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Summarised Audited Consolidated Results
for the year ended 30 June 2014

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")

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Front cover image: Rosebank Mall

2014 Highlights

Distribution 472cpu up **11,3%**

Total property assets up **17,5%**
to **R26,4 billion**

Investment in sub-Saharan Africa
(excluding South Africa) increases
to **R2,2 billion**

NAV up **11,1%**

Statement of comprehensive income

	Audited 12 months 30 June 2014 R'000	Unaudited 12 months 30 June 2013 R'000	Audited 6 months 30 June 2013 R'000
Revenue	2 514 779	2 223 991	1 099 489
Investment property income	2 432 459	2 036 083	1 008 671
Straight-line rental income accrual	45 055	39 136	15 879
Listed property securities income	37 265	148 772	74 939
Property expenses	(837 822)	(711 184)	(347 277)
Net property income	1 676 957	1 512 807	752 212
Other operating expenses	(82 480)	(56 182)	(26 720)
Operating income	1 594 477	1 456 625	725 492
Net interest	(394 721)	(385 563)	(191 723)
Received	65 645	28 570	17 234
Paid	(460 366)	(414 133)	(208 957)
Net operating income	1 199 756	1 071 062	533 769
Change in fair value	1 532 852	2 254 840	1 403 721
Investment property	1 655 897	1 898 754	1 198 105
Straight-line rental income accrual	(45 055)	(39 136)	(15 879)
Listed property securities (on disposal)	(82 266)	255 535	(2 842)
Derivative instruments	4 276	139 687	224 337
Profit on disposal	190 760	12 532	28 061
Investment property	4 460	(11 796)	90
Associate	17 431		
Listed property securities	168 869	(3 643)	
Sycom rights offer nil paid letters		27 971	27 971
Amortisation of debenture premium	102 806	299 042	49 119
Gain on bargain purchase (African Land)	102 895		
Impairment of goodwill	(7 779)		
Income before debenture interest	3 121 290	3 637 476	2 014 670
Debenture interest	(1 147 443)	(1 030 800)	(517 831)
Net income before share of income from associate	1 973 847	2 606 676	1 496 839
Share of income from associate	462	4 406	4 262
Profit before taxation	1 974 309	2 611 082	1 501 101
Taxation	(17 719)	2 047 626	2 239 008
Profit for the year/period	1 956 590	4 658 708	3 740 109
Other comprehensive income			
Exchange differences on translation of foreign operations	8 894	313	319
Total comprehensive income for the year/period	1 965 484	4 659 021	3 740 428
Total profit for the year/period attributable to:			
Unitholders of the company	1 948 487	4 658 708	3 740 109
Non-controlling interests	8 103		
Profit for the year/period	1 956 590	4 658 708	3 740 109
Total comprehensive income attributable to:			
Unitholders of the company	1 956 248	4 659 021	3 740 428
Non-controlling interests	9 236		
Total comprehensive income for the year/period	1 965 484	4 659 021	3 740 428

Statement of comprehensive income *(continued)*

	Audited 12 months 30 June 2014 R'000	Unaudited 12 months 30 June 2013 R'000	Audited Six months 30 June 2013 R'000
Abridged reconciliation – headline earnings and distributable earnings			
Net income after taxation	1 948 487	4 658 708	3 740 109
Debt interest	1 147 443	1 030 800	517 831
Earnings	3 095 930	5 689 508	4 257 940
Headline earnings adjustments	(1 870 232)	(3 621 990)	(3 296 367)
Change in fair value of investment property (Profit)/loss on disposal: Investment property	(1 650 419)	(1 285 691)	(1 198 105)
Associate company (Mantrablox)	(4 460)	11 796	(90)
Sycom rights offer nil paid letters	(17 431)	(27 971)	(27 971)
Amortisation of debt interest premium	(102 806)	(299 042)	(49 119)
Gain on bargain purchase (African Land)	(102 895)		
Deferred taxation – investment property	7 779	(2 021 082)	(2 021 082)
Impairment of goodwill			
Headline earnings	1 225 698	2 067 518	961 573
Distributable earnings adjustments	(77 098)	(1 035 391)	(444 320)
Change in fair value: Listed property securities	82 266	(210 132)	2 842
Derivative instruments	(4 276)	(139 687)	(224 337)
(Profit)/loss on disposal of listed property securities	(168 869)	3 643	
Net income: Hyprop Investments (Mauritius)	(20 929)	(3 789)	(3 789)
African Land	(17 590)		
Dividends received: Hyprop Investments (Mauritius)	4 770	1 434	1 434
African Land	30 308		
Capital restructuring costs (2013: Sycom transaction cost)	1 325	3 502	1 791
Taxation	15 897	2 963	1 520
Deferred taxation (listed property securities and other)		(689 356)	(219 812)
Investment in associate (Mantrablox)		(3 969)	(3 969)
Distributable earnings	1 148 600	1 032 127	517 253
Total combined units in issue	243 256 092	243 113 169	243 113 169
Weighted average combined units in issue – for earnings and headline earnings	243 195 790	243 113 169	243 113 169
Basic and diluted earnings per combined unit (cents)	1 273,0	2 340,3	1 751,4
Basic and diluted headline earnings per combined unit (cents)	504,0	850,4	395,5
Distribution details			
Total distribution for the year (cents)	472,0	424,0	213,0
Six months ended 30 June (cents)	241,0	213,0	213,0
Six months ended 31 December (cents)	231,0	211,0	

Statement of financial position

	Audited 30 June 2014 R'000	Audited 30 June 2013 R'000
ASSETS		
Non-current assets	24 931 191	20 282 124
Investment property	23 998 182	19 782 728
Building appurtenances and tenant installations	82 692	63 065
Investment in associate	600	108
Goodwill	4 280	12 059
Loan receivable	812 459	384 307
Derivative instruments	32 978	39 857
Current assets	228 525	298 996
Receivables	103 686	224 175
Loan receivable	47 486	
Cash and cash equivalents	77 353	74 821
Non-current assets held-for-sale	1 705 236	2 400 822
Investment property	1 705 236	
Listed property securities		2 279 253
Investment in associate		121 569
Total assets	26 864 952	22 981 942
EQUITY AND LIABILITIES	12 905 543	10 814 409
Share capital and reserves	12 772 306	10 814 409
Non-controlling interest (African Land)	133 237	
Liabilities	10 992 517	10 341 977
Non-current liabilities	5 719 119	5 822 497
Debentures and debenture premium	5 185 822	4 436 486
Interest-bearing liabilities	41 829	52 984
Derivative instruments	45 747	30 010
Deferred taxation		
Current liabilities	2 966 892	1 825 556
Payables	367 984	359 725
Interest-bearing liabilities	2 013 031	948 000
Combined unitholders for distribution	585 877	517 831
Total liabilities	13 959 409	12 167 533
Total equity and liabilities	26 864 952	22 981 942
Net asset value per combined unit (R)	76.02	68.43

Abridged statement of changes in equity

	Audited 30 June 2014 R'000	Audited 30 June 2013 R'000
Balance at beginning of the year (2013: period)	10 814 409	7 073 981
Total profit for the year (2013: period)	1 948 487	3 740 109
Non-controlling interest (African Land)	137 776	
Dividend attributable to minorities (African Land)	(4 539)	
Share-based payment reserve	1 649	
Foreign currency translation reserve	7 761	319
Balance at end of the year (2013: period)	12 905 543	10 814 409

Abridged statement of cash flows

	Audited 30 June 2014 R'000	Audited 30 June 2013 R'000
Cash flows from operating activities	218 169	(49 773)
Cash generated from operations	1 725 345	660 705
Interest received	65 645	17 234
Interest paid	(482 496)	(215 147)
Taxation paid	(7 607)	16
Distribution to combined unitholders	(1 079 397)	(512 969)
Dividends paid	(3 321)	
Income from associate		388
Cash flows from investing activities	(1 392 333)	(241 730)
Cash flows from financing activities	1 179 506	198 450
Net increase/(decrease) in cash and cash equivalents	5 342	(93 053)
Translation effects on cash and cash equivalents of foreign entities	145	
Cash reallocated to assets held-for-sale	(2 955)	
Cash and cash equivalents at beginning of year (2013: period)	74 821	167 874
Cash and cash equivalents at end of the year (2013: period)	77 353	74 821

Commentary

INTRODUCTION

Hyprop is one of Africa's leading listed property companies, specialising in high-quality shopping centres. It is also one of South Africa's oldest listed property companies (1988) and operates as an internally managed Real Estate Investment Trust (REIT), based in Rosebank, Johannesburg.

Hyprop is listed on the JSE's retail REIT sector and directly owns 12 prime shopping centres in major metropolitan areas across South Africa.

The group's growing presence in sub-Saharan Africa (excluding South Africa) is held through Atterbury Africa, a joint venture between Hyprop, Attacq Limited (Attacq) and the Atterbury Group.

STRATEGY

Hyprop's strategy is to invest in high-quality shopping centres in sub-Saharan Africa.

The core portfolio consists of premier shopping centres in South Africa, including super regional 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.

HELD-FOR-SALE

In line with its strategy, Hyprop is in the process of disposing of its stand-alone office portfolio as well as non-core retail assets, Stoneridge Centre, Willowbridge and CapeGate Lifestyle. As a result, these assets have been classified as held-for-sale.

CAPITAL STRUCTURE

Hyprop became a REIT on 1 July 2013. As part of the REIT conversion process, Hyprop's combined unit structure was converted to an all share structure. The necessary resolutions were passed by unitholders and the new all share structure became effective on 18 August 2014. Future distributions will be classified as dividends.

FINANCIAL RESULTS

Hyprop declared a distribution of 472 cents per unit for the year to 30 June 2014 (the year), an increase of 11,3% on the corresponding period in 2013.

Distributions for the six months to 30 June 2014 were up 13,1% to 241 cents per unit (six months to 30 June 2013: 213 cents per unit). This was due to strong like-for-like growth from the super and large regional shopping centres, savings on interest costs and the acquisition of African Land Investments Limited (African Land) in December 2013.

SEGMENTAL OVERVIEW

Business Segment	Audited 12 months ended 30 June 2014		Unaudited 12 months ended 30 June 2013	
	Revenue R'000	Distributable earnings R'000	Revenue R'000	Distributable earnings R'000
Canal Walk (80%)	545 252	379 254	479 801	346 410
Super regional	545 252	379 254	479 801	346 410
Clearwater Mall	336 499	224 585	309 037	203 135
The Glen (75,15%)	214 218	143 198	197 412	127 320
Woodlands Boulevard	214 842	142 336	188 306	129 340
CapeGate ¹	203 546	123 395	188 072	118 666
Somerset Mall	166 624	116 017		
Large regional	1 135 729	749 531	882 827	578 461
Hyde Park	179 905	120 000	171 465	109 380
Regional	179 905	120 000	171 465	109 380
Atterbury Value Mart	112 551	83 714	101 024	76 341
Willowbridge ²	85 797	46 232	78 845	46 200
Stoneridge ² (90%)	67 864	31 042	64 733	30 321
Somerset Value Mart	22 692	14 466	21 270	14 347
Value centres	288 904	175 454	265 872	167 209
Shopping centres	2 149 790	1 424 239	1 799 965	1 201 460
Stand-alone offices³	67 900	42 159	74 495	42 407
Development property⁴	121 808	63 302	140 105	77 944
Investment property	2 339 498	1 529 700	2 014 565	1 321 811
Listed property securities⁵	37 265	37 265	148 773	148 773
African Land	77 953	30 308		
Dividends received from Hyprop Mauritius⁶		4 770		1 434
Word4Word Marketing	15 008	3 180	21 517	2 142
Fund management expenses		(55 139)		(54 331)
Net interest		(401 484)		(387 702)
Straight-line rental income accrual	45 055		39 136	
Total	2 514 779	1 148 600	2 223 991	1 032 127

¹ Includes Lifestyle Centre – held-for-sale

² Held-for-sale

³ Includes Glenwood, Glenfield and Lakefield – held-for-sale

⁴ Rosebank Mall and Mall Offices – transferred to development property from September 2012

⁵ Sycom units – sold in December 2013 and January 2014

⁶ Hyprop Investments (Mauritius) revenue constitutes interest received of R45,5 million (2013: R8,2 million)

Distributable earnings from regional, large regional and super regional malls (excluding Somerset Mall, acquired 1 October 2013) increased by 9,5%, with average growth of 11,0% from The Glen, Clearwater and Woodlands.

Rosebank Mall continued to be impacted by the redevelopment and distributable earnings decreased by R16,1 million. This was in line with budget.

Property expenses were well-contained with the cost-to-income ratio marginally lower at 34,4% (June 2013: 34,9%).

The total cost-to-income ratio at a fund level increased to 37,3% from 35,1%. This was due to a reduction in income from listed investments, following the disposal of the investment in Sycom Property Fund, and the once-off consolidation of fund management costs relating to African Land.

Commentary *(continued)*

Net interest paid increased by 3,6% year-on-year. The increase was marginal due to proceeds from disposals, amounting to R205 million, reducing short-term funding requirements.

Total arrears (excluding Rosebank Mall) at 30 June 2014 were R14,3 million (30 June 2013: R17,1 million). This constitutes 0,4% (30 June 2013: 0,5%) of rental income and includes Somerset Mall. The corresponding allowance for doubtful debts was R7,1 million (30 June 2013: R6,7 million).

Vacancies

Vacancies across the retail portfolio, which constitutes 95% of the total portfolio by gross lettable area (GLA) decreased to 1,2% (30 June 2013: 2,1%). Vacancies in the office portfolio (5% of the total portfolio), increased to 13,8% (30 June 2013: 8,1%). Subsequent to year-end, vacancies in the office portfolio declined to 9,5%.

Vacancy profile by sector	% of total GLA	
	30 June 2014	30 June 2013
Retail*	1,2	2,1
Office	13,8	8,1
Total	2,4	2,7

*Excludes Rosebank Mall

PROPERTY PORTFOLIO

Business Segment	Value attributable to Hyprop			Value per rentable area 30 June 2014 (R/m ²)
	Rentable area (m ²)	30 June 2014 R'000	30 June 2013 R'000	
Canal Walk (80%)	157 031	6 064 000	5 627 200	48 271
Super regional	157 031	6 064 000	5 627 200	48 271
Clearwater	86 028	3 473 000	3 203 000	40 371
The Glen (75,15%)	76 849	2 059 269	1 854 094	35 654
Woodlands Boulevard	71 617	2 196 000	1 886 000	30 663
CapeGate ¹	98 567	1 738 000	1 602 000	17 633
Somerset Mall	66 831	2 252 000		33 697
Large regional	399 892	11 718 269	8 545 094	31 006
Hyde Park	38 345	1 769 000	1 556 000	46 134
Regional	38 345	1 769 000	1 556 000	46 134
Atterbury Value Mart	47 786	1 105 000	987 000	23 124
Willowbridge ²	43 001	594 000	585 000	13 814
Stoneridge ² (90%)	48 584	432 000	421 200	9 880
Somerset Value Mart	12 386	185 000	185 000	14 936
Value centres	151 757	2 316 000	2 178 200	15 578
Shopping centres	747 025	21 867 269	17 906 494	32 277
Stand-alone offices³	34 114	457 000	442 000	13 396
Development property⁴		1 849 000	1 494 000	
African Land⁵		1 408 262		
Investment property	781 139	25 581 531	19 842 494	
Listed property securities⁶			2 279 253	
Investment in Atterbury Africa		812 459	336 994	
	781 139	26 393 990	22 458 741	

¹ Includes Lifestyle Centre – held-for-sale

² Held-for-sale

³ Includes Glenwood, Glenfield and Lakefield – held-for-sale

⁴ Rosebank Mall and Mall Offices – transferred to development property from September 2012

⁵ 87,01% (Hyprop's share) of Manda Hill Shopping Centre

⁶ Sycom units – sold in December 2013 and January 2014

Investment property

Investment property was independently valued at year end and increased to R25,6 billion (30 June 2013: R19,8 billion). The increase in value was driven primarily by income growth and the acquisition of Somerset Mall and Manda Hill Shopping Centre (African Land).

DEVELOPMENTS

Rosebank Mall

Rosebank Mall's redevelopment has progressed significantly towards final completion in September 2014, which will be marked by the opening of a flagship Woolworths store.

Post year end, store openings included River Island, Edgars, Dischem and Clicks. The centre is fully let and the total capital cost remains within the budget of R932 million at an estimated yield of 7%.

Commentary *(continued)*

Other developments

In line with Hyprop's strategy of maintaining a quality shopping centre portfolio, several tenant relocations, improvements and refurbishments totaling R58,8 million were undertaken.

Energy saving initiatives

A number of projects aimed at improving energy efficiency were completed during the year. To date, these initiatives have saved 4,9 million kWh resulting in cost savings of R5,9 million. During the next financial year, Hyprop will introduce smart metering to further improve monitoring. In addition, a 500kWp solar photovoltaic plant will be installed at Clearwater Mall at a cost of R8 million, which will be operating by November 2014.

During the year, equipment amounting to R27,9 million was replaced. This will contribute to lower maintenance costs and improved environmental efficiencies.

INVESTMENTS IN SUB-SAHARAN AFRICA (EXCLUDING SOUTH AFRICA)

Atterbury Africa

Hyprop received a dividend of R4,8 million from its investment in Atterbury Africa Limited (Atterbury Africa), through its wholly owned subsidiary Hyprop Investments (Mauritius). Accra Mall in Ghana is currently Atterbury Africa's only income-producing property. Hyprop's investment in Atterbury Africa increased to R812 million (30 June 2013: R337 million), due to capital contributions for the West Hills development and land acquisitions in Ghana.

Atterbury Africa's portfolio:

Property	GLA (m ²)	Atterbury Africa Ownership	Attributable value USD '000	Hyprop's effective shareholding	Comments
Existing centre					
Accra Mall (Accra, Ghana)	19 000	47%	38 780	17,6%	Existing centre, future expansion planned
Developments					
West Hills Mall (Accra, Ghana)	27 500	45%	29 850	16,8%	Opening October 2014
Achimota Mall (Accra, Ghana)	13 000	75%	5 567	28,1%	Construction commenced, opening October 2015
Kumasi City Mall (Kumasi, Ghana)	27 000	75%	7 380	28,1%	Concluded acquisition of land rights, design finalised and pre-letting commenced
Waterfalls Project (Lusaka, Zambia)	27 500	25%	1 215	9,4%	Land holding with development rights for retail and hotel

African Land

Hyprop received a dividend of R30,3 million from African Land for the year.

Post year end, Hyprop announced the restructure of its investment in African Land (effective 1 July 2014), whereby Hyprop, through Hyprop Investments (Mauritius), will hold 50% in Manda Hill (Lusaka, Zambia), African Land's only asset. Atterbury Africa will hold the balance. Following the restructure, Hyprop's effective interest in Manda Hill will be 68,75%, down from 87%.

NET ASSET VALUE

The net asset value per combined unit (NAV) at 30 June 2014 increased by 11,1% to R76.02 (30 June 2013: R68.43). The increase was primarily due to an increase in the independent valuation of the investment property portfolio. At 30 June 2014, the closing combined unit price of R79.51 represented a premium of 4,6% to the NAV per combined unit.

BORROWINGS

	30 June 2014 Rm	30 June 2013 Rm
SA bank facilities	3 509	3 404
Debt capital market (DCM):		
Corporate bonds	1 600	1 150
Commercial paper	697	498
USD debt	1 393	333
Cash and cash equivalents	(125)	(240)
Net borrowings	7 074	5 145
Gearing	28,4%	22,9%

Net borrowings increased to R7,1 billion at 30 June 2014 (30 June 2013: R5,1 billion) mainly as a result of capital expenditure on the Rosebank Mall redevelopment, the acquisition of African Land and developments in Atterbury Africa. Investments in sub-Saharan Africa (excluding South Africa) are financed with US Dollar funding.

At year end, interest rates were hedged in respect of 71,4% (30 June 2013: 87%) of borrowings, at a weighted average rate of 7,5% (30 June 2013: 8,1%).

Following African Land's restructure, the ratio of fixed-rate debt will increase to approximately 80% of total debt.

PROSPECTS

Hyprop expects dividend growth of between 10% and 12% for the full year to 30 June 2015.

The 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; and
- no major corporate and tenant failures will occur.

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

CHANGE TO COMPANY SECRETARY

Following the acquisition of the business of Probitly Business Services Proprietary Limited by Computershare Investor Services Proprietary Limited (Computershare), CIS Company Secretaries Proprietary Limited, a subsidiary of Computershare, was appointed as company secretary of Hyprop with effect from 2 June 2014.

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 241 cents per share for the six months ended 30 June 2014 will be paid to shareholders as follows:

	September 2014
Last day to trade <i>cum</i> dividend	Thursday, 18
Shares trade <i>ex</i> dividend	Friday, 19
Record date	Friday, 26
Payment date	Monday, 29

Shareholders may not dematerialise or rematerialise their shares between Friday, 19 September 2014 and Friday, 26 September 2014, both days inclusive. In respect of dematerialised shareholders, the dividend will be transferred to the CSDP accounts/broker accounts on Monday, 29 September 2014. Certificated shareholders' dividend payments will be posted on or about Monday, 29 September 2014. An announcement relating to the tax treatment of the dividend will be released separately.

BASIS OF PREPARATION

These summarised audited consolidated results for the year ended 30 June 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standard IAS34 'Interim Financial Reporting', the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Standards Council, the JSE Listings Requirements and the South African Companies Act, 2008.

The accounting policies applied in the preparation of these results are consistent with those applied in the audited financial statements for the prior financial period.

The gain on bargain purchase amounting to R102,9 million relates to Hyprop's acquisition of African Land and was calculated in terms of IFRS 3 'Business Combinations'. The gain represents the amount by which the fair value of net assets acquired exceeds the consideration paid and has no impact on distributable earnings. The initial accounting for the business combination at 31 December 2013 was based on provisional amounts which resulted in a reported gain on bargain purchase of R64,8 million. The gain on bargain purchase at 30 June 2014 was adjusted retrospectively in accordance with IFRS3.45.

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

These summarised audited consolidated results for the year ended 30 June 2014 have been extracted from the audited group annual financial statements. The auditor's report does not necessarily cover 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 auditors work, they should obtain a copy of the auditor's report together with the accompanying financial information 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

29 August 2014

Company 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*; LLS van der Watt*†;

(*Non-executive †Independent)

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Company secretary

CIS Company Secretaries Proprietary Limited

Sponsor

Java Capital

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