

HYPROP INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1987/005284/06)

JSE share code: HYP

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(Approved as a REIT by the JSE)

("Hyprop" or "the Company" or "the Group")



PRE-CLOSE OPERATIONAL UPDATE

Further to the publication of Hyprop's Annual Results for the year ended 30 June 2021 on 15 September 2021, the Company hereby provides an operational update for the four months ended 31 October 2021.

Hyprop remains committed to creating safe environments and opportunities for people to connect and have authentic and meaningful experiences, by owning and managing dominant retail centres in mixed-use precincts in key economic nodes in South Africa and South-Eastern Europe.

Repositioning the South African portfolio, increasing the dominance of the properties in the South-Eastern European portfolio, pursuing the non-tangible asset strategy, exiting the sub-Saharan Africa (excluding South Africa) investments, and strengthening the balance sheet remain key priorities for the Group.

BALANCE SHEET AND CAPITAL MANAGEMENT

At the 30 June 2021 year end the Group reported a loan to value ratio ("LTV") of 37.2% and an interest cover ratio ("ICR") of 3.0 times. Post year end we have implemented the sale of Atterbury Value Mart for R1.1 billion and Delta City Mall in Belgrade, Serbia ("**Belgrade**") for EUR115 million. These two transactions improved the LTV, on a like-for-like basis, to 34.0%. The disposal of Belgrade realised circa EUR33 million of cash which will be used to reduce a portion of the Euro equity debt.

As previously reported, we have also received a non-binding offer to sell Hystead's entire shareholding in the entity that owns Delta City Mall in Podgorica, Montenegro, based on a gross property value of EUR95 million. The sale agreement is currently under negotiation, and we are confident that the transaction will be implemented during the first quarter of the 2022 calendar year.

R876 million was raised through the FY2021 dividend reinvestment alternative (an uptake of 85%), resulting in the issue of 34 368 864 new Hyprop shares. The Group's liquidity position remains strong, with R900 million of unutilised revolving credit facilities and R1 586 million of cash on hand at 30 November 2021. Agreements for the new bank facilities secured post the 30 June 2021 year end are also being finalised.

SOUTH AFRICA PORTFOLIO

Development of our Digital and Omnichannel strategy is progressing well. The first phase of this strategy is the re-design and re-engineering of our centres' websites (certain of which have been completed), which will be integrated with our digital mall application ("**App**"). The App will enhance our ability to communicate with shoppers and provide a range of unique services, including in-centre directions, targeted advertising, loyalty programs, gift card purchases, cinema and other booking services as well as hassle-free paid parking capabilities.

The second phase of our Wi-Fi installation was completed, providing more capacity and faster, free and uncapped Wi-Fi to users. This will provide us with a better understanding of the movement of our shoppers,

their profiles and behaviour, elements that are crucial in creating a roadmap to reach consumers effectively and improve the performance of our centres.

A key priority is to ensure we have functional malls by minimising vacancy levels - our retail vacancy was 2.6% at 31 October 2021. Footcount is slowly recovering and tenant turnover for October 2021 was 5.3% above the 2019 figure.

Trading Metric	Year	Jul	Aug	Sep	Oct	Total for 4-month period
Tenant Turnover (R'000)	2019	1 603 482	1 633 447	1 525 500	1 556 223	6 318 652
	2020	1 273 983	1 372 555	1 325 706	1 468 887	5 441 131
	2021	1 423 040	1 458 772	1 509 055	1 638 111	6 028 978
Variance % 2021vs 2020		11.7%	6.3%	13.8%	11.5%	10.8%
Variance % 2021 vs 2019		-11.3%	-10.7%	-1.1%	5.3%	-4.6%
Trading Density (R)	2019	2 820	2 866	2 681	2 715	2 771
	2020	2 414	2 559	2 371	2 659	2 501
	2021	2 567	2 584	2 663	2 905	2 680
Variance % 2021vs 2020		6.3%	1.0%	12.3%	9.3%	7.2%
Variance % 2021 vs 2019		-9.0%	-9.8%	-0.6%	7.0%	-3.3%
Footcount ('000)	2019	7 013	7 129	6 903	6 927	27 972
	2020	4 931	5 404	5 560	5 985	21 880
	2021	5 371	5 614	5 628	6 267	22 880
Variance % 2021vs 2020		8.9%	3.9%	1.2%	4.7%	4.6%
Variance % 2021 vs 2019		-23.4%	-21.3%	-18.5%	-9.5%	-18.2%
Retail Vacancy (%)	2019	0.8%	0.8%	0.8%	1.0%	-
	2020	2.7%	3.3%	3.6%	3.1%	-
	2021	3.1%	3.1%	2.7%	2.6%	-
Collections (R'000)	2019	295 938	348 247	260 624	307 222	1 212 031
	2020	246 783	230 889	273 563	322 473	1 073 708
	2021	251 172	224 470	265 946	300 735	1 042 323
Variance % 2021vs 2020		1.8%	-2.8%	-2.8%	-6.7%	-2.9%
Variance % 2021 vs 2019		-15.1%	-35.5%	2.0%	-2.1%	-14.0%

Certain prior period amounts have been updated with the most recent information received.

It is encouraging to see an improvement in the trading performance of our Travel and Entertainment, as well as Luggage and Jewellery tenants, albeit off a very low base. We are currently only providing rental relief to a number of smaller restaurants and the cinemas. The performance of the cinemas has improved since new content has become available to them.

PNA has expanded its footprint in our portfolio and opened stores in Clearwater Mall and Woodlands Boulevard. The new Checkers FreshX in Woodlands Boulevard is trading well, and the Checkers Liquor has commenced trading. In response to customer demand, Juniper & Jasmine and The Golden Goose Artistry have opened at the centre.

The expanded and upgraded Checkers FreshX at Capegate opened at the end of November 2021. The project included the refurbishment of the House and Home store which is also complete. The centre welcomed a new Volpes store in the previous CNA space, and @Home took up more space. In addition, Pick n Pay has started planning an upgrade of its store.

Canal Walk celebrated its 21st birthday in October 2021 and is trading well - testimony to how our centres have evolved over time, remained relevant, and are supported by, and play an important role in, their communities, even after two decades. New stores that opened post year end include Nicci Boutique, Aeronautiqua and Birkenstock. A new flagship @Home store has opened, and Zara is scheduled to open during the first half of 2022.

Somerset Mall added Starbucks and Kingsley Heath to its tenant mix and Totalsports launched its new mega concept store in September 2021. The ceiling replacement project will be completed in the latter part of December 2021 and will modernise the aesthetics of the centre.

In Rosebank Mall, demand from tenants for space in the SOKO District remains strong. The centre is trading well, and we are in the process of relocating certain tenants to improve the flow within the centre. theStorage is performing well and we plan to roll-out further storage facilities in the portfolio.

KōL, a Japanese restaurant that offers curated contemporary Japanese cuisine and flexible co-working space, opened in Hyde Park Corner. The upgrade of the Tashas Le Parc restaurant was completed. A new entrance directly from the parking area is being constructed adjacent to Clicks to improve flow as well as activate this area of the centre.

DisChem, Game and Woolworths have recently completed their store revamps at The Glen. Tenant demand remains strong, and the centre continues to perform well.

Sustainability is central to the environments in which we operate, the people we work with and serve, and the norms, values and rules by which we conduct business. Sustainability initiatives include improving recycling, reducing waste, managing assets to be more energy and water efficient and reducing carbon emissions in line with national targets. We have completed our waste audits and are finalising our energy audits. The data obtained from these audits will aid us in improving the sustainable management of our malls.

Hyprop is committed to five of the Sustainable Development Goals (SDGs) to steer, communicate and report on our sustainability strategies. The SDGs include:

- End poverty in all its forms everywhere;
- Ensure availability and sustainable management of water and sanitation for all;
- Ensure access to affordable, reliable, sustainable and modern energy for all;
- Ensure sustainable consumption and production patterns; and
- Take urgent action to combat climate change and its impact.

This commitment provides a basis from which to advance our sustainable development through the investments we make, the solutions we develop, and the business practices we adopt. Our commitment to the sustainability goals aids us in reducing the negative impact our business might have on the environment, while enhancing our positive contribution to the global sustainable development agenda.

SOUTH-EASTERN EUROPE

Europe experienced a 4th wave of Covid-19 infections in the fourth quarter of the 2021 calendar year, with significantly higher rates of infections compared to the first three waves. Several measures and restrictions were introduced by governments in order to curb the spread of the virus, the most restrictive of which is that only vaccinated shoppers, or shoppers with a negative antigen test, are allowed to enter our malls, other than Delta City Mall Podgorica, Montenegro, where these restrictions were lifted a few weeks ago.

The restrictions negatively impacted tenants' operations, however, tenant turnovers from July to October 2021 are better than in the corresponding period in 2020 and in line with 2019, and there was an improvement in

footcount compared to 2020. Hystead will continue to evaluate requests from tenants for rent relief and support in the context of occupancy cost ratios and the need to retain functional malls.

Evidence of the dominance of our malls is reflected in the low vacancy rate of only 0.2%. The refurbishment project at Skopje City Mall is progressing well. The food court upgrade and internal pause areas will be completed by the end of December 2021 and the outside playground and landscaping will be completed by the end of Q1 2022. The Mall Sofia's food court refurbishment is complete and has improved the mall's dominance in Sofia. The phased upgrading of the bathrooms will commence in Q1 2022.

The roll-out of vaccines in Europe is progressing and we are optimistic that restrictions will be relaxed and footfall should recover in Q1 2022.

Trading Metric	Year	Jul	Aug	Sep	Oct	Total for 4-month period
Tenant Turnover (€'000)	2019	51 359	49 492	56 557	56 210	213 618
	2020	42 716	41 161	48 852	51 568	184 297
	2021	52 531	47 724	50 465	56 676	207 396
Variance % 2021 vs 2020		23.0%	15.9%	3.3%	9.9%	12.5%
Variance % 2021 vs 2019		2.3%	-3.6%	-10.8%	0.8%	-2.9%
Trading Density (€)	2019	242	232	264	263	250
	2020	202	194	230	242	217
	2021	247	224	233	262	241
Variance % 2021 vs 2020		22.3%	15.5%	1.3%	8.3%	11.1%
Variance % 2021 vs 2019		2.1%	-3.5%	-11.7%	-0.4%	-3.6%
Footcount ('000)	2019	3 691	3 593	3 669	3 739	14 692
	2020	2 550	2 513	2 861	2 889	10 813
	2021	3 052	2 768	2 673	3 043	11 536
Variance % 2021 vs 2020		19.7%	10.2%	-6.6%	5.3%	6.7%
Variance % 2021 vs 2019		-17.3%	-23.0%	-27.2%	-18.6%	-21.5%
Vacancy (%)	2019	0.5%	0.4%	0.4%	0.3%	-
	2020	0.8%	0.6%	0.6%	0.5%	-
	2021	0.3%	0.3%	0.2%	0.2%	-
Collections (€'000)	2019	9 283	8 539	8 758	9 190	35 770
	2020	8 833	8 194	9 098	8 746	34 871
	2021	8 289	7 802	8 699	8 514	33 304
Variance % 2021 vs 2020		-6.2%	-4.8%	-4.4%	-2.6%	-4.5%
Variance % 2021 vs 2019		-10.7%	-8.6%	-0.7%	-7.4%	-6.9%

Certain prior period amounts have been updated with the most recent information received.

SUB-SAHARAN AFRICA (EXCLUDING SOUTH AFRICA)

There are signs that the Sub-Saharan Africa portfolio is recovering from the Covid-induced challenges. Most metrics for the period July to October 2021 are tracking well ahead of the same period last year, albeit marginally behind the pre-Covid figures.

Trading density (excluding Ikeja) increased by 11.3% y-o-y as a result of a strong recovery at Kumasi City Mall and West Hills Mall in the last few months. Vacancies reduced from 13.2% to 10.6%, driven by a 14% relative reduction in vacancy in the Ghana malls. Footcount increased by 12.9% y-o-y and encouragingly is only 5% below the 2019 equivalent. Collections increased by 18.5% y-o-y as a result of management's focus on this key performance area.

Ikeja City Mall in Nigeria is celebrating its 10-year anniversary this month and remains a prime shopping destination in Lagos. As has been the case for some time, the centre remains fully let, with a waiting list of strong prospective tenants. New tenancies include Nike (replacing Vento Furniture and Dune), and Aldo and Mothercare are currently fitting out their new stores. Restaurants and the cinema are restricted to 33% and 50% of their seating capacities respectively. We have not been able to repatriate any USD from Nigeria, due to the two-year Dollar liquidity crisis in the country.

In Ghana, cinemas have reopened and are trading at 50% seating capacity, while restaurants are trading at reduced seating capacity. New tenants in Accra Mall include Levi's, FastForward and Yves Rocher, improving the tenant mix. New tenants in West Hills Mall include DoK Shoes, Nat-1 (health and beauty), Sonotech Medical Diagnostics Centre and Jays Auto Spa Carwash. At Kumasi City Mall, Hubtel Limited is a new tenant and Compu Ghana, an electronics store, opened a second shop.

Performance measure	Fin Year	Jul	Aug	Sept	Oct	Total for 4 - month period
Turnover (GHC'000)	2019	41 014	46 261	43 040	37 565	167 881
	2020	35 152	38 310	40 351	39 761	153 574
	2021	42 815	48 511	44 055	45 398	180 779
Variance % 2021 vs 2020		21.8%	26.6%	9.2%	14.2%	17.7%
Variance % 2021 vs 2019		4.4%	4.9%	2.4%	20.9%	7.7%
Turnover (US'000)	2019	7 309	8 497	7 840	6 825	30 471
	2020	6 019	6 573	6 910	6 786	26 288
	2021	7 170	7 864	7 955	7 382	30 371
Variance % 2021 vs 2020		19.1%	19.6%	15.1%	8.8%	15.5%
Variance % 2021 vs 2019		-1.9%	-7.5%	1.5%	8.2%	-0.3%
Trading Density GHC	2019	962	1 070	1 025	895	988
	2020	970	1 048	1 129	1 068	1 054
	2021	1 198	1 246	1 121	1 216	1 195
Variance % 2021 vs 2020		23.5%	18.9%	-0.8%	13.9%	13.4%
Variance % 2021 vs 2019		24.4%	16.5%	9.3%	35.9%	20.9%
Trading Density USD	2019	172	196	187	163	179
	2020	166	180	193	182	180
	2021	201	202	202	198	201
Variance % 2021 vs 2020		20.8%	12.3%	4.6%	8.5%	11.3%
Variance % 2021 vs 2019		16.9%	2.8%	8.4%	21.6%	11.9%
Footcount (Ikeja incl.) ('000)	2019	2 223	2 517	2 030	1 978	8 749
	2020	1 882	1 987	1 697	1 797	7 363
	2021	2 059	2 142	1 945	2 169	8 315
Variance % 2021 vs 2020		9.4%	7.8%	14.6%	20.7%	12.9%
Variance % 2021 vs 2019		-7.4%	-14.9%	-4.2%	9.7%	-5.0%

Vacancy (Ikeja incl.) (%)	2019	10.9%	9.7%	10.0%	9.1%	
	2020	13.8%	13.7%	13.5%	13.2%	
	2021	11.2%	11.1%	10.8%	10.6%	
Collections (Ikeja incl.) (\$'000)	2019	3 611	3 322	3 006	3 279	13 218
	2020	2 638	2 653	2 589	2 567	10 448
	2021	3 308	2 764	3 225	3 083	12 380
Variance % 2021 vs 2020		25.4%	4.2%	24.6%	20.1%	18.5%
Variance % 2021 vs 2019		-8.4%	-16.8%	7.3%	-6.0%	-6.3%

Certain prior period amounts have been updated with the most recent information received.

Hyprop will continue to pursue the exit strategy for its sub-Saharan Africa assets while driving value creation through active asset and property management initiatives. Implementation of the sale of Ikeja City Mall is delayed due to the USD liquidity crisis in Nigeria, however, we are making progress towards disposing the remaining three Ghanaian assets.

IN CLOSING

The emergence of the new variant of Covid-19 will impact the economies and trading conditions in most jurisdictions in which the Group operates. We are confident that the Group's strategy and key priorities remain relevant, even in a prolonged Covid-19 environment, and will continue to focus on the following:

1. Completing negotiations and implementing the Hystead liquidity event;
2. Strengthening the balance sheet by:
 - Reducing the Euro equity debt;
 - Exiting sub-Saharan Africa (Excluding South Africa);
 - Completing the disposal of Delta City Podgorica; and
 - Recycling assets that do not accord with the Group's long-term strategy.
3. Repositioning the SA portfolio for sustainable growth;
4. Increasing the dominance of the properties in the Eastern European portfolio; and
5. Pursuing the non-tangible asset strategy.

Hyprop's interim results for the six months ended 31 December 2021 are scheduled to be released in March 2022.

Hyprop will hold a virtual presentation at 14:00 this afternoon to discuss this operational update. Please contact Lizelle du Toit at lizelle@hyprop.co.za should you wish to join the presentation. A recording of the presentation will be available on Hyprop's website thereafter.

6 December 2021

Sponsor

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