSUED SHARES				
I Group Financial Holdings (Pty) Ltd			184 155 765	35,23
Government Employees Pension Fund			63 331 084	12,12
Total			247 486 849	47,35

Supplementary information

Shareholders' profile and JSE information at 30 June 2021 continued

DIRECTORS' BENEFICIAL HOLDINGS

The directors' holdings in shares of the Company as at 30 June 2021, were:

Number of shares	2021				2020			
	Beneficial direct	Beneficial indirect	Held by associates	Total	Beneficial direct	Beneficial indirect	Held by associates	Total
Executive directors								
Geoff Jennett	143 285	3 240 000	–	3 383 285	72 000	3 240 000	–	3 312 000
Ulana van Biljon	39 900	2 016 000	–	2 055 900	–	2 016 000	–	2 016 000
Greg Booyens	36 479	2 016 000	–	2 052 479	–	2 016 000	–	2 016 000
Non-executive directors								
Vusi Mahlangu	–	4 127 765	–	4 127 765	–	4 127 765	–	4 127 765
Michael Aitken	–	–	283 222	283 222	–	–	283 222	283 222
Derek Thomas	–	5 618 673	–	5 618 673	–	5 618 673	–	5 618 673
Total	219 664	17 018 438	283 222	17 521 324	72 000	17 018 438	283 222	17 373 660

There has been no other change in the interests of directors in the stated capital of the Company since the end of the financial year date of this report.

Supplementary information

Direct portfolio summary

SECTORAL PROFILE

	Office	Urban Retail	Industrial	Residential	Total
% of GLA	19,4	37,3	41,7	1,6	100,0
Weighted average lease escalation (%)	7,5	6,7	7,0	N/A	7,1
Lease Expiry Profile (% of revenue)					
Vacancy (30/06/2021)	0,0	0,0	0,0	N/A	0,0
Vacated (30/06/2021)	0,0	0,1	0,1	N/A	0,2
Expiries Rolled Over	0,7	1,7	0,5	N/A	2,9
Year 1 (FY22)	8,0	8,3	5,7	N/A	22,0
Year 2 (FY23)	5,8	8,4	5,3	N/A	19,5
Year 3 (FY24)	4,4	17,6	4,2	N/A	26,2
Year 4+ (FY25+)	8,0	14,7	6,5	N/A	29,2
	26,9	50,8	22,3	N/A	100,0
Lease expiry profile (% of GLA)					
Vacancy (30/06/2021)	3,4	1,6	1,4	N/A	6,4
Vacated (30/06/2021)	0,0	0,1	0,1	N/A	0,2
Expiries Rolled Over	0,5	1,2	1,0	N/A	2,7
Year 1 (FY22)	5,0	5,0	10,5	N/A	20,5
Year 2 (FY23)	4,2	5,1	9,6	N/A	18,9
Year 3 (FY24)	2,5	11,8	7,3	N/A	21,6
Year 4+ (FY25+)	4,4	13,0	12,3	N/A	29,7
	20,0	37,8	42,2	N/A	100,0
Vacancy profile (% of GLA)	17,0	4,1	3,5		6,4

GEOGRAPHICAL PROFILE

	Gauteng and Mpumalanga	Western Cape	KwaZulu-Natal	Free State	Total
% of GLA	71,6	16,7	9,1	2,6	100,0

TENANT PROFILE

	Grade A	Grade B	Grade C	Total
% of GLA	59,6	19,4	21,0	100,0
% of Gross rental	64,2	17,6	18,2	100,0

"A" grade: Large national tenants, large listed tenants, government and major franchisees. These include, inter alia: Makro, Pick 'n Pay, King Price Insurance Company, Clicks, Shoprite Checkers, Pepkor Holding Limited, Game, Edgars, Woolworths, Mr Price Group, Absa Bank, Bidvest Data, Food Lovers Market, Standard Bank, Shell South Africa, Virgin Active, Truworths, Department of Public Works, The Crazy Store, Cash Crusaders, Incredible Connection.

"B" grade: National tenants, listed tenants, franchisees and medium to large professional firms. These include, inter alia: Royal Distribution, Big Time Strategic Consultants, Tafelberg Furniture Stores, Jam Clothing, Capsicum Culinary Studio, The Pool Team, Kingsmead Shoes, Studio 88, The Local Choice Pharmacy, Webbers, PNA, DN Freight, Gozone Water, Tiger Wheel & Tyre, MICA, Bargain Books, Tile Afrika Cash And Carry.

"C" grade: Other tenants, comprise all other tenants that do not fall into the above categories.

Supplementary information

Property listing as at 30 June 2021

Office

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg. gross rent/m ² *
100 on Armstrong	100 Armstrong Avenue, Forest Park, La Lucia Ridge, Durban	KwaZulu-Natal	CEG Accounting	2 871	138,29
2 Frosterley Park*	2 Frosterley Crescent, La Lucia Ridge, Umhlanga Rocks, Durban	KwaZulu-Natal	Outworx Contact Centre	2 312	181,46
80 Strand Street (50%)	80 Strand Street, Cape Town	Western Cape	We Work, Traffic	6 737	146,67
9 Long	21 Riebeek Street, Cape Town	Western Cape	Department Of Public Works, National Debt Advisors	9 528	129,36
Albury Park	Magalieszicht Avenue, Dunkeld West, Sandton	Gauteng	Network Space	8 212	121,28
Boundary Terraces	1 Mariendahl Lane, Newlands, Cape Town	Western Cape	Professional Provident Society Investments, Savings And Investment Association, World Wide Fund For Nature (WWF)	8 020	206,82
Chiappini House#	26 Chiappini Street, Cape Town	Western Cape	Wodchella International, De Waterkant Health	1 024	145,90
East Coast Radio House	314/7 Umhlanga Rocks Drive, Umhlanga Rocks, Durban	KwaZulu-Natal	Tafelberg Furniture Stores, Kagiso Media	5 351	175,33
Epsom Downs Office Park	13 Sloane Street, Bryanston, Sandton	Gauteng	Hemocue, Red Brick Consulting, Kunene Health Care	9 311	122,97
Gateview	3 Sugar Close, Umhlanga, Durban	KwaZulu-Natal	Bytes People Solutions	2 800	139,60
Hamilton House	30 Chiappini Street, Cape Town	Western Cape	Switchless, Kids Living, H&M Hennes and Mauritz	3 247	144,06
Hyde Park Lane	Cnr Jan Smuts Avenue and William Nicol Drive, Hyde Park, Sandton	Gauteng	Standard Bank, Transaction Capital Recoveries, Truffle Asset Management	15 070	145,06
Knightsbridge Office Park#	33 Sloane Street, Bryanston Ext 4	Gauteng	WSP Group Africa, KFC, Gold One Management Services, Verifone Africa, Ventureweb, Odyssey Capital Managers, Emira Property Fund, Morish Cuisine, MDA Property Services, Kidrotex	16 148	212,74
Lone Creek	21 Mac Mac Road and Howick Close, Waterfall Park, Midrand	Gauteng	The Concrete Institute, The South African Council For The Quantity Surveying	5 533	126,50
Menlyn Corporate Park#	Cnr Corobay Avenue and Garsfontein Road, Menlyn, Pretoria	Gauteng	King Price Insurance Company, South African Local Government Association, BVI Consulting Engineers Gauteng, Feenstra Group	26 802	215,59
Newlands Terraces	8 Boundary Road, Newlands, Cape Town	Western Cape	Business Connexion, Taquanta Asset Managers, Intembeko Investment Administrators	4 531	190,07
Podium at Menlyn	43 Ingersol Road, Lynnwood Glen, Pretoria	Gauteng	Big Time Strategic Consultant, GIBB, South African Forestry Company	8 962	149,64
Summit Place – Buildings A, C, D, E (50%)#	Cnr of Garsfontein Road and N1 Freeway, Menlyn, Pretoria	Gauteng	Assupol Life, SNG Grant Thornton, Planet Fitness, BDO South Africa, Aselsan Elektronik, Advtech Resourcing	12 739	244,73

* Single tenant, therefore the weighted average gross rental across Emira's office sector has been used – R181,46/m².

Independently valued at 30 June 2021. † Excluding vacancies, parking, storerooms, kiosks and ATMs.

Supplementary information

Property listing as at 30 June 2021 continued

Office

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg. gross rent/m ² †
The View – Tygervalley#	43 Old Oak Road, Bellville, Cape Town	Western Cape	Intercare, Clicks, PPS Insurance Company	6 448	241,49
Waterside Place	Waterside Place, South Gate Tyger Waterfront, Carl Cronje Drive, Bellville, Cape Town	Western Cape	AECOM, Tribugenix	4 840	150,80
Subtotal Office				160 486	181,46

Independently valued at 30 June 2021. † Excluding vacancies, parking, storerooms, kiosks and ATMs.

Urban retail

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg. gross rent/m ² †
Ben Fleur Shopping Centre#	Da Vinci Street, Emalahleni	Mpumalanga	Checkers, Woolworths, Spur, Pick n Pay Clothing	10 510	160,66
Boskruin Shopping Centre	Cnr of President Fouche and Hawken Avenue, Bromhof, Johannesburg	Gauteng	Woolworths	6 929	190,01
Epsom Downs Shopping Centre^	13 Sloane Street, Bryanston, Sandton	Gauteng	Pick n Pay Supermarket & Liquors, 4 X 4 Mega World, Jozi Cloud Kitchens	6 832	143,17
Gateway Centre	1319 Pretoria Street, Hatfield, Pretoria	Gauteng	Hatfield Liquor	1 793	215,99
Granada Square	16 Chartwell Drive, Umhlanga Rocks, Durban	KwaZulu-Natal	Woolworths, Capsicum Culinary Studio	7 208	188,34
Kramerville Corner	16 Desmond Street, Eastgate, Kramerville, Sandton	Gauteng	Griffiths And Griffiths, Il Lusso, Collaro Designs, House And Haven Bedfordiew, Daskasas, Design Plus Interiors, First Quantum Minerals SA, Sol Danka, Holistic Technologies, Yen Creation	18 252	128,79
Makro*#	15 Hanover Street, Selby, Johannesburg	Gauteng	Makro	18 956	155,87
Market Square	Beacon Way, Plettenberg Bay	Western Cape	Pick n Pay, Woolworths, Clicks, Pick n Pay Clothing, Jack's Paint, Mr Price, Ackermans	14 848	139,10
Mitchells Plain (50%)	Town Centre Mitchells Plain	Western Cape	Shoprite, Jet, Victory Outreach International Church Of Cape Town	9 833	115,06
Park Boulevard#	11 Brownsdrift Road, Riverside, Durban North	KwaZulu-Natal	Spar, KTM Durban	5 357	130,44
Parklands Health Centre#	11 Village Walk, Cnr Link and Park Road, Table View, Cape Town	Western Cape	Intercare Managed Healthcare	2 487	200,11
Quagga Centre	Cnr Court and Quagga Streets, Pretoria West	Gauteng	Shoprite Checkers, Pick n Pay, Woolworths, Absa Bank, Mr Price, Clicks, Bradlows and Sleep Masters, Ezintle School of Dance, Ackermans, Jet, Pep, Jam Clothing, Foschini, Jumbo Clothing	29 390	141,05
Randridge Mall	Cnr John Vorster Drive and Kayburne Road, Randpark Ridge	Gauteng	Pick n Pay, Woolworths, Dis-Chem, HealthWorx, Firstrand Bank, Mr Price Apparel, Pick n Pay Clothing, Ackermans	22 267	159,13

* Single tenant, therefore the weighted average gross rental across Emira's retail sector has been used – R155,87/m².

^ Held-for-sale. # Independently valued at 30 June 2021. † Excluding vacancies, parking, storerooms, kiosks and ATMs.

Supplementary information

Property listing as at 30 June 2021 continued

Urban retail

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg. gross rent/m ² [†]
Southern Sentrum	Benade Drive, Fichardt Park, Bloemfontein	Free State	Pick n Pay, Shell	21 392	123,88
Springfield Retail Centre	2 Ilala Avenue, Springfield Park, Durban	KwaZulu-Natal	Food Lovers Market, Mambo's Plastics Warehouse, HiFi Corp, Ted's Home Store, Baby City, Outdoor Warehouse, Toyzone, Su Casa, Musicians Gear Zone, The Bed Shop, Tapestry Home Brands	17 290	155,19
Summit Place – Building G1 (50%) [#]	Cnr Garsfontein Road and N1 Freeway, Menlyn, Pretoria	Gauteng	Jaguar Land Rover	2 484	175,84
The Colony Centre [^]	345 Jan Smuts Avenue, Craighall Park	Gauteng	Baby City, Remake Architectural Consultants, Dial A Bed	7 141	187,79
The Tramshed [#]	288 Van der Walt Street, Pretoria	Gauteng	Pick n Pay, Virgin Active, City Of Tshwane, The Government of RSA , Intercare Managed Health Care, Fashion Fusion	12 859	124,27
Wonderpark [#]	Cnr Old Brits Road and Heinrich Avenue, Karenpark, Pretoria	Gauteng	Pick n Pay Hypermarket, Game Stores, Checkers, Woolworths, Edgars, Virgin Active, Caltex, Builders Express, Buco, The Hub, Ster Kinekor, Truworths, Mr Price Apparel, West Pack Lifestyle, Dis-Chem, Ackermans, HiFi Corp., Standard Bank, Jet, Foschini, OBC Meat & Chicken, Mr Price Home, Toys R Us, Clicks, Tiger Wheel & Tyre, Parrots, Rochester, Mr Pice Sport, Pep, Identity, ABSA Bank	90 907	167,16
Subtotal Urban Retail				306 736	155,87

[^] Held-for-sale. [#] Independently valued at 30 June 2021. [†] Excluding vacancies, parking, storerooms, kiosks and ATMs.

Industrial

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg. gross rent/m ² [†]
1 Medical Road [*]	1 Medical Road, Randjiespark Ext 41, Midrand	Gauteng	iMvula Healthcare Logistics	3 489	61,91
1 Monte Carlo Road ^{* #}	1 Monte Carlo Road, Mahogany Ridge, Pinetown	KwaZulu-Natal	Kalideck	5 551	61,91
14-16 Boston Circle ^{* #}	14-16 Boston Circle, Airport Industria, Cape Town	Western Cape	Bidvest Data	7 533	61,91
20 Anvil Road ^{* #}	20 Anvil Road, Isando, Kempton Park	Gauteng	The Beverage Company	12 250	61,91
Admiral House	151 Lechwe Street, Corporate Park South, Randjiespark Ext 7, Midrand	Gauteng	NUR Manufacturers, Zone Offroad Prodcets, Bakali Foodstuffs	4 460	62,85
Aeroport (12/14 Winnipeg Avenue) [#]	12-14 Winnipeg Avenue, Aeroport, Kempton Park	Gauteng	Madibana SA, Bright Idea Projects 112, AT SA Compressors	1 640	67,36
Aeroport (34/36 Director Road) [#]	34-36 Director Road, Aeroport, Spartan, Kempton Park	Gauteng	Scanco Digital Services, Bearing Man	1 715	64,74
Aeroport (96 Loper Road) [*]	96 Loper Avenue, Spartan Ext 2, Kempton Park	Gauteng	Tenova South Africa	3 966	61,91

^{*} Single tenant, weighted average for the industrial sector – R61,91/m².

[^] Held-for-sale. [#] Independently valued at 30 June 2021. [†] Excluding vacancies, parking, storerooms, kiosks and ATMs.

Supplementary information

Property listing as at 30 June 2021 continued

Industrial

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg, gross rent/m ² †
Aeroporto (98 Loper Road)*	98 Loper Avenue, Spartan Ext 2, Kempton Park	Gauteng	DN Freight	1 672	61,91
Cambridge Park	22 Witkoppen Road, Paulshof	Gauteng	I-Tech South Africa, Puma South Africa, Zulzi OnDemand, Takealot	12 021	68,27
CEVA Midrand*	Cnr 16th and Douglas Roads, Randjiespark, Midrand	Gauteng	Ceva Animal Health	2 781	61,91
Corporate Park (82 Lechwe)	82 Lechwe Street, Sage Corporate Park, Randjiespark Ext 70, Midrand	Gauteng	National Security And Fire, Maxxis Tyres South Africa, Pikitup, Medi-Merchant	6 523	52,43
Denver Warehouse*	Cnr Mimetes Rd and Kruger St, Denver, Johannesburg	Gauteng	Foodserv Solutions	9 752	61,91
Epping Warehouse (WGA)^	3A Bofors Circle, Epping, Cape Town	Western Cape	Devland Burgersfort, Rare Woods SA, Autozone, Tyreman Auto Centre	23 922	46,30
Evapco*	Cnr Quality and Barlow Streets, Isando, Johannesburg	Gauteng	EVAPCO SA	5 715	61,91
Freeway Park	Cnr Berkley and Upper Camp Roads, Ndabeni, Maitland, Cape Town	Western Cape	Torga Optical Lens Manufacturing	7 839	93,74
Gateway Landing#	70 Banghoek Crescent, N4 Gateway Industrial Park, Pretoria	Gauteng	Grit Procurement Solutions, Storage King SA	9 371	65,30
Greenfields	1451 Chris Hani Road, Redhill, Durban	KwaZulu-Natal	Rietriver Mechanical, Unlimited Building Supplies SA, Wholesale Motor Glass, Greenwest Investments, Nyakatho Plumbing And Hardware Supplies, KNA Logistics	9 398	84,19
HBP Commercial unit*	36 Park Avenue North, Rooihuiskraal, Centurion, Pretoria	Gauteng	Spero Sensors And Instruments	2 429	61,91
HBP Industrial units	95 Park Avenue North, Rooihuiskraal, Centurion, Pretoria	Gauteng	Play Town, Productive Systems, Ceramic World, DDZ Technologies	7 292	66,86
Industrial Village Jet Park	Cnr Kelly and Estee Ackerman Roads, Jet Park	Gauteng	Autobax, BT Industries, GIF Products, Manuel Adelino De Atouguia, Bundu Power, Golf Car Battery Supplies, Union-Swiss	11 613	51,84
Industrial Village Kya Sands	Cnr Elsecar and Bernie Streets, Kya Sands Ext 2	Gauteng	Redline Logistics Project Management, Wenzekahle Trading and Projects, Labelit Packaging, Gozone Water, South African Post Office, Maxicool SA Refrigeration, Abrimix, T&R Design, Ecozyme Enzymes, Control Installations and Repair Centre, Voyager Computers, African Bank, Classique Nuts and Dried Fruit	16 659	49,98
Industrial Village Rustivia#	6 Rover Street, Elandsfontein, Germiston	Gauteng	Mzansi Rolls And Label, Manex Import and Export, Stanley Basson Stanley Logistics, Turbofluid Engineering	9 851	46,72
Kyalami Business Park (RS Components)	20 Indianapolis Crescent, Kyalami Park, Midrand	Gauteng	RS Components SA, 123 Drive Rite	3 856	65,00

* Single tenant, weighted average for the industrial sector – R61,91/m².

^ Held-for-sale. # Independently valued at 30 June 2021. † Excluding vacancies, parking, storerooms, kiosks and ATMs.

Supplementary information

Property listing as at 30 June 2021 continued

Industrial

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg, gross rent/m ² †
Midline Business Park	Cnr Richards Drive and Le Roux Road, Midrand	Gauteng	Coated Fabric, Flintgroup, Akula Trading 176, DK Sound Services, Al-araieen Trading	12 026	59,42
Midrand (918 Morkels Close)	918 Morkels Close, Halfway House, Midrand	Gauteng	TCS John Huxley Africa, Smith's Mattress Warehouse	2 449	45,18
Mitek South Africa*	754 16th Road, Randjiespark, Midrand	Gauteng	Mitek Industries	6 604	61,91
Morgan Creek*	38 Mahogany Road, Mahogany Ridge, Pinetown	KwaZulu-Natal	Simba	4 283	61,91
One Highveld	5 Bellingham Street, Centurion, Pretoria	Gauteng	3D Printing Factory	6 347	82,57
RTT Acsa Park & RTT Continental*#	Cnr Springbok and Jones Streets, Bardene, Jet Park	Gauteng	RTT Group	59 594	61,91
Steelpark Industrial Park#	Symphony Park, Modderdam Road, Bellville-South, Cape Town	Western Cape	Easylife Kitchens Manufacturing (Cape), Screamer Electronic Services, Macsteel Service Centres SA, Trelleborg South Africa	9 362	51,28
Trellidor*	10 Hoist Street, Montague Gardens, Cape Town	Western Cape	Trellidor Innovations	7 794	61,91
Technohub	Roan Crescent, Corporate Park North, Midrand	Gauteng	Kawari Wholesalers, Firmenich Production, Vodacom	15 273	69,40
The Studios Atlas Gardens#	Atlas Gardens, Potsmandam Road, Durbanville, Cape Town	Western Cape	Flexo Line Products, Zapop, JT Online, Yoctosign, Nautilus Chemicals	9 298	68,55
Universal Industrial Park#	72 Stanhope Place, Briardene, Durban North	KwaZulu-Natal	Royal Distribution, Traderplus, Liquid Ink Screen Printers, Motus Group, Quadrant Clothing, My O My Foods, KZN Boxes Manufacturing	12 260	58,62
V-Tech*	Cnr Douglas Road and Old Pretoria Road, Randjiespark, Midrand	Gauteng	V-Tech	2 533	61,91
Wadeville Industrial Village#	6 Crocker Road, Wadeville, Germiston	Gauteng	Entech Consulting, GZ Manufacturing, Indentisea Distributors, Klinger, Commercial Repairs and Components SA, Furndoc, Plastix Engineering, Furndoc, ALD Distributors, A and H Installations	13 384	43,66
Subtotal Industrial				342 507	60,86

* Single tenant, weighted average for the industrial sector – R61,91/m².

^ Held-for-sale. # Independently valued at 30 June 2021. † Excluding vacancies, parking, storerooms, kiosks and ATMs.

Residential

Property	Location	Province	No. of units	GLA (m ²)
The Bolton	Cnr Baker Street and Sturdee Avenue, Rosebank	Gauteng	282	11 858

Vacant land

Property	Location	Province
1 West Land	West Street, Centurion	Gauteng
Discovery Land	Oak Road, Centurion, Pretoria	Gauteng
Quagga Land	Cnr Court and Quagga Streets, Pretoria West	Gauteng

TOTAL INVESTMENT PROPERTIES

821 587

Supplementary information

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)
<i>Adjusted for:</i>		
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

Supplementary information

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
<i>Adjustments:</i>		
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

Supplementary information

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	–
<i>Adjustments:</i>		
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	–
<i>Adjustments:</i>		
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
<i>Less:</i>		
Cash and cash equivalents	(96 910)	(95 047)
<i>Add/less:</i>		
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
<i>Less:</i>		
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

Administration

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")

Registered address

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Sandton, 2196

Private Bag X14, Sandton, 2146

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Sandton

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Feenstra Group (Pty) Ltd

Menlyn Corporate Park

Third floor

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Transfer secretaries

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