MEDIA RELEASE FROM EMIRA PROPERTY FUND LIMITED

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Emira lays the groundwork for positive performance

Emira Property Fund today reported a total dividend of 143.18 cents per share for its full-year ended 30 June 2017. It delivered results in line with market guidance and made significant strategic progress that has cleared the way for its return to positive growth in distributions.

Geoff Jennett, CEO of Emira Property Fund, says: "It was a challenging year. Nevertheless, we delivered results consistent with our market guidance. Emira produced solid metrics and made pleasing advances with several initiatives and innovations that have positioned Emira to renew its positive distribution growth trajectory."

He adds: "The South African operating environment has worsened and is set to remain tough, but Emira is now on a much better footing to move forward and increase its performance for investors."

At year end, Emira had significantly improved vacancies across its portfolio to 5.3% from 7.0% at its half year. It also renewed 77% of expiring space during the year.

"Our substantial leasing progress took a lot of hard work. We introduced several new solutions that respond well to the fiercely competitive market. Filling vacancies and retaining tenants is a top priority," reveals Jennett.

Emira released its new app for brokers during the year. It also recently launched an innovative leasing initiative, The Intelligent Relocation, which offers excellent occupation cost benefits at selected top-quality buildings in prime office nodes.

Rebalancing its portfolio, Emira made significant strides selling 11 non-core properties – or around 4% of its total portfolio -- at a 1.1% average premium to book value. "This shows that our assets are valued realistically and that Emira's net asset value underpin is fair and reasonable," says Jennett. A further 16 properties are being held for sale.

At its year end, Emira was invested in 135 properties valued at R13.3 billion that make up a quality, balanced portfolio of office, retail and industrial assets. It decreased its office exposure from 44% to 41% during the year. Its urban and rural retail property increased to 44% of Emira's portfolio, including its stake in Enyuka Property Fund. Industrial properties remained constant at 15% of its assets.

Continuing to invest in tactical upgrades that boost value in its portfolio, Emira has already spent R624,2 million in 17 projects to modernise, extend and redevelop assets. The largest scheme is the demand-driven phased P-grade green redevelopment of Knightsbridge, Bryanston. Its 68.4% pre-let first phase is on target for completion in September and its fully-let second phase will be developed by June 2018.

In another innovative move, Emira will partner with specialist real estate investors and developers Feenstra Group for the residential conversion of 10,000sqm of Sasol's former office space in Rosebank into 280 residential units. The mostly single-bedroom apartments will serve the LSM seven and eight markets. "Creating quality residential accommodation in Rosebank responds to the demand for accommodation which serves the additional supply of office space in the node," says Jennett.

Emira launched and advanced several strategic initiatives during the year, including its specialised Enyuka Property Fund joint venture, which is growing its retail assets at a faster rate than it could alone. Enyuka has already unconditionally acquired five new shopping centres. Its original portfolio of 15 rural retail assets will then stand at 20 and be valued at R851,6 million.

The diversified mid-cap SA REIT also closed a R364.2 million strategic BEE deal that placed 5% of its shares in black ownership, adding value to Emira and its tenants while also contributing to transforming the South African economy.

Emira is internationally diversified through its direct interest in ASX-listed Growthpoint Properties Australia (GOZ), into which it increased its investment during the year. Emira holds 4.5% of GOZ's total units in issue. This is valued at R901.4 million compared with the initial cost price of R416.8 million, which represents a 116.3% increase in investment. Emira's income from GOZ during the year increased by 0.8%.

Emira's international exposure now stands at around 6% of its balance sheet, but it intends to increase its offshore investments and will make further announcements about this in the near future.

Emira enjoys access to diversified sources of funding and has facilities with all South Africa's major banks. It also has access to funding via debt capital markets at competitive rates. It closed the year with a moderate gearing ratio of 36.6%.

"Emira benefits from a strong balance sheet and good access to capital. We are rebalancing our portfolio, investing strategically and recycling capital to ensure the quality and attractiveness of our assets. Our Enyuka JV is doing well and meeting targets. Our commercial BEE deal places us ahead of the curve. We are also taking the right steps towards increased international exposure," says Jennett. "All this positions Emira well to perform positively in conditions that are set to remain challenging. We are committed to delivering shareholder value, as well as income and capital growth."

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