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# Vukile beats target in capital raising

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VUKILE Property Fund, the listed real estate investment trust (Reit), said yesterday that it had managed to raise R900 million through the placing of 48 066 103 new shares.

The company had intended to raise R500m through an accelerated book build. The group managed to achieve and beat its target by R400m in less than seven hours of opening the book build.

“In light of strong demand, the amount of capital raised was increased from R500m to R900m through the placing of an aggregate of 48 066 103 new shares. The book was significantly oversubscribed, even at R900m,” the fund said.

Of the R900m capital raised, R578.75m was raised pursuant to the accelerated book build process at R18.80 a share, R71.25m by way of placement with management at R18.80 a share and R250m by way of placement with the Encha SPV at R18.53 a share in terms of the Encha equity funding platform arrangements as detailed in Vukile’s circular issued on June 5, 2013.

The fund said subject to approval by the JSE, listing and trading of the new shares was expected to commence at 9am today.

It had earlier reserved the right to increase the size of the equity raise. Java Capital acted as sole book runner. It is not the first time the company has raised cash in the form of a book build.

In April last year, it success-

fully raised R400m through an accelerated book build. It was initially seeking to raise R300m but increased the amount because of strong demand.

Vukile made a big investment at the beginning of July in Spain when it announced an acquisition of a portfolio of nine high-quality, newly-built retail parks across Spain via its new 98.3 percent Spanish Reit subsidiary Castellana Properties.

## Boosts exposure

The R2.8bn off-market transaction increases Vukile’s diversification and it boosts its international exposure to about 21 percent of total property assets. The acquisition also grows its Spanish portfolio to 11 properties.

Chief executive Laurence Rapp commented after the acquisition that the transaction had given Vukile immediate scale in Spain. “Vukile now offers the most focused exposure to the Spanish property in the South African Reit market. The acquisition represents a 6.2 percent pre-gear property yield and reaffirms Vukile’s prospects to deliver growth in dividends between 7 and 8 percent,” said Rapp.

In the results to end March, Vukile reported a fall in gross property revenue to R1.8bn from R2.3bn. Profit was R1.5bn, slightly down from R1.6bn the previous year. Headline earnings per share were 151.13c a share, down from 168c. Vukile’s shares fell 2.31 percent yesterday to close at R19.