

AUDITED RESULTS

for the year ended
31 December 2012

- ▶ Total unitholder return **44,8%**
- ▶ Total distribution 409 cents up **6,8%**
- ▶ Market capitalisation R17,7 billion up **37%**
- ▶ Gearing **23,1%**
- ▶ **R920 million** redevelopment of Rosebank Mall commenced

Hyprop Investments Limited (Incorporated in the Republic of South Africa) (Registration No. 1987/005284/06) Share Code: HYP
ISIN Code: ZAE000003430 ("Hyprop" or "the company")

STATEMENT OF COMPREHENSIVE INCOME

| | Audited 31 December 2012 R'000 | Audited 31 December 2011 R'000 |
|---|---|---|
| Revenue | 2 177 625 | 1 583 157 |
| Investment property income | 2 016 184 | 1 350 937 |
| Straight-line rental income accrual | 9 208 | 100 214 |
| Listed property securities income | 152 233 | 132 006 |
| Property expenses | (714 284) | (511 681) |
| Net property income | 1 463 341 | 1 071 476 |
| Other operating expenses | (53 885) | (43 855) |
| Operating income | 1 409 456 | 1 027 621 |
| Net interest | (404 827) | (208 325) |
| Received | 22 180 | 31 416 |
| Paid | (427 007) | (239 741) |
| Net operating income | 1 004 629 | 819 296 |
| Change in fair value | 1 273 905 | 335 646 |
| Investment property | 1 137 924 | 236 654 |
| Straight-line rental income accrual | (9 208) | (100 214) |
| Listed property securities | 315 259 | 258 716 |
| Derivative instruments | (170 070) | (59 510) |
| Loss on disposal | (15 221) | (9 835) |
| Investment property | (11 886) | (6 129) |
| Listed property securities | (3 335) | (3 706) |
| Amortisation of debenture premium | 487 925 | 231 354 |
| Impairment of goodwill | | (547 654) |
| Non-core income | | 4 555 |
| Income before debenture interest | 2 751 238 | 833 362 |
| Debenture interest | (994 333) | (741 703) |
| Net income before share of income from associate | 1 756 905 | 91 659 |
| Share of income from associate | 144 | 9 949 |
| Profit before taxation | 1 757 049 | 101 608 |
| Taxation | (753 169) | (185 639) |
| Profit/(loss) for the year | 1 003 880 | (84 031) |
| Other comprehensive income | | |
| Exchange differences on translation of foreign operations | (6) | |
| Total comprehensive income/(loss) for the year | 1 003 874 | (84 031) |

| | Audited 31 December 2012 R'000 | Audited 31 December 2011 R'000 |
|---|---|---|
| Abridged reconciliation - headline earnings and distributable earnings | | |
| Net income/(loss) after taxation | 1 003 880 | (84 031) |
| Debenture interest | 994 333 | 741 703 |
| Earnings | 1 998 213 | 657 672 |
| Headline earnings adjustments | (915 940) | 122 613 |
| Change in fair value of investment property (net of deferred taxation) | (443 236) | (203 522) |
| Impairment of goodwill | | 547 654 |
| Loss on disposal of listed property securities | 3 335 | 3 706 |
| Loss on disposal of investment property | 11 886 | 6 129 |
| Amortisation of debenture premium | (487 925) | (231 354) |
| Headline earnings | 1 082 273 | 780 285 |
| Distributable earnings adjustments | (86 014) | (37 054) |
| Change in fair value of listed property securities (net of deferred taxation) | (259 238) | (222 496) |
| Change in fair value of derivative instruments | 170 070 | 59 510 |
| Taxation | 1 443 | 87 986 |
| Deferred taxation | | 28 302 |
| Attfund transaction costs | 1 711 | 9 644 |
| Distributable earnings | 996 259 | 743 231 |
| Total combined units in issue | 243 113 169 | 243 113 169 |
| Weighted average combined units in issue | 243 113 169 | 192 061 114 |
| Basic and diluted earnings per combined unit | 821,9 | 342,4 |
| Basic and diluted headline earnings per combined unit | 445,2 | 406,3 |
| Distributable earnings per combined unit | 409,8 | 383,6 |
| Distribution details | | |
| Total distribution for the year | 409,00 | 383,00 |
| Six months ended 31 December | 211,00 | 202,00 |
| Four months ended 31 December | | 137,00 |
| Special distribution - two months ended 31 August | | 65,00 |
| Six months ended 30 June | 198,00 | 181,00 |

STATEMENT OF FINANCIAL POSITION

| | Audited 31 December 2012 R'000 | Audited 31 December 2011 R'000 |
|--|---|---|
| Assets | | |
| Non-current assets | 20 996 662 | 19 746 691 |
| Investment property | 18 418 240 | 17 357 277 |
| Building appurtenances and tenant installations | 55 356 | 35 873 |
| Investment in associate | 117 803 | 117 658 |
| Goodwill | 12 059 | 12 493 |
| Long-term loans receivable | 111 109 | 47 217 |
| Listed property securities | 2 282 095 | 2 176 173 |
| Current assets | 398 364 | 327 641 |
| Receivables | 183 056 | 119 247 |
| Short-term loan receivable | 47 434 | |
| Cash and cash equivalents | 167 874 | 208 394 |
| Non-current assets held-for-sale | | |
| Investment property | 131 074 | 123 822 |
| Total assets | 21 526 100 | 20 198 154 |
| Equity and liabilities | | |
| Share capital and reserves | 7 073 981 | 6 070 107 |
| Liabilities | | |
| Non-current liabilities | 12 718 115 | 12 116 277 |
| Debentures and debenture premium | 5 871 616 | 6 359 541 |
| Long-term loans | 4 371 035 | 4 191 622 |
| Derivative instruments | 204 519 | 44 463 |
| Deferred taxation | 2 270 945 | 1 520 651 |
| Current liabilities | 1 734 004 | 2 011 770 |
| Payables | 373 090 | 308 482 |
| Short-term loans | 815 000 | 1 347 292 |
| Derivative instruments | 32 945 | 22 931 |
| Combined unitholders for distribution | 512 969 | 333 065 |
| Total liabilities | 14 452 119 | 14 128 047 |
| Total equity and liabilities | 21 526 100 | 20 198 154 |
| Net asset value per combined unit (R) | 53,25 | 51,12 |
| Net asset value per combined unit - excluding deferred taxation liability (R) | 62,59 | 57,37 |

ABRIDGED STATEMENT OF CHANGES IN EQUITY

| | Audited 31 December 2012 R'000 | Audited 31 December 2011 R'000 |
|--|---|---|
| Balance at the beginning of the year | 6 070 107 | 6 154 138 |
| Foreign currency translation reserve | (6) | |
| Total comprehensive income/(loss) for the year | 1 003 880 | (84 031) |
| Balance at the end of the year | 7 073 981 | 6 070 107 |

ABRIDGED STATEMENT OF CASH FLOWS

| | Audited 31 December 2012 R'000 | Audited 31 December 2011 R'000 |
|---|---|---|
| Cash flows from operating activities | 191 277 | (47 667) |
| Cash generated from operations | 1 478 600 | 879 948 |
| Interest received | 22 180 | 31 416 |
| Interest paid | (427 007) | (239 741) |
| Taxation paid | (68 067) | (17 983) |
| Distribution to combined unitholders | (814 429) | (712 625) |
| Income from associate | | 11 318 |
| Cash flows from investing activities | 125 580 | (4 420 885) |
| Cash flows from financing activities | (352 879) | 4 609 200 |
| Net (decrease)/increase in cash and cash equivalents | (36 022) | 140 648 |
| Cash and cash equivalents transferred to non-current assets held-for-sale | (4 498) | |
| Cash and cash equivalents at the beginning of the year | 208 394 | 67 746 |
| Cash and cash equivalents at the end of the year | 167 874 | 208 394 |

COMMENTARY

INTRODUCTION

Hyprop is South Africa's largest listed specialised shopping centre fund, with eleven directly owned shopping centres. All rental income earned by the company, less property expenses and interest on debt, is distributed to unitholders semi-annually. The company's primary objective is to provide sustainable income growth and capital appreciation to investors over the long term.

FINANCIAL RESULTS

Hyprop has declared a total distribution for the year of 409 cents per combined unit, an increase of 6,8% on the previous year and in line with forecast.

The final distribution of 211 cents per combined unit reflects growth of 4,5%, compared with the corresponding period in 2011. Distributable earnings in the second half of 2011 included a once-off benefit amounting to 3,7 cents, which impacted relative growth in the second half of 2012. Excluding the once-off benefit, second half growth in 2012 was 6,4%.

SEGMENTAL OVERVIEW

| Business segment | 31 December 2012 | | 31 December 2011 | |
|-------------------------------------|------------------|------------------------------|------------------|------------------------------|
| | Revenue R'000 | Distributable earnings R'000 | Revenue R'000 | Distributable earnings R'000 |
| Canal Walk | 460 729 | 329 862 | 423 566 | 301 315 |
| Super regional | 460 729 | 329 862 | 423 566 | 301 315 |
| Clearwater Mall ¹ | 294 002 | 199 195 | 96 654 | 61 562 |
| The Glen | 190 940 | 123 565 | 178 087 | 112 927 |
| Woodlands Boulevard ¹ | 182 097 | 124 583 | 59 054 | 40 619 |
| CapeGate ¹ | 182 725 | 116 776 | 57 266 | 36 911 |
| Large regional | 849 764 | 564 119 | 391 061 | 252 019 |
| Hyde Park | 166 129 | 104 094 | 152 944 | 93 963 |
| Southcoast Mall ² | 12 346 | 6 287 | 20 968 | 11 565 |
| Regional | 178 475 | 110 381 | 173 912 | 105 528 |
| Atterbury Value Mart ¹ | 97 751 | 75 915 | 31 062 | 24 163 |
| Willowbridge ¹ | 76 667 | 45 308 | 25 932 | 15 253 |
| Stoneridge | 62 567 | 27 481 | 58 339 | 25 795 |
| Somerset Value Mart ¹ | 20 583 | 14 106 | 6 903 | 4 597 |
| Value centres | 257 568 | 162 810 | 122 236 | 69 808 |
| Shopping centres | 1746 536 | 1167 172 | 1110 775 | 728 670 |
| Stand-alone offices ³ | 110 820 | 72 438 | 70 569 | 45 320 |
| Hotels ⁴ | 33 861 | 1 207 | 47 326 | (5 866) |
| Development property ⁵ | 103 545 | 58 364 | 105 823 | 70 222 |
| Investment property | 1 994 762 | 1 299 181 | 1 334 493 | 838 346 |
| Listed property securities | 152 233 | 152 233 | 132 006 | 132 006 |
| Fund management expenses | | (53 550) | | (34 209) |
| Net interest | | (403 451) | | (208 325) |
| Share of income from associate | | 144 | | 9 949 |
| Word4Word Marketing | 21 422 | 1 702 | 16 444 | 909 |
| Straight-line rental income accrual | 9 208 | | 100 214 | |
| Non-core income | | | | 4 555 |
| Total | 2 177 625 | 996 259 | 1 583 157 | 743 231 |

¹ Acquired 1 September 2011

² Sold July 2012

³ Includes offices acquired from Attfund Retail from 1 September 2011

⁴ Southern Sun Hyde Park - sold September 2012

⁵ Rosebank Mall - transferred to development property from September 2012

Income from the properties acquired from Attfund Retail was included from 1 September 2011, the effective date of the acquisition. The comparative period therefore only includes income from the Attfund Retail properties for the four months ended December 2011.

On a like-for-like basis (Canal Walk, The Glen, Hyde Park and Stoneridge) revenue and distributable earnings were up 8,3% and 9,6% respectively, while property expenses increased by 5,9%. Rosebank Mall was transferred to development property from 1 September 2012.

The property cost-to-income ratio improved to 35,4% (2011: 37,9%), while the overall cost-to-income ratio on a fund level improved to 35,4% (2011: 37,5%).

Total arrears at 31 December 2012, comprising normal arrears, legal cases and outstanding tenant deposits improved to R19,8 million (31 December 2011: R41,3 million) and the total allowance for doubtful debts was R10,2 million (31 December 2011: R17,4 million).

Vacancies

Strong demand for retail, especially at the large shopping centres, reduced retail vacancies on a like-for-like basis to 1,7%. Although occupancies in offices remain under pressure, especially in the Pretoria market, some progress has been made in reducing overall office vacancies to 9,1%.

| Vacancy profile by sector* | % of total GLA | |
|----------------------------|----------------|------|
| | 2012 | 2011 |
| Retail | 1,7 | 3,0 |
| Office | 9,1 | 12,2 |
| Total | 2,5 | 3,9 |

*Vacancies exclude Rosebank Mall (under development) and Southcoast Mall (sold July 2012)

PROPERTY PORTFOLIO

| Business segment | Rentable area (m ²) | Value attributable to Hyprop | | Value per rentable area 31 December 2012 (R/m ²) |
|-----------------------------------|---------------------------------|------------------------------|------------------------|--|
| | | 31 December 2012 R'000 | 31 December 2011 R'000 | |
| Canal Walk | 157 447 | 5 200 000 | 4 880 000 | 41 284 |
| Super regional | 157 447 | 5 200 000 | 4 880 000 | 41 284 |
| Clearwater | 85 174 | 2 945 000 | 2 500 000 | 34 576 |
| The Glen | 74 624 | 1 751 130 | 1 623 365 | 31 223 |
| Woodlands Boulevard | 70 319 | 1 770 000 | 1 604 000 | 25 171 |
| CapeGate | 99 619 | 1 509 000 | 1 435 000 | 15 148 |
| Large regional | 329 736 | 7 975 130 | 7 162 365 | 25 942 |
| Hyde Park | 36 894 | 1 420 000 | 1 337 000 | 38 489 |
| Southcoast Mall ¹ | | | 122 000 | |
| Regional | 36 894 | 1 420 000 | 1 459 000 | 38 489 |
| Atterbury Value Mart | 47 707 | 952 000 | 885 000 | 19 955 |
| Willowbridge | 44 027 | 620 000 | 607 000 | 14 082 |
| Stoneridge | 51 293 | 432 900 | 409 500 | 9 377 |
| Somerset Value Mart | 12 546 | 170 000 | 154 000 | 13 550 |
| Value centres | 155 573 | 2 174 900 | 2 055 500 | 14 289 |
| Shopping centres | 679 650 | 16 770 030 | 15 556 865 | 27 510 |
| Stand-alone offices | 51 243 | 710 000 | 769 000 | 13 856 |
| Hotel ² | | 130 000 | 145 000 | |
| Development property ³ | 35 950 | 990 000 | 1 039 000 | |
| Investment property | 766 843 | 18 600 030 | 17 509 865 | 26 730 |
| Listed property securities | | 2 282 095 | 2 176 173 | |
| Atterbury Africa | | 111 109 | | |
| | 766 843 | 20 993 234 | 19 686 038 | |

¹ Sold July 2012

² Southern Sun Hyde Park - sold September 2012

³ Rosebank Mall - transferred to development property from September 2012

Investment Property

Investment property was independently valued by Old Mutual Investment Group: Property Investments Proprietary Limited using the discounted cash flow method.

Investment property increased in value to R18,6 billion, after accounting for a fair value adjustment of R1,1 billion.

The valuation increase in the shopping centre portfolio was driven primarily by income growth and strong demand for quality retail space. The stand-alone office buildings, on the other hand, saw reductions in value due to vacancies, with a consequent negative impact on income growth.

Developments

Construction work on the R920 million Rosebank Mall redevelopment is progressing well. The redevelopment project, with an anticipated completion date of September 2014, will increase the rentable area of Rosebank Mall to over 62 000m². Lease commitments currently stand at 90% of the rentable area.

Further extensions to accommodate larger Edgars stores at The Glen and Canal Walk have been approved at a total cost of R91,6 million (Hyprop share: R71,8 million).

Listed Property Securities

Hyprop's investment in Sycam was valued at R2,3 billion at 31 December 2012, based on the closing price at that date of R27,55 per unit. Hyprop's investment represents 33,9% of the Sycam units in issue.

Atterbury Africa

Hyprop initiated its strategy to develop and own quality shopping centres in the rest of Africa with the acquisition of a 37,5% shareholding in Atterbury Africa, through a wholly-owned subsidiary, Hyprop Investments (Mauritius) Limited.

At year-end, R111,1 million of Hyprop's R750 million initial commitment had been invested. Funding was arranged through Standard Bank (Isle of Man).

Atterbury Africa recently increased its interest in the successful Accra Mall in Ghana to 47% (previously 42,5%), while construction has commenced on the West Hills shopping centre located in the western suburbs of Accra. Negotiations to acquire interests in various other projects are well advanced.

DISPOSALS

The following disposals were concluded during the year:

| | Sale proceeds R'million | Valuation at 31 December 2011 R'million | Effective date |
|---------------------------------|----------------------------|---|----------------|
| Vunani units | 105,0 | 99,0 | March 2012 |
| Acucap units | 108,5 | 97,0 | July 2012 |
| 50% interest in Southcoast Mall | 110,5 | 122,0 | July 2012 |
| Trade Centre at CapeGate | 70,0 | 70,0 | September 2012 |
| Southern Sun Hyde Park | 130,0 | 145,0 | September 2012 |
| Total | 524,0 | 533,0 | |

NET ASSET VALUE

The net asset value per combined unit ("NAV") at year-end was R53,25, representing a 4,2% increase on the NAV of R51,12 at 31 December 2011.

Excluding deferred taxation, the NAV at year-end was R62,59 (2011: R57,37), a 9,1% increase on the prior year. The closing combined unit price of R73 on 31 December 2012 represents a 16,6% premium to the year-end NAV, excluding deferred taxation.

BORROWINGS

Net borrowings at 31 December 2012 of R4,9 billion equate to a gearing ratio of 23,1%, down from 26,2% in 2011.

At year-end, interest rates were hedged in respect of 82% of borrowings, at a weighted average rate of 8,4% (2011: 8,2%).

Hyprop extended its debt capital market ("DCM") issuance in September 2012, with the issue of a R300 million five year bond at an all-in fixed rate of 7,3%. This issuance brings total DCM issuance to date to R1 billion, or 20% of total borrowings.

DIRECTORATE

Gavin Tipper and Jabu Mabuza were appointed to the board as independent non-executive directors effective 8 March 2012 and 21 June 2012, respectively.

Hyprop's chairman, Michael Aitken, has indicated his intention to retire from the board as chairman and independent non-executive director, effective June 2013. The board is in the process of identifying a replacement independent non-executive chairman. To achieve continuity, preference will be given to appointing a candidate from amongst existing board members. A further announcement in this regard will be made in due course.

REAL ESTATE INVESTMENT TRUST ("REIT") LEGISLATION

Hyprop views the REIT legislation in South Africa as very positive for the sector. REIT conversion by listed property companies will bring uniformity to capital structures and tax certainty, as well as being more attractive for international investors.

Hyprop will convert to a REIT once the legislation is effective. Further detail in this regard will be communicated to unitholders in due course.

PROSPECTS

Hyprop will continue to focus on growing assets through acquisitions and the expansion of existing centres to meet tenant demand. Investment in dominant shopping centres, both locally and elsewhere in Africa, will remain the primary objective. Given the right opportunities, the company will continue to dispose of non-core assets.

Taking into account the short-term dilution due to the Rosebank Mall redevelopment, Hyprop expects to show distribution growth of between 5% and 7% for 2013.

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

PAYMENT OF DEBENTURE INTEREST

Distribution 51 of 211 cents per combined unit for the six months ended 31 December 2012 will be paid to combined unitholders as follows:

| | March 2013 |
|--|--------------|
| Last day to trade <i>cum</i> distribution | Thursday, 14 |
| Combined units trade <i>ex</i> distribution on | Friday, 15 |
| Record date | Friday, 22 |
| Payment of distribution | Monday, 25 |

Unitholders may not dematerialise or rematerialise their combined units between Friday, 15 March 2013 and Friday, 22 March 2013, both days inclusive.

BASIS OF PREPARATION

These results 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 Limited Listings Requirements and the South African Companies Act, 2008.

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

Grant Thornton has audited the group annual financial statements. Their unqualified audit report is available for inspection at the company's registered office. The auditors' report does not necessarily cover all the information in this announcement.

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

On behalf of the board

MS Aitken

Chairman

27 February 2013

PG Prinsloo

CEO

DIRECTORS:

MS Aitken*† (Chairman); PG Prinsloo (CEO); LR Cohen (FD); EG Dube*†; KM Ellerin*; L Engelbrecht*†; MJ Lewin*; JA Mabuza*†; L Norval*; S Shaw-Taylor*; GR Tipper *†; LLS van der Watt*; M Wainer*; LI Weil*†

(* Non-executive † Independent)

REGISTERED OFFICE:

2nd Floor, Cradock Heights,
21 Cradock Avenue, Rosebank
(PO Box 52509, Saxonwold, 2132)

TRANSFER SECRETARIES

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

COMPANY SECRETARY

Probity Business Services Proprietary Limited

SPONSOR

Java Capital

INVESTOR RELATIONS

Envisage Investor & Corporate Relations