

Press release

For immediate release

29<sup>th</sup> March 2007

**Emira Restructures its debt and gets approval for the Freestone Property Holdings acquisition**

Emira Property Fund is pleased to announce that Emira participatory interest holders have given their consent to the proposed acquisition of Freestone Property Holdings.

All the PI holder approvals for the transaction have now been secured and in terms of the current schedule, Freestone will be delisted on April 17.

In terms of section 311 of the Companies Act, Emira Property Fund is acquiring 100% of the linked units of Freestone Property Holdings and not the assets themselves. This means that Freestone will become a wholly-owned subsidiary of Emira, but to all intents and purposes the two funds will be managed as one from April 17.

Emira's market capitalisation after the transaction will be approximately R5bn, ranking it amongst the top six listed property companies by market capitalisation.

In a separate transaction and in line with the current trend for listed property funds to bring down average costs of borrowings, Emira Property Fund CEO, James Templeton, says the fund has also recently successfully completed a major debt restructuring exercise which has resulted in substantial savings in interest charges for the fund.

As at December 2006, he says Emira Property Fund had a total of R495m in vanilla bank debt, 80% of which at interest rates fixed for periods varying from seven months to four years, at an average interest charge of 10.35%.

At the advice of RMB Treasury and in order to take advantage of the prevailing relatively low long-term interest rates, Emira has revised two existing debt swap agreements and purchased two new, forward starting swaps, the net result of which is that its weighted average cost of borrowing has declined from 10.35% to 9.98%, which has been fixed for between six and nine years.

Says Templeton:

"The debt restructuring will be extremely beneficial to Emira in that not only do we now have longer term certainty over the cost of our funds, but we have also lowered the cost of our debt at the same time.

Templeton says Emira has also engaged with the RMB Debt Capital Markets team in replacing its existing bank debt with securitised notes that will be placed with institutions – commonly known as a commercial mortgage backed securitisation (CMBS). Once the new CMBS structure is in place, he says it could result in a further 40 basis point reduction in Emira Property Fund's average cost of money, bringing its total funding costs down to close to 9.5%.

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