

Additional information (excluded from the audited financial statements)

for the year ended 30 June 2019

P. ADDITIONAL INFORMATION (EXCLUDED FROM THE AUDITED FINANCIAL STATEMENTS)
P1 EARNINGS RECONCILIATIONS
P1.1 Reconciliation of net income before fair value adjustments to distributable earnings

	GROUP	
	30 June 2019 R000	30 June 2018 R000
Net income before fair value adjustments	1 797 771	1 955 219
Adjustments to calculate distributable income	104 897	(50 705)
Straight-line rental income accrual	87 887	3 847
Non-controlling interest	30 959	2 600
Taxation paid – Hyprop Mauritius	(427)	(4 381)
Net interest adjustments	134	(47 279)
Other fair value adjustments – Edcon	(12 705)	–
Capital items for distribution purposes	(951)	(5 492)
Distributable earnings	1 902 668	1 904 514
<i>* Net effect of converting IFRS earnings to distributable earnings.</i>		
P1.2 Reconciliation of cash generated from operations to distributable earnings		
Cash generated from operations	2 149 932	2 133 136
Adjusted for:	(247 265)	(228 622)
(Decrease)/increase in receivables	49 433	47 725
Decrease/(increase) in payables	6 838	(49 281)
Bad debt provision and related balances	(47 052)	(31 089)
Depreciation	(42 209)	(38 149)
Share-based payment expense (net of forfeit credits)	(2 496)	(10 877)
Interest received	156 043	312 550
Interest paid	(617 198)	(594 823)
Dividend received	221 190	182 778
Other non-cash items	(406)	(1 424)
Non-controlling interest	30 959	2 600
Taxation expense – Mauritius	(427)	(4 381)
Sub-Saharan Africa	134	(47 279)
Other impairments – Edcon	–	–
Capital items for distribution purposes	(951)	(5 492)
Capital items – other	(1 120)	8 520
Distributable earnings	1 902 668	1 904 514

Additional information (excluded from the audited financial statements) continued

for the year ended 30 June 2019

P. ADDITIONAL INFORMATION (EXCLUDED FROM THE AUDITED FINANCIAL STATEMENTS) continued

P2 NET ASSET VALUES

NAV Net Asset Value (NAV) per share is calculated by dividing equity and reserves attributable to Hyprop shareholders (as reflected on the statement of financial position) by the number of ordinary shares in issue at the end of the year less treasury shares.

TNAV Tangible Net Asset Value (TNAV) per share is calculated by dividing tangible net asset value (as calculated below) by the number of ordinary shares in issue at the end of the year less treasury shares.

The effect of outstanding/unvested shares awarded to employees under the share scheme is not material.

P2.1 Calculation

The following table reflects the net asset and share data used in the NAV and TNAV per share calculations:

	GROUP		COMPANY	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Equity and reserves attributable to Hyprop shareholders (R000)	24 452 006	26 304 917	24 540 621	26 184 148
Adjusted for:				
Deferred taxation	87 561	178 002	87 561	85 832
Tangible Net Asset Value (R000)	24 539 567	26 330 364	24 628 182	26 269 980
Number of ordinary shares in issue	255 894 516	255 894 516	255 894 516	255 894 516
Treasury shares	(611 519)	(446 260)	—	—
Net number of ordinary shares in issue	255 282 997	255 448 256	255 894 516	255 894 516
NAV per share (Rand)	95,78	102,98	95,90	102,32
TNAV per share (Rand)	96,13	103,08	96,24	102,66

P3 FIVE-YEAR REVIEW

	COMPANY				
	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
	R000	R000	R000	R000	R000
Revenue	3 217 848	3 113 713	3 167 649	3 078 221	2 703 034
Rental income and other income	2 330 177	2 244 650	3 128 062	2 976 420	2 642 949
Straight-line rental income accrual	(87 887)	(3 847)	39 587	101 801	60 085
Recoveries	975 558	872 910	—	—	—
Property expenses	(1 179 054)	(1 049 892)	(1 073 877)	(993 861)	(887 918)
Net property income	2 038 794	2 063 821	2 093 772	2 084 360	1 815 116
Other operating expenses	(41 600)	(55 778)	(78 232)	(76 593)	(64 611)
Operating income	1 997 194	2 008 043	2 015 540	2 007 767	1 750 505
Net interest	(461 155)	(282 273)	(336 502)	(366 176)	(351 647)
Interest income	156 043	312 550	294 177	323 759	157 344
Interest expense	(617 198)	(594 823)	(630 679)	(689 935)	(508 991)
Other income	40 542	46 671	36 931	—	—
Dividends received	221 190	182 778	146 350	—	—
Net operating income	1 797 771	1 955 220	1 862 319	1 641 591	1 398 858
Investment property					
Change in fair value	(401 395)	779 036	973 270	1 227 151	2 426 584
Investment property	(337 237)	650 206	1 142 199	1 280 333	2 407 028
Other investments	(12 705)	—	—	—	—
Derecognition of financial guarantee	185 686	11 984	—	—	—
Loan receivable	(105 809)	—	—	—	—
Investment in joint venture – South-Eastern Europe	(85 228)	87 761	(163 855)	—	—
Derivative instruments	(46 102)	29 085	(5 074)	(53 182)	19 556
Profit/(loss) on disposal	2 825	2 697	(526)	—	(5 768)
Investment property	2 825	2 697	2 031	—	24 243
Subsidiary	—	—	(2 557)	—	(30 011)
Impairment of loans receivable	(1 350 727)	(166 441)	(25 377)	—	—
Other impairments	(29 964)	(10 102)	10 102	(10 102)	—
Impairment of goodwill/Investment in subsidiary	—	—	(18 134)	—	(4 280)
Net income before equity-accounted investments	18 511	2 560 410	2 801 654	2 858 640	3 815 394
Share of loss from joint ventures	—	—	(50 380)	(41 007)	(17 447)
Share of income from associate	—	—	—	457	652
Profit before taxation	18 511	2 560 410	2 751 274	2 818 090	3 798 599
Taxation	93 028	(39 486)	(4 340)	(50 930)	(19 023)
Normal taxation	(427)	(4 381)	(2 714)	(7 371)	(12 386)
Deferred taxation	93 455	(35 105)	(1 626)	(43 559)	(6 637)
Profit for the year	111 538	2 520 924	2 746 934	2 767 160	3 779 576
Total profit for the year attributable to shareholders of the company	164 922	2 529 467	2 767 652	2 750 847	3 779 576
Investment property at fair value ⁽¹⁾	28 636 718	30 849 201	29 825 333	28 822 197	25 000 630
Distribution per share (cents)	745	757	695	620	543

⁽¹⁾ Excludes investment property held-for-sale.

Additional information (excluded from the audited financial statements) continued

for the year ended 30 June 2019

P. ADDITIONAL INFORMATION (EXCLUDED FROM THE AUDITED FINANCIAL STATEMENTS) continued

P4 SA REIT DETAILED PROPERTY DISCLOSURES

While section 13 of the JSE Listings Requirements prescribes certain disclosures applicable to property counters. SA REIT recommends that its members disclose the following additional information to provide users with more granular detail of the underlying properties as envisaged by the original REIT legislation, namely, to give investors the opportunity to fully understand the underlying properties that they invest in through the purchase and sale of a REIT's shares.

GROUP	Acquisition date	Completion/ major development date	Land area	Occupied GLA	Vacant GLA	Total GLA	SA REIT average annualised property yield %	Average lease length	Rental escalation %
30 June 2019									
R000									
GEOGRAPHICAL PROFILE									
South Africa			1 422 335	696 885	9 741	706 626	7,5	4,2	7,7
Gauteng			723 175	406 583	8 472	415 054	7,6	4,3	7,4
Western Cape			699 160	290 303	1 269	291 572	7,2	3,8	8,1
Sub-Saharan Africa			51 360	21 658	565	22 223	8,5	3,4	3,7
SECTORAL PROFILES									
Retail			1 473 695	714 479	9 903	724 381	7,4	4,1	7,3
Shopping centres			1 355 139	666 232	9 500	675 732	7,3	4,0	7,2
Super regional			233 849	157 468	1 269	158 737	6,9	4,0	8,6
Canal Walk	17 Oct 03	2018	233 849	157 468	1 269	158 737	6,9	4,0	8,6
Large regional			1 027 479	451 578	4 458	456 035	7,3	4,1	7,5
Clearwater Mall	1 Sep 11		194 545	86 817	241	87 059	7,2	4,6	8,0
The Glen	27 Dec 01	2018	98 689	77 235	3 196	80 431	7,9	4,7	7,2
Woodlands	1 Sep 11		215 684	71 566	61	71 626	7,0	4,5	7,4
CapeGate	1 Sep 11		242 438	63 832	–	63 832	7,4	4,1	8,0
Somerset Mall	1 Oct 13		222 873	69 003	–	69 003	7,2	3,4	7,8
Rosebank Mall	25 Apr 03	2018	53 250	83 125	960	84 085	6,8	3,7	6,8
Regional			93 811	57 186	3 773	60 960	7,7	3,7	5,5
Hyde Park Corner	8 Sep 98		42 451	35 528	3 209	38 737	7,0	4,0	7,3
Ikeja City Mall	17 Nov 15		51 360	21 658	565	22 223	8,5	3,4	3,7
Value centres (Atterbury Value Mart)	1 Sep 11		118 556	48 247	403	48 649	8,5	4,5	7,7
Offices (standalone offices only/Cradock)	1 Jun 09		–	4 065	403	4 468	8,8	4,2	7,8
Total			1 473 695	718 544	10 306	728 849	7,6	4,1	7,3

⁽¹⁾ All properties listed above are externally valued as at 30 June 2019.

⁽²⁾ The group has 10 retail properties and one standalone office (2018: 10 retail, two office).

⁽³⁾ All properties are 100% owned except Canal Walk (80%), The Glen (75.16%) and Ikeja City Mall (75%).

GROUP	Acquisition date	Completion/ major development date	Land area	Occupied GLA	Vacant GLA	Total GLA	SA REIT average annualised property yield %	Average lease length	Rental escalation %
30 June 2018									
R000									
GEOGRAPHICAL PROFILE									
South Africa			1 422 335	696 673	9 741	706 414	7,4	4,3	8,0
Gauteng			723 175	406 413	8 472	414 885	7,5	4,4	8,0
Western Cape			699 160	290 260	1 269	291 529	7,1	4,0	8,1
Sub-Saharan Africa			51 360	—	—	—	8,4	3,4	3,8
SECTORAL PROFILES									
Retail			1 473 695	692 608	9 338	701 946	7,4	4,1	7,6
Shopping centres			1 355 139	644 368	8 935	653 304	7,2	4,1	7,5
Super regional			233 849	157 428	1 269	158 697	6,8	4,1	8,1
Canal Walk	17 Oct 03	2018	233 849	157 428	1 269	158 697	6,8	4,1	8,1
Large regional			1 027 479	451 434	4 458	455 891	7,2	4,2	7,9
Clearwater Mall	1 Sep 11		194 545	86 786	241	87 028	6,9	4,6	8,2
The Glen	27 Dec 01	2018	98 689	77 127	3 196	80 323	7,6	4,6	9,0
Woodlands	1 Sep 11		215 684	71 569	61	71 629	7,1	4,6	7,4
CapeGate	1 Sep 11		242 438	63 831	—	63 831	7,4	3,9	7,7
Somerset Mall	1 Oct 13		222 873	69 001	—	69 001	7,2	3,9	8,3
Rosebank Mall	25 Apr 03	2018	53 250	83 120	960	84 080	6,9	3,9	7,3
Regional			93 811	35 507	3 209	38 716	7,6	3,7	5,9
Hyde Park Corner	8 Sep 98		42 451	35 507	3 209	38 716	6,8	3,9	8,0
Ikeja City Mall	17 Nov 15		51 360	—	—	—	8,4	3,4	3,8
Value centres (Atterbury Value Mart)	1 Sep 11		118 556	48 240	403	48 642	8,5	4,5	8,0
Offices (standalone offices only/Cradock)	1 Jun 09		—	4 065	403	4 468	8,4	4,5	7,9
Total			1 473 695	696 673	9 741	706 414	7,5	4,2	7,6

⁽¹⁾ All properties listed above are externally valued as at 30 June 2019.

⁽²⁾ The group has 10 retail properties and one standalone office (2018: 10 retail, two office).

⁽³⁾ All properties are 100% owned except Canal Walk (80%), The Glen (75.16%) and Ikeja City Mall (75%).

Additional information (excluded from the audited financial statements) continued

for the year ended 30 June 2019

P. ADDITIONAL INFORMATION (EXCLUDED FROM THE AUDITED FINANCIAL STATEMENTS) continued

P4 SA REIT DETAILED PROPERTY DISCLOSURES continued

P4.1 Top 10 tenants by GLA

SOUTH AFRICA			GLA M ²		% OF SEGMENT GLA	
Rank	Tenant	Prior year ranking	30 June 2019	30 June 2018	30 June 2019	30 June 2018
1	Edcon Group	1	63 013	68 136	9,5	10,3
2	Woolworths	2	53 199	53 199	8,0	8,0
3	Mass Mart Group	3	49 718	50 841	7,5	7,7
4	Pick n Pay LTD	4	49 454	48 970	7,5	7,4
5	Foschini Group	5	35 722	34 208	5,4	5,2
6	Mr Price Group	6	28 946	29 247	4,4	4,4
7	Pepkor Holdings	7	22 427	22 059	3,4	3,3
8	Nu Metro	10	17 753	16 915	2,7	2,5
9	Truworths LTD	8	17 721	17 567	2,7	2,6
10	Shoprite Holdings	9	17 046	17 046	2,6	2,6

P4.2 Top 10 tenants by revenue

SOUTH AFRICA			REVENUE R000		% OF SEGMENT REVENUE	
Rank	Tenant	Prior year ranking	30 June 2019	30 June 2018	30 June 2019	30 June 2018
1	Edcon Group	1	163 785	169 854	24,7	25,6
2	Foschini Group	2	157 916	145 348	23,8	21,9
3	Mr Price Group	3	92 974	87 674	14,0	13,2
4	Mass Mart Group	4	87 192	85 256	13,2	12,8
5	Pepkor Holdings	6	73 215	65 971	11,0	9,9
6	Truworths LTD	5	72 611	68 247	11,0	10,3
7	Woolworths	7	66 220	64 865	10,0	9,8
8	Pick n Pay LTD	8	59 393	55 689	9,0	8,4
9	Nu Metro	9	23 835	21 932	3,6	3,3
10	Shoprite Holdings	10	19 687	18 717	3,0	2,8

P4.3 Top 10 tenants by GLA

SUB-SAHARAN AFRICA (IKEJA CITY MALL)			GLA M ²		% OF SEGMENT GLA	
Rank	Tenant	Prior year ranking	30 June 2019	30 June 2018	30 June 2019	30 June 2018
1	Shoprite	1	5 002	5 002	22,5	22,5
2	Silverbird Cinemas	2	1 611	1 611	7,3	7,3
3	Smartmark		740	—	3,3	—
4	Mr Price	4	685	685	3,1	3,1
5	Rhapsodys	5	558	558	2,5	2,5
6	Redtag	6	517	518	2,3	2,3
7	Miniso	7	509	509	2,3	2,3
8	Cash & Carry	8	505	505	2,3	2,3
9	Gourmet Foods		224	—	1,0	—
10	Food Concept		214	—	1,0	—

P4.4 Top 10 tenants by revenue

SUB-SAHARAN AFRICA (IKEJA CITY MALL)			REVENUE R000		% OF SEGMENT REVENUE	
Rank	Tenant	Prior year ranking	30 June 2019	30 June 2018	30 June 2019	30 June 2018
1	Shoprite	1	22 805	20 105	13,9	11,47
2	Smartmark		11 091	—	6,8	—
3	Mr Price	3	4 845	5 234	3,0	2,98
4	Silverbird Cinemas	5	4 027	4 350	2,5	2,48
5	Rhapsodys	4	3 673	5 229	2,2	2,98
6	Cash & Carry	6	3 358	4 085	2,0	2,33
7	Miniso	8	3 263	3 804	2,0	2,17
8	Food Concept		2 947	—	1,8	—
9	Gourmet Foods		2 767	—	1,7	—
10	Redtag		2 750	—	1,7	—

P5 FINANCIAL INFORMATION ON HYSTEAD

Financial position

(Extracted from management accounts and included for information purposes only.)

	STATEMENT OF FINANCIAL POSITION	
	30 June 2019 R000	30 June 2018 R000
Non-current assets	13 013 799	12 703 739
Investment property	12 951 540	12 676 758
Other non-current assets	62 259	26 981
Current assets	556 203	512 699
Receivables and other current assets	89 659	106 232
Cash and cash equivalents	466 545	406 466
Total assets	13 570 002	13 216 438
Non-current liabilities	13 015 235	8 926 768
Borrowings – in country	5 881 478	2 873 344
Borrowings – equity	6 392 771	5 550 277
Other non-current liabilities	740 985	503 146
Current liabilities	271 795	4 082 283
Borrowings – in country	14 787	2 943 557
Borrowings – equity	—	800 070
Other current liabilities	257 008	338 656
Total liabilities	13 287 031	13 009 051
Net assets	282 971	207 387

Converted to Rand at year-end spot rate R16.11/EUR for 2019 (2018: R16.00).

(Extracted from management accounts and included for information purposes only.)

Year ended 30 June	OPERATING/DISTRIBUTABLE INCOME	
	2019 R000	2018 R000
Total revenue	1 434 847	826 177
Operating profit	916 062	513 901
Finance costs	(373 067)	(169 252)
Profit/(loss) from derivatives	(62 348)	—
Net income before taxation	480 646	344 649
Taxation	(76 906)	(41 048)
Net income after taxation	405 740	303 601
Dividends declared	349 676	301 804
Dividend included in Hyprop's income	221 190	180 525

Converted to Rand at year-end spot rate R16.04/EUR for 2019 (2018: R15.32).