

VUKILE PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2002/027194/06)

JSE share code: VKE NSX share code: VKN

Company code: VKEI

ISIN: ZAG000189051

(Granted REIT status with the JSE)

("Vukile")



TRADING UPDATE

Vukile's South African and Spanish retail property portfolios delivered impressive increases in performance in November and December 2023, signalling a successful Black Friday and holiday trading period.

Vukile is a consumer-focused specialist retail real estate investment trust (REIT) that holds a defensive portfolio of retail property assets valued at around R40 billion, 40% of which is in South Africa and 60% in Spain. The Spanish assets are held in the Madrid-listed subsidiary Castellana Properties Socimi ("Castellana"), in which Vukile has a 99.5% holding.

South Africa

All key operating metrics for November and December 2023 are positive and in line with expectations, with a particularly strong festive trading performance.

During December 2023, shopper footfall in the portfolio increased by 2.0%, demonstrating strong and steady support. A quarter of shoppers who visited Vukile's malls on Black Friday also returned during December. Township and rural malls enjoyed higher rates of repeat visitors, emphasising the central role they play in their communities.

The portfolio's sales grew by 2.6% for the 2023 calendar year, with festive trading figures being notably higher than those in 2022.

The portfolio delivered strong December 2023 figures, with trading densities growing by 7.6% compared to December 2022. Township shopping centres led this performance with 13.2% growth, followed by rural shopping centres (+7.2%) and the urban shopping centres (+4.5%).

During the combined November and December period, the portfolio's trading density increased by 4.3% compared to the same months in 2022. The township portfolio enjoyed an increase of 9.7%, the rural assets rose by 3.3% and the urban properties showed growth of 1.3%.

These numbers are more impressive when considered against the backdrop of figures reported by Statistics South Africa indicating a decline in retail sales for November.

The Vukile portfolio experienced a seasonal uptick in the fashion trade. Women's wear sales surged 14.5% in December, marking an overall 10.4% increase for the final two months of the year. Meanwhile, men's wear saw a healthy 8.1% growth in sales during November and December 2023. Sales in the grocery/supermarket category rose by 2.4%, while the fast foods segment saw a 5.4% rise, indicating steady demand for essentials.

Spain

Spain demonstrated excellent performance, leading Europe with a 5.3% growth in footfall in the last quarter of 2023, per the Shopper Track report. The report indicates a strong positive trend in the Spanish retail market, especially the shopping centre segment. For the 2023 festive season, Spain ranked top with a 5.7% increase in visits. Castellana outperformed this benchmark, growing its portfolio footfall by 6.1%.

Castellana closed the 2023 calendar year with a new record footfall of more than 44.8 million visits for the twelve months, up 6.4% from 2022.

El Faro and Bahía Sur shopping centres attracted over 8 million visits in the 2023 calendar year – a new record for both. Similarly, Puerta Europa achieved its highest annual visitor numbers since opening, with almost 5 million visits or a 6.2% increase from 2022. Los Arcos and Habaneras also exceeded 2022 levels by an impressive 9.7% and 11.1%, respectively. Vallsur Shopping Centre broke its footfall record by 4.1% in 2023, with the opening of La Chismería last December – its new leisure and dining zone – exceeding retailers’ expectations.

In terms of sales, 2023 numbers improved by 7.9% over 2022, even though 2022 was one of the strongest years for Castellana’s tenants to date. The shopping centre portfolio demonstrated sales growth of 9.6% in 2023 versus 2022, outperforming retail parks at 3.7%.

Black Friday and festive season trading was extremely positive, with increases in sales of 7.0% in November and 6.1% in December – representing real growth in the portfolio.

All retail categories exceeded 2022 performance. The three categories achieving the highest increases in sales were media and technology (19.5%), health and beauty (14.2%) and food and beverage (12.3%). The leisure category, which demonstrated sales growth of 11.4% in 2023 vs 2022, finally surpassed 2019 levels by 3.7% after several tough trading years.

Outlook

Based on a continuously strong trading performance and having completed nine months of its current financial year, Vukile is pleased to report that it expects to outperform the upper end of its upgraded guidance for both FFO per share (4-6% growth) and dividend per share (8-10% growth) for the year ending 31 March 2024.

The forecast above assumes no material adverse change in trading conditions, contractual escalations and market-related renewals. The forecast also assumes no material further change in interest rates and exchange rates. The forecast has not been reviewed or audited by Vukile's external auditors.

Vukile continues to focus on meeting the needs of its customers and ensuring its malls remain sustainably and efficiently operated, to continue delivering sustained value for all its stakeholders.

5 February 2024

JSE sponsor



NSX sponsor

