

Press Release

For immediate
release

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Emira Property Fund invests a further R117m in Growthpoint Australia

The Johannesburg Stock Exchange listed Emira Property Fund has followed its R117m investment in Growthpoint Properties Australia (GOZ) made earlier this year with another R117m investment in the Australian-based real estate investment trust (REIT).

This brings its investment in the Australian stock exchange-listed REIT to 9.13% - up from 6.4% after its initial investment in May this year.

At the time of the initial GOZ transaction – the Fund's first offshore property investment - Emira noted that it was seeking to diversify its portfolio by taking a passive investment in a well-run Australian REIT secured by 25 high quality industrial properties occupied by blue chip tenants on relatively long leases.

The investment, it said, was being made at higher yields than were then achievable in the South African property market and its calculations showed that the transaction would be earnings enhancing for Emira participatory interest (PI) holders from day one.

The initial investment in GOZ at 175 cents has done well for Emira PI holders. GOZ's closing price on the Australian Stock Exchange recently was 193 cents – and the trust had already gone ex-dividend to the tune of 8.5 cents a unit.

At the current A\$/Rand exchange rate of R6.92 (R6.50 at the time of the initial deal) the investment is now worth R137m implying a 17.4% total return in Rand terms on the first tranche of units.

In August GOZ announced that it was looking to broaden its portfolio by acquiring seven additional properties, valued at A\$172m, on a yield of around 8.5%. But, in order to facilitate the transaction, GOZ needed to raise around A\$101m to cover the purchase price.

GOZ planned to cover the purchase price through a combination of debt and a rights offer that would see the issuing of additional stapled securities in GOZ at A\$1.90 per stapled security. It consequently urged its current investors - including Emira - to take up their rights in the new issue.

In August Emira announced that it had successfully subscribed for an additional A\$17.4m worth of additional GOZ stapled securities for a total consideration of R117m, bringing its investment in GOZ to 9.1%.

Says Emira CEO, James Templeton:

"Our investment in GOZ has done extremely well for Emira participatory interest holders to-date and it was only natural that we would take up our rights in the new issue.

"The investment in the seven new GOZ properties diversifies the REIT away from its current focus on industrial properties by including two office buildings, a car park and four other industrial properties in its expanded portfolio.

"These properties are located in the attractive Brisbane property market in Queensland and all of them are underpinned by quality tenants on good leases."

GOZ's current property holdings are mainly industrial properties located throughout Australia and worth an estimated A\$744m. The average lease on its properties is 10.6 years and, after its most recent acquisitions, up to 57% of the property rental income will come from just two retail groups - Woolworths and the Coles Group.

Part of GOZ's rationale for its latest transaction is that by growing its portfolio and market capitalisation – and at the same time diversifying into the commercial property market – it would allow GOZ to get closer to its goal of being included in the ASX 200.

The hope is that would entice institutional investors, which would eventually lead to a re-rating of the shares – further benefiting Emira and other GOZ unit holders.

Ends

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