HYPROP
INVESTMENTS LIMITED

Notice of annual general meeting
to be held on Monday, 2 December 2019

Notice of annual general meeting

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)

Notice is hereby given that the annual general meeting of shareholders will be held at the offices of Hyprop, 2nd Floor, Cradock Heights, 21 Cradock Avenue, Rosebank, at 11:00 on Monday, 2 December 2019 (the annual general meeting or AGM), for the purposes of:

A. Considering and adopting the integrated annual report incorporating the directors' report, the auditor's report, the audit and risk committee report, the social and ethics committee report and the annual financial statements of the group for the year ended 30 June 2019, contained in the integrated annual report of the group for the same period (the integrated annual report). An electronic copy of the integrated annual report is available on the company's website, www.hyprop.co.za/ir-integrated-reports.php
B. Transacting any other business as may be transacted at an AGM of shareholders of a company including the appointment of the auditor and the re-election of retiring directors, and
C. Considering and, if deemed fit, adopting with or without modification, the special and ordinary resolutions set out below.

Important dates to note	2019
Record date for receipt of notice purposes	Friday, 25 October
Last day to trade in order to be eligible to participate in and vote at the AGM	Tuesday, 19 November
Record date for voting purposes (voting record date)	Friday, 22 November
Recommended last day to lodge forms of proxy by 11:00 on	Thursday, 28 November
AGM held at 11:00 on	Monday, 2 December
Results of AGM released on SENS on	Monday, 2 December

In terms of section 62(3)(e) of the Companies Act 71 of 2008 (the Companies Act or the Act):

- A shareholder who is entitled to attend and vote at the AGM is entitled to appoint a proxy or two or more proxies to attend and participate in and vote at the AGM in the place of the shareholder, by completing the form of proxy in accordance with the instructions set out therein, and
- A proxy need not be a shareholder of the company.

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a meeting. In this regard, all shareholders recorded in the registers of the company on the voting record date will be required to provide identification satisfactory to the chairman of the AGM. Forms of identification include valid identity documents, driving licences and passports.

ORDINARY RESOLUTION NUMBER 1: ADOPTION OF ANNUAL FINANCIAL STATEMENTS
"Resolved that the consolidated annual financial statements of the group for the year ended 30 June 2019, including the directors' report, the auditor's report, and the report of the audit and risk committee be and are received and adopted."

In order for ordinary resolution number 1 to be adopted, more than 50% of the total number of votes exercised by shareholders, present in person or by proxy, in favour of the resolution is required.

ORDINARY RESOLUTION NUMBER 2: CONFIRMATION OF THE APPOINTMENT OF MC WILKEN AS A DIRECTOR
"Resolved that the appointment of MC Wilken as an executive director of the company (effective 27 December 2018) be and is hereby confirmed."

A brief *curriculum vitae* is set out below:
Morné has considerable property experience having spent time at Atterbury Properties and Attacq Limited, with a focus on rolling out the Waterfall Development in Gauteng. He served as chief executive officer of Attacq Limited from July 2011 to December 2017 and briefly led MAS Real Estate Inc. as chief executive officer before joining Hyprop in December 2018.

The remuneration and nomination committee has considered MC Wilken's qualifications and experience and recommends that he be elected as a director of the company.

In order for ordinary resolution number 2 to be adopted, more than 50% of the total number of votes exercised by shareholders, present in person or by proxy, in favour of the resolution is required.

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ORDINARY RESOLUTION NUMBER 3: CONFIRMATION OF THE APPOINTMENT OF AA DALLAMORE AS A DIRECTOR

"Resolved that the appointment of AA Dallamore as an independent non-executive director of the company (effective 1 October 2019) be and is hereby confirmed."

A brief *curriculum vitae* is set out below:
Annabel holds a BSc, Mechanical Engineering degree from the University of Cape Town and has experience in financial services, with a specific focus on asset securitisation and equity derivatives, technology and artificial intelligence. She is currently the CEO and founder of Strider, a leading South African fintech company that assists corporates in the fields of artificial intelligence and automation. Annabel has also been appointed as a member of the Hyprop audit and risk and investment committees.

The remuneration and nomination committee has considered AA Dallamore's qualifications and experience and recommends that she be elected as an independent non-executive director of the company.

In order for ordinary resolution number 3 to be adopted, more than 50% of the total number of votes exercised by shareholders, present in person or by proxy, in favour of the resolution is required.

ORDINARY RESOLUTION NUMBER 4: RE-ELECTION OF DIRECTORS

In terms of the company's Memorandum of Incorporation (MOI), not less than one-third of the directors shall retire from office at each annual general meeting. A retiring director may be re-elected should he/she be eligible, and make him/herself available, for re-election.

Mike Lewin retires by rotation in terms of the company's MOI and has not made himself available for re-election.

The following directors, who retire in terms of the company's MOI, have made themselves available for re-election. Each re-election shall be conducted as a separate vote in terms of the provisions of the Companies Act.

ORDINARY RESOLUTION NUMBER 4.1: RE-ELECTION OF KM ELLERINE AS A DIRECTOR

"Resolved that KM Ellerine, who retires by rotation in terms of the company's MOI and who, being eligible, offers himself for re-election, be and is hereby re-elected as a non-executive director of the company."

A brief *curriculum vitae* is set out below:
Kevin joined the family business, Ellerine Holdings, in 1991 as merchandise manager. In 1993, he became property manager of Ellerine Bros Proprietary Limited and was appointed managing director of the property division in 2000. He is currently the CEO of the Ellerine Group and in addition, serves on a number of listed and unlisted boards.

He was appointed to Hyprop's board in 2009 and serves on the investment committee.

The remuneration and nomination committee has considered Kevin's past performance and contribution to the company and recommends that he be re-elected as a director of the company.

In order for ordinary resolution number 4.1 to be adopted, more than 50% of the total number of votes exercised by shareholders, present in person or by proxy, in favour of the resolution is required.

ORDINARY RESOLUTION NUMBER 4.2: RE-ELECTION OF N MANDINDI AS A DIRECTOR

"Resolved that N Mandindi, who retires by rotation in terms of the company's MOI and who, being eligible, offers herself for re-election, be and is hereby re-elected as a non-executive director of the company."

A brief *curriculum vitae* is set out below:
Nonyameko is a professional quantity surveyor with experience in all aspects of the infrastructure, property investment and development value chain. She is currently executive director of property development and investment venture, Kusile Africa Ventures Proprietary Limited, and Petals Global Proprietary Limited and a non-executive director of Hudaco Industries Limited, SVA International Proprietary Limited and ITISA.

She was appointed to Hyprop's board in 2017 and serves on the social and ethics committee.

The remuneration and nomination committee has considered Nonyameko's past performance and contribution to the company and recommends that she be re-elected as a director of the company.

In order for ordinary resolution number 4.2 to be adopted, more than 50% of the total number of votes exercised by shareholders, present in person or by proxy, in favour of the resolution is required.

ORDINARY RESOLUTION NUMBER 4.3: RE-ELECTION OF S SHAW-TAYLOR AS A DIRECTOR

"Resolved that S Shaw-Taylor, who retires by rotation in terms of the company's MOI and who, being eligible, offers himself for re-election, be and is hereby re-elected as a non-executive director of the company."

A brief *curriculum vitae* is set out below:
Stewart has over 33 years' experience in investment banking and real estate. Prior to retiring from Standard Bank, he was head of real estate investments: corporate and investment banking, responsible for its equity-related real estate activities. He currently serves on a number of listed and unlisted boards.

He was appointed to Hyprop's board in 2000 and serves on the audit and risk, remuneration and nomination, and investment committees.

The remuneration and nomination committee has considered Stewart's past performance and contribution to the company and recommends that he be re-elected as a director of the company.

In order for ordinary resolution number 4.3 to be adopted, more than 50% of the total number of votes exercised by shareholders, present in person or by proxy, in favour of the resolution is required.

ORDINARY RESOLUTION NUMBER 5: APPOINTMENT/RE-APPOINTMENT OF THE MEMBERS OF THE AUDIT AND RISK COMMITTEE

"Resolved that the members of the company's audit and risk committee set out below be and are hereby appointed/re-appointed as the case may be, each by way of a separate vote, with effect from the end of this AGM, in terms of section 94(2) of the Companies Act. The membership as proposed by the remuneration and nomination committee is:

5.1 Thabo Mokgatlha (chairman)
5.2 Gavin Tipper (whose dual role as chairman of the board of directors and member of the audit and risk committee is hereby specifically approved)
5.3 Zuleka Jasper
5.4 Stewart Shaw-Taylor
5.5 Annabel Dallamore

all of whom are independent non-executive directors."

Brief *curricula vitae* of each of the above audit and risk committee members are set out below.
Thabo began his career as a senior lecturer in accounting and taxation at the University of the North West. He worked as finance manager of the North West Parks Board, centre manager in the Rustenburg office of the auditor-general and finance manager of Royal Bafokeng Administration. He currently serves on the boards of a number of listed companies.

Gavin has been involved in the financial services industry for over 25 years, and was an executive director of Coronation Holdings Limited and a technical partner at KPMG South Africa. He currently serves on a number of listed and unlisted boards.

Zuleka is a chartered accountant of South Africa (CA(SA)) and a member of the Institute of Directors of Southern Africa. She is an internationally certified Leadership and Life Transformation Coach. She previously held the role of Professional Practice Director (Audit Quality Leader) for Deloitte Africa. She was a Deloitte audit partner for more than 12 years, served on various committees at the Independent Regulatory Board for Auditors (IRBA) and is a member of an Examinations Committee at SAICA. Zuleka facilitates at Global leadership programmes on leadership and technical matters.

Stewart has over 33 years' experience in investment banking and real estate. Prior to retiring from Standard Bank, he was head of real estate investments: corporate and investment banking, responsible for its equity-related real estate activities. He currently serves on a number of listed and unlisted boards.

Annabel holds a BSc, Mechanical Engineering degree from the University of Cape Town and has experience in financial services, with a specific focus on asset securitisation and equity derivatives, technology and artificial intelligence. She is currently the CEO and founder of Strider, a leading South African fintech company that assists corporates in the fields of artificial intelligence and automation.

In order for ordinary resolutions number 5.1, 5.2, 5.3, 5.4 and 5.5 to be adopted, more than 50% of the total number of votes exercised by shareholders, present in person or by proxy, in favour of the resolution is required.

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ORDINARY RESOLUTION NUMBER 6: RE-APPOINTMENT OF AUDITORS

"Resolved that KPMG Inc. together with Tracy Middlemiss as the designated audit partner, be and are hereby reappointed as the auditor of the company from the conclusion of this AGM."

The audit and risk committee has recommended for appointment as auditor of the company, under section 90 of the Companies Act, KPMG Inc. together with Tracy Middlemiss as the designated audit partner and further confirms that it has assessed the suitability of their appointment in accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements.

In order for ordinary resolutions number 6 to be adopted, more than 50% of the total number of votes exercised by shareholders, present in person or by proxy, in favour of the resolution is required.

ORDINARY RESOLUTION NUMBER 7: CONTROL OVER UNISSUED SHARES

"Resolved that, subject to the provisions of the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, the authorised but unissued shares of the company be and are hereby placed under the control of the directors of the company with the authority to allot and issue and otherwise dispose of all or part thereof in their discretion, to fund the acquisition of property assets, provided that the number of shares which may be allotted and issued under this authority does not exceed 5% of the company's issued share capital as at the date of the passing of this resolution, being 12 794 725 shares, and provided that the maximum discount at which such shares may be issued in terms of this authority is 5% of the weighted average traded price of such shares, measured over the 10 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for shares, provided that if the company's shares trade *ex* dividend within such 10-day period, the maximum discount that the shares may be issued at in terms of this authority is a 5% discount to the volume weighted average price per share over the period post the *ex* dividend date to the trading day before the price is so determined. When the allotment or issue is undertaken in terms of a vendor placing pursuant to the JSE Listings Requirements, the minimum placing price is subject to the pricing limitations set out in the JSE Listings Requirements."

In order for ordinary resolution number 7 to be adopted, more than 50% of the total number of votes exercised by shareholders, present in person or by proxy, in favour of the resolution is required.

ORDINARY RESOLUTION NUMBER 8: GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

"Resolved that, subject to the restrictions set out below, and in addition to the authorities granted to the directors pursuant to ordinary resolutions 7 and 9, the directors be and are hereby authorised, pursuant, *inter alia*, to the company's MOI and subject to the provisions of the Companies Act and the JSE Listings Requirements, until this authority lapses, which shall be at the next annual general meeting, or 15 months from the date hereof, whichever is the earliest, to allot and issue shares of the company for cash on the following basis:

1. The allotment and issue of shares must be made to persons qualifying as public shareholders and not to related parties, as defined in the JSE Listings Requirements,
2. The shares which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue,
3. The total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 12 794 725 shares, being 5% of the company's issued shares as at the date of this notice of annual general meeting, for which purpose such further ordinary shares are hereby placed under the control of the directors. Accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 7 676 835 shares the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority,
4. In the event of a subdivision or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio,
5. The maximum discount at which the shares may be issued is 5% of the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares, and
6. After the company has issued shares for cash which represent, on a cumulative basis, within the period that this authority is valid, 5% or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the number of shares issued, the average discount to the weighted average trade price of the shares over the 30 days prior to the date that the issue is agreed in writing and an explanation, including supporting information (if any), of the intended use of the funds."

In terms of the JSE Listings Requirements, in order for ordinary resolution number 8 to be adopted, at least 75% of the total number of votes exercised by shareholders, present in person or by proxy, in favour of the resolution is required.

ORDINARY RESOLUTION 9: SPECIFIC AUTHORITY TO ISSUE SHARES PURSUANT TO A DIVIDEND REINVESTMENT OPTION

"Resolved that, subject to the provisions of the Companies Act, the company's Memorandum of Incorporation and the JSE Listings Requirements, and in addition to the authorities granted to the directors pursuant to ordinary resolutions 7 and 8, the directors be and are hereby authorised by way of a specific standing authority to issue ordinary shares of no par value, as and when they deem appropriate, for the exclusive purpose of affording shareholders opportunities from time to time to elect to reinvest their dividend in new shares of the company pursuant to a reinvestment option, for which purpose such ordinary shares are hereby placed under the control of the directors."

In order for ordinary resolution 9 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

ORDINARY RESOLUTION NUMBER 10: ENDORSEMENT OF REMUNERATION POLICY

"Resolved that shareholders endorse, by way of a non-binding advisory vote, in accordance with the principles and practices of the King IV Report on Corporate Governance™* (King IV), the company's remuneration policy, as further explained on page 69 of the integrated annual report."

Explanatory note for ordinary resolution number 10

Principle 14 of King IV dealing with remuneration governance requires companies to table their remuneration policy for a non-binding advisory vote at the annual general meeting. This vote enables shareholders to express their views on the remuneration policy of the company.

This ordinary resolution number 10 is of an advisory nature and failure to pass this resolution will therefore not have any legal consequences for existing arrangements. However, should the resolution be voted against by 25% or more of the voting rights exercised, the board of directors undertakes to engage with those opposed to the remuneration policy in order to ascertain the reasons therefore, and will address legitimate and reasonable objections and concerns.

ORDINARY RESOLUTION NUMBER 11: ENDORSEMENT OF REMUNERATION IMPLEMENTATION REPORT

"Resolved that shareholders endorse, by way of a non-binding advisory vote, in accordance with the principles and practices of the King IV, the company's remuneration implementation report for the year ended 30 June 2019, as further detailed on pages 75 to 87 of the integrated annual report."

Explanatory note for ordinary resolution number 11

Principle 14 of King IV dealing with remuneration governance requires companies to table their remuneration implementation report for a non-binding advisory vote at the annual general meeting. This vote enables shareholders to express their views on the remuneration implementation report.

This ordinary resolution number 11 is of an advisory nature and failure to pass this resolution will therefore not have any legal consequences for existing arrangements. However, should the resolution be voted against by 25% or more of the voting rights exercised, the board of directors undertakes to engage with those opposed to the remuneration implementation report in order to ascertain the reasons therefore, and will address legitimate and reasonable objections and concerns.

SPECIAL RESOLUTION NUMBER 1: SHARE REPURCHASES

"Resolved that the company or any of its subsidiaries be and are hereby authorised by way of a general authority to acquire ordinary shares issued by the company, in terms of sections 46 and 48 of the Companies Act, and subject to the following provisions of the JSE Listings Requirements:

1. Any acquisition of shares shall be implemented through the order book of the JSE and without prior arrangement,
2. This general authority shall be valid until the company's next AGM, provided that it shall not extend beyond 15 months from the date of passing of this special resolution,
3. The company (or any subsidiary) is duly authorised by its Memorandum of Incorporation to do so,
4. Acquisitions of shares in the aggregate in any one financial year may not exceed 20% (or 10% in aggregate where the acquisitions are effected by a subsidiary) of the company's issued ordinary share capital as at the date of passing of this special resolution,
5. In determining the price at which shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market value on the JSE over the five business days immediately preceding the repurchase of such shares,
6. At any point in time the company (or any subsidiary) may appoint only one agent to effect repurchases on its behalf,
7. Repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where the dates and quantities of shares to be repurchased during the prohibited period are fixed) and full details thereof have been submitted to the JSE in writing prior to commencement of the prohibited period,
8. An announcement will be published as soon as the company or any of its subsidiaries have acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the granting of the repurchase authority and for each 3% in aggregate acquired thereafter, containing full details of such repurchases, and
9. The board of directors of the company must resolve that the repurchase is authorised, the company and its subsidiaries have passed the solvency and liquidity tests, as set out in section 4 of the Companies Act, and since those tests were performed, there have been no material changes to the financial position of the group."

In accordance with the JSE Listings Requirements, the directors record that although there is no immediate intention to effect a repurchase of the shares of the company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves (including, *inter alia*, for purposes of settling awards pursuant to the employee incentive scheme), which may require expeditious and immediate action.

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Notice of annual general meeting continued

The directors undertake that, after considering the maximum number of shares that may be repurchased and the price at which the repurchases may take place pursuant to the general authority, for a period of 12 months after the date of this notice of AGM:
- The company and the group will, in the ordinary course of business, be able to pay their debts,
- The consolidated assets of the company and group, fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the company and the group, fairly valued in accordance with International Financial Reporting Standards, and
- The company and group's share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, set out in the integrated annual report, is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of this general authority:
- Major beneficial shareholders – page 196, and
- Share capital of the company – page 146.

Directors' responsibility statement
The directors, whose names appear on pages 12 and 13 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

Material changes
Other than the facts and developments reported on in the integrated annual report, there have been no material changes to the affairs or financial position of the company and its subsidiaries, not in the ordinary course of business, since the date of signature of the audit report for the financial year ended 30 June 2019 and up to the date of this notice.

In order for special resolution number 1 to be adopted, at least 75% of the total number of votes exercised by shareholders, present in person or by proxy, in favour of the resolution is required.

Reason for and effect of special resolution number 1
The reason for special resolution number 1 is to afford the directors of the company (or a subsidiary of the company) general authority to effect a repurchase of the company's shares on the JSE. The effect of the resolution will be that the directors will have the authority, subject to the JSE Listings Requirements and the Companies Act, to effect repurchases of the company's shares on the JSE.

SPECIAL RESOLUTION NUMBER 2: FINANCIAL ASSISTANCE TO RELATED AND INTERRELATED PARTIES

"Resolved that to the extent required by the Companies Act, the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, authorise the company to provide direct or indirect financial assistance, as contemplated in section 45 of the Companies Act, by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or interrelated (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure for a period of not more than two years, and further provided that in as much as the company's provision of financial assistance to its subsidiaries will at any and all times be in excess of one-tenth of 1% of the company's net worth, the company hereby provides notice to its shareholders of that fact."

In order for special resolution number 2 to be adopted, at least 75% of the total number of votes exercised by shareholders, present in person or by proxy, in favour of the resolution is required.

Reasons for and effect of special resolution number 2
The company would like the ability to provide financial assistance, in appropriate circumstances and if the need arises, in accordance with section 45 of the Companies Act. The financial assistance will be provided where the board of directors of the company is satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity tests contemplated in the Companies Act. In the circumstances and in order to, *inter alia*, ensure that the company's subsidiaries and other related and interrelated companies and corporations have access to financing, it is necessary to obtain the approval of shareholders, as set out in special resolution number 2. Therefore, the reason for, and effect of, special resolution number 2 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution number 2 above.

Notice in terms of section 45(5) of the Companies Act in respect of special resolution number 2
Notice is hereby given to shareholders of the company in terms of section 45(5) of the Companies Act of a resolution adopted by the board authorising the company to provide such direct or indirect financial assistance as specified in the special resolution above.

By the time that this notice of AGM is delivered to shareholders of the company, the board will have adopted a resolution (section 45 board resolution) authorising the company to provide, at any time and from time to time during the period of two years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more of its present or future subsidiaries and/or any other company or corporation that is or becomes related or interrelated (as defined in the Companies Act) to the company and/or to any one or more members of any such related or interrelated company or corporation and/or to any one or more persons related to any such company or corporation.

The section 45 board resolution will be effective only if and to the extent that the special resolution under the heading "special resolution number 2" is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to such resolution, will always be subject to the board being satisfied that (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity tests as referred to in section 45(3)(b)(i) of the Companies Act, and (ii) that the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act.

In as much as the section 45 board resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of 1% of the company's net worth at the date of adoption of such resolution, the company hereby provides notice of the section 45 board resolution to shareholders of the company.

SPECIAL RESOLUTION NUMBER 3: APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

To consider and, if deemed fit, to pass with or without modification, the following special resolutions, each by way of a separate resolution and vote:

3.1 "Resolved, as a separate special resolution in respect of each of the items 3.1.1. to 3.1.10 below, that the fees payable by the company to non-executive directors for their services as directors (in terms of section 66 of the Companies Act) be and are hereby approved for a period of two years from the passing of these resolutions or until such fees are revised by a further resolution(s) of shareholders, whichever is the earliest, as follows:

		2019/2020*	2018/2019
3.1.1.	Board chairman	542 360	520 000
3.1.2.	Non-executive directors	362 678	347 726
3.1.3.	Audit and risk committee chairman	203 200	194 823
3.1.4.	Audit and risk committee member	152 646	146 353
3.1.5.	Remuneration and nomination committee chairman	139 529	133 777
3.1.6.	Remuneration and nomination committee member	98 048	94 006
3.1.7.	Social and ethics committee chairman	92 364	88 556
3.1.8.	Social and ethics committee member	74 602	71 526
3.1.9.	Investment committee chairman	104 300	100 000
3.1.10.	Investment committee member	83 440	80 000

** Fees for 2019/2020 have been escalated from 2018/2019 using the August 2019 CPI rate of 4,3% as published by Stats SA on 18 September 2019.*

Reason for and effect of special resolution number 3.1

The reason for and effect of special resolution number 3.1 is to pre-approve the remuneration and fees payable to the non-executive directors, in the amounts set out under special resolutions number 3.1.1 to 3.1.10, as required in terms of sections 66(8) and (9) of the Companies Act.

Non-executive directors' fees were last adjusted in December 2018.

Non-executive directors' fees will be externally benchmarked every two years.

3.2 "Resolved as a special resolution that an annual increase not exceeding inflation (as measured by the Consumer Price Index (CPI)) of the fees payable by the company to non-executive directors for their services as non-executive directors, be and is hereby approved for the period from the 2020 annual general meeting to the 2021 annual general meeting or until such fees are revised by a further resolution(s) of shareholders."

Reason for and effect of special resolution number 3.2

The proposed fees for the 2020 financial year were determined based on an external benchmarking exercise carried out in 2018 and a CPI increase of 4,3% for the 2019/20 financial year with the proposed increase for the 2021 financial year being limited to an inflationary (CPI-based) adjustment.

In order for each of special resolutions number 3.1.1. to 3.1.10. and 3.2 to be adopted, at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, are required in respect of each separate resolution.

ORDINARY RESOLUTION NUMBER 12: SIGNATURE OF DOCUMENTATION

"Resolved that any director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for, or incidental to, the implementation of the ordinary resolutions and special resolutions set out above, subject to such resolutions being passed by the shareholders in accordance with and subject to the terms thereof."

In order for ordinary resolution number 12 to be adopted, more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, are required.

Notice of annual general meeting continued

Quorum
A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the company personally present or represented by proxy (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the AGM. In addition, a quorum shall require 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg), for the purposes of being entitled to attend, participate in and vote at the AGM is Friday, 22 November 2019.

Voting and proxies
A shareholder of the company entitled to attend and vote at the AGM is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, vote and speak in his/her stead.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company.

A form of proxy is attached for the convenience of any shareholder holding certificated shares who cannot attend the AGM but who wishes to be represented thereat. Forms of proxy may also be obtained on request from the company's registered office.

The completed form of proxy must be deposited at or posted to the office of the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, (PO Box 61051, Marshalltown, 2107), or delivered by email to proxy@computershare.co.za to be received by 11:00 on Thursday, 28 November 2019 for administrative purposes. Alternatively, the form of proxy may be handed to the transfer secretaries or the chairman at any time prior to the commencement of the AGM or at any time prior to voting on any resolution proposed at the AGM. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the AGM should the shareholder subsequently decide to do so.

Attached to the form of proxy is an extract of section 58 of the Companies Act, to which shareholders are referred.

Shareholders who have already dematerialised their shares through a central securities depository participant (CSDP) or broker and who wish to attend the AGM must instruct their CSDP or broker to issue them with the necessary letter of representation to attend.

Dematerialised shareholders, who have elected "own-name" registration in the subregister through a CSDP and who are unable to attend, but who wish to vote at the annual general meeting must complete and return the attached form of proxy and lodge it with the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg (PO Box 61051, Marshalltown, 2107), or delivered it by email to proxy@computershare.co.za to be received by 11:00 on Thursday, 28 November 2019 for administrative purposes.

All beneficial owners whose shares have been dematerialised through a CSDP or broker other than with "own-name" registration, must provide the CSDP or broker with their voting instructions in terms of their custody agreement should they wish to vote at the AGM. Alternatively, they may request the CSDP or broker to provide them with a letter of representation, in terms of their custody agreements, should they wish to attend the AGM. Such shareholder must not complete the attached form of proxy.

In terms of section 63(1) of the Companies Act meeting participants will be required to provide identification to the reasonable satisfaction of the chairman of the AGM and the chairman must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably satisfied.

Electronic participation
Shareholders or their proxies may participate in the meeting by way of telephonic conference call. Shareholders or their proxies who wish to participate in the AGM via the teleconference facility will be required to advise the company thereof by no later than 11:00 on Friday, 22 November 2019 by submitting, by email to the company secretary at shantel@statucor.co.za, relevant contact details including email address, cellular number and landline, as well as full details of the shareholder's title to the shares issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shareholders), and (in the case of dematerialised shareholders) written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised shares. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication facility during the AGM.

Shareholders who wish to participate in the AGM by way of a telephonic conference call must note that they will not be able to vote during the AGM. Such shareholders, should they wish to have their vote counted at the AGM, must, to the extent applicable (i) complete the form of proxy; or (ii) contact their CSDP or broker, in both instances, as set out above.

Company Secretary
Statucor Proprietary Limited
Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg, 2196

Registered office of the company
2nd Floor, Cradock Heights
21 Cradock Avenue, Rosebank, 2196

Transfer secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196

Form of proxy

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)

Where appropriate and applicable, the terms defined in the notice of annual general meeting to which this form of proxy is attached bear the same meanings in this form of proxy.

For use by shareholders of the company holding certificated shares and/or dematerialised shareholders who have elected "own-name" registration, nominee companies of central securities depository participants (CSDP) and brokers' nominee companies, registered as such at the close of business on Friday, 22 November 2019 (the voting record date), at the annual general meeting to be held at the offices of Hyprop, 2nd Floor, Cradock Heights, 21 Cradock Avenue, Rosebank, at 11:00 on Monday, 2 December 2019 (the AGM) or any postponement of this meeting.

If you are a dematerialised shareholder, other than with "own-name" registration, do not use this form. Dematerialised shareholders, other than with "own-name" registration, should provide instructions to their appointed CSDP or broker in the form stipulated in the agreement between the shareholder and CSDP or broker.

I/We (full names in block letters please)

of (address)

being the holder(s) of shares hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the chairman of the annual general meeting, as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the annual general meeting and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the annual general meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s), in the following manner:

	Number of votes		
	Shares		
	For*	Against*	Abstain*
Ordinary resolution number 1: Adoption of annual financial statements			
Ordinary resolution number 2: Confirmation of the appointment of MC Wilken as a director			
Ordinary resolution number 3: Confirmation of the appointment of AA Dallamore as a director			
Ordinary resolution number 4: Re-election of directors			
4.1: Re-election of KM Ellerine as a director			
4.2: Re-election of N Mandindi as a director			
4.3: Re-election of S Shaw-Taylor as a director			
Ordinary resolution number 5: Appointment/re-appointment of the members of the audit and risk committee:			
5.1 Thabo Mokgatlha (chairman)			
5.2 Gavin Tipper			
5.3 Zuleka Jasper			
5.4 Stewart Shaw-Taylor			
5.5 Annabel Dallamore			
Ordinary resolution number 6: Re-appointment of auditors			
Ordinary resolution number 7: Control over unissued shares			
Ordinary resolution number 8: General authority to issue shares for cash			
Ordinary resolution 9: Specific authority to issue shares pursuant to a dividend reinvestment option			
Ordinary resolution number 10: Endorsement of remuneration policy			
Ordinary resolution number 11: Endorsement of remuneration implementation report			
Special resolution number 1: Share repurchases			
Special resolution number 2: Financial assistance to related and inter-related parties			
Special resolution number 3.1: Approval of non-executive directors' fees for 2019/2020			
3.1.1. Board chairman			
3.1.2. Non-executive directors			
3.1.3. Audit and risk committee chairman			
3.1.4. Audit and risk committee member			
3.1.5. Remuneration and nomination committee chairman			
3.1.6. Remuneration and nomination committee member			
3.1.7. Social and ethics committee chairman			
3.1.8. Social and ethics committee member			
3.1.9. Investment committee chairman			
3.1.10. Investment committee member			
Special resolution number 3.2: Approval of annual increases to non-executive directors' fees			
Ordinary resolution number 12: Signature of documentation			

** One vote per share held by shareholders recorded in the register on the voting record date.*
** Mark "for", "against" or "abstain" as required. If no options are marked the proxy will be entitled to vote as he/she thinks fit.*

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed this day of 2019

Signature

Assisted by me (where applicable) (State capacity and full name)

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a member of the company. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

Forms of proxy must be deposited at Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, or posted to PO Box 61051, Marshalltown, 2107, or delivered by email to proxy@computershare.co.za so as to arrive by 11:00 on Thursday, 28 November 2019 for administrative purposes. Alternatively, the form of proxy may be handed to the transfer secretaries or the chairman at any time prior to the commencement of the AGM or at any time prior to voting on any resolution proposed at the AGM.

Please read the notes on the reverse side hereof

Notes to the form of proxy

1. This form of proxy is only to be completed by those ordinary shareholders who are:
   a. Holding ordinary shares in certificated form, or
   b. Recorded in the subregister in electronic form in their "own-name", and

   on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited, being Friday, 22 November 2019, in order to vote at the annual general meeting and who wish to appoint another person to represent them at the annual general meeting.

2. Certificated shareholders wishing to attend the annual general meeting have to ensure beforehand, with the transfer secretaries of the company (being Computershare Investor Services Proprietary Limited), that their shares are registered in their name.

3. Beneficial shareholders whose shares are not registered in their "own-name", but in the name of another, for example, a nominee, may not complete a form of proxy, unless a form of proxy is issued to them by a registered shareholder, and they should contact the registered shareholder for assistance in issuing instructions on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the annual general meeting.

4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

5. A shareholder's instructions to the proxy must be indicated by means of a tick or a cross in the appropriate box provided. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares in respect of which you desire to vote. If (i) a shareholder fails to comply with the above; or (ii) gives contrary instructions in relation to any matter; or any additional resolution(s) which are properly put before the meeting; or (iii) the resolution listed in the form of proxy is modified or amended, the shareholder will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the shareholders' votes exercisable thereat. If, however, the shareholder has provided further written instructions which accompany this form of proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in (i) to (iii) above, then the proxy shall comply with those instructions.

6. The forms of proxy should be lodged at Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg or posted to PO Box 61051, Marshalltown, 2107, or emailed to proxy@computershare.co.za so as to be received by 11:00 on Thursday, 28 November 2019 for administrative purposes. Alternatively, the form of proxy may be handed to the transfer secretaries or the chairman at any time prior to the commencement of the AGM or at time prior to voting on any resolution proposed at the AGM.

7. The completion and lodgement of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. In addition to the aforegoing, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

   The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered in the required manner.

8. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes provided that, in respect of acceptances, he is satisfied as to the manner in which the shareholder(s) concerned wish(es) to vote.

9. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialled by the signatory(ies).

10. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Computershare Investor Services Proprietary Limited or waived by the chairman of the annual general meeting.

11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services Proprietary Limited.

12. Where there are joint holders of shares:
    - 12.1 any one holder may sign the form of proxy, and
    - 12.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of shares.

13. If duly authorised, companies and other corporate bodies who are shareholders of the company having shares registered in their "own-name" may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the annual general meeting unless it is accompanied by a duly certified copy of the resolution or other authority in terms of which that representative is appointed and is received by Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, to reach the company by 11:00 on Thursday, 28 November 2019. Alternatively, the notice may be handed to the transfer secretaries or the chairman at any time prior to the commencement of the AGM or at time prior to voting on any resolution proposed at the AGM.

14. This form of proxy may be used at any adjournment or postponement of the annual general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.

15. The aforegoing notes contain a summary of the relevant provisions of section 58 of the Companies Act 2008 (the Companies Act), as required in terms of that section. In addition, an extract from the Companies Act reflecting the provisions of section 58 of the Companies Act, is set out below, or prior to the annual general meeting.

Extract from the Companies Act

"58. Shareholder right to be represented by proxy

1 At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –
  - a participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
  - b give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

2 A proxy appointment –
  - a must be in writing, dated and signed by the shareholder; and
  - b remains valid for –
    - (i) one year after the date on which it was signed; or
    - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

3 Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
  - a a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  - b a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - c a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

4 Irrespective of the form of instrument used to appoint a proxy –
  - a the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  - b the appointment is revocable unless the proxy appointment expressly states otherwise; and
  - c if the appointment is revocable, a shareholder may revoke the proxy appointment by –
    - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
    - (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

Notes to the form of proxy continued

5 The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –
   a the date stated in the revocation instrument, if any; or
   b the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

6 If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to –
   a the shareholder; or
   b the proxy or proxies, if the shareholder has –
      (i) directed the company to do so, in writing; and
      (ii) paid any reasonable fee charged by the company for doing so.

7 A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

8 If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy –
   a the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
   b the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must –
      (i) bear a reasonably prominent summary of the rights established by this section;
      (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
      (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
   c the company must not require that the proxy appointment be made irrevocable; and
   d the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

9 Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder."

HYPROP
INVESTMENTS LIMITED

Summarised consolidated audited results
for the year ended 30 June 2019

Headlines

Revised strategy under new executive team

Growth in distributable income from South African portfolio of **6,5%**, despite the challenging economic climate

Growth in distributable income from the Eastern European portfolio of **13,5%**

Very **low vacancies** in the South African retail portfolio (0,8%) and in the Eastern European portfolio (< 0,5%)

Progress in **reducing exposure** to sub-Saharan Africa (excluding South Africa) – investments in this region impaired by R1,46 billion in the year based on anticipated sales proceeds

Strong liquidity position and **R8,5 billion** of debt refinanced during the year

Decrease in distribution per share of **1,5%**

Summarised consolidated statement of comprehensive income

	Audited Year ended 30 June 2019 R'000	Audited Year ended 30 June 2018 R'000
Revenue	3 217 848	3 113 713
Investment property income	3 305 735	3 117 560
Straight-line rental income accrual	(87 887)	(3 847)
Property expenses	(1 179 054)	(1 049 892)
Net property income	2 038 794	2 063 821
Other operating expenses	(41 600)	(55 778)
Operating income	1 997 194	2 008 043
Net interest	(461 155)	(282 273)
Interest income	156 043	312 550
Interest expense	(617 198)	(594 823)
Net operating income	1 536 039	1 725 770
Guarantee fee income	40 542	46 671
Dividends received	221 190	182 778
Net income before fair value adjustments	1 797 771	1 955 219
Changes in fair value	(587 083)	767 052
Investment property	(337 238)	650 206
Derivative instruments	(46 102)	29 085
Financial asset	(85 229)	87 761
Loans receivable at FVTPL	(105 809)	
Other investments	(12 705)	
Profit on disposal of investment property	2 825	2 697
Derecognition of financial guarantees	185 686	11 984
Impairment of loans receivable	(1 350 727)	(176 543)
Other impairments	(29 964)	
Profit before taxation	18 508	2 560 409
Taxation	93 028	(39 486)
Profit for the year	111 536	2 520 923
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss (net of taxation)		
Exchange differences on translation of foreign operations	(44 094)	15 471
Total comprehensive income for the year	67 442	2 536 394
Total profit for the year attributable to:		
Shareholders of the company	164 922	2 529 466
Non-controlling interests	(53 386)	(8 543)
Profit for the year	111 536	2 520 923
Total comprehensive income attributable to:		
Shareholders of the company	117 963	2 540 373
Non-controlling interests	(50 521)	(3 979)
Total comprehensive income for the year	67 442	2 536 394

Summarised reconciliation – headline earnings

	Audited Year ended 30 June 2019 R'000	Audited Year ended 30 June 2018 R'000
Earnings – profit for the year attributable to shareholders of the company	164 922	2 529 466
Headline earnings adjustments[1]	406 040	(638 616)
Change in fair value of investment property	425 125	(646 359)
Profit on disposal of investment property	(2 825)	(2 697)
Other impairments	29 964	10 102
Non-controlling interest[1]	(46 224)	338
Headline earnings[1]	570 962	1 890 850
Total number of shares in issue	255 894 516	255 894 516
Weighted average number of ordinary shares in issue	255 495 272	249 024 221
Fully diluted weighted average number of ordinary shares in issue	255 610 315	249 207 302
Total shares in issue for dividend per share (excludes treasury shares)	255 309 759	255 448 256
Basic earnings per share (cents)	64,5	1 015,8
Headline earnings per share (cents)[1]	223,5	759,3
Fully diluted basic earnings per share (cents)	64,5	1 015,0
Fully diluted headline earnings per share (cents)[1]	223,4	758,7

[1] ***Restatement of previous version of Summarised Consolidated Audited Results***

The Summarised reconciliation – headline earnings and the calculations of headline earnings per share and diluted headline earnings per share have been restated from those contained in the Summarised Consolidated Audited Results for the year ended 30 June 2019 which was originally approved by the board of directors and dated 5 September 2019 ("the previous financial statements").

The reason for the restatement is that the Summarised reconciliation – headline earnings in the previous financial statements erroneously included an adjustment adding back the non-controlling interest portion of the change in the fair value of investment property adjustment, when it should have been deducted. The consolidated audited financial statements for the year ended 30 June 2019 have been corrected to reflect this change.

The aforementioned restatement does not affect the calculation of Distributable income for the year ended 30 June 2019 or the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity or Statements of Cash Flows, all of which remain unchanged from the previous financial statements.

Summarised consolidated statement of financial position

	Audited 30 June 2019 R'000	Audited 30 June 2018 R'000
Assets		
Non-current assets	28 876 436	33 951 124
Investment property	28 476 238	30 691 210
Building appurtenances and tenant installations	162 288	163 068
Financial asset	218 444	152 556
Loans receivable	18 847	2 937 444
Derivatives	619	6 846
Current assets	2 729 289	1 015 095
Loans receivable	1 333 106	40 716
Taxation	2 530	
Trade and other receivables	105 625	258 071
Derivatives	2 691	815
Cash and cash equivalents	1 285 337	715 493
Non-current assets classified as held-for-sale	2 047 847	199 257
Total assets	33 653 572	35 165 476
Equity and reserves	24 491 805	26 395 237
Stated capital and reserves	24 452 006	26 304 917
Non-controlling interest	39 799	90 320
Liabilities		
Non-current liabilities	6 578 987	8 203 399
Borrowings	6 320 801	7 815 651
Financial guarantees	110 401	185 686
Derivatives	60 224	24 060
Deferred taxation	87 561	178 002
Current liabilities	1 484 480	558 683
Borrowings	1 008 000	69 343
Trade and other payables	469 141	487 341
Derivatives	7 339	1 999
Liabilities associated with non-current assets held-for-sale	1 098 300	8 157
Total liabilities	9 161 767	8 770 239
Total equity and liabilities	33 653 572	35 165 476
Net asset value per share (R)	95,78	102,98

Summarised consolidated statement of changes in equity

	Audited Year ended 30 June 2019 R'000	Audited Year ended 30 June 2018 R'000
Balance at the beginning of the year	26 395 237	24 882 553
Opening retained income adjustment	1 806	
Adjusted opening retained income	26 397 043	24 882 553
Total profit for the year attributable to shareholders of the company	164 922	2 529 467
Total profit for the year attributable to non-controlling interest	(50 521)	(3 980)
Profit/(loss) on vesting of shares	2 453	(2 542)
Issue of shares		778 676
Treasury shares	(11 509)	(7 990)
Dividends	(1 956 467)	(1 795 398)
Share-based payment reserve	(7 157)	3 542
Foreign currency translation reserve	(46 959)	10 909
Balance at the end of the year	24 491 805	26 395 237
Distribution details		
Total distribution for the year (cents)	744,9	756,5
Six months ended 30 June (cents)	359,3	380,2
Six months ended 31 December (cents)	385,6	376,3

Reconciliation of attributable net profit for the year to distributable earnings

	Audited 12 months 30 June 2019 R'000	Audited 12 months 30 June 2018 R'000
Total profit for the year attributable to shareholders of the company	164 922	2 529 466
Adjusted for:	1 737 746	(624 952)
Change in fair value – investment property[1]	378 901	(646 021)
Change in fair value – derivative instruments	46 102	(29 085)
Change in fair value – financial asset	85 229	(87 761)
Change in fair value – loans receivable at FVTPL	105 809	
Derecognition of financial guarantee	(185 686)	(11 984)
Profit on disposal of investment property	(2 825)	(2 697)
Impairment of loans receivable	1 350 727	176 544
Other impairments	29 964	
Taxation	(93 028)	39 486
Capital and other items	(951)	(5 832)
Income from sub-Saharan Africa*[1]	23 504	(57 602)
Distributable earnings	1 902 668	1 904 514

** Net effect of converting IFRS earnings to distributable earnings.*

[1] Restated – see footnote on page 16.

Summarised consolidated condensed statement of cash flows

	Audited 30 June 2019 R'000	Audited 30 June 2018 R'000
Cash flows (utilised by)/generated from operating activities	(186 730)	37 689
Cash generated from operations	2 149 932	2 133 136
Interest received	174 128	283 289
Interest paid	(550 115)	(580 208)
Taxation paid	(4 208)	(3 130)
Dividends paid	(1 956 467)	(1 795 398)
Cash flows from investing activities	567 235	104 745
Acquisition of and additions to investment property	(95 064)	(263 640)
Additions to building appurtenances and tenant installations	(45 051)	(52 104)
Proceeds on disposal of assets classified as held-for-sale	201 437	229 759
Increase in investment in Eastern Europe		(30 979)
Advances of shareholder loans receivable – long term		(59 061)
Repayment of loans receivable	224 517	157 934
Dividends received	281 396	163 551
Advances of loans receivable		(40 715)
Cash flows from/(applied to) financing activities	275 645	(510 777)
Loans repaid	(1 414 851)	(3 871 791)
Loans raised	1 708 078	2 600 502
Issue of shares		778 676
Purchase of Hyprop shares by Hyprop Share Scheme	(17 582)	(18 164)
Net increase/(decrease) in cash and cash equivalents	656 150	(368 343)
Effects of changes in exchange rates (FCTR)	(44 950)	(41 914)
Cash and cash equivalents transferred (to)/from non-current assets held-for-sale	(41 356)	
Cash and cash equivalents at the beginning of the year	715 493	1 125 750
Cash and cash equivalents at the end of the year	**1 285 337**	**715 493**

Commentary

Introduction

2019 was a year of significant change for Hyprop. Arising from the resignations of the former CEO and CFO, both of whom had been with the group for over a decade, Morné Wilken (CEO) and Brett Till (CFO) were appointed, and together with Wilhelm Nauta (CIO), comprise the new executive team. Under this team Hyprop's strategy was interrogated, resulting in a new three-year strategic plan that will see Hyprop adapt to the rapidly evolving retail landscape, disruptive technologies and market conditions.

The refined mission of the group is *"to create environments and opportunities for people to connect and have authentic and meaningful experiences, by managing and developing tangible (mixed-use precincts underpinned by dominant retail centres in key economic nodes) and non-tangible assets".*

In line with the revised strategy, the group will focus on three strategic areas – the South African (SA) property portfolio, the Eastern European (EE) property portfolio and relevant non-tangible assets arising from the digital disruption which is transforming many traditional market sectors (including the retail and property sectors).

The key priorities for the next 18 months are to exit the sub-Saharan African (excluding SA) (S-SA) portfolio, to reposition the SA portfolio and to improve the dominance of the EE portfolio. In addition, we will develop and implement a strategy around digital disruption and technologies in the retail, property and infrastructure spaces.

From a financial perspective we aim to reduce our loan-to-value ratio and restore the group's investment grade credit rating (subject to South Africa's sovereign credit rating). Cash flow management will be a key priority and cash-backed income will form the basis of calculating distributions to shareholders.

Market conditions in the SA and S-SA regions have deteriorated and tenants, face significant challenges as a result of the poor economic growth and currency volatility, respectively. Consumer demand remains depressed and shopping preferences are changing, impacting on the ability to maintain rental rates and growth in distributions. New appointments to the board, and at operational levels, are being considered to ensure the group has the necessary skills to deal with the challenges and opportunities presented by the strategic initiatives. Further details on specific actions being taken to meet these challenges are included in the individual portfolio reviews below.

These changes, the decision to dispose of the group's S-SA assets and the refinancing of Dollar-denominated debt with Rand-denominated debt, due to the impairment of the group's S-SA interests based on the anticipated sales proceeds, will have a negative impact on distributable income for this financial year and the 2020 financial year. The group believes these are necessary for the group's long-term sustainability and anticipate positive growth in distributable income in 2021 and beyond.

Against this background, the group's financial results for the year ended 30 June 2019 are presented below.

Financial results

Distributable income and dividend

Distributable income decreased by 0,1% from R1 905 million for the year ended 30 June 2018 to R1 903 million. The distribution per share decreased by 1,5% from 756,5 cents to 744,9 cents.

The solid performance by the SA portfolio and strong growth from the EE portfolio were offset by a decrease in distributable income from the S-SA portfolio.

Commentary continued

	30 June 2019				30 June 2018			
	South Africa	Eastern Europe	Sub-Saharan Africa	Group	South Africa	Eastern Europe	Sub-Saharan Africa	Group
Net income before fair value adjustments	1 627 268	266 016	(95 513)	1 797 771	1 592 470	234 473	128 276	1 955 219
Adjustments to calculate distributable income	67 743		37 154	104 897	(796)		(49 909)	(50 705)
Straight-line rental income accrual	81 399		6 488	87 887	4 696		(849)	3 847
Non-controlling interest			30 959	30 959			2 600	2 600
Taxation paid			(427)	(427)			(4 381)	(4 381)
Net interest adjustments			134	134			(47 279)	(47 279)
Other fair value adjustments – Edcon	(12 705)			(12 705)				
Capital items for distribution purposes	(951)			(951)	(5 492)			(5 492)
Distributable income	1 695 011	266 016	(58 359)	1 902 668	1 591 674	234 473	78 367	1 904 514
% change	6,5%	13,5%		(0,1%)				
Weighted average number of shares for calculating distribution per share				255 429 272				251 741 343
Distribution per share (cents)	663,6	104,1	(22,9)	744,9	632,2	93,2	31,1	756,5
% change	5,0	11,8		(1,5)				

The board of directors has declared a final dividend of 359,3 cents per share for the six months ended 30 June 2019. The total dividend for the year ended 30 June 2019 is 744,9 cents per share, compared to 756,5 cents per share for the year ended 30 June 2018. This dividend is based on cash earnings from the group's operating portfolios.

The weighted average number of shares in issue during the year increased by 3,7 million from 251,7 million to 255,4 million, primarily as a result of the 7,5 million new shares issued in April 2018 when additional capital was raised.

Hyprop profile

Hyprop currently has interests in a R51 billion portfolio of shopping centres in South Africa, Eastern Europe and sub-Saharan Africa (excluding SA).

South African portfolio

The shopping centre portfolio in South Africa includes super-regional centre Canal Walk, large regional centres Clearwater, The Glen, Woodlands, CapeGate, Somerset and Rosebank Mall, regional centre Hyde Park Corner and value centre, Atterbury Value Mart.

Financial performance

South Africa	Audited 12 months ended 30 June 2019 R'000	Audited 12 months ended 30 June 2018 R'000
Revenue	3 003 847	2 889 135
Expenses	(1 092 420)	(956 146)
Net property income	1 911 427	1 932 989
Other operating expenses	(44 969)	(59 707)
Net interest	(239 190)	(280 812)
Net operating income before fair value adjustments	1 627 268	1 592 470
Adjustments to calculate distributable income	67 743	(796)
Distributable income	1 695 011	1 591 674

Distributable income from the South African portfolio increased by 6,5% over 2018, in line with the guidance provided in September 2018. This was achieved despite a further deterioration in the South African economy and consumer confidence, particularly in the second half of the financial year.

Total revenue (before the lease straight-line adjustment) increased by 6,6% over the 2018 year, largely as a result of a 16% increase in municipal and other cost recoveries. Rental income increased by 6% having been somewhat protected from the economic climate by contractual rental escalations.

Trading density across the retail portfolio increased by 0,6% year-on-year and the overall rent-to-turnover ratio increased from 9,1% to 9,4%.

The opening of the new food court and play area at Woodlands in May 2019 had a positive effect, with foot count at the mall up 13% and trading density up 2,4% in May and June 2019. Canal Walk, The Glen, Somerset Mall, Rosebank Mall and Atterbury Value Mart also achieved good growth in trading densities in the last quarter of the financial year.

Property expenses increased by 14% compared to the year ended 30 June 2018, due to a 16% increase in non-controllable expenses (mainly rates, taxes and power-related costs). By contrast, controllable costs (excluding bad debts and depreciation), increased by 7,5%. The combined effect was an increase in the portfolio cost-to-income ratio.

Cost-to-income ratio – South Africa	30 June 2019 %	30 June 2018 %	Annual cost increase %
Net basis	17,1	15,8	
Gross basis	35,4	33,0	
Analysis of gross cost-to-income ratio	35,4	33,0	
Municipal costs	23,3	21,4	16,2
Bad debts and depreciation	2,0	1,6	30,7
Contractor service level agreements	3,9	3,9	6,5
Maintenance and management costs	6,2	6,1	8,2

Other operating expenses decreased due to an increase in asset management fees received from Hystead as a result of the additional properties acquired in April 2018, and savings in staff and related costs.

Commentary continued

Tenant arrears

At 30 June 2019 rental arrears were R31,5 million, compared to R18,9 million at 30 June 2018. Following the adoption of IFRS 9 *Financial instruments* and the requirements relating to how doubtful debt provisions should be calculated, doubtful debt provisions increased to R26,8 million. The increase in this amount reflects the financial pressure on the consumer, and ultimately on retailers. At 30 June 2019 the group had no material doubtful debt exposure to, or arrear rentals owing by, any particular tenant or tenant group, including the Edcon Group (Edcon).

Lettings and vacancies

Over the past four to five years' rental escalations have outpaced South Africa's economic growth and inflation rates and the growth in trading densities at our malls, leading to pressure on rental rates.

Due to the current economic environment, the significant increases in other occupancy costs borne by tenants and low growth in trading densities, rent reversions were negative 9%, with a positive weighted average escalation rate of 7,1%. The strategy to reposition the South Africa portfolio is designed to drive positive growth in trading densities, thereby reducing rent ratios for tenants. We are also investigating alternative rental models based on market-related escalations. This will reduce the risk of excessive reversions over time and produce more sustainable rental growth in the long term. Over R300 million of capital expenditure is budgeted for the 2020 financial year towards achieving these objectives (see below). We are also evaluating projects aimed at reducing occupancy costs for tenants, such as the introduction of solar plants at our malls, water saving initiatives and other "green" technologies.

Vacancy levels across the retail portfolio decreased to 0,8% (5 103m^2) at 30 June 2019, largely due to reductions at The Glen, Atterbury Value Mart and Clearwater Mall. Office vacancies were 4 638m^2 (10%), mainly due to an increase in vacancy levels at Hyde Park Corner's office component.

	Rentable area (m^2)		Vacancy as % of total rentable area	
	Total 30 June 2019	Vacant 30 June 2019	30 June 2019	30 June 2018
Retail	663 197	5 103	0,8%	1,6%
Office	43 429	4 638	10,7%	5,5%
Total	706 626	9 741	1,4%	1,9%

At 30 June 2019 Edcon occupied 57 145m^2 (2018: 66 781m^2) in Hyprop malls, equivalent to 8,1% (2018: 9,2%) of GLA. During the year Hyprop initiated a plan to reduce its exposure to Edcon by 15 910m^2. By 30 June 2019, 9 636m^2 of this space had been re-let. It is anticipated that the remaining 6 274m^2 will be re-let during the 2020 financial year. In re-letting the space vacated by Edcon we will introduce new strong anchor tenants to our centres that will positively impact trading densities.

As part of Edcon's restructuring, Edcon approached its top 31 landlords in November 2018 and offered the landlords an opportunity to subscribe for an equity interest in Edcon, or, as an alternative, requested a 40,9% reduction in rentals for a 24-month period commencing on 1 April 2019 (the Edcon rent reduction). Hyprop agreed to assist Edcon by subscribing for equity in Edcon on a monthly basis for an amount equivalent to the monthly Edcon rent reduction (a total of R12 million from 1 April 2019 to 30 June 2019) (the Edcon subscription). The equity which Hyprop has received in Edcon has been impaired to zero at 30 June 2019. Distributable income for the year has been reduced by R12 million, as a consequence of the reduction in net cash flow received from Edcon pursuant to the Edcon subscription.

Valuations

The market value of the South African portfolio, as determined by the group's independent valuers, decreased by R143 million (0,5%) from R28,8 billion (excluding assets held-for-sale) at 30 June 2018 to R28,6 billion at 30 June 2019. The main reasons for the decrease are negative rent reversions and the impact of the two-year Edcon rent reduction. The valuations are based on an average discount rate of 12,5% (2018: 12,5%) and an average exit cap rate of 6,8% (2018: 6,8%). The resultant average implied yield on the portfolio is 7,2% (2018: 7,1%).

Property valuations – South Africa	Rentable area (m²)	Value attributable to Hyprop 30 June 2019 R'000	Value attributable to Hyprop 30 June 2018 R'000	Value per m² 30 June 2019 (R/m²)
Shopping centres	653 509	27 089 719	27 351 847	45 455
Value centres	48 649	1 411 000	1 303 000	29 004
Total retail	702 158	28 500 719	28 654 847	44 315
Standalone offices[1]	4 468	136 000	323 000	30 439
Investment property – independent valuations	706 626	28 636 719	28 977 847	44 227
Non-current assets held-for-sale[1]			(198 000)	
Building appurtenances		(162 288)	(163 068)	
Ikeja building appurtenances consolidated			3 157	
Centre management assets		1 807	1 920	
Investment property – statement of financial position		28 476 238	28 621 856	

[1] *Reduction from 2018 to 2019 as a result of the disposal of Lakefield Office Park.*

Capital expenditure

Capital projects with a value of R132 million were completed during the year. A further R87 million of projects were delayed to the 2020 financial year. New capital expenditure for the 2020 financial year has been budgeted at R363 million, and is focused on repositioning our malls and improving trading densities.

Capital projects[1]	30 June 2020 Roll-over R'000	30 June 2020 New R'000
Yield-based projects	30 058	211 887
Trading density improvements	30 755	90 720
Replacements	25 061	41 501
Infrastructure projects	1 661	18 834
Total capital expenditure	87 535	362 942

[1] *Excludes the cost of solar plants under evaluation.*

Included in yield-driven projects for 2020 is an amount of R54 million relating to new tenant installations as a result of the reduction in space occupied by Edcon, as well as R69 million to be spent on tenant installations for the replacement and/or relocation of tenants as we fine tune our tenant mixes in line with changing customer preferences and to strengthen the tenant profiles. Trading density improvement projects are aimed at increasing overall shopper experience and dwell times. These include the development of a technology-based customer interaction platform which will allow improved connectivity with "new-age" shoppers, enhancing the food and entertainment offerings at many of our malls, upgrading parking systems (including use of better technology to reduce customer frustration and improve controls), installation and improvements to back-up power supply systems (to ensure continuous trading) and air conditioning systems. Other projects under consideration are centred on creating co-working and co-trading environments for new entrants to the retail sector to showcase and promote their products and services in a flexible and affordable manner.

Disposals

The sale of Lakefield Office Park was finalised on 4 January 2019 and the sale proceeds of R200 million were received.

Commentary continued

Investments in Eastern Europe

Hyprop's EE investments, held via a 60% interest in UK-based Hystead Limited (Hystead), include interests in Delta City in Belgrade, Serbia; Delta City in Podgorica, Montenegro; Skopje City Mall in Skopje, Macedonia; The Mall in Sofia, Bulgaria, and a 90% interest (effective 54% interest for Hyprop) in City Center One East and City Center One West, both in Zagreb, Croatia.

In line with the Hystead shareholders' agreement, Hyprop accounts for the investment in Hystead as a financial asset.

Financial performance

Eastern Europe	Audited Year ended 30 June 2019 R'000	Audited Year ended 30 June 2018 R'000	Year ended 30 June 2019 €'000	Year ended 30 June 2018 €'000
Dividend income	221 190	180 525	13 080	11 820
Guarantee fees	40 542	46 671	2 397	3 051
Foreign exchange gains	4 284	7 277		
Distributable income	266 016	234 473	15 477	14 871

Distributable income from Hystead, comprising dividends from Hystead and guarantee fees from PDI Investment Holdings (PDI), increased by 13% from R234 million to R266 million.

As a result of the additional in-country asset-backed finance raised by Hystead during the previous financial year, the guarantee fee percentage reduced from 17% (average) for the year ended 30 June 2018 to 11% for the 2019 year.

Trading conditions in the region remain favourable with all sites achieving growth in net operating income. The average trading density for the portfolio increased by 3,7% from 2018.

In June 2019 The Mall of Sofia, Bulgaria, successfully completed a 12 000m² extension. The extension added 40 new stores, an increase from 182 to 222, making it the second largest shopping centre in Bulgaria at 62 000m². A diverse portfolio of brands has been added to The Mall, including a modernised version of Billa supermarket (one of Central and Eastern Europe's leading supermarket chains), one of the first Pepco stores in Sofia, a Ciela book store on two levels, Scandinavian home and living retailer Jysk, and a renovated Hippoland kids store. In addition, LPP, a leading international fashion group from Poland, will open the biggest Sinsay store (900m²) in Sofia by August. Initial feedback after the opening has been positive.

Various other investment projects are planned for the new financial year to maintain the portfolio's dominance. Skopje City Mall is undergoing an 18-month project to rightsize various tenants, introduce additional international retailers, improve foot-flow and public and common areas, and refresh the food court and entertainment offerings. The project is budgeted to be earnings accretive and expected to be completed by March 2021 at an estimated cost of EUR6 million.

Investment property

Eastern Europe	30 June 2019 '000	30 June 2018 '000
Investment property – independent value (100%)	€795 732	€771 800
Hyprop attributable share[1]	€458 539	€456 330
Hyprop attributable share[1]	R7 386 292	R7 302 740
Rentable area m²	241 326	230 584
Value per m²	€3 297	€3 347

[1] Based on Hyprop's 60% effective interest in Hystead, other than Hystead's Croatian assets in which Hyprop has a 54% effective interest due to the 10% minority shareholder in Croatia.

At 30 June 2019 Hystead's investment property portfolio was valued at EUR795 million (2018: EUR772 million) based on a weighted average capitalisation rate of 7,6% (2018: 7,5%). This is equivalent to an implied forward yield of 8,0%. Hyprop's attributable share of the Hystead portfolio was R7,4 billion (EUR459 million) (2018: R7,3 billion (EUR456 million)).

Vacancies

The Hystead portfolio remains almost fully let with a vacancy level of 0,5%.

Investments in sub-Saharan Africa (excluding SA)

Pursuant to the strategy review during the year, Hyprop will divest of the S-SA portfolio over the next 12 to 18 months, in order to focus on South Africa and Eastern Europe going forward. We have made good progress in this regard.

At 30 June 2019 the S-SA portfolio included interests in Accra Mall and West Hills Mall in Accra, Ghana; Kumasi City Mall in Kumasi, Ghana (all held via the group's 37,5% interest in AttAfrica); Manda Hill Centre in Lusaka, Zambia (held jointly with AttAfrica) and Ikeja City Mall in Lagos, Nigeria.

On 28 June 2019, AttAfrica disposed of its interest in Achimota Retail Centre, in Accra, Ghana. Hyprop's share of the net disposal proceeds, being USD16 million, was received by Hyprop Mauritius on 28 June 2019.

Subsequent to year-end, Hyprop Mauritius (50%) and AttAfrica (50%) have disposed of their interests in Manda Hill Shopping Centre. The group's interest in Manda Hill is accounted for as an investment in a joint venture and is included under loans receivable on the statement of financial position at 30 June 2019. The carrying value of the investment has been adjusted in line with Hyprop's share of the total net sale proceeds, being approximately USD50 million.

Progress is being made on the disposal of the group's remaining S-SA assets and the interest in Ikeja City Mall is classified as an asset held-for-sale at 30 June 2019.

Net proceeds from the disposals will be applied to reduce the group's US Dollar-denominated debt.

In light of the decision to dispose of the S-SA portfolio, the carrying amounts of the remaining properties have been impaired to align with their anticipated sales proceeds. The result of these adjustments is an impairment/fair value adjustment of Hyprop's investments in S-SA of R1,46 billion at 30 June 2019, of which R1,1 billion was reflected in the interim results to 31 December 2018.

Commentary continued

Distributable income

Sub-Saharan Africa	Audited 12 months ended 30 June 2019 R'000	Audited 12 months ended 30 June 2018 R'000
Revenue	214 000	224 578
Expenses	(86 634)	(93 746)
Net property income	127 366	130 832
Other operating expenses	(914)	(1 095)
Net interest paid	(221 965)	(1 461)
Net operating income before fair value adjustments	(95 513)	128 276
Adjustments to calculate distributable income	37 154	(49 909)
Distributable income	(58 359)	78 367

The investments in S-SA were affected, *inter alia*, by weaker local currencies against the US Dollar and certain South African retailers that have curtailed their operations. This resulted in an increase in vacancies and a need to re-tenant at lower yields. As a consequence, cash flow in Hyprop Mauritius, after servicing borrowings, was negative.

Accounting income from the S-SA portfolio comprises operating profits from Ikeja City Mall and interest received on loans advanced by Hyprop Mauritius to AttAfrica and Manda Hill. Ikeja City Mall and Accra Mall (owned by AttAfrica) continued to trade in line with expectations and contributed positively to distributable income for the year. In line with the provisions of IFRS 9 *Financial instruments*, and the new focus on cash-backed earnings, interest income from AttAfrica is only recognised on the net unimpaired loan balance and to the extent it was received in cash.

Distributable income from the S-SA investments reduced from R78 million for the year ended 30 June 2018 to a loss of R58 million after deducting interest paid in Hyprop Mauritius. The negative distributable income in 2019 was exacerbated by the devaluation of the Rand against the Dollar from 2018 to 2019.

Management have reviewed the business model of AttAfrica and are implementing certain changes. These include the internalisation of the asset management function, re-organising arrangements with in-country local partners, retaining and hiring key staff, restructuring bank debt and restructuring the shareholder funding arrangement from 1 January 2020.

Exchange rates

The functional and reporting currencies for the investments in S-SA and EE are the US Dollar and Euro, respectively. The exchange rates used to convert foreign currency amounts to Rand were as follows:

	30 June 2019		30 June 2018	
	Average rate R	Year-end spot rate R	Average rate R	Year-end spot rate R
US Dollar	14,13	14,15	12,47	13,70
Euro	16,04	16,11	15,32	16,00
Realised average exchange rate – USD			12,53	
Realised average exchange rate – Euro	16,91		14,80	

The realised average exchange rate is the weighted average of the actual exchange rates at which foreign currency dividends were received in South Africa and converted to Rand.

Net asset value and borrowings

Net asset value

The group's net asset value at 30 June 2019 was R95,78 per share, equating to a premium of 37,1% to the share price of R69,87 at that date.

Borrowings

In February 2019, Moody's lowered Hyprop's long-term national scale issuer rating to Aa3.za from Aa1.za and affirmed the short-term national scale rating of Prime-1.za. The main reason cited for the decrease in the rating is that Moody's estimated that Hyprop's debt-to-asset ratio, adjusted for the full consolidation of Hystead, had increased to 41% at 30 June 2018, from 33,4% in 2017, as a result of debt funded acquisitions in Eastern Europe. Moody's further stated that Hyprop will rely on external debt financing to cover R5 billion of debt coming due in the next 18 months, including the Hystead debt that it guarantees.

Hyprop has taken cognisance of Moody's points which led to two key initiatives:

- *Refinance the portion of debt maturing up to June 2020* – between March and June 2019 R4 billion of external debt (including EUR214 million of debt in Hystead) was refinanced. In addition, R500 million was raised from the issue of two new corporate bonds in March 2019, the proceeds of which were used to settle R358 million of bonds that matured in July 2019, with the balance being retained to finance capital expenditure in the 2020 financial year, and
- *Lowering of our loan-to-value (LTV) to 35% (as considered appropriate and calculated by Moody's)* – alternative ways to reduce the group's LTV ratio continue to be considered and evaluated. In the short term, the disposal of Hyprop's S-SA interests and utilisation of the proceeds to settle US Dollar-denominated debt will result in a reduction in the LTV ratio of approximately 5% (on completion of all disposals).

We will endeavour to restore Hyprop's credit rating to investment grade (subject to South Africa's sovereign credit rating) by 31 December 2020 and will continue to engage with Moody's in that regard.

Hyprop's LTV and interest cover ratios at 30 June 2019 are as follows:

LTV and interest cover ratios	30 June 2019	30 June 2018
Interest cover	4,1	4,3
LTV – Hyprop calculation[1]	35,2%	32,6%
LTV – See-through calculation[2]	44,0%	41,6%

[1] *Calculated taking into account Hyprop's attributable share of the net assets of Hystead, the Hystead debt guaranteed by Hyprop, and the back-to-back security Hyprop holds from PDI in relation to the guarantees.*
[2] *See-through calculation including 100% of Hystead's assets and borrowings.*

The interest cover ratio remains healthy, reflecting the strong cash generative nature of Hyprop's properties.

The group complied with all of its banking covenants during the year.

We have tested the sensitivity of changes in the valuation of the investment property portfolio on the group's LTV ratio. A 20% reduction in the valuation of the investment property portfolio would result in an increase in the overall LTV ratio to 44% (as calculated by Hyprop), with the group still fully compliant with its banking covenants.

Commentary continued

Details of the group's borrowings (including Hystead borrowings guaranteed by Hyprop) are set out in the table below:

Debt summary	Group statement of financial position 30 June 2019 Rm	LTV calculation Hyprop methodology 30 June 2019 Rm	Group statement of financial position 30 June 2018 Rm	LTV calculation Hyprop methodology 30 June 2018 Rm
South African debt	4 657	4 657	2 950	2 950
Bank debt	1 558	1 558	600	600
Corporate bonds	3 099	3 099	2 350	2 350
USD (Rand equivalent)	2 671	2 671	4 936	4 936
USD (Rand equivalent included in liabilities directly associated with non-current assets held-for-sale)	1 057	1 057		
EUR (Rand equivalent)[1]		4 994		4 963
Total debt	8 385	13 379	7 886	12 849
Cash and cash equivalents	(1 285)		(715)	
Cash and cash equivalents (Rand equivalent included in non-current assets held-for-sale)	(42)			
Net borrowings	7 058	13 379	7 171	12 849
Portfolio assets				
South African assets	30 270	30 051	30 177	30 025
Investment property South African portfolio	28 476	28 476	28 621	28 621
Building appurtenances	162	162	163	163
Other assets	1 632	1 413	1 194	1 042
Assets held-for-sale			199	199
USD assets	1 333	1 333	4 988	4 988
USD assets held-for-sale	2 048	2 048		
EUR assets[2]		4 604		4 297
Portfolio assets	33 651	38 036	35 165	39 310
LTV ratio		35,2%		32,7%

[1] *Hyprop's attributable share of Hystead debt guaranteed by Hystead shareholders after deducting the back-to-back security received from PDI.*
[2] *Hyprop's attributable share of Hystead's NAV (total assets less in-country debt) x 60%.*

Debt summary continued	30 June 2019	30 June 2018
On balance sheet debt at fixed rates (excludes EUR funding)	77,0%	81,2%
South African debt	101,1%	113,6%
USD debt (Rand equivalent)	44,6%	61,0%
Average maturity of interest rate hedges (years)	2,25	2,32
South African debt	2,58	2,74
USD debt (Rand equivalent)	1,24	1,15
Average duration of borrowings (years)	2,21	2,43
South African debt	2,84	3,15
USD debt (Rand equivalent)	1,35	1,98
Cost of funding (including hedges)	7,6%	6,7%
South African debt	9,3%	9,4%
USD debt	5,4%	5,0%
Cost of funding (excluding hedges)	7,3%	6,5%
South African debt	8,7%	8,6%
USD debt	5,5%	5,1%
Debt capital market (DCM) % of total debt	25%	20%
Interest cover ratio		
Interest cover ratio (gross)	4,12	4,36
Interest cover ratio (net)	5,18	8,08
Borrowings covenants		
LTV (banks/DCM)	50% – 70%/55%	50% – 70%/55%
Interest cover (banks)	1,75 – 2,0	1,75 – 2,0

Borrowings

Rand-denominated debt

The South African bank debt is secured against South African investment property, while the DCM funding is unsecured.

During the year R750 million was raised by issuing new bonds with an average duration of 4,5 years and an average interest rate of 1,62% above three-month JIBAR.

On 26 June 2019, USD100 million of debt in Hyprop Mauritius was re-financed through a Rand-denominated four-year term loan of R958 million and a R500 million revolving credit facility, at an interest rate of 1,65% above three-month JIBAR.

Borrowings of R1,0 billion are due for repayment before 30 June 2020. This includes the HILB05 bond of R358 million which was redeemed from available cash resources on 11 July 2019. The remaining R650 million of the short-term debt will be refinanced through new bond issues, term loans or available bank facilities.

US Dollar-denominated debt

Total US Dollar-denominated bank debt at 30 June 2019 was USD244 million (2018: USD343 million), equivalent to R3,5 billion (2018: R4,9 billion). USD188 million of this debt is secured by guarantees from Hyprop against South African investment property.

Proceeds received from the disposal of the S-SA assets will be utilised to settle US Dollar-denominated debt, after retaining sufficient cash to cover operating costs and service the remaining US Dollar-denominated debt for the next 12 months.

Commentary continued

Euro-denominated debt

At 30 June 2019, Hyprop had guaranteed EUR357 million of interest-bearing loans advanced by banks to Hystead. This debt is not consolidated in Hyprop's statement of financial position, however, the financial support results in the recognition of a financial liability in Hyprop's statement of financial position. Hyprop's obligations under these guarantees are secured against South African investment property. In exchange for providing guarantees which exceed Hyprop's 60% shareholding in Hystead, Hyprop receives a credit enhancement fee from PDI, currently equivalent to 11% of the dividends declared by Hystead.

During the period, EUR395 million of bank loans advanced to Hystead were refinanced for three to four years at an average interest rate of 2,0%. This resulted in new financial guarantees with an initial value of R110 million being recognised, and the derecognition of financial guarantees of R186 million in respect of the retired debt. As a result of more information on credit default rates having become publicly available since implementation of IFRS 9 *Financial instruments*, the average credit default rates used by the independent valuers to determine the fair values of the financial guarantee liabilities reduced significantly from 2018, with a corresponding decrease in the financial liabilities.

Hyprop regularly reviews the funding of its investments in EE. In the context of the current low European interest rate environment, the prudent interest rate hedging strategy adopted by the group and the stable performance of the EE portfolio, the board is comfortable that the current funding structure is appropriate.

Board changes

There have been no changes to the board of directors since publication of the group's interim results for the six months ended 31 December 2018 other than the appointment of Annabel Dallamore on 1 October 2019.

Prospects

In line with the group's revised strategic plan, the following key priorities have been set for the next 18 months:

- Reposition our South African portfolio – increase trading densities, increase non-GLA revenue, and identify alternative uses to create value,
- Dispose of the remainder of the S-SA portfolio, while preserving value in the interim,
- Improve the dominance of the EE portfolio – extensions to properties, asset management initiatives, leverage SA expertise and know-how,
- Finalise and implement the strategy for non-tangible assets as a new focus area,
- Reduce the LTV ratio and ultimately restore Hyprop's investment grade credit rating, and
- Improve stakeholder communication – internal and external.

Hyprop expects a reduction in distributable income per share for the year ending 30 June 2020 of approximately 10% to 13%. The main reasons for the reduction are:

- An approximate 4% to 5% reduction in distributable income from the continuing SA and EE portfolios, comprising:
  - a 2% reduction resulting from the full year effect of the Edcon rent reduction,
  - reduction due to the anticipated impact of negative rent reversions as a result of the current economic conditions in South Africa and increased capital expenditure,
  - offset by positive growth in dividends received from the EE portfolio, and
- Approximately R145 million additional net interest and other costs as a result of the need to refinance Dollar denominated debt with Rand-denominated debt, as explained above.

The board believes that the new strategy and key priorities outlined above will create a more defensive balance sheet and a base for sustainable long-term growth, and expects that following the reduction in distributable income in the 2020 financial year, the group will achieve positive growth in distributable income in the 2021 financial year, and beyond. Hyprop continues to evaluate other potential initiatives to improve financial performance and reduce the LTV.

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 and rent reversions have been incorporated into the forecast,
- No major corporate and tenant failures will occur,
- The impact of the Edcon rent reduction/share subscription until March 2021,
- No further deterioration in performance of the remaining S-SA assets,
- The remaining S-SA assets will be disposed by 30 June 2020 and the proceeds will be used to settle US Dollar-denominated debt,
- Earnings from offshore investments will not be materially impacted by exchange rate volatility or disruptions in the financial markets, and
- Exchange rates (which have not been hedged) have been assumed at R15,00 and R17,00 to the US Dollar and Euro, respectively.

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

Payment of dividend

A dividend of 359,33956 cents per share for the six months ended 30 June 2019 will be paid to shareholders as follows:

Last day to trade cum dividend	Tuesday, 8 October 2019
Shares trade ex dividend	Wednesday, 9 October 2019
Record date	Friday, 11 October 2019
Payment date	Monday, 14 October 2019

Shareholders may not dematerialise or rematerialise their shares between Wednesday, 9 October 2019 and Friday, 11 October 2019, both days inclusive. Payment of the dividend will be made to shareholders on Monday, 14 October 2019. In respect of dematerialised shareholders, the dividend will be transferred to the CSDP accounts/broker accounts on Monday, 14 October 2019. Certificated shareholders' dividend payments will be deposited on or about Monday, 14 October 2019.

An announcement relating to the tax treatment of the dividend will be released separately.

Basis of preparation

The summarised consolidated financial statements for the year ended 30 June 2019 were prepared in accordance with the JSE Listings Requirements for summarised consolidated results and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require summarised consolidated results to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and as a minimum, contain the information required in terms of IAS 34 *Interim financial reporting*.

All amendments to standards that are applicable to Hyprop for its financial year beginning 1 July 2018 have been considered. Based on management's assessment, the amendments do not have a material impact on the group's annual financial statements, save for the additional disclosure requirements in relation to financial instruments as set out in these financial results.

All accounting policies applied in the preparation of the group financial statements are consistent with those applied by Hyprop in its consolidated group annual financial statements for the prior financial year.

Commentary continued

These summarised consolidated financial statements for the year ended 30 June 2019 have been extracted from the audited group financial statements, but have not been audited. The directors take full responsibility for the preparation of the summarised consolidated results and for ensuring that the financial information has been correctly extracted from the underlying audited group financial statements. The auditor's report does not necessarily report on 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 engagement, they should obtain a copy of the auditor's report, together with the underlying financial information from the registered office of the company.

KPMG Inc. has audited the group financial statements and has reissued an unqualified audit opinion on the financial statements. The revised unqualified audit opinion includes an "Emphasis of matter – Subsequent event" paragraph relating to the restatement of headline earnings per share (see page 16). Their unqualified audit report is available from the registered office of the company.

These summarised consolidated financial statements for the year ended 30 June 2019 were prepared under the supervision of Brett Till *CA(SA)* in his capacity as CFO.

On behalf of the board

GR Tipper	MC Wilken	BC Till
Chairman	*CEO*	*CFO*

23 October 2019

Corporate information

Hyprop Investments Limited
(Incorporated in the Republic of South Africa)
(Registration number 1987/005284/06)
JSE share code: HYP
ISIN: ZAE000190724
Bond issuer code: HYPI
(Approved as a REIT by the JSE)
(Hyprop or the company or the group)

Directors
GR Tipper*† (Chairman)
MC Wilken (CEO)
BC Till (CFO)
AW Nauta (CIO)
AA Dallamore (appointed 1 October 2019)*†
KM Ellerine*
Z Jasper*†
MJ Lewin*†
N Mandindi*†
TV Mokgatlha*†
L Norval*
S Shaw-Taylor*†
**Non-executive   †Independent*

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Notes

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