

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”)



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POSTING OF CIRCULAR IN RESPECT OF THE DIVIDEND DECLARATION WITH AN ELECTION TO REINVEST THE CASH DIVIDEND FOR ADDITIONAL SHARES IN HYPROP

Shareholders are referred to Hyprop’s consolidated audited results for the year ended 30 June 2023 published on Wednesday, 20 September 2023, wherein it was announced that a cash dividend of 299.29970 cents per share (“**cash dividend**”) for the year ended 30 June 2023 would be paid to shareholders who would be entitled to elect to reinvest the cash dividend in return for additional Hyprop shares through a dividend reinvestment alternative which would be limited to a maximum quantum of R500 million in aggregate (“**dividend reinvestment alternative**”).

Shareholders are advised that the dividend reinvestment alternative is being offered on the basis that that should shareholders elect to reinvest the cash dividend in terms of the dividend reinvestment alternative such that the aggregate value of such dividend reinvestments exceeds R500 million, the dividend reinvestment elections will be reduced equitably for all shareholders, as follows:

- the Rand value of the shareholder dividend reinvestment elections will be reduced on a *pro rata* basis, so as to limit the amount of new capital to be raised via the dividend reinvestment alternative to R500 million in aggregate; and
- the number of new Hyprop shares to be issued to each shareholder electing the dividend reinvestment alternative, will similarly be reduced proportionately; and
- shareholders will receive the balance of the dividend (net of withholding tax, where applicable) in cash.

The number of shares to which shareholders are entitled under the dividend reinvestment alternative will be determined with reference to the ratio that 299.29970 cents per share bears to the reinvestment price. The reinvestment price will be determined by Hyprop by no later than the finalisation date with reference to market conditions at the time, including with reference to the spot price per Hyprop share (less the cash dividend) and the volume weighted average trade price per Hyprop share for up to 30 days prior to the finalisation date (less the cash dividend). The reinvestment price will be announced on the finalisation date, which will be no later than 11:00 (SA time) on Tuesday, 24 October 2023.

The board of directors of Hyprop may, in its discretion, withdraw the dividend reinvestment alternative should market conditions warrant such action. Any such withdrawal will be communicated to shareholders prior to the release of the finalisation announcement on SENS by 11:00 (SA time) on Tuesday, 24 October 2023.

A circular (“**circular**”) providing further information to shareholders in respect of the election between receiving the cash dividend and receiving Hyprop shares pursuant to the dividend reinvestment alternative will be posted to shareholders who are residents of South Africa today, Monday, 16 October 2023. A copy of the circular is available on the Company’s website at <https://www.hyprop.co.za/circulars.php>.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant (“**CSDP**”) or broker should instruct their CSDP or broker with regard to their election, in accordance with the terms of the custody agreement entered into between them and their CSDP or broker.

SALIENT DATES AND TIMES

2023

Circular and form of election posted to shareholders	Monday, 16 October
Finalisation information including the share ratio and reinvestment price per share published on SENS by 11:00 (SA time) (“ finalisation date ”)	Tuesday, 24 October
Last day to trade in order to receive the dividend (“ LDT ”)	Tuesday, 31 October
Shares trade ‘ <i>ex</i> ’ dividend	Wednesday, 1 November
Record date to receive the dividend (“ record date ”)	Friday, 3 November
Last day to elect to receive shares in terms of the dividend reinvestment alternative or to retain the cash dividend (no late forms of election will be accepted) at 12:00 (SA time)	Friday, 3 November
Results of the cash dividend and dividend reinvestment alternative published on SENS	Monday, 6 November
Cash dividend paid to certificated shareholders by electronic funds transfer	Wednesday, 8 November
Cash dividend credited by CSDP or broker to dematerialised shareholders’ accounts	Wednesday, 8 November
Listing of shares issued under the dividend reinvestment alternative	Friday, 10 November
Share certificates posted to certificated shareholders on or about	Friday, 10 November
Dematerialised shareholders’ accounts updated with the new shares (if applicable) by CSDP or broker	Friday, 10 November

Notes:

1. **Shareholders electing the dividend reinvestment alternative are alerted to the fact that the new shares will be listed on Friday, 10 November 2023 and that these new shares can only be traded from Friday, 10 November 2023 due to the fact that settlement of the shares will differ from the conventional dividend reinvestment process due to the possible *pro rata* reduction.**
2. Shares may not be dematerialised or rematerialised between Wednesday, 1 November 2023 and Friday, 3 November 2023, both days inclusive.
3. The above dates and times are subject to change. Any changes will be announced on SENS.

FRACTIONS

Trading in the Strate environment does not permit fractions and fractional entitlements. Where a shareholder’s entitlement to the shares in relation to the dividend reinvestment alternative gives rise to an entitlement to a fraction of a new share, such fraction will be rounded down to the nearest whole number with the balance of the cash dividend being retained by the shareholders in cash.

TAX IMPLICATIONS

Hyprop was granted REIT status by the JSE with effect from 1 July 2013 in line with the REIT structure as provided for in the Income Tax Act, No. 58 of 1962, as amended from time to time (the “**Income Tax Act**”) and section 13 of the JSE Listings Requirements.

The REIT structure is a tax regime that allows a REIT to deduct qualifying distributions to investors, in determining its taxable income.

The cash dividend of 299.29970 cents per share meets the requirements of a “qualifying distribution” for the purposes of section 25BB of the Income Tax Act (a “**qualifying distribution**”) with the result that:

- qualifying distributions received by South African resident Hyprop shareholders must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(i)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the Hyprop shareholder. These qualifying distributions are however exempt from dividends withholding tax, provided that the South African resident shareholders provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:
 - a declaration that the dividend is exempt from dividends tax; and
 - a written undertaking to inform the CSDP, broker or the Company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Shareholders who are South African residents are advised that in electing to participate in the dividend reinvestment alternative, pre-taxation funds are utilised for reinvestment purposes and that taxation will be due on the total cash dividend amount of 299.29970 cents per share.

- qualifying distributions received by non-resident Hyprop shareholders will not be taxable as income and instead will be treated as ordinary dividends which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. Any qualifying distribution is subject to dividends withholding tax, at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (“DTA”) between South Africa and the country of residence of the shareholder. Assuming dividends withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 239.43976 cents per share. A reduced dividend withholding tax rate in terms of the applicable DTA, may only be relied upon if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:
 - a declaration that the dividend is subject to a reduced dividend withholding tax rate as a result of the application of a DTA; and
 - a written undertaking to inform their CSDP, broker or the Company, as the case may be, should the circumstances affecting the reduced dividend withholding tax rate change or the beneficial owner ceases to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Non-resident shareholders are further advised that in participating in the dividend reinvestment alternative, post dividend withholding tax funds are utilised for reinvestment purposes.

Other information:

- The ordinary issued share capital of Hyprop is 359 566 570 ordinary shares of no par value before the dividend reinvestment alternative.
- Income Tax Reference Number of Hyprop: 9425177715.

The cash dividend or dividend reinvestment alternative may have tax implications for resident as well as non-resident shareholders. Shareholders are therefore encouraged to consult their tax and/or professional advisors should they be in any doubt as to the appropriate action to take.

INFORMATION RELATING TO FOREIGN SHAREHOLDERS

The release, publication or distribution of the circular and/or accompanying documents and the right to elect to receive shares pursuant to the dividend reinvestment alternative in jurisdictions other than South Africa may be restricted or affected by the laws of such jurisdictions, and a failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdictions. The shares issued pursuant to the dividend reinvestment alternative may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered within Australia, Canada, Hong Kong or Japan.

United States of America

The Hyprop shares issued pursuant to the dividend reinvestment alternative have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed comment or opinion upon or endorsed the merits of the dividend reinvestment alternative or the accuracy or adequacy of the circular. Any representation to the contrary is a criminal offence in the United States.

Shareholders who are citizens or residents of the United States are advised that the Hyprop Shares have not been and will not be registered under the U.S. Securities Act, or under any securities laws of any state or other jurisdiction of the United

States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with applicable state and other securities laws of the United States.

Accordingly, the Company is not offering the Hyprop shares into the United States unless an applicable exemption from the registration requirements of the U.S. Securities Act is available and, subject to certain exceptions, the circular does not constitute nor will it constitute an offer or an invitation to apply for, or an offer or an invitation to acquire, any Hyprop shares in the United States. Subject to certain exceptions, the circular will not be sent to any shareholder in, or with a registered address in, the United States. Any person in the United States wishing to receive Hyprop shares must execute and deliver to the Company an investor letter satisfactory to the Company to the effect that such person and any account for which it is acquiring the shares is a QIB and satisfies certain other requirements. The investor letter may be requested or obtained from the Company by emailing dripinfo@hyprop.co.za. For the avoidance of doubt, all shareholders located in the United States are entitled to receive the cash dividend.

Subject to certain exceptions, any person who acquires Hyprop shares will be deemed to have declared, warranted and agreed, by accepting delivery of the circular, the dividend reinvestment alternative, selling or renouncing their Hyprop shares or accepting delivery of the Hyprop shares that it is not, and that at the time of acquiring the Hyprop shares, it will not be, in the United States or acting on behalf of, or for the account or benefit of, a person on a non-discretionary basis in the United States or any state of the United States.

In addition, until 10 January 2024 (40 business days after posting of the certificated shares and updating the accounts of dematerialised shareholders with the new shares), an offer, sale or transfer of the shares within the United States by a dealer (whether or not participating in the dividend reinvestment alternative transaction) may violate the registration requirements of the U.S. Securities Act.

European Economic Area

In relation to each member state of the European Economic Area (each a “**Relevant State**”), with effect from and including the date of the circular, no shares have been offered pursuant to the dividend reinvestment alternative to the public in that Relevant State. The offer of shares pursuant to the dividend reinvestment alternative contemplated by the circular may not be made to the public in that Relevant State except that an offer to the public in that Relevant State of any shares pursuant to the dividend reinvestment alternative may be made at any time under the following exemptions under the Prospectus Regulation:

- (A) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- (B) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), as permitted under the Prospectus Regulation; or
- (C) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares pursuant to the dividend reinvestment alternative shall require the Company to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” (and similar expressions) in relation to any shares offered pursuant to the dividend reinvestment alternative in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the dividend reinvestment alternative and the shares to be offered pursuant thereto so as to enable an investor to decide to purchase or subscribe for any shares pursuant to the dividend reinvestment alternative, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

Any person located in any Relevant State that elects to receive any shares pursuant to the dividend reinvestment alternative, will be deemed to represent, warrant, agree and confirm that they are a qualified investor as defined under the Prospectus Regulation. Any person located in any Relevant State that wishes to receive shares pursuant to the dividend reinvestment alternative is requested to contact the Company by emailing dripinfo@hyprop.co.za. In the case of any shares pursuant to the dividend reinvestment alternative being acquired by a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it pursuant to the dividend reinvestment alternative have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in a Relevant State in circumstances which may give rise to an offer of any shares issued pursuant to the dividend reinvestment alternative to the public other than their offer or resale in a Relevant State to qualified investors as defined under the Prospectus Regulation.

The Company and its affiliates and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement.

United Kingdom

In the United Kingdom, the circular is only being distributed and communicated to, and any investment or investment activity to which the circular relates is available only to, and will be engaged in only with, persons: (i) having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act, 2000 (Financial Promotion) Order 2005 (the “**Order**”); or (ii) who are high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**Relevant Persons**”). Persons who are not Relevant Persons should not take any action on the basis of the circular and should not act or rely on it. Relevant Persons that wish to receive shares pursuant to the dividend reinvestment alternative are requested to contact the Company by emailing dripinfo@hyprop.co.za.

Disclaimer

This announcement does not constitute or form part of an offer to sell securities, or the solicitation of any offer to buy or subscribe for any securities, to or from any person in the United States (or to, or for the account or benefit of, any such person or any U.S. person, as defined in Regulation S under the U.S. Securities Act) or in any other jurisdiction in which, or to or from any other person to or from whom, such offer or solicitation is unlawful. The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration with the United States Securities and Exchange Commission or an exemption from registration. There will be no public offer of the securities in the United States.

16 October 2023

Corporate advisor and sponsor

JAVACAPITAL