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**")

PRE-CLOSE OPERATIONAL UPDATE

Further to the publication of the Company's Interim Results for the period ended 31 December 2020 on 1 March 2021, the Company hereby provides an operational update for the four months ended 30 April 2021.

Good progress is being made on most of the Company's key strategic priorities. These are to: strengthen the balance sheet; reposition the South African portfolio; reinforce the Hystead portfolio's dominant position; exit sub-Saharan Africa (excluding South Africa) (S-SA); and progress the non-tangible asset strategy.

BALANCE SHEET AND CAPITAL MANAGEMENT

At 31 December 2020 the Group reported a see-through loan to value ratio (LTV) of 38.8% and an interest cover ratio (ICR) of 2.6 times. The sale of Atterbury Value Mart (AVM) is progressing well. All CPs have been fulfilled and transfer is expected to take place before the end of the financial year, realising over R1 billion for the Company.

The Company raised R358 million through an Accelerated Bookbuild in May 2021. This, together with the proceeds from the sale of AVM, will improve the LTV by 3% to 35.8%.

The Group's liquidity position remains strong, with R950 million of unutilised revolving credit facilities and R598 million of cash on hand at 31 May 2021.

SOUTH AFRICA PORTFOLIO

It is encouraging that footfall at the malls has increased following the easing of Covid-19 restrictions in March 2021. The recovery in footfall, although not back to pre-Covid-19 levels, as well as an increase in average basket size are promising indicators of an improvement in trading conditions for tenants. We remain cautious about the current increase in Covid-19 infections in South Africa, the risk of the impact of a third wave, and possible tightening of lockdown restrictions.

Key trading metrics for January to April 2021 compared to 2020 (partly impacted by Covid-19) and 2019 (a year prior to Covid-19) are presented below. Turnover and trading density have recovered relative to 2020, but foot count growth remains muted. The retail vacancy rate has improved from 3.0% at 31 December 2020 to 2.6% at the end of April 2021. Retention of key tenants remains critical to the functioning of the malls.

Trading metric	Year	Jan	Feb	Mar	Apr	Total for 4 - month period
Turnover (R'000)	2019	1 715 933	1 582 640	1 763 075	1 747 540	6 809 189
	2020	1 740 472	1 629 702	1 459 564	350 668	5 180 406
	2021	1 423 795	1 518 609	1 657 099	1 634 005	6 233 508
Variance % 2021vs 2020		***-18.2%***	***-6.8%***	***13.5%***	***366.0%***	***20.3%***
Variance % 2021 vs 2019		***-17.0%***	***-4.0%***	***-6.0%***	***-6.5%***	***-8.5%***
Trading Density (R)	2019	2 769	2 557	2 886	2 842	2 763
	2020	2 786	2 616	2 347	1 851	2 400
	2021	2 334	2 492	2 724	2 691	2 560
Variance % 2021vs 2020		***-16.2%***	***-4.7%***	***16.0%***	***45.4%***	***6.7%***
Variance % 2021 vs 2019		***-15.7%***	***-2.5%***	***-5.6%***	***-5.3%***	***-7.4%***
Foot count ('000)	2019	7 487	6 714	8 033	7 235	29 469
	2020	7 554	7 054	6 096	2 120	22 825
	2021	5 946	5 771	6 320	5 785	23 821
Variance % 2021vs 2020		***-21.3%***	***-18.2%***	***3.7%***	***172.8%***	***4.4%***
Variance % 2021 vs 2019		***-20.6%***	***-14.0%***	***-21.3%***	***-20.0%***	***-19.2%***
% Retail Vacancy	2019	0.9%	0.9%	1.0%	1.0%	-
	2020	1.6%	1.7%	1.8%	2.0%	-
	2021	2.9%	2.5%	2.7%	2.6%	-
Collections (R'000)	2019	262 259	302 954	302 869	349 666	1 217 749
	2020	291 259	327 977	235 391	126 180	980 807
	2021	224 815	269 720	276 780	311 685	1 083 000
Variance % 2021vs 2020		***-22.8%***	***-17.8%***	***17.6%***	***147.0%***	***10.4%***
Variance % 2021 vs 2019		***-14.3%***	***-11.0%***	***-8.6%***	***-10.9%***	***-11.1%***

Tenants in the Electronics category are trading exceptionally well and turnover for the category exceeds pre-Covid-19 levels, while Food retailers have recovered well, albeit trading slightly below 2019 turnover levels. Tenants in the Travel, Personal Health and Entertainment categories remain under pressure, and we continue to provide Covid-19 relief to these tenants.

Our repositioning strategy is bearing fruit and we have seen an increase in interest from tenants to take up space in our centres.

At Woodlands, we opened a new Starbucks store in April and replaced the old Game store with a new Checkers FreshX that opened in May 2021. A new Stax store has taken up the remainder of the space vacated by Game and will open before the end of the financial year.

Checkers have agreed to upgrade their CapeGate store to the new FreshX specification, while the MRP apparel upgrade and expansion, coupled with the relocation of MRP Home and downsizing of the MRP Sport, had a very positive impact on their turnovers.

Somerset Mall remains fully let and opened new stores for Superga, Fabiani, Wellness Warehouse and MRP Sport, as well as expansions for Kingsley Heath and Crossley&Sons. The ceiling replacement project is progressing well and should be completed towards the end of 2021.

Rosebank Mall more than halved its vacancies by securing a deal with Ignite Fitness to take over the space occupied by the old Planet Fitness gym and a new iStore will open in the ex-TM Lewin space. The first selfstorage facility in the Hyprop portfolio and the pilot SOKO District should open at Rosebank Mall early in the new financial year.

Hyde Park Corner continues to attract new tenants and concept stores, including The Finish Line, (new concept offering a range of athleisure brands and the Swiss-engineered performance running shoes “ON”), Good Gracious Frozen Food, Refillery and Lovisa. Arcifurn plans to open its new flagship showroom of handcrafted furniture next month. We also look forward to the opening of KōL, a Japanese restaurant that will offer curated contemporary Japanese cuisine and flexible co-working space, as well as the re-opening of Tashas following their upgrade.

The Glen completed the installation of its generators that provide full back-up power to the mall, and Woolworths commenced upgrading their store.

At Canal Walk Foschini has relocated to the old Forever21 premises, and the centre has secured the first Zara store in the SA portfolio to take over the old Foschini space. Zara is due to open in the first half of 2022.

We are still experiencing negative rental reversions as well as significant increases in municipal and utility charges, which have been partly offset by savings generated by the solar plants installed at the Gauteng malls. Hyprop continues to focus on managing operating expenses in order to contain occupancy costs. As consumer behaviour continues to evolve, we will continue to reposition our centres in order to navigate through these challenges.

EASTERN EUROPE

Europe experienced a second wave of Covid-19 infections in the first quarter of the 2021 calendar year, with significantly higher rates of new infections compared to March 2020. A multitude of lockdown measures and restrictions were introduced by governments which impacted most of our centres significantly.

In Bulgaria, The Mall was under hard lockdown from 28 November 2020 to 31 January 2021, and again from 22 March 2021 to 16 April 2021. In Montenegro, a second lockdown was in place from 11 March to 17 April 2021, while malls were closed for four weeks in Serbia in March and April 2021. No hard lockdowns occurred in Croatia and Macedonia. Several countries also imposed travel restrictions, the banning of public events and sports matches, the closure of schools and universities, reduced trading hours and harsh restrictions for restaurants. Currently, restaurants and fast food outlets are trading at limited capacity and most countries only allow take-aways.

These lockdowns and restrictions continue to impact tenants’ operations and further rent reductions have been granted to certain tenants to assist them. Hystead will continue to evaluate requests from tenants for rent relief and support in the context of occupancy cost ratios.

Securing replacement tenants for the seven stores being vacated by Inditex brands in Bulgaria, Belgrade and Montenegro has been finalised at better rental rates, as follows:

Country	Number of Inditex brands that gave notice to vacate	New leases signed	New tenant occupation dates	New tenants commence trading
Bulgaria	4	3	1 June 2021	One in Jul 2021; Two in Sept 2021
Serbia	2	1 signed (Promoda), 1 to be signed (Dan John)	Dan John in Aug 2021, Promoda in Feb 2022	Dan John in Oct 2021, Promoda in March 2022
Montenegro	1	1	Immediately occupied by Pandora	1 February 2021

The Covid-19 lockdowns in the region presented opportunities to accelerate the completion of capital projects prior to the re-opening of the malls. The mall refurbishment project at Skopje City Mall has progressed well and several phases, including the re-construction of the Café Terraces, the downsizing of Ramstore and refurbishment of all mall toilets, have been completed. The full project should be completed in the second quarter of 2022. The refurbishment of the Mall Sofia food court is complete and will improve the mall's dominance in Sofia.

The roll-out of vaccines in Europe is progressing and we are optimistic about further relaxation of restrictions, and a recovery of footfall. It is expected that herd immunity in Europe should be reached through vaccinations by the end of October 2021.

Country	% of the total population vaccinated	Operating GLA %
Bulgaria	25%	97%
Serbia	29%	100%
Montenegro	22%	100%
North Macedonia	12%	97%
Croatia	38%	98%

Most of the non-operating GLA relates to restaurants and cafes that have no outside terraces or seating and therefore can not trade.

The difficult trading environment has put pressure on tenant turnovers and foot counts remain low due to lockdown restrictions. Vacancies have been well managed and remain below 1%. Cash collections are being closely monitored.

Trading metric	Year	Jan	Feb	Mar	Apr	Total for 4-month period
Turnover (€'000)	2019	48 967	40 951	49 026	50 583	189 527
	2020	50 670	45 108	25 118	6 369	127 266
	2021	39 815	40 667	35 292	38 255	154 030
Variance % 2021 vs 2020		***-21.4%***	***-9.8%***	***40.5%***	***500.6%***	***21.0%***
Variance % 2021 vs 2019		***-18.7%***	***-0.7%***	***-28.0%***	***-24.4%***	***-18.7%***
Trading Density (€)	2019	235	197	234	242	227
	2020	238	212	120	168	185

	2021	230	190	165	178	191
Variance % 2021 vs 2020		***-3.4%***	***-10.4%***	***37.5%***	***6.0%***	***3.2%***
Variance % 2021 vs 2019		***-2.1%***	***-3.6%***	***-29.5%***	***-26.5%***	***-15.9%***
Foot count ('000)	2019	3 618	3 232	3 588	3 589	14 028
	2020	3 611	3 372	1 785	433	9 201
	2021	2 405	2 500	2 161	2 202	9 267
Variance % 2021 vs 2020		***-33.4%***	***-25.9%***	***21.1%***	***408.5%***	***0.7%***
Variance % 2021 vs 2019		***-33.5%***	***-22.7%***	***-39.8%***	***-38.6%***	***-33.9%***
% Vacancy	2019	0.2%	0.2%	0.0%	0.1%	-
	2020	0.2%	0.1%	0.3%	0.5%	-
	2021	0.3%	0.9%	0.8%	0.4%	-
Collections (€'000)	2019	9 987	9 011	8 641	9 167	36 806
	2020	10 750	9 301	6 380	2 228	28 660
	2021	7 423	8 010	8 502	6 498	30 434
Variance % 2021 vs 2020		***-31.0%***	***-13.9%***	***33.3%***	***191.6%***	***6.2%***
Variance % 2021 vs 2019		***-25.7%***	***-11.1%***	***-1.6%***	***-29.1%***	***-17.3%***

SUB-SAHARAN AFRICA (EXCLUDING SOUTH AFRICA)

In Nigeria, all tenants are allowed to trade without restrictions, other than cinemas and restaurants which are allowed to trade at 33% and 50% capacity, respectively. These restrictions, together with a general risk-aversion due to the Covid-19 pandemic, subdued trading somewhat. Exchange rate weakness necessitated negative rental reversions on expiry of some leases. The space vacated by Mr Price in March 2021 was let to Dune and Hamley’s. Despite Ikeja City Mall being highly cash generative, the severe US dollar liquidity shortage persists in Nigeria, making it difficult for tenants to import stock and for the mall to repatriate profits to its shareholders.

The second round of Covid-19 vaccines is being rolled out in Ghana, and current infection rates show a substantial decline. Cinemas and pubs in Ghana are not allowed to trade, although there are indications that these restrictions might be relaxed from July 2021. The bulk of the Covid-19 concessions to tenants have been processed, placing pressure on rental income. Turnover in Cedi for the Ghana portfolio declined marginally for the months of January to March 2021, compared to the previous year (pre Covid-19 lockdowns). However, for the four months January to April 2021 turnover increased by 16.3% (+12.1% in US$) compared to the previous year, due to the low base in April 2020 (the first month of lockdown). Trading density grew by 18.5% in Cedi (+16.0% in US$) for the four months January to April 2021 compared to the previous year.

Total foot count for all four malls increased by 8.5% for the period January to April 2021 compared to the previous year, despite the trading limitations imposed on restaurants and cinemas. Monthly foot count is recovering but is still below pre-Covid-19 levels.

Vacancies have improved across the Africa portfolio, from 12.8% in April 2020 to 11.7% in April 2021, despite the challenging operating environment, with Ikeja City Mall remaining fully occupied.

Trading metric	**Year**	**Jan**	**Feb**	**Mar**	**Apr**	**Total for 4 - month period**
Turnover (excluding Ikeja) (GHC'000)	2019	45 202	40 428	45 886	47 482	178 998
	2020	44 978	40 810	45 324	24 085	155 196
	2021	45 694	42 291	46 907	45 589	180 481
Variance % 2021 vs 2020		***1.6%***	***3.6%***	***3.5%***	***89.3%***	***16.3%***
Variance % 2021 vs 2019		***1.1%***	***4.6%***	***2.2%***	***-4.0%***	***0.8%***

Turnover (excluding Ikeja) (USD'000)	2019	9 016	7 575	8 359	9 273	34 223
	2020	7 986	7 465	8 003	4 161	27 616
	2021	7 771	7 267	8 092	7 817	30 948
Variance % 2021 vs 2020		***-2.7%***	***-2.6%***	***1.1%***	***87.9%***	***12.1%***
Variance % 2021 vs 2019		***-13.8%***	***-4.1%***	***-3.2%***	***-15.7%***	***-9.6%***
Trading Density (excluding Ikeja) (GHC)	2019	959	881	924	957	930
	2020	1 064	956	1 390	758	1 042
	2021	1 309	1 185	1 210	1 234	1 235
Variance % 2021 vs 2020		***23.0%***	***24.0%***	***-12.9%***	***62.8%***	***18.5%***
Variance % 2021 vs 2019		***36.5%***	***34.5%***	***31.0%***	***28.9%***	***32.8%***
Trading Density (excluding Ikeja) (USD)	2019	193	170	184	188	184
	2020	189	175	245	131	185
	2021	223	204	220	212	215
Variance % 2021 vs 2020		***18.0%***	***16.6%***	***-10.2%***	***61.8%***	***16.2%***
Variance % 2021 vs 2019		***15.5%***	***20.0%***	***19.6%***	***12.8%***	***16.8%***
Foot count (including Ikeja) ('000)	2019	2 258	1 836	2 176	2 315	8 585
	2020	2 226	1 862	1 844	1 123	7 056
	2021	2 142	1 782	1 907	1 825	7 657
Variance % 2021 vs 2020		***-3.8%***	***-4.3%***	***3.4%***	***62.5%***	***8.5%***
Variance % 2021 vs 2019		***-5.1%***	***-2.9%***	***-12.4%***	***-21.2%***	***-10.8%***
% Vacancy (including Ikeja)	2019	9.8%	10.1%	10.7%	10.5%	-
	2020	12.2%	12.7%	12.9%	12.8%	-
	2021	11.0%	11.1%	11.6%	11.7%	-
Collections (including Ikeja) ($'000)	2019	4 139	3 044	3 237	3 647	14 067
	2020	3 826	3 252	2 941	2 331	12 350
	2021	3 083	2 958	3 437	2 866	12 344
Variance % 2021 vs 2020		***-19.4%***	***-9.0%***	***16.9%***	***22.9%***	***0.0%***
Variance % 2021 vs 2019		***-25.5%***	***-2.8%***	***6.2%***	***-21.4%***	***-12.2%***

IN CLOSING

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 Eastern Europe.

In addition to driving the Group's key priorities of repositioning the SA portfolio, increasing the dominance of the properties in the South-Eastern European portfolio, pursuing the non-tangible asset strategy and strengthening the balance sheet and preserving cash, the Group is also engaged in negotiations regarding the Hystead shareholders agreement and Hystead's future capital/funding structure.

Hyprop's results for the year ended 30 June 2021 are scheduled to be released on 2 September 2021.

Hyprop will hold a virtual group meeting at 14:00 this afternoon to discuss this operational update. Please contact Lizelle du Toit at lizelle@hyprop.co.za or on 082 465 1244 should you wish to join the meeting. A recording of the meeting, as well as a copy of the presentation, will be available on Hyprop's website thereafter.

9 June 2021

Sponsor