



**Emira Property Fund**  
A property fund created under the Emira Property Scheme, registered in terms of the Collective Investment Schemes Control Act ("Emira" or "the Fund")  
(Share code: EMI ISIN: ZAE000050712)

## Acquisition of properties and black economic empowerment transaction

### 1. INTRODUCTION

Further to the cautionary announcement published on 4 May 2006, participatory interest ("PI") holders are advised that Emira has entered into agreements in respect of the acquisition of the portfolio of properties set out in paragraph 3.1 below ("the acquisition").

PI holders are further advised that Emira has entered into agreements which will result in 14.2% of its PIs being placed with historically disadvantaged South Africans through a partial vendor consideration placement of the PIs issued to the vendors of the properties referred to above, as well as a specific issue of PIs for cash ("the BEE transaction").

### 2. RATIONALE

#### 2.1 The acquisition

It is Emira's strategy to increase the size and quality of its portfolio through the acquisition of properties at market-related prices that will enhance net income growth of the fund over the medium to long term.

The acquisition will reduce Emira's reliance on office properties and increase the retail component of the asset base, such that these two sectors will each comprise slightly in excess of 40% of the portfolio, with the balance of the portfolio consisting of industrial properties.

The acquisition will also result in Emira acquiring a regional shopping centre. Regional and super regional shopping centres have outperformed all other categories of physical property over the past ten years on a total return basis.

#### 2.2 The BEE transaction

Emira recognises that there are a number of compelling reasons to introduce black economic empowerment ("BEE") partners into the Fund. These include, but are not limited to:

- transferring ownership of land to people who were previously denied access to land through discriminatory policy and legislation;
- empowering previously disadvantaged individuals in order to redress the imbalances of the past; and
- achieving a change in the racial and gender composition of ownership, control and management within the property sector.

The Property Sector Transformation Charter ("the Property Charter") entered into between the representatives of the South African property industry and the Department of Public Works lists these reasons amongst its objectives and the Board of Strategic Real Estate Managers (Proprietary) Limited ("STREM"), the management company of Emira, believes that the BEE transaction is the first step towards achieving the targets as set out in the Property Charter.

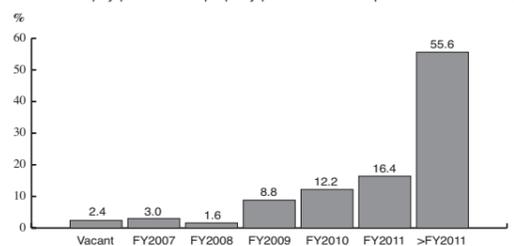
### 3. THE ACQUISITION

#### 3.1 Details of the property portfolio

In terms of the acquisition, Emira will acquire the following properties (collectively, "the property portfolio"):

Property	Purchase price (R'000)	Rentable area (m <sup>2</sup> )	Forecast net rental (R/m <sup>2</sup> )	Vacancy (% rentable area)
Newlands Terraces	43 750	4 262	85.00	0.0
RTT Warehouse	217 117	44 085	39.06	0.0
WesBank House	44 000	9 172	41.64	4.0
Wonderpark Shopping Centre	406 400	59 702	49.32	3.6
WorldWear	133 090	13 260	85.06	0.0

The lease expiry profile of the property portfolio to be acquired is shown below.



CB Richard Ellis has been appointed to value the property portfolio in terms of the Listings Requirements ("Listings Requirements") of the JSE Limited ("JSE"). These valuation reports will be included in the circular to be posted to PI holders setting out the terms of the acquisition, as detailed in paragraph 7 below.

#### 3.2 Description of the properties

##### 3.2.1 Newlands Terraces

Address: Diagonally opposite the corner of Lower Kelvin and Boundary Roads, Newlands, Cape Town

Description: Multi-storey office building and parking garage located adjacent to the Newlands Rugby Stadium

Tenants: Western Province Rugby Football Union, UCS Software

##### 3.2.2 RTT Warehouse

Address: Corner Jones and Springbok Roads, Bartlett, Johannesburg

Description: Warehouse and office development located adjacent to the Johannesburg International Airport

Tenants: Railit Total Transportation (RTT)

##### 3.2.3 WesBank House

Address: Corner Riebeeck, Long and Waterkant Streets, Cape Town

Description: Multi-storey office building with retail space on the ground floor, located in the Cape Town CBD

Tenants: Department of Labour, WesBank

##### 3.2.4 Wonderpark Shopping Centre

Address: Corner R513 Brits Road and Heinrich Avenue, Karenpark, Pretoria

Description: Regional shopping centre north-west of Pretoria

Tenants: Pick 'n Pay, Game, Virgin Active, Edgars, Cashbuild, Woolworths

##### 3.2.5 WorldWear

Address: Corner Beyers Naude Drive and Wilson Street, Fairlands, Johannesburg

Description: Specialist, branded shopping centre

Tenants: Mr Price Home, The Pro Shop, Seemans, Adidas, JB Rivers, Cape Storm

#### 3.3 Terms of the acquisition

The aggregate purchase consideration of R844.4 million will be settled through cash payments totalling R340.2 million and the balance of R504.2 million will be settled through the issue of 61 219 383 PIs. Details of the individual property acquisitions are set out below.

##### 3.3.1 Newlands Terraces

Subject to the fulfilment of the conditions precedent, Emira will acquire Newlands Terraces from RMB Properties (Proprietary) Limited ("RMB Properties") for R43 750 000. The purchase consideration will be settled through the issue of 4 467 907 PIs at R9.79 per PI, to be issued upon receipt of PI holder approval of the transaction and which will be entitled to *pro rata* distributions from the issue date. The effective date of the acquisition is the later of practical completion, which is anticipated to be 1 September 2006, or registration.

##### 3.3.2 RTT Warehouse

Subject to the fulfilment of the conditions precedent, Emira will acquire the RTT Warehouse from RMB Properties for R217 117 357. The purchase consideration will be settled through the issue of 622 665 PIs at R8.03 per PI and the balance of the purchase consideration of R212 117 357 will be settled in cash. The PIs are to be issued upon receipt of PI holder approval of the transaction and will be entitled to *pro rata* distributions from the issue date. The effective date of the acquisition is the later of the trade commencement date, which is anticipated to be 1 April 2007, or registration.

##### 3.3.3 WesBank House

Subject to the fulfilment of the conditions precedent, Emira will acquire WesBank House from Momentum Group Limited ("Momentum") for R44 000 000. The purchase consideration will be settled through the issue of 5 479 452 PIs at R8.03 per PI, the holders of which will be entitled to *pro rata* distributions from the effective date. The effective date of the acquisition is to be on transfer of the property to Emira, which is expected to be approximately October 2006.

##### 3.3.4 Wonderpark Shopping Centre

Subject to the fulfilment of the conditions precedent, Emira will acquire Wonderpark Shopping Centre from Hawley Road Developments (Proprietary) Limited for R406 400 000. The purchase consideration will be settled through the issue of 50 026 694 PIs at R8.12 per PI, the holders of which will be entitled to *pro rata* distributions from the effective date. The effective date of the acquisition is to be on transfer of the property to Emira, which is expected to be approximately October 2006.

##### 3.3.5 WorldWear

Subject to the fulfilment of the conditions precedent, Emira will acquire WorldWear from RMB Properties for R133 090 000. The purchase consideration will be settled through the issue of 622 665 PIs at R8.03 per PI and the balance of the purchase consideration of R128 090 000 will be settled in cash. The PIs are to be issued upon receipt of PI holder approval of the transaction and will be entitled to *pro rata* distributions from the issue date. The effective date of the acquisition is the later of the trade commencement date, which is anticipated to be 1 November 2006, or registration.

#### 3.4 Financial information

The forecast financial information attributable to the property portfolio is set out below. The forecast financial information has not been reviewed or reported on in terms of the Listings Requirements.

	Forecast for the 12 months ending 30 June 2007 (R'000)	Forecast for the 12 months ending 30 June 2008 (R'000)
Revenue	68 602	115 397
Property expenses	(17 037)	(24 868)
Administration expenses	(2 540)	(3 949)
Management expenses	(2 795)	(4 992)
Depreciation	(1 426)	(2 036)
<b>Operating profit</b>	<b>44 804</b>	<b>79 552</b>

The forecast has been prepared based on the following assumptions:

- revenue from the properties has been included in the forecast from the anticipated effective date of acquisition of each property acquired;
- uncontracted revenue constitutes 2% of the portfolio revenue in the year ended 30 June 2007 and 2.8% of revenue for the year ended 30 June 2008. It has been assumed that this will be contracted at market related rentals; and
- leases in respect of approximately 4.6% of the property portfolio's gross rentable area will expire during the forecast period. For the purposes of the forecast, it has been assumed that leases expiring during the forecast period will be renewed at market related rentals.

### 4. THE BEE TRANSACTION

#### 4.1 The BEE parties

##### 4.1.1 The Tiso Group (Proprietary) Limited ("Tiso")

Tiso is a leading black-owned, controlled and managed investment holding company. Tiso is predominantly controlled by its management and the Tiso Foundation, a registered public benefit organisation.

Established in 2001, Tiso's strategy is to:

- acquire control of enterprises in selected sectors of the economy; and
- enter into a limited number of strategic BEE partnerships with select partners.

Tiso is the controlling shareholder of Idwala Industrial Holdings, whilst strategic partnerships include Aveng, AECI and Investec.

##### 4.1.2 Penreach/Shalamuka Foundation ("Penreach")

Penreach was established in 1993 as a school-based outreach programme, with the goal of uplifting the standard of education in under-resourced communities. Based in Nelspruit and servicing the surrounding areas of Mpumalanga, it is currently the largest such programme in Africa, assisting approximately 2 000 teachers and 900 schools each year. Penreach is managed by full-time staff and governed by a board of trustees. The establishment of the Shalamuka Foundation will ensure that this important programme continues to benefit the communities it serves.

##### 4.1.3 Avuka Investment Holdings (Proprietary) Limited ("Avuka")

Avuka is a black controlled company established in 2005. The company is wholly-owned by the following black women:

- Dr Lulu Gwagwa: ex-Deputy Director General in the Department of Public Works and a non-executive director on the boards of the Airports Company of South Africa ("ACSA"), FirstRand, the Development Bank of Southern Africa ("DBSA") and the Mineworkers Investment Company;

- Mrs Nocawe Makiwane: Managing Director of Avuka Investments and non-executive director of the National Housing Finance Corporation ("NHFC");

- Nhlanhla Mjoli Mncube: Economic adviser to the Deputy President of South Africa and a board member of Pioneer Foods, Capitec Bank, Cadiz Holdings and the NHFC;

- Ms Monhla Hlahla: Chief executive of ACSA and an ex-executive of Old Mutual, the DBSA and the Commonwealth Africa Investment Fund. Ms Hlahla was voted South Africa's Business Woman of the Year for 2005.

#### 4.1.4 Other Black Executives

Mr Ben van der Ross serves on the boards of FirstRand, Naspers and the Momentum. Mr van der Ross is also Chairman of STREM.

#### 4.1.5 Black Employees

In terms of the existing contracts between STREM and RMB Properties, all asset and property management functions are currently outsourced to RMB Properties. RMB Properties employs approximately 113 black individuals, many of whom are responsible for the administration of the fund and the day-to-day management of properties owned by Emira.

It is proposed that a portion of the PIs to be issued in terms of the BEE transaction will be issued to a trust, the beneficiaries of which will be black employees of RMB Properties. The trust will be utilised to retain and incentivise existing black employees and to attract future black executives.

#### 4.2 Mechanics of the BEE transaction

Momentum and RMB Properties have agreed to place 40 010 339 of the PIs they receive as consideration for the disposal of the properties referred to above with the BEE parties in terms of a vendor consideration placing.

In terms of the vendor consideration placing:

- Tiso, through its wholly-owned subsidiary Tiso Property (Proprietary) Limited, will acquire 35 491 905 PIs; and
- the remaining BEE parties will acquire 4 518 434 PIs.

Emira will issue a further 11 172 765 PIs to the remaining BEE parties in terms of a specific issue for cash. The cash raised through the specific issue for cash will be used to repay existing short-term debt.

The BEE parties will pay R8.03 per PI in terms of the vendor consideration placement and the specific issue for cash. This purchase consideration amounts to:

- a 6% discount to the clean, volume weighted average Emira PI price at 18 January 2006, being the date of approval of the transaction by the STREM board; and
- a 23.2% discount to the clean Emira share price at 2 June 2006, being the last practicable date prior to the publication of this announcement.

Given that the pricing of the properties and the issue price of the PIs was determined at the same time, the STREM board believes that the transaction is equitable for Emira PI holders.

The BEE parties have raised third party debt totalling R391 million and will fund the balance of R20 million through equity.

The BEE parties have agreed:

- not to dispose of their Emira PIs for a period of five years;
- that for a further three years, the PIs may only be sold to a black person and/or a BEE entity; and
- that the BEE parties which are corporate entities shall not allow any transfer of shares in their respective capitals that will result in the percentage shareholding being held by black people and/or BEE entities being materially reduced from that at the effective date without prior written consent from Emira.

It has further been agreed that, as anchor partner, Tiso will be entitled to appoint one director to the STREM board, while the remaining BEE parties will also be entitled, collectively, to appoint one director to the STREM board.

### 5. PI HOLDER APPROVAL

The vendors of the property portfolio are related parties in terms of the Listings Requirements, as they are subsidiaries of FirstRand, which holds 38.5% of Emira through Momentum. Accordingly, the acquisition is subject to the passing by PI holders, excluding the related parties, of an ordinary resolution approving the acquisition. Emira has appointed Deloitte & Touche to provide PI holders with a fair and reasonable opinion on the terms of the acquisition in terms of the related party provisions of the Listings Requirements.

As the price at which the vendor consideration placing is being implemented represents a discount of more than 10% to the 30-day volume weighted average prior to the date that the placing was approved by the STREM board, the vendor consideration placing is subject to the passing by PI holders of an ordinary resolution, by a 75% majority, approving such vendor consideration placing.

The specific issue of PIs for cash is subject to the passing by PI holders of an ordinary resolution, by a 75% majority, approving such specific issue of PIs for cash.

### 6. CONDITIONS PRECEDENT

The acquisition and the BEE transaction are subject to the fulfilment of the following conditions precedent:

- the approval by PI holders, as set out in paragraph 5 above; and
- the approval of the requisite documentation by the JSE.

### 7. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT AND FURTHER DOCUMENTATION

Having regard to the contents of this announcement, the cautionary announcement relating to Emira is hereby withdrawn and PI holders need no longer exercise caution when dealing in their PIs.

A circular, which is subject to approval by the JSE, containing further information on the acquisition and the BEE transaction and convening a general meeting of Emira PI holders, is in the process of being prepared and will be posted to PI holders within 28 days of the date of publication of this announcement.

Sandton  
5 June 2006

Merchant bank and joint sponsor

Lead sponsor

Attorneys to Emira

Independent valuer

Attorneys to Tiso

Independent expert



**RAND MERCHANT BANK**  
A division of FirstRand Bank Limited

**PRICEWATERHOUSECOOPERS**  
PricewaterhouseCoopers  
Corporate Finance (Pty) Ltd  
(Registration number 1970/003711/07)

**WERKSMANS**  
INCORPORATED  
(Reg. No. 1990/007215/21)

**CBRE**  
CB RICHARD ELLIS

**TWB**  
TUGENDHAFT WAPNICK BANCHETTI  
AND PARTNERS

**Deloitte**  
Corporate Finance Division  
Registered Auditors