

# Vukile rights offer raises R340m

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Property loan stock company Vukile Property Fund said on Monday (10 December) it managed to raise R342.8m following its rights offer of 20,525,000 new linked units, representing 4.99% of the total number of linked units in issue. It will use the money to repay debts and reduce gearing.



The company said new linked units were placed with qualifying institutional investors at a price of R16.70 each.

The issue price represented a discount of 3% on Monday's closing price and a discount of 4.6% on the 30 day volume-weighted average price of Vukile linked units.

It said the repayment of debt was expected to be yield enhancing.

Vukile also plans to use the proceeds to partly pay for its planned acquisition of a 50% share in the East Rand Mall in Gauteng for R1.1bn, in line with its strategy of growing its portfolio particularly in the retail sector.

The company has reached an agreement with to acquire the 50% stake in the mall. The other half will be acquired by another Redefine Properties. The East Rand Mall's valued at R2.23bn.

Vukile has completed its due diligence at the mall and the acquisition was now subject to formal legal agreements between the companies and approval from the Competition Commission.

In April Vukile acquired 20 properties worth R1.5bn from Sanlam.

The Sanlam property portfolio, which added about 25% to the size of Vukile's portfolio, was the initial step in the company's strategy to be more acquisitive and is expected to provide it with further scope for growth.

Vukile had grown its asset base to R6.1bn for the year ended March, and is exploring several new developments and acquisitions in both rural and urban areas.

The company was entering joint ventures with developers and targeting middle-income shopping centres.

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