

## **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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## **ACQUISITION OF TABLE BAY MALL**

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### **1. INTRODUCTION**

Shareholders are hereby advised that on 16 October 2023 Hyprop concluded a sale agreement with the Trustees for the time being of The Table Bay Mall Property Trust, (the “**Seller**”), to acquire 100% of the commercial letting enterprise, including the property and lease agreements relating to it, known as “Table Bay Mall”. As part of the acquisition, Hyprop will also acquire the solar panels (“**Solar Panels**”) that are in the process of being commissioned on the property (the “**Transaction**”).

### **2. RATIONALE**

As a retail-focused REIT, Hyprop creates spaces and connects people by owning and managing prominent retail centres in mixed-use precincts in key economic nodes within South Africa and Eastern Europe. The Transaction is consistent with the Company’s strategy to increase its exposure to the Western Cape and is aligned with Hyprop’s key priority of reviewing its portfolio annually to evaluate the case for recycling of assets, increasing the Group’s exposure to favourable geographies and considering new growth opportunities. This envisages recycling capital from some of our mature investments (market conditions permitting) into opportunities with strong growth potential, such as Table Bay Mall.

- Table Bay Mall is strategically situated in Sunningdale, inland from Blouberg and Big Bay, on Cape Town’s west coast, a region of the Western Cape that is expected to experience above-average growth, due to residential development that is partly driven by relocation trends within South Africa that favour the Western Cape.
- Table Bay Mall provides Cape Town’s west coast with the ease of a convenience centre combined with the choice of a regional shopping centre in a unique and sophisticated single-level shopping, dining and entertainment experience.
- The centre is located in a high-growth node and the majority of Table Bay Mall’s shoppers are medium to high income earners. An independent nodal study confirms an excellent customer loyalty score, with customers that are very satisfied with the centre.
- The area around the Table Bay Mall has been earmarked for future construction of 5 000 to 7 500 residential units over the next 5-10 years, depending on market conditions.
- Table Bay Mall was developed in 2018 and has successfully grown its key trading metrics and net operating income since inception, despite 2 years of disrupted trading conditions due to the Covid-19 pandemic.

The acquisition of Table Bay Mall is a unique opportunity for Hyprop to acquire a premium retail property at a fair market value at a relatively early stage of its life cycle, with the potential to unlock additional growth through active asset management initiatives, including optimising the tenant mix, drawing on Hyprop’s proven retail property management expertise.

### 3. TERMS OF THE TRANSACTION

Hyprop will acquire 100% of Table Bay Mall as a going concern with effect from the date of registration of transfer of the property into the name of Hyprop (the “**Effective Date**”).

#### 3.1 Table Bay Mall

- The purchase consideration in respect of the letting enterprise is R1.625 billion (the “**Purchase Consideration**”) which will be settled in cash on the Effective Date.
- The directors of Hyprop are satisfied that the Purchase Consideration payable in respect of the Transaction is considered to be fair market value. The directors of Hyprop are not independent valuers and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act No. 47 of 2000.
- The Company will settle the Purchase Consideration utilising new and a portion of its existing undrawn borrowing facilities of R2.3 billion. Table Bay Mall will remain unencumbered. A portion of the proceeds from the FY2023 DRIP announced in September 2023 (which is capped at R500 million in aggregate) may be utilised to repay a portion of any revolving credit facilities drawn to settle the Purchase Consideration.
- Following implementation of the Transaction, payment of the 2023 final dividend and assuming that the FY2023 DRIP is well supported by shareholders, Hyprop is expected to have a loan-to-value ratio of circa 40.3%.

#### 3.2 Solar Panel installation

- In addition to the Purchase Consideration, Hyprop will pay the Sellers R23.3 million on the Effective Date in respect of the cost of the Solar Panels currently being installed on Table Bay Mall. Hyprop will complete the installation and commissioning of the Solar Panels at its cost (estimated to be circa R29 million).
- The cost of the Solar Panels and their installation and commissioning will be settled utilising a portion of Hyprop’s existing undrawn borrowing facilities of R2.3 billion.
- No benefits from the anticipated savings in electricity costs as a result of the solar installation have been included in the financial information below.

#### 3.3 Purchase Consideration adjustments

- The Purchase Consideration will be increased by 0.67% per month from 1 November 2023, compounded monthly in arrears, up to and including the Effective Date.
- The Purchase Consideration is subject to an adjustment account, as is normal in such transactions, to be prepared and settled no later than 70 business days after the Effective Date.

#### 3.4 Conditions precedent

The Transaction is subject to the fulfilment of the condition precedent, that, by no later than 30 April 2024, the relevant Competition Authority unconditionally approves, in writing, the Transaction, or, if the approval is subject to conditions, those conditions are acceptable to the party on whom the conditions are imposed.

#### 3.5 General

The Transaction agreements provide for undertakings, warranties and indemnities which are normal for transactions of this nature.

#### 4. PROPERTY SPECIFIC INFORMATION

The following information relates to Table Bay Mall:

Property name	Table Bay Mall
Location	Erf 37373 Milnerton, in the City of Cape Town, Cape Town Division, Western Cape Province, situated at the corner of R27 (West Coast Road) and Berkshire Boulevard, Sunningdale
Sector	Retail
Retail GLA	64 143 m <sup>2</sup>
Other GLA (storage, centre management office)	3 445 m <sup>2</sup>
Total GLA	67 588 m <sup>2</sup>
Weighted average retail rental per m <sup>2</sup> per month for June 2023	R177.91
Valuation as at 1 November 2023	R1.625 billion

#### 5. FINANCIAL INFORMATION

- The net property income attributable to Table Bay Mall amounted to R108.6 million for the year ended 28 February 2023. This information has been extracted from the unaudited annual financial statements (adjusted for asset management fees that will not be incurred after the Effective Date) of the Seller for the year ended 28 February 2023 prepared in conformity with International Financial Reporting Standards for Small and Medium-sized Entities. For purposes of this announcement, the directors of Hyprop are satisfied with the quality of these unaudited financial statements; and
- Hyprop projects the net property income before depreciation for the period 1 November 2023 to 31 October 2024 at R125.7 million. Hyprop verified this projection through a detailed due diligence. The forecast excludes the anticipated savings in electricity costs as a result of the solar installation. This forecast, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the directors of the Company and has not been reviewed or reported on by Hyprop's external auditors or an independent reporting accountant.

#### 6. CATEGORISATION OF THE TRANSACTION

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

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17 October 2023

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