VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

FY2020

ANNUAL RESULTS PRESENTATION

30 June 2020



RESULTS PRESENTATION

AGENDA

INTRODUCTION AND COVID-19 RESPONSE
Laurence Rapp

FINANCIAL PERFORMANCE, DEBT AND TREASURY
Laurence Cohen

SOUTHERN AFRICAN RETAIL PORTFOLIO OVERVIEW AND TRADING UPDATE
Itumeleng Mothibeli

CASTELLANA PROPERTIES OVERVIEW AND TRADING UPDATE
Alfonso Brunet

STRATEGIC PLANS AND PROSPECTS
Laurence Rapp

Q&A

APPENDICES



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INTRODUCTION AND COVID-19 RESPONSE

Laurence Rapp



PROFILE

WHO WE ARE

- High quality, low risk, **Retail REIT** operating in Southern Africa and Spain
- Significant **geographic diversification**
  - **52% of assets** located in Spain with **43% of profits** generated from Castellana
- Strong **operational focus** with a core competence in **active asset management**
- Aim for **simplicity** and **transparency**
- Operate with a clarity of **vision, strategy** and **structure**
- Prudent **financial management** and strong **capital markets expertise**
- **Entrepreneurial approach** to deal making
- Strong focus on **governance** and **leadership**
- Track record of **16 years** unbroken growth in distributable earnings
- Vukile listed on the **JSE and NSX**
- **82.5%** held subsidiary Castellana Property Socimi listed on the **MAB** (Madrid junior board)



GROUP OVERVIEW – CONSOLIDATED PROPERTY ASSETS OF R37.8BN

WELL DIVERSIFIED EXPOSURE ACROSS MACRO ECONOMIC DRIVERS

Spain

R19.8bn

52% of assets

CASTELLANA PROPERTIES

Southern Africa

R16.6bn

44% of assets

Direct property portfolio R16bn

Fairvest	R338m
Arrowhead	R246m

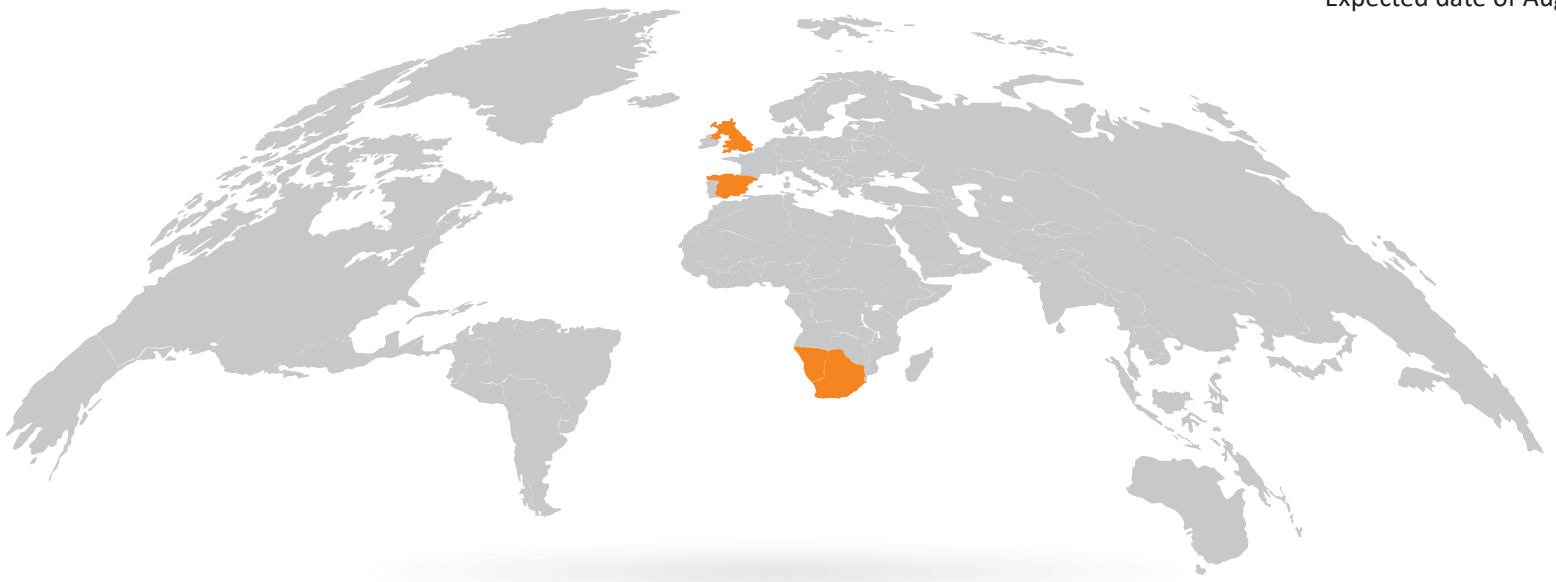
United Kingdom

R1.5bn

4% of assets

Atlantic Leaf

To be sold subject to the proposed scheme of arrangement being finalised. Expected date of August 2020



HIGHLIGHTS

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

- **3.2% increase** in distributable earnings per share
- **Impressive retail performance in Spain**
  - Castellana dividend growth of 9.6%
  - Vacancies contained at 1.8%
  - Increase of 10.8% on reversions and new lettings
  - Maintaining a rent collection rate of 99%
- **Continued strength in Southern African portfolio**
  - Like-for-like trading density grew by 3.4% and by 5.1% when considering asset management interventions
  - Successful launch of redeveloped Pine Crest Centre and Maluti Crescent
  - Retail vacancies contained at 2.9% with 84% retail tenant retention and positive reversions of 1.1%
  - Retail like-for-like net income growth of 6.0%
- **Strong cash cover and well diversified sources of funding**
  - Vukile remains comfortably solvent and liquid
  - Compliant with all funding and debt covenants
  - Interest cover ratio of 5.8 times
  - 77% (R1.8 billion) of FY 2021 maturing debt facilities successfully re-financed
- **Operational focus in readying centres to reopen in COVID-19 environment**
  - Primary focus on the health and well-being of our customers, tenants and staff
  - Hygiene protocols for centres developed with input from leading virologist and hygiene expert
  - Very successful reopening of all our centres in both Southern Africa and Spain



COVID-19 RESPONSE

OVERARCHING PERSPECTIVES AND APPROACH

- The COVID-19 pandemic has created a global **humanitarian** crisis
- Places the **health and safety** of our stakeholders as our **number one priority**
  - Appointed leading virologist Professor Barry Schoub as a Special Advisor to the Board
- This is the time for **responsible** corporate leadership
- **Embraced co-operative approach** across our value chain to ensure the short term survival and long term **sustainability** of our tenants and service providers
- Detailed **scenario planning** undertaken with various sensitivities across the portfolios
- Focus on **solvency and liquidity** as the primary objective versus the historic focus on growth in dividends
- Ensured quick, transparent and **detailed engagement** with all our debt funders
  - Received **very strong support** from all our funders both in SA and Spain
  - Seeing the benefits of our **diversified funding strategy** in action
- The operating strength of our business provides the **solid platform** off which we can navigate the uncertain paths ahead
  - **Strong dominant assets** with very attractive trading metrics. Diversified tenant base with c.80% nationals in SA and c .93% international and national tenants in Spain
- Used this unique crisis to critically evaluate Vukile's business model and **remain committed to our stated strategy and focus**
- **Pay tribute to our management teams** in SA and Spain who have been spectacular under the most trying circumstances
  - Vukile and Castellana Boards for their **significant input and engagement** throughout the crisis



COVID-19 RESPONSE

CHANGES IN THE RETAIL LANDSCAPE

- Much has been written about the retail apocalypse even before the COVID-19 crisis
  - Lockdowns and ensuing recessions have heightened the doomsday predictions about the end of shopping malls and retail as we know it
- It is way too early and dramatic to be calling such radical changes to the global retail environment and long lasting changes in consumer behaviour without sufficient data based on long term trends
- This is **NOT the end** of retail or shopping centres but …
- … the COVID-19 crisis has simply **sped up the rate** at which we need to change
- Creates an **opportunity** for us to differentiate ourselves as a **value add retail property partner** to our tenants
  - Increased focus and spend on **customer analytics** – post year end acquisition of 31% of UK-based geo-location data business
  - Prioritising and optimising our **tenant relationships**
  - Retail Centres will continue to play a key role in a world of **omnichannel** fulfilment
- Retail is increasingly becoming a **specialist real estate asset class** and we are very well positioned
- Expect increased operating costs to cater for **greater hygiene standards**
- Remainder of 2020 expected to be challenging but anticipate a **strong rebound** in Spain in 2021 but generally constrained macro economic conditions to remain in SA
- Vukile's strength lies in its **nodally dominant** portfolios and defensive characteristics of the SA assets



COVID-19 RESPONSE

STEPPING OFF THE TREADMILL

- In the words of Winston Churchill, **'NEVER WASTE A GOOD CRISIS'**
- Opportunity to **critically evaluate** our industry and business model
- There has been an unhealthy focus on **short termism** and growth in dividends
  - Led to a herd mentality and questionable business decisions within the sector
- Clear focus within Vukile on **long term sustainability** and getting back to basics
  - Quality of the portfolio and dominance of the assets
  - Focus on the '**bricks and mortar**' of property as an asset class
- We still believe passionately in our **retail focus** and becoming a value add retail property partner
  - Will invest in additional skills and capabilities to achieve this goal
- Immediate focus will be on **strengthening the balance sheet** to ensure we can comfortably manage through the uncertainty of the impacts of the COVID-19 crisis and ensuing recession
  - Significant progress in already refinancing 77% of debt expiring in FY21
- Going forward, we intend adopting a **lower pay out ratio** that makes a real difference to long term sustainability
  - Likely to adopt pay out ratios closer to the minimum acceptable levels to keep REIT status
- Five year detailed modelling under multiple scenarios **confirm the long-term sustainability and cash generative nature of Vukile**



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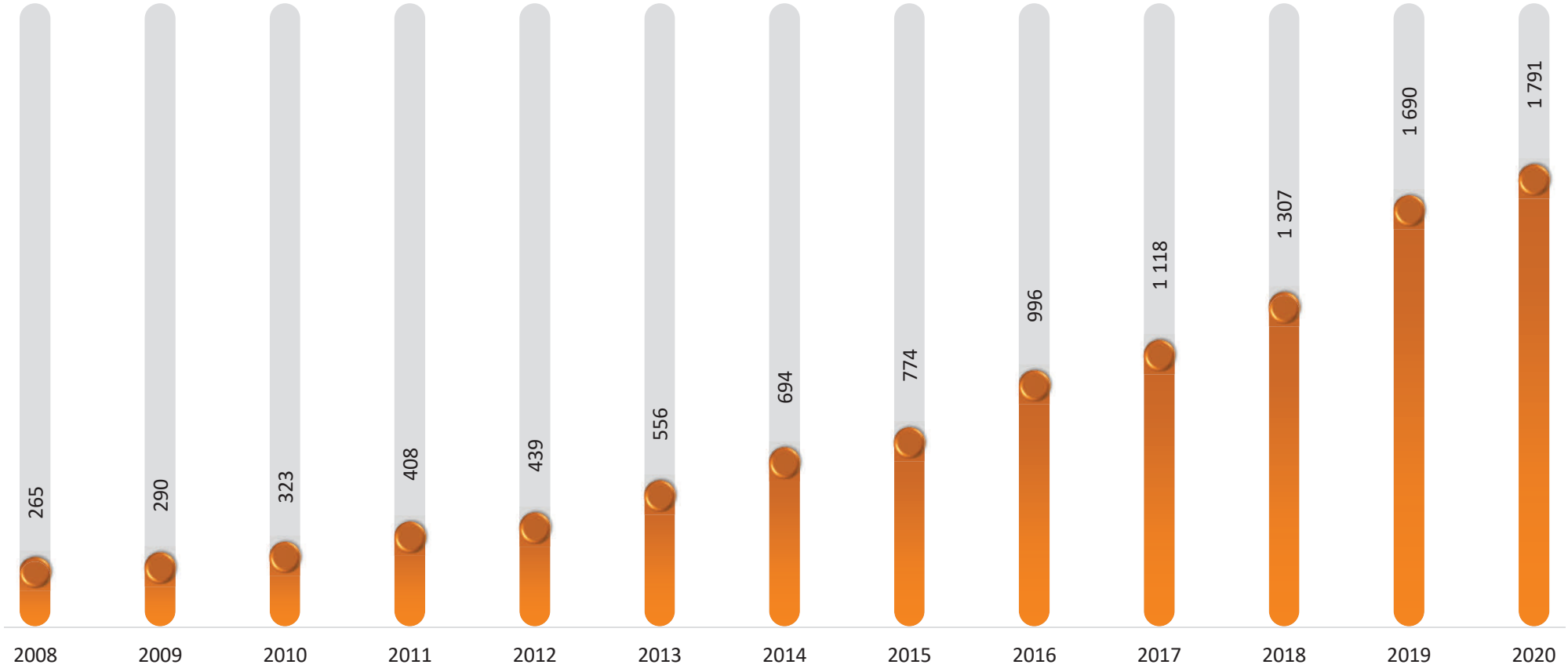
FINANCIAL PERFORMANCE, DEBT AND TREASURY

Laurence Cohen



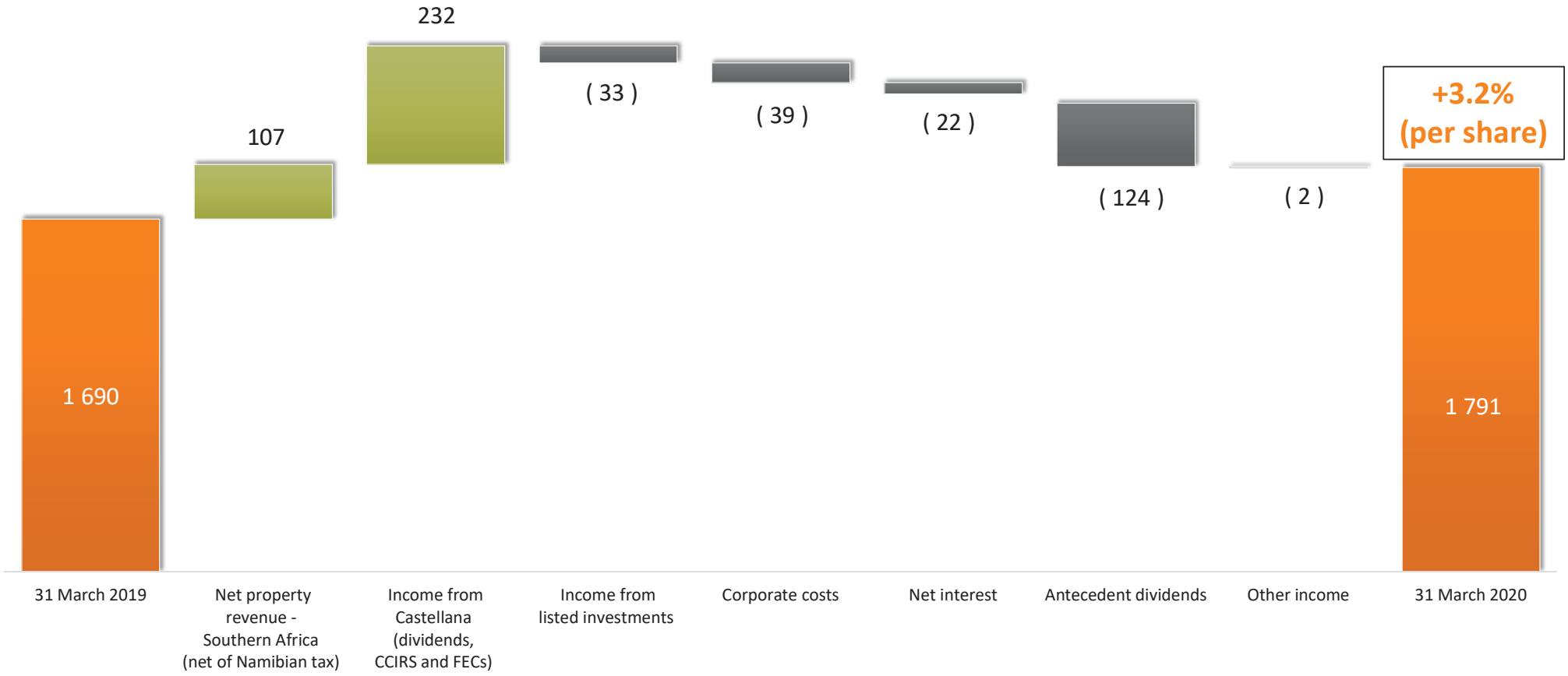
DISTRIBUTABLE EARNINGS (RM)

16 YEAR TREND OF GROWTH IN DISTRIBUTABLE EARNINGS



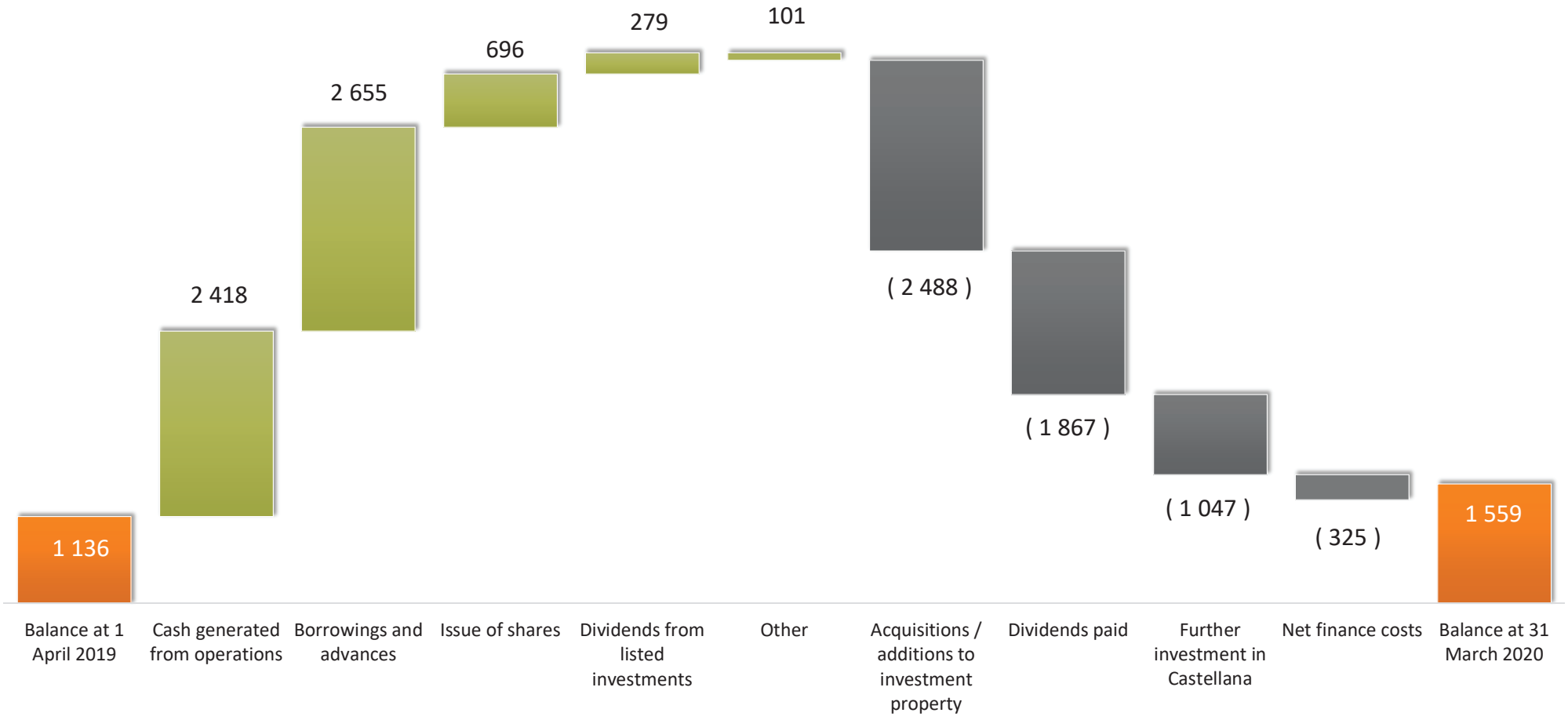
DISTRIBUTABLE EARNINGS BRIDGE (RM)

SIGNIFICANT GROWTH IN DISTRIBUTABLE EARNINGS FROM SPANISH PORTFOLIO



CASH FLOW BRIDGE – (RM)

DIVIDENDS PAID COMFORTABLY COVERED BY CASH GENERATED FROM OPERATIONS



PROPERTY VALUATIONS

CONSISTENT APPLICATION OF VALUATION METHODOLOGY

SOUTHERN AFRICAN PORTFOLIO

- **R15.6bn** as at 31 March 2020
- -2.2% from 31 March 2019
- 100% of portfolio valued internally every six months
- 50% of portfolio valued externally every six months
- External valuations marginally *higher* than internal valuations
- Reviewed as key audit matter by external auditors

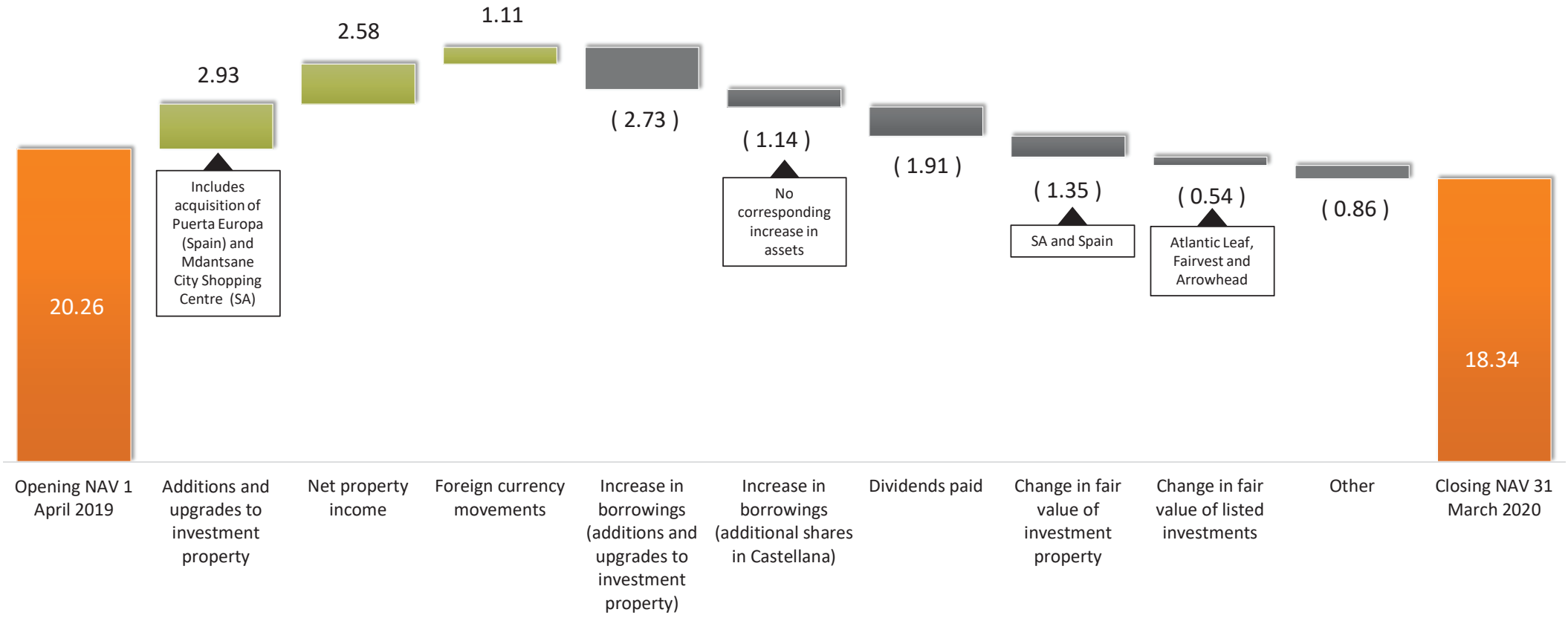
SPANISH PORTFOLIO

- **€1.0bn** as at 31 March 2020
- -2.6% from 31 March 2019
- 100% of portfolio valued externally every six months
- Reviewed as key audit matter by external auditors



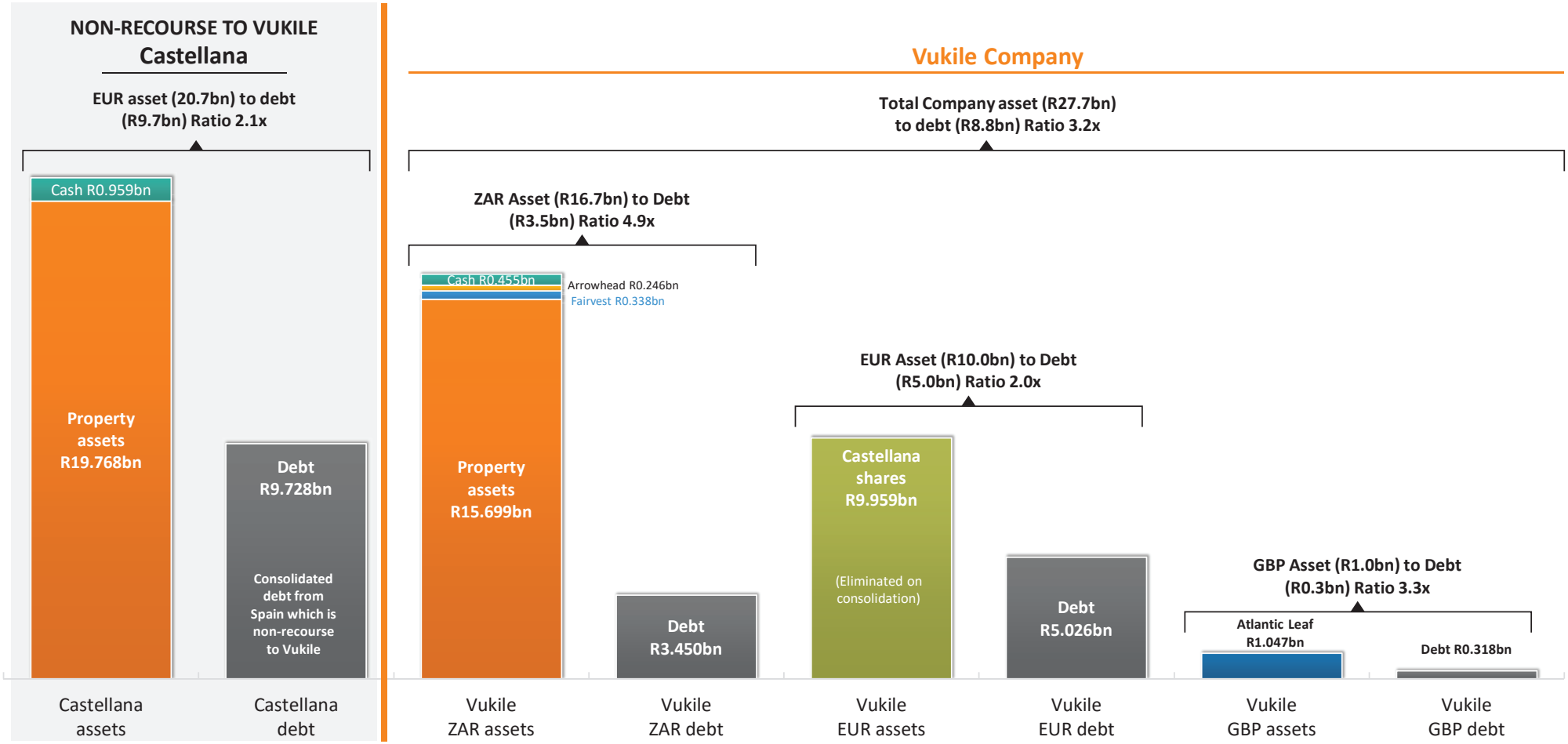
NAV BRIDGE

NAV PER SHARE OF R18.34



COMPOSITION OF GROUP BALANCE SHEET

MATCHING DEBT WITH PROPERTY ASSETS - BY GEOGRAPHY AND CURRENCY



SEGMENTAL LOAN-TO-VALUE AND INTEREST COVER RATIOS

COMFORTABLE HEADROOM ACROSS ALL METRICS FOR BOTH VUKILE AND CASTELLANA

- Strong cash flow compared with net interest cost with **group interest cover ratio** of **5.8 times**
- Stress testing indicates that the portfolio would need to undergo a **66% reduction** in Group EBITDA before reaching 2 times bank interest cover covenant level
- Group loan to value ratio of 46.1% forecast to **reduce to 43.9%** post sale of Atlantic Leaf

	Group R'000	Southern Africa R'000	Spain €'000
Interest cover ratio (12 months historic)	**5.8 times**	7.7 times	4.2 times
Interest cover ratio covenant level	**2 times**	N/A	2 times
ICR stress level margin (% EBITDA reduction to respective covenant levels)	**66%**		53%
ICR stress level amount (EBITDA reduction to respective covenant levels) (12 months historic)	**R1 407 209**		€ 23 314
Loan-to-value ratio (net of cash and cash equivalents)	**46.1%**	48.1%	44.4%
Loan-to-value covenant level	**50%**	N/A	65%
LTV stress level margin (% asset value reduction to respective covenant levels)	**8%**		32%
LTV stress level amount (asset value reduction to respective covenant levels)	**R3 140 183**		€ 318 641

KEY DEBT AND HEDGING METRICS

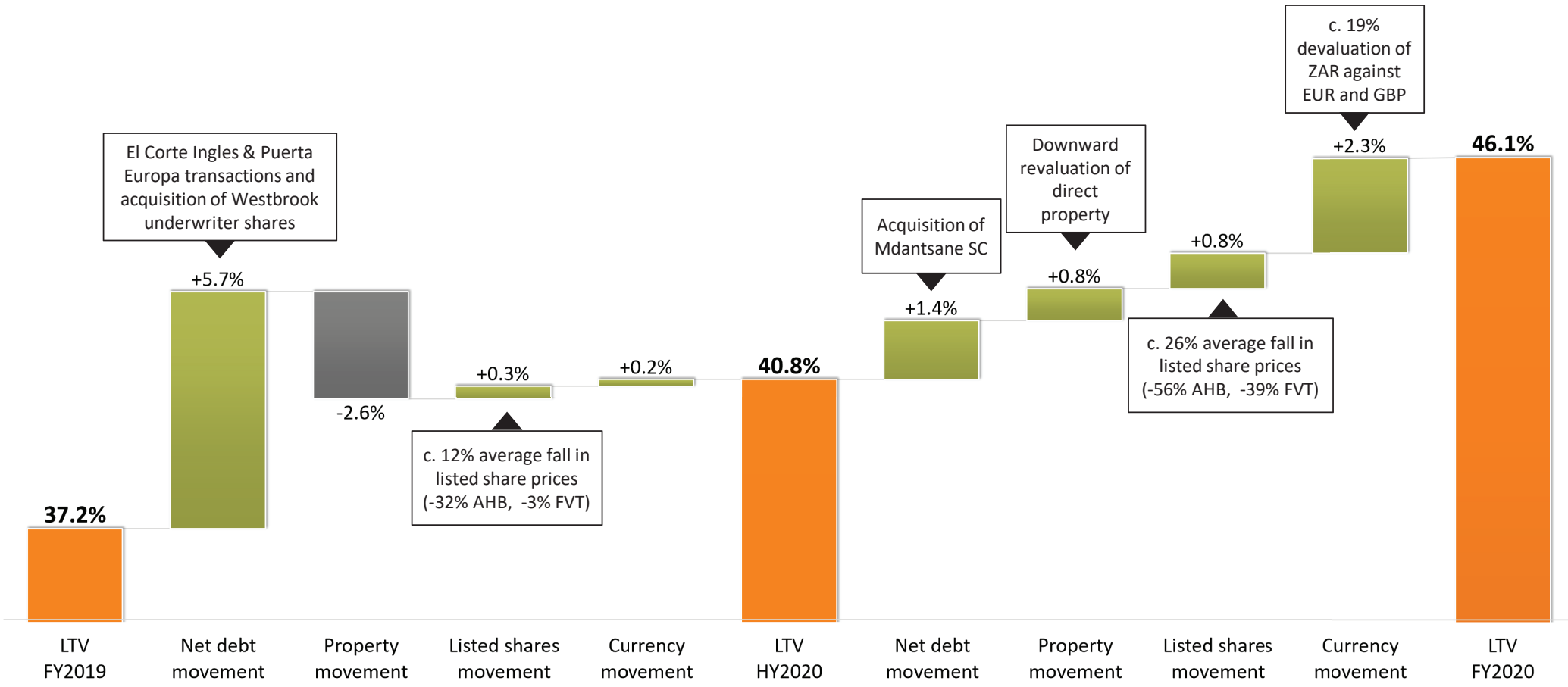
STRONG LIQUIDITY POSITION

- **Undrawn facilities** of **R1.1bn** (Vukile R553m and Castellana €29m)
- Subsequent to year-end, agreements concluded to **increase undrawn facilities to R1.6bn** (LTV neutral)

	Mar-20	Mar-19	Internal policy at Group level
Interest-bearing debt hedged	**81.3%**	95.7%	> 75%
Maturity profile – fixed rates and swaps	**3.4 years**	3.6 years	> 3 years
Group cost of funding	**4.0%**	4.5%	
Undrawn facilities	**R1.1bn**	R1.4bn	
Net EUR dividend hedged (5 years)	**63%**	52%	
Corporate long-term credit rating	**AA-(ZA)**	A+(ZA)	

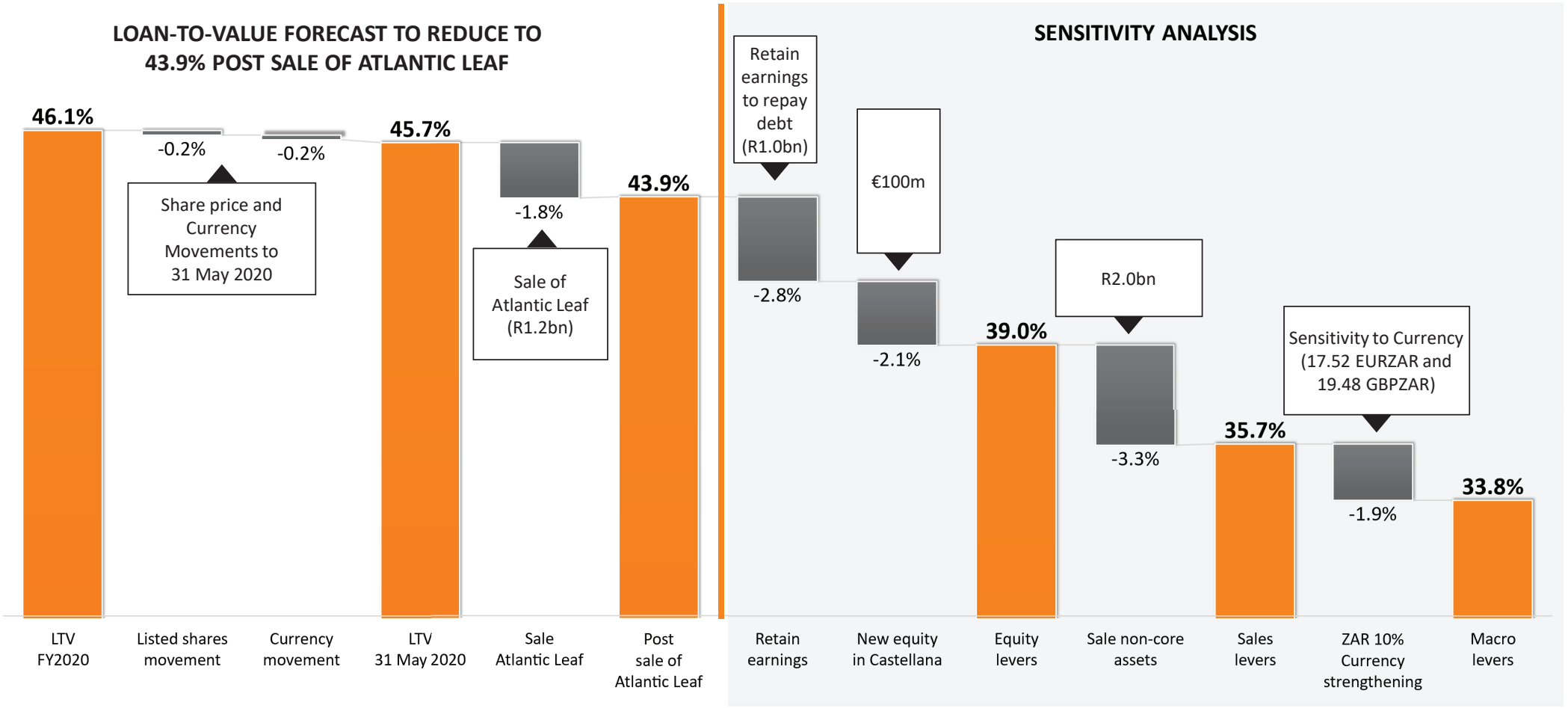
GROUP LOAN-TO-VALUE BRIDGE

2.5% OF LTV INCREASE DUE TO CURRENCY MOVEMENTS



GROUP LOAN-TO-VALUE SENSITIVITY ANALYSIS

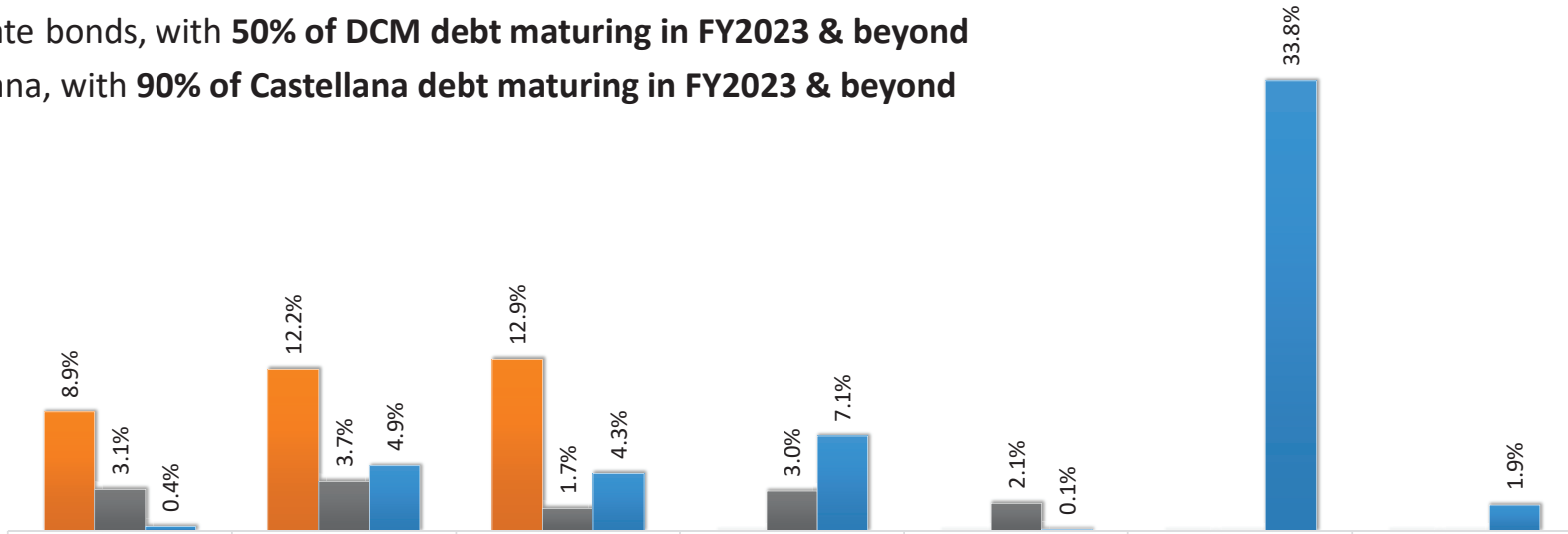
POTENTIAL LEVERS TO REDUCE LOAN-TO-VALUE



ANALYSIS OF GROUP LOAN EXPIRY PROFILE

LOW RISK EXPIRY PROFILE

- **77% of all debt expiring in FY2021 extended**
- No maturity risk in respect of corporate bonds in FY2021 and FY2022
- Sufficient **undrawn facilities to repay DCM** maturities in FY2022 if required
- 13.5% of group debt in corporate bonds, with **50% of DCM debt maturing in FY2023 & beyond**
- 52.5% of group debt in Castellana, with **90% of Castellana debt maturing in FY2023 & beyond**



	2021	2022	2023	2024	2025	2026	2027 & Beyond
Vukile bank debt expiry profile R'm	1 647	2 252	2 388				
Vukile corporate bond expiry profile R'm	578	685	313	550	381		
Castellana bank debt expiry profile R'm	66	906	797	1 314	22	6 264	359

DEBT EXPIRING IN FY2021

77% OF ALL DEBT EXPIRING IN FY2021 HAS BEEN REFINANCED

	Maturity Date	Amount Drawn '000	Comments
Nedbank ZAR term loan	7 April 2020	R100 000	Repaid
Absa ZAR term loan	30 Jun 2020	R100 000	Extended for 3 years
Corporate bonds VKE07	8 June 2020	R200 000	Repaid
Investec EUR term loan ZAR equivalent at EUR/ZAR spot rate of 19.6989 at 31 March 2020	23 June 2020	€12 500 R246 236	Extended for 2 years
Castellana amortisation on capex loan ZAR equivalent at EUR/ZAR spot rate of 19.6989 at 31 March 2020	30 June 2020	€2 400 R47 277	Extended to June 2021
Corporate bonds VKE09	8 July 2020	R378 000	To be repaid
Standard Bank EUR term loans ZAR equivalent at EUR/ZAR spot rate of 19.6989 at 31 March 2020	24 July 2020	€22 000 R433 376	Converted to ZAR and extended for 3 years
Standard Bank RCF & term loans	31 October 2020	R120 000	RCF extended for 18 months and term facility extend for 3 years
Absa EUR term loan ZAR equivalent at EUR/ZAR spot rate of 19.6989 at 31 March 2020	1 December 2020	€16 250 R320 107	Considering conversion to ZAR.
Standard Bank EUR term loan ZAR equivalent at EUR/ZAR spot rate of 19.6989 at 31 March 2020	20 December 2020	€6 500 R128 043	Converted to ZAR and extended for 3 years
Absa GBP term loan ZAR equivalent at GBP/ZAR spot rate of 20.1600 at 31 March 2020	15 February 2021	£9 000 R199 440	Considering conversion to ZAR.
Castellana amortisation on capex loan ZAR equivalent at EUR/ZAR spot rate of 19.6989 at 31 March 2020	30 December 2021	€933 R18 386	Extended to repay in June 2021
Total		**R2 290 865**	

CROSS CURRENCY INTEREST RATE SWAP EXPOSURE

LIMITED USE OF CROSS CURRENCY INTEREST RATE SWAPS

- Cross Currency Interest Rate Swaps ("**CCIRS**") have the ability to both hedge foreign exchange fluctuations on Vukile's earnings and asset exposure. To minimize the impact of unexpected risks at the maturity of the CCIRS, Vukile has chosen to limit the utilisation of CCIRS to **45%** of the **total value of international investments**
- **No new CCIRS were entered during the year**
- The **CCIRS** ratio to **total value of international investments** (on a consolidated basis) is **32.4%**
- The **MtM loss** of CCIRS was **–R740 million** as at 31 March 2020, with **no margining applicable**
- At the initiation of the Nedbank contract, Vukile placed **R100 million cash on fixed deposit** with Nedbank in order to mitigate against MtM losses on expiry of the CCIRS in case of future weakening of the Rand

	EUR nominal €'000	ZAR nominal R'000	EUR/ZAR initial rate	EUR fixed rate over term	ZAR average rate over term	Maturity	MtM
Nedbank CCIRS June 2018 (€93.2m)	€93 200	R1 346 240	14.4446	1.90%	8.81%	**14 June 2021**	**-R475m**
Nedbank CCIRS June 2018 (€23.8m)	€23 800	R360 380	15.1420	1.29%	8.81%	**14 June 2021**	**-R100m**
ABSA CCIRS July 2018 (€40.0m)	€40 000	R629 860	15.7465	3.70%	11.88%	**13 June 2022**	**-R99m**
Investec CCIRS July 2018 (€25.5m)	€25 500	R401 370	15.7400	3.72%	11.88%	**13 June 2022**	**-R66m**
Total	**€182 500**	**R2 737 850**					**-R740m**

DEBT AND BALANCE SHEET STRATEGY

A PROACTIVE APPROACH TO MANAGING RISK

- Used the crisis as an opportunity to re-evaluate the balance sheet and capital structure
- Engaged extensively with all of our funders
- Increased the quantum of undrawn debt facilities on an LTV neutral basis, to increase flexibility
- Review of debt strategy, including the conversion of South African Euro debt to ZAR debt, hedging profile and tenor
- Tested property valuations with external valuers taking into account the impact of COVID-19
- Involved at all levels with industry-wide discussions
- Reducing the pay-out ratio going forward
- Reduction in the pay-out ratio a significant lever to reduce the LTV and provide greater optionality in capital allocation decision making
- Dividend decision to be influenced by the outcome of industry-wide initiatives with the JSE and National Treasury



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SOUTHERN AFRICAN RETAIL PORTFOLIO OVERVIEW AND TRADING UPDATE

Itumeleng Mothibeli



TOUGHEST OPERATIONAL ENVIRONMENT IN A DECADE: PRE- COVID-19

THE MACRO ENVIRONMENT

- Low business and consumer confidence
- Employment growth was (0.3%) as at Dec 2019
- Muted real wage growth of 0.4% as at Q42019
- Entered technical recession at the end of 2019
- Unstable power supply & significant fiscal stress
- Moody's downgrade in Q12020
- Household credit growing at roughly double retail sales growth rate – suggests that credit now being used to finance other (lifestyle) expenses too

PRESSURE ON CONSUMER

- Higher electricity prices
- Rising tax burden
- Increase in retrenchments
- National credit regulator data showing marked increase in consumers in arrears
- Resulting in lower disposable income

PROPERTY SECTOR PERFORMANCE

- Lower trading densities – MSCI t/d growth of 2.8%
- Lower occupancy – 10bps increase in retail sector vacancies, now up to 4.8%
- MSCI all property index total return for 2019 at a muted 7.9%
  - First single digit total return since 2009, post the global financial crisis of 9.2%
  - First decline in industry capital growth since 2002 of (0.3%)
- Sustained environment of negative reversions across all sectors

Source: SARB Quarterly Bulletin , BER, National Credit Regulator and MSCI



DIRECT SOUTHERN AFRICAN RETAIL PORTFOLIO

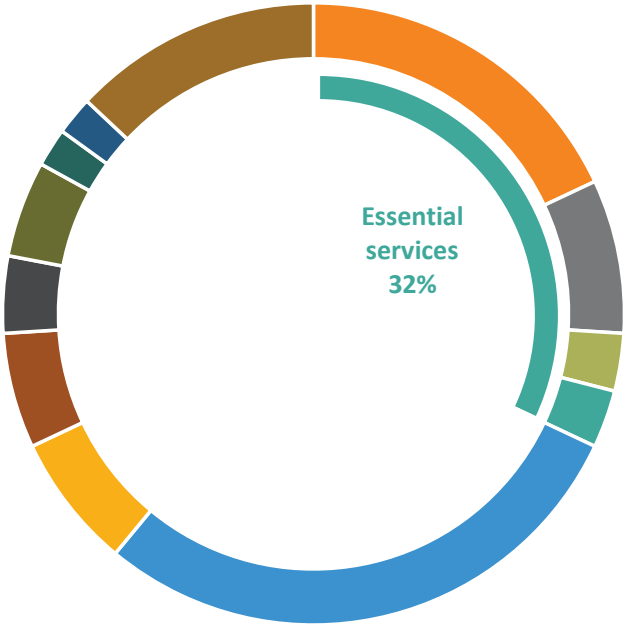
KEY RETAIL PORTFOLIO METRICS

PERFORMANCE OVERVIEW	Like-for-like net income growth **6.0%**	Vacancies • **2.9% GLA** • **2.9% Rent**	Reversions **+1.1%**	Base rentals **R141.43/m²**	Contractual escalations **6.9%**
EFFICIENCY	Rent-to-sales ratio **6.0%**	Average annual trading density **R29 183/m²**	Annualised growth in trading densities • **3.4%** like-for like • **5.1%** including asset management interventions		Net cost to property revenue **15.5%**
TENANT PROFILE	National exposure • **83% GLA** • **80% Rent**	Top 10 tenants • **52% GLA** • **43% Rent**	WALE **3.7 years**	Tenant retention **84%**	Rent collection rate **90%**
VALUATIONS	Average asset value **R317m**	Value density **R16 245/m²**	Average discount rate **13.8%**	Average exit capitalisation rate **9.0%**	Like-for-like portfolio decrease **1.3%**
KEY FACTS	Portfolio Value **R14.6bn**	Total number of assets **46**	GLA **897 560m²**	Operational capex spent **R93m**	PV installed **14 plants** **9.8MW**

TENANT EXPOSURE

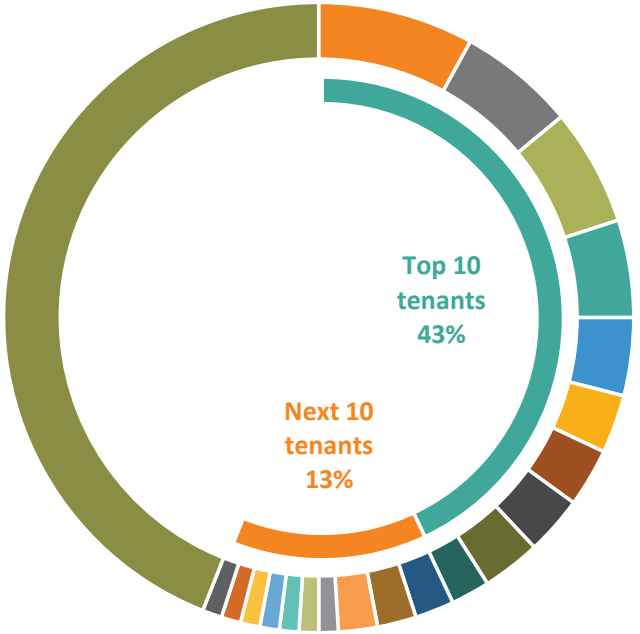
WELL DIVERSIFIED BLUE CHIP TENANT MIX

32% OF RENT FROM ESSENTIAL SERVICES



- Grocery/ Supermarket - 18%
- Banking - 8%
- Pharmacies - 3%
- Other - 3%
- Fashion - 29%
- Restaurants, Fast Foods & Coffee Shops - 7%
- Home Furnishings / Décor - 6%
- Cell Phones & Electronics - 4%
- Sporting / Gym / outdoor wear - 5%
- Health & Beauty - 2%
- Bottle Stores - 2%
- Other - 13%

56% OF RENT FROM TOP 20 TENANTS



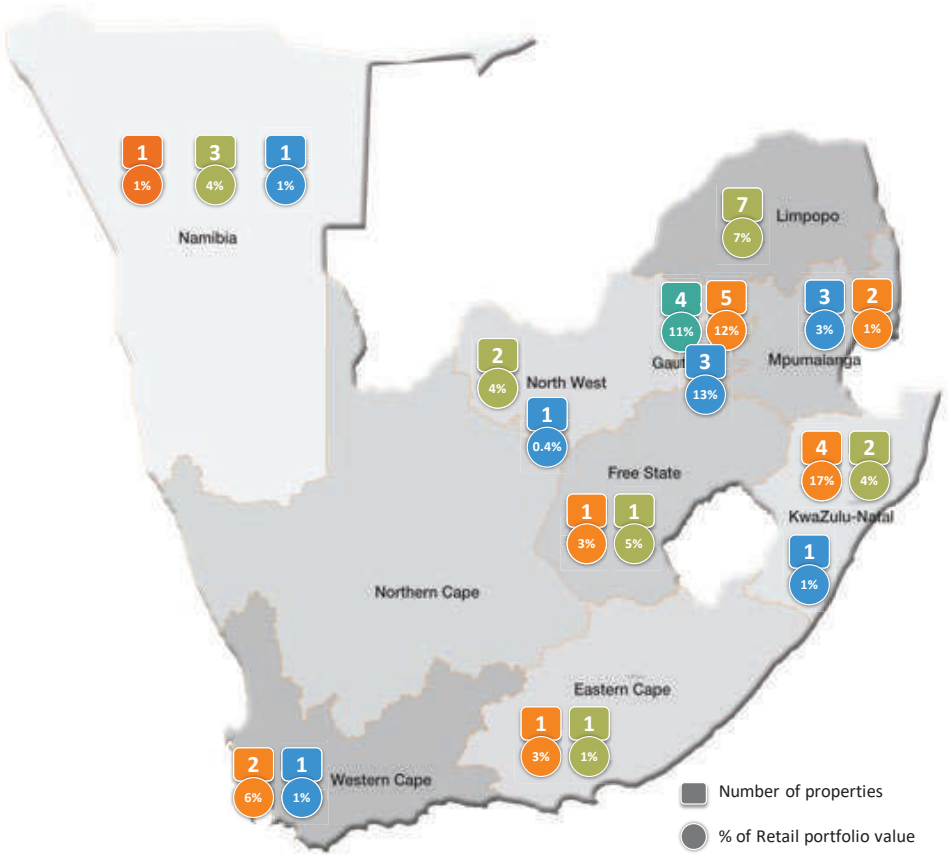
- Pepkor - 8%
- Pick n Pay - 6%
- Shoprite - 6%
- Foschini - 5%
- Mr Price - 4%
- Spar - 3%
- Truworths - 3%
- Edcon - 3%
- Massmart - 3%
- Clicks - 2%
- FNB - 2%
- Studio 88 - 2%
- Nedcor - 2%
- Absa Bank - 1%
- Famous Brands - 1%
- Capitec Bank - 1%
- Standard Bank - 1%
- Cashbuild - 1%
- Woolworths - 1%
- KFC - 1%
- Other - 44%

Base rent excluding recoveries

PORTFOLIO COMPOSITION

81% OF PORTFOLIO IN DEFENSIVE RURAL, TOWNSHIP AND VALUE CENTRE ASSETS

	Township & Commuter	Rural	Value centres	Urban
Value	R6.3b	R4.0b	R1.6b	R2.7b
Number of properties	16	16	4	10
GLA	364 615m²	259 273m²	144 306 m²	129 366 m²
Vacancy	2.8%	2.6%	2.1%	5.0%
Average base rental	R153.15/m²	R136.41/m²	R91.83/m²	R175.57/m²
Average trading density	R32 229/m²	R31 675/m²	R18 988/m²	R28 692/m²
Rent-to-sales ratio	5.8%	5.3%	5.6%	7.8%
WALE (GLA)	3.6 years	4.2 years	3.4 years	3.6 years
National tenant exposure	75%	85%	80%	82%
Top 10 tenant exposure	40%	34%	10%	16%
Tenant retention	87%	87%	63%	84%



COVID-19 UPDATE

ENSURING THE SAFETY AND WELLBEING OF OUR TENANTS AND CUSTOMERS

HEALTH & SAFETY

- Safety and wellbeing of our tenants, shoppers, service providers and other stakeholders
- Maintaining social distancing, en-route, upon arrival and inside the mall
- Ensuring we have the correct service providers for stock and PPE
- Driving a coherent strategy which complements the efforts of our tenants
- Ensuring a continuous awareness and information campaign for our shoppers

EXPENDITURE

- Spent **R2.5m** on additional security, cleaning and marketing over April and May throughout the portfolio
- 16% upward variance on the budget for the two months
- Of the **R2.5m** increase, 52% was spent on additional cleaning, 31% on security and 17% on marketing

FORECAST

- Total COVID-19 related spend for FY21 on soft services is forecast to be **R5.5m**
- Partial funding of additional costs to come from savings emanating from soft services integration
- We project the additional hygiene related costs to form part of future budgets going forward and will result in an overall soft services expense increase of c.**6%**

RISK ASSESSMENT FRAMEWORK

- Integrated framework to manage and mitigate the effects of COVID-19
- Input from Professor Barry Schoub, Vukile's service providers and Vukile's top management and asset management team
- Implementation, monitoring and interventions managed in accordance with risk assessment framework, reinforced with detailed responsibility matrix and weekly evaluations

AWARENESS CREATION/ DECIDING WHERE TO SHOP
- Vukile website and social media updates
- COVID-19 related information

EN-ROUTE TO THE SHOPPING CENTRE
- Access and egress communication
- Signage at entrances to the site

ARRIVAL AT THE CENTRE
- COVID-19 posters
- Signage to guide shoppers
- Sanitising posters
- Sanitising stations
- Emergency procedures

TENANTS
- Emergency procedures
- PPE kits
- Number of shoppers per shop
- Queuing protocol
- Sneeze screens, masks

INSIDE THE MALL / MAIN WALKWAY AT STRIP CENTRE
- Sanitising stations (strategic positions, at ablution blocks, etc.)
- COVID-19 posters
- Queuing protocol

INFORMATION
- Information desks
- Queuing protocol
- Number of shoppers per shop
- COVID-19 posters

SERVICE PROVIDERS
- Emergency procedures
- Crowd control
- Communication protocol on web-enabled systems and central control rooms
- Training of staff
- "Back of house" precautionary measures
- Standard operating procedures at high risk areas (ablution blocks, resting areas, play areas, lifts and escalators)
- Extraordinary cleaning and hygiene measures
- Extraordinary security measures
- PPE kits

GENERAL ISSUES AT THE SPECIFIC CENTRE
- Involvement of SANDF
- Involvement of SAPS
- Rolling cost forecast per month per site for FY2021

COVID-19 UPDATE

REOPENING STRATEGY

Shopper Journey

Social Media Communication
- Safety measures in place
- Entrances to use
- Trading hours
- Trading tenants



Mall Exterior
- Parking information (free, contactless etc)
- Tenant specific entrances
- Safety requirements
- Dedicated parking zones



Education
- Shopper education





Mall Interior
- Masks distribution
- Safety measures: escalators, elevators, bathrooms, public areas, ATM's, social distancing
- Shopper number limitations/ practicing social distancing

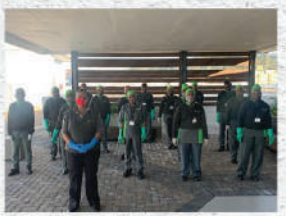






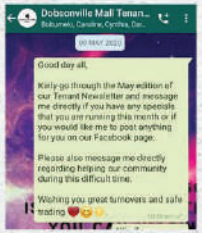
Departure
- Safety measures





All cleaners and suppliers are geared with full PPE kits prior to entering the mall.

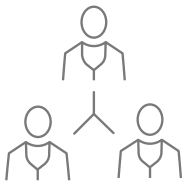
Tenants
- Memo: in-store safety measures available
- Memo: safety measures implemented at centre





COVID-19 UPDATE

TENANT RELIEF AND RELATIONSHIP MANAGEMENT



LEADERSHIP

- Responsible corporate leadership
- Co-operative approach
- Ongoing sustainability of the whole value chain



PROCESS

- Part of the Property Industry Group to facilitate discussions with tenants and offer solutions for SMMEs, mid-tier and national tenants
- Relief guidelines were widely published and formed the basis for our discussion positions



APPROACH

- Pragmatic view to gain symbiotic solutions
- Avoid legal approach
- Commercially driven mutually acceptable solutions that ensure both tenants' ongoing viability as well as ours



TRANSACTIONS CONCLUDED

To date we have finalised deals with 19 out of our top 20 tenants which represent 56% of our total rent

- Top 20 tenants **95%**
- Other national tenants **70%**
- Mid-tier tenants **90%**
- SMMEs **90%**

COVID-19 UPDATE

TENANT RELIEF AND COLLECTIONS

	Exposure	Quantum of relief		Collections		
	% of annual billing *	R'm	% of annual billing *	April 2020	May 2020	June 2020 #
Total	**100**	**108**	**5.0**	**72%**	**73%**	**65%**
• Essential services	35	5	0.7	86%	90%	79%
• Non-essential services	65	103	7.2	52%	59%	57%
• National tenants	60	45	3.5	80%	79%	74%
• Mid-tier tenants	12	14	5.5	52%	66%	60%
• Small, medium and micro enterprises	28	49	8.0	58%	55%	49%

* Including recoveries
\# Until 19 June 2020

COVID-19 UPDATE

TURNOVER AND FOOTFALL



APRIL 2020

The turnover of the essential services tenants increased by **8%** in township, commuter, rural and value centres and by **4%** in the Urban context.

MAY 2020

The turnover of the Major National tenants increased by **10%** in township, commuter, rural and value centres and by **1%** in the Urban context over the month.



Footfall on average decreased by **68%** over the period of the full lockdown, when compared against the same period last year.

Footfall on average decreased by **43%** over the period of the partial lockdown.

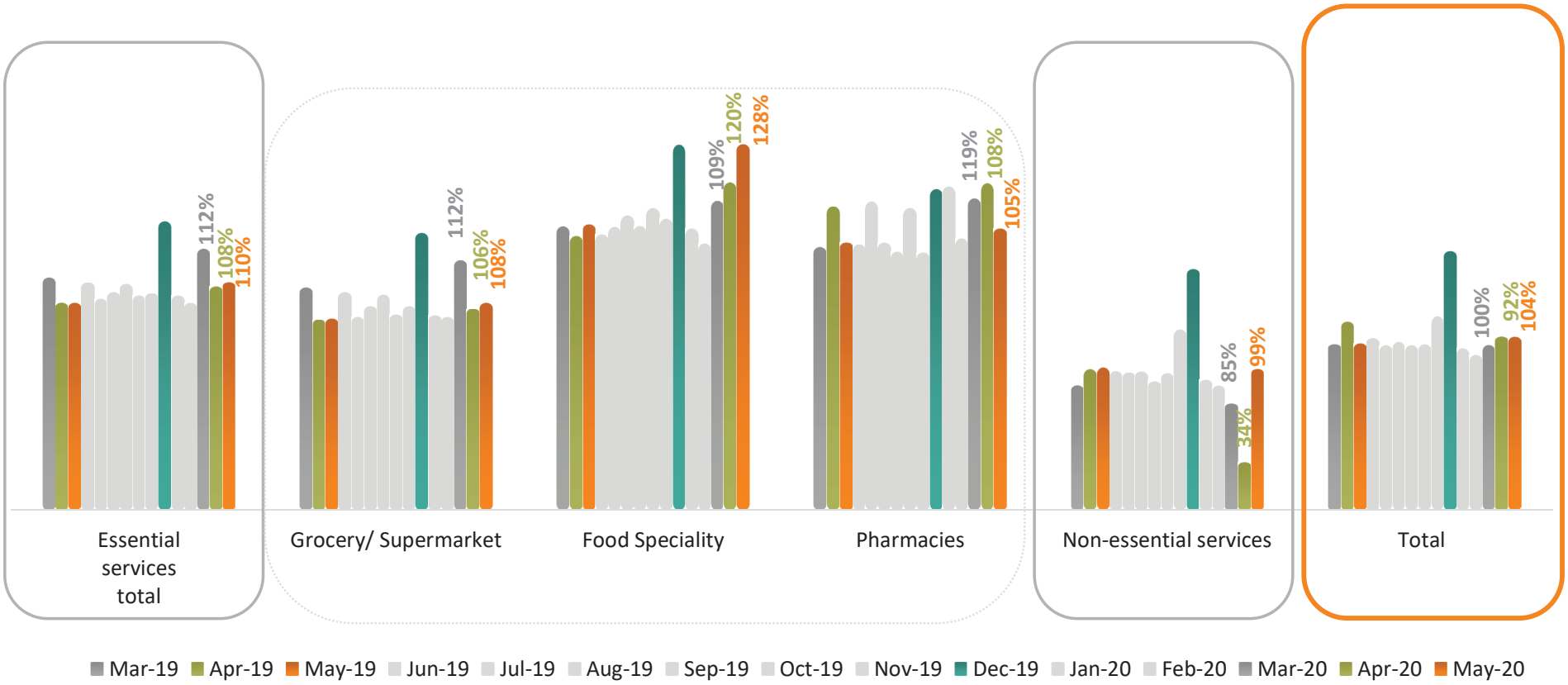
Rural centres performed better, showing **43%** of normal flow during April 2020 compared to **19%** in urban centres.

Rural centres showed increased activity to **68%** of normal flow during May 2020.

COVID-19 UPDATE

TRADING DENSITIES – TENANTS TRADING DURING LOCKDOWN

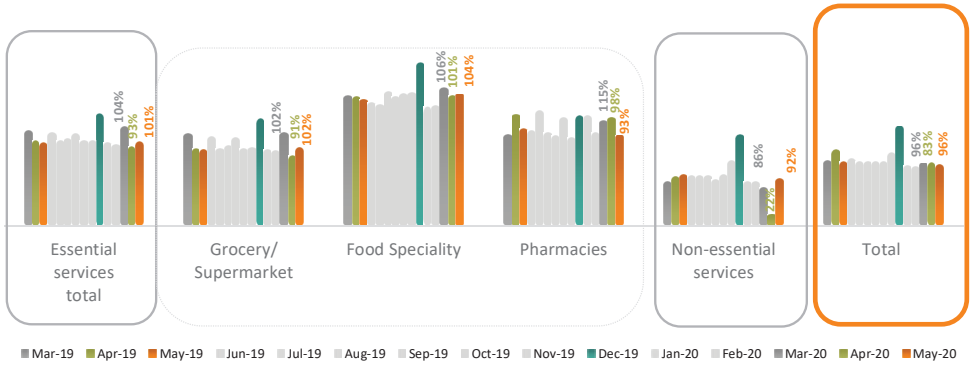
TOTAL RETAIL PORTFOLIO



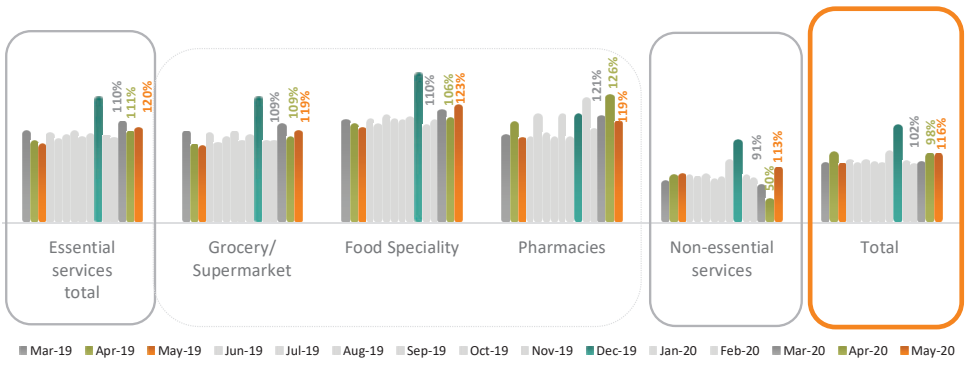
COVID-19 UPDATE

TRADING DENSITIES – TENANTS TRADING DURING LOCKDOWN

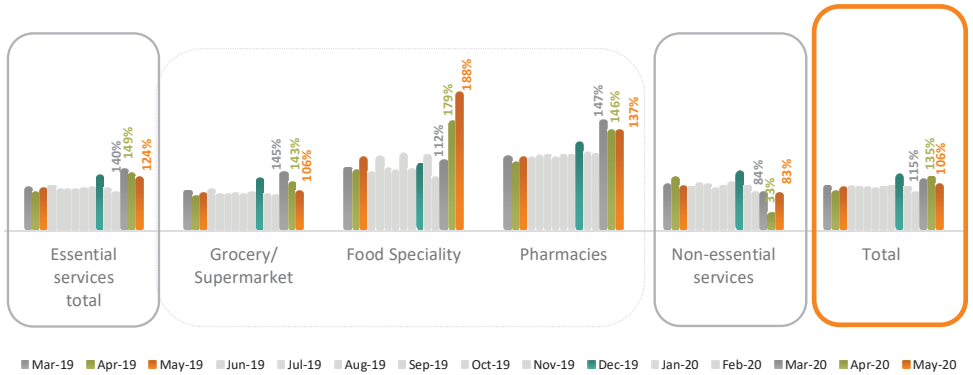
TOWNSHIP AND COMMUTER



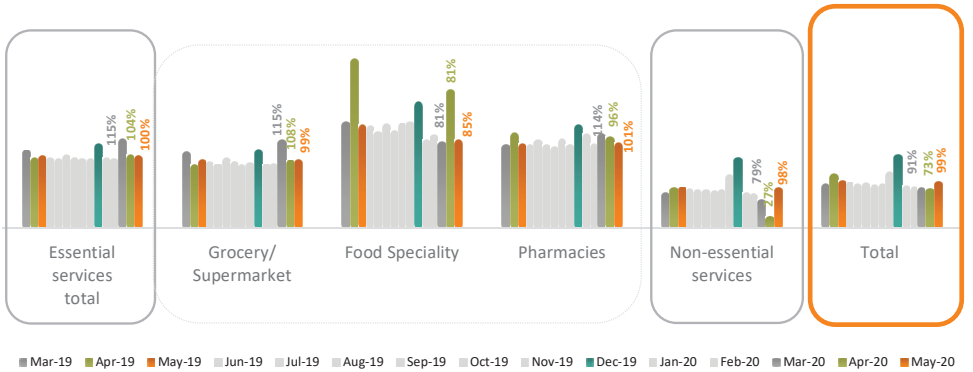
RURAL



VALUE CENTRES



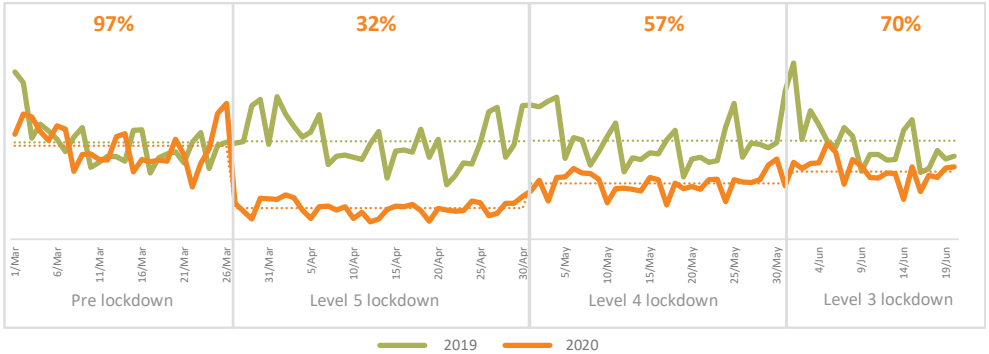
URBAN



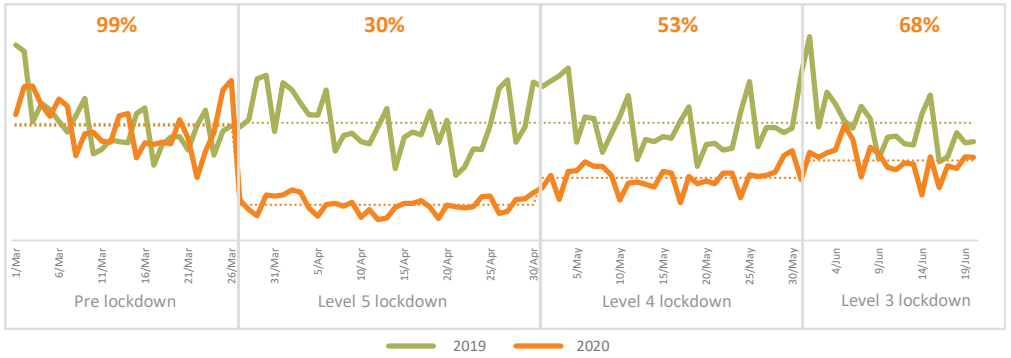
COVID-19 UPDATE

FOOTFALL (% footfall as result of COVID-19 crisis relative to prior year)

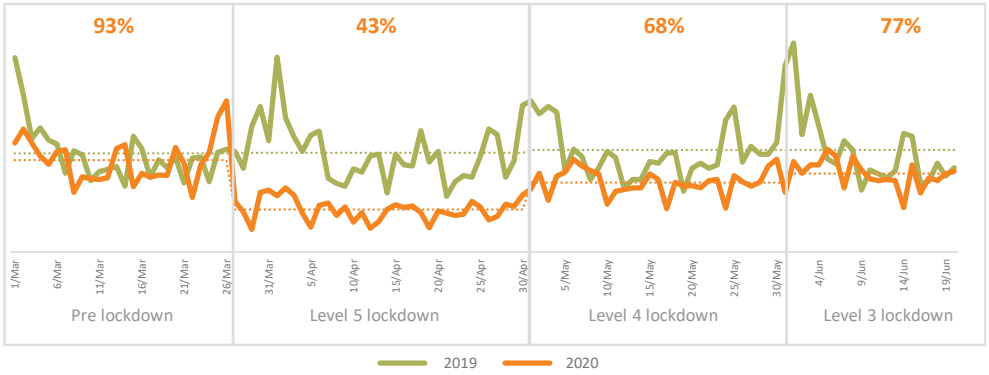
TOTAL



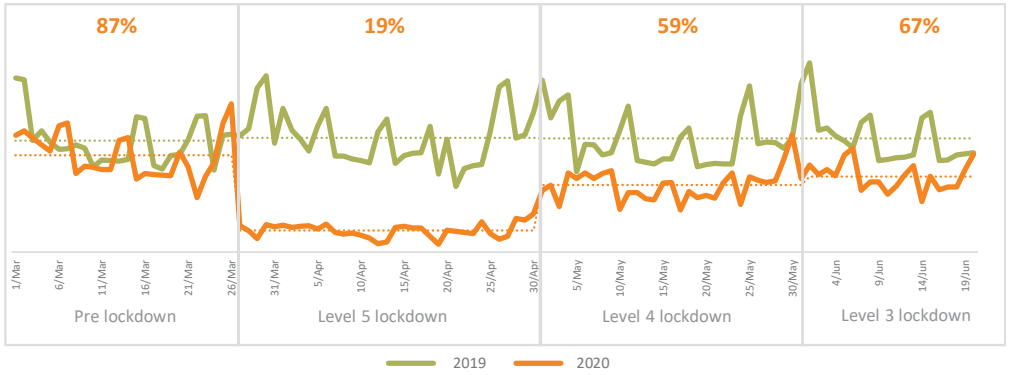
TOWNSHIP AND COMMUTER



RURAL



URBAN



INNOVATION FOR FUTURE FITNESS

CREATION OF AN INTEGRATED CUSTOMER CENTRIC ASSET MANAGEMENT PLATFORM

Concluded 31% investment in geolocation proptech business

- Provide operational insights on geographical shopper behaviour patterns
- Applicability not only in portfolio operations but across entire retail value chain
- Adding value to our business and tenants
- Unique to Vukile and Castellana

Improved customer and tenant focus

- Proof of concept on best of breed hyper location Wi-Fi project successfully competed at 5 sites and a further 12 now in progress. Already have an opt-in database of c. 700 000 customers from the pilot sites and target to sign up 2 to 3 million unique customers in the next year
- Shopper-behavioural analytics greatly improved and now extends to conversion rate, individualised dwell time, shopper leakage, current vs new visitors, return rate, shopfront efficiencies on a dynamic real-time basis
- Now able to provide captive portal advertising to tenants as a value-add proposition in our tenant engagement strategy



SHORT-TERM FOCUS AREAS

CONTINUED TIGHT OPERATIONAL FOCUS



TENANT RELATIONSHIPS

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



CUSTOMER INSIGHTS

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



OPERATIONAL EXCELLENCE

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



PEOPLE AND COMMUNITIES

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

CSI LOCKDOWN RELIEF

R5M COMMITTED TO MAKING A DIFFERENCE IN OUR COMMUNITIES

Thanks sooo much for your very kind gesture.	Eletu Cherise Home – Daveyton
Morning...Letlhabile care of the aged would like to thank you for the effort you made during this difficult time. We used R10 000 on groceries.	Lethabile Care for the Aged – Letlhabile
Thank you once again. We really appreciate what you have done for Motse o moholo.	Motse o Mholo home for the elderly – Dobsonville
Thank you for identifying our organisation.	Ingane Yami Chidren's Village – Pinecrest
We managed to share with 24 families.	Under the shelter – Giyani Plaza
THANK YOU again for making it possible for us to expand our territory.	Phoenix Survival Centre – Phoenix Plaza
We appreciate it a lot. We have seen tears of joys yesterday because we were first people to distribute food in our community. We are proud of you Letlhabile Mall.	Bufenesa Orphanage – Letlhibile Mall












UNITED WE SHALL STAND



CAMPAIGN APPROACH

The #UWSS campaign is centred around the feeling of togetherness, and helping our fellow South Africans to prosper again after the lockdown.

Focusing on keeping our shoppers safe, the needs within our communities and ensuring sustainability of our retailers, to make a real difference in people's lives

#UnitedWeShallStand against COVID-19

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

CASTELLANA PROPERTIES OVERVIEW AND TRADING UPDATE

Alfonso Brunet



DIRECT SPANISH PORTFOLIO

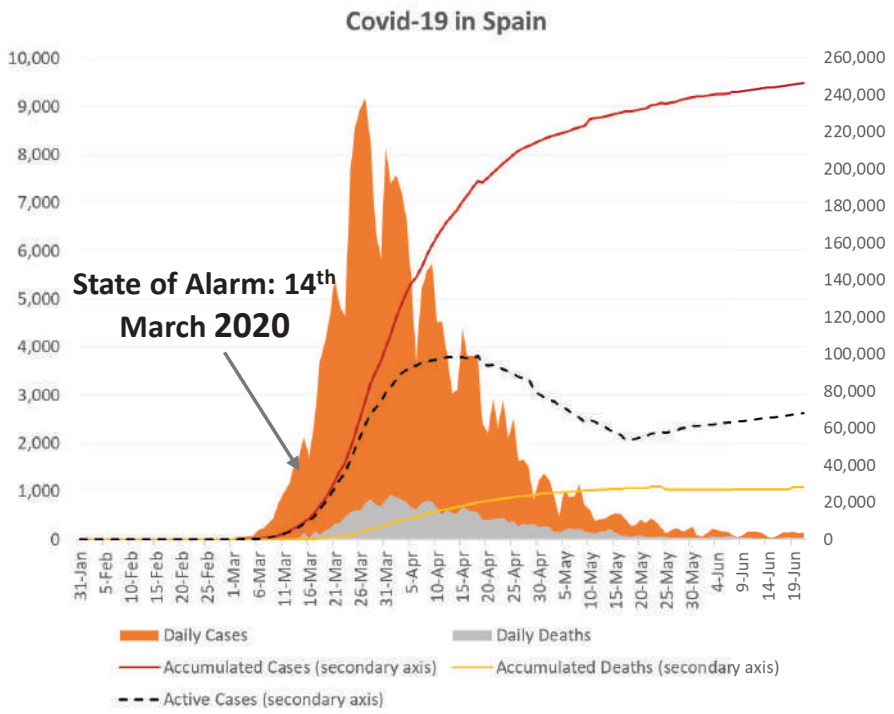
KEY PORTFOLIO METRICS

KEY FACTS	Portfolio Value **€1 003b (-2.38%)** (i)	Total number of assets **18**	GLA **373 419m²**	Retail by value **96.7%** (ii)
VALUATIONS	Average asset value **€56m**	Average discount rate **7.9%**	Average exit capitalisation rate **6.1%**	Total number of retail assets **16**
TENANT PROFILE	Retail space let to international & national tenants **93%**	Income from top 10 tenants **38%**	WALE of **13.5 years** (iii)	Rent collection rate **98.9%**
OPERATING METRICS	Increase in reversions and new lettings **10.84%**	Occupancy **98.30%**	Average base rentals **€14.27/m²/month**	Like-for-like growth in rental income **2.78%**
ECI PROJECTS	GLA improved **40,360m²**	New Units **44**	GLA signed and committed **85.3%**	HoTs converted into contracts last 6M **24.1%**

(i) Versus September 2019 valuation of €1.028b
(ii) Not considering development potential
(iii) WALE is to expiry of lease excluding break options

COVID-19 IN SPAIN

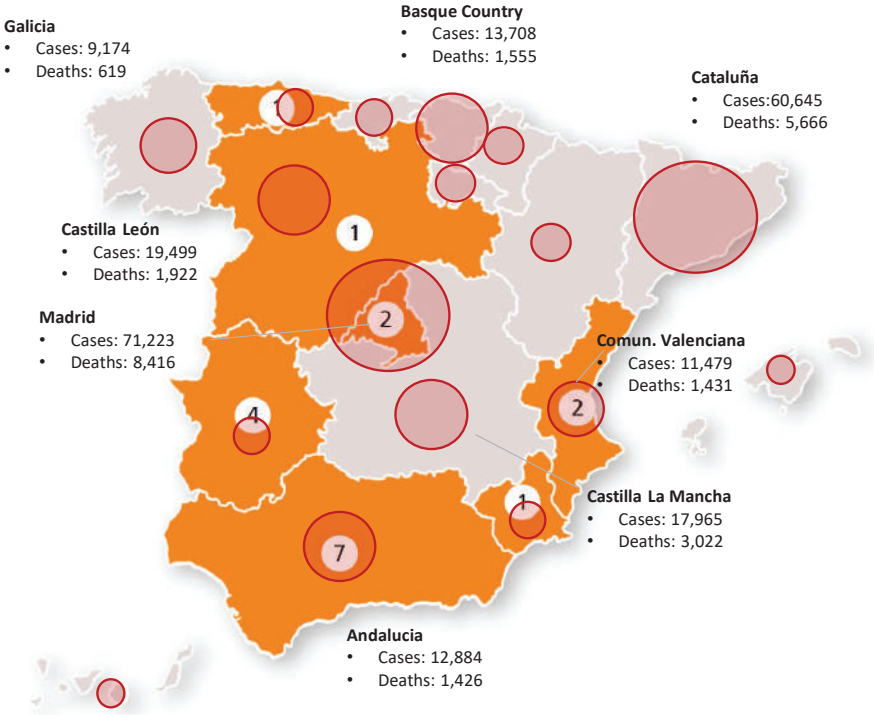
BACK TO "NEW" NORMALITY



Total Cases [1]: 246k

Active cases: 68k

Total Deaths [1]: 28.3k



Number of Castellana Properties assets and impact of COVID-19 by region

- Number of confirmed cases by PCR reached 278,000 by end of May 2020
- Serology study in May showed that 5% of the population (c. 2.5 million people) possess antibodies against COVID-19
- Daily cases reached a peak of c. 9,000 confirmed cases by end of March
- Today, transmission seems to have stabilised with a low rate of new cases per day from end of May 2020
- Madrid and Barcelona, high density urban cities, have been the regions most impacted by the pandemic

Source: epdata, Government of Spain.

ROBUST RESPONSE TO PROTECT AND STIMULATE THE ECONOMY BY SPANISH AND EUROPEAN AUTHORITIES

SPANISH GOVERNMENT RESPONSE

HEALTH



- State of Alarm and **national lockdown to limit mobility** was declared on March 14th
- **Massive purchase of tests, respirators and masks**. Spain now leading in number of tests per million inhabitants
- **Social distancing** of min 2 meters
- **State price intervention in sanitary products**
- Approved **intervention of Military Emergency Units (UME)**

ECONOMIC & LABOR



- **€100bn Package of Government Guaranteed loans** through ICO to SMEs and self-employed
- **ERTEs - Temporary Employment Reductions (**3.5 m)
- **Lines of credit** for most vulnerable households
- **Suspension of evictions** for 6 months after the State of Alarm
- **Rent moratorium** for SMEs and self-employed
- **Temporary restrictions to foreign investments**

TAX



- **Deferring Tax debts applicable to SMEs and self-employed** with a volume of sales in 2019 below €6 million

EUROPEAN RESPONSE

ECB (EUROZONE)



- **Pandemic Emergency Purchase Program (PEPP): €870bn** until the end of the year, 7.3% of euro area GDP
- **Low interest rate** to support affordable borrowing. ECB made available €3tr in liquidity through refinancing operations, at lowest interest rate ever offered, -0.75%
- **Freed up capital to banks for €120bn** to support lending capacity by euro area banks

EUROPEAN UNION



EU has mobilized €3.4 trillion, c. 20% of the EU's GDP through:

- €540bn Rescue Package to support employment, businesses and member States:
  - ✓ *EIB[1]: €200bn to support businesses through loan guarantees*
  - ✓ *SURE[2]: €100bn to support employment*
  - ✓ *ESM[3]: €240bn to support member States public accounts*
- Direct EU budget support: €70bn
- Flexibility of EU budgetary rules (general escape clause): €330bn
- Liquidity measures: €2.4tr

EU Recovery Fund: European Commission proposed a €750bn fund for structural reforms and investments

Source: ECB, Government of Spain, BOE, European Commission NOTES: 1) EIB – European Investment Bank; 2) SURE - Temporary Support to mitigate Unemployment Risks in an Emergency; 3) ESM – European Stability Mechanism;

ASYMMETRIC DE-ESCALATION

A GEOGRAPHICALLY DIVERSIFIED PORTFOLIO ALLOWED CASTELLANA PROPERTIES TO OPEN 12 OUT OF 16 CENTRES BY MAY 25TH

2nd MAY 2020	11th MAY 2020	25th MAY 2020	8th JUNE 2020	22nd JUNE 2020
Phase 0	**Phase 1**	**Phase 2**	**Phase 3**	**"New Normality"**
PREPARATION	**INITIAL**	**INTERMEDIATE**	**ADVANCED**	
• **Opening of high street premises <400 sqm by appointment** for individual customer service • A preferential service schedule will be established for people over 65 years of age	• General opening of **high street commercial premises <400 sqm** • **Capacity limited to 30%** • Preferential service schedule for people >65 years of age • Outdoor markets with conditions of distance between stalls. Limited to 25% of the usual footfall or increase usable space to ensure safety and distance	• **Opening of shopping centers and retail parks**, without use of common areas • **Capacity limited to 40% in stores and 30% in common areas** • Preferential service schedule for people >65 years of age • For outdoor markets, the number of stalls are limited to 1/3 of the usual ones or increase usable space to ensure safety and distance	• **Use of common areas** of shopping centers and retail parks • **Capacity limited to 50%** • Outdoor markets may increase their activity to 50% or increase available space that allows correct distancing between stalls	**ALL regions entered "New Normality" on June 22nd.**

Source: Government of Spain, BOE

IMPACT ON SPANISH ECONOMY

SHARP CONTRACTION IN LINE WITH REST OF EUROPE WITH STRONG REBOUND EXPECTED IN 2021



ECONOMY

- Spain's **GDP is forecast to contract by up to 9.7%** in 2020. Market consensus points to a **strong rebound** of the Spanish economy in 2021
- While **Spanish debt could reach 120%** of national GDP, in line with that of France, **European Union €3.4tr package should ease pressure on national deficits**
- Intervention of the ECB through its **€870bn Pandemic Emergency Purchase Program (PEPP)** and low **interest rates policy** suggests **debt costs will remain at low levels for significantly longer periods**
- Compared to the financial crisis where there was a significant debt yield spread between northern and southern European countries, **now Spanish 10Y bonds trade at similar yields to its northern neighbours**



EMPLOYMENT

- Pre-COVID-19 unemployment **sitting at 14%** but expected to rise to 20% by year-end
- Still **well below the peak of 26%** reached in 2012



CONFIDENCE

- **Robust and coordinated response** to protect and stimulate the economy by Spanish and European authorities should work together to quickly **restore business and consumer confidence** which could bring back investment volumes and employment over a shorter period



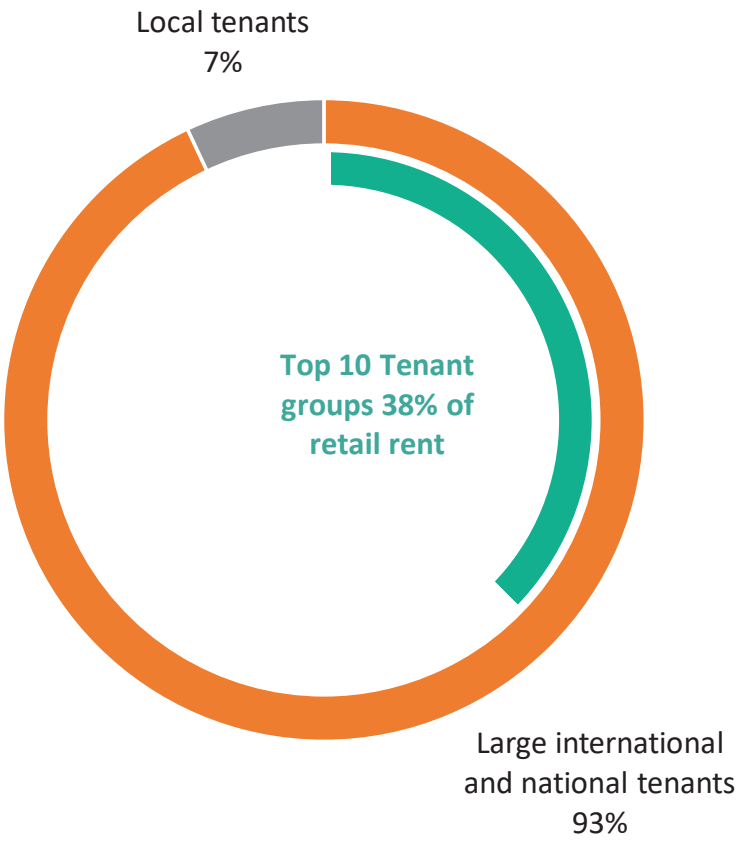
RETAIL AND TOURISM

- Retail Sales in March fell by 14.5%, in April by 31.6% and in May by 19% relative to the prior year. Most shopping malls **successfully re-opened on May 25th**
- Number of tourists in March reached **2 million visitors compared to 5.6 million in March 2019** (-64%). Spanish Government has announced that the country will be prepared to **receive international tourists by 1st July** in time for the summer season

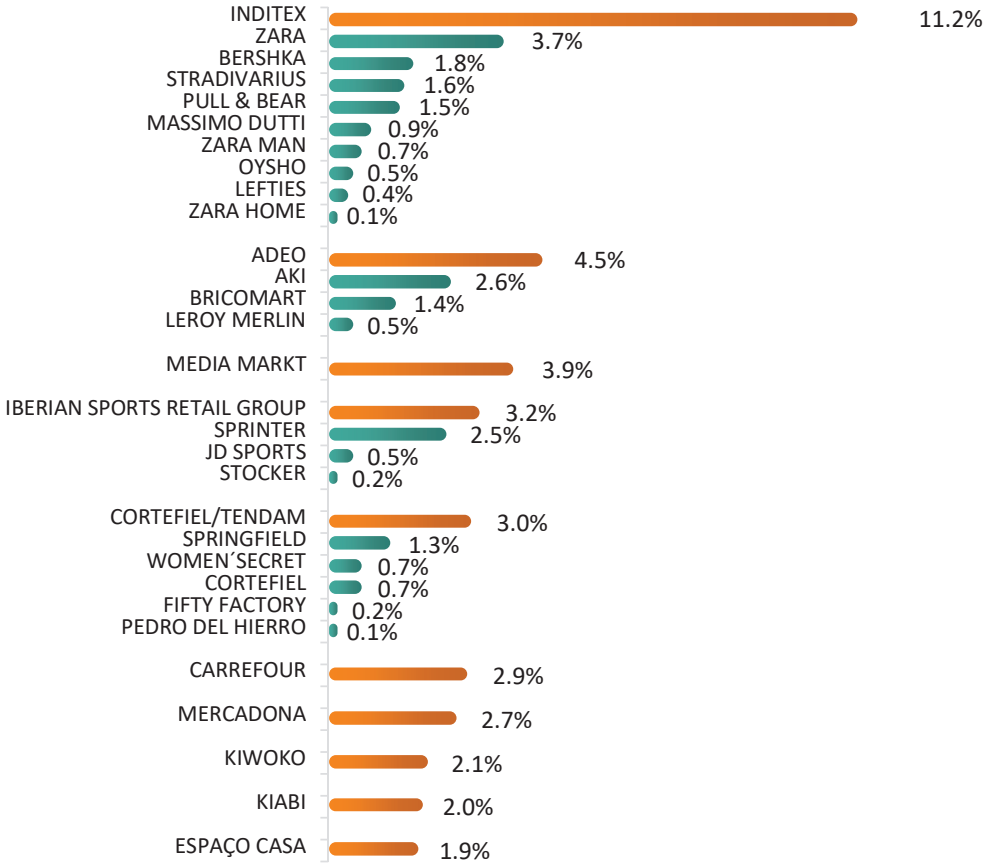
RETAIL TENANT EXPOSURE

93% INTERNATIONAL AND NATIONAL TENANT PROFILE PROVIDING PROTECTION AGAINST THE EFFECTS OF THE PANDEMIC

TOP 10 TENANT GROUPS BY RENT



TENANT GROUP PROFILE - BY CONTRACTUAL RENT



COVID-19 RESPONSE

ACTION PLAN HIGHLIGHTS OVER PAST 3 MONTHS – APRIL TO JUNE 2020



BUSINESS IS ROBUST

- Extensive **scenario modelling** undertaken to understand the impacts of the business over the next 12 – 24 months confirmed the business to be well capitalised and stable
- Legal **review of lease agreements** where contracts with tenants were found to be robust. Over 93% of tenants are national and international tenants better placed to ride out the pandemic
- Review of **insurance contracts** to assess possibility of loss of rent claims- pandemics not covered in policies, only possible in the case of damage to buildings



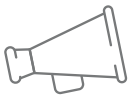
STRONG TENANT & INDUSTRY RELATIONSHIPS

- **100% Rental discounts for April** have already been granted, with May and the rest of the year currently under discussion – this has facilitated significant goodwill with tenants in future negotiations. Affected tenants have paid service charges in full for April, May and June
- Castellana is negotiating these discounts in exchange for mo**re favourable leases including longer lease terms, break option waivers and monthly sales reporting**
- Promoted **Retail Landlords Forum** to lobby for government assistance



PARTNERING WITH DEBT PROVIDERS

- Extensive discussions with banks to communicate Castellana´s **strong balance sheet** position
- Banks have agreed to **waive covenants** for 12 months
- Banks agreed to a **suspension of amortization** of €3.3 million on syndicate loan for FY21
- Castellana will continue to **service interest payments as normal**



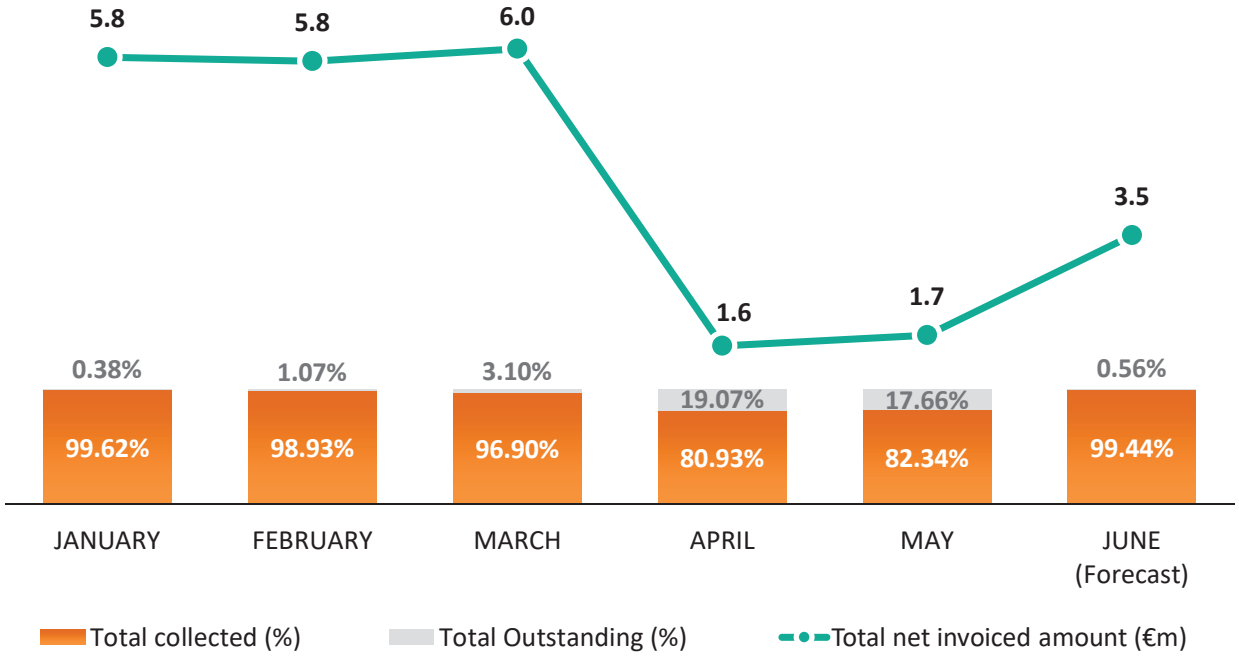
FOCUSED REOPENING STRATEGY

- Preparations completed to make centres **a safe place for customers, tenants and other stakeholders** with more than **200 measures** implemented in our centres to be ready to reopen on 25 May. **All centres now fully reopened**
- Creation of a **Castellana COVID-19 protocol document** for all our centres in collaboration with Professor Barry Schoub
- **Constant communication** with customers via social media and other digital tools

COLLECTIONS

JANUARY TO JUNE 2020

- All service charge recoveries have **been fully invoiced and mostly collected** for April, May and June 2020
- Since reopening, invoicing has increased with collections **holding stable**
- May invoiced amount **excludes turnover rent invoiced of c. €1.4m** relating to 2019 sales (January to December 2019) - over **c.79%** of this amount already collected as at June 2020

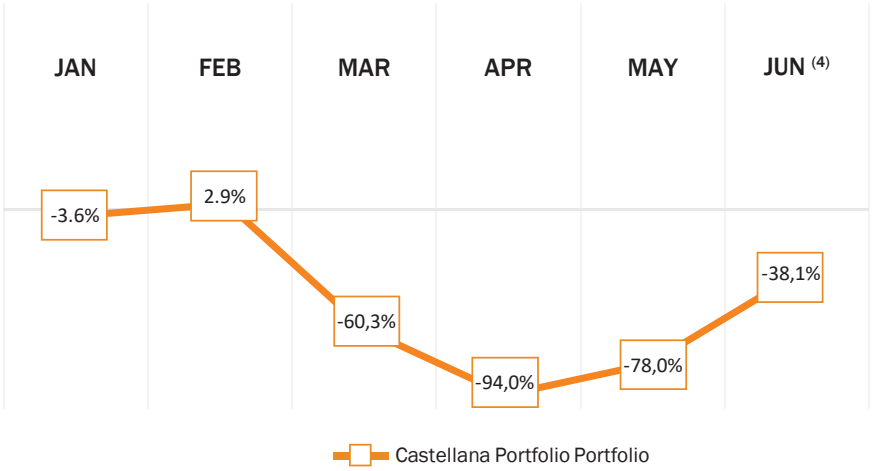




FOOTFALL – PERFORMANCE IN 2020

PORTFOLIO SHOWING GOOD RECOVERY POST COVID-19

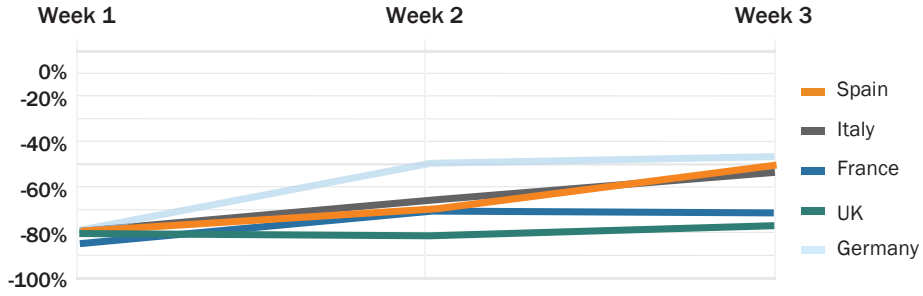
CASTELLANA PROPERTIES PORTFOLIO FOOTFALL JAN-JUN 2020 (1)



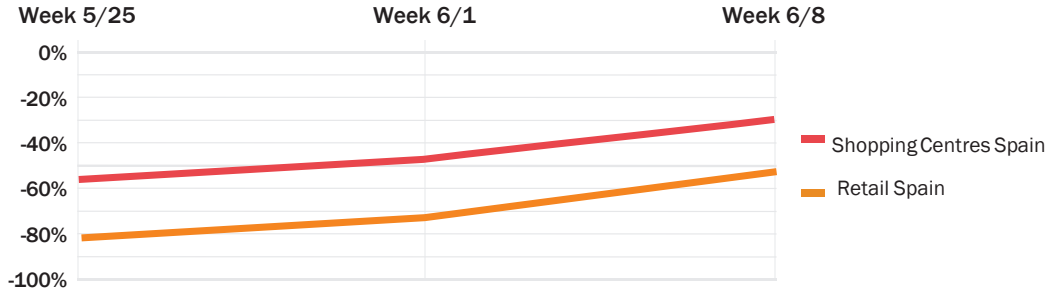
- After the reopening of the centres at the end of May, the portfolio has **recovered almost 65% of pre-COVID-19 footfall**. Our malls have welcomed more than **1,3M visits** just in the first month
- Consumer behavior has changed to incorporate more practical visits. More focused shopping experience leading to **higher conversion rates** and spend per head
- The portfolio **recovers 6 pts every week** on average

(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.
(2) Country footfall performance for the three weeks after restrictions softening
(3) Source Shoppertrack Data webinar 17th June 2020 in Spain
(4) Data at 21st June

TOTAL RETAIL TRAFFIC INDEX PERFORMACE SINCE THE REOPENING (2)



SPAIN FOOT TRAFFIC INDEX PERFORMANCE FIRST 3 WEEKS (3)



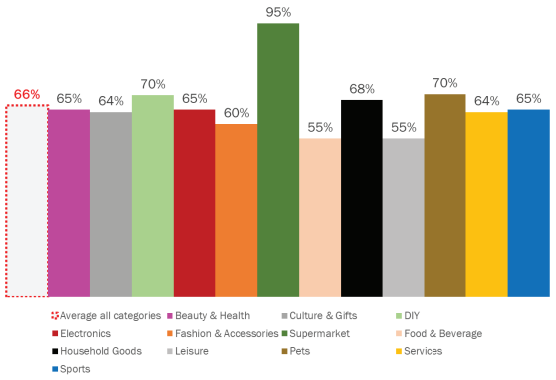
- **Spain has had more mobility restrictions and a longer quarantine period and is improving faster post-reopening than the rest of Europe.** Germany, with a lower COVID-19 impact, has similar performance to Spain
- In Spain, the **Shopping Centres sector is outperforming** vs the overall retail sector

RETAILER SOUNDINGS

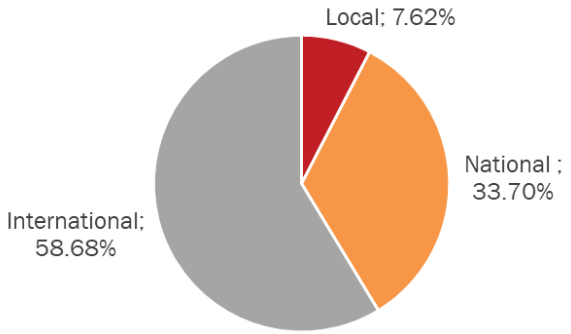
SALES COULD DROP UP TO C. 35% FOR THE FULL YEAR 2020 BUT EXPECTED TO RECOVER EARLY 2021

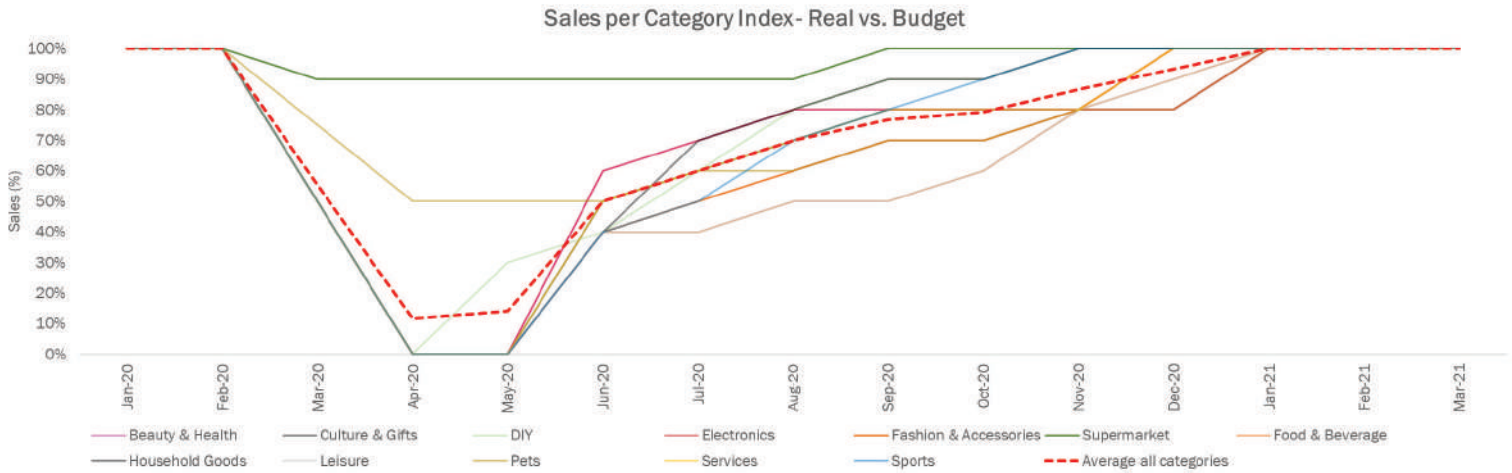
- Feedback from tenants reflects a gradual recovery of sales towards the end of the year.
- Looking at December 2020, operators expect on average a decrease in sales of c. 35% for the full year with a full recovery expected early 2021
- Impact on sales is directly correlated with the level of human interaction necessary in each tenant category.
- Tenant categories where social distancing is easier to maintain, and where goods and services are essential, perform better than other categories
- 93% of Castellana Properties tenants are national and international brands
- **According to store managers, purchase conversion rates have more than doubled and average spend per customer has increased significantly since reopening**

SALES (REAL VS. BUDGET) - END OF YEAR 2020



RENT BY TENANT CATEGORY (%)





Source: Castellana Properties

REOPENING STRATEGY

CASTELLANA PROPERTIES IMPLEMENTED MORE THAN 200 HEALTH AND HYGIENE MEASURES IN EACH SHOPPING CENTRE TO KEEP STAFF AND CUSTOMERS SAFE

3 MAIN OBJECTIVES

HEALTH & SAFETY

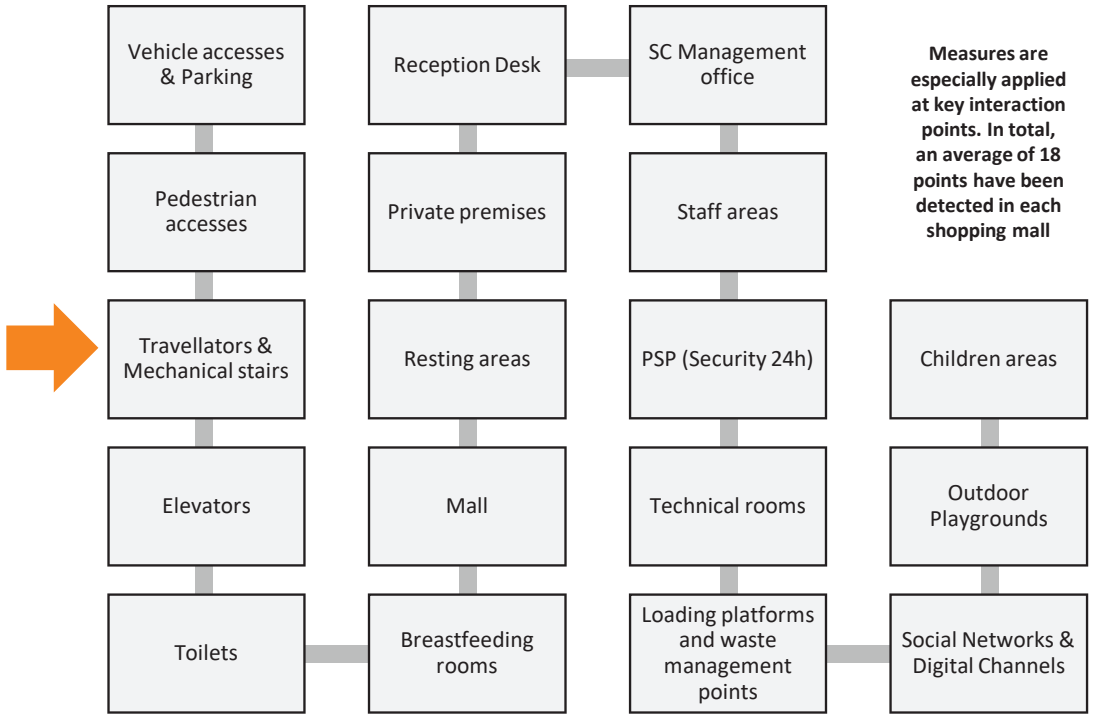
- Identification of risk points within the Health and Hygiene of the asset
- Regular Disinfection of Assets post COVID-19
- Provide relevant PPE to our customers
- Implementation of Hygiene and Health Protocols

SOCIAL DISTANCING

- Keep social distancing of 2 meters in the assets
- New signage into the shopping centres to keep customers and employees safe
- Active Access Ratio x people / m2

AWARENESS

- Behavioural regulations. Awareness of Customers, Personnel and stores of COVID-19 Regulations and Protocols to apply
- Extensive communication campaigns to alert customers to the new normality



REOPENING STRATEGY

360º REOPENING STRATEGY FOR A SAFE AND WARM WELCOME TO OUR RETAILERS AND CUSTOMERS



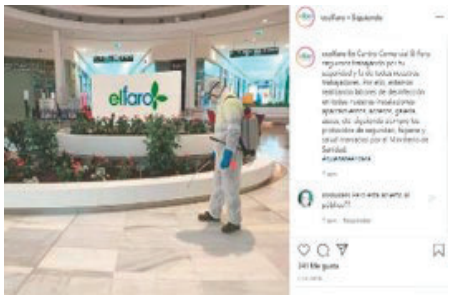
INDOOR SIGNAGE

- The mall provides customers all the information, recommendations and help they need in order to offer them a safety shopping experience



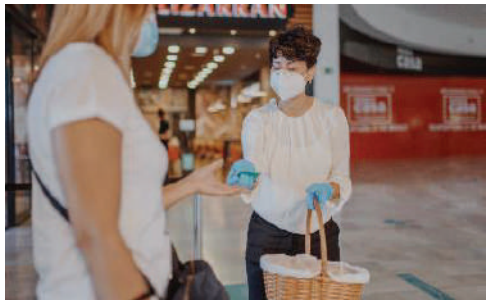
GIFTS TO CUSTOMERS

- We have delivered small gifts to our customers to thank their trust and commitment to our shopping centres



SOCIAL MEDIA

- During this time, the Centres been securing customers by keeping them informed in real time through social networks and digital channels



CUSTOMER SERVICE IN THE MALL

- Staff supporting customers with recommendations and watching social distance. Also providing mask and gloves if needed



WELCOMING OUR RETAILERS

- All stores in our shopping centres found a beautiful gift to thank all their efforts in returning to the mall



MICROINFLUENCERS

- We have invited local influencers of the province to visit our shopping centres on this new normal situation to share their experience in the mall



ACCESS CONTROL

- Control point in our accesses to keep the capacity allowed in the mall



FRIENDLY COMMUNICATION

- In addition to the new protocols 'communication and signage needed for a safe visit, we have included closer communication to welcome the return of our clients



MEDIA IMPACTS

- High pressure in local media to spread the strict cleaning protocols and efforts done by the SC to keep safe customers and staff. Several news have been published in radio, TV and press

REOPENING STRATEGY

GREAT WELCOME BY CUSTOMERS, COMPLEMENTING THE MEASURES IMPLEMENTED AND EAGERLY WANTING TO RETURN TO THEIR CENTRES

Finally, Los Arcos, my gosh. I know you have been working hard to reopen and thanks to the personnel.
Now the citizens must cooperate and do the right thing. There is a lot of people behind...

To all personnel, THANK YOU!!!

Fantastic organisation of Bahía Sur in the entrance and exit walking lanes, etc. And good job in the stores with sanitizing gels and cleaning. Carrefour with outstanding cleaning of shopping carts and baskets

Ole my Bahia Sur. I'm so happy!!!

It's so nice to do the good without touting. THANK YOU SO MUCH!!! For your support to the personnel

Thanks to you for remember us, we've been working hard. Now it's time to return the favour

I love it!!!

So excited to see it open again. I missed all so badly. I hope everybody respect the norms, for us and to make this to the end. We are burdened.

Great team of general management and personnel!

We went to visit General Optica and the truth is that everything was fantastic. There is a lot of security to make sure the norms are fulfilled, there is sanitizing gel everywhere. You have done a great job and all stores too!

Finally open!!!

Very well organised. Congratulations

Congratulations on the great job, so well organised and it was great to see people fulfilling the norms

As health worker I want to thank you for taking care of us the way you do. I already did it in person and now I want to do it in public. THANK YOU

I went this afternoon and all was perfect. Just a few customers walking in the wrong walking lane but they change quickly when realize

Everything was organised and secure. Just perfect!

I went this afternoon and all was perfect. Just a few customers walking in the wrong walking lane but they change quickly when realize

Bravisisimo!!

Congratulations on the great job, so well organised and it was great to see people fulfilling the norms

Congrats for the organization. I went Saturday after two months and I love it!!!

The customers walking lanes were very well signed and the personnel was very polite and helpful. Congratulations

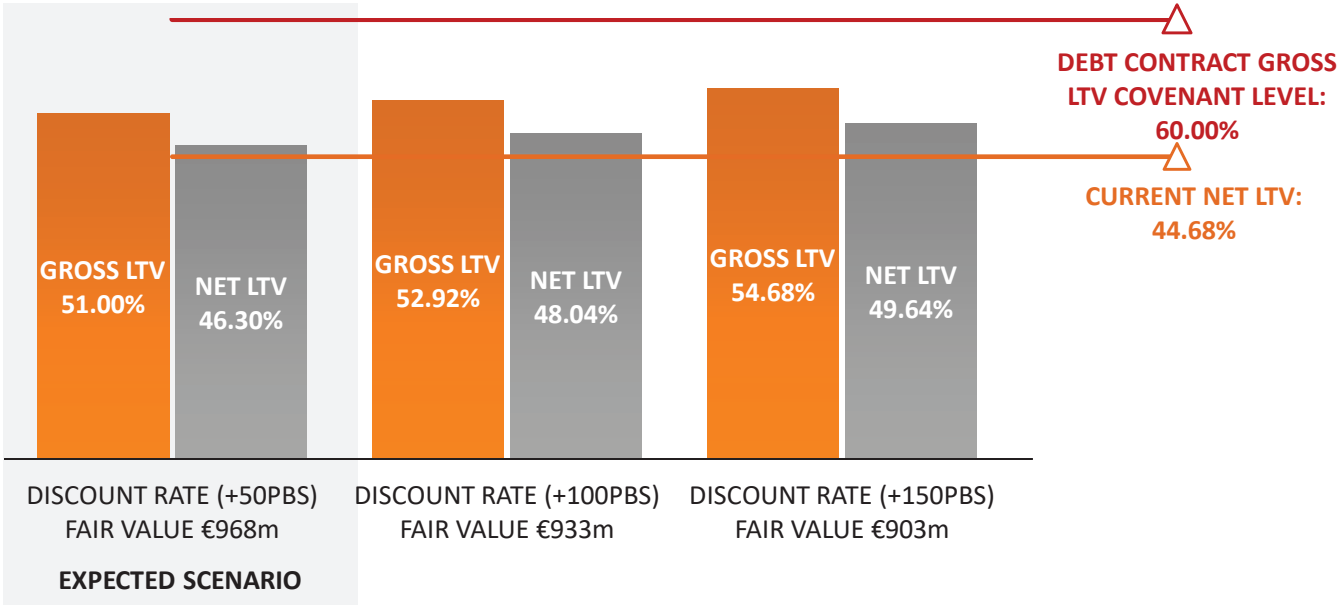
So happy to see it open again...and that everything is going well. A lot of security and hygiene. We should all cooperate

1) Quotes from Facebook and Instagram social networks shared by customers translated from Spanish

LOAN TO VALUE (LTV)

SCENARIO STRESS TEST

- Castellana (in conversations with various market role-players) expects a maximum increase in valuation discount rates of **25-50 basis points** in the short to medium term
- In order to stress-test the balance sheet, sensitivity scenarios were performed to also consider larger increases of +100 basis points and +150 basis points. **In all scenarios the Castellana LTV level remains well within covenant levels**
- To breach the LTV covenant level the fair value of the portfolio needs to fall by 18% relating to a decline of -€180.44m, This equates to an increase in the valuation discount rate of **c. 257 basis points**
- To breach the ICR covenant level of 1.15x, EBITDA needs to fall by **63%** equating to a -€34.73m fall in EBITDA

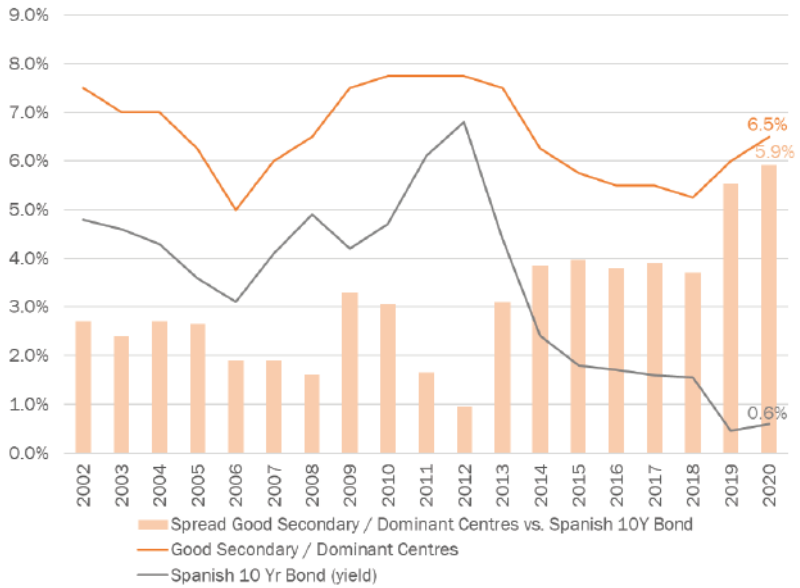




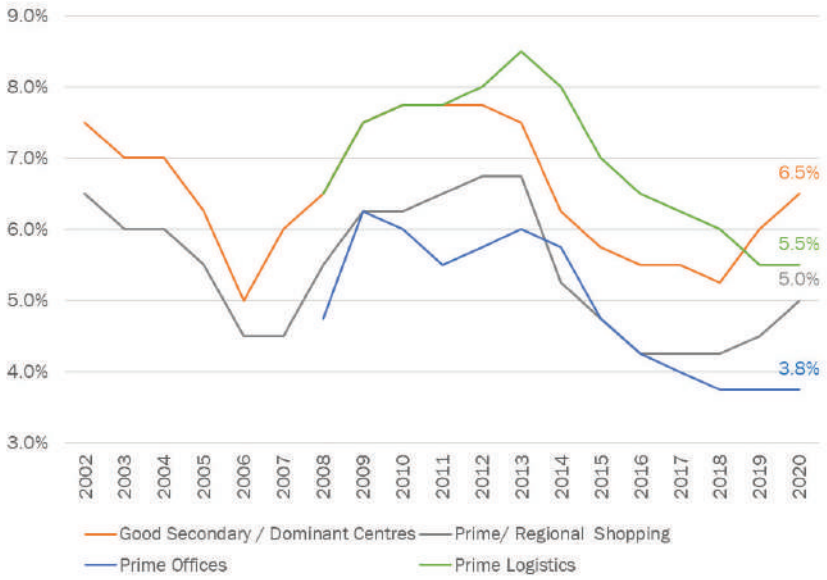
REAL ESTATE MARKET IN SPAIN

YIELDS ALREADY CLOSE TO HISTORIC HIGHS

YIELD SPREADS AT HISTORICALLY ATTRACTIVE LEVELS



ATTRACTIVE RELATIVE PRICING VERSUS OTHER CORE REAL ESTATE SECTORS



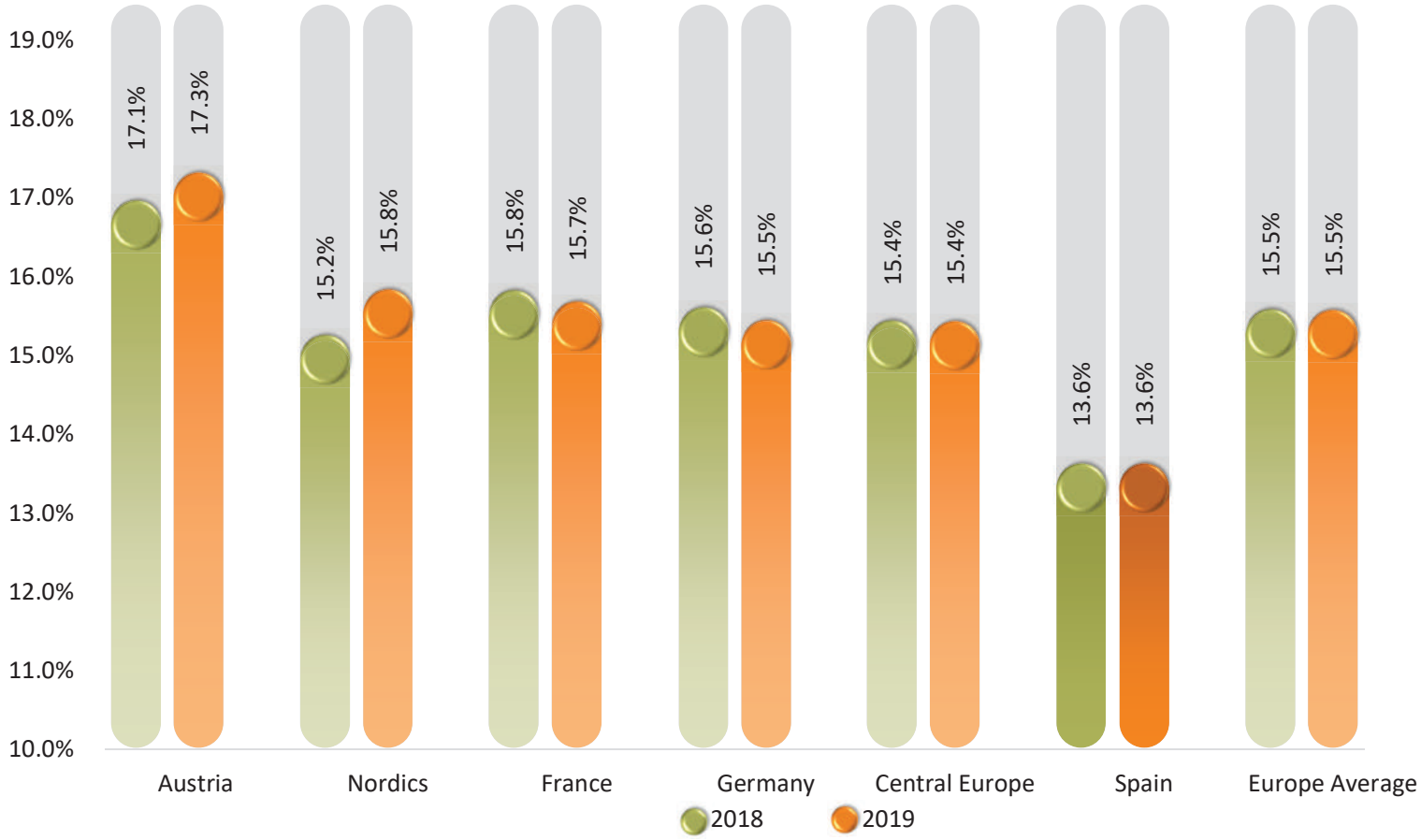
- Significant spread of 590bps between shopping centre yields and Spanish 10Y bond suggests there is little room for further yield expansion. Also, cost of debt during the financial crisis reached c. 6%. **Today, property owners balance sheets are more healthy with borrowing costs at c. 2-2.5%**
- Since the Financial Crisis**, the nature of the ownership structure of shopping centres has changed**. The vast majority of assets mostly owned by developers and closed end funds in 2012 are **now in the hands of more stable long term capital sector specialists like Castellana Properties**
- Furthermore, **alternative sectors (office and logistics) are trading at historically low yields**, vs retail which is already close to 2012 peaks. Its unlikely that yields will rise much more

Source: Thompson Reuters, INE, MSCI, CBRE, RPE.

REAL ESTATE MARKET SPAIN

SPANISH OCR SIGNIFICANTLY BELOW EUROPEAN AVERAGES

Spanish Shopping Centre Occupancy Cost Ratios were **well below the rest of Europe even prior to the current pandemic**. This is allowing operators to better weather the impacts



Source: JLL.

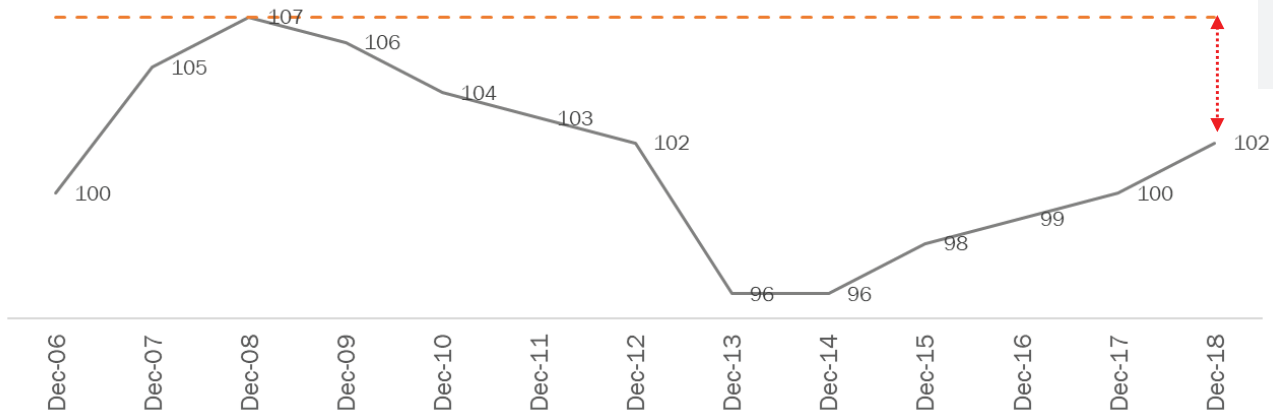
REAL ESTATE MARKET SPAIN

RENTS REMAIN BELOW PRE-FINANCIAL CRISIS LEVELS

Spanish rental levels are still well below pre-crisis levels

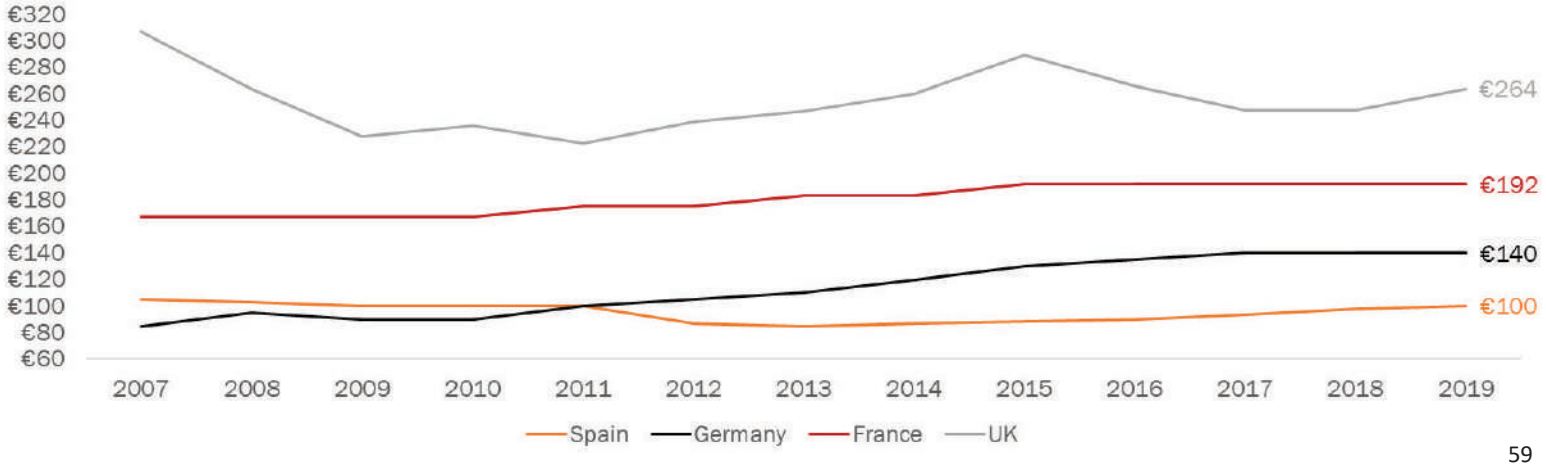
Castellana Properties portfolio benefits from a sustainable tenant effort rate that allows tenants to better absorb shocks like COVID-19 and that provides some **downside protection to the landlord against rent pressure**

RETAIL RENTAL VALUE GROWTH INDEX, REBASED TO 100



PRIME SPANISH SHOPPING CENTRE RENTS VS REST OF EUROPE (€/SQM/MONTH)

Spanish Shopping Centre prime rents are **well below the rest of Europe**



Source: JLL, MSCI.

KEY FOCUS AREAS GOING FORWARD



OPERATIONAL EXCELLENCE

- Business management – keep focusing closely on Castellana's income and balance sheet stability
- Tenant Relationships - continuing to nurture our tenants to build a different relationship - to become a Property Partner
- Asset Management Initiatives – continue to execute on ECI projects and other necessary interventions to ensure that centres perform at optimum potential in current market



CUSTOMER CENTRICITY

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



HEALTH & SAFETY

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



INNOVATION

- We continue to progress the journey of innovation to improve and future proof the retail industry
- We have launched an internal innovation program to explore new ideas



ESG

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

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.



STRATEGIC PLANS AND PROSPECTS

Laurence Rapp

UPDATE ON TRANSACTIONS AND STRATEGIC INVESTMENTS

POTENTIAL SALE OF ATLANIC LEAF PROPERTIES

- Proposed transaction for the delisting of ALP by way of a scheme of arrangement announced on 25 May 2020
- In line with strategic intent to exit ALP, Vukile has provided an irrevocable undertaking to vote in favour of the scheme
- ALP shareholder engagement pursuant to the scheme currently underway
- Anticipate closing of the transaction around August/September 2020
- Should the deal close, Vukile would receive GBP 53.1m which equates to approximately R 1.14bn
- Proceeds will provide additional strength and optionality to the Vukile balance sheet and will lower LTV
  - Retain in cash for the time being or
  - Reduce either ZAR or GBP debt or
  - Invest in further assets

OTHER

- Expected sale of non-core office and industrial assets to AIH has failed as AIH was unable to raise the required equity due to the impact of COVID-19 crisis
- Expected sale of Namibian portfolio also stalled as purchaser failed to raise funding due to COVID-19 crisis
- Intention remains to exit Arrowhead
- Fairvest well positioned in a most defensive part of the market

STRATEGIC FOCUS AREAS



OUR PEOPLE

- Continued drive to embed a **singular culture** within Vukile and Castellana
- Ongoing investment in **health and wellness** programmes for the team covering both physical and mental wellbeing
- Very pleasing results from **GIBS Ethics Barometer** showing high levels of engagement and alignment with company values
- **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** in to a single powerful asset management tool
- Will include current portfolio metrics, psychographic information, geolocation trends and **customer data** from in-mall wi-fi
- Enable the business to respond in real time to **consumer behaviour changes**
- Must become an embedded **core competence** and source of long term advantage; open up new revenue and value streams



OUR TENANTS

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



BALANCE SHEET STRENGTH

- Excellent progress in already **refinancing 77%** of debt expiring in FY21
- Continue to look for opportunities to reduce LTV below 40% whilst maintaining focus on **strong ICR levels**
- Conducting extensive **balance sheet review** covering currency mix, hedging and debt tenor profile
- Maintain **strong relationships** with our multiple banking and funding partners



OPERATIONAL EXCELLENCE

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

PROSPECTS

WELL POSITIONED FOR LONG TERM SUSTAINABILITY

- The Vukile business remains in very good shape operationally, financially and strategically and is **well positioned for long term sustainability**
  - the macro-economic **benefits of diversification** for South African investors will continue to be advantageous
- Clearly **focused retail specialisation strategy** in both South Africa and Spain is providing benefits in each of these markets as seen by the strong operational results and platform which provides the solid base off which to navigate through the COVID-19 crisis
- Decision making is all geared towards making the right decisions for the **long term sustainability** of the business and trying to ensure we are not caught up in short termism
- Will continue to remain very focused on **balance sheet strength** and overall **risk management** as we work to reduce LTV and review the currency mix of funding
- Decision on the final dividend for FY20 will be made pending feedback from the JSE on the broad industry consultation process
- Given the material uncertainty in the operating environment and capital markets we believe it is **prudent not to give any dividend guidance for FY21**
  - in all events though we do not anticipate paying an interim dividend for H1 FY21 as it will be too soon to fully understand the nature and trajectory of the recovery and liquidity in the funding markets



ACKNOWLEDGEMENTS

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



RESULTS PRESENTATION

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

Q&A



VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.



APPENDIX A

Southern African Portfolio

VUKILE
PROPERTY FUND

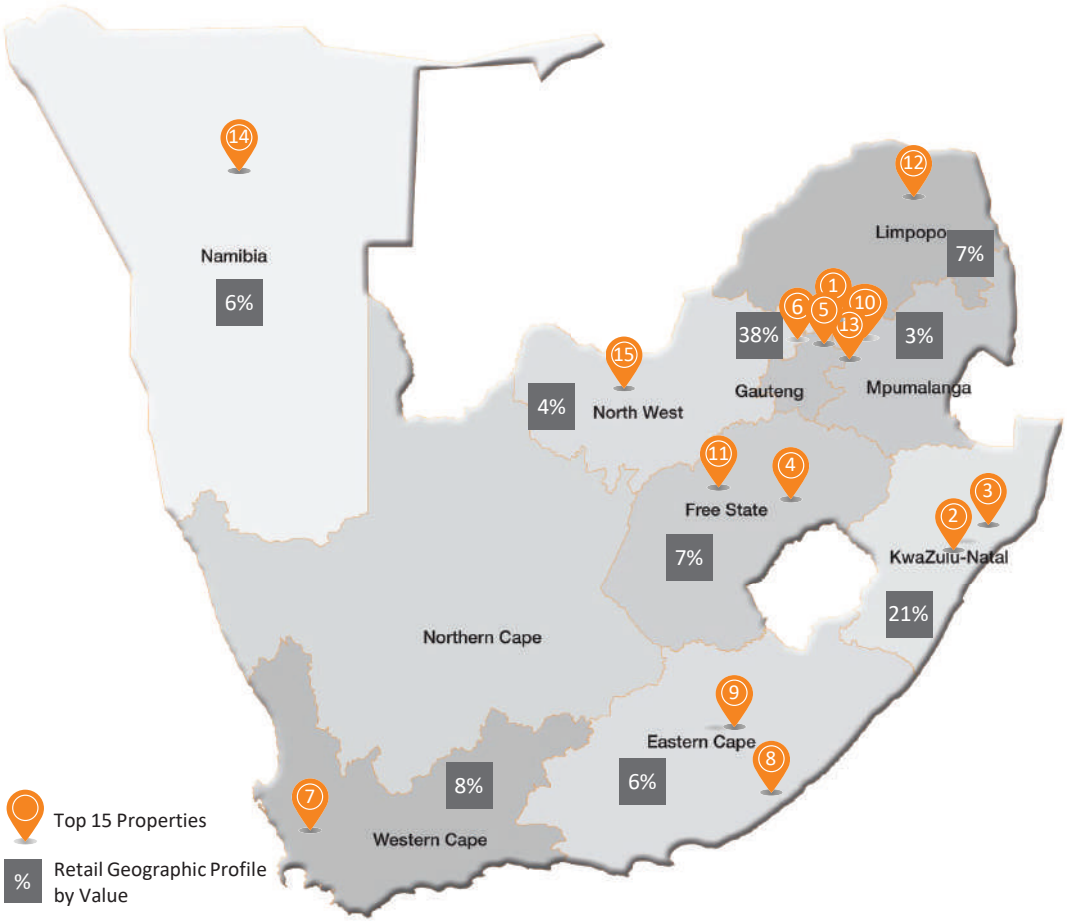
REAL ESTATE. REAL GROWTH.

PORTFOLIO COMPOSITION



SOUTHERN AFRICA RETAIL FOOTPRINT

RETAIL PORTFOLIO PROFILE (TOP 15 PROPERTIES 59% OF PORTFOLIO BY VALUE)



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

HIGH QUALITY RETAIL ASSETS

TOP 15 ASSETS

	EAST RAND MALL	PINE CREST	PHOENIX PLAZA	MALUTI CRESCENT	DOBSONVILLE MALL
					
GAV	**R1 358m**	**R1 108m**	**R 889m**	**R 714m**	**R 565m**
Region	Gauteng	KwaZulu-Natal	KwaZulu-Natal	Free State	Gauteng
Gross Lettable Area	68 372m²	43 354m²	24 231m²	35 725m²	26 438m²
Monthly Rental	R283/m²	R189/m²	R283/m²	R155/m²	R153/m²
National Tenant exposure	94%	88%	77%	93%	92%
Vukile Ownership	50%	100%	100%	100%	100%
Approx. Footfall	10.0m	10.6m	10.0m	9.3m	10.3m
Vacancy	2.2%	2.0%	2.8%	Fully let	Fully let

(i) Estimate

HIGH QUALITY RETAIL ASSETS

TOP 15 ASSETS (CONT.)

	KOLONNADE RETAIL PARK	GUGULETHU SQUARE	MDANTSANE CITY	NONESI MALL	MEADOWDALE MALL
					
GAV	**R 564m**	**R 538m**	**R 510m**	**R 480m**	**R 442m**
Region	Gauteng	Western Cape	Eastern Cape	Eastern Cape	Gauteng
Gross Lettable Area	39 665m²	25 681m²	36 309m²	27 919m²	49 487m²
Monthly Rental	R116/m²	R169/m²	R124/m²	R138/m²	R85/m²
National Tenant exposure	89%	89%	76%	97%	82%
Vukile Ownership	100%	100%	100%	100%	67%
Approx. Footfall	9.0m (i)	11.2m	9.9m	8.1m	11.3m (i)
Vacancy	Fully let	2.2%	Fully let	Fully let	1.0%

(i) Estimate

HIGH QUALITY RETAIL ASSETS

TOP 15 ASSETS (CONT.)

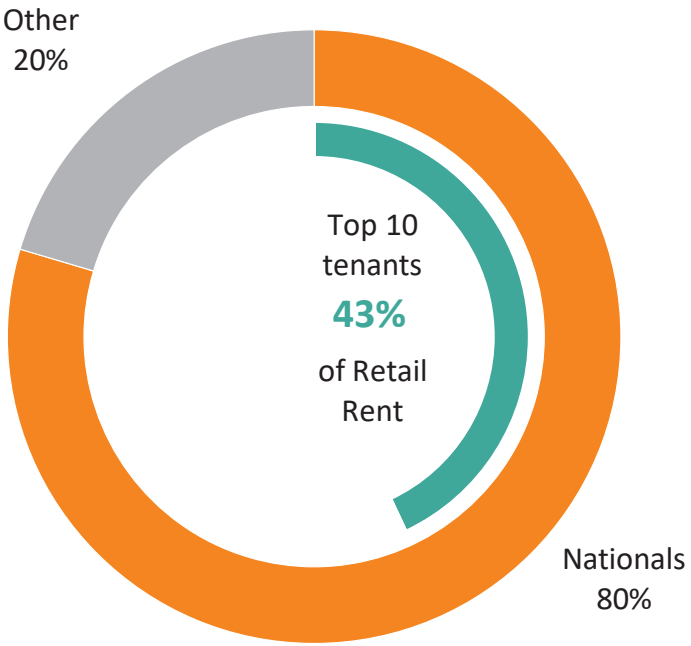
	BLOEMFONTEIN PLAZA	THAVHANI MALL	DAVEYTON SHOPPING CENTRE	OSHAKATI SHOPPING CENTRE	MORULENG MALL
					
GAV	**R 438m**	**R 436m**	**R 423m**	**R 408m**	**R 392m**
Region	Free State	Limpopo	Gauteng	Namibia	North West
Gross Lettable Area	43 771m²	53 345m²	17 774m²	24 632m²	31 566m²
Monthly Rental	R94/m²	R175/m²	R177/m²	R146/m²	R123/m²
National Tenant exposure	55%	93%	82%	94%	79%
Vukile Ownership	100%	33.33%	100%	100%	80%
Approx. Footfall	8.4m	9.9m	8.2m	5.8m (i)	4.6m
Vacancy	0.5%	Fully let	Fully let	2.4%	5.2%

(i) Estimate

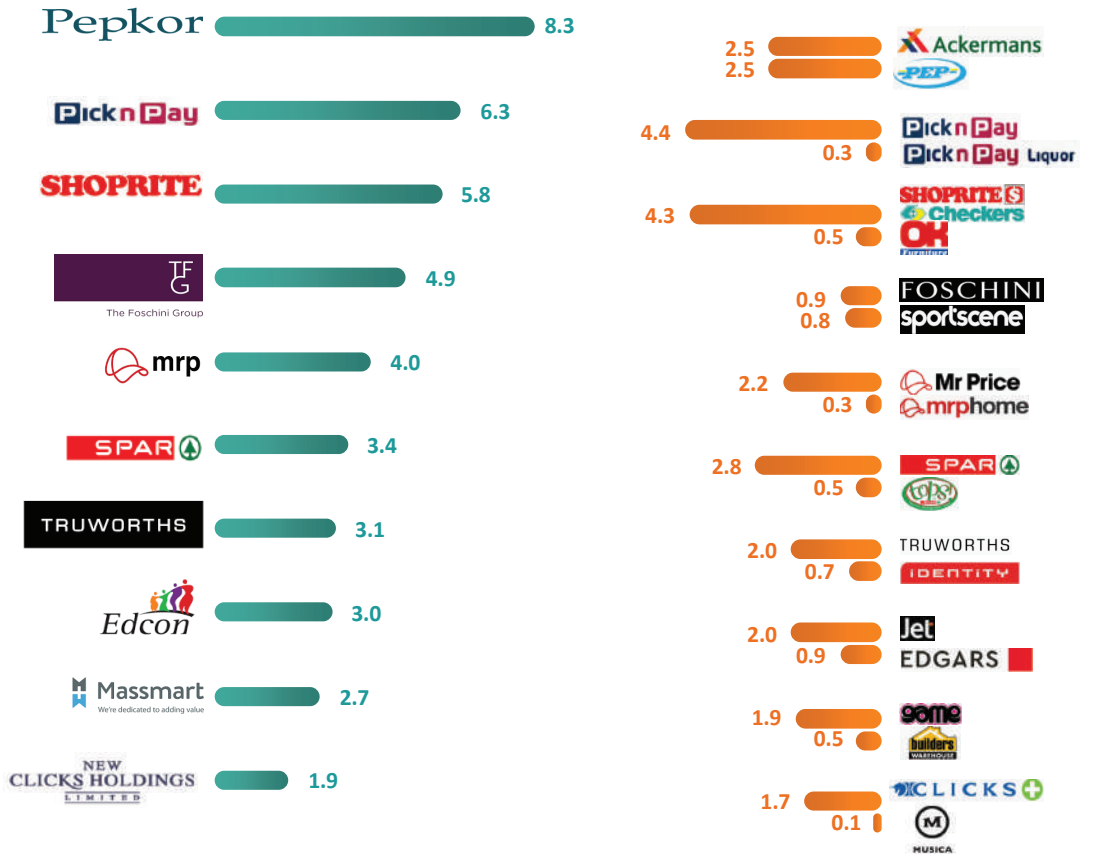
RETAIL TENANT EXPOSURE

DIRECT SOUTHERN AFRICAN RETAIL PORTFOLIO

TENANT PROFILE - BY CONTRACTUAL RENT



TOP 10 TENANTS - BY CONTRACTUAL RENT



Base rent excluding recoveries

RETAIL CATEGORY EXPOSURE

WELL DIVERSIFIED MIX OF TENANT CATEGORIES

CATEGORY PROFILE BY RENT



CATEGORY PROFILE BY GLA

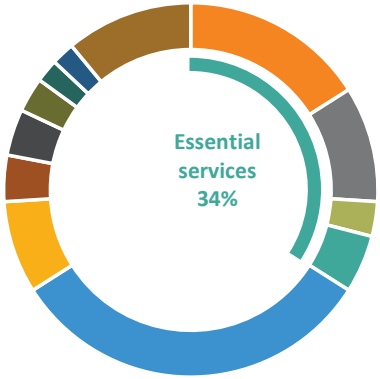


30%	Fashion	25%
13%	Grocery/ Supermarket	22%
8%	Banking	4%
7%	Food	5%
6%	Home Furnishings/ Art/ Décor	7%
4%	Department Stores	7%
3%	Health & Beauty	3%
2%	Sporting/ Outdoor Goods & Wear	2%
2%	Cell Phones	1%
2%	Restaurants & Coffee Shops	1%
2%	Bottle Stores	2%
2%	Electronics	1%
1%	Accessories	0%
18%	Other	20%

TENANT PROFILE ACROSS SECTORS

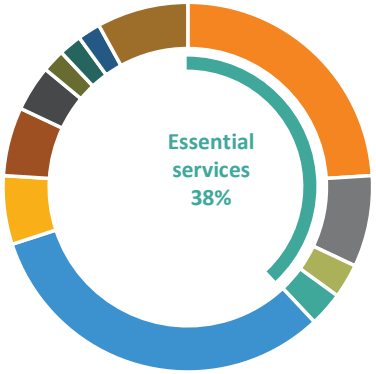
DEFENSIVE RURAL, TOWNSHIP AND VALUE CENTRE PORTFOLIO KEY TO SUSTAINABLE ROBUST PERFORMANCE

TOWNSHIP AND COMMUTER



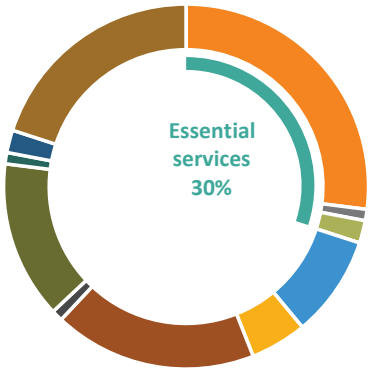
- **Grocery/ Supermarket - 16%**
- **Banking - 10%**
- **Pharmacies - 3%**
- **Other (financial, medical, undertaking services) - 5%**
- Fashion - 32%
- Restaurants, Fast Foods & Coffee Shops - 8%
- Home Furnishings / Décor - 4%
- Cell Phones & Electronics - 4%
- Sporting / Gym / outdoor wear - 3%
- Health & Beauty - 2%
- Bottle Stores - 2%
- Other - 11%

RURAL



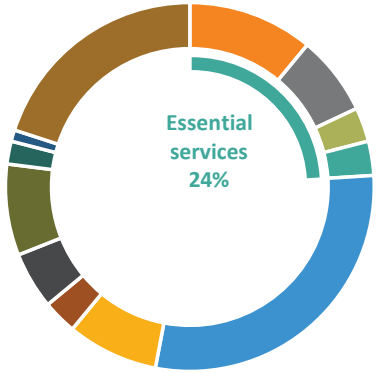
- **Grocery/ Supermarket - 24%**
- **Banking - 8%**
- **Pharmacies - 3%**
- **Other (financial, medical, undertaking services) - 3%**
- Fashion - 32%
- Restaurants, Fast Foods & Coffee Shops - 6%
- Home Furnishings / Décor - 6%
- Cell Phones & Electronics - 4%
- Sporting / Gym / outdoor wear - 2%
- Health & Beauty - 2%
- Bottle Stores - 2%
- Other - 8%

VALUE CENTRE



- **Grocery/ Supermarket - 27%**
- **Banking - 1%**
- **Pharmacies - 2%**
- **Other (financial, medical, undertaking services) - 0%**
- Fashion - 9%
- Restaurants, Fast Foods & Coffee Shops - 5%
- Home Furnishings / Décor - 18%
- Cell Phones & Electronics - 1%
- Sporting / Gym / outdoor wear - 14%
- Health & Beauty - 1%
- Bottle Stores - 2%
- Other - 20%

URBAN



- **Grocery/ Supermarket - 11%**
- **Banking - 7%**
- **Pharmacies - 3%**
- **Other (financial, medical, undertaking services) - 3%**
- Fashion - 29%
- Restaurants, Fast Foods & Coffee Shops - 8%
- Home Furnishings / Décor - 3%
- Cell Phones & Electronics - 5%
- Sporting / Gym / outdoor wear - 8%
- Health & Beauty - 2%
- Bottle Stores - 1%
- Other - 20%

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

FY2020 RETAIL PORTFOLIO PERFORMANCE METRICS

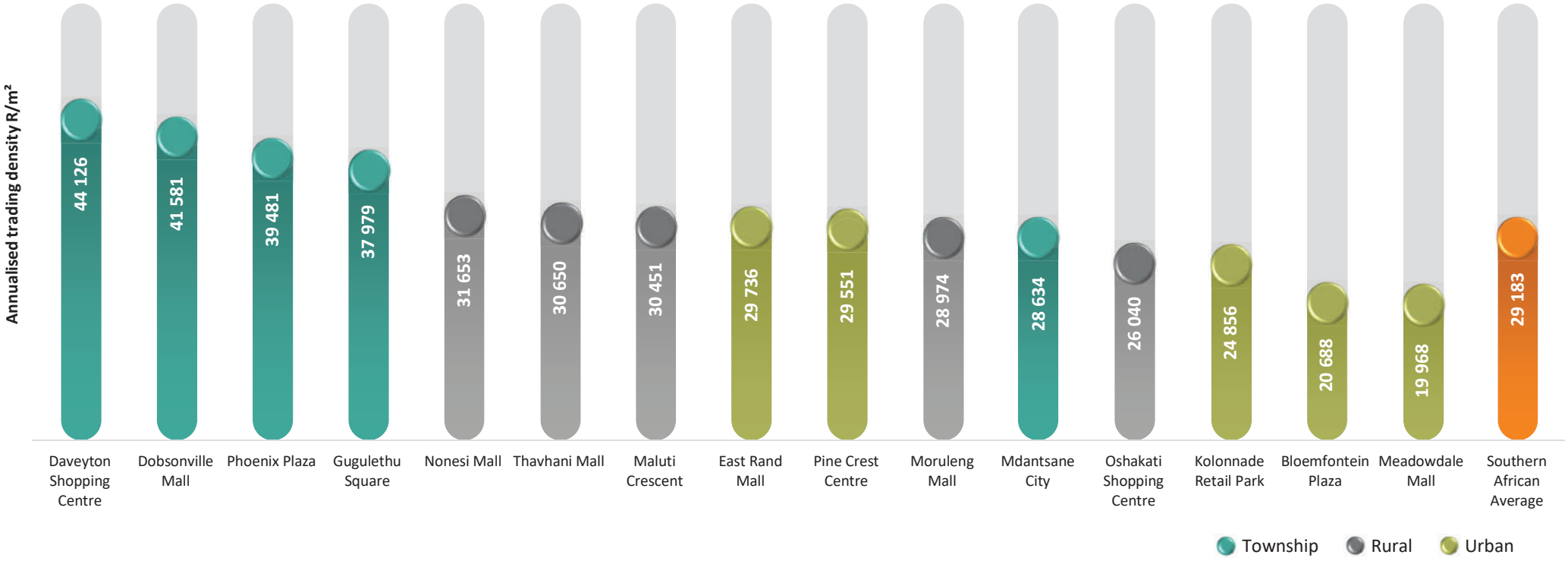
Southern African Portfolio



RETAIL PORTFOLIO TRADING STATISTICS FOR TOP 15 PROPERTIES

CONTINUING TO PROVIDE VERY PROFITABLE CENTRES FOR OUR TENANTS

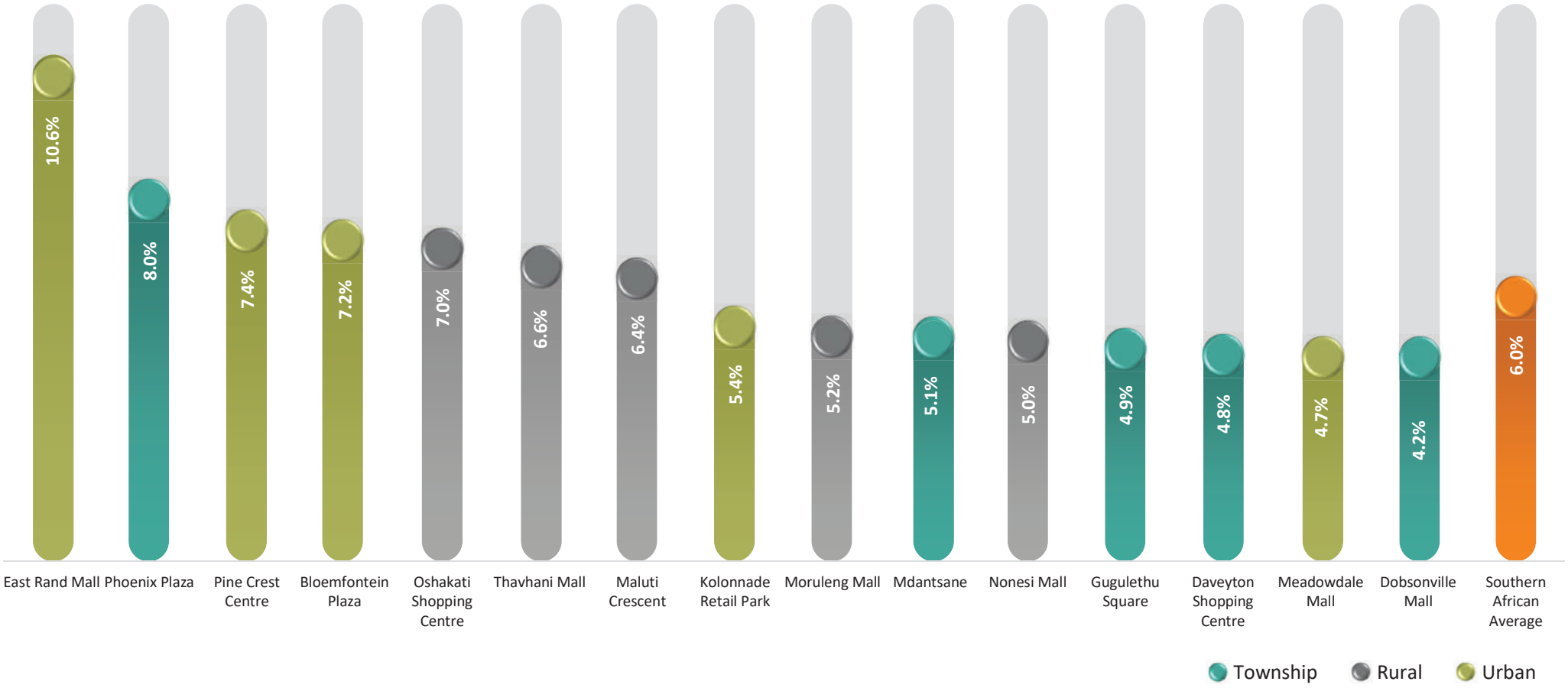
	Daveyton Shopping Centre	Dobsonville Mall	Phoenix Plaza	Gugulethu Square	Nonesi Mall	Thavhani Mall	Maluti Crescent	East Rand Mall	Pine Crest Centre	Moruleng Mall	Mdantsane City	Oshakati Shopping Centre	Kolonnade Retail Park	Bloemfontein Plaza	Meadowdale Mall	Southern African Average
Trading density growth including asset management intervention	5.7%	6.0%	6.1%	10.4%	7.5%	9.9%	9.1%	1.0%	2.0%	15.4%	*	(4.3%)	*	(0.7%)	7.0%	5.1%
Trading density growth like-for-like	4.1%	1.6%	5.2%	0.1%	3.9%	8.4%	6.7%	1.0%	1.8%	8.1%	*	(4.3%)	*	(0.7%)	7.0%	3.4%



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 Kolonnade and Mdantsane City as recent developments/refurbishments/acquisition.

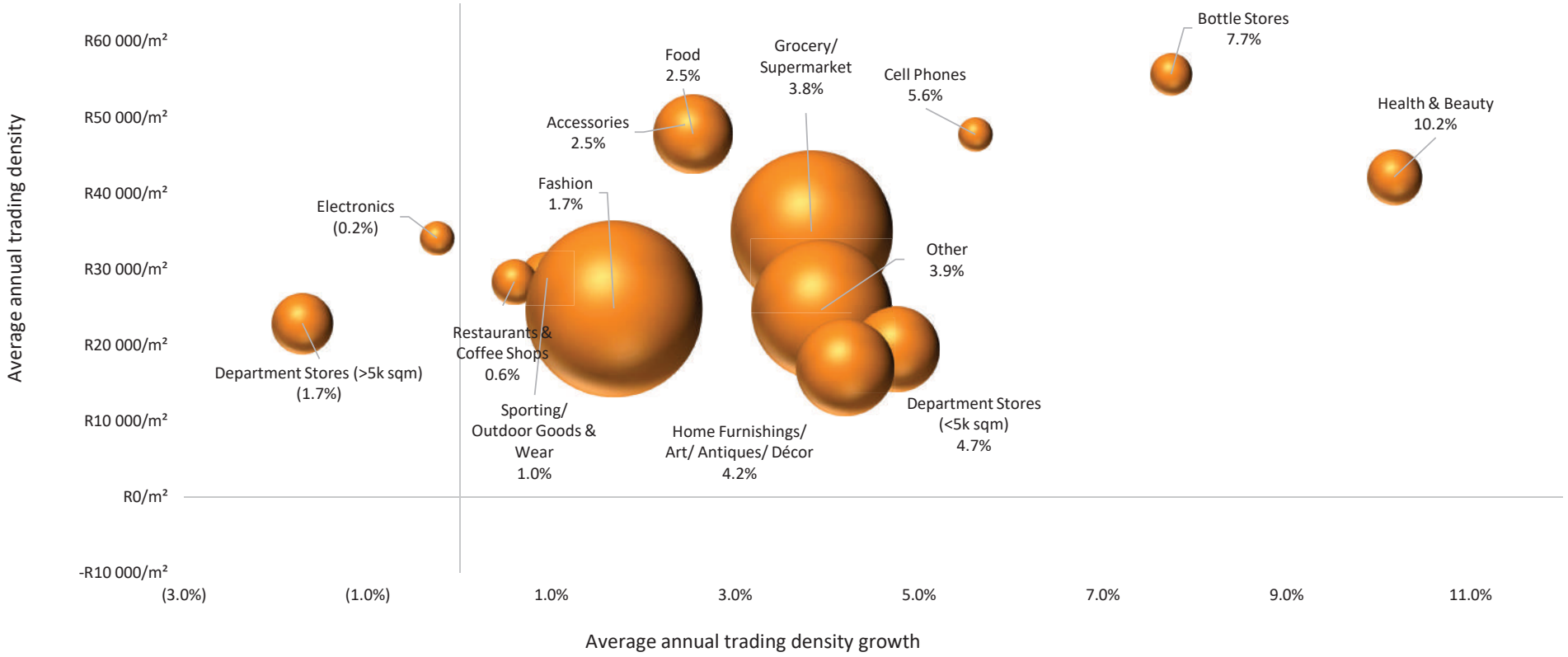
RENT-TO-SALES RATIO BY TOP 15 PROPERTIES

CONTINUING TO PROVIDE VERY PROFITABLE CENTRES FOR OUR TENANTS



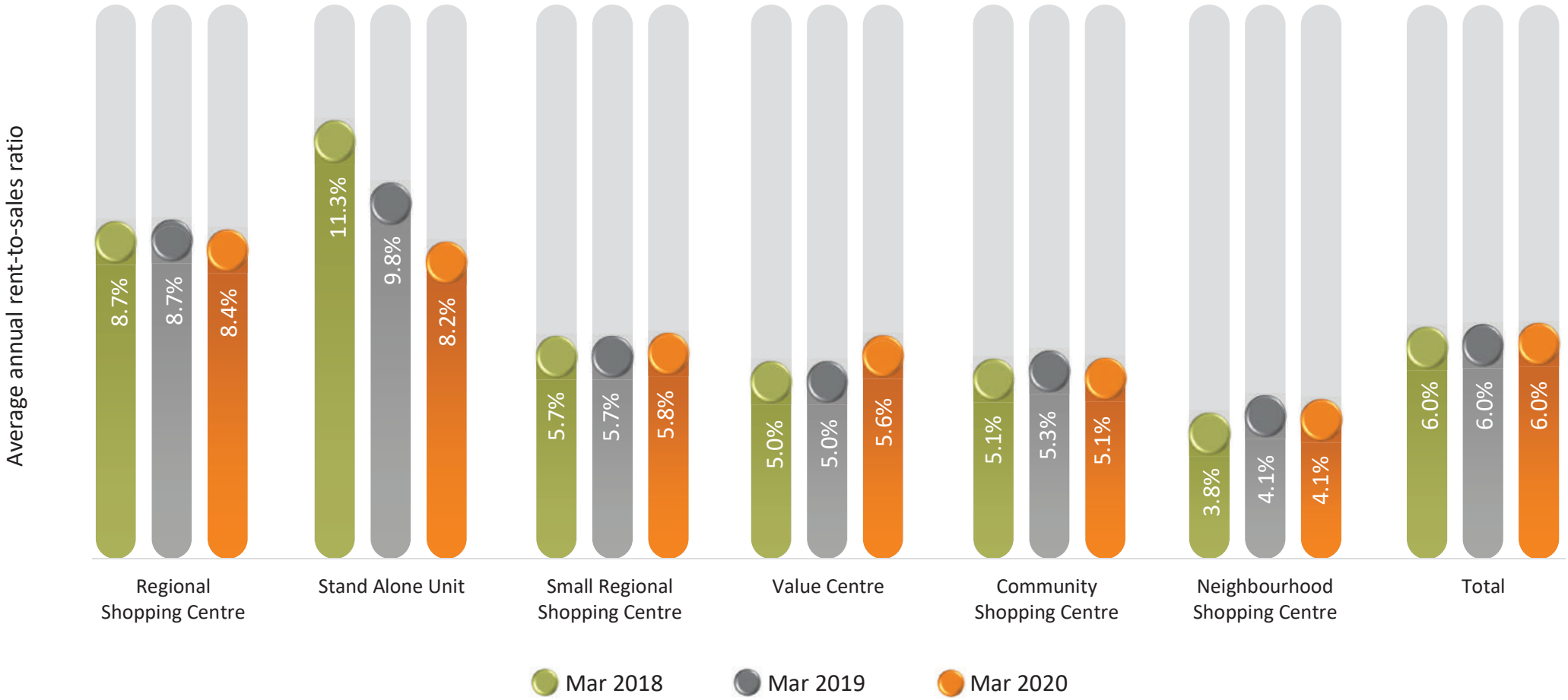
RETAIL CATEGORY PERFORMANCE

INCREASED EXPOSURE TO STRONG PERFORMING HEALTH AND BEAUTY AND SECOND TIER FASHION TENANTS
DECREASED EXPOSURE TO CHALLENGED DEPARTMENT STORES, RESTAURANTS AND MEDICAL



TENANT AFFORDABILITY

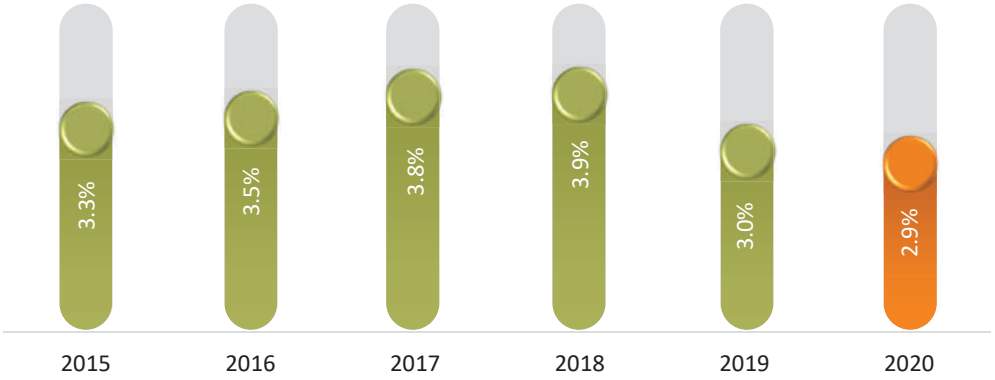
RENT TO SALES HOLDING STEADY ACROSS THE PORTFOLIO THROUGH TOUGH MARKET CONDITIONS OVER THE PAST 3 YEARS



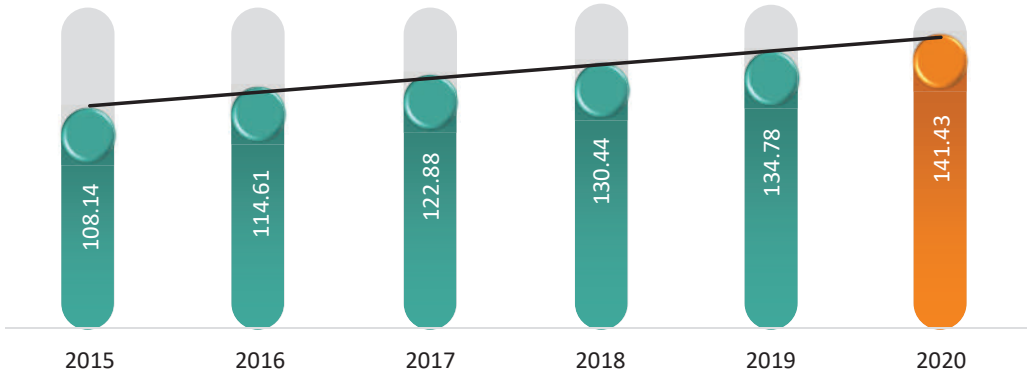
TENANT AFFORDABILITY

CONSISTENTLY STRONG METRICS

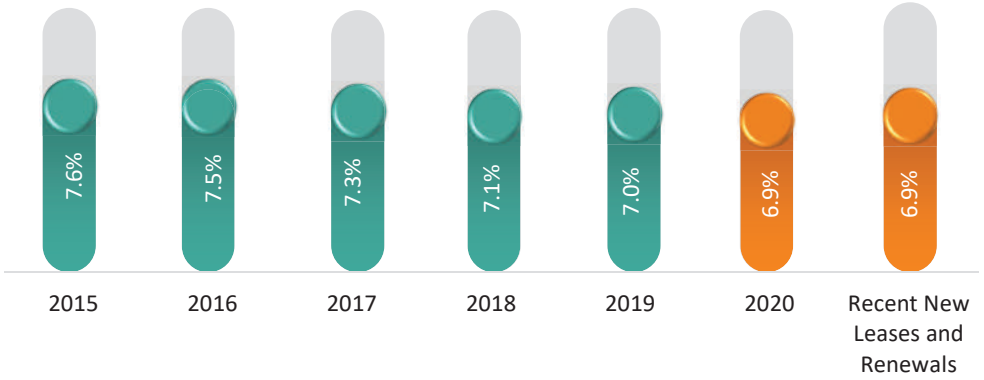
RETAIL VACANCY PROFILE BY GLA



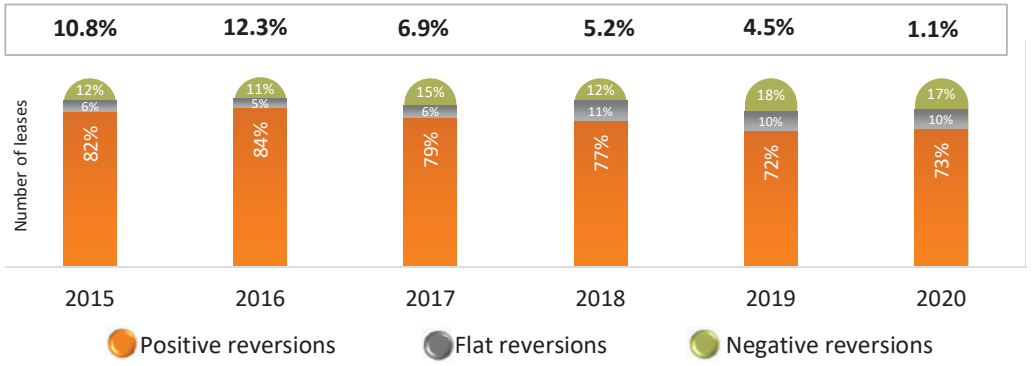
RETAIL AVERAGE BASE RENTALS (EXCL. RECOVERIES)



RETAIL CONTRACTUAL ESCALATIONS

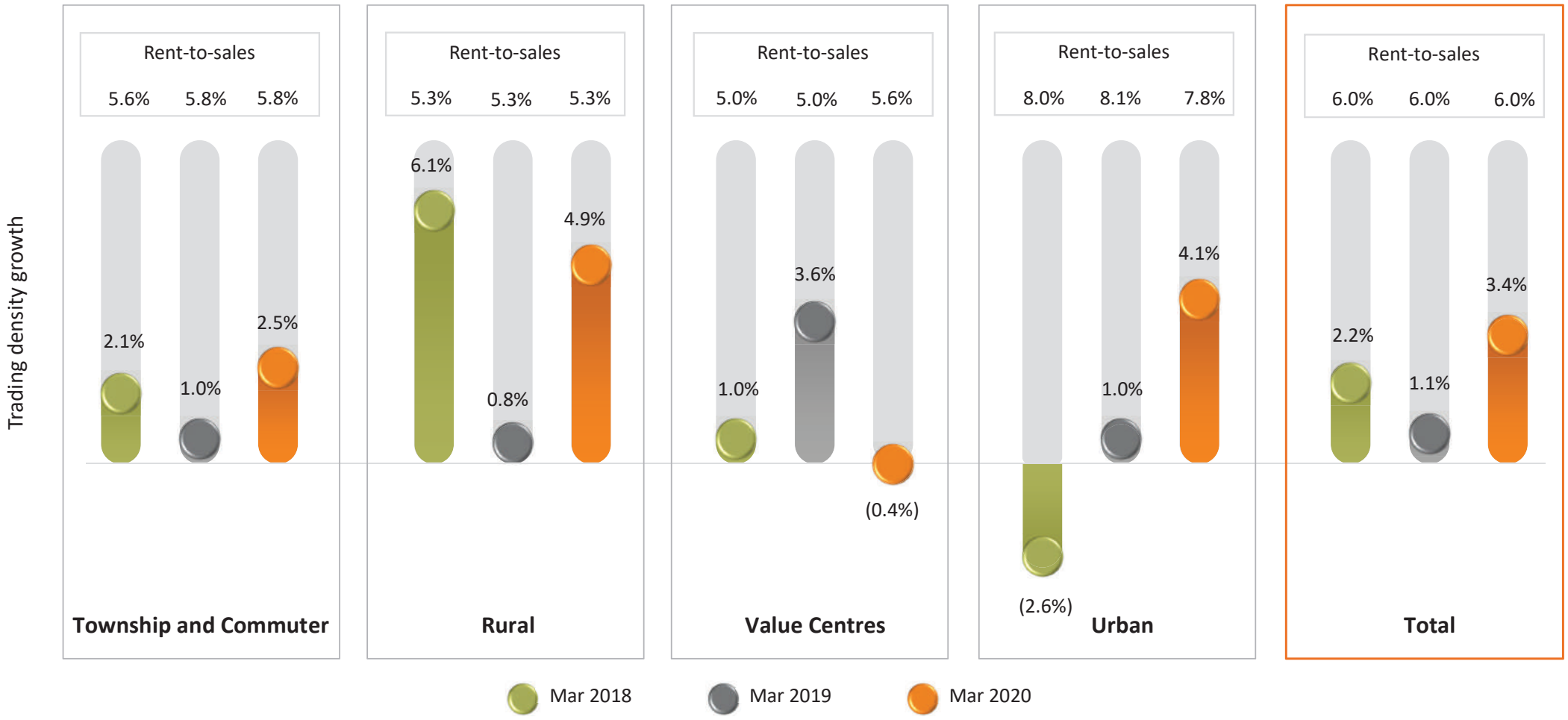


RETAIL RENT REVERSIONS



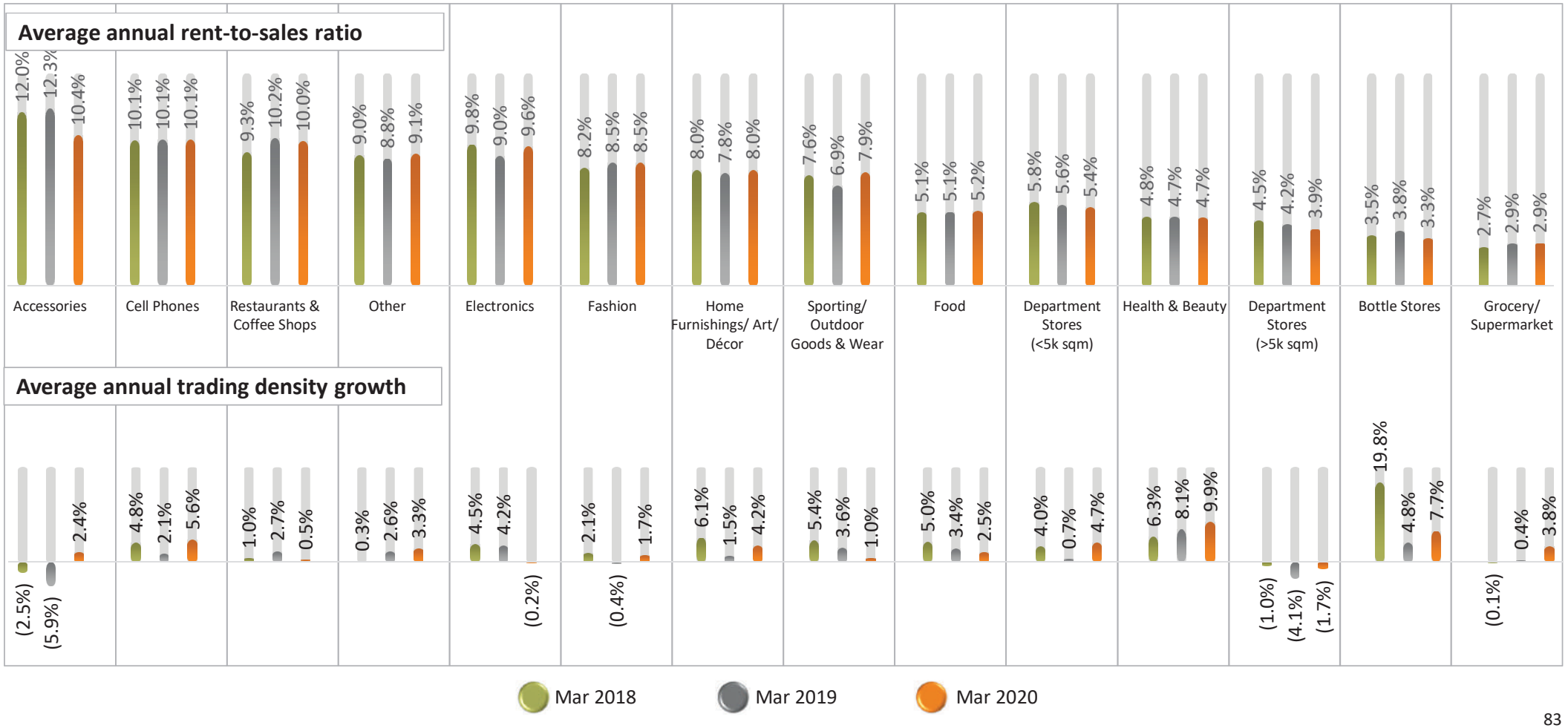
TRADING DENSITY GROWTH

SUSTAINED TRADING DENSITY GROWTH AT COMPETITIVE OCCUPANCY COSTS



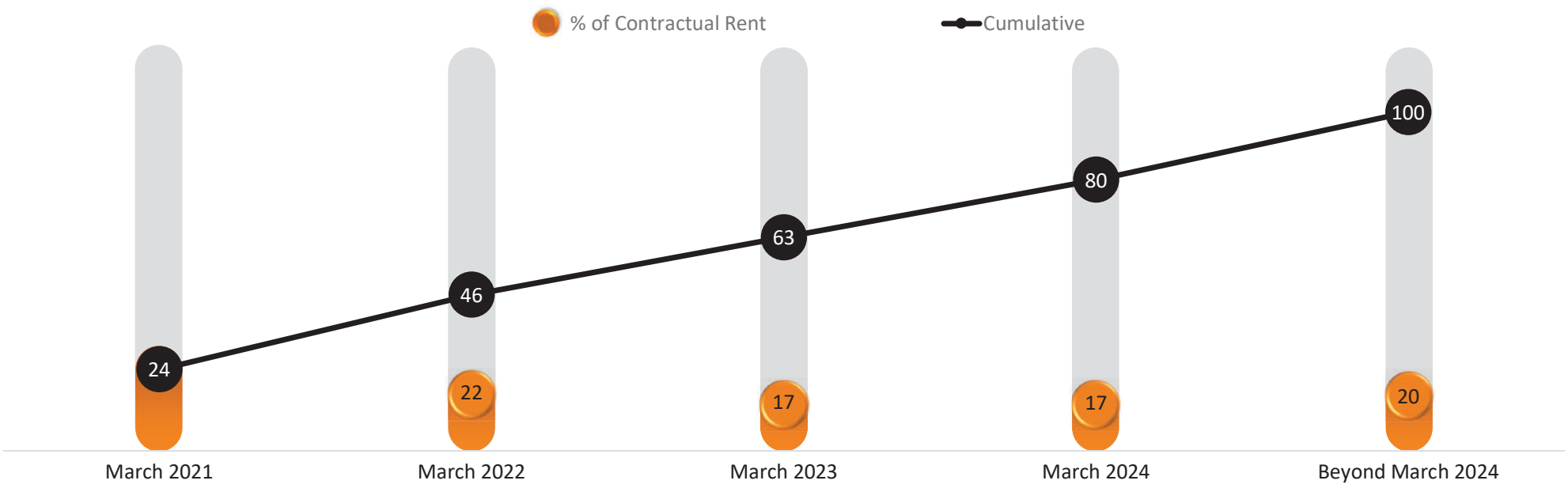
TENANT CATEGORY, AFFORDABILITY AND PERFORMANCE

CAPACITY FOR GROWTH REMAINS



RETAIL TENANT EXPIRY PROFILE

37% OF CONTRACTUAL RENT EXPIRING IN FY2024 AND BEYOND (WALE 3.7 YEARS)

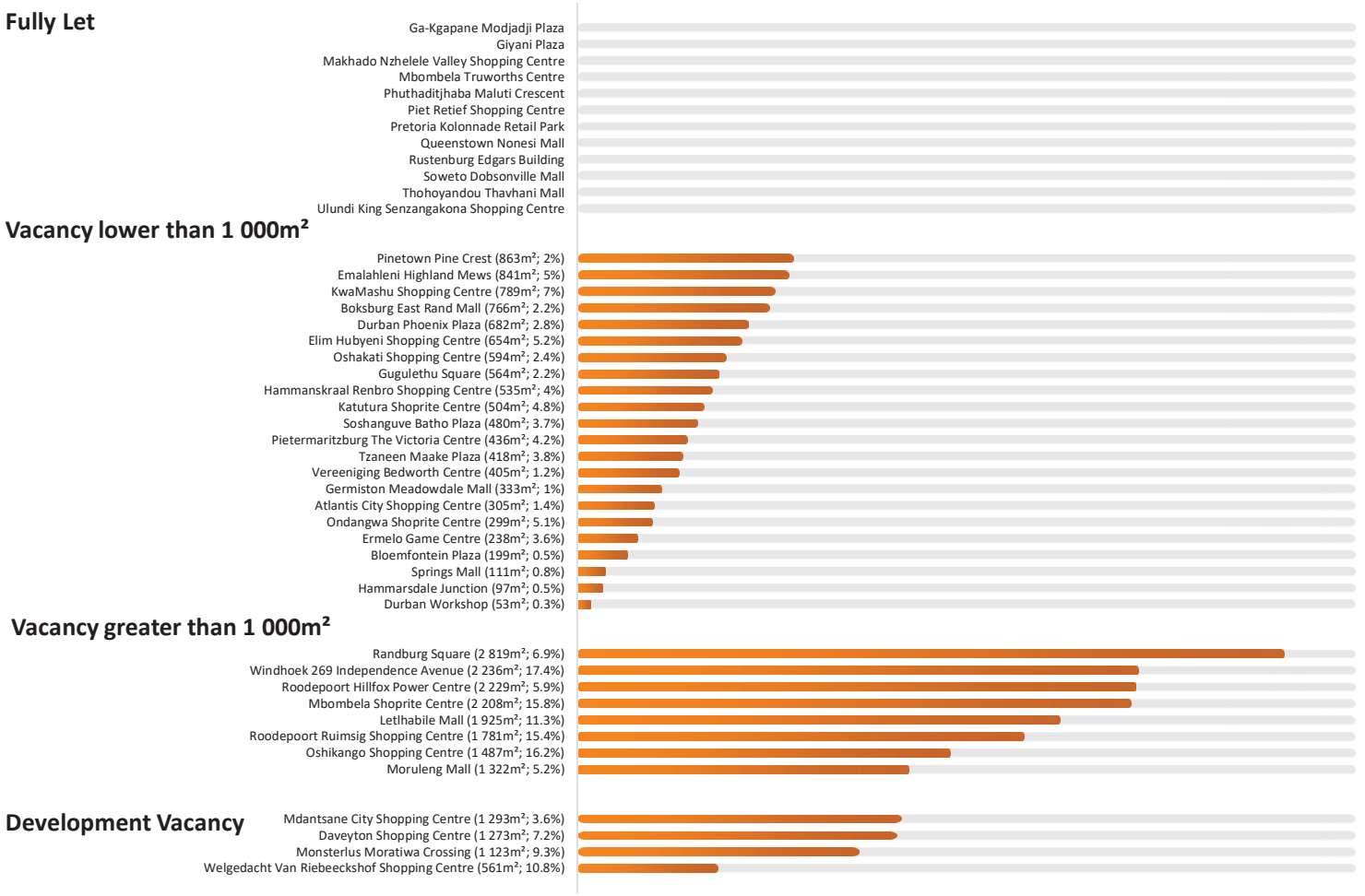


For the 12 months ended 31 March 2020 retail leases were concluded with:

- Total contract value R1 038m
- Total rentable area 128 221m²
- Tenant Retention 84%

RETAIL VACANCIES

34 PROPERTIES FULLY LET OR WITH VACANCIES LOWER THAN 1 000M²



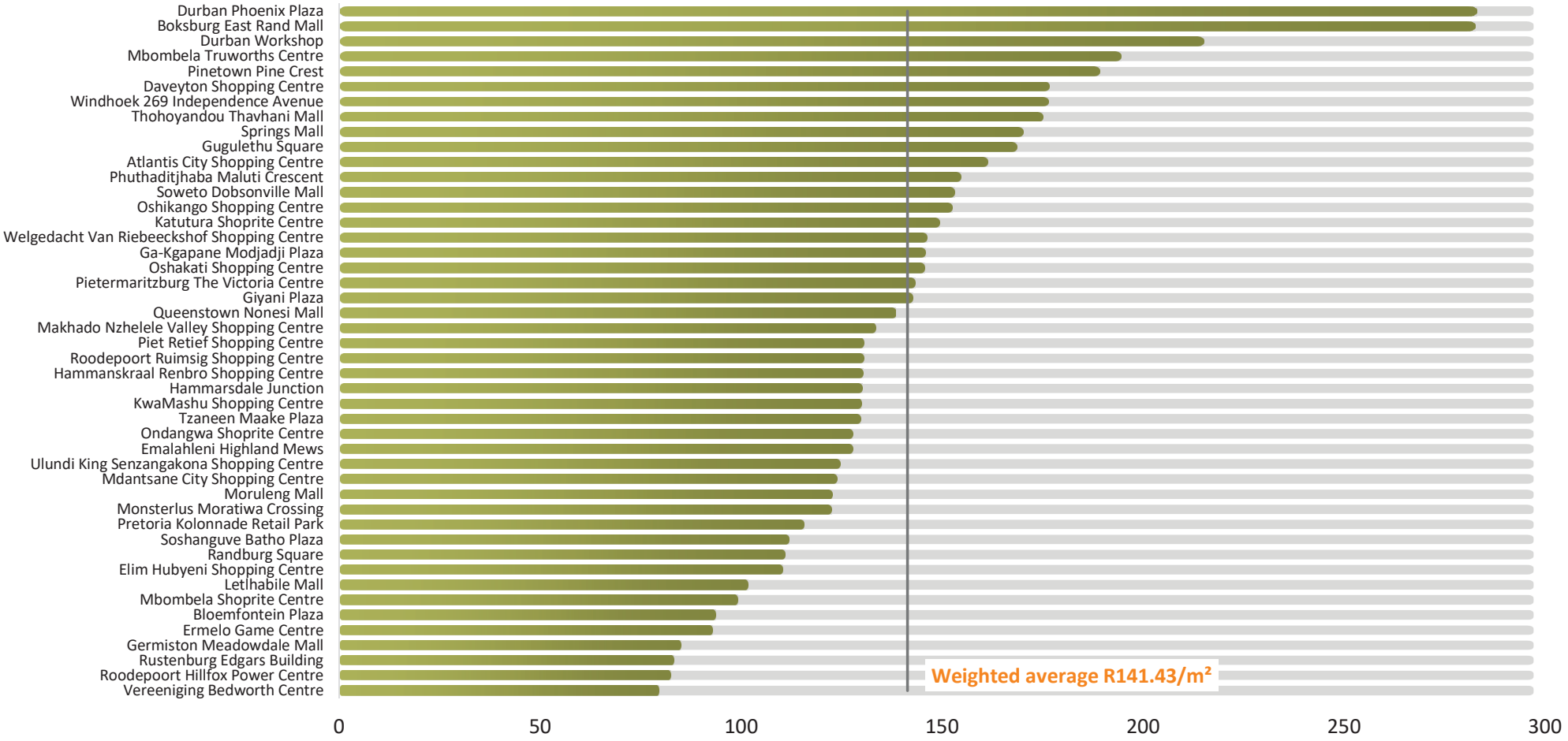
34 Properties
73% of Retail Portfolio GLA
1.5% Vacant

8 Properties
19% of Retail Portfolio GLA
9.5% Vacant

4 Properties
8% of Retail Portfolio GLA
6.0% Development Vacancy

WEIGHTED AVERAGE BASE RENTALS R/m² (EXCLUDING RECOVERIES)

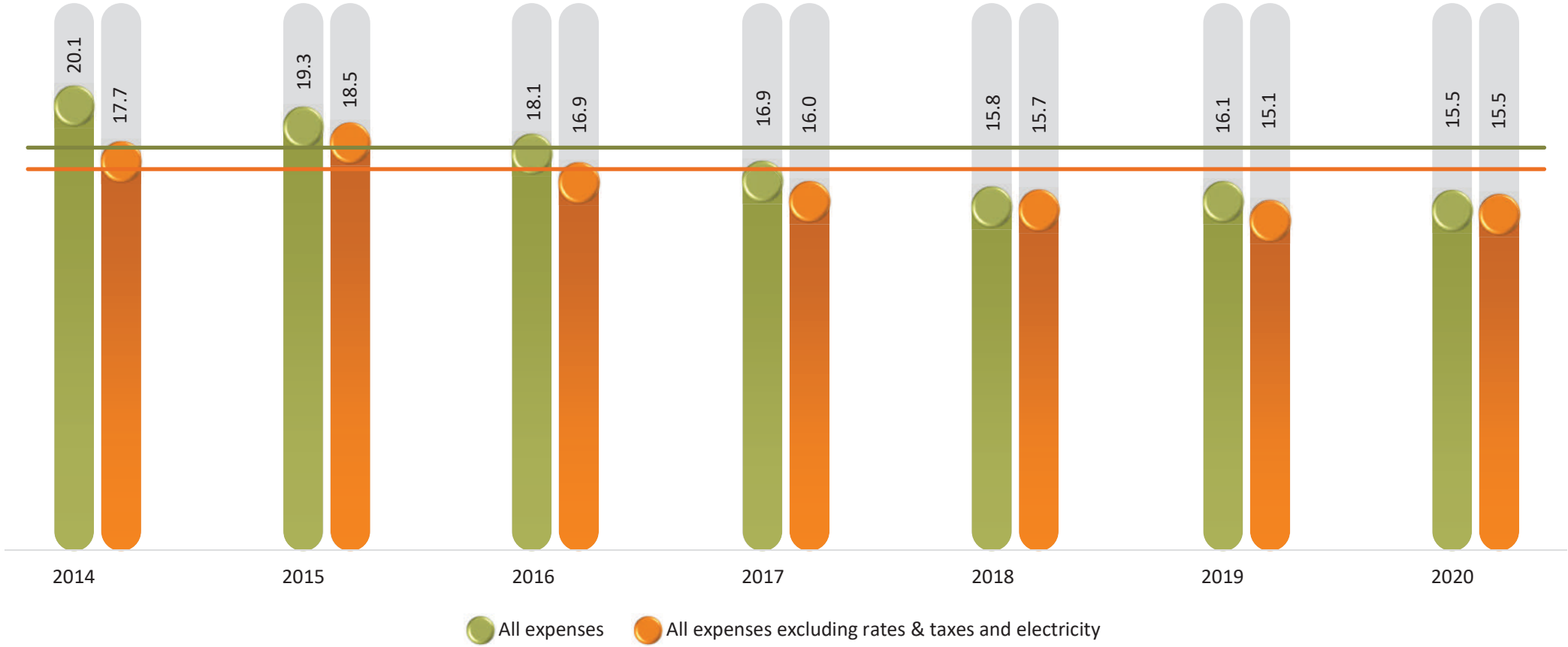
SOUTHERN AFRICAN RETAIL PORTFOLIO



Base rent excluding recoveries

RATIO OF NET COST TO PROPERTY REVENUE – RETAIL PORTFOLIO

GOOD PROGRESS IN COST CONTAINMENT



VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

ASSET MANAGEMENT INITIATIVES

Southern African Portfolio



ACQUISITIONS AND SALES

TRANSFERRED DURING THE YEAR

Property acquired	Location	Sector	Price R'm	Date of transfer
Mdantsane City Shopping Centre	Mdantsane, Eastern Cape	Retail	516.5	Nov-19

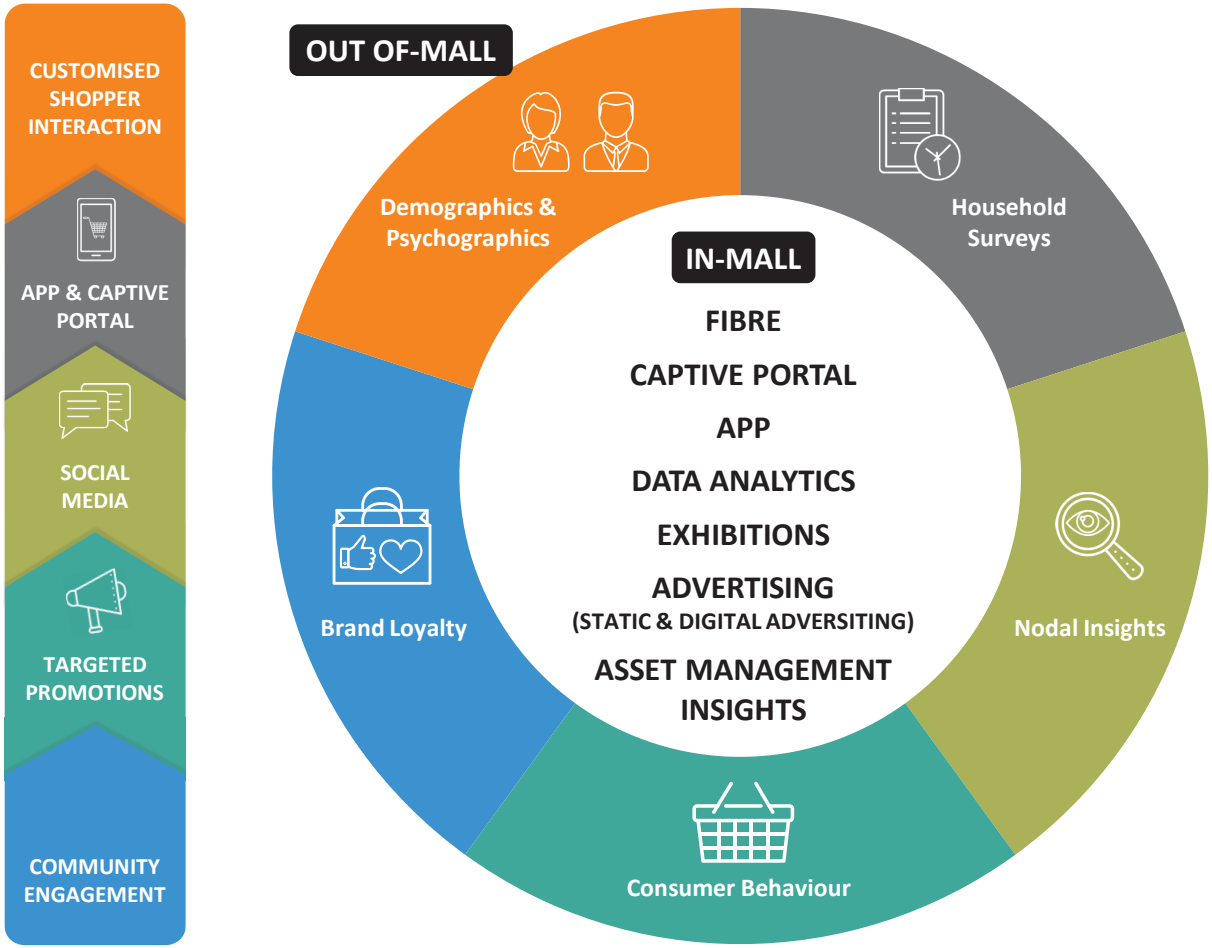
Property sold	Location	Sector	Price R'm	Date of transfer
Sandton Linbro Galaxy Drive	Sandton, Gauteng	Motor	17.4	Aug-19
Sandton Sunninghill Sunhill Park	Sandton, Gauteng	Office	44.0	Dec-19

Property to be sold	Location	Sector	Price R'm	Date of transfer
Van Riebeeckshof Shopping Centre	Welgedacht, Western Cape	Retail	80.0	Expected Jul-20



CUSTOMER CENTRICITY AND INSIGHTS

DEVELOPING CORE COMPETENCE IN CUSTOMER CENTRICITY TO DRIVE BETTER LEASING DECISIONS AND TENANT MIX



3 primary pillars of customer insights journey

- **In-Mall**
  - Understand and interact with current tenants and customers to maintain loyalty with the use of technology
- **Out of-Mall**
  - Understand market insights in the nodal context and use that to position the mall as the primary retail destination
- **Shopper interaction and engagement**
  - Interact with customers throughout the customer journey
- **Bottom up approach to customer engagement**

Best of breed partnerships and joint ventures to execute all legs of strategy

Adding value for our shoppers

ALTERNATIVE INCOME MANAGEMENT

SIGNIFICANT MILESTONES ACHIEVED WITH PLATFORM NOW IN PLACE

Fibre to the business project – tenants currently signing up for FTTB Services and Centre Management Offices – sign up to take place shortly

Wi-Fi installed at 5 properties, 12 more in progress to be complete by October 2020

Wi-Fi Captive Portal – appointment of advertising media agencies in progress

c.**700 000 shoppers** have already registered via the Wi-Fi captive portal



The **shopper app** is available and will be deployed to all Wi-Fi enabled shopping centres during 2020

Monthly **consumer behaviour insights/data reports** are distributed to Asset Management and Centre Managers
COVID-19 thresholds and exceptions notifications are provided to Centre Management

Innovative Ideas Incentive Campaign – Phase 2 – competition entrants working on project submissions

New Media and Telecomms income - additional contracts signed, awaiting council approval for both digital and static media

ENERGY AND WATER MANAGEMENT

ACHIEVEMENTS

Impact on cost-to-income ratio

- Electricity contributes 42% to total expenses
- **5%** of the portfolio's electricity is generated by **renewable resources**, curbing our largest expense item by 100bps positive impact on the net cost-to-income ratio
- Goal to increase renewable resource contribution to total electricity consumption to **8%**

Installations since 2016

- **14 PV plants** = Total capacity of **9.8 MW = R 17.6m** annually
- Optimised metering and billing improvements of **R2m** annual saving
- Sustainable water savings of
  18 000 kl p.a.
  = **700** swimming pools

Work in progress

- Orders placed for 2. 4 MWp to be completed by December 2020








OPERATIONAL HIGHLIGHTS FY20

EFFECTIVE CAPITAL ALLOCATION

Fully executed on operational capex programme

- R93m spent on 396 projects
- Capex program focus primarily on - HVAC, OHS act, fire detection and prevention, replacement of escalators, lifts and shopfronts

Continuous investments in high-yielding PV projects

- Total installed PV plant capacity FY20 is 9.5 MW (14 PV plants installed)
- Total expected savings from these PV plants FY21 is budgeted to be R16.5m
- Budgeted PV plants for FY21 is 5MW with expected generation of 725 000 kWh per annum

Continued energy management spend

- Billing and metering optimisation through remote metering remained a key focus area throughout the year
- Installed 18 000kl of backup water tanks (700 swimming pools)
- Drilled 8 boreholes with capacity for 62 000kl (2 400 swimming pools) resulting in savings of R1.1m on water consumption

VALUATION METHODOLOGY

SOUTHERN AFRICAN PROPERTY PORTFOLIO

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

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

FY2020 TOTAL PORTFOLIO PERFORMANCE METRICS

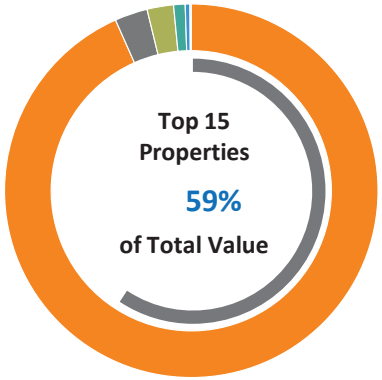
Southern African Portfolio



SOUTHERN AFRICAN TOTAL PORTFOLIO COMPOSITION

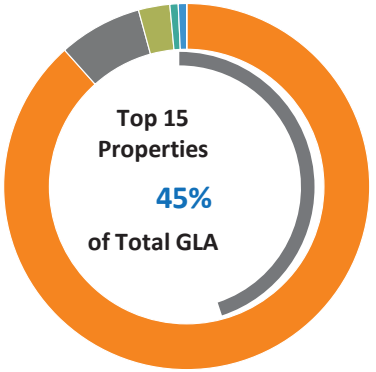
TOP 15 ASSETS MAKE UP 59% OF THE TOTAL PORTFOLIO

SECTORAL PROFILE - BY VALUE

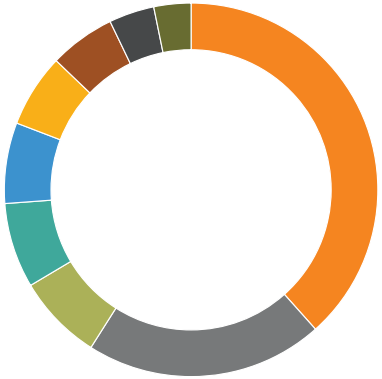


By Value		By GLA
93%	Retail	88%
3%	Industrial	7%
2%	Offices	3%
1%	Motor Related	1%
0.4%	Residential	1%
0.1%	Vacant Land	0%

SECTORAL PROFILE - BY GLA



GEOGRAPHIC PROFILE - BY VALUE



By Value		By GLA
38%	Gauteng	41%
21%	KwaZulu-Natal	16%
8%	Western Cape	6%
7%	Free State	8%
7%	Limpopo	7%
6%	Eastern Cape	6%
6%	Namibia	6%
4%	North West	5%
3%	Mpumalanga	5%

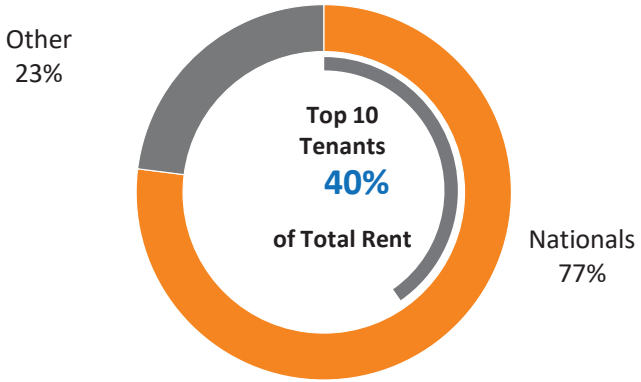
GEOGRAPHIC PROFILE - BY GLA



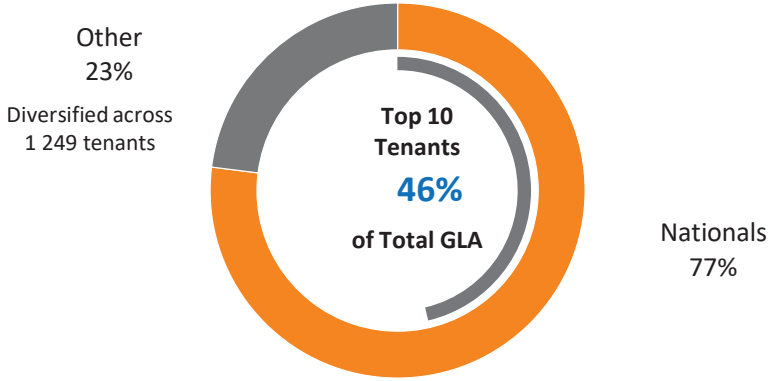
SOUTHERN AFRICAN TOTAL PORTFOLIO TENANT EXPOSURE

LOW RISK WITH 77% NATIONAL TENANTS

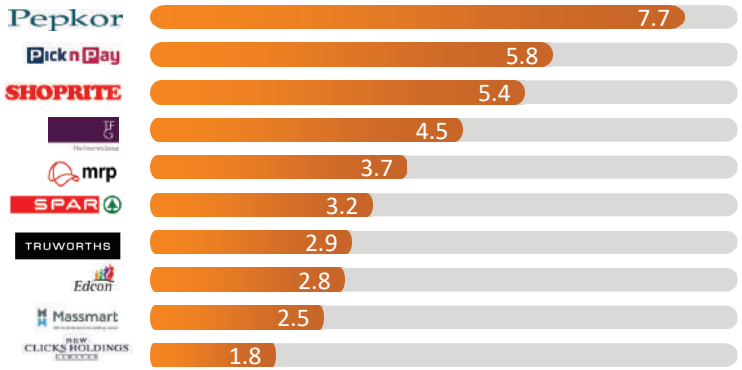
TENANT PROFILE - BY CONTRACTUAL RENT



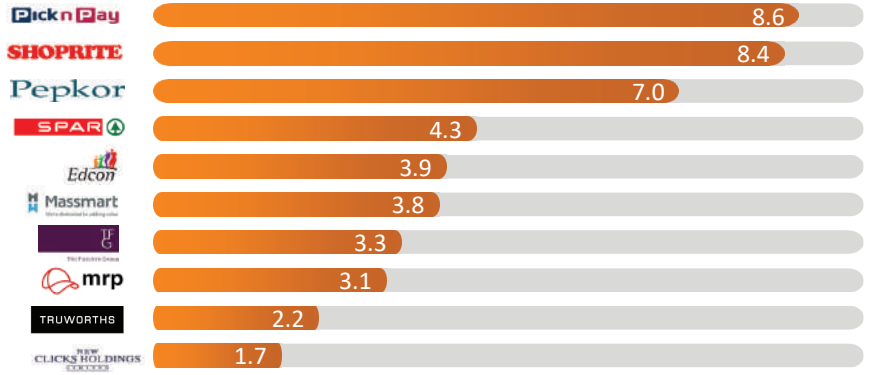
TENANT PROFILE - BY OCCUPIED GLA



TOP 10 TENANTS - BY CONTRACTUAL RENT (%)



TOP 10 TENANTS - BY OCCUPIED GLA (%)

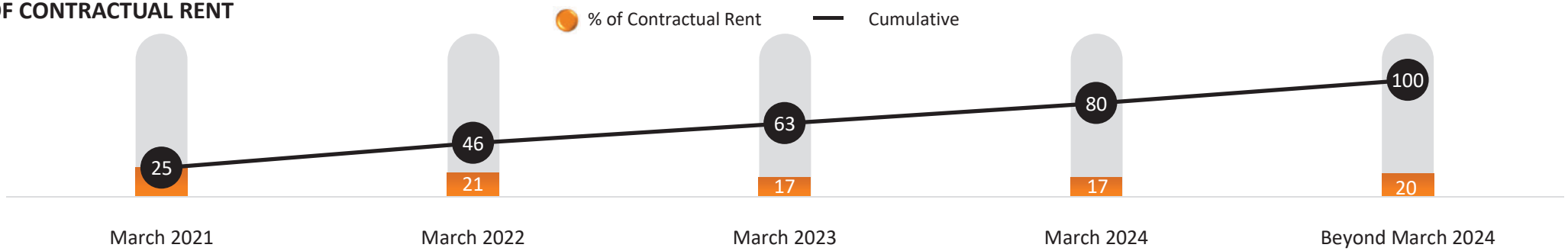


Base rent excluding recoveries

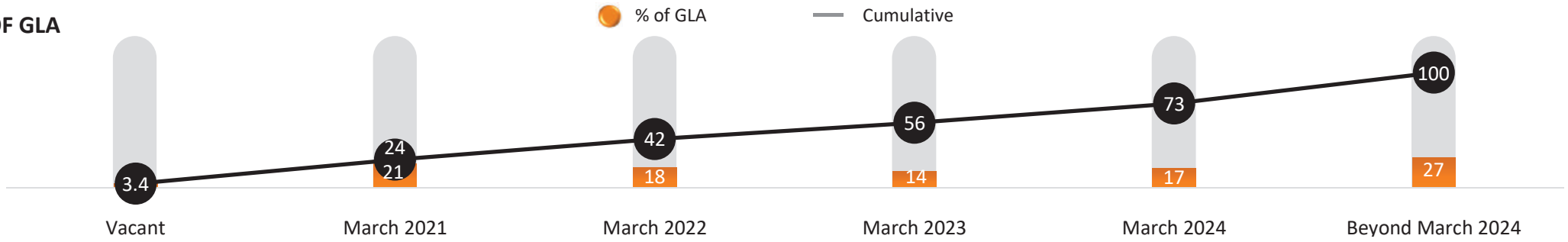
SOUTHERN AFRICAN TOTAL PORTFOLIO TENANT EXPIRY PROFILE

37% OF CONTRACTUAL RENT EXPIRING IN FY2024 AND BEYOND (WALE 3.6 YEARS)

% OF CONTRACTUAL RENT



% OF GLA

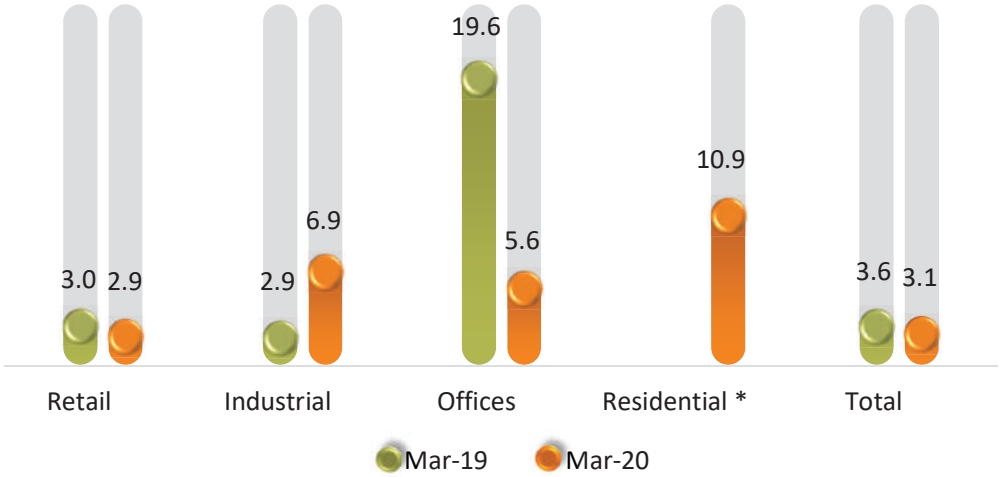


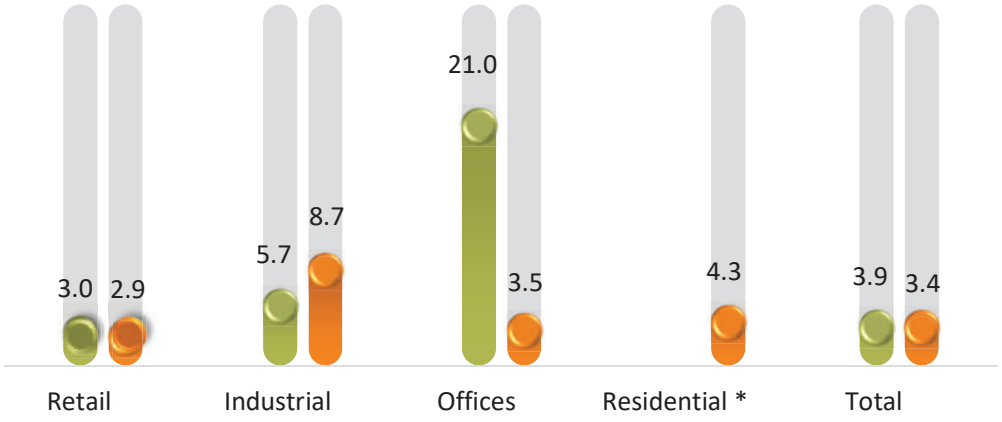
For the 12 months ended 31 March 2020 leases were concluded with:

- Total contract value R1 092m
- Total rentable area 153 227m²
- Tenant Retention 80% (retail retention 84%)

SOUTHERN AFRICAN TOTAL PORTFOLIO VACANCY PROFILE

VACANCY REDUCED TO 3.1% OF CONTRACTUAL RENT





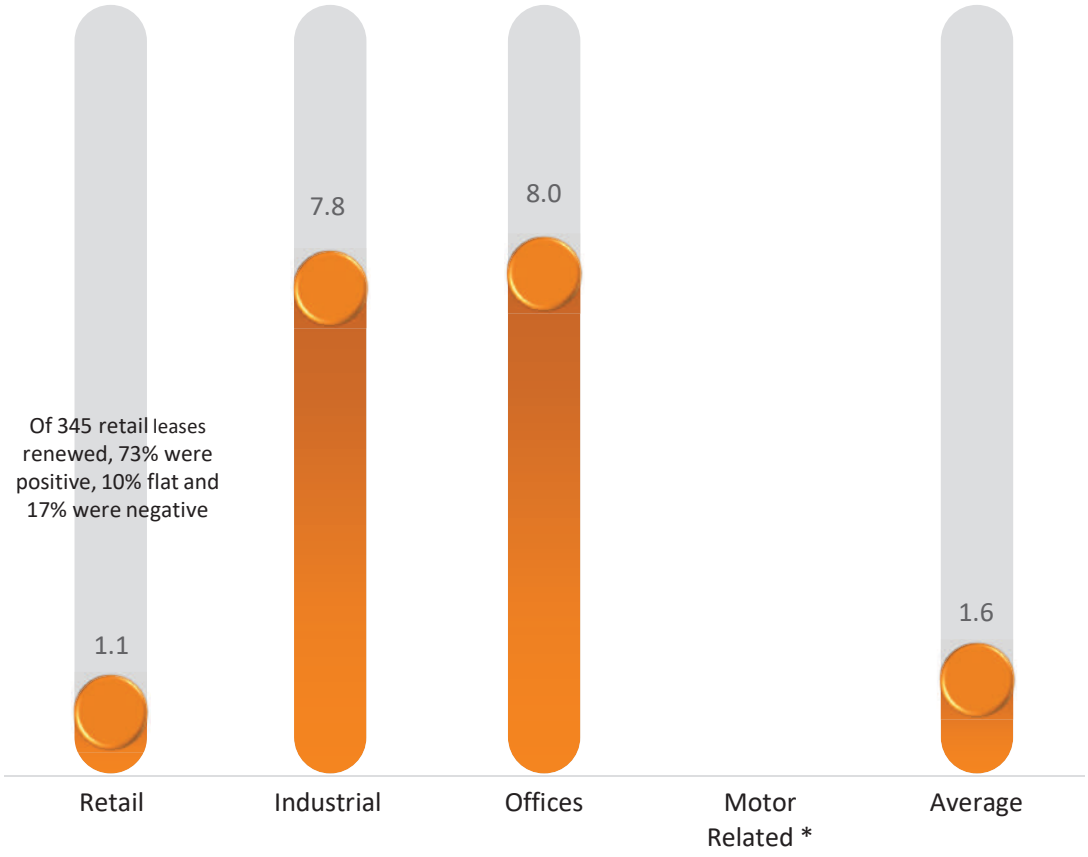
Excluding development vacancy

* Residential units were previously measured in number of units and not GLA and vacant rental is now included together with the change to measurement in GLA



SOUTHERN AFRICAN TOTAL PORTFOLIO LEASE RENEWALS

POSITIVE REVERSIONS

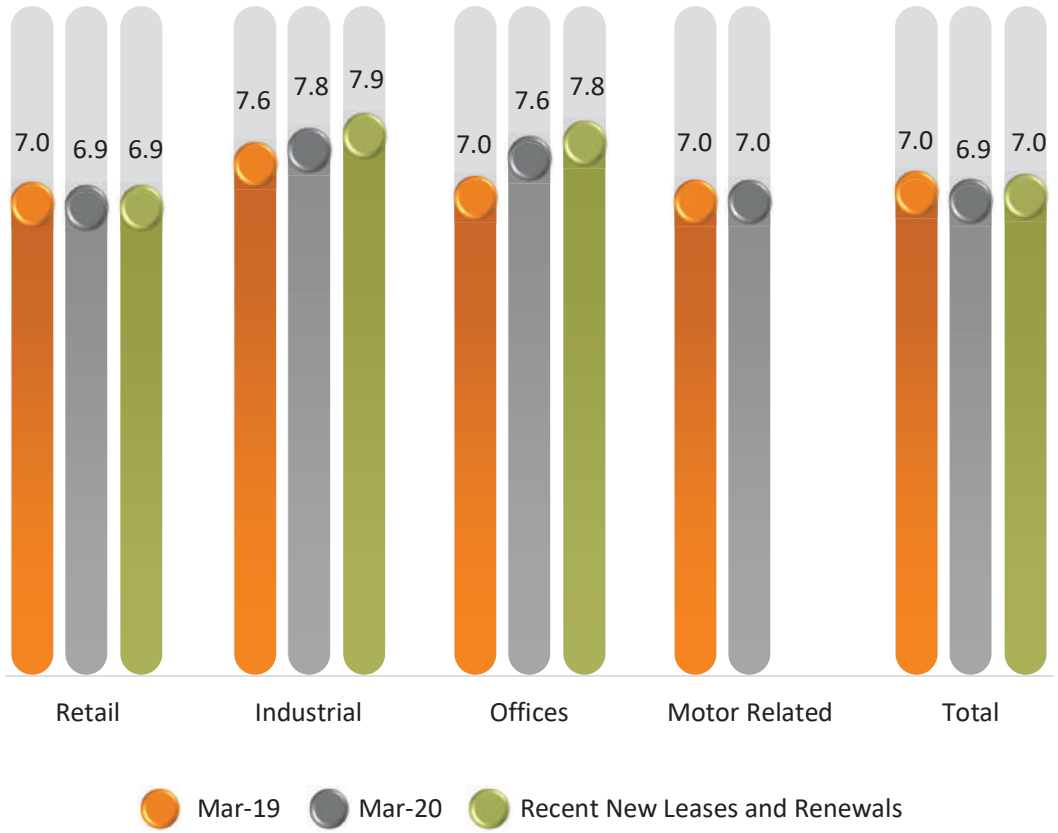


** No motor related leases concluded during the period*



SOUTHERN AFRICAN TOTAL PORTFOLIO CONTRACTED RENTAL ESCALATION PROFILE

RENTAL ESCALATIONS STILL AHEAD OF INFLATION





SOUTHERN AFRICAN TOTAL PORTFOLIO WEIGHTED AVERAGE BASE RENTALS – R/m²

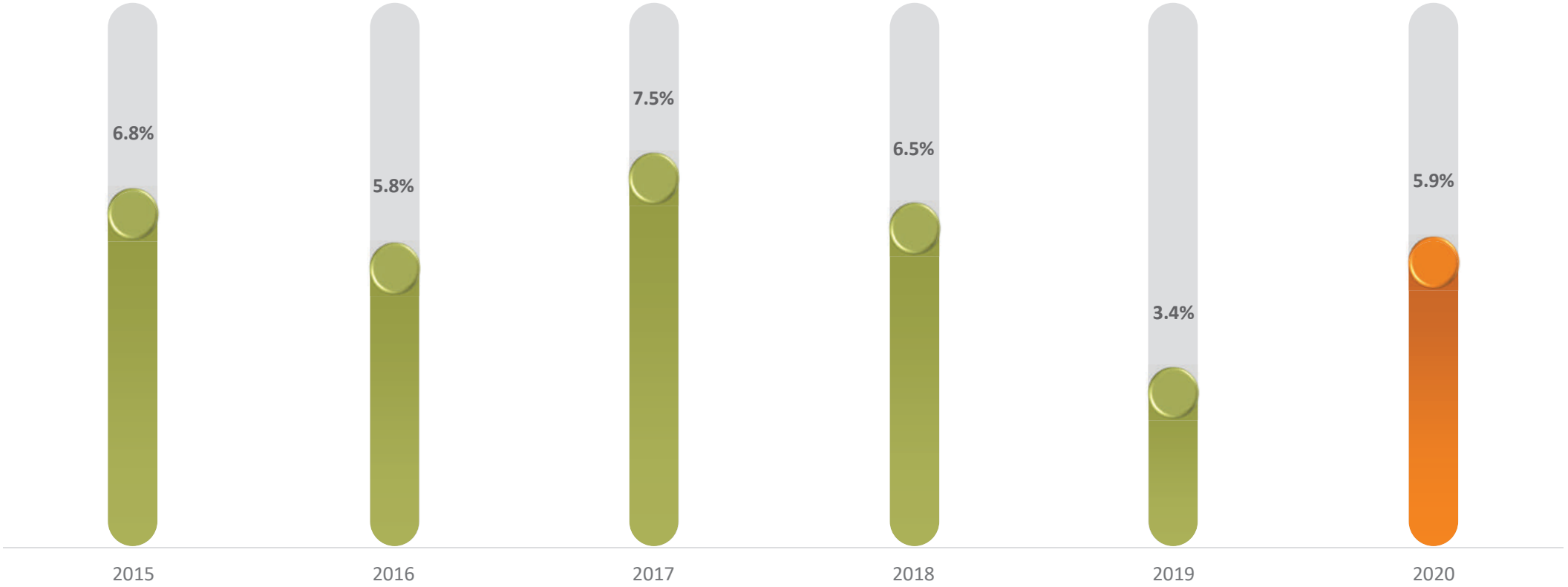
EXCLUDING RECOVERIES



(i) The increase in average rate for the retail portfolio is impacted by the acquisition of Mdantsane City at average rental rate of R123.86/m². If Mdantsane City is excluded the rental growth of the remainder retail portfolio was 5.5%.
(ii) The increase in average rate for offices is due to the sale of Sunninghill Sunhill Park which carried lower rentals. The annual growth in rental rates on the remainder of the portfolio was 5.9%.
(iii) The increase in average rate for motor-related properties is due to the sale of Linbro Galaxy drive which carried lower rentals. The annual growth in rental rates on the remainder of the portfolio was 7.0%.
(iv) Residential units were previously measured in number of units and not GLA therefore no average rental based on R/m² was calculated in March 2019.

GROWTH IN NET PROFIT FROM SOUTHERN AFRICAN PROPERTY OPERATIONS

LIKE-FOR-LIKE GROWTH OF 5.9%



Note: Historic data per Company Annual Results.

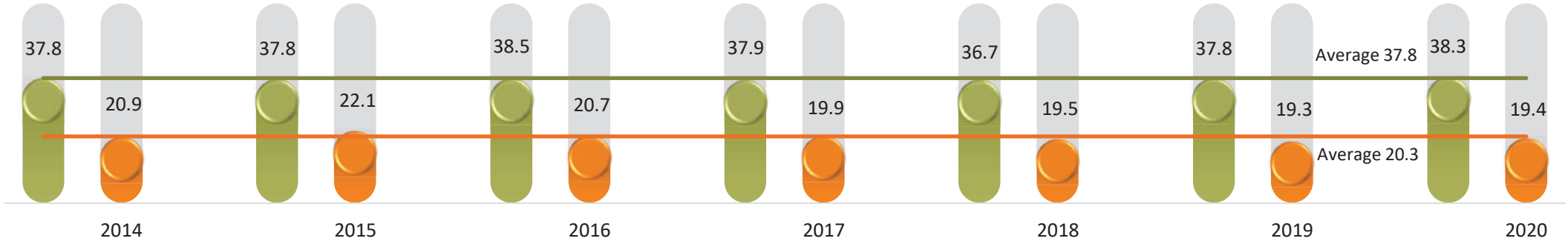
SOUTHERN AFRICAN TOTAL PORTFOLIO – RATIO OF COST TO PROPERTY REVENUE

NET COST TO PROPERTY REVENUE

CONTAINING COST RATIOS



GROSS COST TO PROPERTY REVENUE



** Current portfolio including acquisitions excluding sales*

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

CASTELLANA
PROPERTIES

APPENDIX B

Spanish Portfolio



VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

CASTELLANA
PROPERTIES

PORTFOLIO OVERVIEW



OUR PORTFOLIO

WELL DIVERSIFIED ACROSS SPAIN



Property rank by value

% Geographic profile by value

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

SPANISH PORTFOLIO OVERVIEW

TOP 10 ASSETS

	EL FARO	BAHÍA SUR	LOS ARCOS	GRANAITA (I)	VALLSUR
					
GAV	**€162.0m**	**€140.7m**	**€135.8m**	**€111.1m**	**€91.4m**
Province	Badajoz	Cádiz	Seville	Granada	Valladolid
Catchment Area (Inhabitants)	517,491	674,250	1,499,884	628,002	477,746
Gross Lettable Area	43 593m²	36 433m²	29 696m²	54 571m²	35 212m²
Monthly Rental	€19/m²	€31/m²	€31/m²	€10/m²	€15/m²
Sector	Shopping Centre	Shopping Centre	Shopping Centre	Retail Park	Shopping Centre
Major Tenants	Primark, Zara, Media Markt	Zara, Bershka, Stradivarius	Toys 'R' Us, Zara, Kiabi	Decathlon , Mercadona, Leroy Merlin	Carrefour, Yelmo Cines, H&M
WALE	9.1 years	5.6 years	9.0 years	13.2 years	16.6 years
Vacancy	3.2%	3.0%	1.2%	1.3%	3.9%

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

SPANISH PORTFOLIO OVERVIEW

TOP 10 ASSETS

	HABANERAS	PUERTA EUROPA	PARQUE OESTE (I)	PARQUE PRINCIPADO	MARISMAS DEL POLVORÍN
					
GAV	**€88.9m**	**€62.9m**	**€50.2m**	**€33.1m**	**€27.3m**
Province	Alicante	Cádiz	Madrid	Oviedo	Huelva
Catchment Area (Inhabitants)	531,670	311,110	5,856,325	866,511	318,213
Gross Lettable Area	24 166m²	29 732m²	13 604m²	16 246m²	18 220m²
Monthly Rental	€19/m²	€14/m²	€16/m²	€10/m²	€8/m²
Sector	Shopping Centre	Shopping Centre	Retail Park	Retail Park	Retail Park
Major Tenants	Leroy Merlin, Zara, Forum Sport	Primark, Yelmo Cines, Mercadona	Media Markt, Kiwoko, Worten	Bricomart, Conforama, Intersport	Media Markt, Mercadona, Low Fit
WALE	8.1 years	11.2 years	19.9 years	11.4 years	21.3 years
Vacancy	1.0%	3.1%	Fully let	Fully let	Fully let

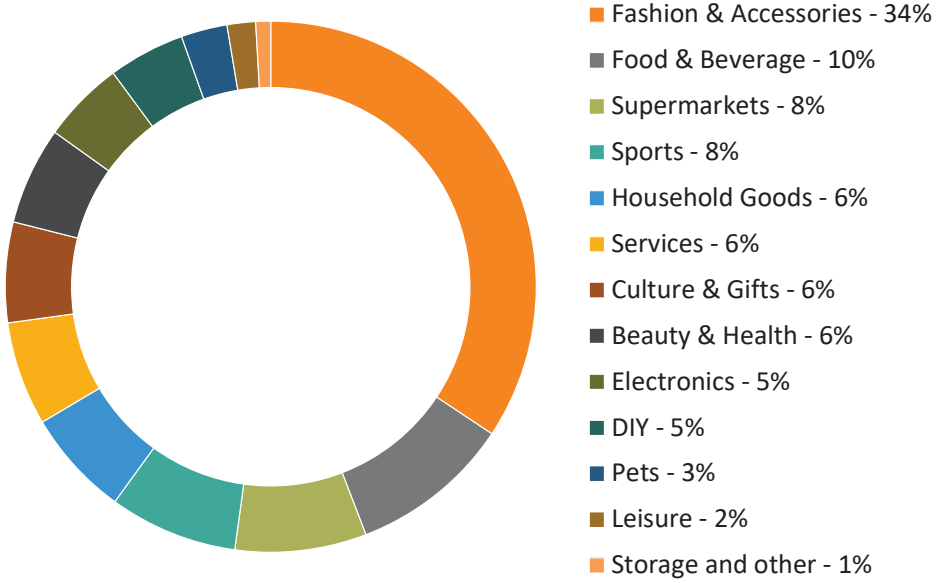
(I) Parque Oeste comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes

TENANT MIX

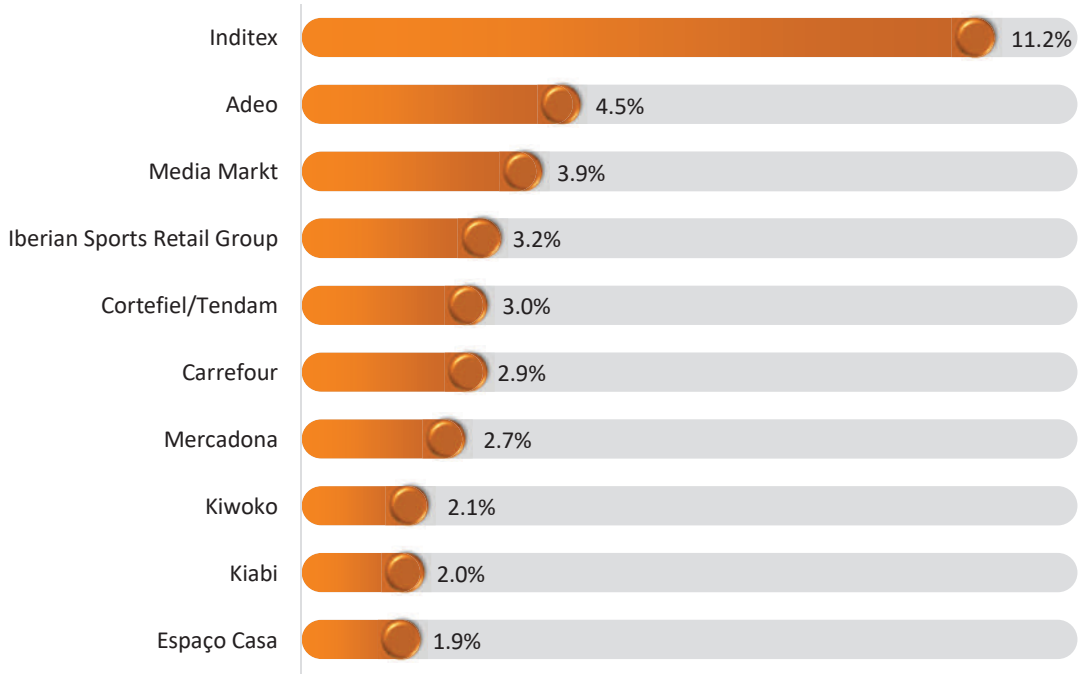
HIGHLY DIVERSIFIED RETAIL MIX LEADING TO SUSTAINABLE, HIGH QUALITY AND LOW RISK INCOME STREAMS

Assets	GLA	WALE (i)	Occupancy
16	356 675m²	13.6 years	98.2%

CATEGORY PROFILE BY RENT 31ST MARCH 2020



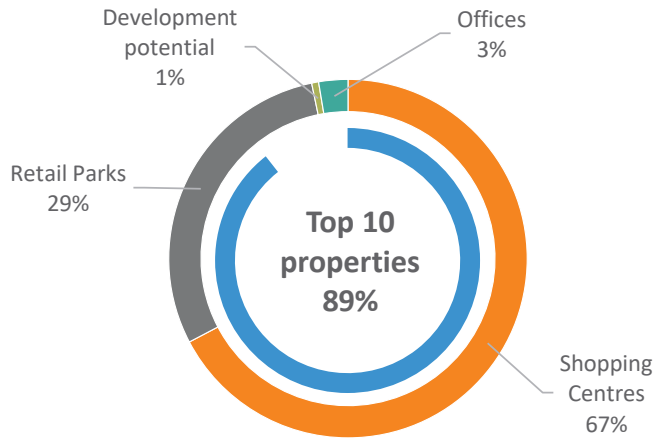
TOP 10 TENANTS BY RENT 31ST MARCH 2020



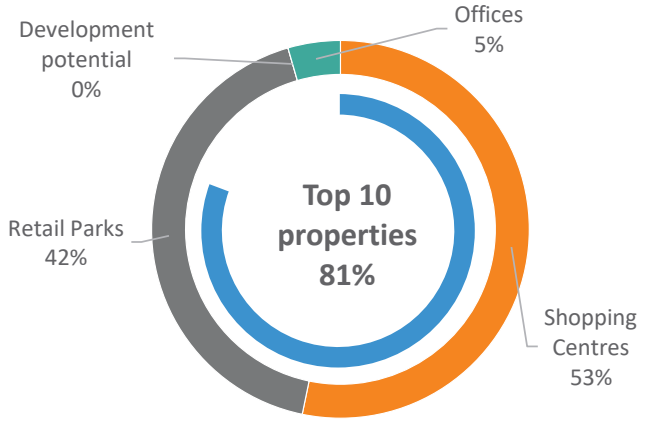
(i) WALE calculated according GLA is to expiry of lease excluding break options

SPANISH TOTAL PORTFOLIO COMPOSITION

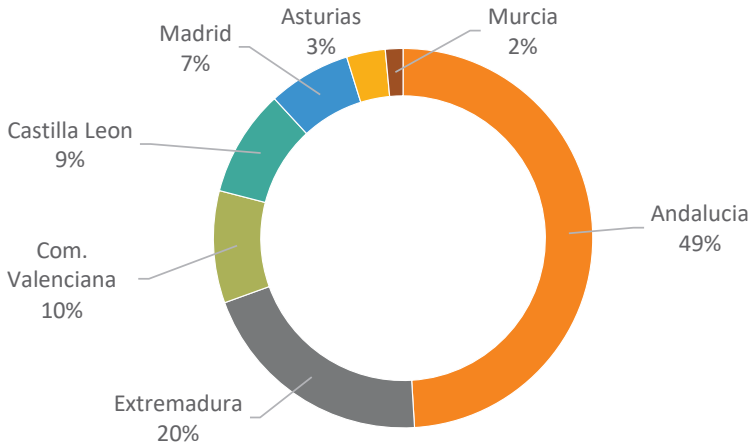
SECTORAL PROFILE - BY VALUE



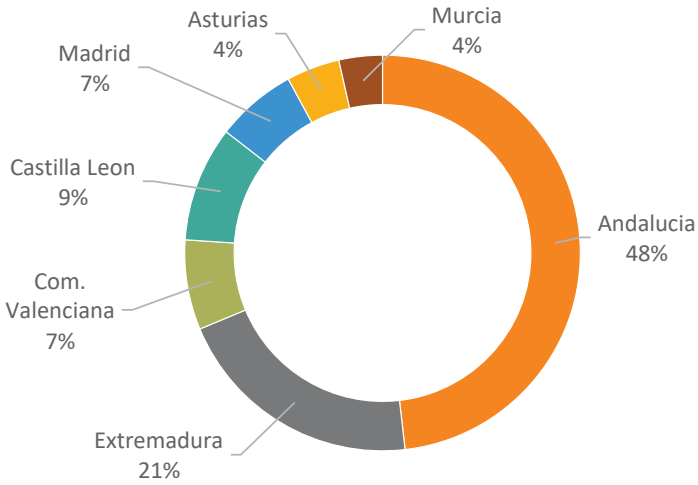
SECTORAL PROFILE - BY GLA



GEOGRAPHIC PROFILE - BY VALUE



GEOGRAPHIC PROFILE - BY GLA



VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

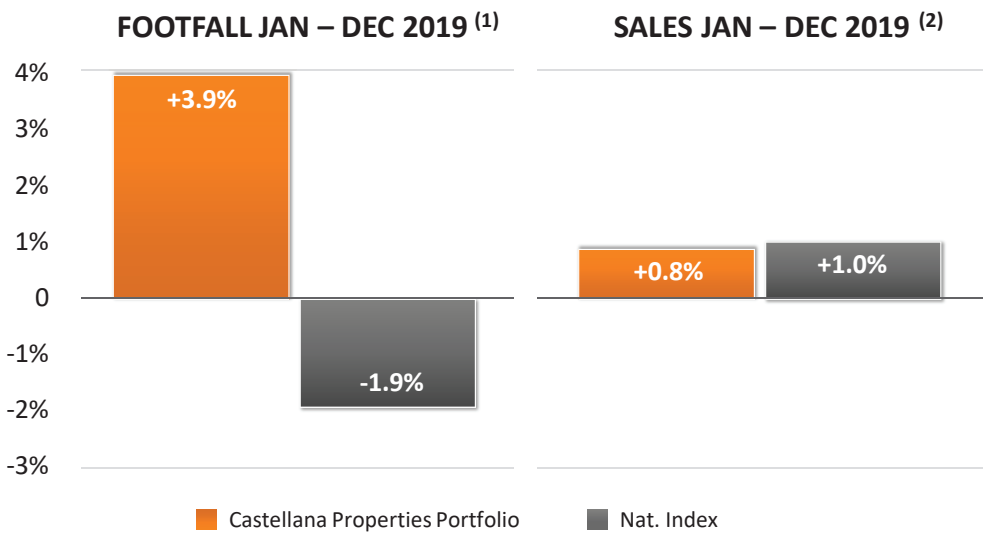
CASTELLANA
PROPERTIES

FY2020 OPERATIONAL REVIEW



FOOTFALL & SALES

CASTELLANA OUTPERFORMED BENCHMARKS IN 2019



FOOTFALL

- Strong positive trend across the portfolio (+ 3.9% YTD 2019) vs national index (- 1.9%)
- Excluding Los Arcos and Bahía Sur, due to the refurbishment projects currently underway, shopping mall footfall increased +10%
- The asset with the greatest growth in 2019 was Puerta Europa, with +25.5%, after the opening of 13 new brands last year such as Zara, Stradivarius, JD Sport, Hawkers and McDonalds, among others
- Granaita, which opened in March after the €5,5 M investment in its repositioning, closed the year with a 10.1% footfall increase

SALES

- Castellana portfolio closed with a positive growth in sales (+0.8.%), aligned with the national index
- Excluding Los Arcos and Bahia Sur, due to the refurbishment projects currently underway, the shopping centre portfolio increased + 1.3%

(1) Footfall Data: Castellana's portfolio includes 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. Nat Index: Shoppertrak source.
(2) Sales Data: Castellana's portfolio includes all retail assets. Nat Index: AECC source.

LEASING ACTIVITY

COMMERCIAL PERFORMANCE FY2020

165
OPERATION SIGNED

64
RENEWALS

101
NEW CONTRACTS

€12.2m
NEW RENT SIGNED

€4.71m
RENEWALS

€7.51m
NEW CONTRACTS

62,605 sqm
GLA SIGNED

26,542 sqm
RENEWALS

36,063 sqm
NEW CONTRACTS

10.84%
AV. RENT INCREASE(1)

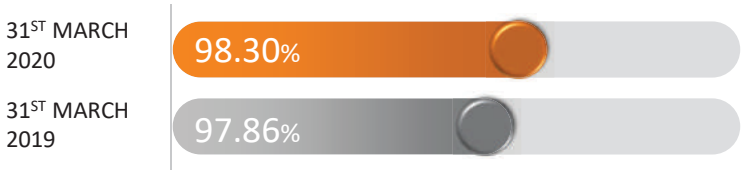
9.83%
RENEWALS

11.06%
NEW CONTRACTS

(1) Including contracts signed over vacant units

MAIN BUSINESS KPI´S DURING FY2020

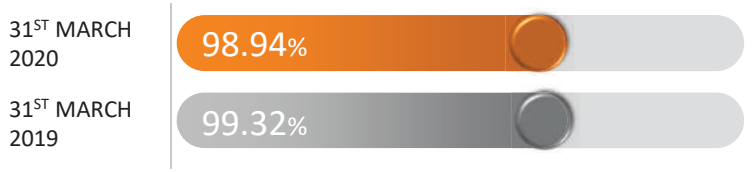
OCCUPANCY ALMOST FULLY LET



RENT ARREARS REMAINS LOW

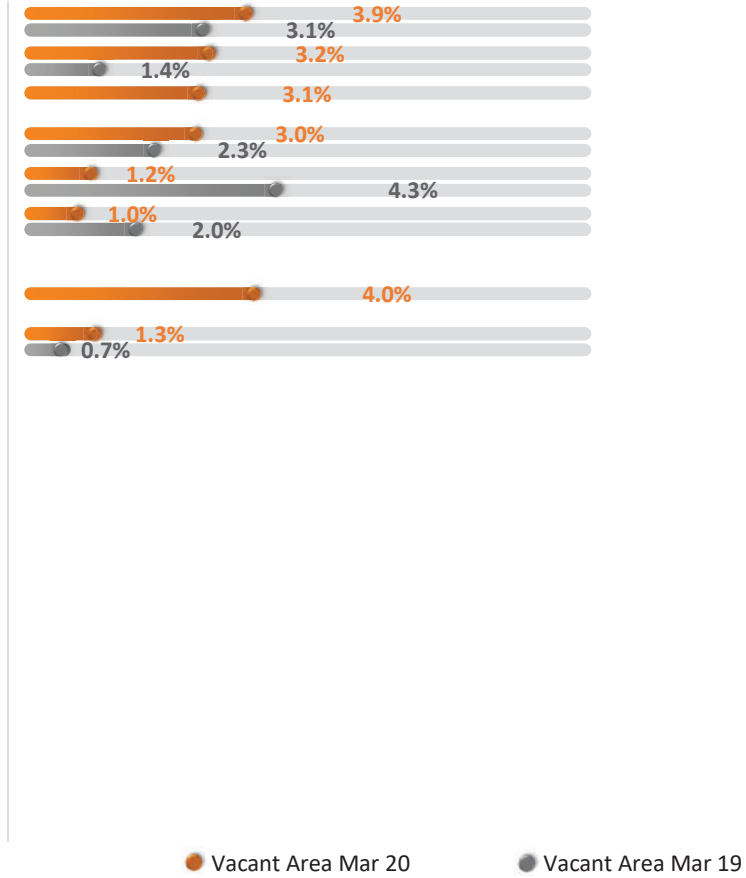


RENT COLLECTION STABILIZED



SPANISH VACANCY PROFILE

PORTFOLIO VACANCY OF 1.7% OF GLA

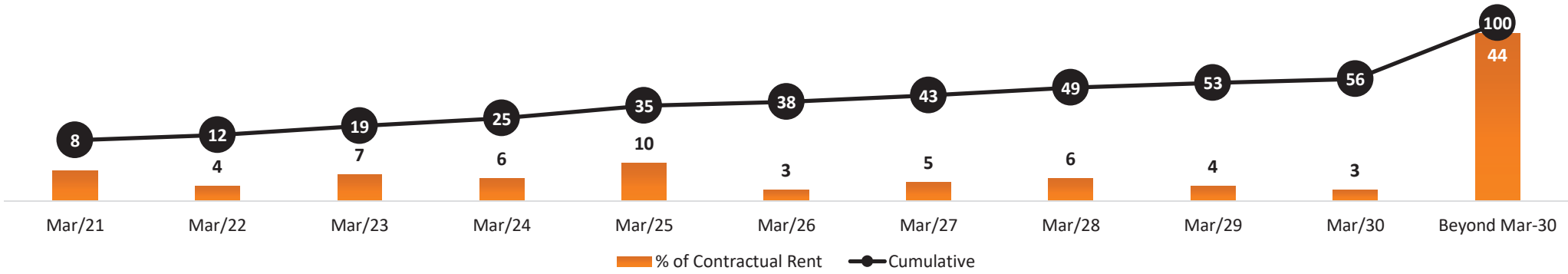




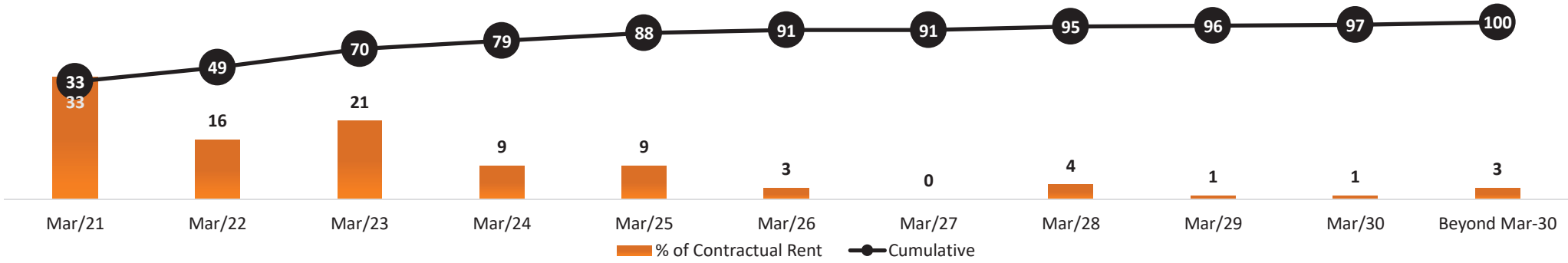
RETAIL LEASE EXPIRY PROFILE

47% OF CONTRACTUAL RENT EXPIRING IN FY2030 AND BEYOND (WALE 10.6 YEARS TO EXPIRY AND 2.5 YEARS TO BREAK)

EXPIRY PROFILE (% RENT)



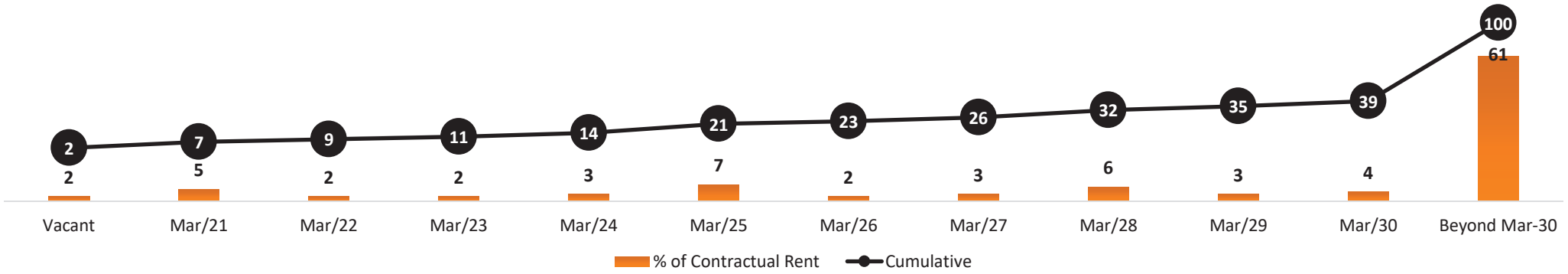
BREAK PROFILE (% RENT)



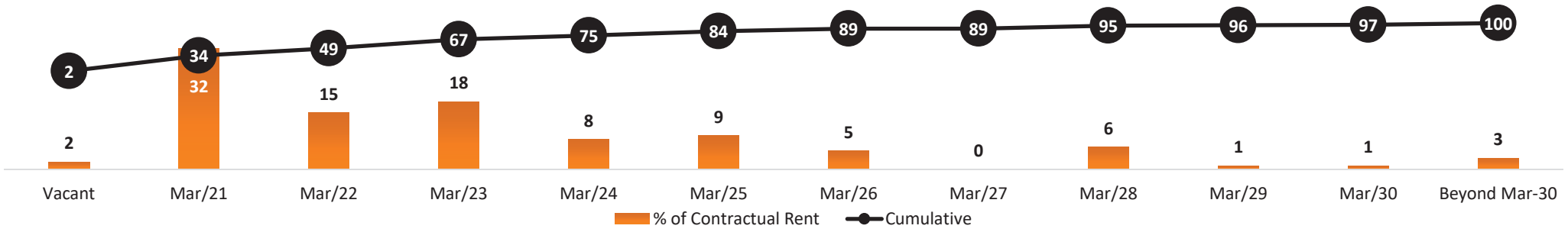
RETAIL LEASE EXPIRY PROFILE

65% OF CONTRACTUAL GLA EXPIRING IN FY2030 AND BEYOND (WALE 13.6 YEARS TO EXPIRY AND 2.8 YEARS TO BREAK)

EXPIRY PROFILE (% GLA)



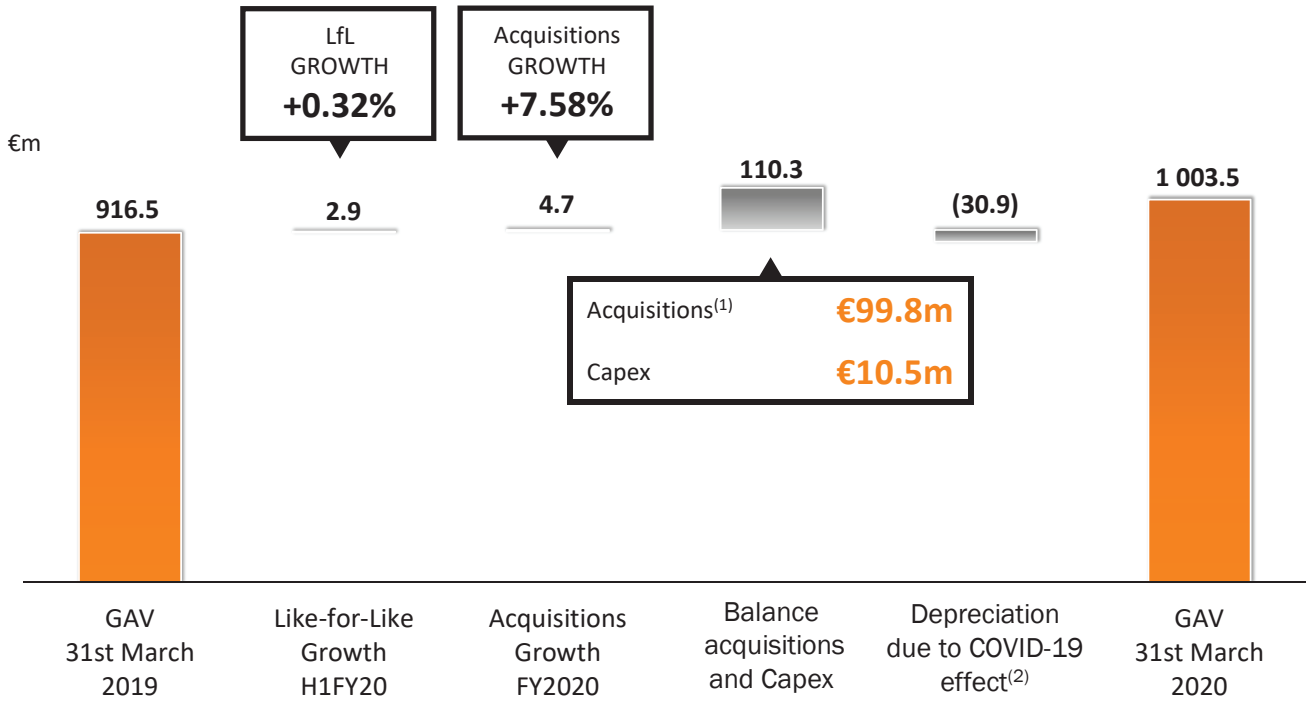
BREAK PROFILE (% GLA)



GAV BRIDGE AND BREAKDOWN

Strong portfolio revaluation of €7.6m in 6 months from 31st March 2019 to 30 September 2019

Portfolio Gross Asset Value over €1bn with investments of c. €110m during FY2020



(1) Asset purchase price includes transaction costs
(2) Fair value impact due to COVID-19 reflected within 31st March 2020 valuations. Net impact considering H1FY20 revaluations of c. €23.35m for FY2020



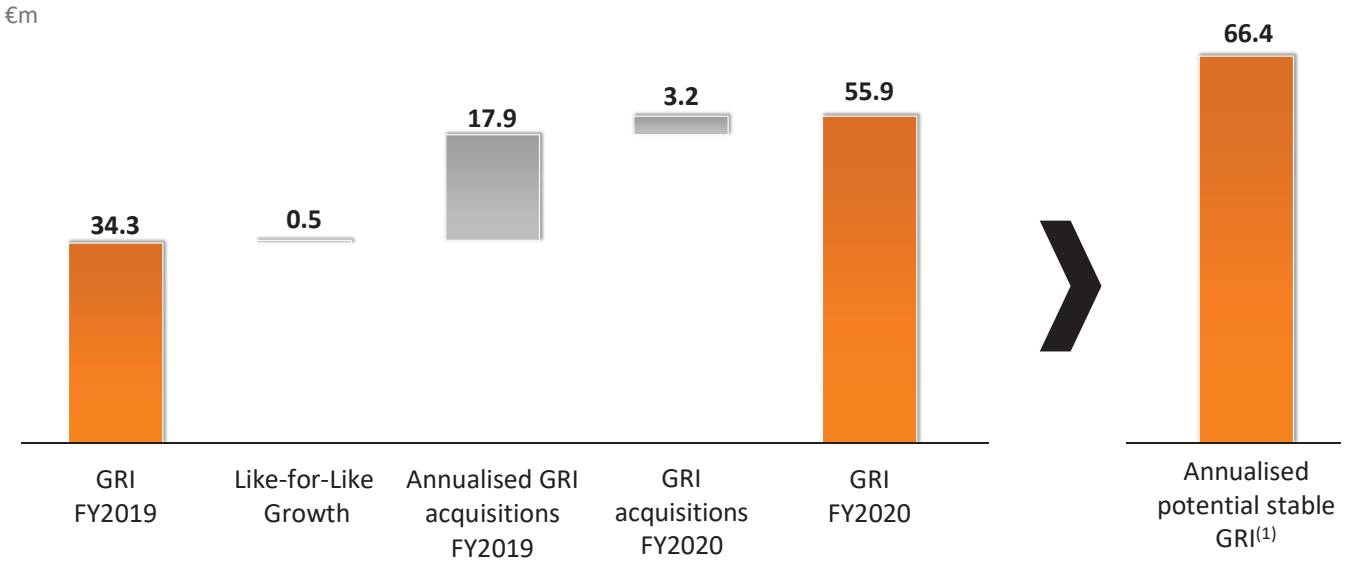
GRI BRIDGE AND BREAKDOWN

Life-for-Like Growth of 2.78%

Potential Portfolio GRI Annualised is above €66m

RETAIL PARKS	+2.75%	LfL GROWTH(2)
OFFICES	+3.00%	+2.78%

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



(1) Annualised GRI considering new units acquired during FY2020 and under Repositioning Project
(2) Calculated considering same portfolio and same period for FY2019 and FY2020 excluding annualized rents



EPRA BEST PRACTICES

CASTELLANA WELL POSITIONED RELATIVE TO PEERS

EPRA BPR SILVER

	CASTELLANA		PEER AVERAGE	
	NET INITIAL YIELD	TOPPED UP NIY	NET INITIAL YIELD	TOPPED UP NIY
EPRA YIELDS	5.74%	6.03%	5.22%	5.38%
EPRA VACANCY RATE	1.20%		3.68%	
EPRA COST RATIO	16.03%		16.44%	

Note: All Castellana data as at 31 March 2020, all peer data as at 31 December 2020

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

CASTELLANA
PROPERTIES

GROWTH DRIVERS AND ASSET MANAGEMENT INITIATIVES

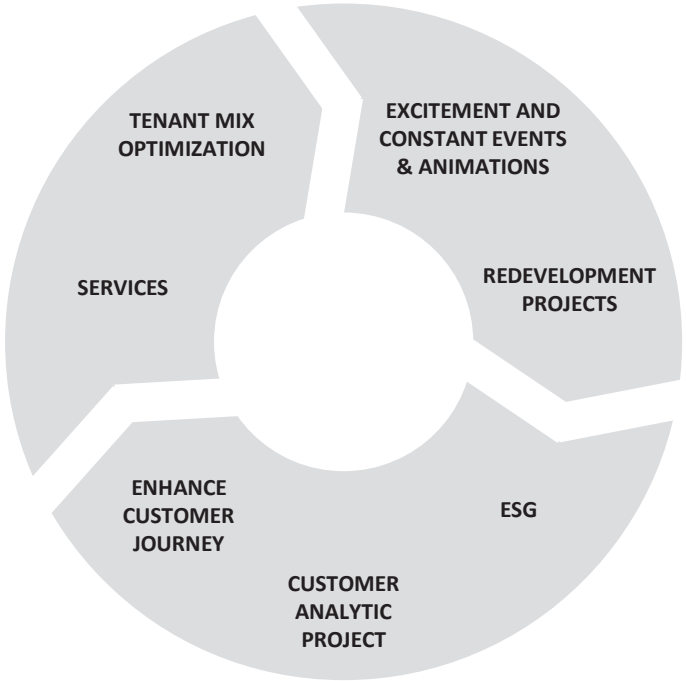


GROWTH DRIVERS

CUSTOMER CENTRICITY

CUSTOMER CENTRICITY

THE CUSTOMER EXPERIENCE PROCESS ENCOMPASSES EVERY TOUCHPOINT ALONG THE WAY



CUSTOMER ANALYTICS

KNOWING OUR CUSTOMERS BETTER WITH A BOTTOM UP APPROACH TO CUSTOMER ENGAGEMENT

IN MALL

Understand customer behaviour into the mall and interact with them, investing in a customer relationship management tool (CRM) that provides in-depth analytics of the customers' activities

OUT OF MALL

Understand market insights in the catchment areas through new market studies based on technology, and use that to position the mall as the primary retail destination





MAIN GROWTH DRIVERS FY2020

INTRODUCING DEALZ BRAND INTO THE PORTFOLIO



Opening Dealz Brand in La Serena Retail Park

- Replacement of Worten units with Dealz brand, adding value to the commercial mix. thanks to the diversity of products offered by the brand.
- Very well-known brand with a MGR increment of +5.9%
- Worten's lease termination penalty covered almost 70% of the fit out contribution to Dealz.
- Looking at the viability of new stores opening in our portfolio

F&B AREA DELIVERED IN HABANERAS



New access to F&B area

- New F&B area reconfiguration in upper floor
- Opening of 3 new restaurants with wider terraces in the second floor: Japanese, American and Spanish Food to improve the dinning offer
- New access opened form the street level to F&B area
- 100% occupancy rate in Habaneras shopping center

UPGRADING COMMERCIAL MIX IN PUERTA EUROPA



Primor unit is the first in the whole of Gibraltar's countryside.

- Occupancy rate in Puerta Europa SC reached almost 100%
- Relevant operations have taken place as:
  - Expansion agreement with Pull& Bear (Inditex) for a 614 sqm unit
  - New openings since the purchase up to a total of 1.444 sqm (Primor, McDonalds, Pandora, JVZ, Ok Cafe)
  - Renewal agreements with image enhancement of brands that were already in the shopping center (Stradivarius, Decimas, OTS, Mayoral)

NEW ACQUISITION – PUERTA EUROPA

DOMINANT SHOPPING CENTRE IN ALGECIRAS OFFERING STABLE AND GROWING NOI

- Dominant centre in port city of Algeciras with under-market rentals and above average sales performance offers attractive NOI growth profile
- Footfall increased to by 25% since acquisition date
- Centre is almost fully let
- Valuation increased to €62.9m since acquisition

KEY METRICS

GLA	**29 732m²**
Catchment	**311 110 people**
Average OCR	**10%**
Average Rent	**€14.24/m²**
Purchase Date	**31 July 2019**

€56.8m
Acquisition Price

93%
National and International Brands

4.6m
Footfall



PRIMARK · YELMO CINES · MERCADONA · lefties · McDonald's · Sprinter · ZARA · JD

ADDITIONAL ACQUISITIONS

STRATEGIC ACQUISITIONS TO ENHANCE EXISTING ASSETS

PINATAR PARK PHASE II – MURCIA



Acquisition Date: 18/06/2019
Price [(1)]**:** €3.59m
GLA: 2 624m²

Accretive acquisition of Phase 2 at Pinatar Park to further strengthen the tenant mix

ECI UNITS – SEVILLA AND CÁDIZ



Acquisition Date: 27/05/2019
Price [(1)]**:** €36.8m
GLA: 23 000 m²

Acquisition allows for expanded value-adding repositioning projects in both Bahia Sur and Los Arcos

REPOSITIONING PROJECT

BAHIA SUR 1 / 2

MAY 2020 Inditex units ready to deliver

JUL 2020 Indoor redesign finished

DEC 2020 Yelmo Cines opening

Q1 **Q2** **Q3** **Q4**

Reconfiguration units in ECI's area highly advanced

JUN 2020 Yelmo unit ready to deliver

SEPT 2020 Zara, Lefties, KIko openings

Although COVID-19 has delayed the delivery of a few units, the project is making a good progress. First brands (Zara, Lefties, Kiko) will open during summer 2020





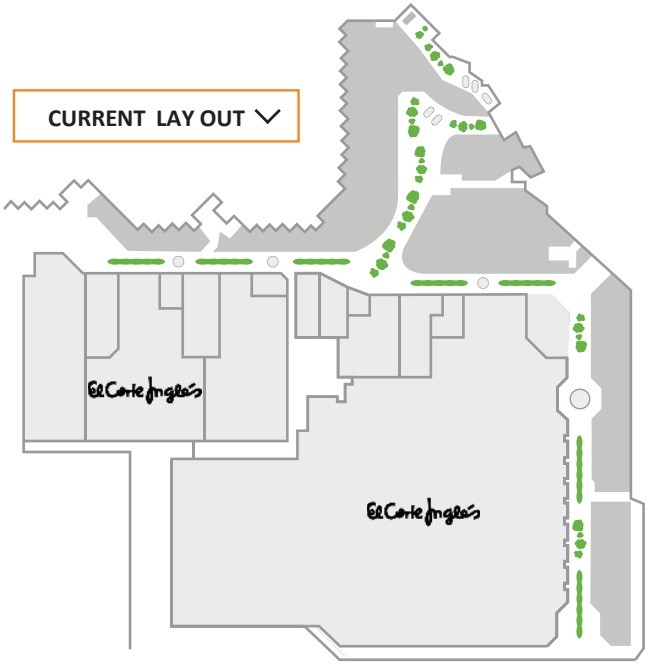
REPOSITIONING PROJECT

BAHIA SUR 2 / 2



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

CURRENT LAY OUT



FUTURE LAY OUT (1)



Unit signed | Unit committed. Advanced negotiations | Unit under negotiations

RETURN METRICS

Acquisition Cost	€19.5m
Capex Budget	€17.8m
Additional NOI created	€2.25m

Q4 2020
REOPENING

13
NEW BRANDS

19,280 sqm
GLA AFFECTED

95.9 %
OF GLA SIGNED AND COMMITTED

(+38.4% HOTS have been turned into 4 contracts, 7,404 m2 in the last 6M)

YELMO CINES PREMIUM · ZARA · lefties · KIKO MILANO · DECIMAS · PRIMOR · SPRINGFIELD

NEW BRANDS

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

REPOSITIONING PROJECT

LOS ARCOS 1 / 2

MAY 2020
Complete reconfiguration Hipercor's units

JUL 2020
Mercadona's opening

SEPT-NOV 2020
Other unit's opening

Q1 Q2 Q3 Q4

Q2 – Q3
Relocation some units located in central mall

Works inside the mall have been progressing during COVID-19, seizing the opportunity of the mall closure. Mercadona, Decimas, Etam, Soloptical, Extensionmania, Jolfer, Movistar and Game will open next July





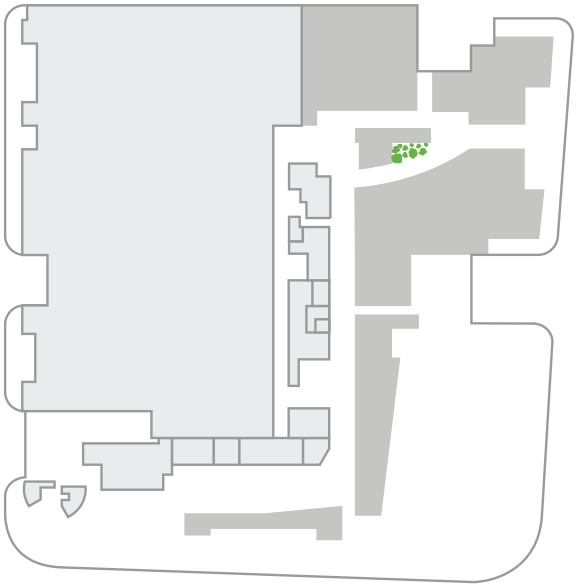
REPOSITIONING PROJECT

LOS ARCOS 2 / 2

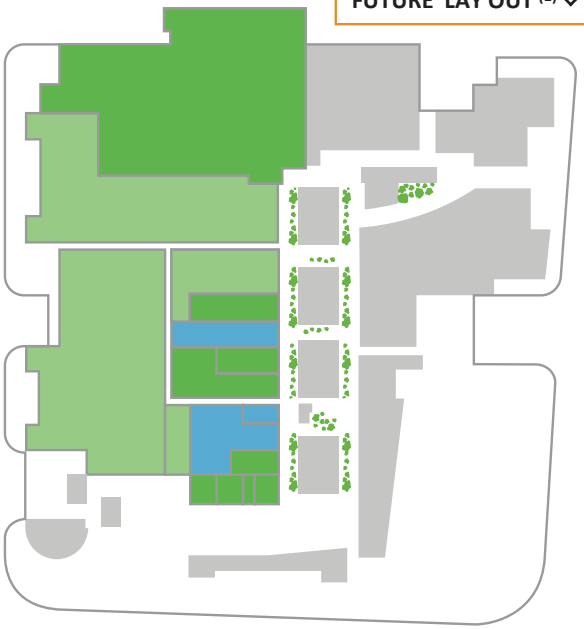


ACQUISITION OF HIPERCOR UNIT ENABLING IMPROVED TENANT MIX ALONG WITH STREET LEVEL RECONFIGURATION

CURRENT LAY OUT



FUTURE LAY OUT (1)



Unit signed | Unit committed. Advanced negotiations | Unit under negotiations

RETURN METRICS

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

Q4 2020
REOPENING

14
NEW BRANDS

11,247 sqm
GLA AFFECTED

84.9 %
OF GLA SIGNED AND COMMITTED
(7,8% HOTS have been turned into 5 contracts in the last 6M)

MERCADONA · Soloptical · DECIMAS · GAME · Etam · MARYPAZ · JOLFER · Movistar

NEW BRANDS

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

REPOSITIONING PROJECT

EL FARO 1 / 2

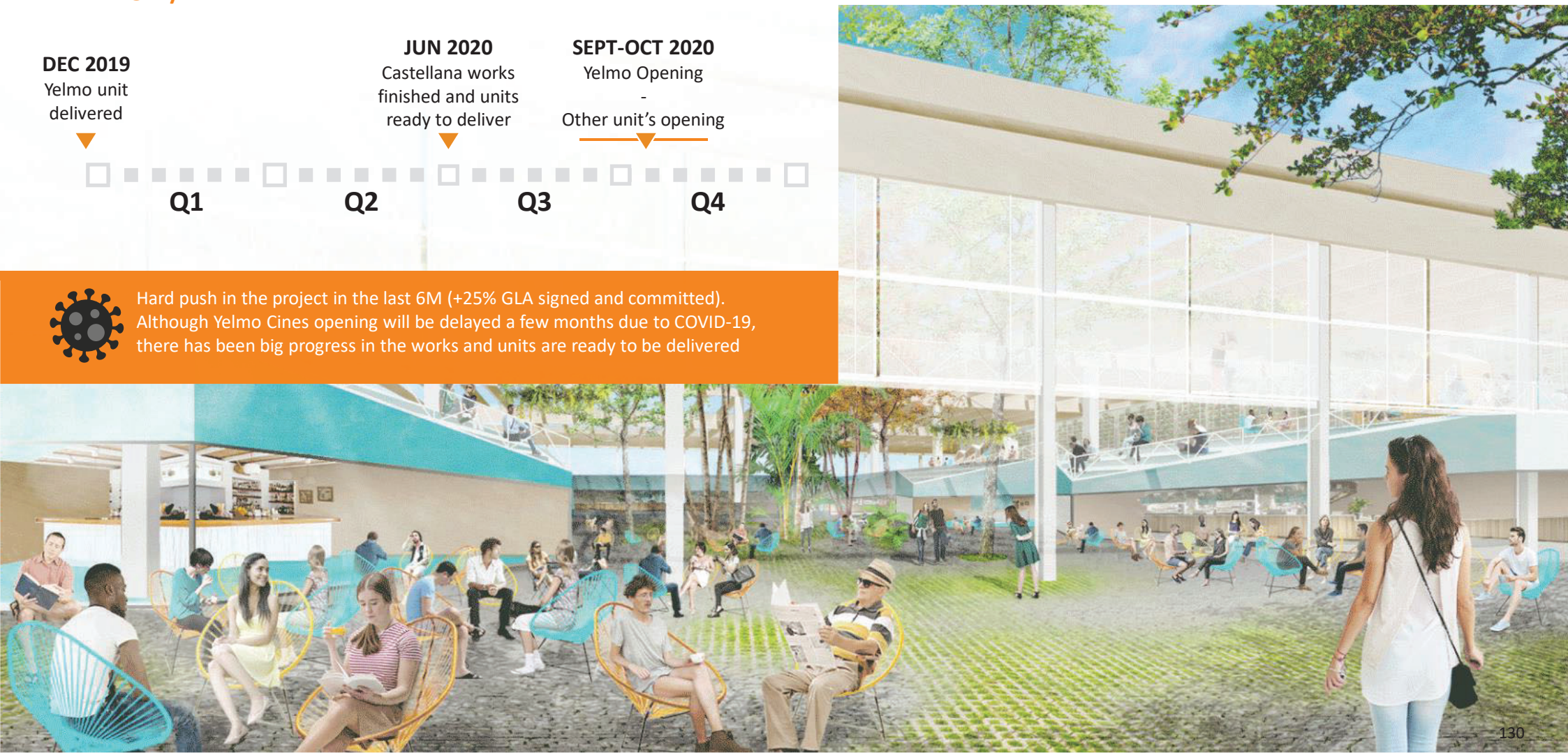
DEC 2019
Yelmo unit delivered

JUN 2020
Castellana works finished and units ready to deliver

SEPT-OCT 2020
Yelmo Opening
-
Other unit's opening

Q1 Q2 Q3 Q4

Hard push in the project in the last 6M (+25% GLA signed and committed). Although Yelmo Cines opening will be delayed a few months due to COVID-19, there has been big progress in the works and units are ready to be delivered



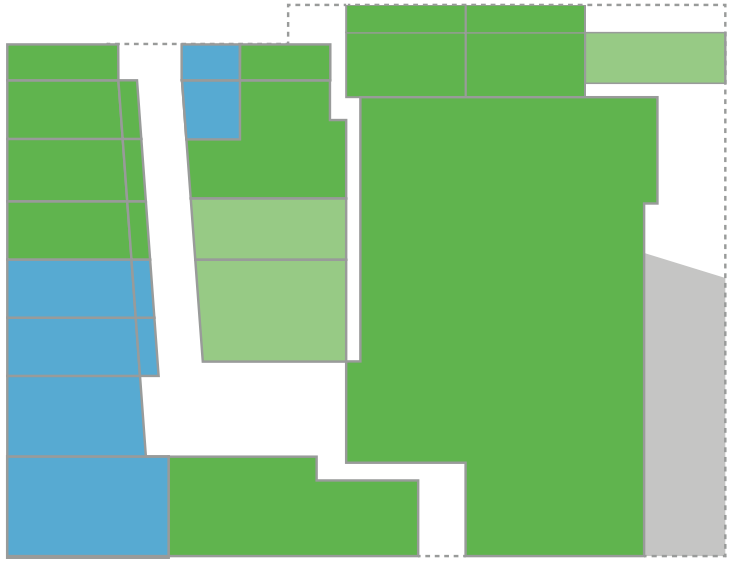
REPOSITIONING PROJECT

EL FARO 2 / 2



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

FUTURE LAY OUT (1)



Unit signed | Unit committed. Advanced negotiations | Unit under negotiations

RETURN METRICS

Capex Budget	**€4.5m**
Additional NOI created	**€0.25k**

Q4 2020
REOPENING

17
NEW BRANDS

9,833 sqm
GLA AFFECTED

65.1 %
OF GLA SIGNED AND COMMITTED

(+14,61 % HOTS have been turned into 5 contracts, 1,454 m2 in the last 6M)

NEW BRANDS

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

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

CASTELLANA
PROPERTIES

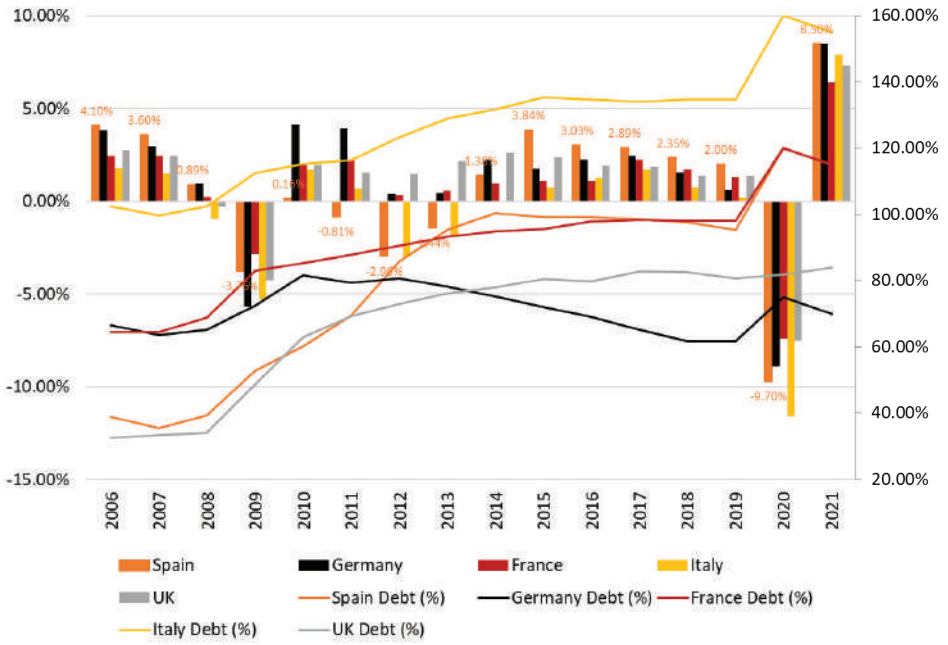
SPANISH ECONOMIC FUNDAMENTALS



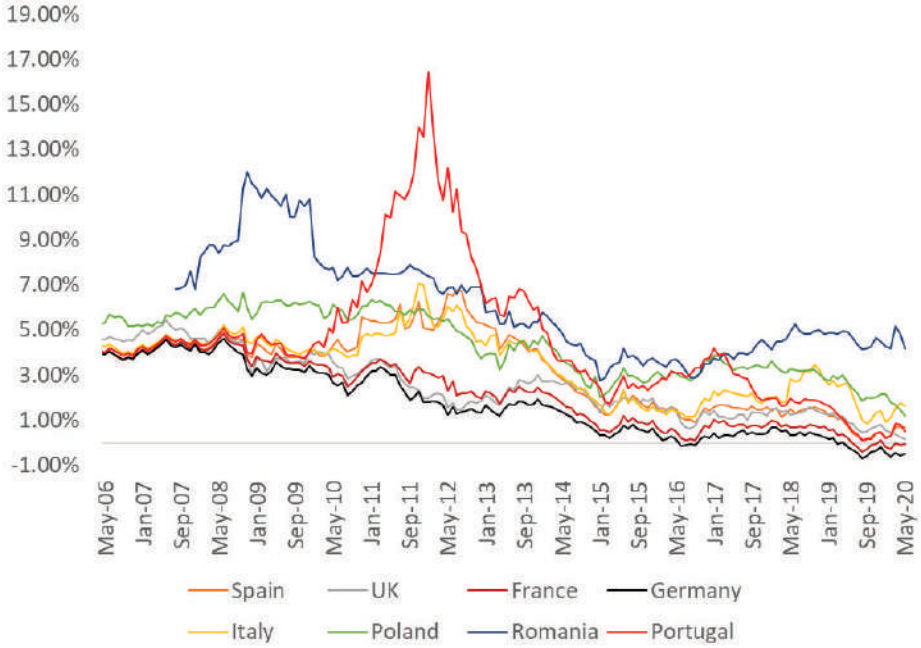
IMPACT ON SPANISH ECONOMY

STRONG REBOUND EXPECTED IN 2021 WITH DEBT COSTS LOWER FOR LONGER

GDP AND GOVERNMENT DEBT AS % OF GDP



10Y GOVERNMENT BONDS (YIELD)



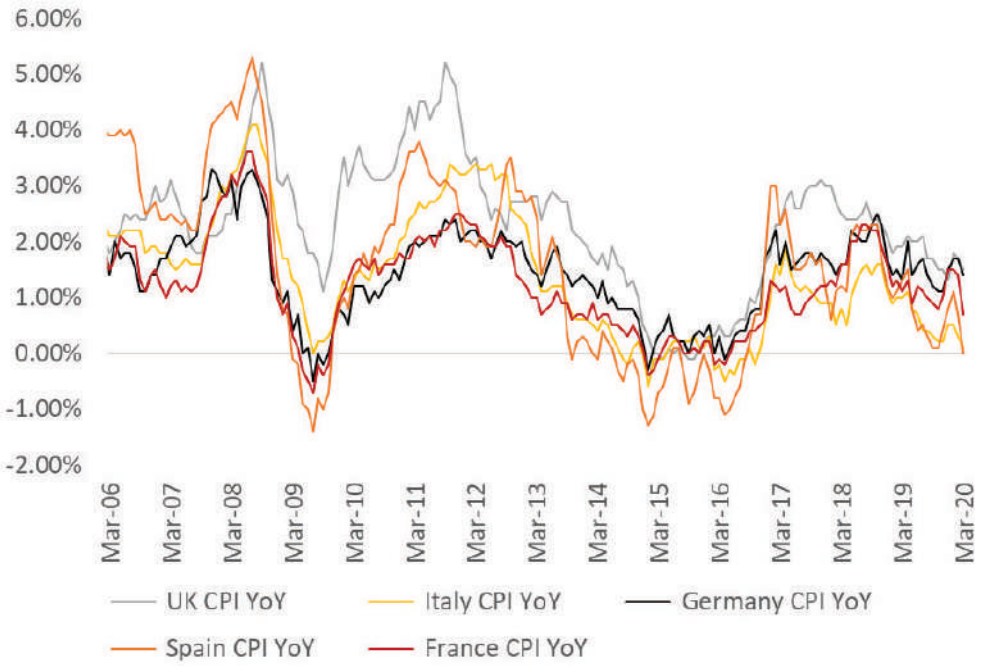
- Spain's GDP is forecast to contract up to 9.7% in 2020. Market consensus points to a strong rebound of the Spanish economy in 2021
- While Spanish debt could reach 120% of national GDP, in line with that of France, European Union €3.4tr package should ease preasure on national deficits
- Intervention of the ECB through its €870bn Pandemic Emergency Purchase Program (PEPP) and low interest rates policy suggests debt costs will remain at low levels for significantly longer periods
- Compared to the financial crisis where there was a significant spread between northern and southern European countries, now Spanish 10Y bonds trade at similar yields to its northern neighbours

Source: Thompson Reuters, GS Research, INE.

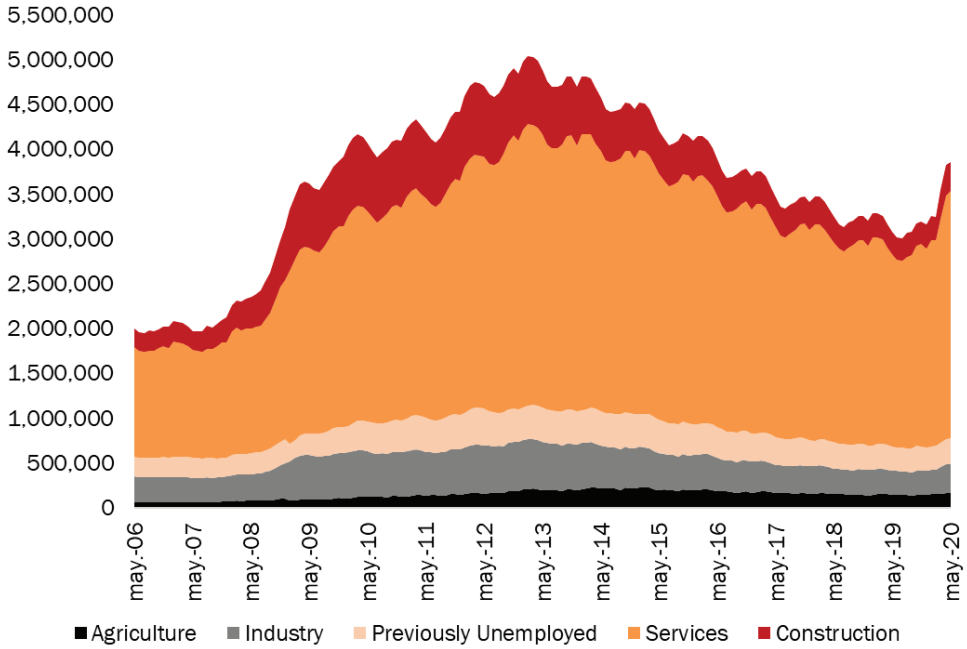
IMPACT ON SPANISH ECONOMY

UNEMPLOYMENT STILL BELOW 2012 PEAK

INFLATION RATE (CPI)



UNEMPLOYMENT (1) IN SPAIN BY ECONOMIC SECTOR



- Pre-COVID-19 unemployment **currently sitting at 14%** but expected to rise up to 20% by year-end
- Still **well below the peak of 26%** reached in 2012

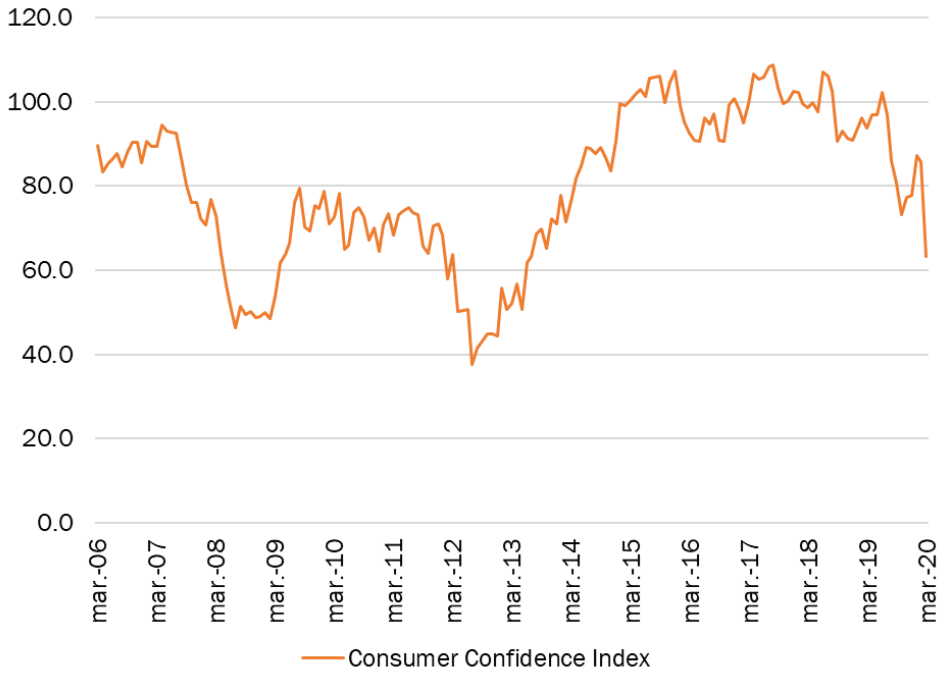
Source: Thompson Reuters, GS Research, INE.

NOTE: 1) Registered unemployment excludes Temporary Employment Adjustments or ERTEs.

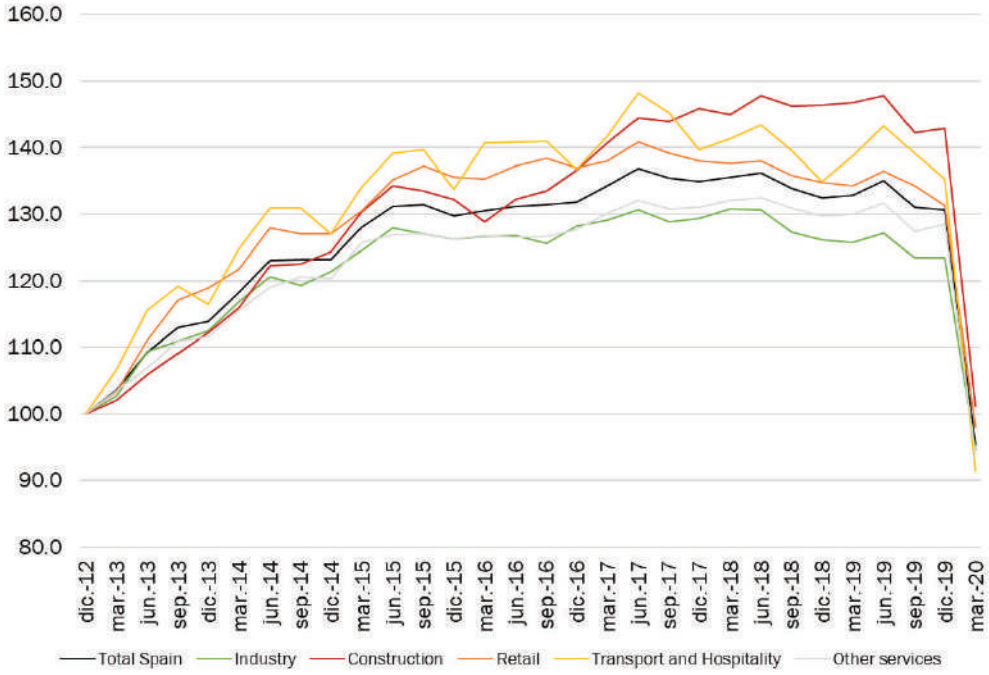
IMPACT ON SPANISH ECONOMY

EFFECT OF STIMULUS PACKAGES ON THE RECOVERY EXPECTED IN COMING MONTHS

CONSUMER CONFIDENCE



BUSINESS CONFIDENCE



- Robust and coordinated response to protect and stimulate the economy by Spanish and European authorities should contribute to quickly restore business and consumer confidence that could bring back investment volumes and employment

Source: Thompson Reuters, GS Research, INE.

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

APPENDIX C

Financial Results Overview



SIMPLIFIED INCOME STATEMENT

	Mar-20 Rm	Mar-19 Rm	Variance %
Revenue	**3 446**	2 806	22.8
SA	**2 137**	1 927	9.8
Spain	**1 310**	880	32.9
Property Expenses	**(1 129)**	(932)	17.5
Net property income	**2 317**	**1 874**	**19.1**
SA	**1 330**	1 206	9.3
Spain	**987**	669	32.3
Corporate administration expenses	**(279)**	(199)	28.5
Income from listed investments (Fairvest and Arrowhead)	**177**	134	24.4
Operating profit before finance costs	**2 215**	**1 809**	**18.3**
Net finance costs	**(370)**	(299)	19.2
Interest expense	**(615)**	(510)	20.6
Interest income	**60**	48	25.0
Interest on CCIRS	**185**	163	13.5
Profit before taxation	**1 845**	**1 510**	**18.2**
Taxation	**(40)**	(18)	53.5
Profit for the year	**1 805**	**1 492**	**17.4**
Share of income from associate (Atlantic Leaf)	**127**	54	57.8
Non controlling interests	**(130)**	(102)	21.2
Attributable to Vukile shareholders	**1 802**	**1 443**	**19.9**

RECONCILIATION TO DISTRIBUTABLE EARNINGS PER SHARE

	Mar-20 Rm	Mar-19 Rm	Variance %
Attributable to Vukile shareholders	**1 802**	1443	19.9
Non-IFRS adjustments:			
Accrued dividends (Listed investments)	**(19)**	122	
Non-cash impact of IFRS 16 (Leases)	**6**	-	
Antecedent dividend	**2**	125	
Distributable earnings	**1 791**	1 690	5.6
Number of shares in issue	**956 226 628**	956 226 628*	
Distributable earnings per share	**187.26**	181.48	3.2

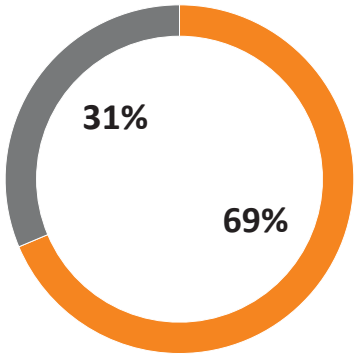
* Includes shares issued in April 2019

GEOGRAPHICAL SEGMENT ANALYSIS

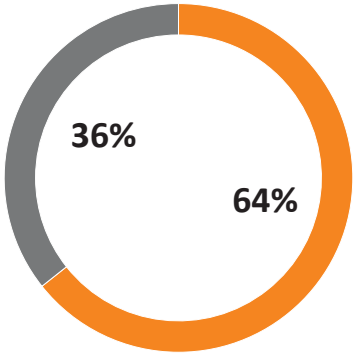
SPAIN INCREASED ITS CONTRIBUTION TO 43% OF NET PROPERTY INCOME

12 MONTHS TO MARCH 2019

REVENUE

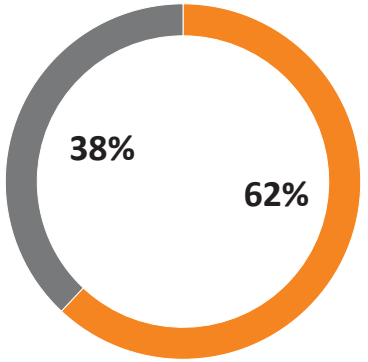


NET PROPERTY INCOME

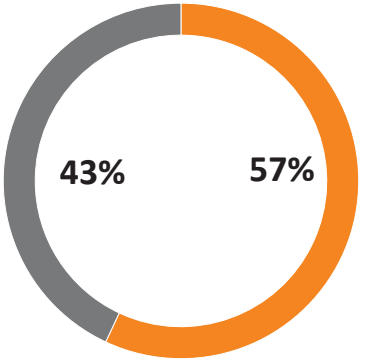


12 MONTHS TO MARCH 2020

REVENUE



NET PROPERTY INCOME



Southern Africa
Spain

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

APPENDIX C

Treasury - liquidity overview:

- Loan repayment and hedging expiry profiles
- Undrawn facilities



ANALYSIS OF GROUP LOAN REPAYMENT AND HEDGING EXPIRY PROFILE

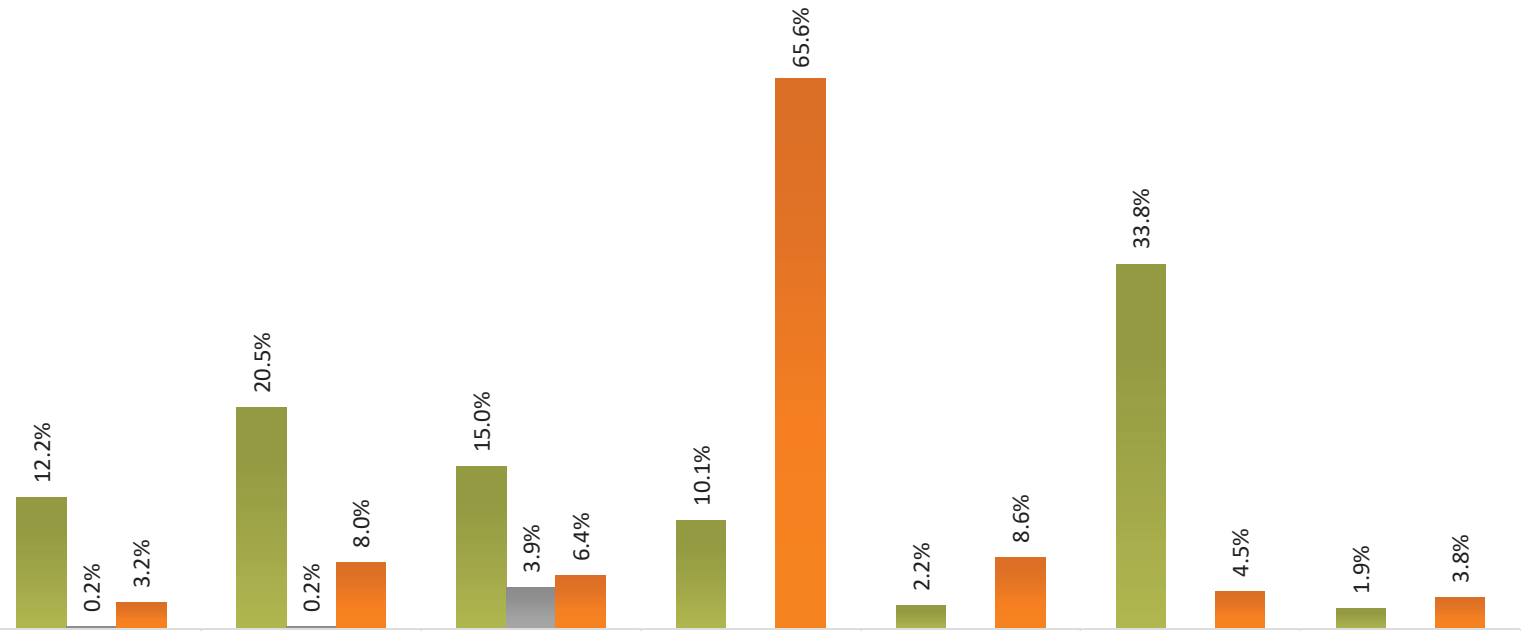
WELL HEDGED WITH LOW RISK EXPIRY PROFILE

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

R1.1bn of available undrawn bank facilities

81% of interest bearing debt hedged

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



	2021	2022	2023	2024	2025	2026	2027 & beyond
Loan expiry profile R'm	2 251	3 798	2 780	1 864	404	6 264	359
CP and access facility expiry profile R'm	40	45	717				
Hedging (swap & fixed debt) profile R'm	456	1 149	919	9 451	1 235	649	550

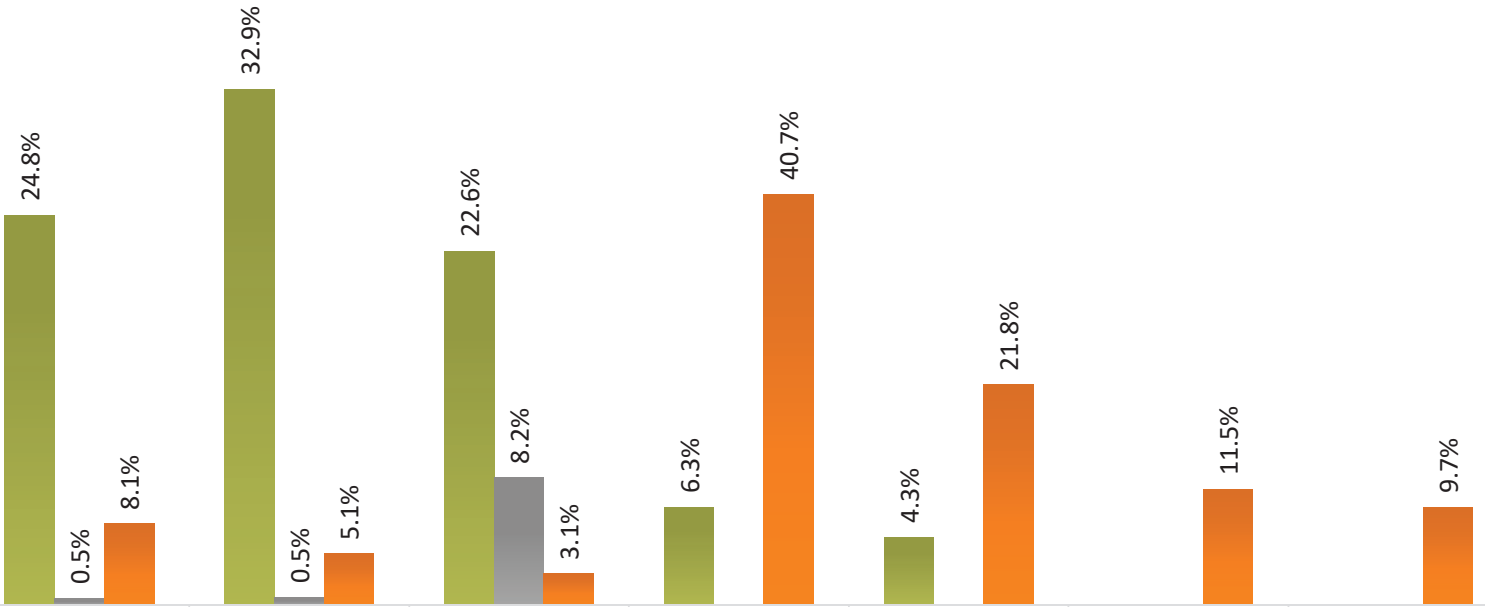
ANALYSIS OF SOUTHERN AFRICAN LOAN REPAYMENT AND SWAP EXPIRY PROFILE

WELL HEDGED WITH LOW RISK EXPIRY PROFILE

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

71% of interest bearing debt hedged

Fixed rate (swap & fixed debt) maturity profile 3.8 years



	2021	2022	2023	2024	2025	2026	2027 & beyond
Loan expiry profile R'm	2 185	2 892	1 984	550	381		
CP and access facility expiry profile R'm	40	45	717				
Hedging (swap & fixed debt) profile R'm	456	286	178	2 302	1 235	649	550

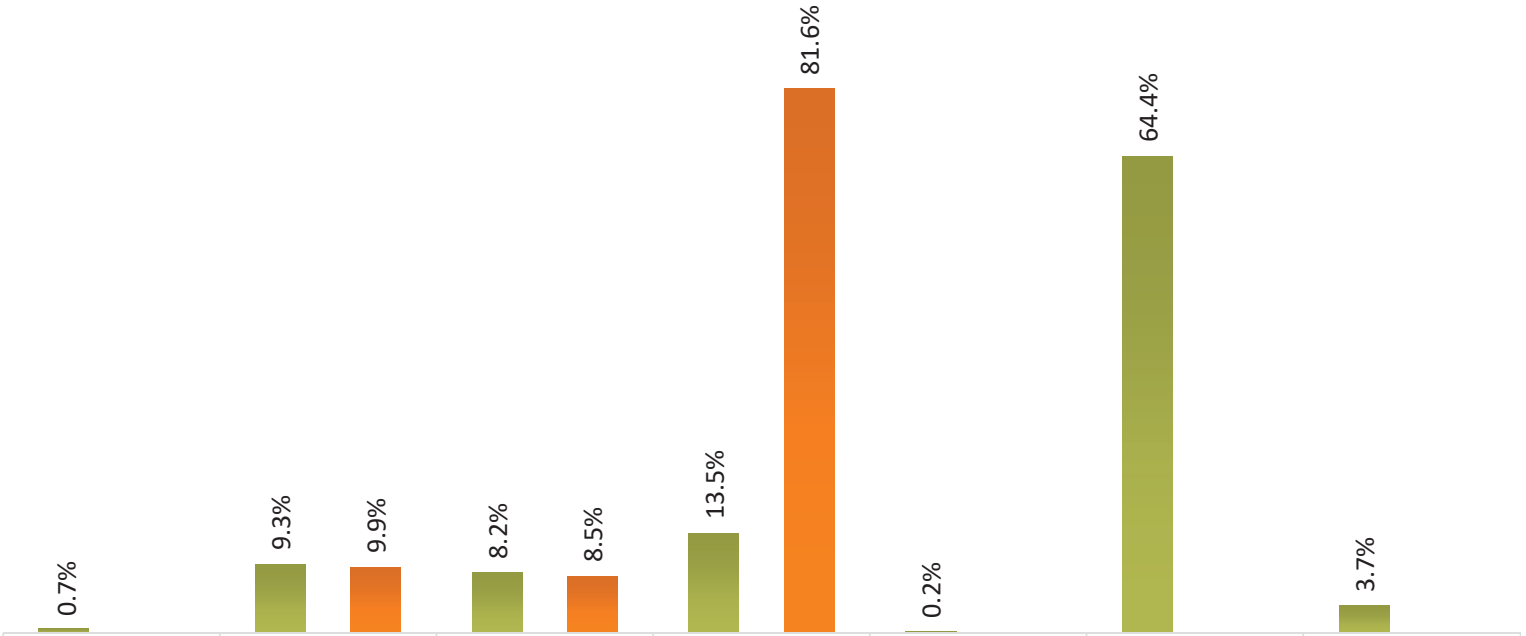
ANALYSIS OF SPANISH LOAN REPAYMENT AND SWAP EXPIRY PROFILE

LOW REFINANCE RISK OVER THE NEXT SIX YEARS

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

90% of interest bearing debt hedged

Fixed rate (swap & fixed debt) maturity profile 3.2 years



	2021	2022	2023	2024	2025	2026	2027 & beyond
Loan expiry profile €'m	3	46	40	67	1	318	18
Hedging (swap & fixed debt) profile €'m		44	38	363			

UNDRAWN FACILITIES

UNDRAWN BANK FACILITIES OF R1.1BN

	Facility amount '000	Amount drawn '000	Undrawn '000
ABSA multicurrency revolving credit facility (ZAR portion)	R230 980	R0	**R230 980**
ABSA multicurrency revolving credit facility (EUR portion) ZAR equivalent at EUR/ZAR spot rate of 19.6989 at 31 March 2020	€31 424 R619 020	€31 424 R619 020	**€0** **R0**
Aareal (El Corte Ingles development loans) ZAR equivalent at EUR/ZAR spot rate of 19.6989 at 31 March 2020	€47 490 R935 494	€18 500 R364 429	**€28 990** **R571 064**
Investec revolving credit facility A2 (uncommitted)	R100 000	R0	**R100 000**
Investec revolving credit facility B2	R100 000	R0	**R100 000**
RMB term revolving loan facility	R200 000	R98 125	**R101 875**
Standard Bank revolving credit facilities	R105 000	R85 000	**R20 000**
Total	**R2 290 494**	**R1 166 574**	**R1 123 919**

- Subsequent to year-end, agreements concluded to **increase undrawn facilities to R1.6bn** (Castellana €29m and Vukile R1.0bn), on an LTV neutral basis

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.

APPENDIX C

Debt Capital Market overview:

- DMTN secured portfolio
- Unencumbered assets
- Corporate bond issuances



OVERVIEW OF UNENCUMBERED ASSETS

QUALITY UNENCUMBERED ASSETS

- Total unencumbered assets **R9 174m**
- Unencumbered direct property **R4 177m**
- Unencumbered listed shares **R4 997m**

  (Castellana R4bn and Atlantic Leaf R1bn)
- **24 p**roperties
- GLA **338 213m²**
- Average property value **R174m**
- **80%** of retail rent from national tenants
- Contractual rental escalation **7.0%**
- **47%** of income from top 10 tenants
- WALE of **3.0 years**
- Retail tenant retention **91%**
- **4.8%** vacancy (by rent)
- Total unsecured debt **R2 080m**
- Unsecured debt to unencumbered assets ratio **22.7%**

CORPORATE BOND ISSUANCES

BALANCE OF SECURED AND UNSECURED DEBT

Corporate Bonds	Security	Amount	Reference Rate	Margin	Maturity Date	Initial Term
VKE07	Secured	R200m	3M JIBAR	1.65%	08/06/2020	5.1 years
VKE09	Secured	R378m	3M JIBAR	1.64%	08/07/2020	3.2 years
VKE10	Secured	R194m	3M JIBAR	1.80%	08/07/2022	5.2 years
VKE11	Unsecured	R175m	3M JIBAR	1.75%	20/04/2023	5.0 years
VKE12	Unsecured	R150m	3M JIBAR	1.60%	03/05/2021	3.0 years
VKE13	Unsecured	R535m	3M JIBAR	1.55%	27/08/2021	3.0 years
VKE14	Unsecured	R375m	3M JIBAR	1.65%	27/08/2023	5.0 years
VKE15	Unsecured	R119m	3M JIBAR	1.41%	14/02/2023	3.0 years
VKE16	Unsecured	R381m	3M JIBAR	1.61%	14/02/2025	5.0 years

Unsecured Debt Summary	Security	Amount
Corporate Bonds	Unsecured	R1 735m
Bank Debt	Unsecured	R345m
Total Unsecured		**R2 080m**

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

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.



APPENDIX C

Currency overview:

- Net exposure by currency
- LTV currency sensitivity
- EUR hedging

CONSOLIDATED NET EXPOSURE BY CURRENCY

AS AT 31 MARCH 2020

	ZAR Exposure R'm	EUR Exposure €'m	GBP Exposure £'m	Group R'm
Vukile property value	R15 699			**R15 699**
Gemgrow & Fairvest equity value	R584			**R584**
Atlantic Leaf equity value			£47	**R1 047**
Castellana property value		€ 1 003		**R19 768**
Total direct property and listed investments	**16 283**	**€ 1 003**	**£47**	**R37 098**
Percentage of exposure of assets by currency	**44%**	**53%**	**3%**	**100%**
Vukile debt	-R3 450	-€ 255	-£14	**-R8 794**
Castellana debt		-€ 494		**-R9 728**
Cash	R455	€49		**R1 414**
Total net debt	**-R2 995**	**-€ 700**	**-£14**	**-R17 108**
Percentage of exposure of net debt by currency	**18%**	**81%**	**2%**	**100%**
Net debt / assets by currency	**18.4%**	**69.8%**	**30.4%**	**46.1%**
CCIRS nominal value	**R2,738**	**-€ 183**		**-R857**
Net exposure	**R16 026**	**€ 121**	**£33**	**R19 133**
Percentage of net exposure by currency	**84%**	**12%**	**4%**	**100%**

FORECAST LTV SENSITIVITY TO FOREIGN EXCHANGE MOVEMENTS

AS AT 31 MARCH 2020

- As the ZAR spot rate strengthens to **EUR** and **GBP**, a **10%** strengthening to **17.73 and 19.94**, is a **1.35%** decrease in the Group LTV

EURZAR Exchange Rate		GBPZAR Exchange Rate												
		-25%	-20%	-15%	-10%	-5%	-1%	0%	1%	5%	10%	15%	20%	25%
		16.62	17.73	18.84	19.94	21.05	21.94	22.1600	22.38	23.27	24.38	25.48	26.59	27.70
-25%	14.77	42.4%	42.4%	42.4%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%
-20%	15.76	43.2%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%
-15%	16.74	44.0%	44.0%	44.0%	44.0%	44.1%	44.1%	44.1%	44.1%	44.1%	44.1%	44.1%	44.1%	44.1%
-10%	17.73	44.7%	44.8%	44.8%	44.8%	44.8%	44.8%	44.8%	44.8%	44.8%	44.8%	44.8%	44.8%	44.8%
-5%	18.71	45.4%	45.4%	45.4%	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%
-1%	19.50	46.0%	46.0%	46.0%	46.0%	46.0%	46.0%	46.0%	46.0%	46.0%	46.0%	46.0%	46.0%	46.0%
0%	19.6989	46.1%	46.1%	46.1%	46.1%	46.1%	46.1%	46.1%	46.1%	46.1%	46.1%	46.1%	46.1%	46.1%
1%	19.90	46.2%	46.2%	46.2%	46.2%	46.2%	46.2%	46.2%	46.2%	46.2%	46.3%	46.3%	46.3%	46.3%
5%	20.68	46.7%	46.7%	46.7%	46.7%	46.7%	46.7%	46.7%	46.7%	46.7%	46.7%	46.7%	46.8%	46.8%
10%	21.67	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%	47.3%
15%	22.65	47.8%	47.8%	47.9%	47.9%	47.9%	47.9%	47.9%	47.9%	47.9%	47.9%	47.9%	47.9%	47.9%
20%	23.64	48.4%	48.4%	48.4%	48.4%	48.4%	48.4%	48.4%	48.4%	48.4%	48.4%	48.4%	48.4%	48.4%
25%	24.62	48.9%	48.9%	48.9%	48.9%	48.9%	48.9%	48.9%	48.9%	48.9%	48.9%	48.9%	48.9%	48.9%

EUR FOREIGN EXCHANGE HEDGING

MAINTAINING SUSTAINABLE PREDICTABLE INCOME WHILE REDUCING CURRENCY VOLATILITY

€'000	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23	Dec-23	Jun-24	Dec-24
Fixed EUR/ZAR rate	18.1143	18.4598	19.2738	20.1694	20.9673	21.8077	22.6975	23.0560	23.9613	24.2649

- To minimise the adverse foreign exchange fluctuations Vukile's target is to hedge on average 75% of foreign dividends over a 3-year to 5-year period
- **83%** of forecast **Net EUR income** from Castellana is hedged over the next **5 years** (next 10 dividend payments)

	Over 12 months	Over 3 years	Over 5 years
Average percentage Net EUR dividend hedged *	83%	67%	63%
Average percentage Gross EUR dividend hedged *	72%	68%	68%

* Based on pre-COVID-19 FY2021 Budget

- As the ZAR spot rate weakens to the EUR, a **1%** weakening from **19.6989** to **19.90**, is:
  - **+R24m** increase on Vukile's **NAV balance sheet movement** (assets less liabilities); and
  - **+R2.3m** increase on Vukile's **FY2021 earnings**
  - **+0.13%** increase on Vukile's **LTV to 46.2%**

VUKILE
PROPERTY FUND

REAL ESTATE. REAL GROWTH.



APPENDIX C

Key Debt Metrics Overview:

- "See-through" LTV
- LTV Valuation Sensitivity
- Cost of Funding
- Notes to Slides

"SEE-THROUGH" LOAN-TO-VALUE RATIO

	Interest bearing debt R'000	Property assets R'000	Cash R'000	LTV	Shareholding
Vukile Company, MICC and 100% of Clidet No. 1011	R8 793 599	R15 699 320	R454 986	**53.11%**	100.0%
Castellana	R9 727 908	R19 767 649	R958 903	**44.36%**	82.54%
Atlantic Leaf	R3 599 788	R7 840 067	R579 661	**38.52%**	34.90%
Fairvest	R1 191 801	R3 417 671	R17 488	**34.36%**	26.56%
Arrowhead	R6 527 045	R14 934 305	R160 998	**42.63%**	11.27%
"See-through" Loan-to-Value Ratio	**R19 131 095**	**R37 341 741**	**R1 417 534**	**47.29%**	

FORECAST LTV SENSITIVITY TO VALUATIONS

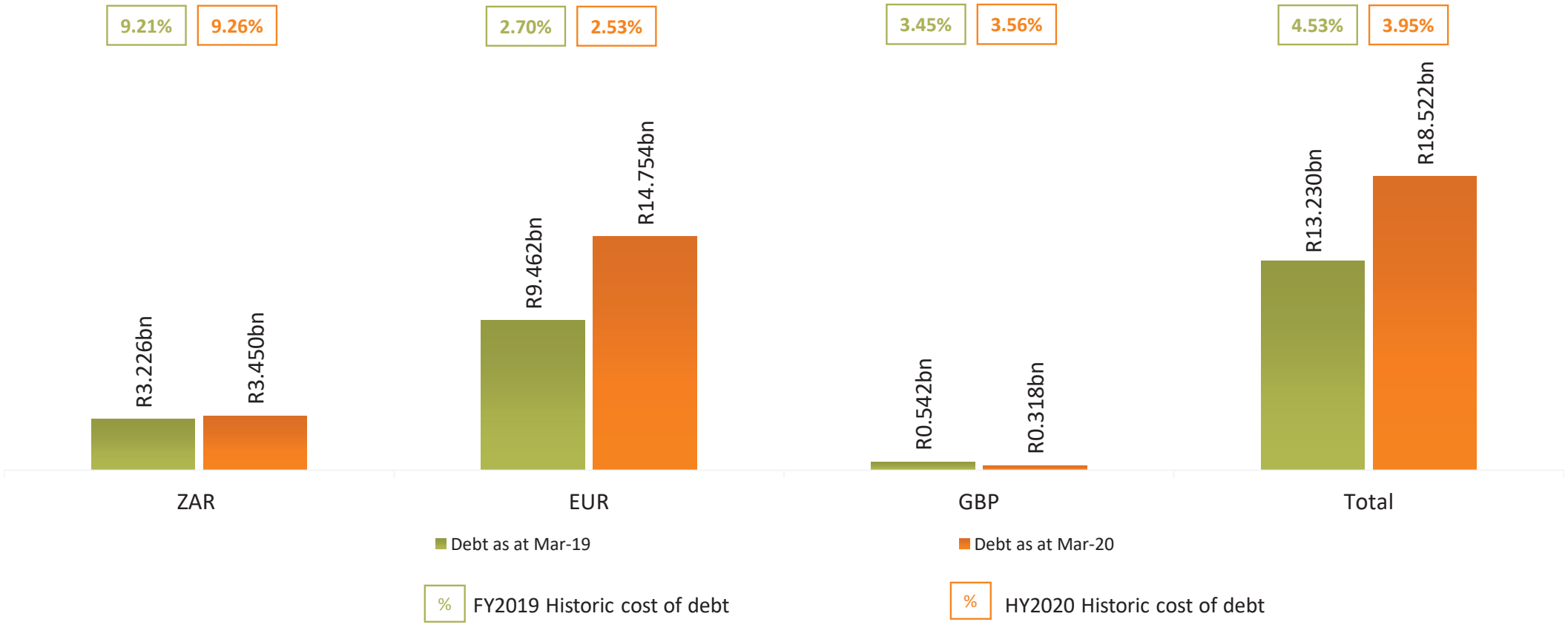
AS AT 31 MARCH 2020

Valuation Movement Spain	Valuation Movement South Africa										
	-10.0%	-7.5%	-5.0%	-2.5%	-1.0%	0%	1.0%	2.5%	5.0%	7.5%	10.0%
-7.5%	50.3%	49.7%	49.1%	48.6%	48.2%	48.0%	47.8%	47.5%	47.0%	46.5%	46.0%
-5.0%	49.5%	49.0%	48.4%	47.9%	47.6%	47.4%	47.2%	46.9%	46.4%	45.9%	45.4%
-3.0%	49.0%	48.4%	47.9%	47.4%	47.1%	46.9%	46.7%	46.4%	45.9%	45.4%	44.9%
-2.5%	48.8%	48.3%	47.8%	47.2%	46.9%	46.7%	46.5%	46.2%	45.8%	45.3%	44.8%
-1.0%	48.4%	47.9%	47.4%	46.9%	46.6%	46.4%	46.2%	45.9%	45.4%	44.9%	44.5%
-0.5%	48.3%	47.8%	47.2%	46.7%	46.4%	46.2%	46.0%	45.8%	45.3%	44.8%	44.4%
0%	48.2%	47.6%	47.1%	46.6%	46.3%	46.1%	45.9%	45.6%	45.2%	44.7%	44.2%
0.5%	48.0%	47.5%	47.0%	46.5%	46.2%	46.0%	45.8%	45.5%	45.0%	44.6%	44.1%
1.0%	47.9%	47.4%	46.9%	46.4%	46.1%	45.9%	45.7%	45.4%	44.9%	44.5%	44.0%
2.5%	47.5%	47.0%	46.5%	46.0%	45.7%	45.5%	45.3%	45.0%	44.6%	44.1%	43.7%
3.0%	47.4%	46.9%	46.4%	45.9%	45.6%	45.4%	45.2%	44.9%	44.5%	44.0%	43.6%
5.0%	46.8%	46.4%	45.9%	45.4%	45.1%	44.9%	44.7%	44.5%	44.0%	43.6%	43.1%
7.5%	46.2%	45.7%	45.3%	44.8%	44.5%	44.3%	44.2%	43.9%	43.5%	43.0%	42.6%

COST OF FUNDING

REDUCTION IN GROUP COST OF FINANCE DUE TO FUNDING MIX

GROUP DEBT BY CURRENCY



NOTES TO TREASURY MANAGEMENT SLIDES

ALIGNED WITH INDUSTRY BEST STANDARDS

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

(ii) *Fixed rate (swaps & fixed) hedging ratio excludes access facilities and commercial paper*

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

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

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

(vi) *More than 25% of debt will mature in FY2026, this debt relates to €42.3m of debt with Aareal related to Habaneras, €256m of debt with Aareal related to Project West and €18.5m of debt with Aareal related to the ECI acquisition. The intention is to re-new the debt facilities with Aareal at least 12 months prior to their maturities*

(vii) *Castellana EUR Debt comprises €493.8m converted at the EUR/ZAR spot rate of 16.6989 at 31 March 2020, which is non-recourse to Vukile*

(viii) *Vukile EUR debt comprises to €255.1m converted at the EUR/ZAR spot rate of 16.6989 at 31 March 2020*

(ix) *Vukile GBP debt comprises £14.4m converted at the GBP/ZAR spot rate of 22.1600 at 31 March 2020*

(x) *Total unsecured debt includes (i) unsecured corporate bonds VKE11, VKE12, VKE13, VKE14, VKE15 and VKE16 and (ii) a Standard Bank unsecured term loans of €6.5m and €11.0m*

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

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

(xvi) *Percentage Gross EUR dividend hedged calculated as FEC hedge divided by Gross EUR forecast dividend over the respective period. The Gross EUR forecast dividend is calculated as the forecast dividends from Castellana after withhold tax.*

(xvii) *Forecast dividends are an estimate and based on pre-COVID-19 FY2021 Budget and will differ from actual dividends because of normal differences between forecasting assumptions vs. actual earnings*

(xviii) *MtM of derivatives valued at –R1 049m not included in interest bearing debt*

(xix) *Cash and cash equivalents (excluding tenant deposits & restricted cash) of R1 414m*

(xx) *Vukile Group Property Portfolio, on a consolidated basis, includes 100% of the consolidated value of Moruleng Mall (Clidet No. 1011 (Pty) Ltd)*

(xxi) *Market value of equity investments consists of Fairvest, Gemgrow and Atlantic Leaf with a value of R1.6bn. 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 (R11.61); (ii) the number of Atlantic Leaf SEM shares (26 071 428) multiplied by their SEM share price (£1.01) and converted at the GBPZAR exchange rate (22.1600) (iii) the number of Fairvest shares (270 394 812) multiplied by their share price (R1.25); (iv) the number of Gemgrow A shares (4 691 084) multiplied by their share price (R8.50); and (v) the number of Gemgrow B shares(114 438 564) multiplied by their share price (R1.80), at 31 March 2020*