



HYPROP

**Condensed Consolidated Interim Results**  
for the six months ended 31 December 2021 ("HY2022")

# Headlines

## 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.



# Commentary

## Hyprop Profile

Hyprop is a retail-focused REIT listed on the JSE with a R42 billion portfolio of shopping centres in South Africa, Eastern Europe and sub-Saharan Africa.

## Introduction

Hyprop is committed to creating safe environments and opportunities for people to connect and have authentic and meaningful experiences, which we achieve by owning and managing dominant retail centres in mixed-use precincts, in key economic nodes in South Africa ("SA") and Eastern Europe ("EE").

We gained traction in repositioning the SA portfolio in line with the Golden Thread pillars of Brand, People and Place. This was evident in the relatively quick recovery in our South African tenants' trading as the impact of Covid-19 dissipated and restrictions were lifted. The Sub-Saharan Africa portfolio has recovered well over the last few months, however, the more stringent restrictions in the EE portfolio constrained the recovery of that portfolio. The key trading metrics in all of our portfolios have improved since 2020, and in some instances outperformed pre-Covid-19 levels.

In the last two years we have strengthened the balance sheet and reduced the consolidated LTV from its peak of 51.7% in June 2020 to 41.5%, notwithstanding a decrease of R5 billion in the valuation of our SA portfolio over this period. This was achieved by recycling non-core assets, being Atterbury Value Mart and Delta City Belgrade during HY2022, and successful dividend reinvestment plans for the 2020 and 2021 financial years.

The Hystead liquidity event is being implemented through the disposal of the six Hystead properties. Delta City, Belgrade was sold in November 2021 and Hystead concluded a sale and purchase agreement in February 2022 for the disposal of Delta City, Podgorica, based on a gross property value of €95 million. This transaction is subject to the purchaser securing external bank financing and is expected to be implemented by 31 March 2022 (unless otherwise agreed by the parties). In January 2022 Hyprop, Hystead and PDI concluded a conditional agreement in terms of which Hyprop will acquire from Hystead the four remaining retail centres (Skopje City Mall in North Macedonia; City Center One East and City Center One West in Zagreb, Croatia; and The Mall in Sofia, Bulgaria) (the "EE Portfolio") (the "Hystead transaction").

The Hystead transaction is subject to a number of conditions precedent, including Hyprop shareholder approval, and will allow Hyprop to take control of the EE portfolio:

- increasing Hyprop's effective interest in the portfolio, in line with our diversification strategy;
- aligning our economic interest in and exposure to the portfolio;
- optimising the portfolio's capital structure by introducing €170 million of Euro equity and reducing the Euro equity debt from €403 million to €112 million;
- retaining the Hystead asset and property management teams, ensuring in-country know how and continuity;
- resolving the uncertainty regarding the Hystead liquidity event;
- consolidating the EE Portfolio in Hyprop's financial results; and
- creating a solid, well capitalised platform as the base for the EE strategy.



The General Meeting of shareholders to approve the Hystead transaction will take place on Friday, 25 March 2022. Please refer to the circular on our website: <https://www.hyprop.co.za/circulars.php>.

## Group financial performance

Distributable income for the period was R501 million, an increase of R28 million over that for the six months ended 31 December 2020 ("HY2021"), and an increase of R88 million if Atterbury Value Mart is excluded from the prior period results. The increase in distributable income of R88 million is mainly attributable to a R64 million reduction in Covid-19 discounts, a reduction in expected credit losses on trade receivables, and savings in interest costs following the sale of Atterbury Value Mart.

### Distributable income

	Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
<b>Net income before value adjustments</b>	<b>474 135</b>	<b>431 310</b>	<b>909 163</b>
<b>Adjustments to calculate distributable income</b>	<b>26 686</b>	<b>41 910</b>	<b>125 526</b>
Straight-line rental income accrual	54 286	105 514	114 705
Non-controlling interests	7 429	7 401	24 578
Tax adjustments	(1 351)	-	(8 268)
Net interest adjustments	-	(1 741)	(1 741)
Other fair value adjustments - Edcon	-	(8 126)	-
Africa non-remittable income	(35 784)	(31 719)	(55 400)
Loss from equity accounted investments	3 589	-	4 016
Capital items for distribution purposes	(1 483)	(29 419)	47 636
<b>Distributable income</b>	<b>500 821</b>	<b>473 220</b>	<b>1 034 689</b>
Weighted average number of shares for calculating distributable income per share	341 856 641	294 644 566	307 458 894
Distributable income per share (cents)	146.5	160.6	336.5

The number of ordinary shares in issue increased by 34 million (11%) as a result of the dividend reinvestment plan ("DRIP") for the year ended 30 June 2021 ("FY2021"), which was supported by 85% of shareholders raising R876 million of equity. The additional shares in issue were the primary reason for the decrease in distributable income per share from 160.6 cents in HY2021 to 146.5 cents in HY2022.

The independent desk top valuation of the SA portfolio increased by R298 million to R22.4 billion. The independent valuation of the EE portfolio of €651 million (with Delta City, Podgorica valued at €75.4 million), is in line with the independent valuation at 30 June 2021 (after adjusting for the sale of Delta City Belgrade) and the valuation used for the Hystead transaction. The independent valuation of the Ghanaian portfolio of \$217 million is unchanged from June 2021. Ikeja City Mall is carried at the sale value of \$115 million as agreed with the purchaser in line with the sale and purchase agreement.

Cash and cash equivalents at 31 December 2021 were R1.85 billion (excluding cash held for sale), and the Group has undrawn bank facilities of R3.6 billion. The free cash and certain bank facilities will be utilised to settle the purchase consideration of circa R3.3 billion (€193 million) payable in terms of the Hystead transaction, which will in turn be utilised by Hystead to reduce €185 million of Euro equity debt.



# South African (“SA”) Portfolio

The SA portfolio comprises super-regional centre Canal Walk, large regional centres Clearwater, The Glen, Woodlands, CapeGate, Somerset Mall and Rosebank Mall, and regional centre Hyde Park Corner. In addition, the Company has interests in office blocks attached to Canal Walk, Rosebank Mall and Hyde Park Corner, and owns the standalone offices Cradock Heights and 17 Baker Street which form part of the Rosebank precinct.

Atterbury Value Mart was sold on 2 July 2021 and the cash portion of the proceeds of R1.06 billion was received.

Good progress was made repositioning the SA portfolio in line with Hyprop’s Golden Thread pillars of Brand, Place and People.

## Operating performance and leasing

The key trading metrics for the SA portfolio are set out below. The improvements in all metrics, particularly tenant turnover and trading densities, are encouraging and bear testament to the resilience of the centres and our repositioning strategies. Tenant turnover and trading density for December 2021 were in line with December 2019 (pre-Covid-19).

Key trading metrics	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	YTD growth (Jul - Dec)
% change in foot count year-on-year	8.9%	3.9%	1.2%	4.7%	5.4%	6.4%	5.1%
Trading density (ZAR)	2 568	2 585	2 664	2 906	3 366	4 521	
% change in trading density year-on-year	6.4%	1.0%	12.3%	9.3%	8.6%	9.9%	8.3%
Collections as % of collectibles	94.2%	88.3%	102.5%	112.0%	87.6%	122.5%	
% change in portfolio tenant turnover year-on-year	12%	6%	14%	12%	10%	11%	11%
Retail vacancy	3.1%	3.1%	2.7%	2.6%	2.4%	2.4%	
Arrears (Rm)	126.7	130.2	124.2	125.0	118.6	111.1	

The majority of the centres attracted new tenants during the period. These included Starbucks and a mega new concept Totalsports, ALDO and Big Blue at Somerset Mall; Mattress Gallery at The Glen; Baby City at Woodlands; PEP Home and iStore at Rosebank Mall; PEP Home and Studio 88 at CapeGate; and Aeronautica, Clicks Baby, Nicci Boutique and Birkenstock at Canal Walk.

The repositioning of the portfolio is continuing with refurbishments and relocations at the centres in conjunction with the introduction of new tenants. These form part of the Golden Thread strategy, ensuring that our centres remain relevant to our tenants and customers.

The ceiling project at Somerset Mall has been completed and has improved the aesthetics of the centre. At Hyde Park Corner, a new entrance from the parking area adjacent to Clicks has been constructed, to improve the flow and to re-activate this area of the mall. The demand from new tenants at Rosebank Mall has improved following the opening of the Checkers FreshX, and the reopening of offices in the precinct following the relaxation of Covid-19 restrictions.

Canal Walk benefited from a new flagship @home, the upgrading of Totalsports to a new flagship store and the upgrading of Adidas Woman. At the Glen, HiFi Corporation has been rightsized and revamped, and Crazy Pets and Crazy Plastics have been added. The Checkers at CapeGate was expanded by 900m<sup>2</sup> and upgraded to the latest FreshX specification, and the vertical transportation is being improved with the replacement of lifts and escalators in the food court.



Sustainability is central to the environments in which we operate, the people we work with and serve and, importantly, the norms, values and rules by which we function. Sustainability initiatives included improving recycling, reducing waste, and reducing water and energy consumption and carbon emissions, in line with our targets.

An increase to the solar capacity at Woodlands, Clearwater Mall and Rosebank Mall is planned. IoT.nxt is an organisation that utilises smart technologies to manage, monitor and improve the efficiency of operations and maintenance in built environments and we are implementing a pilot project at Clearwater Mall. The propelair toilets pilot at Clearwater Mall was successful and we are installing propelair toilets at Hyde Park Corner, Rosebank Mall and Offices, to reduce water usage.

The retail vacancy rate in December 2021 was 2.4% and has subsequently reduced to 1.4% at February 2022.

Rent reversions in the period were negative 13%, equivalent to R2.3 million per month which is a significant improvement to the negative reversions of 23.6% reported in June 2021. Contractual rental income increased by 1.2% over the prior period, indicating that the negative reversion cycle may be ending, and that the portfolio is close to reaching a rental base from which sustainable growth may be achieved. This may, however, be affected by other shocks to the economy, including rising levels of inflation.

Leasing	% of total portfolio	Rentable Area (m <sup>2</sup> )	Net monthly rental reversion (R)	Rental reversion as % of average monthly rental	Rental Growth (%)	Contractual Excalation (%)	Average lease duration (years)
<b>Retail</b>	<b>8.0%</b>	<b>49 053</b>	<b>2 324 877</b>	<b>2.4%</b>	<b>(13.0%)</b>	<b>6.3%</b>	<b>3.6</b>
New lettings	2.8%	17 503	236 538	0.2%	(5.0%)	6.4%	4.0
Renewals	5.1%	31 550	2 088 339	2.2%	(15.9%)	6.2%	3.3
<b>Offices</b>	<b>3.8%</b>	<b>1 720</b>	<b>58 610</b>	<b>0.1%</b>	<b>(18.2%)</b>	<b>6.5%</b>	<b>3.0</b>
<b>Total</b>	<b>7.7%</b>	<b>50 773</b>	<b>2 383 487</b>	<b>2.5%</b>	<b>(13.1%)</b>	<b>6.4%</b>	<b>3.5</b>

## Financial performance

Net property income from the SA portfolio for HY2022 was R635 million, an increase of R106 million (20%) over the prior period (after adjusting for the sale of Atterbury Value Mart). The main reasons for the increase are a reduction in Covid-19 discounts of circa R57 million and an increase of R34 million (2.7%) in rental revenue and recoveries.

Distributable income increased from R410 million in HY2021 (excluding Atterbury Value Mart) to R499 million.

Net interest costs reduced from R207 million in the prior period to R169 million, following receipt of the proceeds from the sale of Atterbury Value Mart and debt reductions in the current and prior periods.



Property expenses increased due mainly to an increase in utility costs as activity levels in the centres increased. The municipal cost recovery ratio decreased due to above inflation increases in utility prices, while the expected credit losses on trade receivables decreased from R39 million in HY2021 to R13 million in HY2022, in line with the more stable economic conditions.

The property cost to income ratio reduced from 46.0% in the prior period to 45.6%. The ratio was negatively impacted by the reduction in the municipal cost recovery ratio, the reallocation of costs from other operating expenses to property expenses (with a corresponding reduction in other operating expenses) and the sale of Atterbury Value Mart which had a very low cost to income ratio.

## Operating cost to income ratios - South Africa

	31 December 2021 %	31 December 2020 %	30 June 2021 %
Net cost to income ratio	27.7	28.0	25.0
Gross basis	45.6	46.0	43.4
<b>Gross cost-to-income ratio</b>	<b>45.6</b>	<b>46.0</b>	<b>43.4</b>
Municipal costs	29.5	28.7	27.4
Expected credit losses	1.0	3.1	2.2
Depreciation	2.0	1.7	1.8
Contractor service level agreements	4.7	4.8	4.4
Maintenance costs	1.2	1.1	1.1
Management costs and other expenses	7.2	6.6	6.5

Other operating expenses include R5 million of costs relating to the Hystead transaction.

## Investment property valuations

The independent desk top valuation of the South African investment property portfolio at 31 December 2021 was R22.4 billion, an increase of R298 million (1.4%) from June 2021. Details of the capitalisation rates used by the independent valuers and the valuation sensitivities are included in the financial disclosures. There were no significant changes to the valuation parameters and assumptions from June 2021.

## Capital expenditure

Capital expenditure for the period was R99 million. Major projects included the completed Somerset Mall ceiling project, the Zara fit-out at Canal Walk, the expansion of Checkers, the House and Home upgrade and the new escalators in the food court at CapeGate, new parking equipment at The Glen, replacing Game with Checkers and Stax at Woodlands, and the new entrance at Hyde Park Corner.



# Investments In Eastern Europe (“EE”)

Hyprop’s EE investments, held via a 60% interest in UK-based Hystead Limited (Hystead), include interests in Delta City in Podgorica, Montenegro; Skopje City Mall in Skopje, North Macedonia; The Mall in Sofia, Bulgaria, and City Center One East and City Center One West, both in Zagreb, Croatia.

Delta City in Belgrade, Serbia was sold with effect from 30 November 2021, based on a property valuation of €115 million, and included a vendor loan of €10 million. The net cash consideration of €33 million, after the net asset value adjustments and the vendor loan, was used to settle Euro debt.

On 18 February 2022 Hyprop announced that Hystead had concluded a conditional agreement to dispose of its shareholding in the entity that owns Delta City Podgorica, based on a gross property value of €95 million (exceeding the property’s €75.4 million valuation at 31 December 2021). The disposal of Delta City Podgorica is expected to be completed during the first quarter of 2022, with the proceeds to be used to settle a portion of Hystead’s equity debt.

## Operating performance and leasing

There were no hard Covid-19 lockdowns in the EE portfolio between July and December 2021, although the wearing of masks was compulsory at all centres. Until recently, only people with an EU green certificate (proof of vaccination, negative antigen test or proof of having recovered from Covid-19) were permitted access to certain of the shopping centres, hampering the performance of the centres, including food courts which traded at a reduced capacity.

Key trading metrics	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	YTD growth (Jul - Dec)
% change in foot count year-on-year	17.7%	11.1%	(5.2%)	9.2%	7.4%	40.2%	12.8%
Trading density (EURO)	239	215	227	254	224	307	
% change in trading density year-on-year	18.6%	16.2%	1.7%	10.4%	4.8%	9.8%	11.2%
Collections as % of collectibles	75.6%	74.4%	78.5%	77.5%	69.6%	88.7%	
% change in portfolio tenant turnover year-on-year	19.6%	17.1%	3.9%	12.2%	6.1%	46.6%	17.4%
Retail vacancy	0.3%	0.3%	0.2%	0.2%	0.3%	0.3%	
Arrears (EURO m)	2.3	2.4	2.1	2.2	3.0	1.3	

As Eastern Europe lifts the remaining Covid-19 restrictions, in line with the trend in Western Europe, we are optimistic that the “green certificate” restriction will be lifted, and that footfall should recover to pre-pandemic levels.

Overall, the performance of the centres moved closer to 2019 pre-pandemic levels. Foot count increased by 12.8% and the spend per head by 4.1%. Trading during the Covid-19 period has been characterised by less frequent visits by customers and significantly higher basket spend. Trading density increased by 11%, mainly due to improved turnovers in HY2022.





We continue to assist under-performing tenants through rent reductions, which are evaluated monthly. Our collection rate is steadily improving, and arrears remain low.

We concluded 36 new lettings and renewals at a weighted average overall rental decrease of less than 0.5%, during the period. New lettings were secured over 2 940m<sup>2</sup> and renewals over 6 067m<sup>2</sup>. The average contractual escalation achieved was 2% and vacancies remain low at 0.3%.

New tenants at City Center One East included Café Frei and Pita Pit, while City Center One West welcomed Galeb, electronics store Xiaomi – Mi, home décor store Vitapur, kebab restaurant Ali Kebaba, and Douglas increased its footprint and upgraded its offering.

Skopje City Mall secured several new international and local brands, the majority in the fashion and fast-food categories, including Reserved, Sarah Fashion Premium, Madame Coco and Sach Pizza. The Mall Sofia welcomed Cropp, House and Pet Mall.

## Financial performance

In line with the terms of the Hystead shareholders' agreement, Hyprop's interest in Hystead is accounted for as a financial asset and is carried at fair value. The valuation methodology is the same as that applied in June 2021.

The value of the Hystead financial asset increased from R297 million at 30 June 2021 to R331 million at 31 December 2021, and is in line with the anticipated distribution that Hyprop should receive from Hystead (subject to exchange rate fluctuations) following the sale of Delta City, Podgorica and the Hystead transaction. R17 million of the increase in value was attributable to the devaluation of the Rand against the Euro, with the balance due to an increase in the anticipated future cashflows used in the valuation.

The financial performance of the Hystead properties for the year ended 31 December 2021 (Hystead's financial year) improved over the 31 December 2020 year with revenue of €82 million (2020: €74 million) and net operating income of €46 million (2020: €43 million). The results include the impact of Covid-19 on the portfolio and earnings from Delta City Belgrade for the 11 months prior to its sale. Net interest costs reduced from €23 million to €21 million following the refinancing of loans at lower rates, and repayments on in-country borrowings.

## Distributable income

No dividends were declared by Hystead in the period. The distributable income of R3 million from the EE portfolio comprises foreign exchange gains on the termination of currency hedges taken out in prior periods in anticipation of dividends from Hystead.

## Investment property valuations

The Hystead investment property portfolio was independently valued at 31 December 2021 at €651 million. This is in line with the independent valuation at 30 June 2021 of €650 million (after adjusting for the value of Delta City, Belgrade), and the 31 October 2021 independent valuation used for purposes of the Hystead transaction.



## Investment property valuations

	Unaudited 31 December 2021 '000	Unaudited 31 December 2020 '000	Audited 30 June 2021 '000
Investment property - independent value (100%)	€ 651 200	€ 768 400	€ 765 200
Hyprop's attributable share <sup>1</sup>	€ 390 720	€ 461 040	€ 459 120
Rand / Euro exchange rate	R 17.98	R 17.99	R 17.02
Hyprop's attributable share <sup>1</sup>	R 7 024 911	R 8 293 971	R 7 813 258
Rentable area m <sup>2</sup>	215 729	246 592	245 757
Value per m <sup>2</sup>	€ 3 019	€ 3 116	€ 3 114
Cap rate range	7.3% - 9.5%	7.3% - 9.5%	7.3% - 9.5%
Weighted average cap rate	7.8%	7.9%	7.8%
Implied effective forward yield	7.4%	6.7%	7.3%

<sup>1</sup> Based on Hyprop's 60% effective interest in Hystead.

## Capital expenditure

During the last three years Hystead has spent €9 million to ensure the continued dominance of the centres, and to keep them relevant and aligned with market trends.

All of the recent capital projects have been completed, the major one being the refurbishment of the food court in The Mall in Sofia, Bulgaria. Work on the refurbishment of the centre's toilets commenced in February 2022, and will be completed in phases over the next two years. At Skopje City Mall we are completing the reconstruction of the external play area, revitalising the adjacent external area, right sizing tenants, improving the vertical flow, upgrading the food court and installing new internal signage.

## Investments in sub-Saharan Africa (excluding SA) (“SSA”)

The SSA portfolio comprises a 75% interest in Ikeja City Mall in Lagos, Nigeria, and interests in Accra Mall and West Hills Mall in Accra, Ghana, and Kumasi City Mall in Kumasi, Ghana, held via the Group's 50% interest in AttAfrica.

Hyprop has expressed an intention to exit its SSA investments, however, the process has been delayed, with the disposal of Ikeja City Mall on hold due to the US Dollar liquidity shortage in Nigeria, which shows no signs of abating. The longstop date for implementation of the Ikeja disposal is 31 March 2022. Discussions with a potential buyer of the Ghanaian portfolio are in progress.

Considerable focus is being placed on value creation through active asset and property management while we pursue the exit strategy. The results of the active management initiatives are evident in the improvements in the key trading metrics below.



## Operating performance and leasing

Ikeja City Mall celebrated its tenth anniversary in December 2021, a significant milestone for the centre, tenants and shoppers. The centre is iconic in Nigeria, a popular destination for shoppers and is fully let.

The Shoprite lease at Ikeja City Mall expired in December 2021 and was renewed for a further five years with the buyers of Shoprite's Nigerian business. Nike has taken beneficial occupation of 900m<sup>2</sup> which will be sub-divided to accommodate Nike and Urban Jungle. The former Mr Price store (685m<sup>2</sup>) will be occupied by Smartmark and will house the Dune, ALDO and Mothercare franchises. The likes of Hugo Boss, Calvin Klein and Puma are on the waiting list for space.

Covid-19 restrictions remained in place for restaurants and the cinema, and a general curfew from 12:00am to 4:00am affected restaurant trading. A revised property management agreement and a new power purchase agreement should alleviate some of the operating cost pressure.

Accra Mall remains a prime shopping destination in Ghana. The tenant mix has improved significantly in recent years with new international brands such as Celio, Fast Forward, Levis, and Yves Rocher being added while Clarks should commence trading at the end of April 2022. Restaurants in Ghana are now fully operational with cinemas at 50% capacity due to Covid-19 restrictions.

The Kumasi City Mall tenant mix is improving with Hubtel Limited, Kent's Cup, Mac Cosmetics and P2 Lounge, a restaurant tenant, opening recently. Gateway Innovations, 2M Express and Junction Liquor should commence trading by June 2022.

The South African tenants that exited West Hills Mall provided space for international and local brands, including DOK Shoes, Nat-1 (health and beauty), Sonotech Diagnostic Centre, Maydan Home Décor, Motion Furniture, Kent's Cup and Jays Auto Spa Carwash.

Key trading metrics	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	YTD growth (Jul - Dec)
% change in foot count year-on-year	9.4%	7.8%	14.6%	20.7%	8.7%	(0.7%)	9.1%
Trading density (US\$) <sup>1</sup>	201	202	202	198	211	310	
% change in trading density year-on-year	20.8%	12.3%	4.6%	8.5%	(1.5%)	0.0%	6.7%
Collections as % of collectibles	95.4%	103.0%	108.2%	98.8%	93.4%	119.8%	
% change in portfolio tenant turnover year-on-year	19%	20%	15%	9%	4%	9%	12%
Retail vacancy	11.2%	11.1%	10.8%	10.6%	12.0%	11.6%	
Arrears (US\$) (m)	16.0	15.9	15.7	15.7	16.4	15.3	

<sup>1</sup> Trading density and tenant turnover metrics relate only to the Ghanaian assets and exclude Ikeja City Mall

The Ghanaian sovereign credit rating was recently downgraded by Moody's and Fitch, causing the Cedi to weaken, following a period of relative stability. The asset management team is monitoring the impact of this on revenue and collections.



## Financial performance

Despite the lack of US Dollar liquidity, Ikeja continues to perform well. Revenue increased by 9.9% and operating profit increased by 7.5% (in US Dollars) from HY2021 to HY2022. The performance in Rands was impacted by the strengthening of the Rand against the US Dollar from an average exchange rate of R16.27/\$ in HY2021 to R15.02/\$ in HY2022.

There is no US Dollar liquidity available through official channels in Nigeria. This has prevented payment of Ikeja's profits to shareholders since January 2020 and continues to delay the disposal of Ikeja City Mall.

No dividends were declared by AttAfrica to its shareholders during HY2022, and no amounts have been included in distributable income from either Ikeja City Mall or the Ghanaian portfolio.

## Non-Tangible Assets

The first SOKO district opened in Rosebank Mall in July 2021. Trading at the district has been slow, partly due to the reduced footcount in Rosebank Mall as a result of the employees in the surrounding offices working from home and the hotels not operating. Despite the slow trading, the SOKO digital platform has been proven, including the online leasing, trading, payment settlement and data analysis functionality. Integration with the NIKA gift card system (see below) has also been successful. We are optimistic about the technology platform and the opportunities for further digital innovation.

Hyprop and EmpiriQ, through their joint venture to develop technology based non-tangible assets for the retail, property and related sectors, commenced the design of a digital gift card system branded "NIKA". NIKA allows the purchase, gifting and redemption of digital gift cards through an app. The software development is at an advanced stage and is being tested in the SOKO district with positive results.

The Group's new omnichannel marketing app should go live during the first week of April 2022. Seven of the SA portfolio's websites have been upgraded and integrated with the app, enhancing our ability to communicate with shoppers and elevating the Hyprop digital experience.

## Borrowings

Strengthening the Group's balance sheet, reducing debt (particularly the Group's Euro equity debt) and reducing the Group's LTV ratio have been key priorities for some time. Good progress has been made in this regard.

Total borrowings repaid since June 2021 exceed R1 billion, with R269 million of Rand debt and circa €50 million of Euro debt repaid.

The Group's see-through LTV ratio (the relevant measure for bank covenants at 31 December 2021) reduced from 37.2% in June 2021 to 34.0% at 31 December 2021. The reduction is due to further Rand debt being settled in HY2022, as well as the receipt of the proceeds from the sale of Atterbury Value Mart and Delta City, Belgrade. The fully consolidated LTV, calculated on the basis that all of Hystead's debt is consolidated on the Group's balance sheet, and taking into account the back-to-back security from PDI, is 41.5%. Following implementation of the Hystead transaction, the fully consolidated LTV will become the relevant LTV measure for bank covenant purposes, and is below the LTV covenant of 55% agreed with the major lenders.

The Company met all of its borrowing covenants at 31 December 2021.



## Rand-denominated debt

The net reduction in Rand borrowings during HY2022 was R269 million.

The Group has R3.6 billion of available term loan and revolving credit facilities. These will be utilised to fund part of the consideration payable in terms of the Hystead transaction, to settle short-term borrowings and to maintain adequate levels of liquidity.

## US Dollar-denominated debt

The remaining US Dollar denominated bank debt comprises the in-country bank funding of Ikeja City Mall of \$59 million. This loan matures in February 2023 and will be refinanced closer to the maturity date.

## Euro-denominated debt

At 31 December 2021, Hyprop had guaranteed €363 million of interest-bearing loans/facilities advanced by banks to Hystead (the "Hystead equity debt"). The Hystead equity debt is not consolidated in Hyprop's statement of financial position, however the financial support results in the recognition of a financial liability by Hyprop.

Hystead's in-country debt reduced from €386 million in June 2021 to €289 million in December 2021 as a result of the sale of Delta City, Belgrade, and debt amortisations. €33 million of debt was settled from the proceeds on disposal of Delta City, Belgrade.

Pursuant to the Hystead transaction, Hystead will use the aggregate purchase consideration of €193 million from Hyprop to settle €185 million of equity debt. A further €73 million of equity debt is expected to be settled from the proceeds on the sale of Delta City, Podgorica. Following these reductions, the residual Hystead equity debt will be €112 million, and is payable by the companies that will be acquired by Hyprop in terms of the Hystead transaction.



## Net Asset Value

The Group's net asset value per share decreased by 6% from R62.96 at 30 June 2021 to R58.97 at 31 December 2021, mainly due to the 11% increase in the number of ordinary shares in issue following the FY2021 DRIP.

## Board and Company Secretary changes

Loyiso Dotwana and Bernadette Mzobe were appointed as non-executive directors on 21 January 2022. Fundiswa Nkosi was appointed as the Company Secretary effective 1 February 2022.

## 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.

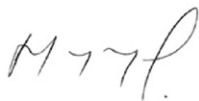
### Going concern

These condensed consolidated financial statements have been prepared on the going concern basis as the directors have reason to believe that the Company and its subsidiaries have adequate resources to continue operations for the ensuing twelve-month period.

These condensed consolidated financial statements have not been reviewed or reported on by Hyprop's independent external auditors.

The financial information was prepared under the supervision of Brett Till CA(SA) in his capacity as the Chief Financial Officer.

### On behalf of the board



**GR Tipper**  
Chairman



**MC Wilken**  
Chief Executive Officer



**BC Till**  
Chief Financial Officer

17 March 2022





## Condensed consolidated statement of profit or loss and other comprehensive income

	Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
<b>Revenue</b>	<b>1 353 534</b>	<b>1 291 044</b>	<b>2 781 339</b>
Rental and other lease income <sup>1</sup>	1 015 652	1 009 773	2 112 847
Straight-line rental income accrual	(54 286)	(105 514)	(114 705)
Non-lease income <sup>1</sup>	38 610	32 466	67 165
Recoveries	353 558	354 319	716 032
Changes in expected credit losses - trade receivables	(19 205)	(44 755)	(72 253)
Property expenses	(622 148)	(587 121)	(1 178 249)
<b>Net property income</b>	<b>712 181</b>	<b>659 168</b>	<b>1 530 837</b>
Other operating income <sup>2</sup>	22 748	33 015	55 341
Other operating expenses	(48 415)	(42 267)	(122 718)
Net foreign exchange profit / (loss) <sup>2</sup>	3 933	26 886	(51 778)
<b>Operating income</b>	<b>690 447</b>	<b>676 802</b>	<b>1 411 682</b>
Net interest	(212 723)	(268 568)	(521 971)
Interest income	39 207	19 441	26 842
Interest expense	(251 930)	(288 009)	(548 813)
<b>Net operating income</b>	<b>477 724</b>	<b>408 234</b>	<b>889 711</b>
Guarantee fee income	-	3 635	3 635
Dividends received	-	19 833	19 833
Loss from equity accounted investments	(3 589)	(392)	(4 016)
<b>Net income before value adjustments</b>	<b>474 135</b>	<b>431 310</b>	<b>909 163</b>
Changes in fair value	377 498	(477 822)	(1 661 020)
Investment property	284 716	(294 799)	(1 587 323)
Other investments	-	(8 126)	-
Financial asset - Hystead	32 962	(239 200)	(235 738)
Derivative instruments	59 820	64 303	162 041
Loss on disposal of investment property	(1 135)	-	-
Changes in expected credit losses - loans receivable	-	(55 263)	-
Changes in expected credit losses - financial guarantees	(85)	-	16 665
<b>Profit / (loss) before taxation</b>	<b>850 413</b>	<b>(101 775)</b>	<b>(735 192)</b>
Taxation	6 869	(14 599)	(101 500)
<b>Profit / (loss) for the period / year</b>	<b>857 282</b>	<b>(116 374)</b>	<b>(836 692)</b>
<b>Profit / (loss) for the period / year attributable to:</b>			
Shareholders of the Company	866 925	(108 973)	(811 620)
Non-controlling interests	(9 643)	(7 401)	(25 072)
<b>Profit / (loss) for the period / year</b>	<b>857 282</b>	<b>(116 374)</b>	<b>(836 692)</b>
<b>Other comprehensive income / (loss)</b>			
<b>Items that may be reclassified subsequently to profit or loss (net of taxation)</b>	<b>83 571</b>	<b>(123 990)</b>	<b>(140 162)</b>
Exchange differences on translation of foreign operations	90 870	(135 757)	(153 966)
Exchange differences on translation of foreign operations: non-controlling interests	(7 299)	11 767	13 804
<b>Total comprehensive income / (loss) for the period / year</b>	<b>940 853</b>	<b>(240 364)</b>	<b>(976 854)</b>
<b>Total comprehensive income / (loss) for the period / year attributable to:</b>			
Shareholders of the Company	957 795	(244 730)	(965 586)
Non-controlling interests	(16 942)	4 366	(11 268)
<b>Total comprehensive income / (loss) for the period / year</b>	<b>940 853</b>	<b>(240 364)</b>	<b>(976 854)</b>
Basic earnings / (loss) per share (cents)	271.1	(42.9)	(297.4)
Diluted earnings / (loss) per share (cents)	270.4	(36.9)	(296.9)

<sup>1</sup> Reallocation of Non-lease income: Casual parking income for the 6 months ended 31 December 2020 and 2021 has been reallocated from Lease income to Non-lease income to be consistent with the allocation in the audited Statement of profit or loss for the year ended 30 June 2021. This enhances the disclosure provided.

<sup>2</sup> Reallocation of Foreign exchange gains and losses: Foreign exchange gains and losses for the 6 months ended 31 December 2020 and 2021 have been reallocated from Other operating income to a separate line to be consistent with the allocation in the audited Statement of profit or loss for the year ended 30 June 2021.

## Condensed consolidated statement of financial position

	Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>23 398 158</b>	<b>23 554 840</b>	<b>22 993 712</b>
Investment property	21 716 795	22 576 823	21 398 499
Straight-line rental income accrual	401 885	443 164	432 830
Property, plant and equipment	274 652	226 066	261 306
Investment in joint ventures	575 922	15 015	579 510
Financial asset - Hystead	330 623	293 772	297 234
Intangible assets	17 197	-	20 133
Loans receivable	71 336	-	4 200
Deferred tax asset	599	-	-
Derivatives	9 149	-	-
<b>Current assets</b>	<b>1 995 062</b>	<b>1 158 208</b>	<b>908 208</b>
Loans receivable	21 736	624 220	19 911
Trade and other receivables	127 281	117 929	106 282
Derivatives	-	36	4 324
Cash and cash equivalents	1 846 045	416 023	777 691
<b>Assets classified as held-for-sale</b>	<b>2 116 501</b>	<b>2 969 189</b>	<b>2 976 164</b>
<b>Total assets</b>	<b>27 509 721</b>	<b>27 682 237</b>	<b>26 878 084</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>	<b>20 076 237</b>	<b>18 866 336</b>	<b>19 291 340</b>
Equity and reserves attributable to shareholders of the company	20 159 324	18 936 848	19 357 485
Stated capital	10 399 201	8 387 876	9 521 178
Non-distributable reserves	8 791 221	9 660 730	8 458 956
Share-based payment reserve	29 627	23 865	32 058
Retained income	1 019 987	1 017 750	1 516 877
Currency translation reserve	(80 712)	(153 373)	(171 584)
Non-controlling interests	(83 087)	(70 512)	(66 145)
<b>Liabilities</b>			
<b>Non-current liabilities</b>	<b>3 649 007</b>	<b>5 593 648</b>	<b>4 498 965</b>
Borrowings	3 333 716	5 178 647	4 132 704
Financial guarantees	66 349	127 066	65 837
Derivatives	72 867	178 160	113 368
Employee provision	1 523	-	-
Deferred taxation	174 552	109 775	187 056
<b>Current liabilities</b>	<b>2 405 034</b>	<b>2 004 809</b>	<b>1 851 666</b>
Borrowings	1 811 767	437 151	1 281 593
Financial guarantees	44 564	-	44 564
Trade and other payables	547 531	570 957	507 199
Taxation	1 101	-	3 746
Dividend payable	-	953 489	-
Derivatives	71	43 212	14 564
<b>Liabilities associated with assets classified as held-for-sale</b>	<b>1 379 443</b>	<b>1 217 444</b>	<b>1 236 113</b>
<b>Total liabilities</b>	<b>7 433 484</b>	<b>8 815 901</b>	<b>7 586 744</b>
<b>Total equity and liabilities</b>	<b>27 509 721</b>	<b>27 682 237</b>	<b>26 878 084</b>
Equity and reserves attributable to shareholders of the company	20 159 324	18 936 848	19 357 485
Shares in issue (net of treasury shares)	341 856 641	254 263 750	307 439 291
<b>Net asset value per share (R)</b>	<b>58.97</b>	<b>74.48</b>	<b>62.96</b>

## Condensed consolidated statement of cash flows

	Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
<b>Net cash flows from operating activities</b>	<b>(439 121)</b>	<b>692 288</b>	<b>304 372</b>
Cash generated from operations	780 051	911 772	1 728 717
Interest received	39 195	19 441	27 037
Interest paid	(215 719)	(238 903)	(497 736)
Taxation paid	(7 959)	(22)	(159)
<b>Cash flows from operating activities before dividends</b>	<b>595 568</b>	<b>692 288</b>	<b>1 257 859</b>
Dividends paid	(1 034 689)	-	(953 487)
<b>Net cash flows from investing activities</b>	<b>950 401</b>	<b>(131 120)</b>	<b>(281 221)</b>
Acquisition of and additions to investment property	(65 179)	(78 813)	(180 502)
Additions to property, plant and equipment	(41 512)	(61 574)	(120 879)
Proceeds on disposal of assets classified as held-for-sale	1 058 792	-	-
Acquisition of subsidiary, net of cash acquired	-	-	4 527
Increase in investment in joint venture	-	(10 566)	-
Loans receivable advanced	(1 700)	-	(4 200)
Dividends received	-	19 833	19 833
<b>Net cash flows from financing activities</b>	<b>603 597</b>	<b>(829 044)</b>	<b>124 032</b>
Loans repaid	(420 234)	(2 561 022)	(3 556 339)
Loans raised	148 031	1 731 978	2 547 069
Shares issued	875 800	-	1 133 302
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1 114 877</b>	<b>(267 876)</b>	<b>147 183</b>
Cash and cash equivalents at the beginning of the period / year	777 691	834 877	834 877
Effects of changes in exchange rates	29 494	(80 479)	(82 477)
Cash and cash equivalents transferred to assets classified as held-for-sale	(76 017)	(70 499)	(121 892)
<b>Cash and cash equivalents at the end of the period / year</b>	<b>1 846 045</b>	<b>416 023</b>	<b>777 691</b>



## Condensed consolidated statement of changes in equity

	Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
<b>Balance at the beginning of the period / year</b>	<b>19 291 340</b>	<b>19 271 458</b>	<b>19 271 458</b>
<b>Total comprehensive income</b>	<b>940 853</b>	<b>(240 364)</b>	<b>(976 854)</b>
Profit / (loss) for the period / year	857 282	(116 374)	(836 692)
Other comprehensive income / (loss) for the period / year	83 571	(123 990)	(140 162)
<b>Transactions with shareholders of the company - contributions and distributions</b>	<b>(155 956)</b>	<b>(164 758)</b>	<b>996 736</b>
Forfeit of shares	(4 883)	(8 033)	(8 036)
Shares issued	875 800	-	1 133 302
Share-based payment expense	7 816	8 417	16 610
Dividends declared	(1 034 689)	(165 142)	(165 140)
Business combinations	-	-	20 000
<b>Balance at the end of the period / year</b>	<b>20 076 237</b>	<b>18 866 336</b>	<b>19 291 340</b>



## Condensed reconciliation of headline earnings

		Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
<b>Earnings</b>				
<b>Profit / (loss) for the period / year attributable to shareholders of the company (Earnings)</b>	<b>A</b>	<b>866 925</b>	<b>(108 973)</b>	<b>(811 620)</b>
<b>Headline earnings adjustments</b>		<b>(226 903)</b>	<b>400 312</b>	<b>1 705 898</b>
Change in fair value of investment property		(230 430)	400 312	1 702 028
Loss on disposal of investment property		1 135	-	-
Non-controlling interest		(1 197)	-	(146)
Loss from equity accounted investments		3 589	-	4 016
<b>Headline earnings</b>	<b>B</b>	<b>640 022</b>	<b>291 339</b>	<b>894 278</b>
<b>Weighted average number of ordinary shares</b>				
Shares in issue at the beginning of the period / year		309 070 057	255 894 516	255 894 516
Effect of shares issued during the period / year		12 327 962	-	18 620 288
Effect of treasury shares held		(1 611 882)	(1 638 977)	(1 634 905)
<b>Weighted average number of ordinary shares in issue</b>	<b>C</b>	<b>319 786 137</b>	<b>254 255 539</b>	<b>272 879 899</b>
Effect of dilutive shares		809 805	40 974 337	506 637
<b>Diluted weighted average number of ordinary shares in issue</b>	<b>D</b>	<b>320 595 942</b>	<b>295 229 876</b>	<b>273 386 536</b>
Basic earnings / (loss) per share (EPS) (cents)	A/C	271.1	(42.9)	(297.4)
Diluted earnings / (loss) per share (DEPS) (cents)	A/D	270.4	(36.9)	(296.9)
Headline earnings per share (HEPS) (cents)	B/C	200.1	114.6	327.7
Diluted headline earnings per share (DHEPS) (cents)	B/D	199.6	98.7	327.1

## Reconciliation of attributable net loss for the year to distributable income

	Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
<b>Total profit / (loss) for the period / year attributable to shareholders of the company</b>	<b>866 925</b>	<b>(108 973)</b>	<b>(811 620)</b>
<b>Adjusted for:</b>	(366 104)	582 193	1 846 309
Change in fair value - investment property	(231 627)	400 312	1 701 881
Change in fair value - derivative instruments	(59 820)	(64 303)	(162 041)
Change in fair value - financial asset - Hystead	(32 962)	239 200	235 738
Change in expected credit losses - financial guarantees	85	-	(16 665)
Loss on disposal of investment property	1 135	-	-
Change in expected credit losses - loans receivable	-	55 262	-
Taxation	(9 238)	14 599	92 885
Capital and other items	(1 483)	(29 417)	47 636
Africa non-remittable income	(32 194)	(33 460)	(53 125)
<b>Distributable income</b>	<b>500 821</b>	<b>473 220</b>	<b>1 034 689</b>



## Segmental analysis - Distributable income

	31 December 2021				31 December 2020				30 June 2021			
	SA R'000	EE R'000	SSA R'000	Group R'000	SA R'000	EE R'000	SSA R'000	Group R'000	SA R'000	EE R'000	SSA R'000	Group R'000
<b>Revenue</b>	<b>1 233 220</b>	<b>-</b>	<b>120 314</b>	<b>1 353 534</b>	<b>1 179 762</b>	<b>-</b>	<b>111 282</b>	<b>1 291 044</b>	<b>2 559 028</b>	<b>-</b>	<b>222 311</b>	<b>2 781 339</b>
Rental and other lease income	918 892	-	96 760	1 015 652	917 785	-	91 988	1 009 773	1 928 082	-	184 765	2 112 847
Gross contractual rental income	966 093	-	98 150	1 064 243	1 022 268	-	99 685	1 121 953	2 076 949	-	195 104	2 272 053
Covid-19 rent relief	(47 201)	-	(1 390)	(48 591)	(104 483)	-	(7 697)	(112 180)	(148 867)	-	(10 339)	(159 206)
Non-lease income	37 692	-	918	38 610	31 805	-	661	32 466	65 650	-	1 515	67 165
Straight-line rental income accrual	(58 356)	-	4 070	(54 286)	(104 266)	-	(1 248)	(105 514)	(114 218)	-	(487)	(114 705)
Recoveries	334 992	-	18 566	353 558	334 438	-	19 881	354 319	679 514	-	36 518	716 032
Change in expected credit losses - trade receivables	(12 848)	-	(6 357)	(19 205)	(39 464)	-	(5 291)	(44 755)	(58 006)	-	(14 247)	(72 253)
Property expenses	(585 660)	-	(36 488)	(622 148)	(551 982)	-	(35 139)	(587 121)	(1 101 683)	-	(76 566)	(1 178 249)
<b>Net property income</b>	<b>634 712</b>	<b>-</b>	<b>77 469</b>	<b>712 181</b>	<b>588 316</b>	<b>-</b>	<b>70 852</b>	<b>659 168</b>	<b>1 399 339</b>	<b>-</b>	<b>131 498</b>	<b>1 530 837</b>
Other operating income	13 418	-	9 330	22 748	33 015	-	-	33 015	50 979	-	4 362	55 341
Other operating expenses	(42 627)	-	(5 788)	(48 415)	(40 636)	-	(1 631)	(42 267)	(116 346)	-	(6 372)	(122 718)
Net foreign exchange profit / (loss)	1 695	3 172	(934)	3 933	(1 495)	(3 011)	31 392	26 886	(2 878)	(4 242)	(44 658)	(51 778)
<b>Operating income</b>	<b>607 198</b>	<b>3 172</b>	<b>80 077</b>	<b>690 447</b>	<b>579 200</b>	<b>(3 011)</b>	<b>100 613</b>	<b>676 802</b>	<b>1 331 094</b>	<b>(4 242)</b>	<b>84 830</b>	<b>1 411 682</b>
Net interest	(168 645)	-	(44 078)	(212 723)	(206 608)	-	(61 960)	(268 568)	(410 361)	-	(111 610)	(521 971)
<b>Net operating income</b>	<b>438 553</b>	<b>3 172</b>	<b>35 999</b>	<b>477 724</b>	<b>372 592</b>	<b>(3 011)</b>	<b>38 653</b>	<b>408 234</b>	<b>920 733</b>	<b>(4 242)</b>	<b>(26 780)</b>	<b>889 711</b>
Guarantee fee income	-	-	-	-	-	3 635	-	3 635	-	3 635	-	3 635
Dividends received	-	-	-	-	-	19 833	-	19 833	-	19 833	-	19 833
Loss from equity accounted investments	-	-	(3 589)	(3 589)	(392)	-	-	(392)	-	-	(4 016)	(4 016)
<b>Net income / (loss) before value adjustments</b>	<b>438 553</b>	<b>3 172</b>	<b>32 410</b>	<b>474 135</b>	<b>372 200</b>	<b>20 457</b>	<b>38 653</b>	<b>431 310</b>	<b>920 733</b>	<b>19 226</b>	<b>(30 796)</b>	<b>909 163</b>
Adjusted for:	60 680	-	(33 994)	26 686	98 113	-	(56 203)	41 910	120 942	-	4 584	125 526
Straight-line rental income accrual	58 356	-	(4 070)	54 286	104 266	-	1 248	105 514	114 218	-	487	114 705
Non-controlling interests	4 200	-	3 229	7 429	-	-	7 401	7 401	3 875	-	20 703	24 578
Tax adjustments	-	-	(1 351)	(1 351)	-	-	-	-	(159)	-	(8 109)	(8 268)
Net interest adjustments	-	-	-	-	-	-	(1 741)	(1 741)	-	-	(1 741)	(1 741)
Other fair value adjustments - Edcon	-	-	-	-	(8 126)	-	-	(8 126)	-	-	-	-
Loss from equity accounted investments	-	-	3 589	3 589	-	-	-	-	-	-	4 016	4 016
Capital items for distribution purposes	(1 876)	-	393	(1 483)	1 973	-	(31 392)	(29 419)	3 008	-	44 628	47 636
Africa non-remittable income	-	-	(35 784)	(35 784)	-	-	(31 719)	(31 719)	-	-	(55 400)	(55 400)
<b>Distributable income</b>	<b>499 233</b>	<b>3 172</b>	<b>(1 584)</b>	<b>500 821</b>	<b>470 313</b>	<b>20 457</b>	<b>(17 550)</b>	<b>473 220</b>	<b>1 041 675</b>	<b>19 226</b>	<b>(26 212)</b>	<b>1 034 689</b>
Weighted number of shares for calculating distributable income per share				341 856 641				294 644 566				307 458 894
<b>Distributable income per share</b>	<b>146.0</b>	<b>0.9</b>	<b>(0.5)</b>	<b>146.5</b>	<b>159.6</b>	<b>6.9</b>	<b>(6.0)</b>	<b>160.6</b>	<b>338.8</b>	<b>6.3</b>	<b>(8.5)</b>	<b>336.5</b>

## Reconciliation of cash generated from operations to distributable income

	31 December 2021				31 December 2020				30 June 2021			
	SA R'000	EE R'000	SSA R'000	Group R'000	SA R'000	EE R'000	SSA R'000	Group R'000	SA R'000	EE R'000	SSA R'000	Group R'000
<b>Cash generated from operations</b>	<b>698 134</b>	<b>3 172</b>	<b>78 745</b>	<b>780 051</b>	<b>835 476</b>	<b>624</b>	<b>75 672</b>	<b>911 772</b>	<b>1 599 205</b>	<b>(607)</b>	<b>130 119</b>	<b>1 728 717</b>
Working capital changes	14 524	-	3 609	18 133	(95 154)	-	1 263	(93 891)	(36 359)	-	14 748	(21 611)
Depreciation and amortisation	(30 559)	-	(1 237)	(31 796)	(23 386)	-	(1 309)	(24 695)	(48 285)	-	(2 532)	(50 817)
Expected credit losses - trade receivables	(12 848)	-	(6 357)	(19 205)	(39 464)	-	(5 291)	(44 755)	(58 006)	-	(14 247)	(72 253)
Straight-line rental income accrual	(58 356)	-	4 070	(54 286)	(104 266)	-	(1 248)	(105 514)	(114 218)	-	(487)	(114 705)
Other non-cash items	(3 697)	-	1 247	(2 450)	(2 132)	-	31 526	29 394	(11 243)	-	(42 771)	(54 014)
Loss from equity accounted investments	-	-	(3 589)	(3 589)	(392)	-	-	(392)	-	-	(4 016)	(4 016)
Edcon impairment	-	-	-	-	8 126	-	-	8 126	-	-	-	-
Net interest	(168 645)	-	(44 078)	(212 723)	(206 608)	-	(61 960)	(268 568)	(410 361)	-	(111 610)	(521 971)
Dividends received	-	-	-	-	-	19 833	-	19 833	-	19 833	-	19 833
<b>Net income / (loss) before value adjustments</b>	<b>438 553</b>	<b>3 172</b>	<b>32 410</b>	<b>474 135</b>	<b>372 200</b>	<b>20 457</b>	<b>38 653</b>	<b>431 310</b>	<b>920 733</b>	<b>19 226</b>	<b>(30 796)</b>	<b>909 163</b>
Straight-line rental income accrual	58 356	-	(4 070)	54 286	104 266	-	1 248	105 514	114 218	-	487	114 705
Non-controlling interests	4 200	-	3 229	7 429	-	-	7 401	7 401	3 875	-	20 703	24 578
Taxation adjustments	-	-	(1 351)	(1 351)	-	-	-	-	(159)	-	(8 109)	(8 268)
Net interest adjustments	-	-	-	-	-	-	(1 741)	(1 741)	-	-	(1 741)	(1 741)
Other fair value adjustments - Edcon	-	-	-	-	(8 126)	-	-	(8 126)	-	-	-	-
Loss from equity accounted investments	-	-	3 589	3 589	-	-	-	-	-	-	4 016	4 016
Capital items for distribution purposes	(1 876)	-	393	(1 483)	1 973	-	(31 392)	(29 419)	3 008	-	44 628	47 636
Africa non-remittable income	-	-	(35 784)	(35 784)	-	-	(31 719)	(31 719)	-	-	(55 400)	(55 400)
<b>Distributable income</b>	<b>499 233</b>	<b>3 172</b>	<b>(1 584)</b>	<b>500 821</b>	<b>470 313</b>	<b>20 457</b>	<b>(17 550)</b>	<b>473 220</b>	<b>1 041 675</b>	<b>19 226</b>	<b>(26 212)</b>	<b>1 034 689</b>





## Investment property

Reconciliation from independent valuation to net carrying value

Unaudited 31 December 2021	Rentable area (m <sup>2</sup> )	Value attributable to Hyprop R'000	Value per m <sup>2</sup> (R/m <sup>2</sup> )	Variance (Dec/Jun)
Shopping centres	652 270	22 224 143	37 514	1.4%
Value centres	-	-	-	-
<b>Total Retail</b>	<b>652 270</b>	<b>22 224 143</b>	<b>37 514</b>	<b>(3.5%)</b>
Stand-alone offices	6 856	165 000	24 066	(2.9%)
<b>Independent valuation</b>	<b>659 126</b>	<b>22 389 143</b>	<b>37 375</b>	<b>(3.5%)</b>
Held-for-sale		-		
Property, plant and equipment		(263 120)		
Own use asset adjustment		(13 222)		
Centre management assets		5 879		
<b>Investment property - statement of financial position</b>		<b>22 118 680</b>		
<b>Unaudited 31 December 2020</b>				
Shopping centres	654 706	23 074 000	38 747	(1.0%)
Value centres	48 631	1 124 800	23 129	(4.5%)
<b>Total Retail</b>	<b>703 337</b>	<b>24 198 800</b>	<b>37 667</b>	<b>(1.2%)</b>
Stand-alone offices	6 856	183 800	26 809	2.1%
<b>Independent valuation</b>	<b>710 193</b>	<b>24 382 600</b>	<b>37 821</b>	<b>(1.1%)</b>
Held-for-sale		(1 124 800)		
Property, plant and equipment		(226 066)		
Own use asset adjustment		(13 879)		
Centre management assets		2 132		
<b>Investment property - statement of financial position</b>		<b>23 019 987</b>		
<b>Audited 30 June 2021</b>				
Shopping centres	652 845	21 921 100	36 943	(6.0%)
Value centres	48 631	1 113 457	22 896	(5.5%)
<b>Total Retail</b>	<b>701 476</b>	<b>23 034 557</b>	<b>35 969</b>	<b>(5.9%)</b>
Stand-alone offices	6 856	170 000	24 795	(5.6%)
<b>Independent valuation</b>	<b>708 332</b>	<b>23 204 557</b>	<b>35 861</b>	<b>(5.9%)</b>
Held-for-sale		(1 113 457)		
Property, plant and equipment		(251 238)		
Own use asset adjustment		(13 222)		
Centre management assets		4 689		
<b>Net carrying value of investment property</b>		<b>21 831 329</b>		



## Valuation assumptions

	<b>Unaudited 31 December 2021 %</b>	<b>Unaudited 31 December 2020 %</b>	<b>Audited 30 June 2021 %</b>
Reversionary capitalisation rate range	6.75% - 9.25%	6.8% - 9.0%	6.75% - 9.25%
Weighted average reversionary capitalisation rate	7.4%	7.4%	7.4%
Implied effective forward yield	7.4%	7.7%	7.6%

## Valuation sensitivity <sup>1</sup>

The valuations of the investment properties are sensitive to changes in the unobservable inputs used in such valuations. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the change in fair value of the investment property in the statement of profit or loss.

		<b>Unaudited 31 December 2021 R'000</b>	<b>Unaudited 31 December 2020 R'000</b>	<b>Audited 30 June 2021 R'000</b>
Reversionary capitalisation rates	Increase by 0.25%	(571 098)	(589 065)	(508 919)
	Decrease by 0.25%	619 169	626 049	545 105
Discount rate	Increase by 0.25%	(236 089)	(238 160)	(206 280)
	Decrease by 0.25%	240 081	236 308	208 920
Average market rental growth rate	Increase by 0.25%	177 768	209 900	180 612
	Decrease by 0.25%	(175 563)	(215 300)	(178 744)

<sup>1</sup> Value sensitivities exclude assets classified as held-for-sale



## Investment in Hystead Limited

The following disclosures are made for the group's 60% investment in Hystead which is accounted for as a financial asset, measured at fair value through profit or loss.

Carrying value and net movement for the period / year	Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
<b>Balance at the beginning of the period / year</b>	297 234	532 972	532 972
Net change in fair value of future cashflows	33 389	(239 200)	(235 738)
New guarantees issued	427	-	-
Fair value adjustment <sup>1</sup>	32 962	(239 200)	(235 738)
<b>Balance at the end of the period / year</b>	<b>330 623</b>	<b>293 772</b>	<b>297 234</b>
<b>Movements through profit or loss</b>			
Movement on financial asset	253 933	(918 681)	(1 803 794)
Movement on deferred gains on financial asset	(220 971)	679 481	1 568 056
<b>Total fair value adjustment to financial asset <sup>1</sup></b>	<b>32 962</b>	<b>(239 200)</b>	<b>(235 738)</b>

<sup>1</sup> The fair value movement for the current and prior years is unrealised and is recorded in the statement of profit or loss on the line "Changes in fair value: Financial asset - Hystead".

## Measurement of fair value

The following tables show the valuation techniques and significant unobservable inputs used in measuring the level 3 Financial asset - Hystead:

Valuation technique	Unobservable inputs	Movement in input	Effect on estimated fair value
<b>Discounted cash flow:</b> The valuation is calculated as the present value of the anticipated future net cash flows expected to be generated by the underlying shopping centres after deducting the head office costs within the Hystead group.	Annual growth rate	Increase	Increase
	Terminal growth rate	Decrease	Decrease
The cash flow projections include specific estimates for 10 years (June 2021: 10 years). The expected net cash flows are discounted using a risk adjusted discount rate as well as a risk adjusted cap rate.	Exit cap rate	Increase	Decrease
	Discount rate	Decrease	Increase

Valuation assumptions	Unaudited 31 December 2021 %	Unaudited 31 December 2020 %	Audited 30 June 2021 %
Annual growth rate	2.4 to 17.2	9.2 to 632.5	(0.02) to 634.5
Weighted average annual growth rate	11.6	114.1	67.1
Discount rate	6.3 to 8.3	6.3 to 8.3	6.3 to 8.3
Weighted average discount rate	7.1	7.0	7.1
Exit capitalisation rates	5.3 to 7.5	5.3 to 7.5	5.3 to 7.5
Weighted average exit capitalisation rate	5.9	5.9	5.9



## Valuation sensitivity

The valuation of the Financial asset - Hystead is sensitive to changes to the unobservable inputs. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the fair value of the Financial asset - Hystead in the statement of profit or loss.

		Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
Annual growth rate	Increase by 0.5%	76 592	76 636	72 496
	Decrease by 0.5%	(76 592)	(76 636)	(72 496)
Discount rate	Increase by 0.5%	(76 592)	(98 350)	(72 496)
	Decrease by 0.5%	76 592	98 350	72 496
Exit capitalisation rates	Increase by 0.5%	(100 846)	(76 636)	(94 245)
	Decrease by 0.5%	100 846	76 636	94 245

## Financial guarantees

Hyprop and PDI Investment Holdings Limited (PDI) have guaranteed EUR402.7 million of loans / facilities advanced by banks to Hystead as follows:

- Hyprop            EUR362.7 million (June 2021: EUR 361.5 million)
- PDI                EUR40 million (June 2021: EUR 40 million)

In exchange for Hyprop providing guarantees in excess of its 60% shareholding in Hystead, PDI has provided:

- back-to-back security to Hyprop of EUR47.2 million (equivalent to 11.7% of Hystead's EUR 402 million equity debt) in terms of the PDI indemnity agreement, and
- in return for the EUR 73.6 million of equity debt (representing 18.3% of Hystead's EUR 402 million equity debt) which Hyprop has guaranteed in excess of its 60% interest in Hystead, Hyprop receives a guarantee fee of 60% of the related dividends declared to PDI by Hystead, which equates to 11% (60% x 18.3%) of the total dividends paid by Hystead.

The guarantees issued by Hyprop on behalf of Hystead are recognised as financial liabilities on the statement of financial position at the higher of the day 1 fair value or expected credit loss value.



## Financial guarantees - continued

	Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
<b>Carrying value</b>			
Guarantees in respect of EUR denominated loans	110 913	127 066	110 401
<b>Total financial guarantee liabilities</b>	<b>110 913</b>	<b>127 066</b>	<b>110 401</b>
<b>Maturity profile</b>			
Non-current liabilities	66 349	127 066	65 837
Current liabilities	44 564	-	44 564
<b>Total financial guarantee liabilities</b>	<b>110 913</b>	<b>127 066</b>	<b>110 401</b>
<b>Movement reconciliation</b>			
<b>Balance at the beginning of the period / year</b>	<b>110 401</b>	<b>127 066</b>	<b>127 066</b>
Recognition of new guarantee	427	-	-
Changes in expected credit losses	85	-	(16 665)
<b>Balance at the end of the period / year</b>	<b>110 913</b>	<b>127 066</b>	<b>110 401</b>

### Measurement of fair value

The following tables show the valuation techniques and significant unobservable inputs used in measuring the level 3 financial guarantees:

Valuation technique	Unobservable inputs	Movement in input	Effect on estimated fair value
<b>Discounted cash flow:</b> Contractual future cash flows related to each loan were calculated and then multiplied by an appropriate probability of default (PD) and loss given default (LGD). The amounts were then discounted (using risk free rates) to either the inception date of the exposure or the valuation date to obtain the day one fair value or expected credit loss (ECL).	Probability of default (PD)	Increase	Increase
	Loss given default (LGD)	Decrease	Decrease
For the ECL calculations, these can be calculated for either a 12 month period (stage 1) or lifetime (stage 2). Depending on the stage or exposure, the relevant ECL value was chosen and compared to the day one fair value.	Credit rating	Decrease	Increase



## Financial guarantees - continued

Valuation assumptions	Unaudited 31 December 2021	Unaudited 31 December 2020	Audited 30 June 2021
Risk free rate	EUR IOS	EUR IOS	EUR IOS
Data used for probability of default (PD)	Publicly available IMF data and management input	Publicly available IMF data and management input	Publicly available IMF data and management input
Loss given default (LGD)	Between 20% and 30% for EUR guarantees	Between 20% and 30% for EUR guarantees	Between 20% and 30% for EUR guarantees
Credit rating	B+ to BBB-	BB+ to BBB-	BB+ to BBB-

### Valuation sensitivity

The valuation of the financial guarantees is sensitive to changes to the unobservable inputs. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the carrying value of the financial guarantees on the statement of financial position.

	Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
One notch better credit risk than Hyprop	(41 536)	(49 287)	(41 390)
One notch worse credit risk than Hyprop	146	32 533	-



## Financial instruments

### Accounting classifications and fair value hierarchy <sup>3</sup>

The following table reflects the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

Unaudited 31 December 2021	Carrying amount			Fair value and fair value hierarchy (The Group has no financial instruments classified as level 1)			
	Fair value through profit or loss R'000	Other <sup>4</sup> R'000	Amortised cost R'000	Total R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>Financial assets measured at fair value</b>							
Financial asset - Hystead	330 623	-	-	330 623	-	330 623	330 623
Derivative instruments - non-current	9 149	-	-	9 149	9 149	-	9 149
Derivative instruments - current	-	-	-	-	-	-	-
	<b>339 772</b>	-	-	<b>339 772</b>	<b>9 149</b>	<b>330 623</b>	<b>339 772</b>
<b>Financial assets not measured at fair value</b>							
Loans receivable - non-current	-	-	71 336	71 336	n/a	n/a	n/a
Loans receivable - current	-	-	21 736	21 736	n/a	n/a	n/a
Trade and other receivables (incl. held-for-sale) <sup>1</sup>	-	-	102 200	102 200	n/a	n/a	n/a
Cash and cash equivalents (incl. held-for-sale)	-	-	2 085 622	2 085 622	n/a	n/a	n/a
	-	-	<b>2 280 894</b>	<b>2 280 894</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Financial liabilities measured at fair value</b>							
Derivative instruments - non-current	72 867	-	-	72 867	72 867	-	72 867
Derivative instruments - current	71	-	-	71	71	-	71
	<b>72 938</b>	-	-	<b>72 938</b>	<b>72 938</b>	-	<b>72 938</b>
<b>Financial liabilities not measured at fair value</b>							
Long-term portion of interest-bearing borrowings (incl. held-for-sale)	-	-	4 657 354	4 657 354	n/a	n/a	n/a
Short-term portion of interest-bearing borrowings (incl. held-for-sale)	-	-	1 811 767	1 811 767	n/a	n/a	n/a
Financial guarantees - non-current	-	66 349	-	66 349	n/a	n/a	n/a
Financial guarantees - current	-	44 564	-	44 564	n/a	n/a	n/a
Trade and other payables (incl. held-for-sale) <sup>2</sup>	-	-	433 665	433 665	n/a	n/a	n/a
	-	<b>110 913</b>	<b>6 902 786</b>	<b>7 013 699</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

Fair value and fair value hierarchy  
(The Group has no financial  
instruments classified as level 1)

Unaudited 31 December 2020	Carrying amount			Total R'000	Level 2 R'000	Level 3 R'000	Total R'000
	Fair value through profit or loss R'000	Other <sup>4</sup> R'000	Amortised cost R'000				
<b>Financial assets measured at fair value</b>							
Financial asset - Hystead	293 772	-	-	293 772	-	293 772	293 772
Derivative instruments - current	36	-	-	36	36	-	36
	<b>293 808</b>	-	-	<b>293 808</b>	<b>36</b>	<b>293 772</b>	<b>293 808</b>
<b>Financial assets not measured at fair value</b>							
Loans receivable - non-current	-	-	-	-	n/a	n/a	n/a
Loans receivable - current	-	-	624 220	624 220	n/a	n/a	n/a
Trade and other receivables (incl. held-for-sale) <sup>1</sup>	-	-	178 041	178 041	n/a	n/a	n/a
Cash and cash equivalents (incl. held-for-sale)	-	-	528 189	528 189	n/a	n/a	n/a
	-	-	<b>1 330 450</b>	<b>1 330 450</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Financial liabilities measured at fair value</b>							
Derivative instruments - non-current	178 160	-	-	178 160	178 160	-	178 160
Derivative instruments - current	43 212	-	-	43 212	43 212	-	43 212
	<b>221 372</b>	-	-	<b>221 372</b>	<b>221 372</b>	-	<b>221 372</b>
<b>Financial liabilities not measured at fair value</b>							
Long-term portion of interest-bearing borrowings (incl. held-for-sale)	-	-	5 178 647	5 178 647	n/a	n/a	n/a
Short-term portion of interest-bearing borrowings (incl. held-for-sale)	-	-	1 586 073	1 586 073	n/a	n/a	n/a
Financial guarantees - non-current	-	127 066	-	127 066	n/a	n/a	n/a
Trade and other payables (incl. held-for-sale) <sup>2</sup>	-	-	467 571	467 571	n/a	n/a	n/a
	-	<b>127 066</b>	<b>7 232 291</b>	<b>7 359 357</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>



Fair value and fair value hierarchy  
(The Group has no financial  
instruments classified as level 1)

Audited 30 June 2021	Carrying amount			Total R'000	Level 2 R'000	Level 3 R'000	Total R'000
	Fair value through profit or loss R'000	Other <sup>4</sup> R'000	Amortised cost R'000				
<b>Financial assets measured at fair value</b>							
Financial asset - Hystead	297 234	-	-	297 234	-	297 234	297 234
Derivative instruments - current	4 324	-	-	4 324	4 324	-	4 324
	<b>301 558</b>	<b>-</b>	<b>-</b>	<b>301 558</b>	<b>4 324</b>	<b>297 234</b>	<b>301 558</b>
<b>Financial assets not measured at fair value</b>							
Loans receivable - non-current	-	-	4 200	4 200	n/a	3 053	n/a
Loans receivable - current	-	-	19 911	19 911	n/a	n/a	n/a
Trade and other receivables (incl. held-for-sale) <sup>1</sup>	-	-	139 757	139 757	n/a	n/a	n/a
Cash and cash equivalents (incl. held-for-sale)	-	-	941 250	941 250	n/a	n/a	n/a
	<b>-</b>	<b>-</b>	<b>1 105 118</b>	<b>1 105 118</b>	<b>n/a</b>	<b>3 053</b>	<b>n/a</b>
<b>Financial liabilities measured at fair value</b>							
Derivative instruments - non-current	113 368	-	-	113 368	113 368	-	113 368
Derivative instruments - current	14 564	-	-	14 564	14 564	-	14 564
	<b>127 932</b>	<b>-</b>	<b>-</b>	<b>127 932</b>	<b>127 932</b>	<b>-</b>	<b>127 932</b>
<b>Financial liabilities not measured at fair value</b>							
Long-term portion of interest-bearing borrowings (incl. held-for-sale)	-	-	5 286 276	5 286 276	n/a	n/a	n/a
Short-term portion of interest-bearing borrowings (incl. held-for-sale)	-	-	1 281 594	1 281 594	n/a	n/a	n/a
Financial guarantees - non-current	-	65 837	-	65 837	n/a	n/a	n/a
Financial guarantees - current	-	44 564	-	44 564	n/a	n/a	n/a
Trade and other payables (incl. held-for-sale) <sup>2</sup>	-	-	313 133	313 133	n/a	n/a	n/a
	<b>-</b>	<b>110 401</b>	<b>6 881 003</b>	<b>6 991 404</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

<sup>1</sup> This balance excludes Prepayments, municipal deposits and sundry receivables.

<sup>2</sup> This balance excludes Rent received in advanced, municipal and employee provisions and sundry payables. This balance includes interest payable at a Group level of R42.9m (June 2021: R37.2m ; Dec 2020: R42.8m).

<sup>3</sup> Balances in the tables include assets- held-for-sale where applicable.

<sup>4</sup> Financial guarantees are initially measured at fair value and subsequently at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15: Revenue from contracts with customers. The financial guarantees have been reallocated from "Fair value through profit or loss" to "Other".

## Transfers between levels

There were no transfers in either direction between level 1, 2, or 3 during the current or prior periods for the financial assets and financial liabilities.



## Related party disclosures

The group, in the ordinary course of business, entered into various transactions during the period, on an arm's length basis at market rates with related parties:

	Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
<b>Natalmahogany (SOKO) - joint venture</b>			
Investment in shares	-	13 678	-
Equity accounted loss	-	(2 326)	-
<b>AttAfrica SA - joint venture - deregistered subsequent to December 2020</b>			
Investment in shares	-	1 730	-
Equity accounted earnings	-	1 934	-
<b>AttAfrica - joint venture</b>			
Loan (payable) / receivable (net of impairments)	(10 864)	603 195	(12 711)
<b>Hystead - financial asset</b>			
Financial asset	330 623	293 772	297 234
Asset management and accounting fee income	12 338	31 335	47 579
Dividend received	-	19 833	19 833
Financial guarantees provided by Hyprop on behalf of Hystead			
Debt guaranteed	6 521 803	6 575 910	6 227 795
Fair value of financial guarantees	110 913	127 066	110 401
Guarantee liability as a percentage of debt guaranteed (%)	1.7	1.9	1.8
<b>PDI Investment Holdings Limited - co-investor</b>			
Credit enhancement fee: income	-	3 635	3 635
<b>Attacq Limited - co-investor / common director</b>			
Borrowings	1 271	-	1 271
Cost recovery	-	-	30
Fees received	1 080	-	2 720
<b>AIH International Limited - co-investor</b>			
Borrowings	384 034	317 678	332 197
<b>Directors' remuneration</b>			
Independent non-executive directors	2 143	2 123	4 484
Non-executive directors	218	434	626
Total executive directors	13 457	5 515	11 029
Basic salary	5 026	5 012	9 847
Pension fund contributions	431	425	843
Performance bonus (paid in October 2021)	7 720	-	-
Vested shares	96	-	-
Fees	106	-	183
Other benefits	78	78	156
<b>Directors' interest in Hyprop shares</b>			
Independent non-executive directors	39 612	35 000	35 000
Non-executive directors <sup>1</sup>	3 000 000	3 000 000	3 000 000
Executive directors <sup>2</sup>	713 274	563 505	515 469

<sup>1</sup> Exposure in terms of off-market derivative transactions (Long call 2 000 000 shares, short call 500 000 shares, short put 1 500 000 shares) at varying strike prices.

<sup>2</sup> Shares include those awarded under the Share incentive scheme.



## Borrowings

### Loan to value and interest cover ratios

	Banking covenant	Unaudited 31 December 2021	Unaudited 31 December 2020	Audited 30 June 2021
Interest cover (times)	1.75 - 2.0	3.2	2.6	3.0
LTV - See through calculation <sup>1</sup>	50% - 70%/55%	34.0%	38.8%	37.2%
LTV - Fully consolidated <sup>2</sup>	50% - 70%/55%	41.5%	49.8%	45.8%

<sup>1</sup> Calculated taking into account Hyprop's attributable share of the net assets of Hystead, the Hystead debt guaranteed by Hyprop and the back-to-back security Hyprop holds from PDI in relation to the guarantees. This methodology is used by Hyprop's lender banks.

<sup>2</sup> Calculated on the basis that all of Hystead's debt is consolidated on the Group's balance sheet, and taking into account the back-to-back security Hyprop holds from PDI in relation to the guarantees.

	Unaudited 31 December 2021 Rm	Unaudited 31 December 2020 Rm	Audited 30 June 2021 Rm
<b>Borrowings</b>			
ZAR borrowings	5 206	5 817	5 528
Bank borrowings	2 634	2 683	2 484
Corporate bonds	2 499	2 913	2 916
Derivative instruments	73	221	128
Less: cash and cash equivalents	(2 086)	(528)	(941)
USD borrowings (Rand equivalent)	12	20	14
USD borrowings (Rand equivalent included in liabilities directly associated with non-current assets held-for-sale)	1 324	1 149	1 154
<b>On balance sheet borrowings</b>	<b>4 456</b>	<b>6 458</b>	<b>5 755</b>
EUR (Rand equivalent) <sup>3</sup>	5 698	5 734	5 425
<b>Total borrowings</b>	<b>10 154</b>	<b>12 192</b>	<b>11 180</b>
<b>Assets</b>			
ZAR assets	22 614	24 531	23 335
Investment property South African Portfolio	22 119	23 020	21 831
Property, plant & equipment	275	226	261
Other assets	220	154	125
Assets-held-for-sale	-	1 131	1 118
USD assets	576	604	585
USD assets held-for-sale	1 877	1 726	1 695
<b>On balance sheet assets</b>	<b>25 067</b>	<b>26 861</b>	<b>25 615</b>
EUR assets (Rand equivalent) <sup>4</sup>	4 808	4 595	4 425
<b>Total assets</b>	<b>29 875</b>	<b>31 456</b>	<b>30 040</b>
Loan-to-value ratio	34.0%	38.8%	37.2%

<sup>3</sup> Hyprop's attributable share of the Hystead debt guaranteed by the Hystead shareholders after deducting the back-to-back security received from PDI

<sup>4</sup> Hyprop's attributable share of Hystead's NAV ((Total assets less in-country debt) x 60%)



Details of the Group's borrowings (including the Hystead borrowings guaranteed by Hyprop) are set out in the table below:

Debt summary	Unaudited 31 December 2021	Unaudited 31 December 2020	Audited 30 June 2021
<b>Proportion of borrowings costs which are hedged</b>			
ZAR debt	85.9%	60.0%	79.0%
USD debt	0.0%	0.0%	0.0%
EUR debt guaranteed by Hystead shareholders	100.0%	100.0%	100.0%
EUR debt	87.7%	77.6%	77.8%
<b>Average term of interest rate hedges (years) (excl. EUR Funding)</b>	<b>2.3</b>	<b>1.8</b>	<b>2.0</b>
ZAR debt	2.3	1.8	2.0
USD debt (Rand equivalent)	n/a	n/a	n/a
EUR debt	2.9	3.9	3.4
<b>Weighted average term of interest bearing borrowings (years) (excl. EUR funding)</b>	<b>1.4</b>	<b>2.0</b>	<b>1.8</b>
ZAR debt	1.5	2.3	1.8
USD debt	1.2	0.2	1.7
EUR debt	2.0	2.2	2.2
<b>Cost of funding (incl. hedges, excl. EUR funding)</b>	<b>7.4%</b>	<b>7.9%</b>	<b>7.7%</b>
ZAR debt	7.6%	8.1%	7.8%
USD debt	6.4%	6.2%	6.3%
EUR debt	2.5%	2.6%	2.6%
<b>Cost of funding (excl. hedges, excl. EUR funding)</b>	<b>5.8%</b>	<b>5.5%</b>	<b>5.6%</b>
ZAR debt	5.7%	5.4%	5.5%
USD debt	6.4%	6.2%	6.3%
EUR debt	2.4%	2.5%	2.5%
<b>Debt Capital Market (DCM) % of total debt</b>	<b>38.2%</b>	<b>23.0%</b>	<b>24.1%</b>
<b>Interest cover ratio</b>			
Interest cover ratio (gross)	3.2	2.6	3.0
Interest cover ratio (net)	3.6	2.7	3.2
<b>Borrowing covenants</b>			
LTV (Banks / DCM)	50% - 70%/55%	50% - 70%/55%	50% - 70%/55%
Interest cover (Banks)	1.75 - 2.0	1.75 - 2.0	1.75 - 2.0

## Exchange rates

The exchange rates used to convert foreign currency amounts to Rands are as follows:

	31 December 2021		31 December 2020		30 June 2021	
	Average rate R	Period-end spot rate R	Average rate R	Period-end spot rate R	Average rate R	Year-end spot rate R
US Dollar	15.02	15.89	16.27	14.65	15.43	14.31
Euro	17.43	17.98	19.20	17.99	18.38	17.02
Realised average exchange rate - Euro <sup>1</sup>	17.10		17.80		17.80	

<sup>1</sup> Actual exchange rates at which foreign currency management fees / dividends were received in South Africa and converted to Rands.



## REIT Ratios

### SA REIT Association's best practice recommendations

The second edition of the SA REIT Association's best practice recommendations was issued in November 2019 and is effective for reporting periods commencing on or after 1 January 2020. The comparative figures have been disclosed on the same basis.

<b>SA REIT Funds from Operations (SA REIT FFO) per share</b>	<b>Unaudited 31 December 2021 R'000</b>	<b>Unaudited 31 December 2020 R'000</b>	<b>Audited 30 June 2021 R'000</b>
<b>Profit/(loss) per IFRS Statement of comprehensive income (SOCI) attributable to the parent</b>	<b>866 925</b>	<b>(108 973)</b>	<b>(811 620)</b>
Adjusted for:			
<b>Accounting / specific adjustments:</b>	<b>(269 044)</b>	<b>709 352</b>	<b>2 012 812</b>
Fair value adjustments to:			
Investment property	(285 914)	294 799	1 587 177
Equity instruments held at fair value through profit or loss	(32 962)	239 200	235 738
Debt instruments held at fair value through profit or loss	85	-	(16 665)
Depreciation and amortisation of intangible and administrative assets	3 566	-	-
Asset impairments (excluding goodwill) and reversals of impairment	-	55 263	-
Deferred tax movement recognised in profit or loss	(13 105)	14 576	91 857
Straight-lining operating lease adjustment	54 286	105 514	114 705
Transaction costs expensed in accounting for business combination	5 000	-	-
<b>Adjustments arising from investing activities:-</b>	<b>1 135</b>	<b>-</b>	<b>-</b>
Gains or losses on disposal of:			
Investment property and property, plant and equipment	1 135	-	-
<b>Foreign exchange and hedging items:</b>	<b>(55 887)</b>	<b>(88 660)</b>	<b>(99 967)</b>
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(59 820)	(64 303)	(162 041)
Foreign exchange gains or losses relating to capital items – realised and unrealised	3 933	(24 357)	62 074
<b>SA REIT FFO:</b>	<b>543 129</b>	<b>511 719</b>	<b>1 101 225</b>
Number of shares outstanding at end of period (net of treasury shares)	<b>341 856 641</b>	<b>254 263 750</b>	<b>307 439 291</b>
<b>SA REIT FFO per share (cents):</b>	<b>158.9</b>	<b>201.3</b>	<b>358.2</b>
<b>Company-specific adjustments (cents per share)</b>	<b>(12.4)</b>	<b>(40.7)</b>	<b>(21.7)</b>
Net interest adjustments	-	(0.7)	(0.6)
Africa non remittable income	(10.5)	(12.5)	(18.0)
Capital and other items	(2.9)	(2.1)	(4.4)
Equity accounted loss	1.0	0.1	1.3
Dilutive effect of shares issued in January 2021 pursuant to the dividend reinvestment alternative relating to the 2020 distributions	-	(25.5)	-
<b>Distributable income per share (cents):</b>	<b>146.5</b>	<b>160.6</b>	<b>336.5</b>



	Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
<b>SA REIT Net Asset Value (SA REIT NAV)</b>			
<b>Reported NAV attributable to the parent</b>	<b>20 159 324</b>	<b>18 936 848</b>	<b>19 357 485</b>
Adjustments:			
Dividend to be declared / reinvested	-	777 331	(1 034 689)
Fair value of certain derivative financial instruments	63 788	-	-
Goodwill and intangible assets	(17 197)	-	(20 133)
Deferred tax	173 953	109 775	187 056
<b>SA REIT NAV:</b>	<b>20 379 868</b>	<b>19 823 954</b>	<b>18 489 719</b>
<b>Shares outstanding</b>			
Number of shares in issue at period end (net of treasury shares)	341 856 641	254 263 750	307 439 291
Effect of dilutive instruments (options under the share scheme)	809 805	40 974 337	506 637
<b>Diluted number of shares in issue</b>	<b>342 666 446</b>	<b>295 238 087</b>	<b>307 945 928</b>
<b>SA REIT NAV per share (R):</b>	<b>59.47</b>	<b>67.15</b>	<b>60.04</b>
<b>SA REIT loan-to-value</b>			
Gross debt <sup>1</sup> - per statement of financial position (including held-for-sale)	6 580 034	6 891 786	6 678 270
Less:			
Cash and cash equivalents (including held-for-sale)	(2 085 622)	(528 189)	(941 250)
Add:			
Derivative financial instruments	63 788	221 336	127 932
<b>Net debt</b>	<b>4 558 200</b>	<b>6 584 933</b>	<b>5 864 952</b>
Total assets – per statement of financial position	27 509 721	27 682 237	26 878 084
Less:			
Cash and cash equivalents (including held-for-sale)	(2 085 622)	(528 189)	(941 250)
Derivative financial assets	(9 149)	(36)	(4 324)
Intangible assets	(17 197)	-	(20 133)
Trade and other receivables (including held-for-sale)	(193 762)	(117 929)	(147 634)
<b>Carrying amount of property-related assets</b>	<b>25 203 991</b>	<b>27 036 083</b>	<b>25 764 743</b>
<b>SA REIT loan-to-value</b>	<b>18.1%</b>	<b>24.4%</b>	<b>22.8%</b>

<sup>1</sup> Excludes non-consolidated liabilities of Hystead Limited which have been guaranteed by Hyprop.

Refer to page 35 for details of the Company's loan-to-value ratio, as calculated by the Group's major lenders, and compliance with banking covenants.



	Unaudited 31 December 2021 R'000	Unaudited 31 December 2020 R'000	Audited 30 June 2021 R'000
<b>SA REIT cost-to-income ratio</b>			
<b>Expenses</b>			
Operating expenses per IFRS income statement (includes municipal expenses)	641 353	631 876	1 250 502
Administrative expenses per IFRS income statement	48 415	42 267	122 718
Exclude:			
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation in respect of intangible assets	(3 566)	(745)	(1 467)
<b>Company specific adjustments:</b>			
Software development costs	(1 231)	-	(4 956)
<b>Operating costs</b>	<b>684 971</b>	<b>673 398</b>	<b>1 366 797</b>
<b>Rental income</b>			
Contractual rental income per IFRS income statement (excluding straight-lining) <sup>1,2</sup>	1 015 652	1 009 773	2 112 847
Utility and operating recoveries per IFRS income statement	353 558	354 319	716 032
<b>Gross rental income</b>	<b>1 369 210</b>	<b>1 364 092</b>	<b>2 828 879</b>
<b>SA REIT cost-to-income ratio</b>	<b>50.0%</b>	<b>49.4%</b>	<b>48.3%</b>

#### SA REIT administrative cost-to-income ratio

<b>Expenses</b>			
Administrative expenses per IFRS income statement	48 415	42 267	122 718
<b>Administrative costs</b>	<b>48 415</b>	<b>42 267</b>	<b>122 718</b>
<b>Rental income</b>			
Contractual rental income per IFRS income statement (excluding straight-lining) <sup>1,2</sup>	1 015 652	1 009 773	2 112 847
Utility and operating recoveries per IFRS income statement	353 558	354 319	716 032
<b>Gross rental income</b>	<b>1 369 210</b>	<b>1 364 092</b>	<b>2 828 879</b>
<b>SA REIT administrative cost-to-income ratio</b>	<b>3.5%</b>	<b>3.1%</b>	<b>4.3%</b>

<sup>1</sup> Net of COVID-19 related discounts and relief.

<sup>2</sup> Reallocation of Non-lease income: Casual parking income for the 6 months ended 31 December 2020 has been reallocated from Lease income to Non-lease income to be consistent with the allocation in the audited Statement of profit or loss for the year ended 30 June 2021, with the corresponding adjustment to rental income for 31 December 2020.

	Unaudited 31 December 2021 m <sup>2</sup>	Unaudited 31 December 2020 m <sup>2</sup>	Audited 30 June 2021 m <sup>2</sup>
<b>SA REIT GLA vacancy rate - Total</b>			
Gross lettable area of vacant space	26 223	27 551	26 358
Gross lettable area of total property portfolio	659 126	710 193	708 334
<b>SA REIT GLA vacancy rate</b>	<b>4.0%</b>	<b>3.9%</b>	<b>3.7%</b>

	Unaudited 31 December 2021 %	Unaudited 31 December 2020 %	Audited 30 June 2021 %
<b>Cost of debt - ZAR</b>			
<b>Variable interest-rate borrowings</b>			
Floating reference rate plus weighted average margin	5.7	5.4	5.5
<b>Pre-adjusted weighted average cost of debt</b>	<b>5.7</b>	<b>5.4</b>	<b>5.5</b>
Adjustments:			
Impact of interest rate derivatives	1.8	2.7	2.3
Amortised transaction costs imputed into the effective interest rate	0.1	0.1	0.1
<b>All-in weighted average cost of debt</b>	<b>7.6</b>	<b>8.2</b>	<b>7.9</b>

<b>Cost of debt - USD</b>			
<b>Variable interest-rate borrowings</b>			
Floating reference rate plus weighted average margin	6.4	6.2	6.3
<b>Pre-adjusted weighted average cost of debt</b>	<b>6.4</b>	<b>6.2</b>	<b>6.3</b>
Adjustments:			
Impact of interest rate derivatives	-	-	-
<b>All-in weighted average cost of debt</b>	<b>6.4</b>	<b>6.2</b>	<b>6.3</b>

### Exit yield on property disposals

During the period Atterbury Value Mart was disposed at an exit yield of 10.9%



# 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. Ellerine<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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(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")