

## InvestingPREMIUM

### On the prowl

## Emira makes a cheeky play for Octodec as corporate action starts to hot up in the property sector

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The Fields, Octodec's student housing development in Hatfield. Picture: Supplied/Octodec

Wheeling and dealing in the listed property sector appears to be on the rise again, with Emira Property Fund making an unexpected move on Octodec Investments last week.

Emira is splurging R1.5bn to get its hands on just shy of 35% of Octodec. The real estate investment trust (Reit) has in recent months quietly assembled a 20.17% stake in Gauteng-focused Octodec in a series of off-market transactions, buying shares worth R892m from several asset managers, including Sanlam, Old Mutual Investment Group, Meago Asset Managers and Catalyst Fund Managers.

Last week, Emira launched a voluntary public offer to acquire another 14.73% at R16.75 a share, which equates to R656.7m. The offer, if taken up fully, will bump Emira’s stake in Octodec up to 34.9%, just below the threshold to avoid triggering a mandatory offer to all shareholders.

Octodec was founded in the 1950s by Alec Wapnick and is still substantially owned by the Wapnick family. It’s the only JSE-listed Reit that focuses exclusively on Gauteng and is one of only a handful of counters with a large exposure to the rental housing market. It also owns student housing units in Hatfield, near the University of Pretoria. More than half of Octodec’s R11.2bn portfolio comprises retail, office and residential buildings in the Tshwane and Joburg CBDs, where tenant demand has been hard hit by failing municipal service delivery and crumbling infrastructure in recent years.

Until a year ago, Octodec traded at a disproportionately large discount to NAV. But the share price has recovered notably in the months since thanks to improved operational performance and the company’s recent inclusion in the all property index. Also, Octodec finally found a buyer for longtime underperformer Killarney Mall in February for R397.5m.

Though Octodec’s share price has jumped 81% in the past year and touched a seven-year high of R17 last week, it still trades at 30% below its NAV of R24.55.

<b>COMPANY SNAPSHOT</b>		
	<b>Emira Property Fund</b>	<b>Octodec Investments</b>
Market cap:	R7.47bn	R4.52bn
Portfolio value:	R15.6bn	R11.2bn
Geographical spread:	SA: 63%; US: 14%; Poland: 23%	SA (Gauteng): 100%
Share price (17/04/2026):	R14.85	R17.00
NAV per share:	R20.96	R24.55
1-year share price gain:	43%	81%
Earnings growth guidance (FY 26)	2.3%	0%-4%

Source: Company data; FM

Emira CEO James Day says his company’s interest in Octodec aligns with its strategy to acquire “cornerstone” stakes in undervalued property companies, listed and unlisted.

Emira’s R15.6bn portfolio includes a mixed bag of retail, office and industrial buildings in South Africa. Its retail portfolio comprises mainly grocer-anchored neighbourhood and community centres, the largest being Wonderpark (91,038m<sup>2</sup>) in Pretoria North. Emira also has a small shareholding in fellow JSE-listed SA Corporate Real Estate, as well as stakes in a portfolio of US retail centres and a Polish portfolio of mostly logistics/industrial properties.

Like SA Corporate and Octodec, Emira also has exposure to the rental housing sector through the former JSE-listed Transcend Residential Property Fund, in which it initially acquired a stake in 2018 and fully took over in early 2024.

Emira has stepped up its asset recycling under Day’s leadership, the former CFO of AltX-listed Castleview Property Fund, who replaced Geoff Jennett last July. Castleview, led by James Templeton, who was previously at Emira’s helm, has a controlling stake of about 60% in Emira. It

also owns a stake in Collins Property Group, formerly known as Tradehold, which used to house the offshore property interests of retail tycoon Christo Wiese.

Asked by the FM whether the move to acquire a 34.9% stake in Octodec signals plans for a full takeover or a merger between Emira and Octodec, Day is noncommittal: “The investment opens the door to several promising possibilities and positions us to pursue whichever path proves most worthwhile in future.”

*Recent market volatility has created attractive entry points for those with capital to deploy*

— *Curwin Rittles*

Analysts are not surprised that listed property stocks are on the prowl for acquisition, takeover and merger opportunities now that the sector is returning to earnings growth on the back of lower interest rates and stronger balance sheets. Most property portfolios are now in better shape than before the pandemic, as the downturn was used to sweat assets, dispose of underperforming buildings and pay off debt, all of which makes it easier to structure deals.

Curwin Rittles, investment analyst at Metope Investment Managers, says conditions for cash-funded consolidation are increasingly favourable. “Recent market volatility has created attractive entry points for those with capital to deploy.”

What is puzzling, though, is Emira’s rather unattractive offer price of R16.75, which is below the R17 at which Octodec was trading last week. Emira is no doubt banking on Octodec’s lack of liquidity to tempt sellers that may be looking for an exit opportunity.

Evan Robins, listed property portfolio manager at Old Mutual Investment Group, notes it is possible that Emira will increase its offer price at some point. He says it’s uncertain if Emira’s ultimate intention is to gain full control of Octodec, adding that Castleview (Emira’s controlling shareholder) has in the past acquired material stakes in other listed funds without taking control.

Besides, Robins notes that any potential takeover bid for Octodec would be complicated by the Wapnick family and management having a substantial stake, and by Octodec being externally managed by City Properties.

There is also a view among some fund managers that consolidation isn’t necessarily in the best interests of investors. As Rittles puts it: “As an asset manager we value choice, and Octodec offers something fairly distinct: residential exposure within a CBD-focused portfolio that few listed vehicles replicate.”

He adds that while Octodec’s yield and discount to NAV have compressed meaningfully this year, the 30%-odd discount to NAV at which the stock still trades suggests there could be “meaningful upside remaining for patient investors”.



The issue of choice has become particularly relevant, given the JSE's shrinking universe of property stocks. According to independent analyst Keillen Ndlovu, the number of real estate counters listed on the JSE's main board has dwindled from 52 in 2020 to 38 in 2026 (excluding AltX-listed Castleview, Heriot Reit and petrol service station owner Afine Investments). That's despite several new property listings post-pandemic, including UK-listed Assura, Primary Health Properties and Supermarket Income Reit, as well as South Africa-focused aReit Prop and Afine Investments.

Ndlovu says the listed property sector is faced with a bit of a conundrum. "The sector needs more sizeable and liquid counters to attract investment from larger multi-asset and equity fund managers. However, this would require consolidation, which translates into less choice for listed property fund managers who typically prefer specialist or sector-focused stocks as opposed to diversified ones."

Ndlovu says the solution lies in more listings, especially specialist counters targeting niche sectors such as multifamily residential, student accommodation and health care, which he expects will start finding their way to the JSE within the next 18 to 24 months.

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