

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")



DISPOSAL OF ATTERBURY VALUE MART

1. INTRODUCTION AND RATIONALE

Hyprop's strategy is to create safe environments and opportunities for people to connect and have authentic and meaningful experiences by owning and managing dominant retail centres in mixed-use precincts in key economic nodes in South Africa and Eastern Europe. In line with this strategy and its key priorities to recycle non-core assets and strengthen its balance sheet, shareholders are advised that Hyprop has signed agreements for the disposal of Atterbury Value Mart (the "**property**") to Primegrowth Retail Property Proprietary Limited, Twin City Trading 2 Proprietary Limited and Atterbury Mile Proprietary Limited ("**Atterbury Mile**") (collectively the "**purchasers**" and "**purchaser**" means any one of them, as the context indicates), as one indivisible transaction, for an aggregate purchase consideration of R1 124 763 333 (the "**purchase consideration**") (the "**disposal**").

The net proceeds from the disposal will be used to reduce debt and will result in Hyprop's see-through loan to value ratio at 30 June 2020 of 41.4% reducing by 1.9% to 39.5%.

2. TERMS OF THE DISPOSAL

Each purchaser has concluded a separate sale agreement with Hyprop to acquire a one third undivided share in the property with effect from the date of registration of transfer of the property into the names of the purchasers (the "**transfer date**").

The purchase consideration will be paid in cash on the transfer date, save for a vendor loan of R66 123 750 (the "**vendor loan**") to be made available by Hyprop to Atterbury Mile. The vendor loan is repayable to the Company over six years, and will be secured by guarantees from Atterbury Mile's shareholders and a second mortgage bond over Atterbury Mile's undivided share in the property.

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

- each of the purchasers obtaining senior debt finance of at least R150 million;
- the Competition Authorities approving the disposal;
- Hyprop and Atterbury Mile concluding a vendor loan agreement (and related security agreements), and a step-in rights agreement and an intercreditor agreement (including with the senior lenders to Atterbury Mile);
- the purchasers concluding a co-ownership agreement in respect of the property; and
- the Company concluding an agreement with the general manager of the property to retain his services.

Hyprop has provided a rent reversion guarantee (capped at R5 million in aggregate) to the purchasers for a period of 24 months from the transfer date against any reversions in rental income on the conclusion of new leases or the extension of existing leases.

The agreements relating to the disposal contain undertakings, warranties and indemnities which are normal for a transaction of this nature.

3. PROPERTY SPECIFIC AND FINANCIAL INFORMATION

Property name	Atterbury Value Mart
Location	Pretoria, Gauteng
Sector	Retail
Total GLA (m²)	54 767 m ²
Weighted average rental per m² per month (R)	R209
Disposal/Purchase consideration (R)	R1 124 763 333
Carrying value of the property (as at 30 June 2020) (R)	R1 178 000 000

The purchase consideration represents a discount of 4,5% to the carrying value of the property, as reflected in Hyprop's consolidated statement of financial position at 30 June 2020. The net operating income of the property for the financial year ended 30 June 2020 (extracted from the audited consolidated annual financial statements of Hyprop for the year ended 30 June 2020 prepared in terms of IFRS) was R107 123 058.

The purchase consideration is considered to be in line with the fair market value of the property, as determined by the directors of the Company. The directors of the Company are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No. 47 of 2000.

4. CATEGORISATION OF THE DISPOSAL

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

8 February 2021

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