



EMIRA
PROPERTY FUND

2022

**Unaudited condensed
consolidated interim
financial results**

for the six months ended
31 December 2021 and
dividend declaration

Key messages

Distributable income

R329,2m

Down 1,3% from December 2020

Interim dividend per share

56,59c

Up 8,8% from December 2020

Net asset value per share

1 541c

Up 1,5% from June 2021

Vacancies

6,1%

Improved 0,3% from June 2021

Loan to value

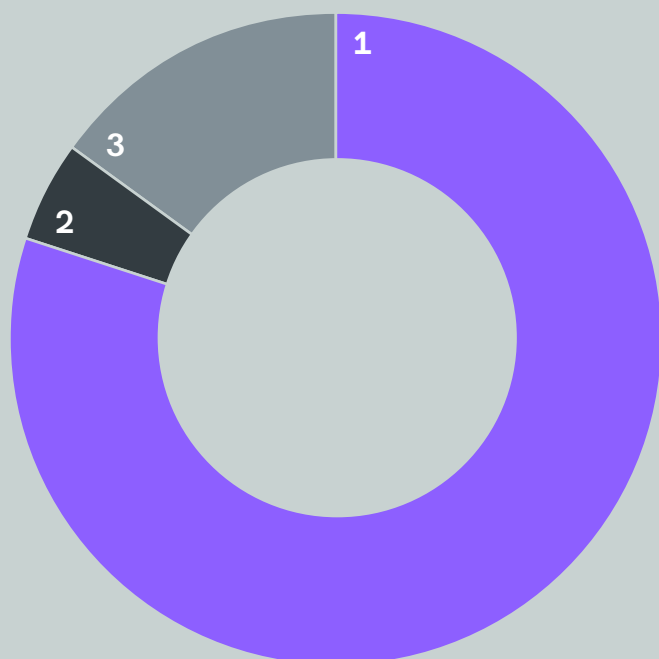
41,8%

Up 0,9% from June 2021

B-BBEE contributor level

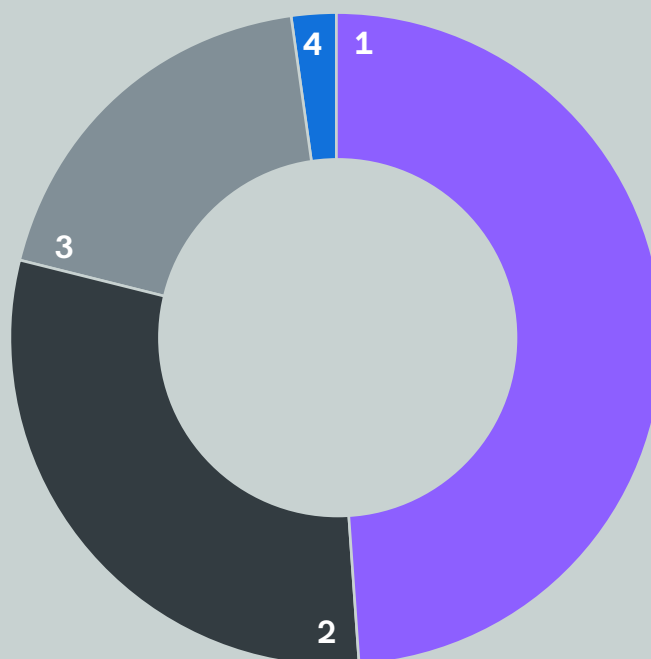
Level 2

Investments (%)



1. Direct local	80
2. Indirect local	5
3. Indirect offshore	15

Direct property local: value split per sector (%)



1. Urban retail	49
2. Office	30
3. Industrial	19
4. Residential	2

COMMENTARY

Distributable earnings for the six months ended 31 December 2021 has marginally decreased to R329,2m. Emira's Board of Directors (the "Board") has approved the declaration of an interim dividend of 56,59 cents per share for the six months to 31 December 2021 (the "current period" or "current reporting period") (December 2020: 52,00 cents) after taking the adjustments into account to reflect the cash backed position. This is a period-on-period increase of 8,8%. It is however noted that the declared December 2020 dividend was after the deferral of 5,09 cents of the available cash backed dividend per share to the second half of the year. This was because of the uncertainty at that stage on the future operational performance of Emira's investments. A similar deferral has been deemed not to be necessary for the current period.

The diversified nature of Emira's investments, on both a sectoral and geographical basis, continues to safeguard the Fund and despite the continued pressure on local property fundamentals the portfolio performed above expectations. The "fourth wave" was expected to further slow down the recovery of the local economy and while it did have some impact, it was pleasing to see that only minor restrictions were placed on tenants' businesses. The steady performance of the local industrial and retail sectors has countered the strained office market, while the Fund's exposure to the stable economy of the United States of America ("USA" or "US") has provided a buffer to the low growth South African environment.

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

Dividend policy

Emira exists to provide a platform from which investors can access the net rental income generated from its underlying portfolio of diversified property investments. This is by way of a dividend declaration of the cash-backed portion of its distributable income to shareholders, provided it can demonstrate its ability to meet its future financial obligations. The cash-backed portion of distributable income is determined by adjusting distributable earnings where there is uncertainty regarding the timing of the cash flow of an underlying item or where cash is being retained in an underlying investment on an indefinite basis. These adjustments are not intended to alter normal timing differences existing in the ordinary course of business between standard accounting practices and the related cash flows.

The Board has assessed the Company's balance sheet and liquidity position and has confirmed both as healthy.

Distributable earnings

Revenue reduced by 1,1% period-on-period to R741,2m (excluding straight-lining adjustments in respect of future rental escalations) from R749,1m. The decrease is due to the higher average vacancy rate for the period as well as rental reversions for both renewals and new leases. This was partially offset by a decrease in the rental concessions provided to tenants as part of Emira's response to COVID-19-related restrictions – R1,8m of permanent rent remissions were provided in the period, down from R17,8m for the six months ended 31 December 2020 ("previous reporting period").

Property expenses increased by 5,2% from R340,1m to R357,6m. The increase is primarily due to escalating electricity and municipal costs which included some once off billing corrections for prior periods. Maintenance costs for the period also increased – this was partially due to bringing certain items planned for the second half of the financial year forward. These increases were offset in part by lower levels of bad debts for the period, and the reversal of credit loss provisions, due to a high collection percentage of billings including deferred rentals for April, May and June 2020.

Administration expenses increased by 0,9% to R46,2m (December 2020: R45,9m) primarily due to staff costs, as well as marketing costs.

Emira realised a foreign exchange gain of R3,3m on its foreign investments compared with a loss of R6,2m in the previous period. The gain relates to its US investments where the related income and expenditure are accounted for at a weighted average monthly ZAR versus USD rate and then converted on a cash flow basis at the forward exchange contract rates or the spot rate.

Other income of R2,8m is made up of Emira's 50% share of the asset management fee charged to Enyuka Property Fund ("Enyuka") and a fee of R0,5m charged to Transcend Residential Property Fund ("Transcend") to underwrite their December 2021 equity raise.

Distributable income from equity-accounted investments of R131,7m includes:

- income of R89,1m from US investments (December 2020: R72,7m) which represents Emira's share of the net distributable income from the 11 US-held property investments; and
- income of R42,6m from Enyuka (December 2020: R41,9m), being the interest received on Emira's loan to Enyuka (R43,6m) less Emira's 49,9% portion of Enyuka's net loss (Emira's share being R1,0m after interest). Enyuka's net loss is post a total asset management fee of R2,2m of which Emira receives 50%, and is shown in "Other Income".

The dividends of R14,7m from Transcend (December 2020: R19,8m) have been accrued for distribution purposes only and are in respect of the dividend declared by Transcend on 14 February 2022 for the period ended 31 December 2021. Included are those dividends on the additional 18 621 038 Transcend shares Emira acquired on 17 December 2021, but only the portion due from the date of the investment to 31 December 2021 of R0,4m. The antecedent portion on the additional shares of R5,4m, calculated from 1 July 2021 to the date of the investment, has been included as a cash flow adjustment below.

Distributable earnings

R'000	Half-year ended 31 Dec 2021	Half-year ended 31 Dec 2020	% change
Operating lease rental income and tenant recoveries excluding straight-lining of leases	741 197	749 070	(1,1)
Property expenses excluding amortised upfront lease costs	(357 612)	(340 058)	(5,2)
Net property income	383 585	409 012	(6,2)
Administration expenses	(46 272)	(45 854)	(0,9)
Realised foreign exchange gain/(losses)	3 252	(6 185)	(152,6)
Other income	2 775	2 265	22,5
Distributable income from equity-accounted investments	131 647	118 263	11,3
Dividend received/accrued from Transcend	14 676	19 817	(25,9)
Net finance costs	(173 755)	(177 343)	2,0
Finance income	19 681	20 314	(3,1)
Finance costs	(193 436)	(197 657)	2,1
Interest paid and amortised borrowing costs	(194 129)	(199 582)	2,7
Interest capitalised to the cost of developments	692	1 925	(64,0)
Taxation (non-capital)	(1 714)	–	(100,0)
Minority shareholders' interests	(473)	(438)	(8,0)
Net ESA Trust adjustment	3 392	2 977	8,0
Net BEE Scheme adjustment	12 096	11 135	3,1
Distributable income	329 209	333 649	(1,3)
Distributable income adjustments			
1. Deferred rental collected	2 302	18 585	(86,2)
2. Expected credit loss movement on deferred rental	(2 303)	(3 639)	36,7
3. Distributable income from US equity-accounted investments not distributed	(20 277)	(35 023)	42,1
4. Interest accrued on loan advanced to Inani	(15 260)	(13 266)	(15,0)
5. Capitalised interest limitation	(692)	(1 925)	64,0
6. Non-vesting treasury share dividends	131	–	100,0
7. Transcend antecedent dividend – 50%	2 680	–	100,0
Dividend payable to shareholders	295 790	298 381	(0,9)
Dividend available for distribution per share (cents)	56,59	57,09	(0,1)
Less: portion deferred	–	(5,09)	100,0
Dividend per share (cents)	56,59	52,00	8,8

Net finance costs for the period reduced to R173,8m (December 2020: R177,3m). While debt levels were on average marginally higher over the current period, this was offset by the lower average interest rates compared to the prior period. Finance income decreased because of certain loans advanced being repaid since 31 December 2020.

Taxation provided for in the period relates to the reassessment of a prior period return where a deduction previously claimed has been disallowed.

The distributable income due to minorities of R0,5m relates to Bet All Investments Proprietary Limited, the subsidiary which owns The Bolton, where minority shareholders hold 25,0%.

Net Black Economic Empowerment (“BEE”) Scheme adjustment: The BEE scheme comprises the restricted special purpose investment vehicles that hold Emira shares, set up for the benefit of the BEE parties who participated in Emira’s June 2017 black empowerment equity issuance (“BEE Scheme”). Emira was deemed to control the parties with effect from April 2020, hence they are consolidated, and any third-party finance costs are included in Emira’s consolidated interest paid. Profits generated by the BEE Scheme are for the benefit of the underlying investors. Emira has guaranteed the BEE Scheme’s third-party debt obligations with any net losses ultimately being for Emira’s account. The purpose of this adjustment is to adjust distributable income such that the effect of any items related to the BEE Scheme are limited to a net amount of zero, after factoring in the dividends received by the BEE Scheme and all its interest obligations. Included in Emira’s “Interest paid and amortised borrowing costs” is a R5,0m interest charge, in respect of the BEE Scheme’s interest obligations to its third-party lender.

Net ESA Trust adjustment: Following on from the implementation of the BEE Scheme, the ESA Trust (the "Trust") was set up to facilitate Emira's executive directors' share ownership scheme. Emira is deemed to control the Trust, hence it is consolidated, and any third-party finance costs are included in Emira's consolidated interest paid. Profits generated by the Trust are for the benefit of the beneficiaries. Emira has guaranteed the Trust's third-party debt obligations with any net losses ultimately being for Emira's account. The purpose of this adjustment is to adjust Emira's distributable income such that the effect of any items related to the Trust, consolidated into Emira, are limited to a net amount of zero, after factoring in the dividends received by the Trust and all its interest obligations. Included in Emira's "Interest paid and amortised borrowing costs" is a R1,4m interest charge in respect of the Trust's interest obligations to its third-party lender.

The following adjustments have been made to distributable earnings in calculating the net cash backed position and which is the amount available for distribution:

- *Deferred rentals collected*: Deferred rentals granted to tenants for the initial "lockdown" months of April, May and June 2020 were excluded from the dividend calculation at 30 June 2020 on the basis that collection was uncertain. The Fund has collected R2,3m of these deferrals in the current period, and are included in this period's dividend calculation.
- *Estimated credit losses on deferred rentals*: Estimated credit losses relating to the brought forward unbilled and uncollected deferred rentals were reassessed as at 31 December 2021, resulting in a reversal for accounting purposes of R2,3m of the provision raised in the prior period. The current period's credit amount has been excluded from the dividend calculation as it was not included when the credit loss provision was originally raised.
- *Distributable income from equity-accounted investments*: The distributable income from Emira's equity-accounted US investments has been reduced by R20,3m. Where necessary, Emira and its US partners have retained a portion of cash collections across the underlying investment companies to fund general capital expenditure as well as letting costs, including lease commissions and tenant installations. Consequently, lower cash dividends were declared by some of the underlying property-owning entities for the quarters ended 30 September 2021 and 31 December 2021. Further, two of the underlying investments have continued to not declare any dividends in the period, retaining 100% of all net cash collected, as their funders have required them to increase cash reserves until occupancy levels are restored to pre COVID-19 levels.
- *Finance income*: Interest charged of R15,2m to Inani Property Fund ("Inani") on the loan advanced to it has been capitalised for the period ended 31 December 2021. Given the continued uncertainty on the timing of the collection of this interest, Emira has adjusted distributable earnings by R15,2m.
- *Interest capitalised to developments*: Capitalised interest of R0,7m has been adjusted for on the basis that it is not supported by an underlying cash flow.
- *Antecedent portion of Transcend dividend*: The antecedent dividend is that portion of the dividend on the additional shares acquired that is deemed to have been earned prior to investment on 17 December 2021, and is treated as taxable income in Emira's hands. Of the antecedent dividend of R5,4m, 50% (R2,7m) has been included in the distribution for the current period and 50% will be included in the distribution for the six months ended 30 June 2022.

Net asset value ("NAV")

Emira's NAV increased by 1,5% to 1 541 cents per share as at 31 December 2021 (June 2021: 1 518 cents per share). This is pursuant to an increase in the Fund's equity-accounted investments in the US due to a weaker ZAR versus USD closing spot rate, that was offset in part by an increase in net derivative liabilities.

The number of shares used to calculate NAV was 483 007 458 and is made up as follows:

	Dec 2021	Jun 2021
Actual shares in issue	522 667 247	522 667 247
Adjusted for:		
Shares held by the BEE Scheme ⁱ	(26 133 364)	(26 133 364)
Shares acquired for the Emira Forfeitable Share Plan ⁱⁱ	(6 326 425)	(5 129 878)
Shares held by the ESA Trust ⁱⁱⁱ	(7 200 000)	(7 200 000)
Adjusted shares in issue	483 007 458	484 204 005

ⁱ Emira shares held by the BEE Scheme under Emira's June 2017 BEE Transaction (as defined in the circular to shareholders dated 29 May 2017) are classified as treasury shares upon consolidation of the BEE Scheme, effective April 2020.

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

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

Portfolio review

South African direct portfolio

Portfolio overview

Emira's directly held South African portfolio is valued at R9,8bn. It comprises 77 properties (June 2021: 77 properties) across the retail, office, industrial and residential sectors. The following is the sectoral split by value and number of properties:

Sector	Value split (%)	Number of properties
Urban retail	49	19
Office	30	20
Industrial	19	37
Residential	2	1
	100	77

RETAIL

The retail sector performed well notwithstanding the social unrest in July 2021, and the positive trend on tenants' trading activity has continued. Pleasingly, there were limited restrictions imposed by government in response to the "fourth wave" which allowed tenants to largely trade normally over the December 2021 period. The performance by Emira's retail portfolio, comprising mostly grocer-anchored neighbourhood centres within close proximity to their communities, continues to demonstrate the resilience of this sub-sector. On a like-for-like basis for the 12-month period ended 31 December 2021, tenant turnover in Emira's retail portfolio increased by 2,5% period-on-period.

The reconstruction of Springfield Retail Centre, the only directly held Emira property to be materially damaged by the July 2021 riots, is well underway, and circa 58% of the total expected damages claim has been received to date from SASRIA.

OFFICE

Emira's 20 office buildings comprises 30% (by value) of its direct portfolio. These properties are located in sought-after nodes and Emira continues to invest in them to ensure they remain attractive and relevant to both existing and prospective tenants.

The office sector remains tough given the persistent, weak local conditions. In line with the national trend, vacancies continue to increase in the Emira office portfolio, and rentals remain under pressure, with rent reversions at a negative 17,4% for the period. Economic growth is the catalyst for change in the sector which will improve business confidence and result in investment and an expansion of businesses, ultimately increasing the demand for space.

INDUSTRIAL

The industrial portfolio is divided among single-tenant light industrial and warehouse facilities and multi-tenant midi- and mini-unit industrial parks. The broad tenant base diversification limits the Fund's single counterparty risk.

Emira's industrial vacancies remain stable, despite the rolling power cuts. Demand for space continues to rise and 92,0% (by revenue) of tenants whose leases matured in the period were retained and their leases renewed. While the increased activity is pleasing, the challenges faced by tenants because of inconsistent power supply remains a major risk to their sustainability.

RESIDENTIAL

The Bolton, located in the popular Rosebank node, is Emira's only directly held residential property and targets the higher-demand, mid-to-lower market. It is co-owned with The Feenstra Group, a specialist residential developer and operator. While The Bolton's occupancy level has decreased in the period, it is expected to improve once Rosebank-based corporates start requiring that their employees return to the workplace.

COVID-19

As vaccination rates have risen there has been a correlating improvement in business and consumer confidence, albeit slow. This boost is partly due to the South African Government easing COVID-19-related restrictions which has provided more certainty for businesses.

Over the duration of this reporting period, further concessions to the value of R1,8m were granted to tenants, assisting those primarily in the hospitality and entertainment sub-sectors. This was significantly lower than those granted in the previous reporting period and is indicative of fewer restrictions.

It remains uncertain as to how COVID-19 will evolve and what the impact from future variants will be. The Fund will continue to exercise caution and, to the extent required, will support tenants should their ability to trade be restricted going forward.

Collections

The monthly collection of rentals continues to be a key focus area and Emira's normal debtor collections versus billings for the period was a pleasing 102,4%. The Fund collected R2,6m, including VAT, of the April, May and June 2020 deferred rentals in the period, being R0,6m (or 100%) of the deferrals billed in the period and R2,0m of the brought forward arrears.

Outstanding debtors, including VAT, for normal billings as at 31 December 2021 has decreased to R62,4m (June 2021: R63,8m) and estimated credit losses have been appropriately provisioned, with 79,1% of the balance owing provided for.

Arrears and collections as at 31 December 2021

R'000	31 Dec 2021					30 Jun 2021
	Urban retail	Office	Industrial	Residential	Total	Total
Arrears (excluding VAT)						
Standard debtors	18 076	22 302	13 595	420	54 393	55 491
Estimated credit losses on standard debtors					(43 002)	(37 792)
Deferrals billed not yet recovered	56	362	464	–	882	2 631
Estimated credit losses on deferred rentals					(278)	(2 581)
Normal collections vs billings net of discounts (VAT inclusive)						
Collections: Jul 2021 – Dec 2021	425 861	259 402	171 992	13 301	870 556	1 725 124
Billings net of discounts: Jul 2021 – Dec 2021	413 476	255 778	167 049	13 720	850 023	1 741 689
Collections: Jul 2021 – Dec 2021 (%)	103,0	101,4	103,0	96,9	102,4	99,0
COVID-19 deferral collections vs deferral billings (VAT inclusive)						
Collections: Jul 2021 – Dec 2021	604	1 256	788	–	2 648	58 675
Billings: Jul 2021 – Dec 2021	330	306	–	–	636	61 702
Collections: Jul 2021 – Dec 2021 (%)	183,0	410,4	0,0	0,0	416,3	95,1
COVID-19 rental discounts granted (excluding VAT)						
Discounts: Jul 2021 – Dec 2021	1 619	148	48	–	1 815	33 604
Deferred rentals not yet billed (excluding VAT)	121	557	–	–	678	1 716

Vacancies

GLA reconciliation

	GLA m ²
Balance at 30 Jun 2021	809 729
Disposals	–
Acquisitions/extensions	–
Re-measurements	(369)
Balance at 31 Dec 2021	809 360
Occupied GLA at 31 Dec 2021	760 349
Vacant GLA at 31 Dec 2021	49 011
Vacancy %	6,1

Vacancy reconciliation

	GLA m ²	%
Balance at 30 Jun 2021	51 925	6,4
Less: properties sold since 30 Jun 2021	–	
Remaining portfolio balance at 30 Jun 2021	51 925	
Tenants vacated during the period	28 953	
Leases concluded for previously vacant units (prior 1 Jul 2021)	(19 065)	
Leases concluded for tenants vacated during the six months ending 31 Dec 2021	(12 802)	
Balance at 31 Dec 2021	49 011	6,1

Pleasingly, overall vacancies decreased to 6,1% from 6,4% last reported at 30 June 2021. Urban retail sector vacancies improved to 3,6% (June 2021: 4,1%) and remain well below the South African Property Owners Association's ("SAPOA") national average of 6,0% as reported in September 2021. Industrial vacancies have also recovered to 2,6% (June 2021: 3,5%), and they too remain well below the SAPOA national average of 5,9% (SAPOA reported December 2020). In line with the local trend, Emira's office sector vacancies increased to 18,2% (June 2021: 17,0%), which is above the national average of 16,0% (SAPOA reported December 2021). This increase in the office portfolio is spread across various buildings with the following being the most significant:

- Business Connexion (1 306m²) vacated Newlands Terraces in Cape Town due to their business being consolidated into another premises;
- MDA Property Services (540m²) vacated Knightsbridge Office Park in Johannesburg, due to the relocation of its office to Cape Town; and
- Savings and Investments Association (491m²) vacated Boundary Terraces in Cape Town, due to it requiring smaller premises.

Given the tough environment, including the oversupply of office space and shift in work habits, the Fund is strategising on how better to attract new tenants in this sector.

The Bolton, Emira's sole directly held residential property, saw occupancy levels decrease to 92,2% (June 2021: 94,0%), with 22 units of 282 units remaining unlet as at 31 December 2021. The Bolton's occupancy level does historically drop at the end of the year and post 31 December 2021 the occupancy has increased to 94,7%.

Commercial vacancies

	No. of buildings Dec 2021	GLA Dec 2021 (m ²)	Vacancy Dec 2021 (m ²)	Vacancy Dec 2021 (%)	No. of buildings Jun 2021	GLA Jun 2021 (m ²)	Vacancy Jun 2021 (m ²)	Vacancy Jun 2021 (%)
Office	20	160 136	29 097	18,2	20	160 486	27 274	17,0
Urban retail	19	306 753	11 030	3,6	19	306 736	12 616	4,1
Industrial	37	342 471	8 884	2,6	37	342 507	12 035	3,5
Total	76	809 360	49 011	6,1	76	809 729	51 925	6,4

Residential vacancies

	No. of buildings Dec 2021	No. of units Dec 2021	Vacancy Dec 2021 (units)	Vacancy Dec 2021 (%)	No. of buildings Jun 2021	No. of units Jun 2021	Vacancy Jun 2021 (units)	Vacancy Jun 2021 (%)
Total	1	282	22	7,8	1	282	17	6,0

Leasing

Based on gross rental, the Fund's weighted average lease expiry for its direct portfolio is 2,8 years (June 2021: 2,6 years), with 11,5% of the leases due for renewal before June 2022. The most substantial expiries (by gross rental) for the next six-month period include:

- Devland Burgersfort (13 662m²) at Epping Warehouse in Johannesburg – the building was disposed of and transferred out of the Fund on 2 February 2022
- Bidvest Data (7 533m²) at 14-16 Boston Circle in Cape Town – finalising lease terms for three years
- Simba (4 238m²) at Morgan Creek in Durban – in negotiations with the tenant for two years

	Rentable area (%)	Contractual rental revenue (%)
Vacant	6,1	–
Jun 2022	12,3	11,5
Jun 2023	20,4	21,4
Jun 2024	19,9	22,9
Jun 2025	17,8	18,2
Jun 2026 >	23,5	26,0
	100,0	100,0

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

- OBC at Wonderpark in Pretoria (392m² for a total value of R8,6m)
- Gelmar at Wonderpark in Pretoria (500m² for a total value of R6,1m)

- Seals Galore at Industrial Village Jet Park in Johannesburg (1 384m² for a total value of R4,7m)
- Hardware Initiative at The Studios Atlas Gardens in Cape Town (2 140m² for a total value of R4,4m)
- The Bed Shop at Wonderpark in Pretoria (279m² for a total value of R3,4m)

Tenant retention for the period improved to 86% by revenue (June 2021: 82%) and 88% by GLA (June 2021: 82%) of the 267 expiring leases (125 425m²). The most significant renewals concluded by lease value, were:

- An early renewal of Makro at Makro Crown Mines in Johannesburg for 13 years (18 956m² for total value of R457,1m)
- Trellidor Innovations at Trellidor in Cape Town for a further five years (7 794m² for total value of R38,0m)
- Virgin Active at Wonderpark in Pretoria for a further five years (3 508m² for a total value of R26,5m)
- Daskasas at Kramerville Corner in Johannesburg for a further five years (1 538m² for a total value of R15,2m)
- The Real Automobile Finance and Insurance Consulting Company at 80 Strand in Cape Town for a further six years (1 238m² for a total value of R12,8m)

Valuation

Emira's accounting policies require that the directors' value the entire portfolio every six months at fair value. The fair market value of investment property increased by 0,5% from 30 June 2021, however, when factoring in capital expenditure of R60,0m for the six months and movement on the allowance for future lease escalation asset, there was a net increase of 0,1% for the period.

It should be noted that the Fund has substantially utilised the same discount rates and exit capitalisation rates as in its June 2021 valuations. All other valuation inputs and metrics (void periods, market rentals, rental growth rates and perpetual vacancy rates) have been updated, where applicable, to reflect current market expectations. The "Measurements of Fair Value" section, discussed further below, provides a detailed analysis on the Fund's valuation inputs and metrics.

Total portfolio movement

Sector	Dec 2021 (R'000)	Dec 2021 (R/m ²)	Jun 2021 (R'000)	Jun 2021 (R/m ²)	Difference (%)	Difference (R'000)
Office	2 941 170	18 367	2 979 885	18 568	(1,3)	(38 715)
Urban retail	4 838 391	15 773	4 778 000	15 577	1,3	60 391
Industrial	1 808 345	5 280	1 783 105	5 206	1,4	25 240
Residential	200 400	–	201 250	–	(0,4)	(850)
Total	9 788 306		9 742 240		0,5	46 066

Acquisitions

As previously advised the Fund had contracted to acquire Northpoint Industrial Park, a multitenant industrial property located in Cape Town, for R103,0m. The property transferred into the Fund on 20 January 2022, post the end of the current reporting period, and was settled using available debt capacity.

Disposals

No properties were transferred out of the Fund during the period. Four assets valued at R269,8m, namely Epsom Downs Shopping Centre, Epping Warehouse, The Colony Shopping Centre and Universal Industrial Park, have been classified as held for sale as at 31 December 2021. Post the reporting period, the disposal of Epping Warehouse and Epsom Downs Shopping Centre were completed and transferred out the Fund's name – see the "Subsequent events" section for more details.

Developments and refurbishments

The success of Emira is linked to the demand for its high-quality, attractive properties. Properties that are regularly upgraded and well maintained are more likely to retain existing and attract prospective tenants to fill vacancies. To this end, the Fund strategically invested capital of R60,0m during the period into its directly held portfolio. In line with the Fund's ESG strategy, projects focused on making Emira's properties more sustainable, particularly those that improve energy efficiency and water conservation, remain top priority.

Major projects that commenced or were concluded during the period included:

- The resizing and subdividing of premises at Wonderpark in Pretoria to incorporate new tenants and/or accommodate existing tenants.
- An upgrade of the external works at Cambridge Park in Johannesburg, which focused on new parking bays and carports, together with internal improvements.
- The installation of backup power at a further eight properties to assist tenants with the continued local power supply disruptions.
- The expansion of the photovoltaic (PV) solar farm at Wonderpark in Pretoria from an output of 1,2MWp to 3,8MWp as well as a new PV farm to achieve net zero at Knightsbridge in Johannesburg.

Short-term focus areas and key risks

Vacancy containment and reduction across the office portfolio remains a key imperative for the Fund. Management will continue to focus on their retention strategy, ensuring existing tenants are satisfied and their needs addressed where commercially feasible. Attracting new tenants is vital and Emira will continue to ensure that the space on offer is competitive and in the best possible condition.

Utilities supply disruptions and the continued above-inflation increases of rates, taxes and utilities costs pose major risks for the property sector. Emira will continue to expedite projects relating to the supply of alternative energy, water harvesting as well as backup power.

Indirect investments

Investment	Classification	Equity held (%)	Carrying value		
			Investment R'000	Loan (net of ECL) R'000	Total R'000
Transcend	Equity-accounted investments	39.2	547 709	–	547 709
Enyuka	Equity-accounted investments	49.9	59 150	594 407	653 557
USA	Equity-accounted investments	49.0	1 906 229	–	1 906 229
			2 513 088	594 407	3 107 495
Inani	Other financial assets	20,0	198	291 106	291 304

Investment	Statutory income				Distributable income				
	Share of profit/(loss) R'000	Dividend received R'000	Interest on loan R'000	Total R'000	Share of profit/(loss) R'000	Dividends received R'000	Interest on loan R'000	Adjustments R'000	Total R'000
Transcend	7 171	–	–	7 171	–	14 676	–	2 680	17 356
Enyuka	(5 983)	–	43 572	37 589	(975)	–	43 572	–	42 597
USA	69 758	–	–	69 758	89 050	–	–	(20 277)	68 773
	70 946	–	43 572	114 518	88 075	14 676	43 572	(17 597)	128 726
Inani	–	–	15 230	15 230	–	–	15 230	(15 230)	–

Transcend

During the period, Emira increased its equity interest from 34,9% to 39,2% in Transcend, a JSE-listed specialist residential REIT focused on value-oriented good-quality suburban units.

On 20 December 2021, in line with the Fund's strategy to increase its residential exposure, Emira subscribed for a further 18 621 038 Transcend shares at R4,72 per share for a total consideration of R87 891 299. The new shares were issued by Transcend as part funding for its acquisition of two further investment properties. The terms of the issue included a waiver from other shareholders to receive a mandatory offer from Emira as a result of Emira's shareholding increasing above 35%. Upon subscription of the new Transcend shares Emira recognised a gain on bargain purchase adjustment of R25,2m, being the difference between the cost and fair value at the date of investment.

Emira equity accounts its interest in Transcend, and the R7,2m recognised is Emira's share of Transcend's net profit for the period, including the gain on bargain purchase adjustment. During the period, Emira received dividends of R11,5m from Transcend for their interim period ended 30 June 2021. An amount of R14,7m has been accrued for distribution purposes only in respect of the final dividend declared by Transcend on 14 February 2022 for their year ended 31 December 2021.

As at 31 December 2021, Transcend's total property portfolio was valued at R2,3bn, and its loan-to-value ("LTV") ratio was 38,3%, with the interest cover ratio at 1,7 times.

Enyuka

Enyuka is a rural and lower LSM retail venture between Emira and One Property Holdings. Emira equity accounts its interest in Enyuka and the R37,6m recognised for the period includes Emira's share of Enyuka's net loss of R6,0m (of which R1,0m is a distributable loss) and interest received of R43,6m on the shareholder loan provided to Enyuka. The rural and lower LSM retail sector continues to perform well, despite the weak local economy, validating its resilience.

Five of the six properties impacted by the violent civil unrest and disorder that broke out in parts of Gauteng and KwaZulu Natal on 9 July 2021 are repaired and fully operational again. The work to repair the sixth property, which sustained fire damage, is expected to be completed by May 2022. Enyuka has to date received circa 77% of its anticipated damages from SASRIA.

No acquisitions or disposals were recorded during the period.

As at 31 December 2021, Enyuka's total property portfolio was valued at R1,7bn and its LTV ratio was 51,0%. Enyuka's interest cover ratio was 2,9 times.

USA

PORTFOLIO OVERVIEW

Emira has co-invested, on a deal-by-deal basis, together with its USA-based partner, The Rainier Companies ("Rainier"), in 11 grocery-anchored dominant value-oriented power centres in the USA. Emira, through its US subsidiary CIL2, owns a minority share in each of the 11 direct property-owning entities but has a unanimous voting arrangement on all major decisions.

Emira's US investments, underpinned by sound property fundamentals and a high-quality tenant base have a consolidated weighted average lease expiry of 5,5 years (by GLA) and a vacancy rate of 5,9%.

Emira equity accounts the 11 direct property-owning entities and R69,8m was recognised as its share of the net profit for the period, which included a non-distributable loss of R19,3m, leaving distributable income of R89,0m. The carrying value of the equity-accounted investments as at 31 December 2021 was R1,9bn (or USD119,4m).

ECONOMIC ENVIRONMENT

The US economy continued to recover and grow in the second half of the 2021 calendar year, reporting strong annualised GDP growth figures of 6,9% for the fourth quarter, resulting in GDP now being materially higher than it was pre-COVID-19. Unemployment has reduced to 3,9% from the pandemic highs of 14,7%. While the broader market is concerned with rising inflation and the expectation of interest rate hikes, the environment remains supportive of the value-oriented retail investment thesis upon which Emira has developed its US strategy.

VACANCIES AND LEASING

Year-on-year vacancies decreased from 8,5% to 5,9%, (June 2021: 7,1%) attributable mostly to filling of vacancies at 32 East (ex-Stein Mart suite of 25 500 sq ft leased to Sportsman's Warehouse and 7 200 sq ft let to Rally House). Leasing at Newport Pavilion (7 662 sq ft total) and at Dawson Marketplace (4 598 sq ft total) has resulted in those properties, along with San Antonio Crossings, achieving 100% occupancy. The ex-Dick's Sporting Goods box at Belden Park Crossings of 65 120 sq ft remains a challenge to back fill. A total of 10 new leases, with a combined GLA of 53 965 sq ft, were concluded at an average annual rental of USD20,08/sq ft and average duration of 7,7 years. Four of these 10 new leases represented reversions, which averaged a positive 1,2% when compared to the previous rental. During the period, 16 leases with a total GLA of 111 561 sq ft were renewed at an average new annual rental of USD14,82/sq ft and a weighted average duration of 3,4 years, representing a slight negative reversion of 0,7%. Overall, leasing activity was reasonable and resulted in a defensive lease expiry profile with 63,9% of leases expiring in longer than five years (by rental).

VALUATIONS

All 11 assets were valued internally by the directors using a 10-year discounted cash flow valuation model in line with the approach taken in December 2020 (in June 2021 the assets were valued externally by Valuation & Advisory Services department of CBRE Inc, an independent firm of professional appraisers, other than Newport Pavilion, which was held at acquisition cost). The following metrics were applied to the portfolio:

	Dec 2021	Jun 2021
Total GLA (sq ft)	3 328 570	3 328 670
Gross portfolio value (USD'm)	574,7	569,5
Average value per property (USD'm)	52,3	51,8
Value per square foot (USD/sq ft)	172,66	171,10
	Average	Average
Average exit capitalisation rate *	8,02%	8,08%
Average discount rate #	8,61%	8,60%
Market rental assumptions	Property specific	Property specific

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

Discount rates ranged between 7,75% – 9,50% at both December 2021 and June 2021.

ACQUISITIONS

No acquisitions were concluded in the six months ended 31 December 2021. Emira, together with Rainier, continues to explore acquisition opportunities on a case-by-case basis evaluated in accordance with selective criteria.

DISPOSALS

No significant disposals were recorded during the six months under review, however, one vacant land outparcel at Dawson Marketplace was sold, in line with the asset management strategy that was approved at acquisition. The net proceeds helped settle debt attributable to the relevant owner partnership. The details of the sale are as follows:

Property	GLA (acres)	Tenant	Sale price USD'000	Disposal yield (%)	Closing date
Dawson Marketplace	1,25	Vacant land	935	N/A	Aug 2021

DEVELOPMENT AND REFURBISHMENTS

At Dawson Marketplace, several underdeveloped pads that were part of the acquisition are expected to be developed once leases and development agreements are concluded with appropriate tenants. Construction of the 35 000 sq ft gym for Onelife Fitness, which was delayed due to COVID-19, was completed during the period, and officially opened in January 2022. At San Antonio Crossing, construction was completed on the 4 700 sq ft outparcel, and handed over to the tenants for fit out. The building will be tenanted by Starbucks, incorporating a drive-through, and MOD Pizza, and is anticipated to open for trade in April 2022.

Other financial assets

The investment in Inani is classified as a financial asset through profit and loss with a fair value of R0,2m as at 31 December 2021. The loan to Inani is accounted for under loans receivable and, at 31 December 2021, an estimated credit loss provision of R90,3m (June 2021: R75,1m) has been raised against the total amount outstanding of R381,4m (including interest).

Funding and treasury management

Emira's LTV was 41,8% at 31 December 2021 (June 2021: 40,9%). LTV is measured by dividing interest-bearing borrowings (net of cash and cash equivalents and including the fair value of net derivative liabilities) by the fair value of income-producing assets including property, listed investments, equity-accounted investments, and loans receivable. The Fund's interest cover ratio at a Group level was 2,8 times at 31 December 2021 (June 2021: 2,9 times).

Breakdown of interest-bearing borrowings:

R'000	Dec 2021	Dec 2020
Emira		
Capital	5 174	4 968
Accrued interest	25	22
Unamortised borrowing costs	(5)	(7)
	5 194	4 983
SPVs consolidated through common control*		
Capital	186	186
Accrued interest	3	3
	189	189
Per statement of financial position	5 382	5 172

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

Emira borrowings

Emira has multiple sources of diversified funding and banking facilities in place with all the major South African banks. A portion of Emira's funding continues to be accessed from the debt capital markets through its established Domestic Medium Term Note ("DMTN") Programme. During the period only R299m of the Fund's debt matured, all being listed commercial paper and corporate bonds issued under its DMTN Programme. These were refinanced through the issue of R291,0m of new notes for an average term of 2,8 years and at an average cost of 1,65% above three-month JIBAR versus the matured notes of 1,9 years and a cost of 1,59% above three-month JIBAR.

The weighted average duration to expiry of Emira's debt facilities is 1,8 years (June 2021: 2,2 years).

Emira had unutilised debt facilities of R615,0m as at 31 December 2021 which, together with cash-on-hand of R103,8m, provides assurance that the Group will be able to meet its short-term commitments.

As at 31 December 2021, Emira had effective USD denominated debt of USD61,0m (June 2021: USD61,0m) through its USD cross-currency interest-rate swaps ("CCIRS") against its USA investments valued at USD119,4m (June 2021: USD118,9m).

R'000	Facility amount	Amount drawn	Amount undrawn	% of drawn facility
Expiry period				
Dec 22	1 882	1 592	290	30,8
Dec 23	1 522	1 447	75	28,0
Dec 24	1 530	1 280	250	24,7
Dec 25	725	725	–	14,0
Dec 26	130	130	–	2,5
	5 789	5 174	615	100,0

Cost of funding and hedging

The average all-in cost of Emira funding, including CCIRS, is 7,24% (June 2021: 7,34%) and interest rates are hedged for 77,5% (June 2021: 80,7%) of Emira's drawn interest-bearing borrowings for a weighted average duration of 2,0 years (June 2021: 2,1 years).

	Dec 2021			Dec 2020		
	Average all-in rate (%)	Average fixed rate (%)	Fixed duration years	Average all-in rate (%)	Average fixed rate (%)	Fixed duration years
ZAR	8,15	6,67	1,7	8,32	6,72	1,8
USD	2,45	2,45	3,0	2,45	2,45	3,6
Total	7,24	5,79	2,0	7,34	5,83	2,1

Covenants

The most stringent loan covenants are a 50% corporate LTV requirement and a two times interest coverage ratio. During the period the Fund agreed with all its funders to amend the definition of "income producing assets" used in its LTV calculation. The previous limitation on what portion of equity-accounted investments and loans receivable could be included has been removed such that they are now included in full. The table below shows the current values of these ratios:

	Dec 2021		Jun 2021	
	Actual	Required	Actual	Required
Loan-to-value ratio (%)	41,8*	50,0	42,8*	50,0
Interest cover ratio (times)	2,8	2,0	2,9	2,0

* Compared with actual LTV at 30 June 2021 of 40,9%. Higher due to the limit that was imposed on the inclusion of income-producing assets and loans receivable by certain of Emira's funders, which has since been removed.

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

Credit rating

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

Foreign income hedging

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

The following USD hedges were in place as at 31 December 2021:

Period	Nominal (USD'000)	Forward rate against R
Jun 2022	4 059	15,86
Dec 2022	4 095	16,57
Jun 2023	3 674	16,76
Dec 2023	4 054	17,70
Jun 2024	3 384	17,60
Dec 2024	3 166	18,46
Jun 2025	2 712	18,59
Dec 2025	981	18,88

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

Emira appreciates and believes in the country’s B-BBEE policies to promote genuine transformation within a South African context. The Fund is pleased to report that it maintained its B-BBEE rating of a Level 2 Contributor, with a verified effective black ownership of 71,15%. The Company continues to find material ways in which to bolster its effect on the local socio-economic development.

Prospects

The local macroeconomic environment, where the majority of Emira’s assets are situated, remains a cause for concern and requires significant political reform and time for its trajectory to meaningfully improve.

Vaccination rates have increased, and more companies are expecting employees to return to their offices, which bodes well for this sector, however supply will continue to outweigh demand for some time, sustaining downward pressure on market rentals.

US economic growth is expected to be at a more moderate pace in 2022, due to a less favourable base effect. That said, activity should however remain strong as upbeat household consumption and fiscal stimulus support domestic demand. This bodes well for the Fund’s US investments, which should continue their strong performance.

Concerns around global inflation continue to dominate economic forecasts. Management anticipates rising interest rates for the near term, however in South Africa it is not expected to be as steep as the yield curve suggests.

Due to the continued environment of uncertainty and market volatility, the Board has again resolved not to provide guidance in term of earnings and distribution for the second half of the year until it is of the opinion that such guidance is highly probable.

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

Dividend distribution declaration

The Board has approved, and notice is hereby given that an interim gross dividend of 56,59 cents per share has been declared (December 2020: 52,00 cents), payable to the registered shareholders of Emira on Monday, 14 March 2022. In making its decision on whether to pay out a dividend and the quantum thereof, the Board has assessed the Company’s solvency and liquidity position, taking into account the Company’s current position together with forecasts.

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

Last day to trade <i>cum</i> dividend	Tuesday, 8 March 2022
Shares trade <i>ex</i> -dividend	Wednesday, 9 March 2022
Record date	Friday, 11 March 2022
Payment date	Monday, 14 March 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 March 2022 and Friday, 11 March 2022, both days inclusive.

Tax implications

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

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

Qualifying dividends received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends, but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. Any distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 20%, the net amount due to non-resident shareholders will be 45,27200 cents per share. A reduced dividend withholding tax rate in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of the uncertificated shares, or the transfer secretaries, in respect of certificated shares:

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

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

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

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

By order of the Emira Property Fund Limited Board

Acorim Proprietary Limited

Company Secretary

Gerhard van Zyl

Chairman

Bryanston

16 February 2022

Geoff Jennett

Chief Executive Officer

Condensed consolidated statement of financial position

R'000	Unaudited 31 Dec 2021	Unaudited 31 Dec 2020	Audited 30 Jun 2021
ASSETS			
Non-current assets	12 494 910	12 552 296	12 155 255
Investment properties	9 286 444	9 437 508	9 268 544
Allowance for future rental escalations	201 714	217 112	220 874
Unamortised upfront lease costs	30 398	30 954	28 522
Right-of-use asset	68 826	40 212	40 212
Fair value of investment properties	9 587 381	9 725 786	9 558 152
Furniture, fittings, computer equipment and intangible assets	1 838	2 472	2 152
Investment and loans in equity-accounted investments	2 514 171	2 402 241	2 204 206
Other financial assets	198	17 399	5 474
Loans receivable	350 422	316 610	303 959
Derivative financial instruments	41 400	87 789	81 312
Current assets	1 147 876	696 139	1 126 115
Loans to equity-accounted investments	594 407	114 529	592 062
Loans receivable	2 601	89 756	53 173
Accounts receivable	114 194	150 788	118 278
Derivative financial instruments	64 790	47 183	41 392
Cash and cash equivalents	103 750	122 618	96 910
Investment properties held for sale	269 750	171 265	224 300
Total assets	13 644 903	13 248 435	13 281 370
EQUITY AND LIABILITIES			
Share capital and reserves	7 440 557	7 143 071	7 351 530
Non-current liabilities	3 454 965	3 753 777	4 731 279
Interest-bearing debt	3 089 076	3 330 360	4 450 878
Other financial liabilities	40 840	43 752	44 016
Lease liability	62 705	35 028	35 516
Derivative financial instruments	262 344	344 637	200 869
Current liabilities	2 749 381	2 351 587	1 198 561
Short-term portion of interest-bearing debt	2 293 288	1 837 045	720 792
Accounts payable	354 286	326 110	353 973
Lease liability	4 467	4 140	3 152
Derivative financial instruments	92 048	167 017	117 054
Taxation	5 292	17 275	3 590
Total equity and liabilities	13 644 903	13 248 435	13 281 370
Net asset value per share (cents)	1 540.5	1 475.3	1 518.3

Condensed consolidated statement of comprehensive income

R'000	Unaudited six months ended 31 Dec 2021	Unaudited six months ended 31 Dec 2020	Audited year ended 30 Jun 2021
Revenue	722 037	740 560	1 476 324
Operating lease rental income and tenant recoveries	741 197	749 070	1 481 072
Allowance for future rental escalations	(19 160)	(8 510)	(4 748)
Property expenses	(357 611)	(339 639)	(661 982)
Administration expenses	(45 374)	(45 803)	(92 740)
Operating profit	319 052	355 118	721 602
Net fair value adjustments	(52 060)	(115 419)	(148 227)
Change in fair value of investment properties	13 919	(364 971)	(541 378)
Revaluation of derivative financial instruments relating to share appreciation rights scheme	(1 122)	(517)	4 966
Fair value (deficit)/surplus on interest-rate swaps	(57 921)	252 030	411 472
Fair value deficit on financial assets through profit and loss	(6 936)	(1 961)	(23 287)
Expected credit loss – loans receivable	(13 293)	(12 674)	(29 048)
Foreign exchange gain/(loss)	88 747	(128 116)	(143 389)
Other income	2 775	2 265	4 335
Income from equity-accounted investments	139 763	72 720	411 888
Profit before finance costs	484 984	173 894	817 161
Net finance costs	(173 755)	(177 343)	(357 507)
Finance income	19 681	20 314	40 183
Finance costs	(193 436)	(197 657)	(397 690)
Profit/(loss) before income tax charge	311 229	(3 449)	459 654
Taxation	(1 714)	(914)	4 733
Profit/(loss) for the year	309 515	(4 363)	464 387
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations	115 944	(136 313)	(147 191)
Total comprehensive income/(loss) for the year	436 929	(140 676)	317 196
Total profit/(loss) for the year attributable to:			
Emira shareholders	309 673	(2 228)	467 285
Non-controlling interest	(158)	(2 135)	(2 898)
	309 515	(4 363)	464 387
Total comprehensive income/(loss) for the year attributable to:			
Emira shareholders	425 617	(138 541)	320 095
Non-controlling interest	(158)	(2 135)	(2 898)
	425 459	(140 676)	317 197

Condensed consolidated statement of changes in equity

R'000	Share capital	Changes in ownership	Revaluation and other reserves	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
Balance as at 1 July 2020	3 445 296	(24 085)	4 086 457	173 967	(246 268)	5 874	7 441 241
Shares acquired for the Emira Forfeitable Share Plan	(14 577)						(14 577)
Emira Forfeitable Share Plan shares vested	2 754		(2 911)				(158)
Profit for the year					(2 228)	(2 135)	(4 363)
Exchange differences on translation of foreign operations				(136 313)			(136 313)
Equity settled share scheme			5 636				5 636
Transfer to fair value reserve			58 944		(58 944)		–
Dividend paid – September 2020					(148 396)		(148 396)
Balance as at 31 December 2020	3 433 471	(24 085)	4 148 126	37 653	(455 835)	3 739	7 143 071
Balance as at 1 July 2021	3 433 875	(24 085)	3 553 887	26 777	358 100	2 976	7 351 530
Shares acquired for the Emira Forfeitable Share Plan	(14 852)						(14 852)
Emira Forfeitable Share Plan shares vested	6 713		(7 303)				(590)
Profit for the year					309 673	(158)	309 515
Exchange differences on translation of foreign operations				115 944			115 944
Equity settled share scheme			6 667				6 667
Transfer to fair value reserve			13 919		(13 919)		–
Dividend paid – September 2021					(327 658)		(327 658)
Balance as at 31 December 2021	3 425 736	(24 085)	3 567 171	142 721	326 196	2 818	7 440 557

Condensed consolidated statement of cash flows

R'000	Unaudited six months ended 31 Dec 2021	Unaudited six months ended 31 Dec 2020	Audited year ended 30 Jun 2021
Cash generated from operations	363 983	414 669	813 024
Finance income	17 519	2 091	38 838
Interest paid	(205 264)	(199 435)	(429 722)
Taxation paid	(12)	(770)	(8 428)
Dividends paid to shareholders	(327 658)	(148 069)	(402 983)
Cash flows from operating activities	(151 432)	68 486	10 729
Acquisition of, and additions to, investment properties excluding capitalised interest	(60 418)	(65 027)	(130 786)
Proceeds on disposal of investment properties	–	34 500	34 500
Acquisition of furniture, fittings, computer equipment and intangible assets	(139)	(46)	(167)
Proceeds from equity-accounted investments	118 178	55 037	219 336
Investment in equity-accounted investments	(88 974)	24 567	(89 786)
Loans receivable repaid	6 714	21 017	69 703
Investment in other financial assets	(1 660)	–	(9 400)
Cash flows from investing activities	(26 299)	70 048	93 400
Shares acquired for the Emira Forfeitable Share Plan	(14 852)	(11 824)	(14 576)
Lease liability payment on capital portion	(2 119)	(419)	(3 830)
Other financial liabilities (repaid)/raised	(3 024)	–	812
Derivative financial instruments settled	(5 666)	–	(77 754)
Interest-bearing debt raised	735 142	446 000	2 650 745
Interest-bearing debt repaid	(529 000)	(544 720)	(2 653 684)
Cash flows from financing activities	180 481	(110 963)	(98 288)
Net increase in cash and cash equivalents	2 750	27 571	5 840
Foreign currency movement in cash	4 090	–	(3 977)
Cash and cash equivalents at the beginning of the year	96 910	95 047	95 047
Cash and cash equivalents at the end of the year	103 750	122 618	96 910

Basis of preparation and accounting policies

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

The accounting policies used in the preparation of these financial statements are in terms of IFRS and are consistent with those used in the audited annual financial statements for the year ended 30 June 2021 except for the amendments relating to the new standards and interpretations which became effective to the Group for the financial year beginning 1 July 2021. None of these had a material impact on Emira's financial results.

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

Reconciliation between earnings and headline earnings

R'000	Unaudited six months ended 31 Dec 2021	Unaudited six months ended 31 Dec 2020	Audited year ended 30 Jun 2021
Profit/(loss) for the year attributable to Emira shareholders	309 673	(2 228)	467 285
<i>Adjusted for:</i>			
Change in fair value of properties (net of NCI)	(7 305)	390 926	445 393
– Change in fair value of investment properties	(13 919)	364 971	541 378
– Change in fair value on investment property of associate	6 772	28 090	(93 087)
– Non-distributable portion of non-controlling interest	(158)	(2 135)	(2 898)
Gain on bargain purchase	(25 246)	–	–
Headline earnings	277 122	388 698	912 678
Number of shares in issue at the end of the year	522 667 247	522 667 247	522 667 247
Weighted average number of shares in issue	483 703 276	485 144 328	484 838 465
Earnings per share (cents)	64,02	(0,46)	96,38
The calculation of earnings per share is based on net profit for the year of R309,7 million (2020: -R2,2 million), divided by the weighted average number of shares in issue during the year of 483 703 276 (2020: 485 144 328).			
Diluted earnings per share (cents)	63,28	(0,46)	95,49
The calculation of diluted earnings per share is based on net profit for the year of R309,7 million (2020: -R2,2 million), divided by the diluted weighted average number of shares in issue during the year of 489 333 883 (2020: 486 493 736).			
Headline earnings per share (cents)	57,29	80,12	188,24
The calculation of headline earnings per share is based on net profit for the year, adjusted for headline items, of R277,1 million (2020: R388,7 million), divided by the weighted average number of shares in issue during the year of 483 703 276 (2020: 485 144 328).			
Diluted headline earnings per share (cents)	56,63	79,90	186,51
The calculation of diluted headline earnings per share is based on net profit for the year, adjusted for headline items, of R277,1 million (2020: R388,7 million), divided by the diluted weighted average number of shares in issue during the year of 489 333 883 (2020: 486 493 736).			
Diluted weighted average number of shares in issue	483 703 276	485 144 328	484 838 465
Weighted average number of shares in issue			
Issued for zero consideration under the call option to BEE parties, Treasury shares issued to the ESA Trust and Forfeitable Share Plan	5 630 607	1 349 408	4 495 418
	489 333 883	486 493 736	489 333 883

Segmental information for the year ended 31 December 2021

R'000	Office	Retail	Industrial	Residential	Corporate	Local	Inter-national	Total
Revenue	192 691	350 152	164 837	14 357	-	722 037	-	722 037
Operating lease rental income and tenant recoveries	197 520	366 700	162 620	14 357	-	741 197	-	741 197
Allowance for future rental escalations	(4 829)	(16 548)	2 217	-	-	(19 160)	-	(19 160)
Property expenses	(94 220)	(178 193)	(78 902)	(6 296)	-	(357 611)	-	(357 611)
Administration expenses	-	-	-	-	(40 969)	(40 969)	(4 405)	(45 374)
Operating profit	98 471	171 959	85 935	8 061	(40 969)	323 459	(4 405)	319 052
Net change in fair value	(41 512)	39 415	18 540	(2 524)	(65 979)	(52 060)	-	(52 060)
Investment properties	(41 512)	39 415	18 540	(2 524)	-	13 919	-	13 919
Derivative financial instruments relating to share appreciation rights scheme	-	-	-	-	(1 122)	(1 122)	-	(1 122)
Interest-rate derivatives	-	-	-	-	(57 921)	(57 921)	-	(57 921)
Financial assets through profit and loss	-	-	-	-	(6 936)	(6 936)	-	(6 936)
Expected credit loss	-	-	-	-	(13 293)	(13 293)	-	(13 293)
Foreign exchange gain	-	-	-	-	-	-	88 747	88 747
Other income	-	-	-	-	2 775	2 775	-	2 775
Income from equity-accounted investments	-	42 597	-	32 417	(5 009)	70 005	69 758	139 763
Profit before finance costs	56 959	253 971	104 475	37 954	(122 475)	330 884	154 100	484 984
Net finance costs	-	692	-	-	(133 515)	(132 823)	(40 932)	(173 755)
Profit before income tax charge	56 959	254 663	104 475	37 954	(255 990)	198 061	113 168	311 229
Taxation	-	-	-	-	(1 676)	(1 676)	(38)	(1 714)
Profit for the period	56 959	254 663	104 475	37 954	(257 666)	196 385	113 130	309 515
Investment properties	2 941 170	4 776 079	1 669 732	200 400	-	9 587 381	-	9 587 381
Investment properties held for sale	-	128 000	141 750	-	-	269 750	-	269 750
Loans receivable	-	-	-	-	353 023	353 023	-	353 023
Other assets	-	656 113	-	548 792	293 678	1 498 583	1 936 166	3 434 749
Total assets	2 941 170	5 560 192	1 811 482	749 192	646 701	11 708 737	1 936 166	13 644 903
Interest-bearing borrowings	-	-	-	-	5 382 364	5 382 364	-	5 382 364
Other liabilities	-	-	-	-	817 593	817 593	4 389	821 982
Total liabilities	-	-	-	-	6 199 957	6 199 957	4 389	6 204 346

Measurements of fair value

Financial instruments

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

R'000	Level 1 Dec 2021	Level 2 Dec 2021	Level 3 Dec 2021	Total Dec 2021	Level 1 Jun 2021	Level 2 Jun 2021	Level 3 Jun 2021	Total Jun 2021
GROUP								
Assets								
Investments	-	-	-	-	-	-	-	-
Derivative financial instruments	-	106 189	-	106 189	-	122 703	-	122 703
Other financial assets	-	-	198	198	-	-	5 474	5 474
Total	-	106 189	198	106 387	-	122 703	5 474	128 177
Liabilities								
Derivative financial instruments	-	354 392	-	354 392	-	317 923	-	317 923
Total	-	354 392	-	354 392	-	317 923	-	317 923
Net fair value	-	(248 203)	198	248 005	-	(195 220)	5 474	(189 746)

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 un-collateralised 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.

Other financial assets

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

Non-financial assets

The following table reflects the levels within the hierarchy of non-financial assets measured at fair value as at 31 December 2021:

R'000	Level 3 Dec 2021	Level 3 Jun 2021
Assets		
Investment properties	9 587 381	9 558 152
Investment properties held for sale	269 750	224 300
Total	9 857 131	9 782 452

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 31 December 2021 were the following:

- The permanent vacancy factor for retail ranged between 0% and 5,0% (June 2021: 0% and 5,0%), offices between 3,0% and 5,0% (June 2021: 3,0% and 5,0%) and industrial between 0% and 3,0% (June 2021: 0% and 10,0%).
- The weighted average rental escalation percentage applied for retail was 7,0% (June 2021: 6,5%), offices 5,6% (June 2021: 6,5%) and industrial 7,3% (June 2021: 6,7%), and for renewals and new leases ranged between 5,0% and 7,5% (June 2021: 5,0% to 7,5%).
- The range of the reversionary capitalisation rates applied to the portfolio are between 7,5% and 11,5% with the weighted average, by value, being 9,22% (June 2021: 9,27%).
- The range of discount rates applied were between 12,75% and 16,00% with the weighted average, by value, being 14,24% (June 2021: 14,15%).
- 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 R161,0m (1,65%) and a 25 basis points decrease will increase the value of investment property by R166,8m (1,70%). A 25 basis points decrease in the reversionary capitalisation rate will increase the value of investment property by R166,8m (1,7%) and a 25 basis points increase will decrease the value of investment property by R157,6m (1,61%).
- The market rentals applied play a significant role and these are assessed on a property-by-property basis, taking cognisance of location, quality, size and type as well as all the relevant and prevailing market conditions, which are then benchmarked against research and asset manager projections.

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

The valuation inputs vary, not only according to sector, but also in terms of grade and geographic location. Accordingly, the weighted average inputs have been disaggregated as follows:

	Total	JHB	PTA	CPT	KZN	Other
EXIT CAPITALISATION RATES (%)						
Offices	9,54	9,83	9,24	9,59	9,72	–
Offices P-grade	9,17	9,00	9,24	–	–	–
Offices A-grade	9,80	10,66	–	9,59	9,72	–
Offices B-grade	10,90	10,90	–	–	–	–
Retail	8,67	9,41	8,01	9,61	9,63	9,39
Industrial	10,12	10,23	9,99	9,84	9,90	–
DISCOUNT RATES (%)						
Offices	14,55	14,82	14,46	14,36	14,72	–
Offices P-grade	14,39	14,25	14,46	–	–	–
Offices A-grade	14,63	15,50	–	14,36	14,72	–
Offices B-grade	15,40	15,40	–	–	–	–
Retail	13,77	14,18	13,22	14,73	14,71	14,53
Industrial	15,05	15,17	15,04	14,69	14,80	–
MARKET RENTALS (R/m²)						
Offices	168,09	153,31	191,67	160,08	146,24	–
Offices P-grade	192,04	192,92	191,67	–	–	–
Offices A-grade	148,73	110,00	–	160,08	146,24	–
Offices B-grade	108,32	108,32	–	–	–	–
Retail	142,37	127,43	149,68	124,55	157,66	131,70
Industrial	60,52	56,00	67,83	69,96	70,99	–

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

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	(1,7)	(1,9)	(1,6)
Valuation impact if discount rate is decreased by 25bps	1,8	1,9	1,7
Valuation impact if market rentals increase by 5%	3,3	4,5	4,4
Valuation impact if market rentals decrease by 5%	(3,1)	(4,2)	(4,2)
Valuation impact if rental escalation rates increase by 1%	1,4	2,3	1,6
Valuation impact if rental escalation rates decrease by 1%	(1,3)	(2,2)	(1,5)
Valuation impact if the permanent vacancy factor is increased by 2,5%	(2,1)	(3,0)	(2,6)
Valuation impact if the permanent vacancy factor is decreased by 2,5%	2,1	2,5	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. All valuations performed for the period ended 31 December 2021 were internal valuations.

Subsequent events

On 17 January 2022 the Fund completed the acquisition of Northpoint Industrial Park for a total consideration R103,0m. The purchase price was funded out of available debt facilities.

The following properties were sold and transferred out of Emira's name after the reporting date:

- Epping Warehouse on 2 February 2022 for R94,0m; and
- Epsom Downs Shopping Centre on 7 February 2022 for R68,5m.

The proceeds received were used to reduce debt.

Directors

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

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

Registered address

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

Sponsor

Questco Corporate Advisory (Pty) Ltd

Debt sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)

Transfer secretaries

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

Emira Property Fund Limited

(Incorporated in the Republic of South Africa)

Registration number: 2014/130842/06

JSE Share Code: EMI JSE Bond Company: EMII

ISIN: ZAE000203063

(Approved as a REIT by the JSE)

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

Appendix 1

Reconciliation between earnings and headline earnings and distributable earnings

R'000	Unaudited six months ended 31 Dec 2021	Unaudited six months ended 31 Dec 2020	Audited year ended 30 Jun 2021
Profit/(loss) for the year attributable to Emira shareholders	309 673	(2 228)	467 286
<i>Adjusted for:</i>			
Change in fair value of properties (net of NCI)	(7 305)	390 926	445 393
– Change in fair value of investment properties	(13 919)	364 971	541 378
– Change in fair value on investment property of associate	6 772	28 090	(93 087)
– Non-distributable portion of non-controlling interest	(158)	(2 135)	(2 898)
Gain on bargain purchase	(25 246)	–	–
Headline earnings	277 122	388 698	912 679
<i>Adjusted for:</i>			
Allowance for future rental escalations	19 160	8 510	4 748
Amortised upfront lease costs	107	–	262
IFRS 16 Leasehold liability adjustments	(108)	(419)	(903)
Interest on lease liability	2 011	1 488	2 911
Rental paid on lease liability	(2 119)	(1 907)	(3 813)
Charge/(credit) in respect of leave pay provision and share appreciation rights scheme	(899)	(51)	(88)
Unrealised surplus on revaluation of interest-rate swaps	57 921	(252 030)	(411 470)
Revaluation of share appreciation rights scheme derivative financial instruments	1 122	517	(4 966)
Unrealised (gain)/loss on financial assets at fair value through profit and loss	6 936	1 961	23 287
Unrealised foreign exchange (profit)/loss	(85 495)	121 931	133 321
Non-distributable income from equity-accounted investments	10 358	17 453	(103 180)
Dividend received/accrued from Transcend	14 676	19 817	31 333
IFRS9 expected credit loss	13 293	12 674	29 048
Taxation on capital gain	–	914	2 467
Distributable portion of non-controlling interest	(473)	(438)	(423)
Net ESA Trust adjustments	3 392	2 977	6 934
Net BEE Scheme adjustments	12 096	11 135	26 046
Distributable income	329 209	333 649	649 094
Distributable income adjustments			
Deferred rental collected	2 302	14 946	49 075
Expected credit loss movement on deferred rental	(2 303)	–	(17 499)
Distributable income from US equity-accounted investments not distributed	(20 277)	(35 023)	(29 431)
Interest accrued on loan advanced to Inani	(15 260)	(13 266)	(27 179)
Capitalised interest limitation	(692)	(1 925)	(3 936)
Non-vesting treasury share dividends	131	–	–
Transcend antecedent dividend – 50%	2 680	–	–
Distribution payable to shareholders	295 790	298 381	620 125
Available distribution deferred	–	(26 594)	–
Dividend payable	295 790	271 787	620 125
Dividend per share			
Interim (cents)	56,59	52,00	52,00
Final (cents)	–	–	66,65
Total (cents)	56,59	52,00	118,65

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

Appendix 2

REIT ratios

The second edition of the SA REIT Association's best practice recommendations was issued in November 2019, outlining the need to provide consistent presentation and disclosure of relevant ratios in the SA REIT sector. This will ensure information and definitions are clearly presented, enhancing comparability and consistency across the sector. The comparative figures have been computed and disclosed on the same basis.

R'000	Unaudited six months ended 31 Dec 2021	Unaudited six months ended 31 Dec 2020	Audited year ended 30 Jun 2021
SA REIT FUNDS FROM OPERATIONS (SA REIT FFO)			
Profit for the year attributable to Emira shareholders	309 673	(2 228)	467 286
<i>Adjusted for:</i>			
Accounting specific adjustments:	21 896	436 489	531 652
Fair value adjustments to:	12	395 488	466 523
Investment property	(7 147)	393 061	448 291
Debt and equity instruments held at fair value through profit or loss	7 159	2 427	18 232
Gain on bargain purchase	(25 246)	–	–
Asset impairments (excluding goodwill) and reversals of impairment	13 293	12 674	29 048
Straight lining operating lease adjustment	19 160	8 510	4 748
Adjustments to dividends received from equity interest held	14 676	19 817	31 333
Foreign exchange and hedging items	(27 574)	(130 099)	(278 149)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	57 921	(252 030)	(411 470)
Foreign exchange gains or losses relating to capital items – realised and unrealised	(85 495)	121 931	133 321
Other adjustments	9 727	15 794	(104 034)
Taxation impact of the above adjustments	–	914	2 467
Adjustments made for equity-accounted entities	10 358	17 453	(103 180)
Non-controlling interest in respect of the above adjustments	(631)	(2 573)	(3 321)
SA REIT FFO	313 722	319 956	616 755
Number of shares outstanding at the end of period (net of treasury shares)	483 007 458	484 180 465	484 204 005
SA REIT FFO per share (cents)	64,95	66,08	127,37
Interim SA REIT FFO per share (cents)	64,95	66,08	66,08
Final SA REIT FFO per share (cents)	–	–	61,29
Company specific adjustments to SA REIT FFO	(17 932)	(21 576)	3 371
Deferred rental collected	2 302	14 946	49 075
Expected credit loss movement of deferred rentals	(2 303)	–	(17 499)
Amortised upfront lease costs	107	–	262
IFRS 16 Leasehold liability adjustments	(108)	(419)	(903)
Distributable income from the equity-accounted US investments not distributed	(20 277)	(35 023)	(29 431)
Interest due from Inani accrued but not received	(15 260)	(13 266)	(27 179)
Capitalised interest limitation	(692)	(1 925)	(3 936)
Non-vesting treasury share dividends	131	–	–
Accrual of listed security income – antecedent element	2 680	–	–
Net ESA Trust adjustments	3 392	2 977	6 934
Net BEE Scheme adjustments	12 096	11 135	26 046
Distributable earnings	295 790	298 380	620 125
Number of shares in issue	522 667 247	522 667 247	522 667 247
Distributable earnings	295 790	298 380	620 125

Appendix 2

REIT ratios continued

R'000	Unaudited six months ended 31 Dec 2021	Unaudited six months ended 31 Dec 2020	Audited year ended 30 Jun 2021
Number of shares in issue	522 667 247	522 667 247	522 667 247
Distributable income per share (cents)	56,59	57,09	118,65
Interim (cents)	56,59	57,09	57,09
Final (cents)	–	–	61,56
SA REIT NET ASSET VALUE (SA REIT NAV)			
Reported net asset value attributable to the parent	7 440 557	7 143 071	7 351 530
<i>Adjustments:</i>			
Dividend to be declared	(295 777)	(271 787)	(348 358)
Fair value of certain derivative financial instruments	61 995	206 654	76 682
	7 206 775	7 077 938	7 079 855
Shares outstanding			
Number of shares outstanding at the end of period (net of treasury shares)	483 007 458	484 180 465	484 204 005
Effect of dilutive instruments	5 630 607	1 349 408	4 495 418
Dilutive number of shares in issue	488 638 065	485 529 873	488 699 423
SA REIT NAV per share (R)	1 474,87	1 457,78	1 448,71
SA REIT COST-TO-INCOME RATIO			
Expenses			
Operating expenses per IFRS income statement (includes municipal expenses)	357 611	339 639	661 982
Administrative expenses per IFRS income statement	45 373	45 803	92 740
Excluding depreciation expense in relation to property, plant and equipment of an administrative nature	(452)	(433)	(875)
Operating costs	402 533	385 009	753 847
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	541 329	555 719	1 093 988
Utility and operating recoveries per IFRS income statement	199 869	193 351	387 084
Gross rental income	741 197	749 070	1 481 072
SA REIT cost-to-income ratio (%)	54,31	51,40	50,90
SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO			
Expenses			
Administrative expenses per IFRS income statement	45 373	45 803	92 740
Other	–	–	–
Administrative costs	45 373	45 803	92 740
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	541 329	555 719	1 093 988
Utility and operating recoveries per IFRS income statement	199 869	193 351	387 084
Gross rental income	741 197	749 070	1 481 072
SA REIT administrative cost-to-income ratio	6,12	6,11	6,26
SA REIT GLA VACANCY RATE			
Gross lettable area of vacant space	49 011	47 595	51 925
Gross lettable area of total property portfolio	809 360	809 885	809 729
SA REIT GLA vacancy rate (%)	6,1	5,9	6,4

Appendix 2

REIT ratios continued

%	ZAR	USD
SA REIT cost of debt		
31 December 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
31 December 2020		
Variable interest-rate borrowings		
Floating reference rate plus weighted average margin	7,10	–
Fixed interest-rate borrowings		
Weighted average fixed rate	–	–
Pre-adjusted weighted average cost of debt	7,10	–
<i>Adjustments:</i>		
Impact of interest-rate derivatives	2,50	–
Impact of cross-currency interest-rate swaps	(1,00)	2,40
Amortised transaction costs imputed in the effective interest rate	0,10	–
All-in weighted average cost of debt	8,70	2,40
30 June 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

Appendix 2

REIT ratios continued

R'000	Unaudited six months ended 31 Dec 2021	Unaudited six months ended 31 Dec 2020	Audited year ended 30 Jun 2021
SA REIT LOAN TO VALUE			
Gross debt	5 382 364	5 167 405	5 171 671
Less:			
Cash and cash equivalents	(103 750)	(122 618)	(96 910)
Add/less:			
Derivative financial instruments liability/(asset)	248 202	376 682	195 220
Net debt	5 526 816	5 421 469	5 269 980
Total assets – per statement of financial position	13 644 903	13 248 435	13 281 370
Less:			
Cash and cash equivalents	(103 750)	(122 618)	(96 910)
Derivative financial assets	(106 189)	(134 972)	(122 703)
Goodwill and intangible assets	(1 838)	(2 472)	(2 152)
Trade and other receivables	(114 194)	(150 788)	(118 278)
Carrying amount of property related assets	13 318 931	12 837 585	12 941 326
SA REIT loan to value ratio (SA REIT LTV) (%)	41,5	42,2	40,7

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