Vukile Property's distribution up 5% to 54.81c a unit

Vukile Property reported a 5% rise in its distribution per linked unit to 54.81c for the six months to September up from 52.20c a year ago.

Vukile bought a 50% share in East Rand Mall as part of its portfolio extension in the past six months. Image: East Rand Mall

The group's net profit available for distribution was R343.8m for the period, 28% higher than the previous year.

Vukile said the portfolio had changed over the past year, with highlights during the six months including the relaunch of Randburg Square following a three-phase R207m upgrade and the completion of the R1.04bn Encha transaction.

The transaction allowed Vukile to buy four government-tenanted properties. It also bought 50% of East Rand Mall for R1.1bn and paid R194m for Hammarsdale Junction. In addition Vukile bought a portfolio of higher-risk properties for R287m.

Chief executive Laurence Rapp said significant progress had been made in the past six months in developing a better-quality, lower-risk portfolio.

"This can be seen through our strong retail presence that makes up 52% of the portfolio along with sovereign tenants (10%) and hospitals (3%). These properties make up 65% of the overall portfolio," he said.

Vukile points out that net profit from property operations, excluding straight-line rental accruals, increased by 17.6% to R406.9m, with the portfolio showing like-for-like growth of 8.1%. Vacancies, measured as a percentage of gross rentals, decreased from 7.1% in March to 6.7% in September.

"The business is in good shape and we are confident of meeting our distribution growth forecast of between 4% and 6% next year off a normalised base of 120.44c per linked unit. Thereafter we expect to see a healthy increase in distribution growth for 2015," said Rapp.