

Press Release

For immediate release

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Emira's Granada Centre gets a R44m makeover

Emira Property Fund's decision to upgrade its aging, but well-located Granada Centre in the Umhlanga CBD has paid off by attracting prime food retailer, Woolworths, as the centre's new anchor tenant.

Woolworths, which opened its new, 752m², Umhlanga outlet earlier this year, has brought additional prestige to the tenant mix at Granada Centre which is already benefiting from renewed shopper interest following its smart new re-design and facelift.

Centre owners, Emira, say having Woolworths as a tenant is bound to be positive for foot traffic and therefore also rental levels achievable over the remaining retail and office space in the centre going forward.

Says Emira Property Fund CEO, James Templeton:

"We are very pleased with the way this centre's re-modelling has worked out. Granada Centre is a well located property but was in need of a total refurbishment, given its dated design and layout. We decided to invest some capital in it to ensure that rental levels picked up and that future cash flows from the property were sustainable, for the benefit of our participatory interest holders."

This is not the first time that Emira has embarked on this kind of refurbishment programme. Among its bigger projects, Emira recently spent in excess of R90m on the refurbishment and extension of Quagga Shopping Centre, located west of the Pretoria CBD, as well as R34m on a hugely successful upgrading of its Lake Buena Vista office building in Centurion. Both are now fully let at market related rentals.

"Within Emira's existing portfolio there are a number of buildings in prime locations, which, provided they are maintained in a good condition through similar capital expenditure programmes, will provide better than average income streams, ensuring that returns are maximised over time," observes Templeton.

In Granada Centre's case, Emira spent R44.5m on the centre's upgrade. The 7,160m² centre was expanded by adding an extra floor of offices as well as a re-design of the shopping precinct. It also received a cosmetic upgrade to its finishes. The split between retail and office space after the refurbishment is approximately 50/50, with office leases being concluded at approximately R110/m² gross and expectations of good growth in rentals from the ground floor retail space.

Only 1,570m² of the office space remains to be let, while the balance of the vacant retail space has been secured by other national tenants. Using an estimated incremental rental income in the first year, assuming the centre is fully let, Emira's anticipated yield on capital spent is expected to be in excess of 10%.

With the redevelopment of the Granada Centre now completed, Emira's attention is likely to turn to the redevelopment of several other well located office and retail properties in its portfolio.

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