

Emira Property eyes strong returns next year

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Emira Property Fund CEO James Templeton. Picture: FINANCIAL MAIL

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LISTED property fund Emira Property Fund believes it has performed well since listing on the JSE a decade ago and that the sale of noncore properties will help it achieve strong returns next year.

CEO James Templeton said on Tuesday that Emira was proud of sustaining its performance over the years and that selling off non-core assets recently would help it achieve better returns next year.

"We've come a long way since listing in 2003. Our focus has always been to grow and evolve in a way that benefits investors and stakeholders and adheres to good governance and best practice, ensuring sustainable performance," Mr Templeton said.

The South African Listed Property Index recorded a total return of 3.04% for October 2013. Emira returned 1.56% in that month. However, for the year to date, Emira has returned 11.03% while the sector has returned 10.59%.

Emira earlier this month put through a participatory interest repurchase programme. It effectively bought back shares in a buyback worth R70m, taking its total repurchased shares to R206m in the past two years.

It also sold off some nonperforming assets. The programme was used to grow its distribution to investors by reinvesting proceeds from the disposal of the noncore assets through the repurchase of the shares.

Emira listed on the JSE on November 28 2003. Since then, its asset base has grown almost six-fold from R1.65bn to R10.1bn in June 2013.

The group's portfolio of retail, office and industrial properties have more than doubled in number from 77 to 146.

Emira was created by South Africa's Momentum through a securitisation of Momentum's portfolio of directly held properties.

Mr Templeton said internal portfolio growth played an important role in Emira's portfolio strategy. Over the 10 years, it invested R1.391bn on capital projects to improve and expand properties.

Alternative Real Estate fund manager Maurice Shapiro said he was impressed with Emira's performance since listing. He said Emira had taken advantage of lower interest rates in debt capital markets and had also restructured its debt swap profile.

Old Mutual Investment Group fund manager Evan Robins said Emira had done well given that it focused on the older B-grade office property sector.

"Emira have recently upped their game, especially since they effectively internalised their asset management. They have had to manage a tough hand, having owned many B -grade offices, which is the sector under most pressure," he said.

"In 2003 we set out to grow a fund that offered investors and stakeholders sustainable, growing performance. I am pleased to report we have managed to achieve this," Mr Templeton said.

"Emira will continue its focused programme of strategic acquisitions, prudent disposals, value-enhancing development and redevelopment and shrewd financial management to grow performance for investors for the long term," he said.