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MEDIA RELEASE FROM VUKILE PROPERTY FUND

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***Vukile acquires shopping centre in Spain for EUR80.6m
growing its Spanish retail investment to nearly EUR400m***

Vukile Property Fund has acquired its first shopping centre in Spain, Habaneras Shopping Centre in the popular coastal city of Torrevieja, through its 98.7%-owned Spanish REIT subsidiary Castellana Properties SOCIMI S.A.

Vukile entered the Spanish retail property market in July 2017, announcing it had acquired 11 Spanish retail parks for EUR193 million via Castellana, and then went on to complete the acquisition of another two retail parks in December 2017 for EUR70 million. Now it has grown its portfolio to nearly EUR400 million. It has also set up a strong in-country management team and operational platform.

Laurence Rapp, CEO of Vukile Property Fund, comments: “We entered the Spanish market less than a year ago and have made swift progress in growing an investment of scale and substance in Spain. Our Spanish retail property exposure is now nearing EUR400 million, and comprises quality assets located in territories with good growth metrics. The acquisition of Habaneras Shopping Centre is another landmark step in reinforcing Castellana’s position as a significant participant in the Spanish market.”

Castellana acquired the 24,158sqm Habaneras Shopping Centre for EUR80.6 million at a net initial yield of 6.1%. This represents a cash-on-cash yield to Castellana of 8.37% for the 2019 financial year. The transaction is 50% funded with debt, provided by Aareal Bank, and equally with cash from Vukile from existing available funds.

Alfonso Brunet, CEO of Castellana Properties, says: “We are pleased to add the first shopping centre to our portfolio of retail assets in Spain, especially one as compelling as Habaneras Shopping Centre. It is a portfolio enhancing acquisition. The transaction increases the average value of the properties in the portfolio from EUR19.7 million to EUR23.5 million, enhances the perceived quality of the portfolio and adds to the economies of scale in Castellana.”

The easily accessible open-air Habaneras Shopping Centre is in Torrevieja, which is in the south-eastern Alicante province on the Costa Blanca. Torrevieja is known for its Mediterranean climate and almost year-round sunny weather, its beautiful coastline and resort-backed beaches.



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With a primary population of over 600,000 people comprising locals, a floating population with second homes in the city, and tourists, Habaneras is ideally positioned as the only convenience retail offering in the area with the added enjoyment of great entertainment and socialising opportunities. Its appeal is evident in its growing number of visitors and increasing sales figures.

Developed in 2005 and refurbished in 2014, Habaneras is a high-quality asset that is 93.3% occupied, with nearly half of its space dedicated to fashion, including a significant collection of Inditex brands. Some 92% of the centre's tenants are national brands. It has weighted average lease termination of 6.1 years to expiry and 3.8 years to the next breaks.

Habaneras anchors a greater retail node spanning around 60,000sqm, which includes Carrefour, Lidl, Ozone Bowling, IMF Cinemas and KFC. Its tranquil terraces offer an alluring selection of restaurants and an excellent vantage point to enjoy its panoramic views.

Habaneras Shopping Centre, which until now has been passively managed, also includes the potential for Castellana's skilled on-the-ground active asset management to add value to the asset by enhancing the centre. Prospects include potential upside from leasing vacant space which was not paid for, adding lettable area, repositioning and expanding existing tenants and enhancing its terraces with more leisure options and experiences.

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