

# Emira boosts portfolio with Menlyn office development acquisition

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Diversified property group Emira Property Fund has consolidated its position in Pretoria's Menlyn area, spending R403m on a 50% share in five buildings in Summit Place, a new office development.



Emira, with a market capitalisation of about R7.6bn, has been on the acquisition trail under recently appointed CEO Geoff Jennett. The fund is trying to improve the quality of its portfolio.

Jennett said Summit Place, situated opposite Menlyn Park Shopping Centre, was set to become one of the group's flagship properties.

Emira concluded the acquisition last year at an average yield of 8.14%, according to Jennett.

"We really like the Menlyn node, and this asset made immediate sense. Summit Place is being supported by the growing shopping centre nearby and more people living in Menlyn, and many other funds would be desperate for exposure to this growing area. We are privileged to have a strong relationship with the developer of Summit Place, Neotrend, and hope this

will continue," he said.

Emira was offered the opportunity to purchase a 50% undivided share with Neotrend, the same company that, in 2014, sold Emira a 60% undivided share in the Ben Fleur Boulevard shopping centre in Mpumalanga.

The overall development, which comprises 10 premium grade commercial buildings, will see Emira and Neotrend take ownership of five. Existing tenants include Grant Thornton, BDO, Summit Sky Grill & Bar, Land Rover, Assupol and Sizwe Ntsaluba Gobodo.

Emira owns office, retail and industrial properties. Its assets include 146 properties, valued at R13bn. Emira has also diversified internationally through its 4.9% direct holding in Australian-listed Growthpoint Australia.

Jennett said that the listed sector was struggling to find well-priced property assets in the country, but that he wanted Emira to make a few more acquisitions this year.

"We concluded this deal last year and that, perhaps, helped as now funding costs are a whole percent more expensive, and we have had to turn away from a deal this year. But, I am confident we will make more strong deals," Jennett said.

Maurice Shapiro, head of Ma'alot Investments, said Emira had ambitions to be one of the best middle-cap listed property stocks, but he was waiting for it to make more aggressive moves here and especially abroad.

Many South African funds are diversifying offshore to offer hedges against the weak rand, and also because they can fund deals more cheaply in certain countries.

"Pretoria and the Menlyn area have done well for them (Emira) in the past. They understand these areas well, but I would like to see them clinch more exciting deals overseas, for example, where they only really have their share in Growthpoint Australia at the moment," Shapiro said.

*Source: Business Day*

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