Hyprop reports record payout

By Nick Wilson, Property Editor

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Retail-focused Hyprop Investments reported a record 20% distributions increase for the year to December, to 270c a unit. It said yesterday that in the past 20 years it had delivered average distribution growth of 9,9% a year.

The growth was attributable to a 14% year on year net income growth at the group's shopping centres, the sale of the company's interest in SA Retail Properties and the acquisition of a significant stake in Sycom Property Fund.

Company CEO Pieter Prinsloo said 75% of the company's investment income was from five prime retail properties: Canal Walk in Cape Town, The Mall of Rosebank, The Glen and Hyde Park, all in Johannesburg, and Southcoast Mall in KwaZulu-Natal.

Canal Walk was still the “flagship asset”, contributing 41% of total income. Hyprop's vacancy factor was now at a historic low of 0,8%, down from 1,1% in 2006.

“Technically, we have been fully let for the past two years,” said Prinsloo.

He said despite the weaker retail environment following a slowdown in consumer demand, Hyprop was expecting 10% increases in rentals on renewal of leases this year.

Prinsloo said there was still demand for retail space, with retailers rolling out new stores. However, they were looking for space on a “much more selective basis”.

Prinsloo outlined the company's expansion and development plans for this year. The main development would be the Stoneridge Shopping Centre in Greenstone Park, Modderfontein. The 50000m² centre had a development cost of R508m and should open in October.

Hyprop was also undertaking a 19500m² extension to The Glen and a 16000m² extension to Canal Walk.

Prinsloo said the company aimed to develop a four-star hotel at Hyde Park, at a cost of R176m. The 132-room hotel would be developed above the parking garage of the shopping centre.

The hotel is expected to be completed by July next year.

Source: *Business Day*