



MEDIA RELEASE FROM EMIRA PROPERTY FUND

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Emira launches strategic venture with ONE to boost its rural retail investments

Emira Property Fund today announced it has joined forces with retail property specialists ONE Property Holdings to grow their retail assets together and create a larger low LSM retail portfolio. For this venture, Emira and ONE will launch a specialised fund by the name of Enyuka Property Fund. Enyuka is the Zulu word for ascend.

Emira will contribute its 15-asset rural retail portfolio to the new associate business, which is dedicated to growing a significant retail portfolio. ONE will contribute its development pipeline of similar lower LSM retail assets. The transaction is subject to normal suspensive conditions including Competition Commission Approval, and this is expected to be forthcoming in the near future.

Housed in the new associate business, these properties will deliver returns to Emira at the same income yield they currently achieve in its portfolio, together with annual escalations up to a pre-set level. The excess above the set benchmarks are shared within the venture. What's more, Emira will get the added benefit of returns from the development pipeline above a lower level target benchmark together with a meaningful participation in an actively-managed and growing base of rural retail assets.

The Enyuka Property Fund is starting out with Emira's R575 million portfolio of retail properties, a R50 million cash contribution and a gearing cap of 50%, which creates a war chest for immediate acquisitions and developments up to a further R625 million. There is a current pipeline of R400 million of similar assets, and further development opportunities of up to R500 million. In addition, Enyuka has first right on opportunities for lower LSM retail coming from both ONE and Emira.

With all this behind it, the strategic focused relationship is set to grow Emira's low LSM retail portfolio at a faster and better rate than that currently achievable within its existing structures.

Emira will, after completion of the transactions, hold a 49.9% share of the ordinary equity in the businesses, and ONE a 50.1% stake. Both will be hands-on in deciding for the portfolio with a 50/50 asset management joint venture.

Optimising its core strength, ONE will be chiefly responsible for the Enyuka portfolio's growth through acquisitions and developments, and together with Emira it will also undertake the asset management operations, within pre-set limits. Material and shareholder decisions need the



approval of both parties. The new venture has first right on opportunities for lower LSM retail coming from both ONE and Emira.

The portfolio is expected to grow in critical mass within the next five years, which will open new opportunities. At this point, its future will be assessed, with options including, but not limited to, a separate listing or reincorporation into Emira. Emira always holds first right on the initial 15 properties it committed to the venture.

Geoff Jennett, CEO of Emira Property Fund, comments: "We're excited about this strategic partnership which enables us to expand our retail assets. This relationship brings together two strong players, in the form of an investment property fund and a capital growth property fund, which creates a synergy with a shared vision for growth from lower LSM retail property. By venturing with ONE, we will enjoy added benefits and transactions. We will grow our lower LSM retail assets at an accelerated pace, retain exposure to our portfolio of retail assets, enjoy access to otherwise more remote transactions, and effectively use our assets to fund growth."

Emira is a medium-cap diversified JSE-listed REIT that is invested in a quality balanced portfolio of office, retail and industrial properties. Its assets comprise 144 properties valued at R12.9 billion. Emira is also internationally diversified through its direct interest in ASX-listed GOZ valued at R940 million.

ONE is represented by Chairman Selwyn Smith and CEO Chris van Reenen. ONE Property Holdings is an unlisted capital growth fund with an existing retail property portfolio. The group currently has invested in a portfolio of 9 shopping centres, in excess of 120 000 square metres of retail space and an approximate value of R1.2 billion and a pipeline of a further R1 billion.

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