HYPROP 17 September 2024

Morné Wilken
Good morning, everyone, and welcome to Hyprops results presentation for the year ended, financial year ended 30 June 2024. Thank you for all the shareholders for your continued support. And then a big thank you to all the South African, Africa and Europe teams for your hard work and dedication. In terms of the agenda, I will give an update on our progress, our headlines as well as our key metrics. Then I will hand over to Wayne Abegglen, he will give us an update on the operational performance of South Africa. Yvette van de Merwe on Eastern Europe. Wilhelm Nauta on sub-Sahara Africa. Brett Till the financial results, and I will handle the closing, and then we'll open the floor for some questions.

We as a management team joined the company in 2019, and that's just over five and a half years from today, we set ourselves a few key priorities we want to deliver on. Those included repositioning of our South Africa, our Eastern Europe portfolios to ensure the dominance and to maintain them as relevant. We do annual portfolio reviews the identified assets that's not performing well, and we normally recycle those assets, protecting the value of Africa whilst we were driving the exit, strengthening the balance sheet, and then lastly, was the non-tangible asset strategy, where we were focusing on technology aligned with our property class, as assets. During this time, we had a number of events that was negative for the business, and I going to mention a few. You had Edcon failure and business rescue, as well as SterKinekor, two years of covid. We had the SA riots, we also had the Ukraine war, which had a big impact on inflation, specifically in Europe, the Israel and Hamas war. Pick n Pay, being one of our key anchor tenants in our portfolio, wasn't performing that well. There has been some change with them, as they, the new management team has taken over at Pick n Pay. The failing infrastructure in South Africa, lack of dollar liquidity in Nigeria, and then hyperinflation, in Ghana and Nigeria. But even with all these challenges, I do think the team did excellent work, and we have delivered on these strategic priorities, and set Hyprop on a path for future growth.

So let's reflect on what we have done. Firstly, we have implemented the high state liquidity event. How we implemented that was for Hyprop to acquire the four assets, which is the core assets we see in the Eastern Europe Portfolio. Those consisted of the two Croatian Malls, Skopje City Mall in North Macedonia, as well as the Mall in Sofia.

The assets were bought at a gross value of 575 million euros, and today they valued at 610 million euros. The Malls we've identified as non-core, which we have sold at book value and above. We sold Atterbury Value Mart and the two Delta Centers in Serbia, as well as Puerto Rico. In strengthening the balance sheet, we've reduced the consolidated LTV from 52% in June 2020, to 36.4%. We increased our unencumbered assets from 2 billion in 2021, to 5.6 billion, settled all dollar equity debt and reduced our Euro equity debt from 403 million to 90 million. We also focused on our BEE status, we were non-compliant when we joined, and we improved that to a level three over the five years. In terms of the South African portfolio, to increase our exposure in the Western Cape, we have acquired Table Bay Mall, and we had various repositioning initiatives were completed within South Africa as well as Eastern Europe. We improved the tenant mix by securing Checkers FreshX as a new anchor tenant at Somerset Mall, Woodlands Boulevard, The Glen, as well as Rosebank Mall. We opened the first Zara within the Hyprop South African portfolio at Canal Walk. We increased the dwell time at our Malls for our shoppers by upgrading the restrooms at Canal Walk, Woodlands, Cape Gate, and The Glen. We also ensured we have full backup power at all our centers in South Africa. We reduced our energy costs by the installation of solar plants, which we have done on our whole Gauteng portfolio, as well as Table Bay Mall, and all of these changes had a positive impact on our tenants, and you could see there, that in the turnover which has improved, as well as the cost of occupancy. If we look at our effort ratio, in June 2020, our effort ratio was 11.3%, and that has reduced to 8.7%. The turnover of our tenants exceeds the 2019 levels, and it has increased by 31%, and is currently 26.9 billion on the whole portfolio.

In Eastern Europe, we improved the dominance of Skopje City Mall in North Macedonia. This was a two-year redevelopment project. What we did in the project, is to right size some tenants ,and improved the tenant mix. We also improved the internal flow in the Mall, and we upgraded the food court, as well as the restrooms. The Mall in Sofia in Bulgaria, we have converted the old Carrefour Hyper, and we increased the Mall to 61,577 square meters. We also have upgraded the food court as well as the restrooms at the Mall in Sofia, we recently completed the City Center One West Food Court upgrade. In Africa, Sonya de Necker and her team has improved the performance of the African centers under extreme difficult circumstances, and has ensured we protect the value, whilst we were driving the exit strategy. We sold Manda Hill in Zambia, as well as Achimota in Ghana at market value, and in August, Wilhelm has signed a sale agreement, where we will sell the rest of the African portfolio to Lango. This brings us one step closer, exiting Africa. In terms of our non-tangible asset strategy, relatively a small investment, although we have seen good progress in terms of that.

Now, if we look at the last financial year, what is the headlines, we outperformed our guidance, and that was mainly due to the exceptional performance of our South African as well as our European portfolios, and the impact of our interest costs being lower than expected. Our group distributable income reduced by 3.1% to 1.4 billion, and our group distributable income per share, or DIPS, have decreased by 8.6% to 370 cents. The risk we have identified during March, and that's the reason why we didn't pay interim dividend, has reduced, and some of them has been mitigated, and therefore we have decided to pay a final dividend of 280 cents per share, there will be no DRIP with this dividend payment. 68% of our shareholders has followed the DRIP for the FY 2023, and we have raised a full amount of 500 million rand. There's a slight increase in our LTV to finish 6.4%, despite the acquisition of Table Bay Mall, which was debt funded. We have a healthy liquidity position, with 803 million of cash, and 2 billion of available bank facilities. In our South African portfolio we've got, all the operational performance looks positive. We have positive rent reversions of 5.8% compared to minus 7% the year before. Our tenant turnover has increased by 5.1%, and our vacancies are well maintained at 1.8%. At Somerset Mall, we have upgraded the Pick n Pay Hypermarket. We've opened the new Checkers, FreshX, and then to improve the food journey around the cinemas, we completed Cinema Connect. At Woodlands Boulevard we opened three new drive throughs. We also did a Woolworths expansion and opened a new Woolworths cafe, as well as a WCellar. In Eastern Europe, our property valuations, as I mentioned before, has increased to 610 million euros. Tenant turnover has increased by 10%, and our average foot count is also up by 1%, what is very good about the portfolio, we only have vacancies of 0.1%. We improved the tenant mix at Skopje City Mall with the opening of a new H&M Karl Lagerfeld as well as Lacoste. At the Mall in Sofia, we launched a flagship, TEDI, as well as the first JD sports in Bulgaria. In Africa, we concluded the sale on the rest of the African portfolio to Lango and there’s limited CPs that's still outstanding, vacancy reduced to six and a half percent, and on the old vacant space left by Game when they exited Africa, we have secured tenants like Melcom and Decathlon at all three Ghana assets. We successfully split the SOKO business. We different, we changed, we took over the physical districts, and that has become part of the Hyprop portfolio, and the intention is to roll that out as a differentiator on our portfolio. NTER, which is the technology platform being used in the Soko district is run by a independent team, and they have secured a number of three-party, third-party users.

Now looking at our distributable income per share, or DIPS that exceeded our guidance, as I mentioned, and it's currently 370 cents, that's the 8.6% reduction. And as I mentioned, the real reason why we outperform our guidance was mainly due to the good performance of SA and the Eastern Europe portfolios. The main reason for the reduction was obviously the acquisition of Table Bay Mall, which will have a negative impact given the yield you bought it at the funding rate, so that had a negative effect. The additional shares that we issued as part of the DRIP, and then some realized Forex losses in terms of Africa, and obviously the higher interest rate cost. If we add back all these extraordinary changes, we could have shown a positive growth of 11.4%. Our distributable income, as I mentioned before, is 1.4 billion. And I do think there's a number of tailwinds to see some growth going forward, and those are, reduction in interest rates. Interest rates are taking longer to reduce, as I saw an article today from Standard Bank, they actually said, it's not whether interest rates are going to reduce, it's by how much, so we're quite positive about that. We had some positive rent reversions that will also give us positive feed, growth going forward, as well as the sale of Africa, and then, obviously, with the new Table Bay Mall, we expect there to come nice growth from that asset. Our net asset value per share, the impact of the additional shares that was issued as part of the DRIP, had a negative impact of three Rand and 61 cents per share, and our NAV per share is now 60 rand and 32 cents. Our ICR has reduced due to the high interest rates, and that is now two and a half times, and our cash ICR is 2.4 times. LTV is 36.4% and that has been negative impacted by the acquisition of Table Bay Mall that was debt funded, as well as the impairments on the African portfolio in line with the sale prices of the African portfolio to Lango Our LTV at 36.4% is still well below our loan covenant of 50%. I will now hand over to Wayne Abegglen, to actually give us an update on the operational performance of South Africa.

Wayne Abegglen
Thank you Morné, and good morning, to everybody. The South African portfolio constitutes the bulk of our business operations. The asset base consists of the following Western Cape centers, Canal Walk, Somerset Mall, Cape Gate and Table Bay Mall, which we recently acquired, and in Gauteng, Clearwater Mall, Rosebank Mall, The Glen, Woodlands and Hyde Park Corner. The aforementioned assets, which are located in dominant economic and geographical nodes, constitute 64% of our investment property, 65% to our distributable income, and equates to 73% of our total GLA. Looking at our SA operations, our center repositioning strategies, which support our business purpose of creating spaces and connecting people, have remained a key initiative this past year. This has also allowed us to develop better experiences, enhanced offerings, and become destinations of choice for our shoppers. There's also been a focused on driving rental growth and tenant turnovers to deliver improved performance. Despite the challenging economic environment, we have managed to deliver particularly good performance in terms of trading metrics. Tenant turnover increased by 5.1% for the full year, ending June 2024, and trading densities grew by 3.9%. The average monthly foot count showed good growth of 6.4% resulting in a marginal decrease in the spend per head of 1.2%. Some of the highlights and comments in terms of the key performance metrics for the various assets, are as follows. At Canal Walk, foot count was up by 10.1%, and turnover grew by 4.4% to 7.7 billion rand, and trading density improved by 3.4%. At Somerset Mall, tenant turnover improved by 6% and trading density increased by 4.3%, Cape Gate showed positive foot count by 14%, and tenant turnover grew by 6.1%, and trading density by 5.2%.

Moving on to Table Bay Mall, turnover from tenants grew by pleasing 14.2%, and densities increased by 11.6%. We remain optimistic about the performance of this center, which is in line with our expectations. Looking at Rosebank Mall, turnover grew by 10.9%, coupled with trading density growth of 8.3%, and foot count was up by 8.5%. At Clearwater, we experienced various challenges in the year, and performance was not as expected, with the following factors contributing to this, underperformance of anchors, a two-week power failure in November, and the closure of Hendrik Potgieter road for a prolonged period due to repairs. Anchor performance has been addressed, and we can already see an improvement in foot counts. At The Glen, despite competition in the area, the center remains dominant, with marginal improvement in key trading metrics. At Woodlands, tenant turnover rose by 4.7%, and foot count was up by 20.6%, however, we want to note that this is somewhat distorted due to newfound foot counters being installed. Looking at Hyde Park Corner, turnover from tenants was up by 2.7%, and trading densities by 5.6%. If we look at some of the five-year trends, the following graph show the key metrics over five-year period, excluding Table Bay Mall, the positive turnover growth from tenants can be seen, and we anticipate this trend continuing in the future. The trend in rental income growth has been good, but must be viewed in conjunction with a high increase in turnover rental over the comparative period. This is because of the way that leases were structured in the post covid environment. The average portfolio escalation rate in 2024 is showing a positive trend compared to prior years of 6.7%.

Looking at our leasing activity, overall reversion rates are positive at 5.8% mainly due to the following, the renewal reversion rate at year end was marginally down by 1.5%, this was mainly impacted by office lettings, however, new deal reversion rates were incredibly positive at 30.5%. Vacancy rates at year end showed a positive trend against prior years, with retail vacancies at 1.8%, which now includes Table Bay Mall, and office vacancies at 27.4%, 17 Baker Street was a strategic acquisition for Hyprop, and subsequently mothballed, if excluded from the metrics, the office vacancies reduced to 23.3%, and the total vacancy reduces to 3.1% from 3.4%. The lease expiry profile for 2025 is 25.5%, we do however, believe that this will further support our repositioning strategies and create opportunities for growth, should current demand and trends continue. The leasing workload at the beginning of the year was just shy of 190,000 square meters. A total of 125,794 square meters was concluded during the year. The workload balance of just over 100,000 square meters consists of deals under negotiation, and vacancies at the commencement of 2025. Vacancies remain pretty static, and it must however be noted that Table Bay Mall has been included as from April 2024.

We welcomed many new tenant partners into the SA portfolio this past year, of which some of the highlights are depicted on the current slide. I would however like to make mention of some of the following tenants in terms of our repositioning strategy. At Canal Walk, Emporia Armani opened an EA7 store enhancing the affordable luxury offering at the Mall at. Adidas also opened a flagship store, supporting Canal Walks, key focus as a Super Regional. Freedom Adventure Park, one of the largest indoor play parks in South Africa opened, improving our leisure and entertainment focus. At Somerset Mall, Checkers FreshX opened, and Pick n Pay upgraded to a Hypermarket, further strengthening our anchor store offering at the Mall, we can already see improved foot count as a result of this. At CapeGate, Suzuki motor dealerships opened, where we repurposed space and enhanced our mixed use retail offering. The iStore was also secured, uplifting the brand offering in the Mall. At Clearwater, Steve Madden and Under Armour were secured, enhancing the international brand offering of the center. And at The Glen, new motor dealerships were also secured through OMODA and Jaecoo. At Woodlands, the Fun Company opened, enhancing our entertainment and leisure offering. And at Hyde Park, Edgars Beauty opened, further enhancing the fragrances and cosmetics offering for the center.

If we move on to Table Bay Mall, Hyprop acquired the center on the 28th of March 2024 for 1.683 billion rand. Additional Capex investment for solar was 46.6 million, of which 23.3 was included in the purchase price. The independent valuation as at the 30th of June, was 1.860 billion rand, which equates to a 10.5 increase since the acquisition. In terms of our key trading metrics, tenant turnover increased by 14.2%, trading density grew by 11.6%, foot count reduced by 0.5%, however, we are busy replacing extremely outdated foot counting systems at the center. The effort ratio for Table Bay Mall is 5.7%, which is well below that of the Hyprop group average of 8.7%. So we can see good opportunity for growth at the center. The vacancy factor is 3.5%, or 2150 square meters, of which 1300 square meters is located in the boulevard outside the Mall. There's good demand for space, with current deals under offer negotiation, equating to just over 1100 square meters.

In terms of an update since acquisition, integration is really progressing well. Our key focus areas are, to adequately resource the management team, the implementation and execution of our former leasing and repositioning strategy, implementing backup power for load shedding, which will be completed in November 2024, growing our non GLA revenue and income, which is very low, and implementation of a formal marketing strategy, urgently dealing with our vacancies, enhancing the tenant mix and product offering, with a focus on entertainment and our food journey, also applying for additional bulk for expansion opportunities, revisiting our parking tariffs and trading hours, and to further leverage of Hyprop resources from a national, and regional perspective, of which the implementation of national contracts have already been completed. In closing, the SA portfolio has delivered a solid set of results, considering all the challenges, we have quality assets and amazing teams overseeing the portfolio, and we are very well positioned for growth. We will remain focused on driving operating income, and asset value, whilst being innovative and staying true to our purpose of creating spaces, connecting people, and making sure that every experience is memorable. I would now like to hand it over to Yvette van der Merwe, who will take us to the Eastern European portfolio. Thank you.

Yvette Van Der Merwe

Thank you, Wayne. Good morning, ladies and gentlemen. As we progress through 2024, the European investment market continues navigating a landscape, landscape shaped by economic and political development. The political landscape remains turbulent, as reflected by the June 2024 European Parliament elections, and with the ongoing war between Russia and Ukraine. Unlike the political landscape, the first half of 2024 confirms a moderate economic recovery, supported by ECB’s 25 basis point rate cut in June, with more such decisions likely to follow gradually during the second half of the year. The eurozone has demonstrated modest yet promising growth, with a 0.3% increase in GDP for Q2, 2024. Volca suggests that the region will achieve 0.7% growth for the entire year, improving to 1.2% in 2025. In June, the European Union's annual inflation rate was around 2.5%, a year before it was above 5%. The expectation is that inflation will hold steady around this level throughout the year, before easing to 2.2% in 2025. However, risk related to rising inflation remain, which could slow down the ECBs rate cutting policy. Further recovery remains in sight for the second half the year, driven by strong economic fundamentals. Yields are expected to remain broadly stable until the end of the year.

Starting with the slides, we look at the macro-economic and retail environment. The real GDP growth in Bulgaria is 2.7% in 2024, compared to the previous period. Expectations are for a steady economic growth, revolving around 2.8% from 2025 onwards, similar to the trend in the Eurozone, inflation in Bulgaria started to decrease, but remains among the highest in the region, reaching 3.4% in 2024, as opposed to 8.6% in 2023, and is projected to further slowdown to reach 2.7% in 2025, and to even reach the ECB target of 2% in 2027. The unemployment rate in Bulgaria remains one of the lowest at 4.3%, which is lower than the European average. The total shopping density in Sofia is 300 squares per 1000 inhabitants.

Croatia exhibits similar trends to Bulgaria, with relatively stable GDP growth of 3% in 2024, and expected to have a moderate growth of 2.6% from 25 onwards. The inflation pattern resembles the one observed in Bulgaria, however, with less fluctuation, unemployment is forecasted to remain healthy at 5.8%. The shopping density in Zagreb is the highest within the portfolio, with 590 square meters per 1000 inhabitants. North Macedonia has stable GDP growth in the range of 2.7 to 3.9%, like the other economies, inflation peaked in 2022, reaching 14%, and declined to 9.2% in 2023, and further dropped down to 4% in 2024, approaching the targeted rate of 2% from 2026 onwards. The unemployment rate remains high at 14%, and the shopping density in Skopje is high due to the entry of the new shopping centers, in the last couple of years, at 348 square meters per 1000 inhabitants.

Next slide, we look at the operations. Good improvement can be observed when comparing the current period with the previous 12 months. The turnover increased by 10%, compared to the previous financial year, and the trend continues in July, with 10.3% increase. Due to the improved turnovers, the effort ratio decreased by 0.2% for the 12 months ending in June, and the trend continues in to July. The trading density increased by 8.9% compared to the previous financial year. In July, 2024 the trend is similar, with an improvement of 9.1%. On the next slide, we continue with the operations. The footfall remained fairly flat, with a 1% increase compared to last year. Since the 1st of July 2023 the law in Croatia has changed, and we are only allowed to trade 16 Sundays per calendar year, and we are further not allowed to trade on public holidays. This puts strain on our footfall growth for our two Zagreb assets. However, the positive news is that despite the low footfall, we had more than 10% turnover growth, and we expect this strength to continue. The spend per head is 8.8% higher on average for the 12-month period compared to the same period last year. This is due to good growth in turnover, while the footfall growth was low. In July 2024 the spend peg further increased with 9.1%.

The next slide, we'll look at the five-year trading trends. And if we look at the five-year trading trends, we can see our turnover has grown double digit numbers for the past three years, reaching a 10% increase in 2024. The trend in rental income over the last five years is similar, with 10.1% increase in 2023 ,followed by 8.3% improvement in 2024 on a year-on-year basis. The indexation movement follows the inflation curve, reaching 7.2% in 2023, while in 2024 it started to decrease to 4.6%. A major upside is observed in the turnover rental income in the past three years, with a 22.2% increase compared to the previous financial year.

On the next slide, we look at our leasing activities. During the financial period the renewal reversions were 2.8%, which relates to 14.6% of the total GLA. Our new deal reversions were 7.6%, which relates to 3.5% of the total GLA. Combined, the total average reversions of the new deals and renewals is 3.7%, which relates to 18.1% of the total GLA. During this period, our retention rate of tenants was 73%. Further breakdowns of the reversion for deals concluded in the 12 months, includes flat reversions of 49%, followed by positive reversions of 51%, and only 20% with negative reversions. The total occupancy rate is 99.9% with only 0.1% vacancy in the Mall Sophia. The lease expiry workload over the next four years is fairly smoothed, with the highest expiry of 21.4% of GLA in 2027.

On the next slide, we continue with our leasing activities. The lease workload at the beginning of the financial year was almost 35,000 squares, by the end of June 2024 the workload reduced to only 740 squares, of which 248 squares was vacant, and 491 squares under negotiations.

On the next slide, we look at tenant movements. In Skopje Mall in North Macedonia, H&M opened their doors in March this year, and flagship mono brand stores, Karl Lagerfeld and Lacoste opened exclusively in Skopje City Mall. The new ATM zone project was completed, centralizing all ATMs in a unique and vibrant space, that has been well received by our visitors. Cineplex has begun a comprehensive upgrade, and will be completed by the end of September. The Inditex group of tenants, recorded a 12% increase in turnover over the past 12 months, with Stradivarius leading the growth at 24%. In the Mall based in Sofia, Eddy, the German value retailer, opened its flagship store, and it is their top performing store in Bulgaria. H8S, the new brand of popular former Bulgarian football player Christos Deutsch, opened in October 2023. New leases were signed with My Silver, Zen Diamonds, Smoke, Casio Shop and Capese bags. Pet Mall extended their premises, and JD Sports, as a market entry, opened its first Bulgarian store in March. Several stores were refurbished. H&M introduced its home concept within store for the first time in Bulgaria. Playground, Capella Play, Guess, Theodore, and Subway all completed major upgrades. New tenants added to the mix at City Center One East in Zagreb, are the Bank of Gold, Zlatarna Dodic, Catch, and Dune London. Tenants that completed full refurbishments were Caledonia, OVS, Office Shoes, and KFC. In

City Center One West in Zagreb, several stores underwent refurbishments, and they include Europa 92, Tom Taylor, Tezenis, Lisca, Buzz, Tortarie Macaron, Leggiero, Living Room, Swarovski, and Ritual. Sketches enrich the center's tenant mix, and H&M is undergoing a complete renovation. The center's position was further entrenched with the extension and upgrade of the existing food court. We introduced five new additional food operators, and visitors can now enjoy an extensive food offering. This concludes the Eastern European part of the presentation, and I will now hand over to Wilhelm who will take you through the sub-Saharan African section of our presentation. Thank you.

Wilhelm Nauta
Thanks, Yvette, and good morning, everyone. As you would have seen from the Table Bay Mall slide and the Eastern European slides, those regions are benefiting from tailwinds, and that is why we would like to allocate more capital to the Western Cape and to Eastern Europe. Contrast that to the Sub-Saharan Africa region, where the economic conditions and ease of doing business are a lot more challenging.

Trading conditions in Africa are still being impacted by the deregulation of the foreign exchange market in Nigeria last year, and the sovereign debt default of Ghana two years ago. In Nigeria, the Central Bank's measures to normalize exchange control was well intended, but has caused the naira to lose two thirds of its value over the past year. This currency devaluation has fueled large spikes in inflation and in interest rates. Headline inflation reached a high of 34% in June, and the monetary policy rate has increased by 750 basis points, to 26.25% in less than a year. Fortunately, the US dollar shortage of the last four years has subsided, and we've managed to convert all rolled up interest on dollar debt, and even reduced some capital. There has only been a small number of tenant casualties due to the currency collapse, but we've signed up replacement tenants for all of the vacant space. Ghana continues to suffer from the local currency's depreciation, muted economic growth, and high inflation. Despite these challenges, key trading metrics of the assets in local currency reflected growth. Interest rates in Ghana has helped to contain inflation. Inflation moderated from 53% in January 2023, to 20% in August this year, although it is less than half of what it was, it is still very high by any standard, interest rates also remain very high. The Bank of Ghana benchmark interest rate reached an all time high of 30% last year, and now stands at 29%.

On the operational front, turnover increased by 2.3% in US dollars, and by 11.7% in local currency for the three Ghana assets. The growth in dollar turnover was largely due to vacancy reduction, and not like for like growth, the higher turnover growth in local currency was due to a weaker exchange rate. Trading density declined due to a large tenant that had a low trading density. This tenant is being replaced with two tenants that we expect to trade better. Foot count across the portfolio increased by 0.6% year-on-year, this is an outstanding performance, given the tough economic conditions. Probably the highlight of the operating results, however, is the reduction in vacant space of 62% causing the vacancy rate to drop from 16.8% to 6.5%, which is testament to active asset management. In Ghana, we've signed leases on all the ex-Game space, the replacement anchor tenant, Melcom, opened at West Hills Mall in February already, Decathlon, and Malcolm are fitting out at both Accra Mall and Kumasi and are due to open later this year. I would like to thank the asset management team, and the property management teams at the four sites for managing the fallout from these economic conditions.

By far, the most significant development relates to the disposal process. At our pre-close update in June, we announced the termination of the actors transaction and the signing of a term sheet for the sale of all four assets. In August, we announced the signing of binding legal agreements with Lango for a share for share swap. The due diligence is complete and the CP fulfillment process is far advanced. Lango will step into our shoes with regards to debt guarantees, and Hyprop will be released from all debt guarantees and debt commitments on completion. We are confident that we will soon have eliminated our debt exposure to Sub Saharan Africa, and we will look to realize the equity exposure as soon as possible thereafter. it's not over till the fat lady sings, but the fat lady is warming up. With that I'll hand you over now to Brett for the financial section.

Brett Till
Good morning, everybody, and thanks Wilhelm. Distributable income decreased by 3%, from 1.45 billion in 2023 to 1.4 billion in 2024. DIPS decreased by 8% from 3 or to 370 cents. This is better than the guidance we gave in March 2024, of a 15 to 20% decrease in DIPS. The improved performance is a result of better than anticipated operating performances by the South Africa and Eastern European portfolios. Lower interest costs, mainly due to the delays in capital expenditure, compression of borrowing margins, better than anticipated interest rate hedging, and better utilization of our cash balances to reduce revolving credit facilities. The impact of the Table Bay Mall acquisition was in line with our expectations, and despite the volatility, the overall performance by Ikeja City Mall was also in line with our projections.

For the South African portfolio, income excluding Table Bay Mall, increased by 108 million Rand, this is the result of a 4% increase in rental income, which includes a 16% increase in turnover rentals. Property expenses, excluding Table Bay Mall, increased by 1.7%, savings in utility costs were achieved mainly due to the solar, and other initiatives, and credits of 15 million Rand received from councils, following objections to valuations, backup power costs also reduced with the reduction in load shedding. The cost to income ratio reduced from 46% to 45.5%. Table Bay Mall generated 30 million Rand of operating profit from April to June, this was in line with our expectations. Interest costs increased by 82 million Rand, of which 42 million related to the funding of the Table Bay Mall purchase price, and the balance to increased borrowings, and to the higher interest rates. Distributable income for the portfolio increased from 903 million in 2023, to 911 million in the current year.

For the European portfolio, they achieved a 9% growth in distributable income in euros, and 20% in rands, an excellent result, I think. If we analyze the numbers in euros, rental income increased by 9% following the favorable indexation adjustments, growth in tenant turnover rentals, and positive rent reversions. Recovery income decreased, mainly due to lower electricity costs. Operating costs, including electricity, were flat year-on-year. Excluding electricity, costs increased by 6% as a result of the higher inflation in the region, which is fortunately starting to reduce. Net interest costs increased from 11 million euros to 17.5 million euros, due to the refinancing of loans in June and July 2023, and the maturity of the cheap interest rate swaps in place at the time. The net interest costs for the year were less than we anticipated. The tax charge increased as a result of the higher net operating income. The result for the portfolio was a decrease in distributable income from 525 million, to 504 million Rand, mainly due to the increase in interest rates. The results of the Sub-Saharan Africa portfolio were impacted by the difficult trading conditions, as explained by Wilhelm, as well as the huge currency volatility between the naira and the dollar, as well as the dollar and the rand. In simple terms, operating income of Ikeja City Mall, reduced from 208 million Rand, to 161 million Rand. Rental income in Nigeria has been under pressure for some time, due to the inability to pass on all Dollar Index rental increases to tenants. The increase in expected credit losses also negatively affected the year-on-year change in distributable income. Interest costs were in line with the previous year, as all of the interest rate exposure is hedged. Realized Foreign Exchange losses were also in line with the previous year at $60 million. The net result was a loss for the portfolio of 9.5 million Rand for the year.

To comment on some other notable items in the results. The independent valuations of the South Africa and Eastern European portfolios, increased by 1.2 billion rand. This is mainly driven by growth in net operating income, and the improved outlook for rentals. The cap rates used in the valuations for the European portfolio were adjusted upwards by 35 basis points, other than for Skopje City Mall, which was reduced by 115 basis points, and reflect the value as assessment of the Mall's position within the city, as well as its resilience, and ability to attract international brands as tenants despite the increase in competition in the city. The carrying value of Ikeja City Mall has been reduced to $85 million, from $128 million in 2023, this is in line with the sale price agreed with Lango, and is the same value that we reported in December 2023.

Capital expenditure for the year was 442 million Rand. The South African portfolio spent 369 million, including 46 million Rand on the solar plant at Table Bay Mall. The European portfolio spent 71 million, which includes 29 million of cash tenant incentives, mainly at Skopje City Mall. The fair value of our derivatives decreased by 185 million, partly due to the improved outlook for interest rates. Actual receipts from interest rate swaps during the year, were 154 million Rand. This amount is expected to reduce in 2025, as interest rates reduce. The tax charge for the year increased from 72 million in 2023, to 255 million Rand. This includes normal tax of 4.7 million euros on trading profits in the Eastern European portfolio, as well as deferred tax arising on the revaluation of the European properties and other wear and tear allowances in South Africa and Eastern Europe. The investment in AttAfrica was impaired by 442 million. I will touch on this in a little bit more detail in a moment. Total foreign exchange losses amounted to 153 million Rand, 60 million of these were realized, and 92 million were unrealized losses arising on the conversion of Naira balances to dollars for financial reporting purposes.

If we look at the assets held for sale, Ikeja City Mall, and AttAfrica have both been classified as assets held for sale, pending the transaction with Lango being implemented. The slide shows how we've adjusted the values to be in line with the sales values agreed with Lango. On the left-hand side, we have the assets and liabilities as set out on the balance sheet, reflecting a net asset value of 388 million Rand. The investment in AttAfrica is reflected at 364 million being our share of the total proceeds. Included in liabilities, sorry, the Ikeja City Mall asset is also reflected at 1.5 billion rand, which is the 85 million valuation mentioned. Including liabilities are the bank borrowings of $56 million, or 1 billion rand, as well as the subordinated loan payable to Attacq of 532 million, this effectively represents their equity in Ikeja City Mall. In arriving at the fair value of AttAfrica and calculating the impairment loss we've provided for undertakings indemnities given to Lango in terms of the AttAfrica disposal. These include that Hyprop is obliged to deposit $4 million into an Escrow account, in line with the requirements of certain, the shareholders agreements in the AttAfrica stable, and as one of the terms of the transaction with Lango. The amount will be held in Escrow to cover indemnities given in relation to potential tax liabilities. Any portion of the deposit which is not utilized after three years will be refunded to Hyprop. We've raised a provision for our full potential liability and obligation of 72 million Rand. In addition, we've given certain indemnities in relation to West Hills Mall, which will be settled either in cash or through a claw back of some of the Lango consideration shares. Hyprops maximum exposure here is $2.4 million, and we've raised a provision for 44 million Rand. These amounts are included in the total impairment of the AttAfrica investment, of 441 million in the year. On the right-hand side of the slide, we've reconciled the net asset value, to the proceeds we will receive from Lango. We first adjust for the net asset value for the Attacq shareholder loan to arrive at the net assets that are actually being sold to Lango. The separate purchase prices of the AttAfrican transactions are set out below, and if you take our share of the AttAfrica portion of 364 million, as well as the total value for Ikeja City Mall, because 100% of these assets are reflected on our balance sheet, you arrive at the same total NAV that has been sold with 947 million. Our share of the total proceeds is 803 million Rand.

Moving on to our treasury. Total borrowings increased from 15.2 billion in 2023, to 15.8 billion Rand. We refinanced 925 million of term facilities, and bonds of 500 million Rand during the year. An additional 500 million Rand was raised for general purposes, including capital expenditure, 900 million Rand was also raised for the acquisition of Table Bay Mall, with the balance of the price being funded from cash resources, and revolving credit facilities. In the Eastern European portfolio, we refinanced the equity debt of 110 million euros in July 2024, into four tranches, ranging from 12 months to three years. The loan to Skopje City Mall of 27 million euros was also extended to 2034, with the Leader Ranger, 30 million euros of the borrowings in the European portfolio were repaid, 10 million through the annual amortization of loans, and 20 million of the equity debt was settled in April from surplus cash. A new 10 million revolving credit facility was also obtained, and this remains undrawn. The $56 million loan to Ikeja City Mall remains largely unchanged, and all interest on the loan has been paid up to date.

As mentioned by Morné, the loan to value ratio, increased from 36%, sorry, 36.3% in June 2023 to 36.4%, this is better than the forecast of 40% we gave following the acquisition of Table Bay Mall, which was fully debt funded. Factors that contributed to the reduction, include the, sorry, the reduction compared to the forecast, include the increase in values of the investment property portfolios, changes we agreed to with lenders in terms of how we treat the subordinated loan payable to Attacq for LTV calculations, and the lower anticipated capital expenditure and retention of the interim dividend. Implementation of the sale of the sub-Saharan African assets to Lango will reduce the LTV by a further 1.2%, as all of the bank borrowings will be taken over by Lango, and Hyprop will be released from the guarantees it has provided, in relation to the AttAfrica debt. The resultant LTV of 35.2% is well below the 40% target we have set. In terms of the individual portfolios, the LTV of the South Africa portfolio increased from 25% to 29%, and of the European portfolio reduced from 54, to 48%.

Our dividend policy was designed some years ago in conjunction with a strategy to retain distributable income in the Europe portfolio, and use this to reduce the euro debt. This would create capacity to increase borrowings in South Africa, to fund our capital expenditure requirements. The analysis on the screen shows how the strategy has played out over the last three years. All amounts have been converted to rands at the current exchange rate, but starting in June 2021, the total debt of the group, on a fully consolidated basis with 21 billion rand, this included 786 million euros of debt in the European portfolio. Between June 21, and June 2022, 400 million euros of the debt was settled, 200 million through the sale of two assets, and 180 million through an equity contribution from Hyprop, when we bought the four Eastern European properties from Hystead. The result was that the European debt then reduced to 391 million in June 2022, since then, in conjunction with the implementation of our dividend policy, total euro debt has been reduced by a further 64 million euros, to 327 million, through the annual amortization of the in country debt, reduction in borrowings when loans have been refinanced, and repayment of 20 million euros of the equity debt in the current financial year. The result, aided by an increase in property values in the current year, is a reduction in the LTV from 86% in 2021, to 58% in 2022, and 48% in 2024, for the European portfolio. Over the same time, Rand borrowings increased from 5.4 billion Rand in 2021, to 7.8 billion in 2024, this after the acquisition of Table Bay Mall. The loan to value ratio in South Africa increased from 20% in 2021, to 29% in 2024. The strategy has resulted in a meaningful progress in reducing the LTV of the European portfolio, without additional capital contributions from South Africa, other than those done in 2022. We will continue pursuing this strategy and endeavor to reduce that euro LTV, and the euro debt, even further.

If we look at the debt maturity profile for the next 12 months, there's very little to say. We are in discussions with the incumbent lender on the 20 million euro facility, which matures in December 2024, and anticipate refinancing this facility within the next two months. We have one bond which matures in March 2025, and we will refinance this through the DCM in the new calendar year. At 30 June 2024 we had undrawn revolving credit facilities of 1.8 billion rand, and an additional 10 million Rand facility, sorry, 10 million euro facility, as mentioned. Although the purchase price for Table Bay Mall was debt funded with new borrowings, these were raised utilizing existing security held by lenders. Table Bay Mall remains unencumbered, and the value of the unencumbered property assets has increased to 5.6 billion rand.

The graphs you see here show how the group's cost of borrowings has changed over the last 18 months, for each of the portfolios, due to the replacement of cheap historic interest rate hedges, and changes in base rates. The overall cost of funding in rands has increased from 8.4% in December 2022 to 9.4% currently. What is pleasing is that the average margin has reduced from 1.8% in 2023, to 1.6% in 2024. Similarly for the European portfolio, the all in cost of debt increased from 3.2% in December 22, to 4.9% currently, with a reduction in margin from 2.7% in June 2023, to 2% in June 2024. Some of the initiatives we've undertaken to reduce these margins. Include the refinance of the Croatian facilities of 145 million euros in June 2023, was achieved with a reduction in margin of 35 basis points. In 2024 the loan to Skopje City Mall was extended, the number of lenders reduced, and the margin reduced by 1%, which was nearly 50% reduction in that margin. Certain of the Rand facilities were refinance and extended in the 2024 financial year, ahead of their maturity date, with reductions of between 22 and 55 basis points in some of the margins. And our last bond issue done in April 2024 achieved a margin of 120 basis points for three year funding, and 130 basis points for five year funding, compared to margins of 143, and 164 basis points for similar terms on bonds issued during the 2023 financial year. The profile of the group's interest rate hedges at 30 June, is shown here alongside the borrowings maturity profile in these graphs. The graphs also include forward starting hedges that were concluded before 30th of June. 80% of the group's interest rate exposure on term borrowings was hedged at 30 June. The notional principal of Rand interest rate hedges was 5.8 billion, this includes 3.1 billion of swaps, and 2.7 billion of caps and collars. For the Eastern European portfolio, we had interest rate swaps in place, with a notional principle of 244 million euros. The average duration of our interest rate hedges at 30 June was 1.9 years for the South Africa portfolio, compared to 2.6 years average duration of the borrowings. For the Eastern European portfolio the average duration of hedges was 1 point, sorry, 2.1 years, compared to 4.2 years for the borrowings, given the extended terms of some of the European facilities. The interest cover ratio for 2024 was 2.5 times and remains very healthy.

If we look at the guidance provided for the 2025 financial year, we forecasting an increase in distributable income per share of 4 to 7%. Interest costs are anticipated to increase as a result of maturity of hedges, and as the full impact of the acquisition of the Table Bay Mall, of the Table Bay Mall acquisition, is accounted for. This is notwithstanding anticipated increases, sorry decreases in interest rates. Other key assumptions underlying the guidance, are that the sale of the Sub-Saharan Africa assets to Lango is concluded before the 31st of December, and that exchange rates remain in line with those for the 2024 financial year, with no significant foreign exchange losses being incurred. To conclude, I would just like to thank all of the teams in South Africa, Europe, and Africa, who've been helping in preparing these financial results. Your hard work is greatly appreciated, and thank you. I will now give you back to Morné.

Morné Wilken
Thank you very much. Brett. In closing, I will be handling our ESG. We look at our sustainability framework, is built around three goals, is creating spaces and connecting people, partnering with climate resilience, and inclusivity across our value chain. What is very positive to see since 2019 we have reduced our electricity usage, which you get from Municipalities and Eskom, by 33%. That was achieved with our solar projects on our Gauteng portfolio, and other energy saving initiatives. Going forward, in terms of our solar initiatives, we are considering power purchase agreements. The reason for that is, it's a third party putting in the Capex, and you still get your power at a discounted price, compare what you can get it from Council. We are considering power purchase agreements for the second phase at The Glen, Cape Gate, Canal Walk, and Somerset Mall. In terms of our organic waste program, we exceeded our targets we set for ourselves in 2021, and we have diverted a total of 67 tons of waste. In terms of our water, we have reduced the water usage from June 2019 by 12%, and we are currently doing audits on the Gauteng portfolio to find optimal water solutions. For our intel, in collaboration with the Hyprop Foundation, will run a 12 month monitoring, and training, and reporting program on all the Gauteng centers. The main reason for this training program is to learn, teach people how to save water, and that, not just at our centers as well as at home. So I think it will be a positive innovation from the Hyprop Foundation. The Hyprop Foundation focus on three focus areas, education and skills development, community upliftment, and enterprise development. The Hyprop Foundation is funding currently seven students this year, for their bursaries. It doesn't just include financial support, but also personal development and coaching.

So looking ahead, as mentioned by Brett, our guidance is to increase our DIPS by 4 to 7%, and the high interest rates and timing of the African disposal, will still have a negative impact in the growth of our DIPS. This year we definitely want to recycle another asset in our portfolio, and we want to find new growth opportunities in Eastern Europe. In South Africa, we busy with a number of projects, as I mentioned, we are doing the power purchase agreements, and then all the CPS has been met to start the 25 month extension at Somerset Mall. Part of this extension, we will also be upgrading all the tiles in the center, as well as upgrading the restrooms. At Hyde Park corner, we want to complete the North Tower upgrade for workshop 17, as well as a new events menu. One of the key things to focus on this year is our anchor tenants. We've been doing a lot of work with them. We want to look to right size some of our tenants, and upgrade the offering. And the tenants we are focusing on his Pick n Pay, Game, Edgars, as well as Woolworths. And our European portfolio, we want to secure further rights for the two Croatian Malls. To get further rights in Croatia, you follow a GUP process. We have submitted our applications, and this is the first time the GUP application process has opened again since covid. We are going to retail CCo, CCo one West in Croatia, and as mentioned by Yvette, we are going to have a upgrade of the Cineplex, Cineplex movies at Scorpio City Mall. We also considering to do installations of solar at the two Croatian centers. And lastly is for us to focus on implementing the Lango transaction before the 31st of December 2023. Thank you very much, and we will open the floor now for some questions.

Boitumelo Nkambule
Alright, we have our first question from Nick Wilson, from News 24. His comment is looking at the positive rental reversion, it would seem that retail is really turning the corner in South Africa. Hyprop is one of SA's largest shopping center owners, so it's a good barometer for the health of the consumer. What are you seeing on the ground.

Morné Wilken
Nick, we are still seeing positive growth, specifically on our portfolio, and that you can see with the growth and turnover, and we also indicated what we've achieved in July. Obviously, the August numbers is not available, or it is available but we didn't disclose it to this point in time, but we are seeing growth in tenant turnover, in terms of all our Malls.

Boitumelo Nkambule
Then we have a question from Anton at Coronation. Please provide more detail on the 10% exposure to monthly leases, in the lease expiry profile. I'm assuming that's for South Africa.

Morné Wilken
Well, the 10% monthly leases. What happens is, when you started negotiation with tenants, effectively, until a deal is concluded, it goes on to a month-to-month type of arrangement. The big bulk of those, in terms of that 10%, is relating to Game, and Edgars, specifically at

Somerset Mall, where we are going to right size Edgars, as well as Game. We actually going to replace Edgars in the new extension, and therefore those have actually been subsequently signed up, so the percentage will definitely reduce.

Boitumelo Nkambule
Then we have a couple of questions from Francois, but I'll tackle them one by one. The first, he's commenting well done on the great set of results. How did Table Bay Mall contribute to net rent in distributable income in FY 24. Can you disclose the weighted cost of the debt in SA, and EE that has incorporated, that has been incorporated in guidance.

Brett Till
So I think we did touch on it. Firstly, thank you for the compliment. Francois. We did touch on the contribution of Table Bay Mall in the analysis of the distributable income that I gave, their contribution in terms of net operating income, was 30 million Rand in the three months that we included them for. I don't have the rental income number available off the top of my head. Boitu just repeat the second part of the question, please.

Boitumelo Nkambule
Can you disclose the weighted cost of debt in SA and EE.

Brett Till
In respect to the current

Boitumelo Nkambule
Incorporated in the guidance.

Brett Till
In the guidance, for the Eastern European portfolio, it's very much in line with the rate disclosing, the REIT ratios at the end of the financial statements, roughly 4.8, 4.9%. For the South Africa portfolio, we still see the rates increasing slightly due to the expiry of some of our old Rand hedges, and that rates forecast roughly is 9.7%, is what we forecast in the, in the guidance.

Boitumelo Nkambule
Then we have another question from Francois. Can you quantify the impact of the absence of load shedding in the last six months.

Brett Till
Just give me one second, please. Francois.

Francois if you look in the financial statements, the direct cost of load shedding reduced from 103 million in 2023, down to 57 million in 2024, that would be our spend on diesel and running the generators, generator maintenance through the period.

Boitumelo Nkambule
Thank you. Then we have a question from Pranita, what is your targeted LTV in Eastern Europe. That's the first question, and second question in what scenario would you consider an increase in the payout ratio, if at all.

Morné Wilken
In terms of our LTV in Europe, we potentially would like to get in line with our internal target of 40%, so you potentially want to get down to that level, we currently sub 50, so still room for improvement there. And as Brett has shown on that slide, in terms of our intention of the dividend policy was to bring that debt down. So I think for the time being, we will stick with the existing dividend policy.

Boitumelo Nkambule
Another question from Francois, you mentioned that there were credits of 50 million due to the reduced council tax billing, following objection to council valuations. Does any of the credit relate to previous years, or can the FY 24 operating cost to run rate, be used as a base for future forecasts.

Brett Till
Just a correction the number is 15,000,000, 15, not 50, some of that would relate to historic periods, but it's also net of the portion of those credits that have to be passed back to tenants who would pay rates. So it's not that big a number, I think, in terms of the future run rates, Francois.

Boitumelo Nkambule
Then we have the last question from Chris Reddy at All Weather Capital. Please can you provide further details on the one asset you'd like to dispose of, assuming this is a South African asset, how far down the line is the potential disposal.

Morné Wilken
Unfortunately, we can't disclose what is the asset, but we are in discussions. We haven't got any binding agreements, at this point in time. As soon as we've got binding agreements, we will release a SENS.

Boitumelo Nkambule
And those are all the questions on my side.

Morné Wilken
Thank you very much, Boitu and closing, I think we just want to confirm our decision making is driven to ensure optimal capital allocation, it's the one key thing, we want to retain our healthy balance sheet, sustainable growth and our distributable income, not repeat the same mistakes, and focus on total return. Thank you very much.