

REVIEWED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2010 AND INCOME DISTRIBUTION DECLARATION

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R527,2 million

+6,8%

1 133 cents

32,8%

distributable income

growth in distribution per PI

per PI net asset value

12 month total return



CONDENSED STATEMENT OF COMPREHENSIVE INCOME

R000	Reviewed Year ended 30 June 2010	Audited Year ended 30 June 2009
Revenue	1 162 179	1 082 688
Operating lease rental income and tenant recoveries	1 152 167	1 059 866
Allowance for future rental escalations	10 012	22 822
Property expenses	(391 807)	(350 880)
Management expenses	(36 171)	(31 843)
Administration expenses	(43 214)	(39 023)
Depreciation	(9 704)	(11 198)
Operating profit	681 283	649 744
Net fair value adjustments	42 430	(83 511)
Net fair value gain/(deficit) on investment properties	39 661	(83 511)
Change in fair value as a result of straight-lining lease rentals	(10 012)	(22 822)
Change in fair value as a result of amortising upfront lease costs	5 329	(6 717)
Change in fair value as a result of property appreciation/(depreciation) in value	44 344	(53 972)
Unrealised gain on listed property investment	2 769	—
Profit before finance costs	723 713	566 233
Net finance costs	(211 839)	(307 774)
Finance income	5 484	11 902
Finance costs	(217 323)	(319 676)
Interest paid and amortised borrowing costs	(143 219)	(121 844)
Interest capitalised to the cost of developments	3 065	1 728
Preference share dividends paid	(13 351)	(16 424)
Unrealised deficit on interest-rate swaps	(63 818)	(183 136)
Profit before income tax expense	511 874	258 459
Income tax expense	2 683	64 929
Deferred taxation	4 018	66 571
Revaluation of investment properties	1 753	54 441
Other timing differences including allowance for future rental escalations	2 265	12 130
STC on preference share dividends paid	(1 335)	(1 642)
Profit for the year attributable to equity holders	514 557	323 388
Total comprehensive income for the year	514 557	323 388

RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS AND DISTRIBUTION

R000	Reviewed Year ended 30 June 2010	Audited Year ended 30 June 2009
Profit for the year attributable to equity holders	514 557	323 388
Adjusted for:		
Net fair value gain/(deficit) on investment properties	(39 661)	83 511
Deferred taxation on revaluation of investment properties	(1 753)	(54 441)
Headline earnings	473 143	352 458
Adjusted for:		
Allowance for future rental escalations	(10 012)	(22 822)
Amortised upfront lease costs	5 329	(6 717)
Unrealised deficit on interest-rate swaps	63 818	183 136
Unrealised gain on listed property investment	(2 769)	—
Deferred taxation – other timing differences	(2 265)	(12 130)
Distribution payable to participatory interest holders	527 244	493 925
Distribution per participatory interest		
Interim (cents)	51,84	48,79
Final (cents)	56,24	52,46
Total (cents)	108,08	101,25
Number of PIs in issue at the end of the year	487 827 654	487 827 654
Weighted average number of PIs in issue	487 827 654	491 194 770
Earnings per participatory interest (cents)	105,48	65,84
The calculation of earnings per participatory interest is based on net profit for the year of R514,6 million (2009: R323,4 million), divided by the weighted average number of participatory interests in issue during the year of 487 827 654 (2009: 491 194 770).		
Headline earnings per participatory interest (cents)	96,99	71,76
The calculation of headline earnings per participatory interest is based on net profit for the year, adjusted for non-trading items, of R473,1 million (2009: R352,5 million), divided by the weighted average number of participatory interests in issue during the year of 487 827 654 (2009: 491 194 770).		

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated preliminary financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") including IAS 34, and are in compliance with the Listings Requirements of the JSE Limited. The accounting policies used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2009.

COMMENTARY

The Board of directors of Strategic Real Estate Managers (Pty) Ltd ("STREM") is pleased to announce a distribution of 108,08 cents per Emira participatory interest (PI) for the twelve months to 30 June 2010. This represents good growth in distributions of 6,8% on the previous comparable period and is slightly better than the prospects statement in the Fund's interim results announcement released on 17 February 2010.

Emira PI holders enjoyed a very healthy total return of 32,8% during the twelve months to 30 June 2010, comprising capital appreciation of 22,6% and an income return of 10,2%, which represents the distributions actually paid out during the period under review. This strong appreciation in Emira's PI price was ahead of the SA Listed Property Index, which appreciated by 18,6%. During the period the listed property sector benefited from a recovery in global economic growth, as well as an improved local inflation outlook, which resulted in the yield on government long dated bonds declining. The percentage of PIs in issue that traded in the twelve-month period equated to 33,8%.

The most recent highlight for Emira PI holders, albeit that it occurred after the end of the financial year, was the announcement on 14 July 2010 that the Manager and the Trustee have agreed to enter into supplemental deeds in order to amend the Trust Deed. This will, if approved by PI holders in a ballot by 26 August 2010, firstly, extend the ambit of the Manager's investment policy so that the Fund can invest in a broader class of assets; secondly, increase the limit of borrowing by the Emira Property Scheme from the current limit of 30% to 40% of the value of its underlying assets, and thirdly, amend the existing service charge arrangement from a monthly charge based on enterprise value to a monthly charge equal to the actual operating costs incurred by the Manager in administering the Fund and the once-off cancellation payment of R197,4 million to the Manager.

The STREM Board believes that the proposed amendments are extremely positive for Emira PI holders and recommends that they vote in favour of the proposed amendments in the ballot form that was distributed to PI holders at the date of the announcement. With respect to the amendment of the service charge payable to the Manager, after being appointed as an independent adviser by the Board to consider the terms of the proposed service charge amendment, KPMG has advised the Board that it is of the opinion that the terms and conditions are fair and reasonable to PI holders.

Another highlight during the period was the acquisition of 10,25 million stapled securities in Kwazulu-Natal Properties Australia (GOZ) for a total consideration of R517,9 million (R116,8 million) – representing 6,4% of the stapled securities in issue – in May 2010. The investment represents Emira's first investment in an offshore jurisdiction and was motivated by the opportunity to acquire a small, passive stake in a high quality listed Australian REIT, backed by extremely secure, long-term leases with blue-chip tenants at a yield higher than that which is achievable by buying South African commercial property. The transaction will be earnings enhancing from the date of purchase and Emira looks forward to a prosperous relationship with GOZ.

Management continues to improve the quality of the Emira portfolio through the acquisition of new properties, the refurbishment of existing assets, as well as the disposal of those properties deemed to be non-core. Activity in the portfolio comprises the following:

- Five small, earnings enhancing projects totalling R20,0 million were concluded during the period, which consisted of extensions for existing blue-chip and long-standing tenants at Southern Centre, Wonderpark Shopping Centre, Ngwavuma Shopping Centre, One Highveld and the creation of additional parking at Tuinhof in Centurion;
- A further seven projects worth approximately R161,4 million are still underway, which include (i) the refurbishment and extension of Randridge Mall and the introduction of additional national tenants at the centre (R126,2 million) (ii) the refurbishment of Rigel Office Park after the previous tenant vacated the property (R14,7 million) (iii) the general upgrade of Westbank House in the Cape Town CBD in order to capitalise on higher rentals (R11 million), and (iv) extension to Market Square Shopping Centre in Plettenberg Bay to accommodate extensions for Woolworths (R4,0 million);
- Two Board approved projects comprising the complete demolition and reconstruction of 15,600 m² of prime office space at Podium House in Midrand (R255,6 million) and the refurbishment of 6,745 m² of office space at FNB Heeringracht (R36,2 million) requiring a level of pre-letting in order to initiate construction, which has not occurred to-date. Marketing of the space continues and, although letting has been slower than expected, management is confident that given the buildings' exceptional locations and attractive rental levels, occupancies will be secured;
- In June 2010, Emira, in partnership with the Eris Property Group, agreed to purchase a 50% undivided share in a 12,500 m², multi-tenanted office building located at 80 Strand Street, Cape Town for R62 million. The property comprises several ground floor retail units, with ten floors of offices above and, when compared to similar Cape Town CBD commercial buildings has a high parking ratio of 3,0 bays per 100 m². The anticipated yield on transfer is expected to be 10,4%.
- The disposal of non-core buildings continued during the period, with three sectionalised units at Georgian Place being transferred out of the Fund as well as Rinaldo Park, a small industrial unit located in KwaZulu-Natal. The sale of four buildings – Nampak, Howick Gardens, QD House and Standard Bank, Glenwood – are all unconditional, but final transfer has been stalled due to delays in receiving rates clearance certificates. A total of nine other non-core properties remain on the disposal list.

Results The first half of the financial year proved to be tough, in line with the poor South African economic conditions, with vacancies increasing and rentals under pressure. In the six months to 30 June 2010 the market improved, as letting took place and vacancies stabilised as a result. With a substantial portion of Emira's portfolio on long term, escalating leases, property income continued to grow during the period under review, while costs were tightly managed.

Excluding the straight-line adjustments from future rental escalations, revenue rose by 8,7% over the comparable period. This was the result of organic growth in income from the existing portfolio, the inclusion of the acquired property from the effective date, as well as the conclusion of several capital projects in the previous financial year which contributed for the full period under review.

Although tenant arrears are still relatively high, the actual bad debts charge for the period declined, which, when combined with lower leasing fees and good management of contractual escalations

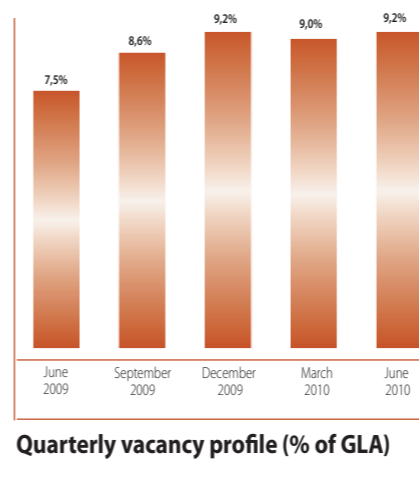
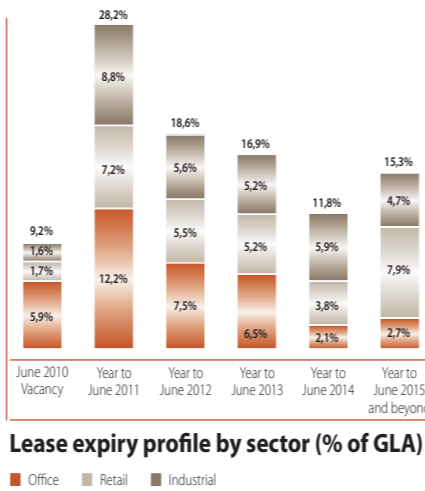
Fund Manager: Strategic Real Estate Managers (Pty) Limited
Directors of the Fund Manager: B van der Ross (Chairman), JWA Templeton (Chief Executive Officer), MS Aitken*, BH Kent*, V Mahlangu*, NE Makiwane*, W McCurrie*, MSB Nese*, WK Schultze, NL Sowazi*, PJ Thurling*
***Non-Executive Director**
Registered address: 3 Gwen Lane, Sandton, 2146
Sponsor: Rand Merchant Bank (a division of FirstRand Bank Limited)
Transfer Secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001

CONDENSED STATEMENT OF FINANCIAL POSITION

R000	Reviewed 30 June 2010	Audited 30 June 2009
Assets	7 655 558	7 355 777
Non-current assets	7 655 558	7 355 777
Investment properties	7 334 034	7 158 603
Allowance for future rental escalations	162 838	152 826
Unamortised upfront lease costs	39 019	44 348
Fair value of investment properties	7 535 891	7 355 777
Listed property investment	119 667	—
Current assets	103 526	95 233
Accounts receivable and prepayments	62 845	51 892
Derivative financial instruments	—	6 817
Cash and cash equivalents	40 681	36 524
Non-current assets held for sale	347 039	362 300
Total assets	8 106 123	7 813 310
Equity and liabilities	8 106 123	7 813 310
Participatory interest holders' capital and reserves	5 525 665	5 538 352
Non-current liabilities	2 033 746	1 819 417
Redeemable preference shares	200 000	200 000
Interest-bearing debt	1 591 663	1 373 316
Deferred taxation	242 083	246 101
Current liabilities	546 712	455 541
Accounts payable	215 357	199 627
Derivative financial instruments	57 001	—
Distribution payable to participatory interest holders	274 354	255 914
Total equity and liabilities	8 106 123	7 813 310

CONDENSED STATEMENT OF CASH FLOWS

R000	Reviewed Year ended 30 June 2010	Audited Year ended 30 June 2009
Cash generated by rental operations	691 140	664 501
Net finance costs	(151 086)	(126 366)
STC on preference share dividends paid	(1 523)	(1 228)
Distribution to participatory interest holders	(508 804)	(473 086)
Cash flows from operating activities	29 727	63 821
Acquisition of, and additions to, investment properties and furniture and equipment	(139 337)	(311 111)
Proceeds on sale of investment properties and furniture and equipment	12 189	21 029
Acquisition of investment in listed property fund	(116 769)	—
Cash flows from investing activities	(243 917)	(290 082)
Repurchase of participatory interests	—	(52 151)
Increase in interest-bearing debt	218 347	246 111
Cash flows from financing activities	218 347	193 960
Net increase/(decrease) in cash and cash equivalents	4 157	(32 301)
Cash and cash equivalents at the beginning of the year	36 524	68 825
Cash and cash equivalents at the end of the year	40 681	36 524



CONDENSED STATEMENT OF CHANGES IN EQUITY

R000	Participatory interest	Revaluation and other reserves	Retained earnings	Total
Balance at 1 July 2008	3 563 635	2 198 750	(1 345)	5 761 040
Total comprehensive income for the year	—	—	323 388	323 388
Distribution to participatory interest holders	—	—	(493 925)	(493 925)
Repurchase of participatory interests	(52 151)	—	—	(52 151)
Transfer to fair value reserve (net of deferred taxation)	—	(170 537)	170 537	—
Balance at 30 June 2009	3 511 484	2 028 213	(1 345)	5 538 352
Total comprehensive income for the year	—	—	514 557	514 557
Distribution to participatory interest holders	—	—	(527 244)	(527 244)
Transfer to fair value reserve (net of deferred taxation)	—	(12 687)	12 687	—
Balance at 30 June 2010	3 511 484	2 015 526	(1 345)	5 525 665

RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Momentum Group ("Momentum") is the major participatory interest holder. At 30 June 2010, Momentum owned 20,8% of the Fund's participatory interests and the Fund's BE partners – The Tiso Group, The Shalom Foundation, Avuka Investments, The RMBP Broad Based Empowerment Trust and Mr B van der Ross – held 12,5%. The remaining 66,7% were widely held.

The following transactions were carried out with related parties:

R000	Reviewed Year ended 30 June 2010	Audited Year ended 30 June 2009
Strategic Real Estate Managers (Proprietary) Limited		
Expenditure comprising asset management fees	36 171	31 843
Relationship: Associated company of the FirstRand Group		
Rand Merchant Bank a division of FirstRand Bank Limited		
Long-term interest-bearing debt	1 099 475	884 475
Net finance cost in respect of long-term interest-bearing debt	93 617	72 526
Cash on call	5 000	6 000
Cash reserve	2 000	2 000
Finance income on cash on call	1 572	5 467
Relationship: Associated company of the FirstRand Group		
Eris Property Group (Proprietary) Limited	58 775	176 806
Expenditure comprising: Property management fee and letting commissions	53 409	58 620
Purchase consideration of TIS Corporate Park	—	90 100
Development fees relating to refurbishments and extensions	5 364	28 086
Relationship: Associated company of the FirstRand Group		

The above transactions were carried out on commercial terms and conditions no more favourable than those available in similar arm's length dealings at market-related rates.

SEGMENTAL INFORMATION

Sectoral Segments	Office R'000	Retail R'000	Industrial R'000	Administrative and Corporate R'000	Total R'000
Revenue	510 188	463 773	1 339 683	—	1 162 179
Revenue	511 019	455 785	185 363	—	1 152 167
Allowance for future rental escalations	(831)	7 988	2 855	—	10 012
Segmental result					
Operating profit	319 994	266 460	136 776	(41 947)*	681 283
Investment properties	3 696 931	2 846 316	1 339 683	—	7 882 930
Geographical segments					
Revenue					
– Gauteng	381 718	306 847	142 276	—	830 841
– Western and Eastern Cape	63 235	40 480	19 134	—	122 849
– KwaZulu-Natal	44 347	76 512	26 808	—	147 667
– Free State	20 888	39 934	—	—	60 822
Total	510 188	463 773	1 339 683	—	1 162 179
Investment properties					
– Gauteng	2 794 049	1 906 016	1 036 783	—	5 736 848
– Western and Eastern Cape	505 382	247 100	155 500	—	907 982
– KwaZulu-Natal	283 100	454 100	147 400	—	884 600
– Free State	114 400	239 100	—	—	353 500
Total	3 696 931	2 846 316	1 339 683	—	7 882 930

* Includes management expenses of R36,171 million and general Fund expenses of R5,776 million

Acquisitions

Property purchased and transferred to Emira during the twelve months to June 2010

Property	Sector	Location	GLA (m ²)	Purchase price (Rm)	Forward yield (%)	Effective date	Tenant
Taylor Blinds	Industrial	Montague Gardens, Cape Town	7 614	36,0	10,78	4 September 2009	Taylor Blinds

Taylor Blinds is a modern, well located warehouse let to Taylor Blinds on a long-term lease until September 2013. The purchase was earnings enhancing to Emira and reflected a substantial discount to replacement cost on a R/m²