

SA's major clothing retailers offer to pay 20% of rentals during lockdown

Some of SA's largest clothing retailers - TFG, Truworths, Mr Price Group, Woolworths and Pepkor - have collectively offered to contribute R220m to landlords for rental and other costs during the Covid-19 lockdown.



Credit: Pepkor

According to a statement issued by the National Clothing Retail Federation of South Africa, these major retailers are in discussions with the Property Industry Group (P.I. Group), representing retail landlords, in a bid to find a joint and "mutually beneficial response" to the significant challenges created by Covid-19 pandemic.

20% of rental and operating costs

The companies commended the Government for instituting regulations to allow collective negotiations in the retail property sector in order to mitigate some of the negative economic impacts of the lockdown.

The retail groups said they have reviewed the scope of the [relief package offered](#) to retail tenants by the P.I. Group and have now constructed their own counter-proposals, which they believe are "more balanced as they deal more equitably with the permanent loss faced by retail tenants throughout the country".

The retailers said that despite earning no revenue during lockdown, and in the interests of collaboration and reaching agreement with PI Group, they have provisionally put aside the opinions of their legal advisors during the negotiation with the PI Group, which state that rentals are not due during lockdown.

They have proposed in the form of a general guideline to the industry, the payment of all utilities consumed by retailers during lockdown, and 20% of normal rental and operating costs. This equates to support by the five retailers in excess of R220m to support landlords during the lockdown.

They added: "Landlords are expected to significantly reduce operating costs to take into account declining economic activity."



Property group launches relief package for retail tenants

8 Apr 2020



Economic impact must be shared

The retailers stated that the devastating economic effects of Covid-19 should be shared by both landlords and tenants. "In constructing our proposals, and due to the divergent nature of our operations, we had to find a guideline that we all agreed on, to help shape the most appropriate response in these unprecedented circumstances," the companies stated.

"The prompt and firm action by our President in the face of the Covid-19 pandemic is wholeheartedly supported by the retailers. The undisputed fact is that the lockdown period has resulted in the retailers being barred from using their rental premises for their intended purpose. This has a potentially disastrous effect on our ability to meet our employment and other commitments, which may, in turn, have a cascading devastating effect on millions of South African households," the companies said.



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6 Apr 2020



"The current lockdown affects the entire retail ecosystem, as well as the interests of government, in deploying the taxes we pay, and other important stakeholders in our broader national context. Hundreds of thousands of South Africans earn a living from employment by retailers, and millions, directly and indirectly, live off this income through jobs with our suppliers. Furthermore, the struggling local clothing manufacturing industry is highly dependent on retailers for sustainability and job preservation and has already been significantly impacted due to the lockdown and reduced demand that preceded it."

Empathetic and constructive approach

The retailers acknowledged that the P.I. Group has its own economic pressures. It too will inevitably be negatively affected by the Covid-19 outbreak, just as no sector of the economy will emerge unscathed.

The retailers said "the adoption of an empathetic and constructive approach is vital to finding a workable solution benefiting all stakeholders," according to the statement.



Edcon can only pay salaries right now, tearful CEO tells suppliers

27 Mar 2020



"A cooperative position appears to be the approach advocated and facilitated between landlords and tenants globally, including in the United Kingdom, Germany and Australia, which supports our view that a collaborative stance needs to be

adopted.”

The retailers said they're confident that their proposals, if implemented nationally, can offer an equitable and sustainable solution model for all clothing retailers and retail landlords which will result in the saving of millions of jobs, both in the lockdown and beyond.

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