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**Vukile to grow its Spain investment**

Vukile Property Fund is backing its Spanish portfolio to drive its returns over the next few years, saying its success there in just under a year has been “monumental”, with the country being the world’s second most popular tourist destination. /Page 13

# Vukile backs Spain for growth

● *There is no limit on how much offshore exposure property fund will have, CEO says as dividend increases*

**Alistair Anderson**  
Property Writer

Vukile Property Fund is backing its Spanish portfolio to drive its returns over the next few years, saying its success there in just less than a year has been “monumental”, with the country being the world’s second-most popular tourist destination.

The company, which released financial results for the year to March on Wednesday that were slightly ahead of expectations, has exposure to Spanish retail assets worth €400m and is the only South African property group with significant exposure to Europe’s fifth-biggest economy.

The Spanish shopping centres in which it was invested were mostly located in coastal towns frequented by tourists from Nordic countries and Germany, said Alfonso Brunet, MD of Vukile’s Spanish partner, Castellana Properties.

Vukile CEO Laurence Rapp said the group would continue to invest capital in Spain and in SA depending on the attractiveness of deals. There was no limit on how much offshore exposure Vukile would have, he said.

The company was not concerned about any political

uncertainty in Spain. As much as 28% of its asset base was now in Spain, held through its investment in Castellana.

Vukile would continue to hold its R1.2bn investment in UK industry-focused Atlantic Leaf Properties but it was not aiming to invest further in that country.

The group reported 7.7% growth in dividends to 168.82c per share for the reporting period, due to higher second-half distribution growth of 7.9%.

“Our full-year returns are comfortably in the upper range of our market guidance and extend our 14-year track record of unbroken growth in dividends for investors,” Rapp said.

He said Vukile’s distributable income totalled R1.3bn and its net asset value had increased 7.5% to 20.09c per share.

The fund was “well positioned, with a firm focus on our South African retail portfolio and Spanish investment strategy”.

**WE REMAIN POSITIVE ABOUT THEIR SPANISH STRATEGY AND FAIRVEST HOLDING, LESS SO FOR ATLANTIC LEAF**

Vukile expected to deliver dividend growth of 7.5%-8.5% in 2019.

The group would continue its specialised investment in the defensive retail sector in SA with expansions, upgrades and data-driven asset management that added value to its properties.

“We have an appetite to invest in SA with value-accretive transactions at the right price,” Rapp said.

Vukile closed its financial year with R17.3bn in SA and Namibia. Its South African assets include a stake in Fairvest.

Garreth Elston, research analyst at Golden Section Capital, said Vukile had delivered a solid set of results considering the challenging environment.

“The company’s South African operations had performed broadly as expected, but Vukile’s diversification strategy had been successful in broadening its earnings base and had started to deliver value to investors,” he said. “We remain positive about their Spanish strategy and Fairvest holding, less so for Atlantic Leaf.”

They were “happy with the company’s performance and expect it to continue to deliver steady results in 2018-19”.

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**BIG IN SPAIN**

**VUKILE**  
Share price, daily close (cents)



WEDNESDAY'S SHARE INFO

Close	2153
Move	▲ 0.61%
High	2223
Dividend yield	7.51%
p/e	17.17
Market cap.	R1.896bn



LAURENCE RAPP