

EMIRA PROPERTY FUND LIMITED

Incorporated in the Republic of South Africa

(Registration number 2014/130842/06)

JSE share code: EMI ISIN: ZAE000203063

JSE bond company code: EMII

LEI Number: 3789005E23C6259EAE70

(Approved as a REIT by the JSE)

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



PRE-CLOSE OPERATIONAL UPDATE

Shareholders and noteholders are referred to the Fund's half-year results announcement for the six-months ended 30 September 2023 ("interim results"), released on SENS on 16 November 2023. The Company wishes to provide an update to investors regarding the operational performance of its investments for the 11-months ended 29 February 2024 ("the period").

Emira will be hosting a virtual pre-close update at 12:00 pm on Thursday, 28 March 2024. Shareholders and noteholders can register to attend on the following link: <https://www.corpcam.com/EMIRA28032024>

Direct local portfolio

Commercial portfolio

Despite the challenging economic environment, the local commercial portfolio (retail, industrial and office properties) has performed well during the period and is running in-line with expectations. Total vacancies across the portfolio have increased marginally to 4,3% (by GLA) at the end of February 2024 (September 2023: 4,1%). This increase was mainly due to BUCO vacating their premises at Wonderpark (2 227m²) and the City of Tshwane closing their office at Tramshed (1 639m²). Tenant retention remains a priority and 81% (by GLA) of leases that matured during the period were retained. Pleasingly the weighted average total reversions for the period have improved further to an overall -3,4% (September 2023: -5,1%).

The Fund's weighted average lease expiry ("WALE") at the end of the period is a similar 2,5 years (September 2023: 2,6 years), while its average annual lease escalations have been maintained at 6,5% (September 2023: 6,5%).

Collections vs billings for the period under review were 97,7%.

Two properties were transferred out of the Fund during the period, namely 1 Monte Carlo Road, an industrial property in Durban, and Trellidor, an industrial property in Cape Town, realising total gross proceeds of R109,5m. In line with the Fund's capital recycling strategy there are seven further commercial properties currently under contract for disposal and which are expected to realise disposal proceeds of approximately R766m. On average, sales prices are at a premium to book values.

Emira's experience on the key individual sectors is as follows:

Retail:

Retail vacancies at the end of the period increased to 4,1% (September 2023: 3,2%). The WALE has improved to 3,2 years (September 2023: 3,1 years) and 89,9% (by gross rental) of maturing leases in the period were retained. Total weighted average reversions for the period have improved to -0,5% (September 2023: -2,6%).

Emira's retail portfolio of 17 properties consists mainly of grocer-anchored neighbourhood centres, the largest being Wonderpark, a 91 185m² dominant regional shopping centre located in Karen Park, Pretoria North.

Office:

Office vacancies at the end of the period decreased to 11,3% (September 2023: 12,0%). The WALE has reduced slightly to 2,5 years (September 2023: 2,6 years) and 55,2% (by gross rental) of maturing leases in the period were retained. Total weighted average reversions for the period have improved to -7,1% (September 2023: -8,8%).

Emira's office portfolio consists of 20 properties, the majority of which are P- and A-grade properties. The sector's fundamentals remain depressed, with demand low which continues to limit real rental growth.

Industrial:

Industrial vacancies at the end of the period decreased marginally to 0,6% (September 2023: 0,7%). The WALE has decreased to 1,8 years (September 2023: 2,0 years) and 83,6% (by gross rental) of maturing leases in the period were retained. Total weighted average reversions for the period have improved to -4,4% (September 2023: -6,0%).

Emira's 32 industrial properties are split between single-tenant light industrial and warehouse facilities and multi-tenant midi- and mini-unit industrial parks.

Residential portfolio

The residential portfolio consists of 3 829 units (September 2023: 4 063) located in Gauteng and Cape Town. During the period the Fund completed the takeover of Transcend through an offer to the minority shareholders via a scheme of arrangement and Transcend is now successfully integrated into the Fund's daily operations.

The occupancy rate across the residential portfolio was 95,5% as at 29 February 2024 (September 2023: 96,6%). Collections vs billings for the period under review were 99,3%.

In line with the Fund's recycling strategy 486 units have been disposed of during the period, realising total gross proceeds of R441,5m. A further 74 units are expected to transfer by close of business on 28 March 2024. Sales prices achieved are at a small premium to book values.

Enyuka

As previously advised, the Fund's disposal of Enyuka closed on 20 July 2023 for an aggregate consideration of R641,5m. The disposal realised cash proceeds of R511,5m after taking into account the vendor loan of R130m provided by Emira to the purchaser.

USA

The US portfolio comprises 12 equity investments into grocery anchored, value orientated, open air power centres, with no additions or disposals during the period. As at 29 February 2024, vacancies across the 12 properties had increased to 4,7% (September 2023: 3,6%).

As advised in the interim results, while the underlying properties continue to generally perform well, there have been certain larger tenant failures which have had an adverse impact on the results for the period, some of which are non-recurring items.

Capital management and liquidity

As at 29 February 2024 the Fund had unutilised debt facilities of R850m together with cash-on-hand of R141m.

The Fund's loan-to value ratio ("LTV") has increased to circa 43,7% as at 29 February 2024 (September 2023: 41,2%) because of the acquisition of the remaining shares in Transcend. The LTV at the end of March 2024 is anticipated to remain at a similar level but is dependent on the completion of the final year end property valuations and the closing ZAR/USD exchange rate.

Conclusion

The Fund is on track to achieve most of its objectives for FY24. The outlook for FY25 remains relatively uncertain given the depressed economic environment which is expected to be exacerbated in the short term by the upcoming local elections. Emira continues to look for opportunities to recycle capital and diversify the Fund further.

Emira expects to release its results for the year ended 31 March 2024 on Thursday, 30 May 2024.

This information is the responsibility of the Directors and has not been reviewed or reported on by our external auditors.

Bryanston
28 March 2024

Sponsor

Questco Corporate Advisory Proprietary Limited

Debt sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)