



Property investment excellence.

SUMMARISED CONSOLIDATED RESULTS
for the year ended 30 June 2016

HIGHLIGHTS

Final dividend up 14,9%

Acquired three shopping malls
(Nigeria, Serbia and Montenegro)

R700 million equity raised (post year-end)

Disposed of non-core properties for
R365 million (post year-end)

HYPROP INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1987/005284/06)

JSE share code: HYP

ISIN: ZAE000190724

(Approved as a REIT by the JSE)

("Hyprop" or "the company" or "the group")

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 12 months 30 June 2016 R000	Audited 12 months 30 June 2015 R000
Revenue	3 078 221	2 703 034
Investment property income	2 976 420	2 642 949
Straight-line rental income accrual	101 801	60 085
Property expenses	(993 861)	(887 918)
Net property income	2 084 360	1 815 116
Other operating expenses	(76 593)	(64 611)
Operating income	2 007 767	1 750 505
Net interest	(366 176)	(351 647)
Received	323 759	157 344
Paid	(689 935)	(508 991)
Net operating income	1 641 591	1 398 858
Change in fair value	1 217 049	2 426 584
Investment property	1 382 134	2 467 113
Straight-line rental income accrual	(101 801)	(60 085)
Investment in joint venture	(10 102)	
Derivative instruments	(53 182)	19 556
Loss on disposal		(5 768)
Investment in subsidiary		(30 011)
Investment property		24 243
Impairment of goodwill		(4 280)
Net income before equity-accounted investments	2 858 640	3 815 394
Share of loss from joint ventures	(41 007)	(17 447)
Share of income from associate	457	652
Profit before taxation	2 818 090	3 798 599
Taxation	(50 930)	(19 023)
Profit for the year	2 767 160	3 779 576
Other comprehensive income		
Exchange differences on translation of foreign operations	(1 491)	5 329
Total comprehensive income for the year	2 765 669	3 784 905
Total profit for the year attributable to:		
Shareholders of the company	2 750 847	3 779 576
Non-controlling interests	16 313	
Profit for the year	2 767 160	3 779 576
Total comprehensive income attributable to:		
Shareholders of the company	2 752 041	3 784 905
Non-controlling interests	13 628	
Total comprehensive income for the year	2 765 669	3 784 905

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME continued

	Audited 12 months 30 June 2016 R000	Audited 12 months 30 June 2015 R000
Summarised reconciliation – headline earnings and distributable earnings		
Profit for the year	2 767 160	3 779 576
Earnings	2 767 160	3 779 576
Headline earnings adjustments	(1 372 032)	(2 457 065)
Change in fair value of investment property	(1 382 134)	(2 467 113)
Change in fair value of investment in joint venture	10 102	
Loss on disposal: Investment in subsidiary Investment property		30 011 (24 243)
Impairment of goodwill		4 280
Headline earnings	1 395 128	1 322 511
Distributable earnings adjustments	142 535	(2 892)
Change in fair value: Derivative instruments	53 182	(19 556)
Investments in sub-Saharan Africa (excluding SA)	(35 131)	(35)
Investments in South African subsidiaries	1 205	(2 945)
Investments in South-Eastern Europe	24 572	
Capital items	15 632	620
Taxation	7 371	12 387
Deferred taxation	43 558	6 637
Antecedent dividend	32 146	
Distributable earnings	1 537 663	1 319 619
Total shares in issue	243 256 092	243 256 092
Weighted average shares in issue	242 921 081	243 256 092
Total shares in issue for dividend per share (excludes treasury shares)	248 030 619	242 990 433
Basic earnings per share (cents)	1 139,1	1 553,7
Headline earnings per share (cents)	574,3	543,7
Diluted earnings per share (cents)	1 131,1	1 553,7
Diluted headline earnings per share (cents)	567,3	543,7

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 30 June 2016 R000	Audited 30 June 2015 R000
Assets		
Non-current assets	32 227 218	27 395 984
Investment property	28 702 563	24 925 604
South African portfolio	26 380 137	24 925 604
Ikeja City Mall (Lagos, Nigeria)	2 322 426	
Building appurtenances and tenant installations	126 100	77 300
Investments in sub-Saharan Africa (excluding SA)	3 315 614	2 339 121
Investment in associate	766	827
Loans receivable	14 732	
Goodwill	18 134	
Derivative instruments	49 309	53 132
Current assets	378 150	224 750
Receivables	179 193	87 152
Loans receivable		53 757
Cash and cash equivalents	198 957	83 841
Non-current assets held for sale	1 243 591	1 235 062
Total assets	33 848 959	28 855 796
Equity	23 118 856	21 658 721
Stated capital and reserves	22 988 596	21 658 721
Non-controlling interest	130 260	
Liabilities		
Non-current liabilities	8 879 743	6 012 830
Interest-bearing liabilities	8 632 036	5 919 909
Derivative instruments	101 198	40 123
Deferred taxation	146 509	52 798
Current liabilities	1 822 492	1 162 678
Payables	528 440	388 049
Interest-bearing liabilities	1 294 052	772 000
Derivative instruments		2 629
Liabilities directly associated with non-current assets held for sale	27 868	21 567
Total liabilities	10 730 103	7 197 075
Total equity and liabilities	33 848 959	28 855 796
Net asset value per share (R)	94,50	89,04

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited 30 June 2016 R000	Audited 30 June 2015 R000
Balance at beginning of year	21 658 721	12 905 543
Total profit for the year attributable to Hyprop shareholders	2 750 847	3 779 576
Capital restructure		5 719 119
Non-controlling interest	130 260	
Buy-back of African Land shares from non-controlling interest		(118 024)
Treasury shares	(27 789)	
Dividends	(1 404 296)	(639 529)
Share-based payment reserve	9 919	6 707
Foreign currency translation reserve	1 194	5 329
Balance at end of year	23 118 856	21 658 721
Distribution details		
Total distribution for the year (cents)	619,9	543,0
Six months ended 30 June (cents)	322,1	280,3
Six months ended 31 December (cents)	297,8	262,7

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 30 June 2016 R000	Audited 30 June 2015 R000
Cash flows (utilised by)/generated from operating activities	(210 672)	97 774
Cash generated from operations	1 709 767	1 738 764
Interest received	191 515	105 084
Interest paid	(692 192)	(518 610)
Taxation paid	(15 466)	(2 553)
Debenture interest paid		(585 877)
Dividends paid	(1 404 296)	(639 034)
Cash flows (applied to)/from investing activities	(1 716 759)	667 056
Cash flows from/(applied to) financing activities	1 989 143	(752 412)
Net increase in cash and cash equivalents	61 712	12 418
Cash acquired with subsidiary	48 964	
Translation effects on cash and cash equivalents of foreign entities	5 002	(5 294)
Cash reallocated to assets held for sale	(562)	(636)
Cash and cash equivalents at beginning of year	83 841	77 353
Cash and cash equivalents at end of year	198 957	83 841

COMMENTARY

Introduction

Hyprop, Africa's leading specialist shopping centre Real Estate Investment Trust (REIT), operates a portfolio of shopping centres in major metropolitan areas across South Africa (SA), sub-Saharan Africa (excluding SA) and South-Eastern Europe.

Hyprop's strategy is to own dominant, quality shopping centres in emerging markets, where such assets can be acquired or developed at attractive yields.

The shopping centre portfolio in South Africa includes super-regional centre Canal Walk, large regional centres Clearwater Mall, The Glen Shopping Centre, Woodlands Boulevard, CapeGate Shopping Centre, Somerset and Rosebank Malls, and regional centre Hyde Park Corner.

The sub-Saharan African portfolio (excluding SA) includes interests in Accra Mall, West Hills and Achimota Retail Centre (all in Accra, Ghana), Manda Hill Centre in Lusaka, Zambia and Ikeja City Mall in Lagos, Nigeria.

During the year Hyprop expanded into South-Eastern Europe, with the acquisition of a 60% interest in Delta City Belgrade, Serbia and Delta City Podgorica, Montenegro.

Financial results

Hyprop has declared a dividend of 322,1 cents per share for the six months ended 30 June 2016, an increase of 14,9% on the corresponding period in 2015. The total distribution for the year of 619,9 cents per share is an increase of 14,2% on the prior year.

Distributable earnings for the year benefited from the inclusion of income from recently acquired Ikeja City Mall in Nigeria (November 2015), Delta City Podgorica in Montenegro (February 2016) and Delta City Belgrade in Serbia (April 2016), as well as the opening of Achimota Retail Centre, in Accra, Ghana (October 2015). Distributable earnings were further increased by exchange rate gains due to Rand weakness and from the inclusion of income from the redeveloped Rosebank Mall for the full period.

COMMENTARY continued

South African portfolio

Revenue and distributable earnings

Business segment	12 months ended 30 June 2016		12 months ended 30 June 2015	
	Revenue R000	Distributable earnings R000	Revenue R000	Distributable earnings R000
Canal Walk (80%)	628 169	442 978	579 188	412 308
Clearwater Mall	376 612	260 069	358 011	245 039
Somerset Mall	257 565	177 062	231 100	159 387
Rosebank Mall	283 060	183 350	234 353	149 665
Woodlands Boulevard	246 864	162 911	231 701	152 821
The Glen (75,15%)	230 817	163 036	218 999	153 796
Hyde Park Corner	211 335	137 855	199 074	130 900
CapeGate	178 943	106 051	167 562	96 472
Shopping centres	2 413 365	1 633 312	2 219 988	1 500 388
Atterbury Value Mart	129 153	96 124	120 286	89 544
Willowbridge ⁽¹⁾	99 574	56 008	90 746	49 793
Somerset Value Mart ⁽¹⁾	25 524	16 750	23 784	15 308
Value centres	254 251	168 882	234 816	154 645
Total retail	2 667 616	1 802 194	2 454 804	1 655 033
Standalone offices⁽²⁾	77 078	45 957	73 126	45 866
Stoneridge ⁽³⁾ (90%)			56 275	29 110
CapeGate Lifestyle ⁽³⁾			32 937	22 178
Properties sold			89 212	51 288
Investment property	2 744 694	1 848 151	2 617 142	1 752 187

¹ Held for sale

² Includes Glenwood, Glenfield and Lakefield – held for sale

³ Sold during the 2015 financial year

Total revenue and distributable earnings from South African investment property (excluding properties sold) increased by 8,6% and 8,7%, respectively. Like-for-like revenue and distributable earnings from investment property (excluding Rosebank Mall) both increased by 7,3%.

Cost-to-income ratios

		30 June 2016	30 June 2015
Net basis (%)	Investment property (SA)	15,0	15,7
	Total group	19,2	18,7
Gross basis (%)	Investment property (SA)	33,2	33,6
	Total group	36,0	36,0

Ongoing and effective cost control in the South African portfolio contributed to a marginal improvement in the investment property cost-to-income ratio, on the net and gross basis.

Tenant arrears

Total arrears as a percentage of rental income were 0,5% (30 June 2015: 0,6%).

Vacancies

Vacancy profile by sector	% of total rentable area	
	30 June 2016	30 June 2015
Retail	0,8	1,3
Office	4,5	8,3
Total	1,1	2,0

Retail vacancies reduced to 0,8% (30 June 2015: 1,3%), primarily due to new lettings at Somerset Mall, Willowbridge and Somerset Value Mart. Vacancies in the office portfolio also reduced, largely due to new lettings at Lakefield Office Park and Hyde Park offices.

Valuations	Rentable area (m ²)	Value attributable to Hyprop		Value per rentable area
		30 June 2016 R000	30 June 2015 R000	30 June 2016 (R/m ²)
Business segment				
Shopping centres	649 479	25 282 472	23 790 630	42 870
Value centres	90 600	1 755 000	1 734 000	19 371
Total retail	740 079	27 037 472	25 524 630	39 993
Standalone offices	23 811	328 075	315 775	13 778
Properties sold (post year-end)	22 866	365 000	365 000	15 963
Investment property	786 756	27 730 547	26 205 405	38 501

Investment property was valued at 30 June 2016 at R27,7 billion (30 June 2015: R26,2 billion), an increase of 5,8%. The increase in value was primarily due to income growth.

COMMENTARY continued

Developments

Projects currently under construction and due for completion in the next financial year include the installation of H&M at Somerset Mall (R15,8 million) and Checkers at Atterbury Value Mart (R31 million).

During the year a total amount of R178 million was spent on capital projects, new equipment and tenant installations.

Extensions to the shopping centres with an estimated project cost of R167 million are in planning.

Disposals

Agreements have been reached for the disposal of Somerset Value Mart and Glenfield Office Park for R185 million and R180 million respectively. Transfer of Somerset Value Mart is imminent, while transfer of Glenfield Office Park is subject to approval from competition authorities. The proceeds from both disposals will be applied to reduce debt.

Efforts to dispose of Willowbridge Centre and the remaining standalone office buildings are continuing.

Investments in sub-Saharan Africa (excluding SA)

	Rentable area (m ²)	Valuation	Valuation	Value per	Vacancy (%)	Hyprop share of distributable earnings ⁽²⁾	
		30 June 2016 ⁽¹⁾ (USD000)	30 June 2015 ⁽¹⁾ (USD000)	rentable area (USD/m ²)		30 June 2016 (R000)	30 June 2015 (R000)
Total portfolio	127 660	562 400	339 870	4 405	4,0	83 654	42 368

¹ Valuation reflects 100% of the asset value

² Hyprop share of distributable earnings is reflected after interest on in-country debt and after interest on corporate debt

Distributable earnings from the investments in sub-Saharan Africa (excluding SA) increased by 97,4% to R83,7 million, in part due to income from West Hills Mall (Accra, Ghana – effective November 2014), Achimota Retail Centre (Accra, Ghana – effective November 2015) and Ikeja City Mall (Lagos, Nigeria – effective November 2015).

Distributable earnings from the investments in sub-Saharan Africa (excluding SA) benefited from exchange rate gains of R15,9 million.

Investments in sub-Saharan Africa (excluding SA) to date total R4.3 billion (excluding in-country debt in Nigeria) and are financed with US Dollar bank funding.

Investments in South-Eastern Europe

	Hyprop's effective shareholding (%)	Rentable area (m ²)	Valuation 30 June 2016 ⁽¹⁾ (EUR000)	Value per rentable area (EUR/m ²)	Vacancy (%)	Hyprop share of distributable earnings ⁽²⁾ 30 June 2016 (R000)
Total portfolio	60,0	53 605	206 100	3 845	–	31 944

¹ Valuation reflects 100% of the asset value

² Hyprop share of distributable earnings is reflected after interest on corporate debt

The purchase of Delta City Podgorica (Montenegro) was effective in February 2016, while the purchase of Delta City Belgrade (Serbia) was effective in April 2016. Implementation of the acquisition is progressing well and income is in line with expectations.

The purchase consideration for Delta City Podgorica has been paid in full, while EUR49,3 million of the total purchase consideration relating to Delta City Belgrade has been delayed, pending the fulfilment of certain conditions.

Notwithstanding the delay in payment, all net property income from Delta City Belgrade has accrued to the purchasers from the effective date in April 2016. It is anticipated that the outstanding amount will be paid in September 2016.

The Delta City acquisitions were funded with Euro-denominated bridge funding, supported by a guarantee from Hyprop. The bridge funding will be refinanced within twelve months following the initial draw-down of the bridge loan. The long-term funding for the transaction will be at a higher cost than the bridge funding. It is anticipated that the long-term funding of the transaction will be in place from February 2017.

The delay in payment of the final tranche of the purchase consideration for Delta City Belgrade, as well as the lower cost of funding for the bridge loan, are both once-off benefits to Hyprop in the 2016 financial year and the first half of the 2017 financial year.

Net asset value

The net asset value (NAV) per share at 30 June 2016 increased by 6,1% to R94,50 (30 June 2015: R89,04). The increase was primarily due to an increase in the independent valuation of the investment property portfolio.

At 30 June 2016, the closing share price of R129,89 represented a premium of 37,4% to the NAV per share.

COMMENTARY continued

Borrowings

	30 June 2016 Rm	30 June 2015 Rm
Bank debt	9 344	4 520
South Africa	2 992	2 327
USD (Rand equivalent) ⁽¹⁾	4 842	2 193
EUR (Rand equivalent) ⁽²⁾	1 510	
Debt capital market funding (South Africa only)	1 640	2 172
Corporate bonds	1 200	1 800
Commercial paper	440	372
Cash and cash equivalents	(239)	(138)
Net borrowings	10 745	6 554
Loan to value (%)	30,8	22,9
Debt at fixed rates (%)		
South African debt (%)	89,6	96,7
USD debt (%)	72,4	89,9
Maturity of fixes (years)		
South African debt (years)	4,9	5,6
USD debt (years)	3,7	4,1
Cost of funding (%)		
South African debt (%)	8,9	8,4
USD debt (%)	4,6	4,4
EUR debt (%)	1,7	–
Debt capital market (DCM) % of total debt	15	19

¹ The USD debt includes 75% of the in-country debt relating to Ikeja City Mall (Lagos, Nigeria)

² The Euro debt, which relates to Hyprop's effective 60% interest in the South-Eastern European shopping malls, is not consolidated on the Hyprop statement of financial position.

The Rand equivalent of US Dollar-denominated bank debt increased due to the acquisition of Ikeja City Mall, ongoing development activity in AttAfrica and Rand depreciation against the US Dollar.

The loan-to-value (LTV) ratio at 30 June 2016 increased to 30,8% (30 June 2015: 22,9%), largely due to the inclusion of the funding of Hyprop's effective 60% share of the Delta City Malls (Serbia and Montenegro) as well as the funding of Hyprop's 75% share of Ikeja City Mall (Lagos, Nigeria).

The debt to acquire the Delta City Malls comprises short-term bridge funding and the interest rate has therefore not been fixed.

Subsequent to year-end, a maturing South African bank facility amounting to R1,2 billion was refinanced with DCM funding (three, four and five-year corporate bonds). This has increased the ratio of DCM funding to total debt to approximately 25%. All of Hyprop's DCM funding is unsecured.

Distributable earnings statement and reconciliation to dividend declared

	Distributable earnings 12 months	
	30 June 2016 R000	30 June 2015 R000
South African property portfolio	1 848 151	1 752 187
Investments in sub-Saharan Africa (excluding SA)	83 654	42 368
Investments in South-Eastern Europe	31 944	
Word4Word Marketing	1 000	4 243
Fund management expenses	(64 922)	(62 001)
Net interest	(394 310)	(417 178)
Antecedent dividend	32 146	
Total distributable earnings	1 537 663	1 319 619
Total shares in issue at year-end	243 256 092	243 256 092
Treasury shares in issue	(410 659)	(265 659)
Shares issued, August 2016	5 185 186	
Shares in issue for distributable earnings	248 030 619	242 990 433
Dividend per share (cents)	619,9	543,0
Dividend per share growth (%)	14,2	15,0

Net interest costs for the period of R394,3 million (30 June 2015: R417,2 million) reduced due to non-core asset sales in the second half of the 2015 financial year, amounting to R833 million (Stoneridge and CapeGate Value and Lifestyle centres), the proceeds of which were applied to the repayment of debt.

Subsequent to year-end, 5,2 million new shares were issued at R135 per share. The issue of new shares after year-end, but prior to the record date for the final distribution resulted in an antecedent dividend amounting to R32,1 million. In accordance with industry best practice, the antecedent dividend has been added back in the calculation of distributable earnings for the year.

The proceeds of the equity issue will be applied to the reduction of Rand-denominated debt and to ongoing capital expenditure in the South African portfolio.

Prospects

Hyprop expects dividend growth of approximately 10% for the full year to 30 June 2017. This guidance is based on the following key assumptions:

- Forecast investment property income is based on contractual rental escalations and market-related renewals;
- Appropriate allowances for vacancies have been incorporated into the forecast;
- No major corporate and tenant failures will occur; and
- Earnings from offshore investments will not be materially impacted by exchange rate volatility.

The forecast has not been reviewed or reported on by the company's auditors.

COMMENTARY continued

Payment of dividend

All rental income earned by the company, less property expenses and interest on debt, is distributed to shareholders semi-annually.

A dividend of 322,10 cents per share for the six months ended 30 June 2016 will be paid to shareholders as follows:

	2016
Last day to trade <i>cum</i> dividend	Tuesday, 27 September
Shares trade <i>ex</i> dividend	Wednesday, 28 September
Record date	Friday, 30 September
Payment date	Monday, 3 October

Shareholders may not dematerialise or rematerialise their shares between Wednesday, 28 September 2016 and Friday, 30 September 2016, both days inclusive. Payment of the dividend will be made to shareholders on Monday, 3 October 2016. In respect of dematerialised shareholders, the dividend will be transferred to the CSDP accounts/broker accounts on Monday, 3 October 2016. Certificated shareholders' dividend payments will be deposited on or about Monday, 3 October 2016.

An announcement relating to the tax treatment of the dividend will be released separately.

Basis of preparation

The summary consolidated financial statements for the year ended 30 June 2016 were prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

All amendments to standards that are applicable to Hyprop for its financial year beginning 1 July 2015 have been considered. Based on management's assessment, the amendments do not have a material impact on the group's annual financial statements.

All accounting policies applied in the preparation of the group annual financial statements for the year ended 30 June 2016 are consistent with those applied by Hyprop in its consolidated group annual financial statements for the prior financial year.

These summarised consolidated financial statements for the year ended 30 June 2016 have been extracted from the audited group annual financial statements, but have not themselves been audited. The directors take full responsibility for the preparation of the summarised consolidated results and for ensuring that the financial information has been correctly extracted from the underlying audited group annual financial statements. The auditor's report does not necessarily report on all of the information included in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report, together with the accompanying financial information from the registered office of the company.

KPMG Inc. has audited the group annual financial statements. Their unqualified audit report is available from the registered office of the company.

Preparation of the financial information was supervised by Laurence Cohen CA(SA) in his capacity as Financial Director.

On behalf of the board

GR Tipper

Chairman

PG Prinsloo

CEO

2 September 2016

CORPORATE INFORMATION

Directors

GR Tipper^{*†} (Chairman)

PG Prinsloo (CEO)

LR Cohen (FD)

EG Dube^{*†}

KM Ellerin^{*}

L Engelbrecht^{*†}

MJ Lewin^{*†}

TV Mokgatla^{*†}

L Norval^{*}

S Shaw-Taylor^{*}

**Non-executive †Independent*

Independent non-executive director Louis van der Watt resigned from the board on 4 May 2016.

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