

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”)



DISPOSAL OF DELTA CITY MALL IN SERBIA

1. INTRODUCTION

Shareholders are advised that Hystead Limited (“**Hystead**” or the “**Seller**”), which is 60% owned by Hyprop, has concluded an agreement to dispose of its indirect shareholding in Delta City 67 d.o.o. Beograd (“**Delta City 67**” or the “**Target**”) which owns Delta City Mall in Belgrade, Serbia (the “**Property**”), to Balkans Real Estate B.V., a wholly owned subsidiary of Centurion Venture Capital BV (the “**Purchaser**”) (the “**Transaction**” or “**Disposal**”).

2. TERMS OF THE DISPOSAL

The purchase consideration payable to Hystead in terms of the Transaction is EUR 115 million, less the Target debt, plus/minus working capital and cash (the “**Purchase Consideration**”). The Target debt comprises senior bank debt of c. EUR 71 million on the Completion Date, which is secured against the Property, and “equity debt” of c. EUR 44 million which will be settled by the Purchaser/Target from their own resources and the Vendor loan referred to below. The final Purchase Consideration will be subject to customary NAV adjustments, based on the actual working capital and net debt of the Target on the implementation date (the “**Completion Date**”) of the Transaction.

The estimated Purchase Consideration will be paid on the Completion Date, with adjustments for actual net debt and working capital to be determined within 30 days of the Completion Date.

The Purchaser will be granted a vendor loan of EUR 10 million (the “**Vendor Loan**”) which is repayable in instalments over 7 years. The first instalment of EUR 3 million is payable 24 months after the Completion Date, and in equal monthly instalments thereafter. The Vendor Loan bears interest at 6% p.a. (payable monthly) for the first two years, and at 3% p.a. thereafter.

As security for the Vendor Loan, the Purchaser will issue Hystead with a corporate guarantee from its parent company (or an affiliate approved by the Seller).

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

- an escrow account is opened and the required funds have been deposited into the escrow account at least 5 (five) days prior to the Completion Date;
- the Purchaser obtains all required regulatory approvals, including competition clearance;
- approval of the current senior debt lenders to the Target and conclusion of the requisite lender assignment agreements; and
- the Target and a financial institution nominated by the Purchaser entering into a loan agreement in relation to the senior bank debt;

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

3. PROPERTY SPECIFIC INFORMATION

Delta City Mall is a retail shopping center situated in Belgrade, Serbia. The carrying value of the property in Hystead’s books as at 31 December 2020 was EUR 120 million. The Purchase Consideration is considered to be

in line with the fair market value of the property, as determined by the directors of Hystead. The directors of Hystead 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 2021, the weighted average monthly rental per square meter of the property was EUR 29 and the gross lettable area was 29,767 m². The net operating income of Delta City 67, based on the audited financial statements of Hystead (prepared in terms of IFRS) for the year ended 31 December 2020, is c. EUR 8 million.

The net proceeds from the Disposal will be used by Hystead and Hyprop to reduce debt. Following the Disposal, Hyprop's European property exposure will reduce by c.16%, with the remaining European portfolio comprising interests in Delta City Podgorica (Podgorica, Montenegro), Skopje City Mall (Skopje, N. Macedonia), The Mall (Sofia, Bulgaria), City Center One West and City Center One East (Zagreb, Croatia).

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.

23 September 2021

Sponsor

JAVACAPITAL