

Caption: Architect's impression of the renovated Cresta Corner in Beyers Naude Road, Randburg

Press Release

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release

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Emira Property Fund spends R130m burnishing its portfolio

In addition to several projects either underway or already approved by its Board, Emira Property Fund is planning to spend a further R130m in the next year upgrading certain of its property assets in Johannesburg, Pretoria and Cape Town.

This is in line with the Fund's long term strategy to improve the quality of its portfolio by upgrading selected, well located buildings to attract quality tenants on long leases at higher rentals than are currently being received.

One of its most ambitious upgrades involves the refurbishment of a property known as Cresta Corner situated on the corner of Judges and Beyers Naude Roads in Cresta, Randburg.

The building is in a prime location opposite Cresta Shopping Centre but is in need of a facelift. The C-Grade building has a gross lettable area of 8 468m² and comprises some retail space, offices, motor dealership show rooms, workshops, a gym and a parkade.

Emira has secured a 10-year lease from Audi Centre Northcliff for its new motor vehicle showroom which will occupy a new, purpose-built motor showroom with ancillary parking and workshop facilities on the refurbished property. This will complement the site's existing Audi Northcliff used motor vehicle dealership which will receive only a minor upgrade.

The cost of Phase 1 of the renovations will be some R26.1m and it will add around 1 352 m² of additional space to the property.

Phase 2 of the renovations, will include an upgrade to the facade of the Virgin Active gym to match that of the new motor dealership as well as improvements to the retail shop fronts and offices. These improvements are estimated to cost R6m.

Emira is looking for a total incremental yield of between 9.5% and 10% on the refurbished building on completion, which will make it earnings enhancing to the fund. Rental levels on the office component, for example, are expected to rise from R60/ m² to R83/ m² gross while the ground floor retail rentals should rise to around R95/ m² gross.

In Centurion, Emira is investing R34m on giving its 276 West Street property a facelift. The multi-storey, face brick office block was developed as a new head office for Momentum Life in the Eighties but has since become very dated.

Emira is refurbishing the building internally and externally by plastering over the face brick, and adding new windows, steel balconies and steel cladding to give the building a more modern feel.

Emira believes the property's excellent location in the Centurion CBD on the opposite side of the lake from Centurion Mall and its proximity to the new Centurion Gautrain Station (across the street) presents an ideal opportunity for it to upgrade the building.

Current rental levels for the 9 830 m² of office space are around R80/ m² and estimates are that rentals of around R110/ m² – R120/ m² could be achievable after the renovations.

And in Cape Town, Emira has recently partnered with its property development associate, Eris Properties, in purchasing a multi-tenanted building, 80 Strand Street, in the centre of the CBD's financial district.

The property comprises ground floor retail with 10 floors (12 500 m²) of A and B-Grade offices above. Rentals range from around R75 m² to R90 m². The plan is to investigate ways of improving the return on the property by possibly redeveloping some of the adjoining properties and adding additional parking.

Emira's share of the purchase price is R62.5m and, at a yield of in excess of 10%, the transaction is expected to be moderately earnings enhancing for Emira participatory interest holders.

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