MEDIA RELEASE FROM EMIRA PROPERTY FUND LIMITED

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Emira achieves 9% full year distribution growth and is primed for continued strong performance

Emira Property Fund Limited today reported distribution growth per participatory interest (PI) of 9% for its full year ended 30 June 2015, meeting its market guidance with a good set of results that continue its growing track record of performance for investors.

Besides posting total distribution growth at double the inflation rate to deliver real returns, Emira's net asset value (NAV) increased by 15.9% during the year to 1751 cents per PI, while its total distributable income grew 14% to R685.5 million.

James Templeton, CEO of Emira Property Fund, attributes its meaningful increase in distribution to the fund's acquisitive growth, the contractual rental escalations on most of its portfolio, improved leasing and rigorous cost controls as well as increased recoveries of municipal expenses.

Templeton says: "Strong performance across all metrics underpins Emira's positive performance. We notched up excellent top-line growth and kept expenses well-contained. Our vacancy levels are better than all the industry benchmarks, driven by good leasing performance."

Templeton will leave Emira at the end of August 2015 to pursue his own interests. Geoff Jennett, Emira's current CFO, will replace Templeton from 1 September. At the same time, the responsibilities of Emira Executive Director Ulana van Biljon will be formalised to include that of COO. Emira is in the process of appointing a new CFO.

Emira expects to achieve similar healthy improvement in dividends in the coming financial year, with the benefit of improved occupancies, property acquisitions and ongoing tight cost controls, which is set to result in real improvement in its core distribution growth per share.

Emira is a JSE-listed REIT that is invested in a quality diversified portfolio of office, retail and industrial properties. Its assets comprise 148 properties valued at R12.7 billion. Emira is also internationally diversified through its direct interest in ASX-listed Growthpoint Properties Australia (GOZ), valued in excess of R796 million, with total assets now at R13.6 billion. Emira Property Fund Scheme was successfully converted to a corporate REIT – Emira Property Fund Limited - from 1 July 2015.

Emira's core operational performance was remarkable with better vacancy levels and continued very high tenant retention. Templeton points out: "Retail is our best performing sector but, notwithstanding the tough economic environment, both our office and industrial portfolios are performing well."

Over the past two years Emira's vacancies have improved from 5.6% in June 2013 to 4.5% in June 2014 and now to 4.0% in June 2015. This was driven by leasing in the office sector and the strategic sales of certain properties. Its office sector vacancy of 7.8% remains well below SAPOA national levels of 10.6%, while its retail vacancy of 2.8% and its industrial vacancy of 1.4% are also better than the national levels reported by SAPOA and IPD. The fund achieved tenant retention of a notable 76% by gross lettable area.

Emira has been active in the debt funding markets, and, notwithstanding a slight tightening in the markets during the year, was successful in accessing funding at competitive rates. It maintained a moderate level of gearing with a loan-to-value ratio of 33.4%, and 84.6% of its interest rate exposure is fixed for a weighted average length of 3.6 years.

Emira is also efficiently recycling its capital by concluding beneficial disposals of non-core properties and reinvesting the proceeds in upgrades, improvements and acquisitions. It has also established a development pipeline of over R2 billion to support its strategic growth.

Emira acquired the R830 million Integri-T diversified portfolio of eight properties during the year. It also acquired a 60% undivided share in Ben Fleur Boulevard in Witbank, Mpumalanga for R66.5 million. Further, Emira secured the acquisition of a 50% undivided share in the Mitchell's Plain Shopping Centre in the Western Cape for R76 million. Subsequent to year-end, Emira agreed to take a 50% undivided share in five prime-grade office and retail buildings forming part of the Summit Place mixed-use development in Menlyn Pretoria for R403 million, subject to approvals.

Emira continued its strategy to dispose of non-core buildings, selling and transferring eight properties totalling R361.5 million at a forward yield of 7.1% and a 20% premium to book value. It also disposed of four buildings, yet to transfer, with a total disposal value of R321 million representing a forward yield of 6.9% and a premium to book value of 47%. The sale proceeds will be reinvested in new acquisitions, capital expenditure projects or used to repay debt, all of which will enhance earnings for its investors.

Emira undertook several upgrade and extension projects to support the best use of its buildings, and maintain or improve the quality of its properties. This included the major upgrade and extension of Wonderpark Shopping Centre completed in October 2014, where the centre was enlarged from 63,000m² to 90,000 m² at a cost of R561 million. It enabled existing national tenants to extend their stores and also introduced new anchors. Emira also completed the Gateway Landing industrial development for R57.4 million in October 2014, which is now fully let or committed.

Projects to modernise, extend and renovate 19 buildings are currently underway and total an investment of approximately R186.4 million. The most significant of these projects is the upgrade and refurbishment to Kramerville Corner with a total expenditure of R57.8 million.

Income from Emira's GOZ investment increased by 7.2% due to an increase in the distribution per unit received from GOZ and the depreciation of the Rand against the Australian dollar.

Templeton concludes: "Emira is in a strong position to continue to create value for investors. Our attentive debt management, recycling of capital, latest acquisitions, offshore holdings, development pipeline and ongoing operational focus will continue to be strong drivers of performance."

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