



Property investment excellence.

## **HYPROP'S DISTRIBUTION GROWTH OF 13.4% AHEAD OF EXPECTATIONS**

### **HIGHLIGHTS**

- Dividend up 13,4%
- Opening of Achimota Mall, Ghana
- Acquisition of Ikeja City Mall, Nigeria
- Acquisition of Delta City Malls, Serbia and Montenegro (post-period-end)

**Leading shopping centre REIT Hyprop continued with its defensive strategy of investing in quality shopping centres which dominate their catchment areas, with double-digit growth for the six months ended 31 December 2015 ("the period"). Hyprop declared a dividend of 297,8 cents per share, up 13,4% on the comparative period.**

CEO Pieter Prinsloo says: "Distributable earnings for the period benefitted from good growth from Rosebank Mall, following its re-development, additional income from the new sub-Saharan African investments, as well as from exchange rate gains of R8,1 million due to Rand weakness against the US Dollar." Hyprop acquired Ikeja City Mall in Lagos and opened Achimota Mall in Accra during the period.

"We maintained robust growth in all key indicators," says Prinsloo. Total revenue and distributable earnings from South African investment property (excluding properties sold) increased by 11,9% and 9,7%, respectively, benefiting from the inclusion of income from Rosebank Mall for the full period. Like-for-like revenue and distributable earnings from investment property (excluding Rosebank Mall) increased by 10,3% and 7,7%, respectively.

Prinsloo comments: "Demand for retail space in our shopping malls is as strong as ever, as reflected in our improved vacancy percentage of 0,9% from 1,3% in June 2015, as a result of new lettings at Somerset Mall and Willowbridge." Vacancies in the office portfolio also improved marginally to 7,2% from 8,3% in June 2015.

Several smaller projects relating to extensions and tenant refurbishments totalling R141 million were completed during the period, including the Woolworths extension at Somerset Mall for R58,5

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million and the H&M extension at Clearwater Mall for R37 million. The eagerly anticipated opening of H&M is set for April 2016. In line with strategy to continuously improve the quality of the retail offering, further developments at an anticipated cost of R87 million are being planned.

Hyprop's loan-to-value ratio increased to 28,5% from 22,9 % due to USD denominated bank debt increasing with the acquisition of Ikeja City Mall, on-going development activity in AttAfrica and Rand depreciation against the USD.

The growing sub-Saharan footprint also contributed to growth in net income for the period, with distributable earnings from the investments in sub-Saharan Africa (excluding SA) increasing by 68,2% to R35,3 million, in part due to income from Accra-based malls West Hills Mall and Achimota Mall and Lagos-based Ikeja City Mall. Prinsloo says that "our new Nigerian mall, Ikeja is trading well, is fully let and has a high average monthly footfall." Hyprop's current investment in sub-Saharan Africa (excluding SA) totals R4,1 billion, which is financed with US Dollar bank funding.

In February 2016 Hyprop announced the acquisition of a 60% interest in Delta City Belgrade (Serbia) and Delta City Podgorica (Montenegro) via a United Kingdom based joint venture company, Hystead Limited. Homestead Group Holdings Limited has acquired the remaining 40% in both malls. These acquisitions are an attractive investment for Hyprop as they "complement our strategy to acquire or develop high quality, income-producing shopping centres in emerging markets," says Prinsloo.

Notwithstanding difficult trading conditions in South African over the next 12 months, Hyprop expects dividend growth of between 13% and 15% for the full year to 30 June 2016. This forecast is an upward revision of the guidance provided in August 2015, which was approximately 10%. Prinsloo concludes: "The increase in guidance is largely due to the inclusion of income from Ikeja City Mall and from the Delta City Malls in Belgrade, Serbia and Podgorica, Montenegro."

Shares in Hyprop closed yesterday at R108,51.

## Ends.

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