

HYPROP

INVESTMENTS LIMITED

HYPROP INVESTMENTS LIMITED (INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA)
(REGISTRATION NO 1987/005284/06) SHARE CODE HYP
ISIN CODE ZAE 000003430 ("HYPROP" OR "THE COMPANY")



REVIEWED RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

7.3% increase in distribution per combined unit to 161 cents

NAV excl. deferred tax R49,19 per combined unit

Total assets R10 billion

www.hyprop.co.za

REGISTERED OFFICE

3rd Floor, Hyde Park Shopping Centre,
Jan Smuts Ave, Sandton, 2196
(PO Box 41257 Craighall 2024)

DIRECTORS

MS Aitken*† (Chairman); MF Rodel (CEO); LR Cohen (FD);
WE Cesman* (alt JA Finn); EG Dube*; JR McAlpine*†; LI Weil* †;
S Shaw-Taylor*; MY Sibisi*†; M Wainer*
(* Non-executive † Independent)

TRANSFER SECRETARIES

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

ASSET MANAGER

Madison Property Fund Managers Limited

COMPANY SECRETARY

Probit Business Services (Proprietary) Limited

SPONSOR

Java Capital (Proprietary) Limited

INVESTOR RELATIONS

Envisage Investor & Corporate Relations

FINANCIAL RESULTS

Hyprop, a property loan stock company which owns premium quality regional and super regional shopping centres across South Africa, continued to achieve growth in distributions to unitholders for the six months ended 30 June 2009 ("the period").

Hyprop has declared an interim distribution of 161 cents per combined unit, an increase of 7.3% on the distribution for the comparable period.

| Business segment | 30 June 2009 | | 30 June 2008 | |
|-------------------------------------|-----------------|--------------------------------|-----------------|--------------------------------|
| | Revenue (R'000) | Distributable earnings (R'000) | Revenue (R'000) | Distributable earnings (R'000) |
| Canal Walk | 155 032 | 110 126 | 141 047 | 100 108 |
| The Glen | 51 180 | 34 557 | 42 904 | 32 086 |
| Hyde Park | 58 706 | 37 591 | 50 685 | 34 570 |
| The Mall of Rosebank | 45 220 | 33 939 | 42 295 | 29 334 |
| Southcoast Mall | 10 063 | 6 658 | 8 948 | 6 359 |
| Stoneridge | 23 400 | 12 289 | | |
| Shopping centres | 343 600 | 235 160 | 285 879 | 202 457 |
| Offices | 19 382 | 13 477 | 25 464 | 17 302 |
| Investment property | 362 983 | 248 637 | 311 343 | 219 759 |
| Listed property securities | 59 728 | 59 728 | 49 766 | 49 766 |
| Straight-line rental income accrual | 11 425 | 11 425 | 6 714 | 6 714 |
| Total | 434 136 | 319 790 | 367 823 | 276 239 |
| Fund management expenses | | (22 826) | | (20 268) |
| Net interest paid | | (24 659) | | (3 791) |
| Net operating income | | 272 305 | | 252 180 |
| Non-core income | | 449 | | 1 136 |
| Share of income from associate | | 5 630 | | 3 862 |
| Straight-line rental income accrual | | (11 425) | | (6 714) |
| Total | 434 136 | 266 959 | 367 823 | 250 464 |

On a comparative basis (excluding Stoneridge and Offices), total revenue increased by 12% while property expenses grew by 17% mainly due to increases in municipal rates and electricity costs, contributing to 10% growth in net property income.

Vacancies at 30 June 2009 increased to 4.4% (31 December 2008:3.3%), mainly due to vacancies at Stoneridge.

PROPERTY PORTFOLIO

| Business segment | Rentable area (m²) | Value attributable to Hyprop | | Value per rentable area (R/m²) |
|----------------------------|--------------------|------------------------------|------------------|--------------------------------|
| | | June 2009 (R'000) | Dec 2008 (R'000) | |
| Canal Walk | 135 271 | 3 526 894 | 3 368 000 | 32 591 |
| The Glen | 55 729 | 1 087 166 | 1 083 747 | 25 957 |
| Hyde Park | 36 894 | 1 218 524 | 1 217 000 | 33 028 |
| The Mall of Rosebank | 33 774 | 900 000 | 880 000 | 26 648 |
| Southcoast Mall | 29 361 | 160 000 | 165 000 | 10 899 |
| Stoneridge | 50 241 | 445 500 | 463 500 | 9 852 |
| Shopping Centres | 341 270 | 7 338 084 | 7 177 247 | 25 753 |
| Offices | 44 523 | 436 974 | 281 600 | 9 599 |
| Investment property | 386 793 | 7 775 058 | 7 458 847 | 24 861 |
| Development property | | 456 518* | 257 095* | |
| Listed property securities | | 1 242 918 | 1 421 447 | |
| Investment in associate | | 159 671 | 178 983 | |
| Total | 386 793 | 9 634 165 | 9 316 372 | |

* Construction costs incurred on additional retail at The Glen, Canal Walk and Southern Sun Hyde Park

Investment Property

Old Mutual Investment Group: Property Investments (Pty) Ltd updated the valuations prepared by them at year-end to determine an independent valuation of the Hyprop portfolio at 30 June 2009. Development property was valued at cost.

Investment property increased in value by R149 million to R7.8 billion, a 2% increase.

Expansion Programme

| | Additional Retail | | Southern Sun Hyde Park R'000 | Total R'000 |
|-----------------------------------|-------------------|----------------|------------------------------|----------------|
| | Canal Walk R'000 | The Glen R'000 | | |
| Capital commitment (Hyprop share) | 200 673 | 278 965 | 180 054 | 659 692 |
| Spent to 30 June 2009 | (177 106) | (167 936) | (111 476) | (456 518) |
| To be spent | 23 567 | 111 029 | 68 578 | 203 174 |
| Size | 15 541m² | 19 400m² | 132 rooms | |
| Budgeted initial yield (%) | 8,1 | 10,9 | 11,4 | |
| Anticipated completion date | Complete | Nov 09 | Sep 09 | |

The additional retail at Canal Walk and The Glen is 90% and 98% let, respectively. The expected initial yield in respect of the additional retail at Canal Walk has reduced to 8.1% due to two major leases being concluded at rentals below budget.

Initial forecasts in respect of Southern Sun Hyde Park indicate a challenging first six months of operation, followed by anticipated higher occupancy rates in the run-up to and through the World Cup event in 2010.

Acquisitions

Hyprop acquired Cradock Heights and a 70% undivided share in Nedbank Gardens for R67 million and R84 million, respectively. The acquisitions are in line with Hyprop's strategy to invest in nodes with strong growth potential.

LISTED PROPERTY SECURITIES

Distributable earnings from listed property securities grew by 20% arising from an increase in distributions from Sycom and the additional 10.4 million Sycom units purchased in the first half of 2008.

The investment in Sycom was valued at R1.2 billion at 30 June 2009 based on the closing price on that date of R16.50 per unit, resulting in a write-down of R179 million since year-end.

NET ASSET VALUE

The net asset value per combined unit ("NAV") at 30 June 2009 was R41.14 (R41.56 at 31 December 2008). Excluding deferred taxation, NAV was R49.19, a premium of 28% to Hyprop's closing combined unit price of R38.55 on 30 June 2009.

BORROWINGS

Current net borrowings of R1.16 billion equate to a gearing ratio of 12.1%. Long-term loans of R1.35 billion, representing 96% of total debt, have been fixed for periods of between three and five years at an average rate of 9.38% (2008:9.54%). In addition Hyprop has R50 million in floating debt.

MANAGEMENT CONTRACT

Hyprop's asset and property management agreements with Madison Property Fund Managers ("Madison") expire on 31 December 2009. The management agreement in respect of The Glen expired on 31 May 2009. Property asset management will be internalised from 1 January 2010.

Subject to unitholder approval, agreement has been reached in principle with Redefine Income Fund Limited (which recently acquired Madison), in terms of which Redefine will provide consultancy services to Hyprop for an initial period of one year at a fee of R18 million.

DIRECTORATE

Mike Rodel was appointed to the board as CEO effective 1 August 2009.

PROSPECTS

Hyprop's properties have sustainability for long-term investment. The company's prime retail investments have proven resilient in tough trading conditions and have enabled the portfolio to withstand some of the pressures of the economic recession and declining national retail sales.

The board anticipates that, barring a further deterioration in retail market conditions, Hyprop's distribution for the six months ending 31 December 2009 will be between 167 cents and 171 cents per combined unit. This forecast has not been reviewed or reported on by Hyprop's auditors.

PAYMENT OF DEBENTURE INTEREST

Distribution 43 of 161 cents per combined unit for the six months ended 30 June 2009 will be paid to combined unitholders as follows:

| | September 2009 |
|--------------------------------------|----------------|
| Last day to trade cum distribution | Thursday 17 |
| Combined units trade ex distribution | Friday 18 |
| Record date | Friday 25 |
| Payment date | Monday 28 |

Unitholders may not dematerialise or rematerialise their combined units between Friday, 18 September 2009 and Friday, 25 September 2009, both days inclusive.

BASIS OF PREPARATION AND REVIEW OPINION

This interim report has been prepared in accordance with International Financial Reporting Standards and International Accounting Standard IAS 34 Interim Financial Reporting.

The accounting policies applied are consistent with those applied in the most recent audited financial statements, except for the adoption of IAS 1 "Presentation of Financial Statements" and IFRS 8 "Operating Segments".

The adoption of IAS 1 makes certain changes to the format and titles of the financial statements and to the presentation of some items within these statements. The measurement and recognition of Hyprop's assets, liabilities, income and expenses remain unchanged.

The adoption of IFRS 8 has not affected the identified operating segments of the company.

The company's auditors, Grant Thornton, have reviewed the financial information set out in this interim report. Their unqualified review report is available for inspection at the company's registered office.

On behalf of the board.

MS Aitken Chairman LR Cohen FD 24 August 2009

STATEMENT OF COMPREHENSIVE INCOME

| | Reviewed 30 June 2009 R'000 | Reviewed 30 June 2008 R'000 | Audited 31 Dec 2008 R'000 |
|---|-----------------------------|-----------------------------|---------------------------|
| Revenue | 434 136 | 367 823 | 781 343 |
| Investment property income | 362 983 | 311 343 | 658 674 |
| Straight-line rental income accrual | 11 425 | 6 714 | 15 769 |
| Listed property securities income | 59 728 | 49 766 | 106 900 |
| Property expenses | (114 346) | (91 584) | (205 209) |
| Net property income | 319 790 | 276 239 | 576 134 |
| Other operating expenses | (22 826) | (20 268) | (41 353) |
| Operating income | 296 964 | 255 971 | 534 781 |
| Net interest | (24 659) | (3 791) | (17 080) |
| Received | 18 592 | 25 688 | 39 408 |
| Paid | (43 251) | (29 479) | (56 488) |
| Net operating income | 272 305 | 252 180 | 517 701 |
| Non-core income | 449 | 1 136 | 1 871 |
| Change in fair value | (63 376) | (479 063) | 157 091 |
| Investment property | 149 032 | | 225 630 |
| Straight-line rental income accrual | (11 425) | (6 714) | (15 769) |
| Listed property securities | (178 528) | (472 349) | (52 770) |
| Derivative instruments | (22 454) | | |
| Profit on disposal of investment property | | 9 131 | 8 392 |
| Amortisation of debenture premium | 48 249 | 42 053 | 85 492 |
| Amortisation of financial guarantee for associate | 357 | 871 | 4 139 |
| Income before debenture interest | 257 985 | (173 692) | 774 686 |
| Debenture interest | (267 442) | (249 170) | (511 629) |
| Net income before share of income from associate | (9 457) | (422 862) | 263 057 |
| Share of income from associate | 5 385 | 3 370 | (11 799) |
| Profit before taxation | (4 072) | (419 492) | 251 258 |
| Taxation | (16 735) | 129 620 | 100 615 |
| Total comprehensive income for the period | (20 807) | (289 872) | 351 873 |

Reconciliation - headline earnings and distributable earnings

| | Reviewed 30 June 2009 R'000 | Reviewed 30 June 2008 R'000 | Audited 31 Dec 2008 R'000 |
|--|-----------------------------|-----------------------------|---------------------------|
| Net income after taxation - attributable to Hyprop combined unitholders | (20 807) | (289 872) | 351 873 |
| Headline earnings adjustments | 168 365 | 244 873 | 356 598 |
| Change in fair value of investment property (net of deferred taxation) | (107 303) | | (157 993) |
| Straight-line rental income accrual (net of deferred taxation) | 8 226 | 4 834 | 11 354 |
| Profit on disposal of investment property | | (9 131) | (8 392) |
| Debenture interest | 267 442 | 249 170 | 511 629 |
| Headline earnings | 147 558 | (44 999) | 708 471 |
| Distributable earnings adjustments | 119 401 | 295 463 | (196 220) |
| Change in fair value of listed property securities (net of deferred taxation) | 153 534 | 406 220 | 45 382 |
| Change in fair value of derivative instruments | 22 454 | | |
| Deferred taxation | (48 249) | (63 491) | (160 865) |
| Amortisation of debenture premium | (357) | (42 053) | (85 492) |
| Amortisation of financial guarantee for associate | | (871) | (4 139) |
| Straight-line rental income accrual (net of deferred taxation) | (8 226) | (4 834) | (11 354) |
| Share of income from associate | | | |
| (Change in fair value and straight-line rental income accrual) | 245 | 492 | 20 248 |
| Distributable earnings | 266 959 | 250 464 | 512 251 |
| Total combined units in issue | 166 113 169 | 166 113 169 | 166 113 169 |
| Weighted average combined units in issue | 166 113 169 | 166 113 169 | 166 113 169 |
| Earnings per combined unit | 148,5 | (24,5) | 519,8 |
| Headline earnings per combined unit | 88,8 | (27,1) | 426,5 |
| Distributable earnings per combined unit | 160,7 | 150,8 | 308,4 |
| Distribution details | | | |
| Total distribution for the year | 161,00 | 150,00 | 308,00 |
| Six months ended 31 December | | | 158,00 |
| Six months ended 30 June | 161,00 | 150,00 | 150,00 |

STATEMENT OF FINANCIAL POSITION

| | Reviewed 30 June 2009 R'000 | Reviewed 30 June 2008 R'000 | Audited 31 Dec 2008 R'000 |
|---|-----------------------------|-----------------------------|---------------------------|
| Assets | | | |
| Non-current assets | 9 681 125 | 8 374 706 | 9 362 622 |
| Investment property | 8 213 396 | 7 153 112 | 7 695 869 |
| Building appurtenances and tenant installations | 19 119 | 20 932 | 21 091 |
| Investment in associate | 159 671 | 198 794 | 178 983 |
| Loan receivable | 46 021 | | 45 232 |
| Listed property securities | 1 242 918 | 1 001 868 | 1 421 447 |
| Current assets | 296 984 | 457 119 | 126 026 |
| Receivables | 58 750 | 53 152 | 59 936 |
| Cash and cash equivalents | 238 234 | 403 967 | 66 090 |
| Total assets | 9 978 109 | 8 831 825 | 9 488 648 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital and reserves | 4 226 374 | 3 605 437 | 4 247 182 |
| Liabilities | | | |
| Non-current liabilities | 5 368 699 | 4 895 818 | 4 878 116 |
| Debentures and debenture premium | 2 608 153 | 2 699 840 | 2 656 401 |
| Long-term loans | 1 400 000 | 900 000 | 900 000 |
| Derivative instruments | 22 454 | | |
| Financial guarantee for associate | 1 310 | 4 936 | 1 668 |
| Deferred taxation | 1 336 782 | 1 291 042 | 1 320 047 |
| Current liabilities | 383 036 | 330 570 | 363 350 |
| Payables | 115 594 | 81 400 | 100 891 |
| Combined unitholders for distribution | 267 442 | 249 170 | 262 459 |
| Total liabilities | 5 751 735 | 5 226 388 | 5 241 466 |
| Total equity and liabilities | 9 978 109 | 8 831 825 | 9 488 648 |
| Net asset value per combined unit (R) | 41,14 | < | |