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Vukile has appetite to further invest in SA, limit overseas solely to Spain

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VUKILE, the listed real estate investment trust (Reit), has confirmed its appetite to invest further in South Africa and that its international activity in the short to medium term would be fixed solely on the Spanish market.

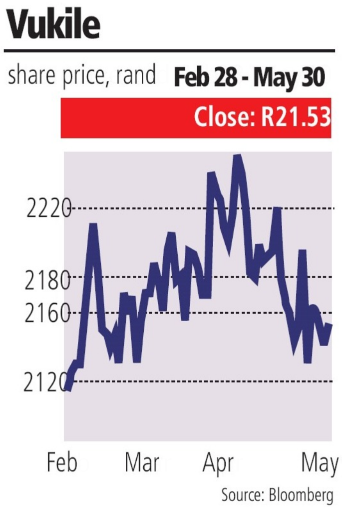
Laurence Rapp, chief executive of Vukile, said no new areas of investment internationally would be targeted in the short to medium term.

Rapp said Vukile would intensify its focus on capital allocation and strategic consistency.

"We will continue our specialised investment in the defensive retail sector in South Africa with expansions, upgrades, and data-driven asset management that adds value to our properties.

"We have an appetite to invest in South Africa with value-accretive transactions at the right price. Internationally, for the short to medium term, our activity will be fixed solely on the Spanish market to drive home the advantages of our investment's scale and substance, on-the-ground operations, and best-of-breed Reit structure," he said.

Vukile had total assets of R23.3 billion at the end of its financial year to March, with 74 percent or R17.3bn in southern Africa, 21 percent or R4.8bn in Spain and 5 percent or R1.2bn in the UK.



Its exposure to the Spanish market through Castellana Properties, its 98.7 percent-owned Spanish Reit subsidiary, was already approaching €400 million (R5.83 billion) despite the company only setting its strategic course on new horizons at end-March last year.

Vukile entered the Spanish market in July last year through the acquisition via Castellana of 11 retail parks for €193m and engaging a Spanish management team.

It subsequently completed the acquisition of a further two retail parks in December for €70m, aligned Castellana's debt facilities more closely with its own debt strategy and restructured €146m of debt on better terms and with a spread of expiry dates.

Rapp said Vukile's DNA was essentially being spliced into Castellana to replicate a world-class Reit structure that was unique in its market with a tight retail focus, yield-driven strategy, good governance and internalised management.

At year-end in March, Castellana had a 173 000m² portfolio comprised of 92 percent retail assets, with 94 percent of its income derived from national tenants, a 1.5 percent vacancy rate and a weighted average lease expiry profile of 18.6 years.

In May, after the end of its financial year, Vukile acquired its first shopping centre in Spain, the Habaneras Shopping Centre in Torrevieja, for €80.6m, which increased the average value of Castellana's properties to €23.5m.

Rapp said Castellana was expected to list on the MAB submarket of the Madrid Stock Exchange before August this year.

Vukile yesterday reported a 7.7 percent growth in dividends a share to 168.82c for the year to March from 156.75c in the previous year.

Shares in Vukile rose 0.61 percent on the JSE yesterday to close at R21.53.