Emira Property Fund on the rise due to new strategy

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Emira Property Fund reported distribution growth of 3.5 per cent for year ending 30 June 2013 due to new turnaround strategies.

"Our focus has been very much on office space and the strategy there has been multi-fold," James Templeton, Chief Executive Officer of Emira Property Fund told CNBC Africa on Tuesday.

Emira's EMIRA PROPERTY FUND. 1.39% participatory interest holders received a total return of 26.2 per cent for the year, with a capital return of 17.3 per cent and income return of 8.9 per cent, reflecting a major turnaround from last year's figures.

Templeton believes that the fund achieved major progress with its turnaround strategy and that performance reflected in their financial figures.

The strategy included improved leasing, strict cost control measures, acquiring new assets to their portfolio as well as disposing and upgrading existing assets.

"The capital expenditure (CAPEX) pipeline in Emira at the moment is at 600 million rand so we have been upgrading our assets in terms of quality and that excludes maintenance and refurbishment which is another 30 million rand a year," he explained.

For example, he pointed out, Wonderpark shopping centre, located in Pretoria, is the fund's biggest asset at the moment and they plan on spending 500 million rand upgrading the centre.

"We are looking after our office assets and are trying to grow our retail assets through existing capital expenditure and through acquisitions," said Templeton

Emira currently has 148 properties in its portfolio which is valued at 9.4 billion rand in total.

Another key focus for the fund is on tenant retention which has increased from 65 to 78 per cent during the financial year.

“You have to make sure you defend your turf and retain your tenants,” he added.

On the other hand, the fund has also been concentrating on bringing in new tenants.

“You’ve got to try and attract new investments and for that you need to put attractive rentals on the table, make sure your buildings look good and you need to have the right contacts and network,” explained Templeton.

He added that the location of the properties is also just as critical.

“Location is critical. If you look back at the past 15 years you will find that the bigger assets generally perform better and that is one of the reasons why we are expanding our shopping centres,” explained Templeton.

“With the competition around, you have to have a bigger and better tenant offering. That has been the trend for the last 15 years.”

He believes that their CAPEX plans to upgrade their existing assets will drive earnings as well as improve the quality of their existing properties.

“We are spending money but it’s going to earn a return which is better than buying out there and its earnings enhancing so it makes sense,”

The growth for Emira does not end there. According to Templeton, their figures will continue improving into the upcoming year.

“Last year we were 2.5 per cent down, this year we are 3 per cent up while the rest of the property sector are delivering between 6 to 7 per cent earnings growth. We believe however that by June 2014 we can catch up to them,” he concluded.