VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

INTERIM FINANCIAL RESULTS

Six months ended 30 September 2022

H1 FY23

AGENDA

1

INTRODUCTION

Laurence Rapp

VUKILE
PROPERTY FUND
REAL ESTATE. REAL GROWTH.

PROFILE

VUKILE PROPERTY FUND
REAL ESTATE. REAL GROWTH.

WHO WE ARE

- High-quality, low-risk, **retail REIT** operating in South Africa and Spain
- Significant **geographic diversification** with **56% 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
- **Simple** and **transparent** corporate structure
- 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**
- **89.6%** held subsidiary Castellana Property Socimi listed on the **BME growth** (Madrid junior board)

ROBUST OPERATING RESULTS AND DEFENSIVE FINANCIAL POSITION

SOUTH AFRICAN PORTFOLIO CONTINUES TO OUTPERFORM WITH POSITIVE TRADING METRICS AND OPERATIONAL RESULTS

Like-for-like annualised **NOI growth** of **4%**

Vacancies reduced to **2.3%**

Rental **reversion** cycle turned positive to **+1.6% from -2.4%**

Annualised trading densities increased by **7%**

Like-for-like retail **valuations increase** of **3%**

CASTELLANA LEADS THE MARKET WITH ACTIVE ASSET MANAGEMENT AND IMPRESSIVE OPERATIONAL RESULTS

Normalised **NOI growth** of **7.5%**

Vacancies maintained at **1.6%**

Positive reversions of **+4.6%**

Rent collection rate at **99.03%**

Portfolio WALE of **12.1 years**

Footfall and sales growth trends **outperform** national benchmarks

BALANCE SHEET DEFENSIVELY POSITIONED IN A RISING INTEREST RATE CYCLE

87% of group interest-bearing **debt hedged**

No debt maturities in Castellana until **FY26**

Interest cover ratio (ICR) of **2.9 times** and LTV maintained at **43%**

GCR **upgraded** Vukile's corporate long-term credit rating to **AA(za)**

88% of debt expiring in FY23 has already been repaid, refinanced or renegotiated

Undrawn debt facilities increased to **R3.6 billion**

OPTIMAL CAPITAL ALLOCATION THROUGH ACTIVE ASSET ROTATION

Sale of direct property assets of **c.R280 million** in South Africa

Further sale of Fairvest shares, realising **R46.6 million**

Acquisition of Pan Africa Shopping Centre for **c.R421 million**, expected to be concluded by Q4 FY23

Agreement reached to acquire 50% undivided share in BT Ngebs City for **R400 million**

Castellana acquired a further **4%** in LAR España for c.**€15.9 million**, increasing total shareholding to **25.7%**

INCREASE IN CASH DIVIDEND

Interim dividend of **47.32 cents per share**, up 16.8% on the corresponding prior period

Total FFO of **80.8 cents per share**

GROUP OVERVIEW – PROPERTY ASSETS OF R35 BILLION

FOCUSSED RETAIL REIT WITH A BLUE CHIP TENANT MIX PROVIDING WELL DIVERSIFIED EXPOSURE ACROSS MACRO-ECONOMIC DRIVERS

	SPAIN			SOUTH AFRICA	
Total property assets	€1 105m	**R19.6bn**	56%	**R15.3bn**	44%
Direct property assets	€1 012m	**R17.9bn**	100% Retail	**R14.8bn**	96% Retail
Strategic listed investments	€93m	**R1.6bn**	LAR España 25.7% ↑	**R298m**	Fairvest 6% ↓
Property NOI	€30m	**R508m**	44%	**R642m**	56%
Portfolio yield	5.9%		EUR yield	**8.7%**	ZAR yield
Debt	€499m	**R8.9bn**	56% (% of total debt) No recourse to Vukile	**R7.1bn**	44% (% of total debt)

2

SOUTH AFRICAN RETAIL PORTFOLIO

OVERVIEW AND TRADING UPDATE

Itumeleng Mothibeli

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

DIRECT SOUTH AFRICAN RETAIL PORTFOLIO

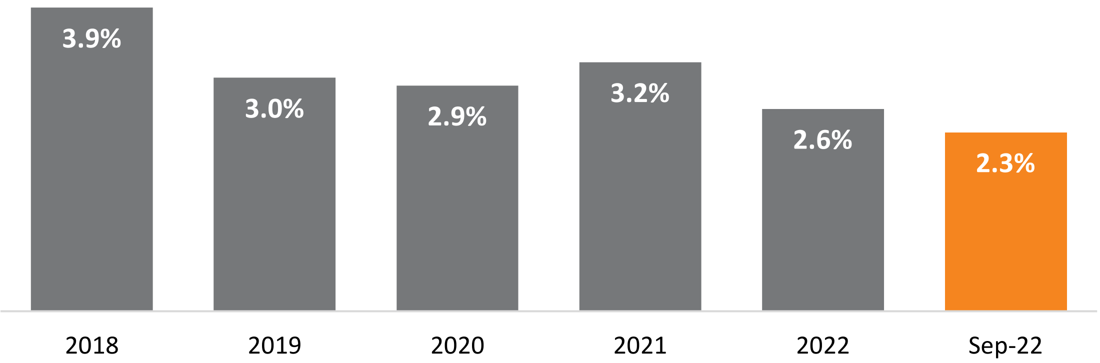
KEY RETAIL PORTFOLIO METRICS

KEY FACTS	Portfolio Value R14.0bn	Total number of assets 34	GLA 760 708m^2	Operational Capex R56m	PV installed 17 plants 12.7MW 9% of energy consumption
VALUATIONS	Like-for-like increase in value 3.0%	Average asset value R411m	Value density R18 379/m^2	Average discount rate 13.4%	Average exit capitalisation rate 8.9%
PERFORMANCE OVERVIEW	Like-for-like net income growth 4.0%	Vacancies 2.3% GLA 2.2% Rent	Reversions +1.6% 79% Positive or flat	Base rentals R156.08/m^2 2.2% growth	Contractual escalations 6.4%
EFFICIENCY	Rent-to-sales ratio 6.0%	Annualised growth in trading densities 7.0%	Average annual trading density R32 255/m^2	Net cost to property revenue 16.9%	
TENANT PROFILE	National exposure 86% GLA 83% Rent	Top 10 tenants 54% GLA 46% Rent	WALE 3.4 years GLA 2.7 years Rent	Tenant retention 94%	Rent collection rate 99%

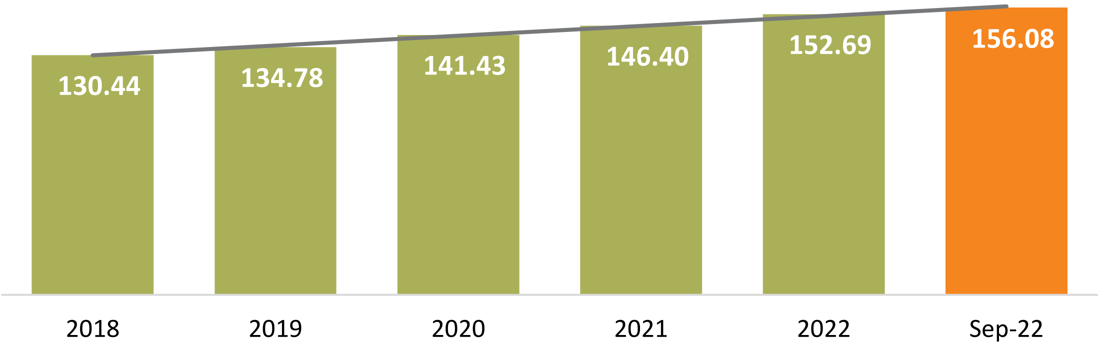
PORTFOLIO METRICS

CONSISTENTLY SOUND METRICS OVER TIME

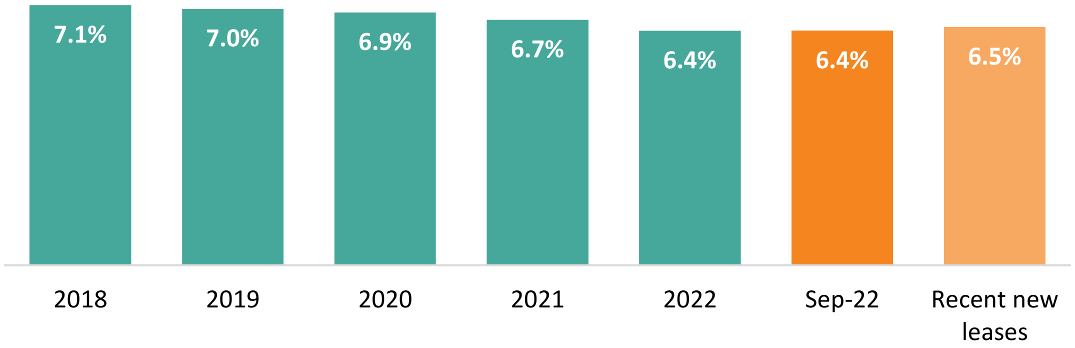
RETAIL VACANCY PROFILE BY GLA



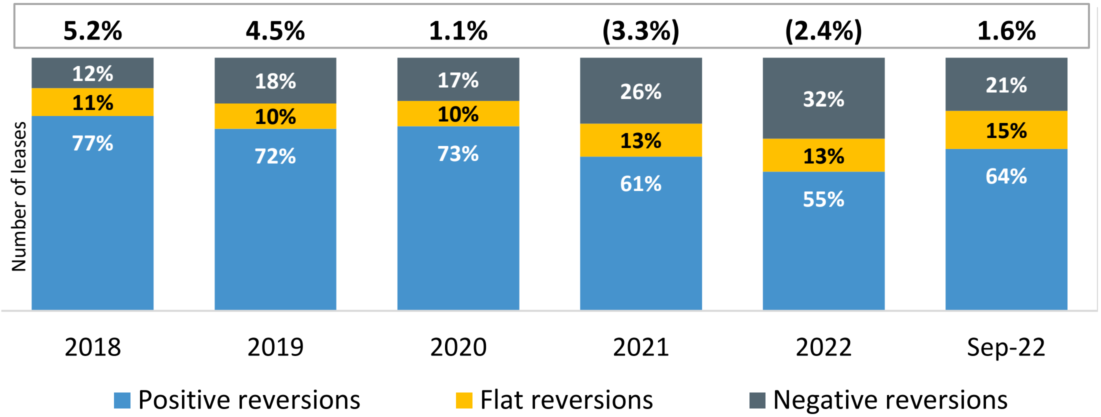
RETAIL AVERAGE BASE RENTALS R/M² (EXCL. RECOVERIES)



RETAIL CONTRACTUAL ESCALATIONS



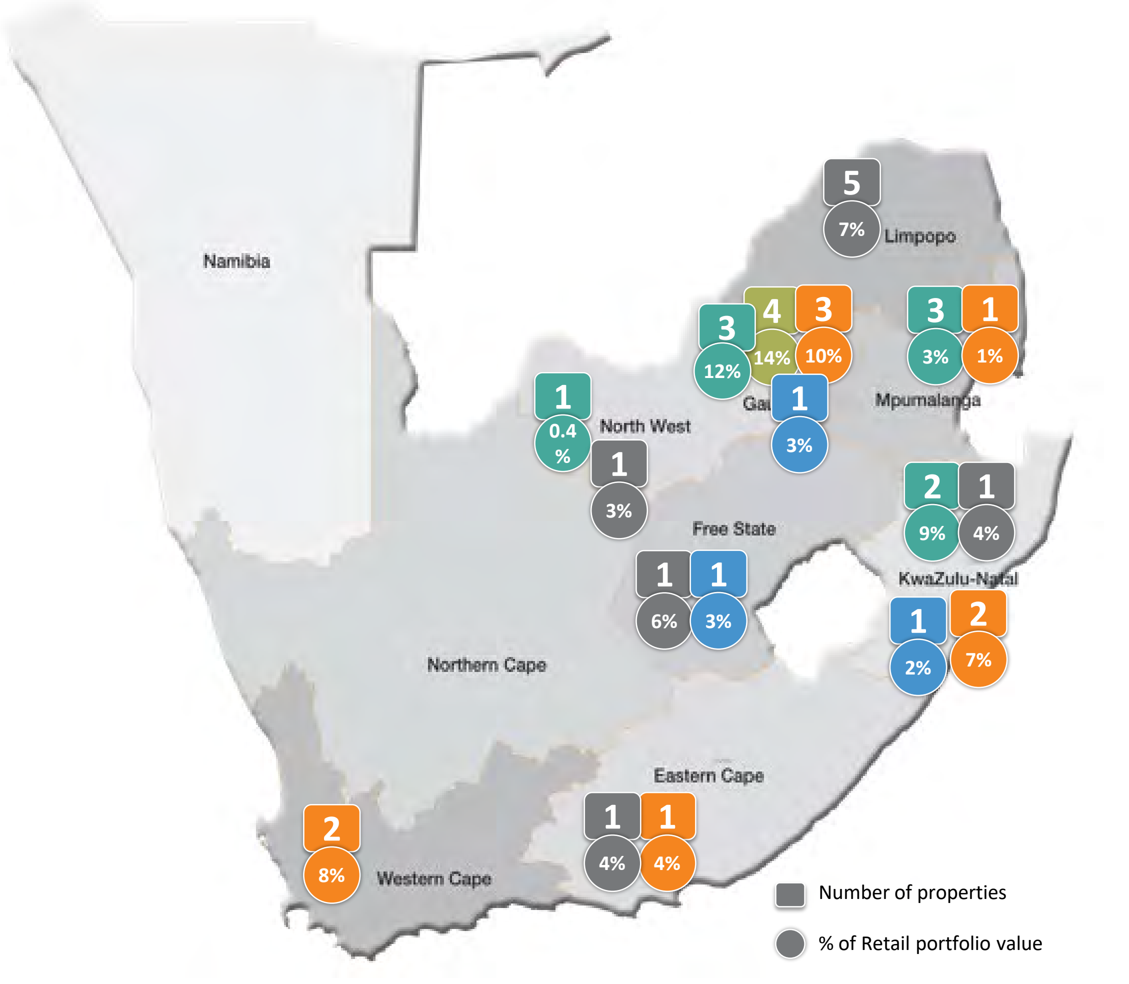
RETAIL RENT REVERSIONS



RETAIL PORTFOLIO COMPOSITION

WELL POSITIONED DEFENSIVE PORTFOLIO FOCUSSED ON TOWNSHIP AND RURAL MARKETS PROVIDING PROFITABLE LOCATIONS FOR OUR TENANTS

	Township	Rural	Value Centre	Urban	Commuter
Value	R4.2bn	R3.2bn	R1.9bn	R3.5bn	R1.1bn
Number of properties	9	9	4	9	3
GLA	193 204m²	162 833m²	144 333m²	155 373m²	104 965m²
Vacancy	3.5%	0.6%	1.2%	2.2%	4.1%
Average base rental	R 182/m²	R 159/m²	R 103/m²	R 186/m²	R 132/m²
Average trading density	R43 030/m²	R38 040/m²	R21 843/m²	R28 995/m²	R23 788/m²
Rent-to-sales ratio	5.0%	5.1%	5.5%	8.1%	7.4%
WALE (GLA)	2.5 years	3.8 years	3.7 years	4.1 years	3.0 years
National tenant exposure	85%	88%	88%	89%	74%
Top 10 tenant exposure	28%	25%	11%	25%	11%
Tenant retention	94%	93%	87%	98%	96%

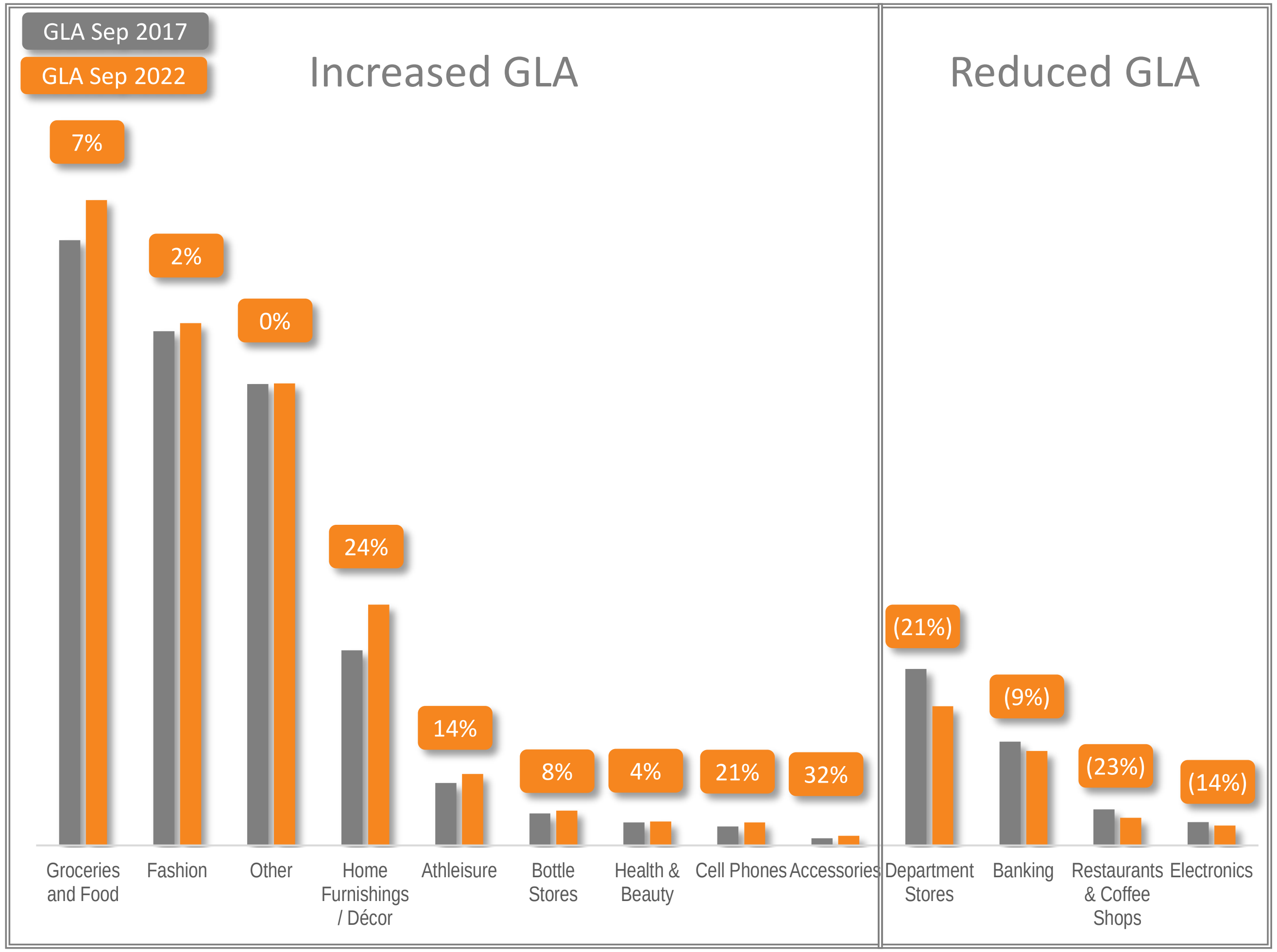


RETAIL TENANT EXPOSURE

CATEGORY SPACE ABSORPTION - MOVEMENT DURING LAST FIVE YEARS

- Over the past five years, the portfolio has **decreased** its exposure to **discretionary spend** categories such as **restaurants, coffee shops and jewellery**
  - There has been a further **decrease** in **disrupted categories** such as **department stores, electronics and banks**
- GLA occupied by **department stores, banking, restaurants, coffee shops and electronics** was **reduced** by 17%
- Space absorption of other non-discretionary categories **increased** on average by **6%**
  - Largest expansion of groceries, food, basic fashion, bottle stores and accessories in township centres
  - Home furnishings and décor expanded in all sectors, but predominantly in rural, urban and value centres

Groceries and food	Fashion	Home furnishings and decor	Athleisure
Boxer OBC Chicken and Meat Pedros	Power Fashion Studio 88 Footgear	Pep Home Tafelberg Furnishers House & Home	Sneaker Factory adidas sportscene



Stable portfolio, impact of property acquisitions and expansion normalised

RETAIL TENANT EXPOSURE – STRONG TENANT DEMAND

TOP 10 TENANT EXPOSURE MOVEMENT DURING LAST FIVE YEARS

- During the last 12 months, **40 new stores** were opened by six of the top 10 tenants, with **Foschini, Mr Price and Pepkor** taking the lead. Apart from **traditional fashion (19 stores)**, there is a drive for expansion in **athleisure (4 stores)** and **cell phones (9 stores)**
- **Since 2017,** exposure to **top 10** tenants **remains** at **46%**, but with significant **shift** in **group exposure**
- Movement in fashion retailer exposure is primarily driven by **corporate activity**, but also supplemented by **new store growth** in the **rural and township** portfolio
- **TFG** is now the **largest tenant** in the portfolio due to a combination of **corporate activity** – Jet acquisition (5.3% to 7.6%), but also **active portfolio optimisation**
  - TFG has increased its exposure to **high performing categories** such as **Relay Jeans, Sneaker Factory, Sports Scene and G Star**
  - TFG has also **decreased** its exposure to **underperforming categories**, with closures & downsizing of select **Exact & Foschini stores**
- **Pepkor** expanded with **Tekkie Town, Rochester, Ackermans Connect, Refinery, Hi Fi Corp, Code, Buco and Dealz**
- Increased exposure to **Mr Price (3.9% to 7.1%)** due to acquisition of **Studio 88, Power Fashion, Side Step, Skipper Bar, John Craig** and new brands **Mr Price Cell and Mr Price Baby**
- **Baby, cell phones, athleisure, fast food and superettes** have **been the fastest growing** categories in the past 12 months

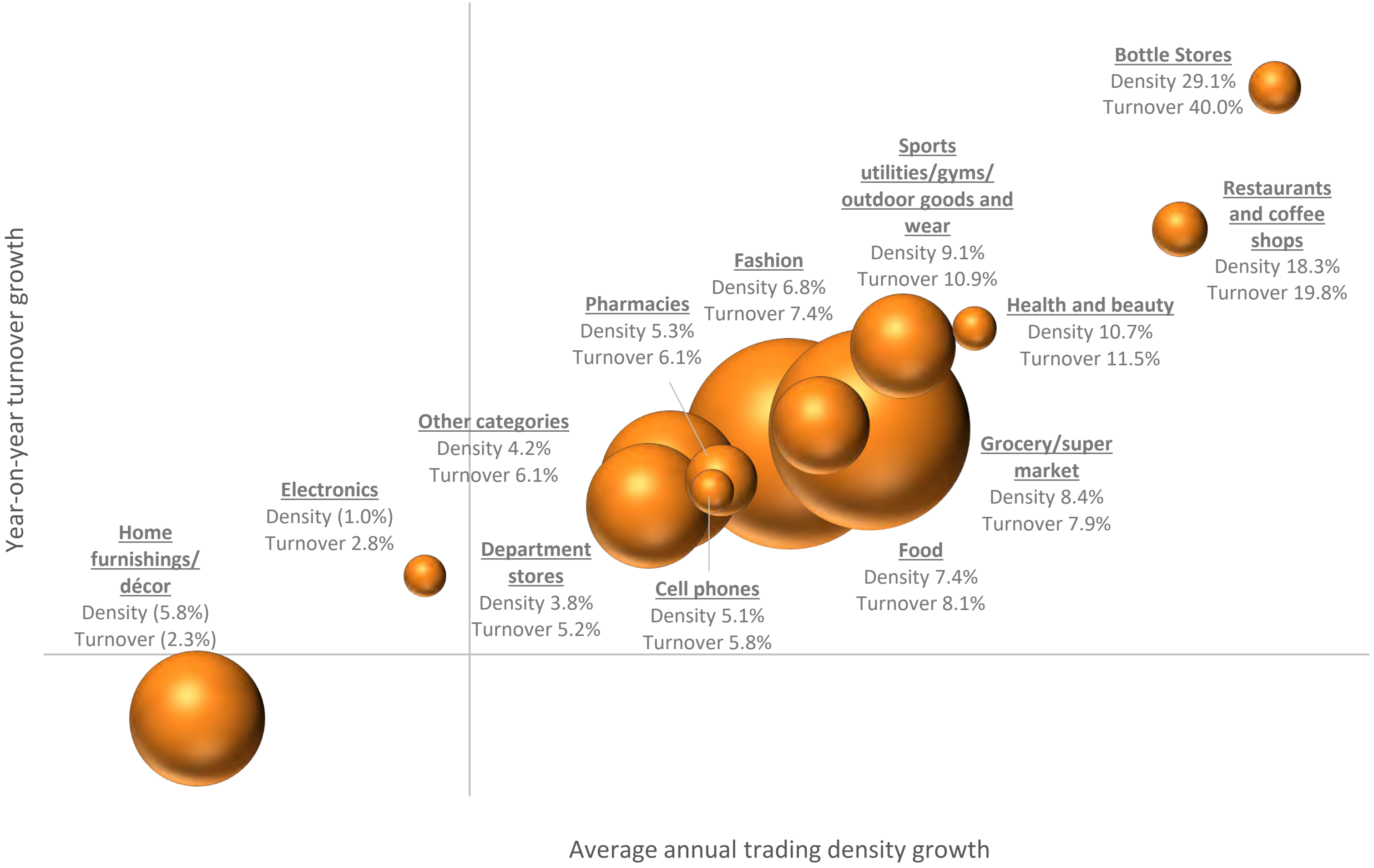
	SEP 2022			SEP 2017	
TFG The Foschini Group	1	7.6%	2.3%	5	5.3%
PEPKOR	2	7.4%	0.7%	1	6.7%
mrp	3	7.1%	3.2%	6	3.9%
Pick n Pay	4	7.0%	0.9%	2	6.1%
SHOPRITE Checkers	5	5.4%	0.0%	4	5.4%
SPAR	6	3.0%	-0.1%	7	3.1%
TRUWORTHS	7	2.7%	-0.1%	8	2.8%
Massmart	8	2.3%	-0.4%	9	2.7%
CLICKS GROUP LIMITED	9	2.0%	0.2%	11	1.8%
RETAILABILITY	10	1.6%	1.0%	23	0.6%
Edcon			-5.7%	3	5.7%

Stable portfolio, impact of property acquisitions normalised

RETAIL CATEGORY PERFORMANCE

TRADING DENSITIES GREW BY 7.0% WITH ANNUAL TURNOVER GROWTH OF 7.8%

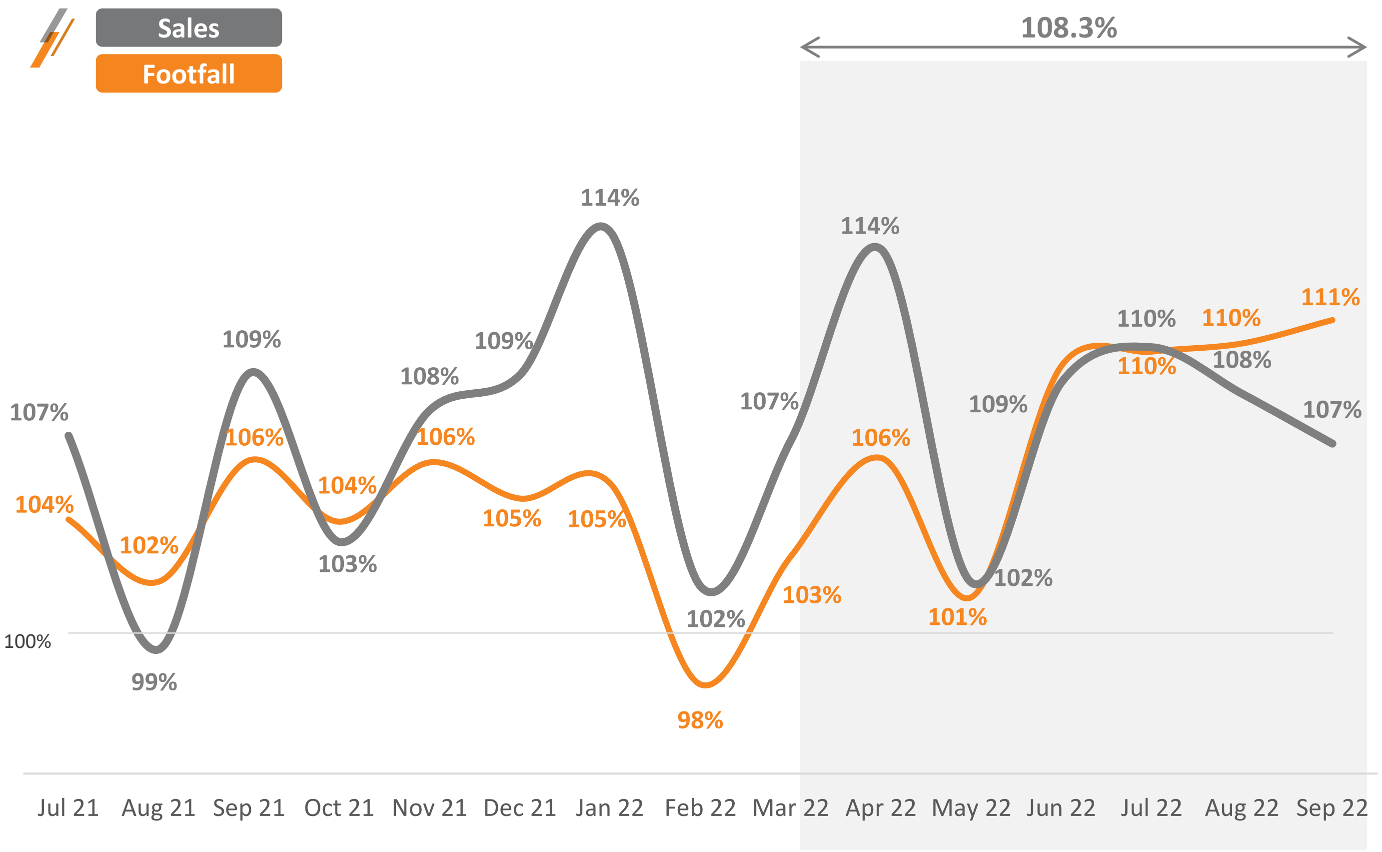
- **Fashion and grocery** categories (45% of GLA), delivered improved trading density growth of **6.8%** (FY22 4.3%) and **8.4%** (FY22 7.7%) respectively
- **11 out of 13 categories showing growth** on both turnover and trading densities
- **Fashion and athleisure** have shown the greatest increase in trading metrics year to date
  - Fashion improved from 4.3% to 6.8%
  - Athleisure improved from 6.6% to 9.1%
- **Women's- and children's wear, accessories, shoes, beauty salons and hairdressers** have also shown strong performance, with **growth exceeding 10%**
- **Home décor (10% of GLA)** is down by 5.8% off a high base



RETAIL PORTFOLIO PERFORMANCE AND TRADING ENVIRONMENT

IMPROVED FOOTFALL AND SALES

- Year-to-date portfolio **sales up 8.3%** and continue to grow across all major categories
- Portfolio **trading density growth** of **7.0%** (FY22 6.1%)
  - All four main segments have shown a significant improvement in trading densities (township 12.5%, commuter 9.3%, rural 7.3% and urban 5.5%)
- **Footfall** is at **111%** compared to prior period. All segments are trending ahead, with **township (113%)** and **rural (109%),** leading the recovery
  - **Commuter** showing the **biggest improvement** from a lower base **(+14%)**
- Rural and Township centres show consistent growth in both sales **(+7.3%)** and footfall **(+11.7%)**
- **September 2022 trade** partially impacted by **loadshedding**



	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22
Sales	107%	99%	109%	103%	108%	109%	114%	102%	107%	114%	102%	109%	110%	108%	107%
Footfall	104%	102%	106%	104%	106%	105%	105%	98%	103%	106%	101%	110%	110%	111%	

IMPACT OF LOADSHEDDING ON PORTFOLIO

LIMITED IMPACT ON FOOTFALL AND TRADE, BUT INCREASED TOTAL COST OF OCCUPANCY

National loadshedding active from April to October 2022 (48 days total in 2021)	**1 754hours / 73 days**
Average trading times (09h00 to 18h00) without power	**174 hours / 7 days**
FY23 financial impact	**R5.1m forecast vs budget of R2.2m**
Tenant utility cost increase due to backup power costs (R2.1/kWh grid vs R8/kWh generator)	**20% - 30%**
Limited impact on footfall (September 2022 most loadshedding, footfall up 11%)	**Township (13%), rural (9%), urban (6%), commuter (14%)**

RISK MITIGATION

- **Continued rollout of Solar PV** which remains the most cost effective source of electricity that can be generated on site
- Augmenting **generator power with Solar PV** resulting in an overall reduction in tenant utility costs
- Investigating **battery backup solutions** with tariff arbitrage and peak clipping.

ENERGY AND WATER MANAGEMENT

INCREASING BACKUP ENERGY AND WATER SUPPLY

ENERGY MANAGEMENT

- **12.7MW** of Solar PV installed over the past five years – equating to **9%** of portfolio energy consumption
- Installation of an **additional 3.9MW** in progress for **FY23**
- **14 installed plants** overall with **12 in the pipeline**
  - Aim to **double** Solar PV exposure to **25MW by 2026**
  - **68%** of assets will have Solar **PV installed** by **2026 (80% value)**
- **Returns** on Solar PV are **yield accretive** and range between **15%** and **25%**
- Solar PV requires grid connectivity to be operational during load shedding
  - Pilot project initiated to test **combined PV, battery** and **generators** at Maluti Crescent
  - Majority of retailers are supportive - cost of solution will be **partially recoverable**
  - **Property owner solution** is preferable to tenant generated backup power, as it **enables the entire mall to trade**
- **Further strategies investigated** to improve viability of backup energy generation in medium term (such as wheeling, tariff arbitrage and peak clipping)

WATER MANAGEMENT

- **Water risk analysis conducted** across the portfolio:
  - **91%** of total portfolio has **partial to full backup water**
  - **KZN** identified as **largest current risk area**
  - **Investment** in **water solutions** to supply these areas increased portfolio **borehole coverage** from 41% to **58%**
  - **100%** of **rural** malls have backup water **storage**
  - **98%** of **rural** malls have **borehole** water supply
- Continuous **water saving projects** being conducted across the portfolio
  - **Smart meters** installed in all common areas
  - Water saving **aerators** and **propelair** installations being commissioned across portfolio

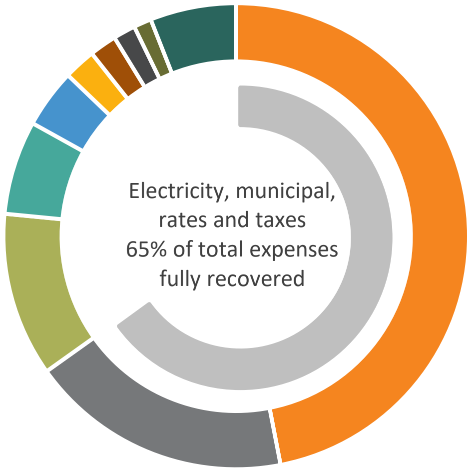
NET COST TO PROPERTY REVENUE

DRIVING OPERATIONAL EFFICIENCIES TO MANAGE COST PRESSURE

COST REDUCTION INITIATIVES

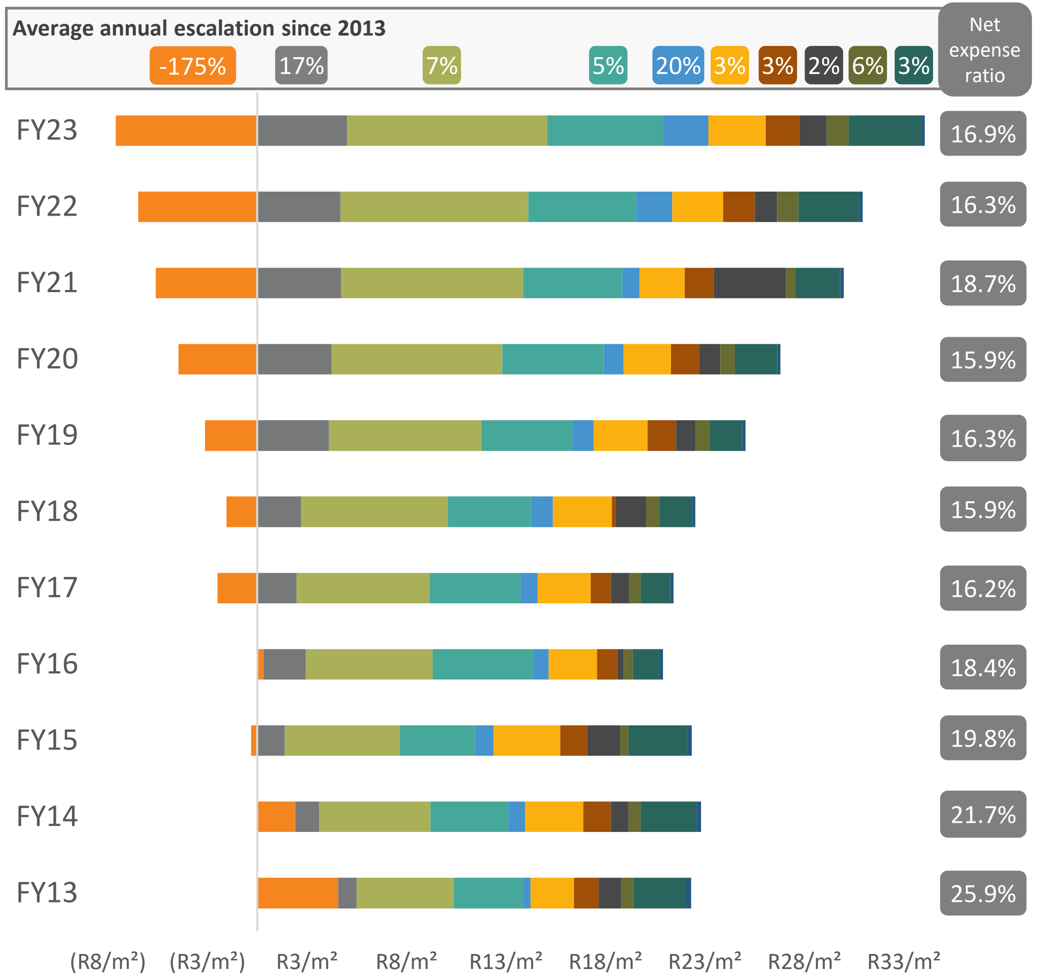
- Continued energy management through **solar PV, meter optimisation, tariff** review, **water and energy usage** management, supplementary **borehole** water supply
- Integrated **soft and hard services** delivery model to manage and improve overall **cleaning, security and maintenance** cost
- **Internalised** and optimised **leasing function** to improve overall cost of attaining and retaining tenants
- Effective execution of **capital budget programme,** which limits unscheduled maintenance ensuring **sound building condition** of assets
- High success rate in **objecting** to **municipal valuations** where necessary

COST CATEGORY EXPOSURE



- ● Electricity and municipal 47%
- ● Rates and taxes 18%
- ● Cleaning and security contracts 11%
- ● Property management 7%
- ● Wi-Fi, innovation and promotions 4%
- ● Maintenance and refurbishment 2%
- ● Amortised commission and tenant installation 2%
- ● Bad debt 2%
- ● Insurance 1%
- ● Sundry Expenses 6%

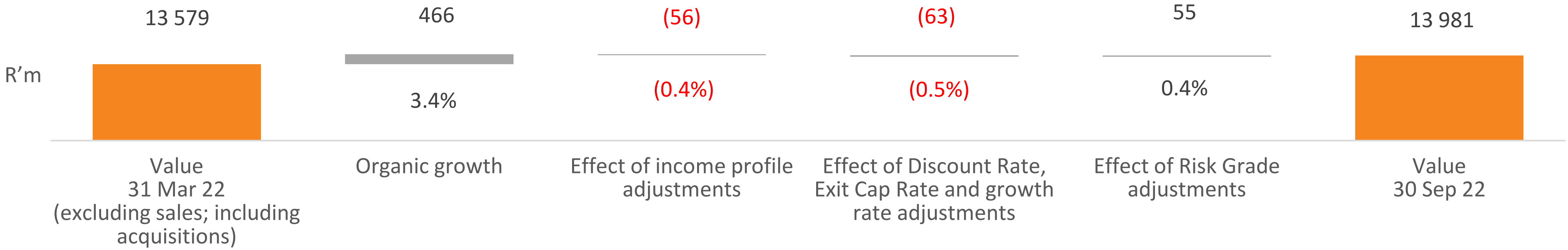
NET EXPENSES



Stable retail portfolio excluding sales

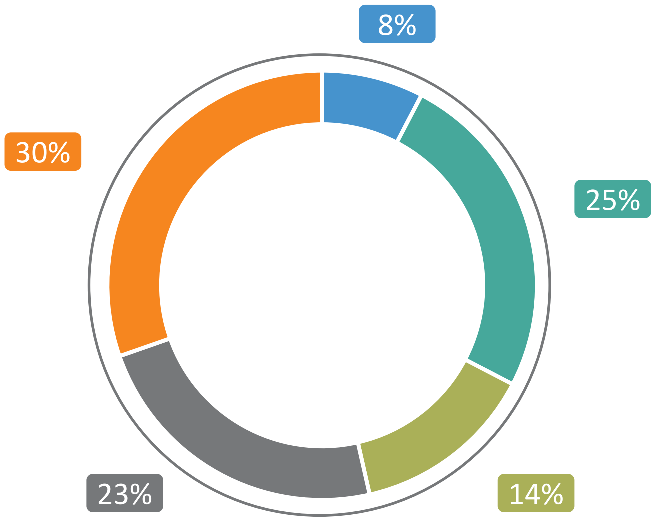
VALUATIONS: RETAIL PORTFOLIO - 34 PROPERTIES VALUED AT R14.0BN

3.0% INCREASE WITH A CONSERVATIVE VALUE DENSITY OF R18 379/m²



Township
- > Value R4 244m
- > Average value per property R472m
- > Value density R21 947/m²
- > Value movement R114m
- > Yield 8.6%

Rural
- > Value R3 244m
- > Average value per property R360m
- > Value density R19 920/m²
- > Value movement R136m
- > Yield 8.6%



Commuter
- > Value R1 072m
- > Average value per property R357m
- > Value density R10 211/m²
- > Value movement (R24m)
- > Yield 9.8%

Urban
- > Value R3 490m
- > Average value per property R388m
- > Value density R22 460/m²
- > Value movement R81m
- > Yield 8.7%

Value Centre
- > Value R1 932m
- > Average value per property R483m
- > Value density R13 388/m²
- > Value movement R95m
- > Yield 8.8%

ACQUISITIONS UPDATE

PROPOSED ACQUISITION OF TWO STRONG RETAIL SHOPPING CENTRES IN SOUTH AFRICA

Pan Africa Shopping Centre located in Alexandra, Johannesburg

- We have agreed to a purchase price of **c.R421 million for phase 1** and **c.R254 million for the planned phase 2** (both at a yield of 9.25%)
- **Consent from the COJ** for the sale of the leasehold rights to Vukile is in progress
- Unconditional **Competition Commission** approval received
- Phase 1 is **fully reinstated post the July 2021 unrest** and **trading very well**
- Phase 2 is in the **final planning stages** and the 70% pre-let condition has been achieved with expected completion in April 2024
- Transfer of phase 1 to Vukile is expected in **H2 FY23**
- **Funding in place** through prior asset sales

BT Ngebs City located in Mthatha, Eastern Cape

- Vukile, in partnership with Flanagan & Gerard, have entered into **formal agreements** with the Billion Group to acquire **BT Ngebs City**
- We have agreed to a purchase price of **R400 million** (for Vukile’s 50% share) at an initial yield of **9.25%**
- The acquisition will be a **great addition** to the Vukile portfolio and is in line with our strategy of owning **dominant regional centres** in rural and township areas across South Africa
- **Upside potential** from various asset management initiatives. Plan is to **reconfigure vacant space** (c. 12%) and introduce a new anchor tenant together with some strong national retailers which will **reposition** the centre to be **better suited** to the **Mthatha market**
- Transfer expected in **H2 FY23** should the transaction proceed
- **Funding in place** through prior asset sales

PORTFOLIO DISPOSALS

	Sector	Sales price (R'm)	Yield	
Total		**279.4**	**10.5%**	
Monsterlus Moratiwa Crossing (94.50%)	Retail	165.0	10.0%	Transferred 19 September 2022
Mbombela Truworths	Retail	23.4	11.5%	Transferred 18 May 2022
Midrand Allandale Industrial Park	Industrial	91.0	11.3%	Transferred 22 September 2022

VUKILE RETAIL ACADEMY

INNOVATIVE AND UNIQUELY SOUTH AFRICAN RETAIL INCUBATION PROGRAMME

- **The objective is to create greater diversity in tenant and category mix within our malls**
- **An incubation programme to help the next wave of independent retailers**
- **Provide favourable leasing terms, a growth plan within the portfolio, mentorship by a team of pre-eminent retailers and access to Vukile's development and project team**
- **Aim to find a unique offering that is scaleable**

- 9 candidates selected for the programme
- Fakizinto Concepts, Malea Garments, Delisabhem Restaurant, The Scrummy Ice Cream, Tso's Café, Zonwabo Cakes, Lielo Beauty, Ikhaya Homeware and Décor and Mbewu Fruit and Veg
- 8 Stores in the fashion, food services, confectionery, heath and beauty, homeware, fruit and veg categories opened in October
- Total GLA of 1 035m² has been allocated to the project with a tenant installation and rent free budget of c. R10m
- Malls dedicated to project, Daveyton, Dobsonville, Hammanskraal, Hillfox and Randburg Square

SHORT-TERM FOCUS AREAS

CONTINUED TIGHT OPERATIONAL FOCUS

TENANT RELATIONSHIPS

- Continue to be a **partner of choice** through providing well managed and safe shopping environments for our retailers to thrive in
- Be the **home of innovation** lowering barriers to entry for innovative game changing retail offerings
- Execute on **renewal programme** without changing the key aspects of current lease covenants and agreements
- Continue to **incubate new entrants** and SMME's into the portfolio via our retailer academy programme

CUSTOMER INSIGHTS

- Utilise **accumulated data** on consumers to improve shopper journey in a tangible and meaningful way
- **Integration** includes current portfolio metrics, psychographic information, nodal dynamics and individualised customer data from Wi-Fi database
- Enables the business to respond in **real time to consumer behaviour changes**
- 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
- Execute on **targeted promotional activity** to drive **footfall and spend** at our malls
- Continue **delivering on PV strategy** to optimise energy and utility spend

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

3

CASTELLANA PROPERTIES OVERVIEW AND TRADING UPDATE

Alfonso Brunet

CASTELLANA
PROPERTIES

ECONOMIC UPDATE: SPAIN

GDP & INFLATION

- **Spain's GDP growth for 2022 has been revised upwards (+4.4%) and it is expected to decelerate in 2023 (+1.0%) compared to previous forecast. However, Spanish GDP growth is expected to outperform that of Euro area average (+2.8% in 2022 and +0.9% in 2023 estimated).**
- Due to increased uncertainty, high inflation (8.5% estimated for 2022) and interest rates, the Spanish economy could remain static in the coming months.
- **However, analysts expect this period to be short-lived, with recovery picking up again in H2 2023.**
- Some of the factors that could help soften the impact of higher interest rates on consumption and investment include:
  (i) Households and businesses are in a stronger position than in the previous cycle, having reduced their liabilities;
  (ii) increased household savings from the lockdown period (c. €130bn), which is helping to offset the impact of price increases on household spending; (iii) stronger labour market, amongst others.

LABOUR MARKET

- **The Spanish labour market has continued to resist the macro headwinds, with employment growth substantially outpacing GDP over the past two years**, mainly thanks to the short term work schemes limiting job losses.
- The unemployment rate declined over 2022 to 12.7% in September from 13.2% in March.
- The government enacted a labour market reform at the start of this year.
- This substantially restricts the scope for firms to offer temporary contracts, which still form a substantial share of the Spanish labour force (around 20% of employees), introduces a new short-time work scheme, and re-establishes the priority of sector-wide over firm-level agreements for wage settlements.

TOURISM

- **In September, 7.8 million international tourists visited Spain, representing an increase of c. 66% compared to the same month of the previous year and c. 90% of September 2019**.
- In the first nine months of 2022, the number of tourists visiting Spain increased by 183.5%, reaching 55.9 million visitors.
- Importantly, the average daily expenditure per tourist increased by 20.5%.

CONSUMPTION

- It is expected that high inflationary pressures and tighter monetary policy will limit consumer spending and squeeze margins for most businesses in the short term.
- However, households and companies are in a better position than in the previous cycle of rate hikes, with lower levels of indebtedness, a higher proportion of fixed loans, high savings accumulated during the lockdown period (c. €130bn) and sustained investment by NGEU funds. Furthermore, banks are contemplating a deferral of rate increases. All in all, **consensus still expects private consumption to grow below inflation levels, by 1.0% in 2022 and 0.9% in 2023.**

Source: Fitch, BBVA Research, ECB, INE.

BEYOND THE NEAR TERM, GROWTH IS EXPECTED TO PICK UP IN THE EURO AREA IN H2 FY23

EURO AREA ECONOMIC OUTLOOK

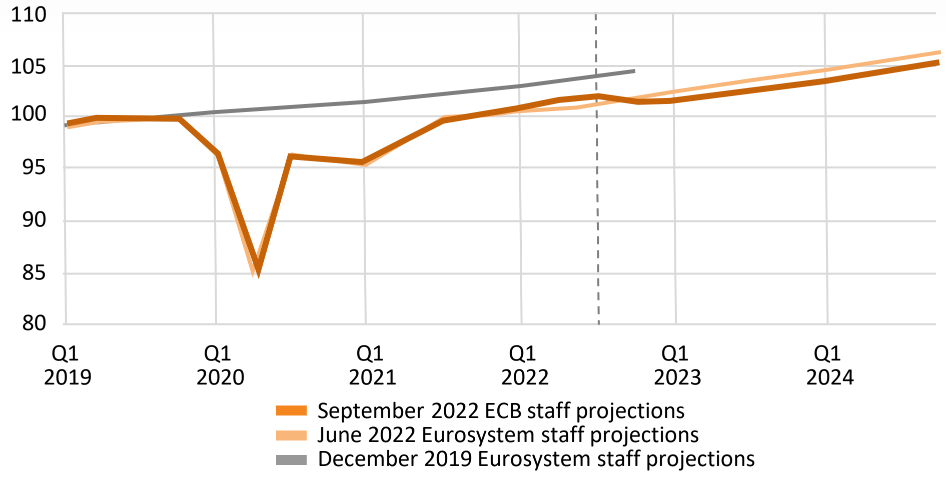
- While we are witnessing a strong tourism sector coupled with a further easing of supply bottlenecks, a **survey conducted in August 2022 points to a contraction in both the manufacturing and services sectors**.

- The **impact on real disposable income** owing to rising prices (+8.1% in 2022 est.), uncertainty related to gas supply disruptions and sharp increases in bank-lending rates (ECB raised interest rates to 2% from 0% in July 2022), are expected to constrain economic activity.

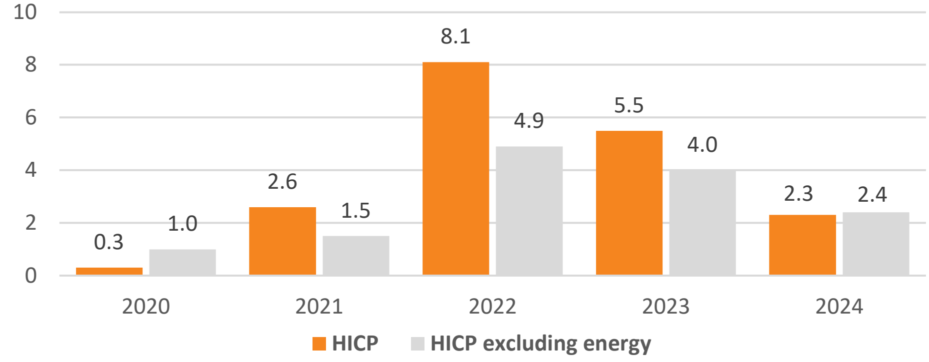
- **Beyond the near term, growth is expected to pick up after the headwinds weighing on activity during the 2022-23 winter dissipate**. The expected improvement assumes that gas supply disruptions cease to be a binding constraint on activity as the weather warms and alternative supplies are gradually phased in.

- **In the Euro area, Real GDP is expected to grow by +2.8% in 2022 and by +0.9% in 2023 as:**
  - Abating inflationary pressures put less downward pressure on real disposable income. ECB expects inflation to slowly recover c. 2% level by 2024;
  - Remaining supply bottlenecks unwind;
  - Foreign demand recovers;
  - Export price competitiveness improves against key trading partners such as the United States.
  - Sizeable support provided by governments throughout and post-pandemic.
  - Expected investment funded by the Next Generation EU programme (c. €800bn in grants and loans)

EURO AREA REAL GDP GROWTH AND INFLATION



HARMONISED INDEX OF CONSUMER PRICES (HCIP)



- **While analysts see scope for further interest rate hikes in Europe, these would be at a lower pace vs. previous hikes given recent decrease in US inflation in October 2022.**
- **Therefore, we can expect uncertainty to dissipate in H2 2023, benefiting from inflation normalisation and easing monetary policy conditions.**

Source: ECB, Goldman Sachs Research.

3

SPANISH PORTFOLIO

KEY PORTFOLIO METRICS

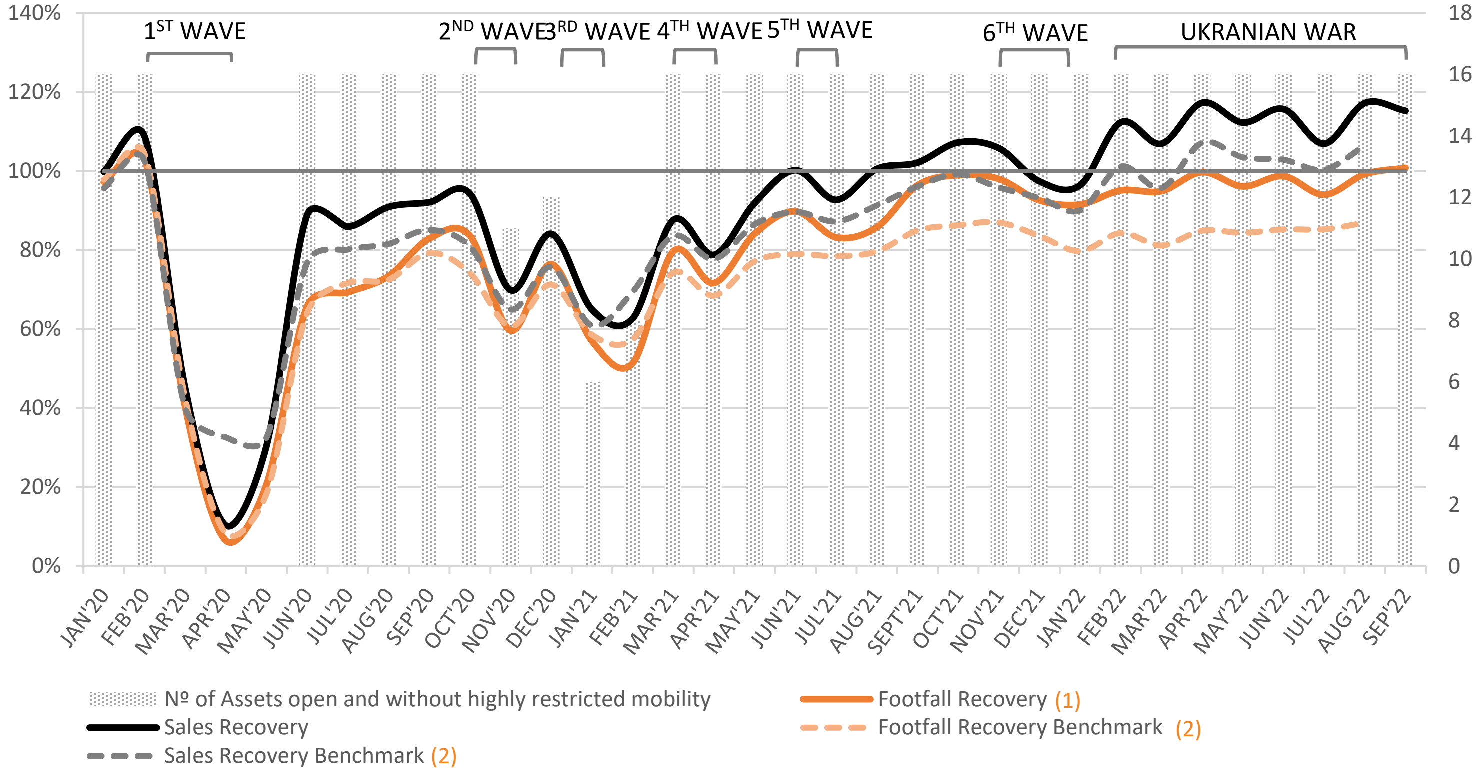
KEY FACTS	GAV €1 105b (1)	Portfolio value €1 012b +1.1% (2) +1.3% (3)	GLA 350 085m^2	Normalised NOI Like-for-like growth +7.5% (4)
VALUATIONS	Average asset value €63m	Average discount rate 8.6% +50 BPS (5)	Average exit capitalisation rate 6.14%	Total number of assets 16
TENANT PROFILE	Retail space let to national & international tenants 94%	Income from top 10 tenants 38.2%	WALE 12.1 years (6)	Average base rentals €15.18/m^2/month
OPERATING METRICS	Letting transactions signed during the year 105	Increase in reversions and new lettings 4.60% (7)	Occupancy 98.4%	Collection rate 99.0%

(1) Including LAR España stake
(2) Like-for-Like growth on Direct Portfolio valuations
(3) Like-for-Like growth versus September 2019 Direct Portfolio valuations
(4) Like-for-Like excluding COVID-19 rent concessions during H1 FY22 (+12.1% including COVID-19 rent concessions)
(5) Compared to Average discount rate considered in valuation of investment properties at March 2022
(6) WALE (by GLA) is to expiry of lease excluding break options
(7) Excluding vacant units let

FOOTFALL AND SALES

FOOTFALL AND SALES CONTINUE TO OUTPERFORM NATIONAL BENCHMARKS AND EXCEED 2019 LEVELS

FOOTFALL & SALES RECOVERY 2021 & 2020 vs 2019 (1)



TOTAL PORTFOLIO SALES GROWTH 12.1% vs 2019

- **Clear positive trend** with seasonal effects month by month, but overall positive throughout H1 FY23
- **Portfolio sales** have performed above 2019 since February 2022 with the growth maintained at double-digit levels. Portfolio is at 112.1% YTD FY23 (Apr-Sep 2022 vs Apr-Sep 2019)
- **Footfall recovered to 2019 level** (+0.8%) in September 2022. Castellana's portfolio closed at 98% YTD FY23 (Apr-Sep 2022 vs Apr-Sep 2019)

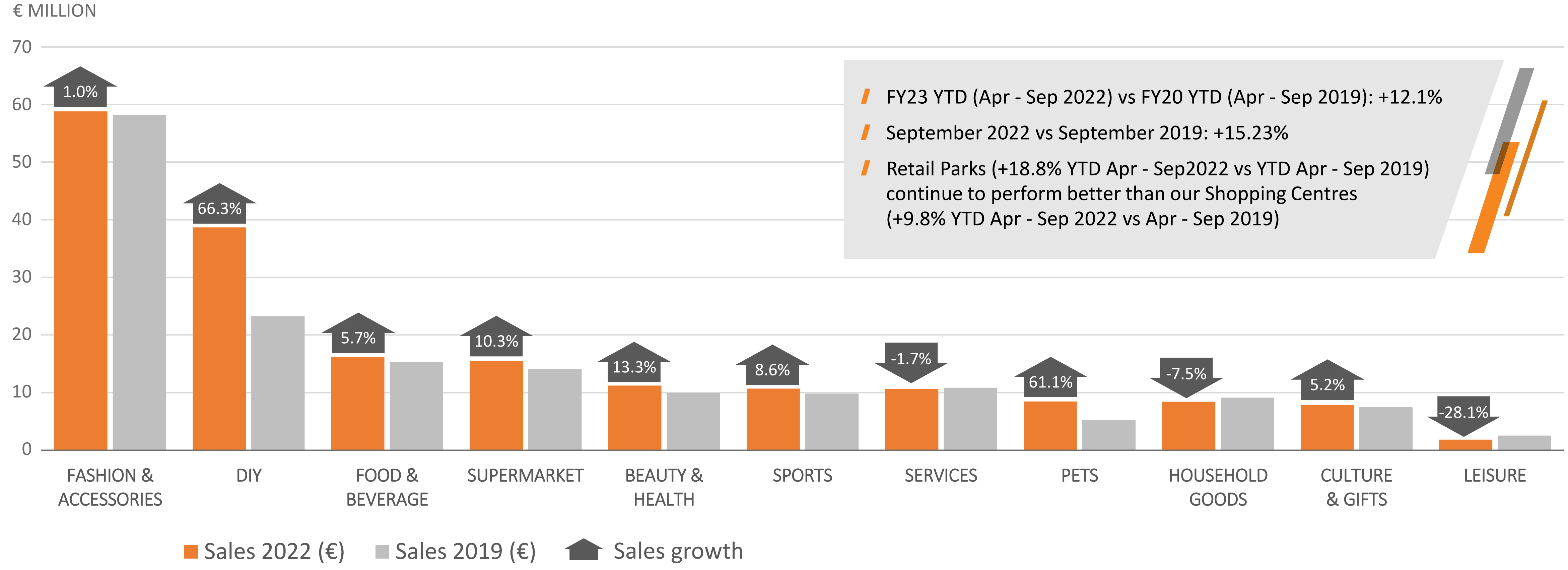
(1) Footfall Data includes the following shopping centres: El Faro, Bahía Sur, Los Arcos, Vallsur, Habaneras, Puerta Europa and Granaíta Retail Park. There are no counters in the rest of the retail park assets. Granaita Retail Park counts only cars, so we have estimated 2 people on average per car. Sales data includes all retail assets. Footfall & Sales numbers in 2022, 2021 and 2020 are compared with same period in 2019.

(2) Benchmark: AECC data

SALES PERFORMANCE PER TENANT CATEGORY

MAJORITY OF CATEGORIES ARE SIGNIFICANTLY OUTPERFORMING 2019 LEVELS (1) (2)

SALES VARIATION FY23 YTD APR - SEP 2022 vs FY20 YTD APR - SEP 2019



- FY23 YTD (Apr - Sep 2022) vs FY20 YTD (Apr - Sep 2019): +12.1%
- September 2022 vs September 2019: +15.23%
- Retail Parks (+18.8% YTD Apr - Sep2022 vs YTD Apr - Sep 2019) continue to perform better than our Shopping Centres (+9.8% YTD Apr - Sep 2022 vs Apr - Sep 2019)

---

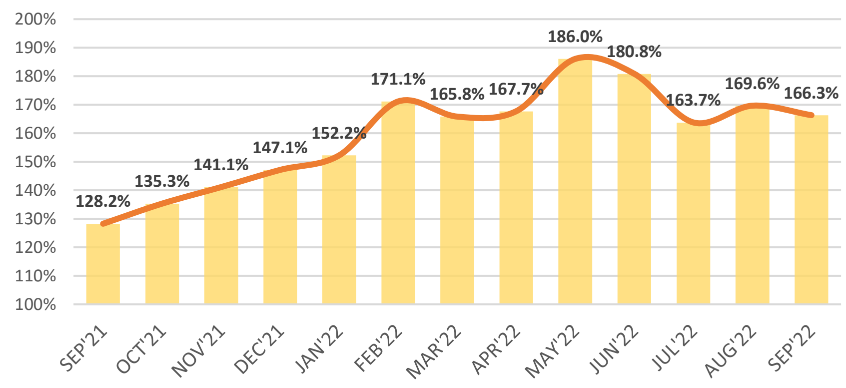
(1) Electronics has increased its trading density because the GLA decreased by (1,725 m^2) and we have more sales now. It isn't however a representative sample, as not all the tenants have reported all the months properly and much of them were not in the portfolio in 2019. We have therefore preferred not to show this category on the graph

(2) Some categories have recently improved reporting and the growth will normalise in the next periods

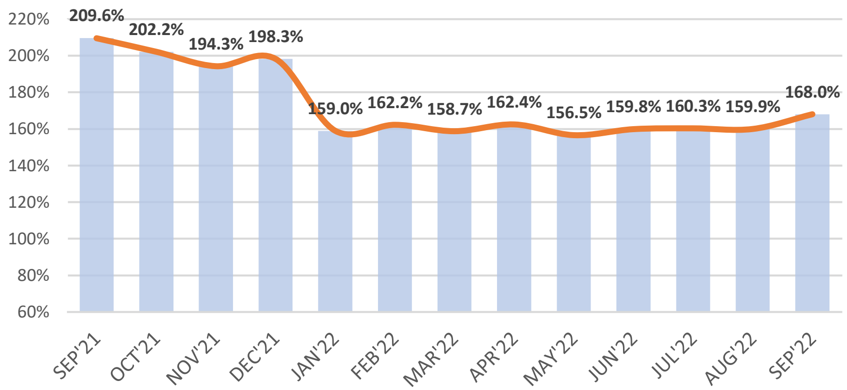
SALES PERFORMANCE PER TENANT CATEGORY CONTINUED

KEY PORTFOLIO CATEGORIES OUTPERFORMING INDEX DESPITE MACRO CHALLENGES.

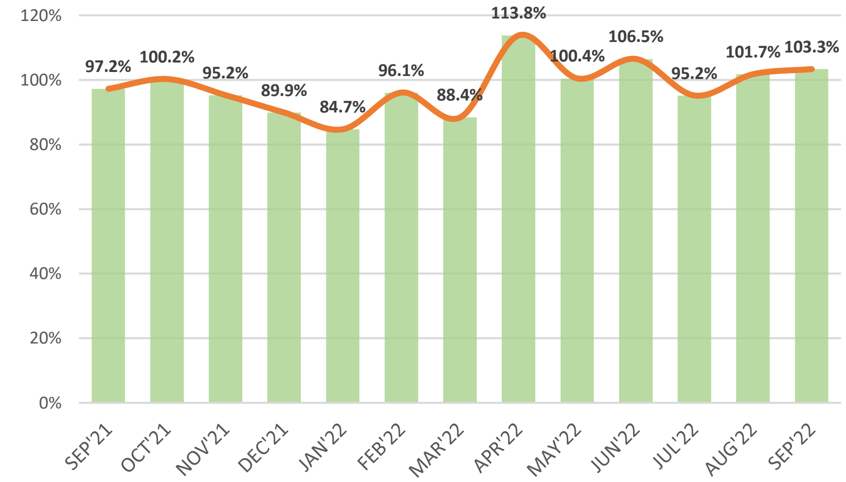
DIY (4%) (1)



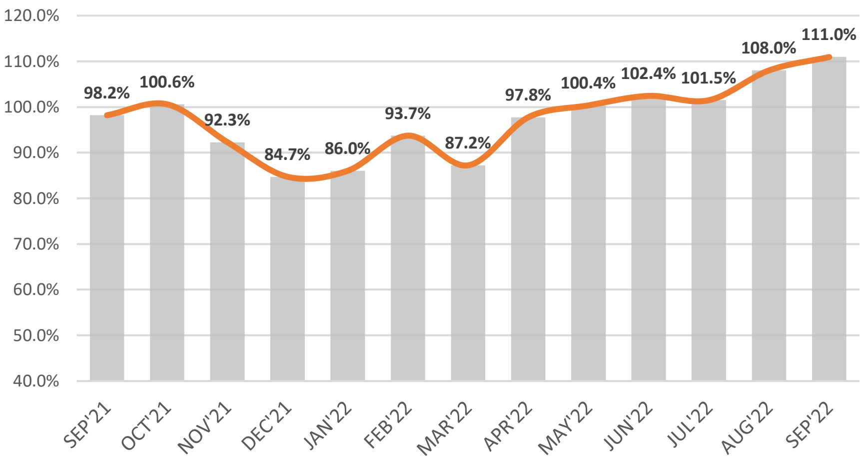
PETS (3%) (1)



FASHION & ACCESSORIES (33%) (1)



F&B (10%) (1)



- **DIY** (+66.3% YTD Apr-Sep 2022 vs YTD Apr-Sep 2019) and **Pets** (+61.1% YTD Apr-Sep 2022 vs YTD Apr-Sep 2019) **continue as the best categories in our Portfolio.**

- **F&B and Fashion & Accessories,** two key categories in the Portfolio, have started to trade above 2019 levels during H1 FY23. YTD (Apr-Sep 2022) vs YTD (Apr-Sep 2019) Fashion & Accessories is at 101% and F&B is at 105.7%.

Source: Castellana Properties
(1) Portfolio Weight by Rent

LEASING ACTIVITY H1 FY23

CONTINUED STRONG COMMERCIAL PERFORMANCE

105
LEASES SIGNED

56 **RENEWALS**	**49** **NEW CONTRACTS**

€4.6m
NEW RENT SIGNED

€2.7m **RENEWALS**	**€1.9m** **NEW CONTRACTS**

17 173 m²
GLA SIGNED

6 916 m² **RENEWALS**	**10 257 m²** **NEW CONTRACTS**

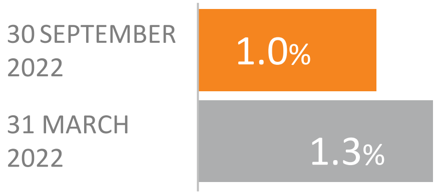
4.60%
AV. RENT INCREASE (1)

2.17% **RENEWALS** (2)	**9.70%** **NEW CONTRACTS**

MAIN BUSINESS KPI´S

PORTFOLIO OCCUPANCY

RENT ARREARS



RENT COLLECTION

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

(2) Excludes CPI increases which will be applied on Indexation date mainly in the month of January 2023

BUSINESS REMAINS WELL POSITIONED TO FACE POTENTIAL MACRO-ECONOMIC CHALLENGES

OPERATIONAL PERFORMANCE

Providing our tenants with nodally dominant shopping centres with very strong trading conditions and value enhancing repositioning projects

+7.6%(1)	+7.5%(1)	+4.6%
GRI GROWTH LIKE-FOR-LIKE	NOI GROWTH LIKE-FOR-LIKE	AVERAGE RENT INCREASE

FINANCIAL AND CORPORATE

Portfolio demonstrates its high quality and resilience despite the ongoing challenges posed by the global economy maintaining a strong and liquid balance sheet

100%	95.5%	43.7%
TENANT CONTRACTS CPI INDEXED	FIXED DEBT RATE	NET LTV

ASSET MANAGEMENT

Strong belief in a co-operative and amicable relationship with tenants thanks to our internalised and optimised management structure

99%	98%	94%
RENT COLLECTION	PORTFOLIO OCCUPANCY	NATIONAL & INTERNATIONAL TENANTS

INNOVATION AND DIGITALISATION

Improving our service offering through customer centricity and improved decision-making by exploiting our deep data insights

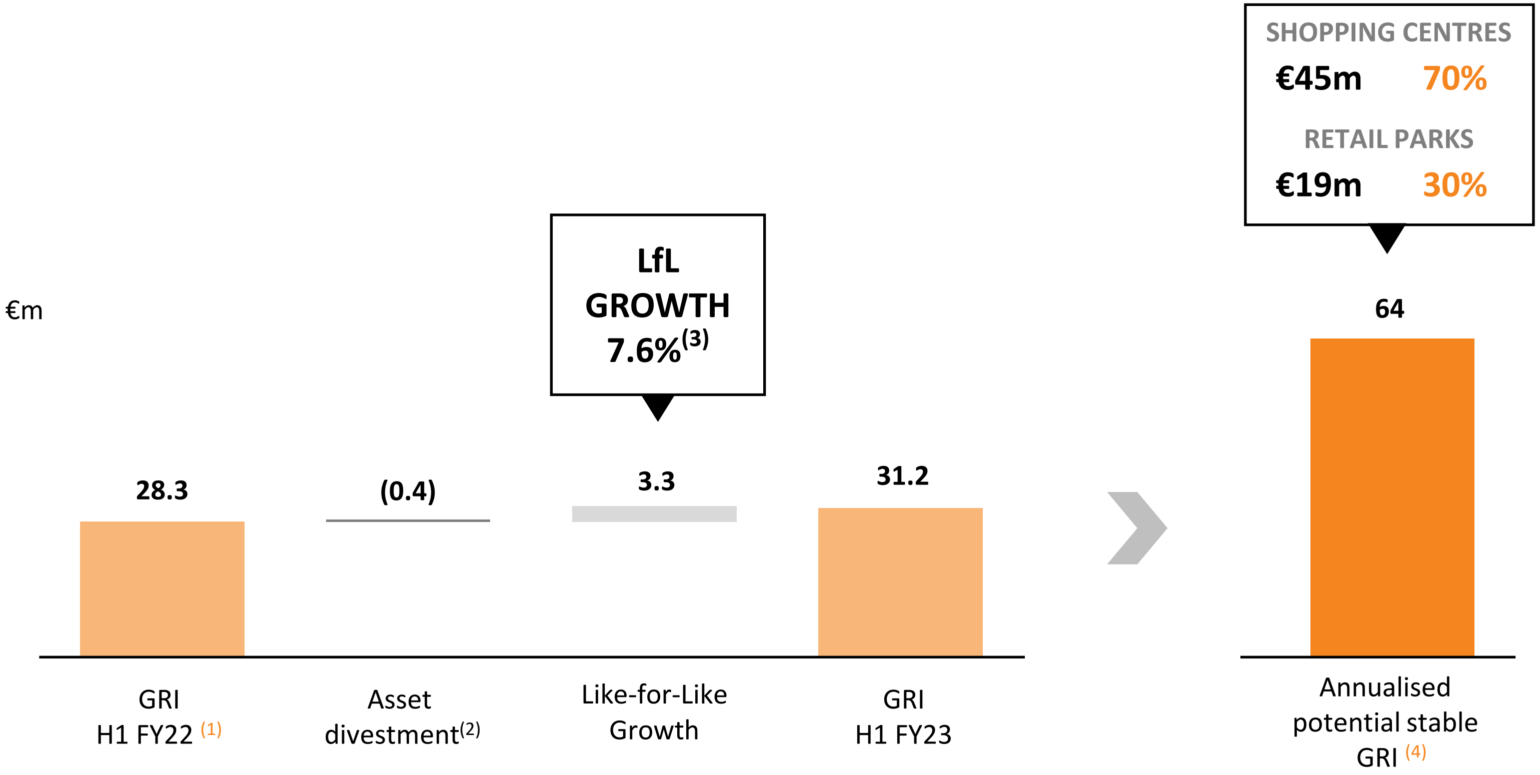
GOOGLE MY BUSINESS PLATFORM MANAGEMENT LAUNCHED

+1K MONTHLY REVIEWS

(1) Like-for-Like excluding COVID-19 rent concessions during H1 FY22 (GRI growth +11.8% and NOI growth +12.1% including COVID-19 rent concessions)

GRI BRIDGE AND BREAKDOWN

GRI GROWTH OF 7.6% LIKE-FOR-LIKE VERSUS H1 FY22



LfL GROWTH 7.6%[3]

SHOPPING CENTRES

€45m 70%

RETAIL PARKS

€19m 30%

---

(1) Including the effect of COVID-19 rent concessions during H1 FY22

(2) Non-strategic asset divestment regarding Konecta Office Buildings sale in June 2021

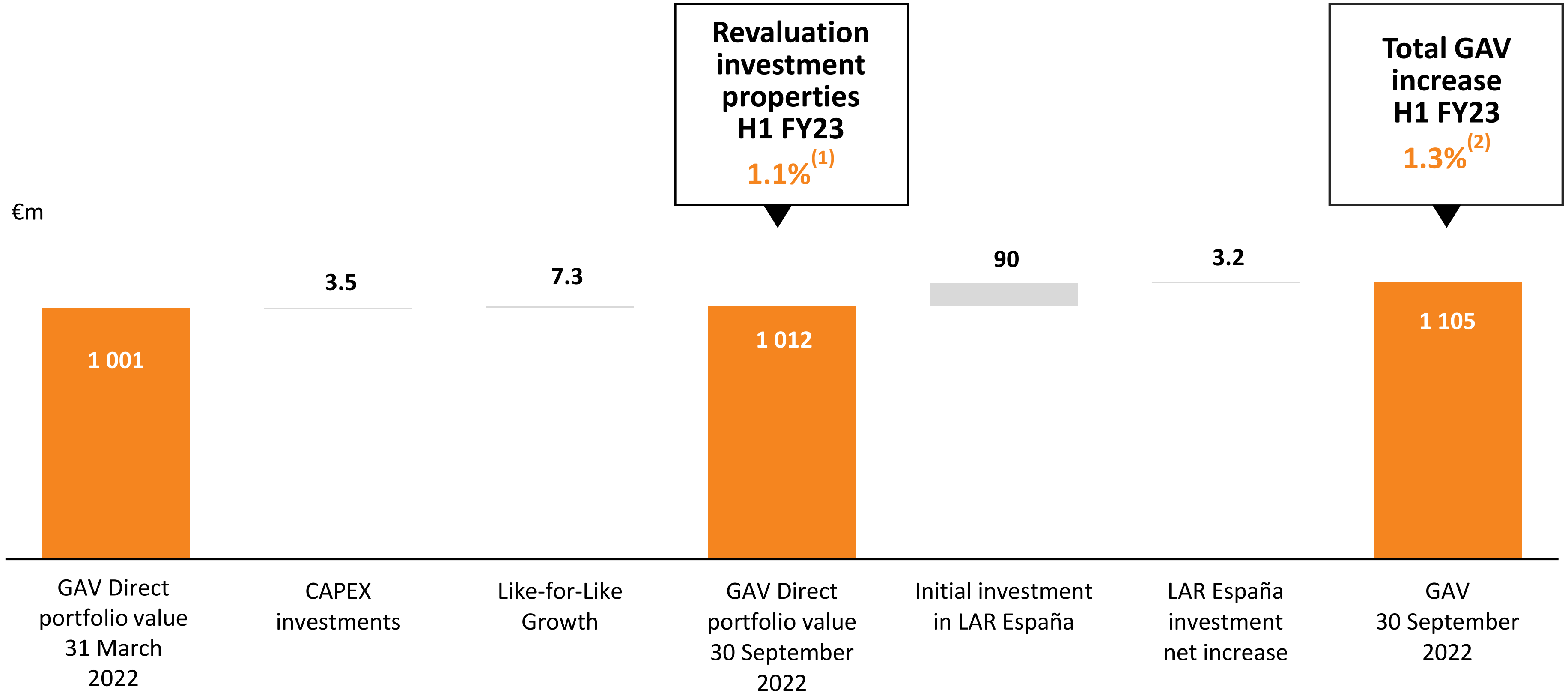
(3) Like-for-Like excluding COVID-19 rent concessions during H1 FY22 (+11.8% including COVID-19 rent concessions)

(4) Annualised GRI considering portfolio fully let not considering CPI rates increase

GAV BRIDGE AND BREAKDOWN

PORTFOLIO REVALUATION UP +1.1% DESPITE +50BPS INCREASE IN DISCOUNT RATES (IRR)

HIGHER PROPERTY NOI AND CONSOLIDATION OF INCOME FROM COMPLETED VALUE-ADDED PROJECTS MAIN DRIVER OF GROWTH



(1) Like-for-Like growth on Direct Portfolio valuation
(2) Like-for-Like growth versus March 2022

REPOSITIONING PROJECTS ACCOMPLISHMENTS AND AWARDS

SUCCESSFUL ASSET REPOSITIONING AND ENHANCEMENT TO BOOST VALUE CREATION AND RECURRENT RENT GENERATION

PROJECTS AWARDED BY THE SPANISH SHOPPING CENTRE ASSOCIATION (AECC) IN JUNE 2022

Award for the
“Best Small-scale refurbishment”
for Los Arcos

Special mention for the
“Best Full-scale Redesign”
for Bahía Sur



	ALL PROJECTS	BAHÍA SUR	LOS ARCOS	EL FARO
GLA AFFECTED	37,897m²	19,320m²	10,729m²	7,848m²
NUMBER OF NEW BRANDS	51	18	20	13
CAPEX INVESTMENT	€71.0m	€38.9m	€25.7m	€6.4m
ADDITIONAL NOI GENERATED	€4.5m	€2.4m	€1.8m	€0.3m
NOI INCREASE VS BUDGET %	15.80%	5.23%	37.32%	0.01%
YIELD ON INVESTMENT	6.32%	6.11%	7.10%	4.54%
AVERAGE CASH-ON-CASH	10.0%	9.6%	11.7%	6.1%

VALUE-ADDED PROJECTS – LOS ARCOS OFFICE BUILDING (PHASE II)

SOLIDIFYING THE LEADING POSITION OF LOS ARCOS, ENSURING THE MOST ATTRACTIVE LEISURE AND FOOD AREA IN TOWN

€18.3m

Capex Investment

€1.1m

Additional NOI generated

Q4 2024

Works expected completion date

BEFORE

AFTER

VALUE-ADDED PROJECTS – VALLSUR 1ST FLOOR REPOSITIONING

RE-ENVISIONING THE FIRST FLOOR TO REINFORCE EXPERIENCIAL LEISURE AND F&B OFFERING

€16.7m

Capex Investment

€1.0m

Additional NOI generated

Q1 2024

Works expected completion date

BEFORE

AFTER

CASTELLANA TAKES ADVANTAGE OF PREVAILING DISCOUNT TO NTA TO INCREASE ITS STAKE IN LAR ESPAÑA TO 25.7%

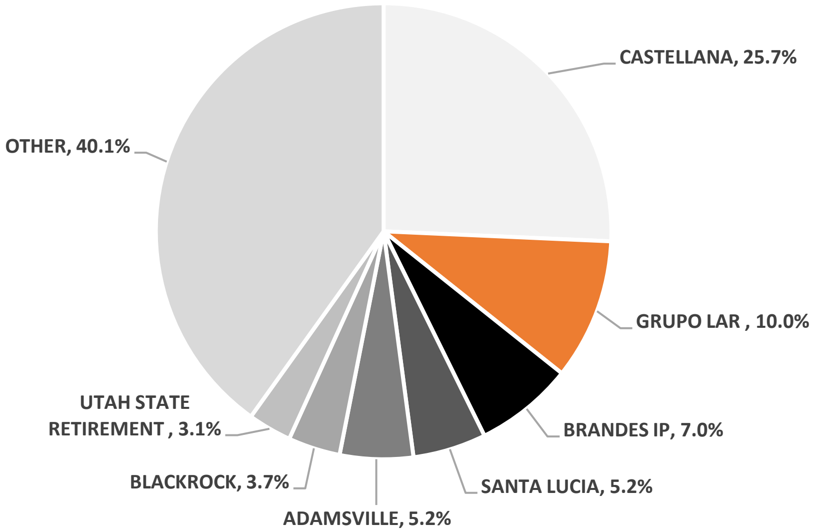
GOOD SET OF OPERATIONAL AND FINANCIAL RESULTS BY LAR ESPAÑA CONFIRM THE RECOVERY OF THE RETAIL SECTOR FROM THE PANDEMIC AND OUR INVESTMENT THESIS

INVESTMENT IN LAR ESPAÑA

- **Castellana has acquired an additional c. 4% stake in LAR España.** Currently, Castellana is the largest shareholder with c. 25.7% of the SOCIMI.

€113m Investment	**€5.25** Average Purchase Price	**c. 52%** Discount to EPRA NTA

LAR ESPAÑA SHAREHOLDING (%)



RESULTS 9M 2022 BUSINESS UPDATE

KEY METRICS

€64m [(1)] GRI	**€1,474m** GAV	**95%** Occupancy
€910m EPRA NTA	**€10.88p.s.** EPRA NTA per Share	**€0.33p.s.** EPRA Earnings
€570m Net Debt	**1.8%** Average Cost of Debt	**39%** Net LTV

- LfL sales for the first 9M of 2022 increased by c. 10% vs. those of 9M 2019 (excluding Lagoh shopping centre).
- GRI reached c. €64m in line with market expectations. Adjusted by the linearisation of COVID-19 tenant incentives accrued during this 9M period (c. €10.6m), GRI reached c. €75m in 9 months. According to Management, 100% of leases were indexed to CPI during this period.
- Occupancy levels were maintained at c. 95%.
- Collection rate held steady at c. 97%.
- Valuations remained at €1.474 vs. H1 FY22 (+3.2% vs. December 2021).
- Net LTV decreased to c. 39% from c. 40%, benefiting from an increased cash position that now stands at c. €200m.
- Rating of BBB (stable outlook) by Fitch already renewed.

(1) Adjusted by the linearisation of COVID-19 tenant incentives accrued during this 9M period (c. €10.6m).

Source: Company Information

INNOVATION AND DIGITALISATION: CUSTOMER CENTRICITY

IMPROVING SHOPPING EXPERIENCE BASED ON OUR CUSTOMER REQUIREMENTS

GOOGLE MY BUSINESS PLATFORM MANAGEMENT

SENTIMENT ANALYSIS

- **Customer service** 24 hours a day, using a response protocol by typology, with the inclusion of **keywords.**
- Reporting **harmful comments** and trolls to Google for **deletion**.

+90K
REVIEWS ALREADY ANALYSED

+1K
NEW REVIEWS EVERY MONTH

LOCAL SEO OPTIMISATION

- Answering **100%** of **Google reviews** to **improve** our **SEO positioning**.

ANALYSING CUSTOMER FEEDBACK

We are able to extract and classify all Google reviews to handle the feedback properly.

PROACTIVELY REACTING TO CUSTOMER FEEDBACK

Our management teams are aware of our customers' requirements on a monthly basis.

NEW MARKETING CHANNEL

Using Google My Business to display shopping mall services, promotions and activities.

*Examples of activity and reputation reports

KEY FOCUS AREAS GOING FORWARD

OPERATIONAL EXCELLENCE

- Continue to focus on growing income through active asset management, improving our service offering through customer centricity and improved decision-making by leveraging our deep data insights.
- Keep the business well positioned to face potential macro-economic challenges.
- Maintain strong tenant relationship to drive a “partnership mindset”

FUNDING

- Stable funding position with no refinancing needed until 2025.
- Continue to work on the diversification of equity funding source to take advantage of market opportunities.

INVESTMENT READY

- Secure and assess accretive deals on the direct asset market and continue to find opportunities to take advantage of the dislocation in pricing between the listed and direct asset markets.
- Direct opportunities are becoming interesting but limited by availability of capital.
- Continue looking for ways to extract value from LAR shareholding.

ESG & INNOVATION

- Continue developing our ESG strategy to achieve all our objectives.
- Develop our innovation strategy ensuring incremental business improvements leveraged by technology and lead innovation within the sector through disruptive opportunities.

4

FINANCIAL PERFORMANCE, DEBT AND TREASURY

Laurence Cohen

VUKILE
PROPERTY FUND
REAL ESTATE. REAL GROWTH.

COMPARISON OF H1 FY23 TO H1 FY22

16.8% increase in dividend per share in H1 FY23

	30 September 2022 Rm	30 September 2021 Rm	Variance %
FFO	791	763	3.7
FFO per share (cents)	80.8	79.8	1.3
Dividend	464	388	19.6
Dividend per share (cents)	47.3	40.5	16.8
Shares in issue	980 226 628	956 226 628	4.2
Pay-out ratio (for the interim dividend)	59%	51%	

FFO per share increased by 1.3% compared to corresponding period in FY22. Growth in FFO per share was affected by:

- Reduction in net interest from CCIRS, following the settling of the last remaining CCIRS in June 2022
- Conversion of SA Euro debt to ZAR debt, higher cost of interest impacted H1 FY23 in full, but only partially affected H1 FY22
- Profit from sale of Castellana office assets included in FFO in H1 FY22 (€3.3 million, Vukile share R56.8 million) (1)
- 24 million new Vukile shares issued in February 2022

Dividend per share increased by 16.8% compared to the corresponding period in FY22. This was mainly due to an increase in the pay-out ratio for the interim dividend from 51% in H1 FY22 to 59% in H1 FY23. In order to ensure no tax leakage in South Africa, dividends for the full year FY23 and onwards can potentially be ±75% to 80% of total group FFO.

(1) 50% of capital profits on disposal of assets required to be distributed in terms of Spanish REIT rules.

SIMPLIFIED INCOME STATEMENT

	30 September 2022 Rm	30 September 2021 Rm	Variance %
Revenue	**1 328**	1 304	
Stable portfolio (1)	**1 314**	1 160	13.3
Sold properties	**14**	144	
Property Expenses (net of recoveries)	**(178)**	(169)	5.3
Net property income	**1 150**	**1 135**	**1.3**
Stable portfolio (1)	**1 140**	1 029	10.8
Sold properties	**10**	106	
Corporate administration expenses	**(148)**	(152)	(2.6)
Income from listed investments (2)	**25**	161	(84.5)
MEREV top-up payment	**(9)**	(44)	(79.5)
Operating profit before finance costs	**1 018**	**1 100**	**(7.5)**
Net finance costs	**(350)**	(276)	26.8
Profit before equity-accounted income	**668**	**824**	**(18.9)**
Share of profit from associate and joint venture (3)	**2**	(4)	
Profit before taxation	**670**	**820**	**(18.3)**
Taxation	**(6)**	(10)	(40.0)
Profit for the period	**664**	**810**	**(18.0)**

(1) Income in the prior period was reduced by COVID rent concessions (R6.8 million in SA and R18.8 million in Spain).

(2) Income from listed investments was higher in the prior period due to higher dividend income from Fairvest (H1 FY23 R23 million; H1 FY22 R60 million) and R101 million included in IFRS income in H1 FY22 from the termination of FECs.

(3) Net amount in respect of Vukile share of profits from MICC Namibia (after accounting for interest on in-country debt), Dream and Fetch.

SIMPLIFIED INCOME STATEMENT (CONTINUED)

VUKILE PROPERTY FUND
REAL ESTATE. REAL GROWTH.

	30 September 2022 Rm	30 September 2021 Rm	Variance %
Profit for the period	**664**	**810**	**(18.0)**
Non controlling interests (1)	**(36)**	(50)	(28.0)
Attributable to Vukile	**628**	**760**	**(17.4)**
Non-IFRS adjustments	**163**	3	
Early termination of FECs	**58**	(76)	
Accrued dividends (2)	**96**	76	
Non-cash impact of IFRS entries	**9** (3)	3	
FFO	**791**	**763**	**3.7**
Pay-out ratio (for the interim dividend)	**59%**	51%	
Dividend (Rm)	**464**	388	19.6
Shares in issue (4)	**980 226 628**	956 226 628	
FFO per share (cents)	**80.8**	79.8	1.3
Dividend per share (cents)	**47.3**	40.5	16.8

(1) Vukile increased its shareholding in Castellana from 82.5% in to 89.6%. In December 2021, 3.5 million shares were acquired from Merev and a further 12.5 million shares were acquired in March 2022, following a conversion of a shareholder loan to equity.

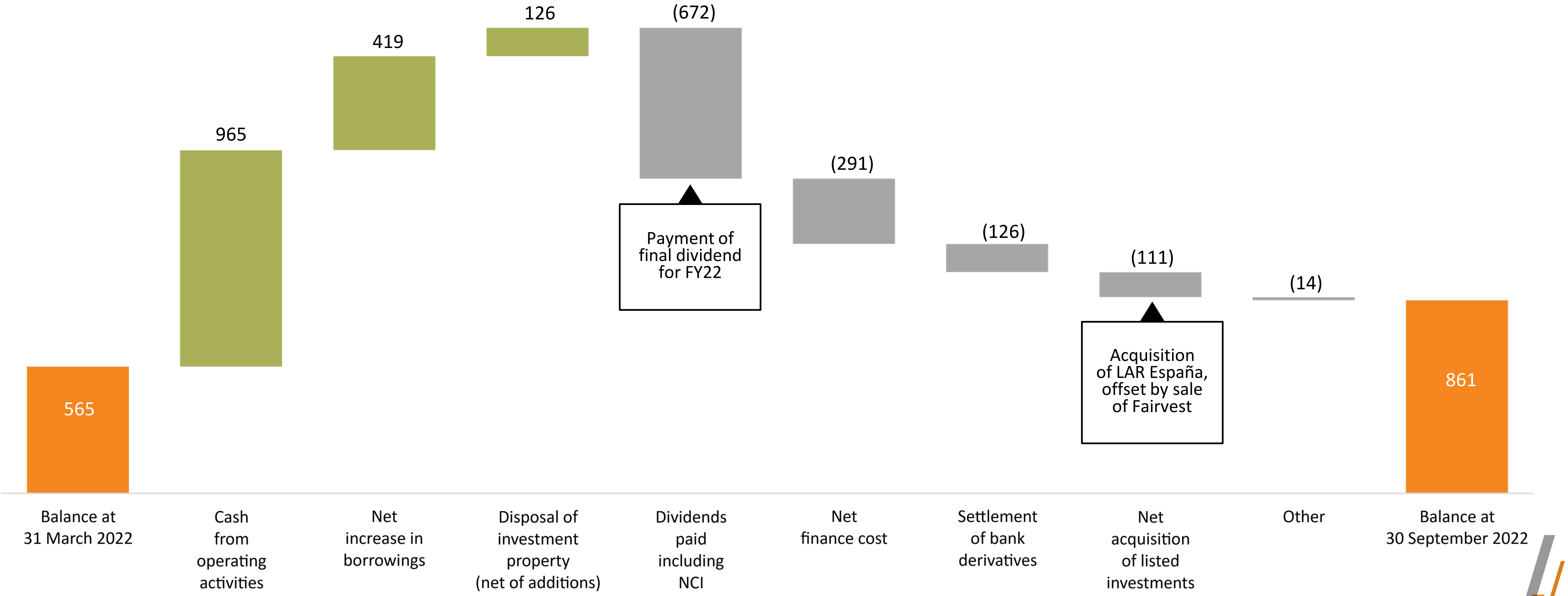
(2) LAR España dividend accrual of R65 million (2021: Rnil), Fairvest accrual of –R0.7 million and FEC accrual of R32 million. Included in the prior period is R53 million for the sale of the Konecta office buildings in Spain.

(3) R7 million of this amount relates to non-cash impact of IFRS 16 Leases.

(4) 24 million new Vukile shares issued in H2 FY22

CASH FLOW BRIDGE (Rm)

ACTIVE CASH MANAGEMENT TO INVEST IN CORE STRATEGY

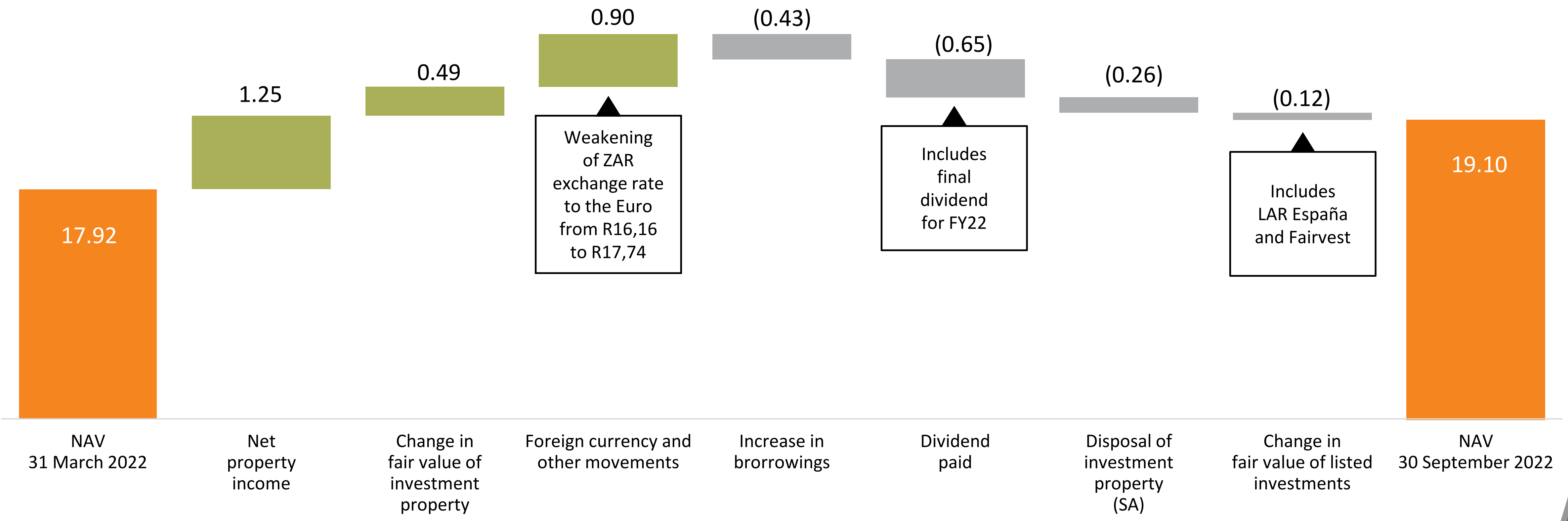


Payment of final dividend for FY22

Acquisition of LAR España, offset by sale of Fairvest

NAV BRIDGE (R)

NAV PER SHARE INCREASED BY 6.6% to R19.10 PER SHARE



Weakening of ZAR exchange rate to the Euro from R16,16 to R17,74

Includes final dividend for FY22

Includes LAR España and Fairvest

DEBT AND BALANCE SHEET OVERVIEW

LIQUIDITY AND EXPIRY PROFILE

- **88%** (R1.0bn) of FY23 maturing debt has already been repaid, refinanced or renegotiated
- Undrawn debt facilities of **R3.6bn** at 30 September 2022 (R3.1bn at 31 March 2022)
- **Sufficient cash and undrawn committed facilities** exceed all debt expiring over next 12 months (**2.8 times** covered)
- **Debt maturity profile** of **3.5 years** at 30 September 2022

CASTELLANA SYNDICATED LOAN FUNDING

- **Castellana debt maturity profile** at **4.3 years** at 30 September 2022
- Next Castellana **debt maturity in FY26**
- Inaugural **Fitch ratings** investment grade rating for Castellana of **BBB-** in March 2022

INTEREST RATE RISK MANAGEMENT

- **87%** of Group interest-bearing debt hedged (76% at 31 March 2022)
- **Hedge maturity profile** of **2.2 years** at 30 September 2022
- Expect interest cost to increase in **FY23** as a result of interest rate hikes
- **96%** of **Castellana's** interest-bearing debt hedged

FX RISK MANAGEMENT

- Vukile SA EUR debt reduced to **€30m**
- All remaining CCIRS have been settled
- **98%** of Castellana's net forecast FY23 dividends are hedged

DEBT CAPITAL MARKETS

- **GCR upgraded** Vukile's corporate long-term credit rating to **AA**$_{(ZA)}$ in July 2022, with a stable outlook
- **Unencumbered assets** at year-end were **R10.7bn**, with unsecured debt to unencumbered assets ratio of **20%**
- **13.6%** of total group debt is in the SA DCM market

KEY TREASURY METRICS

LOW RISK BALANCE SHEET AND CREDIT METRICS SUPPORTING INVESTMENT GRADE CREDIT RATING

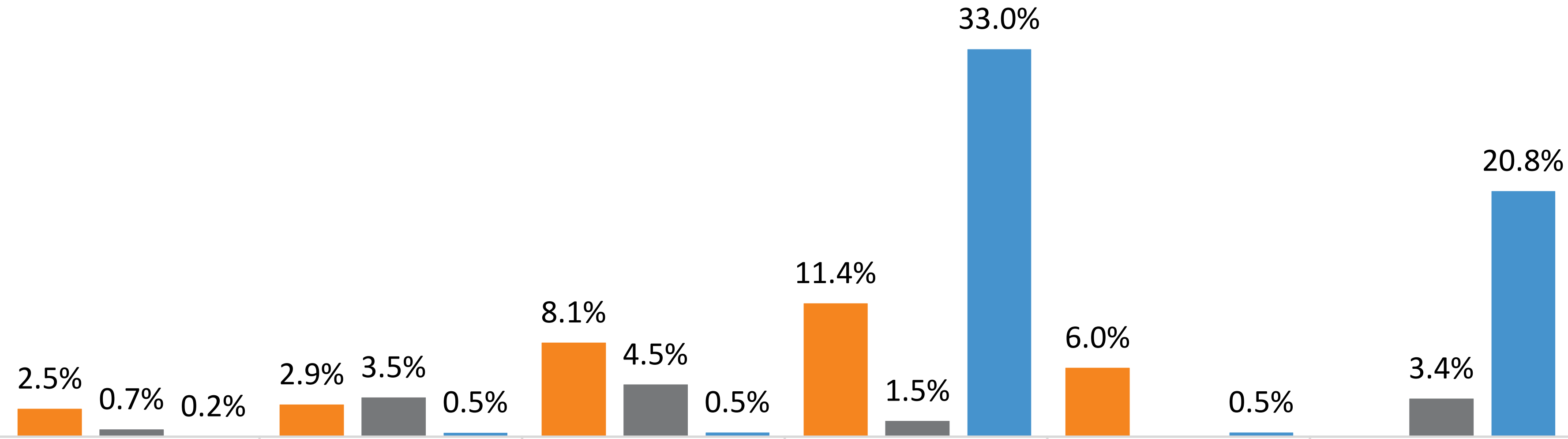
	30 September 2022	31 March 2022	30 September 2021
Interest cover ratio	**2.9 times**	3.4 times	4.4 times
Loan-to-value ratio (net of cash and cash equivalents)	**43.2%**	43.0%	42.8%
Unsecured debt to unencumbered assets ratio	**20.2%**	15.1%	28.5%
Debt maturity profile	**3.5 years**	3.8 years	2.6 years
Interest-bearing debt hedged	**87.0%**	75.5%	72.9%
Group cost of funding	**4.9%**	4.9%	4.5%
Liquidity ratio (cash + undrawn facilities / debt expiry in next 12 month)	**2.8 times**	3.1 times	1.3 times
Corporate long-term credit rating	**AA$_{(ZA)}$**	AA-$_{(ZA)}$	AA-$_{(ZA)}$

- Reduction in Group ICR is largely as a result of the CCIRS maturing, as well as an increase in SA base rates
- Stress testing of Group interest cover ratio indicates that the portfolio would need to undergo a 30% reduction in Group EBITDA, before reaching 2 times bank interest cover covenant level
- Castellana stress testing of valuations indicates the portfolio has a 33% headroom (€362m) in property value, relative to Castellana's group LTV covenant of 65%
- Stress testing of Castellana interest cover ratio indicates that the Castellana portfolio would need to undergo a 60% reduction in Castellana EBITDA, before reaching 1.15 times bank interest cover covenant level

ANALYSIS OF GROUP LOAN EXPIRY PROFILE

LOW RISK EXPIRY PROFILE

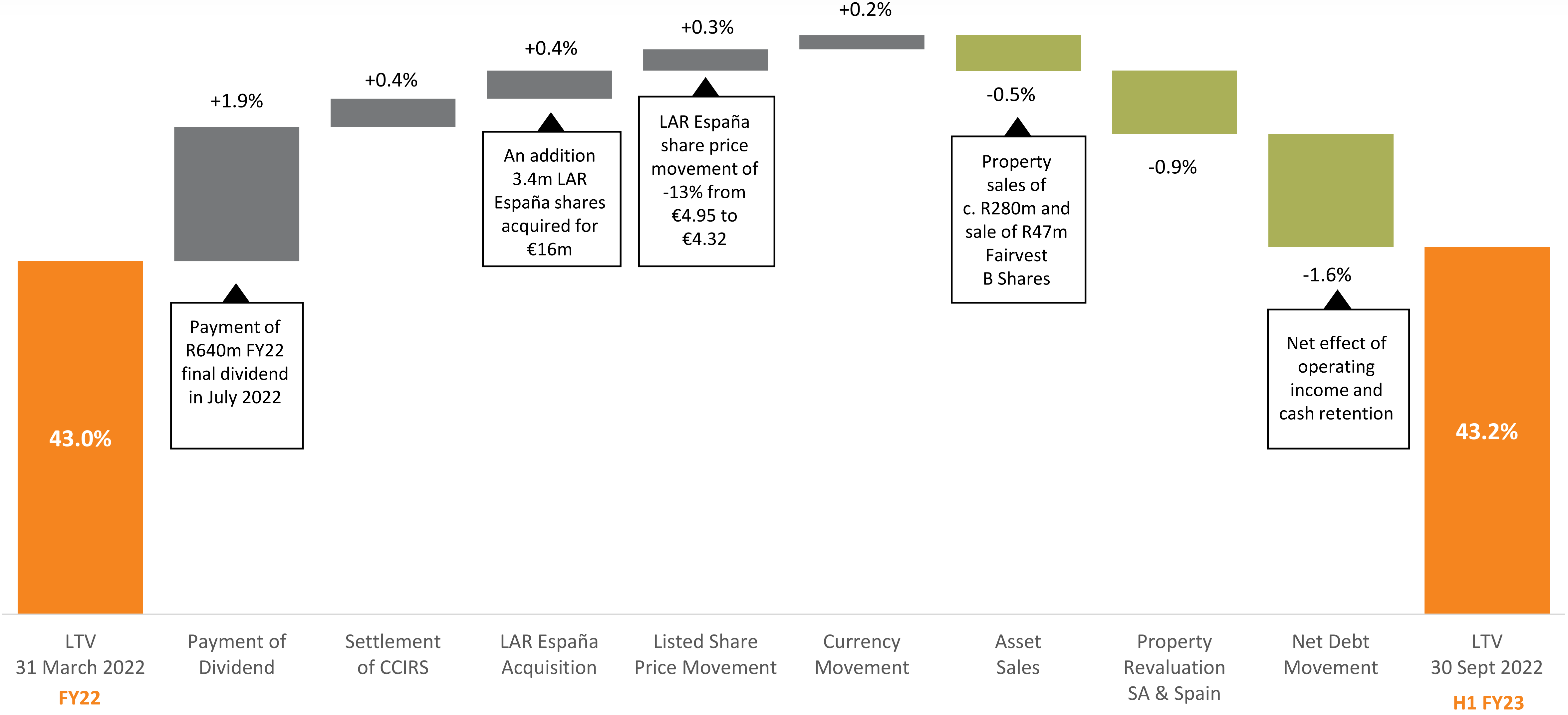
- 88% of debt expiries relating to FY23 of R1.0bn have already been repaid, refinanced or renegotiated;
- R767m of unsecured corporate bonds were issued through a 4.6x oversubscribed auction (R2.2bn of bids from 16 investors);
- Sufficient cash and undrawn committed facilities (R4.5bn) exceed all debt expiring (R1.6bn) over the next 12 months (2.8 times); and
- Castellana debt maturity profile at 4.3 years, with a hedge profile of 2.4 years.



	2023	2024	2025	2026	2027	2028 & beyond
🟧 Vukile bank debt expiry profile Rm	398	455	1 291	1 822	950	
⬛ Vukile corporate bond expiry profile Rm	119	550	723	232		535
🟦 Castellana bank debt expiry profile Rm	23	76	78	5 257	78	3 339
Total	540	1 081	2 092	7 311	1 028	3 874

GROUP LOAN-TO-VALUE BRIDGE

LTV HELD CONSTANT WITH A KEY DRIVER BEING LAR ESPAÑA SHARE PRICE MOVEMENT



Payment of R640m FY22 final dividend in July 2022

An addition 3.4m LAR España shares acquired for €16m

LAR España share price movement of -13% from €4.95 to €4.32

Property sales of c. R280m and sale of R47m Fairvest B Shares

Net effect of operating income and cash retention

GROUP NAV AND LOAN-TO-VALUE SENSITIVITY TO LAR ESPAÑA SHARE PRICE

AT 30 SEPTEMBER 2022

	Impact on Vukile	
LAR España share price	NAV per share	LTV
3.00	-0.52	43.9%
3.50	-0.32	43.6%
4.00	-1.13	43.4%
4.32	0.00	43.2%
4.50	0.07	43.1%
5.00	0.26	42.9%
5.50	0.46	42.7%
6.00	0.65	42.4%
7.00	1.04	42.0%
8.00	1.43	41.6%
9.00	1.82	41.1%
10.00	2.21	40.7%
11.00	2.60	40.3%

SENSITIVITIES

FY22 (31 MARCH 2022 SHARE PRICE)

LAR ESPAÑA SHARE PRICE STRENGTHENING TO €4.95

= 24 cents INCREASE IN NAV PER SHARE + -0.3% DECREASE IN THE GROUP LTV

VUKILE INITIAL COST PRICE

LAR ESPAÑA SHARE PRICE STRENGTHENING TO €5.35

= 40 cents INCREASE IN NAV PER SHARE + -0.5% DECREASE IN THE GROUP LTV

LAR ESPAÑA EPRA NTA

LAR ESPAÑA SHARE PRICE STRENGTHENING TO €10.72

= 249 cents INCREASE IN NAV PER SHARE + -2.8% DECREASE IN THE GROUP LTV

KEY TREASURY FOCUS AREAS GOING FORWARD

LIQUIDITY AND EXPIRY PROFILE

- Continue to proactively manage debt expiry by maintaining strong relationships across all major SA banks
- Increasing debt maturity profile by refinancing debt into new 3 to 5 years facilities (during COVID debt was refinanced with shorter terms as margins had increased significantly)
- Continued focus on liquidity by maintaining material undrawn committed facilities, reducing refinance risk

INTEREST RATE RISK MANAGEMENT

- Cognisant of interest rate hiking cycle in short to medium term, will continue to dynamically hedge interest rate exposure

FX RISK MANAGEMENT

- Vukile has adopted a layered approach to hedging Spanish GAAP based EUR dividend forecasts with FECs, targeting an average hedge ratio of 60% across a 5-year period
- The reduction in EUR debt and the termination of the CCIRS makes Vukile’s NAV more positively exposed to a weaker ZAR going forward
- Castellana FFO is not hedged, Vukile’s FFO is more positively exposed to a weaker Rand, whilst still providing predictable dividends over the short term

DEBT CAPITAL MARKETS & ESG FUNDING

- Vukile remains committed to the Debt Capital Markets (“DCM”) with regular issuances
- Annual debt investor roadshow with an annual auction to match DCM maturities
- Committed to ESG and will consider ‘sustainability linked’ corporate bonds and bank loans
- ESG authenticity most important factor - committed to engage with investors to achieve meaningful, long-term ESG outcomes

5

TRANSACTION UPDATE AND STRATEGY

Laurence Rapp

VUKILE
PROPERTY FUND
REAL ESTATE. REAL GROWTH.

STRATEGY

A CLEAR AND CONSISTENT RETAIL-FOCUSED STRATEGY

VUKILE PROPERTY FUND
REAL ESTATE. REAL GROWTH.

Group Balance Sheet

South African portfolio

CASTELLANA PROPERTIES

3rd Party Asset Management

Operational excellence

- Pan Africa Mall
- BT Ngebs City

- LAR España

- South Africa
  - Reimagine
- Namibia
- Spain (under evaluation)

INVESTMENT IN REIMAGINE SOCIAL IMPACT RETAIL FUND

GROWING EXPOSURE TO 3RD PARTY RETAIL ASSET MANAGEMENT

TRANSACTION SALIENT TERMS

- Acquisition of a **33% stake in ALT Capital Partners** (a private equity real estate investment manager) for a nominal consideration.
- Commitment of **R200 million** into the REimagine Social Impact Retail Fund, funded through:
  - **Sale of smaller assets** (Rustenburg Edgars building and Piet Retief SC) **for c. R172 million** to the fund and the balance in cash
- **Service level agreement** for Vukile to provide the investment manager with **property related services.**

ABOUT OUR PARTNERS

- The REimagine fund was founded by ALT Capital Partners **to target convenience retail in rural and township locations in SA**.
- ALT Capital Partners is a **black-owned FSCA licensed private equity management company** founded by **Ben Kodisang, and his partners Tumi Mokhothu and Chulu Nomlomo.**
- **Ben Kodisang has more than 25 years of property and investment experience**, as the previous CEO of Sanlam Alternative Investments, MD of Stanlib Asset Management and MD of Old Mutual Property. Ben has also served as the **President of SAPOA** and was the first Chairman of SA Corporate (amongst other Directorships).
- The REimagine fund achieved a **first close with R800 million of capital commitments in November 2022**. Further commitments of **R500 million are anticipated in Q1 2023**. Assuming leverage of c. 50% will allow the fund to build an **initial portfolio GAV of at least R2.6 billion.**

INVESTMENT THESIS

- **Exposure to convenience retail assets**
  The fund provides Vukile with an attractive total return profile and exposure to a sought-after segment of the market without diluting Vukile's core strategic focus.
- **The right of first refusal to a pipeline of a portfolio of convenience retail assets**
  This creates an opportunity to build a portfolio of small convenience retail assets, with the longer-term prospect for Vukile to acquire a sizeable portfolio in a single transaction, which can be timed in favourable market conditions. The right of first refusal does not give rise to any obligation on Vukile to acquire any assets from the fund.
- **Partnership in a private equity platform**
  This allows Vukile the ability to access alternative forms of capital, allowing Vukile to leverage current infrastructure and economies of scale.
- **Access to alternative sources of income** by leveraging Vukile's in-house skills to offer property related services.
- **Supports B-BBEE rating through enterprise development activity**
  By partnering with a newly founded 100% black-owned investment management company, this aligns with Vukile's values and holistic social impact strategy.

INVESTMENT IN LAR ESPAÑA

INCREASED STAKE to 25.7% - INCREASED OPTIONALITY AND A SOURCE OF VALUE CREATION FOR VUKILE

INVESTMENT THESIS

- **Highly attractive acquisition price at c. 50% discount to EPRA NTA.**
  This investment takes advantage of the current price dislocation between listed real estate and the direct asset market.
- **LAR España portfolio is highly complimentary to the Castellana portfolio.**
  LAR España assets located predominantly in the north and east of Spain while CPS portfolio is concentrated in the south and west of the country.
- **High single digit dividend yield with long-term capital appreciation potential.** Share price does not yet reflect the recovery post the pandemic, recent update of the IMA at more favorable terms to shareholders, use of existing c. €200m cash and reduced finance costs from new green bond programme.
- Strong investment case with **highly attractive returns and provides strategic optionality** in our core market.
- Castellana has further **increased its stake** in LAR España through acquisition of shares in the market.
- As the largest shareholder, Vukile and Castellana continue to **engage with LAR España's management** to discuss strategy to unlock further value for shareholders.
  - Deployment of cash of c. €200 million
  - Scale
  - Dividend policy

Source: Company Information

NOTES: (1) Recurrent GRI. Does not include accruals from tenant incentives.

SIGNIFICANT DELIVERABLES ON ESG DURING H1 FY23

	Performance metric	Achievements for H1 FY23	Aligned with UN SDGs
ENVIRONMENTAL	**Optimisation of energy mix** Substituting fossil fuelled energy sources with renewable energy sources	**Further 800 KW of PV installed in SA.** With a further 1,7MW substantially completed. Concluded agreements to **develop 2.5MW of PV in Spain.**	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
	GHG emission measurement Determining Scope 1,2 & 3 emissions	Both Vukile and Castellana completed their **first verified carbon footprint** calculations during H1FY23.	
	Water security & sustainability Ensuring water provision in scarce water areas where municipal provision is intermittent	Commenced roll-out of our **various water preservation projects** throughout the portfolio.	
	Green Building Certification BREEAM certification	All Spanish buildings are **BREEAM Certified.** Currently investigating the feasibility of green-rating for the SA portfolio.	
SOCIAL	**Continued social impact in education and job creation** Through our bursary and intern programme	**The Vukile Academy Class of 2023** in the final stages of selection with new cohort commencing in January 2023. **33%** of the Class of 2022 already placed in **formal employment.**	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH
	Social impact through the enterprise development of emerging retailers in SA	**The Vukile Retail Academy successfully launched** during the past six months with 8 emerging retailers already commenced trading.	
	Social impact on various issues within Spain	**Castellana invested c. €33k** in aid contributions and c.**€53k in ESG events** supporting different social initiatives during the six months.	
GOVERNANCE	**Safeguarding the organisation against the threat of cyber security breach and data loss**	Two successful cyber security training campaigns launched during H1 F23.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	ESG Certifications	Both **Vukile and Castellana** submitted their **first GRESB submissions** during H1 F23, with **Vukile** also submitting its **first CDP submission**.	
	Quality of reporting	Castellana has been awarded **EPRA Gold for financial reporting, and for sustainability, EPRA SBPR Gold Award** and **Most Improved Award.**	

STRATEGIC FOCUS AREAS

CUSTOMERS DRIVE VALUE

OUR PEOPLE

- Continued drive to embed a **singular culture** within Vukile and Castellana
- Ensuring the group remains an **employer of choice**
- **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**
- Has become an embedded **core competence** and source of long term advantage; open up new revenue and value streams

OUR TENANTS

- Already providing our tenants with **nodally dominant shopping centres** with very strong trading conditions
- Believe strongly in a co-operative and non-conflictual relationship with tenants; foster a **partnership relationship**
- Look to further develop the **excellent relations with our tenants**
- Opportunities to **add value to our tenants** to make them and our centres more successful using our unique geolocation data

BALANCE SHEET STRENGTH

- Continued focus on maintaining a **strong and liquid balance sheet**
- Maintain **strong relationships** with our multiple banking and funding partners with specific focus on Spain
- Deployment of **retained cash** to drive long term strategic **sustainability**

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
- Successful implementation of **iCast innovation projects and embedding a culture of innovation**

ESG

- Implementation of **ESG roadmap**
- **Ongoing investment into PV plants** in SA and beginning the journey in Spain
- Focus on transformation and **further CSI initiatives**

GROWTH

- **Focus on closing** the two acquisitions and integrating assets into the portfolio
- **Unlock value** in the LAR España investment
- Remain focused on core **retail expertise**

6

PROSPECTS AND GUIDANCE

Laurence Rapp

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

PROSPECTS FOR THE GROUP

- Against a worsening global macro backdrop, Vukile continues to perform very well both in South Africa and Spain, demonstrating the **strength and defensive nature** of its assets.

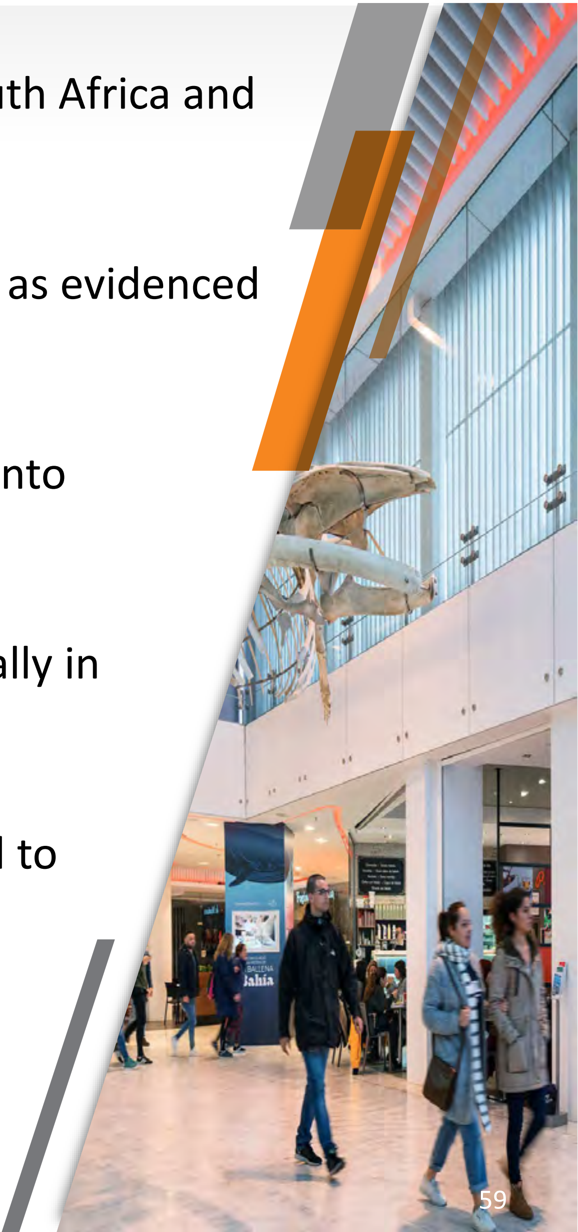
- Our internal focus on **driving operational efficiencies and excellence** is certainly bearing fruit, as evidenced by this strong set of results in both markets.

- Underlying **tenant demand remains strong** and we expect competition for space to continue into the second half of the current financial year.

- Of significant importance is the **long debt expiry profile** and **high hedging percentage**, especially in Spain, which effectively eliminates refinance risk for the next 4 years.

- Notwithstanding the strong strategic, operational and financial state of the company, we need to **remain cautious**, given the challenging macro environment.

- However, we are pleased to keep guidance for the full year unchanged, at growth in both FFO per share and dividends per share of **5 - 7%** for the year ending 31 March 2023.



WHY VUKILE?

A UNIQUE PROPERTY COMPANY

SPECIALISTS IN RETAIL

- **Specialists in the retail sector**, with more than 1 million m^2 of GLA across 52 retail properties in South Africa and Spain
- Best-in-class **internalised management structure**
- Supported by **strong relationship with national & international tenants**
- With a focus on providing our **customers a unique retail experience**

HIGH QUALITY PORTFOLIO

- **Strategically constructed portfolio** of handpicked properties
- **Dominant assets** in catchment areas
- **Highly diversified portfolio** in terms of property type, regions, categories and tenants, offering a **low level of portfolio risk**
- **Attractive pipeline of opportunities** to bolster growth
- Supported by focus on **customer needs**

ROBUST FINANCIAL METRICS

- **Conservative and prudent financial policy** to ensure long-term sustainable growth
- Active debt management supported by **strong relationships with debt funders**
- **Dynamic hedging policy** to mitigate risk whilst optimising returns
- **Consistent capex & development policy** to ensure sustainability and income growth

ACTIVE MANAGEMENT

- **Unique and effective active management style**, aiming to invest to add long-term value as evidenced by recent development projects and choice of acquisitions and sales
- **Highly dynamic and efficient team**, able to quickly adapt when it comes to decision making
- **Strong operational focus**, integrating assets with local communities, anticipating customers' needs and supporting tenants

HIGHEST GOVERNANCE STANDARDS

- **Strong corporate governance** with a highly **experienced and independent Board** of Directors
- **Integrity and transparency** as core values
- Committed to **ESG principles** throughout business processes
- Committed to generating **maximum value for stakeholders and returns for shareholders**
- Acknowledged as an **employer of choice** with **high ethical standards**

INNOVATION AND CUSTOMER CENTRICITY AS PART OF OUR DNA

- **Proactively spearheading new trends** at its shopping centres
- **Internal innovation programme** to embrace cutting-edge new trends
- **Placing the customer at the centre of our innovation with data analytics** evaluating customer needs
- **Embracing technology** to adapt our shopping centres to emerging consumer needs

STRONG INCOME & GROWTH PROSPECTS

- **Incentivised to achieve FFO and NAV growth**
- Returns driven through **healthy, sustainable and robust growth**
- **Diversified net currency exposure**
- Stable NAV with **meaningful upside potential over the next 5 years**
- **High quality cash flows resulting in competitive dividend yield** with conservative tax efficient pay-out ratio
- **Highly liquid stock**: consistently amongst the most highly liquid REIT shares traded on the JSE

ACKNOWLEDGEMENTS

VUKILE PROPERTY FUND
REAL ESTATE. REAL GROWTH.

- Board
- Property managers
- Service providers
- Brokers and developers
- Tenants
- Investors
- Funders
- Colleagues

QUESTIONS AND ANSWERS

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

Appendix 1A

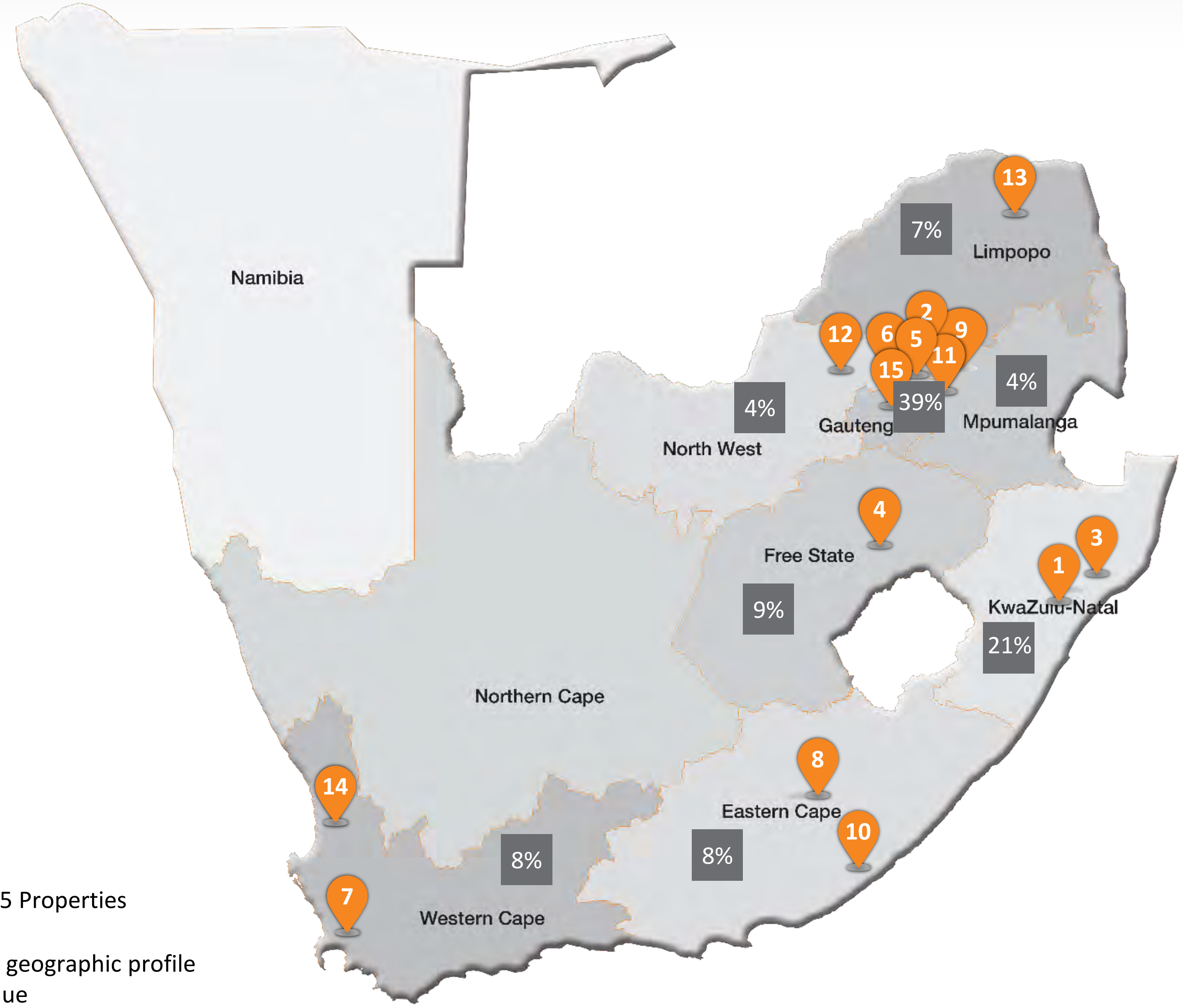
RETAIL PORTFOLIO

South African Portfolio

VUKILE
PROPERTY FUND
REAL ESTATE. REAL GROWTH.

SOUTH AFRICA RETAIL FOOTPRINT

RETAIL PORTFOLIO PROFILE - TOP 15 PROPERTIES ACCOUNT FOR 72% OF RETAIL PORTFOLIO BY VALUE



Top 15 Properties

% Retail geographic profile by value

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

HIGH QUALITY RETAIL ASSETS

TOP 15 ASSETS	PINE CREST	EAST RAND MALL	PHOENIX PLAZA	MALUTI CRESCENT	KOLONNADE RETAIL PARK
					
GAV	**R1 134m**	**R1 132m**	**R 868m**	**R 858m**	**R 714m**
Region	KwaZulu-Natal	Gauteng	KwaZulu-Natal	Free State	Gauteng
Gross Lettable Area	43 343m²	68 528m²	24 072m²	35 741m²	39 665m²
Monthly rental	R206/m²	R262/m²	R294/m²	R174/m²	R133/m²
National tenant exposure	92%	93%	78%	95%	96%
Vukile ownership	100%	50%	100%	100%	100%
Approx. footfall	9.4m	7.7m	10.9m	10.6m	
Vacancy	0.6%	1.1%	0.4%	Fully let	Fully let

HIGH QUALITY RETAIL ASSETS

TOP 15 ASSETS (CONT.)

	DOBSONVILLE MALL	GUGULETHU SQUARE	NONESI MALL	DAVEYTON MALL	MDANTSANE CITY
					
GAV	**R 655m**	**R 651m**	**R 584m**	**R 554m**	**R 554m**
Region	Gauteng	Western Cape	Eastern Cape	Gauteng	Eastern Cape
Gross Lettable Area	26 438m²	25 699m²	27 901m²	19 859m²	36 614m²
Monthly rental	R178/m²	R188/m²	R152/m²	R214/m²	R143/m²
National tenant exposure	93%	94%	98%	90%	84%
Vukile ownership	100%	100%	100%	100%	100%
Approx. footfall	9.3m	11.3m	8.0m	6.6m	8.3m
Vacancy	Fully let	2.3%	1.6%	* 5.9%	1.5%

* Office vacancies

HIGH QUALITY RETAIL ASSETS

TOP 15 ASSETS (CONT.)



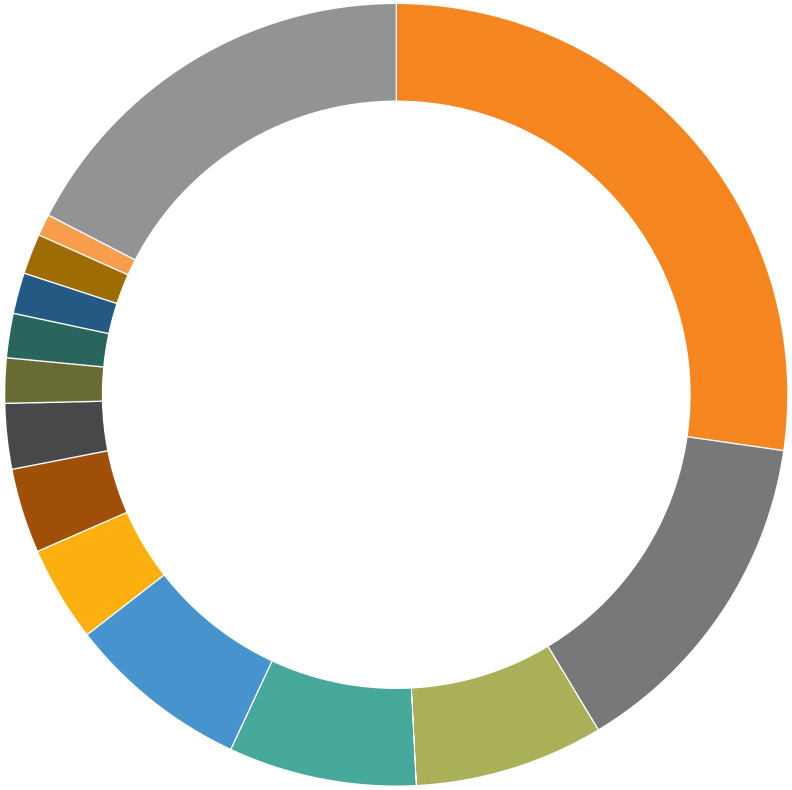


	MEADOWDALE MALL	MORULENG MALL	THAVHANI MALL	ATLANTIS SHOPPING CENTRE	HILLFOX VALUE CENTRE
GAV	R 534m	R 489m	R 481m	R 474m	R 426m
Region	Gauteng	North West	Limpopo	Western Cape	Gauteng
Gross Lettable Area	49 487m²	31 558m²	53 345m²	21 983m²	37 562m²
Monthly rental	R101/m²	R139/m²	R197/m²	R177/m²	R93/m²
National tenant exposure	88%	81%	94%	82%	72%
Vukile ownership	67%	80%	33.33%	100%	100%
Approx. footfall		4.2m	9.1m	9.4m	
Vacancy	Fully let	Fully let	Fully let	3.6%	0.9%

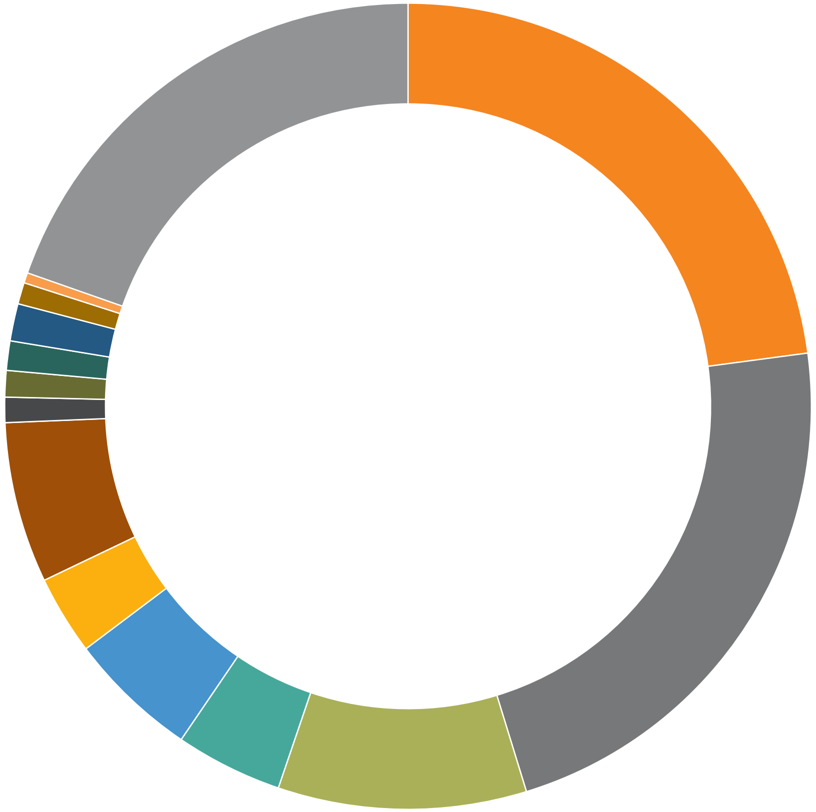
RETAIL CATEGORY EXPOSURE

WELL DIVERSIFIED MIX OF TENANT CATEGORIES

CATEGORY PROFILE BY RENT



CATEGORY PROFILE BY GLA

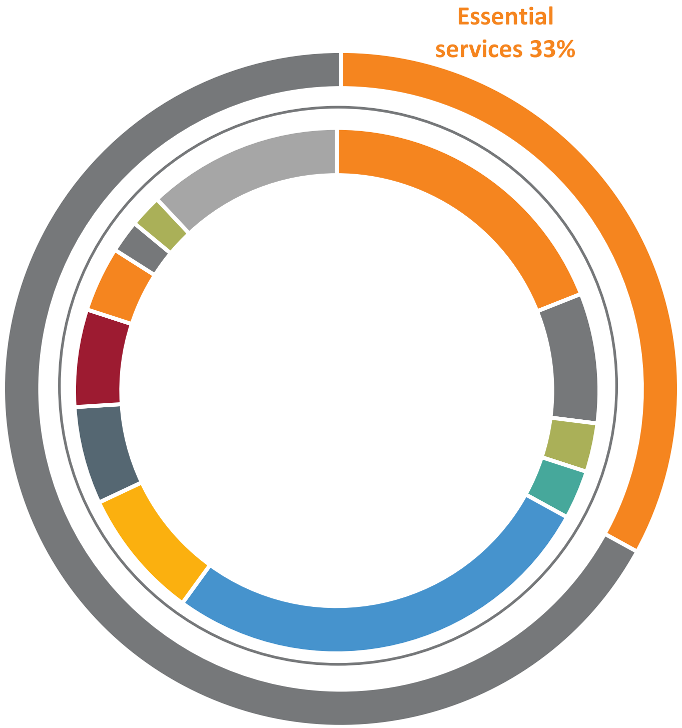


27%	● Fashion	23%
14%	● Grocery/ Supermarket	22%
8%	● Home Furnishings/ Décor	10%
8%	● Banking	4%
7%	● Food	5%
4%	● Sporting/ Outdoor Goods & Wear	3%
3%	● Department Stores	6%
3%	● Cell Phones	1%
2%	● Health & Beauty	1%
2%	● Restaurants & Coffee Shops	1%
2%	● Bottle Stores	1%
2%	● Electronics	2%
1%	● Accessories	1%
17%	● Other	20%

RETAIL TENANT EXPOSURE

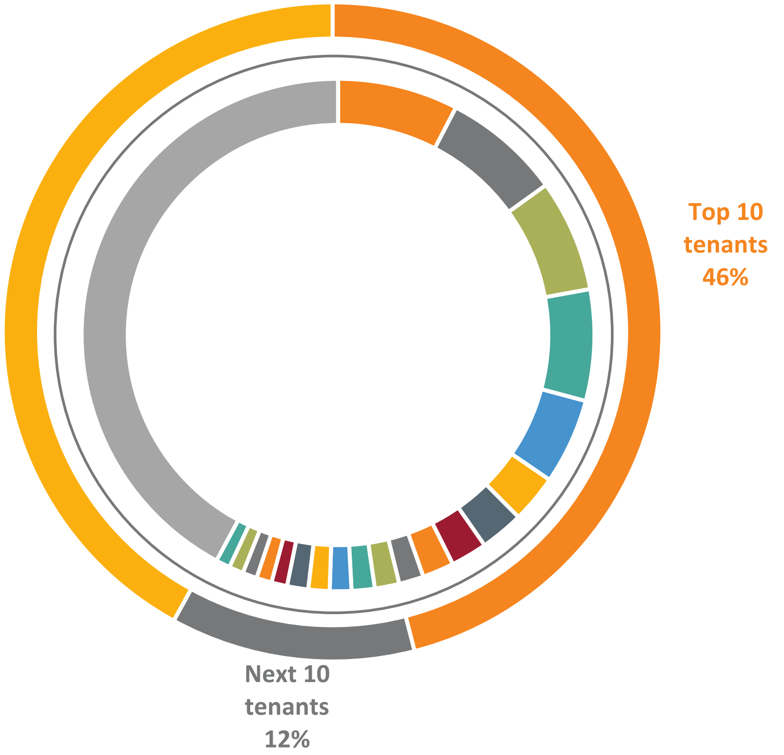
HIGH QUALITY CASHFLOWS FROM A WELL DIVERSIFIED BLUE-CHIP TENANT MIX

33% OF RENT FROM ESSENTIAL SERVICES



- ■ **Grocery/ supermarket - 19%**
- ■ **Banking - 8%**
- ■ **Pharmacies - 3%**
- ■ **Other - 3%**
- ■ Fashion - 27%
- ■ Home furnishings / décor - 8%
- ■ Restaurants, fast foods and coffee shops - 6%
- ■ Sporting / gym / outdoor wear - 6%
- ■ Cell phones and electronics - 4%
- ■ Health and beauty - 2%
- ■ Bottle stores - 2%
- ■ Other - 12%

58% OF RENT FROM TOP 20 TENANTS



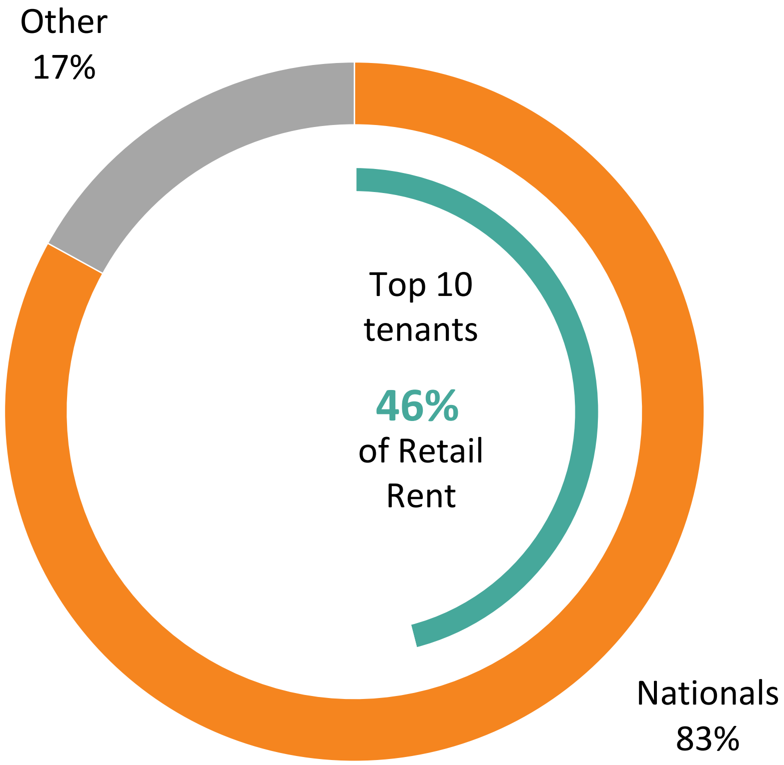
- ■ **Foschini - 8%**
- ■ **Pepkor - 7%**
- ■ **Mr Price - 7%**
- ■ **Pick n Pay - 7%**
- ■ **Shoprite - 5%**
- ■ **Spar - 3%**
- ■ **Truworths - 3%**
- ■ **Massmart - 3%**
- ■ **Clicks - 2%**
- ■ **Retailability - 2%**
- ■ Absa Bank - 2%
- ■ First Rand Group - 1%
- ■ Famous Brands - 1%
- ■ Capitec Bank - 1%
- ■ Nedcor - 1%
- ■ Standard Bank - 1%
- ■ Yum Foods - 1%
- ■ Woolworths - 1%
- ■ Cashbuild - 1%
- ■ Virgin Group - 1%
- ■ **Other - 42%**

Base rent excluding recoveries

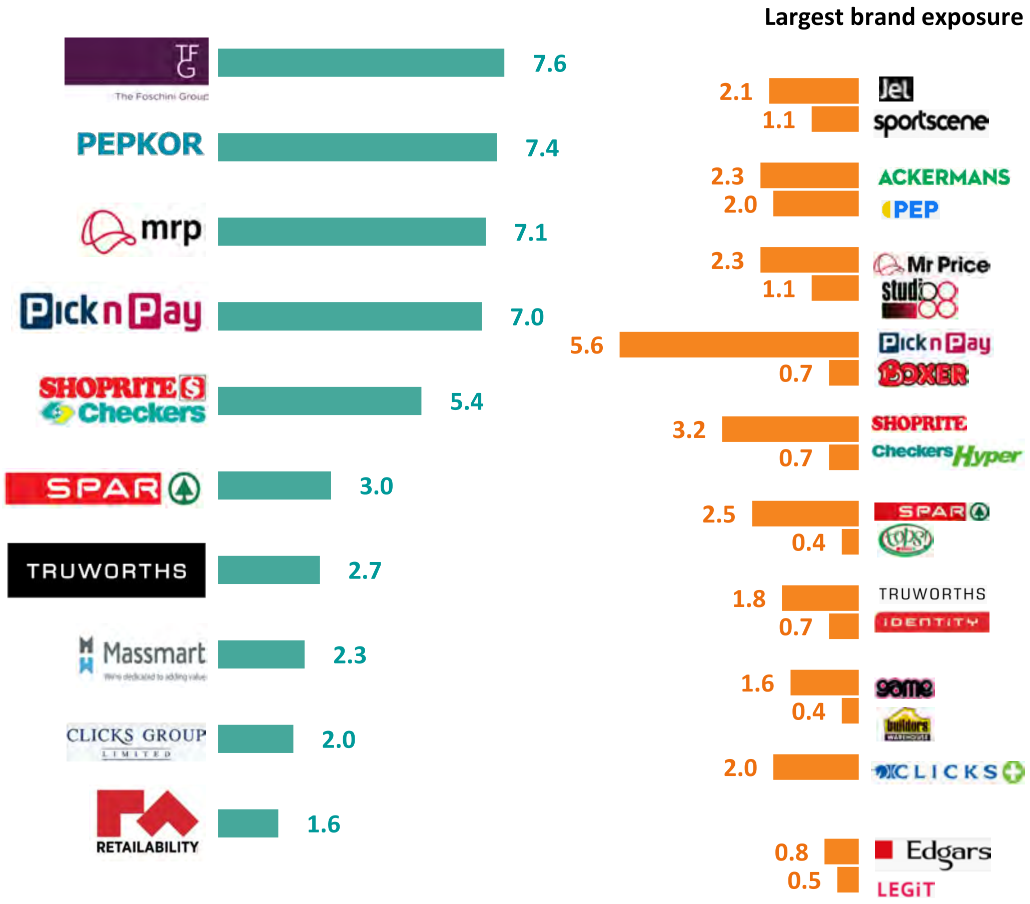
RETAIL TENANT EXPOSURE

DIRECT SOUTH AFRICAN RETAIL PORTFOLIO

TENANT PROFILE - BY CONTRACTUAL RENT



TOP 10 TENANTS - BY CONTRACTUAL RENT



Base rent excluding recoveries

Appendix 1B

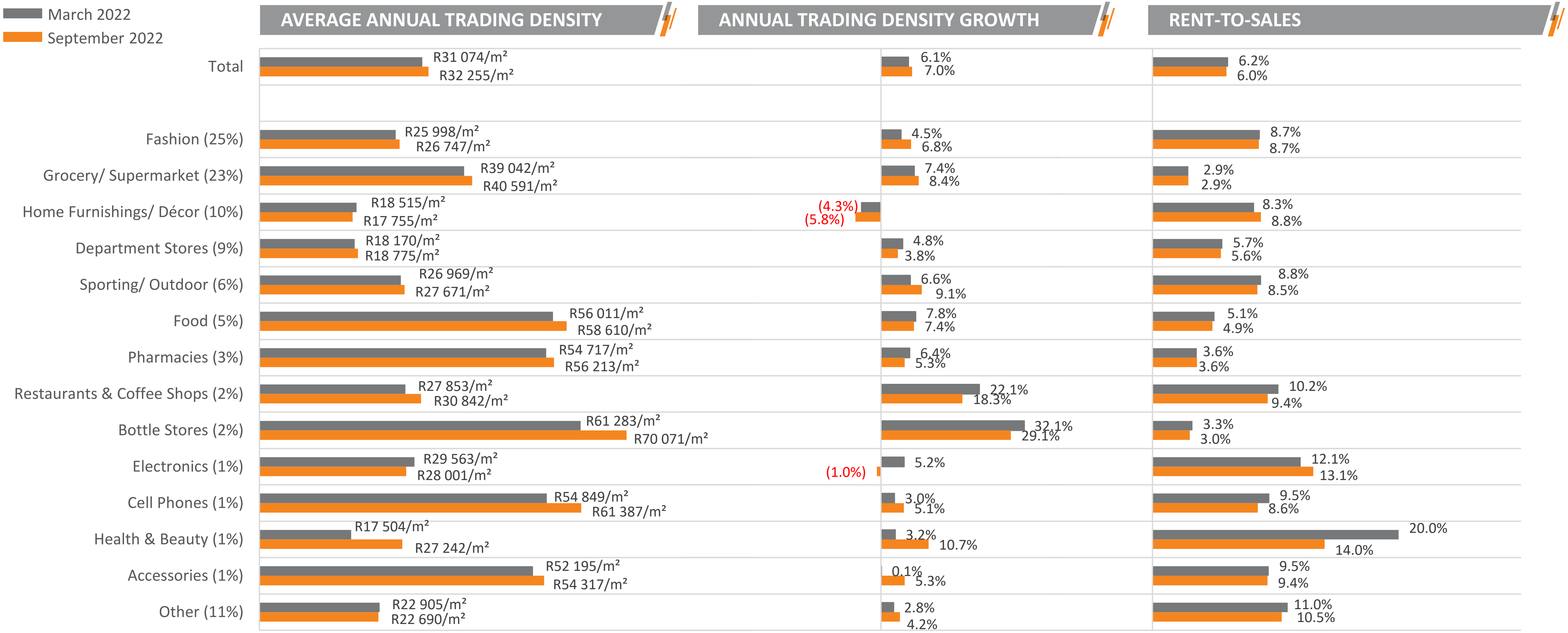
RETAIL PORTFOLIO PERFORMANCE METRICS

South African Portfolio

VUKILE
PROPERTY FUND
REAL ESTATE. REAL GROWTH.

TRADING DENSITIES

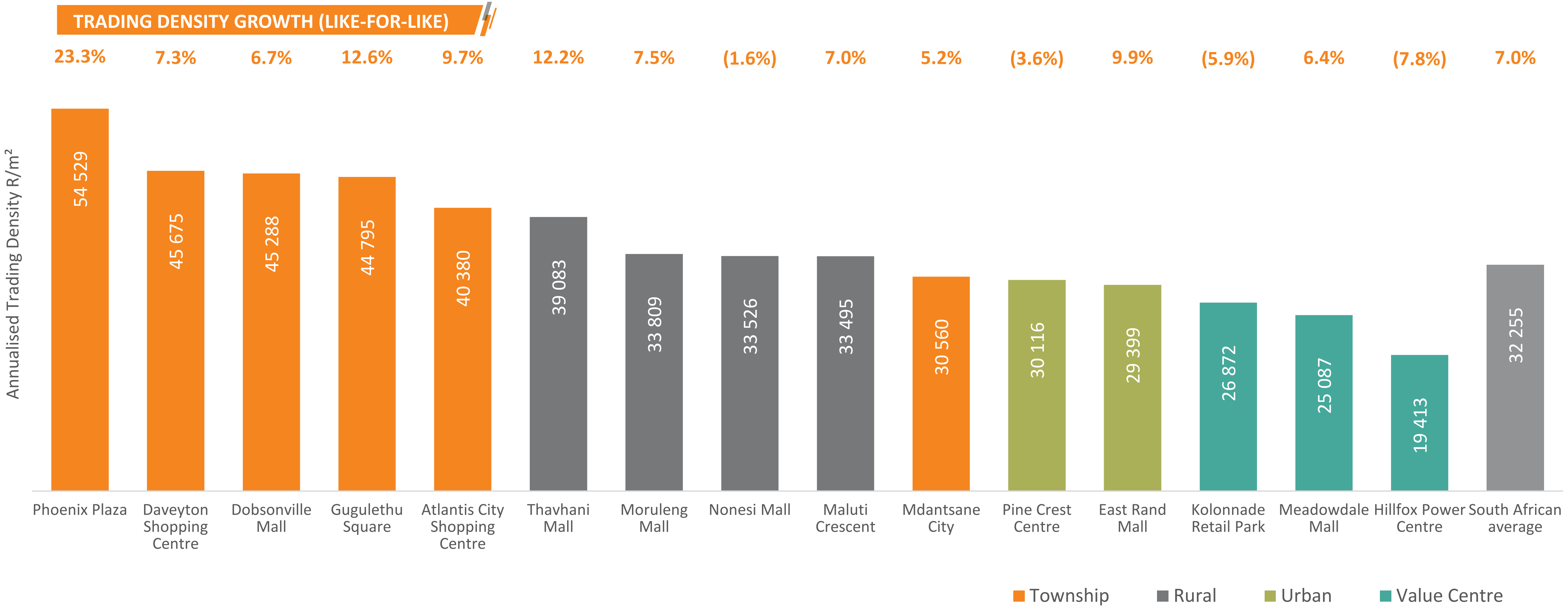
12 OUT OF 14 CATEGORIES SHOWING POSITIVE TRADING DENSITY GROWTH



Remaining portfolio excluding sold properties

RETAIL PORTFOLIO TRADING STATISTICS FOR TOP 15 PROPERTIES

CONTINUING TO PROVIDE VERY PROFITABLE CENTRES FOR OUR TENANTS

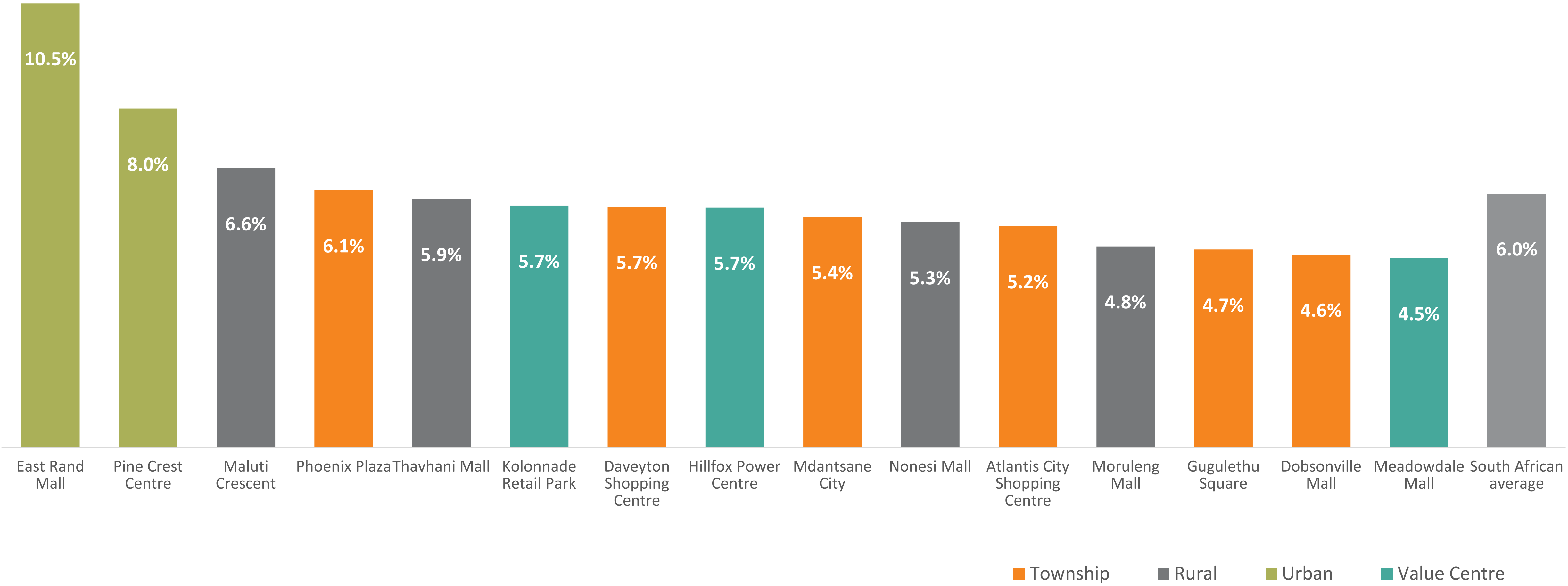


Note: Annualised trading density calculated using monthly trading density over 12 months. Trading density (like-for-like) growth calculated on stable tenants.

RENT-TO-SALES RATIO BY TOP 15 PROPERTIES

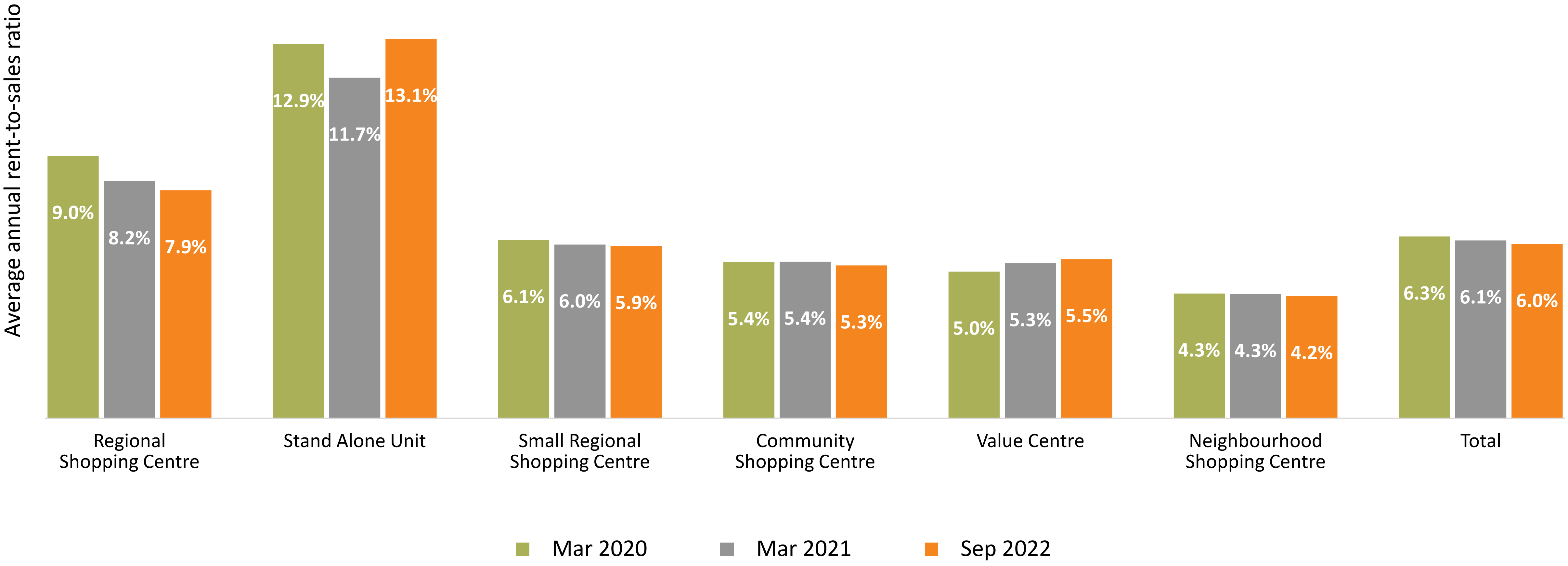
VUKILE PROPERTY FUND
REAL ESTATE. REAL GROWTH.

CONTINUING TO PROVIDE VERY PROFITABLE CENTRES FOR OUR TENANTS



TENANT AFFORDABILITY

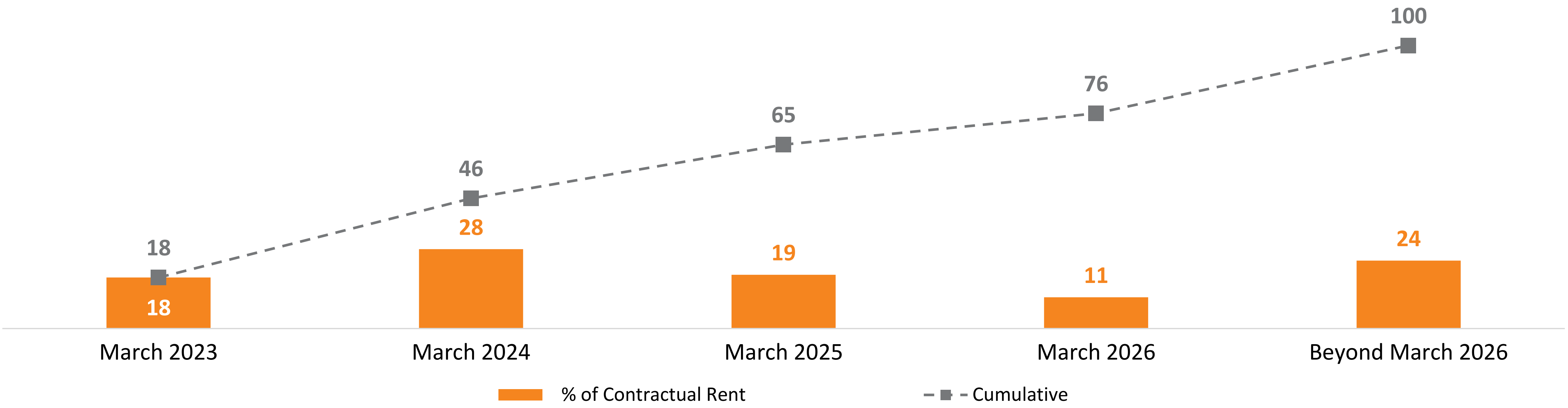
RENT-TO-SALES HOLDING STEADY ACROSS THE PORTFOLIO THROUGH TOUGH MARKET CONDITIONS



RETAIL TENANT EXPIRY PROFILE

VUKILE PROPERTY FUND
REAL ESTATE. REAL GROWTH.

35% OF CONTRACTUAL RENT EXPIRING IN FY26 AND BEYOND (WALE 2.7 YEARS)



FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2022 RETAIL LEASES WERE CONCLUDED WITH:

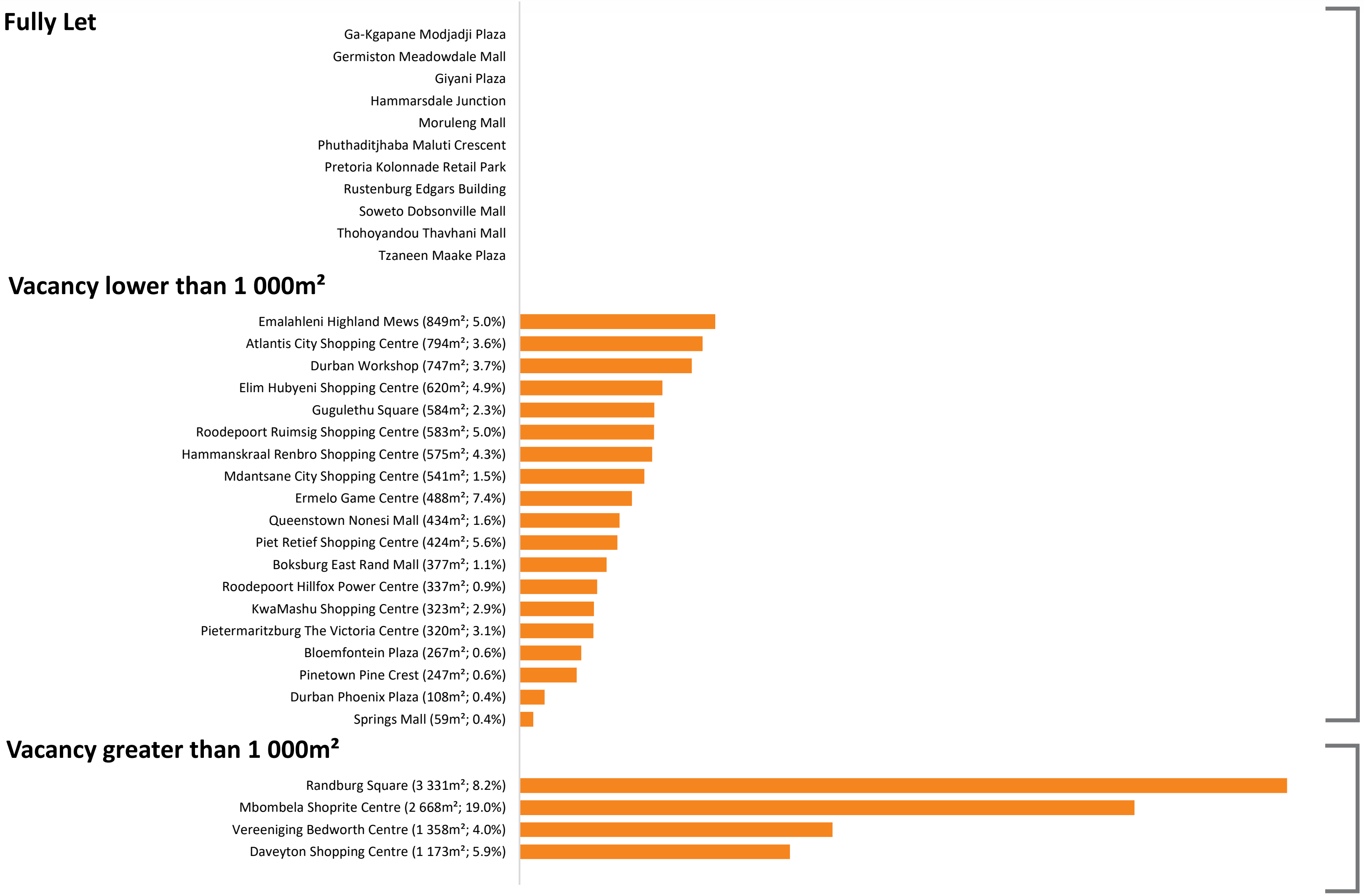
CONTRACT VALUE
R714m

RENTABLE AREA
82 567m^2

TENANT RETENTION
94%

RETAIL VACANCIES

30 PROPERTIES FULLY LET OR WITH VACANCIES LOWER THAN 1 000m^2

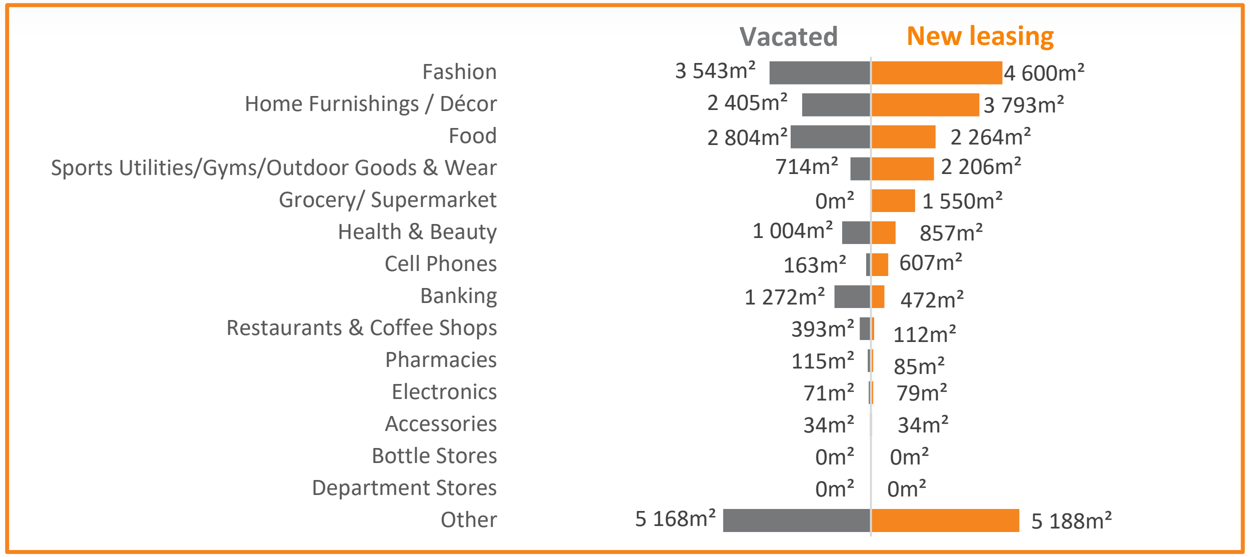


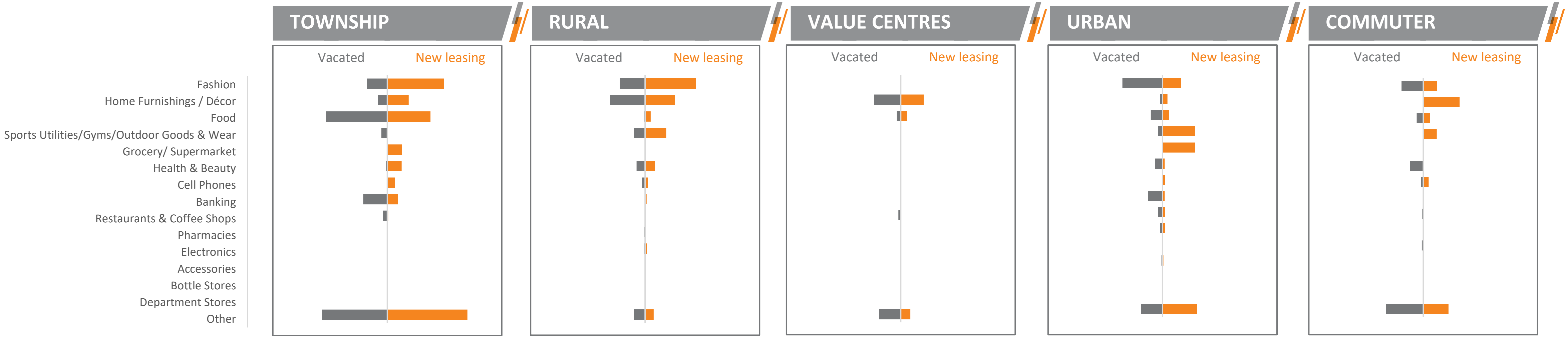
30	Properties
86%	of Retail Portfolio GLA
1.3%	Vacant

4	Properties
14%	of Retail Portfolio GLA
7.9%	Vacant

RETAIL VACANCY MOVEMENT

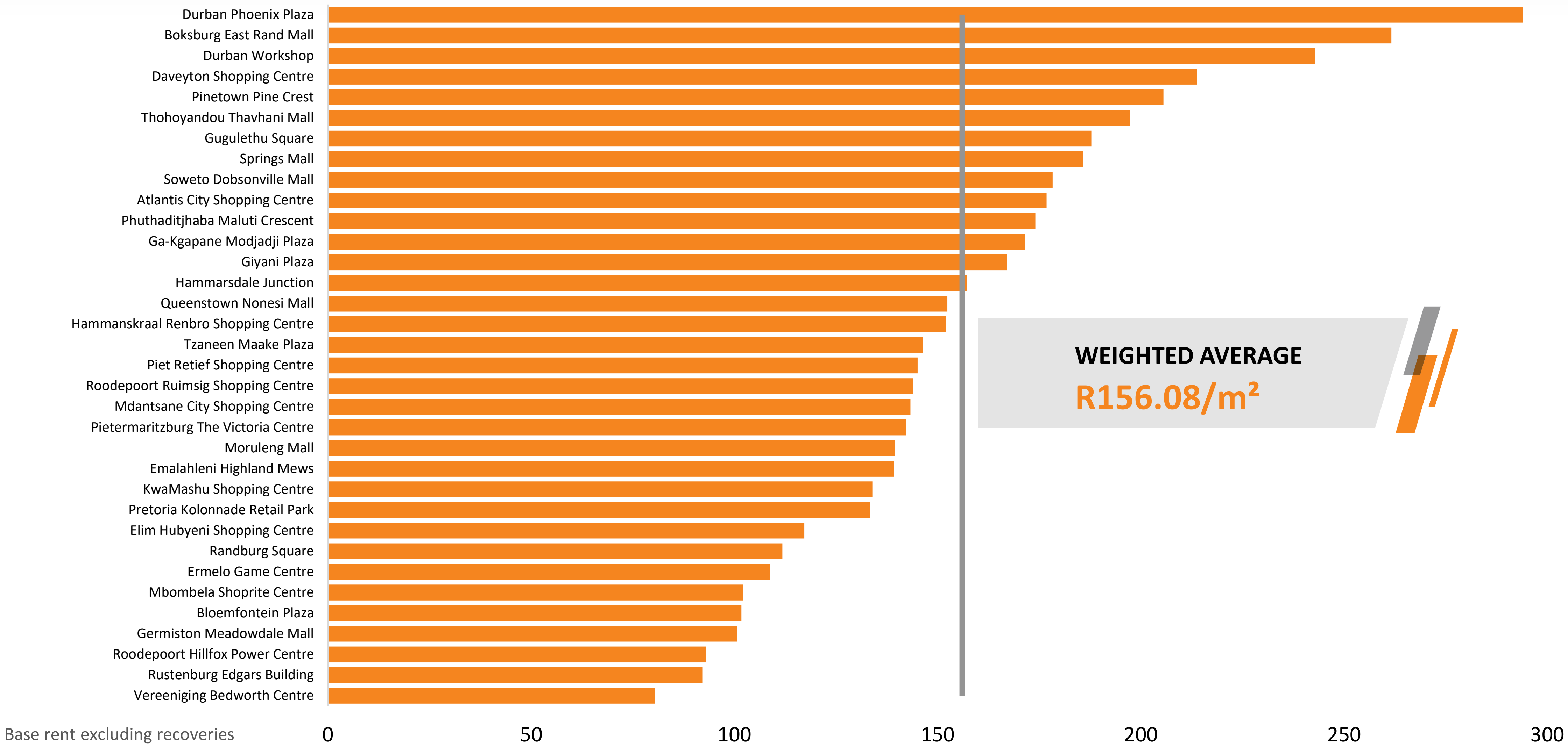
21 847m² OF VACANT SPACE HAS BEEN LET WHEN CONTRASTED WITH 17 731m² OF VACATED SPACE





WEIGHTED AVERAGE BASE RENTALS R/m² (EXCLUDING RECOVERIES)

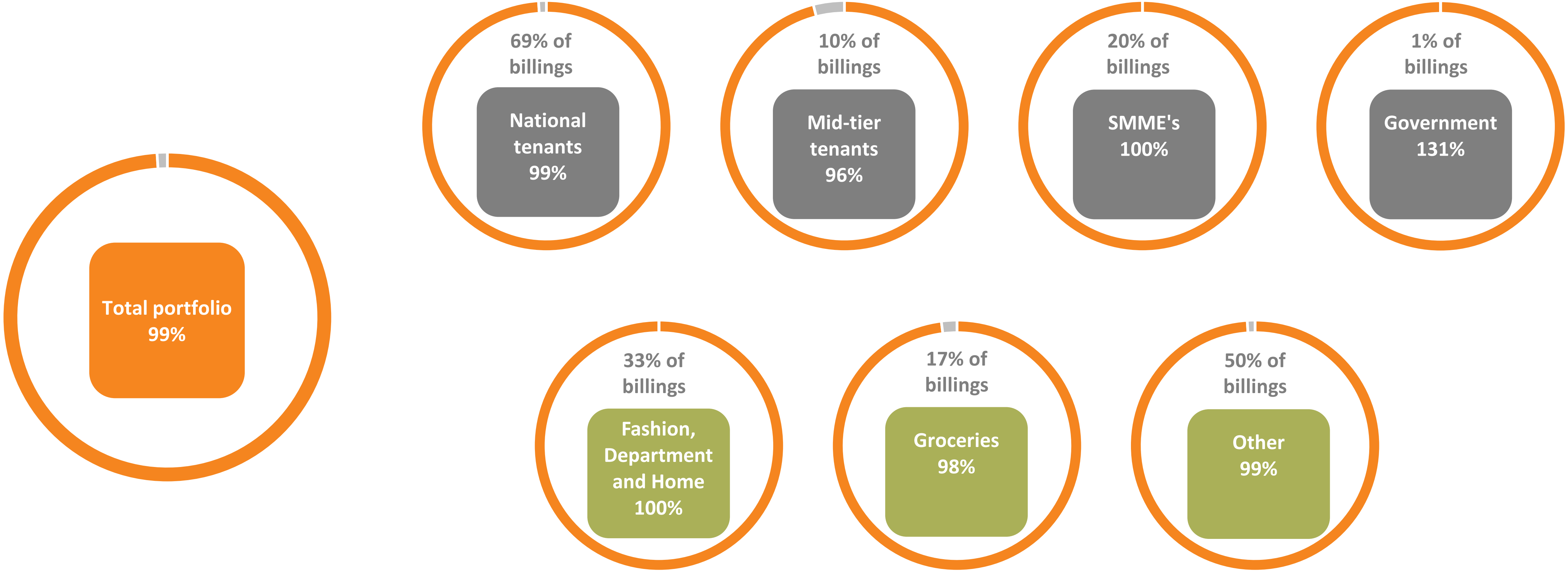
SOUTH AFRICAN RETAIL PORTFOLIO



WEIGHTED AVERAGE
R156.08/m²

COLLECTIONS

COLLECTED R1.113 BILLION OF R1.121 BILLION BILLED



Total portfolio
99%

69% of billings
National tenants
99%

10% of billings
Mid-tier tenants
96%

20% of billings
SMME's
100%

1% of billings
Government
131%

33% of billings
Fashion, Department and Home
100%

17% of billings
Groceries
98%

50% of billings
Other
99%

Collections as at 30 September 2022
Excluding co-owned properties Thohoyandou Thavhani Mall, Springs Mall, Ga-Kgapane Modjadji Plaza and Tzaneen Maake Plaza as well as historical debt on Namibian portfolio and Edcon

Appendix 10

TOTAL PORTFOLIO

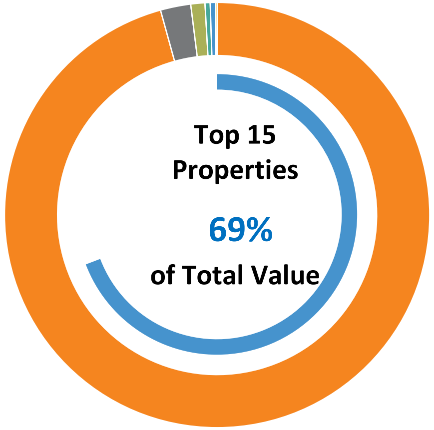
South African Portfolio

VUKILE
PROPERTY FUND
REAL ESTATE. REAL GROWTH.

SOUTH AFRICAN TOTAL PORTFOLIO COMPOSITION

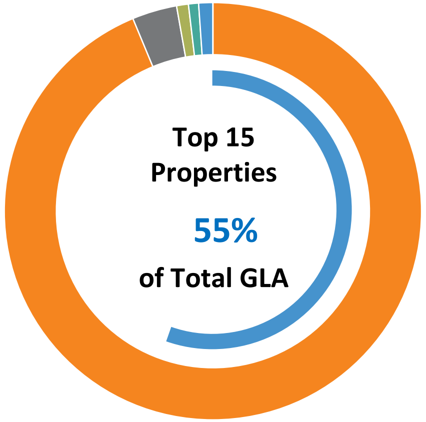
41 PROPERTIES VALUED AT R14.6 BILLION COVERING 811 536m²

SECTORAL PROFILE - BY VALUE



SECTORAL PROFILE - BY GLA

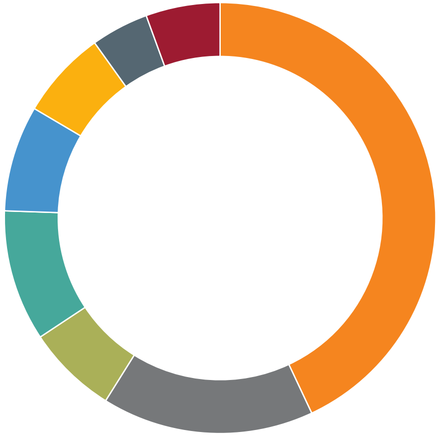
By Value		Number of properties	By GLA
96%	● Retail	34	94%
2%	● Offices	4	3%
1%	● Motor Related	1	1%
0.4%	● Industrial	1	1%
0.4%	● Residential	1	1%
0.1%	● Vacant Land		0%



GEOGRAPHIC PROFILE - BY VALUE

GEOGRAPHIC PROFILE - BY GLA

By Value		Number of properties	By GLA
40%	● Gauteng	17	43%
20%	● KwaZulu-Natal	6	16%
9%	● Western Cape	3	7%
9%	● Free State	2	9%
8%	● Eastern Cape	2	8%
6%	● Limpopo	5	7%
4%	● North West	2	4%
4%	● Mpumalanga	4	6%



Appendix 2A

SOCIAL & ECONOMIC UPDATE

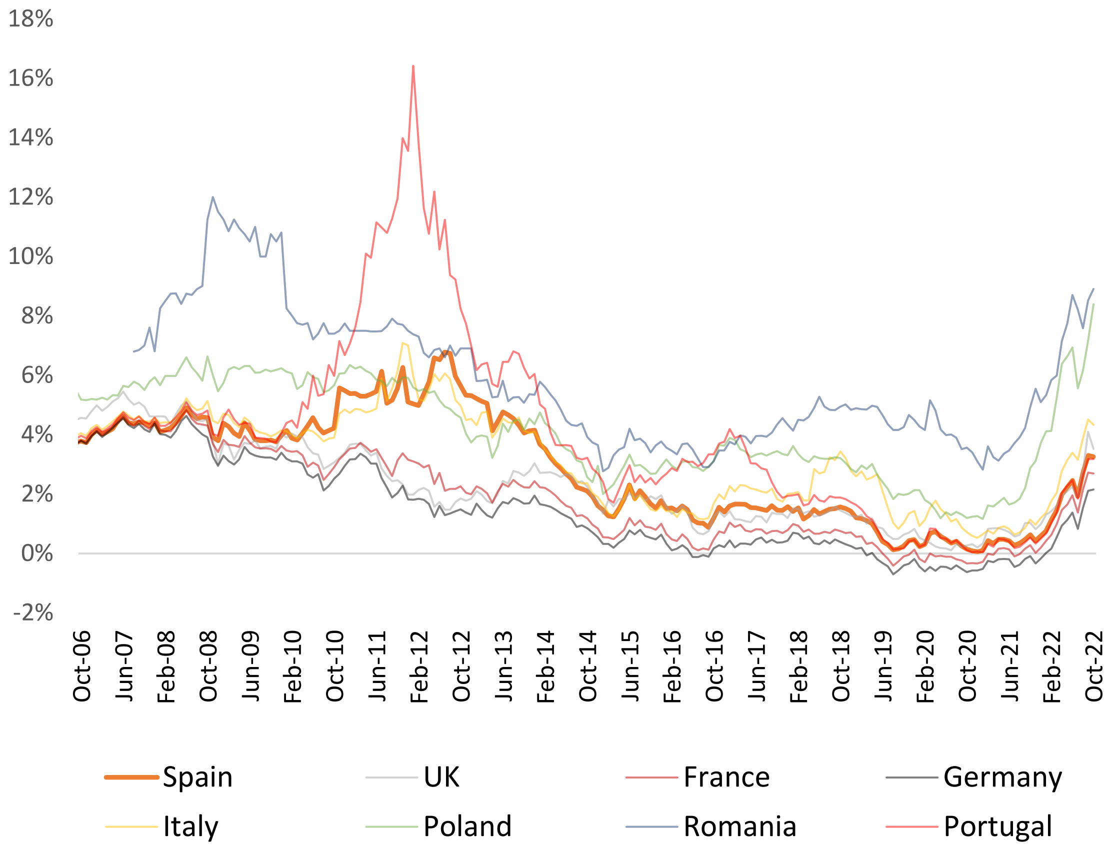
Spanish Portfolio

CASTELLANA
PROPERTIES

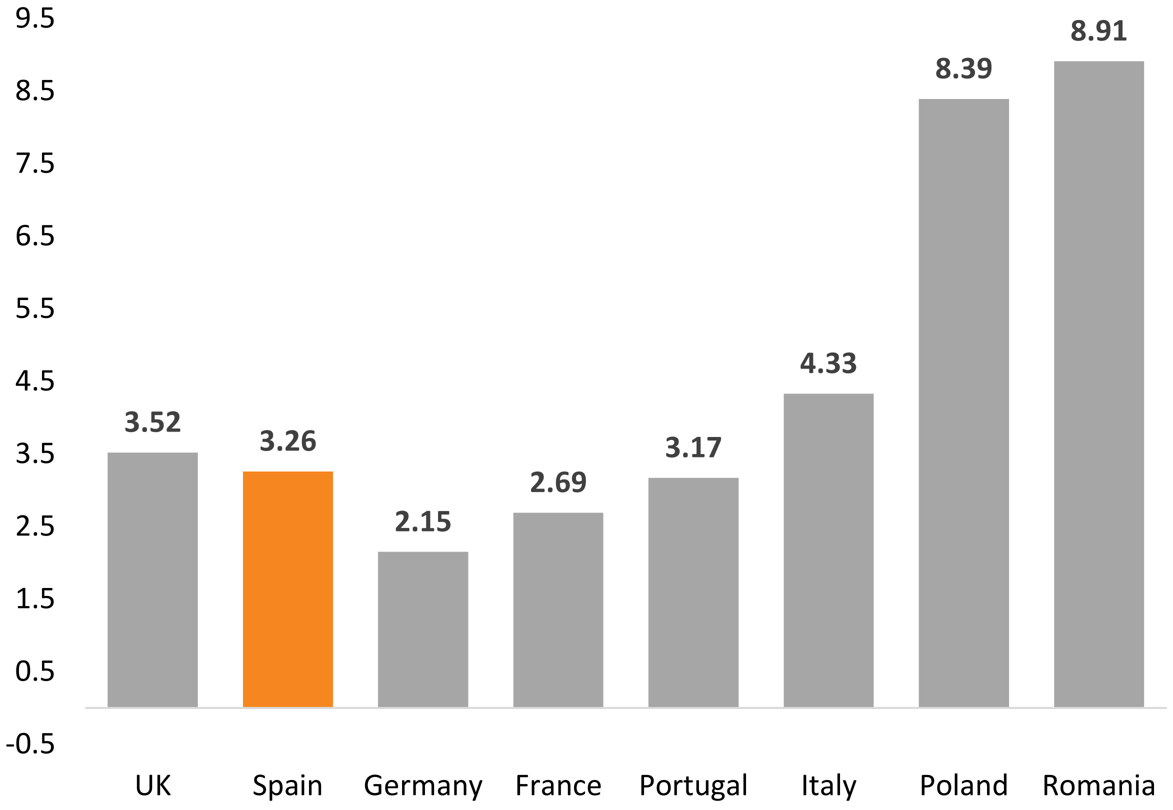
IMPACT ON SPANISH ECONOMY

RISING BOND YIELDS DUE TO INCREASED UNCERTAINTY AND INFLATION

10-YEAR GOVERNMENT BONDS (YIELD %)



BID YIELD (%) OCTOBER 2022

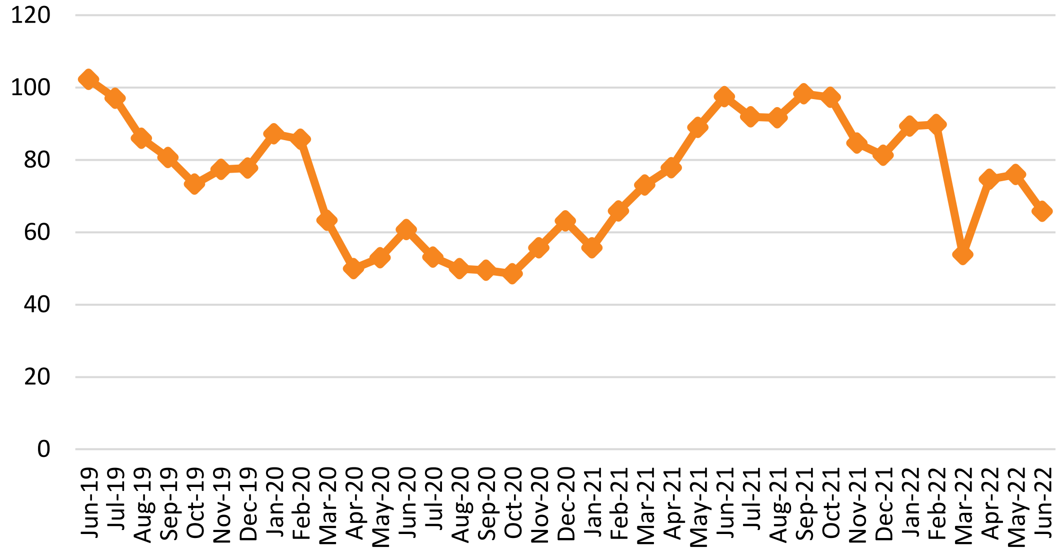


Source: Investing.com.

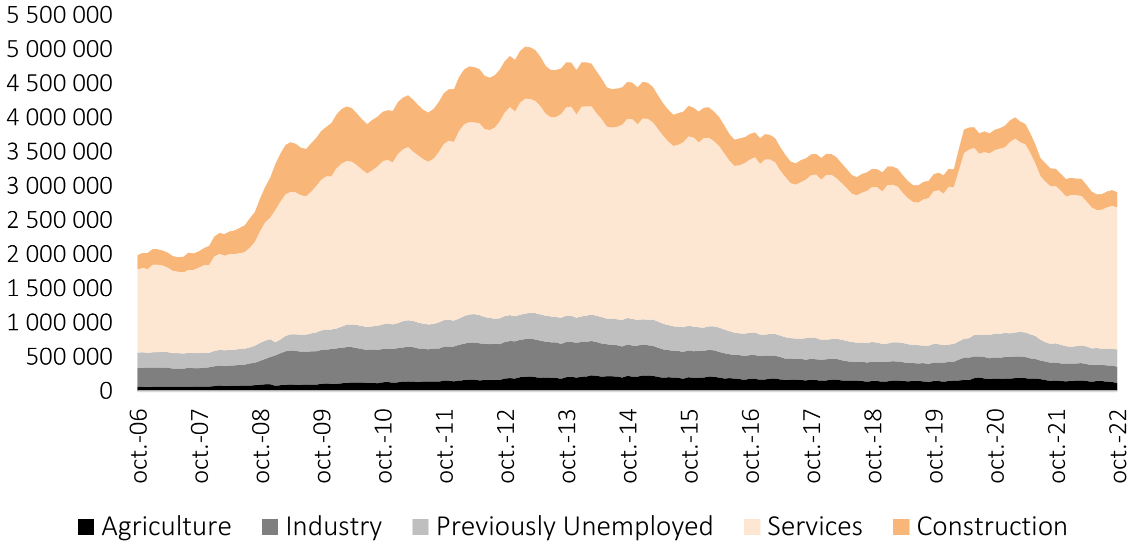
IMPACT ON SPANISH ECONOMY

UNEMPLOYMENT RATE AND CONSUMER CONFIDENCE

CONSUMER CONFIDENCE (CIS)



UNEMPLOYMENT[(1)] IN SPAIN BY ECONOMIC SECTOR



- The Consumer Confidence Index for the month of June stands at 65.8 points, which represents 10.2 points less than the figure for the previous month.
- This notable drop in the index is due to both the decline in the assessment of the current situation and consumer expectations going forward.
- The number of people registered as unemployed in Spain fell by 193,871 from March 2022 to 2.9 million in October 2022.
- By economic sector, unemployment decreased in services (-113,348), agriculture (-33,617), construction (-25,221) and industry (-17,181).
- However, compared to September, labour market figures indicate a moderation in the pace of job creation.

Source: INE, EpData.

(1) Registered unemployment excludes Temporary Employment Adjustments or ERTEs.

Appendix 2B

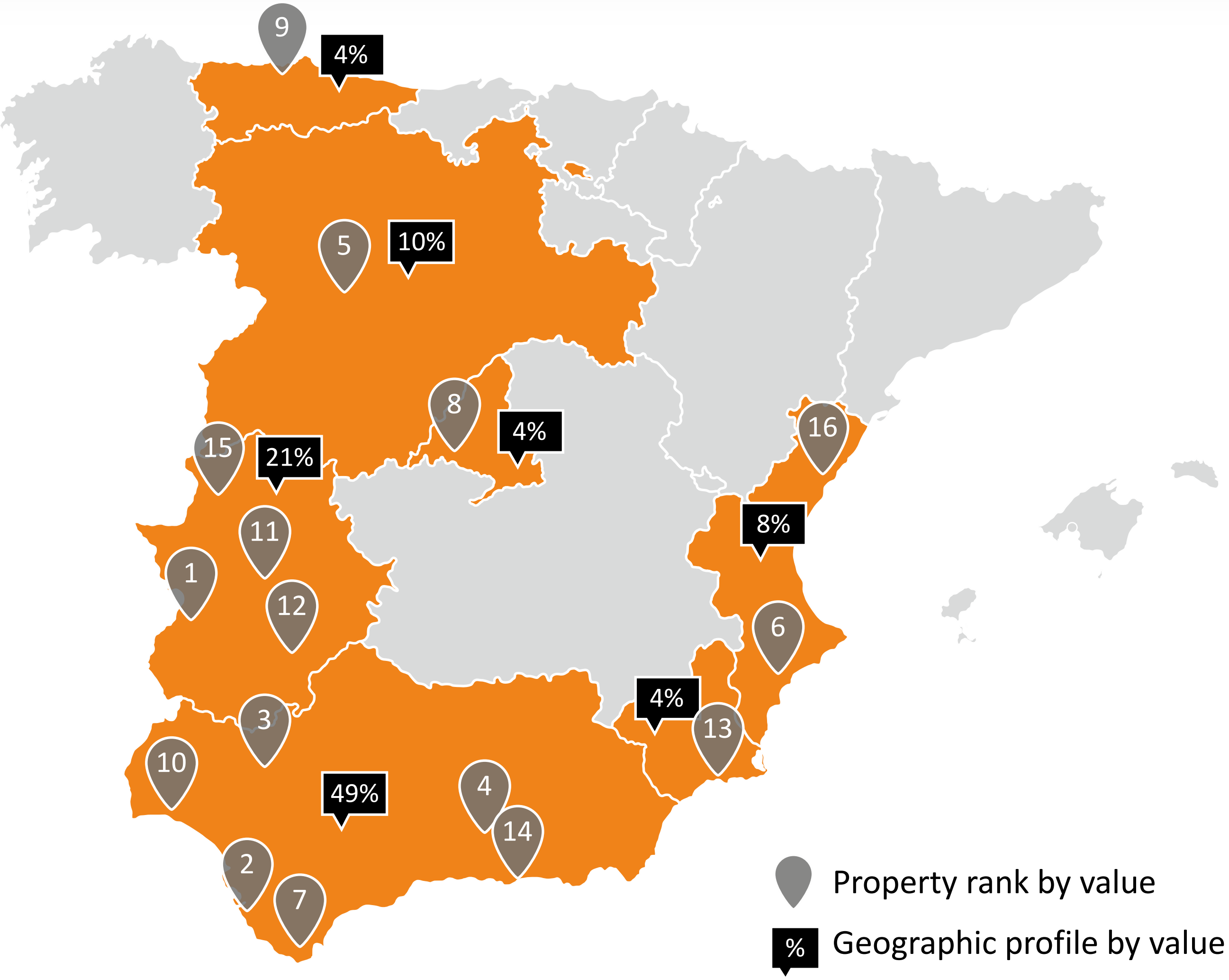
PORTFOLIO OVERVIEW

Spanish Portfolio

CASTELLANA
PROPERTIES

OUR PORTFOLIO

WELL DIVERSIFIED ACROSS SPAIN



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

SPANISH PORTFOLIO OVERVIEW

TOP 10 ASSETS





	EL FARO	BAHÍA SUR	LOS ARCOS	GRANAITA (1)	HABANERAS
GAV	€172.8m	€149.9m	€139.2m	€106.8m	€88.3m
Province	Badajoz	Cádiz	Seville	Granada	Alicante
Catchment Area (Inhabitants)	517 491	674 250	1 499 884	628 002	531 670
Gross Lettable Area	40 618m²	35 297m²	26 648m²	54 389m²	25 021m²
Monthly Rental	€20/m²	€23/m²	€24/m²	€11/m²	€18.6/m²
Sector	Shopping Centre	Shopping Centre	Shopping Centre	Retail Park	Shopping Centre
Major Tenants	Primark, Media Markt, Yelmo Cines	Primark, Zara, Yelmo Cines	Mercadona, Lefties, Media Markt	Decathlon, Homelandia, Media Markt	Leroy Merlin, Zara, Forum Sport
WALE	8.5 years	11.1 years	14.0 years	12.7 years	6.8 years
Vacancy	0.7%	0.7%	6.2%(2)	0.4%	2.3%

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

(2) Los Arcos vacancy: 54% of the vacant area correspond to storages. Excluding storage area from calculation, vacancy decreases to 2.9%

SPANISH PORTFOLIO OVERVIEW

TOP 10 ASSETS	VALLSUR	PUERTA EUROPA	PARQUE OESTE (1)	PARQUE PRINCIPADO	MARISMAS DEL POLVORÍN
					
GAV	€80.8m	€74.4m	€52.3m	€38.1m	€28.6m
Province	Valladolid	Cádiz	Madrid	Oviedo	Huelva
Catchment Area (Inhabitants)	477 746	311 110	5 856 325	866 511	318 213
Gross Lettable Area	35 212m^2	29 783m^2	13 604m^2	16 090m^2	18 220m^2
Monthly Rental	€15/m^2	€16/m^2	€17/m^2	€10/m^2	€9/m^2
Sector	Shopping Centre	Shopping Centre	Retail Park	Retail Park	Retail Park
Major Tenants	Carrefour, Yelmo Cines, H&M	Primark, Yelmo Cines, Mercadona	Media Markt, Kiwoko, ALDI	Bricomart, Conforama, Jysk	Media Markt, Mercadona, Low Fit
WALE	14.7 years	9.8 years	21.6 years	10.0 years	13.3 years
Vacancy	4.7%	0.1%	Fully let	Fully let	Fully let

(1) 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
16

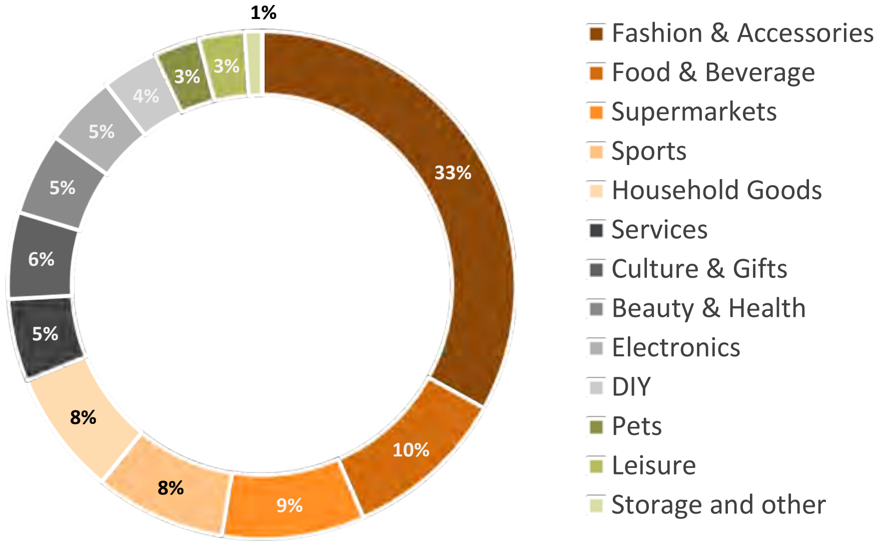
GLA
350 085m²

WALE (1)
12.1 years

OCCUPANCY
98.4%

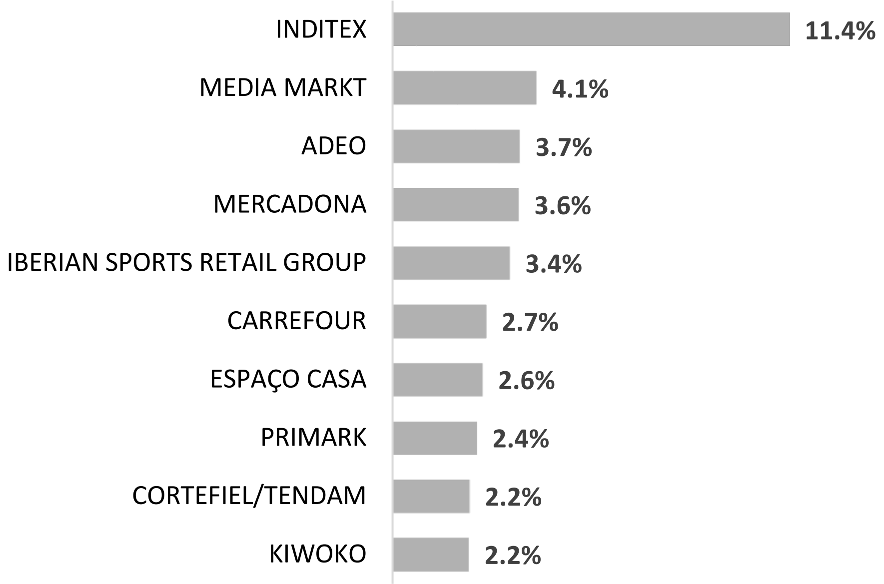
CATEGORY PROFILE BY RENT

30 SEPTEMBER 2022



TOP 10 TENANTS BY RENT

30 SEPTEMBER 2022

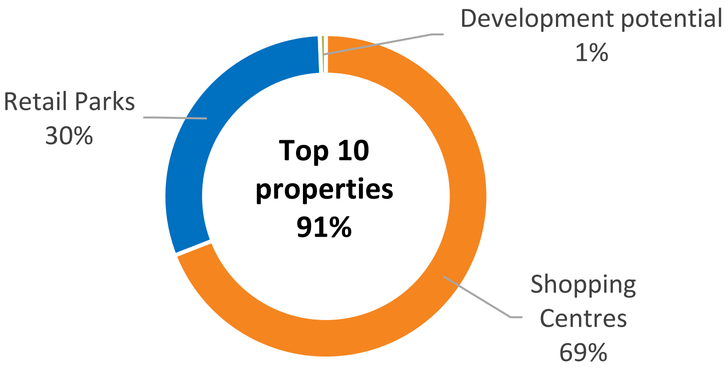


---

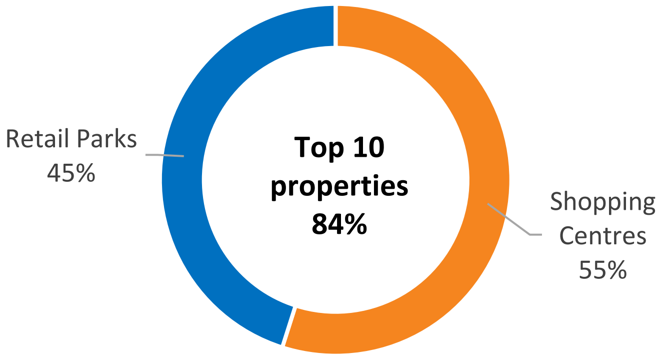
(1) WALE calculated according GLA is to expiry of lease excluding break options

SPANISH TOTAL PORTFOLIO COMPOSITION

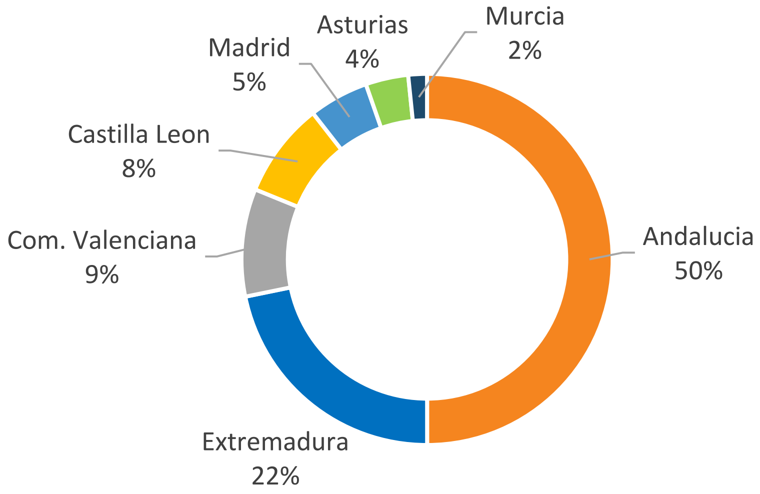
SECTORAL PROFILE - BY VALUE



SECTORAL PROFILE - BY GLA



GEOGRAPHIC PROFILE - BY VALUE

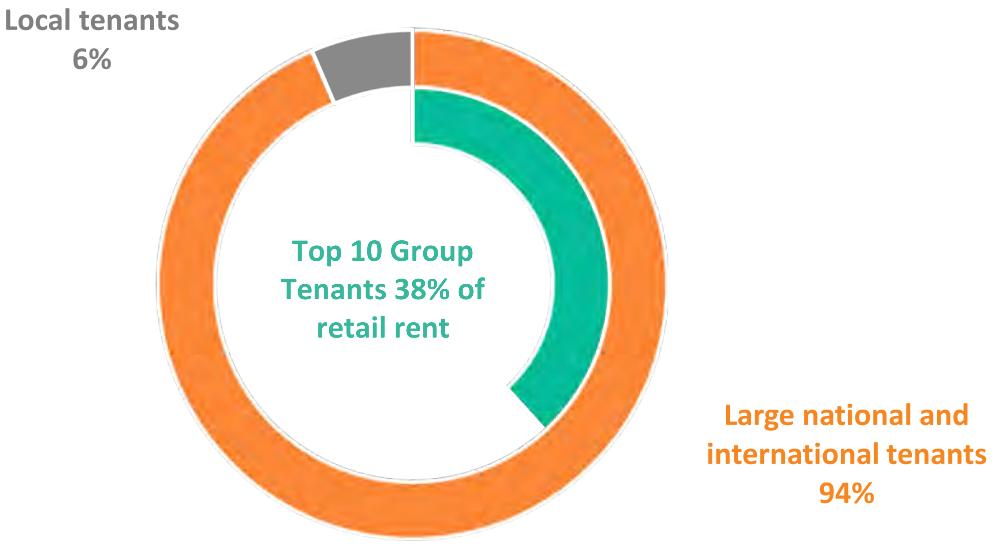


GEOGRAPHIC PROFILE - BY GLA

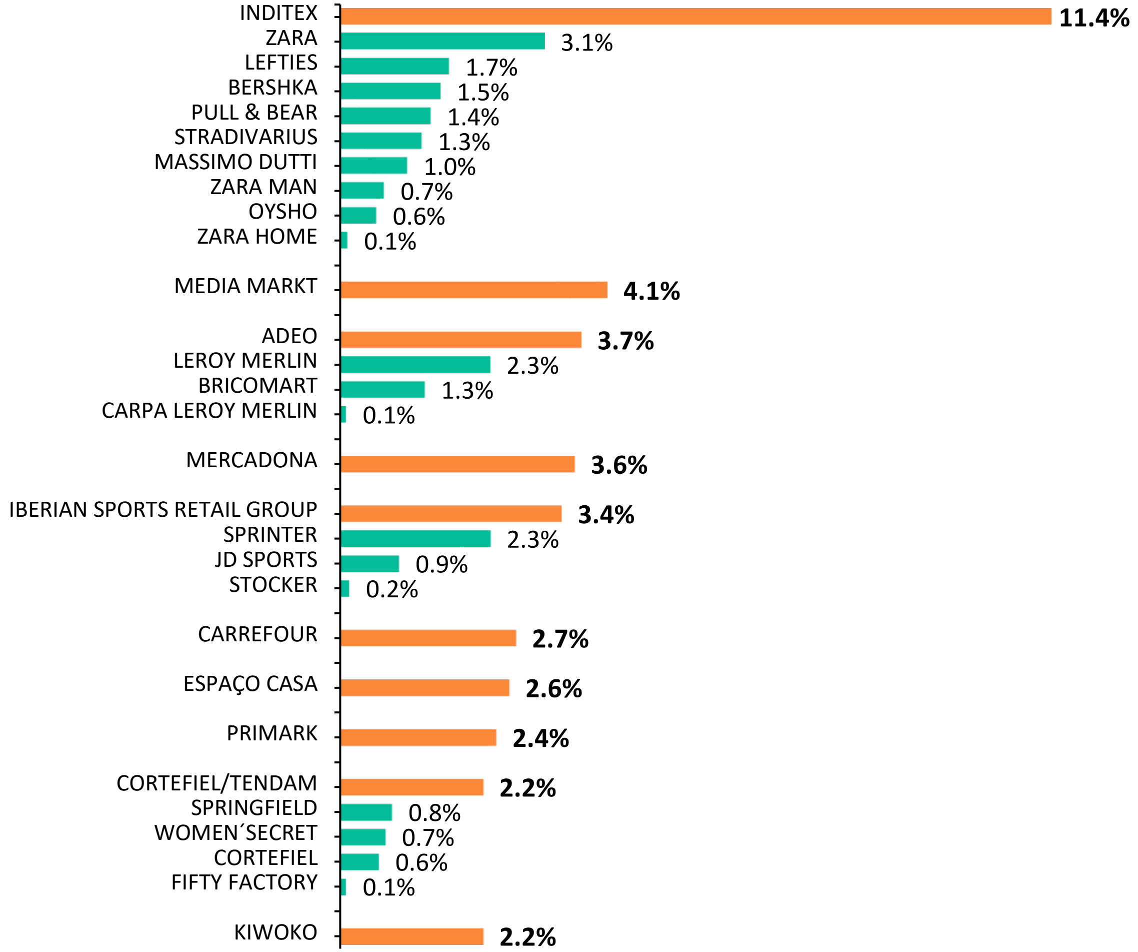
RETAIL TENANT EXPOSURE

94% INTERNATIONAL AND NATIONAL TENANT PROFILE BUILDING A ROBUST AND DEFENSIVE PORTFOLIO

TOP 10 TENANT GROUPS BY RENT



TENANT GROUP PROFILE - BY CONTRACTUAL RENT



INDITEX	**11.4%**
ZARA	3.1%
LEFTIES	1.7%
BERSHKA	1.5%
PULL & BEAR	1.4%
STRADIVARIUS	1.3%
MASSIMO DUTTI	1.0%
ZARA MAN	0.7%
OYSHO	0.6%
ZARA HOME	0.1%
MEDIA MARKT	**4.1%**
ADEO	**3.7%**
LEROY MERLIN	2.3%
BRICOMART	1.3%
CARPA LEROY MERLIN	0.1%
MERCADONA	**3.6%**
IBERIAN SPORTS RETAIL GROUP	**3.4%**
SPRINTER	2.3%
JD SPORTS	0.9%
STOCKER	0.2%
CARREFOUR	**2.7%**
ESPAÇO CASA	**2.6%**
PRIMARK	**2.4%**
CORTEFIEL/TENDAM	**2.2%**
SPRINGFIELD	0.8%
WOMEN´SECRET	0.7%
CORTEFIEL	0.6%
FIFTY FACTORY	0.1%
KIWOKO	**2.2%**

Appendix 2C

H1 FY23
OPERATIONAL REVIEW

Spanish Portfolio

CASTELLANA
PROPERTIES

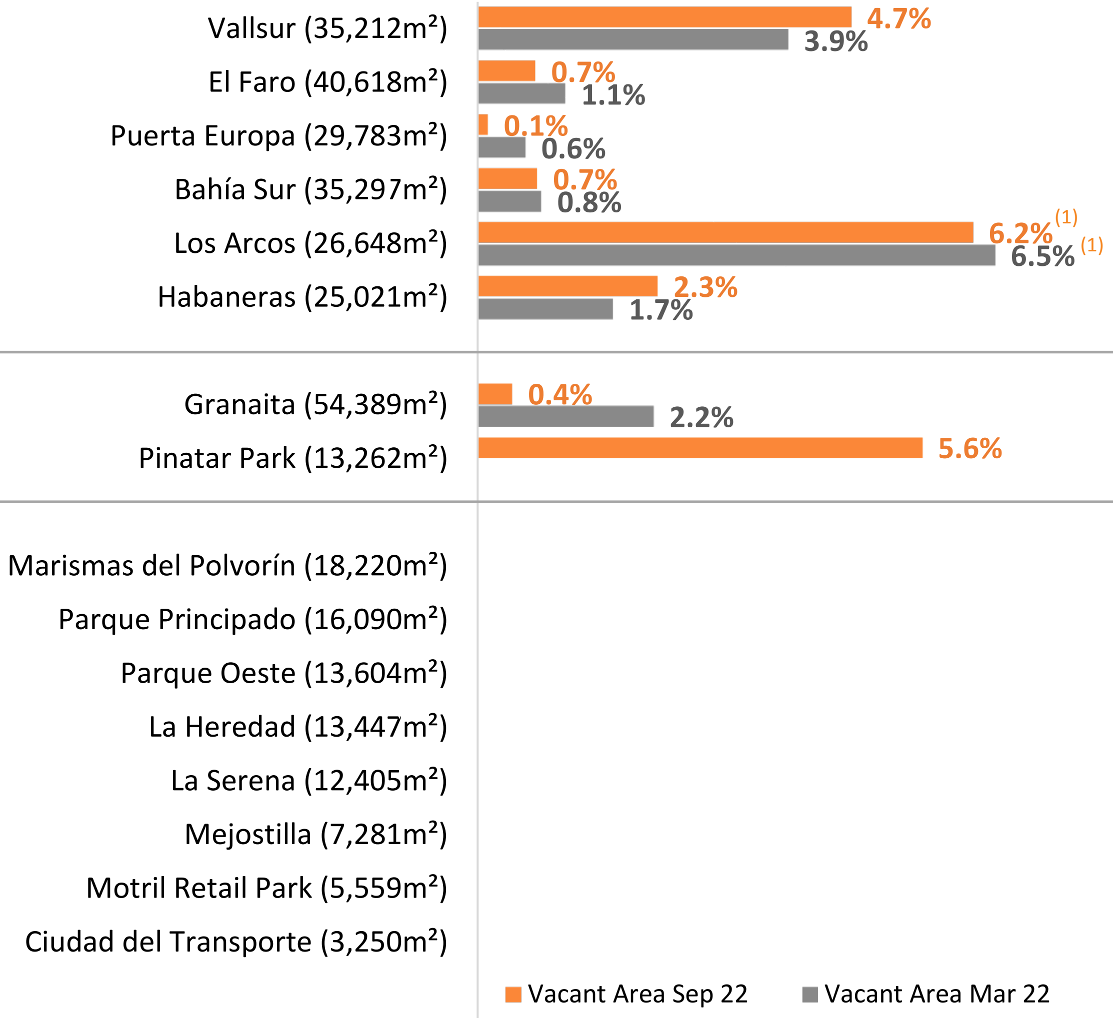
SPANISH VACANCY PROFILE

PORTFOLIO VACANCY OF 1.6% OF GLA

SHOPPING CENTRES

RETAIL PARKS

RETAIL PARKS FULLY LET

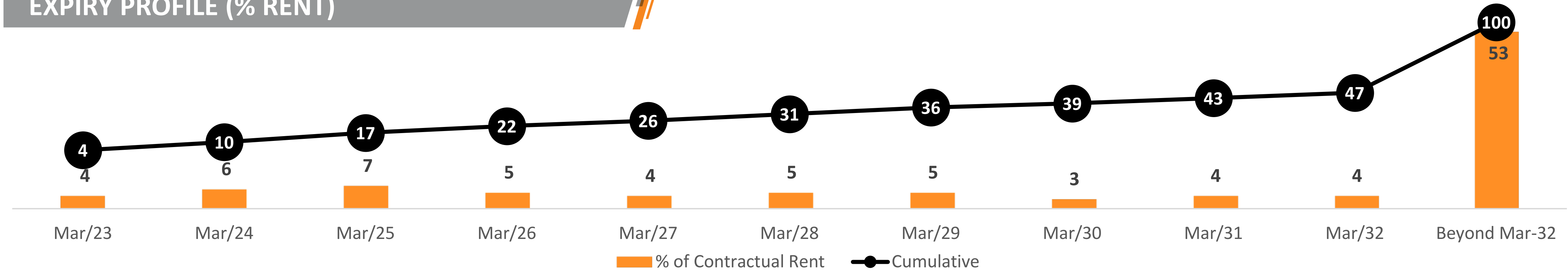


(1) Los Arcos vacancy: 54% of the vacant area correspond to storages. Excluding storage area from calculation, vacancy decreases to 2.9% (3.2% In March 2022)

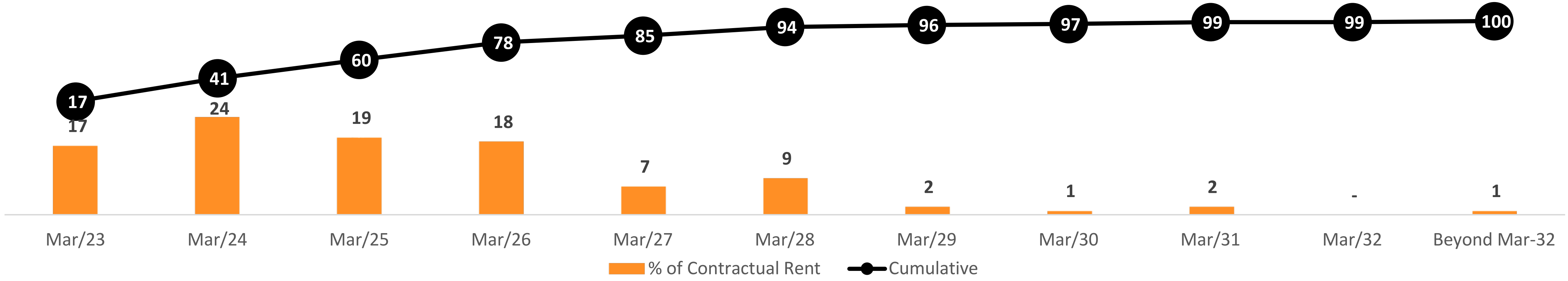
LEASE EXPIRY PROFILE

57% OF CONTRACTUAL RENT EXPIRING IN FY32 AND BEYOND (WALE 10.3 YEARS TO EXPIRY AND 2.4 YEARS TO BREAK)

EXPIRY PROFILE (% RENT)



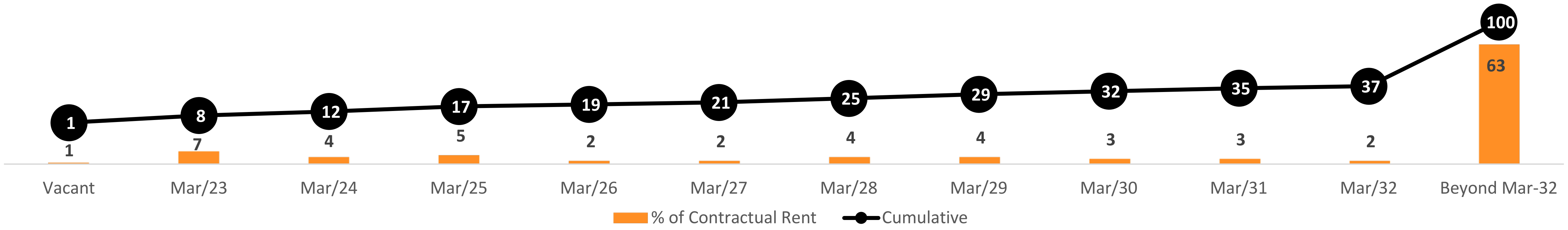
BREAK PROFILE (% RENT)



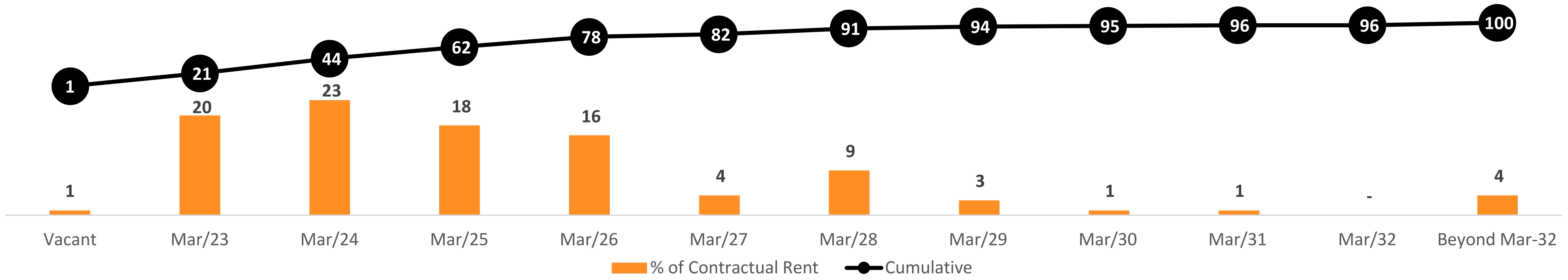
LEASE EXPIRY PROFILE

65% OF CONTRACTUAL GLA EXPIRING IN FY32 AND BEYOND (WALE 12.1 YEARS TO EXPIRY AND 2.5 YEARS TO BREAK)

EXPIRY PROFILE (% GLA)



BREAK PROFILE (% GLA)



CUSTOMER CENTRICITY

CASTELLANA PROPERTIES ENGAGES ITS CUSTOMERS AND POSITIONS ITS SHOPPING CENTRES AS SOCIAL HUBS WITH INNOVATIVE ROADSHOWS

HALLOWEEN ACTIVITIES CARRIED OUT FROM 28TH OCTOBER TO 1ST NOVEMBER

- Halloween has recently been established as a popular festivity in Spain, and this is demonstrated by the numbers of footfall and participation in the Halloween events we have held in recent years.
- Once again, Castellana has led the way in **bringing the terror and excitement of Halloween to its shopping centres**.
- Passages of terror, different parades with giant luminous characters and horror film villains, make-up workshops, magic animations and photocalls to make our clients **live unforgettable experiences**.

6	SHOPPING CENTRES*
+18.5K	PARTICIPANTS IN HORROR ACTIVITIES
+2.4K	NEW MEMBERS IN LP
+€100K	INCENTIVE SALES
+38% Avg	IN FOOTFALL vs PREVIOUS WEEK
+18% Avg	VS 2019
+19% Avg	VS 2021

---

* Held in Bahia Sur, El Faro, Puerta Europa, Habaneras and Vallsur shopping centres and in Granaita retail park.

Appendix 3

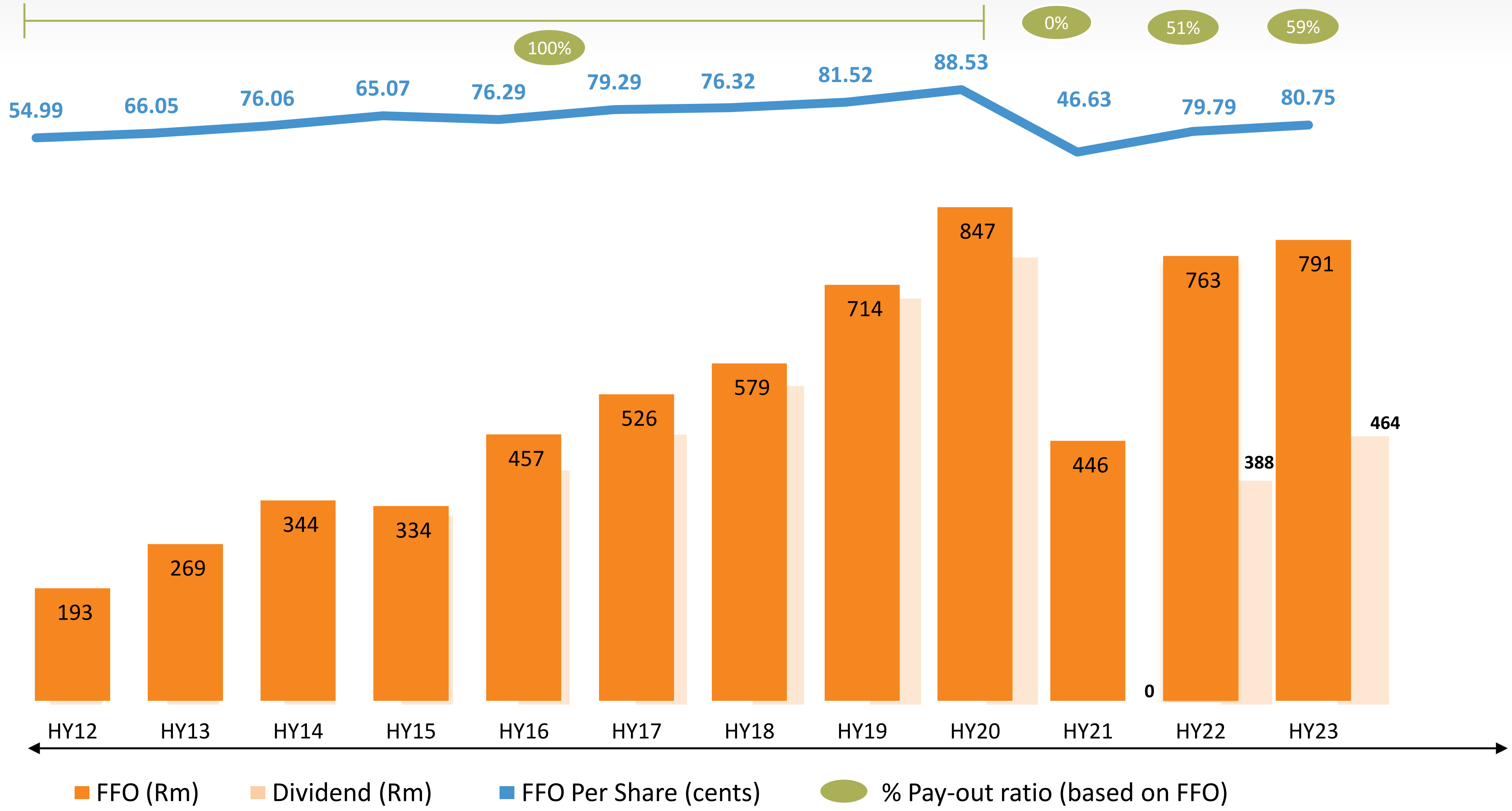
FINANCIAL PERFORMANCE, DEBT AND TREASURY

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

FFO AND DIVIDENDS

RECOVERY IN FFO PER SHARE – IMPACT OF COVID-19 MOST ACUTE IN FY21

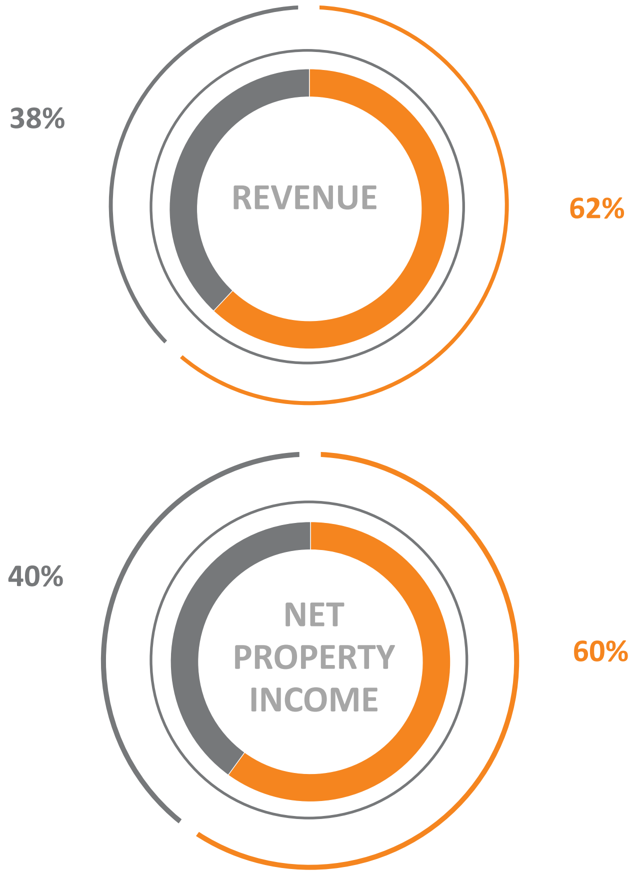


GEOGRAPHICAL SEGMENT ANALYSIS

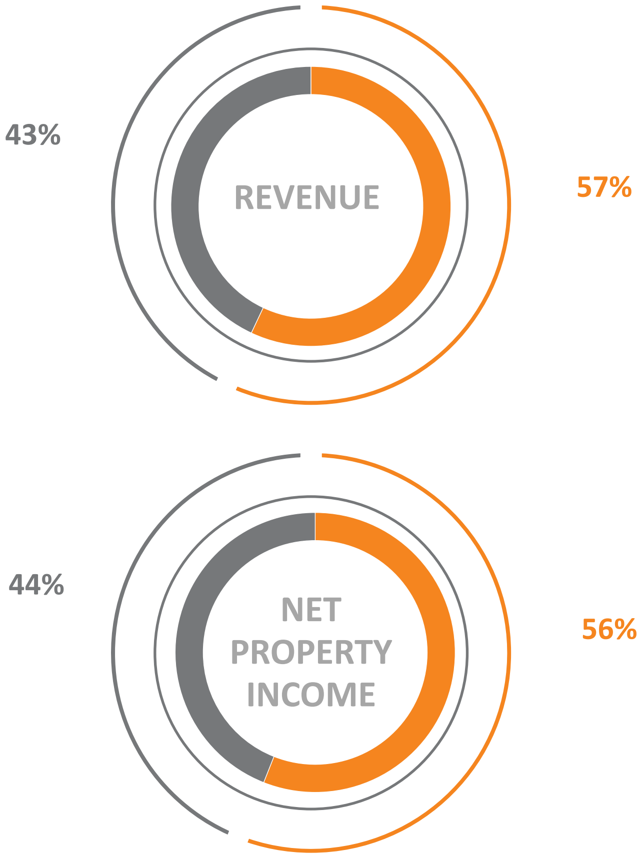
VUKILE PROPERTY FUND
REAL ESTATE. REAL GROWTH.

SPANISH PORTFOLIO RECOVERS POST PANDEMIC

PERIOD ENDING 30 SEPTEMBER 2021



PERIOD ENDING 30 SEPTEMBER 2022



● Spain ● South Africa

CASTELLANA FFO H1 FY23

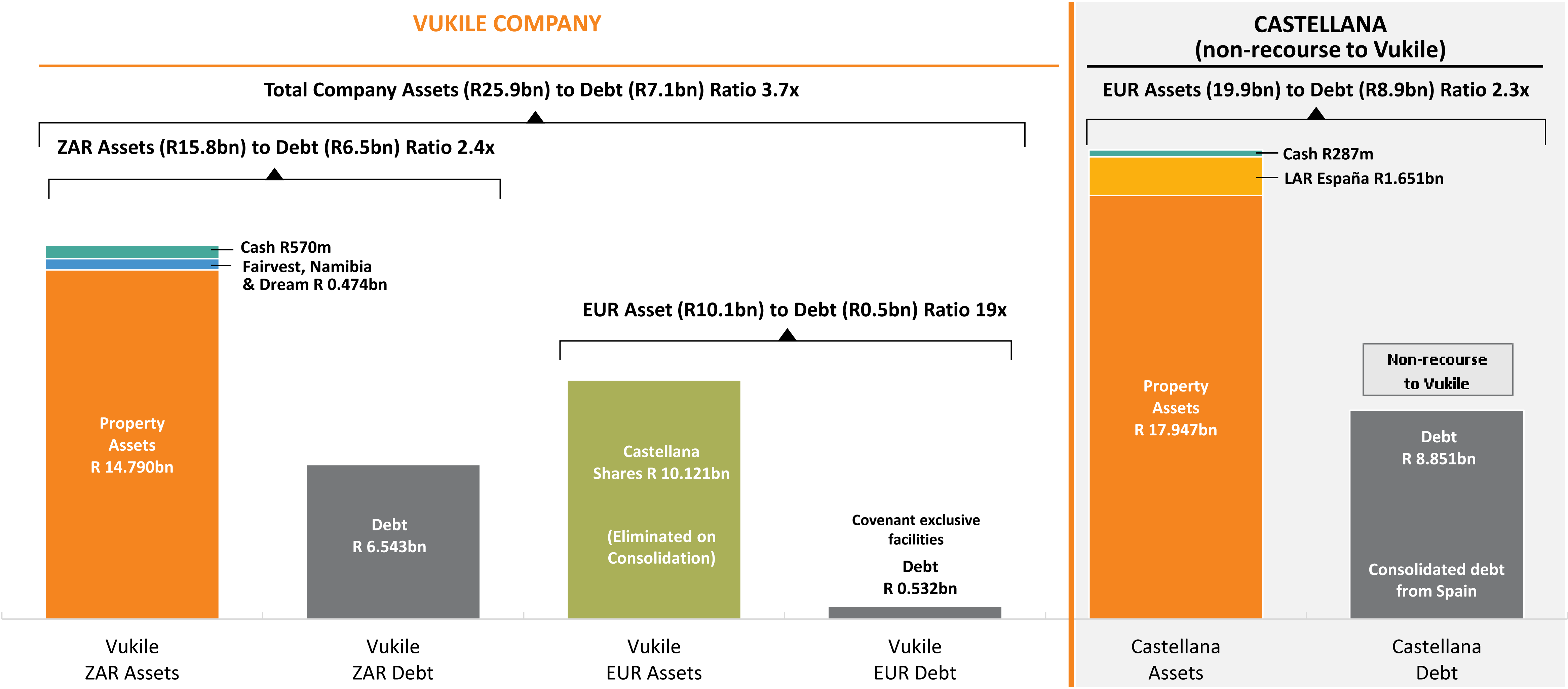
Reconciliation of Castellana's published FFO for H1 FY23 to Vukile group FFO

	R'000	€'000
Castellana results - Spanish GAAP (Consolidated)	**226 986**	**13 455**
Investment property amortisation	94 978	5 630
Fair value adjustment to investment property	122 611	7 268
Castellana results - IFRS (Included in Vukile group consolidation)	**444 575**	**26 353**
Accrual for LAR España dividend for the period 01 April 2022 to 30 September 2022	72 862	4 319
Fair value adjustment to investment property	(122 611)	(7 268)
Depreciation of property, plant and equipment	186	11
Castellana published FFO	**395 012**	**23 415**
Published FFO attributable to NCI (1)	(41 247)	(2 445)
Reversal of inter-company transactions (2)	6 562	389
Vukile Non IFRS adjustments:		
FEC early terminated (3)	57 830	3 428
FEC accrual (H1 FY23 Castellana dividend)	31 783	1 884
Castellana FFO attributable to Vukile included in Vukile group FFO	**449 940**	**26 671**

(1) Non-controlling interest
(2) Directors fees and interest on shareholders loan
(3) The R58 million gain included in FFO in H1 FY23 formed part of the FEC early terminated in FY22

COMPOSITION OF GROUP BALANCE SHEET

MATCHING DEBT WITH PROPERTY ASSETS - BY GEOGRAPHY AND CURRENCY



VUKILE COMPANY

Total Company Assets (R25.9bn) to Debt (R7.1bn) Ratio 3.7x

ZAR Assets (R15.8bn) to Debt (R6.5bn) Ratio 2.4x

EUR Asset (R10.1bn) to Debt (R0.5bn) Ratio 19x

CASTELLANA
(non-recourse to Vukile)

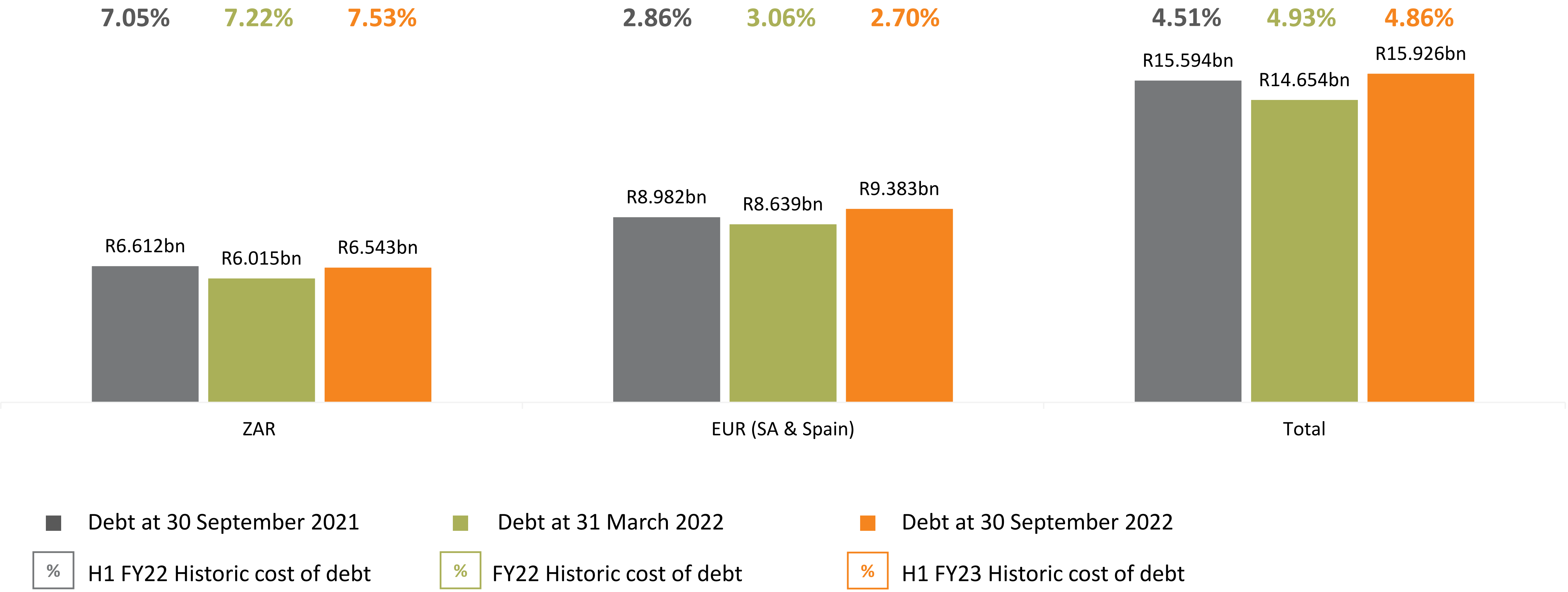
EUR Assets (19.9bn) to Debt (R8.9bn) Ratio 2.3x

COST OF FUNDING

VUKILE PROPERTY FUND
REAL ESTATE. REAL GROWTH.

MARGINAL INCREASE IN GROUP COST OF FINANCE ANTICIPATED DUE TO AN INCREASE IN BOTH ZAR AND EUR BASE RATES

GROUP DEBT BY CURRENCY



	ZAR	EUR (SA & Spain)	Total
H1 FY22 Historic cost of debt	7.05%	2.86%	4.51%
FY22 Historic cost of debt	7.22%	3.06%	4.93%
H1 FY23 Historic cost of debt	7.53%	2.70%	4.86%
Debt at 30 September 2021	R6.612bn	R8.982bn	R15.594bn
Debt at 31 March 2022	R6.015bn	R8.639bn	R14.654bn
Debt at 30 September 2022	R6.543bn	R9.383bn	R15.926bn

ANALYSIS OF GROUP LOAN REPAYMENT AND HEDGING EXPIRY PROFILE

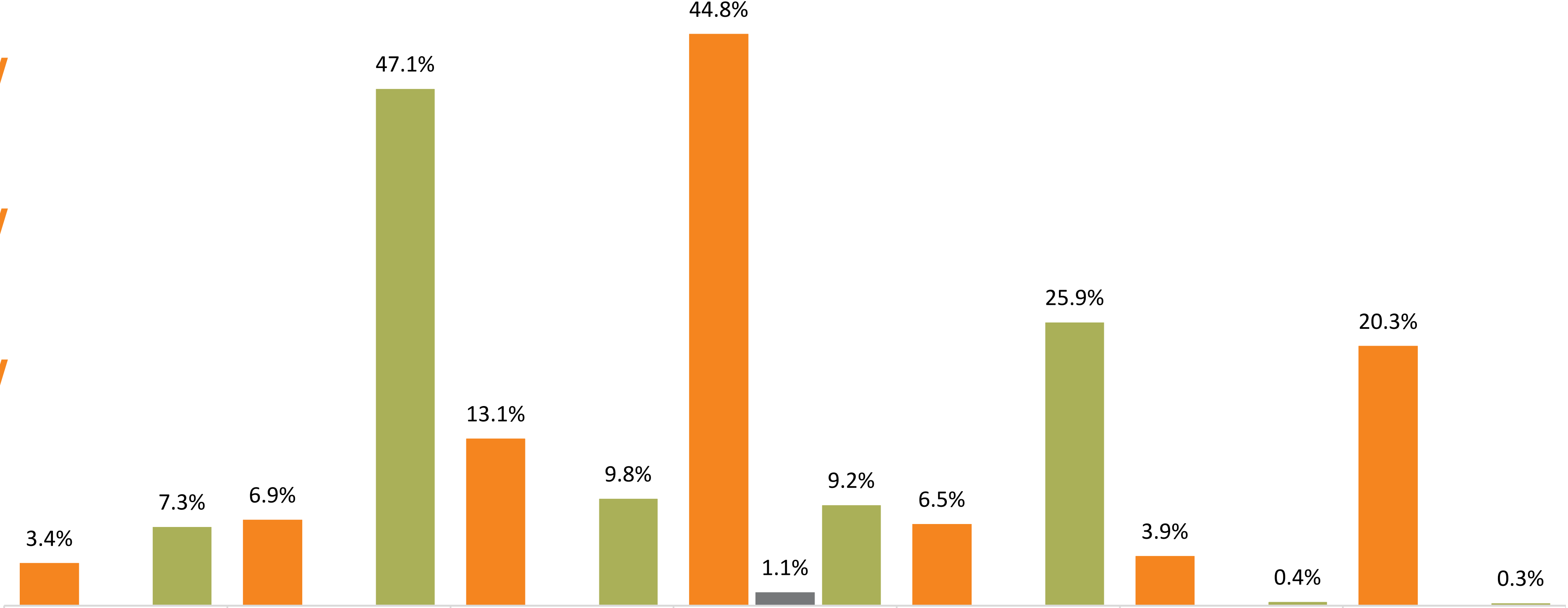
WELL HEDGED WITH LOW RISK EXPIRY PROFILE

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

R3.6bn OF AVAILABLE UNDRAWN BANK FACILITIES

87% OF INTEREST-BEARING DEBT HEDGED

2.2 years FIXED RATE (SWAP & FIXED DEBT) MATURITY PROFILE



	2023	2024	2025	2026	2027	2028	2029 & beyond
🟧 Loan expiry profile R'm	540	1 081	2 092	7 134	1 028	629	3 245
■ Access Facility expiry profile R'm				177			
🟩 Hedging (Swap & Fixed debt) profile R'm	993	6 452	1 343	1 264	3 542	58	43

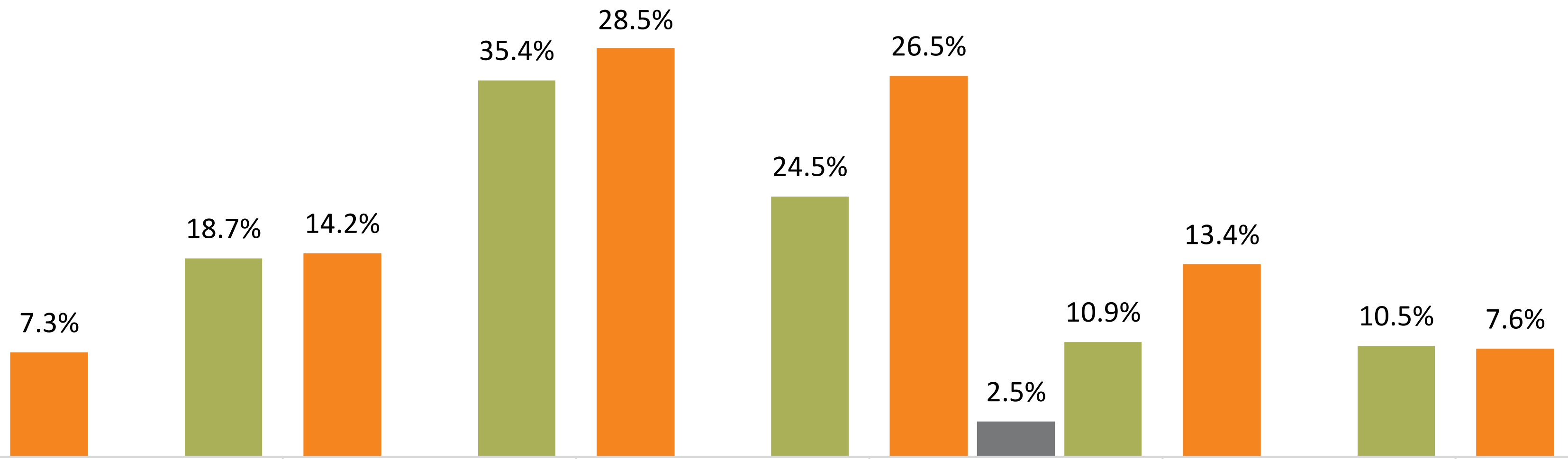
ANALYSIS OF SOUTH AFRICAN LOAN REPAYMENT AND HEDGING EXPIRY PROFILE

WELL HEDGED WITH LOW RISK EXPIRY PROFILE

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

76% OF INTEREST-BEARING DEBT HEDGED

1.8 years FIXED RATE (SWAP & FIXED DEBT) MATURITY PROFILE



	2023	2024	2025	2026	2027	2028
🟧 Loan expiry profile R'm	517	1 005	2 014	1 877	950	535
⬛ Access Facility expiry profile R'm				177		
🟩 Hedging (Swap & Fixed debt) profile R'm	980	1 855	1 285	569	550	

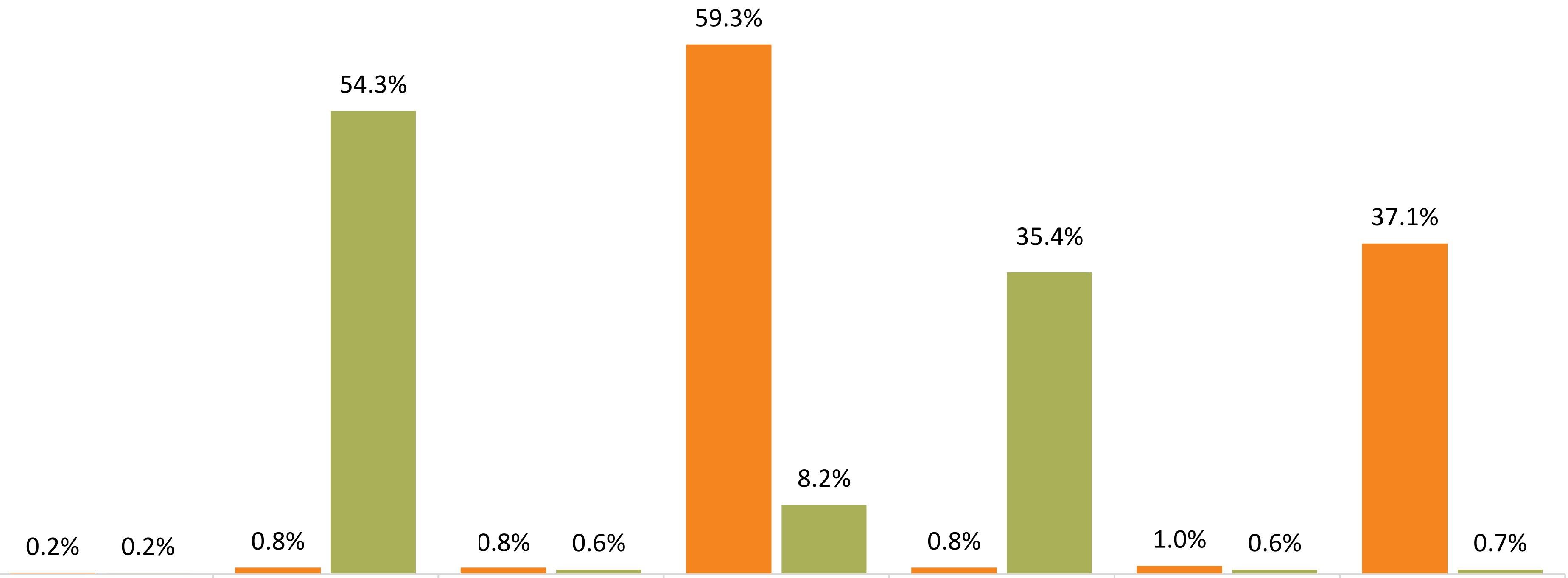
ANALYSIS OF CASTELLANA LOAN REPAYMENT AND HEDGING EXPIRY PROFILE

VERY LOW REFINANCE RISK OVER THE NEXT FOUR YEARS

CASTELLANA LOAN AND HEDGING (SWAP & FIXED DEBT) EXPIRY PROFILE

96% OF INTEREST-BEARING DEBT HEDGED

2.4 years FIXED RATE (SWAP & FIXED DEBT) MATURITY PROFILE



	2023	2024	2025	2026	2027	2028	2029 & beyond
🟧 Loan expiry profile €'m	1	4	4	296	4	5	185
🟩 Hedging (Swap & Fixed debt) profile €'m	1	259	3	39	169	3	3

EUR FOREIGN EXCHANGE HEDGING

VUKILE PROPERTY FUND
REAL ESTATE. REAL GROWTH.

MAINTAINING SUSTAINABLE PREDICTABLE DIVIDENDS WHILE REDUCING CURRENCY VOLATILITY

	FY23		FY24		FY25		FY26		FY27	
Dividend Date	**Dec-22**	**Jun-23**	**Dec-23**	**Jun-24**	**Dec-24**	**Jun-25**	**Dec-25**	**Jun-26**	**Dec-26**	**Jun-27**
Fixed EUR/ZAR rate	20.1845	20.4531	21.5351	22.1175	22.1334	23.3364	22.7036	22.9812	21.9735	22.7190
% Hedge Target	100%	100%	80%	80%	60%	60%	40%	40%	20%	20%
% Net EUR dividend hedged	110%	90%	84%	84%	61%	63%	42%	42%	21%	24%

	Over 12 months	Over 3 years	Over 5 years
Average percentage Net EUR dividend hedged	98%	80%	59%

10% ZAR WEAKENING TO EUR FROM 17.74 TO 19.51 = **+R1 050m INCREASE IN NAV** + **+R25m INCREASE IN FY23 FFO** + **+0.2% INCREASE IN THE GROUP LTV**

FORECAST LTV SENSITIVITY TO VALUATION AND FOREIGN EXCHANGE MOVEMENTS

AT 30 SEPTEMBER 2022

EXAMPLE: 5% ZAR STRENGTHENING TO 16.85 + 3% INCREASE IN PROPERTY VALUATION = -1.2% DECREASE IN GROUP LTV TO 42%

EUR/ZAR exchange rate		Property valuation movement												
		-12%	-10%	-7%	-5%	-3%	-1%	0%	1%	3%	5%	7%	10%	12%
-25%	13.31	48.2%	47.1%	45.7%	44.8%	43.9%	43.1%	42.7%	42.3%	41.5%	40.8%	40.1%	39.0%	38.4%
-20%	14.19	48.3%	47.3%	45.8%	44.9%	44.1%	43.2%	42.8%	42.4%	41.6%	40.9%	40.2%	39.1%	38.5%
-15%	15.08	48.4%	47.4%	46.0%	45.1%	44.2%	43.3%	42.9%	42.5%	41.8%	41.0%	40.3%	39.2%	38.6%
-10%	15.97	48.5%	47.5%	46.1%	45.2%	44.3%	43.4%	43.0%	42.6%	41.9%	41.1%	40.4%	39.3%	38.7%
-5%	16.85	48.6%	47.6%	46.2%	45.3%	44.4%	43.5%	43.1%	42.7%	42.0%	41.2%	40.5%	39.4%	38.8%
-1%	17.56	48.7%	47.7%	46.2%	45.3%	44.5%	43.6%	43.2%	42.8%	42.0%	41.3%	40.5%	39.5%	38.8%
0%	17.74	48.7%	47.7%	46.3%	45.4%	44.5%	43.6%	43.2%	42.8%	42.0%	41.3%	40.6%	39.5%	38.8%
1%	17.92	48.7%	47.7%	46.3%	45.4%	44.5%	43.7%	43.2%	42.8%	42.1%	41.3%	40.6%	39.5%	38.9%
5%	18.63	48.8%	47.8%	46.4%	45.4%	44.6%	43.7%	43.3%	42.9%	42.1%	41.4%	40.6%	39.6%	38.9%
10%	19.51	48.9%	47.9%	46.4%	45.5%	44.7%	43.8%	43.4%	43.0%	42.2%	41.5%	40.7%	39.7%	39.0%
15%	20.40	49.0%	48.0%	46.5%	45.6%	44.7%	43.9%	43.5%	43.1%	42.3%	41.5%	40.8%	39.7%	39.1%
20%	21.29	49.1%	48.0%	46.6%	45.7%	44.8%	44.0%	43.5%	43.1%	42.4%	41.6%	40.9%	39.8%	39.1%
25%	22.18	49.1%	48.1%	46.7%	45.8%	44.9%	44.0%	43.6%	43.2%	42.4%	41.7%	40.9%	39.9%	39.2%

CORPORATE BOND ISSUANCES

COMPOSITION OF UNSECURED DEBT AND COVENANT EXCLUSIVE DEBT

Corporate Bonds	Security	Amount	Reference Rate	Margin	Maturity Date	Initial Term
VKE11	Unsecured	**R175m**	3M JIBAR	1.75%	20 April 2023	**5.0 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**
VKE18	Unsecured	**R342m**	3M JIBAR	1.85%	27 August 2024	**3.0 years**
VKE19	Unsecured	**R232m**	3M JIBAR	1.39%	27 August 2025	**3.0 years**
VKE20	Unsecured	**R535m**	3M JIBAR	1.59%	27 August 2027	**5.0 years**
TOTAL		**R2 159m**				

Unsecured Debt Summary	Security	Amount
Corporate bonds	Unsecured	R2 159m
Bank debt	Covenant exclusive (1)	R355m
Total unsecured & covenant exclusive debt		**R2 514m**

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

(1) Covenant exclusive facilities form part of the bank's secured debt with rights to the bank's secured security pool, however they do not form part of transactional financial covenants.

OVERVIEW OF UNENCUMBERED ASSETS

Total unencumbered assets
R10 705m (A)

Unencumbered direct property
R924m

Unencumbered listed shares
R9 781m

Number of properties
6

GLA
61 821m²

Average property value
R154m

Retail rent from national tenants
83%

Contractual rental escalation
6.9%

Income from top 10 tenants
67%

WALE
3.1 years

Retail tenant retention
86%

Vacancy (by rent)
2.3%

Total unsecured debt
R2 159 (B)

Unsecured debt to unencumbered assets ratio
20.2% (B/A)

“SEE-THROUGH” LOAN-TO-VALUE RATIO

VUKILE PROPERTY FUND
REAL ESTATE. REAL GROWTH.

	Interest-bearing debt Rm	Property assets Rm	Cash Rm	**LTV**	Shareholding
Vukile Company, MICC, Namibia, Dream and 100% of Clidet No. 1011	7 705	14 966	570	**43.5%**	100.0%
Castellana	8 851	19 597	287	**43.7%**	89.6%
Fairvest	6 117	15 261	136	**39.2%**	6.2%
"See-through" Loan-to-Value Ratio	**15 382**	**33 466**	**835**	**43.5%**	

SA REIT RATIOS

VUKILE PROPERTY FUND
REAL ESTATE. REAL GROWTH.

	30 September 2022	30 September 2021	31 March 2022
SA REIT funds from operations	**R793m**	R766m	R1,34bn
SA REIT funds from operations per share	**80.90c**	80.11c	136.91c
SA REIT net asset value (1)	**R18,1bn**	R16,9bn	R16,9bn
SA REIT net asset value per share (1)	**R18.43**	R17.71	R17.23
SA REIT cost-to-income ratio	**SA: 47.0%** **Spain: 37.3%**	SA: 47.2% Spain: 36.4%	SA: 47.0% Spain: 40.1%
SA REIT administrative cost-to-income ratio	**SA: 8.0%** **Spain: 9.0%**	SA: 7.5% Spain: 10.9%	SA: 7.0% Spain: 11.1%
SA REIT vacancy rate	**SA: 3.0%** **Spain: 1.6%**	SA: 3.6% Spain: 2.9%	SA: 2.9% Spain: 1.6%
SA REIT cost of debt (2)	**ZAR: 8.7%** **EUR: 2.2%**	ZAR: 7.2% EUR: 2.3%	ZAR: 7.7% EUR: 2.4%
SA REIT loan-to-value (3)	**41.8%**	42.5%	42.0%

(1) In order to comply with the SA REIT BPR, the 30 September 2021 NAV and NAV per share have been restated to deduct the HY22 dividend declared.
(2) SA REIT cost of debt excludes impact of CCIRS.
(3) In order to comply with the SA REIT BPR, the 30 September 2021 LTV has been restated to deduct tenant deposits from total assets.