Hyprop hailed for its positive results

By Alistair Anderson

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Hyprop Investments continues to stand out as a property fund that rewards its investors in boom and bust times. Analysts have lauded the group for its results for the six months to December, which were released on Friday, 2 March.

Canal Walk

Hyprop owns Gauteng shopping centres The Mall of Rosebank, Hyde Park Corner and Clearwater Mall, and Canal Walk in Cape Town, among others. The real estate investment trust declared a dividend of 376.3c per share for the reporting period, a rise of 8.3% on the corresponding period in 2016.

CEO Pieter Prinsloo said the company had also upgraded its dividend forecast for 2018, thanks to shrewd management strategies. He said some positive sentiment had returned to consumers and the company forecast dividend growth of between 8% and 10% for its full financial year to June.

Hyprop's results were driven by a stable performance from South African shopping centres and a strengthening south-eastern European portfolio. Prior year acquisitions in the region proved successful and the firm continued on the acquisition trail after the period ended.

Distributable earnings for the period benefited from income received from the investments in southeastern Europe, particularly the new acquisitions in Skopje, Macedonia, in November 2016 and in Sofia, Bulgaria, in October 2017. The inclusion of distributable earnings from Ikeja City Mall in Lagos, Nigeria, also contributed to the growth in distributable earnings for the reporting period.

Keillen Ndlovu, head of listed property funds at Stanlib, said the results were very positive. "It's a good result in a tough retail environment. Management has done a good job in leasing most of the space vacated by Stuttafords as well as working on overdue refurbishments at Hyde Park Corner and The Glen," he said. "The result is even more exciting as management upped their guidance. This is becoming rare in the sector where we are seeing distribution growth guidance generally being reduced."

Revenue and profits came in slightly lower compared with the 2016 period. Revenue earned slipped to R1.54bn from R1.62bn. After-tax profit dipped to R1.43bn from R1.55bn. Like-for-like growth in distributable earnings, excluding properties sold for the period, was 2.1%.

Income was negatively affected by construction work at Rosebank Mall, The Glen and Canal Walk and by vacancies as a consequence of Stuttafords vacating malls in May 2017.

Source: Business Day