

HYPROP INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1987/005284/06)

JSE share code: HYP

ISIN: ZAE000190724

JSE bond issuer code: HYPI

(Approved as a REIT by the JSE)

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



PRE-CLOSE OPERATIONAL UPDATE AND CHANGES TO THE BOARD OF DIRECTORS

Hyprop continues to create spaces for people to connect by owning and managing dominant retail centres in mixed-use precincts in key economic nodes in South Africa (SA), Eastern Europe (EE) and sub-Saharan Africa (SSA). Our multi-skilled diverse team practices conscious retail, underpinned by a sustainable business model, meaningful social impact and a robust governance framework to create long-term value for all our stakeholders.

Further to the publication of Hyprop's Interim Results for the six months ended 31 December 2021 on 17 March 2022, the Company hereby provides an operational update.

BALANCE SHEET AND CAPITAL MANAGEMENT

The disposal of Delta City Mall in Podgorica, Montenegro was successfully implemented in May 2022. The net proceeds were used to settle €70 million of the Group's Euro-denominated equity debt. This, together with other debt repayments, has reduced Hyprop's Euro denominated equity debt from €373 million at 31 December 2021 to €110 million currently. The in-country Euro debt was reduced from €365 million in June 2021 to €285 million. The net result is the creation of circa €180 million of equity in the EE portfolio.

Rand debt has increased from R5.1 billion at 31 December 2021 to R6.4 billion on 31 May 2022, following the acquisition of the four EE assets from Hystead and settlement of the purchase price of €173 million.

There has been no change in the US dollar debt in Ikeja City Mall, save for the capitalisation of interest on the bank loan due to the ongoing US dollar illiquidity in Nigeria.

The current consolidated Group LTV is circa 40%.

SOUTH AFRICA PORTFOLIO

The first Zara and Ted Baker stores in our portfolio opened at Canal Walk. Two new concept stores, Woolworths' quick service restaurant NOW NOW and Retail Box, the first bricks and mortar store of this online retailer, also opened in the centre. Zara's new store features the latest digital innovations that fully integrate Zara's in-store and online shopping experiences. Pringle, Exclusive Books, and the Lacoste and Totalsports combo stores were relocated and upgraded to the latest specification, and Clicks has been fully refurbished.

CapeGate's Checkers was upgraded to the latest FreshX specifications, which includes a Starbucks, and a Western Cape Blood Services opened to improve the centre's service offering. Somerset Mall continues to trade well and remains fully let.

Rosebank Mall's tenant mix was improved with the addition of an iStore for new products (to complement its pre-owned store) and TechMarkit, providing a wider range of technology offerings. Exclusive Books was relocated and upgraded with an in-store Vida E Caffè overlooking the pedestrian walkway in Rosebank. The tenant offering at Hyde Park Corner was improved with the addition of George's Grill (a new steakhouse),

Skins (a high-end cosmetics brand) and Calvin Klein. Clearwater's food court revamp commenced on 20 June 2022 and new Pep Home and Studio 88 stores opened.

The reconfiguration of the upper level at The Glen will be completed in the third quarter of 2022 and will improve the value offering of the mall with an upgraded HiFi Corporation store as well as Crazy Plastics and Crazy Pets stores. In line with the Group's environmental sustainability strategy, propellair toilets have been installed at the Rosebank Mall Precinct and Hyde Park Corner.

| Trading Metric | Year | Jan | Feb | Mar | Apr | May | Total for the 5-month period |
|--------------------------------|------|---------------|---------------|--------------|---------------|--------------|------------------------------|
| Tenant Turnover (R'000) | 2020 | 1 626 124 | 1 520 831 | 1 358 796 | 334 923 | 1 141 803 | 5 982 477 |
| | 2021 | 1 307 880 | 1 400 233 | 1 531 214 | 1 510 616 | 1 683 220 | 7 433 163 |
| | 2022 | 1 665 063 | 1 572 531 | 1 730 562 | 1 841 348 | 1 811 959 | 8 621 464 |
| Variance % 2021vs 2020 | | -19.6% | -7.9% | 12.7% | 351.0% | 47.4% | 24.3% |
| Variance % 2022 vs 2021 | | 27.3% | 12.3% | 13.0% | 21.9% | 7.7% | 16.0% |
| Trading Density (R) | | | | | | | |
| Trading Density (R) | 2020 | 2 816 | 2 641 | 2 364 | 1 896 | 2 511 | 2 535 |
| | 2021 | 2 328 | 2 491 | 2 728 | 2 698 | 2 990 | 2 647 |
| | 2022 | 2 898 | 2 746 | 3 047 | 3 248 | 3 185 | 3 024 |
| Variance % 2021vs 2020 | | -17.3% | -5.7% | 15.4% | 42.3% | 19.1% | 4.4% |
| Variance % 2022 vs 2021 | | 24.5% | 10.2% | 11.7% | 20.4% | 6.5% | 14.2% |
| Foot Count ('000) | | | | | | | |
| Foot Count ('000) | 2020 | 6 986 | 6 527 | 5 653 | 2 024 | 4 192 | 25 382 |
| | 2021 | 5 424 | 5 256 | 5 751 | 5 248 | 5 810 | 27 489 |
| | 2022 | 6 219 | 5 534 | 6 084 | 5 990 | 6 024 | 29 851 |
| Variance % 2021vs 2020 | | -22.3% | -19.5% | 1.7% | 159.2% | 38.6% | 8.3% |
| Variance % 2022 vs 2021 | | 14.7% | 5.3% | 5.8% | 14.1% | 3.7% | 8.6% |
| Retail Vacancy (%) | | | | | | | |
| Retail Vacancy (%) | 2020 | 1.7% | 1.8% | 2.0% | 2.2% | 2.3% | - |
| | 2021 | 3.1% | 2.6% | 2.8% | 2.8% | 2.6% | - |
| | 2022 | 1.9% | 1.4% | 1.5% | 1.6% | 1.4% | - |
| Collections (R'000) | | | | | | | |
| Collections (R'000) | 2020 | 278 320 | 321 933 | 223 520 | 120 087 | 142 934 | 1 086 793 |
| | 2021 | 210 521 | 253 561 | 259 608 | 295 323 | 228 966 | 1 247 979 |
| | 2022 | 229 561 | 271 178 | 284 008 | 301 862 | 230 535 | 1 317 144 |
| Variance % 2021vs 2020 | | -24.4% | -21.2% | 16.2% | 145.9% | 60.2% | 14.8% |
| Variance % 2022 vs 2021 | | 9.0% | 7.0% | 9.4% | 2.2% | 0.7% | 5.5% |

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

Retail vacancies (1.4% at 31 May 2022) improved over the period and the trading of our entertainment tenants has shown a marked improvement.

EASTERN EUROPE

All Covid-19 restrictions in the EE portfolio were lifted from mid-March 2022 (including the mandatory wearing of masks), since which significant improvements in turnover, trading density and footfall were experienced. Recent performance is in-line with pre-Covid levels.

The two-year refurbishment project at Skopje City Mall was completed in May 2022 (including the upgrade of bathrooms and the food court, relocation and right sizing of tenants, vertical transport improvements, and upgrades of external terraces, internal pause areas and signage). The introduction of the largest outdoor playground with landscaped gardens in North-Macedonia was welcomed by the Skopje community and serves as a space where people connect and share experiences. The upgrade of the bathrooms at The Mall, in Sofia, has commenced and will be completed by Q2 2023.

Intimissimi, N Fashion and Amanti Pasta Bar opened at Skopje City Mall. The Mall, in Sofia, secured Ikigai (a new restaurant), Salad Box, Next Kids, 1001 Pantofki, Al Amar perfumes and AC&Co as new tenants.

We are closely monitoring any potential impact of the Ukrainian / Russian war. Currently there is no direct impact, however, the increased costs of electricity and fuel may have an impact on retail spend and tenant occupancy costs, while some tenants are cautious about expanding their businesses at this time.

| Trading Metric | Year | Jan | Feb | Mar | Apr | May | Total for the 5-month period |
|--------------------------------|------|---------------|---------------|--------------|---------------|---------------|------------------------------|
| Tenant Turnover (€'000) | 2020 | 37 071 | 32 881 | 18 520 | 5 558 | 21 149 | 115 179 |
| | 2021 | 28 146 | 31 064 | 30 387 | 29 893 | 38 747 | 158 237 |
| | 2022 | 32 538 | 30 115 | 34 200 | 41 201 | 44 599 | 182 654 |
| Variance % 2021vs 2020 | | -24.1% | -5.5% | 64.1% | 437.9% | 83.2% | 37.4% |
| Variance % 2022 vs 2021 | | 15.6% | -3.1% | 12.6% | 37.8% | 15.1% | 15.4% |
| | | | | | | | |
| Trading Density (€) | 2020 | 226 | 201 | 115 | 192 | 133 | 170 |
| | 2021 | 232 | 191 | 185 | 182 | 236 | 204 |
| | 2022 | 194 | 180 | 205 | 246 | 266 | 218 |
| Variance % 2021vs 2020 | | 2.9% | -5.3% | 60.6% | -5.0% | 77.7% | 19.7% |
| Variance % 2022 vs 2021 | | -16.4% | -5.7% | 10.6% | 35.1% | 13.0% | 7.1% |
| | | | | | | | |
| Foot Count ('000) | 2020 | 2 432 | 2 261 | 1 203 | 361 | 1 058 | 7 316 |
| | 2021 | 1 591 | 1 804 | 1 751 | 1 641 | 2 008 | 8 795 |
| | 2022 | 1 821 | 1 713 | 1 948 | 2 082 | 2 262 | 9 825 |
| Variance % 2021vs 2020 | | -34.6% | -20.2% | 45.5% | 354.1% | 89.7% | 20.2% |
| Variance % 2022 vs 2021 | | 14.4% | -5.0% | 11.2% | 26.9% | 12.6% | 11.7% |
| | | | | | | | |
| Vacancy (%) | 2020 | 0.2% | 0.3% | 0.3% | 0.6% | 1.3% | - |
| | 2021 | 0.4% | 1.2% | 1.0% | 0.5% | 0.4% | - |
| | 2022 | 0.3% | 0.4% | 0.4% | 0.4% | 0.8% | - |
| | | | | | | | |
| Collections (€'000) | 2020 | 8 486 | 6 374 | 4 709 | 1 863 | 2 545 | 23 977 |
| | 2021 | 5 380 | 5 941 | 6 216 | 5 320 | 5 996 | 28 853 |
| | 2022 | 7 287 | 7 589 | 7 534 | 7 040 | 7 134 | 36 584 |
| Variance % 2021vs 2020 | | -36.6% | -6.8% | 32.0% | 185.6% | 135.6% | 20.3% |
| Variance % 2022 vs 2021 | | 35.5% | 27.7% | 21.2% | 32.3% | 19.0% | 26.8% |

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

With a low vacancy rate of only 0.8% it is evident that the centres have retained their dominance in the respective regions.

SUB-SAHARAN AFRICA (EXCLUDING SOUTH AFRICA)

In Nigeria and Ghana, most of the Covid-19 restrictions have been lifted, reduced or cancelled, allowing restaurants and cinemas to operate at full capacity.

Ikeja City Mall, the premier shopping destination in Lagos, remains fully let, with a waiting list of strong prospective tenants. The anchor tenant, Shoprite, has signed a US dollar referenced lease on 5 000m² for a further five years, and customers are eagerly awaiting the opening of the new 900m² Nike store in August 2022. The centre's restroom facilities will be upgraded early in the new financial year. The lack of US dollar liquidity remains a challenge in the country, preventing the payment of interest on US dollar debt and interest or dividends to shareholders.

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, further improving the tenant mix. Several exciting new tenants are expected to open before the end of the calendar year.

New tenants in West Hills Mall include Maydan Home Décor, Motion Furniture, Unique Collections and Madagastar E-gaming. These additions to the tenant mix 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.

At Kumasi City Mall, P2Lounge and Oregano (both restaurants) and Mac Cosmetics are the latest additions to the tenant mix, with Gamel Clothing, Spendstree Photos and Kent's Cup expanding into bigger shops.

Turnover and trading density in Ghana have been affected by the 36% depreciation of the Ghanaian Cedi against the US dollar since 30 June 2021. Despite this, footcount for the whole portfolio remained largely flat year-on-year and collections have been robust throughout the period. Vacancy levels have reduced from 11.7% to 10.9% over the past twelve months as a result of focused asset management. We are closely monitoring the impact of the Cedi depreciation on rentals, collections and occupancy rates.

| Performance measure | Year | Jan | Feb | Mar | Apr | Total for 4-month period |
|--------------------------------|------|---------------|---------------|---------------|---------------|--------------------------|
| Turnover (GHC'000) | 2020 | 44 978 | 40 810 | 45 324 | 24 085 | 155 196 |
| | 2021 | 45 694 | 42 291 | 46 907 | 45 589 | 180 481 |
| | 2022 | 50 239 | 44 783 | 50 002 | 48 879 | 193 903 |
| Variance % 2021 vs 2020 | | 1.6% | 3.6% | 3.5% | 89.3% | 16.3% |
| Variance % 2022 vs 2021 | | 10.0% | 5.9% | 6.6% | 7.2% | 7.4% |
| Turnover (US\$'000) | 2020 | 7 986 | 7 465 | 8 003 | 4 161 | 27 616 |
| | 2021 | 7 771 | 7 267 | 8 092 | 7 817 | 30 948 |
| | 2022 | 7 964 | 6 445 | 6 622 | 6 175 | 27 205 |
| Variance % 2021 vs 2020 | | -2.7% | -2.6% | 1.1% | 87.9% | 12.1% |
| Variance % 2022 vs 2021 | | 2.5% | -11.3% | -18.2% | -21.0% | -12.1% |
| Trading Density (GHC) | 2020 | 1 064 | 956 | 1 390 | 758 | 1 042 |
| | 2021 | 1 309 | 1 185 | 1 275 | 1 234 | 1 256 |
| | 2022 | 1 135 | 1 063 | 1 205 | 1 170 | 1 143 |
| Variance % 2021 vs 2020 | | 22.9% | 23.9% | -8.3% | 62.8% | 20.5% |
| Variance % 2022 vs 2021 | | -13.2% | -10.3% | -5.5% | -5.2% | -9.0% |

| | | | | | | |
|--------------------------------------|------|---------------|---------------|---------------|---------------|---------------|
| Trading Density (US\$) | 2020 | 189 | 175 | 245 | 131 | 184 |
| | 2021 | 223 | 204 | 220 | 212 | 215 |
| | 2022 | 180 | 153 | 160 | 148 | 160 |
| Variance % 2021 vs 2020 | | 17.8% | 16.4% | -10.4% | 61.5% | 16.9% |
| Variance % 2022 vs 2021 | | -19.1% | -24.9% | -27.5% | -30.2% | -25.6% |
| | | | | | | |
| Footcount (Ikeja incl.) ('000) | 2020 | 2 226 | 1 862 | 1 844 | 1 123 | 7 056 |
| | 2021 | 2 142 | 1 782 | 1 907 | 1 825 | 7 657 |
| | 2022 | 2 134 | 1 783 | 1 838 | 1 851 | 7 606 |
| Variance % 2021 vs 2020 | | -3.8% | -4.3% | 3.4% | 62.5% | 8.5% |
| Variance % 2022 vs 2021 | | -0.4% | 0.0% | -3.6% | 1.4% | -0.7% |
| | | | | | | |
| Vacancy (Ikeja incl.) (%) | 2020 | 12.2% | 12.7% | 12.9% | 12.8% | |
| | 2021 | 11.0% | 11.1% | 11.6% | 11.7% | |
| | 2022 | 11.3% | 11.0% | 11.4% | 10.9% | |
| | | | | | | |
| Collections (Ikeja incl.) (US\$'000) | 2020 | 3 878 | 3 243 | 3 142 | 2 384 | 12 647 |
| | 2021 | 3 083 | 2 801 | 3 437 | 2 796 | 12 117 |
| | 2022 | 3 535 | 3 330 | 3 262 | 3 968 | 14 095 |
| Variance % 2021 vs 2020 | | -20.5% | -13.6% | 9.4% | 17.3% | -4.2% |
| Variance % 2022 vs 2021 | | 14.6% | 18.9% | -5.1% | 41.9% | 16.3% |

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

Hyprop and Attacq have reduced the bank debt in the Ghana portfolio by a combined US\$ 5 million in March 2022, in order to degear the portfolio. We are proactively working on extending the term of the bank debt that expires in tranches between December 2022 and February 2023 with the incumbent lender who is willing to extend all facilities.

Hyprop will continue to pursue the exit strategy for its SSA 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 US\$ liquidity crisis in Nigeria, however, we are making progress on this transaction and the disposal of the remaining three Ghanaian assets.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

We have done an in-depth double materiality analysis on the impact of all ESG factors on our business for our SA portfolio and will expand this to include our EE portfolio. Through this we have developed a sustainability framework and revised the UN Sustainable Development Goals (SDGs) that we have committed to, being SDG 6, 7, 8, 11 and 12. These SDGs are a reminder of how our operations can impact some of the world's biggest challenges.

Our sustainability framework is built around three pillars, 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.

CHANGES TO THE BOARD AND BOARD COMMITTEES

BOARD

Stewart Shaw-Taylor, who is due to retire by rotation at Hyprop's 2022 annual general meeting, has informed the board of directors of the Company (the Board) that he does not intend to offer himself for re-election at that meeting. 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 and wishes him well in his future endeavours.

Richard Inskip has been appointed as an independent non-executive director with effect from 1 July 2022. Richard has 35 years of experience as a Senior Executive / Board Director in the Retail and Retail Financial Services industries. While he was based in South Africa for the majority of his career, he has worked in the United Kingdom, Australia and multiple African countries. Richard was previously the Chief Operating Officer of the Massmart Group.

The Board welcomes Richard and looks forward to his contribution.

Richard's appointment is in terms of Hyprop's board nomination policy and succession planning.

COMPOSITION OF THE BOARD COMMITTEES

Hyprop has reconstituted its Board committees with effect from 1 July 2022 as follows:

1. The Audit and Risk Committee will continue to comprise Mr T Mokgatla (Chairman), Mr S Shaw-Taylor, Ms Z Jasper, Ms A Dallamore.
2. The Nomination Committee will comprise Mr G Tipper (Chairman), Mr S Shaw-Taylor, and new appointments Messrs S Noussis and R Inskip.
3. The Remuneration Committee will comprise Mr S Shaw-Taylor (Chairman), Mr G Tipper, and new appointments Messrs S Noussis and R Inskip. Mr T Mokgatla is stepping down from the Remuneration and Nomination committees due to other commitments and the Board thanks him for the contribution he made.
4. The Social and Ethics Committee will comprise Ms N Mandindi (Chairperson), Messrs B Till and M Wilken, and new appointment Ms Mzobe.
5. The Investment Committee will comprise Mr G Tipper (Chairman), Messrs S Shaw-Taylor, K Ellerine, S Noussis, M Wilken, W Nauta, and new appointments Mr L Dotwana and Ms B Mzobe. Ms A Dallamore will step down as a member of the committee but will attend meetings where information technology matters are considered.

IN CLOSING

We are confident that the Group's strategy remains relevant, and will continue to focus on the following:

1. Strengthening of the balance sheet by:
 - Reducing the Euro debt;
 - Exiting sub-Saharan Africa (excluding South Africa); and
 - Recycling assets that do not accord with the Group's long-term strategy.
2. Securing new growth opportunities;

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 annual results for the year ended 30 June 2022 are scheduled to be released in late September 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.

29 June 2022

Sponsor

JAVACAPITAL