Press Release

For immediate release 15 th July 2010

Emira Property Fund proposes amendment to its management fee

In a pioneering transaction within the Property Unit Trust (PUT) sector of the JSE, Emira Property Fund announced today that it has reached agreement with the manager of the Fund, Strategic Real Estate Managers (STREM), to amend the terms of its service charge arrangement to a monthly fee based on STREM's actual operating costs.

This unique transaction has been approved in principle by the Financial Services Board - pending Emira participatory interest (PI) holder approval of the amendment and final authorisation by the Registrar of Collective Investment Schemes.

In order to compensate STREM for foregoing its future profits derived from the administration of Emira's assets, a once-off cancellation fee of R197.4m will be paid to STREM on approval of the amendment.

It is proposed that the once-off cancellation fee will be made to STREM, whose shareholders are the FirstRand Group (85%) and Corovest (15%), in two tranches – an initial payment of R129.15m and a further contingent payment of R68.25m.

This is the first time in South Africa that such an agreement has been concluded between a property fund created under the Collective Investment Schemes Control Act (CISCA) and the manager appointed to manage the fund, which will see the manager administer the Fund, once the cancellation fee has been paid, on a costs basis only i.e. it will not earn a profit from administering the fund.

Investors in listed property funds have frequently argued that conflicts of interests arise between the external managers of listed property funds – whose desire it is to maximize their profits from managing the assets under their control - and PI holders - whose interests are to maximize the returns from their investment in the Fund.

In order to address these investor concerns it is proposed that the service charge payable to STREM by Emira will be amended as proposed. However, it is important to note that all the legislative and regulatory requirements in terms of CISCA will continue to be met by Emira and STREM. This unique arrangement meets the provisions of CISCA and has therefore been approved, in principle, by the Registrar, pending the results of a ballot of Emira PI holders.

In future, instead of the customary administration fee payable to STREM by Emira of 0,5% of the enterprise value (market capitalisation plus debt) of the Fund (which has the propensity to spiral upwards as the value of the fund grows), STREM will in future charge Emira an administration fee based only on its actual costs of administering Emira's assets.

Says Emira CEO, James Templeton:

"This transaction is unique in that it is the first time that something like this has been attempted in the SA property unit trust sector. There have been cases where listed property loan stock companies have acquired 100% of the interests in their management companies, but this is the first time that a PUT has attempted to sterilize the fee payable to its manager once and for all.

"The transaction will be earnings enhancing for Emira's PI holders as the costs of managing Emira's portfolio in future will be substantially reduced with the benefits accruing in full to the Emira PI unit holders."

There are, he notes, a number of suspensive conditions that need to be met before the transaction can be ratified. These include: obtaining the approval of Emira PI holders via a ballot, for which responses need to be sent to Emira's auditors by 26 August 2010; obtaining final FSB approval after the conclusion of the ballot process; and Emira being able to raise the R197.4m to fund the transaction on the open market.

Emira appointed KPMG as an independent financial adviser to consider whether the proposed amendment is fair to Emira investors. KPMG have advised the STREM board that it considers the terms and conditions of the proposed amendment to be fair and reasonable to Emira PI holders.

Ends

ISSUED BY: GRAY CORPORATE & INVESTOR RELATIONS
Graham Fiford Tel: (011) 442 9019; Cell 083 391 2459

ON BEHALF OF: EMIRA PROPERTY FUND
James Templeton Tel: (011) 775 1320