



## Publication

CAPE TIMES BUSINESS REPORT

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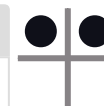
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## Date

Tues 28 Nov 2017

## AVE (ZAR)

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## PROPERTY

Vukile set to list Castellana on the Madrid Stock Exchange in push for Spanish growth.

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# Spain seen as engine of growth for Vukile

## Castellana to list in Madrid

Roy Cokayne

JSE-LISTED Vukile Property Fund is finalising two further acquisitions in Spain for a total of €68 million (R1.14 billion) and plans to list Castellana Properties Socimi, its 98.3 per cent-owned subsidiary in that country, on the Madrid Stock Exchange by the middle of next year.

Laurence Rapp, the chief executive of Vukile, said yesterday that the main reason for this listing was to comply with Spanish tax legislation.

"It has to be listed from a tax point of view by September next year to maintain its Reit (real estate investment trust) status. It will be listed on the Madrid junior board by the end of June.

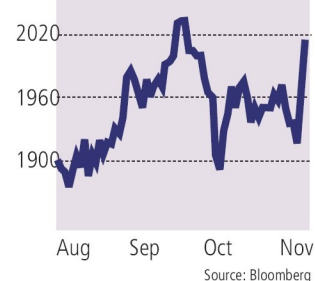
"It will probably be an introductory listing without raising any capital, but it does give us that flexibility going forward," he said.

Rapp added that Castellana would be required to have 20 shareholders holding a minimum of €10 000 worth of shares each, but Vukile would

## Vukile

Share price, rand Aug 27- Nov 27

Close: R20.15



Source: Bloomberg

probably still own about 90 per cent of the company post-listing.

Rapp said the big story in the six months to September was the growth in Vukile's off-shore exposure to 24 per cent of its R20.4bn total property asset base and the deployment of in excess of R2bn worth of equity into growing the Spanish business and the further investment of R407.5m into Atlantic Leaf, its strategic entry into the UK market, that increased its shareholding in the company to 35 percent.



Vukile, owner of the East Rand Mall, is finalising the acquisition of the 25 000m<sup>2</sup> Alameda retail park in Granada, Spain.

PHOTO: SUPPLIED

The investment in Castellana accounts for 18 percent, or R3.6bn, of Vukile's total assets, while associate Atlantic Leaf in the UK accounted for 6 percent, or R1.3bn, of the fund's total assets.

About R15.5bn of Vukile's total assets were invested in Southern Africa, with 91 percent of Vukile's direct assets being shopping centres.

Rapp said Spain was a big engine of growth for Vukile and it was finalising the acquisition of the 25 000m<sup>2</sup> Alameda Park retail park and shopping centre in Granada and the 20 650m<sup>2</sup> Pinotar Park in Mur-

cia in south-east Spain, where it also had an option to acquire an adjacent plot of land to extend the centre.

"We have established Castellana as a key player in the Spanish retail market in terms of deal flow. Those two deals, if everything goes according to plan, will push our assets by the end of December to €300m, which from a standing start less than six months ago has been exceptionally good growth," he said.

Rapp said Vukile underwrote the acquisition by Atlantic Leaf of 11 retail warehouses and industrial properties in the

UK, which increased its take in Atlantic Leaf to 35 percent and triggered a minority offer.

He said the offer closed on December 8 and expected Vukile's shareholding to end up between 35 percent and 40 percent.

Vukile yesterday reported a 7.4 percent growth in dividends a share to 72.65 cents in the six months to September, which was in line with the market guidance of growth between 7 percent and 8 percent.

Rapp said Vukile had produced extremely credible results in the context of an exceedingly difficult and

worsening market.

Like-for-like net property revenue grew 6.1 percent, while vacancy levels improved to 3.4 percent from 3.9 percent.

Rapp said Vukile's portfolio was well-positioned for long term growth, with the stable defensive South African base creating the launchpad for further international growth.

He forecast growth in dividends of 7 to 8 percent for the full year, but indicated growth for its 2019 financial year could be at least 8 percent.

Shares in Vukile rose 2.75 percent yesterday on the JSE to close at R20.15.