

Emira boosts its liquidity with R1.1bn Cape Town property portfolio sale

Emira Property Fund has agreed to sell basically all its wholly owned Cape Town properties in a sizeable R1.1bn transaction, which will create significant and immediate liquidity for Emira to pursue its strategy.



Source: Supplied. Geoff Jennett, chief executive officer of Emira Property Fund.

Should all the conditions precedent for the transaction be met, Spear REIT, which invests exclusively in the Western Cape, will take ownership of the 13 properties.

The portfolio comprises six office properties, five industrial facilities and two specialist/retail properties, with the majority of the portfolio value being in office properties.

The selling price has been agreed at a small discount to book value, which is expected for this type of portfolio sale. Emira's capacity to successfully trade out of assets underscores its astute capital allocation and value creation capabilities.

Geoff Jennett, chief executive officer of Emira Property Fund, comments, "The growing demand for investment property in the Western Cape presented an exciting liquidity opportunity for Emira because our regional holdings there are smaller and not something we want to add to at the current pricing levels. We are alive to market opportunities and agile in responding to prospects that further our strategic ambitions."

The proceeds of the agreed transaction will boost Emira's war chest, placing it in a strong position to take advantage of strategic investment opportunities.

It will also further reduce Emira's exposure to the South African office sector, which is still grappling with recovery given the new ways of working post-pandemic and the country's anaemic economic growth.

Emira team joins Spear

The deal carefully considers the consistency of management experience and expertise, and the knowledgeable Emira team directly responsible for managing that portfolio of properties will join Spear.

"We have no doubt that these properties will be in good hands at Spear and our people will find a good home with them. With its specialist Western Cape focus, we are confident that Spear will achieve great value from these assets. This transaction is mutually beneficial for Emira and Spear and we believe it is a win-win for all involved," says Jennett.

Emira entered this transaction with a R15bn diversified portfolio that is balanced with a mix of assets across sectors and geographies.

Post this transaction, Emira's South African portfolio of commercial and residential assets will reduce from R12.3bn to R11.2bn while its US equity investments with its in-country specialist co-investment partner, The Rainier Companies, will remain R2.8bn (\$151.9m) comprising 12 grocery-anchored open-air convenience shopping centres.

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