



MEDIA RELEASE FROM VUKILE PROPERTY FUND

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Vukile finalises the acquisition of two more prime retail parks in Spain

Vukile Property Fund today confirmed that it has wrapped up the acquisition of a further two retail assets in Spain through its Spanish REIT subsidiary Castellana Properties Socimi.

In July this year, Vukile announced it had acquired 11 Spanish retail parks for EUR193 million via Castellana. Its latest acquisitions grow this number to 13 retail parks and the total value of the Spanish portfolio to around EUR290 million.

Laurence Rapp, CEO of Vukile Property Fund, comments: "From a zero-base six months ago, our Spanish market exposure is now nearing EUR300 million. We are pleased with the good deal flow that Castellana is experiencing and how quickly its presence has been established in Spain's retail market."

In its latest transactions, Castellana acquired the 25,500sqm Alameda Park for EUR54.6 million at an initial yield of 6.4%, and Pinatar Park for EUR10.7 million at an initial yield of 7%.

The 25,500sqm Alameda Park in Granada, Andalusia, is a retail park and shopping centre with an occupancy rate of 98.6%. It has a strong national tenant component of 88%, including Decathlon, Mercadona and Maisons du Monde. It serves a good shopper base and has a catchment area of nearly 600,000 people with an average income of EUR20,000 per person per year.

Alameda Park is located next to Castellana's existing asset, Kinopolis Retail Park and Leisure Centre, which is currently being upgraded in a EUR2 million refurbishment with a projected yield of over 15% on capital expenditure. The internal and external improvements will elevate the centre's look and feel and will bring in more natural light with larger shopfront windows. The upgrade responds to demand from retailers to take up space in the improved centre.

The acquisition of Alameda has allowed Castellana to consolidate its position as the owner of the dominant retail park node in Northern Granada.

The other asset purchased in Castellana's latest tranche of acquisitions is Pinatar Park in San Pedro Del Pinatar, in Murcia, South-East Spain, which sees Castellana investing in a new province and widening its footprint in the country.



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Pinatar Park is a fully-let 10,637sqm retail park, anchored by strong retailers on long leases including AKI, Economy Cash and Jysk. In fact, all its tenants are national retailers. A highlight of this transaction is that Castellana has also secured the option to acquire an adjacent plot of land in order to extend the centre by a further 2,750sqm.

Rapp explains that retail parks in Spain are a compelling investment proposition. They have proven to be resilient during the downturn, international brands dominate as tenants, and there is a strong demand for space, certainly in the better shopper catchment areas. Retail parks are also well aligned to the latest shopping trends in the region and are best positioned for retailers' omnichannel strategies, including click-and-collect points and distribution hubs.

The macroeconomic picture in Spain is promising. Its 2017 forecast GDP growth is 3.1%, home consumption growth is 2.6%, and consumer price inflation is 1.9%. It is the third most visited destination worldwide behind USA and France. Spain had 11% growth in tourists in 2016 and is the second most popular international tourist shopping destination in Europe.

Castellana now has assets worth EUR290 million. Around 91% of its portfolio by market value comprises retail properties. It has low vacancy levels of 0.5%, excluding development vacancy at Kinopolis Leisure Centre. Some 94% of its income comes from national tenants, and the portfolio has a long weighted average lease expiry profile of 17.5 years.

JSE-listed Vukile is a leading internally managed Retail REIT (Real Estate Investment Trust) with total property assets and related property investments, post this deal, of R21.5 billion. Some R15.5 billion, or 72%, of this is invested in Southern Africa, with 91% of Vukile's direct domestic assets being shopping centres. It also has two strategic international investments being its Spanish REIT subsidiary Castellana Properties Socimi, accounting for 21.8% or R4.7 billion of its assets, and associate business Atlantic Leaf in the UK, which equals 6% or R1.3 billion. Both are solid launchpads for Vukile's future offshore growth plans.

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