

# CONDENSED CONSOLIDATED INTERIM RESULTS

for the SIX MONTHS ended 31 DECEMBER 2021 ("HY2022")

**HYPROP**  
INVESTMENTS LIMITED

www.hyprop.co.za

**HYPROP INVESTMENTS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 1987/005284/06)  
**JSE share code:** HYP **ISIN:** ZAE000190724  
**Bond issuer code:** HYPI  
(Approved as a REIT by the JSE)  
("Hyprop" or "the Company" or "the Group")

## Balance sheet strengthened

- Total borrowings reduced by circa R1 billion since June 2021;
- R876 million of equity raised via the 2021 financial year dividend reinvestment plan;
- Net proceeds from the sale of Atterbury Value Mart and Delta City Belgrade applied to debt; and
- Fully consolidated LTV ratio reduced from 45.8% at 30 June 2021 to 41.5%, and see-through LTV ratio reduced from 37.2% at 30 June 2021 to 34%.

## Improved trading and financial performance

- 21% growth in like-for-like half year distributable income;
- Positive growth in footfall, tenant turnover and trading density across all portfolios; and
- Tenant turnover and trading density in the SA portfolio reached pre-Covid-19 levels in December 2021.

## Significant progress on the Hystead liquidity event via the disposal of Hystead's assets

- Hyprop to acquire the four remaining Hystead assets for €193 million, subject to shareholder approval;
- Disposal of Delta City in Belgrade, Serbia completed;
- Conditional sale and purchase agreement concluded for Delta City in Podgorica, Montenegro; and
- Euro equity debt to be reduced by €185 million.

	Unaudited 6 months 31 December 2021	Unaudited 6 months 31 December 2020	Audited 12 months 30 June 2021
Net operating income (R'000)	477 724	408 234	889 711
Headline earnings per share (cents)	200.1	114.6	327.7
Basic earnings / (loss) per share (cents)	271.1	(42.9)	(297.4)
Distributable income per share (cents)	146.5	160.6	336.5
Net asset value per share (Rand)	58.97	74.48	62.96

## Dividend declaration

Until market conditions stabilise the board anticipates declaring an annual dividend on publication of the Group's year-end results, having regard to the JSE's minimum distribution requirements applicable to REITs, capital expenditure and other cash flow requirements, and the objective of strengthening the balance sheet. The Board will review the dividend payment frequency and pay-out ratio as market conditions evolve.

## Outlook and prospects

Hyprop remains focused on creating safe environments and opportunities for people to connect and have authentic and meaningful experiences, thereby creating long-term sustainable value for all stakeholders.

There are signs that the global impact of Covid-19 is reducing, and that economies are re-opening after two years of Covid-19 restrictions. We are optimistic that in time trading conditions will return to pre-Covid levels, indications of which are evident in the trading metrics of all of our portfolios in HY2022. As a consequence, current conditions offer attractive opportunities for new investments.

We are confident that the Group's strategy and key priorities remain relevant, more so after a prolonged Covid-19 environment. We will continue to focus on the following:

### Group:

- Implementing the Hystead transaction and the sale of Delta City, Podgorica as part of the Hystead liquidity event;
- Further strengthening the balance sheet and reducing the Euro equity debt using the proceeds of the Hystead disposals;
- Incurring only essential capital expenditure;

- Conducting annual portfolio reviews to ensure that we retain the core assets and recycle assets that do not accord with our long-term strategy; and

- Implementing ESG initiatives.

### South Africa:

- Pursuing the centre repositioning strategies in line with Hyprop's Golden Thread principles; and

- Exploring development and redevelopment opportunities within the portfolio.

### Eastern Europe:

- Retaining the dominance of the centres through active asset management initiatives and leveraging the Group's SA expertise; and

- Securing rights to extend the two Croatian centres to meet growing tenant demand.

### Sub-Saharan Africa:

- Ensuring value creation through active asset management;

- Concluding the sale of the Ghanaian portfolio; and

- Revisiting exit options for Ikeja City Mall should the sale to Actis not be implemented.

### Non-tangible assets:

- Extracting value from the newly developed SOKO digital platform;

- Exploring opportunities to roll-out further SOKO districts; and

- Completing the NIKA software development and roll-out in the SA portfolio.

Assuming implementation of the Hystead transaction, the EE portfolio will represent 32% of the Group's total investment property and circa 32% of net property income, diversifying the Group's geographic exposure and reducing reliance on the SA economy, which continues to underperform, and which faces structural headwinds.

Inflation is at concerning levels in the economies of many of our trading partners and the inflationary pressures have been exacerbated by the consequences of Russia's unfortunate invasion of Ukraine. Higher inflation in the economies in which we operate will put pressure on consumers, which will in turn affect our tenants and the affordability of rentals. Furthermore, for a number of years our South African properties have been subject to increases in property rates and utility costs at levels significantly higher than both the consumer price index and the levels at which we are able to recover the increases from our tenants. While our repositioning strategies are appropriate to a low rental growth environment, a combination of low rental growth and excessive external cost pressures will reduce our margins.

The Group is closely monitoring events in the Ukraine and assessing the risks to the EE portfolio.

## Basis of preparation

The condensed consolidated financial statements for the six months ended 31 December 2021 were prepared in accordance with the JSE Listings Requirements for condensed consolidated results, the requirements of the Companies Act of South Africa and International Financial Reporting Standards (IFRS) (including specifically the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and IAS 34 Interim financial reporting). All amendments to standards that are applicable to Hyprop for its financial year beginning 1 July 2021 have been considered.

The accounting policies applied in these condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements for the year ended 30 June 2021.

17 March 2022

## Corporate information

**Directors** G.R. Tipper<sup>†</sup> (Chairman), M.C. Wilken (CEO), B.C. Till (CFO), A.W. Nauta (CIO), A.A. Dallamore<sup>†</sup>, L. Dotwana<sup>†</sup>, K.M. Ellerin<sup>†</sup>, Z. Jasper<sup>†</sup>, N. Mandindi<sup>†</sup>, T.V. Mokgatla<sup>†</sup>, B.S. Mzobe<sup>†</sup>, S. Noussis<sup>†</sup>, S. Shaw-Taylor<sup>†</sup>.

*†Non-executive / †Independent*

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This short-form announcement is the responsibility of the directors and is only a summary of the information contained in the full announcement.

The full announcement has been released on SENS and is available on the JSE website <https://senspdf.jse.co.za/documents/2022/jse/isse/HYPE/HY2022.pdf> and on the Company website at <http://www.hyprop.co.za/results/interims-2022/pdf/booklet.pdf>. Copies of the full announcement may also be requested by emailing Lizelle du Toit at [lizelle@hyprop.co.za](mailto:lizelle@hyprop.co.za) or at the Company's registered office or at the office of the sponsor, at no charge, during office hours from Friday, 18 March 2022 to Friday, 25 March 2022. Any investment decision should be based on the full announcement published on the Company's website.