

*Welcome to our neighbourhood*

# V&A Waterfront: Investor Showcase

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November 2022





## HIGHLIGHTS

1

Distributable income increased by **R202m** (FY21: R94m) up **55.3%** on prior year

Lfl distributable income increased to **R619m** (FY21: R573m), up **8.0%** on prior year

Net property income is **52.0%** higher for the period, largely due to a **66.2%** reduction in COVID-19 relief, improved retail sales and successful rates appeal. Lfl NPI is **6.3%** higher than the prior year.

**R61m** of COVID-19 discounts granted, provisions and write-offs vs. **R200m** in FY21. Collections for the 12 months were **93.2%** on average and are currently at c. **95.1%** of monthly billings

Vacancies of **1.6%** vs. **3.0%** at FY21

Renewal growth of **-10.0%** vs. **-5.2%** at FY21

**33.1%** total expense ratio vs. **46.6%** FY21

Property values increased by **R237m** or **3%** for FY22

Visitor numbers for a rolling 12-month period ending 30 June 2022 increased by **32.3%** and are currently **20%** down pre-pandemic levels. International visitor arrivals at CTIA have already recovered to **75%** of pre-pandemic levels





# RETAIL

2



## Vacancies

**0.8%**

FY21: 2.5%

- Strong demand for Retail space with vacancy levels lower than market



## Renewals

Success rate

**75.9%**

FY 21: 91%

- 5 879m<sup>2</sup> renewed at a negative reversion rate.

Renewal growth

**(9.8%)**

FY21: (2.6%)

- Underpinned by rebasing of rentals to align to normalized levels.



## Arrears

Arrears

**R22.3m**

FY21: 47.2m

- Significant decline in arrears



## Escalations

In-force

**7.2%**

FY21: 5.5%

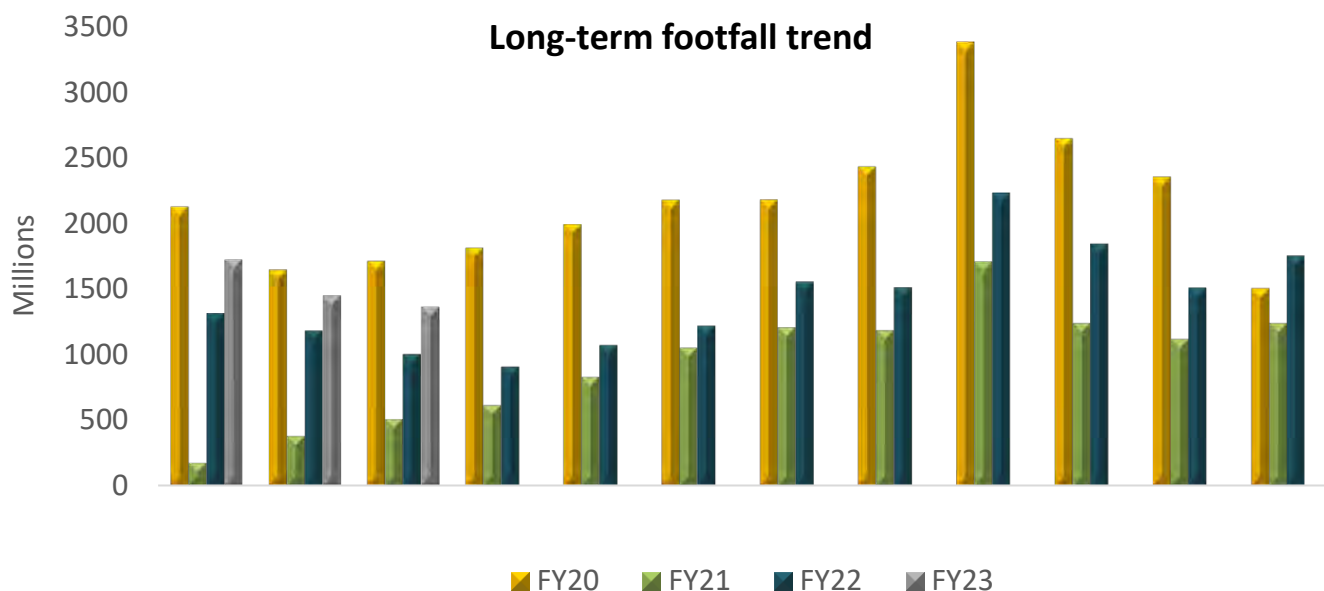
On renewal

**6.2%**

FY21: 6.6%

- Recovery in escalations to contractual levels, following zero increases over the covid lockdown period to retail tenants impacted by tourism





## Trading density growth

**26.6%**

FY21: 5.9%

- Significant recovery in retail sales in the last quarter (14% monthly increase vs. last normal)
- Majority of tenants are trading at or above pre-COVID-19 levels other than tourist dependent tenants
- Trading density remains significantly higher than the basket of other super regionals (as per MSCI index)

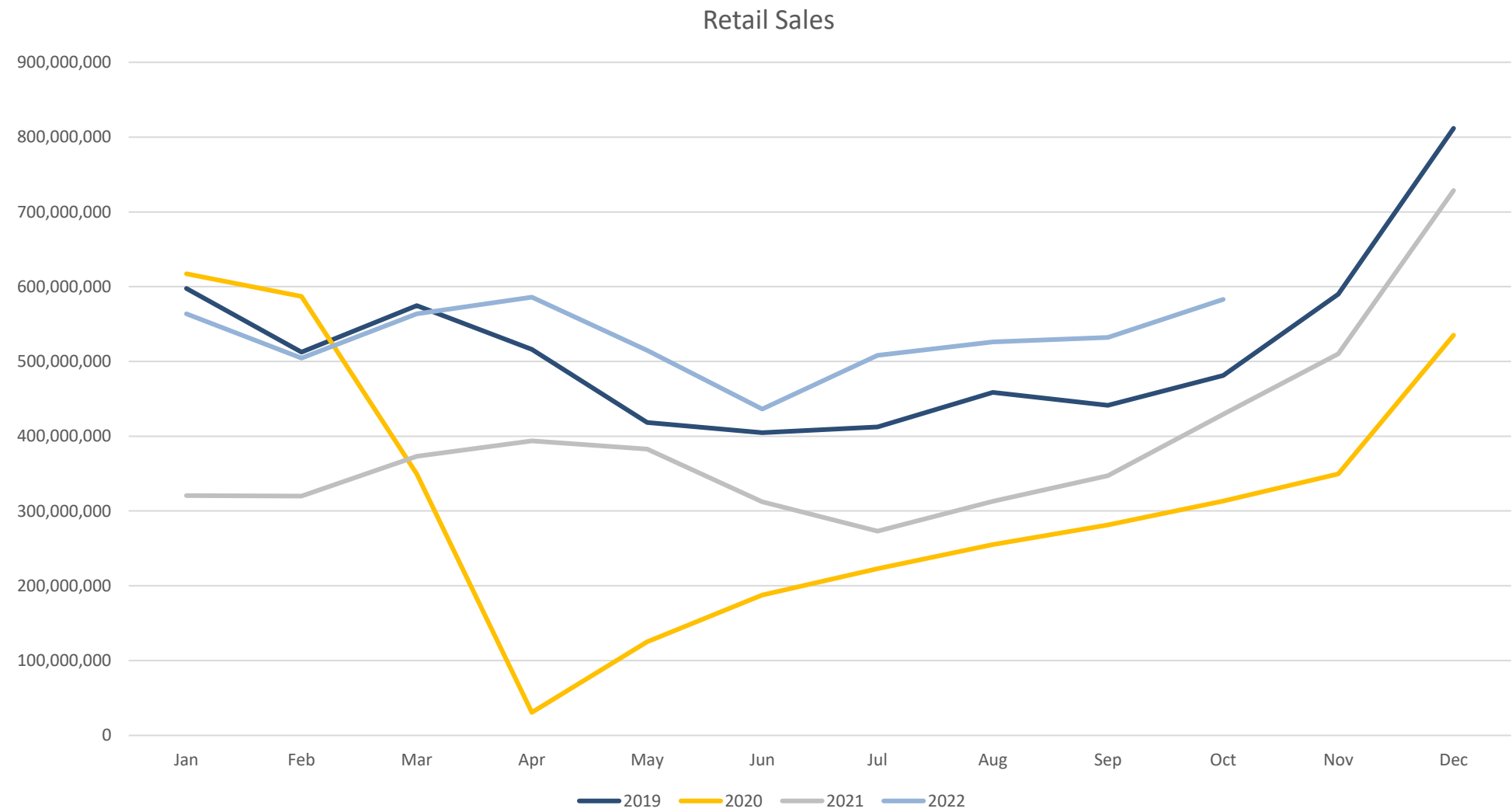


## Portfolio repositioning

- Significant recovery in retail sales in the last quarter (14% monthly increase vs. last normal)
- Majority of tenants are trading at or above pre-COVID-19 levels other than tourist dependent tenants
- Trading density remains significantly higher than the basket of other super regionals (as per MSCI index)



# RETAIL SALES

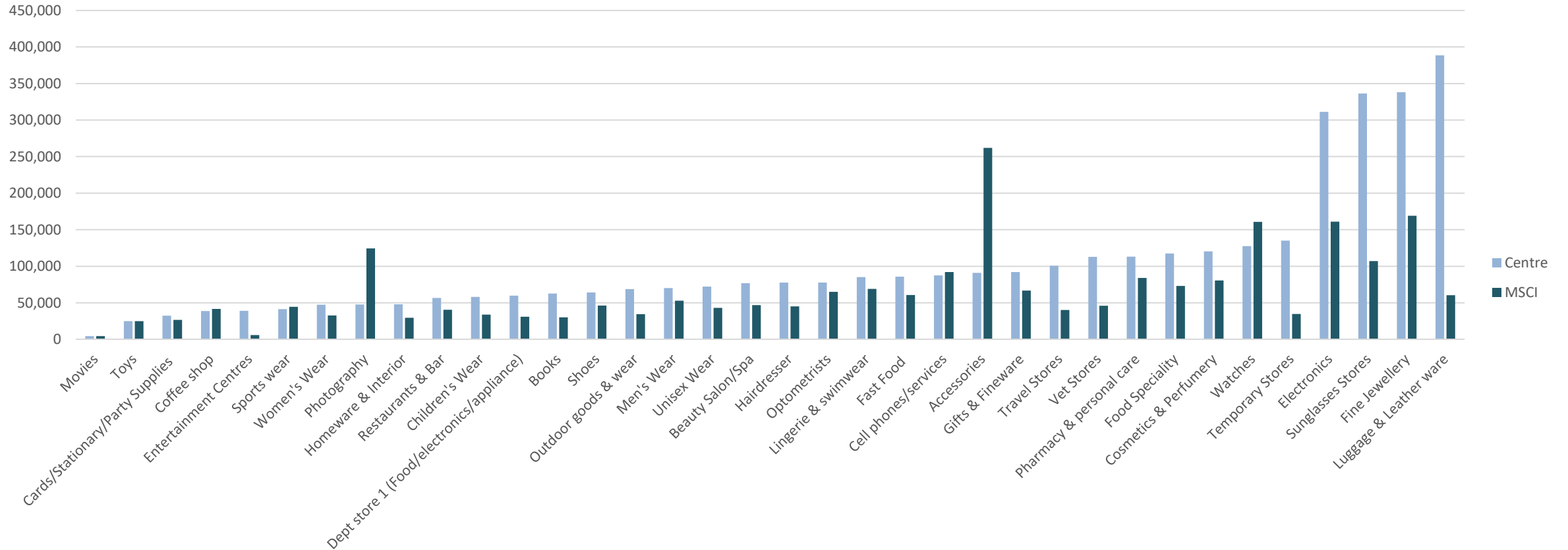




# EVEN IN CURRENT ENVIRONMENT OUR TRADING DENSITY REMAINS WELL AHEAD OF PEERS

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## MSCI Annual Trading Density Comparison to Super Regionals - June 2022

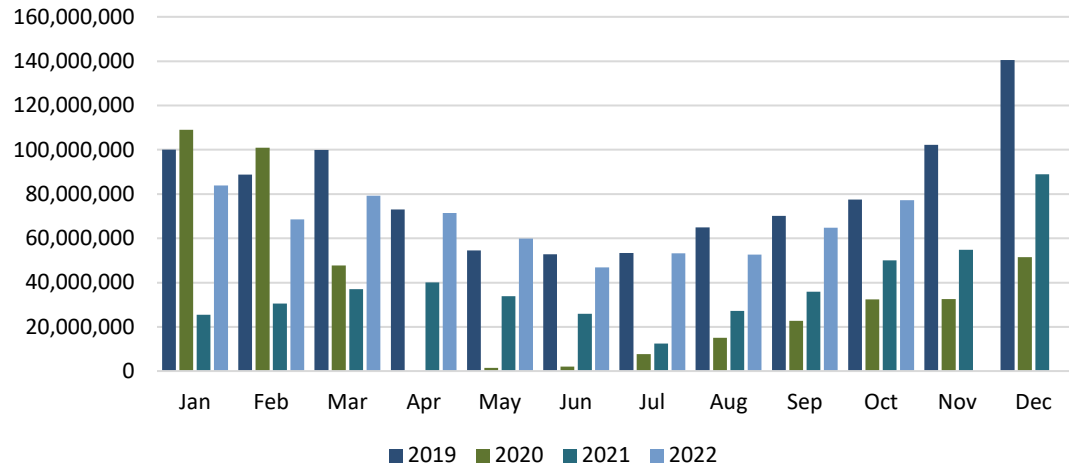




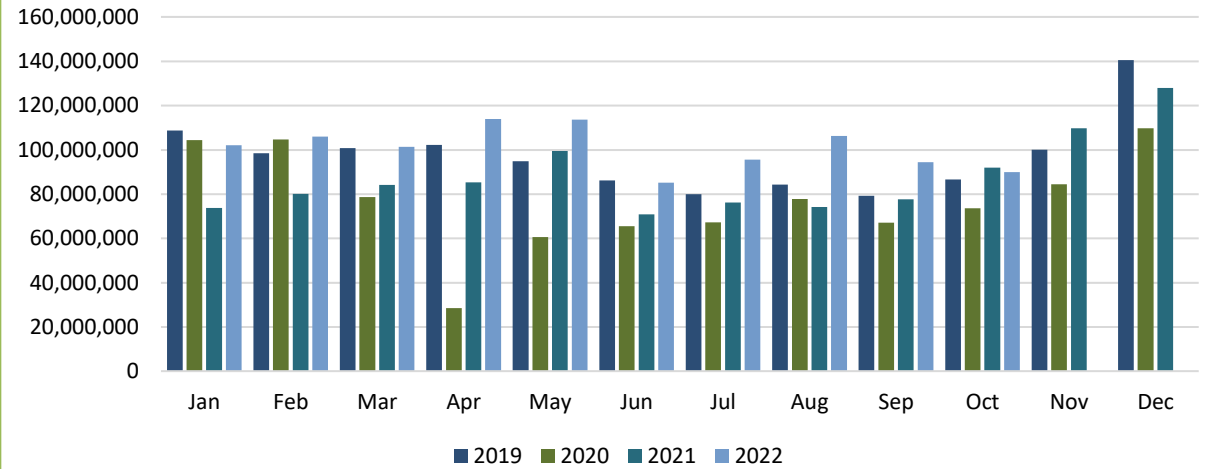
# RECOVERY HAS BEEN RAPID, WITH A TRAILING RECOVERY FOR RETAILERS MORE DEPENDENT ON INTERNATIONAL TOURISM

6

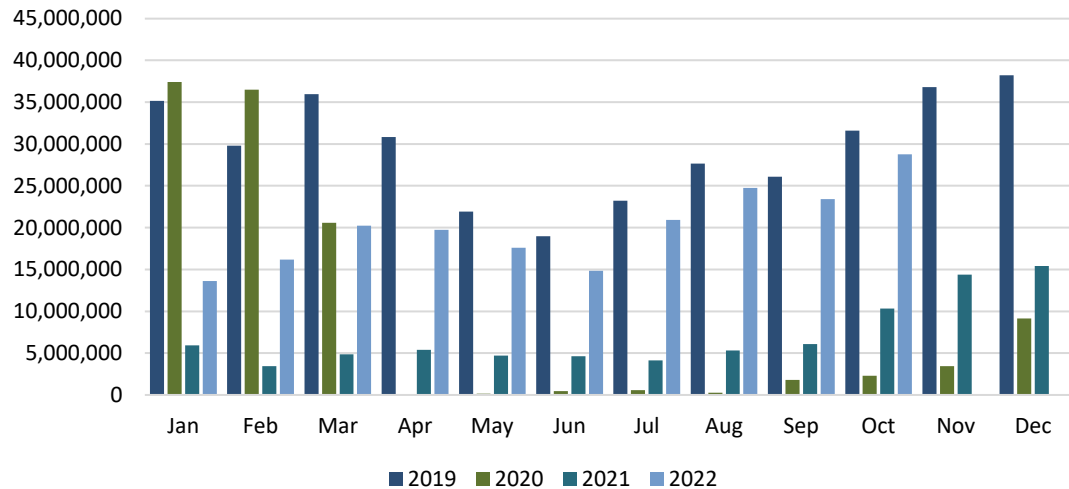
## Restaurants



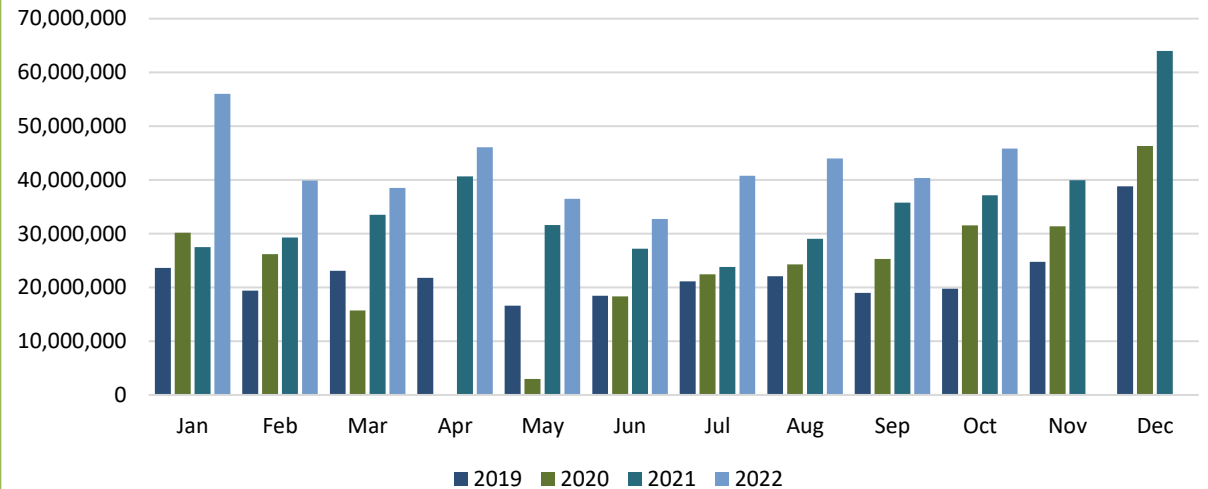
## Department Stores



## Watershed & Curious



## International Luxury





# OFFICE

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## Vacancies

**1.8%**

FY21: 3.4%

- Approximately 60% of the portfolio is let to blue-chip office tenants
- There has been an increase in tenants requesting additional space as a result of growth in their sectors



## Renewals

Success rate

**75.7%**

FY 21: 84.5%

Renewal growth  
**(11.1%)**

FY21: (17.5%)

- 2,111m<sup>2</sup> renewed at a negative reversion rate albeit an improvement in the prior year



## Arrears

Arrears

**R11.8m**

FY21: 12.0m

- Marginal improvement in arrears



## Escalations

In-force

**7.7%**

FY21: 7.1%

On renewal

**7.2%**

FY21: 7.4%

- There has been a steady increase in in-force escalations







## Cruise

**1.8%**

FY21: 3.4%

- The casual berthing of superyachts and yacht building industry performed exceptionally well, with a 32% increase in net property income compared to the prior year
- The cruise terminal was closed to cruise liners for most of the year and the season has reopened in October 2022



## Developments

- Approx. 2 285m<sup>2</sup> Astron Energy service station expected to be completed by December 2022
- Commenced with the construction conversion of the helipad to heliport at East pier





## Hotel Occupancies

**45%**

FY21: 21%

- Recovery in tourism and in events is contributing towards improved hotel occupancies
- Hotel occupancies in (FY22) were at 65% of last normal levels (FY20).



## Residential Vacancies

**17.8%**

FY 21: 36.3%

- Digital Nomads new way of work contributing to strong H2 performance
- Vacancies in residential units have reduced from 36% in June 2021 to 18% in June 2022



## RevPar

- The average room revenue for V&A hotels traded at 63% of last normal levels (FY20).
- V&A Hotels traded at an RGI premium (Revenue Generating Index) of 144 (44%) compared to 3 - 5\* hotels in the Cape Town market







- It has been a year of two halves for the V&A:
  - From July to December 2021, it remained particularly hard hit because there was virtually no international tourism
  - However, there has been a rapid recovery since January 2022, with international tourism increasing every month
- International visitor arrivals at Cape Town International Airport are expected to exceed pre-pandemic levels within this calendar year and it is currently at an average of 79% for the 9 months to September 2022
- All major sectors are enjoying low vacancies and strong demand
- The V&A has rebounded faster than anticipated and, barring any unexpected events, EBIT for FY23 will be close to the last 'normal' year



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# DEVELOPMENTS



- 14 Dock Road is a new 10,000m<sup>2</sup> 5-star green building under construction
- Anchored by Investec Bank on schedule for completion in October 2023
- New super basement with 406 bays
- Investec contracted for an additional floor with 1 floor remaining to let on completion

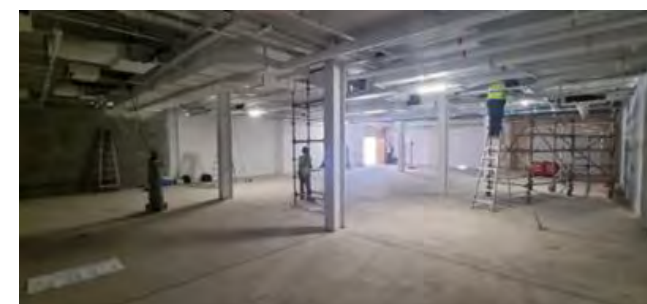


- Located in Canal District
- Replacement to the Caltex service station with new brand Astron
- Due to reopen in December 2022





- Redevelopment of retail space beneath the Victoria and Alfred Hotel
- Entailed extensive reworking of façade and new entrance to the V&A Hotel
- Consists of new retail premises and new Coco SaFar restaurant of approximately 1000m<sup>2</sup>
- Due for completion in December 2022





- New “Union Square” in front of the Union Castle Building former location of the wheel, to open in December 2022
- New “ Alfred Square” and Arrival Plaza between UCB V&A Hotel to be complete in December 2022
- Upgrades to Dock Road to accommodate e-hailing, taxis completed in early 2023





- Located in East Pier Precinct
- New terminal and operating deck building under construction
- Incorporates retail outlet and 4x4 track for INEOS
- Full CAA approval obtained
- 3x existing operators working from temporary premises
- Due for completion in March 2023

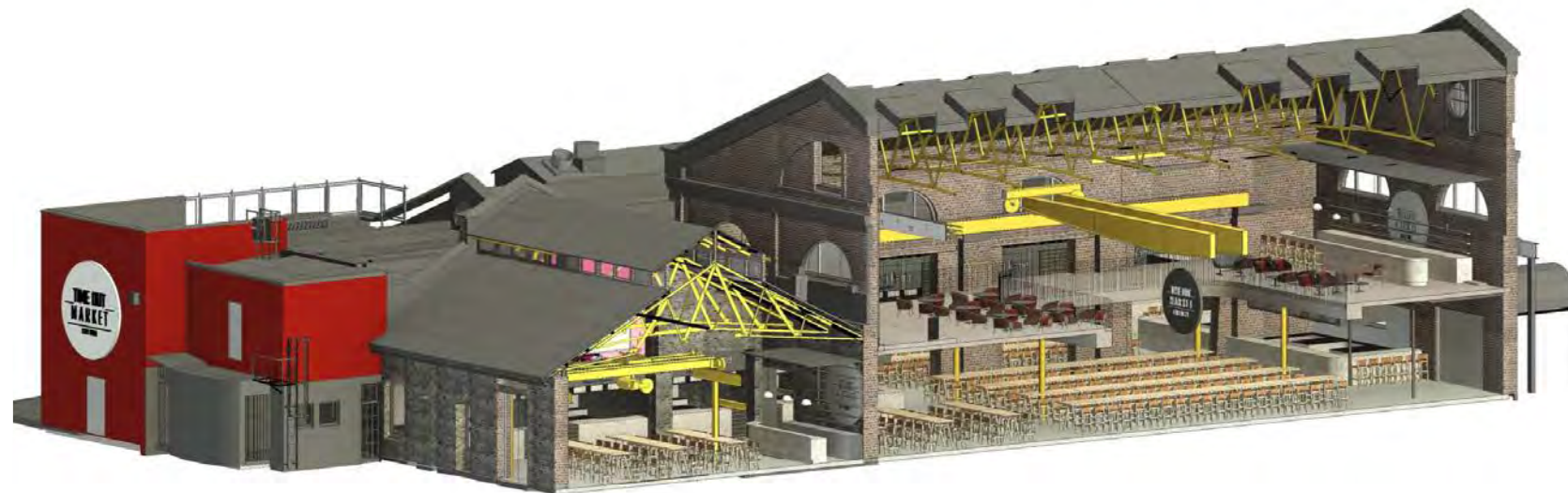


- 5 megalitre desalination plant under construction.
- Will take V&A Waterfront off the water supply grid
- Due for completion in September 2024





- Redevelopment of the existing V&A Food Market and Pump House premises into international Time Out Market Concept
- Leading food global food market located in Lisbon, Miami, New York, Boston, Montreal, Chicago, London and Dubai
- 13 restaurants with 800 seats in 2600m<sup>2</sup>
- Due to open in September 2023





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# SUSTAINABILITY

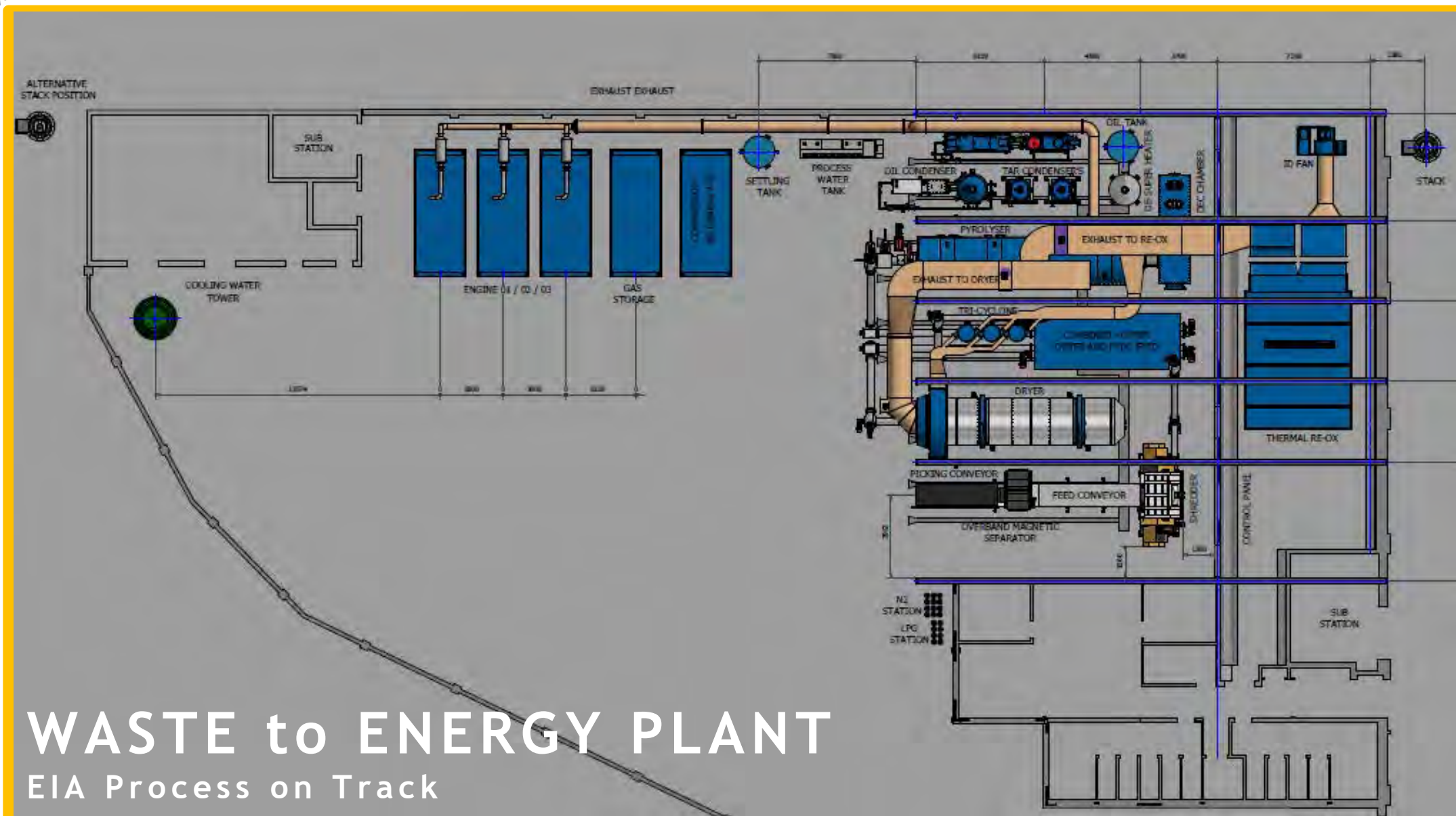


# BLACK WATER TREATMENT PLANT

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Delays due to Saltwater ingress resolved  
now reclaiming 4,680 kL per month ramping  
up to 6,480 kL per month by end 2022







# SOLAR PV

Currently 1.93-Megawatt Capacity  
~2.73million kWhrs produced annually...

Target 3.75-Megawatt Capacity at end FY24  
~5.58 million kWhrs



thank you

[waterfront.co.za](http://waterfront.co.za)



V&A Waterfront



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# Annexures





# Like-for-like distributable income



	FY22 Rm	FY21 Rm	Increase/ (Decrease)
<b>Gross property revenue</b>	<b>855</b>	661	29.3%
Property related	807	653	
Radisson Red Hotel	48	8	
<b>Property expenses</b>	<b>(245)</b>	(259)	(5.4%)
Property related	(215)	(250)	
Radisson Red Hotel	(30)	(9)	
<b>Net property income</b>	<b>610</b>	402	51.7%
<b>Other operating expenses</b>	<b>(39)</b>	(49)	(20.4%)
<b>Net finance costs</b>	<b>(4)</b>	(16)	(75.0%)
<b>Residential sales</b>	<b>-</b>	(28)	(100.0%)
<b>Distributable income</b>	<b>567</b>	365	55.3%
<b>Adjustments</b>	<b>(13)</b>	(37)	(64.9%)
Residential sales	-	(28)	(100.0%)
Development	(13)	(9)	44.4%
<b>Adjusted 'like-for-like' distributable income</b>	<b>554</b>	328	68.9%
<b>COVID-19 NPI adjustments</b>	<b>65</b>	245	
STI provision	16	6	
Rates and taxes exclusion	10	31	
<b>COVID-19 adjustment</b>	<b>61</b>	200	
COVID-19 credit notes	57	168	
Doubtful debts provision	-	24	
Business interruption insurance recovery	(13)	-	
Bad debts written off	4	8	
Increase in finance income due to higher bank balance	(6)	-	
Rate & taxes interest reversal on finalisation of dispute	(6)	-	
MOCAA donations	3	7	
<b>Adjusted 'like-for-like' distributable income after COVID-19 net property income adjustments</b>	<b>619</b>	573	8.0%

For management accounts purposes, certain transactions are disclosed on a net basis while for IFRS purposes, these amounts are disclosed gross. The differences between the Group Condensed Reviewed Interim results and the distribution reconciliation are as follow: revenue (+R78m), property expenses (-R48m), other operating expenses (-R55m), capital items (R7m) and net finance (costs)/income).





# Like-for-like net property income



	FY22 Rm	FY21 Rm	Increase/ (Decrease)
<b>Gross property revenue</b>	<b>855</b>	661	29.3%
Property related	807	653	
Radisson Red Hotel	48	8	
<b>Property expenses</b>	<b>(245)</b>	(259)	(5.4%)
Property related	(215)	(250)	
Radisson Red Hotel	(30)	(9)	
<b>Net property income</b>	<b>610</b>	402	51.7%
<b>NPI adjustments</b>	<b>61</b>	229	
STI provision	16	6	
Rates and taxes exclusion	10	31	
Business interruption insurance recovery	(13)	-	
<b>COVID-19 adjustment</b>	<b>61</b>	200	
COVID-19 credit notes	57	168	
Doubtful debts provision	-	24	
Bad debts written off	4	8	
Cinema development	-	-	
The ridge post development	(12)	(6)	
Union Castle redevelopment	-	(3)	
Zara reconfiguration	(1)	-	
<b>Adjusted 'like-for-like' net property income after COVID-19</b>	<b>671</b>	631	6.3%

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