

AUDITED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2005
("THE YEAR")

Distribution per combined unit of 190 cents up **16,6%**

Total return of **61%**

Increase in value of investment property **R1,4 billion**

Total assets R6,2 billion up **63%**

REGISTERED OFFICE

3rd Floor
Hyde Park Shopping Centre
Jan Smuts Avenue Sandton 2196
PO Box 41257 Craighall 2024

TRANSFER SECRETARIES

Computershare Investor Services 2004
(Proprietary) Limited
Ground Floor 70 Marshall Street
Johannesburg
PO Box 61051 Marshalltown 2107

SPONSOR

Java Capital (Proprietary) Limited

DIRECTORS

PF Kirchmann*† (Chairman) PG Prinsloo
(Managing Director) MS Aitken*
WE Cesman* EG Dube*† JR McAlpine*†
LE Weil* S Shaw-Taylor* PJ Thurling*
M Wainer* SV Webb*

*Non-executive †Independent

COMPANY SECRETARY

Probity Business Services (Proprietary) Limited

www.hyprop.co.za

GROUP INCOME STATEMENT

	Audited 31 Dec 2005 R000	Audited 31 Dec 2004 R000
Revenue	635 041	545 310
Investment property income	571 503	517 545
Straight line rental income accrual	22 889	26 381
Listed property securities income	40 649	1 384
Property and other operating expenses	(213 504)	(200 662)
Net property income	421 537	344 648
Net interest	(105 805)	(101 822)
Received	2 104	3 141
Paid	(107 909)	(104 963)
Net operating income	315 732	242 826
Change in fair value	1 374 384	899 474
Investment property	1 364 974	923 955
Straight line rental income accrual	(22 889)	(26 381)
Listed property securities	32 299	1 900
Profit on disposal	4 306	11 685
Investment property	212	10 994
Listed property securities	4 094	
Associates		691
Amortisation of debenture premium	5 066	2 535
Income before debenture interest and taxation	1 699 488	1 156 520
Debenture interest	(247 342)	(168 659)
Net income before taxation	1 452 146	987 861
Taxation	(378 217)	(264 701)
Net income after taxation	1 073 929	723 160
Attributable to –		
Hyprop combined unitholders	892 496	570 756
Minorities	181 433	152 404
	1 073 929	723 160

GROUP INCOME STATEMENT

continued

	Audited 31 Dec 2005 R000	Audited 31 Dec 2004 R000
Reconciliation – headline earnings and distributable earnings		
Net income after taxation – attributable to Hyprop combined unitholders	892 496	570 756
Headline earnings adjustments	(847 096)	(552 926)
Change in fair value of investment property (net of deferred taxation and minority interests)	(860 296)	(556 224)
Straight line rental income accrual (net of deferred taxation and minority interests)	13 412	14 965
Profit on disposal of investment property	(212)	(10 994)
Profit on disposal of investment in associates (net of taxation)		(673)
Debt interest	247 342	168 659
Headline earnings	292 742	186 489
Distributable earnings adjustments	(46 094)	(19 115)
Change in fair value of listed property securities (net of deferred taxation)	(27 616)	(1 615)
Amortisation of debenture premium	(5 066)	(2 535)
Straight line rental income accrual (net of deferred taxation and minority interests)	(13 412)	(14 965)
Distributable earnings	246 648	167 374
Total combined units in issue	143 137 272	116 630 923
Weighted average combined units in issue – for earnings and headline earnings	124 287 108	102 818 269
Weighted average combined units in issue – for distributable earnings	129 884 098	102 818 269
Earnings, headline earnings and distributable earnings per combined unit	Cents	Cents
Earnings per combined unit	917,1	719,1
Headline earnings per combined unit	235,5	181,4
Distributable earnings per combined unit	189,9	162,8

Distribution details	Total distribution per combined unit (cents per unit)	Interest on deben- tures (cents per unit)	Dividends on ordinary shares (cents per unit)
Total distribution for the year 31 December 2005	190,00	189,62	0,38
Distribution 36 for the six months ended 31 December 2005	99,00	98,80	0,20
Distribution 35 for the six months ended 30 June 2005	91,00	90,82	0,18
Total distribution for the year 31 December 2004	163,00	162,67	0,33
Distribution 34 for the five months ended 31 December 2004	74,00	73,85	0,15
Distribution 33 – for July 2004	12,00	11,98	0,02
– for the six months ended 30 June 2004	77,00	76,84	0,16

GROUP BALANCE SHEET

	Audited 31 Dec 2005 R000	Audited 31 Dec 2004 R000
Assets		
Non-current assets	6 055 938	3 681 868
Investment property	4 978 831	3 563 983
Investment property under development		11 681
Straight line rental income accrual	110 141	87 252
Building appurtenances and tenant installations	24 651	18 952
Listed property securities	942 315	
Current assets	124 163	121 424
Investment property held for sale	34 800	
Listed property securities	8 759	46 398
Receivables	56 084	62 507
Cash and cash equivalents	24 520	12 519
Total assets	6 180 101	3 803 292
Equity and liabilities		
Equity capital and reserves	2 282 870	1 251 356
Share capital and reserves	1 689 558	797 295
Minority interests	593 312	454 061
Non-current liabilities	3 663 638	2 405 824
Debentures and debenture premium	1 762 591	1 079 815
Long-term loans	1 125 911	929 027
Deferred taxation	775 136	396 982
Current liabilities	233 593	146 112
Payables	91 851	59 760
Taxation	36	45
Combined unitholders for distribution	141 706	86 307
Total equity and liabilities	6 180 101	3 803 292
Net asset value per combined unit (R)	24,12	16,09
Net asset value per combined unit – assuming no deferred taxation liability (R)	29,53	19,50

ABRIDGED GROUP CASH FLOW STATEMENT

	Audited 12 months ended 31 Dec 2005 R000	Audited 12 months ended 31 Dec 2004 R000
Cash flows from operating activities	95 703	87 189
Cash generated from operations	444 657	392 158
Interest received	2 104	3 141
Interest paid	(107 909)	(104 963)
Distribution to Hyprop combined unitholders	(192 441)	(149 361)
Distribution to minorities	(50 637)	(53 491)
Taxation	(71)	(295)
Cash flows from investing activities	(280 587)	(179 660)
Cash flows from financing activities	196 885	95 967
Net increase in cash and cash equivalents	12 001	3 496
Cash and cash equivalents at the beginning of the year	12 519	9 023
Cash and cash equivalents at the end of the year	24 520	12 519

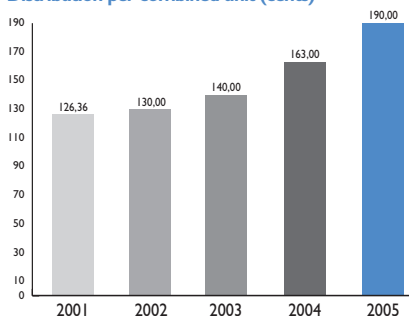
GROUP STATEMENT OF CHANGES IN EQUITY

Group	Share capital R000	Non-distributable reserve R000	Retained income R000	Minority interests R000	Total R000
Balance at 1 January 2004					
– as previously reported	891	320 142	7 107	432 378	760 518
– prior year adjustment – amortisation of debenture premium		5 010			5 010
– reclassification of distribution to minorities				(1 600)	(1 600)
– change in rate of deferred taxation		(106 544)		(2 421)	(108 965)
Balance at 1 January 2004 – restated	891	218 608	7 107	428 357	654 963
Issue of ordinary share capital	275				275
Net profit for the year *			570 756	152 404	723 160
Net transfer to non-distributable reserve		573 180	(573 180)		–
Dividends			(342)		(342)
Distribution to minorities				(49 066)	(49 066)
Minority share of additions to investment property				28 893	28 893
Disposal by minority of interest in The Glen				(106 527)	(106 527)
Balance at 31 December 2004	1 166	791 788	4 341	454 061	1 251 356
Balance at 1 January 2005					
– as previously reported	1 166	996 089	4 341	479 012	1 480 608
– prior year adjustment – amortisation of debenture premium		7 545			7 545
– reclassification of distribution to minorities				2 973	2 973
– change in rate of deferred taxation		(211 846)		(27 924)	(239 770)
Balance at 1 January 2005 – restated	1 166	791 788	4 341	454 061	1 251 356
Issue of ordinary share capital	265				265
Net profit for the year *			892 496	181 433	1 073 929
Net transfer to non-distributable reserve		888 422	(888 422)		–
Dividends			(498)		(498)
Distribution to minorities				(50 202)	(50 202)
Minority share of additions to investment property				8 020	8 020
Balance at 31 December 2005	1 431	1 680 210	7 917	593 312	2 282 870

* Minority net profit includes minority share of fair value adjustment to investment properties

COMMENTS

Distribution per combined unit (cents)



INTRODUCTION

Hyprop has achieved record distribution growth of 16,6% per combined unit for the year. The distribution of 190 cents together with capital growth in unit value has yielded an excellent total return of 61% to combined unitholders.

Hyprop's prime shopping centres contributed 87% of investment property income, with 46% derived from flagship centre Canal Walk.

FINANCIAL RESULTS

Distributable earnings per combined unit of 189,9 cents increased by 16,6% over that of the previous year, exceeding the directors' forecast of 183 cents per combined unit.

Contractual rental escalations, strict expense control and reduced vacancies account for an 11,6% increase in distributable earnings per combined unit.

Additional distributable earnings growth of 5% was achieved by reduced interest margins, profits from the disposal of listed property securities and distributions received from Hyprop's investment in SA Retail Properties Limited ("SA Retail").

The 83% growth in combined unitholder funds from R1,9 billion to R3,4 billion arose from the issue of 26 506 349 combined units and a property revaluation surplus of R1,4 billion.

The significant growth in the value of the investment portfolio increased the net asset value per combined unit by 50% to R24,12. The adjusted net asset value, assuming no deferred taxation, is R29,53 per combined unit, which is in line with Hyprop's closing trading price of R29,90 per combined unit at 31 December 2005.

DISTRIBUTION

The board has approved a final distribution of 99,00 cents per combined unit. The total distribution for the year is 190,00 (2004: 163,00) cents per combined unit.

ACQUISITIONS

SA Retail

During the year Hyprop acquired 101 822 670 linked units in SA Retail. 30 255 426 linked units were acquired for cash at an average cost per linked unit of R8,23. The balance was acquired through the issue of one Hyprop combined unit for every 2,7 SA Retail linked units.

Hyprop's 45,1% stake in SA Retail is a strategic investment which is expected to realise future financial benefit for combined unitholders.

DEVELOPMENTS

Southcoast Mall

Southcoast Mall, a 28 000 m² shopping centre on KwaZulu-Natal's south coast in which Hyprop owns a 50% undivided share, successfully commenced trading in November 2005. Hyprop's investment of R98 million is expected to yield 10,2% in the first year.

Stoneridge Centre

In October 2005 Hyprop acquired 18ha in Greenstone Park, Modderfontein for R51 million. The property has 70 000 m² of retail rights to be developed in phases. Planning is advanced for the development of a 55 000 m² shopping centre and construction will commence as soon as letting and feasibility targets have been met. On completion Hyprop will own 90% and Abland (Proprietary) Limited, the developer, will own 10%.

DISPOSALS

Listed property securities

During the year Hyprop disposed of its investment in Prima Property Trust and 5 349 823 linked units in Freestone Property Holdings Limited ("Freestone"), which in aggregate realised a distributable profit of R4,1 million. At year-end Hyprop owned 1 356 059 linked units in Freestone.

BORROWINGS

Hyprop's financial position is sound with a 21% debt-to-open market value ratio. Potential borrowing capacity for future business expansion amounts to approximately R1,8 billion.

At 31 December 2005 the average interest rate on net borrowings of R1,126 billion was 10,1%. Interest rates have been fixed in respect of 80% of borrowings for periods ranging from five to ten years.

Subsequent to year-end Hyprop has refinanced R900 million of borrowings utilising the capital debt market which will result in a reduction of the interest rate on this amount by approximately 50 basis points.

SEGMENTAL ANALYSIS

The segmental spread is as follows:

Business segment	Rentable area (m ²)	Total value (R000)	Value attributable to Hyprop (R000)	Net property income (including minorities) (R000)
Canal Walk	131 320	2 500 000	2 000 000	175 758
The Glen	51 800	830 700	624 270	60 031
Hyde Park	37 121	725 000	725 000	53 778
The Mall of Rosebank	33 774	537 400	537 400	41 836
Southcoast Mall	27 642	103 150	103 150	838
Retail	281 657	4 696 250	3 989 820	332 241
Offices	69 120	449 800	449 800	50 045
Investment property	350 777	5 146 050	4 439 620	382 286
Listed property securities		951 074	951 074	40 649
Straight line rental income accrual				22 889
Fund management expenses				(24 287)
	350 777	6 097 124	5 390 694	421 537

Canal Walk's net income grew by 22% due to increased revenue arising from robust trading conditions and improved cost control. The expansion of The Glen was successfully completed in the first quarter of 2005 and net income increased by 30%. Hyde Park and The Mall of Rosebank achieved satisfactory net income growth of 12% and 13% respectively.

VALUATION OF INVESTMENT PROPERTY

The investment property portfolio was independently valued by Old Mutual Properties (Proprietary) Limited at 31 December 2005. The R1,4 billion revaluation surplus has resulted in a 43% increase in the value of the portfolio to R5,2 billion.

OPERATIONAL REVIEW

Letting activities by rentable area were as follows:

Business segment	Renewals		New lettings		Tenants vacated	
	(m ²)	(%)	(m ²)	(%)	(m ²)	(%)
Canal Walk	18 245	15	6 334	5	5 972	5
The Glen	4 117	8	5 811	11	5 612	11
Hyde Park	2 964	11	664	2	664	2
The Mall of Rosebank	2 491	7	1 144	3	1 398	4
Retail	27 817	11	13 953	5	13 646	5
Offices	15 969	18	16 122	18	11 200	13
Total	43 786	12	30 075	9	24 846	7

Available for letting by rentable area:

Business segment	31 December 2005		31 December 2004	
	(m ²)	(%)	(m ²)	(%)
Canal Walk	3 751	3,1	4 113	3,4
The Glen	253	0,5	452	0,9
Hyde Park	–	–	–	–
The Mall of Rosebank	399	1,2	145	0,4
Southcoast Mall	2 461	8,9	–	–
Retail	6 864	2,3	4 710	2,0
Offices	2 486	2,8	7 408	8,4
Total	9 350	2,7	12 118	3,7

(%) is a ratio of rentable area to each centre/portfolio

Favourable trading conditions continued to benefit retailers in 2005. Management proactively capitalised on the steady demand for retail space to maintain a high occupancy rate and improved tenant mix. In the last quarter of 2005, renewals and new lettings were successfully concluded at Canal Walk which will positively impact on rental growth for 2006.

PROSPECTS AND TRADING UPDATE

Hyprop intends to maintain its record of consistent income and capital growth by pursuing:

- opportunities in its existing portfolio to enhance tenant mix and retail offering; and
- acquisitions and new developments that will contribute to the long-term growth of the portfolio.

Hyprop anticipates superior growth in distributions in the forthcoming year. It is however unlikely that the rate of distribution growth per combined unit will equal that which was achieved in 2005.

PAYMENT OF DEBENTURE INTEREST AND DIVIDEND

Combined unitholders will receive debenture interest payment number 36 of 98,80 cents per debenture and dividend number 36 of 0,20 cents per share, totalling 99,00 cents per combined unit for the period 1 July 2005 to 31 December 2005.

Last date to trade <i>cum</i> distribution	Thursday	16 March 2006
Date combined units will trade <i>ex</i> distributions	Friday	17 March 2006
Record date	Friday	24 March 2006
Payment date	Monday	27 March 2006

There may be no dematerialisation on rematerialisation between Friday, 17 March 2006 and Friday, 24 March 2006, both days inclusive.

On behalf of the board

PF Kirchmann Chairman
2 March 2006

PG Prinsloo Managing Director

BASIS OF PREPARATION AND ACCOUNTING POLICIES

Grant Thornton has audited the financial information set out in this report. Their unqualified audit report is available for inspection at the company's registered office.

These are the first financial statements of Hyprop prepared in accordance with International Financial Reporting Standards (IFRS).

Previously property revenue included rental income and operating expense recoveries from investment property only. As listed property securities income has become a material contributor to revenue, Hyprop has changed its classification of revenue to include income from listed property securities.

In order to comply with IAS17 – Leases, property income reflects rental income recognised on a straight line basis. The fair value adjustment to investment property has been reduced accordingly.

Whilst debentures were previously recognised at cost, they are now recognised at amortised cost in terms of IAS39, using the effective interest rate method. The amortised portion has been transferred to non-distributable reserves.

Deferred taxation on the fair value adjustment of investment property was previously provided at capital gains taxation rates. In terms of IAS12, Hyprop has now applied a combination of income taxation and capital gains taxation rates based on the manner in which the property is expected to be realised.

Over or under distributions to minorities were previously offset against minority interests. These are now included in receivables or payables as appropriate.

Comparative figures in respect of the above changes have been restated accordingly.

These changes do not have any effect on the company's distributions or distributable earnings in the current or future years.

The effect of the above changes in respect of the prior year earnings, headline earnings and equity is as follows:

	Audited 31 Dec 2004 R000
Earnings as previously reported	673 523
Prior year adjustments	(102 767)
Earnings restated	570 756
Headline earnings as previously reported	168 425
Prior year adjustments	18 064
Headline earnings restated	186 489
Equity as previously reported	1 480 608
Prior year adjustments	(229 252)
Equity restated	1 251 356