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Emira celebrates a decade of growth and sustainable performance

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It's been 10 years since SA REIT (Real Estate Investment Trust) Emira Property Fund listed on the JSE on 28 November 2003.

In that time, its asset base has grown almost six fold from R1.65 billion to R10,1 billion in June 2013 and its diverse portfolio of retail, office and industrial properties has effectively doubled in number from 77 to 146. It has also paid out nearly R4 billion to its shareholders over 10 years and delivered a total return of 13.7% per annum.

"We've come a long way since listing in 2003," says Emira's CEO James Templeton. "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."

On its 10-year journey of growth, Emira has achieved several strategic and operational milestones. When it listed, Emira's 77 properties comprised mainly assets it gained from Momentum Group. By 2005, through selective acquisitions and appreciation of its properties, its portfolio grew to 84 properties with a market value of R2,26 billion.

In 2006 the fund acquired R844 million of properties from Eris Property Group and Momentum Group, which introduced a meaningful BEE holding of 12,2% and included shareholders Kagiso Tiso Holdings, The Shalamuka Foundation and Avuka Investments.

Just a year later, on 1 April 2007, Emira acquired Freestone Property Holdings Limited, a property loan stock companythat added R1,8 billion to its portfolio with 81 commercial, retail and industrial properties.

Emira made history in 2008 becoming the first Collective Investment Scheme in Property (CISP) to raise funds using mortgage backed securitisation, with a successful R650 million issue. "It was in 2009, that sound principles of a solid credit rating and a low gearing on our properties really paid off allowing the fund to access the debt capital markets, thereby diversifying the sources of funding for Emira," says Templeton.

Rand Merchant Bank Limited, a financial institution with which Emira had a long-standing relationship, approved a R666 million long-term debt facility. "This enabled us to improve the quality of our portfolio by refurbishing existing properties and supported growth through acquiring new assets."

With the aim of further diversifying its assets, the fund began looking for offshore investment opportunities. Its first was an AUD18 million (R166,9 million) investment in an interest in Growthpoint Properties Australia (GOZ) in May 2010. In making its opening move offshore, Emira again made the record books as the first CISP to invest in an Australian REIT. Through various additional capital raisings, in 2011 Emira's holding in GOZ was increased to over 6.3% at R537 million.

Adopting an internationally recognised structure, Emira was granted REIT status by the JSE in July this year, giving it access to the sought-after new SA REIT tax dispensation and its associated benefits for listed property funds and their investors and also put new structures in place to ensure it can take best advantage of opportunities and keep tight management controls.

Excluding the acquisition of Freestone in 2007, over the past decade, Emira made 31 strategic acquisitions of R2.337 billion, while it opportunistically disposed of 41 properties valued at R867.2 million.

Templeton notes that internal portfolio growth has played an important role in Emira's portfolio strategy. Over the 10 years, it has invested R1.391 billion on capital projects to improve and expand its properties.

"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," says Templeton. He adds that investors can expect the same, if not more, from Emira in the next decade.

"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," says Templeton.