

Vukile grows retail portfolio in Spain

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Local real estate investment trust (Reit) Vukile Property Fund closed weaker on Wednesday, 6 December, following an announcement that it was acquiring two more shopping centres in Spain.



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Vukile said it was set to buy the Alameda Shopping Centre and Retail Park in Pulianas, Granada for €54.5m and the Pinatar retail park in San Pedro del Pinatar for €10.7m. Vukile's Castellana subsidiary, in which it holds a 98.3% shareholding, would conclude the transaction.

Vukile announced in July that Castellana had acquired a portfolio of nine retail parks in a R3bn transaction and also established an in-country management team and operational platform. The acquisitions allowed Vukile, via Castellana, to leverage its operational platform and grow its Spanish portfolio of retail parks.

The territories in which Castellana operates, continue to experience strong demand for space with limited prime retail park availability, which will enhance Castellana's retail offering, Vukile said.

Vukile was down 3.3% to R19.72. It has gained 5.57% in 2017.

Vukile is the only South African-based Reit with noteworthy exposure to Spain. The other listed players that have a small

exposure to the region include Schroder European Real Estate Investment Trust, Greenbay Properties and Intu.

Vukile is following in the footsteps of many local property groups by diversifying from local operations into international assets, predominantly in eastern Europe.

Catalyst Fund Managers investment analyst Mwula Seroto said local Reits have been affected by the lacklustre economic environment. "We see the potential for negative earnings surprises in some listed funds."

Despite this, most South African-focused listed property firms were trading at discounts to their net asset values. This puts management teams in a tough position to raise new equity to fund acquisitions.

Source: Business Day

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