Press Release

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Emira Property Fund today announced a distribution of 55.21 cents per Participatory Interest Unit (pi) for the six months ended 31st December 2010 – up 6.5% on the previous comparable period.

Emira PI holders enjoyed a healthy total return of 15.7% during the six months to end December comprising capital appreciation of 11.2% and an income return of 4.5%, which represents the distributions actually paid out during the period.

Emira CEO, James Templeton, says Emira found the previous six months "more difficult than expected," with all three property categories it is invested in being impacted by the slowdown.

As a consequence, vacancies across its portfolio rose from 9.2% in June to 11.4% in December. But despite this, the Fund's income continued to grow, largely because a substantial portion of its portfolio is in long term escalating leases.

Excluding the straight line adjustments from future rental escalations, revenue rose by 7.9% over the comparable period last year. This was as a result of organic income growth within the existing portfolio as well as the inclusion of income from certain recently acquired properties as well as the inclusion of revenue from the completion of several capital projects which contributed revenue for the full period.

Another kicker for the Fund was PI holder approval last year for several proposed amendments to the Fund's Trust Deeds, the most important of which was a change in the service change agreement from a monthly charge based on enterprise value to a monthly fee based on the actual operating costs incurred by Fund's Managers in administering the Fund. The sharp rise in the Emira PI price for the period under review meant that PI holders benefited substantially from the change in the service charge arrangement, albeit that it was only effective on 15 September 2010.

A highlight for the period was the further investment of R117.5m made by Emira in Growthpoint Properties Australia (GOZ). This has resulted in Emira owning 9.1% of the securities in GOZ (which represents 3.2% of Emira's total assets). The investment has paid off for Emira. The Fund has so far received income of

R14.7m from GOZ, which represents distributions paid for the period to 30th June 2010 and to 31st December, while the investment has already appreciated by R22.5m.

In line with the Fund's policy of improving the quality of its portfolio, Emira continued to embark on a series of new acquisitions, disposals and refurbishments of certain of its property assets.

During the period Emira acquired 50% of a Cape Town CBD building, 80 Strand Street, in partnership with the Eris Property Group (Eris), for a cost of R62m. The property comprises ground floor retail space with 10 floors of offices above. The property has a high parking ratio of 3 bays per $100m^2$ compared to other Cape Town CBD buildings. In January 2011 Emira also reached agreement with Eris to purchase a brand new, $13{,}782m^2$, A-grade office building located in Menlyn, Pretoria, for R306.9m. The development, which will be anchored by a ten-year lease with KV3 Engineers, is expected to be complete by June 2012.

In addition, six earnings enhancing refurbishment projects were completed during the period including Randridge Mall (R110m); Rigel Office Park (R14m) and Market Square shopping centre in Plettenberg Bay (R4m)

Other refurbishments currently underway include the redevelopment of Podium Office Park in Menlyn (R176m); the complete refurbishment of 267 West Street in Centurion (R34m); the refurbishment of the Virgin Active property on Cresta Corner (R32m); an upgrade to Wesbank House in the Cape Town CBD (R11m) and the refurbishment of Lincolnwood Office Park in Woodmead (R4m).

Three further redevelopment projects, namely, the FNB Heerengracht property in the Cape Town CBD; Gift Acres shopping centre in Pretoria and further extensions to Market Square centre in Plettenberg Bay, totaling around R100m, have been approved by the Emira board.

At the same time three non-core properties were disposed of – Howick Gardens; Standard Bank Glenwood; QD House and 8 Grader – for some R42m. In addition the Nampak building was disposed of in January this year for R21m and offers have been accepted on three Kramerville properties.

In addition, the Emira board has given its approval for the disposal of a further 16 non-core properties in the portfolio, mainly B-grade office buildings, which should bring in around R600m.

Templeton says:

"The disposal of these properties will significantly improved the quality of the portfolio, reduce vacancies and allow the management to focus on the Fund's larger buildings with better income growth prospects."

He says the proceeds from the property sales will be used finance the Fund's extensive capital expenditure projects, further property acquisitions and perhaps further PI buybacks.

Templeton says though there are signs that tenant interest in rental space is picking up, this has not yet been translated into a decline in vacancies.

Vacancies across the portfolio are up from 9.2% in June last year to 11.4% in December. However, if the vacancies in the unlet buildings currently under refurbishment are excluded, the adjusted vacancy level drops to 10%.

Office vacancies during the period rose from 16.2% to 18% (15.1% adjusted); industrial property vacancies rose from 5.1% to 8% and retail vacancies increased marginally from 5.3% to 6.9%.

Given the flat market conditions Templeton expects the level of distribution for the current period to be similar to that achieved in the previous six months.

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