HYPROP INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1987/005284/06)
JSE share code: HYP   ISIN: ZAE000190724
JSE bond issuer code: HYPI
(Approved as a REIT by the JSE)
("Hyprop" or "the Group" or "the Issuer")

UPDATE ON REFINANCING OF ZAR4 BILLION OF DEBT

Further to the SENS announcment by Hyprop on 13 February 2019 relating to Moody's Investor Services Inc's (Moody's) ratings downgrade of Hyprop, this announcement provides an update on the progress made by the Group in addressing Moody's concern that Hyprop will rely on external financing to cover ZAR5 billion of debt coming due in the next 18 months.

Hyprop is pleased to report that in the 3 months since 31 December 2018 the Group has successfully refinanced/raised ZAR4 billion of external debt. Details of the refinancing and new debt issues are set out below.

On 15 March 2019 Hyprop announced the issue of two new unsecured five-year notes, HILB11 and HILB12, in terms of Hyprop's Domestic Medium Term Note Programme. The note issues raised ZAR500 million at an average interest rate of 171.5bps above 3-month JIBAR. These proceeds are earmarked to redeem the HILB05 bond of ZAR350 million (which matures in July 2019), to finance capital expenditure to improve the entertainment offerings at our malls (most notably the Ratanga Junior project at Canal Walk) and for new tenant fit-outs necessitated by the reduction of space occupied by the Edcon group.

With regard to Hystead, the Group has signed agreements for the refinancing of:

- EUR50 million of debt with an original maturity date of February 2019, for three years to March 2022 at a variable interest rate of 3-month EURIBOR plus 175bps (currently 1.44% all-in);
- EUR53 million of debt with an original maturity date of March 2020, for five years to 2024; and
- EUR110 million of debt with an original maturity date of March 2020, for five years to 2024.

The interest rates applicable to the latter two loans will be determined on the draw-down date of the new loans, which is expected to be before 31 May 2019. Based on current market interest rates, these interest rates are expected to be in-line with the average cost of borrowing in Euro's of the maturing loans.

The refinancing and extensions detailed above address a significant part of the debt underlying the concern cited by Moody's in its decision to downgrade Hyprop's credit and issuer ratings in February 2019 that Hyprop will rely on external financing to cover ZAR5 billion of debt coming due in the next 18 months. A graph showing Hyprop's debt maturity profile at 31 December 2018 and at 31 March 2019 after the above refinancings is available on Hyprop's website at https://www.hyprop.co.za/ir-presentations.php.

Work on refinancing the Group's US Dollar-denominated debt in its sub Saharan Africa portfolio and the ZAR-denominated bonds, due for redemption in August and November 2019, and addressing the other concerns raised by Moody's in their February 2019 review, is continuing.

As noted in Hyprop's interim results for the period ended 31 December 2018, the Group has historically been able to refinance its debt with no difficulties, and as reflected in this announcement, is confident of its ability to continue to do so.

2 April 2019

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