

Emira concludes the acquisition of Transcend

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Emira Property Fund (JSE: EMI) has finalised a scheme of arrangement resulting in Transcend Residential Property Fund becoming wholly owned by Emira.

In 2018, Emira took its first 34.9% stake in the then JSE-listed REIT Transcend, thereby diversifying its investments to include the value suburban multifamily residential rental property segment.



Geoff Jennett, CEO of Emira Property Fund

Geoff Jennett, CEO of Emira Property Fund, comments, *“Our journey with Transcend is a success story for Emira. We partnered with the right asset management team to advance our diversification and earn good returns.”*

Since the initial investment, shifts in the market saw the appetite for small-cap stocks dry up and, being very illiquid, there was no longer value in Transcend remaining listed. Emira responded by increasing its ownership in Transcend with a view to bringing it in-house. Emira grew its holding in Transcend to 68%, eventually reaching 100% late last year. Subsequently, Transcend has been delisted from the JSE.

Jennett adds, *“We are pleased to have successfully converted a good indirect equity investment into a wholly owned subsidiary, adding another powerful lever to Emira’s overall diversified strategy. Residential property now represents about 16% of our South African portfolio, although this is likely to change in line with market opportunities.”*

This transaction continues Emira’s track record of advancing its strategies incrementally, starting by taking an initial position in opportune investments to establish a springboard from which to assess, create and grow value for shareholders over time.

Emira’s investment approach has played out advantageously in its take-up and subsequent sale of a stake in Growthpoint Properties Australia and its co-founding and accretive sale of its stake in specialist retail fund Enyuka. This tactic is also driving Emira’s incremental investment into the US where its asset-by-asset capital allocation approach with in-country specialist co-investment partner, The Rainier Companies, has secured a meaningful 19% of Emira’s asset base offshore in equity investments of R2.8bn (USD151.9m) comprising 12 grocery-anchored open-air convenience shopping centres.

Jennett notes, *“At Emira, we actively manage our capital allocation, and constantly assess assets for their optimal use and act accordingly. There is nothing passive about our approach to our assets even though it does take time.”*

Emira has a diversified portfolio that is balanced with a mix of assets across sectors and geographies. In South Africa, Emira’s 91-property strong portfolio includes commercial (retail, office and industrial) and residential assets valued at R12.1bn.

Ensuring consistency for the Transcend portfolio’s 4,000 tenants, the properties will continue to be managed by highly regarded International Housing Solutions (IHS) while also benefitting from greater alignment with Emira’s systems and a bigger bank of industry knowledge, which includes a wealth of experience across property sectors as well as solar PV plants, biodiversity and community projects.

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