

RATING ANNOUNCEMENT

GCR upgrades Hyprop Investments Limited's long and short term national scale issuer ratings to AA_{-(ZA)} and A1_{+(ZA)} respectively; International scale issuer ratings remain unchanged; Outlook Stable.

Rating action

Johannesburg, 29 October 2026 – GCR Ratings (GCR) has upgraded Hyprop Investments Limited's (Hyprop or the REIT) long and short term national scale issuer ratings to AA_{-(ZA)} and A1_{+(ZA)}, respectively. Concurrently, GCR has affirmed Hyprop's long and short term international scale issuer ratings of BB- and B, respectively. The Outlook on the ratings remains Stable.

Rated entity	Rating class	Rating scale	Rating	Outlook/Watch
Hyprop Investments Limited	Long term issuer	International	BB-	Stable Outlook
	Short term issuer	International	B	-
	Long term issuer	National	AA _{-(ZA)}	Stable Outlook
	Short term issuer	National	A1 _{+(ZA)}	-

Rating rationale

The upgrade to Hyprop's national scale ratings reflects the notable improvement in its capital structure and gearing metrics over the past 24 months, as well as robust liquidity position. We have also positively considered the strong performance of the property portfolio and further international diversification.

Hyprop's rating is supported by a large property portfolio valued at c. ZAR39.9 billion (\$2.4 billion) as at 30 June 2026 (financial 2026), having increased from ZAR38.9 billion at the end of financial 2025 due mainly to fair value gains. Following the Galleria Burgas (Bulgaria) acquisition, the portfolio value is likely to rise by c.ZAR2.3 billion and has positively impacted our assessment of geographic and currency diversification. Hyprop's portfolio of large South African (SA) and Eastern European (EE) retail assets includes four in the Western Cape and five in Gauteng, and five spread between Bulgaria, Croatia and North Macedonia, accounting for around 35% of portfolio value.

Although high asset and tenant concentration remains a constraint to Hyprop's portfolio quality assessment, this is mitigated by the strong performance of the investment properties. Within the SA centres, average monthly foot count rose 1.8% in financial 2026, spend per head increased 3.0%, and the retail vacancy rate improved to 3.3% (financial 2025: 4.2%). The retention rate on new leases strengthened to 86.5%, and overall positive reversions of 10.2% were achieved. As a result, rental and other lease revenue improved 3.8% in financial 2026 and total revenue rose 7.2%. The EE portfolio's trading density was 3.9% higher in financial 2026, with tenant turnover up 4.2%. The vacancy rate remained negligible at 0.1%, whilst there was an overall positive 2.5% rent reversion and 4.6% increase in rental income. Across both regions, tenant quality is high, comprising the largest national and international retailers.

However, Hyprop reported some cost pressure during financial 2026, with GCR's net property expense ratio increasing slightly to 42.4% (financial 2025: 41.3%) and GCR's operating profit margin decreasing to 53.9% (financial 2025: 55.1%). Higher administered costs resulted in a decrease in the SA operating margin to 50.6% (financial 2025: 52.6%), whilst the operating margin in EE narrowed to 59.7% (financial 2025: 60.8%), impacted by rising administrative costs. Positively, the REIT continues to install new solar energy capacity, which will help alleviate administered cost pressure.

The REIT has achieved a significant improvement in its gearing and capital structure, which has been a core focus over recent years. Gross debt decreased to ZAR13.3 billion in financial 2026 (financial 2025: ZAR14.7 billion), while net debt declined to ZAR11.6 billion (financial 2025: ZAR13.5 billion), supported by retained cash, a capital raise and the proceeds from an asset sale. To maintain moderate gearing, the c.ZAR1 billion Galleria Burgas acquisition was partly funded from the proceeds of a ZAR740 million capital raise post year-end. Amortisation payments also supported lower debt in EE, with the EE LTV ratio declining to 37.8% as part of the strategy to balance the debt between SA and EE. Combined with the positive valuation gains, as per GCR's calculations, Hyprop's net LTV fell to 28.9% as of 30 June 2026, from 33.6% and 38% at financial 2025 and 2024 respectively. The LTV ratio has increased above 30% post the acquisition of Galleria Burgas but is expected to remain around this level over the next 12 to 24 months. This is well within the covenant level.

GCR's net interest coverage improved to 3.1x in financial 2026 (financial 2025: 2.5x; financial 2023: 2.3x), supported by lower debt and narrower credit spreads. While there is some pressure on global interest rates, new facilities are being negotiated at lower spreads, supporting our expectation that interest coverage will strengthen further in financial 2027. We have also positively considered Hyprop's strong access to funding, including local and international banks, ongoing note issuances through the capital market and the successful equity raise.

We have strengthened our assessment of Hyprop's liquidity, based on our projected ratio of liquidity sources to uses of 2.0x over the next 12 months. This is strongly supported by proactive, early refinancing that includes almost all financial 2027 maturities and several other banking facilities. Sources of liquidity are underpinned by around ZAR1.7 billion in cash at the end of financial 2026 and ZAR2.1 billion in unutilised committed facilities. Capex over the next 12 month is expected to be around ZAR1 billion, to be funded by retained cash and existing facilities. While there is a potential for further acquisitions over the medium term, we expect these to be funded by a mix of debt and equity, given the successful capital raises over the last 12 months. To improve financial flexibility, Hyprop has increased the value of unencumbered properties to ZAR9.4 billion, although the total encumbrance rate remains around 73%.

Outlook statement

The Stable Outlook reflects GCR's expectation that Hyprop's operational performance will remain strong, whilst the LTV will remain at around 30%, and that interest coverage will be above 3.0x.

Rating triggers

A further rating upgrade is unlikely until the REIT significantly improves the diversity of its investment property portfolio and expands geographic exposure into lower-risk jurisdictions, yielding quality sustainable cashflows

through the cycle. We would expect strong gearing metrics and robust liquidity to be maintained, notwithstanding the additional spend that would be required to expand the portfolio.

GCR could downgrade Hyprop's rating if the financial and operating profiles weaken, such that the LTV trends above 35% and net interest cover dips below 2.5x for a sustained period.

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Related criteria and research

Criteria for the GCR Ratings Framework, May 2024

GCR Rating Scales Symbols and Definitions, May 2023

Criteria for Rating Real Estate Investment Trusts and Other Commercial Property Companies, May 2024

GCR Country Risk Score report, October 2026

GCR SA Corporate Sector Risk Score report, July 2025

Ratings history

Hyprop Investments Limited

Rating class	Review	Rating scale	Rating	Outlook	Date
Long term issuer	Initial	International	B+	Stable outlook	November 2021
Short term issuer		International	B	-	
Long term issuer	Last	International	BB-	Stable outlook	October 2025
Short term issuer		International	B	-	
Long term issuer	Initial	National	A _(ZA)	Stable outlook	Nov 2021
Short term issuer		National	A1 _(ZA)	-	
Long term issuer	Last	National	A+ _(ZA)	Stable outlook	October 2025
Short term issuer		National	A1 _(ZA)	-	

Risk score summary

Rating components and factors	Score
Operating environment	14.00
Country risk score	7.50
Sector risk score	6.50
Business profile	1.25
Portfolio quality	1.25
Sustainability	0.00
Financial profile	0.25
Leverage and capital structure	0.25
Liquidity	0.00
Comparative profile	0.00
Group support	0.00
Peer analysis	0.00
Total risk score	15.50

Glossary

Country Risk	The range of risks emerging from the political, legal, economic and social conditions of a country that have adverse consequences affecting investors and creditors with exposure to the country and may also include negative effects on financial institutions and borrowers in the country.
Covenant	A provision that is indicative of performance. Covenants are either positive or negative. Positive covenants are activities that the borrower commits to, typically in its normal course of business. Negative covenants are certain limits and restrictions on the borrowers' activities.
Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Diversification	Spreading risk by constructing a portfolio that contains different exposures whose returns are relatively uncorrelated. The term also refers to companies which move into markets or products that bear little relation to ones they already operate in.
Exposure	Exposure is the amount of risk the holder of an asset or security is faced with because of holding the security or asset. For a company, its exposure may relate to a product class or customer grouping. Exposure may also arise from an overreliance on one source of funding. In insurance, it refers to an individual or company's vulnerability to various risks.
Downgrade	See GCR Rating Scales, Symbols and Definitions.
Fair Value	The fair value of a security, an asset or a company is the rational view of its worth. It may be different from cost or market value.
Interest Cover	Interest cover is a measure of a company's interest payments relative to its profits. It is calculated by dividing a company's operating profit by its interest payments for a given period.
Issuer	The party indebted or the person making repayments for its borrowings.
Leverage	In corporate analysis, leverage (or gearing) typically refers to the extent to which a company is funded by debt.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Loan to value	The principal balance of a loan divided by the value of the property and other investments that it funds.
Long Term Rating	See GCR Rating Scales, Symbols and Definitions.
Outlook period	See GCR Rating Scales, Symbols and Definitions.
Portfolio	A collection of investments held by an individual or institutional investor. These may include (<i>inter alia</i>) private/listed stocks, debt securities, futures contracts, options, real estate investments or any item that the holder believes will retain its value.
Rating Outlook	See GCR Rating Scales, Symbols and Definitions.
REIT	Real Estate Investment Trust. A company that owns, operates or finances income-producing real estate.
Refinancing	The issue of new debt to replace maturing debt. New debt may be provided by existing or new lenders, with a new set of terms in place.
Short Term Rating	See GCR Rating Scales, Symbols and Definitions.
Upgrade	See GCR Rating Scales, Symbols and Definitions.

Salient points of accorded rating

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the of the rated entity, security or financial instrument.

The credit ratings have been disclosed to the rated entity.

The ratings above were solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- The audited annual financial statements to 30 June 2026 (plus four years of audited comparative numbers)
- A breakdown of utilised and available debt facilities at September 2026.
- Covenant compliance schedules for June 2026.
- Analyst Presentations and SENS announcements.
- Exchange Rate Source: <https://www.bloomberg.com/markets/currencies> ZAR16.48/USD

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