

Press Release

For immediate release

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Commercial and Industrial Property Letting market still quite Robust

Listed property unit trust, Emira Property Fund, says it is finding the commercial and industrial letting market quite robust – notwithstanding the cooling in the economy.

In the past three months it has concluded several sizeable commercial and industrial letting deals in properties in its portfolio at extremely favourable rentals. The Johannesburg office portfolio, which consists of A- and B-grade buildings in central, convenient locations has recently benefited from several lets.

For example, it recently let 1 240m² to a well-known corporate in the newly-renovated Hurlingham Office Park at a gross rental of R105/m². It has also done two substantial lets for a total of 1,200m² in the refurbished Epsom Downs Office Park in Bryanston at around the same rental level - one of the tenants being listed construction company WBHO.

As little as three years ago, rentals at some of these office parks were in a range between R50 and R60/m² gross.

And at Lincoln Wood Office Park in Woodmead, it has just let close to 1 400m² to an international telecommunications company at rentals close to around R90/m² gross.

However, its biggest commercial letting deal by far in recent months has been the letting of 6,854m² to insurance firm Outsurance at its Lake Buena Vista development in Centurion. The deal was done at around the R95 to R100/m² gross and Outsurance took occupation in July.

The industrial letting market is also “vibrant” notes Emira CEO, James Templeton.

Emira recently concluded several leases – all in excess of 1 200m² - in two buildings in Corporate Park South and one in Paulshof at rentals of around R45m² gross.

Says Templeton:

“Upward reversions on new leases in the both the office and industrial letting market are running at around 15% at the moment – in other words well over and above the normal annual, contractual rental escalation.”

In both the commercial and industrial letting market Templeton says the buoyant letting conditions are merely a function of supply and demand fundamentals.

“Despite some negative factors, the economy is still performing well and tenants are looking for space, which is in increasingly short supply, he says.

Ends

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