



Hyprop supplemental information 2014

A year of opportunity

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This information expands on disclosure in our integrated report 2014, and should be read in conjunction with that report

## Stakeholder engagement, issues and concerns

Material stakeholders in our group are shown below.

STAKEHOLDER GROUP ISSUES AND CONCERNS	NEW ISSUES IN FY14	MATERIALITY OF ISSUE	HOW WE ENGAGE
<b>Investors</b> <ul style="list-style-type: none"> <li>■ Distribution growth</li> <li>■ Strategy execution</li> <li>■ Portfolio growth</li> <li>■ Capital appreciation</li> <li>■ Accessibility of leadership</li> <li>■ Timely information on key developments</li> <li>■ Investment in Africa</li> <li>■ Succession</li> <li>■ Governance</li> </ul>	<ul style="list-style-type: none"> <li>■ Impact of slower consumer spend on our tenants</li> <li>■ Impact of online shopping</li> <li>■ Impact of rising interest rates on our cost of funding</li> <li>■ Increased competition from new developments close to our portfolio</li> <li>■ Exposure to the rest of sub-Saharan Africa</li> </ul>	<ul style="list-style-type: none"> <li>■ Moderate</li> <li>■ Low</li> <li>■ Moderate</li> <li>■ Moderate</li> <li>■ Moderate</li> </ul>	<ul style="list-style-type: none"> <li>■ Dedicated investor centre on website, with current and historical information</li> <li>■ Announcements published on SENS and our website</li> <li>■ Integrated report</li> <li>■ Rating agency reports available on our website</li> <li>■ Financial results posted to shareholders</li> <li>■ Executive directors and senior management available to answer queries from stakeholders at all times and meet regularly with industry analysts</li> <li>■ Dedicated investor relations executive</li> <li>■ Regular engagement with financial media</li> <li>■ Biannual presentations of financial results, one-on-one interactions, press announcements, investor conferences and non-deal roadshows</li> <li>■ Investor polls</li> <li>■ Site visits</li> </ul>
<b>Financiers</b> <ul style="list-style-type: none"> <li>■ Solvency and liquidity</li> <li>■ Timeous servicing of debt</li> <li>■ Portfolio value</li> <li>■ Credit rating</li> </ul>	<ul style="list-style-type: none"> <li>■ Impact of slower consumer spend on our tenants</li> <li>■ Impact of rising interest rates on our cost of funding</li> <li>■ Exposure to the rest of sub-Saharan Africa</li> </ul>	<ul style="list-style-type: none"> <li>■ Moderate</li> <li>■ Moderate</li> <li>■ Moderate</li> </ul>	<ul style="list-style-type: none"> <li>■ Proactive and transparent engagement with financial institutions</li> <li>■ Regular and transparent engagement with rating agency</li> </ul>
<b>Industry associations</b> <ul style="list-style-type: none"> <li>■ Global and local industry trends</li> <li>■ Sector expertise</li> <li>■ Collective lobbying</li> <li>■ Sector-specific issues</li> </ul>	<ul style="list-style-type: none"> <li>■ Introduction of new legislation</li> <li>■ Exclusivity clauses</li> </ul>	<ul style="list-style-type: none"> <li>■ Moderate</li> <li>■ High</li> </ul>	<p>Hyprop communicates with this stakeholder group as a member of industry associations and organisations:</p> <ul style="list-style-type: none"> <li>■ South African REIT Association (REITs South Africa)</li> <li>■ South African Council of Shopping Centres (SACSC)</li> <li>■ South African Property Owners Association (SAPOA)</li> <li>■ Green Building Council of South Africa (GBCSA)</li> </ul>

# Hyprop supplemental information 2014 continued

STAKEHOLDER GROUP ISSUES AND CONCERNS	NEW ISSUES IN FY14	MATERIALITY OF ISSUE	HOW WE ENGAGE
<b>Employees</b> <ul style="list-style-type: none"> <li>■ Career development and training</li> <li>■ Equity participation</li> </ul>	<ul style="list-style-type: none"> <li>■ No new issues</li> </ul>	<ul style="list-style-type: none"> <li>■ Moderate</li> <li>■ Moderate</li> </ul>	<ul style="list-style-type: none"> <li>■ Ethics hotline</li> <li>■ Intranet and “you got mail” internal mailing system</li> <li>■ Notice boards</li> <li>■ Quarterly newsletter</li> <li>■ HR executive has one-on-one meetings with all employees biannually at each management office</li> <li>■ Regular employee forums</li> <li>■ Employee self-service portal</li> <li>■ Annual performance reviews</li> <li>■ Accessible leadership</li> <li>■ Participation in company-endorsed and sponsored charitable events.  CSI table</li> </ul>
<b>Tenants</b> <ul style="list-style-type: none"> <li>■ Rental escalation</li> <li>■ Rising operating and municipal costs</li> <li>■ Location in mall</li> <li>■ Cleanliness</li> <li>■ Security</li> <li>■ Maintenance</li> <li>■ Tenant mix</li> <li>■ Communication</li> <li>■ Supply of electricity</li> </ul>	<ul style="list-style-type: none"> <li>■ Tenant mix improvements</li> <li>■ Initiatives to enhance the shopping experience and attract shoppers</li> <li>■ Slowdown in consumer spend</li> <li>■ Increased competition</li> <li>■ Exclusivity clauses</li> </ul>	<ul style="list-style-type: none"> <li>■ High</li> <li>■ High</li> <li>■ High</li> <li>■ High</li> <li>■ High</li> </ul>	<ul style="list-style-type: none"> <li>■ Hyprop’s marketing managers based at each centre are the primary point of contact with tenants</li> <li>■ Communication also takes place via duty managers, SMS, email, newsletters, regular one-on-one meetings, tenant polls and audits, security and safety meetings, marketing workshops</li> <li>■ Canal Walk hosts the annual Retail Excellence Awards</li> <li>■ General tenant meetings take place twice a year</li> <li>■ Executive engagement when issues affect the entire portfolio, for example exclusivity clauses</li> </ul>
<b>Shoppers</b> <ul style="list-style-type: none"> <li>■ Access to shopping centre</li> <li>■ Cleanliness</li> <li>■ Maintenance</li> <li>■ The role of security</li> <li>■ Retail and entertainment offering</li> </ul>	<ul style="list-style-type: none"> <li>■ Presence of new and international brands</li> <li>■ Social media</li> <li>■ Overall experience</li> </ul>	<ul style="list-style-type: none"> <li>■ Low</li> <li>■ Low</li> <li>■ Low</li> </ul>	<ul style="list-style-type: none"> <li>■ Centre management communicates with shoppers via advertising, in-centre posters, telephonic research, focus groups, feedback forms, websites, radio, local and daily newspapers, information emailers and newsletters, competitions and social media platforms such as Facebook, Mxit and Twitter and smartphone apps</li> <li>■ Shoppers send comments or complaints via each centre’s website, Facebook page, Twitter account or feedback forms and these are addressed by centre management</li> <li>■ Centres also undertake third-party retail market studies and focus groups aimed at identifying target markets, area demographics, shopper desires and new shopper and lifestyle trends, as well as shoppers’ opinions</li> <li>■ A particularly successful initiative was launching high-speed wi-fi at Canal Walk. This was free to the end of January 2014, and now the first half-hour is free. We are rolling out the feature across the portfolio</li> </ul>

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STAKEHOLDER GROUP ISSUES AND CONCERNS	NEW ISSUES IN FY14	MATERIALITY OF ISSUE	HOW WE ENGAGE
<b>Suppliers</b> <ul style="list-style-type: none"> <li>■ Timely payment</li> <li>■ Fair business practices</li> </ul>	<ul style="list-style-type: none"> <li>■ Lack of skills affecting their ability to deliver service</li> </ul>	<ul style="list-style-type: none"> <li>■ Moderate</li> </ul>	<p>Hyprop and its centres regularly communicate with their suppliers via email, face-to-face meetings and monthly reports.</p>
<b>Local communities</b> <ul style="list-style-type: none"> <li>■ Socio-economic development</li> <li>■ Environmental impact</li> <li>■ Responsible corporate citizen</li> </ul>	<ul style="list-style-type: none"> <li>■ No new issues</li> </ul>	<ul style="list-style-type: none"> <li>■ Low</li> </ul>	<p>Shopping centres sponsor and promote community events and organisations, and support local charities. This includes providing free promotional space. Communication takes place via community newspapers, radio and partnerships with local schools and other CSI projects.</p> <p>The Hyprop Foundation centralises our social investments projects and is funded by a concept known as "care share".  page 44</p>
<b>National government, provincial government and municipalities</b> <ul style="list-style-type: none"> <li>■ Employment equity</li> <li>■ Environmental impact</li> <li>■ Resource scarcity</li> <li>■ Taxation</li> <li>■ Legislative and regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>■ No new issues</li> </ul>	<ul style="list-style-type: none"> <li>■ Low</li> </ul>	<p>Hyprop meets regularly with regulatory authorities including the SAPS, Business Against Crime, Roodepoort Chamber of Commerce and ward counsellors, and engages with relevant stakeholders through SAPOA.</p> <p>We also comment on legislation when appropriate.</p>
<b>Regulators</b> <ul style="list-style-type: none"> <li>■ Adherence to listing requirements, including rules specific to REITs in South Africa, and related regulation</li> <li>■ Adherence to company legislation  page 71</li> <li>■ Compliance with laws, rules, codes and standards  page 66</li> </ul>	<ul style="list-style-type: none"> <li>■ Introduction of new legislation</li> </ul>	<ul style="list-style-type: none"> <li>■ Moderate</li> </ul>	<ul style="list-style-type: none"> <li>■ SENS announcements</li> <li>■ Meetings with JSE</li> <li>■ Engagement with sponsor</li> <li>■ Legal executive and company secretary remain abreast of developments</li> <li>■ Adhere to Competition Commission protocols and procedures</li> </ul>