



HYPROP

Summarised Consolidated Audited Results

for the year ended 30 June 2022 ("FY2022")

Successful implementation of the Hystead liquidity event

Disposal of Delta City, Belgrade and Delta City, Podgorica;

Acquisition of 100% of City Center one East and City Center one West in Zagreb, Croatia, The Mall in Sofia, Bulgaria and Skopje City Mall in Skopje, North Macedonia from Hystead

Distributable income

7.4% growth
in Group Distributable income

Balance sheet strengthened

Fully consolidated LTV ratio reduced from 45.8% in June 2021 to 36.4% in June 2022 (39.2% after the proposed October 2022 dividend);

R5.6 billion reduction in borrowings, including a reduction of the Euro equity debt guaranteed by Hyprop from €365 million in June 2021 to €111 million in June 2022;

39% increase in gross assets to R37.3 billion;

Strong liquidity position with R1.7 billion of cash and R2.6 billion of available bank facilities at 30 June 2022;

Increase in the value of unencumbered investment properties to R5.0 billion

Operations

Improvements in the key trading metrics in all portfolios, with most returning to or exceeding 2019 levels;

Tenant turnover for the SA portfolio increased by 13.6%, and for the EE Portfolio by 14.5%;

Retail vacancy rate in the SA portfolio reduced to 2% (2021: 2.4%);

Retail vacancy rate in the EE portfolio at 0.7%

ESG impact

Introduced a zero wet waste strategy across the SA portfolio;

New long-term incentive plan (LTIP) approved by shareholders;

Appointed three independent non-executive directors, adding depth to the Board;

Appointed internal company secretary

Introduction

Hyprop creates spaces and connects people.

We deliver on our purpose by owning and managing dominant retail centres in mixed-use precincts in key economic nodes in South Africa (“SA”) and Eastern Europe (“EE”), positioning the centres to meet community needs and embracing relevant new technologies.

Our focus on brand, place and people is underpinned by a sustainable business model, positive social impact and a robust governance framework, to create long-term value for our stakeholders.

We have made strong progress on our key priorities despite a difficult environment characterised by slowing growth, rising inflation and political uncertainty.

In South Africa, service delivery failures, rising social tensions, an intermittent energy supply and a struggling economy dampened consumer confidence and spending.

Our repositioning strategy in SA, in line with our Golden Thread principles, the dominance of our SA portfolio and our focus on the operational performance of the sub-Saharan Africa (excluding South Africa) (“SSA”) portfolio, helped both our SA and SSA portfolios to perform well and recover quickly as Covid-19 restrictions were lifted. The centres in the EE portfolio have retained their strong market positions and have recovered to trading levels near those of 2019, following the lifting of Covid-19 lockdown restrictions in April 2022.

The Atterbury Value Mart (“AVM”), Delta City, Belgrade and Delta City, Podgorica, disposals were concluded, with the proceeds applied to reducing debt. In combination with the proceeds from the 2021 dividend reinvestment plan, this strengthened the balance sheet and reduced the fully consolidated LTV from a peak of 51.7% in June 2020 to 36.4% in June 2022.

The Hystead “liquidity event” was implemented in the second half of the year and the Group acquired four 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”) from Hystead, effectively increasing its shareholding in the centres to 100%, with effect from 31 March 2022 (“the Hyprop Europe Transaction”).

The Hyprop Europe Transaction:

- increased our interest in the EE portfolio and aligned our economic interest and our exposure to the properties;
- improved the portfolio’s capital structure by introducing €176 million of Euro equity, and reducing the Euro equity debt from €402 million to €110 million;
- retained the Hystead asset and property management teams, ensuring in-country know how and continuity;
- resolved the uncertainty regarding the Hystead liquidity event and resulted in the EE portfolio being consolidated; and
- created a well capitalised platform for our EE diversification strategy.

Group financial performance

The EE portfolio was acquired in terms of the Hyprop Europe Transaction and consolidated with effect from 31 March 2022.

On 31 May 2022, the Group acquired control of Hystead, which was derecognised as a financial asset, and consolidated from that date.

The Group’s distributable income increased from R1.090 billion in June 2021 (before deducting the non-remittable income in Nigeria) to R1.171 billion in June 2022, mainly as a result of the inclusion of R101 million of distributable income from the consolidated EE portfolio. Group distributable income is calculated in terms of the REIT Association’s best practice guidelines.

	GROUP	
	June 2022 R’000	June 2021 R’000
Net income before value adjustments	1 053 162	909 163
Adjustments to calculate distributable income	117 640	180 926
Straight-line rental income accrual	42 866	114 705
Non-controlling interests	14 301	24 578
Tax adjustments	(29 764)	(8 268)
Net interest adjustments	-	(1 741)
Loss from equity accounted investments	68 209	4 016
Capital items for distribution purposes	22 028	47 636
Distributable income	1 170 802	1 090 089
Income not available for distribution – EE and SSA portfolios	(166 963)	(55 400)
Income available for distribution	1 003 839	1 034 689
Weighted average number of shares for calculating distributable income per share	341 859 205	307 458 894
Distributable income per share (cents)	342.5	354.5
Dividend per share (cents)	293.6	336.5
Effective Pay-out ratio	85.7%	94.9%

The number of ordinary shares in issue increased by 34 million (11%) as a result of the DRIP for the FY 2021 dividend declared and paid in FY2022, which was supported by 85% of shareholders and raised R876 million of equity. The additional shares in issue negatively impacted distributable income per share, which decreased 3.4% from 354.5 cents in 2021 to 342.5 cents.

The independent valuation of the SA portfolio increased by R374 million to R22.6 billion at 30 June 2022. The independent valuation of the EE portfolio of €573 million was in line with the valuation of €575 million used for the Hyprop Europe Transaction. Ikeja City Mall is carried at the agreed sale value of US\$121 million, after adjusting for the 6% escalation in the price in terms of the sale and purchase agreement, which is still below the current independent valuation.

Cash and cash equivalents at 30 June 2022 were R1.39 billion (excluding R320 million of cash held for sale) and included €30 million of cash in Hystead that was distributed to Hystead's shareholders after 30 June 2022. In addition, we have undrawn bank facilities of R2.64 billion.

SA Portfolio



Operating performance and leasing

The SA portfolio's key trading metrics are set out below. All of the metrics have improved since June 2021, and most are above 2019 pre-Covid-19 levels.

Key trading metrics - Rolling 12 months

	June				July	August
	2019	2020	2021	2022	2022	2022
Tenant turnover (Rm)	20 527	18 073	18 377	20 882	21 292	21 525
% change in portfolio tenant turnover year-on-year	1.4%	(12.0%)	1.7%	13.6%	14.9%	15.6%
% change in foot count year-on-year	(1.5%)	(13.4%)	(8.8%)	7.0%	7.7%	7.7%
Average monthly Trading Density (R)	3 004.2	2 863.8	2 754.6	3 055.2	3 109.6	3 142.6
% change in trading density year-on-year	0.4%	(4.7%)	(3.8%)	10.9%	12.5%	13.7%
Retail Vacancy at period end	0.8%	2.4%	2.4%	2.0%	2.0%	1.5%
Collections as a % of collectables	99%	95%	102%	101%	101%	102%

The trading metrics for the 12 months ended July and August show the growth over the corresponding prior year period

We welcomed a number of new tenants to Canal Walk. They included the first Zara, Ted Baker and UNION-DNM stores in our SA portfolio, a Woolworths' quick service restaurant NOW NOW, Retail Box, the first brick and mortar store from this online cosmetic retailer, and Vivo Mobile's first experience store in the country. Yuppiechef, Lindy Lin, a local influencer and fashion retailer, and the IV bar moved into the centre in the second half of the financial year. Other new tenants included Bossa, a Nike Flagship Store, Freedom Park, Xiaomi, Pick n Pay Clothing and a Nu Metro 4DX and Kids Cinema. Several stores in Canal Walk were relocated and upgraded, including Birkenstock, Pringle, Exclusive Books, Lacoste, Totalsports, The Body Shop, Kauai and The Golfers Club.

CapeGate welcomed Studio 88 and a Western Cape Blood Services facility, improving the centre's service offering. Checkers was upgraded to the latest FreshX specification, which includes a Starbucks, and Old Khaki was relocated and upgraded making way for a new Roccomamas fast casual restaurant, which is scheduled to commence trading in October 2022. @Home, Baby Boom and Crazy Store moved and upgraded their stores.

Somerset Mall continues to trade well and remains fully let. New and expanded stores included MRP Sport, Krispy Kreme, Fabiani, Starbucks, Brand Collective's first brick and mortar store, Kauai, and Totalsports, which doubled in size. More recently, Birkenstock relocated and opened a new-look store, and the centre will welcome PUMA in October 2022.

Rosebank Mall's tenant mix improved with the addition of an iStore for new products (complementing the pre-owned store) and TechMarket, which provides a wide range of technology offerings. HiFi Corporation opened with their latest store offering and has transformed Level 3. Footgear took over the previous Adidas space and a new Casa Das Natas opened near the main entrance. The upgrade and relocation of the Exclusive Books, with the in-store Vida E Caffè overlooking the pedestrian walkway in Rosebank, has been positively received.

Hyde Park Corner has benefitted from the addition of George's Grill (a new steakhouse), Skins (a high-end cosmetics brand), Calvin Klein, cigar lounge Copa Habana and Bailey Gallery.

The revamp of Clearwater Mall's food court has been completed, and Senqu and Blades & Triggers have opened.

The reconfiguration of the upper level at The Glen has been completed and has improved the centre's value offering with Crazy Plastics, Crazy Pets, new tenants Dial-a-Bed and G-Star, and a new Cappello restaurant. iStore, @Home Living and Spur completed their revamps and the Truworths revamp is underway. The KFC drive-thru has started trading and Thabootys, owned by actress and media personality Thando Thabethe, opened in September 2022.

West Pack and Pet Zone have taken up most of the Food Lover's Market space at Woodlands and will improve the value offering. Exclusive Books has been upgraded.

Retail vacancies at 30 June 2022 were 2.0%, an improvement from 2.4% at June 2021. Somerset Mall is fully let and the vacancies at Canal Walk and CapeGate are 1% or less. Office vacancies increased to 30% from 24% in June 2021, reflecting the general over-supply of office space post Covid-19. We are looking at ways to repurpose our surplus office space which comprises only 6.82% of our total gross lettable area.

Financial performance

Distributable income from the SA portfolio increased by 9% on a like-for-like basis. In nominal terms the distributable income decreased from R1.04 billion in 2021 to R1.0 billion, following the disposal of AVM on 2 July 2021.

Retail rent reversions for the year were negative 13.6% on 118 684m² (2021: negative reversions of 23.6%). All indications are that the negative rent reversion cycle of the last four years is coming to an end. The effort ratio, which is the total tenant occupancy cost divided by the tenant's turnover, on the portfolio reduced to 9.6% and the Covid-19 rent relief granted to tenants reduced from R149 million in 2021 to R42 million in 2022 as Covid-19 restrictions were lifted.

Property expenses increased from R1.05 billion (excluding AVM) in 2021 to R1.18 billion in 2022. The main reasons for the increase were a R74 million (11%) increase in municipal and utility costs, a R17 million increase in marketing staff costs (due to a change in accounting allocations and matched by an increase in marketing revenue), SOKO district operating costs, and a 7% decrease in the remaining, controllable property expenses (including expected credit losses).

The cost to income ratio increased from 43.4% in 2021 to 44.4%.

Other operating expenses include R13 million of costs relating to the Hyprop Europe Transaction.

Investment property valuations

The independent valuation of the SA portfolio at 30 June 2022 was R22.7 billion, an increase of 2.6% from June 2021. The valuers noted an improvement in tenant trading conditions in all the centres, growth in net operating income at most centres and an alignment of actual and market rentals. The discount rates used by the valuers were adjusted downward for Clearwater Mall, The Glen and Hyde Park Corner due to the more stable environment post Covid-19 and the improved trading metrics at those properties. Exit capitalisation rates were unchanged from 2021.

Capital expenditure

Capital expenditure for the year was R285 million. Major projects included:

- New ceilings at Somerset Mall;
- New Zara store at Canal Walk;
- Expansion and upgrade to Checkers FreshX, the House and Home upgrade and the new escalators in the food court at CapeGate;
- Reconfiguration of the upper level and replacement of the parking equipment at The Glen; and
- The new entrance at Hyde Park Corner.

EE Portfolio



Operating performance and leasing

The performance of the EE portfolio improved post the lifting of Covid-19 restrictions in April 2022, with the key trading metrics for the last quarter in line with or above 2019 levels. We have improved the tenant mix and food and entertainment offerings in the centres to maintain their dominant market positions.

Key trading metrics - Rolling 12 months

					July	August
	2019	2020	2021	2022	2022	2022
Tenant turnover (€m)	462	409	406	465	467	470
% change in portfolio tenant turnover year-on-year	3.8%	(11.3%)	(0.7%)	14.5%	13.4%	12.9%
% change in foot count year-on-year	(0.7%)	(16.6%)	(11.4%)	11.8%	10.6%	10.8%
Average monthly Trading Density (Euro)	243.1	224.0	216.1	232.1	232.6	233.9
% change in trading density year-on-year	4.3%	(7.9%)	(3.5%)	7.4%	6.4%	6.0%
Retail Vacancy at period end	0.7%	1.3%	0.3%	0.7%	0.9%	0.9%
Collections as a % of collectables	90%	65%	82%	87%	78%	77%

The trading metrics for the 12 months ended July and August show the growth over the corresponding prior year period

A large outdoor playground with landscaped gardens was completed at Skopje City Mall and welcomed by the community. Jazz bands perform in front of the outside restaurants and playground area on Tuesday and Thursday nights, resulting in increased footfall and spend.

Kares and Tudors re-located and upgraded their stores at Skopje City Mall. Duki Daso and Buzz enlarged their premises and new tenants included N Fashion, Intimissimi and the very popular Kiko Milano. We expanded our entertainment offering by introducing Escape Room and improved the diversity in the upgraded food court by adding a doughnut bar, a healthy food bar, a pasta bar, a pancake bar and a coffee/chocolate bar.

City Center one East welcomed Hoću knjigu (bookstore), Submarine burger (restaurant) and Café FREI (coffee shop), while Hervis, Sancta Domenica, LEX and Leggiero bar refurbished their stores. The well-known sneaker and streetwear retailer, SNIPES, entered the Croatian market with a store in City Center one East, after acquiring all 18 of the Shooster stores in the country.

Galeb (lingerie), Xiaomi – Mi store (electronics), Vitapur (home décor), Ali Kebaba (restaurant – kebab) and Iva Viljevac Jewelry (accessories) moved into City Center one West and freshened the customer experience. A1 (telecommunications operator) refurbished their store and Douglas enlarged and refurbished their store.

New tenant openings at The Mall in Sofia included Ikigai (Sushi and Japanese food), Salad Box, Inbet Casino, Al Amar (Arabian perfumes), 1001 pantofki and AC&Co (men's fashion). Bijou Brigitte, a fashion jewellery and accessory retailer, renovated their store to their new brand specification. The first phase of the upgrade of bathrooms at the property is progressing well and will be completed by the end of November 2022. The second phase will commence in Q1 2023.

The vacancy rate in the EE portfolio was 0.7% at 30 June 2022, with the only vacancy being 1 398m² in The Mall, Sofia. The Inditex brands, ZARA and Massimo Dutti, gave notice of termination of their leases at The Mall, however the stores were dated and were not performing well

as anchors. We are negotiating with replacement tenants and will use the opportunity to improve our tenant offering by relocating and rightsizing existing tenants.

The Ukrainian/Russian war has not directly affected our properties, save for the impact that the increased costs of electricity, gas and fuel have had on retail spend and tenant occupancy costs. We will continue to monitor the situation and will react as appropriate.

Financial performance

The financial performance of the EE portfolio for the period April to June 2022 exceeded the forecast prepared at the time the Hyprop Europe Transaction was concluded with actual profit before taxation and fair value adjustments of R110 million, versus the comparable forecast (adjusted for the actual exchange rate for the quarter) of R98 million.

Total revenue for the three-month period was 7.5% higher than the comparable forecast. Rental and other lease income improved due to lower levels of Covid-19 rent relief and improvements in tenant trading following the relaxation of Covid-19 restrictions. Other operating expenses decreased due to a reduction in asset management fees, and costs incurred for the termination of debt funding arrangements, costs associated with the Hyprop Europe Transaction and the acquisition of the PDI free carry equity, and administration and audit costs to meet Group audit and reporting requirements.

Distributable income for the period was R101 million, after providing for local taxation.

Investment property valuations

The EE portfolio investment properties were independently valued at 30 June 2022 by CBRE. The valuation of €573 million is in line with the valuation of €575 million used for the Hyprop Europe Transaction, and the valuation of €574.9 million at June 2021. The discount rates used by the independent valuers increased by 0.25% from June 2021, while the exit capitalisation rates were unchanged.

Capital expenditure

Capital expenditure for the year was €1.9 million. Major projects included:

- The outdoor playground area at Skopje City Mall
- Food court upgrade and interior design improvements at Skopje City Mall
- Phase 1 toilet refurbishment at The Mall in Sofia (three sets of bathrooms)
- New LPP brand shops Cropp & House in The Mall in Sofia

SSA (excluding SA) portfolio



Gruppo Investments, which owns Ikeja City Mall in Lagos, Nigeria, remains classified as an asset held for sale, pending implementation of the disposal of Ikeja City Mall to Actis. The lack of US Dollar liquidity in Nigeria is delaying the purchaser's access to the capital required to implement the transaction.

On 8 September 2022 Hyprop Mauritius and AIH International (the co-shareholder in AttAfrica) signed a term sheet relating to the sale of 100% of AttAfrica. Details of the transaction, including the purchase price, are subject to final negotiation, the conclusion of formal legal agreements, and a due diligence on AttAfrica. The transaction will be subject to normal conditions precedent. Further details will be made available in due course.

Operating performance and leasing

The key trading metrics for the SSA portfolio are presented below in local currency and US Dollars, with the latter having been impacted by the depreciation of the local currencies against the US Dollar. The improvements in the local currency metrics are gratifying given the focus on improving the operating performance of the centres, pending implementation of the exit strategy.

Key trading metrics (US\$) - Rolling 12 months

	June				July	August
	2019	2020	2021	2022	2022	2022
Tenant turnover (US\$m) - excl Ikeja	109	91	94	91	89	86
% change in portfolio tenant turnover year-on-year	(7.9%)	(16.9%)	3.3%	(3.1%)	(5.9%)	(9.9%)
% change in foot count year-on-year	0.1%	(10.0%)	(2.4%)	3.5%	2.2%	0.8%
Average monthly Trading Density (US\$)	195.7	193.4	213.9	186.8	180.6	173.2
% change in trading density year-on-year	(1.2%)	(1.2%)	10.6%	(12.7%)	(16.7%)	(20.7%)
Retail Vacancy at period end	8.0%	12.7%	12.2%	10.1%	10.2%	10.1%
Collections as a % of collectables	93.7%	85.4%	95.9%	104.0%	103.7%	104.6%

The trading metrics for the 12 months ended July and August show the growth over the corresponding prior year period

Key trading metrics - (Ghanaian Cedi) Rolling 12 months

	June				July	August
	2019	2020	2021	2022	2022	2022
Tenant turnover (GH\$m)	551	508	548	606	613	616
% change in portfolio tenant turnover year-on-year	3.5%	(7.8%)	7.7%	10.7%	10.3%	8.9%
Average monthly Trading Density (GHS)	977	1 085	1 252	1 249	1 241	1 233
% change in trading density year-on-year	9.8%	11.0%	15.4%	(0.3%)	(2.3%)	(4.2%)

The trading metrics for the 12 months ended July and August show the growth over the corresponding prior year period

Nike opened a flagship store at Ikeja City Mall in Lagos, Nigeria in August 2022 - a first of its kind in West Africa. The upgrade of the restroom facilities commenced in the second half of the financial year and the centre remains fully let.

At Accra Mall, Levi's, FastForward, Yves Rocher, Celio, Clarks and Royal Rose (fine dining Chinese restaurant) opened in the second half of the financial year, improving the tenant mix. L.C Waikiki and Maestro will open by December 2022. The refurbished restrooms and the installation of the new ceiling have brought a fresh look to the centre and have improved the customer experience.

New tenants in West Hills Mall include Maydan Home Décor, Unique Collections and Madagastar E-gaming. These follow the opening of DoK Shoes, Nat-1 (health and beauty), Sonotech Medical Diagnostics Centre and Jays Auto Spa Carwash earlier in the financial year. Fashion retailer Easy Prime commenced trading in September 2022.

At Kumasi City Mall, P2Lounge and Oregano (both restaurants) and Mac Cosmetics are the latest additions to the tenant mix, while Gamel Clothing, Spendstree Photos and Kent's Cup expanded into larger shops. L.C.Waikiki will occupy 1 000m² and should commence trading by December 2022.

Financial performance

Hyprop's attributable share of earnings after tax (before the effect of changes in property valuations) of the SSA portfolio properties increased by 22% year-on-year in ZAR. This was largely driven by a 4% increase in revenue and lower bad debts (due to strong collections), offset by higher income tax payable. The average USD / ZAR exchange rate had a marginal impact on the results.

Ikeja City Mall produced a pleasing result for the year, increasing its operating profit from \$9.5 million in 2021 to \$10.5 million.

The Group's investment in AttAfrica is classified as a joint venture and is accounted for using the equity method. The equity accounted loss of R68 million from AttAfrica was the result of a decrease in the independent valuation of the AttAfrica property portfolio at 30 June 2022.

Non-tangible assets

The first SOKO district commenced trading in Rosebank Mall in July 2021. The business incurred a loss of R16 million, of which the Group's share was R9 million. The business is being restructured with a separation of the technology platform and the physical district.

Hyprop's Rosebank Mall management team is managing the physical district. Tenant turnovers in the district improved in the last quarter following our management intervention, resulting in an increase in revenue for the district as most rentals are turnover based.

The technology platform will be owned by the SOKO joint venture company, which will earn royalties and transaction fees by licencing the software to SOKO districts, as well as other potential users of the software. Costs in the joint venture company are closely monitored until the business achieves critical mass.

ESG

The five UN Sustainable Development Goals ("SDGs") we have adopted provide a framework to shape, steer, communicate and report our sustainability strategies, goals and activities. Our sustainability framework is built around three goals, each of which are linked to the SDGs we have committed to:

- Creating spaces and connecting people;
- Partnering for climate resilience; and
- Inclusivity across our value chain.

Waste

As of 1 July 2022, we introduced a collective zero wet waste strategy across the SA portfolio, with the goal of reaching zero wet waste by 2027. The programme will result in all food and organic waste being separated at source and diverted from landfills to composting. Separating organic waste from the general waste stream ensures compliance with the new waste management regulations being introduced in cities and provinces around the country.

Highlights of the past year's waste programme include:

	2022	2021
Total non-hazardous waste disposed (t)	3 316	3 337
Total hazardous waste disposed (t)	0	94
Total waste sent for recycling (t)	2 794	2 540
Total waste (disposed & recycling) (t)	6 110	5 971
Waste sent for recycling (%)	46	43

Recycled waste increased by 254 tonnes (2 794 tonnes in 2022 vs 2 540 tonnes in 2021) and we have completed waste audits at all of the South African centres.

Water

Managing water resources is a compelling global challenge. Projects undertaken to address water consumption in the last year included:

- Low flush volume Propelair toilets installed at Rosebank Mall, The Mall Offices and Hyde Park Corner saved up to 75% of the water previously used to flush toilets;
- The water cooled condensers operated at Rosebank Mall and Hyde Park Corner by Pick 'n Pay were replaced with dry cooled condensers, saving an estimated 2 459 743 litres (c. R118 000) per annum;
- Certain of Hyde Park Corner's line shops have switched from water to dry condensers, saving approximately 171 530 litres of water per annum.

Energy

Hyprop conducted an ASHRAE (American Society of Heating, Refrigerating and Air Conditioning Engineers) audit (Levels 1 and 2) at all of our SA centres to determine the current energy intensity usage and to establish a base line from which to improve energy efficiency. Our energy reduction strategy has identified short-term and long-term opportunities to reduce our carbon emissions and we are implementing low-cost initiatives that could save approximately R6 million (once off).

Solar

The solar PV installations in 2020 performed above expectation and, together with the existing solar plant at Clearwater Mall, produced a total of 10 684 010 kWh of electricity in the 2022 financial year. Further solar plants will be installed at Rosebank Mall, Clearwater Mall and Woodlands in the 2023 financial year.

IOT.nxt

IOT.nxt, an internet based smart building management system (BMS), is being tested at Clearwater Mall. The Smart Building and Utilities Management solution is designed to improve preventative maintenance and increase operational efficiency by integrating individually managed systems onto a single platform.

Treasury and borrowings

The Group's total debt reduced from R19.3 billion in June 2021 to R14.5 billion in June 2022. Net debt (after deducting cash balances) reduced from R18.5 billion to R12.9 billion.

The fully consolidated LTV ratio decreased from 45.8% in June 2021 to 36.4% in June 2022 and is significantly lower than the LTV covenant of 55% in the Group's Domestic Medium-Term Note (DMTN) programme and agreed with the major lender banks.

Rand-denominated debt

R1.07 billion of Rand denominated bonds and term loans were repaid during the year. New facilities of R2 billion were drawn and used, inter alia, to refinance debt in the EE portfolio pursuant to the Hyprop Europe Transaction.

The Group intends to refinance bonds that mature in the next 12 months by issuing new bonds under the DMTN programme.

At 30 June 2022 the Group had undrawn term and revolving credit facilities of R2.64 billion. Following the reduction in borrowings during the year, mortgage bonds over investment properties with a value of R2.4 billion were released subsequent to 30 June 2022, increasing the Group's unencumbered assets from R2.6 billion at 30 June 2022 to R5 billion.

US Dollar-denominated debt

The Group's US Dollar denominated debt comprises a \$60 million term loan advanced to Gruppo Investments in Nigeria. Interest on the loan has been capitalised, as provided in the loan agreement, as Gruppo has not been able to secure US Dollars to settle the interest payments due to the lack of US Dollars in Nigeria. The loan was due to mature in February 2023, and has been refinanced subsequent to 30 June 2022, for a further two years.

Euro-denominated debt

Following consolidation of the EE Portfolio, all the Group's Euro denominated debt is reflected on the Statement of financial position at 30 June 2022, and comprises €110 million of equity debt (guaranteed by Hyprop) advanced to Balkan Retail, and €282 million of non-recourse in-country debt, secured against the EE properties.

The Euro debt was reduced by €395 million during the year – including circa €180 million from the proceeds of the Hyprop Europe Transaction, €50 million from new Rand facilities and €161 million from asset disposals.

In-country loans of €167 million mature in June 2023. Terms for the refinancing of these loans have been agreed with the incumbent lender and a term sheet has been signed.

Net asset value

The Group's net asset value per share decreased by 3.3%, from R62.96 at 30 June 2021 to R60.88 at 30 June 2022, due mainly to the 11% increase in the number of ordinary shares in issue following the 2021 DRIP, and the write off of goodwill of R433 million relating to the Hyprop Europe Transaction.

Board changes

Loyiso Dotwana and Bernadette Mzobe were appointed as independent non-executive directors on 21 January 2022. Richard Inskip was appointed as an independent non-executive director on 1 July 2022.

Stewart Shaw-Taylor is due to retire by rotation at the 2022 annual general meeting in November 2022 and informed the board that he does not intend to offer himself for re-election. He will remain as a non-executive director and a member of the board committees on which he serves until the annual general meeting.

The board thanks Stewart for his considerable contribution to the Company over the last 22 years and wishes him well in his future endeavours.

Dividend policy and dividend declaration

Dividend policy

Our dividend policy is based on our key objectives of maintaining and repositioning our portfolios, strengthening the balance sheet, and reducing the LTV ratio, while meeting shareholder expectations and the minimum distribution requirements for REITs.

In determining the funds available for distribution, we use consolidated distributable income (accounting net income before fair value adjustments, adjusted in terms of the REIT Association guidelines for calculating distributable income).

We then deduct from distributable income, (i) distributable income that cannot be remitted to South Africa (for example, income earned in Nigeria where the US Dollar illiquidity prevents remittances of profits), and (ii) distributable income that is retained to further Group objectives (for example, distributable income that is retained in the EE portfolio to reduce debt and fund capital expenditure). The resultant funds available for distribution forms the basis for calculating the distribution to be paid to shareholders.

Assuming the distributable income from the EE and SSA portfolios is retained, Hyprop's distributions should primarily comprise distributable income from its SA portfolio, amounting to an overall pay-out ratio of approximately 75% of consolidated distributable income. For this financial year, with the EE portfolio included for only a portion of the financial year, the effective pay out equates to 85.7%.

Dividend declaration with an election to reinvest the cash dividend for additional shares in Hyprop

A dividend of 293.6 cents per share for the year ended 30 June 2022 will be paid to shareholders, who will be entitled to elect to reinvest the net cash dividend in return for additional Hyprop shares through a dividend reinvestment alternative ("DRIP"), limited to a maximum aggregate reinvestment amount of R500 million.

The DRIP will assist the Company to fund the capital expenditure in repositioning the SA portfolio without incurring significant new borrowings, as well as creating a buffer against the potential impact of rising inflation, higher interest rates and energy costs, and slowing global growth, with the Company meeting the minimum distribution requirements applicable to REITs.

A detailed announcement relating to the dividend and the DRIP, including salient dates, any discount to the market price at which shareholders will be entitled to subscribe for additional Hyprop shares and the tax treatment of the dividend and the DRIP, will be released separately once the relevant regulatory approvals have been obtained.

The board of directors of Hyprop may, in its discretion, withdraw or amend the DRIP should market conditions warrant such action. Any such withdrawal will be communicated to shareholders prior to the release of the DRIP finalisation announcement on SENS.

Outlook and prospects

Having navigated the Covid-19 pandemic, and barring any further outbreaks, the Group faces challenges from rising inflation, higher interest rates and energy costs, and socio-political events. These factors are compounding existing weaknesses in the South African economy, including the failure by municipalities and Eskom to deliver services, currency volatility and pressure on consumers and consumer spending. Risk in the current economic environment remains elevated and is changing, requiring caution and conservatism in our approach and strategy.

The SA portfolio accounts for 63% of the Group's total assets, 85% of the Group's 2022 distributable income, and is the core of our operations. Having taken control of the EE portfolio, opportunities to expand in the region will be considered. We remain committed to exiting our investments in SSA and will actively manage these assets until their sale.

We will continue to focus on generating sustainable total returns for shareholders, reducing debt, and allocating capital prudently to diversify risk. We expect to deliver steady growth in distributions from the SA portfolio, while retaining income from the EE and SSA portfolios to strengthen the balance sheet.

Strategic priorities

We are pursuing the following six strategic initiatives:

1. Repositioning the South African portfolio
2. Retaining the dominance of the European portfolio
3. Reviewing the portfolios annually to evaluate the case for recycling assets and to consider growth opportunities
4. Extracting returns from the sub-Saharan African portfolio pending an exit
5. Developing non-tangible assets aligned to our tangible assets and/or the property sector
6. Ensuring our balance sheet is healthy and strong.

In pursuing our strategic priorities, we are evolving our centres by focusing on four key areas:

1. Allocating space for new uses in existing developments and redevelopments
2. Differentiating and balancing our tenant mix between different trade categories to meet changing shopper needs
3. Improving operating efficiencies by monitoring and managing occupancy costs to reduce the risks associated with over-rents
4. Continually improving centre experiences

Basis of preparation

The summarised consolidated audited results for the year ended 30 June 2022 were prepared in accordance with the JSE Listings Requirements for summarised consolidated results and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require summarised consolidated results to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and as a minimum, to contain the information required in terms of IAS 34 Interim financial reporting.

All of the accounting policies applied in the preparation of the Group financial statements are consistent with those applied by Hyprop in its Company and Group financial statements for the prior financial year. All amendments to standards that are applicable to Hyprop for its financial year beginning 1 July 2021 have been considered. Based on management's assessment, the amendments do not have a material impact on the Group's annual financial statements.

These summarised consolidated results for the year ended 30 June 2022 have been extracted from the audited Company and Group financial statements but have not been audited. The directors take full responsibility for the preparation of the summarised consolidated results and for ensuring that the financial information has been correctly extracted from the underlying audited Company and Group financial statements.

KPMG Inc. has audited the Company and Group financial statements. Key audit matters considered by KPMG are the valuation of investment property and accounting for the Hystead transaction (as defined in their audit report). Their unqualified audit report is available from the registered office of the Company or on the Company's website. The auditor's report does not necessarily report on all of the information included in this announcement. Shareholders are therefore advised that, to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report, together with the underlying financial information, from the registered office of the Company or the Company's website.

Going concern

The Company and Group financial statements for the year ended 30 June 2022 have been prepared on the going concern basis as the directors have reason to believe that the Company and the Group have adequate resources to continue operations for the ensuing twelve-month period.

These summarised consolidated results for the year ended 30 June 2022 were 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

29 September 2022

Statements of profit or loss and other comprehensive income for the year ended 30 June 2022

	GROUP	
	June 2022 R'000	June 2021 R'000
Revenue	3 120 763	2 781 339
Lease revenue ¹	2 247 341	1 998 142
Non-lease revenue ¹	873 422	783 197
Changes in expected credit losses - trade receivables	(8 810)	(72 253)
Property expenses	(1 375 342)	(1 178 249)
Net property income	1 736 611	1 530 837
Other operating income	32 022	55 341
Other operating expenses	(132 266)	(122 718)
Net foreign exchange (losses) / gains	(21 109)	(51 778)
Operating income	1 615 258	1 411 682
Net interest	(493 887)	(521 971)
Interest income	74 207	26 842
Interest expense	(568 094)	(548 813)
Net operating income	1 121 371	889 711
Guarantee fee income	-	3 635
Dividend income	-	19 833
Loss from equity accounted investments	(68 209)	(4 016)
Net income before value adjustments	1 053 162	909 163
Changes in fair value	690 934	(1 661 020)
Investment property	459 403	(1 587 323)
Financial asset - Hystead	(7 159)	(235 738)
Derivative instruments	238 690	162 041
Loss on disposal of investment property	(1 135)	-
Changes in expected credit losses - financial guarantees	-	16 665
Impairment of goodwill	(433 432)	-
Impairment of intangible asset	(16 197)	-
Derecognition of financial guarantees	65 865	-
Profit / (loss) before taxation	1 359 197	(735 192)
Taxation	(15 024)	(101 500)
Profit / (loss) for the year	1 344 173	(836 692)
Profit / (loss) for the year attributable to:		
Shareholders of the Company	1 345 164	(811 620)
Non-controlling interests	(991)	(25 072)
Profit / (loss) for the year	1 344 173	(836 692)
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to profit or loss	209 589	(140 162)
Exchange differences on translation of foreign operations	218 622	(153 966)
Exchange differences on translation of foreign operations: non-controlling interest	(9 033)	13 804
Total comprehensive income / (loss) for the year	1 553 762	(976 854)
Total comprehensive income / (loss) for the year attributable to:		
Shareholders of the Company	1 563 786	(965 586)
Non-controlling interests	(10 024)	(11 268)
Total comprehensive income / (loss) for the year	1 553 762	(976 854)
Basic earnings / (loss) per share (cents)	406.7	(297.4)
Diluted earnings / (loss) per share (cents)	405.4	(296.9)

¹ Revenue has been categorised into Lease revenue and Non-lease revenue for presentation on the Statement of profit or loss and other comprehensive income. This enhances the disclosure provided.

Statements of financial position at 30 June 2022



	GROUP	
	June 2022 R'000	June 2021 R'000
Assets		
Non-current assets	33 369 773	22 993 712
Investment property	31 143 460	21 398 499
Straight-line rental revenue accrual	476 777	432 830
Property, plant and equipment	778 219	261 306
Investments in joint ventures	566 210	579 510
Financial asset - Hystead	-	297 234
Loans receivable	219 989	4 200
Intangible assets	54	20 133
Deferred taxation	1 087	-
Derivatives	183 977	-
Current assets	1 552 053	908 208
Loans receivable	2 558	19 911
Taxation	280	-
Trade and other receivables	154 245	106 282
Derivatives	7 499	4 324
Cash and cash equivalents	1 387 471	777 691
Assets classified as held-for-sale	2 354 491	2 976 164
Total assets	37 276 317	26 878 084
Equity		
Stated capital	10 399 277	9 521 178
Retained income	1 629 595	1 516 877
Other reserves	8 785 101	8 319 430
Attributable to shareholders of the Company	20 813 973	19 357 485
Non-controlling interests	(43 830)	(66 145)
Total equity	20 770 143	19 291 340
Liabilities		
Non-current liabilities	8 736 408	4 498 965
Borrowings	7 807 219	4 132 704
Derivatives	11 038	113 368
Financial guarantees	-	65 837
Provisions	4 570	-
Deferred taxation	913 581	187 056
Current liabilities	6 290 734	1 851 666
Borrowings	5 276 584	1 281 593
Derivatives	5 934	14 564
Financial guarantees	-	44 564
Trade and other payables	713 731	470 232
Provisions	52 991	36 967
Taxation	97 332	3 746
Dividend payable	144 162	-
Liabilities associated with assets classified as held-for-sale	1 479 032	1 236 113
Total liabilities	16 506 174	7 586 744
Total equity and liabilities	37 276 317	26 878 084

Statements of cash flows for the year ended 30 June 2022

	GROUP	
	June 2022 R'000	June 2021 R'000
Net cash flows from operating activities	357 172	304 372
Cash generated from operations	1 837 635	1 728 717
Interest received	74 093	27 037
Interest paid	(481 336)	(497 736)
Taxation (paid) / refunded	(38 531)	(159)
Cash flows from operating activities before dividends	1 391 861	1 257 859
Dividends paid	(1 034 689)	(953 487)
Net cash flows from investing activities	(1 346 076)	(281 221)
Acquisition of and additions to investment property	(152 033)	(180 502)
Additions to property, plant and equipment	(141 497)	(120 879)
Consideration paid for business combination	(2 883 022)	-
Cash and cash equivalents acquired in business combination / asset acquisition	949 561	-
Increase in investment in subsidiary	-	4 527
Proceeds on disposal of non-current assets held-for-sale	1 051 198	-
Increase in investment in joint venture	(54 909)	-
Loans receivable repaid	17 787	-
Loans receivable advanced	(133 161)	(4 200)
Dividends received	-	19 833
Net cash flows from financing activities	1 695 603	124 032
Loans repaid	(2 590 882)	(3 556 339)
Loans raised	3 423 827	2 547 069
Derivative purchased	(13 100)	-
Shares issued	875 758	1 133 302
Net increase in cash and cash equivalents	706 699	147 183
Cash and cash equivalents at the beginning of the year	777 691	834 877
Exchange gains / (losses) on cash and cash equivalents	60 011	(82 477)
(Increase) / decrease in cash classified as held-for-sale	(156 930)	(121 892)
Cash and cash equivalents at the end of the year	1 387 471	777 691

Summarised consolidated statement of changes in equity for the year ended 30 June 2022

GROUP R'000	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				Non-controlling interests	Total equity
	Stated capital	Retained income	Other reserves	Subtotal		
Balance at 30 June 2020	8 387 031	637 413	10 321 891	19 346 335	(74 877)	19 271 458
Total comprehensive (loss) / income	-	(811 620)	(153 966)	(965 586)	(11 268)	(976 854)
Loss for the year	-	(811 620)	-	(811 620)	(25 072)	(836 692)
Other comprehensive (loss) / income for the year	-	-	(153 966)	(153 966)	13 804	(140 162)
Transactions with shareholders of the Company	1 134 147	1 691 084	(1 848 495)	976 736	20 000	996 736
CUP awards vested	845	1 276	(2 121)	-	-	-
CUP awards forfeited	-	-	(8 036)	(8 036)	-	(8 036)
Shares issued	1 133 302	-	-	1 133 302	-	1 133 302
Share-based payment expense	-	-	16 610	16 610	-	16 610
Business combinations	-	-	-	-	20 000	20 000
Dividends declared	-	(165 140)	-	(165 140)	-	(165 140)
Net transfer to non-distributable reserve	-	1 854 948	(1 854 948)	-	-	-
Balance at 30 June 2021	9 521 178	1 516 877	8 319 430	19 357 485	(66 145)	19 291 340
Total comprehensive income / (loss)	-	1 345 164	218 622	1 563 786	(10 024)	1 553 762
Profit / (loss) for the year	-	1 345 164	-	1 345 164	(991)	1 344 173
Other comprehensive income / (loss) for the year	-	-	218 622	218 622	(9 033)	209 589
Transactions with shareholders of the Company	878 099	(1 232 446)	247 049	(107 298)	32 339	(74 959)
CUP awards vested	2 341	3 312	(5 653)	-	-	-
CUP awards forfeited	-	-	(9 222)	(9 222)	-	(9 222)
Shares issued	875 758	-	-	875 758	-	875 758
Share-based payment expense	-	-	15 893	15 893	-	15 893
Business combinations	-	-	44 962	44 962	32 339	77 301
Dividends declared	-	(1 034 689)	-	(1 034 689)	-	(1 034 689)
Net transfer to non-distributable reserves	-	(201 069)	201 069	-	-	-
Balance at 30 June 2022	10 399 277	1 629 595	8 785 101	20 813 973	(43 830)	20 770 143

Reconciliation of headline earnings

	GROUP	
	June 2022 R'000	June 2021 R'000
Earnings reconciliation - basic to headline earnings		
Profit / (loss) for the year attributable to shareholders of the Company (basic earnings)	1 345 164	(811 620)
Headline earnings adjustments	116 995	1 705 898
Change in fair value of investment property	(416 537)	1 702 028
Non-controlling interests share of change in fair value of investment property	22 814	(146)
Impairment of goodwill	433 432	-
Impairment of intangible asset	16 197	-
Non-controlling interests share of impairment of intangible asset	(7 120)	-
Loss from equity accounted investments	68 209	4 016
Headline earnings	1 462 159	894 278
Weighted average number of ordinary shares		
Shares in issue at the beginning of the year	309 070 057	255 894 516
Effect of shares issued during the year	23 257 834	18 620 288
Effect of treasury shares held	(1 596 465)	(1 634 905)
Weighted average number of ordinary shares in issue	330 731 426	272 879 899
Effect of dilutive shares	1 067 515	506 637
Diluted weighted average number of ordinary shares in issue	331 798 941	273 386 536
Earnings / (loss) per share (cents per share)		
Basic earnings / (loss) per share (EPS)	406.7	(297.4)
Earnings/(loss) for the year attributable to shareholders of the Company (basic earnings) divided by the weighted average number of ordinary shares in issue.		
Diluted earnings / (loss) per share (DEPS)	405.4	(296.9)
Earnings/(loss) for the year attributable to shareholders of the Company (basic earnings) divided by the diluted weighted average number of ordinary shares in issue.		
Headline earnings per share (HEPS)	442.1	327.7
Headline earnings divided by the weighted average number of ordinary shares in issue.		
Diluted headline earnings per share (DHEPS)	440.7	327.1
Headline earnings divided by the diluted weighted average number of ordinary shares in issue.		

Reconciliation of attributable net (loss) / profit for the year to distributable earnings

	AUDITED 12 MONTHS	
	30 June 2022 R'000	30 June 2021 R'000
Total (loss) / profit for the period / year attributable to shareholders of the Company	1 345 164	(811 620)
Adjusted for:	(174 362)	1 901 709
Change in fair value - investment property	(393 722)	1 701 881
Change in fair value - derivative instruments	(238 690)	(162 041)
Change in fair value - financial asset	7 159	235 738
Change in expected credit losses - financial guarantees	-	(16 665)
Derecognition of financial guarantee	(65 865)	-
Loss on disposal of investment property	1 135	-
Impairment of intangible asset	9 077	-
Impairment of goodwill	433 432	-
Taxation	(17 173)	92 885
Capital and other items	22 076	47 636
Loss from equity accounted investments	68 209	2 275
Distributable earnings	1 170 802	1 090 089

Segmental analysis - profit or loss



	30 JUNE 2022				30 JUNE 2021			
	South Africa R'000	Eastern Europe R'000	Sub-Saharan Africa R'000	Group R'000	South Africa R'000	Eastern Europe R'000	Sub-Saharan Africa R'000	Group R'000
Revenue	2 597 851	285 337	237 575	3 120 763	2 559 028	-	222 311	2 781 339
Lease revenue	1 830 134	233 448	183 759	2 247 341	1 813 864	-	184 278	1 998 142
Non-lease revenue	767 717	51 889	53 816	873 422	745 164	-	38 033	783 197
Changes in expected credit losses - trade receivables	(9 618)	(1 156)	1 964	(8 810)	(58 006)	-	(14 247)	(72 253)
Property expenses	(1 176 535)	(118 344)	(80 463)	(1 375 342)	(1 101 683)	-	(76 566)	(1 178 249)
Net property income	1 411 698	165 837	159 076	1 736 611	1 399 339	-	131 498	1 530 837
Other operating income	21 091	-	10 931	32 022	50 979	-	4 362	55 341
Other operating expenses	(113 162)	(10 482)	(8 622)	(132 266)	(116 346)	-	(6 372)	(122 718)
Net foreign exchange (loss) / gains	(338)	(13 260)	(7 511)	(21 109)	(2 878)	(4 242)	(44 658)	(51 778)
Operating income	1 319 289	142 095	153 874	1 615 258	1 331 094	(4 242)	84 830	1 411 682
Net interest	(358 400)	(45 544)	(89 943)	(493 887)	(410 361)	-	(111 610)	(521 971)
Interest income	69 681	1 970	2 556	74 207	25 080	-	1 762	26 842
Interest expense	(428 081)	(47 514)	(92 499)	(568 094)	(435 441)	-	(113 372)	(548 813)
Net operating income / (loss)	960 889	96 551	63 931	1 121 371	920 733	(4 242)	(26 780)	889 711
Guarantee fee income	-	-	-	-	-	3 635	-	3 635
Dividends received	-	-	-	-	-	19 833	-	19 833
Loss from equity accounted investments	-	-	(68 209)	(68 209)	-	-	(4 016)	(4 016)
Net income / (loss) before value adjustments	960 889	96 551	(4 278)	1 053 162	920 733	19 226	(30 796)	909 163
Changes in fair value	560 892	37 275	92 767	690 934	(1 428 973)	(235 738)	3 691	(1 661 020)
Changes in expected credit losses - financial guarantees	-	-	-	-	-	16 665	-	16 665
Loss on disposal of investment property	(1 135)	-	-	(1 135)	-	-	-	-
Impairment of goodwill	-	(433 432)	-	(433 432)	-	-	-	-
Impairment of intangible asset	(16 197)	-	-	(16 197)	-	-	-	-
Derecognition of financial guarantees	65 865	-	-	65 865	-	-	-	-
Profit / (loss) before taxation	1 570 314	(299 606)	88 489	1 359 197	(508 240)	(199 847)	(27 105)	(735 192)
Taxation	17 497	(17 637)	(14 884)	(15 024)	(92 178)	-	(9 322)	(101 500)
Profit / (loss) for the year	1 587 811	(317 243)	73 605	1 344 173	(600 418)	(199 847)	(36 427)	(836 692)
Calculation of distributable income (non-IFRS information)								
Net income / (loss) before value adjustments	960 889	96 551	(4 278)	1 053 162	920 733	19 226	(30 796)	909 163
Adjusted for:	43 875	4 427	69 338	117 640	120 942	-	59 984	180 926
Straight-line rental revenue accrual	36 173	5 181	1 512	42 866	114 218	-	487	114 705
Non-controlling interests	7 938	413	5 950	14 301	3 875	-	20 703	24 578
Net interest adjustments	-	-	-	-	-	-	(1 741)	(1 741)
Tax adjustments	(208)	(17 637)	(11 919)	(29 764)	(159)	-	(8 109)	(8 268)
Loss from equity accounted investments	-	-	68 209	68 209	-	-	4 016	4 016
Capital items for distribution purposes	(28)	16 470	5 586	22 028	3 008	-	44 628	47 636
Distributable income	1 004 764	100 978	65 060	1 170 802	1 041 675	19 226	29 188	1 090 089
Income not available for distribution	-	(97 675)	(69 288)	(166 963)	-	-	(55 400)	(55 400)
Total income available for distribution	1 004 764	3 303	(4 228)	1 003 839	1 041 675	19 226	(26 212)	1 034 689

Reconciliation of cash generated from operations to distributable income

	YEAR ENDED 30 JUNE 2022				YEAR ENDED 30 JUNE 2021			
	South Africa R'000	Eastern Europe R'000	Sub-Saharan Africa R'000	Group R'000	South Africa R'000	Eastern Europe R'000	Sub-Saharan Africa R'000	Group R'000
Cash generated from operations	1 479 974	208 981	148 680	1 837 635	1 599 205	(607)	130 119	1 728 717
Net interest	(358 400)	(45 544)	(89 943)	(493 887)	(410 361)	-	(111 610)	(521 971)
Dividends received	-	-	-	-	-	19 833	-	19 833
Net operating cashflow	1 121 574	163 437	58 737	1 343 748	1 188 844	19 226	18 509	1 226 579
Working capital changes	(52 384)	(27 398)	(707)	(80 489)	(36 359)	-	14 748	(21 611)
Depreciation and amortisation	(56 434)	(16 690)	(2 668)	(75 792)	(48 285)	-	(2 532)	(50 817)
Expected credit losses - trade receivables	(9 618)	(1 156)	1 964	(8 810)	(58 006)	-	(14 247)	(72 253)
Straight-line rental income accrual	(36 173)	(5 181)	(1 512)	(42 866)	(114 218)	-	(487)	(114 705)
Other non-cash items	(6 076)	(16 461)	8 117	(14 420)	(11 243)	-	(42 771)	(54 014)
Loss from equity accounted investments	-	-	(68 209)	(68 209)	-	-	(4 016)	(4 016)
Edcon impairment	-	-	-	-	-	-	-	-
Net income before value adjustments	960 889	96 551	(4 278)	1 053 162	920 733	19 226	(30 796)	909 163
Straight-line rental income accrual	36 173	5 181	1 512	42 866	114 218	-	487	114 705
Non-controlling interests	7 938	413	5 950	14 301	3 875	-	20 703	24 578
Taxation expense	(208)	(17 637)	(11 919)	(29 764)	(159)	-	(8 109)	(8 268)
Net interest adjustments	-	-	-	-	-	-	(1 741)	(1 741)
Loss from equity accounted investments	-	-	68 209	68 209	-	-	4 016	4 016
Capital items for distributable income purposes	(28)	16 470	5 586	22 028	3 008	-	44 628	47 636
Distributable income	1 004 764	100 978	65 060	1 170 802	1 041 675	19 226	29 188	1 090 089
Income not available for distribution	-	(97 675)	(69 288)	(166 963)	-	-	(55 400)	(55 400)
Distributable income	1 004 764	3 303	(4 228)	1 003 839	1 041 675	19 226	(26 212)	1 034 689

Details of the Group's borrowings are set out below:

	30 June 2022 Fully consolidated LTV	30 June 2021 Fully consolidated LTV
Borrowings		
ZAR borrowings	6 413	5 528
Bank borrowings	4 146	2 484
Corporate bonds	2 250	2 916
Derivative instruments	17	128
EUR borrowings (Rand equivalent)	6 821	-
Bank borrowings	6 645	-
Other	176	-
USD borrowings (Rand equivalent)	11	14
USD borrowings (Rand equivalent included in liabilities directly associated with non-current assets held-for-sale)	1 404	1 154
Less: cash and cash equivalents	(1 708)	(941)
On balance sheet borrowings	12 941	5 755
EUR (Rand equivalent) ¹	-	12 760
Total borrowings	12 941	18 515
Assets		
ZAR assets	22 914	23 335
Investment property South African portfolio	22 321	21 831
Property, plant and equipment	346	261
Other assets	247	125
Assets held-for-sale	-	1 118
EUR assets (Rand equivalent)	10 051	-
Investment property Eastern European portfolio	9 299	-
Property, plant and equipment	432	-
Other assets	320	-
USD assets (Rand equivalent)	568	585
USD assets held-for-sale Rand equivalent)	2 034	1 695
On balance sheet assets	35 567	25 615
EUR assets (Rand equivalent) ¹	-	14 779
Total assets	35 567	40 394
Loan-to-value	36.4%	45.8%

¹ Borrowings / assets of Hystead and its subsidiaries which were not consolidated in the prior year.

	YEAR ENDED	
	30 June 2022	30 June 2021
Proportion of borrowing which are hedged		
ZAR debt	77.0%	79.0%
USD debt	0.0%	0.0%
EUR debt	80.8%	77.8%
Weighted average term of interest bearing borrowings (years)	1.9	1.8
ZAR debt	2.0	1.8
USD debt	0.7	1.7
EUR debt	2.5	2.2
Average term of interest rate hedges (years)	1.9	2.0
ZAR debt	1.8	2.0
USD debt	N/A	N/A
EUR debt	1.9	3.4
Cost of funding (excluding hedges)	4.8%	5.6%
ZAR debt	6.8%	5.5%
USD debt	7.1%	6.3%
EUR debt	2.5%	2.5%
Cost of funding (including hedges)	5.3%	7.7%
ZAR debt	7.6%	7.8%
USD debt	7.1%	6.3%
EUR debt	2.7%	2.6%
Debt Capital Market (DCM) % of total debt	15%	24%
Interest cover ratio		
Interest cover ratio (gross)	3.23	3.04
Interest cover ratio (net)	3.56	3.15
Borrowings covenants		
LTV (Banks / DCM)	55% - 70% / 55%	50% - 70% / 55%
Interest cover (Banks)	1.75 - 2.0	1.75 - 2.0

REIT DISCLOSURES

REIT ratios

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.

SA REIT funds from operations (SA REIT FFO) per share

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
Profit / (loss) per IFRS Statement of comprehensive income (SOC) attributable to the parent	1 345 164	(811 620)
Adjusted for:		
Accounting / specific adjustments:	(9 207)	2 012 812
Fair value adjustments to:		
Investment property	(436 588)	1 587 177
Equity instruments held at fair value through profit and loss	7 159	235 738
Debt instruments held at fair value through profit and loss	-	(16 665)
Depreciation and amortisation of intangible assets	5 167	-
Impairment of goodwill or the recognition of a bargain purchase gain	433 432	-
Asset impairments (excluding goodwill) and reversals of impairment	9 077	-
Gains or losses on the modification of financial instruments	(65 865)	-
Deferred tax movement recognised in profit or loss	(17 173)	91 857
Straight-lining operating lease adjustment	42 866	114 705
Transaction costs expensed in accounting for a business combination	12 718	-
Adjustments arising from investing activities:-	1 135	-
Investment property and property, plant and equipment	1 135	-
Foreign exchange and hedging items:	(217 581)	(99 967)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(238 690)	(162 041)
Foreign exchange gains or losses relating to capital items – realised and unrealised	21 109	62 074
Other adjustments:	-	-
Adjustments made for equity-accounted entities	-	-
SA REIT FFO:	1 119 511	1 101 225
Number of shares outstanding at the end of the period (net of treasury shares)	341 859 205	307 439 291
SA REIT FFO per share (cents):	327.5	358.2
Company-specific adjustments (cents per share)	15.0	(3.6)
Net interest adjustments	-	(0.6)
Capital and other items	(5.0)	(4.4)
Equity accounted losses	20.0	1.3
Distributable income per share (cents):	342.5	354.6

SA REIT Net Asset Value (SA REIT NAV)

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
Reported NAV attributable to the parent	20 813 969	19 357 485
Adjustments:		
Dividend to be (declared) / reinvested	(1 003 839)	(1 034 689)
Fair value of certain derivative financial instruments	(174 503)	123 609
Goodwill and intangible assets	(54)	(20 133)
Deferred tax	912 494	187 056
SA REIT NAV:	20 548 067	18 613 327
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	341 859 205	307 439 291
Effect of dilutive instruments (options under the share scheme)	1 067 515	506 637
Diluted number of shares in issue	342 926 720	307 945 928
SA REIT NAV per share (R):	59.92	60.44

SA REIT loan-to-value

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
Gross debt¹ - per statement of financial position	14 488 023	6 678 270
Less:		
Cash and cash equivalents (including held-for-sale)	(1 707 960)	(941 250)
Restricted cash - Hystead NCI dividends payable and Gruppo cash	355 655	-
Add / Less:		
Derivative financial instruments	(174 503)	123 609
Net debt	12 961 215	5 860 629
Total assets - per statement of financial position	37 276 317	26 878 084
Less:		
Cash and cash equivalents (including held-for-sale)	(1 707 960)	(941 250)
Derivative financial assets	(191 476)	(4 324)
Intangible assets	(54)	(20 133)
Trade and other receivables	(213 739)	(147 634)
Carrying amount of property-related assets	35 163 088	25 764 743
SA REIT loan-to-value	36.9%	22.7%

¹Amounts for 2021 exclude non-consolidated liabilities of Hystead Ltd that were guaranteed by Hyprop.

SA REIT cost-to-income ratio

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
Expenses		
Operating expenses per IFRS statement of comprehensive income (includes municipal expenses)	1 384 152	1 250 502
Administrative expenses per IFRS statement of comprehensive income	132 266	122 718
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature	(6 739)	(1 467)
Company specific adjustments:		
Software development costs	-	(4 956)
Transaction costs expensed in accounting for a business combination	(12 718)	-
Operating costs	1 496 962	1 366 797
Rental income		
Contractual rental income (excluding straight-lining) ²	2 290 207	2 112 847
Utility and operating recoveries per IFRS Statement of comprehensive income	769 705	716 032
Gross rental income	3 059 912	2 828 879
SA REIT cost-to-income ratio	48.9%	48.3%

² Net of Covid-19 related discounts and relief

SA REIT administrative cost-to-income ratio

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
Expenses		
Administrative expenses as per IFRS statement of comprehensive income	132 266	122 718
Administrative costs	132 266	122 718
Rental income		
Contractual rental income (excluding straight-lining) ²	2 290 207	2 112 847
Utility and operating recoveries per IFRS statement of comprehensive income	769 705	716 032
Gross rental income	3 059 912	2 828 879
SA REIT administrative cost-to-income ratio	4.3%	4.3%

² Net of Covid-19 related discounts and relief

SA REIT GLA vacancy rate - total

	GROUP	
	30 June 2022 m ²	30 June 2021 m ²
Gross lettable area of vacant space	27 112	26 358
Gross lettable area of total property portfolio	868 669	708 334
SA REIT GLA vacancy rate	3.1%	3.7%

SA REIT cost of debt

	GROUP	
	30 June 2022	30 June 2021
Cost of debt - ZAR		
Variable interest-rate borrowings		
Floating reference rate plus weighted average margin	6.8%	5.5%
Pre-adjusted weighted average cost of debt	6.8%	5.5%
Adjustments:		
Impact of interest rate derivatives	0.7%	2.3%
Amortised transaction costs imputed into the effective interest rate	0.2%	0.1%
All-in weighted average cost of debt	7.6%	7.9%
Cost of debt - EUR		
Variable interest-rate borrowings		
Floating reference rate plus weighted average margin	2.5%	n/a
Pre-adjusted weighted average cost of debt	2.5%	n/a
Adjustments:		
Impact of interest rate derivatives	0.2%	n/a
All-in weighted average cost of debt	2.7%	n/a
Cost of debt - USD		
Variable interest-rate borrowings		
Floating reference rate plus weighted average margin	7.1%	6.3%
Pre-adjusted weighted average cost of debt	7.1%	6.3%
Adjustments:		
Impact of interest rate derivatives	0.0%	0.0%
All-in weighted average cost of debt	7.1%	6.3%

Corporate information

Directors

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