

## C. SEGMENTAL ANALYSIS

### C1 OVERVIEW AND DEFINITIONS

An operating segment is:

- a component of an entity that engages in business activities from which it may earn revenues
- the operating results of which are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and
- for which financial information is available.

The Group's identification of its segments and the measurement of segment results are based on the Group's internal management reporting used for day-to-day decision-making and reviewed by the chief executive officer (who is the Group's chief operating decision maker). The segments have been identified according to their location, other than assets held-for-sale. The primary measures of segment performance are net operating income and distributable income.

Intersegment revenues and transfers are accounted for as if the transactions were concluded with third parties at arm's length market prices.

The segments are supported by the Group head office, which provides support in the areas of finance, legal, human resources, governance and compliance, risk management and information technology.

Properties (of any previous segment) that have been classified as held-for-sale according to IFRS 5: *Non-current assets held-for-sale* are reported under their geographic segments. There is one property in this segment (2019: one).

The Group comprises of the following business segments and sectors:

| Business segment   | Description and basis of segmentation                                                                                                                                                                                                                                                                                                                                                                                                                               | Sector |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| South Africa       | The SA portfolio comprises all South African shopping malls and offices irrespective of size. There are nine centres in this segment (2019: nine). Included in this segment are the combined results of the various support services provided to the Group from South Africa including: Group finance, Stratco, Group asset management and development, human resources, legal and compliance, investor relations, Group marketing and Group facilities management. | SA     |
| Eastern Europe     | The EE portfolio comprises interests in dominant shopping centres in the Balkan region of Eastern Europe held through the Group's 60% interest in Hystead. There are six properties in this segment (2019: six).                                                                                                                                                                                                                                                    | EE     |
| Sub-Saharan Africa | The SSA portfolio comprises interests in shopping centres in western Africa, excluding South Africa, held through Hyprop Mauritius, a wholly owned subsidiary. The property held-for-sale forms part of the SSA portfolio.                                                                                                                                                                                                                                          | SSA    |

# C. SEGMENTAL ANALYSIS *continued*

## C2 SEGMENTAL ANALYSIS - PROFIT OR LOSS

|                                                                                                                                                    | South Africa       | Eastern Europe     | Sub-Saharan Africa | Group              |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                                                                                    | June 2020<br>R'000 | June 2020<br>R'000 | June 2020<br>R'000 | June 2020<br>R'000 |
| <b>Revenue</b>                                                                                                                                     | <b>2 890 219</b>   | <b>-</b>           | <b>212 123</b>     | <b>3 102 342</b>   |
| Rental and other lease income                                                                                                                      | 2 078 212          | -                  | 182 910            | 2 261 122          |
| Straight-line rental income accrual                                                                                                                | 125 927            | -                  | (7 641)            | 118 286            |
| Recoveries                                                                                                                                         | 686 080            | -                  | 36 854             | 722 934            |
| Impairment of trade receivables                                                                                                                    | (35 786)           | -                  | (41 896)           | (77 682)           |
| Property expenses                                                                                                                                  | (1 069 565)        | -                  | (70 156)           | (1 139 721)        |
| <b>Net property income</b>                                                                                                                         | <b>1 784 868</b>   | <b>-</b>           | <b>100 071</b>     | <b>1 884 939</b>   |
| Other operating income <sup>(1)</sup>                                                                                                              | 22 705             | 215                | (2 049)            | 20 871             |
| Other operating expenses                                                                                                                           | (87 933)           | -                  | (1 197)            | (89 130)           |
| <b>Operating income</b>                                                                                                                            | <b>1 719 640</b>   | <b>215</b>         | <b>96 825</b>      | <b>1 816 680</b>   |
| Net interest                                                                                                                                       | (357 028)          | -                  | (191 367)          | (548 395)          |
| Interest income                                                                                                                                    | 55 105             | -                  | 33 892             | 88 997             |
| Interest expense                                                                                                                                   | (412 133)          | -                  | (225 259)          | (637 392)          |
| <b>Net operating income</b>                                                                                                                        | <b>1 362 612</b>   | <b>215</b>         | <b>(94 542)</b>    | <b>1 268 285</b>   |
| Guarantee fee income                                                                                                                               | -                  | 22 111             | -                  | 22 111             |
| Dividends received                                                                                                                                 | -                  | 120 630            | -                  | 120 630            |
| <b>Net income/(loss) before fair value adjustments</b>                                                                                             | <b>1 362 612</b>   | <b>142 956</b>     | <b>(94 542)</b>    | <b>1 411 026</b>   |
| Changes in fair value                                                                                                                              | (4 540 750)        | 297 863            | (394 041)          | (4 636 928)        |
| Impairment of loans receivables                                                                                                                    | -                  | -                  | (289 974)          | (289 974)          |
| <b>(Loss)/Profit before taxation</b>                                                                                                               | <b>(3 178 138)</b> | <b>440 819</b>     | <b>(778 557)</b>   | <b>(3 515 876)</b> |
| Taxation                                                                                                                                           | (7 637)            | -                  | 487                | (7 150)            |
| <b>(Loss)/Profit for the year</b>                                                                                                                  | <b>(3 185 775)</b> | <b>440 819</b>     | <b>(778 070)</b>   | <b>(3 523 026)</b> |
| <sup>(1)</sup> R215 000 (2019: R4 284 000) relates to foreign exchange gains realised on dividends from Hystead and guarantee fee income from PDI. |                    |                    |                    |                    |
| <b>Calculation of distributable income</b>                                                                                                         |                    |                    |                    |                    |
| Net income/(loss) before fair value adjustments                                                                                                    | 1 362 612          | 142 956            | (94 542)           | 1 411 026          |
| Adjusted for:                                                                                                                                      | (175 049)          | -                  | 22 064             | (152 985)          |
| Straight-line rental income accrual                                                                                                                | (125 927)          | -                  | 7 641              | (118 286)          |
| Non-controlling interest                                                                                                                           | -                  | -                  | 21 449             | 21 449             |
| Net interest adjustments                                                                                                                           | -                  | -                  | (4 036)            | (4 036)            |
| Other fair value adjustments - Edcon                                                                                                               | (45 172)           | -                  | -                  | (45 172)           |
| Gruppo non-remittable income                                                                                                                       | -                  | -                  | (5 039)            | (5 039)            |
| Capital items for distribution purposes                                                                                                            | (3 950)            | -                  | 2 049              | (1 901)            |
| <b>Distributable income</b>                                                                                                                        | <b>1 187 563</b>   | <b>142 956</b>     | <b>(72 478)</b>    | <b>1 258 041</b>   |

|                                                        | South Africa       | Eastern Europe     | Sub-Saharan Africa | Group              |
|--------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                        | June 2019<br>R'000 | June 2019<br>R'000 | June 2019<br>R'000 | June 2019<br>R'000 |
| <b>Revenue</b>                                         | <b>3 003 847</b>   | <b>-</b>           | <b>214 001</b>     | <b>3 217 848</b>   |
| Rental and other lease income                          | 2 372 402          | -                  | 194 748            | 2 567 150          |
| Straight-line rental income accrual                    | (81 399)           | -                  | (6 488)            | (87 887)           |
| Recoveries                                             | 712 844            | -                  | 25 741             | 738 585            |
| Impairment of trade receivables                        | (23 712)           | -                  | (23 340)           | (47 052)           |
| Property expenses                                      | (1 068 708)        | -                  | (63 294)           | (1 132 002)        |
| <b>Net property income</b>                             | <b>1 911 427</b>   | <b>-</b>           | <b>127 367</b>     | <b>2 038 794</b>   |
| Other operating income <sup>(1)</sup>                  | 26 544             | 4 284              | -                  | 30 828             |
| Other operating expenses                               | (71 513)           | -                  | (915)              | (72 428)           |
| <b>Operating income</b>                                | <b>1 866 458</b>   | <b>4 284</b>       | <b>126 452</b>     | <b>1 997 194</b>   |
| Net interest                                           | (239 190)          | -                  | (221 965)          | (461 155)          |
| Interest income                                        | 74 067             | -                  | 81 976             | 156 043            |
| Interest expense                                       | (313 257)          | -                  | (303 941)          | (617 198)          |
| <b>Net operating income</b>                            | <b>1 627 268</b>   | <b>4 284</b>       | <b>(95 513)</b>    | <b>1 536 039</b>   |
| Guarantee fee income                                   | -                  | 40 542             | -                  | 40 542             |
| Dividends received                                     | -                  | 221 190            | -                  | 221 190            |
| <b>Net income/(loss) before fair value adjustments</b> | <b>1 627 268</b>   | <b>266 016</b>     | <b>(95 513)</b>    | <b>1 797 771</b>   |
| Changes in fair value                                  | (209 128)          | (85 229)           | (292 726)          | (587 083)          |
| Profit on disposal of investment property              | 2 825              | -                  | -                  | 2 825              |
| Impairment of loans receivables                        | -                  | -                  | (1 350 727)        | (1 350 727)        |
| Other impairments                                      | -                  | -                  | (29 964)           | (29 964)           |
| Derecognition of financial guarantees                  | -                  | 185 686            | -                  | 185 686            |
| <b>Profit before taxation</b>                          | <b>1 420 965</b>   | <b>366 473</b>     | <b>(1 768 930)</b> | <b>18 508</b>      |
| Taxation                                               | (1 730)            | -                  | 94 758             | 93 028             |
| <b>Profit for the year</b>                             | <b>1 419 235</b>   | <b>366 473</b>     | <b>(1 674 172)</b> | <b>111 536</b>     |

<sup>(1)</sup> R215 000 (2019: R4 284 000) relates to foreign exchange gains realised on dividends from Hystead and guarantee fee income from PDI.

#### Calculation of distributable income

|                                                 |                  |                |                 |                  |
|-------------------------------------------------|------------------|----------------|-----------------|------------------|
| Net income/(loss) before fair value adjustments | 1 627 268        | 266 016        | (95 513)        | 1 797 771        |
| Adjusted for:                                   | 67 743           | -              | 37 154          | 104 897          |
| Straight-line rental income accrual             | 81 399           | -              | 6 488           | 87 887           |
| Non-controlling interest                        | -                | -              | 30 959          | 30 959           |
| Taxation paid                                   | -                | -              | (427)           | (427)            |
| Net interest adjustments                        | -                | -              | 134             | 134              |
| Other fair value adjustments - Edcon            | (12 705)         | -              | -               | (12 705)         |
| Capital items for distribution purposes         | (951)            | -              | -               | (951)            |
| <b>Distributable income</b>                     | <b>1 695 011</b> | <b>266 016</b> | <b>(58 359)</b> | <b>1 902 668</b> |

**C. SEGMENTAL ANALYSIS** *continued***C3 SEGMENTAL ANALYSIS - FINANCIAL POSITION**

|                                                                | South Africa       | Eastern Europe     | Sub-Saharan Africa | Group              |
|----------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                | June 2020<br>R'000 | June 2020<br>R'000 | June 2020<br>R'000 | June 2020<br>R'000 |
| <b>Assets</b>                                                  |                    |                    |                    |                    |
| Non-current assets                                             | 24 657 174         | 532 972            | -                  | 25 190 146         |
| Current assets                                                 | 881 147            | 22 759             | 766 734            | 1 670 640          |
| Assets classified as held-for-sale                             | -                  | -                  | 2 098 918          | 2 098 918          |
| <b>Total assets</b>                                            | <b>25 538 321</b>  | <b>555 731</b>     | <b>2 865 652</b>   | <b>28 959 704</b>  |
| <b>Liabilities</b>                                             |                    |                    |                    |                    |
| Non-current liabilities                                        | 4 403 050          | 127 066            | -                  | 4 530 116          |
| Current liabilities                                            | 1 749 285          | -                  | 2 049 629          | 3 798 914          |
| Liabilities associated with assets classified as held-for-sale | -                  | -                  | 1 359 216          | 1 359 216          |
| <b>Total liabilities</b>                                       | <b>6 152 335</b>   | <b>127 066</b>     | <b>3 408 845</b>   | <b>9 688 246</b>   |
|                                                                | June 2019<br>R'000 | June 2019<br>R'000 | June 2019<br>R'000 | June 2019<br>R'000 |
| <b>Assets</b>                                                  |                    |                    |                    |                    |
| Non-current assets                                             | 28 639 145         | 237 291            | -                  | 28 876 436         |
| Current assets                                                 | 1 151 002          | 19 262             | 1 559 025          | 2 729 289          |
| Assets classified as held-for-sale                             | -                  | -                  | 2 047 847          | 2 047 847          |
| <b>Total assets</b>                                            | <b>29 790 147</b>  | <b>256 553</b>     | <b>3 606 872</b>   | <b>33 653 572</b>  |
| <b>Liabilities</b>                                             |                    |                    |                    |                    |
| Non-current liabilities                                        | 3 796 753          | 110 401            | 2 671 833          | 6 578 987          |
| Current liabilities                                            | 1 461 881          | -                  | 22 600             | 1 484 481          |
| Liabilities associated with assets classified as held-for-sale | -                  | -                  | 1 098 300          | 1 098 300          |
| <b>Total liabilities</b>                                       | <b>5 258 634</b>   | <b>110 401</b>     | <b>3 792 733</b>   | <b>9 161 768</b>   |

**D. PROFIT OR LOSS****D1 REVENUE AND MINIMUM LEASE PAYMENTS****D1.1 Revenue****D1.1.1 Accounting policy**

Revenue consists of:

- Rental and other lease income – governed by IFRS 16: *Leases*
- Recoveries – governed by IFRS 15: *Revenue from contracts with customers*

**Rental and other lease income**

Rental and other lease income represents the amounts receivable for services provided, net of value added tax, and is measured at the amount of the consideration to which the Group expects to be entitled (i.e. transaction price).

Rental and other lease income comprises contractual rental income, operating cost recoveries, income from marketing and promotions and parking income. Contractual rental income (including tenant parking income and contractual fixed operating cost recoveries) is recognised on a straight-line basis over the term of the lease. Income from marketing, promotions and parking is recognised when the service is rendered.

Contingent rentals/turnover rentals (variable rentals based on the turnover achieved by a tenant) are included in revenue when the amounts can be reliably measured.