

VUKILE PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2002/027194/06)
JSE share code: VKE NSX share code: VKN
ISIN: ZAE000180865
Debt company code: VKEI
(Granted REIT status with the JSE)
(“**Vukile**”)



UPDATE ON ACQUISITION OF PAN AFRICA SHOPPING CENTRE AND ACQUISITION OF SHARES IN CASTELLANA PROPERTIES SOCIMI S.A.

UPDATE ON ACQUISITION OF PAN AFRICA SHOPPING CENTRE

Shareholders are referred to the announcement published on 29 July 2022, wherein shareholders were advised that Vukile had concluded an agreement to acquire the letting enterprise known as the Pan Africa Shopping Centre, comprising the leasehold rights in respect of erven 40 and 42-47, Wynberg Township, Gauteng (“**leasehold properties**”) and the adjacent property, erf 41 Wynberg Township, Gauteng, from Pan Africa Development Company Proprietary Limited (“**seller**”), for an anticipated cash consideration of R668 879 505.

The leasehold properties are owned by the City of Johannesburg (“**COJ**”) and are leased by the seller in terms of a registered notarial head lease, in terms of which the seller has the right to use and occupy the leasehold properties, erect improvements thereon and to sublet the improvements (“**notarial head lease**”).

The transaction was subject to the fulfilment or waiver, as applicable, of various conditions precedent, including the seller securing the required written amendment to the notarial head lease from the COJ to, *inter alia*, remove certain provisions of the notarial head lease, as well as the required written consent from the COJ for the cession and assignment of the notarial head lease to Vukile. The COJ consent was initially required by the end of November 2022, a deadline which was subsequently extended by Vukile until the end of April 2023.

Shareholders are advised that despite the sellers’ best efforts to engage with the COJ, the COJ failed to review and grant the amendment to the notarial head lease and also failed to consent to the cession and assignment of the notarial head lease to Vukile. As a result, the agreement has been cancelled in accordance with its terms and the status quo restored, with no claim by any party against another arising from the cancellation of the agreement.

ACQUISITION OF SHARES IN CASTELLANA PROPERTIES SOCIMI S.A.

1. INTRODUCTION

- 1.1. Shareholders are advised that Vukile has exercised its call option to acquire 9,833,333 shares in its 89.9% held Spanish subsidiary, Castellana Properties Socimi, S.A. (“**Castellana**”), from Morze European Real Estate Ventures (“**MEREV**”), (the “**Transaction**”). The total consideration, including a contractual fee payable, amounts to €63 974 998.
- 1.2. The Transaction was concluded pursuant to various agreements entered into between Vukile, MEREV, Castellana, Mocha Limited (“**Mocha**”), RMB International (Mauritius) Ltd and FirstRand Bank Limited, acting through its Rand Merchant Bank Limited division (“**RMB**”) (collectively, the “**Parties**”) and is an early fulfilment of Vukile’s commitment to acquire the Castellana shares held by MEREV at the maturity date of 30 June 2024 (“**Maturity Date**”), pursuant to the Amended and Restated Castellana Placement Agreement previously concluded between the Parties.
- 1.3. Both MEREV, a company incorporated in Luxembourg (wherein Mocha holds a minority share) and Mocha, a company incorporated in the Island of Guernsey, share common ownership by the Morze Family.

2. RATIONALE

- 2.1. Castellana is a Real Estate Investment Trust (“**REIT**”) listed on the BME Growth segment of BME MTF Equity (formerly the Mercado Alternativo Bursátil) operated by the Spanish Stock Exchange, focused on the acquisition, management and leasing of real estate assets, primarily shopping centres and other retail assets located in Spain. Following the conclusion of the Transaction, Vukile will own 99.6% of Castellana, and will remain fully compliant with all the requirements of the BME Growth segment and its SOCIMI status will be unaffected by the Transaction.
- 2.2. Vukile elected to exercise its option to acquire the shares, as it remains very optimistic about Castellana’s prospects, as evidenced in its recent strong operational performance as well as the increased dividend declared by LAR Espana in February 2023, which will be on-paid to Castellana shareholders in terms of Spanish SOCIMI regulations. The Transaction will be earnings accretive for Vukile, whilst at the same time simplifying Vukile’s shareholding in Castellana, which in turn will provide further flexibility and agility in pursuit of corporate opportunities.

3. SALIENT TERMS OF THE TRANSACTION

- 3.1. With effect from 10 May 2023 (“**Effective Date**”), Vukile will acquire 9,833,333 Castellana shares from MEREV.
- 3.2. The total consideration, including a contractual fee¹ payable, amounts to €63 974 998 and will be funded from existing cash resources and available facilities.
- 3.3. Vukile will be entitled to the full Castellana dividend relating to the 9,833,333 Castellana shares to be acquired, for the six-month period ending 31 March 2023 (which is expected to be paid in June 2023).
- 3.4. As contemplated in the Amended and Restated Castellana Placement Agreement, Vukile will pay an amount of €1 607 548, relating to the guaranteed minimum cumulative cash return, pro-rata to the Effective Date.

4. CONDITIONS PRECEDENT

The acquisition is subject to the fulfilment or waiver, as the case may be, of the following conditions precedent:

- 4.1. the amendment of the Amended and Restated Castellana Placement Agreement to facilitate the earlier than anticipated acquisition of Castellana shares from MEREV, in terms of the Transaction; and
- 4.2. the payment of all amounts as detailed in paragraph 3 above.

5. FINANCIAL INFORMATION

- 5.1. As at 30 September 2022, the value of Vukile’s total investment in Castellana, was R8 781 billion, as disclosed in Vukile’s reviewed condensed consolidated interim financial statements for the six months ended 30 September 2022, which were prepared in terms of Vukile’s accounting policies and International Financial Reporting Standards (“**IFRS**”).
- 5.2. The following profitability metrics are attributable to Castellana, as disclosed in Castellana’s reviewed condensed consolidated interim financial statements for the six months ended 30 September 2022, prepared in terms of IFRS adopted by the European Union:

	EUR cents
Distributable profit per share	0.2371
Dividend per share	0.1145
Earnings per share	0.2700

- 5.3. As at 30 September 2022, the net asset value of the Castellana shares acquired in terms of the Transaction is €60 474 998.

¹ The contractual fee of €4 975 000 is an early payment fee due to Mocha and does not increase the total consideration payable had the shares been acquired at the Maturity Date.

6. CATEGORISATION OF THE TRANSACTION

The acquisition is classified as a category 2 transaction in terms of the JSE Listings Requirements and accordingly does not require Vukile shareholder approval.

9 May 2023

Corporate advisor and JSE sponsor



NSX sponsor

