



HYPROP

2023 Integrated  
Annual Report  
and Consolidated & Separate  
Financial Statements

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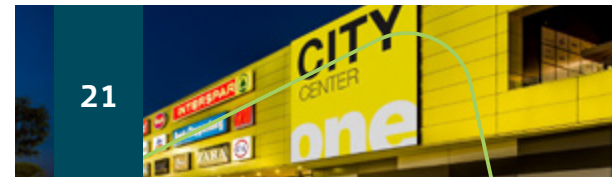


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[ESG Data Pack](#)

# Definitions

<b>AFS</b>	Annual Financial Statements	<b>IAR</b>	Integrated Annual Report
<b>ARC</b>	Audit and Risk Committee	<b>ICR</b>	Interest cover ratio
<b>AttAfrica</b>	AttAfrica Ltd	<b>IFRS</b>	International Financial Reporting Standards
<b>Board</b>	The Board of directors of Hyprop Investments Limited	<b>Ikeja/Ikeja City Mall</b>	Ikeja City Mall, the property owned by Gruppo
<b>CDP</b>	Carbon Disclosure Project	<b>JSE</b>	The JSE Limited
<b>CEO</b>	Chief executive officer	<b>JSE Listing Requirements</b>	The JSE Listings Requirements
<b>CFO</b>	Chief financial officer	<b>King IV™</b>	King IV Report on Corporate Governance for South Africa 2016
<b>CIO</b>	Chief investment officer	<b>KPD</b>	Key performance deliverable
<b>Companies Act</b>	The South African Companies Act 71 of 2008	<b>LTIP</b>	The new Long-term incentive plan approved by shareholders on 20 July 2022
<b>Company/Hyprop</b>	Hyprop Investments Ltd	<b>LTPA</b>	Long-term Performance Award(s) (including under the LTIP)
<b>Conditional shares</b>	Conditional shares as defined in the LTIP rules	<b>LTV</b>	Loan to value ratio
<b>Covid-19</b>	A novel strain of coronavirus that became a global pandemic in early 2020	<b>MOI</b>	Memorandum of Incorporation
<b>CUP</b>	The Group long-term employee incentive scheme/The conditional share plan which operated prior to the LTIP	<b>NAV</b>	Net asset value
<b>Deferred awards</b>	Deferred awards as defined in the LTIP rules	<b>NED</b>	Non-executive directors
<b>DCM</b>	Debt Capital Market operated by the JSE	<b>PDI</b>	PDI Investment Holdings Ltd (and/or its successors in title Homestead Group Holdings Limited and AMZ Holdings), the non-controlling shareholder(s) in Hystead
<b>DRIP</b>	Dividend reinvestment plan/alternative	<b>REIT</b>	Real Estate Investment Trust
<b>EE</b>	Eastern Europe	<b>RemCo</b>	Remuneration Committee
<b>ECL</b>	Expected credit loss	<b>Restricted shares</b>	Restricted shares as defined in the LTIP rules
<b>ESG</b>	Environmental, Social and Governance	<b>SA</b>	South Africa
<b>FY2022</b>	The financial year ended 30 June 2022	<b>SA REIT</b>	The SA REIT Association, a representative umbrella body for South African REITs
<b>FY2023</b>	The financial year ended 30 June 2023	<b>Scope 1 emissions</b>	Direct GHG emissions that occur from sources that are controlled or owned by Hyprop
<b>GHG</b>	Greenhouse gas	<b>Scope 2 emissions</b>	Indirect GHG emissions associated with the purchase of electricity
<b>GLA</b>	Gross lettable area	<b>Scope 3 emissions</b>	All indirect emissions not included in Scope 2
<b>GRESB</b>	Global Real Estate Sustainability Benchmark	<b>SOKO/SOKO district</b>	A marketplace operated by Rosebank Mall which forms part of the Group's non-tangible asset strategy
<b>Group</b>	Hyprop Investments Ltd and its subsidiaries	<b>SSA</b>	Sub-Saharan Africa (other than SA)
<b>Gruppo/Gruppo Investments</b>	Gruppo Investment Nigeria Ltd (owner of Ikeja City Mall)	<b>WALE</b>	Weighted average lease expiry period in years
<b>HYperformers</b>	What we call our employees	<b>WDP</b>	Water Disclosure Project
<b>Hyprop Europe transaction</b>	The acquisition by Hyprop of four EE properties from Hystead, as set out in the circular to shareholders dated 22 February 2022		
<b>Hyprop Foundation</b>	Hyprop Foundation NPC		
<b>Hystead</b>	Hystead Ltd (a UK registered company) in which the Group holds a 78.29% interest		

See further definitions relating to the financial statements on [page 254](#).

## The 6 Capitals



**Manufactured Capital**



**Human Capital**



**Intellectual Capital**



**Financial Capital**



**Social & Relationship Capital**



**Natural Capital**

# About our Integrated Annual Report

Our Integrated Annual Report is a communication tool for us to tell an encompassing story of how we create and deliver sustainable value and achieve our purpose.

It assesses the internal and external factors that impact the Group's value, covers our purpose and strategy, investment proposition and plans to create value over the short, medium and long-term, our material risks and how we manage them and provide our stakeholders with the information they need to help them make informed decisions. We report on our performance and governance over the past year, and our progress towards delivering the Group's strategic objectives.

Our [ESG Data Pack](#) is published as a separate report and includes all our ESG-related data in an accessible format.

## Reporting scope and boundary

Hyprop is a retail focused REIT that creates spaces and connects people by owning and managing a portfolio of retail centres in mixed-use precincts in key economic nodes in South Africa and Eastern Europe.

Our reporting process is guided by relevant reporting standards, regulations, frameworks and best practices, including:

- International Integrated Reporting Council's Framework
- King IV™
- International Financial Reporting Standards
- South African Institute of Chartered Accountants
- Financial Reporting Standards Council
- JSE Listings Requirements
- Companies Act
- SA REIT Association Best Practice Recommendations

The accounting policies used to prepare the Financial Statements are consistent with those applied in the prior year.

The content included in this report incorporates the progress of all our wholly owned SA and EE operations and the SSA operations which we jointly hold with Attacq Limited.

This IAR also contains a consolidated view of our environmental and social impact.

## Our approach to double-materiality

Double materiality requires us to report on ESG-related performance and prospects that may impact our value as well as the economy, society and the environment.

Our **Golden Thread** connects our distinctive, differentiated centres within communities, linking tenants and shoppers to suppliers, investors and other stakeholders. This interconnectedness defines a shared daily reality for all those who live, work and shop within our communities.

Given the relationship and responsibilities this carries, we provide information we believe is relevant to assessing the financial position and performance of the Group and how we protect enterprise value, while

we also report on how we seek to positively enhance our societal impact. A detailed report on our societal impact is contained in our ESG Report and [ESG Data Pack](#).

## Material changes to the Group

There were no material changes to the Group or its operations in FY2023.

## Assurance

Hyprop's external auditor, KPMG Inc., has audited the Consolidated and Separate Financial Statements for the year ended 30 June 2023.

KPMG's unqualified audit report is on [page 106](#). The scope of the audit was limited to the information in the Consolidated and Separate Financial Statements on [pages 108](#) to 243.

## Forward-looking statements

This IAR contains forward-looking statements that, unless otherwise indicated, reflect our expectations at 30 June 2023. Actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect the Group's business, or if estimates or assumptions prove inaccurate.

The Group cannot guarantee that any forward-looking statements will materialise and, accordingly, readers are cautioned not to place undue reliance on these statements. The Group assumes no obligation to update or revise any forward-looking statements if new information becomes available, other than as stipulated by the JSE Listings Requirements.

## Contact

We regard this report as a valuable opportunity to connect to and communicate with our stakeholders, and welcome any feedback or questions you may have. Please direct them to [investorrelations@hyprop.co.za](mailto:investorrelations@hyprop.co.za).

## Board approval

The Board acknowledges its responsibility to ensure the integrity of this IAR. In the Board's opinion, it addresses the issues material to Hyprop's ability to create value and impact society, and fairly presents the integrated performance of Hyprop for the 2023 financial year.

The consolidated and separate financial statements included in this report were approved by the Board on 19 September 2023, and the balance of the IAR on 24 October 2023.

Spiro Noussis

Annabel Dallamore

Loyiso Dotwana

Kevin Ellerine

Richard Inskip

Zuleka Jasper

Thabo Mokgatha

Bernadette Mzobe

Wilhelm Nauta

Brett Till

Morné Wilken



## Hyprop at a glance

Woodlands Boulevard, Gauteng, South Africa

# Group overview

## Our investment proposition

- Hyprop creates spaces and connects people
- We own and manage retail centres in mixed-use precincts, in key economic nodes within South Africa and Eastern Europe
- Our multi-skilled, diverse team of experts, underpinned by a sustainable yet simple business model, positive social impact initiatives and a robust governance framework collectively create long-term value for our stakeholders.



### Eastern Europe

Investment property	<b>31%</b>
Distributable income	<b>36%</b>
Total GLA	<b>22%</b>

Effective % ownership	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
GLA	<b>47 260</b>	<b>42 282</b>	<b>36 781</b>	<b>61 574</b>



### Sub-Saharan Africa

Investment property	<b>7%</b>
Distributable income	<b>2%</b>
Total GLA	<b>7%</b>

Effective % economic interest	<b>75%</b>	<b>47.0%*</b>	<b>98.0%*</b>	<b>58.8%*</b>
GLA	<b>22 223</b>	<b>21 311</b>	<b>18 534</b>	<b>28 272</b>
Annual foot count	<b>5.4m</b>	<b>5.6m</b>	<b>7.3m</b>	<b>4.7m</b>



\*AttAfrica's share in these assets. Hyprop has a 73.1% economic interest in AttAfrica.



### South Africa

Investment property	<b>62%</b>
Distributable income	<b>62%</b>
Total GLA	<b>71%</b>

Effective % ownership	<b>80%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
GLA*	<b>157 013</b>	<b>86 281</b>	<b>64 029</b>	<b>38 427</b>
Annual foot count	<b>18.4m</b>	<b>9.2m</b>	<b>8.4m</b>	<b>3.5m</b>

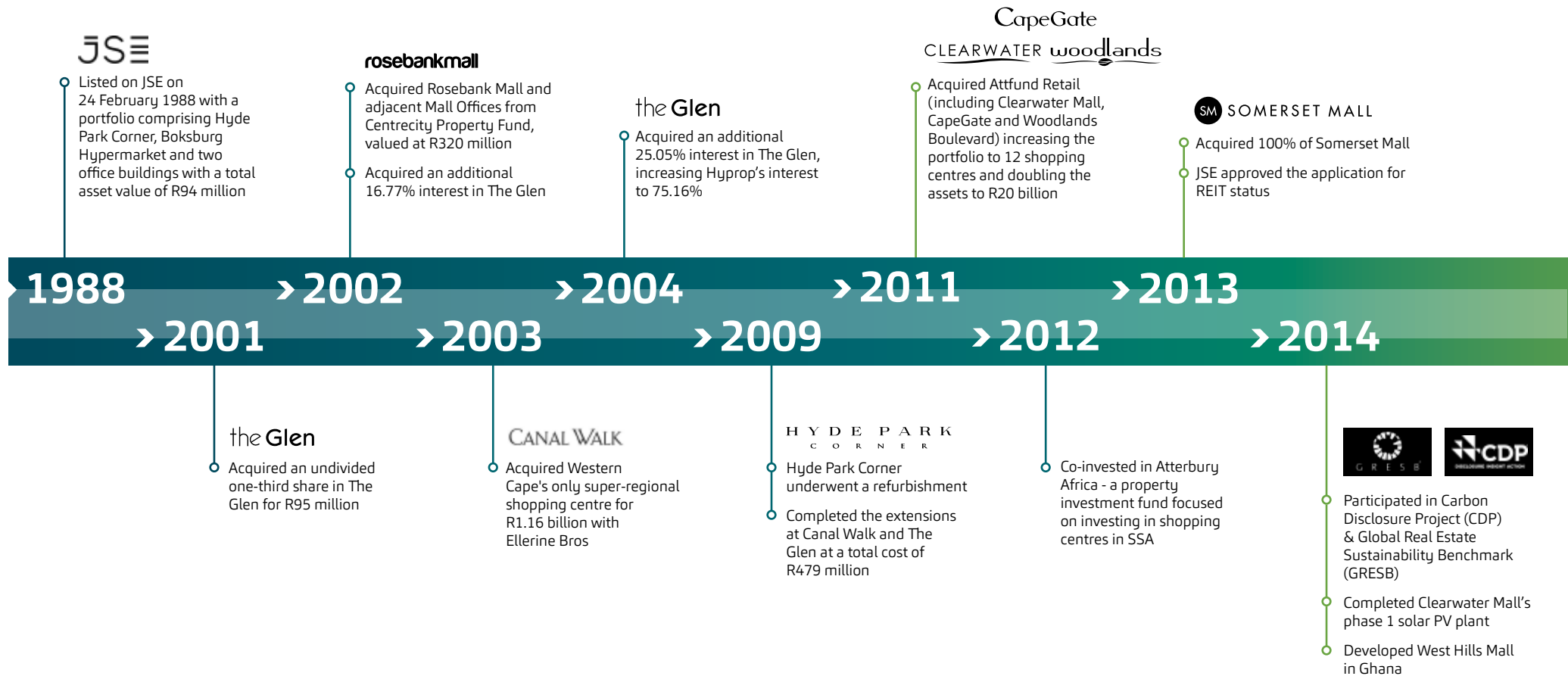


Effective % ownership	<b>75.16%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
GLA*	<b>78 757</b>	<b>70 216</b>	<b>91 051</b>	<b>72 384</b>
Annual foot count	<b>10.5m</b>	<b>9.2m</b>	<b>11.0m</b>	<b>6.8m</b>

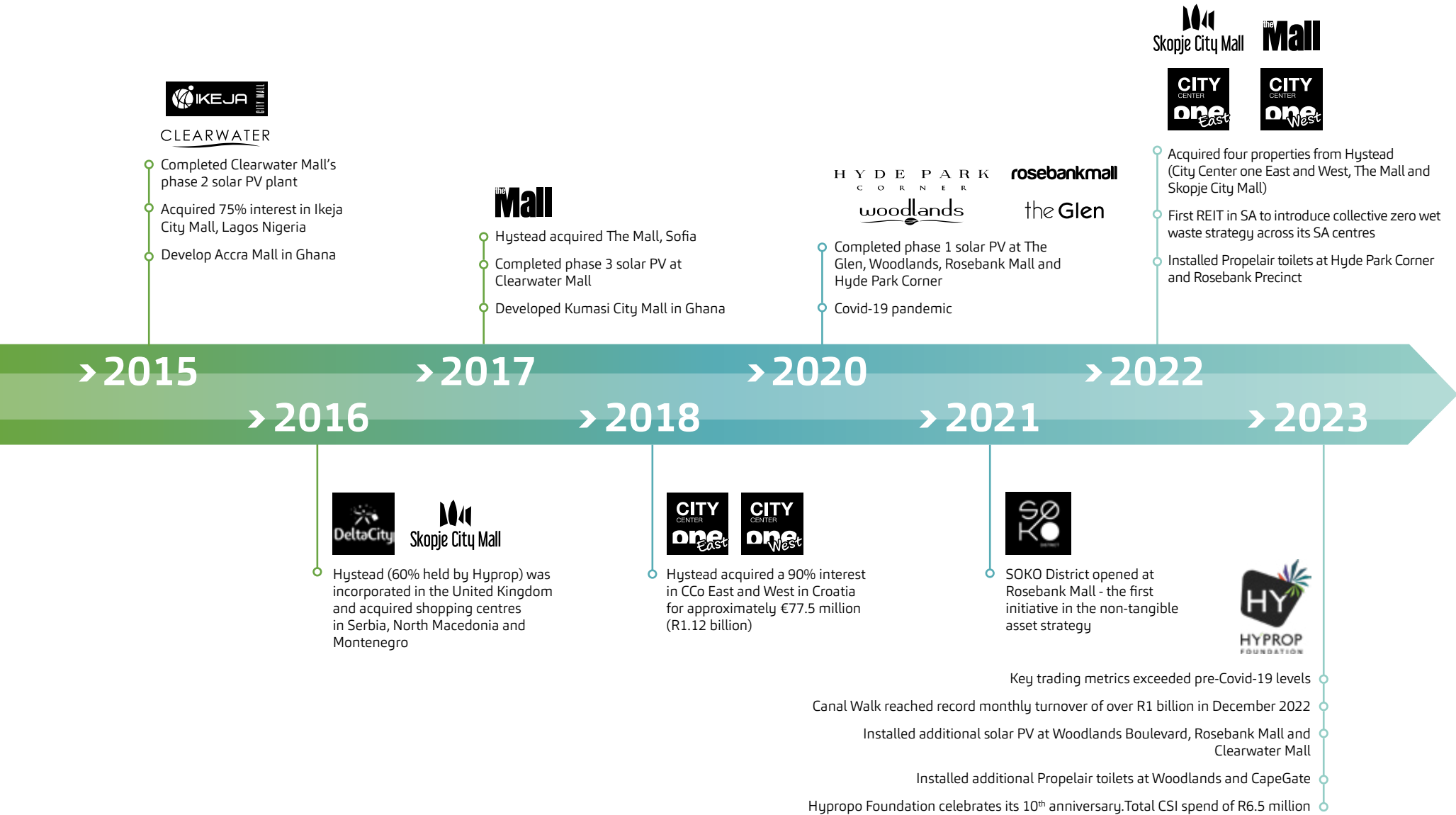
\*GLA includes retail and office where applicable

# Our journey

Celebrating 25 years of creating spaces and connecting people



# Our journey



# 2023 headlines



## Growth in distributable income

**24% increase** distributable income to R1.451 billion

**18% increase** distributable income per share to 405.2 cents

## Portfolios continue to deliver high quality operational performances



Continued improvement in trading metrics across our SA and EE portfolios provide positive endorsement of our repositioning and active asset management initiatives:

- Tenant turnover increased by 12.8% and 15.9% in SA and EE, respectively
- Retail vacancies maintained at very low levels of 1.2% in SA and 0.3% in EE
- Trading densities grew by 11.8% in SA and 16.9% in EE
- SA portfolio's foot count up 5.2%, while EE experienced an impressive 14.3% increase

## Strong balance sheet and liquidity



R500 million new capital raised through the FY2022 DRIP

€36 million (R730 million) reduction in Euro borrowings in line with debt amortisation/reduction strategy

Strong liquidity position with R1.2 billion of cash and R2.3 billion of available bank facilities, before the 2023 dividend payment

LTV ratio decreased to 36.3% in June 2023

Refinanced over R5 billion of borrowings in FY2023, and R2 billion post year-end at lower margins than previously achieved

## ESG initiatives on track



MSCI upgraded Hyprop's ESG rating to 'AA' from 'A', recognising our improved corporate governance practices and green building initiatives

B-BBEE rating improved from level 6 in 2021 to level 3 in 2023

The second phase of the Gauteng solar PV project was completed at Woodlands Boulevard and Rosebank Mall

We saved 39 078 kl of water following the installation of Propelair toilets

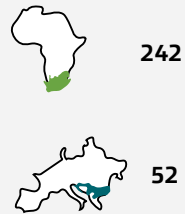
Implementation of our zero waste strategy reduced average organic waste diverted from landfills from 65 tons/month to 60 tons/month

The Hyprop Foundation together with our centres contributed a total of R6.5 million towards various initiatives

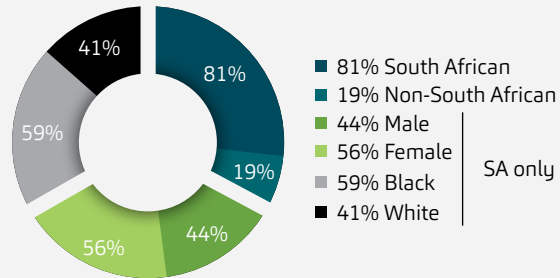
# Our stakeholders

Stakeholder engagement is integral to our business model and how we drive and sustain value for our people and broader communities. In the quest of living our purpose of creating spaces and connecting people, we continuously look to deepen our relationships with our stakeholders as well as our understanding of their needs, which in turn has helped us navigate obstacles we face more promptly and effectively.

## Employees



### Employee demographics



### Their needs and expectations

- Fair remuneration practices
- Training and development
- Job security
- Inclusivity and diversity

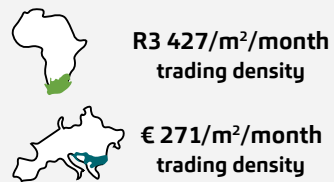
### Engagements

- Training programmes to support goals
- Performance evaluation
- Coffee@Hyprop (Group-wide communication)
- HYperformer awards/recognition
- Culture survey
- ICAS employee wellness programme
- Internal communication (mailers, Viva Engage)

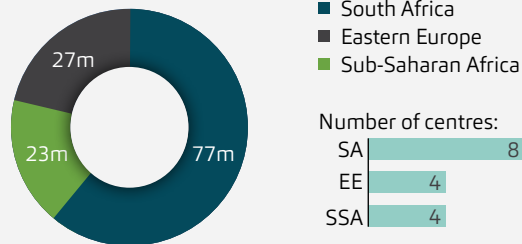
### Capitals



## Tenants and shoppers



### Foot count



### Their needs and expectations

- Attracting and retaining shoppers and increasing foot count
- Improving the quality and sustainability of shopping centres
- Maintain functional/operational centres
- Managing the cost of occupancy
- Monitoring and adapting to global retail trends and meeting shopper needs
- Mutually beneficial relationships

### Engagements

- Marketing projects and engagements
- Optimising tenant mix
- Spent R236 million in SA and €2.6 million in EE on refurbishments, new equipment and sustainable technology
- CEO meetings
- Letters from CEO

### Capitals



## Associations, compliance and regulatory bodies



### Their needs and expectations

- Compliance with regulations

### Engagements

- Submission of all applicable statutory reports/returns
- Compliance with relevant acts and regulations
- Participation in professional bodies and industry organisations

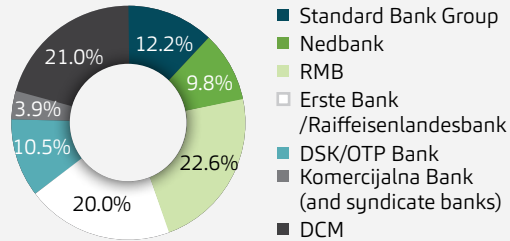
### Capitals



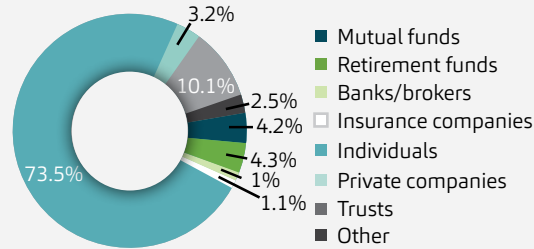
# Our stakeholders continued

## Funders and investors

### Lenders



### Shareholders



### Their needs and expectations

- Sustainable total returns
- Conservative balance sheet and debt management
- Strong governance
- Compliance with bank covenants
- Clear and transparent reporting
- Regular engagements

### Engagements

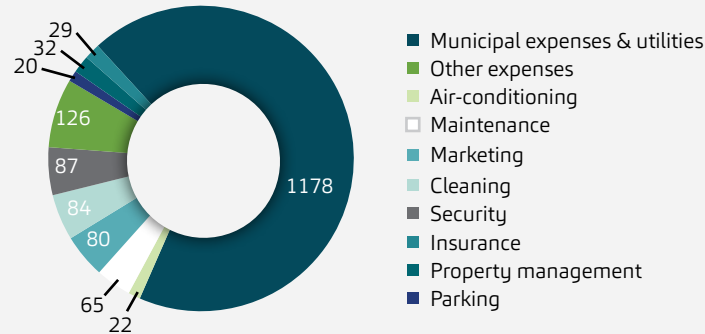
- Roadshows and presentations to equity and debt investors
- Regular meetings with lenders
- Investor relations programme
- Six-monthly compliance certificates issued
- Improved disclosure in financial reporting

### Capitals



## Suppliers

### R'm spent



### Their needs and expectations

- Sustainable partnerships
- Clear and fair contracting terms
- Timely payments

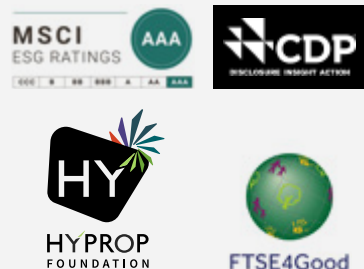
### Engagements

- Fair business practices and tender processes
- Efficient contract management
- Improved B-BBEE procurement profile
- Supporting B-BBEE enterprise development initiatives
- Supplier code of conduct

### Capitals



## Environmental and social



- FTSE4Good constituent
- 9th successive submission to GRESB and CDP (climate change)
- 6th successive submission to WDP (water security)

### Their needs and expectations

- Resource conservation
- Meaningful, safe and authentic shopping experiences
- Support communities around centres
- Uplift and empower youth, transfer skills

### Engagements

- Education and corporate social investment projects
- Shopper surveys
- Multiple social touchpoints throughout the portfolio
- Creating spaces where people connect

### Capitals



# Purpose and priorities

Hyprop is a retail-focused REIT that creates spaces and connects people. We do this by owning and managing retail centres in mixed-use precincts in key economic nodes within South Africa and Eastern Europe. Our multi-skilled, diverse team of experts, sustainable business model, meaningful social impact and robust governance framework ensures we create long-term value for all our stakeholders.

Our centres across South Africa and Eastern Europe have seen foot count, tenant turnover and trading densities grow – all of which is evidence that our strategy is aligned with what our stakeholders want – to connect with people in spaces we create.

Our **Golden Thread** visualises our centres as “modern villages” and is a tool we use to connect brand, place and people and give strategic direction to our purpose. It unifies our centres to deliver a common customer-centric experience where people engage,

connect and explore but equally help our uniquely positioned centres to deliver what different communities want.

Today, our centres offer a tailored mix of retail, entertainment, commercial, wellness, e-commerce and social uses, mirroring in each case the needs and wishes of the community they serve. We are delivering what people want and need today – safe spaces to meet and share experiences as families, friends and communities.

Our centres link three differentiating principles that help us seamlessly connect physical and digital shopping and offer stakeholders a unique experience: conscious retail ensures we design for people, planet and profit; we create exceptional experiences across all customer touchpoints to excite and inspire our tenants and shoppers, and in turn focusing on the communities we serve, we keep it real and authentic.



## Strategic priorities to deliver our purpose

We are clear on the type of spaces we want to create, and where they should be. Our six strategic priorities support our purpose, strengthen our business and position us for sustainable growth.

- 1 Reposition the South African portfolio by:
  - Repurposing space to meet tenant and consumer needs
  - Differentiating and balancing our tenant mix between different retail categories to meet changing shopper needs
  - Improving operating efficiencies by managing occupancy costs to reduce the risks associated with high rental levels, and
  - Continually improving centre experiences;
- 2 Retain strong market positioning of the European portfolio and grow market share;
- 3 Review the portfolios annually to evaluate the case for recycling assets, increase our exposure to favourable geographies and to consider new growth opportunities;
- 4 Protect value in the sub-Saharan African portfolio pending an exit;
- 5 Ensure our balance sheet is healthy and strong; and
- 6 Develop non-tangible assets aligned to our tangible assets and/or the property sector.

## Sustainability

Our long-term sustainability depends on our ability to deliver our core purpose of creating spaces and connecting people in a commercially, environmentally and socially responsible way.

Our ESG/Sustainability framework focuses on three goals:

- Create safe spaces that connect people;
- Partnering for climate resilience; and
- Facilitate inclusion across our value chain.

We have committed to five of the United Nations’ 17 Sustainable Development Goals (SDGs). The SDGs 6, 7, 8, 11 and 12, provide the overarching framework to shape, steer and report our sustainability strategies, goals and activities.

Further detail on our approach to sustainability and ESG matters can be found in the ESG section of this report, with ESG-related data is presented in a stand-alone [ESG Data Pack](#).

# How purpose and sustainability work together



**Purpose**  
Why we exist



**Three big goals**  
How we focus



**Aligned with the Global SDGs**



**Enablers**

## Purpose Creating spaces and connecting people

1

Create **safe spaces that connect people**



2

**Partner for climate resilience**



3

Facilitate **inclusion across our value chain**



**Responsible** - Health, safety and environmental management; Ethics; Stakeholder engagement; Transparency

All our stakeholders are increasingly interested in how we manage ESG risk. Our response to this responsibility is through our transparent engagement with all stakeholders.

**Digital** - Platform-enabled; Cybersecurity; Data privacy

We see the potential to tailor our response to ESG trends and pressures and digital technology gives us the ability to monitor and measure our ESG impact and collaborate with our stakeholders to make a positive impact and mitigate our negative impact.

**Innovative** - Diverse; Learning and skills; Connected

We believe in an empowering culture where HYperformers are innovative in their approach to our ESG impact.

## Living our values



**Collaboration**  
We encourage teamwork to achieve a common goal.



**Execution**  
We make things happen.



**Responsibility**  
We take responsibility for our actions.

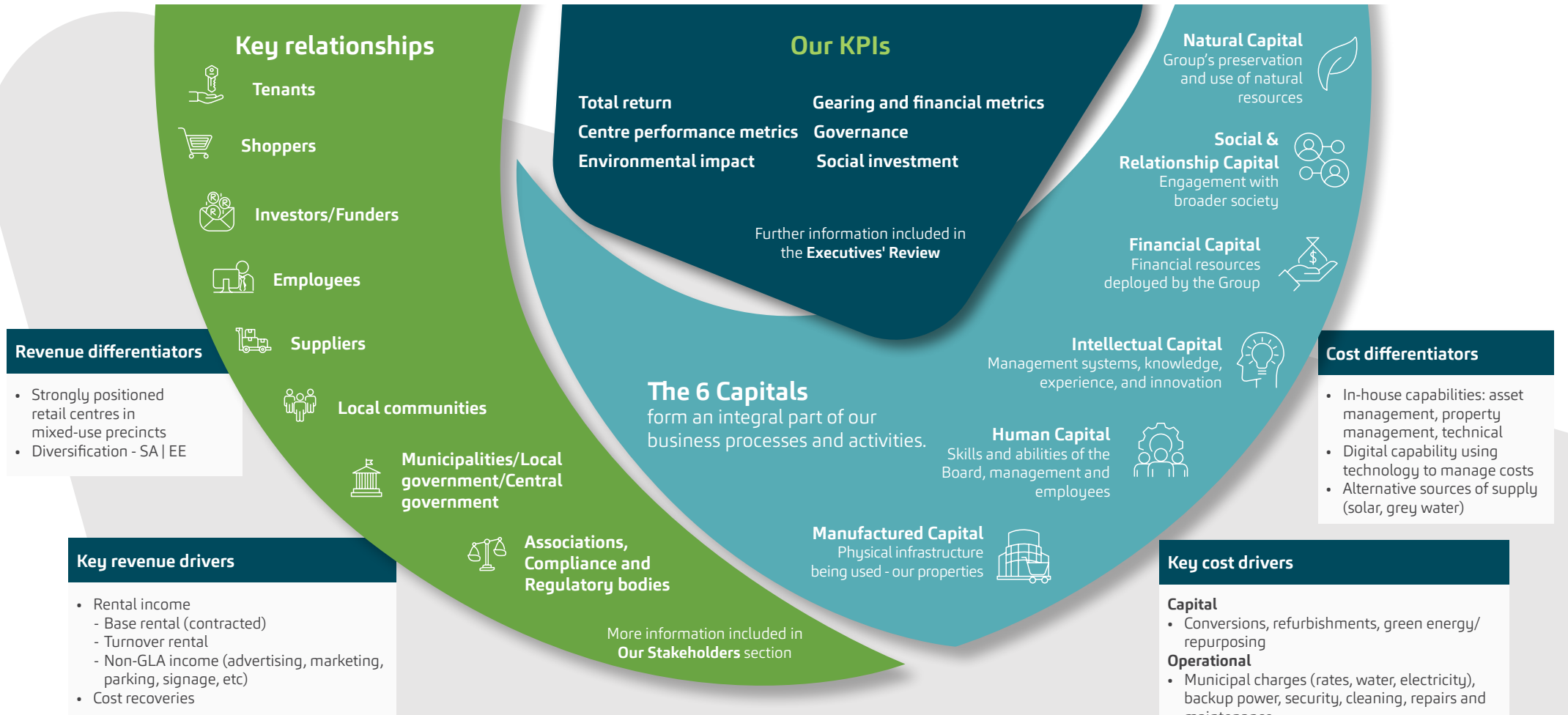


**Integrity**  
We are honest and treat everyone with respect and fairness.



**Creativity**  
We find alternative solutions and create opportunities.

# Business model



## How we create value

**Key activities**

- Managing (rental, leasing, maintenance, property and asset management)
- Acquisitions
- Refurbish/repurpose
- Enabling services
- Capital and risk management
- Portfolio reviews to ensure assets are relevant to strategy
- Disposals

**Key resources**

- Property portfolio
- Brand
- Leadership team
- Highly skilled, hands-on, decentralised teams
- Access to functional municipal services, e.g. energy, water, solid waste removal
- Trust
- Access to funding (equity and debt)



## Risk & opportunity

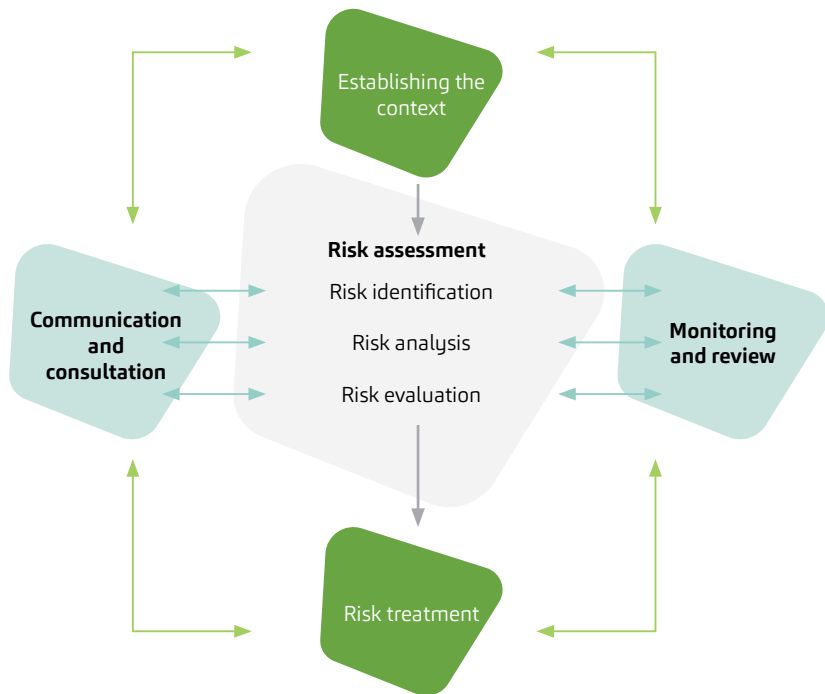
Rosebank Mall, Gauteng, South Africa

# View from the Chief Risk Officer, Brett Till

## Our approach to risk

Our enterprise-wide approach to risk management seeks to increase stakeholder value by effectively monitoring and managing risk in accordance with King IV™ Principle 11 and best practice. This is achieved through a structured and continual risk management process, supported by risk tools, within the risk management framework. We have an annual review to further enhance our risk management processes.

Risk management is an ongoing process, and the management team has assessed material issues and risks which could influence or impact the Group's strategic objectives. The illustration below summarises our continuous risk management process.



## Risk governance

The Board's approach to risk governance supports the Group's strategic objectives. The Audit and Risk Committee oversees risk management on behalf of the Board, by reviewing the enterprise risk management process which covers strategic, financial, operational, information technology and regulatory compliance risks, as well as responses in place to address these risks.

The responsibility for monitoring and implementing risk management is assigned to executive management and each portfolio/business unit's management team. This is subject to a bi-annual top-down review by the portfolio risk committees to ensure the completeness and rigour of risk identification and mitigating actions.

Board	Audit and Risk Committee	Executive management	Divisional management
<ul style="list-style-type: none"> <li>• Ultimate responsibility for risk governance.</li> <li>• Determines the Group's risk appetite and tolerance level.</li> <li>• Approves policies to manage risk.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitors risk exposure to ensure the nature and extent of significant risks are managed in line with our strategic objectives.</li> <li>• Oversees risk management processes and monitors compliance with the risk management policy.</li> <li>• Receives periodic and independent assurance on the effectiveness of risk management to ensure compliance with governance requirements and standards.</li> <li>• Reviews procedures and controls to ensure the validity, accuracy and completeness of financial reporting and information.</li> </ul>	<ul style="list-style-type: none"> <li>• The Chief Risk Officer chairs portfolio risk committees for the Group's three operating portfolios and information technology.</li> <li>• Responsible and accountable for implementing a risk management system.</li> <li>• Identifies, assesses, measures, monitors and reports risks relative to the Group.</li> <li>• Implements actions to mitigate identified risks.</li> <li>• Reviews controls to safeguard assets and to ensure the validity, accuracy and completeness of financial information.</li> </ul>	<ul style="list-style-type: none"> <li>• Executes risk management at the portfolio /business unit level through the portfolio executive committees and site management meetings.</li> <li>• Risks and mitigating actions are monitored and discussed during monthly management meetings.</li> <li>• Report to portfolio risk committees bi-annually.</li> <li>• Implements controls to safeguard assets and ensure the validity, accuracy and completeness of financial information.</li> </ul>

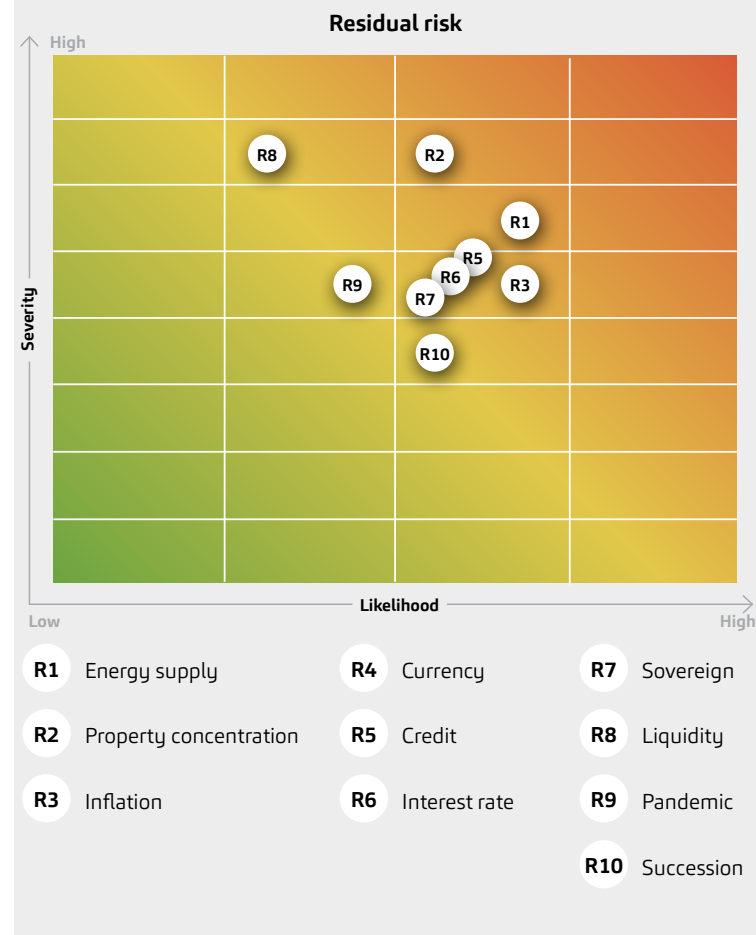
### Movements in material risks during the year

The adoption of the new risk management policy and implementation of the new risk management tool in FY2023 makes it difficult to directly compare changes in the material risks from FY2022 to FY2023, however, there is a strong similarity in the underlying nature of most of the top 10 risks in both years, with some changes as indicated below.




2022		2023		Comments
Risk ranking	Top 10 risks	Corresponding top 10 risks	Risk ranking	
1	Global or national disruption events or financial market crises	Pandemic risk	9	The potential impact and the severity of the Covid-19 pandemic have decreased. Business continuity plans are in place to manage any new (or similar) outbreaks.
2	Increase in energy and utility costs	Energy supply risk	1	The SA economy was severely disrupted by the unprecedented increase in loadshedding in 2022/2023, driving business confidence down and increasing financial pressure on businesses across all sectors.
3	Decrease in property valuations	Property concentration risk	2	High inflation and interest rates have the potential to increase the discount and capitalisation rates used to value our investment property portfolios, negatively impacting the valuations.
4	Deterioration of municipal services, electricity and water supplies			Exposure to failing municipalities has increased costs of securing basic services, impacting distributable income and, potentially, property valuations.
5	Cyber risks			Cyber risk is no longer among the top 10 risks but remains on our risk radar.
6	Slowing consumer spend affects retailers' trading densities and rent-to-turnover ratios	Inflation risk	3	The prevailing high inflation and interest rates are expected to impact household disposable incomes and consumer spend which may impact tenant turnovers and financial performance.
7	Rent reversions			The trend in rent reversions in SA is improving, supported by the strong trading performance of our centres, and is continuously monitored.
8	Lack of US Dollar liquidity in SSA	Currency risk	4	Inability to repatriate US Dollars from Nigeria and the Naira weakness resulted in significant foreign exchange losses in FY2023.
9	Inability to refinance maturing debt	Liquidity risk	8	The Group has strong access to funding both locally and offshore. The risk is continuously monitored.
10	Lack of investor appetite and limited capital			Investor appetite is no longer among the top 10 risks.
		Credit risk	5	New to top 10 risks in 2023
		Interest rate risk	6	
		Sovereign risk	7	
		Succession risk	10	




### Analysis of 2023 Top 10 risks



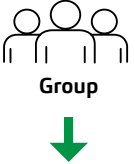

The Group's risk heatmap below sets out the top 10 material risks identified through our risk management process. The heatmap depicts residual risk after considering mitigating factors/actions. The majority of the risks are attributed to external factors beyond management's control.



A detailed analysis of the Group's top 10 risks in FY2023 follows:

Key risk	Portfolio most affected/ change in risk	Business impact	Our key responses
<p><b>R1</b> <b>Energy supply risk</b></p> <p>The impact of loadshedding in South Africa and risk of a total electricity grid collapse.</p>		<ul style="list-style-type: none"> <li>• Businesses are unable to operate during loadshedding.</li> <li>• The use of backup electricity systems increased diesel usage significantly and our own operating costs, with consequential increases in tenant operating costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Solar photo voltaic (PV) plants installed at Woodlands Boulevard, Rosebank Mall, Hyde Park Corner, The Glen and Clearwater Mall. Feasibility studies for further solar PV at The Glen and CapeGate completed and implementation is expected during FY2024. Feasibility studies for solar PV at Canal Walk and Somerset Mall are underway.</li> <li>• Canal Walk participates in the City of Cape Town’s energy curtailment programme to reduce energy consumption and avoid loadshedding.</li> <li>• Full backup generator capacity installed at seven SA centres, with Canal Walk’s backup generator project scheduled to be completed in February 2024.</li> <li>• Upgraded diesel storage facilities at all SA centres to ensure seven days diesel supply on site.</li> <li>• Generator operating costs of R80 million were recharged to tenants in 2023 to mitigate the cost to the Group, however, this does increase the tenants’ cost of occupancy.</li> <li>• Reduce energy consumption by replacing old/inefficient equipment with more efficient modern systems (examples include lighting, HVAC and air conditioning systems (notably at Hyde Park Corner in FY2023)).</li> <li>• Monitoring energy consumption with IOT.next system at Clearwater Mall to reduce energy consumption and improve efficiencies.</li> <li>• Business continuity plans were amended to cover i) electricity grid failure and ii) plans to cater for loadshedding stage 6 and above.</li> </ul>
<p><b>R2</b> <b>Property concentration risk</b></p> <p>Over exposure to certain asset classes and geographic regions, as well as the inability of municipalities to deliver basic services.</p>		<ul style="list-style-type: none"> <li>• The Group’s strategy is to be a retail focused REIT with investments in retail shopping centres in key economic nodes. Inherent in this strategy is an increase in risk associated with cyclical shifts in the retail sector which may reduce returns during a sector downturn.</li> <li>• Exposure to failing municipalities has increased the cost of securing basic services, impacting distributable income and property valuations.</li> <li>• Deterioration of areas around shopping centres deters shoppers, negatively impacting tenant turnover and performance.</li> </ul>	<ul style="list-style-type: none"> <li>• The emphasis in terms of composition of the property portfolio is on quality not quantity.</li> <li>• Diversify asset exposure to different regions/countries: <ul style="list-style-type: none"> <li>• SA comprises 62%, EE 31% and SSA 7% of the Group’s investment property, by value</li> <li>• Western Cape comprises 53% of SA investment property and Gauteng 47% of SA investment property, by value.</li> </ul> </li> <li>• Strategy favours growth in favourable regions – Eastern Europe and Western Cape.</li> <li>• Support industry associations and City Improvement Districts (CIDS) to engage with local governments and councils to improve services and reduce costs, as well as maintain areas around our centres.</li> </ul>
<p><b>R3</b> <b>Inflation risk</b></p> <p>The impact of rising inflation on financial and operational performance.</p>		<ul style="list-style-type: none"> <li>• Reduction in distributable income as variable costs increase by more than fixed contractual rental escalations.</li> <li>• Reduced property values.</li> <li>• Increased cost of occupancy for tenants.</li> <li>• Reduction in consumers' disposable income and spending power, negatively impacting tenant turnover and performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-year contracts concluded with suppliers which regulate annual price increases.</li> <li>• Fixed price contracts concluded in Eastern Europe for energy supply (where possible).</li> <li>• Cost reduction initiatives implemented (examples include installation of solar PV plants at SA centres, water and waste reduction initiatives, use of technology to monitor building performance and improve operating efficiencies, replacement of old inefficient equipment to reduce operating costs).</li> <li>• Long-term incentives for employees, to reduce cost to income ratios.</li> </ul>

Key risk	Portfolio most affected/ change in risk	Business impact	Our key responses
<p><b>R4</b> <b>Currency risk</b></p> <p>The liquidity constraints in the Nigerian foreign exchange market since January 2020 and significant devaluation of the Nigerian and Ghanaian currencies against the US Dollar in the last quarter of FY2023.</p>		<ul style="list-style-type: none"> <li>• Volatility and declining distributable income.</li> <li>• Inability to service bank borrowings.</li> <li>• Inability to repatriate profits from the SSA portfolio to SA.</li> <li>• Increase in occupancy costs for tenants.</li> </ul>	<ul style="list-style-type: none"> <li>• Rental income indexed to hard-currency in EE and SSA portfolios.</li> <li>• Discounts granted to support tenants during high currency volatility.</li> <li>• Diversify portfolio across multiple currencies – current exposure by currency <ul style="list-style-type: none"> <li>• Rand – 73% of net assets</li> <li>• Euro – 20% of net assets</li> <li>• Niara/Cedi (Dollar) – 7% of net assets.</li> </ul> </li> <li>• Invest in countries with hard-currency (Croatia), or where local currency is pegged to hard-currency (Bulgaria).</li> <li>• Convert local currency to Dollars and Euros regularly (Bulgaria, North Macedonia, Ghana and Nigeria (if possible)) to avert liquidity issues.</li> <li>• Match/peg currency of borrowings, assets and income.</li> <li>• Ensure foreign subsidiaries are properly capitalised with sufficient equity – EE portfolio €215 million equity, SSA portfolio \$86 million equity.</li> <li>• Amortise Euro in-country and equity debt to reduce the EE portfolio's LTV.</li> <li>• Hedge foreign currency dividend and capital flows.</li> <li>• Monitor key financial metrics (LTV, ICR, distributable income, ROE) in each currency and sensitivity to currency volatility.</li> <li>• Strategic decision made to exit SSA portfolio – taking time to implement.</li> </ul>
<p><b>R5</b> <b>Credit risk</b></p> <p>Liquidation or default by customers/clients.</p>	 <p><b>New</b></p>	<ul style="list-style-type: none"> <li>• Tenant failures result in large vacancies.</li> <li>• Loss of income and reduction in distributable income.</li> <li>• Failure to recover amounts owing.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor tenant concentration risk and diversify tenant base <ul style="list-style-type: none"> <li>• largest tenant groups by GLA – SA 8% of GLA, EE 7% of GLA, SSA 22% of GLA.</li> </ul> </li> <li>• Tenant turnover monitored monthly in all portfolios.</li> <li>• Tenants' financial performance monitored on an ongoing basis.</li> <li>• Tenant arrears reviewed in monthly management meetings for each centre.</li> </ul>
<p><b>R6</b> <b>Interest rate risk</b></p> <p>A rise in interest rates.</p>	 <p><b>Group</b> <b>New</b></p>	<ul style="list-style-type: none"> <li>• Reduction in distributable income.</li> <li>• Increase in discount and cap rates used to value investment properties, resulting in reduction in investment property valuations.</li> <li>• Reduce ability to obtain additional funding.</li> <li>• Potential non-compliance with banking/lender covenants.</li> </ul>	<ul style="list-style-type: none"> <li>• Interest rate hedging policy in place <ul style="list-style-type: none"> <li>• 89% of Rand interest rate exposure hedged</li> <li>• 75% of Euro interest rate exposure hedged</li> <li>• 102% of US Dollar interest rate exposure hedged.</li> </ul> </li> <li>• Spread debt/hedge maturity profile to reduce the value of borrowings/hedges maturing in one year.</li> <li>• Amortise borrowings – €10 million annual amortisation of EE portfolio borrowings.</li> <li>• Utilise revolving credit facilities to optimise use of cash balances to reduce interest costs.</li> <li>• Monitor compliance with banking covenants.</li> </ul>

Key risk	Portfolio most affected/ change in risk	Business impact	Key responses
<p><b>R7</b> <b>Sovereign risk</b></p> <p>Risks arising from governments' actions (examples include South Africa's grey listing, changes in exchange controls in Nigeria and default on government debt in Ghana).</p>	 <p><b>New</b></p>	<ul style="list-style-type: none"> <li>Compromised business sustainability through weakened country trade and depreciating currency.</li> <li>Increased barriers to trading with international counterparties.</li> <li>Achieving strategic objectives may be severely impaired or delayed.</li> </ul>	<ul style="list-style-type: none"> <li>The underlying cause of this risk in South Africa is mostly political, with the impact being mainly on interest rates and exchange rates, and potentially the ability of SA businesses to trade with foreign counterparties.</li> <li>Risk has crystallised in Ghana (sovereign default) and Nigeria (US Dollar liquidity). These have manifested themselves in significant devaluations of the local currencies and liquidity constraints on securing hard currency in Nigeria.</li> </ul> <p>See currency risk and property concentration risk.</p>
<p><b>R8</b> <b>Liquidity risk</b></p> <p>Inability to meet short-term financial obligations.</p>	 <p><b>Group</b></p> <p><b>↑</b></p>	<ul style="list-style-type: none"> <li>Inability to refinance borrowings.</li> <li>Potential refinancing at higher borrowing costs.</li> <li>Inability to pursue investment opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain sufficient cash and undrawn borrowing facilities <ul style="list-style-type: none"> <li>cash of R1.2 billion at 30 June 2023 and undrawn borrowing facilities of R2.3 billion in September 2023</li> <li>Group borrowings spread amongst six major banks and the debt capital markets, with strong access to funding in all portfolios.</li> </ul> </li> <li>Maximum exposure to one lender is 23% of the Group's borrowings.</li> <li>Cashflow forecasts prepared for 12 – 24 months at least quarterly.</li> <li>Manage debt maturity profile to ensure spread of debt maturing in any one year. <ul style="list-style-type: none"> <li>Rand borrowings – 2.6 years average loan term</li> <li>Euro borrowings – 4.2 years average loan term</li> <li>Dollar borrowings - 1.7 years average loan term.</li> </ul> </li> <li>Refinance maturing debt in advance.</li> </ul>
<p><b>R9</b> <b>Pandemic risk</b></p> <p>Widespread disease.</p>	 <p><b>Group</b></p> <p><b>↓</b></p>	<ul style="list-style-type: none"> <li>Closure of shopping centres.</li> <li>Discounts/temporary rent relief given to tenants negatively impact distributable income.</li> <li>Loss of key personnel through illness.</li> </ul>	<ul style="list-style-type: none"> <li>Business continuity plans reviewed regularly <ul style="list-style-type: none"> <li>includes pandemic related risks and responses</li> <li>facilities made available for employees to work remotely.</li> </ul> </li> <li>Financial assistance for tenants to keep centres operational.</li> <li>Diversify portfolio and tenant base – see tenant concentration risk.</li> <li>Fixed monthly rentals (not only turnover based) <ul style="list-style-type: none"> <li>fixed contractual rentals comprise 80% of total lease revenue</li> <li>turnover rentals comprise 6% of lease revenue.</li> </ul> </li> <li>Maintain liquidity through available debt facilities and cash balances (see liquidity risk).</li> </ul>
<p><b>R10</b> <b>Succession risk</b></p> <p>Inadequate succession planning.</p>	 <p><b>Group</b></p> <p><b>New</b></p>	<ul style="list-style-type: none"> <li>Loss of key leaders limits the Group's ability to innovate and grow.</li> </ul>	<ul style="list-style-type: none"> <li>Succession plan for key roles reviewed annually by the Nomination Committee.</li> <li>Collaborative culture facilitates knowledge sharing and transfer.</li> <li>Staff training to develop next generation of managers and leaders.</li> <li>Long-term incentives act as deterrent to key staff leaving.</li> </ul>

## Opportunities

The Group continuously reviews its strategic objectives to identify opportunities to enhance performance. Implementation of our risk management systems assists the Group to consider opportunities as they arise.

Despite tough trading conditions, our centres' repositioning strategies and other strategic priorities implemented over the last four years have resulted in a significant improvement in the operating performance of our portfolios and strengthening of the balance sheet. As a result, the Group is well positioned to participate in current and future opportunities.

The following current opportunities have been identified to create long-term sustainable stakeholder value:

- The Board approved a capital allocation framework that prioritises favourable geographies for expansion (Western Cape in South Africa and Eastern Europe). Opportunities to expand in these regions are being explored and will allow the Group to strategically invest in areas that have sound economic and physical infrastructure, with potential for growth and profitability.
- The improvements in our key trading metrics (tenant turnover, effort ratio and foot count) present opportunities to grow our rental income. Vacancy levels in the portfolios are low (SA 1.2% and EE 0.3% at 30 June 2023) and demand from retailers for space in our centres is strong. Through effective asset management initiatives, we seek to accommodate tenants which will meet our shoppers needs and optimise performance of our centres.
- Following from these, opportunities to expand our existing centres where there is available bulk for development, particularly in the Western Cape in SA and the EE portfolio, are being explored.
- We conduct an annual evaluation of our portfolios to assess individual assets' alignment with the Group's strategy and to evaluate the case for recycling assets, as we explore new opportunities. By constantly reassessing our assets, we can make informed decisions that align with our strategy.
- Additionally, we continue to consider/monitor our capital structure and have relaxed our target LTV ratio to 40%, thereby creating capacity to pursue the opportunities outlined above.

We will continue to focus on generating sustainable total returns for shareholders, allocating capital prudently to diversify risks, and maintaining a strong balance sheet.

## Emerging risks

Emerging risks are new or future risks whose potential impact is not yet reliably known and whose implications are difficult to assess. Emerging risks currently being monitored are:

Risk	Business impact	Our response
<b>Geopolitical uncertainty</b>		
Political instability, trade tensions, and geopolitical conflicts create uncertainties that can impact global markets and business operations.	<ul style="list-style-type: none"> <li>• Market volatility, regulatory changes, and reputational damage.</li> </ul>	<ul style="list-style-type: none"> <li>• Diversification strategy.</li> <li>• Continuous assessment and review of risk management strategies in response to evolving geopolitical landscapes.</li> </ul>
Changes in government policies, trade agreements, or economic sanctions can disrupt supply chains, increase costs, and create volatility in financial markets.		<ul style="list-style-type: none"> <li>• Regularly review and revise business continuity plans, crisis management protocols, and risk assessment frameworks to address emerging geopolitical risks.</li> </ul>
<b>Climate change and environmental</b>		
Failure to mitigate climate-related risks and inability to meet stakeholder sustainability expectations.	<ul style="list-style-type: none"> <li>• Increased cost of being socially responsible and adhering to climate control regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish an understanding of stakeholder and market expectations and disclosure requirements.</li> <li>• We recognise that the natural resources, economic and social systems that support our society are all affected by climate change. Please refer to our ESG report for details on how we are addressing our impact on climate change.</li> </ul>
The impacts of climate change, such as extreme weather events, rising sea levels, and resource scarcity, pose significant risks to businesses across all industries.	<ul style="list-style-type: none"> <li>• Reputational damage due to environmental impact concerns.</li> <li>• Physical damage to assets and supply chain disruptions.</li> </ul>	
<b>Technological disruptions</b>		
Rapid technological advancements, including artificial intelligence, automation, and digital transformation, bring both opportunities and risks.	<ul style="list-style-type: none"> <li>• Product or service becoming obsolete and losing market share.</li> <li>• Inefficient business processes.</li> </ul>	<ul style="list-style-type: none"> <li>• Covid-19 has shown that people want to connect and have meaningful experiences. By creating spaces and connecting people, our centres are becoming more relevant in meeting these needs. This is supported by the growth in physical retail despite the growing presence of digital/online retail.</li> <li>• Conduct scenario planning exercises to assess the potential impact of technological disruptions on different aspects of the business.</li> <li>• Identify vulnerabilities and develop contingency plans to mitigate the effects of disruptive technologies.</li> <li>• Ensure our centres remain relevant.</li> <li>• Regularly assess and update risk management strategies to address evolving technological landscapes.</li> </ul>



# Chairman's review

It is pleasing to report that our shopping centres are strengthening their positions in their respective markets as our revised strategic priorities, first communicated four years ago, continue to deliver despite the political and economic challenges we face.

City Center one East, Zagreb, Croatia

## A volatile environment

Covid-19 dominated the headlines in recent years, but loadshedding and general infrastructure failure have been constant challenges in South Africa, joined recently by rising geopolitical tensions with Russia's invasion of Ukraine creating clear challenges to businesses, directly and indirectly.

Declining public infrastructure is a significant risk to Hyprop's operations in South Africa, and it is largely outside of our control and influence. The condition and safety of our transport networks and availability of power and water are essential if our centres are to function, let alone prosper. While we can supplement what the state provides, we cannot operate independently of it, and the state's underperformance threatens our collective ambition as a company and a country.

The reality is that capex committed to **solar, diesel and other defensive costs** would be better spent pursuing growth opportunities, creating employment as we build new tenant and customer experiences, and generating better returns for our shareholders. We need all facets of government to substantially improve service delivery at all levels for this to happen.

Fragile geopolitical realities remain a cause for concern. The Russian invasion of Ukraine escalated global socio-political tension, fueled inflation, increased commodity prices and put pressure on defense budgets in many parts of the world. Although the invasion has not directly affected our EE centres and growth prospects remain favourable, higher inflation and increased power costs have affected personal disposable incomes, retail spending and tenant occupancy costs. The potential for greater impact remains and the conflict does not appear close to resolution.

In SSA, both Nigeria and Ghana are experiencing significant economic challenges, including currency depreciation and inflation, and the lack of US Dollar liquidity negatively affects cash flow intended to service the bank debt. To alleviate these pressures, our SA operations are providing financial support to the SSA portfolio.

In Nigeria, the recent relaxation of exchange controls by the Central Bank has led to increased exchange rate volatility, an 80% devaluation of the Naira against the US Dollar and a spike in inflation. We anticipate conditions stabilising over the next two to three years. In the meantime, the lack of US Dollar liquidity continues to delay the sale of Ikeja Mall.

Indeed, many of the challenges we face have led directly or indirectly to higher interest rates. In SA, steep interest rate rises in a short

time - 5% in less than 12 months – will increase our cost of funding and reduce consumer spending moving forward. Disposable income will come under increasing pressure as homeowners pay more on mortgage payments and other borrowings. Interest rates are perhaps the single most important factor that will influence our performance in the coming year, and only when they stabilise will we be able to anticipate sustainable customer spending levels in a higher interest rate environment.

South Africa's seventh democratic election takes place in 2024, increasing the potential for disruptive conflict in the short-term. If most political commentators are right, support for political parties is at its most fluid since 1994 and while the opportunity for change is the essence of democratic life, it also brings the possibility of uncertainty. We are hopeful that our maturing democracy will emerge stronger and focused on resolving both legacy and new impediments to our progress and believe that public-private partnerships can play an increasingly important role in building a better South Africa.

## Pleasing performance

Our progress is evident in our key trading metrics and financial results.

Tenant turnover increased by 12.8% in SA and 15.9% in EE, retail vacancies were low at 1.2% in SA and 0.3% in EE, trading densities were up by 11.8% in SA and 16.9% in EE while foot count increased by 5.2% in SA and an impressive 14.3% in EE. This positive activity at our shopping centres is mirrored in the financial results.

Distributable income increased by 24% to R1.451 billion and the distributable income per share increased by 18% to 405.2 cents. Our balance sheet is strong as we raised R500 million of new capital through the FY2022 DRIP and reduced our Euro borrowings by €36 million (R730 million) in line with our debt amortisation/reduction strategy. Hyprop's liquidity position is also strong, with R1.2 billion of cash and R2.3 billion of available bank facilities, before the 2023 dividend payment, and we decreased our LTV ratio to 36.3% at 30 June 2023. Finally, we refinanced borrowings of over R5 billion in FY2023, and R2 billion post-year end at lower margins than previously achieved.

## Looking to grow

If Covid-19 put us on the back foot in 2020, then the past twelve months have seen us wrestle back much greater control over our destiny and we are now looking for opportunities through corporate activity, acquisitions and importantly continuing to invest in our existing assets. We see opportunities in Europe and parts of South Africa, particularly the Western Cape, but remain committed to exit SSA when circumstances allow.

Listening to what our customers say has been crucial to revising and executing our strategic priorities. We are shaping our centres around what consumers, in specific catchment areas, say they want, rather than relying on a "one-size-fits-all" approach. Our **Golden Thread** connects brand, place and people and both differentiates and unifies our centres to deliver the experiences our customers want.

Covid-19 and its enforced isolation reminded us all that we are social beings who want connection and community. Adding experiential quality is central to our strategy for our centres, especially those which are leaders in their catchment areas. Canal Walk and Somerset Mall in the Western Cape are good examples. Although they are trading well, they are undergoing improvements to ensure they continue offering consumers and tenants what they want.

Hyprop is better placed defensively relative to some competitors because our centres are in higher LSM areas, well positioned and often have a mix of retail, office and experiential space, which adds to their appeal.

Ecommerce is both a risk and an opportunity and we will continue to look for new ways to integrate the online and physical. Again, listening to our customers and tenants is important and we already see how fulfilment over the last mile offers another way our centres can maintain relevancy with customers. While we take seriously the benefits ecommerce offers customers, the reality is that there are fulfilment limits, with volume and value needing to align to make it commercially viable.

## Our broader environment

We understand the need to deliver our purpose in a way that meets our environmental, social and governance obligations. We have committed ourselves to **five Sustainable Development Goals (SDGs)** and they guide our sustainability strategy, which embraces our partnerships for climate resilience and inclusivity across our value chain. It is important that in delivering what our stakeholders want in our shopping centres, we do so in a way that mirrors their concerns and wishes about governance and the broader environment.

The needs of our communities help direct our corporate social investment, made through the Hyprop Foundation. Now in its tenth year, the Foundation is focusing its investment on three broad areas, education and skills development, community upliftment and enterprise development.



## Prospects

Our improved trading metrics provide a base from which we will continue to execute our key strategic objectives, which are, in summary, to:

- Reduce the impact of loadshedding.
- Continue repositioning the SA and EE portfolios and grow market share.
- Protect the SSA portfolio until we are able to exit.
- Maintain a robust balance sheet.
- Develop non-tangible assets.

Although our strategy has proved correct and has helped us navigate global and domestic challenges, loadshedding has come at a huge cost to ourselves and our tenants. And, while we are cautiously optimistic that inflation and interest rates will peak soon, our performance will be negatively impacted by higher interest rates in the short-term as borrowings are refinanced and interest rate hedges are replaced at higher prevailing rates.

Given the challenging global and domestic circumstances under which we are operating and based on the **assumptions** outlined on [page 43](#) of this report, we expect distributable income per share for FY2024 to reduce by 10%-15%. This guidance is subject to change as any material event or circumstance that affects our consumers or tenants may impact our strategy or actions.

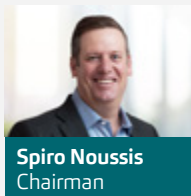
## Appreciation

It is my pleasure to thank my Board colleagues for their commitment and support over the past year, with special thanks to Gavin Tipper, Stewart Shaw-Taylor and Nonyameko Mandini who have stepped down from the Board after many years of dedicated service.

Gavin contributed significantly to the development and success of the Group, and on behalf of all at Hyprop, we wish him well for the future and thank him for his service and guidance to management. Stewart was appointed to the Board in August 2000, and his advice and counsel over so many years will be missed. Nonyameko resigned from the Board to pursue other interests and we thank her for her contribution over the five years.

I also thank management and all HYperformers for successfully navigating the opportunities and challenges we have encountered, and our shareholders and other stakeholders for their continued support.

The financial year ends with much to be positive about. Hyprop is well placed to grow and must leverage what we control whilst being prepared for changes in the broader political and economic landscape.



**Spiro Noussis**  
Chairman



## Executives' review

It is our pleasure to reflect on the Group's achievements for FY2023 which are the culmination of the hard work, dedication and positive attitude of our HYperformers (as we refer to our employees) over the last four years.

Skopje City Mall, Skopje, North Macedonia

# 2023 snapshot and headlines



## Group

Distributable income up 24% to R1.451 billion

R500 million new capital raised through the FY2022 DRIP

Distributable income per share increased by 18% to 405.2 cents

LTV ratio at 36.3% below internal target of 40%

Reduced Euro borrowings by €36 million in line with debt reduction strategy

Healthy liquidity position with R2.3 billion of available facilities (before FY2023 dividend)

MSCI ESG rating upgraded to 'AA' from 'A'



## South Africa

Independent valuation of the SA portfolio increased to R23 billion

Tenant turnover increased by 12.8%

Trading density up 11.8%

Average foot count grew by 5.2%

Retail vacancies reduced to 1.2%

Improved rent reversions to -7% in the last 6 months vs -13% in the first 6 months

Successfully revamped Clearwater food court

Second phase of solar PV complete at Woodlands and Rosebank



## Eastern Europe

Independent valuation of the EE portfolio increased to €574.7 million

Tenant turnover up 15.9%

Trading density increased by 16.9%

Average foot count expanded by 14.3%

Retail vacancy remains at 0.3%

Positive rent reversions of 4.5%

The ex-Massimo Dutti space now occupied by Intersport and Sinsay took over the ex-Zara premises

Completed bathroom upgrade at The Mall in Sofia



## Sub-Saharan Africa

Ikeja City Mall remains fully let and achieved a 28% decline in arrears year-on-year

Orca Deco's flagship store opened at Accra Mall in the ex-Game space

Received approval from the Competition Commission in Nigeria for the disposal of Gruppo Investments which owns Ikeja City Mall

Ghana vacancies (excl. Game) reduced by 30%



## Non-tangible assets

Internalised physical SOKO District into Hyprop portfolio as a differentiator

Technology platform "Nter" developed further functionalities that manage tenants, vacancies and performance

Nter secured third-party users

Indlu started using Nika's technology to manage payments of their development loans at Cashbuild stores

## Introduction

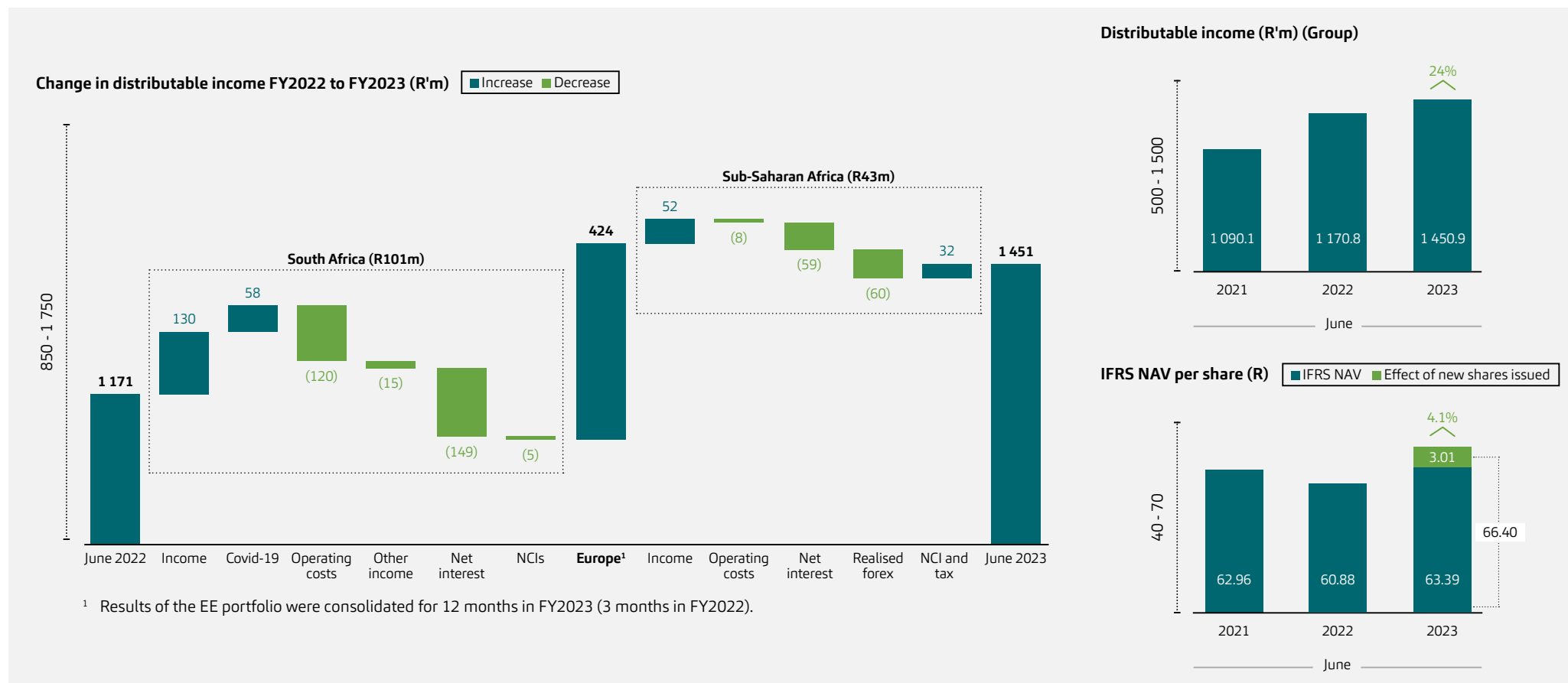
Since the revised strategic priorities were communicated to the market four years ago, considerable progress has been made. This is evident in our improved key trading metrics (tenant turnover, trading densities and retail vacancies) and the simplification of the Group's structure. For the SA portfolio, our repositioning strategy has ensured our retail centres remain relevant by attracting the appropriate tenant mix and offering our shoppers and communities safe spaces to connect. In EE, we simplified the ownership and funding structure and have differentiated our centres through capital investment and active asset management initiatives.

Our strategy to exit the SSA portfolio remains unchanged, and until such time as this can be implemented, we continue to optimise the operational performance of this portfolio.

Notwithstanding the challenges of power and water shortages, spikes in energy costs, service delivery failures, higher interest rates, geopolitical tensions and muted economic growth, our retail centres increased their strong market positions. The robust improvement in our portfolio's key trading metrics reaffirms our centres' relevance to retailers and shoppers.

## Group financial performance

Distributable income increased by 24% from R1.17 billion in FY2022 to R1.45 billion in FY2023 following the consolidation of the four EE centres for the full year. The weighted average number of shares in issue increased by 16.1 million as a result of the FY2022 DRIP. Distributable income per share increased by 18% from 342.5 cents per share in FY2022 to 405.2 cents in FY2023.



The independent valuations of the SA and EE investment properties increased by R318 million in aggregate. Ikeja City Mall's independent valuation increased by \$1.5 million, however, the carrying value for accounting purposes increased by R116 million in line with the Group's accounting policy to record assets held-for-sale at the lower of the independent valuation or the anticipated sales proceeds.

As a result of the increase in the investment property valuations and growth in net income before value adjustments from FY2022 to FY2023, the net asset value per share increased from R60.88 to R63.39, notwithstanding the increase in the number of shares in issue.

The balance sheet remains healthy, as does the Group's liquidity with R2.3 billion of available facilities. The LTV ratio decreased marginally from 36.4% in FY2022 to 36.3% and although the interest cover ratio reduced from 3.2 times for FY2022 to 2.8 times (due to increases in borrowings and interest rates), it was well above bank covenant requirements.

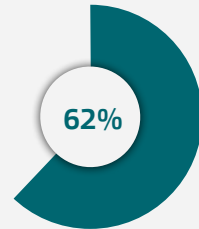
84% of shareholders supported the FY2022 DRIP, electing to reinvest R844 million of the dividend declared. The reinvestments were reduced to the maximum quantum of R500 million in terms of the FY2022 DRIP and resulted in an additional 16.1 million shares being issued.

A final dividend of 299.3 cents per share, equivalent to 75% of the distributable income from the SA and EE portfolios, was declared for FY2023 in line with the revised dividend policy.

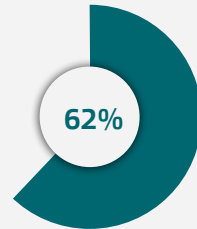


## South African portfolio

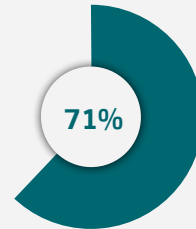
Investment property



Distributable income



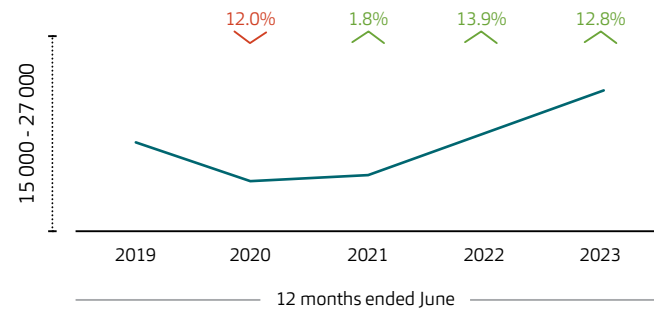
Total GLA



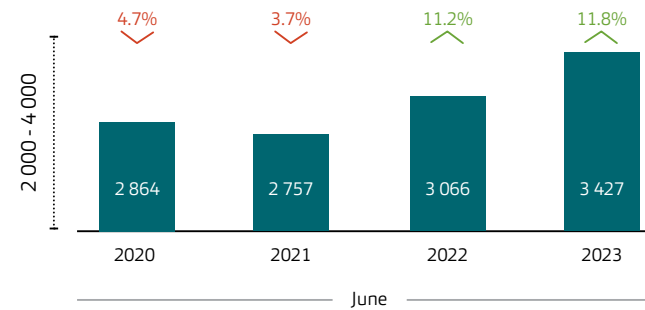
Trading metrics of the SA portfolio, which comprises 62% of the Group's investment properties (by value) and distributable income, continued on a positive trajectory.

Tenant turnover grew by 12.8% reaching R23.6 billion for the 12 months ended 30 June 2023. Annualised trading density achieved a double-digit increase of 11.8%, outperforming the annual consumer price inflation of 5.4% in June 2023, and potentially indicating our centres are gaining market share. These key trading metrics exceeded pre-Covid-19 levels. As shoppers continue to support physical retail centres, our average monthly foot count expanded by 5.2% and spend per head increased by 7.2%, while retail vacancies decreased from 2% to 1.2% given our centres' value propositions.

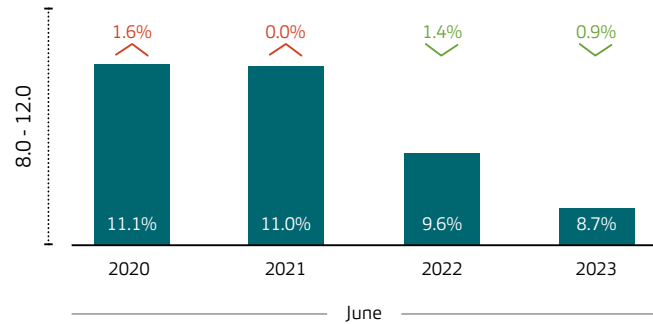
Tenant turnover (R'm)



Trading density (R/m<sup>2</sup>/month)

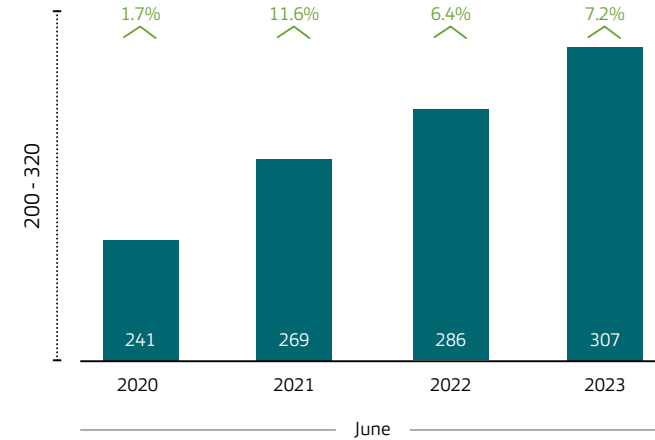


### Effort ratio - portfolio (%)

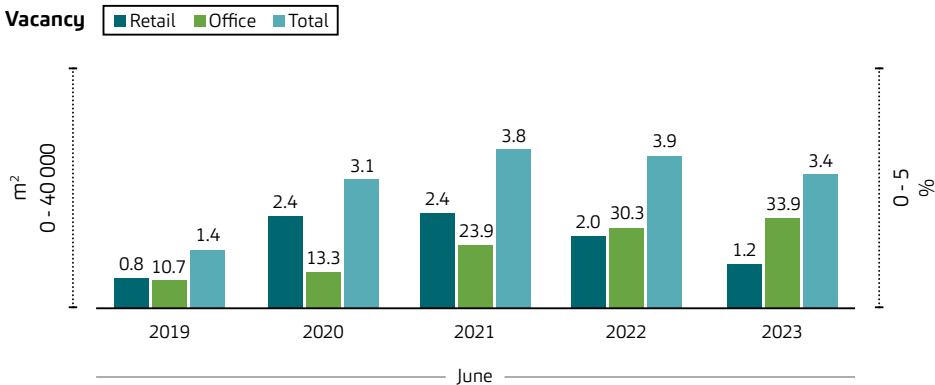


Effort Ratio Calculation: (Basic Rent + Operating Costs + Rates + Marketing) ÷ (Turnover)

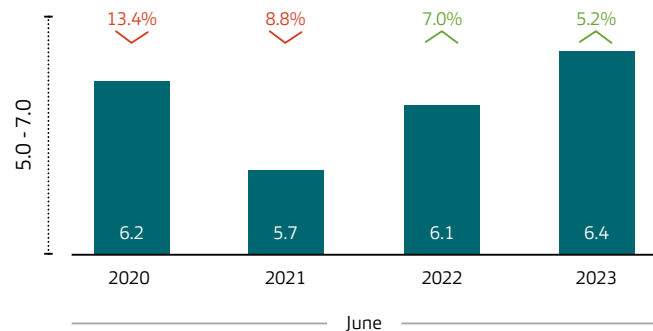
### Spend per head (R)



### Vacancy



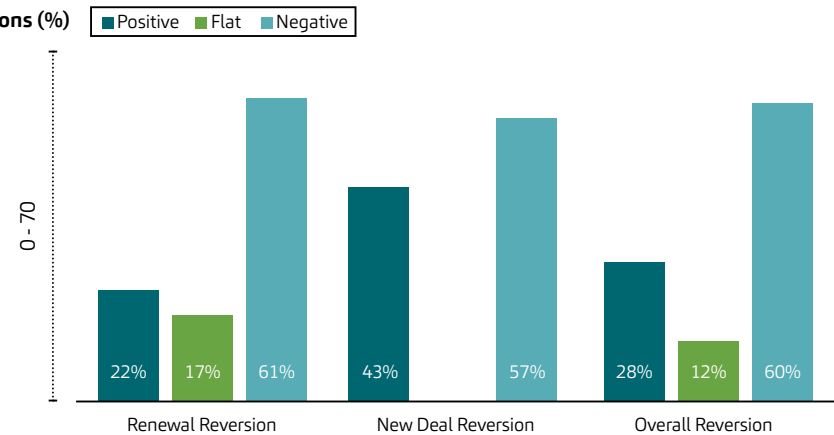
### Average monthly foot count (m)



Loadshedding remains a headwind for our business, tenants and shoppers. However, seven of our eight retail centres have full backup power, which ensures they can trade during loadshedding. Canal Walk is the only centre without full backup power, due to its historic participation in the City of Cape Town's curtailment programme. Full backup power will be in place at Canal Walk by February 2024.

Rent reversions reduced further in the second half of the year, with an average reversion rate on retail leases of -7% compared with -13% in the first half of FY2023. The average retail reversion rate for the full year was -9.3%. 40% of rent reversions were flat or positive and we retained 86% of our retail tenants whose leases reached the end of their term. These factors, together with the reduction in the effort ratio ((basic rent + operating costs + rates + marketing contributions) ÷ tenant turnover) from 11.1% in FY2020 to 8.7% in FY2023 support the thesis that negative rent reversions should continue to reduce, and optimistically become positive, based on the affordability of these costs to our tenants.

### Reversions (%)



The SA offices, comprising the Mall Offices, Cradock Heights and Baker Street in Rosebank, Hyde Park Corner and Canal Walk Offices (which in aggregate constitute only 6.8% of our total gross lettable area) experienced a 3.6% increase in vacancies from 30.3% in FY2022 to 33.9% in FY2023. The increase can be attributed to a lack of appetite from potential tenants to conclude leases at Baker Street, given our redevelopment plans for the site. The Mall Offices is undergoing a R10 million upgrade to enhance its value proposition and attract tenants. Refurbishment of Hyde Park Corner's offices is earmarked for the near future.

## Western Cape

### Somerset Mall

Somerset Mall reported trading density growth of 9.8% for FY2023. The centre strengthened its value proposition, welcoming Krispy Kreme in July 2022 and Xpresso Café in September 2022, while sports brands PUMA and Salomon started trading in October and December 2022, respectively. Freedom of Movement, the proudly South African lifestyle apparel and accessories brand, opened in April 2023.

In line with our repositioning strategy, Somerset Mall commenced a redevelopment project in January 2023 to accommodate a new Checkers FreshX store. The project includes reconfiguration of the food court, supported by Ster Kinekor to offer a new compact experience called "Cinema Connect", and is scheduled to launch at the end of November 2023. The food court reconfiguration also includes renovations to Spur and RocoMamas.

Stores that were refurbished and upgraded include Toy Kingdom, PNA, specialty outdoor apparel store Expedition North, Exclusive Books and Birkenstock. Nedbank rightsized its branch and Pick n Pay plans to launch its refurbished compact Hypermarket towards the end of 2023.

To enhance our shoppers' experience, Somerset Mall introduced three creative initiatives. The first is a collaboration with world-renowned artist and sculptor, Marco Olivier, whose 13 sculptures are displayed throughout the centre's walkways and luxury lounges, which serve as pause areas. Somerset Mall is the first Hyprop centre to offer "Nooka Space" work pods, a tech-enabled network of proximity offices for remote working.

### Canal Walk

Canal Walk, the Western Cape's only super-regional shopping centre, reported 20.1% growth in tenant turnover for FY2023. The centre opened 11 new stores during the financial year and one post year-end. These include fast food outlets, restaurants and kiosks Cape Malay House, Freebird, Asian Mart, Bossa and Kunafa House, fashion and footwear brands SPCC, Calvin Klein, Top Tip Tailor, Union Denim and SA's first UNIQ Clothing store. Specialty stores IV Bar, which offers intravenous vitamin drips, and EcoFlow, an eco-friendly energy solutions company, commenced trading on 1 August 2022 and in July 2023, respectively.

In addition to the new store openings, Superdry, Sneaker Factory, Queenspark, Sorbet Man, Earthchild Naartjie, Thomas & Benno, Le Coq Sportif, Checkish, Gadget Time, Xiaomi, G Star Raw, @home, Le Creuset, Rip Curl, Burger King and Carlton Hair completed refurbishments. Absolute Pets, Jessie's Chinese Massage and Old Khaki are undergoing phased refurbishments.

Nu Metro downsized and completed the refurbishment of their cinemas. Freedom Adventure Park took over the vacated Nu Metro space, is undergoing its fit-out and plans to open in December 2023.

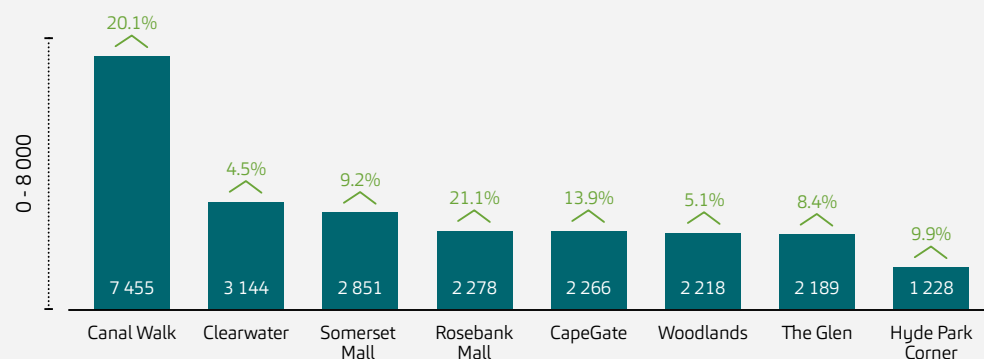
Steve Madden, Pick n Pay Clothing (upgraded from 400m<sup>2</sup> to 1000m<sup>2</sup>) and Legit relocated during FY2023.

### CapeGate

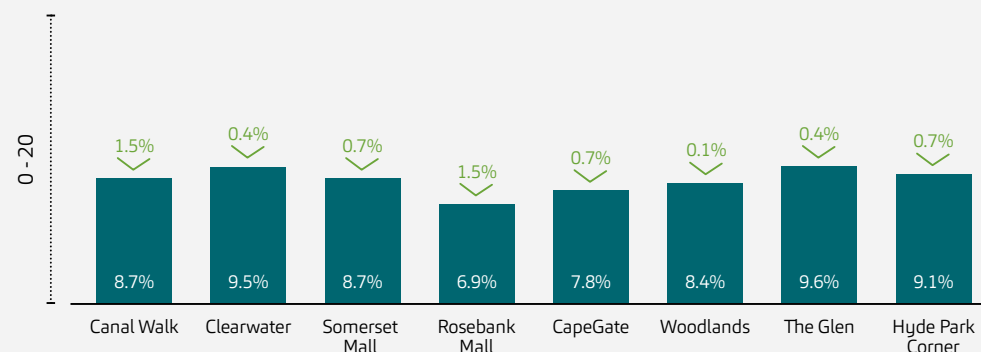
CapeGate Shopping Centre, Cape Town's regional family-friendly shopping destination, experienced 13.9% growth in tenant turnover and trading density increased 12.3%. The centre welcomed RoccoMamas, Factorie, Mr Price Connect and Old Khaki during the first half of FY2023. Gadget Time, Partners Hair Design and The Persian Carpet store opened in the second half of FY2023. Further food offering launches for Nandos, Krispy Kreme and Bubble Tea stores will take place between October and December 2023.

Two major projects were completed - Pick n Pay upgraded their store to the latest customer value proposition and the new Suzuki dealership commenced trading on 1 September 2023.

Tenant turnover (R'm)



Effort ratio (%)



\* SA - Effort ratio includes Rental, Operating Costs and Rates recoveries

Average 12 months ended 30 June 2023

## Gauteng

### Rosebank Mall

Situated in one of Johannesburg's vibrant multi-cultural mixed-use precincts, Rosebank Mall experienced continued improvement in its trading metrics in FY2023, with foot count growing by an impressive 19.7% and tenant turnover increasing by 21.1% year-on-year. In terms of new tenants, Rosebank Mall welcomed Casa Das Natas, HiFi Corporation and Footgear in September 2022. Republik and The Pyjama Shop opened in October 2022 and Volpes in November 2022. Side-Step opened in February 2023, Game4U in May, Cultish (streetwear clothing brand) opened its second store in SA in June 2023, and The Bed Shop in July 2023. Vacancies reduced from 2.4% in June 2022 to 1.5% in June 2023.

In order to meet customers' demand and enhance shoppers' experience, Totalsports expanded its store by 100m<sup>2</sup> and Mr Price Home relocated and expanded its premises. Nicci Boutique and Vodacom refurbished their stores, while Cotton On and Frans Tailor relocated to new and improved premises. The project to upgrade the lighting at the Bath Avenue entrance is being revised due to design changes, while the Uber pick-up and drop-off point located at the same entrance is awaiting the City of Johannesburg Council's approval.

Management of the physical SOKO District was internalised with a subsequent improvement in trading.

### Clearwater

Premier West Rand shopping destination, Clearwater Mall, achieved solid improvements of 5% in trading density and 4.8% in foot count for FY2023. The centre launched eight new stores - Cosmic Comics, Freedom of Movement, Hauwei, Legit Beauty (Legit's make-up store), luxury watch retailer Tag Heuer, YOYO Bubble Tea, Kase Artist and the first ARC store (skincare, makeup, fragrance, and haircare store) in our portfolio.

Blades & Triggers relocated to larger space, while Doppio Zero and Cinnabon revamped their stores to fresher, improved formats. Clearwater completed its Piazza upgrade during the year, and the restaurants and food outlet tenants have seen an improvement in trading performance.

To enhance and re-energise some of the quieter areas of the centre, new escalators linking the ground and first floors are being installed near entrance 4. The project is anticipated to be complete in November 2023.

### Woodlands

Located in Pretoria East, Woodlands Boulevard offers its 6.8 million shoppers and visitors per year a convenient, safe space to connect. During FY2023, several relocations and refurbishments occurred, including Incredible Connection and Mr Price Home who relocated to significantly larger, refreshed premises. Exclusive Books and Wimpy upgraded their stores, while Miladys and Queenspark relocated post year-end. Mugg & Bean's relocation is underway and trading in their new store will commence in November 2023. Woolworths is extending their store to 6 499m<sup>2</sup>, which will include Pretoria's first "W Cellar", and is expected to start trading in December 2023.

To further enhance its tenant mix, Woodlands will welcome Ackermans Women and Yuppiechef in October and December 2023, respectively. The Burger King, Steers and Chicken Licken drive-thrus are currently under construction and should start trading in December 2023.

### Hyde Park Corner

Hyde Park Corner, the modern high-end retail centre located in Johannesburg's northern suburbs, achieved a 9.9% increase in tenant turnover and a 9% increase in trading density in FY2023. Hyde Park Corner welcomed Copa Habana (specialty luxury lifestyle and daily necessities store) in August 2022, Skins Cosmetics and Scapegoat Gallery in September 2022 and Versailles Luxury and Georges Grill House in October 2022. Calvin Klein Underwear opened its first store in SA in March 2023.

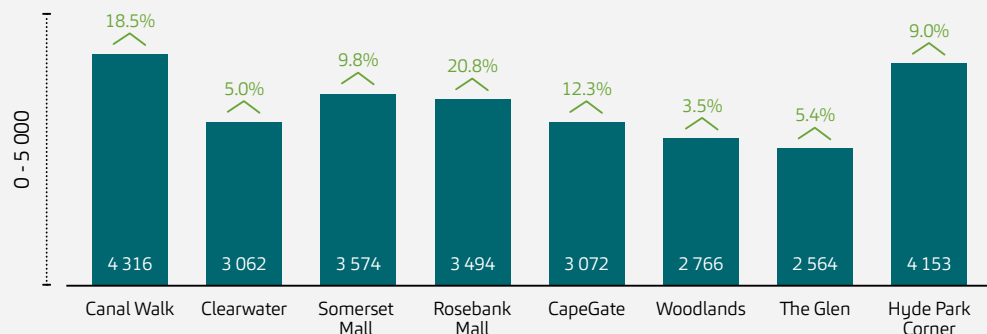
Denham, L'occitane and Pick n Pay were upgraded, in line with new store formats. Nedbank rightsized and upgraded its branch.

### The Glen

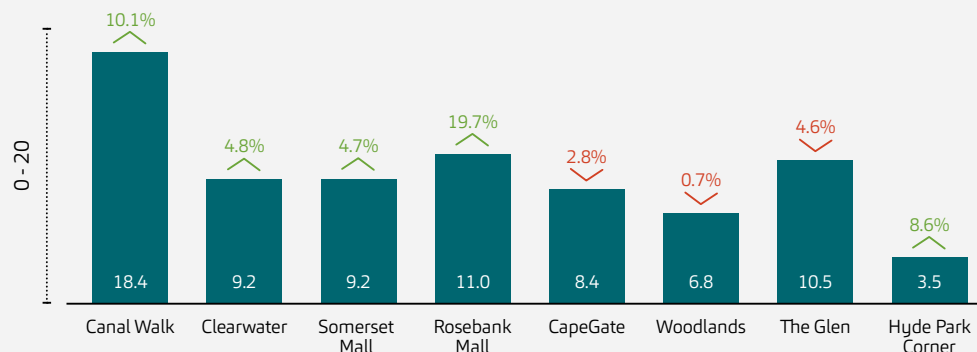
The Glen, located in the south of Johannesburg, enhanced its tenant mix by opening six new stores during FY2023 and increased its tenant turnover by 8.4%. Cappello opened in September 2022, followed by Dial-a-Bed in October 2022 and Hyper Paint in November 2022. Chicking (an international quick-service restaurant) started trading in February 2023, YDE in March, Pep Home in April 2023, and Glitz and Glamour in June 2023.

The upgrades of Truworths' brand stores and Foschini were completed while Cross Trainer's refurbishment is underway. FNB and ABSA Bank have rightsized and modernised their branches.

Trading density (R/m<sup>2</sup>/month)



Total foot count (m)



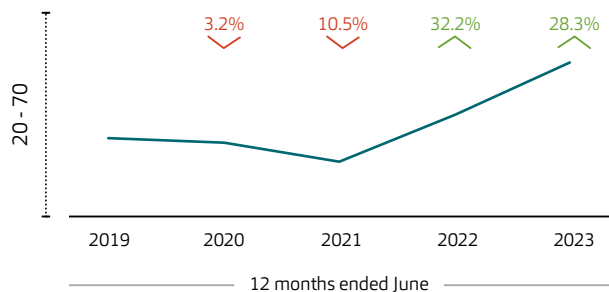
Average 12 months ended 30 June 2023

## Financial performance

Net property income (before the straight-line rental revenue accrual) increased by R69 million (4.9%) from R1.45 billion in FY2022 to R1.52 billion in FY2023.

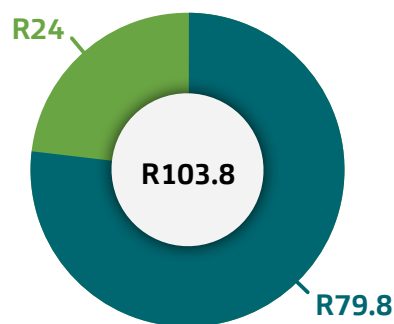
Contractual rental revenue increased by 1.7% from FY2022. This includes the effect of certain Covid-19 discounts becoming "rentalised" and conversion of some tenants, notably the cinemas, to turnover based rentals. Turnover rental increased by 28% to R58 million, mirroring the strong growth in tenant turnovers and the higher turnover rental percentages secured when discounts were granted during the Covid-19 pandemic. Total marketing income increased by 15.3% to R70 million. Recoveries revenue was 11.5% higher than FY2022, mainly due to the increase in diesel and generator cost recoveries to R80 million.

### Turnover rent (R'm)

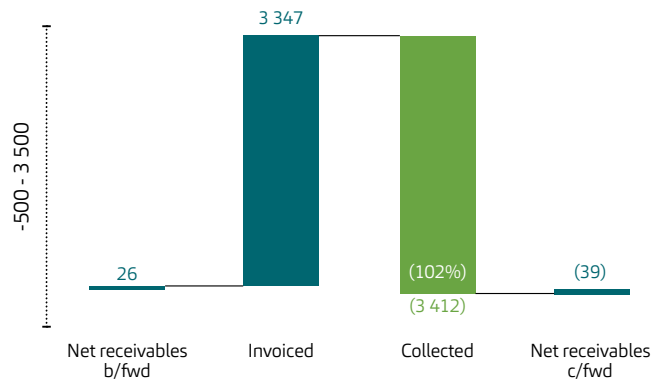


Property expenses increased by R128 million (11%) from FY2022, of which diesel and generator costs accounted for R86 million. The net/unrecovered diesel and generator costs were R24 million, with an average recovery rate for the year of 77%. Other notable cost increases were depreciation (following the increase in capital expenditure), insurance and marketing costs (matched by higher revenue).

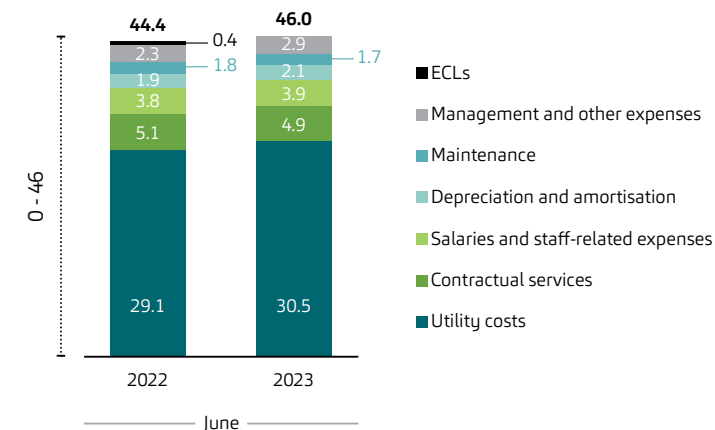
### Generator costs (Rm)



### Receivables and collections (R'm) - 100% of properties



### Cost to income ratio (%)



Cash collections remained robust and exceeded billings for the year by 2%. Tenant arrears decreased from R74 million to R47 million, resulting in a reduction in the allowance for expected credit losses.

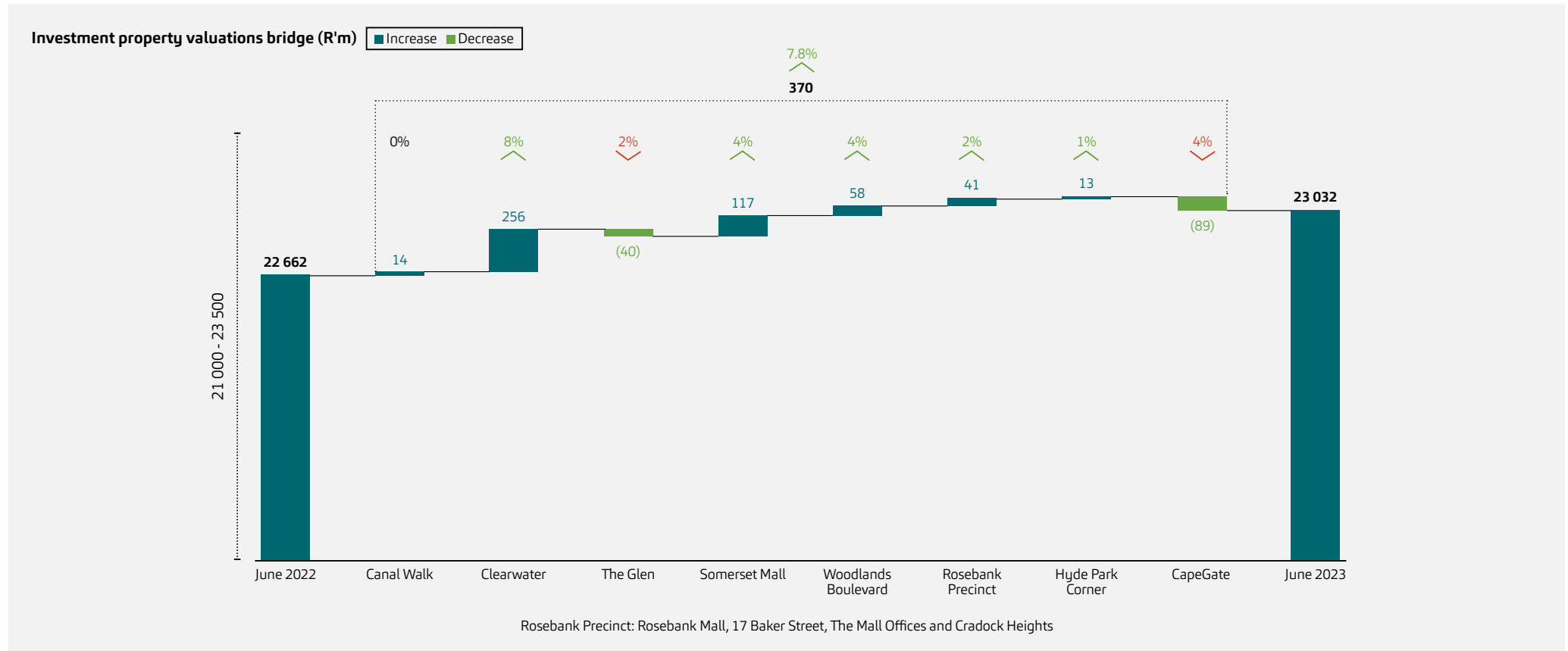
The cost to income ratio increased from 44.4% in FY2022 to 46.0% in FY2023 mainly due to the increase in generator related costs (included in utility costs in the accompanying graph) noted above. If calculated on a net basis (i.e., net of utility, diesel and generator costs) the cost to income ratio increased from 25.1% in FY2022 to 26.1%.

Net interest costs increased by R149 million compared to FY2022 due to the increase in Rand borrowings and reduction in cash balances from March 2022 when the four EE centres were acquired from Hystead, and the effect of maturing interest rate hedges being replaced at the prevailing higher interest rates.

As a result of the increase in net interest costs, distributable income decreased from R1.0 billion in FY2022 to R904 million in FY2023.

## Investment property valuations

The independent valuation of the SA portfolio properties increased from R22.66 billion in June 2022 to R23.03 billion in June 2023. Terminal capitalisation rates and discount rates used in the valuations of certain centres were adjusted upwards by up to 0.5%. These increases were compensated by the centres' improved trading performance and higher forecast net operating income. The implied yield on the portfolio was unchanged from June 2022 at 7.3%.



## Capital expenditure

Capital expenditure for FY2023 was R236 million. Major projects undertaken during the year were the next phase of solar PV at Woodlands, Rosebank Mall and Clearwater, the new Checkers FreshX (including Cinema Connect) at Somerset Mall which is scheduled to open in November 2023, the repositioning and tenanting of the ex-Food Lovers Market at Woodlands Boulevard, Suzuki dealership at CapeGate, Freedom Adventure Park at Canal Walk, installation of the new escalators and subdivision of the Absa space at Clearwater Mall and conversion of Hyde Park Corner's air conditioning system from water cooled to air cooled.

A capital expenditure budget of R500 million was approved by the Board for FY2024. This includes R141 million to complete projects started in FY2023 which are still in progress. The average annual capital

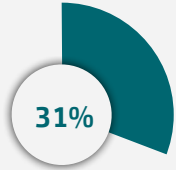
expenditure for FY2023 and FY2024 is circa R370m (1.6% of the portfolio valuation) and is slightly higher than the anticipated normal level of capital expenditure for the portfolio having regard to amounts spent on solar and energy related projects as well as projects to "catch-up" on underspent amounts in previous years. The FY2024 budget excludes the food court upgrade at Canal Walk, the Somerset Mall extension and new food court, and solar projects for the Western Cape portfolio. These projects are all in their final planning phases and will be approved on a case-by-case basis having regard to the available capital and gearing capacity.

Capital will be allocated in accordance with the Group's capital expenditure framework which prioritises projects to ensure energy security, projects in favoured jurisdictions (the Western Cape in SA and Eastern Europe) and yield enhancing projects (solar plants, tenant installation allowances and redevelopment projects).



## Eastern Europe portfolio

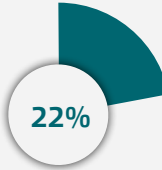
Investment property



Distributable income



Total GLA



### Operating performance and leasing

The EE portfolio continued to deliver strong operational results, with tenant turnover increasing by 15.9% and foot count by 14.3% from FY2022. Rent reversions remained positive (overall 12.9% for the year) underpinned by the improvement in trading metrics and demand for space in the centres.

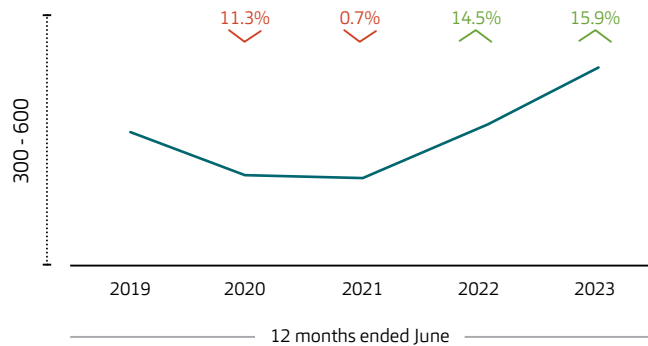
During the year, we enhanced the tenant mix and food and entertainment offerings in the centres to maintain their strong market positions.

The vacancy rate was 0.3% at 30 June 2023, with only four vacant stores totalling 557m<sup>2</sup> in The Mall, Sofia.

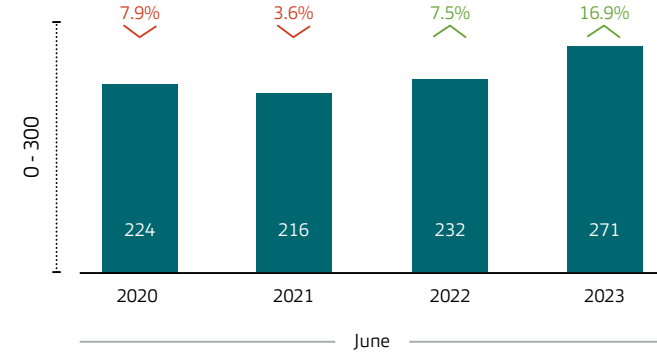
The ongoing Russia-Ukraine war has not directly affected our centres, other than the impact that high inflation and the increased costs of electricity, gas and fuel have had on personal disposable incomes, retail spend and tenant occupancy costs.

Tenant performance is being monitored and temporary discounts have been granted in some cases in exchange for future step rentals and/or extensions of leases. Fortunately, inflation and electricity prices have started to reduce, and we expect these variables to stabilise in the short term.

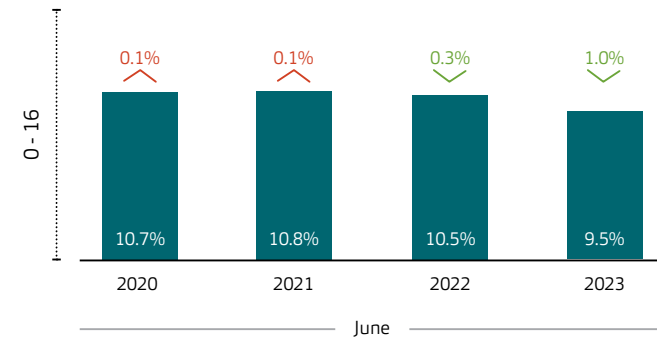
### Tenant turnover (€m)



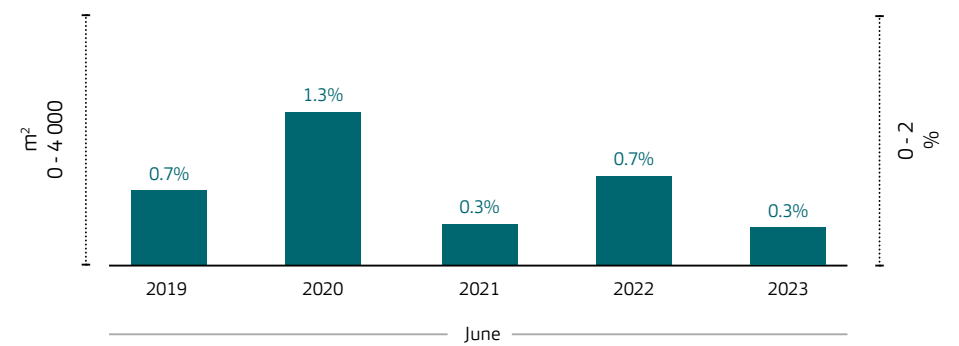
### Trading density (€/m<sup>2</sup>/month)



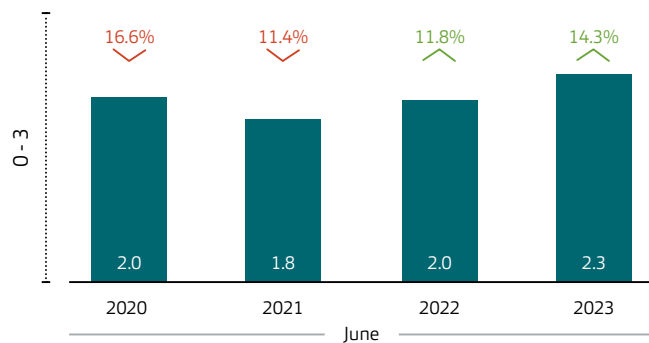
### Effort ratio - portfolio (%)



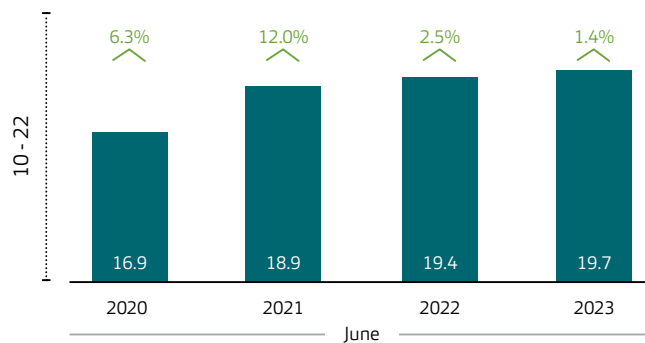
### Retail vacancy



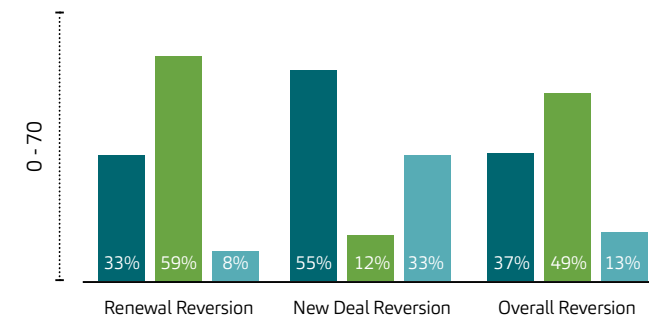
### Average monthly foot count (m)



### Spend per head (€)



### Reversions (%)



## Zagreb, Croatia

### City Center one East

City Center one East, the largest retail centre in the eastern part of Zagreb, experienced a 17.1% increase in tenant turnover, while trading density was up 16.2%. The centre welcomed Submarine Original (fast food outlet), electronics stores iStyle and A1 Centar, Sizeer (sportswear retailer) and specialty stores Purex (butcher deli), Heta 1892 (watch and jewellery store), Triumph (intimate wear) and Salamander (accessories). The retail centre added two international brands, L'Occitane and Pandora to its tenant mix during FY2023. Dormeo Home, MASS, Deichmann, Europa92 Lee/Wrangler and H&M completed their store refurbishments.

### City Center one West

Zagreb's first classic shopping centre, City Center one West reported increases of 15.9% and 7.4% in tenant turnover and foot count, respectively. The centre bolstered its offering by introducing a number of new tenants in FY2023, including Sizeer (footwear retailer), US Polo Assn and Polleo Sport (vitamin and supplement

store). The Sancta Domenica, Hervis, Zlatarna Dodić and KFC stores were fully refurbished.

## Sofia, Bulgaria

### The Mall

Ranked as one of the top three shopping centres in Bulgaria, The Mall in Sofia continues to benefit from its prime location. The retail centre experienced growth of 23.5% in tenant turnover and 26.1% in foot count. The Mall had 15 new tenant openings in FY2023, including fashion brands, Jack and Jones, Cool Club, Calliope and Royal Robbins (outdoor fashion), cosmetic stores, Barecare and My Geisha, fast food chains, Scapto Burger and Skarra, and specialty stores Robert James Whisky, Phone Exchange, Brilliant Furniture and Skinny. The Mall also welcomed Ozone's (gadgets, books and games retailer) first physical store and pick-up point in a shopping centre, and basketball concept store Dunk Shop.

A number of stores underwent refurbishments. These include New Yorker, Sport Vision, English Home, Tom Taylor, Miele, Top Shop,

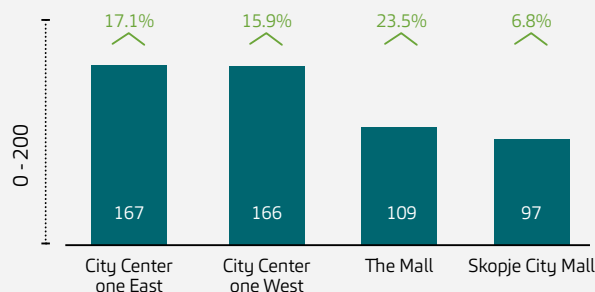
Zlatna Ribka, Terranova, Billa and Teodor, while H&M and Guess commenced their store upgrade projects in August 2023.

The Inditex brands were successfully replaced with Intersport taking over the ex-Massimo Dutti premises and Sinsay (part of the Polish group LPP) took over the ex-Zara premises and started trading in March 2023. Sinsay's previous location was let to the German value retailer Tedi, which opened in July 2023.

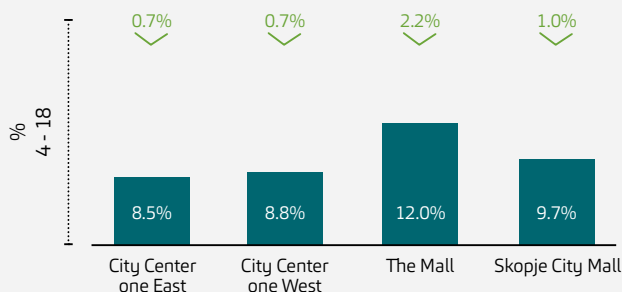
To maintain its appeal and refresh outdated areas of the centre, The Mall upgraded its bathrooms which was completed in April 2023.

Construction to extend Line 3 of the Metro in Sofia, including a new station located next to The Mall, has commenced. The project aims to provide a sustainable, high-speed transport connection to the city's main points for approximately 110 000 people who reside along Metro Line 3 and an estimated 26 million Metro passengers annually. The project is scheduled to be completed during the second half of 2026 and should improve the ease of access to The Mall for residents across Sofia.

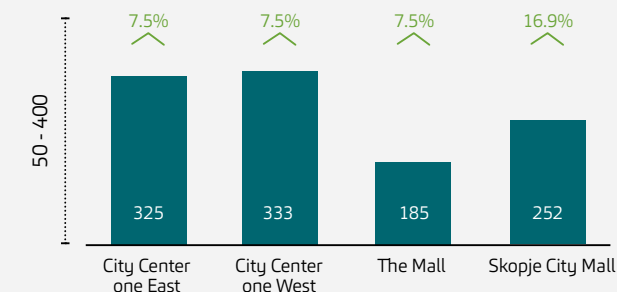
### Tenant turnover (€'m)



### Effort ratio portfolio (%)



### Trading density (€/m²/month)



Average 12 months ended 30 June 2023

## Skopje, North Macedonia

### Skopje City Mall

Skopje City Mall, the modern retail centre located in an affluent part of Skopje, reported 6.8% growth in tenant turnover and foot count increased 15.6% in FY2023, despite the increasing competition in Skopje. The centre enhanced its tenant mix with additions of brands such as Kiko Milano (a cosmetic store), Cucina Trattoria (restaurant), and the first and only Body Shop store in North Macedonia. H&M will open its second store in North Macedonia at Skopje City Mall at the end of March 2024.

As part of the H&M project and to ensure tenants are optimally located within the centre, several stores were relocated during FY2023. These include the KRS Kids store, Carter's (a baby clothing retailer), sports apparel stores Beo Sport, Buzz, Sport Reality and Sport Lab, furniture store JYSK, Office Plus (specialty office supply retailer), and footwear retailer Peko. The newly renovated Nike flagship store opened in April 2023 and is trading well.

Two new food court kiosks, Markt (healthy food) and Choco World (international chocolate cafe chain), were introduced to further enhance the offering in the recently upgraded food court, while the Burger King and

Star Ocean outlets were upgraded. Further refurbishments at Skopje City Mall include pharmacy brand DM and beauty shop Cosmo.

### Financial performance

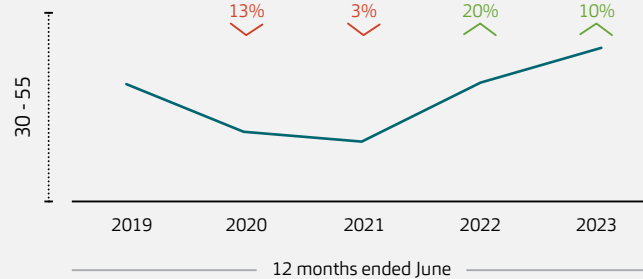
Distributable income from the EE portfolio for FY2023 was R525 million (€28.2 million), after deducting local taxation of R73 million (€3.9 million). Net property income was €43.3 million (R803 million) compared to €38.9 million forecast in March 2022 when the four EE centres were acquired from Hystead. The strong financial performance in Euros was boosted by the devaluation of the Rand against the Euro.

Revenue increased 10% from FY2022 as Covid-19 related assistance ended, renewal rentals were better than anticipated and turnover rentals increased in line with the growth in tenant turnover. Indexation related increases equated to 7.2% on average. This is below the prevailing inflation rate in certain countries as certain indexation adjustments are subject to caps in North Macedonia and Bulgaria, and indexation adjustments are made monthly in Croatia.

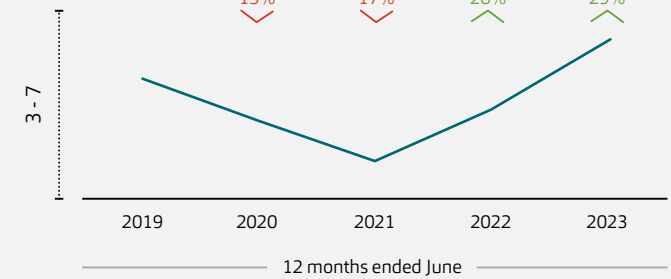
Indexation - All tenants excl. pure turnover rent (%)



Rental income (€m)



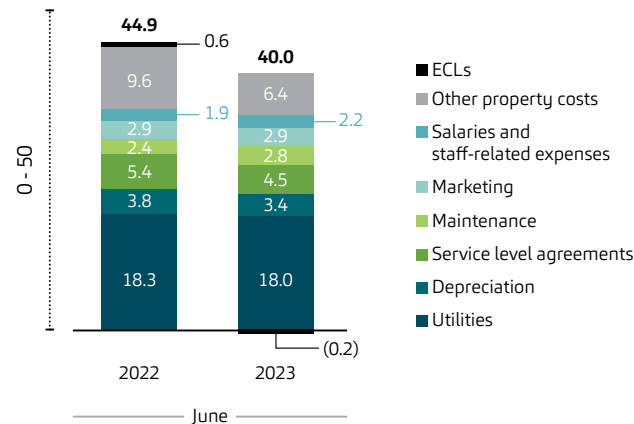
Turnover rent (€m)



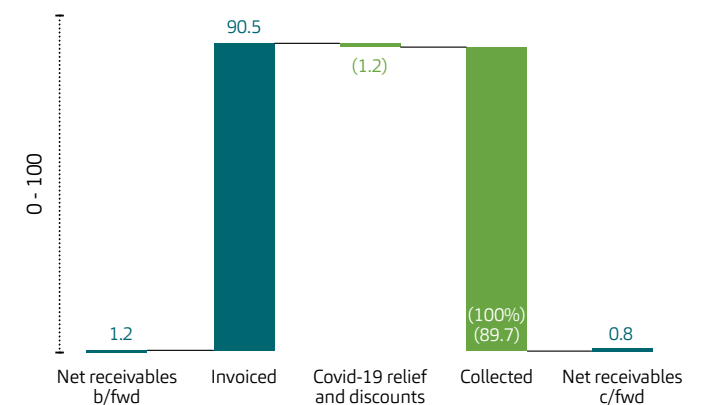
Despite the high inflation, property expenses increased by only 5% from FY2022. Increases in energy prices were mitigated by fixed price contracts with energy suppliers and government subsidies. The 7.7% increase in utility costs was compensated by reductions in other contractual expenses and expected credit losses. The cost to income ratio was 40%.

Cash collections and arrears management remain good with collections exceeding net invoiced income and arrears reducing from €1.2 million in June 2022 to €0.8 million in June 2023.

Cost to income ratio (%)



Receivables and collections (€'m)

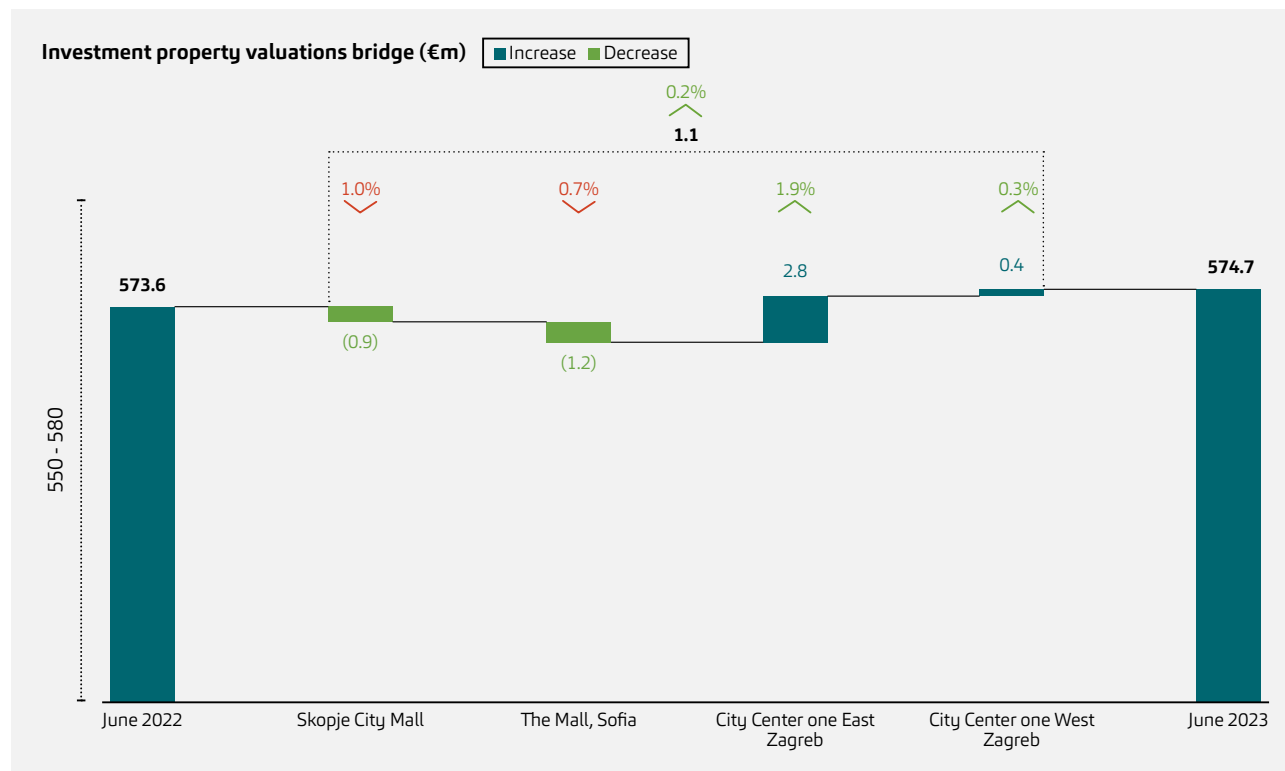


Net interest costs were in line with the prior year as most interest rate exposure was hedged. The replacement of expiring interest rate hedges in June and July 2023 will have a negative impact on distributable income in 2024. Further details are included in the Treasury section of this report.

A dividend of €7.5 million was declared by Hyprop Europe in June 2023 for onward distribution to Hyprop's shareholders in accordance with the revised dividend policy explained below.

## Investment property valuations

The valuation of the EE portfolio increased from €573.6 million (R9.73 billion) in June 2022 to €574.7 million (R11.79 billion) in June 2023. The discount rates used by the independent valuer were increased by between 0.5% and 0.75%, and the terminal capitalisation rates were increased by 0.15% in all instances. The implied yield on the portfolio is 8.6% (FY2022: 7.5%).



## Capital expenditure

Capital expenditure for the year was R50 million (€2.6 million). Major projects included upgrades to the building management system and bathrooms at The Mall in Sofia, various tenant installation allowances and relocations, and the underground entrance refurbishment at Skopje City Mall. The capital expenditure budget for FY2024 is €5.7 million, a significant portion of which relates to the H&M project in Skopje City Mall.

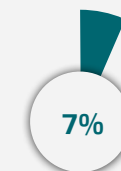


## Sub-Saharan Africa portfolio

Investment property

Distributable income

Total GLA



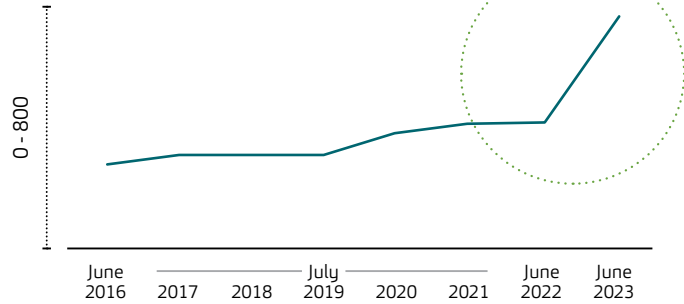
## Nigeria

The relaxation of exchange controls by the Central Bank of Nigeria in June 2023 is seen as a positive long-term development, however it has led to increased exchange rate volatility, an 80% devaluation of the Naira against the US Dollar and spiking inflation in the short term. We anticipate that it could take two to three years for conditions to stabilise, as was the case in Zambia when the Kwacha was allowed to trade freely against the US Dollar.

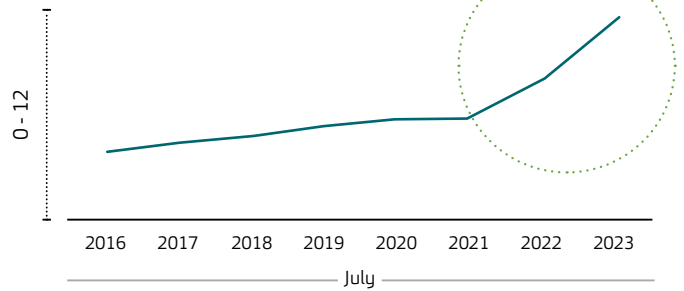
The devaluation of the Naira changed the economic dynamics for Nigerian retailers and consumers, which was compounded by the removal of the government funded fuel subsidy at the same time and has had a noticeable negative impact on consumers' disposable income. Rentals under Ikeja's leases are indexed to the US Dollar and tenants are struggling with having to pay significantly more in rentals, while they reposition their businesses to trade in this new environment. To alleviate some of the tenants' financial pressures Ikeja City Mall is providing some assistance to tenants in good standing.

Gruppo Investments, which owns Ikeja City Mall, remains classified as an asset held-for-sale, pending implementation of the disposal to an Actis fund. The lack of US Dollar liquidity in Nigeria continues to delay implementation of the transaction, however, progress has been made towards implementation. Approval for the transaction from the Federal Competition and Consumer Protection Commission (FCCPC) in Nigeria was received in June 2023 and is valid for 12 months. The relaxation of exchange controls is seen as a positive development, increasing the likelihood of US Dollars being procured by the purchaser and an addendum to the sale and purchase agreement is at an advanced stage of negotiation / preparation. The addendum reconfirms the parties' commitment to finding ways to implement the transaction.

### Naira/USD



### Cedi/USD



## Ghana

Ghana continues to face extraordinary macroeconomic challenges, given the local currency's depreciation, muted economic growth, high inflation and steep government debt. Notwithstanding these challenges, our key trading metrics in Cedi terms reflected growth in FY2023. Tenant turnover for FY2023 grew by 29.2%, while annualised trading density increased by 30.3%.

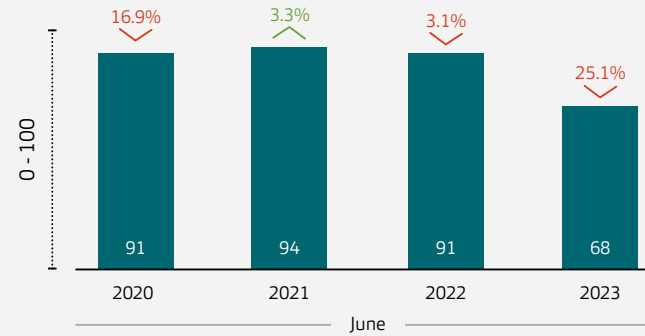
The decision by Game to exit the Ghanaian market has negatively impacted the SSA portfolio's vacancies, which increased to 16.8% in June 2023 (7.0% when adjusted for Game Ghana). Vacancies (excluding the ex-Game space) reduced by 30.4% during the year, which is a notable achievement.

### Operating performance and leasing

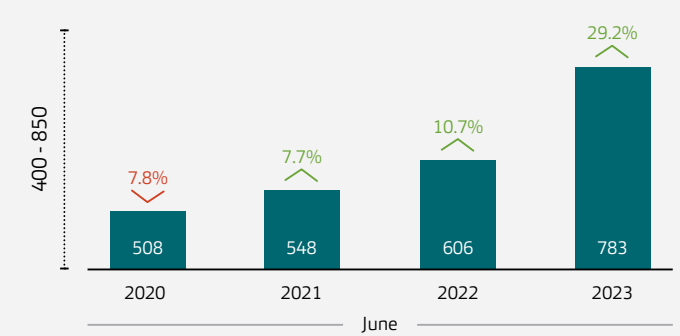
We continue to focus on protecting the value of the SSA centres by navigating and managing the impact of Ghana and Nigeria's difficult economic conditions.

The key trading metrics for the SSA portfolio are presented in local currency and US Dollars, with the latter impacted by the noticeable depreciation of the local currencies against the US Dollar.

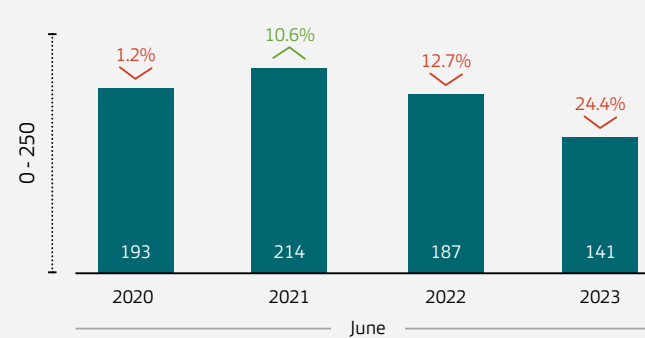
### Tenant turnover (\$'m)



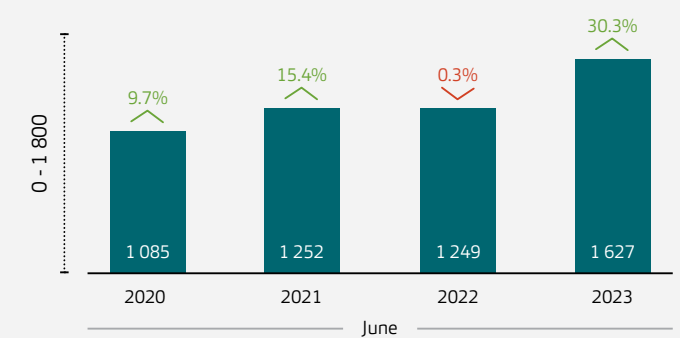
### Tenant turnover (Cedi'm)



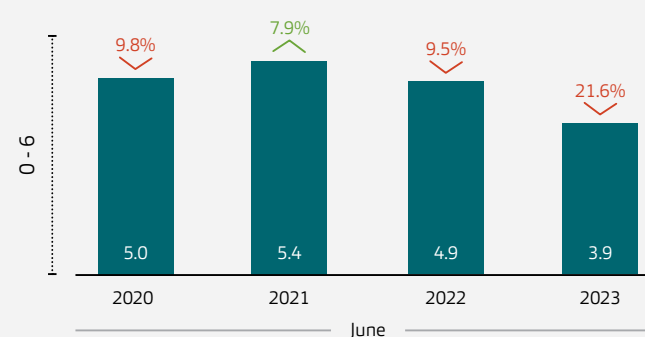
### Trading density (\$/m<sup>2</sup>/month)



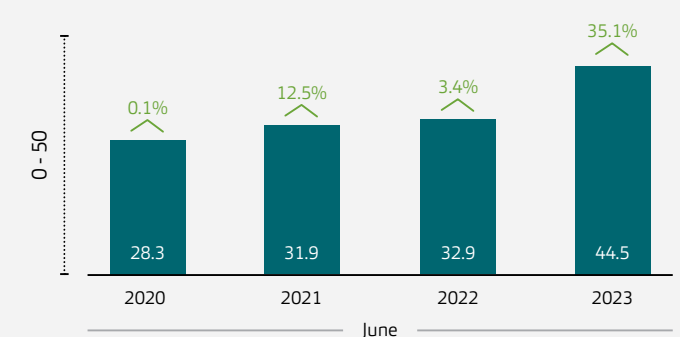
### Trading density (Cedi/m<sup>2</sup>/month)



### Spend per head (\$/person)

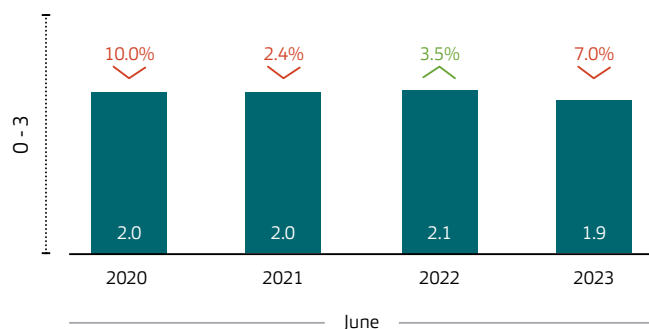


### Spend per head (Cedi/person)

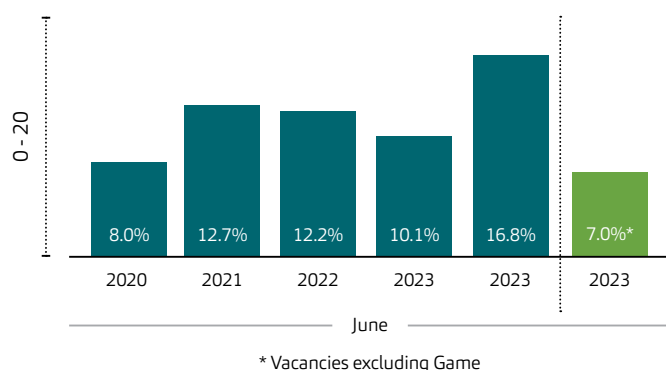


Excluding Ikeja

### Average monthly foot count (m)



### Retail vacancy (%)



## Lagos, Nigeria

### Ikeja City Mall

Ikeja City Mall was fully let at the time of writing following a vacancy of 16m<sup>2</sup> at 30 June 2023. In addition to its enviable tenant mix, there is a waiting list of leading international brands, including Hugo Boss, Calvin Klein, Semir and Balabala, demanding space in the centre. The centre achieved a 28% decline in arrears year-on-year.

### AttAfrica Portfolio

#### Accra Mall, Kumasi City Mall, West Hills Mall

At West Hills Mall, negotiations with a major retailer in Ghana to rent the ex-Game space are at an advanced stage. The potential anchor tenant is scheduled to start trading during this year's festive season.

Orca Deco's (a homeware outlet) flagship shop opened in June 2023 in Accra Mall, in the premises previously occupied by Game.

At Kumasi City Mall, we expect to conclude a lease with an international tenant for a part of the ex-Game space in the near future.

### Financial performance

The portfolio's financial performance was impacted by several non-operational macro-economic factors, predominantly higher interest rates, foreign exchange losses and higher utility costs. Costs and collections were well controlled.

Ikeja City Mall delivered a strong financial performance. Net property income in US Dollars was in line with the prior year despite an 80% devaluation in the Naira against the US Dollar. Reductions in tenant arrears and expected credit losses compensated for increases in utility and insurance costs. The net property income in Rands was positively impacted by the devaluation of the Rand against the US Dollar.

Net interest costs on bank borrowings increased by \$2.6 million due to higher interest rates and capitalisation of interest on bank borrowings. The interest rate exposure was hedged at the time of refinancing the debt in December 2022.

The Naira's depreciation precipitated non-operational foreign exchange losses. A foreign exchange loss of \$3.4 million (R60 million) was realised when Naira was converted to secure \$8.5 million in June 2023 which were used to settle outstanding interest on bank borrowings. A further unrealised foreign exchange loss of \$9.6 million (R168 million) was recognised on translation of cash and other monetary items to US Dollars for financial reporting purposes.

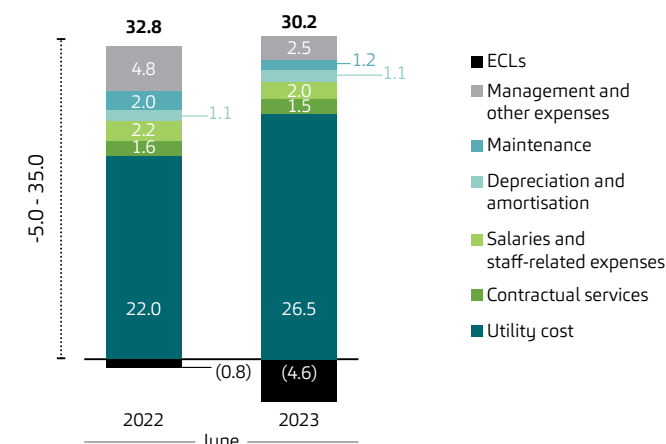
Performance of the AttAfrica portfolio was negatively impacted in the second half of the year following termination of the Game leases on 31 December 2022. This impacted the June 2023 investment property valuations, which resulted in an equity accounted loss of R151 million for the year.

### Investment property valuations

Ikeja City Mall was independently valued at \$128 million in June 2023 - an increase of 1% from the valuation of \$126.5 million in June 2022.

The purchase price payable by the buyer of Ikeja City Mall escalates at 6% per annum, and was \$137 million at 30 June 2023. Accordingly, the carrying value of Ikeja City Mall has been adjusted from the anticipated sales price in June 2022 (\$121.5 million) to the independent valuation in June 2023 (\$128 million), in line with the Group's accounting policy to record investment property held-for-sale at the lower of the two values.

### Cost to income ratio (%)



### Non-tangible assets

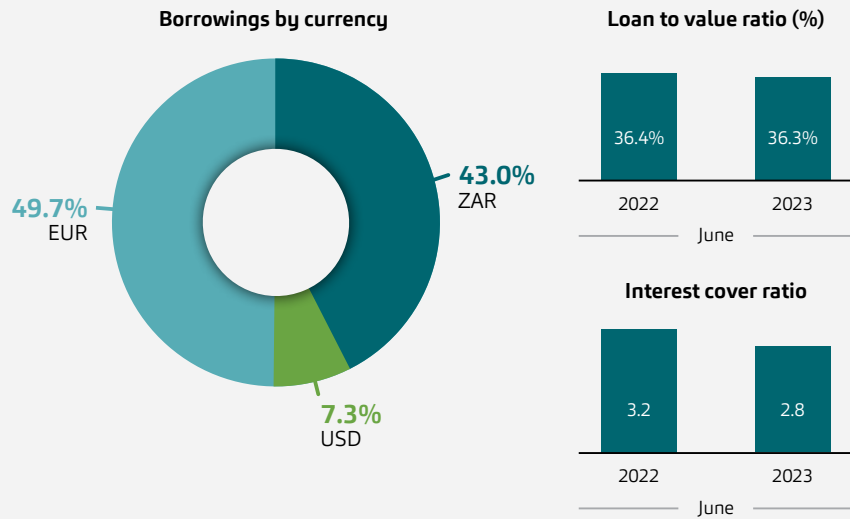
The SOKO business has been successfully restructured by separating the physical SOKO District from the technology platform, which has been rebranded "Nter". Features were added to Nter's software platform for landlords to manage vacancies, secure new tenants and monitor tenant performance. Nter has also made headway securing third-party users for its software and will run a pilot at Somerset Mall to test the software's new features.

Interest in the Nika digital gift cards among tenants, retailers and e-commerce operators is growing, while development continues. Progress to secure a banking partner who can facilitate redemption of the digital cards is being made. Simultaneously, we are collaborating with independent retailers to integrate Nika with their payment systems and drive their promotion and loyalty programmes, which is one of the key features of Nika.

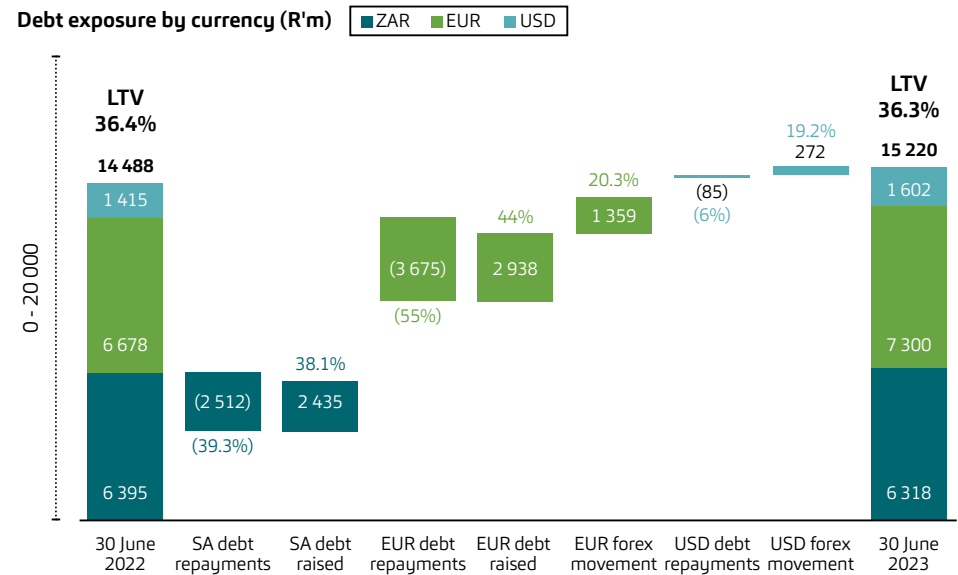
Indlu is a mobile application through which homeowners can register rooms available for rent and secure loan finance to develop additional rooms on their property. Similarly, residential tenants can find, pay for and manage their monthly room rentals on one application. Indlu has started using Nika's technology to manage and facilitate homeowners drawing their development loans when making purchases at Cashbuild stores.



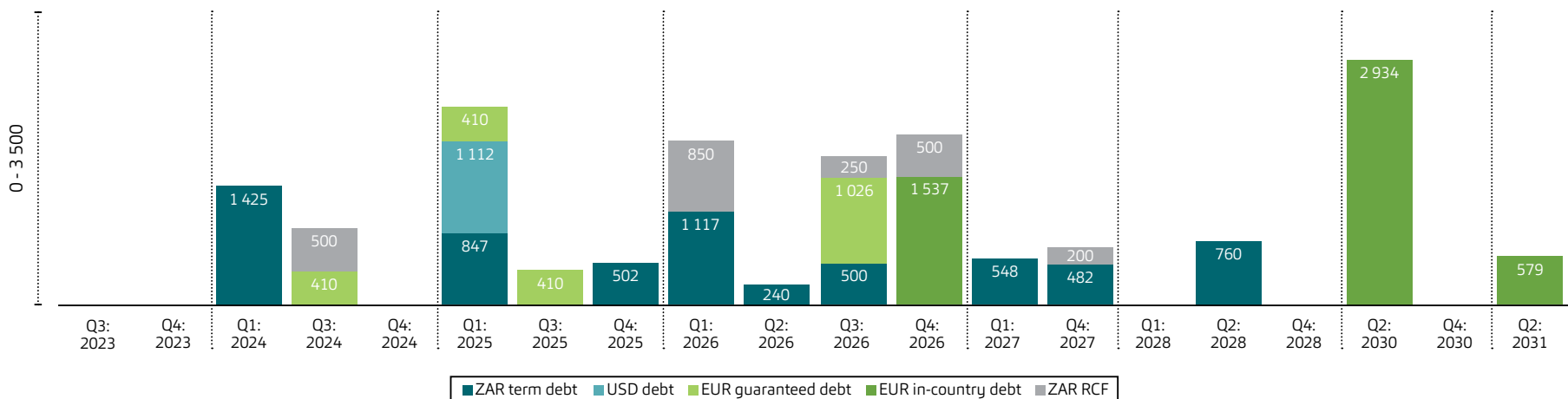
## Treasury and borrowings



The Group's total bank and DCM borrowings reduced in local currencies, however increased in Rands from R14.1 billion in June 2022 to R14.7 billion in June 2023 due to the devaluation of the Rand against the Euro and Dollar. In Rand equivalent terms, R6.1 billion of borrowings were repaid and R5.4 billion of new borrowings were raised (both including refinancings on a gross basis). Cash and cash equivalents reduced to R1.2 billion.

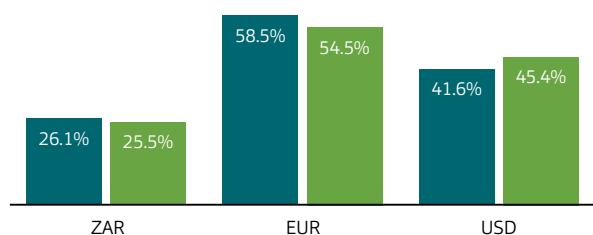


## Group borrowings maturity profile July 2023 Rand equivalent (R'm)



The LTV ratio decreased from 36.4% in June 2022 to 36.3% in June 2023 as a result of the reduction in Euro borrowings and the increase in investment property values, and is below the Group's maximum target of 40%. Capital expenditure is initially funded using revolving credit facilities which are replaced with term borrowings once sufficient quantum is reached to justify the permanent gearing. Funding capital expenditure only from borrowings and maintaining the LTV ratio below 40% are not compatible in the long term, in the absence of steady increase in property values. In order to manage the LTV ratio and maintain it within our internal target range of 35% - 40%, debt funding will be supplemented by retaining or raising equity through the Group's distribution policy or utilising DRIPs where appropriate if elevated levels of capital expenditure are required.

**LTV by portfolio (%)** ■ 30 June 2022 ■ 30 June 2023



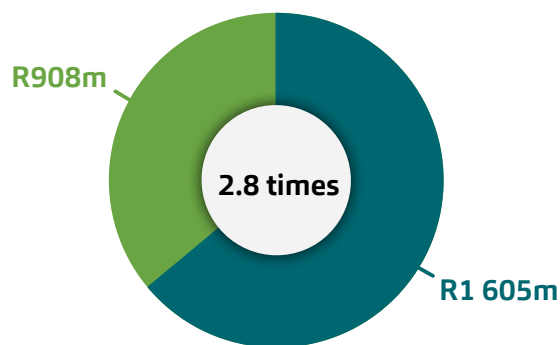
**LTV sensitivity**

Rand (stronger/weaker from EUR 20.519 and USD 18.9237)	Change in property valuations				
	36.3%	(10%)	(5%)	0%	5%
15%	41.2%	39.1%	37.2%	35.5%	34.0%
10%	40.9%	38.8%	36.9%	35.2%	33.7%
0%	40.2%	38.1%	36.3%	34.6%	33.1%
(10%)	39.4%	37.4%	35.6%	34.0%	32.5%
(15%)	39.0%	37.1%	35.3%	33.6%	32.2%

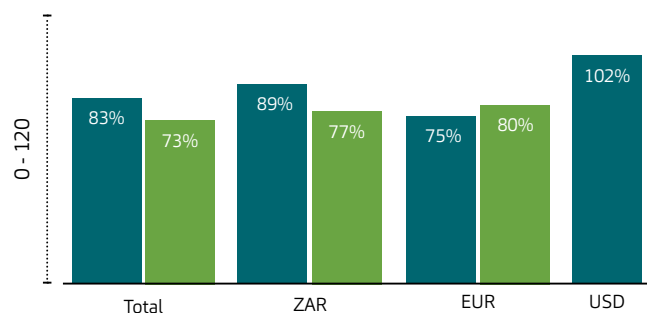
The LTV remains resilient to changes in property valuations and exchange rates, and would increase to 41.2% if property values declined by 10% and the Rand weakened against the Dollar and Euro by 15%.

The interest cover ratio reduced from 3.2 times to 2.8 times due to the increase in interest rates and the increase in Rand borrowings from FY2022 to FY2023. This is comfortably above the ICR covenant of 2 times in terms of secured lending agreements.

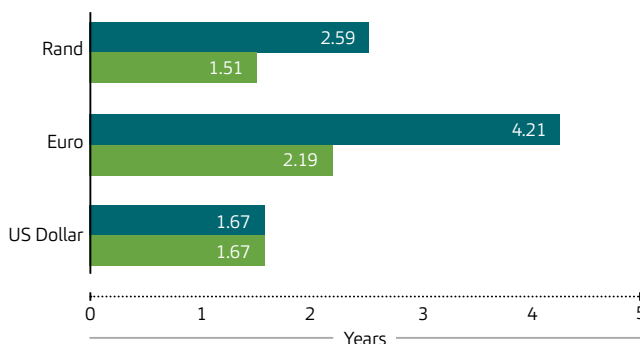
**Interest cover ratio** ■ Cash operating profit ■ Gross interest paid



**Interest rate exposure hedged (%)** ■ 30 June 2023 ■ 30 June 2022

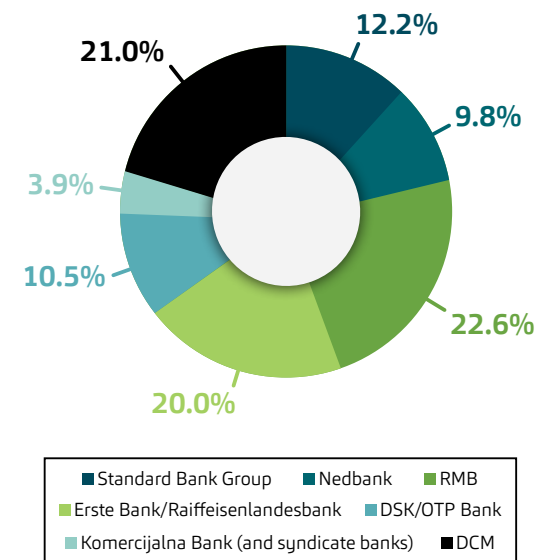


**Average tenure at 30 June 2023** ■ Borrowings ■ Interest rate hedges

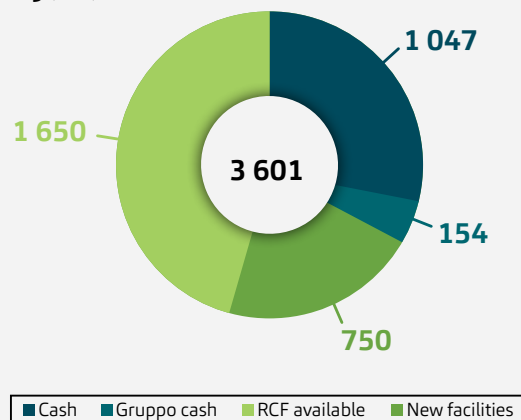


The Group's interest rate hedging policy, which has been in place since 2019, requires at least 75% of interest costs to be hedged and has provided significant protection against the increase in interest rates over the last 12 months. The policy has been reviewed and amended to permit interest rate exposure on "core borrowings" to be hedged independently from the borrowings and thereby manage interest rate exposure more effectively. In terms of the revised policy, the weighted average (by nominal value) duration of interest rate hedges may be six months longer or shorter than the weighted average (by outstanding capital balance) loan term, and less than 30% of interest rate hedges should mature in a year and 10% in a quarter. The new policy will be implemented as existing interest rate hedges mature. Interest costs in the SA and EE portfolios are expected to increase in FY2024 as a result of the interest rate hedges that mature(d) in June/July 2023 and FY2024.

**Borrowings by lender (%)**



## Liquidity (R'm)



We continue to receive support from our major lenders in SA, EE and SSA as well as the DCM investors, and lenders continue to show their willingness to finance maturing facilities on competitive terms. In addition to the Euro borrowings that were refinanced post year end, agreements for R750 million of new bank facilities were concluded in August 2023, bolstering the Group's liquidity and undrawn facilities to R2.3 billion, and the Group secured its first "green borrowing facility".

In October 2023 Global Credit Ratings (GCR) upgraded Hyprop's long-term international and national issuer ratings to BB- and A+(ZA) respectively on sound strategic execution and financial management. The short-term ratings were re-affirmed at B (international) and A1(ZA) (national). The rating outlook is Stable.

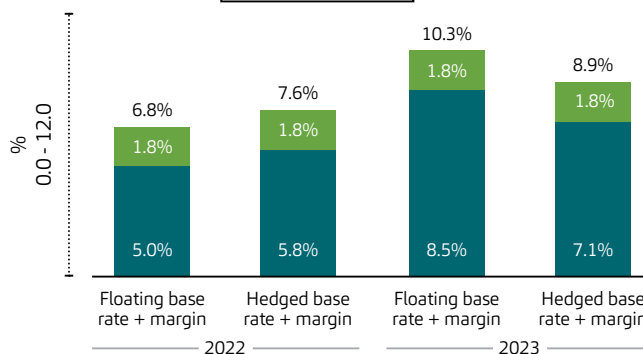
## Rand borrowings

Rand borrowings reduced from R6.39 billion in June 2022 to R6.32 billion in June 2023.

R1.79 billion was raised through two DCM bond auctions during the year. The auctions were 2.3 times oversubscribed and the margins achieved were attractive. Proceeds were used to settle maturing bonds and bank borrowings.

The LTV ratio of the SA portfolio remained constant at 26% and the portfolio's average cost of funding (including hedges) increased from 7.6% in FY2022 to 8.9% at 30 June 2023 (compared to a 3.5% increase in the 3-month JIBAR rate).

## ZAR interest rates



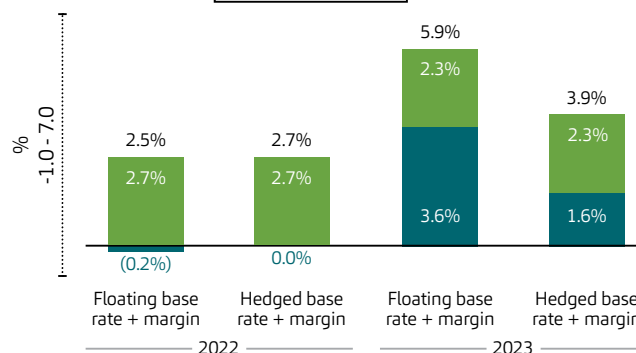
## Euro borrowings

Euro bank borrowings reduced from €391 million (R6.63 billion) in June 2022 to €356 million (R7.3 billion) in June 2023 due to the amortisation of in-country borrowings and other settlements.

Bank borrowings of €143 million were refinanced and the margins on borrowings of €171 million were reduced in FY2023, providing some relief from the increase in interest rates. The €110 million (R2.25 billion) of "equity debt" which matured in July 2023 was refinanced in four tranches for periods ranging between 12 months and 3 years. This was done to create flexibility to settle portions of these borrowings on maturity and to take advantage of the lower margins on the shorter loan periods.

The LTV of the EE portfolio reduced from 58.5% in June 2022 to 54.5% in June 2023. Euro borrowings will continue to be reduced by amortising in-country loans and from distributable income retained. The portfolio's average cost of funding (including hedges) increased from 2.7% at 30 June 2022 to 3.9% at 30 June 2023 (compared to a 3.8% increase in the 3-month EURIBOR rate), and is expected to increase further in FY2024 as expiring interest rate hedges are replaced.

## EUR interest rates



## US Dollar borrowings

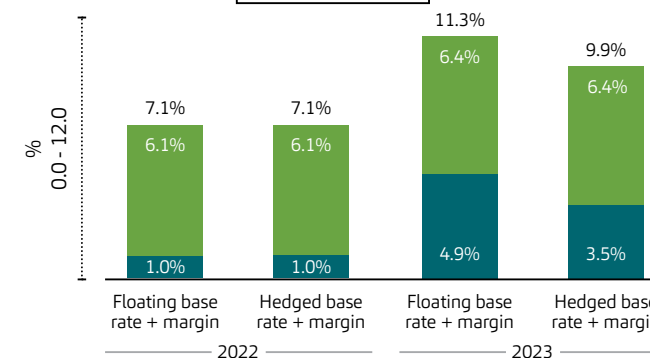
The bank borrowings in Nigeria and the Ghanaian operating companies were successfully refinanced for a further two years, and almost all of the interest rate exposure was hedged at the time.

The Group's consolidated US Dollar bank borrowings comprise a \$56.5 million (R1.08 billion) term loan advanced to Gruppo Investments in Nigeria. In June 2023 Gruppo Investments secured \$8.5 million which was used to settle accrued but unpaid interest on the bank borrowings. \$1.9 million of interest was outstanding at 30 June 2023 and capitalised, as provided in the loan agreement.

\$17.5 million (R300 million) of bank borrowings in AttAfrica were settled from the proceeds of an equity injection from AttAfrica's shareholders in December 2022 (the Group's portion being R222 million). In September 2023 the Board approved that the Company may provide financial support to AttAfrica and its subsidiaries through an additional equity investment and/or providing guarantees to lenders to the AttAfrica group, subject to a maximum of \$18 million in aggregate. Although the capital amounts owed on these borrowings are currently without recourse to the Group, the financial support is being provided primarily to preserve the remaining equity value in, and improve the free cashflow from, the Ghanaian investments by reducing borrowings and interest rate margins, as well as to address the impact of the reduction in investment property valuations on the LTV ratios of the AttAfrica group companies. The financial support will be provided pro-rata to the Group's effective interest in the underlying AttAfrica group companies.

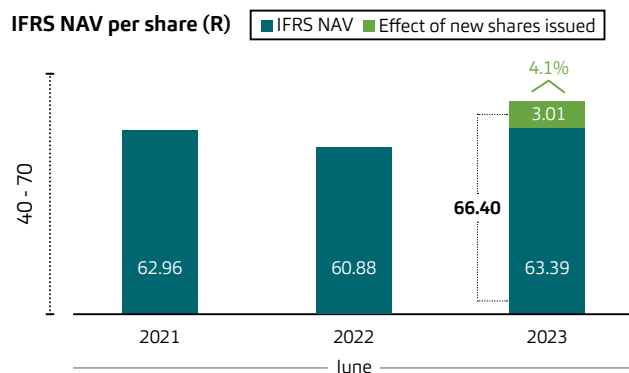
The portfolio's average cost of funding (including hedges) increased from 7.1% in FY2022 to 9.9% at 30 June 2023 (compared to a 3.9% increase in the SOFR rate).

## USD interest rates



## Net asset value

The Group's net asset value per share increased by 4.1%, from R60.88 in June 2022 to R63.39 in June 2023 notwithstanding the increase in the number of shares in issue following the FY2022 DRIP.



## ESG

Our long-term sustainability depends on our ability to deliver our core purpose of creating spaces and connecting people in a commercially, environmentally and socially responsible way.

Our ESG/Sustainability framework focuses on three goals:

- Create safe spaces that connect people;
- Partnering for climate resilience; and
- Facilitate inclusion across our value chain.

We have committed to five of the United Nations' Sustainable Development Goals (SDGs), namely SDGs 6, 7, 8, 11 and 12. These provide an overarching framework to shape and report our sustainability strategies, goals and activities.

Hyprop, like other businesses, is susceptible to the impact of climate change and we continue to seek ways to improve our energy, water and waste management. Despite the energy crisis in South Africa slowing our sustainability journey, we continue to transform our centres for a sustainable future, so they reduce emissions and reflect the expectations and aspirations of our stakeholders.

In June 2023, MSCI upgraded Hyprop's ESG rating to 'AA' from 'A', recognising our improved corporate governance practices and green building initiatives.

### Energy, water and waste

Several projects were undertaken in FY2023 to mitigate the effects of loadshedding and rising electricity costs, reduce water consumption and better manage the waste produced in our centres.

These include the installation of additional solar plants, integration of solar plants and diesel generators, installation of Propelair toilets, conversion of water-based cooling systems to air based systems, and waste separation initiatives to improve recycling and reduce the amount of waste sent to landfill.

Details of these and other environmental related activities, and the pleasing progress being made, are included in the ESG report on [page 45](#).

### Social Impact

Our corporate social investment activities are channelled through the Hyprop Foundation which strives to create systemic change and sustainable value in three areas: education and skills development, community upliftment and enterprise development.

The Foundation celebrated its 10<sup>th</sup> anniversary in FY2023 and further details on the Group's corporate social responsibility initiatives can be found on [pages 58](#) to 60.

### Governance

The Group regularly reviews its governance policies, practices and structures to ensure it remains at the forefront of corporate governance best practice. Details are included in the Governance report on [page 61](#).

Changes were made to various board committees in FY2023 following the resignation/retirement of Gavin Tipper, Stewart Shaw-Taylor and Nonyameko Mandindi. Details of the composition and roles of these committees can be found in the governance report on [pages 67](#) to 69.

### Risk management

The consequences of the volatile global environment in FY2023 have tested our risk management systems and policies, many beyond their normal limits. Consequently, we updated our risk management policy and how this is implemented across all portfolios. This included the use of a risk management tool to assess the likelihood of occurrence, and quantify the potential severity, of over 100 risks (covering operations, finance, information technology and governance) common to the REIT industry. Further details on the major risks the Group faces and our risk management policies can be found in the Risk section on [page 14](#) of the IAR.

### Dividend policy

Our dividend policy is based on our key objectives of maintaining and repositioning our portfolios, maintaining a healthy balance sheet, and reducing the LTV ratio, while meeting shareholder expectations and the minimum distribution requirements for REITs. As a result of changes in the composition of the Group's distributable income since FY2022 and feedback received from shareholders, the dividend policy previously communicated has been refined as follows:

- payment of an interim dividend equivalent to 90% of the distributable income from the SA portfolio, commencing for the interim period ending 31 December 2023; and
- payment of a final dividend on finalisation of the Group's annual audited results, such that the total distribution for the financial year is equivalent to 75% of the Group's distributable income from the SA and EE portfolios.

The balance of the distributable income will be retained to manage borrowings and fund capital expenditure in the normal course.

A dividend of 299.3 cents per share (R1.07 billion in aggregate) was declared by the Board for the year ended 30 June 2023. Shareholders will be entitled to elect to reinvest the net cash dividend in return for additional Hyprop shares through a dividend reinvestment alternative ("FY2023 DRIP"), limited to a maximum aggregate reinvestment amount of R500 million.

Amounts raised from the FY2023 DRIP will be used to fund capital expenditure beyond the Group's normal requirements, primarily to ensure energy security for the SA portfolio, and new opportunities being pursued by the Group, with the Company meeting the minimum distribution requirements applicable to REITs.

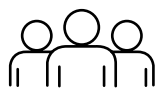
## Outlook and prospects

The improved trading metrics of our portfolios demonstrate the strength and relevance of our centres in their markets. This, in conjunction with the Group's strong balance sheet, liquidity and support from investors and financiers, has created a solid base from which the Group will continue to execute its key strategic objectives of generating sustainable returns for shareholders, maintaining a strong balance sheet and reducing debt, and allocating capital prudently to diversify risk.

We are pursuing the following six strategic initiatives:

1. Driving the implementation of sustainable solutions to reduce the impact of loadshedding and its consequent effects in SA
2. Repositioning the SA and the EE portfolios to retain and grow market share
3. Reviewing the portfolios annually to evaluate the case for recycling of assets, increase our exposure to favourable geographies and consider new growth opportunities
4. Protecting value in the SSA portfolio pending an exit
5. Ensuring our balance sheet is robust
6. Developing non-tangible assets aligned to our tangible assets and/or the property sector.

In addition, the Group and each of our portfolios have their own key priorities for FY2024 which underpin us achieving the above strategic initiatives, including:



### Group

Recycle assets and secure new growth opportunities with focus on Western Cape and Eastern Europe

Maintain LTV <40%



### South Africa

Complete The Mall Offices (Rosebank) upgrade to enhance its value proposition in September 2023

Open Checkers FreshX & Cinema Connect at Somerset Mall in November 2023

Additional solar will be completed at Clearwater Mall in September 2023

- Planned solar projects:
- The Glen - Second phase
    - CapeGate
    - Somerset Mall
    - Canal Walk

- New projects:
- Phase 2A and 2B Somerset Mall
  - Canal Walk food court



### Eastern Europe

Skopje City Mall to open an H&M store in March 2024

Food court expansion at City Centre one West, Croatia

Metro Line 3 extension next to The Mall in Sofia is under construction and should be completed in 2026



### Sub-Saharan Africa

Reduce in-country debt in Ghana

Finalise deals on the ex-Game premises at West Hills and Kumasi

Implement revised deal on Ikeja City Mall before 30 June 2024



### Non-tangible assets

Somerset Mall running a pilot on the Nter platform to test new features

Nika to conclude a deal with a bank to facilitate redemption

Run pilot at Hyde Park Corner - integrate Nika with independent retailers' payment systems and drive promotion and loyalty programmes

Further feature improvements of Nika and Nter

Despite the difficult global economic environment, and unique challenges in each of the regions in which we operate, we are cautiously optimistic that the peak of inflation and interest rates will soon be reached. The Group's financial performance will however be negatively impacted in the short term by higher interest costs as borrowings are refinanced, and interest rate hedges mature and are replaced at the prevailing high interest rates. Navigating South Africa's energy supply challenges has come at a great cost to the Group and our tenants, with no imminent solution in sight.

In the light of the above, Hyprop expects a reduction in distributable income per share for the year ending 30 June 2024 of approximately 10% to 15% mainly due to higher interest costs and based on the following key assumptions:

- Forecast investment property income is based on contractual rental escalations, and market-related renewals;
- Appropriate allowances for vacancies and rent reversions have been incorporated into the forecast;
- No major corporate and tenant failures occur;

- Maturing borrowings are refinanced at prevailing interest rates and margins;
- No further deterioration in the SA economy or loadshedding;
- No major economic, socio-political or other regional/global disruptions occur;
- No corporate transactions occur, other than the disposal of Ikeja City Mall by 30 June 2024;
- Exchange rates (which have not been hedged) are in line with those at 30 June 2023; and
- The FY2023 DRIP is supported by shareholders and R500 million of new capital is raised.

The guidance above is subject to change, certain assumptions may not materialise, plans may change, and unanticipated events and circumstances may affect the Group strategy or the actions it takes. The guidance has not been reviewed or reported on by the Company's auditors.

## Appreciation

In closing, we would like to thank the Board for their ongoing support and guidance through another challenging year, our tenants, shoppers, suppliers, investors and financiers for partnering with and supporting the Group, and the HYperformers for their diligence and dedication in creating spaces where people connect.

We are encouraged by the progress the Group continues to make and remain optimistic that our strategy and key priorities will deliver sustainable long-term returns for all stakeholders.



**Morné Wilken**  
CEO



**Brett Till**  
CFO



**Wilhelm Nauta**  
CIO

24 October 2023



## ESG report

**In June 2023 MSCI upgraded Hyprop's ESG rating from "A" to "AA", recognising the Group's corporate governance practises and notable advances in its green building initiatives.**

For further ESG related data, refer to our [ESG Data Pack](#).

The matters covered in this report fall within the mandate of the Social and Ethics Committee, are monitored by the Committee and reported on at Committee meetings.

Skopje City Mall, Skopje, North Macedonia



## Our environment

Weather and climate extremes are becoming more common.

Snow blanketed large parts of South Africa in mid-2023 while parts of Europe, the United States of America and Asia were sweltering with temperature records broken in all three continents. Greek holiday resorts were evacuated as wildfires raged, India was experiencing heavy monsoons, South Korea was battling flooding and then a heatwave, while in Japan

Typhoon Khanun pounded the country's southwestern prefectures with heavy rains and gusty winds. Scientists said climate change would bring more of the same, with potentially more intense variations.

Rosebank Mall, Gauteng, South Africa

The AR6 Synthesis Report: Climate Change 2023, written for United Nations' Intergovernmental Panel on Climate Change (IPCC) summarises five years of reports on global temperature rises, fossil fuel emissions and climate impacts. Some of the main findings are that "GHG emissions will lead to increasing global warming in the near term, and it's likely this will reach 1.5°C between 2030 and 2035; (that) we are currently at around 1.1°C of warming and current climate policies are projected to increase global warming by 3.2°C by 2100; to keep within the 1.5°C limit, emissions need to be reduced by at least 43% by 2030 compared to 2019 levels, and at least 60% by 2035. **This is the decisive decade to make that happen...(and that) losses and damages will disproportionately affect the poorest and most vulnerable populations, particularly those in Africa and least-developed countries, creating more poverty.**"

The report calls for a "substantial reduction in overall fossil fuel use, minimal use of unabated fossil fuels, and use of carbon capture and storage in the remaining fossil fuel systems; energy conservation and efficiency; and greater integration across the energy system".

### Hyprop's environment

We have heard what the scientists say and are rising to the challenge to play our part in reducing the effects of climate change.

The Group, like everyone else, operates within this context of climate change, and we continue to improve our energy, water and waste management as part of our ethical and commercial commitment to reducing greenhouse gases. We seek to transform our centres for a sustainable future, so they reduce emissions and reflect the expectations and aspirations of our stakeholders.

Our progress is detailed in the commentary that follows, but South Africa's power crisis has cast a shadow over our efforts. We have had to invest time and money to "keep the lights on" in our SA centres which, more than ever, are places where people connect physically and emotionally.

While the energy crisis has slowed our sustainability journey, we are making progress in adapting and transforming our centres to improve tenant and customer experiences and help meet our objectives.

### Hyprop's sustainability journey



## Overarching environmental framework

We have committed to five of the United Nations' 17 Sustainable Development Goals (SDGs), which aim to provide 'a shared blueprint for peace and prosperity for people and the planet, now and into the future' and are directed towards a socially, economically and environmentally sustainable future.

We have chosen SDGs 6,7,8,11 and 12 which we consider the most aligned with our brand and our business, and which provide our overarching framework to shape and report our sustainability strategies, goals and activities.



We simultaneously manage utilities and centre operating costs while investing in the changes needed to reduce their environmental impact and build the necessary resilience to withstand future shocks, such as high tariff increases and prolonged droughts.

We use the UK Department of Environment, Food and Rural Affairs (DEFRA) emission factors and the revised reporting standard of the Greenhouse Gas Protocol, the accepted international tool for government and business leaders to understand, quantify and manage greenhouse gas emissions, to determine Hyprop's Scope 1, 2 and 3 emissions.

Our direct sphere of impact is around Scope 1 (diesel consumed to generate electricity and fugitive air conditioning gas leaks) and Scope 2 (electricity consumed by the centres) emissions, which account for less than 25% of the total environmental impact from the centres. This means our partnership with tenants and customers is critical to reduce Scope 3 emissions, of which 77% is generated by tenants consuming electricity.

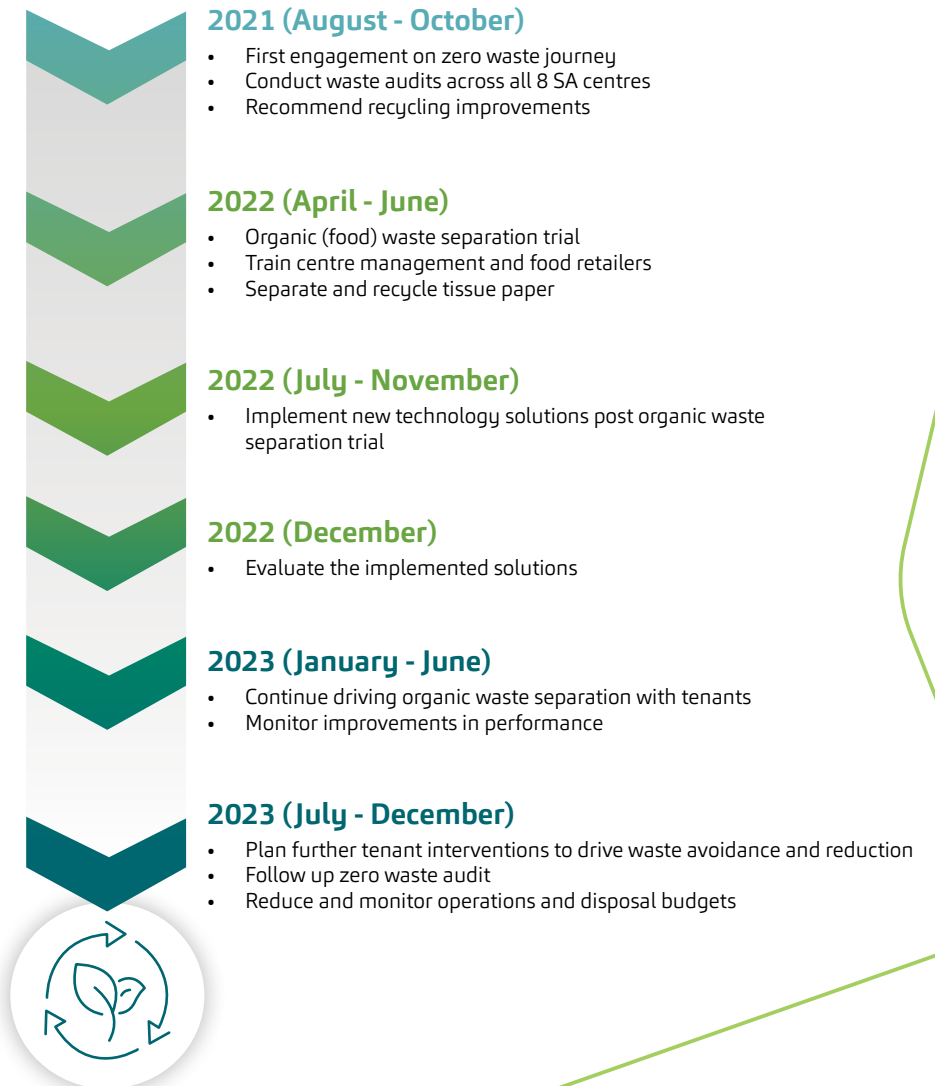
We completed an in-depth double materiality analysis on the impact of all ESG factors on our SA portfolio in the previous year and completed BREEAM audits for the four EE centres. The findings for the audits are still pending and will guide our sustainability journey for the EE portfolio.

## Waste

Our SA centres are managed by an external service provider, Don't Waste, whose mandate is to improve the Group's recycling performance and associated environmental savings. The waste audits conducted in FY2022 provided the baseline of waste being recycled and sent for disposal at that time. The audits also helped identify potential risks and subsequent mitigations that may arise from the waste management processes and identify opportunities for further recycling performance improvements.

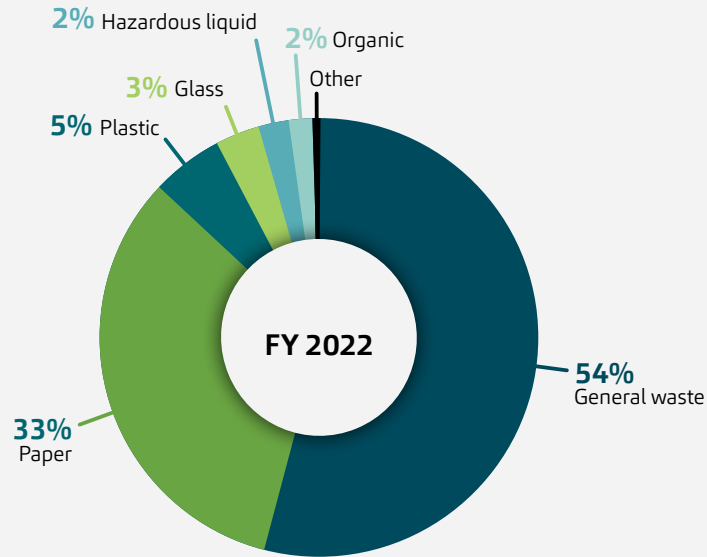
## Roadmap to zerowaste

Our Roadmap to zero waste is data-driven, intelligent, stepwise and iterative. We developed a baseline, identified immediate opportunities for diversion of waste, and highlighted those waste grades that would require research to identify potential recycling solutions.

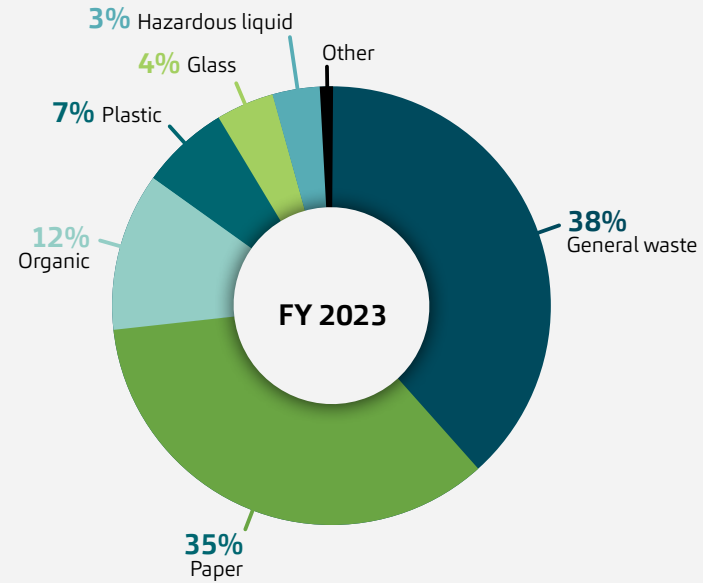


## SA portfolio

### Waste profile by weight



**Other:**  
 1% - Scrap metal  
 0% - Tetrapack  
 0% - Hazardous dry



**Other:**  
 1% - Scrap metal  
 0% - Tetrapack  
 0% - Hazardous dry  
 0% - eWaste

### Waste volumes

	2019	2020	2021	2022	2023	
Number of loads ordered	4 061	6 435	6 496	6 865	9 087	
Quantity of units collected (number of containers)	55 101	72 308	72 992	77 135	102 106	
Weight	Total non-hazardous waste disposed (t)	3 705	3 472	3 326	3 317	2 371
	Total hazardous waste disposed (t)	43	73	94	0	0
	Total waste sent for recycling (t)	2 692	2 450	2 575	2 814	3 824
	<b>Recycling performance by weight incl. hazardous (%)</b>	<b>42%</b>	<b>41%</b>	<b>44%</b>	<b>46%</b>	<b>62%</b>
Volume	Total non-hazardous waste disposed (m <sup>3</sup> )	13 289	14 517	15 101	15 704	17 697
	Total hazardous waste disposed (m <sup>3</sup> )	73	73	92	0	0
	Total waste sent for recycling (m <sup>3</sup> )	52 453	49 306	53 449	60 579	69 091
	<b>Recycling performance by volume incl. hazardous (%)</b>	<b>81%</b>	<b>77%</b>	<b>78%</b>	<b>79%</b>	<b>80%</b>

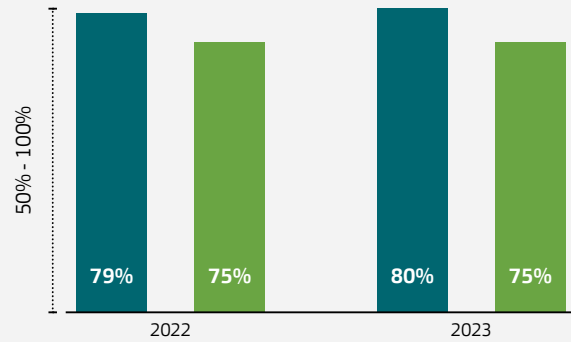
#### Notes:

- 2019 - The Chinese Waste Import Ban for post-consumer recycling grades was effective from August 2018. The ban negatively affected the global recycling economy and led to a decrease in recycling performance.
- 2020 - The impact of Covid-19 reduced the amount of waste generated.

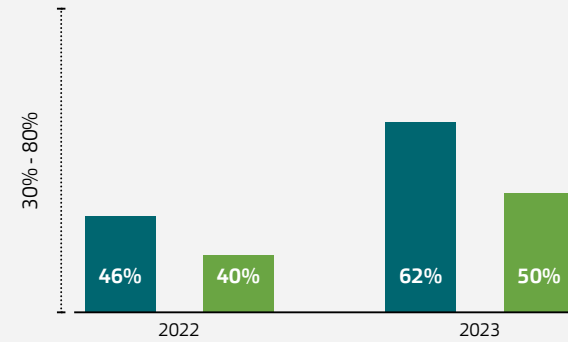
- 2021 - Improvements were noted in recycling performance post the Covid-19 pandemic. The Western Cape Government introduced the Organic Waste Ban, mandating a 50% reduction in organic waste to landfill by the end of 2022 and 100% prohibition effective at the end of 2027.
- 2022 - Reduction in hazardous waste disposed due to the landfill ban of e-waste and fluorescent tubes (promulgated in November 2021). Organic waste diversion project ensured compliance with the Organic Waste Ban for Western Cape centres, and pre-emptive compliance for Gauteng centres.

### Actual recycling performance vs target (excl. hazardous)

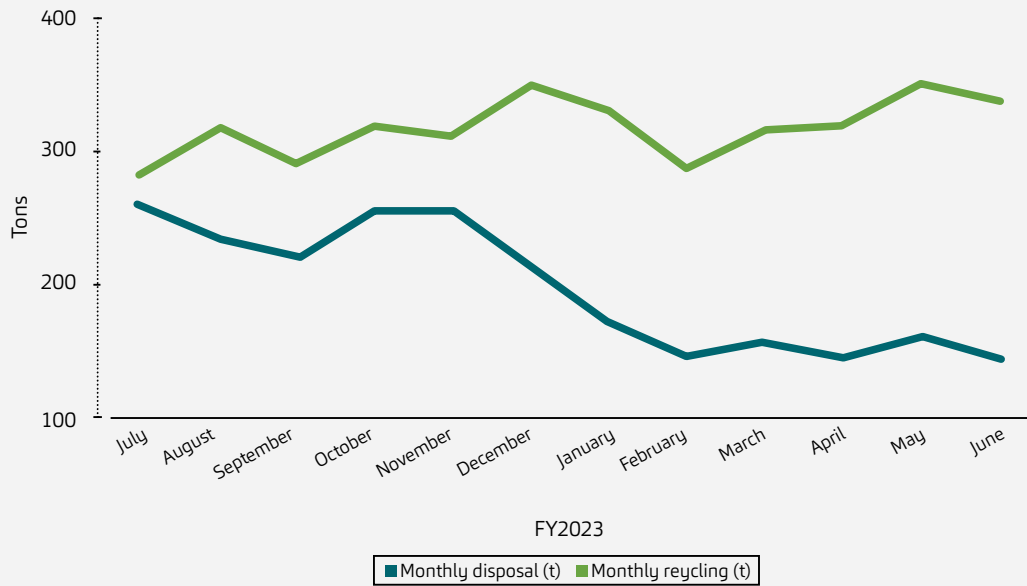
Volume Actual (%) Target (%)



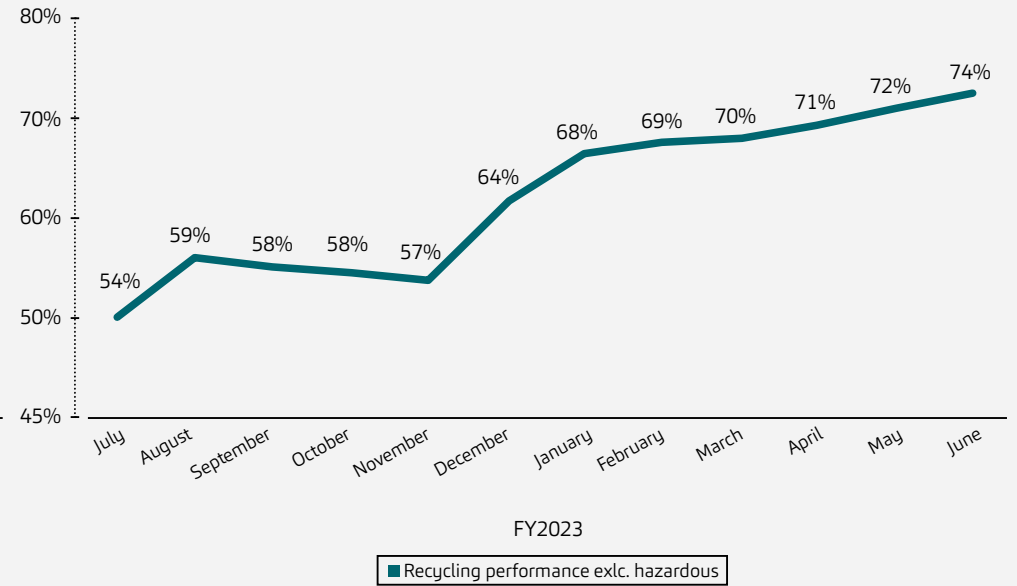
Weight Actual (%) Target (%)



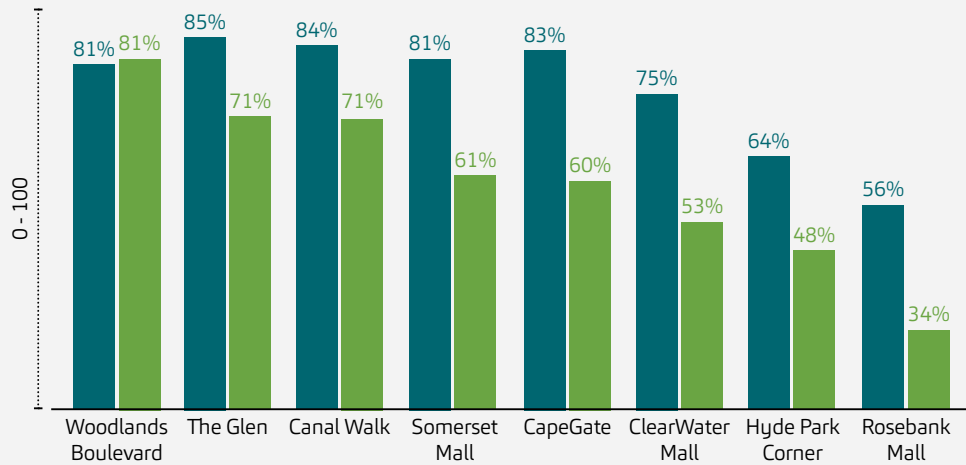
### Total tons of non-hazardous waste sent for disposal vs recycling per month



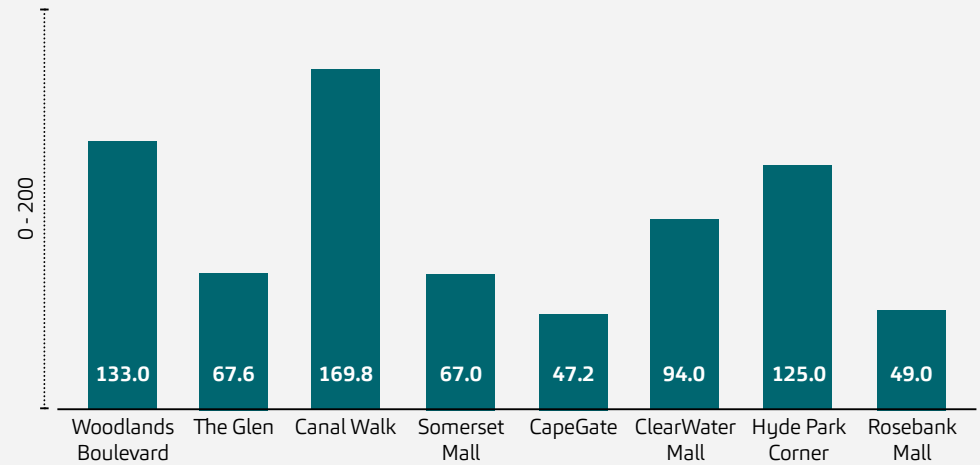
### Monthly recycling performance



**Recycling** ■ Volume ■ Weight



**Organic waste diverted** ■ Weight



### Prioritising organic (food) waste

The zero waste audits conducted in FY2022 indicated 65 tons of organic waste were being generated each month, which exacerbated the cross contamination of recyclables at the waste area, and released methane into the atmosphere, a potent greenhouse gas that contributes to global warming and climate change. The organic food waste made up the bulk of Hyprop’s waste going to landfills.

#### Impacts of organic waste disposal



- Increased loads booked for landfill because organic waste is high in moisture, heavy and filled bins to capacity. This increased waste transport costs and disposal fees.
- Released harmful methane greenhouse gas into the atmosphere (which was 21x more potent than carbon dioxide).
- Cross contamination of other dry waste, which reduced the recovery of recyclable waste grades.

A cumulative, extrapolated total of 65 tons/month of organic waste was extracted from the general waste bins at the eight centres during the zero waste audit in 2021. During FY2023, the cumulative average total organic waste diverted from landfills was 60.25 tons/month.

By separating organic waste at source and implementing recycling solutions, Hyprop has:

Saved over **526 tCO<sup>2</sup>e** in carbon emissions

Improved Group recycling performance from **54% to 74%**

### The organic waste ban

The Western Cape Government mandated municipalities and businesses in the province to divert 50% of organics from landfills from 2022, as a prelude to a 100% ban in 2027. This meant Canal Walk, Somerset Mall and CapeGate needed to divert 50% of organic waste generated by December 2022 and 100% by 2027. Although the baseline to measure these targets was not clearly defined, Hyprop used the waste audits and trial results as guidance. Diversion of 100% of organic waste was achieved in 2023, four years ahead of the deadline.

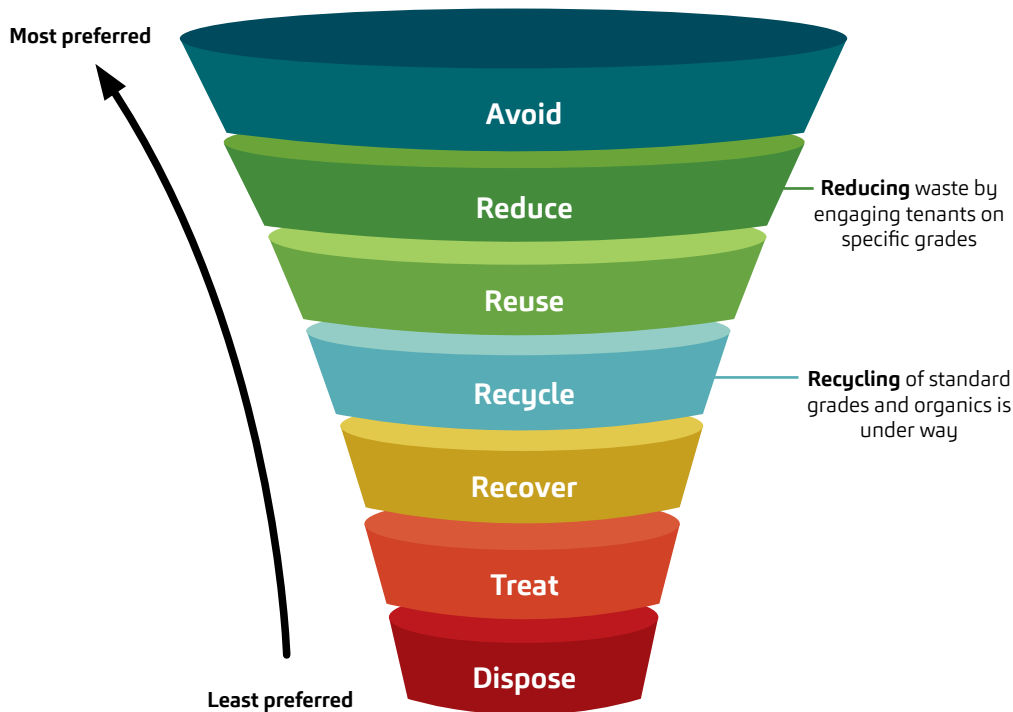
Following the success of the Organic Waste Ban at our Western Cape centres, all our SA centres are participating in this initiative.

## Next steps

The organic waste project has successfully increased diversion from landfills, decreased contamination of recyclables and demonstrated the value of implementing interventions at the generation source.

The next step in the journey will prioritise waste minimisation. This will require further interventions with tenants and a reduction in the use of waste grades not currently recycled (predominantly single-use and/or packaging items). The Extended Producer Responsibility (EPR) mandate requires producers of packaging waste to take responsibility for their products all the way to the post-consumer stage. This mandate can be used as a tool to reduce waste at the source.

Follow-up zero waste audits should be conducted to supplement these interventions. These will be used to identify the specific waste grades that should be targeted for minimisation in the tenant intervention and those that can be “taken back” in terms of the EPR mandate. The cooperation of our tenants to achieve these objectives is critical.



In the next financial year, we will focus our waste management solutions on improving our recycling ratios further.

By taking the next step in the zero waste journey, Hyprop’s SA portfolio should be on track to achieve net zero waste (ie. 90% of waste diversion) for Woodlands Boulevard (currently 9%); Canal Walk (currently 19%) and The Glen (currently 20%) away from the 90% diversion requirement.

## Energy

The energy reduction initiatives completed during FY2023, including operational changes, for example adjusting the air conditioning systems to run times out of peak energy periods, and turning them on only when required, cost the Group about R530 000, and could potentially save R7.9 million per annum.

Our energy reduction initiatives follow an ASHRAE (American Society of Heating, Refrigerating and Air Conditioning Engineers) audit (Levels 1 and 2) conducted at all our centres in SA in the previous financial year to determine energy intensity usage and establish a base line from which to improve energy efficiency.

ASHRAE Level 1 identifies obvious energy issues by assessing utility accounts and a walk-through inspection of the centres, while Level 2 involves more detailed analyses and recommendations to improve energy efficiencies. Our energy reduction strategy identifies both short-term and long-term opportunities to reduce our carbon emissions.

The second phase of the Gauteng solar PV project has been completed at Woodlands Boulevard and Rosebank Mall, while Clearwater Mall is planned for completion at the end of September 2023. Feasibility studies for new solar PV projects at The Glen (further 3 854 kWp) and CapeGate (5 532 kWp) were completed and implementation is expected during FY2024. Feasibility studies for solar PV systems at Canal Walk and Somerset Mall are underway.

A total of 10 709 768 kWhs was generated from our solar PVs, equating to 6 034 tons of coal not burned, and 15 207 000 litres of water saved by Eskom in the production of electricity, and the avoidance of 11 031 tons of carbon dioxide emissions.

During FY2023 the SA and Nigeria (Ikeja City Mall) centres’ energy consumption was notably reduced compared to FY2022. The reduction was mainly due to loadshedding in SA, as large energy consuming systems, such as air conditioners, do not operate during loadshedding, as well as savings due to energy efficiencies.

## Water

Water resource management remains a global challenge and is an increasingly important feature of centre management in South Africa as loadshedding, service delivery issues and low rainfall in parts of the country affect the reliability of water supply in some municipalities.

Hyprop has been installing water-efficient equipment throughout our centres, improving the way we measure and monitor water consumption, and considering water efficiency when purchasing toilets, urinals, taps and air-conditioning systems.

We continued to monitor bulk water consumption at centres each day to identify unusual patterns that might indicate leaks.

Water projects completed during the past year included:

- The installation of Propelair toilets in the public ablutions at CapeGate, Woodlands, Clearwater Mall, Rosebank Precinct and Hyde Park Corner resulted in a savings of 39 078 kl of water (equivalent to the water in 640 average sized swimming pools). Given the water savings achieved, the roll out of further Propelair toilets will be extended at Somerset Mall and The Glen.
- The last portion of phase 2 of the project to convert the cooling towers at Hyde Park Corner was completed.
- During the first half of FY2023, the last abluion block at The Glen was connected to the grey water system.
- The design of a wastewater recycling plant at Canal Walk is at an advanced stage. The water flow measurements at various points are being analysed.

### **IOT.next smart building management**

The pilot system was completed at Clearwater Mall with the following benefits:

- The Clearwater Mall operational team has a dashboard which provides real-time energy and water consumption data;
- The team receives daily reports on abnormal electricity and water consumption, fire alarms and the status of the various subsystems - which enables us to identify abnormal energy and water usage within a day (as opposed to the two month lag); and
- The system reduces the peak power consumed from City Power by disabling air conditioning compressors when the peak kVA surpasses a predetermined level.

### **CDP and WDP**

Hyprop achieved a B score (2022: B-) for our submission to CDP, a non-profit organisation that runs a global disclosure system for investors and other stakeholders to help manage environmental impacts. Hyprop achieved a B- (2022: B) for our WDP submission, which deals with climate change and water security, amongst other issues, and helps us identify ways to manage environmental risks and opportunities and provide feedback to the market on its plans and actions taken.

### **GRESB**

Our 9<sup>th</sup> submission to the Global Real Estate Sustainability Benchmark (GRESB) was completed and we obtained a score of 75% - up from 73% in 2022.

GRESB is a mission-driven and investor-led organisation that collects, validates, scores and benchmarks ESG data and provides business intelligence, engagement tools, and regulatory reporting solutions to financial markets. Investors use this information to “monitor ESG-related risks, opportunities and impacts, and to engage with their investment managers.”

### **MSCI ESG Rating**

Hyprop’s MSCI ESG Rating was upgraded from “A” to “AA”. The upgrade is attributed to our various corporate governance practices, as well as the notable advancements in our green building initiatives.

MSCI ESG Ratings seeks to measure a company’s management of financially relevant ESG risks and opportunities.

### **Looking ahead**

We will continue investing in economically viable green projects, where possible, and where the projects are aligned with our brand, strategy and committed SDPs.



# Our HYperformers

Canal Walk Shopping Centre, Western Cape, South Africa

## Developing an aspirational culture to support our people and strategy

As HYperformers, we execute our strategy in a values-driven way that benefits all our stakeholders in a culture that is collaborative, transparent, respectful, fair and dynamic.

Our values are the core of the Hyprop culture, and our culture helps us deliver our purpose – it defines who we are, and how we create spaces and connect people. The descriptors for each value define how the Company interprets the values so our people can better embrace them.



### Collaboration

- We encourage teamwork to achieve a common goal.
- We advocate cooperation that fosters knowledge sharing to accomplish a common objective.
- We collaborate with purpose and with the appropriate people to enhance buy-in.
- We allow for healthy debate to foster open and honest conversations.
- We accept that a full consensus is not always possible.
- We contribute, work as a team and draw on each other's strengths.
- We continue to break down the silos between teams.



### Execution

- We make things happen.
- We make prompt, responsible decisions and execute them.
- We ensure that standards and expectations are clear.
- We produce quality work that supports our strategy.
- We continually do our best, improve and strive for excellence (Kaizen).



### Responsibility

- We take responsibility for our actions and results as a team.
- We are accountable for our business and our future.
- We are committed to the success of our business and stakeholders through our actions.
- We accept responsibility when things go wrong and take corrective action.
- We take collective responsibility for our decisions, and we stand together.



### Integrity

- We are honest and treat everyone with respect and fairness.
- We act with uncompromising honesty and integrity in everything we do.
- We do things the right way and act in the best interest of the Company.
- We consider our policies and procedures as guiding principles.
- If in doubt, we consult with our peers and colleagues.
- We support our decisions and execute accordingly.



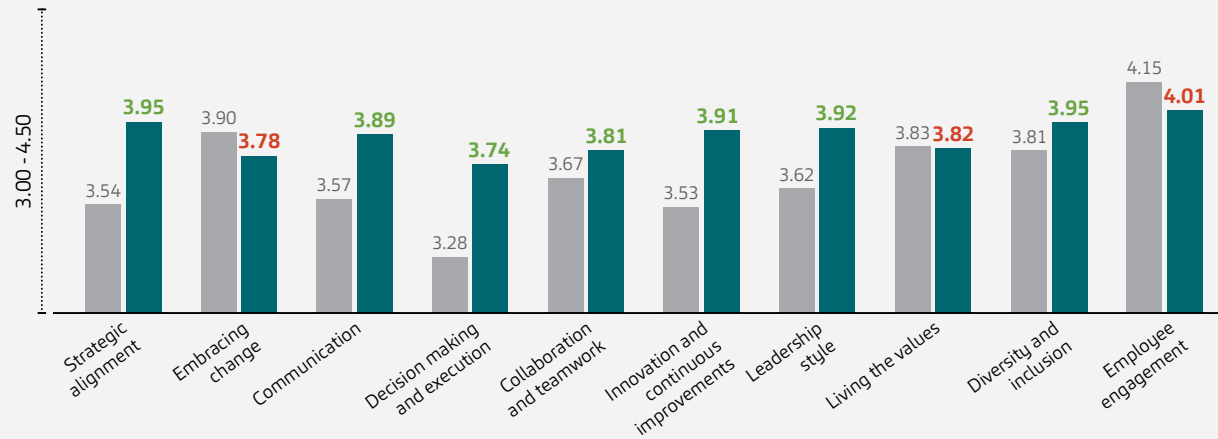
### Creativity

- We find alternative solutions for our challenges and create opportunities.
- We think differently to devise new learning opportunities.
- We embrace creativity at every level and encourage bold ideas.
- We encourage a creative environment to shape the future of the business.
- We allow for some margin for error and a tolerance for mistakes while we learn.
- We embrace diverse thinking.

Our 2022 culture survey, with anonymous feedback, provided our employees with a 'voice' to establish a baseline for the culture as it was then. We presented the results of our 2022 culture survey to our employees and the centre-specific results to the respective shopping centre teams during the year. The 2023 survey provided an opportunity to assess whether we maintained our positive results and if the interventions we made improved our areas for development. The dimensions measured are outlined in the table below and provide a comparison of the 2022 and 2023 culture survey results. The average score was 3.69 for 2022 and 3.87 for 2023.

Overall average score per culture dimension

■ 2022 ■ 2023



The survey was rated on a five-point scale, with 1 being "strongly disagree" and 5 being "strongly agree".

Hyprop's leadership team continues to display the aspirational behaviours we expect from all our people. These include:

- Embrace change to achieve the desired results
- Effective internal communication
- Collaboration as teams to find solutions and make decisions
- Be decisive/deliberate - make and execute decisions
- Be courageously creative. We learn from our mistakes
- Execution and action
- Empowering and authentic leadership style

We anticipate the behavioural changes that will make a measurable difference to the Group's performance. Initiatives, workshops and training programmes to achieve the desired transition are ongoing.

Our code of conduct and ethics (Code) has been revised to ensure it is relevant and compliant with labour legislation. The Code applies to all our employees and ensures we conduct ourselves and our business in a professional and ethical manner. The Code is supported by a whistle-blowing and anti-corruption and bribery policy. The Code and policies are communicated to all employees and are available on our intranet.

We comply with employment laws and are committed to protecting human rights.

## Programmes and policies to support our people

Our human capital policies ensure our people operate in an environment that supports their wellbeing, skills, knowledge, expertise, productivity, development, motivation and behaviour.

We have many initiatives in place to harness our people's strengths and capabilities so they can realise our strategy. They include, but are not limited to:

- Our core values and Code, support a work culture which is transparent, respectful, non-exploitative, fair and dynamic. They also underpin a culture of open and constructive dialogue with management, involvement in decision-making, and safe working conditions.
- An enhanced HR information system, which empowers our people by providing them better access to their personal information, such as payslips and IRP5s, as well as automating processes to eliminate delays in completing tasks. This platform is also available as a mobile app, providing access to those who do not use a computer as a business tool.
- A wellness programme in partnership with ICAS, which provides psycho-social, legal and financial support to employees and their families and supports our commitment to a healthy work-life balance.
- A learnership programme, which provides development opportunities for both entry-level employees and unemployed candidates. For unemployed candidates, this programme provides fundamental experience to support their entry into the job market. We supported/employed 11 learners during FY2023.
- A partnership with SAPOA, which provides bursaries to seven tertiary students studying real estate across various institutions. The seven students were hosted by some of our SA centres to provide them with a practical view of the business.

## Activating the Golden Thread at our SA centres

Our **Golden Thread** connects brand, place and people and gives strategic direction to our purpose. It differentiates and unifies our centres to deliver a common customer-centric experience where people engage, connect and explore.

We continued our **Golden Thread** journey through our centres, and it has assisted our team in forging stronger relationships with our service partners (including cleaning, parking and security).

We introduced the corporate social platform, Viva Engage (formerly known as Yammer), to channel the **Golden Thread** across our offices and centres. We are exploring an opportunity to provide a customer service training programme to our employees that will enhance the **Golden Thread** experience for our tenants and customers.

## Non-discrimination and harassment

Our employees and stakeholders are treated with dignity and respect. Discrimination and harassment in the workplace are not tolerated under any circumstances and disciplinary steps are taken where necessary.

Our revised Code incorporates the code of good practice on the prevention and elimination of harassment in the workplace to ensure we remain compliant and abreast of industry-wide developments and trends.

Grievances are dealt with timeously, sensitively and confidentially, and victimisation of a person who raises a grievance about discrimination or harassment is not tolerated.

Two harassment-related grievances were raised and resolved during the past year.

We are pleased there were no incidents of discrimination reported during the past year.

## Employment equity

As a South African-based REIT, Hyprop is committed to the principles and objectives of the employment equity based legislation, many of which go beyond the need to redress disadvantages in employment experienced by designated groups in South Africa and are applicable to all of the Group's employees – whether in South Africa or abroad.

We want to achieve equity in the workplace by promoting equal opportunities and fair treatment for all employees and eliminating discrimination in any form.

## Employment equity policy and plan

Hyprop has implemented a new three-year Employment Equity Plan (2021 – 2024) for its SA portfolio. The plan focuses on revising the requisite policies to support employment equity as well as the training and development, and succession planning of critical roles. The new plan is more appropriately aligned with the B-BBEE employment equity targets and supports that strategy. We also report on the pay ratios as stipulated by the EEA4 submission and conducted a pay equity exercise across employee levels, gender and race to identify, and plan how we will address any inequality.

Considering the amendments to the Employment Equity Act (the EE Act), Hyprop will respond accordingly once the sectoral determination targets have been finalised along with the implementation of the amendments of the EE Act.

## Broad-based black economic empowerment

We launched a focused B-BBEE plan three years ago, and we are pleased to report that after being non-compliant in 2020, Hyprop was awarded a Level 6 rating in 2021, a Level 4 rating in 2022 and a Level 3 rating in 2023.

Significant improvements have been made in increasing procurement from black-owned businesses and enterprise development initiatives to support small and growing businesses.

## Employee engagement

Two-way communication sits at the heart of our human capital engagement programme, which involves many channels:

### Employee forums

Employees and leadership share ideas, ask questions and give feedback at employment equity forum meetings which are held monthly/quarterly/annually at all centres. This forum will be consulted in relation to monitoring the employment equity plan.

Senior management engages with their respective teams on an ongoing basis via formal or informal platforms or via surveys such as the culture survey.

### Employee self-service systems (ESS)

Employees can access their payslips, IRP5 and employee payroll information from the ESS, which also integrates with the payroll system and is used for other people practices such as performance reviews and leave applications. The HR system empowers employees by providing more access and functionality to drive empowerment and efficiency.

## Employee communication

Employees access information via the intranet, e-mail, Viva Engage and bi-monthly Coffee@Hyprop sessions at which executive management engage and provide feedback. Content includes input from our management teams, highlighting achievements and celebrating wins, wellness matters, policy updates and information on a range of issues, including business changes, challenges and employee movement.

Coffee@Hyprop sessions also provide an opportunity for employees to nominate colleagues or teams for the “HYperformer award” to recognise those who have performed above and beyond what is expected from their normal role. Adjudication of the winners is done by a committee of employees representing different portfolios and regions across the Group.

## Employee events

The year-end function celebrated long service and service excellence and is one way we show our appreciation for the contribution made to Hyprop by our employees.

24 long service awards were awarded during FY2023 and five Hyprop excellence awards were issued to teams or individuals who performed exceptionally to complete an assigned task or independently took on an improvement initiative supported by the Group.

## Building value for the future

### Reaching our potential

Our people are integral to delivering a differentiated Hyprop experience to our tenants and their customers, and our revitalised HR capability provides the policies and processes to further empower our people.

Our people vision envisages “authentic and meaningful experiences” which include helping our employees “grow, learn and reach their full potential as HYperformers”. We support their growth and development by creating the desired culture, building a strong governance framework and evolving our performance management, reward and recognition processes so that they are aligned with the business objectives.

### Talent acquisition

Hyprop continuously assesses its employees' skills and capabilities.

We have internalised roles (such as the utilities manager) to reduce costs and improve efficiencies, and we believe this will serve us well in managing our centres more efficiently.

### Succession planning

Succession planning is important to risk management and growing our human capital. We have the expertise to cover key roles in the event of a sudden or unexpected departure, and we actively develop our people, including those from designated groups, for promotion.

We do this through coaching, mentorship and job-specific training, leadership training and development for senior management, technical and people skills training for management and junior management, and structured training for support staff.

### Performance management meetings

The performance appraisal process is an opportunity for each manager and employee to reflect on the employee's performance over a period, review whether previously discussed performance expectations and goals have been met, discuss professional development opportunities, and identify opportunities to develop additional skills and knowledge to foster performance improvement and career growth.

Additionally, the performance appraisal supports recommended merit increases and/or other performance-based awards.

### Training and development

We train and develop our people to meet our business' requirements and transformation imperatives. We assess the Group's skills base to identify training needs and individual needs are noted during employee reviews.

Training programmes are designed to enhance the Group's knowledge and skills base, enable employees to contribute to our growth, encourage further education to improve competencies and opportunities for promotion and support employment equity objectives. Formal training programmes were attended by 98 employees during FY2023..

In line with our objective of providing employees with opportunities to grow and develop their careers, 20 employees were promoted to new roles and five employees were transferred between Group entities/centres.

Our learnerships and trade qualifications are an important part of our employment equity plan, and 11 (2022: 15) employees are currently enrolled in various degrees/diplomas and trade qualifications. Training includes courses on green building management principles focused on water and energy efficiency and was targeted at our employees within the development and sustainability team.

A detailed training and development report can be found in the [ESG Data Pack](#).

### Health and safety

We strive to create a safe and healthy working environment for our people, with procedures to manage occupational incidents and compensation claims, in line with legislation.

Scott Safe provides safety consultancy services to Hyprop in SA and carries out a health and safety audit twice a year, in May and November. In EE, annual occupational health and safety training is provided to employees.

Our health and safety programme is continuously reviewed and improved when required.

The programme complies with statutory provisions for health, safety and environmental matters relevant to our stakeholders and is communicated to our employees so they can discharge their responsibilities.

Training and resources empower employees to prevent accidents and preserve health, and each management team executes the health and safety programme on-site through its operations manager.

At Group level, the national facilities manager is responsible for bi-annual audit reports, drawing on submissions from each centre.

Health and safety consultants are appointed to represent Hyprop and monitor activities on-site. On large and complex projects, the contractor has its own health and safety officer managing contractor teams and sub-contractors.

### Hyprop Ethics Line

We are aware that fraud will damage our brand and reputation, over and above any financial loss suffered, and we take firm action against any individual or group perpetrating fraud against the Group. We encourage employees to be vigilant and to report any suspicion of fraud via confidential channels of communication.

The Group expects employees to act with integrity, comply with financial regulations and report concerns as soon as any impropriety is suspected and has implemented a whistle-blowing policy to support and guide employees.

All employees are made aware of the anonymous Hyprop Ethics Line, which is operated by an external service provider, Whistle Blowers Proprietary Limited, and reports to the Social and Ethics Committee.

Two calls regarding a single incident were reported during FY2023, and management investigated and resolved the matter.

### Managing resources

The Head of Human Resources is responsible for employee relations, which are governed by an employee and disciplinary code of conduct, both of which are available on request, in hard copy at each management office, on the Group's intranet and website at Hyprop Investments - Governance, under the heading Code of Conduct and Ethics.

There was one disciplinary case during FY2023, which resulted in the appropriate sanction.



## Corporate Social Investment

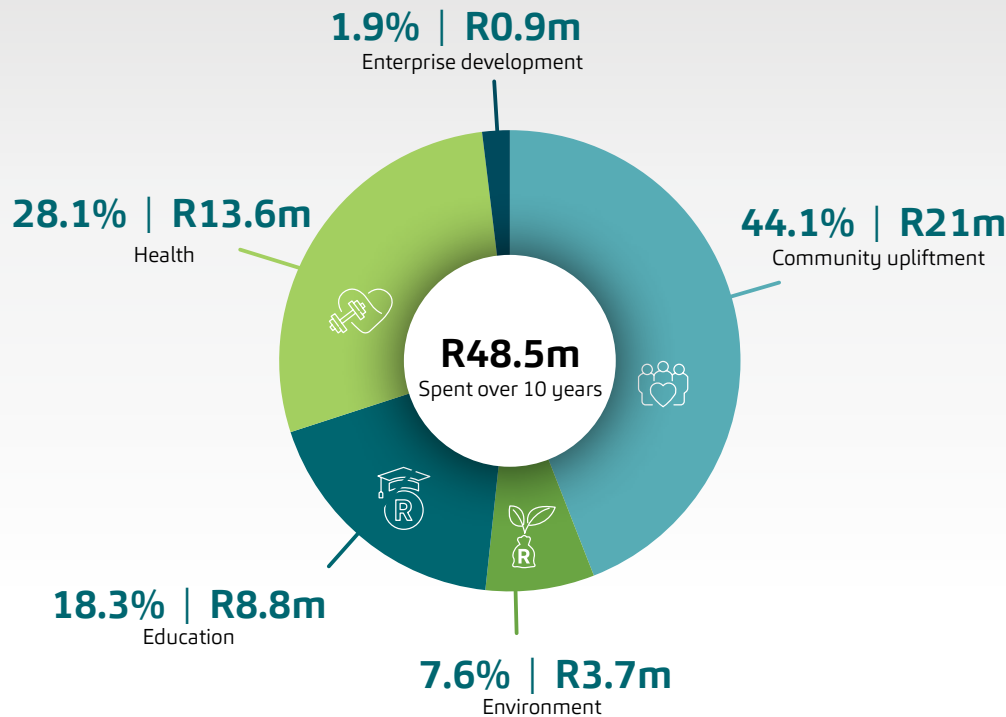
Our corporate social investment (CSI) commitment is to the communities who live, work and shop in and around our centres. Apart from creating and managing vibrant “modern villages” where people connect with each other, we have been adding sustainable social value to our communities via the Hyprop Foundation and other initiatives.

The Hyprop Foundation was founded in 2013, and our work has evolved to mirror the needs of the communities we serve. We are creating systemic change and sustainable value in three areas of commitment: education and skills development, community upliftment and enterprise development.

School sock donation from Sexy Socks for MES learners



10 years of creating a better tomorrow



Since the appointment of a dedicated resource/person to oversee the Hyprop Foundation and its various initiatives in FY2022, our social investments have become more streamlined, focusing on areas that require the most support, and will have a meaningful impact on our people and communities. Through the Hyprop Foundation, we coordinate our CSI projects at both Group and individual centre levels. Some of the projects we supported in FY2023 are detailed as follows:

## Education & skills development

### Tertiary bursaries (South Africa)

The Hyprop Foundation contributed R1m to fund our first seven university students enrolled in real-estate-related undergraduate programmes. The financial support covers tuition and accommodation fees, and the students receive monthly mental wellness coaching and vocational training. The students are enrolled at universities in Hyprop shopping centre catchment areas – University of Pretoria (one student), University of Cape Town (one student) and the Witwatersrand University in Johannesburg (five students).

### Santa Shoebox Legacy Project (South Africa)

Santa Shoebox Legacy changes the lives of beneficiary children and the impoverished communities in which they live, by establishing new and transforming existing Early Childhood Development (ECD) Centres in rural South Africa. The focus is on infrastructure, Department of Basic Education registration, teacher training and early literacy.

Hyprop Foundation contributed R350 000 to the partnership to train teachers in communities around our centres in the Western Cape and Gauteng. The initiative will directly benefit approximately 6 000 South Africans.

### Hospital for Children with Neurodevelopment and Movement Disorders (Croatia)

City Center one East and West in Zagreb covered the cost of an excursion, which included visits to various cultural sites, for nine students from the Special Hospital for Children with Neurodevelopmental and Movement Disorders in Goljak. The students predominately come from lower-income households, making the excursion extra special as it was a first time experience for many of them.

### Seasonal City Theater, My Theater (Macedonia)

Skopje City Mall partnered with the cinema Cineplex in October 2022 for the "Seasonal City Theater - My Theater" project. The interactive, innovative and educational children's theater performances were the first ticketed theater festival in a shopping centre, and every performance was sold out. Proceeds supported a humanitarian project called "From child to child".

### Croatian Student Association (Croatia)

City Center one East collaborated with the Croatian Student Association to support the "Start It Up" project, which brings the world of start-up companies closer to students by holding educational seminars on the topics of marketing, entrepreneurship and finance.

## Enterprise development

### 8th of March Bazaar (Macedonia)

Skopje City Mall partnered with the Women Artisans' Association to host the four-day Artisan's Festival Championship in celebration of International Women's Day. The market showcased about 20 talented creatives and artists specialising in jewellery and handbag making, and offered the women-led businesses an opportunity to reach a new and bigger market, while engaging with larger, global retail brands.

# Community upliftment

## Mould Empower Serve (MES)(South Africa)

We continue to support MES, a not-for-profit organisation working to provide sustainable solutions to pre-schoolers, learners, school-leaving youth, youth and adults at risk, as well as families at risk of living in poverty in the inner cities of Johannesburg, Cape Town, Gqeberha and Kempton Park.

The Hyprop Foundation contributed R680 000 in 2023 to MES's holistic approach, which enables people to live independent, sustainable and meaningful lives.

Some 250 children attend extra classes and sports and arts activities at MES's after-care centre in Johannesburg, and each learner is provided with a healthy meal and fresh fruit every day.

We support the Joshuas Post-Matric-Programme, which helps young people learn life skills, experience leadership opportunities and receive guidance on making choices so they can contribute to SA's economy. We contributed towards restoring and upgrading the Bez Valley House that temporarily houses students and post-Joshua learners as they transition to university and work-life.

We also support the MES-Parow training centre in the Western Cape, which is open to all and teaches people to earn an income and offers sewing classes and rehabilitation skills for homeless and abused women.

## Avocado Vision Training (South Africa)

Avocado Vision Training supports small businesses to help make better decisions and live better lives. In 2023, the Hyprop Foundation contributed approximately R400 000 to this strategic development partner, to provide financial skills to small businesses and local communities around our centres in Gauteng (260 people benefited) and Western Cape (214 people benefited).

## SPCA (South Africa)

Rosebank Mall had two vibrant gift-wrapping stations during the festive season. The Hyprop Foundation received the R53 000 raised from gift wrapping and donated the money to the SPCA in Edenvale. The gift-wrapping service was provided by trained female MES students and unemployed young women, seeking part-time work. The MES students and young women were paid for their gift-wrapping services and the funds assisted them to get access to items they wouldn't ordinarily be able to afford.

## CHOC Childhood Cancer Foundation (South Africa)

Canal Walk's annual theatre production, Alice in Wonderland, generated R170 000 for the CHOC Childhood Cancer Foundation, a non-profit organisation that supports the wellbeing of children and teenagers diagnosed with cancer or life threatening blood disorders and their families.

## SOS Kids' Village (North Macedonia)

Skopje City Mall has an ongoing relationship with SOS Kids' Village, the largest children's humanitarian NGO in the city. In the past, Skopje City Mall partnered with the SOS Kids' Village to open a children's park, New Park, and provide advertising space and communication to help promote the SOS Kids' Village's to various stakeholders.

## 3X3 Rooftop Basketball Tournament (North Macedonia)

Skopje City Mall partnered with the International Basketball Federation (FIBA) to host the 3x3 Rooftop Basketball tournament. We committed €5 500 to the tournament to promote social integration and community engagement.

## City Kids Club (North Macedonia)

In April 2023, Skopje City Mall initiated a weekly City Kids Club that offers free educational, recreational and sporting activities. Every Saturday, a new and exciting workshop is introduced in a safe environment where children can learn, play and connect.

## Family Dynamic Seminar (Bulgaria)

The Mall in Sofia partnered with Goto Jewelry & Diamonds to host a seminar led by renowned psychologist, Natalia Kobilkina, on how parents and couples could develop a healthy relationship with their children as well as partners. The Mall contributed €2 600 for the event's organisation and communication.

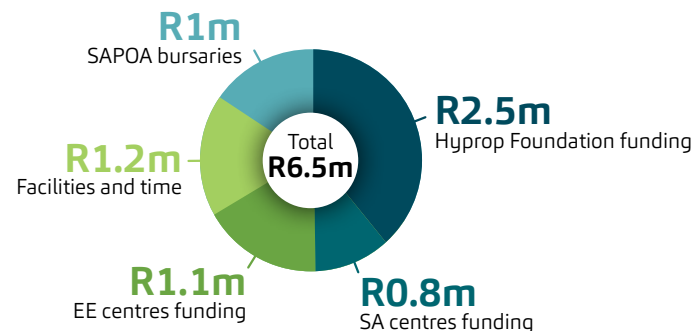
## Dobrotvorni Institut Hrvatsk (DIH)(Croatia)

City Center one East and West donated €1500 to DIH, an organisation that researches and develops social programs in Croatia. It is important to support initiatives like DIH, as they do not receive any state funding.

## Our Dream is their Smile Association (Croatia)

In collaboration with shoppers, City Centre one East and West raised €10 000 for the Sea of Love Project, which helped about 100 children from lower-income households enjoy an unforgettable experience at the sea.

## Total Group CSI spend 2023





## Governance

**Creating spaces and connecting people through effective leadership and good governance**

Our Board is committed to remaining at the forefront of corporate governance, beyond complying with legislation, regulations and best practices. Our governance structure is aligned with King IV™, which advocates an outcomes-based approach to governance. From a sustainability governance perspective, the Board plays a crucial role in establishing the Group's strategy, overseeing the governance structures, monitoring risks and understanding the needs of stakeholders.

City Center one West, Zagreb, Croatia

The Board is responsible for ensuring there is a governance framework in place that embraces our values - collaboration, execution, responsibility, accountability and integrity, and which fosters the trust and confidence of our stakeholders. The long-term sustainable success of the Group, through value creation and a positive contribution to the broader community, is a key Board consideration when setting strategic objectives.

The Group continues to improve its compliance and governance framework by adopting and updating key policies to reflect global requirements and focusing on employee awareness and training to facilitate the implementation of policies. These actions strengthen our governance structures and better equip the Group to deliver key strategic objectives.



### Key Board activities

Some of the key actions by the Board in the 2023 financial year include:

- Approved the amendments and updates of the Group's Domestic Medium-Term Note programme and other debt-related matters.
- Approved the FY2022 dividend declaration and associated DRIP.
- Approved the secondary listing on A2X.
- Reviewed and approved the Group's risk appetite and risk tolerance.
- Reviewed and approved the Group's strategy and budget for the ensuing year.
- Approved the appointment of Spiro Noussis as Chairman of the Board.
- Reviewed and approved various governance policies.
- Approved the revised dividend policy.

### Ethical leadership

The Board ensures the Group adheres to high standards of corporate governance in the conduct of its business and in creating value for all stakeholders, including our tenants and their customers.

The Group's guiding principle is to conduct business in an honest, fair, legal and responsible manner. The Board and employees, individually and collectively, uphold high standards of corporate governance and ethical conduct and are expected to comply with the Group code of conduct and ethics which emphasises integrity and respect.

We seek to associate with suppliers and business partners that share our values, and we expect our suppliers to conduct themselves as we do. We have established a supply chain code of conduct that requires our suppliers to adhere to high standards of corporate governance, provide safe working conditions and fair and respectful treatment of their employees, and maintain ethical business practices. The Group has a formal anti-bribery and corruption policy and has zero tolerance for such practices.

# Our Board



Independent non-executive Chairman

**Spiro Noussis - 52**

CA(SA)  
3 years on the Board  
**Board meeting attendance:** 6/6  
**Committee membership:**  
IN (Chair), RN (Nomination Chair)



Independent non-executive director

**Annabel Dallamore - 36**

BSc, Mechanical Engineering  
4 years on the Board  
**Board meeting attendance:** 6/6  
**Committee membership:**  
AR, RN



Independent non-executive director

**Zuleka Jasper - 49**

MCompt CA(SA)  
5 years on the Board  
**Board meeting attendance:** 6/6  
**Committee membership:**  
AR



Independent non-executive director

**Richard Inskip - 61**

BCom  
1 year on the Board  
**Board meeting attendance:** 6/6  
**Committee membership:**  
RN (Remuneration Chair)



Independent non-executive director

**Bernadette Mzobe - 44**

Bachelor of Commerce Accounting and Management  
1.5 years on the Board  
**Board meeting attendance:** 6/6  
**Committee membership:**  
SE (Chair), IN



Independent non-executive director

**Loyiso Dotwana - 60**

Pr.CPM, BSc Eng (Civil)  
1.5 years on the Board  
**Board meeting attendance:** 6/6  
**Committee membership:**  
IN



Independent non-executive director

**Thabo Mokgatla - 48**

CA(SA)  
10 years on the Board  
**Board meeting attendance:** 6/6  
**Committee membership:**  
AR (Chair)



Non-executive director

**Kevin Ellerine - 57**

National Diploma in Company Admin  
14 years on the Board  
**Board meeting attendance:** 6/6  
**Committee membership:**  
IN



Executive director

**Morné Wilken - 52**  
**Chief Executive Officer**

BEng (Honours)  
5 years on the Board  
**Board meeting attendance:** 6/6  
**Committee membership:**  
SE, IN



Executive director

**Wilhelm Nauta - 52**  
**Chief Investment Officer**

CA(SA)  
5 years on the Board  
**Board meeting attendance:** 6/6  
**Committee membership:**  
IN



Executive director

**Brett Till - 54**  
**Chief Financial Officer**

CA(SA)  
5 years on the Board  
**Board meeting attendance:** 6/6  
**Committee membership:**  
SE



**AR** Audit & Risk Committee

**SE** Social & Ethics Committee

**RN** Remuneration & Nomination Committee

**IN** Investment Committee

Full CVs available at [www.hyprop.co.za](http://www.hyprop.co.za)

## Skills & experience:

Financial & accounting  
Leadership & governance  
Strategy

Social & ethics  
Risk  
Legal & regulatory

Information technology/digital disruption  
Property investment & development

## Board appointment

The Board, supported by the Nomination Committee, is responsible for the appointment of executive and non-executive directors. Candidates are identified and selected in a formal and transparent manner having regard to the existing and required skills and experience of the Board.

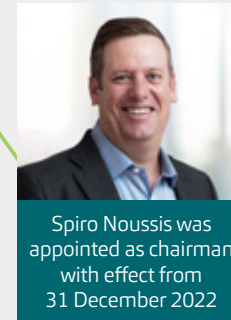
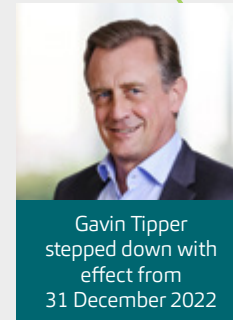
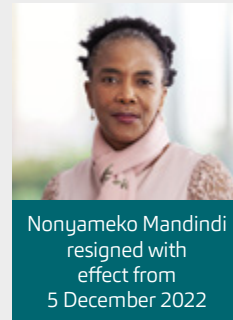
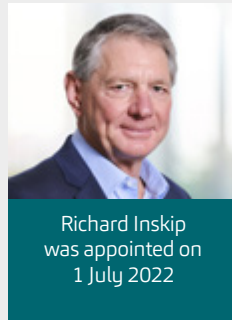
The Nomination Committee regularly reviews the composition of the Board, assessing the Group's needs, as well as the balance of skills and experience represented on the Board. The latest assessment was conducted in July 2023.

The governance framework ensures a clear balance of power and authority on the Board, such that no single director has unfettered powers of decision-making.

Shareholders confirm the appointment of new directors at the first AGM following their appointment. In terms of the Company's MOI, not less than one-third of the directors retire from office at each AGM. A retiring director may be re-elected if he/she is eligible, and makes himself /herself available for re-election. Thabo Mokgatlha, Zuleka Jasper, Kevin Ellerin and Brett Till are retiring by rotation at the 2023 AGM and being eligible are recommended for reappointment.

## Board changes

The following changes to the Board occurred during the year:



## Independence of directors

The Board, through the Nomination Committee, assessed the independence of non-executive directors. The Board determined that although Thabo Mokgatlha has served as a member for 10 years, he demonstrated that he is independent in character and judgement, and there were no relationships or circumstances that were likely to affect, or could appear to affect, his independence.

The Board confirms that the seven independent non-executive directors are considered independent in terms of the 2023 independence assessment.

## Diversity and succession

The Group recognises the benefits of having a diverse board and views diversity at the board level as a business imperative that will help the Group achieve its strategic objectives and maintain a competitive advantage. As such, the Nomination Committee annually reviews the composition of the Board taking into account the balance of skills, experience, background, culture, race, age and gender of Board members and as part of that review specifically considers progress made in promoting Board diversity.

Should a Board vacancy arise, the Nomination Committee will, through any appointment/s, endeavour to ensure the Board has a meaningful combination of skills, diversity and experience.

The Nomination Committee is responsible for formal succession plans of the Board, the CEO and the executive directors. The Committee reviews these succession plans annually.

## Board diversity

### Gender and race



**Male:**  
73%

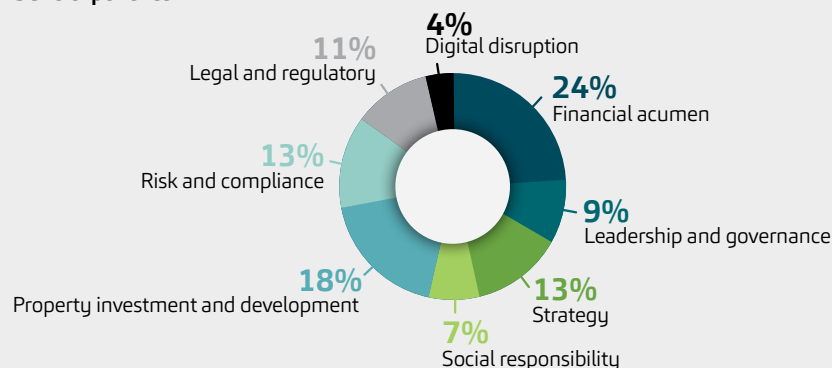


**Female:**  
27%



**White: 73%**  
**Black: 27%**

### Skills and experience



### Field of knowledge

**73%** Business/finance

**27%** Engineers

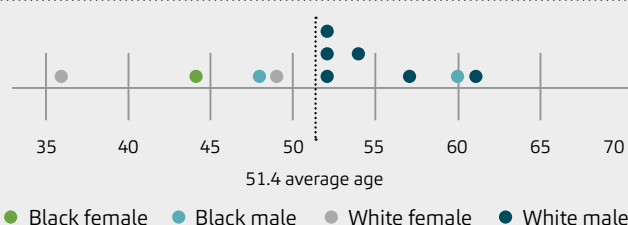
### Composition

**64%** Independent non-executive directors

**9%** Non-executive directors

**27%** Executive directors

### Tenure



## Board effectiveness and evaluation

The Board's performance and its standing committees were formally evaluated during the year against their respective mandates. A consolidated summary of the evaluations was reported to and discussed by the Board, including any actions required. The evaluation confirmed that the Board and committees had functioned well and discharged their duties in accordance with their mandates and terms of reference, and that Board members, collectively and individually, effectively discharged their governance roles.

## Induction and development

The induction of new directors aims to holistically address all aspects of being a director, including an understanding of the legal and regulatory framework of a REIT and Group operations, policies and practices. The director induction programme was reviewed and updated in line with the current best practice.

During the year under review, directors received insights in relation to:

- The SA macroeconomic environment and the impact of the increase in interest rates globally on the Group;
- The proposed changes to the Companies Act, including how these may affect the role and functioning of the Remuneration Committee and Social and Ethics Committee.
- The implications of the proposed amendments to the Employment Equity Act;
- The SAPOA - State of Infrastructure Report; and
- Feedback from shareholders and analysts following the publication of the Group's year-end and interim financial results.

Directors have access to independent experts and other advisors, if required, for assistance in carrying out their duties (after following an approval process).

## Declaration and conflicts of interest

Directors are required to declare personal interests at least annually and to inform the Board via the Company Secretary when any changes occur. Declaration of directors' interests is a standing agenda item at Board and committee meetings. Directors are required to inform the Board timeously of conflicts or potential conflicts of interest that they may have in relation to particular items of business and are obliged to recuse themselves in discussions or decisions in relation to such matters. No conflicts of interest arose during the year.

Details of other directorships of public companies held by the directors are disclosed in the [ESG data pack](#).

## Trading in securities

The Group has a trading in securities and price-sensitive information policy relating to trading in securities by directors, the Company Secretary, prescribed officers and other parties who have comprehensive knowledge of the Group's affairs. The policy imposes closed periods to prohibit dealing in Hyprop securities before the announcement of interim and year-end financial results or following the release of cautionary announcements, and any other period considered appropriate. The policy complies with the requirements of the Financial Markets Act, 19 of 2012 and the JSE Listings Requirements. The Company Secretary undertakes the administration required to ensure compliance with this policy.

All directors and the Company Secretary are required to obtain prior written consent to trade in the Company's securities. Dealings in the Company's securities by directors, the Company Secretary and their associates are announced on SENS.

At 30 June 2023, the directors had interests in 3 998 702 Hyprop ordinary shares. Details of these interests are set out in the Directors' report on [page 104](#).

## Compliance with laws/regulations

The Board subscribes to full compliance with applicable laws and regulations in the jurisdictions in which it operates.

Complying with the Company's MOI and all applicable legislation (including the Companies Act), regulations, standards and codes is integral to the Group's culture. The Board delegates responsibility for compliance to executive management and monitors this through the Audit and Risk Committee, which exercises oversight of legal compliance across the Group.

The legal and compliance function assesses the impact of proposed legislation and regulations and any other material regulatory issues, which may be escalated to the Audit and Risk Committee if appropriate.

During FY2023, no material instances of non-compliance with applicable legislation, regulations, codes and standards were noted.

## Our tax approach

Our tax affairs are conducted in a transparent and responsible manner. Tax compliance is managed by the Group's finance department and is monitored by the Audit and Risk Committee. The Group cooperates with tax authorities in the jurisdictions in which we operate on tax matters. Details of taxes paid by the Group are set out in Note D7 of the Annual Financial Statements.

## Information and technology governance

Information and technology are integral to the Group's operations and its portfolios. The Board has delegated the governance of information and technology to the Audit and Risk Committee which is assisted by the Information Technology Risk Committee.

Technology initiatives for FY2023 focused on enhancing cybersecurity controls and awareness, implementing centres' WiFi, updating IT policies, implementing the IoT.nxt project at Clearwater Mall and improving information security. The Group continued to develop and implement the technology-based projects which form part of its non-tangible asset strategy. Disaster recovery and business continuity plans are in place, were reviewed during the year and are tested regularly. Services provided by external IT service providers are regulated in terms of service level agreements (which include non-disclosure provisions) and they are required to adhere to high standards of IT governance.

There is a continuous focus on innovation to improve and enhance business processes, effectiveness and customer experience taking into account risks and opportunities.

## Sustainability

We create sustainable value for our stakeholders through our business model and in line with the United Nations Sustainable Development Goals (UN SDGs). The Group's commitment and progress towards the UN SDGs and our sustainability framework are dealt with on [page 12](#).

## Combined assurance and internal controls

The Audit and Risk Committee is responsible for overseeing the effectiveness of combined assurance arrangements within the Group. The combined assurance framework is based on the recommendations of King IV™. We use the four-lines-of-assurance approach to optimise our risk and assurance efforts. Assurance includes executive and senior management monitoring and oversight, internal audit, and the use of external assurance providers. The Audit and Risk Committee confirms that it is satisfied with the appropriateness of the Group's combined assurance model.

The internal auditors play an important role in providing assurance to the Audit and Risk Committee regarding the effectiveness of the Group's system of internal controls and risk management processes. An internal audit quality assurance review was conducted during the year on the internal audit service provider for the SA portfolio. The outcome of the review was satisfactory.

## Non-audit services

The Group has a policy to address the provision of non-audit services by external auditors. The Audit and Risk Committee pre-approves the provision of audit and non-audit services by the Group's external auditors (KPMG) to ensure these do not impair the external auditor's independence and comply with legislation.

## Relationships with stakeholders

We recognise the importance of building and maintaining successful relationships with a wide range of stakeholders to ensure the Group's sustainable growth. Our inclusive approach to managing stakeholder relationships aims to balance the Group's objectives with our stakeholders' needs, interests and expectations.

To support the Board in fulfilling its governance role, the Social and Ethics Committee receives reports on stakeholder management across the Group and the Board is regularly apprised of interactions with key stakeholders, including shareholders, financial analysts and national tenants. An overview of our stakeholder engagement appears on [pages 9](#) to 10.

## Investor relations

Hyprop is committed to providing accurate, transparent, comparable and balanced indicators of performance. The Board is satisfied that reports and information issued to stakeholders/public comply with

legal requirements and best practices and meet the information needs of material stakeholders.

The Group manages communications with its key financial audiences, including institutional shareholders and financial analysts (debt and equity), through a dedicated investor relations department. We held several investor roadshows in FY2023 to enable greater dialogue with our investors and other stakeholders, and received valuable feedback.

## Company Secretary

The Company Secretary is not a member of the Board, however, the directors have access to the Company Secretary when or where required. The Board is satisfied that the Company Secretary has the requisite competence, knowledge and experience to carry out the required duties and has maintained an arm's length relationship with all directors during FY2023.

## Anti-competitive behaviour

Hyprop has not been party to anti-competitive behaviour or monopoly practices during FY2023.

## Applying King IV™

The Group's governance structures have been refined in line with the principles of King IV™, by comparing and enhancing existing governance practices to the principles and desired outcomes contained in King IV™. The Board has embraced King IV™, and as recommended, Hyprop has provided a narrative-based report ("the King IV™ application register"), referencing each of the King IV™ principles and an explanation of the practices employed to apply the principles. The Group's King IV™ application register can be viewed on the Group's website <https://www.hyprop.co.za/pdf/investor/integrated-reports/2023/king-iv.pdf>.

## Board committees

To better serve the interests of our stakeholders, the Board delegates certain matters requiring particular time, attention and expertise to its committees. The Board has determined these matters are better dealt with by the committees as they require independent oversight and specialist input.

The Board has established five committees to assist it in discharging its responsibilities, without in any way reducing its accountability. Each of the committees has terms of reference which specify its role and responsibilities. All committees report back to the Board and make recommendations to the Board if necessary.

The Board believes that its committees have effectively discharged their responsibilities, as defined in their respective terms of reference, during FY2023.

## AR Audit and Risk Committee

The Audit and Risk Committee, in addition to its statutory duties in terms of the Companies Act, assists the Board by overseeing the effectiveness of assurance functions and services, the integrity of the annual financial statements, compliance and risk governance, information and technology governance, and the internal control environment.

### Composition:

The composition of the Audit and Risk Committee and members' attendance at the meetings for the year are:

Member	2022		2023	
	19 September	15 November	10 March	24 May
Thabo Mokgatla (Chairman)	✓	✓	✓	✓
Annabel Dallamore	✓	✓	✓	✓
Zuleka Jasper	✓	✓	✓	✓
Stewart Shaw-Taylor	✓	✓	Retired on 25 Nov 2022	

### Key focus areas during FY2023:

- Monitoring and considering the impact of rising interest rates and inflation on the Group's operations and borrowing costs, particularly in West Africa, where the effects of these factors were compounded by severe devaluations of local currencies against the US Dollar.
- Monitoring the implementation of the Group's debt refinancing initiatives and compliance with banking covenants in the light of rising interest rates, and approving the revised interest rate hedging policy.
- Recommending the updated risk management policy to the Board for approval and monitoring implementation thereof across all portfolios, including the revised risk reporting framework.
- Recommended the appointment of KPMG Inc. as the auditor of the Company, with Akhin Lalloo as the designated audit partner.

The Committee is satisfied that it has fulfilled its mandate as set out in its terms of reference and work plan during FY2023, as required in terms of King IV™.

## IC Investment Committee

The Investment Committee assesses the Group's strategy and its implementation, as well as acquisition, merger/investment or disposal opportunities and makes recommendations to the Board where required.

### Composition:

The composition of the Investment Committee and members' attendance at the meetings for the year are:

Member	2022				2023
	14 July	28 July	24 August	24 October	24 April
Spiro Noussis (Chairman)	✓	✓	✓	Apology	✓
Loyiso Dotwana	✓	✓	✓	✓	✓
Kevin Ellerine	✓	✓	✓	✓	✓
Bernadette Mzobe	✓	✓	✓	✓	✓
Wilhelm Nauta	✓	✓	✓	✓	✓
Stewart Shaw-Taylor	✓	✓	✓	✓	Retired 25 Nov 2022
Gavin Tipper	✓	✓	✓	✓	Resigned 31 Dec 2022
Morné Wilken	✓	✓	✓	✓	✓

### Key focus areas during FY2023:

- Recommended the reviewed strategy to the Board for approval.
- Recommended the FY2022 DRIP pricing to the Board for approval.
- Recommended the revised dividend policy to the Board.
- Recommended the group capital allocation framework to the Board.
- Considered capital expenditure and investment opportunity proposals from management.

The Committee is satisfied that it has fulfilled its mandate as set out in its terms of reference and work plan during FY2023, as required in terms of King IV™.

## SE Social and Ethics Committee

The Social and Ethics Committee, as a statutory committee, plays a role in exercising oversight of organisational ethics, social and economic development, good corporate citizenship, regulatory, environment and health and safety compliance, stakeholder engagement and labour and employment matters.

### Composition:

The composition of the Social and Ethics Committee and members' attendance at the meetings for the year are:

Member	2022	2023
	15 November	24 May
Bernadette Mzobe (Chairperson)	√	√
Nonyameko Mandindi	√	Resigned 5 Dec 2022
Brett Till	√	√
Morné Wilken	√	√

### Key focus areas during FY2023:

- Monitored the development of measurable ESG performance targets and their implementation.
- Approved the revised strategy for the Hyprop Foundation with a focus on projects that create long-lasting change and sustainable value.
- Noted the proposed amendments to the Employment Equity Act.
- Reviewed the following policies to strengthen the culture of ethics within the Group, which were approved by the Board:
  - a) Code of Conduct and Ethics;
  - b) Anti-corruption and Bribery Policy; and
  - c) Whistleblowing Policy and Procedure.

The Committee is satisfied that it has fulfilled its mandate as set out in its terms of reference and work plan during FY2023, as required in terms of King IV™.

The chairperson of the Social and Ethics Committee will be present at the Annual General Meeting to answer any questions from shareholders on the matters falling within its mandate and set out in the ESG report (as contemplated in Section 43(5)(c) of the Companies Act).

## RC Remuneration Committee

The Remuneration Committee assists the Board in ensuring remuneration policies and practices are aligned with the Group's objectives for value creation and sustainable performance, and that remuneration is fair and competitive to attract and retain key talent and critical skills required.

### Composition:

The composition of the Remuneration Committee and members' attendance at the meetings for the year are:

Member	2022			2023
	3 October	22 November	9 December	24 May
Richard Inskip (Chairman)	√	√	√	√
Annabel Dallamore	Appointed 31 December 2022			√
Spiro Noussis	√	√	√	√
Stewart Shaw-Taylor	√	√	Retired 25 Nov 2022	
Gavin Tipper	√	√	√	Resigned 31 Dec 2022

### Key focus areas during FY2023:

- Revised performance tracking processes to provide the Committee with insight into the achievement of KPDs.
- Implemented a performance-based salary increase approach across the Group.
- Revised the STI pay-out ranges to drive business growth and manage costs.
- Reviewed the Group's remuneration structure by benchmarking against peer companies to ensure remuneration packages are competitive
- Ensured that remuneration awards were determined with reference to performance of the individual and the Group, and were aligned with shareholder expectations, market practice and the Group's strategic objectives.

The Committee is satisfied that it has fulfilled its mandate as set out in its terms of reference and work plan during FY2023, as required in terms of King IV™.

## NC Nomination Committee

The role of the Nomination Committee is to monitor the effectiveness of the Board and the performance of directors, to make recommendations to the Board to ensure adequate succession planning and to identify skills to be retained or enhanced to support the Group in achieving its strategic priorities.

### Composition:

The composition of the Nomination Committee and members' attendance at the meetings for the year are:

Member	2022
	23 May
Richard Inskip (Chairman)	✓
Annabel Dallamore	✓
Spiro Noussis	✓
Stewart Shaw-Taylor	Retired 25 Nov 2022
Gavin Tipper	Resigned 31 Dec 2022

### Key focus areas during FY2023:

- Reviewed the composition of the Board, with a specific focus on the skills, experience, age and diversity required to support the execution of Group strategy and its effectiveness.
- Reviewed the results of the Board and sub-committees' performance assessments, noting any areas that require attention/action.
- Evaluated succession planning, specifically with regard to key Board positions.
- Assessed the independence of directors serving longer than nine years.
- Recommended the appointment of the new Board committee members following the resignation/retirement of certain directors.

The Committee is satisfied that it has fulfilled its mandate as set out in its terms of reference and work plan during FY2023, as required in terms of King IV™.



## Remuneration report

The Mall, Sofia, Bulgaria

**This report is presented in three sections:**



**Report from the Chairman of the Remuneration Committee (RemCo)**

The background and focus areas of the RemCo that influenced the remuneration policy and remuneration outcomes in respect of the financial year.



**Remuneration philosophy and policy**

Our primary governance tool for the management of remuneration across the Group.



**Implementation report**

The implementation and outcomes of the remuneration policy over the course of the financial year.

**Report from the Chairman of RemCo**

Dear shareholders,

I am pleased to present Hyprop’s remuneration report for FY2023.

The past year has been difficult, with the fallout from geopolitical events exacerbating an already challenging environment in which loadshedding and an underperforming economy in South Africa caused distress for citizens generally, including our stakeholders.

As always, our employees have responded positively - particularly those at our centres who engage directly with shoppers and tenants who are also dealing with uncertain times. They are deserving of being called HYperformers.

RemCo is accountable to the Board for ensuring the remuneration policy and practices are aligned with Hyprop’s strategic objectives, are performance-based and are fair and reasonable to all stakeholders. We review our remuneration structure regularly to ensure it is consistent with industry best practice, and aim for a trusted and transparent relationship with stakeholders.

In FY2023 we implemented the new Long-Term Incentive Plan (LTIP) approved by shareholders in July 2022 and aligned the European team’s remuneration to the corporate policies and practices.

We recognise the importance of ensuring RemCo collectively possesses the required skills and expertise. Gavin Tipper and Stewart Shaw-Taylor stepped down from the Board and RemCo during FY2023, and Spiro Noussis and Annabel Dallamore were appointed as members of RemCo. I was appointed as the RemCo Chair, with effect from the 2022 Annual General Meeting.

**Progress during FY2023 and focus areas for FY2024**

The challenging operational and financial environment, increasing levels of semi-gration from Gauteng to the Western Cape and emigration from South Africa, and the general skills gaps in South Africa have heightened the need to focus on retaining and attracting key talent, while also managing costs.

RemCo has placed a greater emphasis on a pay-for-performance philosophy, not only for short- (STI) and long-term incentives (LTI), but annual total guaranteed package (TGP) increases as well. RemCo has placed an emphasis on monitoring the affordability of ongoing costs of remuneration increases and awards.

Following the acquisition of 100% of the four EE properties from Hystead in March 2022, RemCo reviewed and approved a remuneration structure for the Hyprop Europe team in 2023, which is based on the same remuneration policies and principles as the rest of the Group, and includes cash settled LTPAs and deferred awards based on the LTIP. A temporary special monthly allowance was implemented to assist EE employees during the current unprecedented high inflation environment.

Following input from shareholders, the STI and LTI performance measurements and targets for the 2024 awards were aligned with the Group’s strategic objectives. The streamlined measures focus on operational goals (for Group and each region respectively) for STI measures and strategic financial (total return), shopping centre health (cost to income ratio) and ESG (B-BBEE, reduction of electricity and water usage) measures for the LTI.

**Remuneration consultants**

In FY2023, PwC, Vasdex Associates and 21 Century Proprietary Limited assisted RemCo to ensure remuneration practices are fair and transparent, competitive and affordable. RemCo is satisfied that the remuneration consultants engaged were independent and objective.

**Shareholder engagement**

The Remuneration report aims to provide shareholders with sufficient information to assess the Group’s remuneration policies and their implementation, in order to make an informed decision when voting on the remuneration related resolutions proposed at the AGM, in terms of section 66(9) of the Companies Act and King IV™.

In addition, RemCo formally engages with shareholders to discuss remuneration matters as and when needed, most recently in June 2022 to discuss the new LTIP.

No engagement with shareholders was required following recent AGMs, at which the applicable remuneration resolutions were approved by shareholders by the following majorities:

	2022	2021
Remuneration policy	91.1%	81.4%
Implementation report	83.8%	96.9%
Non-executive directors' fees	99.8%	96.4%

The following resolutions will be tabled for shareholder approval at the AGM on 29 November 2023, details of which can be found in the AGM notice which is available online at [www.hyprop.co.za](http://www.hyprop.co.za):

- Non-binding advisory vote on the remuneration policy (Part B of this report);
- Non-binding advisory vote on the implementation report (Part C of this report); and
- Binding vote on non-executive directors' fees.

Should either of the non-binding resolutions receive dissenting votes in excess of 25%, RemCo will embark on formal engagements with dissenting shareholders regarding their dissenting votes; address legitimate and reasonable objections raised; and if required, amend the remuneration policy or clarify and/or adjust the remuneration governance, processes or disclosure.

#### **Composition of RemCo**

RemCo currently comprises three independent non-executive directors. The CEO, CFO and Head of Human Resources attend meetings by invitation but are excluded from any deliberations pertaining to their own remuneration. Please refer to [page 68](#) for details of members' attendance at RemCo meetings.

#### **Confirmation by RemCo**

RemCo confirms that it is satisfied that the remuneration policy and its implementation is fair, transparent and responsible, and complies with appropriate legislation and recommended practices of King IV™.

RemCo confirms that it has executed its duties over the reporting period, according to its terms of reference and appropriate governance standards.

#### **In closing**

I would like to thank Stewart Shaw-Taylor for his significant contribution, over many years, to shaping the remuneration policy and his leadership and guidance of RemCo and supporting teams.

My warmest thanks go to the executives and employees for their ongoing dedication to the Group, and to my colleagues on RemCo and the Board for their support.

Yours sincerely



**Richard Inskip**  
Chairman of  
the Remuneration Committee

# B

## Remuneration philosophy and policy

### Overview and philosophy

Hyprop's remuneration policy adopts a total reward philosophy and promotes the delivery of Hyprop's strategic objectives, encourages team and individual performance and rewards the role of employees and teams in building long-term sustainable value through fair and balanced remuneration.

Our success depends on attracting and retaining talented, experienced, and motivated individuals who will execute our business strategy to achieve our vision. We use both short-term and long-term incentives to achieve this and emphasise a pay for performance philosophy in all elements of remuneration (TGP, STI and LTI).

The remuneration policy covers the remuneration of executive directors, executive and senior management and the balance of Hyprop's employees, as well as non-executive directors.

### Key principles

The principles of the Group's remuneration philosophy underpin our employment ethos and support our strategy. These include:

- aligning remuneration policies and practices with the Group's strategy and values;
- attracting, motivating and retaining talented employees to execute the business strategy; and
- aligning remuneration structures to Group strategic objectives and the creation of shareholder value.

### Fair and reasonable remuneration

In giving effect to the key principles RemCo seeks to:

- ensure non-executive directors' fees are fair, transparent, and responsible;
- ensure the executive directors', executive management and senior managements' remuneration is fair and responsible in the context of overall company remuneration (including considering the pay ratios between executives and other staff when determining annual salary increments);

- reward employees fairly, reasonably, and responsibly for their contribution to the Group's operating and financial performance;
- identify, investigate and address any remuneration disparities related to, inter alia, race and gender, as soon as is practically possible from the discovery of such situations;
- ensure guaranteed pay is based on the principle of equal pay for work of equal value;
- ensure guaranteed pay for all employees is based on clear role descriptions, which are mapped and aligned to the actual jobs (the Paterson job grading system is applied, with six grades used to define our employee remuneration scales); and
- implement a training plan, considered critical to address skills gaps, remuneration disparities and employee motivation, to create an empowered work environment. This plan includes career mapping for employees across the Group and various training courses are offered.

### Benchmarking

Competitive remuneration is vital to being an employer of choice. RemCo sets the remuneration and the TGP of executives by reviewing peer group data from the JSE-listed property sector comprising REITs of a similar profile, total asset value, market capitalisation and revenue.

Benchmarking of TGP for all employees takes place annually, against median industry norms, and may be adjusted based on a significant shift of an employee's experience, qualifications, responsibilities, and performance. Variable remuneration is benchmarked periodically.

Where needed, independent remuneration consultancies (PwC, Vasdex Associates and 21 Century Proprietary Limited) provide market data to assist in remuneration decisions. A remuneration adjustment may be considered if a survey indicates a job grouping is significantly out of line with the comparative benchmark.

Remuneration may exceed benchmarked median levels to attract, retain and motivate holders of specialised skills or for employment equity purposes.

### Attracting and retaining talent

We welcome the acquisition of new talent who bring fresh ideas and increased capabilities. We also believe our low employee turnover of critical and specialised talent offers continuity, builds corporate intellectual capital and aligns performance with our long-term strategic objectives.

The dynamic between newly introduced talent and those who are deeply entrenched in the Group creates the conditions for innovative thinking and solutions. The Group strongly believes in continuously developing its employees to grow their careers but also aims for an appropriate balance between internal and external appointments.

Our human resources strategy enhances people practices, such as recruitment, onboarding, training and development, succession planning, remuneration, benefits, performance management and employee relations, that the Group requires to achieve its strategic goals.

### Elements of remuneration

The Group's remuneration structure comprises fixed and variable elements aimed at keeping Hyprop competitive in attracting and retaining the talent needed to deliver sustainable value.

The Group is committed to being an employer of choice with a culture, policies and procedures that set high expectations, while providing a stimulating and inclusive working environment. Our remuneration structure is performance driven with TGP increases guided by individual and Group performance, and key short-term and long-term targets set annually.

The Group's policy is to pay employees a TGP that is close to the median of comparable companies. In addition, the variable compensation elements are set to enable the overall compensation to move towards the upper quartile for outstanding performance.

The key elements of our remuneration framework, which guide payments to all employees, comprise TGP, cash and equity settled short-term and long-term incentives.

RemCo regularly reviews the policy to ensure the continued alignment of remuneration and employee reward with the creation of shareholder value, and that remuneration practices remain competitive and fair.

Elements of the current remuneration policy are outlined as follows:

**Total guaranteed package (TGP)**

Element	Details
Objectives	<ul style="list-style-type: none"> <li>• Remunerate for individual skills at the prevailing market rate for the role.</li> <li>• Ensure our pay is performance driven.</li> <li>• Ensure our pay is competitive in the industry.</li> <li>• Attract people with the competencies to add value to our business.</li> </ul>
Delivery	Monthly cash remuneration and benefit contributions.
Quantum	TGP is benchmarked against industry medians and may be adjusted based on a significant shift of an employee’s experience, qualifications, responsibilities, and performance. Remuneration may exceed benchmarked levels where required to attract and retain specialised skills or for employment equity purposes.
Salary increases and reviews	Increases and reviews, which take place in circa August of every year, are based on the Group’s performance, prevailing/projected inflation, affordability and the performance of the individual employee. The increases are aligned to the financial year and effective 1 July. Employees who commence employment with the Group within the last 3 months of the financial year do not qualify for the annual review cycle related to that financial year.
Approval	TGP is approved annually by RemCo based on recommendations from the CEO and human resources department, following a moderated process with the relevant executive and senior management members.
Standard benefits	<p>Standard benefits (subject to local labour laws) which are part of TGP include:</p> <ul style="list-style-type: none"> <li>• Membership of a defined contribution pension fund with death, disability, education and funeral benefits;</li> <li>• Four months partially paid maternity leave (paid at 50% of TGP);</li> <li>• Ten days partially paid paternity leave (paid at 50% of TGP);</li> <li>• Annual leave rising to 20 days after five years and 25 days after 10 years consecutive service with the Group;</li> <li>• 6 days paid study leave for approved qualifications;</li> <li>• 3 days family responsibility leave per annum; and</li> <li>• 30 days sick leave over a 3-year period.</li> </ul>

## Short-term incentive (STI)

Element	Details
Eligibility	STI awards apply to all employee levels.
Operation	<p>Annual performance bonus based on Company and individual performance. The STI policy is based on a bottom-up additive structure. The following formula is used to determine the STI:</p> <p><b>Executive directors</b>  <math>STI = TGP \times STI \text{ pay-out factor (based on the STI Percentages)} \times \text{Weight of Key Performance Deliverables (KPDs)}</math></p> <p><b>Other employees</b>  <math>STI = TGP \times STI \text{ pay-out factor (based on the STI Percentages for the overall weighted performance score)}</math></p>
Delivery	<p>All STIs below a threshold quantum, as determined by RemCo, are settled in cash in October of each year.</p> <p>For STIs above a threshold quantum:</p> <p><b>Employees in South Africa</b> - a portion of the STI is deferred in the form of Restricted shares in accordance with the LTIP, details of which are set out under the LTIP section below.</p> <p><b>Employees outside South Africa</b> - a portion of the STI is deferred and is cash settled, subject to increases/decreases based on performance.</p> <p>Deferred awards are settled to a participant immediately, but vest over three years - one third each year on the anniversary of the award date.</p>
Approval	<ul style="list-style-type: none"> <li>• STIs are awarded annually at RemCo's discretion.</li> <li>• KPDs are set in conjunction with executive directors and approved by RemCo.</li> <li>• The results of actual performance against the KPDs are reported to RemCo which approves final STI payments.</li> </ul>
STI percentages	The STI percentage of TGP varies depending on employee grade and achieving threshold, target and stretch performance.
Performance measures	<p><b>Executive directors, executive and senior management (including general managers)</b>            STIs are based on the contributions to the growth and development of the business (portfolio, divisional, centre and the Group). The measures comprise the following:</p> <p><b>Executive directors</b>            100% Executive director KPDs</p> <p><b>Executive and senior management</b>            70-85% Blend of Group/divisional/portfolio KPDs            15-30% Individual performance appraisals</p> <p><b>General managers</b>            60-70% Blend of centre KPDs and individual performance appraisals            15-25% Portfolio KPDs            15% Group KPDs</p> <p><b>Other employees (below senior management):</b></p> <ul style="list-style-type: none"> <li>• STI awards are determined at a target performance level as a percentage of TGP (with a threshold to stretch range in line with best practice).</li> <li>• KPDs and individual performance appraisal weightings are dependent on job grade and role.</li> <li>• Exceptional performance may be rewarded with higher incentives, after considering recommendations from executive/senior management and executive directors.</li> <li>• Individual performance appraisals are completed annually after performance discussions between employees and their manager. The appraisals assist the manager and employee to build on strengths and identify areas for improvement.</li> </ul> <p>All employees participate in the same appraisal process and similar rating criteria. This encourages equality and imposes standard measures of performance across the Company.</p> <p>Exceptional performance by executive directors, executive and senior management may be rewarded at RemCo's discretion.</p>

## Short-term incentive (STI) continued

Element	Details
Key performance deliverables (KPDs)	<p><b>Selecting KPDs for the financial year:</b> KPDs comprise financial, operational, environmental, social and corporate governance measures.</p> <ul style="list-style-type: none"><li>• Some (but not all) of the KPDs may be building blocks for applicable LTPAs.</li><li>• Group, portfolio, centre and divisional KPDs are determined for each financial year.</li></ul> <p><b>Measuring KPDs</b></p> <ul style="list-style-type: none"><li>• STI computation is based on a combination of business KPDs (Group, divisional, portfolio and centre) and individual performance appraisals. Measurement of each KPD depends on whether it is quantifiable or subjective/discretionary. Quantifiable KPDs are assessed against the threshold, target and stretch parameters defined for such KPDs. Subjective/discretionary KPDs are assessed against the following 5-point rating scale.</li></ul> <p><b>1: Unsatisfactory   2: Requires improvement   3: Solid performance   4: Exceeds expectations   5: Exceptional</b></p> <ul style="list-style-type: none"><li>• Each KPD's outcome is weighted.</li><li>• The weighting between the business KPDs and the individual performance appraisal is dependent on the employee's grade level. The more senior the employee the greater the weighting towards the business KPDs.</li><li>• Progress in achieving KPD targets is continuously tracked, with final evaluations at the end of the financial year.</li><li>• A 5-point rating scale is also used for individual performance appraisals.</li></ul>
Conditions of payment	<p>The payment of cash and/or vesting of deferred awards are subject to the continued employment of the employee at the respective date of payment and vesting.</p> <p>Employees who commence their employment within the last 3 months of the financial year do not participate in the STI cycle related to that financial year. For employees who commence their employment within a financial year and before the last 3 months of the financial year, a pro-rata TGP is used to calculate the STI.</p>

## Long-term incentives (LTI)

LTPAs were previously granted in terms of the CUP, an equity settled share plan approved by shareholders in 2013, which has reached the end of its life cycle. The CUP provided for the award of performance shares (70%) and retention shares (30%). Details of pre-existing CUP awards are set out in Part C of the Remuneration Report. These awards will continue under the CUP rules, and we will report the outcomes of these awards as they reach their vesting dates.

The CUP has been replaced by the LTIP, which was approved by shareholders on 20 July 2022 and applies from FY2023 to employees in South Africa. Salient features of the new LTIP are set out below:

Element	Details
Nature and delivery	<p>The LTIP is an equity settled share plan and provides for the award of LTPAs and Deferred awards under the STI.</p> <p><b>Long-term performance awards:</b> Eligible employees are allocated LTPAs of Conditional shares, based on a percentage of their TGP. The vesting of Conditional shares is subject to performance condition(s) measured over a performance period of no less than three years. The Conditional shares are settled to participants following the end of the employment period to the extent that the performance conditions have been met and any other conditions have been fulfilled.</p> <p><b>Deferred awards:</b> The Deferred awards apply to eligible employees earning an annual bonus above a threshold quantum, as determined by RemCo. Participants will receive a portion of the annual bonus in Restricted shares of equivalent value and will have shareholder rights (other than the right to sell the Restricted shares) during the employment period.</p> <p><b>Restricted shares:</b></p> <ul style="list-style-type: none"> <li>are settled to a participant immediately, but will only become unrestricted upon vesting, which will be subject to continued employment over a specified employment period; and</li> <li>are not subject to performance conditions.</li> </ul>
Eligibility	<p>Eligibility for LTPAs is restricted to employees at Paterson Grade D and above (executive directors, executive management, senior management which includes general managers), as well as key individuals with critical and/or strategic skills. Employees are able to nominate a family company or family trust to accept the awards on their behalf.</p>
Use of instrument	<p>In line with the requirements of King IV™, annual awards will be consistent with the Company's remuneration policy to ensure market-related compensation to eligible employees. RemCo has the discretion to determine the quanta of awards, taking into account the seniority and performance of an employee, as well as their total guaranteed pay. Overall affordability will be considered in determining the value of awards to eligible employees.</p>
Termination of employment	<p><b>Fault termination</b> If employment terminates by reason of resignation or dismissal, or any other reason not considered as a no fault termination, all unvested LTPAs and Deferred awards shall be forfeited upon the date of termination of employment.</p> <p><b>No fault termination</b> If employment terminates by reason of retirement, death, disability and redundancy, transferring between companies in the Group or other circumstances as determined by RemCo, a portion of the LTPAs will be pro-rated and accelerated for vesting as at termination of employment. LTPAs are pro-rated for the time served between the award date and date of termination of service, and the extent to which performance conditions have been achieved. The portion of the award which does not vest is forfeited. Unvested Deferred awards/Restricted shares vest in full upon the date of termination of employment and shall be released to participants.</p>
Performance conditions	<p>The performance conditions applicable to LTPAs are set when awards are allocated (annually) for the ensuing performance period.</p>
Plan limits	<p><b>Company limit</b> The aggregate number of shares which may be allocated under the LTIP may not exceed 17 171 946 shares, which equates to 5% of the number of issued shares at the date of adoption of the LTIP.</p> <p><b>Individual limit</b> The aggregate number of shares which may be allocated to any individual under the LTIP may not exceed 3 434 389 shares, which equates to 1% of the number of issued shares at the date of adoption of the LTIP.</p>

## Long-term incentives (LTI) continued

Element	Details
Settlement	<p><b>Manner of settlement</b></p> <p>The LTIP rules allow for settlement in either of the following ways:</p> <ul style="list-style-type: none"> <li>through a market purchase of shares; and</li> <li>the use of treasury shares.</li> </ul>
Change of control	<p>Should the Company undergo a change of control, unvested awards will be treated as follows:</p> <ul style="list-style-type: none"> <li>Deferred awards and Restricted shares will vest in full and be released; and</li> <li>LTPAs will vest, pro-rated for time served between the award date and the change of control date, taking into account the extent to which performance conditions have been met.</li> </ul> <p>Awards that do not vest will continue to be subject to their original terms unless RemCo, in its discretion, determines otherwise.</p>

Full details of the LTIP are available on the Company's website [www.hyprop.co.za](http://www.hyprop.co.za).

For administrative and/or regulatory reasons, application of the LTIP to Group employees outside of SA may not always be practical.

### LTPAs for Group employees outside SA

In conjunction with implementation of the LTIP, a cash settled phantom share plan and deferred awards, based on the same principles as the LTIP, were implemented for eligible employees of the Group who are not employed in SA, as follows:

#### Cash LTPAs

A cash settled phantom share plan, with a performance period of not less than three years. The award of phantom shares is subject to forfeiture if the performance conditions and the employment condition as specified in the award letter are not satisfied.

#### Cash Deferred awards

A cash settled incentive in terms of which a portion of awardees' annual bonus is deferred for a period of three years subject to the employment condition as specified in the award letter. The incentive amount increases/decreases based on performance and is payable in three equal tranches over the vesting period, provided the awardee remains in the employ of the Group.

### Linking remuneration to strategy and performance

The remuneration of Hyprop's employees, TGP, STIs and LTPAs, are tied to the Group's performance.

#### TGP

- Increases are guided by the performance rating of the individual and the Group's performance.
- Exceptional increases may be offered to high performers.
- Supports the retention of and rewards high performers.

### STI (in the form of cash and Deferred awards under the LTIP)

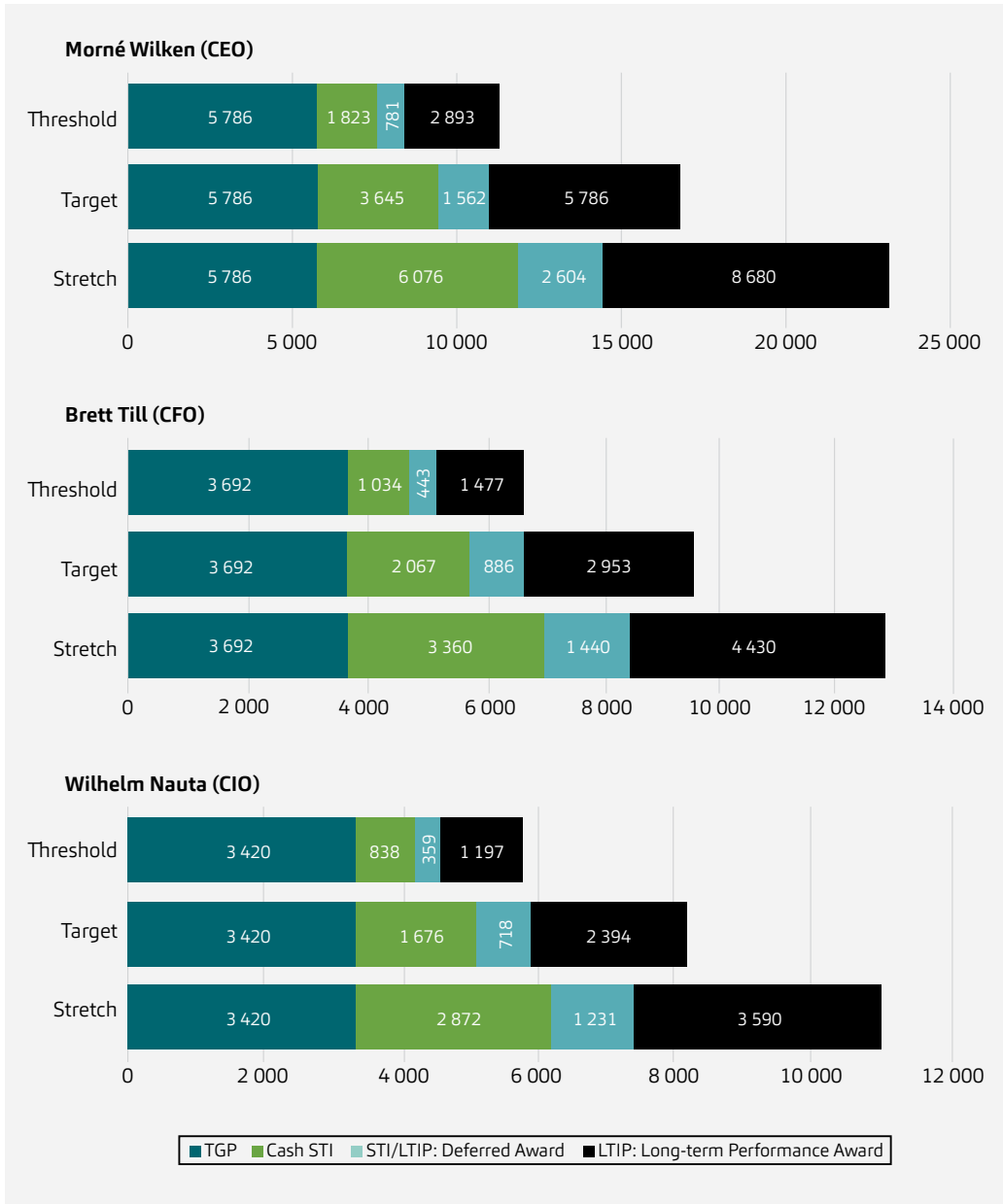
- Rewards the achievement of challenging financial, operational, ESG and strategic objectives aligned to Group, portfolio, divisional and centre KPDs.
- Structured to reward collaborative performance across the Group and create a high-performance culture.
- The business KPDs (Group, portfolio, divisional and centre) ensure that employees and teams focus on the key measures necessary to drive the Group's performance. Performance is measured against the business KPDs and individual performance appraisals.

### LTPA (in the form of CUP awards, or the LTIP or other LTPAs)

- Aligns the interests of employees with those of shareholders and the Group's long-term sustainability.
- Incentivises performance against key measures aligned to the Group's strategy.
- Attracts, motivates and retains executive directors, executive management, senior managers and employees with specific core, critical and/or strategic skills.

### Linking pay to performance

The following graphs illustrate the potential remuneration outcomes for executive directors at threshold, target and stretch levels (the latter solely for outstanding performance) for awards in the 2024 financial year comprising TGP, STI and LTPAs. In the event that the threshold level of performance is not achieved, only the TGP would be payable.



**Malus and clawback policy**

The malus and clawback policy applies to all senior employees who are granted incentive awards (prior to 1 July 2022 only executive directors and prescribed officers). The provisions of the policy allow the Company to reduce or recoup STI or LTIP awards in the event of fraud or gross negligence by an employee (“trigger events” as defined). Malus applies before awards have vested or been paid to an employee whilst clawback applies for a period of three years from the date awards have vested or payment has been made to an employee.

During the reporting period, no trigger events occurred or were discovered, and no malus or clawback was applied to any STI or LTIP awards.

**Minimum shareholding requirement policy**

The Company introduced a minimum shareholding requirement policy, effective from 1 July 2022, for executive directors and prescribed officers. The minimum shareholding requirement target has been determined at 200% of TGP for the CEO and 150% of TGP for other executive directors and prescribed officers. The target period to achieve the minimum shareholding requirement is seven years and will be monitored on an annual basis by RemCo.

**Non-executive directors' remuneration policy**

Non-executive directors do not have employment contracts with the Company, nor do they participate in any of the Company’s incentive plans. There are no contractual arrangements applicable to loss of office.

Non-executive directors are subject to retirement by rotation and may be re-elected by shareholders in accordance with the Company’s MOI.

RemCo recommends the level of fees payable to non-executive directors to the Board for final approval by shareholders. Fees (other than the fees for Investment Committee members and the attendee fee for the Chairman) are not dependent on attendance at meetings but reflect the responsibility, complexity, risk and extent of involvement required for each role. The fees are benchmarked at the median, against a peer group of JSE listed companies every two years, with CPI adjustments in alternate years. There are no other supplementary fees payable.

The last benchmarking of non-executive directors’ fees was undertaken in 2022 for implementation in FY2023.

The proposed non-executive directors' fees for 2024 are based on a CPI linked adjustment of 5%, besides the attendee fees for the Audit and Risk Committee and the Social and Ethics Committee which remain the same as in 2023. The non-executive directors' fees will be put to shareholders at the 2023 AGM for approval, as set out below:

	2023		2024		
	Fixed annual fee (R)	Attendance fee per meeting (R)	Increase (%)	Fixed annual fee (R)	Attendance fee per meeting (R)
<b>Board of directors</b>					
Chair	787 000		5.0%	826 350	
Member	398 000		5.0%	417 900	
<b>Audit and Risk Committee</b>					
Chair	295 000		5.0%	309 750	
Member	170 000		5.0%	178 500	
Attendee*		30 000	0.0%		30 000
<b>Remuneration Committee</b>					
Chair	110 400		5.0%	115 920	
Member	61 000		5.0%	64 050	
<b>Nomination Committee</b>					
Chair	110 400		5.0%	115 920	
Member	61 000		5.0%	64 050	
<b>Social and Ethics Committee</b>					
Chair	96 600		5.0%	101 430	
Member	78 000		5.0%	81 900	
Attendee*		30 000	0.0%		30 000
<b>Investment Committee</b>					
Chair		34 000	5.0%		35 700
Member		27 000	5.0%		28 350

\* An attendee fee is paid to the Chairman of the board if he attends meetings of the Audit and Risk and Social and Ethics Committees.



## Implementation report

This report deals with the implementation of the Group's remuneration policy and the outcomes over the course of the financial year.

### Retaining and attracting talent

Staff retention for 2023 was 93.0% (2022: 91.5%) with an average tenure of 8.7 years (2022: 9.6 years).

Retention by staff level	2023*	2022
Non-executive directors	63.0%	100.0%
Executive directors	100.0%	100.0%
Executive management	100.0%	80.0%
Senior management	88.0%	91.5%
Other employees	93.0%	91.0%
<b>Total staff retained</b>	<b>93.0%</b>	<b>91.5%</b>

Average tenure (years of service) by staff level	2023*	2022
Non-executive directors	5	5
Executive directors	5	4
Executive management	9	9
Senior management	9	11
Other employees	9	10
<b>Total staff tenure</b>	<b>8.7</b>	<b>9.6</b>

\*2022 includes SA only. 2023 includes SA and EE.

### Total guaranteed package

TGP is the total cost of employment (CTC) package and includes base salary, travel allowance, retirement savings, death, disability and healthcare contributions.

### 2023 financial year

#### Salary increases

In determining the increase in TGP RemCo considered:

- the prevailing/projected inflation rate;
- the Group's performance and the affordability of the increased salary cost; and
- market benchmarking data.

### South Africa

A CPI related increase was applied, effective 1 July 2022 (2022: 1 July 2021) as follows:

Total guaranteed package increases applied	2023	2022
Executive directors	5.5% - 6.0%	4.5%
Executive management	3.0% - 6.0%	4.5%
Senior management	6.0%	4.5%
Other employees	6.0%	5.0% - 6.0%
CPI*	7.8%	4.6%
Minimum CTC - Lowest level of permanent employee (per annum)	R129 958	R122 300

\* CPI reflects the indicator measured by Statistics South Africa in July of each year.

### Eastern Europe

A CPI related increase, having regard to the prevailing high inflation rates at the time, was applied effective 1 January 2023 as follows:

- 3.5% baseline increase; and
- A temporary special monthly allowance of between 9.63% and 11.46% for the period January 2023 to June 2023, considering the average CPI per country. The temporary special allowance did not apply to the executive management team.

Total guaranteed package baseline increases applied	2023
Executive management	0 - 3.5%
Senior management	3.5%
Other employees	3.5%
CPI - Bulgaria*	17.3%
CPI - North Macedonia*	16.0%
CPI - Netherlands*	10.3%
Minimum CTC - Lowest level of permanent employee (per annum)	R117 601

\* CPI reflects the indicator in July of each year.

## Salary benchmarking

Adjustments to total guaranteed packages were considered and approved for internal promotions and appointments.

Total guaranteed package adjusted (number of employees)	2023*	2022
Executive directors	-	1
Executive management	-	1
Senior management	1	5
Other employees	22	17
<b>Total</b>	<b>23</b>	<b>24</b>

\*2022 includes SA only, 2023 includes SA and EE.

The Paterson system is used to grade positions in the Group. Similar positions are aligned within a salary band taking into consideration an employee's experience, qualifications, the nature of work and the level of responsibility. This practice accords with the Group's commitment to fair remuneration and equal pay for work of equal value.

## TGP paid

### South Africa

Total guaranteed package paid	2023		2022
	R'000	% change	R'000
Executive directors	12 284	5.87%	11 603
Executive management	9 528	5.02%	9 073
Senior management	31 625	(1.78%)	32 198
Other employees	77 919	4.55%	74 531
<b>Total</b>	<b>131 356</b>	<b>3.10%</b>	<b>127 405</b>

### Eastern Europe

Total guaranteed package paid	2023
	R'000
Executive management	11 435
Senior management	7 417
Other employees	17 858
<b>Total</b>	<b>36 710</b>

## Defined contribution pension fund (SA employees - 100% contribution)

At 30 June 2023, 216 (2022: 212) employees were members of the pension fund and R16.8 million (2022: R15.6 million) was contributed to the pension fund during the year. In addition to retirement savings, the fund provides members with life, disability, education and funeral insurance.

## Parental leave

Hyprop offers four months partially paid maternity leave and 10 days partially paid paternity leave for employees in South Africa. A total of R35 391 (2022: R72 900) was paid to three (2022: five) employees who commenced their leave during the financial year and received a total of 245 days (2022: 335 days) partially paid maternity and paternity leave days.

Employees in Eastern Europe are entitled to parental leave benefits according to local legislation.

## 2024 financial year

### Salary increases

In determining the increase in TGP, RemCo considered:

- the prevailing/projected inflation rate;
- the performance of the individual employee and the Group; and
- the affordability of the increased salary cost.

### South Africa

The TGP will be increased by between 3.7% and 6% based on employees' performance (excluding the effect of promotions and other internal appointments), with effect from 1 July 2023.

### Eastern Europe

A CPI related increase, effective 1 July 2023, and the temporary special monthly allowance will be applied as follows:

- 4.75% baseline increase; and
- The temporary special monthly allowance of between 3.62% and 3.79% will be extended for the period July 2023 to December 2023, considering the average CPI per country. The temporary special allowance does not apply to the executive management team.

The temporary special allowance will be reviewed in December 2023 by RemCo.

## Short-term incentives

STIs are based on achieving KPDs and employees' individual performance appraisal scores. We measure performance against KPDs designed to direct performance to the achievement of the Group's strategic priorities.

### 2022 financial year (paid during FY2023)

STIs for FY2022 were paid in October 2022 for SA and in December 2022 for EE.

RemCo considered the outcome of the performance appraisals conducted and the June 2022 KPD scores when approving the STIs for FY2022.

#### South Africa

STIs paid for the year ended	30 June 2022 R'000	30 June 2021 R'000
Executive directors*	11 634	7 720
Executive management*	4 400	2 775
Senior management	11 545	9 914
Other employees	10 277	8 960
<b>Total</b>	<b>37 854</b>	<b>29 369</b>

\*The total STI paid to executive directors and executive management includes the deferred STI award in terms of the LTIP.

#### Eastern Europe

STIs paid for the year ended	30 June 2022 R'000
Executive management*	3 162
Senior management	2 029
Other employees	1 983
<b>Total</b>	<b>7 175</b>

\*The total STI paid to executive management includes the deferred STI award in terms of the LTIP.

## 2023 financial year

### Key performance deliverables

KPDs for FY2023 were approved by RemCo in October 2023. Actual performance is measured against targets on an ongoing basis with final outcomes communicated to management in September 2023.

KPD scores against targets relating to FY2023 will be applied to STIs in respect of 2023, to be paid in October 2023. RemCo reviewed the targets for the executive directors and the Group.

### Executive directors' FY2023 KPD performance scores

KPD performance for the executive directors was reviewed against threshold, target and stretch performance levels. These levels were aligned to a 5-point rating scale (1 representing unsatisfactory performance and 5 representing exceptional performance) as follows:

- Threshold - 3 performance rating
- Target - 3.75 performance rating
- Stretch - 5 performance rating

STIs for the 2023 financial year were approved by RemCo based on the results set out in the table below.

2023 Key performance deliverable	Performance target range			Weighting			Performance score		
	Threshold	Target	Stretch	CEO	CFO	CIO	CEO	CFO	CIO
<b>Group</b>									
Growth in distributable income ("DI") per Share (Base DI/Share: Distributable Income for 30 June 2022 (R1.170 bn) ÷ (Current issued shares + new shares issued pursuant to the 2022 DRIP))	9% growth in DI/share	12% growth in DI/share	16% growth in DI/share	15%	15%	5%	5.00	5.00	5.00
Maintain the consolidated LTV (based on 30 June 2022 asset values)	Below 39%	Below 37%	Below 35%	10%	10%	7.5%	4.00	4.00	4.00
B-BBEE rating improvement	Level 4	Level 3	Level 2	5%	5%	7.5%	3.75	3.75	3.75
Achieve the following score in the 2023 B-BBEE verification for the Procurement element	18 points	19.5 points	21 points			10%			5.00
Annual portfolio review, recycling of non-core assets and securing new growth opportunities in line with strategy	RemCo discretion			10%	10%	5%	3.00	3.00	3.00
Group financial reporting, European team integration, dividend policy and debt management	RemCo discretion in-line with the agreed objectives.				12.5%			3.90*	
Optimisation of the SOKO business	Business successfully split between the physical district and the technology platform, and at least one component breaking even.	Business successfully split between the physical district and the technology platform, and both breaking even.	Opened a further physical district and the technology platform profitable.	5%	2.5%		Below Threshold		
Review the non-tangible strategy and find optimal solution	RemCo discretion			2.5%	2.5%		3.75	3.75	
<b>European portfolio</b>									
Growth in tenant turnover (Base: Year ended 30 June 2022)	CPI	110% of CPI	125% of CPI	10%	10%		4.88	4.88	
Total Portfolio net operating income	Budget	Budget plus 5%	Budget plus 10%	7.5%	7.5%		5.00	5.00	
<b>South African portfolio</b>									
Growth in tenant turnover (Base: Year ended 30 June 2022)	CPI	110% of CPI	125% of CPI	10%	10%	5%	5.00	5.00	5.00
Relative growth in gross rental income (gross contractual rental income plus turnover rental) excluding recoveries (Base: Year ended 30 June 2022)	2.75%	4.75%	6.50%	7.5%	7.5%	5%	Below Threshold		
Relative reduction of arrears at 30 June 2022	20% reduction	35% reduction	50% reduction		7.5%			4.26	
Repositioning Strategies - Repurpose, redevelopment, anchor tenants and tenant mix	RemCo discretion in-line with the agreed objectives			17.5%			2.29*		
<b>Sub-Saharan portfolio</b>									
Reduce vacancy in the SSA Portfolio (excluding Game)	10% reduction	20% reduction	35% reduction			5%			4.61
Rent out Game space in Ghana	50% let	75% let	100% let			5%	Below Threshold		
Unwind the historic redundant SSA group structures	N/a	Implemented	N/a			5%			3.75
Securing dollars in Nigeria	\$1m converted	\$3m converted	\$10m converted			5%			4.77
Increase Hyprop's proportionate net income after tax (excluding effect of property revaluation gains/losses) from the retained AttAfrica entities and Gruppo in Rand (Base: Year ended 30 June 2022)	5% increase	10% increase	15% increase			15%			5.00
Secure sales of the SSA assets and create liquidity	SPA signed on both Ghana and Nigeria	Either Ghana or Nigeria transaction concluded and closed out	Both Ghana and Nigeria transactions concluded and closed out			20%	Below Threshold		
Sum of Scorecard weight = 100%				100%	100%	100%			
<b>STI pay-out range</b>									
CEO	45%	90%	150%						
Other executive directors	35% - 40%	70% - 80%	120% - 130%						
Total STI Pay-out (R)							4 849 029	3 236 257	2 256 009
Total STI Pay-out % of TGP							88%	92%	69%
Deferred Award (30% of STI) (R)							1 454 709	970 877	676 803
Cash STI (R)							3 394 320	2 265 380	1 579 206

\* The weighted performance score for the agreed objectives.

### Other employees - individual performance reviews

Individual performance appraisals were conducted during July 2023. Discussions were structured to cover work goals achieved, training needs and job performance, and to set goals for the next 12 months. The performance of any employee that required improvement was addressed during the year through consultation, and if required, training.

#### South Africa

	Performance review score (1-5)	% of employees	
		30 June 2023	30 June 2022
Performance requires improvement	1 - 2.99	21%	17%
Performance consistently meets expectations	3 - 3.75	70%	73%
Performance exceeds expectations	3.76 - 5	9%	10%
		<b>100%</b>	<b>100%</b>

#### Eastern Europe

	Performance review score (1-5)	% of employees
		30 June 2023
Performance requires improvement	1 - 2.99	25%
Performance consistently meets expectations	3 - 3.75	48%
Performance exceeds expectations	3.76 - 5	27%
		<b>100%</b>

### STI allocations

STIs for FY2023 will be paid in October 2023 to executive directors and other eligible employees. The STI allocations were approved by RemCo, which was guided by the outcome of the KPDs and individual performance appraisals. Where applicable, RemCo applied its discretion in awarding STIs for the executive directors and executive/senior management teams.

Details of the STIs payable to the executive directors are set out on [page 84](#).

### Deferred awards

#### South Africa

Where the FY2023 STI exceeds R1 million, 30% of the STI will be deferred in the form of Restricted Shares in accordance with the LTIP. Deferred awards will vest one third each year on the anniversary of the award date.

#### Eastern Europe

Where the FY2023 STI exceeds R1 million equivalent, 30% of the STI will be a cash settled deferred award which is subject to increases/decreases, based on performance.

## 2024 financial year

Key performance deliverables for STIs for the 2024 financial year have been approved by RemCo in the context of the Group strategy and the short-term priorities agreed with the executive directors, as set out in the table below:

2024 Key performance deliverable	Performance target range			Weighting			
	Threshold	Target	Stretch	CEO	CFO	CIO	Group
	Group						
1 Growth in distributable income ("DI")/share. (Base DI/Share = DI at 30 June 2023 ÷ Issued shares as at 30 June 2023)	10% negative growth in DI/share	5% negative growth in DI/share	0% growth in DI/share	27.50%	27.50%	20.00%	20.00%
2 Maintain the consolidated LTV	Below 42.5%	Below 40%	Below 37.5%	22.50%	22.50%	10.00%	20.00%
3 Achieve the following score in the 2024 B-BBEE verification for the Procurement element	20 points	21.5 points	22.5 points				20.00%
4 Revise interest rate hedging policy and steps taken to implement policy		RemCo discretion			10.00%		
5 Growth and recycling strategy: Annual Portfolio review/Recycling of non-core assets/Securing new growth opportunities (SA and Europe) in line with strategy/Corporate transaction/Other ventures to create growth	Secured transaction, Board/IC approval and implementation started - at least 1 transaction	Secured transaction, Board/IC approval and implementation started - at least 2 transactions	Secured transaction, Board/IC approval and implementation started - at least 3 transactions	20.00%	15.00%	15.00%	
6 Find Solution for Omni - Channel strategy/Soko and Nika	Nika implemented and NTER secure additional users	Nika and NTER consolidated	Nika and NTER consolidated and profitable	2.50%			
<b>Eastern Europe</b>							
7 Hystead liquidation and Hyprop Europe structure optimisation	n/a	Implemented	n/a		7.50%		
<b>South Africa</b>							
8 Growth in tenant turnover (Base: Financial Year June 2023)	CPI	120% of CPI	140% of CPI				20.00%
9 Relative growth in gross rental income (Sum of gross contractual rental income plus turnover rental) excluding recoveries.	95% of budget growth	110% of budget growth	140% of budget growth				20.00%
10 Redevelopment projects or repurpose space effectively	Completed feasibility, approved by the IC and project started - at least 1 project per region	Completed feasibility, approved by the IC and project started - at least 2 projects per region	Completed feasibility, approved by the IC and project started - at least 3 projects per region	17.50%	12.50%		
<b>Sub-Saharan Africa</b>							
11 Rent out Game space in Ghana	50% let	75% let	100% let			10.00%	
12 Optimise SSA capital structure	n/a	Implemented	n/a		5.00%	10.00%	
13 Securing US Dollars in Nigeria	50% of the in-country Naira	75% of the in-country Naira	100% of the in-country Naira			10.00%	
14 Secure sales of the SSA assets OR reduce Hyprop exposure to the in-country debt.	50% of the exposure	75% of the exposure	100% of the exposure	10.00%		25.00%	
<b>Sum of weighting</b>				<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Appropriate KPDs aligned with Hyprop's strategy have been set for the executive and senior management teams for the year ending 30 June 2024, taking into account their roles and relevant short-term priorities.

Individual performance appraisals for the 2024 financial year will be completed by 31 July 2024. Payment of STIs will be reviewed and approved by RemCo, based on performance against the KPDs, taking into account market conditions and the performance of the Group for 2024.

## Long-term incentives

### Awards issued in FY2023

Awards of 775 630 LTIP shares (648 751 LTPA and 126 879 Deferred STI shares) (Tranche 1) were approved by RemCo and made to 28 participants in November 2022. Awards of 177 499 phantom shares were approved by RemCo and made to employees in the EE portfolio in December 2022.

### Shares vested and forfeited in FY2023

For the 1 July 2019 CUP Performance award (Tranche 9), 18.67% vested in November 2022 with some of the performance conditions not being met, as summarised below:

Performance conditions for performance shares awarded 1 July 2019						
Performance Condition	Threshold	On-target	Stretch	Weighting	Performance Condition Outcome Score	Vesting %
Growth in distribution per share relative to the peer group over three years	Hyprop's growth in distribution per share relative to peer group: 95%	Hyprop's growth in distribution per share relative to peer group: 102.5%	Hyprop's growth in distribution per share relative to peer group: 110%	40%	75.3%	0%
Share price performance relative to the peer group	Hyprop's share price performance relative to peer group: 95%	Hyprop's share price performance relative to peer group: 105%	Hyprop's share price performance relative to peer group: 120%	40%	91.5%	0%
Strategic component	Implement exit strategy for Africa at current carrying value.			20%	Below threshold	0%
	Restore investment rating with a recognised rating agency, relative and subject to South Africa's investment rating. Loan to value ratio below 35% on a see through basis.				5	150%
	Progress on repositioning the malls.				4.5	130%
Vesting %						18.67%
Threshold	50% of the Performance Units will vest for performance at threshold. None of the Performance Units will vest for performance below threshold.					
On target	100% of the performance Units will vest for performance at target.					
Stretch	150% of the performance Units will vest for performance at stretch.					

The 1 July 2017 Retention CUP award (Tranche 6) vested in September 2022.

## Details of the outstanding LTPAs

### Outstanding shares awarded under the CUP

	Award date	Fair value at grant date	Issued	Forfeited	Vested	Unvested
<b>5 year Retention</b>						
Tranche 7	1 July 2018	70.72	41 281	(14 233)	-	27 048
Tranche 8	1 January 2019	51.24	16 835	-	-	16 835
Tranche 9	1 July 2019	39.50	80 330	(10 460)	-	69 870
Tranche 10	1 July 2020	20.72	270 506	(21 924)	-	248 582
Tranche 11	1 January 2021	29.84	5 530	-	-	5 530
<b>Total</b>			<b>414 482</b>	<b>(46 617)</b>	-	<b>367 865</b>
<b>4 year Performance</b>						
Tranche 12	1 October 2021	28.30	261 465	(22 183)	-	239 282
<b>Total</b>			<b>261 465</b>	<b>(22 183)</b>	-	<b>239 282</b>
<b>3 year Performance</b>						
Tranche 10	1 July 2020	20.72	631 159	(51 153)	-	580 006
Tranche 11	1 January 2021	29.84	12 902	-	-	12 902
Tranche 12	1 October 2021	28.30	261 465	(22 184)	-	239 281
<b>Total</b>			<b>905 526</b>	<b>(73 337)</b>	-	<b>832 189</b>
<b>Total CUP</b>			<b>1 581 473</b>	<b>(142 137)</b>	-	<b>1 439 336</b>

### Outstanding Conditional shares awarded under the LTIP

	Award date	Fair value at grant date	Issued	Forfeited	Vested	Unvested
<b>Equity settled</b>						
4 year Tranche 1	1 November 2022	36.49	324 375	(8 213)	-	316 162
3 year Tranche 1	1 November 2022	36.49	324 376	(8 214)	-	316 162
<b>Total</b>			<b>648 751</b>	<b>(16 427)</b>	-	<b>632 324</b>

### Outstanding Deferred award/Restricted shares awarded under the LTIP

	Award date	Fair value at grant date	Issued	Forfeited	Vested	Unvested
<b>Equity settled</b>						
3 year Tranche 1	1 November 2022	36.49	126 879	-	-	126 879
<b>Total</b>			<b>126 879</b>	-	-	<b>126 879</b>
<b>Total LTIP</b>			<b>775 630</b>	<b>(16 427)</b>	-	<b>759 203</b>

### Outstanding Conditional LTPA awards

	Award date	Fair value at grant date	Issued	Forfeited	Vested	Unvested
<b>Cash settled</b>						
4 year Tranche 1	1 November 2022	36.49	88 749	-	-	88 749
3 year Tranche 1	1 November 2022	36.49	88 750	-	-	88 750
<b>Total LTPA</b>			<b>177 499</b>	-	-	<b>177 499</b>
<b>Total all awards</b>			<b>2 534 602</b>	<b>(158 564)</b>	-	<b>2 376 038</b>

	2023	2022
<b>Reconciliation of number of awards outstanding</b>		
<b>Number of awards</b>		
Outstanding at the beginning of the year	1 705 272	1 377 049
New awards granted	953 129	522 930
Vested	(50 691)	(51 050)
Forfeited	(231 672)	(143 657)
<b>Outstanding at the end of the year</b>	<b>2 376 038</b>	<b>1 705 272</b>

	R'000	R'000
<b>Reconciliation of value of awards outstanding</b>		
Outstanding at the beginning of the year <sup>1</sup>	56 598	36 492
New awards granted <sup>2</sup>	34 780	7 399
Vested <sup>3</sup>	(1 748)	(1 581)
Forfeited <sup>1</sup>	(7 747)	(3 807)
Change in market value	(8 915)	18 095
<b>Outstanding at the end of the year<sup>4</sup></b>	<b>72 968</b>	<b>56 598</b>

<sup>1</sup> Awards outstanding at the beginning of the year and awards forfeited are valued at the prior year closing share price of R33.19 on 30 June 2022 (2022: R26.50 on 30 June 2021).

<sup>2</sup> Awards granted during the year were valued at the 30 day VWAP on grant date of R36.49 (2022: R28.30).

<sup>3</sup> Two tranches of CUP awards vested during the 2023 year at fair values of R33.98 and R34.80 per share.

<sup>4</sup> Awards outstanding at the end of the year are valued at the closing share price of R30.71 (2022: R33.19).

## LTPAs for the 2024 financial year

Details of the LTPAs to be made under the LTIP in November 2023, are set out below:

Element	Details								
Quantum	<p>Annual LTPAs are calculated with reference to:</p> <ul style="list-style-type: none"> <li>• TGP of individual employees; and</li> <li>• the 30-day volume weighted average share price of Hyprop shares on the award date.</li> </ul>								
Allocation percentages	<p>The table below outlines the LTPA allocation per eligible employee level</p> <table border="1"> <thead> <tr> <th>Level of employee</th> <th>Award allocation % of TGP*</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>100%</td> </tr> <tr> <td>Other executive directors</td> <td>80%</td> </tr> <tr> <td>Senior management and key individuals</td> <td>40%</td> </tr> </tbody> </table> <p>RemCo may in its discretion exceed the above award allocation % of TGP.</p>	Level of employee	Award allocation % of TGP*	CEO	100%	Other executive directors	80%	Senior management and key individuals	40%
Level of employee	Award allocation % of TGP*								
CEO	100%								
Other executive directors	80%								
Senior management and key individuals	40%								
Performance period and vesting	<p>LTPA vesting profile, performance period and shareholder rights</p> <ul style="list-style-type: none"> <li>• LTPAs will vest in two equal tranches on the third and fourth anniversaries of the award date.</li> <li>• The performance period is the first three years.</li> <li>• Participants are not entitled to any rights or dividends in and to the shares prior to the vesting/settlement of such shares.</li> </ul> <table border="1"> <thead> <tr> <th colspan="2">Percentage of awards which vest</th> </tr> </thead> <tbody> <tr> <td>Minimum threshold</td> <td>50%, none vest below threshold</td> </tr> <tr> <td>On target</td> <td>100%</td> </tr> <tr> <td>Stretch target</td> <td>150%</td> </tr> </tbody> </table> <p>Linear vesting will apply for performance between “Threshold” and “On target” or between “On target” and “Stretch” performance. For example, where performance is exactly halfway between threshold and on target, the portion of performance shares that will vest will reflect a similar ratio, i.e. 75%.</p>	Percentage of awards which vest		Minimum threshold	50%, none vest below threshold	On target	100%	Stretch target	150%
Percentage of awards which vest									
Minimum threshold	50%, none vest below threshold								
On target	100%								
Stretch target	150%								
Approval	All LTPAs are subject to RemCo’s discretion and approval.								

## Performance conditions applicable to the 2024 LTPA

The performance conditions and vesting percentages for the 2024 LTPAs are outlined below

KPD theme	No.	Metric	Weighting	Below threshold (zero vesting)	Threshold 50% vesting	Target 100% vesting	Stretch 150% vesting
1. Total return (45%)	1.1	Relative total return	30%	Less than 85% of peer group average	@ 85% of peer group average	@110% of peer group average	@135% of peer group average
	1.2	Absolute return (WACC)	15%	Less than 85% of WACC	@ 85% of WACC	@105% of WACC	@125% of WACC
2. Centre performance - Cost to income Ratio (40%)	2.1	SA portfolio	25%	The gross expense ratio above 46%	The gross expense ratio below 46%	The gross expense ratio below 44%	The gross expense ratio below 42%
	2.2	EE portfolio	15%	The gross expense ratio above 36%	The gross expense ratio below 36%	The gross expense ratio below 34.5%	The gross expense ratio below 33%
3. ESG (15%)	3.1	BEE rating improvement	5%	B-BBEE rating worse than 4	B-BBEE rating of 4	B-BBEE rating of 3	B-BBEE rating of 1
	3.2	Reduction in electricity usage from council and Eskom	5%	Less than 5% reduction in the electricity usage from council/GLA compared with FY2023 - on a like for like basis	More than 5% reduction in the electricity usage from council/GLA compared with FY2023 - on a like for like basis	More than 10% reduction in the electricity usage from council/GLA compared with FY2023 - on a like for like basis	More than 15% reduction in the electricity usage from council/GLA compared with FY2023 - on a like for like basis
	3.3	Reduction in water usage from council	5%	Less than 5% reduction in the water usage from council/GLA compared with FY2023 - on a like for like basis	More than 5% reduction in the water usage from council/GLA compared with FY2023 - on a like for like basis	More than 8.75% reduction in the water usage from council/GLA compared with FY2023 - on a like for like basis	More than 12.5% reduction in the water usage from council/GLA compared with FY2023 - on a like for like basis

## Executive directors' remuneration

### Amounts paid in FY2023/FY2022

	Morné Wilken CEO		Brett Till CFO		Wilhelm Nauta CIO		Total Executive directors	
	June 2023	June 2022	June 2023	June 2022	June 2023	June 2022	June 2023	June 2022
Basic salary	5 031	4 535	3 170	2 988	2 998	2 838	11 199	10 361
Pension fund contributions	449	420	286	269	199	189	934	878
STI - cash	4 070	3 542	2 260	2 174	1 813	2 004	8 143	7 720
STI - restricted shares	1 744	-	968	-	777	-	3 489	-
Vested shares	219	-	115	-	277	178	611	178
Other benefits	36	36	60	60	60	60	156	156
Fees	-	209	-	-	-	-	-	209
<b>Total executive directors</b>	<b>11 549</b>	<b>8 742</b>	<b>6 859</b>	<b>5 491</b>	<b>6 124</b>	<b>5 269</b>	<b>24 532</b>	<b>19 502</b>

## Total guaranteed package

	%	30 June 2023	30 June 2022
MC Wilken	6.0%	5 510 834	5 198 900
BC Till	6.0%	3 516 020	3 317 000
AW Nauta	5.5%	3 256 680	3 086 900
<b>Total</b>	<b>5.9%</b>	<b>12 283 534</b>	<b>11 602 800</b>

## Short-term incentives

Performance against targets for the executive directors for FY2022 and FY2023 were reviewed against threshold, target and stretch performance levels and aligned to a 5-point rating scale as follows:

- Threshold – 3 performance rating
- Target – 3.75 performance rating
- Stretch – 5 performance rating

The STI is based on the following STI% pay-out range:

Employee level	% of TGP		
	Threshold	Target	Stretch
Chief Executive Officer	45%	90%	150%
Other executive directors	35% - 40%	70% - 80%	120% - 130%

## FY2022 (paid in FY2023)

The results of the executive directors' performance against the FY2022 STI targets was set out in the FY2022 remuneration implementation report. The FY2022 STIs paid in October 2022 are included in the table above.

## FY2023

The results of the executive directors' performance against the FY2023 STI targets are set out in the table on [page 84](#). The FY2023 STIs will be paid in October 2023.

## Long-term incentives

Details of the total number of shares awarded to the executive directors in terms of the CUP and LTIP are as follows:

	Morné Wilken CEO		Brett Till CFO		Wilhelm Nauta CIO		Total	
	June 2023	June 2022	June 2023	June 2022	June 2023	June 2022	June 2023	June 2022
	Number of shares		Number of shares		Number of shares		Number of shares	
<b>Number of shares outstanding</b>								
Outstanding at the beginning of the year	263 200	205 233	166 612	133 859	159 271	125 007	589 083	464 099
New awards granted	190 271	84 000	99 259	46 002	80 514	43 836	370 044	173 838
Vested	(6 279)	-	(3 292)	-	(5 655)	(5 444)	(15 226)	(5 444)
Forfeited	(27 351)	(26 033)	(14 336)	(13 249)	(13 919)	(4 128)	(55 606)	(43 410)
<b>Outstanding at the end of the year</b>	<b>419 841</b>	<b>263 200</b>	<b>248 243</b>	<b>166 612</b>	<b>220 211</b>	<b>159 271</b>	<b>888 295</b>	<b>589 083</b>
<b>Number of shares by award type</b>								
CUP	229 570	263 200	148 984	166 612	139 697	159 271	518 251	589 083
LTPA	142 471	-	72 720	-	59 216	-	274 407	-
<b>Sub-total</b>	<b>372 041</b>	<b>263 200</b>	<b>221 704</b>	<b>166 612</b>	<b>198 913</b>	<b>159 271</b>	<b>792 658</b>	<b>589 083</b>
Restricted shares	47 800	-	26 539	-	21 298	-	95 637	-
<b>Outstanding at the end of the year</b>	<b>419 841</b>	<b>263 200</b>	<b>248 243</b>	<b>166 612</b>	<b>220 211</b>	<b>159 271</b>	<b>888 295</b>	<b>589 083</b>
<b>Value of shares outstanding</b>								
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Outstanding at the beginning of the year <sup>1</sup>	8 735	5 438	5 531	3 548	5 288	3 313	19 554	12 299
New awards granted <sup>2</sup>	6 944	2 377	3 622	1 302	2 939	1 241	13 505	4 920
Vested	(219)	-	(115)	-	(195)	(161)	(529)	(161)
Forfeited <sup>1</sup>	(908)	(690)	(476)	(351)	(462)	(109)	(1 846)	(1 150)
Change in market value	(1 660)	1 610	(939)	1 032	(807)	1 004	(3 406)	3 646
<b>Outstanding at the end of the year<sup>3</sup></b>	<b>12 892</b>	<b>8 735</b>	<b>7 623</b>	<b>5 531</b>	<b>6 763</b>	<b>5 288</b>	<b>27 278</b>	<b>19 554</b>

<sup>1</sup> Awards outstanding at the beginning of the year and awards forfeited are valued at the prior year closing share price of R33.19 on 30 June 2022 (2022: R26.50 on 30 June 2021).

<sup>2</sup> Awards granted during the year were valued at the 30 day VWAP on grant date of R36.49 (2022: R28.30).

<sup>3</sup> Awards outstanding at the end of the year are valued at the closing share price of R30.71 (2022: R33.19).

## Total compensation ratio

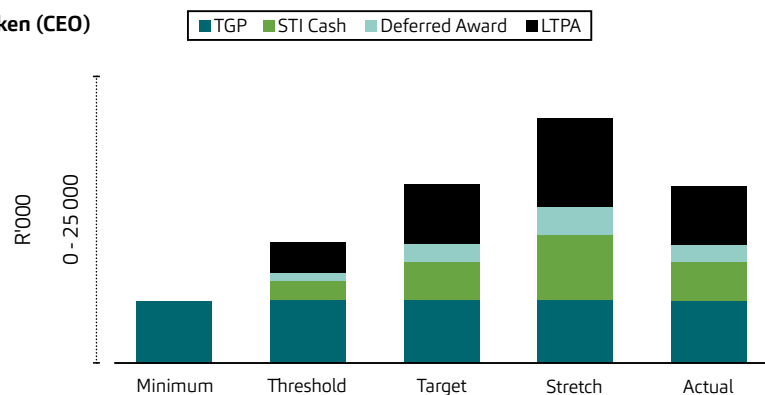
The graphs below reflect the actual remuneration paid to the executive directors in/for FY2023, compared to their potential total remuneration, including TGP, STIs and LTIs.

Actual amounts comprise total guaranteed remuneration for FY2023, STIs (both cash and deferred) for FY2023 which will be paid in October 2023 and the value of LTIs (LTPA shares) awarded during FY2023.

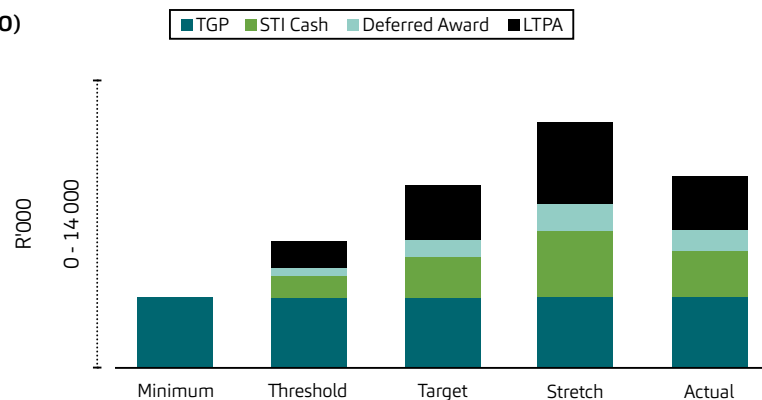
### Different scenarios are shown for the potential STI and LTI amounts, as follows:

- STI - value of potential incentives based on achieving the threshold, target or stretch criteria for FY2023 KPDs. Actual STIs for 2023 are determined in October 2023 and are allocated between the cash STI and Deferred awards.
- LTI - values are based on the number and value of LTPA shares awarded in October 2022, the potential number of shares which will vest on achieving threshold, target or stretch criteria, and the market price of Hyprop shares on the award date. The actual LTI amounts which vest will only be quantified at the end of the vesting periods.

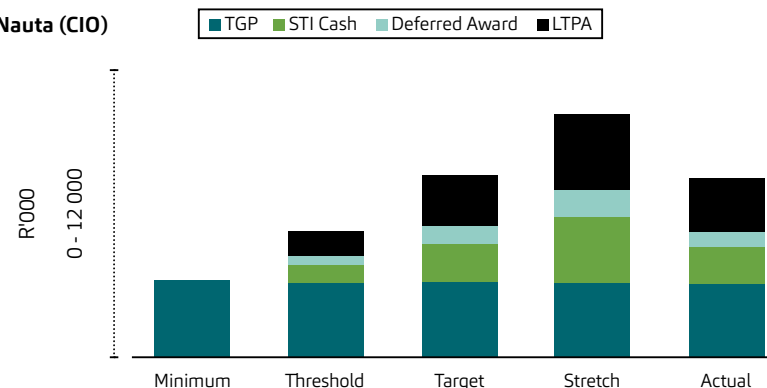
### Morné Wilken (CEO)



### Brett Till (CFO)



### Wilhelm Nauta (CIO)



## Non-executive directors' remuneration

Fees paid to non-executive directors for FY2023 were as follows:

	30 June 2023 R'000	30 June 2022 R'000
<b>Independent non-executive directors</b>		
Spiro Noussis <sup>1,3</sup> (Chairman)	1 133	670
Annabel Dallamore	628	563
Loyiso Dotwana <sup>6</sup>	533	167
Richard Inskip <sup>2</sup>	544	-
Zuleka Jasper	568	529
Nonyameko Mandindi <sup>7</sup>	249	467
Thabo Mokgatla	693	656
Bernadette Mzobe <sup>6</sup>	620	167
Gavin Tipper <sup>4</sup>	709	901
Stewart Shaw-Taylor <sup>5</sup>	481	711
<b>Non-executive director</b>		
Kevin Ellerine	533	406
<b>Total non-executive directors</b>	<b>6 691</b>	<b>5 237</b>

<sup>1</sup> Appointed chairman with effect from 31 December 2022.

<sup>2</sup> Appointed with effect from 1 July 2022.

<sup>3</sup> Fees paid to Spiro Noussis include R250 223 (2022: R263 463) that was paid for him serving as a director of Hystead and Hyprop UK. These fees are GBP denominated.

<sup>4</sup> Resigned with effect from 31 December 2022.

<sup>5</sup> Retired with effect from 25 November 2022.

<sup>6</sup> Appointed with effect from 21 January 2022.

<sup>7</sup> Resigned with effect from 5 December 2022.



# Consolidated and Separate Financial Statements - Audited

For the year ended 30 June 2023

Registration number: 1987/005284/06

The preparation of these Consolidated and separate  
financial statements has been supervised by:  
Brett Till CA(SA), CFO of the Group.

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## BASIS OF PREPARATION

These consolidated and separate financial statements have been prepared in accordance with IFRS, the SA Financial Reporting Requirements as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

## APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Audited Consolidated and Separate Annual Financial Statements, set out on pages [108 to 243](#), were approved by the Board of directors on 19 September 2023.

# Responsibility statement on internal financial controls

for the year ended 30 June 2023

Each of the directors, whose names are stated below, hereby confirm that:

- the AFS set out on pages [108 to 243](#), fairly present in all material respects the financial position, financial performance and cash flows of Hyprop in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the AFS false or misleading;
- internal financial controls have been put in place to ensure that material information relating to Hyprop and its consolidated subsidiaries has been provided to effectively prepare the financial statements of Hyprop;
- the internal financial controls are adequate and effective and can be relied upon in compiling the AFS, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the ARC and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.



**MC Wilken**  
CEO



**BC Till**  
CFO

Johannesburg  
19 September 2023

# Declaration by the company secretary

I declare that, to the best of my knowledge, the Company has lodged with the Companies and Intellectual Property Commission, for the financial year ended 30 June 2023, all such returns as are required of a public company in terms of section 88 of the Companies Act of South Africa, as amended, and that all such returns are true, correct and up to date.



**F Nkosi**  
Company secretary

Johannesburg  
19 September 2023

# Report of the Audit and Risk committee

for the year ended 30 June 2023

## Introduction

The audit and risk committee (the ARC) has the pleasure of submitting its report for the year ended 30 June 2023, as required by section 94(7)(f) of the Companies Act of South Africa.

The primary role of the ARC is to assist the Board in monitoring risk and the Group's systems and processes to identify, assess and manage risks, and monitor the integrity of financial reporting systems, internal controls and financial disclosures in the Group's annual financial statements (AFS).

## Focus areas in 2023

Areas of focus included:

- **Global events:** Monitoring and considering the impact of rising interest rates and inflation on the Group's operations and borrowing costs, particularly in West Africa, where the effects of these factors were compounded by severe devaluations of local currencies against the US Dollar;
- **Borrowings and interest rate exposure:** Monitoring implementation of the Group's debt refinancing initiatives and compliance with banking covenants in the light of rising interest rates, and approving the revised interest rate hedging policy; and
- **Risk management:** Recommending the updated risk management policy to the Board for approval and monitoring implementation thereof across all portfolios, including the revised risk reporting framework.

## Statutory duties

The ARC is governed by a formal charter that codifies its independent role and responsibilities in providing oversight and recommendations to the Board for consideration and final approval. These responsibilities include those recommended by the King IV Report on Corporate Governance™ (King IV) and:

- Overseeing integrated reporting, including consideration of significant judgements and reporting decisions;
- Monitoring compliance with the risk policy and procedures;
- Ensuring that a combined assurance model is applied to provide a coordinated approach to all assurance activities;
- Reviewing the expertise, resources and experience of the Company's finance function, and satisfying itself as to the suitability of the expertise and experience of the Chief Financial Officer;

- Overseeing internal audit, and in particular, the appointment and/or rotation of the internal audit service providers;
- Overseeing the external audit process and recommending the re-appointment of the external auditor; and
- Submitting any relevant matter concerning the Company's accounting policies, financial controls, records, reporting and risk management to the Board.

## Functions

In addition to the above, the ARC covered matters relating to compliance, litigation, budgeting and forecasting, taxation and accounting policy choices, and supported the Board in the following areas:

- Reviewing the work of the internal auditors, particularly for the eastern European portfolio which was integrated into the Group's internal audit and other risk management processes;
- Monitoring established guidelines for the use of the external auditor for non-audit services to maintain independence;
- Monitoring compliance with Real Estate Investment Trust (REIT) requirements, in accordance with the JSE Listings Requirements, and confirming that the risk management policy, which prohibits the Company from entering into derivative transactions not in the ordinary course of business, has been complied with in all material respects;
- Considering significant technical accounting matters and management's proposed accounting treatment there-of;
- Reviewing the Company's assessment of whether it has any prescribed officers to ensure compliance with the Companies Act and the JSE Listings Requirements;
- Reviewing the updated risk management policy and recommending same to the Board for approval, as well as updates to various other policies within its mandate; and
- Considering improvements to the Group's financial reporting in line with the results of the JSE proactive monitoring process and the Group's own internal objectives.

## Composition and meetings

Details of the ARC members and their attendance at meetings during the year are set out in the Governance section of the Integrated Annual Report. All members of the ARC are independent non-executive directors in compliance with the Companies Act of South Africa and as recommended by King IV.

Stewart Shaw-Taylor retired by rotation as a director and a member of the ARC at the annual general meeting held on 25 November 2022 and did not make himself available for re-election. The ARC thanks Stewart for his significant contribution to the Committee and the Company over the years.

The ARC met four times during the year. The external and internal auditors and executive management are invited to attend ARC meetings.

## Significant financial statement reporting issues

A significant part of the financial reporting process includes making estimates and exercising judgement. The ARC reviewed and evaluated the main judgements, estimates and assumptions made by management and the conclusions drawn from the available information and evidence.

The ARC ensured that these matters were covered by the work of the external auditor.

The key issues involving estimates and judgements during the year are set out below:

# Report of the Audit and Risk committee continued

Key issue	Judgement in financial reporting	Audit and Risk committee review	Conclusion
<p><b>1. Valuation of investment properties</b></p>	<p>Investment property is the Group's most significant asset and is measured at fair value, with changes in fair value recognised in profit or loss.</p> <p>The Group uses independent valuers to value its investment properties.</p> <p>The valuation involves making significant judgements, especially regarding the current market conditions, discount and capitalisation rates, rental growth rates and vacancy levels. The key assumptions and estimations used to perform the independent investment property valuations are determined by the independent valuers.</p>	<p>Broll Valuation and Advisory Serves and Viking Valuation (South Africa), CBRE (Eastern Europe) and Mills Fitchet (sub-Saharan Africa) continued to serve as independent valuers for the Group. De Leeuw Group was appointed as an independent valuer in South Africa for the year ended 30 June 2023, replacing Jones Lang LaSalle.</p> <p>The ARC considered the independence and qualifications of the appointed independent valuers, as well as the rotation of properties between the three valuers in South Africa.</p> <p>The ARC reviewed the external valuations, including the discount rates and reversionary capitalisation rates applied by the independent valuers, and the manner in which the independent valuers took the prevailing economic circumstances into account in performing the valuations.</p> <p>The ARC also reviewed the adequacy of the disclosures relating to investment properties included in the financial statements.</p>	<p>The ARC endorsed the independent valuations of the investment properties and the relevant disclosures in the financial statements.</p>
<p><b>2. Classification of Gruppo as an asset held-for-sale</b></p>	<p>On 9 November 2020 Hyprop announced that Hyprop Mauritius (as one of the sellers) had concluded an agreement (the SPA) to dispose of its 75% interest in Gruppo to two new property funds managed by the Actis Group (the Ikeja transaction). The Ikeja transaction remains subject to the fulfilment of certain conditions precedent, including certain fundraising requirements by the purchaser. Given the current lack of US Dollar liquidity in Nigeria, fulfilling this condition is taking longer than anticipated.</p> <p>Judgements were applied in determining whether Gruppo should be classified as an asset held-for-sale in accordance with <i>IFRS 5 - Non-current assets held for sale and discontinued operations</i>, particularly given the time which has passed since the Ikeja transaction was initially concluded.</p>	<p>The ARC reviewed management's assessment of whether Gruppo should continue to be classified as an asset held-for-sale having regard to, inter alia, the following events which occurred during the year ended 30 June 2023:</p> <ul style="list-style-type: none"> <li>• The extension of the longstop date for implementation of the Ikeja transaction;</li> <li>• The Ikeja transaction was approved by the Federal Competition and Consumer Protection Commission (FCCPC) in June 2023. The approval is valid for 12 months;</li> <li>• In June 2023, the Nigerian Central Bank announced the relaxation of certain exchange controls;</li> </ul> <p>and that an addendum to the SPA is at an advanced stage of negotiation/preparation.</p> <p>These events are positive developments as they confirm the parties' commitment to the Ikeja transaction and increase the likelihood of its implementation.</p> <p>Cognisance was also taken of the proviso's in IFRS 5.9 relating to events beyond the Company's control and guidance was obtained from the external auditors.</p>	<p>The ARC concurred with management's assessment that Gruppo should continue to be classified as an asset held-for-sale as a result of the progress made during the year towards implementation of the Ikeja transaction.</p>

# Report of the Audit and Risk committee continued

The ARC also considered:

- The accounting treatment of the co-owned assets and joint operations (Canal Walk and The Glen);
- The assessment of the recoverable amount of the investment in AttAfrica; and
- The methodology applied by management to determine the allowance for expected credit losses and the overall allowance for expected credit losses relative to trade receivables at 30 June 2023.

Where appropriate, the ARC sought input and views from the external auditor and other experts.

## Risk management and combined assurance framework

One of the ARC's key focus areas for 2023 was to review and recommend the updated risk management policy to the Board for approval, and monitoring implementation thereof across all portfolios. This included the use of a risk management tool to assess the likelihood of occurrence, and quantify the potential severity, of over 100 risks (covering operations, finance, information technology and governance) common to the REIT industry. Support in reviewing the results of the individual portfolio risk assessments was provided by the Group's divisional and information technology risk committees. Results of the individual portfolio and group risk assessments were collated and summarised to identify the most significant risks to the Group, which include:

- **Energy supply risk** – the impact of loadshedding in South Africa and risk of a total electricity grid collapse;
- **Property concentration risk** – over exposure to certain asset classes and geographic regions, as well as the inability of municipalities to deliver basic services;
- **Inflation and interest rate risk** – the impact of rising inflation and interest rates on financial and operational performance;

- **Currency risk** – the liquidity constraints in the Nigerian foreign exchange market since January 2020 and significant devaluation of the Nigerian and Ghanaian currencies against the US Dollar in the last quarter of the financial year; and
- **Sovereign risk** – risks arising from governments' actions (examples include South Africa's grey listing, changes in exchange controls in Nigeria and default on government debt in Ghana).

The ARC reviewed the Group risk matrices, management's mitigation actions, and the combined assurance dashboards. The ARC provided feedback on management's recommendations on actions to mitigate identified risks, and the ARC is satisfied that sound risk management practices are in place to mitigate identified risks.

The ARC receives feedback from management, the external auditor, internal audit and the Group's independent ethics reporting telephone line on any concerns, complaints or allegations relating to internal financial controls, the financial statements, violations of laws and questionable business, accounting or auditing practices. No matters requiring the ARC's intervention were reported during the year.

Separate meetings are held with management, the external auditor and the internal auditor every quarter unless a greater frequency is requested.

## Internal financial controls

In terms of the JSE Listings Requirements, the CEO and CFO are required to sign a responsibility statement on internal financial controls (see [page 96](#) of the AFS).

The ARC reviewed the basis on which the CEO and CFO concluded that the above statement can be signed in respect of the 2023 AFS.

The ARC is satisfied that the Company has established appropriate financial reporting procedures and controls, and that these procedures and controls are operating, as required by paragraph 3.84(g)(ii) of the JSE Listings Requirements.

## Going concern, solvency and liquidity

The ARC reviewed the Company's solvency and liquidity assessments and confirmed to the Board that:

- The Company and the Group are solvent and have adequate resources to continue operating for the ensuing 12 months; and
- It is appropriate to adopt the going concern basis in preparing the Company and Group financial statements.

In assessing the Company and Group's ability to continue as going concerns, the ARC reviewed the Company and Group's budgets and cashflow forecasts (which take into account the effect of the prevailing high inflation and interest rate environment), available cash balances, existing unutilised and available new borrowing facilities, and the Group's debt maturity profile (taking into account that certain short-term borrowings were refinanced post 30 June 2023).

## External auditor

The ARC considered a report from KPMG motivating its independence and is satisfied with the external auditor's independence. The ARC is also satisfied with the terms, nature, scope and proposed fee of the external auditor for the year ended 30 June 2023.

The ARC considered and is satisfied with the suitability of KPMG and the designated audit partner Akhin Lalloo in accordance with paragraphs 3.84(g)(iii) and 22.15(h) of the JSE Listings Requirements. The ARC monitors the Group's policy on the provision of non-audit services by the Group's auditors and has noted the policy decision taken by KPMG not to provide non-audit services to its audit clients, other than where these services relate to an attest or similar function. Having regard to this policy, the ARC approved the following:

- The appointment of KPMG Services Proprietary Limited to provide limited assurance reports for selected sustainability development indicators;

## Report of the Audit and Risk committee continued

- The appointment of KPMG Nigeria to provide tax advisory services in relation to historic taxation matters to Gruppo Investments Nigeria Limited, a subsidiary of Hyprop, whose external auditor is Ernst & Young (Nigeria); and
- The appointment of KPMG to provide limited assurance reports relating to mortgage bonds for bank facilities, and bonds issued in terms of the Company's domestic medium-term note programme.

### Internal auditors

BDO is appointed as the internal auditor for the South African portfolio and Ernst & Young as the internal auditor for the European portfolio. Property management for the sub-Saharan Africa portfolio is outsourced to a third party service provider and reliance is placed on their systems and processes. The ARC is satisfied with the terms, nature, scope and proposed fees of the internal auditors for the year ended 30 June 2023.

### Chief Financial Officer and financial reporting

The consolidated and separate financial statements were audited in compliance with section 30 of the Companies Act of South Africa. Brett Till CA(SA), the Chief Financial Officer (CFO), is responsible for this set of financial statements and has supervised the preparation thereof. The ARC is satisfied that the CFO has the necessary expertise and experience to carry out his duties, as required by paragraph 3.84(g)(i) of the JSE Listings Requirements.

### Recommendation of financial statements

The consolidated and separate financial statements are prepared by management, reviewed by the ARC and the Board and audited by the external auditor. The ARC has recommended the consolidated and separate financial statements to the board for approval.



**Thabo Mokgatla**  
Audit committee chair

19 September 2023

# Directors' report

for the year ended 30 June 2023

The directors have the pleasure of presenting their report, which forms part of the consolidated annual financial statements for the year ended 30 June 2023 (AFS).

## Responsibility statement

The directors are responsible for:

- the preparation and fair presentation of the consolidated and separate AFS of Hyprop, comprising the statements of financial position, the statements of profit or loss and other comprehensive income, changes in equity and cash flows, as well as the notes to the AFS, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, the SA Financial Reporting Requirements as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements;
- preparing the directors' report; and
- implementing internal controls as they determine necessary for preparing the consolidated AFS that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

## Introduction and overview

Hyprop is a South African based, retail-focused Real Estate Investment Trust (REIT) listed on the Johannesburg Stock Exchange (JSE), with a market capitalisation at 30 June 2023 of R11bn. The Group holds interests in a R43bn portfolio of shopping centres in South Africa (SA), Eastern Europe (EE) and Sub-Saharan Africa, excluding South Africa (SSA).

The SA portfolio includes super regional centre Canal Walk, large regional centres Clearwater, The Glen, Woodlands, CapeGate, Somerset Mall and Rosebank Mall, and small regional centre Hyde Park Corner.

The Group's EE portfolio comprises The Mall in Sofia, Bulgaria, City Center One East and City Center One West, both in Zagreb, Croatia, and Skopje City Mall in Skopje, North Macedonia.

The SSA portfolio includes interests in Ikeja City Mall in Lagos, Nigeria, Accra Mall and West Hills Mall in Accra, Ghana, and Kumasi City Mall in Kumasi, Ghana.

## Strategy

The Group's purpose is focused towards creating spaces and connecting people. Hyprop achieves this by owning and managing dominant retail centres in mixed-use precincts in key economic nodes in South Africa and Eastern Europe, and developing non-tangible assets for the retail and property sectors.

The SA portfolio comprises 60% of the Group's assets and 62% of distributable income, and is likely to remain above 50% in the foreseeable future. The Group is exploring expansion opportunities outside South Africa, particularly in Eastern Europe, where the existing EE portfolio provides a strong base from which new investments can be pursued and managed.

The Group remains committed to disposing of the Sub-Saharan Africa investments, albeit this process is taking longer than originally anticipated.

The Group aims to generate a sustainable total return for shareholders through balanced growth in distributable income and net asset value, based on a conservative balance sheet.

## The impact of global and national events

Despite the emergence of new Covid-19 variants from time to time, none of which have had the same impact as those of 2020 and 2021, most businesses have put Covid-19 behind them. The Group's key trading metrics continued to improve in the 2023 financial year and surpassed pre-Covid-19 levels.

The Group has not been directly affected by the war in Ukraine other than the resultant impact of high inflation and multi-fold increases in interest rates, which impacted the Group's performance in the 2023 financial year.

There are signs that the interest rate cycle may have peaked, however, it will take some time for interest rates to return to historic averages. The prevailing high interest rates will have a more significant impact on the Group's financial performance in 2024 as existing interest rate hedges expire and are replaced. The Group continues to monitor its interest rate exposure and compliance with banking covenants. The interest rate hedging policy has been reviewed and adapted based on the lessons learnt during the current extreme interest rate cycle.

Between October 2022 and March 2023, the SA economy was severely disrupted by the unprecedented increase in loadshedding, driving business confidence down and increasing financial pressure on businesses across all sectors. To mitigate the impact of loadshedding the Group has significantly invested in alternative energy supply solutions (mainly solar plants and diesel generators) over the last three years and the cost of running the diesel generators increased from R17m in 2022 to R104m in 2023. Although most of these costs can be on-charged to tenants, this increases their cost of occupancy and is not a sustainable long-term solution. We are encouraged by the steps taken to deregulate the energy sector, promote the development of new electricity generating capacity, and the reduction in loadshedding since May 2023, however, there is still a lot to do to ensure energy security for the country and stimulate economic growth.

Inflation in the eastern European countries where the Group operates peaked in the high teens in early 2023 and has since retracted to the mid-teens. Tenant turnovers were bolstered by the high inflation and compensated for the increase in costs. Energy prices have started reducing, and the Bulgarian government's electricity cost subsidy has ended. Growth prospects in the region remain favourable.

Following the political changes in Nigeria in May 2023, various economic reforms were undertaken by the new government, including the relaxation of certain exchange controls. While these initiatives should foster long-term growth and economic development, the initial impact has been a severe devaluation of the Naira against the US Dollar, without an improvement in liquidity, and spiralling inflation. Notwithstanding the currency and inflation hedges in our leases, the trading environment in west Africa is anticipated to remain challenging for the short to medium-term.

## Subsidiaries, joint arrangements and joint ventures

Details of investments in subsidiaries, joint arrangements and joint ventures are included in notes E4 - *Investments in subsidiaries* and E5 - *Investments in joint arrangements and associates*, of the AFS.

There were no changes to the subsidiaries, joint arrangements and joint ventures during the year.

## Financial results

Details of the Group and Company's financial performance for the year ended 30 June 2023 are set out in the attached AFS.

# Directors' report continued

The Group's net profit for the year was R1 486m (2022: R1 344m). The increase in net profit is mainly due to the inclusion of the results of the EE portfolio for the full financial year. Distributable income for the year increased from R1 171m in 2022 to R1 451m in 2023 and distributable income per share increased from 342.5 cents to 405.2 cents.

The main factors impacting the change in distributable income per share are:

- the consolidation of the results of the EE portfolio for the entire 2023 financial year, compared to 3 months in 2022;
- the increase in interest costs on new Rand borrowings incurred in March 2022 pursuant to the Hystead transaction and the increase in interest rates;
- the realised foreign exchange loss of R60m on conversion of Naira to US Dollars by Ikeja City Mall; and

- the effect of an additional 16.1m shares (equivalent to 4.75% of the number of shares in issue) issued in November 2022 pursuant to the DRIP offered to shareholders with the 2022 dividend.

## Dividends

On 28 September 2022 the Board declared a dividend of 293.6 cents per share for the year ended 30 June 2022 (the 2022 dividend). Shareholders had the option to reinvest the 2022 dividend in return for Hyprop shares, subject to a maximum reinvestment of R500m, which was supported by 84% of shareholders.

On 19 September 2023 the Board declared a dividend of 299.3 cents per share for the year ended 30 June 2023 (the 2023 dividend). Shareholders have the option to reinvest the 2023 dividend in return for Hyprop shares, subject to a maximum reinvestment of R500m.

## Directorate, directors' interests and company secretary

### Directorate

Richard Inskip was appointed as an independent non-executive director on 1 July 2022.

Stewart Shaw-Taylor retired by rotation at the annual general meeting on 25 November 2022 and did not offer himself for re-election. Nonyameko Mandindi resigned as a director on 5 December 2022 and Gavin Tipper resigned as a director effective 31 December 2022 to take up a full-time position. The Board thanks Gavin, Stewart and Nonyameko for their considerable contributions to the Company and wishes them well in their future endeavours.

Following Gavin Tipper's resignation, Spiro Noussis was appointed as Chairman of the Board effective from 31 December 2022.

The directors who served during the 2023 financial year are:

Independent non-executive directors	
GR Tipper (Chairman)	Z Jasper
S Noussis (Chairman)	N Mandindi
AA Dallamore	TV Mokgatla
L Dotwana	B Mzobe
R Inskip	S Shaw-Taylor

**Non-executive directors**

KM Ellerine

Executive directors
AW Nauta (CIO)
BC Till (CFO)
MC Wilken (CEO)

# Directors' report continued

## Directors' interests in shares of the Company

The interests of directors in the shares of the Company at 30 June 2023 were:

	30 June 2023			30 June 2022		
	Direct beneficial	Indirect beneficial	Total	Direct beneficial	Indirect beneficial	Total
<b>Number of shares</b>						
<b>Independent non-executive directors</b>						
GR Tipper	-	-	-	15 281	-	15 281
S Shaw-Taylor	-	-	-	24 337	-	24 337
<b>Non-executive directors</b>						
KM Ellerine <sup>1</sup>	-	3 000 000	3 000 000	-	3 000 000	3 000 000
<b>Executive directors</b>						
MC Wilken <sup>2</sup>	419 841	91 447	511 288	263 200	78 106	341 306
BC Till <sup>2</sup>	248 243	6 215	254 458	166 612	1 358	167 970
AW Nauta <sup>2</sup>	220 211	12 745	232 956	164 715	-	164 715
<b>Total</b>	<b>888 295</b>	<b>3 110 407</b>	<b>3 998 702</b>	<b>634 145</b>	<b>3 079 464</b>	<b>3 713 609</b>

<sup>1</sup> Exposure in terms of off-market derivative transactions (Long call 2 000 000 shares, short call 500 000 shares, short put 1 500 000 shares) at varying strike prices.

<sup>2</sup> Includes shares awarded under the Hyprop Employee Incentive Scheme.

There have been no changes to the above interests between 30 June 2023 and the date of this report.

## Directors' interests in contracts

No material contracts in which directors had an interest were entered into during the year.

## Company secretary

Fundiswa Nkosi served as the Company Secretary for the 2023 financial year.

The business and postal address of the Company Secretary and the Company's registered office are set out in note R4 - *Administration*, of the AFS.

## Capital structure and borrowings

### Share capital

Details of the Company's authorised and issued share capital are set out in note G1 - *Share capital and treasury shares*, of the AFS.

Pursuant to the 2022 DRIP, 16 127 649 new Hyprop shares were issued on 7 November 2022 at R31.00 per share.

There have been no changes to the authorised or issued share capital between 30 June 2023 and the date of this report.

## Borrowings

The Company's borrowings are not limited by its Memorandum of Incorporation, however, in terms of the JSE Listings Requirements, a REIT's total consolidated liabilities may not exceed 60% of its consolidated gross asset value, as reflected in its latest published AFS or results. Should the 60% threshold be exceeded, the Company may lose its REIT status.

Details of the Group's borrowings are set out in note H1 - *Borrowings*, of the AFS. At 30 June 2023 the Group had unutilised RCF and term loan facilities of R1 672m.

The Group's loan-to-value (LTV) and interest cover ratios are set out in note H4 - *Covenants and capital management*, of the AFS. The Group's LTV ratio decreased slightly to 36.3% (2022: 36.4%). The Company complied with all of its borrowing covenants at 30 June 2023.

## Tax status

Hyprop is a REIT (Real Estate Investment Trust) in accordance with the South African Income Tax Act and in terms of the JSE Listings Requirements.

In terms of section 25BB of the Income Tax Act, a dividend paid/payable to Hyprop shareholders is deductible against Hyprop's taxable income. Dividends received by South African shareholders are free of dividend withholding tax.

All subsidiary companies are liable for taxation in accordance with the taxation laws in their jurisdiction of tax residence.

## Acquisitions and disposals

### Ikeja City Mall

On 9 November 2020, Hyprop announced that Hyprop Mauritius (as one of the sellers) had concluded an agreement (the SPA) to dispose of its 75% interest in Ikeja City Mall to two new property funds managed by the Actis Group (the Ikeja transaction). The Ikeja transaction remains subject to the fulfilment of certain conditions precedent, including certain fundraising requirements. Given the current lack of US Dollar liquidity in Nigeria, fulfilling this condition is taking longer than anticipated.

The following events occurred during the year ended 30 June 2023:

- The longstop date for implementation of the Ikeja transaction was extended;

## Directors' report continued

- The Ikeja transaction was approved by the Federal Competition and Consumer Protection Commission (FCCPC) in June 2023. The approval is valid for 12 months;
- In June 2023, the Nigerian Central Bank announced the relaxation of certain exchange controls;

and an addendum to the SPA is at an advanced stage of negotiation/ preparation.

These events are positive developments as they confirm the parties' commitment to the Ikeja transaction and increase the likelihood of its implementation. It remains Hyprop's intention to exit its SSA investments.

### Acquisition of shares in Hystead

On 31 May 2022, PDI elected not to retain the PDI free carry equity (equivalent to 18.29% of the shares in Hystead), which shares were acquired by the Group and increased the Group's shareholding in Hystead to 78.29%. The estimated purchase price was €1.6m (R27.5m). Based on an initial adjustment account a further amount of €55k (R1.1m) was paid to PDI and a further €372k (R7.7m) has been provided to be paid to PDI pending finalisation of Hystead's income tax assessment for the 2022 financial year.

### Special resolutions

Special resolutions were passed at the Company's annual general meeting held on 25 November 2022 relating to:

1. a general authority for the Company or any of its subsidiaries to acquire ordinary shares issued by the Company, in terms of sections 46 and 48 of the Companies Act of South Africa;
2. the Company providing direct or indirect financial assistance, as contemplated in section 45 of the Companies Act, to subsidiaries and/or any other company or corporation that is or becomes related or interrelated; and
3. approval of the fees payable by the Company to non-executive directors for their services as directors.

### Administration and management

Property and asset management in Hyprop's SA operations are internalised. No property or asset management fees were paid to third parties in South Africa during the year.

Ikeja City Mall in Lagos, Nigeria is managed externally by Broll. The asset management for the SSA portfolio is done internally by the Group.

The Croatian properties, City Center One East and City Center One West are managed externally by CC Real, while the rest of the EE portfolio's property management is done internally. All asset management for the EE properties is done internally by the Group.

### Audit and risk committee report

The report of the audit and risk committee is set out on [pages 98 to 101](#) of the AFS.

The committee has fulfilled its responsibilities during the year, including having satisfied itself as to the independence of the external auditor and their suitability for reappointment for the ensuing year.

### Auditor

KPMG Inc., and the designated audit partner Akhin Laloo, were reappointed as the independent external auditor for the 2023 financial year in accordance with section 90 of the Companies Act of South Africa at the annual general meeting held on 25 November 2022.

### Going concern

The AFS are prepared on the basis of accounting policies applicable to a going concern. This basis takes into account that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Details of the matters considered by the Board in assessing the Company and Group's ability to continue as going concerns are set out in note A5 - *Going concern*, of the AFS.

The Board considers that the Company and the Group have adequate resources to continue operating for the ensuing 12 months and that it is appropriate to adopt the going concern basis in preparing the consolidated and separate AFS.

### Trading statements

Hyprop uses dividend per share as the relevant measure of its financial results for trading statement purposes.

### Approval of the consolidated annual financial statements

The annual financial statements of Hyprop Investments Limited, as identified in the first paragraph, were approved by the Board of directors on 19 September 2023 and are signed on its behalf by:



**S Noussis**  
Chairman



**MC Wilken**  
Chief Executive Officer



**BC Till**  
Chief Financial Officer

Johannesburg,  
19 September 2023

# Independent auditor's report

## to the shareholders of Hyprop Investments Limited

### Report on the audit of the consolidated and separate financial statements

#### Opinion

We have audited the consolidated and separate financial statements of Hyprop Investments Limited (the Group and Company) set out on [pages 108 to 243](#), which comprise the statements of financial position at 30 June 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Hyprop Investments Limited at 30 June 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) and the requirements of the Companies Act of South Africa.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Valuation of investment property - Group and Company

Refer to the key judgements and estimations note A2.1, Material Policy choices and A2.2 Estimates, assumptions and judgements and the investment property notes E1 to E1.9 and Assets and liabilities held-for-sale notes E6 to E6.4 to the consolidated and separate financial statements.

#### Key audit matter

The Group's and Company's most significant assets are its investment property portfolio. The portfolio comprises predominantly of retail shopping centers in South Africa, Sub-Saharan Africa and Eastern Europe. For the current year investment property was categorised under continuing operations and held-for-sale.

Investment property is measured at fair value, with changes in fair value recognised in profit or loss. In respect of investment property held-for-sale the property is measured at the lower of an independent valuation and the anticipated sale price.

The Group and Company used external independent valuers to value the investment properties using the discounted cash flow model. The valuation process involves making significant assumptions and judgements, accordingly investment property has been classified as level 3 in terms of the fair value hierarchy.

The valuation of the Group's and Company's investment property was determined to be a key audit matter in the current year due to:

- The magnitude of the investment property portfolio held by the Group and Company;
- The significant judgements and estimation required in determining the key inputs and assumptions which are estimated the cash flow assumptions, average market rental growth rates, vacancy levels, exit capitalisation rates and discount rates used in the valuation process; and
- The significant audit effort required to evaluate the methodologies and assumptions applied by management.

#### How the matter was addressed in our audit

Our response to the key audit matter included performing the following audit procedures:

- Evaluating the professional competence and objectivity of the external independent valuers engaged by the Group and Company to determine the fair value of the properties through inspection of declarations and certifications with relevant professional bodies.
- Obtaining an understanding of the external independent valuation process and methodologies adopted, the significant assumptions used and critical judgements applied in the valuation process through inquiry with management and the external valuers and inspection of the valuation reports.
- Assessing and challenging the assumptions used and information provided to the external independent valuers by management to value the properties by performing the following procedures:
  - Assessing the reasonability of management's budgeting process by performing a retrospective review, which entails comparing prior year forecasted cashflows against current year actual results and following up and understanding any discrepancies noted.
  - Assessing the external independent valuers year-on-year cash flow assumptions, including average market rental growth rates, vacancy levels, exit capitalisation rates and discount rates by comparing it to the current economic outlook and available market information relating to such inputs.
- We evaluated a sample of investment properties, and engaged our internal corporate finance specialist to evaluate the appropriateness of the external valuations performed. The specialist procedures included evaluating the appropriateness of the valuation methodologies used by the external independent valuers based on their knowledge of the industry and challenging the inputs used against industry benchmarks and available market information.
- In respect of investment property held-for-sale we evaluated whether the property was measured at the lower of the independent valuation and the anticipated sale price by comparing the valuation amount, as evaluated above, against the sales price in the sale agreement.
- Assessing the adequacy and completeness of the investment property disclosures in accordance with IAS 40, Investment Property and IFRS13, Fair value measurement.

# Independent auditor's report continued

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Hyprop Investments Limited and its subsidiaries consolidated and separate financial statements for the year ended 30 June 2023", which includes the Directors' report, the Report of the Audit and Risk Committee, Declaration by the company secretary as required by the Companies Act of South Africa which we obtained prior to the date of this report, and the 2023 Integrated Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Hyprop Investments Limited for eight years. KPMG Inc.



KPMG Inc.

Per A Lalloo  
Chartered Accountant (SA)  
Registered Auditor Director

19 September 2023

## Statements of profit or loss and other comprehensive income for the year ended 30 June 2023

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Revenue</b>	D1.2	<b>4 373 940</b>	<b>3 120 763</b>	<b>2 736 775</b>	<b>2 598 251</b>
Lease revenue		3 265 128	2 247 341	1 865 472	1 830 076
Non-lease revenue		1 108 812	873 422	871 303	768 175
Changes in expected credit losses - trade receivables	N5.4.6	16 611	(8 810)	39	(9 347)
Property expenses	D4.1	(1 945 030)	(1 375 342)	(1 295 813)	(1 160 174)
<b>Net property income</b>		<b>2 445 521</b>	<b>1 736 611</b>	<b>1 441 001</b>	<b>1 428 730</b>
Other operating income	D2	13 508	32 022	7 411	21 923
Other operating expenses	D4.2	(150 527)	(132 266)	(113 896)	(113 290)
Net foreign exchange (losses) / gains	D5	(224 869)	(21 109)	363	2 963
<b>Operating income</b>		<b>2 083 633</b>	<b>1 615 258</b>	<b>1 334 879</b>	<b>1 340 326</b>
Net interest	D6.2	(854 463)	(493 887)	(498 703)	(351 194)
Interest income		53 040	74 207	44 256	76 887
Interest expense		(907 503)	(568 094)	(542 959)	(428 081)
<b>Net operating income</b>		<b>1 229 170</b>	<b>1 121 371</b>	<b>836 176</b>	<b>989 132</b>
Dividend income	D3.2	-	-	151 871	-
Loss from equity accounted investments	E5.5.3	(150 694)	(68 209)	-	-
<b>Net income before value adjustments</b>		<b>1 078 476</b>	<b>1 053 162</b>	<b>988 047</b>	<b>989 132</b>
Changes in fair value		490 171	690 934	281 219	560 890
Investment property	E1.5.3	434 145	459 403	277 212	374 930
Financial asset - Hystead		-	(7 159)	-	4 177
Derivative instruments	H2.4	56 026	238 690	4 007	181 783
Loss on disposal of investment property		-	(1 135)	-	(1 135)
Changes in expected credit losses - loans receivable	F1.4.2	(2 767)	-	2 472	16 163
Reversal / impairment of investment in subsidiary	E7.3.2	-	-	208 149	52 521
Impairment of goodwill	E7.3.1	(8 775)	(433 432)	-	-
Impairment of intangible asset	E7.3.1	-	(16 197)	-	-
Derecognition of financial guarantees	H3.5	-	65 865	-	65 865
<b>Profit before taxation</b>		<b>1 557 105</b>	<b>1 359 197</b>	<b>1 479 887</b>	<b>1 683 436</b>
Taxation	D7.3	(71 581)	(15 024)	(5 627)	16 413
<b>Profit for the year</b>		<b>1 485 524</b>	<b>1 344 173</b>	<b>1 474 260</b>	<b>1 699 849</b>
<b>Profit for the year attributable to:</b>					
Shareholders of the Company		1 521 216	1 345 164	1 474 260	1 699 849
Non-controlling interests		(35 692)	(991)	-	-
<b>Profit for the year</b>		<b>1 485 524</b>	<b>1 344 173</b>	<b>1 474 260</b>	<b>1 699 849</b>
<b>Other comprehensive income / (loss)</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>		<b>843 394</b>	<b>209 589</b>	-	-
Exchange differences on translation of foreign operations		861 946	218 622	-	-
Exchange differences on translation of foreign operations: non-controlling interest		(18 552)	(9 033)	-	-
<b>Total comprehensive income for the year</b>		<b>2 328 918</b>	<b>1 553 762</b>	<b>1 474 260</b>	<b>1 699 849</b>
<b>Total comprehensive income / (loss) for the year attributable to:</b>					
Shareholders of the Company		2 383 162	1 563 786	1 474 260	1 699 849
Non-controlling interests		(54 244)	(10 024)	-	-
<b>Total comprehensive income for the year</b>		<b>2 328 918</b>	<b>1 553 762</b>	<b>1 474 260</b>	<b>1 699 849</b>
Basic earnings per share (cents)	B3.3	431.9	406.7		
Diluted earnings per share (cents)	B3.3	430.4	405.4		

## Statements of financial position at 30 June 2023

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Assets</b>					
<b>Non-current assets</b>		<b>35 749 056</b>	<b>33 369 773</b>	<b>29 106 382</b>	<b>28 363 161</b>
Investment property	E1.4	33 446 043	31 143 460	22 272 372	21 924 452
Straight-line rental revenue accrual	E1.9	388 346	476 777	313 834	396 656
Property, plant and equipment	E2.2	982 745	778 219	438 445	334 657
Investments in subsidiaries	E4.3	-	-	5 933 771	5 494 892
Investments in joint ventures	E5.5.1	637 475	566 210	-	-
Loans receivable	F1.2	162 532	219 989	136 825	124 630
Intangible assets		59	54	-	-
Deferred taxation	I1.3	1 116	1 087	-	-
Derivatives	H2.3	130 740	183 977	11 135	87 874
<b>Current assets</b>		<b>1 491 959</b>	<b>1 552 053</b>	<b>722 036</b>	<b>528 369</b>
Loans receivable	F1.2	50 189	2 558	-	11 364
Taxation	I2.2	23 110	280	-	-
Trade and other receivables	F2.2	214 339	154 245	279 634	86 786
Derivatives	H2.3	157 241	7 499	73 558	-
Cash and cash equivalents	F3.2	1 047 080	1 387 471	368 844	430 219
<b>Assets classified as held-for-sale</b>	E6.3	<b>2 629 682</b>	<b>2 354 491</b>	-	-
Investment property and property, plant and equipment		2 422 555	1 974 509	-	-
Cash and cash equivalents		154 023	320 489	-	-
Other assets		53 104	59 493	-	-
<b>Total assets</b>		<b>39 870 697</b>	<b>37 276 317</b>	<b>29 828 418</b>	<b>28 891 530</b>
<b>Equity</b>					
Stated capital	G1.2	10 904 343	10 399 277	10 970 921	10 471 387
Retained income		1 829 625	1 629 595	1 565 778	1 500 718
Other reserves	G2.2	9 965 751	8 785 101	9 349 443	8 945 285
<b>Attributable to shareholders of the Company</b>		<b>22 699 719</b>	<b>20 813 973</b>	<b>21 886 142</b>	<b>20 917 390</b>
Non-controlling interests		(130 637)	(43 830)	-	-
<b>Total Equity</b>		<b>22 569 082</b>	<b>20 770 143</b>	<b>21 886 142</b>	<b>20 917 390</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>		<b>10 878 000</b>	<b>8 736 408</b>	<b>5 848 542</b>	<b>5 025 452</b>
Borrowings	H1.3	9 738 356	7 807 219	5 654 745	4 794 710
Derivatives	H2.3	14 795	11 038	6 562	11 038
Financial guarantees	H3.4	-	-	427	44 536
Share-based payment liability	L2.3	1 068	-	-	-
Provisions	I4.3	10 663	4 570	10 663	4 570
Deferred taxation	I1.3	1 113 118	913 581	176 145	170 598
<b>Current liabilities</b>		<b>4 744 812</b>	<b>6 290 734</b>	<b>2 093 734</b>	<b>2 948 688</b>
Borrowings	H1.3	3 894 580	5 276 584	1 424 965	2 361 715
Derivatives	H2.3	4 434	5 934	649	5 561
Financial guarantees	H3.4	-	-	44 536	427
Trade and other payables	I3.2	773 682	713 731	581 816	538 852
Provisions	I4.3	62 477	52 991	41 688	41 925
Taxation	I2.2	9 639	97 332	80	208
Dividend payable	E8.4.1	-	144 162	-	-
<b>Liabilities associated with assets classified as held-for-sale</b>	E6.3	<b>1 678 803</b>	<b>1 479 032</b>	-	-
Bank borrowings		1 075 460	995 805	-	-
Other borrowings		512 437	408 415	-	-
Other liabilities		90 906	74 812	-	-
<b>Total liabilities</b>		<b>17 301 615</b>	<b>16 506 174</b>	<b>7 942 276</b>	<b>7 974 140</b>
<b>Total equity and liabilities</b>		<b>39 870 697</b>	<b>37 276 317</b>	<b>29 828 418</b>	<b>28 891 530</b>

## Statements of changes in equity for the year ended 30 June 2023

GROUP R'000	Note	Attributable to shareholders of the Company				Non-controlling interests	Total equity
		Stated capital	Retained income	Other reserves	Subtotal		
<b>Balance at 30 June 2021</b>		<b>9 521 178</b>	<b>1 516 877</b>	<b>8 319 430</b>	<b>19 357 485</b>	<b>(66 145)</b>	<b>19 291 340</b>
<b>Total comprehensive income / (loss)</b>		-	<b>1 345 164</b>	<b>218 622</b>	<b>1 563 786</b>	<b>(10 024)</b>	<b>1 553 762</b>
Profit/(loss) for the year		-	1 345 164	-	<b>1 345 164</b>	(991)	<b>1 344 173</b>
Other comprehensive income / (loss) for the year		-	-	218 622	<b>218 622</b>	(9 033)	<b>209 589</b>
<b>Transactions with shareholders of the Company</b>		<b>878 099</b>	<b>(1 232 446)</b>	<b>247 049</b>	<b>(107 298)</b>	<b>32 339</b>	<b>(74 959)</b>
CUP awards vested		2 341	3 312	(5 653)	-	-	-
CUP awards forfeited		-	-	(9 222)	<b>(9 222)</b>	-	<b>(9 222)</b>
Shares issued	G1.2	875 758	-	-	<b>875 758</b>	-	<b>875 758</b>
Share-based payment expense		-	-	15 893	<b>15 893</b>	-	<b>15 893</b>
Business combinations		-	-	44 962	<b>44 962</b>	32 339	<b>77 301</b>
Dividends declared	B2.2	-	(1 034 689)	-	<b>(1 034 689)</b>	-	<b>(1 034 689)</b>
Net transfer to non-distributable reserves		-	(201 069)	201 069	-	-	-
<b>Balance at 30 June 2022</b>		<b>10 399 277</b>	<b>1 629 595</b>	<b>8 785 101</b>	<b>20 813 973</b>	<b>(43 830)</b>	<b>20 770 143</b>
<b>Total comprehensive income</b>		-	<b>1 521 216</b>	<b>861 946</b>	<b>2 383 162</b>	<b>(54 244)</b>	<b>2 328 918</b>
Profit for the year		-	1 521 216	-	<b>1 521 216</b>	(35 692)	<b>1 485 524</b>
Other comprehensive income for the year		-	-	861 946	<b>861 946</b>	(18 552)	<b>843 394</b>
<b>Transactions with shareholders of the Company</b>		<b>505 066</b>	<b>(1 321 186)</b>	<b>318 704</b>	<b>(497 416)</b>	-	<b>(497 416)</b>
CUP awards vested		2 299	2 196	(4 495)	-	-	-
CUP awards forfeited		-	-	(10 643)	<b>(10 643)</b>	-	<b>(10 643)</b>
Transfer of shares - LTIP		5 726	(1 096)	-	<b>4 630</b>	-	<b>4 630</b>
Shares issued	G1.2	497 041	-	-	<b>497 041</b>	-	<b>497 041</b>
Share-based payment expense		-	-	15 825	<b>15 825</b>	-	<b>15 825</b>
Dividends declared	B2.2	-	(1 004 269)	-	<b>(1 004 269)</b>	-	<b>(1 004 269)</b>
Net transfer to non-distributable reserves		-	(318 017)	318 017	-	-	-
<b>Transactions with non-controlling interests</b>	E8.4.1	-	-	-	-	(32 563)	<b>(32 563)</b>
<b>Balance at 30 June 2023</b>		<b>10 904 343</b>	<b>1 829 625</b>	<b>9 965 751</b>	<b>22 699 719</b>	<b>(130 637)</b>	<b>22 569 082</b>

## Statements of changes in equity for the year ended 30 June 2023

COMPANY R'000	Note	Stated capital	Retained income	Other reserves	Total equity
<b>Balance at 30 June 2021</b>		<b>9 595 629</b>	<b>1 511 659</b>	<b>8 269 516</b>	<b>19 376 804</b>
<b>Total comprehensive income</b>		-	<b>1 699 849</b>	-	<b>1 699 849</b>
Profit for the year		-	1 699 849	-	1 699 849
<b>Transactions with shareholders of the Company</b>		<b>875 758</b>	<b>(1 710 790)</b>	<b>675 769</b>	<b>(159 263)</b>
CUP awards vested		-	4 072	(5 653)	(1 581)
CUP awards forfeited		-	-	(9 222)	(9 222)
Shares issued	G1.2	875 758	-	-	875 758
Share-based payment expense		-	-	15 893	15 893
Dividends declared	B2.2	-	(1 040 111)	-	(1 040 111)
Net transfer to non-distributable reserves		-	(674 751)	674 751	-
					-
<b>Balance at 30 June 2022</b>		<b>10 471 387</b>	<b>1 500 718</b>	<b>8 945 285</b>	<b>20 917 390</b>
<b>Total comprehensive income</b>		-	<b>1 474 260</b>	-	<b>1 474 260</b>
Profit for the year		-	1 474 260	-	1 474 260
<b>Transactions with shareholders of the Company</b>		<b>499 534</b>	<b>(1 409 200)</b>	<b>404 158</b>	<b>(505 508)</b>
CUP awards vested		-	2 748	(4 495)	(1 747)
CUP awards forfeited		-	-	(10 643)	(10 643)
Shares issued	G1.2	499 534	-	-	499 534
Share-based payment expense		-	-	15 825	15 825
Dividends declared	B2.2	-	(1 008 477)	-	(1 008 477)
Net transfer to non-distributable reserves		-	(403 471)	403 471	-
					-
<b>Balance at 30 June 2023</b>		<b>10 970 921</b>	<b>1 565 778</b>	<b>9 349 443</b>	<b>21 886 142</b>

## Statements of cash flows for the year ended 30 June 2023

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Net cash flows from operating activities</b>		<b>303 553</b>	<b>357 172</b>	<b>(16 407)</b>	<b>93 840</b>
Cash generated from operations	J1	2 437 584	1 837 635	1 469 544	1 489 911
Interest received	J2.5	51 781	74 093	36 568	75 493
Interest paid	J2.4	(881 765)	(481 336)	(513 834)	(431 453)
Taxation paid	J2.1	(154 227)	(38 531)	(208)	-
<b>Cash flows from operating activities before dividends</b>		<b>1 453 373</b>	<b>1 391 861</b>	<b>992 070</b>	<b>1 133 951</b>
Dividends paid	J2.3	(1 149 820)	(1 034 689)	(1 008 477)	(1 040 111)
<b>Net cash flows from investing activities</b>		<b>(571 393)</b>	<b>(1 346 076)</b>	<b>(462 373)</b>	<b>(2 288 276)</b>
Acquisition of, and additions to, investment property	E1.5.3	(98 190)	(152 033)	(72 816)	(151 221)
Additions to property, plant and equipment	E2.3	(190 902)	(141 497)	(163 558)	(133 598)
Reduction in non-controlling interest		(58 797)	-	-	-
Consideration paid for business combination	E8.2.1	-	(2 883 022)	-	-
Cash and cash equivalents acquired in business combination / asset acquisition	E8	-	949 561	-	-
Proceeds on disposal of non-current assets held-for-sale		-	1 051 198	-	1 051 198
Increase in investment in subsidiary	E4.4	-	-	(230 730)	(3 068 283)
Increase in investment in joint venture	E5.5.1	(221 959)	(54 909)	-	-
Loans receivable repaid	F1.4.1	3 805	17 787	15 022	24 017
Loans receivable advanced	F1.4.1	(5 350)	(133 161)	(10 291)	(10 389)
<b>Net cash flows from financing activities</b>		<b>(332 168)</b>	<b>1 695 603</b>	<b>416 990</b>	<b>1 864 038</b>
Loans repaid	H1.4	(6 184 198)	(2 590 882)	(2 512 502)	(1 067 725)
Loans raised	H1.4	5 371 615	3 423 827	2 432 158	2 069 105
Derivative purchased	H2.4	(16 626)	(13 100)	(2 200)	(13 100)
Shares issued	G1.2	497 041	875 758	499 534	875 758
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(600 008)</b>	<b>706 699</b>	<b>(61 790)</b>	<b>(330 398)</b>
Cash and cash equivalents at the beginning of the year		1 387 471	777 691	430 219	747 423
Exchange gains on cash and cash equivalents		93 151	60 011	415	-
Decrease / (Increase) in cash classified as held-for-sale		166 466	(156 930)	-	13 194
<b>Cash and cash equivalents at the end of the year</b>	F3.2	<b>1 047 080</b>	<b>1 387 471</b>	<b>368 844</b>	<b>430 219</b>

# Notes to the consolidated and separate financial statements

## A Accounting policies and critical judgements

### A1 Material accounting policies

#### A1.1 Statement of compliance

Hyprop is incorporated in South Africa and is a listed REIT. The Company's registered office is 2<sup>nd</sup> floor Cradock Heights, 21 Cradock Avenue, Rosebank, Johannesburg, 2196. The Group owns and manages retail and office investment properties in South Africa, Eastern Europe and Sub-Saharan Africa.

These consolidated and separate financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

The Audited Consolidated and Separate Annual Financial Statements were approved by the Board of directors on 19 September 2023.

#### A1.2 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical cost basis, except for the measurement of investment properties, investment property classified as held-for-sale and certain financial instruments, which are recorded at fair value, and incorporate the significant accounting policies set out below and in the individual notes to the financial statements.

All accounting policies applied in the preparation of these consolidated and separate financial statements are consistent with those applied in the consolidated and separate financial statements for the year ended 30 June 2022, except as disclosed in note A3 - *Changes in accounting policies and disclosures*.

The financial information presented in the consolidated and separate financial statements comprises that of the parent company, Hyprop Investments Ltd, together with its subsidiaries, including consolidated joint operations and joint ventures, presented as a single entity.

All values are presented in South African Rand, the functional currency of Hyprop, and are rounded to the nearest thousand Rand, unless indicated otherwise.

#### A1.3 Basis of consolidation

The consolidated financial statements incorporate the results of the Company and entities controlled by the Group. Control is achieved when the Group:

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that one or more of the elements listed above have changed during the year.

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the Group. The results of subsidiaries acquired or disposed during the year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal, as applicable.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, with any resultant gain or loss recognised in profit or loss.

All intergroup transactions, unrealised profits and balances between Group entities are eliminated on consolidation.

#### A1.4 Non-controlling interest

Non-controlling interests are measured at the proportionate share of the non-controlling shareholders' interest in the identifiable net assets of the relevant entity at the acquisition date, and are adjusted for the non-controlling shareholders' proportion of any subsequent profit or loss at each reporting date.

## A2 Key judgements and estimates

### A2.1 Material policy choices

The following accounting policy elections have been made by the Group (excluding elections applied as transitional arrangements on adoption of new or amended reporting standards):

Item	Option	Policy choice and impact	Note
<b>Investment property</b>	IAS 40: <i>Investment property</i> allows a choice between the fair value model and the cost model in recording investment property. The choice is made at a portfolio level.	The Group continues to apply the fair value model for all investment properties.	E1
<b>Investments in subsidiaries, joint operations and associates</b>	In terms of IAS 27: <i>Consolidated and separate financial statements</i> , investments in subsidiaries, associates and joint arrangements can be accounted for in the separate financial statements either at: cost; or at fair value in accordance with IFRS 9: <i>Financial instruments</i> ; or using the equity method as described in IAS 28: <i>Investments in associates and joint ventures</i> .	The Company has elected to recognise investments in subsidiaries and associates at cost in the separate financial statements. Joint operations are accounted for using the proportionate share method. In addition, joint ventures are accounted for on the equity accounting basis in the consolidated financial statements.	E4, E5

# Notes to the consolidated and separate financial statements continued

## A Accounting policies and critical judgements (continued)

### A2 Key judgements and estimates (continued)

#### A2.2 Estimates, assumptions and judgements

Accounting policies for specific items in the financial statements are included in the relevant note to the financial statements.

Assumptions and estimates are an integral part of financial reporting and as such have an impact on the amounts reported for the Group's income, expenses, assets and liabilities. Judgement in these areas is based on historical experience and reasonable expectations relating to future events.

Estimates, assumptions and judgements are applied in the following significant areas:

Item	Nature of judgement or estimation	Note
<b>Investment property valuations</b>	The valuation of investment properties requires judgement in the determination of, inter alia, future cash flows, appropriate discount rates, rental growth rates, vacancy rates and capitalisation rates.	E1.7
	The Group's policy is to obtain independent valuations of its investment properties and report investment properties at the lower of that value or a directors' valuation based on arms length bona fide commercial offers for specific properties. The key assumptions and estimations used to perform the independent investment property valuations are determined by the independent valuers.	
<b>Interests in co-owned assets/ joint operations: <i>Canal Walk and The Glen</i></b>	Judgement is required to identify the relevant activities of the co-owned assets to determine whether the assets were classified as joint operations or joint ventures. Interests in co-owned assets are categorised as interests in joint operations as there is shared control of the co-owned assets.	E5
<b>Classification as an Asset held-for-sale: <i>Gruppo</i></b>	On 9 November 2020 Hyprop announced that Hyprop Mauritius (as one of the sellers) had concluded an agreement (the SPA) to dispose of its 75% interest in Gruppo to two new property funds managed by the Actis Group (the Ikeja transaction). The Ikeja transaction remains subject to the fulfilment of certain conditions precedent, including certain fundraising requirements by the purchaser. Given the current lack of US Dollar liquidity in Nigeria, fulfilling this condition is taking longer than anticipated.	E6.2.1
	The parties have agreed that the sellers may engage other potential buyers for the property and, should the sellers wish to enter into an agreement with such potential buyers, they may terminate the SPA prior to the long stop date.	
	During the year ended 30 June 2023: <ul style="list-style-type: none"> <li>the longstop date for implementation of the Ikeja transaction was extended.</li> <li>the Ikeja transaction was approved by the Federal Competition and Consumer Protection Commission (FCCPC) in June 2023. The approval is valid for 12 months.</li> <li>In June 2023 the Nigerian central bank announced the relaxation of certain exchange controls. This is seen as a positive development, increasing the likelihood of US Dollars being procured by the purchaser to settle the purchase price;</li> </ul>	
	and an addendum to the SPA is at an advanced stage of negotiation/preparation.	
	It remains Hyprop's intention to exit its Sub-Saharan African investments and the parties remain committed to the Ikeja transaction. As a result of the progress made during the year towards implementation of the Ikeja transaction, as stated above, Gruppo continues to be designated as held-for-sale at 30 June 2023.	
	Gruppo is reported under the Sub-Saharan Africa segment.	

# Notes to the consolidated and separate financial statements continued

A Accounting policies and critical judgements (continued)

A2 Key judgements and estimates (continued)

A2.2 Estimates, assumptions and judgements (continued)

Item	Nature of judgement or estimation	Note
	<p>The Group is subject to income tax in numerous jurisdictions. Judgement is required in determining the tax liabilities as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.</p> <p>Management has assessed the Group's tax obligations and the potential tax consequences arising from, inter alia, normal trading activities, acquisitions and disposals, interest and dividends paid by Group companies and the acquisition and disposal of assets during the year.</p> <p>The Group recognises liabilities for anticipated tax obligations based on estimates of the taxes that are likely to become due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions.</p> <p>A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.</p> <p>The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.</p>	11.2
<b>Taxation</b>		

# Notes to the consolidated and separate financial statements continued

## A Accounting policies and critical judgements (continued)

### A3 Changes in accounting policies and disclosures

#### A3.1 New and amended IFRS Standards that have been adopted in the current year

The Group has considered and where appropriate/ applicable adopted the following new/amended accounting standards, none of which had a material impact on the financial statements for the current year.

- Disclosure of accounting policies (Amendments to IAS 1: *Presentation of financial statements* and IFRS practice statement 2: *Making materiality judgements*) (effective 1 January 2023)
- Onerous Contracts – Cost of fulfilling a contract (Amendments to IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*) (effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020 (effective 1 January 2022)
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16: *Property, plant and equipment*) (effective 1 January 2022)
- Reference to the Conceptual Framework (Amendments to IFRS 3: *Business combinations*) (effective 1 January 2022)

### A4 Standards issued but not yet effective

At the date of approval of these consolidated and separate financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective. These have not been early adopted by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements.

#### A4.1 Standards expected to have a material impact, which are not yet effective

*(Impact assessed)*

There are no standards in this category.

#### A4.2 Standards expected to have a material impact, which are not yet effective

*(Impact not assessed)*

There are no standards in this category.

#### A4.3 Standards expected to have an immaterial impact, which are not yet effective

The standards below are expected to have an immaterial impact on the Group.

##### A4.3.1 Definition of accounting estimate (Amendments to IAS 8: *Accounting policies, changes in accounting estimates and errors*) (effective 1 January 2023)

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively to future transactions and other future events only, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

##### A4.3.2 Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12: *Income taxes*) (effective 1 January 2023)

The amendments require companies to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations.

#### A4.3.3 Lease liability in a sale and leaseback (Amendments to IFRS 16: *Leases*) (effective 1 January 2024)

*(effective 1 January 2024)*

The amendments require a seller-lessee to subsequently measure variable lease payments arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The amendments must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application.

##### A4.3.4 Non-current liabilities with covenants (Amendments to IAS 1: *Presentation of financial statements*) (effective 1 January 2024)

*(effective 1 January 2024)*

The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.

The new amendments are effective for annual reporting periods beginning on or after 1 January 2024 and override the previous amendments issued under "*Classification of liabilities as current or non-current (Amendments to IAS 1)*" whose effective date is now deferred to 1 January 2024.

# Notes to the consolidated and separate financial statements continued

## A Accounting policies and critical judgements (continued)

### A5 Going concern

The Company and Group financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

In assessing the Company and Group's ability to continue as going concerns, the Board and the ARC have reviewed the Company and Group's budgets and cashflow forecasts (which take into account the effect of the prevailing high inflation and interest rate environment), available cash balances, existing unutilised and available new borrowing facilities, and the Group's debt maturity profile.

For the year ended 30 June 2023, the Company recorded a net profit for the year of R1 474m, and the Group R1 486m. The Group's net income before value adjustments for the year was R1 078m and cash generated by operations was R2 438m. At 30 June 2023 the Group's net asset value was R22 569m, the Group had cash balances of R1 201m (including assets held-for-sale) and available undrawn facilities of R1 672m, which underpin the Group's strong liquidity.

At 30 June 2023 the Company's current liabilities exceeded its current assets by R1 372m and the Group's current liabilities exceeded its current assets by R3 253m (excluding assets and liabilities held-for-sale), due to borrowings which mature in less than one year (see note H1.3 - *Maturity profile*). On 3 July 2023 current borrowings of €109.7m (R2 250m) were refinanced

for periods ranging from 12 months to 3 years, and a new R750m facility was secured in August 2023. The remaining R1 644m of short-term borrowings due in the 2024 financial year (comprising mainly €10m (R205m) amortisation of Euro borrowings and R1 425m maturing Rand facilities) will be settled from cash generated from operations, and are covered by the Group's available facilities of R1 672m, or will be refinanced in keeping with the Group's historic practice.

Accordingly, the directors consider that the Company and the Group have adequate resources to continue operating for the ensuing 12 months and that it is appropriate to adopt the going concern basis in preparing the Company and Group financial statements.

# Notes to the consolidated and separate financial statements continued

## B Performance analysis

### B1 Distributable income and dividend per share for the year

	GROUP and COMPANY	
	June 2023 Cents	June 2022 Cents
<b>B1.1 Distributable income per share for the year (Non-IFRS information)</b>		
Six months ended 31 December	405.2	342.5
Six months ended 30 June	203.4	157.0
	201.8	185.5
<b>B1.2 Dividend per share for the year</b>		
Year ended 30 June - final dividend declared after year end	299.3	293.6
No interim dividend was declared for the 2022 and 2023 financial years.		
<b>B2 Dividends declared / paid during the year</b>		
<b>B2.1 Dividend per share declared (cents)</b>		
Final dividend declared	293.6	336.5
	293.6	336.5

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>B2.2 Total dividend declared</b>				
<b>Dividends declared / paid<sup>1</sup></b>	<b>1 004 269</b>	<b>1 034 689</b>	<b>1 008 477</b>	<b>1 040 111</b>
Final dividend in respect of the year ended 30 June 2022 (30 June 2021)	1 004 269	1 034 689	1 008 477	1 040 111

<sup>1</sup>This amount is reflected in the statement of changes in equity.

On 28 September 2022 it was announced that the Board had declared a distribution of 293.64090 cents per share for the year ended 30 June 2022. Shareholders were given the option to reinvest the 2022 dividend in return for Hyprop shares, subject to a maximum quantum of R500m in aggregate.

Shareholders holding 289 827 493 Hyprop shares (equivalent to 84.4% of the total number of issued Hyprop shares prior to the share reinvestment alternative) elected the share reinvestment alternative, resulting in the issue of 16 127 649 new Hyprop shares, and R500m of cash being retained by Hyprop as new equity. A net cash dividend of R508m was paid.

### B3 Earnings per share

**Earnings** – The calculation of basic and headline earnings per share is based on the total profit or loss attributable to shareholders of the Company, adjusted as shown in the reconciliation below.

**Number of shares** – The weighted average number of ordinary shares in issue is based on the actual number of ordinary shares in issue adjusted for the treasury shares held by the Group, and has been used to calculate basic earnings per share and headline earnings per share. Where there are changes to the number of shares in issue during the year a time weighting factor is applied to those changes.

**Diluted number of shares** – The diluted weighted average number of ordinary shares in issue is calculated after taking into account the effect of all potentially dilutive shares which may be issued under the Group's share-based long-term incentives (See note L2 - *Long-term incentives*).

# Notes to the consolidated and separate financial statements continued

## B Performance analysis (continued)

### B3 Earnings per share (continued)

B3.1 Earnings reconciliation - basic to headline earnings	Note	GROUP	
		June 2023 R'000	June 2022 R'000
Profit for the year attributable to shareholders of the Company (Basic earnings)		1 521 216	1 345 164
<b>Headline earnings adjustments</b>		<b>(133 892)</b>	<b>116 995</b>
Change in fair value of investment property		(325 649)	(416 537)
Impairment of goodwill	E7.3.1	8 775	433 432
Impairment of intangible asset	E7.3.1	-	16 197
Non-controlling interests share of change in fair value of investment property		30 219	22 814
Non-controlling interests share of impairment of intangible asset	E7.3.4	-	(7 120)
Loss from equity accounted investments	E5.5.3	150 694	68 209
Loss on PPE written off		2 069	-
<b>Headline earnings</b>		<b>1 387 324</b>	<b>1 462 159</b>

B3.2 Weighted average number of ordinary shares	GROUP	
	June 2023 # of shares	June 2022 # of shares
Shares in issue at the beginning of the year	343 438 921	309 070 057
Effect of shares issued during the year	10 295 184	23 257 834
Effect of treasury shares held	(1 514 361)	(1 596 465)
<b>Weighted average number of ordinary shares in issue</b>	<b>352 219 744</b>	<b>330 731 426</b>
Effect of dilutive shares	1 253 125	1 067 515
<b>Diluted weighted average number of ordinary shares in issue</b>	<b>353 472 869</b>	<b>331 798 941</b>

B3.3 Earnings per share (cents per share)	GROUP	
	June 2023 cents	June 2022 cents
<b>Basic earnings per share (EPS)</b> Basic earnings divided by the weighted average number of ordinary shares in issue.	431.9	406.7
<b>Diluted earnings per share (DEPS)</b> Basic earnings divided by the diluted weighted average number of ordinary shares in issue.	430.4	405.4
<b>Headline earnings per share (HEPS)</b> Headline earnings divided by the weighted average number of ordinary shares in issue.	393.9	442.1
<b>Diluted headline earnings per share (DHEPS)</b> Headline earnings divided by the diluted weighted average number of ordinary shares in issue.	392.5	440.7

# Notes to the consolidated and separate financial statements continued

## B Performance analysis (continued)

### B4 Net asset values

#### Net asset value

NAV per share is calculated by dividing the equity and reserves attributable to shareholders of the Company (as reflected on the Statement of financial position) by the number of ordinary shares in issue at the end of the year less treasury shares.

#### Tangible net asset value (Non-IFRS information)

TNAV per share is calculated by dividing TNAV (as calculated below) by the number of ordinary shares in issue at the end of the year less treasury shares.

The effect of outstanding/unvested shares awarded to employees under the CUP and LTIP is not material.

### B4.1 Calculation

The following table reflects the net asset and share data used in the NAV and TNAV per share calculations:

	Note	GROUP	
		June 2023 R'000	June 2022 R'000
Equity attributable to shareholders of the Company		22 699 719	20 813 973
Adjusted for:			
Intangible assets		(59)	(54)
Net deferred taxation liability	11.4	1 112 002	912 494
<b>TNAV</b>		<b>23 811 662</b>	<b>21 726 413</b>

	Note	GROUP	
		June 2023 # of shares	June 2022 # of shares
Number of ordinary shares in issue	G1.3	359 566 570	343 438 921
Treasury shares	G1.3	(1 482 551)	(1 579 716)
<b>Net number of ordinary shares in issue</b>		<b>358 084 019</b>	<b>341 859 205</b>

NAV per share (Rand)	63.39	60.88
TNAV per share (Rand)	66.50	63.55

# Notes to the consolidated and separate financial statements continued

## C Segmental analysis

### C1 Overview and definitions

An operating segment is:

- a component of an entity that engages in business activities from which it may earn revenue;
- the operating results of which are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated and to assess its performance; and
- for which financial information is available.

The Group's identification of its segments and the measurement of segment results are based on the Group's internal management reporting used for day-to-day decision-making and reviewed by the Chief Executive Officer (who is the Group's chief operating decision maker). The segments have been identified according to their location. The primary measures of segment performance are net operating income and distributable income.

The segments are supported by the Group head office, which provides support in the areas of finance, treasury, legal, human resources, governance and compliance, risk management and information technology.

Properties (of any previous segment) that have been classified as held-for-sale according to IFRS 5: *Non-current assets held-for-sale and discontinued operations*, are reported under their geographic segments. There is one property which is held-for-sale (2022: One).

The Group comprises the following business segments and sectors:

Business Segment	Description and basis of segmentation	Sector
<b>South Africa</b>	The SA portfolio comprises all South African shopping malls and offices irrespective of size. There are eight centres in this segment (2022: eight).	SA
	Included in this segment are the combined results of the various support services provided to the Group from South Africa including: Group finance, treasury, asset management and development, human resources, legal and compliance, information technology, investor relations, marketing and facilities management.	
<b>Eastern Europe</b>	The EE portfolio comprises retail shopping malls in Bulgaria, Croatia and North Macedonia, held through the Group's 100% subsidiary Hyprop Europe.	EE
	There are four properties in this segment (2022: four). In 2022 the four EE properties were held via Hyprop Europe and the results of these properties were consolidated with effect from 31 March 2022. For further details see Note E8 - <i>Changes in shareholding</i> .	
<b>Sub-Saharan Africa</b>	The SSA portfolio comprises interests in four shopping centres in Nigeria and Ghana, held through Hyprop Mauritius, a wholly owned subsidiary, and AttAfrica, a joint venture.	SSA
	Ikeja City Mall in Nigeria, included in this segment, is classified as held-for-sale in both 2022 and 2023.	

# Notes to the consolidated and separate financial statements continued

## C Segmental analysis (continued)

### C2 Segmental analysis – profit or loss

June 2023 R'000	SOUTH AFRICA	EASTERN EUROPE	SUB-SAHARAN AFRICA	GROUP
<b>Revenue</b>	<b>2 738 924</b>	<b>1 338 653</b>	<b>296 363</b>	<b>4 373 940</b>
Lease revenue	1 866 626	1 167 201	231 301	3 265 128
Non-lease revenue	872 298	171 452	65 062	1 108 812
Changes in expected credit losses - trade receivables	3	3 237	13 371	16 611
Property expenses	(1 305 024)	(538 690)	(101 316)	(1 945 030)
Utilities	(858 731)	(242 470)	(77 128)	(1 178 329)
Contractual services	(139 097)	(88 094)	(4 450)	(231 641)
Salaries and staff-related expenses	(116 836)	(28 702)	(6 183)	(151 721)
Depreciation and amortisation	(59 621)	(45 860)	(3 285)	(108 766)
Maintenance	(47 924)	(35 869)	(3 356)	(87 149)
Management and other costs	(82 815)	(97 695)	(6 914)	(187 424)
<b>Net property income</b>	<b>1 433 903</b>	<b>803 200</b>	<b>208 418</b>	<b>2 445 521</b>
Other operating income	5 962	-	7 546	13 508
Other operating expenses	(113 923)	(29 802)	(6 802)	(150 527)
Salaries and staff-related expenses	(79 218)	(25 104)	(5 732)	(110 054)
Depreciation and amortisation	(1 597)	-	(28)	(1 625)
Management and other costs	(33 108)	(4 698)	(1 042)	(38 848)
Net foreign exchange gains / (losses)	385	2 836	(228 090)	(224 869)
<b>Operating income</b>	<b>1 326 327</b>	<b>776 234</b>	<b>(18 928)</b>	<b>2 083 633</b>
Net interest	(507 165)	(197 896)	(149 402)	(854 463)
Interest income	35 853	9 384	7 803	53 040
Interest expense	(543 018)	(207 280)	(157 205)	(907 503)
<b>Net operating income / (loss)</b>	<b>819 162</b>	<b>578 338</b>	<b>(168 330)</b>	<b>1 229 170</b>
Loss from equity accounted investments	-	-	(150 694)	(150 694)
<b>Net income / (loss) before value adjustments</b>	<b>819 162</b>	<b>578 338</b>	<b>(319 024)</b>	<b>1 078 476</b>
Changes in fair value	281 219	83 974	124 978	490 171
Changes in expected credit losses - loans receivable	(2 767)	-	-	(2 767)
Impairment of goodwill	-	(8 775)	-	(8 775)
<b>Profit / (loss) before taxation</b>	<b>1 097 614</b>	<b>653 537</b>	<b>(194 046)</b>	<b>1 557 105</b>
Taxation	(5 463)	(64 276)	(1 842)	(71 581)
<b>Profit / (loss) for the year</b>	<b>1 092 151</b>	<b>589 261</b>	<b>(195 888)</b>	<b>1 485 524</b>
<b>Calculation of distributable income (Non-IFRS information)</b>				
Net income / (loss) before value adjustments	819 162	578 338	(319 024)	1 078 476
Adjusted for:	84 646	(53 153)	340 916	372 409
Straight-line rental revenue accrual	82 822	22 386	(4 828)	100 380
Tax adjustments	55	(72 836)	(1 865)	(74 646)
Loss from equity accounted investments	-	-	150 694	150 694
Capital items for distribution purposes	(1 458)	(3 348)	168 101	163 295
Non-controlling interests	3 227	645	28 814	32 686
<b>Distributable income</b>	<b>903 808</b>	<b>525 185</b>	<b>21 892</b>	<b>1 450 885</b>
<b>% of Group</b>	<b>62%</b>	<b>36%</b>	<b>2%</b>	

# Notes to the consolidated and separate financial statements continued

## C Segmental analysis (continued)

### C2 Segmental analysis – profit or loss (continued)

June 2022 R'000	SOUTH AFRICA	EASTERN EUROPE	SUB-SAHARAN AFRICA	GROUP
<b>Revenue</b>	<b>2 597 851</b>	<b>285 337</b>	<b>237 575</b>	<b>3 120 763</b>
Lease revenue	1 830 134	233 448	183 759	2 247 341
Non-lease revenue	767 717	51 889	53 816	873 422
Changes in expected credit losses - trade receivables	(9 618)	(1 156)	1 964	(8 810)
Property expenses	(1 176 535)	(118 344)	(80 463)	(1 375 342)
Utilities	(769 530)	(51 089)	(53 867)	(874 486)
Contractual services	(134 534)	(18 454)	(3 713)	(156 701)
Salaries and staff-related expenses	(106 347)	(7 740)	(5 299)	(119 386)
Depreciation and amortisation	(54 873)	(15 353)	(2 657)	(72 883)
Maintenance	(46 706)	(8 004)	(3 448)	(58 158)
Management and other costs	(64 545)	(17 704)	(11 479)	(93 728)
<b>Net property income</b>	<b>1 411 698</b>	<b>165 837</b>	<b>159 076</b>	<b>1 736 611</b>
Other operating income	21 091	-	10 931	32 022
Other operating expenses	(113 162)	(10 482)	(8 622)	(132 266)
Salaries and staff-related expenses	(72 177)	(2 016)	(6 659)	(80 852)
Depreciation and amortisation	(1 561)	-	(11)	(1 572)
Management and other costs	(39 424)	(8 466)	(1 952)	(49 842)
Net foreign exchange losses	(338)	(13 260)	(7 511)	(21 109)
<b>Operating income</b>	<b>1 319 289</b>	<b>142 095</b>	<b>153 874</b>	<b>1 615 258</b>
Net interest	(358 400)	(45 544)	(89 943)	(493 887)
Interest income	69 681	1 970	2 556	74 207
Interest expense	(428 081)	(47 514)	(92 499)	(568 094)
<b>Net operating income</b>	<b>960 889</b>	<b>96 551</b>	<b>63 931</b>	<b>1 121 371</b>
Loss from equity accounted investments	-	-	(68 209)	(68 209)
<b>Net income / (loss) before value adjustments</b>	<b>960 889</b>	<b>96 551</b>	<b>(4 278)</b>	<b>1 053 162</b>
Changes in fair value	560 892	37 275	92 767	690 934
Loss on disposal of investment property	(1 135)	-	-	(1 135)
Impairment of goodwill	-	(433 432)	-	(433 432)
Impairment of intangible asset	(16 197)	-	-	(16 197)
Derecognition of financial guarantees	65 865	-	-	65 865
<b>Profit / (loss) before taxation</b>	<b>1 570 314</b>	<b>(299 606)</b>	<b>88 489</b>	<b>1 359 197</b>
Taxation	17 497	(17 637)	(14 884)	(15 024)
<b>Profit / (loss) for the year</b>	<b>1 587 811</b>	<b>(317 243)</b>	<b>73 605</b>	<b>1 344 173</b>
<b>Calculation of distributable income (Non-IFRS information)</b>				
Net income / (loss) before value adjustments	960 889	96 551	(4 278)	1 053 162
Adjusted for:	43 875	4 427	69 338	117 640
Straight-line rental revenue accrual	36 173	5 181	1 512	42 866
Tax adjustments	(208)	(17 637)	(11 919)	(29 764)
Loss from equity accounted investments	-	-	68 209	68 209
Capital items for distribution purposes	(28)	16 470	5 586	22 028
Non-controlling interests	7 938	413	5 950	14 301
<b>Distributable income</b>	<b>1 004 764</b>	<b>100 978</b>	<b>65 060</b>	<b>1 170 802</b>
<b>% of Group</b>	<b>86%</b>	<b>9%</b>	<b>5%</b>	

# Notes to the consolidated and separate financial statements continued

## C Segmental analysis (continued)

### C3 Segmental analysis – financial position

June 2023 R'000	SOUTH AFRICA	EASTERN EUROPE	SUB-SAHARAN AFRICA	GROUP
<b>Assets</b>				
<b>Non-current assets</b>	23 109 743	11 996 642	642 671	35 749 056
Investment property	22 272 372	11 173 671	-	33 446 043
Straight-line rental revenue accrual	313 834	74 512	-	388 346
Property, plant and equipment	438 575	544 092	78	982 745
Investments in joint ventures	-	-	637 475	637 475
Loans receivable	72 711	89 821	-	162 532
Intangible assets	-	59	-	59
Deferred taxation	1 116	-	-	1 116
Derivatives	11 135	114 487	5 118	130 740
<b>Current assets</b>	575 553	876 936	39 470	1 491 959
Loans receivable	-	50 189	-	50 189
Taxation	-	23 110	-	23 110
Trade and other receivables	128 020	84 270	2 049	214 339
Derivatives	73 558	65 445	18 238	157 241
Cash and cash equivalents	373 975	653 922	19 183	1 047 080
<b>Assets classified as held-for-sale</b>	-	-	2 629 682	2 629 682
Investment property	-	-	2 422 555	2 422 555
Cash and cash equivalents	-	-	154 023	154 023
Other assets	-	-	53 104	53 104
<b>Total assets</b>	<b>23 685 296</b>	<b>12 873 578</b>	<b>3 311 823</b>	<b>39 870 697</b>
<b>% of Group</b>	<b>60%</b>	<b>32%</b>	<b>8%</b>	
<b>Liabilities</b>				
<b>Non-current liabilities</b>	5 087 099	5 790 901	-	10 878 000
Borrowings	4 893 770	4 844 586	-	9 738 356
Derivatives	6 562	8 233	-	14 795
Share-based payment liability	-	1 068	-	1 068
Provisions	10 663	-	-	10 663
Deferred taxation	176 104	937 014	-	1 113 118
<b>Current liabilities</b>	2 051 710	2 679 104	13 998	4 744 812
Borrowings	1 426 534	2 455 108	12 938	3 894 580
Derivatives	649	3 785	-	4 434
Trade and other payables	582 760	189 954	968	773 682
Provisions	41 687	20 790	-	62 477
Taxation	80	9 467	92	9 639
<b>Liabilities associated with assets classified as held-for-sale</b>	-	-	1 678 803	1 678 803
Bank borrowings	-	-	1 075 460	1 075 460
Other borrowings	-	-	512 437	512 437
Other liabilities	-	-	90 906	90 906
<b>Total liabilities</b>	<b>7 138 809</b>	<b>8 470 005</b>	<b>1 692 801</b>	<b>17 301 615</b>
<b>% of Group</b>	<b>41%</b>	<b>49%</b>	<b>10%</b>	
<b>Net asset value / equity</b>	<b>16 546 487</b>	<b>4 403 573</b>	<b>1 619 022</b>	<b>22 569 082</b>
<b>% of Group</b>	<b>73%</b>	<b>20%</b>	<b>7%</b>	

# Notes to the consolidated and separate financial statements continued

## C Segmental analysis (continued)

### C3 Segmental analysis – financial position (continued)

June 2022 R'000	SOUTH AFRICA	EASTERN EUROPE	SUB-SAHARAN AFRICA	GROUP
<b>Assets</b>				
<b>Non-current assets</b>	22 828 206	9 975 333	566 234	<b>33 369 773</b>
Investment property	21 924 452	9 219 008	-	<b>31 143 460</b>
Straight-line rental revenue accrual	396 656	80 121	-	<b>476 777</b>
Property, plant and equipment	346 011	432 184	24	<b>778 219</b>
Investments in joint ventures	-	-	566 210	<b>566 210</b>
Loans receivable	72 126	147 863	-	<b>219 989</b>
Intangible assets	-	54	-	<b>54</b>
Deferred taxation	1 087	-	-	<b>1 087</b>
Derivatives	87 874	96 103	-	<b>183 977</b>
<b>Current assets</b>	518 694	1 015 825	17 534	<b>1 552 053</b>
Loans receivable	-	2 558	-	<b>2 558</b>
Taxation	-	280	-	<b>280</b>
Trade and other receivables	87 124	65 609	1 512	<b>154 245</b>
Derivatives	-	7 499	-	<b>7 499</b>
Cash and cash equivalents	431 570	939 879	16 022	<b>1 387 471</b>
<b>Assets classified as held-for-sale</b>	-	-	2 354 491	<b>2 354 491</b>
Investment property	-	-	1 974 509	<b>1 974 509</b>
Cash and cash equivalents	-	-	320 489	<b>320 489</b>
Other assets	-	-	59 493	<b>59 493</b>
<b>Total assets</b>	<b>23 346 900</b>	<b>10 991 158</b>	<b>2 938 259</b>	<b>37 276 317</b>
<b>% of Group</b>	<b>63%</b>	<b>29%</b>	<b>8%</b>	
<b>Liabilities</b>				
<b>Non-current liabilities</b>	4 219 790	4 516 636	(18)	<b>8 736 408</b>
Bank borrowings	4 033 585	3 773 634	-	<b>7 807 219</b>
Derivatives	11 038	-	-	<b>11 038</b>
Provisions	4 570	-	-	<b>4 570</b>
Deferred taxation	170 597	743 002	(18)	<b>913 581</b>
<b>Current liabilities</b>	2 948 565	3 328 922	13 247	<b>6 290 734</b>
Bank borrowings	2 361 715	2 903 758	11 111	<b>5 276 584</b>
Derivatives	5 561	373	-	<b>5 934</b>
Trade and other payables	535 033	178 298	400	<b>713 731</b>
Provisions	46 256	6 735	-	<b>52 991</b>
Taxation	-	95 596	1 736	<b>97 332</b>
Dividend payable	-	144 162	-	<b>144 162</b>
<b>Liabilities associated with assets classified as held-for-sale</b>	-	-	1 479 032	<b>1 479 032</b>
Bank borrowings	-	-	995 805	<b>995 805</b>
Other borrowings	-	-	408 415	<b>408 415</b>
Other liabilities	-	-	74 812	<b>74 812</b>
<b>Total liabilities</b>	<b>7 168 355</b>	<b>7 845 558</b>	<b>1 492 261</b>	<b>16 506 174</b>
<b>% of Group</b>	<b>43%</b>	<b>48%</b>	<b>9%</b>	
<b>Net asset value / equity</b>	<b>16 178 545</b>	<b>3 145 600</b>	<b>1 445 998</b>	<b>20 770 143</b>
<b>% of Group</b>	<b>78%</b>	<b>15%</b>	<b>7%</b>	

# Notes to the consolidated and separate financial statements continued

## D Profit or loss

### D1 Revenue and minimum lease payments

#### D1.1 Accounting policy

Revenue consists of:

- a. Lease revenue – governed by IFRS 16: *Leases*.
- b. Non-lease revenue – governed by IFRS 15: *Revenue from contracts with customers*.

#### Lease revenue – governed by IFRS 16: *Leases*

Lease revenue comprises contractual rental revenue (for retail, office, storage and parking space), contractual operating cost recoveries and contractual contributions towards marketing and promotions. Contractual rental revenue (including tenant parking revenue and contractual fixed operating cost recoveries) is recognised on a straight-line basis over the term of the lease.

Contingent rentals / turnover rentals (variable rentals based on the turnover achieved by a tenant) are included in revenue when the amounts can be reliably measured.

#### Non-lease revenue – governed by IFRS 15: *Revenue from contracts with customers*

Non-lease revenue comprises revenue from recoveries (primarily of utility costs), marketing, promotions and casual parking which is recognised when the service is rendered. Non-lease revenue represents the transaction price (i.e. the amount of the consideration which the entity expects to receive) for services provided, net of value added tax.

The Group retains primary responsibility for the provision of the services to tenants, and considers itself the principal supplier of such services in this respect. Accordingly, the Group maintains its recording of non-lease revenue on a gross basis.

Non-lease revenue is recognised on an accrual basis in line with the service being provided.

#### Performance obligations related to non-lease revenue: Recoveries

a)	When the entity typically satisfies its performance obligations	Services are rendered during the month. Revenue is recognised over a period of time (the month in which the service is rendered).
b)	The significant payment terms	Payment from tenants is due on the 1 <sup>st</sup> of each month.
c)	Variability of the consideration payable	Utility recoveries are charged either at a flat rate per unit, or at a variable rate per unit depending on time of use.
d)	The nature of the goods or services that the entity has undertaken / agreed to transfer	Services rendered include the provision of utilities, cleaning, security and marketing services for a calendar month.

#### Performance obligations related to non-lease revenue: Parking, Marketing and Promotions

a)	When the entity typically satisfies its performance obligations	Services are rendered continuously in a given month. Revenue is recognised (for expediency) at the end of the month in which the service is rendered.
b)	The significant payment terms	Payment from customers is due immediately after parking usage. Payment for marketing and promotions revenue is agreed for each specific event, and may include payment of a deposit with the balance due within 30 days of the event's completion.
c)	Variability of the consideration payable	Parking revenue is charged at a flat rate per space based on the duration of usage. Marketing and promotions revenue is based on standard rates depending on the nature of the services provided (digital advertising, billboards, exhibitions, etc)
d)	The nature of the goods or services that the entity has undertaken / agreed to transfer	Services rendered include the provision of covered and open parking bays, indoor and outdoor advertising and events venues.

# Notes to the consolidated and separate financial statements continued

## D Profit or loss (continued)

### D1 Revenue and minimum lease payments (continued)

D1.2 Revenue	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Gross contractual rental revenue	2 687 232	2 032 912	1 689 033	1 687 736
COVID-19 rent relief <sup>1</sup>	15 857	(44 859)	15 857	(41 780)
<b>Contractual rental revenue</b>	<b>2 703 089</b>	<b>1 988 053</b>	<b>1 704 890</b>	<b>1 645 956</b>
Turnover rent	187 899	33 687	57 641	17 358
Operating cost recoveries <sup>2</sup>	406 271	215 559	147 423	156 312
Marketing and promotions revenue - tenants	68 249	52 908	38 340	46 624
<b>Rental and other lease revenue</b>	<b>3 365 508</b>	<b>2 290 207</b>	<b>1 948 294</b>	<b>1 866 250</b>
Straight-line rental revenue accrual	(100 380)	(42 866)	(82 822)	(36 174)
<b>Total Lease revenue</b>	<b>3 265 128</b>	<b>2 247 341</b>	<b>1 865 472</b>	<b>1 830 076</b>
Municipal recoveries	816 093	729 690	655 307	649 200
Other recoveries	149 601	40 015	100 937	28 751
<b>Recoveries revenue</b>	<b>965 694</b>	<b>769 705</b>	<b>756 244</b>	<b>677 951</b>
Casual parking revenue	99 029	80 809	83 216	75 996
Marketing and promotions revenue	44 089	22 908	31 843	14 228
<b>Total Non-lease revenue</b>	<b>1 108 812</b>	<b>873 422</b>	<b>871 303</b>	<b>768 175</b>
<b>Total Revenue</b>	<b>4 373 940</b>	<b>3 120 763</b>	<b>2 736 775</b>	<b>2 598 251</b>

<sup>1</sup> Rental discounts and deferrals granted to tenants due to COVID-19 lockdowns/restrictions. The recovery in 2023 arises from the proceeds of a Covid-19 related insurance claim and reversal of unutilised provisions for Covid-19 discounts.

<sup>2</sup> Operating cost recoveries comprise mainly fixed contractual amounts recovered from tenants in terms of the lease agreements. These are categorised as "lease revenue" in terms of IFRS 16: *Leases*.

### D1.3 Minimum lease payments receivable

Minimum lease payments receivable comprise contractual rental revenue and contractual operating costs recoverable from tenants in terms of existing lease agreements.

The minimum lease payments receivable from tenants have been classified into the following time periods:

Short-term (up to one year)	2 645 563	2 624 215	1 676 372	1 727 629
Medium-term (greater than one year and up to five years)	5 254 619	5 376 768	3 048 236	3 161 482
Long-term (greater than five years)	1 298 328	1 737 198	854 781	781 183
<b>Total minimum lease payments receivable</b>	<b>9 198 510</b>	<b>9 738 181</b>	<b>5 579 389</b>	<b>5 670 294</b>

Minimum lease payment disclosures are based on undiscounted amounts and exclude held-for-sale properties.

# Notes to the consolidated and separate financial statements continued

## D Profit or loss (continued)

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>D2 Other operating income</b>					
Asset management fees		9 178	32 022	3 081	21 923
Other income		4 330	-	4 330	-
<b>Other operating income</b>		<b>13 508</b>	<b>32 022</b>	<b>7 411</b>	<b>21 923</b>

## D3 Dividend income

### D3.1 Accounting policy

Dividend income is recognised in the Statement of profit or loss and other comprehensive income when the dividend has been declared.

### D3.2 Profile

Dividends received from Hyprop Europe	-	-	151 871	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>151 871</b>	<b>-</b>

# Notes to the consolidated and separate financial statements continued

## D Profit or loss (continued)

### D4 Expenses

D4.1	Property expenses	Note	GROUP		COMPANY	
			June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
	<b>Utilities</b>		<b>1 178 329</b>	<b>874 486</b>	<b>858 731</b>	<b>769 529</b>
	Back up power		154 852	50 737	103 554	17 228
	Power		506 523	363 047	286 596	303 354
	Rates, taxes and levies		429 773	396 390	405 214	390 583
	Refuse		34 689	19 179	18 174	15 323
	Water and waste		46 811	38 916	39 512	36 823
	Other utility expenses		5 681	6 217	5 681	6 218
	<b>Contractual services</b>		<b>231 641</b>	<b>156 701</b>	<b>138 942</b>	<b>133 900</b>
	Cleaning		84 002	54 603	47 071	45 422
	Infrastructure maintenance		8 845	6 388	6 602	6 030
	Landscaping		5 233	4 652	4 795	4 366
	Parking management		19 242	17 549	17 716	17 209
	Security		87 248	65 368	60 612	58 124
	Other contractual services		27 071	8 141	2 146	2 749
	<b>Salaries and staff-related expenses</b>		<b>151 721</b>	<b>119 386</b>	<b>108 969</b>	<b>101 328</b>
	Bonuses		22 463	18 223	17 159	16 861
	Recruitment costs and training		1 651	1 059	1 642	763
	Salaries		122 656	91 936	85 915	80 429
	Other staff costs		4 951	8 168	4 253	3 275
	<b>Depreciation and amortisation</b>		<b>108 766</b>	<b>72 883</b>	<b>58 729</b>	<b>48 738</b>
	Depreciation		108 766	69 080	58 729	48 738
	Amortisation		-	3 803	-	-
	<b>Maintenance</b>		<b>87 149</b>	<b>58 158</b>	<b>47 924</b>	<b>46 609</b>
	Air-conditioning		21 932	19 149	16 441	16 170
	Other maintenance		65 217	39 009	31 483	30 439
	<b>Management and other costs</b>		<b>187 424</b>	<b>93 728</b>	<b>82 518</b>	<b>60 070</b>
	Audit fees – external	D4.3	4 727	2 653	1 853	1 729
	Audit fees – internal		1 473	355	473	355
	Computer expenses and licences		8 631	6 232	7 721	5 803
	Insurance		24 822	12 029	11 096	8 614
	Legal fees		6 787	3 159	1 942	2 367
	Marketing		79 664	38 900	39 304	27 868
	Professional fees		13 995	13 340	7 469	4 621
	Property management costs		31 473	6 004	-	-
	Reinstatement of premises		3 375	4 094	2 703	3 362
	Other property costs		12 477	6 962	9 957	5 351
	<b>Property expenses</b>		<b>1 945 030</b>	<b>1 375 342</b>	<b>1 295 813</b>	<b>1 160 174</b>

# Notes to the consolidated and separate financial statements continued

## D Profit or loss (continued)

### D4 Expenses (continued)

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>D4.2 Other operating expenses</b>					
<b>Salaries and staff-related expenses</b>		<b>110 054</b>	<b>80 852</b>	<b>79 218</b>	<b>72 177</b>
Bonuses		32 265	19 843	24 996	19 363
Recruitment costs and training		1 899	1 961	1 899	1 961
Salaries		64 085	52 834	46 019	45 141
Share-based payment expense	L2.4	6 153	6 529	5 185	6 529
Other staff costs		5 652	(315)	1 119	(817)
<b>Depreciation and amortisation</b>		<b>1 625</b>	<b>1 572</b>	<b>1 597</b>	<b>1 561</b>
Depreciation		1 625	1 572	1 597	1 561
<b>Management and other costs</b>		<b>38 848</b>	<b>49 842</b>	<b>33 081</b>	<b>39 552</b>
Audit fees – external	D4.3	3 914	2 834	3 642	2 132
Audit fees – internal		342	615	342	532
Computer expenses and licences		2 041	2 181	1 997	2 168
Corporate social investment		2 478	4 887	2 477	3 039
Insurance		3 738	552	3 724	531
Investor relations and related costs		2 339	2 452	2 339	2 452
Legal fees		862	1 308	191	531
Non-executive directors' remuneration		6 442	5 019	6 442	4 974
Professional fees		1 816	5 150	561	2 527
Ratings and regulatory fees		3 612	2 107	3 612	2 107
Transaction costs		-	12 718	-	12 718
Other		11 264	10 019	7 754	5 841
<b>Other operating expenses</b>		<b>150 527</b>	<b>132 266</b>	<b>113 896</b>	<b>113 290</b>

### D4.3 Audit fees

Included in property- and other operating expenses in D4.1 and D4.2 are amounts paid to the external auditors of the Group (KPMG Inc. (Johannesburg) and their affiliates worldwide) and the external auditors of subsidiaries (other than KPMG) for services rendered as follows:

<b>Group auditors (KPMG and their affiliates)</b>	<b>7 920</b>	<b>11 167</b>	<b>5 645</b>	<b>9 344</b>
Audit fees (the attest function)	7 561	5 487	5 495	3 861
Professional fees (other approved services)	359	5 680	150	5 483
<b>Other auditors</b>	<b>1 547</b>	<b>-</b>	<b>-</b>	<b>-</b>
Audit fees (the attest function)	1 080	-	-	-
Professional fees (other approved services)	467	-	-	-
<b>Total</b>	<b>9 467</b>	<b>11 167</b>	<b>5 645</b>	<b>9 344</b>

# Notes to the consolidated and separate financial statements continued

## D Profit or loss (continued)

### D4 Expenses (continued)

#### D4.4 Operating expense commitments

Group companies have entered into various service contracts for the cleaning, upkeep and general maintenance of their investment properties. Operating expense commitments payable under existing service contracts to service providers in the ensuing 12 months have been classified as follows:

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Short-term (up to one year)	103 152	74 288	13 647	13 712
<b>Property expenses</b>	<b>103 152</b>	<b>74 288</b>	<b>13 647</b>	<b>13 712</b>

Amounts exclude held-for-sale properties.

Contracts which can be terminated on one month's notice have been included for one month only.

## D5 Net foreign exchange (losses) / gains

Foreign exchange gains	7 186	4 000	565	2 963
Foreign exchange losses	(232 055)	(25 109)	(202)	-
<b>Net foreign exchange (losses) / gains</b>	<b>(224 869)</b>	<b>(21 109)</b>	<b>363</b>	<b>2 963</b>
Realised net foreign exchange (losses) / gains	(60 493)	3 152	(20)	3 302
Unrealised net foreign exchange (losses) / gains	(164 376)	(24 261)	383	(339)
<b>Net foreign exchange (losses) / gains</b>	<b>(224 869)</b>	<b>(21 109)</b>	<b>363</b>	<b>2 963</b>

The realised foreign exchange losses arose on conversion of Naira to US Dollars to settle interest payments on bank borrowings.

The unrealised foreign exchange losses arose mainly on the translation of Naira monetary assets to US Dollars for financial reporting purposes.

## D6 Interest

### D6.1 Accounting policy

#### Interest income

Interest earned on cash invested at financial institutions or in money market funds is recognised on an accrual basis using the effective interest rate method. Interest earned on loans receivable is recognised on an accrual basis using the effective interest rate method, other than loans which are credit impaired (stage 3 loans) where interest is only accrued on the net balance (i.e. the outstanding balance less credit impairments).

#### Interest expense

Interest expense is calculated using the effective interest rate method. Borrowing costs, except those capitalised to a qualifying asset, are recognised as an expense in the period in which they are incurred.

# Notes to the consolidated and separate financial statements continued

## D Profit or loss (continued)

### D6 Interest (continued)

D6.2 Profile	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Interest income</b>		<b>53 040</b>	<b>74 207</b>	<b>44 256</b>	<b>76 887</b>
Bank balances and money market funds		36 657	66 636	28 194	64 045
Loans receivable - Related parties		203	-	9 266	7 291
Loans receivable - Other		16 180	7 571	6 796	5 551
<b>Interest expense</b>		<b>(907 503)</b>	<b>(568 094)</b>	<b>(542 959)</b>	<b>(428 081)</b>
Borrowings		(870 887)	(538 088)	(542 959)	(428 081)
Non-controlling shareholder loan		(36 616)	(30 006)	-	-
<b>Net interest</b>		<b>(854 463)</b>	<b>(493 887)</b>	<b>(498 703)</b>	<b>(351 194)</b>

## D7 Taxation

### D7.1 Accounting policy

Normal and deferred taxes are recognised as income or an expense and included in the Statement of profit or loss and other comprehensive income for the year.

The charge for normal taxation includes expected tax payable or receivable on the taxable income or loss for the year and any adjustment for taxation payable or receivable in respect of prior years.

### D7.2 Profile

Hyprop is a REIT in terms of the South African Income Tax Act (the Income Tax Act) and the JSE Listings Requirements. In terms of section 25BB of the Income Tax Act, a qualifying distribution declared to Hyprop shareholders is deductible against Hyprop's taxable income. As a consequence of this deduction, Hyprop's South African taxable income and normal income taxation is usually reduced to nil.

Group companies are subject to tax in accordance with the laws of their jurisdictions of incorporation/tax residence. The standard rates of income tax in the jurisdictions in which the Group operates are:

D7.2.1 Income Tax rates used	Note	GROUP		COMPANY	
		June 2023 %	June 2022 %	June 2023 %	June 2022 %
<b>South Africa</b>	D7.2.2	27	28	27	28
<b>EE</b>					
Croatia		18	18		
Bulgaria		10	10		
North Macedonia		10	10		
Netherlands		25.8	25.8		
United Kingdom	D7.2.3	25	19		
<b>SSA</b>					
Nigeria		30	30		
Mauritius		3	3		

Certain dividends and interest payments made by Group companies are subject to withholding taxes as follows:

#### SSA

Nigeria	10	10
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# Notes to the consolidated and separate financial statements continued

## D Profit or loss (continued)

### D7 Taxation (continued)

#### D7.2 Profile (continued)

##### D7.2.2 Change in tax rate - South Africa

In February 2022 it was announced that the corporate income tax rate for South African tax resident companies would reduce from 28% to 27% for the companies' tax (financial) years commencing on or after March 2022. The reduced income tax rate applies to all South African tax resident Group companies from the commencement of the Group's 2023 financial year.

Normal income tax for the South African tax resident Group companies has been calculated based on the prevailing 27% (2022: 28%) income tax rate. Deferred taxes at 30 June 2022 and 2023 have been calculated based on the income tax rate of 27%.

##### D7.2.3 Change in tax rate - United Kingdom

The UK corporate tax rate was increased effective from 1 April 2023 to 25% and is applicable prospectively from the effective date.

#### D7.3 Taxation expense

##### Major components of the taxation expense

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Normal taxation	27 211	29 674	-	-
Current year	72 115	29 674	-	-
Prior years	(44 904)	-	-	-
Withholding taxes	3 362	2 755	-	-
Carbon taxation	80	208	80	208
Deferred taxation	40 928	(17 613)	5 547	(16 621)
Current year	31 129	(18 770)	5 547	(16 621)
Assessed loss utilised	9 799	1 157	-	-
<b>Total taxation expense</b>	<b>71 581</b>	<b>15 024</b>	<b>5 627</b>	<b>(16 413)</b>

# Notes to the consolidated and separate financial statements continued

## D Profit or loss (continued)

### D7 Taxation (continued)

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>D7.4 Reconciliation of taxation expense</b>					
<b>Profit before tax</b>		<b>1 557 105</b>	<b>1 359 196</b>	<b>1 479 887</b>	<b>1 683 436</b>
Notional taxation at standard income tax rate in each jurisdiction		299 180	350 427	399 569	471 362
<b>Adjusted for:</b>		<b>(227 599)</b>	<b>(335 403)</b>	<b>(393 942)</b>	<b>(487 775)</b>
REIT qualifying distribution		(277 835)	(263 247)	(277 835)	(263 247)
Permanent differences	D7.5	7 329	(185 323)	(116 187)	(202 539)
Normal taxation - prior year		(44 904)	-	-	-
Deferred taxation - assessed loss utilised		9 799	1 157	-	-
Reversal of deferred tax on disposal of assets		-	(15 879)	-	(15 879)
Change in tax rate		-	(6 318)	-	(6 318)
Deferred tax asset not recognised		42 430	130 506	-	-
Carbon tax		80	208	80	208
Taxation relating to CFC income		1 157	738	-	-
Taxable portion of foreign dividends		30 374	-	-	-
Withholding taxes		3 362	2 755	-	-
Currency translation differences		609	-	-	-
<b>Total taxation expense</b>		<b>71 581</b>	<b>15 024</b>	<b>5 627</b>	<b>(16 413)</b>
Effective tax rate		4.6%	1.1%	0.4%	(1.0%)
<b>D7.5 Permanent differences</b>					
<i>Changes in fair value:</i>					
Investment property		(109 662)	(137 657)	(74 847)	(104 980)
Derivative instruments		(6 184)	(50 362)	(1 082)	(50 899)
Financial asset - Hystead		-	(1 170)	-	(1 170)
Foreign exchange (gains) / losses		52 851	(14 675)	1 397	(14 675)
Derecognition of financial guarantees		-	(18 442)	-	(18 442)
Straight-line rental revenue accrual		23 958	10 798	22 362	10 129
Profit on disposal of assets		-	318	-	318
Non-taxable dividend income		-	-	(10 631)	-
Changes in expected credit losses - loan receivable		747	-	(667)	(4 526)
Impairment of investment in subsidiary		-	-	(56 200)	(14 706)
Impairment of goodwill		1 419	-	-	-
Impairment of intangible asset		-	4 535	-	-
Loss from equity accounted investments		40 687	19 099	-	-
Other		3 513	2 233	3 481	(3 588)
<b>Total permanent differences</b>		<b>7 329</b>	<b>(185 323)</b>	<b>(116 187)</b>	<b>(202 539)</b>

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items

### E1 Investment property

#### E1.1 Accounting policy

Investment properties are properties held to earn rental revenue and / or for capital appreciation.

Income from investment property is recognised as revenue as set out in note D1 - *Revenue*.

Investment property is initially recognised at cost. Cost includes initial transaction costs, costs incurred subsequently to extend or refurbish investment property and the cost of any development rights.

Investment property is subsequently measured at fair value.

Gains or losses arising from changes in fair value, after deducting the straight-line rental revenue accrual, are included in net profit or loss (in the line Changes in fair value - investment property) for the period in which they arise. These gains or losses are transferred to non-distributable reserves in the statement of changes in equity.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the property.

The gain or loss arising on the disposal/derecognition of investment properties is calculated as the difference between the net disposal proceeds and the carrying amount of the investment property. Realised gains or losses are recognised in profit or loss for the year and transferred to / from non-distributable reserves in the statement of changes in equity.

#### E1.2 Key judgements and estimations

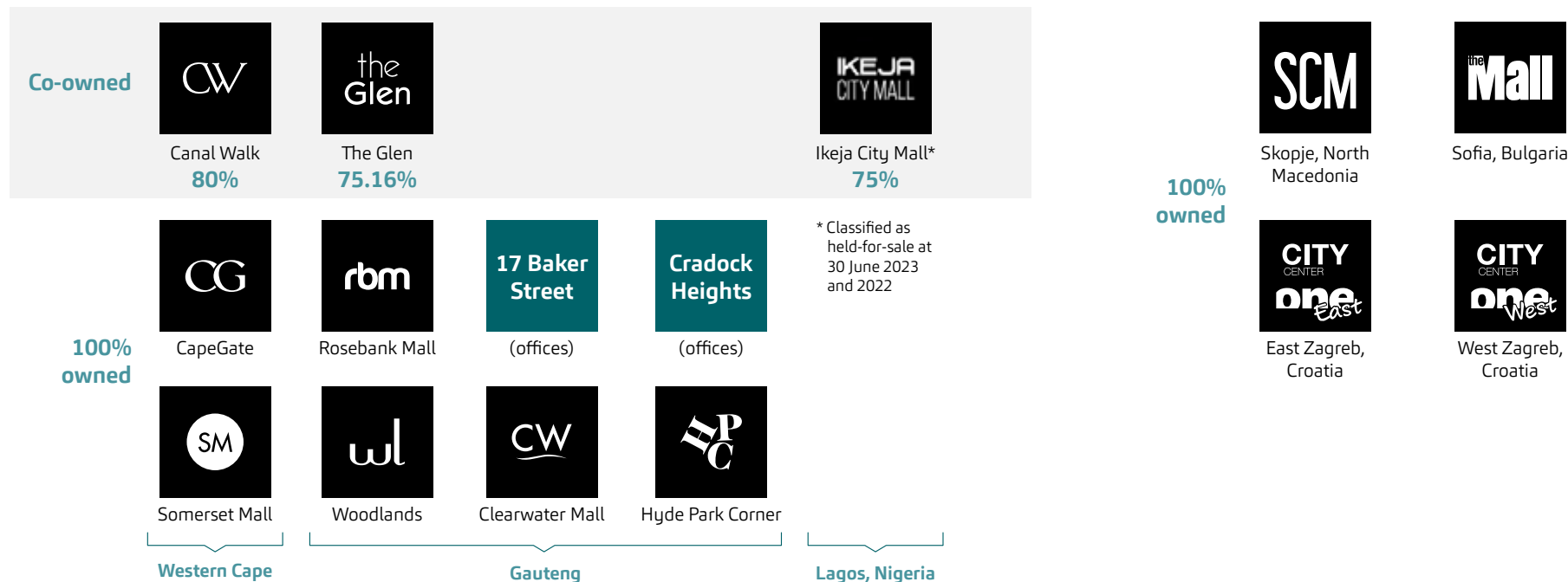
The valuation of investment properties requires judgement in the determination of, inter alia, the future cash flows, appropriate discount rates and capitalisation rates used to calculate the fair value of the investment property. Refer: E1.7.3 - *Valuation assumptions* and A2.2 - *Estimates, assumptions and judgements*.

### E1.3 Profile

#### South African properties

#### Sub-Saharan African property

#### European properties



# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E1 Investment property (continued)

#### E1.4 Net carrying value

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Continuing operations</b>				
Historical cost	23 446 928	21 112 820	12 264 526	12 193 817
Accumulated fair value movements	9 999 115	10 030 640	10 007 846	9 730 635
<b>Total investment property - continuing operations</b>	<b>33 446 043</b>	<b>31 143 460</b>	<b>22 272 372</b>	<b>21 924 452</b>
<b>Assets held-for-sale</b>				
Historical cost	2 664 412	2 406 681	-	-
Accumulated fair value movements	(271 274)	(453 223)	-	-
<b>Total investment property - assets held-for-sale</b>	<b>2 393 138</b>	<b>1 953 458</b>	<b>-</b>	<b>-</b>
<b>Total investment property</b>	<b>35 839 181</b>	<b>33 096 918</b>	<b>22 272 372</b>	<b>21 924 452</b>

#### E1.5 Movement reconciliation

##### E1.5.1 Continuing operations

Investment property at the beginning of the year	31 143 460	21 398 499	21 924 452	21 398 499
Acquired through business combination	-	8 919 002	-	-
Capital expenditure	95 817	151 826	72 816	151 221
Scrapped/written off assets	(3 277)	-	(1 553)	-
Currency translation difference	1 929 271	307 696	-	-
Net change in fair value <sup>1</sup>	318 097	366 635	277 212	374 930
Change in fair value	212 889	325 280	194 390	338 756
Straight-line rental revenue accrual	105 208	41 355	82 822	36 174
Reclassification to Property, plant and equipment	(37 325)	(198)	(555)	(198)
<b>Total investment property - continuing operations</b>	<b>33 446 043</b>	<b>31 143 460</b>	<b>22 272 372</b>	<b>21 924 452</b>

##### E1.5.2 Assets held-for-sale

Investment property at the beginning of the year	1 953 458	2 707 773	-	1 069 823
Capital expenditure	2 373	208	-	-
Disposals	-	(1 069 823)	-	(1 069 823)
Currency translation difference	321 259	222 533	-	-
Net change in fair value <sup>1</sup>	116 048	92 767	-	-
Change in fair value	120 876	91 255	-	-
Straight-line rental revenue accrual	(4 828)	1 512	-	-
<b>Total investment property - held-for-sale</b>	<b>2 393 138</b>	<b>1 953 458</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The net change in fair value in the current and prior years is unrealised and is recorded in the Statement of profit or loss on the line "Changes in fair value: Investment property".

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E1 Investment property (continued)

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>E1.5.3 Movement reconciliation - total</b>				
Investment property at the beginning of the year	33 096 918	24 106 272	21 924 452	22 468 322
Acquired through business combination	-	8 919 002	-	-
Capital expenditure	98 190	152 033	72 816	151 221
Disposals / scrapped / written off assets	(3 277)	(1 069 823)	(1 553)	(1 069 823)
Currency translation difference	2 250 530	530 229	-	-
Net change in fair value <sup>1</sup>	434 145	459 403	277 212	374 930
Change in fair value	333 765	416 537	194 390	338 756
Straight-line rental revenue accrual	100 380	42 866	82 822	36 174
Reclassification to Property, plant and equipment	(37 325)	(198)	(555)	(198)
<b>Total investment property</b>	<b>35 839 181</b>	<b>33 096 918</b>	<b>22 272 372</b>	<b>21 924 452</b>

<sup>1</sup> The net change in fair value in the current and prior years is unrealised and is recorded in the Statement of profit or loss on the line "Changes in fair value: Investment property".

### E1.6 Reconciliation to independent valuation - continuing operations

Net carrying value of investment property <sup>2</sup>	33 446 043	31 143 460	22 272 372	21 924 452
Straight-line rental revenue accrual	388 346	476 777	313 834	396 656
Property, plant and equipment	982 745	766 840	438 445	334 657
Fair value relating to owner occupied building	14 719	13 445	14 719	13 445
Centre management assets	(7 269)	(6 900)	(7 269)	(6 900)
<b>Independent valuation<sup>2</sup></b>	<b>34 824 584</b>	<b>32 393 622</b>	<b>23 032 101</b>	<b>22 662 310</b>

<sup>2</sup> Excludes property held-for-sale, refer to note E6 - *Assets and liabilities held-for-sale*.

Refer note C – *Segmental analysis*, for a breakdown of investment property, revenue and expenses by segment.

Refer to note D1.2 - *Revenue* for a breakdown of investment property revenue.

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E1 Investment property (continued)

#### E1.7 Valuation methodology

The Group's policy is to obtain independent valuations of the investment properties and report investment properties at the lower of that value, or a directors' valuation based on arms-length bona fide commercial offers for specific properties.

Investment properties are independently valued every six months with full valuations being prepared at the financial year end of the relevant owner entity and directors valuations, supported by independent desktop valuations, being prepared at the half-year reporting date.

Investment property fair value measurements are categorised as level 3 (refer to note M1.1 - *Accounting policy* for the definition of level 3).

The valuation methods applied by the independent valuers are the same as those applied in the prior year.

#### E1.7.1 Who

Valuations of the South African investment properties were performed by valuers registered in terms of section 19 of the Property Valuers Professional Act 47 of 2000. Valuations of the non-South African properties were performed by valuers who are members of the Royal Institution of Chartered Surveyors (RICS), as detailed below:

Company and lead valuer(s)	Qualification	Properties valued
<b>Viking Valuation</b> Trevor King Managing director	BSc Hons (Building Science, UCT), Dip Surveying (UK, Reading University), Professional Registered Valuer and member of SA Council for the Property Valuers Profession, Chartered Valuation Surveyor and Associate Member of the Royal Institute of Chartered Surveyors (MRICS).	Canal Walk and Somerset Mall (Cape Town, South Africa), Rosebank Mall, Cradock Heights and 17 Baker Street (Johannesburg, South Africa) <i>(Retail and office)</i>
<b>De Leeuw Group</b> Pieter Venter and Gemma Moore Directors	MRICS Senior Valuers, Registered RICS Valuers, Registered as Professional Valuers with the South African Council for Property Valuers Profession (SACPVP) in terms of section 20(2)(a) of the Property Valuers Profession Act, 2000.	Clearwater Mall, Hyde Park Corner (Johannesburg, South Africa) <i>(Retail and offices)</i>
<b>Broll Valuation and Advisory Services</b> Shawn Crous Director: Valuations	MRICS Senior Valuer, Chartered Valuation Surveyor, Registered RICS Valuer, Member of the South African Institute of Valuers (SAIV) and registered as a Professional Valuer with the South African Council for Property Valuers Profession (SACPVP) in terms of section 20(2)(a) of the Property Valuers Profession Act, 2000.	Woodlands and The Glen (Johannesburg, South Africa), CapeGate (Cape Town, South Africa) <i>(Retail)</i>
<b>CBRE</b> Nebojša Nešovanović Senior Director, Head of Valuation Department SEE	Bachelor's and Master's degree from University of Belgrade respectively in Engineering and Transportation engineering. Member of the Royal Institute of Chartered Surveyors (MRICS).	Skopje City Mall (Skopje, North Macedonia), The Mall (Sofia, Bulgaria), City Center One East (Zagreb, Croatia), City Center One West (Zagreb, Croatia) <i>(Retail)</i>
<b>Mills Fitchet</b> Thomas Bate Partner / member	BSc (Urban Land Economics) University of Westminster London, MSc (Reading University UK), Chartered Valuation Surveyor (RICS).	Ikeja City Mall (Lagos, Nigeria) <i>(Retail)</i>

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E1 Investment property (continued)

#### E1.7 Valuation methodology (continued)

##### E1.7.2 How

Details of the valuation methodologies used to value investment property, as well as the significant unobservable inputs used, are set out in the table below:

Type	Valuation Methodology	Unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
<b>Investment properties – continuing operations</b>	<b>Discounted cash flow:</b> The valuation models calculate the present value of the future net cash flows expected to be generated by each investment property. The cash flow projections include specific estimates for five years (for SA and SSA) and ten years (for EE). The expected net cash flows are discounted using a risk adjusted discount rate as well as a risk adjusted capitalisation rate.	<ul style="list-style-type: none"> <li>• Estimated cashflows at the end of the current leases</li> <li>• Vacancy levels</li> <li>• Discount rate</li> <li>• Exit cap rate</li> <li>• Average market rental growth rate</li> </ul>	The estimated fair value increases if: <ul style="list-style-type: none"> <li>• Estimated rentals increase</li> <li>• Vacancy levels decline</li> <li>• Discount rates (market yields) decline</li> <li>• Exit cap rates decline, or</li> <li>• Average market rental growth rate increases</li> </ul> (and vice versa).
<b>Investment properties – held-for-sale</b>	<b>Discounted cash flow:</b> Investment property held-for-sale is measured at fair value which, in instances where the property is already sold or is the subject of a binding sale agreement, but not yet transferred, is based on the independent valuation (discounted cashflows) or anticipated sale price net of costs to sell in terms of IFRS 5: <i>Non-current assets held for sale and discontinued operations</i> .	<ul style="list-style-type: none"> <li>• Estimated cashflows at the end of the current leases</li> <li>• Vacancy levels</li> <li>• Discount rate</li> <li>• Exit cap rate</li> <li>• Average market rental growth rate</li> </ul>	The estimated fair value increases if: <ul style="list-style-type: none"> <li>• Estimated rentals increase</li> <li>• Vacancy levels decline</li> <li>• Discount rates (market yields) decline</li> <li>• Exit cap rates decline, or</li> <li>• Average market rental growth rate increases</li> </ul> (and vice versa).

Ikeja City Mall is classified as held-for-sale and is carried at the lower of the independent valuation and the anticipated sales proceeds, net of costs to sell. See note E6 - *Assets and liabilities held-for-sale*.

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E1 Investment property (continued)

#### E1.7 Valuation methodology (continued)

##### E1.7.3 Valuation assumptions

The key assumptions used by the valuers in determining the fair values of the investment properties are in the following ranges:

	GROUP		COMPANY	
	June 2023 %	June 2022 %	June 2023 %	June 2022 %
<b>SA</b>				
Exit cap rates	6.8 to 9.3	6.8 to 10	6.8 to 9.3	6.8 to 10
Weighted average exit cap rates	7.5	7.5	7.5	7.5
Discount rates	12 to 13.8	11 to 13.8	12 to 13.8	11 to 13.8
Weighted average discount rate	12.2	11.7	12.2	11.7
Retail vacancy levels	0.0 to 3.0	0.0 to 2.0	0.0 to 3.0	0.0 to 2.0
Average market rental growth rate	4.8	3.5	4.8	3.5
<b>EE</b>				
Exit cap rates	7.4 to 9.7	7.3 to 9	n/a	n/a
Weighted average exit cap rates	7.8	7.7	n/a	n/a
Discount rates	9.3 to 11.3	8.5 to 10.5	n/a	n/a
Weighted average discount rate	9.6	9.0	n/a	n/a
Retail vacancy levels	0 to 1.5	0 to 1.5	n/a	n/a
Average market rental growth rate	1.7 to 2	4.0	n/a	n/a
<b>SSA</b>				
Exit cap rates	8.5	n/a	n/a	n/a
Weighted average exit cap rates	8.5	n/a	n/a	n/a
Discount rates	10.5	n/a	n/a	n/a
Weighted average discount rate	10.5	n/a	n/a	n/a
Retail vacancy levels	2.5	n/a	n/a	n/a
Average market rental growth rate	2.0	n/a	n/a	n/a

The property valuations, including the discount and capitalisation rates used in the property valuations, are dependent on a number of factors such as location, accessibility, layout and tenant mix, visitor communication, tenant performance, potential for improvement in passing rent in the future, lease covenants and unexpired lease period, operating cost recovery ratio's and the risks inherent in the property.

These factors are assessed for each individual property based on its specific circumstances by the independent property valuers.

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E1 Investment property (continued)

#### E1.7 Valuation methodology (continued)

##### E1.7.3 Valuation assumptions (continued)

### South Africa

The valuers have considered the specific circumstances of the individual properties, their historic and projected financial performance, changes in the factors noted above and key performance indicators of the properties in performing their valuations.

The weighted average discount rate for the SA portfolio increased by 0.5% from 2022 to 2023 following the increase in interest rates over the last 12 months, inflationary pressures and South Africa's current economic challenges. The discount rates used in the valuations of four of the SA properties increased by between 1.0% and 1.5%. The discount rates for the remaining properties were unchanged.

Exit capitalisation rates were unchanged from 2022 for all but two of the properties, where the exit cap rates increased by 0.25% and 0.5% for similar reasons. The implied yield on the portfolio is 7.3% (2022: 7.3%).

### Eastern Europe

The weighted average discount rate for the EE portfolio increased by 0.6% from 2022 to 2023 due to a combination of the increase in interest rates, and inflation.

The discount rates used in the valuations of the four EE properties were increased by between 0.5% and 0.75%.

Exit capitalisation rates used in the valuations of all four properties increased by 0.15% for similar reasons noted above, however it is anticipated that the impact of these factors should dissipate in time. The implied yield on the portfolio is 8.6% (2022: 7.5%).

### Sub-Saharan Africa

There were no changes to the discount and exit cap rates used by the independent valuer to value Ikeja City Mall given Ikeja's resilience and stable financial performance, despite the challenges in Nigeria, and strong market position. The valuation takes into account short-term discounts being granted to tenants to assist them in the current volatile economic environment.

The valuer has noted in the valuation report that the valuation was prepared on the basis of "material uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global (The Royal Institute of Chartered Surveyors global valuation standards guideline). They note that the uncertainty arises due to the elevated global risk from, inter alia, the aftermath of quantitative easing, rising interest rates and inflation, a strong dollar which negatively affects emerging economies, the war in Europe, and unpredictable commodity prices. The above could have significant unpredictable impact on the economy and real estate market.

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E1 Investment property (continued)

#### E1.7 Valuation methodology (continued)

##### E1.7.4 Valuation sensitivity

The valuations of the investment properties are sensitive to changes in the unobservable inputs used in the valuations. Changes to one unobservable input, while holding the other inputs constant, would have the following effects on the fair value of investment property carried at the independent valuation in the statement of profit or loss.

Increase / (Decrease)	June 2023 % change	June 2022 % change	GROUP		COMPANY		
			June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000	
<b>SA</b>							
Increase in exit cap rates	0.25	0.25	(527 671)	(524 935)	(527 671)	(524 935)	
Decrease in exit cap rates	0.25	0.25	564 542	561 874	564 542	561 874	
Increase in discount rates	0.25	0.25	(218 099)	(214 255)	(218 099)	(214 255)	
Decrease in discount rates	0.25	0.25	220 897	222 055	220 897	222 055	
Increase in Retail vacancy levels	0.25	0.25	(46 517)	(52 609)	(46 517)	(52 609)	
Decrease in Retail vacancy levels	0.25	0.25	47 940	21 337	47 940	21 337	
Increase in Office vacancy levels	0.25	0.25	(863)	(957)	(863)	(957)	
Decrease in Office vacancy levels	0.25	0.25	558	618	558	618	
Increase in average market rental growth rates	0.25	0.25	193 485	163 821	193 485	163 821	
Decrease in average market rental growth rates	0.25	0.25	(191 922)	(167 666)	(191 922)	(167 666)	
<b>EE</b>							
Increase in exit cap rates	0.25	0.25	(168 256)	(145 902)	n/a	n/a	
Decrease in exit cap rates	0.25	0.25	180 567	156 081	n/a	n/a	
Increase in discount rates	0.25	0.25	(184 671)	(154 384)	n/a	n/a	
Decrease in discount rates	0.25	0.25	188 775	157 777	n/a	n/a	
Increase in Retail vacancy levels	0.25	0.25	(16 415)	(33 931)	n/a	n/a	
Decrease in Retail vacancy levels	0.25	0.25	-	33 931	n/a	n/a	
Increase in average market rental growth rates	1.0	1.0	227 761	64 468	n/a	n/a	
Decrease in average market rental growth rates	1.0	1.0	(223 657)	(67 861)	n/a	n/a	
<b>SSA</b>							
Increase in exit cap rates	0.25	n/a	(45 729)	n/a	n/a	n/a	
Decrease in exit cap rates	0.25	n/a	48 500	n/a	n/a	n/a	
Increase in discount rates	0.25	n/a	(22 510)	n/a	n/a	n/a	
Decrease in discount rates	0.25	n/a	22 797	n/a	n/a	n/a	
Increase in Retail vacancy levels	0.25	n/a	(4 642)	n/a	n/a	n/a	
Decrease in Retail vacancy levels	0.25	n/a	4 640	n/a	n/a	n/a	
Increase in average market rental growth rates	1.0	n/a	(458)	n/a	n/a	n/a	
Decrease in average market rental growth rates	1.0	n/a	473	n/a	n/a	n/a	

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E1 Investment property (continued)

#### E1.8 Mortgaged properties

First mortgage bonds have been registered over South African, European and Nigerian investment property as security for secured interest bearing borrowings and for guarantees provided by Hyprop for certain of the interest bearing borrowings in the EE portfolio.

In the case of Standard Bank, Rand Merchant Bank, and Nedbank, South African properties are mortgaged to secure a pool of borrowings. For further disclosure on the Group's borrowing covenants see note H4.1 - *External restrictions*.

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Fair value of investment property mortgaged as security <sup>1</sup>		32 102 235	31 705 761	17 887 410	20 014 111
Secured borrowings	H1.2	(10 786 807)	(11 290 853)	(3 487 113)	(4 645 563)
Secured borrowings held-for-sale	H1.2	(1 075 460)	(995 805)	-	-
Secured revolving credit and term facilities not drawn	H1.5.4	(1 672 396)	(2 643 701)	(1 650 000)	(2 600 000)
<b>Total secured borrowings</b>		<b>(13 534 663)</b>	<b>(14 930 359)</b>	<b>(5 137 113)</b>	<b>(7 245 563)</b>
Fair value of unencumbered investment property mortgaged as security		5 144 700	2 648 200	5 144 700	2 648 200

#### 2023

The fair value of investment property mortgaged as security comprises Canal Walk (80%), The Glen (75.16%), CapeGate, Woodlands, Clearwater, Rosebank, Skopje City Mall, The Mall, Sofia, City Center One East, City Center One West and Ikeja City Mall (held-for-sale).

#### 2022

The fair value of investment property mortgaged as security comprises Canal Walk (80%), The Glen (75.16%), Somerset Mall (30%), CapeGate, Hyde Park Corner, Woodlands, Clearwater, Rosebank, Skopje City Mall, The Mall, Sofia, City Center One East, City Center One West and Ikeja City Mall (held-for-sale).

#### E1.9 Straight-line rental revenue accrual

Balance at the beginning of the year	476 777	432 830	396 656	432 830
Currency translation difference	17 909	3 001	-	-
Acquired through business combination	-	82 300	-	-
Reversal of straight-line rental revenue accrual	(100 380)	(42 866)	(82 822)	(36 174)
Reallocated (to) / from assets held-for-sale	(5 960)	1 512	-	-
<b>Balance at the end of the year</b>	<b>388 346</b>	<b>476 777</b>	<b>313 834</b>	<b>396 656</b>

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E2 Property, plant and equipment

#### E2.1 Accounting policy

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all property, plant and equipment to write down the cost to the estimated residual value, in equal monthly instalments over the estimated useful lives of the assets, at the following rates in the current and prior years:

Building appurtenances:	3 to 20 years
Tenant installations:	period of the lease
Owner occupied building:	20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary. There were no adjustments to the above rates in the current and prior years.

Subsequent expenditure is capitalised when it is probable that future economic benefits will flow to the Group and the cost thereof can be reliably measured. All other expenditure is recognised as an expense in the period in which it is incurred.

Gains or losses on the disposal of property, plant and equipment are recognised in profit or loss and are calculated as the difference between the proceeds and the carrying value of the item sold.

#### E2.2 Net carrying value

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Cost</b>				
Building appurtenances	1 536 010	1 541 062	617 583	478 057
Tenant installations	496 792	410 154	168 258	144 224
Owner occupied building	17 810	17 254	17 810	17 255
<b>Total cost</b>	<b>2 050 612</b>	<b>1 968 470</b>	<b>803 651</b>	<b>639 536</b>
<b>Accumulated depreciation</b>				
Building appurtenances	(710 667)	(906 939)	(261 533)	(220 395)
Tenant installations	(353 780)	(280 756)	(100 254)	(81 928)
Owner occupied building	(3 420)	(2 556)	(3 419)	(2 556)
<b>Total accumulated depreciation</b>	<b>(1 067 867)</b>	<b>(1 190 251)</b>	<b>(365 206)</b>	<b>(304 879)</b>
<b>Net carrying value</b>				
Building appurtenances	825 343	634 123	356 050	257 662
Tenant installations	143 012	129 398	68 004	62 296
Owner occupied building	14 390	14 698	14 391	14 699
<b>Total net carrying value</b>	<b>982 745</b>	<b>778 219</b>	<b>438 445</b>	<b>334 657</b>

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E2 Property, plant and equipment (continued)

#### E2.3 Movement reconciliation - net carrying value

GROUP R'000	Building appurtenances	Tenant installations	Owner occupied building	Total PPE
<b>Balance at 30 June 2021</b>	<b>214 647</b>	<b>31 306</b>	<b>15 353</b>	<b>261 306</b>
Capital expenditure	97 298	44 199	-	141 497
Acquired through business combination	364 409	66 677	-	431 086
Currency translation difference	15 336	2 895	-	18 231
Assets written off	(118)	-	-	(118)
Reclassified from investment properties	133	-	198	331
Classified as held-for-sale	(3 489)	-	-	(3 489)
Depreciation	(54 093)	(15 679)	(853)	(70 625)
<b>Balance at 30 June 2022</b>	<b>634 123</b>	<b>129 398</b>	<b>14 698</b>	<b>778 219</b>
Capital expenditure	156 932	33 970	-	190 902
Currency translation difference	78 493	12 458	-	90 951
Assets written off	(2 299)	-	-	(2 299)
Reclassified from investment properties / intangible assets	39 817	308	555	40 680
Classified as held-for-sale	(5 317)	-	-	(5 317)
Depreciation	(76 406)	(33 122)	(863)	(110 391)
<b>Balance at 30 June 2023</b>	<b>825 343</b>	<b>143 012</b>	<b>14 390</b>	<b>982 745</b>
<b>COMPANY R'000</b>				
<b>Balance at 30 June 2021</b>	<b>204 579</b>	<b>31 306</b>	<b>15 353</b>	<b>251 238</b>
Capital expenditure	89 604	43 994	-	133 598
Assets written off	(79)	-	-	(79)
Reclassified from investment properties	-	-	198	198
Depreciation	(36 442)	(13 004)	(852)	(50 298)
<b>Balance at 30 June 2022</b>	<b>257 662</b>	<b>62 296</b>	<b>14 699</b>	<b>334 657</b>
Capital expenditure	139 525	24 034	-	163 559
Reclassified from investment properties	-	-	555	555
Depreciation	(41 137)	(18 326)	(863)	(60 326)
<b>Balance at 30 June 2023</b>	<b>356 050</b>	<b>68 004</b>	<b>14 391</b>	<b>438 445</b>

#### E3 Capital commitments

Details of approved capital expenditure for the year ended 30 June 2024 (30 June 2023) are set out below.

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Approved and committed	142 441	18 230	137 907	12 077
Approved but not yet committed	372 275	403 715	362 093	400 000
<b>Total capital commitments<sup>1</sup></b>	<b>514 716</b>	<b>421 945</b>	<b>500 000</b>	<b>412 077</b>

<sup>1</sup> These balances do not include the co-owners' portions of capital expenditure for Canal Walk and The Glen.

Capital commitments exclude held-for-sale properties.

The capital expenditure will be financed from available cash resources, cash generated by operations, banking facilities and debt capital market funding.

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E4 Investments in subsidiaries

#### E4.1 Accounting policy election

For accounting policy elections applied to investments in subsidiaries refer to note A2.1 - *Material policy choices*.

#### E4.2 Profile

The Group's direct and indirect holdings in subsidiaries are summarised below:

For a complete Group structure see note Q3 - *Group structure*.

Name and Country of incorporation / operation	Status	Nature of activities	COMPANY	
			June 2023 % held <sup>1</sup>	June 2022 % held <sup>1</sup>
<b>Incorporated in South Africa</b>				
Hyprop Investments Employee Incentive Scheme (Pty) Ltd	Active	Hedging the obligations arising from share awards made to employees.	100	100
Hyprop Foundation NPC	Active	Coordination of Hyprop's corporate social investment initiatives.	100	100
African Land Investments (Pty) Ltd	Dormant <sup>4</sup>	Dormant <sup>4</sup>	100	100
West Africa Asset Management (Pty) Ltd	Active	Asset management services for properties in Sub-Saharan Africa.	73.12	73.12
Natalmahogany (Pty) Ltd	Active	Developer and operator of NTER	56.04	56.04
<b>Incorporated in the United Kingdom</b>				
Hyprop UK Ltd	Active	Intermediate holding company	100	100
Hystead Ltd <sup>2</sup>	Active	Intermediate holding company	78.29	78.29
<b>Incorporated in the Netherlands</b>				
Hyprop Europe BV	Active	Holding company for European subsidiaries	100	100
Balkan Retail NV <sup>3</sup>	Active	Intermediate holding company	100	100
KH Retail BV <sup>3</sup>	Active	Intermediate holding company	100	100
KH Holdco BV <sup>3</sup>	Active	Intermediate holding company	100	100
<b>Incorporated in North Macedonia</b>				
SCM Retail dooel Skopje <sup>3</sup>	Active	Owner of Skopje City Mall	100	100
<b>Incorporated in Bulgaria</b>				
AP Retail I EOOD <sup>3</sup>	Active	Owner of The Mall, Sofia	100	100
<b>Incorporated in Croatia</b>				
Manta doo. <sup>3</sup>	Active	Owner of City Center One East and City Center One West	100	100
<b>Incorporated in Mauritius</b>				
Hyprop Investments (Mauritius) Ltd	Active	Indirect investment in and development of income-producing properties in Sub-Saharan Africa.	100	100
Hyprop Ikeja Mall Ltd	Active	Holding company for Gruppo.	100	100
<b>Incorporated in Nigeria</b>				
Gruppo Investment Nigeria Ltd	Active / Held-for-sale	Owner of Ikeja City Mall.	75	75

<sup>1</sup> Proportion of ownership interest and voting power held by the Group.

<sup>2</sup> Subsidiary effective 31 May 2022. Prior to 31 May 2022 the investment in Hystead was classified as a financial asset.

<sup>3</sup> Subsidiary effective 31 March 2022. Prior to 31 March 2022 the shares in these companies were held (directly or indirectly) by Hystead which was classified as a financial asset.

<sup>4</sup> Dormant company means a company that is not trading and has no income.

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E4 Investments in subsidiaries (continued)

#### E4.3 Carrying value

	Note	COMPANY	
		June 2023 R'000	June 2022 R'000
<b>Shares at cost</b>			
<b>SA</b>		*	<b>1 383</b>
Hyprop Employee Incentive Scheme		*	*
Hyprop Foundation		*	*
Natalmahogany		25 000	25 000
<i>less</i> Accumulated impairments	E7.2.1	(25 000)	(23 617)
<b>EE</b>		<b>3 320 019</b>	<b>3 110 487</b>
Hyprop Europe		2 889 810	2 889 810
Hyprop UK		430 209	430 209
<i>less</i> Cumulative impairments	E7.2.2	-	(209 532)
<b>SSA</b>		<b>2 613 752</b>	<b>2 383 022</b>
African Land		758 264	758 264
Hyprop Mauritius		2 618 437	2 387 707
West Africa Asset Management		*	*
<i>less</i> Cumulative impairments	E7.2.3	(762 949)	(762 949)
<b>Total carrying value</b>		<b>5 933 771</b>	<b>5 494 892</b>

\* Amounts less than R1 000.

#### E4.4 Movement reconciliation

Net carrying value at the beginning of the year		5 494 892	2 068 248
<b>SA</b>			
Subscription for shares in Natalmahogany		-	4 579
Capitalisation of loan to Natalmahogany		-	4 000
Impairment <sup>1</sup> - Natalmahogany	E7.2.1	(1 383)	(23 617)
<b>EE</b>			
Subscription for shares in Hyprop UK		-	430 209
Subscription for shares in Hyprop Europe		-	2 889 810
Reversal of impairment / (Impairment) <sup>1</sup> - Hyprop Europe	E7.2.2	209 532	(209 532)
<b>SSA</b>			
Subscription for shares in Hyprop Mauritius		230 730	45 525
Reversal of impairment <sup>1</sup> - Hyprop Mauritius	E7.2.3	-	285 670
<b>Total carrying value</b>		<b>5 933 771</b>	<b>5 494 892</b>

<sup>1</sup> For further details on impairments see note E7 - *Impairments*.

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E4 Investments in subsidiaries (continued)

#### E4.5 Summary of audited financial information

The summarised audited financial information for significant subsidiaries with non-controlling interests is set out below. Natalmahogany and WAAM are not considered significant subsidiaries to the Group based on their relative net asset value.

The summarised statement of financial position for Gruppo is set out in Note E6 - *Assets and liabilities held-for-sale*, and the summarised statement of profit or loss and other comprehensive income for Gruppo is set out in note C2 - *Segmental analysis - Sub-Saharan Africa*.

##### E4.5.1 Hystead

Hystead was classified as a subsidiary with effect from 31 May 2022. The summarised statement of profit or loss and other comprehensive income for Hystead is presented for the 12 months ended 30 June 2023 (2022: period 1 to 30 June 2022).

	HYSTEAD	
	100% June 2023 R'000	100% June 2022 R'000
<b>Summarised statement of financial position</b>		
<b>Non-current assets</b>	-	147 863
Other non-current assets	-	147 863
<b>Current assets</b>	47 489	606 308
Cash and cash equivalents	27 275	606 308
Other current assets	20 214	-
<b>Total assets</b>	47 489	754 171
<b>Non-current liabilities</b>	-	147 863
Shareholder loans	-	147 863
<b>Current liabilities</b>	317	451 297
Dividends payable	-	360 406
Other current liabilities	317	90 891
<b>Total liabilities</b>	317	599 160
<b>Total net assets</b>	47 172	155 011
% held by non-controlling interests	21.71%	21.71%
<b>Total non-controlling interests</b>	10 241	33 653
Converted to Rand at the following exchange rate:		
Year-end spot rate (Rands / Euro)	20.52	16.97

The dividends payable in 2022 relate to the distribution of Hystead's accumulated reserves at 31 May 2022 and were payable to Hyprop UK (60%) and to PDI (or its successors in title) (40%).

In October 2022, Hystead distributed €7.4m to its shareholders as a capital reduction which resulted in a payment to non-controlling shareholders of R32.7m.

# Notes to the consolidated and separate financial statements continued

- E Property investments and related items (continued)
- E4 Investments in subsidiaries (continued)
- E4.5 Summary of audited financial information (continued)
- E4.5.1 Hystead (continued)

	<b>HYSTEAD</b>	
	<b>100%</b> <b>June 2023</b> <b>R'000</b>	<b>100%</b> <b>June 2022</b> <b>R'000</b>
<b>Summarised statement of profit or loss and other comprehensive income</b>		
<b>Revenue</b>	-	-
<b>Expenses</b>	-	-
Depreciation and amortisation	-	-
Property expenses	-	-
Changes in expected credit losses - trade receivables	-	-
<b>Net property income</b>	-	-
Other operating income	-	-
Other operating expenses	(1 253)	(1 202)
Net foreign exchange (loss) / profit	(314)	51
<b>Operating income</b>	<b>(1 567)</b>	<b>(1 151)</b>
<b>Net interest</b>	<b>(1 455)</b>	<b>(751)</b>
Interest income	7 469	728
Interest expense	(8 924)	(1 479)
<b>Loss before taxation</b>	<b>(3 022)</b>	<b>(1 902)</b>
Taxation	43 993	-
<b>Profit / (loss) for the year</b>	<b>40 971</b>	<b>(1 902)</b>
Other comprehensive income <i>(currency translation reserve)</i>	(3 399)	8 000
<b>Total comprehensive income</b>	<b>37 572</b>	<b>6 098</b>
<b>Profit / (loss) for the year attributable to:</b>	<b>40 971</b>	<b>(1 902)</b>
The Group	32 076	(1 489)
Non-controlling interests	8 895	(413)
<b>Other comprehensive (loss) / income attributable to:</b>	<b>(3 399)</b>	<b>8 000</b>
The Group	(2 661)	6 263
Non-controlling interests	(738)	1 737
<b>Total comprehensive income attributable to:</b>	<b>37 572</b>	<b>6 098</b>
The Group	29 415	4 774
Non-controlling interests	8 157	1 324
Converted to Rand at the following exchange rate: 12 months (2022: 1 month) average rate (Rands / Euro)	18.60	16.70

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E5 Investments in joint arrangements and associates

#### E5.1 Accounting policy

Joint arrangements are those entities, assets or properties over which the Group has joint control, established by contractual agreements regarding decisions about relevant activities that significantly affect the returns of the arrangements. Joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of the investor, and are accounted for as follows:

##### Joint operation

When the Group has rights to the assets and obligations for the liabilities relating to a joint arrangement, it accounts for its proportionate share of the assets, liabilities and transactions, including its share of those

held or incurred jointly, in relation to the joint operation, in accordance with the applicable IFRS.

##### Joint venture

When the Group has rights only to the net assets of the arrangement, it accounts for its interest using the equity method.

##### Associate

When the Group has only significant influence, it accounts for its interest using the equity method.

The above treatment will apply in all cases, except Assets held-for-sale.

##### Held-for-sale

When the investment is classified as held-for-sale, it is accounted for in accordance with IFRS 5: *Non-current assets held for sale and discontinued operations*.

### E5.2 Key judgements and estimates

For key judgements and estimates applied to investments in joint arrangements refer to note A2.2 - *Estimates, assumptions and judgements*.

### E5.3 Profile

The Group's direct and indirect holdings in joint arrangements and associates (and the resultant effective economic interests) are summarised below:

For a complete Group structure see note Q3 - *Group structure*.

Name	Principal place of business	Partner / co-investor	Status	GROUP AND COMPANY	
				June 2023 % held	June 2022 % held
<b>Joint operations</b>					
Canal Walk Shopping Centre	Cape Town, South Africa	Ellerine Brothers	Active	80	80
The Glen Shopping Centre	Johannesburg, South Africa	Ellerine Brothers	Active	75.16	75.16
<b>Joint venture – held through Hyprop Mauritius</b>					
AttAfrica Ltd	Mauritius	AIH International Ltd	Active	50	50
<b>Associates</b>					
Coventurist (Pty) Ltd	South Africa	EmpiriQ	Active	50	50

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E5 Investments in joint arrangements and associates (continued)

#### E5.4 Joint operations

Financial results for the joint operations, Canal Walk and The Glen, are proportionately consolidated in the Company and Group's financial statements.

##### E5.4.1 Summary of audited financial information

A summary of the Group's proportionate share of the joint operations Canal Walk and The Glen, extracted from the audited financial information of the joint operations, is set out below.

% interest held by Hyprop	CANAL WALK		THE GLEN	
	80% June 2023 R'000	80% June 2022 R'000	75.16% June 2023 R'000	75.16% June 2022 R'000
Revenue	729 677	666 978	241 734	230 669
Expenses	(290 298)	(260 409)	(117 898)	(108 681)
Depreciation	(432)	(266)	(65)	45
Other property expenses	(289 866)	(260 143)	(117 833)	(108 726)
<b>Net property income before owner's (Hyprop) depreciation</b>	<b>439 379</b>	<b>406 569</b>	<b>123 836</b>	<b>121 988</b>
Owners (Hyprop) depreciation charge	(11 207)	(8 905)	(8 442)	(6 115)
<b>Net property income</b>	<b>428 172</b>	<b>397 664</b>	<b>115 394</b>	<b>115 873</b>

#### E5.5 Joint ventures and associates

AttAfrica is a joint venture that holds the Group's interests in three shopping centres in Ghana.

Coventurist forms part of the Group's non-tangible asset strategy and is the developer of the Nika digital gift card system. The cost of the shares in Coventurist is less than R1 000.

##### E5.5.1 Carrying value

GROUP	AttAfrica Ltd R'000	Total R'000
<b>Balance at 30 June 2021</b>	<b>579 510</b>	<b>579 510</b>
Additional / New shares at cost	54 909	54 909
Share of results after tax	(68 209)	(68 209)
<b>Balance at 30 June 2022</b>	<b>566 210</b>	<b>566 210</b>
Additional / New shares at cost	221 959	221 959
Share of results after tax	(150 694)	(150 694)
<b>Balance at 30 June 2023</b>	<b>637 475</b>	<b>637 475</b>

# Notes to the consolidated and separate financial statements continued

E Property investments and related items (continued)

E5 Investments in joint arrangements and associates (continued)

E5.5 Joint ventures and associates (continued)

## E5.5.2 Summary of audited financial information

The summarised audited financial information for significant joint ventures and associates is set out below. Coventurist is not considered a significant associate to the Group based on its relative net asset value.

	ATTAFRICA LTD GROUP	
	100% June 2023 R'000	100% June 2022 R'000
<b>Summarised statement of financial position</b>		
<b>Non-current assets</b>	<b>1 944 993</b>	<b>1 916 581</b>
<b>Current assets</b>	<b>189 107</b>	<b>190 954</b>
Cash and cash equivalents	90 327	83 054
Other current assets	98 780	107 900
<b>Total assets</b>	<b>2 134 100</b>	<b>2 107 535</b>
<b>Non-current liabilities</b>	<b>422 754</b>	<b>649 338</b>
Bank borrowings	418 769	645 916
Other non-current liabilities	3 985	3 422
<b>Current liabilities</b>	<b>81 538</b>	<b>98 726</b>
<b>Total liabilities</b>	<b>504 292</b>	<b>748 064</b>
<b>Total net assets</b>	<b>1 629 808</b>	<b>1 359 472</b>
Shareholders of AttAfrica Ltd	1 440 759	1 141 443
Non-controlling interests	189 049	218 029
Group's share of net asset value	73.1%	73.1%
Interest in joint venture	1 053 080	834 280
Currency translation and other differences	(415 605)	(268 070)
<b>Total carrying value</b>	<b>637 475</b>	<b>566 210</b>
Converted to Rand at year-end spot exchange rate (Rands / US Dollar)	18.92	16.25

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E5 Investments in joint arrangements and associates (continued)

#### E5.5 Joint ventures and associates (continued)

##### E5.5.2 Summary of audited financial information (continued)

	ATTAFRICA LTD GROUP	
	100%	100%
	June 2023	June 2022
	R'000	R'000
<b>Summarised statement of profit or loss and other comprehensive income</b>		
<b>Revenue</b>	<b>202 037</b>	<b>170 835</b>
<b>Expenses</b>	<b>(60 928)</b>	<b>(63 782)</b>
Depreciation	(8 184)	(6 373)
Property expenses	(52 744)	(57 409)
<b>Net property income</b>	<b>141 109</b>	<b>107 053</b>
Other income	1 300	4 127
Other expenses	(68 426)	(66 120)
<b>Operating income</b>	<b>73 983</b>	<b>45 060</b>
<b>Net interest</b>	<b>(49 636)</b>	<b>(43 294)</b>
Interest expense	(49 636)	(43 294)
<b>Net operating income</b>	<b>24 347</b>	<b>1 766</b>
Change in fair value of investment property	(183 788)	(52 516)
Change in fair value of derivatives	1 200	-
Loss from equity accounted investments	(76 694)	(35 847)
<b>Loss before taxation</b>	<b>(234 935)</b>	<b>(86 597)</b>
Taxation	(1 734)	(2 736)
<b>Net loss for the year</b>	<b>(236 669)</b>	<b>(89 333)</b>
<b>Total comprehensive loss attributable to:</b>	<b>(236 669)</b>	<b>(89 333)</b>
Shareholders of AttAfrica Ltd	(206 170)	(93 322)
Non-controlling interest	(30 499)	3 989
Converted to Rand at the 12 month average exchange rate (Rands / US Dollar)	17.77	15.21

##### E5.5.3 Loss from equity accounted investments

		GROUP	
		June 2023	June 2022
		R'000	R'000
AttAfrica Ltd	73.1%	(150 694)	(68 209)
<b>Total</b>		<b>(150 694)</b>	<b>(68 209)</b>

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E6 Assets and liabilities held-for-sale

#### E6.1 Accounting policy

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held-for-sale. This condition is regarded as met only when the sale is highly probable and the non-current asset or disposal group is available for sale in its present condition, subject only to terms that are usual and customary for sales of such assets. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset or disposal group.

In addition, the following criteria must be met:

- An active programme to locate a buyer and complete the plan must have been initiated;
- The asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification (subject to the provisos in IFRS 5.9 relating to events beyond the Company's control); and
- Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Investment property classified as held-for-sale is measured in accordance with IAS 40: *Investment property* at fair value (see note E1.7 - *Valuation methodology*) with gains or losses on subsequent disposal being recognised in profit or loss in the line profit / (loss) on disposal – investment property. Disposal groups and non-current assets held-for-sale are presented separately from other assets and liabilities in the Statement of financial position.

#### E6.2 Summary of disposal group

In 2019 the Group stated its intention to dispose of its Sub-Saharan Africa investments, comprising its 75% interest in Gruppo and 50 % interest in AttAfrica.

##### E6.2.1 Gruppo (Ikeja City Mall)

On 9 November 2020 Hyprop announced that Hyprop Mauritius (as one of the sellers) had concluded an agreement (the SPA) to dispose of its 75% interest in Gruppo to two new property funds managed by the Actis Group (the Ikeja transaction). The Ikeja transaction remains subject to the fulfilment of certain conditions precedent, including certain fundraising requirements by the purchaser. Given the current lack of US Dollar liquidity in Nigeria, fulfilling this condition is taking longer than anticipated.

The parties have agreed that the sellers may engage other potential buyers for the property and, should the sellers wish to enter into an agreement with such potential buyers, they may terminate the SPA prior to the long stop date.

During the year ended 30 June 2023:

- the longstop date for implementation of the Ikeja transaction was extended;
- the Ikeja transaction was approved by the Federal Competition and Consumer Protection Commission (FCCPC) in June 2023. The approval is valid for 12 months;
- In June 2023 the Nigerian central bank announced the relaxation of certain exchange controls. This is seen as a positive development, increasing the likelihood of US Dollars being procured by the purchaser to settle the purchase price; and

an addendum to the SPA is at an advanced stage of negotiation / preparation.

It remains Hyprop's intention to exit its Sub-Saharan African investments and the parties remain committed to the Ikeja transaction. Accordingly, Gruppo continues to be classified as an asset held-for-sale as a result of the progress made during the year towards implementation of the Ikeja transaction.

Gruppo is reported under the Sub-Saharan Africa segment.

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E6 Assets and liabilities held-for-sale (continued)

#### E6.2 Summary of disposal group (continued)

##### E6.2.2 AttAfrica

The investment in AttAfrica does not meet the definition of an asset held-for-sale (in terms of IFRS 5: *Non-current assets held for sale and discontinued operations*) and the investment in AttAfrica is classified as an Investment in a joint venture.

#### E6.3 Summarised statement of financial position

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Non-current assets</b>	<b>2 422 555</b>	<b>1 974 509</b>	-	-
Investment property	2 393 138	1 953 458	-	-
Straight-line rental revenue accrual	12 841	6 882	-	-
Other non-current assets	16 576	14 169	-	-
<b>Current assets</b>	<b>207 127</b>	<b>379 982</b>	-	-
Cash and cash equivalents	154 023	320 489	-	-
Other current assets	53 104	59 493	-	-
<b>Total assets classified as held-for-sale</b>	<b>2 629 682</b>	<b>2 354 491</b>	-	-
<b>Non-current liabilities</b>	<b>(1 587 897)</b>	<b>(1 404 220)</b>	-	-
Bank borrowings	(1 075 460)	(995 805)	-	-
Other borrowings	(512 437)	(408 415)	-	-
<b>Current liabilities</b>	<b>(90 906)</b>	<b>(74 812)</b>	-	-
Current financial liabilities	(90 906)	(57 300)	-	-
Other liabilities	-	(17 512)	-	-
<b>Total liabilities associated with assets held-for-sale</b>	<b>(1 678 803)</b>	<b>(1 479 032)</b>	-	-
<b>Net assets classified as held-for-sale</b>	<b>950 879</b>	<b>875 459</b>	-	-

##### E6.3.1 Movement for the year – assets

Balance at the beginning of the year	2 354 491	2 976 164	-	1 130 856
(Decrease) / increase in assets	(116 949)	258 478	-	-
Disposals - Atterbury Value Mart	-	(1 130 856)	-	(1 130 856)
Currency translation difference	392 140	250 705	-	-
<b>Balance at the end of the year</b>	<b>2 629 682</b>	<b>2 354 491</b>	-	-

# Notes to the consolidated and separate financial statements continued

E Property investments and related items (continued)

E6 Assets and liabilities held-for-sale (continued)

E6.3 Summarised statement of financial position (continued)

## E6.3.2 Movement for the year – liabilities

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Balance at the beginning of the year	(1 479 032)	(1 236 113)	-	(27 652)
Accrued interest on loans and other increases	43 465	(113 231)	-	-
Disposals - Atterbury Value Mart	-	27 652	-	27 652
Currency translation difference	(243 236)	(157 340)	-	-
<b>Balance at the end of the year</b>	<b>(1 678 803)</b>	<b>(1 479 032)</b>	<b>-</b>	<b>-</b>
<b>Net assets classified as held-for-sale</b>	<b>950 879</b>	<b>875 459</b>	<b>-</b>	<b>-</b>

## E6.4 Summarised statement of cashflows

Net cash flows from operating activities	(29 231)	137 976	-	-
Net cash flows from investing activities	(5 733)	(2 884)	-	-
Net cash flows from financing activities	-	-	-	-
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(34 964)</b>	<b>135 092</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the year	320 489	150 364	-	-
Exchange (losses)/gains on cash and cash equivalents	(131 502)	35 033	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>154 023</b>	<b>320 489</b>	<b>-</b>	<b>-</b>

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E7 Impairments

#### E7.1 Accounting policy

The Group's non-financial assets, excluding Investment property carried at fair value in terms of IAS 40: *Investment property*, assets held-for-sale in terms of IFRS 5: *Non-current assets held for sale and discontinued operations* and deferred tax assets, are assessed for impairment indicators, as well as changes in impairment indicators at each reporting date or whenever events or changes in circumstances indicate that the carrying value may not be recoverable or a previous impairment should be reversed.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. Goodwill impairments (regardless the outcomes of any future impairment assessment) are not reversible.

#### Recoverable amounts

Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash inflows independently, the recoverable amount is determined for the larger cash generating unit to which it belongs.

The recoverable amount of the assets reviewed for impairment is determined based on the higher of the fair value less costs to sell or value-in-use calculations.

The Group's largest assets are its investment properties which are independently valued and are carried at these values less costs to sell (where applicable). See note E1 – *Investment properties* for details of the investment

property valuations and assumptions used by the independent valuers.

As a result of the foregoing, and that the assets being assessed for impairment mainly comprise the shares in subsidiaries which are property investment holding companies, the recoverable amount of the shares is assessed based on the net asset value of the subsidiaries and the underlying investment properties.

#### E7.2 Summary of events / circumstances leading to impairment

##### E7.2.1 Subsidiary and intangible asset - Natalmahogany

The carrying value of the shares and the intangible asset (the primary asset owned by Natalmahogany) in Natalmahogany have been assessed for impairment taking into account the following factors:

- the loss incurred by Natalmahogany for the year ended 30 June 2023
- the net asset value of Natalmahogany, which at 30 June 2023 was negative
- the anticipated trading performance of the company based on its budget for the year ending 30 June 2024.

The shares in Natalmahogany were impaired by R1.3m in the year ended 30 June 2023, with a cumulative impairment of R25m at 30 June 2023.

##### E7.2.2 Subsidiaries - Hyprop Europe

The carrying value of the shares in Hyprop Europe has been assessed for impairment based on the net asset value of the company and its underlying subsidiaries which own the Group's Eastern European investment properties.

In 2022 the shares in Hyprop Europe were impaired by R209m. The impairment arose as a result of the basis on which the deferred tax was treated in calculating the purchase price payable in terms of the Hystead transaction. See note E8.2 - *Acquisition of 4 Eastern European properties from Hystead (the Hystead transaction)*.

In the 2023 financial year the net asset value of Hyprop Europe in Euros increased as a result of the net profit for the year and the increase in the fair value of the Eastern European investment properties. This increase in net asset value was amplified by the devaluation of the Rand against the Euro, such that at 30 June 2023 the recoverable value of the shares in Hyprop Europe in Rands exceeded the original cost and resulted in the reversal of the impairment loss previously recognised.

##### E7.2.3 Subsidiary - Hyprop Mauritius

#### 2023

No impairment or reversal of impairment was recorded in 2023.

#### 2022

The carrying value of the shares in Hyprop Mauritius was assessed for impairment based on the net asset value of Hyprop Mauritius, which was calculated having regard to the net asset values of Hyprop Mauritius' two investments - Gruppo (See notes E1 - *Investment property* and note E6 - *Assets and liabilities held-for-sale*) and AttAfrica (See note E5 - *Investments in joint arrangements and associates*).

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E7 Impairments (continued)

#### E7.2 Summary of events / circumstances leading to impairment (continued)

##### E7.2.4 Goodwill

###### 2023

The estimated purchase consideration in the PDI transaction concluded in 2022 was €1.6m and was settled in cash.

Based on an initial adjustment account prepared in October 2022 an additional amount of €55k (R1.1m) was paid to PDI and a further €372k (R7.7m) has been provided to be paid to PDI pending finalisation of Hystead's income tax assessment for its 2022 financial year. The aggregate purchase price adjustment of R8.8m has been written off in the Statement of profit or loss and other comprehensive income as there are no residual assets to which this amount can be attributed.

See note E8.4 - *Change in control - Hystead Ltd (the PDI transaction)* for further disclosure on the PDI transaction.

###### 2022

The purchase consideration in the Hystead transaction was €176m (R2.9bn) and was settled in cash. The fair value of the net assets acquired, was €149m (R2.5bn). Accordingly, a residual amount of R433m was attributed to goodwill.

The goodwill arose mainly due to the manner in which deferred tax was treated for purposes of calculating the purchase price. Management's assessment of the recoverable amount of the assets acquired and liabilities assumed indicates that no value in excess of the carrying amount of acquired assets and assumed liabilities exists. As such the goodwill was fully impaired. None of the goodwill impairment is deductible for tax purposes.

See note E8.2 - *Acquisition of 4 Eastern European properties from Hystead* for further disclosure on the Hystead transaction.

#### E7.3 Remeasurement of assets

##### E7.3.1 Impairment

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Intangible assets	-	16 197	-	-
Investment in subsidiary	-	-	1 383	233 149
- Natalmahogany	-	-	1 383	23 617
- Hyprop Europe	-	-	-	209 532
Goodwill	8 775	433 432	-	-
<b>Total</b>	<b>8 775</b>	<b>449 629</b>	<b>1 383</b>	<b>233 149</b>

##### E7.3.2 Reversal of impairment

Investment in subsidiary	-	-	(209 532)	(285 670)
- Hyprop Mauritius	-	-	-	(285 670)
- Hyprop Europe	-	-	(209 532)	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(209 532)</b>	<b>(285 670)</b>
<b>Total remeasurements</b>	<b>8 775</b>	<b>449 629</b>	<b>(208 149)</b>	<b>(52 521)</b>

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E7 Impairments (continued)

#### E7.2 Summary of events / circumstances leading to impairment (continued)

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>E7.3.4 Attributable to NCI</b>				
Intangible assets	-	(7 120)	-	-
<b>Total</b>	-	<b>(7 120)</b>	-	-
<b>Total remeasurements attributable to the Company / Group</b>	<b>8 775</b>	<b>442 509</b>	<b>(208 149)</b>	<b>(52 521)</b>

#### E7.4 Assumptions used for impairment calculations

Impairments and reversals of impairments were calculated using the assumptions below.

2023	Reported as	Investments in subsidiaries	Investments in subsidiaries	Goodwill
CGU		<b>Natalmahogany</b>	<b>Hyprop Europe</b>	<b>Hyprop UK</b>
Recoverable amount (higher of -FVLCTS (NAV based) / Value in use	R'000	-	3 684 347	27 237
Level of assessment (Individual asset or CGU)		CGU	CGU	CGU
Cost of investment / asset	R'000	25 000	2 889 810	36 011
Cumulative impairment	R'000	(25 000)	-	(8 775)
NAV in local currency	LC'000	-	€ 179 467	€ 1 631
NAV in ZAR	R'000	-	3 684 347	27 237
Exchange rate - EUR / ZAR	R	-	20.52	16.70 / 20.52

2022	Reported as	Intangible assets	Investments in subsidiaries	Investments in subsidiaries	Investments in subsidiaries	Goodwill
CGU		<b>Natalmahogany</b>	<b>Hyprop Europe</b>	<b>Hyprop Mauritius</b>	<b>Natalmahogany</b>	<b>Hyprop Europe</b>
Recoverable amount (higher of -FVLCTS (NAV based) / Value in use	R'000	(13 025)	2 680 278	1 624 758	1 383	2 449 590
Level of assessment (Individual asset or CGU)		Individual asset	CGU	CGU	CGU	CGU
Cost of investment / asset	R'000	20 133	2 889 810	2 387 707	25 000	2 883 022
Cumulative impairment	R'000	(20 133)	(209 532)	(762 949)	(23 617)	(433 432)
NAV in local currency	LC'000	-	€ 157 986	-	-	€ 175 781
NAV in ZAR	R'000	-	2 680 278	1 624 758	1 383	2 449 590
Exchange rate - EUR / ZAR	R	-	16.97	-	-	16.40

#### E7.5 Cash generating units

CGU	Segment	CGU composition
Natalmahogany	South Africa	The CGU includes Natalmahogany which operates NTER.
Hyprop Europe	Eastern Europe	The CGU comprises the Hyprop Europe Group which is wholly-owned by Hyprop and holds the Group's Eastern European investment properties.
Hyprop Mauritius	Sub-Saharan Africa	The SSA portfolio comprises interests in four shopping centres in Nigeria and Ghana, held through Hyprop Mauritius, a wholly owned subsidiary, and AttAfrica, a joint venture.

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E8 Changes in shareholding

#### E8.1 Accounting policy

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from the acquisition. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been recognised in the acquiree's annual financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition date fair values.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on bargain purchase) is recognised in profit or loss immediately.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

For accounting policies applied to business combinations refer to notes A1.3 - *Basis of consolidation* and A1.4 - *Non-controlling interests*.

#### E8.2 Acquisition of 4 Eastern European properties from Hystead (the Hystead transaction)

In terms of the Hystead transaction, Hyprop, via its subsidiary Hyprop Europe, acquired 100% of the shares and shareholder claims against Balkan Retail from Hystead with effect from 31 March 2022. Balkan Retail, through its 5 subsidiaries owns City Center One East and City Center One West in Zagreb, Croatia, The Mall in Sofia, Bulgaria, and Skopje City Mall in Skopje, North Macedonia, as set out in the Group structure in note Q3 - *Group structure*. The purchase consideration of €176m (R2.9bn) was calculated based on the net asset value of the Balkan Retail Group as at the effective date and was settled by Hyprop Europe in cash.

Included in the long and short-term debt for purpose of calculating the purchase consideration was an amount of €19m in respect of a loan payable by Balkan Retail to Hystead. This loan was settled by Balkan Retail on 31 May 2022 from existing cash resources.

The companies acquired in terms of the Hystead transaction are:

- Balkan Retail N.V. (an intermediate holding company registered in the Netherlands);
- KH Retail B.V. (an intermediate holding company registered in the Netherlands);
- KH Holdco B.V. (an intermediate holding company registered in the Netherlands);
- SCM Retail DOOEL Skopje (a company registered in North Macedonia and owner of Skopje City Mall);
- AP Retail I EOOD (a company registered in Bulgaria and owner of The Mall in Sofia); and
- Manta doo (a company registered in Croatia and owner of City Center One East and City Center One West in Zagreb).

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E8 Changes in shareholding (continued)

#### E8.2 Acquisition of 4 Eastern European properties from Hystead (The Hyprop Europe transaction) (continued)

##### E8.2.1 Identifiable assets acquired and liabilities assumed at the effective date

Included in the identifiable assets acquired and liabilities assumed at the acquisition date of the Balkan Retail Group are inputs (a head office, 4 shopping malls with occupancy above 95%, customer and supplier relationships), production processes and an organised workforce. The Group determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group concluded that the acquired set is a business (as defined in IFRS 10: *Consolidated financial statements*).

The values below represent the fair values of the identifiable assets acquired and liabilities assumed at 31 March 2022.

	Note	March 2022 R'000	March 2022 €'000
Investment property		9 432 388	575 100
Investment property	E1.5.1	8 919 002	543 798
Straight-line rental revenue accrual	E1.9	82 300	5 018
Property, plant and equipment	E2.3	431 086	26 284
Intangible assets		1 400	85
Trade and other receivables	E8.2.2	66 029	4 026
Cash and cash equivalents		398 431	24 293
Non-current borrowings		(1 879 021)	(114 566)
Deferred tax liabilities	I1.5	(714 652)	(43 573)
Current borrowings		(4 706 055)	(286 933)
Derivatives	H2.4	43 602	2 658
Other current liabilities		(192 532)	(11 736)
<b>Total fair value of net assets acquired</b>		<b>2 449 590</b>	<b>149 354</b>
<i>less</i> Consideration paid		(2 883 022)	(175 781)
<b>Goodwill</b>	E8.2.3	<b>(433 432)</b>	<b>(26 427)</b>

The assets, liabilities and consideration above were translated at the following exchange rate on the acquisition effective date

16,40

##### E8.2.2 Acquired receivables

	Loans receivable R'000	Rental receivables R'000	Other receivables R'000	Total R'000
<b>Fair value</b>	-	<b>35 442</b>	<b>30 587</b>	<b>66 029</b>
Gross contractual amounts receivable	-	75 824	30 587	106 411
Expected credit losses at acquisition date	-	(40 382)	-	(40 382)

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E8 Changes in shareholding (continued)

#### E8.2 Acquisition of 4 Eastern European properties from Hystead (The Hyprop Europe transaction) (continued)

##### E8.2.3 Goodwill

The purchase consideration in the Hystead transaction was €176m (R2.9bn) and was settled in cash. The fair value of the net assets acquired was €149m (R2.5bn). Accordingly, a residual amount of R433m was attributed to goodwill.

The goodwill arose mainly due to the manner in which deferred tax was treated for purposes of calculating the purchase price. Management's assessment of the recoverable amount of the assets acquired and liabilities assumed indicates that no value in excess of the carrying amount of acquired assets and assumed liabilities exists. As such the goodwill was fully impaired. None of the goodwill impairment is expected to be deductible for income tax purposes.

	<b>GROUP</b>
	<b>June 2022</b>
	<b>R'000</b>
<b>Movement in Goodwill</b>	
Balance at the beginning of the year	-
Acquired through business combination	433 432
Impairment of goodwill	(433 432)
<b>Balance at the end of the year</b>	<b>-</b>

##### E8.2.4 Effect of the Hystead transaction on the Hyprop Group

The financial effects of the Hystead transaction on Hyprop's consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2022 are summarised below.

The column headed "Hystead transaction" presents the financial effects of the Hystead transaction for the 3 months from 31 March 2022 (the effective date) to 30 June 2022.

The column headed "Hyprop Group incl. the Hystead transaction for 12 months" presents the consolidated financial information of Hyprop including the effects of the Hystead transaction for the 12 months ended 30 June 2022 (based on the assumption that the Hystead transaction was implemented on 1 July 2021).

	<b>Hystead transaction</b>	<b>Hyprop Group incl. the Hystead transaction for 12 months</b>
	<b>June 2022</b>	<b>June 2022</b>
	<b>R'000</b>	<b>R'000</b>
Revenue	285 336	3 964 385
Net income before value adjustments	93 317	1 366 497
(Loss) / profit for the year	(309 141)	1 698 668
Translated at the following average exchange rates	16.60	

Transaction costs for the Hystead transaction, amounted to R12.7m and were recorded in the "Other operating expenses" line item in the SOCI.

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E8 Changes in shareholding (continued)

#### E8.3 Transfer of 60% shareholding in Hystead to Hyprop UK

Subsequent to the Hystead transaction and the disposal of Delta City Podgorica by Hystead, on 26 May 2022 (the effective date), Hyprop transferred its 60% shareholding in Hystead to Hyprop UK (a wholly owned subsidiary of Hyprop) in exchange for 825 354 982 new ordinary shares in Hyprop UK with a market value of €18m (R306m). There was no resultant change in the percentage ownership of Hyprop UK, or the Group's effective interest in Hystead.

#### E8.4 Change in control - Hystead Ltd (the PDI transaction)

Following implementation of the Hystead transaction on 31 March 2022 and the disposal of Delta City Podgorica by Hystead in May 2022, on 31 May 2022 PDI elected not to retain the PDI free carry equity (equivalent to 18.29% of the shares in Hystead), which shares were acquired by Hyprop UK for €1.6m (R27.5m).

The estimated purchase price of €1.6m was calculated based on the NAV of Hystead at 31 May 2022 after the proposed distribution of the accumulated surplus at 31 May 2022 to the Hystead shareholders. The final purchase price will be calculated based on an "adjustment account", taking into account working capital adjustments and actual taxation liabilities arising prior to 31 May 2022, as is normal in such transactions.

Pursuant to the aforementioned election, the reserved matters in the Hystead shareholders agreement ceased to be of any further force and effect or application, and the obligation for Hystead to pay 100% of its distributable income as a dividend to its shareholders ceased.

As a result of the foregoing, Hyprop UK's shareholding in Hystead increased to 78.29% and Hyprop UK obtained control (as defined in IFRS 10: *Consolidated financial statements*) of Hystead. Notwithstanding that the PDI transaction was only implemented after 30 June 2022, the effective date from which Hyprop UK acquired control over Hystead was 31 May 2022. Accordingly, Hystead was classified as a subsidiary for financial reporting purposes at 30 June 2022.

##### June 2023

Based on an initial adjustment account prepared in 2022 a further amount of €55k (R1.1m) was paid to PDI and a further €372k (R7.7m) has been provided to be paid to PDI pending finalisation of Hystead's income tax assessment for the 2022 financial year. The aggregate purchase price adjustment of R8.8m has been written off in the Statement of profit or loss and other comprehensive income as there are no residual assets to which this amount can be attributed.

#### E8.4.1 Assets acquired and liabilities assumed at the effective date

On 31 May 2022, the date of acquisition of control of Hystead by Hyprop UK, Hystead had disposed of its property investments and had no employees. Its only assets and liabilities were loans receivable and payable, taxation and other sundry creditors, and cash. As a result the Group had determined that the acquired set is not a business (as defined in IFRS 10: *Consolidated financial statements*).

The values below represent the fair values of the assets acquired and liabilities assumed at 31 May 2022 (without taking into account the subsequent potential purchase price adjustments).

# Notes to the consolidated and separate financial statements continued

## E Property investments and related items (continued)

### E8 Changes in shareholding (continued)

#### E8.4.1 Assets acquired and liabilities assumed at the effective date (continued)

	Note	May 2022 R'000	May 2022 €'000
Loans receivable		145 570	8 716
Trade and other receivables		49 275	2 950
Cash acquired		551 130	32 998
Non-current borrowings		(145 570)	(8 716)
Other non-current liabilities		(83 511)	(5 000)
Current borrowings		(7 571)	(453)
<b>Total Fair value of net assets</b>		<b>509 323</b>	<b>30 495</b>
Attributable to the Group		305 594	18 297
Attributable to PDI		203 729	12 198
<b>Distribution from pre-acquisition reserves</b>	E4.5.1	<b>(360 406)</b>	<b>(21 578)</b>
Payable to the Group		(216 244)	(12 947)
Payable to PDI		(144 162)	(8 631)
<b>Fair value of the net assets of Hystead for purposes of the PDI transaction</b>		<b>148 917</b>	<b>8 917</b>
<b>Total Fair value of net assets acquired (18.29%)</b>		<b>27 237</b>	<b>1 631</b>
<i>less</i> Consideration paid		(27 237)	(1 631)
<b>Profit / loss on the PDI transaction</b>		-	-
<b>Fair value of the net assets subsequent to the PDI transaction</b>		<b>148 917</b>	<b>8 917</b>
Attributable to the Group (78.29%)		116 587	6 981
Attributable to non-controlling interests (21.71%)		32 330	1 936

Translated at the following exchange rate on the effective date of acquisition

16.70

#### E8.4.2 Effect of the acquisition on the Hyprop Group

The financial effects of the PDI transaction on Hyprop's consolidated Statement of profit or loss and other comprehensive income for the year ended 30 June 2022 were not material, as by 31 May 2022 (the effective date of the PDI transaction) Hystead had disposed of all of its property investments, and it only remained for Hystead to distribute its cash / shareholders equity to the shareholders at 31 May 2022 in the then ownership ratio (i.e. prior to the PDI transaction).

Following implementation of the PDI transaction, Hystead's remaining assets comprised:

- the loan receivable from Balkans Real Estate (see note F1.3 - *Loan details*), which was assigned to Balkan Retail and PDI in the 2023 financial year;
- loans payable to the Hystead Shareholders (see note H1.5 - *Individual facilities*), which were settled in the 2023 financial year; and
- cash balances retained by Hystead to settle the distribution of the accumulated surplus at 31 May 2022 which was paid in the 2023 financial year to its shareholders.

Details of the financial effect of the four investment properties acquired by Hyprop Europe from Hystead are set out in note E8.2 - *Acquisition of 4 Eastern European properties from Hystead (the Hystead transaction)*.

# Notes to the consolidated and separate financial statements continued

## F Other assets

### F1 Loans receivable

#### F1.1 Accounting policy

Loans receivable are carried at amortised cost, less any accumulated expected credit losses. Interest earned on loans receivable is recognised on an accrual basis using the effective interest rate method, other than loans to Group companies which are credit impaired (stage 3 loans) where interest is only accrued on the net balance (i.e. the outstanding balance less credit impairments).

For further detail on the calculation of expected credit losses see note N5.3 - *Loans receivable*.

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>F1.2 Net carrying value</b>				
<b>Non-current</b>	<b>162 532</b>	<b>219 989</b>	<b>136 825</b>	<b>124 630</b>
EUR loans receivable	89 822	147 863	-	-
ZAR loans receivable	72 710	72 126	136 825	124 630
<b>Current</b>	<b>50 189</b>	<b>2 558</b>	<b>-</b>	<b>11 364</b>
EUR loans receivable	50 189	2 558	-	2 558
ZAR loans receivable	-	-	-	8 806
<b>Total loans receivable</b>	<b>212 721</b>	<b>222 547</b>	<b>136 825</b>	<b>135 994</b>
<b>Loans receivable - external</b>				
Gross loan balances receivable	212 714	222 547	72 703	72 182
<b>Net loans receivable - external</b>	<b>212 714</b>	<b>222 547</b>	<b>72 703</b>	<b>72 182</b>
<b>Loans receivable - related parties</b>				
Gross loans receivable	2 774	-	1 575 566	1 577 727
Cumulative expected credit losses	(2 767)	-	(1 511 444)	(1 513 915)
<b>Net loans receivable - related parties</b>	<b>7</b>	<b>-</b>	<b>64 122</b>	<b>63 812</b>
<b>Total loans receivable</b>				
Gross loans receivable	215 488	222 547	1 648 269	1 649 909
Cumulative expected credit losses	(2 767)	-	(1 511 444)	(1 513 915)
<b>Net loans receivable</b>	<b>212 721</b>	<b>222 547</b>	<b>136 825</b>	<b>135 994</b>

# Notes to the consolidated and separate financial statements continued

## F Other assets (continued)

### F1 Loans receivable (continued)

#### F1.3 Loan details<sup>1</sup>

##### Non-current

Counterparty	Security	Maturity date	Base currency	Nominal interest (%)	GROUP		COMPANY	
					June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Hyprop Mauritius</b>	Unsecured	12 months notice	ZAR	7.68% (2022: 4.5%)	-	-	<b>16 593</b>	-
Loan balance					-	-	31 493	28 578
Cumulative ECLs					-	-	(14 900)	(28 578)
<b>Hyprop Mauritius</b>	Unsecured	12 months notice	ZAR	variable	-	-	<b>125</b>	-
Loan balance					-	-	1 463 972	1 463 847
Cumulative ECLs					-	-	(1 463 847)	(1 463 847)
<p>The loan bears interest at rates agreed from time to time. Due to the financial difficulties faced by Hyprop Mauritius, including a decrease in the income received from its investments in AttAfrica and Gruppo, interest on the loans was suspended with effect from 16 October 2019. The loan has been subordinated in favour of the other creditors of Hyprop Mauritius.</p>								
<b>Hyprop Employee Incentive Scheme</b>	Unsecured	12 months notice	ZAR	variable	-	-	<b>47 397</b>	<b>52 504</b>
Loan balance					-	-	73 604	73 994
Cumulative ECLs					-	-	(26 207)	(21 490)
<p>The loan bears interest at variable rates agreed from time to time and has no fixed repayment terms. The loan is repaid at each vesting date primarily through the transfer of Hyprop shares held by Hyprop Employee Incentive Scheme to Hyprop for delivery to employees under the CUP or LTIP. Hyprop has subordinated a portion of the loan in favour of the other creditors of Hyprop Employee Incentive Scheme and has agreed not to call for repayment of the loan for at least 12 months.</p>								
<b>Balkans Real Estate</b>	Secured	November 2028	EUR	6% until Nov 2023; 3% thereafter	<b>89 822</b>	<b>147 863</b>	-	-
Loan balance					140 011	147 863	-	-
Current portion					(50 189)	-	-	-

The loan comprises the outstanding balance of the purchase price payable by Balkans Real Estate BV for the shares in Delta City 67 d.o.o (Delta City Belgrade), disposed in November 2021. The loan bears interest at 6% until November 2023 and 3% thereafter, with regular principal repayments commencing in November 2023. The loan is secured by a corporate guarantee from the parent company of Balkans Real Estate BV.

<sup>1</sup> The loan terms detailed above apply to the 2023 and 2022 financial years.

# Notes to the consolidated and separate financial statements continued

F Other assets (continued)  
 F1 Loans receivable (continued)  
 F1.3 Loan details<sup>1</sup> (continued)

Non-current (continued)					GROUP		COMPANY	
					June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Counterparty	Security	Maturity date	Base currency	Nominal interest (%)				
Atterbury Mile	Secured	June 2027	ZAR	Prime until June 2022 and Prime +1.5 % thereafter	62 960	65 424	62 960	65 424
The loan comprises the outstanding balance of the purchase price payable by Atterbury Mile for its one third undivided share in Atterbury Value Mart disposed in July 2021. The loan is repayable over six years, and is secured by guarantees from Atterbury Mile's shareholders and a second mortgage bond over Atterbury Mile's undivided share in Atterbury Value Mart.								
ETTP	Unsecured	October 2024	ZAR	none	4 200	4 200	4 200	4 200
The loan was advanced as part of the Group's corporate social responsibility and BBBEE enterprise development initiatives. ETTP helps SMME entrepreneurs to build businesses through entrepreneurship, business networking and by providing access to information and business resources. The loan bears no interest and is repayable at the end of its 3 year term.								
SDEV	Unsecured	June 2027	ZAR	none	1 200	-	1 200	-
The loan was advanced as part of the Group's ESG and BBBEE enterprise development initiatives. SDEV contributes to the strengthening of the development ecosystem around SMMEs, particularly "Qualifying Small Enterprises" and "Exempt Micro Enterprises". The loan bears no interest and is repayable at the end of its 4 year term.								
EmpiriQ	Unsecured	September 2024	ZAR	Prime	4 343	1 251	4 343	1 251
Coventurist	Unsecured	September 2024	ZAR	Prime	<b>7</b>	<b>1 251</b>	<b>7</b>	<b>1 251</b>
Loan balance					2 774	1 251	2 774	1 251
Cumulative ECLs					(2 767)	-	(2 767)	-
<b>Total non-current loans receivable</b>					<b>162 532</b>	<b>219 989</b>	<b>136 825</b>	<b>124 630</b>

<sup>1</sup> The loan terms detailed above apply to the 2023 and 2022 financial years.

# Notes to the consolidated and separate financial statements continued

## F Other assets (continued)

### F1 Loans receivable (continued)

#### F1.3 Loan details<sup>1</sup> (continued)

Current	Counterparty	Security	Maturity date	Base currency	Nominal interest (%)	GROUP		COMPANY	
						June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
	<b>WAAM</b>	Unsecured	On demand	ZAR	none	-	-	-	821
	<b>Natalmahogany</b>	Unsecured	On demand	ZAR	Prime +5%	-	-	-	<b>7 985</b>
	Loan balance					-	-	3 723	7 985
	Cumulative ECLs					-	-	(3 723)	-
	<b>Balkans Real Estate</b>	Secured	November 2028	EUR	6% until Nov 2023; 3% thereafter	50 189	-	-	-
	Current portion of total loan receivable								
	<b>Vondelvlag Stichting</b>	Unsecured	On demand	EUR	3.15%	-	2 558	-	2 558
	<b>Total current loans receivable</b>					<b>50 189</b>	<b>2 558</b>	<b>-</b>	<b>11 364</b>
	<b>Total loans receivable</b>					<b>212 721</b>	<b>222 547</b>	<b>136 825</b>	<b>135 994</b>

<sup>1</sup> The loan terms detailed above apply to the 2023 and 2022 financial years.

## F1.4 Movement reconciliations

### F1.4.1 Gross loans receivable

Balance at the beginning of the year	222 547	24 111	1 649 909	1 596 616
Acquired through business combination	-	31 598	-	-
Cash advances during the year	5 350	133 161	10 291	10 389
Non-cash advances during the year	-	66 124	1 814	71 291
Cash repayments during the year	(3 805)	(17 787)	(15 022)	(24 017)
Non-cash repayments / amounts capitalised	(32 101)	(16 790)	(6 378)	(5 498)
Interest income accrued	6 999	7 571	16 063	12 842
Interest income received	(7 717)	(7 469)	(8 375)	(11 448)
Currency translation difference - unrealised	24 280	2 028	-	(266)
Currency translation difference - realised	(65)	-	(33)	-
<b>Balance at the end of the year</b>	<b>215 488</b>	<b>222 547</b>	<b>1 648 269</b>	<b>1 649 909</b>

# Notes to the consolidated and separate financial statements continued

- F Other assets (continued)  
 F1 Loans receivable (continued)  
 F1.4 Movement reconciliations (continued)

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>F1.4.2 Expected credit losses</b>					
Balance at the beginning of the year		-	-	(1 513 916)	(1 530 078)
Expected credit losses raised during the year		(2 767)	-	(11 207)	(5 634)
Reversal of previous impairments		-	-	13 679	21 797
<b>Balance at the end of the year</b>		<b>(2 767)</b>	<b>-</b>	<b>(1 511 444)</b>	<b>(1 513 915)</b>
<b>Net loans receivable</b>		<b>212 721</b>	<b>222 547</b>	<b>136 825</b>	<b>135 994</b>

## F2 Trade and other receivables

### F2.1 Accounting policy

Trade and other receivables are carried at amortised cost less any accumulated expected credit losses. Short-term receivables are measured at original invoice amount when the effect of discounting is immaterial.

See note N5.4 - *Trade receivables* for further information on the calculation of ECLs.

### F2.2 Net carrying value

#### F2.2.1 Trade receivables

Gross trade and other receivables		<b>231 104</b>	<b>216 671</b>	<b>123 366</b>	<b>132 665</b>
Rent and deposits receivable		160 199	160 160	52 461	76 154
Recoveries		70 905	56 511	70 905	56 511
Cumulative expected credit losses	N5.4.2	(80 195)	(99 778)	(33 349)	(56 695)
<b>Total trade receivables</b>		<b>150 909</b>	<b>116 893</b>	<b>90 017</b>	<b>75 970</b>

#### F2.2.2 Other receivables - financial instruments

Dividends		-	-	151 871	-
<b>Total other receivables - financial instruments</b>		<b>-</b>	<b>-</b>	<b>151 871</b>	<b>-</b>

#### F2.2.3 Other receivables - non-financial instruments

Prepayments		25 578	23 537	6 595	4 521
Municipal deposits		1 582	1 209	1 485	1 096
Other receivables		36 270	12 606	29 666	5 199
<b>Total other receivables - non-financial instruments</b>		<b>63 430</b>	<b>37 352</b>	<b>37 746</b>	<b>10 816</b>
<b>Total trade and other receivables</b>		<b>214 339</b>	<b>154 245</b>	<b>279 634</b>	<b>86 786</b>

# Notes to the consolidated and separate financial statements continued

## F Other assets (continued)

### F3 Cash and cash equivalents

#### F3.1 Accounting policy

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The Group's cash and cash equivalents are held to meet the Group's short-term commitments.

Units held in money market unit trust funds are considered equivalent to cash because they are highly liquid (available on 24 hours notice) and have a fixed unit price (R1).

Cash and cash equivalents are measured at amortised cost. Interest earned on cash invested at financial institutions and in money market unit trusts is recognised on an accrual basis using the effective interest method.

No bank borrowings were classified as cash, however, when bank accounts are overdrawn they remain classified as cash as they are regarded as balances that often fluctuate between being positive and overdrawn (as contemplated by IAS 7.8).

#### F3.2 Net carrying value

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Cash held in call accounts <sup>1</sup>	37 633	18 567	37 633	18 454
Bank balances and cash	797 498	1 045 846	119 262	88 772
Units held in money market funds	211 949	323 058	211 949	322 993
<b>Total cash and cash equivalents</b>	<b>1 047 080</b>	<b>1 387 471</b>	<b>368 844</b>	<b>430 219</b>

<sup>1</sup> Cash held in call accounts as security for bank guarantees issued in favour of municipalities.

<sup>2</sup> At 30 June 2022 and 2023, there were no overdrawn bank accounts.

# Notes to the consolidated and separate financial statements continued

## G Equity and reserves

### G1 Share capital and treasury shares

#### G1.1 Accounting policy

##### Stated capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction from equity.

Holders of the ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

##### Treasury shares

Company shares held by the Company or a subsidiary are classified as treasury shares. These shares are carried at cost and deducted from equity.

Any subsequent gain or loss on the sale or cancellation of the Company's own equity instruments is recognised directly in retained income.

Distributions and unrealised gains / losses on treasury shares are eliminated from Group profit or loss for the year.

#### G1.2 Carrying value

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Stated capital</b>				
<b>Ordinary shares</b>	<b>10 970 921</b>	<b>10 471 387</b>	<b>10 970 921</b>	<b>10 471 387</b>
Balance at the beginning of the year	10 471 387	9 595 629	10 471 387	9 595 629
Issued during the year <sup>1</sup>	499 534	875 758	499 534	875 758
<b>Treasury shares</b>	<b>(66 578)</b>	<b>(72 110)</b>	-	-
Balance at the beginning of the year	(72 110)	(74 451)	-	-
Purchased during the year <sup>1</sup>	(2 493)	-	-	-
Transferred to escrow (Restricted shares)	5 726	-	-	-
Sold / Vested during the year	2 299	2 341	-	-
<b>Balance at the end of the year</b>	<b>10 904 343</b>	<b>10 399 277</b>	<b>10 970 921</b>	<b>10 471 387</b>

#### G1.3 Number of shares

	GROUP		COMPANY	
	June 2023 # of shares	June 2022 # of shares	June 2023 # of shares	June 2022 # of shares
<b>Stated capital</b>				
<b>Authorised</b>				
500 000 000 no par value ordinary shares (2022: 500 000 000)				
<b>Issued and fully paid up shares</b>				
<b>Ordinary shares</b>	<b>359 566 570</b>	<b>343 438 921</b>	<b>359 566 570</b>	<b>343 438 921</b>
Balance at the beginning of the year	343 438 921	309 070 057	343 438 921	309 070 057
Issued during the year <sup>1</sup>	16 127 649	34 368 864	16 127 649	34 368 864
<b>Treasury shares</b>	<b>(1 482 551)</b>	<b>(1 579 716)</b>	-	-
Balance at the beginning of the year	(1 579 716)	(1 630 766)	-	-
Purchased during the year <sup>1</sup>	(80 405)	-	-	-
Transferred to escrow (Restricted shares)	126 879	-	-	-
Sold / Vested during the year	50 691	51 050	-	-
<b>Balance at the end of the year</b>	<b>358 084 019</b>	<b>341 859 205</b>	<b>359 566 570</b>	<b>343 438 921</b>

<sup>1</sup> Shares issued during the year include 80 405 Ordinary shares received by Hyprop Employee Incentive Scheme pursuant to the 2022 DRIP at a price of R31 per share.

# Notes to the consolidated and separate financial statements continued

## G Equity and reserves (continued)

### G2 Other reserves

#### G2.1 Accounting policy

##### Non-distributable reserves

Non-distributable reserves comprise reserves that are not distributable to shareholders of the Company, such as fair value adjustments on the revaluation of investment property, derivatives and financial assets, any impairment adjustments or accumulated expected credit losses, profits or losses on sale of assets, the straight-line rental income accrual and deferred taxation.

##### Currency translation reserve

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's presentation currency (Rand) at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to Rand at the dates of the transactions (an average rate for the year is used).

Foreign currency translation differences are recognised in other comprehensive income (OCI) and accumulated in the currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests (NCI).

##### Share based payments reserve

Transactions related to the Group's equity settled share-based payments are recorded in a separate share-based payment reserve.

#### G2.2 Carrying value

The following table reflects the composition of other reserves:

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Non-distributable reserves	9 023 002	8 704 988	9 315 680	8 912 211
Currency translation reserve	908 986	47 039	-	-
Share-based payments reserve	33 763	33 074	33 763	33 074
<b>Total other reserves</b>	<b>9 965 751</b>	<b>8 785 101</b>	<b>9 349 443</b>	<b>8 945 285</b>

The net transfer to non-distributable reserves comprises changes in fair values of Investment property, financial assets and derivatives, derecognition of financial guarantees, loss on disposal of investment property, impairments of goodwill and intangibles, and losses from equity accounted investments.

# Notes to the consolidated and separate financial statements continued

## H Funding and related items

### H1 Borrowings

#### H1.1 Accounting policy

Interest-bearing borrowings are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest rate method. See note D6.1 - *Accounting policy*, for the accounting policy for borrowings costs.

H1.2 Carrying value	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Bank loans</b>	<b>11 613 392</b>	<b>11 786 725</b>	<b>3 238 238</b>	<b>4 145 630</b>
Secured	11 613 392	11 786 725	3 238 238	4 145 630
<b>Debt capital market funding</b>	<b>3 080 497</b>	<b>2 249 670</b>	<b>3 080 497</b>	<b>2 249 670</b>
Secured	248 875	499 933	248 875	499 933
Unsecured	2 831 622	1 749 737	2 831 622	1 749 737
<b>Non-controlling shareholder / Group company loans</b>	<b>526 944</b>	<b>451 628</b>	<b>760 975</b>	<b>761 125</b>
Unsecured	526 944	451 628	760 975	761 125
<b>Total borrowings</b>	<b>15 220 833</b>	<b>14 488 023</b>	<b>7 079 710</b>	<b>7 156 425</b>
Total secured	11 862 267	12 286 658	3 487 113	4 645 563
Total unsecured	3 358 566	2 201 365	3 592 597	2 510 862
<b>Total borrowings</b>	<b>15 220 833</b>	<b>14 488 023</b>	<b>7 079 710</b>	<b>7 156 425</b>

#### H1.3 Maturity profile

<b>Non-current</b>	<b>9 738 356</b>	<b>7 807 219</b>	<b>5 654 745</b>	<b>4 794 710</b>
Bank loans	7 157 824	6 927 272	2 313 238	3 185 739
DCM funding	2 580 532	847 846	2 580 532	847 846
Non-controlling shareholder / Group company loans	-	32 101	760 975	761 125
<b>Current</b>	<b>3 894 580</b>	<b>5 276 584</b>	<b>1 424 965</b>	<b>2 361 715</b>
Bank loans	3 380 108	3 863 648	925 000	959 891
DCM funding	499 965	1 401 824	499 965	1 401 824
Non-controlling shareholder / Group company loans	14 507	11 112	-	-
<b>Liabilities associated with non-current assets held-for-sale</b>	<b>1 587 897</b>	<b>1 404 220</b>	<b>-</b>	<b>-</b>
Bank loans	1 075 460	995 805	-	-
Non-controlling shareholder / Group company loans	512 437	408 415	-	-
<b>Total borrowings</b>	<b>15 220 833</b>	<b>14 488 023</b>	<b>7 079 710</b>	<b>7 156 425</b>

# Notes to the consolidated and separate financial statements continued

## H Funding and related items (continued)

### H1 Borrowings (continued)

#### H1.4 Movement reconciliations

##### H1.4.1 Continuing operations

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Balance at the beginning of the year	13 083 803	5 414 297	7 156 425	6 161 440
Currency translation difference	1 389 554	225 860	-	-
New borrowings raised	5 371 615	3 423 827	2 432 158	2 069 105
Raising fees – amortised	4 263	(5 980)	3 629	(6 395)
Repayments - cash	(6 184 198)	(2 590 882)	(2 512 502)	(1 067 725)
Repayments - non cash	(32 101)	-	-	-
Acquired through business combinations	-	6 616 681	-	-
<b>Balance at the end of the year</b>	<b>13 632 936</b>	<b>13 083 803</b>	<b>7 079 710</b>	<b>7 156 425</b>

##### H1.4.2 Liabilities associated with non-current assets held-for-sale

Balance at the beginning of the year	1 404 220	1 153 572	-	-
Currency translation difference	228 051	158 149	-	-
Net interest accrued / (paid)	(44 374)	92 499	-	-
<b>Balance at the end of the year</b>	<b>1 587 897</b>	<b>1 404 220</b>	<b>-</b>	<b>-</b>
<b>Total borrowings</b>	<b>15 220 833</b>	<b>14 488 023</b>	<b>7 079 710</b>	<b>7 156 425</b>

# Notes to the consolidated and separate financial statements continued

## H Funding and related items (continued)

### H1 Borrowings (continued)

#### H1.5 Individual facilities

##### H1.5.1 Bank loans

	Facility	Maturity		Security	Base currency	Nominal interest %	Interest rate		GROUP		COMPANY	
		date	Initial term				June 2023 %	June 2022 %	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
The Standard Bank of South Africa Ltd	R959m	Jun-23	4 years	Secured	ZAR	3m Jibar + 1.65	n/a	6.66	-	959 891	-	959 891
The Standard Bank of South Africa Ltd	R925m	Jan-24	3.5 years	Secured	ZAR	3m Jibar + 2.10	10.59	7.11	925 000	925 000	925 000	925 000
The Standard Bank of South Africa Ltd	R869m	Feb-26	4 years	Secured	ZAR	3m Jibar + 1.89	10.38	6.90	867 946	867 512	867 946	867 512
Nedbank Ltd <sup>2</sup>	R500m	Aug-24	2.5 years	Secured	ZAR	3m Jibar + 1.75	10.24	6.76	397 900	198 700	397 900	198 700
Nedbank Ltd <sup>2,6</sup>	R600m	Feb-26	4 years	Secured	ZAR	3m Jibar + 1.80	10.29	6.81	-	148 075	-	148 075
Nedbank Ltd	R500m	Feb-25	3 years	Secured	ZAR	3m Jibar + 1.75	10.24	6.76	499 042	498 542	499 042	498 542
Nedbank Ltd	R550m	Feb-27	5 years	Secured	ZAR	3m Jibar + 1.90	10.39	6.91	548 350	547 910	548 350	547 910
RMB International (Mauritius) Ltd <sup>1,7</sup>	\$56.5m	Feb-25	2 years	Secured	USD	Sofr + 6.39	11.29	7.14	1 075 460	995 805	-	-
DSK Bank EAD <sup>3</sup>	€75m / €52m	Dec-26	7 years	Secured	EUR	3m Euribor + 2.13	5.73	1.53	1 434 442	831 942	-	-
OTP Bank PLC <sup>3</sup>	€9m / €32m	Dec-26	7 years	Secured	EUR	3m Euribor + 2.40	6.00	1.93	102 464	502 851	-	-
Erste Group Bank AG <sup>4</sup>	€34.3m	Jun-23	5 years	Secured	EUR	3m Euribor + 2.75	n/a	2.51	-	570 604	-	-
Erste Group Bank AG <sup>4</sup>	€68.6m	Jun-23	5 years	Secured	EUR	3m Euribor + 2.75	n/a	2.51	-	1 130 573	-	-
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft <sup>4</sup>	€68.6m	Jun-23	5 years	Secured	EUR	3m Euribor + 2.75	n/a	2.51	-	1 130 573	-	-
Erste Group Bank AG <sup>4</sup>	€71.5m	Jun-30	7 years	Secured	EUR	3m Euribor + 2.40	6.00	-	1 466 817	-	-	-
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft <sup>4</sup>	€71.5m	Jun-30	7 years	Secured	EUR	3m Euribor + 2.40	6.00	-	1 466 817	-	-	-
Komercijalna Banka AD Skopje <sup>5,7</sup>	€14.6m	Jun-31	10 years	Secured	EUR	6m Euribor + 2.0	5.90	3.25	211 777	225 995	-	-
NLB Banka AD Skopje <sup>5,7</sup>	€9m	Jun-31	10 years	Secured	EUR	6m Euribor + 2.0	5.90	3.25	129 803	138 708	-	-
Stopanska Banka AD Skopje <sup>5,7</sup>	€9m	Jun-31	10 years	Secured	EUR	6m Euribor + 2.0	5.90	3.25	129 803	138 708	-	-
Sparkasse Banka AD Skopje <sup>5,7</sup>	€7.4m	Jun-31	10 years	Secured	EUR	6m Euribor + 2.0	5.90	3.25	107 265	114 584	-	-
Rand Merchant Bank / FirstRand Group <sup>7</sup>	€109.7m	Jul-23	4 years	Secured	EUR		2.15	2.15	2 250 506	1 860 752	-	-
<b>Total bank loans</b>									<b>11 613 392</b>	<b>11 786 725</b>	<b>3 238 238</b>	<b>4 145 630</b>

<sup>1</sup> Loans disclosed under liabilities associated with assets held-for-sale.

<sup>2</sup> Revolving credit facility.

<sup>3</sup> Repayable in quarterly instalments of EUR 250 000 in aggregate and a bullet payment on maturity.

<sup>4</sup> Repayable in quarterly instalments of EUR 1 431 716 (2022: EUR 321 750) in aggregate and a bullet payment on maturity.

<sup>5</sup> Repayable in quarterly instalments of EUR 818 123 in aggregate and a bullet payment on maturity.

<sup>6</sup> This facility is not drawn and is available at 30 June 2023.

<sup>7</sup> Secured by a guarantee from Hyprop or other Group Companies (See H3 - *Financial guarantees*).

The Secured loans above are secured against investment property as set out in note E1.8 – *Mortgaged properties* and guarantees from Group Companies where indicated (See note H3 - *Financial guarantees*).

Interest on all loans is paid monthly, quarterly or semi-annually as applicable. Capital is repayable on the loan maturity date unless otherwise indicated above.

# Notes to the consolidated and separate financial statements continued

## H Funding and related items (continued)

### H1 Borrowings (continued)

#### H1.5 Individual facilities (continued)

H1.5.2 DCM funding	Capital	Maturity date	Initial term	Security	Base currency	Nominal interest %	Interest rate		GROUP		COMPANY	
							June 2023 %	June 2022 %	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
							HILB08	R452m	Mar-23	5 years	Unsecured	ZAR
HILB09	R348m	Mar-25	7 years	Unsecured	ZAR	3m Jibar + 1.90	10,39	6,91	347 957	347 932	347 957	347 932
HILB11	R150m	Mar-24	5 years	Unsecured	ZAR	3m Jibar + 1.75	10,24	6,76	149 989	149 974	149 989	149 974
HILB12	R350m	Mar-24	5 years	Unsecured	ZAR	3m Jibar + 1.70	10,19	6,71	349 975	349 940	349 975	349 940
HILB14	R200m	Oct-27	5 years	Unsecured	ZAR	3m Jibar + 1.57	10,06	-	199 490	-	199 490	-
HILB15	R502m	Nov-25	3 years	Unsecured	ZAR	3m Jibar + 1.53	10,02	-	501 805	-	501 805	-
HILB16	R283m	Nov-27	5 years	Unsecured	ZAR	3m Jibar + 1.69	10,18	-	282 877	-	282 877	-
HILB17	R240m	Apr-26	3 years	Unsecured	ZAR	3m Jibar + 1.43	9,92	-	239 890	-	239 890	-
HILB18	R760m	Apr-28	5 years	Unsecured	ZAR	3m Jibar + 1.64	10,13	-	759 639	-	759 639	-
HIL02U (Unlisted)	R450m	Oct-22	3 years	Unsecured	ZAR	3m Jibar + 1.81	n/a	6,82	-	449 925	-	449 925
HIL03U (Unlisted)	R500m	Nov-22	3 years	Secured	ZAR	3m Jibar + 1.50	n/a	6,51	-	499 933	-	499 933
HIL04U (Unlisted)	R250m	Jan-26	3 years	Secured	ZAR	3m Jibar + 1.66	10,15	-	248 875	-	248 875	-
<b>Total DCM funding</b>									<b>3 080 497</b>	<b>2 249 670</b>	<b>3 080 497</b>	<b>2 249 670</b>

The Secured bonds above are secured against investment property as set out in note E1.8 – *Mortgaged properties*. Interest on all bonds is paid monthly, quarterly or semi-annually as applicable. Capital is repayable on the bond maturity date.

#### H1.5.3 Non-controlling shareholder / Group company loans

African Land (Pty) Ltd	12 months notice	Unsecured	ZAR	none	-	-	-	-	760 975	761 125		
AttAfrica Ltd	on-demand	Unsecured	USD	none	-	-	12 938	11 112	-	-		
EmpiriQ Technologies Proprietary Limited	on-demand	Unsecured	ZAR	none	-	-	1 569	-	-	-		
AIH International Ltd <sup>1</sup>	Mar 2025 and Feb 2028	Unsecured	USD	8.08 fixed rate	8.08	8.08	512 437	408 415	-	-		
Homestead Group Holdings Ltd	Nov-28	Unsecured	EUR	6.00 fixed rate	6.00	6.00	-	28 891	-	-		
AMZ Holdings Ltd	Nov-28	Unsecured	EUR	6.00 fixed rate	6.00	6.00	-	3 210	-	-		
<b>Total non-controlling shareholder / Group company loans</b>									<b>526 944</b>	<b>451 628</b>	<b>760 975</b>	<b>761 125</b>
<b>Total borrowings</b>									<b>15 220 833</b>	<b>14 488 023</b>	<b>7 079 710</b>	<b>7 156 425</b>

<sup>1</sup> Loans disclosed under liabilities associated with assets held-for-sale.

#### H1.5.4 Undrawn facilities

Revolving credit facilities	1 650 000	1 950 000	1 650 000	1 950 000
Term facilities	22 396	693 701	-	650 000
<b>Total undrawn facilities</b>	<b>1 672 396</b>	<b>2 643 701</b>	<b>1 650 000</b>	<b>2 600 000</b>

# Notes to the consolidated and separate financial statements continued

## H Funding and related items (continued)

### H2 Derivatives

#### H2.1 Accounting policy

Derivatives are initially measured at fair value and are subsequently remeasured at fair value. Any directly attributable transaction costs are recognised in profit or loss as incurred.

#### H2.2 Profile

Derivative instruments comprise Interest rate swaps / caps, exchange rate zero cost collars (put and call options) and forward exchange contracts.

The Interest rate swaps / caps are used to hedge interest rate exposure on borrowings. Zero cost collars are used to hedge the exchange rate in anticipation of receipt of dividends from foreign investments and subsidiaries. Forward exchange contracts are used to hedge amounts committed to capitalise / recapitalise foreign subsidiaries and investments and to hedge the exchange rate in anticipation of receipt of dividends from investments and subsidiaries.

All the hedges the Group enters into are economic hedges as the Group does not apply hedge accounting (as defined by IFRS 9: *Financial Instruments*).

Further disclosure on the designation of the Interest rate swaps / caps and their risk mitigation role is provided in note N3 - *Interest rate risk and sensitivity*.

For the fair value hierarchy refer to note M1.1 - *Accounting policy*.

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>H2.3 Maturity profile</b>				
Non-current assets	130 740	183 977	11 135	87 874
Current assets	157 241	7 499	73 558	-
Non-current liabilities	(14 795)	(11 038)	(6 562)	(11 038)
Current liabilities	(4 434)	(5 934)	(649)	(5 561)
<b>Total derivatives</b>	<b>268 752</b>	<b>174 504</b>	<b>77 482</b>	<b>71 275</b>
<b>H2.4 Movement reconciliation</b>				
Balance at the beginning of the year	174 504	(123 608)	71 275	(123 608)
Acquired through business combination	-	43 602	-	-
Currency translation difference	21 596	2 720	-	-
Premium paid on new contracts entered into	16 626	13 100	2 200	13 100
Contracts utilised	(8 590)	-	-	-
Fair value adjustment	64 616	238 690	4 007	181 783
<b>Balance at the end of the year</b>	<b>268 752</b>	<b>174 504</b>	<b>77 482</b>	<b>71 275</b>

<sup>1</sup> Further disclosure on the gains and losses recorded in profit or loss is provided in note N3.2.3 - *Interest rate hedges*.

# Notes to the consolidated and separate financial statements continued

## H Funding and related items (continued)

### H2 Derivatives (continued)

#### H2.5 Individual instruments

Counterparty bank	Nominal amount	Expiry date	Fixed rate payable (%)	Variable rate receivable (%)	GROUP		COMPANY	
					June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
ABSA	R500m	Mar-24	5.12	3m Jibar	12 470	16 430	12 470	16 430
ABSA	R500m	Jun-26	8.69	3m Jibar	(3 098)	-	(3 098)	-
Standard Bank	R958m	Jun-23	7.04	3m Jibar	-	(5 561)	-	(5 561)
Standard Bank	R300m	Oct-23	7.82	3m Jibar	569	(5 693)	569	(5 693)
Standard Bank	R100m	May-24	7.85	3m Jibar	640	(1 421)	640	(1 421)
Standard Bank	R350m	Mar-24	7.52	3m Jibar	2 623	(2 747)	2 623	(2 747)
Standard Bank	R150m	Mar-24	7.52	3m Jibar	1 124	(1 177)	1 124	(1 177)
Nedbank	R500m	Sep-24	5.61	3m Jibar	16 665	17 335	16 665	17 335
Nedbank	R500m	Oct-24	5.71	3m Jibar	17 133	16 048	17 133	16 048
Nedbank	R500m	Dec-25	8.65	3m Jibar	(2 090)	-	(2 090)	-
RMB	R500m	Mar-24	5.15	3m Jibar	12 308	16 188	12 308	16 188
RMB	R250m	Mar-24	5.14	3m Jibar	6 172	8 135	6 172	8 135
RMB	R550m	Jun-25	Cap at 7.35	3m Jibar	12 383	13 738	12 383	13 738
RMB	R300m	May-24	Cap at 7.625	3m Jibar	2 606	-	2 606	-
RMB	R250m	Jun-27	8.785	3m Jibar	(2 023)	-	(2 023)	-
RMB	\$45m	Feb-25	Floor 3%, Cap 3.5%	Sofr	23 355	-	-	-
DSK Bank EAD	€40m	Dec-22	3m Euribor - 1%	3m Euribor capped at 1%	-	(373)	-	-
DSK Bank EAD	€40m	Dec-26	0.19	3m Euribor	86 200	96 103	-	-
DSK Bank EAD	€27.7m	Dec-26	(0.02)	3m Euribor	59 157	-	-	-
DSK Bank EAD	€13.3m	Dec-26	-	3m Euribor	30 384	-	-	-
Erste Group Bank AG	€34.3m	Jun-23	0.52	3m Euribor	-	1 765	-	-
Erste Group Bank AG	€68.6m	Jun-23	0.39	3m Euribor	-	4 241	-	-
Erste Group Bank AG	€8.5m	Jun-23	0.52	3m Euribor	-	441	-	-
Erste Group Bank AG	€17m	Jun-23	0.39	3m Euribor	-	1 052	-	-
Erste Group Bank AG	€78m	Jun-25	3.87	3m Euribor	(5 138)	-	-	-
RMB	€30m	Jan-28	3.21	6m Euribor	(1 088)	-	-	-
RMB	€20m	Jan-29	3.14	6m Euribor	(1 600)	-	-	-
<b>Total derivatives</b>					<b>268 752</b>	<b>174 504</b>	<b>77 482</b>	<b>71 275</b>

# Notes to the consolidated and separate financial statements continued

## H Funding and related items (continued)

### H2 Derivatives (continued)

#### H2.6 Valuation assumptions – Unobservable inputs

The key assumptions used in determining the fair value of derivatives are in the following ranges:

	GROUP		COMPANY	
	June 2023	June 2022	June 2023	June 2022
Projected forward JIBAR rate (%)	8.5 - 8.9	4.37 - 8.5	8.5 - 8.9	4.37 - 8.5
Projected forward EURIBOR rate (%)	2.6 - 3.6	(0.2) - 1.68	n/a	n/a
Projected forward SOFR rate (%)	4.2 - 5.3	-	n/a	n/a

Further disclosure on the valuation methodology is provided in note M2.1 - *Fair value measurement techniques*.

#### H2.7 Valuation sensitivity

The valuation of the derivatives is sensitive to changes in unobservable inputs above. Changes to one unobservable input, while holding the other inputs constant would have the following effects on the carrying value of the derivatives on the statement of financial position.

	June 2023 bps	June 2022 bps	GROUP		COMPANY	
			June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Increase asset / (Increase liability)</b>						
<b>ZAR</b>						
Increase in projected forward interest rate	25bps	25bps	15 827	16 808	15 827	16 808
Decrease in projected forward interest rate	25bps	25bps	(15 841)	(16 819)	(15 841)	(16 819)
<b>EUR</b>						
Increase in projected forward interest rate	25bps	100bps	28 739	72 380	n/a	n/a
Decrease in projected forward interest rate	25bps	100bps	(28 921)	(60 003)	n/a	n/a
<b>USD</b>						
Increase in projected forward interest rate	25 bps	n/a	3 078	n/a	n/a	n/a
Decrease in projected forward interest rate	25 bps	n/a	(3 067)	n/a	n/a	n/a

# Notes to the consolidated and separate financial statements continued

## H Funding and related items (continued)

### H3 Financial guarantees

#### H3.1 Accounting policy

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder of the guarantee for a loss that it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Liabilities under financial guarantees are recognised initially at fair value and subsequently at the higher of the loss allowance determined in accordance with IFRS 9: *Financial instruments* and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15: *Revenue from contracts with customers*.

Management assessed the obligations under the guarantees and concluded that these meet the definition of financial guarantees, and the change in value of the guarantees represents a charge to profit or loss.

For the fair value hierarchy refer to note M1.1 - *Accounting policy*.

#### H3.2 Profile

Hyprop, Balkan Retail and Hyprop Mauritius have provided guarantees to banks that have provided funding to wholly owned subsidiaries. The guarantees provided by Hyprop are secured by mortgage bonds over certain of the Group's investment properties as disclosed in note E1.8 – *Mortgaged properties*. Details of the secured loans are disclosed in note H1.5 - *Individual facilities*.

##### H3.2.1 USD guarantees

Hyprop Mauritius has provided limited guarantees to Rand Merchant Bank (Mauritius) for the interest payable under the USD denominated loan advanced to Gruppo Investment Nigeria Ltd. This financial guarantee liability is eliminated on consolidation as the underlying loan is reflected on the Statement of financial position.

##### H3.2.2 EUR guarantees

Hyprop has provided guarantees to Rand Merchant Bank for loan (€109.7m) and guarantee (€1.2m) facilities granted to Balkan Retail. Balkan Retail has provided a guarantee to 4 commercial banks in Skopje of €1.2m in aggregate for the interest payable under the Euro denominated loans advanced to SCM Retail Doel Skopje. The financial guarantee liabilities in respect of these facilities are eliminated on consolidation as the underlying loans are reflected on the Statement of financial position.

#### June 2022

During the 2022 financial year loans of €290m which were guaranteed by Hyprop and PDI were settled and the back to back guarantees and security provided by PDI to Hyprop, as well as the guarantee fee arrangements between Hyprop and PDI, were released / cancelled following implementation of the Hystead transaction and the PDI transaction.

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>H3.3 Carrying value</b>				
Guarantees in respect of EUR denominated loans	-	-	44 963	44 963
<b>Total financial guarantee liabilities</b>	<b>-</b>	<b>-</b>	<b>44 963</b>	<b>44 963</b>
<b>H3.4 Maturity profile</b>				
Non-current liabilities	-	-	427	44 536
Current liabilities	-	-	44 536	427
<b>Total financial guarantee liabilities</b>	<b>-</b>	<b>-</b>	<b>44 963</b>	<b>44 963</b>

# Notes to the consolidated and separate financial statements continued

## H Funding and related items (continued)

### H3 Financial guarantees (continued)

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>H3.5 Movement reconciliation</b>				
Balance at the beginning of the year	-	110 401	44 963	110 401
New guarantees issued	-	427	-	427
Derecognition of guarantees cancelled / expired	-	(65 865)	-	(65 865)
Elimination due to business combination	-	(44 963)	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>44 963</b>	<b>44 963</b>

The derecognition of the financial guarantee liability for guarantees given on behalf of Hystead and Balkan Retail is due to repayment of the guaranteed loans during the 2022 financial year.

### H3.6 Exposure under financial guarantees

	COMPANY	
	€'000	Rand equivalent R'000
<b>June 2023</b>		
Loans / facilities guaranteed by Hyprop	113 455	2 327 983
<b>Exposure under guarantees</b>	<b>113 455</b>	<b>2 327 983</b>
Net assets of underlying subsidiaries which may mitigate exposure under guarantees	(179 467)	(3 682 491)
<b>Net difference</b>	<b>(66 012)</b>	<b>(1 354 508)</b>
<b>June 2022</b>		
Loans / facilities guaranteed by Hyprop	113 455	1 924 798
<b>Exposure under guarantees</b>	<b>113 455</b>	<b>1 924 798</b>
Net assets of underlying subsidiaries which may mitigate exposure under guarantees	(157 995)	(2 680 434)
<b>Net difference</b>	<b>(44 540)</b>	<b>(755 636)</b>

# Notes to the consolidated and separate financial statements continued

H Funding and related items (continued)

H3 Financial guarantees (continued)

H3.7 Valuation assumptions – Unobservable inputs	COMPANY	
	June 2023	June 2022
Risk-free rate	EUR ESTER	EUR IOS
Data used for probability of default	Publicly available IMF data and management input	Publicly available IMF data and management input
Loss given default (%)	Between 5% and 14% for EUR guarantees	Between 20% and 30% for EUR guarantees
Credit rating	BB- to BBB	BB- to BBB

## H3.8 Valuation sensitivity

The valuation of the financial guarantee liabilities is sensitive to changes to the unobservable inputs above. Changes in one unobservable input, while holding the other inputs constant would have the following effects on the carrying value of the financial guarantees on the Statement of financial position.

Increase / (Decrease) in financial liability	COMPANY	
	June 2023 R'000	June 2022 R'000
<b>Change in credit rating</b>		
One notch better credit risk than Hyprop	(16 665)	(16 665)
One notch worse credit risk than Hyprop <sup>1</sup>	-	-

<sup>1</sup> No value is shown for the worsening of credit risk as the highest end of the day 1 valuation has been used.

# Notes to the consolidated and separate financial statements continued

## H Funding and related items (continued)

### H4 Covenants and capital management

#### H4.1 External restrictions

In terms of the Company's DCM Programme and the agreements between the Group and the financial institutions that have granted loans to the Group, the Group is required to maintain certain key financial ratios (covenants). If a covenant is breached on or before the reporting date, the affected borrowings should be classified as current if the Group does not have the right to defer settlement for at least 12 months after the reporting date.

The Group actively monitors and manages banking covenants to pre-empt any potential covenant breaches. There were no banking covenant breaches during the current or prior years.

Summarised below are the Group's key covenants and their status.

Covenant	Benchmark range	Reported as	GROUP			
			June 2023	Status	June 2022	Status
<b>Group LTV ratio</b>	A maximum of 50% to 55% (2022: 55%)	Percentage	<b>35.0 - 38.4</b>	✓	34.8 - 37.9	✓
<b>Secured asset / portfolio LTV ratio</b>	A maximum of 60% to 70% (2022: 50% to 70%)	Percentage	<b>37.0 - 52.0</b>	✓	25.3 - 55.7	✓
<b>Net asset value</b>	A minimum of R7.5bn <sup>1</sup>	Rbn	<b>22.6</b>	✓	21.7	✓
<b>Group interest cover ratio</b> (EBITDA / interest expense)	A minimum of 1.75 to 2 times cover <sup>1</sup>	Times	<b>2.8</b>	✓	3.1 - 3.2	✓
<b>Secured asset / portfolio interest cover ratio</b>	A minimum of 1.5 to 1.75 times cover (2022: 1.75 to 1.8)	Times	<b>1.9 - 11.4</b>	✓	2.3 - 7.4	✓

<sup>1</sup> The ranges indicated apply to both the 2023 and the 2022 financial years unless otherwise indicated.

Covenant	Benchmark range	Reported as	EE			
			June 2023	Status	June 2022	Status
<b>Secured asset LTV ratio</b>	A maximum of 50 to 60% (2022: 60%)	Percentage	<b>31 - 46</b>	✓	40 - 55	✓
<b>Debt Service Cover ratio</b> 12m historic	A minimum of 1.1 to 1.8 (2022: 1.1 to 1.8)	Times	<b>1.5 - 3.26</b>	✓	2.48 - 2.91	✓
<b>Debt Service Cover ratio</b> 12m forward			<b>1.3 - 3.06</b>	✓	1.3 - 2.41	✓
<b>Occupancy rate</b>	Not less than 85% of GLA (2022: 85%)	Percentage	<b>100</b>	✓	100	✓
<b>Average monthly rent revenues</b> 12m historic	Not less than €550 000 (2022: €550 000)	EUR	<b>693 259</b>	✓	708 765	✓
<b>Equity ratio</b> (Equity to Total Assets)	Not less than 30% (2022: 30%)	Percentage	<b>50</b>	✓	38	✓
<b>Required cash reserve balances</b>	A minimum of €1.1m (2022: €1.2m)	EURm	<b>5.8</b>	✓	3.6	✓

# Notes to the consolidated and separate financial statements continued

## H Funding and related items (continued)

### H4 Covenants and capital management (continued)

#### H4.2 Internal restrictions

Hyprop's capital management objective is to maintain a strong capital base to provide sustainable returns to shareholders over the long-term. The Company's borrowings are not limited by its Memorandum of Incorporation however, in terms of paragraph 13.46(g)(ii) of the JSE Listings Requirements, a REIT's total consolidated liabilities may not exceed 60% of its consolidated gross asset value, as reflected in its latest published financial statements or results. Should the 60% threshold be exceeded, Hyprop may lose its REIT status under the JSE Listings Requirements.

Hyprop's (theoretical) unutilised borrowing capacity can be summarised as follows:

	GROUP	
	June 2023 R'000	June 2022 R'000
<b>Total consolidated assets / gross asset value</b>	<b>39 870 697</b>	<b>37 276 317</b>
60% of gross asset value	23 922 418	22 365 790
Total consolidated liabilities	(17 301 615)	(16 506 174)
<b>Unutilised borrowing capacity</b>	<b>6 620 803</b>	<b>5 859 616</b>
Ratio of Total consolidated liabilities to Gross asset value	43%	44%

# Notes to the consolidated and separate financial statements continued

## I Other liabilities

### I1 Deferred taxation

#### I1.1 Accounting policy

Deferred taxation is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxation is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- Goodwill that arises on initial recognition in a business combination; and
- Differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply to the period when the asset is realised or the liability is settled, based on taxation rates and taxation laws that have been enacted or substantively enacted by the reporting date.

The effect of any changes in taxation rates on deferred taxation is recognised in profit or loss for the period, except to the extent that they relate to items previously charged or credited directly to other comprehensive income or equity.

A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

Deferred taxation assets and liabilities are offset if there is a legally enforceable right to offset taxation liabilities and assets, and they relate to income taxes levied by the same taxation authority on the same taxable entity.

#### I1.2 Key judgements and estimations

For key judgements and estimations applied to taxation (including deferred taxation) refer to note A2.2 - *Estimates, assumptions and judgements*.

In February 2022 it was announced that the corporate income tax rate for South African tax resident companies would reduce from 28% to 27% for the companies' tax (financial) years commencing on or after March 2022. The reduced income tax rate applied to all South African tax resident Group companies from the commencement of the Group's 2023 financial year.

#### I1.3 Maturity profile

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Non-current assets	1 116	1 087	-	-
Non-current liabilities	(1 113 118)	(913 581)	(176 145)	(170 598)
<b>Net deferred taxation liability</b>	<b>(1 112 002)</b>	<b>(912 494)</b>	<b>(176 145)</b>	<b>(170 598)</b>

#### I1.4 Carrying value

##### Arising on:

Depreciation / Wear and tear claims on investment property and property, plant and equipment	(1 033 739)	(909 743)	(182 777)	(177 230)
Wear and tear claims on intangible asset	1 027	273	-	-
Other temporary differences	(85 922)	(9 656)	-	-
Taxation loss carried forward	6 632	6 632	6 632	6 632
<b>Net deferred taxation liability</b>	<b>(1 112 002)</b>	<b>(912 494)</b>	<b>(176 145)</b>	<b>(170 598)</b>

# Notes to the consolidated and separate financial statements continued

## I Other liabilities (continued)

### I1 Deferred taxation (continued)

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>I1.5 Movement reconciliation - net</b>				
Balance at the beginning of the year	(912 494)	(187 056)	(170 598)	(187 218)
Acquired through business combination	-	(714 652)	-	-
Currency translation difference	(158 580)	(28 303)	-	-
Change in tax rate	-	6 318	-	6 318
Movement through profit or loss	(40 928)	11 199	(5 547)	10 302
Property, plant and equipment and tenant installations	(11 044)	(4 933)	(5 547)	(5 577)
Reversal of wear and tear allowances on asset sales	-	15 879	-	15 879
Fair value of investment property	(24 685)	(964)	-	-
Tax loss utilised	-	(4)	-	-
Intangible asset	270	273	-	-
Rent and other receivables	(5 343)	948	-	-
Other temporary differences	(126)	-	-	-
<b>Net Balance at the end of the year</b>	<b>(1 112 002)</b>	<b>(912 494)</b>	<b>(176 145)</b>	<b>(170 598)</b>

	GROUP		COMPANY	
	June 2023 %	June 2022 %	June 2023 %	June 2022 %
<b>I1.6 Tax rates used for deferred tax balances</b>				
South Africa	27	27	27	27
Croatia	18	18		
Bulgaria	10	10		
North Macedonia	10	10		
Netherlands	25.8	25.8		
United Kingdom	25	19		
Nigeria	10	10		

# Notes to the consolidated and separate financial statements continued

## I Other liabilities (continued)

### I2 Taxation payable

#### I2.1 Accounting policy

Normal taxation liabilities/assets for the current and prior periods are measured at the amount expected to be paid to/recovered from the taxation authorities, using the taxation rates and taxation laws that have been enacted or substantively enacted by the reporting date.

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>I2.2 Carrying value</b>				
Current assets	(23 110)	(280)	-	-
Current liabilities	9 639	97 332	80	208
<b>Net current (assets) / liabilities</b>	<b>(13 471)</b>	<b>97 052</b>	<b>80</b>	<b>208</b>
SA	80	208	80	208
EE	(13 643)	95 315	-	-
SSA	92	1 529	-	-
<b>Liabilities associated with non-current assets held-for-sale</b>	<b>1 154</b>	<b>10 344</b>	<b>-</b>	<b>-</b>
<b>Total taxation (receivable) / payable</b>	<b>(12 317)</b>	<b>107 396</b>	<b>80</b>	<b>208</b>

### I3 Trade and other payables

#### I3.1 Accounting policy

Trade and other payables are measured at amortised cost. Short-term payables are measured at the original invoice amount as the effect of discounting is immaterial.

#### I3.2 Carrying values

##### I3.2.1 Trade and other payables - financial instruments

Trade payables and accrued expenses	184 911	226 745	125 899	143 642
Tenant deposits	130 837	121 603	80 663	81 287
Gift cards	66 408	54 354	39 634	34 435
Value added tax (VAT) <sup>1</sup>	-	32 422	-	17 050
Interest payable	70 122	44 222	69 424	40 299
<b>Total trade and other payables - financial instruments</b>	<b>452 278</b>	<b>479 346</b>	<b>315 620</b>	<b>316 713</b>

<sup>1</sup> VAT payables were reallocated to the non-financial instruments category in 2023.

# Notes to the consolidated and separate financial statements continued

## I Other liabilities (continued)

### I3 Trade and other payables (continued)

#### I3.2 Carrying values (continued)

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>I3.2.2 Trade and other payables - non-financial instruments</b>				
Rent received in advance	85 687	68 199	84 128	64 279
Municipal accruals	143 619	136 895	136 409	130 941
Employee benefit accruals	9 968	8 992	9 968	8 992
Value added tax (VAT)	58 927	-	13 723	-
Other payables	23 203	20 299	21 968	17 927
<b>Total trade and other payables - non-financial instruments</b>	<b>321 404</b>	<b>234 385</b>	<b>266 196</b>	<b>222 139</b>
<b>Total trade and other payables</b>	<b>773 682</b>	<b>713 731</b>	<b>581 816</b>	<b>538 852</b>

## I4 Provisions

### I4.1 Accounting policy

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the gross value of the expected outflow of resources required to settle the obligation, except where the amount and timing of settlement are certain and the impact of the time value is expected to be significant. In that instance, provisions are measured at the present value of the expected outflow of resources required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

### I4.2 Profile

#### Employee benefit provisions:

##### Short-term incentives

Bonus and other employee benefits provided for the financial year. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### Long-term incentives

**South Africa** - The balance includes a long-term incentive provision for a special bonus allocated in October 2021, which is subject to performance conditions and vests in October 2025. The bonus will be cash-settled.

**Eastern Europe** - The balance includes provision for a cash settled incentive in terms of which a portion of awardees' annual bonus is deferred for a performance period of 3 years. See note L2.2.1 - *LTIIP*.

#### Litigation provisions:

Provisions relating to litigation that is likely to result in an outflow of resources, whose timing depends on the resolution of the litigation.

#### Warranty provisions:

Provisions for claims arising from warranties given to purchasers of assets from the Group.

# Notes to the consolidated and separate financial statements continued

## I Other liabilities (continued)

### I4 Provisions (continued)

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>14.3 Carrying value</b>				
<b>Non-current</b>	<b>10 663</b>	<b>4 570</b>	<b>10 663</b>	<b>4 570</b>
Employee benefit provisions	10 663	4 570	10 663	4 570
<b>Current</b>	<b>62 477</b>	<b>52 991</b>	<b>41 688</b>	<b>41 925</b>
Employee benefit provisions	53 563	46 256	41 688	41 925
Litigation and other provisions	8 914	6 735	-	-
<b>Total</b>	<b>73 140</b>	<b>57 561</b>	<b>52 351</b>	<b>46 495</b>

### 14.4 Reconciliation for each class of provision

GROUP	Employee benefit provisions	Litigation and other provisions	Total provisions
<b>Total provisions</b>			
<b>Balance at 30 June 2021</b>	<b>36 967</b>	<b>-</b>	<b>36 967</b>
New provisions raised	48 639	167	48 806
Acquired through business combinations	2 187	6 568	8 755
Utilised	(28 747)	-	(28 747)
Unutilised amounts reversed	(8 220)	-	(8 220)
<b>Balance at 30 June 2022</b>	<b>50 826</b>	<b>6 735</b>	<b>57 561</b>
New provisions raised	54 140	688	54 828
Utilised	(38 678)	-	(38 678)
Unutilised amounts reversed	(3 802)	-	(3 802)
Currency translation and other movements	1 740	1 491	3 231
<b>Balance at 30 June 2023</b>	<b>64 226</b>	<b>8 914</b>	<b>73 140</b>
<b>COMPANY</b>			
<b>Total provisions</b>			
<b>Balance at 30 June 2021</b>	<b>36 967</b>	<b>-</b>	<b>36 967</b>
New provisions raised	46 495	-	46 495
Utilised	(28 747)	-	(28 747)
Unutilised amounts reversed	(8 220)	-	(8 220)
<b>Balance at 30 June 2022</b>	<b>46 495</b>	<b>-</b>	<b>46 495</b>
New provisions raised	45 957	-	45 957
Utilised	(36 299)	-	(36 299)
Unutilised amounts reversed	(3 802)	-	(3 802)
<b>Balance at 30 June 2023</b>	<b>52 351</b>	<b>-</b>	<b>52 351</b>

# Notes to the consolidated and separate financial statements continued

## J Cash flow information

### J1 Cash generated from operations

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Profit for the year attributable to shareholders of the Company</b>		<b>1 521 216</b>	<b>1 345 164</b>	<b>1 474 260</b>	<b>1 699 849</b>
<b>Adjusted for</b>		<b>(442 740)</b>	<b>(292 002)</b>	<b>(486 213)</b>	<b>(710 717)</b>
Non-controlling interests' share of profit for the year		(35 692)	(991)	-	-
Deferred and normal tax	D7.3	71 581	15 024	5 627	(16 413)
Change in fair value - investment property	E1.5	(434 145)	(459 403)	(277 212)	(374 930)
Change in fair value - financial asset - Hystead		-	7 159	-	(4 177)
Change in fair value - derivatives	H2.4	(56 026)	(238 690)	(4 007)	(181 783)
Derecognition of financial guarantees	H3.5	-	(65 865)	-	(65 865)
Changes in expected credit losses - loans receivable	F1.4.2	2 767	-	(2 472)	(16 163)
Impairment of intangible asset	E7.3.1	-	16 197	-	-
Impairment of goodwill	E7.3.1	8 775	433 432	-	-
Profit on disposal – investment property		-	1 135	-	1 135
Reversal of impairment of investment in subsidiary	E7.3.2	-	-	(208 149)	(52 521)
<b>Net income before value adjustments</b>		<b>1 078 476</b>	<b>1 053 162</b>	<b>988 047</b>	<b>989 132</b>
<b>Adjusted for</b>		<b>1 378 345</b>	<b>703 984</b>	<b>505 448</b>	<b>452 234</b>
Interest income	D6.2	(53 040)	(74 207)	(44 256)	(76 887)
Interest expense	D6.2	907 503	568 094	542 959	428 081
Straight-line rental revenue accrual	D1.2	100 380	42 866	82 822	36 174
Assets written off		5 576	118	1 553	-
Dividends received	D3.2	-	-	(151 871)	-
Loss from equity accounted investments	E5.5.3	150 694	68 209	-	-
Unrealised foreign exchange (gain) / loss		164 376	9 435	(383)	266
Changes in expected credit losses - trade receivables		(16 611)	8 810	(39)	9 347
Depreciation – property, plant and equipment	E2.3	110 391	70 625	60 326	50 298
Amortisation		-	5 167	-	-
Share-based payment expense	D4.2	6 153	6 529	5 185	6 529
Other non-cash items		2 923	(1 662)	9 152	(1 574)
<b>Operating profit before working capital changes</b>		<b>2 456 821</b>	<b>1 757 146</b>	<b>1 493 495</b>	<b>1 441 366</b>
<b>Decrease / (increase) in working capital</b>		<b>(19 237)</b>	<b>80 489</b>	<b>(23 951)</b>	<b>48 545</b>
(Increase) / Decrease in receivables		(11 959)	46 285	(42 180)	5 528
Increase / (Decrease) in payables		(7 278)	34 204	18 229	43 017
<b>Cash generated from operations</b>		<b>2 437 584</b>	<b>1 837 635</b>	<b>1 469 544</b>	<b>1 489 911</b>

# Notes to the consolidated and separate financial statements continued

## J Cash flow information (continued)

### J2 Other cash flow notes

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>J2.1 Taxation paid</b>					
Taxation receivable / (payable) at the beginning of the year		(107 396)	(9 484)	(208)	-
Acquired through business combination		-	(101 833)	-	-
Currency translation difference		(3 861)	(1 973)	-	-
Charge for the year in Statement of profit or loss		(30 653)	(32 637)	(80)	(208)
Taxation (receivable) / payable at the end of the year	I2.2	(12 317)	107 396	80	208
<b>Taxation (paid) / refunded</b>		<b>(154 227)</b>	<b>(38 531)</b>	<b>(208)</b>	<b>-</b>
<b>J2.2 Dividends received</b>					
Dividend receivable at the beginning of the year		-	-	-	-
Dividend income	D3	-	-	151 871	-
Dividend receivable at the end of the year		-	-	(151 871)	-
<b>Dividends received in cash</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>J2.3 Dividends paid</b>					
Dividends payable at the beginning of the year		(144 162)	-	-	-
Acquired with business combination	E8.4.1	-	(144 162)	-	-
Currency translation difference		(1 389)	-	-	-
Dividends declared during the year	B2.2	(1 004 269)	(1 034 689)	(1 008 477)	(1 040 111)
Dividends payable at the end of the year		-	144 162	-	-
<b>Dividends paid in cash</b>		<b>(1 149 820)</b>	<b>(1 034 689)</b>	<b>(1 008 477)</b>	<b>(1 040 111)</b>
<b>J2.4 Interest paid</b>					
Interest payable at the beginning of the year <sup>1</sup>	I2.3	(343 203)	(213 497)	(40 299)	(43 671)
Acquired with business combination		-	(6 860)	-	-
Currency translation difference		(33 423)	(36 503)	-	-
Charge for the year in Statement of profit or loss	D6.2	(907 503)	(568 094)	(542 959)	(428 081)
Non-cash amortisation of raising fees		4 263	415	-	-
Interest payable at the end of the year <sup>1</sup>		398 101	343 203	69 424	40 299
<b>Interest paid in cash</b>		<b>(881 765)</b>	<b>(481 336)</b>	<b>(513 834)</b>	<b>(431 453)</b>
<sup>1</sup> Includes accrued but unpaid interest on non-controlling shareholders' loans.					
<b>J2.5 Interest received</b>					
Interest receivable at the beginning of the year		886	760	44 025	42 631
Currency translation difference		308	12	-	-
Cession Balkan Retail NV		(502)	-	-	-
Income for the year in Statement of profit or loss	D6.2	53 040	74 207	44 256	76 887
Interest receivable at the end of the year		(1 951)	(886)	(51 713)	(44 025)
<b>Interest received in cash</b>		<b>51 781</b>	<b>74 093</b>	<b>36 568</b>	<b>75 493</b>

# Notes to the consolidated and separate financial statements continued

## K Related parties

### K1 Related party transactions and balances

#### K1.1 Identification of related parties

##### Entities

Related entities are entities that are subsidiaries, joint ventures, or associates of the Group, or are controlled or jointly controlled by key management (as defined).

##### Key management

Key management of the Group (as contemplated IAS 24: *Related party disclosures*) comprises directors of Hyprop and includes close members of their families and entities controlled or jointly controlled by these individuals. Details of directors' remuneration are included in note L1 – *Directors' remuneration*.

##### Prescribed officers

The Company assesses annually whether any employees should be designated as a prescribed officer (as contemplated by the South African Companies Act). Based on the latest assessment, the Group did not have any prescribed officers who are not also directors of the Company in the current or prior year.

#### K1.2 Related party transactions and balances – entities

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged.

Entities that are related parties and with whom the Group transacted during the year are listed below. Investment holdings are disclosed in E4 - *Investments in Subsidiaries* and E5 - *Investments in Joint arrangements and associates*.

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>South Africa</b>					
<b>African Land - subsidiary</b>					
Borrowings	H1.5.3	-	-	(760 975)	(761 125)
<b>Hyprop Employee Incentive Scheme - subsidiary</b>					
Loan receivable (net of accumulated ECLs)	F1.3	-	-	47 397	52 504
Interest received		-	-	5 988	5 424
<b>Natalmahogany - subsidiary</b>					
Loan receivable (net of cumulative ECLs)	F1.3	-	-	-	7 985
Interest received		-	-	734	524
<b>Coventurist - associate</b>					
Loan receivable (net of cumulative ECLs)	F1.3	7	1 251	7	1 251
Interest received		203	51	203	51

# Notes to the consolidated and separate financial statements continued

## K Related parties (continued)

### K1 Related party transactions and balances (continued)

#### K1.2 Related party transactions and balances – entities (continued)

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Eastern Europe</b>					
<b>Hystead – subsidiary</b>					
Asset management and accounting fee income		-	-	-	18 662
Acquisition of 4 Eastern European properties from Hystead (the Hystead transaction)	E8.2.1	-	2 883 022	-	-
<b>Hyprop Europe - subsidiary</b>					
Dividend income	D3	-	-	151 871	-
Dividend receivable included in other receivables	F2.2.2	-	-	151 871	-
<b>Balkan Retail - subsidiary</b>					
<i>Financial guarantees given by Hyprop on behalf of Balkan Retail</i>					
Loans / facilities guaranteed by Hyprop on behalf of Balkan Retail	H3.6	-	-	2 327 983	1 924 798
Carrying value of financial guarantee liability	H3.4	-	-	44 963	44 963
<b>Sub-Saharan Africa</b>					
<b>Hyprop Mauritius - subsidiary</b>					
Loans receivable		-	-	<b>16 718</b>	-
Loan balances	F1.3	-	-	1 495 465	1 492 425
Cumulative ECLs	F1.3	-	-	(1 478 747)	(1 492 425)
Interest received		-	-	2 341	1 292
Asset management fee income		-	-	572	-
<b>WAAM - subsidiary</b>					
Loan receivable	F1.3	-	-	-	821
Fees received		-	-	877	821
<b>AttAfrica – joint venture</b>					
Borrowings	H1.5.3	12 938	11 112	-	-

# Notes to the consolidated and separate financial statements continued

## K Related parties (continued)

### K1 Related party transactions and balances (continued)

K1.3 Directors' interests in Hyprop shares	GROUP and COMPANY					
	June 2023			June 2022		
	Direct beneficial	Indirect beneficial	Total	Direct beneficial	Indirect beneficial	Total
Independent non-executive directors	-	-	-	39 618	-	39 618
Non-executive directors <sup>1</sup>	-	3 000 000	3 000 000	-	3 000 000	3 000 000
Executive directors <sup>2</sup>	888 295	110 407	998 702	594 527	79 464	673 991
<b>Total</b>	<b>888 295</b>	<b>3 110 407</b>	<b>3 998 702</b>	<b>634 145</b>	<b>3 079 464</b>	<b>3 713 609</b>

<sup>1</sup> Exposure in terms of off-market derivative transactions (Long call 2 000 000 shares, short call 500 000 shares, short put 1 500 000 shares) at varying strike prices.

<sup>2</sup> Includes shares awarded under the CUP and LTIP.

Details of directors' remuneration are included in note L1 – *Directors' remuneration*.

# Notes to the consolidated and separate financial statements continued

## L Remuneration

### L1 Directors' remuneration

#### L1.1 Cash Remuneration

##### L1.1.1 Non-executive directors (fees)

	GROUP AND COMPANY	
	June 2023 R'000	June 2022 R'000
<b>Independent non-executive directors</b>	<b>6 158</b>	<b>4 831</b>
Spiro Noussis <sup>1,3</sup> (chairman)	1 133	670
Annabel Dallamore	628	563
Loyiso Dotwana <sup>6</sup>	533	167
Richard Inskip <sup>2</sup>	544	-
Zuleka Jasper	568	529
Nonyameko Mandindi <sup>7</sup>	249	467
Thabo Mokgatla	693	656
Bernadette Mzobe <sup>6</sup>	620	167
Gavin Tipper <sup>4</sup>	709	901
Stewart Shaw-Taylor <sup>5</sup>	481	711
<b>Non-executive directors</b>		
Kevin Ellerine	533	406
<b>Total non-executive directors</b>	<b>6 691</b>	<b>5 237</b>

<sup>1</sup> Appointed chairman with effect from 31 December 2022.

<sup>2</sup> Appointed with effect from 1 July 2022.

<sup>3</sup> Fees paid to Spiro Noussis and Morné Wilken include R 250 223 (2022: R 263 463) and R nil (2022: R 208 566) respectively that were paid for their serving as directors of Hystead and Hyprop UK. These fees are GBP denominated.

<sup>4</sup> Resigned with effect from 31 December 2022.

<sup>5</sup> Retired with effect from 25 November 2022.

<sup>6</sup> Appointed with effect from 21 January 2022.

<sup>7</sup> Resigned with effect from 5 December 2022.

##### L1.1.2 Executive directors

	Morné Wilken CEO		Brett Till CFO		Wilhelm Nauta CIO		Total Executive Directors	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>GROUP and COMPANY</b>								
Basic salary	5 031	4 535	3 170	2 988	2 998	2 838	11 199	10 361
Pension Fund Contributions	449	420	286	269	199	189	934	878
Performance Bonus - cash	4 070	3 542	2 260	2 174	1 813	2 004	8 143	7 720
Performance Bonus - restricted shares	1 744	-	968	-	777	-	3 489	-
Vested Shares	219	-	115	-	277	178	611	178
Other Benefits	36	36	60	60	60	60	156	156
Fees <sup>3</sup>	-	209	-	-	-	-	-	209
<b>Total executive directors</b>	<b>11 549</b>	<b>8 742</b>	<b>6 859</b>	<b>5 491</b>	<b>6 124</b>	<b>5 269</b>	<b>24 532</b>	<b>19 502</b>
<b>Total Directors' Remuneration</b>							<b>31 223</b>	<b>24 739</b>

# Notes to the consolidated and separate financial statements continued

## L Remuneration (continued)

### L1 Directors' remuneration (continued)

#### L1.2 Share-based payments

##### L1.2.1 Reconciliation of number of shares outstanding for executive directors

	Morné Wilken CEO		Brett Till CFO		Wilhelm Nauta CIO		Total Executive Directors	
	June 2023	June 2022	June 2023	June 2022	June 2023	June 2022	June 2023	June 2022
<b>GROUP and COMPANY</b>	<b>Number of shares</b>		<b>Number of shares</b>		<b>Number of shares</b>		<b>Number of shares</b>	
Outstanding at the beginning of the year	263 200	205 233	166 612	133 859	159 271	125 007	589 083	464 099
New awards granted	190 271	84 000	99 259	46 002	80 514	43 836	370 044	173 838
Vested	(6 279)	-	(3 292)	-	(5 655)	(5 444)	(15 226)	(5 444)
Forfeited	(27 351)	(26 033)	(14 336)	(13 249)	(13 919)	(4 128)	(55 606)	(43 410)
<b>Outstanding at the end of the year</b>	<b>419 841</b>	<b>263 200</b>	<b>248 243</b>	<b>166 612</b>	<b>220 211</b>	<b>159 271</b>	<b>888 295</b>	<b>589 083</b>
<b>Number of shares by award type</b>								
CUP	229 570	263 200	148 984	166 612	139 697	159 271	518 251	589 083
LTPA	142 471	-	72 720	-	59 216	-	274 407	-
<b>Subtotal</b>	<b>372 041</b>	<b>263 200</b>	<b>221 704</b>	<b>166 612</b>	<b>198 913</b>	<b>159 271</b>	<b>792 658</b>	<b>589 083</b>
Restricted shares	47 800	-	26 539	-	21 298	-	95 637	-
<b>Outstanding at the end of the year</b>	<b>419 841</b>	<b>263 200</b>	<b>248 243</b>	<b>166 612</b>	<b>220 211</b>	<b>159 271</b>	<b>888 295</b>	<b>589 083</b>

##### L1.2.2 Reconciliation of value of shares outstanding for executive directors

	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Outstanding at the beginning of the year at market value <sup>1</sup>	8 735	5 438	5 531	3 548	5 288	3 313	19 554	12 299
New awards granted <sup>2</sup>	6 944	2 377	3 622	1 302	2 939	1 241	13 505	4 920
Vested	(219)	-	(115)	-	(195)	(161)	(529)	(161)
Forfeited	(908)	(690)	(476)	(351)	(462)	(109)	(1 846)	(1 150)
Change in market value	(1 660)	1 610	(939)	1 032	(807)	1 004	(3 406)	3 646
<b>Outstanding at the end of the year at market value<sup>3</sup></b>	<b>12 892</b>	<b>8 735</b>	<b>7 623</b>	<b>5 531</b>	<b>6 763</b>	<b>5 288</b>	<b>27 278</b>	<b>19 554</b>

<sup>1</sup> Shares outstanding at the beginning of the year and shares forfeited are valued at the closing share price of R33.19 on 30 June 2022 (2022: R26.50 on 30 June 2021).

<sup>2</sup> Shares awarded during the year are valued at the 30 day VWAP on grant date of R36.49 (2022: R28.30).

<sup>3</sup> Shares outstanding at the end of the year are valued at the closing share price of R30.71 (2022: R33.19).

# Notes to the consolidated and separate financial statements continued

## L Remuneration (continued)

### L1 Directors' remuneration (continued)

#### L1.2 Share-based payments (continued)

##### L1.2.3 Share-based payments expense

The following amounts were recorded in the statement of profit and loss with respect to share-based payments awarded to executive directors.

No incremental expense was incurred for Restricted shares awarded as they are settled on grant date (subject to vesting over 3 years).

	Gross expense		Forfeits		Net expense	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Morné Wilken (CEO)	2 864	2 835	(1 879)	(2 743)	985	92
Brett Till (CFO)	1 671	1 660	(985)	(1 609)	686	51
Wilhelm Nauta (CIO)	1 490	1 459	(957)	(433)	533	1 026
<b>Total</b>	<b>6 025</b>	<b>5 954</b>	<b>(3 821)</b>	<b>(4 785)</b>	<b>2 204</b>	<b>1 169</b>

## L2 Long-term incentives

### L2.1 Accounting policy

#### Equity-settled incentives (Share-based payments)

The grant date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity (Share-based payments reserve), over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met such that the amount ultimately recognised is based on the number of awards that meet the related service, market and non-market performance conditions at the vesting date.

#### Cash-settled incentives (Share-based payments)

The grant date fair value of cash-settled share-based payment arrangements is recognised as an expense, with a corresponding increase in liabilities, over the vesting period (if any). The fair value is remeasured at least annually, with any changes in fair value recognised in profit or loss for the period.

#### Other cash-settled LTIs (Non-share-based payments)

Long-term cash settled incentives which are not share-based are expensed over their vesting period with a corresponding increase in Employee benefit provisions.

### L2.2 Profile

Long-term performance awards (LTPAs) were previously granted in terms of the CUP, an equity settled share plan approved by shareholders in 2013, which has reached the end of its life cycle.

The CUP has been replaced by the LTIP, which was approved by shareholders on 20 July 2022 and applies from the 2023 financial year. Details of LTIP awards are set out below in L2.2.1 - *LTIP*.

Details of pre-existing CUP awards are set out below in L2.2.2 - *CUP*. These awards will continue under the CUP rules, and the outcomes of these awards will be reported as they reach their vesting dates.

# Notes to the consolidated and separate financial statements continued

## L Remuneration (continued)

### L2 Long-term incentives (continued)

#### L2.2 Profile (continued)

##### L2.2.1 LTIP

The LTIP consists of 2 elements which are share-based:

###### 1. LTPAs (Long-term performance awards)

An *equity settled* share plan, with a performance period of not less than 3 years.

This award of conditional shares is subject to forfeiture if the performance conditions and the employment condition as specified in the award letter are not satisfied.

###### 2. Deferred awards

**South Africa** - an *equity settled* share plan where a percentage of the annual bonus, determined in accordance with the Company's remuneration policy, is awarded as Restricted Shares in lieu of paying the specified percentage of the annual bonus in cash, the vesting of which is subject to the employment condition.

In conjunction with implementation of the LTIP, a cash settled phantom share plan and deferred awards, based on the same principles as the LTIP, were implemented for Eligible Employees of the Group who are not employed in South Africa, as follows:

###### 1. Cash LTPAs (Long-term performance awards)

A *cash settled* phantom share plan, with a performance period of not less than 3 years.

This award of phantom shares is subject to forfeiture if the performance conditions and the employment condition as specified in the award letter are not satisfied.

###### 2. Cash Deferred awards

A cash settled incentive in terms of which a portion of awardees' annual bonus is deferred for a performance period of 3 years. This incentive increases/decreases based on achievement of performance targets and is payable in 3 tranches over the vesting period, provided the awardee remains in the employ of the Group.

##### L2.2.2 CUP

The CUP consists of two components – performance shares and retention shares. The allocation between performance and retention shares was 70:30 for all participants.

Awards under the CUP were made on an annual basis. No new awards were made in the current year. Awards are settled by the issue/transfer of Hyprop shares to qualifying employees. These are not new shares issued but rather shares acquired in the market and held by Hyprop Employee Incentive Scheme.

###### Performance shares

The performance conditions for shares allocated as performance shares are as follows:

**40%** Growth in distribution per share relative to the peer group

**40%** Share price performance relative to the peer group

**20%** A strategic component, which is determined by the remuneration committee in line with the prevailing circumstances and projects at the time of the award.

Each of the performance conditions is measured over a three-year performance period. Participants must be employed at the end of the vesting period for the award to vest.

###### Retention shares

Retention shares vest after five years, provided the participant is still employed by the Group.

# Notes to the consolidated and separate financial statements continued

## L Remuneration (continued)

### L2 Long-term incentives (continued)

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>L2.3 Obligation carrying values</b>					
<b>Share-based payments - recorded in reserves</b>	L2.7	<b>33 763</b>	<b>33 076</b>	<b>33 763</b>	<b>33 076</b>
CUP - equity-settled		29 276	33 076	29 276	33 076
LTPA - equity-settled		4 487	-	4 487	-
<b>Share-based payments - recorded in Share-based payment liabilities</b>					
Cash LTPAs - Phantom share plan		1 068	-	-	-
<b>Total share-based payment obligations</b>		<b>34 831</b>	<b>33 076</b>	<b>33 763</b>	<b>33 076</b>
<b>Cash incentives - recorded in Employee benefit provisions</b>		<b>11 736</b>	<b>4 570</b>	<b>10 663</b>	<b>4 570</b>
Special bonus	14.3	10 663	4 570	10 663	4 570
Cash deferred awards		1 073	-	-	-
<b>Total long-term incentive obligations</b>		<b>46 567</b>	<b>37 646</b>	<b>44 426</b>	<b>37 646</b>
<b>L2.4 Amounts recognised in profit or loss</b>					
Expense arising from equity-settled share-based payments		5 182	6 529	5 182	6 529
Expense arising from cash-settled share-based payments		971	-	-	-
<b>Total share-based payments expense</b>	D4.2	<b>6 153</b>	<b>6 529</b>	<b>5 182</b>	<b>6 529</b>

# Notes to the consolidated and separate financial statements continued

## L Remuneration (continued)

### L2 Long-term incentives (continued)

#### L2.5 Number of awards outstanding

GROUP and COMPANY	TOTAL AWARDS	
	June 2023	June 2022
Outstanding at the beginning of the year	1 705 272	1 377 049
New awards granted	953 129	522 930
Vested <sup>1</sup>	(50 691)	(51 050)
Forfeited	(231 672)	(143 657)
<b>Outstanding at the end of the year</b>	<b>2 376 038</b>	<b>1 705 272</b>

<sup>1</sup> Vested awards are settled by the transfer of Hyprop ordinary shares to the employees

Number of awards by award type	Weighted average remaining vesting period (years)		TOTAL AWARDS	
	June 2023	June 2022	June 2023	June 2022
CUP	1.0	1.8	1 439 336	1 705 272
LTPA - equity settled	2.9	-	632 324	-
LTPA - cash settled	2.9	-	177 499	-
<b>Subtotal</b>			<b>2 249 159</b>	<b>1 705 272</b>
Restricted	1.4	-	126 879	-
<b>Outstanding at the end of the year</b>			<b>2 376 038</b>	<b>1 705 272</b>

#### L2.6 Value of awards outstanding

GROUP and COMPANY	TOTAL AWARD VALUE	
	June 2023	June 2022
	R'000	R'000
Outstanding at the beginning of the year at market value <sup>2</sup>	56 598	36 492
New awards granted <sup>3</sup>	34 780	7 399
Vested <sup>4</sup>	(1 748)	(1 581)
Forfeited	(7 747)	(3 807)
Change in market value	(8 915)	18 095
<b>Outstanding at the end of the year at market value<sup>5</sup></b>	<b>72 968</b>	<b>56 598</b>

<sup>2</sup> Awards outstanding at the beginning of the year and awards forfeited are valued at the prior year closing share price of R33.19 on 30 June 2022 (2022: R26.50 on 30 June 2021).

<sup>3</sup> Awards granted during the year were valued at the 30 day VWAP on grant date of R36.49 (2022: R28.30).

<sup>4</sup> Two tranches of CUP awards vested during the 2023 year at fair values of R33.98 and R34.80 per share.

<sup>5</sup> Awards outstanding at the end of the year are valued at the closing share price of R30.71 (2022: R33.19).

# Notes to the consolidated and separate financial statements continued

## L Remuneration (continued)

### L2 Long-term incentives (continued)

#### L2.7 Movement reconciliation - Share-based payment reserve

*(CUP and LTPA - equity settled)*

	GROUP and COMPANY	
	June 2023	June 2022
	R'000	R'000
Balance at the beginning of the year	33 076	32 058
Release of reserve on vesting of awards	(4 495)	(5 653)
Share-based payment expense	15 825	15 893
Forfeitures	(10 643)	(9 222)
<b>Balance at the end of the year</b>	<b>33 763</b>	<b>33 076</b>

#### L2.8 Valuation methodology

The day-one fair value of the awards granted is determined based on the 30-day VWAP of Hyprop awards ending on the grant date. The number of awards expected to vest is not adjusted for performance conditions measured relative to peer groups as it is not possible to reliably predict future relative performance.

## L3 Retirement benefits

### L3.1 Accounting policy

A defined contribution plan is a post-employment benefit plan under which Group companies pay contributions to separate entities (funds) which provide post retirement benefits to employees. The Group companies have no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Group company contributions to defined contribution plans are recognised as an employee benefit expense when the related services have been rendered.

### L3.2 Profile

#### SA

All permanent employees must be members of the Uncover Pension Fund (an umbrella defined contribution fund) (the Uncover fund), except those who elect not to be members in terms of section 197 of the Labour Relations Act 66 of 1995 (LRA).

In addition to the post-retirement benefits, the fund provides comprehensive death, disability, funeral and universal education cover for all members.

	GROUP		COMPANY	
	June 2023	June 2022	June 2023	June 2022
	R'000	R'000	R'000	R'000
<b>L3.3 Retirement benefits – expense</b>				
Employer contributions	10 607	8 119	10 607	7 745
Employee contributions	5 493	5 363	5 493	5 064
<b>Total</b>	<b>16 100</b>	<b>13 482</b>	<b>16 100</b>	<b>12 809</b>

# Notes to the consolidated and separate financial statements continued

## M Financial instruments

### M1 Classification of financial instruments

#### M1.1 Accounting policy

Financial instruments are monetary contracts that give rise to a financial asset (a right to receive cash) of one entity, and a financial liability (an obligation to deliver cash) or own equity instrument of another entity.

##### Recognition

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes party to the contractual provisions of the instrument. The Group classifies financial assets, or their component parts, on initial recognition in accordance with the Group's business model (i.e. whether the Group's objective is to hold the assets to collect contractual cash flows, or hold to collect and sell, or another objective).

##### Classification

A *financial asset* is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A *debt instrument* is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Business model assessment

The Group makes an assessment of the business model objective for which a financial asset is held at a portfolio level, because this best reflects how the business is managed and how information is provided to management.

The information considered includes:

- The Group's strategic objectives for the portfolio of assets;
- How the performance of the portfolio is evaluated and reported to management;
- The risks that affect the performance of the portfolio; and
- The historic frequency, volume and timing of sales of financial assets, and the reasons for such sales.

##### Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. In making this assessment the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specific assets (e.g. non-recourse features).

# Notes to the consolidated and separate financial statements continued

## M Financial instruments (continued)

### M1 Classification of financial instruments (continued)

#### M1.1 Accounting policy (continued)

##### Measurement

Initial measurement	Subsequent measurement classification
Financial instruments which are categorised and designated at initial recognition as being at FVTPL are initially recognised at fair value. Transaction costs which are directly attributable to the acquisition or issue of these financial instruments are recognised immediately in profit or loss.	FVTPL
Financial instruments which are not carried at FVTPL are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.	Amortised Cost

##### Presentation - Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Group has an enforceable right to set off the asset and liability, and intends to settle the asset and liability on a net basis or to realise the asset and settle the liability simultaneously.

##### Impairment

For details on the Group's assessment of expected credit losses, see note N5 - *Credit risk and sensitivity*

##### Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the entity is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

##### Fair value hierarchy

In addition to the subsequent measurement classification, financial instruments carried at fair value are further classified into 3 levels based on the lowest level of significant inputs to the overall valuation.

<b>Level 1</b>	Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. The Group has no level 1 financial instruments.
<b>Level 2</b>	Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The Group has classified derivatives as level 2.
<b>Level 3</b>	Level 3 inputs are unobservable inputs. These are used to measure fair value to the extent that relevant observable inputs are not available, to cater for situations in which there is little, or no, market activity for the asset or liability at the measurement date. At 30 June 2023 and 2022 the Group had no level 3 financial instruments.

#### M1.2 Accounting classifications, carrying amounts and fair values

The table in M3.1 reflects the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value. Long-term borrowings have carrying amounts which reasonably approximate their fair values because the loans (except one) are all variable interest rate loans with market related interest rates. Non-current Loans receivable, which are recorded at amortised cost, have their fair values disclosed in the tables below. Current financial assets and liabilities which are recorded at amortised cost do not have a fair value disclosure as their carrying values approximate fair value due to their short-term nature.

# Notes to the consolidated and separate financial statements continued

## M Financial instruments (continued)

### M2 Fair value measurement methodologies

#### M2.1 Fair value measurement techniques

The following tables show the valuation techniques used in measuring level 2 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Unobservable inputs	Change in input	Effect on estimated fair value
<b>Derivatives</b> - level 2	<b>Market comparison:</b> The valuation of the derivative instruments was determined by discounting the future cash flows using the JIBAR, SOFR, EURIBOR or the OIS swap curves as applicable. Similar contracts are traded in active markets and the fair values are based on actual transactions in similar instruments.	Projected forward interest rate	Increase	Increase asset / decrease liability

#### M2.1.1 Transfers between levels 2 and 3

There were no transfers in either direction between levels 2 or 3 during the current or prior years.

#### M2.1.2 Additional disclosures

Additional details on the fair values of level 2 and 3 financial instruments are disclosed in the following notes:

	Derivatives
Valuation assumptions – Unobservable inputs	H2.6
Movement reconciliation	H2.4
Valuation sensitivities	H2.7

# Notes to the consolidated and separate financial statements continued

## M Financial instruments (continued)

### M3 Measurement of financial instruments

#### M3.1 Accounting classifications, carrying amounts and fair values

		GROUP					
		Carrying amount			Fair value and fair value hierarchy		
		(The Group has no financial instruments classified as level 1)					
June 2023	Note	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000	Level 2 R'000	Level 3 <sup>2</sup> R'000	Total R'000
<b>Financial assets measured at fair value</b>							
Derivative instruments - non-current	H2.3	130 740	-	130 740	130 740	-	130 740
Derivative instruments - current	H2.3	157 241	-	157 241	157 241	-	157 241
		<b>287 981</b>	-	<b>287 981</b>	<b>287 981</b>	-	<b>287 981</b>
<b>Financial assets not measured at fair value</b>							
Loans receivable - non-current	F1.2	-	162 532	162 532	n/a	149 222	149 222
Loans receivable - current	F1.2	-	50 189	50 189	n/a	n/a	n/a
Trade receivables	F2.2.1 / E6.3	-	233 977	233 977	n/a	n/a	n/a
Cash and cash equivalents	F3.2	-	1 201 103	1 201 103	n/a	n/a	n/a
		-	<b>1 647 801</b>	<b>1 647 801</b>	-	<b>149 222</b>	<b>149 222</b>
<b>Financial liabilities measured at fair value</b>							
Derivative instruments - non-current	H2.3	14 795	-	14 795	14 795	-	14 795
Derivative instruments - current	H2.3	4 434	-	4 434	4 434	-	4 434
		<b>19 229</b>	-	<b>19 229</b>	<b>19 229</b>	-	<b>19 229</b>
<b>Financial liabilities not measured at fair value</b>							
Long-term portion of interest-bearing borrowings	H1.3	-	9 738 356	9 738 356	n/a	n/a	n/a
Short-term portion of interest-bearing borrowings	H1.3	-	5 482 477	5 482 477	n/a	n/a	n/a
Trade and other payables - financial instruments	I3.2.1 / E6.3	-	543 184	543 184	n/a	n/a	n/a
		-	<b>15 764 017</b>	<b>15 764 017</b>	-	-	-

<sup>1</sup> Balances in the table above include assets held-for-sale where applicable and they are shown as current / short-term.

<sup>2</sup> These fair values are disclosed for material non-current financial assets carried at amortised cost as their carrying amounts do not approximate their fair value.

<sup>3</sup> Where fair values are marked as n/a the carrying amount approximates the fair value.

# Notes to the consolidated and separate financial statements continued

## M Financial instruments (continued)

### M3 Measurement of financial instruments (continued)

#### M3.1 Accounting classifications, carrying amounts and fair values (continued)

		GROUP					
		Carrying amount		Fair value and fair value hierarchy			
		(The Group has no financial instruments classified as level 1)					
June 2022	Note	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000	Level 2 R'000	Level 3 <sup>2</sup> R'000	Total R'000
<b>Financial assets measured at fair value</b>							
Derivative instruments - non-current	H2.3	183 977	-	183 977	183 977	-	183 977
Derivative instruments - current	H2.3	7 499	-	7 499	7 499	-	7 499
		<b>191 476</b>	-	<b>191 476</b>	<b>191 476</b>	-	<b>191 476</b>
<b>Financial assets not measured at fair value</b>							
Loans receivable - non-current	F1.2	-	219 989	219 989	n/a	206 269	206 269
Loans receivable - current	F1.2	-	2 558	2 558	n/a	n/a	n/a
Trade receivables	F2.2.1 / E6.3	-	134 284	134 284	n/a	n/a	n/a
Cash and cash equivalents	F3.2 / E6.3	-	1 707 960	1 707 960	n/a	n/a	n/a
		-	<b>2 064 791</b>	<b>2 064 791</b>	-	<b>206 269</b>	<b>206 269</b>
<b>Financial liabilities measured at fair value</b>							
Derivative instruments - non-current	H2.3	11 038	-	11 038	11 038	-	11 038
Derivative instruments - current	H2.3	5 934	-	5 934	5 934	-	5 934
		<b>16 972</b>	-	<b>16 972</b>	<b>16 972</b>	-	<b>16 972</b>
<b>Financial liabilities not measured at fair value</b>							
Long-term portion of interest-bearing borrowings	H1.3	-	7 810 765	7 810 765	n/a	n/a	n/a
Short-term portion of interest-bearing borrowings	H1.3	-	6 677 257	6 677 257	n/a	n/a	n/a
Trade and other payables - financial instruments	I3.2.1 / E6.3	-	536 647	536 647	n/a	n/a	n/a
		-	<b>15 024 669</b>	<b>15 024 669</b>	-	-	-

<sup>1</sup> Balances in the table above include assets held-for-sale where applicable and they are shown as current / short-term.

<sup>2</sup> These fair values are disclosed for material non-current financial assets carried at amortised cost as their carrying amounts do not approximate their fair value.

<sup>3</sup> Where fair values are marked as n/a the carrying amount approximates the fair value.

# Notes to the consolidated and separate financial statements continued

## M Financial instruments (continued)

### M3 Measurement of financial instruments (continued)

#### M3.1 Accounting classifications, carrying amounts and fair values (continued)

		COMPANY						
		Carrying amount			Fair value and fair value hierarchy			
		(The Group has no financial instruments classified as level 1)						
June 2023	Note	Fair value through profit or loss R'000	Other <sup>2</sup> R'000	Amortised cost R'000	Total R'000	Level 2 R'000	Level 3 <sup>3</sup> R'000	Total R'000
<b>Financial assets measured at fair value</b>								
Derivative instruments - non-current	H2.3	11 135	-	-	11 135	11 135	-	11 135
Derivative instruments - current	H2.3	73 558	-	-	73 558	73 558	-	73 558
		<b>84 693</b>	-	-	<b>84 693</b>	<b>84 693</b>	-	<b>84 693</b>
<b>Financial assets not measured at fair value</b>								
Loans receivable - non-current	F1.2	-	-	136 825	136 825	n/a	123 211	123 211
Trade receivables	F2.2.1	-	-	90 017	90 017	n/a	n/a	n/a
Other receivables - financial instruments	F2.2.2	-	-	151 871	151 871	n/a	n/a	n/a
Cash and cash equivalents	F3.2	-	-	368 844	368 844	n/a	n/a	n/a
		-	-	<b>747 557</b>	<b>747 557</b>	-	<b>123 211</b>	<b>123 211</b>
<b>Financial liabilities measured at fair value</b>								
Derivative instruments - non-current	H2.3	6 562	-	-	6 562	6 562	-	6 562
Derivative instruments - current	H2.3	649	-	-	649	649	-	649
		<b>7 211</b>	-	-	<b>7 211</b>	<b>7 211</b>	-	<b>7 211</b>
<b>Financial liabilities not measured at fair value</b>								
Long-term portion of interest-bearing borrowings	H1.3	-	-	5 654 745	5 654 745	n/a	n/a	n/a
Short-term portion of interest-bearing borrowings	H1.3	-	-	1 424 965	1 424 965	n/a	n/a	n/a
Financial guarantees - non-current	H3.4	-	427	-	427	n/a	n/a	n/a
Financial guarantees - current	H3.4	-	44 536	-	44 536	n/a	n/a	n/a
Trade and other payables - financial instruments	I3.2.1	-	-	315 620	315 620	n/a	n/a	n/a
		-	<b>44 963</b>	<b>7 395 330</b>	<b>7 440 293</b>	-	-	-

<sup>1</sup> Balances in the table above include assets held-for-sale where applicable and they are shown as current / short-term.

<sup>2</sup> Financial guarantees are initially measured at fair value and subsequently at the higher of the loss allowance determined in accordance with IFRS 9: *Financial instruments* and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15: *Revenue from contracts with customers*.

<sup>3</sup> These fair values are disclosed for material non-current financial assets carried at amortised cost as their carrying amounts do not approximate their fair value.

<sup>4</sup> Where fair values are marked as n/a the carrying amount approximates the fair value.

# Notes to the consolidated and separate financial statements continued

## M Financial instruments (continued)

### M3 Measurement of financial instruments (continued)

#### M3.1 Accounting classifications, carrying amounts and fair values (continued)

		COMPANY						
		Carrying amount			Fair value and fair value hierarchy			
		(The Group has no financial instruments classified as level 1)						
June 2022	Note	Fair value through profit or loss R'000	Other <sup>2</sup> R'000	Amortised cost R'000	Total R'000	Level 2 R'000	Level 3 <sup>3</sup> R'000	Total R'000
<b>Financial assets measured at fair value</b>								
Derivative instruments - current	H2.3	87 874	-	-	<b>87 874</b>	87 874	-	<b>87 874</b>
		<b>87 874</b>	-	-	<b>87 874</b>	<b>87 874</b>	-	<b>87 874</b>
<b>Financial assets not measured at fair value</b>								
Loans receivable - non-current	F1.2	-	-	124 630	<b>124 630</b>	n/a	54 504	<b>54 504</b>
Loans receivable - current	F1.2	-	-	11 364	<b>11 364</b>	n/a	n/a	<b>n/a</b>
Trade receivables	F2.2.1	-	-	75 970	<b>75 970</b>	n/a	n/a	<b>n/a</b>
Cash and cash equivalents	F3.2	-	-	430 219	<b>430 219</b>	n/a	n/a	<b>n/a</b>
		-	-	<b>642 183</b>	<b>642 183</b>	-	<b>54 504</b>	<b>54 504</b>
<b>Financial liabilities measured at fair value</b>								
Derivative instruments - non-current	H2.3	11 038	-	-	<b>11 038</b>	11 038	-	<b>11 038</b>
Derivative instruments - current	H2.3	5 561	-	-	<b>5 561</b>	5 561	-	<b>5 561</b>
		<b>16 599</b>	-	-	<b>16 599</b>	<b>16 599</b>	-	<b>16 599</b>
<b>Financial liabilities not measured at fair value</b>								
Long-term portion of interest-bearing borrowings	H1.3	-	-	4 794 710	<b>4 794 710</b>	n/a	n/a	<b>n/a</b>
Short-term portion of interest-bearing borrowings	H1.3	-	-	2 361 715	<b>2 361 715</b>	n/a	n/a	<b>n/a</b>
Financial guarantees - non-current	H3.4	-	44 536	-	<b>44 536</b>	n/a	n/a	<b>n/a</b>
Financial guarantees - current	H3.4	-	427	-	<b>427</b>	n/a	n/a	<b>n/a</b>
Trade and other payables - financial instruments	I3.2.1	-	-	316 713	<b>316 713</b>	n/a	n/a	<b>n/a</b>
		-	<b>44 963</b>	<b>7 473 138</b>	<b>7 518 101</b>	-	-	<b>-</b>

<sup>1</sup> Balances in the table above include assets held-for-sale where applicable and they are shown as current / short-term.

<sup>2</sup> Financial guarantees are initially measured at fair value and subsequently at the higher of the loss allowance determined in accordance with IFRS 9: *Financial instruments* and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15: *Revenue from contracts with customers*.

<sup>3</sup> These fair values are disclosed for material non-current financial assets carried at amortised cost as their carrying amounts do not approximate their fair value.

<sup>4</sup> Where fair values are marked as n/a the carrying amount approximates the fair value.

# Notes to the consolidated and separate financial statements continued

## **N** Financial risk management

### **N1** Risk management overview

The Group is exposed to the following risks relating to financial instruments:

Liquidity risk	See note N2 - <i>Liquidity risk and sensitivity</i>
Interest rate risk	See note N3 - <i>Interest rate risk and sensitivity</i>
Currency risk	See note N4 - <i>Currency risk and sensitivity</i>
Credit risk	See note N5 - <i>Credit risk and sensitivity</i>

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board, assisted by the ARC, monitors the effectiveness of the internal control systems and other risk management procedures.

The ARC has an independent role, operating as an overseer and making recommendations to the Board for its consideration and final approval. The role of the ARC includes ensuring that an appropriate risk management policy, aligned with industry practice, is adopted and implemented. The ARC is assisted by management and outsourced internal audit service providers, both of which report to the ARC. The ARC reports on the findings of the internal auditors to the Board. For further detail on the role and mandate of the ARC, please refer to its charter on the Group's website and the report of the ARC attached to the financial statements.

The ARC does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

Executive management is responsible for maintaining a risk register and identifying and monitoring the risks (including financial risks) which the Group faces, assessing the potential impact of such risks on the Group and their likelihood of occurring. The ARC, in conjunction with executive management, determines the Group's risk tolerance.

## **N2** Liquidity risk and sensitivity

### **N2.1** Risk and mitigation

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, and includes liquidity risk (N2.2) and financing / refinancing risk (N2.3).

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Refinancing risk concentrations are monitored on an ongoing basis by Group treasury. The Group's cashflow requirements based on the expected rental income, operating expenses, capital expenditure requirements and debt settlements are projected 12 months in advance for each geographic segment.

# Notes to the consolidated and separate financial statements continued

N Financial risk management (continued)  
 N2 Liquidity risk and sensitivity (continued)  
 N2.1 Risk and mitigation (continued)

Exposure	Mitigation
<p><b>Liquidity</b></p> <p>The risk that the Group will not be able to meet its financial obligations as they fall due.</p> <p>The Group is exposed to liquidity risk through its borrowings, cash and cash equivalents and loans receivable.</p> <p>See N2.2 - <i>Financial exposure - Liquidity</i></p>	<p><b>Risk is managed by:</b></p> <ul style="list-style-type: none"> <li>actively monitoring cash flow requirements and debt maturity profiles;</li> <li>maintaining cash balances, unused revolving credit facilities, unused term loan facilities and access to debt capital markets to ensure future obligations can be met;</li> <li>maintaining adequate borrowing capacity relative to maximum limits imposed by regulators and / or internally;</li> <li>maintaining interest cover ratios and strong cash generated by operations to meet interest obligations;</li> <li>settling interest payments at regular intervals (usually quarterly or six monthly);</li> <li>adopting a pro-active approach to refinancing maturing borrowings well in advance of the maturity date;</li> <li>maintaining strong relationships with commercial banks and other lenders;</li> <li>regular engagement with institutional bond investors;</li> <li>managing debt maturity profiles to ensure a relatively constant level of loan maturities in each year; and</li> <li>raising loans with terms that are generally between three and five years in duration.</li> </ul>
<p><b>Financing / Refinancing</b></p> <p>The risk that the Group is unable to raise the required finance to meet its obligations or to refinance existing borrowings, including that the cost of borrowings becomes unaffordable.</p> <p>The Group is exposed to financing / refinancing risk through its borrowings.</p> <p>See N2.3 - <i>Financing / Refinancing</i></p>	

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N2 Liquidity risk and sensitivity (continued)

#### N2.2 Financial exposure - Liquidity

The following table summarises the maturity profiles and contractual cash flows of financial instruments at the reporting date. The contractual cash flow amounts are gross and undiscounted, and include contractual interest payments where applicable. The tables below exclude assets held-for-sale.

June 2023	Note	GROUP					
		Carrying value R'000	Total contractual cash flows R'000	Due within 12 months R'000	Due between 1 and 2 years R'000	Due between 2 and 5 years R'000	Due after 5 years R'000
<b>Non-derivative financial assets</b>							
Loans receivable – non-current	F1.2	162 532	211 442	15 385	25 969	80 146	89 942
Loans receivable – current	F1.2	50 189	51 444	51 444	-	-	-
Trade receivables	F2.2.1	150 909	150 909	150 909	-	-	-
Cash and cash equivalents	F3.2	1 047 080	1 047 080	1 047 080	-	-	-
<b>Total</b>		<b>1 410 710</b>	<b>1 460 875</b>	<b>1 264 818</b>	<b>25 969</b>	<b>80 146</b>	<b>89 942</b>
<b>Non-derivative financial liabilities</b>							
Long-term portion of borrowings	H1.3	(9 738 356)	(14 222 879)	(625 972)	(3 172 240)	(6 473 676)	(3 950 991)
Short-term portion of borrowings	H1.3	(3 894 580)	(4 059 259)	(4 059 259)	-	-	-
Trade and other payables - financial instruments	I3.2.1	(452 278)	(452 278)	(452 278)	-	-	-
<b>Total</b>		<b>(14 085 214)</b>	<b>(18 734 416)</b>	<b>(5 137 509)</b>	<b>(3 172 240)</b>	<b>(6 473 676)</b>	<b>(3 950 991)</b>
<b>Derivative financial assets<sup>1</sup></b>							
Interest rate swaps / caps – non-current	H2.3	130 740	147 096	-	79 296	67 800	-
Interest rate swaps / caps – current	H2.3	157 241	163 514	163 514	-	-	-
<b>Total</b>		<b>287 981</b>	<b>310 610</b>	<b>163 514</b>	<b>79 296</b>	<b>67 800</b>	<b>-</b>
<b>Derivative financial liabilities<sup>1</sup></b>							
Interest rate swaps / caps – non-current	H2.3	(14 795)	(24 508)	-	(9 377)	(14 087)	(1 044)
Interest rate swaps / caps – current	H2.3	(4 434)	(4 548)	(4 548)	-	-	-
<b>Total</b>		<b>(19 229)</b>	<b>(29 056)</b>	<b>(4 548)</b>	<b>(9 377)</b>	<b>(14 087)</b>	<b>(1 044)</b>
<b>Net (liability) / asset exposure</b>		<b>(12 405 752)</b>	<b>(16 991 987)</b>	<b>(3 713 725)</b>	<b>(3 076 352)</b>	<b>(6 339 817)</b>	<b>(3 862 093)</b>

<sup>1</sup> Derivatives - The inflows / (outflows) disclosed in the above table represent the undiscounted contractual cash flows relating to derivative financial instruments held for risk management purposes. These derivative financial instruments are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives as they are settled on a net basis.

# Notes to the consolidated and separate financial statements continued

- N Financial risk management (continued)
- N2 Liquidity risk and sensitivity (continued)
- N2.2 Financial exposure - Liquidity (continued)

June 2022	Note	GROUP				
		Carrying value R'000	Total contractual cash flows R'000	Due within 12 months R'000	Due between 1 and 5 years R'000	Due after 5 years R'000
<b>Non-derivative financial assets</b>						
Loans receivable – non-current	F1.2	219 989	258 964	9 695	145 324	103 945
Loans receivable – current	F1.2	2 558	2 558	2 558	-	-
Trade receivables	F2.2.1	116 893	116 893	116 893	-	-
Cash and cash equivalents	F3.2	1 387 471	1 387 471	1 387 471	-	-
<b>Total</b>		<b>1 726 911</b>	<b>1 765 886</b>	<b>1 516 617</b>	<b>145 324</b>	<b>103 945</b>
<b>Non-derivative financial liabilities</b>						
Long-term portion of borrowings	H1.3	(7 807 219)	(8 756 674)	(278 298)	(8 102 323)	(376 053)
Short-term portion of borrowings	H1.3	(5 276 584)	(5 461 504)	(5 461 504)	-	-
Trade and other payables - financial instruments	I3.2.1	(479 346)	(479 346)	(479 346)	-	-
<b>Total</b>		<b>(13 563 149)</b>	<b>(14 697 524)</b>	<b>(6 219 148)</b>	<b>(8 102 323)</b>	<b>(376 053)</b>
<b>Derivative financial assets<sup>1</sup></b>						
Interest rate swaps/caps – non-current	H2.3	183 977	113 269	35 545	77 724	-
Interest rate swaps/caps – current	H2.3	7 499	7 499	7 499	-	-
<b>Total</b>		<b>191 476</b>	<b>120 768</b>	<b>43 044</b>	<b>77 724</b>	<b>-</b>
<b>Derivative financial liabilities<sup>1</sup></b>						
Interest rate swaps / caps – non-current	H2.3	(11 038)	(38 158)	(23 835)	(14 323)	-
Interest rate swaps / caps – current	H2.3	(5 934)	(5 934)	(5 934)	-	-
<b>Total</b>		<b>(16 972)</b>	<b>(44 092)</b>	<b>(29 769)</b>	<b>(14 323)</b>	<b>-</b>
<b>Net (liability) / asset exposure</b>		<b>(11 661 734)</b>	<b>(12 854 962)</b>	<b>(4 689 256)</b>	<b>(7 893 598)</b>	<b>(272 108)</b>

<sup>1</sup> Derivatives - The inflows / (outflows) disclosed in the above table represent the undiscounted contractual cash flows relating to derivative financial instruments held for risk management purposes. These derivative financial instruments are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives as they are settled on a net basis.

# Notes to the consolidated and separate financial statements continued

- N Financial risk management (continued)  
 N2 Liquidity risk and sensitivity (continued)  
 N2.2 Financial exposure - Liquidity (continued)

		COMPANY					
June 2023	Note	Carrying value R'000	Total contractual cash flows R'000	Due within 12 months R'000	Due between 1 and 2 years R'000	Due between 2 and 5 years R'000	Due after 5 years R'000
<b>Non-derivative financial assets</b>							
Loans receivable – non-current	F1.2	136 825	171 765	10 731	88 972	72 062	-
Trade receivables	F2.2.1	90 017	90 017	90 017	-	-	-
Other receivables - financial instruments	F2.2.2	151 871	151 871	151 871	-	-	-
Cash and cash equivalents	F3.2	368 844	368 844	368 844	-	-	-
<b>Total</b>		<b>747 557</b>	<b>782 497</b>	<b>621 463</b>	<b>88 972</b>	<b>72 062</b>	<b>-</b>
<b>Non-derivative financial liabilities</b>							
Long-term portion of borrowings	H1.3	(5 654 745)	(6 358 864)	(500 395)	(1 682 594)	(4 175 875)	-
Short-term portion of borrowings	H1.3	(1 424 965)	(1 510 819)	(1 510 819)	-	-	-
Financial guarantees – non-current <sup>1</sup>	H3.4	(427)	(26 066)	(640)	(640)	(24 786)	-
Financial guarantees – current <sup>1</sup>	H3.4	(44 536)	(2 250 898)	(2 250 898)	-	-	-
Trade and other payables - financial instruments	I3.2.1	(315 620)	(315 620)	(315 620)	-	-	-
<b>Total</b>		<b>(7 440 293)</b>	<b>(10 462 267)</b>	<b>(4 578 372)</b>	<b>(1 683 234)</b>	<b>(4 200 661)</b>	<b>-</b>
<b>Derivative financial assets<sup>2</sup></b>							
Interest rate swaps / caps – non-current	H2.3	11 135	11 242	-	11 242	-	-
Interest rate swaps / caps – current	H2.3	73 558	77 205	77 205	-	-	-
<b>Total</b>		<b>84 693</b>	<b>88 447</b>	<b>77 205</b>	<b>11 242</b>	<b>-</b>	<b>-</b>
<b>Derivative financial liabilities<sup>2</sup></b>							
Interest rate swaps / caps – non-current	H2.3	(6 562)	(7 583)	-	(4 703)	(2 880)	-
Interest rate swaps / caps – current	H2.3	(649)	(672)	(672)	-	-	-
<b>Total</b>		<b>(7 211)</b>	<b>(8 255)</b>	<b>(672)</b>	<b>(4 703)</b>	<b>(2 880)</b>	<b>-</b>
<b>Net (liability) / asset exposure</b>		<b>(6 615 254)</b>	<b>(9 599 578)</b>	<b>(3 880 376)</b>	<b>(1 587 723)</b>	<b>(4 131 479)</b>	<b>-</b>

<sup>1</sup> Financial guarantees - The outflows disclosed for the financial guarantees in the table represent the maximum potential outflow under the guarantees in the event of the borrowers defaulting on all their obligations under the guaranteed loans.

<sup>2</sup> Derivatives - The inflows / (outflows) disclosed in the above table represent the undiscounted contractual cash flows relating to derivative financial instruments held for risk management purposes. These derivative financial instruments are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives as they are settled on a net basis.

# Notes to the consolidated and separate financial statements continued

- N Financial risk management (continued)  
 N2 Liquidity risk and sensitivity (continued)  
 N2.2 Financial exposure - Liquidity (continued)

June 2022	Note	COMPANY				
		Carrying value R'000	Total contractual cash flows R'000	Due within 12 months R'000	Due between 1 and 5 years R'000	Due after 5 years R'000
<b>Non-derivative financial assets</b>						
Loans receivable – non-current	F1.2	124 630	89 877	700	17 374	71 803
Loans receivable – current	F1.2	11 364	11 364	11 364	-	-
Trade receivables	F2.2.1	75 970	75 970	75 970	-	-
Cash and cash equivalents	F3.2	430 219	430 219	430 219	-	-
<b>Total</b>		<b>642 183</b>	<b>607 430</b>	<b>518 253</b>	<b>17 374</b>	<b>71 803</b>
<b>Non-derivative financial liabilities</b>						
Long-term portion of borrowings	H1.3	(4 794 710)	(4 814 502)	(278 298)	(4 536 204)	-
Short-term portion of borrowings	H1.3	(2 361 715)	(2 470 186)	(2 470 186)	-	-
Financial guarantees – non-current <sup>1</sup>	H3.4	(44 536)	(1 900 652)	(39 913)	(1 860 739)	-
Financial guarantees – current <sup>1</sup>	H3.4	(427)	(20 888)	(20 888)	-	-
Trade and other payables - financial instruments	I3.2.1	(316 713)	(316 713)	(316 713)	-	-
<b>Total</b>		<b>(7 518 101)</b>	<b>(9 522 941)</b>	<b>(3 125 998)</b>	<b>(6 396 943)</b>	<b>-</b>
<b>Derivative financial assets<sup>2</sup></b>						
Interest rate swaps / caps – non-current	H2.3	87 874	17 167	8 088	9 079	-
<b>Total</b>		<b>87 874</b>	<b>17 167</b>	<b>8 088</b>	<b>9 079</b>	<b>-</b>
<b>Derivative financial liabilities<sup>2</sup></b>						
Interest rate swaps / caps – non-current	H2.3	(11 038)	(38 158)	(23 835)	(14 323)	-
Interest rate swaps / caps – current	H2.3	(5 561)	(5 561)	(5 561)	-	-
<b>Total</b>		<b>(16 599)</b>	<b>(43 719)</b>	<b>(29 396)</b>	<b>(14 323)</b>	<b>-</b>
<b>Net (liability) / asset exposure</b>		<b>(6 804 643)</b>	<b>(8 942 063)</b>	<b>(2 629 053)</b>	<b>(6 384 813)</b>	<b>71 803</b>

<sup>1</sup> Financial guarantees - The outflows disclosed for the financial guarantees in the table represent the maximum potential outflow under the guarantees in the event of the borrowers defaulting on all their obligations under the guaranteed loans.

<sup>2</sup> Derivatives - The inflows / (outflows) disclosed in the above table represent the undiscounted contractual cash flows relating to derivative financial instruments held for risk management purposes. These derivative financial instruments are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives as they are settled on a net basis.

# Notes to the consolidated and separate financial statements continued

N Financial risk management (continued)

N2 Liquidity risk and sensitivity (continued)

## N2.3 Financing / Refinancing

The Group regularly monitors the indicators below in managing the financing/refinancing element of its liquidity risk exposure.

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>N2.3.1 Available facilities / resources</b>				
<b>Borrowing facilities</b>				
Revolving credit facilities	1 650 000	1 950 000	1 650 000	1 950 000
Term loan facilities	22 396	693 701	-	650 000
Borrowing capacity under the Company's DCM programme <sup>1</sup>	1 919 503	2 750 329	1 919 503	2 750 329
<b>Total unutilised borrowing capacity</b>	<b>3 591 899</b>	<b>5 394 030</b>	<b>3 569 503</b>	<b>5 350 329</b>

<sup>1</sup> The Company's DCM programme has a maximum limit of R5 billion.

Refer to note F3 for details of Cash and cash equivalents.

## N2.3.2 Weighted average term of borrowings

	Years	Years	Years	Years
ZAR	2.59	1.98	2.59	1.98
EUR	4.21	2.47	-	-
USD	1.67	0.67	-	-
<b>Total</b>	<b>3.25</b>	<b>1.93</b>	<b>2.59</b>	<b>1.98</b>

## N2.3.3 Next major refinancing cycle

	Type of borrowing	Encumbrance	Financial year	Borrowing currency '000	ZAR Equivalent R'000
ZAR	Term loan	Secured	2024	R 925 000	925 000
ZAR	Bonds	Unsecured	2024	R 500 000	500 000
ZAR	RCF	Secured	2025	R 500 000	500 000
ZAR	Term loan	Secured	2025	R 500 000	500 000
ZAR	Bonds	Unsecured	2025	R 348 000	348 000
EUR	Term loan <sup>2</sup>	Secured	2024	€ 109 679	2 250 505
USD	Term loan	Secured	2025	\$ 56 500	1 075 160

<sup>2</sup> The loan was refinanced on 3 July 2023 for periods ranging from 12 months to 3 years.

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N3 Interest rate risk and sensitivity

#### N3.1 Risk and mitigation

Interest rate risk is the risk that the value of short-term investments and financial performance will be impacted as a result of fluctuations in interest rates.

Exposure	Mitigation
<p>Fluctuations in interest rates impact the value of short-term investments, financing activities, the cost of borrowings, and interest income.</p> <p>The Group has significant exposure to interest rate risk through its loans receivable, borrowings, cash and cash equivalents and short-term investments.</p>	<ul style="list-style-type: none"><li>• In terms of the Group's interest rate hedging policy at least 75% of interest rate exposure for borrowings is fixed.</li><li>• The Board has approved the use of interest rate swaps, forward starting interest rate swaps, fixed rate loans, interest rate collars and interest rate caps to manage interest rate exposure.</li><li>• Details of interest rate hedges are included in note H2 - <i>Derivatives</i>.</li></ul>

#### N3.1.1 Interest Rate Benchmark Reforms

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group's main IBOR exposures at 30 June relate to its derivatives and borrowing costs which are indexed to JIBAR, SOFR or EURIBOR.

The South African Reserve Bank has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. A suitable alternate rate for South Africa is only expected to be announced in a few years' time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Group.

On 2 July 2019, the Financial Services and Markets Authority (FSMA) announced that EMMI can continue to publish the reformed EURIBOR, i.e., there is currently no need to replace EURIBOR with an alternative interest rate. It is still unclear whether EURIBOR will remain available permanently as market participants may gradually turn to products that are based on a risk-free rate such as the €STR. At present, it is assumed that the reformed EURIBOR will remain in existence until the end of 2025.

Interest rates on the Group's US Dollar denominated borrowings were changed from LIBOR referenced to SOFR referenced in 2023 as part of the IBOR reforms.

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N3 Interest rate risk and sensitivity (continued)

#### N3.1 Risk and mitigation (continued)

#### N3.1.2 Exposure to benchmark interest rates

	Base Currency	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>JIBAR exposure (net)</b>					
Borrowings	ZAR	1 068 735	1 737 300	1 068 735	1 737 300
Derivatives - nominal amount	ZAR	6 318 735	6 395 300	6 318 735	6 395 300
		(5 250 000)	(4 658 000)	(5 250 000)	(4 658 000)
<b>EURIBOR exposure (net)</b>					
Borrowings	EUR	1 796 927	1 248 969	-	-
Derivatives - nominal amount <sup>1</sup>	EUR	7 299 694	4 784 538	-	-
		(5 502 767)	(3 535 569)	-	-
<b>SOFR exposure (net)</b>					
Borrowings	USD	(23 140)	995 805	-	-
Derivatives - nominal amount	USD	1 112 282	995 805	-	-
		(1 135 422)	-	-	-

The Group does not apply hedge accounting for any of its derivatives.

<sup>1</sup> Excludes forward starting hedges taken out in anticipation of refinancing a fixed rate loan.

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N3 Interest rate risk and sensitivity (continued)

#### N3.2 Financial exposure - Interest rates

The interest rate profile of the Group's short-term investments, cash and cash equivalents, loans receivable and interest-bearing borrowings as reported is as follows:

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>N3.2.1 Assets</b>					
Cash and cash equivalents	F3.2	1 047 080	1 387 471	368 844	430 219
Loans receivable - Non-current	F1.2	157 132	215 789	131 425	120 430
Loans receivable - Current	F1.2	50 189	2 558	-	11 364
<b>Total continuing operations</b>		<b>1 254 401</b>	<b>1 605 818</b>	<b>500 269</b>	<b>562 013</b>
Cash and cash equivalents associated with non-current assets held-for-sale	E6.3	154 023	320 489	-	-
<b>Total assets (incl. held-for-sale)</b>		<b>1 408 424</b>	<b>1 926 307</b>	<b>500 269</b>	<b>562 013</b>
<b>N3.2.2 Liabilities</b>					
Long-term portion of borrowings	H1.3	9 738 356	7 807 219	5 654 745	4 794 710
Short-term portion of borrowings	H1.3	3 894 580	5 276 584	1 424 965	2 361 715
<b>Total continuing operations</b>		<b>13 632 936</b>	<b>13 083 803</b>	<b>7 079 710</b>	<b>7 156 425</b>
Liabilities associated with non-current assets held-for-sale	H1.3	1 587 897	1 404 220	-	-
<b>Total liabilities (incl. held-for-sale)</b>		<b>15 220 833</b>	<b>14 488 023</b>	<b>7 079 710</b>	<b>7 156 425</b>
<b>N3.2.3 Interest rate hedges</b>					
Total borrowings (incl. held-for-sale)	H1.2	15 220 833	14 488 023	7 079 710	7 156 425
Less interest free borrowings	H1.5.3	(14 507)	(11 112)	(760 975)	(761 125)
Less Non-controlling shareholder loans	H1.5.3	(512 437)	(440 516)	-	-
Less revolving credit facilities drawn		(397 900)	(346 775)	(397 900)	(346 775)
<b>Interest bearing term and other borrowings (A)</b>		<b>14 295 989</b>	<b>13 689 620</b>	<b>5 920 835</b>	<b>6 048 525</b>
Third party loans with fixed interest rates (B)		2 250 506	1 860 752	-	-
Nominal value of interest rate hedges (C) <sup>1</sup>		9 637 683	8 168 726	5 250 000	4 658 000
Proportion of interest costs hedged (B+C) / A		83%	73%	89%	77%

Included in interest expense is an amount of R62.7m received (2022: R105m paid) on interest rate hedges.

<sup>1</sup> Excludes forward starting hedges taken out in anticipation of refinancing a fixed rate loan.

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N3 Interest rate risk and sensitivity (continued)

#### N3.2 Financial exposure - Interest rates (continued)

#### N3.2.3 Interest rate hedges

Summarised quantitative data on the Group's interest rate exposure at 30 June is set out below:

	Reported as	GROUP	
		June 2023	June 2022
<b>Proportion of borrowing costs which are hedged<sup>1</sup></b>			
ZAR borrowings	Percentage	88.7	77.0
EUR borrowings	Percentage	75.4	80.8
USD borrowings	Percentage	102.1	-
<b>Cost of funding (excluding hedges)</b>			
ZAR borrowings	Percentage	8.5	4.8
EUR borrowings	Percentage	10.3	6.8
USD borrowings	Percentage	5.9	2.5
	Percentage	11.3	7.1
<b>Cost of funding (including hedges)</b>			
ZAR borrowings	Percentage	6.5	5.3
EUR borrowings	Percentage	8.9	7.6
USD borrowings	Percentage	3.9	2.7
	Percentage	9.9	7.1
<b>Average term of interest rate hedges</b>			
ZAR borrowings	Years	1.9	1.9
EUR borrowings	Years	1.5	1.8
USD borrowings	Years	2.2	1.9
	Years	1.7	-
<b>Interest cover ratio</b>			
Interest cover ratio (gross)	Times	2.8	3.2
Interest cover ratio (net)	Times	2.9	3.6

<sup>1</sup> Nominal value of interest rate hedges and fixed rate loans as a percentage of outstanding capital. Excludes forward starting hedges taken out in anticipation of refinancing a fixed rate loan.

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N3 Interest rate risk and sensitivity (continued)

#### N3.3 Sensitivity

Based on the interest rate profile (fixed or variable) of the Group's borrowings and interest rate hedges at 30 June, an increase/decrease in an interest rate, while all other variables are held constant, would decrease/increase the Group's equity and profit for the year by the amounts detailed below:

		June 2023 bps change	June 2022 bps change	GROUP	
				June 2023 R'000	June 2022 R'000
<b>Increase / (Decrease) in profit and equity</b>					
ZAR borrowings	Decrease	100 bps	150 bps	10 687	26 197
EUR borrowings	Decrease	100 bps	100 bps	17 969	12 738
USD borrowings	Decrease	100 bps	50 bps	-	4 979
ZAR borrowings	Increase	100 bps	150 bps	(10 687)	(26 197)
EUR borrowings	Increase	100 bps	100 bps	(17 969)	(12 738)
USD borrowings	Increase	100 bps	50 bps	-	(4 979)

The above calculations do not take into account the maturity profile of existing hedges and the effect of replacing expiring hedges at prevailing interest rates. See note H2.5 - *Individual instruments* for details of the interest rate hedges.

## N4 Currency risk and sensitivity

### N4.1 Risk and mitigation

The Group is exposed to currency risk as a result of differences between the transaction, functional/reporting and settlement currencies of Group companies, as follows:

Portfolio	Transaction currency	Functional / Local reporting currency	Group reporting currency
SA	Rand (ZAR)	Rand	Rand
EE	Euro (EUR), Macedonian Denar (MKD), Bulgarian Lev (BGN) (Croatia adopted the Euro as its currency from 1 January 2023)	Euro	
SSA	Rand, US Dollar (USD), Nigerian Naira (NGN) and Ghanaian Cedi (GHS)	Rand, US Dollar	

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N4 Currency risk and sensitivity (continued)

#### N4.1 Risk and mitigation (continued)

Currency risk arises in the following circumstances:

##### Risk

###### Transaction / functional / Group reporting currency

The risk arising from changes in the exchange rate between the currency in which transactions, assets and liabilities are concluded / denominated and the functional/reporting currency of Group companies and / or the Group.

The Group is exposed to this risk in all portfolios where the transaction and functional currency of the Group company is not Rands, or assets and liabilities are denominated in a currency other than the functional currency of a Group company.

###### Transaction / settlement currency

The risk arising from changes in the exchange rate between the transaction currency and the currency in which income / expenses / assets / liabilities are settled.

###### Examples include:

- Guarantees provided by Hyprop for Euro/US Dollar denominated borrowings of subsidiaries in the EE and SSA portfolios, which guarantees are secured against Hyprop's Rand denominated investment properties;
- Dividends received in Euros and US Dollars from subsidiaries in the EE and SSA portfolios;
- Euro and US Dollar denominated borrowings in the EE and SSA portfolios where transaction currencies are Macedonian Denar, Bulgarian Lev and Nigerian Naira.
- Companies in the EE and SSA portfolios receive their revenue either in Euro / US Dollars or the local currency equivalent of Euro / US Dollars, while their expenditure with local service providers is in local currency.

##### Effect on the Group and mitigating actions

- This risk arises for financial reporting purposes only when the results of the Group's SSA and EE subsidiaries are converted from transaction currencies to US Dollars, Euros and / or Rands, resulting in the recognition of foreign currency gains/ losses and foreign currency translation reserves.
- As a result of the devaluation of the Nigerian Naira against the US Dollar from June 2022 to June 2023, unrealised foreign currency losses on translation of Gruppo's financial results to US Dollars of R 171.5m were recognised in the 2023 financial year.
- This risk is mitigated by diversifying the Group's activities across various transaction/functional currencies. At 30 June 2023, the Group's net asset value was denominated 73% (2022: 78%) in Rands, 20% (2022: 15%) in Euros and 7% (2022: 7%) in US Dollars.
- This risk cannot be hedged.

##### GROUP / SA

- Hyprop has provided guarantees for loans and facilities of €113.5m (2022: €113.5m) to subsidiaries in the EE portfolio. These guarantees are secured against Hyprop's Rand denominated investment properties, exposing the Group to risk (including an increase in the LTV ratio) in times of Rand weakness.

This risk was mitigated by the significant reduction in the guaranteed Euro loans between June 2021 and June 2022 and is considered manageable at the current levels.

- The Group has a formal foreign currency hedging policy in terms of which between 50% and 75% of known, or reasonably predictable, cash flow items can be hedged up to 12 months in advance using foreign exchange collars or forward exchange contracts.

##### EE

- The exchange rates between the transaction currencies of companies in the EE portfolio and the Euro have historically been relatively stable;
- Croatia adopted the Euro as its currency from 1 January 2023;
- The exchange rate of the Bulgarian Lev is pegged against the Euro;
- Cash amounts are converted from transaction currencies to Euro on an ongoing basis to reduce the impact of exchange rate fluctuations;
- Where possible, rentals payable by tenants are indexed to the Euro.

##### SSA

- The exchange rates between the transaction currencies of companies in the SSA portfolio and the US Dollar have historically been volatile and have depreciated against the US Dollar;
- In June 2023 the Nigerian government announced changes to the exchange control regulations in Nigeria which resulted in a 80% devaluation of the Naira against the US Dollar from ₦418/\$ in June 2022 to ₦752/\$ in June 2023.
- Where possible, rentals payable by tenants are indexed to the US Dollar, however, in periods of extreme exchange rate volatility it is not always possible to pass all currency indexation rental adjustments on to tenants.

# Notes to the consolidated and separate financial statements continued

- N Financial risk management (continued)
- N4 Currency risk and sensitivity (continued)
- N4.1 Risk and mitigation (continued)

## Risk

### Currency liquidity

Risks arising from restrictions or inability to convert cash held in the transaction currency to the currency in which obligations must be settled, and / or default by a counterparty to a foreign exchange hedging transaction.

#### Examples include:

- converting Rands to US Dollars or Euros for investment in foreign subsidiaries;
- converting Nigerian Naira to US Dollars in Gruppo; and
- converting Macedonian Denar and Bulgarian Lev to Euros in the EE portfolio.

## Effect on the Group and mitigating actions

### GROUP

The Group's foreign currency hedging policy only permits foreign currency transactions, including hedges, to be concluded with reputable counterparties. See note H2 - *Derivatives*.

### SA

- Liquidity in the South African foreign exchange market is good.
- Subject to compliance with exchange control regulations, currently there are no impediments to converting Rands to Dollars or Euros (or vice versa) when required.

### EE

- Currently there are no impediments to converting transaction currencies to Euros when required;
- Cash amounts are converted from transaction currencies to Euros on an ongoing basis to maintain Euro liquidity; and
- Croatia adopted the Euro as its currency from 1 January 2023.

### SSA

As a result of the lack of US Dollar liquidity in Nigeria since January 2020, Gruppo has not been able to secure US Dollars to service shareholder loans, or to remit profits to its shareholders.

The lack of US Dollar liquidity in conjunction with the devaluation of the Naira against the US Dollar from June 2022 to June 2023 resulted in aggregate foreign exchange losses of R228m.

In June 2023, Gruppo converted Naira via a commercial bank to secure \$8.5m which resulted in a realised foreign exchange loss of \$3.4m (R60m). A further unrealised foreign exchange loss was recognised on the conversion of Naira denominated monetary items to US Dollars (Gruppo's reporting currency) at 30 June 2023 for financial reporting purposes.

Despite the changes to the Nigerian exchange control regulations in June 2023, there has been little/no improvement in the US Dollar liquidity in Nigeria. Ways to mitigate this risk continue to be investigated by the Group, however, implementation of acceptable solutions is taking time.

Refer to note D5 - *Foreign exchange (losses) / gains* for details of the foreign exchange (losses)/gains recognised by the Group.

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N4 Currency risk and sensitivity (continued)

#### N4.1 Risk and mitigation (continued)

In addition to the above mentioned risk, the Group has an indirect exposure to the Ghanaian Cedi through its equity accounted joint venture, AttAfrica (whose transaction, functional and reporting currency is US Dollars). The Cedi experienced a significant devaluation against the US Dollar during the year, following a default on government debt in Ghana.

The following significant exchange rates were applied during the year:

	AVERAGE RATE		SPOT RATE	
	June 2023	June 2022	June 2023	June 2022
Rand / Euro <sup>1</sup>	18.60	17.15	20.52	16.97
Rand / US Dollar <sup>1</sup>	17.77	15.21	18.92	16.25
Naira / US Dollar <sup>1</sup>	460.60	414.65	752.19	418.50
Croatian Kuna / Euro <sup>2,3</sup>	n/a	7.52	n/a	7.53
Bulgarian Lev / Euro <sup>2</sup>	1.96	1.96	1.96	1.96
Macedonian Denar / Euro <sup>2</sup>	61.68	61.70	61.68	61.70

<sup>1</sup> Average rates are for the 12 months ending 30 June in each year and Spot rates are at 30 June.

<sup>2</sup> Average rates are for the 12 months ending 30 June 2023 (2022: 3 months ending 30 June 2022).

<sup>3</sup> Croatia adopted the Euro as its currency from 1 January 2023.

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N4 Currency risk and sensitivity (continued)

#### N4.2 Financial exposure - Currency

The transaction currency carrying values of the Group's financial assets and liabilities denominated in foreign currencies are as follows:

June 2023	GROUP			Carrying value R'000
	Transaction currency carrying values <sup>1</sup>			
	₺'000	\$'000	€'000	
<b>Amounts recognised on the statement of financial position</b>				
Loans receivable – non-current	-	-	4 377	89 821
Loans receivable – current	-	-	2 446	50 189
Trade and other receivables	-	*	4 107	84 279
Cash and cash equivalents	-	967	31 869	672 229
Assets classified as held-for-sale	6 040 763	4 498	-	207 127
<b>Asset exposure</b>	<b>6 040 763</b>	<b>5 465</b>	<b>42 799</b>	<b>1 103 645</b>
Borrowings – non-current	-	-	(236 102)	(4 844 586)
Borrowings – current	-	-	(119 650)	(2 455 108)
Trade and other payables	-	(9)	(8 899)	(182 763)
Liabilities associated with assets classified as held-for-sale	-	(88 714)	-	(1 678 803)
<b>Non-derivative liabilities exposure</b>	<b>-</b>	<b>(88 723)</b>	<b>(364 651)</b>	<b>(9 161 260)</b>
Derivative financial assets	-	1 234	8 769	203 288
Derivative financial liabilities	-	-	(586)	(12 018)
<b>Net asset / (liability) exposure</b>	<b>6 040 763</b>	<b>(82 024)</b>	<b>(313 669)</b>	<b>(7 866 345)</b>
* Value less than \$1000				
<b>June 2022</b>				
<b>Amounts recognised on the statement of financial position</b>				
Loans receivable – non-current	-	-	8 716	147 863
Loans receivable – current	-	-	151	2 558
Trade and other receivables	-	-	2 306	39 127
Cash and cash equivalents	-	-	55 400	939 771
Assets classified as held-for-sale	7 349 205	322	-	379 983
<b>Asset exposure</b>	<b>7 349 205</b>	<b>322</b>	<b>66 573</b>	<b>1 509 302</b>
Borrowings – non-current	-	-	(222 432)	(3 773 635)
Borrowings – current	-	(684)	(171 159)	(2 914 869)
Trade and other payables	-	-	(9 533)	(161 722)
Liabilities associated with assets classified as held-for-sale	(1 475 599)	(86 408)	-	(1 461 520)
<b>Non-derivative liabilities exposure</b>	<b>(1 475 599)</b>	<b>(87 092)</b>	<b>(403 124)</b>	<b>(8 311 746)</b>
<b>Derivative financial assets</b>	<b>-</b>	<b>-</b>	<b>6 085</b>	<b>103 228</b>
<b>Net asset / (liability) exposure</b>	<b>5 873 606</b>	<b>(86 770)</b>	<b>(330 466)</b>	<b>(6 699 215)</b>

<sup>1</sup> Notwithstanding that the transaction currencies for the EE portfolio's operations in Bulgaria and North Macedonia are the Bulgarian Lev and the Macedonian Denar, balances denominated in these currencies are included in the Euro column above as the Bulgarian Lev has a fixed exchange rate with the Euro and the exchange rate of the Macedonian Denar against the Euro is virtually unchanged from 2022 to 2023.

# Notes to the consolidated and separate financial statements continued

- N Financial risk management (continued)
- N4 Currency risk and sensitivity (continued)
- N4.2 Financial exposure - Currency (continued)

	COMPANY	
	Transaction currency carrying value €'000	Carrying value R'000
<b>June 2023</b>		
<b>Amounts recognised on the statement of financial position</b>		
Other receivables - Dividends	7 500	151 871
<b>Asset exposure</b>	<b>7 500</b>	<b>151 871</b>
Financial guarantees – non-current	(21)	(427)
Financial guarantees – current	(2 170)	(44 536)
<b>Non-derivative liabilities exposure</b>	<b>(2 191)</b>	<b>(44 963)</b>
<b>Net asset exposure</b>	<b>5 309</b>	<b>106 908</b>
<b>June 2022</b>		
<b>Amounts recognised on the statement of financial position</b>		
Loans receivable – current (Eastern Europe)	151	2 558
<b>Asset exposure</b>	<b>151</b>	<b>2 558</b>
Financial guarantees – non-current	(2 625)	(44 536)
Financial guarantees – current	(25)	(427)
<b>Non-derivative liabilities exposure</b>	<b>(2 650)</b>	<b>(44 963)</b>
<b>Net liability exposure</b>	<b>(2 499)</b>	<b>(42 405)</b>

# Notes to the consolidated and separate financial statements continued

**N** Financial risk management (continued)

**N4** Currency risk and sensitivity (continued)

## **N4.3** Sensitivity

The sensitivity analysis below is provided for the foreign currency exposure at the end of the reporting period, and is based on the statement of financial position balances in N4.2 and gross value of financial guarantees at year end for which there is currency risk, before consideration of currency derivatives.

The effect on equity is calculated as the effect on profit or loss. The effect on the translation of results into the Group's presentation currency is excluded from the information provided.

### **SA portfolio**

The sensitivity analysis includes the effect of changes in the Rand and US Dollar / Euro exchange rates for foreign currency denominated assets and liabilities of the companies whose reporting currency is Rand.

### **EE portfolio (Euro)**

The EE portfolio reports to the Group in Euro. The sensitivity analysis includes the effect of changes in the Rand/Euro exchange rate for companies whose reporting currency is Euro.

While the Group is exposed to the Macedonian Denar and the Bulgarian Lev through its EE operations, no separate sensitivity analysis is included for changes in these exchange rates as the Bulgarian Lev is pegged to the Euro at a fixed exchange rate, and the Macedonian Denar exchange rate against the Euro is virtually unchanged from 2022 to 2023.

### **SSA portfolio (US Dollars)**

Gruppo's transaction currency is Naira while Gruppo reports to the Group in US Dollars. The sensitivity analysis includes the effect of changes in the Rand / US Dollar exchange rate, as well as the Naira / US Dollar exchange rate, for Gruppo.

The pre-tax effect of changes to one of the exchange rates is summarised below. The analysis assumes that all other variables, in particular, interest rates, remain constant.

# Notes to the consolidated and separate financial statements continued

**N** Financial risk management (continued)  
**N4** Currency risk and sensitivity (continued)  
**N4.3** Sensitivity (continued)

		June 2023 % change	June 2022 % change	GROUP		COMPANY	
				June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<i>Value changes are reflected as debit (positive) and credits (negative).</i>							
<b>Impact on profit or loss</b>							
Rand / Euro	Strengthening	10.0	10.0	642 415	560 657	(15 187)	4 240
Rand / US Dollar	Strengthening	10.0	10.0	155 218	141 010	n/a	n/a
Naira / US Dollar	Strengthening	10.0	10.0	(15 197)	(31 745)	n/a	n/a
Rand / Euro	Weakening	10.0	10.0	(642 415)	(560 657)	15 187	(4 240)
Rand / US Dollar	Weakening	10.0	10.0	(155 218)	(141 010)	n/a	n/a
Naira / US Dollar	Weakening	10.0	10.0	15 197	31 745	n/a	n/a
<b>Impact on potential exposure under financial guarantees</b>							
Rand / Euro	Strengthening	10.0	10.0	n/a	n/a	4 496	4 496
Rand / Euro	Weakening	10.0	10.0	n/a	n/a	(4 496)	(4 496)

		June 2023 % change in LTV	June 2022 % change in LTV	GROUP	
				June 2023 R'000	June 2022 R'000
<b>Increase / (Decrease) in LTV ratios</b>					
Rand / Euro	Strengthening	10.0	10.0	(0.6%)	0.6%
Rand / US Dollar	Strengthening	10.0	10.0	(0.1%)	0.1%
Naira / US Dollar	Strengthening	10.0	10.0	(0.3%)	0.1%
Rand / Euro	Weakening	10.0	10.0	0.6%	(0.6%)
Rand / US Dollar	Weakening	10.0	10.0	0.1%	-
Naira / US Dollar	Weakening	10.0	10.0	0.3%	-

	Hyprop GROUP LTV
Reported LTV	36.3%
	36.4%

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N5 Credit risk and sensitivity

#### N5.1 Risk and mitigation

Credit risk is the risk of financial loss due to counterparties not meeting their contractual obligations when due.

The Group is exposed to credit risk due to its trade and other receivables, cash and cash equivalents, loans receivable and derivative instruments.

Exposure	Mitigation
<p><b>Trade receivables</b></p> <p>The maximum exposure to credit risk in respect of trade receivables at the reporting date is the fair value of each class of receivable.</p>	<p>Save for national tenants, a deposit in the form of cash or a bank guarantee is obtained from tenants in terms of Hyprop's deposit policy. Furthermore, and only if required, a deed of suretyship may be obtained on behalf of a tenant.</p>
<p><b>Other receivables</b></p> <p>The maximum exposure to credit risk in respect of other receivables is the gross balance receivable.</p>	<p>Other receivables are generally small balances due from related parties, withholding tax and dividend receivables. Where significant (as sometimes is the case for dividends and withholding taxes) recovery is not in doubt as solvency and liquidity testing precedes the declaration of dividends, and offset is typically available for withholding taxes. Other balances with related parties are immaterial.</p>
<p><b>Loans receivable</b></p> <p>The maximum exposure to credit risk in respect of loans receivable at the reporting date is the fair value of each class of loan receivable.</p>	<p>The credit risk in respect of loans receivable is generally mitigated by agreements with the counterparty. These agreements contain terms which provide legal protection for the Group, including security over assets (or residual assets) of the borrower, common to such agreements.</p>
<p><b>Cash and cash equivalents</b></p> <p>The maximum exposure to credit risk in respect of cash and cash equivalents is the outstanding balance on deposit with the respective financial institution.</p>	<p>Group companies manage their exposure to credit risk by placing funds with a range of leading banks and AA+ rated money market funds in the countries in which they operate. Exposure levels to each financial institution are monitored regularly.</p>
<p><b>Derivative instruments</b></p> <p>The maximum exposure to credit risk in respect of derivative instruments at the reporting date is the fair value of the derivative instruments.</p>	<p>Group companies manage their exposure to credit risk by transacting only with leading South African, European and Sub-Saharan African banks.</p> <p>Certain derivative instruments are governed by industry standard International Swap and Derivative Association (ISDA) agreements.</p>
<p><b>Expected credit losses</b></p> <p>ECLs are a probability-weighted estimate of potential credit losses (i.e. the present value of all expected cash shortfalls) over the expected life of the financial instrument. The 3 parameters used to measure expected credit losses are the probability of default (PD), loss given default (LGD), and exposure at default (EAD).</p>	
<p><b>Lifetime ECLs</b></p>	<p>The ECLs that result from all possible default events over the expected life of the financial instrument.</p>
<p><b>12 month ECLs</b></p>	<p>The ECLs that are possible within 12 months of the reporting date.</p>

# Notes to the consolidated and separate financial statements continued

**N** Financial risk management (continued)

**N5** Credit risk and sensitivity (continued)

## **N5.2** Financial exposure - Credit

The Group considers its gross maximum credit risk exposure per asset class, without taking into account any collateral, financial guarantees or accumulated expected credit losses recognised, to be as follows:

	Note	GROUP		COMPANY	
		June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
Gross loans receivable – external <sup>1</sup>	N5.3	212 714	220 045	72 703	72 182
Gross loans receivable – Related parties <sup>1</sup>	N5.3	2 774	2 502	1 575 566	1 577 727
Gross trade receivables	N5.4	231 104	216 671	123 366	132 665
Gross other receivables - financial instruments	N5.5	-	26 505	151 871	-
Cash and cash equivalents	N5.6	1 047 080	1 387 471	368 844	430 219
Cash and cash equivalents - held-for-sale	N5.6	154 023	320 489	-	-
Derivative instruments – assets	H2	287 981	191 475	84 693	87 874
		<b>1 935 676</b>	<b>2 365 158</b>	<b>2 377 043</b>	<b>2 300 667</b>

<sup>1</sup> For details of collateral held for loans receivable refer to *note F1.3 - Loan details*.

## **N5.3** Loans receivable

### **N5.3.1** Loans receivable: ECL - general approach

Loans receivable consist of vendor loan funding to purchasers of properties sold by the Group, loans to strategic partners for CSI, BBBEE and enterprise development initiatives, and loans to subsidiaries. All loans are measured at amortised cost and are subject to the general approach when calculating expected credit losses.

The Group has considered the debtors' performance of their loan obligations, current and projected financial performance, planned disposals of major assets and attendant costs, external debts, changes to the capital structure, market values of underlying assets and future cash flows as well as security held by the Group and current and expected economic conditions, as applicable, to calculate ECLs.

# Notes to the consolidated and separate financial statements continued

N Financial risk management (continued)

N5 Credit risk and sensitivity (continued)

N5.3 Loans receivable (continued)

N5.3.1 Loans receivable: ECL - general approach (continued)

Assumptions applied to the recognition of ECLs and interest income at each stage of impairment of loans receivable:

Stage	Assumptions	ECLs	Recognition of interest
<b>Stage 1</b>	Loans whose credit risk is in line with the original expectation and whose contractual payments are up to date.	12 month ECL	Effective interest calculated on the gross carrying amount.
<b>Stage 2</b> (not credit impaired)	Loans whose credit risk has increased significantly since initial recognition. A significant increase in credit risk is presumed if interest and / or principal payments are 30 days past due or a review of the debtors' financial information reveals deteriorating debt servicing capacity and / or NAV.	Lifetime ECL	Effective interest calculated on the gross carrying amount.
<b>Stage 3</b> (Credit impaired)	Interest and / or principal payments are 60 days past due or a review of the debtors' financial information reveals deteriorating debt servicing capacity and / or NAV, and no agreement to remedy this has been reached between the parties.	Lifetime ECL	Effective interest calculated on the net carrying amount.
<b>Write off</b>	A loan in default is written off when there is no prospect of recovery of the amount and / or an agreement to this effect has been reached between the parties.	Loan is written off.	Accrual of interest is suspended. Any recovery of amounts due is recorded when received.

# Notes to the consolidated and separate financial statements continued

N Financial risk management (continued)

N5 Credit risk and sensitivity (continued)

N5.3 Loans receivable (continued)

## N5.3.2 Stages of impairment

GROUP	Stage of impairment	ECLs	Gross carrying amount R'000	Accumulated expected credit losses R'000	Net carrying amount R'000	
<b>June 2023</b>						
Loans receivable – external	Stage 1	12 month ECL	212 714	-	212 714	
Loans receivable – Related parties			<b>2 774</b>	<b>(2 767)</b>	<b>7</b>	
	Stage 1	12 month ECL	-	-	-	
	Stage 2	Lifetime ECLs (not credit impaired)	2 774	(2 767)	7	
	Stage 3	Lifetime ECLs (credit impaired)	-	-	-	
<b>Total</b>			<b>215 488</b>	<b>(2 767)</b>	<b>212 721</b>	
<b>June 2022</b>						
Loans receivable – external	Stage 1	12 month ECL	222 547	-	222 547	
<b>ECL movement reconciliation by stage</b>			<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Balance at 30 June 2022</b>			-	-	-	-
Transfer to Stage 2 - Lifetime ECLs (not credit impaired)			-	(2 767)	-	(2 767)
<b>Balance at 30 June 2023</b>			-	<b>(2 767)</b>	-	<b>(2 767)</b>

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N5 Credit risk and sensitivity (continued)

#### N5.3 Loans receivable (continued)

##### N5.3.2 Stages of impairment (continued)

COMPANY	Stage of impairment	ECLs	Gross carrying amount R'000	Accumulated expected credit losses R'000	Net carrying amount R'000	
<b>June 2023</b>						
Loans receivable – external	Stage 1	12 month ECL	72 703	-	<b>72 703</b>	
Loans receivable – Related parties			<b>1 575 566</b>	<b>(1 511 443)</b>	<b>64 123</b>	
	Stage 1	12 month ECL	-	-	-	
	Stage 2	Lifetime ECLs (not credit impaired)	80 101	(32 697)	<b>47 404</b>	
	Stage 3	Lifetime ECLs (credit impaired)	1 495 465	(1 478 746)	<b>16 719</b>	
<b>Total</b>			<b>1 648 269</b>	<b>(1 511 443)</b>	<b>136 826</b>	
<b>June 2022</b>						
Loans receivable – external	Stage 1	12 month ECL	72 182	-	<b>72 182</b>	
Loans receivable – Related parties			<b>1 577 727</b>	<b>(1 513 915)</b>	<b>63 812</b>	
	Stage 1	12 month ECL	11 308	-	<b>11 308</b>	
	Stage 2	Lifetime ECLs (not credit impaired)	73 994	(21 490)	<b>52 504</b>	
	Stage 3	Lifetime ECLs (credit impaired)	1 492 425	(1 492 425)	-	
<b>Total</b>			<b>1 649 909</b>	<b>(1 513 915)</b>	<b>135 994</b>	
<b>ECL movement reconciliation by stage</b>			<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Balance at 30 June 2022</b>			-	(21 490)	(1 492 425)	(1 513 915)
Remeasurement of loss allowances			-	(4 717)	13 679	8 962
New impairments (Loans classified as Stage 2)			-	(6 490)	-	(6 490)
<b>Balance at 30 June 2023</b>			-	<b>(32 697)</b>	<b>(1 478 746)</b>	<b>(1 511 443)</b>

# Notes to the consolidated and separate financial statements continued

**N** Financial risk management (continued)

**N5** Credit risk and sensitivity (continued)

**N5.3** Loans receivable (continued)

## **N5.3.3** Transfers between Stages of impairment

A loan with a gross carrying amount of R2 774 000 was transferred from stage 1 to stage 2 due to a deterioration in trading conditions. ECLs related to these loans were subsequently calculated at R2 767 000.

## **N5.4** Trade receivables

### **N5.4.1** Trade receivables: ECL - simplified approach

Trade receivables consist of lease receivables for rentals, deposits and recoveries due from tenants. They are measured at amortised cost and subject to the simplified approach when calculating expected credit losses.

The Group applies the simplified approach to determine the expected credit losses for trade receivables resulting in a calculation of lifetime expected credit losses. ECLs are calculated on an individual receivable level taking into account projected loss levels and economic factors affecting the particular mall or type of retailer. With respect to the European portfolio tenant deposits are taken into consideration when calculating the ECLs.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, insolvency or significant financial difficulties of the tenant, default on payment terms and vacation or abandonment of the leased premises. Impaired trade and other receivables are derecognised when all reasonable efforts to collect the amounts outstanding have failed and they are assessed as uncollectible.

Trade receivables are considered to be in default when the debtor is in breach of the terms of their lease.

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N5 Credit risk and sensitivity (continued)

#### N5.4 Trade receivables (continued)

##### N5.4.2 Aged receivables and ECLs

GROUP	Current	30 days	60 days	90+ days	Total
June 2023	R'000	R'000	R'000	R'000	R'000
Gross trade receivables	143 183	12 131	7 686	68 104	231 104
Impaired	11 130	7 369	5 333	65 009	88 841
Not impaired	132 053	4 762	2 353	3 095	142 263
Cumulative expected credit losses on impaired receivables	(9 350)	(5 775)	(4 466)	(60 604)	(80 195)
<b>Net carrying amount</b>	<b>133 833</b>	<b>6 356</b>	<b>3 220</b>	<b>7 500</b>	<b>150 909</b>
Impaired trade receivables as a % of Gross trade receivables	8%	61%	69%	95%	38%
<b>June 2022</b>					
Gross trade receivables	104 718	29 817	14 449	67 687	216 671
Cumulative expected credit losses	(16 135)	(7 928)	(8 076)	(67 639)	(99 778)
<b>Net carrying amount</b>	<b>88 583</b>	<b>21 889</b>	<b>6 373</b>	<b>48</b>	<b>116 893</b>
% of Gross trade receivables that are impaired	15%	27%	56%	100%	46%

##### N5.4.3 Total receivables by geographic segment

GROUP	GROUP		Total
	SA	EE	
June 2023			
Gross trade receivables	125 680	105 424	231 104
Cumulative expected credit losses	(33 415)	(46 780)	(80 195)
<b>Net carrying amount</b>	<b>92 265</b>	<b>58 644</b>	<b>150 909</b>
Cash collateral held	80 663	50 174	130 837

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N5 Credit risk and sensitivity (continued)

#### N5.4 Trade receivables (continued)

##### N5.4.4 Aged receivables and ECLs

COMPANY	Current	30 days	60 days	90+ days	Total
June 2023	R'000	R'000	R'000	R'000	R'000
Gross trade receivables	86 661	7 654	5 082	23 969	123 366
Impaired	10 364	6 241	4 268	21 062	41 935
Not impaired	76 297	1 413	814	2 907	81 431
Cumulative expected credit losses on impaired receivables	(8 585)	(4 647)	(3 400)	(16 717)	(33 349)
<b>Net carrying amount</b>	<b>78 076</b>	<b>3 007</b>	<b>1 682</b>	<b>7 252</b>	<b>90 017</b>
% of Gross trade receivables that are impaired	12%	82%	84%	88%	34%
<b>June 2022</b>					
Gross trade receivables	81 993	12 617	11 058	26 997	132 665
Cumulative expected credit losses	(26 622)	(6 722)	(7 369)	(15 982)	(56 695)
<b>Net carrying amount</b>	<b>55 371</b>	<b>5 895</b>	<b>3 689</b>	<b>11 015</b>	<b>75 970</b>
% of Gross trade receivables that are impaired	32%	53%	67%	59%	43%

N5.4.5 Exposure and mitigating balances	Note	GROUP		COMPANY	
		June 2023	June 2022	June 2023	June 2022
		R'000	R'000	R'000	R'000
Maximum exposure		150 909	116 893	90 017	75 970
Gross trade receivables	F2.2.1	231 104	216 671	123 366	132 665
Cumulative expected credit losses	F2.2.1 / N5.4.6	(80 195)	(99 778)	(33 349)	(56 695)
Mitigating balances		579 025	525 556	254 909	269 918
Bank guarantees on behalf of tenants in favour of the Group		448 188	403 953	174 246	188 631
Tenant deposits held by the Group		130 837	121 603	80 663	81 287
Excludes assets classified as held-for-sale					

##### N5.4.6 ECL Movement for the year

Balance at the beginning of the year	99 778	78 966	56 695	78 255
Changes in expected credit losses - trade receivables	(16 611)	8 810	(39)	9 348
Receivables written off during the year <sup>1</sup>	(11 612)	(29 812)	(23 307)	(30 908)
Acquired through business combination	-	40 382	-	-
Currency translation difference	8 640	1 432	-	-
<b>Balance at the end of the year</b>	<b>80 195</b>	<b>99 778</b>	<b>33 349</b>	<b>56 695</b>

<sup>1</sup> Balances written off are no longer subject to enforcement activities.

Changes in expected credit losses - trade receivables reduced as a result of an improvement in trading conditions post Covid - 19.

# Notes to the consolidated and separate financial statements continued

## N Financial risk management (continued)

### N5 Credit risk and sensitivity (continued)

#### N5.5 Other receivables: ECL - general approach

Included in other receivables for the current year are prepayments and municipal deposits to which the Group has applied the general approach when calculating ECLs. The application of this approach on other receivables had an immaterial impact.

#### N5.6 Cash and cash equivalents

##### N5.6.1 Cash and cash equivalents: ECL - general approach

Cash and cash equivalents comprise cash deposits with leading banks and units held in money market funds in the jurisdictions in which the Group companies operate. Impairment losses on cash and cash equivalents are measured on a 12-month expected credit loss basis. No expected credit losses are anticipated in respect of cash and cash equivalents given the credit ratings of the counterparties.

The credit ratings for the counterparty financial institutions as well the exposure concentration of cash and cash equivalents with each financial institution, are as follows:

	Credit rating June 2023	Credit rating June 2022	GROUP		COMPANY		
			June 2023 %	June 2022 %	June 2023 %	June 2022 %	
<b>N5.6.2 Exposure concentration</b>							
<b>South Africa</b>							
ABSA Bank Ltd	Ba2	Ba3	66.8	81.3	66.4	81.3	
Nedbank Group	Ba2	Ba2	11.8	6.1	11.9	6.1	
Rand Merchant Bank / FirstRand Group	Ba2	Ba2	1.2	0.7	1.1	0.7	
Standard Bank Group	Ba3	Ba3	20.2	11.4	20.6	11.4	
Other	n/a	n/a	0.0	0.4	0.0	0.5	
<b>Total Exposure - South Africa</b>			<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
<b>South Africa - Carrying amounts by credit rating</b>			<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	
Ba2			298 263	29 811	293 132	29 514	
Ba3			75 588	399 930	75 588	398 876	
Other			124	1 829	124	1 829	
<b>Total Exposure - South Africa</b>			<b>373 975</b>	<b>431 570</b>	<b>368 844</b>	<b>430 219</b>	
<b>Europe</b>			<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	
DSK Bank	BBB-	BBB	24.7	12.7	n/a	n/a	
Raiffeisen Bank Austria d.d.	Baa2	n/a	16.1	-	n/a	n/a	
Erste Group Bank AG	A1	A2	6.6	12.6	n/a	n/a	
Intesa Sanpaolo Luxembourg	BBB	BBB	5.4	2.7	n/a	n/a	
Komercijalna Banka AD Skopje	Unrated	Unrated	18.2	6.4	n/a	n/a	
Standard Bank Group	BB-	BB+	29.0	65.6	n/a	n/a	
<b>Total Exposure - Europe</b>			<b>100.0</b>	<b>100.0</b>	<b>n/a</b>	<b>n/a</b>	

# Notes to the consolidated and separate financial statements continued

N Financial risk management (continued)

N5 Credit risk and sensitivity (continued)

N5.6 Cash and cash equivalents (continued)

N5.6.2 Exposure concentration (continued)

	GROUP		COMPANY	
	June 2023 R'000	June 2022 R'000	June 2023 R'000	June 2022 R'000
<b>Europe - Carrying amounts by credit rating</b>				
A1	43 277	-	n/a	n/a
A2	-	118 338	n/a	n/a
BBB-	161 289	-	n/a	n/a
BBB	35 017	144 543	n/a	n/a
Baa2	104 967	-	n/a	n/a
BB+	-	616 415	n/a	n/a
BB-	189 591	165	n/a	n/a
Unrated	119 781	60 418	n/a	n/a
<b>Total Exposure - Europe</b>	<b>653 922</b>	<b>939 879</b>	<b>n/a</b>	<b>n/a</b>

Sub-Saharan Africa	Credit rating June 2023	Credit rating June 2022	%	%	%	%
Standard Bank Group	Ba3	n/a	11.1	4.8	n/a	n/a
Stanbic IBTC	AAA <sub>(NG)</sub>	AAA <sub>(NG)</sub>	9.3	6.7	n/a	n/a
RMB Nigeria	Aa-	Aa-	72.4	88.5	n/a	n/a
Zenith Bank PLC	Caa1	n/a	7.2	-	n/a	n/a
<b>Total Exposure - Sub-Saharan Africa</b>			<b>100.0</b>	<b>100.0</b>	<b>n/a</b>	<b>n/a</b>

Sub-Saharan Africa - Carrying amounts by credit rating		R'000	R'000	R'000	R'000
AAA <sub>(NG)</sub>	Held-for-sale	16 023	22 645	n/a	n/a
Aa-	Held-for-sale	125 410	297 844	n/a	n/a
Ba3		19 183	16 022	n/a	n/a
Caa1	Held-for-sale	12 590	-	n/a	n/a
<b>Total Exposure - Sub-Saharan Africa</b>		<b>173 206</b>	<b>336 511</b>	<b>n/a</b>	<b>n/a</b>

# Notes to the consolidated and separate financial statements continued

## **0 Other information**

### **01 Events after the reporting date**

#### **01.1 Dividend declaration**

On 19 September 2023 the Board resolved to declare a dividend for the year ended 30 June 2023 of 299.29970 cents per share and to offer shareholders the opportunity to reinvest the net cash dividend in return for new shares in the Company through a DRIP, subject to a maximum reinvestment of R500 million in aggregate. Amounts raised from the DRIP will be used to fund additional capital expenditure, primarily to ensure energy security for the SA portfolio, and new opportunities being pursued by the Group.

#### **01.2 Financial support for AttAfrica**

In September 2023 the Board approved that the Company may provide financial support to AttAfrica and its subsidiaries through an additional equity investment and / or providing guarantees to lenders to the AttAfrica group, subject to a maximum of \$18m in aggregate.

#### **01.3 Changes to borrowings and security provided to lenders**

On 3 July 2023 borrowings of €109.7m (R2 250m) which matured, were refinanced for periods ranging from 12 months to 3 years.

In August 2023 an agreement was concluded for a new 3 year term loan facility of R500m and a 3 year revolving credit facility of R250m. The facilities will be secured by a mortgage bond over South African investment property with a carrying value of R1.5bn and a cession of lease receivables and insurance policies relating to the secured investment property.

## **P. Property disclosures**

### **P1 JSE property disclosures**

#### **P1.1 Detailed property disclosures**

Listed companies that carry out property-related activities are subject to additional disclosure requirements relating to their property portfolio and financial information in terms of the JSE Listings Requirements. The tables below excludes properties classified as held-for-sale and disclosures for offices refer to standalone offices only. Rental escalations relate to new leases and amendments made during the financial year. Rent per square metre is as at 30 June.

# Notes to the consolidated and separate financial statements continued

## P Property disclosures (continued)

### P1 JSE property disclosures (continued)

#### P1.1 Detailed property disclosures (continued)

GROUP	Location	Revenue attributable to the Group R'000	Total GLA m <sup>2</sup>	Rent / R per m <sup>2</sup>	Retail GLA m <sup>2</sup>	Retail vacancy m <sup>2</sup>	Retail vacancy %	Retail rental escalation %	Office GLA m <sup>2</sup>	Office vacancy m <sup>2</sup>	Office vacancy %	Office rental escalation %	Average annualised rental property yield %
June 2023													
<b>Geographical profile</b>													
<b>South Africa</b>													
	Gauteng	1 497 099	366 900	233	331 713	5 969	1.8	6.6	35 187	12 121	34.4	6.8	9.0
	Western Cape	1 322 401	291 258	312	281 800	1 543	0.5	6.7	9 458	2 992	31.6	6.8	7.9
<b>Sectoral profile</b>													
<b>Retail</b>		<b>2 802 484</b>	<b>651 302</b>	<b>269</b>	<b>613 513</b>	<b>7 512</b>	<b>1.2</b>	<b>6.6</b>	<b>37 789</b>	<b>12 739</b>	<b>33.7</b>	<b>6.9</b>	<b>8.4</b>
<b>Super regional</b>													
	Canal Walk		157 013	348	147 555				9 458				
<b>Large regional</b>													
	Clearwater Mall		86 281	282	86 281				-				
	The Glen		78 757	223	78 757				-				
	Woodlands		72 384	195	72 384				-				
	CapeGate		64 029	249	64 029				-				
	Somerset Mall		70 216	290	70 216				-				
	Rosebank Mall		84 195	200	65 946				18 249				
<b>Regional</b>													
	Hyde Park Corner		38 427	294	28 345				10 082				
<b>Offices</b>		<b>17 016</b>	<b>6 856</b>	<b>165</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 856</b>	<b>2 374</b>	<b>34.6</b>	<b>6.5</b>	<b>7.7</b>
<b>Total South African portfolio</b>		<b>2 819 500</b>	<b>658 158</b>	<b>268</b>	<b>613 513</b>	<b>7 512</b>	<b>1.2</b>	<b>6.6</b>	<b>44 645</b>	<b>15 113</b>	<b>33.9</b>	<b>6.8</b>	<b>8.4</b>
<b>Geographical profile</b>													
<b>Europe</b>													
		1 169 174	187 891	519	187 891	557	0.3	Note 1	-	-	-	-	8.1
<b>Sectoral profile</b>													
<b>Retail</b>		<b>1 169 174</b>	<b>187 891</b>	<b>519</b>	<b>187 891</b>	<b>557</b>	<b>0.3</b>	<b>Note 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.1</b>
	City Center One East		47 260	596	47 260								
	City Center One West		42 282	649	42 282								
	The Mall		61 568	402	61 568								
	Skopje City Mall		36 781	464	36 781								
<b>Total European portfolio</b>		<b>1 169 174</b>	<b>187 891</b>	<b>519</b>	<b>187 891</b>	<b>557</b>	<b>0.3</b>	<b>Note 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.1</b>

Note 1: The majority of contractual rentals are subject to annual / monthly indexation adjustments based on published indices. Certain indexation adjustments are subject to caps.

# Notes to the consolidated and separate financial statements continued

## P Property disclosures (continued)

### P1 JSE property disclosures (continued)

#### P1.2 Tenant grading

Tenants in the portfolio are categorised by grade as follows:

**A-grade:** Large national tenants, large listed tenants and major franchises (including all national retailers and tenants in large listed groups).

**B-grade:** Smaller national and listed tenants, medium-sized franchises, medium to large retailers.

**C-grade:** Smaller line stores.

	Portfolio lease income <sup>1</sup> R'000	Lease income attributable to the Group R'000	Revenue contribution %	Rentable area (GLA) m <sup>2</sup>	GLA contribution %	Revenue per m <sup>2</sup> / month (Rands)
<b>South Africa</b>						
<b>June 2023</b>						
A grade	1 202 056	1 098 990	57.0	440 696	69.4	227
B grade	543 538	491 925	25.5	112 652	17.7	402
C grade - (753 tenants)	371 646	337 791	17.5	82 185	12.9	377
<b>Total</b>	<b>2 117 240</b>	<b>1 928 706</b>	<b>100.0</b>	<b>635 533</b>	<b>100.0</b>	<b>278</b>
<b>June 2022</b>						
A grade	1 365 686	1 259 590	57.9	445 950	68.7	255
B grade	603 303	547 849	25.6	119 267	18.4	422
C grade - (691 tenants)	388 519	356 658	16.5	83 407	12.9	388
<b>Total</b>	<b>2 357 508</b>	<b>2 164 097</b>	<b>100.0</b>	<b>648 624</b>	<b>100.0</b>	<b>303</b>

<sup>1</sup> Portfolio lease income refers to the total lease income for the properties (notwithstanding that the Group may have a lower ownership percentage) and is used to calculate the Revenue contribution and Revenue per m<sup>2</sup>.

# Notes to the consolidated and separate financial statements continued

## P Property disclosures (continued)

### P1 JSE property disclosures (continued)

#### P1.2 Tenant grading (continued)

	Lease income attributable to the Group R'000	Revenue contribution %	Rentable area (GLA) m <sup>2</sup>	GLA contribution %	Revenue per m <sup>2</sup> / month (Rands)
<b>Europe</b>					
<b>June 2023</b>					
A grade	493 639	42.8	115 713	61.8	356
B grade	501 764	43.5	59 405	31.7	704
C grade - (153 tenants)	158 667	13.7	12 216	6.5	1 035
<b>Total</b>	<b>1 154 070</b>	<b>100.0</b>	<b>187 334</b>	<b>100.0</b>	<b>512</b>
<b>June 2022</b>					
A grade	101 155	43.4	114 824	61.1	294
B grade	99 035	42.5	59 244	31.5	557
C grade - (124 tenants)	32 737	14.1	13 839	7.4	789
<b>Total</b>	<b>232 927</b>	<b>100.0</b>	<b>187 907</b>	<b>100.0</b>	<b>413</b>
<b>Total portfolio</b>					
<b>June 2023</b>					
A grade	1 592 629	51.7	556 409	67.6	254
B grade	993 689	32.2	172 057	20.9	506
C grade - (1 332 tenants)	496 458	16.1	94 401	11.5	465
<b>Total</b>	<b>3 082 776</b>	<b>100.0</b>	<b>822 867</b>	<b>100.0</b>	<b>331</b>
<b>June 2022</b>					
A grade	1 360 745	56.8	560 775	67.0	263
B grade	646 884	27.0	178 510	21.4	467
C grade - (815 tenants)	389 395	16.2	97 246	11.6	445
<b>Total</b>	<b>2 397 024</b>	<b>100.0</b>	<b>836 531</b>	<b>100.0</b>	<b>328</b>

# Notes to the consolidated and separate financial statements continued

## P Property disclosures (continued)

### P1 JSE property disclosures (continued)

#### P1.3 Lease expiry profiles

##### P1.3.1 Lease expiry profile by revenue (%)

	Year 1 %	Year 2 %	Year 3 %	Year 4 %	Year 5 + %
<b>South Africa</b>					
<b>June 2023</b>					
Retail	33	25	15	10	17
Offices	28	43	25	1	3
<b>Total</b>	<b>33</b>	<b>26</b>	<b>15</b>	<b>10</b>	<b>16</b>
<b>June 2022</b>					
Retail	30	19	23	11	17
Offices	55	16	24	4	1
<b>Total</b>	<b>31</b>	<b>19</b>	<b>23</b>	<b>10</b>	<b>17</b>
<b>Europe</b>					
<b>June 2023</b>					
Retail	13	17	12	17	41
<b>Total</b>	<b>13</b>	<b>17</b>	<b>12</b>	<b>17</b>	<b>41</b>
<b>June 2022</b>					
Retail	16	16	20	9	39
<b>Total</b>	<b>16</b>	<b>16</b>	<b>20</b>	<b>9</b>	<b>39</b>
<b>Total Portfolio</b>					
<b>June 2023</b>					
Retail	26	23	14	12	25
Offices	28	43	25	1	3
<b>Total</b>	<b>26</b>	<b>23</b>	<b>14</b>	<b>12</b>	<b>25</b>
<b>June 2022</b>					
Retail	28	18	23	10	21
Offices	55	16	24	4	1
<b>Total</b>	<b>29</b>	<b>18</b>	<b>23</b>	<b>10</b>	<b>20</b>

# Notes to the consolidated and separate financial statements continued

## P Property disclosures (continued)

### P1 JSE property disclosures (continued)

#### P1.3 Lease expiry profiles (continued)

##### P1.3.2 Lease expiry profile by rentable area (%)

	Vacancy %	Year 1 %	Year 2 %	Year 3 %	Year 4 %	Year 5 + %
<b>South Africa</b>						
<b>June 2023</b>						
Retail	1	26	26	13	10	24
Offices	34	22	30	10	1	3
<b>Total</b>	<b>3</b>	<b>25</b>	<b>27</b>	<b>12</b>	<b>10</b>	<b>23</b>
<b>June 2022</b>						
Retail	2	21	14	25	11	27
Offices	30	39	11	17	2	1
<b>Total</b>	<b>4</b>	<b>22</b>	<b>14</b>	<b>24</b>	<b>10</b>	<b>26</b>
<b>Europe</b>						
<b>June 2023</b>						
Retail	0	10	13	9	19	49
<b>Total</b>	<b>0</b>	<b>10</b>	<b>13</b>	<b>9</b>	<b>19</b>	<b>49</b>
<b>June 2022</b>						
Retail	1	13	17	15	8	46
<b>Total</b>	<b>1</b>	<b>13</b>	<b>17</b>	<b>15</b>	<b>8</b>	<b>46</b>
<b>Total portfolio</b>						
<b>June 2023</b>						
Retail	1	22	23	12	12	30
Offices	34	22	30	10	1	3
<b>Total</b>	<b>3</b>	<b>22</b>	<b>24</b>	<b>12</b>	<b>12</b>	<b>27</b>
<b>June 2022</b>						
Retail	2	19	15	22	10	32
Offices	30	39	11	17	2	1
<b>Total</b>	<b>3</b>	<b>20</b>	<b>15</b>	<b>22</b>	<b>10</b>	<b>30</b>

# REIT disclosures

## P Property disclosures (continued)

### P2 SA REIT Ratios

The second edition of the SA REIT Association's best practice recommendations was issued in November 2019 and is effective for reporting periods commencing on or after 1 January 2020.

The information set out below includes the calculation of SA REIT Funds from Operations (FFO), Funds from operations per share (FFOPS) and other non-IFRS information (collectively referred to as "Non-IFRS Financial Information"). Non-IFRS Financial Information constitutes non-IFRS measures and is pro forma financial information in terms of the JSE Listings Requirements.

#### **Basis of preparation: Non-IFRS Financial information**

The Non-IFRS Financial Information has been compiled to provide investors with performance metrics that are commonly used in the industry to enable direct comparison of South African Real Estate Investment Trusts. Due to its nature the Non-IFRS Financial Information may not fairly present the results of operations of Hyprop Investments Ltd and the Group.

The Directors are responsible for compiling the Non-IFRS Financial Information on the basis of the Applicable Criteria specified in the JSE Listings Requirements, including the JSE Guidance Letter: Presentation of pro forma financial information, dated 4 March 2010.

The independent reporting accountant's assurance report on the Non-IFRS financial information is available on the Group's website at <https://www.hyprop.co.za/results-center.php>

# REIT disclosures continued

## P Property disclosures (continued)

### P2 SA REIT Ratios (continued)

#### P2.1 SA REIT Funds from Operations per share

	GROUP	
	June 2023 R'000	June 2022 R'000
Profit per IFRS Statement of comprehensive income attributable to the parent	1 521 216	1 345 164
<i>Adjusted for:</i>		
<b>Accounting / specific adjustments:</b>	<b>(281 295)</b>	<b>(9 207)</b>
Fair value adjustments to:		
- Investment property	(434 145)	(436 588)
- Equity instruments held at fair value through profit or loss	-	7 159
Depreciation and amortisation of intangible assets	-	5 167
Impairment of goodwill or the recognition of a bargain purchase gain	8 775	433 432
Asset impairments (excluding goodwill) and reversals of impairments	2 767	9 077
Gains or losses on the modification of financial instruments	-	(65 865)
Deferred tax movement recognised in profit or loss	40 928	(17 173)
Straight-lining operating lease adjustment	100 380	42 866
Transaction costs expensed in accounting for a business combination	-	12 718
<b>Adjustments arising from investing activities:</b>	<b>5 576</b>	<b>1 135</b>
Gains or losses on disposal / scrapping of:		
- Investment property and property, plant and equipment	5 576	1 135
<b>Foreign exchange and hedging items:</b>	<b>(56 026)</b>	<b>(217 581)</b>
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(56 026)	(238 690)
Foreign exchange gains or losses relating to capital items – realised and unrealised	-	21 109
<b>Other adjustments:</b>	<b>30 238</b>	<b>-</b>
Non-controlling interests in respect of the above adjustments	30 238	-
<b>SA REIT FFO</b>	<b>1 219 709</b>	<b>1 119 511</b>
Number of shares outstanding at end of period (net of treasury shares)	<b>358 084 019</b>	341 859 205
<b>SA REIT FFO per share (cents)</b>	<b>340.6</b>	<b>327.5</b>
<b>Company-specific adjustments (cents per share)</b>	<b>64.6</b>	<b>15.0</b>
Capital and other items	(11.5)	(5.0)
Unrealised foreign exchange losses	34.0	-
Equity accounted losses	42.1	20.0
<b>Distributable income per share (cents)</b>	<b>405.2</b>	<b>342.5</b>

# REIT disclosures continued

## P Property disclosures (continued)

### P2 SA REIT Ratios (continued)

		GROUP	
		June 2023 R'000	June 2022 R'000
<b>P2.2</b>	<b>SA REIT Net Asset Value</b>		
	<b>Reported NAV attributable to the parent</b>	<b>22 699 719</b>	<b>20 813 969</b>
	<i>Adjustments:</i>		
	Dividend to be declared / reinvested	(1 071 744)	(1 003 839)
	Fair value of certain derivative financial instruments	(268 752)	(174 503)
	Goodwill and intangible assets	(59)	(54)
	Deferred tax	1 112 002	912 494
	<b>SA REIT NAV</b>	<b>22 471 166</b>	<b>20 548 067</b>
	<b>Shares outstanding</b>		
	Number of shares in issue at period end (net of treasury shares)	358 084 019	341 859 205
	Effect of dilutive instruments	1 253 125	1 067 515
	<b>Diluted number of shares in issue</b>	<b>359 337 144</b>	<b>342 926 720</b>
	<b>SA REIT NAV per share (R)</b>	<b>62.54</b>	<b>59.92</b>
<b>P2.3</b>	<b>SA REIT loan-to-value</b>		
	Gross debt - per Statement of financial position	15 220 834	14 488 023
	<i>Less:</i>		
	Cash and cash equivalents (including held-for-sale)	(1 201 103)	(1 707 960)
	Restricted cash	-	355 655
	<i>Add / Less:</i>		
	Derivative financial instruments	(268 753)	(174 503)
	<b>Net debt</b>	<b>13 750 978</b>	<b>12 961 215</b>
	Total assets – per Statement of financial position	39 870 697	37 276 317
	<i>Less:</i>		
	Cash and cash equivalents (including held-for-sale)	(1 201 103)	(1 707 960)
	Derivative financial assets	(287 981)	(191 476)
	Intangible assets	(59)	(54)
	Trade and other receivables	(267 443)	(213 739)
	<b>Carrying amount of property-related assets</b>	<b>38 114 111</b>	<b>35 163 088</b>
	<b>SA REIT loan-to-value</b>	<b>36.1%</b>	<b>36.9%</b>

See note H4 - *Covenants and capital management* for details of the Company's loan-to-value ratio, as calculated by the Group's major lenders, and compliance with banking covenants.

# REIT disclosures continued

## P Property disclosures (continued)

### P2 SA REIT Ratios (continued)

		GROUP	
		June 2023 R'000	June 2022 R'000
<b>P2.4</b>	<b>SA REIT cost-to-income ratio</b>		
	<b>Expenses</b>		
	Operating expenses per IFRS Statement of comprehensive income <i>(includes municipal expenses)</i>	1 928 419	1 384 152
	Administrative expenses per IFRS Statement of comprehensive income	150 527	132 266
	<i>Exclude:</i>		
	Depreciation expense in relation to property, plant and equipment of an administrative nature	(1 625)	(6 739)
	Company Specific adjustments		
	Transaction costs expensed in accounting for a business combination	-	(12 718)
	<b>Operating costs</b>	<b>2 077 321</b>	<b>1 496 961</b>
	<b>Rental income</b>		
	Contractual rental income (excluding straight-lining) <sup>1</sup>	3 365 508	2 290 207
	Utility and operating recoveries per IFRS Statement of comprehensive income	965 694	769 705
	<b>Gross rental income</b>	<b>4 331 202</b>	<b>3 059 912</b>
	<b>SA REIT cost-to-income ratio</b>	<b>48.0%</b>	<b>48.9%</b>
	<sup>1</sup> Net of COVID-19 related discounts and relief.		
<b>P2.5</b>	<b>SA REIT administrative cost-to-income ratio</b>		
	<b>Expenses</b>		
	Administrative expenses per IFRS Statement of comprehensive income	150 527	132 266
	<b>Administrative costs</b>	<b>150 527</b>	<b>132 266</b>
	<b>Rental income</b>		
	Contractual rental income (excluding straight-lining) <sup>1</sup>	3 365 508	2 290 207
	Utility and operating recoveries per IFRS Statement of comprehensive income	965 694	769 705
	<b>Gross rental income</b>	<b>4 331 202</b>	<b>3 059 912</b>
	<b>SA REIT administrative cost-to-income ratio</b>	<b>3.5%</b>	<b>4.3%</b>
	<sup>1</sup> Net of COVID-19 related discounts and relief.		
<b>P2.6</b>	<b>SA REIT GLA vacancy rate - TOTAL</b>		
	Gross lettable area of vacant space	23 199	27 112
	Gross lettable area of total property portfolio	868 278	868 669
	<b>SA REIT GLA vacancy rate</b>	<b>2.7%</b>	<b>3.1%</b>

# REIT disclosures continued

P Property disclosures (continued)

P2 SA REIT Ratios (continued)

## P2.7 SA REIT Cost of debt

### P2.7.1 Cost of debt - ZAR

#### Variable interest-rate borrowings

Floating reference rate plus weighted average margin

**Pre-adjusted weighted average cost of debt**

*Adjustments:*

Impact of interest rate derivatives

Amortised transaction costs imputed into the effective interest rate

**All-in weighted average cost of debt**

### P2.7.2 Cost of debt - EUR

#### Variable interest-rate borrowings

Floating reference rate plus weighted average margin

**Pre-adjusted weighted average cost of debt**

*Adjustments:*

Impact of interest rate derivatives

**All-in weighted average cost of debt**

### P2.7.3 Cost of debt - USD

#### Variable interest-rate borrowings

Floating reference rate plus weighted average margin

**Pre-adjusted weighted average cost of debt**

*Adjustments:*

Impact of interest rate derivatives

**All-in weighted average cost of debt**

		GROUP	
		June 2023	June 2022
		%	%
	<b>Pre-adjusted weighted average cost of debt</b>	<b>10.3%</b>	<b>6.8%</b>
	Impact of interest rate derivatives	(1.6%)	0.7%
	Amortised transaction costs imputed into the effective interest rate	0.2%	0.2%
	<b>All-in weighted average cost of debt</b>	<b>8.9%</b>	<b>7.7%</b>
	<b>Pre-adjusted weighted average cost of debt</b>	<b>5.9%</b>	<b>2.5%</b>
	Impact of interest rate derivatives	(2.0%)	0.2%
	<b>All-in weighted average cost of debt</b>	<b>3.9%</b>	<b>2.7%</b>
	<b>Pre-adjusted weighted average cost of debt</b>	<b>11.3%</b>	<b>7.1%</b>
	Impact of interest rate derivatives	(1.4%)	0.0%
	<b>All-in weighted average cost of debt</b>	<b>9.9%</b>	<b>7.1%</b>

# Additional information

## Q1 Earnings reconciliations

	GROUP	
	June 2023	June 2022
	R'000	R'000
<b>Q1.1 Reconciliation of net income before value adjustments to distributable income</b>		
<b>Net income before value adjustments</b>	<b>1 078 476</b>	<b>1 053 162</b>
<b>Adjustments to calculate distributable income</b>	<b>372 409</b>	<b>117 640</b>
Straight-line rental revenue accrual	100 380	42 866
Tax adjustments	(74 646)	(29 764)
Equity accounted losses	150 694	68 209
Capital items for distribution purposes	163 295	22 028
Non-controlling interests	32 686	14 301
<b>Distributable income</b>	<b>1 450 885</b>	<b>1 170 802</b>
Weighted average number of shares for calculating distributable income per share	358 084 019	341 859 205
Distributable income per share (cents)	405.2	342.5
Dividend per share (cents)	299.3	293.6
<b>Q1.2 Reconciliation of cash generated from operations to distributable income</b>		
<b>Cash generated from operations</b>	<b>2 437 584</b>	<b>1 837 635</b>
<b>Adjusted for:</b>	<b>(986 699)</b>	<b>(666 833)</b>
Increase / (decrease) in receivables	11 959	(46 285)
Decrease / (increase) in payables	7 278	(34 204)
Impairment of trade receivables	16 611	(8 810)
Depreciation and amortisation	(110 391)	(75 792)
Share-based payment expense (net of forfeit credits)	(6 153)	(6 529)
Interest received	53 040	74 207
Interest paid	(907 503)	(568 094)
Other non-cash items	(7 915)	(7 891)
Taxation adjustments	(74 646)	(29 764)
Capital items for distribution purposes	(1 665)	22 028
Non-controlling interests	32 686	14 301
<b>Distributable income</b>	<b>1 450 885</b>	<b>1 170 802</b>

## Additional information continued

Q2	Five-year review	GROUP				
		June 2023	June 2022	June 2021	June 2020	June 2019
		R'000	R'000	R'000	R'000	R'000
	<b>Revenue</b>	<b>4 373 940</b>	<b>3 120 763</b>	<b>2 781 339</b>	<b>3 102 342</b>	<b>3 217 848</b>
	Changes in expected credit losses - trade receivables	16 611	(8 810)	(72 253)	(77 682)	(47 052)
	Property expenses	(1 945 030)	(1 375 342)	(1 178 249)	(1 139 721)	(1 132 002)
	<b>Net property income</b>	<b>2 445 521</b>	<b>1 736 611</b>	<b>1 530 837</b>	<b>1 884 939</b>	<b>2 038 794</b>
	Other operating income	13 508	32 022	55 341	18 783	27 715
	Other operating expenses	(150 527)	(132 266)	(122 718)	(89 130)	(72 428)
	Net foreign exchange (losses) / gains	(224 869)	(21 109)	(51 778)	2 088	3 113
	<b>Operating income</b>	<b>2 083 633</b>	<b>1 615 258</b>	<b>1 411 682</b>	<b>1 816 680</b>	<b>1 997 194</b>
	Net interest	(854 463)	(493 887)	(521 971)	(548 395)	(461 155)
	Interest income	53 040	74 207	26 842	88 997	156 043
	Interest expense	(907 503)	(568 094)	(548 813)	(637 392)	(617 198)
	<b>Net operating income</b>	<b>1 229 170</b>	<b>1 121 371</b>	<b>889 711</b>	<b>1 268 285</b>	<b>1 536 039</b>
	Guarantee fee income	-	-	3 635	22 111	40 542
	Dividends income	-	-	19 833	120 630	221 190
	Loss from equity accounted investments	(150 694)	(68 209)	(4 016)	-	-
	<b>Net income before value adjustments</b>	<b>1 078 476</b>	<b>1 053 162</b>	<b>909 163</b>	<b>1 411 026</b>	<b>1 797 771</b>
	Changes in fair value	490 171	690 934	(1 661 020)	(4 620 263)	(587 083)
	Investment property	434 145	459 403	(1 587 323)	(4 668 419)	(337 238)
	Other investments	-	-	-	(45 172)	(12 705)
	Loans receivable at FVTPL	-	-	-	-	(105 809)
	Financial asset - Hystead	-	(7 159)	(235 738)	314 528	(85 229)
	Derivative instruments	56 026	238 690	162 041	(221 200)	(46 102)
	(Loss) / profit on disposal of investment property	-	(1 135)	-	-	2 825
	Changes in expected credit losses - loans receivable	(2 767)	-	-	(289 974)	(1 350 727)
	Changes in expected credit losses - financial guarantees	-	-	16 665	(16 665)	-
	Impairment of goodwill	(8 775)	(433 432)	-	-	-
	Other impairments	-	-	-	-	(29 964)
	Impairment of intangible assets	-	(16 197)	-	-	-
	Derecognition of financial guarantees	-	65 865	-	-	185 686
	<b>Profit / (loss) before taxation</b>	<b>1 557 105</b>	<b>1 359 197</b>	<b>(735 192)</b>	<b>(3 515 876)</b>	<b>18 508</b>
	Taxation	(71 581)	(15 024)	(101 500)	(7 150)	93 028
	<b>Profit / (loss) for the year</b>	<b>1 485 524</b>	<b>1 344 173</b>	<b>(836 692)</b>	<b>(3 523 026)</b>	<b>111 536</b>
	Total profit / (loss) for the year attributable to shareholders of the Company	1 521 216	1 345 164	(811 620)	(3 401 849)	164 922
	Investment property at fair value <i>(excluding investment property held-for-sale.)</i>	34 824 584	32 393 622	22 091 100	24 665 964	28 636 718
	Distributable income per share (cents)	405	343	337	493	745



# Shareholders' information

as at 30 June 2023

## R1 Shareholders analysis

R1.1 Shareholder spread	Number of shareholdings	% of number of shareholdings	Number of shares	% of number of shares in issue
1 – 1 000	3 955	51.9	1 126 316	0.3
1 001 – 10 000	2 538	33.3	8 071 448	2.2
10 001 – 100 000	775	10.2	24 787 507	6.9
100 001 – 1 000 000	285	3.7	94 609 912	26.3
Over 1 000 000	61	0.9	230 971 387	64.3
<b>Total</b>	<b>7 614</b>	<b>100.0</b>	<b>359 566 570</b>	<b>100.0</b>

## R1.2 Distribution of shareholders

Banks / Brokers	73	1.0	34 186 481	9.5
Close Corporations	62	0.8	1 387 366	0.4
Endowment Funds	72	0.9	1 830 413	0.5
Individuals	5 595	73.5	14 031 827	3.9
Insurance Companies	82	1.1	12 304 775	3.4
Investment Companies	1	0.0	110 282	0.0
Medical Schemes	22	0.3	4 633 894	1.3
Mutual Funds	321	4.2	158 532 225	44.1
Other Corporations	40	0.5	116 835	0.0
Private Companies	247	3.2	9 761 342	2.7
Public Companies	3	0.0	1 638	0.0
Retirement Funds	327	4.3	112 543 575	31.3
Treasury - Hyprop Employee Incentive Scheme	1	0.0	1 482 551	0.4
Sovereign Wealth Funds	2	0.0	1 199 350	0.3
Trusts	766	10.1	7 444 016	2.1
<b>Total</b>	<b>7 614</b>	<b>100.0</b>	<b>359 566 570</b>	<b>100.0</b>

## R1.3 Shareholder type

Non-public shareholders	6	0.08	87 625 118	24.3
Directors	3	0.04	110 407	0.0
Treasury - Hyprop Employee Incentive Scheme	1	0.01	1 482 551	0.4
Holdings of more than 10%	2	0.03	86 032 160	23.9
Public shareholders	7 608	99.92	271 941 452	75.7
<b>Total</b>	<b>7 614</b>	<b>100.0</b>	<b>359 566 570</b>	<b>100.0</b>

## R1.4 Beneficial holdings greater than 5% of the issued shares

Government Employees Pension Fund			48 477 396	13.5
Allan Gray			37 554 764	10.4
Eskom Pension and Provident Fund			19 239 740	5.4
<b>Total</b>			<b>105 271 900</b>	<b>29.3</b>

# Shareholders' information continued

## R2 Shareholders' diary

### Provisional dates

Financial year end	June 2023
Publication of financial results <sup>1</sup>	September 2023
Annual report available to shareholders <sup>1</sup>	October 2023
Annual general meeting <sup>1</sup>	November 2023
Publication of interim results <sup>1</sup>	March 2024

<sup>1</sup> These dates are provisional and are subject to change.

## R3 Distribution details

	June 2023 cents per share	June 2022 cents per share
12 months ended 30 June	299.3	293.6
<b>Total</b>	<b>299.3</b>	<b>293.6</b>

## R4 Administration

### HYPROP

#### Registered office and Business address

2nd floor, Cradock Heights  
21 Cradock Avenue  
Rosebank, Johannesburg  
2196

#### Registration number

1987/005284/06

#### Contact details

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www.hyprop.co.za  
twitter.com/Hyprop

#### Postal address

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2132

#### Investor relations

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#### Company Secretary

Fundiswa Nkosi  
fundiswa@hyprop.co.za

### CORPORATE ADVISOR AND SPONSOR

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1 Park Lane, Weirda Valley  
Sandton  
2196

### INDEPENDENT AUDITOR

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KPMG Crescent  
85 Empire Road  
Parktown  
2193

### TRANSFER SECRETARY

Computershare Investor Services (Pty) Ltd  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196

#### Postal address

Computershare Investor Services (Pty) Ltd  
Private Bag X 9000  
Saxonwold  
2132

# R5 Glossary

African Land	African Land Investments (Pty) Ltd
AFS	Annual financial statements
ARC	Audit and risk committee
AttAfrica	AttAfrica Ltd
AttAfrica SA	AttAfrica SA (Pty) Ltd
Board	The board of directors of Hyprop
CEO	The chief executive officer of Hyprop
CFC	Controlled Foreign Company, as defined in the South African Income Tax Act, No. 58 of 1962
CFO	The chief financial officer of Hyprop Investments Ltd. This individual serves as the "executive financial director" as required by section 3.84(f) of the JSE listings requirements.
Conditional shares	Conditional shares as defined in the LTIP rules
Company or Hyprop	Hyprop Investments Ltd
Covid-19	A novel strain of coronavirus that became a global pandemic in early 2020
CUP	The Group's long-term employee incentive scheme / The conditional share plan
DCM	The debt capital market (DCM) operated by the Johannesburg Stock Exchange.
Deferred awards	Deferred awards as defined in the LTIP rules
ECL(s)	Expected credit losses
EE	Eastern Europe
EmpiriQ	EmpiriQ Technologies (Pty) Ltd, the co-investor in Natalmahogany
ETTP	Entrepreneurship To The Point
EURIBOR	The Euro Interbank Offered Rate, being the average interest rate at which a large panel of European banks borrow funds from one another.
FVLCTS	Fair value less cost to sell
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
GLA	Gross lettable area
Group	Hyprop Investments Ltd and its subsidiaries
Gruppo	Gruppo Investment Nigeria Ltd (owner of Ikeja City Mall)
Hyprop Europe	Hyprop Europe B.V. (a Netherlands registered company) and holder of the Group's European investments
Hyprop Europe Group	Hyprop Europe B.V. and its subsidiaries
Hyprop Foundation	Hyprop Foundation NPC
Hyprop Ikeja	Hyprop Ikeja Mall Ltd
Hyprop Mauritius	Hyprop Investments (Mauritius) Ltd
Hyprop Employee Incentive Scheme	Hyprop Investments Employee Incentive Scheme (Pty) Ltd
Hyprop UK	Hyprop UK Ltd (a UK registered company and the direct holding company of Hystead)
Hyprop UK Group	Hyprop UK Ltd and its subsidiary

Hystead	Hystead Ltd (a UK registered company)
IFRS	International Financial Reporting Standards
Ikeja or Ikeja City Mall	Ikeja City Mall, the property owned by Gruppo
JIBAR	The Johannesburg Interbank Average Rate, the money market rate that is used in South Africa as a reference for setting the interest rate on loans
LTIP	The new long-term incentive plan approved by shareholders on 20 July 2022.
LTPA	Long-term performance awards under the LTIP. These awards replaced the CUP awards from July 2022.
LTV	Loan to value ratio
Natalmahogany	Natalmahogany (Pty) Ltd owner of NTER software systems (previously SOKO district software systems).
NAV	Net asset value
NCI	Non-controlling interest
NTER	A digital leasing platform and software system developed by Natalmahogany and used to operate SOKO districts.
OCI	Other comprehensive income
PDI	PDI Investment Holdings Ltd (and / or its successors in title Homestead Group Holdings Limited and AMZ Holdings), the non-controlling shareholder(s) in Hystead
REIT	Real estate investment trust
Restricted Shares	Restricted shares as defined in the LTIP rules
SA	South Africa
SAICA	South African Institute of Chartered Accountants
SA REIT	The SA REIT Association, a representative umbrella body for South African REITs
SA REIT FFO	<i>Funds from Operations</i> as defined by the SA REIT Association's best practice recommendations
SA REIT NAV	<i>Net asset value</i> as defined by the SA REIT Association's best practice recommendations
SOKO district	A marketplace operated by Rosebank Mall which forms part of the Group's non-tangible asset strategy.
SCE	Statements of changes in equity
SCF	Statements of cash flows
SDEV	SD DEVPOOL2 (Pty) Ltd
SFP	Statements of financial position
SOCI	Statements of profit or loss and other comprehensive income
SOFR	The Secured Overnight Financing Rate (SOFR) is a benchmark interest rate for dollar-denominated derivatives and loans that is replacing the London Interbank Offered Rate (LIBOR)
SSA	Sub-Saharan Africa (other than SA)
TNAV	Tangible net asset value
WAAM	West Africa Asset Management (Pty) Ltd
WALE	Weighted average lease expiry period in years



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