

## **HYPROP POSTS STRONG DISTRIBUTION GROWTH FOR THE SIX MONTHS TO JUNE 2013**

### **HIGHLIGHTS**

- **Acquisition of Somerset Mall approved**
- **Redevelopment of Rosebank Mall on track**
- **First dividend from Atterbury Africa**
- **Conversion to a REIT**

**JOHANNESBURG. 29 August 2013, Hyprop Investments Limited (“Hyprop”) (JSE: HYP) today announced a strong set of results with distributions up 7,6% to 213 cents a unit. The performance was underpinned by positive rental growth, reduction in interest costs and improved operating efficiencies.**

CEO Pieter Prinsloo says: “Notwithstanding a challenging economic environment our centres performed well.” Distributable earnings from shopping centres was up 7,2% with Canal Walk and Hyde Park reflecting double digit growth. He adds: “Our focus will remain on yield-enhancing expansions and refurbishments at existing shopping centres. Taking into account the short-term dilution effect of the Rosebank Mall redevelopment, we expect distribution growth of 6,5% to 8,5% for the year to June 2014.”

### **Operational performance**

Occupancy levels were well maintained at 97,3%. Vacancies at the shopping centres were notably below 1%. Total retail vacancies at 2,1% were slightly up from the previous period (December 2012: 1.7%) due to increased vacancies at the value centres. The impact of the Rosebank Mall redevelopment on distributable earnings was in line with budget. Office vacancies continued to improve at 8,1%, down from 9,1% at 31 December.

Prinsloo says: “Extensions to Edgars at The Glen and Canal Walk to accommodate international brand Topshop, totalling 5 400m<sup>2</sup>, are scheduled to open for trading in Q4 2013.”

Effective cost control saw the property cost-to-income ratio and the total cost-to-income ratio improve to 34,4% (December 2012: 35,4%) and 34,6% (December 2012: 35,4%), respectively. Total arrears reduced to R17,9 million from R19,8 million in the prior year.

Net borrowings amounted to R5,1 billion, equating to a gearing ratio of 22,9%. “Our total DCM funding now equates to 31% of borrowings or R1,6 billion,” said Prinsloo.

## **Somerset Mall**

Hyprop acquired Somerset Mall in exchange for 81,5 million Sycom units in a transaction valued at R2,3 billion. The income-for-income swap is not expected to have any dilutionary effect on distributions. Prinsloo says: “Somerset Mall is a high quality 66 000m<sup>2</sup> regional shopping centre, and an elegant fit with our existing portfolio.” The transaction remains conditional on the transfer to Sycom of the remaining 50% of Somerset Mall.

## **Rosebank Mall redevelopment**

The redevelopment programme is progressing well with the new basement parking and level 1 entrance already complete and the first new shops set to open by December 2013. “The redevelopment is on track for final completion in September 2014 and has seen a positive response from retailers, with 95% of the centre leased,” says Prinsloo. Including the now enlarged interlinking bridge, the total capital cost amounts to R932 million at an anticipated yield of 7%.

## **Atterbury Africa**

The period saw the fruition of Hyprop's investment in Africa. Hyprop received its first dividend of R1,4 million from its 37,5% shareholding in Atterbury Africa. Atterbury Africa, jointly controlled by Hyprop and the Atterbury Group, has made significant progress in developing quality shopping centres in the rest of Africa. The company currently has an interest in the 19 000m<sup>2</sup> Accra Mall in Ghana and has secured additional development projects including the 26 500m<sup>2</sup> West Hills Mall in Accra. Hyprop has to date invested R337 million of its initial R750 million commitment.

Combined units in Hyprop closed yesterday at R69.81

Ends.

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**Issue date: 29 August 2013**  
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