

Emira invests in fourth US shopping centre

JSE-listed REIT Emira Property Fund announced recently investment in its fourth shopping centre in the US, an equity deal with its in-country partners, the Rainier Group of Companies.



Stony Creek Marketplace, Noblesville, State of Indiana, USA

Emira acquired 49% of Stony Creek Marketplace, valued at \$32m, located in Noblesville, Hamilton County in the Indiana.

The investment represents a cash-on-cash return of 11.7% in US dollars for Emira, on a net cash equity investment of \$6.5m. The investment was funded from Emira's existing balance sheet, chiefly with the proceeds of its programme of asset disposals from its portfolio rebalancing plans.

Growing international exposure

This deal takes Emira's exposure to the US to 3% of its total assets and its international exposure in developed markets to 9% of total assets including its investment in ASX-listed Growthpoint Properties Australia (GOZ).

The latest addition to Emira's US portfolio is a 204,000ft² convenience retail power centre located in Indiana, near to two of Emira's existing investments in Ohio. Stony Creek Marketplace is shadow-anchored by a 162,000ft² Meijer grocer, which forms part of the centre but is owned by the grocery chain. The modern convenience centre was originally constructed from 2003 to 2005 and has since been regularly refurbished.

The property asset is 98.9% leased with 79% of its space let to nationals including TJ Maxx, Home Goods, Best Buy and PetSmart. It has a weighted average lease expiry of 3.9 years.



Emira reveals new USA investment strategy

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'Low-risk co-investment strategy'

Geoff Jennett, CEO of Emira Property Fund, comments: "With this transaction, Emira benefits from growing exposure to the attractive value available in the USA in our chosen market segment. We have targeted investment in grocery-anchored convenience retail centres in resilient markets located in some of the major southern and central states. We are confident that our low-risk co-investment strategy in the USA remains the most prudent way to increase our international diversification into this developed market."

On the home front, Emira continues to recycle its capital by disposing of certain assets in accordance with its portfolio rebalancing plans. So far this calendar year it has sold and transferred three assets - two offices and one non-core retail property - for a combined R250m. This adds to the tactical impact of its R236m of disposals made in the latter half of 2017 when Emira sold six further assets.

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