

VUKILE PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2002/027194/06)
JSE share code: VKE NSX share code: VKN
ISIN: ZAE000180865
Debt company code: VKEI
(Granted REIT status with the JSE)
("Vukile" or "the company")



FESTIVE SEASON TRADING UPDATE: BLACK FRIDAY AND FESTIVE SEASON TRADING IN NOVEMBER AND DECEMBER 2022

BUSINESS UPDATE

Vukile's South African and Spanish retail property portfolios delivered strong sales performances in November and December 2022, with excellent Black Friday and festive season trading growth, despite worsening load shedding and water security challenges in South Africa.

Vukile is a specialist retail REIT that holds a defensive portfolio of property assets of which 44% are in South Africa and 56% in Spain. The Spanish assets are held through Vukile's 89,6% holding in Madrid-listed Castellana Properties Socimi.

SOUTH AFRICA

The portfolio continues to show improvement in all key operating metrics, with strong shopper support and spending across all retail categories at Vukile's retail assets. Township and community malls continue to outperform.

Black Friday attracted 18% more people to the Vukile shopping centre portfolio in 2022 than in the previous year, and footfall was 15% higher over the Black Friday weekend as a whole. Shopper numbers increased by 10% in November 2022 compared to November 2021, with footfall up 13% in the rural portfolio, 9% in township centres, 10% in commuter centres and 11% in urban shopping centres.

The trajectory and momentum were sustained into the December festive trading period, with overall visitor numbers increasing 8% from 2021 to 2022. Again, all segments of the portfolio showed an improvement. In the rural portfolio, shoppers increased by 5%, while the township portfolio was up 11%, commuter 8% and urban 5%. Community malls continued their above-average footfall performance, growing at 13% compared to 6% at regional malls.

The annualised trading density of the portfolio increased from November 2021 to November 2022 by 6,7% and from December 2021 to December 2022 by 6,0%. At a segmental level, growth in trading density in the urban portfolio was 6,6%, in the rural portfolio 5,3%, in the township portfolio 9,7% and in the commuter portfolio 8,9%. It was encouraging to see that, notwithstanding the challenges posed by higher stages of load shedding, the portfolio continued to show growth. Trading density in the combined rural and township portfolio grew by 7,3%.

The five malls with the top trading density growth in December 2022 were KwaMashu Shopping Centre (20,2%), Phoenix Plaza (16,5%), Atlantis City Mall (14,9%), Durban Workshop (14,5%) and Gugulethu Square (12,2%). Eight of our top 10 retailers showed positive year-on-year trading density growth from 2021 to 2022.

At a category level, the trading densities for groceries and unisex wear, which together represent 42,1% of the portfolio's gross lettable area (GLA), increased by 8,5% and 4,8% respectively. Sportswear sales grew by 7,9%, while fast foods sales grew 11%. Movies and travel both showed their highest category growth levels since before the Covid-19 pandemic.

SPAIN

Castellana also showed improvement in all key metrics, including footfalls and sales, during the 2022 Black Friday and December festive periods. Visitor numbers and sales were notably higher than in the comparative trading periods in both 2021 and pre-pandemic 2019.

Footfall in the week of Black Friday increased by 5% compared to 2021 and 19% compared to 2019. Castellana's Bahía Sur shopping centre experienced the best Black Friday trading in its history, with shopper numbers up 20% compared to 2021 and 18,8% compared to 2019.

Continuing this robust growth in footfall into the festive period, customer numbers grew by 16% in December 2022 compared to the same period in 2021 and 8% compared to 2019. This demonstrates substantial growth in the number of shopping centre visits in the Castellana portfolio, confirming not only the strong market recovery since the pandemic but also the value of asset management interventions in the portfolio by the management team.

Sales showed a 3,0% improvement in November 2022 compared to the same month of 2021 and 10,6% compared to November 2019.

In the Castellana Portfolio, the strong trading trend extended into the festive month, with sales showing a substantial increase of 15,5% compared to December 2021 and 15,6% compared to December 2019. This significant sales growth shows that, despite CPI-driven price increases, shoppers continued to buy more than in previous years. Overall, according to INE, Spain's National Institute of Statistics, the country's December 2022 retail sales were 4% higher than those in December 2021.

Important recoveries were evident in the food and beverage category and in fashion and accessories, health and beauty and sports. Meanwhile leisure, one of the categories most affected by Covid-19, showed an improvement of 7% in 2022, compared to the previous December.

Vukile will continue to work with all our stakeholders to ensure that our malls continue to operate sustainably and are optimised for our customers.

1 February 2023

JSE sponsor



NSX sponsor

