



Annual Results Presentation  
for the year ended 31 March 2018

# AGENDA



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## Introduction

Laurence Rapp

# Profile

## Who we are

- ▷ High quality, low risk, **Retail REIT** in South Africa with growing **international exposure in Spain**
- ▷ Strong **operational focus** with a core competence in **active asset management**
- ▷ Aim for **simplicity** and **transparency**
- ▷ Clarity of **vision, strategy** and **structure**
- ▷ Prudent **financial management** and strong **capital markets expertise**
- ▷ **Entrepreneurial approach** to deal making
- ▷ Strong focus on **governance** and **leadership**
- ▷ History of strong compounded growth and **shareholder returns** with CAGR of **21.9%** since listing
- ▷ **26%** of assets now focused on UK and Spain
- ▷ Listings on the **JSE and NSX**



# Highlights

## FY2018 in review

- ▷ **DPS growth of 7.7% to 168.82cps** in line with guidance
- ▷ **Strong operational performance** in Southern Africa
  - Operating metrics remain solid in poor trading environment
  - Like-for-like net income growth of 6.5% with vacancies reduced to 3.7% and positive reversions of 5.1%
- ▷ **Significant progress** in Spanish Strategy
  - Concluded €260mn worth of acquisitions
  - Recruited high calibre local management team and created an operating platform
  - Portfolio value post year-end grown to c.€400mn equating to c.R5.8bn
- ▷ **Prudent balance sheet** with a gearing ratio of 29.6% and term debt fully hedged

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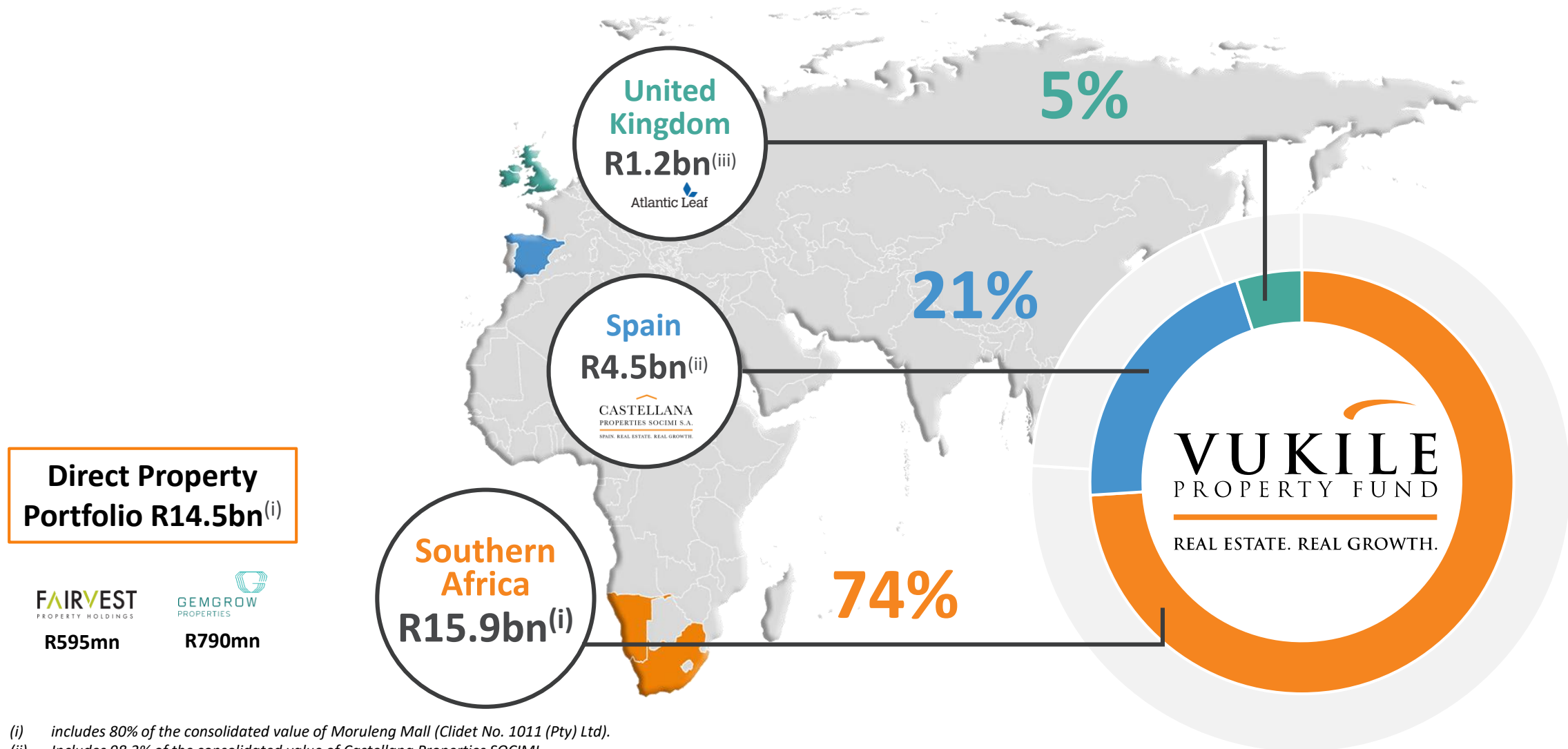
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# Group Overview – Total property related assets of R21.6bn

Focused Retail REIT in South Africa with growing Spanish retail exposure



(i) includes 80% of the consolidated value of Moruleng Mall (Clidet No. 1011 (Pty) Ltd).  
 (ii) Includes 98.3% of the consolidated value of Castellana Properties SOCIMI  
 (iii) Carry value of investment in Atlantic Leaf Properties Limited associate

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# Strategic direction

## Focus on capital allocation and strategic consistency

### Southern Africa

- ▶ Continued focus on defensive retail sector in line with our high-quality low risk portfolio
- ▶ Further investment in our existing portfolio through expansions and upgrades
- ▶ Strong operational focus to keep delivering solid results
- ▶ Increased focus on consumer analytics and alternative income streams
- ▶ Appetite to invest further in South Africa but limited local acquisition prospects at the right price

### International

- ▶ Focus will be on Spain to drive home the advantage we have created in Castellana through scale, on-the-ground presence and operational capabilities
- ▶ Despite performing in line with expectations, limited potential to invest further new equity into Atlantic Leaf under current conditions, but rather working with management to unlock value
- ▶ Decided not to look at any other new markets in the short to medium term but rather to focus on Spain

### Balance sheet management

- ▶ Disciplined and conservative financial management with stable LTV target around 35%
- ▶ Prudent interest rate policy to hedge at least 75% of debt
- ▶ Foreign exchange hedging policy to minimise adverse foreign exchange fluctuations by hedging forward on average 75% of foreign dividends by way of forward exchange contracts over a 3 year period
- ▶ Look to recycle non-core assets into core strategy:
  - Timing and price dependent
  - Includes stake in Gemgrow





## Southern African Retail Portfolio Overview

Ina Lopion

# Key portfolio metrics

## Direct Southern African Retail Portfolio

- ▷ Value **R13.2bn** (91% of direct Southern African portfolio)
- ▷ **46** Properties
- ▷ GLA **810 398m<sup>2</sup>**
- ▷ Average asset value **R288mn**
- ▷ Average discount rate **13.3%**
- ▷ Average exit capitalisation rate **8.2%**
- ▷ **3.4%** Vacant
- ▷ **82%** of retail space let to national tenants
- ▷ **46%** of income from top 10 tenants
- ▷ WALE of **3.7 years**
- ▷ Average base rentals **R130.44/m<sup>2</sup>/month**
- ▷ Contractual rental escalation **7.1%**
- ▷ Rent reversions **+5.2%**
- ▷ Rent to sales ratio **6.0%**
- ▷ Average annualised trading density **R27 598/m<sup>2</sup>**
- ▷ Net cost ratio **16.8%**

# Creating a high quality low risk retail portfolio

## Interrelationship of key retail metrics

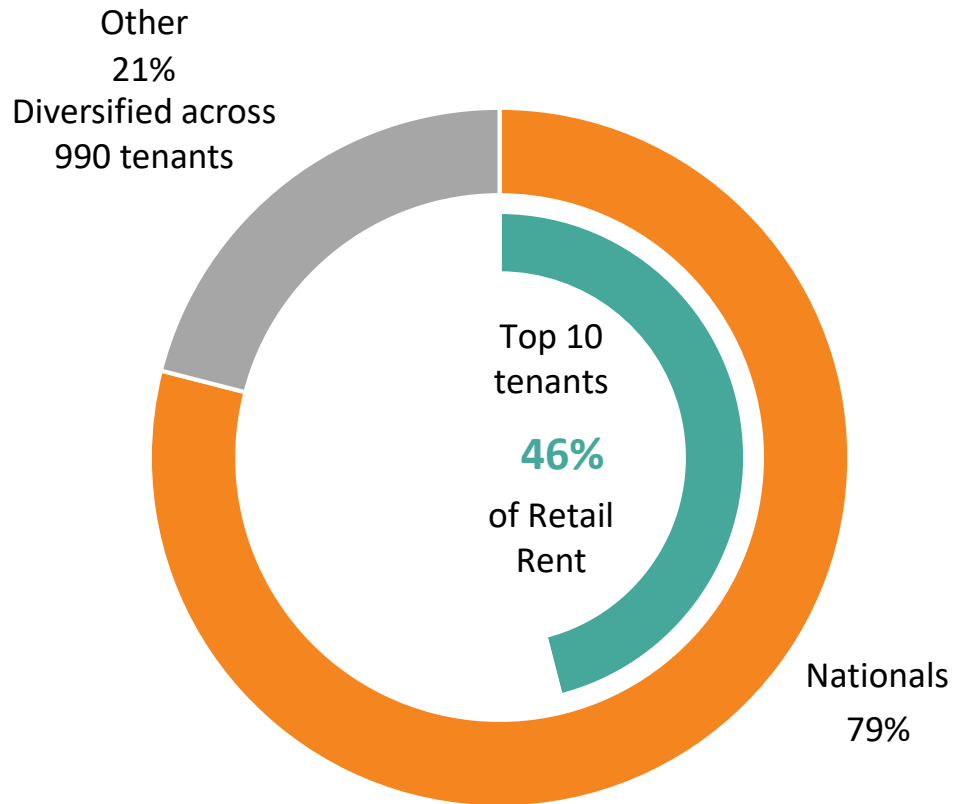




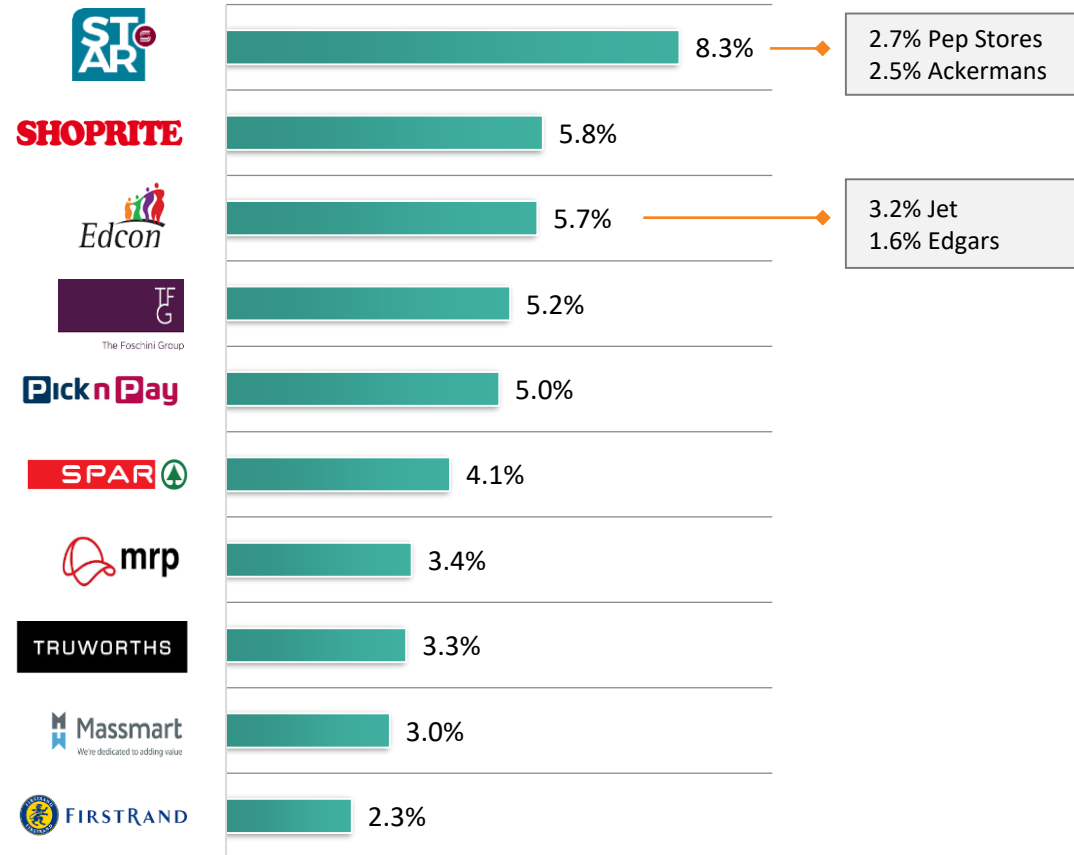
# Retail tenant exposure

Low risk with c.80% national tenants

## Tenant profile - by contractual rent



## Top 10 tenants by rent

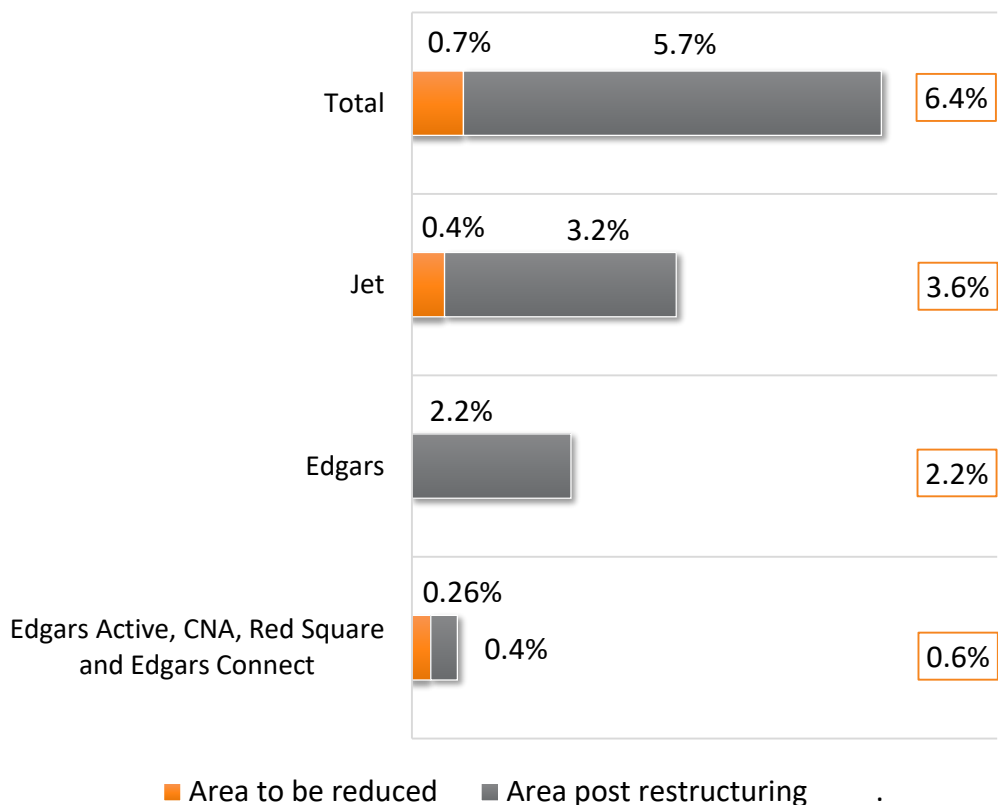


# Edcon exposure

## Support Edcon in their restructuring

- ▶ Continue to critically assess our exposure to Edcon and manage appropriately over time

### Exposure to Edcon based on GLA

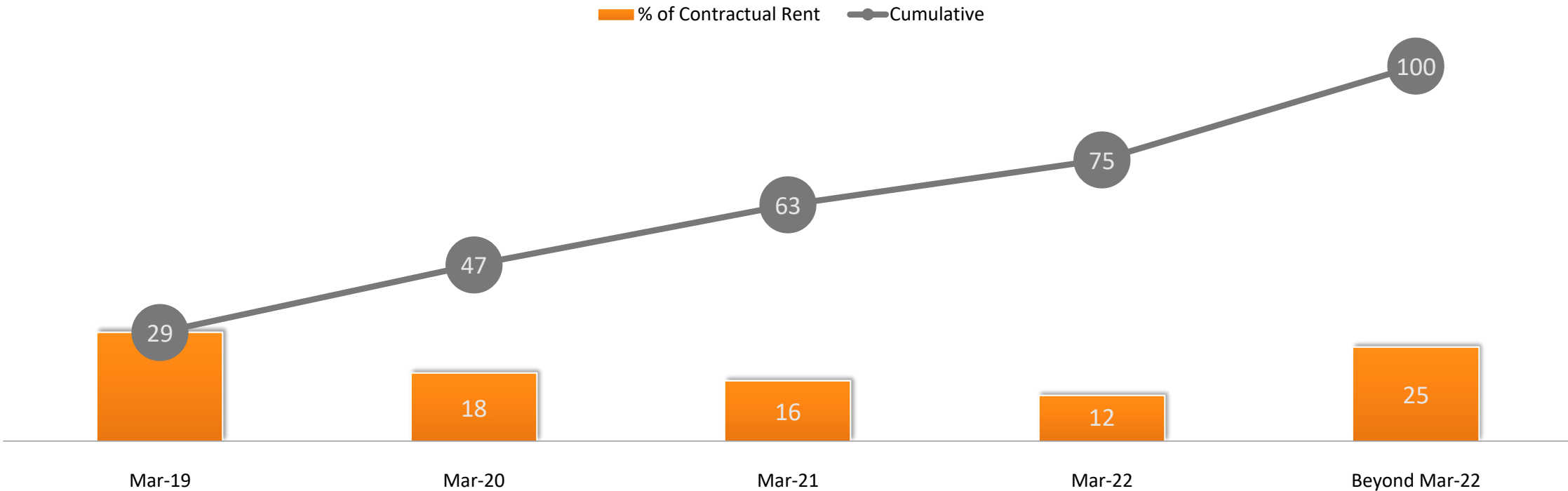


### Action plan

- ▶ We have been in discussions with Edcon to restructure specific leases, including reducing store sizes and possible store closures. 73% of the leases will remain unchanged
- ▶ The space in question accounts for 6 233m<sup>2</sup> (0.7% of the total occupied GLA of the Southern African portfolio).
- ▶ This would reduce Vukile's exposure to Edcon from 6.4% to 5.7% of total occupied GLA
- ▶ The affected stores comprise 16 shops (6 Edgars Active 8 Jet Mart and 2 Edgars shops)
- ▶ We have already negotiated offers for 3 436m<sup>2</sup> (55%) of the space, mostly to second tier nationals, who generally pay higher rental than Edcon
- ▶ The c.R5m effect of the restructured Edcon leases has already been factored into our forecasts and form part of Vukile's guidance for our next financial year
- ▶ We will continue to monitor and engage with Edcon as part of our ongoing risk management

# Retail tenant expiry profile

37% of contractual rent expiring in 2022 and beyond (WALE 3.7 years)



## For the 12 months ended 31 March 2018 Retail leases were concluded with:

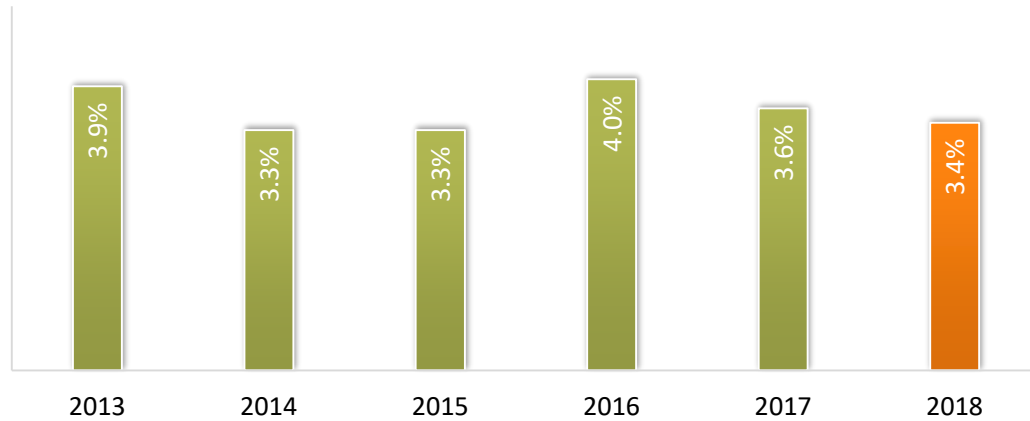
- ▶ Total contract value R1 235mn
- ▶ Total rentable area 147 380m<sup>2</sup>
- ▶ Tenant Retention 87%



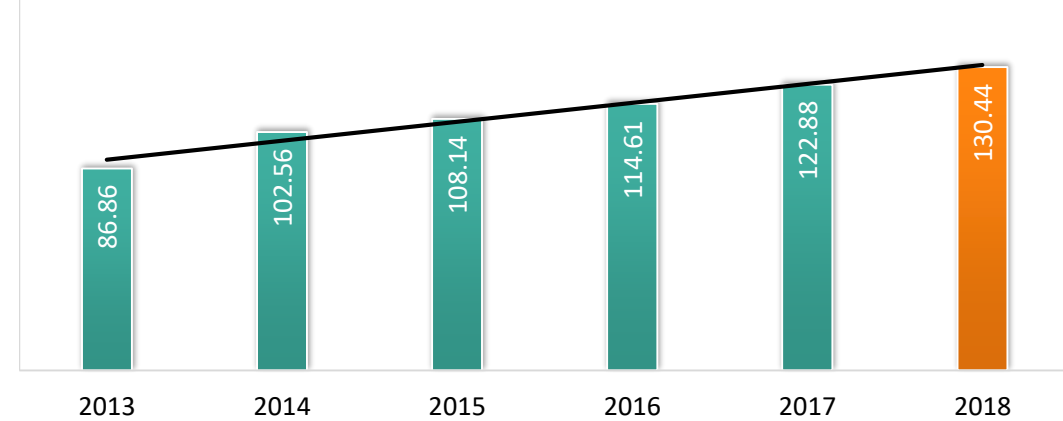
# Retail tenant affordability

## Consistently strong metrics

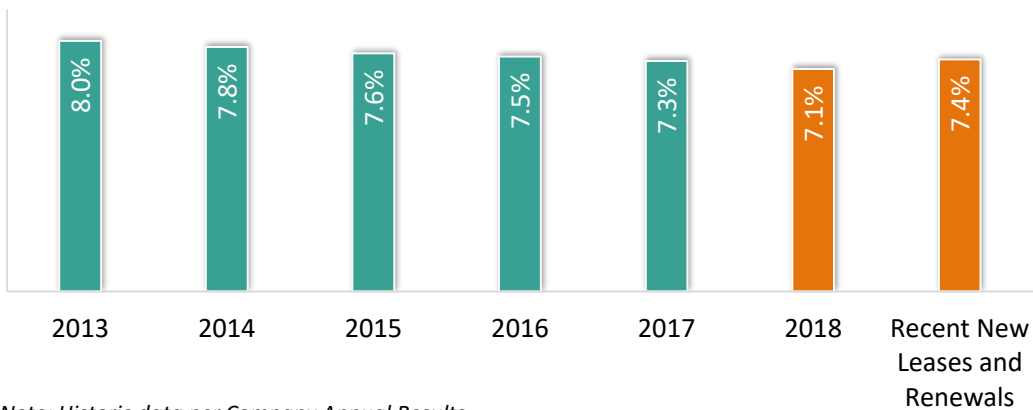
### Retail Vacancy Profile by Rent



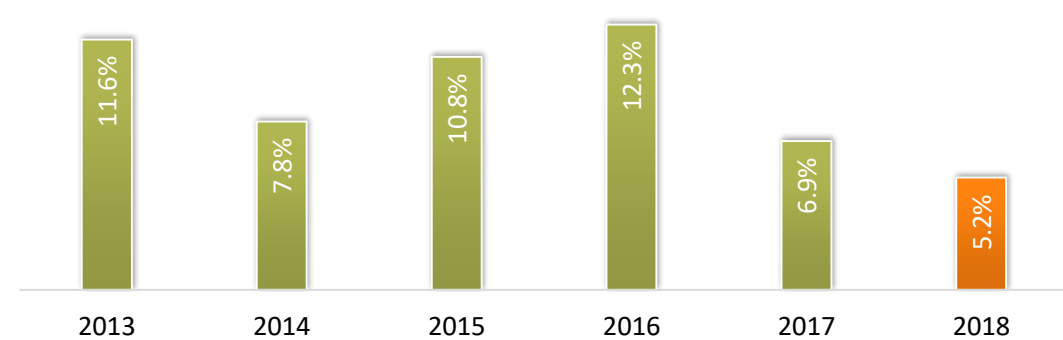
### Retail Average Base Rentals (excl. Recoveries)



### Retail Contractual Escalations



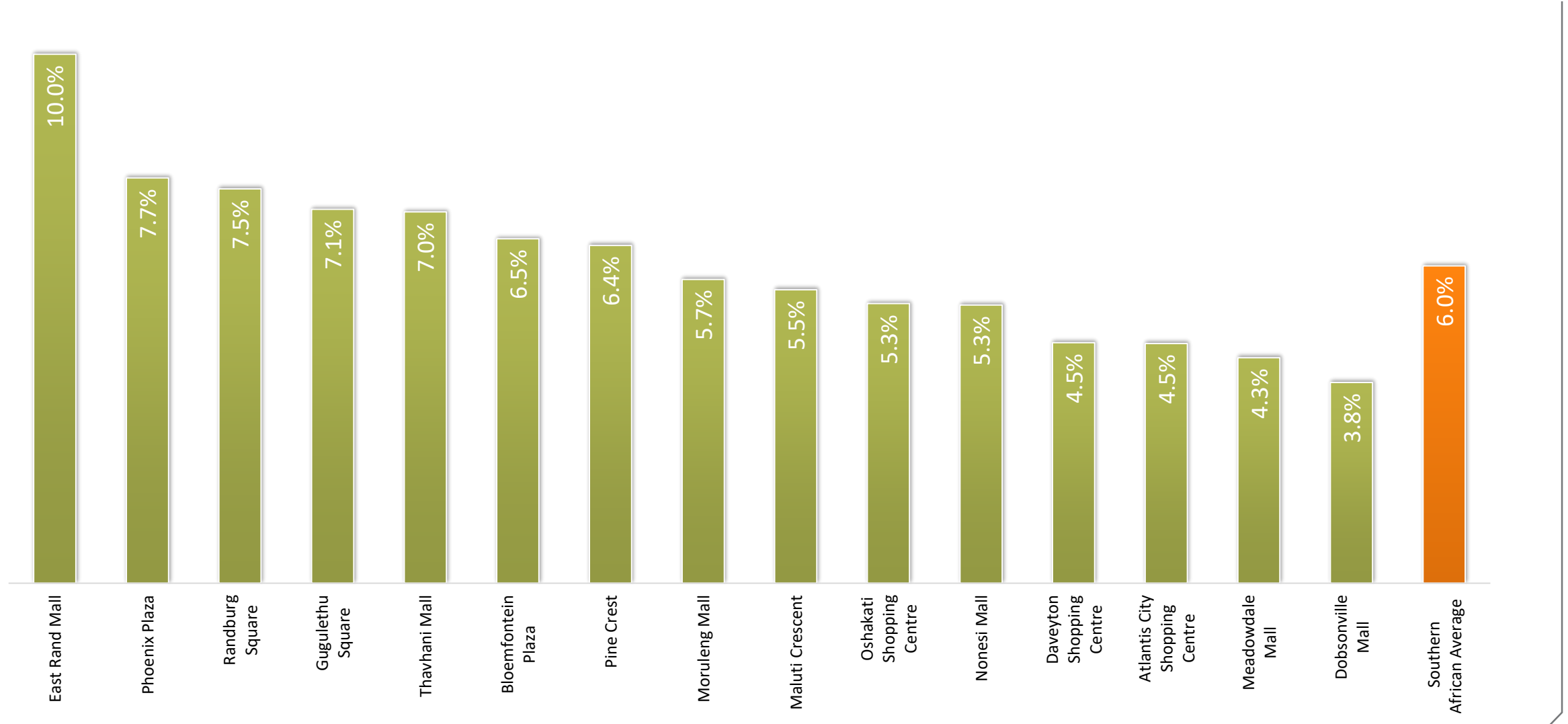
### Retail Rent Reversions



Note: Historic data per Company Annual Results.

# Rent-to-sales ratio by Top 15 properties

Ahead of industry benchmarks



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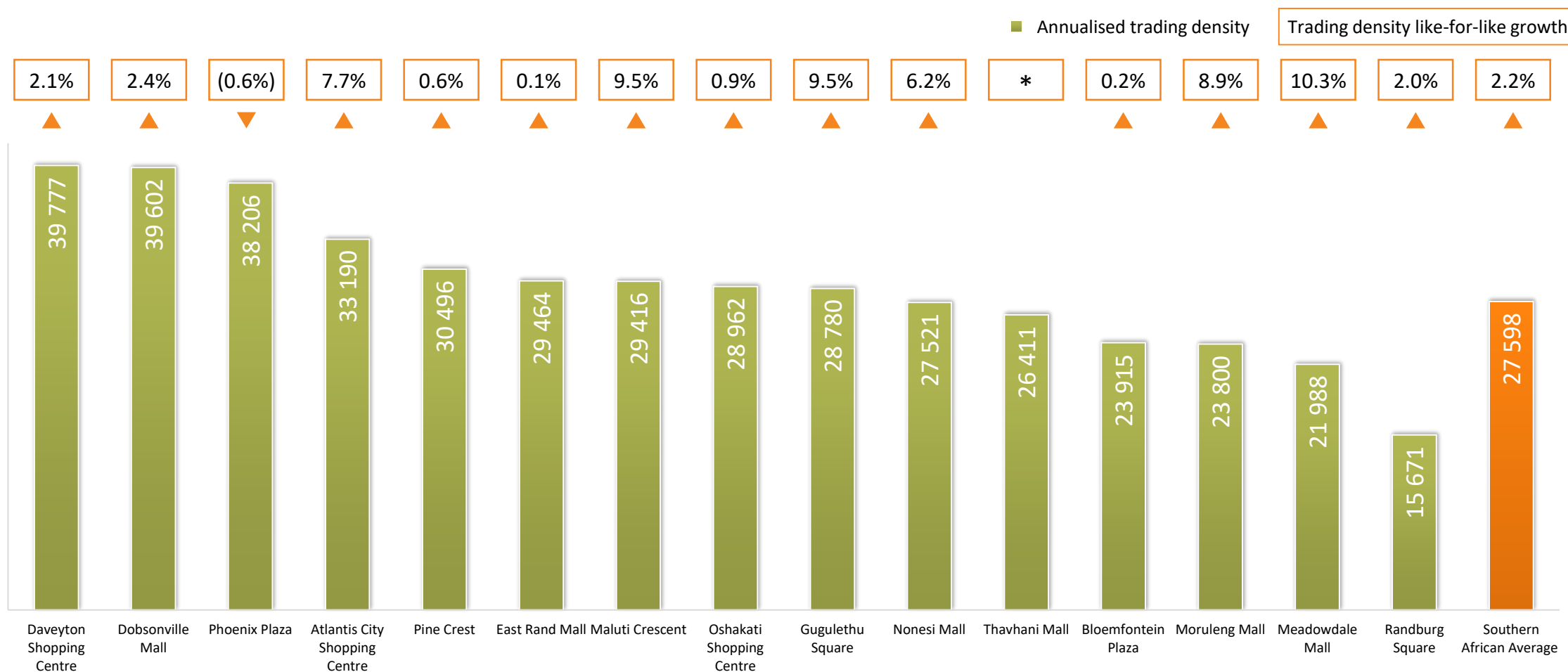
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# Retail portfolio trading statistics by Top 15 properties

High trading density with solid growth ahead of market comparables



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

\* Trading density like-for-like growth excludes Thavhani Mall as it is a recent development.

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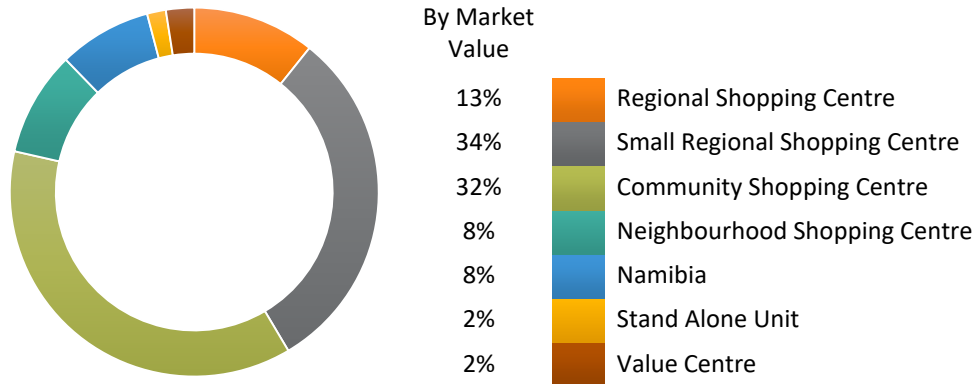


## Segmental allocation adding to defensive nature of portfolio

### Segment Focus

- ▶ Most of retail exposure (66%) remains in buoyant Small Regional and Community Shopping Centres with 3.6% trading density growth and stable vacancies
- ▶ Rural centres within the portfolio show higher trading density growth of 7.0%
- ▶ Rent-to-sales remains low creating a drawcard for tenants as cost of occupancy is low
- ▶ Average store sizes decreasing, leading to increased densities and higher net rental opportunities
- ▶ Multiple strategies to increase dwell time have yielded positive results as the year on year footfall is showing increasing trends

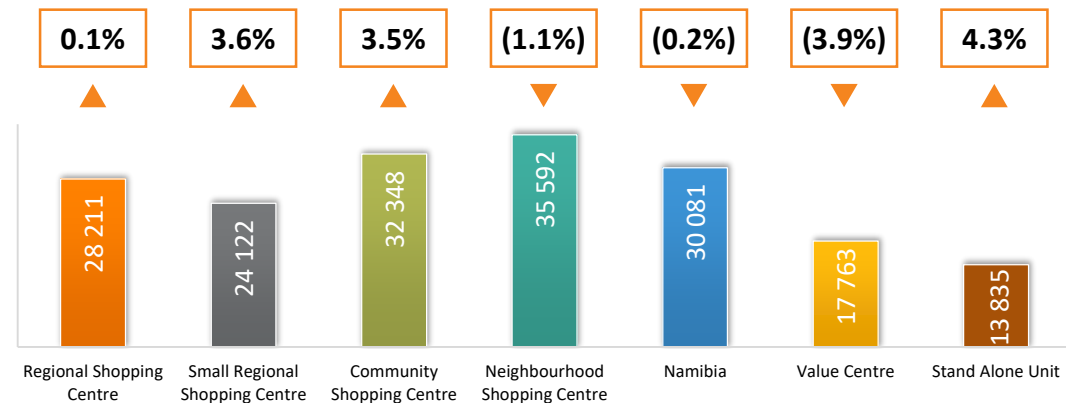
### Segmental Profile - by Market Value



### Tenants Focus

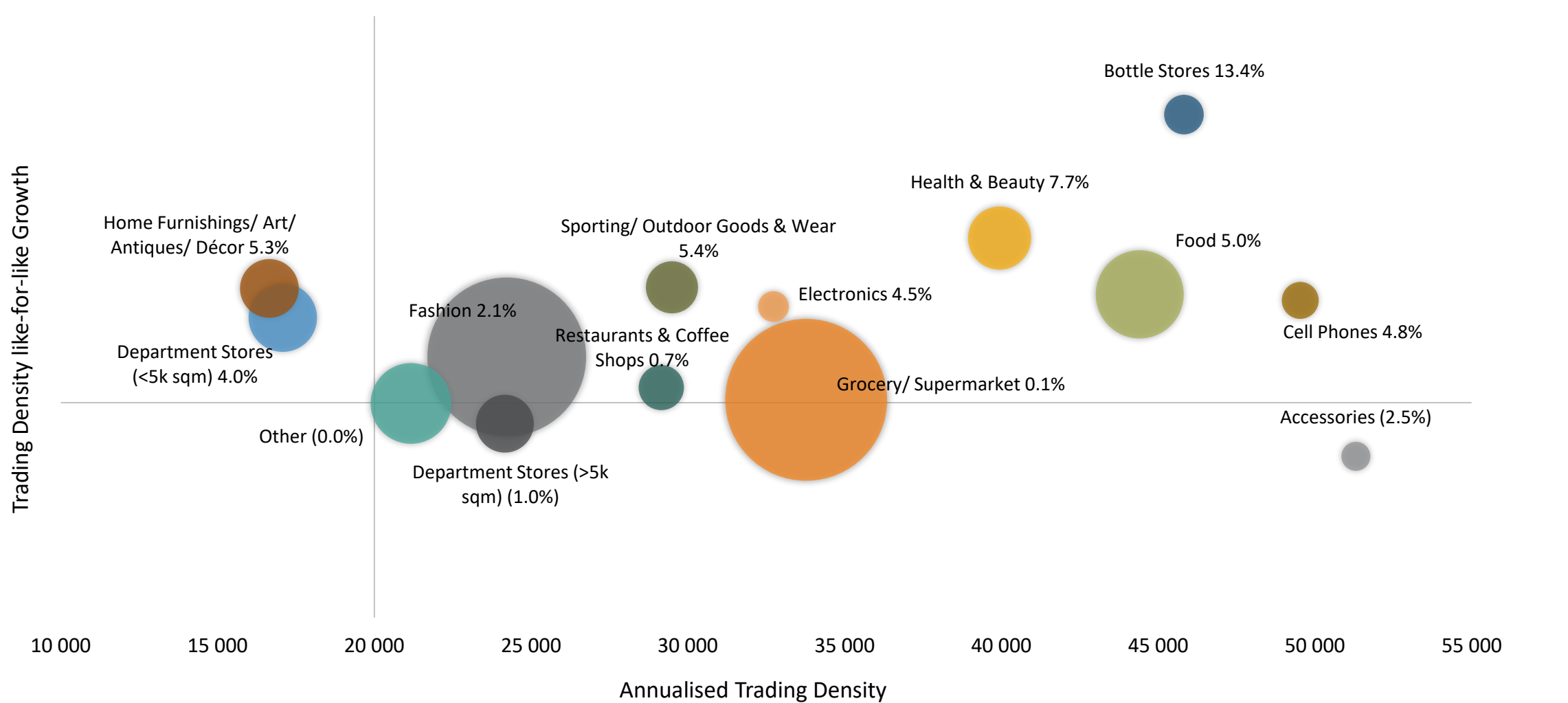
- ▶ Majority of our category exposure remains in the inelastic grocery sector – accounting for c.22% of our income generated
- ▶ This category accounts for c.R0.5bn in annual turnover within the portfolio at a strong annualised trading density of R33 778/m<sup>2</sup>, with a credible average rent to sales of 2.7%
- ▶ Bottle stores and Health and Beauty continue to show trading density growth higher than inflation
- ▶ Shoppertainment remains a strategic imperative. Shoppers desire experiential interactive forms of entertainment, which our AIM strategy will address

### Retail Portfolio Trading Statistics by Segment



# Retail portfolio trading statistics by category

## Strong trading densities in core categories



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

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# Creating a high quality low risk retail portfolio

## Interrelationship of key retail metrics

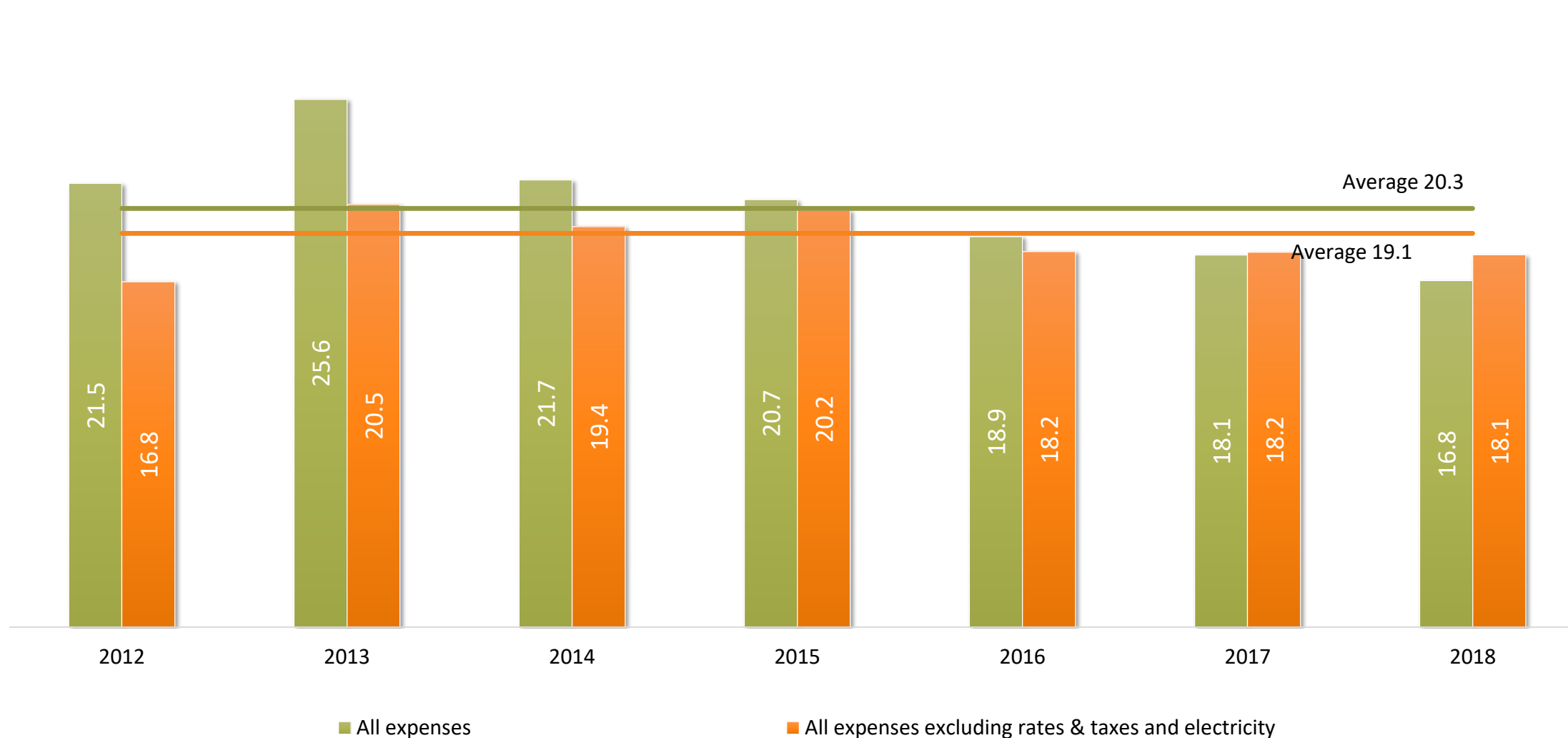




Asset Management  
Ina Lopion

# Ratio of net cost to property revenue – Retail portfolio

## Improvement in cost ratios



Note: Stable portfolio excluding recent acquisitions and sales



# Extension and upgrade

## Pinecrest Shopping Centre, Pinetown, KZN

- ▶ Upgrading the existing centre and expanding the total GLA from 40 087m<sup>2</sup> to 45 190m<sup>2</sup>
- ▶ A new mall, upgraded food court and an improved tenant mix is being added to the centre
- ▶ New tenants include: HiFi Corporation, Spur, Old Mutual and Galaxy Bingo
- ▶ The centre has an average monthly footfall of 940 000 people
- ▶ The new GoDurban! bus terminal will lead to increased footfall and potential future development opportunities



| Location          | Additional GLA           |
|-------------------|--------------------------|
| Pinetown, KZN     | 5 103m <sup>2</sup>      |
| Commencement Date | Total Capex              |
| April 2018        | R167mn                   |
| Completion Date   | Projected Yield on Capex |
| July 2019         | 7.9%                     |

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# Redevelopment in progress

## Maluti Crescent, Phuthaditjhaba

- ▷ Redevelopment to cater to nationals with exceptional trading densities of greater than R40 000/m<sup>2</sup> per annum who wish to expand their footprints
- ▷ Centre will be the largest enclosed mall in the town
- ▷ Pick 'n Pay will be introduced as a second food anchor
- ▷ The trade area consists of 82 000 households
- ▷ Flanagan & Gerard to handle development management



|                          |                                 |
|--------------------------|---------------------------------|
| <b>Location</b>          | <b>Current GLA</b>              |
| Phuthaditjhaba, FS       | 21 538m <sup>2</sup>            |
| <b>Additional GLA</b>    | <b>Total Capex</b>              |
| 12 357m <sup>2</sup>     | R368mn                          |
| <b>Commencement Date</b> | <b>Projected Yield on Capex</b> |
| September 2017           | 8.3%                            |
| <b>Completion Date</b>   | <b>Letting</b>                  |
| April 2019               | 75% committed by nationals      |



# Recent acquisitions – Thavhani Mall and Springs Mall

Satisfied with initial trading and looking forward to stronger growth

## Thohoyandou Thavhani Mall

Regional Shopping Centre of c.53 500m<sup>2</sup> opened August 2017

- ▷ The centre is currently fully let with an average outstanding lease expiry of 7.6 years
- ▷ Exposure to National Tenants at 89% with the largest tenants Edgars, Spar, Woolworths and Pick ‘n Pay
- ▷ The average annualised trading density is R26 411/m<sup>2</sup> with an average spend per head of R160. These retail stats are for a period of 8 months with big potential for future growth
- ▷ Average monthly foot count c.700 000
- ▷ The centre is seen as a catalyst for further development of the Thavhani precinct including Builders Warehouse, hotel, medical clinic, Offices, motor dealerships etc.



## Springs Mall

Small Regional Shopping Centre of c.49 000m<sup>2</sup> opened March 2017

- ▷ Vacancy low at 1.2% with an average outstanding lease expiry of 7.1 years
- ▷ Exposure to National Tenants at 85% with the largest tenants Edgars, Shoprite Checkers, Woolworths, Pick ‘n Pay and Just Gym
- ▷ The average annualised trading density is R23 100/m<sup>2</sup> with an average spend per head of R200
- ▷ Average monthly foot count c.500 000
- ▷ In final stages of negotiating the introduction of a fourth Major Anchor – which will further entrench the mall within the community



# Energy management

## Achievements FY2018

- ▷ 3.59mn kWh sustainable electricity savings
- ▷ R5.6mn saved through billing & metering optimisation
- ▷ Total installed PV capacity of 1.759 MW
- ▷ 114 smart water meters installed
- ▷ 50 000kl supplied from alternative water sources



### Targets for the next 12 months:

- ▷ Energy savings of a further 5.5mn kWh
- ▷ Increasing PV capacity with 2 MW in 2019
- ▷ Optimised metering and billing savings of R0.6mn
- ▷ Additional alternative water sources of 20 000kl per annum



# Alternative Income Management

## Starting to gather momentum

- ▷ **41** new contracts concluded to deliver **in-mall and out-mall advertising income**
- ▷ **Court space income to increase** with new agreement with Compass Communications (promotions division of Smollan Retail Solutions)
- ▷ Deployment of **fibre to 37 malls**
- ▷ Launch of **free wifi at 17 malls\*** for shoppers via our digital platform to build our shopper database
- ▷ Offer shoppers a **“Fan Club”** to drive shopper loyalty, personal offers and rewards
- ▷ Tenants are able to **engage the shopper** directly via the mall “Fan Club”
- ▷ Seek to **unlock value** for tenants from our **consumer behaviour insights** and monetary value for shareholders from our shopper database

\* Centres with cumulative GLA of c.0.5mn m<sup>2</sup> with monthly foot-traffic of c.11mn





## Spanish Portfolio Overview

Alfonso Brunet

# Update on Spanish economy and political environment

## Spanish economy continues to outperform the Eurozone

| Indicator            | 2017  | Forecast 2018 | Forecast 2019 |
|----------------------|-------|---------------|---------------|
| Spain GDP growth     | 3.1%  | 2.7%          | 2.4%          |
| <i>EU GDP Growth</i> | 2.4%  | 2.3%          | 2.0%          |
| Home Consumption     | 2.4%  | 2.3%          | 2.0%          |
| CPI                  | 1.1%  | 1.5%          | 1.6%          |
| Unemployment         | 17.2% | 15.3%         | 13.7%         |

### Economy & Tourism:

- ▷ **5<sup>th</sup> largest** economy in Europe by GDP
- ▷ Spain's credit rating was **raised one level to A-** by S&P Global Ratings
- ▷ **2nd most visited** destination in the world behind France, now ahead of USA
- ▷ **82mn** international tourists in 2017 (up 9% from 2016) with **€87bn spent** (up 12.4% from 2016)
- ▷ Madrid and Barcelona **most popular shopping destinations** in Europe for international tourists after London

### Politics – Catalonia:

- ▷ **No agreement** among Catalan parties to form regional government, Article 155 still in place
  - After December elections the secessionist parties (in coalition) are not in majority with 66 seats , greater than 68 seats needed for majority
- ▷ **Not Affecting the Spanish economy**, localised in Barcelona
- ▷ Castellana has **no exposure** to Catalonia

Sources: INE, FUNCAS, GLOBAL BLUE, DATOS MACRO, EC WINTER 2018 INTERIM ECONOMIC FORECAST

# Spanish retail sector update

## Strong fundamentals in line with recovering economy

- ▷ Retail sales annual **growth +1.9%** (Mar 18)
- ▷ Consumer confidence index 107.2 pts (Jan 18)
  - Current Situation **+ 4.6 points** YoY
  - Expected situation **+3.5 points** YoY
- ▷ Footfall growth +0.1% (Q1 2018)
- ▷ Rents **marginally increased** in prime and dominant locations
- ▷ Spanish **online retail sales comprise 5%** of total sales (of this, 32% pure retail sales and 68% are service related)
- ▷ Online sales still growing but **below European average** and far away from countries such as UK (18%), Germany (15%) or France (10%)
- ▷ The **investment market** is showing vibrant activity:
  - 2017 set another record with c.€3.5bn in + 90 transactions
  - Q1 2018 c.€700mn, pipeline shows €1.9bn to be closed
  - Yields stabilised for shopping centres. Some room for compression on retail parks as demand picks up
- ▷ **Consumer trends** keep the focus on experience with food and beverage showing more activity in shopping centres

Source: INE, CRR, SAVILLS AN, C&W

# Castellana key milestones

## Significant progress in past twelve months

- ▷ Castellana currently in a building phase – **portfolio has grown to €308mn** by 31 March 2018
- ▷ Acquired 13 assets in 2017 for **c.€260mn**
  - 11 retail parks acquired in July 2017 for €193mn
  - Centro Commercial Alameda and Pinatar Park acquired in December 2017 for €67mn
  - Acquisition of **Habaneras** for €80.6mn closed post year end will **increase assets to c.€400mn**
- ▷ High quality **management team** and operating infrastructure in place and **adding value** across the portfolio
- ▷ **Accretive asset management** reletting and interventions already underway
- ▷ Successfully **restructured debt of €146 m** on better terms and conditions
- ▷ Preparation for **listing of Castellana** is being finalised
  - Expect to list on the MAB before August 2018
  - Engaged 3 high quality independent non-executive directors
- ▷ Continue to see a **growing pipeline** of new acquisition opportunities

Sources: INE, FUNCAS, GLOBAL BLUE

# Key portfolio metrics

## A low-risk defensive portfolio as a platform for future growth

- ▷ **92% Retail** by market value
- ▷ External portfolio value of **€308mn with organic growth of 6.65%** vs acquisition cost
- ▷ Average discount rate of **8.6%**
- ▷ Average exit capitalisation rate of **6.1%**
- ▷ **172 974m<sup>2</sup>** of GLA
- ▷ Average asset value of **€23.7mn**
- ▷ **94%** of income derived from national tenants
- ▷ **62%** of income from top 10 tenants
- ▷ **1.5%\*** vacancy across the portfolio
- ▷ WALE of **18.6 years~**
- ▷ Average base rentals of **€9.22/m<sup>2</sup>/month (+2.3%)**

\* excluding development vacancy at Kinopolis Leisure Centre

~ excludes lease breaks

Note: All data represents 100% of Castellana, Vukile shareholding is 98.7%

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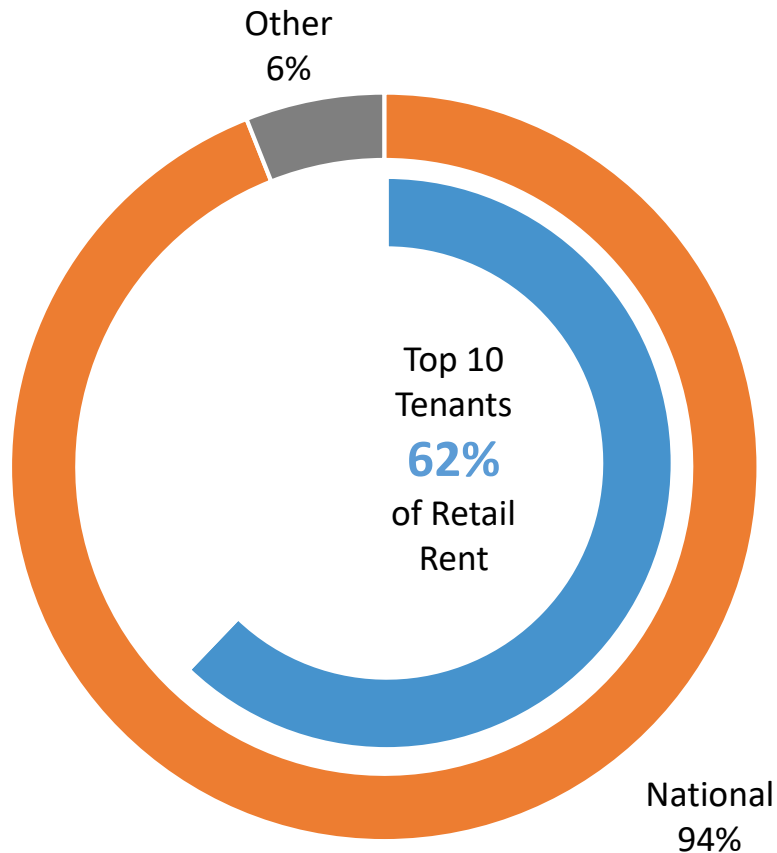
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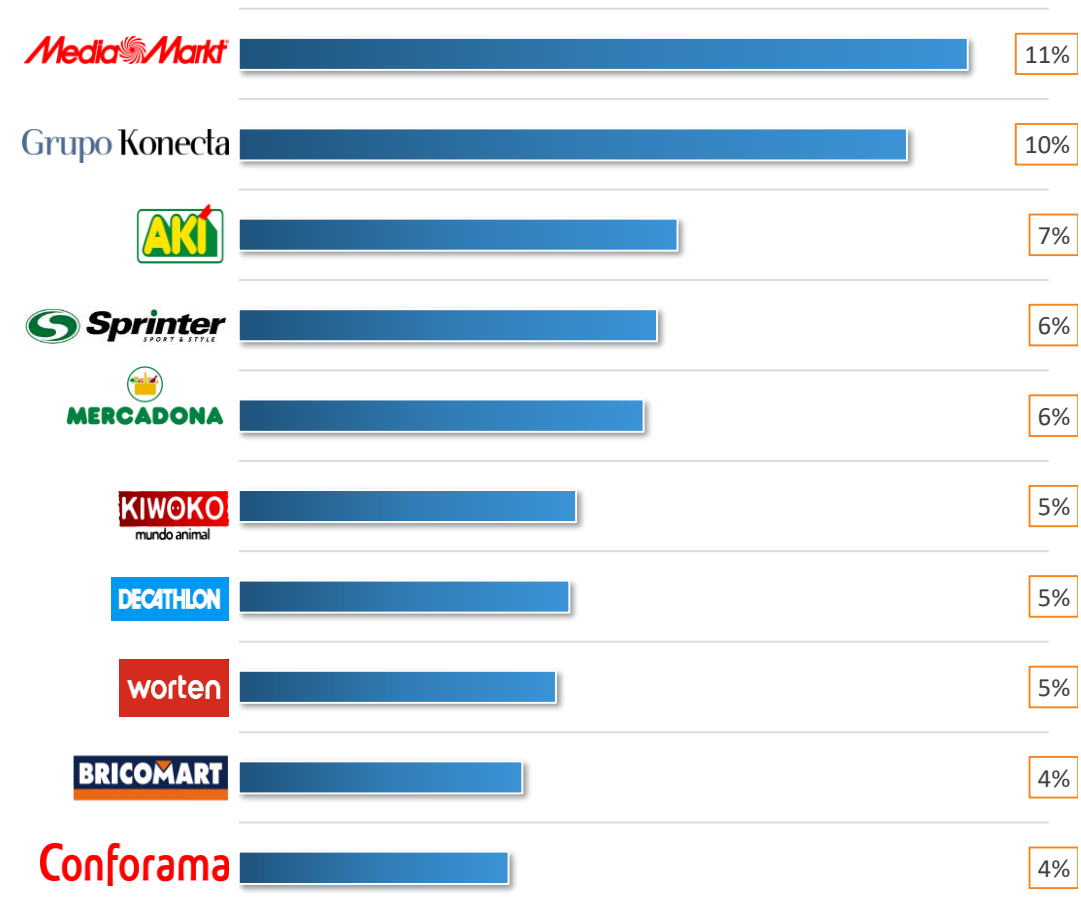
# Retail tenant exposure

Low risk with c.94% national and international tenants

## Tenant profile - by contractual rent



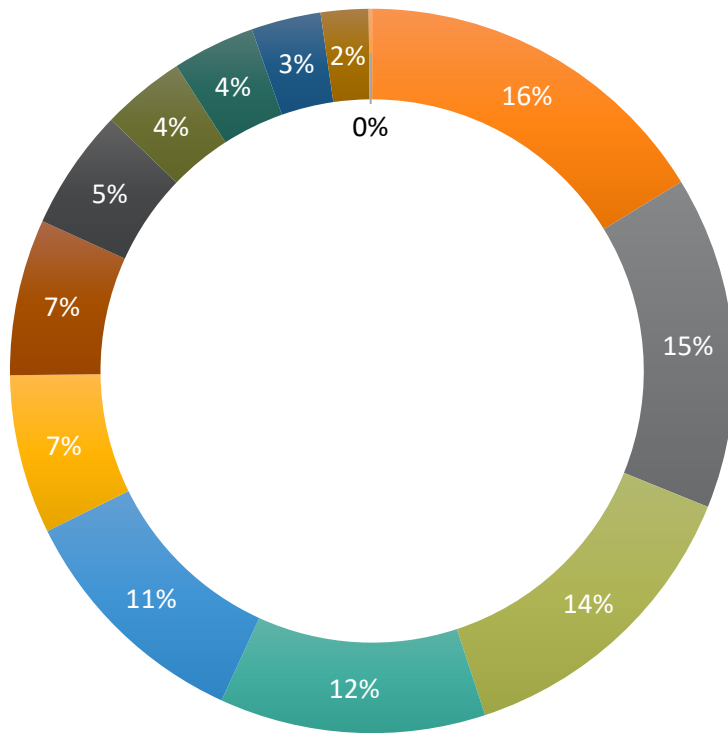
## Top 10 tenants by rent



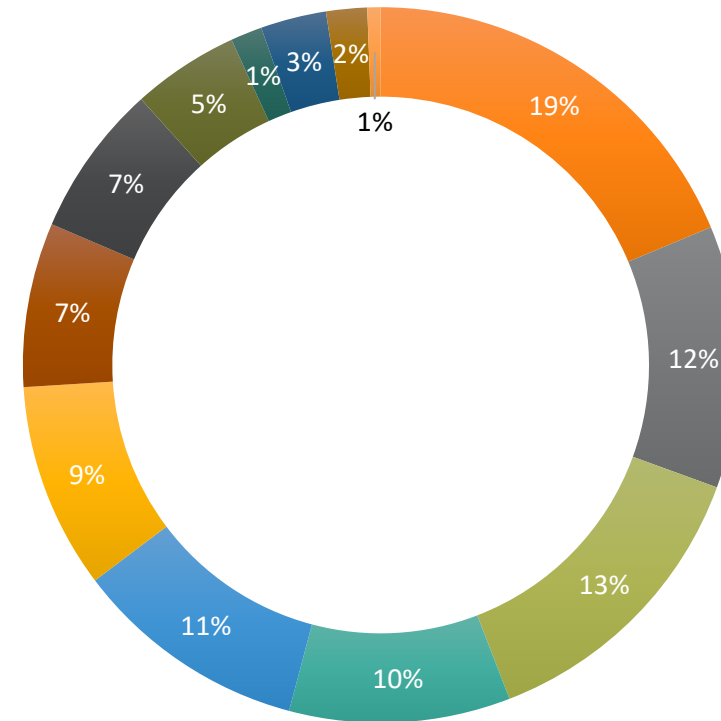
# Retail tenant exposure

Well diversified tenant mix

Category profile by GLA



Category profile by Rent



- ▷ Electronics exposure split between 3 retailers – Media Markt, Worten, Electrocash
- ▷ Mix will further improve after Habaneras acquisition

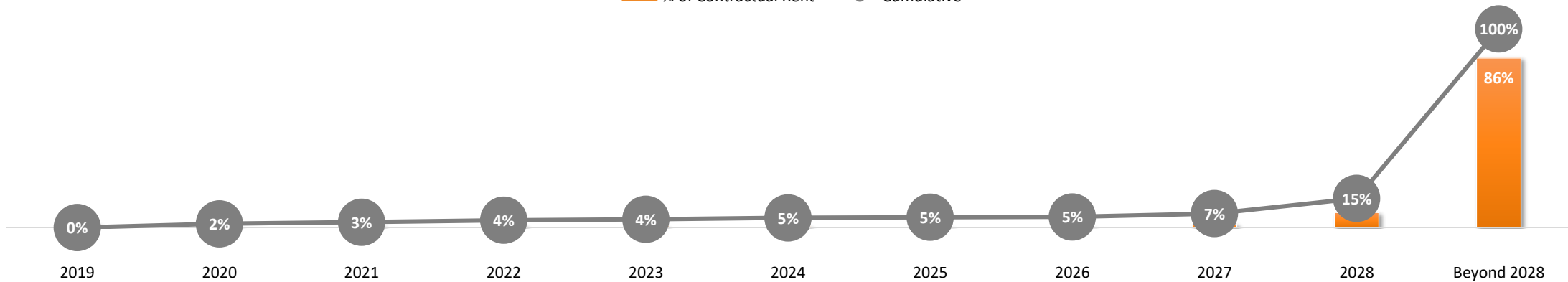
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# Lease expiry profile

86% of contractual rent expiring in 2028 and beyond  
(WALE 18.6 years to expiry and 5.0 years to break)

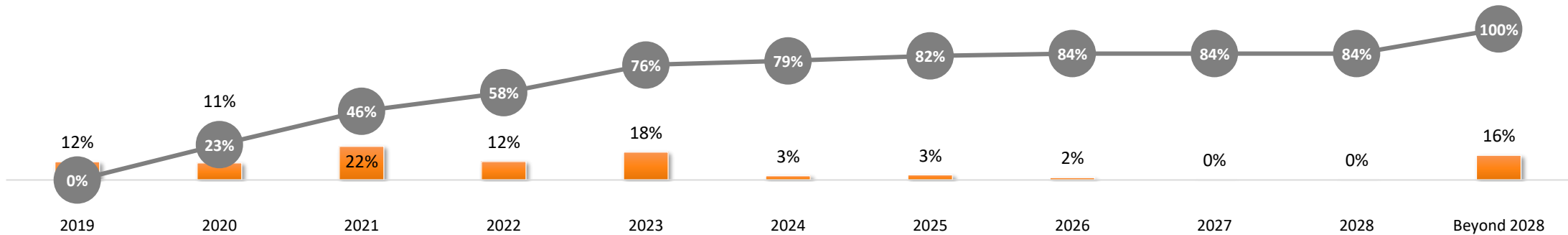
Expiry profile (% Rent)

■ % of Contractual Rent    ● Cumulative



Break Profile (% Rent)

■ % of Contractual Rent    ● Cumulative



## Identifying value add opportunities

- ▷ The Castellana management team **on the ground** and **adding value** to the assets
  - Head of Asset Management – Julio Garcia joined in December 2017
  - Starting to build **further in-house capacity** in finance and asset management
  - Omar Khan, **a senior manager from Vukile** already in Spain assisting with the integration of the business operations to ensure further alignment with Vukile
- ▷ Current **value added projects** initiated by the team:

| Center              | Concept                                   | Current passing income<br>€ per annum | Increase (%) * | Comments                                  |
|---------------------|---|---------------------------------------|----------------|---|
| Alcorcon            | Worten reduction 800m <sup>2</sup>        | 550 412                               | 8.79%          | Rent Increase                             |
| Villanueva          | Electrocasa reduction 825m <sup>2</sup>   | 84 019                                | 26.58%         | Rent Increase                             |
| Kinepolis           | Media Markt reduction 1 200m <sup>2</sup> | 609 047                               | 3.20%          | Rent Increase + tax recovered             |
| Motril              | Worten reduction 900m <sup>2</sup>        | 192 554                               | 11.94%         | Rent Increase + tax recovered             |
| Kinepolis           | Reconfiguration Leisure Centre            | 331 731                               | 158.48%        | Rent Increase + service charges recovered |
| Huelva              | Second floor vacancy                      | 0                                     | 100.00%        | Additional rental                         |
| Alameda             | Additional GLA                            | 0                                     | 100.00%        | Additional Rental                         |
| <b>TOTAL INCOME</b> |   | <b>1 767 763</b>                      | <b>43.78%</b>  |   |

- **Increased income** expected to flow in the next financial year and in FY2020
- Castellana management's **strong relationships with retailers** and long track record in the retail market leads to identification of income generating opportunities

\* Excluding CPI-linked indexation

# Redevelopment in progress

## Kinopolis Leisure Centre, Granada

- ▷ Improve the look and feel of the centre by upgrading the external facades and internal finishes
- ▷ Increase natural light by increasing shopfronts, opening up of the facade and inserting floor to ceiling windows in shopfronts
- ▷ Project will add c.€8.4mn of value to Kinopolis Leisure Centre at a cap rate of 6.25%
- ▷ State of the art kids play area to be installed to better cater to centre's visitors



|  |                                 |
|--|---------------------------------|
| <b>Location</b>                        | <b>Redeveloped GLA</b>          |
| Granada                                | 7 912m <sup>2</sup>             |
| <b>Key Tenants</b>                     | <b>Total Capex</b>              |
| Burger King, Fosters Hollywood, Kiwoko | €4.9mn                          |
| <b>Commencement Date</b>               | <b>Projected yield on Capex</b> |
| October 2017                           | 10.70%                          |
| <b>Completion Date</b>                 | <b>Pre-Let</b>                  |
| October 2018                           | 70%                             |

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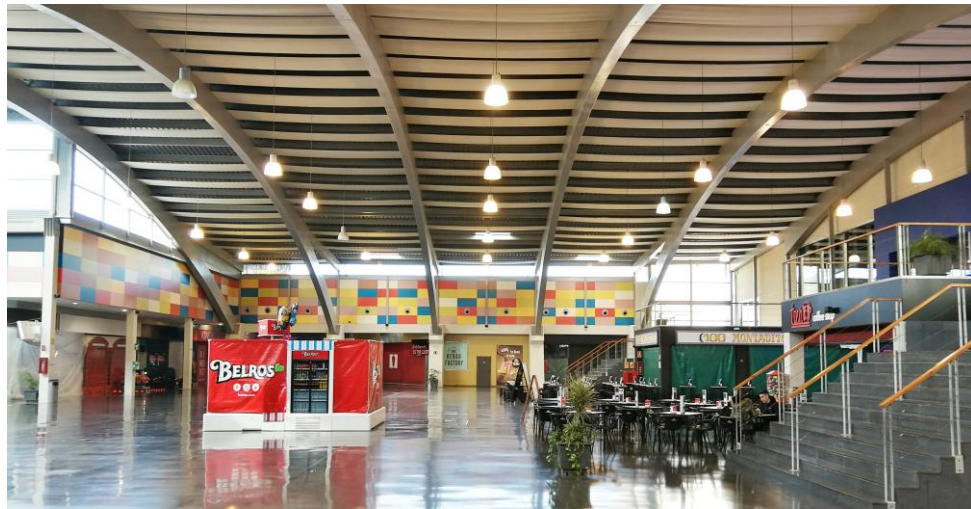
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# Redevelopment in progress

## Kinepolis Leisure Centre, Granada

Before



After



|              |  |                            |   |                            |                             |     |            |
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# Acquisition post year end

## Habaneras Shopping Centre, Torrevieja

- ▷ Castellana has finalised the acquisition of Habaneras Shopping Centre, located in Torrevieja, Alicante, Spain
- ▷ The centre is a 24 158m<sup>2</sup> open-air shopping centre comprising of 70 tenants
- ▷ Anchor tenants include 6 Inditex brands, C&A and AKI
- ▷ Habaneras anchors greater 60 000m<sup>2</sup> retail node tenanted by Carrefour, Lidl and IMF cinemas
- ▷ The centre has a primary catchment area of c.609 000 including locals, expat residents and tourists



|                                  |                          |
|----------------------------------|--------------------------|
| <b>Location</b>                  | <b>GLA</b>               |
| Torrevieja                       | 24 158m <sup>2</sup>     |
| <b>Initial yield</b>             | <b>Acquisition price</b> |
| 6.14%                            | €80.6mn                  |
| <b>Average base monthly rent</b> | <b>LTV</b>               |
| €17.69/m <sup>2</sup> per month  | 50%                      |
| <b>National tenant component</b> | <b>Occupancy</b>         |
| 92%                              | 93.3%                    |

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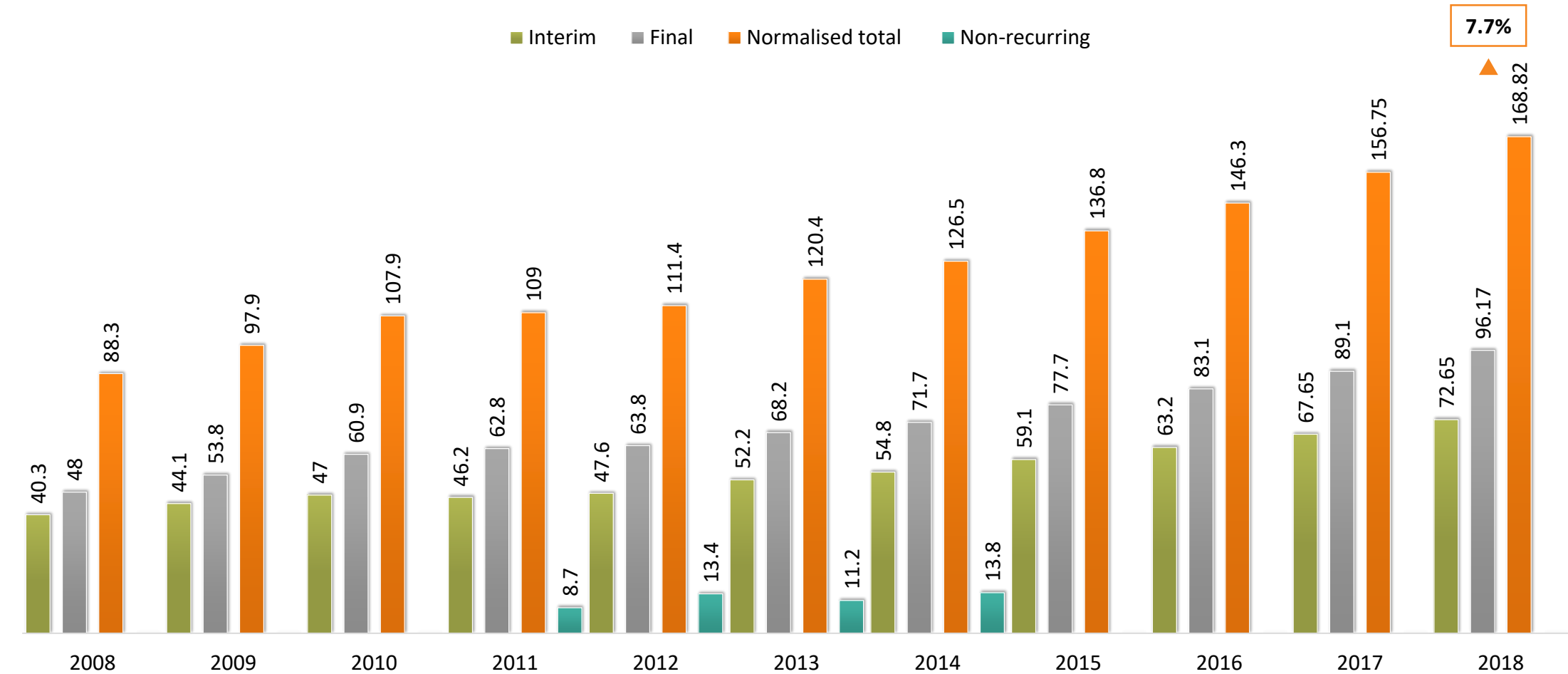
## Financial Performance

Mike Potts

# Distribution history

Continuing 14 year trend of unbroken growth in distributions

Cents per share



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# Simplified income statement

R1.3bn distributable income for FY2018

|  | Mar-18<br>R'000  | Mar-17<br>R'000  | Variance<br>% |
|--|------------------|------------------|---------------|
| Property Revenue   | 2 014 966        | 1 964 202        | 2.6           |
| Property Expenses  | (705 891)        | (717 970)        | 1.7           |
| <b>Net profit from property operations</b>                 | <b>1 309 075</b> | <b>1 246 232</b> | <b>5.0</b>    |
| Corporate administration expenses                          | (127 474)        | (96 155)         | (32.6)        |
| Investment, sundry income and profit on sale of subsidiary | 323 255          | 253 336          | 27.6          |
| <b>Operating profit before finance costs</b>               | <b>1 504 856</b> | <b>1 403 413</b> | <b>7.2</b>    |
| Finance costs  | (367 808)        | (362 074)        | (1.6)         |
| <b>Profit before taxation</b>                              | <b>1 137 048</b> | <b>1 041 339</b> | <b>9.2</b>    |
| Taxation   | (10 668)         | (9 286)          | (14.9)        |
| <b>Profit for the period</b>                               | <b>1 126 380</b> | <b>1 032 053</b> | <b>9.1</b>    |
| Profit share of associate                                  | 95 485           | 45 251           | 111.0         |
| Cost of terminating interest rate swaps                    | (3 250)          | 0                | (100.0)       |
| Attributable to non controlling interests                  | (10 303)         | (37 130)         | (72.2)        |
| <b>Attributable to Vukile Group</b>                        | <b>1 208 312</b> | <b>1 040 174</b> | <b>16.2</b>   |

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# Reconciliation to distributable income

R1.3bn distributable income for FY2018

|   | Mar-18<br>R'000  | Mar-17<br>R'000  | Variance<br>% |
|---|------------------|------------------|---------------|
| <b>Attributable to Vukile Group</b>   | <b>1 208 312</b> | <b>1 040 174</b> | <b>16.2</b>   |
| Adjustments on consolidation  | 0                | 1 552            | (100.0)       |
| <b>Non-IFRS related adjustments</b>   |                  |                  |               |
| Shares issued cum dividend  | 35 019           | 31 847           | 10.0          |
| Dividends accrued on listed investments                                       | 0                | 7 195            | (100.0)       |
| Dividends accrued on listed investments net of share of income from associate | 19 105           | 22 085           | (13.5)        |
| Shares in Castellana acquired cum dividend                                    | 44 940           | 6 828            | 558.2         |
| Asset Management income   | 0                | 8 000            | (100)         |
| <b>Available for distribution to Vukile shareholders</b>                      | <b>1 307 376</b> | <b>1 117 681</b> | <b>17.1</b>   |

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# Segmental income statement

## Spain increasing its contribution to 13% of property profits

### Operating segment analysis for the twelve months ended 31 March 2018

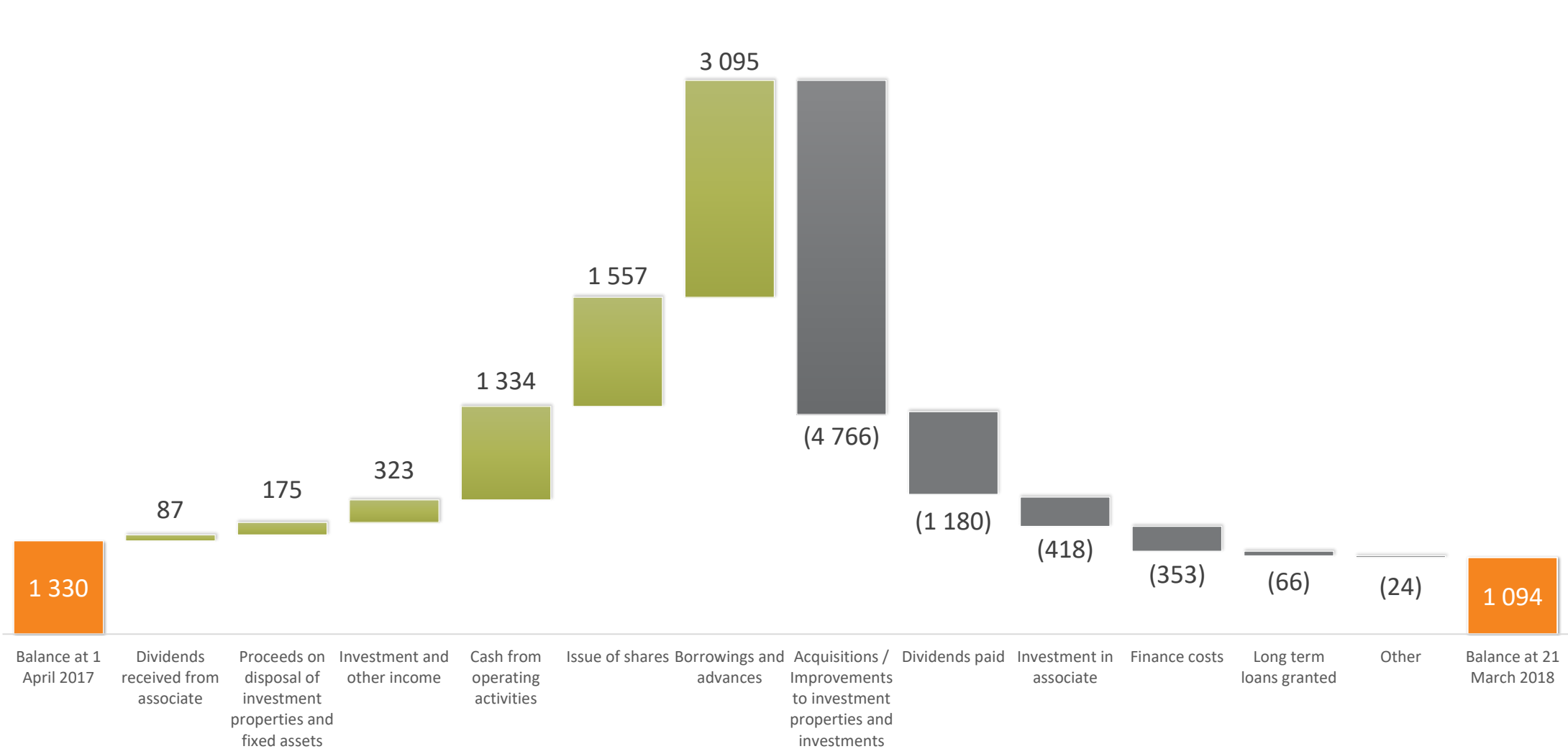
|  | Retail<br>R'000  | Other<br>R'000 | Total<br>Southern<br>Africa<br>R'000 | Total United<br>Kingdom<br>R'000 | Retail<br>R'000 | Other<br>R'000 | Total<br>Spain<br>R'000       | Total<br>Group<br>R'000 |
|--|------------------|----------------|--------------------------------------|----------------------------------|-----------------|----------------|-------------------------------|-------------------------|
| Property revenue <sup>(i)</sup>                      | 1 232 435        | 124 674        | 1 357 109                            | 0                                | 177 965         | 26 724         | 204 689                       | 1 561 798               |
| Straight-line rental income accrual                  | 4 780            | 484            | 5 264                                | 0                                | 137             | 0              | 137                           | 5 401                   |
|  | <b>1 237 215</b> | <b>125 158</b> | <b>1 362 373</b>                     | <b>0</b>                         | <b>178 102</b>  | <b>26 724</b>  | <b>204 826</b>                | <b>1 567 199</b>        |
| Property expenses (net of recoveries) <sup>(i)</sup> | (213 875)        | (7 952)        | (221 827)                            | 0                                | (27 521)        | (3 375)        | (30 896)                      | (252 723)               |
| <b>Profit from property and other operations</b>     | <b>1 023 340</b> | <b>117 206</b> | <b>1 140 546</b>                     | <b>0</b>                         | <b>150 581</b>  | <b>23 349</b>  | <b>173 930<sup>(ii)</sup></b> | <b>1 314 476</b>        |
| <b>Profit from associate (Atlantic Leaf)</b>         |                  |                |                                      | <b>95 485</b>                    |                 |                |                               | <b>95 485</b>           |

(i) The property revenue and property expenses in the segmental report have been reflected net of recoveries, in terms of the SA REIT Association's Best Practice Recommendations. The audited summarised consolidated statement of profit and loss reflects gross property revenue and gross property expenses.

(ii) A significant portion of the Spanish net property revenue is reflected for a nine month period.

# Group net cash flow – (R'mn)

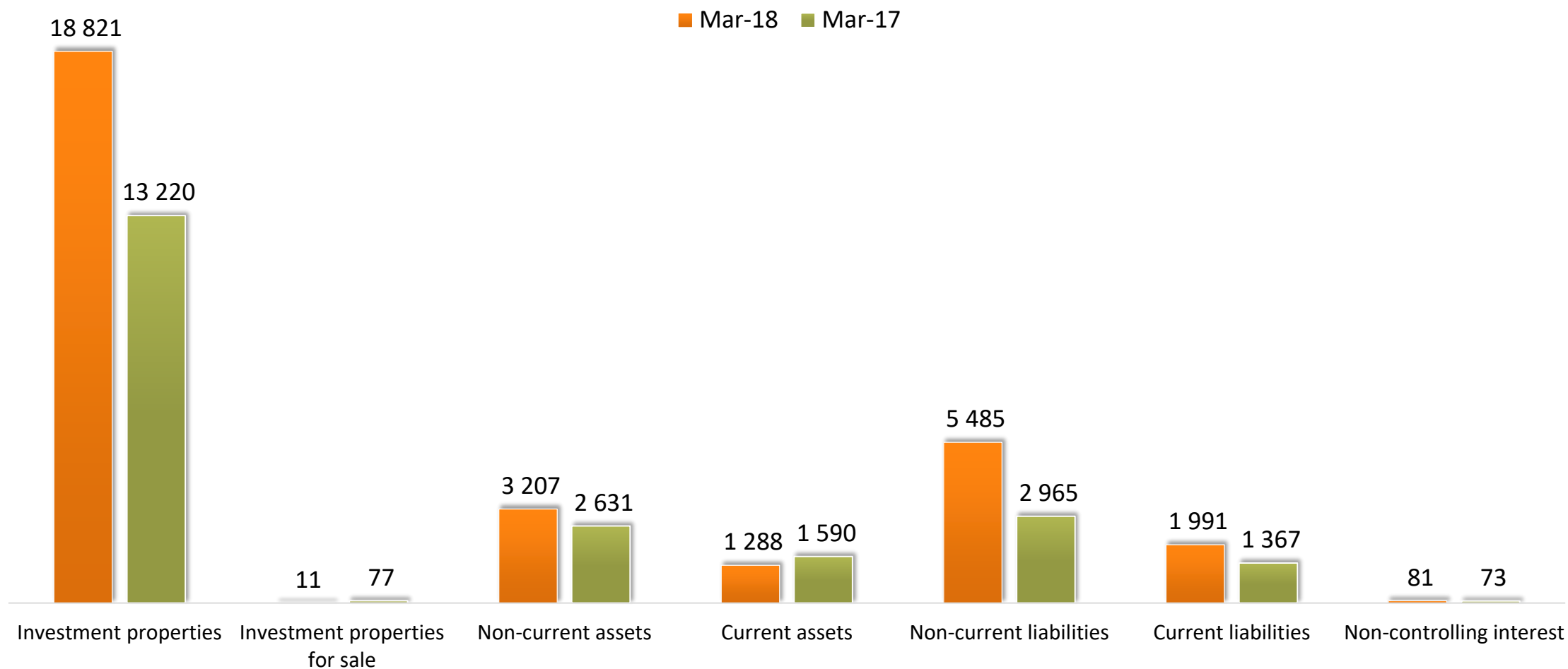
Deployment of R4.8bn in growing the property portfolio, mainly in Spain



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# Group balance sheet – (R'mn)

Assets and liabilities at 31 March 2018



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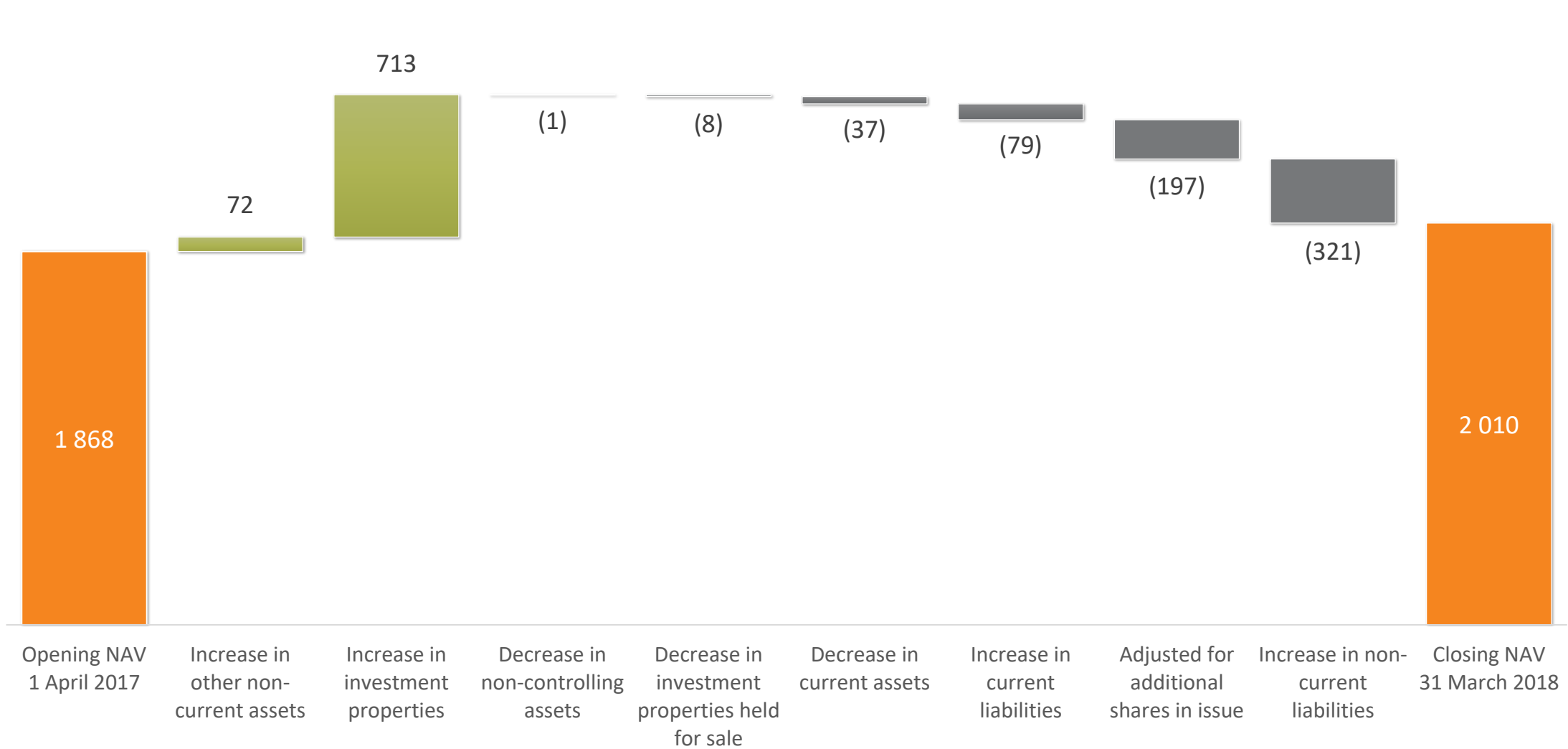
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# NAV Bridge – (Cents)

NAV growth of 7.6% to 2010cps



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## Treasury Management

Mike Potts



# Key debt and foreign exchange metrics

## Well hedged and prudent balance sheet

- ▶ Reduced **Group cost of funding** to **5.74%** (South Africa 9.24%)
- ▶ Strong balance sheet with a **loan to value ratio** of **28.2%** <sup>(i)</sup>, **gearing ratio** of **29.6%** <sup>(ii)</sup> and **“see-through” LTV ratio** of **36.3%** <sup>(iii)</sup>
- ▶ **101.3%** <sup>(iv)</sup> of Interest bearing debt hedged with a **3.6 year** fixed rate (swap) maturity profile
- ▶ **Diversified sources of funding** with **9 funders** plus DMTN programme with no funder accounting for more than **18%** of facilities
- ▶ Secured note long term rating of **“AA+”**, corporate long term rating of **“A”** and corporate short term rating of **“A1”** with a **positive outlook**
- ▶ **72.2%** of forecast **EUR income** from Castellana hedged over the next **3 years**
- ▶ **71.7%** of forecast **GBP income** from Atlantic Leaf hedged over the next **3 years**

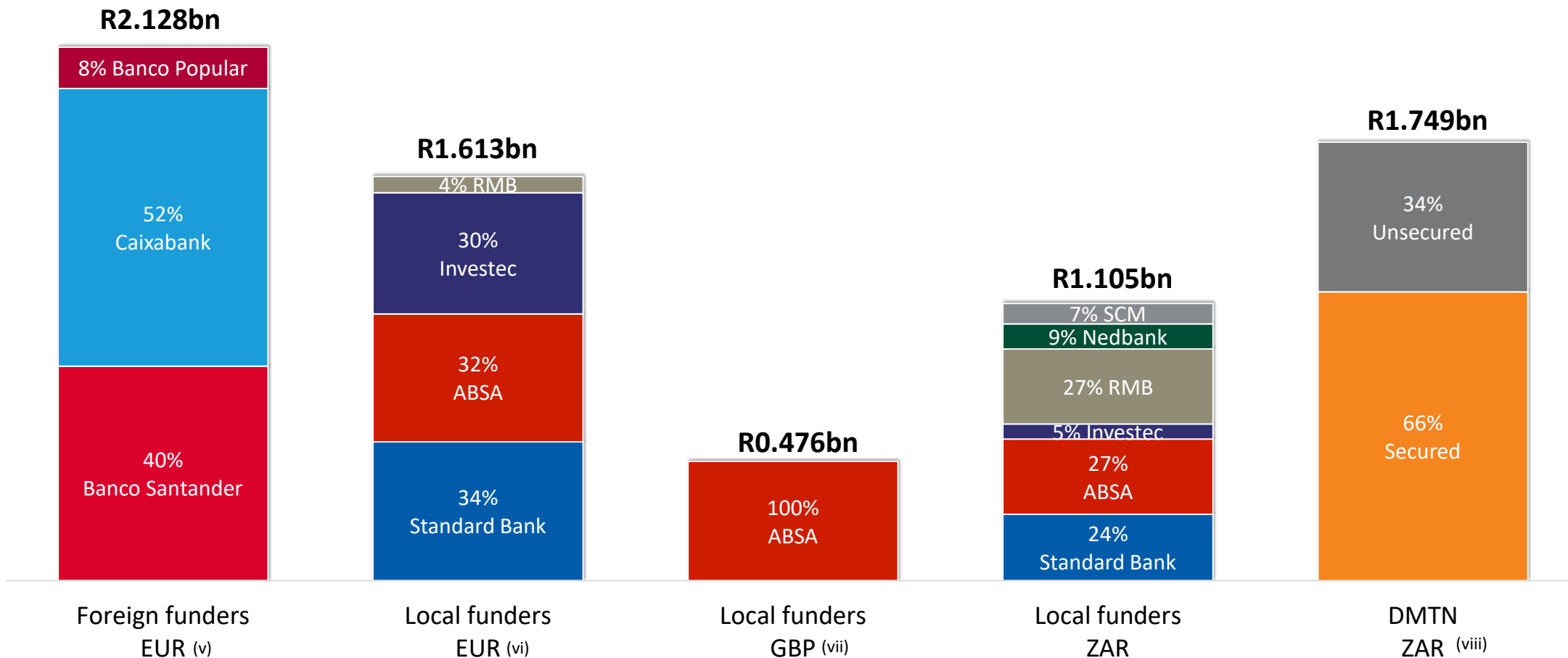
*(i), (ii), (iii) and (iv) defined in Appendix C: Notes to Treasury Management Slides*

# Sources of funding

R7.1bn of Vukile Group debt from diversified sources of funding

## Spanish balance sheet <sup>(v)</sup>

## Southern African balance sheet



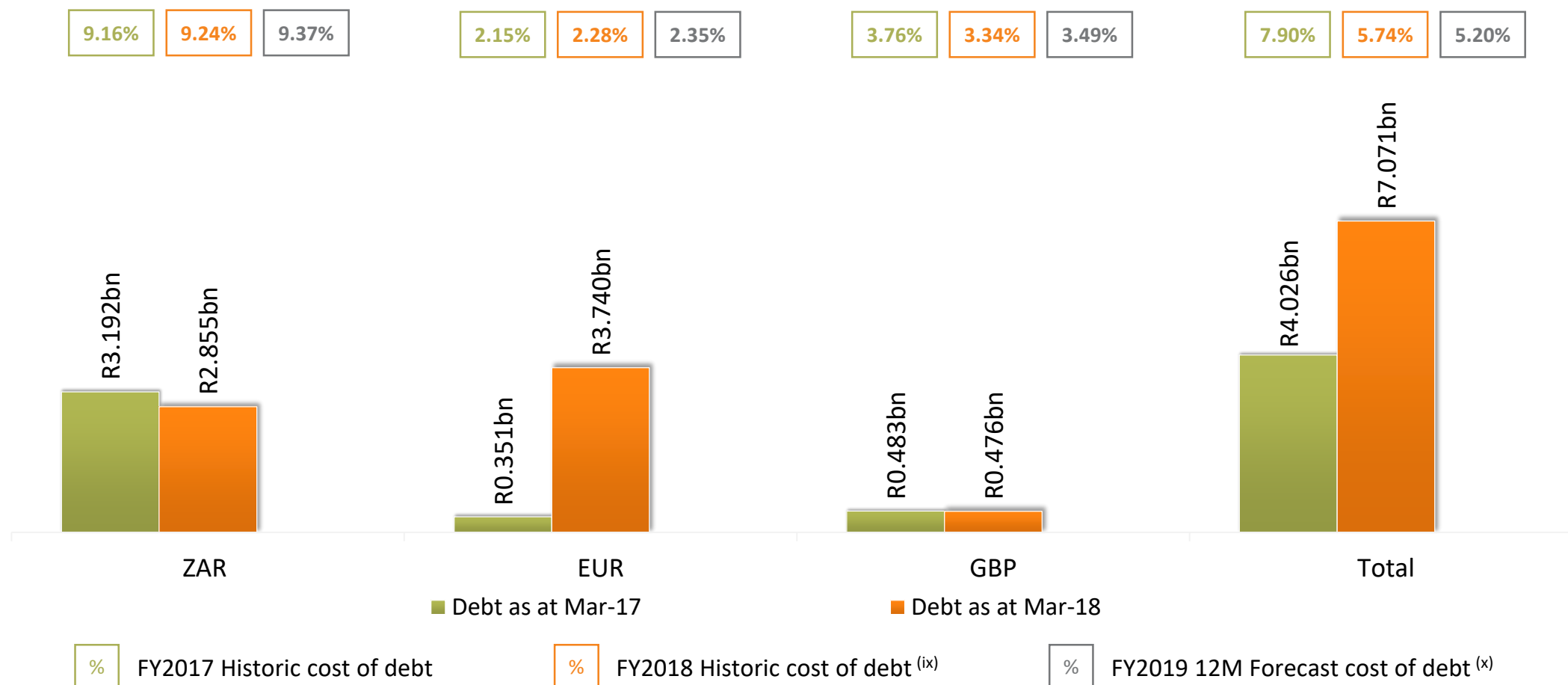
<sup>(v)</sup>, <sup>(vi)</sup>, <sup>(vii)</sup> and <sup>(viii)</sup> defined in Appendix C: Notes to Treasury Management Slides

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# Cost of funding

## Reduction in Group cost of finance due to funding mix

### Group Debt by Currency



(ix) and (x) defined in Appendix C: Notes to treasury management slides

# Analysis of Group loan repayment and swap expiry profile

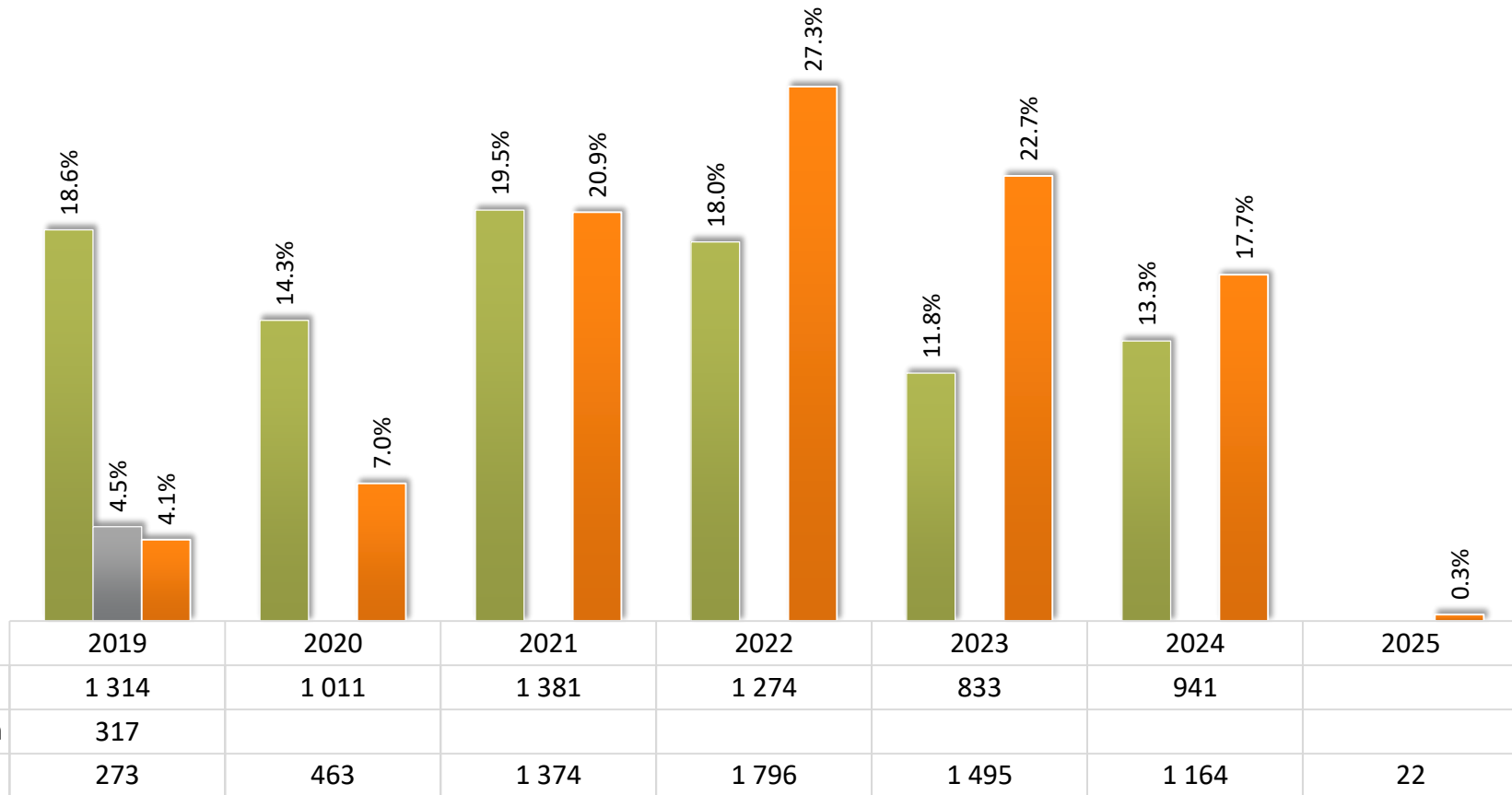
Well hedged with low risk expiry profile

## Group loan and swap expiry profile

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

101% of interest bearing debt hedged <sup>(iii)</sup>

Fixed rate (swap) maturity profile 3.6 years



<sup>(iii)</sup> defined in Appendix C: Notes to Treasury Management Slides

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## Management and Board Changes

Laurence Rapp



# Board changes

A fully independent board of high calibre, experienced non-executive directors



**Anton Botha**

- ▷ Set to retire at AGM in August 2018
- ▷ Founding Chairman since listing 14 years ago
- ▷ Extremely fortunate to benefit from his wisdom, experience, exceptional guidance and leadership



**Nigel Payne**

- ▷ Chairman elect
- ▷ Joined Board in March 2012 and current Chairman of the Audit and Risk Committee
- ▷ Current Chairman of Mr Price, Bidvest Bank and STRATE
- ▷ Serves on the boards of Bidvest, JSE



**Renosi Mokate**

- ▷ Appointed as Lead Independent Director
- ▷ Joined Vukile board in December 2013
- ▷ Former executive director of the World Bank
- ▷ Former Deputy Governor of the South African Reserve Bank
- ▷ Chairman of the Government Employees Pension Fund
- ▷ Serves on the board of Bidvest Bank



**Babalwa Ngonyama**

- ▷ Chairman elect of the Audit and Risk Committee
- ▷ Joined the Vukile board in February 2018
- ▷ CEO of Sinayo Securities
- ▷ Deputy Chairperson of Brand South Africa
- ▷ Chairman of Clover and Aspen Audit and Risk Committees

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# Management changes

## Well prepared for upcoming executive management changes

- ▷ Mike Potts due to retire at the end of March 2019
  - Succession planning been in place for some time and finance team strengthened
  - Rob Hawton has been mentored by Mike and becomes the Financial Director of Southern Africa
  - Maurice Shapiro has been mentored by Mike and becomes Head of Group Treasury
  - Recruitment process for a Group Chief Financial Officer at an advanced stage
  - Anticipate new Chief Financial Officer joining by September 2018 to ensure a six month hand over process
  
- ▷ Ina Lopion due to retire at the end of June 2019
  - Active succession planning been in place for some time
  - Itu Mothibeli has been thoroughly prepared to replace Ina as Director: Asset Management in Southern Africa
  - Ina to assume role of Managing Director of Southern Africa until her retirement

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# Proposed new structure

Ensuring focus in our core businesses through strategy and structure



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# Vukile Development and Transformation Academy (VDTA)

## Raising the bar on transformation

- ▷ Demonstrate **Vukile's unwavering commitment and dedication** towards a meaningful, impactful and measurable transformation of our communities and the property sector in South Africa
- ▷ Two-tiered Programme under Vukile's transformation strategy focusing **on skills development, mentoring and transformation** in partnership with institutions of higher learning
- ▷ VDTA is a **development programme** aimed at empowering young PDIs who are professionals, entrepreneurs and final year undergraduates
- ▷ The main focus of the Academy is to **empower the candidates with the Vukile DNA**, and support aspiring developers
- ▷ VDTA aims to be **the thought-leader and hub for consistently producing high quality and dependable** young property professionals by mirroring the Vukile culture
- ▷ To improve and **positively change the lives of the communities** where we own and operate retail centers

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## Strategic Direction

Laurence Rapp



# Southern Africa

## Continued focus on retail

- ▷ Encouraged by **improving political and economic environment** leading to an uptick in consumer confidence but no tangible evidence yet on the ground
- ▷ Portfolio is **defensively positioned** with **91%** of direct property assets in **retail sector**
- ▷ Tenant mix very defensive with **c.80% national tenants** and large grocery component
- ▷ Local activity will be focused on **expansions and upgrades** to existing centres
- ▷ Continued strong **operational focus** to drive results
- ▷ Growing focus on **consumer analytics** and alternative income streams
- ▷ **Increased appetite** for local acquisitions at the right price

# Spanish strategy

## Moving to the next stage

- ▷ Spanish **retail and economic fundamentals** remain **positive**
- ▷ Castellana management team now on board and **growing operational capacity**
- ▷ Approach is to **“replicate not integrate”**, implant Vukile DNA into Castellana
- ▷ Remain focused on **the retail sector** including retail parks and shopping centres
- ▷ Critical to our success is that we **operate as locals on the ground**
- ▷ Focus on value added **asset management** initiatives and driving operational excellence
- ▷ Currently seeing very **good deal flow**; Castellana presence is well established in the retail market as a **credible and trustworthy buyer**
- ▷ Expect Spain will be a **major engine of growth**
- ▷ **List Castellana on the MAB** by August 2018 as an introductory listing
- ▷ Strong focus on **corporate governance**

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# Listing of Castellana

## Capital raising strategy

- ▷ Castellana to list on the MAB by **August 2018**
- ▷ Listing driven to **comply with Spanish tax laws** for REITs (SOCIMIs)
- ▷ Introductory listing with **no broad market capital raise** to take place
- ▷ **Shareholder spread** of €2mn across 20 shareholders achieved through personal cash investments by directors, staff and business associates
  - All invested at NAV and on same terms as Vukile
- ▷ In time intend to position Castellana to **raise equity in Spain**
  - Require a move to the main board in Madrid
  - Need greater scale of c.€1.2bn in assets and liquidity of c.€300mn
- ▷ Tremendous **potential for a re-rating** based on market comparables
- ▷ Position Castellana as a **retail dominant, internally managed, income focussed REIT**
- ▷ In time will **evaluate an inward listing** to provide optionality to raise capital in South Africa in time
- ▷ **Vukile** will look to continue providing **equity for future growth**

# Equity investments

Focus on capital allocation and strategic consistency

## Fairvest

- ▷ Continues to deliver above expectations
- ▷ Strategically consistent with our retail strategy
- ▷ Very cost effective way to get exposure to smaller retail assets catering to same demographics and tenants
- ▷ No intention to sell the stake

## Atlantic Leaf Properties

- ▷ Portfolio performing in line with expectations but high cost of equity is limiting further quality portfolio growth
- ▷ Further exacerbated by yield compression in preferred logistics and warehousing sector
- ▷ Limited opportunity to invest further equity under current conditions
- ▷ Supporting management to find ways to unlock value and restructuring to a UK REIT

## Gemgrow

- ▷ Non-core asset and would look to dispose of stake at the right price
- ▷ Recycle into our core strategies in South Africa or Spain
- ▷ Currently exploring some opportunities to exit

**CORE**

**NON- CORE**

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- ▷ Anticipate **another challenging year** in South Africa largely in line with operating conditions of last year
- ▷ **Well positioned** for future growth with tight, focussed strategy on retail assets in South Africa and Spain
- ▷ Continued focus on driving operating performance in our **defensive South African** portfolio
  - Adding value to existing assets
  - Appetite for value accretive acquisitions at the right price
  - Potential for consumer confidence to translate into a better trading environment over the next 12-18 months
- ▷ Castellana well positioned for **strong growth in Spanish market**
  - Value added asset management projects
  - Good investment pipeline
- ▷ **Prudent balance sheet** management to remain a focus
- ▷ Expect FY2019 dividends to grow by between **7.5% and 8.5%**
- ▷ Well positioned for **long term growth** and **sustainability**



# Acknowledgements



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

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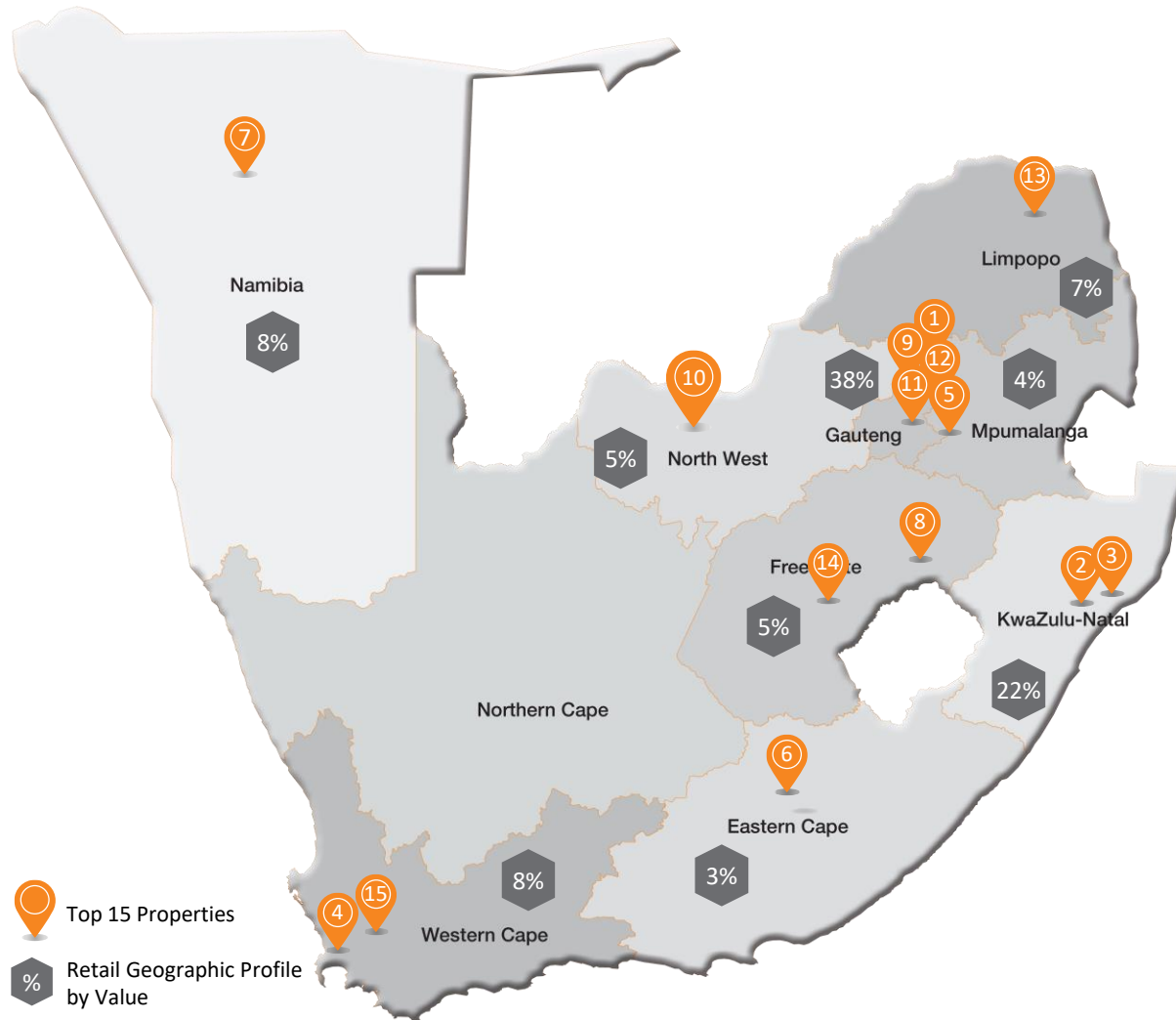


**Appendix A**  
Southern African portfolio



# Our retail footprint

Retail portfolio profile (Top 15 properties 63% of portfolio)



- |                            |                                  |
|----------------------------|----------------------------------|
| 1 East Rand Mall           | 9 Daveyton Shopping Centre       |
| 2 Pine Crest               | 10 Moruleng Mall                 |
| 3 Phoenix Plaza            | 11 Meadowdale Mall               |
| 4 Gugulethu Square         | 12 Randburg Square               |
| 5 Dobsonville Mall         | 13 Thavani Mall                  |
| 6 Nonesi Mall              | 14 Bloemfontein Plaza            |
| 7 Oshakati Shopping Centre | 15 Atlantis City Shopping Centre |
| 8 Maluti Crescent          |                                  |

# High quality retail assets

## Top 15 assets



|                                 | <b>GAV</b> | <b>R1 389mn</b>      | <b>R914mn</b>        | <b>R914mn</b>        | <b>R544mn</b>        | <b>R513mn</b>        |
|---------------------------------|------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Region</b>                   |            | Gauteng              | KwaZulu-Natal        | KwaZulu-Natal        | Western Cape         | Gauteng              |
| <b>Gross Lettable Area</b>      |            | 68 093m <sup>2</sup> | 40 087m <sup>2</sup> | 24 351m <sup>2</sup> | 25 322m <sup>2</sup> | 26 628m <sup>2</sup> |
| <b>Monthly Rental</b>           |            | R260/m <sup>2</sup>  | R160/m <sup>2</sup>  | R260/m <sup>2</sup>  | R155/m <sup>2</sup>  | R134/m <sup>2</sup>  |
| <b>National Tenant exposure</b> |            | 86%                  | 94%                  | 80%                  | 90%                  | 87%                  |
| <b>Vukile Ownership</b>         |            | 50%                  | 100%                 | 100%                 | 100%                 | 100%                 |
| <b>Approx. Footfall</b>         |            | 10.5mn               | 11.3mn               | 9.8mn                | 11.3mn ~             | 11.7 mn ~            |
| <b>Vacancy</b>                  |            | 0.5%                 | 3.5%                 | 1.9%                 | 0.4%                 | 2.0%                 |

~ Estimate

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# High quality retail assets

## Top 15 assets (cont.)

|   | <b>Nonesi Mall</b>  | <b>Oshakati Shopping Centre</b>  | <b>Maluti Crescent</b>  | <b>Daveyton Shopping Centre</b>   | <b>Moruleng Mall</b>  |
|---|---|--|---|---|---|
|   |  |  |  |  |  |
| <b>GAV</b>  | <b>R472mn</b>   | <b>R465mn</b>  | <b>R412mn</b>   | <b>R409mn</b>   | <b>R401mn</b>   |
|  <b>Region</b>                    | Eastern Cape  | Namibia  | Free State  | Gauteng   | Northwest   |
|  <b>Gross Lettable Area</b>       | 27 927m <sup>2</sup>  | 24 632m <sup>2</sup>   | 21 538m <sup>2</sup>  | 17 774m <sup>2</sup>  | 31 421m <sup>2</sup>  |
|  <b>Monthly Rental</b>            | R126/m <sup>2</sup>   | R134/m <sup>2</sup>  | R133/m <sup>2</sup>   | R154/m <sup>2</sup>   | R120/m <sup>2</sup>   |
|  <b>National Tenant exposure</b> | 96%   | 93%  | 96%   | 84%   | 87%   |
|  <b>Vukile Ownership</b>        | 100%  | 100%   | 100%  | 100%  | 80%   |
|  <b>Approx. Footfall</b>        | 6.7mn ~   | 5.9mn ~  | 4.2mn ~   | 7.7mn   | 4.0mn   |
|  <b>Vacancy</b>                 | 0.7%  | Fully let  | Fully let   | 1.4%  | 4.7%  |

~ Estimate

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# High quality retail assets

## Top 15 assets (cont.)



|   | <b>Meadowdale Mall</b> | <b>Randburg Square</b> | <b>Thavhani Mall</b> | <b>Bloemfontein Plaza</b> | <b>Atlantis City Shopping Centre</b> |
|---|------------------------|------------------------|----------------------|---------------------------|--------------------------------------|
| <b>GAV</b>  | <b>R399mn</b>          | <b>R397mn</b>          | <b>R396mn</b>        | <b>R341mn</b>             | <b>R331mn</b>                        |
|  <b>Region</b>                    | Gauteng                | Gauteng                | Limpopo              | Free State                | Western Cape                         |
|  <b>Gross Lettable Area</b>       | 47 553m <sup>2</sup>   | 40 767m <sup>2</sup>   | 53 509m <sup>2</sup> | 38 255m <sup>2</sup>      | 22 115m <sup>2</sup>                 |
|  <b>Monthly Rental</b>            | R76/m <sup>2</sup>     | R100/m <sup>2</sup>    | R156/m <sup>2</sup>  | R87/m <sup>2</sup>        | R142/m <sup>2</sup>                  |
|  <b>National Tenant exposure</b> | 72%                    | 85%                    | 89%                  | 50%                       | 77%                                  |
|  <b>Vukile Ownership</b>        | 67%                    | 100%                   | 33%                  | 100%                      | 100%                                 |
|  <b>Approx. Footfall</b>        | 9.8mn ~                | 7.2mn                  | 8.7mn                | 8.6mn                     | 9.6mn                                |
|  <b>Vacancy</b>                 | 2.2%                   | 8.6%                   | Fully let            | 0.6%                      | 2.2%                                 |

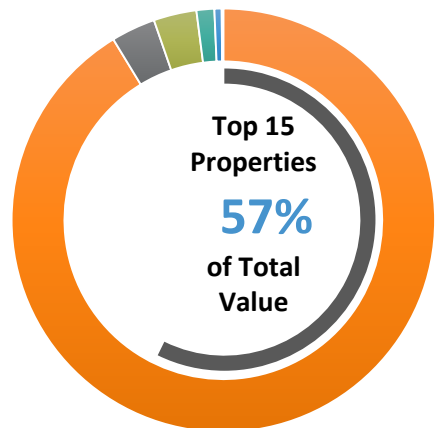
~ Estimate

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# Southern African total portfolio composition

Top 15 assets make up c.57% of the total portfolio

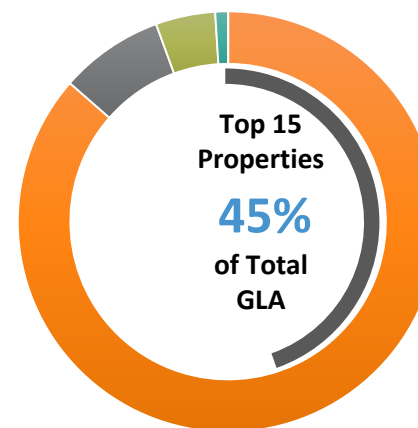
## Sectoral Profile - by Value



By Market Value

|      |               |
|------|---------------|
| 91%  | Retail        |
| 4%   | Industrial    |
| 3%   | Offices       |
| 1%   | Motor Related |
| 1%   | Residential   |
| 0.1% | Vacant Land   |

## Sectoral Profile - by GLA



By GLA

|     |               |
|-----|---------------|
| 86% | Retail        |
| 8%  | Industrial    |
| 5%  | Offices       |
| 1%  | Motor Related |
| 0%  | Residential   |
| 0%  | Vacant Land   |

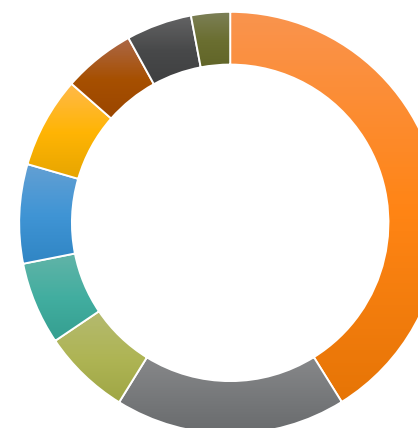
## Geographic Profile - by Value



By Market Value

|     |               |
|-----|---------------|
| 38% | Gauteng       |
| 22% | KwaZulu-Natal |
| 8%  | Namibia       |
| 8%  | Western Cape  |
| 7%  | Limpopo       |
| 5%  | Free State    |
| 5%  | Northwest     |
| 4%  | Mpumalanga    |
| 3%  | Eastern Cape  |

## Geographic Profile - by GLA



By GLA

|     |               |
|-----|---------------|
| 41% | Gauteng       |
| 18% | KwaZulu-Natal |
| 7%  | Namibia       |
| 6%  | Western Cape  |
| 8%  | Limpopo       |
| 7%  | Free State    |
| 5%  | Northwest     |
| 5%  | Mpumalanga    |
| 3%  | Eastern Cape  |

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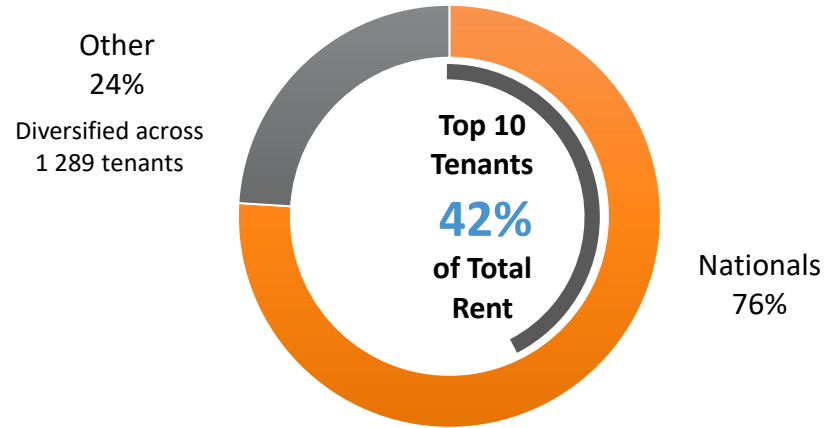
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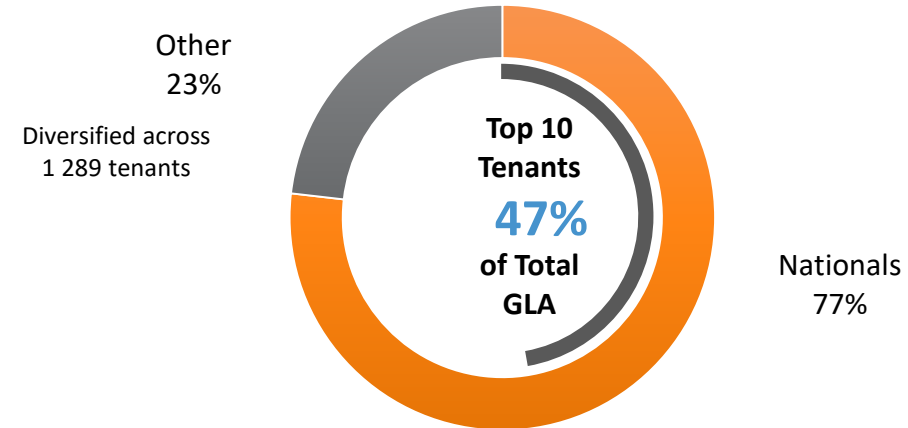
# Southern African tenant exposure

Low risk with 76% national tenants

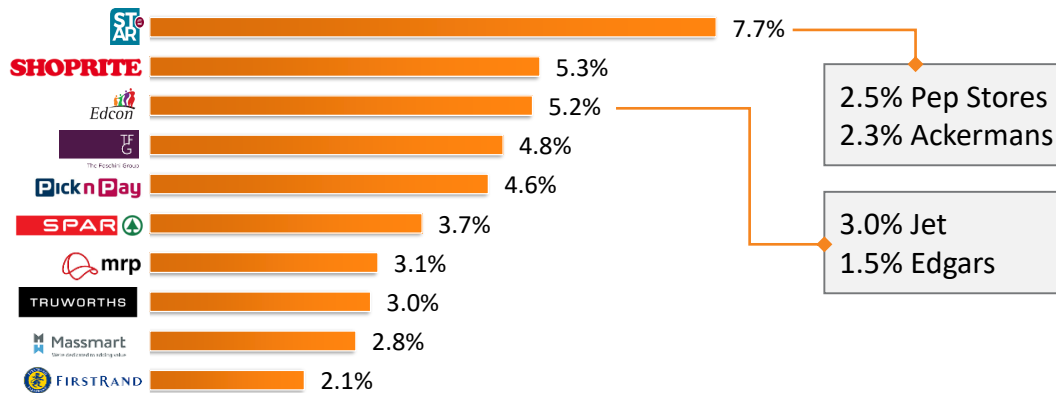
## Top 10 Tenants by Contractual Rent



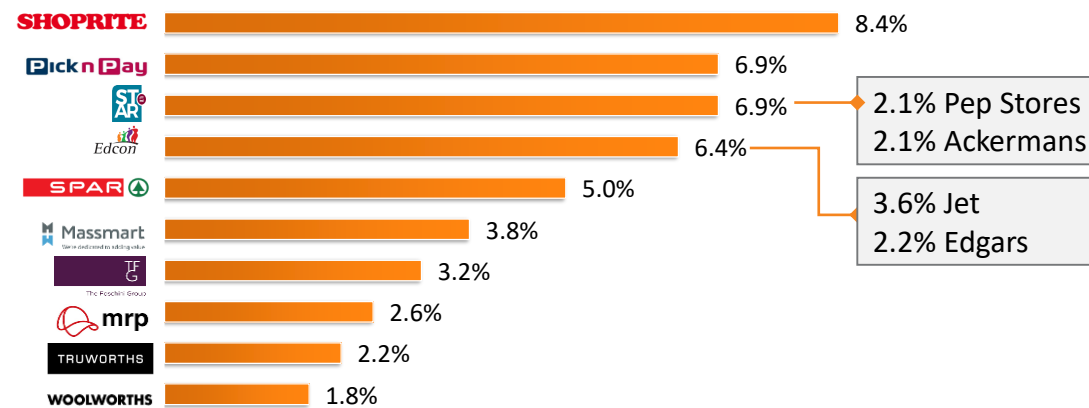
## Top 10 Tenants by occupied GLA



## Tenant Profile - by Contractual Rent



## Tenant Profile - by occupied GLA



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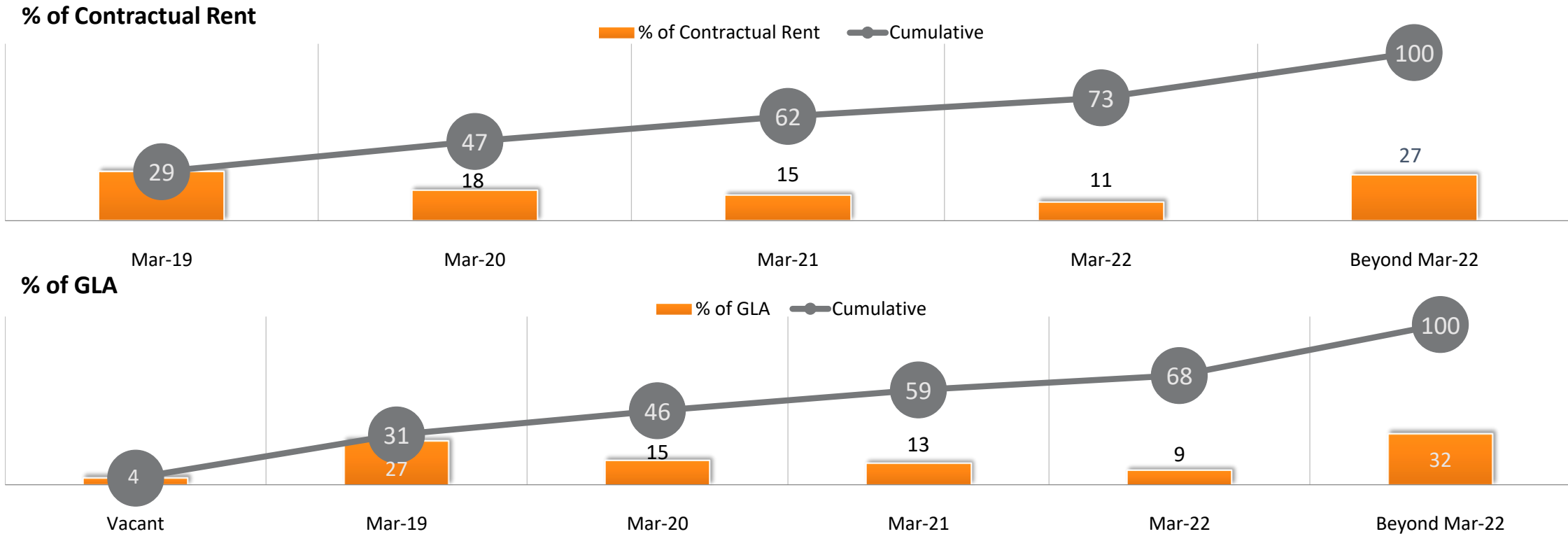
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# Southern African tenant expiry profile

38% of contractual rent expiring in 2022 and beyond (WALE 3.7 years)



## For the 12 months ended 31 March 2018 leases were concluded with:

- ▶ Total contract value R1,318 million
- ▶ Total rentable area 180,318m<sup>2</sup>
- ▶ Tenant Retention 84%



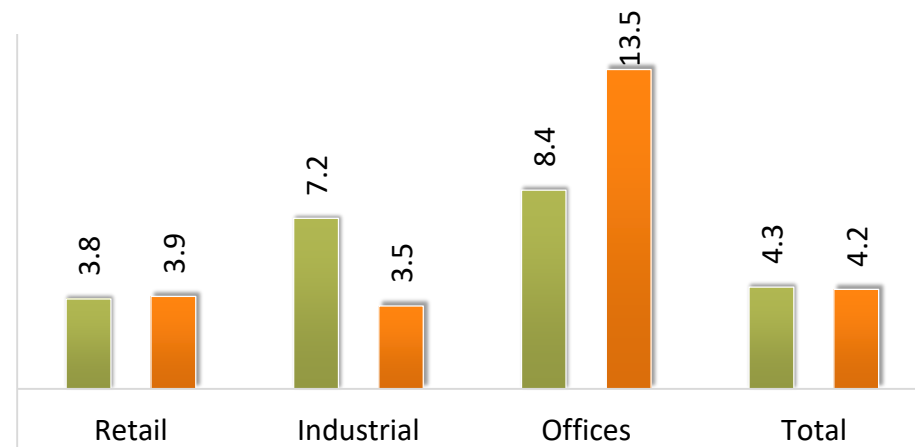
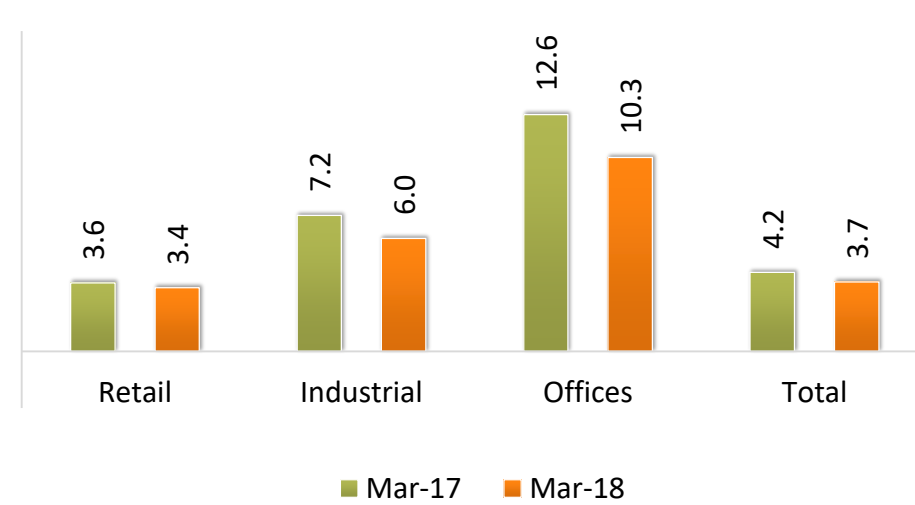
# Southern African vacancy profile

Vacancy improving to 3.7% of contractual rent



**Vacancy**  
3.7% of  
Rent

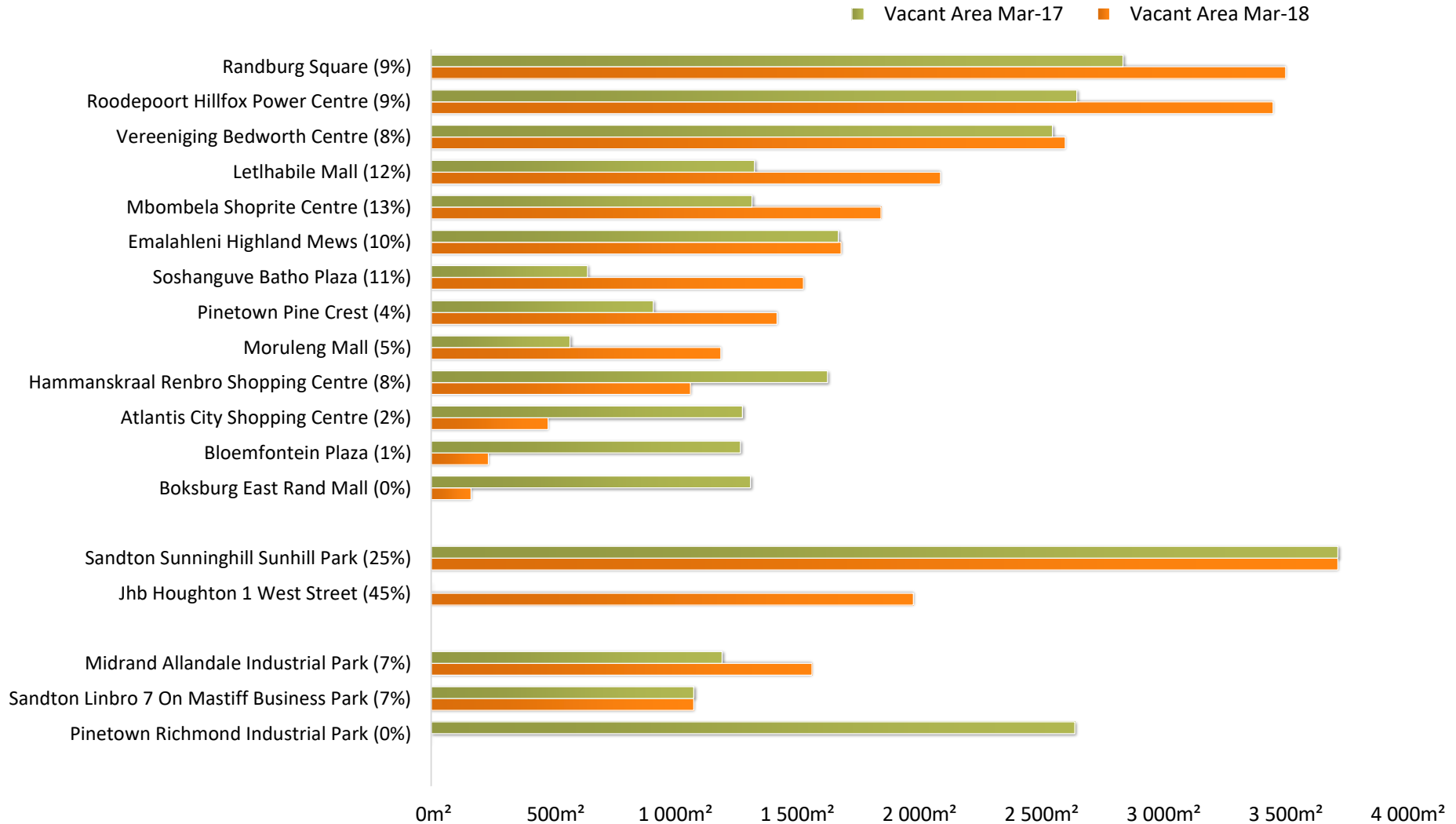
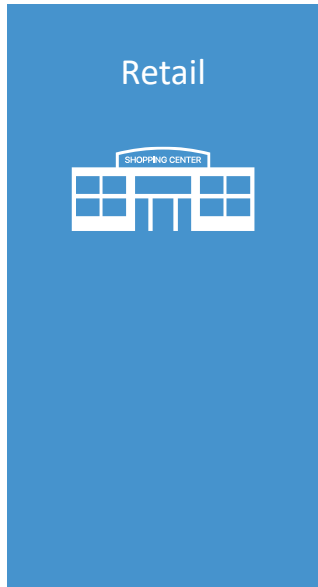
**Vacancy**  
4.2% of  
GLA



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# Individual properties vacancy profile (% of GLA)

Vacancy > 1 000m<sup>2</sup>



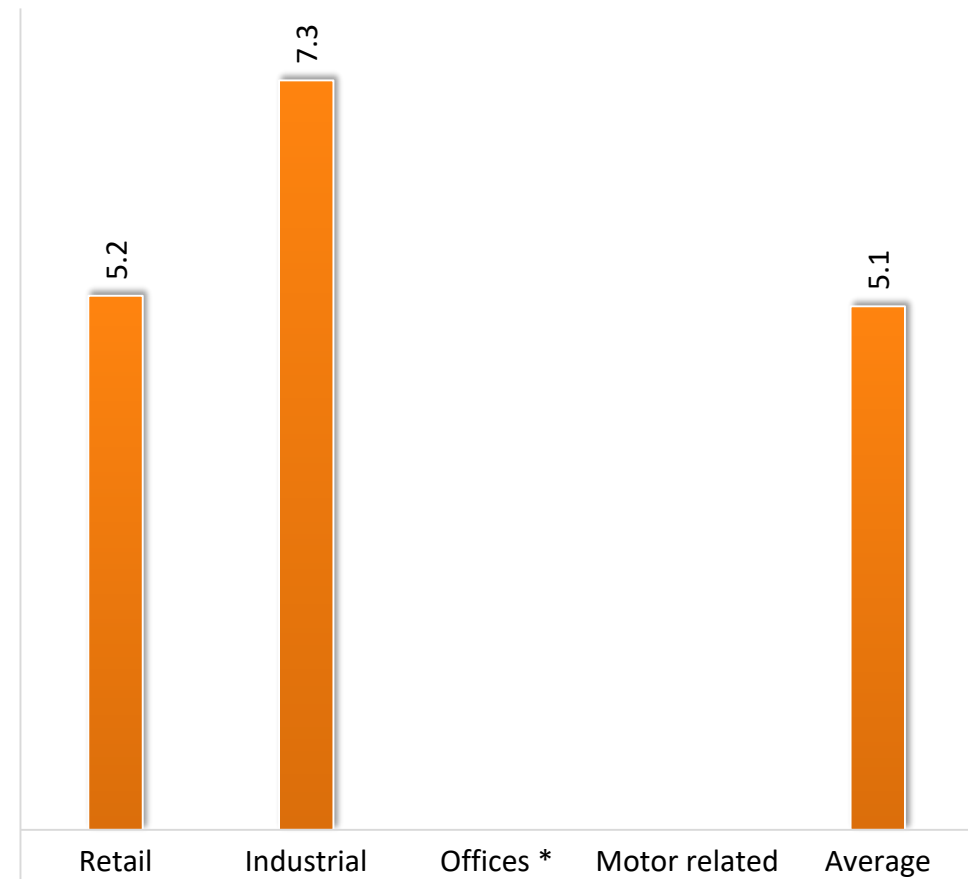
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# Southern African lease renewals

## Positive retail reversions



\* No office leases concluded during the period



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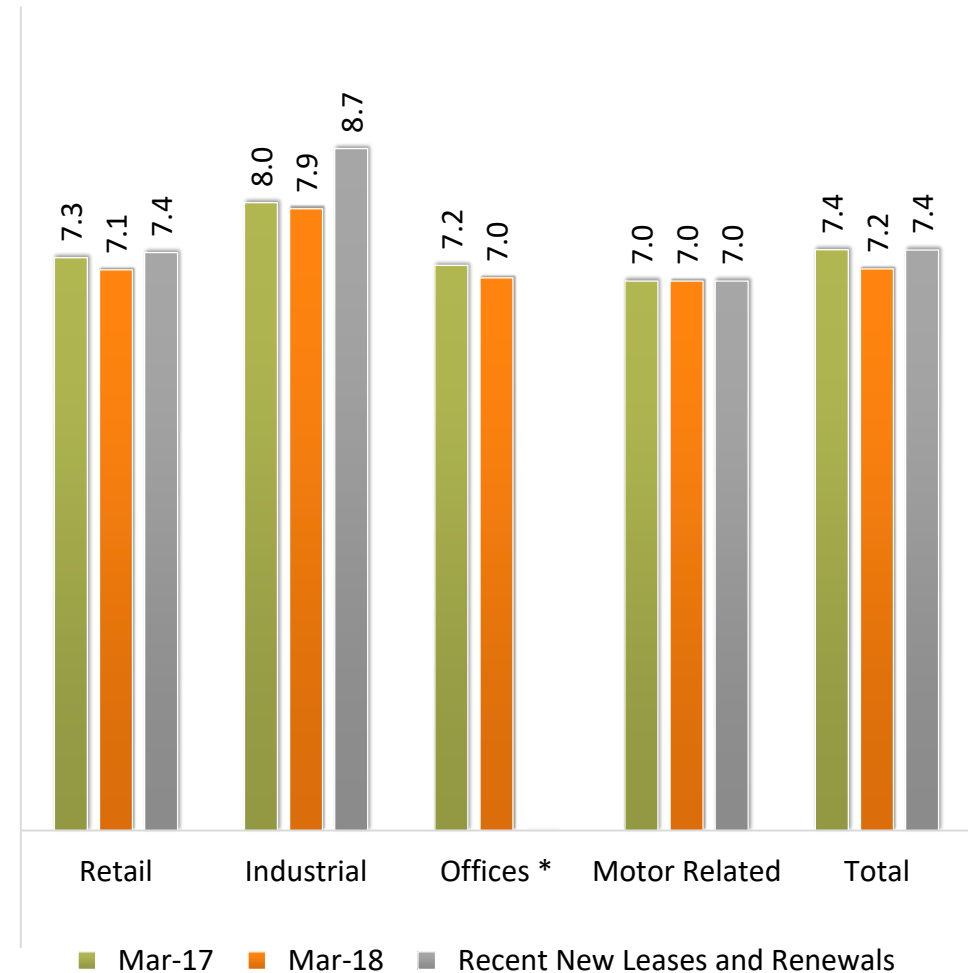


# Southern African contracted rental escalation profile

## Rental escalations still ahead of inflation



Escalation Percentage

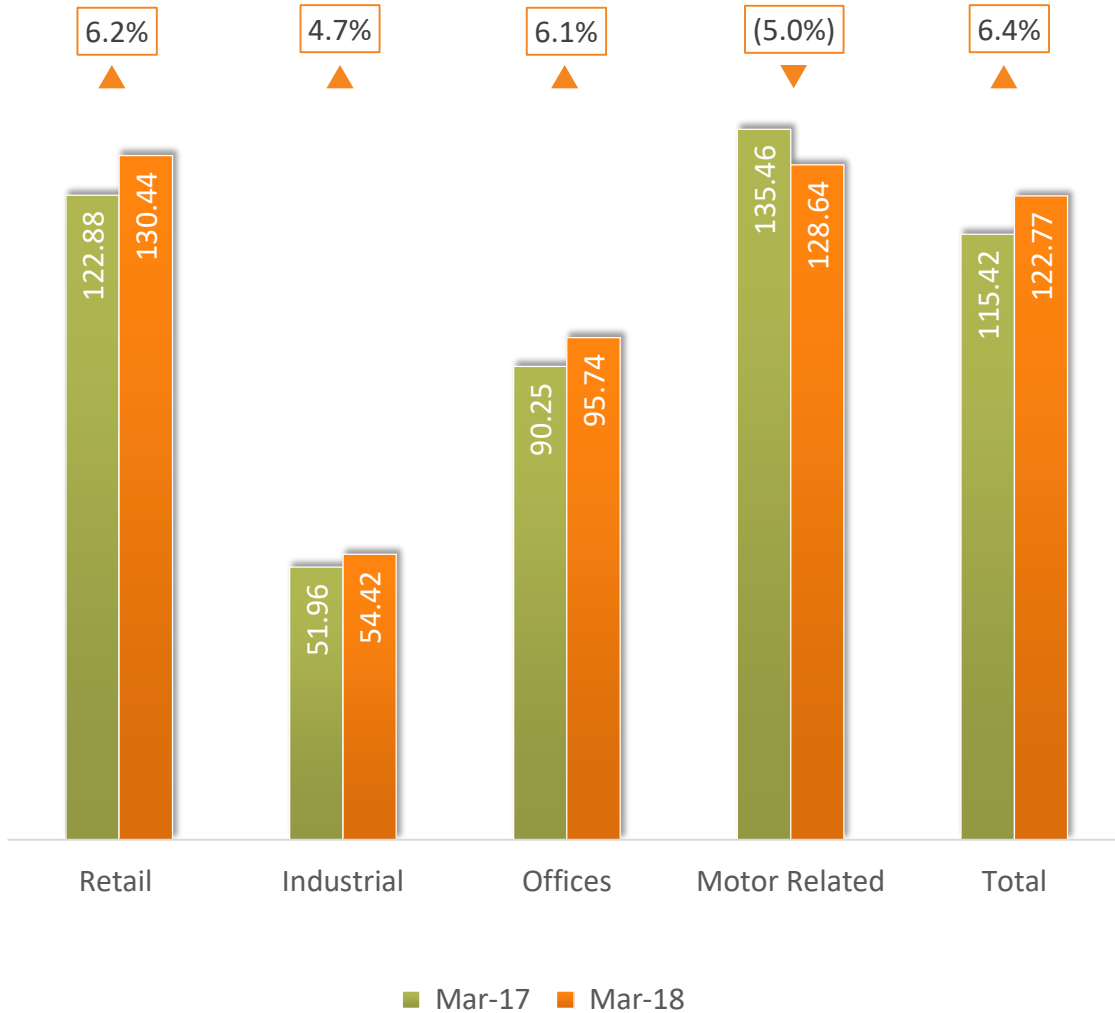


\* No office leases concluded during the period

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# Southern African weighted average base rentals– R/m<sup>2</sup>

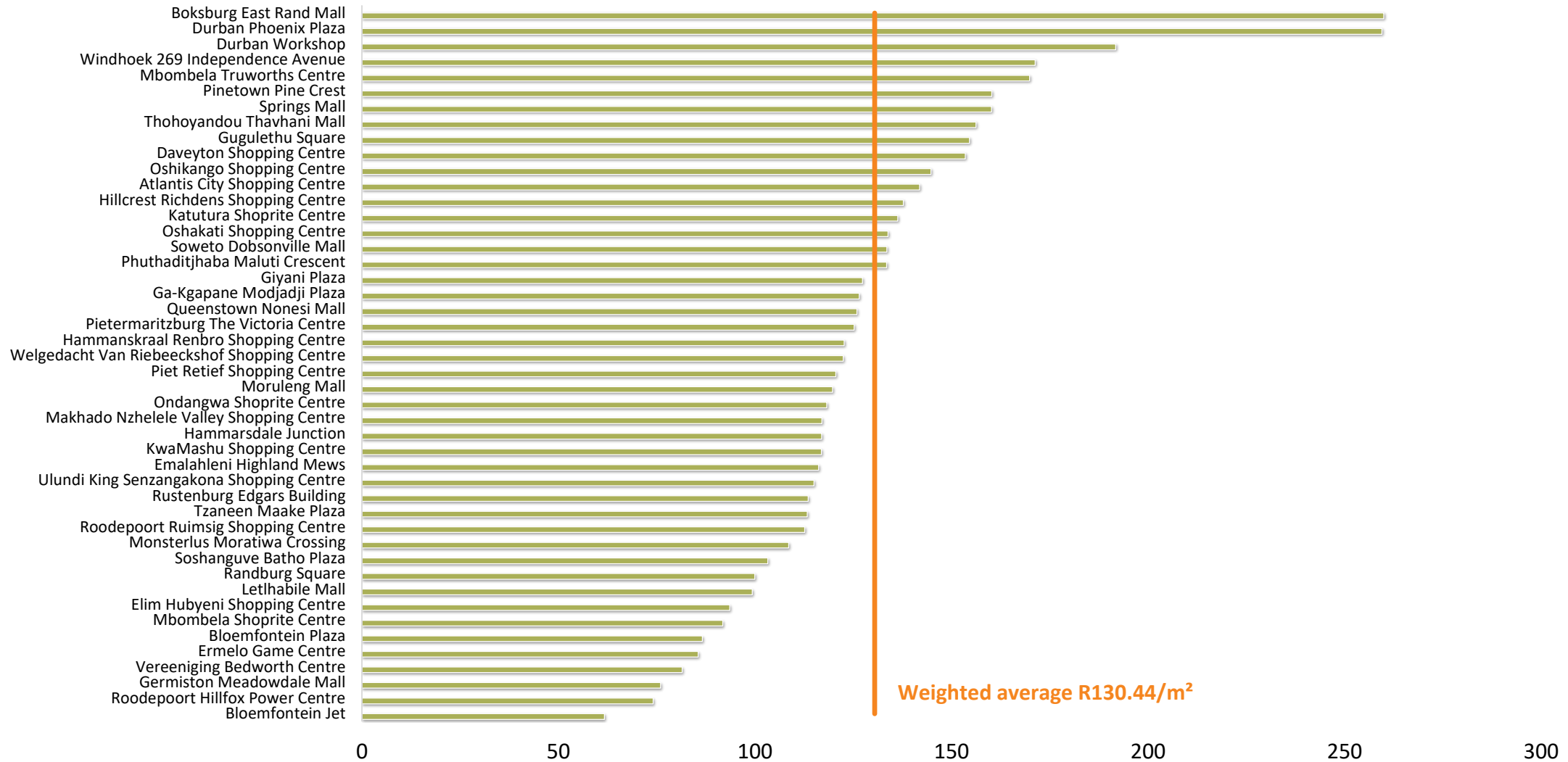
Excluding recoveries



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# Weighted average base rentals R/m<sup>2</sup> (excluding recoveries)

## Southern African Retail portfolio



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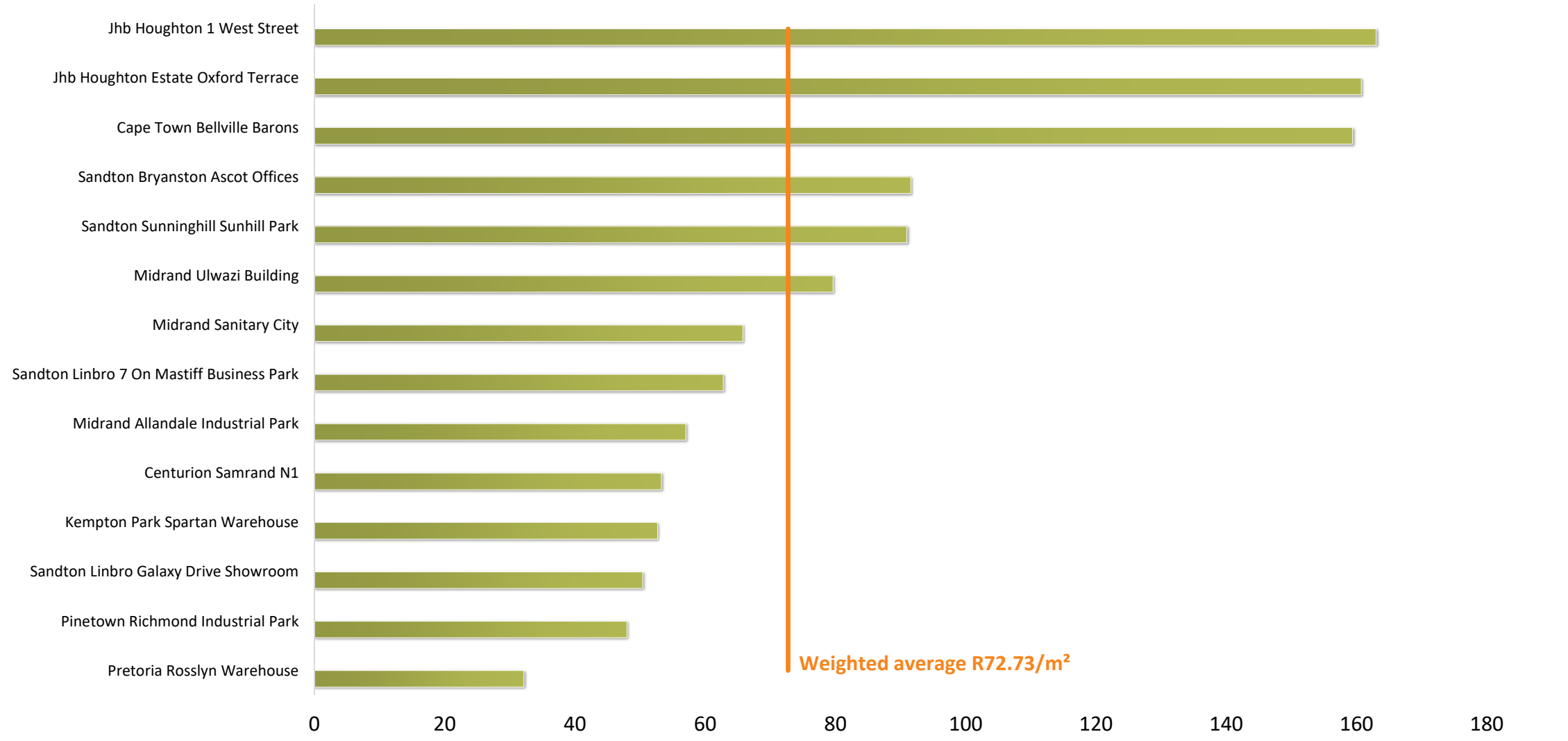
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# Weighted average base rentals R/m<sup>2</sup> (excluding recoveries)

## Southern African Other portfolio



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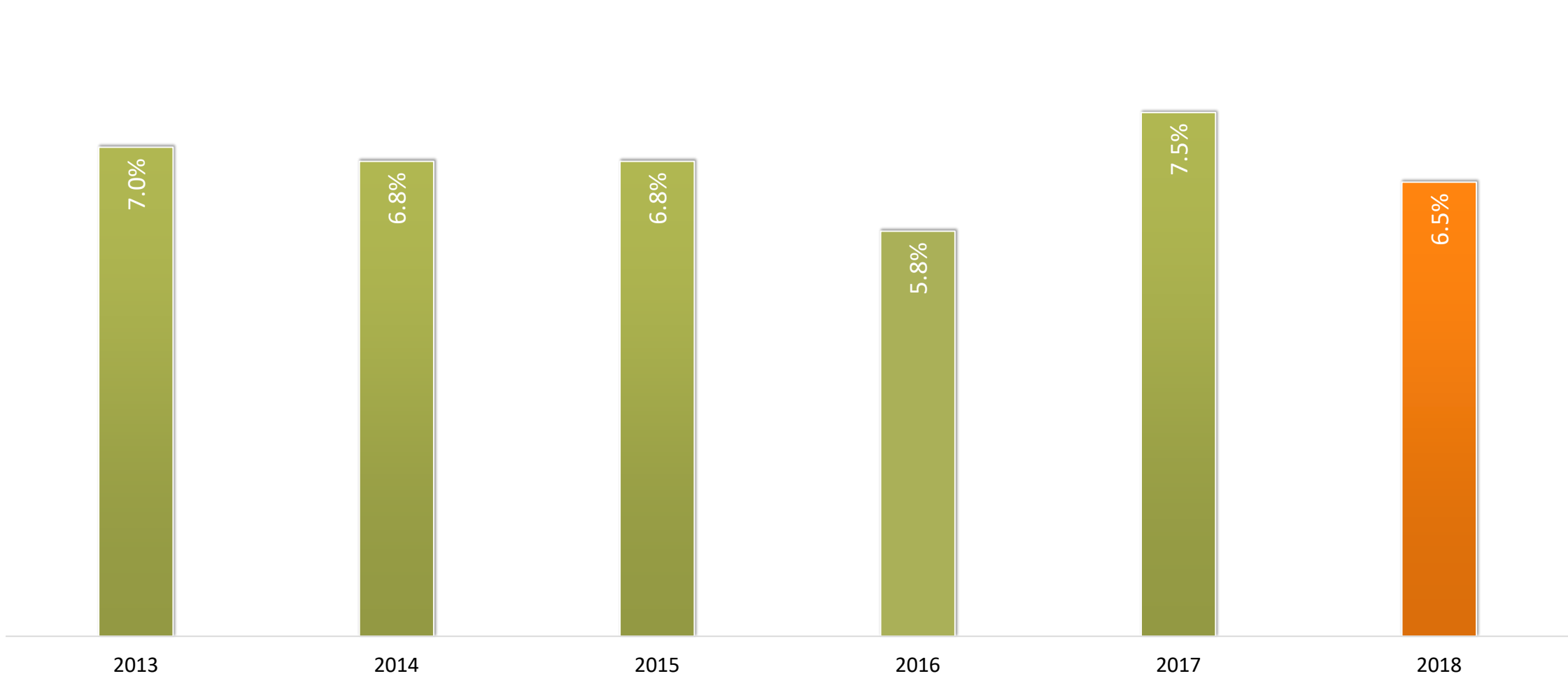
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# Growth in net profit from Southern African property operations

Like-for-like growth of 6.5%

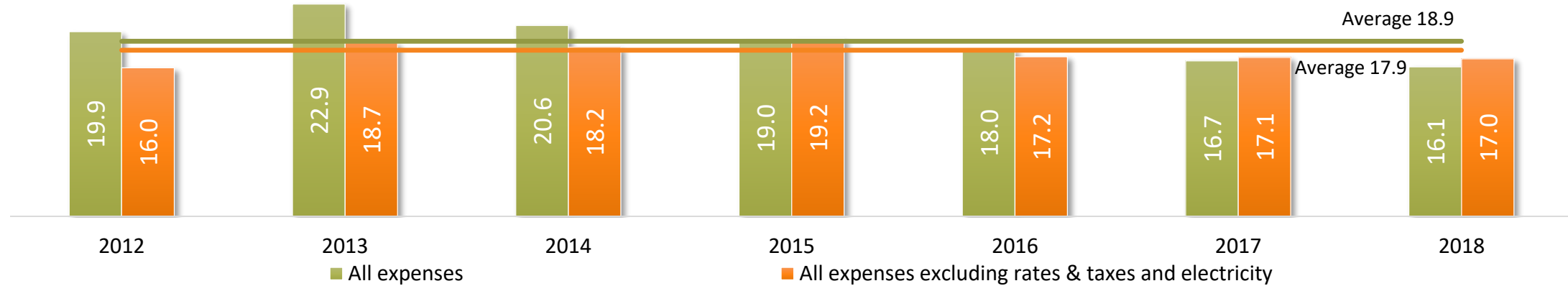


Note: Historic data per Company Annual Results.

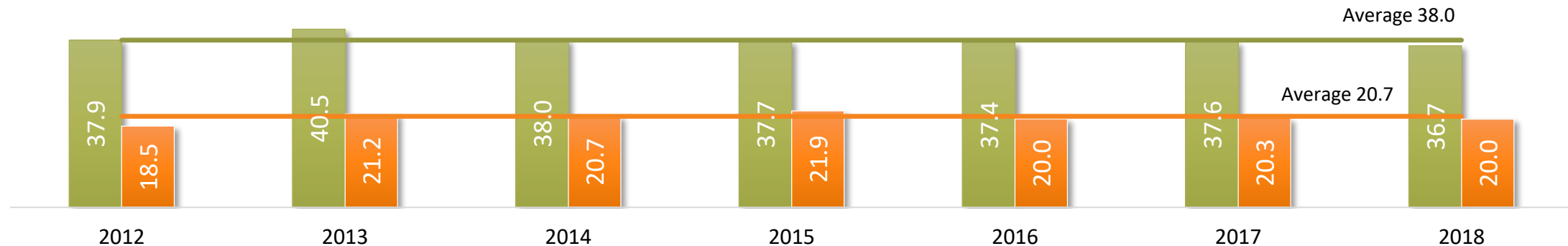
# Southern African portfolio - ratio of cost to property revenue

## Containing cost ratios

### Net cost to property revenue



### Gross cost to property revenue



\* Stable portfolio excluding recent acquisitions and sales

# Disposals

Transferred during FY2018

|   | Sales price<br>R'000 | Yield<br>%  | Dates of sale    |
|---|----------------------|-------------|------------------|
| Pretoria Lynnwood Erf 493 (vacant land)     | 2 900                |             | 2 August 2017    |
| Sandton Rivonia Tuscany Place Section 6     | 4 970                | 11.2        | 24 October 2017  |
| Sandton Rivonia Tuscany Place Section 7     | 7 810                | 14.1        | 24 October 2017  |
| Sandton Rivonia Tuscany Place Section 10    | 12 070               | 9.6         | 24 October 2017  |
| Sandton Rivonia Tuscany Place Section 5     | 12 780               | 12.8        | 24 October 2017  |
| Sandton Rivonia Tuscany Place Section 9     | 14 200               | 11.6        | 24 October 2017  |
| Pretoria Hatfield 1166 Francis Baard Street | 16 500               | 8.7         | 8 September 2017 |
| Sandton Rivonia Tuscany Place Section 8     | 19 170               | 6.1         | 24 October 2017  |
| Hartebeespoort Sediba Shopping Centre       | 91 500               | 10.3        | 27 November 2017 |
|   | <b>181 900</b>       | <b>10.1</b> |                  |

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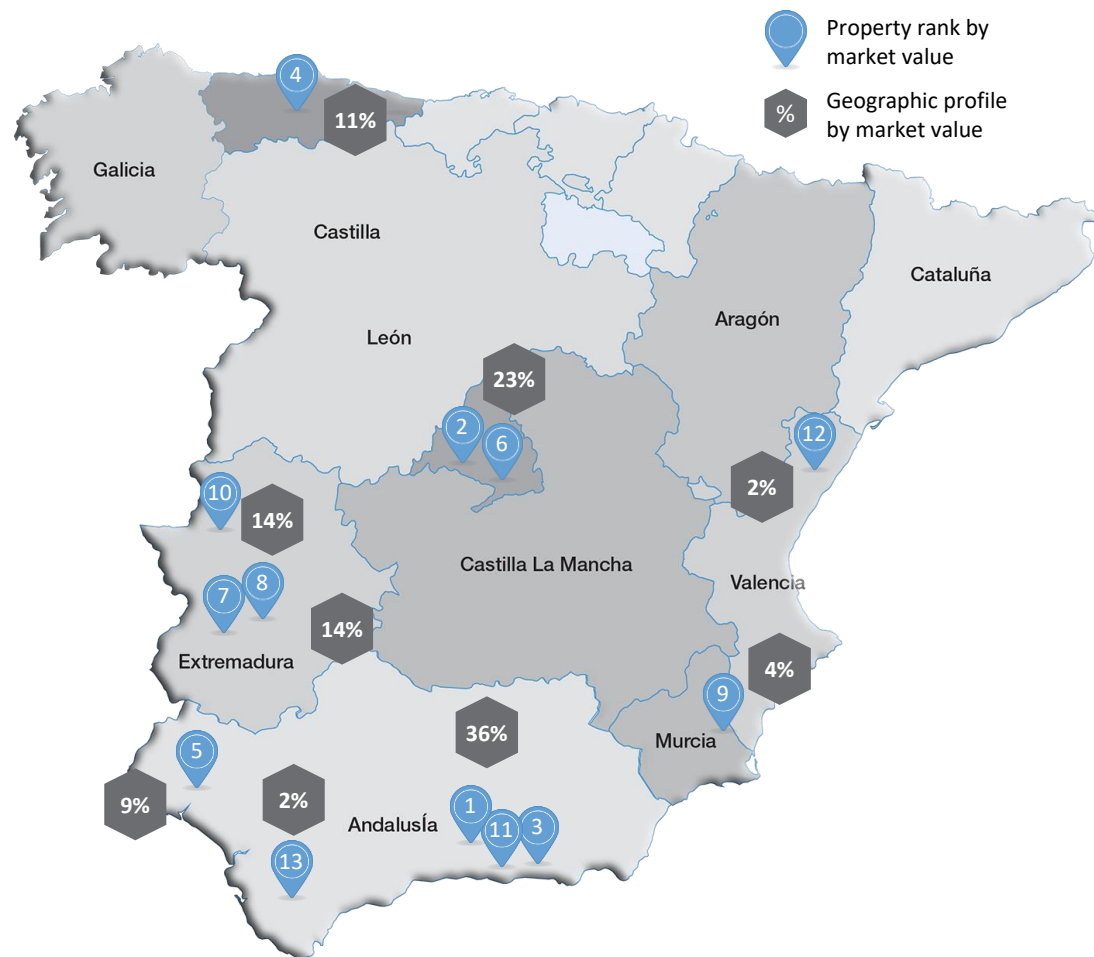
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# Spanish portfolio footprint

## Spain portfolio profile



- |   |                             |    |                           |
|---|-----------------------------|----|---------------------------|
| 1 | Alameda Retail Park         | 8  | La Serena <sup>(ii)</sup> |
| 2 | Parque Oeste <sup>(i)</sup> | 9  | Pinatar                   |
| 3 | Kinépolis RP & LP           | 10 | Mejostilla                |
| 4 | Parque Principado           | 11 | Motril                    |
| 5 | Marismas del Polvorin       | 12 | Ciudad del Transporte     |
| 6 | Konecta Madrid              | 13 | Konecta Seville           |
| 7 | La Heredad                  |    |                           |

<sup>(i)</sup> 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

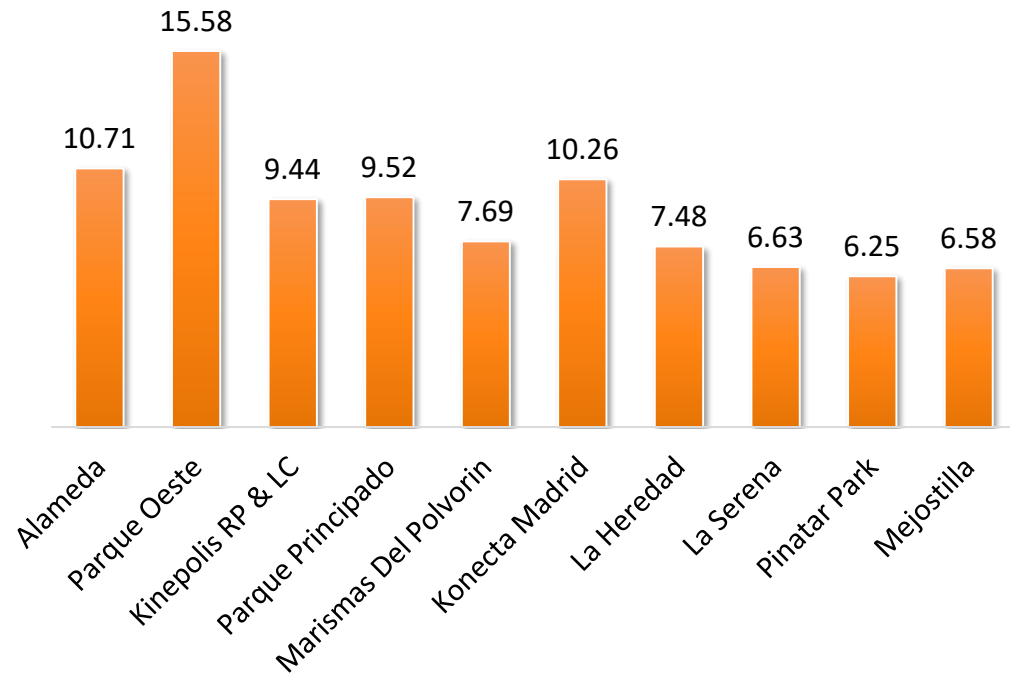
<sup>(ii)</sup> La Serena comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes

Note: All data represents 100% of Castellana, Vukile shareholding is 98.7%

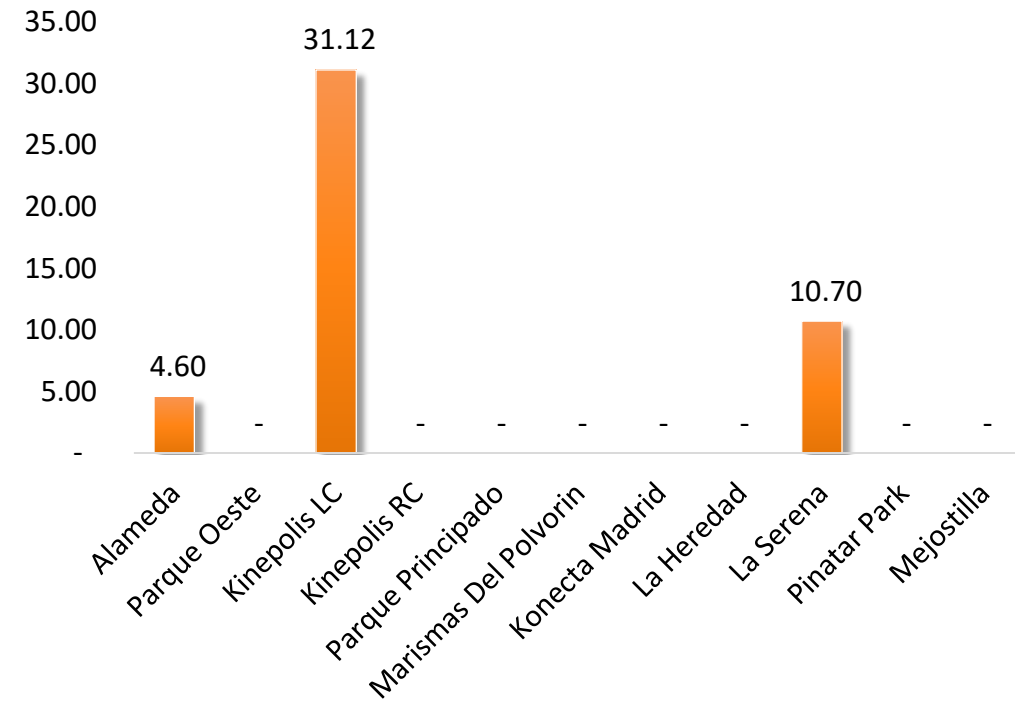
# Average base rentals and vacancy profile by Top 10 properties

Monthly rent (€)/m<sup>2</sup> and Vacancy (%)

## Average base rentals(€/m<sup>2</sup>)



## Vacancy profile by GLA(%)



- ▷ Kinopolis LC undergoing accretive redevelopment
- ▷ Vacancy not paid for on acquisition

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# Spain portfolio overview

## Top 10 assets



|                            | Alameda Retail Park   | Parque Oeste                | Kinopolis Retail Park and Leisure Centre | Parque Principado                | Marismas Del Polvorin           |
|----------------------------|-----------------------|-----------------------------|--|----------------------------------|---------------------------------|
| <b>Value</b>               | €55.3mn               | €49.4mn                     | €45.6mn                                  | €32.6mn                          | €28.8mn                         |
| <b>Province</b>            | Granada               | Madrid                      | Granada                                  | Asturias                         | Huelva                          |
| <b>Gross Lettable Area</b> | 27 256m <sup>2</sup>  | 13 604m <sup>2</sup>        | 25 988m <sup>2</sup>                     | 16 396m <sup>2</sup>             | 20 000m <sup>2</sup>            |
| <b>Monthly Rental</b>      | €10.71/m <sup>2</sup> | €15.58/m <sup>2</sup>       | €9.44/m <sup>2</sup>                     | €9.52/m <sup>2</sup>             | €7.69/m <sup>2</sup>            |
| <b>Sector</b>              | Retail                | Retail                      | Retail                                   | Retail                           | Retail                          |
| <b>Major Tenants</b>       | Decathlon, Mercadona  | Media Markt, Kiwoko, Worten | Media Markt, Sprinter, Aki               | Bricomart, Conforama, Intersport | Media Markt, Mercadona, Low Fit |
| <b>WALE</b>                | 2.6 years             | 4.7 years                   | 6.1 years                                | 3.3 years                        | 3.7 years                       |
| <b>Vacancy</b>             | 4.6%                  | Fully Let                   | 9.0%                                     | Fully Let                        | Fully Let                       |

(i) Parque Oeste comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes  
Note: All data represents 100% of Castellana, Vukile shareholding is 98.7%

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# Spain portfolio overview

## Top 10 assets

|   | Konecta Madrid  | La Heredad   | La Serena <sup>(i)</sup>  | Pinatar Park  | Mejostilla  |
|---|---|--|---|---|---|
|   |  |  |  |  |  |
| <b>GAV</b>  | <b>€20.1mn</b>  | <b>€19.2mn</b>   | <b>€15.4mn</b>  | <b>€11.6mn</b>  | <b>€6.4mn</b>   |
|  <b>Province</b>            | Madrid  | Badajoz  | Badajoz   | Murcia  | Caceres   |
|  <b>Gross Lettable Area</b> | 11 046m <sup>2</sup>  | 13 653m <sup>2</sup>   | 12 605m <sup>2</sup>  | 10 637m <sup>2</sup>  | 7 281m <sup>2</sup>   |
|  <b>Monthly Rental</b>      | €10.26/m <sup>2</sup>   | €7.48/m <sup>2</sup>   | €6.63/m <sup>2</sup>  | €6.25/m <sup>2</sup>  | €6.58/m <sup>2</sup>  |
|  <b>Sector</b>              | Offices   | Retail   | Retail  | Retail  | Retail  |
|  <b>Major Tenants</b>     | Konecta   | Aki, Mercadona, Sprinter   | Aki, Mercadona, Electrocash, Sprinter   | Aki, Economy Cash, Leclerc  | Sprinter, Electrocash, Aldi   |
|  <b>WALE</b>              | 13.2 years  | 3.5 years  | 3.3 years   | 4.2 years   | 8.3 years   |
|  <b>Vacancy</b>           | Fully Let   | Fully Let  | 10.7%   | Fully Let   | Fully Let   |

(i) La Serena comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes  
Note: All data represents 100% of Castellana, Vukile shareholding is 98.3%

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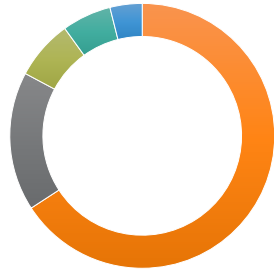
### Financial Results Overview



# Group net income analysis

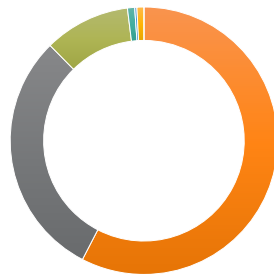
R1.3bn distributable income for FY2018

Income R2 433.7 million



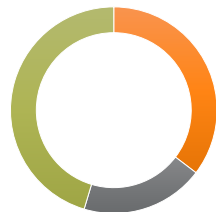
|                                  | R'000     | %    |
|----------------------------------|-----------|------|
| Rental income                    | 1 601 837 | 65.8 |
| Municipal and rates recoveries   | 413 129   | 17.0 |
| Interest and other income        | 185 366   | 7.3  |
| Dividends from listed securities | 137 889   | 6.0  |
| Income from associate            | 95 485    | 3.9  |

Expenses R1 225.4 million



|  | R'000   | %    |
|--|---------|------|
| Property expenses                              | 705 891 | 57.8 |
| Finance costs                                  | 367 808 | 30.1 |
| Corporate and administrative expenses          | 127 474 | 10.4 |
| Taxation                                       | 10 688  | 0.9  |
| Cost of terminating interest rate swaps        | 3 250   | 0.0  |
| Non-controlling interest Castellana and Clidet | 10 303  | 0.8  |

Non IFRS adjustments R99.1 million



|   | R'000  | %    |
|---|--------|------|
| Shares issued cum dividend                  | 35 019 | 35.3 |
| Dividends receivable from listed securities | 19 105 | 19.3 |
| Pre acquisition dividends Castellana        | 44 940 | 45.4 |

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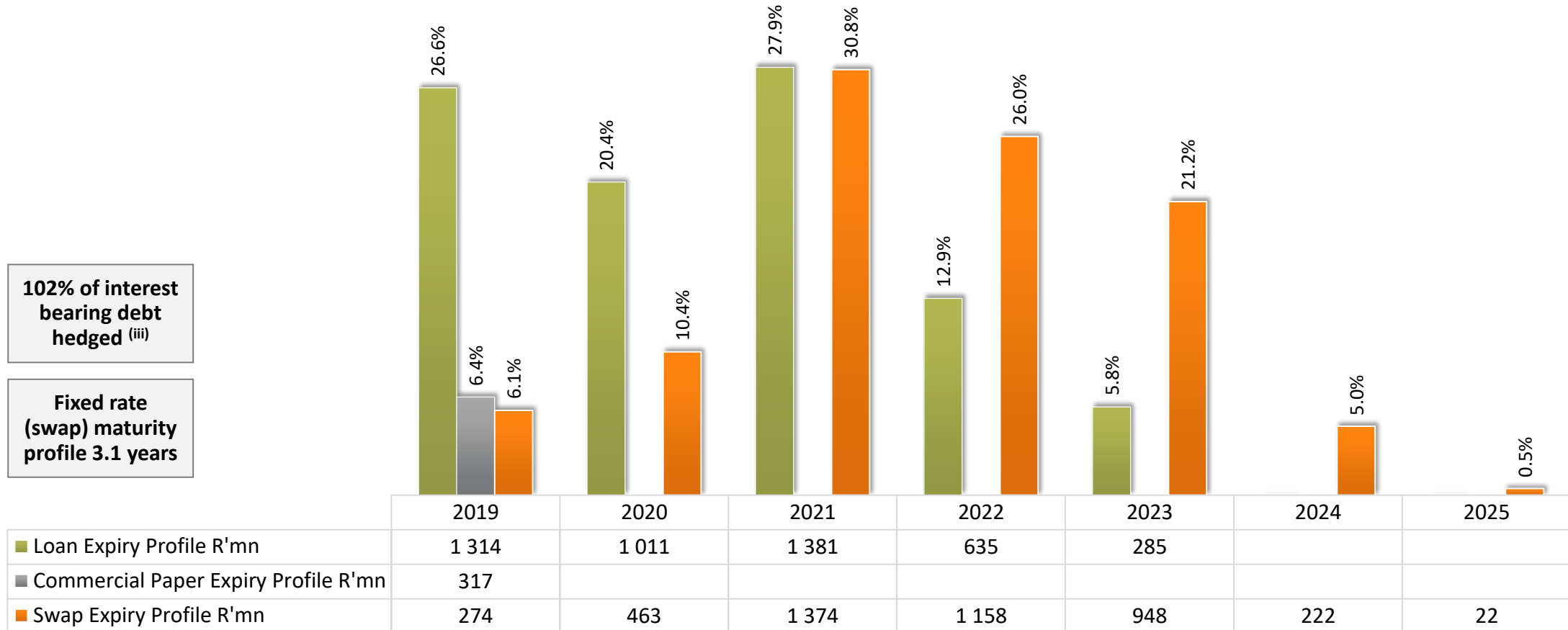
# Analysis of Southern African loan repayment and swap expiry profile

Well hedged with low risk expiry profile

## Southern African Loan and Swap Expiry Profile

102% of interest bearing debt hedged <sup>(iii)</sup>

Fixed rate (swap) maturity profile 3.1 years



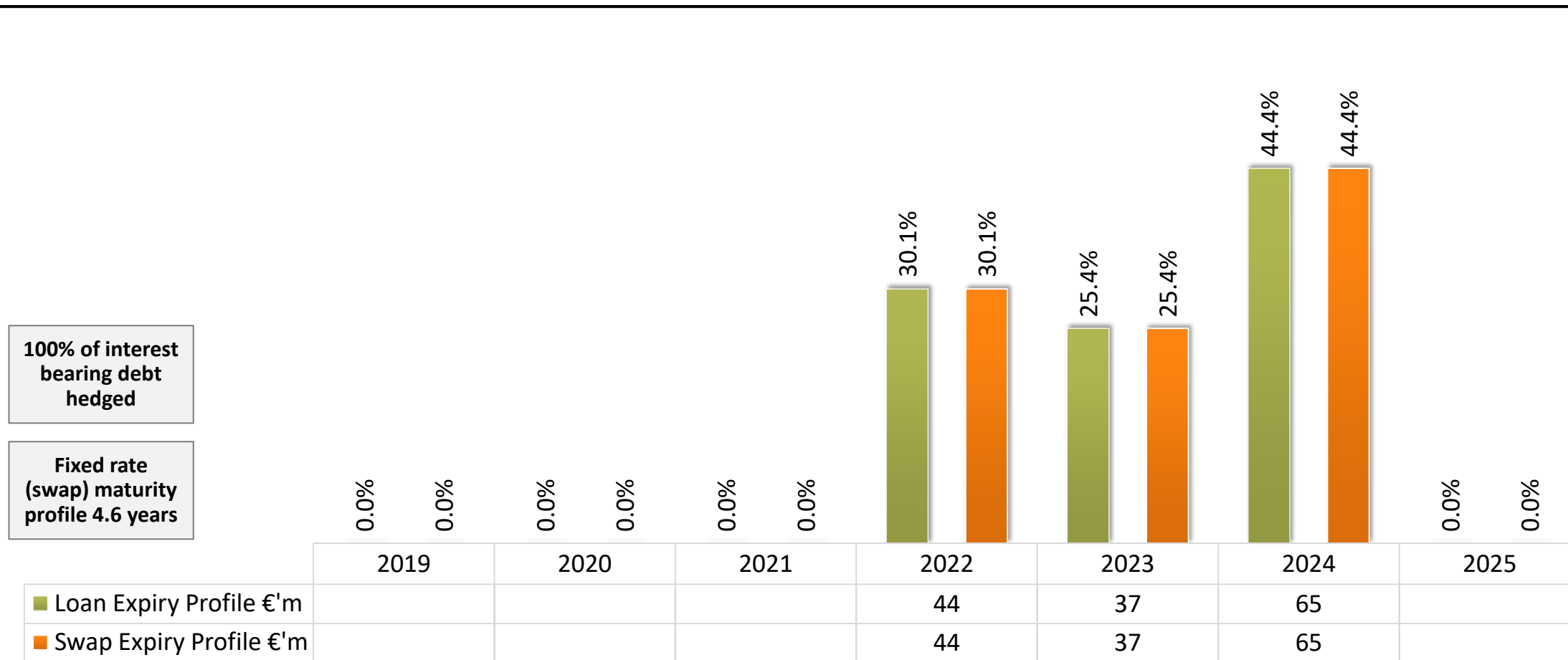
<sup>(iii)</sup> defined in Appendix C: Notes to Treasury Management Slides

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# Analysis of Spanish loan repayment and swap expiry profile

## Debt restructured as part of Alameda & Pinatar acquisition

### Castellana's Spanish Loan and Swap Expiry Profile



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Directors' valuations used in financial statements calculated as follows

- ▷ Discounted Cash Flow Method
- ▷ Hold Period
  - ▷ Multi tenanted properties 4 years then cap year 5 net income
  - ▷ Single tenanted properties 10 years then cap year 11 net income
- ▷ Properties on leasehold land
  - Value the minimum of;
    - discounted cashflow over leasehold period with zero residual value or
    - discounted cashflow over 4 years plus perpetuity value of the 5<sup>th</sup> year's net income
- ▷ Calculation of base discount rate SAGB10 plus property risk premium plus  $\beta$  based on internally calculated risk profile
- ▷ Calculation of exit capitalisation rate Discount rate minus expected income growth plus 100bp risk loading for uncertainty of future cash flows

**The directors' valuations are measured against the annual external valuations**

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# Segmental loan-to-value and interest cover ratios

## Low risk conservative balance sheet

|   | Southern Africa<br>R'000 | Spain<br>€'000 | Group<br>R'000    | Internal Policy<br>at Group level |
|---|--------------------------|----------------|-------------------|-----------------------------------|
| Loan-to-value ratio (net of cash and cash equivalents) <sup>(i)</sup>           | 24.6%                    | 42.2%          | <b>28.2%</b>      | 35% - 40%                         |
| Loan-to-value covenant level  | 50%                      | 65%            | <b>50%</b>        |                                   |
| LTV stress level margin (% asset value reduction to respective covenant levels) | 40%                      | 27%            | <b>32%</b>        |                                   |
| LTV stress level amount (asset value reduction to respective covenant levels)   | R6,476,464               | € 83,435       | <b>R6,710,360</b> |                                   |
| Interest cover ratio  | 3.14 times               | 3.62 times     | <b>3.19 times</b> |                                   |
| Interest cover ratio covenant level   | 2 times                  | 2 times        | <b>2 times</b>    |                                   |
| ICR stress level margin (% EBITDA reduction to respective covenant levels)      | 36%                      | 45%            | <b>37%</b>        |                                   |
| ICR stress level amount (EBITDA reduction to respective covenant levels)        | R371,168                 | € 4,572        | <b>R437,796</b>   |                                   |
| Interest bearing debt hedged <sup>(iv)</sup>                                    | 101.9%                   | 100.0%         | <b>101.3%</b>     | > 75%                             |
| Fixed rate (swap) maturity profile  | 3.1 years                | 4.6 years      | <b>3.6 years</b>  | > 3 years                         |
| Debt maturity profile   | 1.9 years                | 4.6 years      | <b>2.7 years</b>  |                                   |

*(i) and (iv) defined in Appendix C: Notes to Treasury Management Slides*



# GBP foreign exchange hedging

## Maintaining sustainable predictable income while reducing currency volatility

| £'000  | May-18     | Nov-18     | May-19     | Nov-19     | May-20     | Nov-20     |
|--|------------|------------|------------|------------|------------|------------|
| Net GBP dividends forecast <sup>(xi)</sup>           | £2 562     | £2 641     | £2 713     | £2 661     | £2 727     | £2 760     |
| FEC hedge  | (£1 953)   | (£1 885)   | (£1 930)   | (£1 880)   | (£1 935)   | (£1 930)   |
| Fixed GBPZAR rate                                    | 18.0295    | 18.5992    | 19.2221    | 19.9144    | 20.6192    | 21.3807    |
| Unhedged GBP income                                  | £609       | £756       | £783       | £781       | £792       | £830       |
| <b>Percentage GBP income hedged <sup>(xii)</sup></b> | <b>76%</b> | <b>71%</b> | <b>71%</b> | <b>71%</b> | <b>71%</b> | <b>70%</b> |

- ▷ To minimise the adverse foreign exchange fluctuations Vukile's target is to hedge on average 75% of foreign dividends over a 3-year period
- ▷ **71.7%** of forecast **GBP income** from Atlantic Leaf is hedged over the next **3 years** (next 6 dividend payments)

*(xi) and (xii) defined in Appendix C: Notes to treasury management slides*

# EUR foreign exchange hedging

## Maintaining sustainable predictable income while reducing currency volatility

| €'000   | Jun-18 <sup>(xiii)</sup> | Dec-18     | Jun-19     | Dec-19     | Jun-20     | Dec-20     | Jun-21     |
|---|--------------------------|------------|------------|------------|------------|------------|------------|
| Net EUR dividends forecast <sup>(xiv)</sup>         | €1 295                   | €3 009     | €3 166     | €3 219     | €3 322     | €3 396     | €3 461     |
| FEC hedge   | (€928)                   | (€ 2 165)  | (€2 300)   | (€2 300)   | (€2 400)   | (€2 457)   | (€2 508)   |
| Fixed EURZAR rate                                   | 16.0102                  | 16.7111    | 17.7177    | 18.3974    | 19.1304    | 18.2643    | 18.9581    |
| Unhedged EUR income                                 | €367                     | €844       | €866       | €919       | €922       | €939       | €953       |
| <b>Percentage EUR income hedged <sup>(xv)</sup></b> | <b>72%</b>               | <b>72%</b> | <b>73%</b> | <b>71%</b> | <b>72%</b> | <b>72%</b> | <b>72%</b> |

- ▷ To minimise the adverse foreign exchange fluctuations Vukile’s target is to hedge on average 75% of foreign dividends over a 3-year period
- ▷ **72.2%** of forecast **EUR income** from Castellana is hedged over the next **3 years** (next 7 dividend payments)
- ▷ A cross currency interest rate swap (“**CCIRS**”) of **€93 200 000** with a **3 year fixed interest rate of 1.90%** at a **EURZAR rate of 14.4446** has been utilised to hedge EUR foreign currency fluctuations
- ▷ Utilisation of **CCIRS** is **38.9%** of the **total value of international investments** (internal policy limit is 45%)

<sup>(xiii)</sup>, <sup>(xiv)</sup> and <sup>(xv)</sup> defined in Appendix C: Notes to treasury management slides

# Notes to Treasury Management Slides

## Aligned with industry best standards

- (i) Loan-to-Value ratio calculated as a ratio of interest bearing debt less Cash and cash equivalents (excluding tenant deposits) divided by the sum of (i) the amount of the most recent Director's Valuation of all the Properties in the Vukile Group Property Portfolio, on a consolidated basis and (ii) the market value of equity investments.
  - (ii) Gearing ratio calculated as a ratio of interest bearing debt, on a consolidated basis divided by total assets.
  - (iii) "See-through" Loan-to-Value Ratio is calculated as a ratio of interest bearing debt divided by Property Assets weighted by Vukile Group's respective shareholding in each entity.
  - (iv) Excluding access facilities and Corporate Paper.
  - (v) EUR Debt from foreign funders comprise consolidated debt of Castellana Properties SOCIMI, which in non-recourse to Vukile, amounting to c. €146 million converted at the EURZAR spot rate of 14.5730 at 31 March 2018.
  - (vi) EUR Debt from local funders comprise Vukile debt amounting to €110 656 026 converted at the EURZAR spot rate of 14.5730 at 31 March 2018.
  - (vii) GBP Debt from local funders comprise Vukile debt amounting to £28 700 000 converted at the GBPZAR Rate of 16.5889 at 31 March 2018.
  - (viii) Vukile is a member of the Debt Issuers Association ("DIA") and has representation on their executive committee. Vukile abides by the Debt Capital Markets – Primary Issuance Guidelines (November 2017).
  - (ix) Historic rates are based on actual interest costs including hedging and amortised transaction costs divided by the average debt over the respective period.
  - (x) Forecast rates are based on assuming no new debt i.e. current debt levels with assumptions for debt and swaps expiring during the forecast period. Although, debt costs are forecast to increase in each respective currency in FY2019 compared with FY2018, the overall cost is expected to reduce from 5.74% to 5.20% in FY2019 as a larger percentage of debt will be in foreign currency over the full period in FY2019 compared to only being held for a portion of FY2018.
  - (xi) Net forecast dividend after deducting interest costs on Vukile GBP debt. Forecast dividends are an estimate and will differ from actual dividends because of normal differences between forecasting assumptions vs. actual earnings.
  - (xii) Percentage of GBP income hedged calculated as FEC hedge divided by Net GBP dividend forecast.
  - (xiii) June 2018 dividend reflects an estimate of 3 months of earnings from 1 January 2017 to 31 March 2018, which includes the acquisition of Alameda and Pinatar for the full 3 months but excludes the acquisition of Habaneras.
  - (xiv) Net forecast dividend after deducting interest costs on Vukile EUR debt and CCIRS fixed interest costs. Forecast dividends are an estimate and will differ from actual dividends because of normal differences between forecasting assumptions vs. actual earnings.
  - (xv) Percentage of EUR income hedged calculated as FEC hedge divided by Net EUR dividend forecast.
- ▷ Note:
- Interest bearing debt adjusted to include R77mn Commercial Paper issued to Vukile subsidiary in Nambia (eliminated on consolidation).
  - MtM of derivatives valued at -R106mn not included in interest bearing debt.
  - Cash and cash equivalents (excluding tenant deposits) of R1bn.
  - Vukile Group Property Portfolio, on a consolidated basis, only includes 80% of the consolidated value of Moruleng Mall (Clidet No. 1011 (Pty) Ltd)
  - Market value of equity investments consists of Fairvest, Gemgrow and Atlantic Leaf with a value of R2.5bn. Market value of equity investments calculated as the sum of (i) the number of Atlantic Leaf JSE shares (39,887,178) multiplied by their JSE share price (R17.00); (ii) the number of Atlantic Leaf SEM shares (26,071,428) multiplied by their SEM share price (£1.05) and converted at the GBPZAR exchange rate (16.5889) (iii) the number of Fairvest shares (270,394,812) multiplied by their share price (R2.20); (iv) the number of Gemgrow A shares (4,691,084) multiplied by their share price (R9.79); and (v) the number of Gemgrow B shares (114,438,564) multiplied by their share price (R6.50), at 31 March 2018.
  - External Valuation Loan-to-Value ratio is 33.9% and is calculated as a ratio of interest bearing debt divided by the sum of (i) the amount of the most recent External Valuation of all the Properties in the Vukile Group Property Portfolio, on a consolidated basis and (ii) the market value of equity investments.

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