vukile
Centres of Growth

TWENTY

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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.

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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

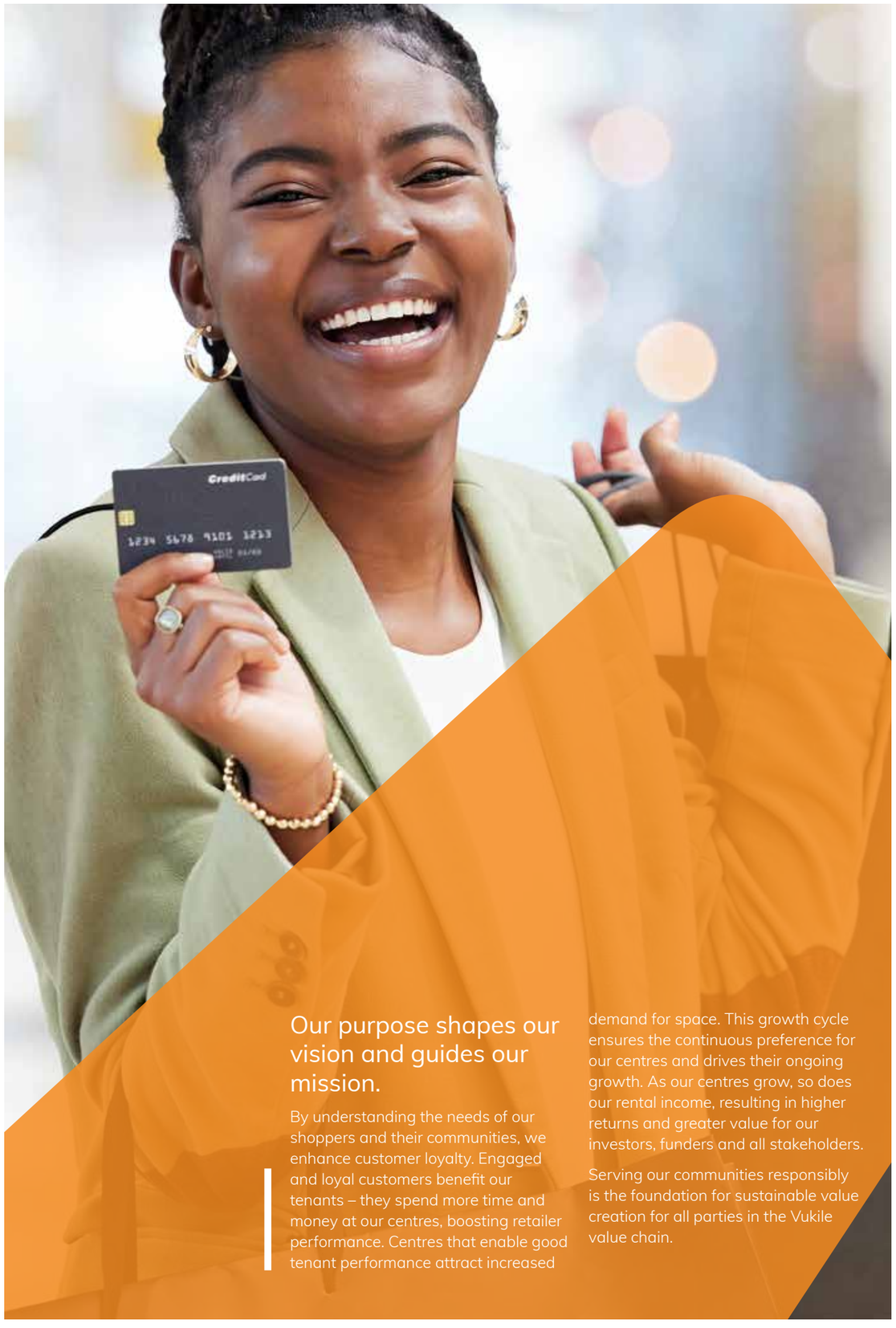
Who we aspire to be

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.

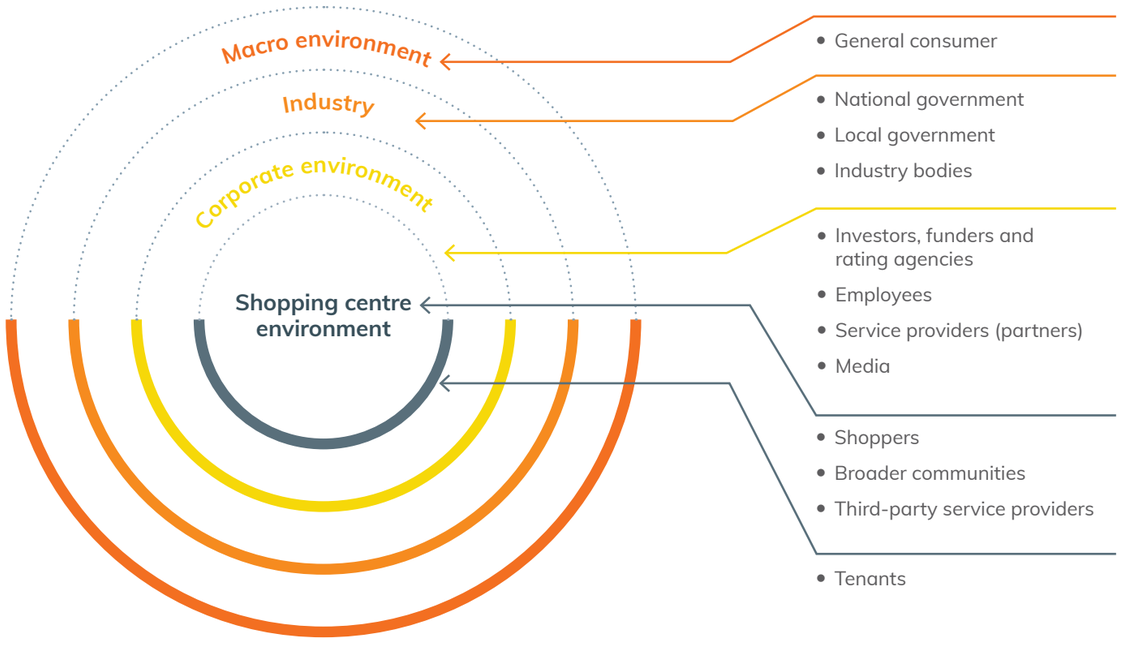
About Vukile

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:

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		

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		

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	 	

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	 	

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	 	

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	 	

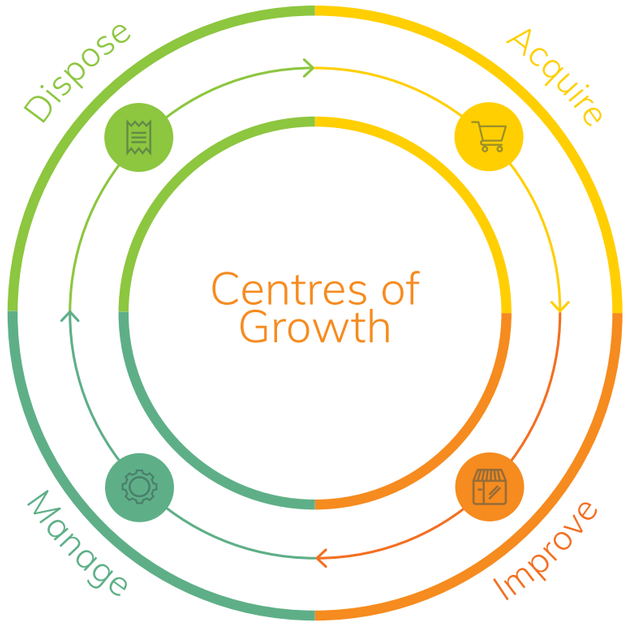
Business model and value creation

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

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.

02. Manufactured Capital

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

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.

03. Social and Relationship Capital

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

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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

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.

The cash dividend of

124.2

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

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.

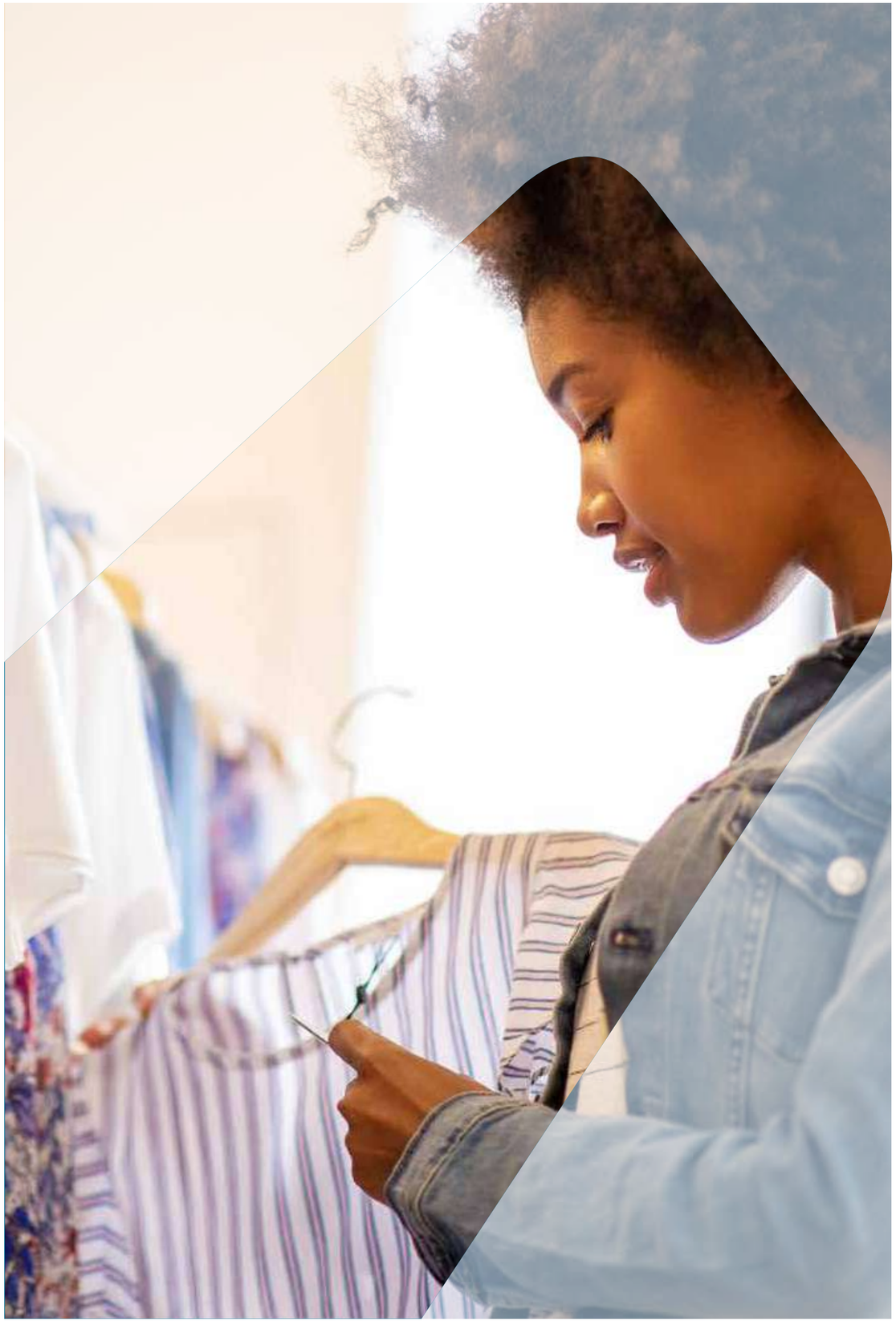
Although we offered shareholders the option of a dividend reinvestment plan (DRIP) for the FY24 final dividend, the DRIP will not become a permanent feature of our funding strategy. Instead, a DRIP will be used to tactically assist with optimal capital allocation when we see potential for accretive acquisition 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:

4 QUALITY EDUCATION
Through our academy and upskilling programmes

5 GENDER EQUALITY
Through resourcing philosophy

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

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

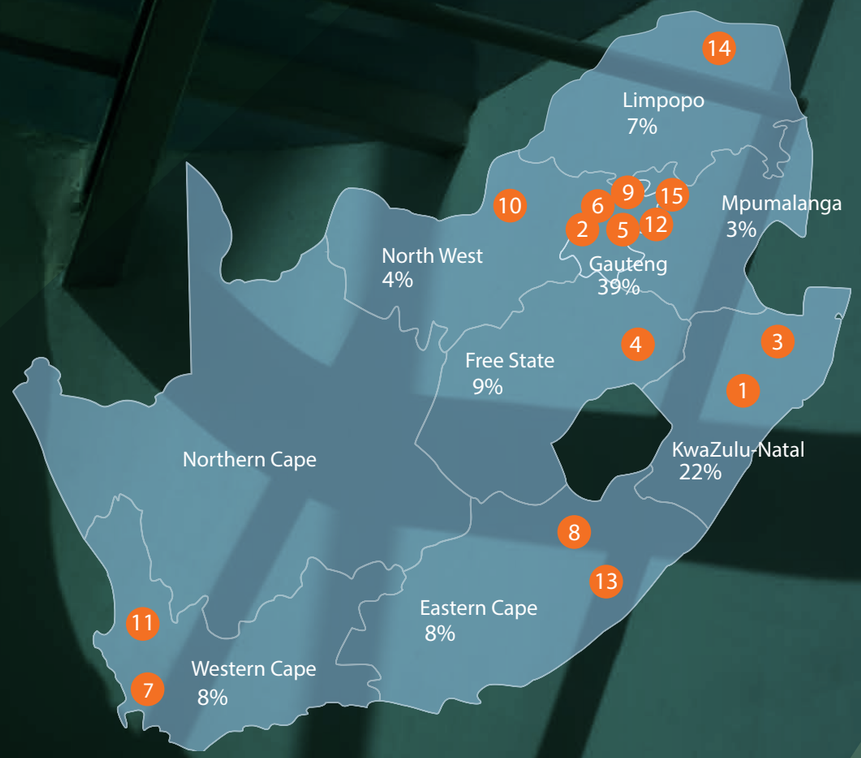
Vukile's defensive domestic portfolio, focused on resilient, community-anchored assets and needs-based retail, primarily in townships and rural areas, has yielded excellent results, in a continuously challenged macro-economic environment.

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

32
Retail properties

R469 million
Average value per retail property

13.3%
Average discount rate

8.7%
Average exit capitalisation rate

743 385m²
Gross lettable area (GLA)

75%
Top 15 assets, percentage of retail portfolio

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.

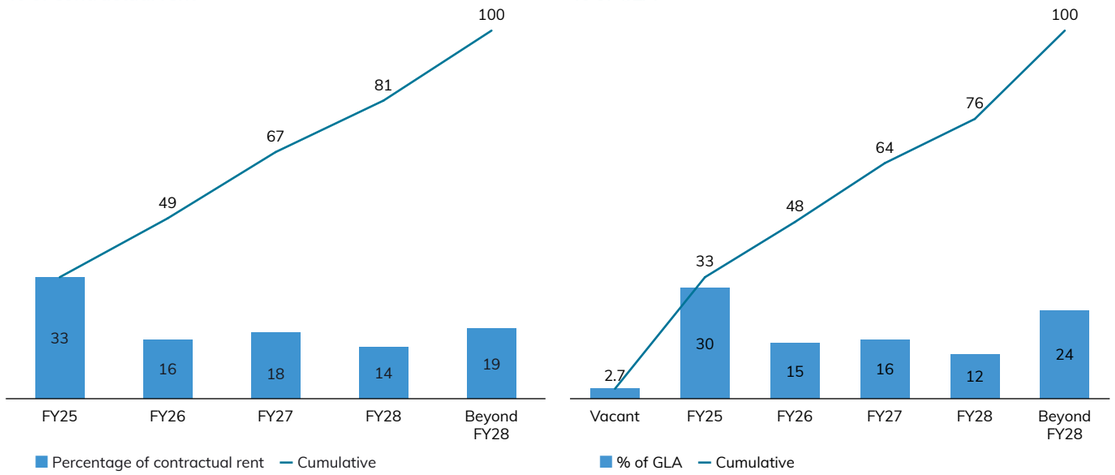
Tenant profile

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.



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

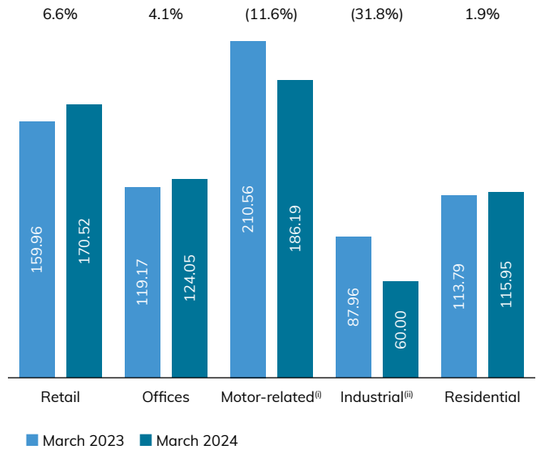
Vacancies (% of gross rental)	31 March 2024 %	31 March 2023 %
Retail	**2.0**	2.3
Offices	**18.0**	7.3
Motor-related	**—**	—
Industrial	**—**	—
Residential	**3.3**	8.2
Total	**2.3**	2.4

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.

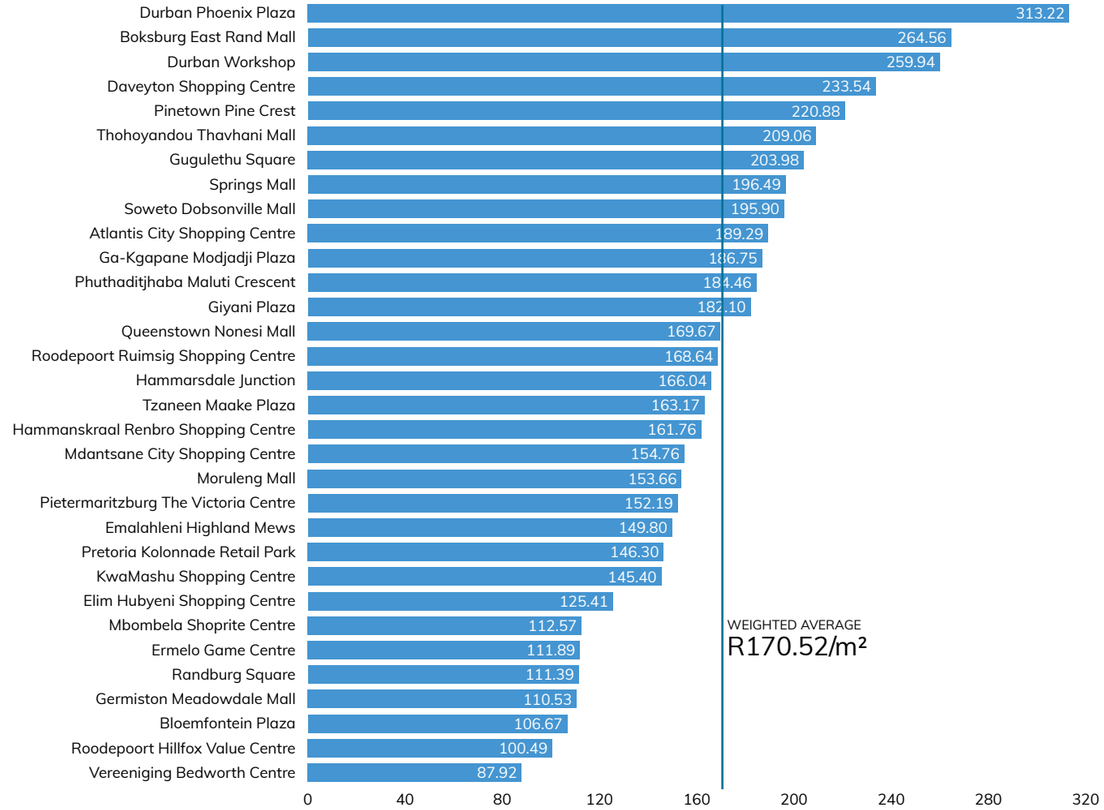
Base rental rates (R/m²)



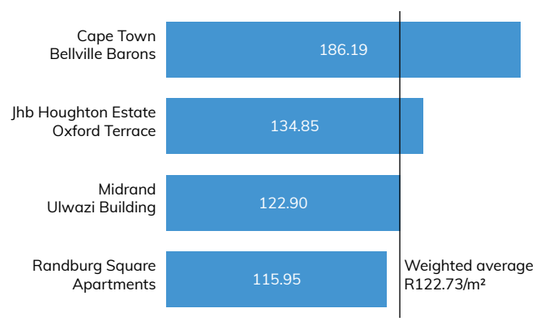
(i) *Expiry rental on Bellville Barons included tenant installation, renewal rental now comprises only of basic rental, excluding the historical tenant installation portion.*
(ii) *The lower rental rate on industrial properties is due to the replacement of a historical long-term single tenant at a market-related 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)

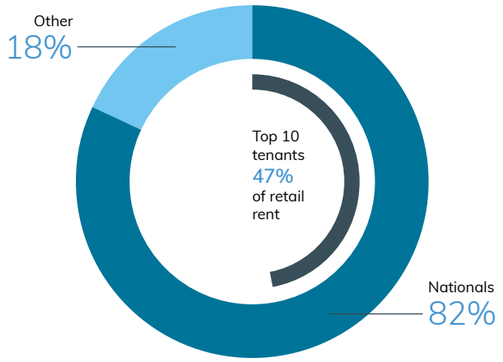


Portfolio review – South Africa continued

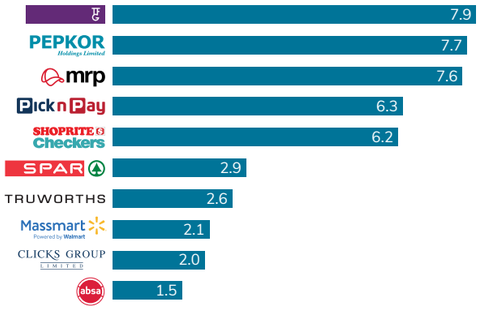
Retail tenant profile and exposure

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 (%)



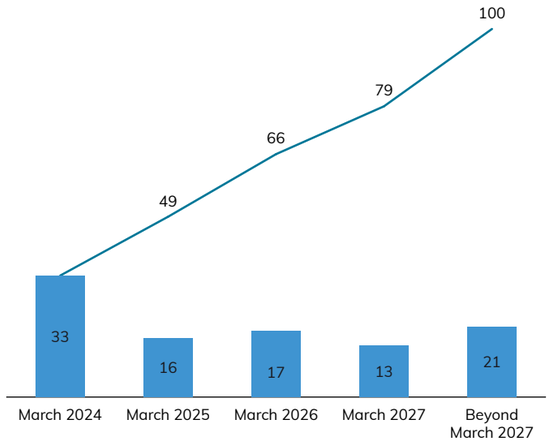
Our top 10 tenants account for 47% of total rent and 53% of GLA. TFG and Pepkor are our two single largest tenants, accounting for 7.9% and 7.7% of total rent, respectively.

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.

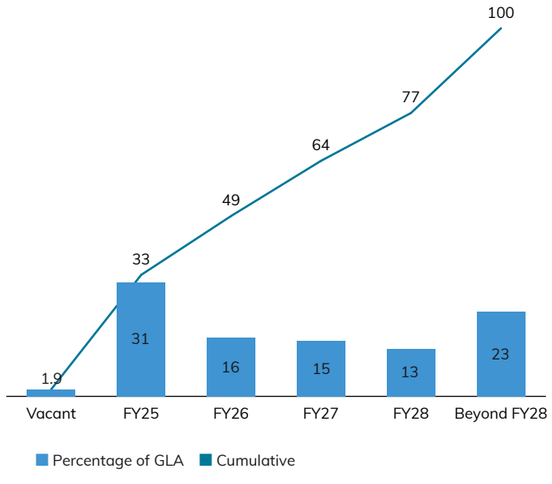
Weighted average lease expiry (WALE)

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

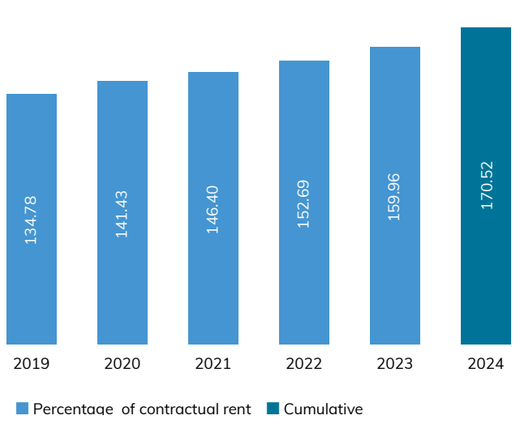


% retail of GLA

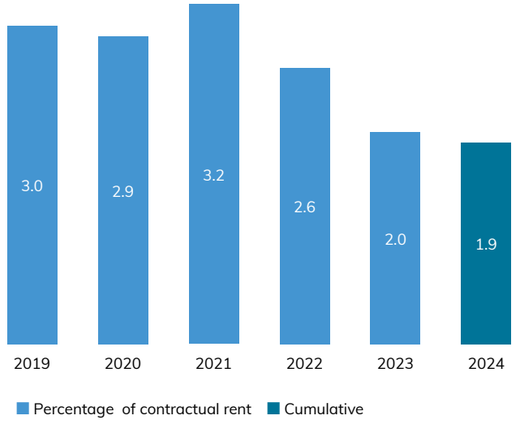


Retail tenant affordability

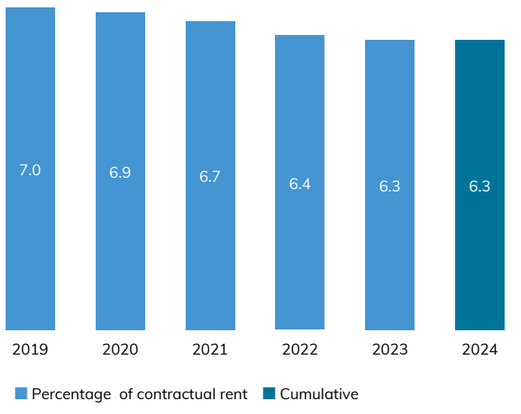
Retail average base rental (excluding recoveries) (R/m²)



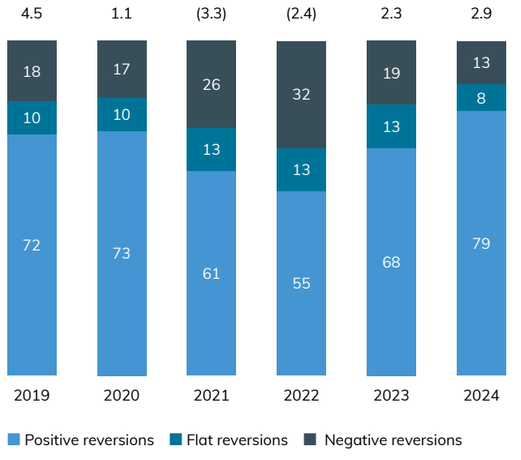
Retail vacancy profile by GLA (%)



Retail contractual escalation (%)

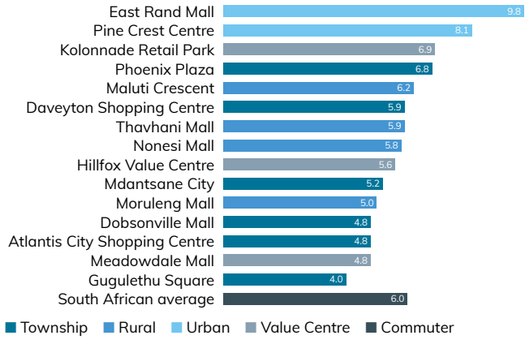


Retail rent reversions (%)

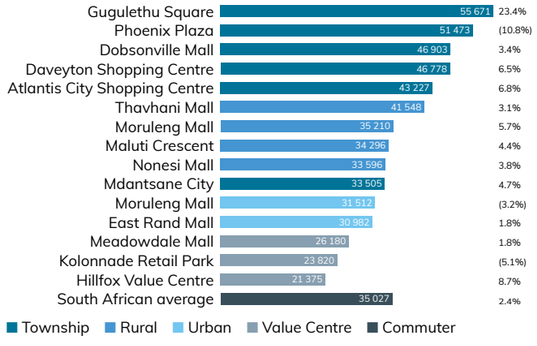


Portfolio review – South Africa continued

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**

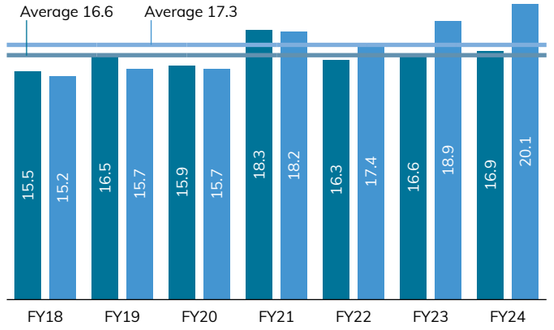
The electricity over-recovery in FY24 was 129%, due to increased PV investment within the portfolio. This resulted in the net cost-to-income ratio remaining stable at 16.9%. Cleaning and security expenses, constituting 11% of total expenses and 30% of expenses excluding rates and taxes, and electricity, 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 815m²
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.

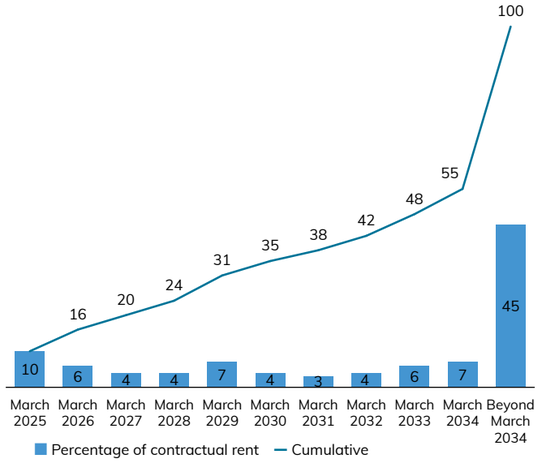
	% of rental income	% of GLA
Large international and national tenants	**94**	**95**
Local tenants	**6**	**5**

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.

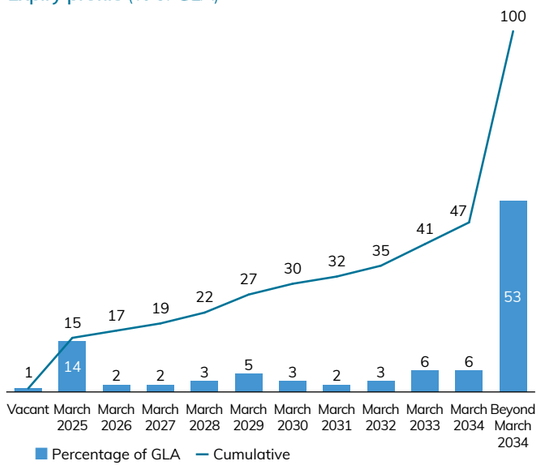
The expiry profile as a percentage of contractual rent is shown below.

Total portfolio

Expiry profile (% of contractual rent)

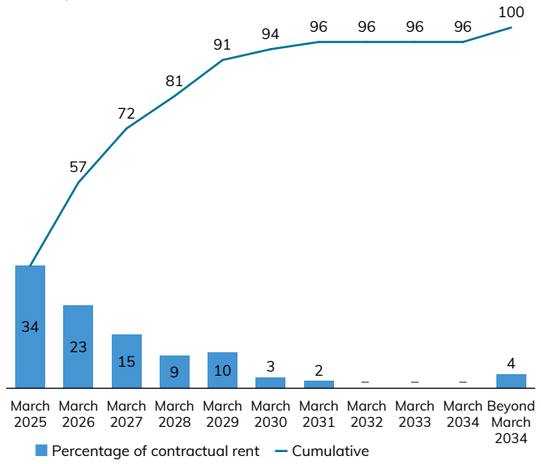


Expiry profile (% of GLA)



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.

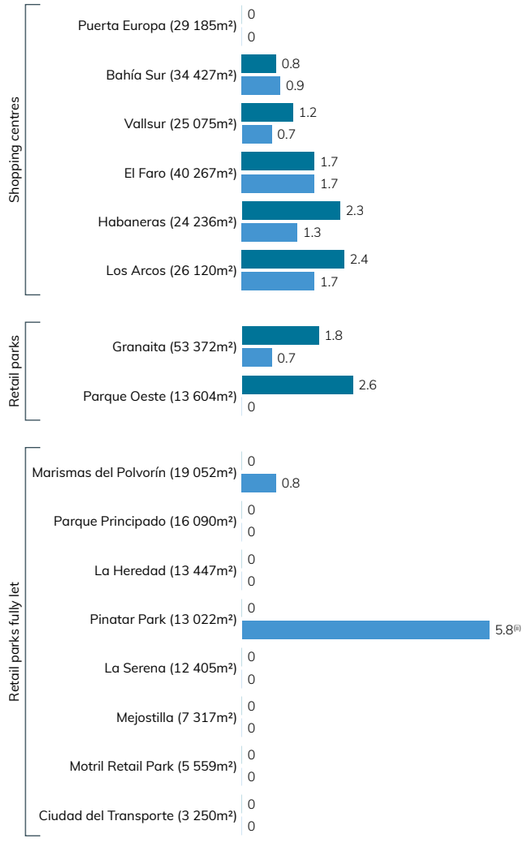
Break profile (% of contractual rent)



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

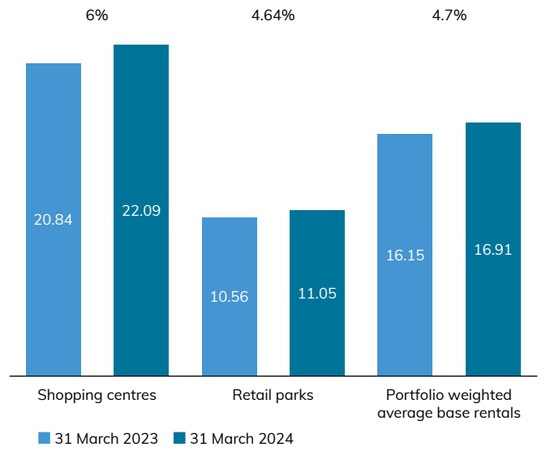
Portfolio vacancy[i] **of 1.12% of GLA** (%)



[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.

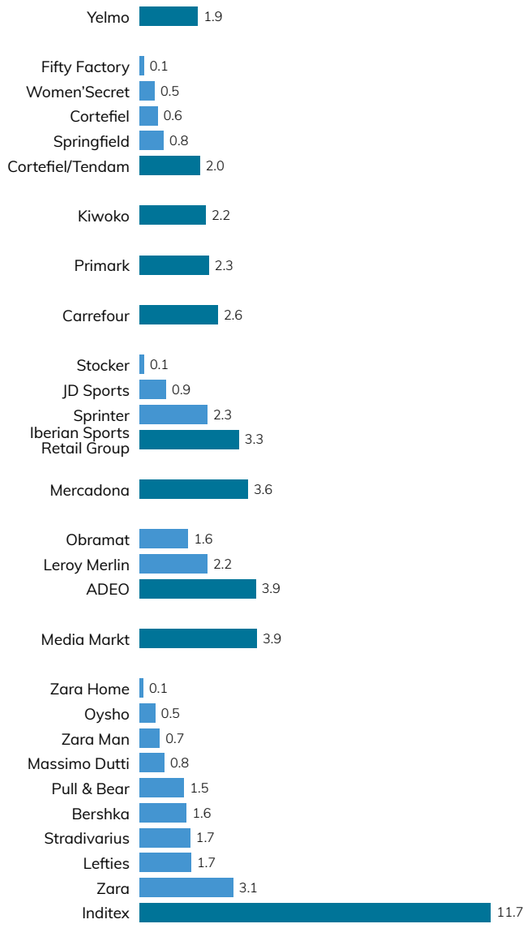
Rental profile (€/m²)



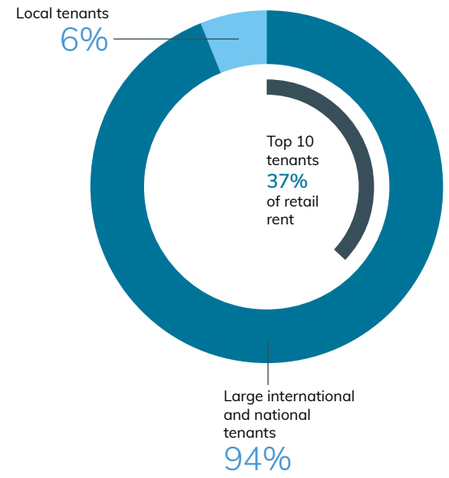
The average OCR for Castellana Properties portfolio closed at 9.3%, the lowest in the market. This demonstrates the strength of our assets, with room for further rental improvement, and gives us the confidence to continue applying indexation without problems.

Portfolio review – Spain continued

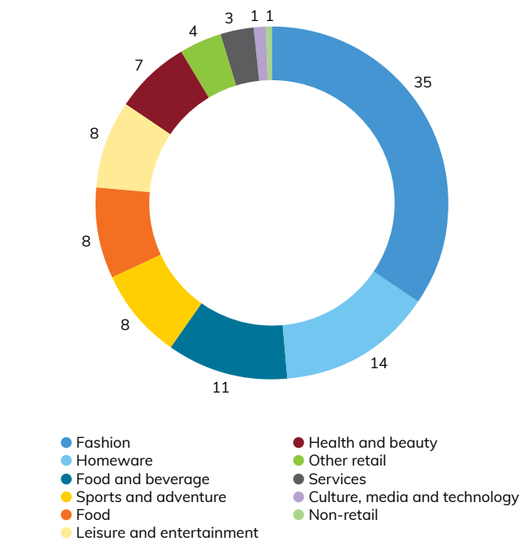
Top 10 tenant group profile – by contractual rent (%)



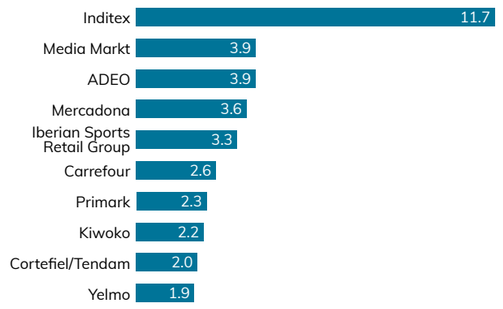
Tenant exposure by rent (%)



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	88
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

Lizelle Pottas
Financial Director

Financial Director's report

Excelling in challenging times.

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.

Achieving a
6.7%
Increase in FFO per share

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

	31 March 2024			31 March 2023	
Entity	**Carrying value Rm**	**Number of shares held**	**% held**	Carrying value Rm	% 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.

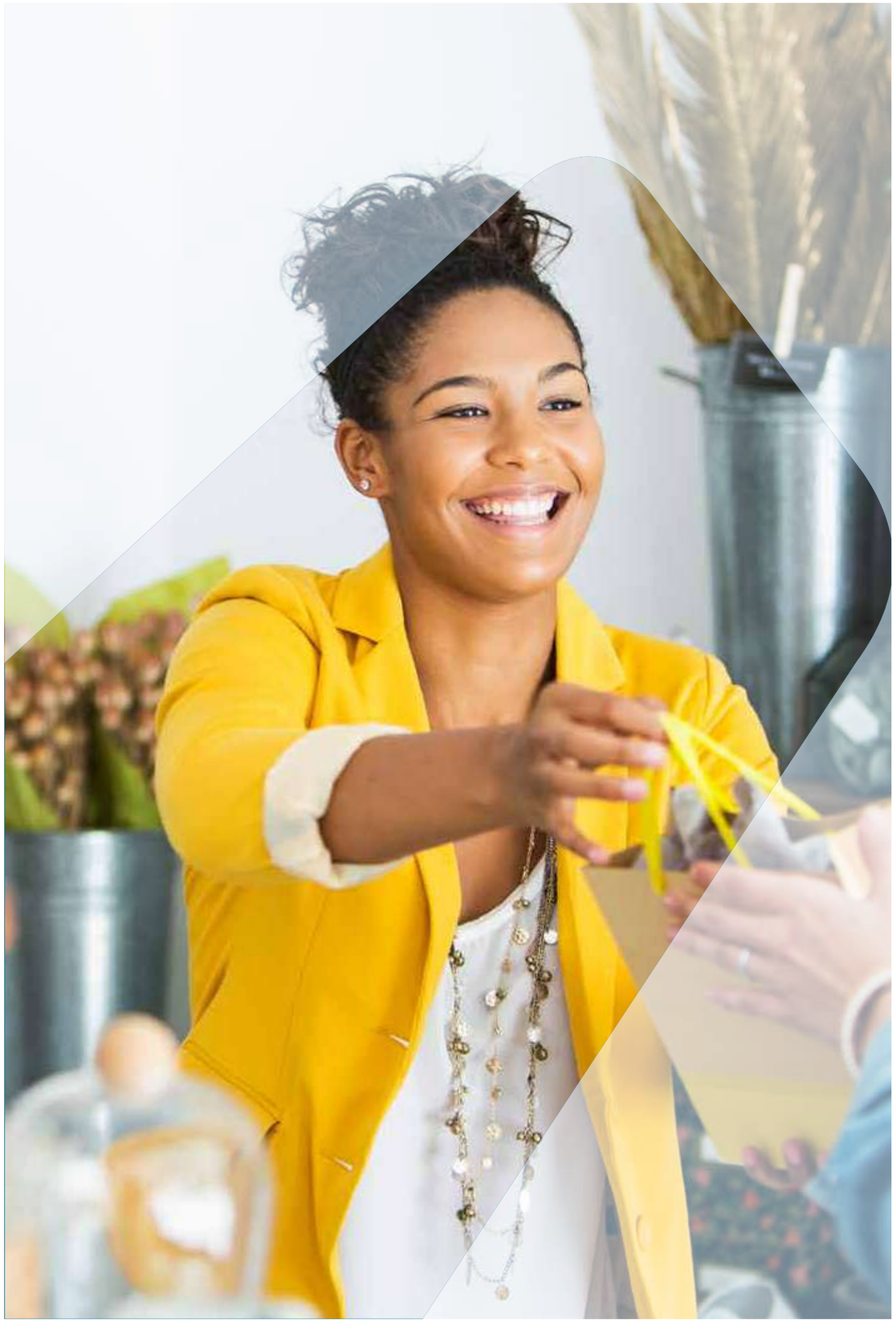
Five-year review

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

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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

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

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%**

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.

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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

SUSTAINABLE DEVELOPMENT GOALS

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	
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%	
CDP Participation in both the CDP climate change and water disclosure projects	Vukile secured a **B rating** for both CDP and CDP water	

ENVIRONMENTAL

Goal	**Measurement/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**
Goal	**Measurement/action**
Energy mix – increase utilisation from renewable energy sources	Increase of installed renewable energy sources (photovoltaic plants) across the portfolio **Target: >60% capacity increase by FY27 compared to capacity in FY24**
Goal	**Measurement/action**
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**
Goal	**Measurement/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**

Goal	Measurement/action
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 workface per annum**

Goal	Measurement/action
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 Nerb Street, Houghton Estate, Johannesburg, 2198
Registration Number: 2002/027194/06. VAT Number: 4610210377

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	20.00
Black Women Ownership	25.60%	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	9.89
Black Unemployed	0.00%	Economic Development	5.00
Black People Living in Rural Areas	0.00%	Total	99.22
Black Military Veterans	0.00%	Y.E.S. Initiative Implemented	No
Black New Entrants	25.79%	Y.E.S. Target Achieved	N/A
Exclusions Principle Applied	Yes	Number of Levels Promoted	N/A
Modified Flow Through Principle	No	Certificate Number	BBE GEN_3473_24
Empowering Supplier	Yes	Version Number	1.0
Downscoring 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 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.

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.

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	L LAWS AND REGULATIONS	U UNIVERSAL VUKILE VALUES	S SELF
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?	**Question 2** Do national laws and regulations permit the behaviour that I am considering?	**Question 3** Are the proposed actions/ decisions consistent with the Vukile values and principles?	**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

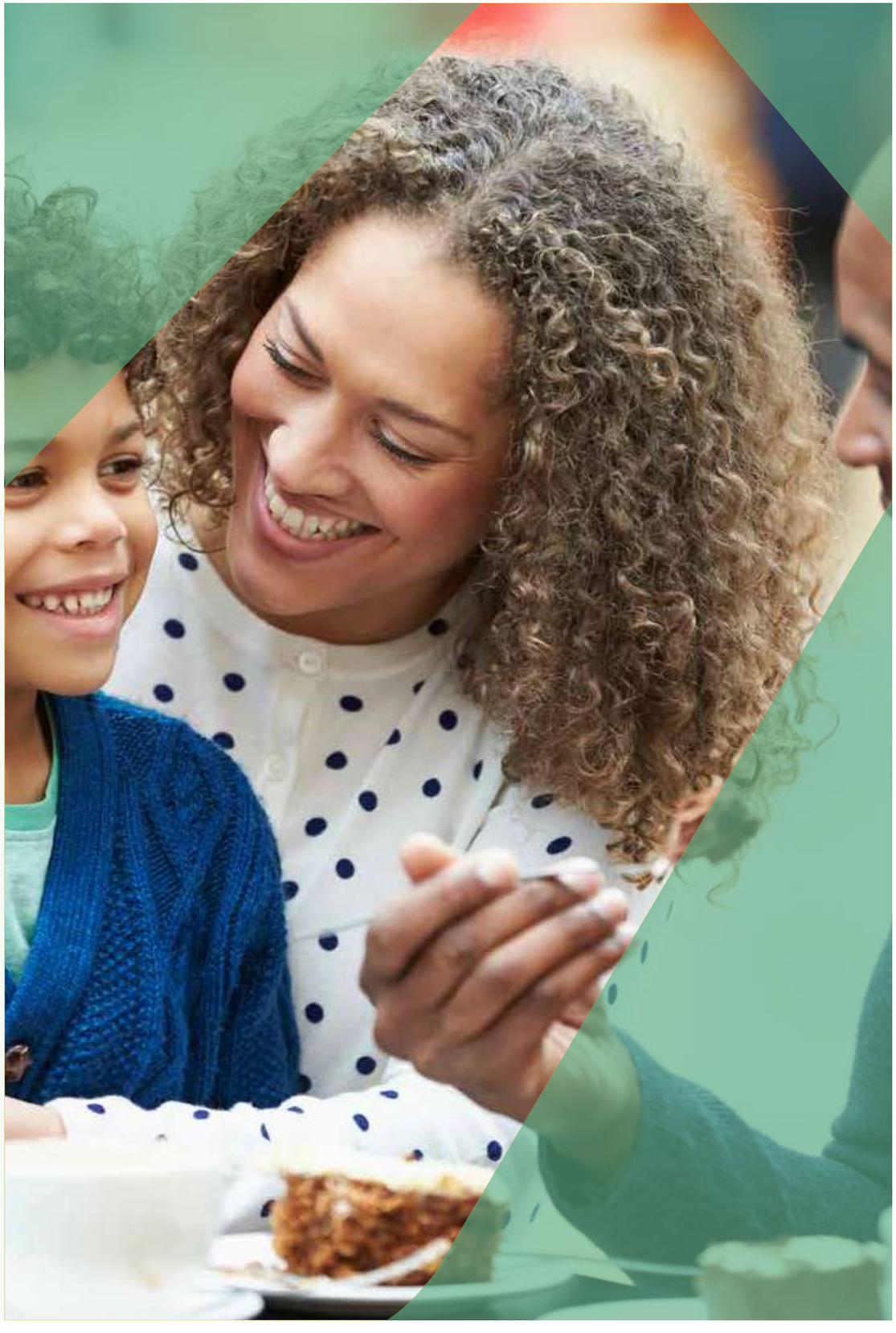
Skills and expertise:
Accounting, audit and financial services

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 manage-ment	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 **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

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.

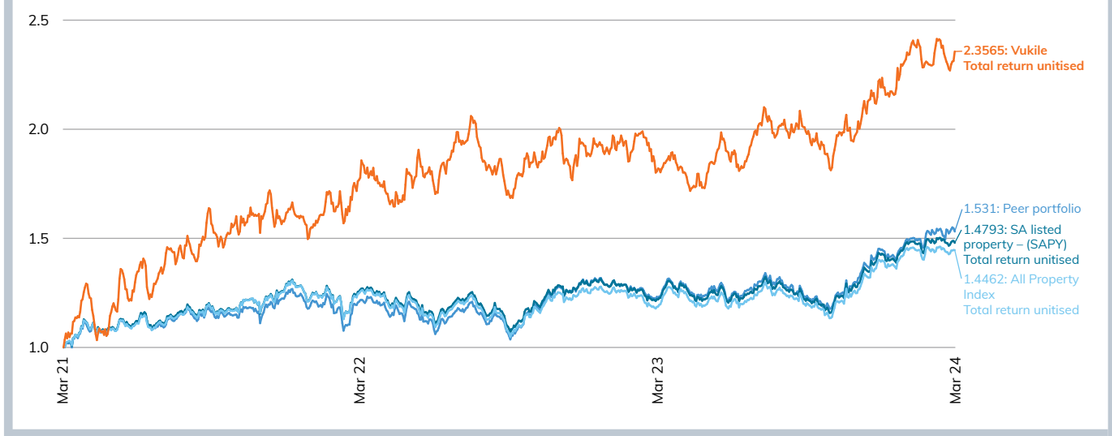
A summary of the financial performance over the relevant period is set out below

PERFORMANCE FOR FY24

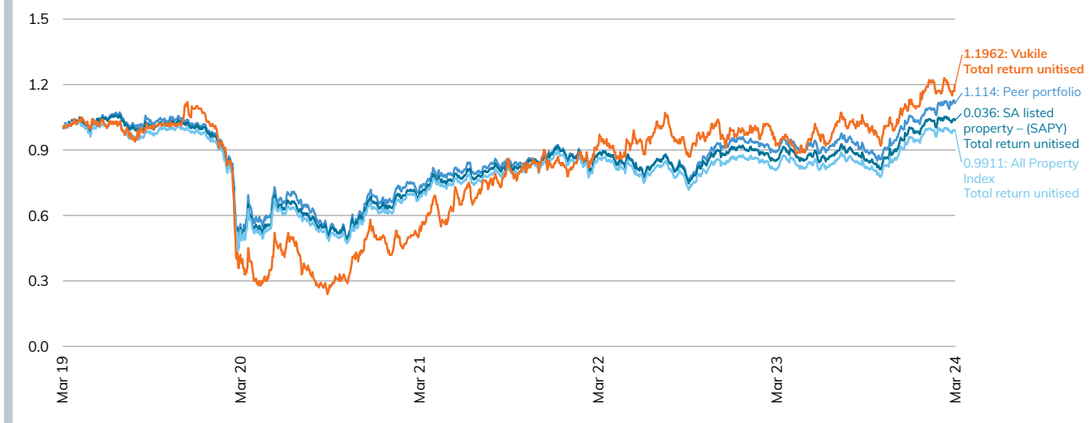
Delivered a market-leading growth in FFO and dividend ahead of the upgraded guidance

- 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)**

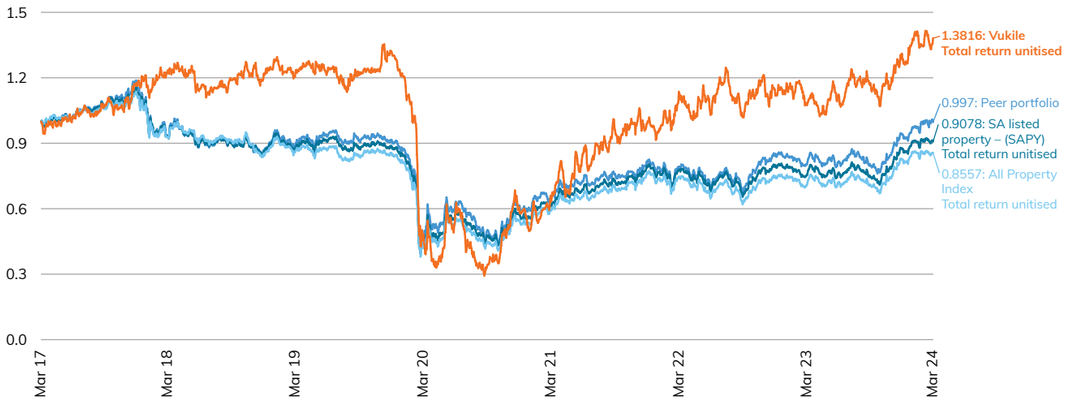


Source: Chris Muller, independent market analyst

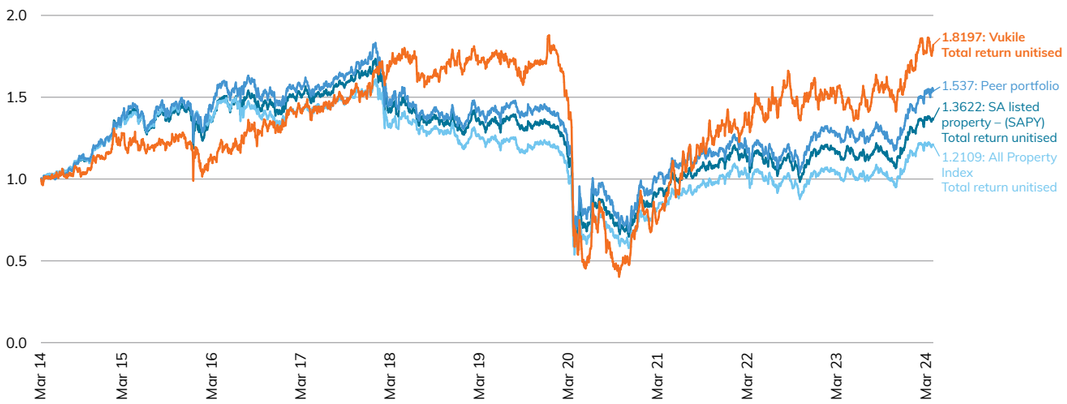
Remuneration report continued

Report of the social, ethics and human resources committee continued

Vukile versus peers and property indices **(seven years)**



Vukile versus peers and property indices **(ten years)**



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:

	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.

Performance conditions

CSP performance conditions
Allocations made **after** 31 January 2022

The company performance measures comprise the following as set out in the table below:

	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.

Performance conditions

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

	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: >60% 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

	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

	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.

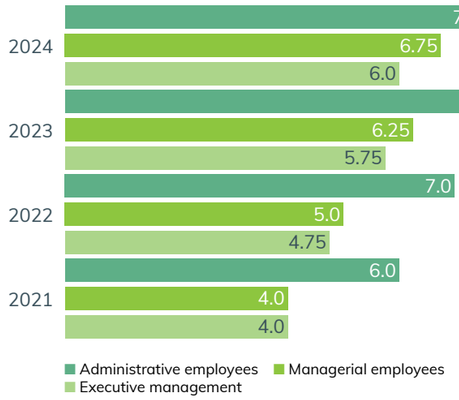
PART 3: IMPLEMENTATION REPORT

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%**

castellana
PROPERTIES

ESG REPORT
FY24

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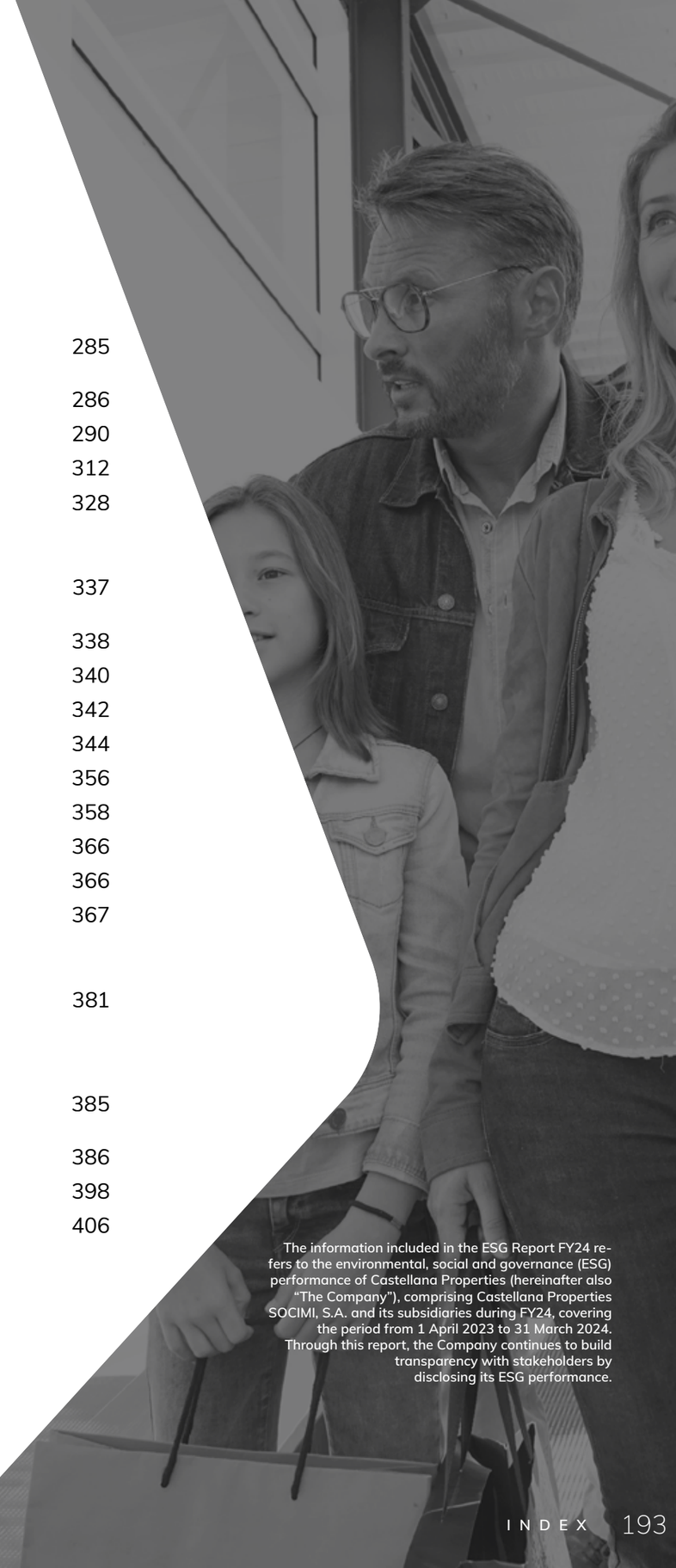

The information included in the ESG Report FY24 refers to the environmental, social and governance (ESG) performance of Castellana Properties (hereinafter also “The Company”), comprising Castellana Properties SOCIMI, S.A. and its subsidiaries during FY24, covering the period from 1 April 2023 to 31 March 2024. Through this report, the Company continues to build transparency with stakeholders by disclosing its ESG performance.

01
Letter from the CEO

Dear shareholders and stakeholders,

Thank you for the trust you have placed in the Castellana team. It inspires us to uphold a proactive spirit and commitment to facing challenges, driven by the ambition to of overcome them and excel further.

The growth in all our metrics is a testament to our hard work and effort, especially the 7.4% increase in the total value of our portfolio (GAV), comprising 16 shopping centres and retail parks with a gross leasable area (GLA) of 373,815 m² along with our participation in Lar España Real Estate. As of the end of March 2024, its value amounted to EUR 1,201 million, reflecting solid performance. This remarkable progress translates into a 5.9% increase in the Net Value of Tangible Assets (EPRA NTA), reaching EUR 687 million.

At Castellana Properties, we closed the year with an all-time high of 44.8 million visits in our portfolio, an 11% increase in NOI, reaching 64.4 million euros and a 98.9% occupancy rate at year-end. Notably, in line with previous years, the Group's collection rate once again exceeded 99% at year-end, reaching 99.3%.

Regarding our **innovation strategy,** we have made progress throughout FY24 by consolidating the initiatives launched in the previous year and implementing new ones. We are proud to be one of the leading players in the digital transformation of the retail real estate sector in Spain. We have reached a solid level of data maturity and continue to develop new advanced analytics models to improve our operations. At asset level, we are closer to our tenants and visitors with new digital platforms and apps that enhance their experience and engagement. We continue to work on open innovation initiatives by partnering with technology centres to discover new business models that will shape the future of our industry.

Despite the impressive figures and milestones, we are aware of the current challenges, such as the need to promote sustainability, especially in sectors such as real estate, where our activity has a direct and significant impact. In response to this need for change, at Castellana Properties we are committed to implementing measures that generate a real positive impact within the communities we operate. Hence, we are once again published our FY24 ESG Report, underscoring our unwavering commitment to the environment, good governance and social well-being, thereby positioning us at the forefront of innovation.

As an evidence of our commitment and thanks to our long-standing and ongoing efforts in sustainability, we have obtained **four stars in GRESB** in our second year of participation, a global benchmark for evaluating ESG criteria for companies. In addition, for the second consecutive year, we have been awarded the **EPRA sBPR Gold Award** in Sustainability Best Practice Recommendations by the European Real Estate Association. Furthermore, **100% of our assets** are **BREEAM certified,** and all of them meet the technical criteria necessary to align with the EU Sustainable Finance Taxonomy's Climate Change Adaptation objective.

In this financial year, one of our main **ESG milestones** has been the early achievement of our first FY22-FY25 strategy, far exceeding the targets set. In addition, we have launched a **new ESG strategy outlining short (FY27), medium (FY30) and long term (FY40) goals,** featuring broad commitments aimed at positioning us as frontrunners in sustainability within both the market and the sector.

> At Castellana Properties, we closed the year with an all-time high of 44.8 million visits in our portfolio, an 11% increase in NOI, reaching 64.4 million euros

To contribute to the fight against climate change, we have several initiatives aimed at reducing energy consumption and its associated emissions, such as the Smart Building project and the Sustainable Mobility Plan. One of the major milestones this year has been the establishment of **Castellana Green joint venture,** with the mission of deploying self-consumption photovoltaic plants across the portfolio, enabling us to offer locally produced renewable energy to both the owners' associations of Castellana Properties' shopping centres and their operators. The first installations are already under development, including 1.7 MWp spread over 5 assets, to produce onsite renewable energy, which can avoid up to 309,639 kgCO2, equivalent to planting almost 1,000 trees or a reduction of 1,800,000 km of travel in diesel cars.

In terms of our commitment to the responsible use of natural resources, we consume **renewable electricity across 100% of our assets,** and have reduced gas consumption by 88%, as part of our decarbonisation plan. We have also conducted water audits in all our shopping centres, along with the necessary preliminary studies for implementing the **Zero Waste** management model.

Along these lines, we have implemented an Environmental and Energy Management System, certified in accordance with ISO 14001 and 50001 standards. For the second consecutive year, we have reported our carbon footprint calculation to the MITECO, analysing the decarbonisation of the portfolio using the CRREM tool, and we have conducted the first financial impact analysis of climate risks in accordance with TCFD guidelines. Additionally, we contribute to the dissemination of sustainability by participating in the Environmental Committee of the APRESCO (Association of Commercial Spaces Owners) and becoming the **first SOCIMI** to join the Green Building Council Spain (GBCe).

In our constant endeavour **to promote the social well-being of our stakeholders,** we have developed various initiatives aimed at fostering a positive impact on local communities. This contribution is made both at a corporate level and through our assets.

During this year, we have launched our first **corporate volunteering** programme, with all company employees actively participating in actions and initiatives aimed at helping disadvantaged or disabled individuals. In addition,

we have continued our collaboration through donations with renowned foundations and NGOs such as Caritas, Manos Unidas, and Mensajeros de la Paz.

Our shopping centres and retail parks are not just economic hubs; they are also social catalysts within the communities where we operate. In this regard, we actively collaborate with non-profit institutions and associations such as the AECC, UNHCR, Aldeas Infantiles SOS España, Médecins Sans Frontières and the Red Cross. Our commitment is demonstrated through donations, providing space, and hosting educational and awareness-raising events, such as our successful campaign “Una animalá de cariño” against animal abandonment.

Reaffirming our commitment to the well-being and development of our employees, we continue to improve and strengthen the social benefits we offer. The most notable improvements for FY24 include expanding training events and themed team-building trips. In addition, during FY24 we have launched a new career and training plan for all employees, thus fostering their professional development. Our efforts are recognised by our 92% score in the GPTW (Great Place to Work) survey, , solidifying our position as the leading company in the real estate sector in Spain.

Regarding the well-being of our operators and visitors, we have implemented measures to improve air quality across all our sites by integrating monitoring probes into their building management systems (BMS). We are also committed to surpassing regulatory accessibility standards in our centres, as reflected in the achievement of AIS certification.

In terms of corporate governance, we have consolidated and strengthened our robust company control and governance system, steadfast in our ethical values of compliance and transparency, reinforced by validation from independent auditors.

Notably, in FY24 we commenced the implementation of two important systems: **the Information Security Management System (ISMS) and the Business Continuity Management System (BCMS).** These systems are designed to enhance data protection and ensure operational resilience in the face of potential contingencies, demonstrating our dedication to security and business continuity.

In addition, we have developed the first **internal Non-Financial Report Control System (INFRCS) model,** creating a robust and efficient framework for managing and overseeing key non-financial data. This drives transparency and informed decision-making within our organisation, preparing us for the European CSRD regulation.

We have also completed the **company’s process** map to enhance our internal control models. This map allows us to streamline processes, integrate new technologies and identify potential scalability gaps in our business, strengthening our ability to adapt and grow sustainably in a changing business environment.

From the Board of Directors to the entire Castellana Properties team, we are committed to promoting the well-being of our communities and key stakeholders. To achieve this, we will continue to work towards maximising our ESG standards. We are excited to contributing to the well-being of the communities around us and environmental conservation. Therefore, we will strive to remain at the forefront of sustainability in the Spanish real estate sector.

Alfonso Brunet
Chief Executive Officer

02
Castellana Properties

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Castellana Properties, a SOCIMI specialising in the acquisition, management and refurbishment of shopping centres and retail parks in Spain, was founded in 2015 and has been listed on BME Growth since 25 July 2018. Its main shareholder is Vukile Property Fund Limited, a South African REIT listed on the Johannesburg Stock Exchange.

The main objective of Castellana Properties is to become the leader in the Spanish shopping centre and retail park market, generating predictable, sustainable and growing revenue streams for its investors, while providing a quality experience for its customers and tenants.

The company is committed to sustainability in each of its activities, reflected in its ESG Policy and Strategic Plan, which are reviewed and updated frequently, focusing on environmental, social and governance criteria, as well as the promotion of responsible investments.

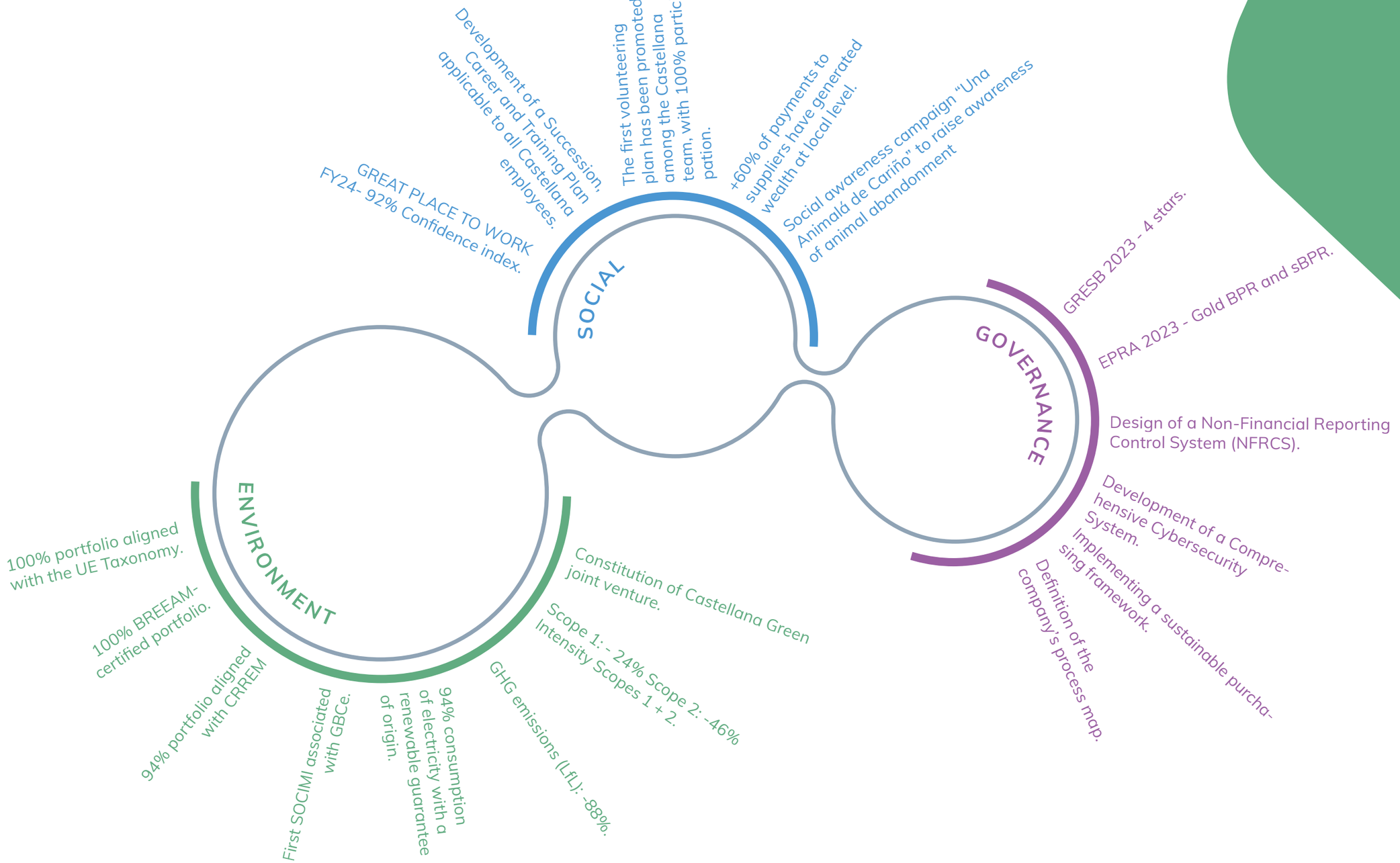
During FY24, Castellana Properties has continued working to strengthen its position as one of the leading sustainability players in the sector. It has been able to increase its positive impact on society and the environment by increasingly aligning itself with key national and international ESG regulations through its activities and decision-making.

This is evidenced by the achievement of **4 GRESB stars**, which resulted in a **score of 86/100** on the internationally recognised index that provides validated ESG performance data compared to its competitors, seeking to improve sustainability performance by promoting transparency to investors and other stakeholders.

The European Public Real Estate Association (EPRA) **has also recognised Castellana Properties for the second time with the Gold category** according to the EPRA sBPR (Sustainability Best Practices Recommendations) guidelines, which recognise the company's performance in sustainability, and for the **third consecutive year with the EPRA BPR** (Best Oractives Recommendations), which recognises the company's best practices in financial performance, demonstrating its accuracy and transparency.

To maintain this high performance, Castellana seeks to promote the well-being of its teams through actions and initiatives that improve the working environment and the quality of relationships. This translates into an **improvement in the confidence index** in the Great Place to Work certificate during FY24, **surpassing the sector average by 15 percent**.

2.1 FY24 Milestones



2.2 Corporate mission, vision and values

The mission of Castellana Properties is to ensure spaces and experiences that anticipate, meet and exceed the expectations and needs of customers and tenants.

The company's vision is to aspire to become the most trusted and respected real estate retail brand.

The company's stated purpose is to positively influence the lives of customer and tenant communities, creating added value for all stakeholders.

The values that guide Castellana's actions are:

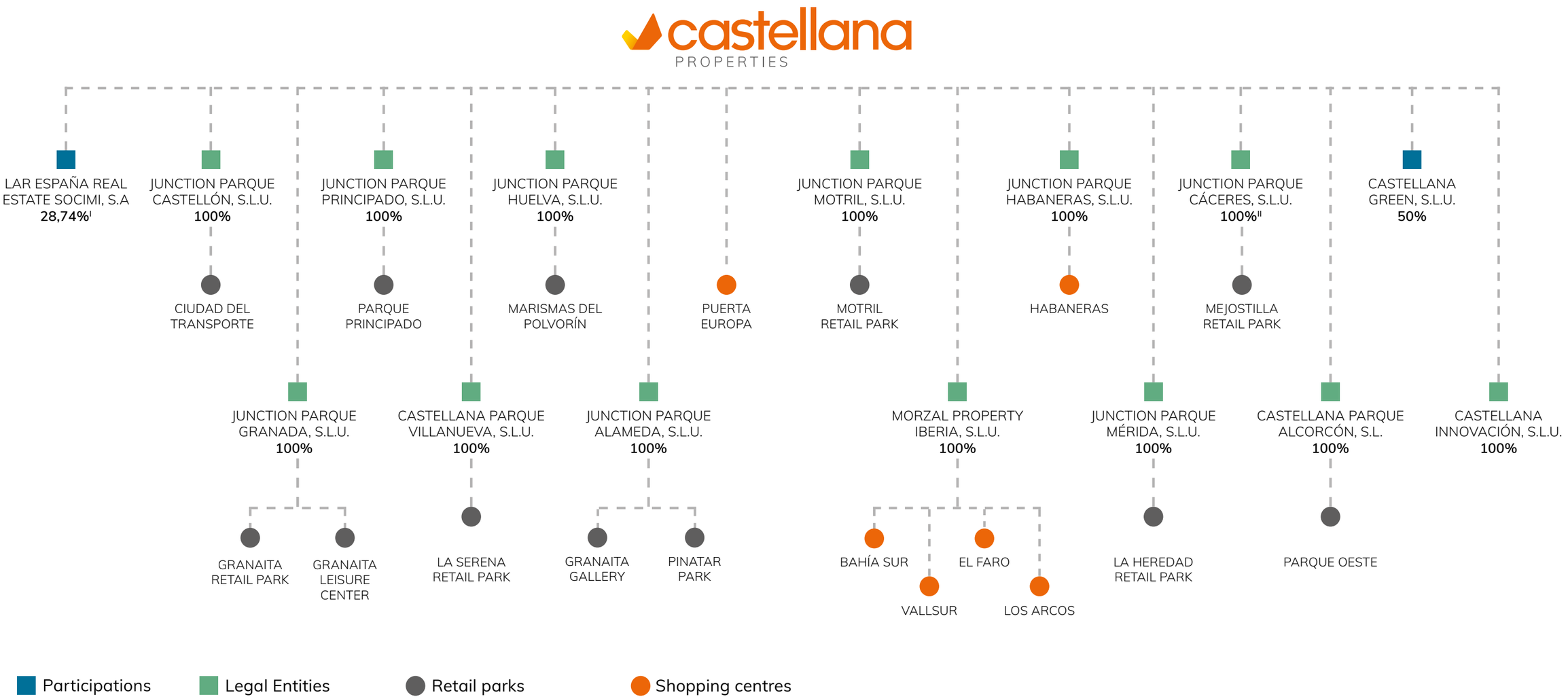
- Leadership based on passion and integrity
- Driving positive change through innovation and inclusion.
- Working together as allies and as a team
- Pursuing customer satisfaction

The Company's vision goes beyond simply seeking financial returns; it recognises the pressing need to make positive contributions to both the social surroundings and the environment. To this end, and with the company's commitment to align its operations with the Sustainable Development Goals (SDGs), it aims to ensure that every step taken in the acquisition, management and rehabilitation of assets has a measurable positive impact.

This commitment is reflected in the careful selection of highly skilled and committed professionals, who not only have extensive experience in the real estate sector, but also share the company's vision and ESG values. These professionals strive to optimise asset quality and develop innovative strategies that drive added value for the company.

2.3 Corporate organisation chart

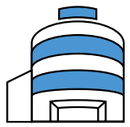
Ownership of most of the assets is indirect, through 14 Special Purpose Vehicles (SPVs) of which the Group holds 100% of the capital. The purpose of these companies is to manage their corresponding real estate assets. All SPVs are included under the SOCIMI system.



I At the date of publication of these consolidated financial statements II At the date of publication of these consolidated financial statements, assets have been sold

2.4 The year in figures (Main KPIs)

OPERATIONAL



16
ASSETS

373,815m²
GLA

98.9%
OCCUPATION

11%
INCREASE NOI

12.6%
WAULT

99.3%
RENT CO-LLECTION

FINANCIAL

70.5m€
GRI

22.4€
NET PROFIT

50.3m€
EPRA EARNINGS ADJUSTED

466m€
NET DEBT

38.8%
NET LTV

CORPORATE

1.201m€
GAV [I]

7.4%€
GROWTH IN GAV VALUE [I]

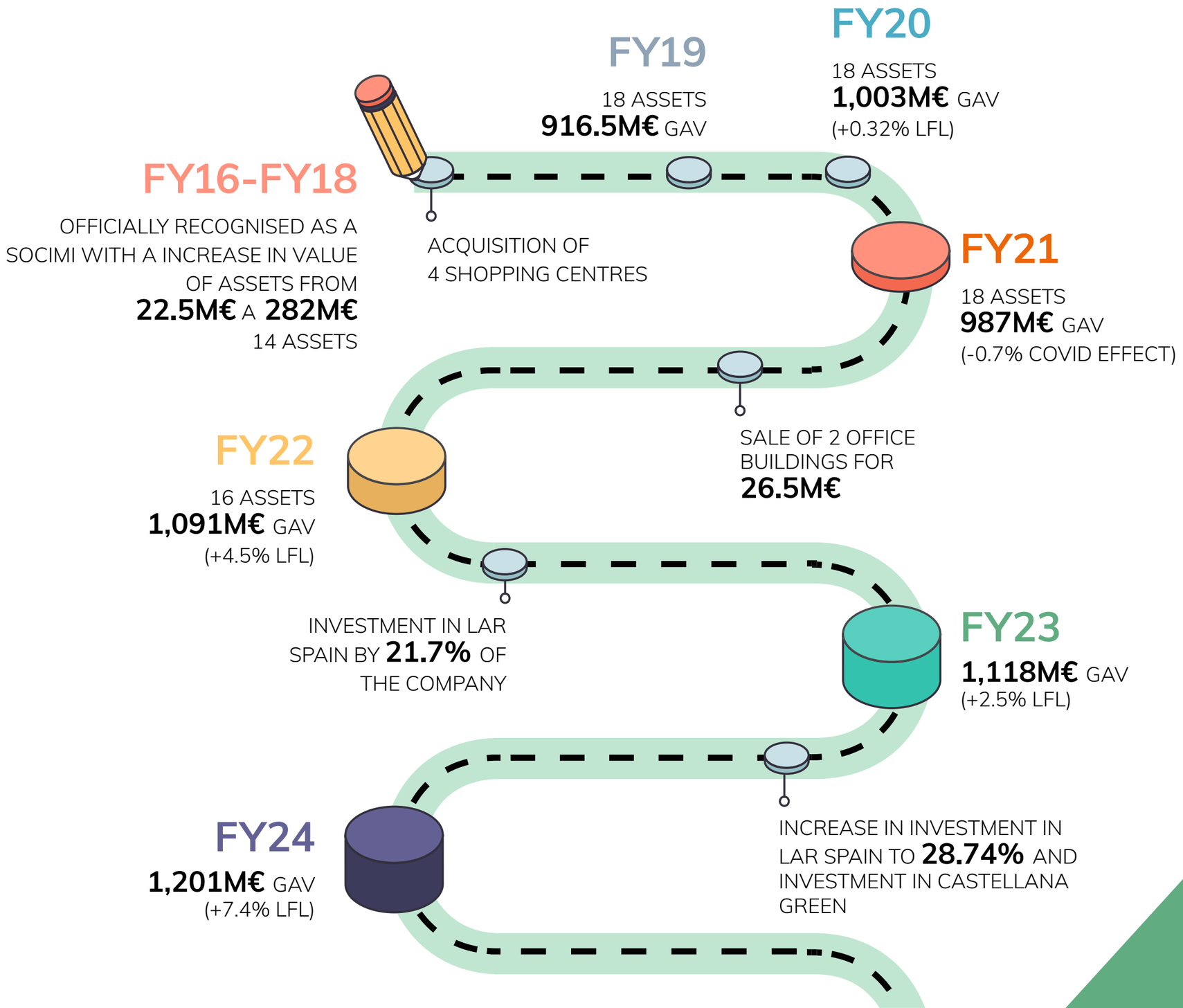
687m€
EPRA NTA

6.80€/share
EPRA NTA PER SHARE

BBB-/STABLE
CREDIT RATING OF INVESTMENT

I including the stake in Lar España

2.5 Castellana Timeline



2.6 Portfolio

Since it was established, Castellana Properties has adopted a proactive growth strategy, focusing on the active management of its portfolio of real estate assets. More than simply managing properties, the company seeks to transform each asset into a centre of excellence, incorporating sustainable technologies and efficient management practices to maximise value for shareholders and the wider community.

As Castellana Properties continues to focus on the Spanish market, it is looking for opportunities to invest in commercial properties strategically located in areas with a minimum population of 150,000. These investments aim to generate rental income as well as revitalise and strengthen local communities through job creation and the promotion of sustainable economic development.

At the end of FY24, it has a portfolio of 16 assets, consisting of 6 shopping centres and 10 retail parks, one of which, Granaita, is made up of Granaìta Gallery, Granaìta Leisure Center and Granaìta Retail Park.

In turn, the Company has a financial investment in Lar España Real Estate of 28.74% of its capital, a 50% investment in the Castellana Green Joint Venture.

The combined portfolio of assets and investments amounts to a value of EUR 1,201 million.

Andalucía **49%**
- 1 Marismas del Polvorín
- 2 Los Arcos
- 3 Bahia Sur
- 4 Puerta Europa
- 5 Granaita
- 6 Motril Retail Park

Murcia **4%**
- 7 Pinatar Park

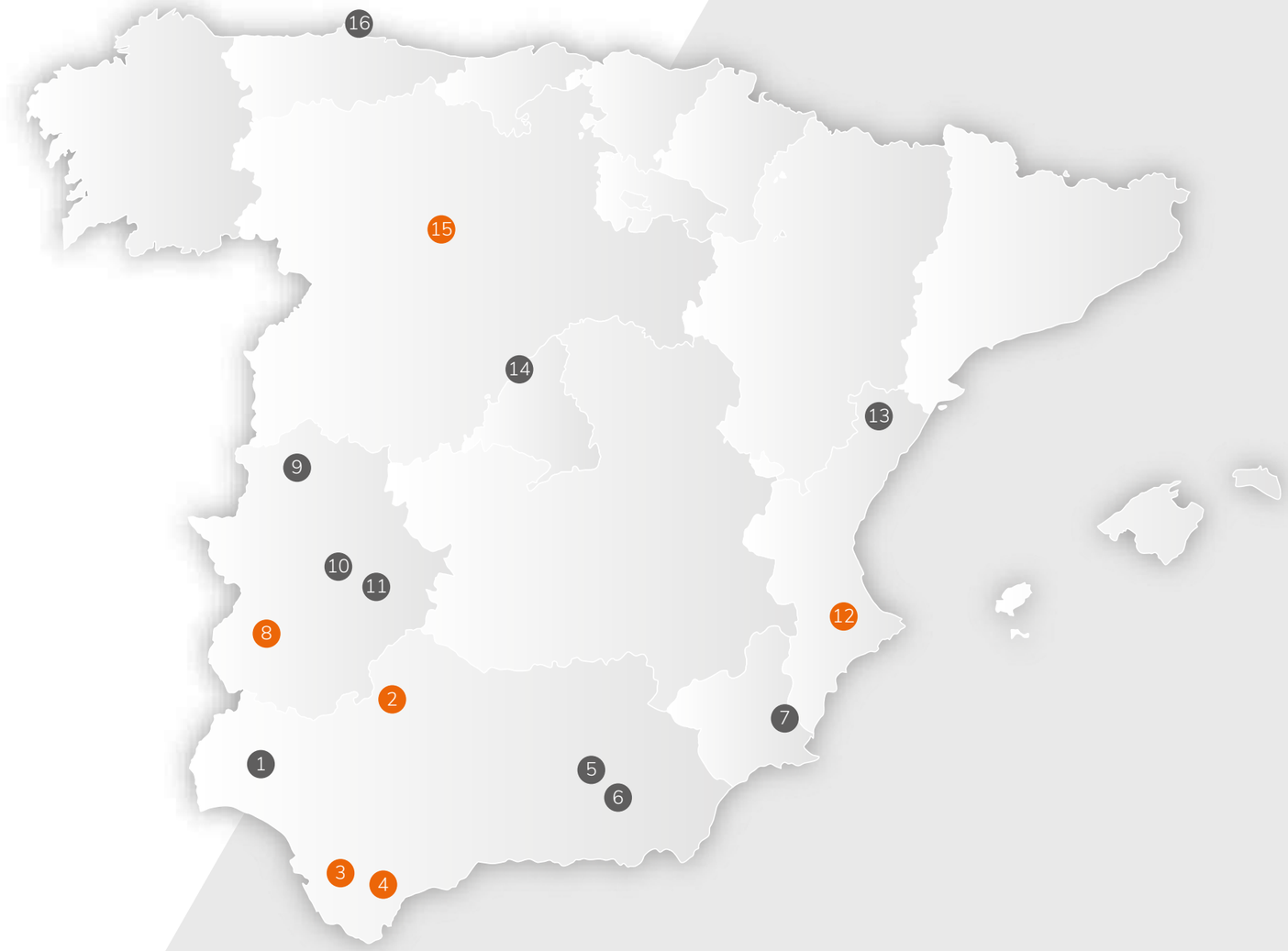
Extremadura **21%**
- 8 El Faro
- 9 Mejostilla
- 10 La Heredad
- 11 La Serena

C. Valenciana **8%**
- 12 Habaneras
- 13 Ciudad del Transporte

Madrid **4%**
- 14 Parque Oeste

Castilla León **10%**
- 15 Vallsur

Asturias **4%**
- 16 Parque Principado



Shopping centres Retail parks **%** Geographic profile by value

2.7 Innovation, digitisation and technology

During FY24, Castellana Properties has made significant progress in its Innovation Strategy by consolidating previous initiatives and implementing new ones, becoming one of the leaders in digital transformation in the commercial real estate sector in Spain.

At corporate level, the company has set up data, innovation and digital management systems to ensure it captures all new opportunities and technologies emerging in the ecosystem. In FY24, a solid level of maturity in data management has been reached, allowing for the exploration of new technologies such as LLM model integrations and advanced analytics to improve business investments, development and operations.

At asset level, Castellana Properties has strengthened its relationship with its tenants and buyers. It has successfully implemented WeHub as a central communication platform with tenants and shop employees. In addition, it has launched new functions in the shopping centre applications to offer new digital experiences, interactive games, and customer benefits. It has also incorporated new technologies to better analyse shopper visits, identifying patterns of new or recurring visits and behaviour in the shopping centre.

The company continues its Open Innovation approach, partnering with Proptech hubs to discover new trends and business models that impact the future of commercial real estate.

Some of the innovation initiatives during FY24 include the following:

Data Platform

The data system infrastructure has been completed, allowing the company to grow and standardise processes for any potential new assets to be added to the portfolio. Castellana Properties now manages all data, regardless of its origin, and has implemented Big Data projects to better understand tenant performance, forecast optimal business mixes and detect anomalies. In addition, business intelligence capabilities are being developed and new capabilities are planned to be integrated with GEN AI technology.

Open Innovation

The company partnered with Área 101, an open innovation company, to identify start-ups and digital solutions that benefit the business in areas such as investment, development and operational management. It is also collaborating with Prop Tech platforms to explore innovations in digital and sustainability.

The Retail Lab

With the aim of attracting and discovering new native retail or digital brands to the shopping centre environment, the company has created The Retail Lab in collaboration with Retail Crew... This innovative space (320m2) houses a variety of brands in a dynamic environment in Los Arcos (Seville), and seeks to test different management models to boost local businesses and explore new forms of collaboration between owners and retailers.

03
ESG Strategic Plan

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For Castellana Properties, it is essential that environmental, social and governance aspects are integrated into the Company's strategy. Therefore, with the idea of taking the first steps towards reducing its environmental impacts and promoting an improvement in the well-being of its employees and asset users, Castellana launched its first ESG Strategy for FY22/FY25.

This strategy was composed of 6 objectives, structured over 8 strategic lines made up of actions that have allowed Castellana to advance and improve its ESG performance, promoting a positive impact through:

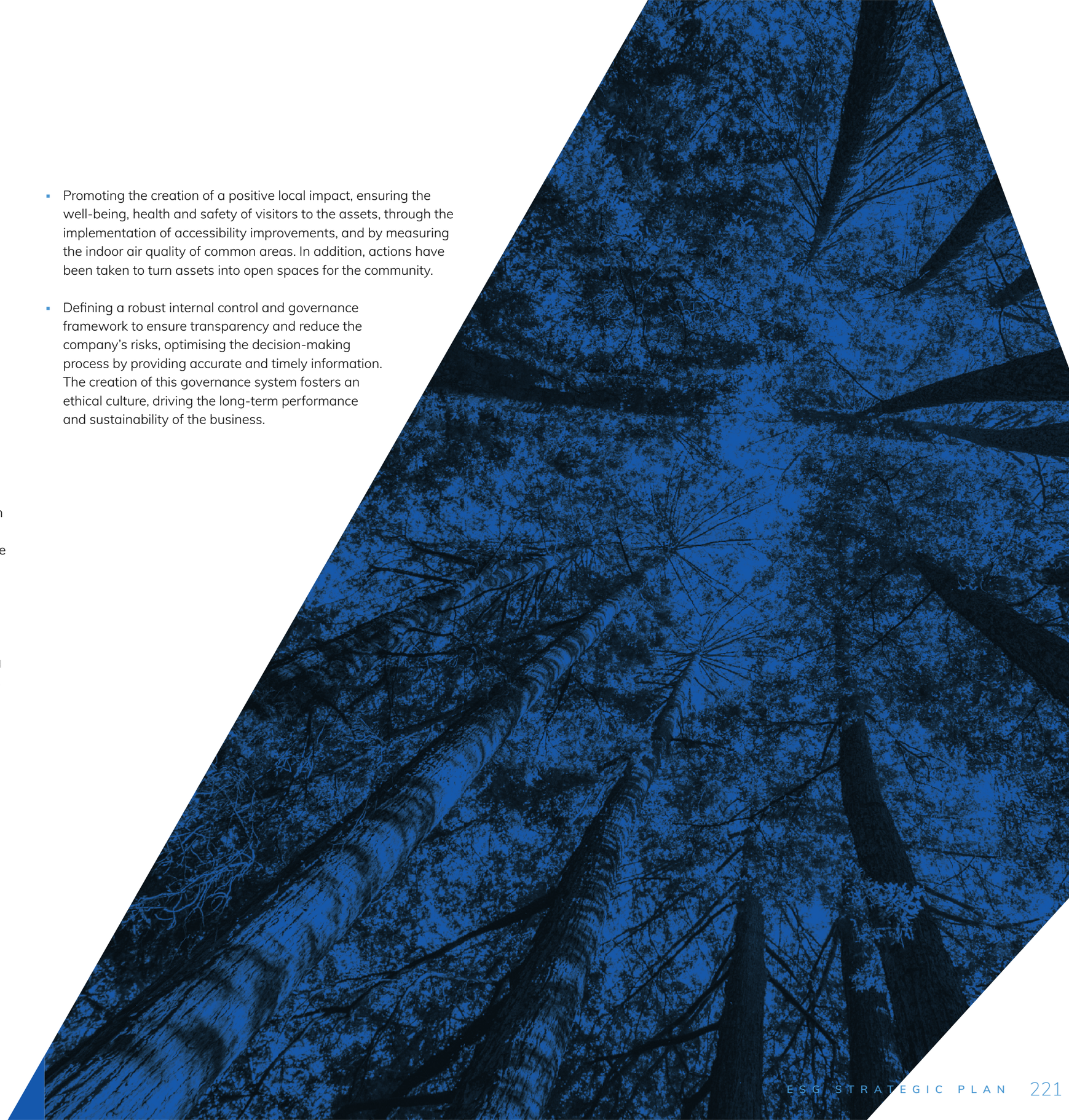
- Improving operational efficiency and reducing the environmental impacts of assets, quantifying their operational carbon footprint and improving the coverage of the data analysed year on year with the aim of ensuring responsible asset management. In this regard, during this period Castellana has certified 100% of its assets under the BREEAM In Use scheme.

- Addressing investor concerns about emerging ESG trends by aligning with the European taxonomy and by disclosing climate risks and their financial impact following the recommendations of the TCFD (Task Force on Climate Related Financial Disclosures). In addition, during this period Castellana has participated in the main ESG indices and ratings in the sector, improving its scores in each evaluation.

- Developing a human capital management plan promoting actions that seek to improve the well-being and development of employees, promoting different training programmes to improve the professionalism of the team, thus improving the rates of attraction and retention of talent.

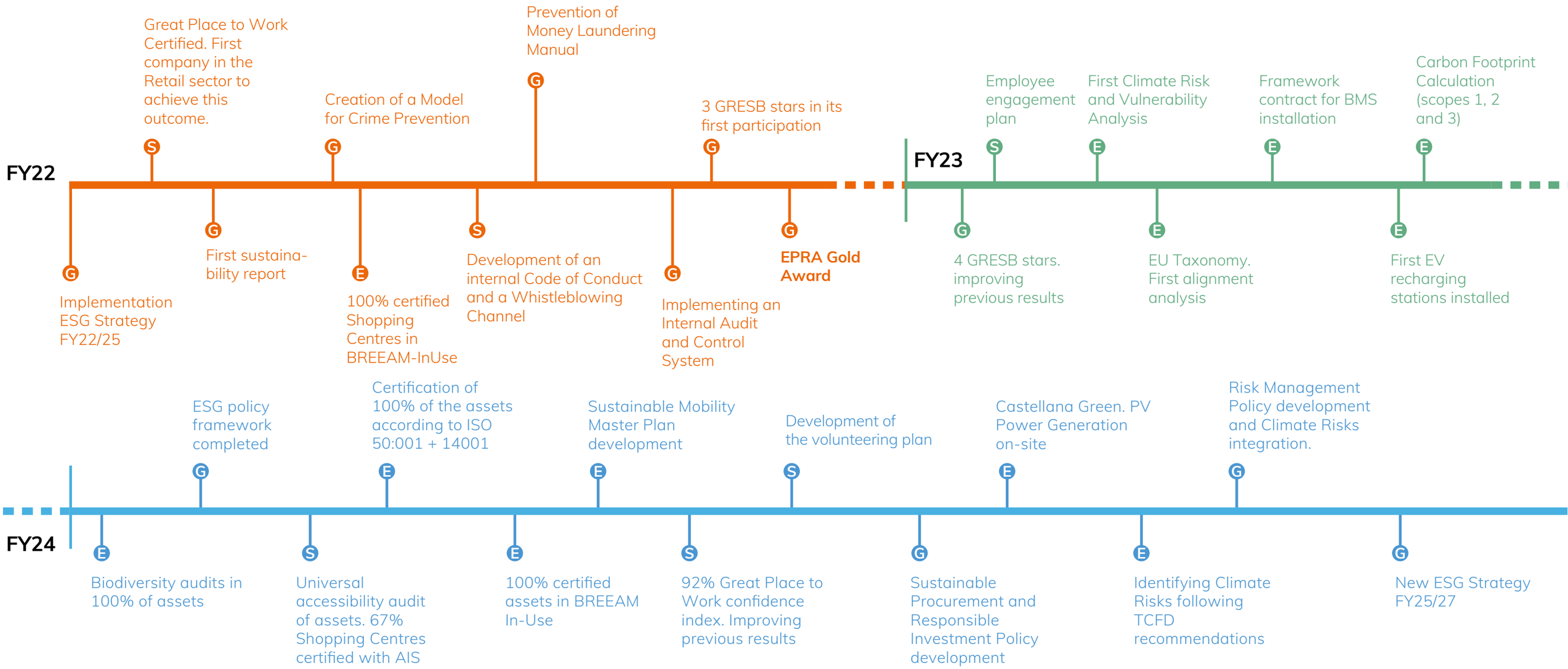
- Promoting the creation of a positive local impact, ensuring the well-being, health and safety of visitors to the assets, through the implementation of accessibility improvements, and by measuring the indoor air quality of common areas. In addition, actions have been taken to turn assets into open spaces for the community.

- Defining a robust internal control and governance framework to ensure transparency and reduce the company's risks, optimising the decision-making process by providing accurate and timely information. The creation of this governance system fosters an ethical culture, driving the long-term performance and sustainability of the business.



3.1 ESG milestones and targets met

Thanks to the commitment and efforts made in recent years, Castellana has managed to stay ahead of its own strategy, completing all planned actions a year ahead of schedule. As a result, the company has improved its sustainability performance in the three areas of environment, social and governance:



3.2 “Beyond ESG Boundaries”

After completing the FY 22/25 ESG Strategy with great success, Castellana began a process of redefining the objectives and strategic lines on which to focus its efforts to continue improving its positive impact on the planet and people. To this end, it has opened a new active listening process for all its stakeholders and has planned a series of actions focused on creating value for the company and improving its sustainability performance. To this end, the new “Beyond ESG Boundaries” Strategy integrates all sustainability concerns and new trends in the market into a new roadmap.

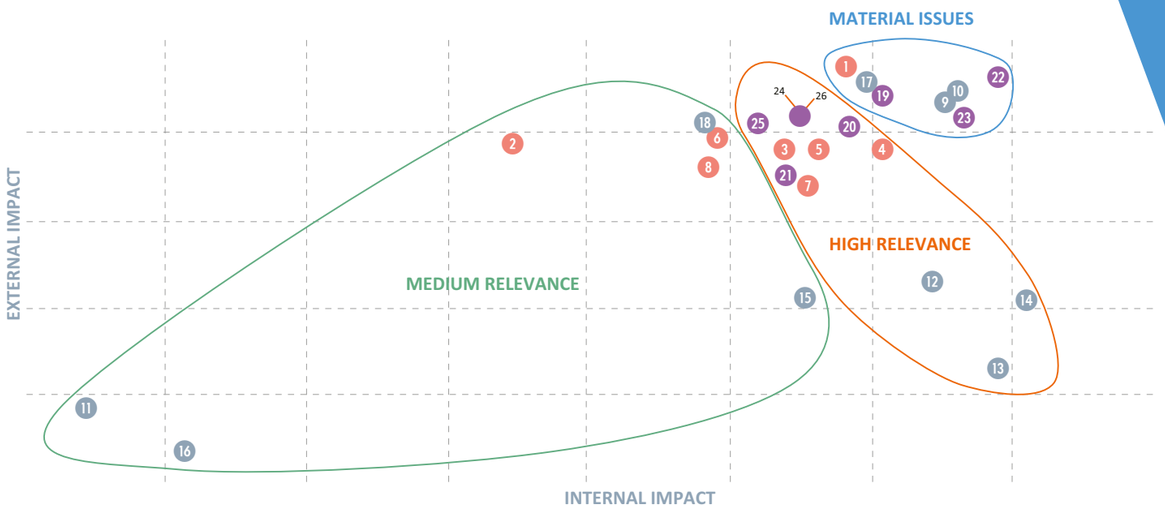
New materiality analysis FY25/FY27

In order to draw up the new ESG Strategy that will come into force in FY25, Castellana has carried out a new materiality analysis to determine those aspects that its stakeholders consider relevant, thus establishing those aspects where the company should focus its actions to improve its performance and promote positive and sustainable growth.

Extensive consultation has been carried out through materiality surveys, covering all ESG issues previously analysed. These surveys were distributed to Castellana’s priority stakeholders, with the aim of creating an open and accessible communication channel. In this way, anyone interested has had the opportunity to express their opinion, ask questions or make comments on these issues.

The materiality matrix integrates a weighting of internal impact, horizontal axis, and external impact, vertical axis. Internal impact refers to the importance that the Castellana team believes the ESG aspects analysed should have for the company. External impact, on the other hand, weighs the importance that these same issues should have, integrating the views of competitors and other stakeholders.

Based on the results of these surveys, all the issues analysed have been integrated into a matrix, where, depending on the score of each ESG aspect and the position they occupy in the matrix, they are prioritised according to whether they are material issues, i.e. those to which the company should give greater importance than others, medium relevance and low relevance.



MATERIAL ISSUES

- 1 ENERGY AND GHG EMISSIONS
- 9 CUSTOMER HEALTH AND SAFETY
- 10 CUSTOMER SATISFACTION AND LOYALTY
- 17 LOCAL COMMUNITY IMPACT
- 19 GOVERNANCE STRUCTURE
- 22 ETHICS AND COMPLIANCE
- 23 INFORMATION SECURITY AND DATA PROTECTION

HIGH RELEVANCE

- 3 CLIMATE CHANGE ADAPTATION AND MITIGATION
- 4 RESPONSIBLE WATER CONSUMPTION
- 5 SUSTAINABLE WASTE MANA-GEMENT AND CIRCULAR ECONOMY
- 7 CONTAMINATION
- 12 TRAINING AND DEVELOPMENT
- 13 ATTRACTING AND RETAINING TALENT
- 14 EMPLOYEE WELLBEING, HEALTH AND SAFETY
- 20 ECONOMIC PERFORMANCE AND SUSTAINABLE INVESTMENT
- 21 IINNOVATION, DIGITALISATION AND TECHNOLOGY
- 24 ESG STRATEGY AND RISK MANAGEMENT
- 25 CERTIFICATIONS AND ESG REPORTING
- 26 STAKEHOLDERS MANAGEMENT

MEDIUM RELEVANCE

- 2 SUSTAINABLE MOBILITY
- 6 RESPONSIBLE PROCUREMENT OF MATERIALS AND SUSTAINABLE CONSTRUCTION
- 8 BIODIVERSITY
- 11 USER ESG ENGAGEMENT
- 15 DIVERSITY AND EQUAL OPPORTUNITY
- 16 EMPLOYEE ESG ENGAGEMENT
- 18 RESPONSIBLE RECRUITMENT

In addition to the above results, a detailed study of the responses of each stakeholder group has been carried out during this year, thus learning which are the priority issues for each of them, regardless of the result of the global materiality matrix. This allows them to better address their particular needs, channelling efforts to improve performance in each of them.

First steps towards double materiality

As part of Castellana's commitment to position itself as a leader in the new European regulations, the first steps have been taken to voluntarily advance in the analysis of double materiality, conducting a round of interviews with three positions responsible for the company's strategy, analysing the financial and physical impact of ESG issues:

Impact materiality: This is the impact that Castellana can generate on each of the ESG issues analysed.

Financial materiality: The impact that different ESG issues may have on Castellana's accounts and operations.

From this two-pronged approach, Castellana Properties has been able to identify the ESG issues most relevant to its operations, enabling it to maximise the positive impact it generates, and to anticipate the potential risks and opportunities arising from them.

Analysis of strategic issues

In order to integrate the conclusions of all the tools used and thus determine which should be the main lines of action for Castellana during FY25/27, a quantitative and traceable weighting has been carried out for each of the ESG issues assessed, taking into account:

- Relevance for the Castellana ESG Committee
- Relevance to the market/sector, by developing an external market analysis, analysing trends and new customer concerns in terms of sustainability
- Relevance to competitors, through sector benchmarking
- The impact obtained in the single materiality analysis
- The impact obtained in the double materiality analysis
- Relevance in the ESG SWOT (Strengths, Weaknesses, Threats, Weaknesses and Weaknesses) analysis carried out

The **new ESG strategic themes** for Castellana Properties, on which it will focus its efforts to improve its performance, are:

- Energy Efficiency and reduction of GHG Emissions
- Promote a positive impact on the local community
- Continuous improvement of the governance structure
- Information security and data protection
- Ethics and Compliance
- Customer satisfaction and loyalty
- Actions for Climate Change Adaptation and Mitigation

3.3 New lines of action and objectives

Having met all the milestones set out in the previous strategy, the company has defined the new lines of action and objectives that will trace the path of sustainability until FY27, incorporating a medium-term (FY30) and long-term (FY40) vision of those actions that it must face in the future, positioning itself in an advantageous situation compared to its competitors.

The new ESG Strategic Plan branches into 7 objectives that include key commitments to improve Castellana's sustainability performance, promoting a positive impact on people, while combating the effects of Climate Change by reducing the consumption of natural resources and boosting energy efficiency among assets, supporting this growth through the definition of new internal controls and policies. To this end, 12 Strategic Lines have been defined for which 223 actions have been promoted, grouped into 26 blocks.

The new ESG Strategy for FY25/27 seeks to continue to advance beyond the company's good performance in sustainability, defining new objectives and intermediate milestones that help to respond to the requirements of its investors and stakeholders, as well as to position itself as a leading company in the new sustainability trends sought by customers who are increasingly aware of the impact of their consumption habits.

TARGET	STRATEGIC LINES	SDG
OB1_Contributing to the fight to reduce Climate Change	LE1: Carbon footprint reduction **NET ZERO** by **2050** commitment with actions focused on reducing the environmental impact of operations. LE2: Energy efficiency of assets Encouragement to **reduce the assets energy consumption,** promoting **full electrification** and improving the interconnectivity of systems **(Smart Building).** LE3: Adaptation to climate risks **Identifying the risks** to which assets will be exposed, deploying actions aligned with **TCFD recommendations.**	
OB2_Reducing climate risks through the protection of natural resources	LE4: Reducing water consumption Developing a framework that encourages **sustainable water use,** reducing flows and **promoting reuse.** LE5_Transition towards a circular economy model Improving the **assets waste management system** and promoting the transition towards a **circular economy** model. LE6_Biodiversity promotion Integrating concepts such as **BNG and TNFD to quantify biodiversity impact.**	
OB3_Competitive differentiation	LE7_Continuous improvement of ESG certifications and ratings **Evaluate and improve the ESG ratings** in which Castellana participates, encouraging to participate into new ones that generate added value.	
OB4_Generate a positive impact on the local community	LE8_Development of initiatives and actions that generate a positive impact on the local community Development of specific actions that contribute to generating a **positive impact on the local community,** developing **a corporate Donation and Volunteering Plan** and promoting a greater number of ESG actions in the assets.	
OB5_Promoting employee wellbeing	LE9_Deploying actions to improve employee Well-Being Deployment of concrete actions to **improve the office space, fostering employee Engagement and Well-Being.**	
OB6_Developing a responsible Value Chain in response to stakeholder's demands	LE10_Establish a social framework that promotes the engagement and well-being of tenants and asset visitors. **Quantifying** economically the impact through the **"Social Value strategy"** of the actions carried out to **improve the well-being of occupants, reducing indoor pollution and boosting accessibility.** LE11_Extending ESG responsibility to the entire value chain Development of a **Supplier Approval Plan** through the external code of conduct, establishing Castellana's ESG requirements and criteria. An increase in the coverage of **green clauses** will be encouraged.	
OB7_Consolidating an internal ESG management framework	LE12_Improving the corporate governance structure and the internal control system Promoting a **corporate structure** that sustains all advances and best practices in sustainability, while **promoting the search for sustainable financing.**	

3.4 Adaptation to future regulations

The rapid pace of progress in international, national and local regulations and initiatives to address climate change and its social implications has put considerable pressure on all industries, and the implementation of robust and effective corporate governance systems to improve the reporting process and reduce risks is of vital importance.

With the detrimental effects of climate change on people's health becoming increasingly evident, new trends in sustainability promote the improvement of its impact by quantifying and raising awareness of how company operations help create safe spaces and promote the well-being of all people involved in the value chain.

Castellana Properties fully recognises its crucial role in the transition to a more sustainable economy. The company therefore constantly strives to strengthen resilience in both its organisation and its assets by systematically integrating sustainable practices into all aspects of its operations. This means taking into account the needs and expectations of its stakeholders in every decision and action it takes.

In addition, Castellana Properties proactively addresses current and future challenges by incorporating environmental, social and governance criteria into its business model. This approach contributes directly to progress in 11 of the 17 Sustainable Development Goals (SDGs) set out in the United Nations 2030 Agenda. Through concrete actions, the company directs its efforts on achieving a significant positive impact on society and the environment.

3.5 Sustainable Development Goals

On 25 September 2015, the United Nations General Assembly unanimously adopted the 2030 Agenda for Sustainable Development, an ambitious action plan aimed at combating Climate Change, preserving the environment, promoting human well-being. This plan is made up of 17 Sustainable Development Goals (SDGs), each with specific targets to be met by 2030, in which the real estate sector plays a crucial role due to the significant impact that buildings and their construction have on global CO_2 emissions and waste generation worldwide.

The new ESG Strategy redefines the SDGs to which Castellana will contribute over the coming years. Starting with the 8 goals of the previous strategy, it has evolved to 11, through specific corporate initiatives, thus highlighting its commitment to the United Nations 2030 Agenda.

Health and Well-being

UN GOAL
Ensure healthy lives and promote well-being for all at all ages

INITIATIVES BY CASTELLANA PROPERTIES

- To promote the physical and mental well-being of Castellana customers and employees, both in the company's facilities and in its assets, by creating quality environments that guarantee optimal lighting, fresh air, increasing hydration rates, and promoting Well-Being.
- To implement programmes and activities that promote integral health and well-being, addressing both physical and mental health aspects, through the promotion of healthy habits such as sports activities or healthy food, among others.

Affordable and clean energy

UN GOAL
Ensure access to affordable, safe, sustainable and modern energy

INITIATIVES BY CASTELLANA PROPERTIES

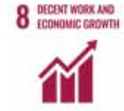
- To reduce the energy consumption of assets by implementing actions to improve the energy efficiency of systems, ensuring continuous operation and reviewing the Integrated Environmental and Energy Management System.
- To promote renewable energy consumption among operators and common areas of Shopping Centres, increasing the coverage of the Guarantees of Origin and boosting on-site photovoltaic power generation.

Water and sanitation

UN GOAL
Ensure availability and sustainable management of water and sanitation for all

INITIATIVES BY CASTELLANA PROPERTIES

- To implement measures to reduce water flows in assets, minimise water wastage, and encourage the reuse of greywater and rainwater.
- To increase hydration rates of asset occupants by increasing the availability of water supply, and helping reduce the use of single-use plastic.



Decent work and economic growth

UN GOAL
Promote inclusive and sustainable economic growth, employment and decent work for all

INITIATIVES BY CASTELLANA PROPERTIES

- To implement training and professional development programmes to improve the work-related and personal skills of employees, thus fostering employability and talent attraction and retention rates.
- To collaborate with suppliers and business partners who share the same values on decent work and economic growth, ensuring that the entire supply chain operates in an ethical and sustainable manner.

Reduce inequality

UN GOAL
Reduce inequality

INITIATIVES BY CASTELLANA PROPERTIES

- To promote equal opportunities and diversity in the workplace, ensuring fair treatment of all employees, regardless of gender, ethnicity, age or any other personal characteristic.
- To develop strategies that enable the company's assets to serve as a tool to improve the local communities where they are located, encouraging community relations, and carrying out social and environmental volunteering actions.

Sustainable Cities and Communities

UN GOAL
Make cities more inclusive, safe, resilient and sustainable

INITIATIVES BY CASTELLANA PROPERTIES

- To promote the sustainable mobility of assets, reducing the environmental impact of visitors' and operators' journeys by continuing with the project to install electric vehicle charging points, improving the safety of journeys and accessibility to the centres.
- To generate a positive local impact on the communities where Castellana operates with the aim of strengthening the social network, boosting economic development and promoting commitment between local agents and the company.

Responsible production and consumption

UN GOAL
Ensure sustainable consumption and production patterns

INITIATIVES BY CASTELLANA PROPERTIES

- To promote a comprehensive waste management plan to reduce the daily environmental impact of the centres, encouraging recycling.
- To include and assess ESG aspects along the entire value chain, identifying potential risks and implementing corrective actions that reduce pollution along the supply chain, while also reducing the consumption of virgin materials.

Climate action

UN GOAL
Take urgent action to combat climate change and its impacts

INITIATIVES BY CASTELLANA PROPERTIES

- To reach NET ZERO by 2050 through the decarbonisation of the company's direct operations, and the commitment of the value chain, by developing a Strategic Decarbonisation Plan.
- To quantify the economic impact of climate-related risks and opportunities, integrating them into corporate risk management, and developing risk mitigation plans.
- To prioritise investment in Taxonomy-eligible activities, deriving economic flows to projects that contribute positively to the protection of the environment, and the promotion of sustainable development.

Life on land

UN GOAL
Conservation of life on land

INITIATIVES BY CASTELLANA PROPERTIES

- To protect existing local biodiversity and encourage its growth, enhancing the natural capital of the area, and promoting the well-being of users.
- To preserve and enhance the net gain in biodiversity, integrating species that allow for a reduction of irrigation water, promoting local flora and fauna species.

Peace, Justice And Strong Institutions

UN GOAL
Promote peaceful and inclusive societies, facilitate access to justice for all people and build effective, accountable and inclusive institutions at all levels

INITIATIVES BY CASTELLANA PROPERTIES

- To maintain a robust, effective corporate governance system that promotes transparency and risk reduction, updating procedures, policies and protocols, thus contributing to the fight against corruption and bribery.
- To implement cybersecurity systems and procedures that reduce risks and vulnerabilities in the corporate structure in the face of cyber-attacks that may cause a shutdown of operations or loss of information, guaranteeing business continuity.

Partnerships for the goals

UN GOAL
Strengthen the Global Partnership for Sustainable Development by mobilising and sharing knowledge, technical capacity, technology and financial resources to achieve the 2030 Agenda

INITIATIVES BY CASTELLANA PROPERTIES

- To encourage the creation of partnerships between stakeholders, establishing long-term collaborative agreements that integrate sustainability criteria, in order to reduce impacts along the entire value chain.
- To work in close collaboration with different initiatives or research groups, collaborating in the search for solutions to reduce environmental impacts and improve personal Well-Being.
- To promote a culture of dialogue and transparency at all stages of collaboration with stakeholders, seeking their active participation in the identification of objectives, decision-making and evaluation of progress.

04
Responsible Corporate Governance

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The Castellana Properties Corporate Governance system is comprised of a series of tools and measures designed to promote value creation for all of the company's stakeholders, in line with its mission, vision and corporate values.

The articles of association, the regulations of the Board of Directors and General Meeting, and the internal codes, policies and procedures set out the principles guiding the conduct and decisions of the company.

As part of its commitment to environmental, social and governance sustainability, Castellana Properties conducts regular reviews of all its internal policies, codes, procedures and regulations, as part of its Corporate Governance system. This ensures company practices are aligned with the highest standards of ethics and corporate responsibility.

In FY22, coinciding with the launch of the first ESG Strategy, Castellana initiated an ambitious project to consolidate a comprehensive corporate governance framework. This effort included the implementation of a robust system of internal controls, and the creation of new policies that ensure transparency, accountability and sustainability in all operations.

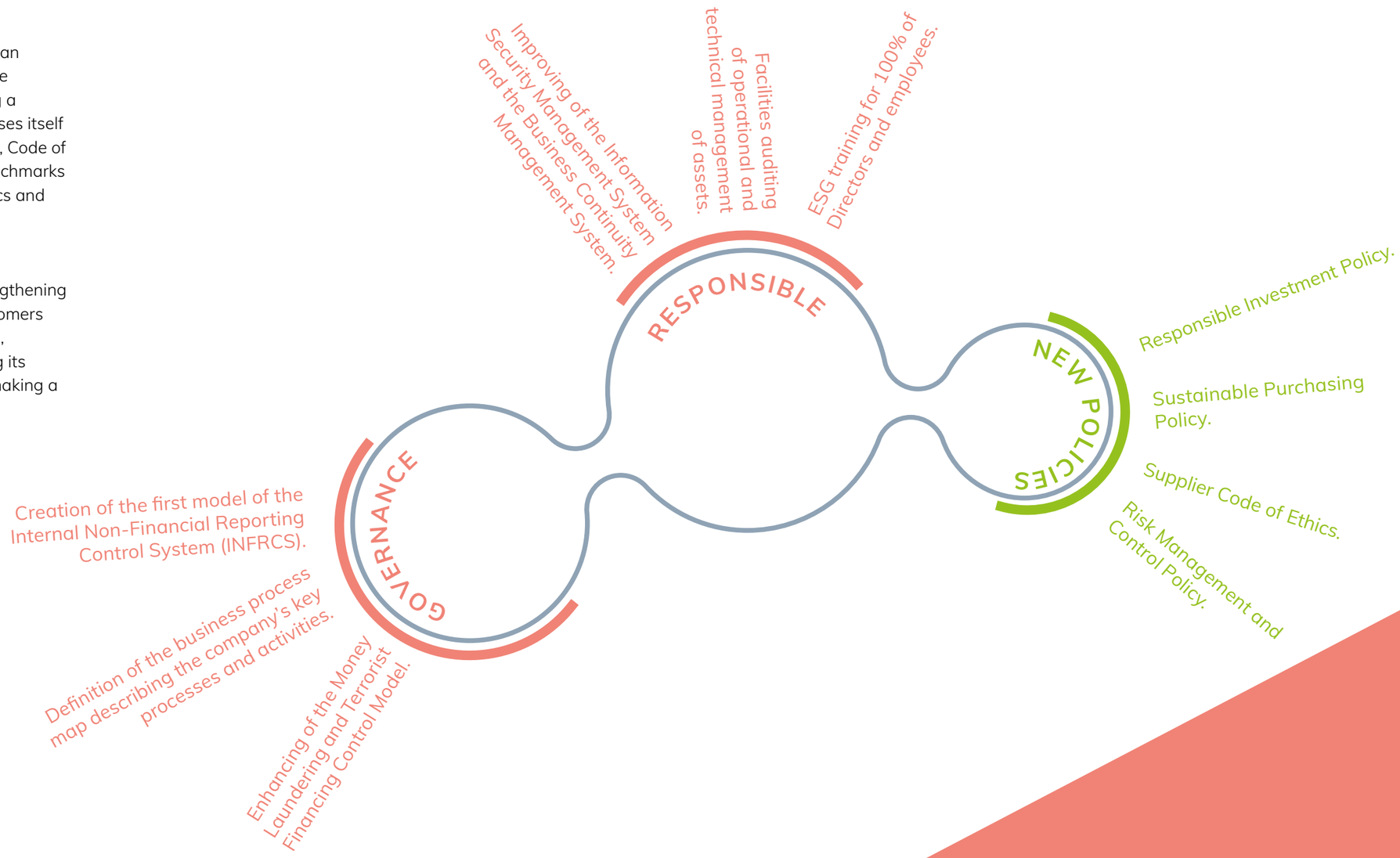
During FY24, this project was completed, laying a solid foundation for governance, risk management and compliance within the company. However, due to the dynamic environment in which it operates, the company is committed to continuously adapting and updating the governance framework to align it with new market trends, best practices and potential emerging corporate risks.

This process not only strengthens the ability to effectively manage risks and comply with regulations, but also reinforces dedication to ESG principles, enhancing long-term sustainability and corporate responsibility. Therefore, work continues on the improvement of the system, ensuring Castellana not only remains at the forefront in terms of corporate governance but also leads by example in the sector.

4.1 Key milestones

Castellana Properties recognises the vital importance of establishing an effective corporate governance structure. The company adheres to the principles of ethics, transparency and integrity, with the aim of having a positive impact on its investors and all stakeholders. To this end, it bases itself on a series of fundamental pillars, including its Articles of Association, Code of Ethics, Internal Policies and Internal Control System, which act as benchmarks to ensure the adoption of best practices in governance, business ethics and social responsibility in all areas of its activity.

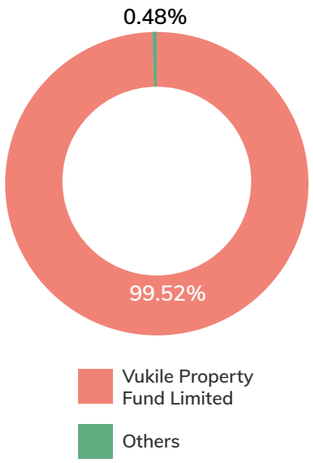
This Corporate Governance model has been essential in meeting the demands and expectations of the various stakeholders, thereby strengthening trust and relationships with shareholders, employees, operators, customers and communities in which Castellana Properties operates. In addition, the company is committed to maintaining and continuously improving its approach to corporate governance, driving sustainable growth and making a positive contribution to long-term economic and social development.



4.2 Capital structure

As of 31 March 2024, the capital stock of the Castellana Properties comprises a total of 101,151,999 ordinary registered shares, of a par value of 1 euro each, fully subscribed and paid up, of a single class and series, with equal political and financial rights, represented by book entries.

The shareholding structure of Castellana Properties is 99.52% owned by Vukile Property Fund Limited and 0.48% by other shareholders.



4.3 Governance structure

In order to reduce potential corporate risks, as well as to generate value for stakeholders, the Castellana governance system is regularly updated and reviewed to adapt to new ESG trends. For effective management, a robust governance system has been designed consisting of several areas integrating internal tools and procedures.

Composition of Corporate Governance

EPRA Gov-Board

General Shareholders' Meeting

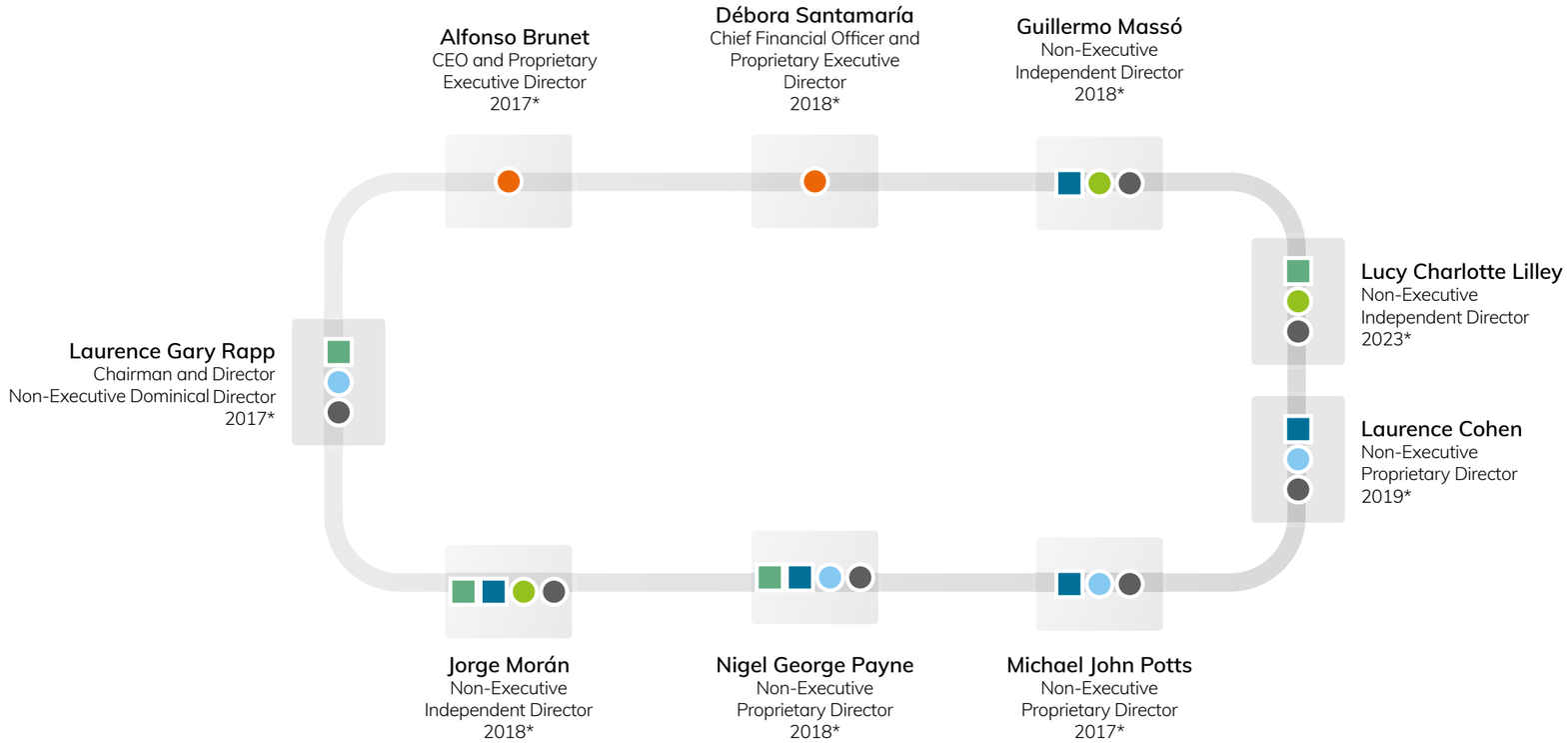
Sovereign body of the Company representing the entire interest group. It is responsible for adopting resolutions on the matters set out in the applicable legislation and the corporate bylaws.

Board of Directors: Responsible for charting the course of the Company and overseeing its mission. Except in matters reserved for the General Meeting, it is the highest decision-making body of Castellana Properties. It is responsible for the definition, monitoring and follow-up of general policies, strategies and guidelines.

The members of the Board of Directors maintain diversity and heterogeneity in terms of education, experience and age, origin and gender, in line with the company's values.

This variety of profiles of the directors ensures that the decision-making process is enriched and pluralistic views are brought to the discussion of matters within their competence.

Castellana Properties has an internal communication system, maintaining confidentiality at all times in accordance with the laws in force in Spain, and respecting the privacy and data protection of all its members.



Members:

- Executive
- Non-executive
- Proprietary
- Independent

Committee:

- Audit and Risk Committee
- Remuneration Committee

(*) Incorporation year of the directors

4.3.1 Board of Directors

EPRA Diversity-Emp

The Board is responsible for monitoring the implementation of the corporate short, medium and long-term strategy, leading and establishing the principles to follow. The integration of ESG criteria in this strategy contributes to the creation of value for all stakeholders, fostering diversity, profitability, and the integration of ESG risks.

During this financial year, 100% of Castellana Properties Directors received ESG training, fostering the integration of sustainability into the business model.

In accordance with the SOCIMI system, where specific issues or issues related to possible amendments arise, the company consults external advisors, who provide guidance on them and report to the Board of Directors on the most relevant aspects that require their attention.

In FY24, the composition of the board was changed from the previous year with the addition of Lucy Charlotte Lilley, who holds the position of an independent non-executive director and sits on the remuneration committee. Lucy has ESG responsibilities assigned, although she does not have individual responsibilities within the same governance bodies.

5,67 years

AVERAGE TENURE ON GOVERNING BODY

100%

TOTAL NUMBER OF NON-EXECUTIVE DIRECTORS WITH ESG COMPETENCIES

		2023	2024
	Number of directors	8	9
	Independent Board members	2	3
	International Board Members	50%	56%
BY AGE	Directors under 30 years of age	-	-
	Directors between 30 and 50 years	25%	56%
	Directors over 50 years old	75%	44%
BY GENDER	Male councillors	13%	22%
	Female councillors	87%	78%

TENURE OF COUNCILLORS

- Laurence Gary Rapp — 28 June 2017
- Michael John Pott — 28 June 2017
- Alfonso Brunet Morales-Arce — 8 March 2017
- Nigel George Payne — 13 July 2018
- Laurence Richard Cohen — 17 September 2019
- Jorge Morán Sánchez — 7 June 2018
- Guillermo Masso López: — 7 June 2018
- Débora Santamaría Serrano — 27 November 2018
- Lucy Charlotte Lilley — 31 October 2023

Laurence Gary Rapp

Mr. Rapp, graduated with Honors from the Universality of the Witwatersrand as well as having attended Wharton University's Business Executive Development Program.

For the past 11 years, Mr Rapp has been the Chief Executive Officer of Vukile Property Fund Limited, Castellana's majority shareholder. He has extensive experience in the financial services environment, spanning investment banking, private equity, retail banking and insurance and asset management.

He was previously director of Standard Bank, having headed the Insurance and Asset Management division and, prior to that, heading Strategic Investment and Alliances. Additionally, he is the former President of the South African REIT Association.

Alfonso Brunet

He has extensive experience in the real estate sector and, more specifically, in the retail segment. Alfonso began his career at CB Richard Ellis (CBRE) where he worked from 1998 to 2006 in different roles in the office sector until he took on the position of head of logistics and industrial assets where he ended up running a national leasing and sales agency.

In 2006, he embarked on his career and made the leap to the retail sector, first as Investment Director in the launch of a new specialist retail fund at the British company Pradera, and then leading it as Head of Spain, managing the Spanish office with assets worth 500 million euros.

Then, after more than 11 years, Alfonso decided to join Castellana Properties in 2017 as CEO of the company. Alfonso is also a Member of the Executive Committee of AECC, Treasurer of Apresco, and Secretary General of Asocimi.

Débora Santamaría

With a long career in financial auditing and corporate finance, Debora Santamaría Serrano holds a degree in Business Administration and Management from the University of Alicante, with a specialisation in Financial Management.

She has a solid track record in internationally recognised audit firms such as KPMG and PwC, where she held the position of Senior Manager. She has participated in audits of large listed groups, company evaluations, due diligence, IPOs, capital increases, financing transactions, credit ratings, M&A and ESG, in companies such as Iberdrola Inmobiliaria, Alza Real Estate, Metrovacesa and Acciona, among others. Following her experience at PwC, she joined Axiare Patrimonio SOCIMI, S.A. as CFO until 2018 when she joined Castellana Properties as CFO and Director.

She is a Chartered Accountant, a member of the Official Register of Chartered Accountants (ROAC), and a member of the Royal Institution of Chartered Surveyors (RICS). She has also completed various executive and director training programmes at ESADE. Women to Watch 2022 edition (PwC Talent and Diversity Programme). She is a director of Castellana Green.

Michael John Potts

Mr Potts was Chief Financial Officer of Vukile Property Fund Limited from its listing on the Johannesburg Stock Exchange in 2004 until his retirement on 30 June 2019. Prior to this, he was an independent advisor to Bridge Capital Company and focused on real estate transactions, property portfolio assembly, financial structuring and capital raising. Mr Potts was also a non-executive director of Synergy Income Fund and of Outspan International Limited, and chairman of the

Outspan audit committee. Mr Potts is a Chartered Accountant and holds an Accountancy degree from the University of the Witwatersrand and a Higher Diploma in Tax Law from the same university. On a personal level, he has taken environmental action by installing solar panels and batteries, cutting 7.4 tonnes of CO2 emissions and a saving of 2.5 tonnes in standard coal use in the last year. He has attended 3 ESG courses organised by the South African Institute of Chartered Accountants (SAICA) and the ESG exchange, and an Ethics session in the Practical session organised by SAICA.

Jorge Morán Sánchez

He has been a banker for 30 years. Former CEO of Grupo Santander United States and member of Santander Global Management Group. Previously, he was CEO of Morgan Stanley for Spain and Portugal. He has been a board member of non-financial institutions such as Vía Célere, Lafinca, Kimak, Boston University and a member of the advisory board of Columbia University's School of International and Public Affairs (NY), Alvarez & Marsal and Tikehau.

He holds a degree in Economics and Business Administration from ICADE (Madrid) and an Honorary PhD in Business Administration from Bentley University (MA).

Guillermo Masso López

As a director of Excem Capital Partners SOCIMI, independent director of Gesvalt Sociedad de Tasación and Senior Advisor-Partner of G&MS Corporate, he has more than 34 years of professional experience in Corporate Finance and Consulting in Spain, Europe and Latin America.

He has been a partner at Price Waterhouse Coopers Corporate Finance for 21 years. He has acted as Advisor on corporate restructuring, monitoring independent restructuring plans, and advising several boards in Spain.

He holds a degree in Economics and Business Studies, is a Chartered Accountant and a member of the Official Register of Auditors (ROAC).

He is a founding trustee and member of the board of trustees of the Sembrando Salud Foundation, which focuses on health care for communities living along the Amazon River with difficult access. He is also a member of the Ethics Committee of the first Social SOCIMI in Spain, Primero H Socimi, an innovative project with social impact that aims to generate greater access to affordable housing for people in situations of residential vulnerability.

Mr Masso Lopez has recently received training in the field of environmental, social and governance sustainability.

Nigel George Payne

He has been the independent non-executive Chairman of the Board of Vukile Property Fund Limited since 2012. He is also Chairman of Mr. Price Group Ltd and Independent Director of Bidcorp Group Limited. He is a Chartered Accountant, holds an Accountancy degree from Rhodes University and a Master's degree in Business Leadership from the University of South Africa.

He has responsibilities in the social field, is Director of the SASME Foundation, an NGO dedicated to developing and financing small and medium-sized enterprises with the aim of boosting economic growth and sustainable employment in the South African economy.

In addition, he has attended training courses on ESG reporting indicators given by PwC South Africa as well as attending and actively participating in training on the application of ESG corporate sustainability.

Laurence Richard Cohen

With a strong background in real estate asset management, corporate finance and financial management, Laurence began his auditing career at Fisher Hoffman (PKF) from 1996 to 1999. In 2000, he joined Grant Thornton in Johannesburg, where he worked as a Senior Corporate Finance Consultant for 3 years.

In 2003, he joined Hyprop Investments Limited, where he served as Chief Financial Officer until 2018. Hyprop is a commercial real estate investment trust (REIT) listed on the Johannesburg Stock Exchange (JSE).

During his time at Hyprop, Laurence was extensively involved in various aspects of real estate asset management, debt capital markets and the structuring of local and international deals.

He chaired the Accounting and JSE Committee of the REIT Association of South Africa, served on its Executive Committee, and was instrumental in the publication of the first Best Practice Recommendations (BPR) for the South African REIT sector.

In 2019, Laurence joined Vukile Property Fund Limited (Vukile) as chief financial officer. Vukile, also a commercially focused REIT listed on the JSE, is the main shareholder of Castellana SOCIMI SA.

Lucy Charlotte Lilley

Ms Lucy Charlotte Lilley is a chartered surveyor and independent non-executive director with extensive experience in the real estate sector. Lucy has been appointed as a non-executive director and member of the audit, remuneration and operations committees for a number of real estate companies and funds, including listed and regulated enterprises. Prior to this, she spent five years as an advisor and fund manager at Schroder Real Estate Managers (Jersey) Limited and eleven years as a portfolio manager at Land Securities in London. She specialised in shopping centres and retail parks between 2004 and 2015, and has commercial real estate experience in asset management, portfolio management and fund management.

In addition, she has worked in real estate investment, development and redevelopment in the UK and Europe, and has a strong understanding of financial and operational issues.

4.3.2 Selection of Directors

EPRA Gov-Select

The Appointments and Remunerations Committee is responsible for ensuring that the selection process of its members favours diversity of gender, experience and expertise. This variety of professional profiles strengthens and enriches decision-making based on recommendations for good corporate governance.

In addition, it ensures that selection procedures are free from implicit biases that could lead to discrimination, as reflected in the Company ESG Policy.

The proposal for directors is made in accordance with the principles established in the articles of association and in the Regulations of the Board of Directors. The Appointments and Remunerations Committee proposes candidates for independent directors, the remaining directors are proposed by the current members of the Board, following a report by the Appointments and Remunerations Committee.

The proposals must be accompanied by a report from the Board justifying the competence, experience and merits of the candidate. Furthermore, all candidates must be full professionals whose conduct and career path is aligned with the mission, vision and values of Castellana Properties. Finally, the appointment of Directors is approved by the General Meeting of Shareholders.

Nominations shall be adopted by a majority of the members present or represented at the meeting. In the event of a tie, the Chairman has a casting vote.

The Chairperson, Vice-Chairperson, Secretary and Vice-Secretary are elected by the Board itself following a report from the Appointments and Remunerations Committee. The vice-presidents are responsible for replacing the President in the event of impossibility or absence, which is why the President proposes the candidates.

In the event that the Chairperson of the Board performs executive functions, the Regulations of the Board of Directors establishes that the Board must, on a proposal from the Appointments and Remunerations Committee, appoint a Coordinating Director from among the independent Directors. The current Chairman of the Board of Castellana Properties does not perform executive functions, so a Coordinating Director has not been appointed.

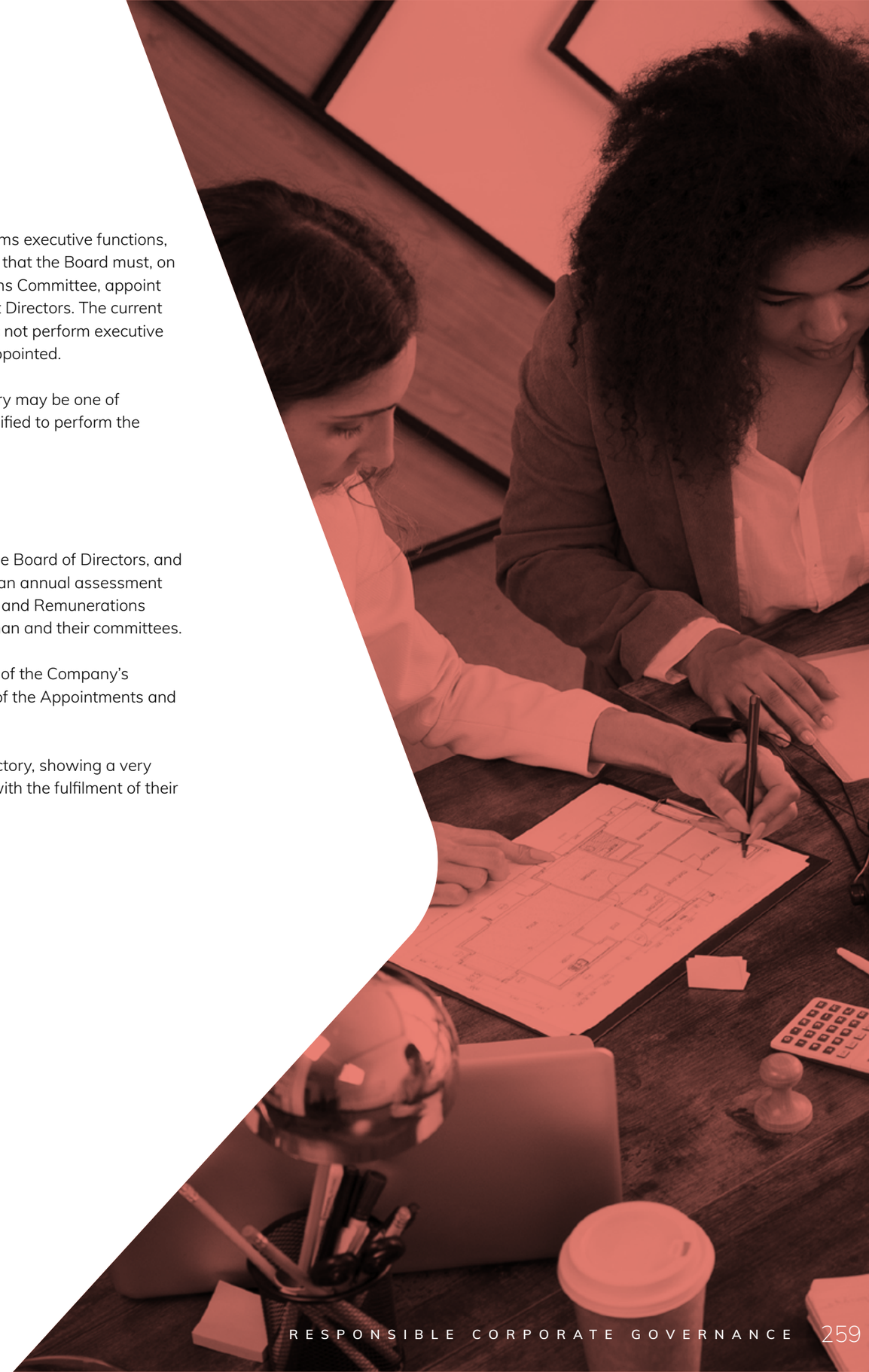
The candidate to perform the function of the Secretary may be one of the members of the Board or an external person qualified to perform the functions inherent to that position.

4.3.3 Assessment of the Board

In accordance with the terms of the Regulations of the Board of Directors, and ensuring the exercise responsible for its supervision, an annual assessment is performed following a report by the Appointments and Remunerations Committee, the Board itself, the Directors, the Chairman and their committees.

In addition, an annual evaluation of the performance of the Company's senior executives is performed, with the prior report of the Appointments and Remunerations Committee.

The results of the Council's assessment were satisfactory, showing a very high average assessment. This reflects satisfaction with the fulfilment of their roles and responsibilities.



4.3.4 Directors' remuneration

One of the main governance milestones for FY24 is the development of a Director Selection and Remuneration Policy (ESG), which is reviewed and approved by the General Shareholders' Meeting at least every three years, as a separate item on the order of business. The proposal for this policy is presented to the General Meeting by the Board of Directors, accompanied by a detailed report from the Appointments and Remunerations Committee.

This system, also defined in the Articles of Association, is designed to promote the long-term profitability and sustainability of the Company, ensuring fair payment in line with the dedication, qualifications and responsibility associated with the position.

The Castellana Properties remuneration system is based on the principles of transparency, competitiveness and capacity, consistent with the business model and ESG criteria.

4.3.5 Board of Directors committees

In order to strengthen the governance structure and ensure good practices, Castellana Properties has two committees set up as permanent internal bodies of the Board of Directors; the Audit and Risk Committee and the Appointments and Remunerations Committee.

Audit and Risk Committee

Powers:

To advise and propose within their scope of action.

Main functions:

To review and analyse the financial statements and information, reporting them to the Board, propose to the Board, for its later proposal to the General Shareholders' Meeting, the appointment of internal and external auditors, and supervise their work and ensure their independence, and to serve as communication between the Company and the auditors.

Nomination and Remuneration Committee

Powers:

To inform, advise and propose within its scope of action.

Main functions:

To propose the appointment, re-election or dismissal of independent directors, draw up the report on the proposal for the appointment or re-election of non-independent directors, and control and monitoring of gender diversity and remuneration issues.

4.3.6 Activities of the Board and its committees

	Number of	2023	2024
BOARD OF DIRECTORS	Meetings	6	6
	Attendance rate	89%	98%
AUDIT AND RISK COMMITTEE	Meetings	3	4
	Attendance rate	100%	95%
NOMINATION AND REMUNERATION COMMITTEE	Meetings	3	3
	Attendance rate	100%	89%

At the meetings of FY24, the following subjects were addressed:

Board of Directors

- Monitoring the activity and evolution of the business and new investment opportunities.
- Monitoring of the Company's corporate strategy.
- Analysis of financing alternatives.
- Formulation and approval of the Company's financial statements.
- Approval of the Company's budgets.
- Distribution of results.
- Monitoring of the Company's CapEx investments.
- Monitoring of the ESG strategy.
- Supervision of regulatory compliance.
- Monitoring and supervision of the various committees reporting to the Board of Directors.
- Appointment of a new member of the Nomination and Remuneration Committee.

Audit and Risk Committee

- Review of the individual and consolidated financial statements and analysis of the external auditor's audit opinion.
- Review of the internal audit.
- Review and supervision of asset valuations by external valuers.
- Review of the monitoring of EPRA best practices and other relevant ratios.
- Approval and updating of corporate governance and compliance policies and actions taken.
- Monitoring of the Company's risk map.

Nomination and Remuneration Committee

- Analysis of the staff organisation chart and staff turnover.
- Analysis of the results obtained in the 'Great Place to Work' Certification.
- Analysis of flexitime measures.
- Performance evaluation and proposals for objectives.
- Review of the fixed and variable remuneration system for the Board and the entire Company.
- Appointment of a new independent board member.

4.3.7 Management Team

Chief Executive Officer

Responsible for implementing the Board's strategy and overseeing all matters not reserved to the Board or its committees

- **Chief Investment Officer** → Identify investment opportunities, including corporate mergers and acquisitions, asset acquisitions and divestitures, and the formation of strategic partnerships and JVs with third parties.
- **Chief Financial Officer** → Perform the economic and financial management of the Company, control treasury and analysis and search for different financing alternatives, developing and maintaining an appropriate compliance culture. Implementation, supervision and maintenance of the Internal Control System and development of the ESG strategy and its execution.
- **Chief Operations Officer** → Plan and follow up strategies to be followed in assets, carry out operational budgets of the assets and follow up on them, identify and evaluate opportunities for optimizing the performance of real estate assets. Maintaining the business relationship with tenants. Search for new tenants and opportunities for real estate assets and prepare value-added project proposals for the assets.
- **Chief Innovation Officer** → Develop and implement the innovation strategy. Discover, analyse, prototype, test and implement new solutions that bring incremental improvements to the business or creation of new businesses.
- **Chief Development Officer** → Carry out feasibility studies of refurbishments and extensions, manage Projects and Works in general and supervise facilities management to optimise their energy efficiency. Oversee facilities operation and maintenance, analyse energy and water saving measures, improve air quality and accessibility, and monitor the reporting of the environmental performance of the assets in different indices (regulatory and voluntary).
- **Chief Marketing Officer** → Oversee and develop the corporate identity plan and communication strategy of the Company, as well as supervise the marketing for the various extensions and refurbishments carried out on the assets. Monitor and develop marketing for each of the shopping centres, including brand development, advertising, media planning, direct marketing, public relations, web/e-marketing, market research, and budget control.

EXCO

ALFONSO BRUNET
Chief Executive Officer

DÉBORA SANTAMARÍA
Chief Financial Officer

JULIO GARCÍA
Chief Operations Officer

PEDRO DÍAZ
Chief Development Officer

OMAR KHAN
Chief Investment Officer

CRISTINA MACARRÓN
Chief Marketing Officer

CARLOS GUINEA
Chief Innovation Officer

4.3.8 Committees

Executive Committee

MEMBERS

Chief Investment Officer

Chief Financial Officer

Chief Operations Officer

Chief Innovation Officer

Chief Development Officer

Chief Marketing Officer

FUNCTIONS

Is composed of the Management Team. It supports the CEO in overseeing the operations and performance of the Company.

MEETINGS

It meets weekly, every Monday

Financial Committee

MEMBERS

Chief Financial Officer

Senior Corporate Finance Manager

Accounting Finance Manager

FUNCTIONS

Was created in FY23. It ensures sound economic and financial management of the Company, cashflow control and analysis and search for financing. It is also responsible for maintaining an appropriate compliance culture, developing and maintaining the Internal Control System and developing the ESG strategy and its implementation.

MEETINGS

It meets weekly, every Tuesday.

CapEx Committee

MEMBERS

Chief Executive Officer

Chief Financial Officer

Chief Operating Officer

Chief Development Officer

Asset Managers

Senior Corporate Finance Manager

Financial Controller

FUNCTIONS

It monitors the Capex's project budget, detecting deviations and proposing solutions

MEETINGS

It meets quarterly.

Innovation Committee

MEMBERS

Chairman of the Board

Chief Executive Officer

Chief Innovation Officer

Chief Investment Officer

Chief Marketing Officer of Castellana properties

General Director

Treasury Director

Head of Customer Analytics and the Marketing

Communications Director of Vukile

FUNCTIONS

It monitors the Company's innovation projects.

MEETINGS

It meets every two months.

Compliance Committee

MEMBERS

Chief Financial Officer

Senior Corporate Finance Manager

Senior Compliance & ESG Controller

FUNCTIONS

It ensures that the organization complies with all applicable laws, regulations, policies, and standards both internally and externally, guaranteeing the proper functioning of the Crime Prevention Model. Likewise, it is responsible of promoting ethical and responsible behaviour in all the operations and activities of the Company through the dissemination of the Code of Ethics.

MEETINGS

It meets, at least, every six months and reports to the CEO.

ESG Committee

MEMBERS

Executive Director

Chief Financial Officer

Chief Operation Officer

Chief Marketing Officer

Chief Development Officer

Environmental Head

Head of Regulatory Compliance

ESG Head

FUNCTIONS

It oversees Castellana Properties' commitment to compliance with the ESG Strategic Plan, monitoring the same

MEETINGS

It meets, at least, every six months and reports to CEO.

Innovation Committee

MEMBERS

CEO

CFO

CIO

Castellana Properties:
Investment Director

Vukile Property Fund Limited:
CEO
Group CFO
Group Head of Treasury
Senior Manager of Investments

FUNCTIONS

Its main objective is to ensure the strategic and efficient management of investments and acquisitions in the retail sector, aligning each transaction with the objectives and needs of Castellana Properties and providing added value to its shareholders. It continuously analyses and monitors the market for investment opportunities in physical assets and real estate companies in the retail sector, valuing them prior to their materialisation to ensure profitability and complementarity with the existing portfolio.

MEETINGS

It meets every two weeks.

4.4 Good governance and business ethics

In addition, specific policies and manuals have been developed in a wide variety of key areas, the most relevant of which are the following:

- Castellana Code of Ethics and Conduct
- IT Governance Policy
- Money Laundering Manual
- Regulations of the General Shareholders' Meeting
- Regulations of the Board of Directors
- Internal Code of Conduct for the Securities Market
- Work-life balance, Remote Working and Digital Disconnection Policy
- Policy on the Use of the Complaints Channel
- Data Protection Policy
- Employee Engagement Programme
- Engagement with Local Communities Programme
- Director selection and remuneration policy (ESG)
- ESG Policy
- Integrated Environmental and Energy Management Policy
- Net Zero and Climate Change Policy
- Environment and Biodiversity Policy
- Sustainable Design Manual
- Health and Well-being Policy
- Circular Economy Policy

4.4.1 Compliance and Policies

Integrating best practices in good governance, business ethics and social responsibility in all of the Company's activities is a fundamental commitment for Castellana Properties. In addition to strict compliance with current regulations, the company strives to adopt standards of excellence in its operations and business relationships.

To support this commitment, Castellana Properties has a solid and well-defined corporate structure, which is based on the principles of Good Corporate Governance. This structure not only establishes clear guidelines for decision-making and risk management, but also promotes transparency and accountability in all areas of the company.

The company's governance structure is characterised by its drive and agility to respond to the ever-changing environment around it, and by being at the forefront in terms of regulatory development and corporate governance, as it is the structure that underpins the company's development and performance in all its operations. Along these lines, new policies have been developed during FY24, adapting to the current needs of the industry and its stakeholders:

- Supplier Code of Conduct
- Risk Management and Control Policy
- Responsible Investment Policy
- Responsible Purchasing Policy
- Board Selection and Remuneration (ESG) Policy

These policies serve as a guide for ethical and lawful employee behaviour, reflecting Castellana Properties' commitment to the protection of human rights, information security and respect for diversity and inclusion in the workplace. In addition, they are reviewed, keeping up to date with changes in regulations and best practices.

4.4.2 Internal Control Model

Castellana Properties has an Internal Control Model designed to meet the highest standards of quality and regulatory compliance. To achieve this goal, the Company has implemented a series of tools that are highly effective and reliable. These include:

POLICIES AND PROCEDURES

A set of clear, detailed policies and procedures that ensure consistency in the way daily operations are handled.

CRIME PREVENTION MODEL

Identification and documentation of the criminal risks that may arise from the activity of the Company and definition and implementation of the controls and mechanisms that make it possible to avoid or detect unlawful conduct.

MECHANISMS FOR PERSONAL DATA PROTECTION

Different policies are in place to ensure the correct processing of personal data and are evaluated on a regular basis.

QUALIFIED EQUIPMENT

A highly trained and experienced team in the implementation and maintenance of internal control systems, ensuring effective risk and opportunity management.

MONEY LAUNDERING PREVENTION MECHANISMS

The main mechanisms are available in accordance with the requirements established by money laundering prevention regulations, including a Prevention Manual, an Internal Supervisory Body (OCI, by its Spanish acronym), a representative before the SEPBLAC, and evaluations of the main clients in formal and economic terms by an external advisor.

FINANCIAL REPORTING CONTROL SYSTEM (ICFR)

A set of controls in financial processes to mitigate risks that could have a significant impact on financial information reported internally and to third parties. For each financial process, a cycle, flowchart and control matrix have been developed and the adequacy of the controls has been tested.

NON-FINANCIAL REPORTING CONTROL SYSTEM (INFRCS)

A Non-Financial Reporting Control System has been designed, ensuring the reliability of the company's information and performance, as well as responding to the different requirements and facilitating the reporting process, in line with the main current and future regulatory frameworks that will come into force in the coming years.

Code of Ethics

All decisions and actions of Castellana Properties are in line with the mission, vision and corporate values. To consolidate this objective, the company has a Code of Ethics which sets out its commitment to its stakeholders, as well as the definition of its values and principles that respond to business ethics and transparency in all areas of activity. The Company also has an ESG Policy and Internal Conduct Regulation. These instruments are extended to all persons involved in the development of the business and activities of Castellana.

The Code of Ethics and the Internal Conduct Regulation define the controls and mechanisms to ensure the principles and values of the Company.

Principles of the Code of Ethics:

- Complying with the law
- Living with integrity
- Transparency, anti-corruption and criminal compliance
- Acting as guardians of stakeholders
- Respecting others

All employees were trained in crime prevention measures and controls, including the Code of Ethics.

Aware of the impact that Castellana operations can have on its entire Value Chain, and the opportunity it has to promote the generation of a positive impact, both socially and environmentally, a new Suppliers Code of Ethics has been created in FY24, which establishes the red lines and principles that should govern all the company's operations. *See in detail in Chapter 6.7.*

Whistleblowing channel

Effective communication channels are essential to meet the needs and expectations of the various stakeholders. In this regard, Castellana Properties has established control systems and mechanisms designed to prevent, detect and respond appropriately to the risk of crimes being committed by any member of the organisation, for the benefit of all those involved.

The company has a Whistleblower Channel that complies with data protection regulations, accessible to all stakeholders. This channel, available on the company's website, allows any individual to report potential risks and violations of current law as well as internal company policies, in order to initiate investigations and facilitate appropriate dispute resolution.

The management of the Whistleblowing Channel is the responsibility of the Compliance Committee, which operates under a Criminal Compliance Model that establishes the company's principles of action at all organisational levels. This approach ensures Castellana Properties' transparency, accountability and commitment to compliance with applicable laws and regulations, as well as to the promotion of a safe and ethical working environment for all its employees.

> 100% of employees of Castellana Properties have signed the Code of Ethics

Internal Audit, Internal Control and Risk Management Plan

Due to the constant evolution of the market, companies face new challenges, for which the decision-making process must be streamlined, with an agile internal governance structure that allows them to adapt and respond to the new demands of their stakeholders. In order to do this safely, guaranteeing the sustainable growth of the company and minimising risks, Castellana has implemented during FY24 a complete Internal Audit, Internal Control and Risk Management Plan comprising five strategic projects:

1 Map of the company business processes

In order to strengthen internal control models, the company process map has been drawn up. This map allows for the optimising processes, integrating new technologies and detecting possible gaps in the scalability of the business, reinforcing the capacity to adapt and grow in a sustainable way in a changing business environment. To this end, the company's key processes, sub-processes and activities have been identified through workshops and interviews with all personnel, defining a corporate map (AS-IS) that marks the flow diagram of operations.

2 Definition of different key company processes

Different key processes have been defined and described through narratives and flowcharts to describe their scope within the company, and to create a process diagram that identifies the stages defined in each of them, promoting the control and traceability of information.

3 Operational effectiveness test of the Risk Map and the Crime Prevention Model:

A test of the operational effectiveness of the Crime Prevention Model and the Risk Map Control System has been carried out, with satisfactory results and confirming the company's capacity to identify, prevent and mitigate risks and crimes. The evaluation, conducted by independent auditors, highlighted the robust design, effective implementation, reliable data management and reduction of crime in Castellana thanks to these tools.

4 Facilities audit

As every year, an audit has been carried out on several of the assets to verify that the centres are aligned with the requirements and commitments of the company in terms of environmental performance (ISOs and certifications), operational (technical-legal maintenance, OCAs, HSSE, etc.) and development (licences and technical documentation).

5 Non-Financial Reporting Control System (INFRCS)

In this financial year, Castellana Properties has developed the first Internal Non-Financial Reporting Control System that ensures the reliability of the company's information and performance, in response to the different regulatory frameworks that will come into force in the coming years.

The aim is to ensure the traceability and transparency of ESG data reported by the company, facilitating data processing, and investing more time in working with the data, rather than in obtaining it.

Castellana has **identified and defined the ESG data** to be reported, indicating those responsible for obtaining it, its frequency, methodology, review and data conformity.

The model has been developed to adapt to the new Corporate Non-Financial Reporting Directive (CSRD), thus getting ahead of the regulatory timetable, and establishing in advance the necessary internal frameworks and procedures to successfully achieve the first report under this framework.

This system will continue to be implemented, becoming one of the most efficient tools for Castellana to improve its performance and ESG reporting.

Sustainable Purchasing Policy Framework

During FY24, Castellana has implemented a sustainable purchasing framework which is composed of several tools and procedures that will allow the company to establish the necessary sustainability requirements for any supplier that collaborates with the company.

Responsible purchasing policy

The Policy is created with the purpose of maintaining a relationship of trust and responsibility with its suppliers, which is why the principles under which the purchase of goods and services that guarantee the best conditions in the market are defined, both in terms of prices and sustainable development, safeguarding respect for Human Rights.

Furthermore, in order to guarantee that the purchasing process is carried out in a transparent and honest manner in accordance with Castellana's ethical principles and commitments, the policy details the procedures that anyone responsible for making a purchase should be aware of.

Being aware that part of the company's environmental impact is generated in the operations of its suppliers, the policy promotes those that develop products or services using energy efficiently and sustainably, and also prioritises those with environmental certifications.

Supplier Code of Conduct

To ensure that all collaborations and commercial transactions carried out by Castellana are aligned with the company's ethical commitments and values in terms of environmental and social sustainability, a Supplier Code of Ethics has been defined and implemented in FY24, which includes all the standards and requirements that Castellana follows throughout the entire Value Chain.

In addition to promoting compliance with the law, the Code is divided into 3 main blocks:

Environment: This details the environmental performance that the supplier must comply with in order to collaborate with Castellana, allowing it to improve and advance in the generation of a positive impact from its operations.

Transparency, anti-corruption and criminal compliance: This establishes the commitment to respect and promote criteria that guarantee compliance with current law applicable to each transaction.

Social Commitment: This lays the foundations in compliance with the International Labour Organisation (ILO), and the Charter of Human Rights, developed by the United Nations.

During FY25, the initiatives started in the previous year will be continued through the creation of an evaluation system that will enable the creation of a database of ESG-approved suppliers.

Anti-corruption

Companies play a crucial role in the fight against corruption and have a number of internal tools at their disposal to detect, prevent and address situations of fraud, bribery or corrupt practices. These tools range from stakeholder-accessible reporting channels to due diligence processes, risk mapping and audits.

For Castellana Properties, the prevention of corruption and money laundering is an issue of great importance, identified as one of the most relevant issues for its external stakeholders in the materiality analysis conducted for the company's new strategy. In addition, the company has a Criminal Offence Prevention Model, which has a detailed analysis of criminal risks in all areas of the company. This includes the evaluation of existing policies and controls, as well as the implementation of new procedures to effectively prevent and mitigate these risks arising from its activity.

To ensure prevention of criminal conduct and compliance with the law, the company has established an internal control structure and provides anti-corruption training to all employees. In addition, corruption risk assessments are carried out and integrated into the company's Management System. Any indications of corruption risks in company operations are identified and communicated in order to take the necessary measures.

The Code of Ethics and the Whistleblower Channel are key elements that reinforce Castellana Properties' actions against corruption, providing an environment in which employees feel safe to report possible irregularities and thus contribute to maintaining high standards of integrity and transparency.

Transparency

To demonstrate its commitment to ethical and transparent behaviour, as well as to be accountable to its stakeholders and prevent unfair practices, Castellana Properties has taken a series of measures that reflect its integrity and corporate responsibility. These measures include the publication on its website of the Articles of Association and the regulations of the General Shareholders' Meeting, the Board of Directors and the Internal Code of Conduct for the Securities Market, as well as its ESG Policy and Code of Ethics.

Furthermore, the Consolidated and individual Annual Accounts providing a detailed view of the equity and financial situation of the Company are audited by an external auditor and published on the company website. This process ensures the transparency and reliability of the financial information presented by Castellana Properties.

In line with this commitment, this ESG Report, which documents all of the company's actions and objectives in the areas of governance, social and environmental issues, has been verified by an external, independent entity. This process ensures the credibility and objectivity of the report, reinforcing Castellana Properties' commitment to the transparent disclosure of its sustainability and corporate responsibility performance.

Conflicts of interest

EPRA Gov-Col

The probability of conflicts of interest within the governing body is low due to the simple structure of the company and the fact that, at the date of publication of this report, it only has one majority investor in the shareholding, with which there are no precedents of situations of these characteristics.

However, conflict of interest management is considered important for the company and to avoid such situations, it promotes mechanisms such as:

- Annual letters addressed to the Board, in which the Directors, in accordance with the provisions of Article 229 of the Recast Text of the Capital Companies Act regarding the duty to avoid situations of conflict of interest, report information on potential related persons, in accordance with Article 231 of the Recast Text of the Capital Companies Act.
- Incorporate the Conflicts of Interest Policy into the Code of Ethics; the purpose of which is to ensure that external activities or personal or family interests do not undermine the ability to make ethical and objective decisions in the area of responsibility. The policy outlines a number of activities that Company members should avoid engaging in, as well as steps to take in the event of a conflict situation.
- The Regulations of the Board of Directors and the Internal Rules of Conduct; they set out the mechanisms established to prevent and handle potential conflicts of interest, indicating a set of general principles of action.

The Board of Directors is responsible for reviewing the actions on conflicts of interest applicable also to its own members. In addition, all members of the Company are informed of the importance of communicating to their line manager if there is a potential risk.

- During FY24, as well as in previous fiscal years, Castellana Properties has not identified any conflicts of interest.
- Those arising in the future will be declared in the Conflicts of Interest Register of Castellana Properties.
- Castellana Properties does not make monetary or non-monetary contributions to political parties.

4.4.3 Risk management

Castellana Properties considers risk management to be of particular relevance for the fulfilment of Company objectives and regulatory compliance. Therefore, it identifies, analyses, evaluates, manages and communicates the risks associated with the Audit and Risk Committee so that they can be monitored.

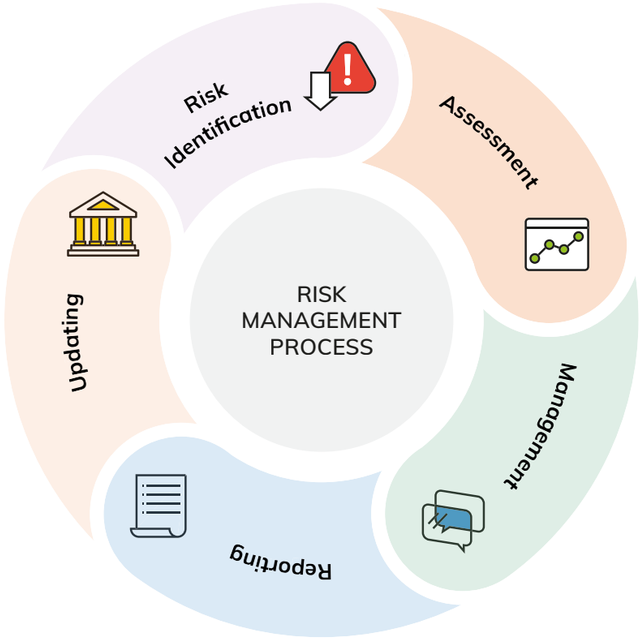
During FY24, the company continued its progress in extending and improving its risk management system, developing a Risk Management and Control Policy, which integrates the company's vision of risks into its management and strategy, reducing risks, assessing impacts and defining the necessary measures for their management and mitigation. It has been developed in accordance with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) - ERM (Enterprise Risk Management - Integrated Framework), which facilitates both the identification and assessment of the impact and the probability of occurrence of the various risks to which the company is exposed.

This new Policy sets out the assessment criteria that Castellana follows to identify the impact that the occurrence of risk could have on its operations. To this end, all the risks detected are integrated into the Corporate Risk Map, following COSO methodology, enabling the development of strategies to mitigate those considered necessary.

This Policy establishes the internal control systems that the company has in place to mitigate the potential effects of the risks identified, seeking to define the most appropriate response taking into account the activity on which it impacts, and the characteristics of the risk itself. The areas and manager responsible for implementing corrective actions to make the risk residual are identified.

As a milestone, the Risks and Opportunities related to Climate Change have been integrated into this policy, as a commitment by Castellana to recognise the importance that these may have on its company, equating them to another corporate risk. To this end, appropriate operational controls and strategies will be in place to mitigate these risks, in line with the recommendations set out in the TCFD report. *See in detail in Chapter 5.4.1. Climate Risks.*

In line with the FY24 internal audit plan, operational effectiveness tests of the controls implemented in the company to mitigate risks were carried out during the year. The result has been positive, concluding that all controls are effective.



4.4.4 Cybersecurity

Castellana is aware of the high risk that cyber-attacks pose to the company and its operations. Castellana's systems have evolved significantly in recent years, incorporating new network systems, services and applications. This has increased the complexity of the systems and widened the potential area of attack, and may lead to the need to manage additional network vulnerabilities, which has made the company aware of the new risks to which they are exposed.

For this reason, during FY24 the first steps have been taken in the development of a three-year Comprehensive Cybersecurity System consisting of the implementation of two Management Systems, an Information Security Management System and a Business Continuity Management System, and the implementation of different specific and annual actions to identify the current state of the company, correct possible failures detected, reduce the risk and improve the information security and cybersecurity situation.

Information Security Management System (ISMS)

An organized approach to managing sensitive information of the company so that it remains secure. Includes people, processes and IT systems through application of risk management.

Main milestones:

- Development of a comprehensive ISMS policy.
- Risk assessment and safety plan treatment.
- Development of security policies and procedures.
- Ensure that Castellana Properties meets the standard ISO/IEC 27001.

Business Continuity Management System (BCMS)

A framework that helps organizations prepare for disruptive incidents. Ensures that critical functions of the business continue operating before, during and after an interruption.

Main milestones:

- Business impact analysis (BIA) in functions or key business processes.
- Development of the Business Continuity Plan (BCP) and recovery strategies.
- Development and implementation of a comprehensive response plan to incidents.

In addition, following the success of the Cybersecurity Month held during FY23, which sought to raise awareness among all employees, this FY24 saw the implementation of Cybersecurity Week, in which various communication and training actions were carried out to improve the level of awareness of employees in this area, thus ensuring the protection of information and infrastructures of the company.

05
Sustainable portfolio

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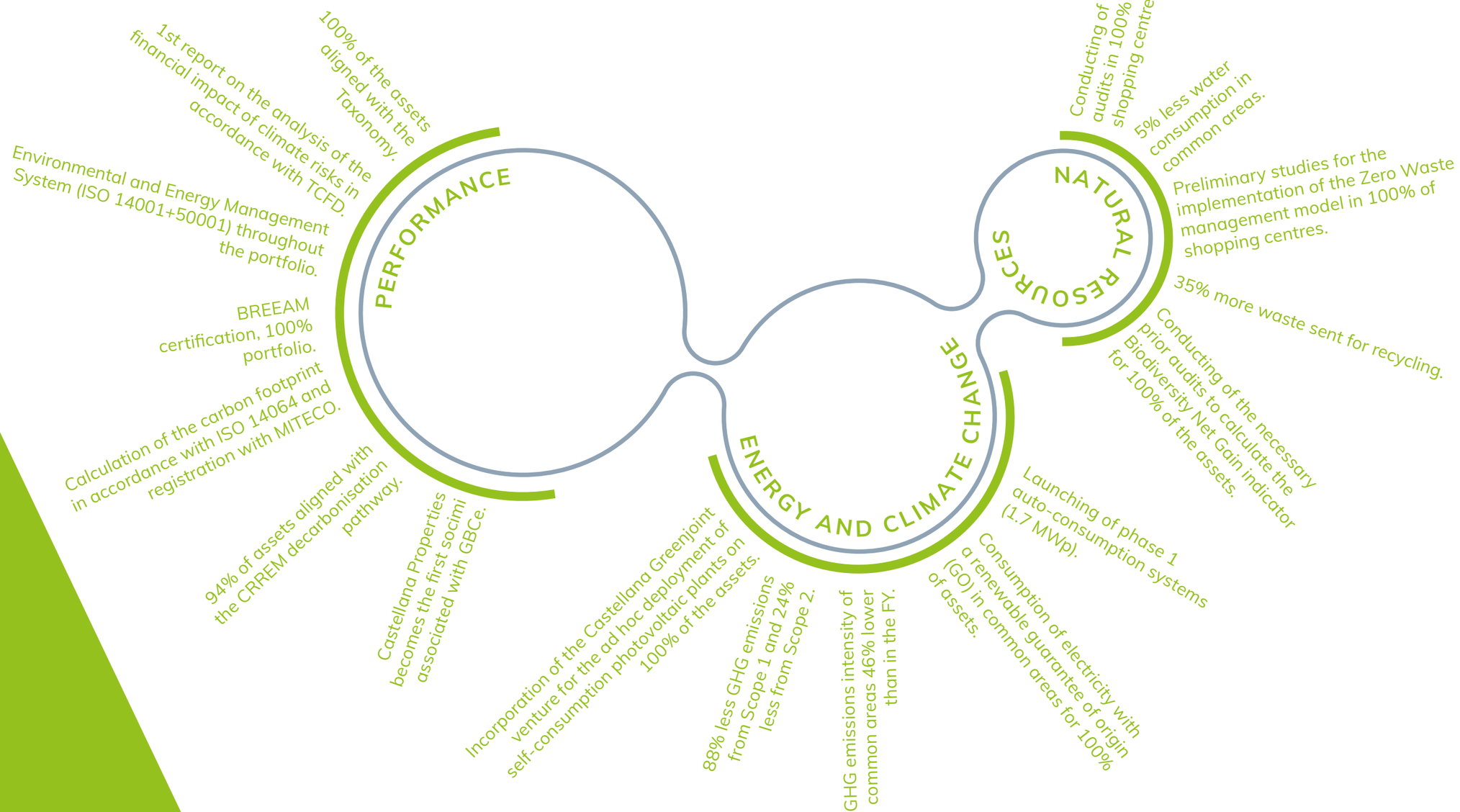
The real estate sector plays a major role in mitigating the effects of climate change. Aware of this, Castellana Properties not only seeks to mitigate the possible negative impacts that its activity may have on the environment but also detects opportunities to promote a positive impact by extending the scope throughout the value chain.

The committed actions in the FY22/25 Strategy have been carried out, and new measures have been proposed to give continuity to the strategic plan with more ambitious objectives.

The Company's efforts materialised in the following milestones achieved in FY24:

5.1 Key milestones



5.1.1 Next objectives

In line with the continuous improvement process that characterises Castellana Properties, new objectives have been developed to improve the environmental impact. They are defined through the new FY25/27 ESG Strategy and follow the company's principles. They must be:

- Consistent with the management system and Company policies
- Communicated to all stakeholders
- Measurable over time
- Chosen in such a way as to guide the company in its continuous improvement process
- Monitored
- Updated as appropriate

The company has approved the following environmental targets for the coming years:

- Reduce the Corporate Carbon Footprint to NET ZERO by 2050, following the Paris Agreement alignment curve integrated in the CRREM tool. In FY24, the emissions intensity of the Castellana Properties portfolio was 14.6 kgCO2e/m2.year. To meet this decarbonisation target, the aim is to reach an intensity of 9.6 kgCo2e/m2.year in 2030, representing a reduction of -34%.
- Reduce fossil fuel consumption by 75% (FY27 vs. FY23)
- Consume 90% of electricity for common areas from renewable sources (offsite and onsite)
- Reduce energy intensity of common areas by 5% (FY27 vs. FY23)
- Increase water data coverage to 75% (FY27)
- Reduce water consumption in common areas by 5% (FY27 vs. FY23)
- Implement a Responsible Sourcing Plan and Policy for (FY25)
- Recover 75% of the waste managed (FY27)
- Maintain 100% of assets BREEAM-certified and aligned with the Taxonomy

5.2 Performance

5.2.1 Management instruments

Castellana Properties has defined instruments to comply with commitments related to environmental impact, considering material matters for its different stakeholders and reflecting them in its ESG Policy:

- Optimize energy use and energy efficiency of assets.
- Proper environmental management of assets, minimising impact, resource use and waste generation.
- Assess the company's climate and environmental risks and assets.
- Reduce the carbon footprint of the organization and assets.
- Integrate circular economy principles into company management and assets.
- Ensure indoor air quality of assets.
- Include strategies in assets that benefit biodiversity.
- Have sustainability certifications across all assets.
- Reduce pollution associated with the transport of people.

> These management tools are designed to reduce environmental impacts and ensure sustainable development across all Castellana Properties assets

A) ESG Policy

This integrates the ESG principles that Castellana Properties incorporates into its management and business model, and is part of the general sustainability performance framework that supports the strategic actions aimed at reducing the company's impact. Its principles are:

- To improve positive social and environmental impact
- To reduce sustainability risks that, should they occur, could have an impact on the company's operations.
- To promote transparency and comparability of information
- To support business objectives, with sustainability being an aspect of corporate management
- To involve governing bodies in the management of ESG issues
- To progress in responsible investment.

B) Integrated Environmental and Energy Management Policy

This includes the commitments made to ensure optimal environmental management and control of the efficient use of energy in all activities carried out in the portfolio.

C) Net Zero and Climate Change Policy

This contains the principles of action in its fight to reduce energy consumption, increase energy performance and reduce GHG emissions.

D) Environment and Biodiversity Policy

This defines actions to promote the care of the natural environment and the preservation of biodiversity.

E) Circular Economy Policy

This includes action measures for the implementation of circular economy principles based on the "Butterfly Diagram", at both corporate and asset levels.

F) Sustainable Design Manual

Furthermore, in order to apply the commitments acquired, as well as at corporate level, in all the activities carried out at active level, the Sustainable Design Manual developed in FY23 is still in force for its application in:

1. major refurbishments,
2. new implementations in premises (fit-out),
3. maintenance, cleaning and gardening work in communal areas.

The manual is fully aligned with the company's ESG objectives and strategy, and with the certification requirements for sustainable construction labels and sustainability index reporting criteria.

It has been developed with the aim of optimally addressing any reform process and maintenance operation of the existing building stock, as well as for future developments.

The manual contains specific scopes and criteria to minimise carbon footprint impacts and maximise the return on investments made.

This Manual will serve as a basis for generating a responsible purchasing procedure for materials, extensive to the company's entire value chain. The next steps will be to set thresholds and monitor material purchasing processes, eventually creating a list of approved suppliers that meet the company's manufacturer requirements.

The design manual is available on the Company website.

5.2.1.1 Dissemination and communication

In addition to the internal environmental management tools, Castellana Properties considers communication and dialogue key to continuous improvement and shared value creation.

In the exchange of experiences, knowledge and initiatives with its stakeholders, the following participations stand out:

- 5 press releases on milestones met
- 6 opinion pieces on decarbonisation and sustainability of portfolio assets
- 65 hours of training given at the Schools of Architecture of Universidad Francisco de Vitoria and the Universidad Politécnica de Madrid

5.2.1.2 Evaluation and certification

During FY24, the certification and reporting framework implemented, or in process of being implemented, is along the following lines

			EPC	Taxonomy FY24	BREEAM	CREEM	ISO 14001	ISO 50001	ISO 14.064	AIS
	Shopping centres		100%	100%	100%	100%	100%	100%	100%	67%
ARC	Los Arcos		●	●	●	●	●	●	●	●
BHS	Bahía Sur		●	●	●	●	●	●	●	●
ELF	El Faro		●	●	●	●	●	●	●	●
HAB	Habaneras		●	●	●	●	●	●	●	●
PEU	Puerta Europa		●	●	●	●	●	●	●	IP
VAL	Vallsur		●	●	●	●	●	●	●	IP
	Retail parks		100%	99%	100%	100%	100%	100%	100%	0%
GRA.GL		Gallery	●	●	●	●	●	●	●	IP
GRA.LC	Granaita	Leisure Center	●	●	●	●	●	●	●	IP
GRA.RP		Retail Park	●	●	●	●	●	●	●	NA
HER	La Heredad		●	●	●	●	●	●	●	NA
SER	La Serena		●	●	●	●	●	●	●	NA
MEJ	Mejostilla		●	●[I]	●	●	●	●	●	NA
MAR	Marismas del Polvorín		●	●	●	●	●	●	●	NA
MOT	Motril Retail Park		●	●	●	●	●	●	●	NA
POE	Parque Oeste		●	●	●	●	●	●	●	NA
PRI	Parque Principado		●	●	●	●	●	●	●	NA
PIN	Pinatar Park		●	●	●	●	●	●	●	NA
CTC	Ciudad del transporte		●	●	●	●	●	●	●	NA

IP - In process
NA - Not applicable
I 99.6% aligned

> 100% of Castellana Properties assets have a C energy rating or higher, both in terms of consumption and emissions

5.2.1.3 Energy Performance Certificates

100% of assets of the Castellana Properties have energy efficiency certificates.

During FY24, the company has renewed several of its energy performance certificates, raising the rating obtained in all of them, supporting the energy performance initiatives introduced in the assets:

- Bahía Sur
- El Faro
- Habaneras
- Puerta Europa
- Vallsur
- Granaita Leisure Center
- Motril Retail park
- Ciudad del Transporte

According to the operational characteristics of the retail parks, the energy certification of these spaces corresponds to the energy rating of each of their premises.

		EPC	
		kWh/m²	CO_2/m²
	Shopping centres	100%	100%
ARC	Los Arcos	A	A
BHS	Bahía Sur	C	C
ELF	El Faro	B	B
HAB	Habaneras	C	C
PEU	Puerta Europa	C	C
VAL	Vallsur	C	C
	Retail parks [I]	100%	100%
GRA.GL	Gallery	B	B
GRA.LC	Granaita Leisure Center	C	C
GRA.RP	Retail Park	C	C
HER	La Heredad	C	C
SER	La Serena	C	C
MEJ	Mejostilla	C [II]	C
MAR	Marismas del Polvorín	C	C
MOT	Motril Retail Park	C	C
POE	Parque Oeste	C	B
PRI	Parque Principado	C	C
PIN	Pinatar Park	C	C
CTC	Ciudad del transporte	C	B

I In retail parks, the most unfavorable case energy rating of the premises is indicated.
II One of the premises (currently D), which represents less than 9% of the retail park's area, has yet to be upgraded

5.2.1.4 EU Taxonomy

As part of the environmental commitment that characterises Castellana Properties, in FY23 it carried out its first voluntary assessment under the EU Taxonomy Regulation. This analysis identified the eligibility of economic activities as well as the substantial contribution of the assets to the technical criteria of the Taxonomy, with a result that +81% of the assets were aligned with the Climate Change Adaptation objective. During FY24, Castellana has updated the alignment study, including the improvements in the Energy Performance Certificates of both the Shopping Centres and the premises of the Retail Parks.

100% of the company's economic activity, corresponding to the acquisition and ownership of buildings, is eligible under the taxonomy criteria. The substantial contribution of the assets to the Climate Change Adaptation and Mitigation objectives has been assessed, as well as not harming the other objectives of the taxonomy (DNSH), for which compliance is required:

Climate Change Mitigation

- **Substantial contribution:** belonging to 15% of the most energy-efficient building stock*1
- Efficient asset management is achieved by monitoring and assessing the energy efficiency of the building.
- **DNSH**: Adaptation measures have been identified, assessed and proposed in view of the physical climate risks to which the building may be exposed.

Climate Change Adaptation

- **Substantial contribution**: Adaptation solutions are implemented that substantially reduce physical climate risks identified by prior analysis.
- **DNSH**: belonging to 30% most energy-efficient housing stock*1.
- The building must not be used for the extraction, storage, transportation or manufacture of fossil fuels.

I According to the Report on Upgrading the Long-term Strategy for Energy Renewal in the Construction Sector in Spain, Ministry of Transport, Mobility and Urban Agenda (MITMA), 2020.

Climate Change Adaptation

Bahía Sur
Puerta Europa
Vallsur
Habaneras
Granaita Leisure Center
Los Arcos
El Faro

Granaita Retail Park
Marismas del Polvorín
Motril Retail Park
Parque Principado
Ciudad del Transporte
La Heredad
La Serena
Mejostilla (91,6%)
Parque Oeste
Pinatar Park
Granaita Gallery

Climate Change Mitigation

Los Arcos
El Faro

Granaita Gallery

> Following the analysis conducted for FY24 on both taxonomy objectives, 99.44% of the Castellana Properties asset portfolio is aligned with the Climate Change Adaptation Taxonomy objective

Percentage of alignment (Adaptation to Climate Change)

99,94%
TURNOVER (%)

99,87%
CAPEX (%)

99,97%
OPEX (%)

The criterion used to calculate the percentage of alignment with the taxonomy has not been changed with respect to the previous financial year:

- For Shopping Centres, these comply with the technical criteria set out in the Delegated Regulation
- For Retail Parks, they are considered aligned according to the percentage of surface area of the premises that meet the technical criteria set out in the Delegated Regulation.

This means that, of the 18 assets in the portfolio (including the 3 assets that make up the Granaita Retail Park), 17 are 100% aligned with the Climate Taxonomy and Mejostilla is the only asset aligned with 91.6% of its area.

In addition to analysing the substantial contribution to these two objectives of the Climate Taxonomy, and verifying that the activity does not harm the rest of the objectives of the Taxonomy, an analysis has been made of whether the company has the minimum social safeguards to protect Human Rights throughout its value chain. This is covered in the Code of Conduct for suppliers developed during this FY24, as well as in its previous internal Code of Conduct, which already guaranteed the social requirements and red lines that all Castellana Properties operations had to follow.

To calculate the taxonomy KPIs, the objective of Adaptation to Climate Change has been chosen, for which **99.94% of Castellana's FY24 Turnover is aligned**, contributing positively to this objective.

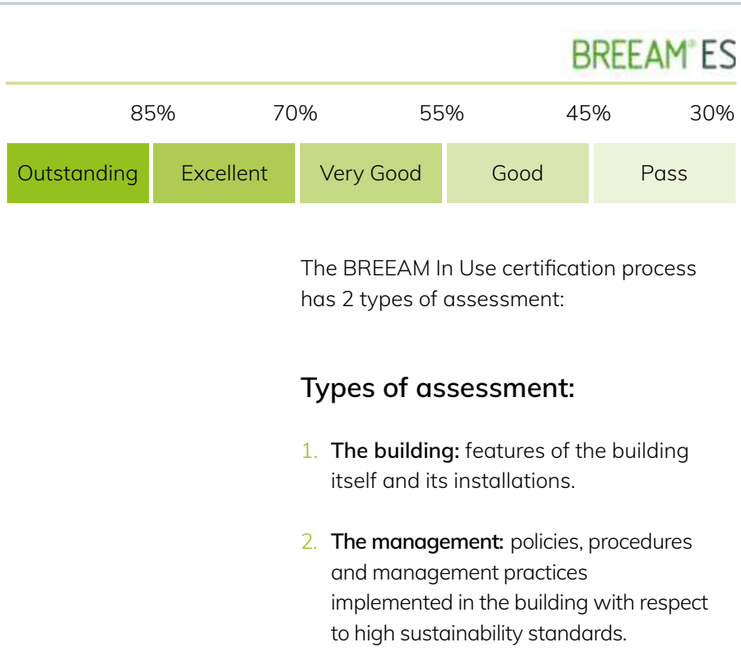
It should be noted that, on carrying out this evaluation for the Climate Change Mitigation objective, the percentage of alignment of the company with the objective in relation to Business Volume, CapEx and OpEx would be 34.39%, 58.54% and 40.00%, respectively, which are very notable values within the sector.

Castellana Properties' objective is to keep 100% of its asset portfolio aligned with the Climate Change Adaptation objective of the European Taxonomy, working in line with the FY25/27 ESG Strategy in order to gradually increase the percentage of alignment with the more ambitious Climate Change Mitigation objective.

5.2.1.5 BREEAM ES certification

The assessment system for BREEAM ES takes into account the environmental, social and economic sustainability performance both of the building and of its management. Therefore, the assets that obtain this certification generate positive impacts on their environment, while making real estate investments more attractive.

The certification is divided into two parts: part 1 for the building and its performance and part 2 which assesses the management, operation and maintenance of the building.



The BREEAM In Use certification process has 2 types of assessment:

Types of assessment:

1. **The building:** features of the building itself and its installations.
2. **The management:** policies, procedures and management practices implemented in the building with respect to high sustainability standards.

100% of Castellana Properties' shopping centres have maintained certification on both assessment during FY24. In the next fiscal year, they will be recertified with the new BREEAM In Use V6 manual.

With regard to existing retail parks, it has been possible to justify the eligibility criteria to the certifying body in order to certify Part 1, achieving 100% certification, and making great progress with respect to the previous year. This has been possible thanks to the Company's efforts in obtaining the necessary documentation, as well as the participation and cooperation of the managers and operators of the various retail parks.

According to BREEAM ES eligibility criteria, Part 2 certification is not possible for this type of asset due to its characteristics, so **100% of the Company's assets are considered to be fully certified**.

		BREEAM (previous version)		BREEAM (version five)		
		Part 1	Part 2	Part 1	Part 2	Validity
	Shopping centres	100%	100%	100%	100%	100%
ARC	Los Arcos	Excellent	Outstanding	Excellent	Outstanding	21-24
BHS	Bahía Sur	Excellent	Outstanding	Excellent	Outstanding	21-24
ELF	El Faro	Excellent	Outstanding	Excellent	Outstanding	21-24
HAB	Habaneras	Very Good	Outstanding	Excellent	Outstanding	21-24
PEU	Puerta Europa	—	—	Very Good	Excellent	21-24
VAL	Vallsur	Excellent	Outstanding	Excellent	Outstanding	21-24
	Retail parks [1]	100%	100%	100%	100%	100%
GRA.GL	Gallery	—	—	Very Good	Excellent	21-24
GRA.LC	Granaita Leisure Center	—	—	Very Good	Very Good	21-24
GRA.RP	Retail Park	—	NA	Pass	NA	24-27
HER	La Heredad	—	NA	Pass	NA	24-27
SER	La Serena	—	NA	Pass	NA	24-27
MEJ	Mejostilla	—	NA	Pass	NA	24-27
MAR	Marismas del Polvorín	—	NA	Pass	NA	24-27
MOT	Motril Retail Park	—	NA	Pass	NA	24-27
POE	Parque Oeste	—	NA	Pass	NA	24-27
PRI	Parque Principado	—	NA	Pass	NA	24-27
PIN	Pinatar Park	—	NA	Pass	NA	24-27
CTC	Ciudad del transporte	—	NA	Pass	NA	24-27

N/A Not applicable

> 100% of the company's assets are BREEAM certified

5.2.1.6 Climate risks

Climate change represents a major global challenge and its adverse effects are expected to intensify in many regions, affecting certain sectors and activities to a greater extent. The Company recognises its role and responsibility in the fight against climate change, considering the nature of its operations and the impact of the energy consumption of its assets in contributing to climate change mitigation.

Based on the study and analysis carried out in FY23, the risks and opportunities derived from the climate risks identified have been reported, following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) reporting framework, thus continuing and expanding the scope of the study carried out previously.

The main objective of the report is to keep its stakeholders informed of the risks and impacts derived from climate change that affect the Company's activity, for which purpose an assessment has been made of the financial impact that the most likely risks could have on operations and the main measures that Castellana Properties is working on or that have been defined in its new ESG strategy to mitigate the effects.

The report consists of 11 voluntary recommendations, grouped in 4 main blocks, Corporate Governance, Strategy, Risk Management and Indicators and Objectives. The report assesses the following aspects related to climate risks:

Governance

Disclose the organization's governance around climate-related risks and opportunities.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate.

1. **Physical risks:** Recognition of the various physical risks to which their assets are subject, such as sea level rise, temperature variability, droughts and floods, and the potential impacts that may result, such as damage to infrastructure, changes in runoff and water availability, disruptions to asset operations due to physical hazard events, increased maintenance costs, and energy cost overruns.

Fisical Risk		
Classification	**Risk**	**Time Frame**
Chronic	Sea level rise	Long-term
	Temperature variability	Medium - Long Term
Acute	Droughts	Short - Medium term
	Floods	Short - Medium term

2. **Transition risks:** Including technological aspects, due to new systems for data analysis or technological innovations; market, due to a change in the demands of stakeholders; reputational, derived from insufficient integration of ESG themes or non-fulfilment of the Company's ESG commitments; legal or political, due to increasingly demanding regulations. Possible impacts are identified, such as lower revenues due to reduced demand; unplanned investments; reduced profitability; Increased operating costs; tax increases (e.g. CO_2 tax).

The update of this report will enable Castellana to become aware of the real impact that climate-related risks and opportunities may have on its operations. For this reason, in the new Risk Management Policy, these criteria have been integrated as an additional corporate risk, adding them to the risk management procedure followed by Castellana to reduce the probability of occurrence.

The assessment of identified climate risks included in the TCFD report has been carried out on the Company's entire portfolio, and following the requirements of the EU Taxonomy Regulation, based on research and reports from the Intergovernmental Panel on Climate Change (IPCC), the Ministry for Ecological Transition and Demographic Challenge (MITECO), and the State Meteorological Agency (AEMET), among other sources.

Transitional Risks

Classification	Risk	Timeline
Technological	Technological advances in renewable energy, energy storage, energy efficiency and carbon capture and storage to assist in the transition to a low-carbon economy that could render the company's current systems obsolete	Medium - Long Term
From market	Market decisions can affect supply and demand as customer preferences, energy prices and asset revaluation change	Short - Medium - Long term
Reputational	The company's reputation can be affected due to a sudden drop in demand for goods and services, failure to comply with new regulations or poor environmental performance (e.g. having a high carbon footprint)	Short - Medium - Long term
Legal or political	Climate change-focused legislation that may result in higher operational costs. For example, climate risk disclosure obligations or alignment to the EU Taxonomy, stricter building standards, CO_2 pricing, carbon credits, among others	Short - Medium - Long term

5.2.1.7 ESG Due Diligence

Achieving a sustainable portfolio requires ESG assessments and audits. ESG Due Diligence is a process to identify the risk factors of assets, both at the regulatory level and to comply with the company's ESG objectives and commitments.

These assessments are key to making investment decisions, outlining the corporate strategic plan, as well as prioritising ESG measures to be implemented on assets to reduce potential risks.

In order to perform this analysis for new acquisitions, Castellana Properties takes into account the following criteria:

- Climate Change Mitigation/ Adaptation.
- Compliance with regulatory requirements
- Energy supply
- Energy efficiency
- Greenhouse gas (GHG) emissions
- Health and wellbeing
- Waste management
- Water supply
- Water efficiency

They are also conducted periodically across the entire portfolio to identify areas of opportunity and develop an asset-specific plan to improve environmental performance. ESG Due Diligences of assets in use are divided into two phases and are updated at least every 3 years, having been completed for the first time in FY23.

Diagnostic phase: this was divided into 4 environmental categories and for each category a benchmarking of the benchmarking of the requirements of different international indices was carried out for each one in order to international indices for the selection of key indicators.

CATEGORIES	INDICATORS
Energy and emissions →	Electricity (data availability and monitoring), heating/cooling, combustion, refrigerants, renewables, enclosure, contracts
Water →	Water (data availability and monitoring), savings, water leaks, quality
Waste →	Non-hazardous waste, hazardous waste, users, spaces, control
Air quality →	Indoor air quality: air (measurement), pollution, emissions

Assessment phase in 4 stages:

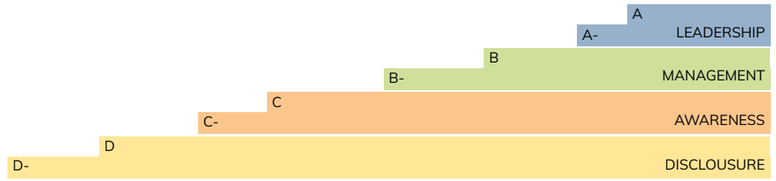
63.65% of Castellana Properties' lease agreements have green clauses. 100% of the lease agreements signed since FY19 incorporate green clauses

5.2.1.8 Carbon Disclosure Project (CDP)

A globally recognised initiative through which member companies report their sustainability impact data through 3 modules: Climate Change, Water and Deforestation. Each module incorporates different sections focused on learning not only about the company's environmental KPIs, but also its management and control system, as well as the identification of risks and opportunities derived from this management. Being part of this initiative is a further step in Castellana Properties' commitment to fostering data transparency, as well as an opportunity to act and improve on current sustainability performance.

During FY24, Castellana made the decision to start reporting its climate impact data through the CDP platform. To this end, it carried out a pre-assessment of the Climate Change and Water modules, with a view to ascertaining the Company's status in accordance with the platform's requirements. As a result of this work, an action plan was established focused on improving those areas in which improvement possibilities were detected, implementing concrete actions and improving the risk management and governance processes on environmental aspects of Castellana Properties, through its new Risk Management Policy.

Following this commitment, and with the future objective of reaching a "Management" level in the CDP report, during FY25 Castellana will participate for the first time officially in the initiative and will report all its impact data in both modules, Climate Change and Water, promoting transparency and continuous improvement of its sustainability performance. The initial results are expected to be communicated after the close of the CDP assessment period for 2024.



Level	Climate Change	Water	Forests	Score band
Disclosure	1-44%	1-44%	1-44%	D-
	45-79%	45-79%	45-79%	D
Awareness	1-44%	1-44%	1-44%	C-
	45-79%	45-79%	45-79%	C
Management	1-44%	1-44%	1-44%	B-
	45-79%	45-79%	45-79%	B
Leadership	1-79%	1-79%	1-79%	A-
	80-100%	80-100%	80-100%	A

4 assessment levels

Disclosure: If you provide information, you get 1 point (or several points if several pieces of information are requested, or if it is particularly important).

Awareness: Completeness of how environmental issues intersect with your business/environmental impact/risk issues on the environment / business risk. It does not indicate whether the company has taken measures, only whether it has taken them into account.

Management: Provide evidence of actions (if the minimum awareness score is met): mitigate / account for high risk in process / environmental policy / more robust risk.

Leadership: if the actions are best practice. They have a high score on all other levels, have disclosed specific actions that mark them as leaders. Have implemented GHG reduction GHG reduction strategies.

5.2.2 Measuring performance

5.2.2.1 Data collection

Monitoring and collection of consumption is key to the implementation of continuous improvement strategies. As a result, Castellana Properties has strengthened its consumption registration procedure through a digital platform, to achieve increasingly reliable and transparent quantification.

Based on these data, the Company has been able to quantify the use of gas, electricity, running water and waste in its property assets in order to calculate the CO2 emissions of its properties and establish measures to reduce the environmental impact. For the share of consumption that takes place in common areas or shared services, the company has already collected 100% of data.

At the same time, aware of the impact of operator consumption, over which it can only exercise indirect control, it includes environmental clauses in lease agreements in order to have greater visibility. Aware of the sensitivity of data protection, it is stressed within the contract that the data provided by the operators will be used exclusively to analyse the possibility of reducing the environmental impact.

Hence, in terms of electricity consumption data for operator spaces, 78.55% of their area has been covered, a significant increase from 46.51% in the previous year.

5.2.2.2 Scope of the report

The reported environmental performance data includes the entire portfolio that has been in operation during FY24.

Following the recommendations of EPRA sBPR, the Company organises information by segregating data according to the type of assets: shopping centres and commercial parks. All of them are under the operational control of Castellana Properties.

Information regarding its single corporate headquarters is also reported for the indicators for which information is available.

The following sections detail the environmental performance of the assets based on the indicators of energy consumption, emissions, water consumption and waste. The tables collecting all the performance indicators, as well as the areas considered, can be found in Annex I. The reported period covers FY24 and the previous financial year when data are available.

5.2.2.3 Coverage

Coverage for each indicator has been included in the corresponding tables. This is detailed on the basis of the percentage of assets, as well as on the basis of the area reported for each indicator.

This year, data coverage has been close to 80% for GHG emissions and energy consumption, and a forecast has been made for the first time on the remaining part of the 100% coverage. This inevitably implies an increase in the amount of data in these two categories, but it means that a stable calculation perimeter is now available. The only room for improvement now is to reduce the estimated percentage to achieve even greater accuracy.

In water, 88% coverage has been achieved in centres and 52% in retail parks, and the forecast has not been made to 100% of consumption, as data coverage is expected to increase in the coming years.

During FY24, waste management data was recorded for 94.4% of the assets, reaching a coverage of 88% of the area (an increase of 8.3% on the previous year), with no forecasts being made until coverage is complete.

5.2.2.4 Estimation

he main methodology is the data for the same month corresponding to the previous year, as applicable. In cases where this data was not available, it has been estimated based on the average consumption of all remaining months of the same year for which data were available.

As mentioned above, only in those cases where consumption data is not readily available, estimates have been made based on information from the asset itself, in this case for part of the Energy and Emissions categories, resulting in an estimate of 16% for shopping centres and 19% for retail parks.

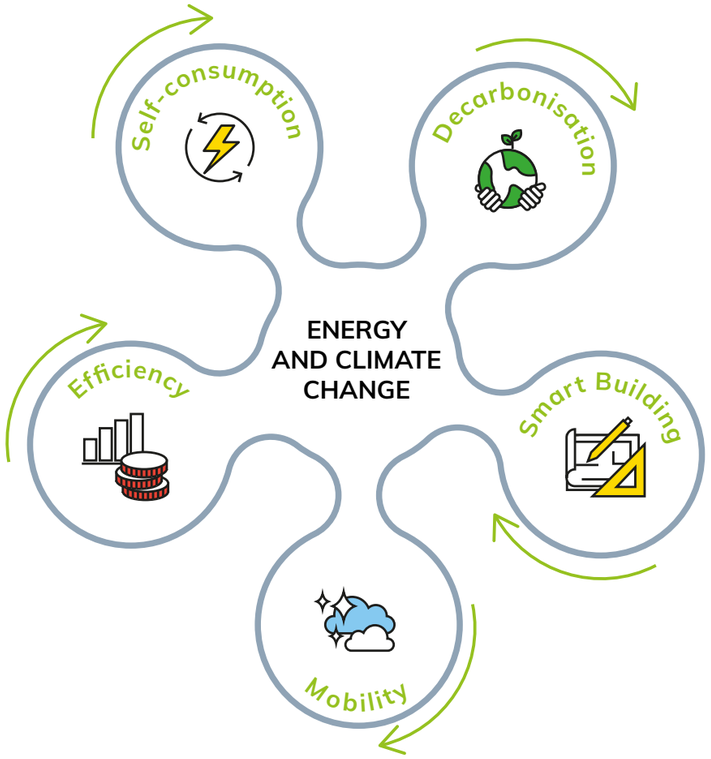
For the water category, only the recorded data are reported, without making any estimation. However, as regards waste, due to the fact that some assets are collected and treated by the municipal services and that they do not provide the quantities removed or their traceability, a request has been made for the management of these assets to estimate the quantities. This estimation represents 33% of the declared waste.

5.2.2.5 Standardisation

Environmental information is reported differently between absolute and like-for-like indicators, where both years of data are available and comparable to each other. The data provided for the absolute indicator cover consumption for each fiscal year, covering the period between April and March of the following year.

For the calculation of the intensity indicator, the area related to the corresponding environmental indicator has been considered in each case, which may be common areas, private areas or total areas of the building. Each indicator specifies the criterion used.

5.3 Energy and climate change



5.3.1 Energy efficiency

The real estate sector plays a significant role in climate change, being responsible for approximately 40% of global greenhouse gas (GHG) emissions due to its considerable energy consumption. Aware of its impact, Castellana Properties recognises its responsibility within this sector and is taking steps to quantify and reduce its GHG emissions throughout its value chain as part of its decarbonisation plan.

The assessment of emissions generated by facilities and buildings, together with the implementation of measures to reduce energy consumption, promote the use of renewable energy sources and encourage sustainable mobility not only helps the Company adapt to regulatory changes but also contributes to mitigating the risk of depreciation of its assets.

5.3.1.1 Energy consumption

Energy consumption is one of the most relevant aspects for the Company in the environmental management of its asset portfolio.

Castellana Properties is committed to optimizing environmental management and the efficient use of energy in all its activities. The quest for continuous improvement of environmental performance includes the monitoring of energy consumption.

In order to calculate the energy intensity indicator, the net interior floor area (including the communal and private interior spaces and the area corresponding to the interior car park) were considered.

For the like-for-like indicator, only consumption in the private areas of Granaita Leisure Center has been excluded, as this data was not available last year. Similarly, the like-for-like indicator excluded consumption linked to electric vehicle chargers, which were introduced for the first time this year at three properties. They are reported separately in absolute terms, illustrating Castellana Properties' commitment to promoting low-carbon transport.

Apart from Granaita Leisure Center, all consumption of other assets is fully included in the like-for-like indicator. The coverage rate of electricity consumption, including communal and private areas, has increased to 100% (last year it was 86% for shopping centres and 73% for retail parks).

The variation in shopping centre consumption between FY23 and FY24 is largely due to the improvement in data collection over this period, as data coverage has been significantly extended.

Of all the shopping centres, only 2 have gas installations. This resource is only used for the use of the heating system. At the Los Arcos centre it was also used until last year for the trigeneration plant. The elimination of this energy-intensive equipment has led to a substantial reduction in fossil fuel consumption.

On the other hand, the assets of Castellana Properties do not have district heating or cooling systems, so no data are reported in relation to the indicators DH&C-Abs and DH&C-LfL.

All energy consumption in communal areas and shared services remains almost constant between 2023 and 2024, increasing by 2% for the centres and decreasing by -9% for the Reatil parks. Only the consumption of the private areas has increased significantly as Castellana Properties has managed to collect much more data from its tenants this year, forecasting up to 100% coverage with an estimated 16% for the centres and 19% for the Retail parks.

KEY INDICATORS FY 24

GAS CONSUMPTION [I]	ELECTRICITY CONSUMPTION [I]	ENERGY INTENSITY [I]
679,639 kWh -88% [II]	13,180,408 kWh 1% [II]	21 kWh/m²/year -27% [II]

I Common Areas and Shared Services
II LfL vs 2023

5.3.1.2 Smart Building

As part of the integrated management system in accordance with ISO 50001, the methodology for preparing the energy review, the definition of energy performance indicators (EnPIs), the establishment of energy baselines and the collection of the information needed to carry out these processes have been described.

In addition to the above, Castellana Properties has launched the Smart Building project in its shopping centres to update the BMS (Building Management Systems) and the systems to monitor (submeter) significant energy uses in each centre. This will allow the facilities to be managed efficiently and to measure energy consumption in detail, identifying the uses where there is the greatest potential for savings (lighting, air conditioning, vertical transport, etc.), as well as being able to check the effectiveness of the measures to be implemented.

This initiative has been an important step in improving management and control, moving towards the intelligent building concept.

Model outline of the scope of controlled uses:

SMART BUILDING

Control	Monitoring
▪ Air conditioning	▪ Electricity
▪ Lighting	▪ Water
	▪ Air Quality
	▪ Occupancy
	▪ Technical signals

5.3.1.3 Saving measures

As part of Castellana Properties' commitment to reduce the environmental impact of its operations by reducing the consumption of natural resources by increasing the energy efficiency of its assets, the Company allocates a portion of its CapEx budget to facility upgrades, integrating sustainability into decision making. The most significant examples developed during FY24 are:

1. **Change of lighting at Puerta Europa**. Renewal of the lighting in the car park and on the façade of the Puerta Europa Shopping Centre, with an estimated future annual saving of 830,923 kWh/year (approx. 62.3% expected saving)

ELECTRICITY SAVINGS

830,923 kWh/year (-62%)

2. **Change of the air-conditioning system at Los Arcos.** Preliminary studies for the renewal of the air conditioning system at the Los Arcos Shopping Centre, with the triple objective of reducing energy consumption, CO_2 emissions, and water consumption.

ELECTRICITY SAVINGS (LOS ARCOS)

245,000 kWh/year (-15%)

WATER SAVINGS (LOS ARCOS)

18,023 m³/year (-83,9%)

5.3.1.4 Sustainable mobility

Sustainable mobility encompasses a set of processes and actions aimed at ensuring a rational use of both private and public means of transport. The ultimate goal is to meet the transport needs of users with the lowest possible environmental impact, promoting transport safety and efficiency.

As part of Castellana Properties' commitment to improving the environmental impact of all its operations, and aware of the large volume of daily trips made in all its assets, during FY24 the company has carried out a Sustainable Mobility Plan for each asset.

The aim of these plans is to analyse the current situation of the assets and how they contribute to improving sustainable mobility in the communities in which they are located, proposing specific actions and measures to promote the use of public transport or micro mobility, in line with the new Sustainable Mobility Law and the Urban Mobility Plans developed by local councils.

The improvements proposed for implementation over the next few years are based on:

- **Promoting public transport** among visitors to the centres through different strategies adapted to each asset.
- **Encouraging the digitisation of sustainable mobility** by installing information screens in the communal areas of shopping centres, or integrate mobility criteria in the communication tools with the users of each centre.
- **Encouraging micro-mobility by** increasing the number of bike racks and electric scooter charging points installed in the assets, ensuring their availability for employees and visitors.
- **Increasing the electrification** of parking spaces for electric vehicle charging, in compliance with RDL 29/2021 adopting urgent measures in the energy sector to promote electric mobility.

During FY24, the deployment of electric vehicle charging points continued throughout the portfolio, with 48 in operation, another 98 being implemented, and 230 in the permit process, reaching a total of 376 charging points committed.

> 94% of the assets have a public transport stop within 300 metres of the main access

5.3.2 Renewable energy promotion

Castellana Properties is committed to the promotion of renewable energies from the perspective of renewable energy consumption, on-site generation and self-consumption.

KEY INDICATORS FY 24

ASSETS [I]
100%

RENEWABLE CONSUMPTION [II]
94% 16% [III]

ONSITE PRODUCTION
723,778 kWh -5% [III]

I Common Areas
II GOs + Self-consumption, with respect to consumption in common areas
III LfL vs 2023

Castellana Properties has this year purchased 10,314 MWh (18.62% more than last year) of accredited energy with a renewable energy guarantee for a large part of its electricity supply in communal areas, in order to reduce its carbon footprint in line with the market-based methodology.

As for on-site generation by photovoltaic panels, the slight decrease of 5% is attributed to natural variations in solar radiation conditions. This variation is within an acceptable range, and the panels are operating within the expected parameters, with regular maintenance.

SELF-POWERED PHOTOVOLTAIC
365 kWp
(EL FARO AND GRANAITA)

PHOTOVOLTAIC GENERATION
296 kWp
(LOS ARCOS, VALLSUR AND HABANERAS)

In FY24, Castellana Properties and Sunbird Solar, a company specialising in solar and energy storage solutions for shopping centres, have signed the joint venture 'Castellana Green', which aims to deploy photovoltaic panels in all of the company's commercial assets.

castellana GREEN

The total scope involves the deployment of up to 40 megawatts of power across the entire portfolio, including rooftops and parking canopies of Castellana Properties' commercial assets

This is an innovative and large-scale project that will offer renewable energy, produced locally and at a very competitive fixed price, both to the owners' associations of the Castellana Properties shopping centres and to their operators. In particular, this energy will be offered without any obligation to make any initial investment and, in the case of operators, without any permanence commitment in addition to that already existing in their lease agreements.

The joint venture has launched the first phase of Castellana Green, which will amount to 1.66 MWp of power, distributed among the assets Puerta Europa, El Faro, Vallsur and Granaita, to partially cover the electricity demand of the communal areas for lighting, air conditioning and other energy uses. This first phase will produce up to 2,559 MWh of renewable energy onsite, which could avoid up to 309,639 $kgCO_2$, equivalent to planting nearly 1,000 trees or a reduction of approximately 1,800,000 km diesel cars.

CASTELLANA GREEN PHASE 1
1.66 MWp

RENEWABLE ENERGY ONSITE UP TO
2,559 MWh

AVOIDS UP TO
309,639 $kgCO_2$

EQUIVALS TO PLANTING
1,000 trees
OR TRAVELING BY CAR
1,800,000 km

Through this initiative, Castellana Properties is opening a new line of business in line with its ESG strategy. Among the various environmental benefits, the project contributes to the decarbonisation of the company's portfolio, through the reduction of Scope 2 and 3 CO_2 emissions from its assets, as well as keeping the portfolio aligned with the Paris Agreement according to the CRREM (Carbon Risk Real Estate Monitor) tool.

For the Company, Castellana Green is a great opportunity to help progress in reducing the carbon footprint and to find the best formulas to help reduce energy consumption and meet the objectives set out in the 2030 Agenda.

5.3.3 Decarbonisation

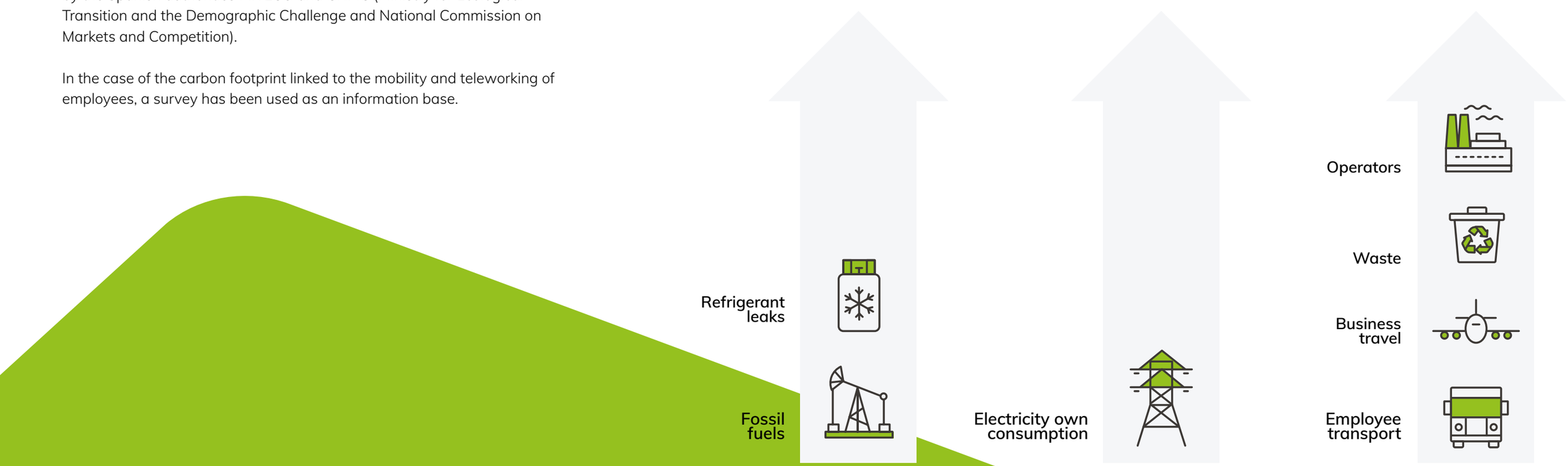
5.3.3.1 Greenhouse gas (GHG) emissions

The procedure for calculating the carbon footprint involves, in broad terms, the conversion of energy consumption (supported by reliable sources of information) to equivalent CO2 emissions through emission factors published by the Spanish authorities MITECO and CNMC (Ministry for Ecological Transition and the Demographic Challenge and National Commission on Markets and Competition).

In the case of the carbon footprint linked to the mobility and teleworking of employees, a survey has been used as an information base.

Data included in the calculation:

- **Scope 1:** Direct emissions by combustion (Scope 1 according to GHG Protocol / Category 1 according to ISO 14064-1). Natural gas consumption of centralised boilers and diesel refuelling of generators has been included**. For the first time this year, refrigerant leakage data has been collected.**
- **Scope 2:** Indirect emissions by electricity consumption (Scope 2 / Category 2).
- **Scope 3:** Indirect emissions from the value chain:
  - Category 3: Emissions linked to employee travel and business travel
  - Category 4: Emissions linked to the use of the product by the Company:
    - Emissions from waste management within the assets of Castellana Properties
    - Emissions from losses in the distribution and transmission of electricity on the grid to its final destination
    - Emissions from employee energy consumption occurring during teleworking
  - Category 5: Emissions linked to the use of Company products, in this case the energy consumption of operators: electricity, gas, fuel and coolant



Scope 1 and 2

Castellana Properties has managed to substantially reduce all its emissions under direct control, corresponding to communal areas and shared services, which is a remarkable success.

SCOPE 1 (DIRECT) [I]

705,964 kgCO₂ -88% [III]

SCOPE 2 (INDIRECT) [II]

1,548,824 kgCO₂ -24% [III]

I Considering Common Areas and Shared Services

II Location-based considering common areas and shared services

IIILfL vs 2023

Comparing the evolution of the emissions of Scope 1 and 2 of FY23 with those of FY24, the decrease has been observed in these categories between the periods: the emissions from the consumption of electricity under direct control of Castellana Properties has decreased by -23% for shopping centres and -32% for medium-sized parks. Emissions from fuel consumption have fallen by -88% for the shopping centres, thanks mainly to the elimination of gas consumption at Los Arcos. (see tables in Annex I).

Scope 3

Scope 3, which represents the indirect emissions of the Company's value chain and accounts for the largest share of its total emissions, includes the impact of business travel, employee commuting, waste management at assets, electricity loss during distribution to the point of consumption and, to a larger extent, all energy consumption by operators in their assets.

In order to obtain data on employee commuting, a mobility survey was shared with all Castellana Properties personnel. The purpose was to learn about the modes of transport used to travel to the workplace, taking into account the usual aspects of this type of the mobility surveys (number of working days, distances travelled and means of transport used), to which we have added certain criteria regarding the impact of teleworking, mainly related to the use of heating in the employees' home.

Thus, in addition to estimating the carbon footprint generated by employee displacement, an approach has been made to the problem – in terms of emissions – posed by teleworking and its impact on emissions has been estimated.

The survey was disseminated to all employees and 79% of responses were received. In addition the impact of business travel by air, train and car, and hotel stayswere also included this year. The data was collected through Castellana Properties' travel agency. The promotion of cleaner modes of transport (cycling, electric vehicles, car-sharing systems) would reduce the carbon footprint of employees' commuting, such as the promotion of train rather than aircraft for business travel.

In Category 3, specific to emissions from transport, 71% of emissions are due to business travel (54,263 kgCO2e), much more than the daily commute of employees to the office (21,756kgCO2e). Also in this category, there was a significant reduction in transport-related emissions compared to the previous year: -20%.

Category 4 shows that it is emissions linked to waste management that have the most impact, with more than 2,089,978 kgCO2e generated during FY24.

At global level of Scope 3, Category 5 is undoubtedly the most significant since it is ultimately related to the main activity of Castellana Properties: the management of the operators occupying its assets, so it is not surprising that it is the category that generates the most emissions with 7,536,771 kgCO2 related to the electricity consumption of tenants. This category is the most difficult to report on, as it relies on third parties to access data and accounts for 75.8% of Scope 3 emissions.

SCOPE 3 (INDIRECT) [I]

7,536,771 kgCO₂ 36% [II]

I *Location-based, Category 5 (Operators), estimated to 100% coverage (78.55% actual)*

II LfL vs 2023

5.3.3.2 Carbon Footprint Analysis

Acting transparently and with a view to strengthening its decarbonisation strategy, Castellana Properties annually verifies its GHG emissions in accordance with ISO 14064, ensuring the veracity of data and calculations.

Therefore, all Castellana Properties' carbon footprint calculations mentioned here have been audited and declared in compliance with an external verifier in accordance with the principles of ISO 14064-1 and 14064-3.

Having passed the verification, it records its carbon footprint at the Ministry for Ecological Transition and Demographic Challenge (MITECO). This process is currently underway, and the official MITECO certificate will be obtained by the end of Summer 24. The register records the efforts of Spanish organisations in the calculation and reduction of greenhouse gas emissions generated in their activities.

To register the carbon footprint with MITECO, it is mandatory to include an emission reduction plan. This reduction plan includes the measures taken by Castellana Properties in FY24 and beyond, with a reduction target of -34% by 2030.

The increase in the intensity of emissions, considering all scopes, is explained by the fact that the coverage of the operators' electricity consumption was lower last year (46.51%) and has reached 100% this year. This is therefore a very slight increase considering the significant increase in coverage at the same time.

EMISSIONS INTENSITY [I]

3.4 $kgCO_2/m^2/year$ **-46%** [III]

EMISSIONS INTENSITY [II]

14.6 $kgCO_2/m^2/year$ **4%** [III]

I Considering Scopes (1+2) Common Areas and Shared Services
II Considering the 3 scopes
III LfL vs 2023

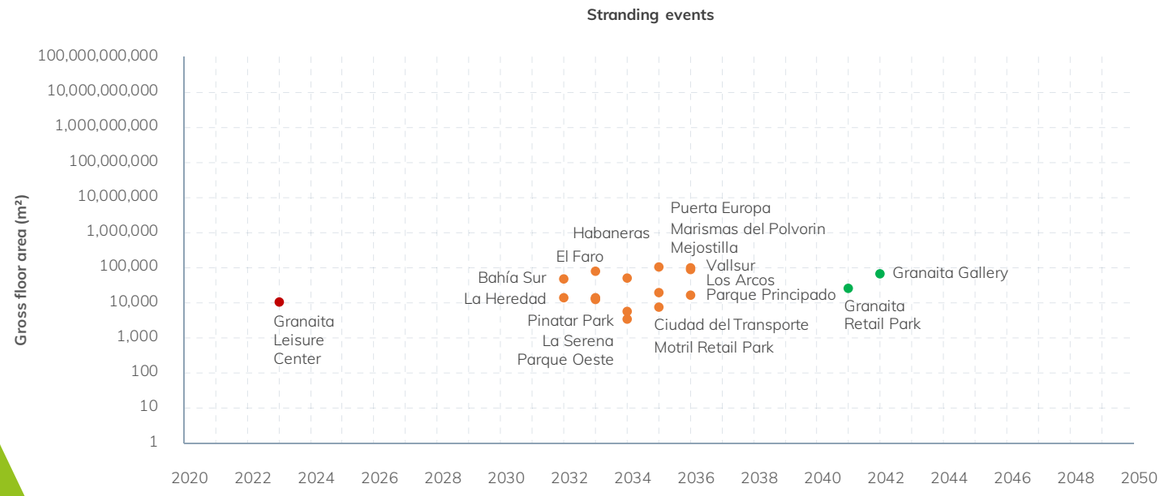
5.3.3.3 CREEM

For the definition of the decarbonisation plan, Castellana Properties relies on the CRREM (Carbon Risk Real Estate Monitor) tool. In this financial year, it has re-evaluated its portfolio to determine the current intensity of GHG emissions from its assets in relation to the decarbonisation curve set to comply with the Paris Agreement and, therefore, to assess the period during which the property is aligned, or complies, with the future requirements. The results have been presented at both portfolio and asset levels. The Company intends to update the evaluation every year, including increasingly as much data as possible, making fewer estimates to obtain more reliable results and considering the more stringent decarbonisation scenarios that CRREM publishes.

The results of the analysis in a +1.5°C scenario are shown below. The graph below shows the evolution of the percentage of Castellana Properties' portfolio in line with the Paris Agreement targets between 2024 and 2050. Until 2032, only one asset, Granaita Leisure Center, is obsolescent. However, it should be noted that the installation of photovoltaic panels on this asset is already underway, which will significantly improve its intensity of emissions in the coming years, so that its obsolescence date will be postponed to a later point in time.

At year-end, 94.4% of assets are, in line with climate change forecasts, below the +1.5C threshold for the next decade.

It is only in the 2030s and 2040s that assets start to exceed the recommended thresholds, which become more demanding with each passing year until they reach the carbon neutrality requirement level in 2050. To reach this level, a number of ambitious measures will need to be implemented..



		CREEM FY24	
		Stranding events	$kgCO_2/m^2$
	Shopping centres	**100%**	**FY30-9.6**
ARC	Los Arcos	2036	5
BHS	Bahía Sur	2032	8
ELF	El Faro	2033	7
HAB	Habaneras	2034	6
PEU	Puerta Europa	2035	6
VAL	Vallsur	2036	5
	Retail parks	**100%**	
GRA.GL	Granaita Gallery	2042	3
GRA.LC	Granaita Leisure Center	2023	26
GRA.RP	Granaita Retail Park	2041	3
HER	La Heredad	2032	8
SER	La Serena	2033	8
MEJ	Mejostilla	2035	6
MAR	Marismas del Polvorín	2035	6
MOT	Motril Retail Park	2034	6
POE	Parque Oeste	2033	8
PRI	Parque Principado	2036	5
PIN	Pinatar Park	2033	8
CTC	Ciudad del transporte	2034	7

5.4 Natural resources

NATURAL RESOURCES

Water

Circularity

Materials / Waste

Biodiversity

As part of this commitment, its Environmental and Biodiversity Policy includes a commitment to promote the saving of natural resources such as water, complying with all applicable regulations for water discharge in each of the regions where it operates.

WATER CONSUMPTION [I]

111,369 m³ -5% [II]

WATER USE INTENSITY [I]

0.2 m³/m²/year -5% [II]

I Common Areas and Shared Services
II LfL vs 2023

The total water consumption in FY24 over which the Company has direct control reached 111,369 m3, 5% less than the previous year. For the private areas managed by the operators, water consumption reached 75,791 m3.

Including communal and private areas, the water intensity stands at 0.35 m³ / m² /year for the centres and 0.11 m³ / m² /year for the parks, 3% and 11% higher, respectively, than in FY23. This increase is mainly explained by the increase in data coverage, amounting to 88% for centres and 52% for parks this year.

5.4.1 Water efficiency

Water scarcity is one of the biggest global problems, affecting more than 40% of the world's population, materialising more and more frequently and increasing the number of cases of droughts declared in Spain in recent years. For Castellana Properties, water resource management is a key element in reducing the impact on the environment. The Company therefore proposes strategies for an efficient use of water, incorporating measures into its asset operations to encourage the optimisation and reduction of water consumption.

All centres are connected directly to the municipal grid, without intermediate storage, both for abstraction and discharge. In addition, Bahía Sur uses well water for irrigation (1,507m3).

In order to achieve an optimum level of hydroefficiency, Castellana Properties has performed water audits in 100% of its shopping centres this year. In addition to analysing possible water saving measures, it also intends to improve the coverage of consumption data, especially in the part regarding operators.

In line with the objective of measuring the consumption of the entire portfolio, in FY24 Castellana Properties has been able to record the data corresponding to the water use of its corporate headquarters, of the communal areas and shared services of 100% of the portfolio, and a coverage of 56% of the leased area.

5.4.2 Circular economy

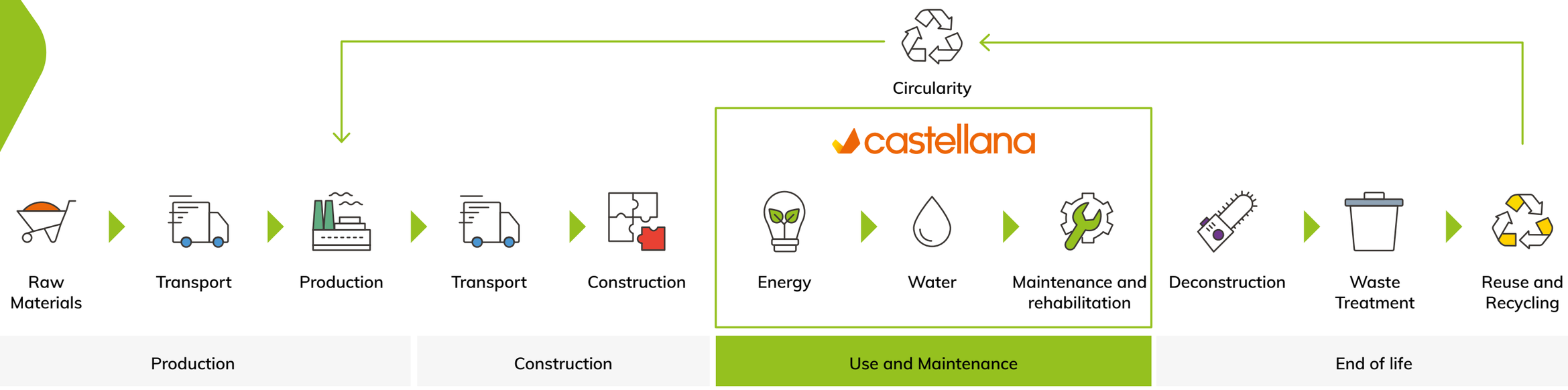
The circular economy seeks to reduce the consumption and waste of raw materials, water and energy, maintaining existing resources for as long as possible, thus breaking with the usual linear production model. Circularity promotes maximising the value of resources by minimising the waste generated.

Through its Circular Economy Policy, the Company contributes to this system by:

- Implementing circularity measures in the development and continuous improvement of assets
- Incorporating in Company activity the “butterfly diagram” (Ellen MacArthur Foundation) for the continuous flow of materials and resources
- Prioritising responsible purchases of products and materials
- Strengthening the traceability of generated waste and ensuring its optimal management from the waste hierarchy

During FY24, Castellana has developed a Sustainable Procurement Policy, the objective of which is to establish the principles under which the purchase of goods and services should be made

> For Castellana Properties, circularity is key to maintaining the ability of ecosystems to provide healthy soils and clean water as it is based on waste disposal and pollution, reusing and recycling products and materials, and regenerating nature.



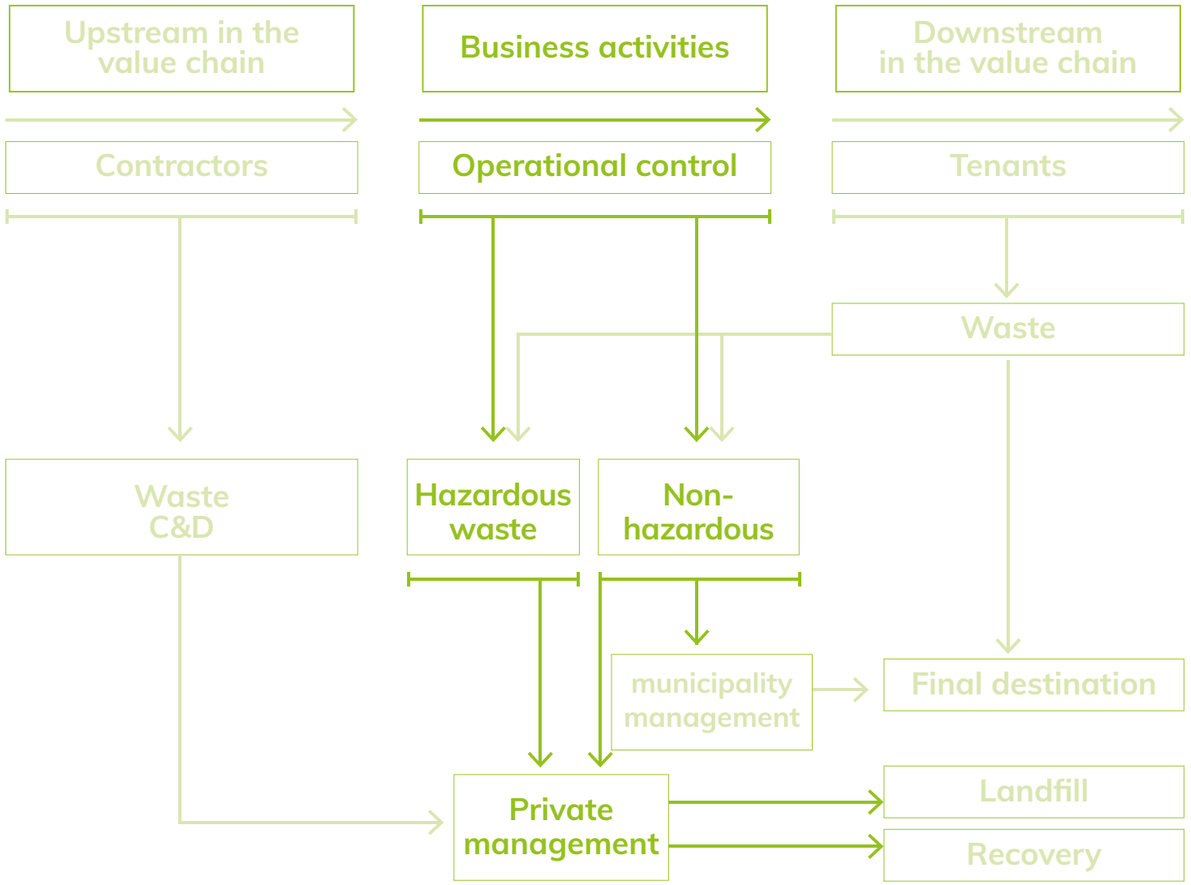
5.4.2.1 Waste management

As part of its waste management strategy, Castellana Properties takes into consideration the particularities of each asset, in order to guarantee adequate separation at source and final destination of the waste under its direct management.

The increase in waste managed compared to the previous year is partly due to the increase in coverage achieved. This increase has been accompanied by a proportionally more significant increase in the amount of waste recycled.

The final treatment of this waste can be broken down as follows: 44% is recycled, 33% is deposited in landfills, and 23% is disposed of in other ways. In municipally managed facilities, it may be more difficult to collect data on the final destination of waste. There is currently no guarantee as to the recovery rate of this waste.

In addition, during FY24, the first steps were taken to implement the Zero Waste model, initiating a new collaboration with specific waste management consultants to conduct audits on 100% of Castellana's assets in order to improve and determine the traceability of the separation and treatment of waste. This new initiative is of vital importance, as it will provide the basis for the development of a future sustainable waste management plan per asset, which seeks to maximise the recovery of the waste generated..



> 44% of the waste managed was recycled, with a 35% increase in the amount of waste recycled with respect to the previous fiscal year.

NON-HAZARDOUS WASTE

4,213 Tn +13% [I]

RECYCLED WASTE

1,870.3 Tn 35% [I]

I LfL vs FY2023

5.4.3 Biodiversity

In face of a growing social and economic demand to combat the climate and nature crisis, Castellana Properties is committed to generating positive environmental impacts through the protection and promotion of biodiversity.

Biodiversity enhances various ESG criteria, such as climate change mitigation and adaptation measures, air quality or the health and well-being of building users.

In FY24, biodiversity audits have been carried out on all assets to establish an exhaustive inventory of the measures currently in place and their status, and to detect possible incidents or recommended improvement measures.

By taking a further step towards generating a positive impact on the environment, Castellana Properties is taking this initiative as the start of a biodiversity strategy that will enable it not only to guarantee but also to promote a gradual and increasing improvement in the natural capital of its assets.

To meet this objective and systematise the processes related to biodiversity, the current situation of the buildings has been analysed as a starting point, and indicators will be monitored to measure and ensure the Biodiversity Net Gain (BNG).

Biodiversity Net Gain

These indicators identify type of measure, species, their quantity and percentage and type of coverage, also associating values related to well-being to each of the measures and an identification of the habitats installed for the fostering of local fauna.

In these biodiversity management plans, consideration has been given to whether the assets are located within or adjacent to protected areas or areas of high biodiversity value and the possible negative or positive impacts, such as the existence of invasive species or habitats installed for the fostering of local fauna.

The IUCN Red List of Threatened Species whose habitats are found in areas affected by the operations have also been identified and classified according to their conservation status.

> As an added value, the shopping centre audits have been supplemented with biodiversity management plans to establish future steps in the improvement of local flora and fauna.

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Social Value

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For Castellana Properties, the commitment and growth of all the teams and people involved in company activities are the key pillars that foster the development of Castellana's social value, and it continues to strengthen its relationship through transparency, the creation of shared value, and the generation of economic and social value.

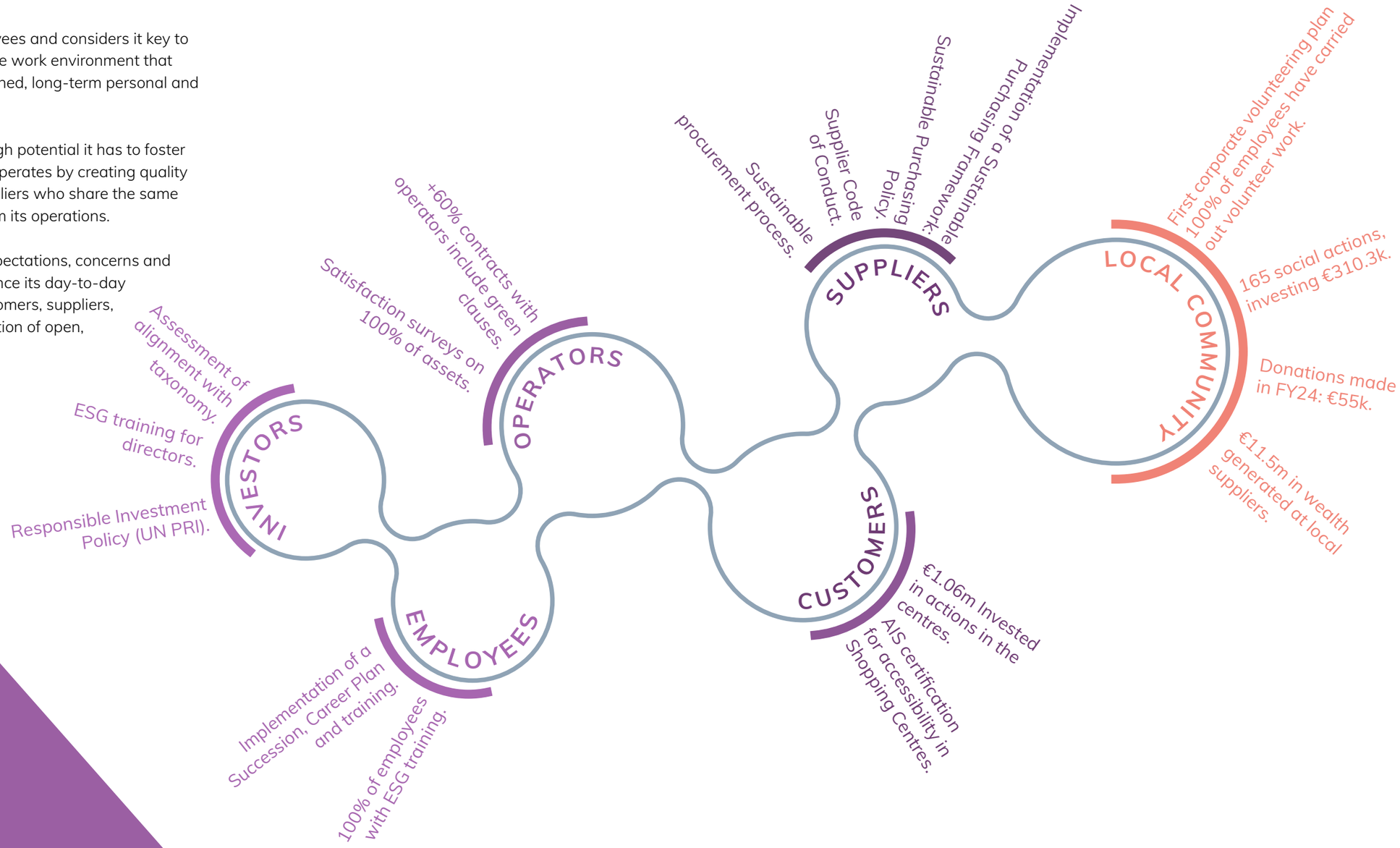
The Company is strongly committed to its employees and considers it key to ensure their well-being by offering them a positive work environment that helps to generate healthy productivity and sustained, long-term personal and professional growth.

In the same way, the company is aware of the high potential it has to foster the development of the communities in which it operates by creating quality local employment and by collaborating with suppliers who share the same values, seeking to generate a positive impact from its operations.

Castellana Properties seeks to respond to the expectations, concerns and needs of all its strategic stakeholders, who influence its day-to-day operations: investors, employees, operators, customers, suppliers, banks and the local community, through the creation of open, two-way communication channels.

6.1 Key milestones

The main milestones achieved in FY 24 related to the company's strategic stakeholders are as follows:



6.2 Communication

Castellana is aware of the importance of communication throughout its value chain, and has therefore opened different two-way channels with all its stakeholders.

COMMUNICATION CHANNELS	INVESTORS	EMPLOYEES	OPERATORS	CUSTOMERS	SUPPLIERS	LOCAL COMMUNITY	REGULATORY BODIES	FINANCIAL INSTITUTIONS	MEDIA	BANKS	COMPETITORS
General Shareholders' Meeting	●										
Annual appraisals		●									
Satisfaction Surveys		●	●	●							
Regular meetings	●	●			●	●		●	●	●	
One to One meetings	●	●	●						●	●	
Events, Forums, Fairs and Roadshows	●	●	●			●			●		●
Team Building Activities		●									
Customer Service Points /Management Office			●	●		●					
Specific communications reporting on the main milestones, processes and operation of the Company	●	●					●		●	●	
Direct communication between managers			●								●
Telephone and e-mail contact	●	●	●	●	●	●	●	●	●		●
Whistleblowing channel	●	●	●	●	●	●		●	●	●	
Suggestions and claims forms			●	●							
APP			●	●							
Web	●		●	●					●		
Social media	●		●	●					●		
Via post							●				
Press releases	●	●	●	●	●	●			●	●	●
BME Growth	●						●				
Face-to-face visits	●									●	

6.3 Investors

Castellana Properties recognises that transparency, efficiency and predictability in Company performance are key to meeting investor expectations and building lasting relationships.

Regular reporting that provides a clear and detailed view of financial results, strategies and business performance ensures transparency of information to investors, and conveys the importance of integrating ESG values throughout business operations.

To share these values, regular sustainability training is provided to directors, and corporate and earnings presentations are organised to share updates on the Company's progress, milestones achieved and future plans.

Aware of the potential risks arising from new regulations, the effects of climate change and a market with increasingly demanding sustainability standards, the company works with tools that seek to guarantee investors that ESG objectives are met.

The recommendations set out by the TCFD (Task Force on Climate-related Financial Disclosures) have been used as a tool for transparency and communication of the impacts associated with climate risks that may affect (both positively and negatively) Castellana's investment and financial operations or accounts of Castellana Properties.

In addition, the company prioritises investments in eligible activities according to the European Taxonomy criteria, in line with the demands of society, investors and regulators, thus contributing to a more efficient use of natural and energy resources.

In order to identify future risks of deviation from the ESG route set by the company, the need has been detected to develop Due Diligences, both technical and ESG, of its assets and, above all, for any new acquisitions that are added to the portfolio.

An efficient and sustainable financial system is essential for long-term value creation, as it will reward investment by benefiting the environment and society as a whole, which is why the company has defined its strategic lines to meet these objectives in the new Responsible Investment Policy.

		2022	2023
MAIN ERFORMANCE INDICATORS	Share price (€)	6.6	6.6
	Reports submitted*	6	6

* Reports that provide a periodic response to the interests of investors and shareholders.

Responsible Investment Policy

During FY24, Castellana Properties' Responsible Investment Policy has been developed with the aim of including ESG factors in the decision-making processes for investments and other related activities. It takes into account environmental factors (associated with potential climate change risks), social factors (prioritising commitment to the community and its employees) and governance factors (ethical and good governance principles of the company), as well as other European initiatives focused on sustainable investments, such as the Taxonomy.

This policy applies transversally to all the company's operations, and establishes the following commitments:

- To establish agreements and clauses in leasing contracts with operators, seeking to generate positive engagement with this main stakeholder group, reducing the company's environmental impact.
- To ensure the adequate disclosure of the activities and assets in which the company invests.
- To work collaboratively to improve the effectiveness of the implementation of the Principles for Responsible Investment, engaging the stakeholders to achieve the highest sustainability performance.

This policy sets out the main actions that Castellana Properties must incorporate into its sustainable investment process, for which it must take into account all strategic stakeholders following the conclusions of the materiality analysis carried out

6.4 Employees

Castellana Properties recognises the importance of managing its relationship with its employees not only by complying with the strictest labour standards, and the principles set out in the ILO Declaration on Human Rights and Principles, but also by encouraging the creation of workplaces that promote well-being among all employees and creating a working environment where everyone feels included and listened to, fostering both personal and professional growth.

This commitment is set out in Castellana's **Code of Ethics** , which seeks:

- Living with integrity, seeking honesty, consistency and transparency in decisions.
- Respect as a continuous value, treasuring diversity, and practising equality.
- Protection for dignity, condemning situations of discrimination and intimidation, promoting the creation of a free and safe workplace for all.

The Company continues to uphold its commitment to equality through fair recruitment and promotion processes, ensuring a fair working environment for all employees and at all levels of governance. Due to the small size of the workforce, the gender pay gap is not published because any small variation may skew the data and not accurately reflect the actual situation.

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Indicator	Unit of measurement	Absolute FY23	Percentage FY23	Absolute FY24	Percentage FY24
Gender diversity of employees*	% employees	15 Male 18 Female	45% Men 55% Women	16 Male 19 Female	46% Men 54% Women
Employee training and development	hours/employees	30	100%	17	100%
Performance appraisal	% employees	33	100%	35	100%

* Full-time permanent employees according to the Headcount methodology as of the end of FY24, including one part-time contract.

GREAT PLACE TO WORK

SURVEY RESULTS:

97% FEEL IT IS A GREAT PLACE TO WORK

94% ARE PROUD OF THEIR WORK ACCOMPLISHMENTS

95% EMPHASISES THE FEELING OF UNITY AND TEAM SPIRIT

97% STAFF PARTICIPATION

90% VALUES THE PSYCHOLOGICAL STABILITY THEIR WORK GIVES THEM

92% CONFIDENCE INDEX

Castellana Properties recognises that knowledge, research and innovation are key requirements for managing strategy within the framework of excellence. Learning and unlearning make it possible to adapt to markets that are evolving and moving towards new models. It is also the best vehicle for ensuring a culture and values focused on excellence.

The company is aware that sustainability encompasses all processes and all areas of a company, and therefore, the **ESG Policy** of Castellana Properties reinforces the principles of the Engagement Programme by integrating the following objectives as a commitment to the well-being of employees.

- Promote appropriate working conditions to ensure employee well-being and work-life balance. Developing a work-life balance, digital disconnection and teleworking policy.
- Ensure adequate procedures in the processes of selection, retention and promotion of employees under equal opportunity conditions, which encourage diversity and the integration of people into the workplace.
- Develop a Career, Succession and Training Plan to retain talent within the organisation, supporting employees in their personal and professional growth.
- Encourage internal communication with employees through different channels, fostering interpersonal relations.

Employee Engagement Programme

At Castellana, the health and well-being of the team is the main incentive for the company's success, and to maintain solid and sustainable growth over time. It is therefore committed to the highest level of development of its employees, both professionally and personally. It is also aware of the new social demands for a work-life balance.

With this in mind, Castellana has developed an Engagement Plan for its employees that aims to promote the satisfaction and well-being of its collaborators, as well as guaranteeing the greatest possible trajectory within the team.

The Engagement Programme sets out the actions of the Company intended to increase the engagement of its employees by acting in 4 strategic lines:

1. Talent attraction and development

Establishing attractive measures such as flexible working hours or the promotion of social benefits, and talent retention measures through an attractive and competitive career training plan, as well as organising team building activities outside the office, which favour the creation of interpersonal relationships in teams.

2. Equality, diversity and inclusion:

At Castellana, this process starts from the recruitment phase of the teams, maintaining employee selection, retention and promotion processes under conditions of equal opportunities, and not accepting any type of discrimination.

3. Safety, health and well-being

Castellana Properties has the Great Place to Work Certification, through which satisfaction and work climate surveys are carried out on all the teams, seeking to improve the perception of collaborators year after year.

A vital point for the development of employees is their well-being, which is why both physical and mental well-being are promoted through concrete initiatives that are accessible to all teams.

4. Communication

As the main tool for listening and feedback between teams, Castellana maintains a culture of open and two-way dialogue, ensuring that all employees feel safe and supported in communicating their needs at all times.

Promotion of employee Well-Being

Castellana Properties maintains a firm commitment to promoting internal talent and encouraging and motivating its employees. The Company focuses its initiatives and strategies to create a flexible, welcoming and committed working environment with the team.

Aware of the importance of employee well-being in making a positive impact on the business, Castellana Properties has implemented strong initiatives aimed at promoting the overall well-being of its team. These initiatives include the promotion of healthy sporting habits among its employees and the promotion of mental health care:

- **Physical Well-Being**: By promoting the development of healthy habits both in the office and during teleworking days. Castellana Properties has the Gympass programme. The Company facilitates the monthly payment of gym membership fees, guaranteeing free access to various sports facilities throughout Spain, for use by the teams when and where required.
- **Physical & mental health**: taking action to maintain emotional balance and reduce stress as a preferred point of action. Through the Gympass programme, which includes psychological and physiotherapy services. Castellana has joined the Ifeel initiative to promote mental health among its teams. In addition, the physical health of its employees and their families is a priority for Castellana, which is why it provides comprehensive healthcare coverage that guarantees access to high quality medical services.

Work-life balance

With the aim of implementing strategies that are beneficial both for the competitiveness of the Company and for the needs of its employees and their family environment, Castellana Properties has a Work-Life Balance, Teleworking and Digital Disconnection Policy and a Vacation and Absence Policy. These make it possible to work using a hybrid model, integrating teleworking throughout the working day as a tool for the work-life balance.

This model seeks to promote opportunities to work in a calm and concentrated manner, facilitating the work-life balance while contributing to the creation of a company culture and promoting authentic, quality communication by establishing part of the working day in the offices as being in-person.

In addition, a flexible timetable for entering and leaving the office has been established, adapting to the situation of employees travel times.

The internal programs and policies of Castellana Properties aim to contribute to increase the satisfaction of its employees and consolidate an adequate working climate.

Talent attraction and retention

EPRA Emp-Turnover

Castellana Properties understands that employees are its most valuable asset, and it therefore strives to create a positive working environment and strengthen relationships with external collaborators. During FY24, a number of initiatives were carried out with the aim of fostering a good working environment and strengthening team commitment and satisfaction.

One of the highlights of the year was the tour of several Shopping Centres in Portugal, supplemented by various recreational activities and group meals. This activity not only allowed employees to learn first-hand about the strategies and practices of other companies in the sector, but also fostered team spirit and the exchange of innovative ideas.

In addition, skiing and hiking activities took place in Sierra Nevada, also with numerous activities and meals. These initiatives promote a healthy lifestyle and strengthen interpersonal relationships between employees outside the work environment, creating stronger bonds and a sense of community.

Throughout the year, internal events such as the traditional Christmas party or The Family Day are also organised, which are fundamental to strengthening the sense of community and belonging within Castellana Properties, allowing employees to share significant moments with their families and colleagues in a festive, welcoming environment.

During FY24, the company-wide Succession, Career and Training Plan was launched with the aim of:

- Identifying and developing internal talent
- Ensuring continuity of leadership
- Improving employee satisfaction and retention
- Encouraging continuing learning
- Adapting to changes in the business environment

This Plan seeks to minimise business risks, guaranteeing full coverage of key positions through career plans that enhance the performance and commitment of its employees. The plan is structured over 3 phases, Analysis, Succession Plan and Learning Pathway Plan. During FY24, the first and second phases of the plan were implemented, culminating in the following milestones:

- Identifying the training gaps that currently exist to ensure employees are prepared for the desired position.
- Developing a general and specific plan to help Castellana employees meet their goals
- Developing the Succession Plan, detecting future risks in relation to its implementation and,
- Developing career plans for all employees, ensuring transparency and objectivity in terms of internal promotions.

In addition, it strives to promote the growth and professional development of its team by offering free English classes, allowing them to strengthen their language skills and improve their career opportunities and forecast. During FY25, the Training Plan will be developed and promoted to provide knowledge and training to the whole company on different topics.

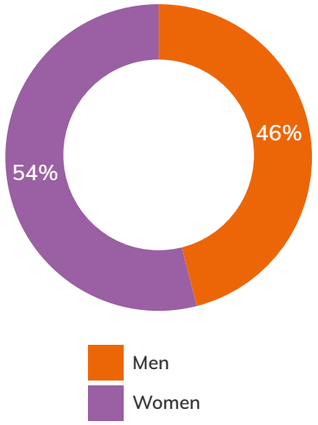
Diversity and equality

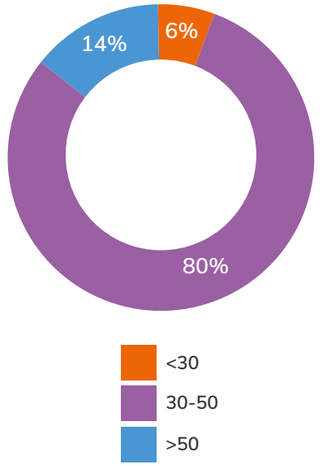
EPRA Emp-Turnover

Castellana Properties establishes a process of recruitment, retention and promotion of employees under conditions of equal opportunities. As stated in its Code of Conduct, the Company has established guidelines focused on the non-acceptance of any discrimination based on gender, national or ethnic origin, religion, political opinion or age. To this end, the company seeks to treasure diversity by promoting inclusive workplaces by respecting and nurturing the traditions, cultures and diversity of its employees as much as possible.

These principles govern the employee selection process, considering candidates' knowledge, experience and capabilities, as well as aligning their values and objectives with those of the Company.

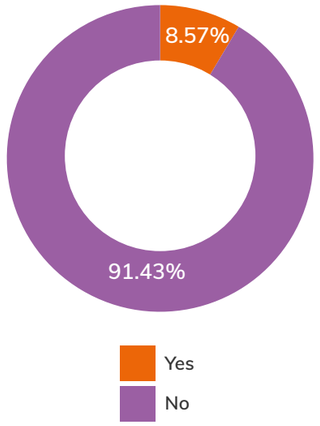
It is also committed to the recruitment of employees with significant experience in the sector and talented young people. In FY24, Castellana Properties recruited a total of 1 new permanent employee, 1 temporary employee, and 3 interns.





Diversity- Emp

Diversity is another key factor in the culture of Castellana Properties. The Company encourages diversity and equal opportunities in terms of access to employment, training, promotion of professionals and working conditions. This diversity goes beyond gender, as in FY24 9% of the workforce was of foreign nationality.



Training

EPRA Emp-Training

For the company, training helps to increase the labour productivity of employees while improving the chances of their individual promotion. This allows them to train continuously, stay at the forefront of changes in internal and external regulations, standards and/or procedures and take on new responsibilities throughout their careers.

Employees of Castellana Properties have the opportunity to have constant professional development through training in various subjects. In addition to those offered internally, employees have the possibility to apply for financial support for external courses they wish to take.

During FY24, 100% of employees received training in one or more subjects, including:

- ESG (environmental, social and governance) aspects
- Cybersecurity Awareness Plan (including a Communication plan, workshops and theoretical training)
- Annual English course
- Waste and circular economy
- Certificates and energy savings
- Sustainable financing

In line with Castellana's commitment to maintain a trained and updated workforce in line with new market trends and dynamics, a training plan will be promoted during FY25, updating the current training modules and seeking to increase the knowledge of all the teams.

608 HOURS OF TRAINING IN TOTAL, resulting in an average of 17 hours per employee

Performance evaluation

EPRA Emp-Dev

In order to meet the needs and expectations of employees and stimulate their progress within the Company, Castellana Properties employees have direct, two-way and constructive communication with their direct supervisor that allows them to receive continuous feedback and grow in their professional development.

For this purpose, biannual and annual evaluations are made to measure the performance and professional development of the team. Aspects such as the following are valued:

- Assessment of job performance and personal potential
- Integration into projects
- Identification of successes and strengths and weaknesses to reinforce
- Assessment of the training courses carried out and future plans
- Analysis of employee contribution to the Company
- Measuring quality of work and contribution to the team
- Evaluation and regular updating of objectives

Castellana takes advantage of this evaluation process to create a safe and friendly communication space with supervisors, allowing employees to communicate any concerns or needs they may have at any given time.

During FY24, 100% of the employees have completed the performance evaluation. As in previous years, 100% of Castellana Properties employees were evaluated during the year.

To ensure the integration of environmental, social and governance values at all levels, as well as for collaboration in the implementation of the ESG strategy, FY24 has defined ESG Objectives for the people involved in the achievement of the ESG Strategy of each department. These objectives have been established in line with the responsibility associated with each position and seek to evaluate the ESG performance of employees.

Employee Health and Safety

EPRA H&S-Emp

Castellana is committed to creating safe and healthy working environments. To this end, various occupational risk management and prevention strategies have been implemented to ensure the physical and mental well-being of its employees while complying with current occupational risk prevention regulations.

To achieve all this, Castellana Properties sets the following specific objectives:

- Continue to be certified annually as a Great Place to Work, improving the ratings obtained in stages
- Promote and raise awareness of a balanced and nutritious diet by offering fresh fruit every day on office premises
- Promote and raise awareness of the benefits of physical exercise by offering agreements with external providers to ensure physical well-being
- Improve the Castellana office facilities, where feasible, by creating spaces for disconnection and group creation, integrating biodiversity as a key element

PERCENTAGE OF EMPLOYEES WHOSE WORKPLACE HAS BEEN EVALUATED FOR OCCUPATIONAL RISK PREVENTION (PRL)

FY23	FY24
100%	100%

NUMBER OF OCCUPATIONAL INJURIES

FY23	FY24
0	0

6.5 Operators

Castellana Properties is highly committed to its operators and customers and considers it essential to promote healthy, safe and pleasant environments that promote their physical and mental well-being. Thanks to its ESG Policy, the Company has managed to integrate environmental, social and governance (ESG) criteria into the link with its operators and customers, including considering universal accessibility, health, safety and end-user well-being criteria in the design, refurbishment and management of assets, as well as ensuring the proper functioning of communication channels and complaints systems.

Communication and dialogue

This year, the strategies implemented have continued to strengthen communication and dialogue with tenants. These channels seek to understand the needs of operators and establish improvement strategies appropriate to each context. To this end, the results obtained in the current satisfaction surveys have been taken into account.

As an innovative initiative, a reporting model of ESG activities has been designed and implemented by school management.

Satisfaction Survey

The surveys carried out by Castellana Properties to ascertain the needs and opinions of its operators cover a wide and varied range of aspects that measure the level of satisfaction. As part of the Company's continuous improvement and commitment to sustainability, the Circular Economy has been included as an aspect to be valued.

As mentioned, this new survey also included all Retail Parks along with 100% of Shopping Centres already considered in the previous year.

Topics assessed in the surveys:

- Overall satisfaction
- Satisfaction with management
- Satisfaction with service companies
- Satisfaction with physical and environmental attributes
- Satisfaction with other merchants
- New trends
- Circular economy

In accordance with the new ESG Strategy, the aim is to create a future engagement programme with operators to align their sustainability performance with Castellana's strategic lines. In this way, the company is committed to generating a positive impact throughout its Value Chain.

Continuing with the process of continuous improvement that characterises Castellana, during FY24 the percentage of operators with green clauses in their leasing contracts has gradually increased, thus guaranteeing engagement between them and Castellana, achieving a reduction in the environmental impact of the activity.

During FY24, more than 60% of operators had green clauses in their contracts.

Operator survey

ESG SURVEY FOR
100%
OF OPERATORS

AVERAGE LEVEL OF SATISFACTION
7/10

SATISFACTION WITH THE MANAGEMENT TEAM
8/10

AVERAGE SATISFACTION SHOPPING CENTRE
7.9

AVERAGE SATISFACTION RETAIL PARKS
7.4

6.6 Customers

Castellana's main focus is on attracting new customers to its assets, and to this end, it makes great efforts to promote improvements in the safety, health and well-being of its customers. As specific measures during FY24, the improvement of accessibility to the centres has been promoted, and sustainable mobility plans have been developed for each of the assets, which will seek to promote connectivity and the use of public transport.

Customer engagement

The Retail sector in Spain is immersed in a process of transformation in which new demands and interest from users and changes in lifestyle have led to changes in the activity of shopping centres in recent years. Therefore, implementing the concept of sustainability has become a priority for Castellana Properties and is an incentive for users.

Among other actions, the measures derived from the Mobility Plans (see Chapter 5 "Sustainable Portfolio") are implemented, such as the installation of electric chargers, making it easier for users to continue with their sustainability concerns.

Health and safety in the assets

Accessibility certification

All the assets of Castellana Properties comply with the applicable accessibility regulations, ensuring that all customers can fully enjoy the services of shopping centres and retail parks, regardless of their capabilities.

In addition, 4 of the assets were certified under the "AIS" standard in FY24: El Faro, Bahía Sur, Los Arcos and Vallsur, with El Faro already having ISO 17:001 certification. The company is committed to certifying 100% of its shopping centres under this standard in the coming years.

The AIS Accessibility Certification assesses the conditions of usability, comfort and safety and certifies the level of excellence in accessibility. It is the only international standard for the Certification of the Degree of Accessibility of Spaces and Services. Obtaining this certification goes beyond regulatory compliance, as it requires a commitment by the company to meet the requirements and obtain a good score.

The AIS certification allows Castellana to highlight the commitment to diversity and the improvements in accessibility of the centres, which translates into an increase in the value of the assets, improving the provision of services for customers. This certification considers accessibility comprehensively and as another part of corporate social responsibility.

In the field of accessibility, during FY24 an agreement was signed with the Foundation for Accessibility and Social Responsibility (ARS) until FY28 for the verification and certification of the degree of accessibility of all shopping centres in accordance with the AIS 1/2018 standard, with the pre-assessment of their compliance having already been performed during this financial year.

Air quality

Ensuring the air quality inside the assets, by regulating the ventilation flows, installing purification systems and monitoring the air quality parameters is a goal for Castellana Properties.

Building on the measures already in place in the assets, Castellana continues to improve the actions aimed at promoting optimal air quality in its shopping centres by monitoring polluting atmospheric substances, integrating the measurement probes in the BMS (Building Management Systems) of the buildings.

As a specific objective, Castellana has proposed that 100% of the floor area of the Shopping Centres should have an air monitoring system.

A pilot project has been developed in the shopping centres that form part of the Castellana portfolio, installing an air filtering and purification system based on technology developed by NASA, which guarantees the highly efficient elimination of particles, viruses, bacteria, smoke, mould, odours and VOCs (Volatile Organic Compounds) present in the air.

Assets Health and Safety	VAL	ELF	ARC	PEU	HAB	BHS	PPA	GRA LC	GRA GAL	MDP	MOT	CDT	HER	VLS	MEJ	PQO	PIN
Low voltage electrical installation inspection certificate	X	X	X	X	X	X	X	X	X	X	X	N/A	X	X	X	X	X
Transformation station industry inspection certificate	X	X	X	X	X	X	N/A	N/A	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PFP periodic inspection certificate	X	X	X	X	X	X	X	X	X	X	X	X	X	N/A	N/A	N/A	X
Thermal Systems Installation Maintenance Certificate	X	X	N/A	X	N/A	X	N/A	X	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Elevator and traveler maintenance certificate	X	X	X	X	X	X	N/A	X	X	N/A	X	N/A	N/A	N/A	N/A	N/A	N/A
Indoor air quality inspection certificate	X	X	X	X	X	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Book of Legionella	X	X	X	X	N/A	X	X	X	X	N/A	N/A	N/A	X	N/A	N/A	N/A	X
ISO 14001	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
ISO 50001	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Energy Performance Certificate	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Energy Audit	X	X	X	X	X	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
UNE 170001 standard	N/A	N/A	N/A	N/A	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BREEAM certificate	X	X	X	X	X	X	N/A	X	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cardiac-Protected Area Certificate	N/A	N/A	N/A	N/A	N/A	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Accessibility AIS	X	X	X	X	X	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Shopping centers Retail Parks

Affluences

With more than 45 million visits, the portfolio finally closed FY24 with a new record, surpassing the last one achieved in FY23 by +5.5%.

All shopping centres increased their visits during FY24 (Los Arcos +6.9%, Bahía Sur +6.7%, Habaneras +9.7%, Puerta Europa +5.2% and Vallsur +5.6%). El Faro continued in line with FY23 figures, despite having closed part of the floor area due to construction works (Hipercor Project).

The Lighthouse and the South Bay broke the record of 8 million visitors in FY24.

Sales

The sales trend has also been positive throughout the year. Tenants of Castellana Properties continue to sell above the rest of the market.

Cumulative sales in the portfolio grew by +6.4% in FY24 compared to FY23. In Shopping Centres, tenants increased their sales by +7.4% (El Faro +6.5%, Los Arcos +9.0%, Bahía Sur +7.7%, Habaneras +9.2%, Puerta Europa +5.5% and Vallsur +7.1%). The remaining tenants, located in retail parks, sold 3.9% more in FY24 than in FY23. The sales trend has also been positive throughout the year.

Events and experiences

Castellana meets the expectations of its customers interested in finding new leisure alternatives and experiences for the whole family in the shopping centres, as well as continuing to create new collaborations with local players that strengthen ties with the communities in which it operates. The objective, as retail specialists, is to constantly have unique and differential events, improving the user experience.

EVENT PRODUCTION

1,064,814€

The Chocolate Factory

This event, which started in FY24 and will continue until September 2024, consists of a unique exhibition in the world, made using 4,500kg of chocolate, and 3 fun-filled weekends with workshops and chocolate shows.

During this event, visitors can enjoy three weeks of a large exhibition of more than 100 m^2 with more than 4,500kg of chocolate, 260kg of honey and 60kg of nuts, custom-made for the Castellana Properties shopping centres by Álvaro Romero, master chocolatier of Choco-Expo. In addition, the exhibition recycles all the chocolate for future works, and has different elements set in Willy Wonka's world, such as a village made of fantasy buildings, giant lollipops, and a river of honey and nuts.

As for the shows, there are four different sessions by Burke Grupo, in which the characters from "The Chocolate Factory" come to life.

Through this initiative, Castellana offers and brings customers unique experiences with which to set itself apart, and creates added value to turn the centres into authentic places and destinations.

> With this initiative Castellana offers and brings customers unique experiences with which differentiates itself and creates added value to turn the centres into authentic places

9/10
CUSTOMER SATISFACTION

3
CENTERS

2,400
NEW MEMBERS IN LOYALTY CLUB

3,000
CHILDREN IN WORKSHOP

75.3%
TOP OF MIND

153,4K
VISITS TO THE EXPO

+10.88%
FF VS 2023

75.8%
CONVERSION RATIO

6.7 Banks

During FY24, banks have been identified as a new key stakeholder group. This recognition stems from the increasing relevance of these financial institutions to the structure and sustainability of our business. The inclusion of banks in this category reflects our commitment to strengthening relationships with stakeholders who are critical to our operation and growth.

Financing is a crucial pillar for the development and expansion of Castellana Properties. Banks not only provide the necessary capital for our investments, but also add value through their expertise and financial advice. Working with banks gives us access to a variety of financial services that optimise the management of our resources and enhance our ability to respond to market fluctuations.

Our strategy focuses on building strong, long-term relationships with banking institutions. This translates into constant and transparent communication, the search for mutually beneficial agreements and the implementation of responsible financial practices that reinforce our credit strength. By recognising banks as a key stakeholder, Castellana Properties reiterates its commitment to financial excellence and economic sustainability.

The main reasons why Castellana identifies the importance of banks in sustainability are as follows:

- **Financing sustainable projects:** Banks can offer specific financial products to support sustainable projects, such as green loans, green bonds and credit lines linked to ESG criteria. This allows companies to access the capital needed to invest in clean technologies, energy efficiency and other sustainable initiatives.
- **Impact measurement and traceability:** The processes followed for raising sustainable finance or investment can help measure environmental and social impact through specialised tools and methodologies. This allows companies to track their progress towards their sustainability goals and demonstrate their commitment to corporate social responsibility.
- **Transparency:** Banks can encourage ESG transparency among companies by requiring them to report on their performance. This enables investors and other stakeholders to make informed decisions about the companies in which they invest.

Banks play a crucial role in our approach to sustainability. Through sustainable financial products, we can implement projects that not only generate economic, but also social and environmental value. Green finance and ESG-linked lending are examples of how banking institutions help us advance our commitment to sustainable development.

6.8 Suppliers and Value Chain

The Castellana Properties ESG values and commitments also extend to its entire supply chain, aware of the fact that, in order to guarantee excellence and quality standards, it is important to actively work on successfully managing long-term relationships with contractors, suppliers and collaborating companies. In this sense, during FY24, a relationship of proximity and trust has been fostered in which suppliers act as strategic partners of the company.

Within the ESG Policy of Castellana Properties, the following commitments have been made to suppliers:

- Define criteria in the selection and evaluation of suppliers to convey the Company's principles of action and sustainability commitments.
- Promote dialogue and training in ESG criteria to local suppliers, which help establish a long-term relationship with them and strengthen joint compliance with the sustainability objectives of Castellana Properties.
- Promote and have in place adequate mechanisms for the fulfilment of Human Rights in accordance with the Universal Declaration of the United Nations and the various conventions of the International Labour Organization in the value chain.

During FY24, Castellana has started the process of implementing a Sustainable Purchasing Framework made up of several tools and procedures that will allow the company to establish the necessary sustainability requirements for its suppliers, involving them in its sustainability standards and promoting stakeholder engagement.

For this reason, the Company favours local suppliers in its purchasing and procurement processes, which is an added benefit for the local economy and employability.

Throughout FY24, work has been done to improve the clauses of green contracts with suppliers so that this functions as an initial filter in the selection of suppliers. Sustainable purchasing procedures and policies and a code of ethics with ESG criteria have also been developed. The latter will be provided to suppliers for their compliance.

	2022	2023	2024
Purchases from suppliers (€)	54,757M	43,175M	48,487M
Average payment period to suppliers (days)	47	43	38

6.9 Local Community

EPRA Comty-Eng

As part of the company's commitment to promoting the well-being of all its stakeholders, Castellana has developed different actions from a dual perspective, both at corporate level and through its assets, with the vision of promoting a positive impact on local communities.

At asset level, the company seeks to go beyond the boundaries of its Shopping Centres and Retail Parks, transforming them into driving forces that contribute to the Well-Being of the local communities where they are located, creating open and comfortable spaces where community relations are fostered and support is provided to the most disadvantaged communities.

At a corporate level, during this FY24, several volunteering actions have been promoted through the **first corporate volunteer plan,** in which all Castellana teams have participated, giving continuity to the social donations programme that is implemented each year.

In order to measure the impact of the activity generated in local communities, over the last year a new KPI called "Supplier products and services generating wealth in the community" has been developed for each asset.

Of the community budget of each asset, which is local and which is not has been identified, supplier by supplier, to obtain the total wealth generated. This has resulted in the total amount and the local percentage of the total budget. According to Castellana's criteria, a supplier is considered local when it meets different criteria, mainly by having its employees reside in the same locality as the asset.

ASSET	TOTAL LOCAL IMPACT	% OF THE BUDGET ALLOCATED TO THE LOCAL COMMUNITY	ASSET	TOTAL LOCAL IMPACT	% OF THE BUDGET ALLOCATED TO THE LOCAL COMMUNITY
Los Arcos	2,104,936€	69.18%	Vallsur	1,709,715€	67.54%
Habaneras	1,680,705€	77.30%	Principado	83,668€	55.70%
Granaita RP	58,253€	75.95%	PO Alcorcón	67,872€	90.75%
Granaita LC	373,581€	68.45%	Marismas Huelva	79,379€	64.23%
Granaita Gal	597,154€	87.31%	Mejostilla Cáceres	22,944€	56.44%
El Faro Finca	213,009€	81.45%	La Heredad Mérida	36,806€	48.05%
El Faro	1,733,545€	78.34%	La Serena Villanueva	20,807€	36.94%
Puerta Europa	1,175,845€	87.24%	Motril	14,126€	32.22%
Bahía Sur	1,595,652€	64.26%	Pinatar	11,577€	14.70%

As part of the marketing strategy, shopping centres carry out actions focused on addressing local and national causes and problems, in order to create spaces that offer social and leisure alternatives for all audiences. To this end, and to open up the boundaries of the shopping centres to local communities, +1,000m² of space, worth +€98,000, has been given to local businesses and NGOs free of charge.

In addition, and following the company's commitment to reduce the environmental impact and contribute to the mitigation of the effects of Climate Change, clothes collection bins have been installed in all assets, collecting +45,000 Kilos of clothes during FY24.

As a key action in Social Responsibility and Impact on the Local Community, Castellana Properties has fought against animal abandonment in its shopping centres with a very special campaign, "Una Animalá de Cariño", created to raise awareness of the reality in Spain, where around 285,000 animals are abandoned each year according to the Affinity Foundation.

In the Pulguitas Store, which was located in all company shopping centres and in the Granaita retail park, in addition to the giant stuffed animal Pulguitas, a pet with the features of abandoned dogs, designed exclusively for this campaign by illustrator Luis de Mano, children's workshops, storytelling, videos, talks, discounts and prizes were established for the whole family to enjoy and to raise awareness.

The youngest children learned about pet care, and next to this space, an exhibition area was created offering all the information about the campaign and the abandonment of animals in Spain, with an emphasis on adoption.

In addition, operators Kiwoko and Tiendanimal, together with local NGOs, gave awareness-raising talks and provided direct discounts in their shops. An adoption campaign was also implemented by participating NGOs, and a competition was held through the social networks of the different centres, in which a prize draw was held for 1 year of free pet food valued at €4,000.

With this action, Castellana Properties continues its commitment to social awareness through innovative and transformative initiatives that generate new social spaces and have a positive impact on the regions where the company is present.

The following shows the Social impact actions implemented in all shopping centres

Vallsur

Down's Syndrome Day

With the aim of raising awareness, informing and raising the profile of Down's Syndrome, the shopping centre joined the 'Unmatched Socks' campaign where, during the day, people who came in wearing unmatched socks received a yellow daisy as a sign of support.

Paediatric visit at Christmas

Vallsur brings gifts to the children at the Hospital Clínico Universitario de Valladolid, cheering them up during their stay in hospital. In addition, the manager of Vallsur was in charge of awarding the prize to the child who won the postcard competition.

Collection of clothing, footwear and accessories

29,850 kg of clothing, footwear and accessories were collected in the container placed in the shopping centre and donated to the cooperative Moda re-. Through the 150 points of sale, more than 280,000 garments were acquired free of charge by people without resources. Any excess was recycled.

El Faro

Charity walk

The shopping centre became the finishing line of the walk organised by the AOEX (Oncology Assoc. of Extremadura), organised by the Hernán Cortes University Residence & Provincial Council of Badajoz, for which more than 600 people registered. The shopping centre supported the communication of the walk by providing the space for the finishing line, decorating the space with its own furniture and installing a personalised arch as the finishing line.

Zumba event

El Faro organised a charity event consisting of three 1-hour masterclasses by the Altafit gym chain. It is organised every year to benefit a different cause and each year the numbers are exceeded. This past year, a total of €10,400 was raised for the benefit of Inteligencia Limite.

Gift wrapping service

For the Christmas season, El Faro establishes an extra service point for gift wrapping but with a special characteristic. The gifts in this corner are wrapped by volunteers from the AOEX (Oncology Assoc. of Extremadura) on a personalised basis. The shopping centre supports the communication of this event, providing the space and the set for them to provide the service. More than 50 volunteers contributed to this action and a total of €3,576.81 was raised for the benefit of AOEX.

Puerta Europa

Carnival Mask Competition

During the Algeciras Carnival, all the schools in the area were brought together through the Education Department to spend a few days in the shopping centre as an extracurricular activity where they would decorate life-size Carnival masks and have breakfast at one of our operators. Five schools in the area took part with a total of 200 pupils. The result was uploaded to our App, where users could vote for their favourite, and the winning school could win €500 worth of school supplies.

Exhibition comings and goings

In collaboration with the Márgenes y Vínculos Foundation, an exhibition of 15 paintings was held in the shopping centre to commemorate the International Day for the Elimination of Racial Discrimination. The exhibition was open to visitors for 10 days, with institutional and media presence at the inauguration.

Presentation of the new Algeciras FC season shirt

Together with the city's football team Algeciras FC, both the media and visitors gathered to see the team's new shirt. In addition, the shirt was sold exclusively in the shopping centre, as well as a preview of the sponsors of the shirt and its new image in an institutional presentation.

Habaneras

Promoting student autonomy in Torrevieja

In Habaneras, a day was dedicated to the 6th grade pupils of CEIP Habaneras to promote the leisure activities offered by the city through healthy and responsible activities. They were shown the possibilities offered by the centre for their age group, culminating the day in an inflatable leisure activity, Big Jump, free of charge.

Collaboration with Las Salinas de Torrevieja

To help conserve one of the only 4 pink lagoons in the world, the main landscapes and the history of the salt pans were painted in the centre. In addition, once a week 30 winners were able to enjoy a tour of the salt pans thanks to a prize draw, receiving one kg of Sal de las Salinas salt.

Sponsors of Javier García. Torrevieja Paralympic Rowing Team

Thanks to the council sports department, we met Javier García, a member of the Paralympic team from Torrevieja and competitor at the time in the qualification for the 2024 Paralympic Games in Paris. The Shopping Centre helped Javier set up a site in Galicia with material better adapted to his abilities to prepare for the competitions.

Bahia Sur

Hibuy Market x Bahía Sur

A sustainable fashion event was held with Hibuy Market, the online second-hand clothing store which promotes the circular economy by giving a second life to clothes that their owners no longer find interesting.

The shopping centre launched a PopUP in which Hibuy offered a large part of its clothing items for sale, as well as other items offered for sale by the shopping centre's own visitors and members of its loyalty club.

Entrepreneurship support

For the third consecutive year, Bahía Sur reinforced its support for the entrepreneurs of the province of Cadiz by offering them an exceptional showcase in the shopping centre where they were able to display their projects and sell their products in the province's leading shopping and leisure centre, where thousands of people pass through every month.

1st Edition of the La Bahía crossing

In collaboration with the Bahía de Cádiz Natural Park, the enclave in which it is immersed, a meeting of bicycles, kayaks and paddle surf boards was held to promote the sport in the inner circle of the Bay of Cádiz, in the heart of the natural park.

Los Arcos

Madre Coraje Pop Up

Together with Madre Coraje, Los Arcos opened a charity shop with the aim of promoting reuse and generating resources for social purposes in Spain, Peru and Mozambique.

The social entity gave visitors the opportunity to purchase a wide variety of second-hand products in excellent condition at affordable prices.

Sponsorship of Real Ciencias Club de Rugby

Los Arcos has become the sponsor of Real Ciencias Rugby Club de Sevilla for the 2023/2024 season. This agreement not only reinforced the shopping centre's commitment to sport in Seville, but also helped promote the benefits of a minority sport such as rugby, which fosters values such as effort, commitment and humbleness.

Three Kings Parade in the San Pablo district

As a result of its commitment to its immediate surroundings and with the help of the district management, Los Arcos collaborated in one of the most popular events in the San Pablo-Santa Justa district, the traditional Three Kings parade.

The shopping centre donated more than 80,000 sweets for this event, which were distributed among the 12 participating floats and were thrown along the entire route of the parade.

EPRA Comty-Eng

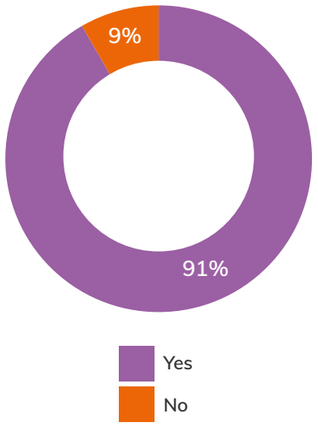
FY24 Volunteer Plan

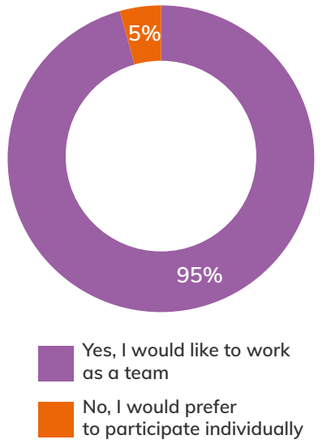
Castellana Properties combines the promotion of the cohesion and commitment of its employees with the organisation of activities with sustainability themes and practices.

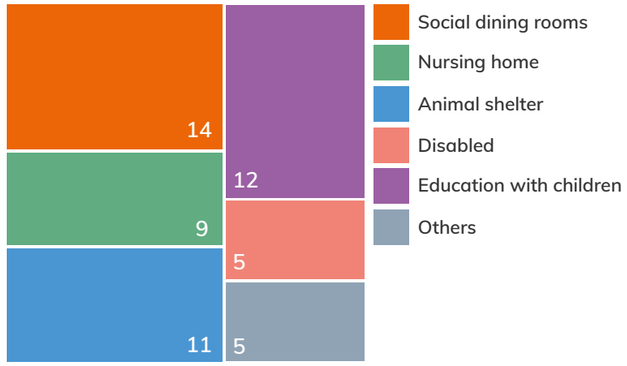
In this way, it not only cares for the well-being of its employees, but also recognises environmental and social care as a fundamental task.

As an example of this commitment, and to strengthen the social actions carried out by the Company, promoting improvements in the local communities in which it operates, in FY24 the Company has drawn up the first Volunteer Plan, which was a great success, with 100% of the employees participating in one of the proposed actions.

As proof of the company's commitment to generating a positive impact on the community, the conclusions of the employee surveys showed a clear majority in favour of participating in short-term volunteering activities, preferably in teams.







The preferred causes or issues for participation are, in this order, soup kitchens, animal shelters, and children's education.

The calendar and budget of the activities planned within the FY24 Volunteering Plan includes various initiatives. Among those carried out this year are the following:

- Activities in social canteens: these activities have promoted the social inclusion of the most disadvantaged people, thus attending to the different social realities. They consisted of preparing and distributing breakfasts to people in need. They were carried out for 6 months, once a month, in the Church of San Antón in collaboration with Mensajeros de la Paz.

- Adapted skiing and hiking campus: This event promoted inclusion through adapted sports, skiing and hiking days, and various activities with people with different abilities in Sierra Nevada. Castellana Properties provided all the necessary infrastructure and budget for these activities. This has helped to raise awareness and help people with disabilities, strengthen the emotional bonds between the team and involve us in Castellana's values. It was carried out in collaboration with the También Foundation.

Corporate donations

Castellana Properties is actively committed to having a positive local impact in the areas where it operates, as well as in other regions, with the aim of improving health, reducing poverty and fostering local economic growth.

Therefore, during FY24, Strategic Donation Programmes and Collaborations continued with charities and non-profits working in various areas. These donations have been earmarked for various community development initiatives, such as facilities in developing countries, collaborations with Caritas at local level where the company's assets are located, support for cancer research, and support for people in situations of social exclusion or who have suffered violence due to their sexual orientation or gender identity.

Castellana Properties recognizes its key role as an agent of change and strives to contribute positively to the sustainable development of the areas in which it operates.

During FY24, Castellana También made different donations totalling €55,000

The Company has collaborated with the following NGOs in this financial year:

- Corporate Donations:
  - Manos Unidas
  - Mensajeros de la Paz
  - También
  - Cáritas en varias divisiones españolas
  - Fundación Aladina
  - Fundación Eddy

07
About this report

The information reflected in this ESG Report has been carried out in accordance with the guidelines established in the third edition of EPRA Sustainability Best Practices Recommendations (sBPR) published in September 2017, regarding ESG matters and specifically on the construction and real estate sector.

Likewise, it has been developed in accordance with the GRI Standards for the period between April 1, 2023, and March 31, 2024, in its most recent version to date; GRI 1: Fundamentals 2021. These Standards are based on international best practices designed to inform of a variety of economic, environmental and social impacts.

In case of discrepancies between the English and Spanish versions of this report, the Spanish version prevails.

Some of the images included in this Report have been taken from free image banks: Freepik, Unsplash and Pexels.

08
Annexes

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8.1 Annex I. Environmental performance indicators

8.1.1 Area

		Common Areas: Interior	Common Areas: Exterior	Common Areas: Outdoor parking	Common Areas: Indoor parking	Common Areas	Gross leasable area	Built-up Area (EPRA*)	Total Area(GRESB**)
Shopping Centers									
Arcos		17,066.51	3,097.39	–	53,786.10	73,950.00	26,081.08	96,933.69	100,031.08
Bahía Sur		11,744.00	16,092.00	36,880.00	–	64,716.00	35,360.10	47,104.10	100,076.10
Faro		20,296.00	17,954.00	55,810.00	16,068.00	110,128.00	40,717.96	77,081.96	150,845.96
Habaneras		4,785.99	5,990.88	1,237.04	20,350.71	32,364.62	24,892.30	50,029.00	57,256.92
Puerta Europa		9,889.64	6,574.00	12,307.00	62,738.00	91,508.64	29,783.36	102,411.00	121,292.00
Vallsur		13,685.45	10,335.00	15,283.00	41,248.00	80,551.45	35,210.55	90,144.00	115,762.00
Total		**77,467.59**	**60,043.27**	**121,517.04**	**194,190.81**	**453,218.71**	**192,045.35**	**463,703.75**	**645,264.06**
Retail Parks									
Granaita	Gallery	7,289.01	–	14,897.00	29,682.00	51,868.01	29,254.99	66,226.00	81,123.00
	Retail Park	2,640.97	–	31,637.00	–	34,277.97	7,825.03	10,466.00	42,103.00
	Leisure C.	–	–	–	7,526.32	7,526.32	18,507.68	26,034.00	26,034.00
Marismas del Polvorín		–	–	17,116.62	–	17,116.62	19,052.38	19,052.38	36,169.00
Motril Retail Park		–	–	5,583.00	–	5,583.00	5,559.00	5,559.00	11,142.00
La Serena		–	–	21,825.00	–	21,825.00	12,405.00	12,405.00	34,230.00
La Heredad		–	–	9,979.00	–	9,979.00	13,447.00	13,447.00	23,426.00
Mejostilla		–	–	8,619.00	–	8,619.00	7,317.00	7,317.00	15,936.00
Parque Principado		–	–	22,324.00	–	22,324.00	16,090.00	16,090.00	38,414.00
Parque Oeste		–	–	7,652.00	–	7,652.00	13,604.00	13,604.00	21,256.00
Pinatar Park		–	–	16,052.35	–	16,052.35	13,261.65	13,261.65	29,314.00
Ciudad del Transporte		59.00	–	–	–	59.00	3,250.00	3,309.00	3,309.00
Total		**9,988.98**	**0.00**	**155,684.97**	**37,208.32**	**202,882.27**	**159,573.73**	**206,771.03**	**362,456.00**
Corporate Headquarters									
Glorieta Rubén Darío, 3						–	414.00	414.00	414.00

* Include interior surfaces above ground (CCAA, private areas, indoor parking).
** Includes the total surface area taking into account the external area of the building.

8.1.2 Energy consumption

Impact area	EPRA Code	Indicator	Description	Unit of measure	Absolute FY23	Absolute FY24	Like for like FY23	Like for like FY24	Change
SHOPPING CENTRES									
Energy	Elec-Abs - Elec LfL	Electricity consumption	Common areas and SS	kWh	11,505,658 kWh	11,750,842 kWh	11,505,658 kWh	11,750,842 kWh	2%
			Private Areas*		22,824,207 kWh	38,524,105 kWh	22,824,207 kWh	38,524,105 kWh	69%
			Electric Vehicle Chargers		0 kWh	231,656 kWh	0 kWh	0 kWh	-
			Total electricity consumption		34,329,865 kWh	50,506,603 kWh	34,329,865 kWh	50,274,947 kWh	46%
			Renewable energy**	%	22%	18%	22%	18%	-
			Renewable energy on site**		1%	1%	1%	1%	-
	Fuels-Abs - Fuels LfL	Fuel consumption	Fuel common areas and SC	kWh	5,827,991 kWh	711,773 kWh	5,827,991 kWh	711,773 kWh	-88%
			Fuel in private areas		-	57,509 kWh	-	-	-
			Total Fuel Consumption			769,282 kWh	5,827,991 kWh	711,773 kWh	-88%
			% renewable sources	%	-	-	-	-	-
	Energy-Int	Energy intensity of buildings		kwh/m2/año	87	111	87	110	27%
	Shopping Centres portfolio coverage*			%	86%	100%	86%	100%	-
	Surface coverage***			m²	463,704	463,704	463,704	463,704	-
	Estimate			%	8%	16%	8%	16%	-
RETAIL PARKS									
Energy	Elec-Abs - Elec LfL	Electricity consumption	Common areas	kWh	1,564,034 kWh	1,429,567 kWh	1,564,034 kWh	1,429,567 kWh	-9%
			Private Areas*		7,599,092 kWh	23,175,909 kWh	7,599,092 kWh	21,433,445 kWh	182%
			Electric Vehicle Chargers		0 kWh	269,194 kWh	0 kWh	0 kWh	-
			Total electricity consumption		9,163,126 kWh	24,605,476 kWh	9,163,126 kWh	22,863,012 kWh	150%
			Renewable energy**	%	18%	7%	18%	7%	-
			Renewable energy on site**		1,1%	0,4%	1,1%	0,4%	-
	Fuels-Abs - Fuels LfL	Fuel consumption	Fuel common areas and SC	kWh	0 kWh	0 kWh	0 kWh	0 kWh	-
			Fuel in private areas		0 kWh	0 kWh	0 kWh	0 kWh	-
			Total Fuel Consumption		0 kWh	0 kWh	0 kWh	0 kWh	-
			% renewable sources	%	-	-	-	-	-
	Energy-Int	Energy intensity of buildings		kwh/m2/año	44	119	47	116	150%
	Shopping Centres portfolio coverage*			%	73%	100%	73%	100%	-
	Surface coverage***			m²	206,822	206,822	196,356	196,356	-
	Estimate			%	15%	19%	15%	19%	-
HEADQUARTERS									
Energy	Elec-Abs - Elec LfL	Electricity consumption	Total electricity consumption	kWh	10,913	12,095	10,913	12,095	11%
			Renewable energy	%	0%	0%	0%	0%	-
	Fuels-Abs - Fuels LfL	Fuel consumption	Total Fuel Consumption	kWh	42,375	29,331	42,375	29,331	-31%
			% renewable sources	%	0%	0%	0%	0%	-
	Energy-Int	Energy intensity of buildings		kwh/m2/año	102	71	102	71	-31%
	headquarters coverage			%	100%	100%	100%	100%	-
	Surface coverage			m²	414	414	414	414	-
	Estimate			%	0%	0%	0%	0%	-

*The consumption of private areas is increasing, since this year it has been possible to collect a greater coverage of consumption data, and a projection was made to reach 100%.
**This year, for the first time, EV chargers have been deployed to select assets, creating a new source of electricity consumption.
***The surfaces were updated with the latest criteria changes in FY24. They include interior surfaces above ground (CCAA, private areas, indoor parking).

8.1.3 Emissions

Impact area	EPRA Code	Indicator		Unit of measure	Absolute FY23	Absolute FY24	Like for like FY23	Like for like FY24	Change
SHOPPING CENTRES									
Emissions	GHG-Dir-Abs	Direct emissions (Scope 1)	Category 1	kg CO_2e	1,060,694.4	504,467.6	1,060,694.4	123,694.3	-88%
	GHG-Indir-Abs	Indirect emissions (Scope 2)*	Category 2		1,810,465.5	1,385,223.5	1,810,465.5	1,385,223.5	-23%
		Indirect emission (Scope 3)**	Category 5		3,697,521.5	4,699,913.7	3,697,521.5	4,671,883.3	26%
		Total indirect emissions			5,507,987.0	6,085,137.2	5,507,987.0	6,057,106.8	10%
	Total emissions				6,568,681.4	6,589,604.8	6,568,681.4	6,180,801.1	-6%
	GHG-Int	Intensity of GHG emissions from energy consumption of the buildings (Scope 1, 2 and **3)**		kg CO_2e/m^2/year	14.17	14.21	14.17	13.33	-6%
	Portfolio coverage			%	86%	100%	86%	100%	-
	Surface coverage***			m^2	463,704	463,704	463,704	463,704	-
	Estimate			%	8%	16%	8%	16%	-
RETAIL PARKS									
Emissions	GHG-Dir-Abs	Direct emissions (Scope 1)	Category 1	kg CO_2e	0.0	115,380.0	0.0	0.0	-
	GHG-Indir-Abs	Indirect emissions (Scope 2)*	Category 2		237,654.8	162,137.2	237,654.8	162,137.2	-32%
		Indirect emission (Scope 3)**	Category 5		1,231,053.1	2,836,857.5	1,231,053.1	2,038,034.4	66%
		Total indirect emissions			1,468,707.8	2,998,994.7	1,468,707.8	2,200,171.6	50%
	Total emissions				1,468,707.8	3,114,374.7	1,468,707.8	2,200,171.6	50%
	GHG-Int	Intensity of GHG emissions from energy consumption of the buildings (Scope 1, 2 and **3)**		kg CO_2e/m^2/year	7.10	15.06	7.48	11.20	50%
	Portfolio coverage			%	73%	100%	73%	100%	-
	Surface coverage***			m^2	206,822	206,822	196,356	196,356	-
	Estimate			%	15%	19%	15%	19%	-
HEADQUARTERS									
Emissions	GHG-Dir-Abs	Direct emissions (Scope 1)	Category 1	kg CO_2e	7,712,3	5,338,2	7,712,3	5,338,2	-31%
	GHG-Indir-Abs	Indirect emissions (Scope 2)*	Category 2		1,767,9	1,463,5	1,767,9	1,463,5	-17%
		Indirect emission (Scope 3)	Category 3		94,954,6	76,244,2	94,954,6	76,244,2	-20%
			Category 4		8,357,5	9,694,2	8,357,5	9,694,2	16%
		Total indirect emissions			105,080,0	87,401,9	105,080,0	87,401,9	-17%
	Total emissions				112,792,2	92,740,1	112,792,2	92,740,1	-18%
	GHG-Int	Intensity of GHG emissions from energy consumption of the buildings (Scope 1, 2 and **3)**		kg CO_2e/m^2/year	272,44	224,01	272,44	224,01	-18%
	Portfolio coverage			%	100%	100%	100%	100%	
	Surface coverage			m^2	414,00	414,00	414,00	414,00	-
	Estimate			%	0%	0%	0%	0%	-

*Calculated with the Location-based methodology
****Category 5 of Scope 3 corresponds to the consumption of private areas. It is increasing, since this year it has been possible to collect a greater coverage of consumption data, and a projection was made to reach 100%.
***The surfaces were updated with the latest criteria changes in FY24. They include interior surfaces above ground (CCAA, private areas, indoor parking).

8.1.4 Water

Impact area	EPRA Code	Indicator	Description	Unit of measure	Absolute FY23	Absolute FY24	Like for like FY23	Like for like FY24
SHOPPING CENTRES								
Water	Water-Abs / Water-LfL	Common areas	m³	105,984	102,023	105,984	102,023	-4%
		Private areas		53,067	62,242	53,067	62,242	17%
		Total water consumption		159,051	164,265	159,051	164,265	3%
	Water-Int	Water use intensity*	m³/m²/year	0.34	0.35	0.34	0.35	3%
	Coverage of the shopping centre portfolio		%	83%	88%	83%	88%	-
	Surface*		m²	463,704	463,704	463,704	463,704	-
	Estimate		%	0%	0%	0%	0%	-
RETAIL PARKS								
Water	Water-Abs / Water-LfL	Common areas	m³	11,444	9,346	11,444	9,346	-18%
		Private areas		9,259	13,549	9,259	13,549	46%
		Total water consumption		20,703	22,895	20,703	22,895	11%
	Water-Int	Water use intensity*	m³/m²/year	0.10	0.11	0.10	0.11	11%
	Coverage of the shopping centre portfolio		%	45%	52%	45%	52%	-
	Surface*		m²	206,822	206,822	206,822	206,822	-
	Estimate		%	0%	0%	0%	0%	-
HEADQUARTERS								
Water	Water-Abs / Water-LfL	Total water consumption	m³	87	107	87	107	23%
	Water-Int	Water use intensity*	m³/m²/year	0.2	0.3	0.2	0.3	23%
	Surface*		m²	414	414	414	414	-
	Estimate		%	0%	0%	0%	0%	-

*The surfaces were updated with the latest criteria changes in FY24. They include interior surfaces above ground (CCAA, private areas, indoor parking).

8.1.5 Waste

Impact area	EPRA Code	Description	Unit of measure	Absolute Fy23	Absolute Fy24	Share Fy24	Like-for-Like Fy23	Like-for-Like Fy24	Change
SHOPPING CENTRES									
Waste	Waste-Abs Waste-LfL	Total non-hazardous waste generation	Tn	3,263	3,676	-	3,263	3,676	13%
		Reused		-	-	0%	-	-	-
		Recycled		1,303	1,765	48%	1,303	1,765	35%
		Landfill/other		1,960	1,911	52%	1,960	1,911	-2%
		Total hazardous waste generation		0,7	1.8	-	0.7	1.8	145%
		Total waste generated and managed		3,264	3,678	-	3,264	3,678	13%
	Estimate		%	18%	18%	-	18%	18%	-
	Coverage of the shopping centre portfolio		%	100%	100%	-	100%	100%	-
RETAIL PARKS									
Waste	Waste-Abs Waste-LfL	Total non-hazardous waste generation	Tn	435.1	537.1	-	435.1	537.1	23%
		Reused		-	-	0%	-	-	-
		Recycled		81.3	105.2	20%	81.3	105.2	29%
		Landfill/other		341.0	431.9	80%	341.0	431.9	27%
		Total hazardous waste generation		-	-	-	-	-	-
		Total waste generated and managed		435.1	537.1	-	435.1	537.1	23%
	Estimate		%	0%	0%	-	0%	0%	-
	Coverage of the shopping centre portfolio		%	58%	66%	-	58%	66%	-

8.1.6 EPRA social performance table

Área de impacto	Código EPRA	Indicador	Unidad de medida	Absoluto FY23	Porcentaje FY23	Absoluto FY24	Porcentaje FY24
Diversity	**Diversity-Emp**	Gender diversity of employees	% employees	15 Man - 18 Women	45% Man - 55% Women	16 Man - 19 Women	46% Man - 54% Women
		Gender diversity of government bodies	% board	7 Man - 1 Women	87 % Man - 13% Women	7 Man - 2 Women	78 % Man - 22% Women
	Diversity-Pay	Gender pay gap	Ratio	The company does not publish the gender pay gap due to the small size of the workforce, as any small variation may skew the data and not accurately reflect reality.			
Talent retention	**Emp- Training**	Employee training and development	hours/employee	30	100%	17	100%
	Emp-Dev	Employee performance evaluation	% employees	33	100%	35	100%
	Emp-Turnover	New recruitments and staff turnover*	Turnover ratio	1 baja	-3%	1 dismissal 1 new hire	-2,9%
Health and safety	**H&S - Emp**	Injury rate	Per 100,000 hours worked	0	0	0	0
		Lost day rate	Per 100,000 hours worked	0	0	0	0
		Absentee rate**	Days per employee	-	0,70%	-	1,99%
		Fatalities	Total number	0	0	0	0
	H&S-Asset	Asset health and safety assessments	% assets	100%	100%	100%	100%
	H&S- Comp	Health and safety compliance	Number incidents	0	0	0	0
Comunity	**Compty-Eng**	Community engagement, impact assessments and development programmes	% assets	100%	100%	100%	100%

* The turnover rate has been calculated as - Turnover rate=(Employees who left the company)/(average number of employees in the period)*100, where the average number of employees is the mean of the number of employees at the beginning of the period minus the number of employees at the end of the period.
** The absenteeism rate has been calculated as the total number of working days lost due to absenteeism, divided by the total number of scheduled working days, multiplied by 100.

8.2 Annex II. EPRA and GRI content

EPRA Code	Description	Page / Direct Response
Elec-Abs	Total electricity consumption	pp. 313, 314, 315, 316, 317, 318, 319 EPRA Table p. 388, 389
Elec-LfL	Like-for-like total electricity consumption	pp. 313, 314, 315, 316, 317, 318, 319 EPRA Table p. 388, 389
DH&C-Abs	Total district heating and cooling consumption	Not applicable indicator. Castellana Properties assets are not supplied by DH&C so the associated metric is not applicable
DH&C-LfL	Like-for-like district heating and cooling consumption	Not applicable indicator. Castellana Properties assets are not supplied by DH&C so the associated metric is not applicable
Fuels-Abs	Total fuel consumption	pp. 313, 314, 315 EPRA Table p. 388, 389
Fuels-LfL	Like-for-like total fuel consumption	pp. 313, 314, 315 EPRA Table p. 388, 389
Energy-Int	Building energy intensity	pp. 313 EPRA Table p. 388, 389
GHG-Dir-Abs	Total GHG direct emissions	pp. 320, 321, 322, 323, 324, 325, 326, 327 EPRA Table p. 390, 391
GHG-Indir-Abs	Total GHG indirect emissions	pp. 320, 321, 322, 323, 324, 325, 326, 327 EPRA Table p. 390, 391
GHG-Int	Intensity of GHG emissions from energy consumption of buildings	pp. 324, 325 EPRA Table p. 390, 391
Water-Abs	Total water consumption	pp. 328, 329, 330, 331 EPRA Table p. 392, 393
Water-LfL	Like-for-like total water consumption	pp. 328, 329, 330, 331 EPRA Table p. 392, 393
Water-Int	Intensity of water consumption in buildings	pp. 328, 329, 330, 331 EPRA Table p. 392, 393
Waste-Abs Total weight of waste by disposal route	Total weight of waste by disposal method	pp. 328, 329, 330, 331 EPRA Table p. 394, 395
Waste-LfL Total weight of waste by disposal route	Like-for-like total weight of waste by disposal method	pp. 328, 329, 330, 331 EPRA Table p. 394, 395
Cert-Tot	Type and number of assets certified in sustainability	pp. 294, 295, 320, 303, 360, 361
Diversity-Emp	Diversity of governance bodies and employees	pp. 250, 251, 352, 353
Diversity-Pay	Ratio of basic salary and remuneration of women to men	The company does not publish the gender pay gap due to the small size of the workforce, as any small variation may skew the data and not accurately reflect reality.
Emp-Training	Average hours of training per year per employee	pp. 352, 353
Emp-Dev	Percentage of employees receiving regular performance and career development reviews	pp. 354, 355
Emp-Turnover	New hires and staff turnover	pp. 352, 353
H&S-Emp	Employee health and safety	pp. 354, 355
H&S-Asset	Asset health and safety evaluations	pp. 354, 355, 358, 359, 360, 361
H&S-Comp	Asset health and safety compliance	pp. 354, 355, 358, 359, 360, 361. No incidents occurred during FY24
Comty-Eng	Operations with local community engagement, impact assessments, and development programmes	pp. 366 - 373. 100% of the assets has implemented beneficial actions
Gov-Board	Composition of the highest governance body	pp. 246, 248, 249
Gov-Selec	Nomination and selection of the highest governance body process	pp. 258, 259
Gov-Col	Conflict of interest management process	pp. 278, 279

Category	GRI Code	Description	Section in this ESG Report	Page or response
GRI 2: General Disclosures 2021				
	2-1	Organizational details	2. Castellana Properties	pp. 202, 203 Castellana Properties Rubén Darío Street, 3, 28010 Madrid
	2-2	Entities included in the organization's sustainability reporting	2. Castellana Properties	pp. 208, 209
	2-3	Reporting period, frequency and contact point	7. About this report	Castellana Properties elaborates its ESG Report on an annual basis. This report covers the dates from 1st April 2023 to 31st March 2024, corresponding to the fiscal year 2024. Company Direct contact: (+34) 91 426 86 86
	2-4	Restatements of information	-	No changes have been made in the indicators published in the previous year.
	2-5	External assurance	8. Annex	pp. 407, 408, 409, 410
	2-6	Activities, value chain and other business relationships	4.4.2 Internal Control Model 6. Social Value	pp. 276, 277, 342–359, 366, 367, 368, 369
	2-7	Employees	4.4.2 Internal Control Model 6.4 Employees	pp. 266, 267, 272, 273, 344–355 Castellana has no non-guaranteed hourly employees, no temporary contracts, and no part-time employees. All employees are located in Madrid. During FY24 there has been no significant fluctuation in the number of employees.
	2-8	Non-employee workers	-	The company has no workers who are employees under its control.
	2-9	Governance structure and composition	4. Responsible Corporate Governance 4.3 Governance structure	pp. 246–251, 264, 265, 266, 267
	2-10	Nomination and selection of the highest governance body	4.3.2. Selection of Directors	pp. 258, 259
	2-11	Chair of the highest governance body	4.3.2. Selection of Directors	pp. 258, 259 The current Chairman of the Board of Castellana Properties does not perform executive functions.
	2-12	Role of the highest governance body in overseeing the management of impacts	3.2 Beyond ESG Boundaries 4.3 Governance structure 4.4.3 Risk management	pp. 224, 225, 248, 249, 250, 251, 260–267, 280, 281
	2-13	Delegation of responsibility for managing impacts	4.3.1 Board of Directors 4.4.3 Risk management	pp. 250, 251, 280, 281
	2-14	Role of the highest governance body in sustainability reporting	3.2 Beyond ESG Boundaries 4.3.1 Board of Directors	pp. 224, 225, 280, 281
	2-15	Conflicts of interest	4.4.2 Internal Control Model	pp. 278, 279
	2-16	Communication of critical concerns	-	During FY24, there were no critical concerns reported to the highest governance body through the Whistleblower Channel.
	2-17	Collective knowledge of the highest governance body	4.3.1 Board of Directors	pp. 250, 251 In FY24, all Castellana Properties Board members received ESG training.
	2-18	Evaluation of the performance of the highest governance body	4.3.3 Assessment of the Board 4.3.4 Directors' remuneration	pp. 258, 259, 260, 261
	2-19	Remuneration policies	4.3.3 Assessment of the Board 4.3.4 Directors' remuneration	pp. 258, 259, 260, 261
	2-20	Process to determine remuneration	4.3.3 Assessment of the Board 4.3.4 Directors' remuneration	pp. 258, 259, 260, 261
	2-21	Ratio de compensación total anual	-	The company does not publish the pay gap due to the small size of the workforce, as any small variation may skew the data and not accurately reflect reality.
	2-22	Statement on sustainable development strategy	1. Letter from the CEO	pp. 196, 197, 198, 199
	2-23	Policy commitments	3.3 New lines of action and objectives 4.4.2 Internal Control Model 4.4.3 Risk management 5.2.1 Management instruments	pp. 230, 231, 276, 277, 280, 281, 290, 291
	2-24	Embedding policy commitments	4.4.2 Internal Control Model	pp. 270–283
	2-25	Processes to remediate negative impacts	4.4.2 Internal Control Model	pp. 270–283
	2-26	Mechanisms for seeking advice and raising concerns	4.4.2 Internal Control Model	pp. 272, 273
	2-27	Compliance with laws and regulations	-	During FY24, no significant instances of non-compliance with legislation and regulations have been reported.
	2-28	Associations memberships	-	Castellana Properties has signed a partnership with the Spanish Green Building Council during FY24
	2-29	Approach to stakeholder engagement	3.2 "Beyond ESG Boundaries" 6.2 Comunication	pp. 224, 225, 226, 227, 340, 341
	2-30	Collective bargaining agreements	-	100% of castellana employees are covered by collective bargaining agreements.
GRI 3: Material Topics 2021				
	3-1	Process to determine material topics	3.2 "Beyond ESG Boundaries"	pp. 224, 225, 226, 227
	3-2	List of material topics	3.2 "Beyond ESG Boundaries"	pp. 224, 225, 226, 227
	3-3	Management of material topics	-	Castellana Properties has prepared its FY25-FY27 ESG Strategic Plan based on the principles of its ESG Policy and considering the materiality analysis. The management of material issues is reflected throughout this ESG Report.
GRI 201: Economic Performance 2016				
	201-1	Direct economic value generated and distributed	6. Social Value	pp. 338, 339, 342, 343, 362–369, 376, 377, 378, 379 In addition to the data reported in this Annual Report, Castellana Properties publishes its audited consolidated financial statements: https://www.castellanaproperties.es/en/investors/financial-reporting/annual-accounts
	201-2	Financial implications and other risks and opportunities due to climate change	5.2.2.4 Climate risks	pp. 304, 305, 306, 307
	201-3	Defined benefit plan obligations and other retirement plans	-	Castellana Properties does not have a pension plan, and therefore it is not applicable to the Company.
	201-4	Financial assistance received from government	-	Castellana Properties has not received significant financial assistance from government entities.
GRI 203: Indirect Economic Impacts 2016				
	203-2	Significant indirect economic impacts	6. Social Value	pp. 338, 339, 342, 343, 362–369, 376, 377, 378, 379
GRI 204: Procurement Practices 2016				
	204-1	Proportion of spending on local suppliers	6.9 Comunidad local	pp. 366, 367, 368, 369
GRI 205: Anti-corruption 2016				
	205-1	Operations assessed for risks related to corruption	4.4.2 Internal Control Model 4.4.3 Risk management 4.4.4 Cybersecurity	pp. 272–277, 280, 281, 282, 283 Risks in general, including corruption risks, are assessed through the Company's Risk Management System.
	205-2	Communication and training about anti-corruption policies and procedures	4.4.2 Internal Control Model 6.2 Comunication	pp. 272, 273, 340, 341

Category	GRI Code	Description	Section in this ESG Report	Page or response
	205-3	Confirmed incidents of corruption and actions taken	-	No cases of corruption have been detected
GRI 206: Anti-competitive behavior 2016				
	206-1	Legal actions for anti-competitive behavior, anti trust, and monopoly practices	-	Castellana Properties has not received any claims for anti-competitive behavior.
GRI 207: Tax 2019				
	207-1	Approach to tax	-	All group entities, both Castellana Properties and its subsidiaries, are exclusively tax resident in Spain. The board of Castellana Properties is responsible for determining tax strategy, coordinating the direction of tax policy. Its execution is carried out by the finance department team. When specific issues arise or in relation to possible changes to the SOCIMI regime, external advisors are consulted and advise the Company on these matters, informing the Board of Directors of the most relevant issues that may be identified or arise.
	207-2	Tax governance, control, and risk management	4.4.2 Internal Control Model 4.4.3 Risk management	pp. 278, 279, 280, 281
	207-3	Stakeholder engagement and management of concerns related to tax	3.2 "Beyond ESG Boundaries" 4.4.2 Internal Control Model	pp. 224, 225, 272, 273, 276, 277, 278, 279 Through the whistleblower channel, accessible to all stakeholders, it is possible to raise concerns about tax matters.
	207-4	Country-by-country reporting	-	All group entities, both Castellana Properties and its subsidiaries, are tax residents exclusively in Spain. The consolidated financial statements are available on the website: https://www.castellanaproperties.es/en/investors/financial-reporting/annual-accounts
GRI 302: Energy 2016				
	302-1	Energy consumption within the organization	5.3 Energy and climate change 8. Annex	pp. 312–321, 388, 389
	302-2	Energy consumption outside of the organization	5.3 Energy and climate change 8. Annex	pp. 312–321, 388, 389
	G4-CRE1	Building energy intensity	5.3 Energy and climate change 8. Annex	pp. 312–317, 388, 389
	302-4	Reduction of energy consumption	5.3 Energy and climate change 8. Annex	pp. 312–317, 388, 389
GRI 303: Water and Effluents 2018				
	303-1	Interaction with Water as a Shared Resource	5.4 Natural resources 8. Annex	pp. 328, 329, 330, 331, 392, 393
	303-5	Water consumption	5.4 Natural resources 8. Annex	pp. 328, 329, 330, 331, 392, 393
	G4-CRE2	Building water intensity	5.4 Natural resources 8. Annex	pp. 328, 329, 330, 331, 392, 393
GRI 304: Biodiversity 2016				
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5.4.3 Biodiversity	334
	304-2	Significant impacts of activities, products and services on biodiversity	5.4.3 Biodiversity	334
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	5.4.3 Biodiversity	334

Category	GRI Code	Description	Section in this ESG Report	Page or response
GRI 305: Emissions 2016				
	305-1	Direct (Scope 1) GHG emissions	5.2.3 Measuring performance 5.3.3 Decarbonisation 8. Annex	pp. 310, 311, 312, 313, 320–327, 390, 391
	305-2	Energy indirect (Scope 2) GHG emissions	5.2.3 Measuring performance 5.3.3 Decarbonisation 8. Annex	pp. 310, 311, 312, 313, 320–327, 390, 391
	305-3	Other indirect (Scope 3) GHG emissions	5.2.3 Measuring performance 5.3.3 Decarbonisation 8. Annex	pp. 310, 311, 312, 313, 320–327, 390, 391
	G4-CRE3	Greenhouse gas emissions intensity from buildings	5.2.3 Measuring performance 5.3.3 Decarbonisation 8. Annex	pp. 310, 311, 312, 313, 320–327, 390, 391
	305-5	Reduction of GHG emissions	5.3 Energy and climate change 5.3.3 Decarbonisation 8. Annex	pp. 312–319, 324, 325, 326, 327, 390, 391
GRI 306: Waste 2020				
	306-1	Waste generation and significant waste-related impacts	5.4.2 Circular economy	pp. 330, 331, 332, 333
	306-2	Management of significant waste-related impacts	5.4.3 Circular economy 8. Annex	pp. 330, 331, 332, 333, 394, 395
	306-3	Waste generated	5.4.3 Circular economy 8. Annex	pp. 330, 331, 332, 333, 394, 395
	306-4	Waste diverted from disposal	5.4.3 Circular economy 8. Annex	pp. 330, 331, 332, 333, 394, 395
	306-5	Waste directed to disposal	5.4.3 Circular economy 8. Annex	pp. 330, 331, 332, 333, 394, 395
GRI 401: Employment 2016				
	401-1	New employee hires and employee turnover	6.4 Employees 8. Annex	pp. 344, 345, 352, 353, 396, 397
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.4 Employees	pp. 346–355 100% of employees have access to social benefits.
	401-3	Parental leave	-	There were no maternity leaves in FY24.
GRI 402: Labor/Management Relations 2016				
	402-1	Minimum notice periods regarding operational changes	-	The company gives two working weeks' notice of operational changes.
GRI 403: Occupational health and safety 2018				
	403-1	Occupational health and safety management system	6.4 Employees	pp. 354, 355
	403-2	Hazard identification, risk assessment, and incident investigation	4.3.8 Committees 4.4.2 Internal Control Model 6.4 Employees	pp. 266, 267, 272, 273, 344, 345, 354, 355 Through OHS training on their jobs, employees are trained to identify risks to their physical integrity. Likewise, the Code of Ethics includes the conditions and rights of workers regarding the conditions in which they must carry out their work and respect for them. Any incident is reported through the Whistleblowing Channel.
	403-3	Occupational health services	6.4 Employees	pp. 348, 349, 352, 353, 354, 355
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.4.2 Internal Control Model 6.4 Employees	pp. 272, 273, 348, 349, 352, 353, 354, 355

Category	GRI Code	Description	Section in this ESG Report	Page or response
	403-5	Worker training on occupational health and safety	6.4 Employees	pp. 352, 353 100% of employees received on-the-job training in occupational risk prevention during FY24.
	403-6	Promotion of worker health	6.4 Employees	pp. 344–353
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.5 Operators 6.6 Customers	pp. 356–361
	403-9	Work-related injuries	6.4 Employees 8. Annex	pp. 354, 355, 396, 397
	403-10	Work-related ill health	6.4 Employees 8. Annex	pp. 354, 355, 396, 397
GRI 404: Training and education 2016				
	404-1	Average hours of training per year per employee	6.4 Employees 8. Annex	pp. 352, 353, 396, 397
	404-2	Programs for upgrading employee skills and transition assistance programs	6.4 Employees	pp. 346–353
	404-3	Percentage of employees receiving regular performance and career development reviews	6.4 Employees 8. Annex	pp. 354, 355, 396, 397
GRI 405: Diversity and equal opportunity 2016				
	405-1	Diversity of governance bodies and employees	4.3 Governance structure 5.4 Employees	pp. 246–251, 352, 353
	405-2	Ratio between basic salary and remuneration of women and men	-	The company does not publish the gender pay gap due to the small size of the workforce, as any small variation may skew the data and not accurately reflect reality.
GRI 406: Non-discrimination 2016				
	406-1	Incidents of discrimination and corrective actions taken	-	During FY24 no cases of discrimination have been reported through the Whistleblower Channel.
GRI 411: Rights of indigenous peoples 2016				
	411-1	Incidents of violations involving rights of indigenous peoples	-	No cases of violations of the rights of indigenous peoples have been reported in FY24.
GRI 413: Local communities 2016				
	413-1	Operations with local community engagement, impact assessments, and development programs	6.6 Customers 6.9 Local Community	pp. 362–377 In 100% of the portfolio's assets, actions are carried out with the community.
	413-2	Operations with significant actual and potential negative impacts on local communities	6.9 Local Community	pp. 366–379 During FY24, no complaints were received from the community regarding social and/or environmental issues in the assets.
GRI 415: Public Policy 2016				
	415-1	Political contributions	4.4.2 Internal Control Mode	pp. 278, 279 Castellana Properties does not make monetary or non-monetary contributions to political parties.
GRI 416: Customer health and safety 2016				
	416-1	Assessment of the health and safety impacts of product and service categories	6.6 Customers	pp. 358, 359, 360, 361
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	6.6 Customers	pp. 358, 359, 360, 361 During FY24 no incidents arising from non-compliance with health and safety regulations were detected.

Category	GRI Code	Description	Section in this ESG Report	Page or response
GRI 417: Marketing and labeling 2016				
	417-3	Incidents of non-compliance concerning marketing communications	-	During FY24 there were no breaches related to marketing communications.
	G4-CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	5.2 Performance	pp. 292–297, 302, 303
GRI 418: Customer privacy 2016				
	418-1	Substantiated complaints regarding violations of customer privacy and loss of customer data	-	Castellana Properties has not received any claims for breach of privacy or leakage of customer data.
GRI 419: Socioeconomic compliance 2016				
	419-1	Non-compliance with laws and regulations in the social and economic area	-	Castellana Properties has not received any fines or sanctions.

8.3 Annex III. Third Party Assurance

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**Castellana Properties SOCIMI, S.A.
and its Dependent Companies**

**Independent Audit Report
on the ESG Annual Report for the financial
year ended 31 March 2024**

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independent firms

"This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation or information, views opinions, the original language version of our report takes precedence over this translation"

INDEPENDENT AUDIT REPORT ON THE ESG ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024, CARRIED OUT BY AN AUDITING FIRM OUTSIDE CASTELLANA PROPERTIES SOCIMI, S.A. AND ITS DEPENDENT COMPANIES

To the Management of Castellana Properties SOCIMI, S.A.

Further to our letter of engagement, we have conducted an audit on the information contained in the ESG Annual Report FY 24 (hereinafter, the "Report") for Castellana Properties SOCIMI, S.A. (hereinafter, the "Company") and its dependent companies (hereinafter, the "Group"), for the financial year ended 31 March 2024.

The Management's responsibility

The Company's Management is responsible for the preparation, content and presentation of the Report, which has been drawn up according to selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), GRESB (Global Real Estate Sustainability Benchmark) criteria and "Best Practices Recommendations. Guidelines" issued by EPRA (European Public Real Estate Association).

This responsibility also covers establishing the controls deemed necessary by the Management to ensure that the Report is free of any material inaccuracy due to fraud or error.

The Company's Management is also responsible for defining, implementing, adapting and maintaining the management systems used to obtain the necessary information to draw up the Report.

Our independence and quality control

We have complied with the requirements of independence and other ethics requirements set out in the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA) which is based on the fundamental principles of professional integrity, objectivity, competence and diligence, confidentiality and professional conduct.

Our firm applies International Standard on Quality Management (ISQM) 1 and, as a result maintains an overall quality control system that includes policies and procedures on compliance with the requirements of ethics, professional rules and applicable legal and regulatory provisions.

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The working team was formed of professionals who are experts in reviewing information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent verification report of limited certainty based on the work carried out. We have performed our work in accordance with the requirements established in the current Revised International Standard on Assurance Engagements 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

In a limited certainty engagement, the procedures carried out vary in terms of their nature and the time they are executed, and have a more limited scope, that those carried out in a reasonable certainty engagement and, as such, the certainty obtained is substantially less.

Our work has consisted of the submission of questions to Management, as well as to the different units of the Group that participated in the preparation of the Report, of the review of the processes for gathering and validating the information presented in the Report and in the application of certain analytical procedures and sample review tests described below:

- Meeting with the personnel of the Company to ascertain the business model, the management policies and approaches applied, the main risks related to these issues and obtain the information necessary for the external review of the Report.
- Analysis of the processes used to gather and validate the data presented in the Report for the financial year ended 31 March 2024.
- Analysis of the scope, relevance and integrity of the contents included in the Report for the financial year ended 31 March 2024, based on the materiality analysis carried out by the Group's Management and described in Chapter 3.2 "Beyond ESG Boundaries".
- Review of the information related to the risks, policies and management approaches applied with respect to the material aspects presented in the Report for the financial year ended 31 March 2024.
- Analysis of the processes used for quantitative data collection and internal control, reflected in the Report, regarding the reliability of information, using analytical procedures and sampling-based review tests. This review has also included data on energy consumption, the carbon print, water and waste, documented in the Report under Chapter 5 "Sustainable Portfolio", after verifying that consumption data match GRESB-declared assets. The scope of this audit covered the indicators described below related to property assets for the reported period between 1 April 2023 and 31 March 2024:

  - Electricity Consumption (kWh)
  - District Heating (kWh)
  - Fuels Consumption (kWh)
  - Water Consumption (m^3)
  - Greenhouse Gas (GHG) Emissions (tCO2e) - Scope 1 and Scope 2 (location based)
  - Waste (tonnes)

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Intensity Calculations:

- Energy (kWh/m^2)
- GHG (kgCO2e/m^2) - Scope 1 and Scope 2 (location based)
- Water (m^3/m^2)

- Contrasting the financial data reflected in the Report against the information included in the Group's consolidated annual accounts, audited by an external party.

Conclusions

Based on the procedures completed in our audit and the evidence obtained, no issue whatsoever has been disclosed to suggest that the Report of Castellana Properties SOCIMI, S.A. and its dependent companies, for the financial year ended 31 March 2024, was not prepared, in all material respects, following selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), EPRA (European Public Real Estate Association) standards and GRESB (Global Real Estate Sustainability Benchmark) standards, described according to what is indicated for each topic in the tables included in Chapter 8 "Annex" of such Report.

Use and distribution

Our Report is addressed to the Company's Management only, in accordance with the terms of our letter of engagement, which is why it may not be adequate for other purposes and jurisdictions.

AUREN AUDITORES SP, S.L.P.

Patricia Blázquez Sevillano

June 17, 2024

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SA REIT BEST PRACTICE RECOMMENDATION RATIOS AND SHAREHOLDER INFORMATION

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We are committed to providing transparent financial reporting in accordance with Best Practice Recommendations (BPR) of the South African Real Estate Investment Trust Association (SA REIT). By aligning with this accepted reporting standard, Vukile contributes to the sector's consistent and comparable reporting of key metrics.

SA REIT best practice recommendation ratios

for the year ended 31 March 2024

SA REIT FUNDS FROM OPERATIONS (SA REIT FFO)

	31 March 2024 Rm	31 March 2023 Rm
Profit per IFRS statement of comprehensive income attributable to the parent	**1 587**	1 932
Adjusted for:		
Accounting/specific:		
Fair value adjustments to:	**208**	(590)
Investment property	**(229)**	(567)
Debt and equity instruments held at fair value through profit or loss	**(42)**	72
Depreciation and amortisation of intangible assets	**9**	3
Asset impairments (excluding goodwill) and reversal of impairment	**5**	2
Deferred tax movement recognised in profit or loss	**23**	28
Straight-lining operating lease adjustment	**34**	(58)
Adjustments to dividends from equity interests held	**408**	(70)
Adjustments arising from investing:		
Gains or losses on disposal of:	**(11)**	19
Investment property and property, plant and equipment	**(11)**	6
Subsidiaries and equity-accounted entities held	**—**	13
Foreign exchange and hedging items:	**(154)**	47
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**7**	36
Adjustments to amounts recognised in profit or loss relating to derivative financial instruments	**(161)**	11
Other adjustments:	**83**	11
Adjustments made for equity-accounted entities	**(11)**	(5)
Non-controlling interests in respect of the above adjustments	**9**	16
Antecedent income	**85**	—
SA REIT FFO	**1 713**	1 419
Number of shares outstanding (net of treasury shares)	**1 104 719 779**	980 226 628
SA REIT FFO cents per share	**155.06**	144.76
Company-specific adjustments	**(9)**	(3)
Depreciation	**(9)**	(3)
FFO	**1 704**	1 416
FFO per share (cents)	**154.20**	144.46

SA REIT NAV

	31 March 2024 Rm	31 March 2023 Rm
Reported NAV attributable to the parent	**23 803**	20 077
Adjustments:		
Dividend declared[i]	**(797)**	(675)
Fair value of derivative financial instruments	**(26)**	(70)
Goodwill and intangible assets	**(4)**	(3)
SA REIT NAV	**22 976**	19 329
Shares outstanding		
Number of shares in issue (net of treasury shares)	**1 104 719 779**	980 226 628
SA REIT NAV per share	**20.80**	19.72

[i] *The SA REIT NAV is reduced by the final dividend declared for FY24.*

SA REIT COST-TO-INCOME RATIO

South Africa portfolio	31 March 2024 Rm	31 March 2023 Rm
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	**884**	849
Administrative expenses per IFRS income statement	**193**	168
Excluding:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	**(3)**	(3)
Operating costs	**1 074**	1 014
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**1 570**	1 532
Utility and operating recoveries per IFRS income statement	**631**	597
Gross rental income	**2 201**	2 129
SA REIT cost-to-income ratio (%)	**48.8**	47.6

SA REIT best practice recommendation ratios continued

for the year ended 31 March 2024

SA REIT COST-TO-INCOME RATIO continued

Spain portfolio	31 March 2024 Rm	31 March 2023 Rm
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	**478**	424
Administrative expenses per IFRS income statement	**216**	162
Excluding:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	**(5)**	—
Operating costs	**689**	586
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**1 492**	1 185
Utility and operating recoveries per IFRS income statement	**324**	280
Gross rental income	**1 816**	1 465
SA REIT cost-to-income ratio (%)	**37.9**	40.0

SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO

South Africa portfolio	31 March 2024 Rm	31 March 2023 Rm
Administrative costs		
Administrative expenses as per IFRS income statement	**193**	168
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**1 570**	1 532
Utility and operating recoveries per IFRS income statement	**631**	597
Gross rental income	**2 201**	2 129
SA REIT administrative cost-to-income ratio (%)	**8.8**	7.9

Spain portfolio	31 March 2024 Rm	31 March 2023 Rm
Administrative costs		
Administrative expenses as per IFRS income statement	**216**	162
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**1 492**	1 185
Utility and operating recoveries per IFRS income statement	**324**	280
Gross rental income	**1 816**	1 465
SA REIT administrative cost-to-income ratio (%)	**11.9**	11.1

SA REIT GLA VACANCY

South Africa portfolio	31 March 2024	31 March 2023
GLA of vacant space (m^2)	**21 042**	21 285
GLA of total property portfolio (m^2)	**789 798**	807 046
SA REIT GLA vacancy rate (%)	**2.7**	2.6

Spain portfolio	31 March 2024	31 March 2023
GLA of vacant space (m^2)	**3 769**	4 452
GLA of total property portfolio (m^2)	**336 427**	350 925
SA REIT GLA vacancy rate (%)	**1.1**	1.3

SA REIT COST OF DEBT

31 March 2024	ZAR %	EUR %
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	**9.9**	**3.6**
Fixed interest rate borrowings		
Weighted average fixed rate	**—**	**1.2**
Pre-adjusted weighted average cost of debt	**9.9**	**4.8**
Adjustments:		
Impact of interest rate derivatives	**(1.3)**	**(0.3)**
Amortised transaction costs imputed into the effective interest rate	**0.1**	**0.2**
SA REIT all-in weighted average cost of debt	**8.7**	**4.7**

31 March 2023	ZAR %	EUR %
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	9.7	0.4
Fixed interest rate borrowings		
Weighted average fixed rate	—	2.0
Pre-adjusted weighted average cost of debt	9.7	2.4
Adjustments:		
Impact of interest rate derivatives	(0.5)	—
Amortised transaction costs imputed into the effective interest rate	0.1	0.1
SA REIT all-in weighted average cost of debt	9.3	2.5

SA REIT best practice recommendation ratios continued

for the year ended 31 March 2024

SA REIT LTV

	31 March 2024 Rm	31 March 2023 Rm
Gross debt	**18 855**	17 197
Less:		
Cash and cash equivalents	**(2 352)**	(1 387)
Cash and cash equivalents balance sheet	**(2 353)**	(1 387)
Less restricted cash	**1**	—
Less:		
Net derivative financial instruments asset	**(25)**	(70)
Forward exchange contracts	**(1)**	(32)
Interest rate swaps	**(24)**	(38)
Net debt	**16 478**	15 740
Total assets – per statement of financial position	**44 237**	40 076
Less:		
Cash and cash equivalents	**(2 353)**	(1 387)
Tenant deposits	**(139)**	(144)
Derivative financial assets:	**(117)**	(166)
Forward exchange contracts	**(82)**	(121)
Interest rate swaps	**(35)**	(45)
Goodwill and intangible assets	**(4)**	(3)
Trade and other receivables	**(301)**	(515)
Carrying amount of property-related assets	**41 323**	37 861
SA REIT LTV %	**39.9**	41.6

Shareholders' analysis

for the year ended 31 March 2024

Shareholders' analysis of ordinary shareholders as at 31 March 2024

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000 shares	**10 259**	**59.2**	**969 003**	**0.1**
1 001 – 10 000 shares	**4 739**	**27.4**	**19 472 214**	**1.7**
10 001 – 100 000 shares	**1 710**	**9.9**	**49 541 497**	**4.5**
100 001 – 1 000 000 shares	**439**	**2.5**	**141 939 903**	**12.9**
Over 1 000 000 shares	**173**	**1.0**	**892 797 162**	**80.8**
Total	**17 320**	**100**	**1 104 719 779**	**100**
Distribution of shareholders[i]				
Assurance companies	**74**	**0.44**	**20 152 679**	**1.83**
Close corporations	**72**	**0.42**	**3 250 041**	**0.29**
Collective investment schemes	**410**	**2.37**	**370 030 391**	**33.50**
Custodians	**19**	**0.11**	**2 749 708**	**0.25**
Foundations and charitable funds	**115**	**0.66**	**10 625 387**	**0.96**
Hedge funds	**7**	**0.04**	**9 261 357**	**0.84**
Insurance companies	**5**	**0.03**	**153 354**	**0.01**
Investment partnerships	**32**	**0.18**	**485 340**	**0.04**
Managed funds	**39**	**0.23**	**17 785 784**	**1.61**
Medical aid funds	**25**	**0.14**	**10 796 867**	**0.98**
Organs of state	**9**	**0.05**	**227 669 671**	**20.61**
Private companies	**276**	**1.59**	**80 025 246**	**7.24**
Public companies	**28**	**0.16**	**12 359 220**	**1.12**
Public entities	**5**	**0.03**	**1 204 635**	**0.11**
Retail shareholders	**13 604**	**78.55**	**52 264 508**	**4.73**
Retirement benefit funds	**1 620**	**9.35**	**216 641 243**	**19.61**
Scrip lending	**12**	**0.07**	**27 687 641**	**2.51**
Sovereign funds	**2**	**0.01**	**7 559 249**	**0.68**
Stockbrokers and nominees	**23**	**0.13**	**7 830 778**	**0.71**
Trusts	**943**	**5.44**	**26 186 680**	**2.37**
Total	**17 320**	**100.00**	**1 104 719 779**	**100.00**

[i] *Pursuant to the provisions of section 56 of the Companies Act, 2008, disclosures from foreign nominee companies have been included in this analysis.*

Shareholder type				
Non-public shareholders	**6**	**0.03**	**9 715 413**	**0.88**
Directors and associates	**6**	**0.03**	**9 715 413**	**0.88**
Public shareholders	**17 314**	**99.97**	**1 095 004 366**	**99.12**
Total	**17 320**	**100.00**	**1 104 719 779**	**100.00**

Shareholders' analysis continued

for the year ended 31 March 2024

Shareholders' analysis of ordinary shareholders as at 31 March 2024 continued

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Public Investment Corporation	**182 703 488**	**16.54**
Catalyst Fund Managers	**76 913 862**	**6.96**
Sesfikile Capital	**59 516 693**	**5.39**
Meago Asset Management	**58 388 876**	**5.29**
Old Mutual Investment Group	**42 560 717**	**3.85**
Vanguard Investment Management	**36 855 676**	**3.34**
Sanlam Investment Management	**36 153 013**	**3.27**
Truffle Asset Management	**34 094 159**	**3.09**
Total	**527 186 484**	**47.73**

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Government Employees Pension Fund	**210 516 470**	**19.06**
Sanlam Group	**58 279 482**	**5.28**
Eskom Pension and Provident Fund	**54 189 983**	**4.91**
Encha Properties Equity Investments	**52 881 466**	**4.79**
Vanguard	**36 855 676**	**3.34**
Old Mutual Group	**34 359 277**	**3.11**
Stanlib	**33 911 894**	**3.07**
Total	**480 994 248**	**43.56**

	Number of shareholdings
Total number of shareholdings	**17 320**
Total number of shares in issue	**1 104 719 779**
Share price performance	
Opening price 1 April 2023	**R12.49**
Closing price 31 March 2024	**R15.18**
Closing high for the year	**R15.55**
Closing low for the year	**R11.85**
Number of shares in issue	**1 104 719 779**
Volume traded during year	**468 207 297**
Ratio of volume traded to shares issued (%)	**42.38**
Rand value traded during the year	**R6 352 592 683**
Market capitalisation at 31 March 2024	**R16 769 646 245**

Shareholders' diary

for the year ended 31 March 2024

Financial year-end	31 March 2024
Publication of audited consolidated financial statements	5 June 2024
Interim period end	30 September 2024
AGM	2 September 2024

Corporate information

DIRECTORS

Nigel Payne[(e)(i)]	Chairperson, independent non-executive director	[(e)] Member of social, ethics and human resources committee. [(i)] Chairperson of nominations committee.
Laurence Rapp[(a)(g)]	Chief Executive Officer	[(a)] Executive. [(g)] Member of property and investment committee.
Laurence Cohen[(a)(4)]	Chief Financial Officer	[(a)] Executive.
Lizelle Pottas[(1)(a)]	FD	[(a)] Executive.
Itumeleng Mothibeli[(a)(g)]	MD: SA	[(a)] Executive. [(g)] Member of property and investment committee.
Sedise Moseneke[(g)]	Non-executive director	[(g)] Member of property and investment committee.
Steve Booysen[(d)(g)(i)]	Independent non-executive director	[(d)] Chairperson of social, ethics and human resources committee. [(g)] Chairperson of property and investment committee. [(i)] Member of nominations committee.
Renosi Mokate[(b)(e)(i)]	Independent non-executive director (lead)	[(b)] Chairperson of ARC. [(e)] Member of social, ethics and human resources committee. [(i)] Member of nominations committee.
Tshidi Mokgabudi[(c)]	Independent non-executive director	[(c)] Member of ARC.
Hatla Ntene[(g)]	Independent non-executive director	[(g)] Member of property and investment committee.
Jon Zehner[(2)(g)]	Independent non-executive director	[(g)] Member of property and investment committee.
James Formby[(2)(c)(e)]	Independent non-executive director	[(c)] Member of ARC. [(e)] Member of social, ethics and human resources committee.
NP Dongwana[(3)(c)]	Independent non-executive director	[(c)] Member of ARC.
BM Kodisang[(g)]	Non-executive director	[(g)] Member of property and investment committee.

[(1)] *Appointed 2 January 2024.*
[(2)] *Appointed 22 September 2023.*
[(3)] *Appointed 1 April 2024.*
[(4)] *Stepped down as executive director effective 31 March 2024.*

GROUP SECRETARY AND REGISTERED OFFICE

Johann Neethling	4th Floor, 11 9th Street, Houghton Estate, 2198	PO Box 522779, Saxonwold, 2132

SPONSOR SOUTH AFRICA

Java Capital	6th Floor, 1 Park Lane, Wierda Valley, Sandton, 2196	PO Box 522606, Saxonwold, 2132

LISTING INFORMATION SOUTH AFRICA

Vukile was listed on the JSE Limited on 24 June 2004 and on the Namibian Stock Exchange on 11 July 2007.

JSE code: VKE	NSX code: VKN	ISIN: ZAE000180865	Sector: Financial – retail REITs

TRANSFER SECRETARIES

JSE Investor Services (Pty) Ltd	13th Floor, 19 Ameshoff Street, Braamfontein, 2001	PO Box 4844, Johannesburg, 2000

AUDITORS

PwC	Waterfall City, 4 Lisbon Lane, Jukskei View, Midrand, 2090	Telephone +27 11 797 4000

INVESTOR RELATIONS

Marijke Coetzee Director – Marketing and Communications	4th Floor, 11 9th Street, Houghton Estate, 2198	PO Box 522779, Saxonwold, 2132 investorenquiries@vukile.co.za

MEDIA AND PUBLIC RELATIONS

Marijke Coetzee Director – Marketing and Communications and Anne Lovell	4th Floor, 11 9th Street, Houghton Estate, 2198	Telephone +27 11 288 000, +27 83 651 7777 anne@dmix.co.za