

annual financial statements

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approval of annual financial statements

The annual financial statements set out on pages 15 to 30 are the responsibility of the directors.

The directors are responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records, for the safeguarding of assets, and for developing and maintaining a system of internal control that, among other things, will ensure the preparation of financial statements that achieve fair presentation.

After conducting appropriate procedures the directors are satisfied that the company will be

a going concern for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

The annual financial statements were approved by:



PF Kirchmann
Chairman

PG Prinsloo
Managing Director

12 March 2002

declaration by the company secretary

I declare that, to the best of my knowledge, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the South African Companies Act, 1973, and that all such returns are true, correct and up-to-date.



PG Prinsloo
Company Secretary

12 March 2002

auditors' report

Report of the independent auditors to the members of Hyprop Investments Limited.

We have audited the annual financial statements and group annual financial statements of Hyprop Investments Limited, set out on pages 15 to 30, for the year ended 31 December 2001. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

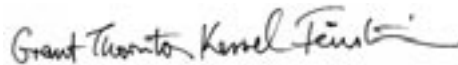
We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to provide reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2001 and the results of its operations, changes in equity and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the South African Companies Act.



Grant Thornton Kessel Feinstein
Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg

12 March 2002



CORPORATE GOVERNANCE STATEMENT

The directors fully support the principles of good corporate governance established by the Code of Corporate Practices and Conduct ("the Code") of the King Report on corporate governance and are committed to the implementation there of and have complied with the Code to the following extent:

FINANCIAL STATEMENTS

The annual financial statements set out in this report have been prepared by the directors in accordance with generally accepted accounting practice. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgement and estimates.

The directors of the company are responsible for the preparation of the annual financial statements and related financial information that fairly present the state of affairs and the results of the company and of the group.

The external auditors are responsible for independently auditing and reporting on these annual financial statements in conformity with generally accepted auditing standards.

GOING CONCERN

The annual financial statements have been prepared on the going concern basis since the directors have every reason to believe that the company and the group have adequate resources in place to continue its operation for the foreseeable future. The auditors have concurred with the directors' statements on internal control and going concern.

STRUCTURE OF THE BOARD

The board of directors consists of ten members.

The capacity of the directors can be categorised as follows:

Executive director – Mr PG Prinsloo, the managing director, is a salaried employee of the management company.

Non-executive directors – Messrs MS Aitken, MJ Watters, WE Cesman, M Wainer and S Shaw-Taylor and Mrs SV Webb, as in accordance with Hyprop's policy, represent significant unitholders at board level. The same directors further represent significant suppliers to Hyprop. Mr PL Whewell represents a significant supplier to Hyprop.

Independent directors – Messrs PF Kirchmann (chairman) and J Bentel as defined in the Code and are not significant unitholders in Hyprop.

The roles of the chairman and the managing director are separated. The directors have a wide range of skills but all have property experience. Four board meetings per annum are held. In addition to these, four asset management meetings are held and attended by the majority of members of the board.

AUDIT COMMITTEE

The audit committee consists of the non-executive chairman and three other directors of which two directors are non-executive. The committee meets periodically with the group's external auditors and executive management to review accounting, auditing and financial reporting matters to ensure that an effective control environment in the group is maintained. The committee also monitors proposed changes in accounting policies, reviews the internal audit functions and discusses the accounting implications of major transactions.

The audit committee receives a high level of co-operation from directors, management and staff and is satisfied that controls and systems within the group have been adhered to and, where necessary, improved during the year under review.



corporate governance

It will continue to monitor and appraise internal operating structures and systems to ensure that these are maintained and continue contributing to the ongoing success of the company.

EQUAL OPPORTUNITIES

The company has committed itself to create a workplace in which all employees can enjoy equal opportunities, irrespective of their race or gender.

REVIEW OF MANAGEMENT AND FINANCIAL CONTROLS

The directors and the audit committee continuously review the management and financial controls of the group to ensure that:

- An effective system of internal controls and accounting records of the group is maintained;
- The assets of the group are safeguarded and appropriately insured.

INTERNAL CONTROL

The effectiveness of the internal control system is monitored through management overviews, comprehensive reviews and testing by an internal audit function which has been outsourced to the company's external auditors.

The board of directors is responsible for the group's systems of internal control. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to select and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and asset safeguarding. Furthermore, the effectiveness of an internal control system can change with circumstances.

The controls throughout the group concentrate on critical risk, and these areas are closely monitored. Continued reviews and reporting structures enhance the control environment. Nothing has come to the attention of the directors to indicate that a material breakdown in the controls within the group has occurred during the year.

REMUNERATION COMMITTEE

The remuneration committee is chaired by PF Kirchmann, the non-executive chairman. The committee also comprises the managing director and two other non-executive directors.



The directors have pleasure in submitting their report for the group for the year ended 31 December 2001.

NATURE OF BUSINESS

Hyprop Investments Limited is a property investment holding company listed on the JSE Securities Exchange South Africa (JSE). The company, together with its subsidiaries, holds high-quality property investments in Hyde Park Corner Shopping Centre, The Glen Shopping Centre as well as prominent office buildings in the decentralised nodes of the northern suburbs of Johannesburg. The group's intention is to grow and diversify the portfolio by acquiring or developing properties as and when the right opportunities arise.

CAPITAL STRUCTURE

All combined units comprise one ordinary share and one debenture and may only be traded on the JSE. The return to each investor thus comprises two distinct elements:

- a dividend on the share component of the combined unit
- interest on the debenture component of the combined unit

The interest payable per debenture is a fixed multiple, being 499 times the dividend payable per ordinary share.

The terms and conditions governing the debentures are contained in the debenture trust deed.

There were no changes to the authorised number of combined units. The following movements in the issued combined units took place during the financial year:

For the year ended	Ordinary		Deben-	
	Number combined units	share capital R000	Deben- tures R000	ture premium R000
31 Dec '01				
Combined units in issue at 1 Jan '01	43 358 756	434	213 759	22 790
Additional combined units issued on 25 Sep '01 ranking pari passu from 1 May '01	21 360 722	214	105 308	122 191
Combined units in issue at 31 Dec '01	64 719 478	648	319 067	144 981

Full particulars regarding the authorised and issued share capital at 31 December 2001 are set out in note 4 to the financial statements, and full particulars of the debentures are set out in note 6.

REVIEW OF ACTIVITIES

The results of the company and of the group and the state of their affairs are set out in the attached financial statements and do not, in our opinion, require further comment.

DIRECTORATE

The following change to the board of directors were made:

Resignations	Effective date
T Schultze	1 October 2001
G Itzikowitz	11 March 2002

Appointments

PF Kirchmann	16 May 2001
PL Whewell	16 May 2001
DN Martin (Alternate to PL Whewell)	16 May 2001
PG Prinsloo	1 October 2001
M Wainer	12 March 2002

Messrs J Bentel, MS Aitken, WE Cesman, S Shaw-Taylor and MJ Watters and Mrs SV Webb served as directors throughout the year under review. Mr PJ Thurling served as alternate director throughout the year under review. In accordance with the Articles of Association, M Wainer, J Bentel, PF Kirchmann and PL Whewell retire at the general meeting but being eligible, offer themselves for re-election.



directors' report

SECRETARY

The secretary of the company is PG Prinsloo who was appointed on 1 October 2001.

Business address: 3rd Floor, North Block,
Hyde Park Corner Shopping Centre,
Jan Smuts Avenue, Sandton 2196
Postal address: PO Box 41257, Craighall 2024.

DIRECTORS' INTEREST

The interest of the directors and alternate directors in the combined units of the company as at 31 December 2001 were as follows:

	Beneficial (direct and indirect)	
	2001	2000
J Bentel	155 254	120 130
PF Kirchmann	923 076	0
PL Whewell	185 820	0
MS Aitken	7 125	0
S Shaw-Taylor	7 125	0
DN Martin	14	0
Other directors	0	0

No non-beneficial combined units were held by any of the directors or alternate directors. There have been no changes in the directors' interest between the end of the financial year and the date of this report.

DIRECTORS' INTEREST IN CONTRACTS

No material contracts involving directors' interest were entered into in the current year other than the transactions detailed in note 14 to the financial statements.

ADMINISTRATION AND MANAGEMENT

Hyprop Management Company (Proprietary) Limited undertakes the group's asset management functions together with the day-to-day management of six office buildings and The Hyde Park Corner Shopping Centre in terms of an agreement that expires on 31 December 2002.

Homeways (Proprietary) Limited manages on a day-to-day basis twenty-four buildings on behalf of Hyprop in terms of an agreement that expires on 30 April 2004.

The Glen Shopping Centre, where Hyprop owns an undivided one-third share, is managed on a day-to-day basis by David Reid Property Services (Proprietary) Limited in terms of an agreement that expires on 30 June 2003.

SUBSIDIARY COMPANIES

At 31 December 2001, Hyprop owned the entire share capital of three companies, of which two are share block companies. Details of these subsidiaries are reflected on page 30.

The rental income generated by the properties held in the share block companies accrues directly to the holding company, Hyprop Investments Limited, which also bears the operating and administration costs of these properties.

No subsidiary reflected either a profit or a loss during the year under review.

POST BALANCE SHEET EVENTS

No material events or circumstances have occurred between the end of the financial year and the date of this report.

VALUATION OF PORTFOLIO

The directors' valuation of the total portfolio as at 31 December 2001 was R930 million (see note 2.6 to the financial statements). The net asset value, after borrowings, based on the directors' valuation of the total property portfolio, is R11,73 per combined unit, compared with the JSE price of R9,95 per combined unit as at 31 December 2001.



balance sheet

FOR THE YEAR ENDED 31 DECEMBER 2001	Note	Group		Company	
		2001 R000	2000 R000	2001 R000	2000 R000
ASSETS					
Non-current assets					
		699 503	277 203	699 503	277 203
Tangible fixed assets	2	698 746	276 603	688 525	266 382
Financial assets	3	757	600	10 978	10 821
Current assets					
		6 807	58 418	6 807	58 418
Trade and other receivables		2 075	1 898	2 075	1 898
Cash and cash equivalents		4 732	56 520	4 732	56 520
Total assets		706 310	335 621	706 310	335 621
EQUITY AND LIABILITIES					
Equity capital and reserves					
		63 834	63 047	63 834	63 047
Ordinary share capital	4	648	434	648	434
Non-distributable reserves	5	57 582	57 582	57 582	57 582
Retained income		5 604	5 031	5 604	5 031
Non-current liabilities					
		571 289	236 549	571 289	236 549
Debentures	6	319 067	213 759	319 067	213 759
Debenture premium	6	144 981	22 790	144 981	22 790
Long-term liabilities	7	107 241	–	107 241	–
Current liabilities					
		71 187	36 025	71 187	36 025
Trade and other payables		16 376	8 695	16 376	8 695
Taxation		19	14	19	14
Unitholders for distribution		54 792	27 316	54 792	27 316
		706 310	335 621	706 310	335 621



income statements

FOR THE YEAR ENDED 31 DECEMBER 2001	Note	Group		Company	
		2001 R000	2000 R000	2001 R000	2000 R000
Turnover		89 523	56 521	89 523	56 521
Operating income	8	72 058	42 754	72 058	42 754
Interest received		4 529	7 617	4 529	7 617
Interest paid		(3 778)	–	(3 778)	–
Reversal of provision for anticipated head lease losses		–	272	–	272
Income before distribution		72 809	50 643	72 809	50 643
Debenture interest		72 021	49 260	72 021	49 260
Debenture interest paid		72 726	50 628	72 726	50 628
Less: Capitalised		(705)	(1 368)	(705)	(1 368)
Income before taxation		788	1 383	788	1 383
Secondary tax on companies	9	18	13	18	13
Income after taxation		770	1 370	770	1 370
(Loss)/Income from associate		(51)	8	(51)	8
Net income		719	1 378	719	1 378
Earnings per combined unit (cents)	10	127,5	119,9		
Headline earnings per combined unit (cents)	10	127,5	119,3		
Weighted number of units		57 599 237	43 358 756		

statement of changes in equity

Group and Company	Share capital R000	Non distri- butable reserve R000	Distri- butable reserve R000	Total R000
FOR THE YEAR ENDED 31 DECEMBER 2001				
Balance at 1 January 2000	434	57 310	4 026	61 770
Net income for the year			1 378	1 378
Dividends			(101)	(101)
Reversal of provision for anticipated head lease losses		272	(272)	–
Balance at 1 January 2001	434	57 582	5 031	63 047
Issue of ordinary share capital	214			214
Net income for the year			719	719
Dividends			(146)	(146)
Balance at 31 December 2001	648	57 582	5 604	63 834



cash flow statements

FOR THE YEAR ENDED 31 DECEMBER 2001		Group		Company	
		2001 R000	2000 R000	2001 R000	2000 R000
CASH FLOWS FROM OPERATING ACTIVITIES		38 092	1 195	38 092	1 195
Cash generated from operations	13.2	82 750	42 157	82 750	42 157
Interest income		4 529	7 617	4 529	7 617
Finance charges		(3 778)	–	(3 778)	–
Secondary tax on companies paid	13.3	(13)	(22)	(13)	(22)
Distribution to unitholders		(45 396)	(48 557)	(45 396)	(48 557)
Interest paid to unitholders	13.4	(45 305)	(48 461)	(45 305)	(48 461)
Dividends paid to unitholders	13.5	(91)	(96)	(91)	(96)
CASH FLOWS FROM INVESTING ACTIVITIES		(424 834)	(34 239)	(424 834)	(34 239)
Net acquisition of fixed assets		(424 693)	(34 511)	(424 693)	(34 511)
Proceeds arising on disposal of tangible fixed asset		16	–	16	–
Acquisition of financial assets		(157)	–	(157)	–
Proceeds arising on reversal of anticipated head lease losses		–	272	–	272
CASH FLOWS FROM FINANCING ACTIVITIES		334 954	110	334 954	110
Issue of ordinary share capital	13.6	214	–	214	–
Issue of debentures	13.6	227 499	–	227 499	–
Proceeds from long-term liability	13.6	107 241	–	107 241	–
Decrease/(Increase) in amounts owing by associated company		–	110	–	110
NET DECREASE/(INCREASE) ON CASH AND CASH EQUIVALENTS		(51 788)	(32 934)	(51 788)	(32 934)
Cash and cash equivalents at the beginning of the year		56 520	89 454	56 520	89 454
Cash and cash equivalents at the end of the year		4 732	56 520	4 732	56 520



notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2001

1 ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis, adjusted by the revaluation of land and buildings, as more fully detailed below, and incorporate the following principal accounting policies set out below which are consistent with those of the previous year.

These policies comply with South African statements of Generally Accepted Accounting Practice.

1.1 Basis of consolidation

The consolidated financial statements incorporate those of the company and all its subsidiaries. The results of any subsidiaries acquired are included from the effective dates of acquisition and up to the effective dates of disposal.

Differences between the consideration paid for subsidiaries acquired and the fair value of their identifiable net assets at acquisition are included with the cost of fixed properties.

1.2 Tangible fixed assets and depreciation

Investment properties held by the group for rental-producing purposes, are stated at 1997 valuation and subsequent additions are stated at cost. No depreciation is provided on investment properties. Surpluses on revaluation are transferred to a non-distributable reserve. Independent valuations are obtained at least every five years. In the intervening years such valuations are reviewed by the directors to ensure that no factors have arisen to render their use and disclosure misleading and to determine if any permanent decline in value has occurred.

Depreciation is provided on all tangible fixed assets, other than investment properties, to

write down the cost, less estimated residual value by equal installments over the estimated economic lives, as follows:

- Tenant installation
 - Short-term lease in year of acquisition
 - Long-term lease period of lease
- Building appurtenances
 - Carpets 5,9 years
 - Security equipment 3 years
 - Plant and equipment 6,7 years
 - Air-conditioning 5 years
- Motor vehicles 5 years

1.3 Turnover

Turnover comprises gross rental and interest income.

1.4 Associates

An associate is an investee, that is neither a subsidiary nor a joint venture of the company. It is held as a long-term investment, and provides the company with the ability to exercise significant influence.

Investments in associate companies are accounted for according to the equity method.

1.5 Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Investments in joint ventures are accounted for using proportionate consolidation on a line by line basis.

1.6 Capitalised interest

Interest on funds used to effect improvements to properties, is capitalised to the cost of the property from the time of disbursement until practical completion of the project.



FOR THE YEAR ENDED 31 DECEMBER 2001	Group		Company	
	2001 R000	2000 R000	2001 R000	2000 R000

2 TANGIBLE FIXED ASSETS

2.1 Cost and valuation

Investment properties	687 286	269 912	677 065	259 691
Historic cost	638 754	221 380	628 533	211 159
Revaluation surplus	48 532	48 532	48 532	48 532
Building appurtenances	19 260	12 189	19 260	12 189
Tenant installations	6 724	5 816	6 724	5 816
Motor vehicles	138	128	138	128
	713 408	288 045	703 187	277 824

2.2 Depreciation

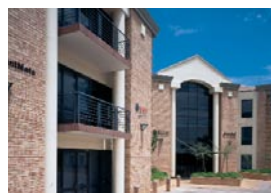
Building appurtenances	9 437	7 334	9 437	7 334
Tenant installations	5 125	3 989	5 125	3 989
Motor vehicles	100	119	100	119
	14 662	11 442	14 662	11 442

2.3 Net carrying value

Investment properties	687 286	269 912	677 065	259 691
Building appurtenances	9 823	4 855	9 823	4 855
Tenant installations	1 599	1 827	1 599	1 827
Motor vehicles	38	9	38	9
	698 746	276 603	688 525	266 382

2.4 Movement for the year

Capital expenditure	424 693	34 511	424 693	34 511
Investment properties	416 669	30 550	416 669	30 550
Building appurtenances	7 071	3 563	7 071	3 563
Tenant installations	908	398	908	398
Motor vehicles	45	–	45	–
Interest capitalised	705	1 368	705	1 368
Depreciation	(3 255)	(1 866)	(3 255)	(1 866)
	422 143	34 013	422 143	34 013



notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2001

2.5 Tangible assets pledged as security

The following properties have been pledged as security by means of mortgage bonds (note 7.1) to secure the borrowing facilities totalling R300 million.

Standard Bank Properties (a division of the Standard Bank of South Africa Limited)

- 1 Erf 201 Hyde Park Township
- 2 Erf 202 Hyde Park Extension 21 Township
- 3 Erf 214 Hyde Park Extension 16 Township
- 4 Erf 14 Hyde Park Township
- 5 Holding 91 Hyde Park Agricultural Settlement
- 6 Erf 390 Hyde Park Township
- 7 Erf 389 Hyde Park Extension 21 Township
- 8 Erf 391 Hyde Park Extension 16 Township

ABSA Bank Limited

- 1 Erf 325 Hyde Park Extension 56 Township
- 2 Erf 326 Hyde Park Extension 56 Township
- 3 Erf 132 Atholl Extension 12 Township
- 4 Erf 133 Atholl Extension 12 Township
- 5 Erf 134 Atholl Extension 12 Township
- 6 Remaining extent of Erf 135 Atholl Extension 12 Township
- 7 Portion 1 of Erf 135 Atholl Extension 12 Township
- 8 Portion 3 of Erf 184 Atholl Extension 12 Township
- 9 Portion 4 of Erf 184 Atholl Extension 12 Township
- 10 Erf 6 Simba Township
- 11 Erf 1322 Sunninghill Extension 115 Township
- 12 Erf 190 Dunkeld West Extension 5 Township
- 13 Erf 191 Dunkeld West Extension 5 Township
- 14 Erf 192 Dunkeld West Extension 5 Township
- 15 Remaining extent of Erf 193 Dunkeld West Extension 5 Township
- 16 Erf 194 Dunkeld West Extension 5 Township
- 17 Erf 123 Craighall Park Township

2.6 Property valuation

Hyprop's total property portfolio was valued as follows:

ex KH Props portfolio – 30 September 2000
and Hyprop's pre-merger portfolio –
31 December 2000.

The total portfolio was valued at R751 534 000 by RH Roper FRICS, MIV (SA) – Chartered Valuation Surveyor and Registered Valuer. The directors' valuation as at 31 December 2001 of the total portfolio (including subsequent new developments and acquisitions) was R930 000 000, using the same valuation methods as aforesaid external valuer.

2.7 Joint venture

Hyprop acquired an undivided one-third share in The Glen Shopping Centre comprising:

- 1 Erf 33 Gleneagles Extension 2
- 2 Portion 14 of the farm Gleneagles 102
- 3 Portion 15 of the farm Gleneagles 102
- 4 Portion 69 of the farm Turffontein No 100

All income benefits and obligations attaching to the above passed to Hyprop on 27 December 2001.



FOR THE YEAR ENDED 31 DECEMBER 2001	Group		Company	
	2001 R000	2000 R000	2001 R000	2000 R000

3 FINANCIAL ASSETS

3.1 Subsidiaries

Shares			62 488	62 488
At cost			56 561	56 561
Write-up of investment in subsidiaries to net realisable value of underlying property interests			53 402	53 402
Less: Pre-acquisition dividends			(47 475)	(47 475)
Amounts owing to subsidiaries			(52 267)	(52 267)
			10 221	10 221

3.2 Associated companies

Oshbro Investments 23 (Proprietary) Limited

- Unlisted shares at cost
- 50% interest in Oshbro Investments 23 (Proprietary) Limited
 - Directors' valuation: R584 000 (2000: R575 099)

Interest in associate	584	575	584	575
Loan	563	559	563	559
Attributable share of post-acquisition profits	21	16	21	16

Murinda Investments (Proprietary) Limited

- Unlisted shares at cost
- 50% interest in Murinda Investments (Proprietary) Limited
 - Directors' valuation: R1 953 000

Interest in associate	148		148	
Loan	204	–	204	–
Attributable share of post-acquisition losses	(56)	–	(56)	–

	732	575	732	575
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3.3 Investments

	25	25	25	25
Total financial assets	757	600	10 978	10 821



notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2001	Group		Company	
	2001 R000	2000 R000	2001 R000	2000 R000
4 SHARE CAPITAL				
Authorised				
100 000 000 ordinary shares of one cent each	1 000	1 000	1 000	1 000
Issued 64 719 478 shares (2000: 43 358 756)	648	434	648	434
The unissued shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
Combined unitholders information				
Combined unitholder spread at year-end date:				
	Unitholders		Combined units	
	Quantity	%	Quantity	%
Public unitholders	529	97,24	25 543 688	39,47
Directors	12	2,21	1 278 414	1,98
Non-public unitholders with an interest of 5% or more	3	0,55	37 897 376	58,56
Total	544	100,00	64 719 478	100,00
Portfolio size				
1 – 1 000	131	24,08	49 554	0,08
1 001 – 5 000	158	29,04	425 405	0,66
5 001 – 10 000	91	16,73	648 582	1,00
10 001 – 25 000	75	13,79	1 192 192	1,84
25 001 – 50 000	32	5,88	1 126 778	1,74
50 001 – 100 000	12	2,21	871 371	1,35
100 001 and over	45	8,27	60 405 596	93,33
Total	544	100,00	64 719 478	100,00
At year-end date, the directors were aware of the following interest of 5% or more in the share capital of the company.				
	Number of units		% of total in issue	
Redefine Income Fund	15 212 680		23,5	
FHP Managers (Pty) Ltd	11 910 810		18,4	
The Coronation Group	10 773 886		16,6	
Marriott Controlled Funds (Public unitholder)	10 020 107		15,5	



FOR THE YEAR ENDED 31 DECEMBER 2001	Group		Company	
	2001 R000	2000 R000	2001 R000	2000 R000

5 NON-DISTRIBUTABLE RESERVES

Realised surplus on disposal of investments properties	9 050	8 778	9 050	8 778
– Arising during the year	–	272	–	272
Excess on revaluation of fixed properties over cost	48 532	48 532	48 532	48 532
	57 582	57 582	57 582	57 582

6 DEBENTURES AND PREMIUM

64 719 478 (2000: 43 358 756) unsecured, unsubordinated variable rate debentures of 493 cents each	319 067	213 759	319 067	213 759
Premium on debentures	144 981	22 790	144 981	22 790
	464 048	236 549	464 048	236 549

In terms of the debenture trust deed, the interest on the debentures is a fixed multiple of 499 times the dividend declared on ordinary shares. The debentures are redeemable at their par value at the instance of the debentureholders at any time after 25 years from the date of their allotment. The right of redemption may be exercised only by special resolution of the debentureholders. The debenture trust deed is available for inspection by members or their duly authorised agents at the registered office of the company.

7 LONG-TERM LIABILITIES

7.1 Interest-bearing borrowings – non-current

Loan secured in terms of a first mortgage bond	107 241	–	107 241	–
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At 31 December 2001 Hyprop borrowings amounted to R107 million. Hyprop has borrowing facilities of R300 million, of which R193 million was unutilised at year-end.

The borrowing facilities are secured by means of a first mortgage bond over various Hyprop properties (note 2.5).

Interest is payable at both a fixed and floating rate. At year-end the interest rate on R15 million had been fixed at 11,1% until 2 August 2002 when the rate will revert back to a floating rate. The balance of the loan was subject to a floating interest rate which is based on the publicly quoted short-term overnight rate +1,5%.



notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2001	Group		Company	
	2001 R000	2000 R000	2001 R000	2000 R000
7 LONG-TERM LIABILITIES (CONTINUED)				
The loan is repayable on 30 June 2006 and Hyprop Investments Limited applies all surplus cash to its existing borrowing facilities to reduce gearing and interest rate costs.				
7.2 Borrowing powers				
In terms of its articles of association, the borrowing powers of the company, excluding the debentures, are limited to 50% of the directors' bona fide valuation of the consolidated property portfolio.				
8 OPERATING INCOME				
Operating income is arrived at after the following items:				
Income	96	–	96	–
Profit on the disposal of tangible fixed assets	16	–	16	–
Rental income attributable to joint venture	80	–	80	–
Expenses				
Auditors' remuneration	239	140	239	140
Audit fee – current year	230	123	230	123
Fees for other services	9	17	9	17
Depreciation of fixed assets	3 255	1 866	3 255	1 866
Management fee	7 331	4 601	7 331	4 601
Directors' emoluments				
– For services as directors			105	36
<i>Non-executive</i>				
PF Kirchmann			9	–
J Bentel			9	4
BT Jackson			–	5
L Forrester			–	2
G Cannings			–	12
S Shaw-Taylor			8	2
SV Webb			9	–
WE Cesman			9	3
G Itzikowitz			20	3
MJ Watters			14	3
MS Aitken			14	2
PL Whewell			13	–



FOR THE YEAR ENDED 31 DECEMBER 2001	Group		Company	
	2001 R000	2000 R000	2001 R000	2000 R000

8 OPERATING INCOME (CONTINUED)

- For services as directors of other companies or their subsidiaries			776	545
Executive				
T Schultze (resigned 1 October 2001)			639	545
PG Prinsloo (appointed 1 October 2001)			137	-
Interest paid – other	-	2	-	2

9 TAXATION

Secondary tax on company	18	13	18	13
	18	13	18	13

No provision has been made for 2001 taxation as a result of a tax loss utilised. The tax relief arising therefrom is R1 000 720. The estimated tax loss available for set-off against future taxable income amounts to R241 090 (2000: R3 576 824).

10 EARNINGS PER COMBINED UNIT

The calculation of earnings per combined unit is based on net income after taxation after adding back debenture interest of R72 726 075 (2000: R50 628 285), totalling R73 444 664 (2000: R52 007 290). The calculation of headline earnings per combined unit is based on the above, deducting the capital profit of R0 (2000: R272 340), totalling R73 444 664 (2000: R51 734 950). The weighted average combined units in issue throughout the year was 57 599 237 (2000: 43 358 756).

11 COMMITMENTS

Authorised capital expenditure				
- Already contracted for	3 530	18 003	3 530	18 003
- Not yet contracted for	7 350	2 017	7 350	2 017
	10 880	20 020	10 880	20 020

This expenditure will be financed out of available cash resources and banking facilities.

12 RETIREMENT BENEFITS

The group has no formal or informal arrangement whereby benefits are provided for employees on or after termination of service as all employees are employees of the management company, Hyprop Management Company (Proprietary) Limited.



notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2001	Group		Company	
	2001 R000	2000 R000	2001 R000	2000 R000
13 NOTES TO THE CASH FLOW STATEMENTS				
13.1 The following convention applies to figures other than adjustments:				
Outflows of cash are represented by figures in brackets.				
Inflows of cash are represented by figures without brackets.				
13.2 Cash generated from operations				
Profit on ordinary activities before taxation	788	1 383	788	1 383
Adjustments	74 458	43 237	74 458	43 237
Profits arising on reversal of anticipated head lease losses	-	(272)	-	(272)
Profit on sale of vehicle	(16)	-	(16)	-
Loss from associates	(51)	-	(51)	-
Depreciation	3 255	1 866	3 255	1 866
Interest income	(4 529)	(7 617)	(4 529)	(7 617)
Interest paid	3 778	-	3 778	-
Debenture interest payable to unitholders	72 726	50 628	72 726	50 628
Capitalised interest	(705)	(1 368)	(705)	(1 368)
Operating profit before working capital changes	75 246	44 620	75 246	44 620
Increase/(Decrease) in working capital	7 504	(2 463)	7 504	(2 463)
Increase in trade and other receivables	(177)	(179)	(177)	(179)
(Decrease)/Increase in trade and other payables	7 681	(2 284)	7 681	(2 284)
Cash generated from operations	82 750	42 157	82 750	42 157
13.3 Secondary tax on companies paid				
Taxation owing at beginning of year	(14)	(23)	(14)	(23)
Adjustment				
Per income statement	(18)	(13)	(18)	(13)
Taxation owing at end of year	19	14	19	14
	(13)	(22)	(13)	(22)
13.4 Interest paid to unitholders				
Interest payable at beginning of year	(27 261)	(25 094)	(27 261)	(25 094)
Per income statement	(72 726)	(50 628)	(72 726)	(50 628)
Interest payable at end of year	54 682	27 261	54 682	27 261
	(45 305)	(48 461)	(45 305)	(48 461)



FOR THE YEAR ENDED 31 DECEMBER 2001	Group		Company	
	2001 R000	2000 R000	2001 R000	2000 R000

13 NOTES TO THE CASH FLOW STATEMENTS (CONTINUED)

13.5 Dividends paid to unitholders

Dividends payable at beginning of year	(55)	(50)	(55)	(50)
Per statement of changes in equity	(146)	(101)	(146)	(101)
Dividends payable at end of year	110	55	110	55
	(91)	(96)	(91)	(96)

13.6 Cash flows from financing and investing activities

During the period ordinary shares and debentures were issued as combined units in lieu of the purchase consideration relating to the business as a going concern of KH Props.
Certain long-term liabilities relating to KH Props were assumed.
The effect of the above has been reflected as cash movements in the cash flow statements.

14 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Related parties with whom the company transacted during the period are:

Hyprop Management Company (Proprietary) Limited Expenditure comprising: Asset Management fee, Management fee and Letting commission Relationship: Joint management and directorial	7 106	5 519	7 106	5 519
Homeways (Proprietary) Limited Expenditure comprising: Management fee and Letting commission Relationship: Joint shareholding and directorial	1 026	–	1 026	–
Kirchmann-Hurry Construction (Proprietary) Limited Expenditure comprising: Tenant installation and building maintenance Relationship: Joint shareholding and directorial	882	–	882	–
Pikappa Property Holdings (Proprietary) Limited Expenditure comprising: Garden maintenance Relationship: Joint shareholding and directorial	79	–	79	–

The above transactions were carried out on commercial terms and conditions no more favourable than those available in similar arm's length dealings at market-related rates.



information on subsidiary companies

FOR THE YEAR ENDED 31 DECEMBER 2001	R	Group		Company	
		2001 R000	2000 R000	2001 R000	2000 R000
Name of wholly owned subsidiary	Issued share capital	Book value of shares		Amount owing by/(to) subsidiary company	
Hyde Park Corner Shopping Centre (Proprietary) Limited	10 002	10	10	1 548	1 548
Hyde Park Investments Share Block (Proprietary) Limited	7 201	62 428	62 428	(62 428)	(62 428)
Morningside Viewsites Share Block (Proprietary) Limited	320	50	50	8 613	8 613
		62 488	62 488	(52 267)	(52 267)

distribution details

FOR THE YEAR ENDED 31 DECEMBER 2001	Distribution number	2001 (cents)	2000 (cents)
INTEREST ON DEBENTURES			
For the year		126,107	116,766
Four months to 30 April 2001 (2000: Half year to 30 June)	27	41,617	53,892
Eight months to 31 December 2001 (2000: Half year to 31 December)	28	84,490	62,874
DIVIDENDS ON ORDINARY SHARES			
For the year		0,253	0,234
Four months to 30 April 2001 (2000: Half year to 30 June)	27	0,083	0,108
Eight months to 31 December 2001 (2000: Half year to 31 December)	28	0,170	0,126
		126,360	117,000



properties owned

FOR THE YEAR ENDED 31 DECEMBER 2001

2001
R000

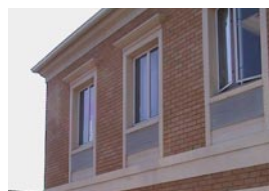
2000
R000

Name of company	Name and description of property	Area (m ²) of rentable space	Group cost of properties	
Hyde Park/Craighall				
Hyprop Investments Limited and Hyde Park Corner Shopping Centre (Proprietary) Limited	Hyde Park Corner Shopping Centre	34 414	196 372	195 075
Hyprop Investments Limited	Investment Place	6 246	38 037	–
	Bolton Gardens	1 094	5 121	–
	Magalieszicht View	1 186	6 099	–
	SBDS House	708	3 542	–
	Chelsea Close	868	4 095	–
	Draycott Place	1 665	8 211	–
	Westminster	1 184	5 749	–
	Albury Park 6	1 440	7 050	–
	Hydewest	1 132	5 470	–
	Stand 155 Dunkeld West	1 045	5 280	–
	Portland Place	n/a	420	–
Morningside				
Hyprop Investments Limited and Morningside Viewsites Share Block (Proprietary) Limited	Morning View Office Park	10 969	41 742	31 145
Hyprop Investments Limited	Motswedi House	1 616	9 045	–
50% interest in Oshbro Investments 23 (Proprietary) Limited	Residential property	n/a	584	575
Wierda Valley				
Hyprop Investments Limited	47 Wierda Road West	2 207	8 699	8 699
	Linger Longer/Turtle Creek Restaurant	597	3 458	3 458
	Vodacom Park	5 101	14 256	14 121
	Sandton Place	3 372	18 041	–
	Wierda Gables	2 049	10 814	–
Sandton				
	Atholl Ridge	8 518	58 904	–



properties owned

FOR THE YEAR ENDED 31 DECEMBER 2001			2001 R000	2000 R000
Name of company	Name and description of property	Area (m ²) of rentable space	Group cost of properties	
	Parktown			
	60% undivided share in 31 Princess of Wales Terrace Office Block	3 012	6 607	6 607
	Victoria Gate	2 355	7 649	–
	Rosebank			
	Kuehne & Nagel House	3 260	10 807	10 807
	Arbath	580	2 380	–
	Sunninghill/Rivonia			
	ACS House	1 743	7 486	–
	Rivonia Gate 1 and 11	2 736	11 882	–
	Rivonia Service Station	n/a	1 665	–
	Belvedere Place	10 820	51 416	–
	Midrand			
	Howick Gardens	3 015	11 917	–
	Kernick House	3 006	14 256	–
	Waterfall Close	3 766	15 641	–
	Bryanston			
50% interest in Murinda Investments (Proprietary) Limited	Residential property	n/a	148	–
	Southern suburbs of Johannesburg			
Hyprop Investments Limited	Undivided one-third share in The Glen Shopping Centre	14 933	95 255	–



notice of annual general meeting

NOTICE is hereby given that the fourteenth annual general meeting of combined unitholders of Hyprop Investments Limited will be held on 20 June 2002 at 09:00 on the 3rd Floor, North Block, Hyde Park Corner Shopping Centre for the following purposes:

- 1 To receive and consider the annual financial statements for the year ended 31 December 2001.
- 2 To elect directors in terms of the articles of association.
- 3 To place the unissued combined units under the control of the directors.
- 4 To transact such other business as may be transacted at an annual general meeting.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the company.

By order of the board

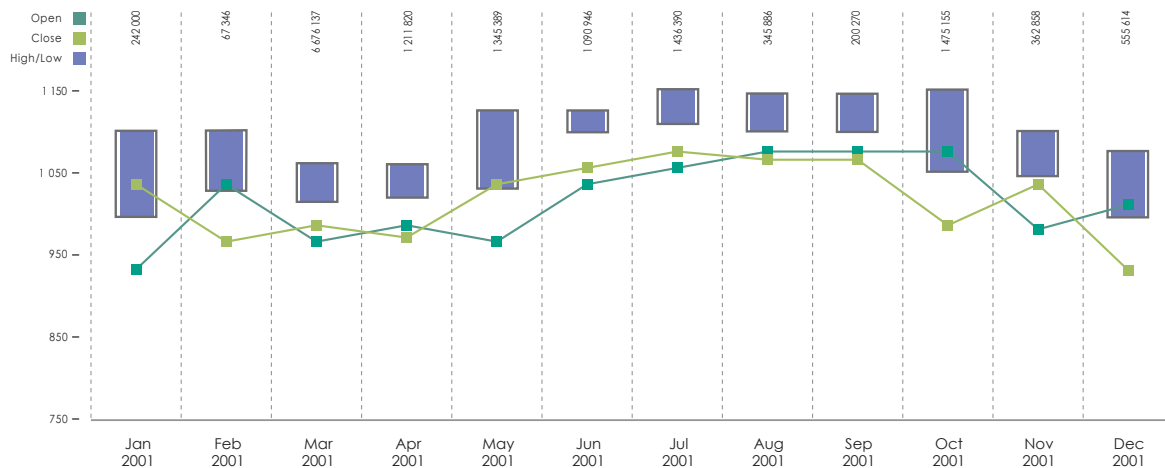


PG Prinsloo
Secretary

Johannesburg
12 March 2002

share analysis

AS AT 31 DECEMBER 2001



HYPROP
INVESTMENTS LIMITED

unitholders' diary

Financial year-end	31 December
Publication of financial results	14 March 2002
Annual general meeting	20 June 2002

DISTRIBUTIONS

Interim	September 2002
Final	March 2003
Annual report posted to unitholders	May 2002
Interim report posted to unitholders	August 2002

administration

DIRECTORS

PG Prinsloo (MD) PF Kirchmann* (Chairman)
S Shaw-Taylor* MS Aitken* MJ Watters*
WE Cesman* SV Webb* J Bentel* PL Whewell*
M Wainer* *Non-executive directors

REGISTERED OFFICE AND BUSINESS ADDRESS

Hyprop Investments Limited
Registration number 1987/05284/06
3rd Floor North Block
Hyde Park Corner Shopping Centre
Jan Smuts Avenue Sandton 2196
PO Box 41257 Craighall 2024
Telephone +27 11 325 4340
Fax +27 11 325 4966
E-mail info@hyprop.co.za
Internet address www.hyprop.co.za

COMPANY SECRETARY

PG Prinsloo
3rd Floor North Block
Hyde Park Corner Shopping Centre
Jan Smuts Avenue Sandton 2196
PO Box 41257 Craighall 2024

INDEPENDENT AUDITORS

Grant Thornton Kessel Feinstein
(Member firm of Grant Thornton International)
137 Daisy Street cnr Grayston Drive Sandton 2196
Private Bag X28 Benmore 2010

CORPORATE ADVISORS AND SPONSORS

Corpcapital – Corporate Finance
(a division of Corpcapital Investments
(Proprietary) Limited)
2 Arnold Road Rosebank
Johannesburg 2196

TRANSFER SECRETARIES

Mercantile Registrars Limited
11 Diagonal Street Johannesburg 2001
PO Box 1053 Johannesburg 2000

TRUSTEE FOR DEBENTUREHOLDERS

Edward Nathan & Friedland (Proprietary) Limited
4th Floor The Forum
2 Maude Street Sandton 2146
PO Box 783347 Sandton 2146

COMMERCIAL BANKERS

Absa Bank Limited
1st Floor Block A
Sandown Village Office Park
61 Gwen Lane Sandton 2196
PO Box 782991 Sandton 2146



form of proxy

Hyprop Investments Limited
Registration number 1987/05284/06
Transfer secretaries: PO Box 1053 Johannesburg 2000

I/We _____
(Block letters)

of _____
being a member/members of the abovementioned company, hereby appoint

_____ of _____
or failing him _____ of _____

or failing him the chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held on 20 June 2002 at 09:00 or at every adjournment of that meeting.

Signed this _____ day of _____ 2002

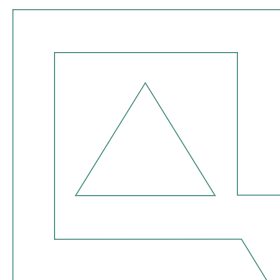
Signature _____

Please indicate with an "X" in the appropriate space below how you wish your votes to be cast. If you return this form duly signed, without any specific directions, the proxy shall be entitled to vote as he deems fit.

	In favour of resolution	Against resolution	Abstain from voting
1 Adoption of the annual financial statements			
2 Election of directors – M Wainer – PF Kirchmann – PL Whewell – J Bentel			
3 To place the unissued combined units under the control of the directors			
4 To transact such other business as may be transacted at an annual general meeting			

Note

A member entitled to attend and vote at the meeting is entitled to appoint a proxy, or proxies, to attend and speak, and on a poll to vote thereat in his stead. A proxy need not also be a member of the company. All proxy forms must be lodged with the company's secretary no later than 48 hours before the time set for the commencement of the meeting or any adjournment thereof.





directorate

From left to right – SV Webb WE Cesman

M Wainer J Bentel PL Whewell PF Kirchmann

S Shaw-Taylor MS Aitken M Watters PG Prinsloo

Hyprop Investments Limited 3rd Floor North Block Hyde Park Corner Shopping Centre



Hyde Park Corner Shopping Centre

