ANNUAL REPORT 2002

providing
investors with
sustainable
capital and
income growth

HYPROP
INVESTMENTS LIMITED

CONTENTS

Annual Financial Statements for the year ended 31 December 2002

STRATEGIC OBJECTIVES

Hyprop focuses on prime, strategically located retail property investments and augments its portfolio with select office properties where appropriate to provide combined unitholders with sustained income and capital growth.

The company is committed to delivering superior property returns through its active asset management programme. Hyprop will continue to target new investment opportunities that will enhance its performance while disposing of non-strategic properties.

DEFINITIONS

"the board"	the board of directors of Hyprop Investments Limited
"the current year"	the year ending 31 December 2003
"The Glen"	The Glen Shopping Centre
"the group"	Hyprop Investments Limited and its subsidiaries, investments and associates
"Hyde Park"	Hyde Park Corner Shopping Centre
"Hyprop" or "the company"	Hyprop Investments Limited
"JSE"	JSE Securities Exchange South Africa
"The Mall"	The Rosebank Mall
"the previous year"	the year ended 31 December 2001
"SA"	South Africa
"the year" or "the year under review"	the year ended 31 December 2002

NATURE OF BUSINESS

Hyprop provides investors with the opportunity to participate directly in the income and capital growth of a professionally managed property loan stock company. The market capitalisation of Hyprop at 31 December 2002 was R744 million.

The group's prime property portfolio comprises strategic retail investments in Hyde Park, The Glen and The Mall as well as commercial investments in prominent office buildings located in the northern suburbs of Johannesburg.

HYPROP
INVESTMENTS LIMITED

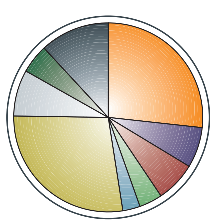
FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002	2001
Operating income (R000)	**105 598**	72 058
Interest income (R000)	**498**	4 529
Interest paid (R000)	**(16 916)**	(3 778)
Net operating income (R000)	**89 180**	72 809
Borrowings at year-end (R000)	**177 198**	107 241
Debt-to-open market ratio (%)	**19**	14
Total combined units in issue at year-end	**64 719 478**	64 719 478
Weighted average combined units	**64 719 478**	57 599 237
Headline earnings per combined unit (cents)	**129,76**	127,51*
Distribution per combined unit (cents)	**130,00**	126,36
Change (%)	**3**	8
Net asset value per combined unit (R)	**11,20**	10,81
Closing combined unit price (R)	**11,50**	9,95
Premium/(discount) to net asset value (%)	**2,7**	(8,0)
Vacancy factor (% of lettable area)	**8,0**	11,0
Gross collections (rent and total recoveries) (R000)	**160 653**	111 755
Management fees (excluding commission paid but including asset management) (R000)	**9 120**	7 331
Management fees (% of gross collections)	**5,7**	6,6

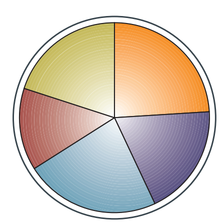
* Based on weighted average combined units

LETTABLE AREA BY LOCALITY



27% Craighall/Hyde Park
7% Morningside
7% Wierda Valley
4% Sandton
3% Parktown
28% Rosebank
8% Sunninghill/Rivonia
5% Midrand
11% Johannesburg South

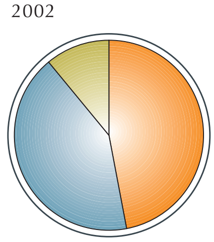
LEASE EXPIRY BY GROSS PROPERTY INCOME



24% 2003
19% 2004
23% 2005
14% 2006
20% 2007

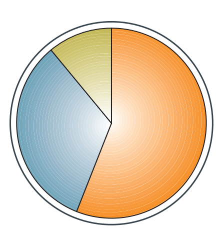
GROSS PROPERTY INCOME BY SECTOR

2002



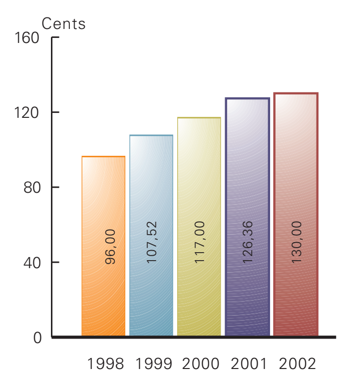
2002		2003*
47%	Retail	**56%**
42%	Offices	**33%**
11%	Parking	**11%**

2003*



*Forecast for 2003

DISTRIBUTION PER COMBINED UNIT



CHAIRMAN'S REPORT

INTRODUCTION

I am pleased to report that Hyprop increased its distribution to combined unitholders by 3% in 2002, despite challenging trading conditions.

The Rand's decline at the end of 2001 resulted in sharp increases in interest rates during 2002, contradicting general expectations of a buoyant economy and negatively impacting on business growth. However, the high interest rates did enable the Rand to recoup a large portion of its losses by year-end.

In the property market the commercial sector was most affected by the decline in property returns. In contrast the retail property sector, characterised by comparatively low vacancy levels, was the year's best performer.

Fortunately the listed property sector grew significantly. Underperforming property returns prompted property owners to incorporate their portfolios into property unit trusts and loan stock companies to reduce their borrowings, and investors capitalised on larger listed companies' offer of liquidity and a stable, regular income. Increased activity resulted in the sector's consolidation, with smaller illiquid companies being absorbed to achieve critical mass and boost the larger entities' liquidity. This in turn attracted increased interest from institutions and fund managers which traditionally deal only in large volumes.

THE YEAR UNDER REVIEW

Hyprop's strong exposure to the healthy retail property sector contributed significantly to the group's performance. This should be further boosted by our recent acquisition of The Mall.

The Mall's acquisition increased our market capitalisation to over R1 billion through the issue of purchase consideration units. This is expected to impact positively on our combined units' tradability and to further stimulate already increased demand for our combined units by institutions and fund managers.

Although the value of our commercial property portfolio declined as a result of adverse economic factors and an increase in speculative office developments, vacancy levels were down from the previous year. Active campaigns to decrease these further in 2003 have already yielded positive results.

LOOKING AHEAD

The inflation rate is currently falling and interest rates are expected to drop in 2003. This should boost retailers' performances and further strengthen the retail property sector.

The recent exit of speculative developers from the office market is anticipated to reintroduce equilibrium into the commercial property sector. There are also early indications that the oversupply of decentralised office space could be nearing its end, assisting with the decline in vacancy levels.

Together these positive market conditions should result in increased earnings for property companies across the board. In addition, loan stock companies specifically are expected to become increasingly attractive to retirement funds due to the recent 7% reduction in their tax on interest income. Hyprop is ideally positioned to capitalise on improved trading conditions to maintain its delivery of sustainable returns to combined unitholders.

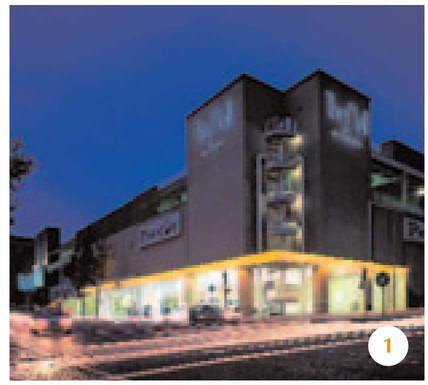
The company's excellent market yield of approximately 11%, together with low gearing levels as a result of strict financial management, should enable Hyprop to further grow and consolidate our portfolio through the acquisition of high quality assets.

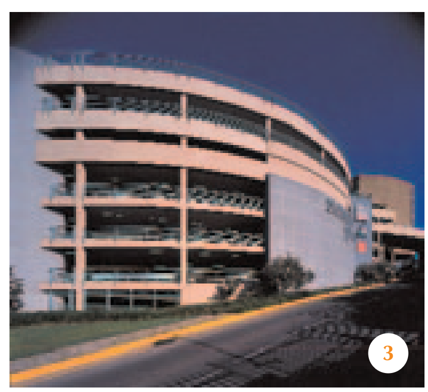
APPRECIATION

My sincere thanks to Pieter Prinsloo and his staff for successfully managing and growing our portfolio in 2002.

PF Kirchmann
Chairman

24 February 2003





1 The Mall of Rosebank
2 The Glen Shopping Centre
3 Hyde Park Corner Shopping Centre

MANAGING DIRECTOR'S REPORT

THE YEAR UNDER REVIEW

Hyprop outperformed the property loan stock index for most of 2002 by maintaining a superior rating in the listed property sector, and has continued to trade above its net asset value for the first quarter in 2003.

Following the acquisition of the Kirchmann-Hurry portfolio in 2001 and the subsequent acquisition of a controlling share in The Glen in September 2002, Hyprop continued to fulfil its objective of delivering sustained earnings growth to combined unitholders.

The company successfully pursued new investment opportunities that contributed to the portfolio's growth and diversification, illustrated by the acquisitions of a controlling share in The Glen, and of The Mall and JHI House with effect from 1 January 2003. These acquisitions have furthered the group's intention to maintain a greater exposure to the retail sector and to position Hyprop as a leading niche retail property specialist.

Operating income for the year ended 31 December 2002 surged by 47% due to the expansion of the property portfolio. The increase in interest paid for the year was the result of borrowing facilities utilised to fund new business.

Distribution

Against the static and even negative distribution growth trend in the industry, Hyprop's total distribution for the year of 130,00 cents per combined unit increased 3% from the previous year's distribution of 126,36 cents per combined unit.

Portfolio valuation

The sectoral spread of the portfolio, as independently valued at 31 December 2002, is as follows:

Sector	Value (Rm)	%	Change from the previous year (%)
Retail	551	58	15
Commercial	392	42	(8)
Total	943	100	5

The net increase in the portfolio value can be attributed to the strong performance of the retail portfolio supported by the robust trading of national retailers in 2002.

Vacancies

Vacancies by rentable area at 31 December 2002 were as follows:

Sector	**2002 (m^2)**	**2002 (%)**	2001 (m^2)	2001 (%)
Retail	**230**	**0,2**	607	0,5
Commercial	**12,246**	**8,6**	13,846	10,3
Total	**12,476**	**8,8**	14,499	10,8

Vacancies for the year declined, equating in value to 6% of potential rental income compared with 8% for the previous year. No significant vacancies were experienced in the retail sector. More detail in respect of vacancies is set out under "Properties Owned "on page 40.

Capital expenditure

During the year R4,941 million (2001: R7,979 million) was spent on tenant installations, plant, equipment and building appurtenances. To maintain and enhance the quality of the portfolio the board has approved further expenditure of R9,498 million for the current year.

Borrowings

At 31 December 2002 Hyprop's borrowings amounted to R177,2 million equating to a 19% debt-to-open market value ratio, after accounting for the minority interest in

The Glen. At year-end 57% of Hyprop's borrowings had been hedged against short-term interest rate fluctuations for periods ranging from two to four years.

With the settlement election for the payment of The Mall and JHI House completed, Hyprop's debt-to-open market value ratio will remain at 19%.

JSE trading and liquidity

Hyprop's market capitalisation increased from R644 million at 31 December 2001 to R744 million by December 2002. The growth in market capitalisation has been supported by a strong demand for Hyprop's combined units by institutions and fund managers.

Following the acquisition of The Mall, Hyprop is well positioned to raise its market capitalisation to beyond the R1 billion mark.

PROPERTY PORTFOLIO

Retail portfolio

Hyprop's retail portfolio benefited from a 4,5% growth in real retail sales, which recorded their best performance since the 6,7% growth in 1995*. The growth was in line with recent information confirming that SA had largely shrugged off the impact of a slow global economy and four interest rate hikes during the year to post positive overall growth.

However, in accordance with the latest GDP and manufacturing data, real retail sales figures for the fourth quarter of 2002 indicated a slow-down on the back of a generally slowing economy. Household furniture accounted for the bulk of the decrease at 7,1%, while sales of jewellery, silverware, watches and precious stones dropped 6,7%.

The data also confirmed the recent trend of continued growth in cash sales as consumers seek to avoid accumulating more debt – cash sales comprised 76% of total sales in December 2002, 2% higher than in December 2001. Economists expect retail sales to be stimulated by Finance Minister Trevor Manuel's 2003 budget and a gradual decrease in interest rates in the current year.

Hyprop's retail portfolio consists of the following properties:

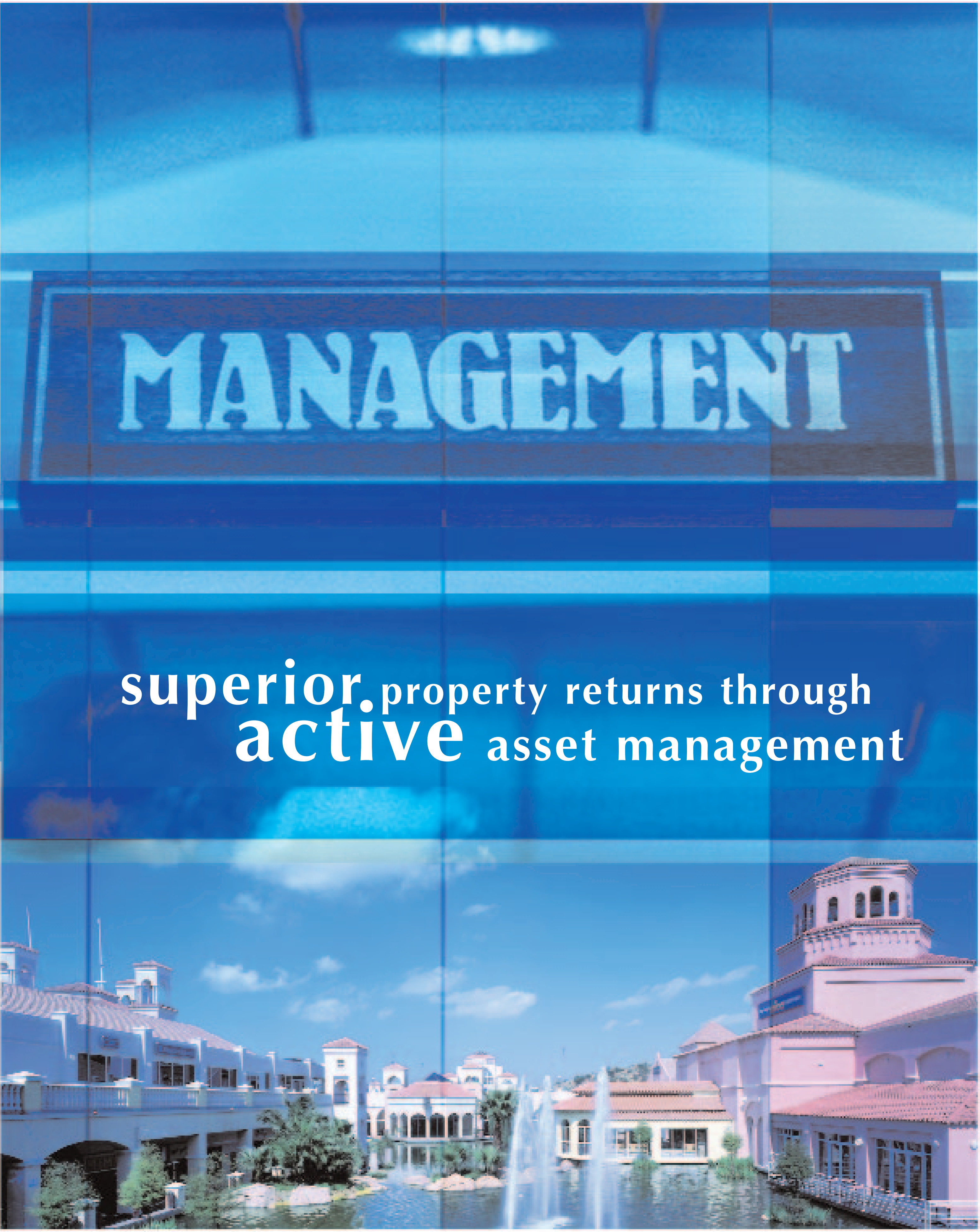
The Glen

During the year Hyprop acquired a further 16,77% undivided share in The Glen for a purchase consideration of R47,8 million, equating to an initial forward yield of 13%. The acquisition has given Hyprop the controlling 50,1% stake in The Glen.

The 45 000m^2 regional shopping centre accommodates 150 shops and is anchored by national tenants including Pick 'n Pay, Woolworths and Edgars, which together occupy 73% of the leasable area.

The Glen achieved a strong trading performance in 2002 with an average of one million shoppers visiting the centre each month and a 21% year-on-year increase in average trading turnover. The Glen has a reasonably high lease expiry profile of 17% by area for 2003, which together with the healthy trading performances in 2002

* As reported by Statistics SA


MANAGEMENT
superior property returns through active asset management

will provide management with a good opportunity to increase base rentals.

By year-end the extension to The Glen had been completed, facilitating the expansion of Pick 'n Pay and other national tenants. Hyprop's contribution of R5,2 million to the total expansion cost of R10,3 million will yield an initial 16% return. The Glen currently has 10 000m^2 of unutilised retail rights and management is finalising a master plan for further expansion.

Hyde Park

Situated in the heart of the northern suburbs Hyde Park boasts 130 top quality specialty stores, many of which are international brands such as Escada, Max Mara, Pringle and MakeUp Forever. The retail area is further anchored by national tenants including Pick 'n Pay, Exclusive Books, Woolworths and ten Nu Metro cinemas. Overall the centre consists of 24 900m^2 retail and 9 200m^2 air-conditioned office space. On average 420 000 shoppers visit the centre monthly with many of these being repeat weekly customers.

Hyde Park benefited from a robust performance by retailers during the year and achieved net income growth of 8%.

A new Clicks store is currently under development at a total cost of R2,2 million and management is actively exploring further expansion opportunities.

The Mall

This shopping centre, located in the cosmopolitan suburb of Rosebank, provides high quality amenities to a wide range of shoppers. The centre is also well-known for its African crafts market and is a popular destination for overseas tourists.

The Mall consists of a 32 000m^2 retail area accommodating 120 shops, and is anchored by Pick 'n Pay, Stuttafords and ten Cinema Nouveau theatres. Since December 2002 an average of 850 000 shoppers a month have visited the centre.

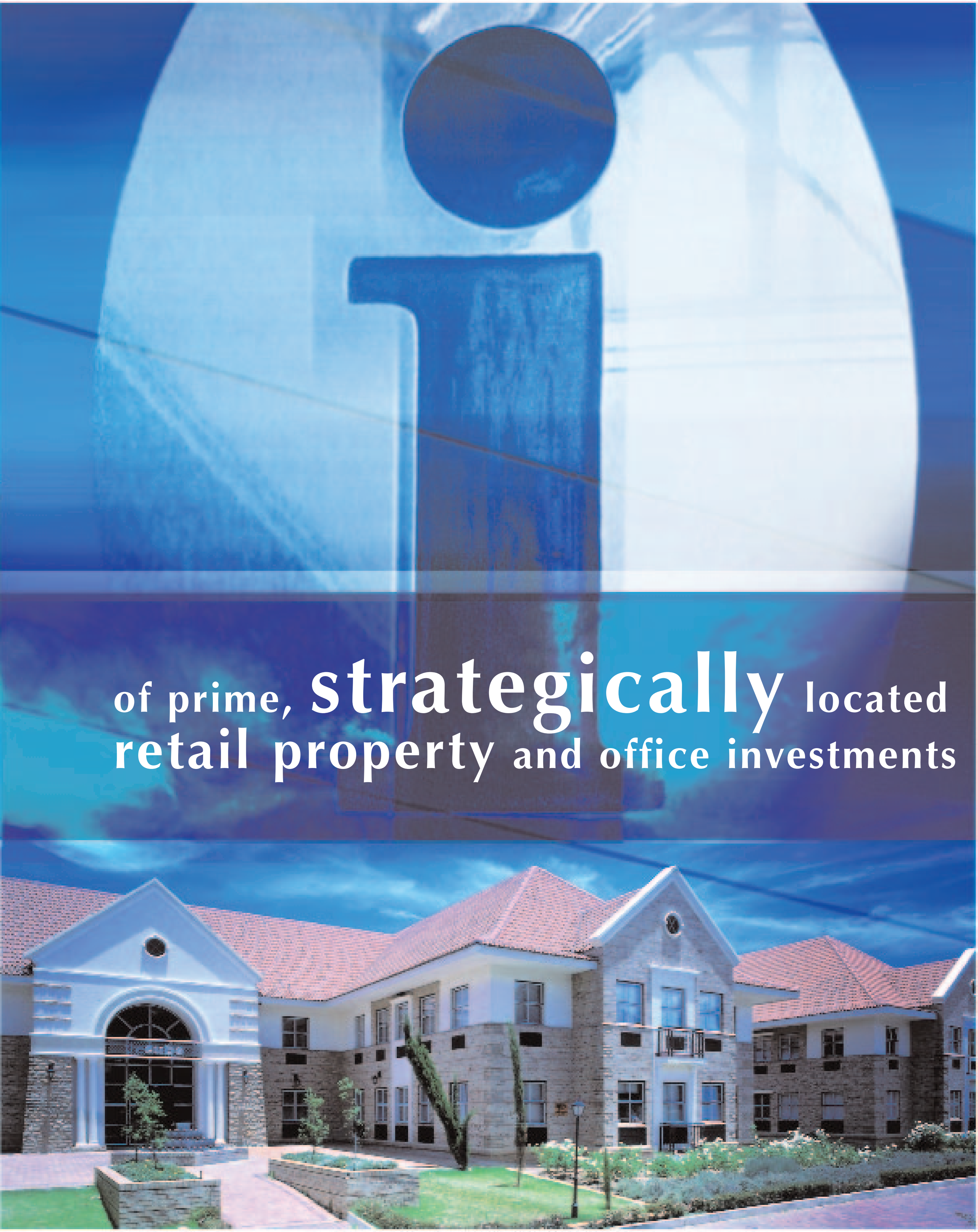
The suburb of Rosebank has, in the last two years, seen a revival as a retail and commercial hub and has once again become safe and vibrant. This, together with the completion of The Mall's refurbishment and upgrade, has positioned the centre to perform strongly in the current year. Increased trading activity is expected to add to this performance.

Synergistic opportunities between the three shopping centres will be further explored in 2003.

COMMERCIAL PORTFOLIO

The office sector remained oversaturated with a resultant slow take-up of vacant space. Loss of income due to vacancies, rent-free periods and reduced rental during the year impacted negatively on the value of the commercial portfolio, reflecting an 8% decline in value from the previous year.

The 13% (2001: 15%) vacancy figure represents 12 246m^2 office space, an improvement of 1 600m^2 over 13 846m^2 for the previous year. 76% of the vacancies were contained in the Craighall/Dunkeld, Wierda Valley and Midrand office nodes. Management expects that this will improve over the next two years following an anticipated decline in new speculative commercial developments and sharp increases in building costs.


of prime, strategically located
retail property and office investments

Management's active campaign to retain existing tenants resulted in 8 200m² of lease renewals during 2002. The office portfolio has a reasonable lease expiry profile of 15% by area for 2003 and good progress has already been made in the renewal of leases.

Hyprop will focus on disposing of office properties that do not satisfy criteria in terms of location, size and quality and will retain only sizeable, well-located and high quality office parks. JHI House was acquired with effect from 1 January 2003 in terms of the acquisition agreement with The Rosebank Mall (Proprietary) Limited. This eight storey building in the heart of Rosebank comprises 18 000m² A-grade office space with adjacent under-cover parking.

Further details of Hyprop's office portfolio are set out under "Properties Owned" on page 40.

THE FUTURE

The board will endeavour to deliver some growth in distributions per combined unit for the year ending 31 December 2003 and will apply all resources at its disposal to continue Hyprop's outperformance of the listed property sector.

Management will pursue investment opportunities in the retail sector that will continue to contribute to the strength and diversification of the portfolio. Properties in the commercial portfolio that do not align with the company's investment strategy will be sold.

WORD OF THANKS

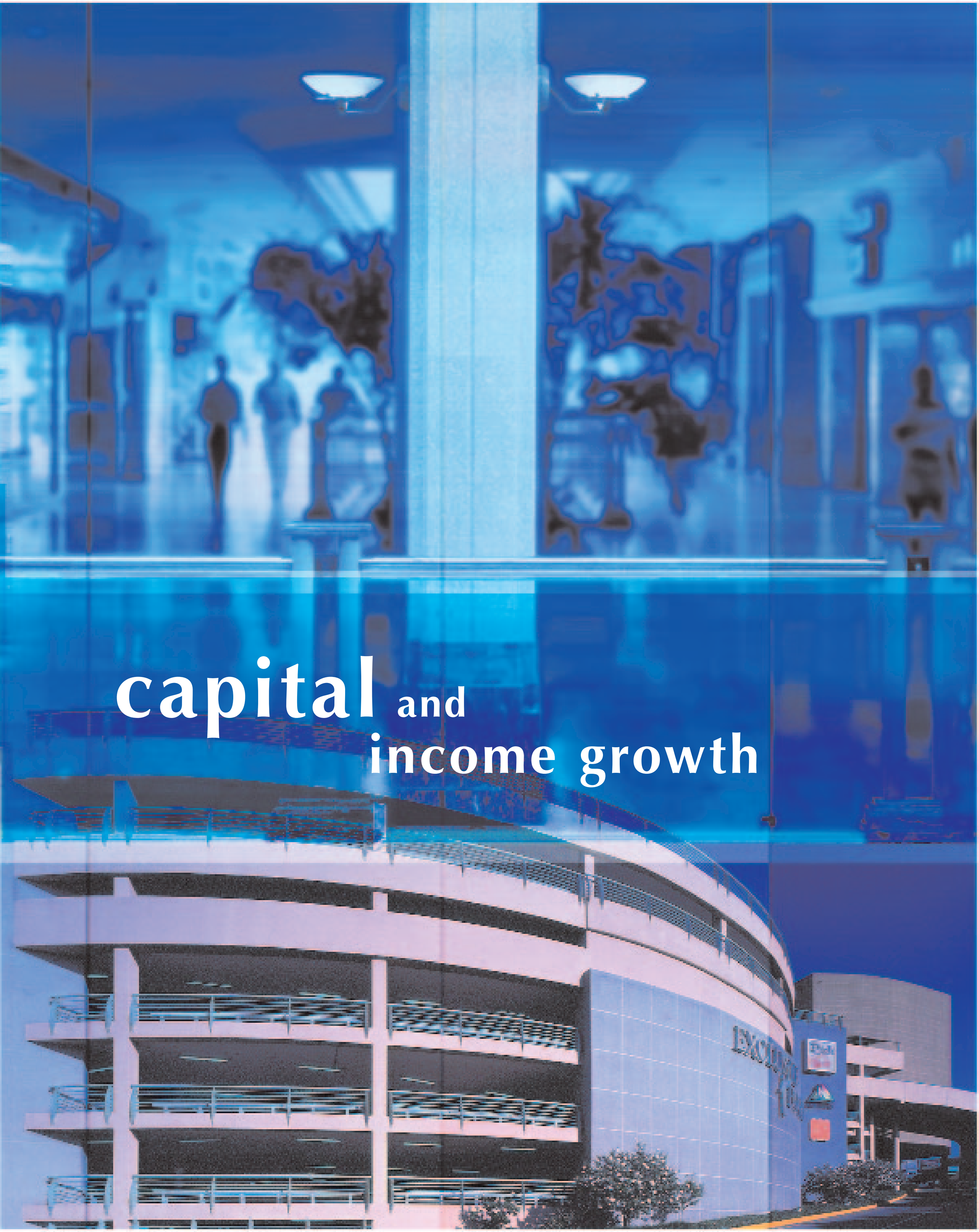
A sincere word of thanks and appreciation to fellow board members, management teams, staff and advisors for their dedication, commitment and diligence in achieving the group's goals. My thanks too to all our combined unitholders for their ongoing faith in the group.

PG Prinsloo

Managing Director

24 February 2003

capital and income growth

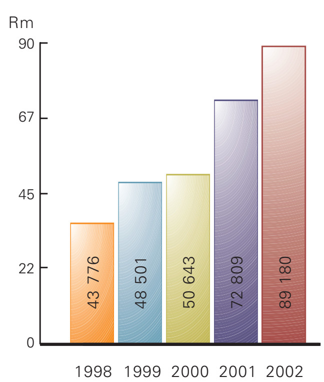


FIVE-YEAR REVIEW

	2002 R000	2001 R000	2000* R000	1999* R000	1998* R000
Turnover	**160 653**	111 755	56 521	56 058	53 130
Operating income	**105 598**	72 058	42 754	35 833	29 375
Interest received	**498**	4 529	7 617	12 668	14 401
Interest paid	**(16 916)**	(3 778)	–	–	–
Abnormal items	**–**	–	272	–	–
Net operating income	**89 180**	72 809	50 643	48 501	43 776
Change in fair value of investment property	**43 911**	(1 323)	–	–	–
Income before debenture interest and tax	**133 091**	71 486	50 643	48 501	43 776
Debenture interest	**83 967**	72 021	49 260	46 526	41 541
Debenture interest paid	**83 967**	72 726	50 628	46 526	41 541
Less: capitalised	**–**	(705)	(1 368)	–	–
Income/(loss) before taxation	**49 124**	(535)	1 383	1 975	2 235
Secondary tax on companies	**(21)**	(18)	(13)	(12)	(10)
Deferred taxation	**(6 586)**	–	–	–	–
Net income/(loss) after taxation	**42 517**	(553)	1 370	1 963	2 225
Minority interest	**(17 054)**	–	–	–	–
(Loss)/income from associates	**(268)**	(51)	8	3	(5)
Net profit/(loss) for the year	**25 195**	(604)	1 378	1 966	2 220
Dividends	**(168)**	(146)	(101)	(93)	(83)
(Transfer to)/from non-distributable reserve	**(25 184)**	1 323	272	–	–
Retained (loss)/income for the year	**(157)**	573	1 005	1 873	2 137
Capital employed	**1 067 997**	807 008	299 596	298 319	296 446
Property investments at fair value including revaluation reserve	**1 115 452**	870 593	276 594	242 569	238 733
Distributions per combined unit (cents)	**130,00**	126,36	117,00	107,52	96,00

*These figures have not been restated to account for the change in accounting policies adopted in 2002.

NET OPERATING INCOME



TURNOVER