EMIRA
PROPERTY FUND

2023

Unaudited condensed consolidated interim financial results

for the six months ended
31 December 2022 and
dividend distribution declaration

Key messages

Distributable income per share

72,45c

(up 15,0% from December 2021)

Dividend per share

66,43c

(up 17,4% from December 2021)

Net asset value per share

1 694,6c

(up 4,1% from June 2022)

Vacancies

4,8%

(down 0,5% from June 2022)

Loan to value

43,1%

(up 2,6% from June 2022)

B-BBEE Contributor level

Level 2

Investments (%)

Direct property	79
Indirect property (local)	4
Indirect property (offshore)	17

Direct property local: value split per sector (%)

Offices	25
Urban retail	40
Industrial	15
Residential	20

Nature of business

Emira Property Fund Limited (the "Company") is a Real Estate Investment Trust ("REIT") domiciled in South Africa and together with all its subsidiaries (the "Group" or the "Fund" or "Emira") owns 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 owns a direct portfolio of properties diversified across the retail, industrial, office and residential sectors. In October 2022, the Company obtained control over Transcend Property Fund ("Transcend"), a JSE-listed specialist residential REIT focused on value-oriented good-quality suburban units and Transcend is now consolidated into the Group from an accounting perspective. This has increased the Fund's direct local portfolio to 97 properties which it now segregates between the Commercial Portfolio (the retail, industrial and office properties) and the Residential Portfolio (the residential properties). Transcend was equity accounted by the Fund prior to control being obtained.

The Fund's indirect investments include Enyuka Property Fund ("Enyuka"), a rural and lower-LSM retail venture with One Property Holdings and a portfolio of investments in the United States of America (the "USA" or "US"), being 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 continue to deliver returns throughout the cycles.

Commentary

Distributable earnings for the six months ended 31 December 2022 (the "period") has increased to R378,7m (December 2021: R329,2m). After taking the adjustments to reflect the cash backed position into account, Emira's Board of Directors (the "Board") has declared an interim dividend of 66,43 cents per share for the period (December 2021: 56,59 cents). This is a period-on-period increase of 17,4%.

The Fund continues to benefit from the sectoral and geographic diversification of its business with its industrial and retail portfolios performing well despite the challenging South African macroeconomic environment. The office portfolio also had a strong performance in the period, albeit off a low base, and while the sector appears to have stabilised, its fundamentals remain depressed.

The Fund is committed to its strategy of recycling capital and during the period it concluded a general offer to Transcend shareholders, resulting in Emira obtaining control and thereby increasing its exposure to the defensive residential sector.

Emira's investments in the US delivered solid results for the period, once again validating the benefit to the Group of its exposure to the stable US economy, especially amid the current global uncertainty.

The strong performance achieved for the period is attributable to decisions taken over recent years on the strategic direction of the Fund, with active, hands-on asset management focusing on basic property fundamentals and executing them with excellence.

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 provided it is able to show that it can meet its future financial responsibilities.

The cash-backed portion of distributable income is determined by adjusting distributable earnings should there be 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 Group's balance sheet and liquidity position have been assessed by the Board and it has confirmed both to be healthy.

Distributable earnings

The variances when comparing the results for the interim period ended 31 December 2022 to the prior corresponding period are in some instances affected by once-off events in both periods (for instance, the sale of non-core assets and the acquisition of new assets). The consolidation of Transcend with effect from October 2022 has a significant impact on various line items. The commentary has now been split between the performance of the Commercial Portfolio versus the Residential Portfolio and in some instances Company items versus Transcend items.

Distribution statement

R'000	**Half-year ended 31 Dec 2022**	Half-year ended 31 Dec 2021	% change
Operating lease rental income and tenant recoveries excluding straight-lining of leases	**843 166**	741 197	13,8
Property expenses excluding amortised upfront lease costs	**(384 636)**	(357 612)	(7,6)
Net property income	**458 530**	383 585	19,5
Administration expenses	**(54 799)**	(46 272)	(18,4)
Realised foreign exchange (losses)/gain	**(362)**	3 252	111,1
Other income	**2 405**	2 775	(13,3)
Distributable income from equity-accounted investments	**160 635**	131 647	22,0
Dividend received/accrued from Transcend	**10 228**	14 676	(30,3)
Net finance costs	**(211 993)**	(173 755)	(22,0)
Finance income	**29 658**	19 681	50,7
Finance costs	**(241 651)**	(193 436)	(24,9)
Interest paid and amortised borrowing costs	**(241 651)**	(194 129)	(24,5)
Interest capitalised to the cost of developments	**–**	692	100,0
Taxation (non-capital)	**2 035**	(1 714)	(218,7)
Minority shareholders' interests	**(6 695)**	(473)	>100
Net ESA Trust adjustment	**4 030**	3 392	18,8
Net BEE Scheme adjustment	**14 679**	12 096	21,4
Distributable income	**378 691**	329 209	15,0
Distributable income per share (cents)	**72,45**	62,99	15,0
Distributable income adjustments			
1. Deferred rental collected	**1 050**	2 302	(54,4)
2. Expected credit loss movement on deferred rentals	**–**	(2 303)	100,0
3. Distributable income from US equity-accounted investments not distributed	**(12 084)**	(20 277)	40,4
4. Interest accrued on loan advanced to Inani	**(21 769)**	(15 260)	(42,7)
5. Capitalised interest limitation	**–**	(692)	100,0
6. Non-vesting treasury share dividends	**323**	131	146,8
7. Dividend received/accrued from Transcend – antecedent element	**1 011**	2 680	(62,3)
Dividend payable to shareholders	**347 223**	295 790	17,4
Dividend per share (cents)	**66,43**	56,59	17,4

Revenue and net income from direct property portfolio

R'000	**31 Dec 2022**	31 Dec 2021	Variance %
Operating lease rental income and tenant recoveries			
– Commercial Portfolio	**751 894**	726 840	3,4
– Residential Portfolio	**91 272**	14 357	>100,0
Total	**843 166**	741 197	13,8
Property expenses			
– Commercial Portfolio	**(344 401)**	(352 695)	(2,6)
– Residential Portfolio	**(40 235)**	(4 917)	>100,0
Total	**(384 636)**	(357 612)	6,9
Net property income			
– Commercial Portfolio	**407 493**	374 145	8,9
– Residential Portfolio	**51 037**	9 440	>100,0
Total	**458 530**	383 585	19,5

Net property income in the Commercial Portfolio increased by 8,9% to R407,5m (December 2021: R374,1m). This increase is due to a combination of improved revenue and savings on property expenses. The average vacancy rate for the period was lower and rental reversions improved for both renewals and new leases. Property expenses reduced as maintenance spend was accelerated in the six-months ending 30 June 2022, with less spend in the current period. The Fund's various solar projects positively impacted the electricity costs for the relevant buildings in the current period.

The increase in the Residential Portfolio is due to the consolidation of Transcend with effect from 7 October 2022.

Administration expenses

R'000	31 Dec 2022	31 Dec 2021	Variance %
Administration expenses			
– Emira (excluding Transcend)	**(51 457)**	(46 272)	11,2
– Transcend	**(3 342)**	–	>100
Total	**(54 799)**	(46 272)	18,4

Emira's administration costs increased by 11,2% to R51,5m. This is partially due to Emira's change in year-end where certain costs are now recognised over nine months instead of 12 months for the comparative period. The consolidation of Transcend also resulted in an additional R3,3m of administration costs in the period.

Income from equity-accounted investments

R'000	31 Dec 2022	31 Dec 2021	Variance %
US Investments	**117 827**	89 050	32,3
Enyuka	**42 808**	42 597	0,5
Transcend	**10 228**	14 676	(30,3)
Total	**170 863**	146 323	16,8

Emira's US investments income of R117,8m represents its share of the net distributable income from the 12 US-held property investments (December 2021: R89,1m).

Emira's Enyuka income of R42,8m is the interest received on its loan to Enyuka (R43,6m) plus its 49,9% portion of Enyuka's net loss (Emira's share being R0,8m after interest). Enyuka's net loss is post a total asset management fee of R4,3m of which Emira receives 50%, and is shown in "Other Income".

Emira's Transcend income of R10,2m represents its share of the dividend declared by Transcend on 14 February 2023 for the period, but only the portion relating to the period prior to 7 October 2022, being the date Transcend become a subsidiary of Emira. Included are those dividends on the additional 7 288 780 Transcend shares Emira acquired on 21 September 2022, but only the portion due from the date of the investment to 6 October 2022. The antecedent portion in respect of the new shares of R1,0m has been included as a cash flow adjustment.

Other income and foreign exchange gains and losses

Other income of R2,4m includes Emira's 50% share of the asset management fee charged to Enyuka.

Emira realised a foreign exchange loss of R0,4m on its foreign investments compared with a gain of R3,3m in the previous period. The loss relates to its US investments where the related income and expenditure are accounted for at a weighted average monthly ZAR versus USD rate and then converted on a cash flow basis at the forward exchange contract rates or the spot rate.

Net finance costs

R'000	31 Dec 2022	31 Dec 2021	Variance %
Emira (excluding Transcend)	**(192 708)**	(173 755)	10,9
Transcend	**(19 285)**	–	>100
Total	**(211 993)**	(173 755)	22,0

Emira's net finance costs for the period increased to R192,7m (December 2021: R173,8m). Debt levels were higher in the current period due to net capital outflows since December 2021, all of which were debt funded. Further, interest rates have increased by 350 basis points since the start of the comparative period to the end of the current period, resulting in additional interest on the unhedged portion of Emira's borrowings. Correspondingly, the increase in interest rates had a positive impact on interest earned in the period on loans advanced by Emira, albeit off a lower capital value, which has partially offset the higher finance costs.

Transcend's net finance costs from the date of consolidation until the end of the period were R19,3m.

Taxation

The tax credit for this period of R2,0m relates to a favourable reassessment by SARS of tax charged in a prior period.

Minority shareholders' interest

R'000	**31 Dec 2022**	31 Dec 2021	Variance %
Bet-All Investments	**83**	(473)	(82,5)
Transcend	**(6 778)**		>100
Total	**(6 695)**	(473)	>100

Bet All Investments is a 75% held subsidiary of Emira which owns the property known as The Bolton. The distributable amount due to minorities for the period decreased by 82,5% in line with the performance of the underlying property.

The amount due to minorities of Transcend represents the portion of distributable income due from the Transcend consolidation date. Minority shareholders hold 31,85% of Transcend.

Other items

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 R6,4m interest charge, in respect of the BEE Scheme's interest obligations to its third-party lender.

Net ESA Trust adjustment: Following on from the implementation of the BEE Scheme, the ESA Trust (the "Trust") was set up to facilitate Emira's executive directors' share ownership scheme. Emira is deemed to control the Trust, hence it is consolidated, and any third-party finance costs are included in Emira's consolidated interest paid. Profits generated by the Trust are for the benefit of the beneficiaries. Emira has guaranteed the Trust's third-party debt obligations with any net losses ultimately being for Emira's account. The purpose of this adjustment is to adjust Emira's distributable income such that the effect of any items related to the Trust, consolidated into Emira, are limited to a net amount of zero, after factoring in the dividends received by the Trust and all its interest obligations. Included in Emira's "Interest paid and amortised borrowing costs" is a R1,8m interest charge in respect of the Trust's interest obligations to its third-party lender.

Distributable income adjustments

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

- 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 as at 30 June 2020 on the basis that collection was uncertain. The Fund has collected R1,1m of these deferrals in the current period, which have been included in this period's dividend calculation.
- Distributable income from equity-accounted investments: The distributable income from Emira's equity-accounted US investments has been reduced by R12,1m. 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 period. Further, two of the underlying investments have continued to not declare any dividends in the period, retaining 100% of all net cash collected, as their funders 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 R21,8m on the loan advanced to it has been capitalised for the period. Given the continued uncertainty on the timing of the collection of this interest, Emira has adjusted distributable earnings down by R21,8m.
- Interest capitalised to developments: No capitalised interest was accounted for during the current period (December 2021: R0,7m) and therefore no cash adjustment is required in this regard.
- Antecedent portion of Transcend dividend: The antecedent dividend of R1,0m is the portion of the dividend on the additional Transcend shares acquired on 21 September 2022 that is deemed to have been earned prior to the date of acquisition.

Net asset value ("NAV")

Emira's NAV as at 31 December 2022 increased by 4,1% to 1 694,6 cents per share (June 2022: 1 628,6 cents). This increase was as a result of the Fund acquiring additional shares in Transcend during the period at a consideration below its fair value; the impact of the weaker ZAR versus USD closing spot rate on the Fund's US investments net of cross-currency interest-rate swaps and a decrease in interest-rate derivative liabilities resulting from higher interest rates.

The number of shares used to calculate NAV was 482 324 420 and is made up as follows:

	Dec 2022	Jun 2022
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]	**(7 009 463)**	(6 326 425)
Shares held by the ESA Trust [iii]	**(7 200 000)**	(7 200 000)
Adjusted shares in issue	**482 324 420**	483 007 458

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.

Direct portfolio review

Portfolio overview

Emira's directly held South African portfolio is valued at R12,1bn. The consolidation of Transcend in the period has resulted in Emira's number of directly held properties increasing to 97 properties (June 2022: 74). The portfolio is now split between the Commercial Portfolio, comprising the retail, office and industrial properties and the Residential Portfolio which includes The Bolton together with Transcend's 23 residential properties. The following is the sectoral split by value and number of properties:

Sector	Value split (%)	Number of properties
Commercial Portfolio		
Urban retail	40	17
Office	25	20
Industrial	15	36
Residential Portfolio	20	24
	100	97

Retail

Retail vacancies at the end of the period increased to 3,4% (June 2022: 2,8%). The WALE has remained stable at 3,5 years and 87,6% (by gross rental) of maturing leases in the period were retained. Total weighted average reversions for the period have improved to -7,5% (June 2022: -13,0%).

Emira's retail portfolio of 17 properties consists mainly of grocer-anchored neighbourhood centres, the largest being Wonderpark, a 91 038m^2 dominant regional shopping centre located in Karen Park, Pretoria North. The portfolio continues to perform well and has shown further improvement in trading activity this period together with higher turnover from retailers.

Office

Office vacancies at the end of the period decreased to 11,6% (June 2022: 15,0%). The WALE has remained the same at 2,7 years and 62,6% (by gross rental) of maturing leases in the period were retained. Total weighted average reversions for the period are -16,9% (June 2022: -12,0%).

Emira's office portfolio consists of 20 properties, the majority of which are P- and A-grade properties. The portfolio stabilised in the period and delivered positive growth in a subdued environment. While the improvement in Emira's office vacancies is encouraging, the sector's fundamentals remain depressed. Rentals have stabilised however, due to the oversupply of space, are still under pressure. Low business confidence and the weak economic environment continue to curtail many businesses' expansion plans and have also caused some businesses to rethink their space requirements.

Industrial

Industrial vacancies at the end of the period decreased marginally to 2,6% (June 2022: 2,7%). The WALE has improved marginally to 2,0 years and 80,6% of maturing leases in the period were retained. Total weighted average reversions for the period improved to -5,5% (June 2022: -20,1%).

Emira's 36 industrial properties are split between single-tenant light industrial and warehouse facilities and multi-tenant midi- and mini-unit industrial parks. This sector is strongly linked to the broader economy. Given the unprecedented rolling power cuts, and the impact this has on industry, it is surprising how stable this sector has remained.

Residential

The consolidation of Transcend has increased the number of units in the residential portfolio to 4 361 units across 24 properties. The portfolio is geographically spread between Gauteng (86% by value) and Cape Town (14% by value).

The properties are in high-demand areas and mostly service the low-to-middle-income segment of the South African affordable residential rental market with rentals ranging between R4 500 and R8 000 per unit.

Collections and debtors

Collections versus billings for the total direct portfolio amounted to 102,2% for the period.

Outstanding debtors, including VAT, as at 31 December 2022 were R47,6m (June 2022: R49,2m) for the Commercial Portfolio and estimated credit losses have been appropriately provisioned, with 70,5% of the balance owing provided for and the remainder largely covered by deposits.

Outstanding debtors for the Residential Portfolio, as at 31 December 2022 were R4,3m and estimated credit losses have been provisioned for 50,5% of the balance owing.

Arrears and collections as at 31 December 2022

	31 Dec 2022						30 Jun 2022
	Commercial				**Residential***	**Total**	Total
R'000	**Urban retail**	**Office**	**Industrial**	**Total**			
Arrears (excluding VAT)							
Outstanding debtors	**14 806**	**16 306**	**10 299**	**41 411**	**4 304**	**45 715**	43 008
Estimated credit losses	**–**	**–**	**–**	**(29 189)**	**(2 173)**	**(31 362)**	(33 415)
Normal collections vs. billings net of discounts (VAT inclusive)							
Collections: Jul 2022 – Dec 2022	**422 919**	**261 281**	**186 664**	**870 864**	**86 381**	**957 245**	1 707 882
Billings net of discounts: Jul 2022 – Dec 2022	**420 852**	**244 455**	**183 231**	**848 538**	**88 141**	**936 679**	1 704 137
Collections: Jul 2022 – Dec 2022 (%)	**100,5**	**106,9**	**101,9**	**102,6**	**98,0**	**102,2**	100,2
COVID-19 deferral collections vs. deferral billings (VAT inclusive)							
Collections: Jul 2022 – Dec 2022	**5**	**1 196**	**7**	**1 208**	**–**	**1 208**	3 655
Billings net of discounts: Jul 2022 – Dec 2022	**–**	**1 132**	**–**	**1 132**	**–**	**1 132**	2 479
Collections: Jul 2022 – Dec 2022 (%)	**0,0**	**105,7**	**0,0**	**106,7**	**0**	**106,7**	147,4

* Includes Transcend collections and billings from 1 October 2022 – 31 December 2022.

Vacancies

Commercial Portfolio

GLA reconciliation

	GLA m²
Balance at 30 Jun 2022	775 495
Disposals	–
Acquisitions/extensions	–
Re-measurements	787
Balance at 31 Dec 2022	**776 282**
Occupied GLA at 31 Dec 2022	**739 207**
Vacant GLA at 31 Dec 2022	**37 075**
Vacancy %	**4,8**

Vacancy reconciliation

	GLA m²	%
Balance at 30 Jun 2022	41 046	5,3
Less: Properties sold since 30 Jun 2022		
Remaining portfolio balance at 30 Jun 2022		
Tenants vacated during the period	31 183	
Leases concluded for previously vacant units (prior 1 Jul 2022)	(16 944)	
Leases concluded for tenants vacated during the period	(18 210)	
Balance at 31 Dec 2022	**37 075**	**4,8**

Overall vacancies decreased to 4,8% from 5,3% reported at 30 June 2022, reflecting a solid performance in this environment and confirming that the Fund's leasing strategies are effective. Urban retail sector vacancies increased to 3,4% (June 2022: 2,8%) but remain well below the South African Property Owners Association's ("SAPOA") national average of 5,6% as reported in September 2022. Industrial vacancies improved marginally to 2,6% (June 2022: 2,7%) – also well below the national average of 3,4% (MSCI reported June 2022). Pleasingly, Emira's office sector vacancies improved notably to 11,6% (June 2022: 15,0%) and, while still high, are well below the national average of 16,1% (SAPOA reported December 2022).

The five buildings with the highest vacancies in the portfolio as at 31 December 2022 are:

- Menlyn Corporate Park (4 137m², 15%)
- Hyde Park Lane (4 130m², 27%)
- Epsom Downs Office Park (3 136m², 33%)
- Industrial Village Kya Sands (3 064m², 18%)
- Podium at Menlyn (2 687m², 29%)

Residential Portfolio

The occupancy rate of the Residential Portfolio was 96,7% at 31 December 2022 (June 2022: 98,9%). At the reporting date five Transcend properties had elevated vacancies. These are sectional title properties that are being sold on a per unit basis and to facilitate the disposal process vacated units are typically left untenanted.

Commercial Portfolio vacancies

	No. of buildings Dec 2022	**GLA Dec 2022 (m²)**	**Vacancy Dec 2022 (m²)**	**Vacancy Dec 2022 (%)**	No. of buildings Jun 2022	GLA Jun 2022 (m²)	Vacancy Jun 2022 (m²)	Vacancy Jun 2022 (%)
Office	**20**	**161 029**	**18 638**	**11,6**	20	160 421	24 107	15,0
Urban retail	**17**	**292 838**	**9 926**	**3,4**	17	292 527	8 224	2,8
Industrial	**36**	**322 415**	**8 512**	**2,6**	36	322 547	8 715	2,7
Total	**73**	**776 282**	**37 075**	**4,8**	73	775 495	41 046	5,3

Residential Portfolio vacancies

	No. of buildings Dec 2022	**No. of units Dec 2022**	**Vacancy Dec 2022**	**Vacancy Dec 2022 (%)**	No. of buildings Jun 2022	No. of units Jun 2022	Vacancy Jun 2022	Vacancy Jun 2022 (%)
Total	**24**	**4 361**	**143**	**3,3**	1	282	3	1,1

Leasing

Based on GLA, the weighted average lease expiry for the Commercial Portfolio is 2,7 years (June 2022: 2,7 years), with 14,5% of the leases due for renewal before June 2023. The most substantial expiries (by gross rental) for the next six-month period include:

- Department of Public Works (4 444m²) at 9 Long in Cape Town – expected to renew for two years
- The Beverage Company (12 250m²) at 20 Anvil Road – renewed for three years
- Outworx Contact Centre (2 312m²) at 2 Frosterley Park in Durban – renewed for five years
- Kawari Wholesalers (6 580m²) at Technohub in Johannesburg – renewed for 10 months
- National Debt Advisors (2 958m²) at 9 Long in Cape Town – renewed for two years

	Rentable area (%)	Contractual rental revenue (%)
Vacant	4,8	–
Jun 2023	14,1	14,6
Jun 2024	22,9	25,7
Jun 2025	21,4	22,2
Jun 2026	10,5	11,0
Jun 2027 >	26,3	26,5
	100,0	100,0

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

- CCI South Africa at Newlands Terraces in Cape Town for five years (4 334m² for a total value of R44,2m)
- Southern Mapping at Knightsbridge in Gauteng for five years (2 332m² for a total value of R24,9m)
- Clay Café at Granada Square in Umhlanga for five years (927m² for a total value of R9,1m)
- ABB South Africa at Northpoint Industrial Park for five years (2 366m² for a total value of R11,4m)
- Trident Trading Investments at Boundary Terraces in Cape Town for five years (435m² for a total value of R5,8m)

Tenant retention in the Commercial Portfolio for the 256 leases (99 643m² of GLA) that expired in the period is 79% by revenue (June 2022: 83%) and 79% by GLA (June 2022: 84%). The most substantial renewals concluded by lease value were:

- Bidvest Data at Boston Circle in Cape Town for a further five years (7 533m² for total value of R34,3m)
- Outworx Contact Centre at 2 Frosterley Park in Durban for a further 5,5 years (2 312m² for a total value of R25,1m)
- Mitek Industries at Mitek South Africa in Johannesburg for a further five years (6 604m² for total value of R25,1m)
- Spar at Park Boulevard in Durban for a further 10 years (1 137m² for a total value of R24,8m)
- The Beverage Company at 20 Anvil Road in Johannesburg for a further three years (12 250m² for a total value of R19,2m)

Valuation

Emira's accounting policies require that the directors value the entire portfolio every six months at fair value. The fair market value of investment property, excluding the Transcend properties, increased by 1,0% from 30 June 2022, however, when factoring in capital expenditure of R74,6m during the period, and movement on the allowance for future lease escalation asset, there was a net increase of 0,6% for the period. Transcend recognised a small fair value loss during the period in respect of selling costs incurred on those units sold.

It should be noted that on the Commercial Portfolio the Fund has substantially utilised the same discount rates and exit capitalisation rates as in its June 2022 valuations. All other valuation inputs and metrics (void periods, market rentals, rental growth rates and perpetual vacancy rates) have been updated, where applicable, to reflect current market expectations. Similarly, the valuations performed on the Residential Portfolio utilised substantially the same capitalisation rates as used in the prior period, while net property income forecasts were updated to reflect current market conditions. The "Measurements of Fair Value" section, discussed further below, provides a detailed analysis on the valuation inputs and metrics used across all valuations.

Total portfolio movement

Sector	**Dec 2022 (R'000)**	**Dec 2022 (R/m²)**	Jun 2022 (R'000)	Jun 2022 (R/m²)	Difference (%)	Difference (R'000)
Commercial Portfolio						
– Office	**2 969 285**	**18 439**	2 948 820	18 382	0,7	20 465
– Urban Retail	**4 844 675**	**16 544**	4 795 460	16 393	1,0	49 215
– Industrial	**1 855 955**	**5 756**	1 806 405	5 600	2,7	49 550
	9 669 915		9 550 685		1,2	119 230
Residential Portfolio	**2 474 421**	**–**	206 500	–	1 098	2 267 921
Total	**12 144 336**		9 757 185		24,5	2 387 151

Acquisitions

During the period the Company acquired a 7 884m² parcel of land in Randjespark, Midrand, adjacent to its Ceva Midrand property, for R9,6m.

Disposals

There were no properties that transferred out of the Commercial Portfolio during the period.

On the Residential Portfolio, post Emira taking control, there were 46 of Transcend's units that were sold for a total consideration of R43,4m.

As at 31 December 2022, the Fund has classified R180,6m of property as held for sale. This includes four properties from the Commercial Portfolio and 24 units from the Residential Portfolio.

Developments and refurbishments

The success of Emira is linked to the demand for its high-quality, attractive properties. Properties that are regularly upgraded and well maintained are more likely to retain existing and attract prospective tenants to fill vacancies. To this end, the Fund strategically invested capital of R74,6m into its directly held Commercial Portfolio during the period. In line with the Fund's ESG strategy, projects focused on making Emira's properties more sustainable, and those that improve energy efficiency and water conservation, remain top priority.

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

- The resizing and subdividing of premises at Boskruin Shopping Centre in Johannesburg to incorporate new tenants (the largest being Dischem) and accommodate existing tenants.
- Various sustainability driven initiatives across the portfolio, including cost-saving energy and water efficiency projects, as well as waste management systems.
- The installation of backup power at a further five properties to assist tenants with the continued local power supply disruptions.
- The expansion of the photovoltaic solar farm at Wonderpark in Pretoria from an output of 1,2MWp to 3,8MWp.

Short-term focus areas and key risks

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

To ensure businesses can continue to operate during loadshedding the Fund has installed generators throughout its portfolio. These generators were intended only as emergency backups however the ongoing electricity supply constraints has meant that they are now operating for prolonged periods. Given the high cost of diesel, running these generators has increased the cost of doing business, which will negatively affect tenants' abilities to pay rent. This could ultimately result in sustained negative rental reversions, lower escalations and greater tenant defaults.

Indirect investments

			Carrying value		
Investment	Classification	Equity held (%)	Investment R'000	Loan (net of ECL) R'000	Total R'000
Transcend	Equity-accounted investments	45,1*	–	–	–
Enyuka	Equity-accounted investments	49,9	63 808	574 808	638 616
USA	Equity-accounted investments	49,0	2 544 310	–	2 544 310
			2 608 118	574 808	3 182 926
Inani	Other financial assets	20,0	–	265 729	265 729
IHS Asset Management	Other financial assets	15,0	662	–	662

	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	12 871	–	–	12 871	–	10 228	–	1 011	11 238
Enyuka	(1 089)	–	43 572	42 483	(764)	–	43 572		42 808
USA	117 429	–		117 429	117 827	–	–	(12 084)	105 744
	129 211	–	43 572	172 783	117 063	10 228	43 572	(11 073)	159 790
Inani	–	–	21 769	21 769	–	–	21 769	(21 769)	–
IHS Asset Management	–	–	–	–	–	–	–	–	–

* As at 6 October 2022. Thereafter the Fund's shareholding in Transcend increased to 68,15% which resulted in Transcend being treated as a subsidiary.

Transcend

One 21 September 2022 Emira increased its equity interest in Transcend through the acquisition of a further 7 288 780 shares. Thereafter, as announced on SENS on 24 October 2022, the general offer to acquire up to 100% of the remaining issued shares of Transcend (other than those shares already owned by Emira) closed on 21 October 2022 and was accepted in respect of 37 672 038 Transcend shares, representing 22,98% of the shares in issue. Following the implementation of the offer, Emira now holds 111 717 213 Transcend shares, representing 68,15% of the shares in issue.

Given the irrevocable support received from Transcend shareholders Emira was deemed to control Transcend from the date that the transaction was approved by the Competition Commission, being 7 October 2022, which triggered the consolidation of Transcend for accounting purposes. On consolidation a gain on bargain purchase adjustment of R122,5m was recognised by Emira, being the difference between the cost of the shares acquired in the offer and their fair value.

Prior to 7 October 2022, Transcend was equity accounted and for the period up to 6 October 2022 Emira has recognised R36,7m, being its share of Transcend's net profit for that period, including the gain on bargain purchase adjustment relating to the shares acquired on 21 September 2022. Emira's proportional share of the dividend for the same period is R11,2m and has been accrued for distribution purposes only.

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 R42,8m recognised includes Emira's share of Enyuka's net loss of R0,8m (all of which is a distributable loss) and R43,6m of interest received on the shareholder loan provided to Enyuka.

As at 31 December 2022, Enyuka's total property portfolio was valued at R1,7bn and its LTV ratio was 51,9% (covenant: 55,0%). Enyuka's interest cover ratio was 2,4 times (covenant: 2,0 times).

As previously advised, 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 Competition Commission approval and is forecast to close by the end of May 2023.

Enyuka is classified under "held-for-sale investments and loans in equity-accounted investments" and is held at R638,6m, being the agreed disposal value.

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. While Emira, through its US subsidiary CIL2, owns a minority share in each of the 12 direct property-owning entities it 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) (June 2022: 5,3 years) and a vacancy rate of 2,5% (June 2022: 4,5%).

Emira equity accounts the 12 direct property-owning entities and R117,4m was recognised as its share of the net profit for the year, which included a non-distributable loss of R0,4m, leaving distributable income of R117,8m (December 2021: R89,1). The carrying value of the equity-accounted investments as at 31 December 2022 was R2,5bn (or USD149,5m).

Economic environment

The US economy reported annualised real GDP growth of 2,9% for the fourth quarter of 2022, a slight slow-down compared to the 3,2% reported in the third quarter, resulting in total real GDP growth of 2,1% for 2022. The unemployment rate held consistently at approximately 3,5% to 3,7% for most of 2022. Inflationary pressures still remain, although appear to be somewhat mitigated by the US Federal Reserve through rate hikes, which themselves have begun to slow with the recent 25 basis point increase. Overall, while there are pressures on US consumers, considering the ongoing growth in the economy and low unemployment, the environment remains supportive of the value-oriented retail investment thesis upon which Emira has developed its US strategy.

Vacancies and leasing

Vacancies improved to 2,5% (June 2022: 4,5%), attributable mostly to the leasing of 55 000 SF to Urban Air Adventure Park at Belden Park Crossings (previously occupied by Dick's Sporting Goods). Ongoing leasing and tenant retention across the portfolio has remained strong, and all 12 assets have an occupancy rate of at least 93%, with four assets at 100% (Stony Creek, Newport Pavilion Dawson Marketplace and San Antonio Crossings). During the six months under review, a total of 27 new lets and renewals were concluded with a total GLA of 250 134 SF, an average new annual rental of USD16,85/SF and a weighted average duration of 5,3 years, resulting in a positive reversion of 6,9% when compared to the previous rentals in place, where applicable. Overall, leasing activity was reasonable and resulted in a defensive lease expiry profile with 64,1% of leases expiring in longer than five years (by rental).

Valuations

All 12 properties have been held at their 30 June 2022 values for this reporting period on the basis that they remain reasonable representations of fair market value. Management considered the inputs into the June 2022 valuations and concluded there are no observable indications of any material changes.

In line with Emira's annual external valuation policy for its US investments CBRE have been engaged to appraise the portfolio as at 31 March 2023 in line with Emira's new financial year-end.

Acquisitions

While Emira, together with Rainier, continue to explore acquisition opportunities on a case-by-case basis evaluated in accordance with selective criteria, no acquisitions were concluded in the period.

Disposals

The only disposal in the period was a vacant land outparcel at Dawson Marketplace, which was sold in line with the approved asset management strategy at the time of acquisition. The net proceeds were used to reduce debt. The details of the sale are as follows:

Property	Size (acres)	Tenant	Sale price USD'000	Disposal yield (%)	Closing date
Dawson Marketplace	1,37	Vacant land	865	N/A	Sep 2022

The agreement for the disposal of Truman's Marketplace lapsed during the period after the buyer withdrew from the sale. The rising interest rate environment has created uncertainty in the credit markets which has slowed down transactional activity. Truman's Marketplace is well occupied and continues to perform according to expectations and the Fund is comfortable to continue holding the property until an alternative disposal opportunity arises.

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 suitable tenants. There were no significant developments completed in the six months under review other than routine activities relating to tenanting and retenanting of space. For the near term, there are no anticipated significant developments or refurbishments.

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 31 December 2022. The loan to Inani is accounted for under loans receivable and as at 31 December 2022 an estimated credit loss provision of R154,4m (June 2022: R104,7m) has been raised against the total amount outstanding of R420,1m (including interest). During the period Inani agreed to the terms for the disposal of four properties for a total consideration of R143,0m. The properties are expected to transfer by April 2023 and the disposal proceeds will be 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 R0,7m as at 31 December 2022.

Funding and treasury management

The consolidated Group LTV increased to 43,1% as at 31 December 2022 (June 2022: 40,5%) because of the additional investment in Transcend and the consolidation thereof. The consolidated interest cover ratio at a Group level was 2,6 times as at 31 December 2022 (June 2022: 2,8 times). Emira's debt metrics are comfortably within covenant levels at both a group (consolidated) and company/subsidiary level and are anticipated to remain so for the foreseeable future.

Breakdown of interest-bearing borrowings:

	Dec 2022			Jun 2022		
R'000	**Group**	**Company**	**Transcend**	Group	Company	Transcend
Capital	**6 626**	**5 711**	**915**	5 289	5 289	–
Accrued interest	**49**	**44**	**4**	28	28	–
Unamortised borrowing costs	**(6)**	**(6)**	**–**	377	377	–
	6 669	**5 750**	**920**	5 694	5 694	–
SPVs consolidated through common control*						
Capital	**186**	**–**	**–**	186	–	–
Accrued interest	**5**	**–**	**–**	4	–	–
	191	**–**	**–**	189	–	–
Per statement of financial position	**6 860**	**5 750**	**920**	5 883	5 694	–

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

Emira Property Fund Limited (the "Company") borrowings

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

- a R300m five-year unlisted secured note with Nedbank was repaid
- a new R300m five-year secured term facility was put in place with ABSA at three-month JIBAR plus 195bps
- R390m of new listed commercial paper and corporate bonds were issued to refinance R351m of maturing notes. The new instruments were issued for an average term of 2,5 years and at an average cost of 1,61% above three-month JIBAR versus the matured notes of 2,1 years and a cost of 1,50%

The weighted average duration to expiry of the Company's debt facilities is 1,8 years (June 2022: 2,0 years).

R'000	Facility amount	Amount drawn	Amount undrawn	% of drawn facility
Expiry period				
Dec 23	2 192	1 821	371	31,9
Dec 24	1 530	1 530	–	26,8
Dec 25	1 695	1 580	115	27,7
Dec 26	280	280	–	4,9
Dec 27	500	500	–	8,8
	6 197	5 711	486	100,0

Emira had unutilised debt facilities of R486,2m as at 31 December 2022 which, together with cash-on-hand of R142,3m, provides assurance that the Company will be able to meet its short-term commitments.

As at 31 December 2022, Emira had effective USD denominated debt of USD73,0m (June 2022: USD73,0m) through its USD cross-currency interest-rate swaps ("CCIRS") against its USA investments valued at USD149,5m (June 2022: USD148,6m).

Cost of funding and hedging

The average all-in cost of the Company's funding, including CCIRS, is 8,02% (June 2022: 7,38%) and interest rates are hedged for 69,1% (June 2022: 72,9%) of drawn interest-bearing borrowings for a weighted average duration of 1,8 years (June 2022: 1,9 years).

	Dec 2022			Jun 2022		
	Average all-in rate (%)	**Average fixed rate (%)**	**Fixed duration years**	Average all-in rate (%)	Average fixed rate (%)	Fixed duration years
ZAR	**9,23**	**6,69**	**1,7**	8,55	6,69	1,8
USD	**2,44**	**2,44**	**1,9**	2,44	2,44	2,4
Total	**8,02**	**5,55**	**1,8**	7,38	5,55	1,9

Credit rating

Global Credit Rating Company (Pty) Ltd affirmed a corporate long-term credit rating of A(ZA) and corporate short-term rating of A1(ZA), with the outlook accorded as stable, in November 2022.

Transcend borrowings

Transcend's interest-bearing debt reduced to R919,6m as at 31 December 2022 because of proceeds from its disposal programme being used to settle debt. Similarly, Transcend's LTV reduced to 36,3% which is well below its bank covenant of 55%.

The weighted average duration to expiry of Transcend's debt facilities is 2,4 years. Transcend anticipates settling its short-term facilities with proceeds from its ongoing disposal programme.

R'000	Facility amount	Amount drawn	Amount undrawn	% of drawn facility
Expiry period				
Dec 23	284	284	–	31,0
Dec 24	223	148	75	16,1
Dec 25	–	–	–	0,0
Dec 26	487	486	1	53,0
	993	917	76	100,0

Transcend had sufficient liquidity at 31 December 2022, with unutilised debt facilities of R76,0m and cash-on-hand of R95,8m.

Cost of funding and hedging

The average all-in cost of Transcend's funding is 8,70% and interest rates are hedged for 94,3% of its drawn interest-bearing borrowings for a weighted average duration of 0,8 years.

	Dec 2022		
	Average all-in rate (%)	**Average fixed rate (%)**	**Fixed duration years**
Total	**8,70**	**7,02**	**0,8**

Debt ratios

The summarised debt ratios as at 31 December 2022 are as follows:

	Dec 2022		Jun 2022	
	Emira Property Fund Limited	**Transcend Residential Property Fund Limited**	Emira Property Fund Limited	Transcend Residential Property Fund Limited^
Average duration to expiry of debt facilities (years)	**1,8**	**2,4**	2,0	–
Interest-bearing debt fixed/hedged (%)	**69,1**	**94,5**	69,1	–
Average duration to expiry of interest rate derivatives (years)	**1,8**	**0,8**	1,9	–
LTV ratio (%)*	**43,1**	**36,3**	40,5	–
LTV ratio covenant (%)	**50,0**	**55,0**	50,0	–
ICR (times)#	**2,6**	**2,2**	2,8	–
ICR covenant level (times)	**2,0**	**1,5**	2,0	–

* LTV is measured by dividing interest-bearing borrowings (net of cash and cash equivalents and including the fair value of net derivative liabilities) by the fair value of income-producing assets including property, listed investments, equity-accounted investments, and loans receivable.

ICR is based on operating profit excluding straight-line lease income, plus earnings from investments less corporate costs (EBITDA), divided by finance costs, after deducting all finance income (net interest cost) over the respective period.

^ Transcend ratios are only applicable from date of consolidation, being 7 October 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 31 December 2022:

Period	Nominal (USD'000)	Forward rate against R
Jun 2023	4 456	R16,73
Dec 2023	4 611	R17,58
Jun 2024	3 967	R17,52
Dec 2024	3 947	R18,29
Jun 2025	3 591	R18,48
Dec 2025	2 763	R19,12
Jun 2026	1 784	R19,77
Dec 2026	1 492	R20,51
Jun 2027	1 200	R21,49

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

Emira appreciates and believes in the country's B-BBEE policies to promote genuine transformation within a South African context. The Fund is pleased to report that it maintained its B-BBEE rating of a Level 2 Contributor, with a verified effective black ownership of 69,42%. The Company continues to find material ways in which to bolster its effect on the local socio-economic development.

Change of year-end

As announced on SENS on 15 December 2022, the Company has changed its financial year-end from 30 June to 31 March, in order to align it with the financial year-end of Castleview Property Fund Limited, the majority shareholder of Emira.

Following the completion of Emira's interim distribution period ending 31 December 2022, Emira will change its final and interim distribution periods to 31 March and 30 September respectively and Emira intends to declare a final distribution for the three months ending 31 March 2023.

Prospects

The fundamentals of commercial property are largely a function of economic growth and business confidence.

Despite global signs of a slowdown in inflation and consequently a pause in interest rate hikes, the risk of a global recession remains. Further, the effects of loadshedding on the local economy is of primary concern – these ongoing, unprecedented high levels of power cuts are having a major impact on consumer and business confidence, specifically the SME sector.

As Emira is unable to materially impact the economic outlook, management will continue to implement its chosen strategy: appropriately recycling capital, focusing on business fundamentals to further enhance the underlying asset base and ensuring capacity so that the Fund is able to take advantage of opportunities and the eventual economic upswing. The Fund continues to see the benefits from its diversification model and its partnerships with specialists in joint venture arrangements.

Dividend distribution declaration

The Board has approved, and notice is hereby given that an interim gross dividend of 66,43 cents per share has been declared (December 2021: 56,59 cents), payable to the registered shareholders of Emira on Monday, 13 March 2023. 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, considering the Company's current position together with forecasts.

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

Last day to trade *cum* dividend	Tuesday, 7 March 2023
Shares trade *ex*-dividend	Wednesday, 8 March 2023
Record date	Friday, 10 March 2023
Payment date	Monday, 13 March 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 March 2023 and Friday, 10 March 2023, both days inclusive.

Tax implications

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

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

Qualifying dividends received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends, but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. Any distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 20%, the net amount due to non-resident shareholders will be 53,14400 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 and noteholders 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
15 February 2023

Condensed consolidated statement of financial position

R'000	**Unaudited 31 Dec 2022**	Unaudited 31 Dec 2021	Audited 30 Jun 2022
Assets			
Non-current assets	**14 997 933**	12 495 410	13 220 451
Investment properties	**11 742 380**	9 286 444	9 509 838
Allowance for future rental escalations	**189 198**	201 714	192 528
Unamortised upfront lease costs	**32 119**	30 398	31 468
Right-of-use asset	**76 567**	68 826	76 567
Fair value of investment properties	**12 040 264**	9 587 381	9 810 402
Furniture, fittings, computer equipment and Intangible assets	**1 466**	1 838	1 445
Investment and loans in equity-accounted investments	**2 544 355**	2 514 171	3 009 010
Other financial assets	**662**	198	312
Loans receivable	**322 747**	350 422	354 506
Derivative financial instruments	**88 440**	41 400	44 776
Current assets	**518 048**	879 742	189 147
Loans to equity-accounted investments	**–**	594 407	–
Loans receivable	**7 659**	2 601	4 583
Accounts receivable and prepayments	**180 890**	114 194	94 468
Derivative financial instruments	**91 413**	64 790	23 321
Cash and cash equivalents	**238 086**	103 750	66 776
Assets held for sale	**819 254**	269 750	661 966
Total assets	**16 335 235**	13 644 903	14 071 564
Equity and liabilities			
Equity attributable to owners of the parent	**8 173 597**	7 437 740	7 861 955
Share capital and reserves	**8 173 597**	7 437 740	7 861 955
Non-controlling interest	**460 337**	2 817	4 376
Non-current liabilities	**5 055 322**	3 454 965	4 375 021
Interest-bearing debt	**4 701 226**	3 089 076	4 070 871
Other financial liabilities	**38 116**	40 840	38 984
Lease liability	**73 218**	62 705	73 145
Derivative financial instruments	**242 762**	262 344	192 021
Current liabilities	**2 645 979**	2 749 381	1 830 211
Short-term portion of interest-bearing debt	**2 158 678**	2 293 288	1 429 146
Accounts payable	**423 308**	354 286	375 765
Short-term portion of lease liability	**4 778**	4 467	4 574
Derivative financial instruments	**59 215**	92 048	18 326
Taxation	**–**	5 292	2 400
Total equity and liabilities	**16 335 235**	13 644 903	14 071 564
Net asset value per share (cents)	**1 694,6**	1 540,5	1 628,6

Condensed consolidated statement of comprehensive income

R'000	**Unaudited six months ended 31 Dec 2022**	Unaudited six months ended 31 Dec 2021	Audited year ended 30 Jun 2022
Revenue – rental income	**839 836**	722 037	1 456 950
Operating lease rental income from investment properties	**614 563**	541 329	1 079 248
Recoveries of operating costs from tenants	**228 603**	199 869	395 070
Allowance for future rental escalations	**(3 330)**	(19 160)	(17 369)
Property expenses	**(384 963)**	(357 611)	(690 703)
Administration expenses	**(54 095)**	(45 374)	(93 084)
Transaction and advisory fees	**(7 707)**	–	–
Net fair value adjustments	**70 456**	(52 060)	66 083
Change in fair value of investment properties	**54 180**	13 919	28 718
Revaluation of derivative financial instruments relating to share appreciation rights scheme	**–**	(1 122)	(1 122)
Fair value surplus/(deficit) on interest-rate swaps	**17 242**	(57 921)	48 031
Fair value deficit on financial assets through profit and loss	**(966)**	(6 936)	(9 544)
Expected credit loss – loans receivable	**(49 353)**	(13 293)	(25 887)
Gain on bargain purchase	**122 465**	–	–
Impairment of equity-accounted investments	**350**	–	(34 209)
Foreign exchange profit/(loss)	**40 942**	88 747	115 602
Other income	**2 405**	2 775	4 855
Income from equity-accounted investments	**196 644**	139 763	526 477
Profit before finance costs	**776 979**	484 984	1 326 085
Net finance costs	**(211 993)**	(173 755)	(354 372)
Finance income	**29 658**	19 681	42 256
Finance costs	**(241 651)**	(193 436)	(396 629)
Profit before income tax charge	**564 986**	311 229	971 713
Taxation	**2 035**	(1 714)	(1 730)
Profit for the year	**567 021**	309 515	969 983
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations	**65 076**	115 944	153 662
Total comprehensive income for the year	**632 097**	425 459	1 123 645
Total profit for the year attributable to:			
Emira shareholders	**564 959**	309 673	968 582
Non-controlling interest	**2 061**	(158)	1 400
	567 021	309 515	969 983
Total comprehensive income for the year attributable to:			
Emira shareholders	**630 036**	425 617	1 122 245
Non-controlling interest	**2 061**	(158)	1 400
	632 097	425 459	1 123 645

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 2021	3 433 875	(24 085)	3 553 887	26 777	358 100	2 976	7 351 530
Shares acquired for the Emira Forfeitable Share Plan	(14 852)						(14 852)
Emira Forfeitable Share Plan shares vested	6 713		(7 303)				(590)
Profit for the year					309 673	(158)	309 515
Exchange differences on translation of foreign operations				115 944			115 944
Equity settled share scheme			6 667				6 667
Transfer to fair value reserve			13 919		(13 919)		–
Dividend paid – September 2021					(327 658)		(327 658)
Balance as at 31 December 2021	3 425 736	(24 085)	3 567 171	142 721	326 196	2 818	7 440 557
Balance as at 1 July 2022	**3 425 736**	**(24 085)**	**3 585 941**	**180 439**	**693 925**	**4 376**	**7 866 332**
Shares acquired for the Emira Forfeitable Share Plan	**(15 061)**						**(15 061)**
Emira Forfeitable Share Plan shares vested	**10 756**		**(11 254)**				**(498)**
Equity settled share scheme			**7 606**				**7 606**
Profit for the year					**564 959**	**2 061**	**567 021**
Exchange differences on translation of foreign operations				**65 076**			**65 076**
Investment in subsidiary						**453 900**	**453 900**
Transfer to fair value reserve			**54 180**		**(54 180)**		**–**
Dividend paid – September 2022					**(310 442)**		**(310 442)**
Balance as at 31 December 2022	**3 421 431**	**(24 085)**	**3 636 473**	**245 516**	**894 262**	**460 337**	**8 633 934**

Condensed consolidated statement of cash flows

R'000	**Unaudited six months ended 31 Dec 2022**	Unaudited six months ended 31 Dec 2021	Audited year ended 30 Jun 2022
Cash generated from operations	**371 705**	363 983	777 374
Finance income	**34 070**	17 519	36 863
Interest paid	**(248 898)**	(205 264)	(423 633)
Taxation (paid)/refunded	**(616)**	(12)	(2 166)
Dividends paid to shareholders	**(310 442)**	(327 658)	(604 040)
Cash flows from operating activities	**(154 181)**	(151 432)	(215 602)
Acquisition of, and additions to, investment properties excluding capitalised interest	**(53 247)**	(60 418)	(292 653)
Proceeds on disposal of investment properties	**–**	–	267 250
Acquisition of furniture, fittings, computer equipment and intangible assets	**(61)**	(139)	(86)
Acquisition of a subsidiary, net of cash acquired	**(149 329)**	–	–
Proceeds from equity-accounted investments	**162 161**	118 178	291 055
Investment in equity-accounted investments	**(39 259)**	(88 974)	(383 498)
Loans receivable repaid	**3 808**	6 714	9 831
Investment in other financial assets	**(1 317)**	(1 660)	(4 382)
Cash flows from investing activities	**(77 244)**	(26 299)	(112 483)
Shares acquired for the Emira Forfeitable Share Plan	**(15 061)**	(14 852)	(14 852)
Lease liability payment on capital portion	**(2 377)**	(2 119)	(4 333)
Other financial liabilities (repaid)/raised	**(1 561)**	(3 024)	(5 155)
Derivative financial instruments settled	**(345)**	(5 666)	(2 654)
Interest-bearing debt raised	**1 341 003**	735 142	1 749 283
Interest-bearing debt repaid	**(921 000)**	(529 000)	(1 430 000)
Cash flows from financing activities	**400 659**	180 481	292 288
Net increase in cash and cash equivalents	**169 234**	2 750	(35 796)
Foreign currency movement in cash	**2 076**	4 090	5 662
Cash and cash equivalents at the beginning of the year	**66 776**	96 910	96 910

Basis of preparation and accounting policies

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

The accounting policies used in the preparation of these financial statements are in terms of IFRS and are consistent with those used in the audited annual financial statements for the year ended 30 June 2022 except for the amendments relating to the new standards and interpretations which became effective to the Group for the financial year beginning 1 July 2022. None of these had a material impact on Emira's financial results.

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

Reconciliation between earnings and headline earnings

R'000	**Unaudited six months ended 31 Dec 2022**	Unaudited six months ended 31 Dec 2021	Audited year ended 30 Jun 2022
Profit/(loss) for the year attributable to Emira shareholders	**564 959**	309 673	968 582
Adjusted for:			
Change in fair value of properties	**(57 951)**	(7 305)	(190 375)
Change in fair value of investment properties	**(54 180)**	(13 919)	(28 718)
Change in fair value on investment property of associate	**862**	6 772	(162 295)
Non-controlling interest	**(4 633)**	(158)	638
Gain on bargain purchase	**(146 281)**	(25 246)	(35 568)
Impairment of investment in associate	**(350)**	–	34 209
Headline earnings	**360 377**	277 122	776 848
Number of shares in issue at the end of the year	**522 667 247**	522 667 247	522 667 247
Weighted average number of shares in issue	**482 721 621**	483 703 276	483 358 227
Earnings per share (cents)	**117,04**	64,02	200,39
The calculation of earnings per share is based on net profit for the year of R565,0m (2021: R309,7m), divided by the weighted average number of shares in issue during the year of 482 721 621 (2021: 483 703 276).			
Diluted earnings per share (cents)	**115,45**	63,28	197,94
The calculation of diluted earnings per share is based on net profit for the year of R565,0m (2021: R309,7m), 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)	**74,66**	57,29	160,72
The calculation of headline earnings per share is based on net profit for the year, adjusted for headline items, of R360,4m (2021: R277,1m), divided by the weighted average number of shares in issue during the year of 482 721 621 (2021: 483 703 276).			
Diluted headline earnings per share (cents)	**73,65**	56,63	158,76
The calculation of diluted headline earnings per share is based on net profit for the year, adjusted for headline items, of R383,3m (2021: R277,1m), 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	**482 721 621**	483 703 276	483 358 227
Diluted effect of shares granted to employees in respect of Emira's Share Plans	**6 612 262**	5 630 607	5 975 656
	489 333 883	489 333 883	489 333 883

Segmental information for the six-months ended 31 December 2022

R'000	Office	Retail	Industrial	Residential	Corporate	Local	International	Total
Revenue	213 585	377 291	157 688	91 272	–	839 836	–	839 836
Operating lease rental income	155 453	261 359	118 238	79 514	–	614 563	–	614 563
Recoveries of operating costs from tenants	64 015	113 220	39 609	11 759		228 603	–	228 603
Allowance for future rental escalations	(5 883)	2 712	(159)	–	–	(3 330)	–	(3 330)
Property expenses	(109 818)	(169 296)	(65 614)	(40 235)	–	(384 963)	–	(384 963)
Administration expenses	–	–	–	–	(49 332)	(49 332)	(4 763)	(54 095)
Transaction and advisory fees					(7 707)	(7 707)		(7 707)
Operating profit	103 767	207 995	92 074	51 037	(57 039)	397 833	(4 763)	393 070
Net change in fair value	397	44 572	11 278	(2 068)	16 276	70 456	–	70 456
Investment properties	397	44 572	11 278	(2 068)	–	54 180	–	54 180
Derivative financial instruments relating to share appreciation rights scheme	–	–	–	–	17 242	17 242	–	17 242
Property investments	–	–	–	–	(966)	(966)	–	(966)
Expected credit loss					(49 353)	(49 353)	–	(49 353)
Impairment of equity-accounted investments	–	–	–	–	350	350	–	350
Foreign exchange gain	–	–	–	–	–	–	40 942	40 942
Gain on bargain purchase	–	–	–	122 465	–	122 465	–	122 465
Other income	–	–	–	–	2 405	2 405	–	2 405
Income from equity-accounted investments	–	42 483	–	36 732	–	72 215	117 429	196 644
Distributable	–	42 808	–	–	–	42 808	117 827	160 635
Non-distributable	–	(325)	–	36 732	–	36 407	(398)	36 010
Profit before finance costs	104 164	295 050	103 352	208 166	(87 361)	632 371	153 608	776 979
Net finance costs	–	–	–	–	(157 166)	(157 166)	(54 827)	(211 993)
Profit before income tax charge	104 164	295 050	103 352	208 166	(244 527)	466 205	98 781	564 986
Taxation	–	–	–	–	2 032	2 032	3	2 035
Profit for the period	104 164	295 050	103 352	208 166	(242 495)	468 237	98 784	567 021
Investment properties	2 924 235	4 918 104	1 743 242	2 454 683	–	12 040 264	–	12 040 264
Assets held for sale	45 050	638 616	115 850	19 738	–	819 254	–	819 254
Loans receivable		–		–	330 406	330 406	–	330 406
Other assets	–	–	–	–	569 955	569 955	2 575 356	3 145 311
Total assets	2 969 285	5 556 720	1 859 092	2 474 421	900 361	13 759 879	2 575 356	16 335 235
Interest-bearing borrowings	–	–	–	–	6 859 904	6 859 904	–	6 859 904
Other liabilities	–	–	–	–	837 372	837 372	4 025	841 397
Total liabilities	–	–	–	–	7 697 276	7 697 276	4 025	7 701 301

Measurements of fair value

Financial instruments

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

R'000	**Level 1 Dec 2022**	**Level 2 Dec 2022**	**Level 3 Dec 2022**	**Total Dec 2022**	Level 1 Jun 2022	Level 2 Jun 2022	Level 3 Jun 2022	Total Jun 2022
Group								
Assets								
Derivative financial instruments	**–**	**179 852**		**179 852**	–	68 097	–	68 097
Other financial assets	**–**	**–**	**662**	**662**	–	–	312	312
Total	**–**	**179 852**	**662**	**180 514**	–	68 097	312	68 409
Liabilities								
Derivative financial instruments	**–**	**301 977**		**301 977**	–	210 348	–	210 348
Total	**–**	**301 977**	**–**	**301 977**	–	210 348	–	210 348
Net fair value	**–**	**(122 125)**	**662**	**(121 463)**	–	(142 250)	312	(141 939)

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 31 December 2022:

R'000	**Level 3 Dec 2022**	Level 3 Jun 2022
Assets		
Investment properties	**12 040 264**	9 810 402
Investment properties held for sale	**180 638**	23 350
Assets held for sale – Investment in Enyuka Prop Holdings (Pty) Ltd	**638 616**	638 616
Total	**12 859 919**	10 472 368

Fair value measurement of investment properties

Fair values are estimated twice a year by Emira's internal registered valuer, where after they are reviewed by the executive directors and approved by the Board. One third of the portfolio is valued externally each year-end on a rolling basis. All valuations performed on the commercial portfolio as at 31 December 2022 were internal valuations. For the residential portfolio, the Transcend properties were valued externally as at 31 December 2022.

COMMERCIAL PORTFOLIO

The fair value of commercial buildings is estimated using a five-year discounted cash flow 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 as at 31 December 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 9,15% (June 2022: 9,20%).
- The range of discount rates applied were between 12,75% and 16,0% with the weighted average, by value, being 14,2% (June 2022: 14,0%).
- 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 8% with the weighted average, by value, being 6,5% (June 2022: 6,5%).
- The range of void periods applied to the portfolio are between 0 months and 16 months with the weighted average, by value, being 5,1 months (June 2022: 4,6 months).
- The range of permanent vacancy factors applied to the portfolio are between 0% and 5% with the weighted average, by value, being 2,3% (June 2021: 3,06%).

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 R165m (1,67%) and a 25 basis points decrease will increase the value of investment property by R171m (1,73%). A 25 basis points decrease in the reversionary capitalisation rate will increase the value of investment property by R172m (1,75%) and a 25 basis points increase will decrease the value of investment property by R163m (1,65%).

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	9,51	9,76	9,25	9,54	9,71	–
Offices P-grade	9,17	9,00	9,25	–	–	–
Offices A-grade	9,74	10,62	–	9,54	9,71	–
Offices B-grade	10,89	10,89	–	–	–	–
Retail	8,62	9,36	7,99	9,42	9,50	9,39
Industrial	10,04	10,20	10,16	9,60	10,00	–
Total	9,15					
Discount rates (%)						
Offices	14,51	14,78	14,44	14,33	14,67	–
Offices P-grade	14,38	14,25	14,44	–	–	–
Offices A-grade	14,56	15,50	–	14,33	14,67	–
Offices B-grade	15,39	15,39	–	–	–	–
Retail	13,75	14,14	13,20	14,69	14,75	14,52
Industrial	15,01	15,15	14,95	14,67	15,00	–
Total	14,22					
Market rentals (R/m^2)						
Offices	165,11	160,41	179,18	158,74	142,20	–
Offices P-grade	185,55	200,00	179,18	–	–	–
Offices A-grade	148,27	108,28	–	158,74	142,20	–
Offices B-grade	111,30	111,30	–	–	–	–
Retail	150,59	127,91	159,23	143,04	162,37	142,57
Industrial	62,14	56,51	74,56	70,96	79,77	–
Total	138,94					

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

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

RESIDENTIAL PORTFOLIO

The fair value of the Group's residential buildings is estimated using the income capitalisation method. This is the fundamental basis on which income producing residential properties are traded in the South African market. This is also due to there being strong supporting evidence of open market rental rates and capitalisation rates which are evidenced by sales in the market. The net contractual income to be derived from the properties for a period of one year in advance is capitalised by an applicable capitalisation rate.

The expected net operating income represents net rental income per unit after the deduction of property related operating expenses, as well as vacancy and bad debt provisions. The rental growth rates used are based on current experience with actual growth achieved, but also take into account inflation over the long term and expectations thereof on rental rates. The vacancy and bad debt factors applied to the estimates of gross income take into account current market conditions. Both are a direct function of tenant behaviour and have a similar effect on revenue and tenant behaviour.

The inputs used in the valuations as at 31 December 2022 were the following:

- The range of the capitalisation rates applied to the portfolio are between 8,75% and 10,0% with the weighted average, by value, being 9,18% (June 2022: 10,0%).
- The range of rental escalation rates applied were between 0% and 2,0% with the weighted average, by value, being 1,8% (June 2022: 0%).
- A weighted average permanent vacancy factor of 3,9% (June 2022: 5,0%) and bad debt factor of 1.5% (June 2022: 1,25%) of the gross income was deducted as a provision for rental that may not be collected as a consequence of vacancy, tenant failure or tenant refitting during the course of the coming 12 months.

Fair value measurement of investment properties held for sale

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

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 R635,9m 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 approval from the Competition Commission.

Subsequent events

Declaration of dividend after reporting date

In line with IAS 10, Events after the reporting period, the declaration of the interim dividend of 66,43 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.

Directors

G van Zyl (Chairman)*, GM Jennett (CEO), GS 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.

Registered address

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

Sponsor

Questco Corporate Advisory (Pty) Ltd

Debt sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)

Transfer secretaries

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

Emira Property Fund Limited

(Incorporated in the Republic of South Africa)

Registration number: 2014/130842/06

JSE Share Code: EMI JSE Bond Company 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	**Unaudited six months ended 31 Dec 2022**	Unaudited six months ended 31 Dec 2021	Audited year ended 30 Jun 2022
Profit/(loss) for the year attributable to Emira shareholders	**564 959**	309 673	968 582
Adjusted for:			
Change in fair value of properties (net of NCI)	**(57 951)**	(7 305)	(190 375)
Change in fair value of investment properties	**(54 180)**	(13 919)	(28 718)
Change in fair value on investment property of associate	**862**	6 772	(162 295)
Non-controlling interest	**(4 633)**	(158)	638
Gain on bargain purchase	**(146 281)**	(25 246)	(35 568)
Impairment of investment in associate	**(350)**	–	34 209
Headline earnings	**360 377**	277 122	776 848
Adjusted for:			
Allowance for future rental escalations	**3 330**	19 160	17 369
Amortised upfront lease costs	**50**	107	181
IFRS 16 Leasehold liability adjustments	**277**	(108)	261
Interest on lease liability	**2 654**	2 011	4 594
Rental paid on lease liability	**(2 377)**	(2 119)	(4 333)
Credit in respect of leave pay provision and share appreciation rights scheme	**(704)**	(899)	(491)
Transaction and advisory fees	**7 707**	–	–
Unrealised (surplus)/shortfall on revaluation of interest-rate swaps	**(17 242)**	57 921	(48 031)
Revaluation of share appreciation rights scheme derivative financial instruments	**–**	1 122	1 122
Unrealised loss on financial assets at fair value through profit and loss	**966**	6 936	9 544
Unrealised foreign exchange profit	**(41 304)**	(85 495)	(111 320)
Non-distributable (income)/loss from equity-accounted investments	**(13 055)**	10 358	(62 428)
Dividend received/accrued from Transcend	**10 228**	14 676	32 742
IFRS 9 expected credit loss	**49 353**	13 293	25 887
Distributable portion of non-controlling interest	**–**	(473)	–
Net ESA Trust adjustments	**4 030**	3 392	6 891
Net BEE Scheme adjustments	**14 679**	12 096	25 340
Distributable income	**378 691**	329 209	673 915
Distributable income adjustments			
Deferred rental net of expected credit loss	**1 050**	2 302	2 495
Expected credit loss movement of deferred rentals	**–**	(2 303)	(2 152)
Distributable income from the equity-accounted US investments not distributed	**(12 084)**	(20 277)	(21 972)
Interest due from Inani accrued but not received	**(21 769)**	(15 260)	(32 201)
Capitalised interest limitation	**–**	(692)	–
Non-vesting treasury share dividends	**323**	131	421
Dividend received/accrued from Transcend – antecedent element	**1 011**	2 680	5 603
Distribution payable to shareholders	**347 223**	295 790	626 109
Dividend per share			
Interim (cents)	**66,43**	56,59	56,59
Final (cents)	**–**	–	63,20
Total (cents)	**66,43**	56,59	119,79

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	**Six months ended 31 Dec 2022**	Six months ended 31 Dec 2021	Year ended 30 Jun 2022
SA REIT funds from operations (SA REIT FFO)			
Profit for the year attributable to Emira shareholders	**564 959**	309 673	968 582
Adjusted for:			
Accounting specific adjustments:	**(129 070)**	21 896	(106 200)
Fair value adjustments to:	**(53 056)**	12	(180 838)
Investment property	**(53 318)**	(7 147)	(191 013)
Debt and equity instruments held at fair value through profit or loss	**262**	7 159	10 175
Gain on bargain purchase	**(146 281)**	(25 246)	(35 568)
Asset impairments (excluding goodwill) and reversals of impairment	**49 003**	13 293	60 095
Straight lining operating lease adjustment	**3 330**	19 160	17 369
Transaction costs expensed in accounting for a business combination	**7 707**	–	–
Adjustments to dividends received from equity interest held	**10 228**	14 676	32 742
Foreign exchange and hedging items:	**(58 546)**	(27 574)	(159 351)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**(17 242)**	57 921	(48 031)
Foreign exchange gains or losses relating to capital items – realised and unrealised	**(41 304)**	(85 495)	(111 320)
Other adjustments:	**(17 688)**	9 727	(61 790)
Adjustments made for equity-accounted entities	**(13 055)**	10 358	(62 428)
Non-controlling interest in respect of the above adjustments	**(4 633)**	(631)	638
SA REIT FFO	**359 655**	313 722	641 242
Number of shares outstanding at the end of period (net of treasury shares)	**482 324 420**	483 007 458	483 007 458
SA REIT FFO per share (cents)	**74,57**	64,95	132,76
Interim SA REIT FFO per share (cents)	**74,57**	64,95	64,95
Final SA REIT FFO per share (cents)	**–**	–	67,81
Company specific adjustments to SA REIT FFO	**(12 432)**	(17 932)	(15 133)
Deferred rental net of expected credit loss	**1 050**	2 302	2 495
Expected credit loss movement of deferred rentals	**–**	(2 303)	(2 152)
Amortised upfront lease costs	**50**	107	181
IFRS 16 Leasehold liability adjustments	**277**	(108)	261
Distributable income from the equity-accounted US investments not distributed	**(12 084)**	(20 277)	(21 972)
Interest due from Inani accrued but not received	**(21 769)**	(15 260)	(32 201)
Capitalised interest limitation	**–**	(692)	–
Non-vesting treasury share dividends	**323**	131	421
Accrual of listed security income – antecedent element	**1 011**	2 680	5 603
Net ESA Trust adjustments	**4 030**	3 392	6 891
Net BEE Scheme adjustments	**14 679**	12 096	25 340
Distributable earnings	**347 223**	295 790	626 109
Number of shares in issue	**522 667 247**	522 667 247	522 667 247
Distributable income per share (cents)	**66,43**	56,59	119,79
Interim (cents)	**66,43**	56,59	56,59
Final (cents)	**–**	–	63,20

Appendix 2

REIT ratios continued

SA REIT NET ASSET VALUE (SA REIT NAV)

R'000	**Six months ended 31 Dec 2022**	Six months ended 31 Dec 2021	Year ended 30 Jun 2022
Reported net asset value attributable to the parent	**8 173 597**	7 437 740	7 861 955
Adjustments:			
Dividend to be declared	**(347 208)**	(295 777)	(330 326)
Fair value of certain derivative financial instruments	**(48 206)**	61 995	(22 868)
	7 778 183	7 203 957	7 508 761
Shares outstanding			
Number of shares outstanding at the end of period (net of treasury shares)	**482 324 420**	483 007 458	483 007 458
Effect of dilutive instruments	**6 612 262**	5 630 607	5 975 656
Dilutive number of shares in issue	**488 936 682**	488 638 065	488 983 114
SA REIT NAV per share (R)	**1 590,84**	1 474,29	1 535,59

SA REIT COST-TO-INCOME RATIO

R'000	**Six months ended 31 Dec 2022**	Six months ended 31 Dec 2021	Year ended 30 Jun 2022
Expenses			
Operating expenses per IFRS income statement (includes municipal expenses)	**384 963**	357 611	690 703
Administrative expenses per IFRS income statement	**54 095**	45 373	93 084
Excluding depreciation expense in relation to property, plant and equipment of an administrative nature	**(491)**	(452)	(792)
Operating costs	**438 568**	402 533	782 995
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	**614 563**	541 329	1 079 249
Utility and operating recoveries per IFRS income statement	**228 603**	199 869	395 070
Gross rental income	**843 166**	741 197	1 474 320
SA REIT cost-to-income ratio (%)	**52,01**	54,31	53,11

SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO

R'000	**Six months ended 31 Dec 2022**	Six months ended 31 Dec 2021	Year ended 30 Jun 2022
Expenses			
Administrative expenses per IFRS income statement	**54 095**	45 373	93 084
Other	**–**	–	–
Administrative costs	**54 095**	45 373	93 084
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	**614 563**	541 329	1 079 249
Utility and operating recoveries per IFRS income statement	**228 603**	199 869	395 070
Gross rental income	**843 166**	741 197	1 474 320
SA REIT administrative cost-to-income ratio (%)	**6,42**	6,12	6,31

SA REIT GLA VACANCY RATE

R'000	**Six months ended 31 Dec 2022**	Six months ended 31 Dec 2021	Year ended 30 Jun 2022
Gross lettable area of vacant space	**37 075**	49 011	41 046
Gross lettable area of total property portfolio	**776 282**	809 360	775 495
SA REIT GLA vacancy rate (%)	**4,8**	6,1	5,3

Appendix 2

REIT ratios continued

SA REIT COST OF DEBT

%	ZAR	USD
31 December 2022		
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	**9,12**	**–**
Fixed interest rate borrowings		
Weighted average fixed rate	**–**	**–**
Pre-adjusted weighted average cost of debt	**9,12**	**–**
Adjustments:		
Impact of interest rate derivatives	**(0,27)**	**–**
Impact of cross-currency interest-rate swaps	**(0,57)**	**2,44**
Amortised transaction costs imputed in the effective interest rate	**0,05**	**–**
All-in weighted average cost of debt	**8,33**	**2,44**
31 December 2021		
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	6,65	–
Fixed interest rate borrowings		
Weighted average fixed rate	–	–
Pre-adjusted weighted average cost of debt	6,65	–
Adjustments:		
Impact of interest rate derivatives	2,33	–
Impact of cross-currency interest-rate swaps	(0,74)	2,45
Amortised transaction costs imputed in the effective interest rate	0,08	–
All-in weighted average cost of debt	8,32	2,45
30 June 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

SA REIT LOAN TO VALUE

R'000	**Six months ended 31 Dec 2022**	Six months ended 31 Dec 2021	Year ended 30 Jun 2022
Gross debt	**6 859 905**	5 382 364	5 500 017
Less:			
Cash and cash equivalents	**(238 086)**	(103 750)	(66 776)
Add/less:			
Derivative financial instruments liability/(asset)	**122 125**	248 202	142 250
Net debt	**6 743 943**	5 526 816	5 575 492
Total assets – per statement of financial position	**16 335 235**	13 644 903	14 071 564
Less:			
Cash and cash equivalents	**(238 086)**	(103 750)	(66 776)
Derivative financial assets	**(179 852)**	(106 189)	(68 097)
Goodwill and intangible assets	**(1 466)**	(1 838)	(1 445)
Trade and other receivables	**(180 890)**	(114 194)	(94 468)
Carrying amount of property related assets	**15 734 941**	13 318 931	13 840 779
SA REIT loan to value ratio (SA REIT LTV) (%)	**42,9**	41,5	40,3

Emira Property Fund Limited
1st Floor, Block A
Knightsbridge
33 Sloane Street
Bryanston, 2191

emira.co.za