
ACQUISITION OF ISLAZUL SHOPPING CENTRE

1. Introduction

Shareholders are advised that Vukile's 99.7% held subsidiary, Castellana Properties SOCIMI, S.A. ("**Castellana**"), has concluded a sale and purchase agreement (the "**SPA**") with Nutwood Invest S.L. (the "**Seller**"), pursuant to which Castellana will acquire Islazul Shopping Centre, a dominant, large-scale retail destination located in Madrid, the capital city of Spain ("**Islazul**" or the "**Property**") (the "**Acquisition**"). The Seller is held 95% by HPREF II Spanish Holdings S.à r.l. ("**Henderson Park**") and 5% by EG Iberia Retail I, S.L. ("**Eurofund**"). Henderson Park and Eurofund are international private equity and real estate managers.

In terms of the SPA, Castellana will purchase the entire issued share capital (the "**Acquisition Shares**") of the Property-owning company, Islazul HoldCo S.L.U (the "**Acquisition Company**"), which in turn is the owner of two dedicated property companies —Islazul Centro Comercial S.L. and Islazul Shopping S.L.

This landmark transaction represents a strategic milestone for Castellana, marking its entry with a sizable shopping centre into one of Europe's most dynamic and fastest-growing major capitals. The Acquisition further strengthens Castellana's portfolio and geographic diversification, positioning the company to capture future growth in a city and neighbourhood with exceptional retail potential.

2. Rationale

The Transaction represents a unique opportunity for Castellana to acquire an iconic shopping centre of institutional quality which is complementary to its existing Iberian portfolio. The investment also marks Castellana's strategic expansion in Madrid, one of Europe's most attractive and resilient metropolitan markets, characterised by strong economic fundamentals, sustained population growth and a dynamic consumer environment. Madrid has established itself as a key economic engine in Spain, benefiting from robust employment trends, rising household income and a diversified economic base. The city has been the major beneficiary of the positive immigration and sustained economic growth experienced in Spain and continues to attract record levels of domestic and international tourism, reinforcing retail demand, footfall and long-term asset performance, and further enhancing its appeal as a prime destination for long-term real estate investment.

The Property, which exhibits attractive yields compared to historical averages, is located in southern Madrid, a dense residential node and an area that has experienced robust population growth over the past 10 years, outpacing the national average (c.10% vs 4.5%, respectively). This demographic momentum, combined with improving infrastructure and increasing consumer density, underpins a strong and durable outlook for the retail performance of Islazul.

Islazul, which is ranked amongst the top 10 shopping centres in Spain, offers attractive growth prospects off the back of low average rental levels for an asset of this nature of c. EUR 20 per m² per month which, accompanied by strong sales performance, suggests potential for positive rent reversions.

The Property's performance will benefit significantly from being added to Castellana's retail-specialist asset management platform. The Property is primed for value enhancing asset management initiatives which will result in substantial upside, including enhancement of the retail mix, accessibility and customer experience, as well as substantial ESG and other enhancement initiatives which, taken together, are expected to unlock additional net operating income ("**NOI**") of c. EUR 2.2 million over a five-year period.

3. Profile of the Property

Islazul opened in 2008 and with a gross lettable area (“GLA”) of 90 933m². The Property is located in one of the most densely populated urban zones of Madrid, offering unmatched scale and visibility. The Property benefits from 100% ownership without co-owners.

The Property has 4 100 parking spaces, as well as excellent public transport connectivity. The centre sits within the heart of its dense catchment area, where over 40% of visitors arrive on foot or via transit, reinforcing Islazul’s urban integration with its primary catchment area. Connectivity will be further improved by the new Madrid metro line 11 stop, which is set to be completed in 2027. Islazul has a densely populated catchment area, with c.600 000 inhabitants coming from the Carabanchel, Latina and south Usera Madrid neighbourhoods. In addition, the Property has an extended reach of over 1.9 million people within a 15-minute drive. This large and well-defined catchment supports strong footfall (c.11.5 million visits per annum) and exceptional performance.

Islazul was recently awarded the highest BREEAM certification globally and is recognized as the “most sustainable shopping centre in the world.” Since its opening in 2008 and a subsequent partial refurbishment in 2019, Islazul has consolidated its retail and leisure offer with more than 180 brands, including key operators such as MediaMarkt, JD Sports, Homa, Milbby and Lidl, complemented by a strong leisure and food & beverage offering with 40 establishments, including Yelmo Cines, Ilusiona, Burger King, McDonald’s, Tony Roma’s and Foster’s Hollywood. Fashion and accessories account for nearly 50% of the Property’s monthly gross rental income, featuring leading Intindex brands including Zara, Stradivarius, Lefties and Pull&Bear, along with other leading brands Mango and Primark.

4. Terms of the Acquisition and Closing

The effective date of the Acquisition is expected to be 30 April 2026 (the “**Closing Date**”).

The Acquisition is based on a gross asset price of EUR 340 000 000. After applying a discount for latent capital gains, the agreed asset value is EUR 318 382 000 (the “**Agreed Asset Value**”).

The Acquisition Shares (and indirectly, the Property) will be sold and transferred to Castellana on the Closing Date. The purchase consideration payable for the Acquisition Shares is EUR 202 154 000 (the “**Purchase Consideration**”), which has been calculated based on the Agreed Asset Value and customary working capital and balance sheet adjustments (including the balance of existing debt). The Purchase Consideration may ultimately be adjusted based on the financial statements of the Acquisition Company as at the Closing Date. However, it is not expected that there will be a material adjustment to the Purchase Consideration.

Castellana and the Seller have agreed that a portion of the Purchase Consideration, being an amount of EUR 30 000 000, will be deferred and paid by Castellana to the Seller by no later than 15 December 2026 (the “**Deferred Payment**”). The balance of the Purchase Consideration will be payable in cash on the Closing Date.

Based on the Agreed Asset Value, the Property is being acquired at a net initial yield of c.6.5%. When applying the anticipated interest cost on the proposed senior debt, the Property is expected to deliver a cash-on-cash yield in excess of 8%. The cash-on-cash yield has been calculated including the costs associated with projected capital expenditure in the first year post-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. Funding

The Acquisition will be funded by a combination of existing cash resources and in-country debt of EUR 163 200 000, representing a loan-to-value ratio of c.48% (based on the gross asset price of EUR 340 000 000). The entire issued share capital of the Property-owning company will be acquired by Castellana.

Additionally, Castellana will fund a separate capital expenditure tranche of EUR 12 500 000, which will be used to fund Isalzul's ongoing value-add capital expenditure program of c. EUR 23 000 000, also at a c.48% loan-to-value ratio. This program has already been assessed and approved by Castellana and will generate an expected return of c.10% when considering the expected additional NOI of c. EUR 2.2 million.

6. 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 for the Acquisition Shares (EUR)	Value attributed to the Property as at 26 February 2026 (EUR)
Islazul Shopping Centre	Madrid, Spain	Retail	90 933	20.28	202 154 000	340 000 000

The Property was valued in accordance with Royal Institution of Chartered Surveyors standards by Colliers International, an independent external property valuer.

7. 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 11 months ending 31 March 2027 and the 12 months ending 31 March 2028 (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 11 months ending 31 March 2027	Forecast for the 12 months ending 31 March 2028
Rental and recovery income	22 773 973	25 562 725
Net property income	18 919 268	22 840 145
Net after tax profit	18 919 268	22 840 145
Profit available for distribution	11 332 269	14 364 075

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. 87% of rental and recovery income for the Forecast Period is contracted. The remaining 13% 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. No fair value adjustment is recognised.
8. There will be no unforeseen economic factors that will affect the lessees' ability to meet their commitments in terms of existing lease agreements.

8. 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.

27 February 2026

JSE sponsor



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