



Property investment excellence.

SUMMARISED AUDITED CONSOLIDATED RESULTS
for the year ended 30 June 2015

Highlights

Dividend up **15,0%**

Total return **59,0%**

Like-for-like NAV up **13,4%**

95% of debt fixed for **5,2** years

Strong performance from **Rosebank Mall**

HYPROP INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1987/005284/06)

JSE share code: HYP

ISIN: ZAE000190724

(Approved as a REIT by the JSE)

(Hyprop or the company or the group)

Statement of comprehensive income

	Audited 12 months 30 June 2015 R000	Audited 12 months 30 June 2014 R000
Revenue	2 703 034	2 514 779
Investment property income	2 642 949	2 432 459
Straight-line rental income accrual	60 085	45 055
Listed property securities income		37 265
Property expenses	(887 918)	(837 822)
Net property income	1 815 116	1 676 957
Other operating expenses	(64 611)	(82 480)
Operating income	1 750 505	1 594 477
Net interest	(351 647)	(394 721)
Received	157 344	65 645
Paid	(508 991)	(460 366)
Net operating income	1 398 858	1 199 756
Change in fair value	2 426 584	1 532 852
Investment property	2 467 113	1 655 897
Straight-line rental income accrual	(60 085)	(45 055)
Listed property securities (on disposal)		(82 266)
Derivative instruments	19 556	4 276
(Loss)/profit on disposal	(5 768)	190 760
Investment in subsidiary	(30 011)	
Investment property	24 243	4 460
Associate		17 431
Listed property securities		168 869
Amortisation of debenture premium		102 806
Gain on bargain purchase (African Land)		102 895
Impairment of goodwill	(4 280)	(7 779)
Income before debenture interest	3 815 394	3 121 290
Debenture interest		(1 147 443)
Net income before equity-accounted investments	3 815 394	1 973 847
Share of loss from joint ventures	(17 447)	
Share of income from associate	652	462
Profit before taxation	3 798 599	1 974 309
Taxation	(19 023)	(17 719)
Profit for the year	3 779 576	1 956 590
Other comprehensive income		
Exchange differences on translation of foreign operations	5 329	8 894
Total comprehensive income for the year	3 784 905	1 965 484
Total profit for the year attributable to:		
Shareholders of the company	3 779 576	1 948 487
Non-controlling interests		8 103
Profit for the year	3 779 576	1 956 590
Total comprehensive income attributable to:		
Shareholders of the company	3 784 905	1 956 248
Non-controlling interests		9 236
Total comprehensive income for the year	3 784 905	1 965 484

Reconciliation to distributable earnings

	Audited 12 months 30 June 2015 R000	Audited 12 months 30 June 2014 R000
Abridged reconciliation – headline earnings and distributable earnings		
Net income after taxation	3 779 576	1 948 487
Debt interest		1 147 443
Earnings	3 779 576	3 095 930
Headline earnings adjustments	(2 457 065)	(1 870 232)
Change in fair value of investment property	(2 467 113)	(1 650 419)
(Loss)/profit on disposal: Investment in subsidiary	30 011	
Investment property	(24 243)	(4 460)
Associate company (Mantrablox)		(17 431)
Amortisation of debt interest premium		(102 806)
Gain on bargain purchase (African Land)		(102 895)
Impairment of goodwill	4 280	7 779
Headline earnings	1 322 511	1 225 698
Distributable earnings adjustments	(2 892)	(77 098)
Change in fair value: Derivative instruments	(19 556)	(4 276)
Listed property securities		82 266
Profit on disposal of listed property securities		(168 869)
Investments in sub-Saharan Africa (excluding SA)	(35)	(3 441)
Investments in SA subsidiaries	(2 945)	
Capital items	620	1 325
Taxation	12 387	
Deferred taxation	6 637	15 897
Distributable earnings	1 319 619	1 148 600
Total shares in issue	243 256 092	243 256 092
Weighted average shares in issue	243 256 092	243 195 790
Total shares in issue for distribution per share (excluding treasury shares)	242 990 433	243 102 433
Basic and diluted earnings per share (cents)	1 553,7	1 273,0
Basic and diluted headline earnings per share (cents)	543,7	504,0
Distribution details		
Total distribution for the year (cents)	543,0	472,0
Six months ended 30 June (cents)	280,3	241,0
Six months ended 31 December (cents)	262,7	231,0

Statement of financial position

	Audited 30 June 2015 R000	Audited 30 June 2014 R000
Assets		
Non-current assets	27 395 984	24 931 191
Investment property	24 925 604	23 998 182
Building appurtenances and tenant installations	77 300	82 692
Investments in sub-Saharan Africa (excluding SA)	2 339 121	812 459
Investment in associate	827	600
Goodwill		4 280
Derivative instruments	53 132	32 978
Current assets	224 750	228 525
Receivables	87 152	103 686
Loans receivable	53 757	47 486
Cash and cash equivalents	83 841	77 353
Non-current assets held for sale	1 235 062	1 758 991
Total assets	28 855 796	26 918 707
Equity and liabilities	21 658 721	12 905 543
Stated capital and reserves	21 658 721	12 772 306
Non-controlling interest (African Land)		133 237
Liabilities	6 012 830	10 992 517
Non-current liabilities	5 919 909	5 185 822
Interest-bearing liabilities	40 123	41 829
Derivative instruments	52 798	45 747
Deferred taxation		5 719 119
Debentures and debenture premium		
Current liabilities	1 162 678	2 966 892
Payables	388 049	367 984
Interest-bearing liabilities	772 000	2 013 031
Derivative instruments	2 629	
Combined unitholders for distribution		585 877
Liabilities directly associated with non-current assets held for sale	21 567	53 755
Total liabilities	7 197 075	14 013 164
Total equity and liabilities	28 855 796	26 918 707
Net asset value per share (R)	89,04	76,02

Abridged statement of changes in equity

	Audited 30 June 2015 R000	Audited 30 June 2014 R000
Balance at beginning of year	12 905 543	10 814 409
Total profit for the year	3 779 576	1 948 487
Capital restructure	5 719 119	
Non-controlling interest (African Land)		137 776
Buy-back of African Land shares from non-controlling interest	(118 024)	
Dividends	(639 529)	(4 539)
Share-based payment reserve	6 707	1 649
Foreign currency translation reserve	5 329	7 761
Balance at end of year	21 658 721	12 905 543

Abridged statement of cash flows

	Audited 30 June 2015 R000	Audited 30 June 2014 R000
Cash flows from operating activities	97 774	218 169
Cash generated from operations	1 738 764	1 725 345
Interest received	105 084	65 645
Interest paid	(518 610)	(482 496)
Taxation paid	(2 553)	(7 607)
Debenture interest paid	(585 877)	(1 079 397)
Dividends paid	(639 034)	(3 321)
Cash flows from investing activities	667 056	(1 392 333)
Cash flows from financing activities	(752 412)	1 179 506
Net increase in cash and cash equivalents	12 418	5 342
Translation effects on cash and cash equivalents of foreign entities	(5 294)	145
Cash reallocated to assets held for sale	(636)	(2 955)
Cash and cash equivalents at beginning of year	77 353	74 821
Cash and cash equivalents at end of year	83 841	77 353

Commentary

INTRODUCTION

Hyprop, Africa's leading specialist shopping centre Real Estate Investment Trust (REIT), operates an internally managed portfolio of shopping centres in major metropolitan areas across South Africa. Hyprop also has a growing presence in sub-Saharan Africa (excluding SA), through a joint venture with Attacq Limited (Attacq) and the Atterbury Group.

The core portfolio consists of premier shopping centres in South Africa, including super regional centre Canal Walk, large regional centres Clearwater Mall, The Glen Shopping Centre, Woodlands Boulevard, CapeGate Shopping Centre, Somerset and Rosebank Malls and regional centre Hyde Park Corner.

The portfolio also includes interests in Accra Mall and West Hills Mall (both in Accra, Ghana), and Manda Hill Centre in Lusaka, Zambia.

FINANCIAL RESULTS

Hyprop has declared a dividend of 280,3 cents per share for the six months ended 30 June 2015, an increase of 16,3% on the corresponding period in 2014. The total distribution for the year of 543 cents per share is an increase of 15,0% on the prior year.

Commentary *continued*

DISTRIBUTABLE EARNINGS STATEMENT

Business segment	Audited 12 months ended 30 June 2015		Audited 12 months ended 30 June 2014	
	Revenue R000	Distributable earnings R000	Revenue R000	Distributable earnings R000
Canal Walk (80%)	579 188	412 308	545 252	379 254
Clearwater Mall	358 011	245 039	336 499	224 585
Rosebank Mall	234 353	149 665	121 808	63 302
Woodlands Boulevard	231 701	152 821	214 842	142 336
Somerset Mall	231 100	159 387	166 624	116 017
The Glen (75,15%)	218 999	153 796	214 218	143 198
Hyde Park Corner	199 074	130 900	179 905	120 000
CapeGate	167 562	96 472	157 166	91 674
Shopping centres	2 219 988	1 500 388	1 936 314	1 280 366
Atterbury Value Mart	120 286	89 544	112 551	83 714
Willowbridge ¹	90 746	49 793	85 797	46 232
Somerset Value Mart	23 784 ¹	15 308 ¹	22 692	14 466
Value centres	234 816	154 645	221 040	144 412
Stoneridge ² (90%)	56 275	29 110	67 864	31 042
CapeGate Lifestyle ²	32 937	22 178	46 380	31 721
Properties sold	89 212	51 288	114 244	62 763
Total retail	2 544 016	1 706 321	2 271 598	1 487 541
Standalone offices³	73 126	45 866	67 900	42 159
Investment property	2 617 142	1 752 187	2 339 498	1 529 700
Investments in sub-Saharan Africa (excluding SA)		42 368	77 953	35 078
Listed property securities ⁴			37 265	37 265
Word4Word Marketing	25 807	4 243	15 008	3 180
Fund management expenses		(62 001)		(55 139)
Net interest		(417 178)		(401 484)
Straight-line rental income accrual	60 085		45 055	
Total	2 703 034	1 319 619	2 514 779	1 148 600

¹ Held for sale

² Sold during the 2015 financial year

³ Includes Glenwood, Glenfield and Lakefield – held for sale

⁴ Sycorn units – sold

Total revenue and distributable earnings from investment property increased by 11,9% and 14,5% respectively, benefiting from increased income from Rosebank Mall, the inclusion of income from Somerset Mall (acquired 1 October 2013) for the full year and tight control of operating expenses. Like-for-like revenue and distributable earnings from investment property increased by 6,5% and 8,1% respectively.

Rosebank Mall was transferred from development property to investment property on 1 July 2014. The majority of incremental income from the redevelopment was earned from 1 October 2014.

Distributable earnings from the investments in sub-Saharan Africa (excluding SA) increased by 20,8% to R42,4 million, in part due to income from Manda Hill (Lusaka, Zambia – effective December 2013) and from West Hills Mall (Accra, Ghana – effective November 2014). Income from the investments in sub-Saharan Africa (excluding SA) benefited from exchange gains of R2,3 million.

The property cost-to-income ratio reduced to 33,6% (June 2014: 34,4%). The total cost-to-income ratio at a fund level reduced to 36,0% (June 2014: 37,3%).

The 3,9% increase in net interest costs for the year was limited by applying the proceeds of non-core asset sales (Stoneridge and CapeGate Value and Lifestyle centres) to the repayment of debt.

Total arrears at 30 June 2015 were R19,4 million (30 June 2014: R19,2 million). This constitutes 0,6% (30 June 2014: 0,5%) of rental income. The corresponding allowance for doubtful debts was R10,7 million (30 June 2014: R8,8 million).

Vacancies

Vacancies in the retail portfolio (including Rosebank Mall) increased marginally to 1,3% (30 June 2014: 1,2%). Vacancies in the office portfolio (9,7% of the total portfolio by rentable area) reduced to 8,3% (30 June 2014: 13,8%), mainly due to new lettings at the Lakefield Office Park and Canal Walk offices.

Vacancy by sector	% of total rentable area	
	30 June 2015	30 June 2014
Retail	1,3	1,2*
Office	8,3	13,8
Total	2,0	2,4

*30 June 2014 excludes Rosebank Mall

Commentary *continued*

PROPERTY PORTFOLIO

Business segment	Rentable area m ²	Value attributable to Hyprop		Value per rentable area
		30 June 2015 R000	30 June 2014 R000	30 June 2015 R/m ²
Canal Walk (80%)	156 689	6 732 800	6 064 000	53 711
Clearwater Mall	86 081	3 944 000	3 473 000	45 817
Rosebank Mall	80 712	2 495 000	1 849 000	30 912
Somerset Mall	66 354	2 450 000	2 252 000	36 923
The Glen (75,15%)	79 665	2 329 830	2 059 269	38 913
Woodlands Boulevard	71 659	2 296 000	2 196 000	32 041
Hyde Park Corner	38 117	2 009 000	1 769 000	52 706
CapeGate	63 700	1 534 000 ¹	1 738 000	24 082
Shopping centres	642 977	23 790 630	21 400 269	40 816
Atterbury Value Mart	47 785	1 112 000	1 105 000	23 271
Willowbridge ⁴	42 378	622 000	594 000	14 677
Somerset Value Mart	12 546	193 000 ⁴	185 000	15 383
Stoneridge ² (90%)			432 000	
Value centres	102 709	1 927 000	2 316 000	18 762
Total retail	745 686	25 717 630	23 716 269	37 779
Standalone offices³	34 386	508 775	457 000	14 796
Investment property	780 072	26 226 405	24 173 269	36 766
Investment in sub-Saharan Africa (excluding SA)		2 339 121	2 220 721	
	780 072	28 565 526	26 393 990	

¹ Excludes CapeGate Value and Lifestyle centres – sold during 2015 financial year

² Sold during the 2015 financial year

³ Includes Glenwood, Glenfield and Lakefield – held for sale

⁴ Held for sale

Investment property was independently valued at 30 June 2015 at R26,2 billion (30 June 2014: R24,2 billion), an increase of 12,1% (excluding the effect of the disposal of Stoneridge and CapeGate Lifestyle). The increase in value was primarily due to income growth, as well as a 34,9% increase in the valuation of Rosebank Mall, subsequent to the completion of its redevelopment.

The investment in sub-Saharan Africa (excluding SA) is reflected at cost plus equity-accounted profits.

Developments

The extension of the Woolworths store at Canal Walk was completed on time and within budget, while the completion of an extension to Woolworths at Somerset Mall is anticipated in October. Refurbishment and extensions are underway at Clearwater Mall to accommodate the introduction of a number of international fashion brands, including H&M, River Island and Top Shop, at a total cost of R36,6 million.

The second phase of the solar photovoltaic plant at Clearwater Mall was completed in August 2015. The total size of the plant (phase 1 and 2) is 1 500kW at peak, with generating capacity of 2,5GWh per annum. The installation of new generators at Hyde Park Corner was completed, providing the centre with full back-up power. Following minor further capital expenditure, all shopping centres in the portfolio will have sufficient back-up power.

Small refurbishments, extensions and energy-saving initiatives are in progress or planned at a number of Hyprop's shopping centres as part of an ongoing effort to improve the quality of the centres, enhance the tenant mix and reduce operating costs.

DISPOSALS

As previously announced, CapeGate Lifestyle, CapeGate Value Centre and Stoneridge were sold for a total amount of R833 million.

Efforts to sell Willowbridge Centre, Somerset Value Mart and the standalone office portfolio are continuing.

INVESTMENTS IN SUB-SAHARAN AFRICA (EXCLUDING SA)

Income producing properties

	Rentable area m ²	Hyprop's effective shareholding %	30 June 2015 Investment R000	12 months June 2015 Distributable earnings ¹ R000	12 months June 2014 Distributable earnings ¹ R000
AttAfrica (Mauritius)					
Accra Mall (Accra, Ghana)	19 000	17,6	229 659	7 726	6 525
West Hills Mall (Accra, Ghana)	27 500	16,8	461 926	6 695	
Manda Hill (Lusaka, Zambia)	44 000	68,8	984 710	30 657 ²	30 308 ²
Expenses			46 403	(2 710)	(1 755)
	90 500		1 722 698	42 368	35 078
Loans advanced to AttAfrica for developments (not yet income producing)			528 652		
Capitalised interest			81 033		
Other			6 738		
Total investment			2 339 121		

¹ After interest on funding costs in Hyprop Investments Mauritius

² Effective interest in Manda Hill reduced from 87,0% to 68,8% on 1 July 2014

Development properties

Centre name	Rentable area m ²	Hyprop's effective shareholding %	Hyprop's effective cost USD000	Comments
Achimota Mall (Accra, Ghana)	14 624	28,1	15 178	Under construction – opening October 2015
Kumasi City Mall (Kumasi, Ghana)	18 360	28,1	40 026	Under construction – opening April 2017
Waterfalls Project (Lusaka, Zambia)		9,4	1 031	Land holding

Approved funds for investment in sub-Saharan Africa (excluding SA) are R5 billion (includes amounts invested to date). Investment opportunities in other sub-Saharan countries, including Nigeria and Kenya, are being considered.

Commentary *continued*

NET ASSET VALUE

Net asset value (NAV) per share at 30 June 2015 increased by 17,1% to R89,04 (30 June 2014: R76,02). The increase was due in part to an increase in the independent valuation of the investment property portfolio.

The non-accrual for the final dividend (in accordance with IFRS and industry best practice), added R2,80 to NAV per share. On a like-for-like basis (excluding the effect of the non-accrual of the final dividend), growth in NAV per share was 13,4%.

At 30 June 2015, the closing share price of R121,00 represented a premium of 35,9% to the NAV per share.

BORROWINGS

	30 June 2015 Rm	30 June 2014 Rm
Bank debt	4 520	4 902
South Africa	2 327	3 509
USD (Rand equivalent)	2 193	1 393
Debt capital market (DCM)	2 172	2 297
Corporate bonds	1 800	1 600
Commercial paper	372	697
Cash and cash equivalents	(138)	(125)
Net borrowings	6 554	7 074
Loan to value (%)	22,9	26,6

Investments in sub-Saharan Africa (excluding SA) are financed with US Dollar (USD) funding. Net borrowings reduced due to the repayment of South African bank facilities from the proceeds of non-core asset sales.

At 30 June 2015, interest rates were fixed in respect of 94,5% (30 June 2014: 71,4%) of borrowings, at a weighted average rate of 7,1% (30 June 2014: 7,5%), for an average 5,2 years (30 June 2014: 4,2 years). The ratio of debt with fixed interest rates increased during the year, in part due to debt repayments (without breaking any interest rate swaps), as well as due to fixing the USD debt incurred to acquire the interest in Manda Hill, Zambia.

Debt capital market funding at 30 June 2015 was 32% of total debt (30 June 2014: 32%).

PROSPECTS

Hyprop's focus remains to invest in high-quality shopping centres. Due to limited acquisition opportunities in South Africa, consideration will be given to investments in other emerging markets where existing assets can be acquired at attractive yields or where development opportunities exist.

Hyprop expects dividend growth of approximately 10% for the full year to 30 June 2016. This guidance is based on the following key assumptions:

- Forecast investment property income is based on contractual rental escalations and market-related renewals.
- Appropriate allowances for vacancies have been incorporated into the forecast.
- No major corporate and tenant failures will occur.

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

PAYMENT OF DIVIDEND

All rental income earned by the company, less property expenses and interest on debt, is distributed to shareholders semi-annually.

A dividend of 280,3 cents per share for the six months ended 30 June 2015 will be paid to shareholders as follows:

	September 2015
Last day to trade <i>cum</i> dividend	Thursday, 17
Shares trade <i>ex</i> dividend	Friday, 18
Record date	Friday, 25
Payment date	Monday, 28

Shareholders may not dematerialise or rematerialise their shares between Friday, 18 September 2015 and Friday, 25 September 2015, both days inclusive. In respect of dematerialised shareholders, the dividend will be transferred to the CSDP accounts/broker accounts on Monday, 28 September 2015. Certificated shareholders' dividend payments will be posted on or about Monday, 28 September 2015. An announcement relating to the tax treatment of the dividend will be released separately.

Commentary *continued*

BASIS OF PREPARATION

These summarised audited consolidated results for the year ended 30 June 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standard (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act of South Africa.

All amendments to standards that are applicable to Hyprop for its financial year beginning on 1 July 2014 have been considered. Based on management's assessment, the amendments do not have a material impact on the group's annual financial statements. The amendments are as follows:

IFRS 2 <i>Share-Based Payments</i>	IAS 19 <i>Employee Benefits</i>
IFRS 3 <i>Business Combinations</i>	IAS 24 <i>Related-Party Disclosures</i>
IFRS 8 <i>Operating Segments</i>	IAS 27 <i>Consolidated and Separate Financial Statements</i>
IFRS 10 <i>Consolidated Financial Statements</i>	IAS 36 <i>Impairment of Assets</i>
IFRS 12 <i>Disclosure of Interest in Other Entities</i>	IAS 40 <i>Investment Property</i>
IFRS 13 <i>Fair Value Measurement</i>	

Other than these amendments, all accounting policies applied in the preparation of the group annual financial statements for the year ended 30 June 2015 are consistent with those applied by Hyprop in its consolidated group annual financial statements for the prior financial year. The group annual financial statements have been prepared on a going-concern basis.

Separate disclosure on the statement of financial position of liabilities directly associated with non-current assets held for sale has been made in accordance with IFRS 5 *Non-Current Assets Held for Sale*. Prior year non-current liabilities held for sale were reclassified accordingly.

Grant Thornton has audited the group annual financial statements. Their unqualified audit report is available from the registered office of the company.

These summarised audited consolidated results for the year ended 30 June 2015 have been extracted from the audited group annual financial statements, but have not themselves been audited. The directors take full responsibility for the preparation of the summarised audited consolidated results and for ensuring that the financial information has been correctly extracted from the underlying audited group annual financial statements. The auditor's report does not necessarily cover all of the information included in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's work, they should obtain a copy of the auditor's report together with the accompanying financial information from the registered office of the company.

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

On behalf of the board

GR Tipper
Chairman

PG Prinsloo
CEO

31 August 2015

Corporate information

Directors

GR Tipper*[†] (Chairman)

PG Prinsloo (CEO)

LR Cohen (FD)

EG Dube*[†]

KM Ellerin*

L Engelbrecht*[†]

MJ Lewin*[†]

TV Mokgatlha*[†]

L Norval*

S Shaw-Taylor*

LLS van der Watt*[†]

*Non-executive [†]Independent

There were no changes to the board during the year.

Registered office

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