
ACQUISITION OF BONAIRE SHOPPING CENTRE AND WITHDRAWAL OF CAUTIONARY

1. Introduction

Shareholders are referred to previous announcements, the last of which was published on 5 March 2025, regarding the proposed acquisition by Vukile's 99.5% held subsidiary, Castellana Properties SOCIMI, S.A. ("**Castellana**"), of Bonaire Shopping Centre ("**Bonaire**" or the "**Property**" or the "**Centre**"), which was delayed due to the torrential flash flooding that occurred in the Valencia Region, East coast of Spain, in October 2024.

Shareholders are now advised that Castellana has concluded an agreement with Unibail-Rodamco Retail Spain S.L.U., Unibail Rodamco Real Estate S.L.U. and Unibail Rodamco Spain S.L.U. (collectively, the "**Seller**"), all subsidiaries of Unibail-Rodamco-Westfield SE (a French multinational commercial real estate company headquartered in Paris and listed on the Euronext Paris), pursuant to which Castellana will acquire Bonaire, the largest shopping centre in the Valencia area, for a purchase consideration of EUR305 000 000 (the "**Purchase Consideration**") (excluding acquisition costs), subject to the terms set out below (the "**Acquisition**").

2. Profile of the Property

Bonaire is located in Valencia, the 3rd largest city and 4th most popular region for tourism in Spain. The Valencia region has a population of over 5 million people and has attracted the third highest level of investment in Spain over the past 5 years. The GDP per capita in the city is in excess of EUR31 000, well above the Spanish average of EUR27 870. Valencia is the second-largest port in Spain, after Algeciras, and the 5th largest in Europe, with its connectivity strengthened further by the high-speed train and the airport which is located very close to the Property.

Bonaire is the top performing and best-known shopping and leisure destination in Valencia, with an impressive long-term track record. The open-air design and diverse range of tenants provide a comprehensive shopping and leisure experience for customers across the entire Valencia region. It is strategically located in western Valencia and has the largest market share of its primary catchment area, with c.1 million people within a 30-minute drive.

The Property measures 78 000m², out of which Castellana will own a total gross lettable area ("**GLA**") of 55 800m², comprising 138 stores. The remaining GLA is owned and occupied by Alcampo hypermarket. Bonaire forms part of an extensive retail node of 135 200m² of GLA made up of a total of 151 stores, including Decathlon, Leroy Merlin and JYSK, a leading Scandinavian furniture retailer.

The Property includes a full Inditex fashion offering (only excluding Oysho) along with other high-profile tenants such as Primark, JD Sports, Cinesa, Mango, H&M and Fnac. The Centre has an exceptional long-term occupancy rate of c.99%. In terms of ESG building certification, Bonaire has attained an "outstanding" BREEAM score for management performance & A-grade EPC certificate, which will allow senior funding against the property to be classified as a green loan.

3. Rationale

Bonaire is a market-leading asset which could be considered among the top 10 retail assets in Spain and will be a significant addition to the Castellana portfolio. The Acquisition is aligned with Castellana's strategy of acquiring dominant centres in regional cities.

The Property boasts an exceptional sales density level of c. EUR4 000 per m² and a footfall level of 11.5 million visitors, well above market averages. The F&B and leisure area in the top floor was refurbished in 2016. This area was not affected by the flooding. Importantly, the common areas and the retail units on the ground floor have been totally refurbished following the floods, with some tenants taking advantage of the situation to open new concepts and upgrade their stores.

The Centre recently reopened to record footfall levels on 13 February 2025, further confirming its position as the leading shopping centre in the region.

The Acquisition offers an attractive opportunity to recycle the proceeds from Castellana's very successful investment in Lar España Real Estate Socimi S.A. ("**Lar España**") and thereby add a very successful, dominant shopping centre to Castellana's portfolio on the east coast of Spain, an area where the Castellana team already has a deep understanding and significant experience in owning and managing shopping centres.

Bonaire has an additional c.10 000m² of extension potential in the Centre which is under evaluation by the Castellana team.

The Acquisition offers an attractive net operating income ("**NOI**") entry yield of 6.96% (including transaction costs), excluding any potential expansion opportunities.

4. Terms of the Acquisitions and Closing

The effective date of the Acquisition is expected to be 13 March 2025 (the "**Closing Date**"). The Purchase Consideration payable for the Acquisition is EUR305 000 000, payable in cash on the effective date. This translates to a cash-on-cash yield of c.8.5% in Euro (including transaction costs), when considering the c.40% debt funding secured to implement the Acquisition.

The SPA includes market-standard warranties, indemnities and undertakings for a transaction of this nature. Completion of the Acquisition is not subject to any conditions precedent.

5. Reinstatement of the Property and NOI guarantee

The Seller has completed the repairs required to reinstate and reopen the Property, and Bonaire recommenced trading on 13 February 2025. The remaining repairs mainly relate to the underground car park, which were not critical to reopening the Centre and are expected to be completed by mid-2025. Castellana will not bear the costs associated with these repairs.

Additionally, the Seller has provided Castellana with a NOI guarantee of up to EUR32 850 000 covering the 18-month period following the Closing Date. Castellana expects the Centre's NOI to have fully stabilised before the end of the 18-month period.

6. Funding

The Acquisition will be funded by a combination of (i) in-country debt of EUR126 000 000 (representing a loan-to-value of c.40%); and (ii) part of the proceeds of Castellana's disposal of its shareholding in Lar España, which proceeds were received in December 2024 (as communicated to shareholders on 27 January 2025).

7. Property specific information

Details of the Property are set out in the table below:

Property name	Geographical location	Sector	GLA (m ²)	Weighted average rental per m ² (EUR/m ² /month)	Purchase Consideration ¹ (EUR)	Value attributed to the Property as at 31 October 2024 ² (EUR)
Bonaire Shopping Centre	Valencia, Spain	Retail	55 800	31.00	305 000 000	312 000 000

Notes:

1. The transaction costs in respect of the Acquisition amounted to EUR 9 200 000, resulting in an aggregate cost of EUR 314 200 000 relating to the Acquisition.
2. The Property was valued in accordance with Royal Institution of Chartered Surveyors standards by Colliers International, an independent external property valuer.

8. Financial information

Set out below are the forecast rental and recovery income, net property income, net profit after tax and profit available for distribution relating to the Property (the “**Forecast**”) for the 12 months ending 31 March 2026 and the 12 months ending 31 March 2027 (the “**Forecast Period**”).

The Forecast has been prepared on the basis that it includes forecast results for the duration of the Forecast Period.

The Forecast, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the directors of the Company. The Forecast has not been reviewed or reported on by the Company’s auditors.

The Forecast presented in the table below has been prepared in accordance with Vukile’s accounting policies, which are in compliance with International Financial Reporting Standards.

EUR	Forecast for the 12 months ending 31 March 2026	Forecast for the 12 months ending 31 March 2027
Rental and recovery income	28 381 514	28 836 124
Net property income	21 900 000	22 262 333
Net after tax profit	16 041 000	16 403 333
Profit available for distribution	16 041 000	16 403 333

The Forecast incorporates the following material assumptions in respect of revenue and expenses:

1. The Forecast is based on information derived from lease contracts, budgets and additional information provided by the Seller.
2. The Forecast has been prepared for the Acquisition only. It is assumed that the Property will not be sold during the Forecast Period.
3. Rental revenue has been forecast on a lease-by-lease basis.
4. 84.5% of rental and recovery income for the Forecast Period is contracted. The remaining 15.5% of rental and recovery income is near-contracted and represents renewals which have been forecast at current market rates.

5. Contracted revenue comprises rental and recovery income based on existing lease agreements, including stipulated increases, all of which are valid and enforceable.
6. Near-contracted revenue comprises rental and recovery income from leases expiring during the Forecast Period which are assumed to renew at current market rates, unless the lessee has indicated its intention to terminate the lease. Such revenue is classified as near-contracted rental revenue from the date of expiry of the lease.
7. Details of the NOI guarantee, which covers the full 12-month period ending 31 March 2026 and half of the 12-month period ending 31 March 2027, are set out in paragraph 5 above.
8. Net after tax profit equates to net property income, reduced by interest on debt against the Property.
9. No fair value adjustment is recognised.
10. There will be no unforeseen economic factors that will affect the lessees' ability to meet their commitments in terms of existing lease agreements.

9. Categorisation

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

10. Withdrawal of cautionary announcement

Following the release of this announcement, Vukile shareholders are advised that caution is no longer required to be exercised in their dealings in Vukile shares.

11 March 2025

JSE sponsor



NSX sponsor

