

AUDITED RESULTS

for the six months ended 30 June 2013

- ▶ Total distribution 213 cents up 7,6%
- ▶ Somerset Mall acquisition
- ▶ Redevelopment of Rosebank Mall on track
- ▶ First dividend from Atterbury Africa
- ▶ Obtained REIT status from 1 July 2013

HYPROP INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1987/005284/06)
JSE share code: HYP ISIN: ZAE000003430
(Approved as a REIT by the JSE)
("Hyprop" or "the company")

HYPROP
INVESTMENTS LIMITED

25 YEARS
OF EXCELLENCE

www.hyprop.co.za

STATEMENT OF COMPREHENSIVE INCOME

	Audited 30 June 2013 R'000	Unaudited 30 June 2012 R'000	Audited 31 December 2012 R'000
Revenue	1 099 489	1 053 122	2 177 625
Investment property income	1 008 671	988 772	2 016 184
Straight-line rental income accrual	15 879	(4 049)	9 208
Listed property securities income	74 939	78 399	152 233
Property expenses	(347 277)	(350 377)	(714 284)
Net property income	752 212	702 745	1 463 341
Other operating expenses	(27 727)	(24 423)	(53 885)
Operating income	724 483	678 322	1 409 456
Net interest	(191 723)	(210 986)	(404 827)
Received	17 234	10 844	22 180
Paid	(208 957)	(221 830)	(427 007)
Net operating income	532 760	467 336	1 004 629
Change in fair value	1 403 721	422 786	1 273 905
Investment property	1 198 105	437 275	1 137 924
Straight-line rental income accrual	(15 879)	14 049	(9 208)
Listed property securities	(2 842)	56 882	315 259
Derivative instruments	224 337	(85 420)	(170 070)
Profit/(loss) on disposal	28 061	308	(15 221)
Investment property	90		(11 886)
Listed property securities	27 971	308	(3 335)
Sycom rights offer nil paid letters			
Amortisation of debenture premium	49 119	238 002	487 925
Non-core income	1 009		
Income before debenture interest	2 014 670	1 128 432	2 751 238
Debtenture interest	(517 831)	(481 364)	(994 333)
Net income before share of income from associate	1 496 839	647 068	1 756 905
Share of income from associate	4 262		144
Profit before taxation	1 501 101	647 068	1 757 049
Taxation	2 239 008	(561 787)	(753 169)
Profit for the period	3 740 109	85 281	1 003 880
Other comprehensive income			
Exchange differences on translation of foreign operations	319		(6)
Total comprehensive income for the period	3 740 428	85 281	1 003 874
Abridged reconciliation - headline earnings and distributable earnings			
Total profit for the period	3 740 109	85 281	1 003 880
Debtenture interest	517 831	481 364	994 333
Earnings	4 257 940	566 645	1 998 213
Headline earnings adjustments	(3 296 367)	(593 960)	(915 940)
Change in fair value of investment property (net of deferred taxation)	(1 198 105)	(355 650)	(443 236)
Deferred taxation - investment property	(2 021 882)		
(Profit)/loss on disposal of investment property	(90)		11 886
Profit on nil paid letters	(27 971)		
Amortisation of debenture premium	(49 119)	(238 002)	(487 925)
(Profit)/loss on disposal of listed property securities		(308)	3 335
Headline earnings/(loss)	961 573	(27 315)	1 082 273
Distributable earnings adjustments	(444 320)	508 700	(86 014)
Change in fair value of listed property securities (net of deferred taxation)	2 842	(46 264)	(259 238)
Change in fair value of derivative instruments	(224 337)	85 420	170 070
Taxation	1 520		1 443
Deferred taxation - listed property securities and other	(219 812)	469 544	
Hyprop Investments (Mauritius)	(2 355)		
Investment in associate - Mantrablox	(3 969)		
Transaction costs - Attfund and Sycom	1 791		1 711
Distributable earnings	517 253	481 385	996 259
Total combined units in issue	243 113 169	243 113 169	243 113 169
Weighted average combined units in issue	243 113 169	243 113 169	243 113 169
Basic and diluted earnings per combined unit	1 751,4	233,1	821,9
Basic and diluted headline earnings/(loss) per combined unit	395,5	(11,2)	445,2
Distributable earnings per combined unit	212,8	198,0	409,8
Distribution details			
Total distribution for the year	213,0	198,0	409,0
Six months ended 31 December			211,0
Six months ended 30 June	213,0	198,0	198,0

STATEMENT OF FINANCIAL POSITION

	Audited 30 June 2013 R'000	Unaudited 30 June 2012 R'000	Audited 31 December 2012 R'000
Assets			
Non-current assets	20 282 124	19 996 275	20 996 662
Investment property	19 782 728	17 750 318	18 418 240
Building apparatuses and tenant installations	63 065	44 548	55 356
Investment in associate	108	117 702	117 803
Goodwill	12 059	12 493	12 059
Long-term loans receivable	384 307	47 496	111 109
Listed property securities		2 023 718	2 282 095
Derivative instruments	39 857		
Current assets	298 996	345 600	398 364
Receivables	224 175	210 277	183 056
Short-term loan receivable			47 434
Cash and cash equivalents	74 821	135 323	167 874
Non-current assets held-for-sale	2 400 822	290 337	131 074
Listed property securities	2 279 253	109 529	
Investment in associate	121 569		131 074
Investment property		180 808	
Total assets	22 981 942	20 632 212	21 526 100
Equity and liabilities			
Share capital and reserves	10 814 409	6 155 388	7 073 981
Liabilities			
Non-current liabilities	10 341 977	12 489 184	12 718 115
Debentures and debenture premium	5 822 497	6 121 539	5 871 616
Long-term loans	4 436 486	4 146 304	4 371 035
Derivative instruments	52 984	139 227	204 519
Deferred taxation	30 010	2 082 114	2 270 945
Current liabilities	1 825 556	1 987 640	1 734 004
Payables	359 725	367 397	373 090
Short-term loans	948 000	1 125 292	815 000
Derivative instruments		13 587	32 945
Combined unitholders for distribution	517 831	481 364	512 969
Total liabilities	12 167 533	14 476 824	14 452 119
Total equity and liabilities	22 981 942	20 632 212	21 526 100
Net asset value per combined unit (R)	68,43	50,50	53,25
Net asset value per combined unit - excluding deferred taxation liability (R)	68,56	59,06	62,59

ABRIDGED STATEMENT OF CHANGES IN EQUITY

	Audited 30 June 2013 R'000	Unaudited 30 June 2012 R'000	Audited 31 December 2012 R'000
Balance at beginning of period	7 073 981	6 070 107	6 070 107
Foreign currency translation reserve	319		(6)
Total comprehensive income for the period	3 740 109	85 281	1 003 880
Balance at end of period	10 814 409	6 155 388	7 073 981

ABRIDGED STATEMENT OF CASH FLOWS

	Audited 30 June 2013 R'000	Unaudited 30 June 2012 R'000	Audited 31 December 2012 R'000
Cash flows from operating activities	(49 773)	121 820	191 277
Cash generated from operations	660 705	666 195	1 478 600
Interest received	17 234	10 844	22 180
Interest paid	(215 147)	(221 830)	(427 007)
Taxation paid	16	(324)	(68 067)
Distribution to combined unitholders	(512 969)	(333 065)	(814 429)
Income from associate	388		
Cash flows from investing activities	(241 730)	72 427	125 580
Cash flows from financing activities	198 450	(267 318)	(352 879)
Net decrease in cash and cash equivalents	(93 053)	(73 071)	(36 022)
Cash and cash equivalents transferred to non-current assets held-for-sale			(4 498)
Cash and cash equivalents at beginning of period	167 874	208 394	208 394
Cash and cash equivalents at end of period	74 821	135 323	167 874

COMMENTARY

INTRODUCTION

Hyprop is South Africa's third largest listed property fund (30 June 2013) and the largest 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.

CONVERSION TO A REAL ESTATE INVESTMENT TRUST ("REIT")

Following the introduction of REIT legislation in South Africa on 1 April 2013, Hyprop changed its year-end to 30 June and converted to a REIT from 1 July 2013. In due course Hyprop will implement a capital restructure to simplify its capital structure and ensure compliance with legislation.

FINANCIAL RESULTS

Hyprop has declared a distribution for the six month period ended 30 June 2013 ("the period") of 213 cents per combined unit, an increase of 7.6% on the corresponding period in 2012.

SEGMENTAL OVERVIEW

Business segment	30 June 2013		30 June 2012	
	Revenue R'000	Distributable earnings R'000	Revenue R'000	Distributable earnings R'000
Canal Walk	244 917	178 398	225 845	161 850
Super regional	244 917	178 398	225 845	161 850
Clearwater Mall	154 291	102 821	139 256	98 881
The Glen	99 038	63 602	92 566	59 847
Woodlands Boulevard	94 511	65 380	88 302	60 623
CapeGate	94 695	59 298	89 348	57 408
Large regional	442 535	291 101	409 472	276 759
Hyde Park	83 504	53 686	78 168	48 400
Regional	83 504	53 686	78 168	48 400
Atterbury Value Mart	51 026	38 363	47 753	37 937
Willowbridge	40 028	22 644	37 850	21 752
Stoneridge	32 096	15 170	29 930	12 330
Somerset Value Mart	10 822	7 036	10 135	6 795
Value centres	133 972	83 213	125 668	78 814
Shopping centres	904 928	606 398	839 153	565 823
Stand-alone offices	53 424	34 034	55 826	36 351
Development property¹	44 745	19 953	53 191	29 072
Held-for-sale²		(185)	35 125	6 325
Investment property	1 003 097	660 200	983 295	637 571
Listed property securities³	74 939	74 939	78 399	78 399
Fund management expenses		(26 213)		(24 423)
Net interest		(95 237)		(210 986)
Atterbury Africa dividend		1 435		
Word4Word Marketing	5 574	1 120	5 477	824
Straight-line rental income accrual	15 879		(14 049)	
Non-core income		1 009		
Total	1 099 489	517 253	1 053 122	481 385

¹ Rosebank Mall - transferred to development property from September 2012

² Southcoast Mall and Southern Sun Hyde Park

³ Sycom (30 June 2013) - held-for-sale

Distributable earnings from shopping centres grew by 7.2% (excluding Rosebank Mall) with strong performances from Canal Walk (10.2%) and Hyde Park (10.9%). Distributable earnings from offices in the prior period included a rental guarantee, resulting in a reduction in distributable earnings in the current period.

Planned vacancies at Rosebank Mall due to the redevelopment project had an estimated R16 million impact on distributable earnings. The dilution was in line with budget. The dilution will continue for the next 12 months, while the centre remains under construction.

Income from listed property securities reduced due to the disposal of the investments in Vunani and Acupac during 2012. The reduction in net interest paid is primarily due to asset sales during 2012 of R524 million.

The property cost-to-income ratio improved to 34.4% (31 December 2012: 35.4%), while the total cost-to-income ratio at a fund level improved to 34.6% (31 December 2012: 35.4%).

Total arrears at 30 June 2013, comprising normal arrears, legal cases and outstanding tenant deposits, improved to R17.9 million (31 December 2012: R19.8 million) and the total allowance for doubtful debts was R9.0 million (31 December 2012: R10.2 million).

VACANCIES

Retail vacancies increased slightly compared to December 2012, mainly due to increased vacancies at the value centres (Stoneridge and Willowbridge). Demand for retail at the shopping malls continues to be strong with vacancies of less than 1%. Office vacancies reduced from 9.1% to 8.1%.

Vacancy profile by sector*	% of total GLA	
	30 June 2013	31 December 2012
Retail	2,1	1,7
Office	8,1	9,1
Total	2,7	2,5

*Excludes Rosebank Mall (under development)

PROPERTY PORTFOLIO

Business segment	Rentable area (m ²)	Value attributable to Hyprop		Value per rentable area 30 June 2013 (R/m ²)
		30 June 2013 R'000	31 December 2012 R'000	
Canal Walk	153 531	5 627 200	5 200 000	45 815
Super regional	153 531	5 627 200	5 200 000	45 815
Clearwater	86 031	3 203 000	2 945 000	37 231
The Glen	74 348	1 854 094	1 751 130	33 182
Woodlands Boulevard	71 607	1 886 000	1 770 000	26 338
CapeGate	97 346	1 602 000	1 509 000	16 457
Large regional	329 332	8 545 094	7 975 130	27 808
Hyde Park	37 003	1 556 000	1 420 000	42 051
Regional	37 003	1 556 		