EMIRA PROPERTY FUND

2022

Reviewed condensed preliminary financial results

for the year ended
30 June 2022 and dividend
distribution declaration

Key messages

Distributable income per share

128,94c

(up 3,8%)

Dividend per share

119,79c

(up 1,0%)

Net asset value per share

1 628,6c

(up 7,3%)

Vacancies

5,3%

(down 1,1%)

Loan to value

40,5%

(down 0,4%)

Collections vs billings

100,2%

(up 1,2%)

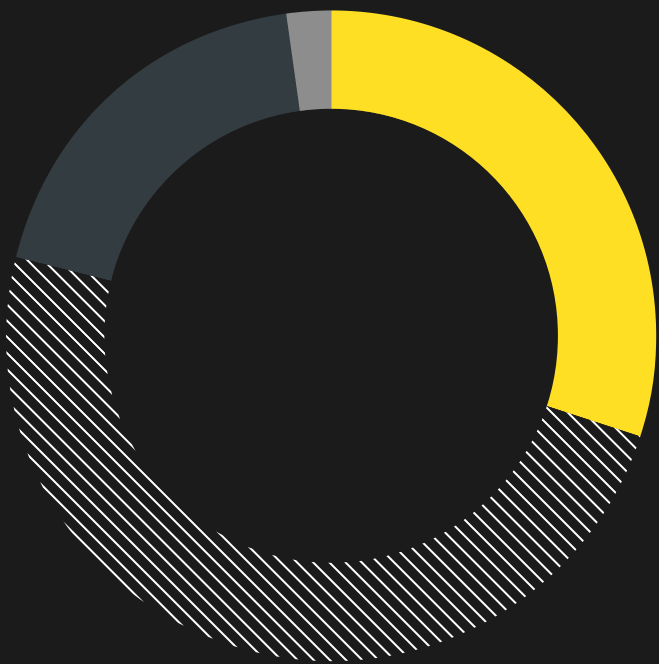
B-BBEE Contributor level

Level 2

Investments (%)

Direct property	73
Indirect property (local)	9
Indirect property (offshore)	18

Direct property local:
value split per sector (%)



Offices	30
Urban retail	49
Industrial	19
Residential	2

Nature of business

Emira is a Real Estate Investment Trust ("REIT") domiciled in South Africa with a portfolio of property investments diversified both sectorally and geographically. The Fund has direct property holdings as well as indirect property investments, through equity investments in property owning companies with specialist third-party co-investors.

In South Africa, the Fund directly owns 74 properties diversified across the retail, industrial, office and residential sectors which are valued at R9,8bn. Its indirect investments include Transcend Residential Property Fund Limited ("Transcend"), a JSE-listed specialist residential REIT focused on value-oriented good-quality suburban units, and Enyuka Property Fund ("Enyuka"), a rural and lower-LSM retail venture with One Property Holdings.

In the United States of America (the "USA" or "US") the Fund has equity interests in 12 grocery-anchored dominant value-oriented power centres, held together with its US-based partner The Rainier Companies.

Emira's risk mitigating sectoral and geographical diversification strategy has enabled it to deliver returns throughout the cycles.

Commentary

Distributable earnings for the year ended 30 June 2022 improved by 3,8% to R673,9m. After taking the adjustments to reflect the cash backed position into account, Emira's Board of Directors ("the Board") has declared a final dividend of 63,20 cents per share for the six months to 30 June 2022 (June 2021: 66,65 cents). This is a period-on-period decrease of 5,2%, bringing the full-year dividend per share to 119,79 cents (2021: 118,65 cents), an increase of 1,0%.

The sound performance achieved for the year is attributable to decisions taken over recent years on the strategic direction of the Fund, with active and hands-on asset management, focusing on basic property fundamentals and performing them with excellence. While there was continued uncertainty throughout the year due to the lingering effects of COVID-19, the July 2021 unrest, rising inflation fears and the Russia/Ukraine conflict, it has been pleasing to see how Emira's investments have withstood the pressure.

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 US has provided a buffer to the low growth South African environment. Emira's residential investments have also proved stable, and while growth in income has been marginal, it is pleasing to note that vacancies have decreased substantially.

Dividend policy

Emira is a platform from which shareholders can access, by way of a dividend declaration, the net rental income generated from its underlying portfolio of diversified property investments. This dividend declaration of the cash-backed portion of its distributable income is made by the Fund as long as it can demonstrate its ability to meet its future financial obligations.

The cash-backed portion of distributable income is calculated 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 to be healthy.

Distributable earnings

Revenue reduced by 0,5% year-on-year to R1,47bn (excluding straight-lining adjustments in respect of future rental escalations) from R1,48bn. The decrease is due to the disposal of properties during the 12 months under review, 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. For the year under review, R1,9m of permanent rent remissions was provided, significantly down from R33,6m for the year ended 30 June 2021.

Property expenses increased by 4,2% from R662,6m to R690,3m. The increase is primarily as a result of escalating electricity and municipal costs which included some once-off billing corrections for prior periods. Maintenance costs were also higher because of planned spend for FY23 being brought forward. These increases were partially offset by lower levels of bad debts for the period, and the reversal of credit loss provisions, due to the high collection rate of billings.

Administration expenses were well contained, increasing marginally by 0,8% to R93,6m (June 2021: R92,8m) during the 12 months under review.

Emira realised a foreign exchange gain of R4,3m on its foreign investments compared with a loss of R10,1m in the previous year. 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.

Distributable earnings

R'000	30 Jun 2022	30 Jun 2021	% change
Operating lease rental income and tenant recoveries excluding straight-lining of leases	**1 474 319**	1 481 071	(0,5)
Property expenses excluding amortised upfront lease costs	**(690 260)**	(662 622)	(4,2)
Net property income	**784 059**	818 449	(4,2)
Administration expenses	**(93 575)**	(92 828)	(0,8)
Realised foreign exchange gain/(losses)	**4 283**	(10 068)	(142,5)
Other income	**4 855**	4 335	12,0
Distributable income from equity-accounted investments	**266 186**	215 622	23,5
Dividend received/accrued from Transcend	**32 742**	31 333	4,5
Net finance costs	**(354 372)**	(357 507)	0,9
Finance income	**42 256**	40 183	5,2
Finance costs	**(396 629)**	(397 690)	0,3
Interest paid and amortised borrowing costs	**(396 629)**	(401 626)	1,2
Interest capitalised to the cost of developments	**–**	3 936	100,0
Taxation (non-capital)	**(1 730)**	7 200	124,0
Minority shareholders' interests	**(762)**	(423)	(80,2)
Net ESA Trust adjustment	**6 891**	6 934	(0,6)
Net BEE Scheme adjustment	**25 340**	26 046	(2,7)
Distributable income	**673 915**	649 094	3,8
Distributable income per share (cents)	**128,94**	124,19	3,8
Distributable income adjustments			
1. Deferred rental net of expected credit loss	**2 495**	49 075	(94,9)
2. Expected credit loss movement of deferred rentals	**(2 152)**	(17 499)	87,7
3. Income from US equity-accounted investments	**(21 972)**	(29 431)	25,3
4. Interest accrued on investment in Inani	**(32 201)**	(27 179)	(18,5)
5. Capitalised interest limitation	**–**	(3 936)	100,0
6. Non-vesting treasury share dividends	**421**	–	100,0
7. Dividend received/accrued from Transcend – antecedent element	**5 603**	–	100,0
Dividend payable to shareholders	**626 109**	620 125	1,0
Dividend per share (cents)	**119,79**	118,65	1,0

Other income of R4,9m (June 2021: R4,3m) includes Emira's 50% share of the asset management fee charged to Enyuka of R4,3m and a fee of R0,5m charged to Transcend to underwrite its December 2021 equity raise.

Distributable income from equity-accounted investments of R266,2m includes:

- income of R176,7m from US investments (June 2021: R125,5m) which represents Emira's share of the net distributable income from the 12 US-held property investments (June 2021: 11); and
- income of R89,5m from Enyuka (June 2021: R83,7m), being the interest received on Emira's loan to Enyuka (R86,4m) plus Emira's 49,9% portion of Enyuka's net profit (Emira's share being R3,1m after interest). Enyuka's net profit is post a total asset management fee of R8,3m of which Emira receives 50%, and is shown in "Other Income".

The income received and accrued from Transcend of R32,7m (June 2021: R31,3m) includes an amount of R18,3m, which has been accrued for distribution purposes only in respect of the dividend declared by it on 15 August 2022 for the six months ended 30 June 2022. Also included are those dividends received on the additional tranches of Transcend shares Emira acquired during the year. This is however only the portion due from the date of each investment to the end of the respective dividend period. The antecedent portion of each, being the amount from the start of the relevant dividend period to the date of each investment, totalled R5,6m and has been included as a cash flow adjustment below.

Net finance costs for the year reduced to R354,4m (June 2021: R357,5m). While debt levels were on average higher over the 12 months, this was offset by the lower average interest rates for the year under review compared to the prior year.

Taxation provided for in the 12 months under review relates to the reassessment of a prior year return where a deduction previously claimed has been disallowed.

The distributable income due to minorities of R0,8m (June 2021: R0,4m) relates to Bet All Investments Proprietary Limited, the subsidiary which owns The Bolton, where these 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 R10,3m interest charge, in respect of the BEE Scheme's interest obligations to its third-party lender.

Net ESA Trust adjustment: Following on from the implementation of the BEE Scheme, the ESA Trust ("the Trust") was set up to facilitate Emira's executive directors' share ownership scheme. Emira is deemed to control the Trust, hence it is consolidated, and any third-party finance costs are included in Emira's consolidated interest paid. Profits generated by the Trust are for the benefit of the beneficiaries. Emira has guaranteed the Trust's third-party debt obligations with any net losses ultimately being for Emira's account. The purpose of this adjustment is to adjust Emira's distributable income such that the effect of any items related to the Trust, consolidated into Emira, are limited to a net amount of zero, after factoring in the dividends received by the Trust and all its interest obligations. Included in Emira's "Interest paid and amortised borrowing costs" is a R2,8m 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 R2,5m of these deferrals in the current year, which have been included in this year's dividend calculation.
- *Estimated credit losses on deferred rentals:* Estimated credit losses relating to the brought forward unbilled and uncollected deferred rentals were reassessed at 30 June 2022, resulting in a reversal for accounting purposes of R2,2m of the provision originally raised against the income. The current year'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 R22,0m. 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, and where applicable, lower cash dividends were declared by some of the underlying property-owning entities during the year. Further, two of the underlying investments have continued to not declare any dividends in the year, retaining 100% of all net cash collected, as their funders continue to require them to increase cash reserves until occupancies are restored to pre-COVID-19 levels.
- *Finance income:* Interest charged to Inani Property Fund ("Inani") of R32,2m on the loan advanced to it has been capitalised for the year ended 30 June 2022. Given the continued uncertainty on the timing of the collection of this interest, Emira has adjusted distributable earnings by R32,2m.
- *Interest capitalised to developments:* No capitalised interest was accounted for during the current year (June 2021: R3,9m) and therefore no cash adjustment is required in this regard.
- *Antecedent portion of Transcend dividend:* The antecedent dividend of R5,6m is the portion of the dividend on the additional tranches of Transcend shares acquired that is deemed to have been earned prior to the date the additional investments were made.

Net asset value ("NAV")

As at 30 June 2022, Emira's NAV increased by 7,3% to 1 628,6 cents per share (June 2021: 1 518,3 cents). This is pursuant to an increase in the Fund's equity-accounted investments in the US due to the growth in the underlying property values, and the weaker ZAR versus USD closing spot rate, that was offset in part by an increase in net derivative liabilities, specifically the USD cross-currency interest-rate swaps ("CCIRS").

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

	Jun 2022	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 74 properties (June 2021: 77) across the retail, office, industrial and residential sectors. Below is the sectoral split by value and number of properties:

Sector	Value split (%)	Number of properties
Urban retail	49	17
Office	30	20
Industrial	19	36
Residential	2	1
	100	74

RETAIL

Emira's retail portfolio consists of 17 properties, comprising mostly grocer-anchored neighbourhood centres within close proximity to their communities. Wonderpark is a 90 907m^2 dominant regional shopping centre located in Karen Park, Pretoria North. It is the largest asset serving the surrounding areas, including Soshanguve.

The portfolio performed well during the year, despite the initial disruption caused by the July 2021 unrest and looting. Trading densities are mostly in line with pre-COVID levels, and it has been pleasing to see customers returning to shops and restaurants. This is substantiated by strong tenant retention, with 89% (by revenue) of all retail leases expiring during the year being renewed.

Despite the recovery in tenants' trading activity, retail rentals remained under pressure, particularly those with national tenants, with total negative rent reversions being recorded at -13,0% for the year. This was largely due to the renewal of Makro at Makro Crown Mines in Johannesburg, where the lease was renewed for 13 years at a negative reversion of -32,4%.

Emira's shopping centres exist to serve their surrounding communities. Emira will continue to invest in these communities by selective upgrades and improvements to its centres, ensuring appropriate tenant mixes for local requirements and creating an environment that shoppers enjoy. This in turn will help enable the centres' tenants to thrive.

OFFICE

The Fund has strategically reduced its office exposure over the past six years with its current portfolio consisting of 20 properties. Making up 30% of its South African direct portfolio it comprises well-maintained, high-quality buildings in sought-after nodes.

Emira's portfolio has displayed resilience despite another challenging year for the South African office market. Pleasingly, vacancies have reduced to 15,0% at 30 June 2022 (June 2021: 17,0%) which was achieved by the continued focus on retaining existing tenants and also good letting of vacant space, specifically at Podium in Menlyn, Pretoria and East Coast Radio House in Umhlanga, Durban.

While downward rental pressure is anticipated to continue because of negative structural dynamics, it is encouraging to see business favouring face-to-face contact and a return to the office, fuelled by the need for collaboration and skills transfer.

Despite positive signs emerging in the sector, the oversupply of office space will continue to negatively impact vacancies and rental reversions. The performance of this sector strongly correlates with South Africa's economic performance and will remain under pressure until this improves.

Emira's ongoing investment in its office portfolio, throughout the cycles, positions it well for an eventual revival of the sector. The Fund will however continue to investigate alternative uses for its offices, including residential conversions, where possible.

INDUSTRIAL

Emira has 36 buildings in its industrial portfolio comprising single-tenant light industrial and warehouse facilities including multi-tenant midi- and mini-unit industrial parks. The broad tenant diversification mitigates and limits single counterparty risk.

The industrial sector has generally performed well during the year. Demand for space in Emira's portfolio steadily increased as evidenced by a reduction in vacancies to 2,7% at 30 June 2022 (June 2021: 3,5%), despite ongoing load-shedding, which has continually impeded tenant operations. While the demand for space has been strong, negative rent reversions persisted and are expected to continue until South Africa achieves consistent economic growth.

RESIDENTIAL

Well located in the popular Rosebank node, Emira has one directly held residential property. The Bolton is aimed at the higher-demand mid-to-lower market. Emira engages with experts in specialist property sectors, and partners with The Feenstra Group at The Bolton. The Bolton's occupancy improved to 98,9% at 30 June 2022 (June 2021: 94,0%), largely due to businesses in the area requiring their staff to return to the office.

Collections and debtors

The Fund's collections versus billings amounted to 100,2% for the year, which was pleasing given management's heightened focus on collecting rentals timeously.

The progressive easing of COVID-19-related restrictions by the South African Government meant businesses generally traded more freely for most of the year. This meant that the Fund only granted R1,9m of rental concessions to tenants during 2022 compared to R33,6m in the prior year. Outstanding debtors, including VAT, for normal billings at 30 June 2022 decreased to R47,6m (June 2021: R63,8m) and estimated credit losses have been appropriately provisioned, with 79,7% of the balance owing provided for and the remainder largely covered by deposits. The credit quality of the Fund's tenants has noticeably improved since the onset of COVID-19. Tenants of higher credit quality have replaced those unfortunate businesses which failed during the pandemic. This is evidenced by the year-on-year reduction of outstanding debtors, as well as a significant improvement on bad debts of R9,9m for the year (2021: R36,5m).

Arrears and collections as at 30 June 2022

	30 Jun 2022					30 Jun 2021
R'000	**Urban retail**	**Office**	**Industrial**	**Residential**	**Total**	Total
Arrears (excluding VAT)						
Standard debtors	**12 231**	**19 415**	**9 504**	**249**	**41 399**	55 491
Estimated credit losses on standard debtors					**(32 987)**	(37 792)
Deferred rentals billed not yet recovered	**–**	**1 603**	**6**	**–**	**1 609**	2 631
Estimated credit losses on deferred rentals					**(428)**	(2 581)
Normal collections vs. billings net of discounts (VAT inclusive)						
Collections: Jul 2021 – Jun 2022	**827 049**	**510 292**	**342 870**	**27 671**	**1 707 882**	1 725 124
Billings net of discounts: Jul 2021 – Jun 2022	**830 446**	**510 848**	**334 989**	**27 854**	**1 704 137**	1 741 689
Collections: Jul 2021 – Jun 2022 (%)	**99,6**	**99,9**	**102,4**	**99,3**	**100,2**	99,0
COVID-19 Deferral collections vs deferral billings (VAT inclusive)						
Collections: Jul 2021 – Jun 2022	**788**	**1 552**	**1 315**	**–**	**3 655**	58 675
Billings net of discounts: Jul 2021 – Jun 2022	**385**	**2 094**	**–**	**–**	**2 479**	61 702
Collections: Jul 2021 – Jun 2022 (%)	**204,5**	**74,1**	**0,0**	**0**	**147,4**	95,1
COVID-19 Rental discounts granted (excluding VAT): Jul 2021 – Jun 2022	**1 582**	**312**	**48**	**–**	**1 942**	33 604
Deferred rentals not yet billed (excluding VAT)	**–**	**984**	**–**	**–**	**984**	1 716

Vacancies

GLA reconciliation

	GLA m²
Balance at 30 Jun 2021	809 729
Disposals	(50 155)
Acquisitions/extensions	16 415
Re-measurements	(494)
Balance at 30 Jun 2022	**775 495**
Occupied GLA at 30 June 2022	**734 449**
Vacant GLA at 30 June 2022	**41 046**
Vacancy %	**5,3**

Vacancy reconciliation

	GLA m²	%
Balance at 30 Jun 2021	51 925	6,4
Less: Properties sold since 30 June 2021	(2 021)	
Remaining portfolio balance at 30 June 2021	49 904	
Tenants vacated during financial year 2022	41 248	
Leases concluded for previously vacant units (prior 1 July 2021)	(28 815)	
Leases concluded for tenants vacated during financial year 2022	(21 291)	
Balance at 30 Jun 2022	**41 046**	**5,3**

Overall vacancies decreased to 5,3% (June 2021: 6,4%), reflecting a solid performance in this environment and a confirmation that the Fund's leasing strategies are effective. Urban retail sector vacancies decreased to 2,8% (June 2021: 4,1%), well below the South African Property Owners Association's ("SAPOA") national average of 5,6% as reported in March 2022. Industrial vacancies have also improved to 2,7% (June 2021: 3,5%) – also well below the SAPOA national average of 4,9% (SAPOA reported December 2021). Emira's office sector vacancies decreased to 15,0% (June 2021: 17,0%) and, while still high, are below the national average of 16,7% (SAPOA reported June 2022).

The five buildings with the highest vacancies in the portfolio at 30 June 2022 are:

- Menlyn Corporate Park (5 278m², 20%)
- Hyde Park Lane (5 275m², 35%)
- Epsom Downs Office Park (3 301m², 35%)
- Industrial Village Kya Sands (3 220m², 19%)
- Albury Park (3 012m², 37%)

The Bolton, Emira's sole directly held residential property, saw occupancy improve to 98,9% (June 2021: 94,0%), driven by increased demand as employees have returned to work in the Rosebank node, with three units of 281 units remaining unlet as at 30 June 2022.

Commercial vacancies

	No. of buildings Jun 2022	**GLA Jun 2022 (m²)**	**Vacancy Jun 2022 (m²)**	**Vacancy Jun 2022 (%)**	No. of buildings Jun 2021	GLA Jun 2021 (m²)	Vacancy Jun 2021 (m²)	Vacancy Jun 2021 (%)
Office	**20**	**160 421**	**24 107**	**15,0**	20	160 486	27 274	17,0
Urban retail	**17**	**292 527**	**8 224**	**2,8**	19	306 736	12 616	4,1
Industrial	**36**	**322 547**	**8 715**	**2,7**	37	342 507	12 035	3,5
Total	**73**	**775 495**	**41 046**	**5,3**	76	809 729	51 925	6,4

Residential vacancies

	No. of buildings Jun 2022	**No. of units Jun 2022**	**Vacancy Jun 2022**	**Vacancy Jun 2022 (%)**	No. of buildings Jun 2021	No. of units Jun 2021	Vacancy Jun 2021	Vacancy Jun 2021 (%)
Total	**1**	**281**	**3**	**1,1**	1	282	17	6,0

Leasing

Emira's weighted average lease expiry for its direct portfolio is 2,7 years (June 2021: 2,6 years), with 25,3% of the leases due for renewal before June 2023, based on gross rental. The largest expiries (by gross rental) for the upcoming year ended 30 June 2023 include:

- Department of Public Works (4 444m²) at 9 Long in Cape Town – expected to renew for three years
- The Beverage Company (12 250m²) at 20 Anvil Road in Johannesburg – three-year lease with tenant for signature
- Outworx Contact Centre (2 312m²) at 2 Frosterley Park in Durban – renewed for five years
- Kawari Wholesalers (6 580m²) at Technohub in Johannesburg – finalising lease terms for five years
- National Debt Advisors (2 958m²) at 9 Long in Cape Town – finalising lease terms for two years

	Rentable area (%)	Contractual rental revenue (%)
Vacant	5,3	–
Jun 2023	25,0	25,3
Jun 2024	21,6	24,3
Jun 2025	19,8	20,8
Jun 2026	6,9	8,3
Jun 2027 >	21,4	21,3
	100,0	100,0

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

- Outworx Contact Centre at East Coast Radio House in Durban for five years (3 097m² for a total value of R31,6m)
- OBC at Wonderpark in Pretoria for 10 years (392m² for a total value of R8,6m)
- Gelmar at Wonderpark in Pretoria for five years (500m² for a total value of R6,1m)
- Bravo Group Manufacturing at Kramerville Corner in Johannesburg for four years (1 437m² for a total value of R8,6m)
- Casa Italia Interiors at Kramerville Corner in Johannesburg for four years (866m² for a total value of R5,9m)

Tenant retention for the 419 leases (179 860m² of GLA) that expired in the year is 83% by revenue (June 2021: 82%) and 84% by GLA (June 2021: 82%). The most substantial renewals concluded by lease value were:

- Makro at Makro Crown Mines in Johannesburg for 13 years (18 956m² for total value of R532,7m)
- Assupol Life at Summit Place in Pretoria for a further 10 years (7 946m² for total value of R373,1m)
- SNG Grant Thornton at Summit Place in Pretoria for a further 10 years (4 804m² for a total value of R186,2m)
- King Price Insurance at Menlyn Corporate Park in Pretoria for a further three years (10 586m² for total value of R81,7m)
- Trellidor Innovations at Trellidor in Cape Town for a further five years (7 794m² for total value of R38,0m)

Valuation

The year-on-year market value of investment property, adjusted for acquisitions and disposals, increased by 1,8%. However, when factoring in capital expenditure of R133,1m, there was a net increase of 0,4% for the year.

Thirty-three of Emira's 74 properties were externally valued this year, with the balance valued internally by Emira's own professional registered valuer. The Fund has largely maintained the same discount and exit capitalisation rates as used in its December 2021 valuations, with the overall weighted average discount rates decreasing by 0,08% and exit capitalisation rates increasing by 0,01%. Adjustments have only been made where there is firm evidence that a change was required or where a property has been externally valued in this cycle and the external valuer's inputs differed from Emira's. The portfolio's discount and exit capitalisation rates are within the most recent ranges published by SAPOA.

Where applicable, all other valuation inputs (void periods, market rentals, rental growth rates and perpetual vacancy rates) have been updated to reflect current market expectations.

Total portfolio movement

Sector	**Jun 2022 (R'000)**	**Jun 2022 (R/m²)**	Jun 2021 (R'000)	Jun 2021 (R/m²)	Difference (%)	Difference (R'000)
Office	**2 948 820**	**18 382**	2 979 885	18 568	(1,0)	(31 065)
Urban retail	**4 795 460**	**16 393**	4 778 000	15 577	0,4	17 460
Industrial	**1 806 405**	**5 600**	1 783 105	5 206	1,3	23 300
Residential	**206 500**	**–**	201 250	–	2,6	5 250
Total	**9 757 185**		9 742 240		0,2*	14 945

* Increases to 1,8% if the opening and closing portfolios are adjusted for the acquisitions and disposals during the year.

Acquisitions

As reported, Emira acquired Northpoint Industrial Park, a multitenant industrial property located in Cape Town, for R103,0m. The property transferred into the Fund on 20 January 2022.

Disposals

In accordance with its recycling strategy, the Fund disposed of five properties during the year which were either deemed non-core, were underperforming or posed excessive risk. The properties were sold for a total consideration of R271,3m at a combined forward yield of 9,5% and a combined 0,5% discount to book value.

Property	Location	Sector	GLA (m²)	Book value (Rm)	Sale price (Rm)	Approximate net exit yield (%)	Effective date
Epping Warehouse	Cape Town	Industrial	23 922	94,0	94,3	6,1	2 Feb 2022
Epsom Downs Shopping Centre	Johannesburg	Retail	6 832	69,0	68,0	11,3	7 Feb 2022
The Colony Centre	Johannesburg	Retail	7 141	62,3	60,0	11,6	3 Mar 2022
Discovery Land	Pretoria	Vacant land	N/A	1,2	1,5	n/a	6 Apr 2022
Universal Industrial Park	Durban	Industrial	12 260	46,1	47,5	11,1	8 Apr 2022
Total			50 155	272,6	271,3	9,5	

As at 30 June 2022, one asset valued at R22,4m, namely buildings 5 and 8 at Albury Park in Johannesburg, has been classified as held for sale.

Sustainability

Sustainability considerations are a key component of the Fund's daily operations and approach to creating long-term value. Entrenching these into the development, refurbishment and management of Emira's buildings improves their quality and efficiency, making them more appealing and capable of attracting higher quality tenants.

Emira recognises the importance of reducing its carbon emissions and continues to work with partners towards such reductions. During the year Emira made its 11th consecutive annual CDP (formerly known as the Carbon Disclosure Project) submission, achieving a level B.

The Fund focused on the following key items in line with its sustainability strategy during the year:

- Increasing renewable energy generation and reducing grid-supplied energy consumption through energy management and efficiency initiatives across the portfolio
- Ensuring that responsible water and waste management takes place at all properties, with the aim of reducing consumption
- Minimising the impact of the portfolio on the natural environment by establishing natural habitats at its properties where practical, and developing indigenous landscaping

Developments and refurbishments

During the year the Fund continued to focus inwardly, investing a further R133,1m into its directly held portfolio. Emira's discipline of continually reinvesting recycled capital into its core properties has been paramount to the portfolio remaining relevant. However, all capital expenditure must make commercial sense and approval is generally determined by assessing the funding cost of the proposed spend versus the incremental yield it will bring, together with the outlook of the underlying asset and alternative options, including disposal.

In line with the Fund's environmental, social and governance strategy, projects focused on making Emira's properties more sustainable, specifically those that improve energy efficiency and water conservation, remain a top priority.

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

- The expansion of the high yielding 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
- Various sustainability driven initiatives across the portfolio, including cost-saving energy and water efficiency projects, as well as waste management systems
- Rebuilding and refurbishing Springfield Retail Center in Durban post the damage sustained from the July 2021 riots. The upgrade included improving the centre's tenant mix and reconfiguring an underutilised part of the property to create floor space for Coricraft's new home and decor showroom
- The resizing and subdividing of premises at Wonderpark in Pretoria to incorporate new tenants and/or accommodate existing tenants
- The replacement and upgrade of the hardstand at RTT ACSA Park in Johannesburg
- The installation of a fire protection system at 1 Monte Carlo Road in Durban
- The installation of backup power at an additional 6 properties to assist tenants with the continued local power supply disruptions

Short-term portfolio focus areas and key risks

Utility cost increases, disruption of supply and the general deterioration of municipal infrastructure is a major risk for tenants, and, consequently Emira. Projects that reduce the reliance on municipalities for the supply of essential services remain a priority, however, the future ability of local government to upgrade basic infrastructure is a concern. In this regard Emira will continue to voice its concern and challenge the status quo via industry bodies. The Fund will also work with tenants on ways to becoming more self-sufficient.

The impact of rising inflation on general operating costs is another concern, especially when coupled with negative rent reversions. The Fund is committed to exploring ways to reduce its cost base through operational efficiencies.

Despite the year-on-year improvement in occupancy levels, the economic uncertainty and lack of business confidence means that the risk of vacancies increasing remains elevated, specifically in the office sector. The Fund will continue to manage this by focusing on tenant retention and employing the same strategies used to successfully reduce vacancies in 2022.

Indirect investments

			Carrying value		
Investment	Classification	Equity held (%)	Investment R'000	Loan (net of ECL) R'000	Total R'000
Transcend	Equity-accounted investments	40,7	585 167	–	585 167
Enyuka	Equity-accounted investments	49,9	64 548	574 068	638 616
USA	Equity-accounted investments	49,0	2 423 843	–	2 423 843
			3 073 558	574 068	3 647 626
Inani	Other financial assets	20,0	–	293 686	293 686
IHS Asset Management	Other financial assets	15,0	312	–	312

	Statutory income				Distributable income				
Investment	Share of profit/ (loss) R'000	Dividends received R'000	Interest on loan R'000	Total R'000	Share of profit/ (loss) R'000	Dividends received R'000	Interest on loan R'000	Adjust-ments R'000	Total R'000
Transcend	43 340	–	–	43 340	–	32 742	–	5 603	38 345
Enyuka	33 623	–	86 433	120 056	3 104	–	86 433		89 537
USA	327 513	–		327 513	176 648	–	–	(21 972)	154 676
	404 476	–	86 433	490 909	179 752	32 742	86 433	(16 369)	282 558
Inani	–	–	32 201	32 201	–	–	32 201	(32 201)	–
IHS Asset Management	–	–	–	–	–	–	–	–	–

Transcend

Emira holds a 40,69% equity interest in Transcend, a JSE-listed specialist residential REIT focused on value-oriented, good-quality suburban units. The year-on-year change in Emira's shareholding was due to the following:

- 18 621 038 shares were subscribed for on 20 December 2021 at R4,72 per share (cum distribution). 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%.
- A further 2 403 857 shares were acquired on 4 March 2022 at R4,60 per share from an institutional investor in an off-market transaction.
- On 13 April 2022 Emira disposed 10 000 shares at R5,50 per share.

Upon the subscription and acquisition/disposal of Transcend shares during the year, Emira recognised a net gain on bargain purchase adjustment of R35,6m, being the difference between the cost/selling price and fair value at the date of each transaction.

Emira equity accounts its interest in Transcend, and the R78,9m recognised is Emira's share of Transcend's net profit for the period, including the gain on bargain purchase adjustment. During the year, Emira received dividends of R31,6m from Transcend. Included in Emira's distributable earnings for the year are dividends of R38,3m (including any antecedent portion), being the dividend received for the six months ended 31 December 2021 of R20,0m and R18,3m which has been accrued for distribution purposes only in respect of the 30 June 2022 interim dividend declared by Transcend on 12 August 2022.

As at 30 June 2022, Transcend's total property portfolio was valued at R2,4bn, and its loan-to-value ("LTV") ratio was 39,3%, with the interest cover ratio at 2,1 times.

On 13 July 2022 Emira announced that it had informed the Transcend board of directors that it intends to make a general cash offer to acquire up to 100% of the entire issued share capital of Transcend, other than those shares already owned by Emira, amounting to a maximum of 97 252 832 Transcend shares ("the Offer" or "the Proposed Transaction").

Following a recent strategic review by Emira of its investments and group structure, the Board concluded that the current structure, incorporating Transcend as an associate investment, is not favourable, and that there are no benefits associated with maintaining two listed entry points into Transcend's assets. The Proposed Transaction is in line with the Fund's desire to increase its residential exposure to the lower LSM value offering segment of the market on which Transcend concentrates.

The Offer is for a cash consideration of R5,38 per share on an ex-distribution basis ("Offer Price"). The Offer Price will be escalated by the distribution that is deemed to accrue to shareholders from the day after the last date to trade for the last distribution paid to Transcend shareholders prior to the date that offer becomes unconditional ("Offer Finalisation Date") until the Offer Finalisation Date.

Irrevocable support for the Offer has already been provided by the Public Sector Pension Investment Board which holds 16,7% of the Transcend shares.

The Offer is a non-adjusting post balance sheet event. Based on the irrevocable support for the Offer provided to date, Emira will control Transcend from the Offer Finalisation Date and Transcend will be consolidated by Emira from that point.

A specific short-term debt facility has been put in place to fund the consideration payable under the Offer, which, if accepted by 100% of the remaining shareholders, is expected to be circa R538m. This will ultimately be settled by the proceeds anticipated from the disposal of the Fund's interests in Enyuka.

Emira, to the extent that the information relates directly to Emira, accepts responsibility for the information contained in this announcement and certifies that, to the best of its knowledge and belief, the information contained in this announcement relating to Emira is true and this announcement does not omit anything that is likely to affect the import of such information

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 R120,1m recognised includes Emira's share of Enyuka's net profit of R33,6m (of which R3,1m is a distributable profit) and R86,4m of interest received on the shareholder loan provided to Enyuka.

As at 30 June 2022, Enyuka's total property portfolio was valued at R1,7bn and its LTV ratio was 52,3%. Enyuka's interest cover ratio was 3,0 times.

As announced on SENS on 18 May 2022, the Fund has concluded a transaction to dispose of its shareholding and claims in Enyuka for an aggregate consideration of R638,6m. The transaction forms part of Emira's strategy to recycle capital through the disposal of non-core assets. The transaction is still subject to the fulfilment, or waiver (as the case may be) of several conditions precedent, including the confirmation of finance from the buyer and approval from the Competition Commission. The transaction is expected to close before the end of December 2022 and will realise cash proceeds of R538,6m after considering the R100,0m vendor loan being provided by Emira to the buyer. The net proceeds of the transaction will be used to fund the Transcend Offer and/or reduce Emira's debt.

Emira has impaired the carrying value of Enyuka by R34,2m to R638,6m, being the agreed disposal value, and reclassified it under "held-for-sale investments and loans in equity-accounted investments".

USA

PORTFOLIO OVERVIEW

Emira has co-invested together with its USA-based partner, The Rainier Companies, in 12 grocery-anchored dominant value-oriented power centres in the USA on a deal-by-deal basis. Emira, through its US subsidiary CIL2, owns a minority share in each of the 12 direct property-owning entities but has a unanimous voting arrangement on all major decisions.

Supported by stable property fundamentals and a high-quality tenant base, Emira's US investments have a consolidated weighted average lease expiry of 5,3 years (by GLA) and a vacancy rate of 4,5%.

Emira equity accounts the 12 direct property-owning entities and R327,5m was recognised as its share of the net profit for the year, which included a non-distributable profit of R150,9m, leaving distributable income of R176,6m. The carrying value of the equity-accounted investments as at 30 June 2022 was R2,4bn (or USD148,6m).

ECONOMIC ENVIRONMENT

While the US economy continued to recover and grow in the second half of 2021, reporting strong annualised real GDP growth figures of 6,9% for the fourth quarter, the first quarter of 2022 saw a contraction of 1,6%, and a further 0,9% decline in the second quarter. The unemployment rate has held at approximately 3,6% for the last four months (compared with the pandemic highs of 14,7%). The broader market is concerned with rising inflation and the expectation of further interest rate hikes, however 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 7,1% to 4,5%, attributable mostly to filling of vacancies at 32 East (ex-Stein Mart suite of 25 500 SF leased to Sportsman's Warehouse and 7 200 SF let to Rally House). Leasing at Stony Creek (nett 9 381 SF), Newport Pavilion (7 662 SF total) and at Dawson Marketplace (4 598 SF total) has resulted in those properties, along with San Antonio Crossings, being 100% leased. A prospective tenant is currently being considered for the ex-Dick's Sporting Goods box of 65 120 SF at Belden Park Crossings. During the period, a total of 60 new lets and renewals were concluded with a total GLA of 344 836 SF, an average new annual rental of USD17,64/SF and a weighted average duration of 6,1 years, resulting in a slight negative reversion of just -0,01% when compared to the previous rentals in place, where applicable. Overall, leasing activity was reasonable and resulted in a defensive lease expiry profile with 56,4% of leases expiring in longer than five years (by rental).

VALUATIONS

Ten of the 12 assets were externally valued by the Valuation & Advisory Services department of CBRE Inc, an independent firm of professional appraisers. Truman's Marketplace and Summit Woods Crossing were the exception, being held at offer price and at acquisition cost respectively. The following metrics were applied to the portfolio:

	Jun 2022	Jun 2021
Total GLA (SF)	**3 882 869**	3 328 670
Gross portfolio value (USD'm)	**693,9**	569,5
Average value per property (USD'm)	**57,8**	51,8
Value per square foot (USD/SF)	**178,72**	171,10
	Average	Average
Average exit capitalisation rate*	**7,73%**	8,08%
Average discount rate#	**8,38%**	8,60%
Market rental assumptions:	**Property specific**	Property specific

* Exit cap rates ranged between 7,00% – 8,50% at both June 2022 and 7,25% – 9,00% at June 2021.

\# Discount rates ranged between 7,25% – 9,00% at both June 2022 and 7,75% – 9,50% at June 2021.

ACQUISITIONS

Summit Woods Crossing was the only acquisition concluded during the year ended 30 June 2022. The property transferred on 11 May 2022. The total cost to Emira was USD18,45m for a 49,5% equity interest. The 545 204 SF power centre is shadow anchored by a Super Target and is 98,0% let with a 5,6-year weighted average lease expiry. The centre is 90,0% leased to national tenants providing a high credit quality underpin, including hardware giant Lowes, Kohl's, BestBuy and TJ Maxx. The opportunity to introduce a second grocer offering has been initiated and this should bring significant uplift to the centre on completion. 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 12 months under review, however, one vacant land outparcel at Dawson Marketplace was sold, in line with the asset management strategy that was approved at the time of acquisition. The net proceeds helped settle debt attributable to the relevant owner partnership. The details of the sale are as follows:

Property	Size (acres)	Tenant	Sale price USD'000	Disposal yield (%)	Closing date
Dawson Marketplace	0,97	Vacant land	935	N/A	Aug 2021

Post year-end, a purchase and sale agreement was signed for the disposal of Truman's Marketplace in Grandview, Missouri, for USD30,6m. The decision to sell is a result of Emira and Rainier's views that achievable rentals and leasing interest at the centre has likely peaked, in light of anticipated growth in the surrounding nodes having been hampered by the pandemic. Emira's share of the proceeds will be approximately USD5,5m and unless other US investment opportunities can be found, the funds will be repatriated to South Africa and used to reduce debt.

DEVELOPMENT AND REFURBISHMENTS

There are still several undeveloped pads at Dawson Marketplace that are expected to be developed once leases and development agreements are concluded with appropriate tenants. The construction of the 35 000 SF 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 of a 4 700 SF outparcel building was completed. The building is tenanted by Starbucks, incorporating a drive-through, and MOD Pizza, and opened for trade in May 2022.

Other financial assets

The investment in Inani is classified as a financial asset through profit and loss with a fair value of Rnil as at 30 June 2022. The loan to Inani is accounted for under loans receivable and at 30 June 2022 an estimated credit loss provision of R104,7m (June 2020: R75,1m) has been raised against the total amount outstanding of R398,4m (including interest). During the 12 months under review R153,7m of property disposals were concluded by Inani and the proceeds were used to settle senior debt.

Emira has a 15% investment in IHS Asset Management, the external asset manager of Transcend. The investment is classified as a financial asset through profit and loss with a fair value of R0,3m as at 30 June 2022.

Funding and treasury management

Emira's LTV, measured by dividing interest-bearing borrowings (net of cash and cash equivalents and including the fair value of net derivative liabilities) by the fair value of income-producing assets including property, listed investments, equity-accounted investments, and loans receivable, was 40,5% at 30 June 2022 (June 2021: 40,9%). The Fund's interest cover ratio at a Group level was 2,8 times at 30 June 2022 (June 2021: 2,9 times).

Breakdown of interest-bearing borrowings:

R'000	**Jun 2022**	Jun 2021
Emira		
Capital	**5 289**	4 968
Accrued interest	**28**	22
Unamortised borrowing costs	**(6)**	(7)
	5 311	4 983
SPVs consolidated through common control*		
Capital	**186**	186
Accrued interest	**3**	3
	189	189
Per statement of financial position	**5 500**	5 172

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

Emira borrowings

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

- a R200,0m 12-month general banking facility with Investec was repaid
- a R300,0m three-year secured revolving credit facility with RMB was refinanced for a further three years at prime less 145bps
- a R200,0m three-year secured unlisted note with RMB was refinanced as a sustainability-linked unlisted note for five years at three-month JIBAR plus 195bps
- a R300,0m three-year secured revolving credit facility with ABSA was refinanced for a further three years at prime less 147bps
- a R200,0m four-year secured term facility with ABSA was early refinanced for a further four years at three-month JIBAR plus 185bps
- R591,0m of new listed commercial paper and corporate bonds were issued to refinance R530,0m of maturing notes. The new instruments were issued for an average term of 2,2 years and at an average cost of 1,56% above three-month JIBAR versus the matured notes of 1,5 years and a cost of 1,60%

In addition to the activity on its general funding requirements, the Fund put a specific R500m debt facility in place with RMB to fund the general offer made to Transcend shareholders. The facility was undrawn at 30 June 2022 and may only be used to settle the amount owing to those Transcend shareholders who accept the Emira Offer. Further, a credit approved term sheet was signed with ABSA on 30 June 2022 to refinance R300m of secured debt maturing in September 2022.

The weighted average duration to expiry of Emira's debt facilities, excluding the Transcend Offer facility, is 2,0 years (June 2021: 2,2 years). The average duration increases to 2,3 years on inclusion of the approved refinance of the R300m September 2022 expiry.

R'000	Facility amount	Amount drawn	Amount undrawn	% of drawn facility
Expiry period				
Jun 23	1 973	1 398	575	26,4
Jun 24	1 600	1 490	110	28,2
Jun 25	1 505	1 371	134	25,9
Jun 26	600	550	50	10,4
Jun 27	280	280	–	5,3
Jun 28	200	200	–	3,8
	6 158	5 289	869	100,0

Emira had unutilised bank facilities of R869m as at 30 June 2022, including the R500m Transcend Offer facility. This together with cash-on-hand of R66,7m, provides assurance that the Group will be able to meet its short-term commitments.

As at 30 June 2022, Emira had effective USD denominated debt of USD73,0m (June 2021: USD61,0m) through its USD CCIRS against its USA investments valued at USD148,6m (June 2021: USD118,9m).

Cost of funding and hedging

The average all-in cost of Emira funding, including CCIRS, at 30 June 2022 is 7,38% (June 2021: 7,34%) and interest rates are hedged for 72,9% (June 2021: 80,7%) of Emira's drawn interest-bearing borrowings for a weighted average duration of 1,9 years (June 2021: 2,1 years).

	Jun 2022			Jun 2021		
	Average all-in rate (%)	**Average fixed rate (%)**	**Fixed duration years**	Average all-in rate (%)	Average fixed rate (%)	Fixed duration years
ZAR	**8,55**	**6,69**	**1,8**	8,32	6,72	1,8
USD	**2,44**	**2,44**	**2,4**	2,45	2,45	3,6
Total	**7,38**	**5,55**	**1,9**	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. The table below shows the current values of these ratios:

	Jun 2022		Jun 2021	
	Actual	**Required**	Actual	Required
Loan-to-value ratio (%)	**40,5**	**50,0**	40,9	50,0
Interest cover ratio (times)	**2,8x**	**2,0x**	2,9x	2,0x

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 revised from negative to stable, in May 2022.

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 at the date that each investment was made. Subsequently, additional hedges have been put in place to extend the hedged profile.

The following USD hedges were in place as at 30 June 2022:

	Nominal (USD'000)	Forward rate against R
Period		
Dec 2022	4 541	16,53
Jun 2023	4 206	16,72
Dec 2023	4 611	17,58
Jun 2024	3 967	17,52
Dec 2024	3 747	18,30
Jun 2025	3 291	18,46
Dec 2025	563	18,65
Jun 2026	84	18,71
Dec 2026	92	19,08

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

Emira is committed to the country's B-BBEE policies to actuate true 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 deemed black ownership of 71,15%. The Company continues to review its initiatives and strategies to find meaningful ways in which to improve its local socio-economic development.

Prospects

In the context of an unprecedented 24-month period, the Fund is pleased with these results and the strong position the business is in. This achievement did not happen by chance. For the past six years, the Emira team has diligently focused on repositioning the Fund by recycling capital from underperforming and/or non-core assets into other strategic investments thereby improving both the quality and the diversification of its portfolio.

Operating conditions remain challenging and uncertain. The global economy is in the midst of a sudden slowdown accompanied by a steep rise in global inflation to multidecade highs. Inflationary pressures are expected to remain elevated. Major central banks will be forced to tighten monetary policy further and raise interest rates to curb higher prices. The local macroeconomic environment remains a concern given the correlation between property fundamentals and economic growth coupled with low business confidence.

Emira's management will continue to steer the Fund on its chosen path, recycling capital where it can, focusing on business fundamentals to further improve and strengthen the underlying asset base and creating capacity so that the Fund is positioned to take advantage of opportunities and the eventual upward cycle. The Fund continues to see the benefits from its diversification model and partnering with specialists in joint venture arrangements.

Given the enduring conditions of uncertainty, the Board has decided not to furnish any earnings and distribution guidance until such time as such guidance is highly probable. In the interests of transparency, the target for distributable income per share set for the purposes of the executive directors' key performance indicators is 129,46 cents per share for the year ended 30 June 2023.

Dividend distribution declaration

The Board has approved, and notice is hereby given that a final gross dividend of 63,20 cents per share has been declared (June 2021: 66,65 cents), payable to the registered shareholders of Emira on Monday, 12 September 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 *cum* dividend	Tuesday, 6 September 2022
Shares trade *ex*-dividend	Wednesday, 7 September 2022
Record date	Friday, 9 September 2022
Payment date	Monday, 12 September 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 September 2022 and Friday, 9 September 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 50,56000 cents per share. A reduced dividend withholding tax rate in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of the uncertificated shares, or the transfer secretaries, in respect of certificated shares:

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

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

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

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

By order of the Emira Property Fund Limited Board

Acorim Proprietary Limited

Company Secretary

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

Bryanston

17 August 2022

Condensed consolidated statement of financial position

R'000	**Reviewed 30 Jun 2022**	Audited 30 Jun 2021
Assets		
Non-current assets	**13 220 451**	12 155 255
Investment properties*	**9 509 838**	9 268 544
Allowance for future rental escalations	**192 528**	220 874
Unamortised upfront lease costs	**31 468**	28 522
Right-of-use asset	**76 567**	40 212
Fair value of investment properties	**9 810 402**	9 558 152
Furniture, fittings, computer equipment and Intangible assets	**1 445**	2 152
Investment and loans in equity-accounted investments#	**3 009 010**	2 204 206
Other financial assets	**312**	5 474
Loans receivable	**354 506**	303 959
Derivative financial instruments	**44 776**	81 312
Current assets	**189 147**	1 126 115
Loans to equity-accounted investments	**–**	592 062
Loans receivable	**4 583**	53 173
Accounts receivable and prepayments	**94 468**	118 278
Derivative financial instruments	**23 321**	41 392
Cash and cash equivalents	**66 776**	96 910
Assets held for sale	**661 966**	224 300
Total assets	**14 071 564**	13 281 370
Equity and liabilities		
Share capital and reserves	**7 866 332**	7 351 530
Non-current liabilities	**4 375 021**	4 731 279
Interest-bearing debt	**4 070 871**	4 450 878
Other financial liabilities	**38 984**	44 016
Lease liability	**73 145**	35 516
Derivative financial instruments	**192 021**	200 869
Current liabilities	**1 830 211**	1 198 561
Short-term portion of interest-bearing debt	**1 429 146**	720 792
Accounts payable	**375 765**	353 973
Short-term portion of lease liability	**4 574**	3 152
Derivative financial instruments	**18 326**	117 054
Taxation	**2 400**	3 590
Total equity and liabilities	**14 071 564**	13 281 370
Net asset value per share (cents)	**1 628,6**	1 518,3

* During the year the Fund disposed five properties and acquired one. Refer to page 7, Acquisitions and Disposals, for further details.

During the year the Fund acquired an interest in the property known as Summit Woods Crossing through a 49,5% equity investment in Rainier Summit Woods Acquisitions, LLC. Refer to page 10, USA Acquisitions, for further details.

Condensed consolidated statement of comprehensive income

R'000	**Reviewed year ended 30 Jun 2022**	Audited year ended 30 Jun 2021
Revenue	**1 456 950**	1 476 324
Operating lease rental income from investment properties	**1 079 248**	1 093 992
Recoveries of operating costs from tenants	**395 070**	387 080
Allowance for future rental escalations	**(17 369)**	(4 748)
Property expenses	**(690 703)**	(661 982)
Administration expenses	**(93 084)**	(92 740)
Net fair value adjustments	**66 083**	(148 227)
Change in fair value of investment properties	**28 718**	(541 378)
Revaluation of derivative financial instruments relating to share appreciation rights scheme	**(1 122)**	4 966
Fair value surplus/(deficit) on interest-rate swaps	**48 031**	411 472
Fair value deficit on financial assets through profit and loss	**(9 544)**	(23 287)
Expected credit loss – loans receivable*	**(25 887)**	(29 048)
Impairment of equity-accounted investments	**(34 209)**	–
Foreign exchange profit/(loss)	**115 602**	(143 389)
Other income	**4 855**	4 335
Income from equity-accounted investments	**526 477**	411 888
Profit before finance costs	**1 326 085**	817 161
Net finance costs	**(354 372)**	(357 507)
Finance income	**42 256**	40 183
Finance costs	**(396 629)**	(397 690)
Profit before income tax charge	**971 713**	459 654
Taxation	**(1 730)**	4 733
Profit for the year	**969 983**	464 387
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	**153 662**	(147 191)
Total comprehensive income for the year	**1 123 645**	317 197
Total profit for the year attributable to:		
Emira shareholders	**968 583**	467 285
Non-controlling interest	**1 400**	(2 898)
	969 983	464 387
Total comprehensive income for the year attributable to:		
Emira shareholders	**1 122 245**	320 095
Non-controlling interest	**1 400**	(2 898)
	1 123 645	317 197
Basic earnings per share (cents)	**200,39**	96,38
Diluted earnings per share (cents)	**197,94**	95,49

* The increase in the expected credit loss provision is primarily due Inani Prop Holdings ("Inani"). Inani's stage of credit impairment has remained at Stage 2 however its credit risk has increased together with its loss given default.

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	(14 576)						(14 576)
Emira Forfeitable Share Plan shares vested	2 754		(2 911)		–		(157)
Emira Matching Share Plan shares vested	402		(402)				
Profit for the year					467 286	(2 898)	464 388
Exchange differences on translation of foreign operations				(147 190)			(147 190)
Equity settled share scheme			12 121				12 121
Transfer to fair value reserve			(541 378)		541 378		–
Dividend paid – September 2020					(149 849)		(149 849)
Dividend paid – March 2021					(254 447)		(254 447)
Balance as at 30 June 2021	3 433 875	(24 085)	3 553 887	26 777	358 100	2 976	7 351 530
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**		**(6 713)**				**–**
Profit for the year					**968 583**	**1 400**	**969 983**
Exchange differences on translation of foreign operations				**153 662**			**153 662**
Equity settled share scheme			**10 049**				**10 049**
Transfer to fair value reserve			**28 718**		**(28 718)**		**–**
Dividend paid – September 2021					**(326 002)**		**(326 002)**
Dividend paid – March 2022					**(278 038)**		**(278 038)**
Balance as at 30 June 2022	**3 425 736**	**(24 085)**	**3 585 941**	**180 439**	**693 925**	**4 376**	**7 866 332**

Condensed consolidated statement of cash flows

R'000	**Reviewed year ended 30 Jun 2022**	Audited year ended 30 Jun 2021
Cash generated from operations	**777 374**	813 024
Finance income	**36 863**	38 838
Interest paid	**(423 633)**	(429 722)
Taxation paid	**(2 166)**	(8 428)
Dividends paid to shareholders	**(604 040)**	(402 983)
Cash flows from operating activities	**(215 602)**	10 729
Acquisition of, and additions to, investment properties excluding capitalised interest	**(292 653)**	(130 786)
Proceeds on disposal of investment properties	**267 250**	34 500
Acquisition of furniture, fittings, computer equipment and intangible assets	**(86)**	(167)
Proceeds from equity-accounted investments	**291 055**	219 336
Investment in equity-accounted investments	**(383 498)**	(89 786)
Loans receivable repaid	**9 831**	69 703
Investment in other financial assets	**(4 382)**	(9 400)
Cash flows from investing activities	**(112 483)**	93 400
Shares acquired for the Emira Forfeitable Share Plan	**(14 852)**	(14 576)
Lease liability payment on capital portion	**(4 333)**	(3 830)
Other financial liabilities (repaid)/raised	**(5 155)**	812
Derivative financial instruments settled	**(2 654)**	(77 754)
Interest-bearing debt raised	**1 749 283**	2 650 745
Interest-bearing debt repaid	**(1 430 000)**	(2 653 684)
Cash flows from financing activities	**292 289**	(98 288)
Net (decrease)/increase in cash and cash equivalents	**(35 796)**	5 840
Foreign currency movement in cash	**5 662**	(3 977)
Cash and cash equivalents at the beginning of the year	**96 910**	95 047
Cash and cash equivalents at the end of the year	**66 776**	96 910

Basis of preparation and accounting policies

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE's Listings and Debt Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The JSE 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.

These condensed consolidated preliminary financial results for the year ended 30 June 2022 have been reviewed by Ernst & Young Inc., who have expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information in the result announcement. Shareholders and noteholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office. The distribution statement and commentary was not reviewed.

Reconciliation between earnings and headline earnings

R'000	**Reviewed year ended 30 Jun 2022**	Audited year ended 30 Jun 2021
Profit/(loss) for the year attributable to Emira shareholders	**968 583**	467 285
Adjusted for:		
Change in fair value of properties	**(190 375)**	445 393
Change in fair value of investment properties	**(28 718)**	541 378
Change in fair value on investment property of associate	**(162 295)**	(93 087)
Non-controlling interest	**638**	(2 898)
Gain on bargain purchase	**(35 568)**	–
Impairment of investment in associate	**34 209**	–
Headline earnings	**776 848**	912 678
Number of shares in issue at the end of the year	**522 667 247**	522 667 247
Weighted average number of shares in issue	**483 358 227**	484 838 465
Earnings per share (cents)	**200,39**	96,38
The calculation of earnings per share is based on net profit for the year of R968,6m (2021: R467,3m), divided by the weighted average number of shares in issue during the year of 483 329 029 (2021: 484 838 465).		
Diluted earnings per share (cents)	**197,94**	95,49
The calculation of diluted earnings per share is based on net profit for the year of R968,6m (2021: R467,3m), divided by the diluted weighted average number of shares in issue during the year of 489 333 883 (2021: 489 333 883).		
Headline earnings per share (cents)	**160,72**	188,24
The calculation of headline earnings per share is based on net profit for the year, adjusted for headline items, of R776,8m (2021: 912,7m), divided by the weighted average number of shares in issue during the year of 483 329 029 (2021: 484 838 465).		
Diluted headline earnings per share (cents)	**158,76**	186,51
The calculation of diluted headline earnings per share is based on net profit for the year, adjusted for headline items, of R776,8m (2021: R912,7m), divided by the diluted weighted average number of shares in issue during the year of 489 333 883 (2021: 489 333 883).		
Diluted weighted average number of shares in issue		
Weighted average number of shares in issue	**483 358 227**	484 838 465
Issued for zero consideration under the call option to BEE parties, Treasury shares issued to the ESA Trust and Forfeitable Share Plan	**5 975 656**	4 495 418
	489 333 883	489 333 883

Segmental information for the year ended 30 June 2022

R'000	Office	Retail	Industrial	Residential	Corporate	Local	Inter-national	Total
Revenue	390 204	708 895	328 533	29 317	–	1 456 950	–	1 456 950
Operating lease rental income	299 026	516 903	237 541	25 778	–	1 079 249	–	1 079 249
Recoveries of operating costs from tenants	102 537	204 065	84 930	3 539	–	395 070	–	395 070
Allowance for future rental escalations	(11 359)	(12 073)	6 063	–	–	(17 369)	–	(17 369)
Property expenses	(201 565)	(338 384)	(137 182)	(13 571)	–	(690 703)	–	(690 703)
Administration expenses	–	–	–	–	(83 739)	(83 739)	(9 345)	(93 084)
Operating profit	188 638	370 511	191 351	15 747	(83 739)	682 508	(9 345)	673 163
Net change in fair value	(50 026)	48 432	27 759	2 551	37 365	66 083	–	66 083
Investment properties	(50 026)	48 432	27 759	2 551	–	28 718	–	28 718
Derivative financial instruments relating to share appreciation rights scheme	–	–	–	–	(1 122)	(1 122)	–	(1 122)
Interest-rate derivatives	–	–	–	–	48 031	48 031	–	48 031
Property investments	–	–	–	–	(9 544)	(9 544)	–	(9 544)
Expected credit loss					(25 887)	(25 887)	–	(25 887)
Impairment of equity-accounted investments	–	–	–	–	(34 209)	(34 209)	–	(34 209)
Foreign exchange gain	–	–	–	–	–	–	115 602	115 602
Other income	–	–	–	–	4 855	4 855	–	4 855
Income from equity-accounted investments	–	120 056	–	78 908	–	198 965	327 513	526 477
Distributable	–	89 537	–	–	–	89 537	176 648	266 186
Non-distributable	–	30 519	–	78 908	–	109 427	150 864	260 292
Profit before finance costs	138 613	538 999	219 110	97 206	(101 614)	892 315	433 770	1 326 085
Net finance costs	–	–	–	–	(270 098)	(270 098)	(84 274)	(354 372)
Profit before income tax charge	138 613	538 999	219 110	97 206	(371 712)	622 217	349 496	971 713
Taxation	–	–	–	–	(1 692)	(1 692)	(38)	(1 730)
Profit for the period	138 613	538 999	219 110	97 206	(373 404)	620 525	349 457	969 983
Investment properties	2 925 470	4 868 889	1 809 542	206 500	–	9 810 402	–	9 810 402
Assets held for sale	23 350	638 616	–	–	–	661 966	–	661 966
Loans receivable		–		–	354 506	354 506	–	354 506
Other assets	–	–	–	585 167	206 709	791 876	2 452 814	3 244 690
Total assets	2 948 820	5 507 505	1 809 542	791 667	561 216	11 618 750	2 452 814	14 071 564
Interest bearing borrowings	–	–	–	–	5 500 017	5 500 017	–	5 500 017
Other liabilities	–	–	–	–	700 551	700 551	4 664	705 215
Total liabilities	–	–	–	–	6 200 568	6 200 568	4 664	6 205 232

Measurements of fair value

Financial instruments

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

R'000	**Level 1 Jun 2022**	**Level 2 Jun 2022**	**Level 3 Jun 2022**	**Total Jun 2022**	Level 1 Jun 2021	Level 2 Jun 2021	Level 3 Jun 2021	Total Jun 2021
Group								
Assets								
Derivative financial instruments	**–**	**68 097**	**–**	**68 097**	–	122 704	–	122 704
Other financial assets	**–**	**–**	**312**	**312**	–	–	5 474	5 474
Total	**–**	**68 097**	**312**	**68 409**	–	122 704	5 474	128 178
Liabilities								
Derivative financial instruments	**–**	**210 347**	**–**	**210 347**	–	317 923	–	317 923
Total	**–**	**210 347**	**–**	**210 347**	–	317 923	–	317 923
Net fair value	**–**	**(142 250)**	**312**	**(141 938)**	–	(195 219)	5 474	(189 745)

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 and IHS Asset Management's net asset values at reporting date.

Non-financial assets

The following table reflects the levels within the hierarchy of non-financial assets measured at fair value as at 30 June 2022:

R'000	**Level 3 Jun 2022**	Level 3 Jun 2021
Assets		
Investment properties	**9 810 402**	9 558 152
Investment properties held for sale	**23 350**	224 300
Assets held for sale – Investment in Enyuka Prop Holdings (Pty) Ltd	**638 616**	–
Total	**10 472 368**	**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 30 June 2022 were the following:

- 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 9,20% (June 2021: 9,27%).
- The range of discount rates applied were between 12,75% and 16,0% with the weighted average, by value, being 14,0% (June 2021: 14,15%).
- 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.
- The range of market rental escalations applied to the portfolio are between 5% and 7,5% with the weighted average, by value, being 6,5% (June 2021: 6,6%)
- The range of void periods applied to the portfolio are between 0 months and 11,4 months with the weighted average, by value, being 4,6 months (June 2021: 4,6 months)
- The range of permanent vacancy factors applied to the portfolio are between 0% and 10% with the weighted average, by value, being 3,06% (June 2021: 3,62%)

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 R168m (1,72%) and a 25 basis points decrease will increase the value of investment property by R174m (1,78%). A 25 basis points decrease in the reversionary capitalisation rate will increase the value of investment property by R173m (1,77%) and a 25 basis points increase will decrease the value of investment property by R163m (1,67%).

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	9,53	9,71	9,25	9,65	9,72	–
Offices P-grade	9,17	9,00	9,25	–	–	–
Offices A-grade	9,82	10,64	–	9,65	9,72	–
Offices B-grade	10,50	10,50	–	–	–	–
Retail	8,63	9,26	8,04	9,43	9,76	9,11
Industrial	10,15	10,30	9,98	9,89	9,90	–
Total	9,20					
Discount rates (%)						
Offices	14,40	14,68	14,44	14,22	13,99	–
Offices P-grade	14,38	14,25	14,44	–	–	–
Offices A-grade	14,39	15,50	–	14,22	13,99	–
Offices B-grade	14,79	14,79	–	–	–	–
Retail	13,43	13,91	13,04	13,90	13,69	14,11
Industrial	14,78	14,87	14,90	14,49	14,74	–
Total	13,98					
Market rentals (R/m²)						
Offices	166,99	154,84	183,84	162,18	151,73	–
Offices P-grade	185,70	190,00	183,84	–	–	–
Offices A-grade	152,11	110,00	–	162,18	151,73	–
Offices B-grade	113,26	113,26	–	–	–	–
Retail	148,85	129,48	155,86	145,76	161,90	138,75
Industrial	62,86	57,95	69,48	70,14	75,76	–
Total	138,07					

	Total	JHB	PTA	CPT	KZN	Other
Market escalation rates (%)						
Offices	6,9	7,1	6,8	6,9	7,0	–
Offices P-grade	7,0	7,3	6,8	–	–	–
Offices A-grade	6,9	7,1	–	6,9	7,0	–
Offices B-grade	6,3	6,3	–	–	–	–
Retail	6,3	5,9	6,3	6,2	6,8	6,4
Industrial	6,4	6,3	6,8	6,3	7,0	–
Total	6,5					
Void period (months)						
Offices	6,4	6,2	8,9	5,1	1,3	–
Offices P-grade	8,0	6,0	8,9	–	–	–
Offices A-grade	4,8	7,3	–	5,1	1,3	–
Offices B-grade	5,1	5,1	–	–	–	–
Retail	4,7	3,5	5,3	4,3	4,4	4,3
Industrial	1,6	1,5	2,0	1,3	2,4	–
Total	4,6					
Perpetual vacancy (%)						
Offices	4,6	5,7	4,2	4,6	1,6	–
Offices P-grade	4,5	5,0	4,2	–	–	–
Offices A-grade	4,2	5,0	–	4,6	1,6	
Offices B-grade	8,9	8,9	–	–	–	–
Retail	2,4	2,5	2,3	3,1	2,1	2,7
Industrial	2,3	2,2	3,2	2,3	2,4	–
Total	3,1					

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	(1,64)	(2,06)	(1,43)
Valuation impact if exit capitalisation rate is decreased by 25bps	1,73	2,20	1,50
Valuation impact if discount rate is increased by 25bps	(1,71)	(1,89)	(1,67)
Valuation impact if discount rate is decreased by 25bps	1,77	1,96	1,73
Valuation impact if market rentals increase by 5%	3,82	4,04	5,07
Valuation impact if market rentals decrease by 5%	(3,64)	(4,49)	(4,50)
Valuation impact if rental escalation rates increase by 1%	1,74	2,04	1,85
Valuation impact if rental escalation rates decrease by 1%	(1,71)	(2,64)	(1,47)
Valuation impact if the permanent vacancy factor is increased by 2,5%	(2,06)	(3,18)	(1,68)
Valuation impact if the permanent vacancy factor is decreased by 2,5%	2,06	2,07	0,99

Fair values are estimated twice a year by Emira's internal registered valuer, whereafter they are reviewed by the executive directors and approved by the Board. One third of the portfolio is valued externally each year-end on a rolling basis. The external valuations performed as at 30 June 2022 were completed by the following valuers:

Valuer	Company	Qualifications
TLJ Behrens	Real Insight (Pty) Ltd	NDip Real Estate (Prop Val), MIV (SA), professional associated valuer
JC Nagiah	Real Insight (Pty) Ltd	NDip Real Estate (Prop Val), candidate valuer
T Behrens	Real Insight (Pty) Ltd	NDip Real Estate (Prop Val), candidate valuer
R Scott Collins	Yield Enhancement Solutions	NDip Real Estate (Prop Val), professional valuer
Y Vahed	Premium Valuation Services	NDip Real Estate (Prop Val), MPRE, MIV (SA), professional valuer

Fair value measurement of Emira's investment in Enyuka Prop Holdings (Pty) Ltd

The fair value of the assets held for sale, was measured in terms of the concluded transaction, as announced on SENS on 18 May 2022, to dispose of Emira's shareholding and claims in Enyuka.

Emira will dispose of the Enyuka ordinary shares held by Emira (the "Enyuka Ordinary Shares") to Oneeighty Holdings Two (Pty) Ltd ("OEH2"), for an aggregate purchase consideration of R2,7m. In addition, Enyuka will repurchase the Enyuka A shares held by Emira (the "Enyuka A Shares") as well as the shareholder loan advanced by Emira to Enyuka (the "Emira Loan") (collectively the "Linked Units") for an aggregate consideration of R635,9, being the value of the Linked Units as reflected in the financial statements of Enyuka as at 30 June 2021, plus any accrued and unpaid interest on the Emira Loan.

The transaction is still subject to the fulfilment, or waiver (as the case may be) of various conditions precedent, including the confirmation of finance from the buyer and approval from the Competition Commission.

Emira has impaired the carrying value of Enyuka by R34,2m to R638,6m, being the agreed disposal value, and reclassified it under "held-for-sale investments and loans in equity-accounted investments".

Subsequent events

Declaration of dividend after reporting date

In line with IAS 10, Events after the reporting period, the declaration of the final dividend of 63,20 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.

Transcend

On 13 July 2022 Emira announced that it had informed the Transcend board of directors that it intends to make a general cash offer to acquire up to 100% of the entire issued share capital of Transcend, other than those shares already owned by Emira, amounting to a maximum of 97 252 832 Transcend shares ("the Offer" or "the Proposed Transaction").

The Offer is for a cash consideration of R5,38 per share on an ex-distribution basis ("Offer Price"). The Offer Price will be escalated by the distribution that is deemed to accrue to shareholders from the day after the last date to trade for the last distribution paid to Transcend shareholders prior to the date that offer becomes unconditional ("Offer Finalisation Date") until the Offer Finalisation Date.

Irrevocable support for the Offer has already been provided by the Public Sector Pension Investment Board which holds 16,7% of the Transcend shares.

The Offer is a non-adjusting post balance sheet event. Based on the irrevocable support for the Offer provided to date, Emira will control Transcend from the Offer Finalisation Date and will be consolidated by Emira from that point.

Truman's Market Place

Post year-end, a purchase and sale agreement was signed for the disposal of Truman's Marketplace in Grandview, Missouri, for USD30,6m, of which Emira's share of the proceeds will be approximately USD5,5m and is a non-adjusting post balance sheet event. The decision to sell is a result of Emira and Rainier's views that achievable rentals and leasing interest at the centre has likely peaked, in light of anticipated growth in the surrounding nodes having been hampered by the pandemic.

Directors

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

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

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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 code: 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	**Audited year ended 30 Jun 2022**	Audited year ended 30 Jun 2021
Profit/(loss) for the year attributable to Emira shareholders	**968 583**	467 285
Adjusted for:		
Change in fair value of properties (net of NCI)	**(190 375)**	445 393
Change in fair value of investment properties	**(28 718)**	541 378
Change in fair value on investment property of associate	**(162 295)**	(93 087)
Non-controlling interest	**638**	(2 898)
Gain on bargain purchase	**(35 568)**	–
Impairment of investment in associate	**34 209**	–
Headline earnings	**776 848**	912 678
Adjusted for:		
Allowance for future rental escalations	**17 369**	4 748
Amortised upfront lease costs	**181**	262
IFRS 16 Leasehold liability adjustments	**261**	(903)
Interest on lease liability	**4 594**	2 911
Rental paid on lease liability	**(4 333)**	(3 813)
Charge/(credit) in respect of leave pay provision and share appreciation rights scheme	**(491)**	(88)
Unrealised surplus on revaluation of interest-rate swaps	**(48 031)**	(411 470)
Revaluation of share appreciation rights scheme derivative financial instruments	**1 122**	(4 966)
Unrealised (gain)/loss on financial assets at fair value through profit and loss	**9 544**	23 287
Unrealised foreign exchange (profit)/loss	**(111 320)**	133 321
Non-distributable income from equity-accounted investments	**(62 428)**	(103 180)
Dividend received/accrued from Transcend	**32 742**	31 333
IFRS 9 expected credit loss	**25 887**	29 048
Taxation on capital gain	**–**	2 467
Distributable portion of non-controlling interest	**–**	(423)
Net ESA Trust adjustments	**6 891**	6 934
Net BEE Scheme adjustments	**25 340**	26 046
Distributable income	**673 915**	649 094
Distributable income adjustments		
Deferred rental net of expected credit loss	**2 495**	49 075
Expected credit loss movement of deferred rentals	**(2 152)**	(17 499)
Distributable income from the equity-accounted US investments not distributed	**(21 972)**	(29 431)
Interest due from Inani accrued but not received	**(32 201)**	(27 179)
Capitalised interest limitation	**–**	(3 936)
Non-vesting treasury share dividends	**421**	–
Dividend received/accrued from Transcend – antecedent element	**5 603**	–
Distribution payable to shareholders	**626 109**	620 125
Dividend per share		
Interim (cents)	**56,59**	52,00
Final (cents)	**63,20**	66,65
Total (cents)	**119,79**	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	**Year ended 30 Jun 2022**	Year ended 30 Jun 2021
SA REIT funds from operations (SA REIT FFO)		
Profit for the year attributable to Emira shareholders	**968 583**	467 286
Adjusted for:		
Accounting specific adjustments:	**(106 200)**	531 652
Fair value adjustments to:	**(180 838)**	466 523
Investment Property	**(191 013)**	448 291
Debt and equity instruments held at fair value through profit or loss	**10 175**	18 232
Gain on bargain purchase	**(35 568)**	–
Asset impairments (excluding goodwill) and reversals of impairment	**60 095**	29 048
Straight lining operating lease adjustment	**17 369**	4 748
Adjustments to dividends received from equity interest held	**32 742**	31 333
Foreign exchange and hedging items:	**(159 351)**	(278 149)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**(48 031)**	(411 470)
Foreign exchange gains or losses relating to capital items – realised and unrealised	**(111 320)**	133 321
Other adjustments:	**(61 790)**	(104 034)
Taxation impact of the above adjustments	**–**	2 467
Adjustments made for equity-accounted entities	**(62 428)**	(103 180)
Non-controlling interest in respect of the above adjustments	**638**	(3 321)
SA REIT FFO	**641 242**	616 755
Number of shares outstanding at the end of period (net of treasury shares)	**483 007 458**	484 204 005
SA REIT FFO per share (cents)	**132,76**	127,37
Interim SA REIT FFO per share (cents)	**64,95**	66,08
Final SA REIT FFO per share (cents)	**67,81**	61,29
Company specific adjustments to SA REIT FFO	**(15 133)**	3 371
Deferred rental net of expected credit loss	**2 495**	49 075
Expected credit loss movement of deferred rentals	**(2 152)**	(17 499)
Amortised upfront lease costs	**181**	262
IFRS 16 Leasehold liability adjustments	**261**	(903)
Distributable income from the equity-accounted US investments not distributed	**(21 972)**	(29 431)
Interest due from Inani accrued but not received	**(32 201)**	(27 179)
Capitalised interest limitation	**–**	(3 936)
Non-vesting treasury share dividends	**421**	–
Accrual of listed security income – antecedent element	**5 603**	–
Net ESA Trust adjustments	**6 891**	6 934
Net BEE Scheme adjustments	**25 340**	26 046
Distributable earnings	**626 109**	620 125
Number of shares in issue	**522 667 247**	522 667 247
Distributable income per share (cents)	**119,79**	118,65
Interim (cents)	**56,59**	52,00
Final (cents)	**63,20**	66,65

Appendix 2

REIT ratios continued

SA REIT NET ASSET VALUE (SA REIT NAV)

R'000	**Year ended 30 Jun 2022**	Year ended 30 Jun 2021
Reported net asset value attributable to the parent	**7 866 332**	7 351 530
Adjustments:		
Dividend to be declared	**(330 326)**	(348 358)
Fair value of certain derivative financial instruments	**(22 868)**	76 682
	7 513 138	7 079 855
Shares outstanding		
Number of shares outstanding at the end of period (net of treasury shares)	**483 007 458**	484 204 005
Effect of dilutive instruments	**5 975 656**	4 495 418
Dilutive number of shares in issue	**488 983 114**	488 699 423
SA REIT NAV per share (R)	**1 536,48**	1 448,71

SA REIT COST-TO-INCOME RATIO

Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	**690 703**	661 982
Administrative expenses per IFRS income statement	**93 084**	92 740
Excluding depreciation expense in relation to property, plant and equipment of an administrative nature	**(792)**	(875)
Operating costs	**782 995**	753 847
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**1 079 248**	1 093 991
Utility and operating recoveries per IFRS income statement	**395 070**	387 080
Gross rental income	**1 474 319**	1 481 071
SA REIT cost-to-income ratio (%)	**53,11**	50,90

SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO

Expenses		
Administrative expenses per IFRS income statement	**93 084**	92 740
Other	**–**	–
Administrative costs	**93 084**	92 740
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**1 079 248**	1 093 991
Utility and operating recoveries per IFRS income statement	**395 070**	387 080
Gross rental income	**1 474 319**	1 481 071
SA REIT administrative cost-to-income ratio (%)	**6,31**	6,26

SA REIT GLA VACANCY RATE

Gross lettable area of vacant space	**41 046**	51 925
Gross lettable area of total property portfolio	**775 495**	809 729
SA REIT GLA vacancy rate (%)	**5,3**	6,4

Appendix 2

REIT ratios continued

SA REIT COST OF DEBT

%	ZAR	USD
Jun 2022		
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	**8,50**	**–**
Fixed interest rate borrowings		
Weighted average fixed rate	**–**	**–**
Pre-adjusted weighted average cost of debt	**8,50**	**–**
Adjustments:		
Impact of interest rate derivatives	**1,12**	**–**
Impact of cross currency interest rate swaps	**(1,19)**	**2,44**
Amortised transaction costs imputed in the effective interest rate	**0,13**	**–**
All-in weighted average cost of debt	**8,55**	**2,44**
Jun 2021		
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	6,65	–
Fixed interest rate borrowings		
Weighted average fixed rate	–	–
Pre-adjusted weighted average cost of debt	6,65	–
Adjustments:		
Impact of interest rate derivatives	2,33	–
Impact of cross currency interest rate swaps	(0,74)	2,45
Amortised transaction costs imputed in the effective interest rate	0,08	–
All-in weighted average cost of debt	8,32	2,45

SA REIT LOAN TO VALUE

R'000	**Year ended 30 Jun 2022**	Year ended 30 Jun 2021
Gross debt	**5 500 017**	5 171 671
Less:		
Cash and cash equivalents	**(66 776)**	(96 910)
Add/less:		
Derivative financial instruments liability/(asset)	**142 250**	195 220
Net debt	**5 575 492**	5 269 980
Total assets – per statement of financial position	**14 071 564**	13 281 370
Less:		
Cash and cash equivalents	**(66 776)**	(96 910)
Derivative financial assets	**(68 097)**	(122 703)
Goodwill and intangible assets	**(1 445)**	(2 152)
Trade and other receivables	**(94 468)**	(118 278)
Carrying amount of property related assets	**13 840 779**	12 941 326
SA REIT loan to value ratio (SA REIT LTV) (%)	**40,3**	40,7

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