Strategic Excellence at Emira Property Fund

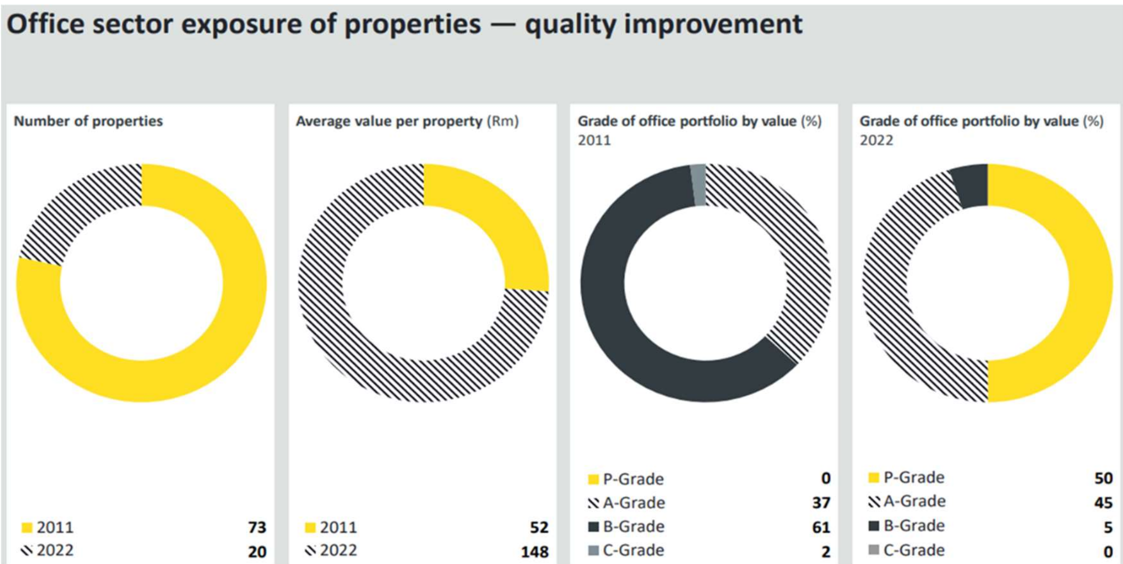
Perspectives: March 10th, 2023

JSE listed Emira Property Fund is *not* a household name. This business and its whole team of people deserve to be more widely seen and acknowledged.

Emira's credible bottom-line results over the past 3 years must be considered against the extremely challenging backdrop of (1) the long-term mismanagement of and resulting lack of growth of the South African economy, coupled with (2) the multi-layered severe impacts of the global covid pandemic.

Upon closer analysis it turns out their continued resilient performance was no accident. In fact, it can be attributed to the disciplined execution of a sensible strategic vision formulated and implemented long ago.

Emira's office segment changes 2011 to 2022



Source: Emira interim results H1 2023 presentation slides

It is clearly apparent that within its office segment Emira had deliberately repositioned itself by reducing its number of properties, increasing its average property value, and improving its grade. It is therefore *not* surprising to see them exhibiting resilience despite an over-supplied office sector with record high vacancy levels in the South African property markets.

Furthermore, Emira had also *significantly* reduced their overall portfolio's segmental value exposure to the South African office sector - from 44% in FY 2015 to 19% in FY 2022. The capital released by this was re-invested sensibly offshore in partnership with an independent US property specialist business headquartered in Dallas, Texas.

Compared to the everyday excitement of the equity markets, it can be tempting to think of listed property businesses as being 'a bit boring' or that 'they do not change much over time'. *This is not necessarily true*. They are first and foremost commercial business enterprises, like any other. They require the same essential ingredients that make for long-term success in any business in any industry and country.

Emira stands out to us as a listed property business with a clearly defined culture, a credible long-term vision and strategy, and an intelligent, mindful group of like-minded people who own and run the show.

We tip our hats to them, as we offer our gratitude and respect.

Our work continues...

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