FY22 PRE-CLOSE PRESENTATION

MARCH 2022

VUKILE PROPERTY FUND

REAL ESTATE. REAL GROWTH.

AGENDA

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Laurence Rapp

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SOUTH AFRICAN PORTFOLIO

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RETAIL PORTFOLIO PERFORMANCE AND TRADING ENVIRONMENT

STRONG OVERALL OPERATING AND TRADING METRICS

- Portfolio trading metrics **ahead of pre-Covid levels**
  - FY22 **turnover** average **7.5% higher** than comparable period in FY21
  - **Trading density growth** up to **6.6%** vs 1.7% at FY21
- Improvement in **retention** ratio (**93%** vs 90%) with strong **collection** rate (**100%**)
- **Vacancies** improved to **2.6%** from 3.2% at FY21
  - 30bps decrease due to the disposal of the Namibian portfolio, the balance of 30bps due to increased leasing activity
- Rental reversions starting to **trend positive**
- **Footfall** trending **8% below** pre-Covid levels, but with **increased spend per head** – now starting to indicate changes in shopper behaviour more pronounced in Commuter and Urban Portfolio
- **Base rentals** show increase of **4.0%** for the eleven months to February 2022
- **Significantly increased leasing activity** across all segments with competition for space in our malls

	FEB 2022	MAR 2021
Vacancies	2.6% GLA	3.2% GLA
Tenant retention	93%	90%
Reversions	-3.0% Excl ERM +1.9%	-3.3% Excl ERM -1.8%
Base rentals	R152.30/m²	R146.40/m²
Contractual escalations	6.5%	6.7%
WALE	3.2 years GLA 2.6 years Rent	3.3 years GLA 2.7 years Rent

	FEB 2022	MAR 2021
Rent collection rate	100%	98%
Rent-to-sales ratio	6.1%	6.3%
Annualised growth in trading densities	6.6%	1.7%
Average annual trading density	R30 936/m²	R29 212/m²
Footfall	92% vs 2020 100% vs 2021	87% vs 2019 99% vs 2020

RETAIL PORTFOLIO PERFORMANCE AND TRADING ENVIRONMENT

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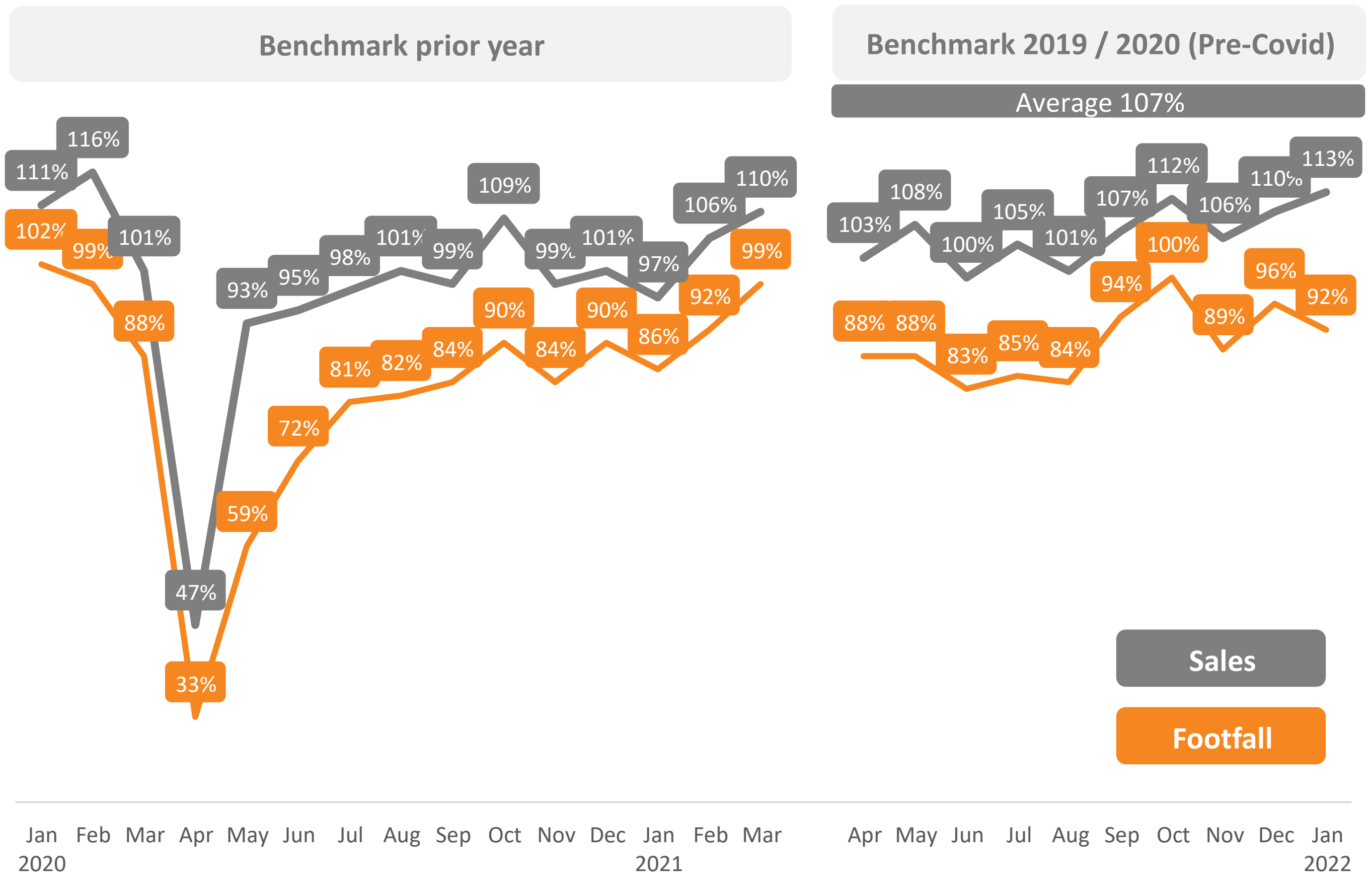
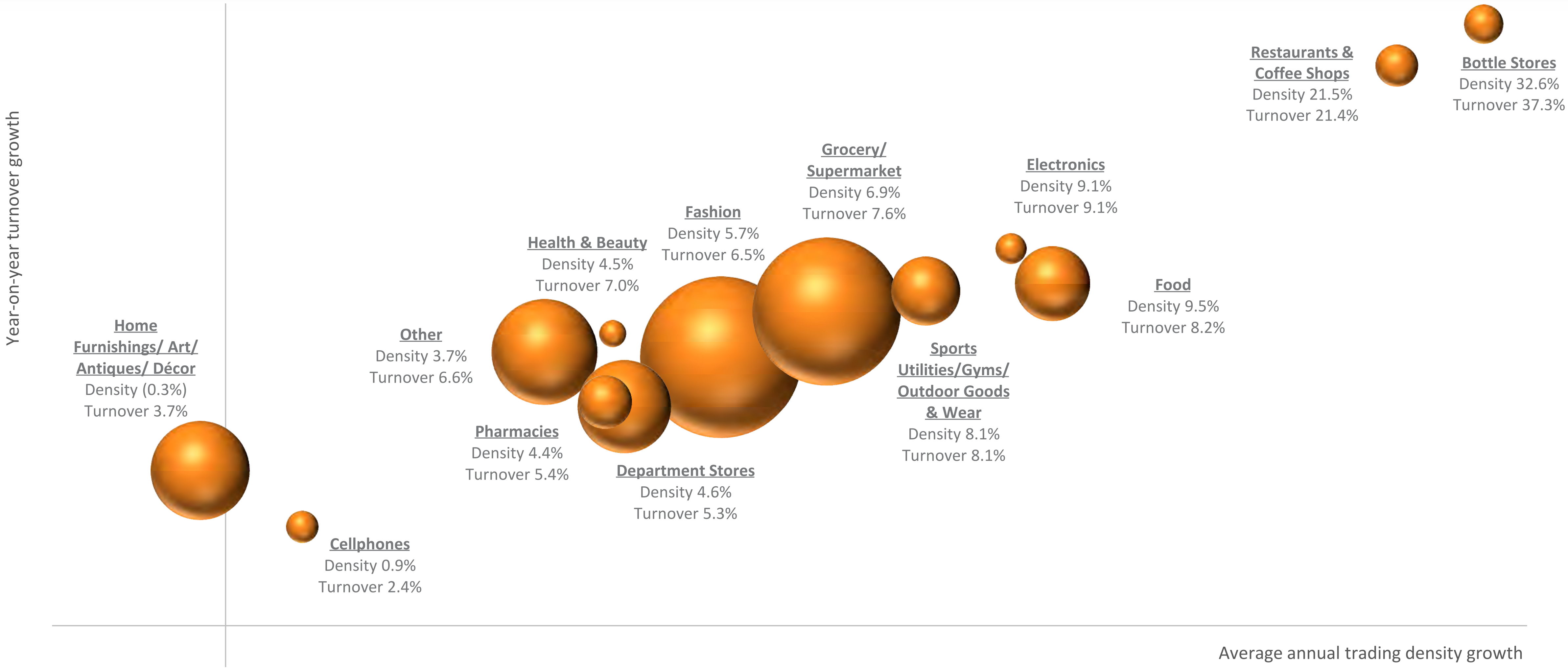
FOOTFALL AND SALES

- **Sales** have rebounded faster than **footfall** continuing the trend of larger basket sizes, less frequent visits and more focused shopping
- **Rural centres** show consistent outperformance on both sales and footfall. Sales 22% ahead of pre-Covid
- **Township malls** turnover 19% ahead of pre-Covid levels, with footfall at 98% of pre-Covid levels
- **Commuter and urban centres** continue to show reduced sales and footfall
- **Festive season** turnover ahead of pre-Covid across **all segments**



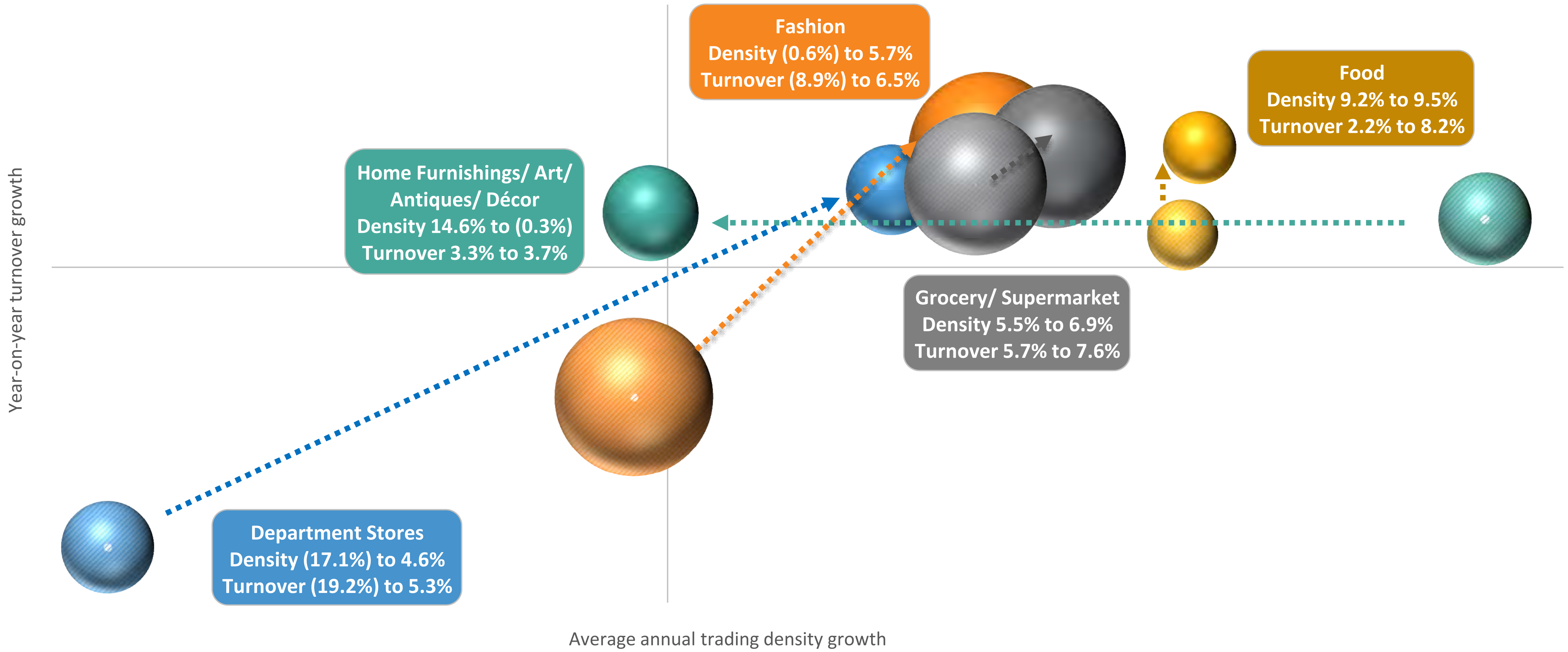
RETAIL PORTFOLIO PERFORMANCE AND TRADING ENVIRONMENT

AVERAGE TRADING DENSITIES SHOWED GROWTH OF 6.6% WITH TURNOVER GROWTH OF 7.5%



RETAIL PORTFOLIO PERFORMANCE AND TRADING ENVIRONMENT

RETAIL CATEGORY PERFORMANCE – FY22 VS FY21



DISPOSALS UPDATE

SOUTH AFRICAN DISPOSALS OF R798M AT AVERAGE YIELD OF 9.8% SOLD AT BOOK VALUE

4 Properties transferred during H1 FY22

R521.6m

Yield 9.7%

	Sales price (Rm)	Transfer date
Ulundi King Senzangakona Shopping Centre	308.7	19 Aug 21
Letlhabile Mall	164.2	28 Sep 21
Pretoria Rosslyn Warehouse	25.0	14 Apr 21
Kempton Park Spartan Warehouse	23.8	9 Apr 21

3 Properties transferred during H2 FY22

R276.2m

Yield 9.9%

	Sales price (Rm)	Transfer date
Soshanguve Batho Plaza	160.0	6 Oct 21
Makhado Nzhelele Valley	70.0	14 Mar 22
Centurion Samrand N1	46.2	17 Dec 21

- Successful conclusion of the Namibian transaction effective 1 March 2022

CASTELLANA PROPERTIES

FY22 PRE-CLOSE PRESENTATION

ECONOMIC UPDATE: SPAIN

GDP & INFLATION

- Latest forecast from Bank of Spain estimates 2021 GDP to close at +4.5%, after a -10.8% decline registered in 2020. **Growth is expected to accelerate by +5.4% in 2022 and by +3.9% in 2023.** However, Russia/Ukraine conflict is making it very challenging for analysts to predict the economic outlook
- **Electricity and gasoline prices,** amongst other commodities such as corn, barley or wheat, reached maximum historical levels, raising **concerns around inflation and** a slower economic recovery than expected from the pandemic
- **Significantly higher energy prices** could restrict consumers, discretionary income available for non-primary purchases such as leisure and travelling. Thus, EU and national governments are trying to intervene in energy prices to cut back **inflation, which stood at +6.5% in 2021 and reached +7.6% in February 2022**

LABOR MARKET

- The labour market recovered in 2021 to pre-pandemic levels and with **record employment figures, not seen since the beginning of the GFC**
- Last year, 840,600 jobs were created, the highest figure since 2005. Unemployment fell by 616,000 people to c. 3 million, leaving the **unemployment rate at c.13%.** Total number of workers reached c.20 million

TOURISM

- In 2021, Spain received **c.31 million tourists,** representing a +65% increase compared to c.19 million in 2020, but still far off from record visits of c. 83 million registered in 2019
- **Successful vaccination campaign together with the Covid-19 passport have improved tourism visits significantly.** Thus, figures continue to improve in Q1 2022 as Spain received c.2.5 million international tourists in January 2022, compared to 437,973 in the same month of 2021.

Source: BBVA, EL PAIS, European Commission, Funcas

CASTELLANA PROPERTIES

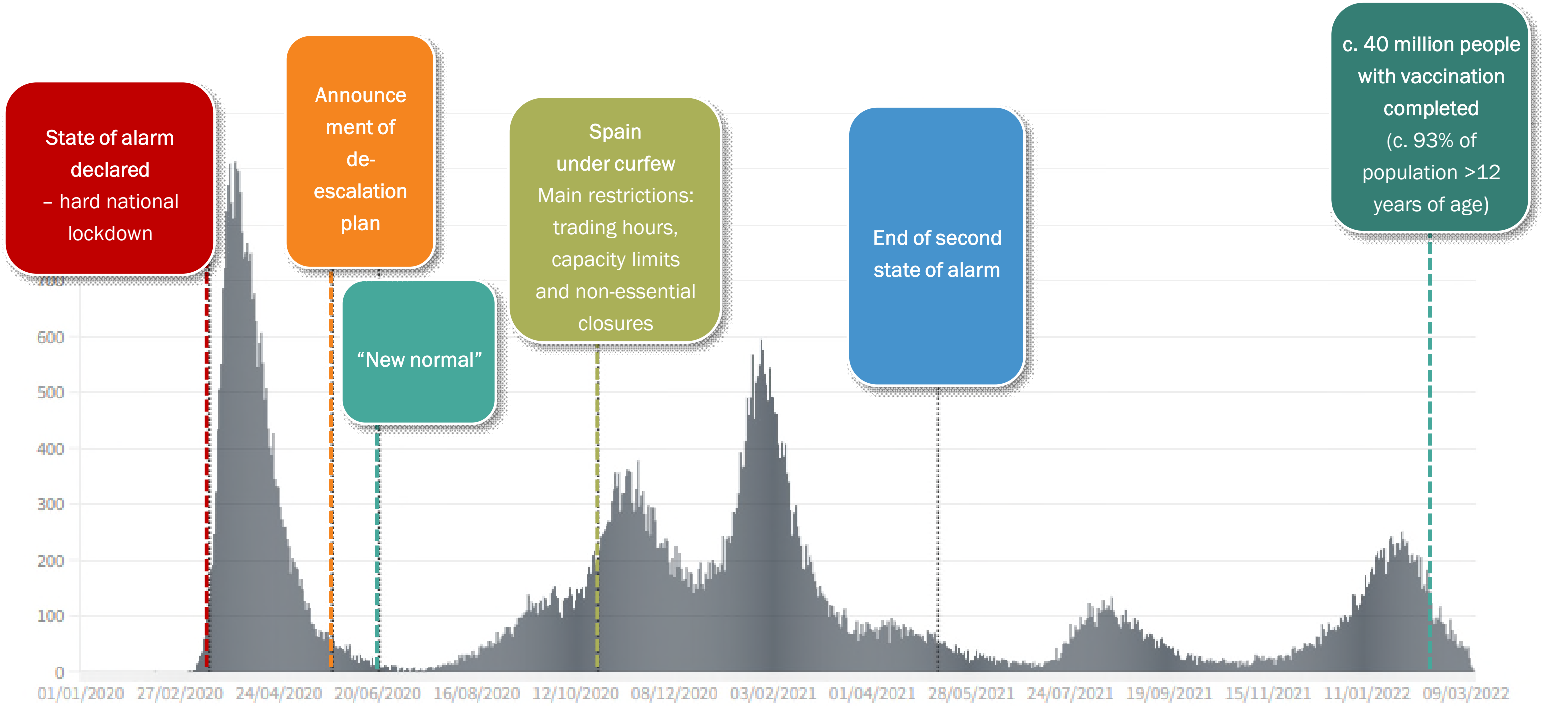
C.93% OF POPULATION > 12 YEARS OF AGE COMPLETELY VACCINATED

KPIs

Complete Vaccination
c. 40 million
people

% completely vaccinated > 12 years of age
c. 93%

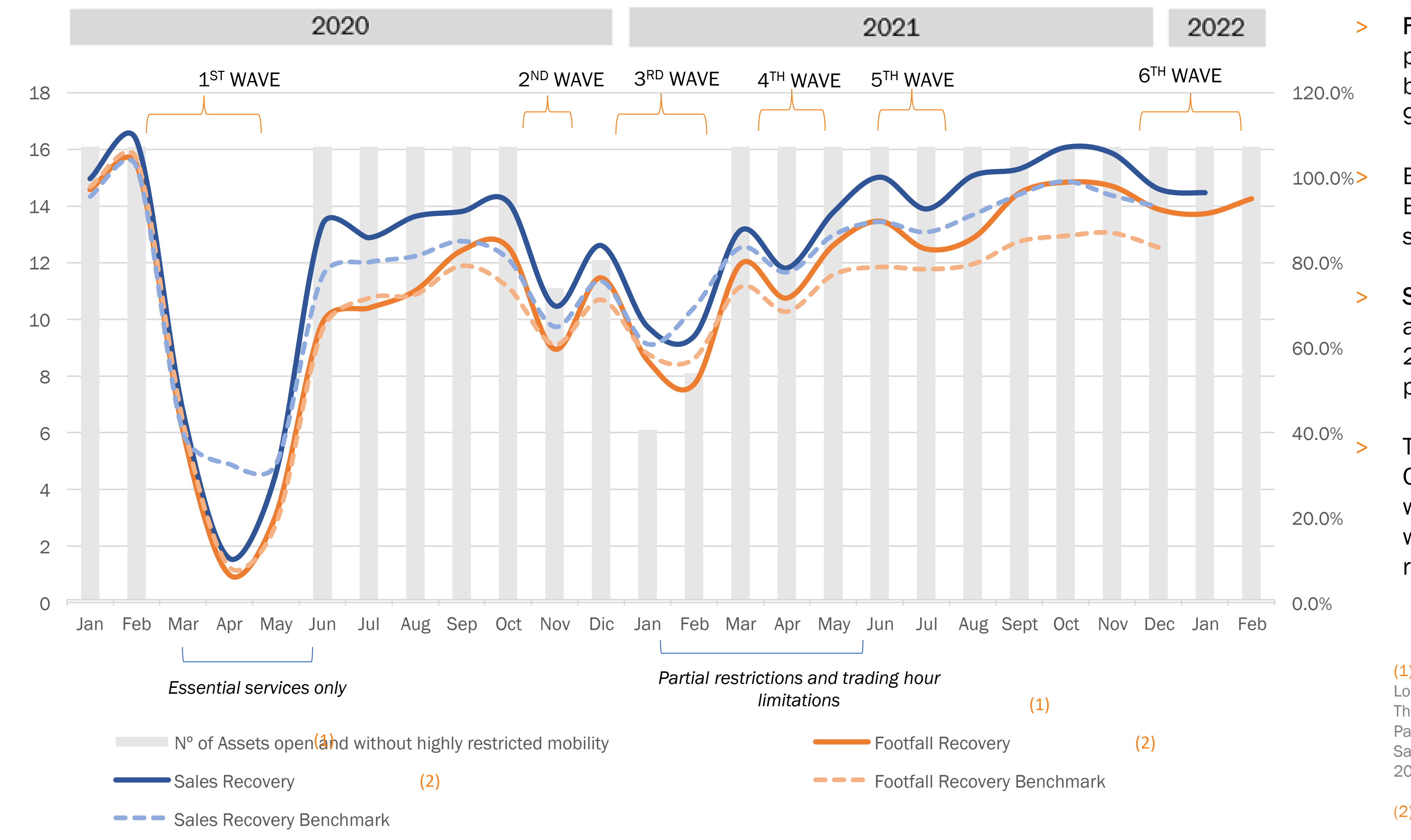
Evolution of deaths



With c.40 million people fully vaccinated, the vaccination campaign in Spain has successfully beaten all expectations, which has resulted in less pressure in hospitals and lower death rates. After the sixth wave that ended beginning of March 2022, most people have taken the third doses of the vaccine and are in a "back to normal" mood, with all activities open to general public

Source: Ministry of Health, Government of Spain. https://www.rtve.es/noticias/coronavirus-graficos-mapas-datos-covid-19-espana-mundo/

FOOTFALL & SALES



> **Footfall** has started the year 2022 following the positive trend of a year ago. Although we are still bellow 2019 numbers, we have recovered to the 95% level in January and February

> El Faro (+10.9%), Bahia Sur (+3.4%), Puerta Europa (+2.7%) and Habaneras (+1.8%) have started 2022 ahead of 2019 numbers

> **Sales** continue performing better than footfall and have recovered to 96.5% during January 2022. We will close FY22 reaching 96% of FY20 pre-Covid-19 numbers

> The message in both Sales and Footfall is clear, Covid-19 impact is lower with every new Covid wave. The portfolio has shown to be robust and well balanced thanks to the dominance and relevance of the assets

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

(2) Benchmark: AECC data .

OPERATING ACTIVITY

CASTELLANA PROPERTIES

OCCUPANCY RATE 98.4%(2) HUGE EFFORT OF THE TEAM ON CLOSING NEW AGREEMENTS WHILE RETAINING KEY TENANTS

145
LEASES SIGNED

43	102
RENEWALS	NEW CONTRACTS

€8.3m
NEW RENT SIGNED

€2.5m	€5.8m
RENEWALS	NEW CONTRACTS

32,717 sqm
GLA SIGNED

3,688 sqm	29,029 sqm
RENEWALS	NEW CONTRACTS

3.18%
AV. RENT INCREASE(1)

1.55%	4.56%
RENEWALS	NEW CONTRACTS

KEY KPI´S YTD 28th February 2022

OCCUPANCY: PORTFOLIO FULLY LET

28 FEBRUARY 2022	98.4%
31 AUGUST 2021	97.1%

RENT ARREARS: REDUCED SIGNIFICANTLY IN 6 MONTHS

28 FEBRUARY 2022	1.6%
31 AUGUST 2021	4.9%

RENT COLLECTION: CLOSE TO 100%

28 FEBRUARY 2022	98.9%
31 AUGUST 2021	95.1%

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

(2) Period reported from 1st April 2021 to 28th February 2022

TRADING ENVIRONMENT

> Although sales and footfall have improved a lot over the last few months, they are slightly below 2019. Most of our centres have made a good start to the year. Special mention goes to Habaneras, which closed 2021 at 74.6% of 2019 level, and is now surpassing 2019 figures by 1.8% in the first three months of 2022

> Leisure (-18.6%), F&B (-17.6%) and Fashion and Accessories (-15.3%) continue as the most affected categories

> Outstanding work done by the team reducing the arrears to 1.6% (4.9% in Sept'21) and increasing occupation to 98.4% (97.1% in Sept'21)

> Retailers are back to expansion mode, confirming the relevance of the physical space to increase sales. New brands such as PEPCO, KIK, SUSHI SOM and ACTION are entering the Spanish retail market and most of them are choosing our centres as a place to do it

> PRIMARK opened in Bahia Sur confirming it as the reference asset, in the Cadiz province





BALANCE SHEET ACHIEVEMENTS OVER PAST 12 MONTHS

CASTELLANA PROPERTIES SIGNS €185 MILLION 7-YEAR FINANCING AGREEMENT

- Castellana Properties has signed a €185 million financing agreement with Aareal Bank A.G. and including Banco Santander in the financing
- Refinancing of the retail park portfolio and Habaneras Shopping Centre, as well as the financing of phase two of the Pinatar Park retail park
- This agreement is a clear sign of the confidence credit institutions have in Castellana Properties and places the company's average debt maturity at 5 years

CASTELLANA PROPERTIES ACQUIRES 21.7% OF LAR ESPAÑA REAL ESTATE

- Following an impressive performance in 2021 and having recovered operationally to pre-pandemic levels, Castellana Properties resumed its investment programme with the acquisition of a 21.7% stake in Lar España Real Estate
- Castellana Properties became the largest shareholder in Lar España Real Estate, a leading Spanish REIT owning high quality retail assets with a GAV in excess of €1.4bn
- Share price at a c.48% discount to Lar España's EPRA NTA, the transaction represents an attractive financial investment, combining a high dividend yield with long-term capital appreciation potential
- The acquisition is consistent with Castellana Properties´ aspiration to become the leading permanent capital platform in the Spanish retail real estate industry. Both companies are strategically aligned, with a common focus on retail real estate excellence and with highly complementary portfolios

FITCH ASSIGNS CASTELLANA FIRST-TIME IDR 'BBB-'; OUTLOOK STABLE

- Castellana Properties has obtained a BBB- Investment grade long-term rating with a stable outlook. Fitch, a renowned international rating agency, has positively assessed not only our stability, active management and the quality of our portfolio, but also the increase in rents and the improvement in cash flow, among others
- From our listing on the BME Growth in July 2018 until the present, including an outstanding recovery after the pandemic, this rating ratifies our excellent management and our position as one of the best performing companies in the Real Estate sector

FINANCE AND TREASURY

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TREASURY UPDATE

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- Corporate activity:
  - In December 2021, Vukile repurchased **3.5 million** Castellana shares from **MEREV**
  - In January 2022, Castellana acquired **21.7%** shareholding in **Lar España** for a total investment of c.**€100m** (including costs). The transaction was part funded with €75m shareholder loan from Vukile which has been converted into equity, Vukile's shareholding in Castellana increased to **89.6%**
  - In February 2022, **R300m** of Vukile **equity issued** (24 million shares)
  - Vukile has disposed of c.**57%** of its holding in **Fairvest** for c. **R494m.** Vukile shareholding has reduced to **7.3%** of Fairvest (c.111.5 million Fairvest B shares)

- Good progress on the sale of non-core assets:
  - In March 2022, c.**64%** shareholding of **Namibia portfolio** sold for **c.R700m**. Remaining c.36% interest to be equity accounted
  - c.**R798m** direct SA property assets sold during FY2022
  - c.**€26.5m** Castellana property assets sold during FY2022 (non-core office assets)
  - Further c.**R188m** direct property sales in SA **unconditional** and expected to transfer in Q2 2022

- Balance sheet metrics expected to be in line with 30 September 2021:
  - Group LTV ratio expected to be unchanged at c.**43%**
  - Group ICR ratio to remain at c.**4 times**
  - All remaining **CCIRS nominal exposure has been hedged** (no foreign exchange rate risk in respect of CCIRS) with c.**R119m** to be net settled at maturity in June 2022

TREASURY UPDATE (CONT.)

- Debt expiries in **FY2023 -** R3.8 bn (23% of debt expiry profile) :
  - **74%** (R2.8bn) of **FY2023 expiries** have already been or are currently being repaid/refinanced
  - In March 2022, Castellana refinanced the syndicated loan into a new **7- year €185m facility**
  - **R471m** of Debt Capital Market maturities (R194m in July 2022, R158m in August 2022 and R119m in February 2023) – to be refinanced with an auction in **August 2022** or repaid with **existing undrawn access facilities**
  - Remaining c. **R510m** of Vukile bank debt maturing in December 2022 – to be renewed closer to maturity

- March 2022 expected liquidity position:
  - c.**R1.6bn** undrawn committed facilities for general corporate purposes
  - Further **R1.0bn** RMB facility as part of MEREV extension, available for the acquisition of Castellana shares, if desired
  - Sufficient cash and undrawn committed facilities to **repay debt expiring over next 12 months**

- **10%** of Group debt in corporate bonds (R1.7bn):
  - **R7.7bn** unencumbered assets (R2.1bn direct property and R5.6bn listed shares)
  - Unsecured debt to unencumbered assets ratio c.**20.1%**
  - GCR reaffirmed corporate long-term credit rating of **AA-**$_{(ZA)}$ in August 2021
  - Inaugural Fitch Ratings investment grade rating for Castellan of **BBB-** in March 2022

ACCOUNTING FOR THE INVESTMENT IN LAR ESPAÑA (LAR)

> The investment in LAR does not meet the criteria for equity accounting in terms of IAS 28

> Therefore, the investment will be accounted for at **fair value through other comprehensive income (OCI)**

> Fair value will be based on the **LAR share price** at the reporting date

> The accounting treatment of fair value through OCI will be applied in Vukile and Castellana's **IFRS** accounts, as well as in Castellana's **Spanish GAAP** accounts (i.e. the treatment in both sets of accounts will be consistent)

> Accounting through OCI will mean that any fair value adjustments (as a result of movements in the LAR share price) will **not have any impact on Castellana's dividend calculation** (which is based on Spanish GAAP retained earnings)

RECOGNITION OF DIVIDEND INCOME FROM THE INVESTMENT IN LAR

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- In terms of IFRS and Spanish GAAP, the **dividends from LAR will be recognised** when the right to receive the dividends has been established, which is essentially **when the dividends are declared**
- LAR pays dividends once per year. The LAR dividend is usually **declared in April** and paid in May each year
- Therefore, Castellana will **account for the dividend** from LAR (i.e. in its Spanish GAAP and IFRS accounts) in the month that the dividend is declared, at this stage this would be **in April each year**
- The first dividend to be received from LAR (c. 36 cents per share), is a **pre-acquisition dividend** and will therefore **reduce the carrying amount** of Castellana's investment in LAR, as such, **no dividend from LAR will be included in Castellana's FFO for FY2022**
- Starting from 1 April 2022, Castellana will make a non-IFRS adjustment on a monthly basis, and will 'accrue' the LAR dividend, based on **the most recently declared LAR dividend,** to determine Castellana's FFO
- Castellana will accrue a non-IFRS adjustment of **c. 3.6 cents per month** from 1 April 2022 until 31 January 2023 - this amount will be included in Castellana's FFO
- The non-IFRS adjustment will then **re-set from 1 February 2023**, and will be based on the LAR dividend declared for the year to 31 December 2022
- Accordingly, Castellana will include LAR dividends in its FFO based on **actual dividends declared** and paid by LAR – there will therefore **not be any forecast risk related to income from LAR in Castellana's FFO**

UPDATE TO GUIDANCE

- At interims we guided an **FFO** of at least **125cps** and **DPS** of at least **80cps**
- Given strong trading performance for the year to date, the Company is pleased to update its guidance for the year ending 31 March 2022 as follows:
  - **FFO** in a range of **130cps to 135cps**; and
  - **DPS** in a range of **100cps to 105cps**
- The dividend **pay-out ratio** will approximate **75% to 80%** of total group FFO

QUESTIONS & ANSWERS

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