Unaudited condensed consolidated interim financial results

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020
AND DIVIDEND DECLARATION

EMIRA
PROPERTY FUND

R333,7m

DISTRIBUTABLE INCOME (DOWN 13,9%)

5,9%

VACANCIES

52,00c

INTERIM DIVIDEND PER SHARE

42,5%

LOAN TO VALUE

1 475c

NET ASSET VALUE PER SHARE

INVESTMENTS

83,5%
78 DIRECT PROPERTIES *LOCAL*

5,2%
24 INDIRECT PROPERTIES *LOCAL*

11,3%
10 INDIRECT PROPERTIES *OFFSHORE*

DIRECT PROPERTY LOCAL: VALUE SPLIT PER SECTOR

31%
OFFICES

49%
URBAN RETAIL

18%
INDUSTRIAL

2%
RESIDENTIAL

COMMENTARY

Distributable earnings for the six months ended 31 December 2020 have decreased by 13,9% to R333,7m. After taking into account the adjustments relating to the effects of COVID-19, which reflect the cash backed position, the Board of Directors of Emira ("Board") has approved the declaration of an interim dividend of 52,00 cents per share for the six months to 31 December 2020 (December 2019: 74,10 cents). This is after the deferral of 5,09 cents of the available cash backed dividend per share to the second half of the year which the Board believes is prudent given the uncertainty on the future operational performance.

As anticipated, global economies continue to be constrained by the impact of COVID-19 and the related lockdowns. The diversified nature of Emira's investments on a sectoral and geographical basis, including its offshore exposure and its co-investment methodology, has proved defensive seeing some sectors and regions being hit harder than others.

Emira remains focused on maintaining the strength of its balance sheet and occupancy levels, and collecting rentals, to ensure that it comes through these trying times in the best possible position.

Tenant retention is Emira's key focus area, more so than ever before. Working together to understand tenants' needs and delivering space that is appropriate, of good quality and well-priced will help keep vacancies at low levels without compromising on future growth.

DIVIDEND POLICY

In evaluating Emira's dividend policy, the Board has resolved to continue applying the methodology adopted in August 2020 by adjusting distributable earnings where there is uncertainty regarding the timing of the cash flow of an underlying item or where cash is being retained in an underlying investment to ensure debt servicing is met while rent collections are subdued. These adjustments are not intended to alter normal timing differences existing in the ordinary course of business between standard accounting practices and the related cash flows. Further, the Board has chosen to defer the pay out as a dividend of a portion of the amount available for distribution and intends including it as part of the final dividend for the 2021 financial year as long as there is no material change in Emira's expected performance for the remainder of the year.

Emira exists to provide a platform from which investors can access the net rental income generated from its underlying portfolio of diversified property investments. Provided that Emira can demonstrate its ability to meet its future financial obligations, it should declare the cash backed portion of its distributable income as a dividend to shareholders. COVID-19 has emphasised the need for a strong balance sheet and liquidity position, which the Board has assessed and confirmed.

Distributable earnings

R'000	Half-year ended 31 Dec 2020	Half-year ended 31 Dec 2019	% change
Operating lease rental income and tenant recoveries excluding straight-lining of leases	**749 070**	770 325	(2,8)
Property expenses	**(340 058)**	(321 157)	(5,9)
Net property income	**409 012**	449 168	(8,9)
Income from listed investments	**–**	15 345	100,0
Administration expenses	**(45 854)**	(39 789)	(15,2)
Realised foreign exchange gain/(losses)	**(6 185)**	2 182	383,5
Other income	**2 265**	1 695	33,6
Distributable income from equity-accounted investments	**118 263**	107 849	9,7
Dividend received/accrued from Transcend	**19 817**	15 875	24,8
Net finance costs	**(177 343)**	(178 768)	0,8
Finance income	**20 314**	26 432	(23,1)
Finance costs	**(197 657)**	(205 200)	3,7
Interest paid and amortised borrowing costs	**(199 582)**	(207 053)	3,6
Interest capitalised to the cost of developments	**1 925**	1 853	3,9
Taxation (non-capital)	**–**	2 526	100,0
Minority shareholders' interests	**(438)**	49	993,9
Net BEE Scheme adjustment	**11 135**	9 167	21,5
Net ESA Trust adjustment	**2 977**	1 995	49,2
Distributable income	**333 649**	387 294	(13,9)
Distributable income adjustments			
1. Deferred rentals collected	**18 585**	–	–
2. Expected credit loss movement on deferred rentals	**(3 639)**	–	–
3. Income from US equity-accounted investments	**(35 023)**	–	–
4. Interest accrued on investment in Inani	**(13 266)**	–	–
5. Capitalised interest limitation	**(1 925)**	–	–
Available for distribution to Emira shareholders	**298 381**	387 294	(23,0)
Available for distribution per share (cents)	**57,09**	74,10	(23,0)
Less: portion deferred	**(5,09)**	–	–
Dividend per share (cents)	**52,00**	74,10	(29,8)

Revenue reduced by 2,8% period-on-period from R770,3m to R749,1m (excluding straight-lining adjustments in respect of future rental escalations). The decrease resulted from further rental concessions provided to tenants as part of Emira's COVID-19 response, an increase in vacancies as well as rental reversions on both renewals and new leases. Tenant concessions of R17,8m were provided in the period in the form of permanent remissions.

Property expenses rose by 5,9% from R321,2m to R340,1m. The Fund increased its estimated credit losses on outstanding debtors as at 31 December 2020 in light of the heightened risk of tenant failure, with 68,9% of the outstanding standard debtors (net of VAT) now provided for. Debtors relating to the rent deferrals were separately considered, and R3,6m of the brought forward bad debt provision was released. Cost management remains a key focus area.

Administration expenses increased by 15,2% to R45,9m (December 2019: R39,8m).

Emira realised a foreign exchange loss of R6,2m on its foreign investments compared with a gain of R2,2m in the previous period. The loss relates to its US investments where the related income and expenditure are accounted for at a weighted average monthly ZAR versus USD rate and then converted on a cash flow basis at the forward exchange contract rates or the spot rate.

Other income of R2,3m is primarily Emira's 50% share of the asset management fee charged to Enyuka Property Fund ("Enyuka").

Distributable income from equity-accounted investments of R118,3m includes:

- income from investments made in the United States of America ("USA" or "US") of R72,7m which represents Emira's share of the net distributable income from the 10 property investments held in the US;
- income from Enyuka of R41,9m, being the interest received on Emira's loan to Enyuka (R42,9m) less Emira's 49,9% portion of Enyuka's net loss (R1,0m after interest). Enyuka's net loss is post a total asset management fee of R4,1m of which Emira receives 50% which is shown in "Other Income"; and
- income from Transcend Residential Property Fund ("Transcend") of R23,4m, which comprises interest received on Emira's loan to Transcend of R3,6m and dividends received of R19,8m. Dividends received have been accrued for distribution purposes only and are in respect of the dividend declared by Transcend on 12 February 2021 for the year ended 31 December 2020.

Net finance costs for the period have reduced to R177,3m (December 2019: R178,8m) due to lower debt levels and a reduction in interest rates. Included in finances costs for the period is R5,1m (December 2019: nil) in respect of the BEE Scheme's (defined below) third-party debt obligations as a result of the BEE Scheme being consolidated with effect from April 2020. Finance income decreased due to certain of the loans advanced being repaid together with lower interest rates.

The distributable income due to minorities of R0,4m relates to Bet All Investments Proprietary Limited, the subsidiary which owns The Bolton, where minority shareholders hold 25,0%.

Net BEE Scheme adjustment: The Black Economic Empowerment ("BEE") scheme comprises 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 are consolidated, and any third-party finance costs are included in Emira's consolidated interest paid. Profits generated by the BEE Scheme are for the benefit of the underlying investors. Emira has guaranteed the BEE Scheme's third-party debt obligations with any net losses ultimately being for Emira's account. The purpose of this adjustment is to adjust distributable income such that the effect of any items related to the BEE Scheme are limited to a net amount of zero, after factoring in the dividends received by the BEE Scheme and all its interest obligations. Included in Emira's "Interest paid and amortised borrowing costs" is a R5,1m interest charge, in respect of the BEE Scheme's interest obligations to its third-party lender.

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

The following adjustments have been made to distributable earnings to arrive at the net cash backed position and hence the amount available for distribution:

- **Deferred rentals collected:** Deferred rentals granted to tenants in the previous year were excluded from the dividend calculation at 30 June 2020 on the basis that collection was uncertain. For the six-months ended 31 December 2020 the Fund has collected R18,6m of the prior year's deferrals which have now been included in the dividend calculation.
- **Estimated credit losses on deferred rentals**: Estimated credit losses relating to the prior year's deferred rentals were reassessed at 31 December 2020 resulting in R3,6m of the provision raised in the prior year being reversed for accounting purposes. This amount has been excluded from the dividend calculation on the basis that it was not taken into account when the credit loss provision was originally raised.
- **Distributable income from equity-accounted investments:** The distributable income from Emira's equity-accounted US investments has been reduced by R35,0m. As a result of deferments granted to tenants in response to COVID-19, Emira and its US partners continue to retain a portion of cash collections in the underlying investment companies to ensure cash reserves remain bolstered, thus providing an adequate buffer for debt servicing, future operating costs as well as leasing and tenant installation costs. Consequently, lower cash dividends were declared out of the underlying property-owning entities for the quarters ended 30 September 2020 and 31 December 2020.
- **Finance income:** Interest of R13,3m charged to Inani Property Fund ("Inani") on the loan advanced to them has been capitalised for the quarters ending 30 September 2020 and 31 December 2020. Given the uncertainty on the collection and timing of this interest, Emira has adjusted distributable earnings by R13,3m.
- **Interest capitalised to developments:** Capitalised interest of R1,9m has been adjusted for on the basis that it is not supported by an underlying cash flow, and the related development is on hold.

NET ASSET VALUE ("NAV")

At 31 December 2020 Emira's NAV decreased by 3,6% to 1 475 cents per share (June 2020: 1 530 cents). This follows a further reduction in the value of investment properties offset by a decrease in net derivative liabilities.

The number of shares used to calculate NAV was 484 180 465 and is made up as follows:

	Dec 2020	Jun 2020
Actual shares in issue	**522 667 247**	522 667 247
Adjusted for:		
Shares held by the BEE Scheme [i]	**(26 133 364)**	(26 133 364)
Shares acquired for the Emira Forfeitable Share Plan [ii]	**(5 153 418)**	(2 840 147)
Shares held by the ESA Trust [iii]	**(7 200 000)**	(7 200 000)
Adjusted shares in issue	**484 180 465**	486 493 736

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

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

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

PORTFOLIO REVIEW

South African direct portfolio

PORTFOLIO OVERVIEW

Located in South Africa, Emira's direct portfolio is valued at R9,9bn and comprises 78 properties (June 2020: 79) in the retail, office, industrial and residential sectors. The sectoral split by value and number of properties is as follows:

Sector	Value split (%)	Number of properties
Office	31	20
Urban retail	49	19
Industrial	18	38
Residential	2	1
	100	78

RETAIL

Following the easing of the lockdown restrictions from August 2020, visits to shopping malls and on-site sales steadily improved. The arrival of the "second wave" in December 2020 however resulted in the government shifting South Africa back to its level 3 restrictions, which constrained the ability of certain tenants to trade and made potential shoppers more cautious about venturing out into retail spaces. Tenants hardest hit were restaurants and entertainment venues together with liquor stores. Pre-COVID, the penetration of e-commerce locally had been limited however with the arrival of the pandemic many shoppers experimented with online purchasing, resulting in numerous retailers progressing their omni-channel offering. While online sales have certainly increased these are not expected to have a significant impact on the local retail market for the immediate future.

Emira's retail portfolio has proved relatively defensive comprising mostly grocer-anchored neighbourhood centres that are close to their communities, which are well let with low vacancies.

OFFICE

The office sector remains challenging, having entered the pandemic with an oversupply of space in an already constrained economy. Declining profits and business confidence have resulted in companies reconsidering their expansion plans as well as their staff requirements. Many corporates are also considering a more flexible work model which incorporates hot desking and a partial work-from-home approach, reducing their space requirements. That said, when considering their office size, tenants have been mindful of social distancing measures and have adjusted their requirements accordingly. Collectively, all of these factors are evolving leases to be more flexible, shortening the duration of contracts and driving negative rental reversions. More than ever landlords must now adjust their offering to align with current trends in order to attract and retain tenants.

Emira's steps over the last five years to reduce its office exposure has meant its remaining office portfolio is a higher quality offering located in sought-after nodes which makes it better positioned for the challenges ahead.

INDUSTRIAL

Economic strain and electricity supply disruptions have and continue to impact industrial businesses. The industrial sector has however proven to be somewhat more resilient than other sectors during the pandemic, largely due to the increased demand of essential goods and services as well as the sharp growth in online activity which progressed all associated industrial businesses. Other industries, such as those related to textiles and non-essential services, were negatively impacted due to the lockdown restrictions and the inability to trade.

The diversification within Emira's industrial portfolio, which is split between single-tenant light industrial and warehouse facilities and multitenant midi- and mini-unit industrial parks, has reduced portfolio risk.

RESIDENTIAL

Emira has one directly held residential property, The Bolton, which is aimed at the higher-demand mid-to-lower market and is well located in the popular Rosebank node. Emira works with experts in specialist property sectors, and partners with The Feenstra Group at The Bolton. The initial lockdown resulted in a spike in vacancies as the movement on prospective tenants to occupy new premises was restricted. As the lockdown restrictions eased, occupancy rates recovered, which has proved that while consumers are under pressure, they require a place to live and quality, well-run accommodation at the right rental, remains in demand.

COVID-19

The effects of the pandemic with its different levels of lockdown continue to have a negative impact on the local economy, business confidence and household spending. The full impact on tenants is still uncertain and the environment remains challenging. These negative factors have weighed heavily on the property sector where all key property metrics remain under pressure.

As previously mentioned, Emira took a long-term view when going through the process of assessing the type and level of rent relief provided to tenants. Tenant sustainability remains at the forefront of the Company's considerations throughout, to ensure that as many of its tenants as possible survive the adverse effects of the pandemic. The Company continues to engage with tenants to understand the performance of their businesses and how they are positioned for the future.

Since the onset of the pandemic, concessions in the form of gross rental deferrals and/or rental remissions have been provided to tenants, depending on their specific circumstances. Initially these were granted for the months of April to June 2020, when the most stringent restrictions were in place. For certain high-risk tenants, such as gyms, restaurants and entertainment venues, further permanent rental remissions totalling R17,8m were provided in the period, all on a case-by-case basis. Rental concessions are expected to continue in the second half of the year for a limited number of tenants.

It has been pleasing to see monthly improvements in collections for the six-months to 31 December 2020. While the brought forward outstanding debtors' position has marginally increased when compared to that reported at 30 June 2020, appropriate credit losses have been provided for. The collection of deferred rentals has been particularly better than anticipated, with 79,5% of the deferrals billed in these first six-months collected. The collection of rentals remains a key focus area for the Fund.

Arrears and collections as at 31 December 2020

	31 DEC 2020					30 JUN 2020
R'000	**Urban retail**	**Office**	**Industrial**	**Residential**	**Total**	**Total**
Arrears (excluding VAT)						
Standard debtors	**21 187**	**35 430**	**10 165**	**(1 732)**	**65 050**	63 669
Estimated credit losses on standard debtors					**(45 062)**	(25 722)
Deferred rentals	**6 584**	**15 014**	**10 988**	**–**	**32 585**	48 683
Deferrals billed not yet recovered	**1 182**	**2 632**	**1 460**	**–**	**5 275**	–
Deferrals not yet billed	**5 401**	**12 381**	**9 528**	**–**	**27 310**	48 683
Estimated credit losses on deferred rentals					**(16 440)**	(20 080)
Normal collections vs billings net of discounts (VAT inclusive)						
Collections: April 2020 – June 2020	**136 042**	**86 747**	**53 996**	**6 752**	**283 537**	
Billings: April 2020 – June 2020	**157 078**	**119 864**	**73 504**	**6 890**	**357 337**	
Collections: April 2020 – June 2020 (%)	**86,6**	**72,4**	**73,5**	**98,0**	**79,3**	
Collections: July 2020 – September 2020	**176 345**	**124 703**	**77 333**	**6 215**	**384 595**	
Billings: July 2020 – September 2020	**191 096**	**138 979**	**82 282**	**6 107**	**418 464**	
Collections: July 2020 – September 2020 (%)*	**92,3**	**89,7**	**94,0**	**101,8**	**91,9**	
Collections: October 2020 – December 2020	**225 684**	**151 589**	**90 073**	**7 165**	**474 511**	
Billings: October 2020 – December 2020	**208 032**	**141 998**	**88 631**	**7 002**	**445 663**	
Collections: October 2020 – December 2020 (%)*	**108,5**	**106,8**	**101,6**	**102,3**	**106,5**	
COVID-19 deferral collections vs deferral billings (VAT inclusive)						
COVID-19 deferrals not yet recovered 1 July 2020 – 31 December 2020	**1 360**	**3 027**	**1 679**	**–**	**6 066**	48 683
COVID-19 deferrals billed: 1 July 2020 – 31 December 2020	**7 321**	**13 193**	**9 065**	**–**	**29 578**	48 683
COVID-19 deferrals collected: 1 July 2020 – 31 December 2020	**(5 893)**	**(9 827)**	**(7 386)**	**–**	**(23 106)**	–
COVID-19 rental discounts granted (excluding VAT)						
COVID-19 rental discounts granted: 1 July 2020 – 31 December 2020	**14 680**	**2 588**	**541**	**–**	**17 810**	69 923

* Collections in excess of 100% are either collections of arrears or collections of future rentals.

VACANCIES

GLA reconciliation

	GLA m²
Balance at 30 June 2020	816 443
Disposals	(4 804)
Acquisitions/extensions	–
Re-measurements	(1 754)
Balance at 31 December 2020	**809 885**
Occupied GLA at 31 December 2020	**762 290**
Vacant GLA at 31 December 2020	**47 595**
Vacancy %	**5,9**

Vacancy reconciliation

	GLA m²	%
Balance at 30 June 2020	33 765	4,1
Less: Properties sold since 30 June 2020	–	
Remaining portfolio balance at 30 June 2020	33 765	
Leases expired	152 008	
Renewal of expired leases	(89 145)	
Leases to be renewed	(29 447)	
New letting of vacant space	(18 576)	
Re-measurement of vacant space	(1 010)	
Balance at 31 December 2020	**47 595**	**5,9**

Overall vacancies increased to 5,9% from 4,1% since last reported at 30 June 2020, largely due to tenants consolidating their space requirements and increased tenant failures. Urban retail sector vacancies improved to 3,4% (June 2020: 3,8%) and remain below the South African Property Owners Association ("SAPOA") national average of 6,9% as reported in September 2020. While industrial vacancies have increased to 3,9% (June 2020: 3,2%), they too remain well below the SAPOA national average of 5,0% (SAPOA reported December 2019). Emira's office sector vacancies saw an increase to 14,9% (June 2020: 6,9%), which is above the national average of 13,3% (SAPOA reported December 2020). This increase is a consequence of COVID-19 and is spread across various buildings with the increase at Menlyn Corporate Park in Pretoria being the largest – Santam, who occupied 4 657m2, consolidated into alternative offices it occupies. Given the tough environment the Fund will need to adjust letting strategies and, where required, implement tenant incentives, to suit the changing market conditions.

The Bolton, Emira's sole directly held residential property, occupancy improved to 97,5% let (June 2020: 80,9%), driven by increased demand following the easing of COVID-19 lockdown restrictions, with seven units of 282 units remaining unlet as at 31 December 2020.

Commercial vacancies

	No. of buildings Dec 2020	GLA Dec 2020 (m²)	Vacancy Dec 2020 (m²)	Vacancy Dec 2020 (%)	No. of buildings Jun 2020	GLA Jun 2020 (m²)	Vacancy Jun 2020 (m²)	Vacancy Jun 2020 (%)
Office	**20**	**160 764**	**23 931**	**14,9**	20	160 237	11 020	6,9
Retail	**19**	**306 736**	**10 300**	**3,4**	20	313 698	11 805	3,8
Industrial	**38**	**342 385**	**13 364**	**3,9**	38	342 508	10 940	3,2
Total	**77**	**809 885**	**47 595**	**5,9**	78	816 443	33 765	4,1

Residential vacancies

	No. of buildings Dec 2020	No. of units Dec 2020	Vacancy Dec 2020	Vacancy Dec 2020 (%)	No. of buildings Jun 2020	No. of units Jun 2020	Vacancy Jun 2020	Vacancy Jun 2020 (%)
Total	**1**	**282**	**7**	**2,5**	1	282	54	19,1

LEASING

Emira's weighted average lease expiry for its direct portfolio is 2,6 years, with 15,1% of the leases due for renewal before June 2021, based on gross rental. Notably, 23,9% of leases expire beyond June 2025.

	Rentable area (%)	Contractual rental revenue (%)
Vacant	5,9	–
Jun 2021	14,6	15,1
Jun 2022	19,9	20,6
Jun 2023	17,2	18,4
Jun 2024	17,8	22,0
June 2025 >	24,6	23,9
	100,0	100,0

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

- iMvula Healthcare Logistics at 1 Medical Road in Johannesburg (3 489m² for a total value of R13,1m) replacing Johnson & Johnson;
- Mambo's Plastics Warehouse at Springfield Retail Centre in Durban (1 518m² for a total value of R10,5m) replacing The Hub; and
- Tribugenix at Waterside Place in Cape Town (701m² for a total value of R7,9m).

Tenant retention for the period included a total of 81% by revenue (June 2020: 80%) and 83% by GLA (June 2020: 78%) of the 273 expiring leases (127 038m²). The most substantial renewals concluded by lease value, were:

- South African Local Government Association at Menlyn Corporate Park in Pretoria (7 025m² for total value of R93,2m);
- Shoprite at Mitchells Plain in Cape Town (3 624m² for a total value of R51,9m);
- A lease cession with Retailability for the Edgars store at Wonderpark in Pretoria (3 998m² for a total value of R25,6m);
- Mitek Industries at Mitek South Africa in Johannesburg (6 604m² for a total value of R9,8m); and
- Hifi Corp at Springfield Retail Centre in Durban (1 436m² for a total value of R9,8m).

VALUATION

Emira's accounting policies require that the directors' value the entire portfolio every six months at fair value. The fair market value of investment property reduced by 3,2% from 30 June 2020, however, when factoring in capital expenditure of R53,6m for the six months, there was a net reduction of 3,6% for the period.

As reported at 30 June 2020, in light of the deteriorating macro-economic conditions and poor outlook, the Fund increased its discount rates and exit capitalisation rates. It also adjusted the majority of its valuation inputs (void periods, market rentals, rental growth rates and perpetual vacancy rates). These adjustments have been maintained in the December 2020 valuations and this additional reduction in property values is a result of a greater proportion of the anticipated lower rentals and vacancies now within the underlying cash flows. The "Measurements of Fair Value" section below provides further information.

Total portfolio movement

Sector	Dec 2020 (R'000)	Dec 2020 (R/m²)	Jun 2020 (R'000)	Jun 2020 (R/m²)	Difference (%)	Difference (R'000)
Office	**3 047 705**	**18 958**	3 215 449	20 067	(5,2)	(167 744)
Retail	**4 787 710**	**15 609**	4 950 100	15 780	(3,3)	(162 390)
Industrial	**1 802 125**	**5 263**	1 830 650	5 345	(1,6)	(28 525)
Residential	**219 300**	**–**	211 200	–	3,8	8 100
Total	**9 856 840**		10 207 399		(3,4)*	(350 559)

* Reduced to 3,2% if the disposal of Steiner Services is excluded from the portfolio at 30 June 2020.

ACQUISITIONS

As previously advised the Fund had contracted to acquire Northpoint Industrial Park, a multitenant industrial property located in Cape Town. The seller was unable to fulfil the conditions precedent by the 31 December 2020, resulting in the Fund renegotiating the price to R103 million for an extension of the contract. The property is expected to transfer by April 2021.

DISPOSALS

During the period the Fund disposed of one property, namely Steiner Services in Gauteng, which transferred out on 14 December 2020. The sale price of R34,5m represents a 17% premium to book value and an exit yield of 8,0%.

As at 31 December 2020, two assets valued at R171,3 million, namely Epsom Downs Shopping Centre and Epping Warehouse, have been classified as held for sale.

DEVELOPMENTS AND REFURBISHMENTS

Consistent investment into the portfolio over the years has meant Emira's properties remain relevant in the nodes in which they are located and attractive to both current and prospective tenants. Projects focused on making Emira's properties more sustainable, particularly those that improve energy efficiency and water conservation, remain a priority.

A total of R53,6m of capital was invested into the Fund's directly held portfolio during the past six months. The following major projects commenced or were concluded during the period:

- an upgrade of Albury Office Park in Johannesburg is underway, which not only includes the building façade and patios, but also the common areas;
- upgrades to certain of the pockets within Epsom Downs Office Park were completed, creating an innovative workplace model with open spaces and shared use of common areas, breakout spaces and meeting rooms; and
- the installation of photovoltaic (PV) solar farms at Springfield in Durban and Market Square in Plettenberg Bay were completed, which will reduce the reliance on Eskom produced power. A further PV project at Quagga in Pretoria commenced and is anticipated to be completed by June 2021.

Scrutiny of essential capital expenditure remains high and is approved on a case-by-case basis by the executive directors.

SHORT-TERM FOCUS AREAS AND KEY RISKS

Maintaining close relationships with tenants over the months ahead will continue to improve the Fund's understanding of their requirements, and flag risks early. Emira will continue to roll out more innovative workplace occupancy models for its office tenants, taking health and safety into account, which will improve tenant retention and should attract new tenants.

Utilities supply disruptions and the continued above-inflation increases of rates, taxes and utilities costs pose major risks for the property sector. Emira will continue to engage with the municipalities where it has property investments to manage these costs. Further, the Fund will continue to expedite projects relating to alternative energy supply, water harvesting as well as backup power.

Indirect investments

As at 31 December 2020

			CARRYING VALUE		
Investment	Classification	Equity held (%)	Investment R'000	Loan (net of ECL) R'000	Total R'000
Transcend	Equity-accounted investments	34,9	395 155	93 244	**488 399**
Enyuka	Equity-accounted investments	49,9	54 083	590 430	**644 513**
USA	Equity-accounted investments	49,0	1 383 859	–	**1 383 859**
			1 833 097	683 674	**2 516 771**
Inani	Other financial assets	20,0	17 399	296 566	**313 965**

As at 30 December 2020

	STATUTORY INCOME				DISTRIBUTABLE INCOME				
Investment	Share of profit/(loss) R'000	Dividends received R'000	Interest on loan R'000	Total R'000	Share of profit/(loss) R'000	Dividends received R'000	Interest on loan R'000	Adjust-ments R'000	Total R'000
Transcend	(1 869)	–	3 635	**1 766**	–	19 817	3 635	–	**23 452**
Enyuka	(4 531)	–	42 910	**38 379**	(942)	–	42 910	–	**41 968**
USA	32 574	–	67 833	**100 408**	72 659	–	–	(35 023)	**37 636**
	26 174	–	114 379	**140 553**	71 717	19 817	46 546	(35 023)	**103 057**
Inani	–	–	13 266	**13 266**	–	–	13 266	(13 266)	**–**

TRANSCEND

Emira holds a 34,9% equity interest in Transcend, a specialist residential REIT. During the period, R10m of the R103,4m mezzanine loan provided by Emira to Transcend was repaid leaving a capital balance of R93,4m which is due on 30 June 2021.

Emira equity accounts its interest in Transcend, and the R1,8m recognised includes Emira's share of Transcend's net loss of R1,9m and R3,6m of interest received on the mezzanine loan provided to Transcend.

During the period, Emira received dividends of R5,5m from Transcend for their interim period ended 30 June 2020. An amount of R19,8m has been accrued for distribution purposes only in respect of the final dividend declared by Transcend on 15 February 2021 for their year ended 31 December 2020.

As at 31 December 2020, Transcend's total property portfolio was valued at R2,5bn, and its loan-to-value ("LTV") ratio was 52,7%, with the interest cover ratio at 1,7 times.

ENYUKA

Enyuka is a rural retail venture between Emira and One Property Holdings. Emira equity accounts its interest in Enyuka and the R38,4m recognised includes Emira's share of Enyuka's net loss of R4,5m (of which R0,9m is a distributable loss) and R42,9m of interest received on the shareholder loan provided to Enyuka. Notwithstanding an increase in unemployment rates over the last six months, the rural retail sector has performed well, outperforming all other sectors. Rental concessions provided have been lower than budgeted with most tenants trading throughout the period.

Enyuka made no acquisitions or disposals in the period.

As at 31 December 2020, Enyuka's total property portfolio was valued at R1,7bn and its LTV ratio was 52,2%. Enyuka's interest cover ratio was 2,5 times at 31 December 2020.

USA

PORTFOLIO OVERVIEW

Emira has, on a deal-by-deal basis, co-invested in 10 grocery-anchored dominant value-oriented power centres in the USA, together with its USA-based partner, The Rainier Companies ("Rainier"). Emira, through its US subsidiary CIL2, owns a minority share in each of the 10 direct property-owning entities but has a unanimous voting arrangement on all major decisions.

Underpinned by sound property fundamentals and a high-quality tenant base, Emira's US investments have a consolidated weighted average lease expiry of 5,9 years (by GLA) and a vacancy rate of 8,5%.

Emira equity accounts the 10 direct property-owning entities and R32,6m was recognised as its share of the net profit for the year, which included a fair value loss on property valuations of R40,1m, leaving R72,7m as distributable. The carrying value of the equity-accounted investments as at 31 December 2020 was R1,4bn (or USD94,2m).

The gross value of the properties in the underlying property owning companies was USD489,6m at 31 December 2020, with the gearing level at 61,2%.

COVID-19

Despite the ongoing impact of COVID-19, the portfolio continued to perform relatively well and was far less impacted compared to traditional enclosed malls and lesser quality properties, owing to, among others, the following factors:

- the centres are shadow-anchored by major grocer retailers that remained open as essential service providers and continued to draw shoppers to the properties;
- the high credit quality and value offering focus of the medium to larger tenants (occupying the majority of GLA) meant that the tenants had the financial resources to endure the worst of the decrease in demand, and were also most likely to take advantage of the return in demand, as constrained consumers preferred the value offerings they provided; and
- the open-air nature and locations of the properties meant shoppers were likely to feel more comfortable shopping at these centres versus enclosed malls, and tenants were more easily able to adapt their offerings and utilise initiatives such as kerbside pickup, home deliveries and take-out.

While the US continued to see an increase in COVID-19 infections across the country, the economy and retail sector adapted to the conditions, and less imposed restrictions from authorities were seen. The economy was also cushioned by a number of federal and state government stimulus and relief measures. This resulted in less relief being requested and granted to tenants, although most of the relief agreements negotiated in the last quarter of the financial year ended 30 June 2020 ("FY2020") were still in effect. As in FY2020, financial assistance provided was mostly in the form of deferments of a varying portion of rentals for July to December 2020, typically with no expense recoveries being deferred. Payback of deferred rentals for the majority of agreements began in January 2021. In the uncommon instances of rental abatements having been given, the landlord generally received equal economic benefit through various means, including lease extensions and/or reduction in future tenant installation commitments. The collection of rentals for the six-months to 31 December 2020 have been strong, with an excess of 100% of all rentals, billed collected.

VACANCIES

The vacancy rate increased during the period from 5,2% in June 2020 to 8,5% in December 2020, attributable mostly to increases at Belden Park Crossings, 32 East and Moore Plaza, as a result of Dick's Sporting Goods (65 120 sq ft, Belden Park Crossings) vacating on expiry, and Stein Mart (25 500 sq ft and 28 157 sq ft at 32 East and Moore Plaza respectively) not re-emerging from bankruptcy. This was partially offset by leasing at Woodlands Square with the back-filling of the grocer space by a new operator of the Earth Fare brand. As indicated previously, overall vacancies in the portfolio are expected to stabilise at just below 9% before reducing in the second half of 2021. A number of leasing deals are in advanced stages of negotiation, in line with the strategy of tenanting centres with high credit-quality tenants.

LEASING

During the period, 15 leases with a total GLA of 121 576 sq ft were renewed at an average new annual rental of USD13,79/sq ft and a duration of 3,4 years, representing a positive reversion of 1,55%. A total of seven new leases with a GLA of 36 606 sq ft were concluded at an average annual rental of USD17,72/sq ft and average duration of 9,0 years. Two of the seven new leases represented reversions, which averaged a negative 12,8% compared to the previous rental, driven mostly by the new Earth Fare lease. Inference should not be drawn from this to the rest of the portfolio given the small GLA concerned. Overall, leasing activity was lower than usual due to a significant amount of early renewals being negotiated and concluded in the last quarter of FY2020.

VALUATIONS

All 10 assets were valued internally by the directors using a 10-year discounted cash flow valuation model in line with the approach taken in June 2020. The following metrics were applied to the portfolio:

	Jun 2020	Jun 2019
Total GLA (sq ft)	**2 937 983**	2 941 151
Portfolio value (USDm)	**489,6**	493,1
Average value per property (USDm)	**49,0**	49,3
Value per square foot (USD/sq ft)	**166,47**	167,64
	Average	**Average**
Average exit capitalisation rate (%)*	**8,08**	8,00
Average discount rate (%)#	**8,83**	8,83
Market rental assumptions	**Property specific**	Property specific

* Exit cap rates ranged between 7,25% - 9,00% at both December 2020 and June 2020.

Discount rates ranged between 8,00% - 9,50% at both December 2020 and June 2020.

ACQUISITIONS

No acquisitions were made in the period under review. Rainier and Emira will continue to look for and evaluate potential acquisition targets that fit the partnership's criteria and offer compelling risk-adjusted returns, taking into account the prevailing market conditions.

DISPOSALS

No significant disposals were made during the year under review. However, one small outparcel was sold at Dawson Marketplace, in line with the asset management strategy that was set out at acquisition. The net proceeds were mostly used to settle debt attributable to the relevant owner partnership. The details of the sale are as follows:

Property	GLA (sq ft)	Tenant	Sale price USD'000	Disposal yield (%)	Closing date
Dawson Marketplace	3 500	Chipotle	1 900	5,25	Nov 2020

DEVELOPMENT AND REFURBISHMENTS

Ongoing and routine capital expenditure on assets continues to ensure that centres are maintained and kept to a high standard, but no significant development or refurbishment has taken place during the year under review. At Dawson Marketplace, several underdeveloped pads were part of the acquisition, and these are expected to be developed in due course when leases and development agreements are concluded with appropriate tenants. Furthermore, the construction of a 35 000 sq ft Onelife Fitness gym, which was delayed due to COVID-19, is expected to be completed before the end of December 2021, on a 15 year lease term. At San Antonio Crossing, extensive work has been done at evaluating the development of an outparcel that will incorporate a drive-through for an international food and beverage tenant, along with a medical offering. Subject to final feasibility studies and financing, it is anticipated that construction will begin before the end of June 2021.

OTHER FINANCIAL ASSETS

The investment in Inani is classified as a financial asset through profit and loss with a fair value of R17,4m as at 31 December 2020. The loan to Inani is accounted for under loans receivable and at 31 December 2020 an estimated credit loss provision of R55,7m (June 2020: R37,6m) has been raised against the total amount outstanding of R352,3m (including interest).

FUNDING AND TREASURY MANAGEMENT

Emira's LTV, measured by dividing interest-bearing borrowings (net of cash and cash equivalents and including the fair value of net derivative liabilities) by the fair value of income-producing assets including property, listed investments, equity-accounted investments and loans receivable, was 42,5% at 31 December 2020. This is slightly lower than the level reported at 30 June 2020 (43,0%) with a drop in value of investment properties offset by an improvement in the value of derivatives. The Fund's interest cover ratio at a Group level was 3,0 times at 31 December 2020.

Breakdown of interest-bearing borrowings:

R'000	Dec 2020	Dec 2019	Jun 2020
Emira			
Capital	**4 963**	4 811	4 967
Accrued interest	**22**	35	28
Unamortised borrowing costs	**(6)**	(6)	(5)
	4 979	4 840	4 989
SPVs consolidated through common control*			
Capital	**185**	39	186
Accrued interest	**3**	2	5
	188	41	190
Per statement of financial position	**5 167**	4 881	5 179

* Interest-bearing debt of ESA Trust and BEE Equity SPVs.

Emira borrowings

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

- a new R200,0m four-year secured term facility was put in place with ABSA at three-month JIBAR plus 210bps;
- a R200,0m three-year secured term facility with ABSA was early refinanced for a further four years and five months at three-month JIBAR plus 215bps;
- R241,0m of new listed commercial paper and corporate bonds were issued to refinance R344,0m of maturing notes, with the balance repaid. The new instruments were issued for an average term of 1,6 years and at an average cost of 1,82% above three-month JIBAR versus the matured notes of 2,7 years and a cost of 1,56%.

The weighted average duration to expiry of Emira's debt facilities is 1,9 years (June 2020: 2,1 years).

R'000	Facility amount	Amount drawn	Amount undrawn	% of drawn facility
Expiry period				
Dec 21	1 861	1 816	45	36,6
Dec 22	1 300	700	600	14,1
Dec 23	1 522	1 447	75	29,2
Dec 24	700	700	–	14,1
Dec 25	300	300	–	6,0
	5 683	4 963	720	100,0

Emira had unutilised committed bank facilities of R720m as at 31 December 2020 which, together with cash-on-hand of R122,6m, provides assurance that the Group will be able to meet its short-term commitments. The Fund is in the process of finalising a further facility which will provide it with an additional R250m to add to its existing committed undrawn pool of debt.

As at 30 June 2020, Emira had effective USD denominated debt of USD64,7m (June 2020: USD73,0m) through its USD cross-currency interest-rate swaps ("CCIRS") against its USA investments valued at USD94,2m (June 2020: USD93,9m).

Cost of funding and hedging

The average all-in cost of Emira funding, including CCIRS, is 7,43% (June 2020: 7,45%) and interest rates are hedged for 84,8% (June 2020: 83,0%) of Emira's drawn interest-bearing borrowings for a weighted average duration of 2,7 years (June 2020: 3,2 years).

	DEC 2020			JUN 2020		
	Average all-in rate (%)	Average fixed rate (%)	Fixed duration years	Average all-in rate (%)	Average fixed rate (%)	Fixed duration years
ZAR	**8,49**	**6,94**	**2,3**	8,70	7,12	2,8
USD	**2,47**	**2,47**	**4,0**	2,43	2,43	4,5
AUD	**–**	**–**	**–**	–	–	–
Total	**7,43**	**6,01**	**2,7**	7,45	5,99	3,2

Covenants

The most stringent loan covenants are a 50% corporate LTV requirement and a 2x interest coverage ratio. For Emira's LTV calculation, certain debt providers limit the inclusion of equity-accounted investments and loans receivable to 20% of total income-producing assets. The table below shows the current values of these ratios:

	JUN 2020		JUN 2019	
	Actual	Required	Actual	Required
Loan-to-value ratio (%)	**43,7***	**50,0**	44,8*	50,0
Interest cover ratio (times)	**3,0**	**2,0**	3,0	2,0

* Compared with actual LTV of 42,5% (June 2020: 43,0%). Higher due to the limit imposed on the inclusion of income-producing assets and loans receivable by certain of Emira's funders.

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

Credit rating

Global Credit Rating Company (Pty) Ltd affirmed a corporate long-term credit rating of A(ZA) and corporate short-term rating of A1(ZA), with the outlook accorded as negative, in September 2020.

Foreign income hedging

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

The following USD hedges were in place as at 31 December 2020:

	Forward rate against R
Period	
Jun 21	14,98
Dec 21	15,87
Jun 22	16,32
Dec 22	16,93
Jun 23	17,50
Dec 23	18,09
Jun 24	18,52
Dec 24	19,32
Jun 25	20,40

SUBSEQUENT EVENTS

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

TRANSFORMATION AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("B-BBEE")

Emira fully recognises and acknowledges the importance of adhering to the country's B-BBEE policies to promote genuine transformation within a South African context. The Fund is pleased to report that in its pursuit to remain a responsible corporate citizen, its B-BBEE rating improved during the period to a Level 2 Contributor from a Level 5, with a verified effective black ownership of 76,68%. This improvement was achieved through the implementation of various initiatives and policies. The Company will continue to find meaningful ways in which to improve its impact on the economy and society.

CHANGE IN DIRECTORATE

As announced on SENS on 30 October 2020, Bryan Kent retired as an independent non-executive director from the Board, and as chairman of the audit and risk committee, with effect from 31 October 2020. Bryan had served on the Board since 2007 and elected to retire from the Board as he was due to retire in terms of the Board's independence policies. The Board thanks Bryan for his dedicated years of service, support and sage advice.

Mr Vuyisa Nkonyeni, an existing independent non-executive director of the Board and a member of the audit and risk committee was appointed as the new chairman of the audit and risk committee with effect from 31 October 2020.

PROSPECTS

While devastating effects of the COVID-19 pandemic and the related lockdowns continue to be felt in South Africa and around the world, the outlook remains uncertain. It is evident that most countries are now waiting for the majority of their populations to be vaccinated before returning to a pre-COVID normality. Supported by the low interest rate environment and provided that the rollout of vaccines goes according to plan, the pace of the economic recovery is expected to increase by the fourth quarter of 2021.

Emira expects that the effects of the pandemic will continue to impact its tenants as they try to reposition themselves and rectify their businesses post the restrictive lockdowns. Vacancies and negative rental reversions are also anticipated to continue to increase requiring Emira's focus to remain on attracting and retaining tenants by providing good-quality, well-priced real estate. The manner in which Emira has supported and collaborated with its tenants through the pandemic, has strengthened its relationships, positioning them well for the future.

Emira's balance sheet is well positioned and is underpinned by appropriately valued property investments. The business continues to be cash generative, as evidenced by the collections over the past six months, and there is sufficient cash reserves and unutilised debt facilities to cover commitments. While increasing vacancies will impact both valuations and cash flow, an adequate buffer is available to ensure the Fund meets all its debt covenants and interest payments.

Given the current uncertainty, the Board has resolved not to provide earnings and distribution guidance for the second half of the year until it believes that such guidance is highly probable. As shared in the June 2020 results, and in the interest of transparency, the target for distributable income per share set for the purposes of the executive directors' key performance indicators remains 119,73 cents per share for the year ended 30 June 2021.

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

DIVIDEND DISTRIBUTION DECLARATION

The Board has approved, and notice is hereby given that an interim gross dividend of 52,00 cents per share has been declared (December 2019: 74,10 cents), payable to the registered shareholders of Emira on Monday, 15 March 2021. In making its decision on whether to pay out a dividend and the quantum thereof, the Board has assessed the Company's solvency and liquidity position, taking into account the Company's current position together with forecasts.

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

Last day to trade *cum* dividend	Tuesday, 9 March 2021
Shares trade *ex*-dividend	Wednesday, 10 March 2021
Record date	Friday, 12 March 2021
Payment date	Monday, 15 March 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 10 March 2021 and Friday, 12 March 2021, both days inclusive.

Tax implications

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

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

Qualifying dividends received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. Any distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 20%, the net amount due to non-resident shareholders will be 41,60 cents per share. A reduced dividend withholding tax rate in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of the uncertificated shares, or the transfer secretaries, in respect of certificated shares:

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

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

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

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

By order of the Emira Property Fund Limited Board

Acorim Proprietary Limited

Company Secretary

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

Bryanston
17 February 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Unaudited 31 Dec 2020	Unaudited 31 Dec 2019	Audited 30 Jun 2020
ASSETS			
Non-current assets	**12 552 296**	14 056 301	13 428 812
Investment properties	**9 437 508**	10 610 399	9 949 226
Allowance for future rental escalations	**217 112**	222 994	225 622
Unamortised upfront lease costs	**30 954**	33 237	32 553
Right-of-use asset	**40 212**	35 300	40 212
Fair value of investment properties	**9 725 786**	10 901 930	10 247 613
Furniture, fittings, computer equipment and Intangible assets	**2 472**	3 121	2 859
Listed property investment	**–**	234 334	–
Investment and loans in equity-accounted investments	**2 402 241**	2 356 598	2 686 101
Other financial assets	**17 399**	28 641	19 360
Loans receivable	**316 610**	472 072	377 928
Derivative financial instruments	**87 789**	59 605	94 951
Current assets	**696 139**	350 073	435 171
Loans to equity-accounted investments	**114 529**	–	103 478
Loans receivable	**89 756**	–	37 483
Accounts receivable and prepayments	**150 788**	90 043	153 091
Derivative financial instruments	**47 183**	93 767	46 072
Cash and cash equivalents	**122 618**	96 063	95 047
Investment properties held for sale	**171 265**	70 200	–
Total assets	**13 248 435**	14 406 373	13 863 983
EQUITY AND LIABILITIES			
Share capital and reserves	**7 143 071**	8 941 712	7 441 241
Non-current liabilities	**3 753 777**	3 897 884	4 208 257
Interest-bearing debt	**3 330 360**	3 742 047	3 498 061
Other financial liabilities	**43 752**	–	43 203
Lease liability	**35 028**	30 405	35 921
Derivative financial instruments	**344 637**	125 432	631 072
Current liabilities	**2 351 587**	1 566 777	2 214 483
Short-term portion of interest-bearing debt	**1 837 045**	1 163 472	1 681 000
Accounts payable	**326 110**	269 924	322 362
Short-term portion of lease liability	**4 140**	4 894	3 666
Derivative financial instruments	**167 017**	127 651	190 326
Taxation	**17 275**	836	17 131
Total equity and liabilities	**13 248 435**	14 406 373	13 863 983
Net asset value per share (cents)	**1 475,3**	1 838,0	1 529,6

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Unaudited six months ended 31 Dec 2020	Unaudited restated six months ended 31 Dec 2019	Audited restated year ended 30 June 2020
Revenue	**740 560**	770 905	1 501 114
Operating lease rental income and tenant recoveries	**749 070**	770 325	1 501 960
Allowance for future rental escalations	**(8 510)**	580	(846)
Property expenses*	**(339 639)**	(321 521)	(689 411)
Income from listed property investment	**–**	9 509	8 686
Administration expenses*	**(45 803)**	(38 103)	(79 425)
Transaction and advisory fees	**–**	(668)	–
Depreciation	**–**	(4 931)	–
Operating profit	**355 118**	415 191	740 964
Net fair value adjustments	**(115 419)**	(17 293)	(1 461 530)
Change in fair value of investment properties	**(364 971)**	(37 473)	(816 505)
Revaluation of derivative financial instruments relating to share appreciation rights scheme	**(517)**	8	8
Unrealised gain/(deficit) on interest-rate swaps	**252 030**	(4 546)	(619 930)
Unrealised (loss)/gain on fair valuation of listed property investment	**(1 961)**	24 718	(25 103)
Expected credit loss – loans receivable	**(12 674)**	(1 256)	(44 572)
Foreign exchange (loss)/profit	**(128 116)**	4 439	154 073
Other income	**2 265**	1 695	3 559
Income from equity-accounted investments	**72 720**	162 852	239 126
Profit/(loss) before finance costs	**173 894**	565 628	(368 380)
Net finance costs	**(177 343)**	(178 768)	(348 382)
Finance income	**20 314**	26 432	51 578
Finance costs	**(197 657)**	(205 200)	(399 960)
(Loss)/profit before income tax charge	**(3 449)**	386 860	(716 762)
Taxation	**(914)**	2 526	(14 400)
(Loss)/profit for the year	**(4 363)**	389 386	(731 162)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations	**(136 313)**	(2 983)	154 191
Total comprehensive (loss)/income for the year	**(140 676)**	386 403	(576 971)
Total (loss)/income for the year attributable to:			
Emira shareholders	**(2 228)**	389 040	(734 178)
Non-controlling interest	**(2 135)**	346	3 016
	(4 363)	389 386	(731 162)
Total comprehensive (loss)/income for the year attributable to:			
Emira shareholders	**(138 541)**	386 057	(579 987)
Non-controlling interest	**(2 135)**	346	3 016
	(140 676)	386 403	(576 971)

* Property management fees have been reclassified from administrative expenses to property expenses in the year ended 30 June 2020 and six months ended 31 December 2019, to provide enhanced disclosure and comparability.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Share capital	Revaluation and other reserves	Change in ownership	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
Balance as at 1 July 2019	3 654 591	4 893 802	–	19 776	412 634	2 595	8 983 398
Shares acquired for the Emira Forfeitable Share Plan	(17 480)						(17 480)
Premium on share option					9 708		9 708
Profit for the year					389 040	346	389 386
Exchange differences on translation of foreign operations				(2 982)			(2 982)
Equity settled share scheme		4 125					4 125
Transfer to fair value reserve		(37 473)			37 473		–
Dividend paid – September 2019					(404 525)		(404 525)
Dividend paid – subsidiary						(924)	(924)
Non-controlling interest acquired			(20 180)			1 186	(18 994)
Balance as at 31 December 2019	3 637 111	4 860 454	(20 180)	16 794	444 331	3 203	8 941 712
Balance as at 1 July 2020	**3 445 296**	**4 086 457**	**(24 085)**	**173 967**	**(246 268)**	**5 874**	**7 441 241**
Shares acquired for the Emira Forfeitable Share Plan	**(14 577)**						**(14 577)**
Emira Forfeitable Share Plan shares vested	**2 754**	**(2 911)**					**(158)**
Profit for the year					**(2 228)**	**(2 135)**	**(4 363)**
Exchange differences on translation of foreign operations				**(136 313)**			**(136 313)**
Equity settled share scheme		**5 636**					**5 636**
Transfer to fair value reserve		**58 944**			**(58 944)**		**–**
Dividend paid – September 2020					**(148 396)**		**(147 568)**
Balance as at 31 December 2020	**3 433 473**	**4 148 126**	**(24 085)**	**37 654**	**(455 836)**	**3 739**	**7 143 071**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Unaudited six months ended 31 Dec 2020	Unaudited six months ended 31 Dec 2019	Audited year ended 30 Jun 2020
Cash generated from operations	**414 669**	417 772	722 458
Finance income	**2 091**	22 859	6 866
Interest paid	**(199 435)**	(207 053)	(402 489)
Taxation paid	**(770)**	–	(631)
Dividends received	**–**	–	8 686
Dividends paid to shareholders	**(148 069)**	(404 525)	(786 473)
Dividends paid to non-controlling interests	**–**	(924)	(827)
Cash flows from operating activities	**68 486**	(171 871)	(452 410)
Acquisition of, and additions to, investment properties excluding capitalised interest	**(65 027)**	(89 611)	(157 761)
Proceeds on sale of investment properties and fixtures and fittings	**34 500**	54 495	66 250
Acquisition of furniture, fittings, computer equipment and intangible assets	**(46)**	(172)	90
Disposal of investment in listed property investments	**–**	559 478	788 335
Proceeds from loans to equity-accounted investments	**55 037**	–	115 473
Proceeds from/investment in equity-accounted investments	**24 567**	117 940	(281 038)
Loans receivable advanced	**–**	(44 832)	(1 845)
Proceeds from loans receivable and other financial assets	**21 017**	–	54 923
Cash flows from investing activities	**70 048**	597 298	584 427
Non-controlling interest acquired	**–**	(18 994)	(22 995)
Premium on share options	**–**	9 708	18 875
Shares acquired for the Emira Forfeitable Share Plan	**(11 824)**	(17 480)	(9 160)
Repurchase of Emira shares held by ESA Trust	**–**	–	–
Land lease liability	**(419)**	–	(625)
Interest-bearing debt raised	**446 000**	200 000	397 070
Interest-bearing debt repaid	**(544 720)**	(575 829)	(493 365)
Cash flows from financing activities	**(110 963)**	(402 594)	(110 200)
Net increase in cash and cash equivalents	**27 571**	22 833	21 817
Cash and cash equivalents at the beginning of the period	**95 047**	73 230	73 230
Cash and cash equivalents at the end of the period	**122 618**	96 063	95 047

BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") including IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of 2008 of South Africa. The accounting policies used in the preparation of these interim financial statements are in terms of IFRS and are consistent with those used in the audited annual financial statements for the year ended 30 June 2020, other than the adoption of those amendments or new standards that became effective in the current period.

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

RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS AND DISTRIBUTABLE EARNINGS

R'000	Unaudited Six months ended 31 Dec 2020	Unaudited six months ended 31 Dec 2019	Audited year ended 30 Jun 2020
(Loss)/profit for the year attributable to Emira shareholders	**(2 228)**	389 040	(734 178)
Adjusted for:			
Change in fair value of properties (net of NCI)	**390 926**	37 868	823 236
– Change in fair value of investment properties	**364 971**	37 473	816 505
– Change in fair value on investment property of associate	**28 090**	–	3 546
– Non-distributable portion of non-controlling interest	**(2 135)**	395	3 185
Headline earnings	**388 698**	426 908	89 058
Adjusted for:			
Allowance for future rental escalations	**8 510**	(580)	846
Amortised upfront lease costs	**–**	364	743
IFRS 16 Leasehold liability adjustments	**(419)**	–	(626)
Interest on lease liability	**1 488**	–	2 976
Rental paid on lease liability	**(1 907)**	–	(3 601)
Charge/(credit) in respect of leave pay provision and share appreciation rights scheme	**(51)**	(1 345)	(3 295)
GOZ shares sold *cum* dividend	**–**	5 836	4 122
Transaction and advisory fees	**–**	668	–
Unrealised surplus on revaluation of interest-rate swaps	**(252 030)**	4 546	619 930
Revaluation of share appreciation rights scheme derivative financial instruments	**517**	(8)	(8)
Unrealised (gain)/loss on financial assets at fair value through profit and loss	**1 961**	(24 718)	25 103
Unrealised foreign exchange (profit)/loss	**121 931**	(2 257)	(142 401)
Non-distributable income from equity-accounted investments	**17 453**	(55 003)	(17 412)
Dividend received/accrued from Transcend	**19 817**	15 875	21 466
Depreciation	**–**	4 590	–
IFRS 9 expected credit loss	**12 674**	1 256	44 572
Taxation on capital gain	**915**	–	5 233
Distributable portion of non-controlling interest	**(438)**	–	(169)
Deferred rental net of expected credit loss	**14 946**	–	(28 603)
Distributable income from the equity-accounted US investments not distributed	**(35 023)**	–	(76 762)
Interest due from Inani accrued but not received	**(13 266)**	–	(16 288)
Capitalised interest limitation	**(1 925)**		(3 768)
Net ESA Trust adjustments	**2 977**	1 995	7 595
Net BEE Scheme adjustments	**11 135**	9 167	16 121
Distribution available	**298 381**	387 294	545 457
Available distribution deferred	**(26 953)**	–	–
Dividend payable	**271 787**	387 294	545 457
Dividend per share			
Interim (cents)	**52,00**	74,10	74,10
Final (cents)	**–**	–	30,26
Total (cents)	**52,00**	74,10	104,36

RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS AND DISTRIBUTABLE EARNINGS continued

	Unaudited Six months ended 31 Dec 2020	Unaudited six months ended 31 Dec 2019	Audited year ended 30 Jun 2020
Number of shares in issue at the end of the year	**522 667 247**	522 667 247	522 667 247
Weighted average number of shares in issue	**485 144 328**	500 256 590	497 105 845
Earnings per share (cents)	**(0,46)**	77,77	(147,69)
The calculation of earnings per share is based on net loss of -R2,2m (2019: R389,0m profit), divided by the weighted average number of shares in issue during the year of 485 144 328 (2019: 500 256 590).			
Diluted earnings per share (cents)	**(0,46)**	77,56	(146,94)
The calculation of diluted earnings per share is based on net loss of -R2,2m (2019: R389,0m profit), divided by the diluted weighted average number of shares in issue during the year of 486 493 736 (2019: 501 614 382).			
Headline earnings per share (cents)	**80,12**	85,34	17,92
The calculation of headline earnings per share is based on net profit, adjusted for headline items, of R388,7m (2019: R426,9m), divided by the weighted average number of shares in issue during the year of 485 144 328 (2019: 500 256 590).			
Diluted headline earnings per share (cents)	**79,90**	85,11	17,82
The calculation of diluted headline earnings per share is based on net profit for the year, adjusted for headline items, of R388,7m (2019: R426,9m), divided by the diluted weighted average number of shares in issue during the year of 486 493 736 (2019: 501 614 382).			
Diluted weighted average number of shares in issue			
Weighted average number of shares in issue	**485 144 328**	500 256 590	497 105 845
Shares issued for zero consideration to the Forfeitable Share Plan, BEE Scheme and ESA Trust	**1 349 408**	1 363 662	2 550 179
	486 493 736	501 614 382	499 656 024

SEGMENTAL INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

R'000	Office	Retail	Industrial	Residential	Corporate	Local	International	Total
Revenue	**226 311**	**326 624**	**174 071**	**13 554**	**–**	**740 560**	**–**	**740 560**
Operating lease rental income and tenant recoveries	221 331	353 880	160 305	13 554	–	749 070	–	749 070
Allowance for future rental escalations	4 980	(27 256)	13 766	–	–	(8 510)	–	(8 510)
Property expenses	(96 755)	(161 629)	(75 539)	(5 716)	–	(339 639)		(339 639)
Administration expenses	–	–	–	–	(41 126)	(41 126)	(4 677)	(45 803)
Operating profit	**129 556**	**164 995**	**98 532**	**7 838**	**(41 126)**	**359 796**	**(4 677)**	**355 118**
Net fair value adjustments	**(211 157)**	**(110 207)**	**(50 394)**	**6 786**	**249 552**	**(115 419)**	**–**	**(115 419)**
Investment properties	(211 157)	(110 207)	(50 394)	6 786	–	(364 971)	–	(364 971)
Derivative financial instruments relating to share appreciation rights scheme	–	–	–	–	(517)	(517)	–	(517)
Interest-rate derivatives	–	–	–	–	252 030	252 030	–	252 030
Property investments	–	–	–	–	(1 961)	(1 961)	–	(1 961)
Expected credit loss	–	–	–	–	(12 674)	(12 674)	–	(12 674)
Foreign exchange loss	–	–	–	–	–	–	(128 116)	(128 116)
Other income	–	–	–	–	2 265	2 265	–	2 265
Income from equity-accounted investments	–	38 379	–	1 766	–	40 145	32 574	72 720
Distributable	–	41 968	–	3 635	–	45 604	72 659	118 263
Non-distributable	–	(3 589)	–	(1 869)	–	(5 458)	(40 085)	(45 543)
Profit before finance costs	**(81 599)**	**93 167**	**48 139**	**16 390**	**198 018**	**274 114**	**(100 220)**	**173 894**
Net finance costs	–	–	–	–	(137 891)	(137 891)	(39 452)	(177 343)
Profit before income tax charge	**(81 599)**	**93 167**	**48 139**	**16 390**	**60 126**	**136 223**	**(139 672)**	**(3 449)**
Taxation	–	–	–	–	–	–	(914)	(914)
Profit for the period	**(81 599)**	**93 167**	**48 139**	**16 390**	**60 125**	**136 223**	**(140 586)**	**(4 363)**
Investment properties	3 047 704	4 756 285	1 702 497	219 300	–	9 725 786	–	9 725 786
Investment properties held for sale	–	68 500	102 765	–	–	171 265	–	171 265
Listed property investment	–	–	–	–	–	–	–	–
Loans receivable	–	–	–	–	406 366	406 366	–	406 366
Other assets	–	650 718	–	488 617	395 375	1 534 710	1 410 308	2 945 018
Total assets	**3 047 704**	**5 475 503**	**1 805 262**	**707 917**	**801 742**	**11 838 127**	**1 410 308**	**13 248 435**
Interest-bearing borrowings	–	–	–	–	5 167 406	5 167 406	–	5 167 406
Other liabilities	–	–	–	–	917 530	917 530	20 427	937 958
Total liabilities	**–**	**–**	**–**	**–**	**6 084 937**	**6 084 937**	**20 427**	**6 105 364**

MEASUREMENTS OF FAIR VALUE

1. Financial instruments

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

R'000	Level 1 Dec 2020	Level 2 Dec 2020	Level 3 Dec 2020	Total Dec 2020	Level 1 Jun 2020	Level 2 Jun 2020	Level 3 Jun 2020	Total Jun 2020
GROUP								
Assets								
Derivative financial instruments	**–**	**134 972**	**–**	**134 972**	–	141 023	–	141 023
Other financial assets	**–**		**17 399**	**17 399**	–	–	19 360	19 360
Total	**–**	**134 972**	**17 399**	**152 371**	–	141 023	19 360	160 383
Liabilities								
Derivative financial instruments	**–**	**511 654**	**–**	**511 654**	–	821 398	–	821 398
Total	**–**	**511 654**	**–**	**511 654**	–	821 398	–	821 398
Net fair value	**–**	**(376 682)**	**17 399**	**(359 283)**	–	(680 375)	19 360	(661 015)

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of the interest-rate swap contracts are determined using discounted cash flow projections based on estimates of future cash flows, supported by the terms of the relevant swap agreements and external evidence such as the ZAR 0-coupon perfect-fit swap curve.

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

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

The forward contracts relating to the employee share scheme are valued using a cost of carry financial model. The risk-free discount rate used was 3,4%. Management considers the key input in the valuation to be the spot price. A 10% increase in the spot price results in an increase to the forward contracts of R1,0m. A 10% decrease in the spot price results in a decrease to the forward contracts of R1,0m.

OTHER FINANCIAL ASSETS

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

2. Non-financial assets

The following table reflects the levels within the hierarchy of non-financial assets measured at fair value as at 31 December 2020:

R'000	Level 3 Dec 2020	Level 3 Jun 2020
Assets		
Investment properties	**9 685 574**	10 247 613
Investment properties held for sale	**171 265**	
Total	**9 856 839**	10 247 613

FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES

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

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions regarding vacancy levels, the discount rate and the reversionary capitalisation rate. The estimated fair value increases if the estimated rentals increase, vacancy levels decline or if discount rates (market yields) and reversionary capitalisation rates decline. The overall valuations are sensitive to all four assumptions. Management considers the range of reasonable possible alternative assumptions to be greatest for reversionary capitalisation rates, rental values and vacancy levels and that there is also an interrelationship between these inputs. The inputs used in the valuations at 31 December 2020 were the following:

- The permanent vacancy factor for retail ranged between 0% and 5,0% (June 2020: 0% and 6,0%), offices between 3,0% and 5,0% (June 2019: 2,0% and 7,5%) and industrial between 0% and 5,0% (June 2020: 0% and 6,0%).
- The weighted average rental escalation percentage applied for retail was 6,4% (June 2020: 6,6%), offices 7,1% (June 2020: 7,3%) and industrial 6,7% (June 2020: 6,7%), and for renewals and new leases ranged between 5,0% and 8,0% (June 2020: 5,0% to 8,0%).
- The reversionary capitalisation rates were increased for all internally prepared valuations by 25bps. The range of the reversionary capitalisation rates applied to the portfolio are between 7,5% and 12,0% with the weighted average, by value, being 9,27% (June 2020: 9,23%).
- The range of discount rates applied were between 12,75% and 16,25% with the weighted average, by value, being 14,31% (June 2020: 14,22%).
- Changes in discount rates and reversionary capitalisation rates attributable to changes in market conditions can have a significant impact on property valuations. A 25 basis points increase in the discount rate will decrease the value of investment property by R164m (1,67%) and a 25 basis points decrease will increase the value of investment property by R170,4m (1,73%). A 25 basis points decrease in the reversionary capitalisation rate will increase the value of investment property by R17,7m (1,70%) and a 25 basis points increase will decrease the value of investment property by R158,6m (1,61%).
- The market rentals applied play a significant role and these are assessed on a property-by-property basis, taking cognisance of location, quality, size and type as well as all the relevant and prevailing market conditions which are then benchmarked against research and asset manager projections.

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

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

	Sector	JHB	PTA	CPT	KZN	Other
EXIT CAPITALISATION RATES (%)						
Offices	9,49	10,63	9,25	9,60	9,72	–
Offices P-grade	9,10	8,75	9,25	–	–	–
Offices A-grade	9,77	10,33	–	9,60	9,72	–
Offices B-grade	10,90	10,90	–	–	–	–
Retail	8,79	9,80	8,04	9,61	9,62	9,39
Industrial	10,00	10,23	9,97	10,02	10,00	–
DISCOUNT RATES (%)						
Offices	14,58	14,86	14,50	14,37	14,72	–
Offices P-grade	14,43	14,25	14,50	–	–	–
Offices A-grade	14,66	15,50	–	14,37	14,72	–
Offices B-grade	15,40	15,40	–	–	–	–
Retail	13,85	14,49	13,24	14,73	14,70	14,54
Industrial	14,86	15,17	15,04	14,85	14,92	–
MARKET RENTALS (R/m²)						
Offices	167,94	157,88	188,75	155,93	156,84	–
Offices P-grade	190,89	196,00	188,75	–	–	–
Offices A-grade	149,50	125,00	–	155,93	156,84	–
Offices B-grade	109,17	109,17	–	–	–	–
Retail	143,57	126,64	152,85	123,97	159,82	129,13
Industrial	58,35	55,68	67,37	59,42	65,23	–

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

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	(1,7)	(2,0)	(1,4)
Valuation impact if exit capitalisation rate is decreased by 25bps	1,8	2,2	1,5
Valuation impact if discount rate is increased by 25bps	(0,9)	(0,9)	(0,8)
Valuation impact if discount rate is decreased by 25bps	0,9	0,9	0,8
Valuation impact if market rentals increase by 5%	3,0	4,4	3,8
Valuation impact if market rentals decrease by 5%	(2,9)	(4,2)	(3,1)
Valuation impact if rental escalation rates increase by 1%	1,0	2,4	1,1
Valuation impact if rental escalation rates decrease by 1%	(1,0)	(2,3)	(1,1)
Valuation impact if the permanent vacancy factor is increased by 2,5%	(2,0)	(2,9)	(1,8)
Valuation impact if the permanent vacancy factor is decreased by 2,5%	2,0	2,9	0,7

Fair values are estimated twice a year by Emira's internal registered valuer, where after they are reviewed by the executive directors and approved by the Board. One third of the portfolio is valued externally each year end on a rolling basis. All valuations performed for the period ended 31 December 2020 were internal valuations.

ADMINISTRATION

Directors

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

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

Registered address

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

Sponsor

Questco Corporate Advisory (Pty) Ltd

Debt sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)

Transfer Secretaries

Computershare Investors Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001

Emira Property Fund Limited

(Incorporated in the Republic of South Africa)
Registration number: 2014/130842/06
JSE Share Code: EMI
ISIN: ZAE000203063
JSE Interest Rate Issuer Code: EMII
(Approved as a REIT by the JSE)
("Emira" or the "Fund" or the "Company")

APPENDIX 1

Reit ratios

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

R'000	Six months ended 31 Dec 2020	Six months ended 31 Dec 2019
SA REIT funds from operations (SA REIT FFO)		
Profit for the year attributable to Emira shareholders	**(2 228)**	389 040
Adjusted for:		
Accounting specific adjustments:	**436 489**	33 211
Fair value adjustments to:	**395 488**	11 402
– Investment property	**393 061**	37 473
– Debt and equity instruments held at fair value through profit or loss	**2 427**	(26 071)
Depreciation and amortisation	**–**	4 590
Asset impairments (excluding goodwill) and reversals of impairment	**12 674**	1 256
Straight-lining operating lease adjustment	**8 510**	(580)
Transaction costs expensed in accounting for a business combination	**–**	668
Adjustments to dividends received from equity interest held	**19 817**	15 875
Foreign exchange and hedging items:	**(130 099)**	2 289
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**(252 030)**	4 546
Foreign exchange gains or losses relating to capital items – realised and unrealised	**121 931**	(2 257)
Other adjustments:	**15 794**	(48 772)
Taxation impact of the above adjustments	**914**	–
Adjustments made for equity-accounted entities	**17 453**	(55 003)
Antecedent earnings adjustment	**–**	5 836
Non-controlling interest in respect of the above adjustments	**(2 573)**	395
SA REIT FFO	**319 956**	375 768
Number of shares outstanding at the end of period (net of treasury shares)	**484 180 465**	486 493 736
SA REIT FFO per share (cents)	**66,08**	77,24
Interim SA REIT FFO per share (cents)	**66,08**	77,24
Final SA REIT FFO per share (cents)	**–**	–
Company specific adjustments to SA REIT FFO	**(21 576)**	11 526
Deferred rentals net of expected credit loss	**14 946**	–
Amortised upfront lease costs	**–**	364
IFRS 16 Leasehold liability adjustments	**(419)**	–
Distributable income from the equity-accounted US investments not distributed	**(35 023)**	–
Interest due from Inani accrued but not received	**(13 266)**	–
Capitalised interest limitation	**(1 925)**	
Net BEE Scheme adjustments	**11 135**	9 167
Net ESA Trust adjustments	**2 977**	1 995
Distributable income	**298 380**	387 294
Number of shares in issue	**522 667 247**	522 667 247
Distributable income per share (cents)	**57,09**	74,10

APPENDIX 1 continued

R'000	Six months ended 31 Dec 2020	Six months ended 31 Dec 2019
SA REIT cost-to-income ratio		
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	**339 639**	321 521
Administrative expenses per IFRS income statement	**45 803**	38 103
Excluding depreciation expense in relation to property, plant and equipment of an administrative nature	**(433)**	(341)
Operating costs	**385 009**	359 283
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**555 719**	558 685
Utility and operating recoveries per IFRS income statement	**193 351**	211 640
Gross rental income	**749 070**	770 325
SA REIT cost-to-income ratio (%)	**51,40**	46,64
SA REIT administrative cost-to-income ratio		
Expenses		
Administrative expenses per IFRS income statement	**45 803**	38 103
Other	**–**	–
Administrative costs	**45 803**	38 103
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**555 719**	558 685
Utility and operating recoveries per IFRS income statement	**193 351**	211 640
Gross rental income	**749 070**	770 325
SA REIT administrative cost-to-income ratio (%)	**6,11**	4,95
SA REIT GLA vacancy rate		
Gross lettable area of vacant space	**47 595**	24 087
Gross lettable area of total property portfolio	**809 885**	815 886
SA REIT GLA vacancy rate (%)	**5,9**	3,0

	ZAR %	USD %
SA REIT cost of debt		
Dec 2020		
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	**7,1**	**–**
Fixed interest rate borrowings		
Weighted average fixed rate	**6,9**	**–**
Pre-adjusted weighted average cost of debt	**7,1**	**–**
Adjustments:		
Impact of interest rate derivatives	**2,5**	**–**
Impact of cross-currency interest-rate swaps	**(1,0)**	**2,4**
Amortised transaction costs imputed in the effective interest rate	**0,1**	**–**
All-in weighted average cost of debt	**8,7**	**2,4**
Jun 2020		
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	6,5	–
Fixed interest rate borrowings		
Weighted averagefixed rate	7,1	–
Pre-adjusted weighted average cost of debt	6,5	–
Adjustments:		
Impact of interest rate derivatives	2,7	–
Impact of cross-currency interest-rate swaps	(0,8)	2,5
Amortised transaction costs imputed in the effective interest rate	0,0	–
All-in weighted average cost of debt	8,5	2,5

APPENDIX 1 continued

R'000	Six months ended 31 Dec 2020	Year ended 30 Jun 2020
SA REIT net asset value (SA REIT NAV)		
Reported net asset value attributable to the parent	**7 143 071**	7 441 243
Adjustments:		
Dividend declared	**(271 787)**	(158 159)
Fair value of certain derivative financial instruments	**206 654**	280 108
	7 284 592	7 843 300
Shares outstanding		
Number of shares outstanding at the end of period (net of treasury shares)	**484 180 465**	486 493 736
Effect of dilutive instruments	**1 349 408**	2 550 179
Dilutive number of shares in issue	**485 529 873**	489 043 915
SA REIT NAV per share (R)	**1 500,34**	1 603,80

R'000	Six months ended 31 Dec 2020	Year ended 30 Jun 2020
SA REIT loan to value		
Gross debt	**5 173 149**	5 179 061
Less:		
Cash and cash equivalents	**(122 620)**	(95 047)
Add/less:		
Derivative financial instruments liability/(asset)	**376 681**	680 375
Net debt	**5 427 210**	5 764 389
Total assets – per Statement of Financial Position	**13 248 435**	13 863 983
Less:		
Cash and cash equivalents	**(122 620)**	(95 047)
Derivative financial assets	**(134 972)**	(141 023)
Goodwill and intangible assets	**(2 472)**	2 859
Trade and other receivables	**(150 788)**	(153 091)
Carrying amount of property related assets	**12 837 584**	13 477 681
SA REIT loan to value ratio (SA REIT LTV) (%)	**42,3**	42,8


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