VUKILE PROPERTY FUND

REAL ESTATE. REAL GROWTH.

SHORT-FORM ANNOUNCEMENT: UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

www.vukile.co.za

HIGHLIGHTS

CONTINUED STRONG OPERATING RESULTS AND FINANCIAL POSITION LAY THE PLATFORM FOR FUTURE GROWTH

SOUTHERN AFRICA BUSINESS NOW TRADING AHEAD OF PRE-COVID-19 LEVELS
- Normalised like-for-like NOI growth of 3.7%
- Like-for-like trading density growth up by 4.3%
- Rent collection rate improved to 99%
- Strong letting activity with retail vacancies contained at 3.2%
- Retention rate improved to 94%
- Five of six malls damaged in the July unrest fully operational

RAPID RECOVERY OF SPANISH PORTFOLIO
- Positive reversions at 1.35%
- Vacancies contained at 2.9%
- Rent collection rate 95%
- Portfolio WALE of 13.4 years
- Retail sales ahead of 2019 levels in September 2021
- Footfall increased to 96.4% of 2019 levels in September 2021
- Completed redevelopment projects with 94% of GLA let

STRONG BALANCE SHEET WITH WELL DIVERSIFIED FUNDING BASE
- Interest cover ratio (ICR) of 4.4 times
- LTV maintained at 42.8%
- 97% of debt expiring in FY22 has been repaid or extended
- Undrawn debt facilities increased to R2.7 billion
- Repaid/converted €137.6 million (R2.4 billion) of Vukile EUR debt into ZAR facilities

FURTHER SIMPLIFIED BUSINESS MODEL
- Sale of non-core assets of R522 million in SA and €26.5 million in Spain
- Sale of 64% of Namibian portfolio anticipated in early 2022 and is expected to generate c.R700 million cash inflow
- Supportive of Fairvest/Arrowhead merger

RETURN TO PAYMENT OF INTERIM DIVIDENDS
- Cash dividend of 40.56 cents per share to be paid in December 2021

FINANCIAL PERFORMANCE

Gross property revenue for the period increased from R1.4 billion as at 30 September 2020 to R1.7 billion as at 30 September 2021. The prior interim period was impacted by COVID-19 rent concessions (in both Southern Africa and Spain) to a much greater degree than the period to 30 September 2021. Profit before finance costs increased to R1 185 million (30 September 2020: R731 million), while the profit for the period attributable to owners of the parent amounted to R843 million (30 September 2020: R206 million loss) resulting in basic earnings per share increasing to 88.15 cents per share (30 September 2020: 21.52 cents loss per share). Headline earnings increased to 71.31 cents per share in the six-month period (30 September 2020: 27.99 cents per share).

The group's net asset value per share at 30 September 2021 was R18.06 per share, down marginally from R18.16 per share at 31 March 2021.

The group's direct property investments amount to R32.4 billion at 30 September 2021 (31 March 2021: R32.6 billion), located in South Africa, Namibia and Spain.

Total indirect property holdings (listed property investments, comprising investments in Fairvest Property Holdings and Arrowhead Properties Limited) increased to R1.0 billion at 30 September 2021 (31 March 2021: R0.8 billion), due to increases in share prices.

A gross dividend amounting to 40.55865 cents per share has been declared for the six months ended 30 September 2021 (30 September 2020: Nil). A separate announcement in this regard, including details relating to the taxation treatment of the dividend, will be released on SENS.

PROSPECTS FOR THE GROUP

We are encouraged by the strong trading performances from both the South African and Spanish portfolios, which have shown their resilience throughout the COVID-19 environment and additionally in South Africa through the period of civil unrest. The recovery to pre-pandemic levels is well on track and the fundamentals in both businesses remain positive.

The balance sheet remains strong and our ability to readily refinance debt is testament thereto. With valuations now showing some positive momentum, the LTV has stabilised to the lower 40% levels.

We believe our inward focus on operational excellence and strategy to preserve cash through the crisis has been correct. Now, with the recovery seemingly well underway, we believe that the time has come to resume our growth path as a retail-focused fund both in SA and abroad.

Castellana has built up significant cash balances and we will be looking to deploy those funds into value accretive acquisitions and upgrades to existing assets. Similarly, proceeds from sales in Southern Africa will be used to pursue value-enhancing transactions.

Assuming no material adverse change in trading conditions, large corporate failures and no impact on rental income from further COVID-19 lockdowns or enforced closures of shopping centres in Southern Africa and Spain, Vukile expects to pay dividends totalling at least 80 cps for the full year ending 31 March 2022.

This would represent a payout ratio of between 60% and 65%, based on anticipated total group FFO per share for the year of at least 125 cps. The pay-out ratio is based on JSE SA REIT requirements and will still be at or above the required 75% JSE SA REIT required pay-out ratio.

Forecast rental income is based on contractual escalations, market-related renewals and on the conclusion of certain transactions currently in progress. The forecast may be impacted by the closing, timing and successful implementation of these transactions. The forecast also assumes that the exchange rate of the Rand to the Euro will in the short-term remain at or reasonably close to current levels. This forecast has not been audited, reviewed or reported on by the group's auditors.

Management is of the view that for so long as the Vukile share price continues to trade at a significant discount to NAV, the most efficient and value-enhancing way to fund future growth is through the retention and deployment of cash into our core strategies.

ABOUT THIS ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the company. The announcement is only a summary of the full announcement and does not contain full or complete details. Any investment decision by investors and/or shareholders should be based on consideration of the full announcement The full announcement is available on the company's website (**https://www.vukile.co.za/cmsAdmin/uploads/results2022.pdf**) and on the JSE website at **https://senspdf.jse.co.za/documents/2021/jse/isse/vke/HY2022.pdf**. Copies of the full announcement may be requested by emailing Johann Neethling, at **Johann.Neethling@Vukile.co.za** or the company's sponsor, Java Capital at **sponsor@javacapital.co.za** from Tuesday, 30 November 2021 to Wednesday, 8 December 2021.

On behalf of the board

NG Payne
Chairman

LG Rapp
Chief executive officer

Houghton Estate

30 November 2021

Sponsor

Java Capital

CORPORATE INFORMATION

VUKILE PROPERTY FUND LIMITED (Incorporated in the Republic of South Africa) (Registration number 2002/027194/06) **JSE share code**: VKE **ISIN**: ZAE000056370 **Debt company code:** VKEI **NSX share code:** VKN (granted REIT status with the JSE) (Vukile or the group or the company)

Bastion