

Press Release

For immediate release

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Emira Property Fund in R254m portfolio improvement Programme

Emira Property Fund, which recently acquired smaller property loan stock company, Freestone Property Holdings Ltd, has received Board approval to spend a total of R254m on new property developments and refurbishments to existing properties over the next nine months.

Emira is now the seventh largest property fund listed on the JSE, the merger with Freestone having boosted its property portfolio to around R6bn in value and its market capitalisation to R5.4bn.

Around R90m of the current capital expenditure budget will be spent on new developments, some R104m on extensions and refurbishments to existing facilities and the remainder will be directed towards refurbishments.

Included in the new developments for the Emira Property Fund will be: a fourth phase to the highly successful Faerie Glen office complex in Atterbury Road, Faerie Glen at a cost of R30m, where existing tenant, VIP Personnel & Payroll Systems, will be consolidated in the phase four extension; an extension to the RTT industrial development near the OR Tambo International Airport involving an additional 5 600m² of lettable space at a cost of R20m; and a new 13 000m² warehouse development on a site adjoining the RTT development which is to be built at a cost of R41m.

Emira is currently planning to extend and refurbish the Quagga Shopping Centre to the West of Pretoria CBD by adding an additional 5 500m² of new retail space plus additional parking at a cost of R86m. Woolworths is to join existing anchor tenants Shoprite and Pick 'n Pay at the centre, which will now comprise a gross lettable area in excess of 28 000m².

And to the East of the city Emira is planning to extend Lynnridge Mall by a further 440m² specifically for retailer, Mr Price Home. The cost of the extension will be R18,4m, which will include the additional lettable area, the construction of a new parking deck and a reshuffling of certain tenants within the mall.

And the Caltex Service Station adjoining Wonderpark Shopping Centre North of Pretoria will also receive a makeover to the tune of R7m to bring in into line with recent improvements to the shopping precinct.

Other Emira-owned buildings in line for a facelift include: the well-known Woodmead Office Park in Woodmead which will be receiving new look foyers and ablution facilities at a cost of R11m; the Knightsbridge Manor office complex opposite the Di-Data Campus in Sloane Street, Bryanston, which will be receiving similar treatment at a cost of R8m; and the five-storey Lake Buena Vista building in Gordon Hood Road on the lake in Centurion and close to Centurion Mall and the proposed new Centurion Gautrain Station. The existing tenant has vacated the 6 200m² building so the entire complex will be renovated and additional parking added at a cost of R34m.

Says Emira CEO, James Templeton:

“With building costs rising sharply, vacancies reducing and rentals expected to rise as a result, it makes sense for property owners to improve their existing assets in order to extract higher rental returns and ultimately yields on these properties.”

In some instances, he says, the proposed office upgrades will elevate the status of the buildings concerned from B-Grade office space with rentals of around R55/ m² gross to A-grade space that lets at closer to R95/ m². These improved rentals across the various projects planned are anticipated to yield Emira an incremental return in excess of 9.5%, which is to be funded out of cash realised from disposals, debt and equity.

Templeton says that they are examining other development and refurbishment opportunities in both the existing Emira and recently acquired Freestone properties. These opportunities are suspensive on various conditions, for example rezoning applications, but should they all proceed this could result in the fund seeking board approval for some R850m of capital expenditure over the next three years.

Ends

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