



REAL ESTATE. REAL GROWTH.

# H1 FY2021

30 September 2020

INTERIM RESULTS  
PRESENTATION



## AGENDA

### 1 INTRODUCTION

*Laurence Rapp*

### 2 FINANCIAL PERFORMANCE, DEBT AND TREASURY

*Laurence Cohen*

### 3 SOUTHERN AFRICAN RETAIL PORTFOLIO OVERVIEW AND TRADING UPDATE

*Itumeleng Mothibeli*

### 4 CASTELLANA PROPERTIES OVERVIEW AND TRADING UPDATE

*Alfonso Brunet*

### 5 STRATEGIC PLANS AND PROSPECTS

*Laurence Rapp*

### Q&A

### APPENDICES



  
**VUKILE**  
PROPERTY FUND

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## INTRODUCTION

Laurence Rapp



## PROFILE

### WHO WE ARE

- > High quality, low risk, **Retail REIT** operating in Southern Africa and Spain
- > Significant **geographic diversification** with **54% of assets** located in **Spain**
- > Strong **operational focus** with a core competence in **active asset management**
- > Focus on **customer centricity** and data-driven decision making
- > 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**
- > Vukile listed on the **JSE and NSX**
- > **82.5%** held subsidiary Castellana Property Socimi listed on the **BME GROWTH** (Madrid junior board)



# 1 GROUP OVERVIEW – PROPERTY ASSETS OF R35.7bn

## WELL DIVERSIFIED EXPOSURE ACROSS MACRO ECONOMIC DRIVERS

**SPAIN**  
**R19.5bn**  
54% of assets

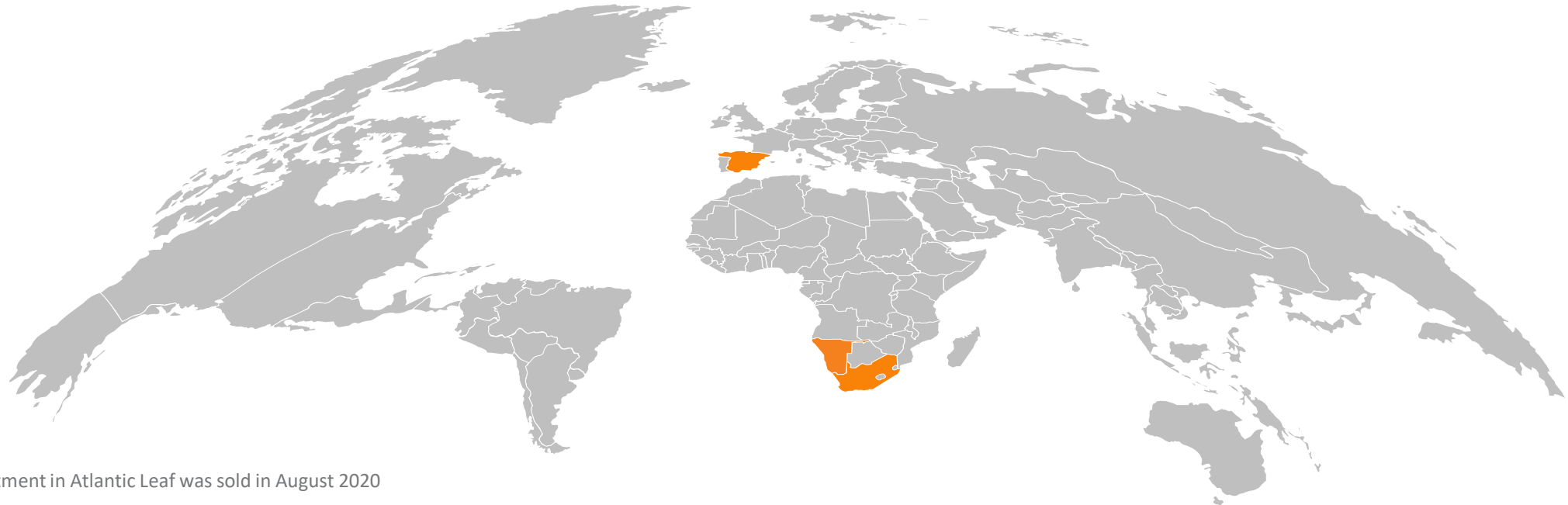


**SOUTHERN AFRICA**  
**R16.2bn**

46% of assets

Direct property  
portfolio R15.6bn

Fairvest R425m  
Arrowhead R149m



\* Vukile's investment in Atlantic Leaf was sold in August 2020

## HIGHLIGHTS

### SOLID OPERATING PLATFORM PROVIDES THE BASE OFF WHICH TO TACKLE THE COVID-19 CRISIS

#### Sustained performance in tough SA trading environment

- > Retail vacancies well contained at 3%
- > Rent collection rate at 95%
- > Footfall at 86% of prior year
- > Like-for-like trading density growth up 1.3%
- > Retail retention rate at 92% with reversions contained at -2%

#### Strong balance sheet and well diversified funding base

- > Debt reduced by R1.5bn
- > LTV reduced to 44.3% (FY20 46.1%)
- > 100% of FY2021 maturing debt repaid or extended
- > Undrawn debt facilities increased to R2.3bn
- > Interest cover ratio (ICR) of 3.7 times

#### Spanish portfolio holding up very well

- > Vacancies reduced to 1.5%
- > Rent collection rate 90%
- > Footfall at 84% of prior year
- > Sales at 95% of prior year
- > Completed redevelopment projects with 91% of GLA let
- > Portfolio WALE of 13.9 years

#### Extensive tenant relief provided in SA and Spain

- > Negotiation and administration of COVID-19 lockdown rental relief programmes completed
  - > Southern Africa, rent relief R133m granted to tenants
  - > Spain, rent relief of €15m granted to tenants
- > Primary focus on the health and wellbeing of our customers, tenants and staff



## ANALYSING THESE RESULTS

### IN THE CONTEXT OF COVID-19 AND BEING A MARCH YEAR-END

- > For the year ended 31 March 2020, the COVID-19 pandemic
  - > Did not impact distributable earnings, but
  - > Did negatively affect the forward-looking valuations
- > Majority impact of rent concessions and deferrals felt in H1 FY2021
- > Half year results affected by:
  - > Rental discounts
  - > Hard lockdowns and impact on footfall and sales
  - > Higher cost structures
  - > Increased bad debts
- > Post lock-downs, we have been encouraged by the recovery in footfall and sales and a better-than-expected resilience of our tenants, as evidenced by our overall operating metrics
- > Second half of this financial year should show an improvement on H1, therefore caution against annualising the H1 results to forecast full year-end earnings
- > However, we stress caution, as the overall environment remains fragile and unpredictable, especially given the threat and impact of a second wave in Spain and South Africa

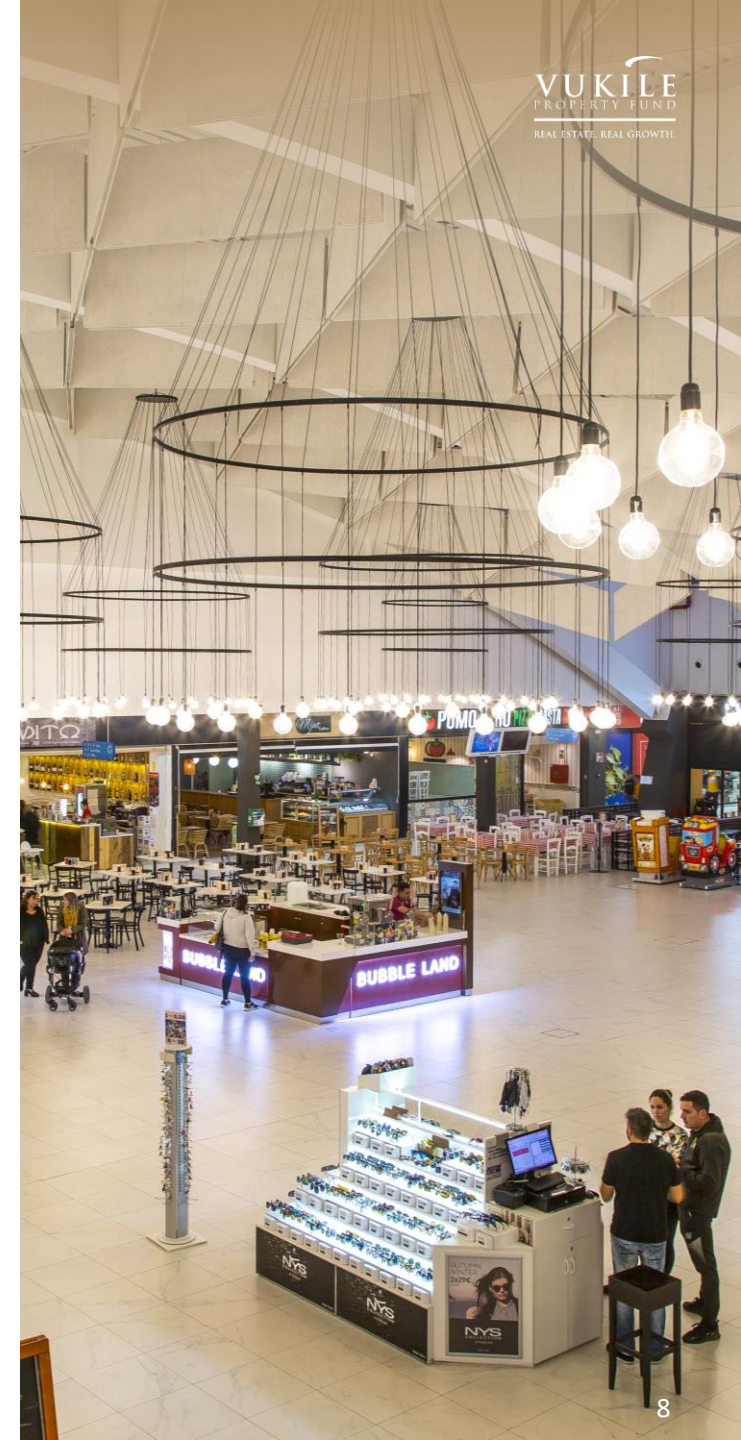
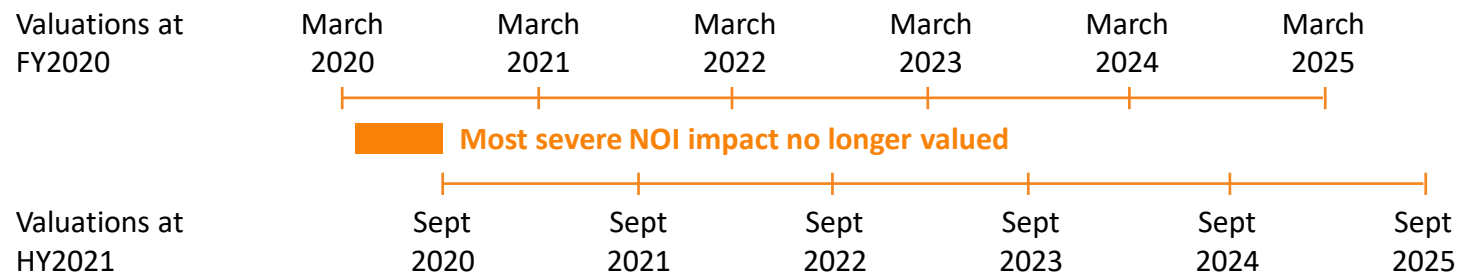


# VALUATIONS

> Main valuations impact felt in the FY2020 results

	Sep 19 to Mar 20	Mar 20 to Sep 20	Year-on-year Sep 19 to Sep 20
Southern Africa	(4.3%)	0.3%	(4.0%)
Spain	(2.4%)	(1.0%)	(3.4%)
Total portfolio	(3.2%)	(0.4%)	(3.7%)

- > Most pain taken in NOI forecast for year 1 cashflows, especially for the months from April to September 2020, given the forecast rental discounts and concessions
- > Already factored in a slower recovery and negative impact on long term growth rates in March 2020
- > Actual experience has been better than initially forecasted, therefore no need to further impact NOI forecasts in discount years, based on a better understanding of actual performance under COVID-19 versus initial forecasts
- > Valuations starting to stabilise





VUKILE  
PROPERTY FUND

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## FINANCIAL PERFORMANCE, DEBT AND TREASURY

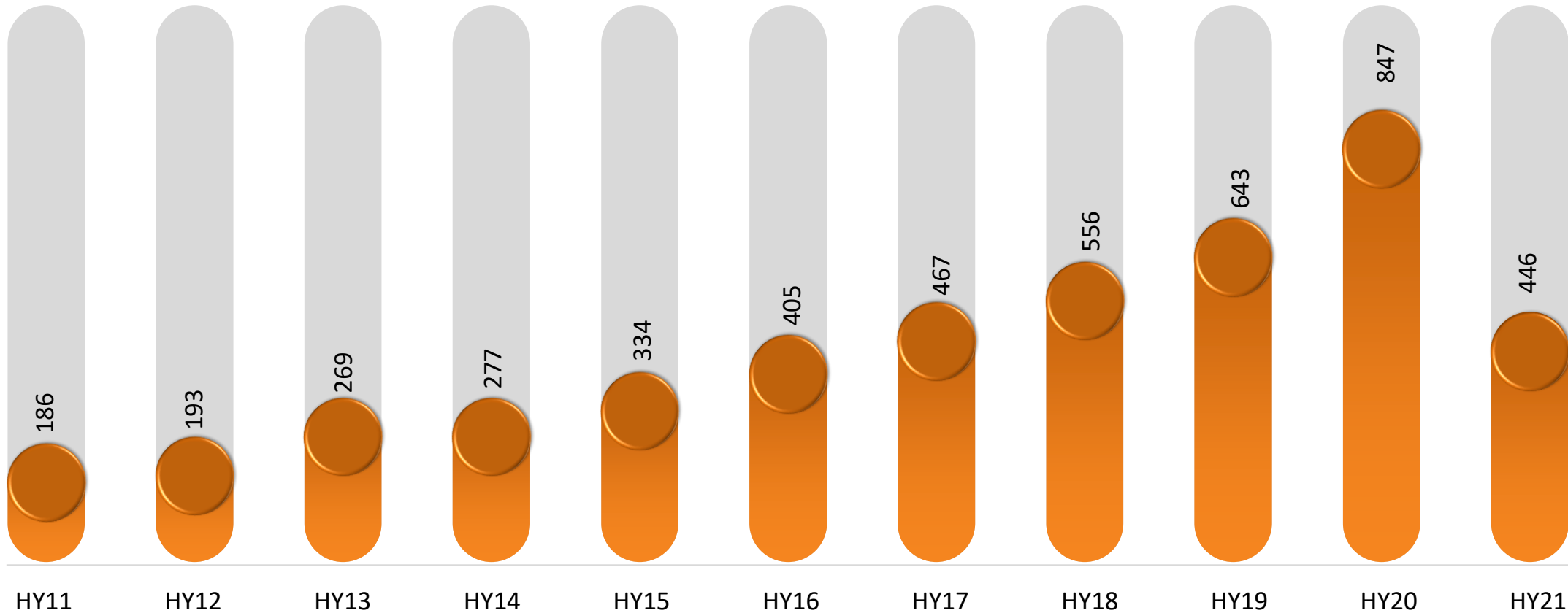
Laurence Cohen



## DISTRIBUTABLE EARNINGS (Rm)

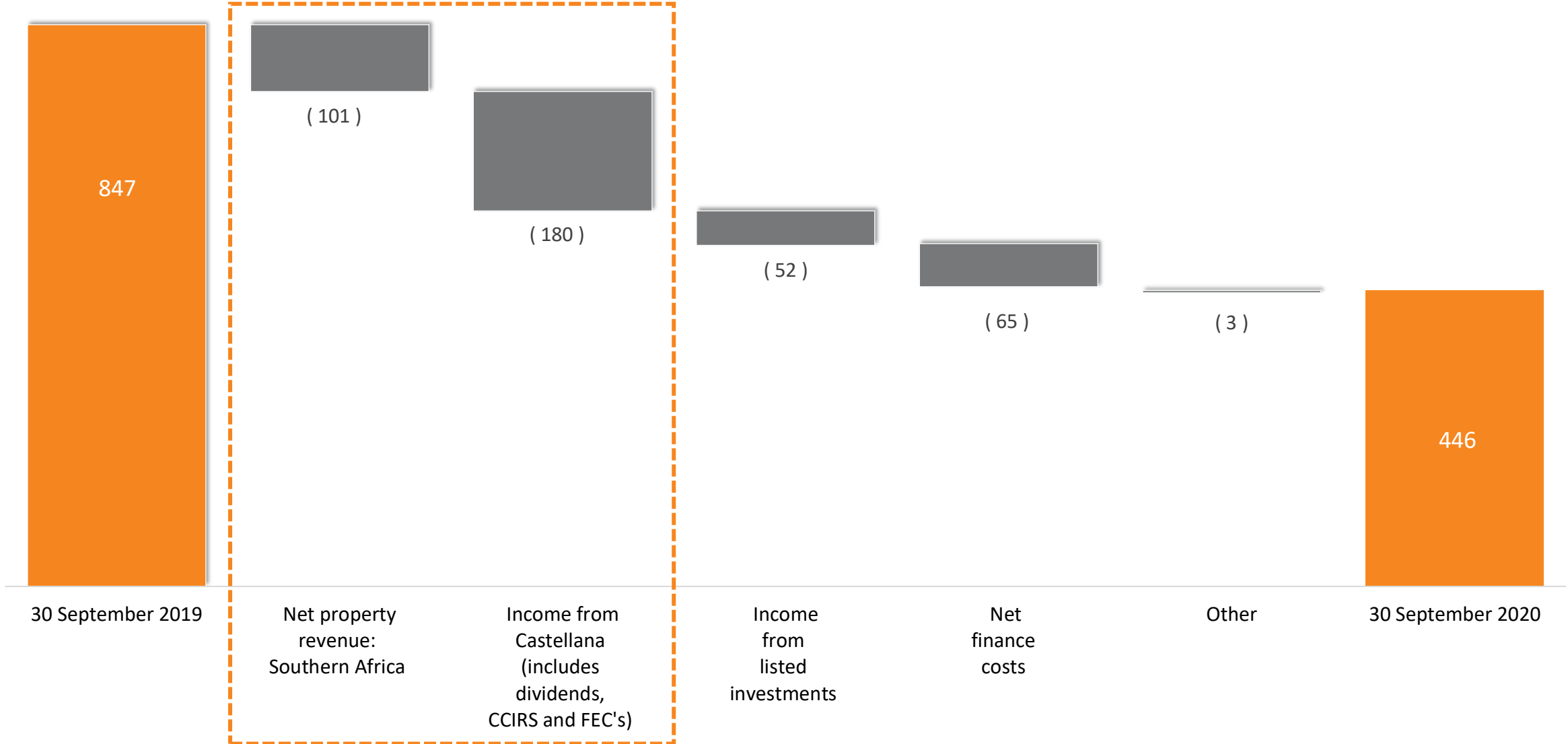
### SIGNIFICANT IMPACT OF COVID-19 ON DISTRIBUTABLE EARNINGS

HALF-YEAR DISTRIBUTABLE EARNINGS - Rm



## DISTRIBUTABLE EARNINGS BRIDGE (Rm)

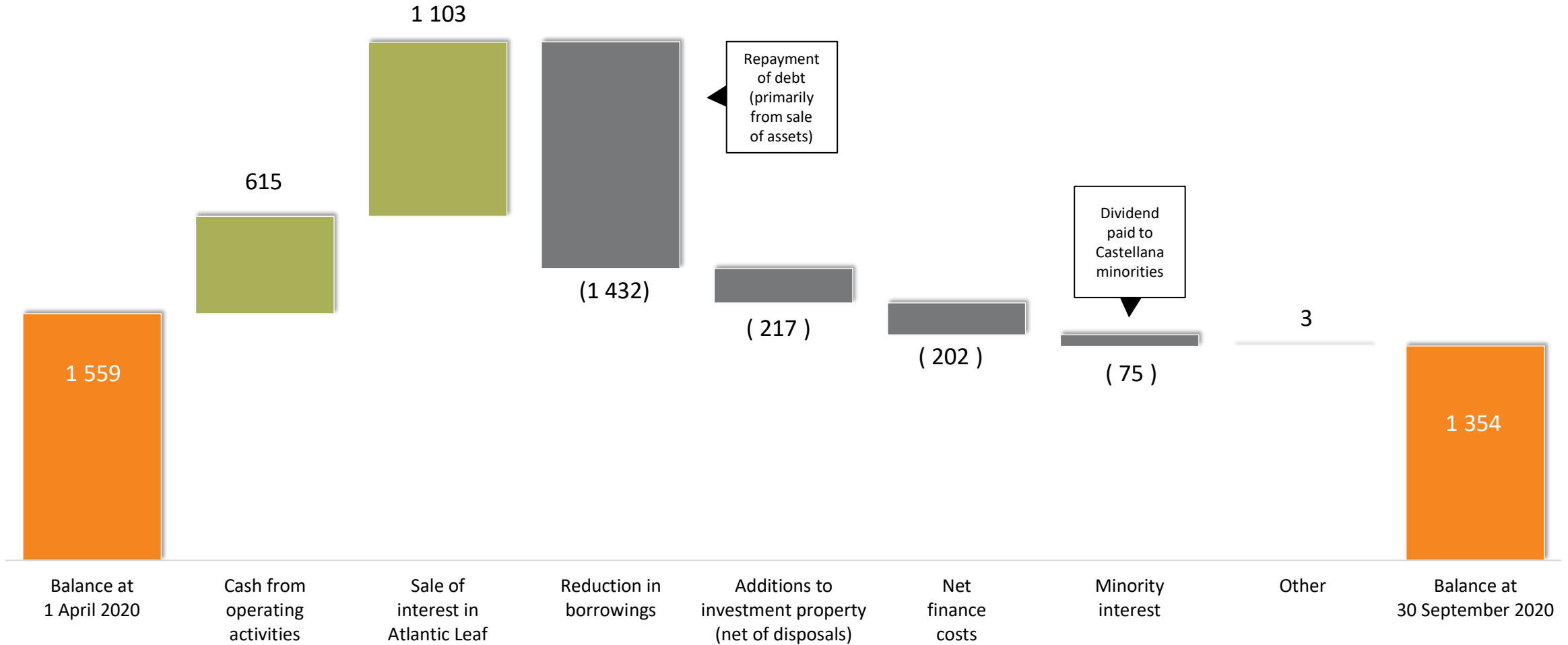
### MAJORITY OF COVID-19 IMPACT IN H1 FY2021



**CASH FLOW BRIDGE (Rm)**

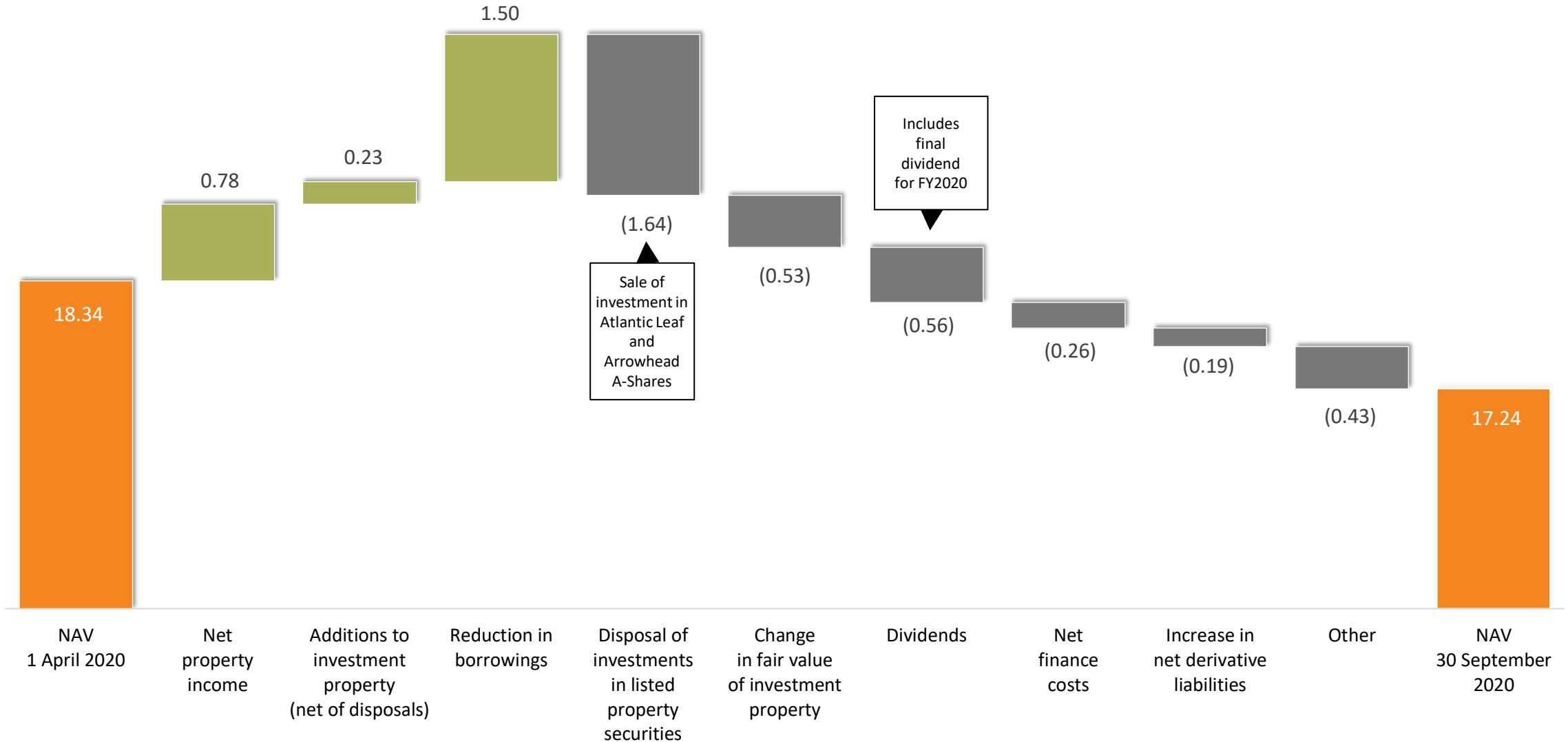
**PROCEEDS FROM THE SALE OF ATLANTIC LEAF UTILISED TO REDUCE BORROWINGS**

> Cash balances in excess of R1.3bn



## NAV BRIDGE (R)

### NAV PER SHARE REDUCED TO R17.24



## DEBT AND BALANCE SHEET STRATEGY

### SIGNIFICANT PROGRESS IN STRENGTHENING BALANCE SHEET AND RISK METRICS

- > COVID-19 crisis used as an opportunity to engage extensively with all bank funders, both in SA and Spain
- > Debt reduced by R1.5bn during the period
- > LTV reduced to 44.3% from 46.1%
- > R2.3bn relating to FY2021 maturing debt has been repaid or extended
- > 26% of FY2022 maturing debt (R1.0bn) has been repaid or extended
- > Quantum of undrawn debt facilities increased from R1.1bn at 31 March 2020 to R2.3bn
- > Sufficient undrawn facilities to repay DCM maturities in FY2022 (if required)



## DEBT AND BALANCE SHEET STRATEGY

### SIGNIFICANT PROGRESS IN STRENGTHENING BALANCE SHEET AND RISK METRICS

- > €91m and £14m (R2.1bn equivalent) of foreign denominated debt repaid or converted into ZAR debt, reducing the impact of currency movements on the Vukile balance sheet
- > The margins of SA Euro-denominated debt increased, offset by a significant reduction in ZAR base rates
- > Property valuations (in SA and Spain) already take account of the anticipated long-term impact of COVID-19 and demonstrates the defensive nature of the portfolio
- > Given the better-than-expected recovery and results in Spain, decided not to convert Vukile shareholder loan to Castellana into new equity
- > Unencumbered assets of R7.1bn
- > GCR reaffirmed corporate long-term credit rating of AA<sub>(ZA)</sub>



## SEGMENTAL LOAN-TO-VALUE AND INTEREST COVER RATIOS

### COMFORTABLE HEADROOM ACROSS ALL METRICS FOR BOTH VUKILE AND CASTELLANA

- > Strong cash flow compared with net interest cost
- > **Group interest cover ratio of 3.7 times**, after a reduction in EBITDA of R460m
- > Stress testing indicates that the portfolio would need to undergo a **46% reduction** in Group EBITDA, before reaching 2 times bank interest cover covenant level
- > Group loan to value ratio reduced to 44.3% (from 46.1% at March 2020)

	Group	Southern Africa	Spain
Interest cover ratio	<b>3.7 times</b>	5.2 times	2.2 times
Interest cover ratio covenant level	<b>2 times</b>	N/A	1.15 times
ICR stress level margin (% EBITDA reduction to respective covenant levels)	<b>46%</b>		48%
ICR stress level amount (EBITDA reduction to respective covenant levels)	<b>R777m</b>		€13m
Loan-to-value ratio (net of cash and cash equivalents)	<b>44.3%</b>	43.0%	45.5%
Loan-to-value covenant level	<b>50%</b>	N/A	65%
LTV stress level margin (% asset value reduction to respective covenant levels)	<b>12%</b>		30%
LTV stress level amount (asset value reduction to respective covenant levels)	<b>R4.2bn</b>		€299m



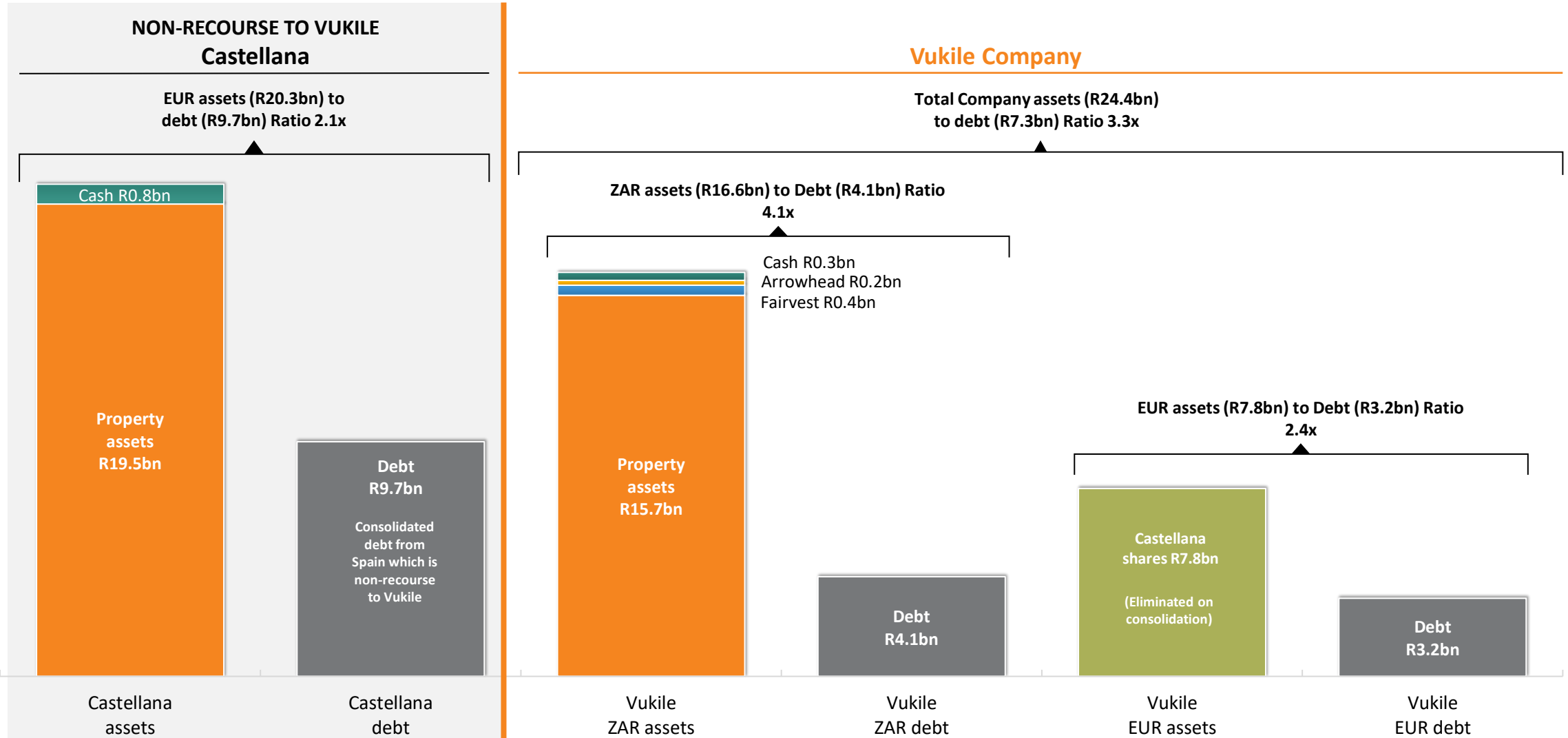
## GROUP LOAN-TO-VALUE BRIDGE

DEBT REPAYMENTS HAVE RESULTED IN A 1.8% REDUCTION IN LTV



# COMPOSITION OF GROUP BALANCE SHEET

## MATCHING DEBT WITH PROPERTY ASSETS - BY GEOGRAPHY AND CURRENCY



## KEY DEBT AND HEDGING METRICS

### STRONG LIQUIDITY POSITION

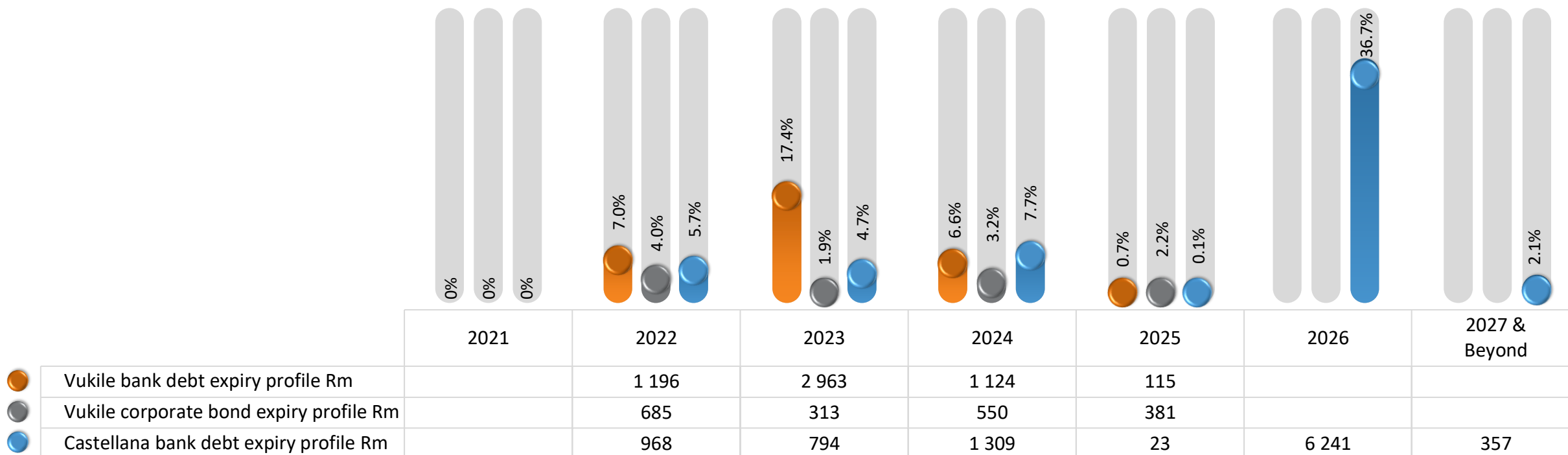
> Undrawn facilities increased to R2.3bn in the interim period

	September 2020	March 2020	September 2019	Internal policy at Group level
Interest-bearing debt hedged	79.3%	81.3%	86.5%	> 75%
Group cost of funding	3.7%	4.0%	4.0%	
Maturity profile – fixed rates and swaps	3.0 years	3.4 years	3.1 years	> 3 years
Undrawn facilities	R2.3bn	R1.1bn	R1.2bn	
Net EUR dividend hedged (5 years)	73%	63%	82%	
Corporate long-term credit rating	AA <sub>(ZA)</sub>	AA <sub>(ZA)</sub>	AA <sub>(ZA)</sub>	

## ANALYSIS OF GROUP LOAN EXPIRY PROFILE

### LOW RISK EXPIRY PROFILE

- > **R2.1bn** of GBP and EUR debt was repaid or converted into ZAR facilities
- > **R578m** of corporate bonds were repaid
- > Sufficient **undrawn facilities to repay DCM** maturities in FY2022 if required
- > All expiries relating to FY2021 of **(R2.3bn)** were repaid or extended, such that **no debt** will be expiring in the remaining six months of **FY2021**
- > 26% of expiries relating to FY2022 of **(R1.0bn)** were repaid or extended
- > 11.3% of group debt in corporate bonds, with **64% of DCM debt maturing in FY2023 & beyond**



## UNDRAWN FACILITIES

### UNDRAWN BANK FACILITIES INCREASED TO R2.3 bn (FROM R1.1 bn AT 31 MARCH 2020)

	Facility amount 000	Amount drawn 000	Undrawn 000
ABSA multicurrency revolving credit facility (ZAR portion)	R648 162	R250 000	<b>R398 163</b>
ABSA multicurrency revolving credit facility (EUR portion) ZAR equivalent at EUR/ZAR spot rate of 19.6260 at 30 September 2020	€10 284 R201 838	€10 284 R201 838	<b>€0 R0</b>
Aareal (El Corte Ingles development loans) ZAR equivalent at EUR/ZAR spot rate of 19.6260 at 30 September 2020	€47 490 R932 038	€18 500 R363 081	<b>€28 990 R568 957</b>
Investec revolving credit facilities	R200 000	R0	<b>R200 000</b>
Nedbank revolving credit facility	R190 000	R0	<b>R190 000</b>
RMB term revolving loan facility	R250 000	R0	<b>R250 000</b>
RMB multi-draw term loan	R350 000	R0	<b>R350 000</b>
Standard Bank revolving credit facilities	R305 000	R0	<b>R305 000</b>
<b>Total</b>	<b>R3 077 038</b>	<b>R814 919</b>	<b>R2 262 120</b>

## DEBT EXPIRING IN FY2022

### LOW RISK EXPIRY PROFILE

- > 100% of all debt expiring in FY2021 has been repaid or extended
- > 26% of debt expiring in FY2022 has been repaid or extended

	Maturity Date	Amount Drawn 000	Comments
Corporate bond VKE12	03 May 2021	<b>R150 000</b>	To be rolled with existing noteholders or repaid with undrawn access facilities
Castellana – Syndicate loan ZAR Equivalent at EURZAR spot rate of 19.6260 at 30 September 2020	30 June 2021	<b>€43 800</b> <b>R859 619</b>	Do not foresee any concern with renewal; currently in process with funders
Castellana – Amortisation on Syndicate Capex loan ZAR Equivalent at EURZAR spot rate of 19.6260 at 30 September 2020	30 June 2021 / 30 December 2021	<b>€5 200</b> <b>R102 055</b>	Sufficient cash resource to repay facility as part of normal amortisation schedule
Corporate bond VKE13	27 August 2021	<b>R535 000</b>	To be rolled with existing noteholders or repaid with undrawn access facilities
Castellana – Amortisation on Puerta Europa loan ZAR Equivalent at EURZAR spot rate of 19.6260 at 30 September 2020	30 September 2021 / 31 December 2021 / 31 March 2022	<b>€345</b> <b>R6 771</b>	Sufficient cash resource to repay facility as part of normal amortisation schedule
Investec term loans	23 October 2021	<b>€44 341</b> <b>R870 228</b>	Considering conversion into ZAR
ABSA term loan	1 December 2021	<b>€12 500</b> <b>R245 325</b>	Considering conversion into ZAR
Standard Bank term loan	28 February 2022	<b>R80 000</b>	Do not foresee any concern with renewal
<b>Total</b>		<b>R2 848 998</b>	

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## SOUTHERN AFRICAN RETAIL PORTFOLIO

OVERVIEW AND  
TRADING UPDATE

Itumeleng Mothibeli



## HIGHLIGHTS

### SUSTAINED PERFORMANCE IN TOUGH TRADING ENVIRONMENT

- > Continued tough operating environment, favouring non-discretionary essential goods
- > Too early to glean definite changes in psychographic shopper behaviour, but strong case of the ‘focused’ shopper starting to emerge
- > Footfall back to 86% of prior year, incrementally increasing with each level of lockdown
- > Portfolio vacancies holding steady with a marginal 10bps movement over the period, significant absorption of vacant space in rural and township malls
- > Retail reversions contained at negative 2% but achieved strong retention, average lease terms and escalations of renewals
- > Year-on-year turnover down by 5%, but like-for-like annualised trading density up by 1.3%
- > Strong rebound in rental collections now at 95% of billings

- > 6.5% of electricity now generated through PV
- > Integrated soft services delivery model successfully implemented
- > Successful energy management projects completed in respect of bulk conversions, billing and metering optimisation
- > On schedule to execute on R74m operational capex programme, despite the prevailing COVID-19 environment
- > Great traction on customer centricity journey, opt-in captive portal database now has 1.7m unique users

- > Total relief granted R133m, approximately one month’s rent
- > Cost to income ratio up to 19.4%, due to concessions and increased operating expenses
- > All safety protocols remain in place, and continuous discussions with all stakeholders to ensure sustainability of value chain

### OPERATING ENVIRONMENT

### OPERATIONAL EFFICIENCIES






### COVID-19





## DIRECT SOUTHERN AFRICAN RETAIL PORTFOLIO

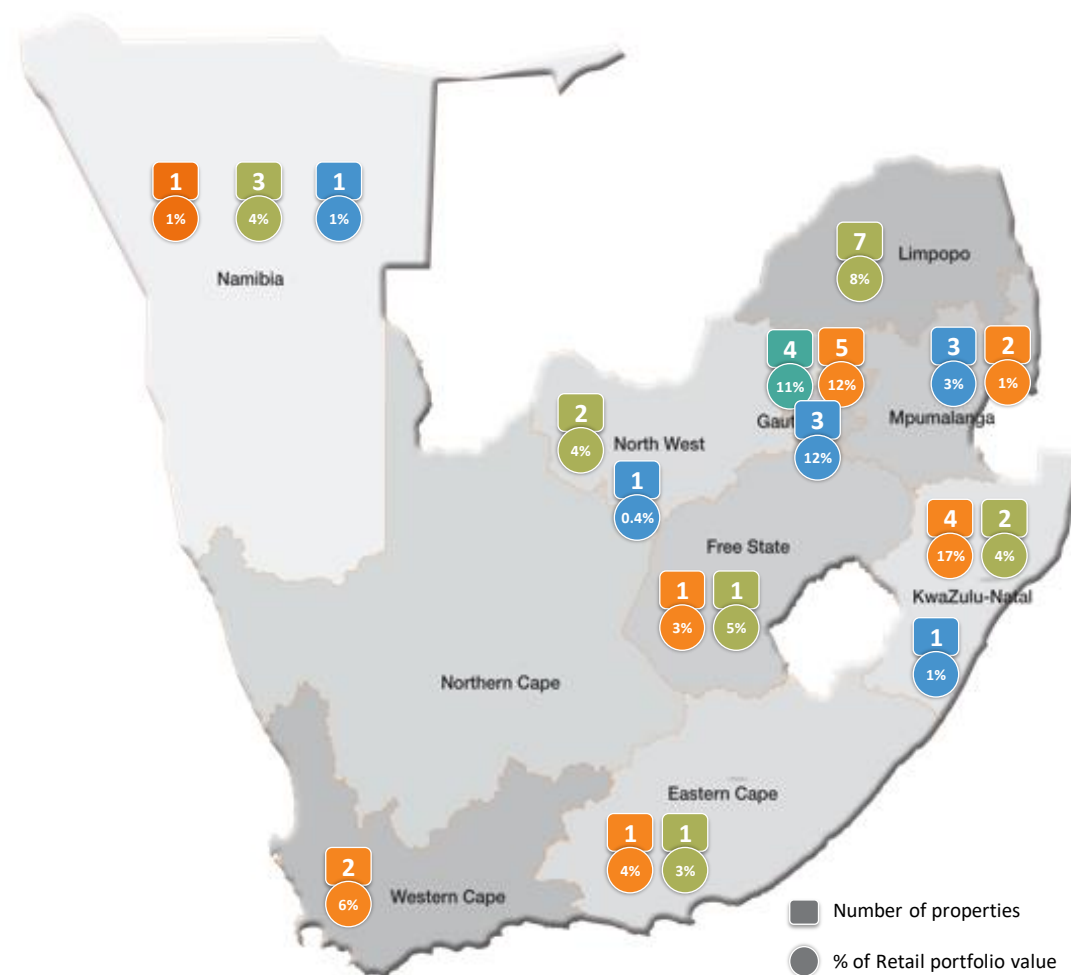
## KEY RETAIL PORTFOLIO METRICS

 <b>KEY FACTS</b>	➤	Portfolio Value <b>R14.6bn</b>	Total number of assets <b>45</b>	GLA <b>892 686m<sup>2</sup></b>	Operational Capex forecast <b>R74m</b>	PV installed <b>15 plants</b> <b>9.9MW</b>
 <b>VALUATIONS</b>	➤	Average asset value <b>R324m</b>	Value density <b>R16 316/m<sup>2</sup></b>	Average discount rate <b>13.7%</b>	Average exit capitalisation rate <b>9.2%</b>	Like-for-like value increase <b>0.5%</b>
 <b>PERFORMANCE OVERVIEW</b>	➤	Like-for-like net income growth <b>-20.2% incl COVID</b> <b>5.1% excl COVID</b>	Vacancies <b>3.0% GLA</b> <b>3.3% Rent</b>	Reversions <b>-2.0%</b> out of 169 leases renewed 61% were positive, 16% flat and 23% were negative	Base rentals <b>R143.86/m<sup>2</sup></b>	Contractual escalations <b>6.8%</b>
 <b>EFFICIENCY</b>	➤	Rent-to-sales ratio <b>6.2%</b>	Average annual trading density <b>R28 866/m<sup>2</sup></b>	Annualised growth in trading densities <b>1.3%</b>	Net cost to property revenue <b>19.6% incl COVID</b> <b>15.8% excl COVID</b>	
 <b>TENANT PROFILE</b>	➤	National exposure <b>84% GLA</b> <b>81% Rent</b>	Top 10 tenants <b>53% GLA</b> <b>44% Rent</b>	WALE <b>3.5 years</b>	Tenant retention <b>92%</b>	Rent collection rate <b>95%</b>

## PORTFOLIO COMPOSITION

## 82% OF PORTFOLIO IN DEFENSIVE RURAL, TOWNSHIP AND VALUE CENTRE ASSETS

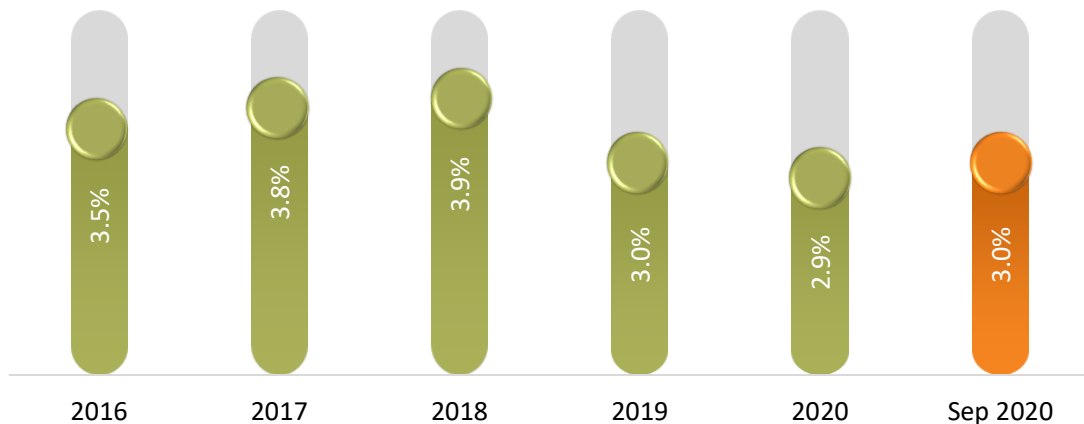
	Township & Commuter	Rural	Value centres	Urban
Value	R6.3bn	R4.1bn	R1.7bn	R2.6bn
Number of properties	16	16	4	9
GLA	364 667m <sup>2</sup>	259 433m <sup>2</sup>	144 337 m <sup>2</sup>	124 249 m <sup>2</sup>
Vacancy	2.8%	2.1%	2.0%	6.9%
Average base rental	R156.18/m <sup>2</sup>	R138.28/m <sup>2</sup>	R94.36/m <sup>2</sup>	R179.70/m <sup>2</sup>
Average trading density	R31 406/m <sup>2</sup>	R31 814/m <sup>2</sup>	R20 657/m <sup>2</sup>	R26 618/m <sup>2</sup>
Rent-to-sales ratio	6.1%	5.3%	5.3%	8.6%
WALE (GLA)	3.3 years	3.9 years	3.4 years	3.2 years
National tenant exposure	77%	86%	82%	85%
Top 10 tenant exposure	40%	35%	10%	16%
Tenant retention	94%	91%	94%	87%



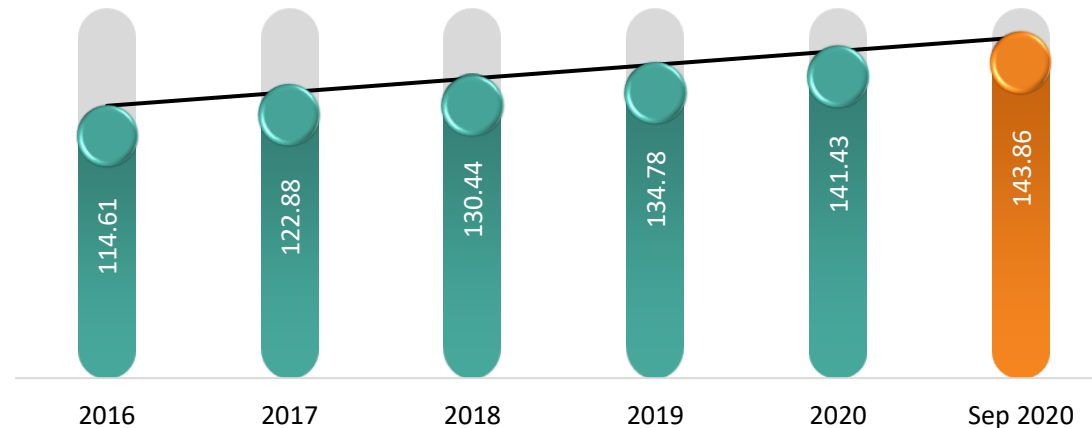
# TENANT AFFORDABILITY

## CONSISTENTLY SOUND PORTFOLIO METRICS

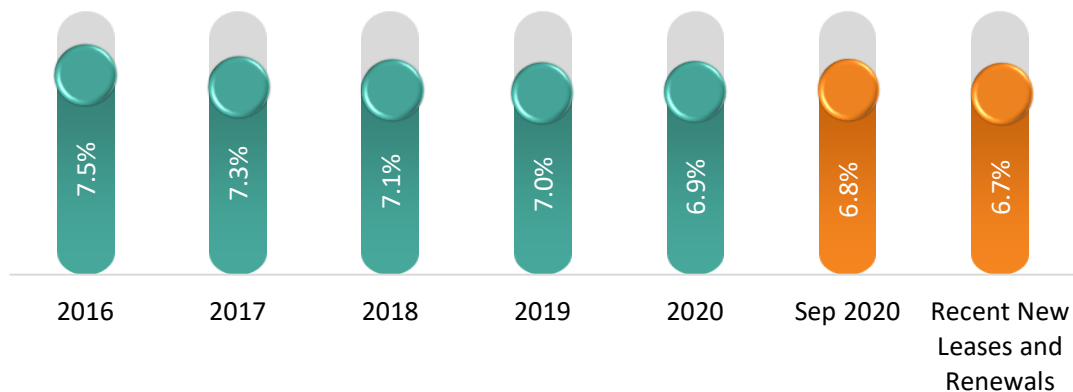
RETAIL VACANCY PROFILE BY GLA



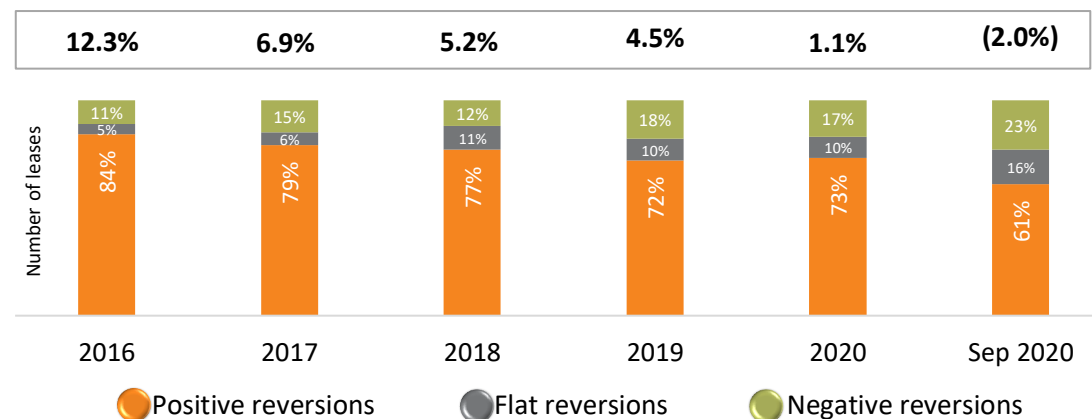
RETAIL AVERAGE BASE RENTALS R/m<sup>2</sup> (EXCL. RECOVERIES)



RETAIL CONTRACTUAL ESCALATIONS



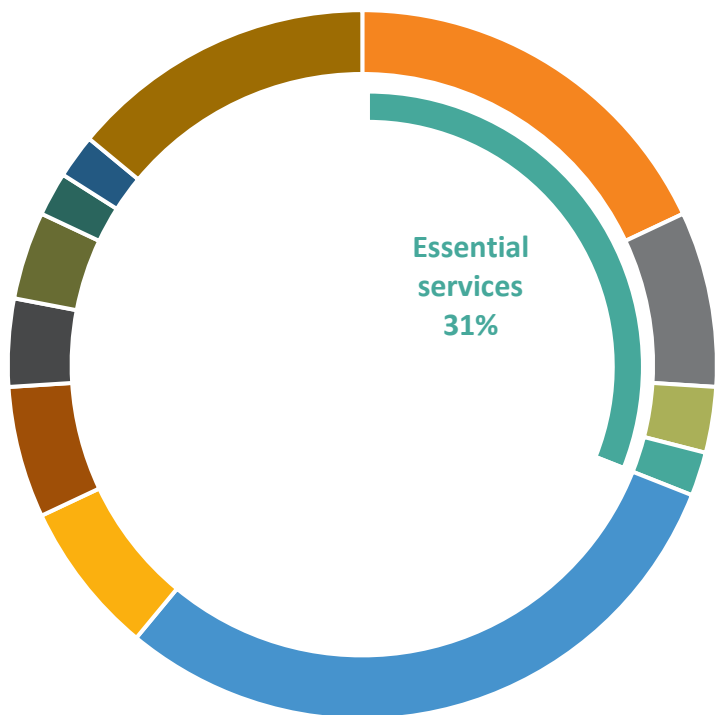
RETAIL RENT REVERSIONS



# TENANT EXPOSURE

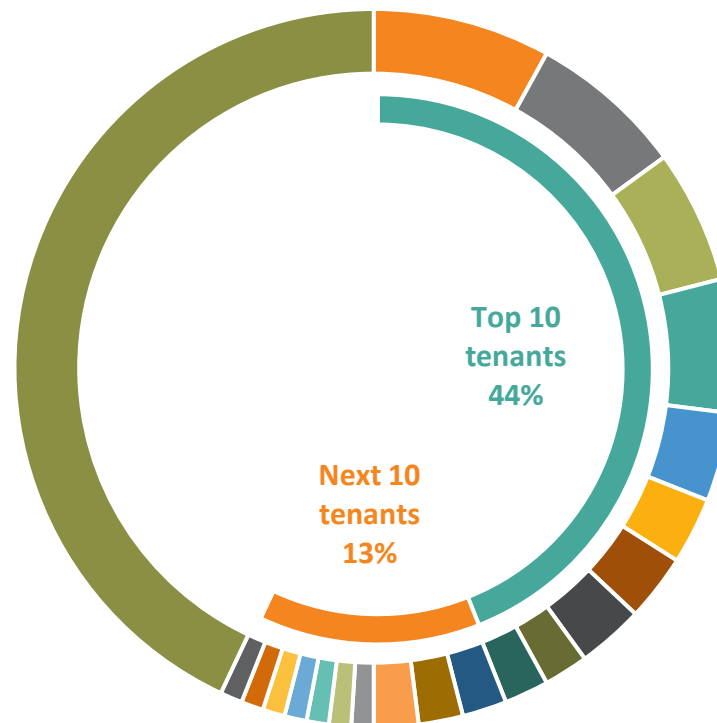
## WELL DIVERSIFIED BLUE CHIP TENANT MIX

31% OF RENT FROM ESSENTIAL SERVICES



- Grocery/ Supermarket - 18%
- Banking - 8%
- Pharmacies - 3%
- Other - 2%
- Fashion - 30%
- Restaurants, Fast Foods & Coffee Shops - 7%
- Home Furnishings / Décor - 6%
- Sporting / Gym / outdoor wear - 4%
- Cell Phones & Electronics - 4%
- Bottle Stores - 2%
- Health & Beauty - 2%
- Other - 14%

57% OF RENT FROM TOP 20 TENANTS

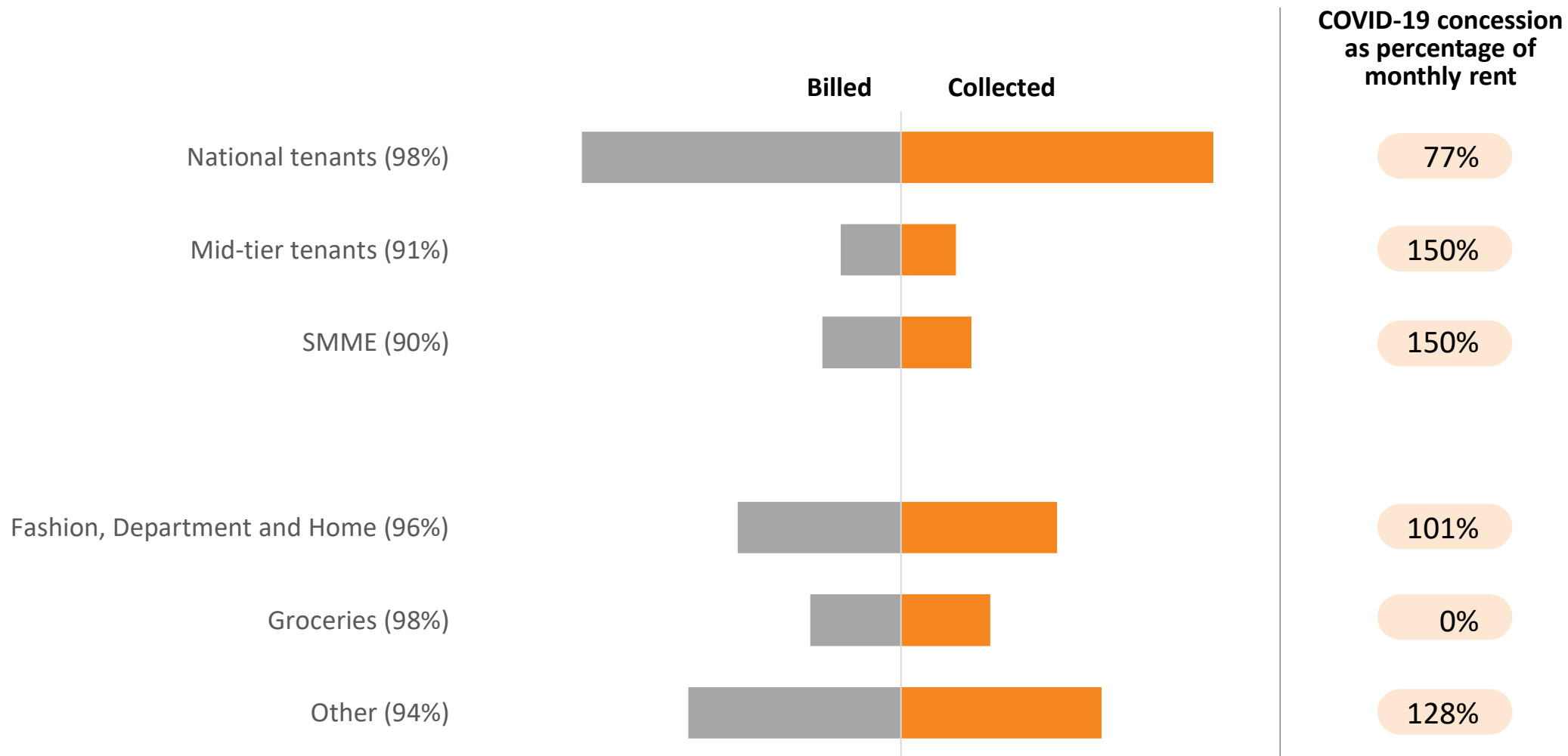


- Pepkor - 8%
- Foschini - 7%
- Pick n Pay - 6%
- Shoprite - 6%
- Mr Price - 4%
- Truworths - 3%
- Spar - 3%
- Massmart - 3%
- New Clicks - 2%
- Retailability - 2%
- First Rand Group - 2%
- Studio 88 - 2%
- Nedcor - 2%
- Absa Bank - 1%
- Famous Brands - 1%
- Capitec Bank - 1%
- Standard Bank - 1%
- Cashbuild - 1%
- KFC - 1%
- Woolworths - 1%
- Other - 43%

Base rent excluding recoveries

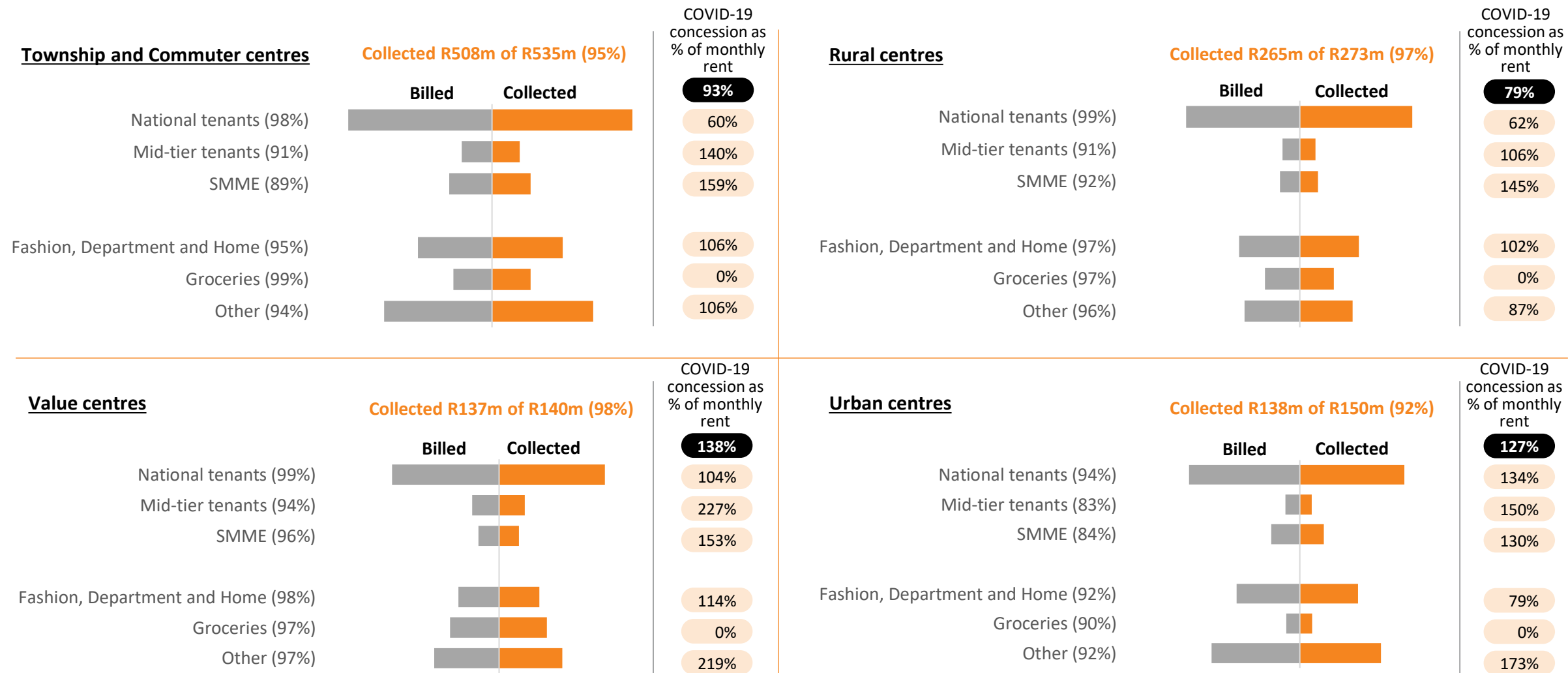
**COLLECTIONS**

**COLLECTED R1.048 bn (95%) of R1.098 bn BILLED (NET OF R133m COVID CONCESSIONS GRANTED c. 1 MONTH'S RENT)**



## COLLECTIONS

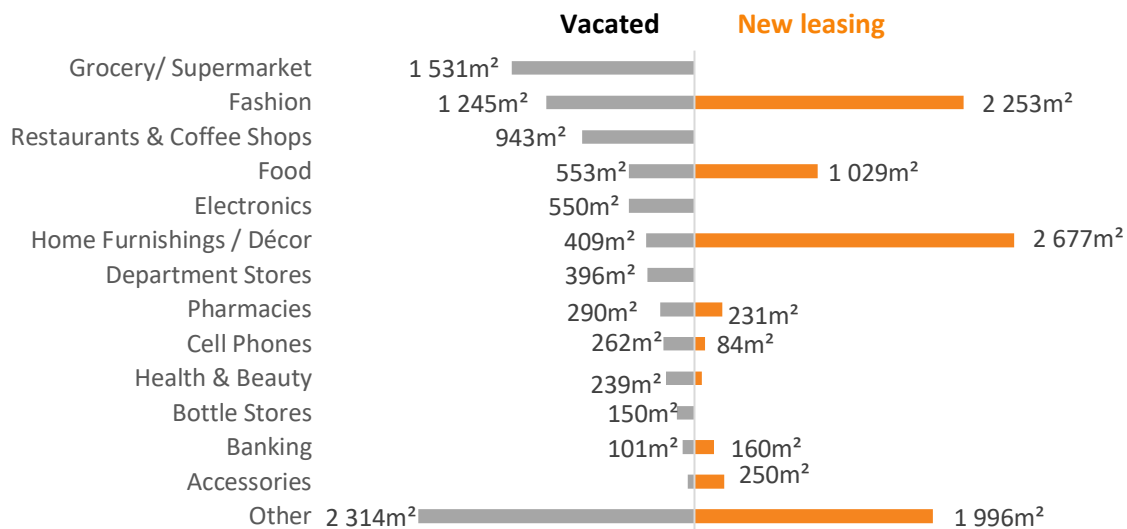
## URBAN CENTRES AND SMME'S UNDER PRESSURE



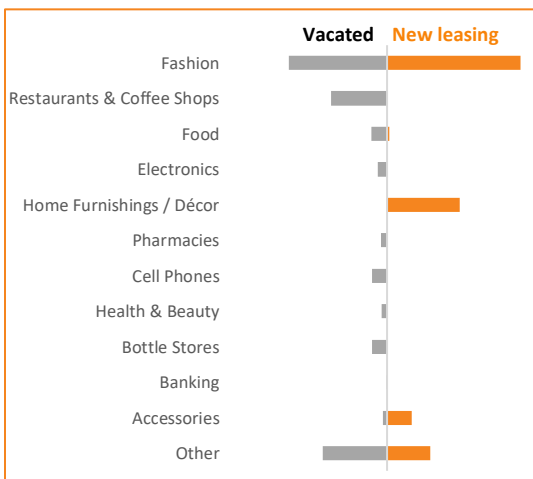
Collections as at 31 October 2020

# VACANCY MOVEMENT

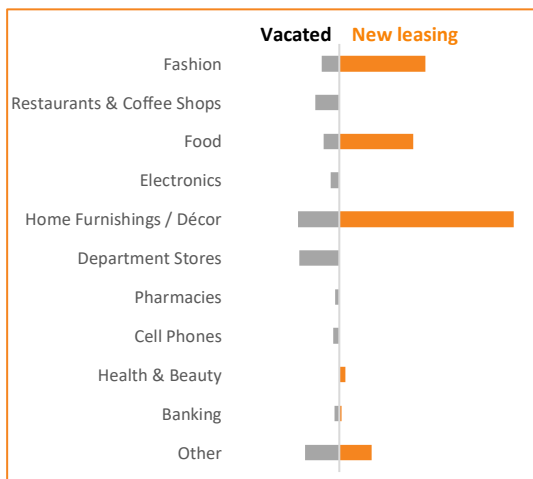
**8 738m<sup>2</sup> OF VACANT SPACE HAS BEEN LET WHEN CONTRASTED WITH 9 044m<sup>2</sup> OF SPACE FROM TENANTS WHO VACATED (1.0% OF TOTAL RETAIL GLA)**



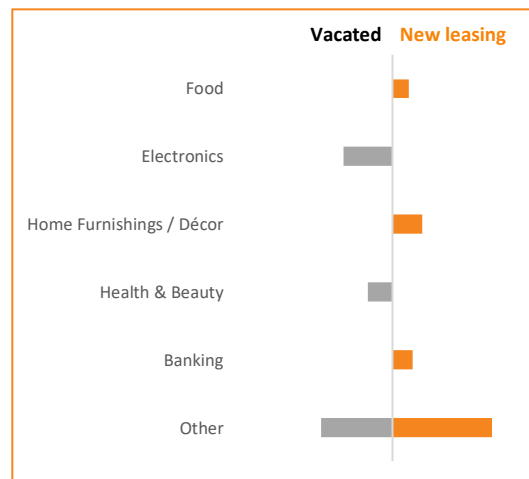
## TOWNSHIP AND COMMUTER



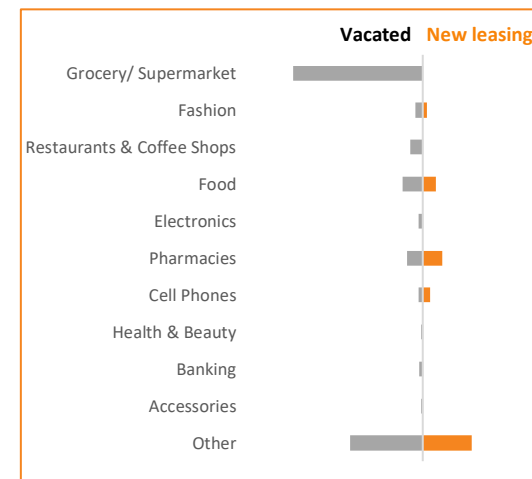
## RURAL



## VALUE CENTRES

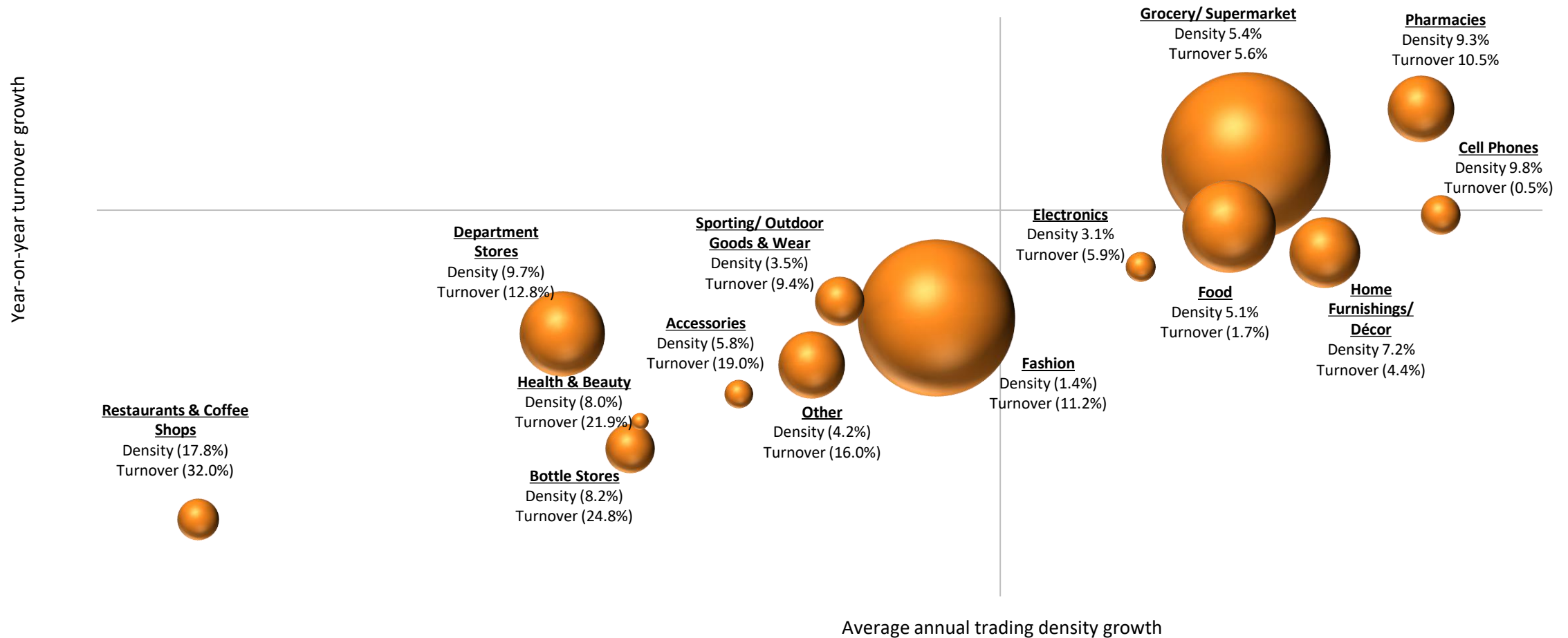


## URBAN



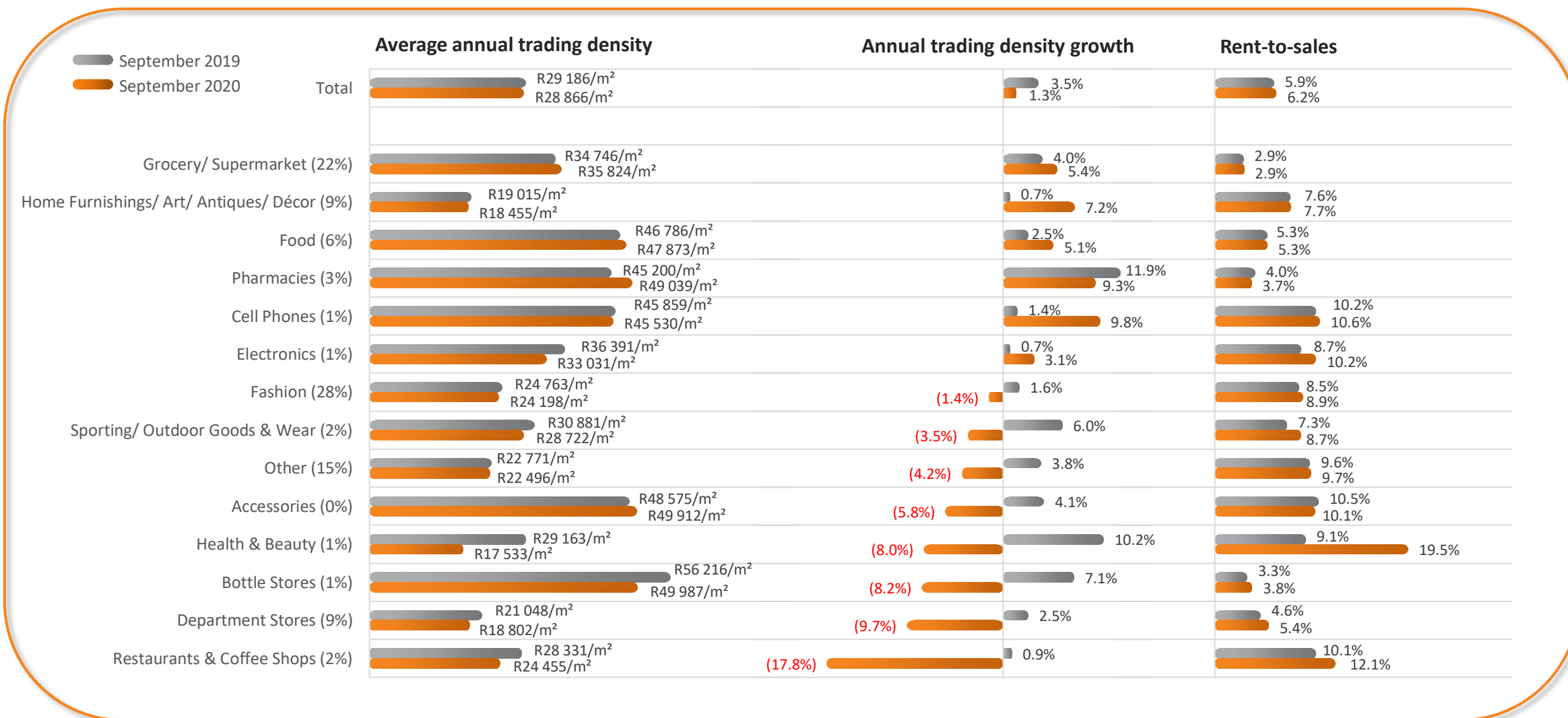
## RETAIL CATEGORY PERFORMANCE

ALTHOUGH AVERAGE TRADING DENSITIES SHOWED GROWTH OF 1.3% ANNUAL TURNOVER CONTRACTED BY 4.7%



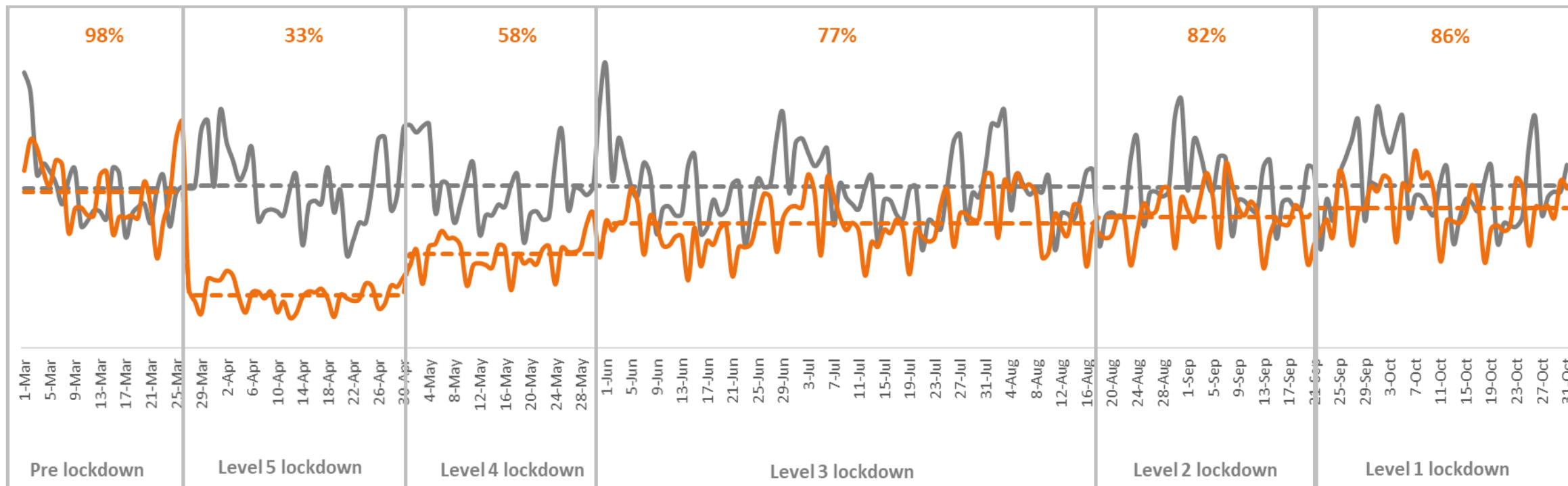


## TRADING DENSITIES

**ESSENTIAL SERVICES SHOWED POSITIVE GROWTH WHILE DISCRETIONARY CATEGORIES LAG IN OVERALL PERFORMANCE**


# FOOTFALL

RECOVERED TO 86% RELATIVE TO PRIOR YEAR



2019 2020

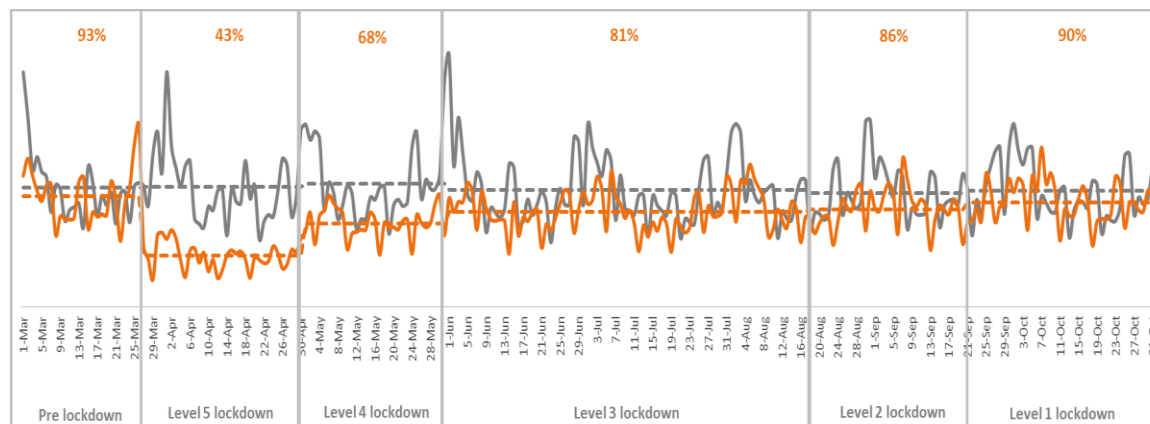
# FOOTFALL

## RURAL CENTRES RECOVERED TO 90% RELATIVE TO PRIOR YEAR

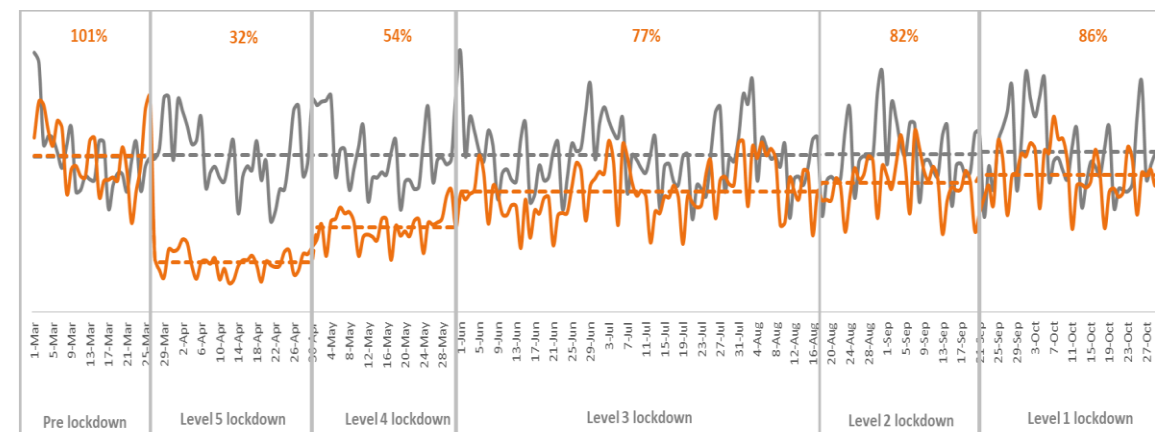
### KEY INSIGHTS

- > Three centres (Hammarisdale Junction, Atlantis City Shopping Centre and Mdantsane City Shopping Centre) have recovered to more than 100% of feet relative to prior year
- > The greatest drivers of **Rural** recovery within the portfolio are Queenstown Nonesi Mall, Moruleng Mall and Hammarisdale Junction
- > **Commuter** malls are showing a slow recovery, with Randburg Square, Durban Workshop and Bloemfontein Plaza at 83%, 74% and 82% respectively. This could be a sign of pressure on labour absorption, as less people commute to work
- > **Urban** malls are the most challenged. Boksburg East Rand Mall is back at 87% of feet, with month end trade higher than what it was at this point last year, but mid-month trade softer

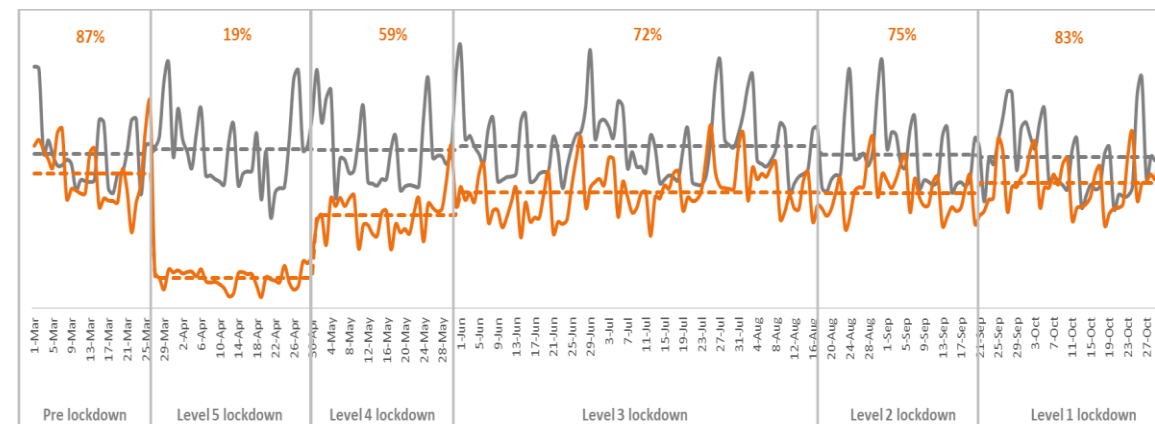
### RURAL



### TOWNSHIP AND COMMUTER

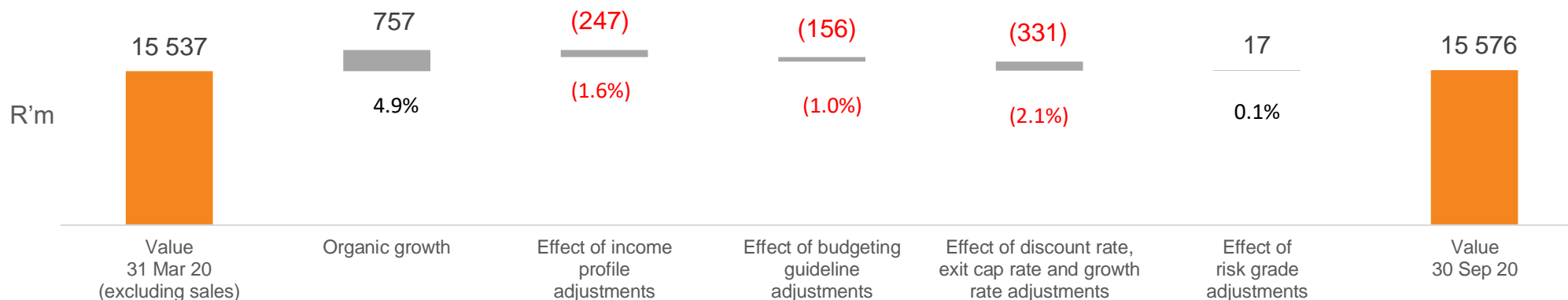


### URBAN



**VALUATIONS: TOTAL PORTFOLIO**

**58 PROPERTIES VALUED AT R15.6 bn SHOWING VALUE GROWTH OF 0.3% WITH AN UNDEMANDING VALUE DENSITY OF R16 316 / m<sup>2</sup>**



## RETAIL (94% OF TOTAL PORTFOLIO)

### Urban

- \* Value R2 568m
- \* Average value per property R285m
- \* Value density R20 670/m<sup>2</sup>
- \* Value movement (1.8%)
- \* Yield 8.8%

### Value centres

- \* Value R1 653m
- \* Average value per property R413m
- \* Value density R11 452/m<sup>2</sup>
- \* Value movement 3.2%
- \* Yield 8.8%



### Township and Commuter

- \* Value R6 257m
- \* Average value per property R391m
- \* Value density R17 158/m<sup>2</sup>
- \* Value movement (0.4%)
- \* Yield 8.8%

### Rural

- \* Value R4 087m
- \* Average value per property R255m
- \* Value density R15 754/m<sup>2</sup>
- \* Value movement 2.3%
- \* Yield 9.0%

## SIGNIFICANT MILESTONES ACHIEVED WITH WIFI PLATFORM – MULTI-MALL SHOPPER APP LAUNCHED



**Fibre to the business (FTTB)** project – Monthly recurring revenue being generated with more tenants signing up for FTTB Services



**Wi-Fi installed** at 10 properties, 6 more in progress to be complete by November 2020



**Wi-Fi Captive Portal** – Relativ Media Connect appointed as advertising media agency for Captive Portal advertising sales working in conjunction with internal sales resource



Over **1.7 million shoppers** have already registered via the Wi-Fi captive portal in our centres



The **Multi-mall Shopper App** has been launched with over 2 000 downloads by shoppers. **Rewards programme** has been launched and QR codes are generated for tenants in order to draw footfall



Monthly **consumer behaviour insights/data reports** are distributed to Asset Management, Property and Centre Managers as well as Leasing team



**Innovative Ideas Incentive Campaign – Phase 2** – 9 entries are competing in the final phase and competition entrants working on project submissions



**New Media and Telecomms income** - additional contracts signed during Lockdown and first set of advertisers on-board. Large format digital screens and static billboards on highway facing properties are being installed

Connect Waya...  
 Vukile Property F...  
 ★★★★★ 5



# CONNECT WAYA WAYA

**NEED DATA?  
NO PROBLEM!**  
WE'VE GOT YOU COVERED

Stay connected in malls with our FREE WI-FI

**App and Captive Portal**

Provided by the Vukile Property Fund

### Connect Waya Waya App Store

Stay connected in malls with our FREE WI-FI

Connect WayaWayas™  
Information

What's new  
About this app  
Vukile Property Fund Limited

5.0

info@connectwayawayas.co.za    www.connectwayawayas.co.za

### Connect Waya Waya App

Welcome to GET THE LOOK BE THE VIBE

HAKE & CALAM

THE RED FOX MARKET IS BACK

COME AND ORDER WHEN PROBLEMS AND WISE KEYS IS ON

REMEMBER TO LINK UP YOUR CONNECT WAYA WAYAS APP TODAY TO START EARNING REWARDS!

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### Connect Waya Waya Captive Portal

NEED DATA? NO PROBLEM! WE'VE GOT YOU COVERED

ATLANTIS MALL

FREE Mall WiFi during Shopping Hours

Welcome to Level 1

Let's get to know each other

Name (Required)  
Surname (Required)  
Optional Email Address  
Mobile Number (Required)

Click "JOIN NOW" to get connected to 500MB FREE Waya-Waya Wi-Fi data per day during shopping hours. By registering you agree to receive marketing and promotional information.

VUKILE PROPERTY FUND

NEED DATA? NO PROBLEM! WE'VE GOT YOU COVERED

CONNECT WAYA WAYAS

DOWNLOAD THE APP

Google play    App Store

FREE Mall WiFi during Shopping Hours

info@connectwayawayas.co.za    www.connectwayawayas.co.za

### Connect Waya Waya Captive Portal

SELFIE SNAP & WIN

NEED DATA? NO PROBLEM! WE'VE GOT YOU COVERED

CONNECT WAYA WAYAS

DOWNLOAD THE APP

Google play    App Store

FREE Mall WiFi during Shopping Hours

FREE WI-FI NOW IN-CENTRE

Hisense BLACK FRIDAY IS HERE

FREE Mall WiFi during Shopping Hours

info@connectwayawayas.co.za    www.connectwayawayas.co.za

**SHORT-TERM FOCUS AREAS****CONTINUED TIGHT OPERATIONAL FOCUS****TENANT  
RELATIONSHIPS**

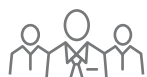
- > Strengthen relationships coming out of COVID-19 with internalised full strength leasing team
- > Execute a focused renewal strategy in the next six months without changing key tenets of current lease structures
- > Trial new, de-risked new-tenant introduction options for both tenant and landlord
- > Continue to incubate pop-up shops to ultimately integrate fully fledged SMME's into the portfolio

**CUSTOMER  
INSIGHTS**

- > Integrate data analytics from multiple modes of tested customer insights solutions into a single powerful asset management tool
- > Integration will include current portfolio metrics, psychographic information, nodal dynamics and individualised customer data from Wi-Fi database
- > This will enable the business to respond in real time to consumer behaviour changes
- > It will open other avenues for alternative revenue sources

**OPERATIONAL  
EXCELLENCE**

- > Continue looking at sustainable solutions to manage costs through integration, efficiency of operations, and cashflow management
- > This will be across soft-services, hard-services, marketing and promotions, property, utility and alternative income management

**PEOPLE AND  
COMMUNITIES**

- > Empower community based service providers to become partners in mall operations
- > Continue to invest in CSI initiatives that make a difference in communities in which we operate
- > Over the COVID-19 lockdown period we assisted 65 organisations, benefiting c.20 000 individuals across 8 provinces

# VUKILE

PROPERTY FUND

REAL ESTATE. REAL GROWTH.

4

## CASTELLANA PROPERTIES

OVERVIEW AND  
TRADING UPDATE

Alfonso Brunet



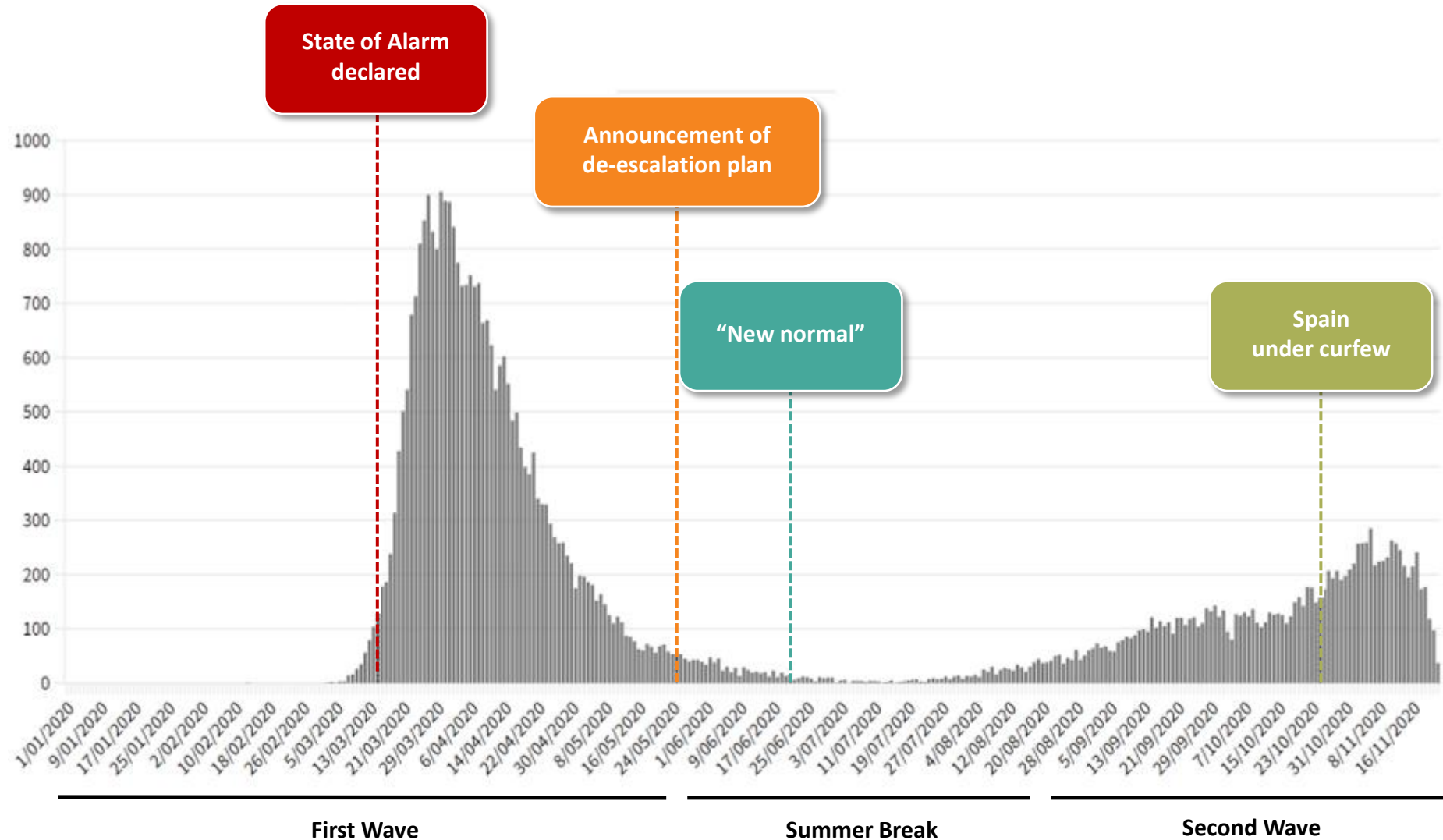


# COVID-19 IN SPAIN

## SPAIN IS FACING A “SECOND WAVE” WITH MORE TESTING AND LESS DEATHS

COVID-19 DEATHS CONFIRMED BY THE SPANISH MINISTRY OF HEALTH

- > Whilst the number of confirmed daily infections are increasing, Spain has instituted **comprehensive testing** and most affected patients are younger.
- > The general feeling is that the country is **more prepared**, as it is now equipped with adequate PPE and health measures as well as an **increased sense of individual responsibility**.
- > Hospitalisations are **significantly lower** compared to the first wave, leaving hospitals with sufficient capacity.
- > According to the Ministry of Health, as at 24 November in Spain there are **17 695 people hospitalised by COVID-19**, occupying **14%** of the available hospital beds, **2 922** of them requiring intensive care or **ICU beds**.
- > The occupancy of ICU beds in Spain is c. **30% on average**.



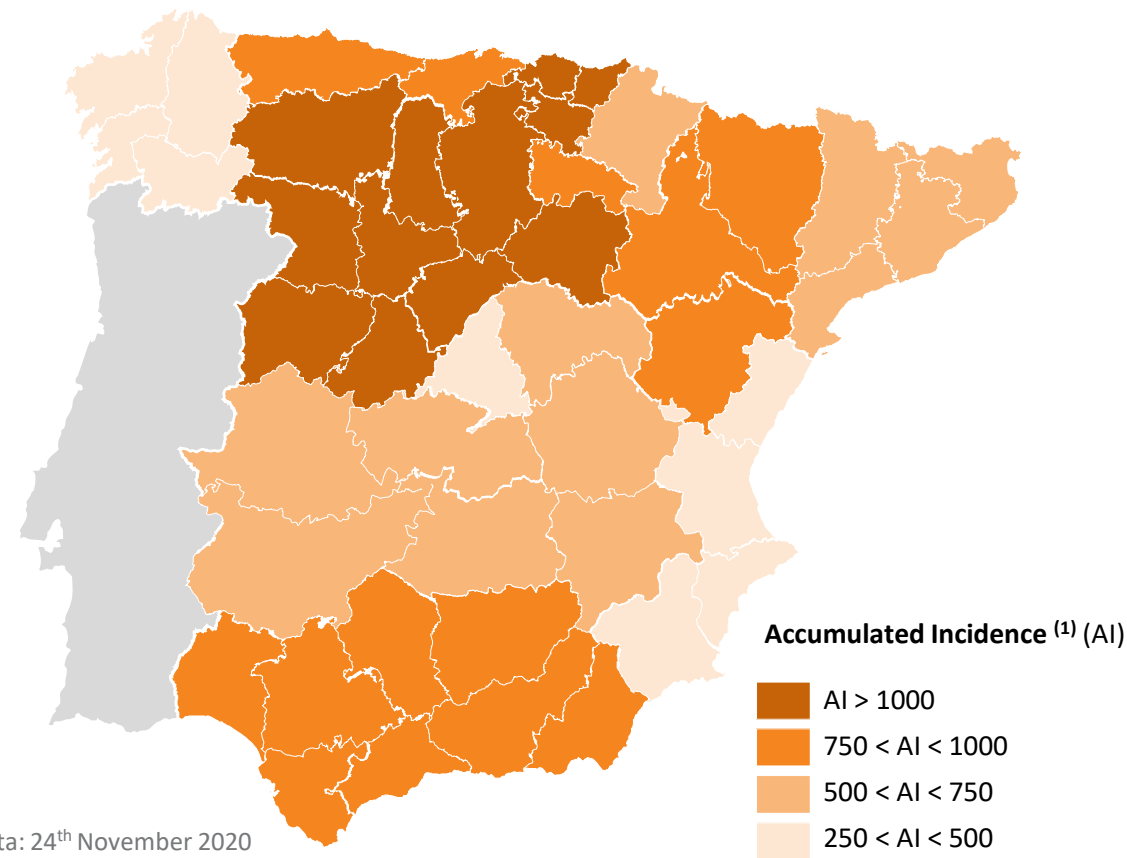
Source: Ministry of Health, Government of Spain.  
 NOTES: (1) Confirmed by Ministry of Health

# COVID-19 IN SPAIN

## CASTELLANA PORTFOLIO LARGELY SITUATED OUTSIDE OF MOST AFFECTED REGIONS

Asset	Region	Risk
Vallsur	Castilla y León	High
Parque Principado	Asturias	Medium
Marismas del Polvorín	Andalucía	Medium
Granaita	Andalucía	Medium
Motril Retail Park	Andalucía	Medium
Edificio Bollullos	Andalucía	Medium
Bahía Sur	Andalucía	Medium
Los Arcos	Andalucía	Medium
Puerta Europa	Andalucía	Medium
La Heredad	Extremadura	Low
Mejostilla	Extremadura	Low
La Serena	Extremadura	Low
El Faro	Extremadura	Low
Parque Oeste	Madrid	Very low
Edificio Alcobendas	Madrid	Very low
Ciudad del Transporte	C. Valenciana	Very low
Pinatar Park	Murcia	Very low
Habaneras	C. Valenciana	Very low

### ACCUMULATED INCIDENCE (AI) LAST 14 DAYS



Data: 24<sup>th</sup> November 2020

> Vallsur is the asset located in one of the higher incidence regions.

> Castilla y León and La Rioja are the regions with the highest incidence rates.

Source: Ministry of Health, Government of Spain.

NOTE: (1) Accumulated Incidence (AI): number of cases/100 000 inhabitants



# GOVERNMENT ACTIONS

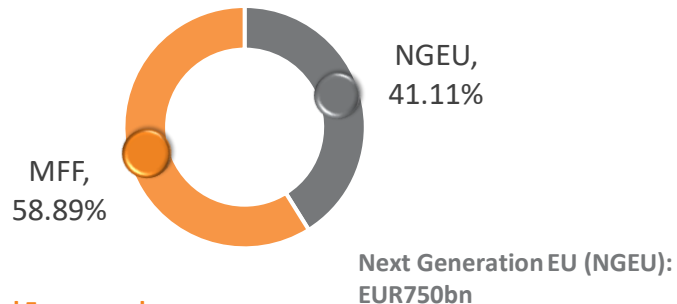
## HISTORIC EUR750 bn EUROPEAN RECOVERY FUND: SPAIN TO RECEIVE UP TO EUR140 bn IN GRANTS AND LOANS

### OVERALL BUDGET 2021-2027

- > On 21st July 2020, the European Council agreed an unprecedented €750bn recovery fund named 'Next Generation EU' (NGEU).
- > With EUR140bn in grants and loans, Spain is the second most benefited country of the agreement.
- > Money will be raised in the capital markets by the European Commission, setting a precedent to common European financing.
- > Reforms by member states will be required and tracked to receive funds.



**Total: EUR1.8tn**



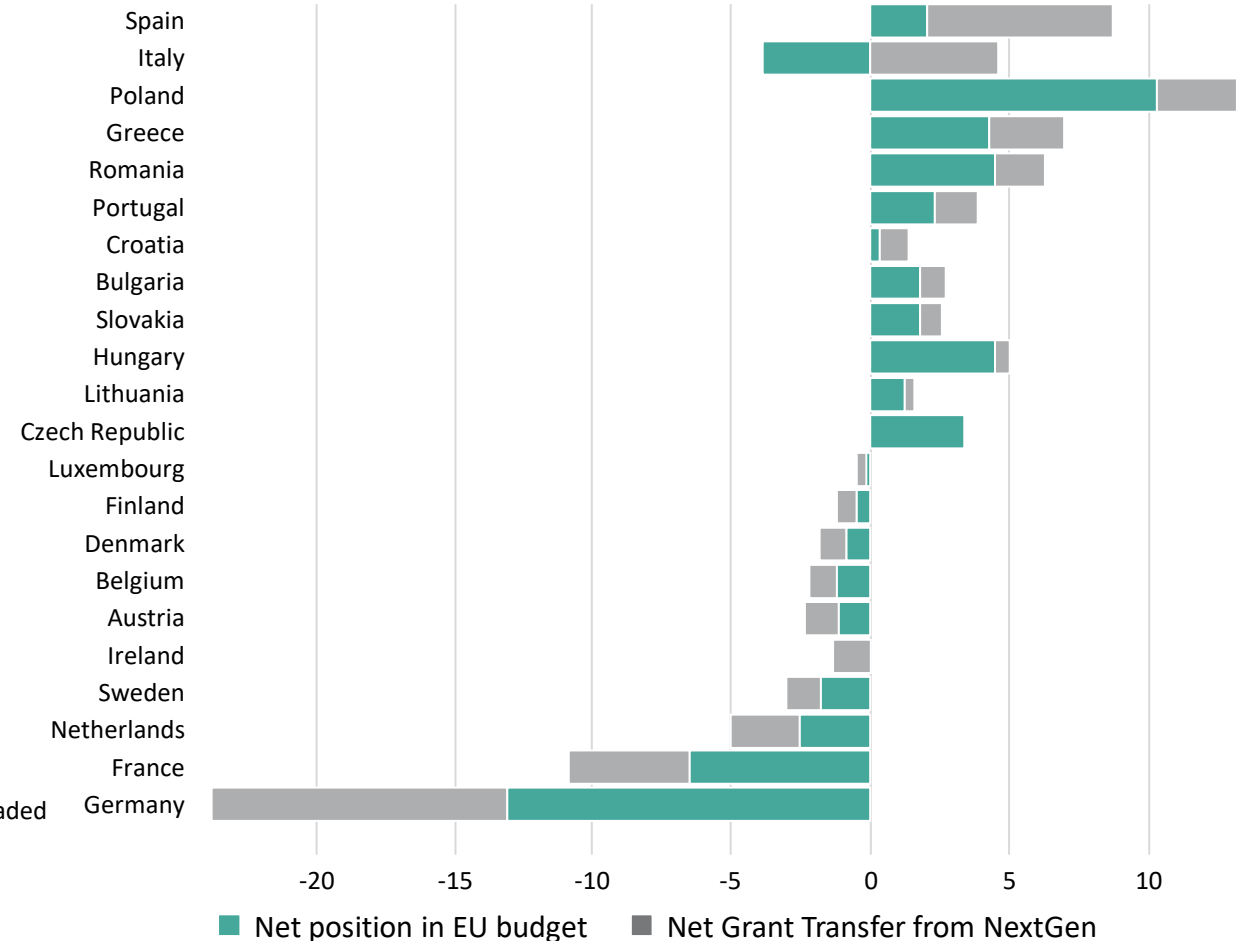
**Multi-annual Financial Framework (MFF): EUR1.07tn**

The EU 7-year Budget.

**Next Generation EU (NGEU): EUR750bn**

COVID-19 recovery package front loaded over the first years  
 > Grants: EUR 390bn  
 > Loans: EUR360bn

### NET EU BUDGET POSITION VERSUS NET NEXTGEN GRANT POSITION (1)



Source: European Council, Government of Spain, European Commission. Algebris.

(1) Net EU budget position is the difference between funds contributed to the EU budget and benefits received

## IMPACT ON SPANISH ECONOMY

### SHARP CONTRACTION WITH REBOUND EXPECTED IN 2021



#### ECONOMY

- > While Spain's **GDP registered a positive rebound in Q3 2020 (+16.7% vs. Q2 2020)**, outlook for the full year suggests a **-13% drop in GDP for 2020**. The expected rebound in 2021 will take GDP growth to +7.9%. However, GDP will still be 3.9% below its pre-COVID level.
- > As opposed to 2009 Financial Crisis, market consensus expects an **expansionary macroeconomic policy, keeping interest rates low, while public debt will be placed comfortably on the debt markets**.
- > Regarding fiscal policy, markets expect an increase in spending in line with the European recovery plan ("**Next Generation EU**") of **EUR140 bn potentially available to Spain** if the Government meets with ongoing requirements and reforms.



#### EMPLOYMENT

- > **Unemployment rate for Q3 2020 stood at 16.26%** from the previous 15.33%.
- > People in ERTE (Temporary Employment Regulation Files), whose condition has been extended until 31 January, amounted to 728 909 people as of September 30th.
- > Still **well below the peak of 26%** reached in 2012.



#### CONFIDENCE

- > While **confidence indicators had picked up during the summer**, Spain's consumer confidence declined by -0.4% points from the previous month to 49.5 in September 2020.
- > As the "second wave" progresses, we can expect increased household savings to the detriment of consumption, a consequence of lower expectations on the labour market and consumer confidence.








#### RETAIL AND TOURISM

- > In September, Spain's retail sales fell -3.3% vs. September 2019, following a -2.9% drop in August. Sales went down further for non-food products (-3.1% vs. -1.7% in August), while those of food fell less (-2.7% vs. -2.9% in August). Meanwhile, **sales of household equipment jumped +12.5%**, ahead of the +8.2% gain in the prior month.
- > After the state of alarm in April and May, tourism activity has slowly recovered but has remained lower than normal levels. Thus, in July the number of international tourists was 2.5 million, compared to 9.8 million in the same month last year (-74%).

## DIRECT SPANISH PORTFOLIO

## KEY PORTFOLIO METRICS

	<b>KEY FACTS</b>	Portfolio Value <b>€994m (-1.0%)<sup>(i)</sup></b> <b>(-3.4%)<sup>(ii)</sup></b>	Total number of assets <b>18</b>	GLA <b>373 478m<sup>2</sup></b>	Retail by value <b>96.7%<sup>(iii)</sup></b>
	<b>VALUATIONS</b>	Average asset value <b>€55m</b>	Average discount rate <b>8.2%</b>	Average exit capitalisation rate <b>6.1%</b>	Total number of retail assets <b>16</b>
	<b>TENANT PROFILE</b>	Retail space let to international & national tenants <b>93%</b>	Income from top 10 tenants <b>40%</b>	WALE of <b>13.7 years<sup>(iv)</sup></b>	Rent collection rate <b>90.5%</b>
	<b>OPERATING METRICS</b>	Letting transactions signed in the period <b>54</b>	Increase in reversions and new lettings <b>4.61%<sup>(v)</sup></b>	Occupancy <b>98.50%</b>	Average base rentals <b>€14.34/m<sup>2</sup>/month</b>
	<b>ECI PROJECTS</b>	GLA improved <b>37 967m<sup>2</sup></b>	New Units <b>49</b>	GLA signed and committed <b>91.1%</b>	HoTs converted into contracts as % of GLA <b>6.4%<sup>(vi)</sup></b>

(i) Versus March 2020 valuation of investment properties of €1.003bn

(ii) Versus September 2019 valuation of investment properties of €1.028bn

(iii) Not considering development potential

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

(v) Considering only occupied units

(vi) From 1 April 2020 to 30 September 2020

## LEASING ACTIVITY

## COMMERCIAL PERFORMANCE H1FY21



**54**  
LEASES SIGNED

**26**  
RENEWALS

**28**  
NEW CONTRACTS



**14 399 m<sup>2</sup>**  
GLA SIGNED

**1 598 m<sup>2</sup>**  
RENEWALS

**12 801 m<sup>2</sup>**  
NEW CONTRACTS



**€2.6m**  
NEW RENT SIGNED

**€0.79m**  
RENEWALS

**€1.83m**  
NEW CONTRACTS



**4.61%**  
AV. RENT INCREASE<sup>(1)</sup>

**1.59%**  
RENEWALS

**13.04%**  
NEW CONTRACTS

## MAIN BUSINESS KPI'S DURING H1FY21

## PORTFOLIO ALMOST FULLY LET



## RENT ARREARS UNDER 10% DESPITE COVID-19



## RENT COLLECTION STABILISED AT OVER 90%



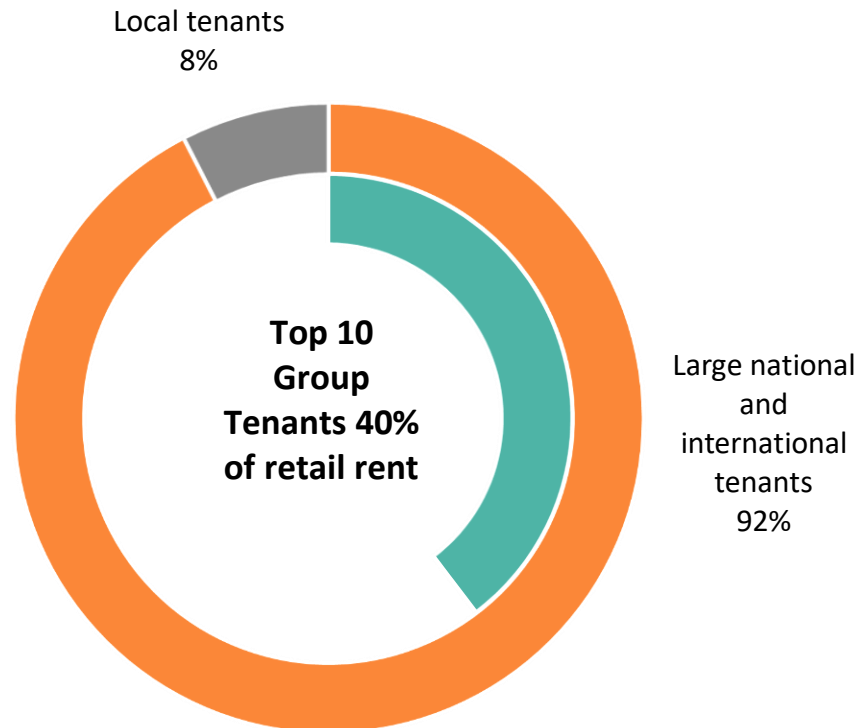
(1) Considering operations with passing rent as renewals, relocations and replacements

(2) May and June invoicing has been deferred to September and October respectively, in line with rental relief, generating a lower collection rate for the period

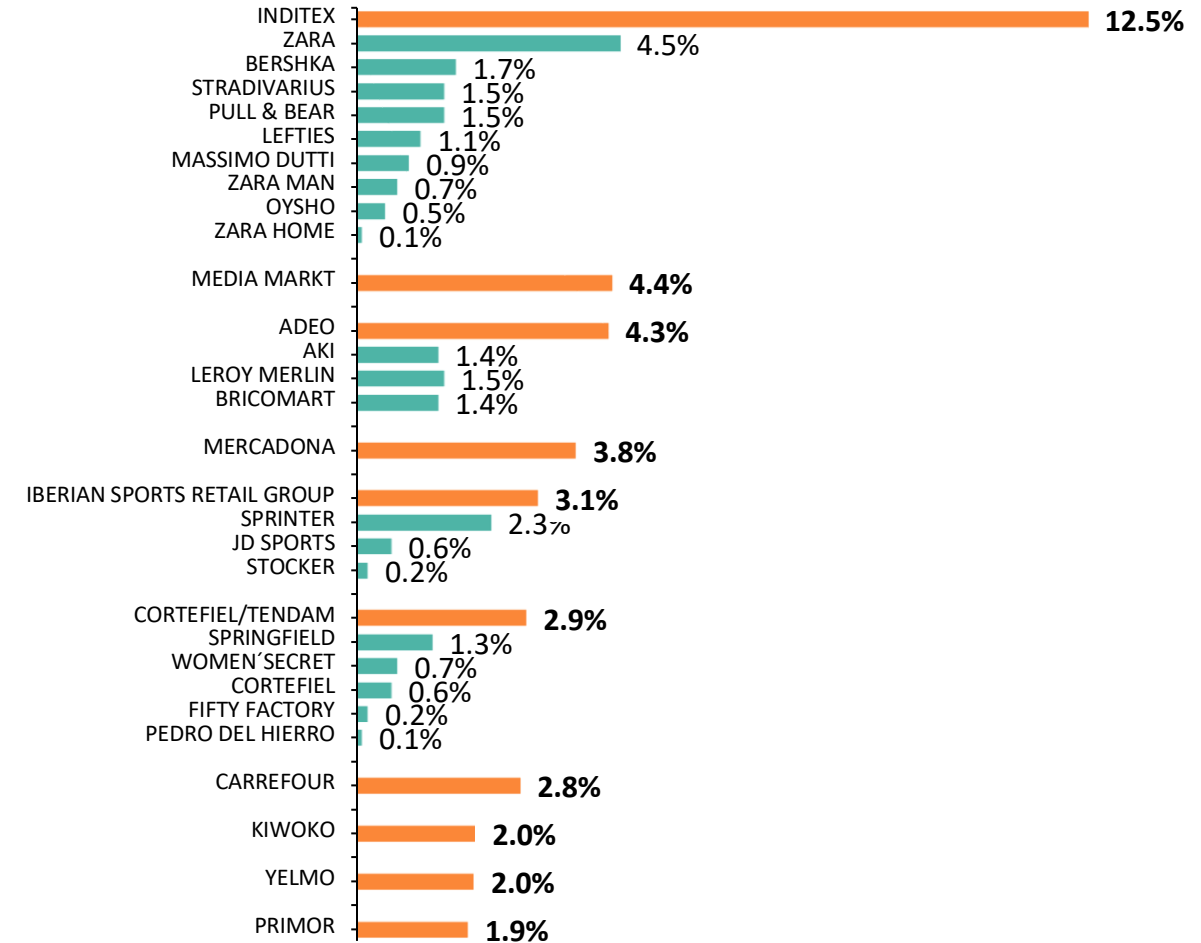
## RETAIL TENANT EXPOSURE

### 92% INTERNATIONAL AND NATIONAL TENANT PROFILE PROVIDING PROTECTION AGAINST THE EFFECTS OF THE PANDEMIC

#### TOP 10 TENANT GROUPS BY RENT



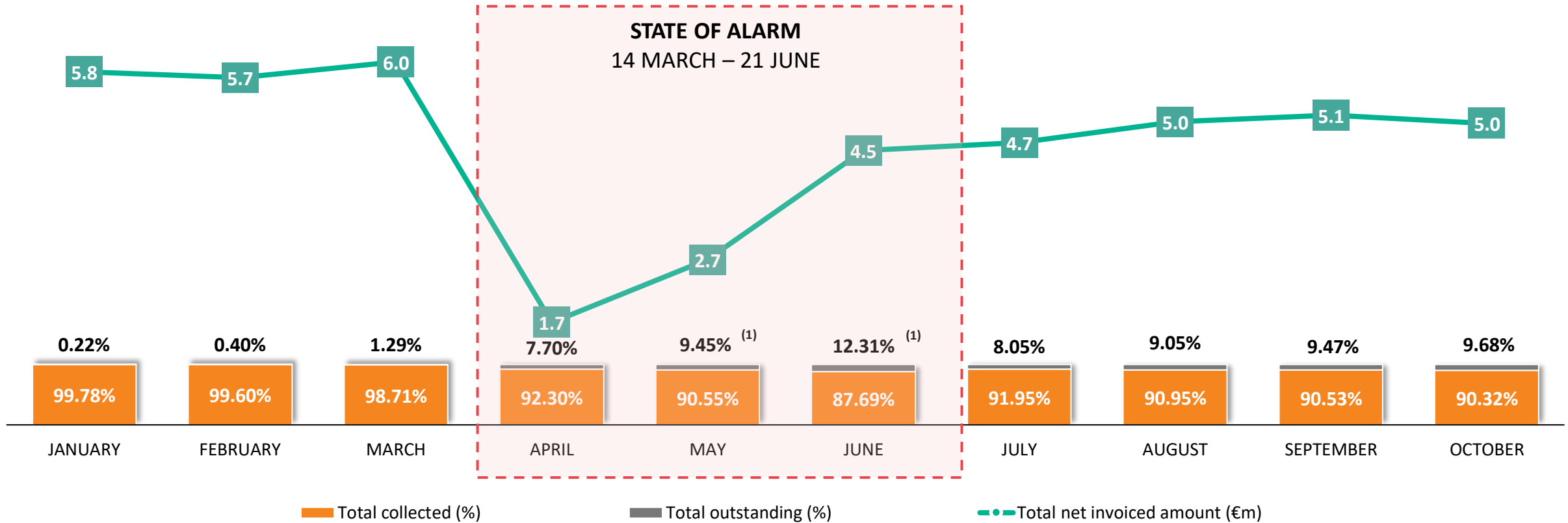
#### TENANT GROUP PROFILE - BY CONTRACTUAL RENT



# COLLECTIONS

## JANUARY TO OCTOBER 2020

- > All service charge recoveries have **been fully invoiced and collected during H1FY21**
- > Since reopening, invoicing has increased with collections **holding stable**



(1) May and June invoicing has been deferred to September and October respectively, in line with rental relief measures, generating a lower collection rate for the period

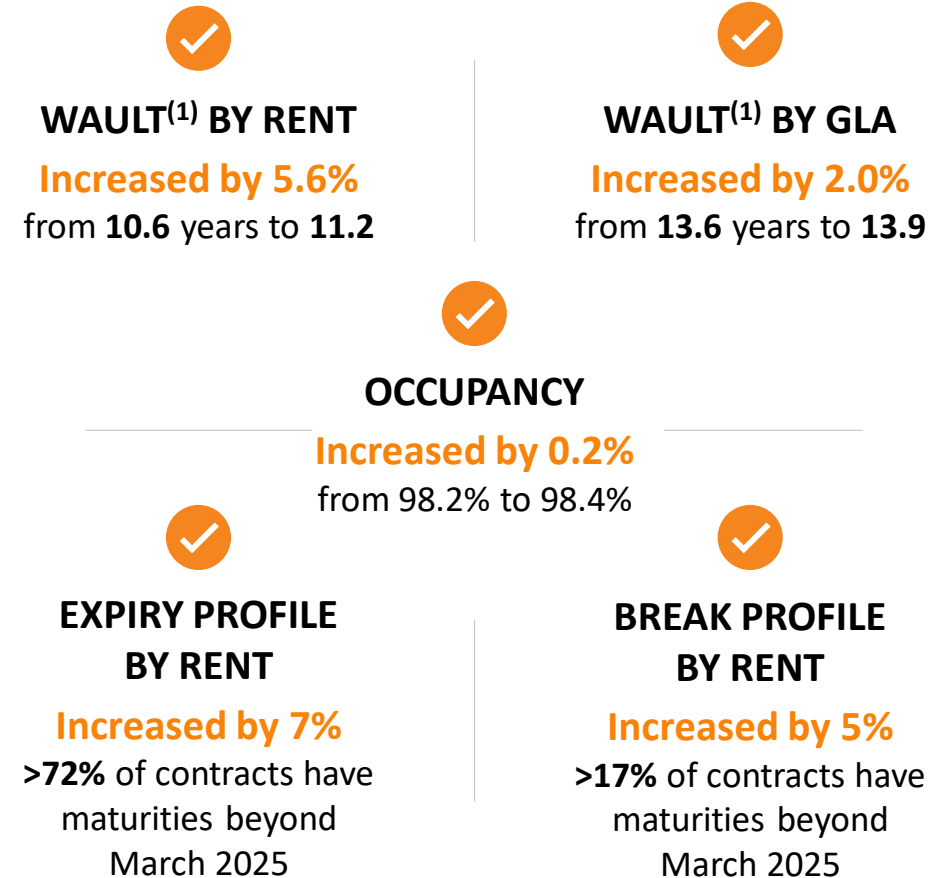


## 4 STRENGTHENING THE RETAIL PORTFOLIO METRICS IN THE FACE OF THE PANDEMIC

### AGREEMENTS ON TRACK WITH 90% OF ADDENDUMS CLOSED OR UNDER ADVANCED NEGOTIATIONS...

- > **Agreements negotiated on a case-by-case basis by Castellana in-house Asset Management team specialised in Spanish retail property**
- > **Providing personalised solutions to each tenant**
- > **Flexible payments terms agreed with tenants**, May and June invoicing has been deferred to September and October respectively in order **to achieve the optimal collection rate**
- > Discounts negotiated **in exchange for more favourable leases** including longer lease terms, break option waivers and online sales reporting
- > **Agreements do not allow for any service charge relief**
- > **Significant market share of retail property along with a high-quality portfolio in Spain allows team to negotiate preferential terms with retailers**
- > The size of the portfolio allows for **economies of scale and synergies at corporate level** in the form of cost savings, cross-selling and income enhancements

### ... LEADING TO STRENGTHENED TENANT RELATIONSHIPS AND IMPROVEMENT OF ALL RETAIL KEY RATIOS AND LEASE MATURITIES SINCE MARCH 2020

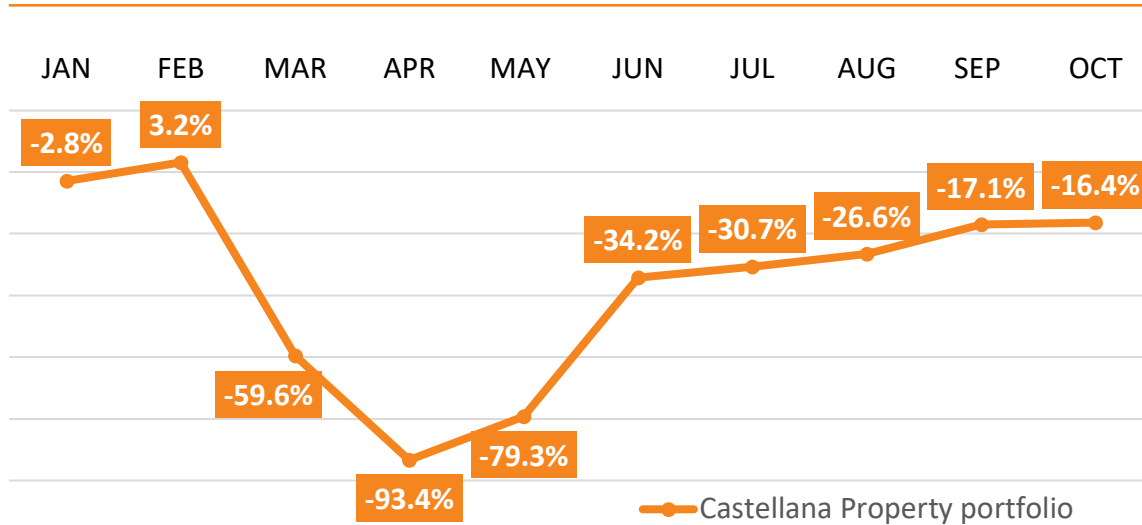


(1) Calculated to expiry of lease excluding break options and including only retail portfolio

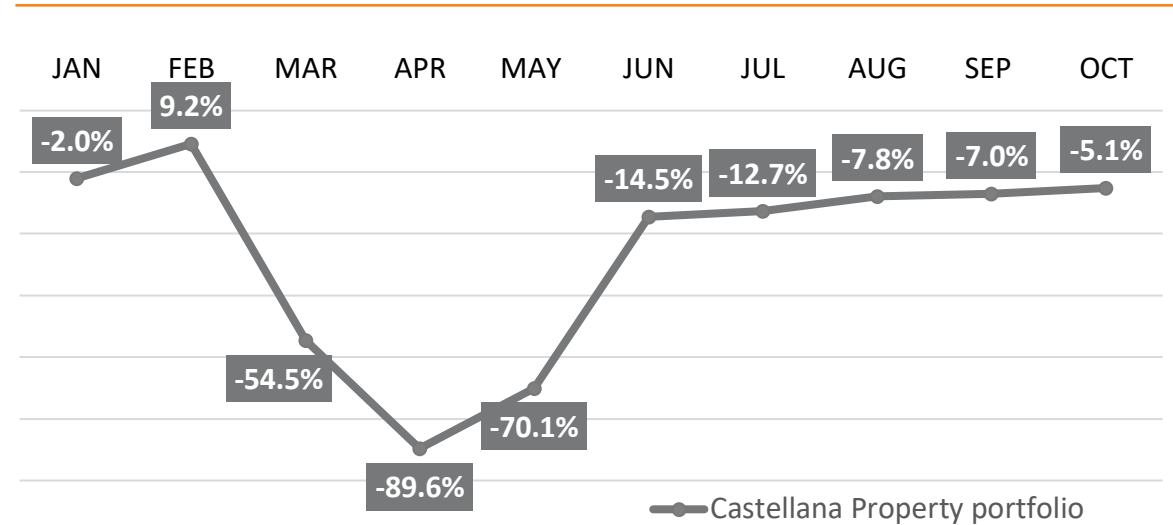
# 4 FOOTFALL & SALES SHOPPING CENTRES

## THE STRENGTH OF THE PORTFOLIO ALLOWS IT TO WITHSTAND THIS UNIQUE AND UNEXPECTED PERIOD

MONTHLY FOOTFALL JANUARY - OCTOBER 2020 <sup>(1)</sup>



MONTHLY SALES JANUARY – OCTOBER 2020 <sup>(2)</sup>



- > Castellana has seen a continuous improvement in footfall since the reopening of the economy on 21 of June
- > The portfolio has continued on this positive trend with footfall having recovered close to 90% of pre-COVID levels.
- > While further restrictions have been imposed during October 2020, our customers consider our centres to be safe places and continue to visit the centres.

- > Sales recovery has been faster than footfall index. The trend observed in recent months has continued and the average spending basket has increased. Consumer behavior has changed to a more focused visit
- > Shopping centres have steadily improved month to month while Retail Parks have been the outperformers with increments over 20% in the last months
- > DIY, electronics, pets and household goods categories are those with the best performance.

(1) Footfall Data includes the following shopping centres: El Faro, Bahía Sur, Los Arcos, Vallsur, Habaneras, Puerta Europa and Granaíta Retail Park. There are no counters in the rest of the retail park assets. Granaíta Retail Park counts only cars so we have estimated 2 people on average per car.

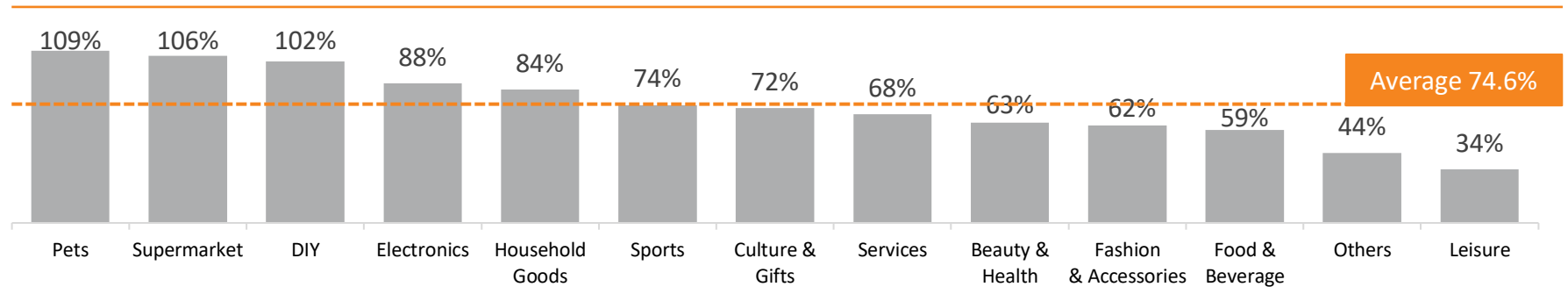
(2) Castellana's portfolio includes all retail assets.

# SALES PERFORMANCE PER TENANT CATEGORY

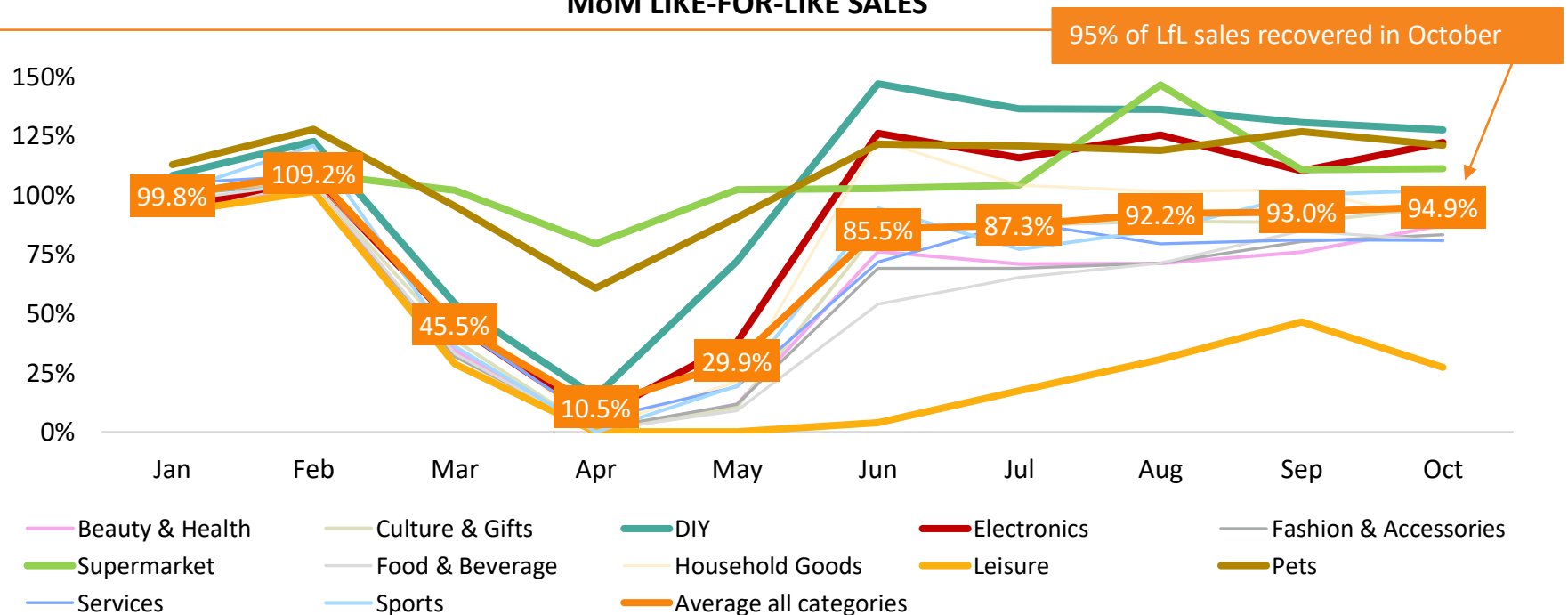
**IN OCTOBER 2020, LIKE-FOR-LIKE SALES WERE 95% OF THOSE OF 2019**

- > Like-for-like sales in October reached EUR32.2m, -5.1% compared to the same month last year.
- > Year to date, sales for the total portfolio remain -25% below 2019 figures.
- > Supermarket, DIY and Pets have been the best performing sectors since the start of the pandemic.
- > Leisure has been the most impacted sector.
- > Shoppers have increased their ticket size, which has translated to higher spend per visit.
- > Outlook towards year end will depend on the evolution of the pandemic and any restriction measures implemented by each regional government.

**YTD LIKE-FOR-LIKE SALES - OCTOBER 2019 TO OCTOBER 2020**



**MoM LIKE-FOR-LIKE SALES**



Source: Castellana Properties

## REPOSITIONING PROJECTS SUMMARY

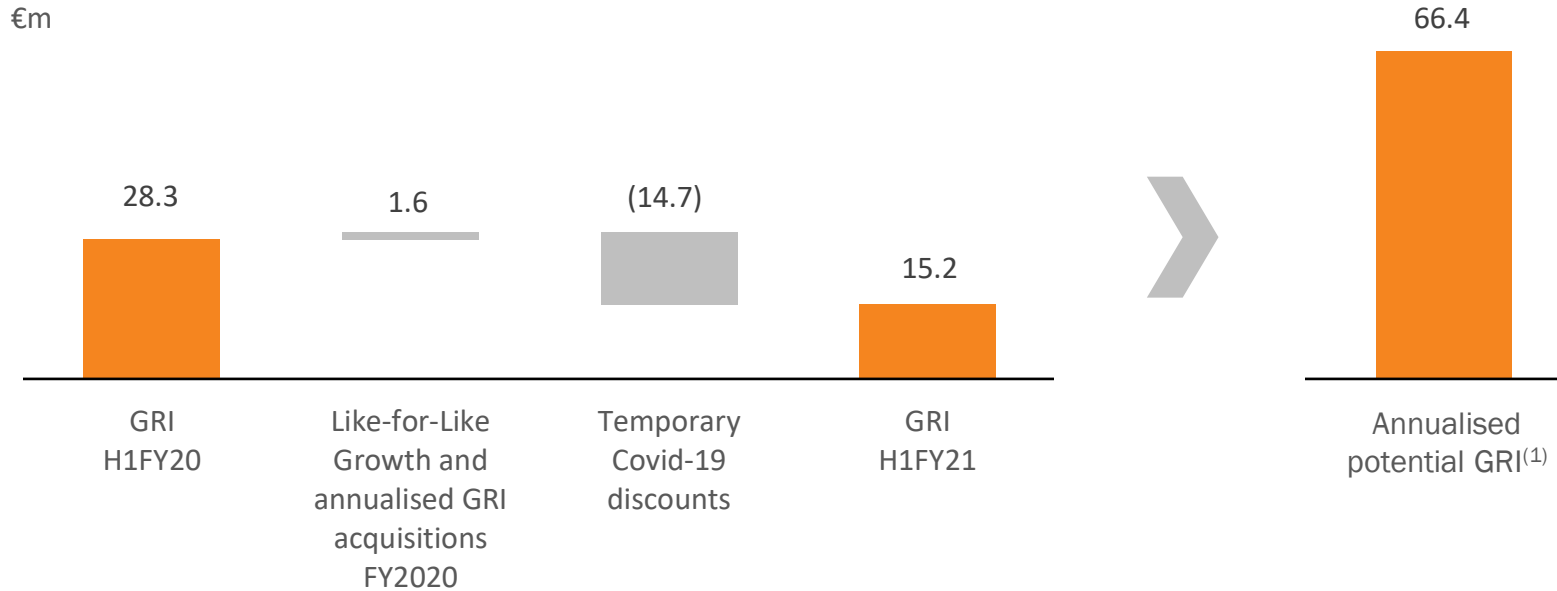
	BAHÍA SUR	LOS ARCOS	EL FARO
			
Additional NOI created	€2.25m	€1.36m	€0.25k
New brands	17	16	16
GLA affected	19 327m <sup>2</sup>	11 242m <sup>2</sup>	7 398m <sup>2</sup>
GLA signed and committed	94.8%	84.0%	92.0%
			

## GRI BRIDGE AND BREAKDOWN

TEMPORARY COVID-19 AGREEMENTS REACHED TO SUPPORT OUR TENANTS  
NOT INCLUDING ANY SERVICE CHARGE RELIEF

POTENTIAL PORTFOLIO GRI ANNUALISED OVER €66m

SHOPPING CENTRES	€45.5m	68.5%
RETAIL PARKS	€18.9m	28.4%
OFFICES	€2.0m	3.1%



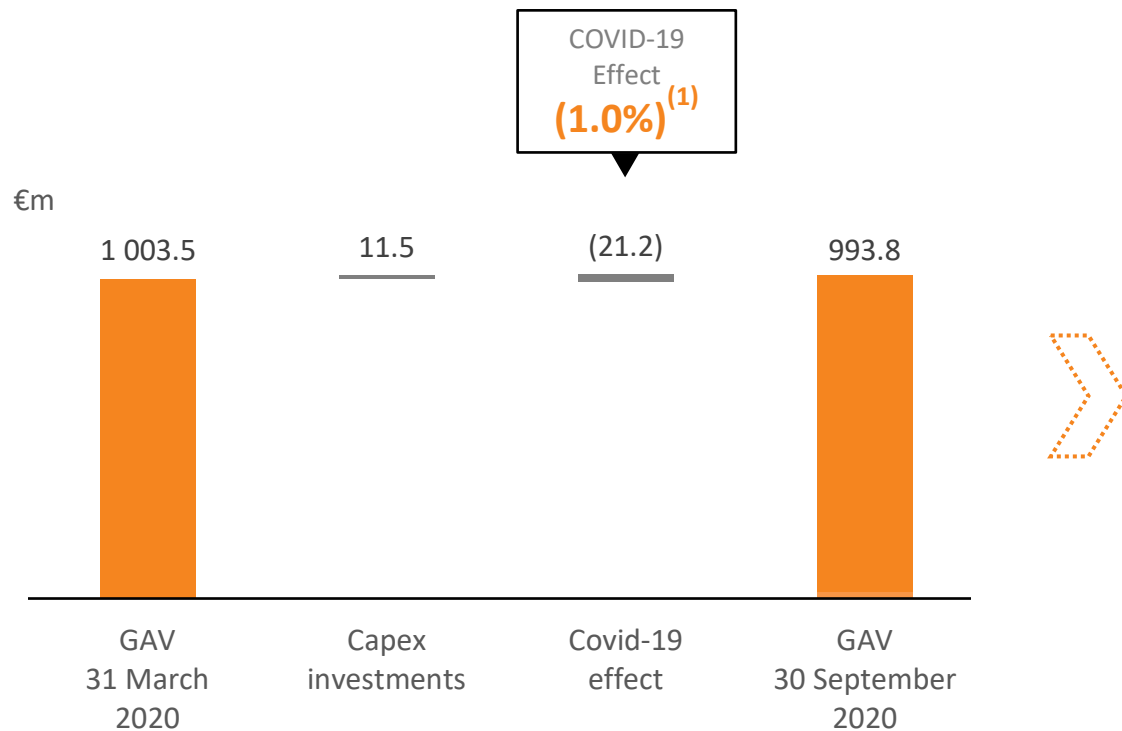
(1) Annualised GRI considering new units acquired during FY2020 and under Repositioning Project



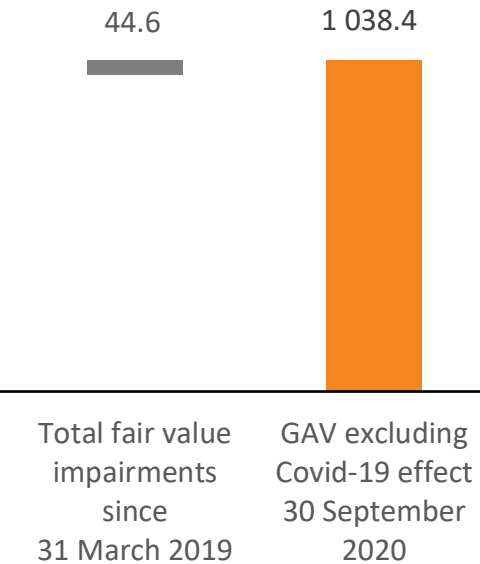
## GAV BRIDGE AND BREAKDOWN

VALUATIONS PREPARED AT 30 SEPTEMBER 2020 ALREADY REFLECT THE EFFECT OF THE PANDEMIC WITH A TOTAL GAV DECREASE OF 3.4% SINCE 30 SEPTEMBER 2019

GAV at 30 September 2020 excluding COVID-19 effect would amount to €1 038bn



GAV as at 30 September 2020 assuming completion of ECI projects and excluding COVID-19 Impact



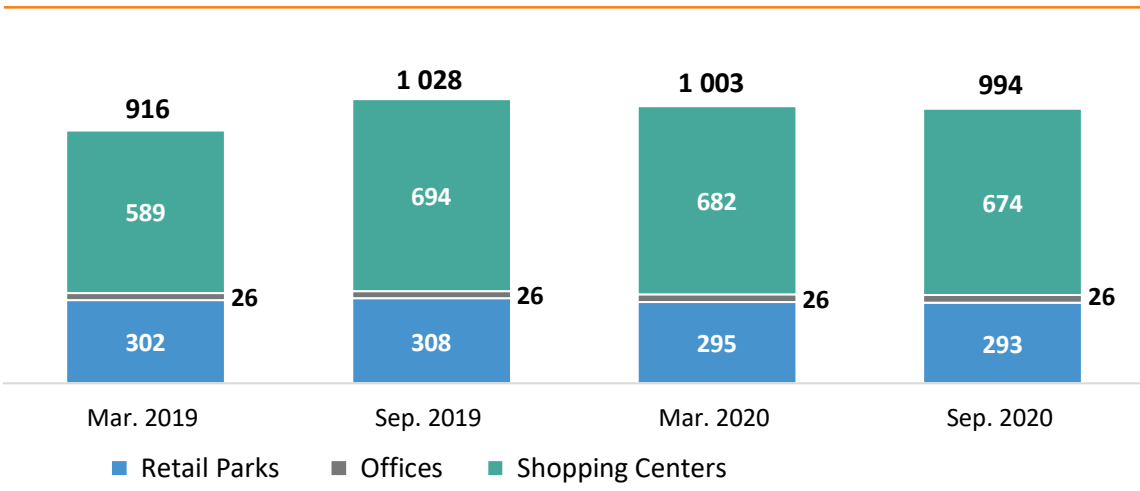
(1) Versus March 2020 valuation of investment properties €1.003b



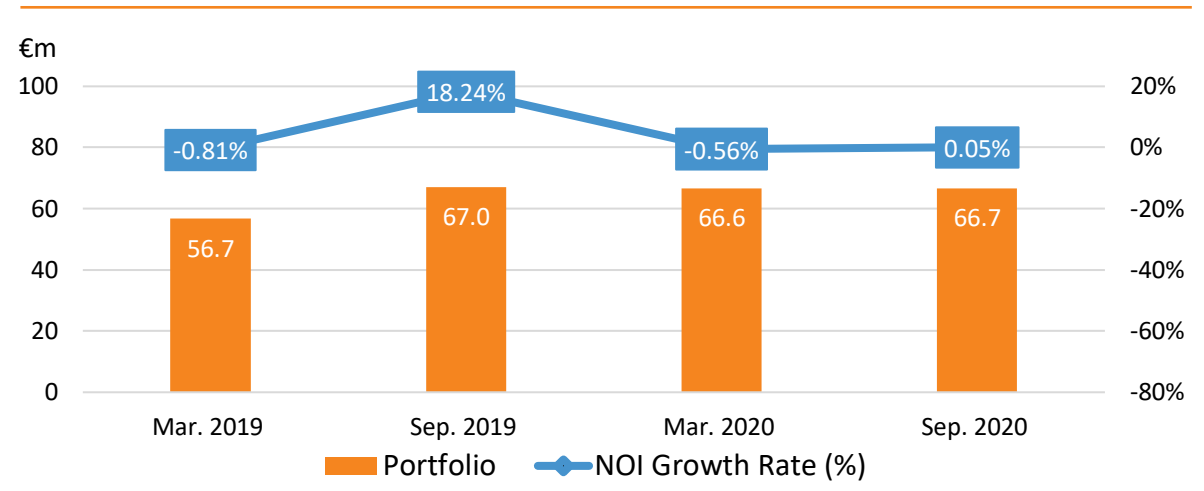
# 4 VALUATIONS

## INDEPENDENT FAIR VALUATIONS IMPACTED BY 3.4% OVER PAST 12 MONTHS DUE TO THE PANDEMIC REMAIN RESILIENT

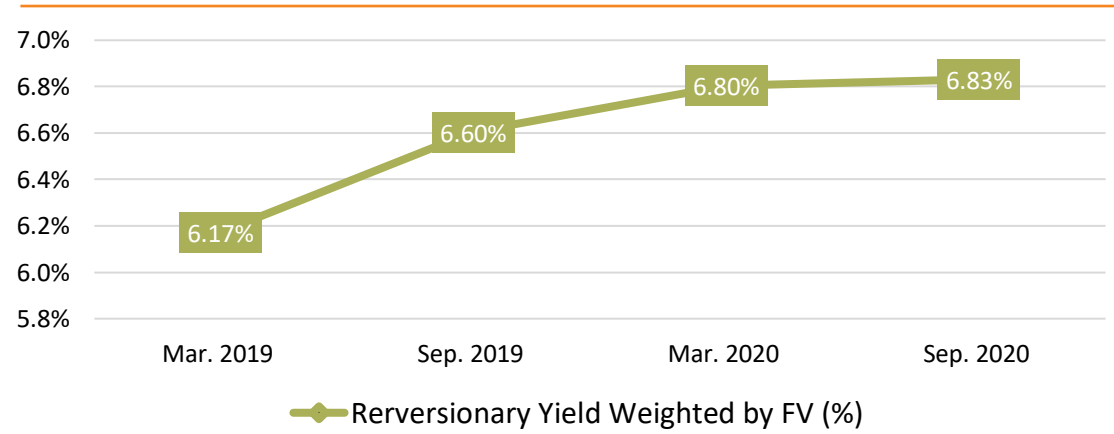
FAIR VALUE BY ASSET CLASS (€m)



STABILISED NOI <sup>(1)</sup>



REVERSIONARY YIELD (%) <sup>(2)</sup>

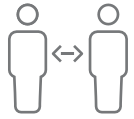


- > As of 30<sup>th</sup> September, portfolio FV stands at €993.8m (R19.5bn), representing a -1% decline compared to March 2020: €1 003.5m; R19.8bn.
- > Despite NOI having remained stable (+0,05% vs. March) , the reversionary yield (each asset weighted by FV) increased to 6.83% vs. 6.80% in March 2020.
- > The portfolio has proven resilient due to the strong performance of the retail park portfolio during the pandemic as well as the value-add projects in Los Arcos, Bahía Sur and El Faro, which have already started to generate improved and stable cash flows with more openings expected in the coming months.

Source: Colliers Independent Valuations  
 NOTES: (1) NOI: Average of Years 3-4-5; (2) Reversionary Yield: Gross Market Rent over GAV.

# RE-OPENING STRATEGY 1 / 3

## FOLLOWING THE GOVERNMENT RECOMMENDED MEASURES AND ENSURING THE SAFEST POSSIBLE SPACES FOR OUR CUSTOMERS...



> KEEP SOCIAL DISTANCING WITH WAITING LINES, ONE-WAY SYSTEM



> HYDROALCOHOLIC DISPENSERS IN EVERY TOUCHPOINT (CONTACTLESS)



> PROVIDE FACE MASKS TO CUSTOMERS IF NECESSARY



> CLEANING AND HYGIENE STANDARDS ARE REINFORCED 100% IN COMMON AREAS



> SPECIFIC SIGNAGE AND EXTRA COMMUNICATION WITH RULES AND RECOMMENDATIONS



> EXTRA SECURITY & STAFF TO ENFORCE REGULATIONS

> Measures are especially applied at key interaction points

> In total, an average of 18 points have been detected in each shopping mall and more than 200 health and hygiene measures have been implemented in each asset to keep staff and customers safe



## WE HAVE CREATED EXCITING EVENTS AND POP-UP CONCEPTS OVER THE LAST FEW MONTHS

### BAHÍA SUR



II Edition of **Bahía En Vivo! Festival** in Bahía Sur SC. It offered three main activities: drive-in cinema, concerts, and outdoor seating facilities, in a safe COVID-free environment, creating an innovative and stand-out entertainment offering in the province of Cadiz.

### LOS ARCOS



Far-reaching communication campaign was launched in **Los Arcos (Seville)** and surrounding neighborhoods for the **Mercadona opening**, followed by an **exhibition inspired by the Museum of Ice Cream in New York**, as well as a summer programme of activities

### GRANAITA



New **outdoor space** in **Granaita retail park** to extend the terraces from our food and beverage area, together with local music concerts every Friday.

### VALLSUR



**Vallsur SC** has held **music concerts** on Sundays and cinema promotions, improve the ambience and attract people to the F&B area, creating a unique and special environment with all the hygienic measures.

### EL FARO



Large **promotion to reward purchases** in **El Faro** shopping centre, with direct prices in a spectacular stage simulating an American Fair

### PUERTA EUROPA



Strong **communication campaign** in the whole catchment area, adapted to our French customers to empower commercial mix of **Puerta Europa SC** and reinforce health measures

## REOPENING STRATEGY 3 / 3

**IN CASTELLANA PROPERTIES, WE SUPPORT OUR TENANTS BY MAINTAINING A CLOSE AND DIRECT RELATIONSHIP, FINDING SOLUTIONS THAT BENEFIT BOTH PARTIES OVER THE LONG TERM**



“Castellana Properties is, without a doubt, a very good partner and we expect to keep working together for many years”

“We are very grateful for all the measures and help offered by Castellana and the local teams. It helped us a lot to bear the situation”



“We have felt supported since the beginning of the pandemic and it has been one of the landlords more active and collaborative. We really appreciate that”



“Castellana has understood perfectly the situation and worked to find solutions for both parties”



“We have 2 cinemas with Castellana and we have felt their support in every sense. We are looking forward to opening the next two in El Faro and Bahía Sur in the coming days”

- > Rental discounts and flexible agreements have been concluded with the majority of our tenants
- > Flexibility in opening hours to optimise resources
- > Increase the terrace space for F&B establishments and creating new open areas if feasible
- > Launching specific promotions for those tenants impacted by COVID-19 to push their sales
- > Creation of delivery service ( Bahía Sur pilot) to push dining sales from our retailers

## 4 iCAST PROGRAMME

### CREATING OUR OWN INNOVATION PROGRAMME TO ADAPT SHOPPING CENTRES TO EMERGING CONSUMER NEEDS AND EXCEL AS TRUE OMNICHANNEL SPACES

- > iCAST is designed to forge a new path in innovation, create added value, spearhead transformation throughout the company, support and nurture talent, promote digital skills, cultivate agility and drive positive change in Castellana Properties and across the retail sector
- > 100% of the staff involved in the innovation process
- > Seven-step plan designed to foster actionable projects that respond to new consumer habits and retailer needs in the short to medium term
- > Castellana Properties enlisted branding and innovation firm TOTEM Branding to help with iCast’s design, launch and development and to lead on branding.
- > The first round of projects will be focused on customer analytics, digital innovation, security, retailer needs and logistics.



## TECHNOLOGY IS A MEANS, NOT AN END. CASTELLANA PROPERTIES HAS THEREFORE PROMOTED DIFFERENT DIGITISATION INITIATIVES TO IMPROVE CUSTOMER EXPERIENCE ACROSS OUR SHOPPING CENTRES



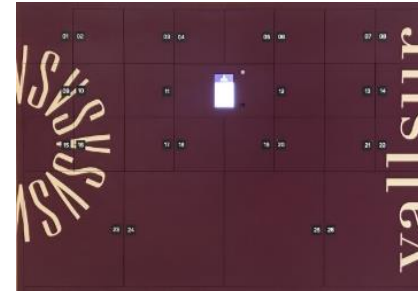
### CUSTOMER ANALYTICS TOOL

We are working on a retail-centric dashboard that allows any user to select retail properties by navigating across an interactive map of the country. This allows users to analyse customer behaviour, both inside and outside the properties selected, to then be able to adapt strategies and action plans by considering real-time customer behaviour.



### DIGITISATION OF SHOPPING CENTRE SERVICES

Services at our shopping centres are becoming ever more digitalised to improve customer experience. Our customers can scan their ID on their mobile phone and can then directly use the service without having to touch any surfaces. This provides added value to our customers, offering a safe, worry-free and user-friendly service. The Vallsur shopping centre also offers 26 new lockers, 8 mobile chargers and 4 helmet lockers.



### CHATBOT IN EL FARO WEBSITE

Because technology is being used to make life easier, a chatbot has been included on the El Faro website as a chat interface for visitors to interact with. It has been programmed to closely mimic human behaviour and interact with the website visitor in a conversational manner. The chatbots help customers find all the information they need as quickly and smoothly as possible without them feeling left behind or lost.



### FOOD DELIVERY IN BAHÍA SUR SC

Our Bahía Sur shopping centre has become the first shopping centre in the country to set up a marketplace with a delivery service. Restaurant owners were therefore able to offer their products to those attending the Bahia En Vivo! event this summer. The system allows attendees to effortlessly place their orders through the shopping centre APP and receive them directly in the terrace area during concerts, as well as in their vehicles on drive-in cinema days.



## KEY FOCUS AREAS GOING FORWARD



### OPERATIONAL EXCELLENCE

- > Business management – keep management focus on Castellana’s income and balance sheet stability
- > Tenant Relationships - continuing to nurture our tenants to build a new, better relationship to act as Property Partners to their businesses
- > Asset Management Initiatives – continue to execute on existing redevelopment projects and other necessary interventions to ensure that centres perform at optimum potential in current market



### CUSTOMER CENTRICITY

- > We continue placing the customer at the centre of the Castellana DNA and culture
- > Continuing to stay on top of changing consumer behaviour and to be close to our communities in order to adapt as changes are identified by continuing to gather and understand the data available from our portfolio



### HEALTH & SAFETY

- > To continue to promote visits to our centres by providing the highest standards of health and safety to our customers and tenants
- > Continue to make the work environment safe and comfortable for employees both at home and in the office and to continue offering support, coaching, mentoring and motivation digitally and physically



### INNOVATION

- > We continue to progress the journey of innovation to improve and future proof the retail industry
- > We have launched **iCast**, an internal innovation programme to explore new ideas to transform the industry



### ESG

- > Continue to focus on sustainability initiatives including efficiency certificates (BREEAM), energy efficiency, waste management and measurement tracking (GRESB) amongst others
- > Ensure our communities are cared for by having established the Social Solidarity Fund
- > Continue to adhere to the highest standards of corporate governance in our business

5 | STRATEGIC  
PLANS AND  
PROSPECTS

Laurence Rapp



## UPDATE ON TRANSACTIONS AND STRATEGIC INITIATIVES

### KEY BALANCE SHEET DRIVERS

#### MEREV OPTION

- > Advanced stage of discussions to extend the option for 3 years
- > Hoping to finalise terms before end of December
- > Confident we will reach agreement

#### CCIRS

- > Believe the best approach is to let them run until maturity and then terminate them
- > If the currency strengthens, we will consider early settlement

#### ASSET SALES

- > Only looking to sell non-core assets
- > Currently a number of transactions under discussion at various stages of evaluation
- > Any deals concluded would probably only transfer in late Q1 or Q2 2021
- > Indications are that sales proceeds will on average be in line with latest valuations

#### LISTED SHARES

- > Keen to exit Arrowhead but need to see corporate changes to unlock value



## WHERE TO FROM HERE FOR REITS?

### HOW DO REITS RESPOND TO THE LTV CHALLENGE?

- > **Sector sentiment and strategic options impacted by market focus on LTV ratio as the main risk and valuation metric**
- > **Limited balance sheet management strategies within regulatory and market constraints**
  - > Lower dividend payout ratio
  - > Discounted rights offer – mostly impacting retail investors
  - > Sale of assets
  - > Non-cash or deferred distributions
  - > Forego REIT status
- > **The need to retain cash to manage short term LTV levels limits REITS**
  - > No longer able to pursue acquisitive growth with limited access to capital
  - > Limited scope to grow earnings off pure asset management initiatives especially for larger funds
  - > Risk of REITs becoming closed-end funds
- > **Transition for real estate to become an operating asset class?**
  - > Will REIT regulations facilitate this change?
- > **Banks' role and approach to determine acceptable LTV levels and covenants**
  - > Major disconnect between debt and equity provides in terms of risk appetite
- > **Will yield and income ever be important again as a valuation metric?**
- > **Is this the new norm or a temporary market dislocation?**





## STRATEGIC FOCUS AREAS



### OUR PEOPLE

- > Continued drive to embed a **singular culture** within Vukile and Castellana
- > Ongoing investment in **health and wellness** programmes for the team covering both physical and mental wellbeing
- > **People leadership** and management will be a key differentiating factor; focus on new ideas and **innovation**



### OUR CUSTOMERS

- > Integrate data analytics from multiple tested **customer insight solutions** into a single powerful asset management tool
- > Will include current portfolio metrics, psychographic information, geolocation trends and **customer data** from in-mall wi-fi
- > Enable the business to respond in real time to **consumer behaviour changes**
- > Must become an embedded **core competence** and source of long term advantage; open up new revenue and value streams



### OUR TENANTS

- > Believe strongly in a co-operative and not conflictual relationship with tenants; foster a **partnership relationship**
- > Look to further develop the **excellent relations with our tenants** through the crisis
- > Always looking for opportunities to **add value to our tenants** to make them and our centres more successful
- > Already providing our tenants with **nodally dominant shopping centres** with very strong trading conditions



### BALANCE SHEET STRENGTH

- > Excellent progress in reducing refinance risk with a **strong and liquid balance sheet**
- > Continue to look for opportunities to reduce LTV whilst maintaining focus on **strong ICR levels**
- > Maintain **strong relationships** with our multiple banking and funding partners
- > Execute on the **sale of non-core assets**



### OPERATIONAL EXCELLENCE

- > Continued focus on **retaining tenants and filling vacant space** through our in-house letting teams
- > Tight focus on cost control whilst ensuring we meet the **highest standards of safety and hygiene** in our assets
- > Ongoing investment in **sustainable energy**
- > Successful conclusion of the **ECI projects** in Spain

## WELL POSITIONED FOR LONG TERM SUSTAINABILITY

- > The Vukile business remains in very good shape operationally, financially and strategically and is **well positioned for long term sustainability**
  - > The macro-economic **benefits of diversification** for South African investors will continue to be advantageous
- > Clearly **focused retail specialisation strategy** in both South Africa and Spain is providing benefits in each of these markets as seen by the strong operational results delivered in the worst of the COVID-19 crisis
- > Decision making is all geared towards making the right decisions for the **long term sustainability** of the business and trying to ensure we are not caught up in short-termism
- > Will continue to remain very focused on **balance sheet strength** and overall **risk management** as we work to reduce LTV and review the currency mix of funding
- > Very **pleased with the operations** and how we have navigated the crisis so far and believe we have the right platform and approach to restore profitability to pre-pandemic levels over the next few years
- > Given the material uncertainty in the operating environment exacerbated by the spectre of a second wave we believe it is **prudent not to give any dividend guidance for FY2021**
- > As such we will not pay an interim dividend for H1 FY2021 as we believe it prudent to **retain cash** while we evaluate and observe the nature and trajectory of the markets over the remainder of the financial year



## ACKNOWLEDGEMENTS

- > Board
- > Property managers
- > Service providers
- > Brokers and developers
- > Tenants
- > Investors
- > Funders
- > Colleagues
- > Pay tribute to the memories of the family members of Vukile staff who have passed away over the past six months



  
**VUKILE**  
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

Q&A



  
**VUKILE**  
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

**APPENDIX A**

Southern African Portfolio





REAL ESTATE. REAL GROWTH.

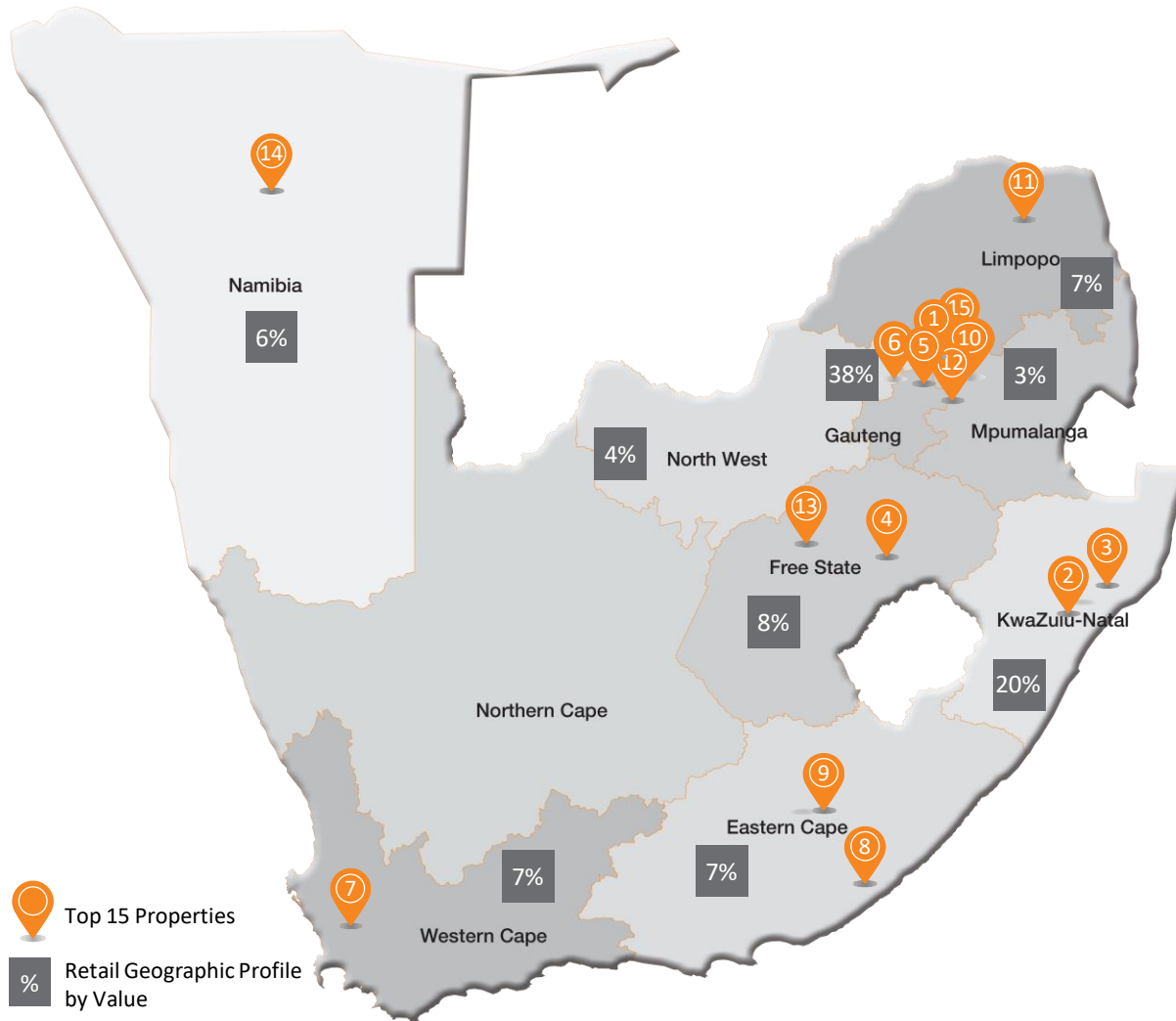
## PORTFOLIO COMPOSITION

Southern African Portfolio



# SOUTHERN AFRICA RETAIL FOOTPRINT

## RETAIL PORTFOLIO PROFILE (TOP 15 PROPERTIES 60% OF PORTFOLIO BY VALUE)



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

## TOP 15 ASSETS

EAST RAND MALL



PINE CREST



PHOENIX PLAZA



MALUTI CRESCENT



KOLONNADE RETAIL PARK



GAV	R1 310m	R1 099m	R 853m	R 777m	R 598m
Region	Gauteng	KwaZulu-Natal	KwaZulu-Natal	Free State	Gauteng
Gross Lettable Area	68 368m <sup>2</sup>	43 352m <sup>2</sup>	24 072m <sup>2</sup>	35 725m <sup>2</sup>	39 665m <sup>2</sup>
Monthly Rental	R282/m <sup>2</sup>	R194/m <sup>2</sup>	R286/m <sup>2</sup>	R158/m <sup>2</sup>	R118/m <sup>2</sup>
National Tenant exposure	95%	89%	77%	93%	90%
Vukile Ownership	50%	100%	100%	100%	100%
Approx. Footfall <sup>(1)</sup>	7.3m	8.6m	7.8m	6.9m	6.9m <sup>(2)</sup>
Vacancy	3.6%	2.4%	0.5%	Fully let	0.8%

(1) Includes impact of COVID-19 lockdowns

(2) Estimate



## TOP 15 ASSETS (CONT.)

DOBSONVILLE MALL



GUGULETHU SQUARE



MDANTSANE CITY



NONESI MALL



MEADOWDALE MALL



GAV	R 578m	R 539m	R 530m	R 495m	R 445m
Region	Gauteng	Western Cape	Eastern Cape	Eastern Cape	Gauteng
Gross Lettable Area	26 438m <sup>2</sup>	25 681m <sup>2</sup>	36 309m <sup>2</sup>	27 919m <sup>2</sup>	49 487m <sup>2</sup>
Monthly Rental	R157/m <sup>2</sup>	R171/m <sup>2</sup>	R129/m <sup>2</sup>	R139/m <sup>2</sup>	R90/m <sup>2</sup>
National Tenant exposure	92%	90%	79%	98%	83%
Vukile Ownership	100%	100%	100%	100%	67%
Approx. Footfall <sup>(1)</sup>	8.2m	8.9m	8.2m	6.8m	8.7m <sup>(2)</sup>
Vacancy	0.5%	2.2%	Fully let	Fully let	Fully let

(1) Includes impact of COVID-19 lockdowns

(2) Estimate

## TOP 15 ASSETS (CONT.)

THAVHANI MALL



DAVEYTON SHOPPING CENTRE



BLOEMFONTEIN PLAZA



OSHAKATI SHOPPING CENTRE



RANDBURG SQUARE



GAV	R 435m	R 426m	R 413m	R 399m	R 391m
Region	Limpopo	Gauteng	Free State	Namibia	Gauteng
Gross Lettable Area	53 345m <sup>2</sup>	17 774m <sup>2</sup>	43 771m <sup>2</sup>	24 632m <sup>2</sup>	40 778m <sup>2</sup>
Monthly Rental	R179/m <sup>2</sup>	R182/m <sup>2</sup>	R95/m <sup>2</sup>	R144/m <sup>2</sup>	R111/m <sup>2</sup>
National Tenant exposure	94%	86%	58%	93%	81%
Vukile Ownership	33.33%	100%	100%	100%	100%
Approx. Footfall <sup>(1)</sup>	7.9m	6m	6.3m	4.6m <sup>(2)</sup>	7m
Vacancy	1.1%	Fully let	0.5%	1.7%	6.9%

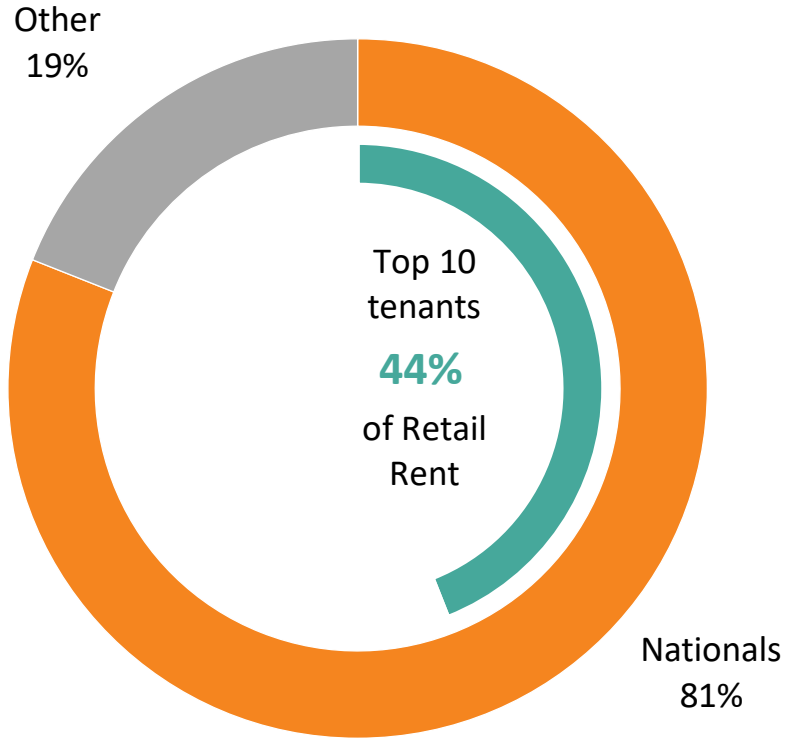
(1) Includes impact of COVID-19 lockdowns

(2) Estimate

# RETAIL TENANT EXPOSURE

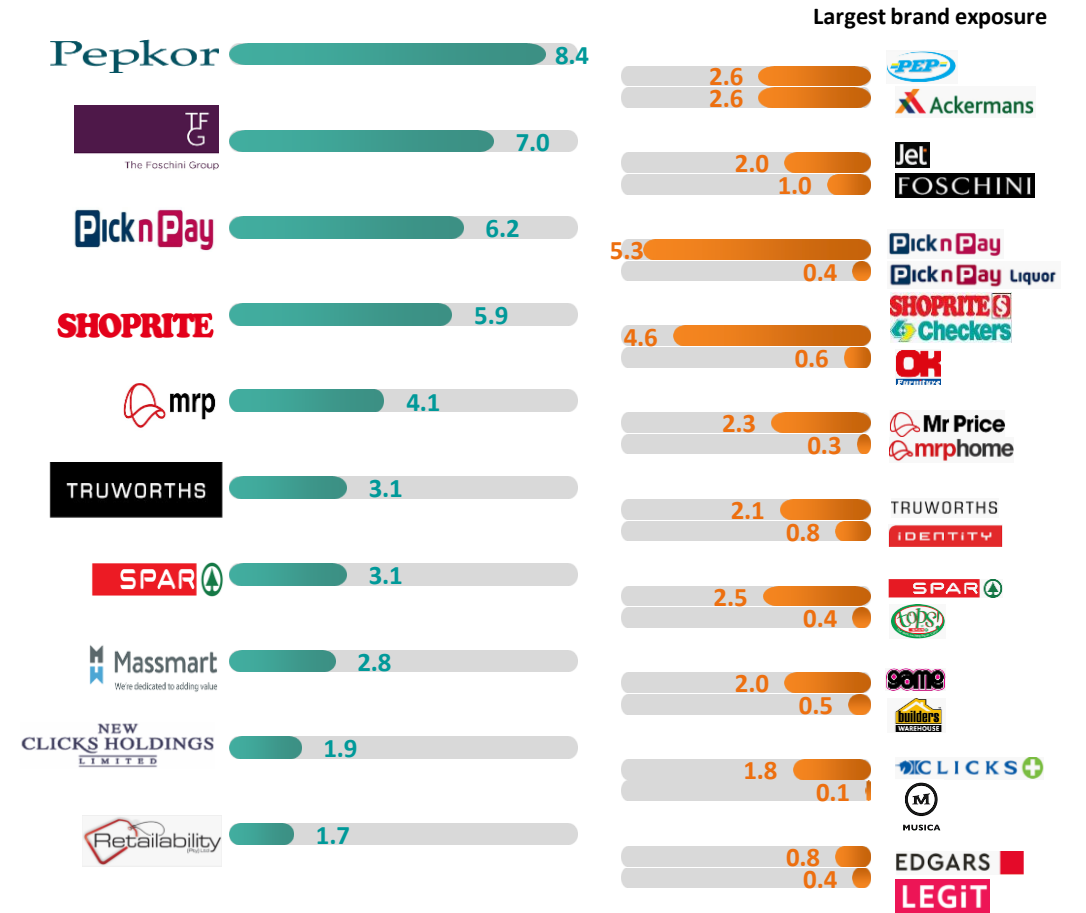
## DIRECT SOUTHERN AFRICAN RETAIL PORTFOLIO

TENANT PROFILE - BY CONTRACTUAL RENT



Base rent excluding recoveries

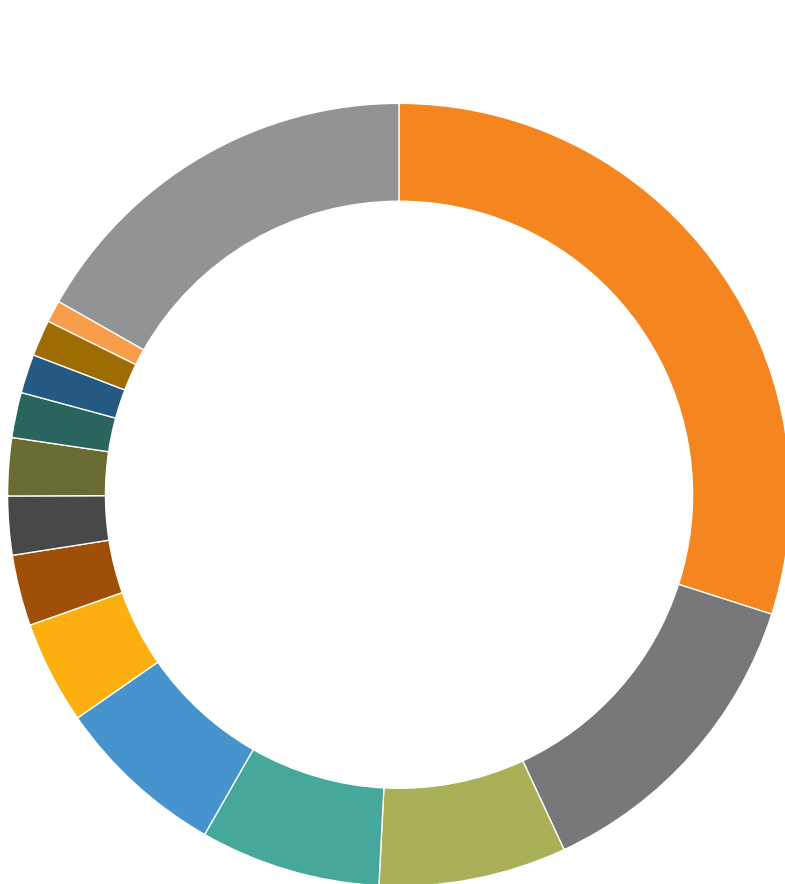
TOP 10 TENANTS - BY CONTRACTUAL RENT



# RETAIL CATEGORY EXPOSURE

## WELL DIVERSIFIED MIX OF TENANT CATEGORIES

CATEGORY PROFILE BY RENT



30%	Fashion	26%
13%	Grocery/ Supermarket	21%
8%	Banking	4%
7%	Food	5%
7%	Home Furnishings/ Art/ Décor	9%
4%	Department Stores	7%
3%	Health & Beauty	2%
2%	Sporting/ Outdoor Goods & Wear	2%
2%	Cell Phones	1%
2%	Restaurants & Coffee Shops	1%
2%	Bottle Stores	2%
2%	Electronics	2%
1%	Accessories	0%
17%	Other	18%

CATEGORY PROFILE BY GLA



# TENANT PROFILE ACROSS SECTORS

## DEFENSIVE RURAL, TOWNSHIP AND VALUE CENTRE PORTFOLIO KEY TO SUSTAINABLE ROBUST PERFORMANCE

### TOWNSHIP AND COMMUTER

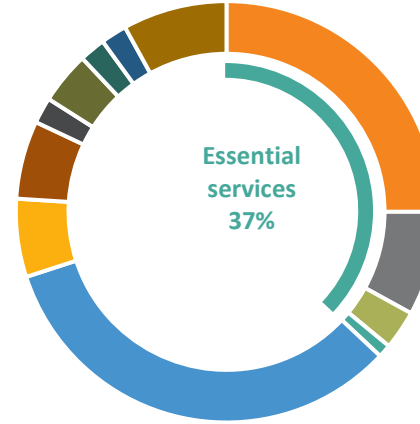


- Grocery/ Supermarket - 16%
- Banking - 10%
- Pharmacies - 3%
- Other - 3%

---

- Fashion - 33%
- Restaurants, Fast Foods & Coffee Shops - 8%
- Home Furnishings / Décor - 4%
- Sporting/ Outdoor Goods & Wear - 2%
- Cell Phones & Electronics - 4%
- Bottle Stores - 2%
- Health & Beauty - 2%
- Other - 13%

### RURAL

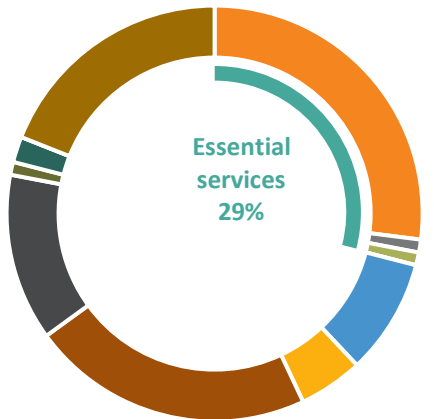


- Grocery/ Supermarket - 25%
- Banking - 8%
- Pharmacies - 3%
- Other - 1%

---

- Fashion - 33%
- Restaurants, Fast Foods & Coffee Shops - 6%
- Home Furnishings / Décor - 6%
- Sporting/ Outdoor Goods & Wear - 2%
- Cell Phones & Electronics - 4%
- Bottle Stores - 2%
- Health & Beauty - 2%
- Other - 8%

### VALUE CENTRE

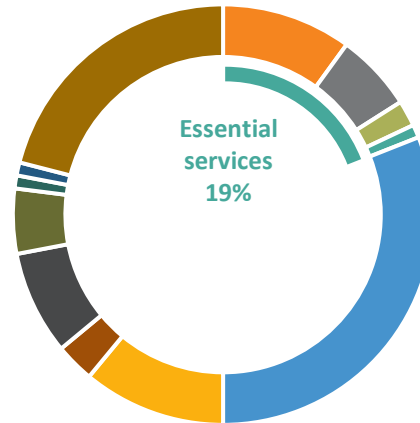


- Grocery/ Supermarket - 27%
- Banking - 1%
- Pharmacies - 1%
- Other - 0%

---

- Fashion - 9%
- Restaurants, Fast Foods & Coffee Shops - 5%
- Home Furnishings / Décor - 22%
- Sporting/ Outdoor Goods & Wear - 13%
- Cell Phones & Electronics - 1%
- Bottle Stores - 2%
- Health & Beauty - 0%
- Other - 19%

### URBAN



- Grocery/ Supermarket - 10%
- Banking - 6%
- Pharmacies - 2%
- Other - 1%

---

- Fashion - 31%
- Restaurants, Fast Foods & Coffee Shops - 11%
- Home Furnishings / Décor - 3%
- Sporting/ Outdoor Goods & Wear - 8%
- Cell Phones & Electronics - 5%
- Bottle Stores - 1%
- Health & Beauty - 1%
- Other - 21%



REAL ESTATE. REAL GROWTH.

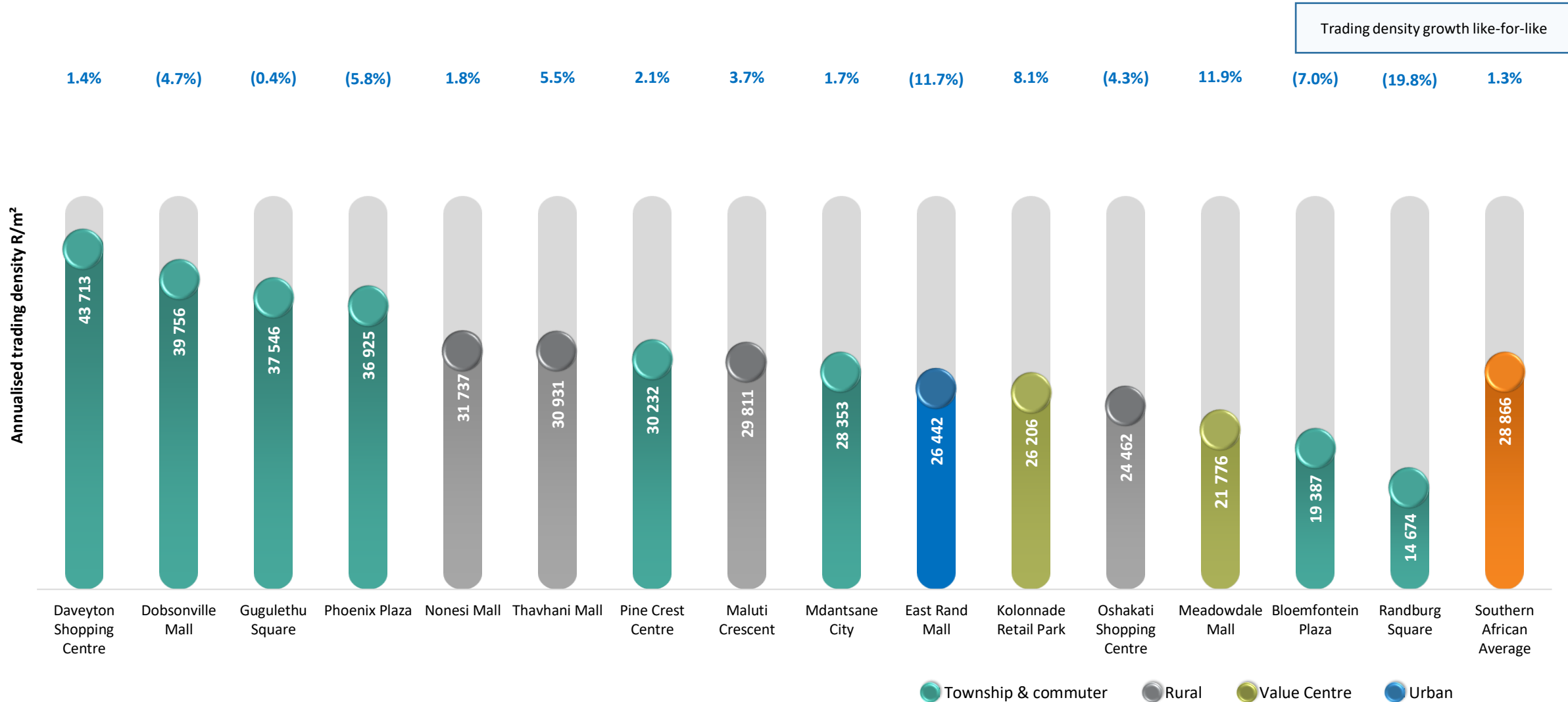
# HY2021 RETAIL PORTFOLIO PERFORMANCE METRICS

Southern African Portfolio



# RETAIL PORTFOLIO TRADING STATISTICS FOR TOP 15 PROPERTIES

CONTINUING TO PROVIDE VERY PROFITABLE CENTRES FOR OUR TENANTS



Note: Annualised trading density calculated using monthly trading density over 12 months. Trading density like-for-like growth calculated on stable tenants.

# TRADING DENSITIES

ESSENTIAL SERVICES CONSISTENTLY SHOWING GROWTH; NON-ESSENTIAL SERVICES OPENED DURING MAY AND JUNE ON THE ROAD TO RECOVERY; RESTAURANTS, ENTERTAINMENT AND HEALTH AND BEAUTY STILL UNDER PRESSURE

Trading density (R/m<sup>2</sup>)

### Essential services operational in April 2020 (42%)

Groceries and food	88%
Pharmacies	8%
Other (Medical, pet stores, undertaking services, children's clothing)	4%

### Non-essential services opened in May 2020 (49%)

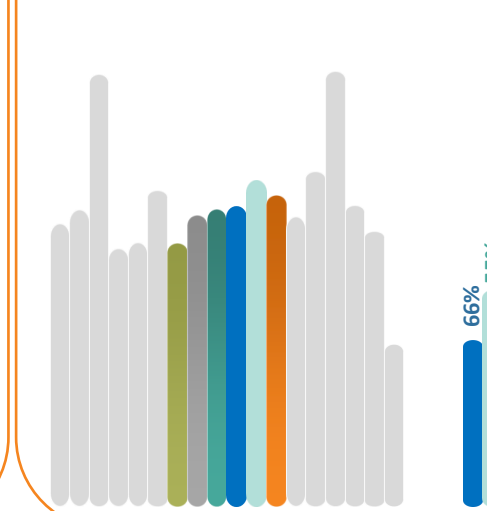
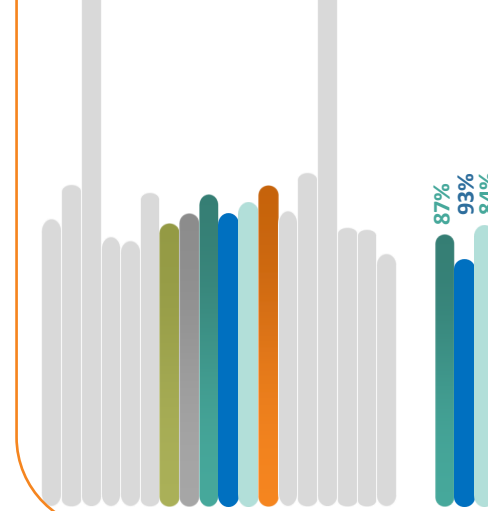
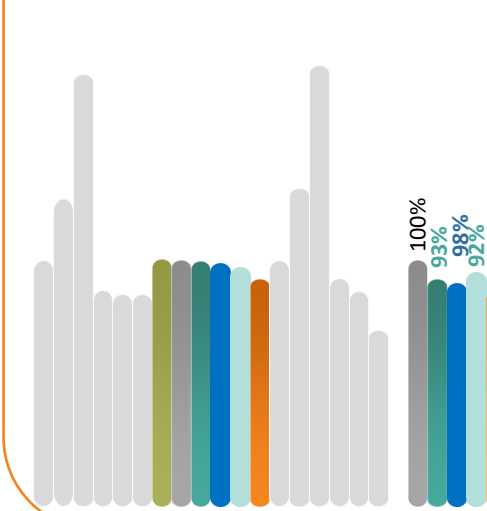
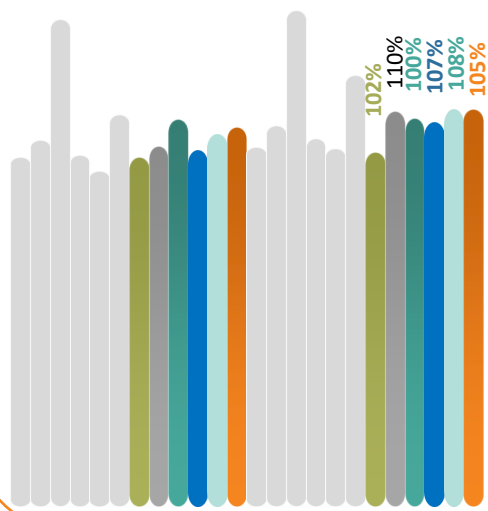
Fashion	68%
Home furnishings / decor	10%
Department stores	9%
Other (cell phones, electronics, services and repairs, books)	13%

### Non-essential services opened in June 2020 (8%)

Home furnishings / decor	30%
Fast foods and food speciality	30%
Bottle stores	10%
Other (Fashion and accessories, hardware stores, second hand dealers)	30%

### Non-essential services opened in July 2020 (1%)

Restaurants	37%
Gambling	37%
Health and beauty	11%
Other (Luggage and speciality stores)	15%

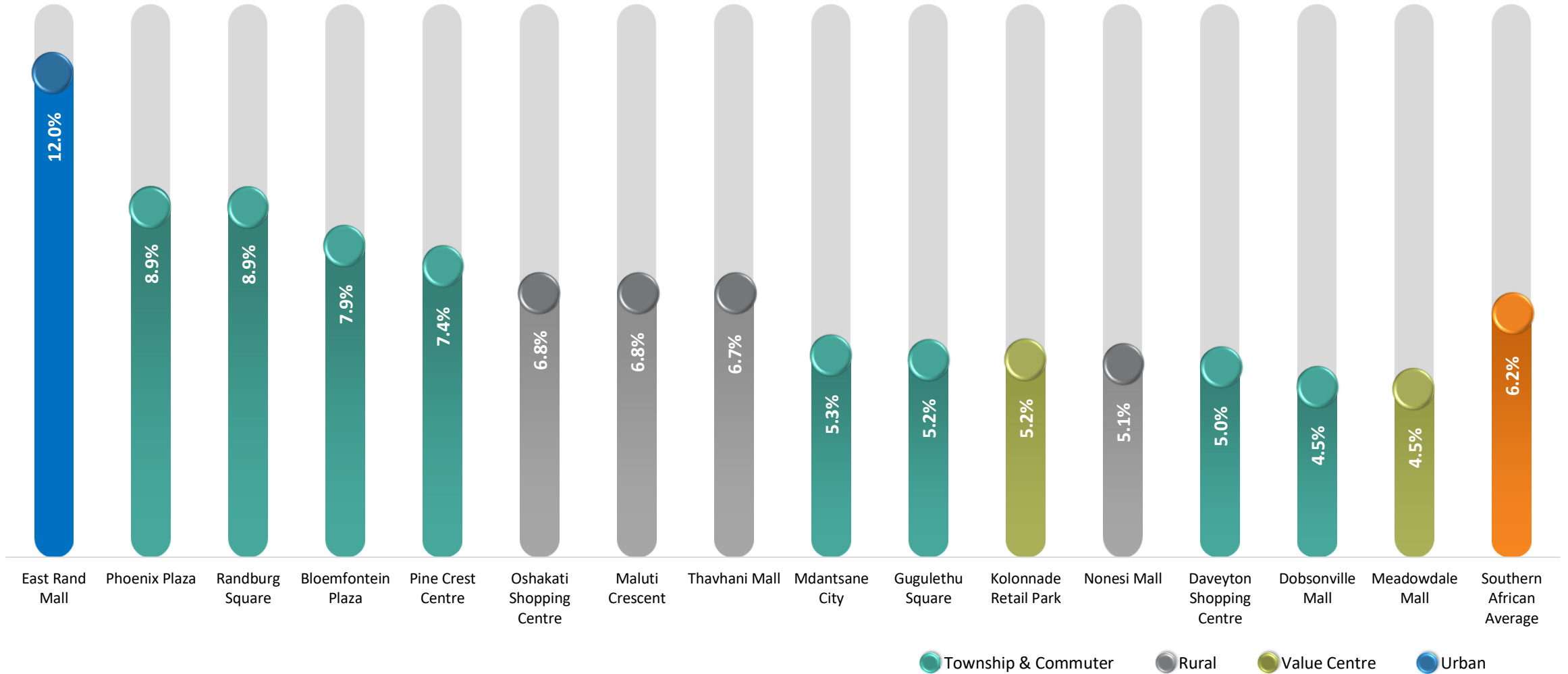


Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep



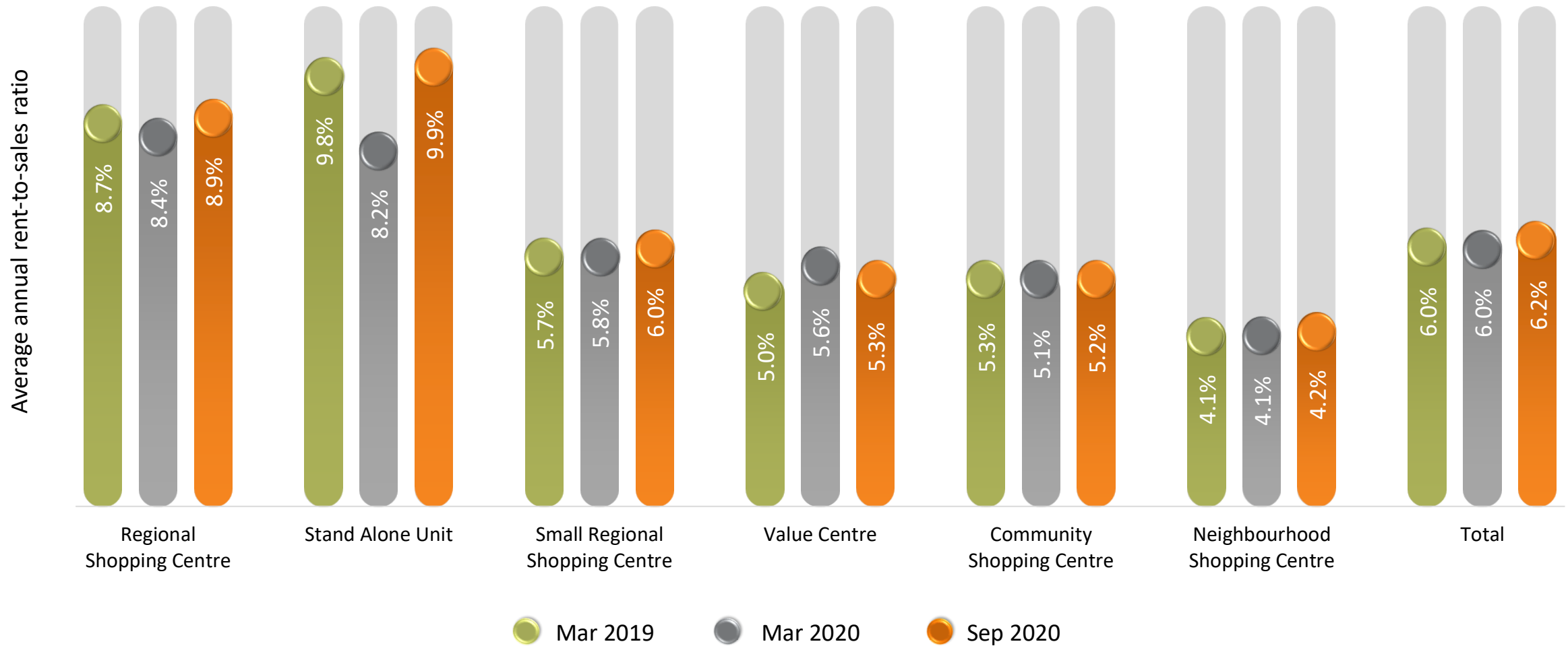
# RENT-TO-SALES RATIO BY TOP 15 PROPERTIES

CONTINUING TO PROVIDE VERY PROFITABLE CENTRES FOR OUR TENANTS



# TENANT AFFORDABILITY

## RENT TO SALES HOLDING STEADY ACROSS THE PORTFOLIO THROUGH TOUGH MARKET CONDITIONS



## RETAIL TENANT EXPIRY PROFILE

42% OF CONTRACTUAL RENT EXPIRING IN FY2024 AND BEYOND (WALE 3.4 YEARS)



For the 6 months ended 30 September 2020 retail leases were concluded with:

- > Total contract value R305m
- > Total rentable area 40 578m<sup>2</sup>
- > Tenant Retention 92%

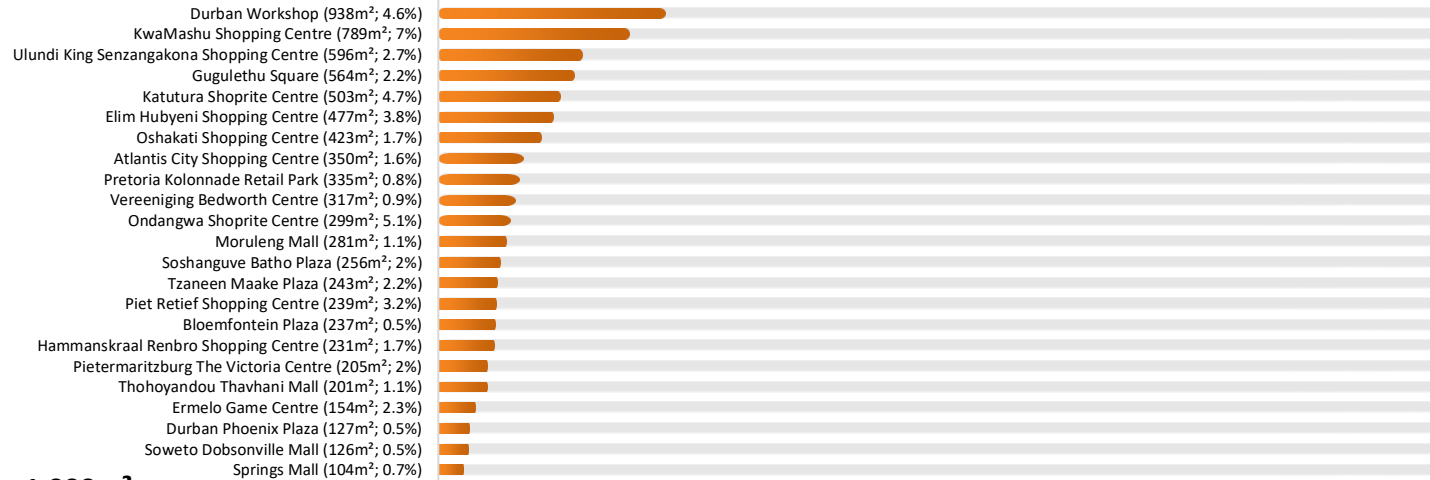
# RETAIL VACANCIES

## 32 PROPERTIES FULLY LET OR WITH VACANCIES LOWER THAN 1 000m<sup>2</sup>

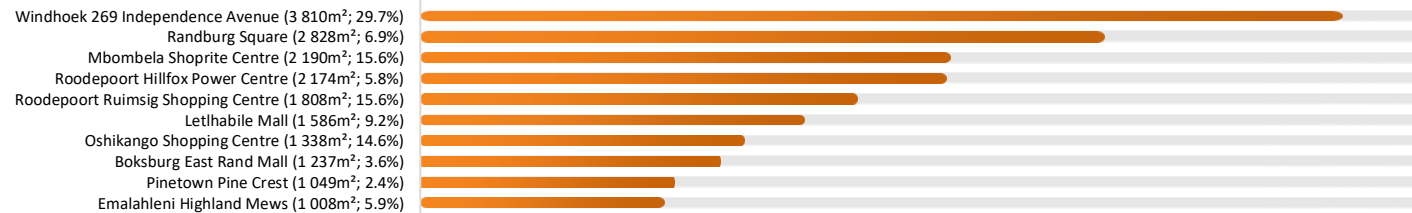
### Fully Let



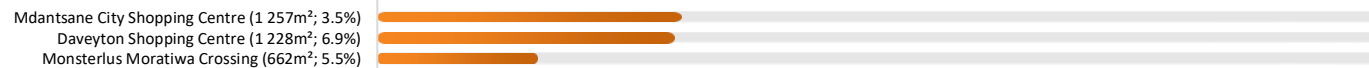
### Vacancy lower than 1 000m<sup>2</sup>



### Vacancy greater than 1 000m<sup>2</sup>



### Development Vacancy



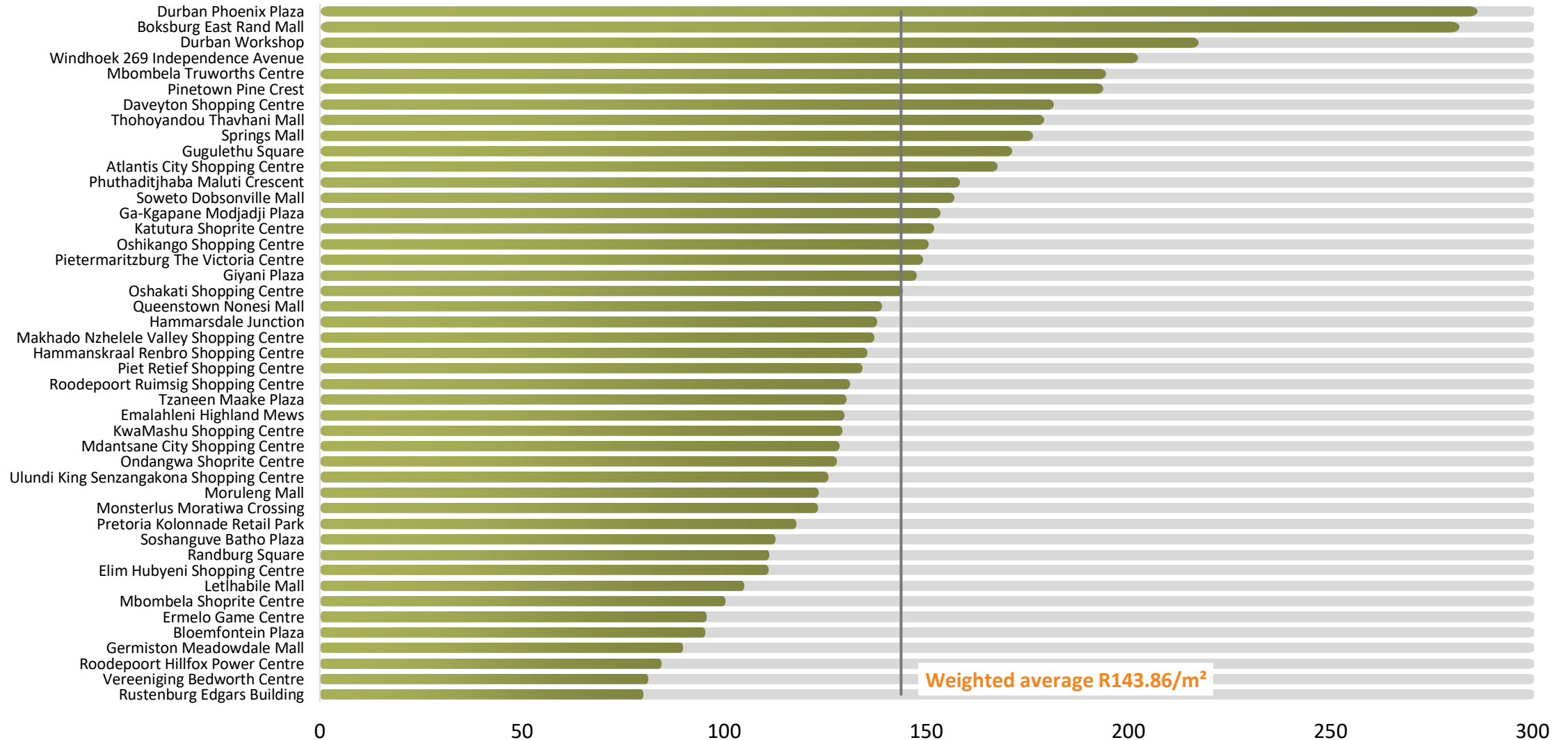
**32** Properties  
**66%** of Retail Portfolio GLA  
**1.4%** Vacant

**10** Properties  
**27%** of Retail Portfolio GLA  
**8.0%** Vacant

**3** Properties  
**7%** of Retail Portfolio GLA  
**4.8%** Development Vacancy

# WEIGHTED AVERAGE BASE RENTALS R/m<sup>2</sup> (EXCLUDING RECOVERIES)

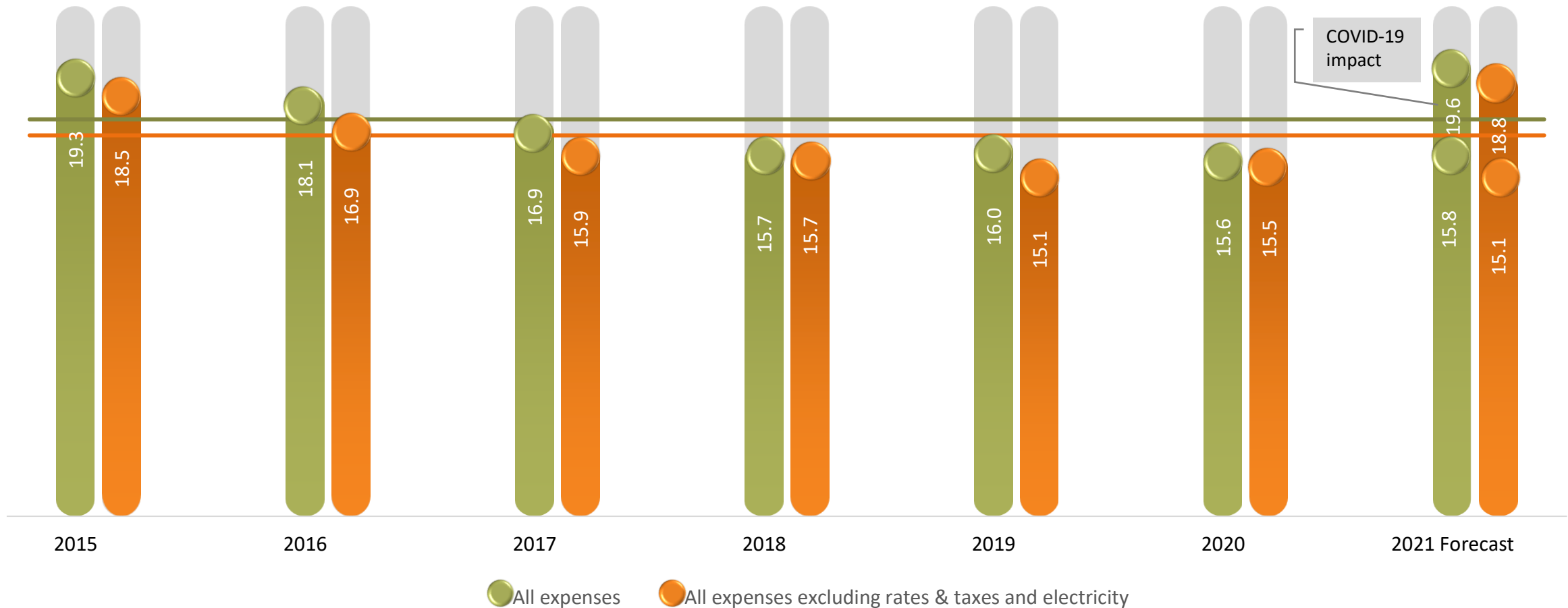
## SOUTHERN AFRICAN RETAIL PORTFOLIO



Base rent excluding recoveries

# RATIO OF NET COST TO PROPERTY REVENUE – RETAIL PORTFOLIO

GOOD PROGRESS IN COST CONTAINMENT



**VUKILE**  
PROPERTY FUND

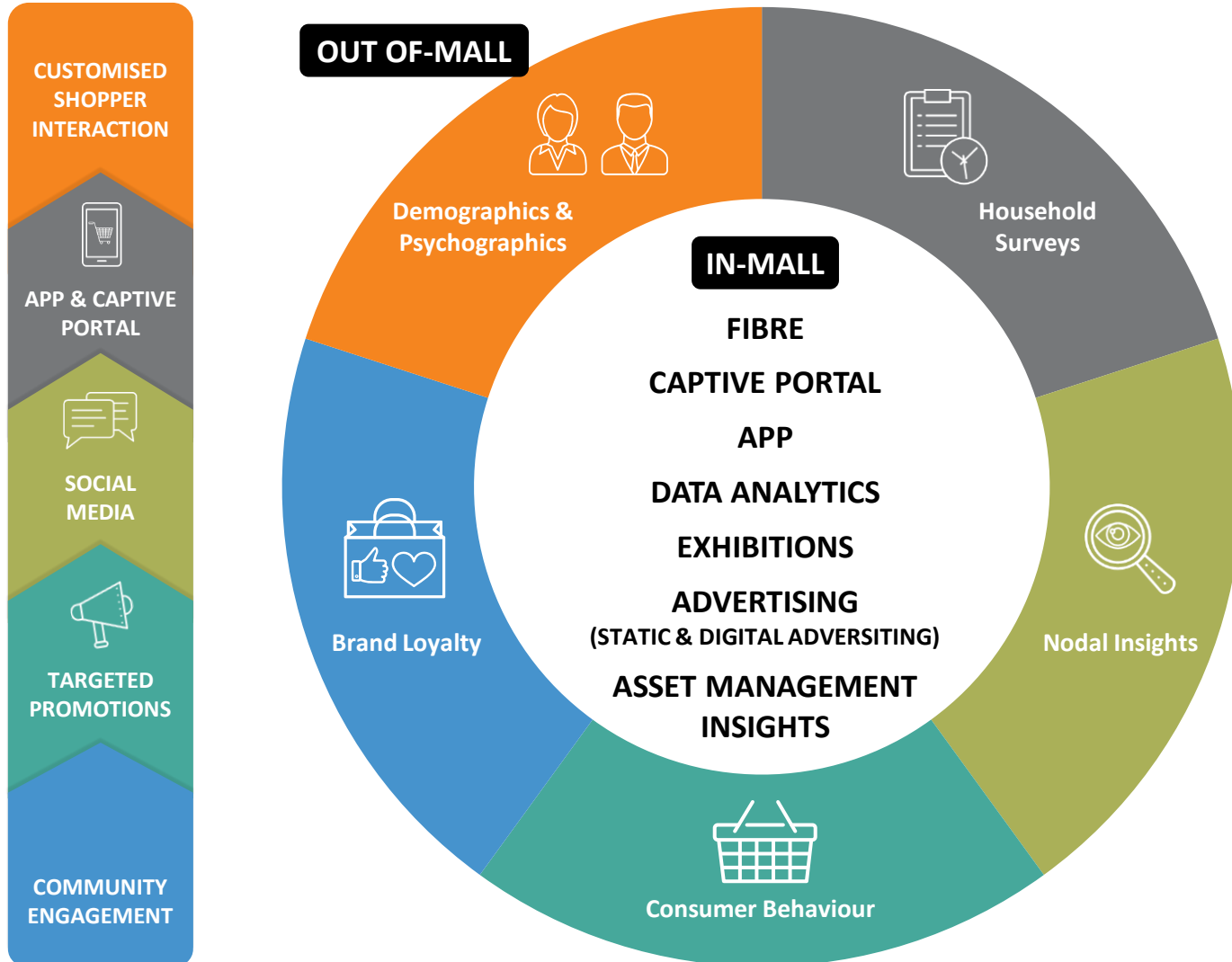
REAL ESTATE. REAL GROWTH.

**ASSET  
MANAGEMENT  
INITIATIVES**

Southern African Portfolio



**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 – over R11m of free data provided to shoppers = 126TB of data since April 2020**



## ACHIEVEMENTS

### Impact on cost-to-income ratio

- > Electricity contributes 42% to total expenses
- > **6.5%** of the portfolio's electricity is generated by **renewable resources**, curbing our largest expense item by 110bps positive impact on the net cost-to-income ratio
- > Goal to increase renewable resource contribution to total electricity consumption to **8%**
- > **Installations since 2016**
- > **15 PV plants** = Total capacity of **9.93 MW** = **R 17.9m** annually
- > Optimised metering and billing improvements of **R1.2m** annual saving
- > Sustainable water savings of **85 000 kl** p.a.  
= **3 400** swimming pools

### Work in progress

- > Installation of 3 237kWp to be completed by March 2021



**VALUATION METHODOLOGY****SOUTHERN AFRICAN PROPERTY PORTFOLIO**

<b>SCIENCE VS. ART</b>	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
<b>VALUATION POLICY</b>	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
<b>COMPARISON – DIRECTORS' VS. EXTERNAL VALUATION</b>	The difference between the directors' and external valuations were consistently within a narrow range of on average approximately 1.6% over the past 7 years
<b>CALCULATION OF BASE DISCOUNT RATE</b>	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
<b>CALCULATION OF EXIT CAPITALISATION RATE</b>	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
<b>HOLD PERIOD</b>	The hold period for valuation of multi tenanted properties is 4 years and single tenanted properties 10 years
<b>PROPERTIES ON LEASEHOLD LAND</b>	Value minimum of <ul style="list-style-type: none"> <li>&gt; discounted cashflow over leasehold period with zero residual value or</li> <li>&gt; discounted cashflow over 4 years plus perpetuity value of the 5th year's net income</li> </ul>

**HY2021 TOTAL  
PORTFOLIO  
PERFORMANCE  
METRICS**

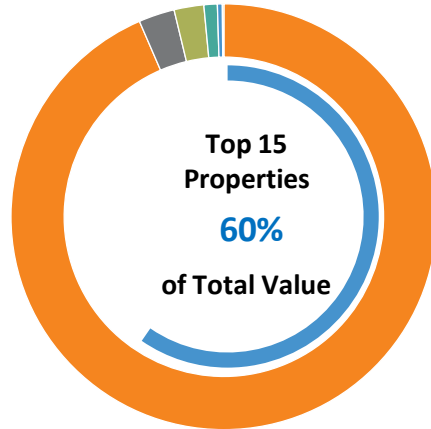
Southern African Portfolio



# SOUTHERN AFRICAN TOTAL PORTFOLIO COMPOSITION

## TOP 15 ASSETS MAKE UP 60% OF THE TOTAL PORTFOLIO

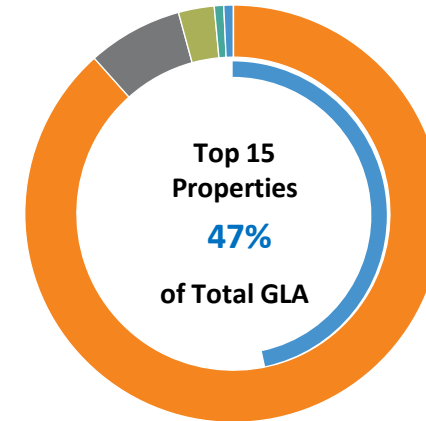
SECTORAL PROFILE - BY VALUE



By Value

94%	Retail
3%	Industrial
2%	Offices
1%	Motor Related
0.4%	Residential
0.1%	Vacant Land

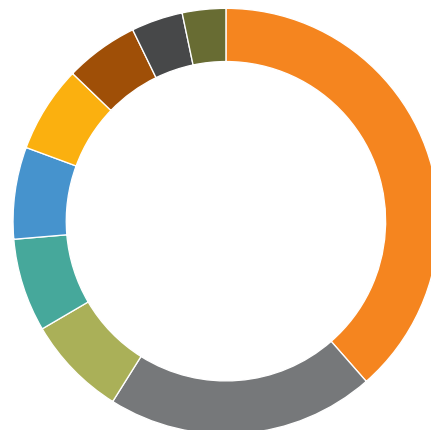
SECTORAL PROFILE - BY GLA



By GLA

88%	Retail
7%	Industrial
3%	Offices
1%	Motor Related
1%	Residential
0%	Vacant Land

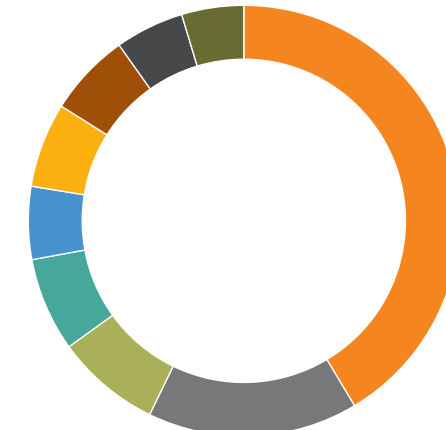
GEOGRAPHIC PROFILE - BY VALUE



By Value

38%	Gauteng
20%	KwaZulu-Natal
8%	Free State
7%	Limpopo
7%	Western Cape
7%	Eastern Cape
6%	Namibia
4%	North West
3%	Mpumalanga

GEOGRAPHIC PROFILE - BY GLA



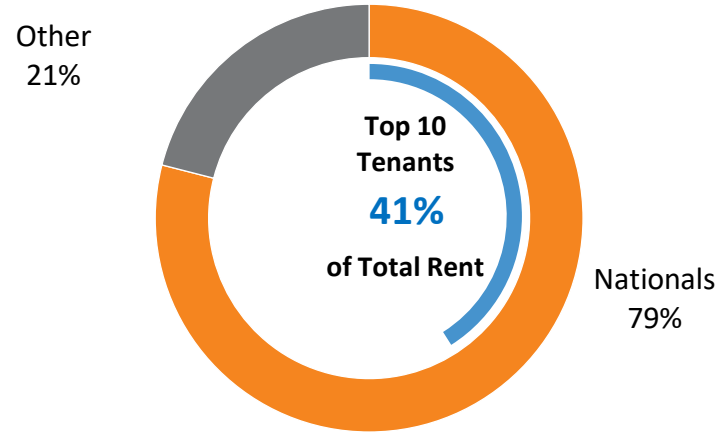
By GLA

41%	Gauteng
16%	KwaZulu-Natal
8%	Free State
7%	Limpopo
6%	Western Cape
6%	Eastern Cape
6%	Namibia
5%	North West
5%	Mpumalanga

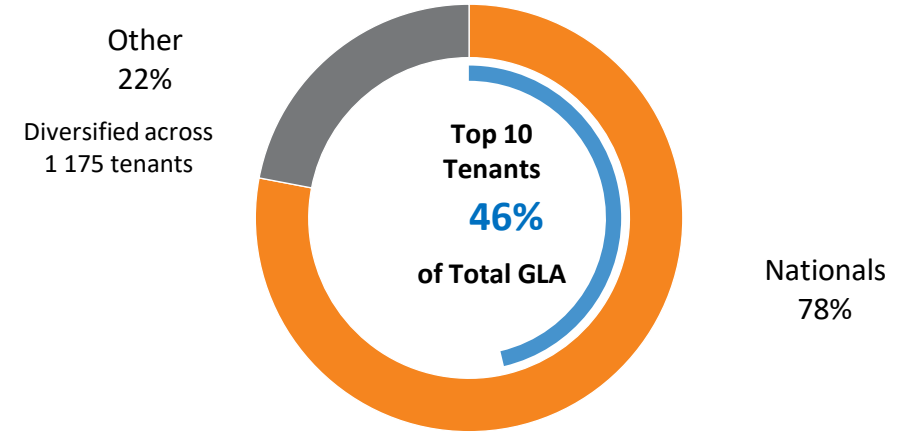
# SOUTHERN AFRICAN TOTAL PORTFOLIO TENANT EXPOSURE

## LOW RISK WITH 79% NATIONAL TENANTS

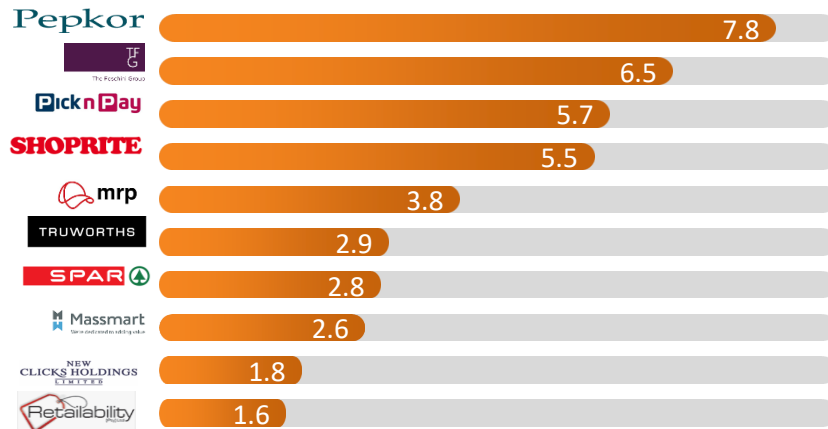
TENANT PROFILE - BY CONTRACTUAL RENT



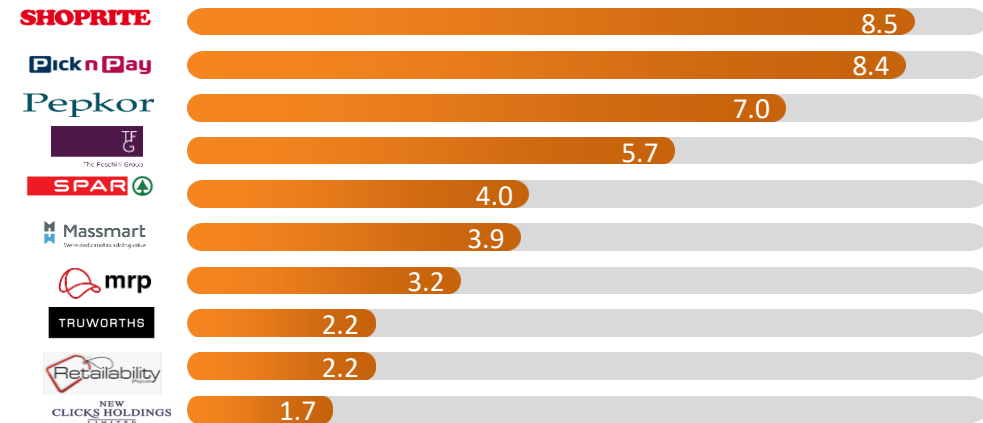
TENANT PROFILE - BY OCCUPIED GLA



TOP 10 TENANTS - BY CONTRACTUAL RENT (%)



TOP 10 TENANTS - BY OCCUPIED GLA (%)

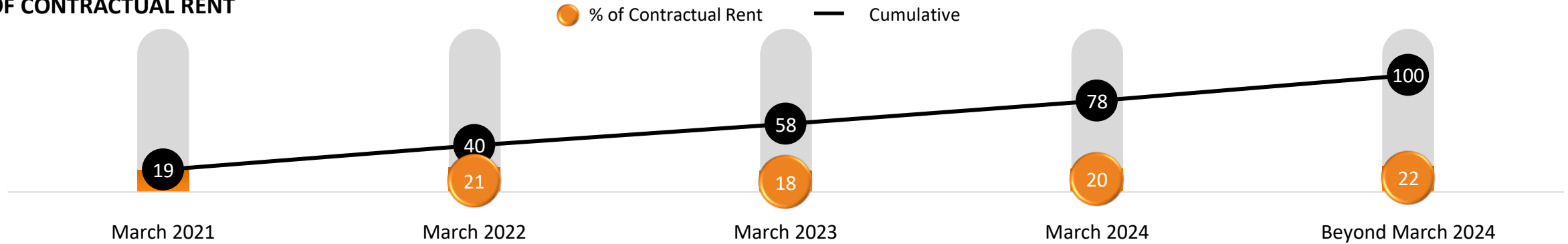


Base rent excluding recoveries

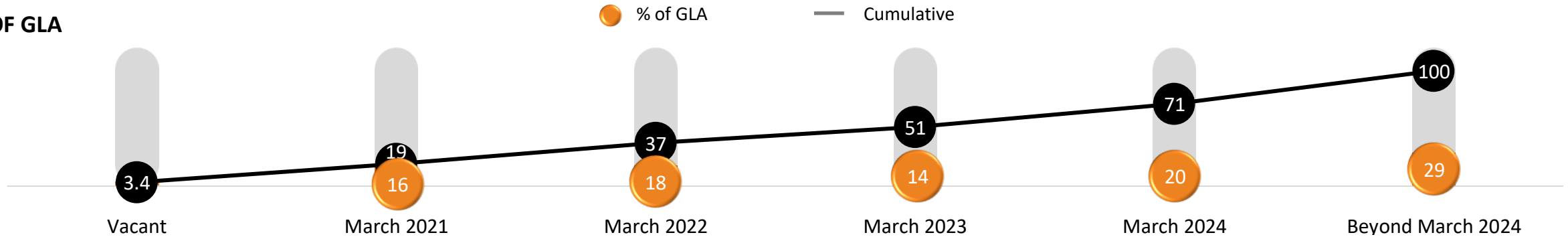
# SOUTHERN AFRICAN TOTAL PORTFOLIO TENANT EXPIRY PROFILE

**42% OF CONTRACTUAL RENT EXPIRING IN FY2024 AND BEYOND (WALE 3.4 YEARS)**

**% OF CONTRACTUAL RENT**



**% OF GLA**



**For the 6 months ended 30 September 2020 leases were concluded with:**

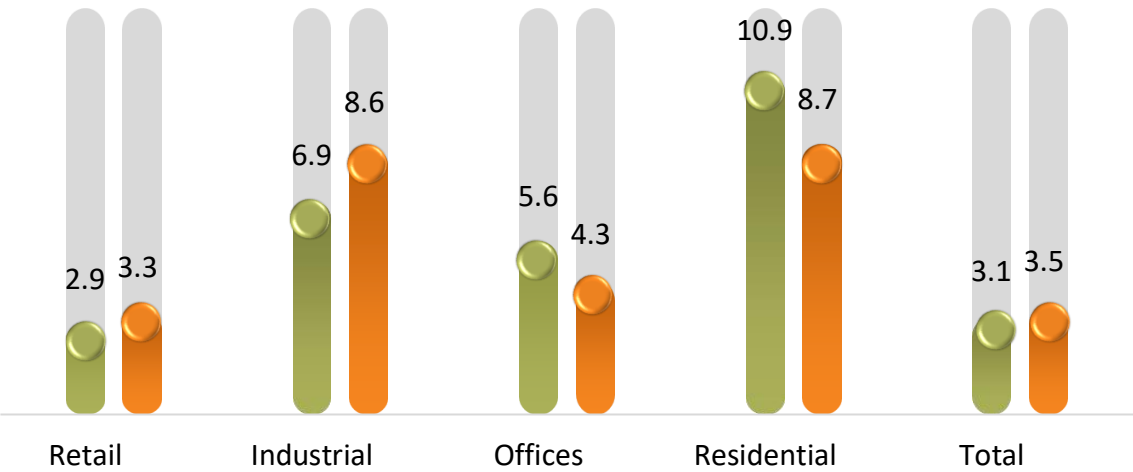
- > Total contract value                      R335m
- > Total rentable area                        54 676m<sup>2</sup>
- > Tenant Retention                            90% (retail retention 92%)

# SOUTHERN AFRICAN TOTAL PORTFOLIO VACANCY PROFILE

VACANCY CONTAINED AT 3.4% OF GLA



Vacancy  
**3.4%**  
of GLA



Vacancy  
**3.5%**  
of Rent

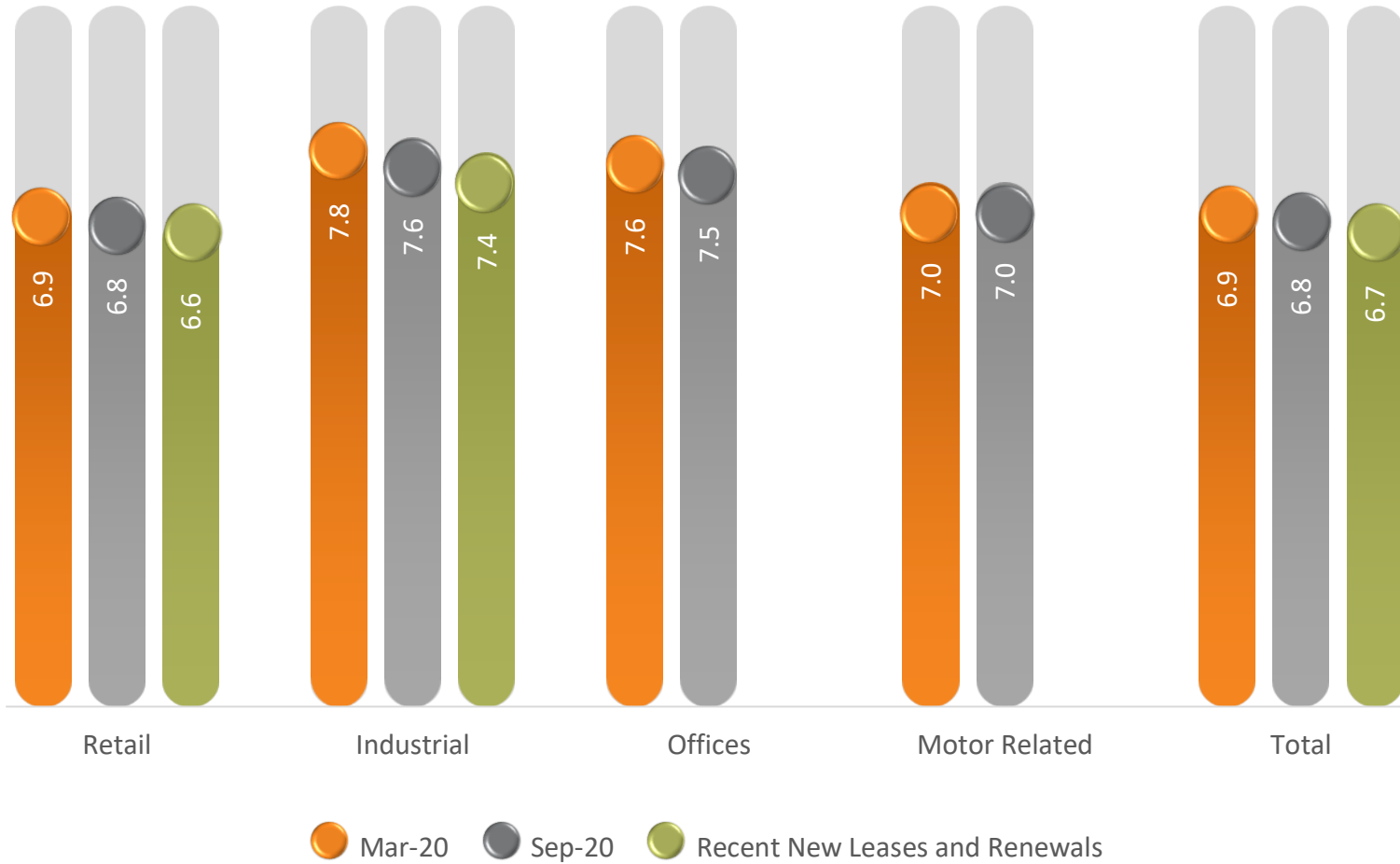
● Mar-20 ● Sep-20

Excluding development vacancy



# SOUTHERN AFRICAN TOTAL PORTFOLIO CONTRACTED RENTAL ESCALATION PROFILE

## RENTAL ESCALATIONS STILL AHEAD OF INFLATION





# SOUTHERN AFRICAN TOTAL PORTFOLIO WEIGHTED AVERAGE BASE RENTALS – R/m<sup>2</sup>

## EXCLUDING RECOVERIES



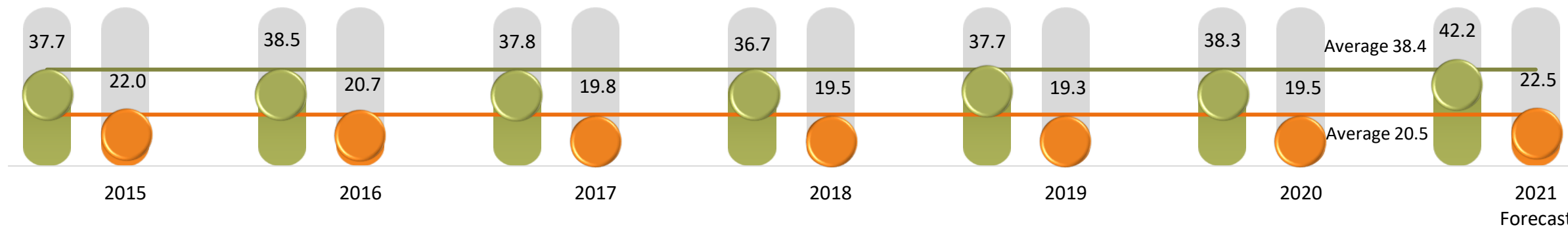
## SOUTHERN AFRICAN TOTAL PORTFOLIO – RATIO OF COST TO PROPERTY REVENUE

### NET COST TO PROPERTY REVENUE

#### CONTAINING COST RATIOS



#### GROSS COST TO PROPERTY REVENUE



\* Current portfolio including acquisitions excluding sales

VUKILE  
PROPERTY FUND

REAL ESTATE. REAL GROWTH.



## APPENDIX B

Spanish Portfolio



VUKILE  
PROPERTY FUND

REAL ESTATE. REAL GROWTH.



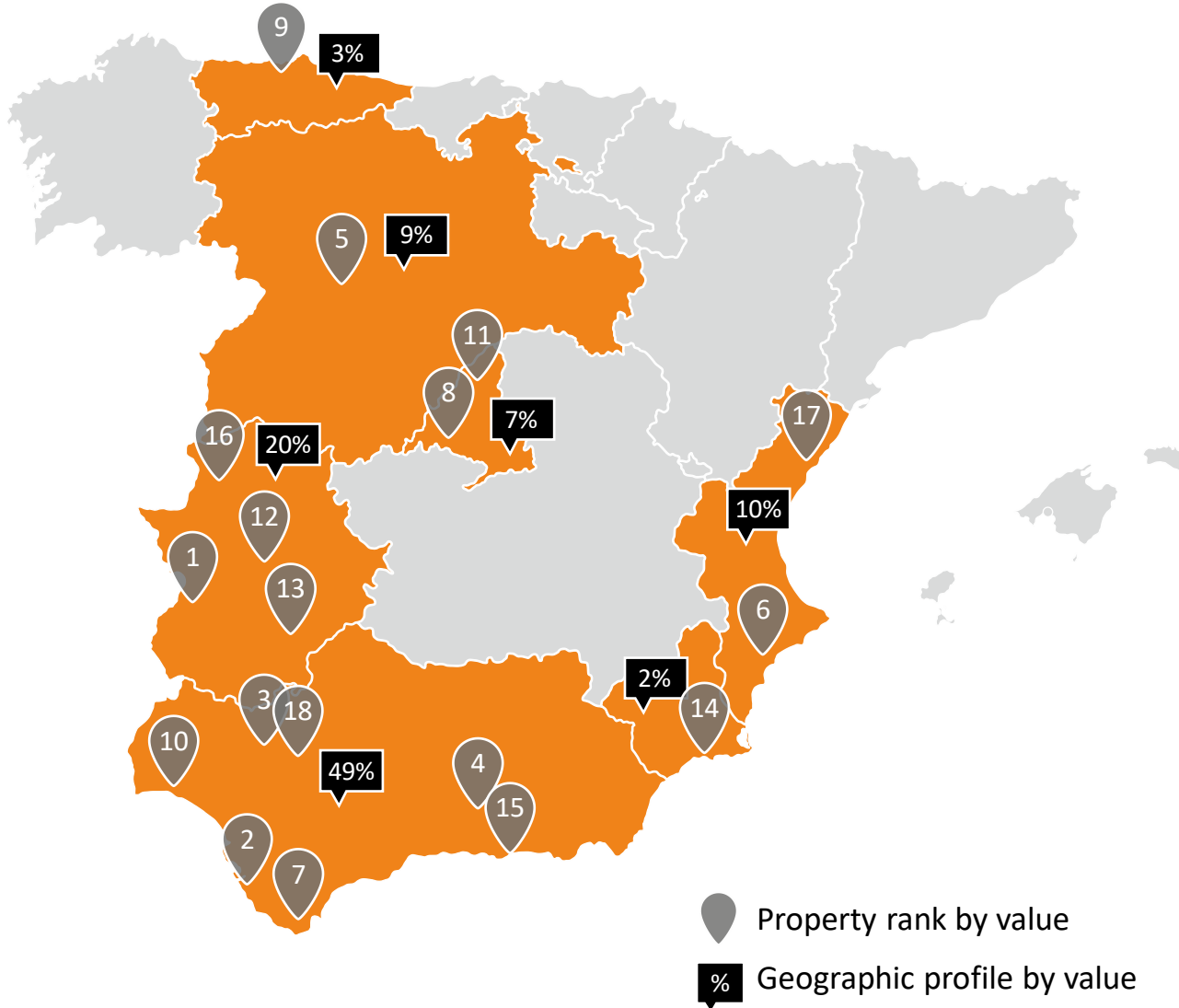
## PORTFOLIO OVERVIEW

Spanish Portfolio



# OUR PORTFOLIO

## WELL DIVERSIFIED ACROSS SPAIN



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

## SPANISH PORTFOLIO OVERVIEW

## TOP 10 ASSETS

## EL FARO



## BAHÍA SUR



## LOS ARCOS

GRANAITA <sup>(1)</sup>

## VALLSUR



## GAV

€159.0m

€137.9m

€137.2m

€109.1m

€90.7m

Province	Badajoz	Cádiz	Seville	Granada	Valladolid
Catchment Area (Inhabitants)	517 491	674 250	1 499 884	628 002	477 746
Gross Lettable Area	43 593m <sup>2</sup>	36 432m <sup>2</sup>	29 696m <sup>2</sup>	54 571m <sup>2</sup>	35 212m <sup>2</sup>
Monthly Rental	€19/m <sup>2</sup>	€25/m <sup>2</sup>	€27/m <sup>2</sup>	€10/m <sup>2</sup>	€15/m <sup>2</sup>
Sector	Shopping Centre	Shopping Centre	Shopping Centre	Retail Park	Shopping Centre
Major Tenants	Primark, Zara, Media Markt	Zara, Bershka, Stradivarius	Toys 'R' Us, Zara, Kiabi, Mercadona	Decathlon, Mercadona, Leroy Merlin	Carrefour, Yelmo Cines, H&M
WALE	9.7 years	10.1 years	14.2 years	12.9 years	16.3 years
Vacancy	2.5%	1.5%	6.5%	1.2%	2.9%

(1) Granaita is the integration of the former Kinopolis Retail Park, Kinopolis Leisure Centre and Alameda City Store into one asset

## TOP 10 ASSETS

## HABANERAS



## PUERTA EUROPA



## PARQUE OESTE (I)



## PARQUE PRINCIPADO



## MARISMAS DEL POLVORÍN



GAV	€84.8m	€64.7m	€49.5m	€33.5m	€27.0m
Province	Alicante	Cádiz	Madrid	Oviedo	Huelva
Catchment Area (Inhabitants)	531 670	311 110	5 856 325	866 511	318 213
Gross Lettable Area	24 166m <sup>2</sup>	29 792m <sup>2</sup>	13 604m <sup>2</sup>	16 246m <sup>2</sup>	18 220m <sup>2</sup>
Monthly Rental	€19/m <sup>2</sup>	€14/m <sup>2</sup>	€16/m <sup>2</sup>	€10/m <sup>2</sup>	€8/m <sup>2</sup>
Sector	Shopping Centre	Shopping Centre	Retail Park	Retail Park	Retail Park
Major Tenants	Leroy Merlin, Zara, Forum Sport	Primark, Yelmo Cines, Mercadona	Media Markt, Kiwoko, Worten	Bricomart, Conforama, Intersport	Media Markt, Mercadona, Low Fit
WALE	7.9 years	11.2 years	19.5 years	11.5 years	21.0 years
Vacancy	1.7%	1.1%	Fully let	Fully let	Fully let

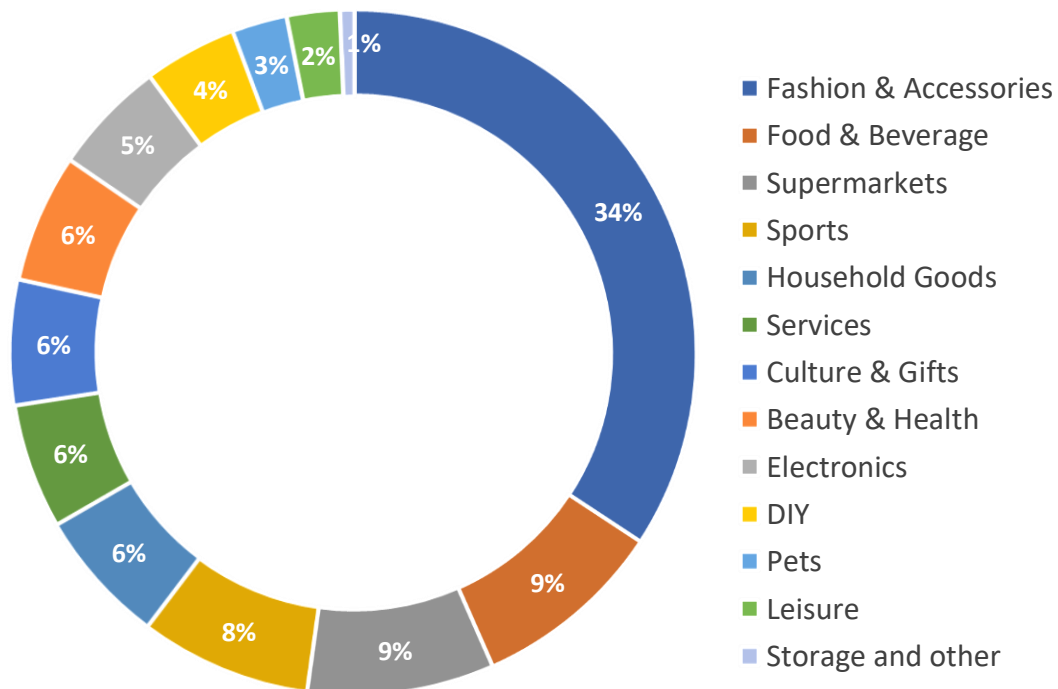
(I) Parque Oeste comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes

# TENANT MIX

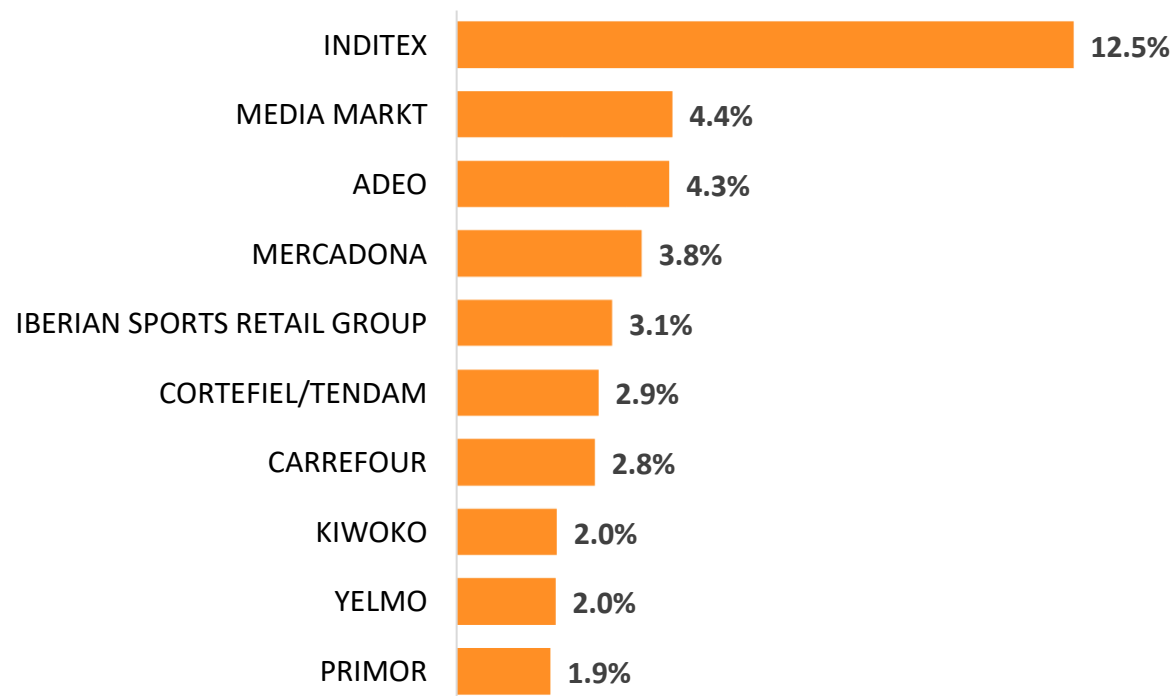
HIGHLY DIVERSIFIED RETAIL MIX LEADING TO SUSTAINABLE, HIGH QUALITY AND LOW RISK INCOME STREAMS

Assets <b>16</b>	GLA <b>356 734m<sup>2</sup></b>	WALE <sup>(i)</sup> <b>13.9 years</b>	Occupancy <b>98.4%</b>
---------------------	------------------------------------	--	---------------------------

**CATEGORY PROFILE BY RENT  
30 SEPTEMBER 2020**



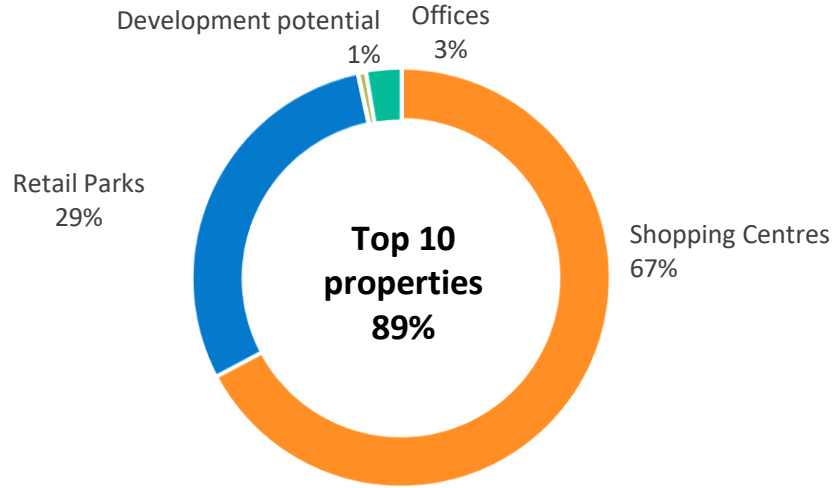
**TOP 10 TENANTS BY RENT  
30 SEPTEMBER 2020**



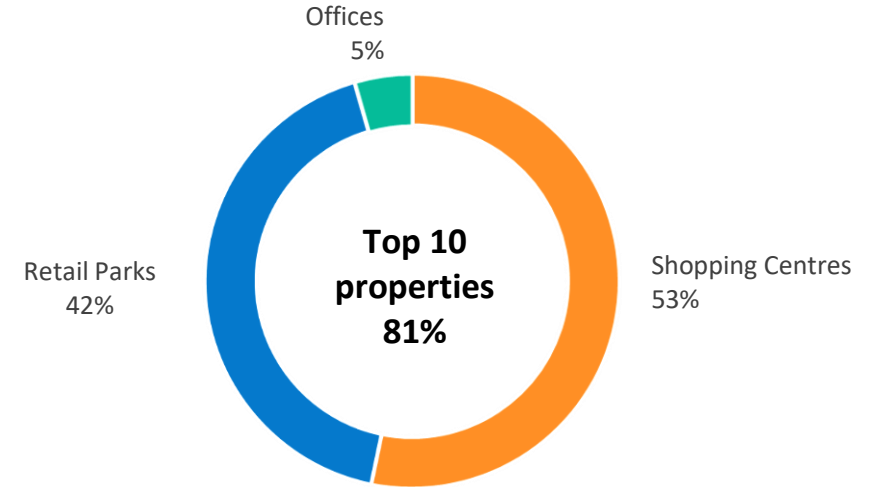
(i) WALE calculated according GLA is to expiry of lease excluding break options



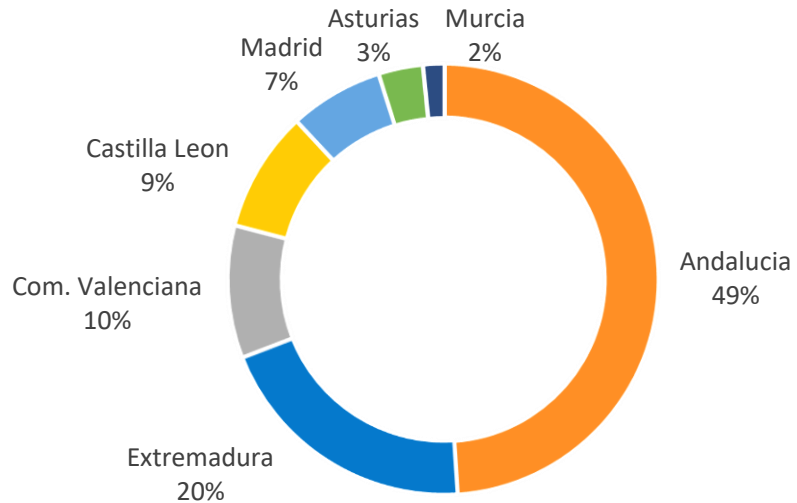
**SECTORAL PROFILE - BY VALUE**



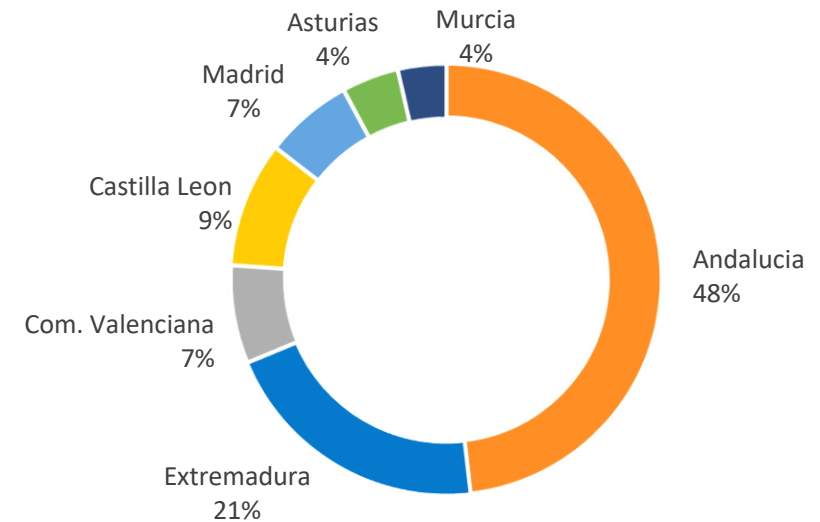
**SECTORAL PROFILE - BY GLA**



**GEOGRAPHIC PROFILE - BY VALUE**



**GEOGRAPHIC PROFILE - BY GLA**





VUKILE  
PROPERTY FUND

REAL ESTATE. REAL GROWTH.



CASTELLANA  
PROPERTIES

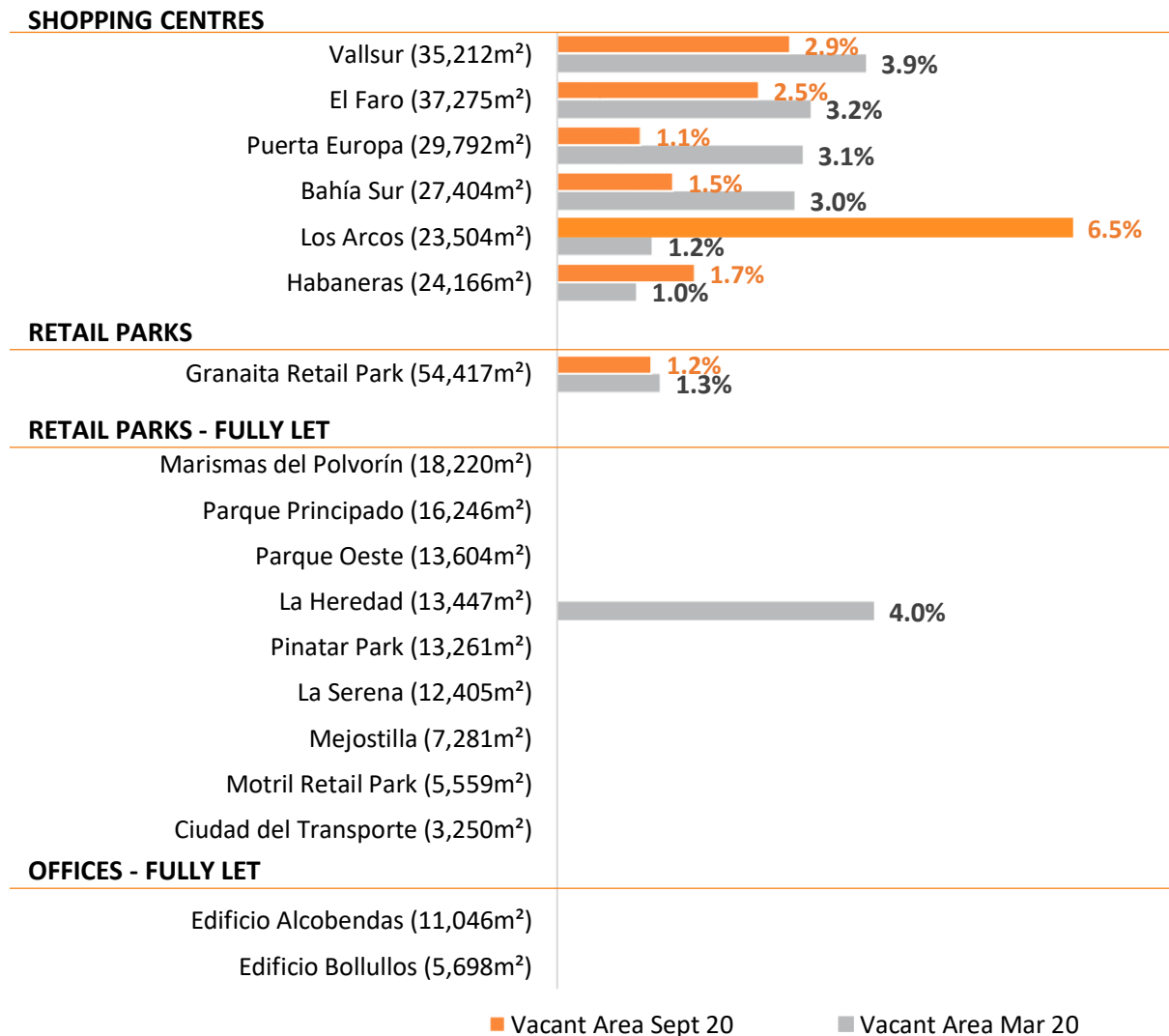
H1 FY2021  
OPERATIONAL  
REVIEW

Spanish Portfolio



# SPANISH VACANCY PROFILE

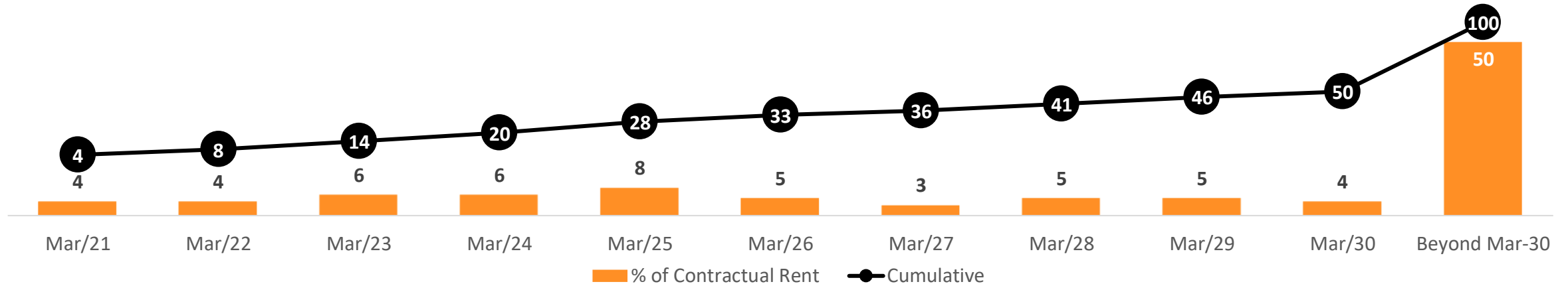
## PORTFOLIO VACANCY OF 1.5% OF GLA



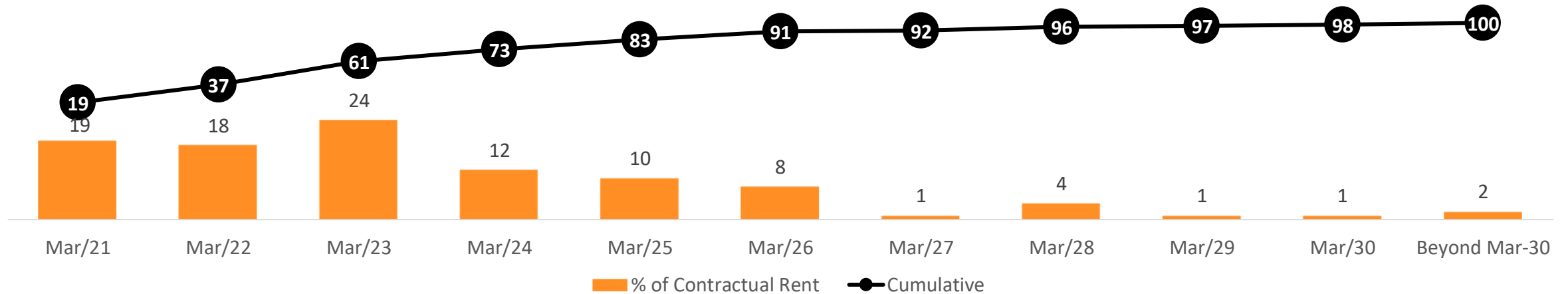
# RETAIL LEASE EXPIRY PROFILE

**54% OF CONTRACTUAL RENT EXPIRING IN FY2030 AND BEYOND (WALE 11.2 YEARS TO EXPIRY AND 2.7 YEARS TO BREAK)**

## EXPIRY PROFILE (% RENT)



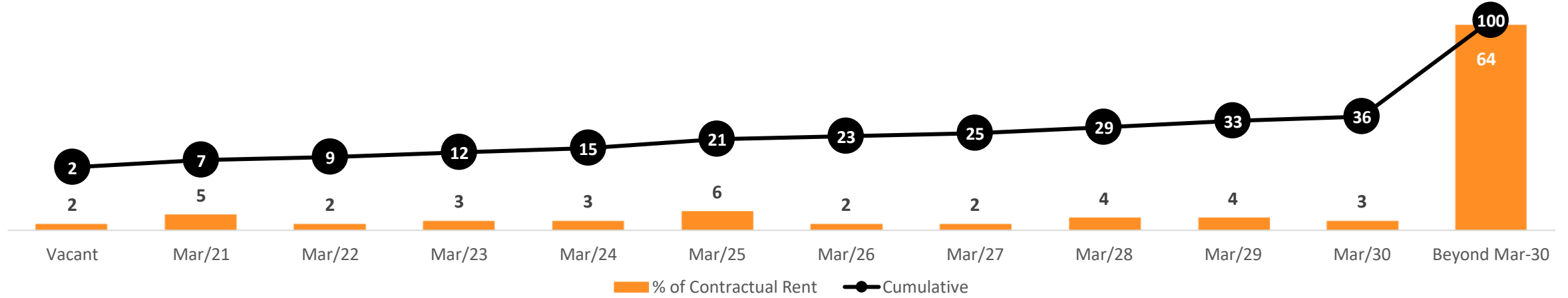
## BREAK PROFILE (% RENT)



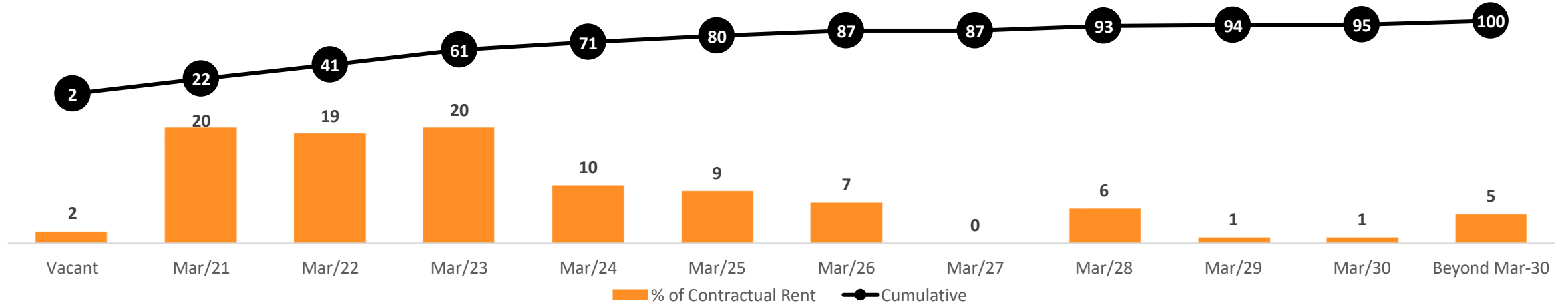
# RETAIL LEASE EXPIRY PROFILE

**68% OF CONTRACTUAL GLA EXPIRING IN FY2030 AND BEYOND (WALE 13.9 YEARS TO EXPIRY AND 2.9 YEARS TO BREAK)**

## EXPIRY PROFILE (% GLA)



## BREAK PROFILE (% GLA)



VUKILE  
PROPERTY FUND

REAL ESTATE. REAL GROWTH.



# GROWTH DRIVERS AND ASSET MANAGEMENT INITIATIVES

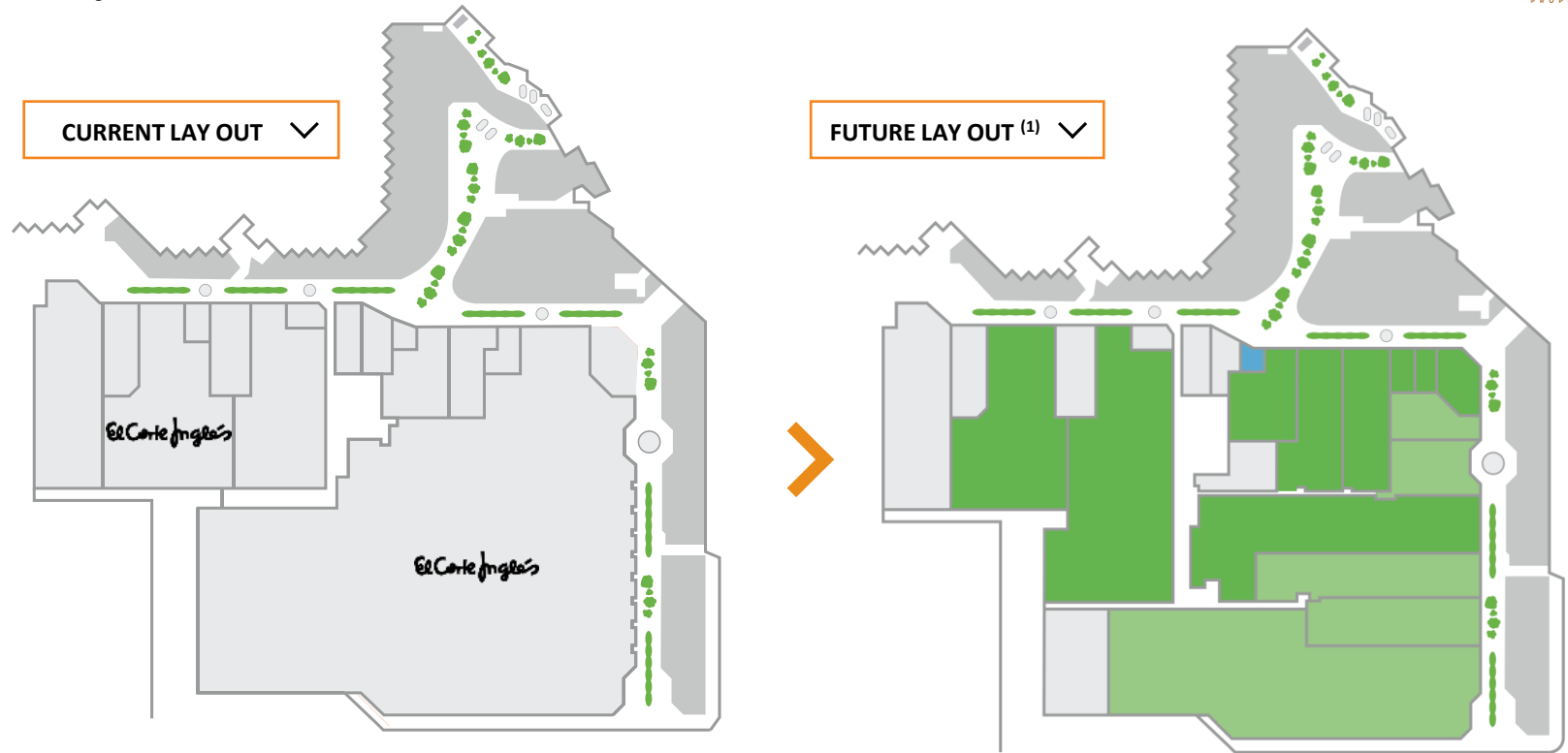
Spanish Portfolio



# REPOSITIONING PROJECT – BAHIA SUR 1 / 2



**ACQUISITION OF EL CORTE INGLES UNIT TO REINFORCE THE DOMINANCE OF THE CENTRE, BRINGING NEW AND EXCITING TENANTS TO THE CADIZ REGION**



## RETURN METRICS

Acquisition Cost	<b>€19.5m</b>
Capex Budget	<b>€17.8m</b>
Additional NOI created	<b>€2.25m</b>

**17**  
NEW BRANDS

**19 327 m<sup>2</sup>**  
GLA AFFECTED

**94.8 %**  
OF GLA SIGNED  
AND COMMITTED



NEW BRANDS

(1) Coloured areas refer to units affected by the project

**KIKO**

(4 July)

**LEFTIES**

(3 September)

**DECIMAS**

(18 September)

**SOLOPTICAL**

(25 September)

**ZARA**

(25 September)



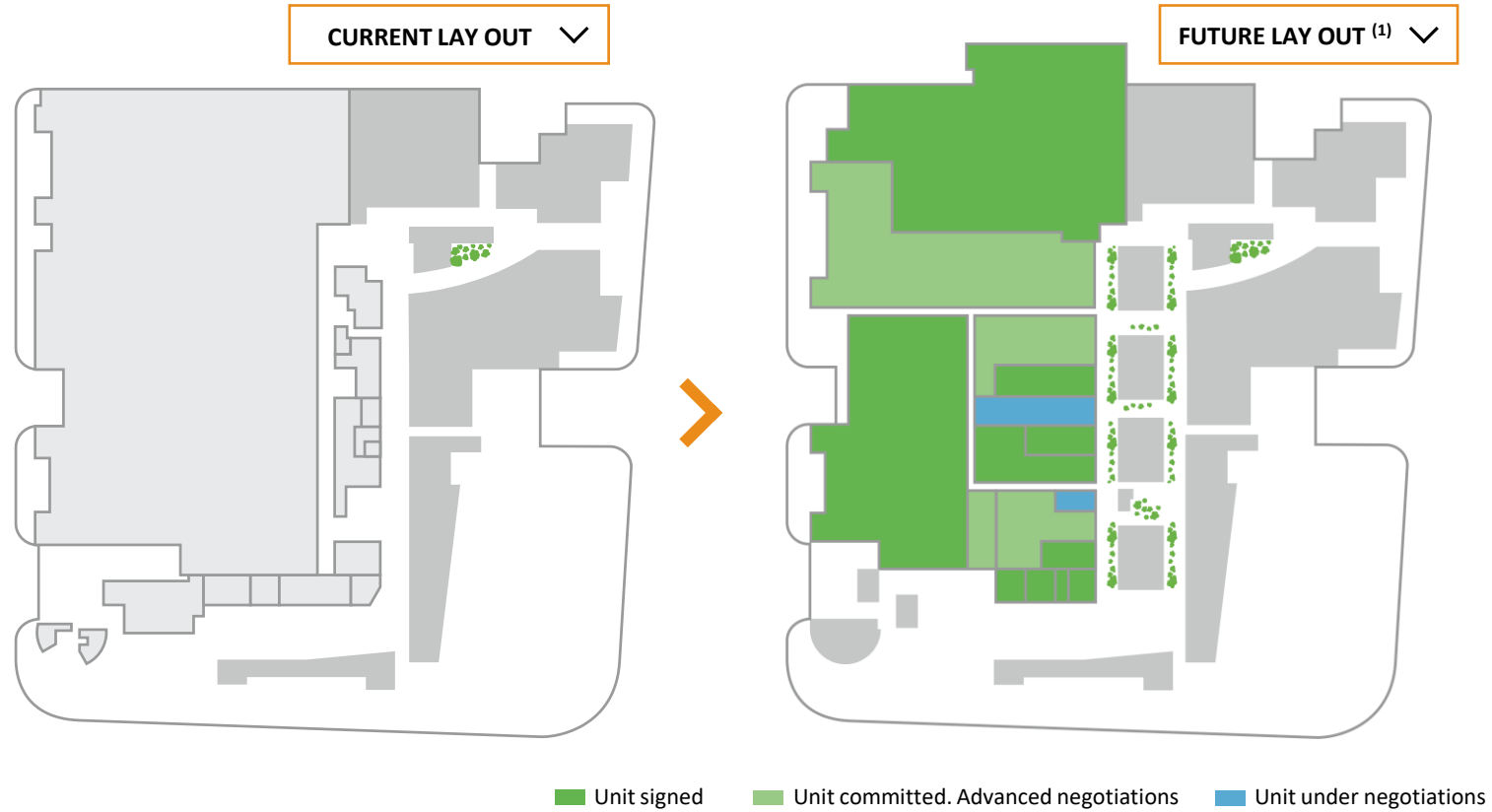
- > **6 new openings** in Bahia Sur SC thanks to the refurbishment project.
- > The **new Zara's flagship** opened in Bahia Sur last September, has more than **3 700 m<sup>2</sup>**.
- > It has an omnichannel focus with dedicated areas for **online orders** where customers can pick up their order through **QR codes** and use a **VIP fitting room**.
- > There is also a **self-checkout**, where customers can **pay or return** the garments by themselves.
- > Likewise, with this shop Zara introduces a new "**sustainable shopping experience**" integrating **new technologies** that reduce **energy** consumption by **20%**, water usage **by half** and **promotes recycling** with a dedicated area to recycle the **cardboard** of online packages



# REPOSITIONING PROJECT – LOS ARCOS 1 / 2



**ACQUISITION OF HIPERCOR UNIT  
ENABLING IMPROVED TENANT MIX  
ALONG WITH STREET LEVEL  
RECONFIGURATION**



## RETURN METRICS

Acquisition Cost **€17.3m**  
 Capex Budget **€6.3m**  
 Additional NOI created **€1.36m**

**16**  
NEW BRANDS

**11 242 m<sup>2</sup>**  
GLA AFFECTED

**84.0%**  
OF GLA SIGNED  
AND COMMITTED



(1) Coloured areas refer to units affected by the project

**MERCADONA**

(10 July)



**LA CALETA**

(28 September)



**EXTENSIONMANIA**

(24 September)



- > There have been 8 new openings in Los Arcos SC due to the refurbishment project.
- > Having commenced in mid-July with the opening of Mercadona, the category killer in groceries, Etam, Movistar, Decimas, Soloptical, Kiko and others, have also reopened new stores offering an enhanced experience to our customers
- > A far-reaching communication campaign was launched in Seville specifically for the Mercadona opening with a very positive reception from customers, far exceeding expectations.

**DECIMAS**

(10 July)



**ETAM**

(13 July)



**KIKO**

(31 July)



**SOLOPTICAL**

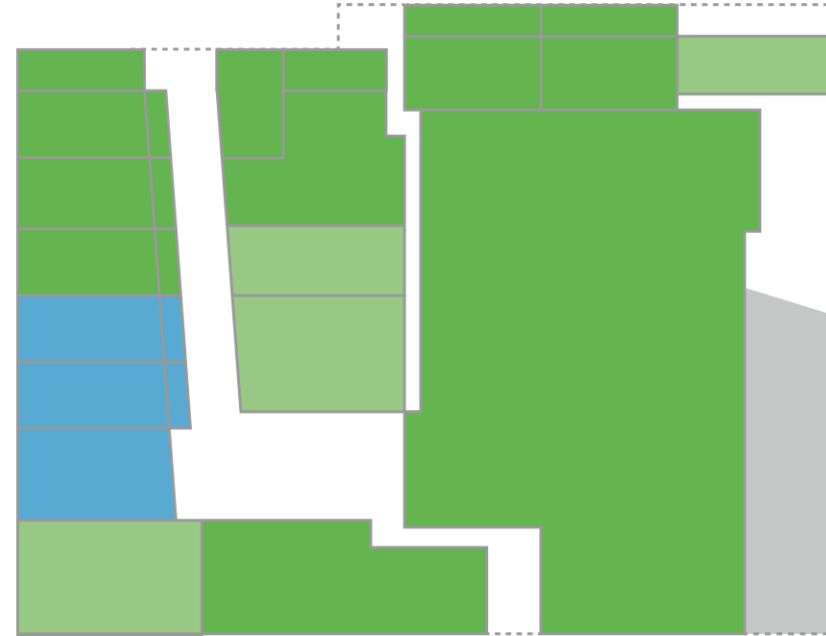
(17 July)



FUTURE LAY OUT (1) ✓



UNLOCKING VALUE BY TRANSFORMING FORMER DIY BOX INTO ATTRACTIVE F&B PLAZA



■ Unit signed   ■ Unit committed. Advanced negotiations   ■ Unit under negotiations

**RETURN METRICS**

Capex Budget

€4.5m

**16**

NEW BRANDS

Additional NOI created

€0.25k

**7 398 m<sup>2</sup>**

GLA AFFECTED

**92.0%**

OF GLA SIGNED AND COMMITTED



NEW BRANDS

(1) Coloured areas refer to units affected by the project

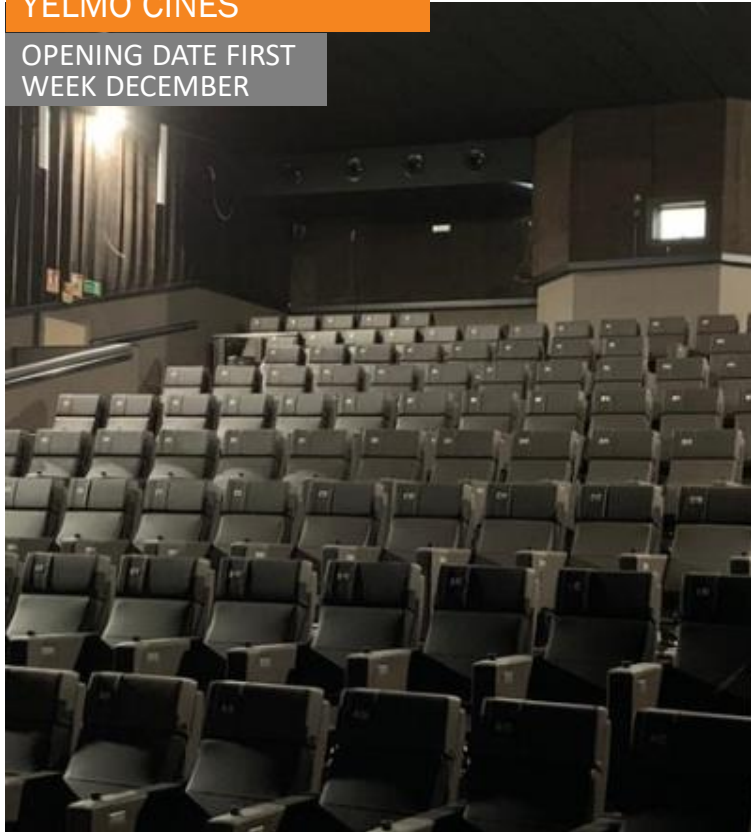
BURGER KING

2 OCTOBER



YELMO CINES

OPENING DATE FIRST  
WEEK DECEMBER



Yelmo Premium cinema will open in November, the only premium cinema in the region. This offer will be complete with new leisure activity including kids bowling and video games that will add value to our customers and complement the food offer coming into the new space.

FOSTER'S HOLLYWOOD

OPENING DATE FIRST  
WEEK DECEMBER



VUKILE  
PROPERTY FUND

REAL ESTATE. REAL GROWTH.



SPANISH  
ECONOMIC  
FUNDAMENTALS

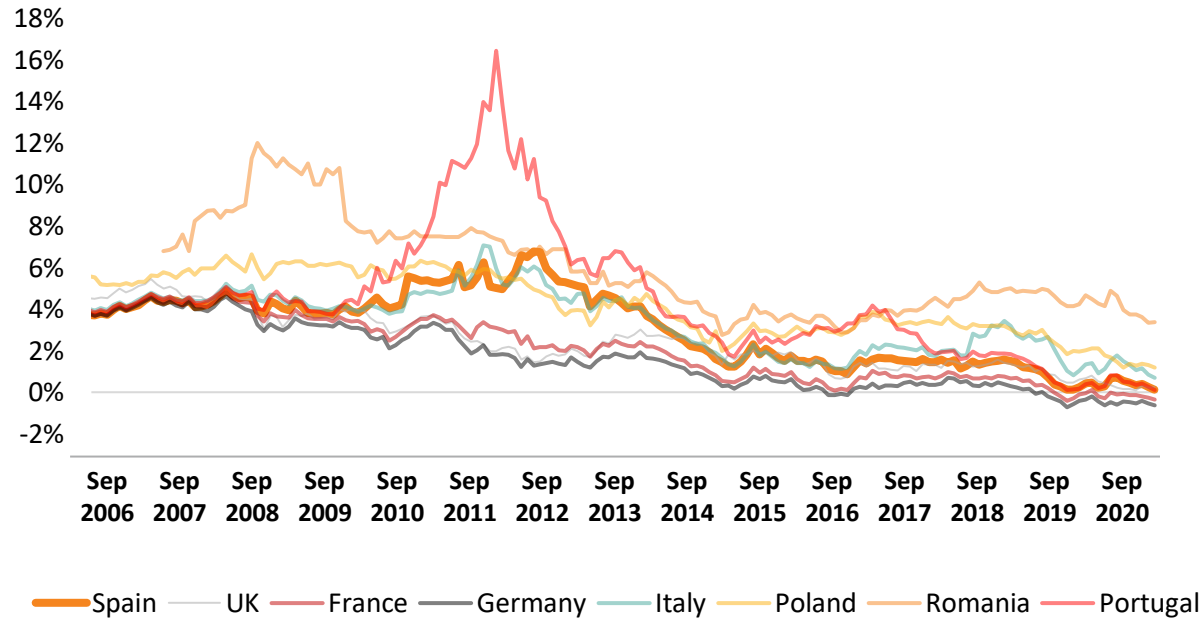
Spanish Portfolio



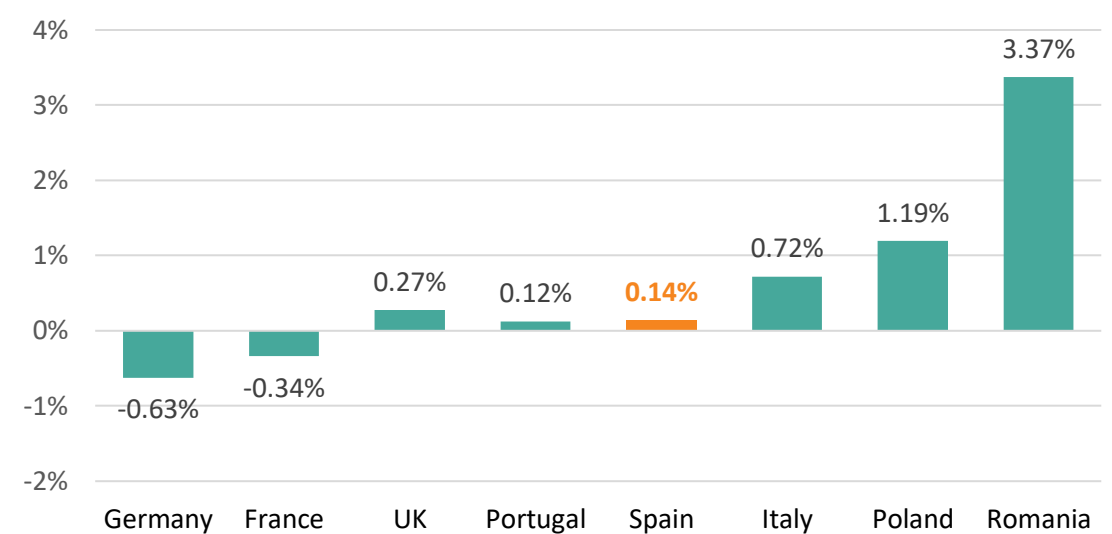
# IMPACT ON SPANISH ECONOMY

## ACCESS TO DEBT MARKETS, AT LOWER COSTS, FOR A LONGER PERIOD

### 10-YEAR GOVERNMENT BONDS (YIELD)



### BID YIELD (%) 31 OCTOBER 2020

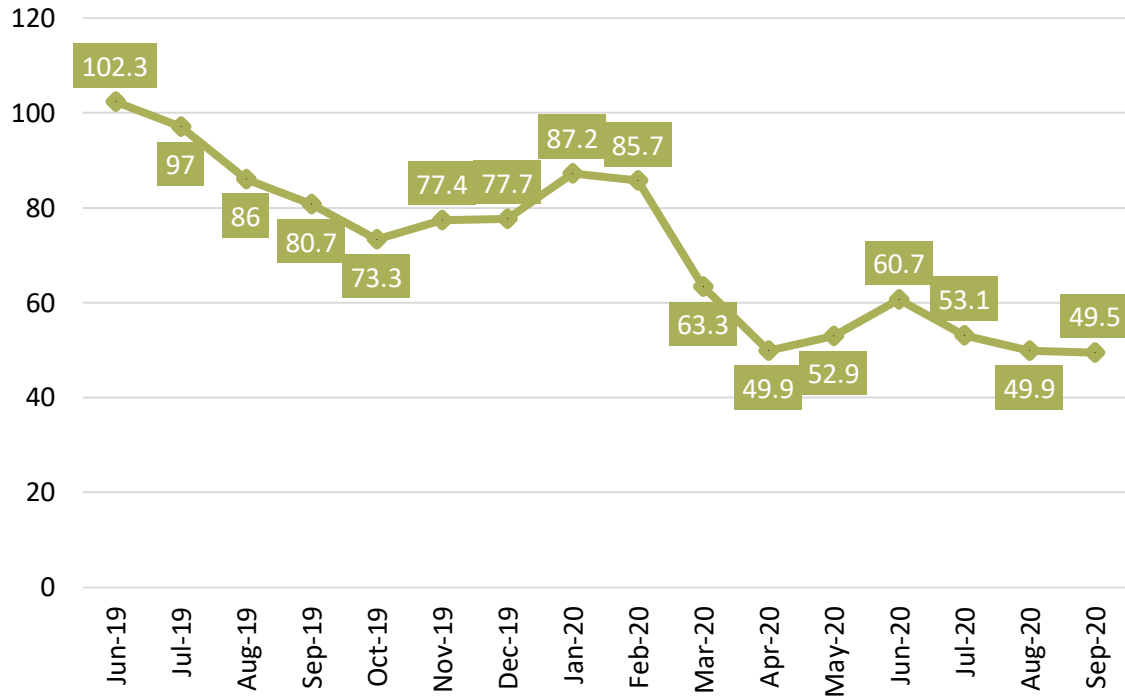


- > A -13% drop in GDP is expected for 2020, driven by a severe reduction in investment (-18%), and consumption (c. 16%), weighed down by the contraction of labour income in the context of ERTes and loss of jobs, and by households who choose to save instead of spending.
- > The expected rebound in 2021 will take GDP growth to +7.9%. However, GDP will still be 3.9% below its pre-COVID level.
- > As opposed to 2009 Financial Crisis, we expect an expansionary macroeconomic policy, keeping interest rates low, while public debt will be placed comfortably on the debt markets.
- > The increase in public spending (estimated at EUR26bn), and the fall in tax collections (-EUR72bn), will be reflected in the public deficit, which will exceed 12% of the GDP in 2020. Public debt will stand close to 120% of GDP.

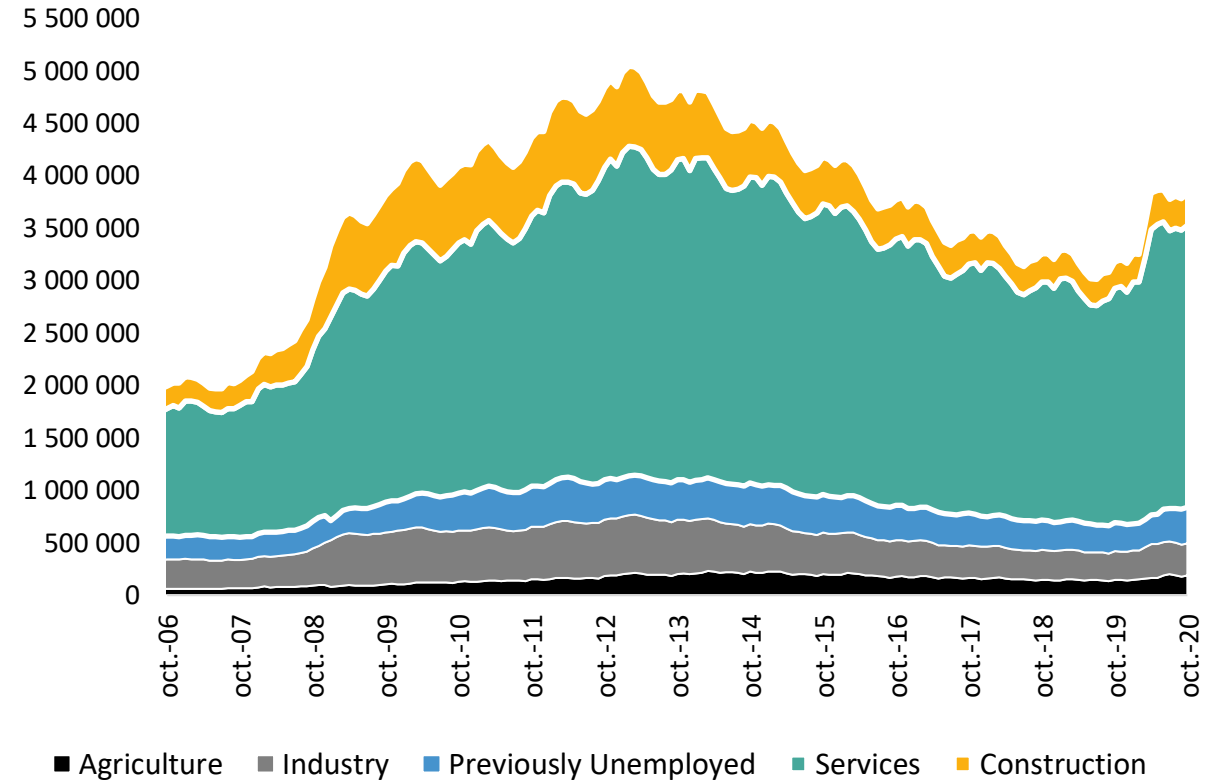
# IMPACT ON SPANISH ECONOMY

## UNEMPLOYMENT STILL BELOW 2012 PEAK

CONSUMER CONFIDENCE



UNEMPLOYMENT <sup>(1)</sup> IN SPAIN BY ECONOMIC SECTOR

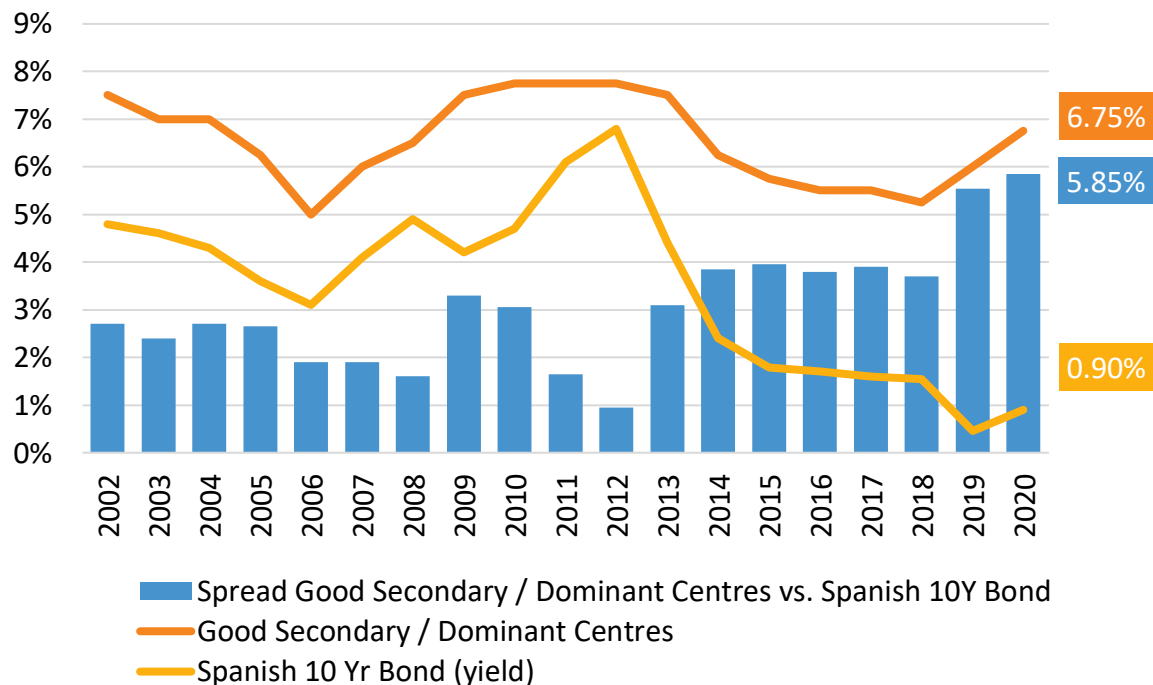


- > Unemployment rate in October increased to 16%, a figure that is still better than the 20% unemployment rate expected by analysts a few months ago.
- > After confidence indicators had picked up during the summer, consumer confidence fell again, as fears increased around a second wave of the pandemic.

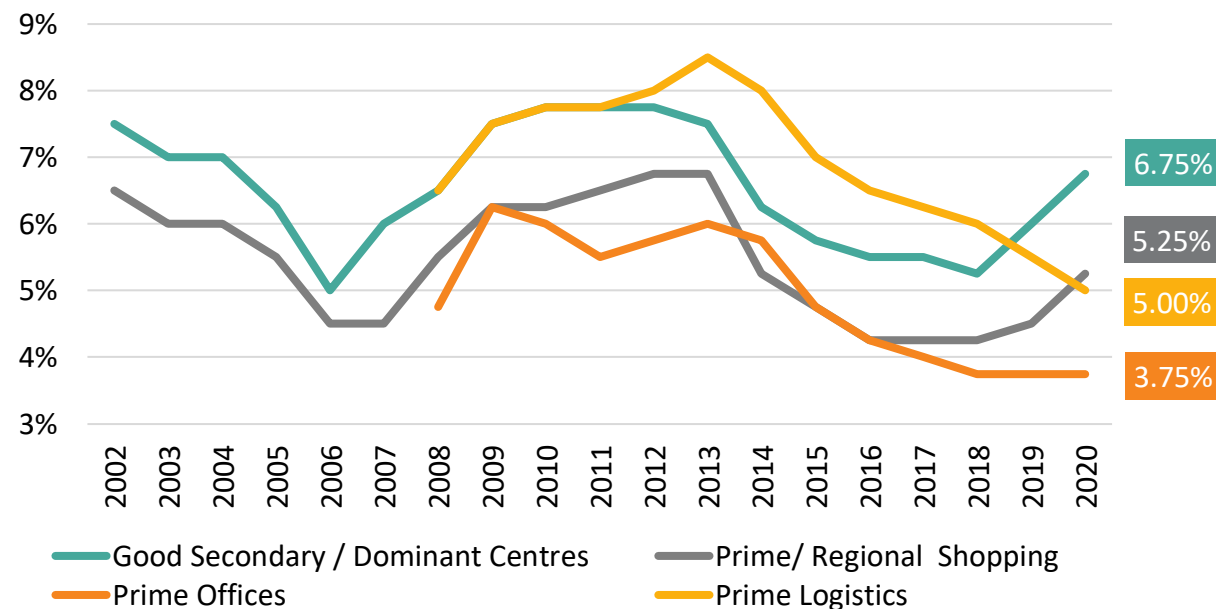
Source: Thompson Reuters, GS Research, INE.  
 (1) Registered unemployment excludes Temporary Employment Adjustments or ERTes.

## YIELDS ALREADY CLOSE TO HISTORIC HIGHS

### YIELD SPREADS AT HISTORICALLY ATTRACTIVE LEVELS



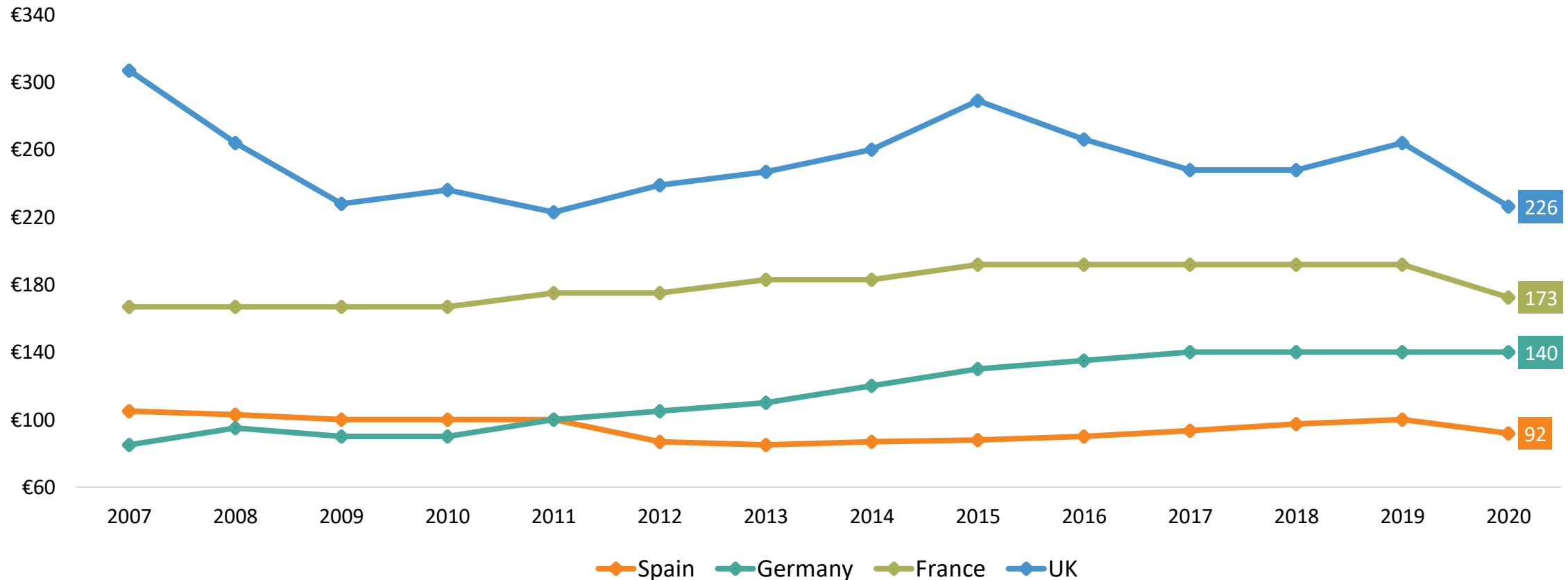
### ATTRACTIVE RELATIVE PRICING VERSUS OTHER CORE REAL ESTATE SECTORS



- > Market yields are more affected by market sentiment than pure operational performance. The impact is therefore different depending on the sector and general market sentiment. In Q2, all sectors, except for logistics, have seen their prime yields rise by around 25bps on average. The exception being prime logistics warehouses intended for e-commerce (5%), where prime yields are below those of shopping centres (5.25%) for the first time.
- > Significant spread of 585bps between shopping centre yields and Spanish 10Y bond suggests there is little room for further yield expansion. Also, the cost of debt during the financial crisis reached c. 6%. Today, balance sheets are healthier with borrowing costs at c. 2-2.5%.



## PRIME RENTS IN SPAIN AND GERMANY HAVE PROVEN MORE RESILIENT

PRIME SPANISH SHOPPING CENTRE RENTS VS REST OF EUROPE (€/m<sup>2</sup>/MONTH)

- > Compared to European counterparts, prime rents in **Spain and Germany** have proven more resilient throughout the first wave of the pandemic than those of France and UK. Spanish shopping centre prime rents remain well below the rest of Europe.



# VUKILE

PROPERTY FUND

REAL ESTATE. REAL GROWTH.

## APPENDIX C

FINANCIAL PERFORMANCE,  
DEBT AND TREASURY



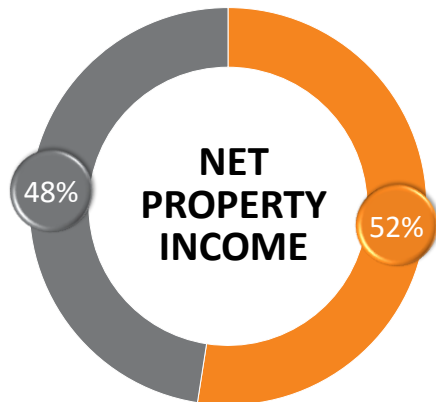
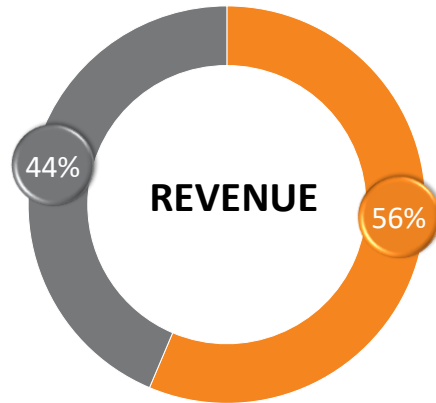
## SIMPLIFIED INCOME STATEMENT

	September 2020 6 months Rm	September 2019 6 months Rm	Variance %
Revenue	997	1 382	(27.8)
Southern Africa	690	779	(11.4)
Spain	307	603	(49.1)
Property Expenses	(223)	(162)	(37.5)
<b>Net property income</b>	<b>774</b>	<b>1 220</b>	<b>(36.6)</b>
Southern Africa	534	640	(16.6)
Spain	240	580	(58.6)
Corporate administration expenses	(154)	(140)	(9.8)
Income from listed investments (Fairvest and Arrowhead)	131	229	(42.6)
<b>Operating profit before finance costs</b>	<b>751</b>	<b>1 309</b>	<b>(42.6)</b>
Net finance costs	(368)	(296)	(24.4)
<b>Profit before equity-accounted income</b>	<b>383</b>	<b>1 013</b>	<b>(62.2)</b>
Share of profit from associate (Atlantic Leaf)	20	41	
<b>Profit before taxation</b>	<b>403</b>	<b>1 054</b>	<b>(61.8)</b>
Taxation	(5)	(14)	
<b>Profit for the period</b>	<b>398</b>	<b>1 040</b>	<b>(61.7)</b>
Non controlling interests	(10)	(88)	88.9
<b>Attributable to Vukile Group</b>	<b>388</b>	<b>952</b>	<b>(59.2)</b>
Non-IFRS adjustments	58	(105)	
Antecedent dividend	-	2	
Accrued dividends	55	(110)	
Non-cash impact of IFRS 16	3	3	
Available for distribution	446	847	(47.3)
<b>Dividend (Rm)</b>	<b>-</b>	<b>773</b>	
<b>Shares in issue (for dividend)</b>	<b>956 226 628</b>	<b>956 226 628</b>	
<b>Distributable earnings per share</b>	<b>46.63</b>	<b>88.53</b>	<b>(47.3)</b>

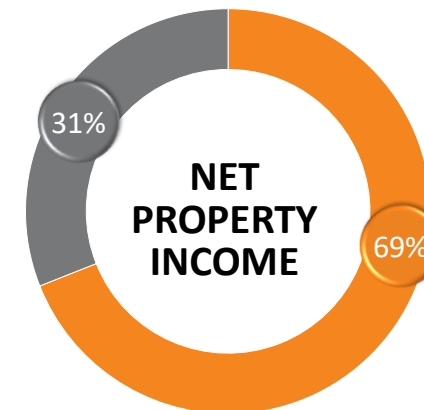
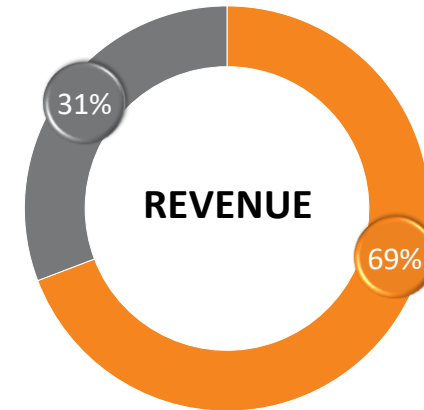
# GEOGRAPHICAL SEGMENT ANALYSIS

## SOUTHERN AFRICAN PORTFOLIO LESS IMPACTED BY COVID-19 RENT CONCESSIONS

6 MONTHS TO SEPTEMBER 2019



6 MONTHS TO SEPTEMBER 2020

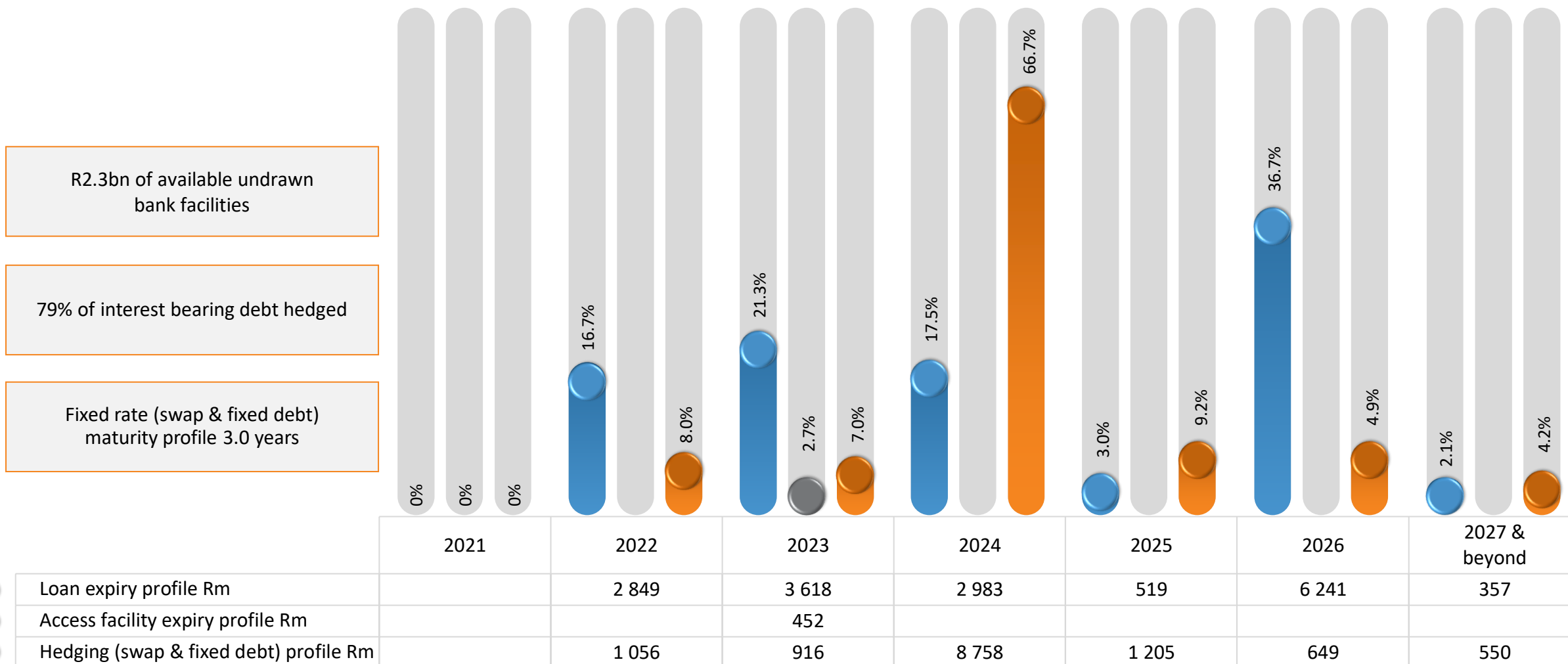


■ Southern Africa  
■ Spain

# ANALYSIS OF GROUP LOAN REPAYMENT AND HEDGING EXPIRY PROFILE

## WELL HEDGED WITH LOW RISK EXPIRY PROFILE

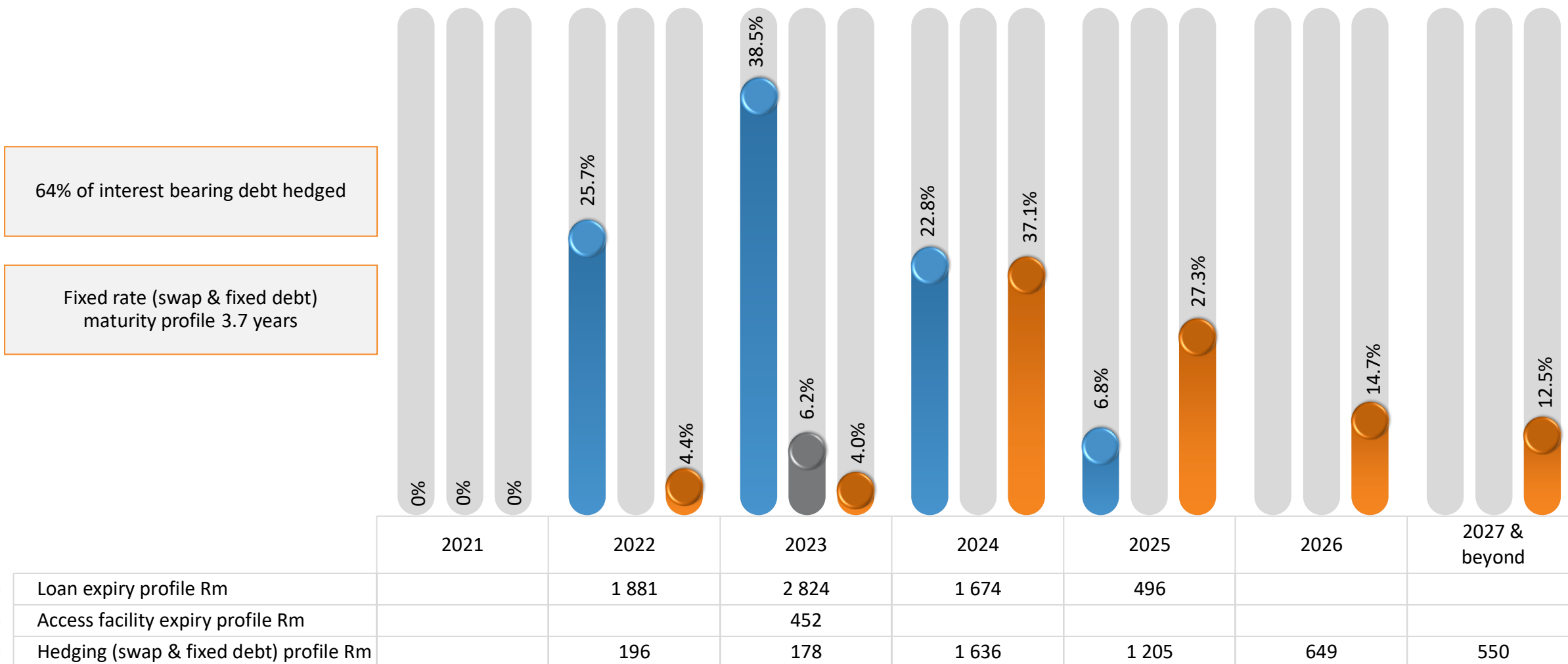
### GROUP LOAN AND HEDGING (SWAP & FIXED DEBT) EXPIRY PROFILE



# ANALYSIS OF SOUTHERN AFRICAN LOAN REPAYMENT AND SWAP EXPIRY PROFILE

## WELL HEDGED WITH LOW RISK EXPIRY PROFILE

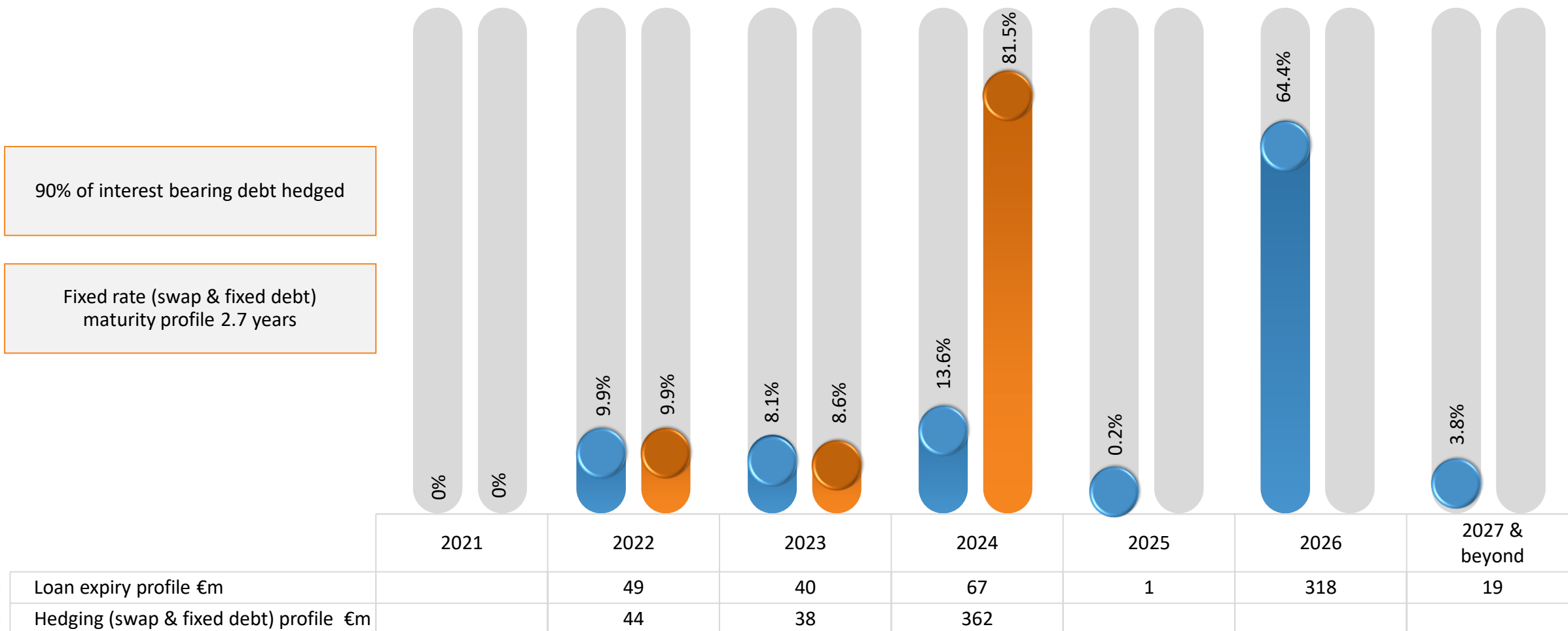
### SOUTHERN AFRICAN LOAN AND HEDGING (SWAP & FIXED DEBT) EXPIRY PROFILE



# ANALYSIS OF SPANISH LOAN REPAYMENT AND SWAP EXPIRY PROFILE

## LOW REFINANCE RISK OVER THE NEXT FIVE YEARS

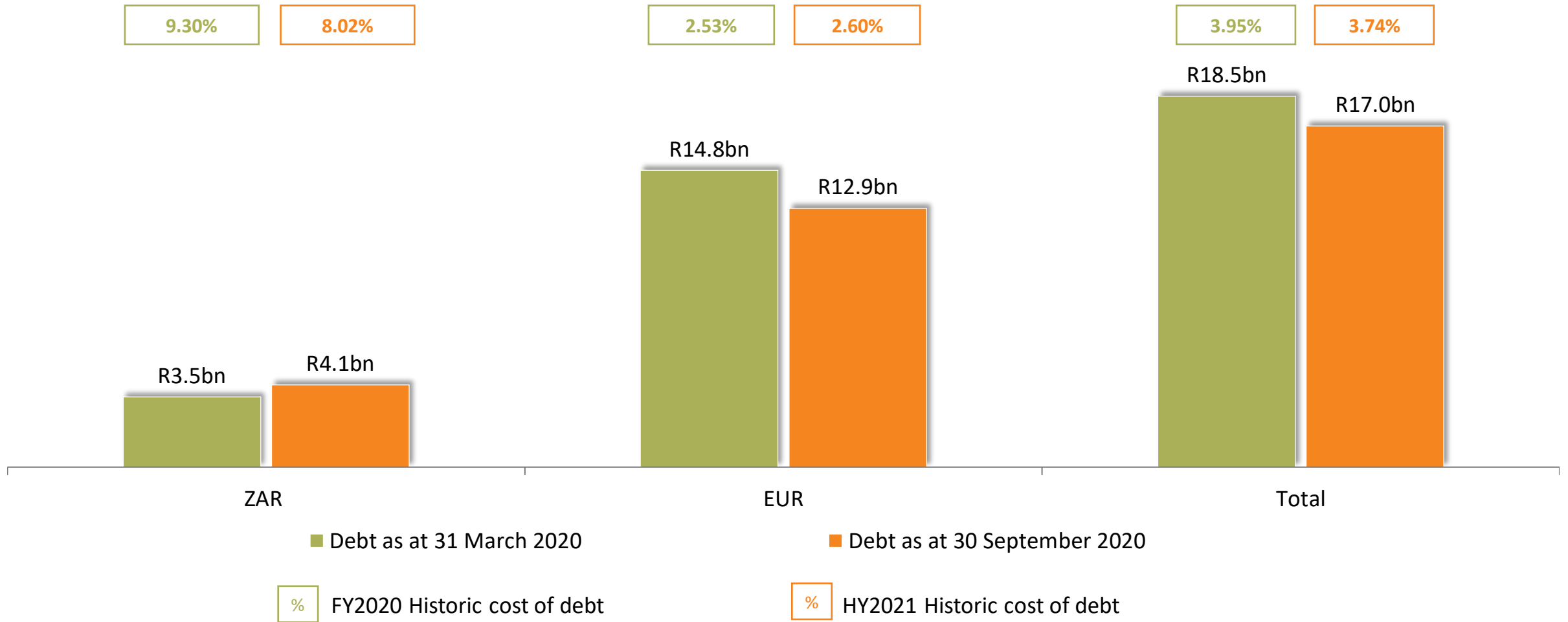
### SPANISH LOAN AND HEDGING (SWAP & FIXED DEBT) EXPIRY PROFILE



# COST OF FUNDING

## REDUCTION IN GROUP COST OF FINANCE DUE TO FUNDING MIX

### GROUP DEBT BY CURRENCY



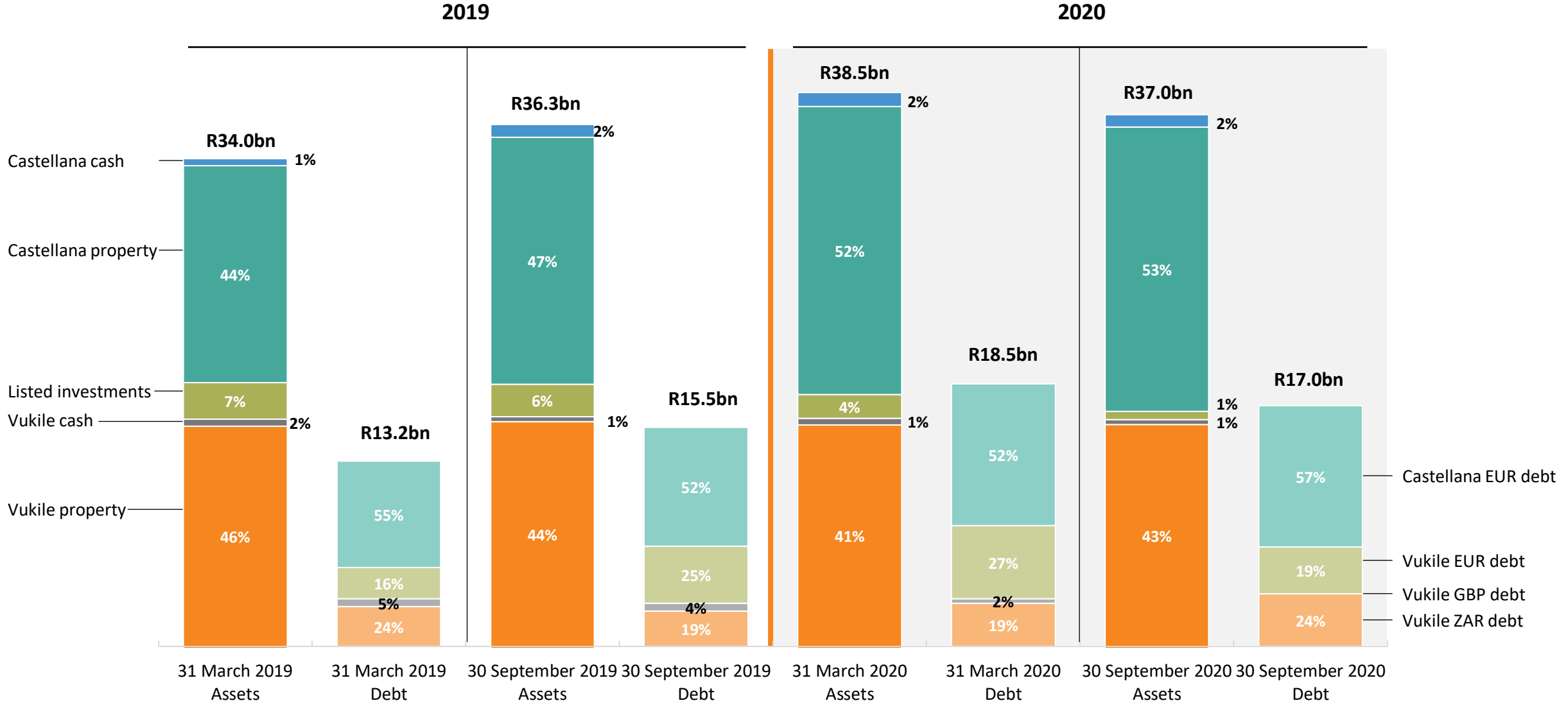


**CONSOLIDATED NET EXPOSURE BY CURRENCY****AT 30 SEPTEMBER 2020**

	ZAR Exposure Rm	EUR Exposure €m	Group Rm
Vukile property value	R15 734		<b>R15 734</b>
Arrowhead & Fairvest equity value	R574		<b>R574</b>
Castellana property value		€994	<b>R19 505</b>
<b>Total direct property and listed investments</b>	<b>16 308</b>	<b>€994</b>	<b>R35 813</b>
<b>Percentage of exposure of assets by currency</b>	<b>46%</b>	<b>54%</b>	<b>100%</b>
Vukile debt	(R4 106)	(€164)	<b>(R7 327)</b>
Castellana debt		(€494)	<b>(R9 692)</b>
Cash	R327	€42	<b>R1 153</b>
<b>Total net debt</b>	<b>(R3 779)</b>	<b>(€616)</b>	<b>(R15 866)</b>
<b>Percentage of exposure of net debt by currency</b>	<b>24%</b>	<b>76%</b>	<b>100%</b>
<b>Net debt / assets by currency</b>	<b>23.2%</b>	<b>62.0%</b>	<b>44.3%</b>
CCIRS nominal value	R2 738	(€183)	<b>(R844)</b>
<b>Net exposure</b>	<b>R15 267</b>	<b>€195</b>	<b>R19 103</b>
<b>Percentage of net exposure by currency</b>	<b>80%</b>	<b>20%</b>	<b>100%</b>

# COMPOSITION OF GROUP BALANCE SHEET

## MATCHING DEBT WITH ASSETS OVER TIME



# FORECAST LTV SENSITIVITY TO VALUATION AND FOREIGN EXCHANGE MOVEMENTS

AT 30 SEPTEMBER 2020

## EXAMPLE

> As the ZAR spot rate strengthens to EUR

A 5% strengthening to 18.64



A 3% increase in property valuation



A 1.70% decrease in the Group LTV

		Property valuation movement													
		-12%	-10%	-7%	-5%	-3%	-1%	0%	1%	3%	5%	7%	10%	12%	
EURZAR exchange rate	-25%	14.72	47.1%	46.0%	44.6%	43.7%	42.8%	41.9%	41.5%	41.1%	40.3%	39.6%	38.8%	37.8%	37.1%
	-20%	15.70	47.8%	46.7%	45.3%	44.3%	43.4%	42.6%	42.1%	41.7%	40.9%	40.2%	39.4%	38.4%	37.7%
	-15%	16.68	48.4%	47.4%	45.9%	44.9%	44.0%	43.2%	42.7%	42.3%	41.5%	40.7%	40.0%	38.9%	38.2%
	-10%	17.66	49.1%	48.0%	46.5%	45.5%	44.6%	43.7%	43.3%	42.9%	42.0%	41.3%	40.5%	39.4%	38.7%
	-5%	18.64	49.7%	48.6%	47.0%	46.1%	45.1%	44.2%	43.8%	43.4%	42.6%	41.8%	41.0%	39.9%	39.2%
	-1%	19.43	50.1%	49.0%	47.5%	46.5%	45.5%	44.6%	44.2%	43.8%	42.9%	42.1%	41.4%	40.2%	39.5%
	0%	19.6260	50.2%	49.1%	47.6%	46.6%	45.6%	44.7%	44.30%	43.9%	43.0%	42.2%	41.4%	40.3%	39.6%
	1%	19.82	50.3%	49.2%	47.7%	46.7%	45.7%	44.8%	44.4%	44.0%	43.1%	42.3%	41.5%	40.4%	39.7%
	5%	20.61	50.8%	49.7%	48.1%	47.1%	46.1%	45.2%	44.8%	44.3%	43.5%	42.7%	41.9%	40.8%	40.0%
	10%	21.59	51.3%	50.2%	48.6%	47.6%	46.6%	45.7%	45.2%	44.8%	43.9%	43.1%	42.3%	41.2%	40.4%
	15%	22.57	51.8%	50.6%	49.0%	48.0%	47.0%	46.1%	45.6%	45.2%	44.3%	43.5%	42.7%	41.5%	40.8%
	20%	23.55	52.2%	51.1%	49.4%	48.4%	47.4%	46.5%	46.0%	45.6%	44.7%	43.9%	43.1%	41.9%	41.2%
	25%	24.53	52.6%	51.5%	49.9%	48.8%	47.8%	46.9%	46.4%	46.0%	45.1%	44.2%	43.4%	42.3%	41.5%

## EUR FOREIGN EXCHANGE HEDGING

### MAINTAINING SUSTAINABLE PREDICTABLE INCOME WHILE REDUCING CURRENCY VOLATILITY

€000	Dec 2020	June 2021	Dec 2021	Jun 2022	Dec 2022	June 2023	Dec 2023	Jun 2024	Dec 2024
Fixed EUR/ZAR rate	18.4598	19.2738	20.1694	20.9673	21.8077	22.6975	23.0560	23.9613	24.2649

- > 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
- > **73%** 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	109%	92%	73%
Average percentage Gross EUR dividend hedged	184%	86%	65%

As the ZAR spot rate weakens to the EUR, a **1%** weakening from **19.6260** to **19.82**, is:

- > **+R38m** increase on Vukile's **NAV balance sheet movement** (assets less liabilities); and
- > **(R0.4m)** decrease on Vukile's **FY2021 earnings**
- > **+0.1%** increase on Vukile's **LTV to 44.4%**

## CROSS CURRENCY INTEREST RATE SWAP EXPOSURE

### LIMITED USE OF CROSS CURRENCY INTEREST RATE SWAPS

- > Cross Currency Interest Rate Swaps (“**CCIRS**”) have the ability to both hedge foreign exchange fluctuations on Vukile’s earnings and asset exposure. To minimise 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**
- > **No new CCIRS were entered during the year**
- > The **CCIRS** ratio to **total value of international investments** (on a consolidated basis) is **36.5%**
- > The **MtM loss** of CCIRS was **(R718m)** as at 30 September 2020, with **no margining applicable**
- > At the initiation of the Nedbank contract, Vukile placed **R100m cash on fixed deposit** with Nedbank in order to mitigate against MtM losses on expiry of the CCIRS in case of future weakening of the Rand

	EUR nominal €000	ZAR nominal R000	EUR/ZAR initial rate	EUR fixed rate over term	ZAR average rate over term	Maturity	MtM
Nedbank CCIRS June 2018 (€93.2m)	€93 200	R1 346 240	<b>14.4446</b>	1.90%	8.81%	<b>14 June 2021</b>	<b>(R457m)</b>
Nedbank CCIRS June 2018 (€23.8m)	€23 800	R360 380	<b>15.1420</b>	1.29%	8.81%	<b>14 June 2021</b>	<b>(R96m)</b>
ABSA CCIRS July 2018 (€40.0m)	€40 000	R629 860	<b>15.7465</b>	3.70%	11.88%	<b>13 June 2022</b>	<b>(R102m)</b>
Investec CCIRS July 2018 (€25.5m)	€25 500	R401 370	<b>15.7400</b>	3.72%	11.88%	<b>13 June 2022</b>	<b>(R63m)</b>
<b>Total</b>	<b>€182 500</b>	<b>R2 737 850</b>					<b>(R718m)</b>

## BALANCE OF SECURED AND UNSECURED DEBT

Corporate Bonds	Security	Amount	Reference Rate	Margin	Maturity Date	Initial Term
VKE10	Secured	R194m	3M JIBAR	1.80%	08 July 2022	5.2 years
VKE11	Unsecured	R175m	3M JIBAR	1.75%	20 April 2023	5.0 years
VKE12	Unsecured	R150m	3M JIBAR	1.60%	03 May 2021	3.0 years
VKE13	Unsecured	R535m	3M JIBAR	1.55%	27 August 2021	3.0 years
VKE14	Unsecured	R375m	3M JIBAR	1.65%	27 August 2023	5.0 years
VKE15	Unsecured	R119m	3M JIBAR	1.41%	14 February 2023	3.0 years
VKE16	Unsecured	R381m	3M JIBAR	1.61%	14 February 2025	5.0 years

Unsecured Debt Summary	Security	Amount
Corporate Bonds	Unsecured	R1 735m
Bank Debt	Unsecured	R520m
<b>Total Unsecured</b>		<b>R2 255m</b>

- Secured long-term credit rating **AAA<sub>(ZA)(EL)</sub>**, corporate long-term credit rating **AA<sub>-(ZA)</sub>** and corporate short-term rating **A1+<sub>(ZA)</sub>**, with a **stable outlook**

## OVERVIEW OF DMTN SECURED PROPERTY PORTFOLIO

## QUALITY PORTFOLIO

Direct property <b>R676m</b>	No. of properties <b>2</b>	GLA <b>39 124m<sup>2</sup></b>	Average property value <b>R338m</b>	Retail rent from national tenants <b>84%</b>	Contractual rental escalation <b>6.9%</b>
Income from top 10 tenants <b>48%</b>	WALE of <b>4.7 years</b>	Retail tenant retention <b>99%</b>	Vacancy (by rent) <b>2.1%</b>	Total DMTN secured debt <b>R194m</b>	DMTN secured LTV ratio <b>28.7%</b>

## OVERVIEW OF UNENCUMBERED ASSETS

## QUALITY UNENCUMBERED ASSETS

Total unencumbered assets	Unencumbered direct property	Unencumbered listed shares	Number of properties	GLA
<b>R7 123m</b>	<b>R4 050m</b>	<b>R3 073m</b>	<b>29</b>	<b>320 003m<sup>2</sup></b>
Average property value	Retail rent from national tenants	Contractual rental escalation	Income from top 10 tenants	WALE of
<b>R139m</b>	<b>84%</b>	<b>6.7%</b>	<b>47%</b>	<b>3.0 years</b>
	Retail tenant retention	Vacancy (by rent)	Total unsecured debt	Unsecured debt to unencumbered assets ratio
	<b>94%</b>	<b>5.3%</b>	<b>R2 255m</b>	<b>31.7%</b>



**"SEE-THROUGH" LOAN-TO-VALUE RATIO**

	Interest bearing debt 000	Property assets 000	Cash 000	LTV	Shareholding
Vukile Company, MICC and 100% of Clidet No. 1011	R7 327 413	R15 734 433	R327 275	<b>44.5%</b>	100.0%
Castellana	R9 691 908	R19 505 103	R826 311	<b>45.5%</b>	82.6%
Fairvest	R1 270 648	R3 233 390	R13 757	<b>38.9%</b>	26.6%
Arrowhead	R6 266 218	R14 652 139	R135 020	<b>41.9%</b>	10.8%
<b>"See-through" Loan-to-Value Ratio</b>	<b>R16 347 904</b>	<b>R34 288 852</b>	<b>R1 028 009</b>	<b>44.7%</b>	

## 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) *Fixed rate (swaps & fixed) hedging ratio excludes access facilities and commercial paper*
- (iii) *Historic cost of debt are based on actual interest costs including hedging and amortised transaction costs divided by the average debt over the respective period*
- (iv) *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 a 12-month historic period*
- (v) *€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)*
- (vi) *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 to re-new the debt facilities with Aareal at least 12 months prior to their maturities*
- (vii) *Castellana EUR Debt comprises €493.8m converted at the EUR/ZAR spot rate of 19.6260 at 30 September 2020, which is non-recourse to Vukile*
- (viii) *Vukile EUR debt comprises to €164.1m converted at the EUR/ZAR spot rate of 19.6260 at 30 September 2020*
- (ix) *Total unsecured debt includes (i) unsecured corporate bonds VKE11, VKE12, VKE13, VKE14, VKE15 and VKE16; (ii) a Standard Bank unsecured term loans of €6.5m; and (iii) a Nedbank unsecured term loans of €20m.*
- (x) *"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*
- (xv) *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.*
- (xvi) *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.*
- (xvii) *MtM of derivatives valued at -R 1 102m not included in interest bearing debt*
- (xviii) *Cash and cash equivalents (excluding tenant deposits & restricted cash) of R1 153m*
- (xix) *Vukile Group Property Portfolio, on a consolidated basis, includes 100% of the consolidated value of Moruleng Mall (Clidet No. 1011 (Pty) Ltd)*
- (xx) *Market value of equity investments consists of Fairvest and Arrowhead with a value of R573m. Market value of equity investments calculated as the sum of (i) the number of Fairvest shares (270 394 812) multiplied by their share price (R1.57) and (ii) the number of Arrowhead B shares (114 438 564) multiplied by their share price (R1.30), at 30 September 2020.*