VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

Debt Capital Market Deal Roadshow

January 2020

www.vukile.co.za

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AGENDA

1. Company Overview
2. Strategic Direction
3. Defensive Cashflow – Southern African Retail Portfolio
4. Defensive Cashflow – Spanish Portfolio
5. Treasury Management
6. DMTN Programme
7. Appendices

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1 Company Overview

Profile

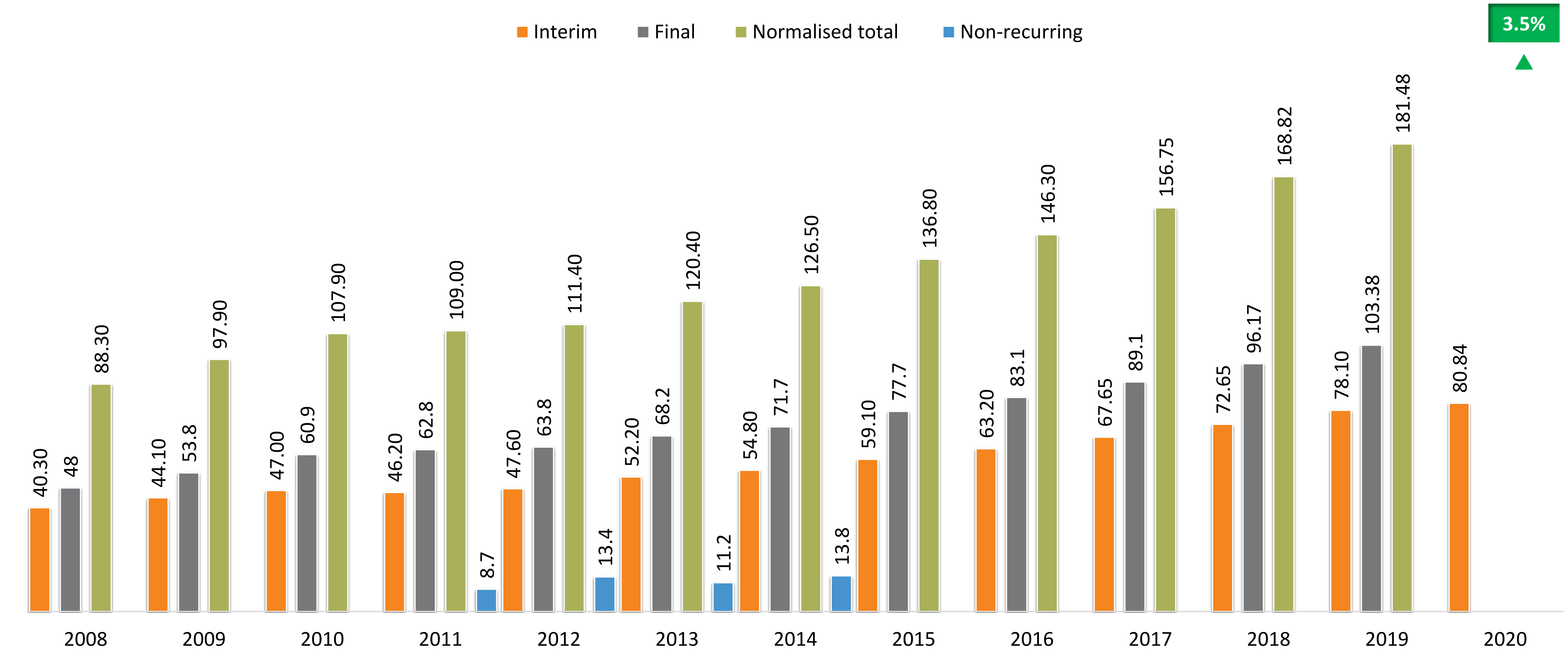
Who we are

- High quality, low risk, **Retail REIT** operating in southern Africa and Spain
- Significant **geographic diversification** enhances the quality of earnings
- **48% of assets** located in Spain with **47% of profits** generated from Castellana
- Strong **operational focus** with a core competence in **active asset management**
- Aim for **simplicity** and **transparency**
- Operate with a clarity of **vision, strategy** and **structure**
- Prudent **financial management** and strong **capital markets expertise**
- **Entrepreneurial approach** to deal making
- Strong focus on **governance** and **leadership**
- History of strong **shareholder returns** with CAGR of **19.4%** since listing
- Vukile listed on the **JSE and NSX**
- **82,5%** held subsidiary Castellana Property Socimi listed on the **MAB** (Madrid junior board)

Distribution history

Continuing 16 year trend of unbroken growth in distributions

Cents per share



Group overview – consolidated property assets of R35bn

Well diversified exposure across macro economic drivers

How we think about the business

Value lies in the sum of the parts

- Castellana valued based on its European-denominated and sourced income streams
- Very much a rand hedge and the use of FECs removes the volatility in earnings making them more predictable
  - Provides a further boost to the expected growth in Euro dividends by locking in the ZAR depreciation against the EURO
  - In no way diminishes the rand hedge nature of the cashflows or the company
- SA business valued relative to its peers taking into account the quality of the assets, ongoing strong operating metrics, tight sector focus, specialisation and long term sustainability
- Collectively providing a very well diversified, low risk income stream with a nearly 50% rand hedge element that will provide solid growth in dividends going forward

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2 Strategic Direction

Clarity of vision and strategic intent

Focus areas

◈ Maintain defensive position in SA with mid- to lower income retail focused assets

- Keep driving operational efficiencies
- Identify opportunities to expand and strengthen existing assets
- Very selective appetite for acquisitions but limited stock available at the right price

◈ Well poised to capitalize on Castellana's position in the market and gain a dominant market share

- Currently 8th largest Socimi and 7th in market share based on GLA
- Proven business model in terms of consolidation, growth in rents and value add opportunities that is ready to be scaled further
- Deliver on the ECI revamp projects
- Attractively priced deal flow and corporate opportunities are available
- Need to ascertain market support to pursue this strategy

◈ The journey has begun towards greater customer centricity

- Drive towards innovation to ensure long term sustainability in a dynamically changing environment
- Pilots currently underway in both SA and Spain and engaging more actively with proptech
- Will develop into a core competence

◈ Actively manage the LTV back down to around 35%

- Maintain strong balance sheet with a focus on risk management metrics
- Clearly defined plans to sell assets and pay down ZAR denominated debt
- Potential to introduce an equity investor into Castellana which will be a significant driver of Group LTV
- Action plan driven more by market sentiment than an evaluation of risk

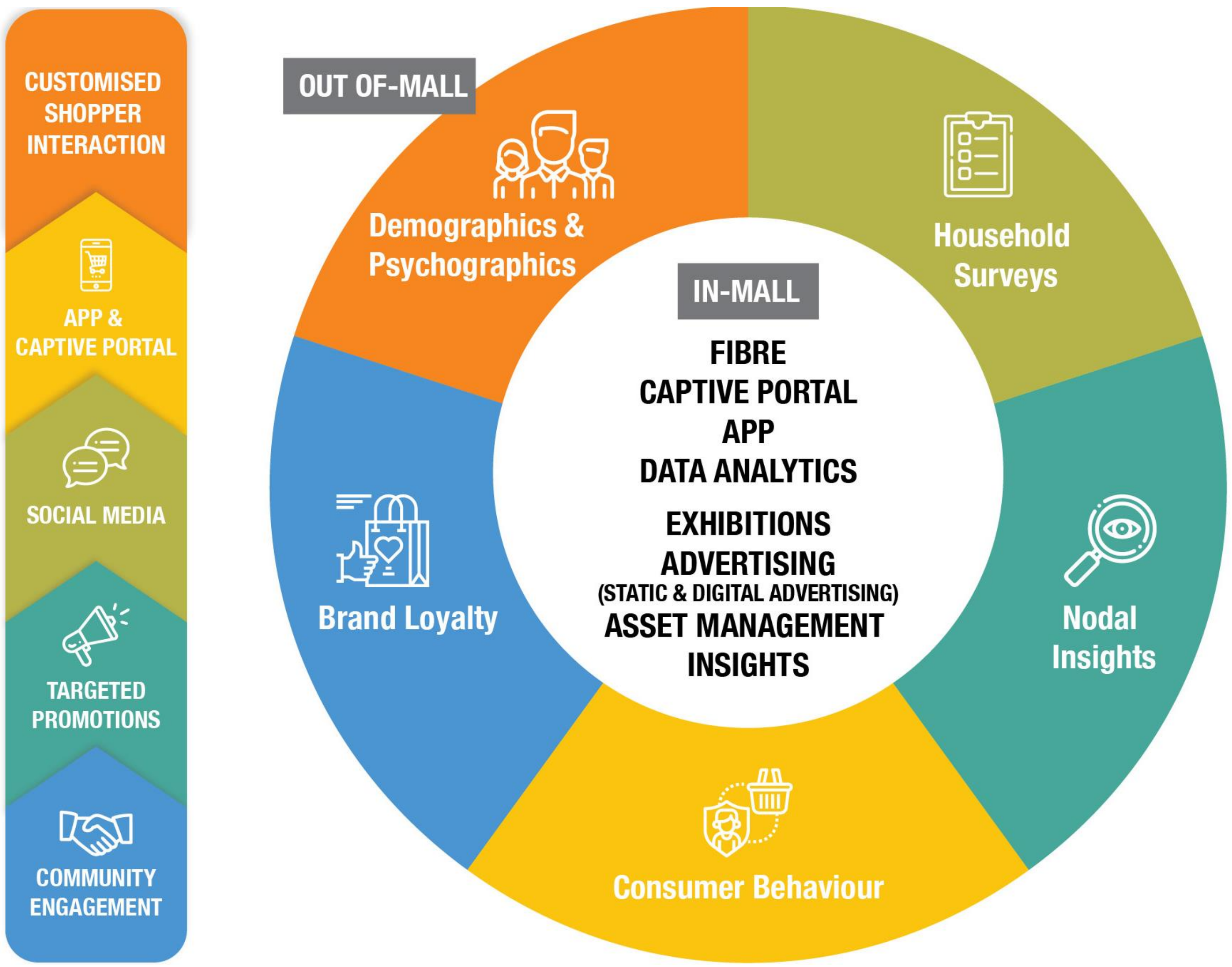
Retail of the future

Customer driven centres to prevail

- **Positive customer experience** will be the key differentiator in sustaining footfall in the future
- Data accumulation in order to **listen, involve and interact** on an individualised manner with shoppers will be key to the sustainability of retail assets
- Shopping centre environment ripe for **digital disruption**
  - understanding the customer enables us to self disrupt and be at the forefront of this rapid change
- **Shoppertainment** is nodally specific – let customers tell you how they want to be entertained and how to add value to their lives
- Make your asset part of the **community** which it serves – figuratively drop the fences
- We have therefore invested in a 3 pillar **customer insights strategy** to future proof the portfolio
  - Gather data to understand our current customer and maintain loyalty
  - Understanding the nodal dynamics and market insights in which the asset resides
  - Engage and interact effectively with customers throughout their customer journey

Customer centricity and insights

Developing core competence in customer centricity to drive better leasing decisions and tenant mix



- **3 primary pillars of customer insights journey**
  - **In-Mall**
    Understand and interact with current tenants and customers to maintain loyalty with the use of technology
  - **Out of-Mall**
    Understand market insights in the nodal context and use that to position the mall as the primary retail destination
  - **Shopper interaction and engagement**
    Interact with customers throughout the customer journey
  - **Bottom up approach to customer engagement**
- **Best of breed partnerships and joint ventures to execute all legs of strategy**
- **Adding value for our shoppers**

Listed investments

Looking for opportunities to recycle into core strategies

Arrowhead (c.11.3%)

- Remains non-core and ideally looking to exit but not attractive at current levels
- Concerned about strategic direction and absence of a catalyst to drive a re-rating
- Believe asset sales and share buy-backs should be part of management strategy

Atlantic Leaf (34.9%)

- Satisfied with operations and strategic direction of the business
- Will consider an exit at the right price in order to redeploy funds into Spain
- Continue to work with management to find solutions and appropriate exit for Vukile

Fairvest (26.6%)

- Aligned to Vukile core retail focus
- No immediate plans to exit but will continue to monitor total shareholder's returns

Management plans to reduce LTV

LTV target range: 35% - 40%

- **Reduce LTV** to ± 35% over the next 6 – 12 months
- Discussions progressing for introduction of **strategic shareholder in Castellana** to help fund further growth

Current LTV	**40.8%**
Sale of Namibian assets	(1.7%)
Sale of non-core office & industrial assets	(1.1%)
Sale of non-core retail assets	(1.5%)
Introduction of strategic shareholder in Castellana (€100m)	(1.8%)
Potential LTV	**34.7%**

Valuation methodology

Southern African property portfolio

Science vs. art	Valuations are based on multiple assumptions which involve some subjectivity. The key is consistency in applying the same methodology over time. We've applied consistent views and methodology since listing, with minor improvements to the model in refining risk assessment and the build-up of discount and exit cap rates
Valuation policy	The portfolio is internally valued using the Discounted Cash Flow method and benchmarked against external valuations. 50% of the portfolio is externally valued every six months, ensuring that the total portfolio value is reviewed by external valuers once a year
Comparison – directors' vs. external valuation	The difference between the directors' and external valuations were consistently within a narrow range of on average approximately 2% over the past 6 years
Calculation of base discount rate	The rolling 10 year government bond is used as base rate, to which a general property risk premium is applied. Further risk premiums are applied per individual property depending on risk. This property specific risk is evaluated annually using a bespoke comprehensive risk / expected return model
Calculation of exit capitalisation rate	100bps risk loading for uncertainty of future cash flows is applied to the initial yield (discount rate less expected income growth) to calculate the exit capitalisation rate
Hold Period	The hold period for valuation of multi tenanted properties is 4 years and single tenanted properties 10 years
Properties on leasehold land	Value minimum of – discounted cashflow over leasehold period with zero residual value or – discounted cashflow over 4 years plus perpetuity value of the 5th year's net income

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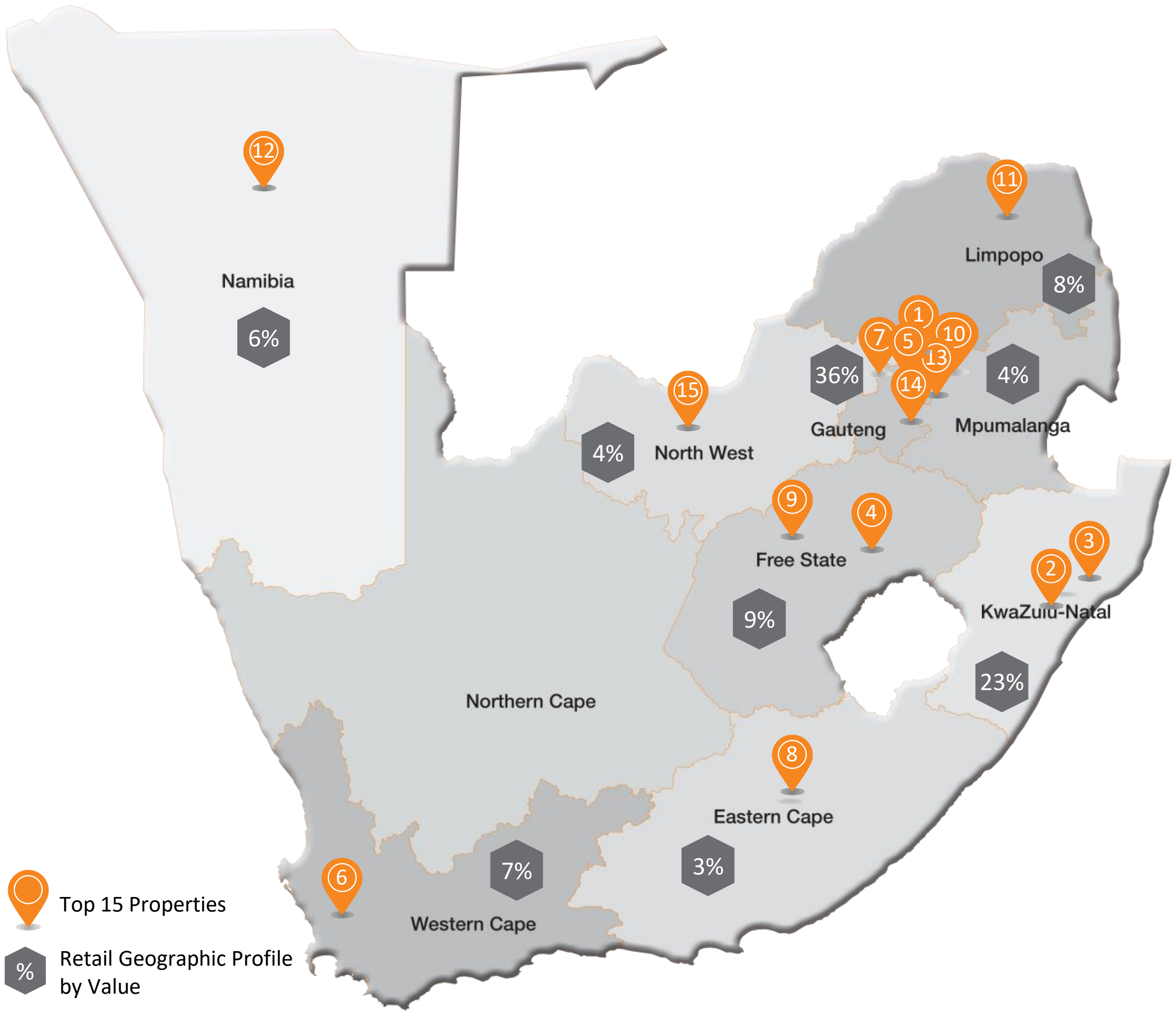
3

Defensive Cashflow – Southern African Retail Portfolio

For the six months ended 30 September 2019

Southern Africa retail footprint

Retail portfolio profile (Top 15 properties 65% of portfolio by value)



1. East Rand Mall
2. Pine Crest
3. Phoenix Plaza
4. Maluti Crescent
5. Kolonnade Retail Park
6. Gugulethu Square
7. Dobsonville Mall
8. Nonesi Mall
9. Bloemfontein Plaza
10. Meadowdale Mall
11. Thavhani Mall
12. Oshakati
13. Daveyton
14. Randburg Square
15. Moruleng Mall

Key retail portfolio metrics

Direct southern African Retail Portfolio

Key Facts

- Portfolio Value
  R14.6bn
- **45** Properties
- GLA
  860 570m²

Valuations

- Average asset value
  R325m
- Average discount rate
  13.4%
- Average exit capitalisation rate
  8.5%

Tenant Profile

- National exposure
  - **83% GLA**
  - **80% Rent**
- Top 10 tenants
  - **53% GLA**
  - **44% Rent**
- WALE of
  3.8 years
- Tenant retention of
  82%

Operating metrics

- Reversions
  + 1.9%
- Vacancies
  - **2.8% GLA**
  - **3.0% Rent**
- Contractual escalations
  7.0%
- Base rentals
  R139.26/m²
- Like-for-like net income growth
  6.1%

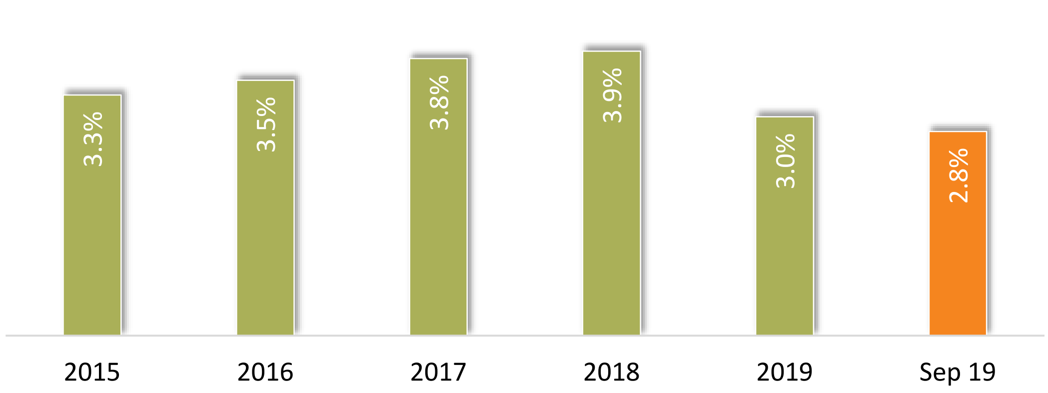
Efficiency

- Rent-to-sales ratio
  5.9%
- Average annual trading density
  R29 186/m²
- Annualised growth in trading densities
  - **3.5% like-for-like**
  - **4.7% including asset management interventions**
- Net cost to property revenue
  16.9%

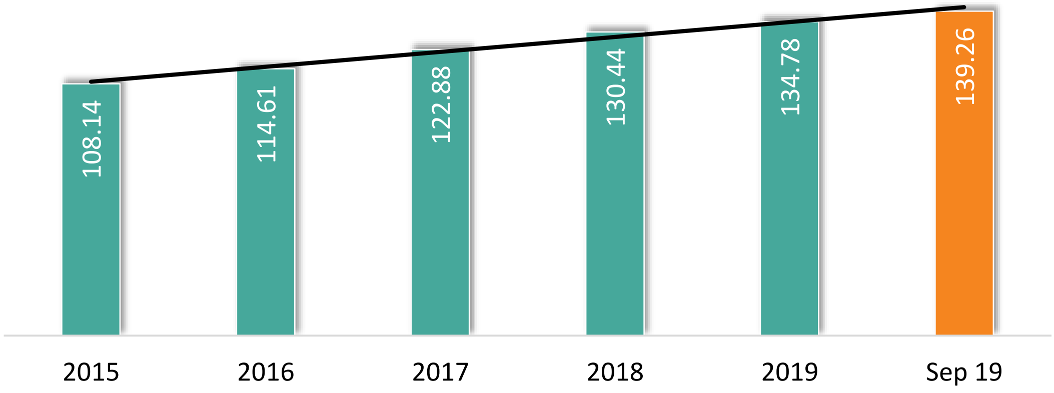
Tenant affordability

Consistently strong metrics

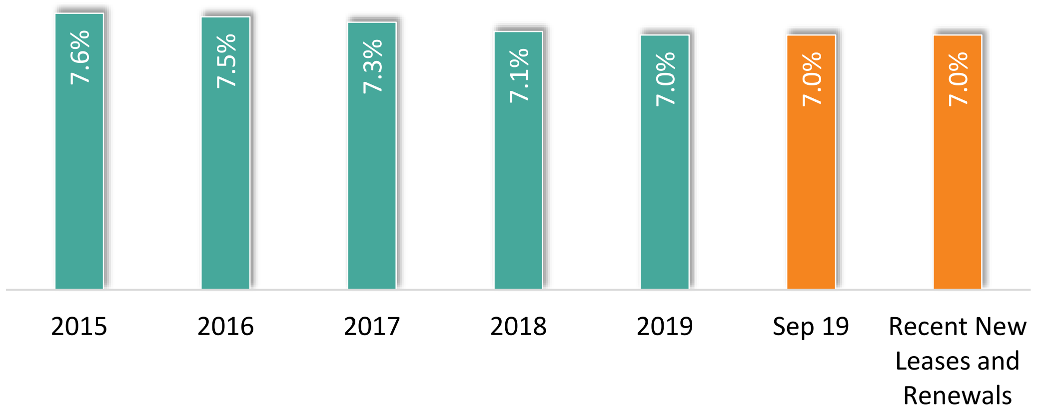
Retail Vacancy Profile by GLA



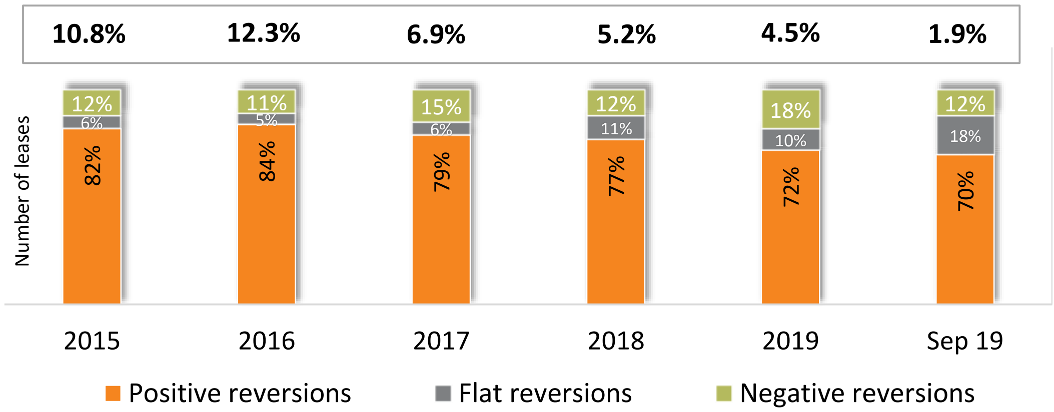
Retail Average Base Rentals (excl. Recoveries)



Retail Contractual Escalations



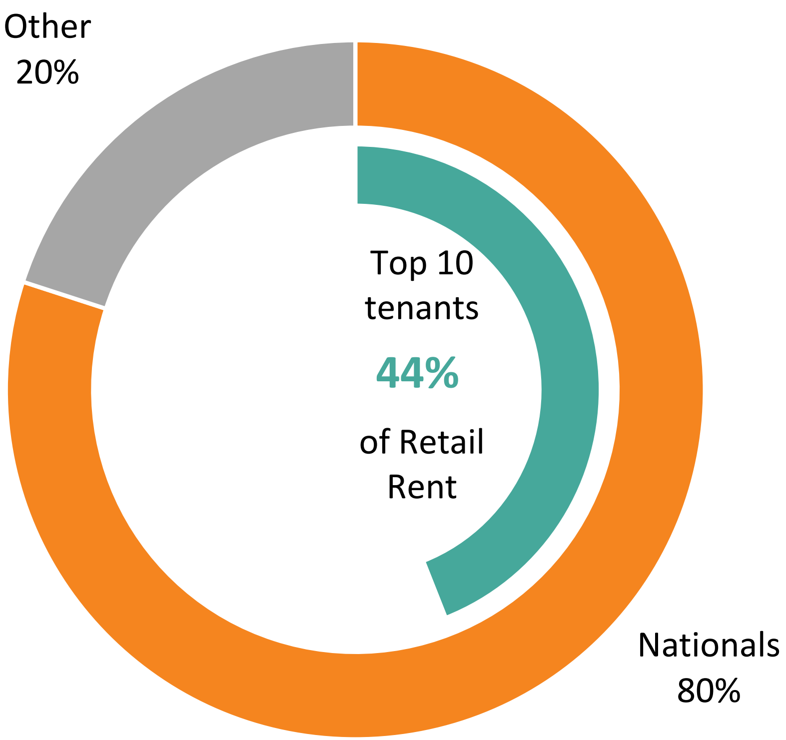
Retail Rent Reversions



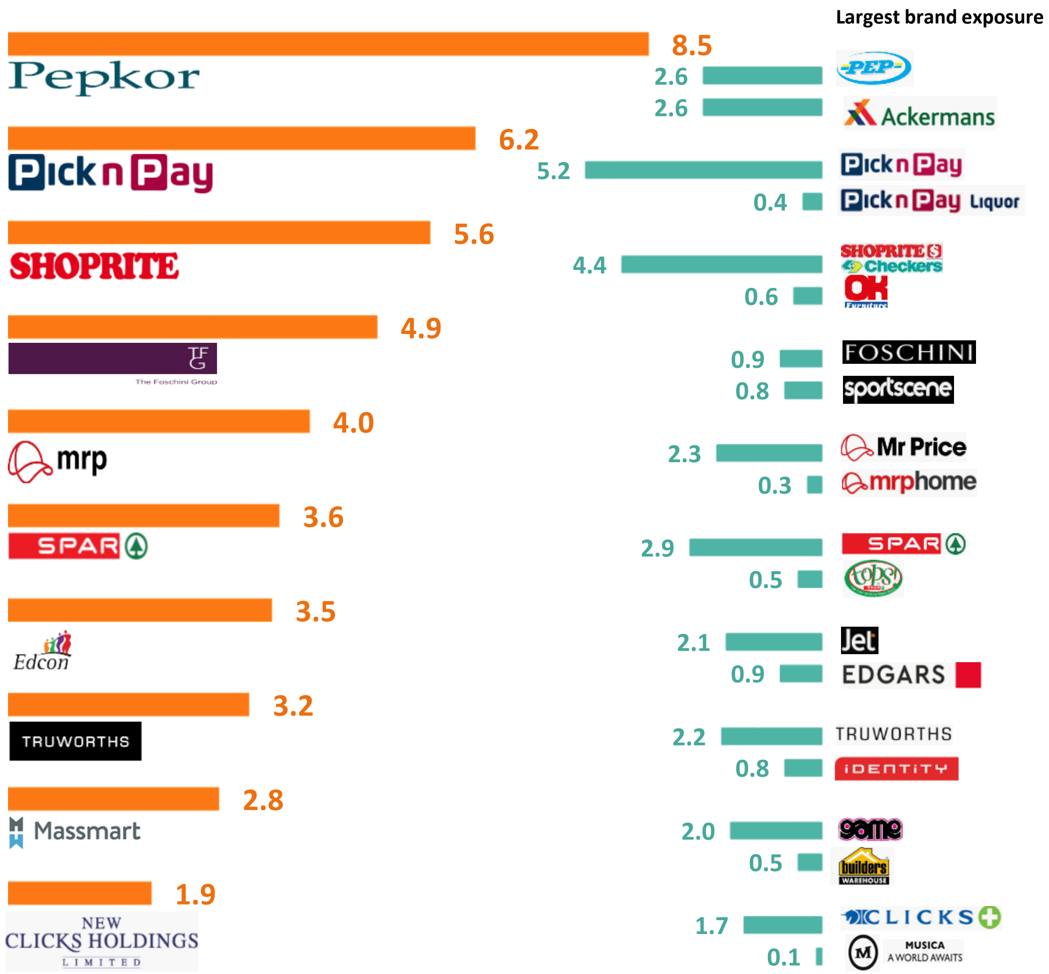
Retail tenant exposure

Direct Southern African Retail Portfolio

Tenant profile - by Contractual Rent



Top 10 tenants - by Contractual Rent



Operational capital expenditure

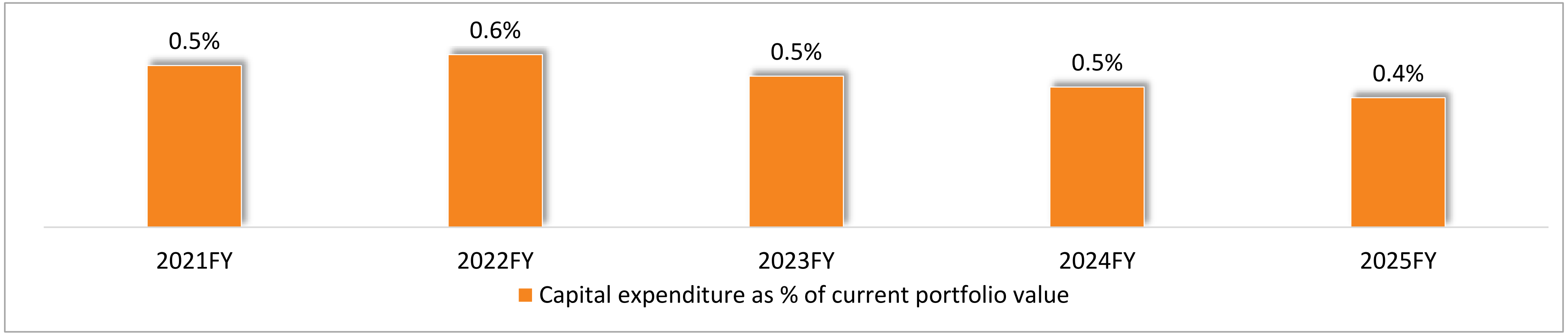
Continued investment in assets and statutory compliance

Framework and knowledge base

- Bottom up building condition assessments complete on all assets within the portfolio
- Includes spend in respect of preventative, rehabilitation and replacement capital
- Buildings assessed on 132 elements covering structure, internal/external works and OHS act requirements

Key figures

- Five year rolling budget totalling c.R70m per annum
- 2021FY compliance aspects estimated at R65m
- 2021FY income enhancing maintenance projects estimated at R10m



Energy and water management

Achievements

Impact on cost-to-income ratio

- Electricity contributes 42% to total expenses, with an average year-on-year escalation of 9%
- **4%** of the portfolio's electricity is generated by **renewable resources**, curbing our largest expense item by 100bps positive impact on the net cost-to-income ratio
- Goal to increase renewable resource contribution to total electricity consumption to **8%**

Installations since 2016

- **12 PV plants**
  = 28 000 PV panels
- **9.3 MWp**
  = 1 600 Houses
  = R14m annually
- Optimised metering and billing improvements of **R2m** annual saving
- Sustainable water savings of
  18 000 kl p.a.
  = 700 swimming pools

Work in progress

- **2.6 MWp** to be completed before **February 2020**

Meadowdale Mall - phase 1

351 kWp
R0.6m saving
Completed February 2016

East Rand Mall

1 000 kWp
R1.8m saving
Completed December 2016

Oshakati

550 kWp
R2.9m saving
Completed March 2017

Hillfox - phase 1

754 kWp
R1.4m saving
Completed November 2017

Vereeniging Bedworth Centre

1000 kWp
R1.8m saving
Completed June 2018

Meadowdale Mall - phase 2

849 kWp
R1.5m saving
Completed January 2019

Letlhabile Mall

806 kWp
R1.0m saving
Completed January 2019

Mbombela Shoprite Centre

400 kWp
R0.5m saving
Completed January 2019

Springs Mall

325 kWp
R0.6m saving
Completed July 2019

Kolonnade Retail Park

1 300 kWp
R2.0m saving
Completed July 2019

Hammanskraal Renbro

642 kWp
R1.0m saving
Completed October 2019

Hillfox - phase 2

430 kWp
R0.6m saving
Completed October 2019

Key themes driving the continued performance

Operational efficiencies and innovation

- Focused operational efficiencies have driven improved portfolio metrics;
  - Robust portfolio composition process has ensured that our defensive nodally dominant assets continue to see retailer demand – introduced 92 new brands to the portfolio between April and September 2019
  - Absorption of leasing and capital projects functions have resulted in decreased vacancies and improved tenant relations
  - Value extraction desk providing insights which have led to increased exposure to performing categories, and replacing or rightsizing under performers
  - Energy management savings now a substantial part of maintaining a competitive cost to income ratio
  - Interplay between trading statistics and affordability still very much at industry leading levels
  - Continue to effectively spend on assets to ensure sustainable occupancy and growth based on a scientific building condition assessment approach
- Innovation
  - Customer insights journey well underway, significant milestones achieved
  - Redesigned property management relationship, for best of breed, mutually symbiotic hybrid model
  - Reviewed soft services approach yielding positive benefits straight to bottom line
  - Investigating more creative ways for debt collecting and the management of hard services

Southern Africa

Internally focussed strategy to drive operational performance

- Anticipate another **challenging period** ahead for the local economy
- Portfolio is **defensively positioned** with **92%** retail exposure with a specific focus on LSMs 1-7
- Defensive tenant mix with approximately **80% national tenants** and large grocery component at low rent to sales ratios
- Local activity will be focused on **expansions and upgrades** to existing centres
- Continued strong **operational focus** to drive results with a specific objective to **reduce vacancies and operating costs**
- Look to introduce **new tenants** to add variety to the shopping centres
- Growing focus on **customer analytics** and alternative income streams gathering momentum
- **Installation of fibre** at 35 centres is a key foundation for our future strategy and is complete
- Will invest further in South Africa; its about buying the **right assets at the right price** where good underwriting is key
- Look to **recycle non-core assets** and investments where appropriate without harming earnings momentum
- Retain an **opportunistic and entrepreneurial approach to deal-making** but always to be strategically consistent with our retail focus and **driven by long term fundamentals**

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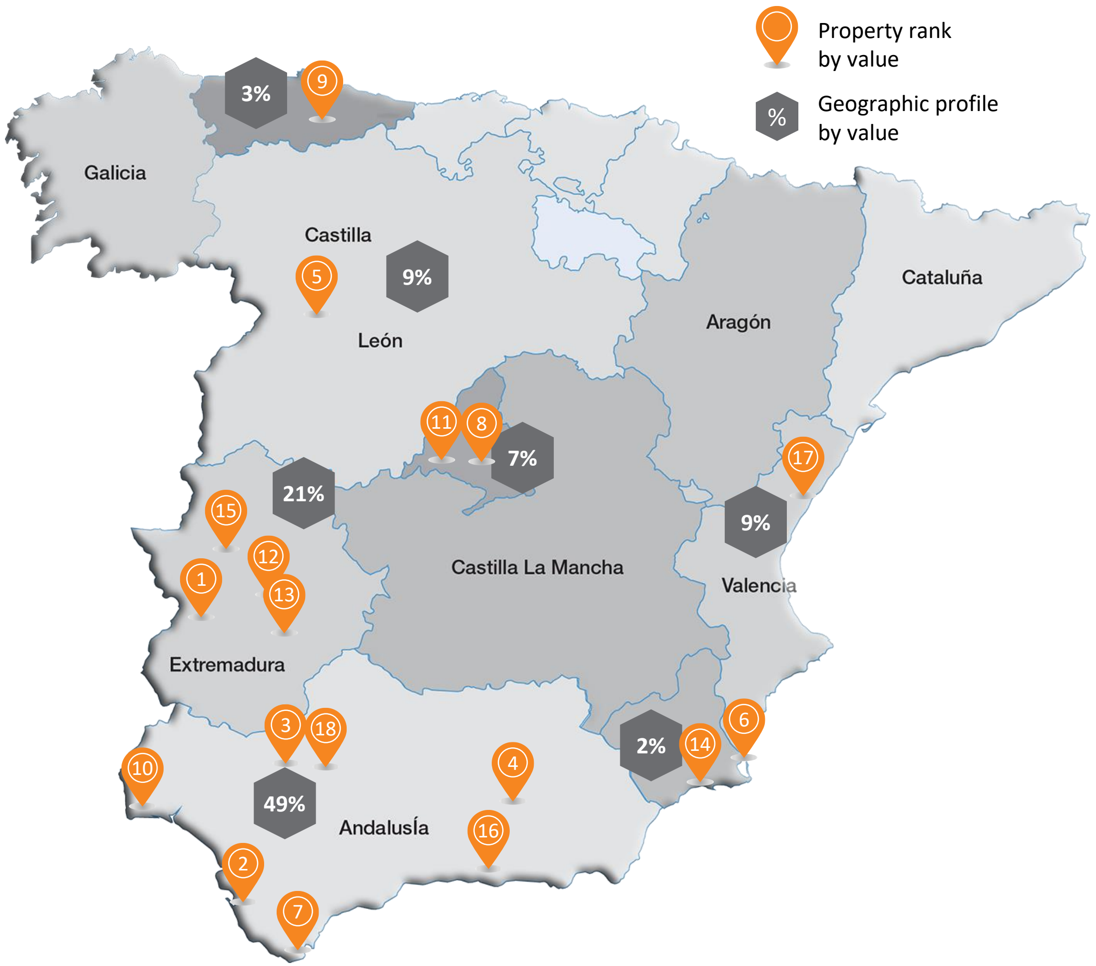
4 Defensive Cashflow – Spanish Portfolio

For the six months ended 30 September 2019

Spanish portfolio footprint

Spain portfolio profile



1	El Faro	10	Marismas del Polvorín
2	Bahía Sur	11	Edificio Alcobendas
3	Los Arcos	12	La Heredad
4	Granaita Retail Park (i)	13	La Serena (iii)
5	Vallsur	14	Pinatar Park
6	Habaneras	15	Mejostilla
7	Puerta Europa	16	Motril Retail Park
8	Parque Oeste (ii)	17	Ciudad del Transporte
9	Parque Principado	18	Edificio Bollullos

(i) Granaita is the integration of the former Kinepolis Retail Park, Kinepolis Leisure Centre and Alameda City Store into one asset.
(ii) Parque Oeste comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes
(iii) La Serena comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes
Note: All data represents 100% of Castellana, Vukile shareholding is 82.54% at 30 September 2019

Highlights

A transformational period, now the eighth largest Socimi in Spain by market capitalisation

- Gross Asset Value **exceeds €1bn** for the first time
  - Accretive acquisitions and revaluation growth driven by increased NOI grew portfolio over the €1bn mark
- **Active asset management** continues to increase income and value
  - Vacancies reduced to 1.4% from 2.1%, with high quality tenants
  - 74 new leases signed (renewals and new contracts) generating additional annualised NOI of c.€1.6m
  - 80% of GLA in ECI redevelopment projects already committed
  - GRI up 4.70% like-for-like
- **Acquisition of Puerta Europa** shopping centre presents significant value-add opportunities
  - Dominant, high performing centre presents **numerous opportunities to grow income**
- **Successful acquisition** of additional units at Bahia Sur and Los Arcos opens up opportunities to transform centres
  - El Corte Ingles boxes unlocks additional value-add opportunities to enhance income and customer offerings
- Growth in EPRA NAV of **3.14%** to €6.89 per share
  - Generating a yield of 6.6%

Key portfolio metrics

A premier retail SOCIMI in Spain

Key Facts

- Portfolio Value of **€1 028m**
- **18** Properties
- GLA **373 022m²**
- **97.4% Retail** by value

Valuations

- Average asset value **€57m**
- Average discount rate **7.9%**
- Average exit capitalisation rate **6.1%**

Tenants

- **93%** of retail space let to national tenants
- **37%** of income from top 10 tenants
- WALE of **14.2 years** (i)
- **99.3%** rent collection rate

Operating Metrics

- **19.17%** increase in **reversions** and **new lettings**
- **98.6% Occupancy**
- Average base rentals **€14.38/m²/month**
- **4.7%** Like-for-like **growth** in rental income

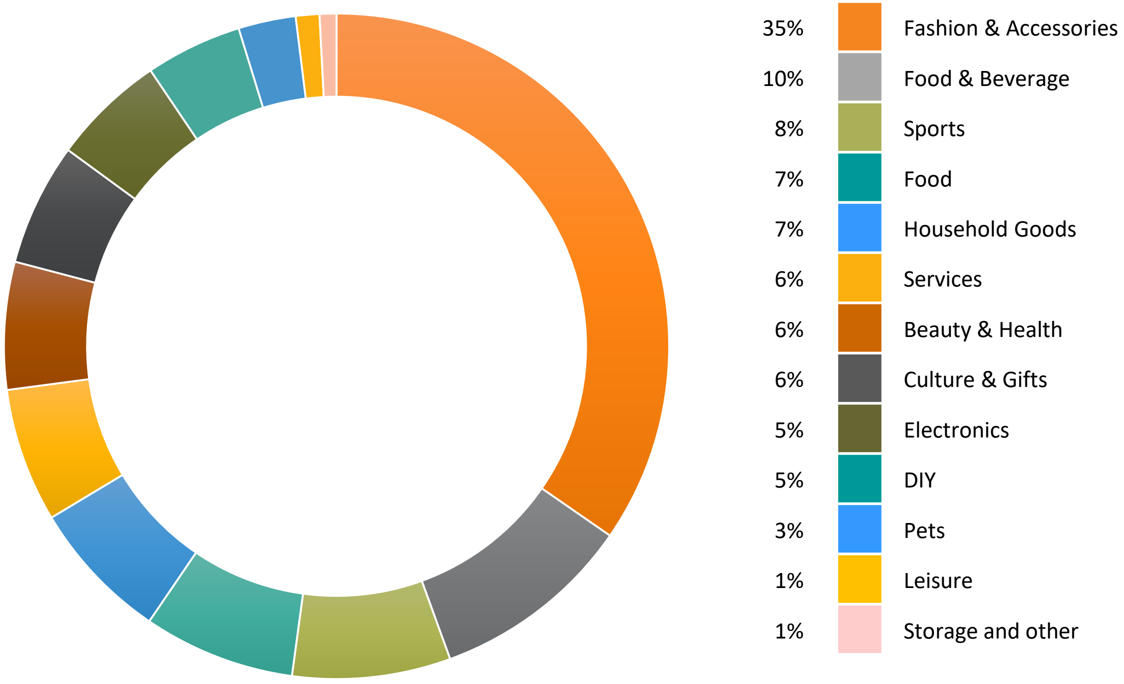
(i) WALE is to expiry of lease excluding break options

Tenant mix

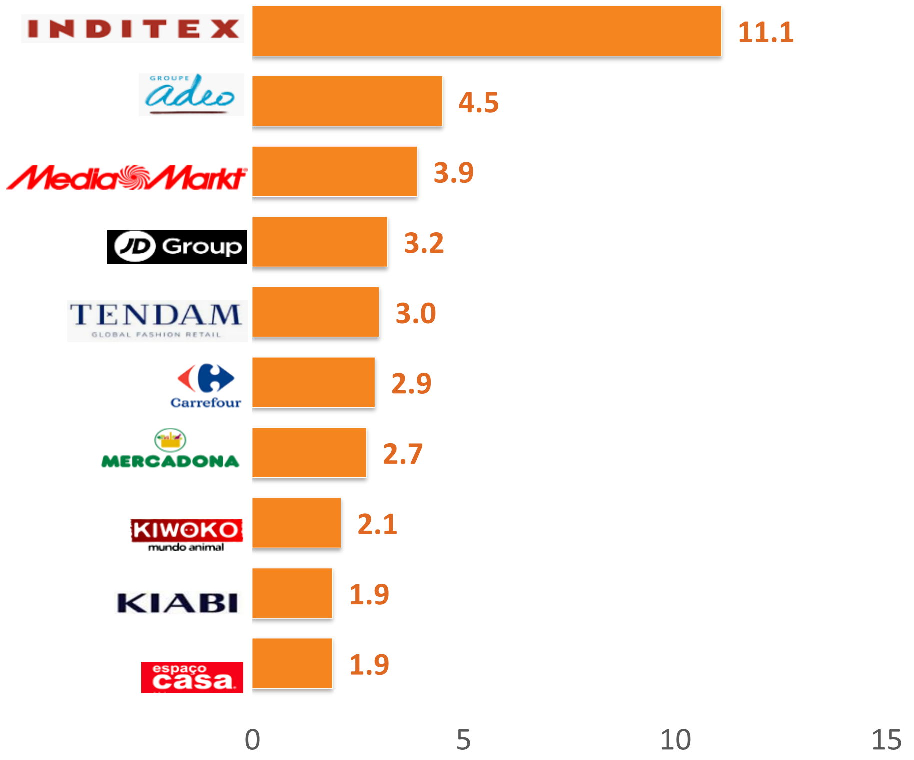
Highly diversified retail mix leading to sustainable, high quality and low risk income streams

Assets	GLA	WALE (i)	Occupancy
16	**356 278 m^2**	**14.2 years**	**98.6%**

Category profile by Rent 30 September 2019



Top 10 Tenants by Rent 30 September 2019



(i) WALE is to expiry of lease excluding break options

Spanish strategy

Building off a solid foundation with potential to become a dominant market participant

- Spanish **retail and economic fundamentals** remain positive; not an over-retailed market with 560 retail assets
  - Spanish consumer and **social culture** together with large **tourist market** provides a defensive position against online retail sales
- Remain focused on **the retail sector** including retail parks and shopping centres
- Critical to our success is that we **operate as locals on the ground**
- Focus on value added **asset management** initiatives and driving operational excellence
- Currently seeing very **good deal flow** with Castellana known as a **credible and trustworthy buyer**
- Good **organic acquisition opportunities** aligned to existing assets including buying owner occupied boxes
- Strong focus on **corporate governance**
- Internal management structure with complete alignment between key staff and investors through the recently implemented **long term incentive plan** that rewards growth in dividends as the key metric
- **Opportunity** to really dominate the market
  - Private Equity funds need to return capital and sell assets
  - Negative perception of retail means less competition for assets
  - Need to be alert to exciting corporate opportunities
- Confident we can deliver on vision to be the dominant market player but the pace thereof will be **contingent on shareholder support** for the strategy

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5 Treasury Management

For the six months ended 30 September 2019

Group debt and foreign exchange policy

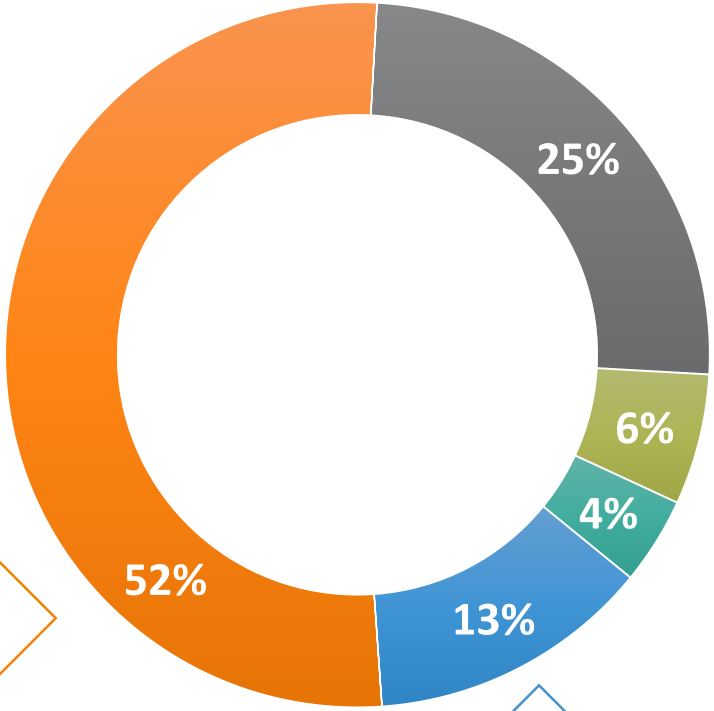
A prudent and structured approach to managing risk

- A multi-banked approach across **diversified sources of funding**
- Always maintain significant revolving credit facilities and undrawn debt facilities – to facilitate liquidity and allow flexibility
- Minimum of **75%** of interest bearing debt to be hedged with a minimum **3 year** fixed rate (swap) maturity profile
- No more than **25%** of total interest bearing debt to **mature within any one financial year**
- Internal management policy for **loan-to-value** ratio to be in the range of **35% to 40%**
- Acquisitions of **Euro assets** to be **funded with Euro loans** to minimise adverse foreign exchange fluctuations on Vukile's earnings, assets and liabilities
- On average **75%** of foreign dividends to be hedged by way of forward exchange contracts over a **3-year to 5-year** period

Group debt overview

Group debt from diversified sources of funding

Group Debt	Sep-19 (Rbn)	Mar-19 Rbn)
SA	7.4	5.9
Spain	8.1	7.3
Total	**15.5**	**13.2**



Consolidated Castellana bank debt - non-recourse to Vukile

Diversified DCM investor base

No. of bank funders	
SA	5
Spain	7
Total	**12**

SA bank debt (EUR)
SA bank debt (ZAR)
SA bank debt (GBP)

Key debt and hedging metrics

Interest rates and foreign currencies conservatively hedged

	Sep-19	Mar-19	Internal Policy at Group level
Interest-bearing debt hedged	**86.5%**	95.7%	> 75%
Maturity profile – fixed rates and swaps	**3.4 years**	3.6 years	> 3 years
Group cost of funding	**4.0%**	4.5%	
Undrawn facilities	**R1.2bn**	R1.4bn	
Net EUR dividend hedged (5 years)	**82%**	52%	
Corporate long-term credit rating	**AA-$_{(ZA)}$**	A+$_{(ZA)}$	

Interest cover ratio (ICR)

ICR reflects strong cashflows to comfortably service interest

	Group	Southern Africa	Spain
Interest cover ratio	**6.4 times**	8.0 times	5.3 times
Interest cover covenant level	**2 times**	2 times	2 times
ICR stress level margin (% EBITDA reduction to respective covenant levels)	**69%**	75%	62%
ICR stress level amount (EBITDA reduction to respective covenant levels)	**R1450m**	R832m	€40m

Loan-to-value ratio (LTV)

Stress testing reveals the strength of the balance sheet

	Group	Southern Africa	Spain	Internal Policy at Group level
Loan-to-value (net of cash and cash equivalents)	40.8 %	38.8%	42.9%	35% - 40%
Loan-to-value covenant level	50%	50%	65%	
LTV stress level margin (% asset value reduction to respective covenant levels)	18%	21%	34%	
LTV stress level amount (asset value reduction to respective covenant levels)	R6.1bn	R3.7bn	€350m	

Analysis of Group loan repayment and hedging expiry profile

Well hedged with low risk expiry profile

Group loan and hedging (swap & fixed debt) expiry profile

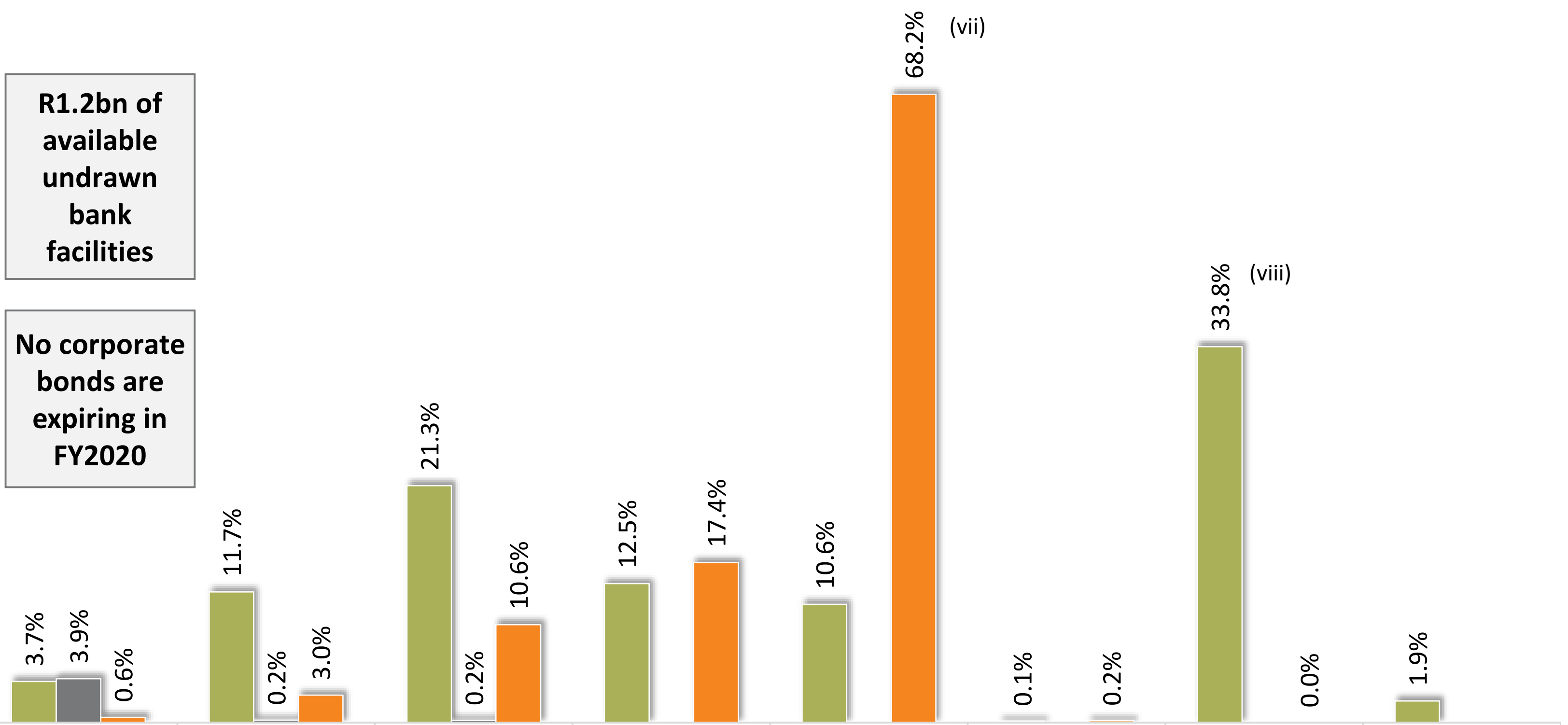
Internal Policy [viii]
No more than 25% of total interest bearing debt to mature within any one financial year

86% of interest bearing debt hedged [iii] [vii]

Fixed rate (swap & fixed debt) maturity profile 3.4 years [vii]

R1.2bn of available undrawn bank facilities

No corporate bonds are expiring in FY2020



	2020	2021	2022	2023	2024	2025	2026	2027 & Beyond
Loan expiry profile R'm	574	1 824	3 304	1 941	1 650	19	5 244	301
CP and Access Facility expiry profile R'm	613	35	31					
Hedging (Swap & Fixed debt) profile R'm	75	382	1 367	2 234	8 767	25		

(iii), (vii) and (viii) defined in Appendix C: Notes to Treasury Management Slides

Debt expiring in FY2021 (updated as at 22 January 2020)

R1.16bn of Term debt, R578m of Corporate Bonds and R653m of bridge/access facilities

	Maturity Date	Amount Drawn '000	Comments
RMB Bridge Facility	6 May 2020	R516 500	To be repaid (sale of non-core assets)
Corporate Bonds VKE07	8 June 2020	R200 000	To be repaid (current auction)
Investec EUR Term Loan ZAR Equivalent at EUR/ZAR spot rate of 15.8893 at 22 January 2020	23 June 2020	€12 500 R198 616	Pricing to be reviewed
Corporate Bonds VKE09	8 July 2020	R378 000	To be repaid (current auction)
Standard Bank EUR Term Loans ZAR Equivalent at EUR/ZAR spot rate of 15.8893 at 22 January 2020	24 July 2020	€22 000 R349 565	Pricing to be reviewed, debt maybe repaid depending on sales of non-core assets
RMB Revolving Credit Facility	31 July 2020	R97 118	
Standard Bank Term Loans	31 October 2020	R120 000	
Absa EUR Term Loan ZAR Equivalent at EUR/ZAR spot rate of 15.8893 at 22 January 2020	1 December 2020	€16 250 R258 201	
Standard Bank EUR Term Loan ZAR Equivalent at EUR/ZAR spot rate of 15.8893 at 22 January 2020	20 December 2020	€6 500 R103 280	
Absa GBP Term Loan ZAR Equivalent at EUR/ZAR spot rate of 15.8893 at 22 January 2020	15 February 2021	£9 000 R169 438	
Total		**R2 390 718**	

- Very confident that bank debt expiring **will be extended or repaid from proceeds from sale of non-core assets**
- **Corporate bonds** expiring in FY2021 to be **repaid from proceeds of current auction**

Undrawn facilities (updated as at 22 January 2020)

R1.1bn of available bank facilities

	Facility Amount '000	Amount Drawn '000	Facility Undrawn '000
ABSA Multicurrency Revolving Credit Facility (ZAR portion)	R350 693	R0	R 350 693
ABSA Multicurrency Revolving Credit Facility (EUR portion) ZAR Equivalent at EUR/ZAR spot rate of 15.8893 at 22 January 2020	€31 424 R499 307	€31 424 R499 307	€0 R0
Aareal (El Corte Ingles Development Loans) ZAR Equivalent at EUR/ZAR spot rate of 15.8893 at 22 January 2020	€47 490 R754 577	€18 500 R293 952	€28 990 R460 625
Investec Access Facility	R100 000	R0	R100 000
Investec Revolving Credit Facility	R100 000	R0	R100 000
RMB Access	R200 000	R97 118	R102 882
Standard Bank Revolving Credit Facilities	R105 000	R85 000	R20 000
Total	**R2 109 577**	**R975 377**	**R1 134 200**

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

6 DMTN Programme

For the six months ended 30 September 2019

Overview of DMTN secured property portfolio (Group 1 notes)

Quality Secured Portfolio

- Property Value **R2 616m**
- **7** Properties
- GLA **160 708m²**
- Average property value **R374m**
- **74%** of retail rent from national tenants
- Contractual rental escalation **7.2%**
- **41%** of income from top 10 tenants
- WALE of **4.0 years**
- Retail Tenant Retention **91%**
- **2.9%** Vacancy (by Rent)
- Total DMTN Secured Debt **R772m**
- DMTN Secured Portfolio LTV **29.5%**
- As Secured Notes mature **Secured Property to be released and become unencumbered** to support unsecured debt

Overview of unencumbered assets

Quality Unencumbered Assets

- Total Unencumbered Assets **R8 711m**
- Property Value **R3 272m**
- **24** Properties
- GLA **284 888m²**
- Average property value **R142m**
- **82%** of retail rent from national tenants
- Contractual rental escalation **7.1%**
- **44%** of income from top 10 tenants
- WALE of **2.8 years**
- Retail Tenant Retention **83%**
- **6.9%** Vacancy (by Rent)
- Total Unsecured Debt **R1 524m** (xiii)
- Unsecured Debt to Unencumbered Assets ratio **17.5%**

(xiii) defined in Appendix C: Notes to treasury management slides

Corporate bond issuances

Balance of secured and unsecured debt

Corporate Bonds	Security	Amount	Reference Rate	Margin	Maturity Date	Initial Term
VKE07	Secured	R200m	3M JIBAR	1.65%	08/06/2020	5.1 years
VKE09	Secured	R378m	3M JIBAR	1.64%	08/07/2020	3.2 years
VKE10	Secured	R194m	3M JIBAR	1.80%	08/07/2022	5.2 years
VKE11	Unsecured	R175m	3M JIBAR	1.75%	20/04/2023	5.0 years
VKE12	Unsecured	R150m	3M JIBAR	1.60%	03/05/2021	3.0 years
VKE13	Unsecured	R535m	3M JIBAR	1.55%	27/08/2021	3.0 years
VKE14	Unsecured	R375m	3M JIBAR	1.65%	27/08/2023	5.0 years

Unsecured Debt Summary (xiii)	Security	Amount
Corporate Bonds	Unsecured	R1 235m
Commercial Paper	Unsecured	R0m
Bank Debt	Unsecured	R289m
Total Unsecured		**R1 524m**

- Secured long-term credit rating **upgraded** to **AAA$_{(ZA)(EL)}$**, corporate long-term credit rating upgraded to **AA-$_{(ZA)}$** and corporate short-term rating upgraded to **A1+$_{(ZA)}$**, with a **stable outlook**

(xiii) defined in Appendix C: Notes to treasury management slides

Proposed Auction

Prudent Liquidity Management

- Target Issue Size: **Up to R500 million**
- Tenor: **3-years and/or 5-years**
- Instrument & Rating: **Senior Unsecured Notes with AA-$_{(ZA)}$ Long Term GCR Rating**
- **Price guidance** to be provided on **4 February 2020**
- Proposed **Auction Date** on **11 February 2020**
- Proposed **Issue Date** on **14 February 2020 (T+3)**
- Use of **funds to repay existing debt**, namely:
  - VKE07 : R200 million Senior Secured Note maturing 8 June 2020
  - VKE09 : R378 million Senior Secured Note maturing 8 July 2020
  - As VKE07 matures during a closed reporting period, Vukile has chosen to raise funding to refinance prior to its March year-end
  - to reduce any short-term earnings impact, Revolving Credit Facilities and/or Bridge facilities will initially be repaid with proceeds
- As proceeds will be used to repay existing debt the issuance will have **no impact on the Loan-to-Value**

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

7 Appendices

“See-through” loan-to-value ratio

Low risk conservative balance sheet

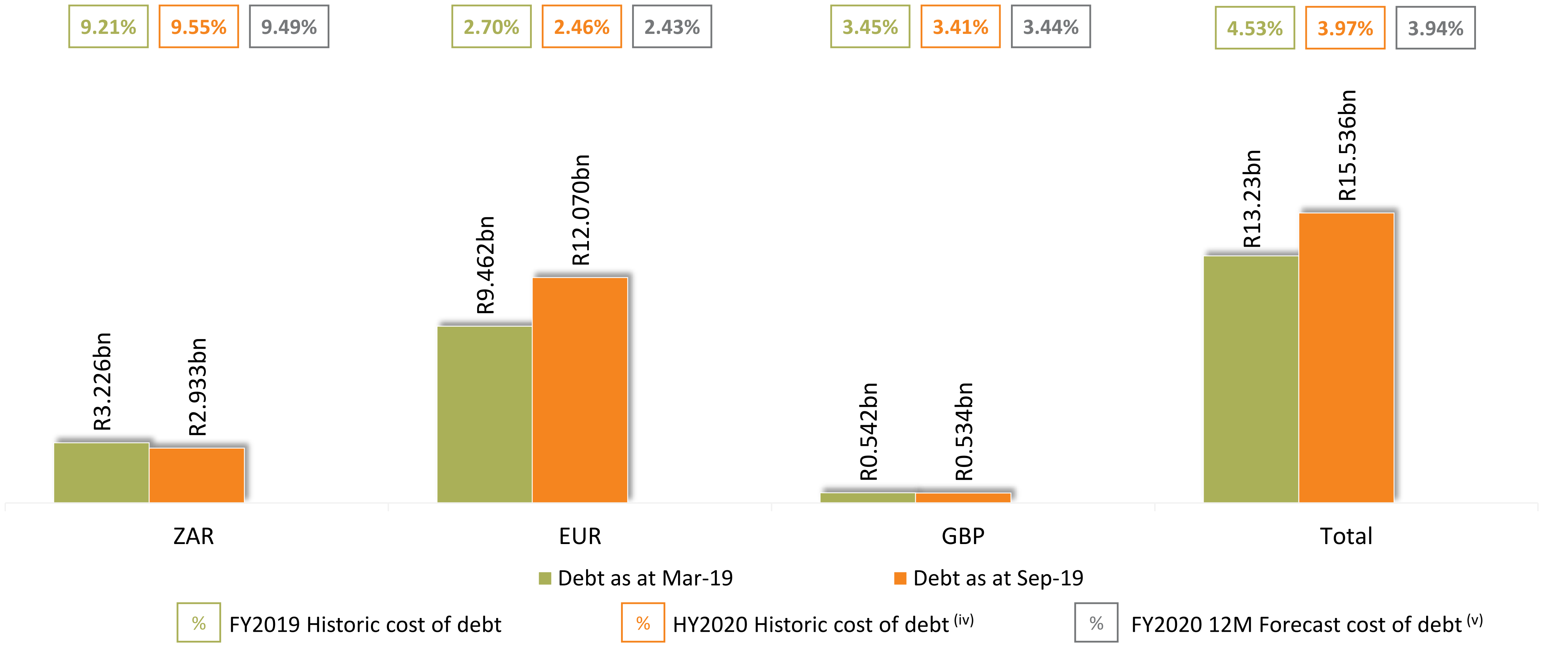
	Interest bearing debt R'000	Property Assets R'000	Cash R'000	LTV	Shareholding
Vukile Company, MICC and 100% of Clidet No. 1011	R7 392 350	R15 915 827	R353 352	44.23%	100.0%
Castellana	R8 144 096	R16 960 064	R870 837	42.88%	82.54%
Atlantic Leaf	R3 342 578	R7 185 000	R78 112	45.43%	34.90%
Fairvest	R885 378	R3 092 382	R15 356	28.13%	26.56%
Arrowhead	R6 955 674	R15 587 666	R235 671	43.11%	11.27%
"See-through" Loan-to-Value Ratio (xiv)	**R16 299 775**	**R34 999 570**	**R1 130 005**	**43.34%**	

(xiv) defined in Appendix C: Notes to treasury management slides

Cost of funding

Reduction in Group cost of finance due to funding mix

Group Debt by Currency



(iv) and (v) defined in Appendix C: Notes to treasury management slides

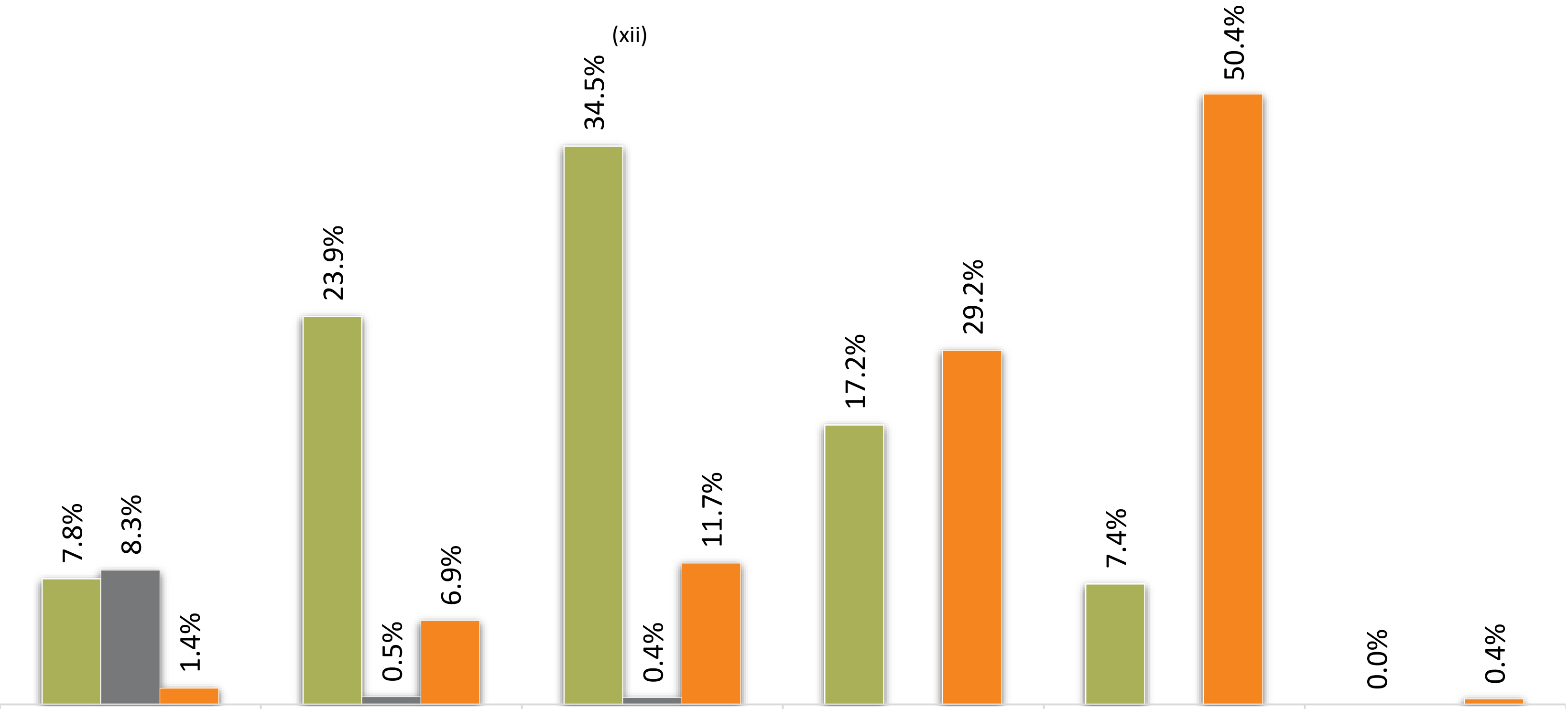
Analysis of southern African loan repayment and swap expiry profile

Well hedged with low risk expiry profile

Southern African loan and hedging (swap & fixed debt) expiry profile

82% of interest bearing debt hedged (iii)

Fixed rate (swap & fixed debt) maturity profile 3.1 years



	2020	2021	2022	2023	2024	2025
Loan expiry profile R'm	574	1 769	2 546	1 274	550	
CP and Access Facility expiry profile R'm	613	35	31			
Hedging (Swap & Fixed debt) profile R'm	75	382	644	1 614	2 782	25

(iii) and (xii) defined in Appendix C: Notes to Treasury Management Slides

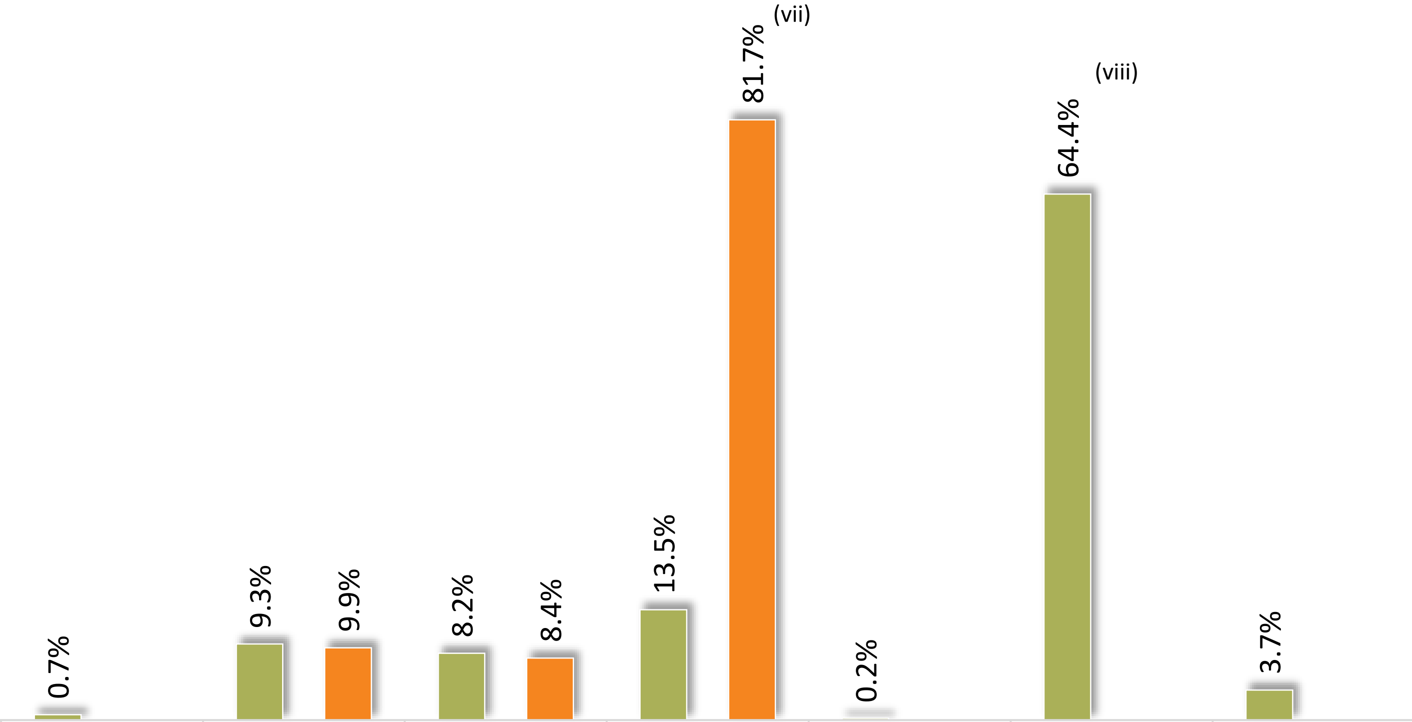
Analysis of Spanish loan repayment and swap expiry profile

Low refinance risk over the next six years

Spanish loan and hedging (swap & fixed debt) expiry profile

90% of interest bearing debt hedged (vii)

Fixed rate (swap & fixed debt) maturity profile 3.7 years (vii)



	2020	2021	2022	2023	2024	2025	2026	2027 & Beyond
Loan expiry profile €'m		3.33	46.01	40.44	66.69	1.15	317.98	18.23
Hedging (Swap & Fixed debt) profile €'m			43.80	37.60	362.94			

(vii) and (viii) defined in Appendix C: Notes to Treasury Management Slides

GBP foreign exchange hedging

Maintaining sustainable predictable income while reducing currency volatility

£'000	Nov-19	May-20	Nov-20
Fixed GBP/ZAR rate	19.9029	20.6072	21.3622

- To minimise the adverse foreign exchange fluctuations Vukile's target is to hedge on average 75% of foreign dividends over a 3-year to 5-year period
- **89%** of forecast **Net GBP income** from Atlantic Leaf is hedged over the next **12 years** (next 2 dividend payments)

	Over 12 months	Over 3 years	Over 5 years
Average percentage Net GBP dividend hedged (xv)	89%	40%	22%
Average percentage Gross GBP dividend hedged (xvi)	76%	36%	21%

- As the ZAR spot rate weakens to the GBP, a **1%** weakening from **18.5898** to **18.78**, is:
  - **+R6m** increase on Vukile's **NAV balance sheet movement** (assets less liabilities); and
  - **+R0.6m** increase on Vukile's **FY2021 earnings**

(xv) and (xvi) defined in Appendix C: Notes to treasury management slides

EUR foreign exchange hedging

Maintaining sustainable predictable income while reducing currency volatility

€'000	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23	Dec-23	Jun-24
Fixed EUR/ZAR rate	17.4997	18.1463	18.4702	19.2738	20.1694	20.9673	21.8077	22.6975	23.0560	23.9613

- To minimise the adverse foreign exchange fluctuations Vukile's target is to hedge on average 75% of foreign dividends over a 3-year to 5-year period
- **82%** of forecast **Net EUR income** from Castellana is hedged over the next **5 years** (next 10 dividend payments)

	Over 12 months	Over 3 years	Over 5 years
Average percentage Net EUR dividend hedged (xvii)	91%	88%	82%
Average percentage Gross EUR dividend hedged (xviii)	64%	64%	64%

- As the ZAR spot rate weakens to the EUR, a **1%** weakening from **16.4917** to **16.66**, is:
  - **+R28m** increase on Vukile's **NAV balance sheet movement** (assets less liabilities); and
  - **+R0.5m** increase on Vukile's **FY2021 earnings**
  - **+0.12%** increase on Vukile's **LTV to 40.9%**

(xvii) and (xviii) defined in Appendix C: Notes to treasury management slides

Cross currency interest rate swap exposure

Prudent currency management

	EUR Nominal €'000	ZAR Nominal R'000	EUR/ZAR Initial Rate	EUR Fixed Rate over Term	ZAR Average Rate over Term	Maturity
Nedbank CCIRS June 2018 (€93.2m)	€93 200	R1 346 240	14.4446	1.90%	8.81%	14 June 2021
Nedbank CCIRS June 2018 (€23.8m)	€23 800	R360 380	15.1420	1.29%	8.81%	14 June 2021
ABSA CCIRS July 2018 (€40.0m)	€40 000	R629 860	15.7465	3.70%	11.88%	13 June 2022
Investec CCIRS July 2018 (€25.5m)	€25 500	R401 370	15.7400	3.72%	11.88%	13 June 2022
Total	**€182 500**	**R2 737 850**				

- Cross Currency Interest Rate Swaps (“**CCIRS**”) have the ability to both hedge foreign exchange fluctuations on Vukile’s earnings and asset exposure. To minimize the impact of unexpected risks at the maturity of the CCIRS, Vukile has chosen to limit the utilisation of CCIRS to **45%** of the **total value of international investments**
- The **CCIRS** ratio to **total value of international investments** (on a consolidated basis) is **30.2%**
- The **MtM loss** of CCIRS was **-R250m** as at 30 September 2019. R121m worth of fixed deposits with Nedbank has been ceded as security for the CCIRS in order to cover MtM losses on expiry of the CCIRS, net position -R129m
- As the ZAR spot rate weakens to the EUR, a **25%** weakening from **16.4917** to **20.61** will only increase Vukile’s **LTV** to **43.5%** from current level of **40.8%**

Notes to treasury management slides

Aligned with industry best standards

(i) *Loan-to-Value ratio calculated as a ratio of nominal interest-bearing debt less cash and cash equivalents (excluding tenant deposits & restricted cash) divided by the sum of (i) the amount of the most recent director's valuation of the direct property portfolio, on a consolidated basis and (ii) the market value of listed investments*

(ii) *Gearing ratio calculated as a ratio of interest-bearing debt on a consolidated IFRS basis divided by total assets*

(iii) *Excluding access facilities and commercial paper*

(iv) *Historic rates are based on actual interest costs including hedging and amortised transaction costs divided by the average debt over the respective period*

(v) *Forecast rates are based on extending debt and swaps expiring during the forecast period, as well as new debt expected to be utilised/repaid during the forecast period. Although, debt costs are forecast to increase in ZAR in FY2020 compared with FY2019, the overall cost is expected to reduce from 4.53% to 3.94% in FY2020 as a larger percentage of debt will be in foreign currency over the full period in FY2020 compared to only being held for a portion of FY2019*

(vi) *Interest Cover Ratio is based on the operating profit excluding straight-line lease income plus dividends from equity-accounted investments and listed securities income ("EBITDA") divided by the finance costs after deducting all finance income ("net interest cost") over the respective period on an annualised basis*

(vii) *€42.3m of debt with Aareal related to Habaneras is fixed for 5 years (and has been included in the interest bearing debt hedged ratio and fixed rate maturity profile). €256m of debt with Aareal related to Project West is fixed for 5 years (and has been included in the interest bearing debt hedged ratio and fixed rate maturity profile)*

(viii) *More than 25% of debt will mature in FY2026, this debt relates to €42.3m of debt with Aareal related to Habaneras, €256m of debt with Aareal related to Project West and €18.5m of debt with Aareal related to the ECI acquisition. The intention is that as the debt reaches maturity, Castellana's overall debt will increase and as a percentage this debt will be less than 25% of total debt at that point in time*

(ix) *Castellana EUR Debt comprises €493.8m converted at the EUR/ZAR spot rate of 16.4917 at 30 September 2019, which is non-recourse to Vukile*

(x) *Vukile EUR debt comprises to €238.0m converted at the EUR/ZAR spot rate of 16.4917 at 30 September 2019*

(xi) *Vukile GBP debt comprises £28.7m converted at the GBP/ZAR spot rate of 18.5898 at 30 September 2019*

(xii) *More than 25% of Vukile South African debt will mature in FY2022, this debt primarily relates to VKE12 (R150m), VKE13 (R535m) and debt with ABSA (€12.5m + £5.35m), Investec (c.€44.3m + c.R31m), RMB (€20.1m) and Standard Bank (€25m). The intention is re-new the debt with the banks at least 12 months prior to their maturity*

(xiii) *Total unsecured debt includes (i) unsecured corporate bonds VKE11, VKE12, VKE13 and VKE14 and (ii) a Standard Bank unsecured term loans of €6.5m and €11.0m*

(xiv) *"See-through" Loan-to-Value Ratio is calculated as a ratio of interest-bearing debt less cash divided by Property Assets weighted by Vukile Group's respective shareholding in each entity*

Notes to treasury management slides (continued)

Aligned with industry best standards

(xv) *Percentage Net GBP dividend hedged calculated as FEC hedge divided by Net GBP forecast dividend over the respective period. The Net GBP forecast dividend is calculated as the Gross GBP forecast dividend after deducting interest costs on Vukile GBP debt.*

(xvi) *Percentage Gross GBP dividend hedged calculated as FEC hedge divided by Gross GBP forecast dividend over the respective period. The Gross GBP forecast dividend is calculated as the forecast dividends from Atlantic Leaf after withhold tax. Forecast dividends are an estimate and will differ from actual dividends because of normal differences between forecasting assumptions vs. actual earnings*

(xvii) *Percentage Net EUR dividend hedged calculated as FEC hedge divided by Net EUR forecast dividend over the respective period. The Net EUR forecast dividend is calculated as the Gross EUR forecast dividend after deducting interest costs on Vukile EUR debt and CCIRS fixed interest costs.*

(xviii) *Percentage Gross EUR dividend hedged calculated as FEC hedge divided by Gross EUR forecast dividend over the respective period. The Gross EUR forecast dividend is calculated as the forecast dividends from Castellana after withhold tax. Forecast dividends are an estimate and will differ from actual dividends because of normal differences between forecasting assumptions vs. actual earnings*

Note:

- *MtM of derivatives valued at –R343m not included in interest bearing debt*
- *Cash and cash equivalents (excluding tenant deposits & restricted cash) of R1,224m*
- *Vukile Group Property Portfolio, on a consolidated basis, includes 100% of the consolidated value of Moruleng Mall (Clidet No. 1011 (Pty) Ltd)*
- *Market value of equity investments consists of Fairvest, Arrowhead and Atlantic Leaf with a value of R2.2bn. Market value of equity investments calculated as the sum of (i) the number of Atlantic Leaf JSE shares (39 887 178) multiplied by their JSE share price (R15.95); (ii) the number of Atlantic Leaf SEM shares (26 071 428) multiplied by their SEM share price (£1.05) and converted at the GBP/ZAR exchange rate (18.5898) (iii) the number of Fairvest shares (270 394 812) multiplied by their share price (R2.04); (iv) the number of Arrowhead A shares (4 691 084) multiplied by their share price (R10.00); and (v) the number of Arrowhead B shares (114 438 564) multiplied by their share price (R4.09), at 30 September 2019*
- *External Valuation Loan-to-Value ratio is 41.2% and is calculated as a ratio of nominal interest-bearing debt owing less cash and cash equivalents (excluding tenant deposits & restricted cash) divided by the sum of (i) the amount of the most recent External Valuation of all the Properties in the Vukile Group Property Portfolio, on a consolidated basis and (ii) the market value of equity investments*

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