HYPROP INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1987/005284/06)
JSE share code: HYP ISIN: ZAE000190724
JSE bond issuer code: HYPI
(Approved as a REIT by the JSE)
("**Hyprop**" or the "**Company**" or the "**Group**")

DISPOSAL OF IKEJA CITY MALL

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1. INTRODUCTION

Further to Hyprop's stated intention to reduce its exposure to its sub-Saharan African (excluding South Africa) investments, shareholders are advised that Hyprop Investments (Mauritius) Limited ("**Hyprop Mauritius**") (a wholly owned subsidiary of Hyprop) and AIH International Limited ("**AIHI**") (a wholly owned subsidiary of Attacq Limited) (collectively the "**sellers**") have concluded an agreement ("**SPA**") to dispose of their indirect shareholding and shareholder loans in Gruppo Investment Nigeria Limited ("**Gruppo**") which owns Ikeja City Mall, Nigeria (the "**property**"), to AIH No 6 Limited (which will assign its rights and novate its obligations in terms of the SPA to Actis Africa Sustainable Real Estate Income Fund ("**AREIF**")) and Actis West Africa REIF LP ("**NREIF**") (collectively the "**purchasers**") (the "**transaction**" or "**disposal**").

Hyprop Mauritius holds 75% of the shares in Gruppo through its wholly owned subsidiary, Hyprop Ikeja Mall Limited ("**Hyprop Ikeja**"). Similarly, AIHI holds 25% of the shares in Gruppo through its wholly owned subsidiary, AIHI Ikeja ("**AIHI Ikeja**").

2. TERMS OF THE DISPOSAL

The aggregate purchase consideration payable in terms of the transaction is $115 million (the "**purchase consideration**"), which will be adjusted up or down depending on the working capital, cash and debt of Hyprop Ikeja, AIHI Ikeja and Gruppo (collectively the "**Ikeja Group**") on the implementation date (the "**completion date**") of the transaction. Gruppo has senior debt of c.$55 million, which should result in a net purchase consideration ("**the net purchase consideration**") of c.$60 million, of which c.$45 million is attributable to Hyprop Mauritius' effective 75% interest in Gruppo and the balance is attributable to AIHI.

70% of the estimated net purchase consideration will be paid on the completion date (with adjustments for actual debt, working capital and cash to be determined within 80 days of implementation of the transaction). The remaining 30% (the "**deferred consideration**") is payable on or before the fourth anniversary of the completion date unless one of the options referred to below is exercised by the sellers. The deferred consideration will bear interest at a rate of 8% per annum n.a.c.q. The purchasers are entitled to pay any or all of the deferred consideration at any time after completion of the transaction. The deferred consideration must be paid in full by the fourth anniversary of the completion date unless one of the options is exercised by Hyprop Mauritius and AIHI.

In terms of the option agreement to be concluded between the purchasers and the sellers (the "**parties**"), to the extent that the deferred consideration remains outstanding after the second anniversary of the completion date, the sellers will be entitled to either (i) subscribe for shares in AREIF; (ii) respectively, acquire shares in Hyprop Ikeja and AIHI Ikeja, to be transferred from AREIF; (iii) acquire shares in Gruppo to be transferred from NREIF, Hyprop Ikeja and AIHI Ikeja, all at market value, in settlement of the deferred consideration; or (iv) retain the status quo and continue to earn interest on the outstanding deferred consideration.

As security for the obligations of the purchasers, including payment of the deferred consideration, the parties will enter into a cession and pledge agreement in terms of which the issued shares of the Ikeja Group will be ceded and pledged to the sellers (but subordinated behind any security in favour of the senior lenders to Gruppo). In addition, the sellers have the right to require that Gruppo creates and registers a second mortgage in favour of the sellers over the property as security for the obligations of the purchasers in terms of the disposal.

The disposal is subject to the fulfilment (or waiver) of the following conditions precedent:

- no person having commenced proceedings prohibiting the disposal, taken steps to wind-up the Ikeja Group, or enacted any legislation which would prohibit or restrict the disposal;
- to the extent required, the senior debt funders of Gruppo and the lenders of Hyprop Mauritius consenting to the disposal;
- the purchasers having received in aggregate, unconditional capital commitments, subscription considerations or partnership contributions from their investors of at least $150 million;
- the cession and pledge agreement referred to above being concluded by the parties and becoming unconditional;
- the parties agreeing the form of the second mortgage;
- the sellers' representatives confirming that all certificates of capital importation relating to the Ikeja Group are correct and dematerialised;
- AIH No 6 Limited assigning its rights and benefits and novating its obligations in terms of the SPA to AREIF; and
- to the extent required, the purchasers receiving approval from the relevant competition / merger control authorities and the parties being satisfied with the outcome of a limited due diligence in relation to certain specified issues.

The SPA contains undertakings, warranties and indemnities which are normal for a transaction of this nature.

3. PROPERTY SPECIFIC INFORMATION

Ikeja City Mall is a retail shopping centre situated in Lagos, Nigeria. The property was valued by the directors of the company at $115 million on 30 June 2020, based on the anticipated sales proceeds of the transaction, which is considered to be its fair market value. The directors of the company are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No. 47 of 2000.

As at 30 June 2020, the weighted average monthly rental per square metre of the property amounts to $42 and gross lettable area was 22,223 m^2. The attributable loss (after fair value adjustments and interest incurred on shareholders' loans) of Gruppo, based on the audited consolidated financial statements of Hyprop for the year ended 30 June 2020 (prepared in terms of International Financial Reporting Standards) is $20,585,953.

Post the disposal Hyprop's sub-Saharan Africa (excluding South Africa) exposure would have reduced by c.70% and the remaining portfolio will comprise of interests in Accra Mall, West Hills Mall and Kumasi City Mall, all in Ghana, held via the Group's 50% interest in AttAfrica. Hyprop remains committed to disposing of its remaining sub-Saharan assets (excluding South Africa) in an orderly manner.

As at 30 September 2020, Hyprop's dollar denominated debt amounted to $74 million, including $56 million in respect of Gruppo. The proceeds of the transaction will be used to settle Hyprop's dollar denominated debt and following the transaction, the Group's dollar denominated debt will be zero.

4. CATEGORISATION OF THE TRANSACTION

The transaction is categorised as a Category 2 transaction in terms of the JSE Listings Requirements and as such is not subject to shareholder approval.

9 November 2020

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