



EMIRA
PROPERTY FUND

2023

**CONSOLIDATED AND SEPARATE
ANNUAL FINANCIAL STATEMENTS**

for the nine months ended 31 March 2023

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STATEMENT OF DIRECTORS' RESPONSIBILITIES AND APPROVAL

FOR THE NINE MONTHS ENDED 31 MARCH 2023

The directors of the Company are responsible for the preparation, integrity, and fair presentation of the consolidated and separate financial statements ("the financial statements") of Emira Property Fund Limited ("Emira" or "the Fund" or "the Company"). The financial statements presented on pages 14 to 104 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act of South Africa, Act 71 of 2008, as amended ("Companies Act").

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

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

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

These financial statements support the viability of the Fund. The Fund's external auditor, Moore Infinity Incorporated, audited the financial statements, and their report is presented on page 10.

The financial statements of the Group and Company, incorporating statutory required information, for the nine months ended 31 March 2023 set out on pages 14 to 104, were approved by the Board of Directors of Emira on 7 June 2023 and are signed on their behalf by:

Gerhard van Zyl

Chairman

Geoff Jennett

Chief Executive Officer

CEO AND CFO RESPONSIBILITY STATEMENT

IN COMPLIANCE WITH PARAGRAPH 3.84(K) OF THE JSE LISTING REQUIREMENTS

Each of the directors, whose names are stated below, hereby confirm that:

- a) the financial statements set out on pages 14 to 104, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the financial statements false or misleading;
- c) internal financial controls have been put in place to ensure that material information relating to the issuer, its consolidated subsidiaries and equity-accounted investments, have been provided to effectively prepare the financial statements of the issuer;
- d) the internal financial controls are adequate and effective and can be relied upon in compiling the financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- f) we are not aware of any fraud involving directors.

Geoff Jennett

Chief Executive Officer

Greg Booyens

Chief Financial Officer

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act of South Africa, 71 of 2008, as amended (the Companies Act), I declare that, to the best of my knowledge, for the nine months ended 31 March 2023, Emira Property Fund Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

Acorim Proprietary Limited

Company Secretary

Hyde Park, South Africa

7 June 2023

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2023

NATURE OF THE 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 has now been consolidated into the Group from an accounting perspective. This has increased the Fund's direct local portfolio to 94 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.

CHANGE IN YEAR END

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

As a result of the year end change, Emira has changed its final and interim distribution periods to 31 March and 30 September respectively.

SHARE CAPITAL

Emira's share capital is detailed in note 15 to the financial statements. There were no new shares issued during the year.

SHAREHOLDER ANALYSIS

Shareholders with an interest of 5% or more in the issued ordinary share capital of the Company are listed on page 107.

DIVIDENDS

Emira's Board of Directors ("the Board") has declared a final dividend of 30,35 cents per share for the three months to 31 March 2023 (six months to 30 June 2022: 63,20 cents). The total dividend per share for the nine-months ended 31 March 2023 is 96,78 cents (12-months ended 30 June 2022: 119,79 cents), and while not comparable, is a decrease of 19,2% from the prior period.

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

ACQUISITIONS

During the reporting period the Fund acquired the parcel of land that separated its Vtech and CEVA properties in Midrand, Johannesburg for a total consideration of R8,4m. The acquisition was strategic and provides the Fund with the option to expand the adjacent properties in the future if required.

DISPOSALS

The Fund disposed of two non-core properties in accordance with its recycling strategy, during the reporting period. The properties were sold for a total consideration of R78,9m at a combined forward yield of 8,5% and a combined 10,8% discount to book value. For further information, refer to note 6.

On the Residential Portfolio, post Emira taking control of Transcend, 100 units were sold for a total consideration of R58,7m.

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

INVESTMENT IN TRANSCEND

On 21 September 2022 Emira increased its equity interest in Transcend through the acquisition of a further 7 288 780 shares. This was followed by a general offer (the "offer") from Emira to acquire up to 100% of the remaining issued shares of Transcend (other than those shares already owned by Emira). The offer 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 111 657 996 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 the consolidation of Transcend a gain on bargain purchase adjustment of R231,7m was recognised, which comprised the discount achieved on the shares acquired in the offer together with the impact of recognising the non-controlling interest portion at its fair value.

FINANCIAL PERFORMANCE AND KEY HIGHLIGHTS

The distributable earnings as reported by the Group for the nine months ended 31 March 2023 is R558,0m compared to R673,9m for the year ended 30 June 2022.

On a proportional basis, the Fund outperformed its budget expectations for the current reporting period. This was on the back of a strong operational performance for both the South African assets as well as those in the US notwithstanding facing challenging operating environments. It is also despite the adverse impact of the sharper than expected rise in interest rates during the period and the effect thereof on Emira's cost of debt. The sound performance has once again validated the benefits of Emira's sectoral and geographic diversification strategy.

FINANCIAL HIGHLIGHTS:

	Nine months ended 31 Mar 2023	Year ended 30 Jun 2022	Change (%)
Net property income (R'000)	716 584	784 059	(8,6)
Distributable income per share (cents) ("DIPS")	106,76	128,94	(17,2)
Dividend per share (cents)	96,78	119,79	(19,2)
Interim dividend per share	66,43	56,59	17,4
Final dividend per share	30,35	63,20	(52,0)
Net asset value per share (cents)	1 696,4	1 628,6	4,2
Loan-to-value (%)	44,0	40,5	3,5
Vacancies: commercial (%)	5,3	5,3	0,0
Occupancy rate: residential (%)	97,5	98,9	1,4

The company's use of dividend per share as a relevant measure of results for trading statement purposes remains unchanged from the prior year.

DIRECTORATE

The directorate comprises:

	Date of appointment	Date of resignation
Independent non-executive directors		
Gerhard van Zyl (Chairman)	10 September 2013	
Berlina Moroole	1 July 2020	
Derek Thomas	15 August 2017	
James Templeton	1 July 2020	
Jasandra Nyker	22 May 2019	
Michael Aitken	16 April 2007	Retired effective 31 August 2022
Vusi Mahlangu	24 June 2010	
Vuyisa Nkonyeni	24 August 2011	
Wayne Mccurrie	10 December 2008	
Executive directors		
Geoff Jennett	1 September 2015	
Ulana van Biljon	10 February 2012	
Greg Booyens	1 January 2016	

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

DIRECTORS' BENEFICIAL HOLDINGS

The directors' holdings in shares of the Company as at 31 March 2023, were:

Number of shares	31 Mar 2023			30 Jun 2022			
	Beneficial direct	Beneficial indirect	Total	Beneficial direct	Beneficial indirect	Held by associates	Total
Executive directors							
Geoff Jennett	525 984	3 168 000	3 693 984	269 894	3 168 000	–	3 437 894
Ulana van Biljon	308 962	2 016 000	2 324 962	149 501	2 016 000	–	2 165 501
Greg Booyens	274 268	2 016 000	2 290 268	121 442	2 016 000	–	2 137 442
Non-executive directors							
Vusi Mahlangu	–	4 127 765	4 127 765	–	4 127 765	–	4 127 765
Michael Aitken*	–	–	–	–	–	233 222	233 222
Derek Thomas	–	5 618 673	5 618 673	–	5 618 673	–	5 618 673
Total	1 109 214	16 946 438	18 055 652	540 837	16 946 438	233 222	17 720 497

* Michael Aitken retired effective 31 August 2022 and therefore zero holding has been disclosed as at 31 March 2023.

INTERESTS OF DIRECTORS AND OFFICERS

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

SUBSEQUENT EVENTS

Refer to note 27 to the financial statements for disclosure regarding subsequent events.

COMPANY SECRETARY AND REGISTERED OFFICE

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

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

GOING CONCERN

The maturity profile of interest-bearing debt is closely monitored. Post reporting date, on 22 May 2022, Emira refinanced R650m of its upcoming debt maturities. Credit approval has been received from funders to refinance a further R740m of upcoming debt.

Cash reserves are monitored on a daily basis, with any excess cash being utilised to temporarily reduce outstanding revolving credit facility balances, thereby increasing available undrawn facilities. Total group undrawn facilities at 31 March 2023 amounted to R376.2m.

The directors have reviewed the group and company's cash flow forecasts up to the period ending June 2024 and, in light of this review and the current financial position, the directors believe that the group and company has adequate financial resources to continue in operation for the ensuing twelve month period. Accordingly, the financial statements have been prepared on a going-concern basis.

AUDIT COMMITTEE'S REPORT

INTRODUCTION

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

CHARTER AND ROLE OF THE COMMITTEE

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

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

COMPOSITION

During the reporting period for the nine months ended 31 March 2023, the Audit Committee comprised the following members:

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

There were no changes to the committee during the reporting period under review.

The committee members are all independent non-executive directors.

MEETINGS

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

RESPONSIBILITIES

The responsibilities of the committee are to:

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

AUDIT COMMITTEE'S REPORT

CONTINUED

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

The following significant matters were considered by the committee in relation to the financial statements for the reporting period ended 31 March 2023:

- The property valuations as at 31 March 2023.
- The valuation of derivatives at 31 March 2023.
- The estimated credit losses on trade receivables and loans receivable.
- The consolidation of Transcend and measurement of the related non-controlling interest.
- The classification of subsequent events.

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

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

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

CHANGE OF EXTERNAL AUDITOR

In accordance with the Company's policy on audit firm rotation, whereby every five years the committee will formally assess the rotation of the independent auditors, Moore Infinity Inc ("Moore") was appointed as Emira's external auditor, replacing Ernst & Young Inc, with effect from 7 March 2023.

The change in external auditor follows a formal review by the committee of Emira's external audit requirements, based on, inter alia, cost, capacity and fit. Given Emira's change in financial year end to 31 March several audit firms considered by Emira indicated capacity constraints to conduct an audit for Emira's financial period ending 31 March 2023. Moore has accordingly been appointed on an interim basis for the financial period ending 31 March 2023, with Emira's formal review of its external audit requirements to be finalised before the end of the financial period ending 31 March 2024. The committee will table a resolution to appoint Moore as the auditor at the Company's next annual general meeting.

INDEPENDENCE OF EXTERNAL AUDITORS

The committee is required to review the independence of the external auditors, Moore, in accordance with the following criteria:

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

The external auditor performed the following non-audit services during the reporting period: Reports in respect of the issue of commercial paper. Should further services be required in the future, they will be approved on the basis that no conflict of interests arise.

INTERNAL CONTROL

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

AUDIT COMMITTEE'S REPORT

CONTINUED

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

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

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

INTERNAL AUDIT

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

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

The internal auditors are tasked to perform their function in accordance with a rolling three-year plan. A new three-year plan was approved by the committee during the period, which took into account Emira's change of year end. Included in the plan are annual reviews of the property management operational function and the property management finance function, which commenced after the reporting period. A review was completed during the period on the head office's IT infrastructure and the associated general controls, which was considered to be satisfactory with no findings deemed critical or significant in nature.

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

OVERSIGHT OF RISK MANAGEMENT

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

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

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

FINANCIAL STATEMENTS

Following the review by the committee of the financial statements of Emira Property Fund for the reporting period ended 31 March 2023, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards and fairly presents Emira's financial position at that date and the results of operations and cash flows for the nine months then ended.

The committee has also satisfied itself of the integrity of the remainder of the financial statements. Having achieved its objectives, the committee has recommended the financial statements for the nine months ended 31 March 2023 for approval to the Board.

The Board has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.

GOING CONCERN

The committee has reviewed a documented assessment, including key assumptions prepared by management, of the going concern status of Emira. The Board's statement on the going concern status of Emira, which is supported by the committee, appears on page 6.

On behalf of the Audit Committee

Vuyisa Nkonyeni

Chairman

Bryanston

7 June 2023

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMIRA PROPERTY FUND LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Emira Property Fund Limited (the company) and its Subsidiaries (the group) set out on pages 14 to 104, which comprise the consolidated and separate statements of financial position as at 31 March 2023, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the 9-month period then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Emira Property Fund Limited and its Subsidiaries as at 31 March 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the 9-month period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements for the current 9-month period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter (Group and Company)

How our audit addressed the key audit matter

Risk Description – Valuation of investment property (Note 6 – Investment Properties):

Investment property measured at fair value pertains to Emira's most significant asset including various judgemental areas due to the complexity and subjectivity involved in determining the property's fair values. Relevant accounting standards impacting this risk area have been assessed in accordance with IFRS 13, IFRS 5 and IAS 40.

We considered the valuation of investment property a Key Audit Matter as the valuation of investment properties are subjective in nature given that the inputs into the valuation methods are inherently judgemental and highly sensitive.

Property valuations are performed at each reporting period and the following unobservable inputs are used in the determination of the fair value of investment property such as: rental escalations, discount rates, capitalization rates, and perpetual vacancy rates. These assumptions introduces inherent uncertainties that may impact the accuracy of fair value estimates. These inputs are judgemental and determined by management based on unique property specific information and current market conditions. In the current 9-month period the inputs into the valuations remain more susceptible to change as a result of the current market conditions, particularly due to the remaining impact of the recovery from COVID-19 on certain sectors.

Our audit procedures included, amongst others, the following:

We assessed the competence, capabilities, and objectivity of the external valuers engaged by management.

We obtained an understanding and evaluated the control design and implementation of Emira's review of the investment property valuations performed by their external valuers. Through discussions with the external valuers and inspection of their valuation reports, we obtained an understanding of the valuation process, assumptions used and judgments applied, including capitalisation rates, discount rates and rental growth rates.

Additional we performed an assessment to evaluate the accuracy and reasonableness of assumptions used against industry benchmarks (such as SAPOA rates).

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMIRA PROPERTY FUND LIMITED CONTINUED

Key audit matter (Group and Company)

How our audit addressed the key audit matter

Risk Description – Valuation of investment property (Note 6 – Investment Properties) continued:

It is worth noting that Emira has made a change in their valuation approach for all properties compared to the previous period. Where the full property value is externally valued by professional valuers as opposed to a combination of internal and external valuation experts used in the past. This change ensures the fair value of investment property considers the most updated market conditions.

All property values have been assessed using the discounted cash flow (DCF) valuation method, apart from The Bolton (residential properties) where the capitalisation rate valuation method was used. The DCF method considers key assumptions aligned with the current economic conditions. By incorporating these assumptions, the valuers aim to provide a fair value estimate that reflects the market dynamics and inherent risks associated with the investment properties.

The disclosures associated with the valuation of investment properties are set out in note 6 – Investment properties.

To challenge the assumptions and inputs used by management's external valuers in the valuation process, we engaged an independent external valuator. This expert considered factors such as load shedding and future market uncertainties. The external valuator utilised the income capitalisation method to assess the appropriateness and consistency of industry benchmarks within the markets the entity operates in.

We ensured that the external valuers obtained complete and accurate data necessary for performing the valuations. Our procedures included reviewing data sources, assessing data integrity controls, and confirming that there was no management manipulation of information that could potentially influence the fair value estimates.

On a sample basis, we recalculated the discounted cash flow (DCF) calculations performed by the external valuers. We evaluated the fair value methodology used by management and management's expert against the Group's accounting policies and the applicable IFRS standards.

We assessed the appropriateness of investment property in accordance with the requirements of IAS 40 Investment Property and IFRS 13. This evaluation ensured that Emira appropriately identified and accounted for investment properties in their financial statements.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Emira Property Fund Limited and its Subsidiaries Consolidated and Separate Annual Financial Statements for the 9-month period ended 31 March 2023", which includes the Directors' Report, Certificate by the Company Secretary and the Audit Committee's Report, as required by the Companies Act of South Africa, which we obtained prior to the date of this report and the supplementary information as set out on pages 105 to 119. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMIRA PROPERTY FUND LIMITED CONTINUED

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current 9-month period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMIRA PROPERTY FUND LIMITED CONTINUED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Moore Infinity Incorporated has been the auditor of Emira Property Fund Limited for 1 year.

Moore Infinity

Moore Infinity Incorporated

Chartered Accountants (SA)

Registered Auditors

Per: Pierre Johannes Conradie

Director

Registered Auditor

7 June 2023

Silver Stream Office Park

10 Muswell Road

Bryanston

Sandton

2191

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 MARCH 2023

R'000	Notes	Group		Company	
		Nine months ended 31 Mar 2023	Year ended 30 Jun 2022	Nine months ended 31 Mar 2023	Year ended 30 Jun 2022
REVENUE – RENTAL INCOME		1 295 944	1 456 950	842 480	1 068 086
Operating lease rental income from investment properties		963 777	1 079 248	610 862	786 711
Recoveries of operating costs from tenants		344 689	395 070	243 153	286 258
Straight-lining of rental income adjustment	7	(12 522)	(17 369)	(11 535)	(4 883)
Revenue – dividends income from subsidiaries	3	–	–	238 338	227 624
Property expenses		(592 358)	(690 703)	(383 701)	(487 454)
Administration expenses		(91 216)	(93 084)	(72 949)	(84 271)
Transaction and advisory fees	3	(7 822)	–	(6 432)	–
Net fair value adjustments		4 203	66 083	(18 857)	78 665
Change in fair value of investment properties	6	65 219	28 718	43 436	41 300
Fair value adjustment of derivative financial instruments relating to share appreciation rights scheme		–	(1 122)	–	(1 122)
Unrealised surplus on interest rate swaps		(57 136)	48 031	(58 413)	48 031
Unrealised deficit on fair valuation of financial asset through profit and loss	12	(3 880)	(9 544)	(3 880)	(9 544)
Expected credit loss allowance on loans receivable	10,14	(68 451)	(25 887)	(46 742)	(58 928)
Impairment of investments	11,10	(22 239)	(34 209)	2 884	17 477
Foreign exchange gain		85 887	115 602	85 887	115 602
Gain on bargain purchase		231 674	–	–	–
Other income		3 224	4 855	710	1 115
Income from equity-accounted investments	11	332 529	526 477	103 397	167 592
Interest received from associates		64 874	86 433	64 874	86 433
Share of profit from associates, net of tax		267 655	440 044	38 523	81 159
PROFIT BEFORE FINANCE COSTS		1 171 375	1 326 085	745 015	1 045 508
Net finance costs		(337 266)	(354 372)	(175 270)	(227 706)
Finance income calculated using the effective interest method		49 655	42 256	154 017	154 960
Finance costs and amortised borrowing costs		(386 921)	(396 629)	(329 287)	(382 666)
PROFIT BEFORE INCOME TAX EXPENSE	3	834 109	971 713	569 745	817 803
Income tax expense	4	2 009	(1 730)	–	(56)
Profit for the period		836 118	969 983	569 745	817 747
OTHER COMPREHENSIVE INCOME					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations	16	133 098	153 662	–	–
Total comprehensive income for the period		969 216	1 123 645	569 745	817 747
Total profit for the year attributable to:					
Emira shareholders		825 560	968 583	569 745	817 747
Non-controlling interest	16	10 558	1 400	–	–
		836 118	969 983	569 745	817 747
Total comprehensive income attributable to:					
Emira shareholders		958 658	1 122 245	569 745	817 747
Non-controlling interest	16	10 558	1 400	–	–
		969 216	1 123 645	569 745	817 747
Basic earnings per share (cents)	5	171,07	200,39		
Diluted earnings per share (cents)	5	168,71	197,94		

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

R'000	Notes	Group		Company	
		31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
ASSETS					
Non-current assets					
Investment property	6	11 718 657	9 509 838	7 313 444	7 239 252
Straight-lining of rental income adjustment	7	180 006	192 528	145 880	157 415
Unamortised upfront lease costs	8	32 691	31 468	24 326	23 193
Right of use asset	6	76 567	76 567	37 777	37 777
Fair value of investment property		12 007 921	9 810 402	7 521 427	7 457 637
Furniture, fittings, computer equipment and intangible assets	9	1 204	1 445	1 001	1 443
Investment and loans in subsidiaries	10	–	–	4 003 847	3 064 317
Investments and loans in equity-accounted investments	11	2 702 710	3 009 010	–	585 167
Other financial assets	12	765	312	765	312
Loans receivable	14	54 451	354 506	273 877	584 173
Derivative financial instruments	20	71 036	44 776	67 449	44 776
Total non-current assets		14 838 087	13 220 451	11 868 366	11 737 826
Current assets					
Loans receivable	14	294 668	4 583	272 830	4 583
Accounts receivable	13	151 937	94 468	103 139	80 467
Derivative financial instruments	20	12 126	23 321	11 732	23 321
Cash and cash equivalents		125 045	66 776	26 790	21 681
Total current assets		583 776	189 147	414 491	130 052
Assets held for sale	6, 11	821 472	661 966	639 050	601 282
Total assets		16 243 335	14 071 564	12 921 907	12 469 160
EQUITY AND LIABILITIES					
Total equity and reserves attributable to equity holders					
Share capital	15	3 421 431	3 425 736	3 885 207	3 889 512
Retained earnings/(accumulated losses)	16	818 208	693 925	(765 069)	(613 962)
Fair value and other reserves	16	3 623 439	3 558 219	3 261 605	3 218 169
Foreign currency translation reserve	16	313 537	180 439	–	–
Share-based payment reserve	16	29 399	27 721	29 399	27 721
Changes in ownership	16	(24 014)	(24 085)	–	–
Equity attributable to equity holders of the parent		8 182 000	7 861 955	6 411 142	6 521 440
Non-controlling interests	16	343 689	4 376	–	–
Total equity		8 525 689	7 866 332	6 411 142	6 521 440
LIABILITIES					
Non-current liabilities					
Interest-bearing debt	17	4 478 255	4 070 871	3 715 156	3 885 241
Financial liabilities at amortised cost	18	37 616	38 984	65 331	108 577
Lease liabilities	19	73 239	73 145	34 937	35 306
Derivative financial instruments	20	191 783	192 021	191 783	192 021
Total non-current liabilities		4 780 893	4 375 021	4 007 207	4 221 145
Current liabilities					
Interest-bearing debt	17	2 405 024	1 429 146	2 112 201	1 425 289
Lease liabilities	19	4 882	4 574	3 215	3 012
Accounts payable	21	424 183	355 610	285 478	259 792
Employee benefits liability	22	14 604	20 156	14 604	20 156
Derivative financial instruments	20	88 060	18 326	88 060	18 326
Current tax liabilities	4	–	2 400	–	–
Total current liabilities		2 936 753	1 830 211	2 503 558	1 726 575
Total liabilities		7 717 646	6 205 232	6 510 765	5 947 720
Total equity and liabilities		16 243 335	14 071 564	12 921 907	12 469 160
Net asset value per share (cents)*		1 696,4	1 628,6		

* Net asset value per share is calculated by dividing net assets attributable to ordinary equity holders of the parent by the number of ordinary shares outstanding at period end net of treasury shares in issue of 482 324 420 (30 June 2022: 483 007 458).

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED 31 MARCH 2023

R'000	Notes	Group		Company	
		Nine months ended 31 Mar 2023	Year ended 30 Jun 2022	Nine months ended 31 Mar 2023	Year ended 30 Jun 2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	23	631 838	777 374	575 117	740 373
Finance income		53 239	36 863	48 243	35 401
Finance costs		(424 402)	(423 633)	(366 806)	(409 415)
Taxation (paid)/refunded	23	(689)	(2 166)	–	669
Dividends received		–	–	86 165	44 069
Dividends paid to shareholders		(651 924)	(604 040)	(677 418)	(644 113)
Net cash utilised in operating activities		(391 938)	(215 602)	(334 699)	(233 017)
Cash flows from investing activities					
Acquisition of, and additions to, investment properties excluding capitalised interest		(166 456)	(292 653)	(164 915)	(234 482)
Proceeds on disposal of investment properties	6	137 541	267 250	78 850	159 750
Acquisition of furniture, fittings, computer equipment and intangible assets	9	(69)	(86)	(77)	(110)
Additional investment in subsidiaries		–	–	(205 254)	(142 296)
Acquisition of a subsidiary, net of cash acquired		(159 468)	–	–	–
Proceeds from loans advanced to subsidiaries		–	–	91 686	75 232
Repayments of loans advanced to subsidiaries		–	–	113 775	217 528
Loans advanced to subsidiaries		–	–	(22 089)	(142 296)
Proceeds from equity-accounted investments		231 326	291 055	83 123	139 295
Interest received on loans granted to equity-accounted investments		64 825	107 729	64 825	107 729
Dividends received from equity-accounted investments		166 501	183 326	18 298	31 566
Investment in equity-accounted investments		(39 259)	(383 498)	(39 259)	(98 907)
Repayment of loans receivable advanced		6 659	9 831	6 659	9 831
Investment in other financial assets	12	(4 332)	(4 382)	(4 332)	(4 382)
Net cash from/(utilised in) investing activities		5 942	(112 483)	(153 519)	(96 069)
Cash flows from financing activities					
Non-controlling interest acquired	16	(322)	–	–	–
Shares acquired for the Emira Forfeitable Share Plan		(15 061)	(14 852)	(15 061)	(14 852)
Lease liability payment on capital portion	19	(3 583)	(4 333)	(2 350)	(2 877)
Financial liabilities at amortised cost repaid		(2 557)	(5 155)	–	–
Derivative financial instruments settled		14 950	(2 654)	9 677	(2 654)
Interest-bearing debt raised	17	1 843 629	1 749 283	1 782 061	1 749 283
Interest-bearing debt repaid	17	(1 395 300)	(1 430 000)	(1 281 000)	(1 430 000)
Net cash from financing activities		441 756	292 289	493 327	298 901
Net increase/(decrease) in cash and cash equivalents		55 760	(35 796)	5 109	(30 185)
Effect of movement in exchange rate on cash held		2 509	5 662	–	–
Cash and cash equivalents at the beginning of the period		66 776	96 910	21 681	51 866
Cash and cash equivalents at the end of the period		125 045	66 776	26 790	21 681

STATEMENTS OF CHANGES IN EQUITY

AS AT 31 MARCH 2023

R'000	Group								
	Share capital	Change in ownership	Fair value reserve	Share-based payment reserve	Other reserves	Foreign currency translation reserve	Non-controlling interest	Retained earnings	Total
2022									
Balance at 1 Jul 2021	3 433 875	(24 085)	3 606 385	24 385	(76 883)	26 777	2 976	358 100	7 351 530
Shares acquired for the Emira Forfeitable Share Plan	(14 852)								(14 852)
Emira Forfeitable Share Plan shares vested	6 713			(6 713)				-	-
Profit for the period							1 400	968 583	969 983
Exchange differences on translation of foreign operations						153 662			153 662
Equity settled share scheme			-	10 049					10 049
Transfer to fair value reserve			28 718	-				(28 718)	-
Dividend paid – Sep 2021								(326 002)	(326 002)
Dividend paid – Mar 2022								(278 038)	(278 038)
Balance at 30 Jun 2022	3 425 736	(24 085)	3 635 103	27 721	(76 883)	180 439	4 376	693 925	7 866 332
2023									
Balance at 1 Jul 2022	3 425 736	(24 085)	3 635 103	27 721	(76 883)	180 439	4 376	693 925	7 866 332
Shares acquired for the Emira Forfeitable Share Plan	(15 061)								(15 061)
Emira Forfeitable Share Plan shares vested	10 756			(10 756)					-
Profit for the period							10 558	825 560	836 118
Investment in subsidiary							345 013		345 013
Non-controlling interest acquired		71					(393)		(322)
Exchange differences on translation of foreign operations						133 098			133 098
Equity settled share scheme				12 434					12 434
Transfer to fair value reserve			65 219					(65 219)	-
Dividend paid – Sep 2022								(310 442)	(310 442)
Dividend paid – Mar 2023							(15 865)	(325 616)	(341 481)
Balance at 31 Mar 2023	3 421 431	(24 014)	3 700 322	29 399	(76 883)	313 537	343 689	818 208	8 525 689
Notes	15	16	16	16	16	16	16	16	16

Dividend per share (cents) 96,78 (30 June 2022: 119,79)*

* Dividend per share is calculated by dividing the distributable income by the number of ordinary shares outstanding at 31 March 2023 of 522 667 247 (30 June 2022: 522 667 247).

STATEMENTS OF CHANGES IN EQUITY

AS AT 31 MARCH 2023 CONTINUED

R'000	Company					Total
	Share capital	Fair value reserve	Share-based payment reserve	Other reserves	Retained earnings	
2022						
Balance at 1 Jul 2021	3 897 651	3 260 435	24 385	(83 566)	(746 295)	6 352 610
Shares acquired for the Emira Forfeitable Share Plan	(14 852)					(14 852)
Emira Forfeitable Share Plan shares vested	6 713		(6 713)			–
Total comprehensive income for the period					817 748	817 748
Equity settled share scheme			10 049	–		10 049
Transfer to fair value reserve		41 300	–	–	(41 300)	–
Dividend paid – Sep 2021					(348 343)	(348 343)
Dividend paid – Mar 2022					(295 770)	(295 770)
Balance at 30 Jun 2022	3 889 512	3 301 735	27 721	(83 566)	(613 961)	6 521 441
2023						
Balance at 1 July 2022	3 889 512	3 301 735	27 721	(83 566)	(613 961)	6 521 441
Shares acquired for the Emira Forfeitable Share Plan	(15 061)					(15 061)
Emira Forfeitable Share Plan shares vested	10 756		(10 756)			–
Total comprehensive income for the period					569 745	569 745
Equity settled share scheme			12 434			12 434
Transfer to fair value reserve		43 436			(43 436)	–
Dividend paid – Sep 2022					(330 269)	(330 269)
Dividend paid – Mar 2023					(347 148)	(347 148)
Balance at 31 Mar 2023	3 885 207	3 345 171	29 399	(83 566)	(765 069)	6 411 142
Notes	15	16	16	16	16	

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

1. GENERAL INFORMATION

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

These financial statements have been approved for issue by the Board of Directors of the Company on 6 June 2023. The shareholders do not have the power to amend the financial statements after issue.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

Statement of compliance

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

Preparation of the consolidated financial statements

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

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 31.

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

New and amended international financial reporting standards and interpretations

The Group and Company have adopted the following new standards, or amendments to standards which were effective for the first time for the financial period commencing on or after 1 January 2022:

	Effective date (periods beginning on or after)
Amendment to IFRS 3, ‘Business combinations’	01 January 2022
Amendments to IAS 16 ‘Property, Plant and Equipment’ on Proceeds before Intended Use	01 January 2022
Amendments to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ on Onerous Contracts-cost of Fulfilling a Contract	01 January 2022

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Standards and interpretations applicable to the Fund but not yet effective

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

	Effective date
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024

2.2 CONSOLIDATION

2.2.1 Business combinations

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

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

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

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

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

Financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.2.2 Investment in subsidiaries

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

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

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

2.2.3 Investment in equity-accounted investees

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have benefits derived from the net assets of the joint arrangement. Interests in joint ventures are accounted for using the equity method for both Group and Company.

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

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

2.3 OPERATING SEGMENTS

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

2.4 FOREIGN CURRENCY TRANSLATION

2.4.1 Functional and presentation currency

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

2.4.2 Foreign currency transactions

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

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

2.4.3 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rand at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Rand at exchange rates at the dates of the transactions (an average rate per month is used). Foreign currency differences related to foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.5 INVESTMENT PROPERTY

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

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

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

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

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

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

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

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

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

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

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

Changes in fair values are recognised in profit and loss. These gains or losses are transferred to fair value reserve in the statement of changes in equity.

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.6 INVESTMENT IN SUBSIDIARIES

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

2.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life – for example, goodwill – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. A previously recognised impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

2.8 FAIR VALUE MEASUREMENTS

The Group measures financial instruments such as derivatives and investment property at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

2.9 FINANCIAL INSTRUMENTS

2.9.1 Initial recognition and measurement

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.9.2 Financial assets at amortised cost

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

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

The Group's financial instruments at amortised cost comprise of "accounts receivable", "loans receivable" and "cash and cash equivalents" in the statements of financial position.

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

2.9.3 Financial assets and liabilities at fair value through profit and loss

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

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

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

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

2.9.4 Trade and other receivables

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

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

2.9.5 Financial liabilities

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

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

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

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.9.6 Financial guarantees

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of a financial guarantee contract is the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk free rate of interest.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

At the end of each subsequent reporting period financial guarantees are measured at the higher of:

- The amount of the loss allowance; and
- The amount initially recognised less cumulative amortisation, where appropriate.

The amount of the loss allowance at each subsequent reporting period initially is equal to 12-month expected credit losses. However, where there has been a significant increase in the risk that the specified debtor will default on the contract, the loss allowance is determined using lifetime expected credit losses.

Expected credit losses for a financial guarantee contract are the cash shortfalls adjusted by the risks that are specific to the cash flows.

Cash shortfalls are the difference between:

- The expected payments to reimburse the holder for a credit loss that it incurs; and
- Any amount that an entity expects to receive from the holder, the debtor or any other party.

2.10 IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

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

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

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

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

2.11 OFFSETTING FINANCIAL INSTRUMENTS

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

2.12 SHARE CAPITAL

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.13 TREASURY SHARES

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

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

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

2.14 CURRENT AND DEFERRED INCOME TAX

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

No deferred tax was recognised on the fair value adjustments to investment property and investments in REITs. These assets are realised through sale and as such do not attract capital gains tax in terms of section 25BB of the Income Tax Act.

2.15 REVENUE RECOGNITION

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

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

Distribution income and dividend revenue received from listed property investments and subsidiaries is recognised when the unit holder's right to receive payment has been established.

2.16 DISTRIBUTIONS PAYABLE TO SHAREHOLDERS

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.17 IFRS 16 – LEASES

Lessor accounting

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

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

Lessee accounting

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

The lease liability is initially measured at the present value of the future lease payments discounted using the interest rate implicit in the lease and if not readily determinable, the Group's incremental borrowing rate. Lease payments included in the measurement of the finance lease liability comprise:

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

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

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

2.18 INTEREST INCOME AND EXPENSE

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

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

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

2.19 OTHER EXPENSES

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

2.20 INVESTMENT PROPERTIES HELD-FOR-SALE

Investment properties are classified as held-for-sale when their carrying amount is to be recovered through a sale transaction and a sale is considered highly probable. Investment properties held-for-sale are measured at fair value, with gains or losses on subsequent measurement being recognised in profit or loss.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.21 EMPLOYEE BENEFITS

2.21.1 Short-term employee benefits

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

2.21.2 Defined contribution plans

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

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

2.21.3 Short-term incentive

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

The bonuses are based on the achievement of pre-set key performance indicators ("KPI") that takes into consideration the profit attributable to the Group's shareholders after certain adjustments.

2.21.4 Share-based payments

Share appreciation rights scheme – cash settled

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

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

Forfeitable share plan – equity settled

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

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

Matching share scheme – equity settled

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

3. PROFIT FOR THE PERIOD BEFORE INCOME TAX CHARGE

R'000	Group		Company	
	Nine months ended 31 Mar 2023	Year ended 30 Jun 2022	Nine months ended 31 Mar 2023	Year ended 30 Jun 2022
Income				
Revenue – dividends income from subsidiaries	–	–	238 338	227 624
Expenses				
Auditor's remuneration	8 699	7 199	5 177	3 730
Audit fee – external	8 103	6 638	4 581	3 186
Audit fee – internal	368	335	368	335
Non-audit fees	196	142	196	125
Expenses	32	84	32	84
Variable lease payments – leasehold properties	10 692	12 294	2 966	2 469
Payroll costs	51 467	60 123	50 873	59 343
Transaction and advisory fees	7 822	–	6 432	–
Impairment/(gain) on investment in subsidiaries	–	–	(2 884)	(17 477)
Impairment of equity-accounted investments	22 239	34 209	–	–
Share-based payment expense on share schemes	12 434	9 869	12 434	9 869
Share appreciation rights scheme	–	(180)	–	(180)
Forfeitable share plan	11 686	9 612	11 686	9 612
Share matching scheme	748	437	748	437

DIRECTORS' EMOLUMENTS

Executive directors

R'000	Group				
	Basic salary	Annual bonus	Vesting of FSP shares	Dividends received on FSP shares	Total
31 MAR 2023					
G Jennett (CEO)	3 556	5 567	2 564	2 508	14 195
U van Biljon (COO)	2 549	3 179	1 597	1 393	8 718
G Booyens (CFO)	2 516	3 077	1 530	1 376	8 499
Total	8 621	11 823	5 691	5 277	31 412
30 JUN 2022					
G Jennett (CEO)	4 545	4 640	1 159	2 039	12 383
U van Biljon (COO)	3 148	2 613	1 004	1 174	7 939
G Booyens (CFO)	3 107	2 512	778	1 140	7 537
Total	10 800	9 765	2 941	4 353	27 859

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

3. PROFIT FOR THE PERIOD BEFORE INCOME TAX CHARGE CONTINUED

FSP SHARES HELD

Number of shares	Balance at 30 Jun 2022	Exercised/ vested	Issued	Cancelled	Balance at 31 Mar 2023
First tranche					
G Jennett (CEO)	49 302	(47 893)	–	(1 409)	–
U van Biljon (COO)	41 600	(40 411)	–	(1 189)	–
G Booyens (CFO)	38 034	(36 947)	–	(1 087)	–
Total	128 936	(125 251)	–	(3 685)	–
Second tranche					
G Jennett (CEO)	129 008	(62 244)	–	(2 248)	64 516
U van Biljon (COO)	91 739	(44 262)	–	(1 599)	45 878
G Booyens (CFO)	77 871	(37 572)	–	(1 357)	38 942
Total	298 618	(144 078)	–	(5 204)	149 336
Third tranche					
G Jennett (CEO)	459 250	(145 953)	–	(7 115)	306 182
U van Biljon (COO)	235 326	(74 788)	–	(3 646)	156 892
G Booyens (CFO)	246 399	(78 307)	–	(3 817)	164 275
Total	940 975	(299 048)	–	(14 578)	627 349
Fourth tranche					
G Jennett (CEO)	721 121	–	–	–	721 121
U van Biljon (COO)	397 886	–	–	–	397 886
G Booyens (CFO)	392 759	–	–	–	392 759
Total	1 511 766	–	–	–	1 511 766
Fifth tranche					
G Jennett (CEO)	483 154	–	–	–	483 154
U van Biljon (COO)	266 589	–	–	–	266 589
G Booyens (CFO)	263 152	–	–	–	263 152
Total	1 012 895	–	–	–	1 012 895
Sixth tranche					
G Jennett (CEO)	–	–	447 693	–	447 693
U van Biljon (COO)	–	–	247 021	–	247 021
G Booyens (CFO)	–	–	243 842	–	243 842
Total	–	–	938 556	–	938 556

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

3. PROFIT FOR THE PERIOD BEFORE INCOME TAX CHARGE CONTINUED

MATCHING SHARES HELD

Number of shares	Balance at 30 Jun 2022	Exercised/ vested	Issued	Cancelled	Balance at 31 Mar 2023
Second tranche					
G Jennett (CEO)	47 762	–	–	–	47 762
U van Biljon (COO)	13 300	–	–	–	13 300
G Booyens (CFO)	12 160	–	–	–	12 160
Total	73 222	–	–	–	73 222
Third tranche					
G Jennett (CEO)	42 203	–	–	–	42 203
U van Biljon (COO)	36 534	–	–	–	36 534
G Booyens (CFO)	28 321	–	–	–	28 321
Total	107 058	–	–	–	107 058
Fourth tranche					
G Jennett (CEO)	–	–	85 363	–	85 363
U van Biljon (COO)	–	–	53 153	–	53 153
G Booyens (CFO)	–	–	50 942	–	50 942
Total	–	–	189 458	–	189 458

NON-EXECUTIVE DIRECTORS' FEES

R'000	Group and Company	
	31 Mar 2023	30 Jun 2022
G van Zyl (Chairman)	614	764
MS Aitken*	121	445
V Mahlangu	422	519
B Moroole	338	416
JW Templeton	352	408
W McCurrie	394	493
V Nkonyeni	426	533
J Nyker	455	560
D Thomas	310	381
Total	3 432	4 518

* Retired effective 31 August 2022.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

4. INCOME TAX EXPENSE

R'000	Group		Company	
	Nine months ended 31 Mar 2023	Year ended 30 Jun 2022	Nine months ended 31 Mar 2023	Year ended 30 Jun 2022
Major components of the income tax expense				
Normal	(2 032)	1 692	–	56
Current	(2 032)	1 692	–	56
Foreign taxation	23	38	–	–
Current	23	38	–	–
	(2 009)	1 730	–	56
Reconciliation of the tax expense				
Profit for the period before income tax credit at 28% (30 Jun 2022: 28%)	233 551	272 080	159 529	228 985
Qualifying distributions	(141 634)	(175 309)	(141 634)	(175 309)
Foreign withholding tax – income	23	38	–	–
Foreign capital gains tax	–	–	–	–
Non-taxable items:				
Non-taxable income	(74 943)	(123 066)	(10 272)	(22 094)
Gain on bargain purchase	(64 869)	–	–	–
Non-deductible items:				
Fair value adjustments	(1 177)	(18 503)	5 280	(22 026)
Straight-lining of rental income adjustment and upfront lease costs	3 506	4 863	3 230	1 367
Items not included in profit before tax but which are subject to tax	5 123	8 839	5 123	8 839
Non-deductible expenditure	27 918	17 267	14 488	12 258
Unrealised foreign exchange gains/(losses)	(24 454)	(31 151)	(24 454)	(31 151)
Other:				
Other (deductible)/taxable items not included in profit for the period	(9 803)	(15 949)	(13 654)	(15 122)
Tax loss not carried forward	44 750	62 621	2 364	14 310
	(2 009)	1 730	–	56

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

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

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

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

Items not included in profit before tax but which are subject to tax includes dividends received from equity-accounted investments, interest received on loans outstanding from BEE parties where the loans and corresponding interest are not recognised for accounting purposes – see note 31, Critical Accounting Estimates and judgements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

5. BASIC AND DILUTED EARNINGS PER SHARE

R'000	Group	
	31 Mar 2023	30 Jun 2022
Reconciliation between earnings and headline earnings		
Profit for the period attributable to Emira shareholders ¹	825 560	968 583
Adjusted for		
Fair value adjustment of investment properties	(65 219)	(28 718)
Fair value adjustment of investment properties of associates	(47 993)	(162 295)
Non-controlling interest	(3 146)	638
Gain on bargain purchase	(255 491)	(35 568)
Impairment of investments	22 239	34 209
Headline earnings	475 950	776 848
Earnings per share (cents)		
The calculation of earnings per share is based on net profit for the period of 825,6m (30 June 2022: R968,6m), divided by the weighted average number of shares in issue during the period of 482 591 154 (30 June 2022: 483 358 227).	171,07	200,39
Diluted earnings per share (cents)		
The calculation of diluted earnings per share is based on net profit for the period of R825,6m (30 June 2022: R968,6m), divided by the diluted weighted average number of shares in issue during the period of 489 333 883 (30 June 2022: 489 333 883).	168,71	197,94
Headline earnings per share (cents)		
The calculation of headline earnings per share is based on net profit for the period, adjusted for headline items, of R475,9m (30 June 2022: R776,8m), divided by the weighted average number of shares in issue during the period of 482 591 154 (30 June 2022: 483 358 227).	98,62	160,72
Diluted headline earnings per share (cents)		
The calculation of diluted headline earnings per share is based on net profit for the period, adjusted for headline items, of R475,9m (30 June 2022: R776,8m), divided by the diluted weighted average number of shares in issue during the period of 489 333 883 (30 June 2022: 489 333 883).	97,26	158,76
Reconciliation of weighted average number of ordinary shares		
Actual ordinary shares in issue	522 667 247	522 667 247
Vendor funded shares under the BEE scheme ⁱ	(26 133 364)	(26 133 364)
Treasury shares acquired for the forfeitable share plan ⁱⁱ	(6 742 729)	(5 975 656)
Treasury shares held by the ESA Trust ⁱⁱⁱ	(7 200 000)	(7 200 000)
Weighted average number of ordinary shares	482 591 154	483 358 227
Diluted effect of shares granted to employees in respect of Emira's Share Plans	6 742 729	5 975 656
Diluted weighted average number of shares in issue	489 333 883	489 333 883

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

6. INVESTMENT PROPERTIES

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Net carrying amount				
Cost	9 866 607	7 577 963	5 386 742	5 380 087
Fair value surplus	2 034 906	1 955 225	1 963 702	1 859 165
Investment properties held for sale	(182 856)	(23 350)	(37 000)	–
Subtotal	11 718 657	9 509 838	7 313 444	7 239 252
Right of use lease asset	76 567	76 567	37 777	37 777
	11 795 224	9 586 405	7 351 221	7 277 029
Movement for the period				
Balance at beginning of period	9 586 405	9 308 757	7 277 029	7 014 109
Investment property acquired	8 396	103 000	8 396	103 000
Additions – subsequent expenditure on investment property	148 047	181 984	129 614	124 128
Acquisition of Transcend	2 296 927	–	–	–
Disposal of investment property at fair value	(137 541)	(46 950)	(78 850)	(1 750)
Change in fair value on revaluation	65 219	28 718	43 436	41 300
Tenant installations and lease commissions	10 628	(2 108)	8 596	(3 759)
– costs capitalised	21 224	9 601	17 349	6 786
– amortisation	(10 596)	(11 709)	(8 753)	(10 545)
Investment property held for sale	(182 856)	(23 350)	(37 000)	–
Right of use lease asset	–	36 354	–	–
Balance at end of period	11 795 224	9 586 405	7 351 221	7 277 029
Reconciliation to independent and directors' valuations				
Valuation at reporting date	11 795 224	9 586 405	7 351 221	7 277 029
Allowance for future rental escalations	180 006	192 528	145 880	157 415
Unamortised upfront lease costs	32 691	31 468	24 326	23 193
Investment property held for sale	182 856	23 350	37 000	–
Independent and directors' valuations at the end of the period	12 190 778	9 833 752	7 558 427	7 457 637

On 19 October 2022 the Fund acquired the parcel of land that separates its Vtech and CEVA properties for a total gross consideration of R8,4m.

The Fund disposed of two commercial properties during the reporting period which were deemed non-core. The properties were sold for a total consideration of R78,9m and are detailed below:

Property	Location	Sector	Sales price (R'm)	Effective date
Morgan Creek	Durban	Industrial	32,0	1 Mar 23
Gateway Landing	Pretoria	Industrial	46,9	29 Mar 23
			78,9	

During the period post Emira taking control of Transcend, 100 of Transcend's residential units were sold for a total consideration of R58,7m.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

6. INVESTMENT PROPERTIES CONTINUED

In terms of its accounting policy and JSE regulations at least one third of the property portfolio is externally valued annually by independent valuers. At 31 March 2023 all of the Group's investment properties were valued by independent external valuers, whom are registered valuers in terms of section 19 of the Property Valuers Profession Act (Act No. 47 of 2000). The fair value of the Fund's retail, office and industrial properties (the "commercial portfolio") were valued using a discounted cash flow approach based on future income streams, applying an appropriate capitalisation rate to each property. The fair value of the Fund's residential properties (the "residential portfolio") were valued using the income capitalisation method. For further details on the measurement of fair value, please refer to note 29.

The investment properties classified as properties held-for-sale relate to properties that the Board approved to be recovered through sale rather than through use. Investment property classified as held for sale on the commercial portfolio consists of three assets valued at R80,4m, namely buildings 5 and 8 at Albury Park, building 4 at Albury Park in Johannesburg as well as 1 Monte Carlo, an industrial property in Pinetown. Investment property classified as held for sale on the residential portfolio consists of 314 units across 4 properties. These properties/units are all in the process of being disposed and where contractually agreed, have been revalued to their selling price. These properties/units have been reclassified from investment properties to non-current assets held-for-sale as the requirements of IFRS 5 have been satisfied and there is a large degree of certainty that they will be sold and transferred to buyers within 12 months of reporting date.

Investment properties under the commercial portfolio to the value of R9 314,4 million (2022: R8 673,9 million) have been used to provide security for loans taken out. See note 17.

Investment properties under the residential portfolio to the value of R2 045,3m (30 June 2022: nil) have been used to provide security for loans taken out. See note 17.

Refer to note 27 for further information on the post reporting date disposal of residential units at The Bolton property.

7. STRAIGHT-LINING OF RENTAL INCOME ADJUSTMENT

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Balance at beginning of period	192 528	220 874	157 415	169 694
Net straight-lining for the period	(12 522)	(17 369)	(11 535)	(4 883)
Disposal of investment property	–	(10 977)	–	(7 396)
Balance at period end	180 006	192 528	145 880	157 415

8. UNAMORTISED UPFRONT LEASE COSTS

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Balance at beginning of period	31 468	28 522	23 193	20 895
Net smoothing for the period – lease costs pre 1 July 2015	(74)	(181)	(69)	(157)
Net smoothing for the period – lease costs post 1 July 2015	1 297	3 128	1 202	2 455
Balance at period end	32 691	31 468	24 326	23 193

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

9. FURNITURE, FITTINGS, COMPUTER EQUIPMENT AND INTANGIBLE ASSETS

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Cost	6 011	5 434	5 487	5 410
Accumulated depreciation	(4 807)	(3 989)	(4 486)	(3 967)
Carrying amount	1 204	1 445	1 001	1 443
Movement for the period				
Opening balance	1 445	2 152	1 443	2 146
Additions	82	86	77	110
Transcend consolidation	495	-	-	-
Depreciation and amortisation	(818)	(792)	(519)	(813)
Net carrying amount	1 204	1 445	1 001	1 443

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

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

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

The principle useful lives used for this purpose are:

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

10. INVESTMENT AND LOANS IN SUBSIDIARIES

R'000	Issued ordinary capital		Proportion held by holding company	
	2023	2022	2023	2022
Subsidiaries directly held				
Adamass Investments (Pty) Ltd*	–	–	100,0	100,0
Aquarella Investments 272 (Pty) Ltd*#	–	–	100,0	100,0
Backbone Investments (Pty) Ltd*#	–	–	100,0	100,0
Bet All Investments (Pty) Ltd*	–	–	75,0	75,0
CIL2 LLC*	–	–	100,0	100,0
Freestone Property Holdings (Pty) Ltd	38 659	38 659	100,0	100,0
Libra Investments 5 (Pty) Ltd*	–	–	100,0	100,0
Lowmer Investments (Pty) Ltd*	–	–	100,0	100,0
Menlyn Corporate Park (Pty) Ltd*	–	–	100,0	100,0
Monagon Properties (Pty) Ltd*	–	–	100,0	100,0
No 9 Sturdee Share Block (Pty) Ltd*#	–	–	100,0	100,0
Omicron Investments 005 (Pty) Ltd*	–	–	100,0	100,0
Rapidough Properties 509 (Pty) Ltd*	–	–	100,0	100,0
Strategic Real Estate Managers (Pty) Ltd*#	–	–	100,0	100,0
Transcend Residential Property Fund Ltd**	1 173 215	–	68,15	–
Waterside Place Body Corporate*#	–	–	100,0	100,0
Windrifter Share Block (Pty) Ltd*#	–	–	100,0	100,0
Subsidiaries indirectly held^				
Cape Poinsett Property Investments (Pty) Ltd*	–	–	100,0	100,0
Freestone Property Investments (Pty) Ltd*	–	–	100,0	100,0
CIL2 REIT LLC*	–	–	100,0	100,0
CIL2 REIT TRS LLC*	–	–	100,0	100,0
Ranier CIL2 Stony Creek LLC	–	–	100,0	100,0
Ranier 32 East LLC	–	–	100,0	100,0
Ranier Belden Park LLC	–	–	100,0	100,0
Subsidiaries through deemed control				
ESA Trust*	–	–	–	–
Luxanio Investments 157 (Pty) Ltd	–	–	–	–
Tamela Property Investment (RF) (Pty) Ltd	–	–	–	–

* Represent nominal amounts under R1 000.

** Transcend consolidated effective 7 October 2022. Treated as an equity-accounted investment in the prior year, see note 11.

Dormant company.

^ Subsidiaries indirectly held represent subsidiaries held through a wholly owned intermediary subsidiary.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

10. INVESTMENT AND LOANS IN SUBSIDIARIES CONTINUED

R'000	Shares at cost		Amount due to/(by) holding company	
	2023	2022	2023	2022
Subsidiaries directly held				
Adamass Investments (Pty) Ltd *	13 641	13 641	(22 802)	(22 802)
Aquarella Investments 272 (Pty) Ltd * #	6 379	6 379	(13 789)	(13 789)
Backbone Investments (Pty) Ltd * #	11 365	11 364	(11 364)	(11 364)
Bet All Investments (Pty) Ltd *	–	–	196 053	190 313
CIL2 LLC *	853 860	853 860	1 077 539	995 418
Freestone Property Holdings (Pty) Ltd	1 339 187	1 339 187	(867 013)	(874 074)
Libra Investments 5 (Pty) Ltd *	66 412	66 412	273 898	273 982
Lowmer Investments (Pty) Ltd *	111 248	111 248	105 464	101 669
Menlyn Corporate Park (Pty) Ltd *	283 386	283 386	370 448	361 501
Monagon Properties (Pty) Ltd *	14 835	14 835	51 024	50 094
No 9 Sturdee Share Block (Pty) Ltd * #	22 056	22 056	(23 744)	(23 744)
Omicron Investments 005 (Pty) Ltd *	35 368	35 368	(29 407)	(29 407)
Rapidough Properties 509 (Pty) Ltd *	17 832	17 832	17 112	15 510
Strategic Real Estate Managers (Pty) Ltd * #	–	–	14 901	14 900
Transcend Residential Property Fund Ltd **	848 069	–	–	–
Waterside Place Body Corporate * #	278	278	(27)	(27)
Windrifter Share Block (Pty) Ltd * #	48 230	48 230	(48 230)	(48 230)
Subsidiaries indirectly held ^				
Cape Poinsett Property Investments (Pty) Ltd *	3 671	3 671	253 264	253 348
Freestone Property Investments (Pty) Ltd *	–	–	347 774	340 712
CIL2 REIT LLC *	853 860	853 860	–	–
CIL2 REIT TRS LLC *	–	–	–	–
Ranier CIL2 Stony Creek LLC	89 179	89 179	–	–
Ranier 32 East LLC	58 309	58 309	–	–
Ranier Belden Park LLC	115 247	115 247	–	–
Subsidiaries through deemed control				
ESA Trust *	–	–	–	–
Luxanio Investments 157 (Pty) Ltd	–	–	–	–
Tamela Property Investment (RF) (Pty) Ltd	–	–	–	–
Reconciliation of subsidiaries directly held				
Investment and loan assets in subsidiary				
Gross carrying amount	3 672 146	2 824 081	2 106 439	2 003 387
Impairment	(453 537)	(456 424)	–	–
Expected credit loss allowances	–	–	(304 825)	(283 287)
Net carrying amount	3 218 609	2 367 656	1 801 614	1 720 099
Loans from subsidiaries				
Gross carrying amount	–	–	(1 016 376)	(1 023 438)
Net carrying amount	–	–	(1 016 376)	(1 023 438)
Total net carrying amount	3 218 609	2 367 656	785 238	696 661

* Represent nominal amounts under R1 000.

** Transcend consolidated effective 7 October 2022. Treated as an equity-accounted investment in the prior year, see note 11.

Dormant company.

^ Subsidiaries indirectly held represent subsidiaries held through a wholly owned intermediary subsidiary.

All subsidiary companies, with the exception of CIL2 LLC, CIL2 REIT LLC, Ranier CIL2 Stony Creek LLC, Ranier 32 East LLC, Ranier Belden Park LLC, ESA Trust, Lusiano Investments 157 (Pty) Ltd, Tamela Property Investments (RF) (Pty) Ltd and Strategic Real Estate Managers (Pty) Ltd and dormant companies, are property investment companies incorporated in the Republic of South Africa. CIL2 LLC, CIL2 REIT LLC, CIL2 REIT TRS LLC, Ranier CIL2 Stony Creek LLC, Ranier 32 East LLC and Ranier Belden Park LLC are incorporated in the United States of America and are the vehicles used by Emira to invest into retail properties in the USA.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

10. INVESTMENT AND LOANS IN SUBSIDIARIES CONTINUED

ESA TRUST

The ESA Trust is the designated vehicle which holds shares in terms of the share ownership plan for executive directors under the approved remuneration policy. The ESA Trust is consolidated through control exercised by Emira.

For more information on the ESA trust, please refer to note 31.

BEE SHARE SCHEME

The Company concluded a Black Economic Empowerment ("BEE") transaction in May 2017, in terms of which 26 133 364 Emira shares in aggregate ("the Subscription Shares") were issued to the special purpose vehicles of Letsema Holdings (Pty) Ltd ("Letsema") and Tamela Holdings (Pty) Ltd ("Tamela"). On 3 April 2020, as a result of the Trigger Event, Emira entered into a guarantee agreement ("Agreement") with the Lender of the BEE Scheme. In terms of the Agreement, Emira irrevocably and unconditionally guaranteed as a separate, principal and independent obligation to and in favour of the Lender, the payment and performance of the obligations of the BEE Shareholders arising in connection with the Third Party Loan. As a result of the Agreement Emira is deemed to control the BEE Shareholders and accordingly they were consolidated effective 3 April 2020.

For more information on the BEE Scheme, please refer to note 31.

EXPECTED CREDIT LOSS AND IMPAIRMENT

The cumulative expected credit loss allowance of the loans to subsidiaries of R304,9m (30 June 2022: R283,3m) recognised was based on the underlying net asset value of the subsidiary, except for the loan to Bet-All Investments (Pty) Ltd. Bet-All Investments (Pty) Ltd owns residential property and the loss given default was based on the realisable value of the property, which was further stressed on possible future occupancy levels. The expected credit loss recognised largely stems from a decrease in the fair value of the investment properties in the underlying investments.

The cumulative impairment loss of R453,6m (30 June 2022: R456,4m) represents the write-down of Emira's long-term interest in subsidiaries to the recoverable amount of the underlying subsidiary, which is primarily as a result of a decrease in the fair value of investment property in the underlying investments. Recoverable amounts have been based on the net asset value of the underlying subsidiary which represents its value in use.

TRANSCEND RESIDENTIAL PROPERTY FUND LTD ("TRANSCEND")

On 13 July 2022 Emira announced that it had informed the Transcend board of directors that it intends to make a general cash offer to acquire up to 100% of the entire issued share capital of Transcend, other than those shares already owned by Emira ("the offer"). This followed a strategic review by Emira of its investments and group structure, where it was concluded that the structure of incorporating Transcend as an associate investment, is not favourable, and that there are no benefits associated with maintaining two listed entry points into Transcend's assets.

The offer 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's shareholding increased to 111 717 213 Transcend shares, representing 68,15% of the shares in issue and associated voting rights. This gave Emira control over Transcend rather than just significant influence. Given the irrevocable support Emira had 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 (the "date of control"). Transcend therefore ceased to be an equity accounted investment from this date and was consolidated.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

10. INVESTMENT AND LOANS IN SUBSIDIARIES CONTINUED

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Transcend as at the date of acquisition were:

R'000	Fair value recognised on acquisition
Assets	
Investment Property	2 296 927
Property and equipment	495
Trade and other receivables	32 480
Cash and cash equivalents	45 464
Derivative financial instruments	3 002
	2 378 368
Liabilities	
Interest-bearing debt	(915 084)
Trade and other payables	(38 850)
	(953 934)
Total identifiable net assets acquired	1 424 434
Non-controlling interest measured at fair value	(345 013)
Purchase consideration transferred	(847 747)
Fair value of investment in associate	(642 815)
Cash transferred in respect of the general offer	(204 932)
Bargain purchase arising on acquisition	231 674

The transaction costs of R7,8m incurred in connection with the acquisition have been expensed and are included in transaction and advisory fees.

The Group has chosen to recognise the Transcend non-controlling interest at its fair value. Refer to note 31 for further information.

From the date of acquisition, Transcend has contributed R31,7m to the profit after tax and R156,0m to revenue (revenue from Transcend is primarily attributable to rental income) of the Group.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS

R'000	Principal place of business	Effective voting rights (%)	Group		Company		
			2023	2022	2023	2022	
Joint venture							
	Enyuka Prop Holdings (Pty) Ltd	South Africa	49,90	638 616	638 616	602 050	601 282
Associates							
	Transcend Residential Property Fund Ltd	South Africa	45,13	–	585 167	–	585 167
	Belden Park Delaware LLC	United States of America	46,67	211 359	178 053	–	–
	Rainier Moore Plaza LLC	United States of America	49,50	333 992	303 001	–	–
	32 East Center Delaware LLC	United States of America	49,42	107 495	95 342	–	–
	Rainier Stony Creek LLC	United States of America	49,43	127 348	94 858	–	–
	Rainier Woodlands Square LLC	United States of America	49,57	335 224	270 849	–	–
	Rainier Truman's Marketplace LLC	United States of America	49,43	135 407	112 059	–	–
	Rainier SA Crossing LLC	United States of America	49,50	132 280	109 295	–	–
	Rainier Wheatland Investors LLC	United States of America	49,42	164 780	165 323	–	–
	Rainier UTC LLC	United States of America	49,64	259 294	229 819	–	–
	Rainier Dawsons Market Place LLC	United States of America	49,60	277 695	265 322	–	–
	Rainier Newport Pavilion LLC	United States of America	49,62	327 551	294 324	–	–
	Rainier Summit Woods LLC	United States of America	49,50	290 284	305 599	–	–
Carrying amount				3 341 326	3 647 626	602 050	1 186 449
R'000			Group		Company		
			2023	2022	2023	2022	
Reconciliation of equity-accounted investments							
	Opening balance		3 073 558	2 204 206	612 382	466 133	
	Acquisition of equity-accounted interest		39 259	389 611	39 259	98 907	
	Gain on bargain purchase		23 816	35 568	23 816	35 568	
	Share in equity-accounted profit		377 184	404 476	12 870	43 340	
	Dividends received		(304 128)	(191 191)	(18 298)	(31 566)	
	Foreign currency translation		221 855	265 096	–	–	
	Impairment of equity-accounted investment		(22 239)	(34 209)	–	–	
	Consolidation of Transcend		(642 815)	–	(642 815)	–	
Carrying amount			2 766 490	3 073 558	27 214	612 382	
Reconciliation of loans advanced to equity-accounted investments							
	Opening balance		574 068	592 062	574 067	592 061	
	Expected credit loss allowance		718	3 302	718	3 302	
	Interest accrued		64 874	86 433	64 874	86 433	
	Repaid during the year		(64 824)	(107 729)	(64 823)	(107 729)	
Carrying amount of loans to equity-accounted investments			574 836	574 068	574 836	574 067	
Less: assets held for sale			(638 616)	(638 616)	(602 050)	(601 282)	
Carrying amount of investments and loans in equity-accounted investments			2 702 710	3 009 010	–	585 167	

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

JOINT VENTURE: ENYUKA PROP HOLDINGS (PTY) LTD

R'000	Group		Company	
	2023	2022	2023	2022
Acquisition date	1 July 2017			
Primary place of business	South Africa			
Proportion ownership of interest	49,90%			
Carrying amount of Emira Property Fund's interest in Enyuka				
Opening balance	64 548	65 133	27 214	27 214
Share in post acquisition reserves	21 471	33 623	–	–
Impairment of equity-accounted investment	(22 239)	(34 209)	–	–
Equity-accounted investment	63 780	64 548	27 214	27 214
Loan (net of expected credit loss)	574 836	574 068	574 836	574 068
Gross carrying amount of loan	575 050	575 000	575 050	575 000
Expected credit loss	(214)	(932)	(214)	(932)
	638 616	638 616	602 050	601 282

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

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

Emira assessed the carrying amount of its investment in Enyuka at reporting date and impaired the investment by R22,2m (30 June 2022: R34,2m) to R63,8m (30 June 2022: R64,6m), being the agreed disposal value together with the loan advanced to Enyuka. Emira has classified its net investment in Enyuka of R638,6m (30 June 2022: R638,6m) under Assets held-for-sale on the statement of financial position.

For further detail on the disposal transaction and measurement of fair value, refer to note 29.

The loan advanced to Enyuka is unsecured and interest was charged at a rate of 15,03% (30 June 2022: 15,03%). Interest is repayable quarterly and capital is repayable on maturity.

The credit risk of the loan to Enyuka Prop Holdings (Pty) Ltd was assessed and an expected credit loss of R0.2m (30 June 2022: R0.9m) was raised. Refer to note 30 for further information.

Further disclosure on significant estimates and judgement applied to Enyuka, refer to note 31.

LOCAL ASSOCIATES

Associate: Transcend Residential Property Fund Ltd

R'000	Group and Company	
	2023	2022
Acquisition date	13 December 2018	
Primary place of business	South Africa	
Proportion ownership of interest	45,13%	
Carrying amount of Emira Property Fund's interest in Transcend		
Opening balance	585 167	438 918
Additional investment	39 259	98 907
Gain on bargain purchase	23 816	35 568
Share in post acquisition reserves	12 871	43 340
Dividends received	(18 298)	(31 566)
Consolidation of Transcend	(642 815)	
Equity-accounted investment	–	585 167

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

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

On 13 July 2022 Emira announced that it had informed the Transcend board of directors that it intends to make a general cash offer to acquire up to 100% of the entire issued share capital of Transcend, other than those shares already owned by Emira ("the offer"). This followed a strategic review by Emira of its investments and group structure, where it was concluded that the structure of incorporating Transcend as an associate investment, is not favourable, and that there are no benefits associated with maintaining two listed entry points into Transcend's assets.

On 21 September 2022, prior to the offer closing, Emira increased its equity interest in Transcend to 45,13% through the acquisition of a further 7 288 780 shares for a total consideration of R39,3m, which resulted in a gain on bargain purchase of R23,9m.

The offer 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's shareholding increased to 111 717 213 Transcend shares, representing 68,15% of the shares in issue and associated voting rights. This gave Emira control over Transcend rather than just significant influence. Given the irrevocable support Emira had 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. Transcend therefore ceased to be an equity accounted investment from this date and was consolidated (see note 10).

Further disclosure on Transcend is included in note 31.

FOREIGN ASSOCIATES

Emira has continued with its strategy of investing into grocery-anchored dominant value oriented power centres in the USA, with one further acquisition made during the current financial period. Emira now has a minority share in 12 properties, all on a co-investment basis with its USA-based partner, The Rainier Group of Companies ("Rainier").

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

Associate: Belden Park Delaware LLC

R'000	Group	
	2023	2022
Acquisition date	13 October 2017	
Primary place of business	United States of America	
Proportion ownership of interest	46,67%	
Carrying amount		
Opening balance	178 053	141 630
Share in post acquisition reserves *	16 850	15 636
Foreign currency translation movement through other comprehensive income	16 456	20 788
	211 359	178 053

* For further detail, refer to note 31.

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

Dividends of USD nil (30 June 2022: USD nil) were received by Emira from its investments in Belden Park Delaware LLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

Associate: Rainier Moore Plaza LLC

R'000		Group	
		2023	2022
Acquisition date	18 January 2018		
Primary place of business	United States of America		
Proportion of voting rights	49,50%		
Carrying amount			
Opening balance		303 001	239 189
Share in post acquisition reserves *		13 519	34 419
Dividends received		(10 213)	(5 826)
Foreign currency translation movement through other comprehensive income		27 686	35 219
		333 992	303 001

* For further detail, refer to note 31.

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

Dividends of USD581 146 (30 June 2022: USD375 619) were received by Emira from its investment in Rainier Moore Plaza LLC.

Associate: 32 East Center Delaware LLC

R'000		Group	
		2023	2022
Acquisition date	19 January 2018		
Primary place of business	United States of America		
Proportion of voting rights	49,42%		
Carrying amount			
Opening balance		95 342	75 076
Share in post acquisition reserves *		3 412	9 199
Foreign currency translation movement through other comprehensive income		8 741	11 066
		107 495	95 342

* For further detail, refer to note 31.

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

Dividends of USD nil (30 June 2022: USD nil) were received by Emira from its investment in 32 East Delaware LLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

Associate: Rainier Stony Creek Acquisitions LLC

R'000		Group	
		2023	2022
Acquisition date	28 March 2018		
Primary place of business	United States of America		
Proportion of voting rights	49,43%		
Carrying amount			
Opening balance		94 858	89 584
Share in post acquisition reserves *		30 003	2 901
Dividends received		(6 462)	(9 910)
Foreign currency translation movement through other comprehensive income		8 949	12 283
		127 348	94 858

* For further detail, refer to note 31.

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

Dividends of USD367 714 (30 June 2022: USD638 857) were received by Emira from its investment in Rainier Stony Creek Acquisitions LLC.

Associate: Rainier Woodlands Square LLC

R'000		Group	
		2023	2022
Acquisition date	26 October 2018		
Primary place of business	United States of America		
Proportion of voting rights	49,57%		
Carrying amount			
Opening balance		270 849	203 088
Share in post acquisition reserves *		57 130	58 497
Dividends received		(17 956)	(21 301)
Foreign currency translation movement through other comprehensive income		25 201	30 565
		335 224	270 849

* For further detail, refer to note 31.

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

Dividends of USD1 021 739 (30 June 2022: USD1 373 217) were received by Emira from its investment in Rainier Woodlands Square LLC.

Associate: Rainier Truman's Marketplace LLC

R'000		Group	
		2023	2022
Acquisition date	21 December 2018		
Primary place of business	United States of America		
Proportion of voting rights	49,43%		
Carrying amount			
Opening balance		112 059	135 155
Share in post acquisition reserves *		21 035	(29 936)
Dividends received		(8 072)	(10 178)
Foreign currency translation movement through other comprehensive income		10 386	17 019
		135 407	112 059

* For further detail, refer to note 31.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

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

Dividends of USD459 328 (30 June 2022: USD656 182) were received by Emira from its investments in Rainier Truman's Marketplace LLC.

Associate: Rainier SA Crossing LLC

R'000	Group	
	2023	2022
Acquisition date	27 February 2019	
Primary place of business	United States of America	
Proportion of voting rights	49,50%	
Carrying amount		
Opening balance	109 295	89 530
Additional investment	–	6 113
Share in post acquisition reserves *	17 725	13 617
Dividends received	(4 872)	(12 946)
Foreign currency translation movement through other comprehensive income	10 132	12 982
	132 280	109 295

* For further detail, refer to note 31.

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

Dividends of USD277 200 (30 June 2022: USD834 620) were received by Emira from its investments in Rainier SA Crossing LLC.

Associate: Rainier Wheatland Investors LLC

R'000	Group	
	2023	2022
Acquisition date	5 September 2019	
Primary place of business	United States of America	
Proportion of voting rights	49,42%	
Carrying amount		
Opening balance	165 323	133 092
Share in post acquisition reserves *	(792)	30 525
Dividends received	(14 641)	(17 732)
Foreign currency translation movement through other comprehensive income	14 890	19 437
	164 780	165 323

* For further detail, refer to note 31.

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

Dividends of USD833 125 (30 June 2022: USD1 143 125) were received by Emira from its investments in Rainier Wheatland Investors LLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

Associate: Rainier UTC LLC

R'000		Group	
		2023	2022
Acquisition date	24 June 2019		
Primary place of business	United States of America		
Proportion of voting rights	49,64%		
Carrying amount			
Opening balance		229 819	197 773
Share in post acquisition reserves *		20 559	30 624
Dividends received		(12 157)	(26 689)
Foreign currency translation movement through other comprehensive income		21 073	28 111
		259 294	229 819

* For further detail, refer to note 31.

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

Dividends of USD691 764 (30 June 2022: USD1 720 542) were received by Emira from its investments in Rainier UTC LLC.

Associate: Rainier Hendon Dawson Marketplace Acquisitions LLC

R'000		Group	
		2023	2022
Acquisition date	3 February 2020		
Primary place of business	United States of America		
Proportion of voting rights	49,60%		
Carrying amount			
Opening balance		265 322	216 053
Share in post acquisition reserves *		23 921	52 360
Dividends received		(35 609)	(34 496)
Foreign currency translation movement through other comprehensive income		24 061	31 405
		277 695	265 322

* For further detail, refer to note 31.

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

Dividends of USD2 026 200 (30 June 2022: USD2 223 878) were received by Emira from its investments in Rainier Hendon Dawson Marketplace Acquisitions LLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

Associate: Rainier Newport Pavilion LLC

R'000		Group	
		2023	2022
Acquisition date	18 June 2021		
Primary place of business	United States of America		
Proportion of voting rights	49,62%		
Carrying amount			
Opening balance		294 324	179 985
Initial investment		–	–
Share in post acquisition reserves *		29 658	105 151
Dividends received		(23 363)	(20 546)
Foreign currency translation movement through other comprehensive income		26 932	29 733
		327 551	294 324

* For further detail, refer to note 31.

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

Dividends of USD1 329 403 (30 June 2022: USD1 324 551) were received by Emira from its investments in Rainier Newport Pavilion LLC.

Associate: Rainier Summit Woods Acquisitions LLC

R'000		Group	
		2023	2022
Acquisition date	13 May 2022		
Primary place of business	United States of America		
Proportion of voting rights	49,50%		
Carrying amount			
Opening balance		305 599	–
Initial investment		–	284 591
Share in post acquisition reserves *		(23 524)	4 519
Dividends received		(19 139)	–
Foreign currency translation movement through other comprehensive income		27 348	16 489
		290 284	305 599

* For further detail, refer to note 31.

Rainier Summit Woods Acquisitions LLC is a limited liability company registered in the State of Delaware, United States of America, and is the owner of the property known as Newport Pavilion, located in Lee's Summit, Missouri.

Dividends of USD1 089 064 (30 June 2022: USD nil) were received by Emira from its investments in Rainier Summit Woods Acquisitions LLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

SUMMARISED FINANCIAL INFORMATION

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

STATEMENT OF FINANCIAL POSITION *

2023	Enyuka Prop Holdings R'000	Transcend Residential Property Fund* R'000	Belden Park Delaware LLC USD'000	Rainier Moore Plaza LLC USD'000	32 East Center Delaware LLC USD'000
Functional currency	ZAR	ZAR	USD	USD	USD
Sector	Local – Rural retail	Local – residential	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,90	45,13	46,67	49,50	49,42
ASSETS					
Non-current assets	1 770 474	2 300 424	66 000	80 700	30 800
Investment property	1 767 570	2 296 927	66 000	80 700	30 800
Fixtures and fittings	–	495	–	–	–
Derivative financial instruments	2 904	3 002	–	–	–
Current assets	30 921	77 943	5 961	2 208	1 501
Trade and other receivables	950	32 479	614	–	97
Cash and cash equivalents	29 972	45 464	5 347	2 513	1 404
Total assets	1 801 395	2 378 368	71 961	83 213	32 301
EQUITY AND LIABILITIES					
Equity	127 948	1 424 434	22 613	34 571	12 009
Share capital and reserves	13 089	1 173 215	13 438	15 958	6 762
Retained Income	114 859	251 219	9 174	18 612	5 247
Non-current liabilities	1 622 799	915 084	48 041	47 084	19 821
Loans from shareholders	575 049	–	–	–	–
Interest-bearing debt	1 013 522	915 084	48 041	47 084	19 821
Other long-term liabilities	34 227	–	–	–	–
Derivative financial instruments	–	–	–	–	–
Current liabilities	50 648	38 850	1 307	1 253	471
Accounts payable	50 648	38 850	1 307	948	471
Interest-bearing debt	–	–	–	–	–
Total equity and liabilities	1 801 395	2 378 368	71 961	83 213	32 301

* The information in Enyuka Prop Holdings was extracted from Enyuka's management accounts for the nine months ended 31 March 2023. The information in relation to the USA investments were extracted from the audited trial balances for the nine months ended 31 March 2023. The independent auditors of the USA associates are Whitley Penn LLP.

The information for Transcend includes the results for the period 1 July 2022 to 7 October 2022, being the date Emira obtained control of Transcend and became an Emira subsidiary as per the statement of comprehensive income and the statement of financial position extract is as at 7 October 2022.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF FINANCIAL POSITION * CONTINUED

2023	Rainier Stony Creek LLC USD'000	Rainier Woodlands Square LLC USD'000	Rainier Truman's Marketplace LLC USD'000	Rainier SA Crossing LLC USD'000	Rainier Wheatland Investors LLC USD'000
Functional currency	USD	USD	USD	USD	USD
Sector	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,43	49,57	49,51	49,50	49,60
ASSETS					
Non-current assets	34 700	74 450	31 800	27 600	37 180
Investment property	34 700	74 450	31 800	27 600	37 180
Fixtures and fittings	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–
Current assets	1 740	3 135	3 506	1 967	2 631
Trade and other receivables	1 028	1 009	756	161	352
Cash and cash equivalents	712	2 126	2 750	1 807	2 279
Total assets	36 440	77 585	35 306	29 567	39 811
EQUITY AND LIABILITIES					
Equity	14 092	34 695	14 634	15 018	17 986
Share capital and reserves	6 565	15 465	7 510	4 819	6 651
Retained Income	7 527	19 231	7 124	10 199	11 335
Non-current liabilities	21 401	41 882	19 994	14 112	20 977
Loans from shareholders	–	–	–	–	–
Interest-bearing debt	21 401	41 882	19 994	14 112	20 977
Other long-term liabilities	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–
Current liabilities	947	1 007	678	437	849
Accounts payable	947	1 007	678	437	849
Interest-bearing debt	–	–	–	–	–
Total equity and liabilities	36 440	77 585	35 306	29 567	39 811

* The information in relation to the USA investments were extracted from the audited trial balances for the nine months ended 31 March 2023. The independent auditors of the USA associates are Whitley Penn LLP.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF FINANCIAL POSITION * CONTINUED

2023	Rainier UTC LLC USD'000	Rainier Hendon Dawson Marketplace LLC USD'000	Rainier Newport Pavilion LLC USD'000	Rainier Summit Woods Acquisitions LLC USD'000
Functional currency	USD	USD	USD	USD
Sector	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,64	49,60	49,62	49,50
ASSETS				
Non-current assets	66 700	75 130	85 450	88 100
Investment property	66 700	75 130	85 450	88 100
Fixtures and fittings	–	–	–	–
Derivative financial instruments	–	–	–	–
Current assets	7 930	3 256	3 865	5 319
Trade and other receivables	1 059	383	1 332	574
Cash and cash equivalents	6 871	2 873	2 533	4 745
Total assets	74 630	78 386	89 315	93 419
EQUITY AND LIABILITIES				
Equity	28 118	30 748	37 096	32 959
Share capital and reserves	14 890	30 088	19 832	35 075
Retained income/(accumulated deficit)	13 228	661	17 264	(2 116)
Non-current liabilities	41 105	47 051	51 060	59 284
Loans from shareholders	–	–	–	–
Interest-bearing debt	41 105	47 051	51 060	59 284
Other long-term liabilities	–	–	–	–
Derivative financial instruments	–	–	–	–
Current liabilities	5 407	587	1 159	1 175
Accounts payable	5 407	587	1 159	1 175
Interest-bearing debt	–	–	–	–
Total equity and liabilities	74 630	78 386	89 315	93 419

* The information in relation to the USA investments were extracted from the audited trial balances for the nine months ended 31 March 2023. The independent auditors of the USA associates are Whitley Penn LLP.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF COMPREHENSIVE INCOME *

2023	Enyuka Prop Holdings R'000	Transcend Residential Property Fund # R'000	Belden Park Delaware LLC USD'000	Rainier Moore Plaza LLC USD'000	32 East Center Delaware LLC USD'000
Revenue	223 175	91 663	5 083	5 805	2 210
Other income	3 594	847	149	14	5
Expenditure					
Operating expenses	(96 035)	(44 991)	(1 598)	(2 478)	(673)
Operating profit	130 735	47 519	3 634	3 342	1 542
Fair value adjustments	30 568	6 308	1 377	147	(1 228)
Finance income	3 154	1 117	58	–	–
Finance costs	(133 766)	(23 829)	(1 732)	(1 638)	(710)
Profit before income tax expense	30 691	31 115	3 337	1 851	(396)
Income tax expense	(5 981)	–	(13)	(21)	(8)
Profit/(loss) for the period	24 710	31 115	3 324	1 831	(404)
Emira's share of profit/(loss)^	21 471	(5 427)	959	769	194

2023	Rainier Stony Creek LLC USD'000	Rainier Woodlands Square LLC USD'000	Rainier Truman's Marketplace LLC USD'000	Rainier SA Crossing LLC USD'000	Rainier Wheatland Investors LLC USD'000
Revenue	2 960	5 144	3 621	2 149	3 227
Other income	–	–	–	–	–
Expenditure					
Operating expenses	(1 056)	(1 562)	(1 789)	(804)	(1 346)
Operating profit	1 904	3 582	1 832	1 345	1 881
Fair value adjustments	1 552	3 334	1 032	1 232	(881)
Finance income	–	–	–	–	–
Finance costs	(773)	(1 527)	(770)	(529)	(653)
Profit before income tax expense	2 683	5 389	2 094	2 049	348
Income tax expense	–	–	–	(12)	(11)
Profit for the period	2 683	5 389	2 094	2 038	337
Emira's share of profit/(loss)^	1 707	3 251	1 197	1 009	(45)

* The information in Enyuka Prop Holdings was extracted from Enyuka's management accounts for the nine months ended 31 March 2023. The information in relation to the USA investments were extracted from the audited trial balances for the nine months ended 31 March 2023. The independent auditors of the USA associates are Whitley Penn LLP.

The information for Transcend includes the results for the period 1 July 2022 to 7 October 2022, being the date Emira obtained control of Transcend and became an Emira subsidiary as per the statement of comprehensive income and the statement of financial position extract is as at 7 October 2022.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF COMPREHENSIVE INCOME * CONTINUED

2023	Rainier UTC LLC USD'000	Rainier Hendon Dawson Marketplace LLC USD'000	Rainier Newport Pavilion LLC USD'000	Rainier Summit Woods Acquisitions LLC USD'000
Revenue	5 309	4 461	5 206	6 954
Other income	–	1	–	1
Expenditure				
Operating expenses	(1 617)	(1 272)	(1 060)	(2 200)
Operating profit	3 692	3 190	4 146	4 756
Fair value adjustments	(78)	(192)	448	(5 497)
Finance income	–	–	–	–
Finance costs	(1 266)	(1 354)	(1 194)	(1 964)
Profit before income tax expense	2 348	1 645	3 401	(2 704)
Income tax expense	–	–	(0)	–
Profit/(loss) for the period	2 348	1 645	3 401	(2 704)
Emira's share of profit/(loss)^	1 170	1 361	1 688	(1 339)

* The information in relation to the USA investments were extracted from the audited trial balances for the nine months ended 31 March 2023. The independent auditors of the USA associates are Whitley Penn LLP.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF FINANCIAL POSITION *

2022	Enyuka Prop Holdings R'000	Transcend Residential Property Fund # R'000	Belden Park Delaware LLC USD'000	Rainier Moore Plaza LLC USD'000	32 East Center Delaware LLC USD'000
Functional currency	ZAR	ZAR	USD	USD	USD
Sector	Local – Rural retail	Local – residential	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,90	40,69	46,67	49,50	49,42
ASSETS					
Non-current assets	1 722 139	2 393 243	62 800	80 300	30 900
Investment property	1 720 101	2 392 585	62 800	80 300	30 900
Fixtures and fittings	–	658	–	–	–
Derivative financial instruments	2 038	–	–	–	–
Current assets	68 798	69 806	6 920	2 364	2 171
Trade and other receivables	11 346	29 434	566	(405)	184
Cash and cash equivalents	57 452	40 372	6 354	2 769	1 987
Total assets	1 790 937	2 463 049	69 720	82 664	33 071
EQUITY AND LIABILITIES					
Equity	103 238	1 438 293	19 289	34 303	12 413
Share capital and reserves	13 089	1 173 215	13 438	17 522	6 762
Retained Income	90 149	265 078	5 850	16 782	5 651
Non-current liabilities	1 613 032	978 167	48 652	47 018	20 072
Loans from shareholders	663 403	–	–	–	–
Interest-bearing debt	921 383	973 610	48 652	47 018	20 072
Other long-term liabilities	28 247	–	–	–	–
Derivative financial instruments	–	4 557	–	–	–
Current liabilities	74 667	46 589	1 779	1 343	587
Accounts payable	74 667	43 276	1 779	1 343	587
Interest-bearing debt	–	3 312	–	–	–
Total equity and liabilities	1 790 937	2 463 049	69 720	82 664	33 071

* The information in Enyuka Prop Holdings was extracted from Enyuka's audited financial statements for the year ending 30 June 2022. The independent external auditors of Enyuka are BDO South Africa Inc. The information in relation to the USA investments were extracted from the audited trial balances for the year ended 30 June 2022. The independent auditors of the USA associates are Whitley Penn LLP.

The information for Transcend was extracted from Transcend's interim financial statements for the six months ended 30 June 2022, as announced on SENS on 15 August 2022.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF FINANCIAL POSITION * CONTINUED

2022	Rainier Stony Creek LLC USD'000	Rainier Woodlands Square LLC USD'000	Rainier Truman's Marketplace LLC USD'000	Rainier SA Crossing LLC USD'000	Rainier Wheatland Investors LLC USD'000
Functional currency	USD	USD	USD	USD	USD
Sector	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,43	49,57	49,51	49,50	49,60
ASSETS					
Non-current assets	33 000	70 600	30 600	26 200	37 920
Investment property	33 000	70 600	30 600	26 200	37 920
Fixtures and fittings	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–
Current assets	1 701	3 518	3 896	1 889	2 872
Trade and other receivables	788	659	564	180	330
Cash and cash equivalents	913	2 858	3 332	1 709	2 542
Total assets	34 701	74 118	34 496	28 089	40 792
EQUITY AND LIABILITIES					
Equity	12 287	31 126	13 502	13 541	19 028
Share capital and reserves	7 444	17 284	8 472	5 379	8 030
Retained Income	4 844	13 841	5 030	8 162	10 998
Non-current liabilities	21 371	41 831	19 963	14 060	20 942
Loans from shareholders	–	–	–	–	–
Interest-bearing debt	21 371	41 831	19 963	14 060	20 942
Other long-term liabilities	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–
Current liabilities	1 042	1 161	1 031	489	822
Accounts payable	1 042	1 161	1 031	489	822
Interest-bearing debt	–	–	–	–	–
Total equity and liabilities	34 701	74 118	34 496	28 089	40 792

* The information in relation to the USA investments were extracted from the audited trial balances for the year ended 30 June 2022. The independent auditors of the USA associates are Whitley Penn LLP.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF FINANCIAL POSITION * CONTINUED

2022	Rainier UTC LLC USD'000	Rainier Hendon Dawson Marketplace LLC USD'000	Rainier Newport Pavilion LLC USD'000	Rainier Summit Woods Acquisitions LLC USD'000
Functional currency	USD	USD	USD	USD
Sector	Offshore – retail	Offshore – retail	Offshore – retail	Offshore – retail
Effective interest (%)	49,64	49,60	49,62	49,50
ASSETS				
Non-current assets	66 200	76 320	84 600	93 475
Investment property	66 200	76 320	84 600	93 475
Fixtures and fittings	–	–	–	–
Derivative financial instruments	–	–	–	–
Current assets	7 725	3 923	3 758	5 209
Trade and other receivables	671	271	1 049	717
Cash and cash equivalents	7 054	3 652	2 709	4 491
Total assets	73 925	80 243	88 358	98 684
EQUITY AND LIABILITIES				
Equity	27 450	31 838	36 376	37 864
Share capital and reserves	16 570	32 823	22 513	37 275
Retained Income	10 880	(985)	13 863	589
Non-current liabilities	41 047	47 691	50 934	59 104
Loans from shareholders	–	–	–	–
Interest-bearing debt	41 047	47 691	50 934	59 104
Other long-term liabilities	–	–	–	–
Derivative financial instruments	–	–	–	–
Current liabilities	5 428	715	1 049	1 716
Accounts payable	5 428	715	1 049	1 716
Interest-bearing debt	–	–	–	–
Total equity and liabilities	73 925	80 243	88 358	98 684

* The information in relation to the USA investments were extracted from the audited trial balances for the year ended 30 June 2022. The independent auditors of the USA associates are Whitley Penn LLP.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF COMPREHENSIVE INCOME *

2022	Enyuka Prop Holdings R'000	Transcend Residential Property Fund # R'000	Belden Park Delaware LLC USD'000	Rainier Moore Plaza LLC USD'000	32 East Center Delaware LLC USD'000
Revenue	296 888	156 648	6 607	7 723	2 598
Other income	3 534	2 588	20	(0)	–
Expenditure					
Operating expenses	(127 551)	(70 050)	(2 804)	(3 266)	(759)
Operating profit	172 872	89 186	3 823	4 457	1 839
Fair value adjustments	47 498	10 385	(2 753)	1 875	809
Finance income	2 040	2 264	3	–	1
Finance costs	(168 691)	(46 828)	(2 342)	(2 182)	(961)
Profit before income tax expense	53 719	55 007	(1 268)	4 150	1 688
Income tax expense	(16 693)	–	(18)	(28)	(10)
Profit/(loss) for the period	37 026	55 007	(1 285)	4 123	1 678
Emira's share of profit/(loss)^	33 623	11 774	1 008	2 219	593

2022	Rainier Stony Creek LLC USD'000	Rainier Woodlands Square LLC USD'000	Rainier Truman's Marketplace LLC USD'000	Rainier SA Crossing LLC USD'000	Rainier Wheatland Investors LLC USD'000
Revenue	3 739	6 568	4 817	2 627	4 593
Other income	0	–	(17)	6	(0)
Expenditure					
Operating expenses	(1 342)	(1 995)	(2 386)	(955)	(1 776)
Operating profit	2 397	4 572	2 414	1 679	2 817
Fair value adjustments	(607)	3 280	(3 999)	761	1 166
Finance income	–	1	–	–	0
Finance costs	(1 029)	(2 035)	(1 026)	(651)	(869)
Profit before income tax expense	761	5 818	(2 611)	1 789	3 114
Income tax expense	4	–	12	(15)	(14)
Profit/(loss) for the period	765	5 818	(2 599)	1 773	3 099
Emira's share of profit/(loss)^	187	3 771	(1 930)	878	1 968

* The information in Enyuka Prop Holdings was extracted from Enyuka's audited financial statements for the year ending 30 June 2022. The independent external auditors of Enyuka are BDO South Africa Inc. The information in relation to the USA investments were extracted from the audited trial balances for the year ended 30 June 2022. The independent auditors of the USA associates are Whitley Penn LLP.

The information for Transcend was extracted from Transcend's interim financial statements for the six months ended 30 June 2022, as announced on SENS on 15 August 2022.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

11. INVESTMENTS AND LOANS IN EQUITY-ACCOUNTED INVESTMENTS CONTINUED

STATEMENT OF COMPREHENSIVE INCOME * CONTINUED

2022	Rainier UTC LLC USD'000	Rainier Hendon Dawson Marketplace LLC USD'000	Rainier Newport Pavilion LLC USD'000	Rainier Summit Woods Acquisitions LLC USD'000
Revenue	6 540	5 485	6 733	1 329
Other income	0	0	10	0
Expenditure				
Operating expenses	(1 950)	(1 333)	(1 175)	(375)
Operating profit	4 591	4 153	5 568	954
Fair value adjustments	778	5 588	9 696	–
Finance income	–	2	0	–
Finance costs	(1 686)	(1 691)	(1 603)	(365)
Profit before income tax expense	3 683	8 052	13 661	588
Income tax expense	32	–	–	–
Profit for the period	3 714	8 052	13 661	588
Emira's share of profit/(loss)^	1 974	3 376	6 779	291

* The information in Enyuka Prop Holdings was extracted from Enyuka's audited financial statements for the year ending 30 June 2022. The independent external auditors of Enyuka are BDO South Africa Inc. The information in relation to the USA investments were extracted from the audited trial balances for the year ended 30 June 2022. The independent auditors of the USA associates are Whitley Penn LLP.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

12. OTHER FINANCIAL ASSETS

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Inani Prop Holdings Proprietary Limited ("Inani")				
Holding (%)	20	20	20	20
Fair value at beginning of the period	–	5 474	–	5 474
Equity investment in Inani	4 332	3 300	4 332	3 300
Fair value adjustment	(4 332)	(8 774)	(4 332)	(8 774)
Fair value at end of period	–	–	–	–

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

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
IHS Asset Management Proprietary Limited ("IHS")				
Holding (%)	15	15	15	15
Fair value at beginning of the period	312	–	312	–
Equity investment in IHS	–	1 082	–	1 082
Fair value adjustment	453	(770)	453	(770)
Fair value at end of period	765	312	765	312

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

13. ACCOUNTS RECEIVABLE

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Trade receivables	51 561	46 942	35 954	35 432
Less: Expected credit losses	(36 965)	(33 415)	(24 776)	(26 028)
Net trade receivables	14 596	13 527	11 178	9 403
Prepayments	31 944	16 433	19 735	10 736
Accrual of recoverable expenses	58 626	45 879	46 501	33 881
Municipal deposits	20 158	17 670	11 307	11 276
Other receivables*	26 613	959	14 418	15 171
Total	151 937	94 468	103 139	80 467
Due within one year	151 937	94 468	103 139	80 467

* Other receivables consist of receivables relating to Transcend properties that transferred, upfront commitment fees paid on derivative and debt instruments and other recoverable expenses.

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

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

Opening balance	33 415	37 792	26 028	27 186
Expected credit losses written off during the year as uncollectable	(19 340)	(12 380)	(8 945)	(7 402)
Additional expected credit losses recognised during the year	22 890	8 002	7 693	6 244
Closing balance	36 965	33 415	24 776	26 028

Ageing of gross trade receivables

R'000	Government	Retail formal	SMME	Total
31 MAR 2023 - GROUP				
30 days	267	6 050	6 021	12 338
60 days	254	2 117	3 913	6 284
90 days	263	612	2 214	3 089
120+ days	3 067	7 511	19 272	29 850
Total	3 851	16 290	31 420	51 561
30 JUN 2022 - GROUP				
30 days	988	7 339	5 483	13 810
60 days	379	1 509	3 492	5 380
90 days	245	439	2 674	3 358
120+ days	1 110	6 939	16 345	24 394
Total	2 722	16 226	27 994	46 942
31 MAR 2023 - COMPANY				
30 days	63	5 859	3 648	9 570
60 days	50	2 076	2 730	4 856
90 days	59	600	1 282	1 941
120+ days	1 137	7 086	11 364	19 587
Total	1 309	15 621	19 024	35 954
30 JUN 2022 - COMPANY				
30 days	171	6 371	4 049	10 591
60 days	47	1 497	1 878	3 423
90 days	59	327	1 876	2 263
120+ days	1 110	6 398	11 646	19 155
Total	1 388	14 594	19 449	35 432

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

13. ACCOUNTS RECEIVABLE CONTINUED

Ageing of expected credit loss allowance

R'000	Government	Retail formal	SMME	Total
31 MAR 2023 - GROUP				
30 days	–	1 995	1 437	3 432
60 days	90	1 681	2 439	4 210
90 days	206	440	1 514	2 160
120+ days	3 050	4 841	19 272	27 163
Total	3 346	8 957	24 662	36 965
30 JUN 2022 - GROUP				
30 days	279	2 407	946	3 632
60 days	339	1 238	1 974	3 551
90 days	228	219	1 998	2 445
120+ days	1 056	6 608	16 122	23 786
Total	1 902	10 473	21 041	33 415
31 MAR 2023 - COMPANY				
30 days	–	1 962	864	2 826
60 days	–	1 677	1 946	3 623
90 days	3	428	952	1 383
120+ days	1 133	4 472	11 339	16 944
Total	1 136	8 539	15 101	24 776
30 JUN 2022 - COMPANY				
30 days	98	2 405	646	3 148
60 days	8	1 238	1 389	2 635
90 days	42	188	1 464	1 693
120+ days	1 056	6 067	11 429	18 552
Total	1 204	9 898	14 927	26 028

Refer to note 30 for further information on the credit risk of trade and other receivables.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

14. LOANS RECEIVABLE

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
LOANS PROVIDED ON THE DISPOSAL OF INVESTMENT PROPERTY				
Inani Prop Holdings (Pty) Ltd	432 794	398 371	432 794	398 371
The loan bears interest at 3 month JIBAR plus a margin of 5,0% (2022: 5,0%) and thereafter increasing by 50 basis points on 4 April 2023. The full capital balance including accrued interest on the loan is repayable on 3 January 2024 and Emira has a 2nd ranking debt guarantee.				
RAB Property Investments (Pty) Ltd	40 348	40 674	40 348	40 674
The loan bears interest at 3 month JIBAR plus a margin of 4,0% until the final repayment date on a monthly basis. Interest on the loan is payable monthly and capital repayments are due from 28 March 2023 until final repayment date of 28 February 2027. The loan is secured by a guarantee from its parent company, Ozmik Property Investments (Pty) Ltd. The loan relates to finance provided on the disposal of the properties known as Brooklyn Gardens, Waterkloof House and Brooklyn Forum.				
Kyostax (Pty) Ltd	4 000	4 125	4 000	4 125
A loan of R4m was advanced on 7 February 2022 for a period of 36 months and bears interest at the prime interest rate. The interest on the loan is repayable quarterly, with the capital amount repayable on 30 June 2025. The loan relates to finance provided on the disposal of the property known as Epsom Downs Shopping Centre and is unsecured.				
Instratin Properties (Pty) Ltd	26 623	–	–	–
A loan of R22,7m was entered into on 31 August 2020 for a period of 36 months and bears interest at the prime interest rate plus a margin of 0,5%. The interest on the loan is repayable quarterly, with the capital amount repayable on 30 June 2025. The loan relates to finance provided on the disposal of the Transcend property known as Acacia Place and is secured by Erf 3 Grand Central Extension 9, City of Johannesburg, Gauteng.				
SUPPLIER DEVELOPMENT LOANS				
BrightBlack Energy (Pty) Ltd – Boskruin Shopping Centre	2 301	2 557	2 301	2 557
The loan was advanced in terms of the solar project undertaken in line with the Fund's B-BBEE policy of supplier development. R3,1m was advanced at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 15 April 2029. The loan is secured by a notarial bond over the related solar panels.				
BrightBlack Energy (Pty) Ltd – Randridge Mall	7 448	8 252	7 448	8 252
The loan was advanced in terms of the solar project undertaken in line with the Fund's B-BBEE policy of supplier development. R9,7m was advanced at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 30 September 2029. The loan is secured by a notarial bond over the related solar panels.				
BrightBlack Energy (Pty) Ltd – Market Square	1 805	1 875	1 805	1 875
The loan was advanced in terms of the solar project undertaken in line with the Fund's B-BBEE policy of supplier development. R1,9m was advanced at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 31 January 2031. The loan is secured by a notarial bond over the related solar panels.				
Sinani Energy (Pty) Ltd – Ben Fleur Shopping Centre	3 360	3 418	3 360	3 418
The loan was advanced in terms of the solar project undertaken in line with the Fund's B-BBEE policy of supplier development. R4,0m was advanced at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 31 July 2029. The loan is secured by a notarial bond over the related solar panels.				

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

14. LOANS RECEIVABLE CONTINUED

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Sinani Energy (Pty) Ltd – Springfield Retail Centre	2 424	2 527	2 424	2 527
The loan was advanced in terms of the solar project undertaken in line with the Fund's B-BBEE policy of supplier development. R2,7m was advanced at a interest rate of prime less 70 basis points. The loan is repayable quarterly with the final repayable amount due on 31 December 2030. The loan is secured by a notarial bond over the related solar panels.				
Sinani Energy (Pty) Ltd – Quagga Centre	1 988	2 092	1 988	2 092
The loan was advanced in terms of the solar project undertaken in line with the Fund's B-BBEE policy of supplier development. R2,0m was advanced at a interest rate of prime. The loan is repayable quarterly with the final repayable amount due on 31 August 2031. The loan is secured by a notarial bond over the related solar panels.				
EXECUTIVE SHARE INCENTIVE SCHEME LOANS				
ESA Trust – Mezzanine loan	-	-	48 045	49 162
The loan bears interest at a rate equivalent to the aggregate amount of distributions paid during the interest period divided by the loan, expressed as a %. Each interest period consists of six consecutive calendar months ending on either 30 June or 31 December. The loan is repayable on 27 June 2024.				
ESA Trust – Second amortising loan	-	-	-	275
The loan bears interest at the higher of Emira's weighted average cost of debt or the fringe benefit tax interest rate and is payable bi-annually. The loan is repayable on 27 June 2024 and is secured by a personal suretyship from Greg Booyens.				
BEE SCHEME LOANS				
Luxanio Trading 157 (Pty) Ltd – Letsema SPV	-	-	88 083	90 115
The loan bears interest at a rate equal to the Emira dividend yield per annum, is unsecured. The loan is repayable in full and had an original maturity date of 28 June 2022, which was extended during the year to 27 October 2027. Emira has a reversionary pledge and cession over the shares held by the BEE special purpose vehicle. The loan relates to the Emira BEE Equity Scheme implemented in June 2017.				
Tamela Property Investment (RF) Proprietary Limited	-	-	88 083	90 115
The loan bears interest at a rate equal to the Emira dividend yield per annum, is unsecured. The loan is repayable in full and had an original maturity date of 28 June 2022, which was extended during the year to 27 October 2027. Emira has a reversionary pledge and cession over the shares held by the BEE special purpose vehicle. The loan relates to the Emira BEE Equity Scheme implemented in June 2017.				
Total gross loans receivable	523 091	463 891	720 679	693 559
Total expected credit loss	(173 972)	(104 802)	(173 972)	(104 803)
Net loans receivable	349 119	359 089	546 707	588 756
Current portion of gross loans receivable	468 610	13 177	446 774	13 177
Current portion of expected credit loss	(173 942)	(8 594)	(173 944)	(8 594)
Net current portion of loans receivable	294 668	4 583	272 830	4 583
Non-current portion of gross loans receivable	54 481	450 715	273 905	680 382
Non-current portion of expected credit loss	(30)	(96 209)	(28)	(96 209)
Net non-current portion of loans receivable	54 451	354 506	273 877	584 173

Refer to note 30 for further information on the credit risk of loans receivable.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

15. SHARE CAPITAL

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Authorised				
2 000 000 000 ordinary shares of no par value (30 Jun 2022: 2 000 000 000).				
Issued				
522 667 247 ordinary shares of no par value (30 Jun 2022: 522 667 247).				
Authorised and issued				
Balance at beginning of period	3 425 736	3 433 875	3 889 512	3 897 651
Treasury shares in issue	(4 305)	(8 139)	(4 305)	(8 139)
Shares acquired for the Forfeitable Share Plan ⁱ	(15 061)	(14 852)	(15 061)	(14 852)
Emira Forfeitable Share Plan shares vested ⁱⁱ	10 756	6 713	10 756	6 713
Closing balance	3 421 431	3 425 736	3 885 207	3 889 512

i Shares held in treasury in respect of the Forfeitable Share Plan ("FSP") issued as a long-term incentive to employees of 7 009 463. A total of 1 518 023 shares were acquired during the reporting period at an average price of R10,24 per share to satisfy the new FSP awards granted during the period.

ii 798 548 (30 June 2022: 461 500) Emira Forfeitable Share Plan shares and nil (30 June 2022: nil) Emira Matching Share plan shares, vested in the current financial period. For further information, refer to note 22.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

16. RESERVES

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Fair value and other reserves				
Opening balance	3 558 219	3 529 502	3 218 169	3 176 870
Transfer to fair value reserve	65 219	28 718	43 436	41 300
Fair value adjustments on investment property	65 219	28 718	43 436	41 300
Closing balance	3 623 438	3 558 219	3 261 605	3 218 169
Share-based payments reserve				
Opening balance	27 721	24 385	27 721	24 385
Emira Forfeitable Share Plan shares vested	(10 756)	(6 713)	(10 756)	(6 713)
Equity settled share scheme charge	12 434	10 049	12 434	10 049
Closing balance	29 399	27 721	29 399	27 721
Foreign currency translation reserve				
Opening balance	180 439	26 777	–	–
Exchange differences on translation of foreign operations	133 098	153 662	–	–
Closing balance	313 537	180 439	–	–
Non-controlling interest				
Opening balance	4 376	2 976	–	–
Profit for the year	10 558	1 400	–	–
Investment in subsidiary	345 013	–	–	–
Non-controlling interest acquired	(393)	–	–	–
Dividends paid	(15 865)	–	–	–
Closing balance	343 689	4 376	–	–
Retained earnings				
Opening balance	669 840	334 015	(613 960)	(746 295)
Total comprehensive income for the year	825 560	968 583	569 745	817 748
Profit for the year	836 118	969 983	569 745	817 748
Non-controlling interest	(10 558)	(1 400)	–	–
Dividends paid	(636 058)	(604 040)	(677 418)	(644 112)
Non-controlling interest acquired [^]	71	–	–	–
Transfer to fair value reserve	(65 219)	(28 718)	(43 436)	(41 300)
Closing balance	794 194	669 840	(765 069)	(613 960)
Total reserves	5 104 258	4 440 596	2 525 935	2 631 930

[^] On 16 November 2022, Emira acquired an additional 59 217 shares in Transcend for a total consideration of R0,3m.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

16. RESERVES CONTINUED

Non-controlling interests ("NCI")

The Group's equity interest in Transcend increased during the reporting period from 40,69% to 68,15%, through a general cash offer made to Transcend shareholders. Emira was deemed to control Transcend from the date that the transaction was approved by the Competition Commission, being 7 October 2022, resulting in the consolidation of Transcend (see note 10). Accordingly, the information relating to Transcend is for the period from 7 October 2022 to 31 March 2023.

In November 2022, the Group acquired an additional 59 217 shares in Transcend for a total consideration of R0,3m, increasing its ownership from 68,11% to 68,15%.

Carrying amount of NCI acquired	393
Consideration paid to NCI	322
A increase in equity attributable to the owners of the Company	71

Fair value and other reserves

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

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

17. INTEREST-BEARING DEBT

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Reconciliation of interest-bearing debt:				
Opening balance	5 500 017	5 171 671	5 310 530	4 982 558
Borrowings acquired	1 843 629	1 749 283	1 782 061	1 749 283
Transcend business combination	915 084	–	–	–
Transaction costs paid	(1 745)	(4 118)	(1 745)	(4 118)
Transaction costs amortised (non-cash)	2 730	5 091	2 502	5 091
Interest accrued	416 424	308 371	338 858	295 444
Repayment of debt	(1 395 300)	(1 430 000)	(1 281 000)	(1 430 000)
Interest paid	(397 560)	(300 281)	(323 849)	(287 728)
Closing balance	6 883 279	5 500 017	5 827 357	5 310 530
Current portion	2 405 024	1 429 146	2 112 201	1 425 289
Non-current portion	4 478 255	4 070 871	3 715 156	3 885 241

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

17. INTEREST-BEARING DEBT CONTINUED

R'000 Funder		Nominal interest rate	Term (months)	Date of maturity	Group		Company	
					2023	2022	2023	2022
Emira Property Fund								
DMTN programme ⁶	Unsecured	3m JIBAR + 1,65%	36	Sep 22	–	90 286	–	90 286
Nedbank ²	Secured	3m JIBAR + 2,00%	60	Sep 22	–	300 126	–	300 126
DMTN programme ⁶	Unsecured	3m JIBAR + 1,60%	36	Nov 22	–	100 870	–	100 870
DMTN programme ⁶	Unsecured	3m JIBAR + 1,40%	12	Nov 22	–	162 344	–	162 344
DMTN programme ⁶	Unsecured	3m JIBAR + 1,35%	12	Mar 23	–	220 643	–	220 643
Rand Merchant Bank ¹	Secured	3m JIBAR + 1,95%	36	May 23	202 047	201 484	202 047	201 484
DMTN programme ⁶	Unsecured	3m JIBAR + 2,00%	60	Jun 23	127 852	127 576	127 852	127 576
Rand Merchant Bank ¹	Secured	PRIME - 1,45%	12	Jun 23	204 248	–	204 248	–
Standard Bank ³	Secured	3m JIBAR + 1,85%	60	Jun 23	200 491	200 238	200 491	200 238
Standard Bank ³	Secured	PRIME - 1,25%	60	Jun 23	–	–	–	–
DMTN programme ⁷	Secured	3m JIBAR + 2,10%	36	Sep 23	70 536	70 348	70 536	70 348
DMTN programme ⁷	Secured	3m JIBAR + 1,60%	60	Sep 23	201 216	200 783	201 216	200 783
Nedbank ²	Secured	3m JIBAR + 1,85%	63	Sep 23	200 561	200 264	200 561	200 264
DMTN programme ⁶	Unsecured	3m JIBAR + 1,30%	12	Nov 23	101 199	–	101 199	–
Rand Merchant Bank ¹	Secured	3m JIBAR + 1,85%	60	Dec 23	302 180	301 466	302 180	301 466
DMTN programme ⁶	Unsecured	3m JIBAR + 1,15%	12	Mar 24	220 937	–	220 937	–
Nedbank ²	Secured	3m JIBAR + 2,20%	36	Mar 24	255 450	141 149	255 450	141 149
Nedbank ²	Secured	3m JIBAR + 1,70%	60	Apr 24	203 920	202 499	203 920	202 499
DMTN programme ⁶	Unsecured	3m JIBAR + 2,10%	36	May 24	383 035	382 088	383 035	382 088
Rand Merchant Bank ¹	Secured	3m JIBAR + 1,80%	62	Jul 24	306 407	304 382	306 407	304 382
Sanlam ⁵	Secured	3m JIBAR + 1,95%	36	Jul 24	199 844	199 702	199 844	199 702
ABSA ⁴	Secured	3m JIBAR + 2,10%	48	Nov 24	199 739	199 579	199 739	199 579
DMTN programme ⁶	Unsecured	3m JIBAR + 1,80%	36	Mar 25	80 292	80 147	80 292	80 147
ABSA ⁴	Secured	3m JIBAR + 1,68%	86	Apr 25	199 678	199 525	199 678	199 525
Rand Merchant Bank ¹	Secured	PRIME - 1,45%	36	Jun 25	264 329	165 973	264 329	165 973
Standard Bank ³	Secured	3m JIBAR + 2,05%	48	Jun 25	224 818	224 715	224 818	224 715
ABSA ⁴	Secured	PRIME - 1,47%	36	Jul 25	301 981	250 870	301 981	250 870
Rand Merchant Bank ¹	Secured	3m JIBAR + 2,05%	48	Jul 25	204 025	202 632	204 025	202 632
DMTN programme ⁶	Unsecured	3m JIBAR + 1,75%	36	Sep 25	90 328	–	90 328	–
DMTN programme ⁶	Unsecured	3m JIBAR + 1,70%	36	Nov 25	202 257	–	202 257	–
DMTN programme ⁷	Secured	3m JIBAR + 1,80%	84	Dec 25	100 426	100 257	100 426	100 257
ABSA ⁴	Secured	3m JIBAR + 1,85%	48	Jul 26	149 760	150 456	149 760	150 456
DMTN programme ⁷	Secured	3m JIBAR + 1,95%	60	Sep 26	130 684	130 397	130 684	130 397
Rand Merchant Bank ¹	Secured	3m JIBAR + 1,95%	60	Jul 27	199 811	199 732	199 811	199 732
ABSA ⁴	Secured	3m JIBAR + 1,95%	60	Sep 27	299 306	–	299 306	–
Transcend Residential Property Fund								
Standard Bank ⁸	Secured	3m JIBAR + 1,85%	36	Jul 23	288 336	–	–	–
Standard Bank ⁸	Secured	3m JIBAR + 2,00%	60	Dec 26	370 818	–	–	–
ABSA ⁸	Secured	3m JIBAR + 1,70%	36	Dec 24	150 361	–	–	–
Standard Bank ⁸	Secured	PRIME - 1,00%	36	Dec 24	60 062	–	–	–
					6 696 934	5 310 531	5 827 357	5 310 531
Other consolidated debt								
Sanlam (ESA Trust) [*]	Secured	3m JIBAR + 3,00%	60	Jun 24	39 999	40 673	–	–
Sanlam (Tamela SPV) ^{**}	Secured	3m JIBAR + 3,00%	64	Jun 27	73 173	74 407	–	–
Sanlam (Letsema SPV) ^{***}	Secured	3m JIBAR + 3,00%	64	Jun 27	73 173	74 407	–	–
					6 883 279	5 500 018	5 827 357	5 310 531
Current portion included in current liabilities					(2 405 024)	(1 429 146)	(2 112 201)	(1 425 289)
					4 478 255	4 070 872	3 715 156	3 885 242

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

17. INTEREST-BEARING DEBT CONTINUED

- * Relates to the funding provided by Sanlam to The ESA Trust, the investment vehicle for the executive directors. The loan is secured by ESA's 7 200 000 Emira shares. Refer to Note 10 for further information.
- ** Relates to the funding provided by Sanlam to Tamela Property Investments (Pty) Ltd ("Tamela SPV"), a wholly owned subsidiary of Tamela Holdings (Pty) Ltd ("Tamela"), in terms of Emira's June 2017 BEE equity investment scheme. The loan is secured by Tamela SPV's 13 066 682 Emira shares. Tamela SPV is consolidated by Emira, effective 27 March 2020, due to the guarantee provided by Emira to Sanlam in respect of the Tamela SPV's outstanding debt.
- *** Relates to the funding provided by Sanlam to Luxanio Trading 157 (Pty) Ltd ("Letsema SPV"), a wholly owned subsidiary of Letsema Holdings (Pty) Ltd ("Letsema"), in terms of Emira's June 2017 BEE equity investment scheme. The loan is secured by Letsema SPV's 13 066 682 Emira shares. Letsema SPV is consolidated by Emira, effective 27 March 2020, due to the guarantee provided by Emira to Sanlam in respect of the Letsema SPV's outstanding debt.

The financial assets have been pledged under the following terms:

1. A minimum Group net asset value of R6 billion must be maintained at all times.
The facility gearing ratio shall not exceed 60%.
The Group consolidated net interest-bearing debt to total assets ratio shall be no more than 50%.
The facility interest cover ratio ("ICR") shall be greater than 1,75 times.
The Group consolidated ICR shall be greater than two times.
The facility gearing ratio including hedging liabilities shall be no more than 70%.
2. The facility ICR shall be greater than 1,5 times.
The facility LTV ratio shall not exceed 70%.
The Group consolidated ICR shall be greater than two times.
The Group consolidated LTV ratio shall not exceed 50%.
3. The facility ICR shall be greater than 1,2 times.
The facility LTV ratio shall not exceed 70%.
The Group consolidated ICR shall be greater than two times.
The Group consolidated LTV ratio shall not exceed 50%.
4. The facility ICR shall be greater than two times.
The facility LTV ratio shall not exceed 60%.
The facility LTV ratio, including net mark-to-market shall not exceed 70%.
The Group consolidated ICR shall be greater than two times.
The Group consolidated LTV ratio shall not exceed 50%.
5. The Group LTV ratio may not exceed 50%.
The facility LTV ratio shall not exceed 83%. For every 10% drop below 83% the facility must be reduced by R10m
6. The Group LTV ratio may not exceed 50%.
The Group consolidated ICR shall be greater than two times.
7. The Group LTV ratio may not exceed 50%.
The facility LTV ratio shall not exceed 60%.
The Group consolidated ICR shall be greater than two times.
8. The rental secured asset ICR shall be greater than one point five zero times.
The rental secured asset LTV ratio shall not exceed 55%.
The sale secured asset ICR shall be greater than one point two five times.
The sale secured asset LTV ratio shall not exceed 50%.
The fund ICR shall be greater than one point five zero times.
The fund LTV ratio shall not exceed 55%.

As at 31 March 2023 the Group had total debt facilities, excluding Other Consolidated Debt, of R7 045,0m (30 June 2022: R6 158,0m), of which R6 653,8m (30 June 2022: R5 288,7m) had been utilised.

As at 31 March 2023 the Company had total debt facilities of R6 167,0m (30 June 2022: R6 158,0m), of which R5 288,7m (30 June 2022: R4 968,0m) had been utilised.

At 31 March 2023, the aggregate indebtedness amounted to 44,1% (30 June 2022: 40,5%) of the gross value of the underlying income producing assets.

As at 31 March 2023 interest rates were fixed in respect of 75,4% (30 June 2022: 73,0%) of drawn interest-bearing borrowings for the Group, excluding Other Consolidated Debt, and the weighted average all in interest rate was 8,27% (30 June 2022: 7,38%). As at 31 March 2023 interest rates were fixed in respect of 74,0% (30 June 2022: 73,0%) of drawn interest-bearing borrowings for the Company, and the weighted average all in interest rate was 8,27% (30 June 2022: 7,38%). Details of the Group and Company's interest-rate hedging contracts are shown in note 20.

No covenants were breached during the reporting period nor was in proximity to breaching any of the covenants near or at the reporting date.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

17. INTEREST-BEARING DEBT CONTINUED

Debt covenants: Emira debt

	Transaction LTV		Transaction LTV, including derivatives		Corporate LTV covenant		Transaction ICR		Corporate ICR	
	Prescribed (%)	Actual (%)	Prescribed (%)	Actual (%)	Prescribed (%)	Actual (%)	Prescribed (times)	Actual (times)	Prescribed (times)	Actual (times)
Rand Merchant Bank #	60,0	45,4	70,0	47,9	50,0	44,1	1,5	2,7	2,0	2,6*
ABSA #	60,0	56,4	70,0	62,6	50,0	44,1	2,0	2,2	2,0	2,9
Nedbank #	70,0	61,8	n/a	n/a	50,0	44,1	1,5	2,0	2,0	2,9
Standard Bank #	65,0	57,3	n/a	n/a	50,0	44,1	1,8	1,8	2,0	2,9
Sanlam**	n/a	n/a	n/a	n/a	50,0	44,1	n/a	n/a	2,0	2,9
DMTN programme (secured) #	60,0	37,4	n/a	n/a	50,0	44,1	n/a	n/a	2,0	2,9
DMTN programme (unsecured) ^	n/a	n/a	n/a	n/a	50,0	44,1	n/a	n/a	2,0	2,9

Secured.

^ Unsecured.

* ICR covenant allocates interest received to Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") rather than offsetting against interest paid.

** Sanlam facility is secured by 45 682 683 Transcend Property Fund ("TPF") shares. Trigger event occurs if 30 day VWAP of TPF share price \leq R3,648. The 30 day VWAP of the TPF shares at 31 March 2023 was R6,083 (30 June 2022: R6,083).

Debt covenants: Transcend debt

Transcend accesses secured debt funding from its lenders via a security SPV structure. This structure is governed by a common terms agreement which includes covenants that are common to all lenders.

The covenants as at 31 March 2023 were as follows:

%	Prescribed	Actual
LTV		
Corporate	55,0	37,1
Sale portfolio	50,0	0,0
Rental portfolio	55,0	42,6
Times		
ICR		
Corporate	1,5	2,2
Sale portfolio	1,5	4,1
Rental portfolio	1,3	1,9

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

18. OTHER FINANCIAL LIABILITIES

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Feenstra Property Group (Pty) Ltd	24 928	23 740	–	–
Loan provided to Bet-All Investments (Pty) Ltd from minority shareholder. The loan is unsecured and bears interest at three month JIBAR plus 180 basis points.				
Letsema Holdings (Pty) Ltd	1 684	4 243	–	–
Loan provided to Luxanio Trading 157 (Pty) Ltd in respect the shareholder's equity contribution into the BEE scheme, which is unsecured and does not bear interest.				
Letsema Strategy Services (Pty) Ltd	442	440	–	–
Loan provided to Luxanio Trading 157 (Pty) Ltd in respect the shareholder's equity contribution into the BEE scheme, which is unsecured and does not bear interest.				
Tamela Holdings (Pty) Ltd	10 562	10 562	–	–
Loan provided to Tamela Property Investments (Pty) Ltd in respect of the shareholder's equity contribution into the BEE scheme, which is unsecured and does not bear interest.				
Financial guarantees				
Financial guarantee to Sanlam Life Insurance Limited on behalf of ESA Trust*	–	–	13 565	22 814
Financial guarantee to Sanlam Life Insurance Limited on behalf of Luxanio Trading 157 (Pty) Ltd*	–	–	25 883	42 882
Financial guarantee to Sanlam Life Insurance Limited on behalf of Tamela Property Investments (Pty) Ltd*	–	–	25 883	42 882
Closing balance	37 616	38 984	65 331	108 577
Current portion	–	–	–	–
Non-current portion	37 616	38 984	65 331	108 577
Closing balance	37 616	38 984	65 331	108 577

* The Group issued financial guarantees to Sanlam Life Insurance Limited ("Sanlam") on behalf the ESA Trust, Luxanio Trading 157 (Pty) Ltd ("BEE Scheme SPV") and Tamela Property Investments (Pty) Ltd ("BEE Scheme SPV"), during the 2020 financial period, to support the borrowings undertaken in each of the respective SPV entities.

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

The financial guarantee contracts are measured at the higher of the expected loss allowance and the amount initially recognised less cumulative amortisation, where appropriate. However, due to the increased risk that SPV entities will default on the contract, the calculation was based on the lifetime expected credit losses as the difference between the expected payments to reimburse Sanlam and the value of the value of the security at reporting date. For further detail, refer to note 30.

Emira has a contingent liability of R121,0m (30 June 2022: R80,9m) in respect of the financial guarantees issued to Sanlam, representing the excess between the total loans provided by Sanlam to the BEE Scheme SPVs and ESA Trust, and the financial guarantees recognised.

For further information in respect of the terms of the guarantees provided, please refer to note 31.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

19. LEASE LIABILITIES

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Opening balance	77 719	38 668	38 318	38 285
Exercise of extension option over property	–	38 790	–	–
Interest expense	3 986	4 594	2 184	2 910
Lease payments	(3 584)	(4 333)	(2 350)	(2 877)
Closing balance	78 121	77 719	38 152	38 318
Current portion	4 882	4 574	3 215	3 012
Non-current portion	73 239	73 145	34 937	35 306
Closing balance	78 121	77 719	38 152	38 318
Maturity analysis of future lease liability payments				
– Due within one year	5 112	4 790	3 345	3 133
– Due within two to five years	25 540	23 907	16 731	15 650
– Due beyond five years	109 250	114 555	42 844	46 252
Closing balance	139 902	143 252	62 920	65 035

The Group adopted IFRS 16 – Leases on 1 July 2019. The lease liabilities relate to the right-of-use assets disclosed under note 6. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The incremental borrowing rate applied to the lease liabilities on 1 July 2019 ranged from 7,4% to 7,6%.

The Group had total cash outflows for leases of R3,6m in 2023 (2022: R4,3m). There were no non-cash additions to right-of-use assets and lease liabilities during the reporting period (30 June 2022: R38,8m). As at 31 March 2023, the lease liabilities related to the right-of-use assets classified as investment property of R76,6m (30 June 2022: R76,6m).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

20. DERIVATIVE FINANCIAL INSTRUMENTS

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Net fair value of the derivative assets at the statement of financial position date was:				
Interest-rate swap contracts #	46 954	40 227	42 973	40 227
Foreign exchange option contracts ^	36 208	27 870	36 208	27 870
Closing balance	83 162	68 097	79 181	68 097
Less: current portion	(12 126)	(23 321)	(11 732)	(23 321)
Non-current portion	71 036	44 776	67 449	44 776
Net fair value of the derivative liabilities at the statement of financial position date was:				
Interest-rate swap contracts #	58	9 299	58	9 299
Cross-currency interest-rate swap contracts #	234 005	169 265	234 005	169 265
Foreign exchange option contracts ^	45 780	31 783	45 780	31 783
Closing balance	279 843	210 347	279 843	210 347
Less: current portion	(88 060)	(18 326)	(88 060)	(18 326)
Non-current liabilities	191 783	192 021	191 783	192 021

INTEREST-RATE DERIVATIVES

The notional principal amount of the outstanding interest-rate hedging contracts at 31 March 2023 was R5 292,1m (30 June 2022: R3 860,6m). The interest-rate hedging contracts as at 31 March 2023 are as follows:

Financial institution	Nominal value	Commencement date	Maturity date	Fixed rate (%)	Rate basis
Interest-rate swaps and caps					
<i>Emira Property Fund Limited</i>					
Rand Merchant Bank	R270,0 million	14 Jun 21	14 Jun 23	4,74	3m JIBAR
Rand Merchant Bank	R200,0 million	20 Jun 13	20 Jun 23	7,65	3m JIBAR
Rand Merchant Bank	R200,0 million	20 Dec 13	20 Jun 23	10,00	3m JIBAR
Rand Merchant Bank	R200,0 million	6 Aug 20	6 Aug 23	4,19	3m JIBAR
ABSA	R125,0 million	27 Jul 19	17 Aug 23	7,27	3m JIBAR
ABSA	R50,0 million	19 Jul 19	26 Sep 23	7,27	3m JIBAR
ABSA	R125,0 million	19 Jul 19	1 Mar 24	7,16	3m JIBAR
ABSA	R50,0 million	29 Mar 19	28 Mar 24	7,55	3m JIBAR
ABSA	R150,0 million	19 Jul 19	2 Apr 24	7,19	3m JIBAR
Rand Merchant Bank	R200,0 million	11 Nov 22	11 Nov 24	7,61	3m JIBAR
ABSA	R150,0 million	12 Jun 19	28 Jun 24	7,48	3m JIBAR
Rand Merchant Bank	R250,0 million	7 Jan 20	7 Jan 25	6,97	3m JIBAR
Investec	R200,0 million	10 Jan 23	17 Mar 25	7,58	3m JIBAR
Rand Merchant Bank	R200,0 million	29 Apr 22	20 May 25	7,35	3m JIBAR
Nedbank	R150,0 million	3 Aug 21	13 Jun 25	6,26	3m JIBAR
Rand Merchant Bank	R200,0 million	29 Jun 22	30 Jun 25	7,65	3m JIBAR
Rand Merchant Bank	R100,0 million	11 Aug 22	11 Aug 25	7,20	3m JIBAR
ABSA	R100,0 million	10 Jan 23	12 Jan 26	7,53	3m JIBAR
Investec	R100,0 million	17 Mar 23	12 Jan 26	7,53	3m JIBAR
Nedbank	R250,0 million	1 Feb 22	2 Feb 26	5,79	3m JIBAR
Rand Merchant Bank	R200,0 million	11 Aug 22	11 Aug 26	7,37	3m JIBAR
<i>Transcend Residential Property Fund Limited</i>					
The Standard Bank of South Africa	R195,0 million	22 Apr 20	24 Apr 23	7,10	3m JIBAR
The Standard Bank of South Africa	R92,5 million	3 Apr 20	15 May 23	6,55	3m JIBAR
The Standard Bank of South Africa	R92,5 million	3 Apr 20	17 May 23	7,09	3m JIBAR
Nedbank	R200,0 million	15 May 20	15 May 24	6,84	3m JIBAR
Rand Merchant Bank	R150,0 million	2 Aug 22	2 Aug 24	7,79	3m JIBAR

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

20. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

Financial institution	Nominal value	Commencement date	Maturity date	Fixed rate (%)	Rate basis
Cross-currency interest-rate swaps					
ABSA	USD6,0 million	29 Apr 22	08 May 23	2,14	3m JIBAR
ABSA	USD4,2 million	09 Jan 18	08 Nov 23	2,09	3m JIBAR
ABSA	USD9,7 million	05 Jan 18	08 Feb 24	2,64	3m JIBAR
ABSA	USD6,1 million	26 Mar 18	07 May 24	2,31	3m JIBAR
ABSA	USD8,0 million	20 Jun 19	07 Aug 24	1,93	3m JIBAR
Rand Merchant Bank	USD8,0 million	28 Jan 20	07 Aug 24	1,93	3m JIBAR
Rand Merchant Bank	USD3,1 million	20 Dec 17	07 Feb 25	2,38	3m JIBAR
Rand Merchant Bank	USD1,0 million	16 Nov 17	07 Feb 25	2,18	3m JIBAR
Rand Merchant Bank	USD6,0 million	29 Apr 22	07 May 25	2,76	3m JIBAR
Rand Merchant Bank	USD1,2 million	10 May 19	07 Nov 25	2,77	3m JIBAR
Rand Merchant Bank	USD2,5 million	26 Mar 19	07 Nov 25	2,89	3m JIBAR
Rand Merchant Bank	USD5,7 million	18 Dec 18	07 Nov 25	2,89	3m JIBAR
Rand Merchant Bank	USD11,6 million	19 Oct 18	07 May 26	2,97	3m JIBAR

FOREIGN EXCHANGE DERIVATIVES ^

The Group uses forward exchange contracts to hedge the anticipated income flows from its investments in the USA. The foreign exchange contracts as at 31 March 2023 are as follows:

Maturity period	Nominal value USD'000	Fixed USD/R rate
Sep 2023	4 366	17,21
Mar 2024	4 291	17,52
Sep 2024	4 123	17,94
Mar 2025	3 901	18,57
Sep 2025	3 691	18,67
Mar 2026	2 984	19,62
Sep 2026	2 584	20,13
Mar 2027	2 000	21,06
Sep 2027	1 400	21,52
Mar 2028	600	22,11

21. ACCOUNTS PAYABLE

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Trade payables	6 928	13 869	2 410	9 943
Tenant deposits	97 859	86 623	58 298	60 888
Accrued expenses ^	247 256	202 503	181 977	155 957
Pre-paid debtors	63 036	31 859	34 516	21 269
Value added tax	3 830	150	4 140	2 291
Other payables *	5 274	20 606	4 137	9 444
Total	424 183	355 610	285 478	259 792
Current	424 183	355 610	285 478	259 792

^ Accrued expenses consist of accrued municipal and capital expenditure.

* Other payables consists of promotion/marketing funds due, sundry creditors, unclaimed distributions and preference dividends payable.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

22. EMPLOYEE BENEFITS

EMPLOYEE BENEFITS LIABILITY

R'000	Group and Company	
	31 Mar 2023	30 Jun 2022
Accrued leave pay	2 339	2 379
Accrued bonuses	12 265	17 777
Total	14 604	20 156

SHARE-BASED PAYMENTS

i. Forfeitable Share Plan

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

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

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

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

Grant date	Tranche	Outstanding at 1 Jul 2022	Granted	Cancelled/ expired	Vested	Outstanding at 31 Mar 2023
15 December 2017	First tranche	189 824	–	(6 207)	(183 617)	–
15 September 2018	Second tranche	435 444	–	(11 259)	(209 233)	214 952
15 September 2019	Third tranche	1 282 708	–	(29 510)	(405 698)	847 500
15 October 2020	Fourth tranche	2 293 782	–	(25 758)	–	2 268 024
15 October 2021	Fifth tranche	1 612 969	–	(17 507)	–	1 595 462
15 October 2022	Sixth tranche	–	1 517 798	(16 224)	–	1 501 574
		5 814 727	1 517 798	(106 465)	(798 548)	6 427 512

As at 31 March 2023 all awards in issue were expected to vest in the future.

The share-based payment expense recognised in the statement of comprehensive income for the year in respect of the FSP amounted to R11,7m (30 June 2022: R9,6m). The fair value was determined by using the actual share price that the FSP shares were acquired at grant date.

ii. Matching Share Scheme

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

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

The number of matching scheme awards in issue are as follows:

Grant date	Tranche	Outstanding at 1 Jul 2022	Granted	Cancelled/ expired	Vested	Outstanding at 31 Mar 2023
27 November 2020	Second tranche	92 645	–	(535)	–	92 110
27 November 2021	Third tranche	138 338	–	(956)	–	137 382
28 November 2022	Fourth tranche	–	238 530	–	–	238 530
		230 983	238 530	(1 491)	–	468 022

As at 31 March 2023 all matching scheme awards in issue were expected to vest in the future.

The share-based payment expense recognised in the statement of comprehensive income in respect of the share matching scheme amounted to R0,7m (30 June 2022: R0,4m). The fair value of services received in return for the matching share scheme awards has been determined as the number of shares expected to vest multiplied by the share price at grant date.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

23. NOTES TO THE STATEMENT OF CASH FLOWS

R'000	Group		Company	
	Nine months ended 31 Mar 2023	Year ended 30 Jun 2022	Nine months ended 31 Mar 2023	Year ended 30 Jun 2022
Cash generated from operations				
Profit before income tax charge for the period				
Adjusted for:	834 109	971 713	569 745	817 803
Fair value adjustments				
Allowance for future rental escalations	(61 339)	(19 174)	(39 556)	(31 757)
Amortisation of lease commission	12 522	17 369	11 535	4 883
Amortisation of tenant installations	10 917	8 533	8 599	5 665
Dividends received from subsidiaries*	10 596	11 709	8 577	10 545
Income from equity-accounted investments	–	–	(86 165)	(44 069)
Finance costs	(332 529)	(526 477)	(101 561)	(165 341)
Interest capitalised to the cost of developments	390 907	401 223	331 470	385 575
Foreign exchange profit/(loss)	(85 887)	(115 602)	(85 887)	(115 602)
Unrealised deficit on revaluation of interest rate swaps	57 136	(48 031)	58 413	(48 031)
Revaluation of derivative financial instruments relating to share appreciation rights scheme	–	1 122	–	1 122
Expected credit losses – loans receivable	68 451	25 887	34 353	58 928
Impairment of investments	22 239	34 209	9 506	(17 477)
Gain on bargain purchase	(231 674)	–	–	–
Share based payment amortisation	12 434	10 049	12 434	10 049
Finance income	(49 655)	(42 256)	(154 017)	(154 960)
Depreciation and amortisation	806	792	519	813
Operating profit before working capital changes	659 033	731 064	577 965	718 144
Increase in accounts receivable	(51 612)	23 811	(22 672)	8 996
(Decrease)/increase in accounts payable	24 417	22 499	19 824	13 233
Cash generated from operations	631 838	777 374	575 117	740 373
Distribution to shareholders				
Distributions for the period	(636 058)	(604 040)	(677 418)	(644 113)
Distributions paid to shareholders	(636 058)	(604 040)	(677 418)	(644 113)
Taxation paid for the period				
Taxation asset (liability)/asset at beginning of period	(2 400)	(3 590)	–	725
Movement in profit or loss:	(1 734)	976	–	56
SA normal taxation	(2 032)	1 692	–	56
SARS Interest and penalties	275	(755)	–	–
Foreign taxation	23	38	–	–
Current tax asset/(liability)	24	(2 400)	–	–
Taxation paid for the period	(689)	(2 166)	–	669

* Revenue – dividend income from local subsidiaries of R152.2m (30 June 2022: R183.5m) represents a non-cash dividend which settles against inter-company accounts and is pre-emptively funded by monthly cash sweeps throughout the year. This amount stems from cash generated from operations of the underlying investment properties despite the actual declaration being settled in a non-cash manner.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Adamass Investments (Pty) Ltd				
Shares	-	-	13 641	13 641
Loan #	-	-	(22 802)	(22 802)
Relationship: Wholly-owned subsidiary				
Aquarella Investments 272 (Pty) Ltd				
Shares	-	-	6 379	6 379
Loan #	-	-	(13 789)	(13 789)
Relationship: Wholly-owned subsidiary				
Backbone Investments (Pty) Ltd				
Shares	-	-	11 365	11 365
Loan #	-	-	(11 364)	(11 364)
Relationship: Wholly-owned subsidiary				
Bet All Investments (Pty) Ltd				
Shares*	-	-	-	-
Loan ^	-	-	196 053	190 313
Expected credit loss	-	-	(27)	(190)
Interest received	-	-	12 028	11 417
Relationship: Subsidiary 75% owned				
Cape Poinsett Property Investments (Pty) Ltd				
Shares	-	-	3 671	3 671
Loan #	-	-	253 264	253 348
Dividend received	-	-	(22 116)	41 911
Relationship: Wholly-owned subsidiary of Libra Investments 5 (Pty) Ltd				
CIL2 LLC				
Shares	-	-	853 860	853 860
Loan	-	-	1 077 539	995 418
Interest received	-	-	82 065	84 038
Dividend received	-	-	52 221	44 069
Relationship: Subsidiary 100% owned				
Enyuka Prop Holdings (Pty) Ltd				
Shares	12	12	12	12
Loan	575 049	575 000	575 049	575 000
Interest received	64 874	86 433	64 874	86 433
Expected credit loss	(214)	(932)	(214)	(932)
Relationship: Joint venture, 49,9% owned				
ESA Trust – Mezzanine Loan				
Loan	-	-	48 045	49 162
Interest received	-	-	3 290	3 802
Financial guarantee	-	-	(13 566)	(22 814)
Relationship: Executive Share Scheme SPV				
ESA Trust – First Amortising Loan				
Loan	-	-	-	-
Interest (paid)/received	-	-	-	(59)
Expected credit loss	-	-	-	-
Relationship: Executive Share Scheme SPV				
ESA Trust – Second Amortising Loan				
Loan	-	-	-	275
Interest received	-	-	3	37
Expected credit loss	-	-	-	-
Relationship: Executive Share Scheme SPV				

* Zero balances represent nominal balances under R1 000.

^ The loan to Bet-All Investments bears interest at 3 month JIBAR plus a margin of 2,3% per annum, is unsecured and is repayable quarterly.

All loans to subsidiary companies are interest free and are not subject to fixed repayment terms.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS CONTINUED

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
ESA Trust – Third Amortising Loan				
Loan	–	–	–	–
Interest received	–	–	–	20
Expected credit loss	–	–	–	–
Relationship: Executive Share Scheme SPV				
Freestone Property Holdings (Pty) Ltd				
Shares	–	–	1 339 187	1 339 187
Loan #	–	–	(867 013)	(874 074)
Dividend received	–	–	66 110	64 249
Relationship: Wholly-owned subsidiary				
Freestone Property Investments (Pty) Ltd				
Shares*	–	–	–	–
Loan #	–	–	347 774	340 712
Dividend received	–	–	66 110	89 323
Relationship: Wholly-owned subsidiary of Freestone Property Holdings (Pty) Ltd				
Libra Investments 5 (Pty) Ltd				
Shares	–	–	66 412	66 412
Loan #	–	–	273 898	273 982
Dividend received	–	–	22 116	29 316
Impairment of investment	–	–	(35 349)	(38 042)
Relationship: Wholly-owned subsidiary				
Lowmer Investments (Pty) Ltd				
Shares	–	–	111 248	111 248
Loan #	–	–	105 464	101 669
Dividend received	–	–	15 195	17 251
Impairment of investment	–	–	(111 248)	(111 248)
Expected credit loss	–	–	(11 958)	(10 457)
Relationship: Wholly-owned subsidiary				
Luxanio Trading 157 (Pty) Ltd – Letsema SPV				
Loan #	–	–	88 083	90 115
Financial guarantee	–	–	(25 883)	(42 882)
Relationship: BEE Share Scheme SPV				
Menlyn Corporate Park (Pty) Ltd				
Shares	–	–	283 386	283 386
Loan #	–	–	370 448	361 501
Dividend received	–	–	39 519	38 661
Impairment of investment	–	–	(283 386)	(283 386)
Expected credit loss	–	–	(247 656)	(219 595)
Relationship: Wholly-owned subsidiary				
Monagon Properties (Pty) Ltd				
Shares	–	–	14 835	14 835
Loan #	–	–	51 024	50 094
Dividend received	–	–	5 130	5 105 041
Impairment of investment	–	–	(14 835)	(14 835)
Expected credit loss	–	–	(30 283)	(34 570)
Relationship: Wholly-owned subsidiary				
No. 9 Sturdee Share Block (Pty) Ltd				
Shares	–	–	22 056	22 056
Loan #	–	–	(23 744)	(23 744)
Relationship: Wholly-owned subsidiary				

* Zero balances represent nominal balances under R1 000.

^ The loan to Bet-All Investments bears interest at 3 month JIBAR plus a margin of 2,3% per annum, is unsecured and is repayable quarterly.

All loans to subsidiary companies are interest free and are not subject to fixed repayment terms.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

24. RELATED PARTIES AND RELATED PARTY TRANSACTIONS CONTINUED

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Omnicon Investments 005 (Pty) Ltd				
Shares	-	-	35 368	35 368
Loan #	-	-	(29 407)	(29 407)
Impairment of investment	-	-	(5 315)	(5 313)
Relationship: Wholly-owned subsidiary				
Rapidough Properties 509 (Pty) Ltd				
Shares	-	-	17 832	17 832
Loan #	-	-	17 112	15 510
Dividend received	-	-	4 102	3 899
Impairment of investment	-	-	(3 249)	(3 442)
Relationship: Wholly-owned subsidiary				
Strategic Real Estate Managers (Pty) Ltd				
Shares*	-	-	-	-
Loan #	-	-	14 901	14 901
Expected credit loss	-	-	(14 901)	(14 901)
Relationship: Wholly-owned subsidiary				
Tamela Property Investment (RF) Proprietary Limited				
Loan	-	-	88 083	90 115
Financial guarantee	-	-	(25 883)	(42 882)
Relationship: BEE Share Scheme SPV				
Transcend Residential Property Fund Ltd				
Investment	-	585 167	848 069	585 167
Dividend received	52 241	31 566	52 241	31 566
Relationship: Subsidiary, 68,15% owned				
Windrifter Share Block (Pty) Ltd				
Shares	-	-	48 230	48 230
Loan #	-	-	(48 230)	(48 230)
Impairment of investment	-	-	(157)	(157)
Relationship: Wholly-owned subsidiary				

* Zero balances represent nominal balances under R1 000.

^ The loan to Bet-All Investments bears interest at 3 month JIBAR plus a margin of 2,3% per annum, is unsecured and is repayable quarterly.

All loans to subsidiary companies are interest free and are not subject to fixed repayment terms.

For further information in relation to subsidiaries, consolidated structured entities and equity-accounted investments, refer to notes 10 and 11.

Related party relationships exist between the Company, its subsidiaries, directors, and key management of the group. The directors disclosed in note 3 are considered the key management of the group.

Remuneration paid to directors is set out in note 3.

Details of the Emira Forfeitable Share Plan and Emira Matching Share Plan in which the directors participate are provided in note 22.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

25. MINIMUM CONTRACTED RENTAL INCOME

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
The Group has rental income receivable in terms of operating lease contracts:				
– Due within one year	912 051	887 565	679 013	679 370
– Due within two to five year	1 583 931	1 595 039	1 215 294	1 221 388
– Due beyond five years	625 763	628 025	369 966	369 966
Total	3 121 745	3 110 628	2 264 273	2 270 724

The weighted average length of lease in the commercial portfolio (Retail, Industrial and Office portfolio) is 2,6 years (30 June 2022: 2,7 years) and the average lease escalation is 6,6% (30 June 2022: 6,7%). Leases in the residential portfolio are primarily signed on a month-to-month basis, specifically those in the Transcend portfolio. Therefore, contractual income on the residential portfolio, largely consists of only one month of rental income as this is the lease term that is contractually receivable by the company within one year.

26. COMMITMENTS AND CONTINGENCIES

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Authorised capital expenditure*				
– Committed	43 608	49 690	37 593	33 722
– Contracted for	97 471	19 504	83 460	15 749

* Authorised capital expenditure relates to expenditure on the Emira's investment properties which is inline with its capital recycling strategy. Emira strategically invests into tactical upgrades across its portfolio to unlock value and strengthen the assets. In terms of Emira's ESG strategy, projects focused on making its properties more sustainable, and those that improve energy efficiency and water conservation, are prioritised.

CONTINGENCIES

The Fund has a contingent liability with Rand Merchant Bank of R4.6m (30 June 2022: R4.6m) primarily in respect of municipal guarantees provided.

The Fund has no further material contingent liabilities as at 31 March 2023.

27. EVENTS AFTER THE REPORTING PERIOD

DECLARATION OF DIVIDEND AFTER REPORTING DATE

The declaration of the final dividend of 30,35 cents per share for the three-months ended 31 March 2023, occurred after the end of the reporting period on 7 June 2023, resulting in a non-adjusting event that is not recognised in the financial statements.

THE BOLTON

During the period under review, Emira embarked on a disposal strategy of the 282 sectional title residential units at The Bolton in Rosebank, Gauteng. After the sectional title register was successfully opened, the first batch of 98 units was transferred on 8 May 2023, for a combined sales value of R103,6m.

INTEREST-BEARING DEBT

Post reporting date, on 22 May 2023, Emira refinanced R650m of its upcoming debt maturities.

ENYUKA

Post the reporting period, on 30 May 2023, the Competition Commission approved the disposal of Emira's shareholding and claims in Enyuka. All other conditions precedent have been met and the transaction is now forecast to close by June/July 2023.

For further detail, refer to notes 11 and 29.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

28. SEGMENT INFORMATION

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

Management has determined the operating segments based on the reports reviewed by the CEO in making strategic decisions.

The CEO considers the business based on the following operating segments:

LOCAL SOUTH AFRICAN INVESTMENTS

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

INTERNATIONAL INVESTMENTS

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

28. SEGMENT INFORMATION CONTINUED

R'000	Office	Retail	Industrial	Residential	Corporate	Local	Inter-national	Total
OPERATING SEGMENTS – NINE MONTHS ENDED 31 MAR 2023								
Revenue	329 975	548 359	237 301	180 309	–	1 295 944	–	1 295 944
Operating lease rental income and tenant recoveries	234 013	390 843	181 091	157 830	–	963 777	–	963 777
Recoveries of operating costs from tenants	97 830	166 982	57 398	22 479	–	344 689	–	344 689
Straight-lining of rental income adjustment	(1 868)	(9 466)	(1 188)	–	–	(12 522)	–	(12 522)
Property expenses	(162 907)	(251 573)	(100 305)	(77 573)	–	(592 358)	–	(592 358)
Administration expenses	–	–	–	–	(82 554)	(82 554)	(8 662)	(91 216)
Transaction and advisory fees	–	–	–	–	(7 822)	(7 822)	–	(7 822)
Operating profit	167 068	296 786	136 996	102 736	(90 376)	613 210	(8 662)	604 548
Net fair value adjustments	(63 360)	114 326	24 493	(10 240)	(61 016)	4 203	–	4 203
Investment properties	(63 360)	114 326	24 493	(10 240)	–	65 219	–	65 219
Interest-rate derivatives	–	–	–	–	(57 136)	(57 136)	–	(57 136)
Listed property investments	–	–	–	–	(3 880)	(3 880)	–	(3 880)
Expected credit loss	–	–	–	–	(68 451)	(68 451)	–	(68 451)
Impairment of equity-accounted investments	–	–	–	–	(22 239)	(22 239)	–	(22 239)
Foreign exchange gain	–	–	–	–	–	–	85 887	85 887
Gain on bargain purchase	–	–	–	–	231 674	231 674	–	231 674
Other income	–	–	–	–	3 224	3 224	–	3 224
Income from equity-accounted investments	–	86 345	–	36 687	–	123 032	209 497	332 529
Interest received from associates	–	64 874	–	–	–	64 874	–	64 874
Share of profit from associates	–	21 471	–	36 687	–	58 158	209 497	267 655
Profit before finance costs	103 708	497 457	161 489	129 183	(7 184)	884 653	286 722	1 171 375
Net finance costs	–	–	–	–	(255 200)	(255 200)	(82 065)	(337 266)
Profit before income tax expense	103 708	497 457	161 489	129 183	(262 384)	629 453	204 657	834 109
Income tax expense/(income)	–	–	–	–	2 032	2 032	(23)	2 009
Profit for the period	103 708	497 457	161 489	129 183	(260 352)	631 485	204 633	836 118
Investment properties	2 891 000	5 010 429	1 770 687	2 335 805	–	12 007 921	–	12 007 921
Assets held for sale	43 350	638 616	37 000	102 506	–	821 472	–	821 472
Loans receivable	–	–	–	–	349 119	349 119	–	349 119
Other assets	–	–	–	–	330 635	330 635	2 734 188	3 064 823
Total assets	2 934 350	5 649 045	1 807 687	2 438 311	679 754	13 509 147	2 734 188	16 243 335
Interest-bearing borrowings	–	–	–	–	6 883 279	6 883 279	–	6 883 279
Other liabilities	–	–	–	–	828 657	828 657	5 708	834 365
Total liabilities	–	–	–	–	7 711 936	7 711 936	5 708	7 717 644

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

28. SEGMENT INFORMATION CONTINUED

R'000	Office	Retail	Industrial	Residential	Corporate	Local	Inter-national	Total
SECTORAL SEGMENTS – YEAR ENDED 30 JUN 2022								
Revenue	390 204	708 895	328 533	29 317	–	1 456 951	–	1 456 951
Operating lease rental income and tenant recoveries	299 026	516 903	237 541	25 778	–	1 079 249	–	1 079 249
Recoveries of operating costs from tenants	102 537	204 065	84 930	3 539	–	395 071	–	395 071
Allowance for future rental escalations	(11 359)	(12 073)	6 063	–	–	(17 369)	–	(17 369)
Property expenses	(201 565)	(338 384)	(137 182)	(13 571)	–	(690 702)	–	(690 702)
Administration expenses	–	–	–	–	(83 739)	(83 739)	(9 345)	(93 084)
Operating profit	188 639	370 511	191 351	15 746	(83 739)	682 510	(9 345)	673 165
Net fair value adjustments	(50 026)	48 432	27 759	2 551	37 365	66 081	–	66 081
Investment properties	(50 026)	48 432	27 759	2 551	–	28 716	–	28 716
Derivative financial instruments relating to share appreciation rights scheme	–	–	–	–	(1 122)	(1 122)	–	(1 122)
Interest-rate derivatives	–	–	–	–	48 031	48 031	–	48 031
Listed property investments	–	–	–	–	(9 544)	(9 544)	–	(9 544)
Expected credit loss	–	–	–	–	(25 887)	(25 887)	–	(25 887)
Impairment of equity-accounted investments	–	–	–	–	(34 209)	(34 209)	–	(34 209)
Foreign exchange loss	–	–	–	–	–	–	115 602	115 602
Other income	–	–	–	–	4 855	4 855	–	4 855
Income from equity-accounted investments	–	120 056	–	78 908	–	198 965	327 512	526 477
Interest received from associates	–	86 433	–	–	–	86 433	–	86 433
Share of profit from associates	–	33 623	–	78 908	–	112 532	327 512	440 044
Profit before finance costs	138 613	538 999	219 110	97 206	(101 614)	892 315	433 770	1 326 085
Net finance costs	–	–	–	–	(270 098)	(270 098)	(84 274)	(354 372)
Profit before income tax expense	138 613	538 999	219 110	97 206	(371 712)	622 217	349 496	971 713
Income tax expense	–	–	–	–	(1 692)	(1 692)	(38)	(1 730)
Profit for the period	138 613	538 999	219 110	97 206	(373 404)	620 525	349 457	969 983
Investment properties	2 925 470	4 868 889	1 809 542	206 500	–	9 810 402	–	9 810 402
Investment properties held for sale	23 350	638 616	–	–	–	661 966	–	661 966
Loans receivable	–	–	–	–	354 506	354 506	–	354 506
Other assets	–	–	–	585 167	206 709	791 876	2 452 814	3 244 690
Total assets	2 948 820	5 507 505	1 809 542	791 667	561 215	11 618 750	2 452 814	14 071 564
Interest-bearing borrowings	–	–	–	–	5 500 017	5 500 017	–	5 500 017
Other liabilities	–	–	–	–	700 551	700 551	4 664	705 215
Total liabilities	–	–	–	–	6 200 568	6 200 568	4 664	6 205 232

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

28. SEGMENT INFORMATION CONTINUED

R'000	Office	Retail	Industrial	Residential	Corporate	Local	Inter-national	Total
31 MAR 2023								
Revenue								
– Gauteng and Mpumalanga	212 356	410 667	173 042	180 309	–	976 374	–	976 374
– Western and Eastern Cape	84 387	46 038	45 570	–	–	175 995	–	175 995
– KwaZulu-Natal	33 230	63 763	18 690	–	–	115 683	–	115 683
– Free State	–	27 892	–	–	–	27 892	–	27 892
	329 973	548 360	237 302	180 309	–	1 295 944	–	1 295 944
Investment properties								
– Gauteng and Mpumalanga	1 828 250	3 955 640	1 260 750	2 438 311	–	9 482 951	–	9 482 951
– Western and Eastern Cape	899 900	398 550	438 937	–	–	1 737 387	–	1 737 387
– KwaZulu-Natal	206 200	412 700	108 000	–	–	726 900	–	726 900
– Free State	–	243 539	–	–	–	243 539	–	243 539
	2 934 350	5 010 429	1 807 687	2 438 311	–	12 190 778	–	12 190 778
30 JUN 2022								
Revenue								
– Gauteng and Mpumalanga	235 973	532 983	232 959	29 317	–	1 031 232	–	1 031 232
– Western and Eastern Cape	116 407	59 063	61 505	–	–	236 975	–	236 975
– KwaZulu-Natal	37 824	76 811	34 070	–	–	148 705	–	148 705
– Free State	–	40 038	–	–	–	40 038	–	40 038
	390 204	708 895	328 534	29 317	–	1 456 950	–	1 456 950
Investment properties								
– Gauteng and Mpumalanga	1 853 730	3 830 600	1 277 525	206 500	–	7 168 355	–	7 168 355
– Western and Eastern Cape	883 615	388 550	414 177	–	–	1 686 342	–	1 686 342
– KwaZulu-Natal	211 475	409 700	117 840	–	–	739 015	–	739 015
– Free State	–	240 039	–	–	–	240 039	–	240 039
	2 948 820	4 868 889	1 809 542	206 500	–	9 833 752	–	9 833 752

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

29. MEASUREMENT OF FAIR VALUE

FINANCIAL INSTRUMENTS

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

R'000	Note	31 Mar 2023				30 Jun 2022			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
GROUP									
Financial assets measured at fair value									
Other financial assets	12	–	–	765	765	–	–	312	312
Derivative assets	20	–	83 162	–	83 162	–	68 097	–	68 097
Total		–	83 162	765	83 927	–	68 097	312	68 409
Financial assets measured at fair value									
Derivative liabilities	20	–	279 843	–	279 843	–	210 348	–	210 348
Total		–	279 843	–	279 843	–	210 348	–	210 348
Net fair value		–	(196 681)	765	(195 916)	–	(141 251)	312	(141 939)
COMPANY									
Financial assets measured at fair value									
Other financial assets	12	–	–	765	765	–	–	312	312
Derivative assets	20	–	79 181	–	79 181	–	68 097	–	68 097
Total		–	79 181	765	79 946	–	68 097	312	68 409
Financial assets measured at fair value									
Derivative liabilities	20	–	279 843	–	279 843	–	210 348	–	210 348
Total		–	279 843	–	279 843	–	210 348	–	210 348
Net fair value		–	(200 662)	765	(199 897)	–	(142 251)	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 uncollateralised basis.

The fair values of the cross-currency interest-rate swap contracts are valued by discounting the future cash flows using the basis swap curve of the respective currencies at the dates when the cash flows will take place.

The USD forward exchange contracts are valued by discounting the forward rates applied at the period end to the open hedged positions.

Other financial assets

The fair value of other financial assets is measured in terms of Inani's and IHS Asset Management (Pty) Ltd's net asset value at reporting date.

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

- Weighted average discount rate of 14,09% (30 June 2022: 15,78%); and
- Weighted average exit capitalisation rate of 9,90% (30 June 2022: 10,79%).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

29. MEASUREMENT OF FAIR VALUE CONTINUED

NON-FINANCIAL ASSETS

The following table reflects the levels within the hierarchy of non-financial assets measured at fair value as at 31 March 2023:

R'000	Group		Company	
	2023 Level 3	2022 Level 3	2023 Level 3	2022 Level 3
Assets				
Investment properties	12 007 921	9 810 402	7 521 427	7 457 637
Investment properties held for sale	182 856	23 350	37 000	–
Assets held for sale – Investment in Enyuka Prop Holdings (Pty) Ltd	638 616	638 616	602 050	601 282

Fair value measurement of investment properties

Fair values are estimated twice a year by Emira's internal registered valuer, whereafter they are reviewed by the executive directors and approved by the Board. All of the Group's investment properties were valued at 31 March 2023 by independent external valuers who have recent experience in the location and category of these investment properties. The following valuers were used:

Valuer	Company	Qualifications
TLJ Behrens	Real Insight (Pty) Ltd	NDip (Prop Val), MIV (SA) professional associate valuer
JC Nagiah	Real Insight (Pty) Ltd	NDip Real Estate (Prop Val), candidate valuer
T Behrens	Real Insight (Pty) Ltd	NDip Real Estate (Prop Val), candidate valuer
R Scott Collins	Yield Enhancement Solutions	NDip Real Estate (Prop Val), professional valuer

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

Retail, office and industrial properties ("Commercial portfolio")

The fair value of buildings in the commercial portfolio are estimated using a five-year discounted cashflow approach, which discounts the estimated rental income stream, net of projected operating costs, as well as an exit value, using a discount rate derived from market yields. The estimated rental stream takes into account current occupancy levels, estimates of future vacancy levels, the terms of in-place leases and expectations of rentals from future leases over the remaining economic life of the buildings.

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions regarding vacancy levels, the discount rate and the reversionary capitalisation rate. The estimated fair value increases if the estimated rentals increase, vacancy levels decline or if discount rates (market yields) and reversionary capitalisation rates decline. The overall valuations are sensitive to all four assumptions. Management considers the range of reasonable possible alternative assumptions to be greatest for reversionary capitalisation rates, rental values, and vacancy levels and that there is also an interrelationship between these inputs. The inputs used in the valuations as at 31 March 2023 were the following:

- The range of the reversionary capitalisation rates applied to the portfolio are between 7,75% and 12,00% with the weighted average, by value, being 9,23% (30 June 2022: 9,20%).
- The range of discount rates applied were between 12,75% and 15,0% with the weighted average, by value, being 13,65% (30 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 6,6% (30 June 2022: 6,5%).
- The range of void periods applied to the portfolio are between 0 months and 6 months with the weighted average, by value, being 1,8 months (30 June 2022: 4,6 months).
- The range of perpetual vacancy applied to the portfolio are between 1,67% and 12,50% with the weighted average, by value, being 3,98% (30 June 2022: 3,06%).

Changes in discount rates and reversionary capitalisation rates attributable to changes in market conditions can have a significant impact on commercial property valuations. A 25 basis points increase in the discount rate will decrease the value of investment property by R87,6m (0,89%) and a 25 basis points decrease will increase the value of investment property by R88,2m (0,89%). A 25 basis points decrease in the reversionary capitalisation rate will increase the value of investment property by R168,4m (1,70%) and a 25 basis points increase will decrease the value of investment property by R160,0m (1,62%). The effect of this change in valuation would affect the change in fair value of investment properties recognised in the statement of comprehensive income.

The discount rates used by the valuers are a function of the long bond rate adjusted for property specific and sector risk premiums. The discount rate is then tested for reasonableness by benchmarking the rate against recent comparable sales and published research reports from SAPOA as well as surveys and opinions from other industry bodies.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

29. MEASUREMENT OF FAIR VALUE CONTINUED

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

	JHB	PTA	CPT	KZN	Other	Total	
						31 Mar 2023	30 Jun 2022
EXIT CAPITALISATION RATES (%)							
Offices	10,27	9,21	9,67	9,58	–	9,67	9,53
Offices P-grade	9,50	9,21	–	–	–	9,30	9,17
Offices A-grade	11,26	–	9,67	9,58	–	9,89	9,82
Offices B-grade	11,35	–	–	–	–	11,35	10,50
Retail	9,17	8,14	9,49	9,50	9,39	8,67	8,63
Industrial	10,16	9,82	9,89	10,50	–	10,08	10,15
Total						9,23	9,20
DISCOUNT RATES (%)							
Offices	13,50	13,99	14,03	13,96	–	13,86	14,40
Offices P-grade	13,00	13,99	–	–	–	13,68	14,38
Offices A-grade	14,12	–	14,03	13,96	–	14,03	14,39
Offices B-grade	14,22	–	–	–	–	14,22	14,79
Retail	13,37	13,10	13,43	14,20	13,54	13,31	13,43
Industrial	14,29	13,98	14,14	14,50	–	14,24	14,78
Total						13,65	13,98
MARKET RENTALS (%)							
Offices	156,48	184,38	154,63	154,57	–	165,28	166,99
Offices P-grade	193,39	184,38	–	–	–	187,21	185,70
Offices A-grade	104,10	–	154,63	154,57	–	147,04	152,11
Offices B-grade	112,71	–	–	–	–	112,71	113,26
Retail	143,62	146,82	143,74	160,72	149,30	147,29	148,85
Industrial	59,48	79,65	73,64	88,75	–	65,49	62,86
Total						137,66	138,07
MARKET RENTAL ESCALATION RATES (%)							
Offices	7,1	6,4	6,6	7,0	–	6,7	6,9
Offices P-grade	7,2	6,4	–	–	–	6,7	7,0
Offices A-grade	7,0	–	6,6	7,0	–	6,7	6,9
Offices B-grade	6,9	–	–	–	–	6,9	6,3
Retail	6,2	6,4	6,2	7,0	6,5	6,4	6,3
Industrial	6,8	7,0	7,1	7,0	–	6,9	6,4
Total						6,6	6,5
VOID PERIOD (MONTHS)							
Offices	2,3	3,8	3,1	1,8	–	2,9	6,4
Offices P-grade	2,0	3,8	–	–	–	3,3	8,0
Offices A-grade	3,2	–	3,1	1,8	–	2,6	4,8
Offices B-grade	2,1	–	–	–	–	2,1	5,1
Retail	1,4	1,2	1,0	0,7	1,0	1,1	4,7
Industrial	1,8	1,8	1,7	2,0	–	1,8	1,6
Total						1,8	4,6

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

29. MEASUREMENT OF FAIR VALUE CONTINUED

	JHB	PTA	CPT	KZN	Other	Total	
						31 Mar 2023	30 June 2022
PERPETUAL VACANCY (%)							
Offices	7,4	5,3	4,3	4,7	–	5,3	4,6
Offices P-grade	5,0	5,3	–	–	–	5,2	4,5
Offices A-grade	10,7	–	4,3	4,7	–	4,9	4,2
Offices B-grade	10,3	–	–	–	–	10,3	8,9
Retail	4,1	2,3	3,4	3,0	3,6	3,1	2,4
Industrial	4,5	3,6	3,2	5,0	–	4,2	2,3
Total						4,0	3,1

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

%	Offices	Retail	Industrial
Valuation impact if exit capitalisation rate is increased by 25bps	(1,48)	(2,02)	(1,49)
Valuation impact if exit capitalisation rate is decreased by 25bps	1,54	2,15	1,55
Valuation impact if discount rate is increased by 25bps	0,40	(1,02)	(0,88)
Valuation impact if discount rate is decreased by 25bps	(0,36)	1,02	0,88
Valuation impact if market rentals increase by 5%	4,90	5,03	5,15
Valuation impact if market rentals decrease by 5%	(4,91)	(3,62)	(5,15)
Valuation impact if rental escalation rates increase by 1%	2,48	1,91	2,44
Valuation impact if rental escalation rates decrease by 1%	(2,43)	(1,87)	(2,39)
Valuation impact if the permanent vacancy factor is increased by 2,5%	(2,17)	(1,92)	(2,30)
Valuation impact if the permanent vacancy factor is decreased by 2,5%	2,29	1,46	2,28

Residential properties ("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 of the residential portfolio as at 31 March 2023 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% (30 June 2022: 10,0%*).
- The range of the monthly rental income applied to the portfolio is between R4 300 and R8 300 with the weighted average, by value, being R6 200 (30 June 2022: R8 000*).
- The range of rental growth rates applied were between 2,0% and 4,0% with the weighted average, by value, being 2,28% (30 June 2022: 2,0%*).
- A weighted average vacancy factor of 3,84% (30 June 2022: 5,0%*) and bad debt factor of 1,38% (30 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.

* The residential portfolio at 30 June 2022 consisted solely of Emira's The Bolton property. At 31 March 2023 the residential portfolio includes The Bolton together with Transcend's 23 properties.

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29. MEASUREMENT OF FAIR VALUE CONTINUED

The valuation of investment properties are sensitive to changes in the unobservable inputs used in such valuations. The following table illustrates the sensitivity of the residential portfolio to changes in the valuation inputs:

%	Residential
Valuation impact if income (expected NOI) is increased by 100bps	1,41
Valuation impact if income (expected NOI) is decreased by 100bps	(1,45)
Valuation impact if capitalisation rate is increased by 25bps	(2,64)
Valuation impact if capitalisation rate is decreased by 25bps	2,79
Valuation impact if growth rate is increased by 100bps	0,97
Valuation impact if growth rate is decreased by 100bps	(1,05)
Valuation impact if vacancy and bad debt factor is increased by 100bps	(1,87)
Valuation impact if vacancy and bad debt factor is decreased by 100bps	1,60

Changes in capitalisation rates attributable to changes in market conditions can have a significant impact on residential property valuations. A 25 basis points decrease in the capitalisation rate will increase the value of investment property by R62,98m (2,79%) and a 25 basis points increase will decrease the value of investment property by R59,65m (2,64%). The effect of this change in valuation would affect the change in fair value of investment properties recognised in the statement of comprehensive income.

Fair value measurement of investment properties held for sale

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

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.

Post reporting date, Competition Commission approval was received on 30 May 2023.

Emira has impaired the carrying amount of Enyuka by R22,2m (30 June 2022: R34,2m) in the reporting period to R638,6m, being the agreed disposal value. Enyuka is classified under "held-for-sale investment and loans in equity-accounted investments". Refer to Note 11 for further information on the investment in Enyuka.

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FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

30. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

A. CAPITAL RISK MANAGEMENT

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

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

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

During the current financial period, the Group's and Company's strategy, which was unchanged from 2022, was to maintain a loan to value ratio within its covenant limit and an A(ZA) credit rating. Global Credit Rating Company (Pty) Ltd affirmed a corporate long-term credit rating of A(ZA) and corporate short-term rating of A1(ZA), with the outlook affirmed as stable in November 2022. The Group's and Company's utilised borrowings capacity at 31 March 2023 can be summarised as follows:

R'000	Group		Company*	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Total income producing assets	15 804 656	13 763 900	8 632 407	9 195 065
Investment properties ^	11 931 355	9 733 835	7 483 650	7 419 860
Investment properties held for sale	182 856	23 350	37 000	–
Investment and loans in equity-accounted investments	3 341 326	3 647 626	602 050	1 186 449
Loans receivable (net of expected credit loss)	349 119	359 089	546 707	588 756
Total borrowings net of cash	6 954 915	5 575 492	6 001 230	5 431 099
Interest-bearing debt – Non-current	4 478 255	4 070 871	3 715 156	3 885 241
Interest-bearing debt – Current	2 405 024	1 429 146	2 112 201	1 425 289
Net derivative liability	196 681	142 250	200 663	142 250
Cash and cash equivalents	(125 045)	(66 776)	(26 790)	(21 681)
Utilised capacity %	44,0	40,5	69,2	59,1

* The company accessed the majority of the Group's debt and in some cases passes this down to the subsidiaries to fund acquisitions. Total income producing assets does not include the assets of the subsidiaries.

^ Investment properties excludes the right of use lease assets.

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FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

30. FINANCIAL RISK MANAGEMENT CONTINUED

B. MARKET RISK

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

The Group's and Company's market risks arise from changes in foreign currency exchange rates, interest rates and change in share price. The Group and Company enters into interest-rate hedging agreements to mitigate the risk of rising interest rates as set out in note 20.

Foreign currency risk management

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

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

At 31 March 2023, the Fund had cross-currency interest-rate swaps of USD73,0m (30 June 2022: USD73,0m) in place against assets of USD151,9m (30 June 2022: USD148,6m). The cross-currency interest rate swaps have a weighted average duration to expiry of 1,7 years and mature between May 2023 and May 2026.

Interest rate risk management

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

Interest rates are constantly monitored and appropriate steps are taken to ensure that the Group's exposure to interest rate fluctuations is limited. Interest rates have been fixed for extended periods ranging from 2023 to 2027. The average rate of interest at 31 March 2023 (applicable to the fixed interest rate agreements) for the Group was 5,97% (30 June 2022: 5,55%). At 31 March 2023 29,8% (30 June 2022: 32,7%) of Emira's debt was subject to a variable or floating interest rate and was not covered by an interest-rate swap agreement. An increase in the base interest rates of 1% per annum would result in an increase in interest payable, in respect of the floating portion of the Group's debt, which would reduce net profit for the year by R18,5m (30 June 2022: R1,8m). A decrease in the base interest rate of 1% per annum would result in a decrease in interest payable, in respect of the floating portion of the Group's debt, which would increase net profit for the year by R18,5m (30 June 2022: R1,8m).

The Group and Company are aware of the interest rate benchmark reform and the impending transition from LIBOR to SONIA, this reform is at various stages globally, and a suitable alternative for South Africa is only expected to be announced in a few years' time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Group.

Equity price risk

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

C. CREDIT RISK MANAGEMENT

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

Cash and cash equivalents

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

30. FINANCIAL RISK MANAGEMENT CONTINUED

Derivatives

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

Loans receivable carried at amortised cost

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

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

Measures of PD and LGD are converted from Through The Cycle to Point In Time measures using Moody's Analytics' ImpairmentCalc tool. These are incorporated into their GCorr macroeconomic forecast set. Based on research conducted by Moody's Analytics they recommend the use of their Baseline, Stronger Near-Term Rebound (S1) ("Bullish"), and Moderate Recession (S3) ("Bearish") forecast sets weighted 40%, 30%, 30% respectively for a forward looking adjustment for the purposes of IFRS 9. They consider both public and private South African company defaults in this research. The South African economy experienced a sharp decline in activity in 2020 with the Q4 2019 level of GDP only due to be re-attained between Q3 2022 and Q1 2026 across the 3 scenarios. GDP growth is forecast to range from -0,40% to -3,29% across the scenarios. GDP is not the only factor that determines the extent of the adjustment but is described here to illustrate the extent of impact on the general economy that is being taken into account. The methodology does consider the industry of the asset and includes in the calculations likely volatility of that industry to the average impact of the South African economy.

Where the counterparty is a property investment company or there is collateral of a bond over fixed property, the LGD is calculated taking into account the value of the property and the application of a haircut to take into account the recovery rates typically achieved by the South African banking industry for the relevant property class, by applying a 90% and 85% break-up value to retail and office properties respectively.

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

30. FINANCIAL RISK MANAGEMENT CONTINUED

As at 31 March 2023, Emira recognised expected credit losses for loans receivable carried at amortised cost as follows:

R'000	Stage of credit impairment	Gross carrying amount	ECL	Total
GROUP - 2023				
Loans to associates and joint ventures	Stage 1	575 050	(213)	574 837
Loans receivable	Stage 1	49 949	(46)	23 281
Loans receivable ^#	Stage 2	473 142	(173 926)	299 216
Total		1 098 141	(174 185)	923 955
GROUP - 2022				
Loans to associates and joint ventures	Stage 1	575 000	(932)	574 069
Loans receivable	Stage 1	24 846	(47)	24 799
Loans receivable ^	Stage 2	439 045	(104 756)	334 289
Total		1 038 891	(105 735)	933 157
COMPANY - 2023				
Loans to associates and joint ventures	Stage 1	575 050	(213)	574 837
Loans receivable	Stage 1	23 327	(46)	23 281
Loans receivable ^#†	Stage 2	697 352	(173 926)	523 426
Loans to subsidiaries	Stage 1	1 564 602	(28)	1 564 574
Loans to subsidiaries *	Stage 2	526 937	(289 897)	237 040
Loans to subsidiaries **	Stage 3	14 900	(14 900)	-
Total		3 402 168	(479 010)	2 923 158
COMPANY - 2022				
Loans to associates and joint ventures	Stage 1	575 000	(932)	574 068
Loans receivable	Stage 1	25 121	(47)	25 074
Loans receivable ^#†	Stage 2	668 438	(104 756)	563 682
Loans to subsidiaries	Stage 1	1 475 222	(3 766)	1 471 457
Loans to subsidiaries *	Stage 2	513 264	(264 622)	248 643
Loans to subsidiaries **	Stage 1	14 900	(14 900)	-
Total		3 271 945	(389 022)	2 882 924

^ The underperforming loans receivable classified as stage 2 relate to the loans granted to Inani Prop Holdings (Pty) Ltd, RAB Properties (Pty) Ltd - Brooklyn Gardens for Group, as well as the ESA Trust Mezzanine loan and the BEE Scheme loans granted to Letsema and Tamela respectively for Company. For further details, please refer to note 14.

* The credit risk of loan advanced to subsidiary, Strategic Real Estate Managers (Pty) Ltd has assessed as stage 3 due the negative net asset value of the company. For further information on the expected credit loss measurement, refer to note 10.

** The credit risk of loan advanced to subsidiary, Strategic Real Estate Managers (Pty) Ltd has assessed as stage 3 due the negative net asset value of the company. For further information on the expected credit loss measurement, refer to note 10.

Emira's loan to Inani is junior to debt provided by Rand Merchant Bank. Emira's loan is not due for repayment in the immediate future, but Inani highly geared and given the increased interest rates hikes there is a risk of it no meeting its future debt servicing obligations to Rand Merchant Bank. Inani had agreed to a 6 monthly target of property realisations to generate cash to repay debt and has to date met these targets. However, in current market conditions it is challenging for Inani to meet these targets. The timing of realisations has a significant impact on the risk of non payment of Emira's loan. Management have thus applied judgment and assumed a 50% PD and maintained the LGD assuming normal realisation of assets (not fire-sale).

† The credit risk of the ESA Trust Mezzanine loan and the BEE Scheme loans granted to Letsema and Tamela respectively and are measured in terms of the guarantees provided to Sanlam life Insurance Limited based on the collateral value of the shares of the share price at period end and appropriate margining to reflect the risk of possible declines in share price and risks inherent in the structure. For further detail please refer to note 18.

Trade receivables

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

30. FINANCIAL RISK MANAGEMENT CONTINUED

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

Considering the expectation of a renewed economic weakening, on the back of a global economic slowdown, rising interest rates, and major electricity supply problems, a broadly weaker South African commercial property market is anticipated in the short to medium term. While the local portfolio is stable and has performed above expectations in the current reporting period, the financial pressure on the commercial tenant population is expected to increase, driven by slower economic growth, and the effects of higher average interest rates on debt.

On this basis, the impairment provision as at 31 March 2023 was determined as follows for trade receivables:

R'000	Group		Company	
	31 Mar 2023	30 Jun 2022	31 Mar 2023	30 Jun 2022
Trade receivables – gross	51 561	46 942	35 954	35 432
Less: Impairment provision	(36 965)	(33 415)	(24 776)	(26 028)
Trade receivables – net of expected credit loss	14 596	13 527	11 178	9 403

R'000	Weighted average loss rate %	30 days	60 days	90 days	Over 120 days	Total
GROUP – 31 MAR 2023						
Tenant category						
Government	86,89	267	163	58	17	505
– Gross		267	254	263	3 067	3 851
– Expected credit loss		–	(90)	(206)	(3 050)	(3 346)
Retail formal	54,99	4 056	436	172	2 669	7 333
– Gross		6 050	2 117	612	7 511	16 290
– Expected credit loss		(1 995)	(1 681)	(440)	(4 841)	(8 957)
SMME	78,49	4 583	1 475	700	(0)	6 758
– Gross		6 021	3 913	2 214	19 272	31 420
– Expected credit loss		(1 437)	(2 439)	(1 514)	(19 272)	(24 662)
Total		8 906	2 074	930	2 686	14 596

GROUP – 30 JUN 2022						
Tenant category						
Government	69,88	708	40	17	55	820
– Gross		988	379	245	1 110	2 722
– Expected credit loss		(279)	(339)	(228)	(1 056)	(1 902)
Retail formal	64,54	4 931	271	220	331	5 753
– Gross		7 339	1 509	439	6 939	16 226
– Expected credit loss		(2 407)	(1 238)	(219)	(6 608)	(10 473)
SMME	75,16	4 538	1 518	675	223	6 954
– Gross		5 483	3 492	2 674	16 345	27 994
– Expected credit loss		(946)	(1 974)	(1 998)	(16 122)	(21 041)
Total		10 177	1 829	913	608	13 527

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

30. FINANCIAL RISK MANAGEMENT CONTINUED

R'000	Weighted average loss rate %	30 days	60 days	90 days	Over 120 days	Total
COMPANY – 31 MAR 2023						
Tenant category						
Government	86,80	63	50	56	4	173
– Gross		63	50	59	1 137	1 309
– Expected credit loss		–	–	(3)	(1 133)	(1 136)
Retail formal	54,67	3 897	398	172	2 613	7 081
– Gross		5 859	2 076	600	7 086	15 621
– Expected credit loss		(1 962)	(1 677)	(428)	(4 472)	(8 539)
SMME	79,37	2 784	785	329	25	3 924
– Gross		3 648	2 731	1 282	11 364	19 024
– Expected credit loss		(864)	(1 946)	(952)	(11 339)	(15 101)
Total		6 744	1 233	558	2 643	11 178
COMPANY – 30 JUN 2022						
Tenant category						
Government	86,70	73	40	17	55	185
– Gross		171	47	59	1 110	1 388
– Expected credit loss		(98)	(8)	(42)	(1 056)	(1 204)
Retail formal	67,82	3 966	259	140	331	4 696
– Gross		6 371	1 497	327	6 398	14 594
– Expected credit loss		(2 405)	(1 238)	(188)	(6 067)	(9 898)
SMME	76,75	3 403	489	412	217	4 522
– Gross		4 049	1 878	1 876	11 646	19 449
– Expected credit loss		(646)	(1 389)	(1 464)	(11 429)	(14 927)
Total		7 442	788	570	603	9 403

D. LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Group will be unable to meet its financial commitments. The risk is minimised by holding cash balances and by having access to a bank overdraft and loan facilities with headroom.

The Group monitors liquidity risk by regularly projecting cash flows.

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

30. FINANCIAL RISK MANAGEMENT CONTINUED

R'000	Weighted average effective interest rate %	1 year or less	1 – 5 years	More than 5 years	Total
GROUP – 31 MAR 2023					
Financial liabilities					
Interest-bearing debt	8,3	3 039 601	4 935 810	571 601	8 547 012
Other financial liabilities		12 687	24 928	–	37 615
Lease liability	6,7	5 112	25 540	109 250	139 902
Accounts payable		424 181	–	–	424 181
Derivative financial instruments		(83 069)	(72 005)	–	(155 074)
Interest-rate swap contracts		(19 533)	(17 459)	–	(36 992)
Foreign exchange option contracts		(1 187)	19 851	–	18 664
Cross-currency interest-rate swap contracts		(62 349)	(74 397)	–	(136 746)
Total financial liabilities		3 398 512	4 914 273	680 851	8 993 636
GROUP – 30 JUN 2022					
Financial liabilities					
Interest-bearing debt	7,4	2 331 332	4 693 408	–	7 024 740
Other financial liabilities		15 244	23 740	–	38 984
Lease liability	6,7	4 790	23 907	114 555	143 252
Accounts payable		355 610	–	–	355 610
Derivative financial instruments		27 663	38 378	–	66 041
Interest-rate swap contracts		42 162	51 195	–	93 357
Call option and forward contracts		14 175	45 654	–	59 829
Cross-currency interest-rate swap contracts		(28 674)	(58 471)	–	(87 146)
Total financial liabilities		2 734 639	4 779 433	114 555	7 628 627
COMPANY – 31 MAR 2023					
Financial liabilities					
Interest-bearing debt	8,3	3 039 601	4 935 810	–	7 975 411
Other financial liabilities		–	65 331	–	65 331
Lease liability	6,7	3 345	16 731	42 844	62 920
Accounts payable		285 478	–	–	285 478
Derivative financial instruments		(83 069)	(72 005)	–	(155 074)
Interest-rate swap contracts		(19 533)	(17 459)	–	(36 992)
Foreign exchange option contracts		(1 187)	19 851	–	18 664
Cross-currency interest-rate swap contracts		(62 349)	(74 397)	–	(136 746)
Total financial liabilities		3 245 355	4 945 867	42 844	8 234 066
COMPANY – 30 JUN 2022					
Financial liabilities					
Interest-bearing debt		2 331 332	4 693 408	–	7 024 741
Other financial liabilities		108 577	–	–	108 577
Lease liability		3 133	15 650	46 252	65 035
Accounts payable		259 792	–	–	259 792
Derivative financial instruments		27 663	38 377	–	66 040
Interest-rate swap contracts		42 162	51 195	–	93 357
Call option and forward contracts		14 175	45 654	–	59 829
Cross-currency interest-rate swap contracts		(28 674)	(58 471)	–	(87 146)
Total financial liabilities		2 730 498	4 747 436	46 252	7 524 185

Cash and cash equivalents

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

30. FINANCIAL RISK MANAGEMENT CONTINUED

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

R'000	Fair value	Amortised cost	Total
GROUP - 31 MAR 2023			
Financial assets			
Other financial assets	765	–	765
Derivative financial instruments	83 162	–	83 162
Accounts receivable	–	151 937	151 937
Loans receivable	–	349 119	349 119
Cash and cash equivalents	–	125 045	125 045
Total financial assets	83 927	626 101	710 028
Financial liabilities			
Interest-bearing debt	–	6 883 278	6 883 278
Financial liabilities at amortised cost	–	37 616	37 616
Lease liabilities	–	78 121	78 121
Derivative financial instruments	279 843	–	279 843
Accounts payable	–	424 181	424 181
Total financial liabilities	279 843	7 423 196	7 703 039
GROUP - 30 JUN 2022			
Financial assets			
Other financial assets	312	–	312
Derivative financial instruments	68 096	–	68 096
Accounts receivable	–	94 468	94 468
Loans receivable	–	359 089	359 089
Cash and cash equivalents	–	66 776	66 776
Total financial assets	68 409	520 332	588 740
Financial liabilities			
Interest-bearing debt	–	5 500 017	5 500 017
Financial liabilities at amortised cost	–	38 983	38 983
Lease liabilities	–	77 718	77 718
Derivative financial instruments	210 348	–	210 348
Accounts payable	–	355 610	355 610
Total financial liabilities	210 348	5 972 326	6 182 675

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

30. FINANCIAL RISK MANAGEMENT CONTINUED

R'000	Fair value	Amortised cost	Total
COMPANY – 31 MAR 2023			
Financial assets			
Other financial assets	765	–	765
Derivative financial instruments	79 180	–	79 180
Accounts receivable	–	103 139	103 139
Loans receivable	–	546 707	546 707
Cash and cash equivalents	–	26 790	26 790
Total financial assets	79 945	676 636	756 581
Financial liabilities			
Interest-bearing debt	–	5 827 357	5 827 357
Financial liabilities at amortised cost	65 331	–	65 331
Lease liabilities	–	38 152	38 152
Derivative financial instruments	279 843	–	279 843
Accounts payable	–	285 478	285 478
Total financial liabilities	345 174	6 150 987	6 496 161
COMPANY – 30 JUN 2022			
Financial assets			
Other financial assets	312	–	312
Derivative financial instruments	68 097	–	68 097
Accounts receivable	–	80 467	80 467
Loans receivable	–	588 756	588 756
Cash and cash equivalents	–	21 681	21 681
Total financial assets	68 410	690 904	759 314
Financial liabilities			
Interest-bearing debt	–	5 310 530	5 310 530
Financial liabilities at amortised cost	108 577	–	108 577
Lease liabilities	–	38 318	38 318
Derivative financial instruments	210 348	–	210 348
Accounts payable	–	259 792	259 792
Total financial liabilities	318 925	5 608 640	5 927 564

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

31. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

31.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Investment properties

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

The portfolio's discount and exit capitalisation rates are within the most recent ranges published by SAPOA. Note 29, Measurements of Fair Value, provides a detailed analysis on the Fund's valuation inputs and metrics.

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

For further detail and sensitivity analysis, refer to note 6 and note 29.

Accounts receivable

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

For further detail, refer to note 13 and note 30.

Derivative financial instruments

The fair values of the interest-rate swap and cap contracts are determined using discounted cash flow projections based on estimates of future cash flows and the terms of the relevant swap agreements. Cash flows are projected using a zero coupon ZAR swap curve, and are discounted on an uncollateralised basis.

The valuation of cross-currency interest-rate swaps was determined by discounting the future cash flows using the basis swap curve of the respective currencies at the dates when the cash flows will take place. Future floating cash flows are determined using forward rates derived from the basis swap curve of the respective currencies as at 31 March 2023. The net cash flows were discounted using the basis swap curve of the respective currencies as at 31 March 2023.

The valuation of the USD forward exchange contracts was determined by discounting the forward rates applied at 31 March 2023 to the open hedged positions.

For further detail, refer to note 20 and note 30.

31.2 CRITICAL ACCOUNTING JUDGEMENTS

Management has made judgements, apart from those involving estimations, in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements. Information about critical accounting judgements that have been made are outlined as per below:

Business combination versus asset acquisition

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

31. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Current and deferred tax

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

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

BEE transaction

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

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

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

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

At 31 March 2023 there was R176,2m (30 June 2022: R176,1m) outstanding on the Vendor Funding. The maximum number of shares that will be issued on the repayment of the Vendor Funding is 12 370 510 shares (30 June 2022: 12 370 510), as a series of forwards, to be exercised a fixed price of R13,94 per share. Emira's maximum exposure in the event that the third party funders dispose of the BEE Parties' interest in Emira would be the balance of the Vendor Funding repayable in relation to the shares issued in respect of the Vendor Funding.

Accounting treatment of the BEE Transaction

Initial recognition

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

1. The Cash Funded Specific Issue, being the subscription by the BEE Parties of 13 066 682 Subscription Shares for a cash consideration of approximately R182,1m.
This element of the Subscription Shares was funded by the BEE Parties using a combination of their own cash reserves and third party funding. Consequently, at inception, the cash proceeds, net of transaction costs, increased share capital and the number of Emira Shares in issue.
2. The Vendor Funded Specific Issue, being the subscription by the BEE Parties for 13 066 682 Subscription Shares funded through the Vendor Funding provided by Emira, a portion of which was subsequently repaid.

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

- Emira does not hold shares in Letsema SPV or Tamela SPV;
- Tamela and Letsema have the decision power over Tamela SPV and Letsema SPV respectively and therefore control, with out any restrictions on them from Emira;
- Emira has no decision-making powers over or involvement with the BEE parties;
- Emira has neither substantive or protective rights that would result in Emira having power over decision making of Letsema SPV or Tamela SPV;
- The BEE parties are responsible for obtaining and negotiating their own financing with third party funders. Emira was not involved during these discussions and has not provided any formal or informal guarantees in relation to the liabilities due to the third-party funders;
- Emira has no step-in rights or call options relating to the BEE Transaction;
- Emira will not provide any funding in addition to the Vendor Funding or liquidity to the BEE Parties and there is no intention to do so; and
- Emira did not initially guarantee the amount owed by the BEE parties to third party funders nor did it intend to do so. The Third Party Loan is secured by 100% of the Subscription Shares. The Lender has the ability to dispose of the Subscription Shares at any time if the market value thereof, based on the 5-day volume weighted average price ("VWAP"), is less than 1,6 times the Third Party Loan or if the closing price of Emira shares is less than 1,5 times the Third Party Loan (each a "Trigger Event").

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

31. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

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

Re-assessment of control

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

During the 2020 financial year Emira's share price reached a level that a Trigger Event occurred, largely due to the impact of the Covid-19 pandemic. Accordingly, the Lender became entitled to dispose of the Subscription Shares ("the Forced Disposal"), unless additional security was provided.

On 3 April 2020, as a result of the Trigger Event, Emira entered into a guarantee agreement ("Agreement") with the Lender. In terms of the Agreement, Emira irrevocably and unconditionally guaranteed as a separate, principal and independent obligation to and in favour of the Lender, the payment and performance of the obligations of the BEE Shareholders arising in connection with the Third Party Loan, for a maximum guaranteed amount of R146,3m (30 June 2022: R145,7m) for the BEE Shareholders.

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

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

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

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

In the separate annual financial statements of Emira and due to the re-assessment that control is exercised over the BEE SPVs, the Vendor Funding of R172,4m was recognised at amortised cost together with the issued share capital of the Vendor Funding shares. The financial guarantee contracts were recognised and measured at the higher of the expected loss allowance and the amount initially recognised less cumulative amortisation, where appropriate. However, due to the increased risk that SPV entities will default on the contract, the calculation was based on the lifetime expected credit losses as the difference between the expected payments to reimburse Lender and the value of the value of the security at reporting date. Therefore a guarantee of R25,9m (30 June 2022: R42,9m) was recognised for both Tamela and Letsema respectively at reporting date based on the closing quoted market price of R10,11 (30 June 2022: R9,01) per share.

ESA Trust

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

31. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

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

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

The assumptions used in this model included:

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

On 3 April 2020, as a result of the Trigger Event, Emira entered into a guarantee agreement ("Agreement") with the Lender. In terms of the Agreement, Emira irrevocably and unconditionally guaranteed as a separate, principal and independent obligation to and in favour of Sanlam, the payment and performance of the obligations of the ESA Trust arising in connection with the Third Party Loan, for a maximum guaranteed amount of the loan value at reporting date of R13,6m (30 June 2022: R22,8m).

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

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

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

Investment in associates, joint ventures and other financial assets

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

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

Enyuka Property Fund ("Enyuka")

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

Terms of the transaction

On 2 September 2016, Emira entered into an shareholders' agreement with One Prop (collectively the "Parties") to form Enyuka Property Fund ("Enyuka"), whereby Emira holds 49,9% of the ordinary share capital and voting rights while One Prop holds 50,1%. Emira contributed its 15-asset rural retail portfolio valued at R575m to the new venture as a shareholder loan, while One Prop contributed cash of R50m in the form of a shareholder loan. The transaction became effective on 16 January 2017 when the final suspensive conditions were met.

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

- Growth targets in respect of properties under management (being the cost of the initial portfolio plus cost of acquisitions) were set at R750m within 18 months of commencement and R900m within 36 months. Failure to achieve these targets provided Emira with an option to acquire One Prop's interest in Enyuka at fair value;
- A key man event on One Prop's two key persons, namely Chris van Reenen and Selwyn Smith. Per the shareholders agreement, if either of these individuals sold any of their shares in One Prop then Emira could call an exit event; and
- One Prop required Emira's consent for individual acquisitions of over R20m in value.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

31. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Initial recognition

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

- One Prop obtained their 50,1% equity interest with a smaller proportion of funding. The majority of the funding to the initial structure was provided by Emira (92%) hence Emira effectively funded a portion of One Prop's interest;
- The shares held by One Prop could not be sold or encumbered without Emira's prior approval;
- The shareholders of One Prop are Key Persons, as defined, and Emira had a call option over the shares held by One Prop if the Key Persons were no longer involved in the day-to-day management of the Company; and
- The restriction on asset purchases of R20m was so low that it was effectively a substantive right for Emira.

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

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

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

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

Re-assessment of control and deconsolidation

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

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

- The required growth targets for properties under management were removed, eliminating Emira's option to acquire One Prop's equity interest if these were not met;
- The key man event relating to Chris van Reenen and Selwyn Smith was removed, which eliminated the requirement for them to be employed by One Prop;
- An exit event was added which only triggers when any shareholder of One Prop disposes of more than 20% of their shareholding; and
- Acquisitions requiring Emira's consent were increased to R40m in value.

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

- The amendments removed the power that Emira previously held over Enyuka as well as its ability to influence the returns it achieves, both of which previously corroborated the assessment of control under the agency relationship;
- An asset management agreement was in place between Enyuka and Enyuka Asset Management JV;
- The asset management agreement requires unanimous consent from Emira and One Prop for decisions relating to the relevant activities of Enyuka; These are considered to be substantive rights, and as decisions regarding these requires the unanimous consent of Emira and One Prop, it prevents either Emira or One Prop from exercising unilateral control; and
 - The appointment and or removal of the asset manager;
 - Sale or transfer of substantial part of the business;
 - Amendments to the dividend policy;
 - Approval of any departure from the annual budget;
 - Acquisition or disposal of assets having a value of greater than R40m;
 - Designation of an event as an exit event.
- These are considered to be substantive rights, and as decisions regarding these requires the unanimous consent of Emira and One Prop, it prevents either Emira or One Prop from exercising unilateral control; and
- Should there be a dispute between the parties, the matter is submitted for adjudication by an independent party.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

31. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Judgement was applied in the re-assessment of control and it was determined that effective from July 2019 Emira no longer controlled Enyuka, but instead had joint control. The Enyuka joint arrangement was setup in a standalone company and was therefore considered to be a joint venture between One Prop and Emira rather than a joint operation. The investment in Enyuka was therefore equity accounted as in investment in joint venture from 1 July 2018.

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

The control assessment of Enyuka was reconsidered for the period ended 31 March 2023 and it was assessed that there were no changes from the position at 30 June 2022.

The joint venture disclosures for Enyuka, which include the equity accounted interests for the current year, are included in Note 11.

Transcend Residential Property Fund ("Transcend")

On 13 July 2022 Emira announced that it had informed the Transcend board of directors that it intends to make a general cash offer to acquire up to 100% of the entire issued share capital of Transcend, other than those shares already owned by Emira ("the offer"). This followed a strategic review by Emira of its investments and group structure, where it was concluded that the structure of incorporating Transcend as an associate investment, is not favourable, and that there are no benefits associated with maintaining two listed entry points into Transcend's assets.

The offer 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's shareholding increased to 111 717 213 Transcend shares, representing 68,15% of the shares in issue and associated voting rights. This gave Emira control over Transcend rather than just significant influence. Given the irrevocable support Emira had 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 (the "date of control"). Transcend therefore ceased to be an equity accounted investment from this date and was consolidated.

Measurement of non-controlling interest

IFRS 3: Business Combinations, requires that for each business combination, the acquirer shall measure at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either:

- (a) Fair value; or
- (b) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Emira has chosen to recognise the Transcend non-controlling interest at its fair value. Judgement was exercised by Emira to determine the fair value of the non-controlling interest. Due to the market for Transcend shares being inactive the fair value of the non-controlling interest was estimated by applying an income approach. The fair value estimate is based on:

- (a) a discount rate of between 12,0% and 13,0%
- (b) an assumed terminal value based on Transcend's forecast EBITDA
- (c) a long-term sustainable growth rate ranging between 4,0% and 5,0% and
- (d) assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interest in Transcend.

The fair value of the Transcend non-controlling interest recognised at acquisition was R231,7m and is a level 3 input in terms of the fair value hierarchy.

For further information, refer to note 10 and 11.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 MARCH 2023 CONTINUED

31. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Inani Property Fund ("Inani")

In line with the portfolio rebalancing programme, Emira concluded an agreement on 5 October 2018 for the disposal of a R1,8 billion 25 office asset portfolio to Inani. The consideration was financed by Inani through a combination of senior debt (R1,38 billion) and equity (R105,9m) of which Emira holds 20%, together with a mezzanine loan provided by Emira of R432,8m (30 June 2022: R398,4m).

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

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

For further detail, refer to note 12.

CIL2 LLC ("CIL2") and foreign associates

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

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

SUPPLEMENTARY INFORMATION

DISTRIBUTION STATEMENT

R'000	Notes	Group	
		Nine months ended 31 Mar 2023	Year ended 30 Jun 2022
Profit for the period attributable to Emira shareholders		825 560	968 583
<i>Adjusted for:</i>			
Change in fair value of properties (net of NCI)		(116 359)	(190 375)
<i>Change in fair value of investment properties</i>		(65 219)	(28 718)
<i>Change in fair value on investment property of associates</i>		(47 995)	(162 295)
<i>Non-controlling interest</i>		(3 146)	638
Gain on bargain purchase		(255 491)	(35 568)
Impairment of investment in associate		22 239	34 209
Headline earnings		475 950	776 848
<i>Adjusted for:</i>			
Straight-lining of rental income adjustment	1	12 522	17 369
Amortised upfront lease costs	2	74	181
IFRS 16 Leasehold liability adjustments	3	403	261
<i>Interest on lease liability</i>		3 986	4 594
<i>Rental paid on lease liability</i>		(3 583)	(4 333)
Credit in respect of leave pay provision and share appreciation rights scheme	4	(40)	(491)
Transaction and advisory fees		7 822	–
Unrealised surplus on revaluation of interest-rate swaps	5	57 136	(48 031)
Fair value adjustment on share appreciation rights scheme derivative financial instruments		–	1 122
Unrealised loss on financial assets at fair value through profit and loss	6	3 880	9 544
Unrealised foreign exchange profit	7	(87 336)	(111 320)
Non-distributable income from equity-accounted investments	8	(19 461)	(62 428)
Dividend received/accrued from Transcend	9	10 228	32 742
Expected credit loss allowance	10	68 451	25 887
Net ESA Trust adjustments	11	6 124	6 891
Net BEE Scheme adjustments	12	22 245	25 340
Distributable income		557 998	673 915
Distributable income adjustments:			
Deferred rental net of expected credit loss	13	1 721	2 495
Expected credit loss movement of deferred rentals	13	–	(2 152)
Distributable income from the equity-accounted US investments not distributed	14	(21 198)	(21 972)
Interest due from Inani accrued but not received	15	(34 423)	(32 201)
Non-vesting treasury share dividends		710	421
Dividend received/accrued from Transcend – antecedent element	9, 16	1 011	5 603
Distribution payable to shareholders		505 819	626 109
Dividend per share			
Interim (cents)		66,43	56,59
Final (cents)		30,35	63,20
Total (cents)		96,78	119,79

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

Notes

- The straight-lining of rental income adjustment of R12,5m (30 June 2022: R17,4m) recognised in the statement of comprehensive income is added back on the basis that it is unrealised.
- R0,1m (30 June 2022: R0,2m) of lease commission expense amortisation has been recognised within property expenses in the statement of comprehensive income for the year. The lease commission amortisation has been added back for distribution calculation purposes – this portion of lease commission amortisation relates to leases signed before 1 July 2015. Lease commission expenses incurred before 1 July 2015 were taken into account in full for purposes of calculating distributable earnings in the year incurred hence the amortisation thereof is added back for distribution calculation purposes. The Fund's policy for the calculation of distributable earnings changed from 1 July 2015. The distribution calculation now follows the accounting hence no adjustment is made for commissions paid on leases concluded from 1 July 2015 onwards.

SUPPLEMENTARY INFORMATION

DISTRIBUTION STATEMENT CONTINUED

3. The IFRS 16, Leases, interest expense incurred on the lease liability is added back and the land lease payments incurred are factored into the distribution calculation to reflect the realised portion of operating leases.
4. A net negative charge of R0.05m (30 June 2022: R0,5m) was recognised within administration expenses in the statement of comprehensive income for both the provision of leave pay and the IFRS 2 charge on share appreciation rights granted to employees. These charges are added back on the basis that they are unrealised.
5. The loss of R57,1m (30 June 2022: R48,0m gain) on the revaluation of interest rate derivative contracts is the mark to market adjustment for the year recognised in the statement of comprehensive income and is added back on the basis that it is unrealised.
6. The R3,9m (30 June 2022: R9,6m) fair value loss in respect of Emira's investment in Inani and IHS Asset Management respectively. The fair value movement is added back on the basis that the gain is both unrealised and is of a capital nature.
7. A net foreign exchange gain of R85,9m (30 June 2022: R115,6m loss) in respect of the Group's investments in the US was recognised in the statement of comprehensive income for the year. The unrealised portion, being a gain of R87,3m (30 June 2022: R111,3m loss), is added back in the calculation of distributable earnings.
8. Total income from equity-accounted investments of R332,5m (30 June 2022: R526,5m) in respect of Emira's investments into Enyuka, Transcend and the US was recognised in the statement of comprehensive income. The non-distributable portion of R19,5m (30 June 2022: R62,4m), which is calculated in line with Emira's distributable earnings calculation, has been added back in the calculation of distributable earnings.
9. Emira's Transcend income of R10,2m represents its share of the dividend declared by Transcend on 14 February 2023 for the six-month period ended 31 December 2022, but only the portion relating to the period prior to 7 October 2022, being the date that Transcend became a subsidiary of Emira. Included in this amount are those dividends on the additional 7 288 780 Transcend shares Emira acquired on 21 September 2022, but only the portion due from 21 September to 6 October 2022. The antecedent portion in respect of the new shares of R1,0m has been included as a cash flow adjustment.
10. Expected credit losses on loans receivable of R68,5m (30 June 2022: R25,9m) accounted for in terms of IFRS 9 in the statement of comprehensive income are added back on the basis that these losses are unrealised.
11. The ESA Trust is a special purpose investment vehicle that holds Emira shares, set up for the benefit of Emira's executive directors. Emira is deemed to control the ESA Trust, hence it is consolidated, and any third-party finance costs are included in Emira's consolidated interest paid. Profits generated by the ESA Trust are for the benefit of the beneficiaries. Emira has guaranteed the ESA Trust's third-party debt obligations hence any net losses would ultimately be for Emira's account. The purpose of this adjustment is to adjust Emira's distributable income such that the effect of any items related to the ESA Trust, consolidated into Emira, are limited to a net amount of zero, after factoring in the dividends received by the ESA Trust and all its interest obligations. Included in Emira's "Interest paid and amortised borrowing costs" is a R2,8m (30 June 2022: R2,8m) interest charge in respect of the ESA Trust's interest obligations to its third-party lender.
12. The BEE Scheme is comprised of the restricted special purpose investment vehicles that hold Emira shares, set up for the benefit of the BEE parties which participated in Emira's June 2017 black empowerment equity issuance ("BEE Scheme"). Emira was deemed to control the parties with effect from April 2020, hence they were consolidated, and any third-party finance costs are included in Emira's consolidated interest paid. Profits generated by the BEE Scheme are for the benefit of the underlying investors. Emira has guaranteed the BEE Scheme's third-party debt obligations hence any net losses would ultimately be for Emira's account. The purpose of this adjustment is to adjust distributable income such that the effect of any items related to the BEE Scheme are limited to a net amount of zero, after factoring in the dividends received by the BEE Scheme and all its interest obligations. Included in Emira's "Interest paid and amortised borrowing costs" is a R10,3m (30 June 2022: R10,3m) interest charge, in respect of the BEE Scheme's interest obligations to its third-party lender.
13. As in the prior year, distributable earnings has been adjusted to exclude the deferred rentals, net of estimated credit losses provided for, resulting in a net adjustment of R1,7m (30 June 2022: R0,3m). The Fund will include any collection of these deferrals in the calculation of future dividends, in the period when the collections take place.
14. The distributable income from Emira's equity-accounted US investments has been reduced by R21,2m (30 June 2022: R22,0m). Where necessary, Emira and its US partners have retained a portion of cash collections across the underlying investment companies to fund general capital expenditure as well as letting costs, including lease commissions and tenant installations. Consequently, and where applicable, lower cash dividends were declared by some of the underlying property-owning entities during the 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 and the associated cure periods are met.
15. In terms of its loan agreement, Inani has elected not to pay interest, citing lower cash reserves as well as senior lender debt obligations. Given the uncertainty on the collection and timing of this interest, Emira has adjusted distributable earnings by R34,4m (30 June 2022: R32,2m).
16. 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.

SUPPLEMENTARY INFORMATION

SHAREHOLDERS' PROFILE AND JSE INFORMATION AT 31 MARCH 2023

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
SHAREHOLDER SPREAD				
1 – 1 000	1 674	41,76	277 531	0,05
1 001 – 10 000	1 446	36,07	6 479 351	1,24
10 001 – 100 000	686	17,11	20 207 192	3,87
100 001 – 1 000 000	164	4,09	47 881 635	9,16
Over 1 000 000 shares	39	0,97	447 821 538	85,68
Total	4 009	100,00	522 667 247	100,00
DISTRIBUTION OF SHAREHOLDERS				
Assurance companies	27	0,67	7 692 137	1,47
Close corporations	41	1,02	2 182 940	0,42
Collective investment schemes	145	3,62	52 505 120	10,05
Custodians	36	0,90	16 466 478	3,15
Foundations and charitable funds	37	0,92	2 064 994	0,40
Hedge funds	4	0,10	129 250	0,02
Insurance companies	3	0,07	139 491	0,03
Investment partnerships	8	0,20	174 114	0,03
Managed funds	6	0,15	252 588	0,05
Medical aid funds	9	0,22	1 285 584	0,25
Organs of state	5	0,12	45 499 571	8,71
Private companies	108	2,69	331 219 845	63,37
Public companies	2	0,05	1 225 009	0,23
Public entities	1	0,02	101 349	0,02
Retail shareholders	3 140	78,32	16 345 132	3,13
Retirement benefit funds	139	3,47	29 538 282	5,65
Scrip lending	6	0,15	1 067 119	0,20
Stockbrokers and nominees	11	0,27	1 800 146	0,34
Trusts	280	6,98	12 978 095	2,48
Unclaimed scrip	1	0,02	3	0,00
Total	4 009	100,00	522 667 247	100,00
SHAREHOLDER TYPE				
Non-public shareholders	13	0,32	310 263 762	59,36
Directors and associates	8	0,20	18 055 652	3,45
Major shareholder >10%				
Castleview Property Fund Limited	5	0,12	292 208 110	55,91
Public shareholders	3 996	99,68	212 403 485	40,64
Total	4 009	100,00	522 667 247	100,00
FUND MANAGERS WITH A HOLDING GREATER THAN 5% OF THE ISSUED SHARES				
Public Investment Corporation			41 794 453	8,00
Total			41 794 453	8,00
BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 5% OF THE ISSUED SHARES				
Castleview Property Fund Limited			292 208 110	55,91
Government Employees Pension Fund*			40 563 397	7,76
Total			332 771 507	63,67

* The Government Employees Pension Fund is managed by the Public Investment Corporation (PIC) and is included in the PIC 10,21% in the fund managers section above.

SUPPLEMENTARY INFORMATION

SHAREHOLDERS' PROFILE AND JSE INFORMATION AT 31 MARCH 2023 CONTINUED

DIRECTORS' BENEFICIAL HOLDINGS

The directors' holdings in shares of the Company as at 31 March 2023 were:

Number of shares	2023			2022			
	Beneficial direct	Beneficial indirect	Total	Beneficial direct	Beneficial indirect	Held by associates	Total
Executive directors							
Geoff Jennett	525 984	3 168 000	3 693 984	269 894	3 168 000	–	3 437 894
Ulana van Biljon	308 962	2 016 000	2 324 962	149 501	2 016 000	–	2 165 501
Greg Booyens	274 268	2 016 000	2 290 268	121 442	2 016 000	–	2 137 442
Non-executive directors							
Vusi Mahlangu	–	4 127 765	4 127 765	–	4 127 765	–	4 127 765
Michael Aitken*	–	–	–	–	–	233 222	233 222
Derek Thomas	–	5 618 673	5 618 673	–	5 618 673	–	5 618 673
Total	1 109 214	16 946 438	18 055 652	540 837	16 946 438	233 222	17 720 497

* Michael Aitken retired effective 31 August 2022 and therefore zero holding has been disclosed as at 31 March 2023.

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

SUPPLEMENTARY INFORMATION

DIRECT PORTFOLIO SUMMARY – COMMERCIAL

SECTORAL PROFILE

	Office	Urban Retail	Industrial	Total
Portfolio summary				
Number of properties	20	17	34	71
Property value (R'000)	2 934 350	4 937 000	1 804 550	9 675 900
Value split (%)	30,3	51,0	18,7	100,0
GLA (m ²)	161 029	292 623	309 127	762 779
GLA (%)	21,1	38,4	40,5	100,0
Vacancy (m ²)	20 098	9 200	6 486	35 784
Vacancy (%)	12,5	3,1	2,1	4,7
Revenue (%)	27,6	50,1	22,3	100,0
Average value per m ² (R/m ²)	18 223	16 872	5 838	12 685
Tenant retention by gross rental (%)	60,4	88,0	79,1	76,6
Weighted average rent reversions (%)	(14,8)	(5,5)	(6,5)	(8,4)
Weighted average escalations (%)	6,8	6,3	6,6	6,6
Weighted average lease expiry (years)	2,7	3,3	1,8	2,6
Weighted average annualised property yield (%)	7,7	13,9	6,1	8,3
Lease expiry profile (% of revenue)				
Vacancy (31/03/2023)	0,0	0,0	0,0	0,0
Vacated (31/03/2023)	0,2	0,0	0,0	0,2
Expiries rolled over	0,8	2,4	1,0	4,2
Year 1 (FY24)	5,7	12,4	7,4	25,5
Year 2 (FY25)	5,6	11,5	7,3	24,4
Year 3 (FY26)	7,2	6,4	2,0	15,6
Year 4+ (FY27+)	8,2	17,3	4,6	30,1
	27,7	50,0	22,3	100,0
Lease expiry profile (% of GLA)				
Vacancy (31/03/2023)	2,6	1,2	0,9	4,7
Vacated (31/03/2023)	0,1	0,0	0,0	0,1
Expiries rolled over	0,6	1,4	2,0	4,0
Year 1 (FY24)	3,9	8,7	12,0	24,6
Year 2 (FY25)	3,6	7,2	13,1	23,9
Year 3 (FY26)	4,3	4,8	4,0	13,1
Year 4+ (FY27+)	6,0	15,1	8,5	29,6
	21,1	38,4	40,5	100,0

GEOGRAPHICAL PROFILE

	Gauteng and Mpumalanga	Western Cape	KwaZulu-Natal	Free State	Total
% of value	72,4	17,9	7,5	2,2	100,0
% of GLA	72,6	17,0	7,6	2,8	100,0
% of revenue	71,1	16,8	9,0	3,1	100,0

TENANT PROFILE

	Grade A	Grade B	Grade C	Total
% of GLA	62,0	14,7	23,3	100,0
% of revenue	65,6	15,4	19,0	100,0

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

"B" grade: National tenants, listed tenants, franchisees and medium to large professional firms. These include, inter alia: Jam Clothing, Westpack, Van Schaik Bookstore, Capsicum Culinary Studio, The Pool Team, Kingsmead Shoes, Studio 88, Lovisa Accessories, The Local Choice Pharmacy, Webbers, DN Freight, Gozone Water, Tiger Wheel & Tyre, MICA, Bargain Books, Tile Afrika Cash And Carry.

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

SUPPLEMENTARY INFORMATION

PROPERTY LISTING AS AT 31 MARCH 2023

(ALL PROPERTIES HAVE BEEN INDEPENDENTLY VALUED AS AT 31 MARCH 2023)

OFFICE

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg. gross rent/m ² ¹
100 on Armstrong	100 Armstrong Avenue, Forest Park, La Lucia Ridge, Durban	KwaZulu-Natal	CEG Accounting	2 871	156,62
2 Frosterley Park*	2 Frosterley Crescent, La Lucia Ridge, Umhlanga Rocks, Durban	KwaZulu-Natal	Outworx Contact Centre	2 312	178,28
80 Strand Street (50%)	80 Strand Street, Cape Town	Western Cape	We Work, Trafficc	6 410	150,18
9 Long	21 Riebeek Street, Cape Town	Western Cape	Department Of Public Works, National Debt Advisors	9 528	138,28
Albury Park ^	Magalieszicht Avenue, Dunkeld West, Sandton	Gauteng	Network Space, Villioti Fashion Institute	8 212	105,82
Boundary Terraces	1 Mariendahl Lane, Newlands, Cape Town	Western Cape	Professional Provident Society Investments, World Wide Fund For Nature (WWF), Savings and Investment Association	8 020	215,12
Chiappini House	26 Chiappini Street, Cape Town	Western Cape	Thrifty Car Rental, Anatomy Design Studio	1 024	164,53
East Coast Radio House	314/7 Umhlanga Rocks Drive, Umhlanga Rocks, Durban	KwaZulu-Natal	Outworx Contact Centre, Kagiso Media	5 351	168,90
Epsom Downs Office Park	13 Sloane Street, Bryanston, Sandton	Gauteng	Red Brick Consulting, LNP Management, Hemocue	9 491	111,94
Gateview	3 Sugar Close, Umhlanga, Durban	KwaZulu-Natal	Real Promotions, Avbob Mutual Assurance Society	2 801	154,96
Hamilton House	30 Chiappini Street, Cape Town	Western Cape	Kids Living, H&M Hennes and Mauritz	3 247	166,09
Hyde Park Lane	Cnr Jan Smuts Avenue and William Nicol Drive, Hyde Park, Sandton	Gauteng	Standard Bank, MECS Growth, Transaction Capital Recoveries, Truffle Asset Management, The Financial Junction Investments	15 070	131,09
Knightsbridge Office Park	33 Sloane Street, Bryanston Ext 4	Gauteng	WSP Group Africa, KFC, Southern Mapping, Verifone Africa, Ventureweb, Emira Property Fund, Gold One Management Services, Shop2shop, Kidrotex	16 488	224,17
Lone Creek	21 Mac Mac Road and Howick Close, Waterfall Park, Midrand	Gauteng	Cement and Concrete SA	5 386	123,51
Menlyn Corporate Park	Cnr Corobay Avenue and Garsfontein Road, Menlyn, Pretoria	Gauteng	King Price Insurance Company, South African Local Government Association, BVI Consulting Engineers, Feenstra Group	26 920	221,03
Newlands Terraces	8 Boundary Road, Newlands, Cape Town	Western Cape	CCI South Africa, Intembeko Investment Administrators	4 531	146,67
Podium at Menlyn	43 Ingersol Road, Lynnwood Glen, Pretoria	Gauteng	Old Mutual Life Assurance, OMC Financial Services, Numolux Group	9 179	160,81
Summit Place – Buildings A, C, D, E (50%)	Cnr of Garsfontein Road and N1 Freeway, Menlyn Pretoria	Gauteng	Assupol Life, SNG Grant Thornton, Planet Fitness, BDO South Africa, Tsihlas Management, Aselsan Elektronik, Advtech Resourcing	12 900	220,44
The View – Tygervalley	43 Old Oak Road, Bellville, Cape Town	Western Cape	Intercare, Tiervlei Trial Centre, Clicks	6 448	214,61

SUPPLEMENTARY INFORMATION

PROPERTY LISTING AS AT 31 MARCH 2023 CONTINUED

(ALL PROPERTIES HAVE BEEN INDEPENDENTLY VALUED AS AT 31 MARCH 2023)

OFFICE

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg. gross rent/m ² [†]
Waterside Place	Waterside Place, South Gate Tyger Waterfront, Carl Cronje Drive, Bellville, Cape Town	Western Cape	AECOM, Tribugenix, Global BPO	4 840	152,04
Subtotal Office				161 029	178,28

† Excluding vacancies, parking, storerooms, kiosks and ATMs.

* Single tenant, therefore the weighted average gross rental across Emira's office sector has been used – R178,28/m².

^ Held-for-sale – Albury Park buildings 4, 5 and 8 only.

URBAN RETAIL

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg. gross rent/m ² [†]
Ben Fleur Shopping Centre	Da Vinci Street, Emalahleni	Mpumalanga	Checkers, Woolworths, Spur, Pick n Pay Clothing	10 385	172,82
Boskruin Shopping Centre	Cnr of President Fouché and Hawken Avenue, Bromhof, Johannesburg	Gauteng	Woolworths, Dischem	6 906	191,03
Gateway Centre	1319 Pretoria Street, Hatfield, Pretoria	Gauteng	Hatfield Liquor	1 792	209,43
Granada Square	16 Chartwell Drive, Umhlanga Rocks, Durban	KwaZulu-Natal	Clay Cafe, Capsicum Culinary Studio	7 215	206,24
Kramerville Corner	16 Desmond Street, Eastgate, Kramerville, Sandton	Gauteng	Griffiths and Griffiths, Daskasas, Bravo Group Manufacturing, House and Haven, Casa Italia Interiors, Design Plus Interiors, U&G Fabrics, Icanda Leather Furniture	18 348	131,84
Makro*	15 Hanover Street, Selby, Johannesburg	Gauteng	Makro	18 956	157,68
Market Square	Beacon Way, Plettenberg Bay	Western Cape	Pick n Pay, Woolworths, Clicks, Pick n Pay Clothing, Jack's Paint, Mr Price, Ackermans	14 848	149,66
Mitchells Plain (50%)	Town Centre Mitchells Plain	Western Cape	Shoprite, Jet, Victory Outreach International Church of Cape Town	9 786	122,11
Park Boulevard	11 Brownsdrift Road, Riverside, Durban North	KwaZulu-Natal	Spar, KTM	5 357	135,17
Parklands Health Centre	11 Village Walk, Cnr Link and Park Road, Table View, Cape Town	Western Cape	Intercare	2 487	223,90
Quagga Centre	Cnr Court and Quagga Streets, Pretoria West	Gauteng	Shoprite Checkers, Pick n Pay, Woolworths, Absa Bank, Mr Price, Clicks, Bradlows and Sleep Masters, Ackermans, Jet, Pep, Jam Clothing, Mattress and Couch Concept, Pick n Pay Clothing	29 393	145,74
Randridge Mall	Cnr John Vorster Drive and Kayburne Road, Randpark Ridge	Gauteng	Pick n Pay, Woolworths, Dis-Chem, Health-Worx Medical Centre, Firstrand Bank, Mr Price Apparel, Pick n Pay Clothing, Ackermans	22 267	157,80
Southern Sentrum	Benade Drive, Fichardt Park, Bloemfontein	Free State	Pick n Pay, Shell, Clicks	21 177	131,25
Springfield Retail Centre	2 Ilala Avenue, Springfield Park, Durban	KwaZulu-Natal	Food Lovers Market, West Pack, HiFi Corp, Coricraft, Baby City, Outdoor Warehouse, Ted's Home Store, Voples, Toyzone, Su Casa, The Bed Shop	17 325	160,35

SUPPLEMENTARY INFORMATION

PROPERTY LISTING AS AT 31 MARCH 2023 CONTINUED

(ALL PROPERTIES HAVE BEEN INDEPENDENTLY VALUED AS AT 31 MARCH 2023)

URBAN RETAIL

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg. gross rent/m ² [†]
Summit Place – Building G1 (50%)	Cnr Garsfontein Road and N1 Freeway, Menlyn, Pretoria	Gauteng	Jaguar Land Rover	2 484	195,86
The Tramshed	288 Van der Walt Street, Pretoria	Gauteng	Pick n Pay, Virgin Active, City of Tshwane, Department of Justice and Constitutional, Intercare, Fashion Fusion	12 859	119,11
Wonderpark	Cnr Old Brits Road and Heinrich Avenue, Karenpark, Pretoria	Gauteng	Pick n Pay Hypermarket, Game Stores, Checkers, Woolworths, Edgars, Virgin Active, Caltex, Builders Express, Buco, Ster Kinekor, Truworths, Mr Price Apparel, West Pack Lifestyle, Dis-Chem, Ackermans, HiFi Corporation, OBC Meat & Chicken, Standard Bank, Jet, Foschini, Clicks, Mr Price Home, Toys R Us, The Hub, Home Italia, Tiger Wheel & Tyre, Parrots, Rochester, Mr Price Sport, Pep, Identity, ABSA Bank, Gelmar	91 038	176,13
Subtotal Urban Retail				292 623	157,68

† Excluding vacancies, parking, storerooms, kiosks and ATMs.

* Single tenant, therefore the weighted average gross rental across Emira's urban retail sector has been used – R157.68/m².

INDUSTRIAL

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg. gross rent/m ² [†]
1 Medical Road *	1 Medical Road, Randjiespark Ext 41, Midrand	Gauteng	iMvula Healthcare Logistics	3 489	63,34
1 Monte Carlo Road * ^	1 Monte Carlo Road, Mahogany Ridge, Pinetown	KwaZulu-Natal	Kalideck	5 551	63,34
14-16 Boston Circle *	14-16 Boston Circle, Airport Industria, Cape Town	Western Cape	Bidvest Data	7 899	63,34
20 Anvil Road *	20 Anvil Road, Isando, Kempton Park	Gauteng	Little Green Beverages	12 250	63,34
Admiral House	151 Lechwe Street, Corporate Park South, Randjiespark Ext 7, Midrand	Gauteng	NUR Manufacturers, Zone Offroad Products, SA Van Conversions	4 460	65,18
Aeroport (12/14 Winnipeg Avenue)	12-14 Winnipeg Avenue, Aeroport, Kempton Park	Gauteng	Advanced Materials Technology, Milian Inks	1 640	58,41
Aeroport (34/36 Director Road)	34-36 Director Road, Aeroport, Spartan, Kempton Park	Gauteng	Renttech South Africa, Bearing Man	1 715	67,86
Aeroport (96 Loper Road) *	96 Loper Avenue, Spartan Ext 2, Kempton Park	Gauteng	Takraf South Africa	3 966	63,34
Aeroport (98 Loper Road) *	98 Loper Avenue, Spartan Ext 2, Kempton Park	Gauteng	DN Freight	1 672	63,34
Cambridge Park	22 Witkoppen Road, Paulshof	Gauteng	ITec, Puma, Zulzi OnDemand, Takealot	11 985	80,97
CEVA Midrand *	Cnr 16th and Douglas Roads, Randjiespark, Midrand	Gauteng	Ceva Animal Health	2 781	63,34

SUPPLEMENTARY INFORMATION

PROPERTY LISTING AS AT 31 MARCH 2023 CONTINUED

(ALL PROPERTIES HAVE BEEN INDEPENDENTLY VALUED AS AT 31 MARCH 2023)

INDUSTRIAL

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg. gross rent/m ² *1
Corporate Park (82 Lechwe)	82 Lechwe Street, Sage Corporate Park, Randjiespark Ext 70, Midrand	Gauteng	Maxxis Tyres South Africa, Brand It Marketing, Grano Foods	6 523	61,66
Denver Warehouse *	Cnr Mimetes Road and Kruger St, Denver, Johannesburg	Gauteng	Foodserv Solutions	9 752	63,34
Evapco *	Cnr Quality and Barlow Streets, Isando, Johannesburg	Gauteng	Evapco SA	5 715	63,34
Freeway Park	Cnr Berkley and Upper Camp Roads, Ndabeni, Maitland, Cape Town	Western Cape	Torga Optical	7 753	97,25
Greenfields	1451 Chris Hani Road, Redhill, Durban	KwaZulu-Natal	Unlimited Building Supplies SA, The Creativity Lab, Wholesale Motor Glass, Greenwest Investments, Nyakatho Plumbing and Hardware Supplies, Rietriver Mechanical, KNA Logistics	9 398	93,19
HBP Commercial unit *	36 Park Avenue North, Rooihuiskraal, Centurion, Pretoria	Gauteng	Sperosens	2 429	63,34
HBP Industrial units	95 Park Avenue North, Rooihuiskraal, Centurion, Pretoria	Gauteng	Play Town, Productive Systems, Ceramic World, Stiles	7 292	66,17
Industrial Village Jet Park	Cnr Kelly and Estee Ackerman Roads, Jet Park	Gauteng	BT Industries, Seals Galore, Manuel Adelino De Atouguia, Wits Health Consortium, GIF Products, Bundu Power, Golf Car Battery Supplies, Union-Swiss	11 613	55,83
Industrial Village Kya Sands	Cnr Elsecar and Barnie Streets, Kya Sands Ext 2	Gauteng	Redline Logistics Project Management, Rain events and Production, Label-IT Packaging, Memaqua Solutions, Orange Arrow Trading, Satiana Trading, Wandile Ndabezitha Holdings, Maxicool Refrigeration, Cosmic Industrial Supplies, T&R Design, Glalco, Ecozyme Eco Friendly Cleaning Chemicals, Voyager Computers, African Bank	16 659	48,36
Industrial Village Rustivia	6 Rover Street, Elandsfontein, Germiston	Gauteng	Turbofluid, Motif Furniture Creations, Stanley Basson Stanley Logistics, Ekasie Couriers	9 851	45,55
Kyalami Business Park (RS Components)	20 Indianapolis Crescent, Kyalami Park, Midrand	Gauteng	RS Components SA, Driverite	3 856	74,88
Midline Business Park	Cnr Richards Drive and Le Roux Road, Midrand	Gauteng	Coated Fabric, Flintgroup, Igus, Slo-jo Trading	11 870	62,96
Midrand (918 Morkels Close)	918 Morkels Close, Halfway House, Midrand	Gauteng	TCS John Huxley Africa, The Mattress Warehouse	2 449	72,46
Mitek South Africa *	754 16th Road, Randjiespark, Midrand	Gauteng	Mitek Industries	6 604	63,34
Northpoint Industrial Park	Capricorn Way, Brackenfell South	Western Cape	Auto and Truck Tyres, ABB South Africa, Sanspar Engineering, Emmay Commodities, Rapple Logistics, Pepkor Speciality, Van Schaik Book Store, Storage King, Incomati Warehousing and Distribution	16 415	79,02

SUPPLEMENTARY INFORMATION

PROPERTY LISTING AS AT 31 MARCH 2023 CONTINUED

(ALL PROPERTIES HAVE BEEN INDEPENDENTLY VALUED AS AT 31 MARCH 2023)

INDUSTRIAL

Property	Location	Province	Major tenants (GLA >500m ²)	GLA (m ²)	Weighted avg. gross rent/m ² ¹
One Highveld	5 Bellingham Street, Centurion, Pretoria	Gauteng	Lloyd Pearce Media Agency, AtPhoto Professional Imaging, Sipevents	6 301	79,43
RTT Acsa Park & RTT Continental*	Cnr Springbok and Jones Streets, Bardene, Jet Park	Gauteng	RTT Group	59 594	63,34
Steelpark Industrial Park	Symphony Park, Modderdam road, Bellville-South, Cape Town	Western Cape	Easylife Kitchens, Screamer Electronic Services, Macsteel Trading, Aerios, Trelleborg South Africa, Moonlight Fashion	9 362	57,56
Technohub	Roan Crescent, Corporate Park North, Midrand	Gauteng	Kawari Wholesalers, Firmenich Production, Vodacom	15 273	76,44
The Studios Atlas Gardens	Atlas Gardens, Potsmandam Road, Durbanville, Cape Town	Western Cape	Hardware Initiative, Zaprint, JT Online, Livance Cape, Kilowatt Audio Visual, Eaton Electric	9 298	67,25
Trellidor*	10 Hoist Street, Montague Gardens, Cape Town	Western Cape	Trellidor Innovations	7 794	63,34
V-Tech*	Cnr Douglas Road and Old Pretoria Road, Randjiespark, Midrand	Gauteng	V-Tech	2 533	63,34
Wadeville Industrial Village	6 Crocker Road, Wadeville, Germiston	Gauteng	Entech Consulting, GZ Industries, Indentisea Distributors, Demaco Engineering, Klinger, Commercial Repairs and Components, Lazwi Engineering, A and H Installations, Sakhile Ezweni Group, Plastix Engineering	13 384	46,58
Subtotal Industrial				309 127	65,58

† Excluding vacancies, parking, storerooms, kiosks and ATMs.

* Single tenant, weighted average for the industrial sector – R63.34/m².

^ Held-for-sale – 1 Monte Carlo Road.

VACANT LAND

Property	Location	Province
1 West Land	West Street, Centurion	Gauteng
Quagga Land	Cnr Court and Quagga Streets, Pretoria West	Gauteng
Total investment properties		762 779

SUPPLEMENTARY INFORMATION

DIRECT PORTFOLIO SUMMARY – RESIDENTIAL

SECTORIAL PROFILE

Emira's Residential Portfolio comprises 4 315 residential units, with a combined gross lettable area (GLA) of 224 518m²

GEOGRAPHICAL PROFILE

Province	Units	GLA (m ²)	Value (%)	Revenue (%)
Gauteng	3 784	199 461	85,9	86,4
Western Cape	531	25 057	14,1	13,6
Total	4 315	224 518	100,0	100,0

TENANT PROFILE

As per Section 13.18 of the JSE Listings Requirements, tenants are graded as follows:

- "A":** large national tenants, large listed tenants, government and major franchisees;
- "B":** national tenants, listed tenants, franchisees, medium to large professional firms; and
- "C":** other.

The entire tenant profile is classified as "C", comprising 4 315 individual residential leases as at 31 March 2023.

VACANCY PROFILE

The vacancy profile by GLA and number of units is set out below:

Unit type	Number of vacant units	Units (%)	GLA (%)
One bedroom + one bathroom	12	10,6	8,3
Two bedroom + one bathroom	87	77,0	74,4
Two bedroom + two bathroom	9	8,0	10,4
Three bedroom + two bathroom	5	4,4	6,9
Portfolio vacancy	113	100,0	100,0

Property name	One bed	Two bed	Three bed	Total no. of units	No. of vacant units	Vacancy (% of units as at 31 Mar 2023)	Weighted avg. rental per square metre (R/m ²) for the year 2023
67 on 7th	0	157	0	157	4	2,5	117
Alpine Mews	0	90	0	90	4	4,4	122
Birchwood Village*	77	112	1	190	9	4,7	0
De Velde*	1	0	0	1	1	100,0	101
Ekhaya Fleurhof	0	162	0	162	13	8,0	115
Ekhaya Jabulani	0	244	0	244	7	2,9	106
Jackalberry Close	0	208	0	208	4	1,9	115
Kensington Place	0	56	0	56	3	5,4	160
Midrand Village*	0	0	0	0	0	0,0	0
Molware	0	252	0	252	6	2,4	121
Parklands	0	187	0	187	3	1,6	123
Protea Glen	0	156	20	176	3	1,7	89
Silverton, Gauteng	0	76	0	76	3	3,9	100
Southgate Ridge	0	412	0	412	3	0,7	107
Village Seven, Stone Arch Village*	0	13	0	13	11	84,6	0
Terenure Estate	0	282	68	350	9	2,6	106
Theresa Park Estates	68	174	0	242	1	0,4	99
Tradewinds	85	0	0	85	1	1,2	138

SUPPLEMENTARY INFORMATION

DIRECT PORTFOLIO SUMMARY – RESIDENTIAL CONTINUED

Property name	One bed	Two bed	Three bed	Total no. of units	No. of vacant units	Vacancy (% of units as at 31 Mar 2023)	Weighted avg. rental per square metre (R/m ²) for the year 2023
Urban Ridge West	0	260	0	260	3	1,2	114
Urban Ridge East	14	184	0	198	3	1,5	131
Urban Ridge South	0	232	0	232	6	2,6	127
Vanguard Village*	0	0	0	0	0	0,0	0
Stoneleigh	21	114	54	189	6	3,2	94
The Block	50	203	0	253	6	2,4	153
The Bolton	232	50	0	282	4	0,0	191
	548	3 624	143	4 315	113	2,6	111

* Property or units classified as non-current asset held-for-sale.

WEIGHTED AVERAGE RENTAL

Sector	R/m ²	R/unit
Residential	111	6 146

Weighted average annualised property yield for the residential portfolio was 4,7%.

PROPERTY LISTING AS AT 31 MARCH 2023 (ALL PROPERTIES HAVE BEEN INDEPENDENTLY VALUED AS AT 31 MARCH 2023)

Property name	Physical address and province	Total GLA	Total number of units
67 on 7th	67 Seventh Avenue, Edenvale, Gauteng	8 478	157
Alpine Mews	72 Forest Road, Eersterivier, Western Cape	4 005	90
Birchwood Village	Corner of Cedar Road and 3rd Street, Chartwell, Gauteng	13 167	190
Ekhaya Fleurhof	40 Salinga Crescent, Fleurhof Ext 3, Gauteng	6 642	162
Ekhaya Jabulani	2342 Dikgathlehong Street, Jabulani, Gauteng	10 004	244
Jackalberry Close	23 Sydney Road, Jansen Park, Gauteng	10 713	208
Kensington Place	26 Dover Street, Ferndale, Gauteng	2 376	56
Midrand Village	Along Porcelain Road, Clayville, Gauteng	–	0
Molware	Corner Rietspruit Road and Morithi Street, Kosmosdal, Gauteng	11 937	252
Parklands	Along Southwark and Dartford Street, Parklands, Western Cape	10 064	188
Protea Glen	Kganwe Street, Protea Glen, Ext 11, Soweto	8 480	176
Silverleaf Estate	649 Krige Street, Silverton, Gauteng	5 140	76
Southgate Ridge	5 Duin Place, Naturena, Gauteng	21 972	412
Village Seven, Stone Arch Village	19 Brookhill Road, Gauteng	728	13
Terenure Estate	Corner Oranjerivier and Bergrivier Drive, Terenure Ext 70, Gauteng	22 028	350
Theresa Park Estates	60 Burning Bush Street, Theresa Park Ext 45, Gauteng	12 388	242
Tradewinds	255 Kent Avenue, Ferndale, Gauteng	3 730	85
Urban Ridge West	At 81 Fifth Road, Midrand, Gauteng	14 907	260
Urban Ridge East	At 77 Fifth Road, Midrand, Gauteng	10 140	198
Urban Ridge South	At the corner of Smuts Drive and 3rd Road, Midrand, Gauteng	12 472	232
Vanguard Village	29 Jade Street, Klipfontein Road, Heideveld, Cape Town, Western Cape	–	0
Stoneleigh	Cnr Winterhoek drive and Drakensberg Avenue, Brakpan, Gauteng	12 344	189
The Block	Bester Rd, Unclear, Cape Town, Western Cape	10 988	253
The Bolton	Cnr Baker Street and Sturdee Avenue, Rosebank	11 815	282
		224 518	4 315

SUPPLEMENTARY INFORMATION

REIT RATIOS

SA REIT FUNDS FROM OPERATIONS (SA REIT FFO)

R'000	Nine months ended 31 Mar 2023	Year ended 30 Jun 2022
Profit for the period attributable to Emira shareholders	825 560	968 583
<i>Adjusted for:</i>		
Accounting specific adjustments:	(243 602)	(106 200)
Fair value adjustments to:	(109 373)	(180 838)
Investment Property	(113 213)	(191 013)
Debt and equity instruments held at fair value through profit or loss	3 840	10 175
Gain on bargain purchase	(255 491)	(35 568)
Asset impairments (excluding goodwill) and reversals of impairment	90 690	60 095
Straight lining operating lease adjustment	12 522	17 369
Transaction costs expensed in accounting for a business combination	7 822	–
Adjustments to dividends received from equity interest held	10 228	32 742
Foreign exchange and hedging items:	(30 200)	(159 351)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	57 136	(48 031)
Foreign exchange gains or losses relating to capital items – realised and unrealised	(87 336)	(111 320)
Other adjustments:	(22 607)	(61 790)
Adjustments made for equity-accounted entities	(19 461)	(62 428)
Non-controlling interest in respect of the above adjustments	(3 146)	638
SA REIT FFO	529 152	641 242
Number of shares outstanding at the end of period (net of treasury shares)	482 324 420	483 007 458
SA REIT FFO per share (cents)	109,71	132,76
Interim SA REIT FFO per share (cents)	74,57	64,95
Final SA REIT FFO per share (cents)	35,14	67,81
Company specific adjustments to SA REIT FFO	(23 333)	(15 133)
Deferred rental net of expected credit loss	1 721	2 495
Expected credit loss movement of deferred rentals	–	(2 152)
Amortised upfront lease costs	74	181
IFRS 16 Leasehold liability adjustments	403	261
Distributable income from the equity-accounted US investments not distributed	(21 198)	(21 972)
Interest due from Inani accrued but not received	(34 423)	(32 201)
Non-vesting treasury share dividends	710	421
Accrual of listed security income – antecedent element	1 011	5 603
Net ESA Trust adjustments	6 124	6 891
Net BEE Scheme adjustments	22 245	25 340
Distributable earnings	505 819	626 109
Number of shares in issue	522 667 247	522 667 247
Distributable income per share (cents)	96,78	119,79
Interim (cents)	66,43	56,59
Final (cents)	30,35	63,20

SUPPLEMENTARY INFORMATION

REIT RATIOS CONTINUED

SA REIT NET ASSET VALUE (SA REIT NAV)

R'000	Nine months ended 31 Mar 2023	Year ended 30 Jun 2022
Reported net asset value attributable to the parent	8 182 002	7 861 955
<i>Adjustments:</i>		
Dividend to be declared	(158 630)	(330 326)
Fair value of certain derivative financial instruments	(37 325)	(22 868)
	7 986 047	7 508 761
Shares outstanding		
Number of shares outstanding at the end of period (net of treasury shares)	482 324 420	483 007 458
Effect of dilutive instruments	6 742 729	5 975 656
Dilutive number of shares in issue	489 067 149	488 983 114
SA REIT NAV per share (R)	1 632,91	1 535,59

SA REIT COST-TO-INCOME RATIO

Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	592 358	690 703
Administrative expenses per IFRS income statement	91 216	93 084
Excluding depreciation expense in relation to property, plant and equipment of an administrative nature	(806)	(792)
Operating costs	682 768	782 995
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	963 777	1 079 248
Utility and operating recoveries per IFRS income statement	344 689	395 070
Gross rental income	1 308 466	1 474 318
SA REIT cost-to-income ratio (%)	52,18	53,11

SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO

Expenses		
Administrative expenses per IFRS income statement	91 216	93 084
Administrative costs	91 216	93 084
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	963 777	1 079 248
Utility and operating recoveries per IFRS income statement	344 689	395 070
Gross rental income	1 308 466	1 474 318
SA REIT administrative cost-to-income ratio (%)	6,97	6,31

SA REIT GLA VACANCY RATE

Gross lettable area of vacant space	35 784	41 046
Gross lettable area of total property portfolio	762 779	775 495
SA REIT GLA vacancy rate (%)	4,7	5,3

SUPPLEMENTARY INFORMATION

REIT RATIOS CONTINUED

SA REIT COST OF DEBT

%	ZAR	USD
31 MAR 2023		
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	11,91	–
Fixed interest rate borrowings		
Weighted average fixed rate	–	–
Pre-adjusted weighted average cost of debt	11,91	–
<i>Adjustments:</i>		
Impact of interest rate derivatives	(0,79)	–
Impact of cross currency interest rate swaps	(1,70)	2,45
Amortised transaction costs imputed in the effective interest rate	0,09	–
All-in weighted average cost of debt	9,51	2,45
30 JUN 2022		
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	8,50	–
Fixed interest rate borrowings		
Weighted average fixed rate	–	–
Pre-adjusted weighted average cost of debt	8,50	–
<i>Adjustments:</i>		
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	Nine months ended 31 Mar 2023	Year ended 30 Jun 2022
GROSS DEBT	6 883 279	5 500 017
Less:		
Cash and cash equivalents	(125 045)	(66 776)
Add:		
Derivative financial instruments liability	196 681	142 250
Net debt	6 954 915	5 575 492
TOTAL ASSETS – PER STATEMENT OF FINANCIAL POSITION	16 243 335	14 071 564
Less:		
Cash and cash equivalents	(125 045)	(66 776)
Derivative financial assets	(83 162)	(68 097)
Furniture, fittings, computer equipment and intangible assets	(1 204)	(1 445)
Accounts receivable	(151 937)	(94 468)
Carrying amount of property related assets	15 881 987	13 840 779
SA REIT loan to value ratio (SA REIT LTV) (%)	43,8	40,3

ADMINISTRATION

AUDITOR

MOORE INFINITY INC.
Silver Stream Business Park
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PROPERTY MANAGERS

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**FIRSTRAND BANK LIMITED T/A
FIRST NATIONAL BANK**
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