vukile

Centres of Growth

TWENTY 24

INTEGRATED ANNUAL REPORT

BUILDING COMMUNITIES, GROWING VALUE.

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INTEGRATED REPORTING AND SCOPE

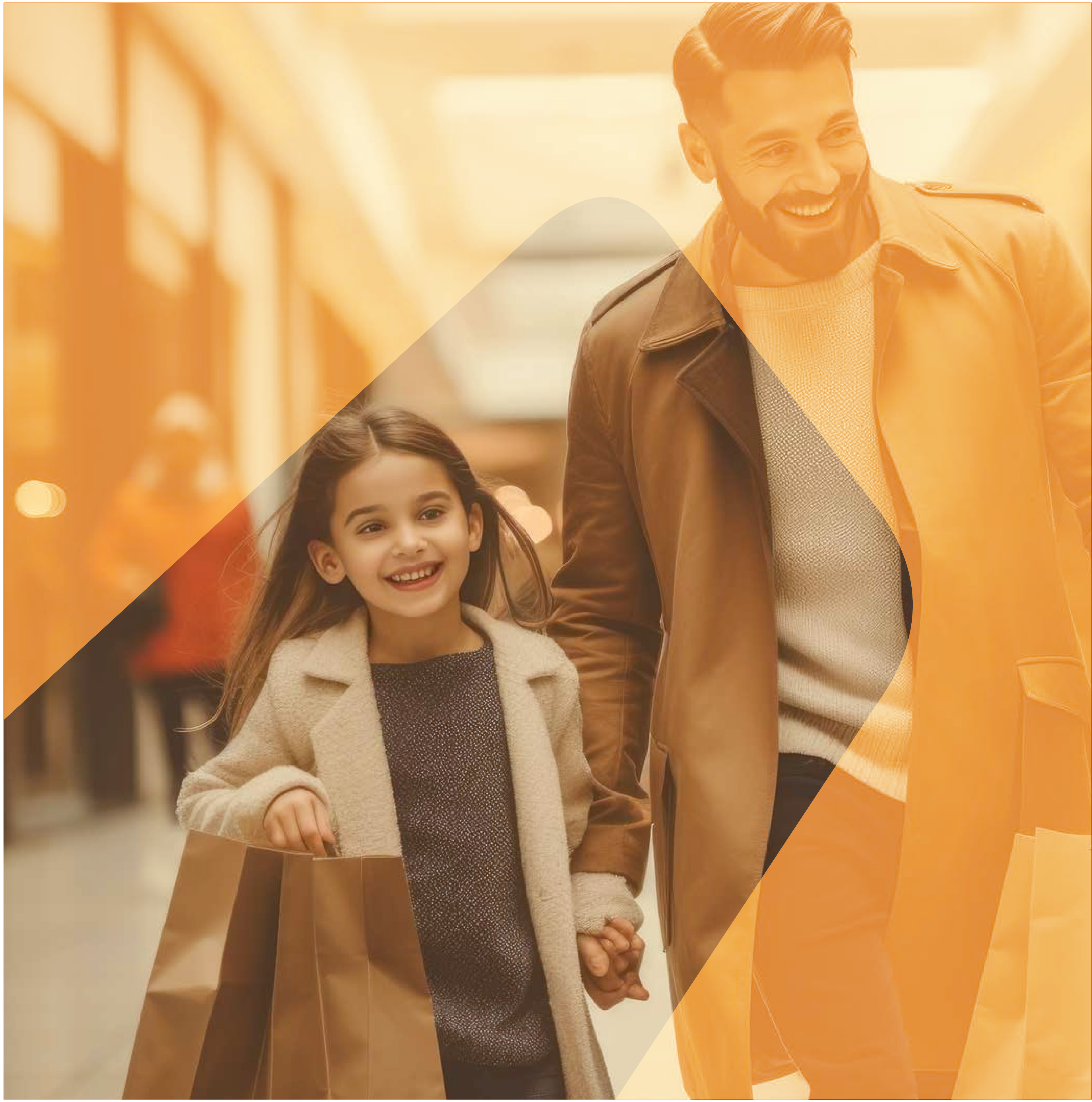
Vukile Property Fund Limited (Vukile) takes pleasure in presenting its 20th integrated annual report to stakeholders for the year ended 31 March 2024. This integrated annual report is prepared to assist stakeholders in assessing Vukile's ability to create and sustain value. Vukile reports on the significant issues within the business, along with material matters identified through engagement with its stakeholders. This provides stakeholders with information that is relevant to their decision making and interaction with the group.

This integrated annual report covers the group's business, sustainability and financial activities from 1 April 2023 to 31 March 2024. Material events and business developments which occurred after the reporting date are also covered in this report. Reporting is based on applicable legislation and accounting guidelines, the King IV Report on Corporate Governance™* (King IV) and the JSE Listings Requirements.

The scope and boundaries of the information contained in this report describe the group's business activities and property portfolios in South Africa and Spain. This report aims to indicate how Vukile will create and sustain value for stakeholders over the short, medium and long term.

APPROVAL

On 22 July 2024, the board of directors of Vukile (the board) approved the integrated annual report and the supplementary documents. The directors acknowledge that they are responsible for the content of Vukile's integrated annual report and supplementary documents. The board has applied its mind to this report and believes that, read with the supplementary documents made available online, it addresses all material issues and fairly represents the financial, operational and sustainability performance of the group.



vukile
Centres of Growth

Building communities, growing value.

Vukile: Centres of Growth

Vukile is a high quality, low-risk specialist retail real estate investment trust (REIT) operating in South Africa and Spain. Its geographically diversified portfolio of property assets is valued at R40 billion, of which 61% is based in Spain and the balance in South Africa. Vukile owns R37 billion in direct property assets. Domestically, this includes 32 urban, commuter, township, and rural malls. Its Spanish property assets are held through Madrid-listed subsidiary Castellana Properties SOCIMI.

20 years of listed property performance

Vukile was listed on the Johannesburg Stock Exchange (JSE) on 24 June 2004 (JSE code: VKE) and on the Namibian Stock Exchange (NSX) on 11 July 2007 (NSX code: VKN). On 1 April 2013, we became the first property company to be awarded REIT status by the JSE. Our 99.5% held subsidiary, Castellana Properties SOCIMI, is listed on the BME Growth in Madrid.

Consistently and significantly outperforming the SA Listed Property Index (SAPY)

Despite challenging economic conditions and unique local issues, the South African and Spanish portfolios continued to perform exceptionally well. This success stems largely from our strategic capital allocation (selecting dominant assets in key areas), specialist asset management and customer centricity.

Who we are

We are a consumer-focused retail real estate business

Vukile as a group, strives to be at the centre of growth in our sector, with each of our retail centres acting as a hub, providing growth and opportunities for the communities, shoppers and tenants based on the unique environment in which it operates.

Our consumer-led model will create value for all our stakeholders

Shoppers

- Understanding our **SHOPPERS'** and **COMMUNITIES'** needs
- Assists us to not only meet, but exceed expectations through the experiences we create in our centres
- This increases customer loyalty and the time and money people spend at our centres

Tenants

- Growing customer support strengthens **TENANT** performance at our centres
- Enhancing tenant performance boosts demand for space and position at our centres
- Elevating demand improves rental growth and performance at our centres

Investors

- Increasing rentals grows income streams
- Growing income streams support higher returns, more positive impact and greater value creation for our **INVESTORS, FUNDERS** and all other stakeholders

Exceeding our Shoppers' needs

Contributing to stronger Tenant performance and loyalty

Increased value for Investors and all other stakeholders

Our purpose, vision and mission

Purpose

Why we exist

Our purpose is to positively impact the lives of our communities and tenants and so create a sustainable value chain for all stakeholders.

Vision

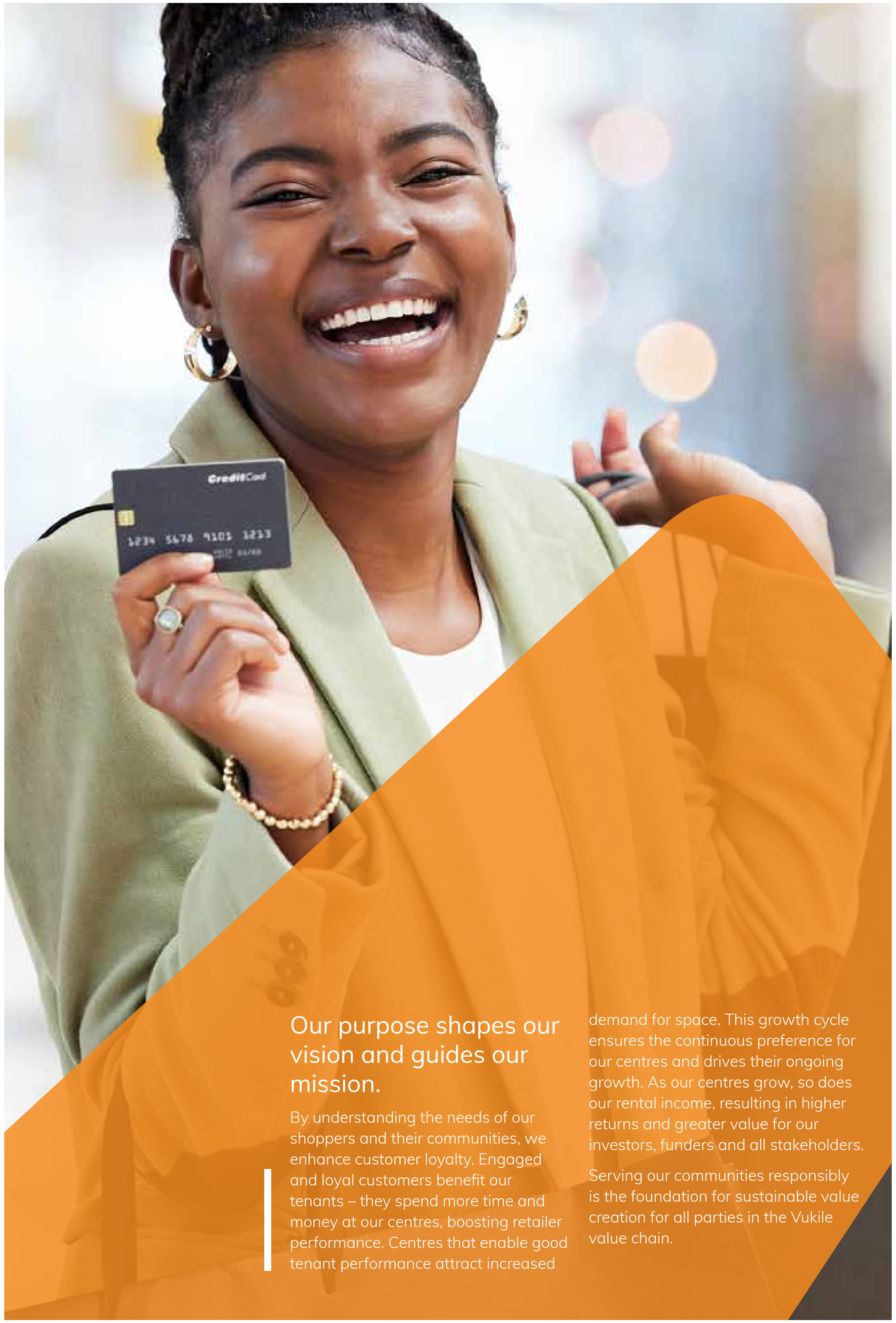
Who we aspire to be

Through this ethos, we aspire to be the most trusted and respected retail property business.

Mission

What we must accomplish

We can only accomplish this aspiration if we can continue providing spaces and experiences that anticipate, fulfil and exceed our customers' and tenants' expectations and needs.



Our purpose shapes our vision and guides our mission.

By understanding the needs of our shoppers and their communities, we enhance customer loyalty. Engaged and loyal customers benefit our tenants – they spend more time and money at our centres, boosting retailer performance. Centres that enable good tenant performance attract increased demand for space. This growth cycle ensures the continuous preference for our centres and drives their ongoing growth. As our centres grow, so does our rental income, resulting in higher returns and greater value for our investors, funders and all stakeholders.

Serving our communities responsibly is the foundation for sustainable value creation for all parties in the Vukile value chain.

Who we are (continued)

Our iDEAL Values

We rely on our unique set of values and behaviours that are embedded into our Vukile culture. These are the attitudes and behaviours we live by.

We have set five strategic objectives that encapsulate our primary goals and provide us with a unique, integrated approach to drive and measure our actions – ensuring delivery on our short- to medium-term strategy and ultimately achieving our long-term goals which are aligned to the United Nations Sustainable Development Goals (SDGs)

D	E	A	L
Delighting our customers with our excellence and expertise	Effecting positive change through innovation and inclusivity	Agile collaboration with partners and teams	Leading with passion and integrity

Our strategic objectives are

OPERATIONAL EXCELLENCE	LEADING-EDGE CUSTOMER AND MARKET INSIGHTS	MANAGED IMPACT	PEOPLE CENTRICITY	LONG-TERM GROWTH
We continually develop and invest in the systems, technology, processes and people that together deliver the core retail expertise that delights our shoppers and tenants, strengthens relationships, and consequently generates growth in income, while driving efficiencies on a daily basis.	We equip ourselves to make the analytical, data-driven decisions that enable us to anticipate, fulfil and exceed our tenants' and shoppers' evolving expectations and needs, while adhering to world-class standards and practices and spurring innovation to seize opportunities and effect positive change.	We are deeply aware of the effect and influence that our business has on the environment, the people and the businesses in our value chain, and we manage the related risks and opportunities in a purposeful and directed manner, to achieve positive and lasting outcomes in the lives of all involved.	We place the needs and aspirations of the people in our value chain at the heart of what we do, while working in collaborative partnerships to exceed expectations and to earn and maintain trust, respect and belief in us as a purpose-led hub of growth.	We generate sustainable growth through our prudent management of capital and our balance sheet strength, which enables deliberate portfolio optimisation, acumen- and data-driven asset management, and active deal-making, while building a reputable brand.

Who we are (continued)

Our investor value proposition

Vukile's investment strategy focuses on creating value through our unique and proven approach. Our values-driven culture enables our employees and partners to meet and exceed the distinct needs of our shoppers and tenants. This is achieved across the various retail contexts of the different centres in our portfolio.

With deep knowledge of the retail sector and our customers' evolving needs, we actively enhance our portfolio through prudent asset management, creating sustained value for all stakeholders.

We naturally integrate environmental and social sustainability into our decision making and operations. Being a responsible corporate citizen is crucial for us, and corporate governance and ethics are an intrinsic part of our culture.

Specialists in retail

Specialists in the retail sector, with more than 1 million m^2 of GLA across 50 retail properties in South Africa and Spain

Best-in-class **internalised management structure**

Supported by **strong relationships with national and international tenants**

Strong focus on providing our **shoppers with a unique retail experience.**

High quality portfolio

Strategically constructed portfolio of handpicked properties

Dominant assets in catchment areas

Highly diversified portfolio in terms of property type, regions, categories and tenants, offering a **low level of portfolio risk**

Attractive pipeline of opportunities to bolster growth

Supported by focus on **customer needs.**

Robust financial metrics

Conservative and prudent financial policy to ensure long-term sustainable growth

Active debt management supported by **strong relationships with debt funders**

Dynamic hedging policy to mitigate risk while optimising returns

Consistent capex and development policy to ensure sustainability and income growth.

Active management

Unique and effective active management style, aiming to invest to add long-term value as evidenced by recent development projects and choice of acquisitions and sales

Highly dynamic and efficient team able to adapt quickly when it comes to decision making

Strong operational focus, integrating assets with local communities, anticipating customers' needs and supporting tenants.

Highest governance standards

Strong corporate governance with a **highly experienced and independent board** of directors

Integrity and transparency as core values

Committed to **ESG principles** throughout business processes

Committed to generating **maximum value for stakeholders and returns for shareholders**

Acknowledged as an **employer of choice** with **high ethical standards.**

Innovation and customer centricity as part of our DNA

Proactively spearheading new trends at our shopping centres

Internal innovation programme to embrace cutting-edge new trends

Placing the customer at the centre of our innovation with data analytics evaluating customer needs

Embracing technology to adapt our shopping centres to emerging consumer needs.

Strong income and growth prospects

Incentivised to achieve FFO and NAV growth

Returns driven through **healthy, sustainable and robust growth**

Diversified net currency exposure

Stable NAV with **meaningful upside potential over the next five years**

High quality cash flows resulting in competitive dividend yield with conservative tax efficient payout ratio

Highly liquid stock, consistently among the most highly liquid REIT shares traded on the JSE.

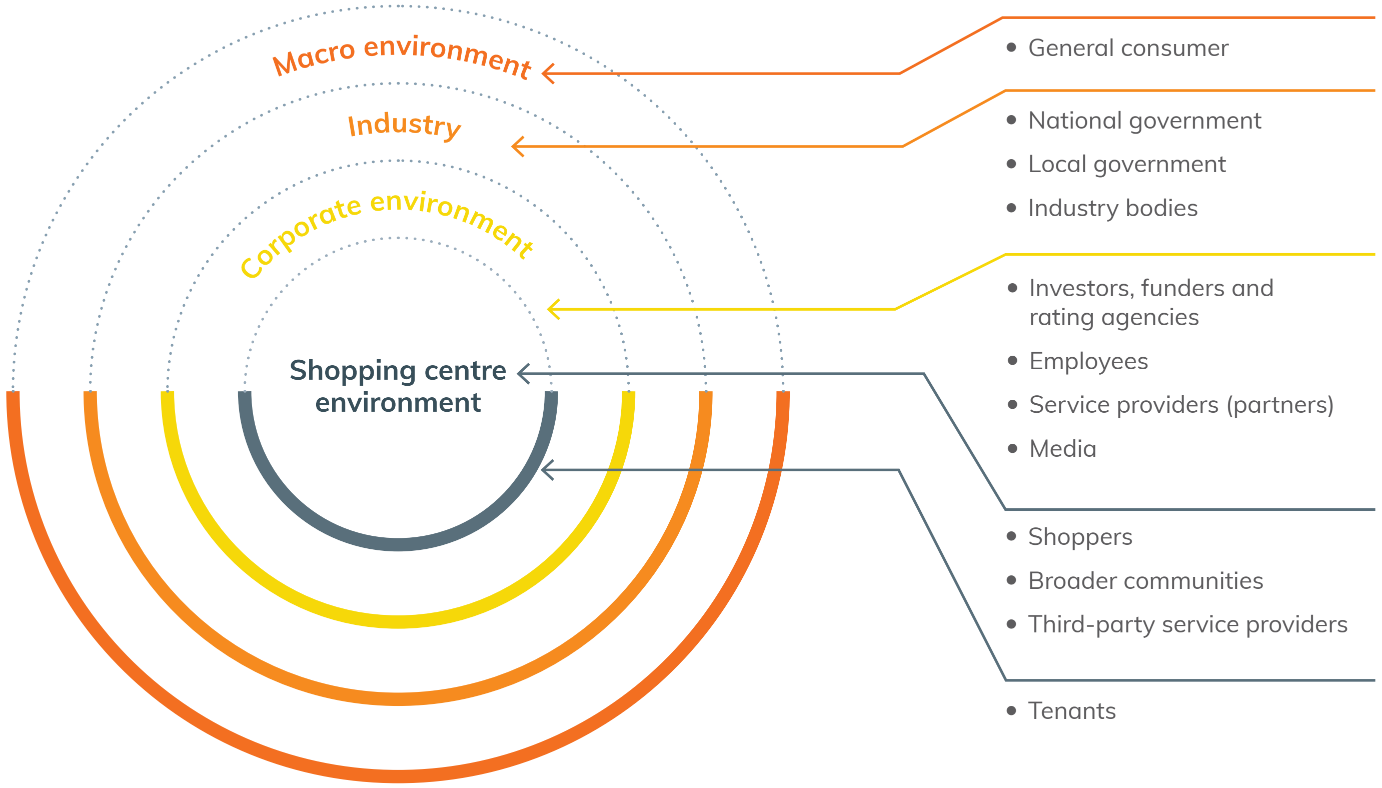
About Vukile

Vukile is a consumer-focused retail REIT with a clear strategic direction, an unwavering focus on execution, and a well-defined roadmap for achieving future success and creating value for stakeholders.

Stakeholder landscape

Our consumer-led model creates value for all our stakeholders

At Vukile, engaging with stakeholders is central to our business model and value creation. When our shoppers are impacted, their communities are too. This impact also extends to our tenants, and, in turn, our investors and funders. Understanding our key stakeholders' needs and expectations is crucial to our value chain. We employ an integrated strategy and have a proud history of addressing environmental, social and governance (ESG) issues authentically. We invest in solutions that align with our business strategy and that most benefit all stakeholders in our consumer-focused model.



When analysing our stakeholders, we extend our focus beyond those directly impacted by us. We consider not only shoppers and tenants but those in and around our centres so we can better understand the diverse needs of all our stakeholders.

General consumer
We analyse global consumer behaviour and trends, as well as specific trends in the countries where we operate, to better understand our shoppers.

Broader communities around our centres
We engage with and learn about the residents and those who spend time around our centres, even if they are not active shoppers. In South Africa, this group also encompasses community representatives, elders, leaders, informal traders and non-governmental organisations (NGOs).

Tenants
We use a customised approach for engaging with tenants who own or manage shops in our malls and retailer representatives at head office level with whom we negotiate. We also adapt our relationship management strategies, at times, to consider the differences between large national tenants and small, medium and micro enterprises (SMMEs).

Services providers (partners) and third-party service providers
We outsource key areas of our business, such as property and marketing management, to service providers we consider partners. These partners engage third-party service providers for tasks like cleaning and security and manage them according to our objectives and standards.

We assess all stakeholders based on how much they impact on us, our impact on them and how often we engage with them.

Based on this, key stakeholders have been identified as follows:

Stakeholder	Impact on us	Impact on them	Level of engagement
General consumer	M	L	L
National government	H	L	M
Local government	H	M	M
Industry bodies	M	M	H
Investors, funders and ratings agencies	H	M	H
Employees	H	H	H
Service providers (partners)	H	H	H
Media	M	L	M
Shoppers	H	H	H
Broader communities	H	M	H
Third-party service providers	H	H	M
Tenants	H	H	H

The SDGs in which we can make a direct impact are:

4 QUALITY EDUCATION · 5 GENDER EQUALITY · 7 AFFORDABLE AND CLEAN ENERGY · 8 DECENT WORK AND ECONOMIC GROWTH · 10 REDUCED INEQUALITIES · 11 SUSTAINABLE CITIES AND COMMUNITIES · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION · 15 LIFE ON LAND · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS · 17 PARTNERSHIPS FOR THE GOALS

KEY: Short- to medium term deliverables:

Operational excellence · Leading-edge customer and market insights · Managed impact · People centricity · Long-term growth

Investors, funders and ratings agencies

Their expectations from us (ie value for them)	How we measure the relationship strength (types of surveys, etc)?	Our expectations from them (ie value for us)	Key risks	Key opportunities	Initiatives to eliminate risks and optimise opportunities	Short- to medium-term deliverables	Long-term deliverables (SDGs)
Attractive investment value proposition supported by solid business strategy Positive short-term growth in distributions as well as demonstration of long-term sustained growth (balance sheet strength) Solid governance principles ESG strategy that demonstrates future sustainability of the business Cash, debt and liquidity management	Annual investor perception survey One-on-one meetings	Access to funding in order to grow the business Open and transparent communication Fair valuation of shares Liquidity of shares	Lack of confidence in property sector (by general equity analysts) Increased cost of capital Lack of liquidity	Vukile's unique strategy and focused value position that sets us apart Explore additional/ non-traditional sources of capital (ie private equity) Create best-in-market disclosure and engagement to build confidence	**Become thought leaders by:** Engaging and researching international funding trends and building relationships to explore new capital sources Participating proactively in public relations activities to position the sector and address key concerns that support and demonstrate Vukile's unique strategy and positioning approach		8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES

Employees

Their expectations from us (ie value for them)	How we measure the relationship strength (types of surveys, etc)?	Our expectations from them (ie value for us)	Key risks	Key opportunities	Initiatives to eliminate risks and optimise opportunities	Short- to medium-term deliverables	Long-term deliverables (SDGs)
A culture that is safe, fair and inclusive Fair, performance-based remuneration and opportunities for growth Freedom to learn, develop and grow Open-minded environment where inputs are welcomed and considered Employer that makes a meaningful contribution to society	GIBS Ethics Barometer Deloitte Best Company Survey Pulse surveys to determine communication needs	Diverse employee base who thinks innovatively and contributes to a positive culture and environment Understanding and contributing to company strategy and culture by delivering superb performance and living the values New entrants to the employee market who represent younger generations	Transformation of the property sector as a whole Staying abreast of the trends of working condition requirements for younger generations	Enhance the already positive employee engagement programme to promote new brand narrative and strategic objectives Provide opportunities and information to improve our physical, emotional, legal and financial wellness through a proactive wellness programme Invest in ongoing training and development programmes for current employees and future employees for the sector	Robust remuneration and incentive programme ensuring market-related reward and recognition Ongoing employee engagement programme including monthly events, team building sessions, and open and transparent communication Vukile Academy that upskills graduates – one-year programme		8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES

Tenants

Their expectations from us (ie value for them)	How we measure the relationship strength (types of surveys, etc)?	Our expectations from them (ie value for us)	Key risks	Key opportunities	Initiatives to eliminate risks and optimise opportunities	Short- to medium-term deliverables	Long-term deliverables (SDGs)
Clean and safe spaces in which to operate Innovative solutions that overcome challenges but also position retail centres as destinations of choice Increased foot traffic and sales Insights into shopper behaviour to improve decision making on trade Market-related rentals Retail spaces that attract shoppers, keep up with trends and foster business growth Quality relationships and support with business operations Responsible, compliant business partner Profitable, successful and vibrant centres in which their businesses can thrive	Ongoing tenant engagement, including meetings and strategies Annual tenant function support Number of deals concluded	Lease renewals with relevant renewal rates and escalations New tenants with innovative solutions to improve our shopper experience Tenant growth and loyalty and timeous payment Participation in our ongoing ESG efforts and longer-term strategies for innovative solutions	Independent tenants' inability to afford increased cost of occupation Constrained consumer spending Utility supply interruptions (SA) Keeping up with shifting shopper needs and requirements across our portfolios	Attract and upskill entrepreneurs to trade in the formal retail centre environment – creating a pipeline of national tenants catering for future needs of shoppers Adapt innovative technology and solutions that may improve tenant experiences Increased tenant communication to deliver on our consumer-led model Enhance environmental efficiencies and create awareness of sustainability efforts in our properties Increase green building efficiency – introduce waste management collection points Approach key tenants to trial new innovative offerings to retailers	**Vukile Retail Academy (SA)** Integrate data analytics from multiple tested customer insight solutions into a single powerful asset management tool (to include current portfolio metrics, psychographic information, geolocation trends and customer data from in-mall Wi-Fi) Ongoing assessment of key tenants' performance to ascertain growth opportunities Jointly promote and market tenants		8 Decent work and economic growth 10 Reduced inequalities 11 Sustainable cities and communities

Service providers (partners)

Their expectations from us (ie value for them)	How we measure the relationship strength (types of surveys, etc)?	Our expectations from them (ie value for us)	Key risks	Key opportunities	Initiatives to eliminate risks and optimise opportunities	Short- to medium-term deliverables	Long-term deliverables (SDGs)
Fair, open and transparent relationships Partnerships that assist in growing businesses Responsible and compliant business partner Fair opportunities and negotiation processes	Regular feedback sessions at senior executive level	Approach to business that aligns to our strategy, values, code of conduct and ethical standards Act as an extension of our team and deliver on our customer-led model when dealing with tenants, shoppers and third-party service providers Employ third-party service providers that uplift local communities	Reputational risk if not aligned to our consumer-led model Ability to ensure local representation and upliftment of SMMEs	Improve supplier engagement to better understand their needs and their impact on our stakeholders Consider cost-effective ways to upskill and prioritise suppliers from local communities	Integrate service providers (partners) and their staff into our employee engagement and communications programmes Create a supplier development academy to upskill local potential suppliers Consider green procurement initiatives Consider procurement processes to ensure contracting of local suppliers as opposed to national contracts		8 Decent work and economic growth 10 Reduced inequalities 11 Sustainable cities and communities

Third-party service providers

Their expectations from us (ie value for them)	How we measure the relationship strength (types of surveys, etc)?	Our expectations from them (ie value for us)	Key risks	Key opportunities	Initiatives to eliminate risks and optimise opportunities	Short- to medium-term deliverables	Long-term deliverables (SDGs)
Fair, open and transparent employment Understanding of and pride in the asset where they are employed – feeling valued and safe Opportunities to upskill and grow Clear understanding of our processes in escalating issues, concerns or complaints	Feedback from partners as well as direct interventions	Approach our shoppers and their jobs in a way that aligns with our strategy, values, code of conduct and ethical standards Assist us in achieving our operational efficiencies in delivering on safety and hygiene Act as an extension of our team and deliver on our customer-led model when dealing with shoppers	Reputational risk if not aligned with our consumer-led model when dealing with shoppers and not taking operational efficiencies seriously Ability to ensure local representation and upliftment of SMMEs	Improve third-party supplier engagement to better understand their needs and their impact on our stakeholders and Vukile Consider cost-effective ways to upskill and prioritise suppliers from local communities	Equip partners with tools to better engage and align third-party service providers with our brand, strategy and values Create a sense of pride by ensuring ongoing training, but also branded materials to utilise in our spaces Extend supplier development academy to include potential local third-party service providers Address procurement processes of service providers to ensure contracting of local third-party suppliers as opposed to national contracts		8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES

Shoppers

Their expectations from us (ie value for them)	How we measure the relationship strength (types of surveys, etc)?	Our expectations from them (ie value for us)	Key risks	Key opportunities	Initiatives to eliminate risks and optimise opportunities	Short- to medium-term deliverables	Long-term deliverables (SDGs)
Improve environment in and around our spaces (health, security and education) Spaces that provide products and services required, opportunities to engage, to have positive experiences, to socialise – destinations to gather Opportunities to collaborate	Ongoing shopper surveys as well as collection of data through Wi-Fi platforms and other sources of data Surveys using promotional activities and mall applications Participation in community forums	Active community participation, visits and shopping in our centres Open communication and feedback from communities to assist us to better meet and exceed their needs	Unintended negative impact of our spaces and tenants on communities and environment around our retail centres Lack of engagement and inclusion poses a reputational risk Change in shopper demand for not only products and services, but experiences Lack of jobs for unemployed youth and community members Expected negative trends in consumer spend due to economic climate	Improve community engagement to enhance our understanding of their needs to incorporate these into our spaces and stay ahead of the curve Create opportunities for smaller traders and entrepreneurs around our retail centres (SA) Expand the retail mall app to increase income by including driveway finding, recommendations, specials and loyalty rewards Clean water stations (SA)	Further entrenching the use of technology and research to gather data to better understand the needs and expectations of shoppers Hosting events and campaigns that involve local artists and members of the community and that are in line with the unique expectations and needs of shoppers in the respective malls Engaging representatives in broader communities to evaluate needs and concerns and collaborate in implementing solutions		8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

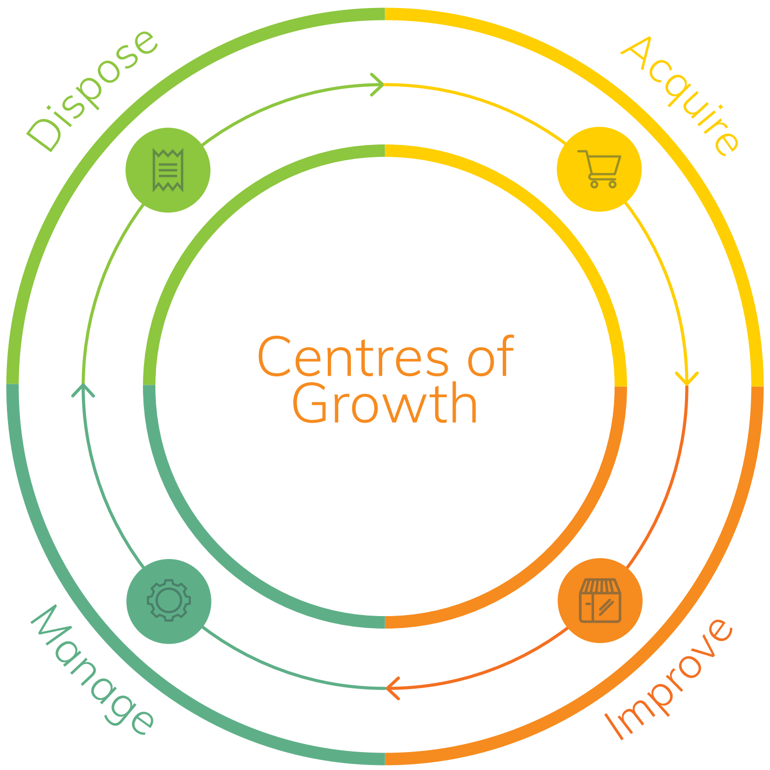
Business model and value creation

Creating value using the six capitals

Vukile creates value through its business model, which is driven by our growth strategy. We consider the macro environment, operating context, and both long- and short-term risks and opportunities, as well as our stakeholders. This enables us make decisions and act to increase positive impact while minimising negative impact, thus maximising value for all our stakeholders.

Our business model is cyclical and involves acquiring, improving, managing and disposing of properties or property portfolios. Our entrenched retail focus allows us to manage this process to foster growth and opportunities for all stakeholders.

In creating value, our impact is assessed through the lens of the six capitals: Human Capital, Manufactured Capital, Social and Relationship Capital, Environmental Capital, Financial Capital and Intellectual Capital. We integrate ESG principles into the daily activities of our business model to ensure our inputs lead to outputs and outcomes that support our strategy while considering the full spectrum of people, planet and prosperity, and aligning with the SDGs we can best contribute to. For more information, see our ESG report on pages 112 to 411.



01. Human Capital

Our 47 people in South Africa and 35 people in Spain are key to ensuring we deliver on our consumer-focused strategy – thereby unlocking value through our actions and how we manage the relationships with our partners, our tenants and shoppers. In order to drive this strategy from the inside-out, we embed our culture through a clearly defined set of values that fosters behaviours such as customer centricity, innovation, diversity, inclusion, agility, collaboration, leadership and passion.

Inputs	Outputs	Outcomes
Talent management – recruitment and selection, succession planning, employment equity planning	• Succession plan to strengthen and further diversify the board • Succession plan for executive management approved by the social, ethics and human resources committee (SEHRC), and reviewed periodically • Female employees comprise 45% and 54% of total employees in South Africa and Spain, respectively	• Good staff retention with low staff turnover • A stable and engaged workforce • Maintained a well-diversified and skilled board and executive team • Percentage of total black staff composition remained constant at 53% in South Africa • Strong progress towards creating a more diverse and inclusive workforce and culture • Percentage of total female composition remain constant at 45% in South Africa
Learning, skills development and leadership development, and optimising performance	• 100% of the Vukile Academy Class of 2024 were successfully placed in formal employment • 52 bursaries were awarded for the 2024 academic year to students in property and related disciplines • 37% of employees received training, with 13% enrolled in formal tertiary training programmes • R5.6 million spent on staff skills, education and training	• Expanded the skilled and experienced talent pool for Vukile, the property sector and South Africa • Improved capability and capacity of our team • Improved employee performance
Competitive remuneration, benefits and rewards	• Paid R136 million in salaries and benefits • Sound governance and oversight of all remuneration practices including gender and race parity reviews	• Attracted and retained top talent • No turnover in executive and senior management (other than retirement) within the last 10 years
Creating a safe, stimulating and enabling working environment	• Continued hybrid working arrangement for all employees • Very low absentee days • Adequate supply of personal protective equipment • Free access for employees to the Vukile gym (SA) • Partnering with Lyra for employee wellness	• Top performance in the GIBS Ethics Barometer in SA • Achieved a Platinum Seal in the Deloitte Best Company To Work For™ Survey with a net promoter score of 82 • Optimised employee performance and efficiency through the flexibility allowed in hybrid working

02. Manufactured Capital

Our assets are geographically diverse across Spain (R24.4 billion or 61%) and South Africa (R15.8 billion or 39%). We continue to grow our asset base through acquisition, investment and improvements.

Inputs	Outputs	Outcomes
Proactive property asset management in South Africa and Spain	• Sale of two properties for c.R172 million in South Africa • Continued operational capex investment into the portfolio of R129 million to ensure properties are always marketable to retailers, inviting to shoppers and fit for purpose	• Strategic growth of a low-risk, high-quality portfolio • Competitive shopping centres meet tenant and consumer needs and expectations • Maintaining and enhancing the relevance of our shopping centres • Extending the lifecycle of our assets • Efficient operation of our assets
Creating superior shopper experiences	• Dedicated in-house strategic leasing team • Dedicated alternative income management generated additional revenue from events, advertising and promotions across the portfolios • Operational excellence key performance indicators **South Africa** • Low retail vacancies of 1.9% • Like-for-like net operating income growth of 5.4% • 94% retail tenant retention • Rent collection rate of 99% **Spain** • 98.9% occupancy • 95% of retail space let to international and national tenants • 99.3% rent collection rate • 9.7% increase in reversions and new lettings • Reintroducing more in-centre event drawcards to attract customers	• Maximised tenant returns enhance the competitive appeal of retail tenancies at Vukile shopping centres • Created enjoyable shopper experiences that encouraged greater dwell time and spend, and led to repeat shopper visits
Digital transformation for greater customer centricity	• In-mall Wi-Fi investment now R28 million at shopping centres in SA • Connect Waya-Waya app, 38 000 downloads with more than 27 personal data enrichment points • Investment of R29 million in innovative technology and systems to gather and integrate sociodemographic data, in-mall data analytics and user-specific mobility data • Customer communication platforms across a variety of digital, social and traditional channels	• Improved customer insights gained from data-driven strategies – creating supportive information internally as well as for tenants and improving shopper engagement strategies that lead to improved trading performance and ultimately tenant loyalty • Targeted customer surveys using in-mall apps and other channels rendering detailed customer-centric insights relevant to specific centres and areas of operation • Data insights into catchment areas around our shopping centres • Provided over 3 873 terabytes, equating to R320 million in free data to our shoppers in SA

03. Social and Relationship Capital

We maintain strong relationships with all our stakeholders including employees, tenants, retailers, service providers, business partners, investors, funders and communities. We also drive targeted community and small retail enterprise development initiatives, at both corporate and property levels, in our South African and Spanish businesses.

Inputs	Outputs	Outcomes
Community relationships and initiatives	• R2.6 million spend on corporate social investment (CSI) projects • Continued social impact in education and job creation • Shopping-centre-based community initiatives • Active participation in local forums, ranging from community safety to business associations	• Building strong communities which, in turn, ensure our relevance in the communities where we operate
Market disclosure and investor, funder and industry engagement	• Annual programme of one-on-one engagements, debt roadshows, biannual results presentations and ad hoc communications • Membership and active executive-level engagement with industry bodies including the South African Property Owners Association (SAPOA), SA REIT Association and South African Council of Shopping Centres	• Investor and funder confidence • Active contributor to industry advocacy • Best practices applied to disclosures
Education, skills and enterprise development, and transformation programmes and initiative	• Vukile Academy • Vukile Retail Academy • Empowering community-based service providers to become partners in mall operations	• 52 bursaries were awarded for the 2024 academic year to students in property and related disciplines • Five new retail entrepreneurs introduced to the Vukile Retail Academy are gaining access to formal retail experience, with financial and mentorship support

04. Environmental Capital

Our environmental stewardship covers our property assets and their operations, as well as our internal business operations. Our aspirational internal targets for these areas help to minimise our business's impact on natural resources, and enhance our resilience and sustainability because the cost and availability of power and water are crucial to our operations, and those of our tenants.

Inputs	Outputs	Outcomes
Continued investment in long-term renewable energy solutions and energy management initiatives	• Increased solar photovoltaic (PV) plant capacity to 21.6MWp (28 PV plants installed) • 18% of total energy was generated from renewable sources in South Africa • Completed second verified carbon footprint calculation (CFC) in South Africa	• Increase of renewable energy from PV plants as part of the total energy mix to 18% of South African portfolio electricity consumption • Reduced non-renewable energy consumption • Set further targets to reduce combined scope 1 and 2 greenhouse gas (GHG) emissions by 10% annually over three years
Water management initiatives	• Commenced with our water savings initiatives as per the ESG scorecard • Municipal water consumption 894ML • 122 Propelair toilets successfully installed	• Improved water savings and increased water security

05. Financial Capital

Our balance sheet is strong. Vukile's conservative debt levels and credit metrics enable strategic capital allocation that derives the most value and responds to opportunities.

Inputs	Outputs	Outcomes
• R1.7 billion equity raised during the year • Unsecured bond auctions held in August 2023 and February 2024 raising R1.55 billion in total • Vukile has R8.7 billion debt and Castellana €500 million • Cash and undrawn facilities of R5.3 billion	• Group funds from operations (FFO) of 154.2 cents per share • Dividends per share of 124.2 cents per share, up 10.5% from the prior year • Payout ratio of 79% of total group FFO • 59% of group interest-bearing debt hedged • No debt maturities in Castellana until FY29 • R1.1 billion from Absa in green and sustainability-linked loans was secured post-year-end • c.R192 million tax contribution in South Africa, comprises of PAYE, VAT and withholding taxes	• Vukile remains comfortably solvent and liquid and is also able to execute its strategies in a capital-constrained environment • Increased shareholder value • Interim and final dividends • Well poised for future growth

06. Intellectual Capital

Our intellectual capital is our unique way of doing things, from our governance framework and processes to our culture, ethics and values and our bespoke modelling and core competencies.

Inputs	Outputs	Outcomes
• Clarity of vision, strategy and structure • GIBS Ethics Survey • Data-driven asset management • Bespoke risk return model • Proprietary customer data, insights and analytics • Values-driven, customer-centric business culture • Refreshed brand strategy • Innovation and property technology opportunities • Entrepreneurial approach to deal making	• Talent focused on the most critical issues • Aligned ethics policies and practices • Potential value in the portfolio identified and unlocked • Data-driven asset management and marketing strategies based on the needs and expectation of shoppers	• Talent developed internally and recruited externally to prioritise specific business areas • Improved oversight of ethics matters • Digital strategies have enhanced customer insights, the relevance of our assets in their communities, and tenant satisfaction levels • Asset management interventions and marketing campaigns that deliver measurable results • New base of future growth created in Spain

Our operating context

Focused retail REIT with blue-chip tenant mix and well-diversified exposure across macro-economic drivers, providing strong rand-hedge

	SPAIN			SOUTH AFRICA	
Direct property assets	**€1 027 million**	R20.9 billion	100% Retail	**R15.7 billion**	97% Retail
Strategic listed investments	**€174 million**	R3.5 billion	Lar España 28.7%	**R142 million**	Fairvest 2.5%[1]
Property NOI	**€65.9 million**	R1.34 billion	50%	**R1.32 billion**	50%
Portfolio yield	**6.6%**		EUR yield	**8.7%**	ZAR yield
Debt	**€500 million**	R10.2 billion	54% of total debt No recourse to Vukile	**R8.7 billion**	46% of total debt

[1] *Full stake in Fairvest sold post year-end.*

South Africa

39%

of total property assets

R15.8 billion

Spain

61%

of total property assets

€1 201 million

R24.4 billion

BUSINESS REVIEW INDEX

Business review

Vukile is a resoundingly strong and sustainable business. By understanding our shoppers' needs, we create experiences at our centres that exceed expectations. This leads to increased time and spending at our centres and builds loyalty. Our customer-centric approach drives value creation for all our stakeholders. Our business model is scalable and relevant to each community and country where we invest.

Nigel Payne
Chairperson

Chairperson's report

20 years of Vukile: Looking back, growing forward

The cash dividend of

124.2

cents per share represents a commendable 10.5% growth on the prior year.

As we proudly celebrate Vukile's 20th anniversary as a listed company on 24 June 2024, we reflect on two decades of strategic acumen, operational excellence, growth and unwavering commitment to our stakeholders.

It is my distinct privilege to report, on behalf of the board, that Vukile has once again achieved a stellar year.

Our journey has been marked by a consistent ability to identify opportunities, translate vision into action, and export our proven business model to new markets – as exemplified by the success of our retail property business in Spain.

Vukile has demonstrated its capacity to pinpoint undervalued assets, capitalise on opportunities and drive business growth. Among the many examples of this was the successful acquisition and takeover of Synergy Income Fund. Vukile's early investment in Fairvest, supporting its journey from inception to the present, demonstrates its commitment to fostering sector success. Similarly, its investment in Atlantic Leaf provided a crucial springboard for the company's international growth. Most recently, Vukile's investment in Lar España has yielded outstanding returns, outperforming expectations.

Vukile has established an enviable unbroken 20-year track record of dividend payments, which have grown each year but one during the COVID-19 pandemic. This year, our cash dividend of 124.2 cents per share represents a commendable 10.5% growth on the prior year.

As we look back at our past milestones, it becomes clear that at every step of our journey, our focus remains resolutely on the future. With a sound financial foundation, a dynamic leadership team, a clear strategy and a relentless drive for innovation, I am highly confident in Vukile's capacity to thrive in the decades ahead. The next 20 years promise to be just as successful, if not more so, as we continue to navigate the evolving retail landscape locally and internationally with agility and foresight.

Today, from a solid base carefully crafted over the past two decades, we find ourselves with strong forward momentum, taking the lead and primed for growth with a strategy that is country-agnostic and can be replicated wherever we choose to invest in suitable opportunities.

To our stakeholders, partners and dedicated team, I extend my gratitude for your unwavering support. Together, we have built a resilient and growth-oriented company and we will continue to shape an even brighter future for Vukile.

Chairperson's report continued

We firmly believe that our exceptional management teams in both countries are a cornerstone of our success, and it is imperative and appropriate to ensure we have talent retention mechanisms in place.

This year's remuneration report offers additional transparency into Vukile's performance. We are detailing our rigorous pay-for-performance approach, benchmarking Vukile's success against both the SAPY and ALPI, as well as a tailored peer group of REITs. The metrics assess total return across multiple timeframes: seven and three years. The results are resoundingly clear: Vukile has outperformed all three benchmarks over every period. This demonstrates not only significant long-term value creation but also confirms the top performance of our management teams. It shows that our leadership excels within the competitive REIT landscape, driving superior performance for our shareholders.

This performance is underpinned by our operational excellence, a cornerstone of our success. We have built a robust operating platform staffed with top talent complemented by technology and innovation and backed by ample resources.

This platform is not just powerful, it is agile – allowing us to swiftly adapt to market shifts and capitalise on new opportunities. With its existing capacity, our operating engine is primed to fuel even greater performance and growth ahead.

Spain's economy is growing, although this cooled to 1.5% in the first quarter of 2024, down from 2.4% in 2023. This is still better than the Eurozone's estimated 0.9% growth in 2024. Lower inflation and rising wages support this growth. The European Central Bank (ECB) has stopped raising interest rates after 10 increases and believes that current rates are high enough to lower inflation to 2% in a few years. The Spanish labour market remains strong with unemployment at its lowest level in the last 15 years. Tourist numbers increased 18.7% in 2023, 1.9% higher than 2019 levels. International tourist spending also lifted. Private consumption also edged up off the back of better consumer confidence.

It has been a challenging year for South Africa's economy, with GDP growth falling to just 0.6% in 2023 due to widespread power cuts and operational issues in freight logistics. The country has again reported record high unemployment numbers. Economic growth is forecast at 1% in 2024. The retail sector faced mixed conditions during the period, but consumer spending showed resilience in the face of tough economic conditions. Addressing structural constraints, particularly in the energy, water and freight sectors, will be crucial for unlocking more robust economic growth in the medium term.

By all accounts, we are at the top of the interest rate cycle. The question now is when cuts will start and how deep they will be. The property sector will benefit from a cutting cycle regardless of timing and extent. We are in a cyclical industry, and capital will return to the sector when interest rates turn.

Now, before the cycle turns, is the time to invest. However, capital remains scarce, which impedes the growth of REITs and the execution of their strategies. As the sector attempts to take advantage of market opportunities, we understand that shareholders will back very few players. Given the strength of our management and board and our track record of outperformance, shareholders can be confident in supporting Vukile.

Good corporate citizenship

While the ongoing lack of service delivery in South Africa is indeed a significant challenge that demands greater action from the government, the Vukile management team has exemplified proactive leadership. It has identified challenges related to essential services like electricity, security and water – all critical for mitigating risks like fire exposure and ensuring insurability. Vukile has invested heavily in initiatives addressing these gaps, not only creating economic opportunities and reducing our carbon footprint – to support our environmental, social and governance (ESG) commitments – but also yielding a return on capital. Importantly, our proactive measures safeguard our portfolio, ensuring we maintain only investment-grade assets.

It also shows our customer-centric approach. Each initiative meticulously positions our shopping centres as vibrant community hubs, offering safe and well-managed environments where daily needs are met. Amid challenges, our properties shine as beacons of stability and opportunity, fostering community pride and customer loyalty.

As an inherently social industry, retail is deeply intertwined with the wellbeing of society – and vice versa. Recognising this, our consumer-led approach has focused our corporate social investments on strengthening communities, businesses, the economy and the nation as a whole.

This deep local community engagement is at the heart of our strategy. By investing in the communities we serve, Vukile fortifies its market position, creates a lasting positive impact and ultimately drives long-term stakeholder value. Castellana continues to address social issues in the communities where it operates through innovative initiatives that create new interaction opportunities while making a positive impact.

As we move forward from South Africa's national elections on 29 May 2024 with a new Government of National Unity, we would like to see more policy certainty that is pro-economic growth.

We have refreshed both the Vukile and Castellana boards with a number of new non-executive directors, introducing additional international experience in property, retail, financial markets and deal-making expertise. We welcomed Jon Zehner and James Formby to Vukile's board from 22 September 2023, and Lucy Lilley to the Castellana board from 31 October 2023. We also welcome Neo Dongwana, who was appointed to the Vukile board after year-end, from 1 April 2024. We also extend our appreciation to Babalwa Ngonyama, who stepped down from the board during the year, for her commitment and service to Vukile over the past number of years and wish her the best for the future.

With our strong boards and governance processes in place, Vukile is well respected for our transparent reporting and unshakeable ethical foundations. I am satisfied that the Vukile board excelled in its governance, oversight and strategic leadership roles this year. We take pride in our diverse, transformed board composition, with its robust mix of skills and representation. I value my fellow board members' dedication to the company and their wise judgement on all matters.

Appreciation

I am grateful to our shareholders for your continued engagement and support. Navigating our operating markets' opportunities and challenges is possible only due to our talented, passionate management team led by our Group CEO Laurence Rapp, who motivates and guides our skilled, dedicated executive teams in South Africa and Spain. The leadership of Vukile and Castellana exemplifies our core values: accountability, discipline and transparency. They work tirelessly for all stakeholders. I encourage you to read their reports for insights into our strategy and performance.

Vukile's property and retail fundamentals are rock-solid, backed by a culture that embraces growth and innovation. We have a strong balance sheet and no debt refinancing exposure for a number of years, providing the financial flexibility to capitalise on opportunities that lie ahead.

We are well-placed to benefit from the imminent turn in the interest rate and property cycles. Through our disciplined capital allocation, we are potentially a key player in supporting much-needed industry consolidation in our markets.

While retail faces rapid change, we have maintained essentially full occupancy across our key properties in South Africa and Spain and key tenants continue to look to us for more space. Our strong operational metrics, delivered by a skilled and resourced team, are set to continue.

If you are optimistic about retail property, Vukile is a compelling opportunity with a strong South African presence in the key middle to lower-income consumer segments and through our first-class Spanish portfolio, which now makes up 61% of our asset base. Our company is well-positioned to deliver the best of both worlds, with a strong track record of creating value and growing momentum.

Our 20th anniversary shows our strength and endurance and is indisputably a landmark year for Vukile.

Nigel Payne
Chairperson

Laurence Rapp
Chief Executive Officer

Chief Executive Officer's report

Delivering positive performance. Driving strategic momentum

Our business performed exceptionally well this year, equipped with new competencies, bolstered capacity and cash reserves.

Despite navigating economic uncertainty and market volatility, we delivered impressive results that underscore the tremendous strength of our operations and astute asset selection, and showcase the proven resilience of our business model.

Vukile's performance has been decidedly positive. Moreover, emerging from arguably our strongest year yet, we possess crystal-clear direction and a well-defined roadmap for future success.

Vukile is a consumer-focused retail real estate business. Our focus on the customer is the driving force behind our value creation for stakeholders and our sustainable business model. Our customer-centric approach is evident in our portfolio of predominantly needs-based convenience retail.

We carefully crafted this strategy to be scalable in any community and country. It has proven highly successful in both South Africa and Spain, and is replicable in other markets should we choose to enter them.

Vukile has a clear strategic direction and a laser focus on execution. This potent combination positions us exceptionally well to capitalise on opportunities and navigate challenges.

"Vukile has a clear strategic direction and a laser focus on execution."

Chief Executive Officer's report continued

Operational excellence

I am pleased to report that all key operational metrics of both our South African and Spanish businesses are positive, reflecting the tremendous strength of our operations.

Amid ongoing market challenges in South Africa, Vukile's strategic asset selection – underscored by nodal dominance and needs-based retail – has truly come into its own. Our sharp focus on resilient, community-anchored assets has proven to be a winning formula, driving performance largely ahead of our peer group. Vukile's asset selection remains a key differentiator and value driver.

Our South African portfolio's defensive characteristics and proactive data-driven asset management initiatives yielded excellent results, even in a sluggish local economy.

The retail portfolio achieved a like-for-like increase of 5.8% and 5.4% in property value and in net operating income, respectively. Demand for space in our shopping centres is high across the board, with strategic leasing reducing already low retail vacancies to 1.9% and, excluding the office component, to a mere 1.2% of retail space.

Rental reversions improved to 2.9%, with 87% of leases signed producing stable or growing rentals. Tenant retention increased to 94% of gross lettable area as retailers locked in their positions at our centres. This achieved a trading density growth of 2.4%, led by our township and rural shopping centres and our portfolio in the Western Cape, Gauteng and North West provinces. Underscoring our secure income streams, we meaningfully extended the weighted average lease expiry to 3.5 years. This demonstrates the robustness of our South African platform and its capacity to excel in diverse market conditions, highlighting its long-term sustainability.

The lack of service delivery in South Africa remains a significant challenge. We need and expect more from the government. However, in the absence of that, the Vukile management team has taken the initiative to identify the challenges and get ahead of them. We have demonstrated our leadership in solar energy and are implementing a similar strategic approach to water management.

Vukile has already made significant strides in executing our environmental commitment with our solar power programme. We began the financial year with an installed rooftop PV capacity of 14.9MWp and have now expanded that capacity to 21.6MWp. Currently, renewable energy makes up 18% of the electricity consumption in our South African portfolio. This figure will rise to 27% (32.6MWp) by the end of FY25 and reach 33% (41.4MWp) by FY27.

The solar project represents a substantial investment, signifying Vukile's commitment to carbon reduction and energy independence. The benefits are extensive, offering environmental advantages, reduced costs for our tenants, and reliable access to their daily retail needs for our shoppers. Additionally, this initiative is delivered with attractive financial returns benefitting both the environment and shareholder returns.

The well-publicised water supply failures in our cities indicate that this is the next big challenge South Africans and our sector face. These challenges, however, have long existed in rural and outlying areas where we have assets, and as such, we are already well progressed at mitigating water security risk in our portfolio. We are responding to water scarcity with various water-saving measures, tools and technologies, and we are guarding against water disruptions and inadequate pressure by means of boreholes, pumps and backup tanks with 91% of the assets by value already having backup water. Vukile has made great progress in achieving water independence in our portfolio. Formalising this, we are undertaking a process of capturing and assessing all these interventions.

In Spain, Castellana's portfolio continues to lead the Spanish market in operating metrics. Our asset management interventions boosted returns, as did our investment in Lar España.

Our combined foot traffic for South Africa and Spain amounted to over

220 million visits

due to our consumer-led approach and market insights.

The resilient Spanish economy is flourishing. It is outperforming the Eurozone, and being energy independent, is largely unaffected by events in the Middle East or Ukraine. Spain is enjoying increased tourism and increased tourist spending. Within this positive environment, Castellana is outperforming its peers.

Castellana achieved an increase on portfolio value of 1.4% and net operating income growth of 11%, with record footfalls and sales. Visitors were up 5.5% and tenant sales grew by 6.4%. Shopping centres in the portfolio outshone retail parks. With a mere 1.1% vacancy, the portfolio has the highest occupancy rate in the market, and a collection rate to match. It achieved a positive 9.7% in rental reversions and new lettings.

Castellana acquired a further 3% shareholding in Lar España, continuing to take advantage of the significant discount to net tangible assets reflected in the share price and increasing its stake to 28.7%. Lar España reported strong results for the 2023 financial year, declaring a total dividend of €66.2 million, equivalent to €0.79 per share. Of this, €0.09 per share is from the one-time sale of an asset. Specifically, this means Castellana received c.€19 million in dividends, which will apply to FY25.

In terms of operations, Lar España's portfolio had a successful year, with an 8% rise in sales and a 3.7% increase in footfalls compared to the previous year. Its performance measures were strong and surpassed industry standards.

The significant appreciation in Lar España's share price confirms Castellana's thesis on its acquisition of shares in Lar España as an exceptional and highly profitable investment. At current levels, the shares gained over €40 million in value, relative to our entry purchase price, which translates to a gain of c.30%, while the Lar España share price still reflects a considerable discount – about 33% – on its European Public Real Estate Association (EPRA) Net Tangible Assets. Lar España is currently delivering a dividend yield of c.15%. With a robust balance sheet and funds from selling assets, it is in a great position to pursue new growth opportunities.

Leading-edge consumer and marketing insights

At Vukile and Castellana, we make it our priority to know our customers and communities inside and out. This focus helps us provide what they want and need, which is key to staying ahead in the market and sparking new ideas. We quickly adapt to changing customer trends and are always on the lookout for fresh revenue sources.

We have tapped into a range of data to improve shopping experiences at our malls. This includes tracking shopping patterns, understanding customer lifestyles, analysing local area trends and personalised data from our mall Wi-Fi networks.

Our online presence is powerful. In South Africa alone, our social media touches 35 million people. We offer free Wi-Fi to over 15.5 million registered users in our shopping centres, which translates to 3 783 terabytes of data valued at more than R320 million. Our shopping app downloads are climbing too, with nearly 38 000 by year-end.

We also conduct shopper surveys that help us determine the mix of stores people like, their entertainment preferences, and their views on internet access in our malls.

Chief Executive Officer's report continued

In Spain, we recently updated our shopper app to gather more insights and information about our shoppers. The app also drives customer loyalty through gamification and functionality, such as using AI to enable shoppers to capture their purchase receipts and log their participation in shopping centre events to earn points in our rewards programme.

By carefully examining all this data, we get to know our shoppers better. This allows us to create promotions and experiences they are interested in. We also use our insights to ensure we drive projects that address the unique social issues in the areas where we operate internationally. With these insights, we host events that draw crowds and boost sales.

We continue to identify and invest in proptech that is relevant to our core business. Our customer-centric approach and commitment to innovation are yielding strong results. By gaining a deeper understanding of our customers, we are identifying compelling acquisition opportunities and driving increases in investment book value.

Our proactive approach to proptech, including in-house solar initiatives in South Africa, demonstrates our presence in this space. In Spain, we have invested in growth areas like dark kitchens.

At the heart of our success is the culture of innovation we have actively cultivated. This extends beyond customer-facing improvements to how we collect and analyse data, enhancing our core business operations.

Take Fetch Analytics, a company we seeded. It provides real-time insights into how people interact with the physical world. It started as a tool to enhance the Vukile and Castellana portfolios with data-driven decision making and has now expanded its operations to five new markets: the UK, Sweden, Spain, the Netherlands and South Africa. Fetch is seeing encouraging momentum in its business. Revenue pipelines are growing, deal values increasing with longer-term contracts and renewals continue to exceed 100% of contract value.

In an exciting development in December 2023, Experian PLC made a minority investment in Fetch Holdings CY. In addition to the cash injected and a strengthened balance sheet, the investment has strategic importance for both Fetch and Experian's marketing services' divisions. The transaction provides Experian with access to Fetch's geospatial and location technology and expertise, and benefits Fetch's short-term revenue objectives, as well as its long-term expansion strategy.

With this strategic investment, management has undertaken a comprehensive review of its future strategy and operational direction. This has resulted in a shift in our approach to markets, product and the business itself. Fetch's location intelligence platform and terrain is especially gaining traction in the UK market, and management intends to leverage this to grow revenue in current sectors and expand into new ones.

To balance growth with cost management, Fetch is optimising business processes, aligning its products with market needs, and focusing on high-growth markets. These initiatives support the short-term goal of cash flow independence and the long-term goal of profitability.

Managed impact

Our commitment to sustainability goes beyond simply meeting basic requirements or ticking boxes. We have set specific goals that align with our business to create a real and lasting change. Details on our strategies, actions and their results can be found in the Vukile and Castellana ESG sections of this report.

At Vukile, we conscientiously apply ESG principles in a way that aligns with our specific context, which may not coincide with the metrics used in global rankings. Recognising that some benchmarks are influenced by US and European perspectives, we choose to integrate these principles in a manner that is most relevant to the South African environment. Our social initiatives, therefore, are tailored to meet the pressing needs of our local communities.

In terms of environmental efforts, we are focusing on producing green energy directly at our shopping centres for both ourselves and our tenants. This approach is particularly relevant as the nation faces electricity shortages and blackouts. Our comprehensive response to these challenges was outlined earlier in this report and has led to several positive environmental outcomes.

People centricity

Vukile is a Centre of Growth – for our customers, employees, shareholders, business partners and the sectors we serve. This commitment drives our business strategy and influences every relationship we nurture. By understanding the needs and expectations of our varied stakeholders, we can both meet and surpass them, fostering continuous growth and furthering our strategic and ESG objectives.

"Building communities and growing value" is our guiding principle. We actively engage with customers to understand their preferences through surveys and technology like Wi-Fi data analytics.

Staying connected with consumer trends helps us adapt quickly to evolving demands.

The Vukile Academy is a key part of our community impact. It focuses on facilitating career advancement in the real estate sector by providing internships and mentorships. This initiative significantly contributes to skill development and helps mitigate unemployment, reflecting our commitment to societal improvement. The Vukile Academy continues to have tremendous success in placing talent. All seven interns of the Class of 2023 graduated and found employment. We have had 100% placement since the programme began. We also awarded 52 scholarships for the 2024 academic year.

Through the Vukile Retail Academy, we provide informal retailers with substantial opportunities that support broader economic progress in South Africa. By assisting these entrepreneurs on their path to success, we reinforce their potential for growth in retail – crucial for businesses emerging in township and rural markets. Our support aims to create a bridge between informal and formal retail sectors, while fostering a new generation of retail players. Two emerging retailers from the Vukile Retail Academy Class of 2023 are now integrated as rent-paying tenants and five new emerging retailers have joined the programme.

It is our people who deliver our spectacular results. This is underscored by being recognised as Deloitte Best Company to Work For™ and our good standing in the GIBS Ethics Barometer, which also highlights the very strong ethical side of our business, as well as Castellana's Great Place to Work certification.

Our people embody our organisation's culture and drive our values (listed in the headings of this report). Their strong delivery reflects their skillsets and capacity to seek growth opportunities. Our team is fuelled by success. It is well-resourced and ready to embrace new challenges.

Long-term growth

Vukile possesses a demonstrable track record in identifying mispriced assets, capitalising on opportunities and building thriving businesses. Our deal pipeline remains robust, yet we are steadfast in our commitment to disciplined capital allocation. We will only pursue opportunities that offer clear strategic alignment and financial upside. We prioritise deal quality over quantity.

In the South African environment, we explored more than R7 billion of opportunities; however, in most cases, the pricing did not make economic sense for Vukile to pursue, given our cost of capital.

Achieving double-digit yields, we successfully acquired 50% of BT Ngebs City shopping centre in Mthatha for R800 million (R400 million for Vukile's share), completing the deal in April 2024. The R800 million transaction for the prime, yet previously undermanaged, property has Vukile co-owning the asset with our partners Flanagan & Gerard Property Group.

Given its excellent location, we see great potential to enhance its value. Prior to the final purchase, we actively managed the property's leasing with our partners for half a year. Since news of its new ownership broke, retailer interest has soared, and we expect to conclude current renewals and new lets above expectations.

The transfer triggered the major refurbishment of the property to provide a better shopping experience, which commenced in May 2024. It will improve the centre's connectivity to its immediate surroundings, enhance customer flows and energise the retail mix. Vukile's funding for the acquisition and the repositioning project was in place through prior asset sales.

In Europe, we are seeing very attractively priced assets with a healthy margin over the elevated cost of funding. This indicates a unique window of opportunity to deploy capital into high-quality assets at exceptionally attractive prices. However, securing capital early in the rate-cutting cycle to take advantage of these opportunities will be crucial as decreasing rates may narrow this window. This is a once-in-a-decade opportunity that we want to and should take advantage of. We sincerely hope our shareholders seize this opportunity and provide us with capital to grow our business in an accretive manner off our stable and well-established platform. A rate-cutting cycle will positively impact the sector. Our company is well-positioned to capitalise on this shift.

Post-year-end, we exited our full stake in Fairvest. This was an excellent investment for us. The proceeds will be redeployed into core strategic projects, such as solar PV and growing our stake in Lar España. We thank the Fairvest team for their consistent delivery and strong partnership.

We continue to increase our shareholding in Lar España, with our objective of reaching a total exposure of 29%, up from the current 28.7%.

Vukile is strategically positioned as a Rand hedge, with 61% of assets and 50% of earnings coming from offshore. As Vukile grows over time, we expect these numbers to grow too.

Chief Executive Officer's report continued

Notwithstanding the economic and local challenges, it is important to note that our outlook on South Africa remains positive. We are committed to pursuing valuable investment opportunities within the country, provided they meet our strategic objectives and are financially accretive.

We believe that industry consolidation is a prerequisite for the future health of the sector, both locally and abroad, and we see Vukile and Castellana as active players in driving that consolidation.

Our balance sheet remains very strong and the excellent credit ratings of both Vukile and Castellana were reaffirmed during the year. While we report on numerous key financial metrics, we assess our balance sheet in an integrated manner. Our interest cover ratio is 2.3 times, our LTV ratio reduced to 40.7%, and we have a strong liquidity position.

Only 4.4% of our debt is due to expire in FY25 and, following the successful refinance of Castellana's Project West portfolio, it has no debt expiring until FY29. We strategically created this position for two key reasons. First, the forward curves in Europe are pricing in what we believe are appropriate interest rate cuts. Second, stemming from this, we are concerned about the greater sector's significant wall of refinancing in 2025 and 2026 and believe it is prudent to refinance now.

A highlight of the year was the strong support we received in the local debt capital and equity markets. Our R1 billion equity raise in February 2024 demonstrates this support. The proceeds are earmarked for accretive acquisitions, and we intend to deploy them by September 2024 at the latest.

Our company successfully concluded two oversubscribed unsecured bond issues, the first raising R526 million priced favourably at levels better than guidance and the second well-supported bond issuance of R1.027 billion included, for the first time, seven-year bonds alongside three and five-year options. All rates were favourable, at or near the lower end of guidance. This also extended Vukile's debt maturity.

In another first for Vukile, we achieved a milestone by securing R1.1 billion from Absa in green and sustainability-linked funding to refinance existing loans. This finance was obtained in April 2024, after year-end. The funds are earmarked for Vukile's solar energy initiatives and other sustainable practices in adherence to our high standards of ESG responsibility.

Prospects

Our portfolios are delivering exceptional results, driven by better-than-expected conditions in Spain and strong operational performance.

We anticipate this strength to continue, bolstered by the benefits of our Rand-hedged business model, which provides shareholders with significant geographic, asset and tenant diversification.

Vukile expects another year of exceptional delivery in FY25, with expected growth in funds from operations of between 2% and 4% and growth in dividend per share of between 4% and 6%. This forecast has not been reviewed or reported on by Vukile's external auditor.

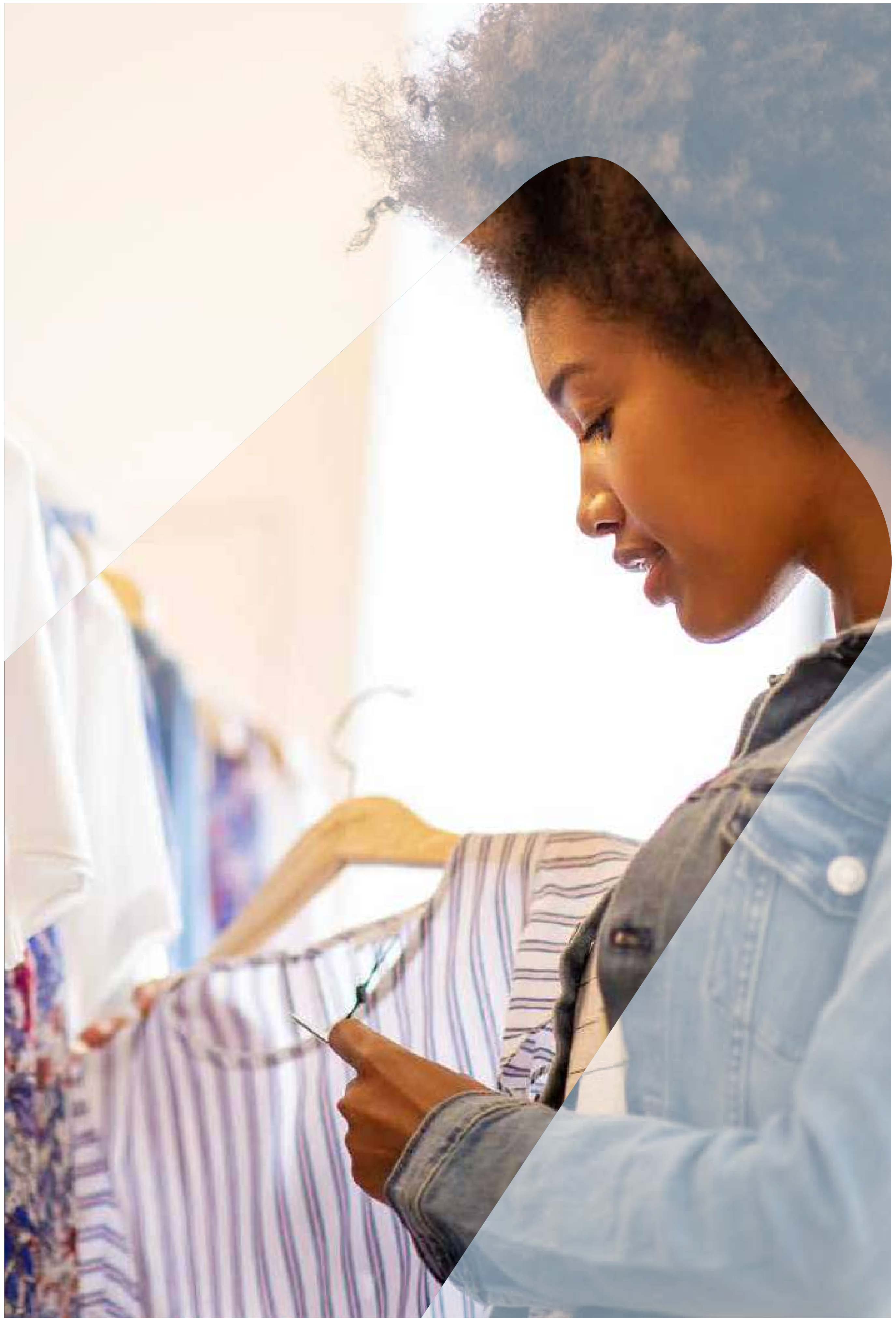
Although we offered shareholders the option of a dividend reinvestment plan (DRIP) for the FY24 final dividend, the DRIP will not become a permanent feature of our funding strategy. Instead, a DRIP will be used to tactically assist with optimal capital allocation when we see potential for accretive acquisition activity, as is currently the case. It is not our intention to offer a DRIP at a deep discount to prevailing spot prices to align the cost of equity with yields on potential opportunities, as far as possible.

Appreciation

Thank you to the Vukile board of directors and our Chairperson, Nigel Payne. Leading Vukile is a privilege, especially working alongside our excellent management teams in both South Africa and Spain. I appreciate their dedication to our goals. I also recognise the remarkable effort of our staff, who have shown professionalism and determination during a tough year. We are grateful to our stakeholders, suppliers and partners. As we celebrate Vukile's 20th year, I want to express my gratitude to everyone who has played a part in our success over the years and all who will join us on our exciting journey to come.

Laurence Rapp

Chief Executive Officer



Strategic overview

Short- to medium-term strategy

Our strategic objectives guide us in making decisions and plans that align with our purpose, vision and mission, creating growth and providing value for all of our stakeholders.

This starts with a focus on our core business – managing operational efficiencies, catering to the shoppers and tenants in our centres, thus growing income.

What sets us apart in the retail real estate market is our commitment to people. We strive to deliver value for each stakeholder in our value chain– starting with our employees and extending outwards to our shoppers, tenants, business partners, service providers, communities and ultimately our investors and funders. To understand and exceed our shoppers' expectations, we foster a culture of innovation and invest in advanced technologies to gather insights and enhance experiences.

By consistently evaluating our macro-environmental landscape, risks and opportunities, we ensure the future sustainability of our business. We manage our impact authentically as part of our daily decisions, strategic discussions and actions.

We continue to prioritise the key focus areas of each strategic objective that move us closer to achieving our goals.

Operational excellence

Already providing our tenants with **nodally dominant shopping centres** with very strong trading conditions

Continued focus on **retaining tenants and filling vacant space** through our in-house letting teams

Tight cost control while ensuring we meet the **highest standards of safety and increasing security** in our centres

Increased promotional activity and leveraging our customer insights to drive **increased customer loyalty**

Continually reviewing asset management strategies to deliver sustainable growth in earnings across the portfolio

Leading-edge customer and market insights

Integrate data analytics from multiple tested **customer insight solutions** into. This includes current portfolio metrics, psychographic information, geolocation trends and **customer data** from in-mall Wi-Fi

Through data analytics, respond in real time to **consumer behavioural changes**

Employ embedded core competence of data analytics to consider and generate **new revenue and value streams**

Successful implementation of **iCast innovation projects** and **ongoing drive to embed an innovative, forward-thinking culture** among employees

Managed impact

Develop a **consolidated stakeholder engagement strategy** – considering stakeholder feedback, analysing risks and identifying unique opportunities to further entrench our consumer-focused approach

Continue to enhance group ESG strategy – benefitting from learnings gained through unique risks in multiple jurisdictions

Continue to **implement renewable energy sources** across both South African and Spanish portfolios

Assessing and augmenting utilities supply to ensure sustainability of trade

People centricity

Continue to foster a **partnership relationship with tenants** in a co-operative and harmonious manner

Continued drive to embed a **singular culture** within Vukile and Castellana – ensuring the group remains an **employer of choice**

Maintain **strong relationships** with our multiple banking and funding partners in SA and Europe

Consider opportunities to **upskill and develop suppliers, with a focus** on entrepreneurs and SMMEs

Continue to increase opportunities for SMMEs to enter the retail environment through the **Vukile Retail Academy**

Long-term growth

Build a **robust and reputable brand**

Continued focus on maintaining a **strong and liquid balance sheet**

Deploy retained cash to drive long-term strategic **sustainability**

Deliver on **sustained earnings for investors**

Strategic overview continued

At Vukile, we believe in going beyond compliance to make a positive impact, build communities and grow value. We are committed to supporting the SDGs as part of our vision to be a Centre of Growth.

We are dedicated to ensuring the long-term sustainability of our business and are conscious of the long-term effect of our decisions and actions on all our stakeholders. Our ESG (environmental, social, and corporate governance) reporting follows the guidelines of the World Economic Forum Stakeholder Capitalism Metrics (WEF-SCM), which are People, Planet, Prosperity and Governance.

Vukile follows a three-year strategy that prioritises both primary and secondary SDGs to systematically and effectively contribute to achieving these global goals. We are in year two of our current strategy.

The areas in which we can make a direct impact are:

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

Through our academy and upskilling programmes

5 GENDER EQUALITY

Through resourcing philosophy

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

Through comprehensive solar investment

8 DECENT WORK AND ECONOMIC GROWTH

By offering flourishing retail spaces, our tenants and their employees can prosper

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Through the management of our facilities and centres, and digital innovations that serve our communities

10 REDUCED INEQUALITIES

By providing safe and pleasant retail spaces to previously underserved communities lacking direct access

11 SUSTAINABLE CITIES AND COMMUNITIES

By providing centres of growth for retail but also to the communities served by these spaces

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

By waste and water management activities and initiatives

13 CLIMATE ACTION

By reducing the use of fossil-fueled power

14 LIFE BELOW WATER

15 LIFE ON LAND

By providing safe, clean and sustainable hubs where communities can shop and gather

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

By being an ethical business and responsible corporate citizen building strong relationships with our communities

17 PARTNERSHIPS FOR THE GOALS

By building strong bonds with all our suppliers, tenants and stakeholders

Highlights

A year of outperformance driven by a clear strategic direction and a laser focus on execution

South African portfolio steadfast with continued delivery of positive metrics

- Like-for-like retail **NOI growth of +5.4%**
- Vacancies reduced to **1.9%**
- Rental **reversions +2.9%**, up from **+2.3%**
- Like-for-like retail portfolio value **increased by +5.8%**

Castellana portfolio metrics best-of-breed in Spain

- Normalised NOI growth of **+11%**
- **Negligible vacancies** at **1.1%**
- Positive reversions of **+9.7%**
- **95%** of retail space let to **international/national** tenants

Balance sheet strength supported by strong liquidity of R5.3 billion

- **Significant available cash balances of R2.4 billion** and undrawn debt facilities of **R2.9 billion**
- **LTV reduced** to **40.7%**
- Raised **R1.7 billion** from new share issuances
- Secured a **R1.1 billion green loan** and **sustainability linked** funding post-year-end
- Corporate long-term credit rating of **AA$_{(ZA)}$** reaffirmed with a stable outlook

Growth in dividend and FFO ahead of upgraded guidance for the year

- Total FFO of **154.2** cents per share, up **6.7%** on the prior year
- Final dividend of **72.1** cents per share
- Total dividend for the year of **124.2** cents per share, up **10.5%** on the prior year
- Total dividend of **R1.3 billion fully covered** by cash from operations of **R2.2 billion**

PORTFOLIO OVERVIEW

South Africa

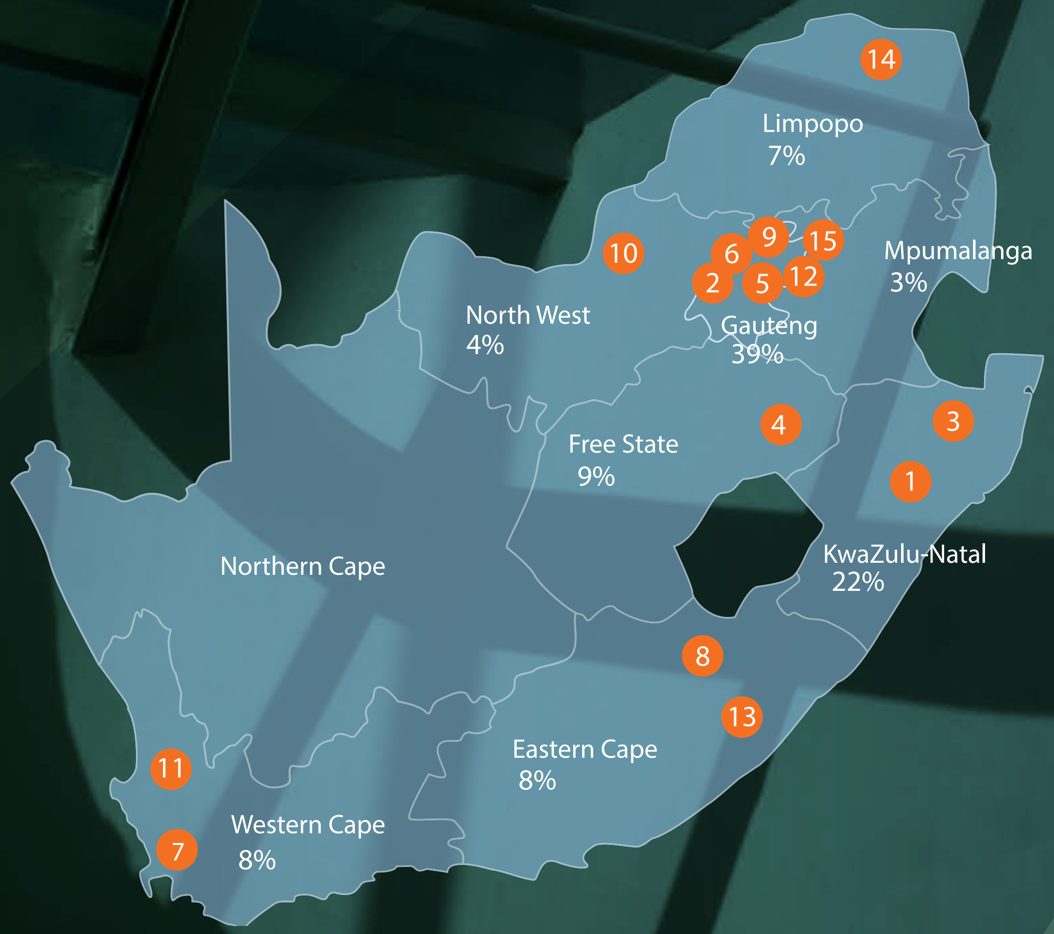
Vukile's defensive domestic portfolio, focused on resilient, community-anchored assets and needs-based retail, primarily in townships and rural areas, has yielded excellent results, in a continuously challenged macro-economic environment.

Portfolio overview – South Africa

Our retail footprint – South Africa

Our top 15 properties

1 Pine Crest
2 East Rand Mall
3 Phoenix Plaza
4 Maluti Crescent
5 Kolonnade Retail Park
6 Dobsonville Mall
7 Gugulethu Square
8 Nonesi Mall
9 Daveyton Mall
10 Moruleng Mall
11 Atlantis City Centre
12 Meadowdale Mall
13 Mdantsane City
14 Thavhani Mall
15 Hillfox Value Centre



KEY: **15** Top properties % Retail geographic profile by value

R15.0 billion
Direct retail property portfolio value

R469 million
Average value per retail property

743 385m^2
Gross lettable area (GLA)

32
Retail properties

13.3%
Average discount rate

75%
Top 15 assets, percentage of retail portfolio

8.7%
Average exit capitalisation rate

Portfolio review – South Africa

The South African portfolio continued to achieve strong operational results for FY24 with sustained positive portfolio metrics. Major operational efficiency measures continue to hold steady relative to prior periods despite the backdrop of a deteriorating macro-economic environment, which makes the performance even more pleasing. This performance is testament to the solid, dominant and defensive overall South African portfolio composition. Notable highlights over the period have been the sustained positive reversionary cycle, which has delivered the strongest quality reversionary outcome in the past five years. This result has been driven by increased competition for space and further intensified by the slowing environment of new greenfield developments. The increased demand for space, particularly in our segment of the market, has led to another period of sustained low vacancies, which is now at only 1.9% (1.2% excluding retail office vacancies). The business continues to see strong retention ratios, steady growth in overall base rentals, improved rent-to-sales ratios, continued growth in trading densities and footfall, targeted cost containment and sustained high collection rates.

Notwithstanding these significant green shoots, energy availability, ineffective law enforcement and deteriorating municipal service supply continue to be a significant concern. We are hopeful that post elections, momentum will start with the execution of much needed public infrastructure projects across the country. We continue to focus on operational efficiency strategies to ensure minimum disruption of trade for our customers and tenants.

The South African total direct property portfolio on 31 March 2024 consisted of 38 properties, with a total value of R15.5 billion, a gross lettable area (GLA) of 789 798m² and an average value of R409 million per property.

The South African retail portfolio, which accounts for 97% of the value of the assets, was valued at R15.0 billion and consists of 32 properties, with an average value of R469 million per property. In total, 84% of retail space is let to national tenants.

Operating environment

Retail portfolio overview

The South African retail portfolio has performed admirably and delivered a like-for-like net operating income (NOI) growth of 5.4%.

There has been significant leasing activity over this period. We have seen both national and independent tenants increase their occupancy levels within the portfolio. Our top 10 tenants renewed leases on c.57 900m² of lettable area and expanded their footprint with 6 200m² or 27% of the new leases in FY24. Compared to the FY23 vacancy of 2.0%, the retail portfolio remains defensive with vibrant leasing activity improving vacancy levels to 1.9%, the lowest we have had since listing 20 years ago.

Rental reversions increased by 2.9%, with 87% of the renewals either flat or positive. We have not encountered such excellent quality reversions since 2018, which underscores the strong trading performance delivered by the portfolio and the price tension created by low vacancies and waiting lists in some of our rural and township assets. Recent weighted average lease expiry (WALE) on renewals has also been higher than the portfolio average (+4.6 years vs +3.5 years), which, in conjunction with the positive reversions, is an indication of strong support for the portfolio, and an overall improvement on sentiment from retailers.

In total, 27 140m² of vacant space (3.7% of total retail GLA) has been let, as opposed to 26 559m² of tenants who vacated. Out of the total number of tenants who have vacated over this period, c.41% of them have been small, medium and micro-enterprises (SMMEs). Over the period under review, 609 leases were concluded (470 renewals and 139 new leases) covering 144 261m², with a total contract value of R1.5 billion. This equates to 19% of the portfolio's lettable area compared to 20% in FY23, 22% in FY22, 11% in FY21 and 14% in FY20. Tenant retention improved from 93% to 94%, with 80% of leasing activity concluded with nationals and second-tier retailers underscoring the strong covenants which underpin the portfolio's cash flows.

The rent-to-sales ratio of the portfolio improved from 6.1% to 6.0%. The annualised trading densities increased by 2.4% (FY23: 6.2%; FY22: 6.1%; FY21: 1.7%) measured on a 24-month like-for-like basis. This growth resulted in an average annual trading density of R35 027/m². The lower-than-normal growth in trading densities of 2.4% is primarily due to the prior period outperformance base effects as turnover in KwaZulu-Natal outperformed with a positive growth of 12.9% in FY23 compared to a decline of 5.5% by the end of FY24. This was due to the earlier reinstatement of July 2021 damaged assets when compared to competitors. The annualised trading densities growth excluding KwaZulu-Natal is 4.3%.

The township, urban, rural, value centre and commuter portfolios grew by 3.5%, 2.5%, 2.2%, 1.3% and -1.7%, respectively. On average, the turnover within the portfolio was 2.2% higher than in the preceding 12 months. 11 of the 14 retail categories within the portfolio showed growth in both annualised trading densities and overall turnover.

The portfolio generated an impressive total tenant turnover of R24 billion (rental R1.4 billion) with sustained total mall support of approximately 175 million visitors over the year. Footfall is now at 101% compared to the previous year. The township (104%), rural (101%), commuter (98%) and urban (95%) centres continue to uphold consistent levels of consumer presence, with active engagement in spending within the malls, as evidenced by our trading statistics.

The portfolio value increased by 5.8% on a like-for-like basis in FY24. The average asset size has increased to R469 million, further highlighting the regional and nodal dominance of the 32 assets which make up the core of the portfolio.

We will continue to drive operational efficiencies to manage cost pressures, particularly around security and energy costs. Stakeholder management remains a key focus area, particularly around community engagements and community forums. We are encouraged by the strong support that we continue to see from SA retailers and will continue meaningful initiatives to better understand and improve experiences for our shoppers, which results in value for our tenants and all stakeholders.

- Retail vacancies reduced to 1.9% (1.2% excluding retail office vacancies)
  - 10 malls fully let
  - 20 malls with vacancies less than 1 000m²
  - Rural, value centre and urban vacancies are at 0.4%, 0.8% and 1.5%, respectively (from 0.8%, 1.1% and 2.0%, respectively in FY23)
- Retail reversions are steadily improving at positive 2.9% relative to the prior period being at positive 2.3% in FY23. Out of the 470 leases renewed, 79% were positive, 8% flat, and only 13% were negative
- An average lease term of 4.4 years has been attained on recent transactions, relative to the portfolio WALE of 3.5 years
- Collections remain strong at 99% of billings
- Escalations remain strong with in-contract escalations at 6.3% and new leases concluded at an average escalation of 6.6%
- Retail retention ratio improved from 93% to 94%

Energy and sustainability management

Four key pillars of energy and sustainability management strategy

Optimum electricity supply

- 18% of the electricity consumed in the portfolio is now being generated through 28 PV projects
- Total installed PV plant capacity to date is 21.6MWp
- 11MWp of solar PV under construction to be completed in FY25

Battery Energy Storage System (BESS) project update

- 4.4MWh of BESS installed to date
- Queenstown Nonesi Mall is the first successful BESS system commissioned
- Full backup power provided during key trading periods
- BESS will reduce electricity demand charge, irrespective of load shedding

Management and monitoring

- Increased remote metering of the portfolio from 55% to 84%
- Installed and upgraded smart electricity meters on eight shopping centres
- Smart meters will allow for improved generator billing

Optimum water supply

- 91% of the portfolio by value already has backup water storage (rural and commuter at 100%, urban at 90%, township at 88% and value centre at 78%)

Utility efficiency focus

- Installed 122 Propelair toilets which are projected to save 40% of the water consumed in female ablutions
- Installed additional energy saving lights at Moruleng Mall, Bloemfontein Plaza and Queenstown Nonesi Mall, which are 30% more efficient than the previous fittings
- Waste management baseline project commenced and service providers appointed

Portfolio review – South Africa continued

Footfall and turnover

Compared to the corresponding periods, overall footfall for the portfolio continued to show an upward trajectory. It is encouraging that approximately 175 million customer visits were recorded in the portfolio. The rural and township portfolio continues to see growth in feet and enhanced promotional activity is being deployed in the competitive urban and commuter space to attract and grow our customer base.

	Footfall	
	March 2024 versus March 2023 %	March 2023 versus March 2022 %
Rural	**101**	104
Township	**104**	107
Urban	**98**	108
Commuter	**95**	107
Total portfolio	**101**	106

Annual turnover increased by 2.2% when comparing the 12 months ended 31 March 2024 to 31 March 2023.

	Movement in annual turnover %	Portfolio exposure based on turnover %
Total	**2.2**	**100.0**
Grocery and food	**1.8**	**42.2**
Fashion, department and home	**0.1**	**32.8**
Other categories	**6.0**	**25.0**
Grocery and food		
Grocery/supermarket	**1.1**	**32.1**
Food	**4.1**	**10.1**
Fashion, department and home		
Fashion	**0.9**	**22.6**
Department stores	**(1.2)**	**4.9**
Home furnishings/art/antiques/décor	**(2.1)**	**5.3**
Other categories		
Pharmacies	**7.6**	**5.8**
Sports utilities/gyms/outdoor goods and wear	**7.3**	**4.2**
Bottle stores	**8.4**	**3.7**
Cell phones	**3.5**	**2.4**
Restaurants and coffee shops	**3.9**	**2.0**
Health and beauty	**9.1**	**1.0**
Accessories	**0.6**	**0.9**
Electronics	**(3.0)**	**0.8**
Other categories	**5.0**	**4.2**

Annualised trading densities (annualised turnover per m² of occupied space) increased by 2.4%. Excluding KwaZulu-Natal, the annualised trading densities increased by 4.3%.

	Township %	**Urban %**	**Rural %**	**Value centres %**	**Commuter %**	**Total %**
Total annualised trading density growth	**3.5**	**2.5**	**2.2**	**1.3**	**(1.7)**	**2.4**
Grocery and food	**7.2**	**6.0**	**1.7**	**2.9**	**(0.7)**	**4.2**
Fashion, department and home	**2.2**	**2.8**	**0.9**	**(4.4)**	**(0.8)**	**1.2**
Other categories	**4.3**	**6.6**	**3.7**	**7.3**	**1.3**	**5.2**

	Annualised trading density growth %
Total	**2.40**
Health and beauty	**10.80**
Bottle stores	**8.10**
Pharmacies	**7.70**
Sports utilities/gyms/outdoor goods and wear	**5.30**
Food	**4.30**
Cell phones	**2.60**
Restaurants and coffee shops	**2.40**
Accessories	**1.50**
Grocery/supermarket	**0.90**
Fashion	**0.90**
Department stores	**0.80**
Home furnishings/art/antiques/décor	**(1.50)**
Electronics	**(3.40)**
Other categories	**4.70**

Tenant arrears

Tenant arrears (net of provisions) amounted to R52.1 million on 31 March 2024 compared to R34.0 million on 31 March 2023. Excluding provisions, the balance on 31 March 2024 amounted to R92.1 million compared to R70.9 million on 31 March 2023.

The allowance for the impairment of tenant receivables on 31 March 2024 increased to R40.0 million from R36.9 million on 31 March 2023.

Bad debts written off for the period 31 March 2024 amounted to R4.5 million (31 March 2023: R23.8 million).

Sales

Two properties were transferred during FY24:

- Piet Retief Shopping Centre R110.8 million
- Rustenburg Edgars R62.0 million

The sale of Sandton Bryanston Ascot Office Park for R15.3 million has been completed and transferred in Q1 FY25.

Portfolio review – South Africa continued

Acquisitions

Mall of Mthatha (formerly BT Ngebs City)

Vukile and Flanagan & Gerard jointly entered into a formal agreement with the Billion Group to acquire Mall of Mthatha (formerly BT Ngebs City) for a total purchase price of R800 million (R400 million for Vukile's 50% undivided share). The property transferred in April 2024. The transfer process took 18 months due to the subdivision of erven to separate the mall from the casino and hotel, which was not part of the transaction. The redevelopment design is underway for a total cost of c.R200 million (R100 million for Vukile's portion) to commence in June 2024 and to be completed by February 2025. The redevelopment project will focus on right sizing tenants, improving flow of the mall, introducing an additional anchor, setting up a lifestyle food offering node, incorporating multi levels of the mall, upgrading fire safety and general aesthetics of the site. We have already concluded 4 296m² of new deals, above budget and with more in the pipeline and anticipate overall first year yield including redevelopment in excess 10%. The mall has been rebranded and new management has been introduced, which has been well received by the community. The transaction has been funded through cash generated from prior asset sales.

Valuation of South African portfolio

The South African portfolio consists of 38 properties with a total GLA of 789 798m².

The accounting policies of the group require that the directors value the entire portfolio every six months at fair value. Using a discounted cash flow (DCF) methodology, approximately half of the portfolio is valued every six months, on a rotational basis, by registered independent external valuers. The directors have valued the South African property portfolio at R15.5 billion[i] with a forward yield of 8.7% on 31 March 2024. The value of the stable portfolio (excluding sales), at an average value density of R19 683/m² (retail R20 200/m²), is R577 million or 3.9% higher than the March 2023 value.

The external valuations by Quadrant Properties (Pty) Ltd and Knight Frank (Pty) Ltd are in line with the directors' valuations.

[i] *The South African property portfolio value takes into account Moruleng Mall at 80%, whereas in the audited consolidated financial statements, the group property value reflects 100% of Clidet No 1011 (Pty) Ltd, which owns Moruleng Mall.*

Short-term focus areas

The key focus areas for the portfolio in the short term will be on further strengthening tenant and community relationships, ongoing research into understanding customer behaviour and continuing our pursuit of operational excellence.

Customer insights

- Accumulate and analyse data on consumers to improve the shopper journey in a tangible and meaningful way
- Integrate data that includes current portfolio metrics, psychographic information, nodal dynamics and individualised customer data from the Wi-Fi database
- Utilise integrated data to enable the business to respond in real-time to consumer behaviour changes and movements
- Explore new avenues for alternative revenue sources

Tenant relationships

- Remain a partner of choice by providing well-managed and safe shopping environments for our retailers to prosper
- Continue to foster sound relationships at executive level with our top 20 tenants to ensure sustained growth of the portfolio
- Continue to incubate new entrants and SMMEs into the portfolio through our Retailer Academy Programme
- Introduce energy availability strategy to support our tenants

Operational excellence

- Continue exploring sustainable solutions to manage costs through integration, efficiency of operations, and cash flow management – across soft services, hard services, marketing and promotions, property, utility and alternative income management
- Continue delivering on PV strategy to optimise energy and utility spend
- Intensify the execution of our water strategy to ensure malls are operational when services are interrupted
- Continue spending our capital budget effectively to ensure that the assets are fit for purpose and highly marketable
- Drive effective and quick decision making and turnaround time for innovative solutions across the value chain

People and communities

- Empower community-based service providers to become partners in mall operations
- Continue to invest in corporate social investment initiatives that make a difference in communities in which we operate
- Execute on targeted promotional activity to drive footfall and spend at our malls
- Support local communities to entrench the position of our malls as a loved and integral part of the community

Top 15 properties by value

Vukile's top 15 properties are all retail assets. They are 88% exposed to national, listed and franchised tenants. These properties comprise 72.1% of the total portfolio value and 56.9% of the total portfolio GLA.

Property	Location	GLA m²
Pinetown Pine Crest	KwaZulu-Natal	43 716
Boksburg East Rand Mall[i]	Gauteng	34 405
Durban Phoenix Plaza	KwaZulu-Natal	24 072
Phuthaditjhaba Maluti Crescent	Free State	35 741
Pretoria Kolonnade Retail Park	Gauteng	39 660
Soweto Dobsonville Mall	Gauteng	26 438
Gugulethu Square	Western Cape	25 697
Queenstown Nonesi Mall	Eastern Cape	27 881
Daveyton Shopping Centre	Gauteng	19 859
Moruleng Mall[ii]	North West	25 246
Atlantis City Shopping Centre	Western Cape	21 983
Germiston Meadowdale Mall[iii]	Gauteng	33 146
Mdantsane City Shopping Centre	Eastern Cape	36 266
Thohoyandou Thavhani Mall[iv]	Limpopo	17 779
Roodepoort Hillfox Value Centre	Gauteng	37 562
Total top 15 properties		449 451
% of total portfolio		56.9
% of retail portfolio		60.5

[i] *50% undivided share in this property.*
[ii] *80% undivided share in this property.*
[iii] *67% share in the company.*
[iv] *33.33% undivided share in this property.*

Summary of portfolio changes

	Retail portfolio		Total portfolio	
GLA reconciliation	GLA m²		GLA m²	
Balance on 31 March 2023	760 632		807 046	
GLA adjustments	83		82	
Disposals	(17 330)		(17 330)	
Acquisitions and extensions	—		—	
Balance on 31 March 2024	743 385		789 798	
Vacancy reconciliation	GLA m²	%	GLA m²	%
Balance on 31 March 2023	15 405	2.0	21 285	2.6
Less: Properties sold since 31 March 2023	(423)	2.4	(423)	2.4
Remaining portfolio balance on 31 March 2023	14 982	2.0	20 862	2.6
Leases expired	200 992		211 297	
Tenants vacated or relocated	26 559		33 747	
Renewal of expired leases	(117 494)		(120 611)	
Leases to be renewed	(64 667)		(64 667)	
New letting of vacant space	(45 972)		(59 586)	
Balance on 31 March 2024	14 400	1.9	21 042	2.7

Portfolio review – South Africa continued

Portfolio profiles

Geographic profile

Vukile's portfolio is well represented in most South African provinces. At the same time, it is focused on high-growth nodes with 78% of the gross income from Gauteng, KwaZulu-Natal, Free State and Western Cape.

	% of gross income	% of GLA
Gauteng	38	44
KwaZulu-Natal	23	16
Free State	9	10
Western Cape	8	7
Eastern Cape	8	8
Limpopo	8	7
Mpumalanga	3	5
North West	3	3

Sectoral profile

Based on value, 96.7% of the South African portfolio is in the retail sector, followed by 1.5% in the office, 1.1% in the motor-related sector, 0.4% in the industrial sector and 0.3% in the residential sector.

Tenant profile

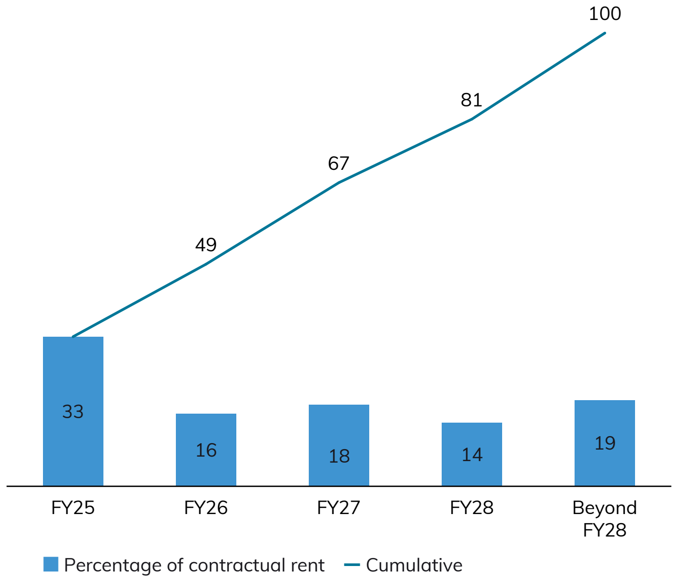
Large national and listed tenants and major franchises account for 83% of our tenants by rentable area.

	% of rent		% of GLA	
	Retail	Total portfolio	Retail	Total portfolio
A – Large national and listed tenants and major franchises	72	71	74	74
B – National and listed tenants, franchises and medium to large professional firms	10	10	10	9
C – Other (932 tenants)	18	19	16	17

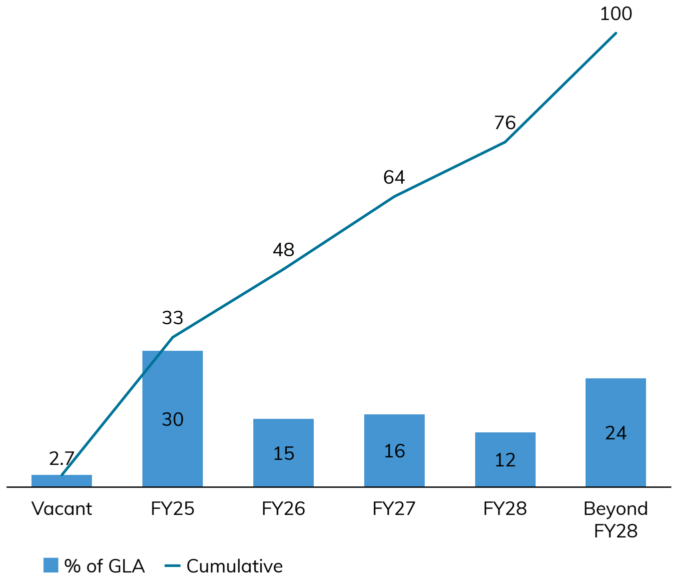
Lease expiry profile

The South African lease expiry profile shows that 33% of the leases based on rentals are due for renewal in FY25, with 33% due to expire in FY28 and beyond. Based on GLA, 36% of leases are due to expire in FY28 and beyond.

% of contractual rent



% of GLA



Portfolio review – South Africa continued

Vacancy profile

The total portfolio's vacancy (based on GLA) marginally increased from 2.6% in March 2023 to 2.7% driven primarily by the vacant Sandton Bryanston Ascot Office Park, which has contributed 26.3% to overall vacancies. The sale of the asset has been finalised and transferred post FY24 year-end, leaving the overall vacancies at 2.0%.

The focused in-house leasing drive to fill vacancies resulted in reducing the all-important retail vacancies to 1.9%. A material part of the current retail vacancies is due to office lettable area within the retail environment. Core retail vacancies excluding this office component is 1.2%.

Retail office vacancies are at Mbombela Shoprite, Randburg Square and Daveyton Mall which are 3 153m², 1 150m² and 696m² respectively. Projects that will explore alternative use and potential conversions are being explored for the retail office vacancy market which currently has low levels of demand.

There has been significant traction in leasing residential units following a marketing intervention to improve our offering with value-add services such as Wi-Fi offered to tenants.

Vacancies (% of GLA)	31 March 2024 %	31 March 2023 %
Retail	**1.9**	2.0
Offices	**26.8**	23.3
Motor-related	**—**	—
Industrial	**—**	—
Residential	**3.2**	3.8
Total	**2.7**	2.6

Vacancies (% of gross rental)	31 March 2024 %	31 March 2023 %
Retail	**2.0**	2.3
Offices	**18.0**	7.3
Motor-related	**—**	—
Industrial	**—**	—
Residential	**3.3**	8.2
Total	**2.3**	2.4

Leasing profile

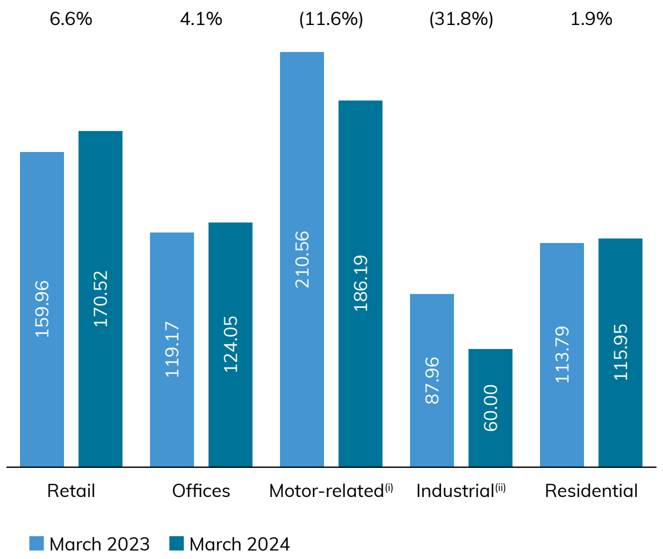
Vukile concluded new leases and renewals in excess of 153 000m² with a contract value of R1.5 billion. Tenant retention on the total portfolio was 91%, with retail retention at 94%.

Rental profile

There were positive reversions of 2.9% on the retail portfolio. Retail reversions were stronger in the value centre, rural and township segments, and are starting to show an improvement in the urban and commuter portfolios.

The weighted average base rental rates (excluding recoveries) increased by 6.1% from R158.34/m² to R167.97/m² during the year to date.

Base rental rates (R/m²)

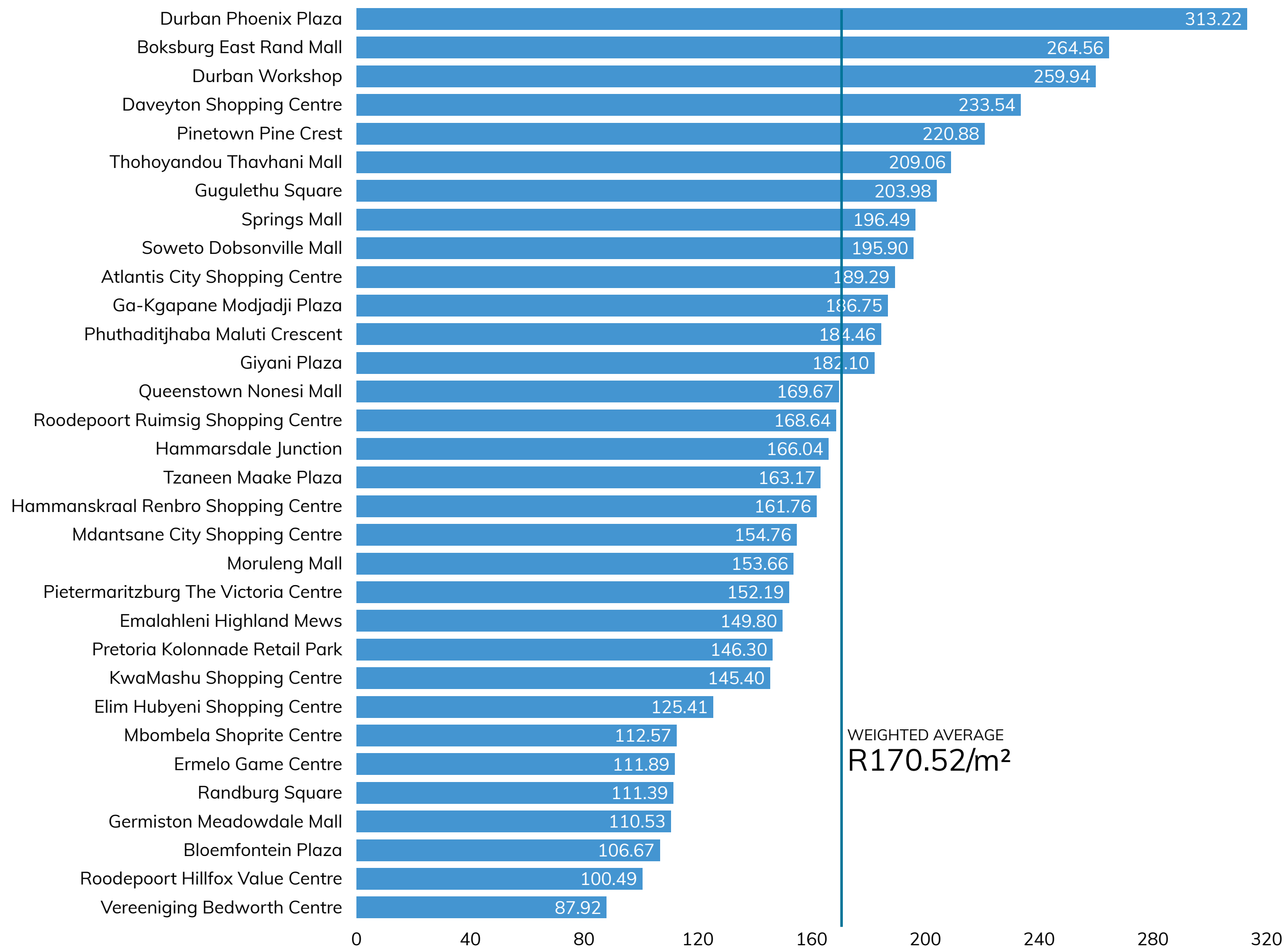


[i] Expiry rental on Bellville Barons included tenant installation, renewal rental now comprises only of basic rental, excluding the historical tenant installation portion.

[ii] The lower rental rate on industrial properties is due to the replacement of a historical long-term single tenant at a market-related rent.

In-contract escalation rates	31 March 2024 %	31 March 2023 %
Retail	**6.3**	6.3
Offices	**7.4**	7.4
Motor-related	**7.0**	7.0
Industrial	**6.0**	
Total	**6.3**	6.3

Weighted average base rentals (R/m²) Retail properties (excluding recoveries)



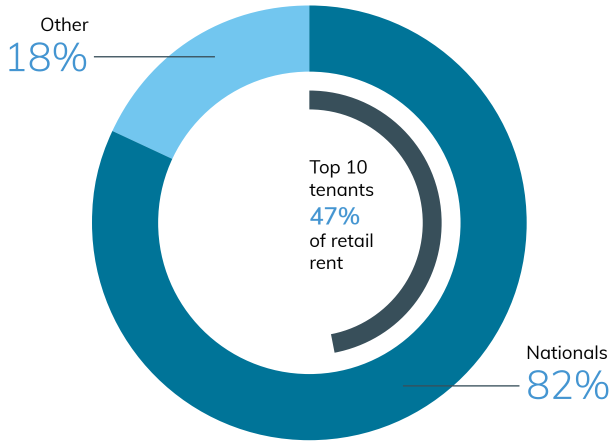
Weighted average base rentals (R/m²) Other properties (excluding recoveries)

Portfolio review – South Africa continued

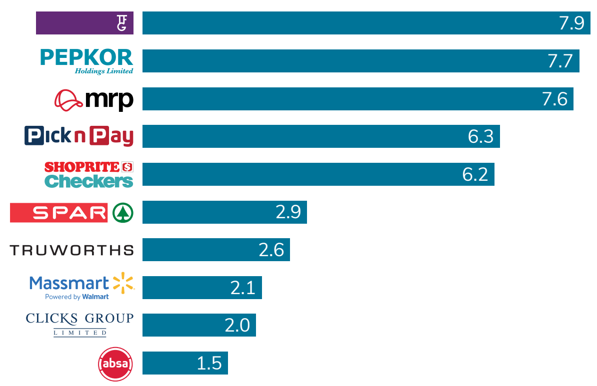
Retail tenant profile and exposure

Vukile's tenant exposure is well diversified and low risk, with national tenants representing c.82% of retail rental income.

Tenant profile by contractual rent (%)



Top ten tenants by contractual rent (%)



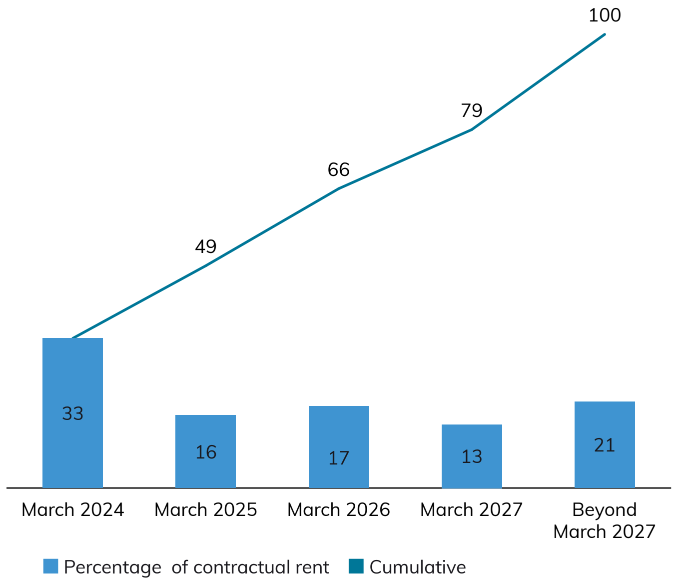
Our top 10 tenants account for 47% of total rent and 53% of GLA. TFG and Pepkor are our two single largest tenants, accounting for 7.9% and 7.7% of total rent, respectively.

Our data-driven asset management enables us to identify risk early. It is our strategy to mitigate the risk of overexposure to a single retail group or brand, and we have strategies in place where there is a potential risk. In this way, we mitigate risk but can also respond quickly to opportunities to introduce new retail brands to our portfolio.

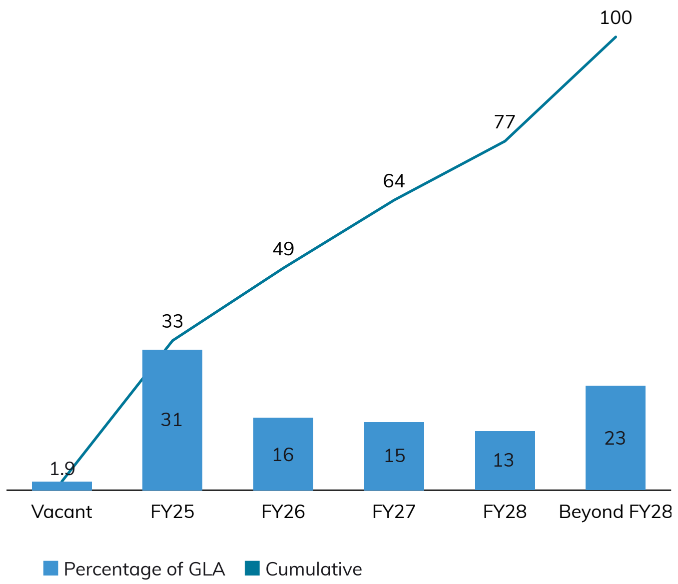
Weighted average lease expiry (WALE)

Vukile has a retail tenant expiry profile based on rent of 2.7 years, with 34% of contractual rental expiring in FY28 and beyond.

% of retail contractual rent

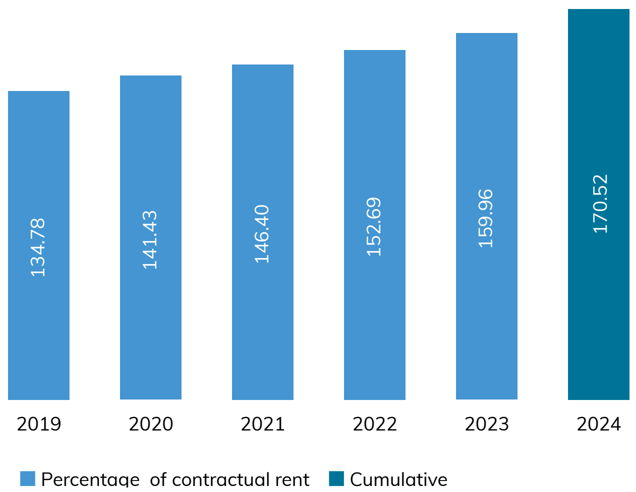


% retail of GLA

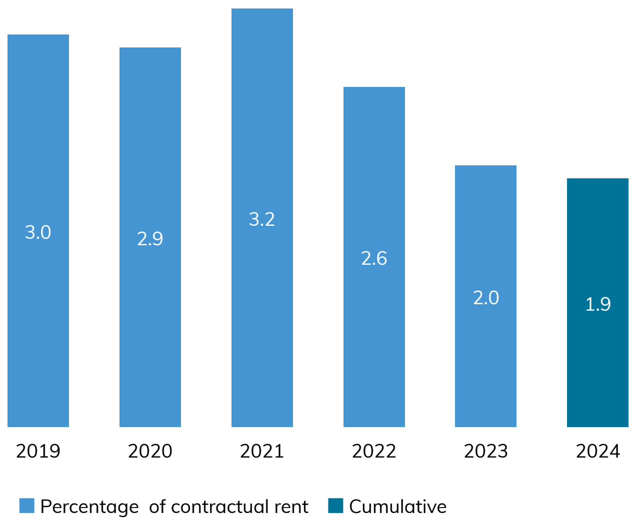


Retail tenant affordability

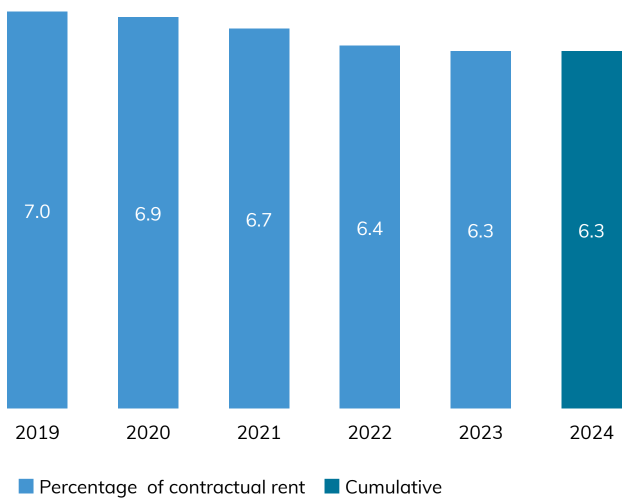
Retail average base rental (excluding recoveries) (R/m²)



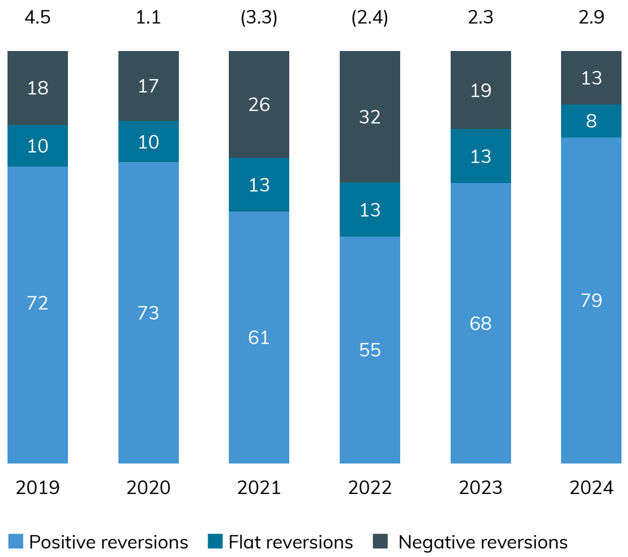
Retail vacancy profile by GLA (%)



Retail contractual escalation (%)

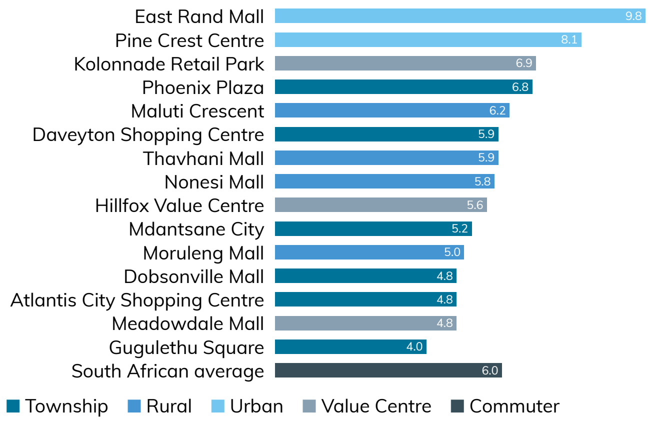


Retail rent reversions (%)

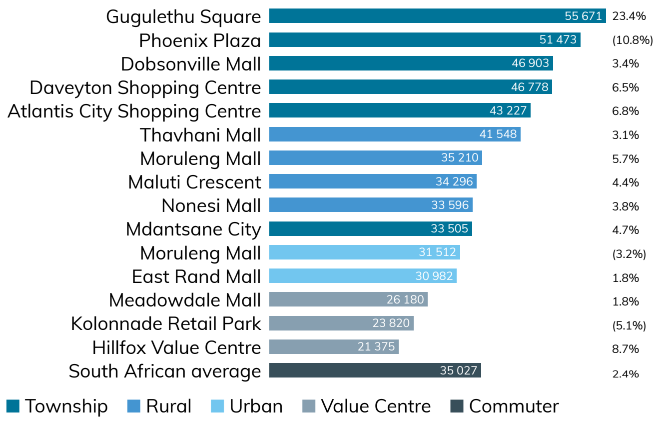


Portfolio review – South Africa continued

Rent to sales ratio (%)



Retail portfolio trading (R/m²)



Costs

The largest expense categories contribute 80% to the total expenses. These are government services (45%), rates and taxes (18%), cleaning and security (11%) and property management (6%).

We continuously evaluate methods of containing costs in the portfolio and urge our property managers to implement innovative solutions to achieve this.

The cost-to-income ratio remains challenged by increasing rates and taxes, diesel costs, soft services, innovation and Wi-Fi costs.

Net cost-to-income ratio: remaining portfolio	FY18 %	FY19 %	FY20 %	FY21 %	FY22 %	FY23 %	**FY24 %**
All expenses	15.5	16.5	15.9	18.3	16.3	16.6	**16.9**
All expenses excluding rates and taxes and electricity	15.2	15.7	15.7	18.2	17.4	18.9	**20.1**

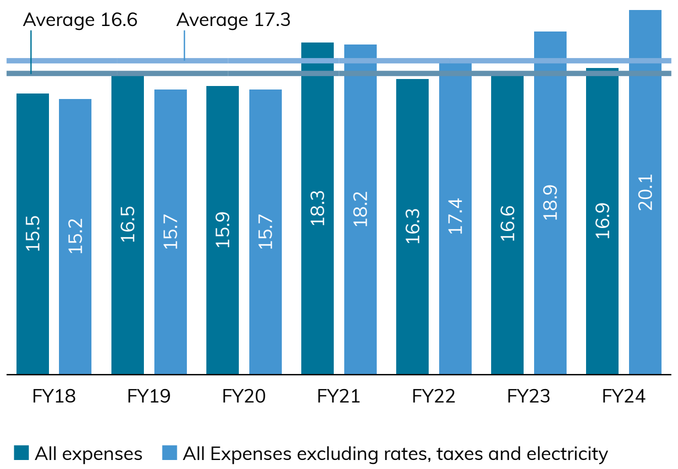
The electricity over-recovery in FY24 was 129%, due to increased PV investment within the portfolio. This resulted in the net cost-to-income ratio remaining stable at 16.9%. Cleaning and security expenses, constituting 11% of total expenses and 30% of expenses excluding rates and taxes, and electricity, increased by 8% compared to FY23.

Like-for-like NOI growth

The stable retail portfolio delivered 5.4% like-for-like NOI growth versus the comparable period in FY23.

	Retail portfolio			Total portfolio		
Like-for-like growth (stable portfolio)	**31 March 2024**	31 March 2023	% change	**31 March 2024**	31 March 2023	% change
Property revenue (R million)	**1 473.4**	1 397.9	5.4	**1 534.6**	1 461.6	5.0
Net property expenses (R million)	**248.1**	235.7	5.3	**257.1**	244.2	5.3
Net property income (R million)	**1 225.3**	1 162.2	5.4	**1 277.5**	1 217.4	4.9
Net cost-to-income ratio (%)	**16.8**	16.9		**16.8**	16.7	

Total portfolio costs



01 Pine Crest
KWAZULU-NATAL

Gross lettable area

43 716m²

Pine Crest Centre has served the community of Pinetown for more than 30 years. It is the town's original shopping centre and remains its biggest retail centre. Its primary catchment area stretches from Kwadabeka in the north to Kwadengezi in the south and from Cowies Hill in the east to Kloof in the west. The recently upgraded centre's strong tenancy in financial services, homeware, furniture, food, health and beauty and fashion make it the most dominant centre in Pinetown. The food court offers a variety of well-known National brands, entertainment and a kiddies play area. Pine Crest is a highly visible, convenient one-stop retail destination with ample parking, a gym and a filling station on site.

Voted most popular centre in the region, the Pine Crest Centre brand is well established and top of mind in the region.

Vacancy	Monthly rental*
0.6%	R220.88/m²
National tenant exposure	**Average annual trading density**
92.4%	R31 512m²

* Average base rental excluding recoveries.

Major tenants: 17 110m² (39%)

Game Stores	5 672m² (13%)
Pick n Pay – Qualisave	5 286m² (12%)
Woolworths	2 499m² (6%)
Gym Company	2 269m² (5%)
Dis-Chem	1 384m² (3%)

02 East Rand Mall
GAUTENG

Gross lettable area

68 810m²

East Rand Mall, situated a mere 7km from South Africa's busiest airport OR Tambo International Airport is positioned just off the R21 on Bentel Avenue making the mall the gateway to the greater Boksburg area.

Since opening its doors to the public in 1992, the mall has cemented its retail offering to not only Boksburg but likewise attract shoppers from Benoni, Brakpan, Germiston and Kempton Park. The mall's well-planned tenant mix includes all of South Africa's major chain stores and smaller specialised stores, making the Mall a fashion must stop to the greater East Rand. East Rand Mall offers a range of entertainment facilities which include a colourful movie experience for the little ones with a kids Cinema section and a 7 Cinema Centre, the East Rand Express Train, Galaxy Bingo, restaurants and coffee shops. Negotiations to add a national supermarket to the retail offering reached an advanced stage. The mall was fitted with backup generators in 2018 which allows the mall to be completely operational during power outages. There are more than 180 stores to choose from, with ample parking as well as a large, newly upgraded taxi rank. The Mall introduced an electric car charging facility as part of its many services to the community.

Vacancy	Monthly rental*
Fully let	R264.56/m²
National tenant exposure	**Average annual trading density**
92.3%	R30 982/m²

* Vukile's 50% of the property value.
* Average base rental excluding recoveries.

Major tenants: 21 723m² (32%)

Woolworths	7 635m² (11%)
Edgars	5 015m² (7%)
Checkers	3 539m² (5%)
Truworths	3 031m² (4%)
Mr Price	2 503m² (4%)

03 Phoenix Plaza
KWAZULU-NATAL

Gross lettable area

24 072m²

Phoenix Plaza offers a unique shopping experience with a wide variety of eastern, western and specialty stores, presenting itself as a one-stop shopping destination. The centre was recently upgraded with high-quality finishes and a fresh modern look. It offers a retail experience that is community centred, variety-filled and convenient, playing an active role within the community.

Vacancy	Monthly rental*
1.3%	R313.22/m²
National tenant exposure	**Average annual trading density**
79.3%	R51 473/m²

* Average base rental excluding recoveries.

Major tenants: 8 499m² (35%)

Shoprite	3 830m² (16%)
Boxer Superstores	1 541m² (6%)
Osmans Clocks and Watches	1 311m² (5%)
Jet Stores	994m² (4%)
Clicks	823m² (3%)

04 Maluti Crescent
FREE STATE

Gross lettable area

35 741m²

Phuthaditjhaba (formerly QwaQwa or Witsieshoek) is located in the foothills of the Maluti mountains of the Drakensberg range. It can be found right off the junction of the R57 and R712, which runs from Harrismith, through Golden Gate Highlands National Park, and onto Clarens. It is a former homeland capital, making it a central gathering place and the headquarters of the region's district and local municipality, as well as home to many community facilities. The recently redeveloped Maluti Crescent has a powerful retail mix and is dominant in its trade area, having been transformed from a strip centre into a partially enclosed mall. It has a strong grocery and convenience tenant mix, supported by a wide variety of retail options. Maluti Crescent offers shoppers excellent accessibility.

Vacancy	Monthly rental*
0.5%	R184.46/m²
National tenant exposure	**Average annual trading density**
92.1%	R34 296/m²

* Average base rental excluding recoveries.

Major tenants: 13 381m² (37%)

Game Stores	3 933m² (11%)
Spar	3 793m² (11%)
Pick n Pay – Qualisave	2 408m² (7%)
Cashbuild	1 870m² (5%)
Woolworths	1 377m² (4%)

05 Kolonnade Retail Park
GAUTENG

Gross lettable area

39 660m²

Kolonnade Retail Park is a dominant retail park that hosts a variety of lifestyle tenants ranging from sport, health, homeware, furniture and décor as well as brand outlet stores. It is centrally located in a vibrant retail node anchored by a large Pick n Pay Hypermarket and West Pack Lifestyle. All this complimented by ample parking and a variety of food services.

Vacancy	Monthly rental*
Fully let	R146.30/m²
National tenant exposure	**Average annual trading density**
96.3%	R23 820/m²

* Average base rental excluding recoveries.

Major tenants: 24 914m² (63%)

Pick n Pay	12 261m² (31%)
Mr Price Home and Sport	4 590m² (12%)
Virgin Active	3 593m² (9%)
West Pack	2 968m² (7%)
Sportsmans Warehouse	1 502m² (4%)

06 Dobsonville Mall
GAUTENG

Gross lettable area

26 438m²

The first shopping centre in Soweto in 1994, Dobsonville Mall has retained its significant association with the community. It offers shopping variety and convenience from 73 stores and has an integrated taxi rank for easy access. Apart from three food anchors and a variety of food services, it offers the convenience of health, fashion, furniture and financial services to shoppers in the north-west of Soweto.

Vacancy	Monthly rental*
Fully let	R195.90/m²
National tenant exposure	**Average annual trading density**
92.1%	R46 903/m²

* Average base rental excluding recoveries.

Major tenants: 9 799m² (37%)

Shoprite Checkers	3 493m² (13%)
Pick n Pay – Qualisave	2 466m² (9%)
Jet Stores	1 453m² (5%)
Spar	1 438m² (5%)
BetSA	949m² (4%)

07 Gugulethu Square
WESTERN CAPE

Gross lettable area

25 697m²

Gugulethu Square Shopping Centre is a quality, modern centre made up of three separate buildings; the north mall with a SuperSpar anchor; the south mall anchored by Cashbuild and a newly built McDonald Drive thru and line shops; the main mall, with a Shoprite anchor and a formal taxi rank. It benefits from a diverse and strong tenant mix. Minor refurbishment planned for the centre ie tiling upgrade and painting of exterior.

Vacancy	Monthly rental*
1.1%	R203.98/m²
National tenant exposure	**Average annual trading density**
92.1%	R55 671/m²

* Average base rental excluding recoveries.

Major tenants: 9 248m² (36%)

Shoprite	3 607m² (14%)
Spar	2 819m² (11%)
Cashbuild	1 315m² (5%)
A Colorful Shop	800m² (3%)
Pep Stores	707m² (3%)

08 Nonesi Mall
EASTERN CAPE

Gross lettable area

27 881m²

Nonesi Mall is a u-shaped, single-level centre with open parking and strong anchor tenants. As a premier one-stop shopping destination, the mall conveniently caters for daily shopping needs, which are complemented by a variety of fashion and restaurant options.

Vacancy	Monthly rental*
Fully let	R169.67/m²
National tenant exposure	**Average annual trading density**
98.3%	R33 596/m²

* Average base rental excluding recoveries.

Major tenants: 14 121m² (51%)

Game Stores	4 819m² (17%)
Checkers	3 175m² (11%)
Pick n Pay – Qualisave	3 033m² (11%)
Woolworths	1 908m² (7%)
Jet Stores	1 186m² (4%)

09 Daveyton Mall
GAUTENG

Gross lettable area

19 859m²

This well-located shopping centre enjoys an easily accessible and convenient location on a major road within the central business district opposite Daveyton's busy main taxi rank. It plays a dual role as a convenience and community centre due to its size. The centre has undergone a small expansion, interior and exterior upgrades to bring it in line with modern shopping centres

Vacancy	Monthly rental*
3.5%	R233.54/m²
National tenant exposure	Average annual trading density
88.1%	R46 778/m²

* Average base rental excluding recoveries.

Major tenants: 6 979m² (36%)

Pick n Pay – Qualisave	3 700m² (19%)
OBC Chicken and Meat	946m² (5%)
Pep Stores	909m² (5%)
Jet Stores	774m² (4%)
Mr Price	650m² (3%)

10 Moruleng Mall
NORTH WEST

Gross lettable area

31 558m²

As the first mall of its kind in the densely populated rural area of Moruleng, the mall provides a world-class shopping centre in a region with significant economic potential. Situated in close proximity to the Pilanesberg Game Reserve, the mall attracts a large number of tourists frequenting the game reserve and the surrounding game lodges. There are ongoing new housing developments in the area as a result of increased mining activity. Moruleng Mall offers choice, quality and convenience in a state-of-the-art shopping environment.

Vacancy	Monthly rental*
Fully let	R153.66/m²
National tenant exposure	Average annual trading density
81.8%	R35 210/m²

* Vukile's 80% of the property value.
* Average base rental excluding recoveries.

Major tenants: 11 976m² (38%)

Shoprite	4 716m² (15%)
Pick n Pay – Qualisave	2 530m² (8%)
The Magic Store	2 394m² (8%)
Truworths	1 400m² (4%)
Watloo Meat Chicken	936m² (3%)

11 Atlantis City Centre
WESTERN CAPE

Gross lettable area

21 983m²

Atlantis City Shopping Centre is a dominant mall in town located on the My City bus route within the Wesfleur circle in the heart of the central business district (CBD) and public transport node. The mall has a strong tenant mix and is easily accessible with free public parking.

Vacancy	Monthly rental*
3.0%	R189.29/m²
National tenant exposure	Average annual trading density
81.6%	R43 227/m²

* Average base rental excluding recoveries.

Major tenants: 8 276m² (38%)

Shoprite	3 639m² (17%)
Pick n Pay – Qualisave	2 930m² (13%)
OK Furniture	594m² (3%)
Mr Price	581m² (3%)
Clicks	532m² (2%)

12 Meadowdale Mall
GAUTENG

Gross lettable area

49 472m²

Meadowdale Mall is conveniently located on the N12 highway with easy access from all major routes. The centre offers a one-stop variety of food, furniture, fashion, hardware, healthcare and homeware with ample free parking. Anchored by a large Checkers Hyperama, it provides a unique variety of convenience and value complimented by three drive-thru outlets.

Vacancy	Monthly rental*
Fully let	R110.53/m²
National tenant exposure	Average annual trading density
90.8%	R26 180/m²

* Vukile's 67% of the property value.
* Average base rental excluding recoveries.

Major tenants: 30 540m² (62%)

Checkers Hyper	19 080m² (39%)
House and Home	5 810m² (2%)
Just Gym	2 039m² (4%)
Apple Tree	1 842m² (4%)
Cashbuild	1 769m² (4%)

13 Mdantsane City
EASTERN CAPE

Gross lettable area

36 266m²

Mdantsane City Shopping Centre is the second largest shopping centre in the Eastern Cape and is classified as a regional shopping centre. Even so, its retail mix is strongly focused on the shopping needs and habits of its surrounding community, with the variety of nearly 100 retailers.

Vacancy	Monthly rental*
2.3%	R154.76/m²
National tenant exposure	Average annual trading density
84.5%	R33 505/m²

* Average base rental excluding recoveries.

Major tenants: 9 881m² (27%)

Shoprite	3 088m² (9%)
Pick n Pay – Qualisave	2 936m² (8%)
Cashbuild	1 933m² (5%)
Woolworths	1 114m² (3%)
Shoprite Liquor	810m² (2%)

14 Thavhani Mall
LIMPOPO

Gross lettable area

53 342m²

Thavhani Mall in Thohoyandou is the second biggest mall in the province. It is the heart of the Thavhani precinct, which is designed to be the new CBD which includes a growing number of mixed commercial and community uses. The centre has a vast catchment area, particularly in the Vhembe district and beyond.

Vacancy	Monthly rental*
Fully let	R209.06/m²
National tenant exposure	Average annual trading density
93.9%	R41 548/m²

* Vukile's 33.33% of the property value.
* Average base rental excluding recoveries.

Major tenants: 17 436m² (33%)

Edgars	4 000m² (7%)
Spar	3 856m² (7%)
Woolworths	3 556m² (7%)
Sasol	3 040m² (6%)
Pick n Pay – Qualisave	2 984m² (6%)

15 Hillfox Value Centre
GAUTENG

Gross lettable area

37 562m²

Hillfox Value Centre is well-situated value centre conveniently located off the N1, anchored by Food Lovers market with a strong compliment of a variety apparel outlet stores, homeware and furniture stores, as well a dynamic lifestyle offering which includes action sports and multi format soccer and a gym.

Vacancy	Monthly rental*
1.7%	R100.49/m²
National tenant exposure	Average annual trading density
67.9%	R21 375/m²

* Average base rental excluding recoveries.

Major tenants: 16 524m² (44%)

Food Lovers Market	6 475m² (17%)
Tafelberg Furniture	4 154m² (11%)
Action Cricket	2 382m² (6%)
Moove	1 987m² (5%)
Adidas	1 526 (4%)

PORTFOLIO OVERVIEW

Spain

Castellana portfolio metrics best-of-breed in Spain

Portfolio overview – Spain

Well-diversified across Spain

Our top 10 properties

1 El Faro
2 Bahía Sur
3 Los Arcos
4 Granaita
5 Habaneras
6 Puerta Europa
7 Vallsur
8 Parque Oeste de Alcorcón
9 Parque Principado
10 Marismas de Polvorín

Property ranked by value

€1.027 billion
Direct retail property portfolio value

€64 million
Average value per retail property

373 815m^2
Gross lettable area (GLA)

16
Properties

9.3%
Average discount rate

100%
Retail portfolio

6.55%
Average exit capitalisation rate

Portfolio review – Spain

With over 95% of its GLA let to international and national tenants, the Castellana Properties portfolio highlights its quality and robustness, with results that once again lead the Spanish market.

After a solid performance during last year, with a growth rate of 2.5% in gross domestic product, Spain is expected to keep its growth trajectory albeit at a more restrained pace, projecting a growth of 1.9% in 2024, and remaining relatively stable in subsequent years, ranging from 1.7% to 1.9%. This places Spain among the leading performers in economic growth compared to its counterparts within the EU.

Inflation is forecasted to gradually ease over the next three years, starting from an average of 3.5% in 2023 and descending to 3.2% in 2024, 2.3% in 2025, and 1.8% in 2026. This anticipated decline should trigger cuts in interest rates and subsequently improve yields in the sector in time. A key contributing factor includes the observed decline in energy prices. Furthermore, the execution of fiscal policy has proven to be somewhat more expansionary than expected, alongside the acceleration of the implementation of NGEU funds.

As of 2023, Spain's unemployment rate was reported at 12.1%. The Bank of Spain expects the same trend in the coming years, with unemployment estimated to be at 11% by 2026.

The main drivers for growth in Spain are internal demand and tourism. The growth rate in household consumption is forecasted to continue to anticipate positive growth (CaixaBank Research: 1.9% / BBVA Research: 1.7%) in 2024. The number of international tourists visiting Spain in 2023 exceeded 85 million which is 18.7% more than in 2022 and 1.9% above 2019 (the pre-pandemic reference year). In addition, Spain has broken tourism spending records, with €108.7 billion, 24.7% more than in 2022 and 18.2% higher than in 2019. Each tourist spent an average of €1,278 (spend per day: €175), 5.1% more than last year and 16.1% more than in 2019. The average stay also increased to 7.3 days which is a very important parameter in measuring tourism satisfaction.

Overall, the portfolio achieved exceptional gross rental income (GRI) growth of 8.9% on a like-for-like basis compared to the previous financial year – due to growth in income from operations. Application of indexation during FY24, combined with the conclusion of some new value-add projects, the growing income through active asset management, and reaching the final step of rental levels on completed value-add projects, have taken GRI to €70.5 million in the period.

At 31 March 2024, the Spanish portfolio consisted of 16 properties externally valued at €1 027 million, with a GLA of 373 815m², and an average value of €64 million per property. Total property-related assets are valued at €1 201 million, including the 28.74% stake in Lar España.

Castellana Properties has increased its stake in Lar España to 28.74%. The investment continues to perform well, delivering a dividend of €0.79 p.s., (c.€19 million attributable to Castellana) which exceeds performance of the previous year.

The operational performance of the Lar España portfolio remains strong and in line with our own portfolio, reinforcing our view on the strong recovery and outperformance of retail assets post the pandemic.

Operating environment

Portfolio overview

Castellana has shown exceptional operational performance, maintaining market-leading metrics for the financial year.

Our continued focus on building and maintaining strong relationships with key tenants continues to be a core strength within the portfolio, leading to new store openings, growing rentals, low vacancies and low arrears across the portfolio.

Operational highlights

Highlights for the period include the following:
- Portfolio occupancy is at 98.9%, showing negligible vacancies of 1.1%
- Record footfall and sales widely outperform the national benchmarks. Comparing FY24 vs FY23, footfall and sales grew by +5.5% and +6.4%, respectively
- Occupancy cost ratio (OCRs) lowest in market at 9.3%
- Positive rental reversions of 9.73%, at an average of €25/m² for renewals, relocations, resizing and replacements
- Further leasing activity, with 182 leases (71 renewals and 111 new leases) covering 33 986m² of GLA signed, representing an incremental annualised NOI of €3.48 million
- Portfolio WALE is strong and stable at 12.6 years, with WALE to break at 2.4 years
- Collection rate stabilised at 99.3%

Footfall, sales and collections performance

Footfall

Footfall

	FY24 versus FY23 %	FY23 versus FY22 %
Total portfolio	**5.5**	19.4

FY24 footfall increased to a new record high of +5.5% on FY23.

Sales

Continued sales growth of +6.3% for FY24 compared to FY23 – another record high.

Sales

	FY24 versus FY23 %	FY23 versus FY20 %
Shopping Centres	**7.4**	24.0
Retail Parks	**3.8**	28.0
Total Portfolio	**6.3**	25.0

Like-for-like category performance for FY24 compared to FY23 showed healthy increases with leisure +8.6%, Food and Beverages +10.1% and Fashion and Accessories +6.1%, demonstrating the positive impact of our active asset management approach.

95% of Castellana's rentable area is let to tenants who are international and national brands representing the strongest players in retail in Spain.

Short-term focus areas

Excellence in portfolio management

We remain strategically focused on active asset management and continuous investment in our portfolio to further strengthen its dominance while improving its income growth. Phase 1 of our value-add project in Vallsur was inaugurated last December and outcomes exceeded all expectations. The new food court called "La Chismeria" has significantly increased footfall, dwell time and sales, which are already exceeding 2019 figures. All new tenants are performing well above their forecasts with the new leisure unit "Ozone" winning an award as the Best Bowling Arcade in the world according to the BCM awards. The second phase of the project is underway and aims to enhance and reinforce the centre with a new fashion area anchored by premium brands in outlet format which will be unique in town. A new family leisure area consisting of a large playground and the already installed play nets will be the finishing touch.

The other important ongoing project, El Faro, which includes reconfiguring the underperforming hypermarket unit purchased from El Corte Ingles, into 6-7 units occupied by top-tier tenants, is progressing well. We continue to see a high demand for space, with some brands close to signing contracts. The exceptionally high demand for space, is resulting in a higher yield than originally budgeted for, as higher rentals are achieved when leases are closed.

We continue to focus on other key initiatives, such as expanding our culture of innovation, customer centricity and our focus on collecting and analysing data to keep improving our knowledge and decision-making dynamics.

Strong commitment against climate change

Decarbonisation is the main strategy to keep our assets aligned with the greenhouse gas (GHG) emissions intensity recommended to contribute to the Paris Agreement. To this end, Castellana Green JV has been constituted to provide PV energy produced on-site to common areas and tenants, helping in the transition from fossil fuels to renewable sources. An initial 1.6MWp capacity is expected to be fully operational by H2 FY25. We are also developing an ambitious Smart Building project, as the needed tool to identify energy efficiency opportunities, and almost 400 EV chargers will be installed in our portfolio by FY26.

Future growth

We continuously explore further opportunities within our portfolio to increase income through repositioning, extensions and value-add initiatives to existing assets. There are still great opportunities to acquire assets at very attractive prices in the market directly as well as in the listed sector, as share prices remain weak – trading at large discounts to net tangible assets and offering attractive yields. Scarcity and cost of capital remains a major concern in the short term, reducing Castellana's ability to take advantage of still attractive opportunities. There are, however, some attractive investments that we are actively considering.

Debt provider engagement

Castellana Properties closed the period with a very healthy balance sheet, with an average net LTV of 38.8% and no debt expiries until FY26. The Castellana interest-bearing debt hedge ratio has reduced to 43% (96% as at 31 March 2023), primarily due to a fix of €256 million that expired on 27 September 2023. Management is finalising the early refinance of the facility expiring in FY26 and has already received binding term sheets from funders.

Portfolio review – Spain continued

Discussions are ongoing and expected to be finalise legal documentation by H1 FY25.

Management has delayed entering into a new interest rate hedge or fix in respect of this loan to proactively manage the most optimal timing for entering into a new hedge.

We remain compliant with all banking covenants at March 2024 with a wide margin. Castellana continues to maintain a strong relationship with its debt providers, who fully support the business and are satisfied with Castellana's balance sheet strength and cash position. We are working on several new value-add projects in existing assets and are positive that our debt providers will continue to support us with the necessary financing to complete these projects as budgeted.

Collections
Collection rate for the period: 99.3%

Collections	FY24	FY23
Total collected (%)	99.3	99.2

Our collections team continues to lower arrears over time.

Tenant arrears
Tenant arrears amounted to €0.70 million (R14.2 million) at 31 March 2024, and were reduced from the prior year (March 2023) when arrears were at €0.72 million (R13.8 million). Castellana's in-house property administration team collected 99.3% of monthly rental invoices.

Valuation of Spanish portfolio

FY24 valuations as of 31 March 2024 have once again been impacted by rising discount rates, to cater for the elevated interest rates driven by the ECB, as well as increases in exit yields, due to the paused market that drives a conservative approach from valuers, despite the fact that there is no evidence of transactions that support such view. However, due to the good performance in NOI of the portfolio, as well as the conclusion of value-add projects and the new ones that commenced, we are still overcoming the negative effect of yield expansion. Despite increases of another 17bps in discount rates to most assets, and 30bps expansion in exit yields as an average, the portfolio value has shown a 1.4% growth overall. Again, indexation, conclusion of the value-add projects, active leasing activity and other accretive asset management initiatives have ensured growth in income, which significantly improves and strengthens future cash flows and embeds future value growth once markets stabilise.

The Spanish portfolio was independently valued by Colliers at €1 027 million (R20.9 billion) at 31 March 2024 (31 March 2023: €1 012 million or R19.5 billion), representing a 1.4% like-for-like increase in value during FY24.

The fair value of the portfolio is estimated using RICS' Red Book methodology with a DCF approach, which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields.

Top 10 properties by value
Castellana is 100% retail focused. Cumulatively, 95% of tenants in the top 10 properties, are international and national tenants. These properties comprise 91.3% of the total portfolio value, 91.6% of the total portfolio rental income and 85% of the total portfolio GLA.

Property	Location	GLA m²
El Faro*	Extremadura	62 160
Bahía Sur	Andalucia	35 420
Los Arcos*	Andalucia	26 774
Granaita Retail Park	Andalucia	55 588
Habaneras	Com. Valenciana	24 892
Puerta Europa	Andalucia	29 783
Vallsur	Castilla y Leon	35 211
Parque Oeste	Madrid	13 604
Parque Principado	Asturias	16 090
Marismas del Polvorín	Andalucia	19 052
Total top 10 properties		318 574
% of total portfolio		85

* *Excluding valuations of development properties.*

Summary of portfolio changes

GLA reconciliation	GLA m²
Balance as at 31 March 2023	350 925
GLA adjustments	22 890
Balance as at 31 March 2024	373 815
Areas under development	31 446
Storage area	5 942
GLA excluding areas under development and the storage area	336 427

Vacancy reconciliation	GLA m²	%
Balance as at 31 March 2023*	4 452	1.27
Vacancy movement	(683)	
Balance as at 31 March 2024*	3 769	1.12

* *Excluding area under development in Vallsur Repositioning Project and El Faro Hipercor Project.*

Portfolio profiles

Geographic profile
The geographic distribution of the Spanish portfolio is indicated in the table below. 73% of the gross income comes from Andalucia, Extremadura, Com. Valenciana and Castilla Leon.

	% of rental income	% of GLA
Andalucia	51	46
Extremadura	21	26
Castilla Leon	10	7
Com. Valenciana	9	9
Madrid	4	4
Asturias	3	4
Murcia	2	4

Portfolio review – Spain continued

Sector profile
Based on value, 100% of the Spanish portfolio is in the retail sector.

Tenant profile
Large international and national tenants account for 95% of tenants by GLA.

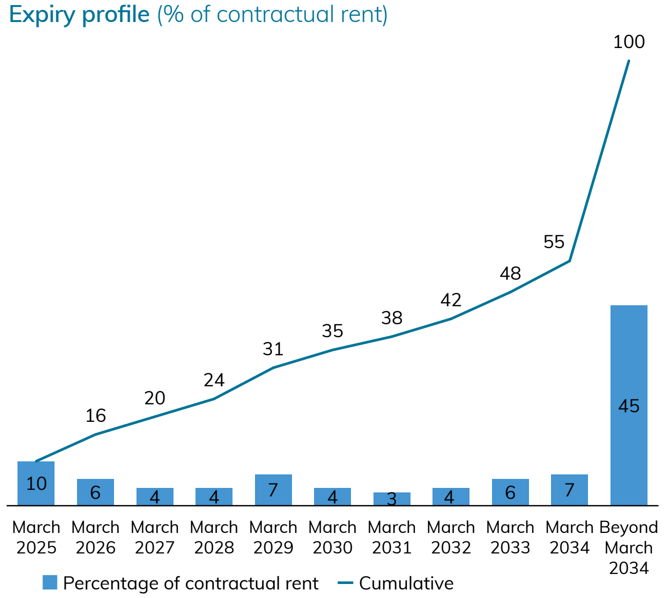
	% of rental income	% of GLA
Large international and national tenants	94	95
Local tenants	6	5

Expiry profile
Castellana has a 12.6-year tenant expiry profile and 2.4 years to break with 53% of contractual GLA expiring in FY34 and beyond.

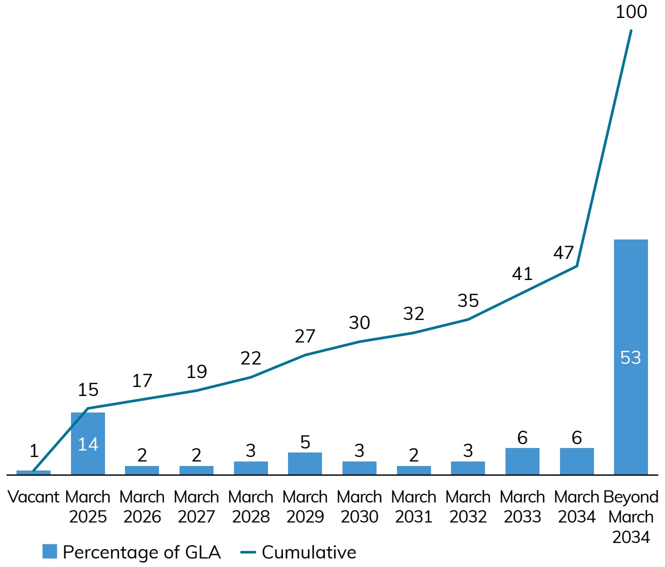
The expiry profile as a percentage of contractual rent is shown below.

Total portfolio

Expiry profile (% of contractual rent)

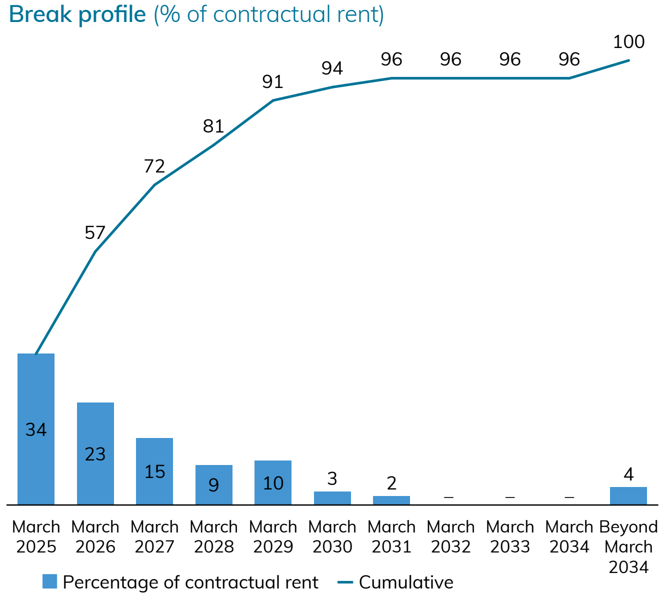


Expiry profile (% of GLA)



Break profile
The break profile (the date upon which the tenant has an option to terminate the lease prior to the expiry date) as a percentage of contractual rent is shown below.

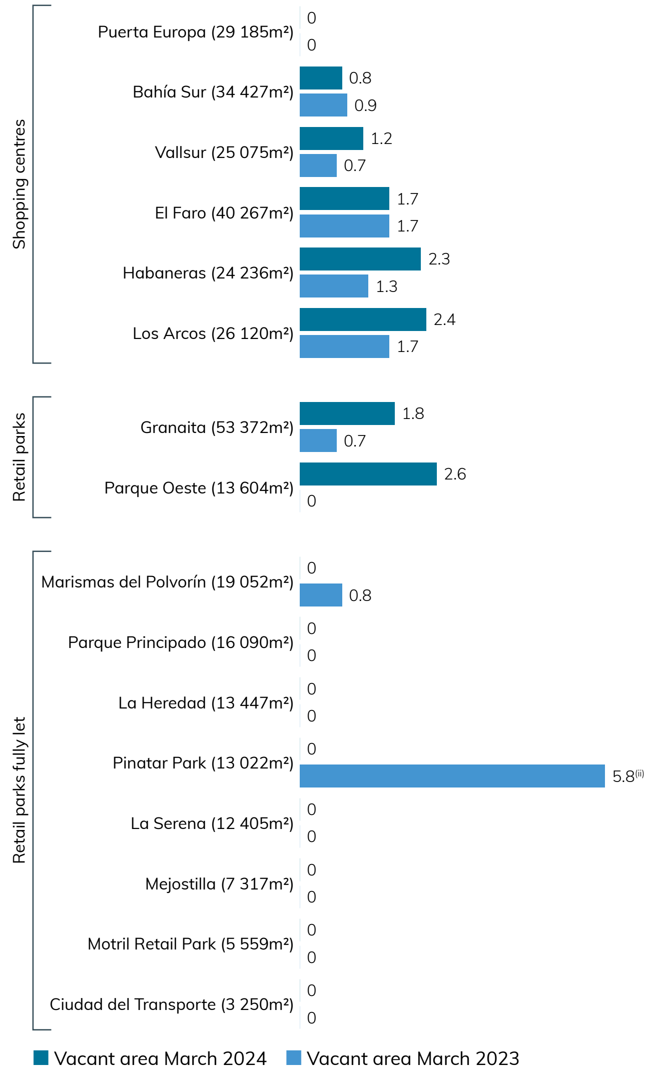
Break profile (% of contractual rent)



Vacancy profile
The portfolio's vacancy rate at 31 March 2024 was 1.1%.

Vacancies (% of GLA)	31 March 2024 %	31 March 2023 %
Shopping centres	**1.40**	1.76
Retail parks	**0.80**	0.77
Total	**1.12**	1.30

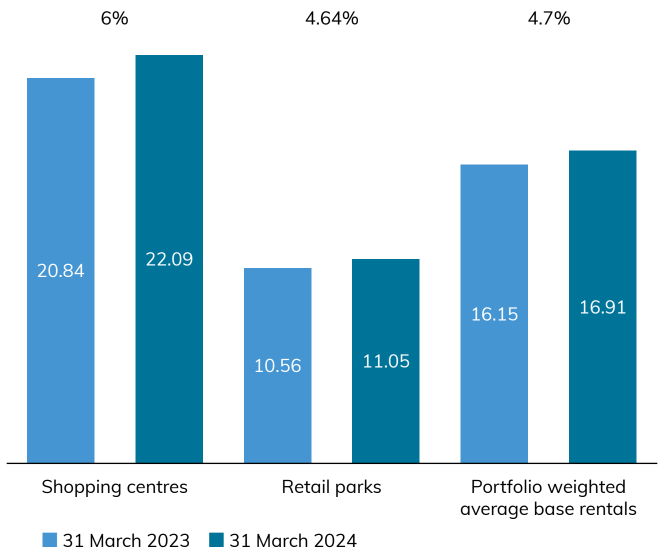
Portfolio vacancy[i] **of 1.12% of GLA** (%)



[i] Excluding areas under development in Vallsur Repositioning Project and El Faro Hipercor Project + storages.
[ii] Pinatar Park is already fully let after split the former OKSI unit into three new units and let them in less than one year.

Rental profile
The Castellana portfolio's weighted average rental has increased by 4.7% to €16.91/m².

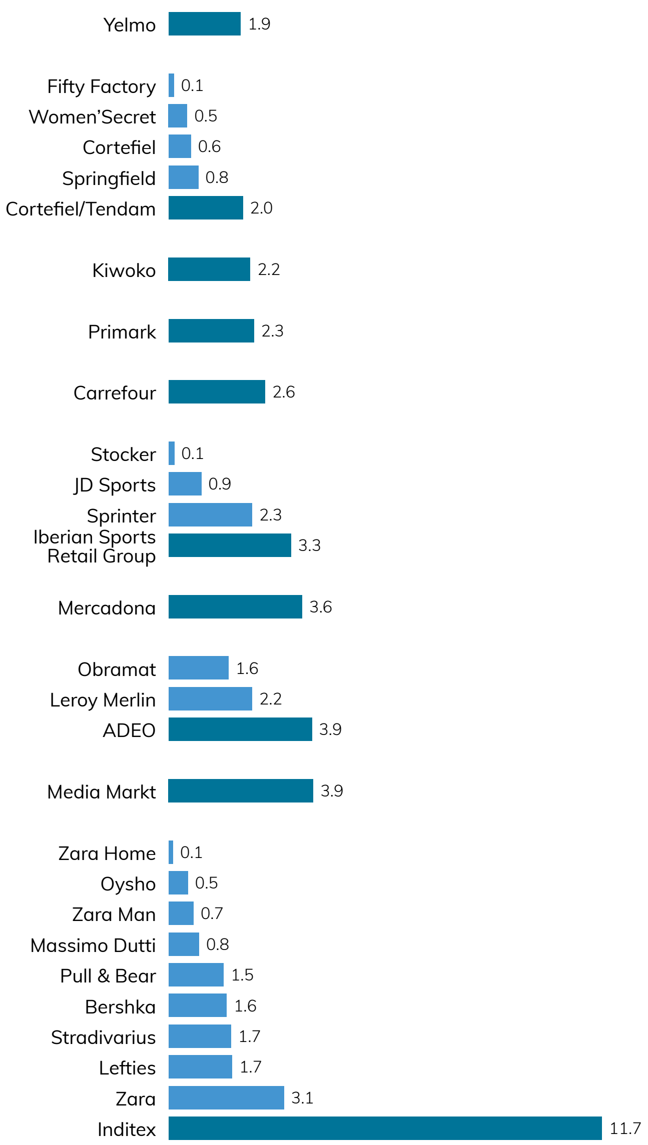
Rental profile (€/m²)



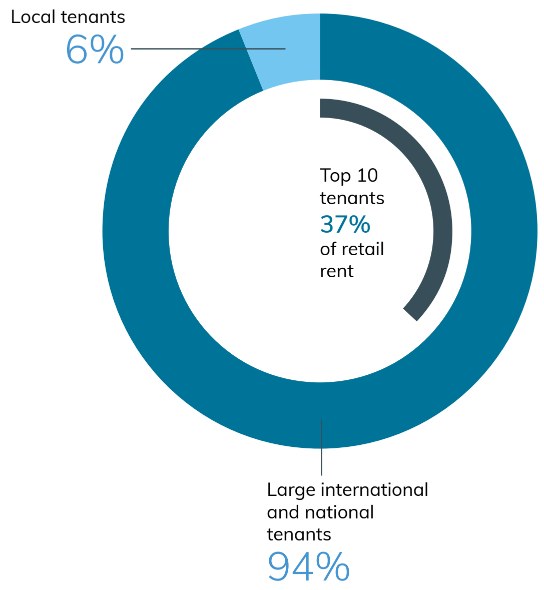
The average OCR for Castellana Properties portfolio closed at 9.3%, the lowest in the market. This demonstrates the strength of our assets, with room for further rental improvement, and gives us the confidence to continue applying indexation without problems.

Portfolio review – Spain continued

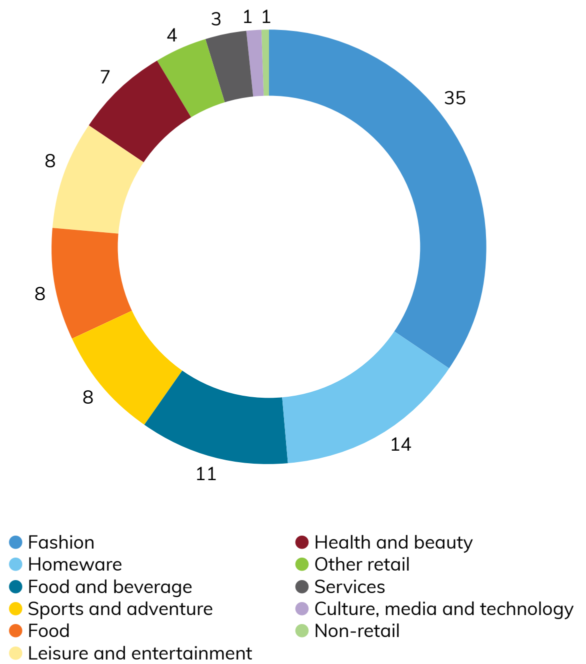
Top 10 tenant group profile – by contractual rent (%)



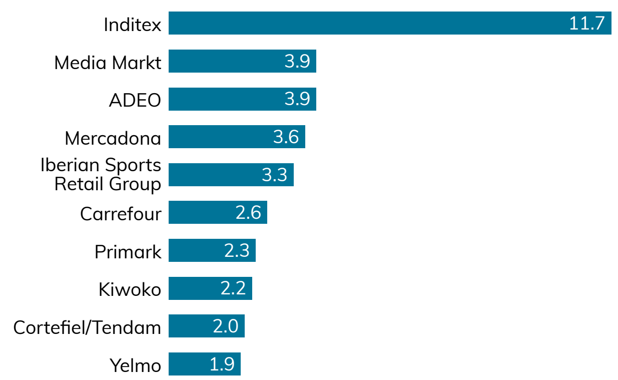
Tenant exposure by rent (%)



Category profile by rent (%)



Top 10 tenants by rent (%)



Costs

Castellana's cost ratio is well managed and in line with industry standards.

Service charges are the most significant expense and represent 87.9% of total property expenses. Service charges mainly include utilities, cleaning, marketing, security and management. Property tax is another significant expense representing 12.1% of the total property expenses.

Investment in Lar España

In FY24, Castellana continued to take advantage of the significant discount to NTA reflected in Lar España's share price, increasing its stake to 28.7%.

In line with our expectations, Lar España published a good set of results in 2023, delivering a total dividend of €66.2 million (€0.79 p.s.). As a 28.7% shareholder, Castellana will receive a dividend of c.€19 million, resulting in a running dividend yield of c.15%.

FY23 results displayed strong operational performance with sales and footfall increasing by 8% and +3.7% respectively compared to FY22. Generally, all operational metrics were good, and above benchmarks. Out of the €66.2 million dividend, c.€58.7 million was ordinary and c.€7.5 million came from extraordinary results from the sale of Vistahermosa and Rivas Futura retail parks for €129.1 million at a net yield of c.6.3%.

The strong performance of the business has cemented the acquisition of the shares of Lar España as an excellent and high performing investment by Castellana, delivering a mark-to-market capital appreciation of c.€40 million (c.+30%) (c.R814.8 million) compared to our initial investment. Moving forward we expect the existing portfolio to continue to perform well, with additional upside potential coming from the existing strong cash position of c.€245 million.

As the largest shareholder in the business, we remain long-term investors in Lar España and continue to believe in the strategic optionality created by holding the stake.

Portfolio review – Spain continued

01 El Faro
BADAJOZ

Gross lettable area

62 160m²

El Faro is the largest shopping and leisure centre of the region of Extremadura. Situated in Badajoz, the nearest city to the Portuguese border, the shopping centre is the commercial reference in the Extremadura region, with a catchment area of c.520 000 inhabitants.

Vacancy	Monthly rental
1.7%[i]	€22.8/m²
Catchment area: (inhabitants)	517 491
Major tenants	Primark Yelmo Cines Media Markt
WALE	9.0 years
Sector	Shopping Centre

02 Bahía Sur
CÁDIZ

Gross lettable area

35 420m²

Bahía Sur is very well connected to the city centre of Cádiz, located next to the train station and the main sports resort in the county. It offers a modern concept of retail in which shopping, leisure and natural spaces merge to create a unique place and experience.

Vacancy	Monthly rental
0.8%	€25.9/m²
Catchment area: (inhabitants)	674 250
Major tenants	Primark Zara Yelmo Cines
WALE	11.5 years
Sector	Shopping Centre

[i] *Excluding area under development in El Faro Hipercor Project.*

03 Los Arcos
SEVILLE

Gross lettable area

26 774m²

Los Arcos is one of the largest shopping centres in the city, located in one of the most important areas of Seville. The shopping centre is committed to sustainable initiatives such as supporting the local economy, promoting clean energy sources and the solar panels installed for self-supply electricity, among others.

Vacancy	Monthly rental
2.4%	€27.0/m²
Catchment area: (inhabitants)	1 499 884
Major tenants	Mercadona Lefties Media Markt
WALE	13.1 years
Sector	Shopping Centre

04 Granaita[ii]
GRANADA

Gross lettable area

55 588m²

The retail park is located in Pulianas, a suburban town that surrounds the northern part of the city of Granada. This location is considered strategic because it has easy access from the highways A44 y A92 that connect Madrid and Seville, respectively, as well as the N432 road connecting with Cordoba and Badajoz.

Vacancy	Monthly rental
1.8%	€11.4/m²
Catchment area: (inhabitants)	628 002
Major tenants	Decathlon Homelandia Media Markt
WALE	11.8 years
Sector	Retail Park

[ii] *Granaita is the integration of the former Kinepolis Retail Park, Kinepolis Leisure Centre and Alameda City Store into one asset.*

Portfolio review – Spain continued

05 Habaneras
ALICANTE

Gross lettable area

24 892m²

The shopping centre is located in the city of Torrevieja. Habaneras is a centre of open-air Mediterranean architecture, where people can stroll peacefully and enjoy the pleasant temperatures of south-eastern Spain.

Vacancy	Monthly rental
2.3%	€20.2/m²
Catchment area: (inhabitants)	531 670
Major tenants	Leroy Merlin Zara Forum Sport
WALE	5.5 years
Sector	Shopping Centre

06 Puerta Europa
CÁDIZ

Gross lettable area

29 783m²

Puerta Europa is the most important shopping centre in Gibraltar. It is located next to the A7 highway with easy access at only 15 minutes distance by car from the city's harbour. The fashion brands cover approximately 55% of the GLA.

Vacancy	Monthly rental
Fully let	€18.1/m²
Catchment area: (inhabitants)	311 110
Major tenants	Primark Yelmo Cines Mercadona
WALE	8.5 years
Sector	Shopping Centre

07 Vallsur
VALLADOLID

Gross lettable area

35 211m²

Vallsur Shopping Centre was opened in 1998 and is situated in a residential area that has been continuously developed since then. In 2014 Vallsur received the best Shopping Centre Renovation Award given by the Spanish Association of Shopping Centres.

Vacancy	Monthly rental
1.2%[i]	€17.3/m²
Catchment area: (inhabitants)	477 746
Major tenants:	Carrefour Yelmo Cines Zara
WALE	18.6 years
Sector	Shopping Centre

08 Parque Oeste[ii]
MADRID

Gross lettable area

13 604m²

The retail park is one of the main commercial areas in Madrid. The retail hub is one of the biggest in the country and is distributed along two main streets.

Vacancy	Monthly rental
2.6%	€18.2/m²
Catchment area: (inhabitants)	5 856 325
Major tenants	Media Markt Kiwoko ALDI
WALE	20.3 years
Sector	Retail Park

[i] Excluding areas under development in Vallsur Repositioning Project.
[ii] Parque Oeste comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes.

Portfolio review – Spain continued

09 Parque Principado
OVIEDO

Gross lettable area

16 090m²

The retail park is located in the town of Sieros in Asturias, next to Intu Asturias, the largest shopping centre of the region, with a large influence area due to its location. It constitutes a perfectly complementary offer to the large shopping centre.

Vacancy	Monthly rental
Fully let	€12.5/m²
Catchment area: (inhabitants)	866 511
Major tenants	Obramart Conforama Jysk
WALE	8.5 years
Sector	Retail Park

10 Marismas Del Polvorín
HUELVA

Gross lettable area

19 052m²

The park is located in Huelva and has an influence area of more than 318 000 citizens.

Vacancy	Monthly rental
Fully let	€8.7/m²
Catchment area: (inhabitants)	318 213
Major tenants	Media Markt Mercadona Low Fit
WALE	18.3 years
Sector	Retail Park

Combined property portfolio data

The table below provides information in respect of the total direct portfolio of the Vukile group at 31 March 2024:

	South Africa	Spain	Total directly held properties
Number of properties	38	16	54
Sectoral spread (GLA)	%	%	%
Retail	94.1	100	96
Offices	3.1	—	2.1
Motor related	0.9	—	0.6
Industrial	0.8	—	0.5
Residential	1.1	—	0.8
Sectoral spread (rent)	%	%	%
Retail	96.1	100	98
Offices	1.8	—	0.9
Motor related	1	—	0.5
Industrial	0.3	—	0.2
Residential	0.8	—	0.4
Sectoral spread (value)	%	%	%
Retail	96.6	100	98.5
Offices	1.5	—	0.6
Motor related	1.1	—	0.5
Industrial	0.4	—	0.2
Residential	0.3	—	0.1
Vacant land	0.1	—	0.1
Vacancy profile (% of GLA)	2.7	1.3	2.2
Retail	1.9	1.2	1.7
Offices	26.8	—	26.8
Motor related	—	—	—
Industrial	—	—	—
Residential	3.2	—	3.2
Weighted average rental per m²	R167.97/m²	€16.85/m²	R223.37/m²
Retail	R170.52/m²	€16.85/m²	R227.18/m²
Offices	R124.05/m²	—	R124.05/m²
Motor related	R186.19/m²	—	R186.19/m²
Industrial	R60.00/m²	—	R60.00/m²
Residential	R115.95/m²	—	R115.95/m²
Weighted average rental escalation percentage	6.3	Inflation-based	
Retail	6.3		
Offices	7.4		
Motor related	7.0		
Industrial	6.0		
Residential	Short term leases		
Tenant profile (rent)	%	%	%
A – large national, international and listed tenants and major franchises	71	94 (A and B)	88 (A and B)
B – national and listed tenants, franchised and medium to large professional firms	10		
C – other (1 007 tenants)	19	6	12
Average annualised property yield %	8.7	6.6	7.3

	South Africa	Spain	Total directly held properties
Lease expiry profile – total portfolio (GLA)	%	%	%
Current vacancy	2.7	1.2	2.3
2025	30	41	34
2026	15	19	17
2027	16	13	15
2028	12	9	11
2029 and beyond	24	17	21
Lease expiry profile – retail portfolio (GLA)	%	%	%
Current vacancy	1.9	1.2	1.7
2025	31	41	34
2026	16	19	17
2027	15	13	14
2028	13	9	11
2029 and beyond	23	17	22
Lease expiry profile – office portfolio (GLA)	%	%	%
Current vacancy	26.8	—	26.8
2025	4	—	4
2026	3	—	3
2027	66	—	66
2028	—	—	—
2029 and beyond	—	—	—
Lease expiry profile – motor-related portfolio (GLA)	%	%	%
Current vacancy	—	—	—
2025	—	—	—
2026	—	—	—
2027	—	—	—
2028	58	—	58
2029 and beyond	42	—	42
Lease expiry profile – industrial portfolio (GLA)	%	%	%
Current vacancy	—	—	—
2025	—	—	—
2026	—	—	—
2027	—	—	—
2028	—	—	—
2029 and beyond	100	—	100
Lease expiry profile – residential portfolio (GLA)	%	%	%
Current vacancy	3.2	—	3.2
2025	97	—	97
2026	—	—	—
2027	—	—	—
2028	—	—	—
2029 and beyond	—	—	—

Combined property portfolio data continued

	South Africa	Spain	Total directly held properties
Lease expiry profile – total portfolio (rent)	%	%	%
2025	33	34	34
2026	16	23	19
2027	18	15	17
2028	14	9	11
2029 and beyond	19	19	19
Lease expiry profile – retail portfolio (rent)	%	%	%
2025	33	34	34
2026	16	23	20
2027	17	15	16
2028	13	9	11
2029 and beyond	21	19	19
Lease expiry profile – office portfolio (rent)	%	%	%
2025	6	—	6
2026	4	—	4
2027	90	—	90
2028	—	—	—
2029 and beyond	—	—	—
Lease expiry profile – motor-related portfolio (rent)	%	%	%
2025	—	—	—
2026	—	—	—
2027	—	—	—
2028	55	—	55
2029 and beyond	45	—	45
Lease expiry profile – industrial portfolio (rent)	%	%	%
2025	—	—	—
2026	—	—	—
2027	—	—	—
2028	—	—	—
2029 and beyond	100	—	100
Lease expiry profile – residential portfolio (rent)	%	%	%
2025	100	—	100
2026	—	—	—
2027	—	—	—
2028	—	—	—
2029 and beyond	—	—	—

	South Africa	Spain	Total directly held properties
Geographical spread (GLA)	%	%	%
South Africa			
Gauteng	44		30
KwaZulu-Natal	16		11
Free State	10		7
Western Cape	7		5
Eastern Cape	8		6
Limpopo	7		5
Mpumalanga	5		3
North West	3		2
Spain			
Andalucia		46	15
Extremadura		25	8
Castilla Leon		9	3
Com. Valenciana		8	2
Madrid		4	1
Asturias		4	1
Murcia		4	1
Geographical spread (rent)	%	%	%
South Africa			
Gauteng	38		19
KwaZulu-Natal	23		12
Free State	9		5
Western Cape	8		4
Eastern Cape	8		4
Limpopo	8		3
Mpumalanga	3		2
North West	3		2
Spain			
Andalucia		52	25
Extremadura		21	10
Castilla Leon		8	4
Com. Valenciana		9	5
Madrid		4	2
Asturias		4	2
Murcia		2	1

Financial Director's report

Excelling in challenging times.

Achieving a

6.7%

Increase in FFO per share

I am pleased to report that Vukile has delivered another set of strong financial results. Despite a challenging market, with persistent high interest rates and election-related uncertainties in South Africa, we closed the year with a sound balance sheet, well-managed finances and solid credit metrics.

Our financial performance reflects a robust foundation and readiness for growth.

We outperformed the upper end of our upgraded full-year market guidance, achieving a 10.5 % increase in dividends per share (DPS) to 124.2 cents and growth in FFO per share of 6.7% to 154.2 cents.

The growth in dividends and FFO per share are notable accomplishments given the business climate. Our outperformance is mainly due to NOI growth in the South African portfolio, outperformance from Castellana with its capital projects unlocking value, and higher than anticipated dividends received from Lar España. Thanks to Vukile's strategic structure as a Rand hedge, exchange rates also worked in our favour.

During the year, Castellana acquired a further 3% shareholding in Lar España for €15.5 million, increasing its shareholding to 28.7%. The investment is strategically aligned and our views on the financial and economic benefits of the investment were again validated. Lar España declared a strong dividend for its financial year ended 31 December 2023 of 79cps, of which 9cps was attributable to a once-off asset disposal.

As mentioned in last year's report, Vukile purchased MEREV's remaining shares in Castellana during the year, increasing Vukile's interest in Castellana from 89.8% to 99.5%. Vukile's increased shareholding has expanded our strategic options for the Spanish business and increased Vukile's indirect stake in Lar España.

Vukile takes a layered approach to hedging Euro dividends from Castellana, targeting an average hedge ratio of c.60% across a five-year period. Subsequent to year-end, Castellana's net forecast dividends for FY25 were fully hedged. Given that Castellana's FFO is not hedged, Vukile's earnings are a Rand hedge for South African investors – with Vukile's FFO more positively exposed to a weaker Rand, while still providing predictable dividends over the short to medium term.

Financial Director's report continued

We remain committed to managing our balance sheet and treasury resources wisely. Our goal is to optimise funding costs while minimising refinance risk.

Vukile draws funding from a broad range of sources and has excellent relationships with its lenders. We are fully compliant with our bank covenants in both South Africa and Spain. Our interest cover ratio is 2.3 times. The LTV ratio reduced from 42.6% to 40.7% over the year, with our successful R1 billion capital raise in February 2024 being temporarily deployed to reduce debt, until this capital is strategically allocated.

Vukile's strategic acquisition of a 50% share in The Mall of Mthatha (formerly BT Ngebs City) in the Eastern Cape province, which transferred in April 2024, was funded with bank debt. It is anticipated that R100 million (Vukile's 50% share) will be spent on value-adding capital improvements for the mall.

In the past year, we negotiated and/or extended R6.3 billion of debt facilities, with only 4.4% of our debt due to mature in FY25. At year-end, cash and undrawn committed facilities of R5.3 billion exceeded all debt expiring over the next 12 months by 6.4 times. The group debt maturity profile is at a healthy 2.9 years.

Some 59% of total group interest-bearing debt is hedged. We continue to monitor interest rates closely, and while they appear to be staying higher for longer, we are doing well to manage interest risk through the peak of the interest rate cycle.

During the year, Vukile successfully concluded two oversubscribed unsecured bond issues. In August 2023, we raised R526 million: R200 million in three-year bonds placed at a margin of 130bps, and R326 million in five-year bonds placed at a margin of 144bps. Both were priced favourably at levels better than guidance. In February 2024, we raised R1.027 billion through another well-supported bond issuance that included, for the first time, seven-year bonds alongside three- and five-year options. Three-year notes of R530 million were placed at a margin of 128bps, five-year notes of R402 million were placed at a margin of 143bps, and Vukile's inaugural longer tenure seven-year notes of R95 million were placed at a margin of 155bps, being Vukile's lowest margins since launching our DMTN programme in 2012.

In July 2023, GCR Ratings affirmed Vukile's national scale long-term issuer rating of $AA_{(za)}$ and its national scale short-term issuer rating at $A1+_{(za)}$ with a stable outlook. Fitch also reaffirmed Castellana's long-term issuer rating of BBB-, with a stable outlook, being an international investment-grade rating.

In April 2024, Vukile secured an innovative green loan and sustainability-linked loan from Absa to refinance R1.1 billion of existing loans post-year-end. This money will support Vukile's solar energy projects and help to achieve our sustainability goals, in line with Vukile's commitment to ESG excellence.

During the year, we continued our asset recycling strategy, exiting non-core assets and allocating the proceeds into assets aligned with our core strategy. We reduced our Fairvest shareholding from 6% to 2.5% by selling c.54.8 million in shares and fully exited our investment shortly after year-end. We also sold two non-core direct property assets in South Africa to REimagine Social Impact Retail Fund, both at prices in line with book value.

Vukile remains deeply engaged with its industry peers and regulatory bodies, actively advocating for the adoption of best practices in financial reporting. We diligently monitor and adapt to changes in listings requirements, reporting standards and relevant legislation, ensuring we remain at the forefront of best practices.

We have noted the introduction of IFRS 18, relating to presentation and disclosure in financial statements, which comes into effect in our FY27 year-end and we will align our reporting accordingly. We are also gearing up for the upcoming review of South Africa's Carbon Tax Act, which is scheduled for 2025. Our renewable energy investments will reduce any financial impact that the carbon tax might have on our business.

I value the dedicated efforts of our finance and treasury teams in South Africa and Spain. We also thank our investors and lenders for their continued support of Vukile.

Our financial models and methods are robust and we continue to offer transparent and comprehensive disclosure. This commitment reinforces the confidence of our stakeholders in Vukile's unwavering dedication to ethical business operations and sustainable value creation.

Lizelle Pottas

Financial Director

Financial performance

Nature of operations

Vukile is a high-quality, low-risk, retail-focused Real Estate Investment Trust (REIT) operating in South Africa and Spain. Our results reflect the strength of our consumer-led model, a strong operational focus and a hands-on, proactive approach to property asset management and balance sheet risk management.

Executive summary

Vukile has delivered another set of excellent results, delivering a healthy increase in funds from operations (FFO) and dividend per share. Given the reduction in LTV and our strong liquidity position, Vukile is well poised for future growth.

The following significant events and transactions occurred during the year ended 31 March 2024:

- Share issuances:
  - April 2023: 56 million shares issued at R12.50 per share, amounting to R700 million (before costs)
  - February 2024: 68.5 million shares at R14.60 per share, amounting to R1 billion (before costs)
- In May 2023, Vukile exercised its option to acquire 9 833 333 shares in Castellana from MEREV, resulting in Vukile's shareholding in Castellana increasing to 99.5%. The total consideration (including contractual fee) amounted to €64 million, equating to €6.50 per share.
- Castellana acquired a further 3% shareholding in Lar España for c.€15.5 million, increasing its shareholding to 28.7%.
- Vukile's shareholding in Fairvest reduced to 2.5% during the year, with R202.75 million received as proceeds on the sale of shares being reinvested in further stakes in Lar España and our solar PV roll-out.
- The transfer of Rustenburg Edgars Building and Piet Retief Shopping Centre was concluded at sale price in line with book values.
- Bond auctions were held in August 2023 and February 2024, raising R526 million and R1.027 billion respectively in corporate bonds.
- Global Credit Rating (GCR) reaffirmed Vukile's national scale issuer rating of $AA_{(za)}$ and $A1+_{(za)}$ for long- and short-term ratings respectively, with a stable outlook. Fitch Ratings Inc. (Fitch) also reaffirmed Castellana's Long-term Issuer Rating (IDR) of BBB-, with a stable outlook. The rating reflects an international investment-grade rating for Castellana.
- Post-year-end, a R1.1 billion green loan was secured to fund solar PV projects.

Dividend

The board approved a final dividend of 72.17501 cents per share for the year ended 31 March 2024. This equates to a final dividend of R797 million. A dividend declaration announcement in respect of the dividend, containing information relating to the salient dates and tax treatment of the dividend, will be released separately on SENS.

Calculation of funds from operations

The below table highlights variances when comparing the results for the year ended 31 March 2024 to the prior year, with footnotes and explanations below the table.

	31 March 2024 Rm	31 March 2023 Rm	Variance %
Property revenue	**3 062**	2 717	12.7
Property expenses (net of recoveries)	**(407)**	(396)	2.8
Net income from property operations	**2 655**	2 321	14.4
Corporate administration expenses[1]	**(409)**	(330)	23.9
Investment and other income[2]	**116**	367	(68.4)
Loss on realisation of derivative	**(33)**	(19)	
Operating income before finance costs	**2 329**	2 339	(0.4)
Finance costs[3]	**(1 103)**	(834)	32.3
Income before equity-accounted income	**1 226**	1 505	(18.5)
Share of income from associate and joint venture[4]	**7**	10	(30.0)
Income before taxation	**1 233**	1 515	(18.6)
Taxation[5]	**(11)**	(7)	57.1
Income after taxation	**1 222**	1 508	(19.0)
Net income attributable to non-controlling interests (NCI)[6]	**(15)**	(90)	(83.3)
Attributable to Vukile group	**1 207**	1 418	(14.9)
Non-IFRS[7] adjustments	**497**	(2)	
Accrued dividends[8]	**409**	(70)	
Early termination of derivative	**—**	58	
Non-cash impact of IFRS entries[9]	**3**	10	
Antecedent income[10]	**85**	—	
FFO	**1 704**	1 416	20.3
Number of shares in issue at the end of the year	**1 104 719 779**	980 226 628	12.7
FFO per share	**154.20**	144.46	6.7

1 *Refer to group corporate expenditure breakdown further on in the commentary.*
2 *Investment income includes dividend income from Fairvest. The prior year includes dividend income from Lar España amounting to R228 million. Refer to footnote 8 for FY24 accrual.*
3 *Increase in finance costs as a result of Castellana's fix of €256 million expiring in September 2023, and an increase in Rand and Euro base interest rates.*
4 *Net amount in respect of Vukile's share of net profits from MICC Namibia, ALT Capital and Fetch.*
5 *Withholding tax increased due to an increase in dividends received from Castellana.*
6 *Net income attributable to NCI decreased due to Vukile exercising its option to acquire Castellana shares from MEREV, increasing Vukile's shareholding to 99.5%.*
7 *International Financial Reporting Standards (IFRS).*
8 *Lar España dividend accrual (net of withholding tax) of R345 million as no dividend is included in IFRS for FY24 due to dividend declaration being made after Vukile's year-end (FY23 -R54 million). Elimination of R33 million MEREV top-up (FY23 -R28 million), FEC accrual of R32 million relating to Castellana's dividend (FY23 R17 million), and Fairvest accrued dividend adjustment of -R1 million (FY23 -R5 million).*
9 *This amount relates mainly to the non-cash impact of IFRS 16 – Leases.*
10 *Approximately 124.5 million new shares issued during the year, which increased the total shares in issue to 1 104 719 779 shares. Antecedent income addresses the dilution for existing shareholders resulting from the new share issue.*

Financial performance continued

Revenue and net income from direct property portfolio

Geographical segment	Revenue[i] 31 March 2024 Rm	Revenue[i] 31 March 2023 Rm	% change	Net property income 31 March 2024 Rm	Net property income 31 March 2023 Rm	% change
South Africa	**1 570**	1 532	2.5	**1 317**	1 280	2.9
Spain	**1 492**	1 185	25.9	**1 338**	1 041	28.5
Total	**3 062**	2 717	12.7	**2 655**	2 321	14.4
Split percentage						
South Africa	**51.3**	56.4		**49.6**	55.1	
Spain	**48.7**	43.6		**50.4**	44.9	

[i] *Excludes straight-lining and recoveries.*

The South African stable portfolio delivered 5.0% like-for-like growth in revenue and 4.9% like-for-like growth in net property income. Taking into account the impact of properties sold, the total portfolio delivered an increase of 2.5% and 2.9% in total revenue and net property income respectively. The retail portfolio, which accounts for 97% of the value, delivered like-for-like growth in net property income of 5.4%.

Excluding the impact of exchange rate movements, Castellana's revenue and net property income increased by 7.9% and 12.0% respectively, mainly due to positive rental reversions of 9.73% and the conclusion of its accretive value-added projects. This was further augmented by a weakening of the exchange rate to deliver overall growth in revenue and net property income of 25.9% and 28.5% respectively.

Portfolio-specific metrics, operational results and trading are discussed more fully in the relevant South African and Spanish portfolio reviews hereafter.

Investment and other income

	31 March 2024 Rm	31 March 2023 Rm	Movement Rm	Variance %
Income from listed investments (Fairvest and Lar España)	**38.4**	271.9	(233.5)	(85.9)
FEC realised	**(5.0)**	25.5	(30.5)	
Interest income	**83.2**	53.2	30.0	56.4
Net interest received on cross-currency interest rate swaps (CCIRS) (after deducting finance costs)	**—**	16.2	(16.2)	
Total	**116.6**	366.8	(250.2)	(68.2)

During the year, Vukile reduced its shareholding in Fairvest from 6.0% to 2.5%. In the prior year, dividend income from Lar España amounting to R228 million was included in IFRS earnings. Given that the dividend for the Lar España year ended 31 December 2023 was only declared after Vukile's year-end, the Lar España dividend accrual for FY24 (R345 million) is included by way of a non-IFRS adjustment. Refer to further commentary below in respect of listed investments.

In the current year, an FEC loss was realised due to the increase in the Rand/Euro foreign exchange rate relative to the FEC contract rates.

Interest income increased due to the impact of higher interest rates during the year, coupled with temporary cash investments from capital raises.

The last remaining CCIRS were terminated in the prior year.

Listed investments

Entity	31 March 2024 Carrying value Rm	31 March 2024 Number of shares held	31 March 2024 % held	31 March 2023 Carrying value Rm	31 March 2023 % held
Fairvest (B shares)	**142.4**	**38 782 707**	**2.5**	285.4	6.0
Lar España Real Estate SOCIMI	**3 538.0**	**24 056 000**	**28.7**	2 043.7	25.7
Total	**3 680.4**			2 329.1	

Lar España Real Estate SOCIMI (Lar España) – 28.7% shareholding
Lar España is a Madrid Stock Exchange Listed, Spanish SOCIMI comprising a high-quality, low-risk retail real estate portfolio.

During the year, Castellana acquired a further 2 543 541 shares in Lar España, increasing its shareholding to 28.7%.

The share price of Lar España at 31 March 2024 was €7.22 per share, resulting in a ZAR equivalent carrying value of R3.54 billion against an investment cost of R2.1 billion.

Dividends from Lar España included in FFO for the year ended 31 March 2024 amounted to c.€17.08 million (31 March 2023: c.€8.6 million). The ZAR equivalent dividend included in FFO for the year amounted to c.R345 million (31 March 2023: c.R152 million). No income from Lar España was included in IFRS income in FY24, since Lar España only declared their dividend for the Lar España year ended 31 December 2023 after Vukile's year-end and as such is reflected as an accrual of c.R345 million under the non-IFRS adjustments.

Further narrative in respect of Castellana's investment in Lar España is provided in the portfolio review (Spain) later in this commentary.

Fairvest – 2.5% shareholding
Fairvest Limited (Fairvest) is a REIT listed on the Johannesburg Stock Exchange (JSE), which holds a diversified portfolio of retail, office and industrial properties.

During the year, Vukile reduced its shareholding in Fairvest to 2.5%, realising sale proceeds of c.R202.75 million.

Dividends received for the year ended 31 March 2024 amounted to R38.4 million (31 March 2023: R43.6 million). Dividends from Fairvest included in FFO for the year ended 31 March 2024 amounted to R36.3 million (31 March 2023: R38.9 million).

The share price of Fairvest B shares at 31 March 2024 was R3.68, resulting in a carrying value of R142.4 million.

Post-year-end, Vukile sold its remaining 2.5% interest in Fairvest in line with the corporate strategy of disposing non-core assets.

Financial performance continued

Group corporate expenditure

	31 March 2024 Rm	31 March 2023 Rm	Variance Rm	Variance %
South Africa: Total corporate expenditure	**193.1**	167.9	25.2	15.0
Corporate expenditure excluding environmental, social and governance (ESG) costs	**179.5**	152.3	27.2	17.9
ESG costs	**13.6**	15.6	(2.0)	(12.8)
Spain: Total corporate expenditure	**215.7**	162.0	53.7	33.1
Corporate expenditure excluding ESG and innovation costs	**179.7**	138.7	41.0	29.6
ESG and innovation costs	**36.0**	23.3	12.7	54.5
Group total	**408.8**	329.9	78.9	23.9

Corporate expenditure equates to 0.92% of total assets (31 March 2023: 0.82%), being 1.02% attributable to South Africa (31 March 2023: 0.96%) and 0.85% attributable to Spain (31 March 2023: 0.72%). Corporate expenditure in South Africa includes head office and overhead costs that benefit both the Vukile and Castellana portfolios.

Although Castellana's corporate costs (excluding the effect of ESG and innovation) increased by c.30%, when the impact of exchange rate movements is excluded, the increase is c.11%. The year-on-year increase in corporate costs[1] in both South Africa and Spain is mainly attributable to the roll-out of marketing and advertising campaigns as well as staff-related costs. Apart from an inflationary increase, staff-related costs increased due to additional staff in order to build capacity in our MIS and Finance teams and to facilitate succession planning due to the pending retirement of long-serving staff members.

The reduction in ESG spend in South Africa is attributable to the academy interns that accepted permanent employment in the industry prior to completion of the academy term.

[1] *Excluding ESG and innovation and foreign exchange movements.*

Group cash flow

The major items reflected in the composition of cash generated and utilised during the year under review are set out below:

	31 March 2024 Rm	31 March 2023 Rm
Cash from operating activities	**2 245**	2 089
Dividends paid	**(1 221)**	(1 160)
Net finance costs	**(890)**	(674)
Income from listed investments	**301**	44
Net increase in borrowings	**1 077**	843
Issue of shares	**1 692**	—
Investment property capex (net of disposals)	**(683)**	(144)
Acquisition of listed investments (net of disposals)	**(116)**	(107)
Purchase of additional shares in Castellana from MEREV	**(1 301)**	—
Other cash movements	**(170)**	(178)
Net increase in cash and cash equivalents[1]	**934**	713

[1] *Excluding foreign currency exchange gains of R32 million (2023: R109 million).*

Net asset value (per share)

The net asset value (NAV) of the group increased by 5.2% from R20.48 per share to R21.55 per share at 31 March 2024, as set out in the table below:

	Rand per share
NAV 1 April 2023	**20.48**
Net property income	**2.37**
Net finance costs	**(0.92)**
Issue of shares	**(0.78)**
Change in fair value of investment property net of capex	**0.18**
Change in fair value of listed investments	**1.01**
Dividend paid	**(1.10)**
Foreign exchange differences	**0.61**
Other movements	**(0.30)**
NAV 31 March 2024	**21.55**

The NAV per share increased primarily due to growth in net property income, an increase in the fair value of listed investments and a weakening of the Rand/Euro foreign exchange rate from R19.29/Euro at 31 March 2023 to R20.37/Euro at 31 March 2024.

Vukile's share price of R15.18 per share at 31 March 2024 represents a 29.6% discount to the NAV per share.

Share trading and liquidity

Vukile continues to be a highly traded and liquid share. During the year, 468.2 million Vukile shares were traded (FY23: 437.3 million shares), equating to approximately 39.0 million shares per month (FY23: 36.4 million shares per month). In the last 12 months, 42.38% of Vukile shares in issue were traded.

SA REIT ratios

The SA REIT ratios, together with comparatives, are included in a separate section at the end of this report.

Financial performance continued

Treasury management

Balance sheet and treasury risk management remains one of Vukile's key focus areas. Vukile and Castellana continue to benefit from very strong relationships with their diversified funding providers.

At 31 March 2024, consolidated group LTV net of cash was 40.7% (31 March 2023: 42.6%), with a group interest cover ratio (ICR) of 2.3 times (31 March 2023: 3.1 times). The reduction in the group ICR is as a result of Castellana's fix of €256 million expiring at the end of September 2023 as well as an increase in Rand and Euro base interest rates. Vukile's debt metrics are comfortably within covenant levels at a group (consolidated), bank transactional and domestic medium-term note (DMTN) programme levels.

The group LTV ratio reduced, primarily as a result of the issue of R1 billion in new shares in February 2024, an increase in property valuations and an increase in the Lar España share price. This was partly offset by the acquisition of additional Castellana shares from MEREV.

The group debt maturity profile is at a healthy 2.9 years and the group interest-bearing debt hedge ratio is at 59% (31 March 2023: 89%). The hedge ratio has reduced primarily due to Castellana's fix of €256 million expiring at the end of September 2023. Terms regarding the refinancing of the Castellana's Aareal loan have been finalised, and legal documentation is expected to be concluded early in Q3 2024 (more than 12 months prior to maturity). We are comfortable that the lower average group hedge ratio is temporary in nature and the intention is to fix the interest rate on the loan when it is refinanced.

Castellana debt has no recourse to the SA or group balance sheet. It is noteworthy to highlight that Castellana's assets would need to undergo a 40% reduction in asset value before reaching Castellana's 65% LTV covenant. Castellana's average debt maturity profile is at a healthy 2.8 years. Post the refinance of the Aareal loan, the next Castellana debt maturity will be in FY29.

Credit rating

In July 2023, GCR, as part of its annual review, reaffirmed Vukile's national scale issuer rating of $AA_{(ZA)}$ and $A1+_{(ZA)}$, for the long- and short-term ratings respectively, with a stable outlook. According to GCR, the issuer rating reflects Vukile's "robust property performance metrics in both its South African and Spanish portfolios" and recognises Vukile's "diverse funding structure and strong liquidity for a REIT".

In October 2023, Fitch Ratings Inc. (Fitch) reaffirmed Castellana's Long-term Issuer Rating (IDR) of BBB-, with a stable outlook. The rating reflects an international investment-grade rating for Castellana.

Group borrowings summary

The group's funding strategy is to optimise funding costs while minimising refinance risk. Total debt at 31 March 2024 amounted to R18.9 billion (31 March 2023: R17.2 billion). A summary of funding by currency is provided below:

Funding breakdown	Number of funders	Rm	Percentage of debt	
Foreign funders (EUR)	5	**10 194**	54%	Secured against Castellana's balance sheet with no recourse to Vukile
South African bank funders (ZAR)	4	**2 950**	16%	Secured against Vukile's South African balance sheet
South African bank funders (EUR)	2	**2 668**	14%	
Domestic medium-term note (DMTN) programme (ZAR)		**3 043**	16%	Unsecured
Total[1]		**18 855**	100%	

[1] Excludes amortised cost.

Sources of funding

Vukile's debt funding is well diversified across several funders, in line with the group's strategy to manage concentration and refinance risk.

Group debt and hedging exposure per bank (ZAR)	Debt[1] Rm	Debt exposure per bank %	Hedging and fixed debt[2] Rm
Aareal (Spain)[3]	**5 415**	**28.7**	**3 255**
Allianz Bank (Spain)[3]	**3 056**	**16.2**	**—**
DMTN – unsecured corporate bonds (SA)	**3 043**	**16.2**	**—**
Absa (SA)	**2 016**	**10.7**	**2 198**
RMB (SA)	**1 752**	**9.3**	**2 261**
Santander (Spain)[3]	**1 305**	**6.9**	**1 204**
Nedbank (SA)	**1 100**	**5.8**	**1 780**
Standard Bank (SA)	**750**	**4.0**	**40**
Liberbank (Spain)[3]	**273**	**1.4**	**—**
Pichincha (Spain)[3]	**145**	**0.8**	**—**
Investec (SA)	**—**	**—**	**294**
Total	**18 855**	**100.0**	**11 032**

[1] *Foreign currency-denominated debt is converted at a EUR/ZAR spot rate of R20.37 at 31 March 2024. All amounts are nominal debt exposure and exclude amortised transaction costs and accrued interest.*
[2] *Hedging exposure is represented by exposure per banking relationship.*
[3] *Group exposure includes Castellana debt of €500 million (R10.194 billion equivalent), which is non-recourse to Vukile.*

Vukile group loan and swap expiry profile at 31 March 2024

As part of the group's funding strategy, Vukile proactively manages its debt expiry. Only 4.4% (R829 million) of group debt matures in FY25 with €5.2 million (R106 million) related to the amortisation of Castellana debt. Vukile has exceptionally strong liquidity with cash and undrawn committed facilities of R5.3 billion, exceeding all debt expiring over the next 12 months by 6.4 times. Vukile continues to focus on liquidity by maintaining a balance between undrawn committed facilities and its short-term debt expiries, to reduce and effectively manage refinance risk.

	FY25	FY26	FY27	FY28	FY29	FY30 and beyond	Total
Loan expiry profile including access facilities (%)	4.4	37.6	17.5	6.5	32.2	1.8	**100.0**
Term loan expiry profile (Rm)	829	7 097	3 299	1 234	6 041	355	**18 855**
Hedged portion (interest rate swaps, caps and fixed debt) (Rm)	2 843	1 394	5 878		917		**11 032**

Financial performance continued

A summary of group debt ratios at 31 March 2024 is provided below:

	31 March 2024			31 March 2023		
	Group	South Africa	Spain	Group	South Africa	Spain
Total debt (excluding access facilities) (Rm)	**18 855**	**8 661**	**10 194**	16 811	7 212	9 599
Hedged portion (interest rate swaps, caps and fixed debt) (Rm)	**11 032**	**6 573**	**4 459**	14 971	5 790	9 181
Interest-bearing debt fixed/hedged (%)	**58.5**	**75.9**	**43.7**	89.1	80.3	95.6
Hedged (swaps and fixed debt) maturity profile (years)	**2.3**	**2.2**	**2.6**	1.8	1.7	1.9
LTV ratio (net of cash)[1] (%)	**40.7**	**43.3**	**38.8**	42.6	43.7	41.7
LTV covenant level (%)	**50**	**N/A**	**65**	50	N/A	65
ICR[2]	**2.3 times**	**2.0 times**	**2.7 times**	3.1 times	2.5 times	4.4 times
ICR covenant level	**2.0 times**	**N/A**	**1.5 times**	2.0 times	N/A	1.15 times

[1] LTV ratio (net of cash) is calculated as a ratio of nominal interest-bearing debt less cash and cash equivalents (excluding restricted cash) divided by the sum of (i) the amount of the most recent directors' valuation (external valuation in the case of the Spanish portfolio) of all the direct property portfolio on a consolidated basis; (ii) the market value of listed investments; and (iii) investments in associates and non-listed investments (Namibia and the REimagine portfolio).

[2] ICR is based on operating profit excluding straight-line lease income, plus earnings from investments less corporate costs (EBITDA), divided by finance costs, after deducting all finance income (net interest cost) over the respective period.

Group finance costs

The group's average cost of finance (including amortisation of capitalised raising fees) for the year ended 31 March 2024 was 5.5% (31 March 2023: 5.3%). Base rates in both South Africa and Spain increased during FY24. This has been partially offset by a reduction in ZAR margins (off successful DCM actions in August 2023 and February 2024). Since Castellana's fix of €256 million expired at the end of September 2023, the impact of the increased Euro base rates is evidenced by the FY24 EUR cost of debt increasing to 3.7% (31 March 2023: 2.8%).

Interest-bearing debt (excluding access facilities) is 58.5% hedged with a 2.3-year hedged maturity profile (31 March 2023: 89.1% with a 1.8-year hedge maturity profile). The group is cognisant of the potential interest rate cutting cycle in the short to medium term. We will continue to dynamically evaluate interest rate exposure with a view of increasing the hedge percentage over time, with a preference to hedge interest rates over one to three years (short to medium term), as analysis suggests that hiking and cutting cycles remain shorter and more volatile. Post the refinancing of the Aareal loan, the hedging ratio will once again exceed 75%.

Finance costs by currency, using the historical weighted average cost of debt, are indicated below:

	FY24 historical cost of debt %	Debt at 31 March 2024 Rm	FY23 historical cost of debt %	Debt at 31 March 2023 Rm
ZAR	**9.5**	**5 993**	9.0	6 826
EUR	**3.7**	**12 862**	2.8	10 371
Total	**5.5**	**18 855**	5.3	17 197

Undrawn facilities

Undrawn facilities at 31 March 2024 amounted to R2.9 billion (31 March 2023: R2.5 billion). The ratio of cash and undrawn committed facilities to debt expiring over the next 12 months (R0.8 billion) is 6.4 times, which demonstrates Vukile's strong liquidity position, with more than sufficient capacity to repay debt expiring over the next 12 months, if required.

Unsecured debt and unencumbered assets

	31 March 2024 Rm	31 March 2023 Rm
Property assets (external valuation)	**862**	1 052
Listed shares	**14 526**	11 352
Unencumbered assets	**15 388**	12 404
Unsecured debt	**3 043**	2 040
Covenant exclusive facilities[1]	**—**	386
Unsecured + covenant exclusive	**3 043**	2 426
Unsecured debt to unencumbered assets (%)	**19.8**	16.4

[1] Covenant exclusive facilities form part of the bank's secured debt, with rights to its secured security pool, however, they do not form part of transactional financial covenants.

The increase in unencumbered assets is attributed to the acquisition of additional shares in Castellana from MEREV and the acquisition of additional shares in Lar España, together with a 47% increase in its share price to €7.22 (31 March 2023: €4.93).

Movement in group debt

During the year, total group debt increased by R1.7 billion. The most significant movements in debt were as follows:

	Nominal debt drawn/ (repaid) Rm	Foreign exchange movements Rm	Net Rm
Vukile ZAR DMTN debt	**1 003**	—	**1 003**
Vukile ZAR bank debt	**(1 836)**	—	**(1 836)**
Vukile EUR debt	**1 874**	**23**	**1 897**
Castellana EUR debt	**55**	**539**	**594**
Total	**1 096**	**562**	**1 658**

During the year, R6.3 billion of debt facilities were newly negotiated and/or extended. In August 2023, R526 million of unsecured corporate bonds were issued. In February 2024, R1 027 million of unsecured corporate bonds were issued with three, five and seven-year tenors, at margins of 1.28%, 1.43% and 1.55%, respectively (Vukile's lowest margins since launching our DMTN programme in 2012).

R1.1 billion of funding was restructured through an innovative green loan and sustainability-linked loan with Absa, aligning our funding strategy with a continued commitment to ESG goals.

During the year, Vukile executed €131 million of Euro interest rate swaps.

Group foreign exchange currency hedges

Vukile has adopted a layered approach to hedging its EUR dividend exposure (in aggregate) with FECs, targeting an average hedge ratio of c.60% across a five-year period (tiered 100% hedging in year one, 80% hedging in year two, etc), in line with the anticipated dates of dividend receipts from Castellana. The intention with dividend hedging strategy is to minimise adverse foreign exchange fluctuations and provide stable, predictable dividend streams for investors.

Castellana's FFO is not hedged, thus ensuring that Vukile's FFO is positively exposed to a weaker Rand, while still providing predictable dividends over the short to medium term through a layered hedging approach. Castellana's net forecast FY25 dividends are 77% hedged and has been fully hedged post-year-end.

Debt officer

In compliance with JSE Debt Listings Requirements, the company has appointed the CFO as the debt officer.

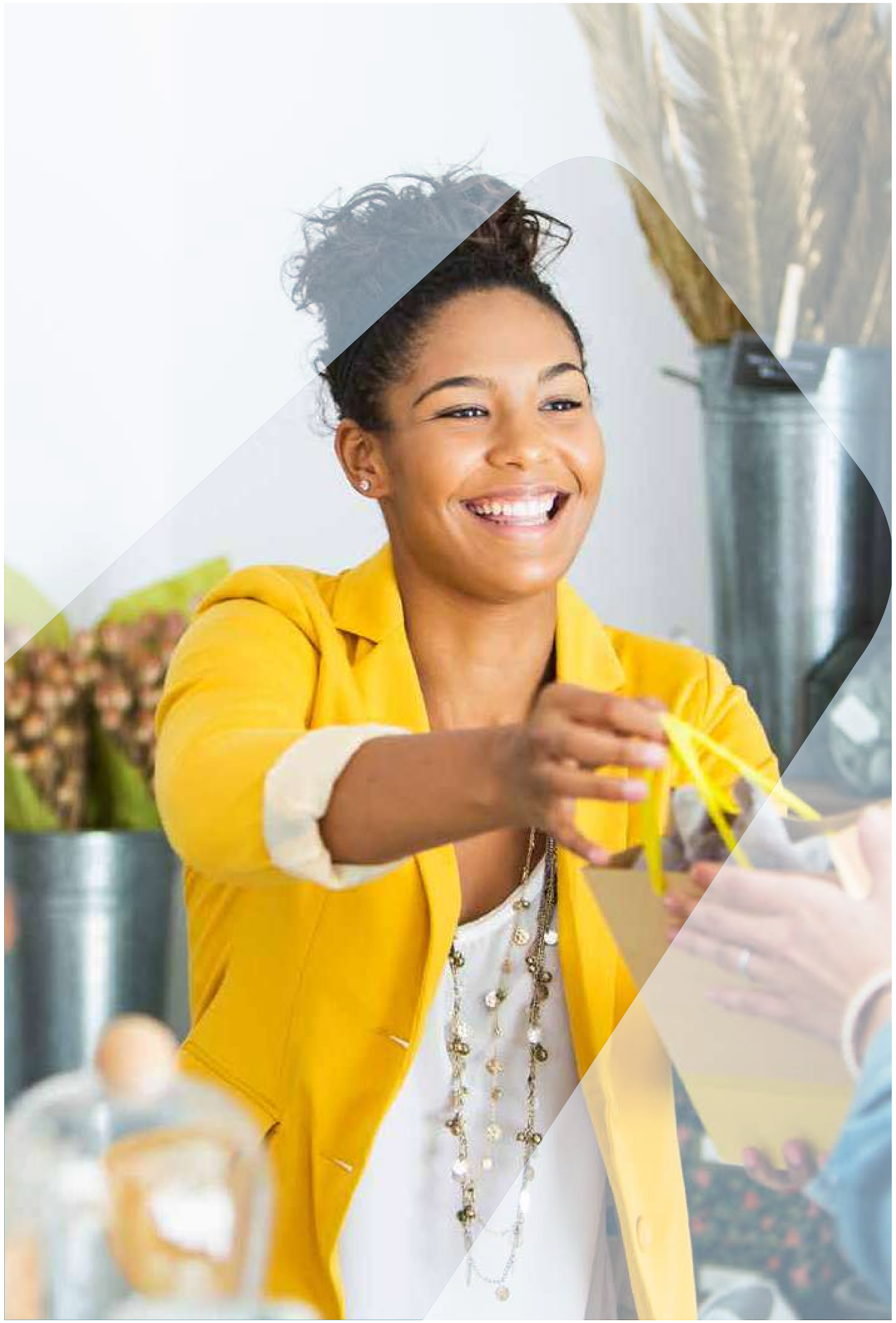
Five-year review

Summarised statement of profit or loss

Group	2024 Rm	2023 Rm	2022 Rm	2021 Rm	2020 Rm
Property revenue	**4 017**	3 594	3 485	3 117	3 446
Straight-line rental income accrual	**(34)**	58	(10)	(67)	55
Property expenses	**(1 362)**	(1 273)	(1 262)	(1 254)	(1 129)
Net profit from property operations	**2 621**	2 379	2 213	1 796	2 372
Corporate administrative expenses	**(409)**	(330)	(296)	(286)	(279)
Investment and other income	**116**	367	393	318	422
Income from associate	**6**	9	27	18	127
Income from joint venture	**1**	1	(4)	(1)	—
Operating profit before finance costs	**2 335**	2 426	2 333	1 845	2 642
Finance costs	**(1 103)**	(834)	(809)	(707)	(615)
Operating profit after finance costs	**1 232**	1 592	1 524	1 138	2 027
Funds from operations	**1 704**	1 416	1 336	1 220	1 791

Summarised statement of financial position

Group	2024 Rm	2023 Rm	2022 Rm	2021 Rm	2020 Rm
ASSETS					
Investment property	**36 914**	34 759	30 861	32 414	35 735
Straight-line rental income adjustment	**(346)**	(379)	(326)	(341)	(419)
Other non-current assets	**4 886**	3 528	3 062	1 916	2 866
Current assets	**2 767**	1 995	941	1 441	1 874
Investment property held for sale	**16**	173	187	562	—
Total assets	**44 237**	40 076	34 725	35 992	40 056
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent	**23 803**	20 077	17 568	17 361	17 542
Non-controlling interest	**155**	1 345	1 082	1 559	1 957
Non-current liabilities	**18 649**	16 877	14 197	13 356	17 324
Interest-bearing borrowings	**17 883**	16 014	13 333	12 622	15 958
Lease liability	**297**	286	272	201	196
Cash-settled incentive plans	**75**	30	1	—	—
Derivative financial instruments	**57**	249	373	279	1 159
Deferred taxation liabilities	**80**	63	33	23	11
Other non-current financial liabilities	**257**	235	185	231	—
Current liabilities	**1 630**	1 777	1 878	3 716	3 233
Total equity and liabilities	**44 237**	40 076	34 725	35 992	40 056



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG

Our approach to ESG, as a group, is ingrained into our culture and therefore influences our daily business decisions at all levels throughout the organisation.

Group overview

Delivering on our ESG strategy

Updates FY24

ACHIEVEMENTS FOR FY24

ENVIRONMENTAL

21.6 MWp of solar PV installed to date (**generating 18%** of SA portfolio's electricity)

Additional renewable installations of **11 MWp currently under construction** in SA with targeted capacity of **32.6 MWp by end FY25**

Castellana Green JV constituted for the PV strategy roll out in Spain. **First 1.6 MWp** planned to be fully operational **by H2 FY25**

Second verified Carbon Footprint Calculation **completed** on Spanish portfolio and first in South Africa

Fossil fuel consumption reduced by 88% in Spain

100% of rural malls have **backup water** storage and **98%** have **borehole water** supply

122 Propelair toilets successfully installed

Water usage in Castellana portfolio common areas **reduced by 6%**

100% of the **Spanish portfolio is BREEAM certified** and also **aligned with EU Taxonomy** for Sustainable Activities

SOCIAL

Successful graduation of seven interns from the **Vukile Academy Class of 2023** with 100% placed in formal employment, continuing our 100% placement record for this programme since inception

An additional **52 scholarships** awarded as **bursaries to students** for property studies in the 2024 academic year

Two Emerging Retailers from the Vukile Retail Academy Class of 2023 are now **integrated** as rent paying tenants and **five new emerging retailers** have joined the programme

Vukile secured an improved **Level 3 B-BBEE** Rating in FY24, which post-year-end has improved to Level 2

Vukile again secured a Platinum Seal of Achievement, **in the Deloitte Best Company Survey as well as** a high level of adherence to BLSA Integrity Pledge in the **GIBS Ethics Barometer**

Castellana obtained **Great Place to Work certification** for the third consecutive year with a confidence rate by employees of **92%**

GOVERNANCE

Board refresh process continues following the appointment of **Neo Dongwana** to the board, post-year-end

Board comprises **60% black non-executive directors** of which **30% are black females**

Vukile and Castellana completed their **second GRESB certifications** during the year. Castellana achieved a **4-star rating** and the SA portfolio achieved an overall **improvement of 8%**

South African **Green Building Certification Pilot Project** launched with both **Green Star and Edge ratings** targeted for the pilot certification

Castellana awarded **EPRA sBPR Gold** (top award) **for sustainability** indicators, and **EPRA BPR Gold for financial** indicators, for second and third consecutive year, respectively

Introduction

At the group level, we consider macro factors and trends relevant to the specific countries and areas in which we operate to secure the long-term sustainability of our business. Similarly, our specialist teams on the ground consider the unique challenges, opportunities and risks associated with each asset within its region.

We have set clear goals to manage our impact and ensure the long-term sustainability of the group. We tailor our objectives in line with our business strategy and to fit the unique environmental, social and governance (ESG) landscapes in South Africa and Spain. This means we consider both the local macro level, including regulations and economic challenges, and the micro level, such as asset types and community needs.

This approach helps us make a real impact and enables sustainable commitment to our goals, even if it means we might not score as high on some US- and Euro-centric scorecards.

We provide a detailed integrated annual report for all stakeholders impacting and impacted by our business, offering a full overview of our activities at both group and local levels. This includes in-depth ESG reports for South Africa and Spain, presented to meet the specific needs of stakeholders in each region.

Our ESG commitment is to make a positive, sustainable impact in the regions we operate, with a clear focus on local needs and conditions.

Scope and materiality

Our reports aim to be useful to many different stakeholders. Following the WEF-SCM definition, we consider information to be material if it is *"important, relevant and/or critical to long-term value creation"*. We are confident that all material information has been disclosed or identified as disclosure work-in-progress for future reports.

Group overview continued

ESG strategy

Vukile's ESG strategy is shaped by three critical success factors:

ESG awareness, alignment and focus areas

We ensure that we remain aware of critical internal and external ESG issues that affect the long-term sustainability of the business. ESG issues are dynamic due to shifts in economic, environmental and social landscapes, requiring continuous engagement with stakeholders. Our strategy focuses on being authentic in determining our ESG focus areas. We aim to align with the true objectives of ESG, rather than just ticking the boxes, to make meaningful and lasting impact.

To ensure we communicate effectively with our stakeholders, we align our practices and reporting with recognised frameworks. This helps us speak a common language and address relevant ESG Issues in the broader business environment.

Through Vukile's awareness and alignment processes, we identify key ESG focus areas. These are the issues that require action and will typically evolve over time.

ESG implementation and risk management

We implement our ESG focus areas by setting policies and standards and rolling out relevant projects. This practical implementation ensures our focus areas come to life and lead to better impacts. Through continuous monitoring and mitigating, we manage ESG-related risks effectively.

ESG measurement and improvement

After actioning our ESG plans, it is crucial to measure and track our progress and use this to further enhance ESG performance. We do this using two main tools: our internal measurement practices, which include the South African ESG scorecard tied to our long-term incentives, and an external, globally recognised benchmark.

Our ESG strategy is aligned to support the UN SDGs, as more fully detailed in the two individual ESG reports.

ESG themes

The following key ESG themes remain on the ESG agenda for the Vukile group. Some are mature, while others need to be developed over time.

ESG

Environmental

Climate change mitigation
- Carbon footprint measurement and reduction in both South Africa and Spain

Renewable energies
- Further roll-out on our renewable energy programme through PV plants in South Africa
- Implementation of renewable energy facilities for self-consumption in Spain
- Increased procurement of renewable energy (GdO) in Spain

Energy efficiency
- Energy efficiency projects in both South Africa and Spain

Water
- Water saving and efficiency projects resulting from water assessments (South Africa and Spain)

Waste and pollution
- Waste and pollution reduction projects (South Africa and Spain)

Social

Employee wellness and retention
- Maintaining our employer of choice certifications in both South Africa (Deloitte Best Company) and Spain (Great Place to Work™)

Health and safety
- Promoting safe and hazard-free workplaces and shopping centres through safety, health and wellness programmes and certifications

Workforce diversity and inclusion
- Building a workforce diverse in race and gender where people of all backgrounds and orientations are welcomed
- Embracing diversity of thought to ensure multi-dimensional leadership decisions

Tenant and customer satisfaction
- Further embedding our customer-centric approach by enhancing the use of technology and research to gather data that improves decision making and increases experiences for both shoppers and tenants

Shopper and community impact
- Engaging to understand the needs of the communities in and around every asset (in both South Africa and Spain) to ensure we do not only manage impact but also create positive experiences through tailored events and activities, and support causes that are meaningful and make a real difference

Governance

Governance structure
- Maintaining strong independent boards

Prevention of corruption
- Ethics, compliance, anti-corruption and bribery training

Cybersecurity
- Cybersecurity awareness and training

Value Chain
- Driving ESG adoption within our broader supply chain in both South Africa and Spain

ESG certification
- ESG certifications in South Africa (CDP, CFC, GRESB) and Spain (BREEAM, CFC, GRESB, EPRA)

ESG and green funding
- Consideration and utilisation of green funding mechanisms and inclusion in appropriate sustainability-focused stock market indices

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG South Africa

Vukile's South African business is dedicated to making positive environmental impacts, building strong communities, upholding high-ethical standards and practising good governance.

ESG South Africa continued

Letter from the CEO

This is Vukile's fourth ESG report, covering the environmental, social, and governance activities and accomplishments of the South African business for the financial year ended 31 March 2024. The report incorporates the property operations and assets of the Vukile group within South Africa.

The report is specifically tailored for the South African audience and incorporates the requirements and/or recommendations of the:

- JSE Sustainability Disclosure Guidance – Leading the Way for a Better Tomorrow, published in June 2022; and
- King IV Report on Corporate Governance for South Africa 2016 (King IV).

At Vukile, we approach ESG with an authenticity mindset rather than a tick-box approach. We are committed to leading the way to positively impact the environment, build the communities in which we operate and foster a culture of high ethical standards and good governance.

For the full CEO report for the financial year, refer to CEO Report on pages 34 to 40.

ESG milestones and certifications

Vukile has secured the following certifications and milestones for the year under review.

Carbon footprint calculation Measurement of the total amount (scope 1 and 2) of carbon dioxide (CO_2) and methane (CH_4) emissions for the South African portfolio	During FY24, Vukile completed its second **verified** carbon footprint calculation	CO² FOOTPRINT
Global Real Estate Sustainability Benchmark (GRESB) Participation in the global benchmark for real estate companies on wide-ranging ESG metrics	During FY24, the South African business completed its second GRESB submission and the portfolio achieved an overall improvement of 8%	GRESB REAL ESTATE Member
CDP Participation in both the CDP climate change and water disclosure projects	Vukile secured a **B rating** for both CDP and CDP water	CDP

ENVIRONMENTAL

SDG	Goal	Measurement/action
13 CLIMATE ACTION	GHG emissions reduction	Reduction of scope 1 and 2 CO_2e emissions per square metre (tonnes of CO_2e) **Target: 10% reduction per annum over the measurement period FY24 – FY27**
7 AFFORDABLE AND CLEAN ENERGY	Energy mix – increase utilisation from renewable energy sources	Increase of installed renewable energy sources (photovoltaic plants) across the portfolio **Target: >40% capacity increase by FY27 compared to capacity in FY24**
6 CLEAN WATER AND SANITATION	Water usage reduction	Implementation of water reduction initiatives across the portfolio **Target: Successful installation of a further 100 Propelair water reducing toilets in the portfolio by FY27**
13 CLIMATE ACTION	Management of climate-related risks	Implementation of a climate risk and opportunities framework **Target: Successful implementation of a climate risk and opportunities framework and the completion of climate-risk assessments for all existing SA-based assets by FY27**

ESG South Africa
continued

SOCIAL

Goal	Measurement/action
Impacting the social landscape in South African by providing access to education in property-related discipline	Provision of mentorship and tertiary education funding to previously disadvantaged South African students in property-related disciplines **Target: Funding and mentorship of at least 50 previously disadvantaged students per annum through the Vukile Academy for the period FY24 – FY27**
Reducing youth unemployment in South Africa through job creation within the property sector	Overcoming the job market entry barrier for previously disadvantaged individuals but creating jobs for new graduates through a mentorship and intern programme **Target: Creation of first jobs via an internship for a number of previously disadvantaged individuals equal to 10% of the Vukile workforce per annum**
Fostering a workplace experience on the leading edge of wellbeing	Ensuring that Vukile remains an employer of choice through strong leadership, culture, human experience and talent management **Target: Securing a Deloitte Best Company certification of at least GOLD with an engagement score above 65%**

GOVERNANCE

Goal	Measurement/action
Building an ethical organisation	Ensuring that Vukile displays high levels of ethical behaviour when dealing with stakeholders **Target: Achieving an overall ethical fitness score of equal or better than the Corporate SA benchmark as defined within the GIBS Ethics Barometer**

ESG South Africa continued

Environmental

The primary SDGs Vukile has identified for the Planet pillar of the WEF-SCM are as follows:

Vukile's business operations both impact and are impacted by the environment. We take both perspectives into account in our environmental focus areas. We understand that human activities and releasing greenhouse gas (GHG) emissions into the atmosphere harm the environment. As such, we are committed to reducing our environmental impact by investing in and providing our tenants, where possible, with renewable energy sources and environmentally efficient air-conditioning services.

We are acutely aware of the critical need for sufficient quantities of high-quality potable water in water-stressed Southern Africa. Our tenants and their customers depend on it. To ensure water security, we supplement municipal supplies in various ways, such as with rainwater harvesting and borehole water extraction, when necessary.

Managing our environmental impact is multifaceted, as detailed in the explanation of our key environmental metrics that follow.

Climate change

GHG emissions

Climate change is driven by GHG emissions, which affect the environment, society, and the economy globally. Measuring emissions is an essential part of managing the environmental and regulatory changes resulting from climate change. As a result, Vukile successfully completed our second **verified carbon footprint calculation (CFC)** for our South African portfolio during the period under review, based on FY23 data.

A summary of our verified carbon footprint calculation[1, 2] is presented below:

Criteria/measurement metric	Application/result
Methodology	GHG Protocol – Corporate Accounting and Reporting Standard
CFC conducted on	Head office and Southern African portfolio of 49 properties
GHG consolidation approach	Operational control approach
Full-time employees covered (FTE)	49
Total GLA per operational centre (m^2)	777 063
Total scope 1 emissions (tCO_2e)	2 455.90
Total scope 2 emissions (tCO_2e)	16 943.31
Total scope 1 and 2 emissions (tCO_2e)	19 399.21
Intensity metrics	
Scope 1 and 2 emissions per GLA employee (tCO_2e/FTE) 618	395.902
Scope 1 and 2 emissions per GLA (tCO_2e/m^2) 0.03	0.079
Scope 3 emissions per GLA (tCO_2e/m^2) 0.17	0.019

1 Vukile stable portfolio.
2 During the year, Vukile adopted a stable portfolio methodology for the calculation of our carbon footprint. The reasons for this are to ensure more meaningful comparations over time and to align our internal methodology with lender-accepted green funding calculation methodologies. The change in methodology necessitated a restatement of our FY22 CFC (for the combined scope 1 & 2 emissions) in order to establish an accurate baseline. As a result of this, the FY22 CFC (for the combined scope 1 & 2 emissions) has been restated to 18 597.80tCO_2e compared to the previously published number of 28 557.79tCO_2e.

Energy mix

One of the best ways to cut GHG emissions and support the environment is to have an environmentally friendly energy mix. The energy mix is the combination of energy types used to power our business operations. Using more renewable energy and less fossil fuel is one of Vukile's two primary emission reduction objectives. The other goal is to improve energy efficiency, like replacing lighting with lower-energy options.

Since we started our renewable energy strategy in 2017, Vukile has very successfully enhanced our energy mix. Our results so far are set out below:

28 projects

Successful renewable PV projects implemented

21.6MWp

Total renewable generation capacity created

18.06%

Renewable sources as percentage of total energy usage FY24

Science-based targets

We understand the goals of the Paris Agreement and the Glasgow Climate Pact, which include reducing global carbon emissions by 45% by 2030 compared to 2010 levels, and reaching net-zero by around 2050. These targets are based on the best scientific knowledge and support equity, sustainable development and poverty eradication. We keep track of international progress in setting science-based carbon reduction targets. As part of our broader responsible environmental response, we will set carbon reduction targets (see page 121) by considering these international developments and where they fit into our business.

Just transition

Just transition is a framework that ensures workers' rights and livelihoods are secured as economies move towards greater sustainability, focusing on fighting climate change and protecting the wider environment.

Switching from fossil fuel energy resources to renewable energy resources is a typical example of such a shift. For Vukile, our move towards using renewable energy does not harm our workers or those in our value chain. In fact, our renewable energy strategy has created more jobs overall.

ESG South Africa continued

Environmental continued

Water security

Water usage

Like many other developing countries, South Africa is especially vulnerable to the impacts of climate change, as seen during the droughts experienced in the country since 2015. South Africa is water-scarce and faces water security problems caused by infrastructure issues that cause water supply disruptions in a growing number of municipal areas.

Below is a summary of the water consumption and stress profile of our South African portfolio:

Province	Portfolio exposure (%)	Water consumption (ML)	Water stress rating
Gauteng	40	390	Extremely high
KwaZulu-Natal	20	172	Low – medium
Western Cape	9	66	Extremely high
Eastern Cape	9	70	Low – medium
Limpopo	8	52	Extremely high
Free State	6	75	Extremely high
North West	4	30	Extremely high
Mpumalanga	4	39	High
Total	**100**	**894**	

We have identified key water conservation and management actions, including:

- Rainwater harvesting;
- Smart metering of common areas and cooling systems for rapid leak detection; and
- Installation of boreholes and water backup systems.

Water achievements in FY24

In our efforts to conserve water, we achieved the following during the year:

Additional water security projects
Completed water backup projects of 1 124KL

Biodiversity and land use

Land use and ecological sensitivity

Vukile is primarily an investor and owner of real estate assets, not a developer. Since the company's formation, we have never undertaken greenfields projects, so we have a very small biodiversity footprint. None of our assets are located in or adjacent to any Key Biodiversity Areas. Where appropriate, we promote ecological sustainability by using indigenous planting in landscaping and supporting the local ecology.

Pollution and waste

Vukile is a retail-focused property owner. Waste generated by our operations is limited to these properties' common areas and landscaping. The impact is minimal, given the size of our portfolio. Most of the waste generated within the boundaries of our shopping centres originates from our tenants.

However, we are responsible for waste removal from our properties for our tenants. We work with accredited waste management firms to ensure optimal and cost-efficient waste disposal in line with legislation and actively aim to divert waste from landfills.

Social

The primary SDGs that Vukile has identified in respect of the People and Prosperity pillars of the WEF-SCM are as follows:

As a responsible corporate citizen, Vukile strives to make a positive impact on society, especially in the communities where we operate. Retail is social by nature, so the people who make up society are our main focus – when they thrive, we thrive. As long-term investors, our success depends on a stable and healthy society and economy. The sustainability of our assets and business relies on this.

People and employment practices

People are our most valuable assets and we strive to attract, develop and retain the best and brightest talent for Vukile.

Diversity and inclusion

Vukile has a diverse and inclusive workforce. We value the unique perspectives brought by employees from different genders, races and age groups. Our workforce has transformed significantly over the past number of years and continues to evolve. The results are evident in the new hires section of the table below. The current demographics and diversity indicators of the Vukile group are as follows:

Employee metric	South Africa
Total number of employees	**49**
Age distribution	
% of employees >30 years	15%
% of employees 30 – 50 years	55%
% of employees <50 years	30%
Gender distribution	
% Female employees	45%
% Male employees	55%
Race distribution	
% Black employees	34%
% Coloured employees	9%
% Indian employees	11%
% White employees	47%
New hires during FY24	6
% Female employees	67%
% AIC* employees	67%
% of employees 30 – 50 years	67%

* African, Indian and Coloured employees.

During FY24, the group had three resignations and two retirements within the South African workforce.

We actively promote equal opportunities and a culture of respect for all. We uphold all human rights and do not tolerate discrimination or bias. In FY24, there were no reports or confirmed incidents of discrimination or human rights abuses.

ESG South Africa continued

Social continued

Pay equality and wage levels
Due to our small workforce, the disclosure of pay equality ratios is not meaningful. To ensure pay equity across gender and race, our Social, Ethics and Human Resources Committee (SEHRC) reviews each employee's remuneration every year to ensure that no gender or race pay gap exists.

All employees within the group are salaried, and their salaries are externally benchmarked every year.

Freedom of association and collective bargaining
Because Vukile has a small workforce, no trade unions or collective bargaining mechanisms exist, however, all employees have the freedom of association. Our company culture maintains an approachable, open-door approach, encouraging employees to voice concerns. We also have a formal grievance procedure in place.

Risk of incidents of child, forced or compulsory labour
Vukile's workforce consists primarily of skilled and professional labour with no risk of child, forced, or compulsory labour. All our employees are aged 18 or older.

Health and wellbeing
To further enhance employee wellness, Vukile has a hybrid work arrangement. Although our office remains permanently open, employees can work in the office for three days a week, from Monday to Wednesday, and remotely for two days on Thursday and Friday.

Employee training and development
Vukile continues to invest in the training and development of our people. Training and development take on many forms, including:

Formal tertiary education
13% of employees are currently funded for tertiary studies. Qualifications include various degrees and professional designations.
Continuous professional education (CPE) training
30% of employees hold memberships of professional bodies for which the company sponsors CPE training and membership dues.
Ad hoc and specific training
Several employees are engaged in technical and management development courses aligned with their agreed development needs.

Transformation and B-BBEE
Transformation remains a key focus, and we continue to build lasting partnerships that contribute to creating a better South Africa for everyone. Vukile's transformation plan goes well beyond just what is needed for certification. It prioritises sustainability and long-term results, furthering the imperative of a more inclusive economy in line with South Africa's National Development Plan (NDP).

We deliberately moved beyond essential compliance to a more sustainable, value-driven approach. We have two flagship transformation and B-BBEE programmes: The Vukile Academy (since 2019) and the Vukile Retail Academy (since 2022).

The Vukile Academy
The Vukile Academy is the heart and pulse of our skills development, mentorship and transformation platform. Each year, it adds highly skilled, motivated and passionate young black professionals into the property sector.

The academy improves access to quality education, creates job opportunities for young people, enables decent work and economic growth, and reduces inequality. It has two main focus areas:

VUKILE INTERNSHIP AND MENTORSHIP PROGRAMME	Our internship programme welcomes passionate and motivated candidates each year. Vukile applies a thorough and fair selection process to choose and reward deserving individuals with a place in the programme. The programme helps graduates, particularly our bursary recipients, to step into the professional world. Experts from our industry and top educational institutions, like the Gordon Institute of Business, have crafted this leading programme.
VUKILE BURSARY FUND	This is a partnership with South African Property Owners Association (SAPOA), Women's Property Network (WPN), South African Institute of Black Property Practitioners (SAIBPP), and University of Pretoria (UP). This initiative helps fund students' tertiary education through bursaries for studies in the property and real estate fields.

The Vukile Academy and its young graduates are flourishing. This initiative is about tangible transformation in the sector and is designed to make a real impact. We are ecstatic that all interns from previous cohorts have secured formal employment within the property sector.

So far, we have hired three interns from the programme into permanent roles within the business. This is a true testament to Vukile's commitment to developing young property professionals from previously disadvantaged communities.

Nkosioxolo Hobana, a 2023 graduate of the Vukile Academy, earned a BSc (Hons) in Property Studies from WITS in 2022. After completing his internship, he joined Broll as a Centre Manager at Mbombela Shoprite, a property owned by Vukile.

ESG South Africa continued

Social continued

The Vukile Retail Academy

The Vukile Retail Academy is an innovative programme designed to diversify the retail sector with new, scalable entrants whose products appeal to our communities. This provides shopping centres with a wider pool of tenants and, in turn, gives the primary stakeholder of the retail chain – the shopper – more choices.

Launched in 2022, the Retail Academy's first cohort included eight emerging retailers. They received assistance with store fit outs and free retail space totalling 1 035m². Although the programme initially ran for 12 months, economic challenges and the need for more support led to extending their leases by six months until 31 March 2024.

During this period, the retailers received mentorship focused on entrepreneurial mindset shifts, store operations, and customer retention and acquisition. As a result, we are proud to share that Fakizinto Concepts and Zanwabo Cakes have become fully-fledged tenants at Dobsonville Mall.

Building on the learnings and successes, the second cohort introduced five new retailers: Edenvinne beauty supplies store; Jeleni & Phindi art studio; Lonja Beauty Studio; and Vero's Cakes at Randburg Square, as well as Tso's Café at Hillfox Value Centre. Some of these retailers are opening their second stores and are also part of the mentorship programme, adding excitement and vibrancy to the tenant mix.

Property sector scorecard and verification

Vukile is a Level 2 B-BBEE entity with a 125% recognition level. Our certificate expires in June 2025.

Employment Equity (EE) Forum

Vukile has an EE Forum where employees from all races and employment levels are represented to further the employment equity agenda of the organisation in line with relevant legislation.

Honeycomb BEE Ratings
0861 HONEYCOMB

BROAD-BASED BEE VERIFICATION CERTIFICATE

We Certify that

Vukile Property Fund Limited

Refer to Annexure A for List of Consolidated Entities:
Company Address: 4th Floor, 11 Ninth Street, Houghton Estate, Johannesburg, 2198
Registration Number: 2002/027194/06. **VAT Number:** 4010210177

Has been verified for compliance with the B-BBEE Act No. 53 of 2003 and the Amended Property Sector Code Gazette No 40910 of 9 June 2017 and has achieved the following

BEE RATING

Level Two (2) Contributor

(Generic Scorecard)

BEE PROCUREMENT RECOGNITION LEVEL

125%

Analysis	Score	Element	Results
Black Ownership	99.97%	Ownership	26.00
Black Women Ownership	25.68%	Management Control	4.25
Black Designated Group	11.79%	Employment Equity	6.61
Black Youth	11.79%	Skills Development	21.07
Black Disabled	0.00%	Enterprise & Supplier Development	33.39
Black Disabled	0.00%	Socio-Economic Development	0.89
Black Unemployed	0.00%	Economic Development	5.00
Black People Living in Rural Areas	0.00%	Total	97.22
Black Military Veterans	0.00%	Y.E.S. Initiative Implemented	No
Black New Entrants	15.79%	Y.E.S. Target Achieved	N/A
Exclusion Principle Applied	Yes	Number of Levels Promoted	N/A
Modified Flow Through Principle	No	Certificate Number	HR_GEN_3473_24
Empowering Supplier	Yes	Version Number	1.0
Discounting Applied	No	Issue Date	14 June 2024
Financial Period Reviewed: Start Date	01 April 2023	Expiry Date	13 June 2025
Financial Period Reviewed: End Date	31 March 2024	Revision Date	N/A

Verification Manager
Zunaid Vallee
Honeycomb BEE Ratings

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BEE RATING BY HONEYCOMB

ESG South Africa continued

Social continued

Tenant relationships

Our tenants are crucial to our business and success. Strong tenant relationships are the foundation of our retail real estate business. All our internal teams and property management partners prioritise understanding our tenants' needs to help them achieve their business goals. We combine this understanding with data and information about our communities, our industry, and societal trends to evolve and create properties that attract the best-suited tenants.

Vukile's customer-centric approach integrates sustainability into our tenant relationships. We continue to engage with tenants beyond basic operations and lease negotiations.

Understanding our shoppers in support of our consumer-led model

We aim to exceed our shoppers' expectations by delivering tailored solutions based on their unique demographics and needs, including tenant mix, experience, entertainment and community support.

We collect data from various sources about our communities, shoppers and potential customers, including in-mall data, to understand shopper behaviour. This data helps us and our tenants to make better decisions.

Connect Waya-Waya Free Shopper Wi-Fi

Our Connect Waya-Waya Free Shopper Wi-Fi project has achieved **15.5 million shopper registrations** with a 24% average monthly increase over the last 12 months despite still being fairly new.

Shopper profiling uses **27 unique data points** for direct marketing campaigns. Data analytics provide insights on shopper visits, journeys, trading densities, entrance use, rental rates, and more, aiding our asset and property management business decisions and compelling marketing campaigns.

Shopper surveys via the Captive Portal shape key insights into tenant mix, demographics and entertainment, shopping and digital preferences at specific malls. To date, **shoppers have received 3 873 terabytes of free data, worth over R320 million**, across our Wi-Fi sites. We will launch a premium data service for shoppers to purchase additional data on our networks.

Connect Waya-Waya Multi-Mall Shopper app

Our Connect Waya-Waya Multi-Mall **Shopper app has over 38 000 downloads**, and the number is increasing rapidly each week. Through the app, shoppers can access tenant promotions and special offers, find stores, navigate the mall, and earn reward points to spend in-store. This drives foot traffic and shopper loyalty and supports in-store spending.

Marketing campaigns

To entice footfall, provide entertainment and engage the community, we delivered over 400 innovative marketing campaigns. These included promoting the mall app, engaging community influencers and offering many prize-winning opportunities.

Our online presence has also grown, with a 21% increase in social media followers engaged with our retail centres on Facebook.

Community development and engagement

With a budget of R800 000, our CSI projects ensured support and uplifted communities through entrepreneur education and skills enhancement courses at nine centres, **training 160 people from 80 companies.** We introduced agricultural hubs to train the community and serve as information centres for those planting their own gardens.

A regular variety of CSI initiatives are held at all our shopping centres as part of our ongoing community engagement, positively impacting many lives in our communities. These activities are either organised by our centre marketing team or in conjunction with tenants who run community upliftment or assistance campaigns.

These campaigns cover aspects such as providing basic food, clothing, stationery, sanitary supplies, books and audio-visual items. Donations are made to schools, orphanages, and shelters. We also provide refreshments and food for SASSA recipients, as well as cleaning kits and sports kits for local teams, among other initiatives.

Additionally, campaigns include knowledge sharing on topics such as small business development, crime prevention awareness, community health and wellness, bone marrow and tissue donor registration, oral health, gender-based violence, youth empowerment programmes and career guidance, maths tutorials, gardening classes and breast cancer awareness.

Community human rights

To the best of our knowledge, none of Vukile's management, employees or major suppliers have been involved in any human rights abuses or accused of such violations.

ESG South Africa continued

Governance

The primary SDGs that Vukile has identified in respect of the Principles of Governance pillar of the WEF-SCM are as follows:

Driving sound governance aligned with best practice governance principles

The board considers corporate governance a priority, and the implementation of sound corporate governance structures, policies and practices as paramount to the success of a sustainable business. The board takes collective responsibility for corporate governance and has aligned our governance framework with the best practices as detailed in the King IV Report on Corporate Governance for South Africa 2016 in a manner that reflects the stature, market position and size of the group.

The extent of our application of the King IV principles are referenced throughout the report by referencing the following legend:

Applied	✓
Partially applied	⇔
Not yet applied	≠

Leadership, ethics and corporate citizenship

LEADERSHIP

Principle 1: The board leads the company ethically and effectively ✓

The board leads the company with integrity and competence. As the primary custodian of good governance, the board guides the company in a responsible, accountable, fair and transparent manner and understands that ethical and effective leadership is the cornerstone of an ethical organisation. The board's ethical leadership is underpinned by the Vukile core values.

Our iDEAL Values

These are the attitudes and behaviours we live by.

The competent leadership of the board is a product of the high-calibre individuals who serve on the board. The board has adopted various ethical leadership practices to assist it in discharging its functions.

Induction, training and development

Board members are properly inducted upon joining the board. In addition, various training and development materials are distributed to board members for their education and development on an ongoing basis. Presentations by management and our JSE sponsor are conducted periodically in order to embed the board's knowledge regarding more complex areas of the business.

Declarations and conflicts of interest and related-party transactions

The board has adopted a formal conflict of interest policy to deal with potential conflicts of interest and to ensure that conflicts are managed in a proactive manner. A formal register of director declarations and conflicts are maintained by the Company Secretary. This register is tabled at all scheduled board meetings and the Chairperson invites board members to make any additional verbal declarations at the start of each meeting. All related-party transactions are disclosed in the annual financial statements as required under IAS 24.

Insider trading and dealing in company securities

The board has adopted a formal policy on dealing in company securities. The policy prohibits directors and employees from dealing in company securities during closed periods or using confidential and price-sensitive information to achieve a benefit for themselves or any other related parties. The policy also applies to any of Vukile's listed subsidiaries and/or portfolio investment companies. In line with the JSE Listings Requirements, all securities dealings by directors and/or the Company Secretary and their associates are published on SENS.

Company communication

The board has adopted a formal policy to formalise the safeguarding and appropriate disclosure of price-sensitive information by establishing guidelines for interactions with outside parties, including, inter alia, investors, market professionals and the media.

ESG South Africa continued

Governance continued

ORGANISATIONAL ETHICS

Principle 2: The board governs the ethics of the company in a way that supports the establishment of an ethical culture ✓

The SEHRC exercises oversight of Vukile's ethical culture, as formally mandated by the board. The SEHRC has implemented various practical drivers of an ethical culture.

Code of ethics

Under the SEHRC's guidance, a new code of ethics was developed and implemented in 2019. The code of ethics applies to all employees, fixed contract workers, independent contractors, suppliers, service providers, outsourced property management and their staff, and non-executive directors of Vukile.

The code of ethics aims to enable all relevant parties to make ethical decisions in carrying out their duties. To assist with this, the well-known PLUS filter has been incorporated into the code of ethics as a practical guide to ethical design-making.

P – POLICIES AND PROCEDURES

Question 1
Do the conduct provisions in the code of ethics and other Vukile policies or procedures applicable to the situation permit the behaviour that I am considering?

L – LAWS AND REGULATIONS

Question 2
Do national laws and regulations permit the behaviour that I am considering?

U – UNIVERSAL VUKILE VALUES

Question 3
Are the proposed actions/decisions consistent with the Vukile values and principles?

S – SELF

Question 4
Do my personal values, my own sense of ethics, permit me to do it?

Gift policy

In order to draw clear ethical lines and to avoid potentially compromising positions, the board has adopted a gift policy to guide directors and employees in the acceptance of gifts.

Definition

Gifts include goods, services, experiences or favours received in the line of work. These could include, but are not limited to, stationery, marketing material/branded goods, alcohol, third-party donations, meals, vouchers, indulgences, hunting trips, weekend breaks, holidays, tickets for sporting and/or other events or productions, overseas trips and airline tickets.

Acceptance considerations

Before deciding to accept or reject a gift, the relevant individual must decide if it will be in the interest of Vukile to accept the gift and if there is any risk that acceptance may influence his or her actions and future decision making. The following issues should be considered before accepting the gift:

- Intentions of the person providing the gift (appreciation, relationship building, etc)
- Timing of the gift (tender award period, etc)
- Value of the gift

Rules for acceptance of gifts

Nature of gift	Action required
Gifts in cash or EFT transfer	• Strictly prohibited
Gifts with a value of less than R250	• May be accepted without prior approval • Must be reported in the Vukile Gifts Register
Gifts with a value of less than R2 000 that are considered marketing material (calendars, diaries, etc)	• May be accepted without prior approval • Must be reported in the Vukile Gifts Register
Gifts with a value of less than R2 000 that are not considered marketing material (calendars, diaries, etc)	• Requires line manager or any executive director's preapproval • Must be reported in the Vukile Gifts Register
Gifts with a value of more than R2 000	• Requires CEO or Chairperson's (in case of CEO) preapproval • Must be reported in the Vukile Gifts Register • Must be reported to the SEHRC

Rules for giving of gifts

Nature of gift	Action required
Gifts in cash or EFT transfer	• Strictly prohibited
Gifts with a value of less than R2 000	• Requires line manager or any executive director's preapproval • Must be reported in the Vukile Gifts Register
Gifts with a value of more than R2 000	• Requires CEO or Chairperson's (in case of CEO) preapproval • Must be reported in the Vukile Gifts Register • Must be reported to the SEHRC

ESG South Africa continued

Governance continued

Ethics hotline and whistleblower procedures
Ensuring ethical conduct is a priority for the board and as such the board has overseen the implementation of an independently managed ethics hotline. The ethics hotline provides a potential whistleblower the option to report ethical violations directly or anonymously. The ethics hotline facility is hosted by an independent party, Whistle Blowers (Pty) Ltd. Whistleblower procedures have been designed to ensure that whistleblowers choosing not to report anonymously will be protected by the provisions of the Protected Disclosures Act, 26 of 2000 without fear of victimisation.

Independent assessment of our ethics culture
In order to obtain an independent assessment of our ethical culture, Vukile participates in the GIBS Ethics Barometer annually. The Ethics Barometer, compiled by the GIBS Ethics and Governance Think Tank in partnership with Business Leadership South Africa (BLSA), draws on a Harvard Business School tool, adapted to South Africa's issues and challenges. The key takeaways from our recent assessment in 2024 are highlighted below.
- Excellent results overall
- Overall Ethical Fitness well above both the benchmark and the Target Range
- Scores for all categories are well within the Target Range, and above the Benchmark
- High level of perceived adherence to the BLSA Integrity Pledge.

Ethical conduct in respect of political contributions
Vukile has a firm policy to interact with government structures and bodies on a constructive, compliant and arm's length basis. Further to this, we do not partake in any party-political engagements and made no financial contributions to any political parties.

RESPONSIBLE CORPORATE CITIZENSHIP

Principle 3: The board ensures that the company is and is seen to be a responsible corporate citizen ✓

The importance of Vukile's status as a responsible corporate citizen has been embedded as one of Vukile's core values. Being a responsible corporate citizen sits at the heart of our ESG objectives (refer to pages 112 to 411 for more on ESG).

Strategy, performance and reporting

STRATEGY AND PERFORMANCE

Principle 4: The board appreciates that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process ✓

The board, in determining our critical success factors, takes cognisance that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process. Our value creation process is set out below.

We have set five strategic objectives that encapsulate our primary goals and provide us with a unique, integrated approach to drive and measure our actions – ensuring delivery on our short- to medium-term strategy and ultimately achieving our long-term goals which are aligned to the UN SDGs.

Our strategic objectives are:

LEADING-EDGE CUSTOMER AND MARKET INSIGHTS	Always placing the customer at the heart of what we do and recognising that **meeting and exceeding customer needs** is the starting point of value creation for all stakeholders
OPERATIONAL EXCELLENCE	Hands-on asset management focus to **keep delivering leading results**
MANAGED IMPACT	Being a **responsible** corporate citizen
PEOPLE CENTRICITY	Maintain a **strong and unique culture** to ensure we remain an employer of choice
LONG-TERM GROWTH	Deliver **sustained earnings and dividend growth** for investors **Investment ready** with a keen focus on **capital allocation** and doing deals that are **strategically aligned and financially accretive**

REPORTING

Principle 5: The board ensures that reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects ✓

The board has mandated the audit and risk committee (ARC) to oversee the reporting of the company. The ARC ensures that the necessary controls are in place to verify and safeguard the integrity of the company's integrated annual report and all annual and interim results disclosures.

The FY24 reporting has been in accordance with the following:
- SA REIT Best Practice Guidelines
- World Economic Forum Stakeholder Capitalism Metrics
- The International Integrated Reporting <IR> Framework
- The Companies Act, 71 of 2008, as amended (Companies Act)
- JSE Limited (JSE) Listings Requirements and specific proactive monitoring guidance
- King IV Report
- International Financial Reporting Standards (IFRS).

Governing structures and delegation

PRIMARY ROLE AND RESPONSIBILITIES OF THE BOARD

Principle 6: The board serves as the focal point and custodian of corporate governance in the company ✓

The board is the primary custodian of corporate governance and governs through a well-established framework of committee functioning, a system of internal controls and a delegation of authority through a formalised approval framework.

Board charter
The board has adopted a formal board charter that details the collective roles and responsibilities of the board and that of individual directors. The charter is aligned with the provisions of relevant statutory and regulatory requirements and determines the parameters within which the board ensures that good governance is achieved. The board charter is reviewed periodically.

Information and professional advice
Board members are entitled to seek independent professional advice at the company's expense concerning group affairs, and have access to any information they may require in discharging their duties as directors. They also have unrestricted access to the services of the Company Secretary.

Meeting attendance
The board normally meets quarterly, yet during FY24 five board meetings were held. Board meeting attendance is summarised below. Executive directors attended every meeting that required their attendance during FY24.

Director	Scheduled meetings	Special meetings
JR Formby	5/5	5/5
JH Zehner	5/5	5/5
NG Payne	5/5	5/5
RD Mokate	5/5	5/5
SF Booysen*	5/5	4/5*
AMSS Mokgabudi	5/5	4/5*
GS Moseneke	5/5	5/5
B Ngonyama#	2/2	0/0
H Ntene	5/5	5/5
BM Kodisang	5/5	5/5

* *Absent with prior apology.*
\# *Resigned 3 November 2023.*

Board of directors

Composition of the board

BOARD OF DIRECTORS

Principle 7: The board comprises the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Executive directors

Laurence Rapp 53

Chief Executive Officer

Property experience:
12 years

Skills and expertise:
General management, corporate finance, capital markets and real estate

Previous positions held:
Head: Insurance and Asset Management – Standard Bank, **Head:** Strategic Investments – Standard Bank, **Chairperson** of Synergy Income Fund Limited

Current directorships:
Castellana Properties SOCIMI SA **(Chairperson)** and other Vukile group entities

Appointment date:
1 August 2011

Lizelle Pottas 36

Financial Director

Property experience:
6 years

Skills and expertise:
General management and accounting. Specialisation in financial services, particularly insurance and investment management

Previous positions held:
Group Head of Finance at Vukile

Current directorships:
Various Vukile group entities

Appointment date:
2 January 2024

Itumeleng Mothibeli 40

Managing Director: South Africa

Property experience:
16 years

Skills and expertise:
General management and real estate

Previous positions held:
Executive: Asset Management – Vukile, **Asset Manager:** SA Corporate Real Estate

Current directorships:
SAPOA and other Vukile group entities

Appointment date:
1 July 2019

Prescribed officer

Laurence Cohen 51

Chief Financial Officer

Property experience:
19 years

Skills and expertise:
General management, corporate finance, capital markets, accounting, taxation and real estate

Previous positions held:
CFO of Hyprop Investments Limited, **Corporate Finance Manager** at Grant Thornton

Current directorships:
Castellana Properties SOCIMI SA and other Vukile group entities

Appointment date:
1 July 2019

Non-executive directors

Nigel Payne 64

Chairperson of the board

Chairperson of the nominations committee

Skills and expertise:
General management, accounting, audit and retail

Previous positions held:
Partner at a big four accounting firm

Current directorships:
Bidcorp Limited, Mr Price Group Limited **(Chairperson)**, Castellana Properties SOCIMI SA and various private companies

Appointment date:
20 March 2012

Renosi Mokate 66

Lead independent non-executive director Chairperson of audit and risk committee

Skills and expertise:
General management, development economics and banking

Previous positions held:
Executive director: World Bank, **Deputy Governor** of the South African Reserve Bank

Current directorships:
Bidvest Bank, African Rainbow Capital Investments and various private companies

Appointment date:
11 December 2013

Board of directors continued

Composition of the board continued

Non-executive directors (continued)

Neo Dongwana 52

Skills and expertise:
General management, accounting, audit and financial services

Previous positions held:
Partner at Deloitte, **Chair** of Barloworld Limited and the Takeover Regulation Panel

Current directorships:
Nedbank Limited, Aspen Pharmacare Holdings Limited

Appointment date:
1 April 2024

James Formby 54

Skills and expertise:
General management, corporate finance and capital markets

Previous positions held:
CEO of Rand Merchant Bank

Current directorships:
Pick n Pay Stores Limited (lead independent director) and various private companies

Appointment date:
22 September 2023

Ben Kodisang 53

Skills and expertise:
General management, real estate and private equity

Previous positions held:
CEO: Sanlam Alternative Investments, **MD:** Old Mutual Property, **MD:** Stanlib Asset management

Current directorships:
ALT Capital, Thungela Resources Limited, Absa Bank Botswana and various private companies

Appointment date:
1 April 2023

Hatla Ntene 69

Skills and expertise:
General management, quantity surveying, project management and real estate

Previous positions held:
Managing partner of AECOM South Africa

Current directorships:
Calgro M3 Holdings Limited, WBHO, AECOM South Africa and various private companies

Appointment date:
25 October 2013

Sedise Moseneke 48

Skills and expertise:
General management and real estate

Previous positions held:
CEO of Synergy Income Fund Limited

Current directorships:
CEO of Encha group

Appointment date:
1 August 2013

Jon Zehner 67

Skills and expertise:
General management, corporate finance, capital markets and real estate

Previous positions held:
Global Head of Real Estate Investment Banking and **Head** of sub-Saharan Africa at JPMorgan

Current directorships:
Vice Chairperson of LaSalle Investment Management, **Chair** of the University of Cambridge's Land Economy Advisory Board, **Trustee** of the Urban Land Institute

Appointment date:
22 September 2023

Board of directors continued

Composition of the board continued

Non-executive directors (continued)

Steve Booysen 62

Independent non-executive director

Chairperson of Social, Ethics and Human resources Committee
Chairperson of Property Investment Committee

Skills and expertise:
General management, investment banking and capital markets

Previous positions held:
CEO of Absa Bank

Current directorships:
Senwes Limited and various private companies

Appointment date:
20 March 2012

Tshidi Mokgabudi 69

Independent non-executive director

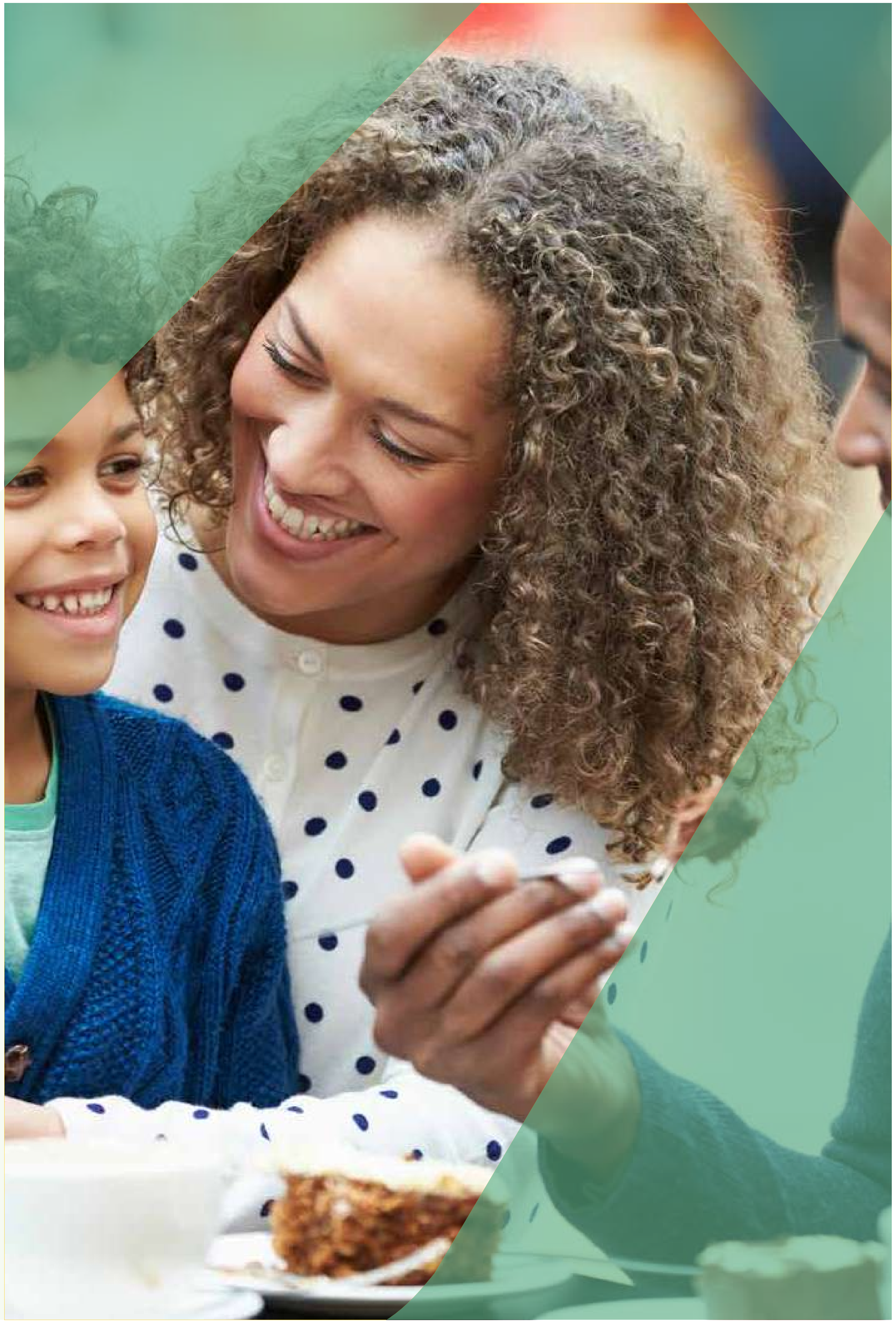
Skills and expertise:
Accounting, audit and financial services

Previous positions held:
Executive director and Head of Infrastructure, Government and Health at KPMG, **managing partner and founder** of KMMT

Current directorships:
Truworths International Limited, Adcorp Limited and various private companies

Appointment date:
6 August 2021

The board is constituted in line with the company's Memorandum of Incorporation (MOI) and King IV to ensure an optimal mix of knowledge, skills, experience, diversity and independence.



ESG South Africa continued

Governance

Leadership and independence

The roles of the Chairperson and Chief Executive Officer are separate. Mr Nigel Payne, an independent non-executive director, occupies the office of Chairperson. Almost 90% of non-executive directors are independent which leads to a strong independent-minded board. There is a clear division of responsibilities to ensure that no one director has unfettered powers in decision making.

Lead independent director

Dr Renosi Mokate has been appointed as the lead independent director. She maintains the effectiveness of the board by providing leadership and advice when the Chairperson has a conflict of interest, and she plays a key role in supporting him.

Chief Executive Officer

Mr Laurence Rapp is the CEO and has held that office since 1 August 2011. He is responsible for the effective management and the day-to-day running of the business in terms of the strategies and objectives approved by the board. He is the Chairperson of the internal investment committee and the executive committee.

Board diversity

The board has adopted a formal board diversity policy. The current composition compared to our voluntary targets are presented below:

Diversity indicator	Voluntary target	Current composition
Race	50% black representation	60% black non-executive director (NED) representation
Gender	30% female representation	30% female NED representation
Skills, experience and industry	Skills targeted as per the current skills needs assessment	Refer to current skills matrix below
Age	Appropriate and diverse age distribution with a solid balance between new blood and institutional memory	Average NED age is 59 and average tenure is 5 years

Board skills matrix

The current skills matrix of the board is set out below:

Director	Accounting	Finance	Capital markets	Business leadership	Property operations	Retail	ESG
NG Payne	■	■	■	■	■	■	■
RD Mokate		■	■	■			■
SF Booysen	■	■	■	■	■		■
NP Dongwana	■	■	■	■			■
JR Formby	■	■	■	■		■	■
BM Kodisang	■	■		■			■
AMSS Mokgabudi	■	■		■		■	■
GS Moseneke		■		■	■	■	
IU Mothibeli		■		■	■	■	
H Ntene		■		■	■		
LE Pottas	■	■	■	■	■	■	■
LG Rapp		■	■	■	■	■	■
JH Zehner		■	■	■	■	■	■

Board refresh and succession planning

In line with previous communication, the board has continued its board succession plan during the year with the appointment of three new independent non-executive directors in Jon Zehner, James Formby and Neo Dongwana. Following the retirement of Mervyn Serebro and Peter Moyanga within the past three years, Mr Hatla Ntene has now also indicated that he will not be available for re-election following his retirement at the upcoming AGM, having served on the board for 11 years.

Following Mr Ntene's resignation, the average tenure of non-executive directors serving on the board will be five years, which represents a good balance between long-serving members with lifecycle experience, strong corporate memory and in-depth business fused with our new members who bring new ideas and fresh perspectives.

In order to achieve the aforementioned balance of experience, it is naturally required that some members will have tenures in excess of the traditional nine-year service period. In line with our policy, director independence is assessed on an ongoing basis with specific focus annually on directors with service terms longer than nine years.

In line with the above and given her tenure of longer than nine years, the board has formally evaluated Dr Mokate's independence both in her capacity as lead independent director and a member of the audit and risk committee (which she chairs) and concluded that she remains independent.

In addition, all members of the audit and risk committee's independence were also formally evaluated and the board concluded that all members of the ARC, including Dr Mokate, are considered independent.

Appointment, rotation and re-election of directors

In line with the provisions of the company's MOI, one-third of both non-executive and executive directors are required to retire annually at the company's AGM. In addition to this, all directors appointed by the board during the year are required to retire at the AGM. In both of the cases above, directors, being eligible, offer themselves for re-election.

The following directors will be retiring at the upcoming AGM, namely Mrs NP Dogwana, Mr JR Formby, Mrs LE Pottas, Mr JH Zehner, Mr IU Mothibeli, Dr RD Mokate, Mrs AMSS Mokgabudi.

COMMITTEES OF THE BOARD

Principle 8: The board ensures that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of duties ✓

The Vukile governance structure and delegation of authority are designed to achieve independent judgement and the sound execution of strategy, and the utilisation of individual directors' unique skill sets. The board delegates authority to established board committees as well as to the CEO, with clearly defined mandates.

The board has established four board committees in order to effectively discharge its duties. The committees are appropriately constituted, and members are appointed by the board, with the exception of the audit committee whose members are nominated by the board and elected by shareholders. External advisors, executive directors and members of management attend committee meetings either by standing invitation or on an ad hoc basis to provide pertinent information and insights in their areas of responsibility. The responsibilities delegated to these committees are formally documented in the committee's terms of reference, which are approved by the board and reviewed periodically.

Each committee Chairperson reports back to the board after every committee meeting in order to ensure transparent communication to the board regarding committee activities. The board is satisfied that the respective board committees are competent and that they effectively discharged their duties.

Audit and risk committee

The committee comprises four independent non-executive directors, all of whom satisfied the requirements of section 94(4) of the Companies Act and King IV. As a collective, and having regard to the size and circumstances of the group, the committee was adequately skilled, and all members possessed the appropriate financial and related qualifications, skills, financial expertise and experience required to discharge their responsibilities.

Members and meeting attendance

Member	Scheduled meetings
RD Mokate (Chairperson)	3/3
JR Formby	2/2
AMSS Mokgabudi	3/3
B Ngonyama	1/1

A detailed report of the ARC's activities in FY24 are set out in the ARC report of pages 13 to 16 of the annual financial statements.

Social, ethics and human resources committee

The committee comprises three independent non-executive directors. As a collective, and having regard to the size and circumstances of the company, the committee is adequately skilled and resourced. The terms of reference of the committee include oversight of the company's ESG strategy and execution thereof.

Members and meeting attendance

Member	Scheduled meetings
SF Booysen (Chairperson)	3/3
RD Mokate	3/3
NG Payne	3/3

A detailed account of the SEHRC's activities for FY24 are set out in the SEHRC Chairperson's letter on pages 13 to 16 of the integrated annual report.

ESG South Africa continued

Governance continued

Property and investment committee

The committee comprises four non-executive directors and two executive directors. As a collective, and having regard to the size and circumstances of the company, the committee is adequately skilled and resourced.

Members and meeting attendance

Member	Scheduled meetings
SF Booysen (Chairperson)	**4/4**
BM Kodisang	**4/4**
GS Moseneke	**4/4**
IU Mothibeli	**4/4**
H Ntene	**4/4**
LG Rapp	**4/4**

Key activities for FY24

a. Oversight of property valuation process and recommendation of interim and final property values for approval by the board
b. Oversight of the annual individual property underwriting process to determine key strategic actions per property
c. Evaluation and oversight of the property portfolio performance during the year
d. Approval and oversight of key property disposals during the year
e. Oversight of key capital projects during the year.

Nominations committee

The committee comprises three independent non-executive directors and is chaired by the Chairperson of the board. As a collective, and having regard to the size and circumstances of the company, the committee is adequately skilled and resourced.

Members and meeting attendance

Member	Scheduled meetings
NG Payne (Chairperson)	**3/3**
SF Booysen	**3/3**
RD Mokate	**3/3**

The committee's primary activity for FY24 was the board refresh process and the sourcing of potential new additions to the board.

The board's delegation to the relevant board and management committees are as follows:

Transaction authority matrix

The delegated authority thresholds in respect of acquisitions, disposals, redevelopments/refurbishments are as follows:

Transaction type	Board	Property and investment committee	Internal investment committee*
Acquisitions	≥R300 million per transaction	R150 – R300 million per transaction	≤R150 million per transaction
Disposal	≥R300 million per transaction	R150 – R300 million per transaction	≤R150 million per transaction
Redevelopments/ refurbishment	≥R300 million per transaction	R150 – R300 million per transaction	≤R150 million per transaction

* *Management committee comprising three executive directors.*

EVALUATION OF THE PERFORMANCE OF THE BOARD

Principle 9: The board ensures that the evaluation of its own performance and that of its committees, its chair and its individual members supports continued improvement in its performance and effectiveness ✓

Board evaluation

The board assesses its performance and that of its individual directors, as well as their independence, on an ongoing basis. The Company Secretary facilitates a comprehensive board and committee evaluation biennially. Matters considered in the evaluation focused on the effectiveness of the board and its committees, including:

- Composition;
- Performance;
- Role of the Chairperson;
- Appropriateness of the board charter and its committees' terms of reference;
- Communication and interpersonal relationships;
- Board dynamics and leadership; and
- Independence considerations for all directors and specific consideration of directors with terms of service of more than nine years.

The most recent board and committee evaluations were conducted in July 2024.

APPOINTMENT AND DELEGATION TO MANAGEMENT

Principle 10: The board ensures that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities ✓

CEO appointment and role

The CEO is responsible for leading the implementation and execution of Vukile's approved strategy and operational management. He serves as the main link between management and the board. The board formally evaluates his performance against previously agreed critical performances areas (CPAs) on an annual basis in May. The CEO does not currently sit on the boards of any other listed companies, other than Castellana Properties SOCIMI SA, which is a Vukile subsidiary listed on the BME Growth of the Madrid Stock Exchange.

Delegation to management

The board has delegated authority to executive management, through the CEO, to manage day-to-day business activities and affairs, subject to statutory limits and other limitations set out in our formal approval framework. The delegation is reviewed periodically to take account of changes to the business.

The effective implementation and compliance with the approval framework are monitored by the Company Secretary. The board considers the key talent pool within senior management as an important continuity of leadership, and younger talent is therefore regularly exposed to board practices and activities. Succession plans are reviewed periodically by the SEHRC and the formal emergency succession plan was reviewed and updated in 2024.

ESG South Africa continued

Governance continued

PROFESSIONAL CORPORATE GOVERNANCE SERVICES TO THE BOARD

Company Secretary

The Company Secretary is responsible for the duties set out in section 88 of the Companies Act and for ensuring compliance with the JSE Listings Requirements. Director induction and training are part of the Company Secretary's responsibilities. He is responsible to the board for ensuring the proper administration of board proceedings, including the preparation and circulation of board papers, drafting annual work plans, ensuring that feedback is provided to the board and board committees, and preparing and circulating minutes of board and board committee meetings. He provides practical support and guidance to the board and directors on governance and regulatory compliance matters.

The JSE Listings Requirements and King IV require that company boards must consider and satisfy themselves annually regarding the competence, qualifications and experience of the Company Secretary, and also whether he maintains an arm's length relationship with the board.

The board has evaluated the Company Secretary and it is satisfied that he is suitably qualified for the role and that he maintains an arm's length relationship with the board.

The Company Secretary's qualifications and competencies are:

Johann Neethling

Group Secretary

Qualifications:
FCIS, MCom, JSE Sponsor Development Programme

Experience and expertise:
Johann is an experienced corporate services executive with over 26 years of experience in the areas of assurance, corporate finance, corporate services, governance and group secretariat. He has significant experience in the execution and implementation of corporate actions (including mergers, acquisitions and stock exchange listings) within the listed REIT sector in South Africa and Spain. Johann is the past president of the Chartered Governance Institute of Southern Africa.

Appointment date:
June 2010

Governance functional areas

RISK GOVERNANCE

Principle 11: The board governs risk in a way that supports the company in setting and achieving its strategic objectives ✓

The board governs risk through its formal risk management framework. The strategic intent of the risk framework is to create an environment in which risk management is applied at a consistently high level across the group, enabling management to take informed decisions, to achieve business objectives and maximise returns. The principles of the framework are based on COSO Enterprise Risk Management Framework. The risk framework forms part of the broader governance, risk management and compliance infrastructure of Vukile and is utilised in conjunction with the Combined Assurance Framework.

Risk responsibility

The risk framework details responsibility for risk within the various governance levels:

	Board	ARC	PIC and SEHRC	Executive management	Director: Corporate Services	Members of functional departments	Internal audit
Risk governance	■	■		■	■		
Risk culture	■	■		■	■		
Risk assessment	■	■	■	■		■	
Risk monitoring and reporting		■	■	■	■	■	
Risk quantification		■	■	■		■	
Risk assurance					■		■
Risk orientation and awareness		■	■	■	■		
Risk response	■	■	■	■	■	■	

REIT risk management policy

The company has adopted a REIT risk management policy in line with section 13.46(h) of the JSE Listings Requirements. The policy is in accordance with industry practice and specifically prohibits Vukile from entering into any derivative transactions that are not in the normal course of Vukile's business.

The ARC confirms that it monitored compliance with the policy during FY24 and also that the company has, in all material respects, complied with the policy.

ESG South Africa continued

Governance continued

Key risks

The key risks currently facing the business are set out below.

	Risk description	Potential business impact	Risk ownership	Key risk indicators (KRIs)	Risk actions/ treatment
1	**Strategic risk**				
	Risk of our **inability to incorporate and embrace technology adequately into the real estate portfolio** in order ensure a competitive advantage into the future	The business needs to embrace technology in order to differentiate itself as a holistic real estate business as opposed to a property fund	Executive	• Fibre roll-out rate • Real estate tech trends	a) Development of a tech strategy through AIM business segment b) Actively working on the future of retail real estate as a concept c) Geolocation business, Fetch Analytics
2	**Balance sheet risk**				
	Risk of **high interest rates** resulting in increased interest costs and potential lower valuations (due to increased discount rates) impacting both FFO and LTV	Higher interest rates will negatively impact FFO growth due to unhedged positions while lower valuations will put pressure on the LTV	Treasury	• LTV % • % growth in property valuations • Value of potential contingent liabilities • Bond yields • Stress testing of key measures	Prudent interest rate hedging strategy
	Risk associated with **currency (Rand/Euro) volatility** and movement and its impact on FFO	With the business positioned as Rand hedge, significant currency volatility can impact FFO	Treasury	• Hedging % • ZAR FX rates	Hedging of foreign cash dividends (using FECs and other derivative instruments)
3	**Operational risk**				
	Risk of political and social **disturbances and labour unrest** in areas where Vukile has properties	The business will be negatively impacted by increased political and social disturbances due to the location of many of our properties in social-sensitive areas	Asset management	• Strike action • Negative community incidents	a) SASRIA insurance cover of R0.5 billion b) Fostering good relationships with the communities through the implementation of our community liaison policy c) Incorporation of informal traders within our shopping malls d) CSI programme
	Inconsistent supply of critical services (electricity, water, municipal services – refuse, property transfer, legal services)	The business is negatively impacted due to our inability to provide a quality service offering to our tenants and their customers due to load shedding and water interruptions	Asset management	• GRID status report • Regional drought reports • Number of municipalities under administration	a) Diversification across nodes b) Installing generators for emergency power c) Installing water tanks and sinking of boreholes d) Internal operational measures such as own metering of utilities
4	**Human capital risk**				
	Risk of the **loss of key personal specifically the CEO** and other senior executives	The business is highly sensitive to losing its key executives	Board	• Executive turnover • Number of sick days	Emergency succession plan has been updated and approved by the SEHRC

ESG South Africa continued

Governance continued

TECHNOLOGY AND INFORMATION GOVERNANCE

Principle 12: The board governs technology and information in a way that supports the company setting and achieving its strategic objectives ✓

The board acknowledges the strategic role of information technology (IT) in conducting business in a highly competitive environment and further acknowledges that IT should be managed as a strategic asset in order to meet business objectives. For Vukile to manage IT as a strategic asset in order to achieve its business objectives and to act in the best interests of the company, the board has adopted an IT Governance Charter.

The IT Governance Charter, together with the Vukile IT strategy of having a secure, stable IT environment combined with a moderate spending model, establishes an internal control framework to manage IT risks, service delivery and IT resources. In addition, management has established various IT policies in line with this IT Governance Charter which together form the cornerstone of our IT governance.

The board has mandated the ARC to provide oversight of IT governance.

COMPLIANCE GOVERNANCE

Principle 13: The board governs compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen ✓

The board ensures compliance with applicable laws, regulations, codes, standards and the MOI through the assistance of the various board committees. Compliance processes and practices are in place to mitigate the risk of non-compliance with laws and ensure appropriate responses to changes and developments in the regulatory environment. The ARC receives regular reports on compliance matters and oversees legal and compliance matters. Various company-wide policies have been adopted to deal with compliance requirements.

Compliance with corporate laws

Vukile has complied with the Companies Act, particularly with reference to the incorporation provisions as set out in the Companies Act and has operated in conformity with Vukile's MOI during the year under review.

REMUNERATION GOVERNANCE

Principle 14: The board ensures that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term ✓

The board has mandated the SEHRC to oversee remuneration governance and to ensure that remuneration is appropriately designed, fair and promotes Vukile's short, medium and long-term strategic objectives.

The detailed remuneration policy is available on pages 163 to 174.

ASSURANCE

Principle 15: The board ensures that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the company's external reports ✓

Combined assurance

We use the three lines-of-assurance approach to drive our risk assurance. Assurance includes:

- Management monitoring and oversight;
- Internal audit; and
- External assurance providers.

Internal control

The board, via the ARC, has taken responsibility to oversee the group's system of internal controls and to keep its effectiveness under review. The system is designed to provide reasonable assurance against material misstatement and loss. The system of internal financial control is designed to provide assurance on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication. The internal control system includes a reasonable division of responsibility and the implementation of policies and procedures, which are communicated throughout the group.

Internal audit

The group operates on an outsourced internal audit model, currently outsourced to EY. Internal audit is responsible for assisting the board and management in maintaining an effective internal control environment by evaluating those controls continuously to determine whether they are adequately designed and operating efficiently and to recommend improvements. Post-year-end the ARC considered the effectiveness of the internal audit function and concluded that it was effective.

External audit

PwC Inc is the external auditor of Vukile and its subsidiaries, including the Spanish subsidiaries. The independence of the external auditor is recognised and annually reviewed by the ARC. The external auditors attend all ARC meetings and have unrestricted access to the Chairperson of the ARC.

Other external assurance providers

In addition to external audit, Vukile utilises the services of various other external assurance providers, including external property valuers, occupational health and safety assessment firms, and our JSE sponsor in respect of the JSE equity and debt listings requirements.

Stakeholder relationships

STAKEHOLDERS

Principle 16: In the execution of its governance role and responsibilities, the board adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the company over time ✓

As evidenced in our core values, we differentiate ourselves by treasuring our partnerships across all our stakeholder groups. The board appreciates that understanding the views and needs of our stakeholders are non-negotiable for the sustainable success of our business.

We engage with our identified stakeholders across multiple communication platforms.

	Investors	Tenants	Community	Employees	Partners and service providers
Annual general meeting	■			■	
Pre-close conference calls	■				
Pre-close lunch meetings	■				
Annual and interim reports	■	■	■	■	■
Results presentations	■	■		■	■
Media releases	■	■	■	■	■
SENS announcements	■			■	
One-on-one meetings	■	■	■	■	■
Website	■	■	■	■	■
Training and education				■	
Social events		■	■	■	■
Social media groups	■	■	■	■	■
Quarterly newsletter				■	
Community liaison meetings			■		
Promotions events/competitions		■	■	■	■
Community giving		■	■		
Vukile Retail Academy		■			
Employee surveys				■	

Remuneration report

SF Booysen
Chairperson of SEHR committee

Report of the social, ethics and human resources committee

INTRODUCTION AND BACKGROUND STATEMENT

Dear stakeholders

I am pleased to present the report of Vukile' s social, ethics and human resources committee (the committee) for the year ended 31 March 2024. In line with the dual mandate, the committee reports on both remuneration and certain ESG matters. A detailed ESG report from both South Africa and Spain is contained on pages 112 to 411 of the integrated annual report. The remuneration report is presented in three parts, namely the introduction and background statement, the remuneration philosophy and policy and the implementation report. The monitoring of the remuneration policy and the remuneration implementation report is the responsibility of the committee.

This report provides an account of the remuneration and people management for FY24. The report provides an overview of the various actions undertaken during the year under review, particularly, our remuneration policy and our remuneration implementation policy, which are both subject to non-binding advisory votes at the AGM, and various performance and reward elements. Our report is prepared in line with King IV.

In order to remain competitive and retain a management team which has performed exceptionally strongly over many years, it is imperative that our overall remuneration proposition remains competitive and compelling. Executive remuneration should be considered in the context of not only another strong operational and financial performance in FY24, but also Vukile's relative performance over the past three, five, seven and 10-year periods, as illustrated in the graphs below. Over each of these time periods, Vukile has outperformed its peer group index, the SA Listed Property Index and the All-Share Property Index on a total return basis. Such sustained performance is testimony not only to the quality of our management team but also the pay for performance principles embedded in our remuneration policy and practices.

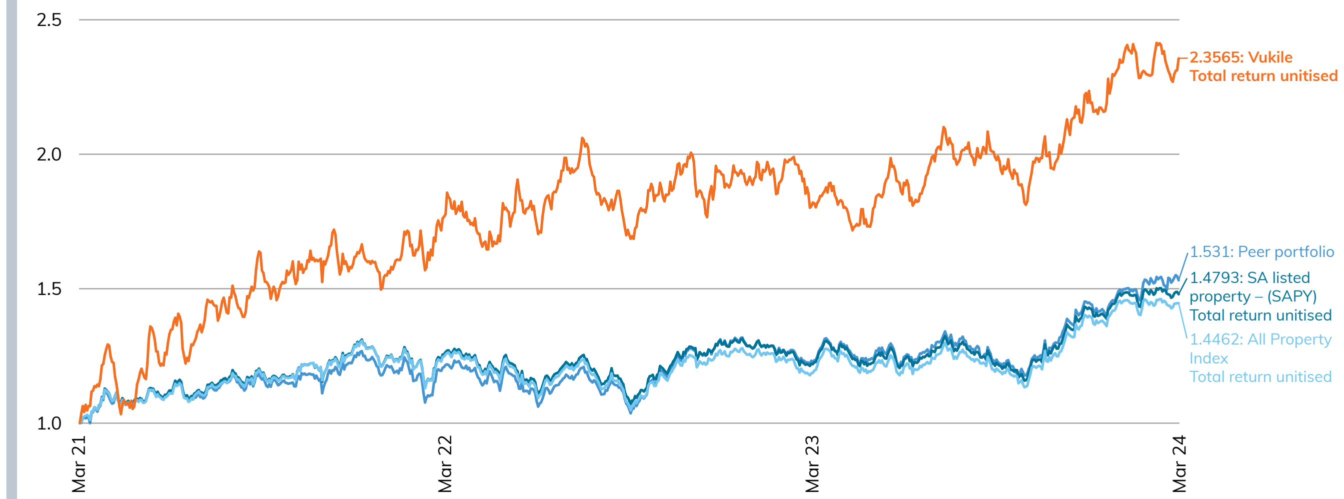
A summary of the financial performance over the relevant period is set out below

PERFORMANCE FOR FY24

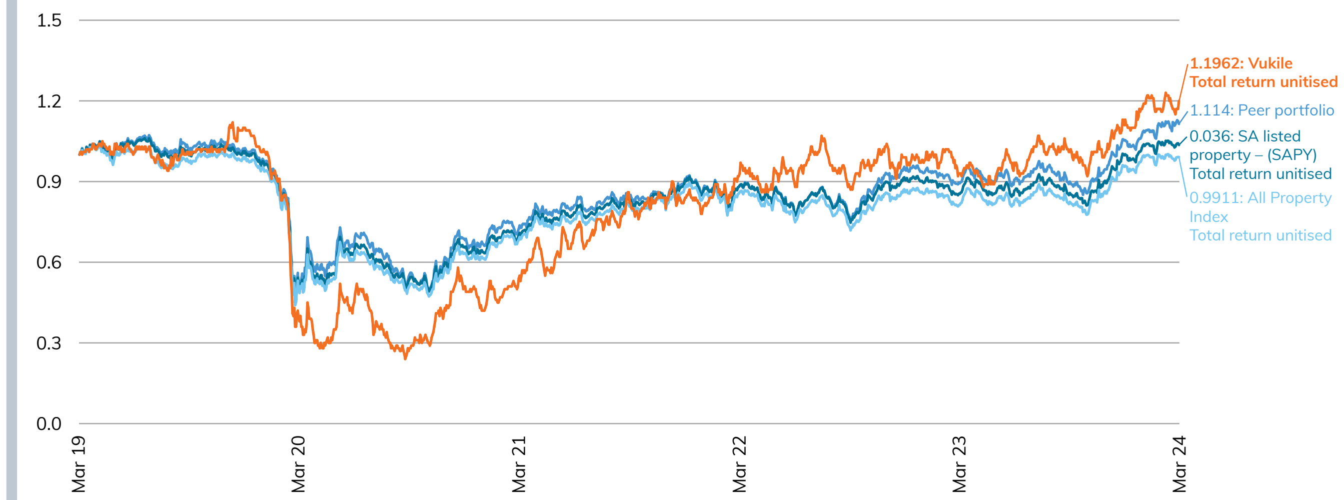
Delivered a market-leading growth in FFO and dividend ahead of the upgraded guidance

- Total FFO of 154.2 cents per share, up 6.7% on the prior year
- Total dividend for the year of 124.2 cents per share, up 10.5% on the prior year

Vukile versus peers and property indices **(three years)**



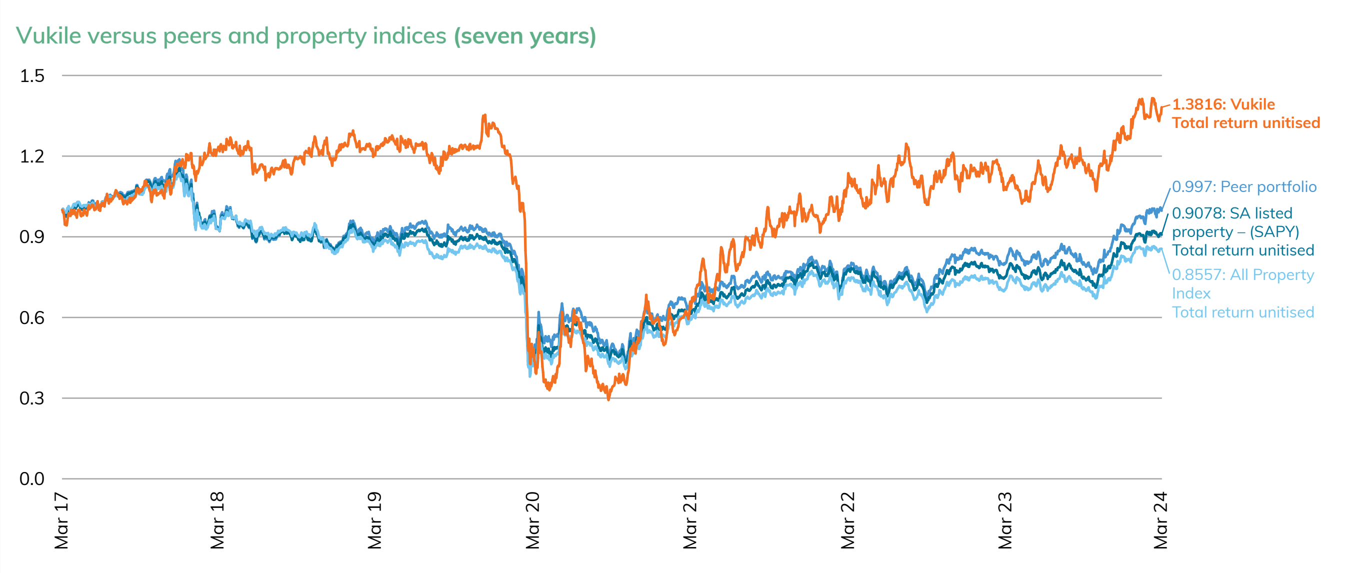
Vukile versus peers and property indices **(five years)**

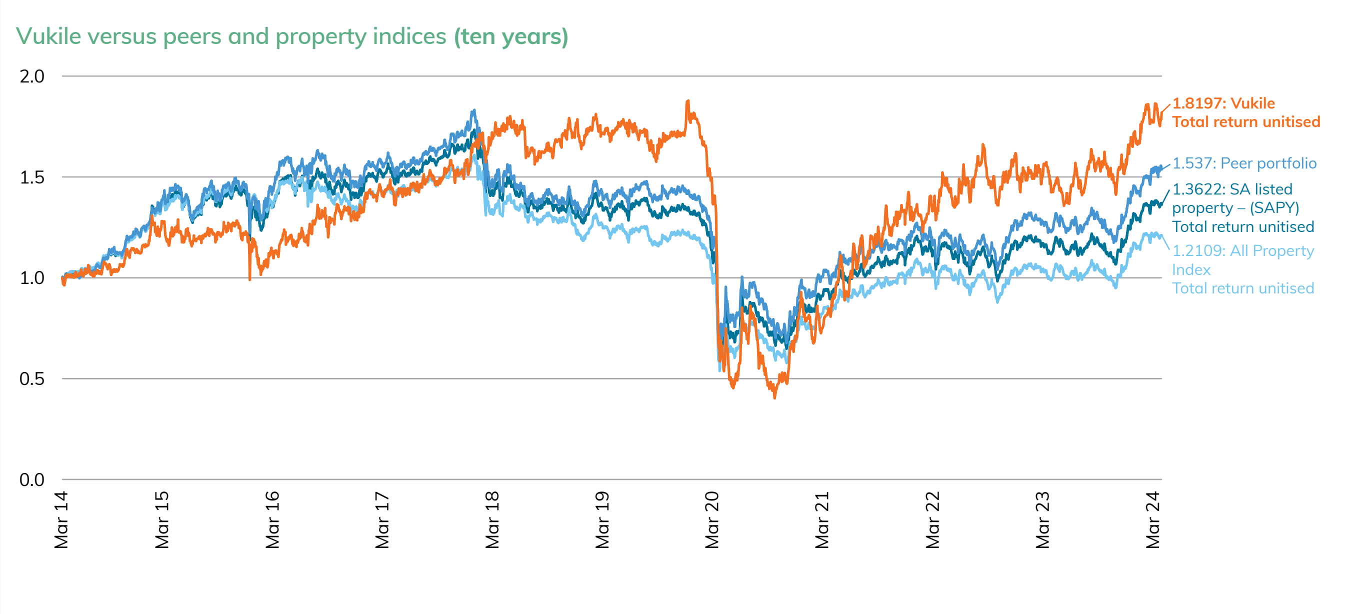


Source: Chris Muller, independent market analyst

Remuneration report continued

Report of the social, ethics and human resources committee continued





Source: Chris Muller, independent market analyst

In addition to Vukile's financial performance for FY24, we have also continued to deliver on our ESG strategy with the following measurable progress in important indicators of sustainability.

Updates FY24

Environmental

- **21.6 MWp** of solar PV installed to date (**generating 18%** of SA portfolio's electricity)
- Additional renewable installations of **11 MWp currently under construction** in SA with targeted capacity of **32.6 MWp by end FY25**
- **Castellana Green JV** constituted for the PV strategy roll out in Spain. **First 1.6 MWp** planned to be fully operational **by H2 FY25**
- Second verified Carbon Footprint Calculation **completed** on Spanish portfolio. **Fossil fuel consumption reduced by 88%**
- **100%** of rural malls have **backup water** storage and 98% have **borehole water** supply. **122 Propelair toilets** successfully installed
- **Water usage** in Castellana portfolio common areas **reduced by 6%**
- **100%** of the **Spanish portfolio is BREEAM certified** and also **aligned with EU Taxonomy** for Sustainable Activities

Social

- Successful graduation of seven interns from the **Vukile Academy Class of 2023** with 100% placed in formal employment, continuing our 100% placement record for this programme since inception
- An additional **52 scholarships** awarded as **bursaries to students** for property studies for the 2024 academic year
- **Two Emerging Retailers** from the Vukile Retail Academy Class of 2023 are now **integrated** as rent paying tenants and **five new emerging retailers** have joined the programme
- Vukile secured an improved **Level 3 B-BBEE** Rating in 2023
- Vukile again secured a Platinum Seal of Achievement, in **the Deloitte Best Company Survey** as well as a high level of adherence to BLSA Integrity Pledge in the **GIBS Ethics Barometer**
- Castellana obtained **Great Place To Work certification** for the third consecutive year with a confidence rate by employees of **92%**

Governance

- Board refresh process continues following the appointment of **Neo Dongwana** to the board, post-year-end
- **Board comprises 60% black non-executive directors,** of whom **30% are black females**
- Vukile and Castellana completed their **second GRESB certifications** during the year. Castellana achieved a **4-star rating** and the SA portfolio achieved an overall **improvement of 8%**
- South African **Green Building Certification Pilot Project** launched with both **Green Star and Edge ratings** targeted for the pilot certification
- Castellana awarded **EPRA sBPR Gold** (top award) **for sustainability** indicators, and **EPRA BPR Gold for financial** indicators, for second and third consecutive year, respectively

Arising from the outperformance as detailed above, our variable pay mechanism has delivered significant outperformance reward to our executives, as highlighted in the table below. Detailed disclosure of the performance outcomes summarised below are provided in our Implementation report.

Remuneration mechanism	Performance period	Performance achieved	Delivered outcome	Detail disclosure
Short-term incentive – bonuses for executives	One year: 1 April 2023 – 31 March 2024	Outperformance of the annual FFO target.	Delivered an outperformance bonus pool equal to 50% of the outperformance amount.	Page 176
Long-term incentive – annual three-year vesting under the CSP	Three years: 1 April 2021 – 31 March 2024	Achievement of all the performance measures including outperformance on the relative performance measure.	Delivered outperformance shares equal to 200% of the relative performance element.	Page 181
Long-term incentive – special five-year vesting under the CSP for the CEO	Five years: 1 April 2019 – 31 March 2024	Achievement of all the performance measures within a five-year period, resulting in early vesting.	Delivered the full amount of allocated conditional shares in respect of the special allocation.	Page 179

Remuneration report continued

Report of the social, ethics and human resources committee continued

During FY24, the annual work plan of the committee comprised of, inter alia, the following:

May 2023

- Reviewed and approved salary increases for employees with effect from 1 July 2023.
- Reviewed and approved the short-term incentive bonuses for the year ended March 2023.
- Reviewed and approved annual allocations in terms of the Conditional Share Plan (CSP) for 2023.
- Reviewed and approved the vesting of shares under the CSP in May 2023 in respect of the performance period.
- Reviewed and recommended to the board for approval the performance measures – 2023 for executive directors.
- Reviewed and recommended to the shareholders for approval the non-executive directors' fees for 2023.
- Reviewed the annual performance of the CEO and executive directors at 31 March 2023.
- Approved the remuneration policy for a non-binding vote at the AGM.
- Reviewed the company's social and ethics activities in line with the requirements of the Companies Act.
- Reviewed progress of the company's ESG and transformation activities.

November 2023

- Considered shareholder feedback from the AGM and determined appropriate feedback.
- Reviewed the company's social and ethics activities in line with requirements of the Companies Act.
- Reviewed progress of the company's ESG and transformation activities.

March 2024

- Reviewed and approved the bonus accrual for the year ended 31 March 2023.
- Reviewed and approved the percentage salary increases for inclusion in the annual budget.
- Reviewed the company's social and ethics activities in line with the requirements of the Companies Act.
- Reviewed the conceptual proposal for the potential restructuring of the Share Purchase Plan.

Focus on our people

Vukile has always prided itself on building a unique environment of openness and transparency among its employees, and specifically driving a very strong team culture operating with the highest levels of ethics. This approach has also been adopted by Castellana and while the two businesses operate largely independently, we have sought to develop similar cultures and ways of working between the two teams.

While we feel that we have built a strong and ethical culture, we do consider it important to also use external sources to critically evaluate the employment environment. Post-year-end, Vukile again participated in the following two leading staff engagement programmes:

- The GIBS Ethics Barometer – a survey, developed by the University of Pretoria business school to measure and evaluate the ethical fitness and employment practices of a company, which has been done across many of South Africa's leading corporates including some in the property sector; and
- The Deloitte Best Company to Work For™ survey – a diagnostic, employee engagement and culture survey. The survey measures the percentage of employees that are considered to be engaged, as well as their level of satisfaction towards employee engagement drivers, loyalty and retention.

We were again delighted with the outcome of the two survey results, with the following outcomes:

- The GIBS Ethics Barometer has again showed our high overall ethical fitness scoring at the top end of the survey benchmarks and confirming that Vukile has a high level of adherence to the BLSA Integrity Pledge.
- Vukile achieved a Platinum Seal in the Deloitte Best Company to Work For™ Survey with a net promoter score of 82, widely considered to be on the very high end of the employee engagement spectrum.

Castellana annually participates in the Great Place to Work™ Survey, which recognises employers who create an outstanding employee experience. During the year under review, Castellana participated in this survey and was certified with an employee confidence rating of 92% and scored ahead of all relevant benchmarks.

We are truly proud of the Vukile workplace and the strong culture we have created where employees feel engaged, empowered, appreciated and committed to delivering excellence. It is our intention to continually monitor the human resource environment through the use of external benchmarking to keep identifying areas where we are doing well, but more importantly, and in line with one of our values of never resting on our laurels, to identify opportunities for further improvement.

Remuneration disclosure

In line with the requirements of King IV and the JSE Listings Requirements, details of remuneration awarded or paid to executive directors and prescribed officers during the year and post-year-end are set out in part 3 of this report.

Use of consultants

The committee used the services of the following consultants during the year:

- Bowmans – remuneration advisory services;
- RemChannel – benchmarking and job grading services; and
- 21st Century – benchmarking and job grading services.

The committee is comfortable that their advice was independent and objective.

Policy objectives

The committee is satisfied that the remuneration policy achieved its objectives in the year under review.

Future areas of focus

The future areas of focus of this committee are:

- A proposed solution for share purchase plan;
- Further succession planning within our broader management team;
- Retaining the strong workplace culture and key employees; and
- Ongoing shareholder engagement.

Remuneration report continued

Report of the social, ethics and human resources committee continued

Shareholder engagement

During the year under review, we had several significant engagements with shareholders regarding ESG, and in particular remuneration matters as detailed below:

Engagement	Parties involved	Topics
ESG Roadshow – August 2023	Executive management with key shareholders	Detailed ESG matters including remuneration policy and the implementation thereof as presented for an advisory vote at the AGM held on 1 September 2023
Individual shareholder engagements	Executive management with specific shareholders	Engagement and clarification of various remuneration details and content of the resolutions tabled for approval at the AGM

Following the various engagements, shareholders voted on the various proposals as detailed below:

Shareholder meeting	Remuneration topic	Outcome
Annual general meeting held on 1 September 2023	• Advisory vote on remuneration policy • Advisory vote on the remuneration implementation report	• Remuneration policy received 80.73% support • Implementation report received 72.82% support

Following the AGM held on 1 September 2023, the company invited dissenting shareholders to engage on the relevant matters as required by the governance codes.

One shareholder responded to the invitation for further engagement and Vukile engaged accordingly. In addition, we are aware of certain shareholder positions communicated to us prior to the meeting and all matters raised have been addressed. Shareholder engagement remains a focus area for the committee. In the event that our remuneration policy for FY24 (as contained in part 2 of this report) or the remuneration implementation report for FY24 (as contained in part 3 of this report) receive a vote of 25% or more against, the committee will once again, at a minimum, take the following steps:

- Enter into an engagement process with shareholders to ascertain the reasons for dissenting votes; and thereafter
- Follow a process of addressing legitimate and reasonable objections raised, which may include amending our remuneration policy or clarifying or adjusting our remuneration governance or processes going forward, should they be required.

Our annual ESG roadshow will take place in August 2024.

SF Booysen

Chairperson of SEHR committee

PART 2: REMUNERATION PHILOSOPHY AND POLICY

Our philosophy

Vukile' s remuneration philosophy and implementation thereof remained unchanged during the year under review.

The philosophy aims to deliver a competitive, unique and flexible pay structure to attract, reward and retain high-quality individuals. We believe our remuneration practices must be performance driven. It is important that our employees align with Vukile's workplace culture.

Our selection process aims to achieve the optimum mix of competencies, abilities, experiences, skills and culture-alignment while also seeking to be consistent with objectives around the racial and gender make-up of the team.

Vukile's remuneration strategy is designed to attract and retain the skills needed to meet our strategic priorities.

Although competitive financial rewards are key to attract employees, we believe that our entrepreneurial orientation, strong ethics and open workplace culture sets us apart in retaining quality employees. Employee turnover remains almost non-existent with only five employees resigning during the past four years. As more fully set out in the ESG report, the strength of the Vukile culture was evident in the recent outcome of both the GIBS Ethics Barometer and Deloitte Best Company To Work For™ Survey. Operating in a very dynamic industry demands that we incentivise and retain high performers, while balancing this with return expectations of shareholders.

Key principles of the remuneration policy

Vukile has a robust remuneration policy which strives to uphold the following key principles:

- Remunerate to encourage and reward positive behaviour and performance of our employees and executives;
- Align our strategic business objectives with shareholder interests;
- Ensure sound remuneration governance;
- Ensure that performance metrics are fair, sustainable and challenging and apply to all aspects of our business;
- The performance conditions used in the variable pay structures support positive outcomes across the economic, social and environmental context in which the company operates;
- Apply the appropriate remuneration benchmarks to determine fair, transparent and responsible remuneration for employees and executives;
- Ensure that our remuneration practices align with the key objectives of gender and race pay parity;
- Provide competitive rewards to attract, motivate and retain highly skilled employees and executives; and
- Promote an ethical culture and responsible corporate citizenship.

Changes during the year

No changes were made to either our remuneration policy or the implementation thereof during the year, other than the introduction of an overall maximum short-term incentive cap, in addition to the existing maximum cash cap for short-term incentives. With effect from the FY24 remuneration cycle, the following maximum caps are in place for executives:

Executive	Maximum cash cap - STI	Maximum overall* cap - STI
CEO	150%	300%
Other executive directors	125%	250%
Prescribed officers	125%	250%

* *Includes cash and deferred short-term incentive.*

Remuneration structure

Vukile' s remuneration policy applies common principles and practices to all employees, including executive directors. Although the exact structure and quantum of individual packages vary by role, seniority and retention criteria, generally employees are remunerated on a total guaranteed package (TGP) approach, which includes a combination of base remuneration and benefits, commonly referred to as fixed remuneration.

Remuneration report continued

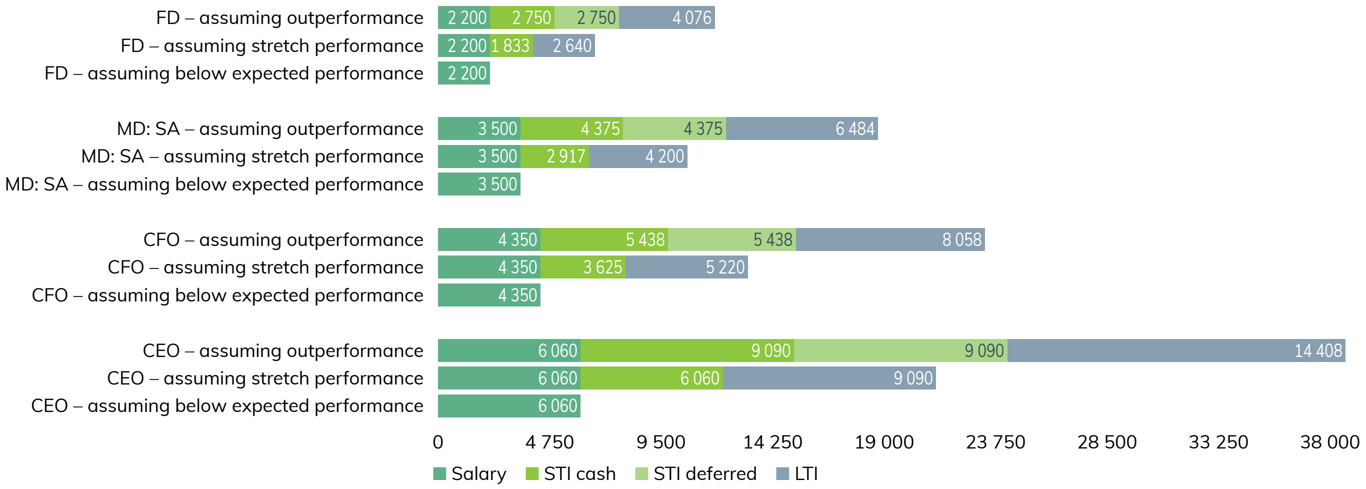
The table below broadly summarises the components of the remuneration paid to executive directors and key management.

	Component	Component description and intent	Delivery mechanism
Fixed remuneration	Base salary	This is the fixed element of the employee's package typically benchmarked and positioned at the market median as more fully described below. The base salary or TGP reflects the scope and nature of the role.	TGP
	Benefits	Benefits include health cover, retirement and insurance products, such as death and disability cover (included as part of TGP in a total cost-to-company approach).	TGP
Variable remuneration	Short-term incentives (STIs)	This aligns individual and group performance with the short-term objectives set on an annual basis. Focuses employees on achieving their targets in their critical performance areas (CPAs).	STI bonus scheme
	Long-term incentives (LTIs)	LTIs promote a longer-term view of the business and ensure alignment and wealth creation for both shareholders and employees.	CSP, TIP and SPP

Explanation of overall package design and its component parts

The company's policy for executive directors' results in a significant portion of the remuneration received being dependent on company performance. In part 3 of the report, the total pay outcomes related to the 12 months ended 31 March 2024 (although not necessarily paid) are presented. The potential total pay opportunities for the executive directors under the following three different performance scenarios are *illustrated* below:

Total pay opportunities (R000)



Total guaranteed package

TGP for all employees and executives is determined as follows:

- All roles are assigned a job grading in terms of the Paterson Job Grading System. Job grades are assigned by external, independent consultants (PwC and 21st Century) by way of a detailed job description or a specific job matching.
- All roles are benchmarked annually against data from RemChannel and 21st Century, both reputable and independent remuneration consultancies.
- TGP is aimed at the 50th percentile of the national circle benchmark based on the assigned job grade.
- TGP is annually adjusted to take into account a living cost adjustment, typically aligned with the increase in the consumer price index. Annual increases are positioned to ensure that non-managerial employees receive higher percentage increases than managerial and executive staff to ensure that we continually close the pay gap across the organisation.
- All revised TGPs take effect from 1 July each year.
- All roles have a comp-ratio, which is calculated by dividing the TGP by the market median position (ie 50th percentile) in order to determine if the current and proposed TGP is both in line with market and in line with the company policy of setting TGP at the 50th percentile.
- Comp-ratios are used as a guideline for specific discretionary adjustments that may be required for individual TGPs from time-to-time.
- Comp-ratio analysis can be summarised as follows:
  - 90% – 110%: Acceptable position, centred around the market median
  - >110%: High comp-ratio which requires explanation and/or motivation. Reasons could be related to scarce talent, exceptional talent, long tenure or other relevant circumstances
  - <90%: Requires investigation and adjustment of the TGP over one or more years (where appropriate)
- All new TGPs, comp-ratios and resulting increases are reviewed by the committee to ensure gender, race and comparative role parity.

Remuneration report continued

Short-term incentive bonus scheme

The short-term incentive bonus scheme aims to reward management for the achievement of short-term (one-year) goals and achievements aligned with metrics that are important to stakeholders. The key principles of the STI are as follows:

Determining STIs for executives	• STIs are awarded subject to the following: – Achievement of the annual corporate hurdle: Targeted FFO for the year (a target set by the board in line with internal and external factors and market expectations). – On achievement of the targeted FFO, an on-target bonus pool (refer below) is generated for distribution among the broader management team. – On achievement of outperformance in respect of the targeted FFO, an outperformance bonus pool (refer below) is generated for distribution among the broader management team. – Executives will receive an allocation of the on-target and outperformance pools, subject to: • Achieving their personal performance measures, set by the board • Based on their STI participation percentages.
Determination of the on-target and outperformance bonus pools	• STI pool comprises two components: on-target and outperformance. • On-target bonus pool is determined as follows: – Set at 33.3% - 66.7% of the maximum potential bonus pool, based on specific targets, strategies and factors relevant at that time. – Threshold level = 95% of the on-target performance level – Performance equal to the threshold level will yield an on-target bonus pool equal to 25% of the maximum potential bonus pool. – Achievement below this level will result in no STI being paid, unless the committee recommends STIs to a selected individual for exceptional performance. – Performance above the threshold level, yet beneath the on-target level, will result in a bonus pool (other than the people on the 15% scheme) pro-rated on a straight-line basis to reflect the achieved performance. • The outperformance bonus pool is determined as follows: – Outperformance of the on-target benchmark will result in management sharing in a percentage of such excess profit, up to 50%, as determined by the committee. • When determining the final bonus pool, the committee always considers specific market conditions, individual performance and affordability of the bonus pool.
STI limits and delivery mechanism	• STIs generated via the on-target bonus pool are delivered in cash. • STIs generated via the outperformance bonus pool are delivered in cash, subject to the maximum cash limit for each executive. • STIs generated via the outperformance bonus pool, beyond the maximum cash limit, will be deferred and be treated subject to the terms of conditions of the CSP as determined by the committee. • STIs for executives have limits on the total amount and the cash amount. • STI maximum cash limits: – CEO: 150% of TGP – Other executives/prescribed officers: 125% of TGP. • STI maximum overall limits: – CEO: 300% of TGP – Other executives/prescribed officers: 250% of TGP. • STI delivered in cash are paid in two equal instalments in May and November (other than members of general staff and junior management that received 100% in May) provided the employee remains in employment.
STI participants	• Employees designated as middle to executive management limited to individual maximum bonus percentage. • Employees within the general staff and junior management categories can earn an annual bonus equal to a maximum of 15% of TGP, subject to the achievement of their individual CPA targets.
Malus and clawback	• STIs are paid subject to malus and claw-back provisions. • Malus means the adjustment of an STI amount (typically the second tranche of the bonus amount) upon the discovery of deficient performance relative to the evaluation on which the payment was initially made. Clawback means the recovery of a bonus amount which has already been paid, in the case of malice or mala fide error becoming apparent.

Conditional Share Plan

The Conditional Share Plan 2022 (CSP 2022) was endorsed by shareholders on 31 January 2022 and allocations have been made under this plan since May 2022. The vesting of awards for FY24, which were allocated in FY21, is the last vesting to apply the performance criteria of the old CSP.

The overall mechanics of the CSP 2022 are detailed below.

Plan mechanics and limits	• Conditional shares are awarded, and shares will vest after three years, subject to the achievement of the performance conditions and continued employment. • Overall limit: 2.5% of issued capital. • Individual limit: 1.0% of issued capital. • Annual allocation limit: 1.0% of issued capital.
Eligibility	• Eligibility will be at the discretion of the committee but generally the participants are executive, senior and middle management.
Allocation policy	• Regular annual awards as a percentage of TGP. • Allocation percentages are reviewed annually within pre-determined bands as set out below: – CEO: 100% to 150%. – Executive management: 70% to 120%. – Senior management: 40% to 70%. – Middle management: 20% to 50%. • In special circumstances, awards can be made for sign-on awards, deferral of short-term incentive, awards to recognise the achievement of significant strategic goals and ad hoc awards.
Dividend equivalents	• Paid to participants as a bonus, subject to clawback.
Mix between group and individual performance conditions	• First portion of the award, up to 33.3% of TGP, is subject to personal performance criteria based on a three-year average CPA performance score. • The balance of the award is subject to company performance conditions as detailed below.
Malus and clawback	The plan is subject to malus and clawback provisions. Malus provisions allow the company to reduce or cancel any award made under the plan before it vests (or the shares are transferred, or cash paid out). Clawback provisions allow the company to recover any vested award (including dividends paid) after it has vested or has been paid out.

Remuneration report continued

CSP performance conditions

Allocations made **before** 31 January 2022

The company performance measures comprise the following performance conditions:

Performance conditions	Calculation methodology
Absolute performance measure	• Weighting: 50%. • Growth in funds from operations (ie FFO per share) measured against CPI + margin with the following targets: – Threshold: CPI + 100 bps. – Stretch: CPI + 200 bps. – Outperformance: CPI + 300 bps.
Relative performance measure	• Weighting: 50%. • Growth in FFO (70%) and share price (30%) versus a peer group index over a three-year period. • Peer group comprises: Emira Property Fund, SA Corporate Real Estate Fund, Growthpoint Properties, Burstone Group, Texton Property Fund, Redefine Properties and Hyprop Investments. • Performance conditions: – Threshold: 100% of peer group index. – Stretch: 110% of peer group index. – Outperformance: 120% of peer group index (including 90th percentile performance). • Outperformance of a specific grant over the three-year performance period (120% of the index) will result in double the number of shares delivered to members of the executive committee.

CSP performance conditions

Allocations made **after** 31 January 2022

The company performance measures comprise the following as set out in the table below:

Performance conditions	Calculation methodology and details
Total shareholder return (TSR)	• Relative performance measured. • Weighting: 25%. • Company's performance on a TSR basis measured against a peer group index over a three-year period. • Peer group comprises: Growthpoint, Redefine, Hyprop, SA Corporate, Resilient, Attacq, Fortress and NEPI. • TSR is calculated as follows over a three-year period: – Growth in FFO (70%). – Growth in share price (30%). • Performance conditions: – Threshold: 100% of peer group index, resulting 70% vesting. – On-target: 110% of peer group index, resulting in 100% vesting. – Outperformance: 120% of peer group index, resulting in double the number shares delivered for executives.
Total return (TR)	• Absolute performance measure. • Weighting: 25%. • Company's performance on a return on book value (TR) over a three-year period. • TR = Total FFO + NAV growth over Starting NAV, relative to a board-determined target on a per share basis.
ESG	• Absolute performance measure. • Weighting: 25%. • Performance based on the ESG scorecard – refer to page 170 of the report.
Balance sheet management	• Absolute performance measure. • Weighting: 25%. • Performance based on a balance sheet scorecard – refer to page 172 of the report.

The following specific performance targets have been set for the CSP 2024 allocations, with a vesting date of 31 May 2027 in respect of the total return, ESG and balance sheet management measures:

Total return performance targets (FY24 – FY27)

	70%	100%	200%
Description	**Threshold**	**On-target**	**Outperformance**
Board-approved target over the period	30.0%	36.0%	45.0%
Average annual return	10.0%	12.0%	15.0%

Remuneration report continued

ESG scorecard

Strategic action plan 2024 – 2027

ENVIRONMENTAL

SDG	Goal	Measurement/action
13 Climate action	GHG emissions reduction	Reduction of scope 1 and 2 CO_2e emissions per square metre (tonnes of CO_2e) **Target: 10% reduction per annum over the measurement period FY24 – FY27**
7 Affordable and clean energy	Energy mix – increase utilisation from renewable energy sources	Increase of installed renewable energy sources (photovoltaic plants) across the portfolio **Target: >40% capacity increase by FY27 compared to capacity in FY24**
6 Clean water and sanitation	Water usage reduction	Implementation of water reduction initiatives across the portfolio **Target: Successful installation of a further 100 Propelair water-reducing toilets in the portfolio by FY27**
13 Climate action	Management of climate-related risks	Implementation of a climate risk and opportunities framework **Target: Successful implementation of a climate risk and opportunities framework and the completion of climate risk assessments for all existing SA-based assets by FY27**

SOCIAL

SDG	Goal	Measurement/action
4 Quality education	Impacting the social landscape in South African by providing access to education in property-related disciplines	Provision of mentorship and tertiary education funding to previously disadvantaged South African students in property-related disciplines **Target: Funding and mentorship of at least 50 previously disadvantaged students per annum through the Vukile Academy for the period FY24 – FY27**
8 Decent work and economic growth	Reducing youth unemployment in South African through job creation within the property sector	Overcoming the job market entry barrier for previously disadvantaged individuals, but creating jobs for new graduates through a mentorship and intern programme **Target: Creation of first jobs via an internship for a number of previously disadvantaged individuals equal to 10% of the Vukile workforce per annum**
3 Good health and well-being	Fostering a workplace experience on the leading edge of wellbeing	Ensuring that Vukile remains an employer of choice through strong leadership, culture, human experience and talent management **Target: Securing a Deloitte Best Company certification of at least GOLD with an engagement score above 65%**

GOVERNANCE

SDG	Goal	Measurement/action
16 Peace, justice and strong institutions	Building an ethical organisation	Ensuring that Vukile displays high levels of ethical behaviour when dealing with stakeholders **Target: Achieving an overall ethical fitness score, equal to or better than the Corporate SA benchmark as defined within the GIBS Ethics Barometer**

Remuneration report continued

Balance sheet performance targets over the three-year vesting period (FY24 – FY27)

		Indicative targets (to be determined by the board prior to each allocation)			
		0	70	100	200
No	Description	Underperformance	Threshold	On-target	Outperformance
1	Group loan-to-value (LTV) ratio (net of cash)	>=50.0%	45.0% – 50.0%	40.0% – 45.0%	<40.0%
2	Unsecured debt to unencumbered asset ratio	>=50.0%	45.0% – 50.0%	40.0% – 45.0%	<40.0%
3	Interest cover ratio (ICR) (times)	=<2.0	2.0 – 2.5	2.5 – 3.0	>3.0
4	Debt maturity profile (years)	=1.0	1.0 – 2.0	2.0 – 3.0	>3.0
5	Corporate long-term credit rating	<BB-(za)	BB-(za) to BBB-(za)	BBB-(za) to A-(za)	>=A-(za)
6	Available liquidity (cash + undrawn facilities)/ current nominal debt expiring (12 months)	=<0.50	0.50 – 0.75	0.75 – 1.00	>1.00

TSR hurdled incentive 2022 (TIP 2022)

The TIP 2022 is a plan designed to achieve complete alignment between management and shareholders, since the plan is driven by dividends paid and share price appreciation, thereby leading to a significant alignment of interests. The plan seeks to incentivise selected key employees and executive management identified by the committee as being critical to operations over the next five years. The plan is a once-off incentive tool which was implemented in FY22 with a vesting date of 28 February 2027.

The TIP 2022 was implemented at a strike price of R12.96. The respective hurdle rates, management pay-off profile and shareholder value created over the period are presented below:

Hurdle rates (IRR over five years) %	Strike price	Barrier price level (R)	Management pay-off (Rm)	Shareholder value created (including dividends) (Rm)	Management payoff as % of shareholder value %
12.5	12.96	14.65	11.0	7 895	0.14
15.0	12.96	16.86	51.0	10 012	0.51
17.5	12.96	19.29	124.2	12 340	1.01
20.0	12.96	22.00	177.2	14 927	1.19

The maximum overall value available to management under the plan is capped at 2% of shareholder value created.

Share purchase plan (SPP)

Since the COVID-19 pandemic and resulting decline in the Vukile share price, the SPP has been sterilised with no further allocations made since 2019. Details of historical allocations under SPP has been included on page 48 of the annual financial statements 2024.

The company has recently undertaken an initial investor sounding on a potential restructuring of the SPP with our top 10 shareholders, with the feedback being broadly favourable in order to find a solution to the existing unproductive nature of the SPP.

Termination policy

The following applies in the event of termination of employment:

Reasons for termination

Remuneration component	Voluntary resignation	Dismissal/termination for cause	Designated "good leavers"	Mutual separation
Base salary	Paid over the notice period or as a lump sum Benefits may continue to be provided during the notice period but will not be paid on a lump sum basis	No payment/payment in line with labour laws Benefits will fall away at such time that employment ceases	Base salary is paid for a defined period based on cause Benefits will fall away at such time that employment ceases, unless otherwise determined by the SEHRC	Paid over the notice period or as a lump sum Applicable benefits may continue to be provided during the notice period but will not be paid on a lump sum basis
STI	Any unpaid portion of STIs is forfeited	Any unpaid portion of STIs is forfeited and a clawback is applied to paid STIs depending on the conditions for the termination	Any unpaid portion of STIs is paid, subject to the discretion of the SEHRC	Any unpaid portion of STIs is paid, subject to the discretion of the SEHRC
CSP	All unvested awards shall be forfeited in their entirety and will lapse immediately on the date of termination	All unvested awards shall be forfeited in their entirety and will lapse immediately on the date of termination	All good leavers awards will be pro-rated to time applying the average performance appraisals up to the date of termination, unless otherwise determined by the SEHRC Retirement – company performance linked will remain subject to the natural duration of the plan. Personal performance will be tested on the day of retirement and vest on that day, unless otherwise determined by the SEHRC Death – a pro rata portion of the award may vest based on performance and time	Discretion applied based on terms of the separation agreement
SPP	The plan debt will become payable within 30 days from date of termination	The plan debt will become payable within 30 days from date of termination	The plan debt will become payable within 12 months from the date of termination unless otherwise determined by the SEHRC	Discretion applied based on terms of the separation agreement
TIP 2023	All unvested awards shall be forfeited in their entirety and will lapse immediately on the date of termination	All unvested awards shall be forfeited in their entirety and will lapse immediately on the date of termination	In the case of good leavers, the committee will exercise its discretion in order to liquidate any "in-money" value based on the relevant circumstances	Discretion applied based on terms of the separation agreement

Remuneration report continued

Fair and responsible remuneration principles

Vukile has a very small workforce, with 49 people in our full-time employment at year-end on 31 March 2024. Of the 49 employees, only 6.4% are considered non-professional staff. Across the board within the workforce, we aim for fair and responsible pay practices, especially in the context of the prevalent wage gap within South Africa.

The key elements of our fair and responsible remuneration practices are as follows:

- All non-professional staff are paid in line or at a premium to the living wage in South Africa.
- All non-professional staff are eligible for a short-term incentive bonus of 15% of their TGP per annum.
- All non-professional staff receive 24 days of leave per annum in line with executive management.
- All non-professional staff have access to private healthcare.
- All non-professional staff have access to retirement benefits.

Non-executive directors' fees

Vukile believes in strong governance and attracting truly independent, high-calibre non-executive directors. Further, Vukile believes that good governance is industry agnostic and as such, we consider it appropriate to position our non-executive directors' fees benchmarked against the JSE mid-cap sector rather than the property sector. This is done by looking at the JSE Top 100 Companies, excluding the Top 40, in other words, benchmarking against companies ranked numbers 41 – 100 by market capitalisation. The company utilises PwC, a credible independent external consultant, to conduct benchmarking on a periodic basis which was last performed in June 2022. A proposed overall increase of 6% is proposed for approval by shareholders at the upcoming AGM.

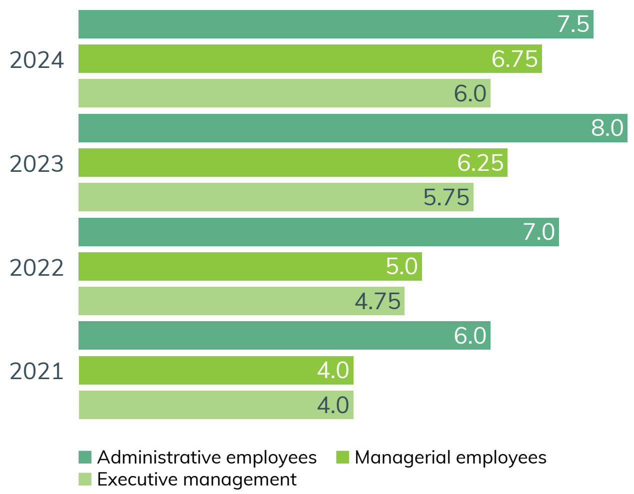
PART 3: IMPLEMENTATION REPORT

This section explains how the remuneration policy was implemented in the reporting year, and the resulting payments that each of the directors received. The implementation report should be read in conjunction with the disclosure contained in the directors' report.

Annual adjustments to total guaranteed pay

Our normal remuneration review process took place during May 2024 and the committee approved annual general increases, in line with our fair remuneration policy, ensuring that junior employees receive larger inflationary adjustments than senior and executive management as included below.

Annual General TGP Increases (%)



In specific cases, discretionary increases were considered and approved by the committee. The reasons for such increases are mostly due to the retention of scarce skills and strong talent, promotions, role expansions and the comp-ratio alignment. The total of the fixed remuneration expenses grew by 8.4% for FY25, made up by 6.4% inflationary increases and 2.0% for discretionary increases.

New total guaranteed packages for executive directors and the prescribed officer

Executive remuneration was carefully considered, taking into account prevailing market conditions, shareholder sentiment, retention considerations, employees morale and comp-ratio analysis. The committee resolved to approve the following total guaranteed packages for executive directors and prescribed officer from 1 July 2024, based on the benchmark data received from RemChannel and 21st Century:

Executive director/ prescribed officer	New TGP	Annual increase
Chief Executive Officer	R6 060 000	6.0%
Chief Financial Officer	R4 335 500	6.0%
Managing Director: South Africa	R3 500 000	12.9%
Financial Director	R2 200 000	Note 1

Note 1 – appointed on 2 January 2024 with no prior period directors' remuneration comparative.

Remuneration report continued

Short-term incentive scheme outcomes for 2024

Committee considerations

Annual performance context

In line with its usual practice, the committee followed a robust process when it considered the short-term incentives for executive management in FY24. In addition to evaluating the performance of both the group and individual executives for the year under review, the committee also considered both historical performance (ie the base on which FY24 performance was delivered) as well as the prospects for the group in the coming year (ie was the performance a once-off occurrence or is the business positioned for the future sustainable growth).

In light of this, shareholders are referred to the sustained growth achieved by Vukile over the past three years. Vukile has consistently delivered market-leading performance as set out below:

Financial year	Annual growth in FFO per share (%)
FY24	6.7
FY23	6.0
FY22	6.8

Further to our historical performance, the business is well-positioned for future sustainable growth despite a very challenging interest rate environment. We expect to deliver growth in FFO per share ranging from 2% to 4%, as well as and growth in dividend per share between 4% and 6% for FY25.

Actual annual performance

In line with our remuneration policy, short-term incentives for executives are only delivered if the two-tier performance system has been satisfied, being the achievement of the corporate hurdle (annual FFO target) and individual CPA targets.

For the year under review, the corporate hurdle was significantly outperformed, as detailed below:

Corporate performance hurdle	
Budgeted FFO – approved by the board	R1 556.6m
Actual FFO for FY24	R1 703.5m
Outperformance amount	**R147.0m**
Adjustment for antecedent dividends – R1bn equity raise	(R84.3m)
Estimated outperformance	R62.6m
Management's maximum outperformance sharing (50%)	**R31.3m**

The committee resolved to allocate an amount of R31.28 million as a total outperformance pool to the company-wide management team, with the individual amounts disclosed on page 178.

In addition to the outperformance of the corporate performance hurdle, all our executives outperformed in respect of their annual CPA targets, as further detailed below.

Pay for performance

While the absolute quantum of STIs for FY24 is significantly higher than in FY23, this clearly stems from the pay for performance principle embedded in our remuneration policy. The committee is satisfied that the year-on-year increases, and absolute quantum delivered to the executives are appropriate in the context of the outperformance for the year.

Responsible delivery of STIs

The committee again (as in prior years) decided to defer a part of the STIs through the Conditional Share Plan, despite the fact that the remuneration policy provides for cash delivery. The committee's view is that the deferral of STIs is a responsible approach and in the best interest of shareholders. Deferral of STIs, over three years in this case, benefits shareholders by spreading the impact of STIs over multiple financial years and thereby positively impacting FFO, as well as introducing a retention element over and above the performance that has already been delivered by management in earning the STI.

The table below summarises the percentages of TGP that could have been delivered in cash versus the percentages that were allocated in cash by the committee.

Executive director/ prescribed officer	Maximum % of TGP deliverable in cash	Actual % of TGP delivered in cash
Chief Executive Officer	150	128
Chief Financial Officer	125	106
Managing Director: South Africa	125	105

Individual executive performance measures FY24

CEO – STI personal performance	Weight	Threshold %	Target 90%	Outperformance >90%	Weighted result
Grow the business and strategic objectives: Year 1-2	20%			95%	19%
Grow the business and strategic objectives: Year 3+	20%			95%	19%
Staff management	10%			95%	10%
Leadership behaviour	10%			100%	10%
Stakeholder management	20%			100%	20%
Balance sheet management	20%			90%	18%

The overall achievement results in a performance score of **96%**, representing **outperformance**

The CEO led the business with great distinction growing FFO per share by 6.7% and dividend per share by 10.5%. Significant progress was made on the asset rotation strategy by disposing of our shareholding in Fairvest Holdings and redeploying the funds into Lar España and our renewable energy project at accretive yields. The growth of the business pipeline in existing and selective new markets was also a big achievement during the year, with accretive transactions on the horizon, and the successful finalisation of the BT Ngebs acquisition shortly after year-end. A strong performance on ESG was evidenced in the growth in our PV roll-outs during the year, continued performance of the Vukile Academy – with 100% placement of interns in full-time employment. During the year, our BEE rating improved from a level 4 to a level 3. The business maintained its practically zero employee churn rate and once again received platinum status with a net promotor score of 82 in the Deloitte Best Company™ Survey as well as being rated as one of the most ethical companies in South Africa through the GIBS Ethics Barometer. All balance sheet metrics were well managed with a R2 billion successfully raised via an equity and corporate bond issuances.

CFO – STI personal performance	Weight	Threshold %	Target 90%	Outperformance >90%	Weighted result
Grow the business and strategic objectives	25%			98%	25%
Third-party asset management	15%			65%	10%
Financial reporting	20%			97%	19%
Leadership behaviour and staff management	10%			100%	10%
Stakeholder management	10%			100%	10%
Balance sheet management	20%			90%	18%

The overall achievement results in a performance score of **92%**, representing **outperformance**

The CFO played a crucial supportive role to the CEO in leading the business to grow FFO per share by 6.7% and dividend per share by 10.5%. Significant progress was made on the asset rotation strategy by disposing of our shareholding in Fairvest Holdings and redeploying the funds into Lar España and our renewable energy project at accretive yields. The growth of the business in existing and selective new markets was also a big achievement during the year, with accretive transactions on the horizon, and the successful finalisation of the BT Ngebs acquisition shortly after year-end. A strong performance in respect of financial reporting was evidenced by excellent market feedback on the quality of Vukile's reporting and disclosure. The finance team maintained its practically zero employee churn rate and CFO made significant progress on the finance successful plan with the appointment of Lizelle Pottas as Financial Director, effective 2 January 2024. All balance sheet metrics were well managed with a R2 billion successfully raised via an equity and corporate bond issuances.

Remuneration report continued

MD:SA – STI personal performance	Weight	Threshold % / Target 90% / Outperformance >90%	Weighted result
Optimise long-and-short term portfolio returns	50%	98%	49%
Driving operational efficiencies	15%	93%	14%
Customer insights	10%	70%	7%
Key strategic projects	15%	93%	14%
Improve tenant relationships	5%	100%	5%
Leadership behaviour	5%	100%	5%

The overall achievement results in a performance score of 93%, representing outperformance

The MD: SA delivered market-leading results with portfolio vacancies decreasing from 2.0% to 1.9%, the lowest vacancies since listing in 2004. The weighted average lease expiry profile improved from 3.2 years to 3.5 years, while the tenant retention rate improved from 93% to 94%. The reversionary rate increased from 2.3% to 2.9%, with the strongest quality reversionary in five years. The rent to sales improved from 6.1% to 6.0%, indicating profitable trade within the portfolio and room for further rental growth into the future. Strong like-for-like NOI growth of 5.4% and continued growth in portfolio valuations of 5.8%. Driving efficiencies within the portfolio has been evident by the increase in the smart electricity metering across the portfolio from 55% to 84%, investigation of a new and improved soft services approach which is currently on tender. We increased our PV plant capacity from 18MWp to 21.67MWp. 91% of the portfolio value now has backup water storage (rural and commuter at 100%, urban at 90%, township at 88% and value centre at 78%).

Lizelle Pottas assumed the role of Financial Director on 2 January 2024. Given the fact that she held office for less than 25% of the year under review, no details for her performance evaluation and remuneration in respect of the period under review has been included in this report. Forward-looking details have been included, where relevant. Details of her remuneration as required under the provision of the Companies Act of South Africa, 2008 has been included in the annual financial statements on page 93.

STI awards summary FY24

The table below provided a summary of the STI awards for the individual executives for the period under review.

		STI potential				STI awarded – FY24			STI % – FY24	
Executive	TGP[1]	Maximum cash %	Maximum overall %	Maximum cash value	Maximum value (cash + deferred)	Cash STI	Deferred STI[2]	Total STI	Cash STI %	Total STI %
CEO	5 715 000	150%	300%	8 572 500	17 145 000	7 300 000	7 850 000	15 150 000	128%	265%
CFO	4 090 000	125%	250%	5 112 500	10 225 000	4 350 000	5 000 000	9 350 000	106%	229%
MD:SA	3 100 000	125%	250%	3 875 000	7 750 000	3 245 000	4 500 000	7 745 000	105%	250%

(1) TGP as at 31 March 2024.
(2) Deferred STI awards are dealt with under the terms and conditions on the CSP with no further performance conditions other than a requirement to remain in the employment of the company until 31 May 2027.

Long-term incentivisation

CSP allocations

Long-term incentive allocations under the CSP were made in May 2024 consistent with the allocation percentages contained within the rules of the CSP 2022. In line with the disclosure format recommended by King IV™, the following information relating to LTIs is disclosed:

LTI allocations made post-year-end

		CSP allocations	
Executive	New TGP[1]	Allocation %	Value awarded
CEO	6 060 000	150%	9 090 000
CFO	4 335 500	120%	5 202 600
MD:SA	3 500 000	120%	4 200 000
FD	2 200 000	120%	2 640 000

(1) TGP effective 1 July 2024.

The vesting conditions of the abovementioned awards are in line with the CSP performance conditions as detailed in the remuneration report set out on pages 156 to 189. The CSP 2024 allocations are to be tested over a three-year period commencing on 1 April 2024 and ending on 31 March 2027, with the vesting date being 31 May 2027.

CSP outcomes for 2024

Two specific tranches of CSP allocations were tested for vesting for the period ending 31 March 2024, being:

- Special CSP allocation to the CEO – 2019
- Annual CSP allocation – 2021

Details of the performance and vesting of these two CSP tranches are set out below.

Special CSP allocation to the CEO – 2019

Background

At the AGM of Vukile held on 12 August 2018, shareholders voted against the special resolution to provide financial assistance to executive directors under the provisions of the SPP. This negative vote resulted in the resolution failing to pass and rendering the SPP redundant as an incentive scheme for executive directors. At the time, all executive directors participating in the scheme were fully allocated in respect of their participation, except for the CEO.

Post the AGM, the Chairperson of the board and the Chairperson of the committee met with shareholders to understand their reasons for not supporting the resolution.

Shareholders indicated that as a matter of principle, and not specifically relating to Vukile, they would no longer support these types of schemes in the sector, citing recent governance collapses and the extreme quantum of use in the sector. Following this feedback, the committee retained the services of PwC for advice to ensure that the CEO is appropriately incentivised and aligned with shareholder interests.

Following feedback from PwC, the board resolved post-year-end to make two special allocations to the CEO under the provisions of the existing CSP in lieu of his participation in the SPP, as detailed below. The first special allocation had a 10-year vesting period with early vesting after five years provided that all the strategic vesting conditions were met within five years. In line with prudent accounting principles, the allocation was amortised over a five-year period

Performance conditions

The following performance conditions were set by the committee:

- Personal Critical Performance Areas (CPAs) (25% weighting)
  - Average of the CPA scores per annum over the vesting period, in line with targets set annually by the board
- Specific performance targets for the Vukile Group (50% weighting)
  - Average performance over the vesting period through on-target delivery (≥ 95%) of the annual financial target set by the board for the Vukile Group
- Strategic goals (25% weighting)
  - An assessment by the committee of the achievement of the following three key strategic objectives since 2019:
    - Improvement in the quality of the portfolio as evidenced through key operating metrics.
    - Recycling of assets by selling non-core assets and redeploying proceeds into strategic growth arears.
    - Ensuring the long-term viability of the operations in Spain through the establishment of significant business, governance and reporting processes and the recruitment of key human capital to support the portfolio of regionally dominant assets.

Vesting of the first special allocation

The committee carefully evaluated the achievement of the performance conditions and, specifically, whether the condition for early vesting was satisfied. The committee resolved the all the performance conditions were adequately met and that the full allocation was eligible for vesting on 31 May 2024, and per the details below.

Remuneration report continued

Summary of the achievement of the performance conditions:

Performance condition	Weighting	Achievement
Personal critical performance areas	25%	Average CPA score of 94.6% achieved over the five-year period
Specific performance targets for the group	50%	Outperformed the financial targets set by the board in each of the five-year periods. Met or outperformed the FFO/s and DPS guidance to the market in each of the five-years leading up the vesting.
Strategic goals	25%	The key strategic goals achieved during the performance period under the leadership of the CEO are summarised below: • *Improvement in the quality of the portfolio:* – Business in SA and Spain now exclusively retail focused. – Vacancies at all-time lows: SA (2%) and Spain (1%) – Excellent debt capital market rating with a corporate long-term credit rating of AA(ZA) • *Recycling of assets:* – Strong asset rotation by divesting from non-core assets such as Fairvest/Gemgrow, Atlantic Leaf Properties and the Castellana call centre assets and redeploying funds into key investments such as Lar España, Porta Europa, and BT Ngebs. • *Ensuring the long-term viability of the operations in Spain:* – Built formidable team in Castellana of 32 people with a high-calibre executive team. – Castellana has strong governance as evidenced in the strong independent board of directors – Castellana has strong reporting processes as evidenced in industry recognition through the EPRA Gold Star Award for Financial Reporting (for three years in succession) and the EPRA Gold Sustainability Award (two years in succession) – Castellana is now a Top 10 landlord in Spain with exposure across the whole country (when including the Lar España exposure) – Castellana has been awarded the Great Place to Work certification for three years running with results ahead of all industry benchmarks.

The second special allocation
A second allocation to the CEO of R8 million was made in 2022 with the following specific conditions:

Allocation details	Vesting period	Early vesting eligibility after
Tranche 1 – R2 666 666	10 years	6 years
Tranche 2 – R2 666 667	10 years	7 years
Tranche 3 – R2 666 667	10 years	8 years

Performance condition (salient)	Weighting
Combination of personal performance	25%
Achievement of strategic goals set by the board	25%
Specific performance targets from the Vukile group	50%

Annual CSP allocation – 2021
The vesting for FY24 in respect of the annual CSP allocation made in 2021 is the final allocation made under the performance conditions prior to the approval of the new CSP in 2022. Further details of the performance conditions contained in the remuneration policy are set out on pages 163 to 174. The outcome of the vesting is detailed in the tables below.

Absolute performance

	Performance criteria			Actual performance		
Performance level	Performance measure %	CPI (note 1) %	Performance target %	Average growth in FFO %	Performance level achieved	Vesting %
Threshold	Average CPI + 1	6.03	7.03	**8.86**	**Yes**	**30**
Stretch	Average CPI + 2	6.03	8.03	**8.86**	**Yes**	**100**
Outperformance	Average CPI + 3	6.03	9.03	**8.86**	**No**	**N/A**

Note 1 – determined as the average annual CPI over the performance period.

Relative performance

	Performance criteria		Actual performance		
Performance level	Performance measure	Performance target[1]	Relative performance achieved %	Performance level achieved	Vesting %
Threshold	Growth in FFO and share price versus peer group index weighted by market value over a three-year period	100% of index performance	**365**	**Yes**	**30**
Stretch		110% of index performance	**365**	**Yes**	**100**
Outperformance		120% of index performance	**365[2]**	**Yes**	**200**

[1] *PwC performs sign-off on the performance calculation through an agreed procedures process.*
[2] *In addition to the index outperformance of >120% achieved, the performance was consistent with a 90th percentile performance of the peer group.*

Remuneration report continued

LTIs outstanding and settled during 2024

Details relating to the settlement of LTIs and LTIs outstanding at 31 March 2024 are contained in the table below:

Table of unvested awards and cash flows

	Opening number 1/4/2023	Granted during the year	Forfeited during the year	Settled during the year	**Closing number 31/3/2024**	Closing estimated fair value[1]
LG Rapp						
Awards with CPA (personal performance conditions)						
CSP 2019 (*In lieu of SPP*)	267 454	–	–	–	**267 454**	4 059 952
CSP 2020	201 898			(201 898)	**–**	–
CSP 2021	146 872				**146 872**	2 229 517
CSP 2022	124 278				**124 278**	1 886 540
CSP 2022 (*In lieu of SPP*)	137 985				**137 985**	2 094 609
CSP 2023	–	145 773			**145 773**	2 212 834
Awards with VKE performance (company performance conditions)						
CSP 2019 (*In lieu of SPP*)		–	–	–	**–**	–
CSP 2020	532 277		(266 138.50)	(266 138.50)	**–**	–
CSP 2021	387 208				**387 208**	5 877 817
CSP 2022	379 049				**379 049**	5 753 964
CSP 2022 (*In lieu of SPP*)					**–**	–
CSP 2023	–	510 211			**510 211**	7 745 003
Special performance awards						
CSP 2019 (*In lieu of SPP*)	802 362	–			**802 362**	12 179 855
CSP 2020	–	–	–	–	**–**	–
CSP 2021	–	–	–	–	**–**	–
CSP 2022	224 225	–	–	–	**224 225**	3 403 736
CSP 2022 (*In lieu of SPP*)	413 954	–			**413 954**	6 283 826
CSP 2023	–	206 609			**206 609**	3 136 325
Total	3 617 562	862 593	(266 139)	(468 037)	**3 745 980**	56,863,976

[1] CSP Allocations are included at the spot price as at 31 March 2024 of R15.18.

	Opening number 1/4/2023	Granted during the year	Forfeited during the year	Settled during the year	**Closing number 31/3/2024**	Closing estimated fair value[1]
LR Cohen						
Awards with CPA (personal performance conditions)						
CSP 2020	144 504			(144 504)	**–**	–
CSP 2021	105 118				**105 118**	1 595 691
CSP 2022	88 943				**88 943**	1 350 155
CSP 2023		104 324			**104 324**	1 583 638
Awards with VKE performance (company performance conditions)						
CSP 2020	249 597		(124 799)	(124 799)	**–**	–
CSP 2021	181 568				**181 568**	2 756 202
CSP 2022	191 227				**191 227**	2 902 826
CSP 2023		271 245			**271 245**	4 117 499
Special performance awards						
CSP 2020	–				**–**	–
CSP 2021					**–**	–
CSP 2022	155 233				**155 233**	2 356 437
CSP 2023		145 392			**145 392**	2 207 051
Total	1 116 190	520 961	(124 799)	(269 303)	**1 243 050**	18 869 499

	Opening number 1/4/2023	Granted during the year	Forfeited during the year	Settled during the year	**Closing number 31/3/2024**	Closing estimated fair value[1]
IU Mothibeli						
Awards with CPA (personal performance conditions)						
CSP 2020	101 763		–	(101 763)	**–**	–
CSP 2021	74 027		–	–	**74 027**	1 123 730
CSP 2022	62 634		–	–	**62 634**	950 784
CSP 2023	–	73 473	–	–	**73 473**	1 115 320
Awards with VKE performance (company performance conditions)						
CSP 2020	175 773		(87 887)	(87 887)	**–**	–
CSP 2021	127 864				**127 864**	1 940 976
CSP 2022	134 662		–	–	**134 662**	2 044 169
CSP 2023	–	191 032	–	–	**191 032**	2 899 866
Special performance awards						
CSP 2020	–		–	–	**–**	–
CSP 2021	–		–	–	**–**	–
CSP 2022	155 233		–	–	**155 233**	2 356 437
CSP 2023	–	145 392	–	–	**145 392**	2 207 051
Total	831 956	409 897	(87 887)	(189 650)	**964 317**	**14 638 332**

[1] CSP Allocations are included at the spot price as at 31 March 2024 of R15.18.

Remuneration report continued

	Opening number 1/4/2023	Granted during the year	Forfeited during the year	Settled during the year	**Closing number 31/3/2024**	Closing estimated fair value[1]
LE Pottas						
Awards with CPA (personal performance conditions)						
CSP 2020	46 831		–	(46 831)	**–**	–
CSP 2021	39 861		–	–	**39 861**	605 090
CSP 2022	33 806		–	–	**33 806**	513 175
CSP 2023	–	39 753	–	–	**39 753**	603 451
Awards with VKE performance (company performance conditions)						
CSP 2020	38 317		(19 159)	(19 159)	**–**	–
CSP 2021	32 613				**32 613**	495 065
CSP 2022	32 116		–	–	**32 116**	487 521
CSP 2023	–	43 729	–	–	**43 729**	663 806
Special performance awards						
CSP 2020	24 670		–	(24 670)	**–**	–
CSP 2021	–		–	–	**–**	–
CSP 2022	20 698		–	–	**20 698**	314 196
CSP 2023	–	22 957	–	–	**22 957**	348 487
Total	268 912	106 439	(19 159)	(90 660)	**265 533**	4 030 791

[1] *CSP Allocations are included at the spot price as at 31 March 2024 of R15.18.*

Total remuneration outcome

Total remuneration for 2024 is reflected in the tables below. The format is aligned to the King IV recommended total single-figure disclosure of remuneration, which includes both received and accrued amounts.

Executive remuneration

LG Rapp

Salary	Short-term bonus (cash)[2]	Short-term bonus (deferred)[2]	Distribution equivalents[1]	Value of LTI scheme vested (normal)[3]	Total (normalised)	Value of LTI scheme vested (special)[3]	**Total single figure 2024**	Total single figure 2023
5 773 920	7 300 000	7 850 000	4 389 783	10 886 153	36 199 856	16 004 447	**52 204 303**	23 216 842

LR Cohen

Salary	Short-term bonus (cash)[2]	Short-term bonus (deferred)[2]	Distribution equivalents[1]	Value of LTI scheme vested (normal)[3]	**Total single figure 2024**	Total single figure 2023
4 152 934	4 350 000	5 000 000	1 456 687	5 646 951	**20 606 522**	13 664 687

IU Mothibeli

Salary	Short-term bonus (cash)[2]	Short-term bonus (deferred)[2]	Distribution equivalents[1]	Value of LTI scheme vested (normal)[3]	**Total single figure 2024**	Total single figure 2023
2 992 973	3 245 000	4 500 000	1 130 049	3 976 712	**15 844 734**	10 237 139

[1] *Distribution equivalents paid in the current financial year on the CSP.*
[2] *The short-term incentive bonus in cash and deferred in CSP shares determined in May 2024 based on performance for the year ended 31 March 2024.*
[3] *LTIP reflected includes the 2021 CSP awards and special CEO award which vested post-year-end on 5 June 2024. These were included at the vesting price of R14.96 as at 5 June 2024.*

Remuneration report continued

Non-executive directors' fees

Increase in non-executive directors' fees

For FY25, non-executive directors' fees will be adjusted by c.6.0%, reflecting current inflation.

Please refer to special resolution number 1, as set out in the notice convening the AGM, for the proposed adjustments to be approved by shareholders at the AGM on 2 September 2024. The table below reflects actual non-executive directors' fees for 2024 and 2023.

Non-executive directors' fees

Rand	**2024 Total remuneration**	2023 Total remuneration
NG Payne[i]	**1 233 751**	1 060 550
RD Mokate	**1 030 970**	836 200
SF Booysen	**966 050**	881 475
JR Formby	**357 979**	–
BM Kodisang	**594 500**	–
AMSS Mokgabudi	**589 550**	484 300
GS Moseneke	**594 500**	506 450
B Ngonyama[ii]	**391 100**	711 163
H Ntene	**594 500**	506 450
JH Zehner	**271 279**	–
Total	**6 654 179**	4 986 588

[i] *In addition to the above, Mr Payne earned non-executive directors' fees of €66.000 from Castellana Properties SOCIMI, a subsidiary of Vukile.*
[ii] *Resigned from the board on 2 November 2023.*

Focus areas 2025

Performance measures for executive directors have been approved by the board for FY25 and are presented below.

CEO

Performance measures	Description	Weighting
Grow the business and strategic objectives	• Achieve budgeted growth in FFO of between 2% and 4% • Achieve budgeted growth in DPS of between 4% and 6% • Continue strengthening the portfolio through corporate action and selective acquisitions and disposals, where appropriate • Progress on exiting non-core assets and redeploying the proceeds into our core strategies • Continue driving our journey to be a more customer-centric organisation and building the capacity in the business to achieve this objective • Embed a culture of innovation within Vukile by driving various innovation-focused processes • Implement the ESG policy and practices across the business.	**40%**
Staff management and leadership behaviours	• Ensuring a fully committed and motivated management team • Ensuring minimal staff turnover • Leading the organisation with empathy and a particular focus on the physical and mental wellbeing of the team • Living the Vukile values and being a positive role model for the team • Promoting transformation and inclusivity through our various initiatives.	**30%**
Stakeholder management	Active and regular stakeholder engagement including: • Buy and sell side equity analysts • Bank funder and debt holders • Ratings agencies • Retailer CEOs • Media • Board members.	**10%**
Balance sheet management	Ensure that Vukile maintains a prudent funding strategy in line with approved policies.	**20%**

Remuneration report continued

CFO

Performance measures	Description	Weighting
Grow the business and strategic objectives	• Achieve budgeted growth in FFO of between 2% and 4% • Achieve budgeted growth in DPS of between 4% and 6% • Continue strengthening the portfolio through corporate action and selective acquisitions and disposals, where appropriate • Progress on exiting non-core assets and redeploying the proceeds into our core strategies • Continue driving our journey to be a more customer-centric organisation and building the capacity in the business to achieve this objective.	**25%**
Staff management and leadership behaviours	• Ensuring a fully committed and motivated finance team • Ensuring minimal staff turnover within the finance team • Supporting the CEO in leading the organisation with empathy and a particular focus on the physical and mental wellbeing of the team • Living the Vukile values and being a positive role model for the team.	**10%**
Stakeholder management	Active and regular stakeholder engagement including: • Buy and sell side equity analysts • Bank funder and debt holders • Ratings agencies • Retailer CEOs • Media • Board members.	**10%**
Balance sheet management	Ensure that Vukile maintains a prudent funding strategy in line with approved policies.	**20%**
Financial reporting	Ensure the ongoing quality and reliability of financial reporting, including: • Effective management of financial staff, including but not limited to ensuring a fully committed and engaged team that has minimal staff turnover, is appropriately motivated and incentivised, and has the right blend of skills, experience and diversity.	**15%**
Corporate finance	Ensure the effective and timeous implementation and design of transactions and corporate actions.	**20%**

MD: SA

Performance measures	Description	Weighting
Performance of the Vukile property portfolio	Execute the property strategy in line with the approved budget guidelines in the context of the pandemic by focusing on the following key objectives: • Optimising short- and long-term property returns • Effective management of the specific challenges presented by the South African landscape • Create a holistic customer-centric strategy for the SA portfolio by integrating data analytics from multiple modes of tested customer insights solutions into a single powerful asset management tool • Drive operational efficiencies • Improve tenant relationships.	**75%**
Staff management and leadership behaviours	• Ensuring a fully committed and motivated asset management and leasing team • Ensuring minimal staff turnover within the asset management and leasing team • Supporting the CEO in leading the organisation with empathy and a particular focus on the physical and mental wellbeing of the team • Living the Vukile values and being a positive role model for the team • Transformation and empowerment.	**10%**
Strategic projects	• Execute on solar and BESS project • Successfully integrate BT Ngebs into the portfolio • Successfully manage the Retail Academy programme.	**15%**

Financial Director

Performance measures	Description	Weighting
Financial reporting and compliance with IFRS and JSE Listings Requirements	• Ensuring the ongoing quality, reliability and on-time delivery of financial reporting, including: – Biannual investor reporting; – IFRS financial statements; and – Monthly reporting and variance analysis. • Managing the impact of potential deals and corporate activity from an IFRS and/or FFO perspective • Ensuring ongoing compliance with the JSE Listings Requirements, Companies Act regulations, etc, in conjunction with Group Secretary.	**50%**
Internal and external audit	Managing of the external audit and internal audit functions and ensuring an ongoing strong control environment.	**20%**
Stakeholder management	Active and regular stakeholder engagement including: • Buy and sell side equity analysts • Bank funder and debt holders • Ratings agencies • Media • Board members.	**10%**
Staff management and leadership behaviours	• Ensuring a fully committed and motivated finance team • Ensuring minimal staff turnover • Living the Vukile values and being a positive role model for the team.	**20%**