

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 SUB-SAHARAN AFRICA PORTFOLIO

1. INTRODUCTION

1.1. Hyprop management has previously committed itself to achieving several strategic initiatives. The reduction of its exposure to Sub-Saharan Africa was one of the remaining initiatives to be completed. Further to the announcement in Hyprop’s pre-close operational update published on 24 June 2024 that Hyprop had concluded a letter of intent for the sale of the entire sub-Saharan Africa portfolio, shareholders are hereby advised that on 7 August 2024, Hyprop concluded the following agreements with Lango Real Estate Limited* (“**Lango**” or the “**Buyer**”) in respect of the disposal of Hyprop’s interests in Ikeja City Mall in Nigeria (“**Ikeja**”) and in Accra Mall, Kumasi City Mall and West Hills Mall in Ghana (“**Ghanaian Properties**”):

1.1.1. a share purchase deed between 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**”) relating to the sale of the entire issued share capital of Hyprop Ikeja Mall Limited (“**Hyprop Ikeja**”) and AIHI Ikeja (“**AIHI Ikeja**”), the holders of the entire issued share capital of Gruppo Investment (Nigeria) Limited (“**Gruppo**”) which owns Ikeja (“**Gruppo SPA**”), (“**Gruppo Disposal**”); and

1.1.2. a share purchase deed between the Sellers relating to the sale of the entire issued share capital of AttAfrica Limited (“**AttAfrica**”) which owns the Ghanaian Properties (“**AttAfrica SPA**”), (“**AttAfrica Disposal**”),

collectively the “**Transaction**”.

1.2. Hyprop Mauritius holds 75% of the shares in Gruppo through its wholly owned subsidiary, Hyprop Ikeja, and AIHI holds 25% of the shares in Gruppo through its wholly owned subsidiary, AIHI Ikeja.

1.3. Hyprop Mauritius and AIHI each hold 50% of the shares in AttAfrica (with economic interests of 73.12% and 26.88% respectively). AttAfrica in turn is the holder of (i) 50% of the shares in Accra Mall (Mauritius) Limited (“**AMML**”) which owns a 93.94% effective interest in Accra Mall (including the undeveloped land adjacent to Accra Mall); and (ii) 98.22% of the shares in Delico Property Developments Limited which owns a 100% effective interest in Kumasi City Mall and a 60% effective interest in West Hills Mall.

2. RATIONALE

2.1. Hyprop’s stated strategy is to focus on its South African and Eastern European portfolios, and exit Sub-Saharan Africa (excluding South Africa).

2.2. As announced in Hyprop’s pre-close operational update published on 24 June 2024, the conditions precedent to the sale of Ikeja to a fund managed by the Actis Group, originally concluded in November 2020, were not fulfilled by the longstop date, resulting in the termination of the agreement.

2.3. The Gruppo Disposal realises Hyprop's intention to dispose of Ikeja. Similarly, the AttAfrica Disposal is in line with Hyprop's stated intention to dispose of its Sub-Saharan Africa investments.

2.4. On implementation of the two disposals Hyprop and Hyprop Mauritius will be released from guarantees provided to the lenders to Gruppo and the AttAfrica group.

3. TERMS OF THE TRANSACTION

3.1. Gruppo Disposal

3.1.1. Subject to the fulfilment (or waiver) of the conditions precedent set out below, the Sellers will dispose of their interests in Hyprop Ikeja and AIHI Ikeja to the Buyer for an aggregate purchase price of US\$32,010,597, net of debt ("**Gruppo Purchase Consideration**"), apportioned as US\$24,108,679 in respect of Hyprop Ikeja and US\$7,901,918 in respect of AIHI Ikeja.

3.1.2. The Gruppo Purchase Consideration will be settled by the issue of class A shares in the Buyer to the Sellers in their respective proportions ("**Gruppo Consideration Shares**") calculated at an issue price of US\$4.19 per Gruppo Consideration Share on the Completion Date (as defined below).

3.1.3. 20% of the Gruppo Consideration Shares will be held in escrow until the earliest of: (i) 30 June 2025; and (ii) six months after the Completion Date pending fulfilment by the Sellers of their undertaking to assist with the on-boarding of the property acquired by the Buyer.

3.2. AttAfrica Disposal

3.2.1. Subject to the fulfilment (or waiver) of the conditions precedent set out below, the Sellers will dispose of their interests in AttAfrica to the Buyer for an aggregate purchase price of US\$27,306,002, net of debt ("**AttAfrica Purchase Consideration**"), apportioned as US\$19,966,148 in respect of Hyprop Mauritius and US\$7,339,854 in respect of AIHI.

3.2.2. The AttAfrica Purchase Consideration will be settled by the issue of class A shares in the Buyer to the Sellers in their respective proportions ("**AttAfrica Consideration Shares**") calculated at an issue price of US\$4.19 per AttAfrica Consideration Share on the Completion Date (as defined below).

3.2.3. 20% of the AttAfrica Consideration Shares will be held in escrow until the earliest of: (i) 30 June 2025; and (ii) six months after the Completion Date pending fulfilment by the Sellers of their undertaking to assist with the on-boarding of the properties acquired by the Buyer.

3.3. In line with the AMML shareholders agreement, an independent expert will determine any potential recoupment of tax allowances triggered by a potential indirect change in ownership of AMML in the future. AttAfrica's 50% share of such potential tax recoupment will be placed in cash in an escrow account by the Sellers until the statutory window period of such change in ownership has expired.

3.4. The AttAfrica SPA and the Gruppo SPA provide for undertakings, warranties and indemnities which are normal for transactions of this nature.

3.5. In line with Hyprop's strategy to exit Sub-Saharan Africa, it is not a long-term holder of the Gruppo Consideration Shares or the AttAfrica Consideration Shares.

3.6. Conditions precedent

3.6.1. The Gruppo Disposal is subject to the fulfilment or waiver of the following conditions precedent by 31 December 2024 ("**Longstop Date**"):

- 3.6.1.1. obtaining unconditional written consents from the lenders to Gruppo in relation to the Gruppo Disposal;
 - 3.6.1.2. execution by the Sellers of the subscription agreement and shareholder’s agreement to be concluded between Lango and the Sellers relating to the issue of the Gruppo Consideration Shares;
 - 3.6.1.3. receipt of an approval letter issued by the Federal Competition and Consumer Protection Commission in Nigeria in relation to the indirect change of control constituted by the Gruppo Disposal; and
 - 3.6.1.4. to the extent required, receipt of all necessary regulatory approvals required for the implementation of the Gruppo Disposal.
- 3.6.2. The AttAfrica Disposal is subject to the fulfilment or waiver of the following conditions precedent by the Longstop Date:
- 3.6.2.1. the Sellers having entered into an escrow agreement in respect of the disposal of their respective shareholdings in AMML in accordance with the escrow obligations detailed in 3.3 above, including obtaining the approval of the Financial Surveillance Department of the South Africa Reserve Bank (to the extent required and which the parties will use their best efforts to obtain).
 - 3.6.2.2. obtaining unconditional written consents from the lenders to the AttAfrica group in relation to the AttAfrica Disposal;
 - 3.6.2.3. execution by the Sellers of the subscription agreement and shareholder’s agreement to be concluded between Lango and the Sellers relating to the issue of the AttAfrica Consideration Shares; and
 - 3.6.2.4. to the extent required, receipt of all necessary regulatory approvals required for the implementation of the AttAfrica Disposal.
- 3.6.3. The AttAfrica Disposal and the Gruppo Disposal are not inter-dependent or inter-conditional.
- 3.6.4. If the conditions precedent of each transaction have not been satisfied or waived by the Longstop Date, the Longstop Date for that transaction shall continue indefinitely until either the Sellers or the Buyer notifies the other in writing that it wishes for the Longstop Date to no longer be indefinite, in which case the date of that notice shall become the Longstop Date for that transaction.
- 3.6.5. The effective date of each Transaction shall be the 5th business day after the last of the conditions precedent have been satisfied (or waived) (“**Completion Date**”).

4. PROPERTY SPECIFIC INFORMATION

4.1. The following information relates to Ikeja:

Property name	Location	Sector	Gross lettable area (m ²)	Weighted average net rental per month (US\$/m ²)	External valuation (US\$) ¹
Ikeja City Mall	Lagos, Nigeria	Retail	22 223	43	117 406 000

4.2. The following information relates to the Ghanaian Properties:

Property name	Location	Sector	Gross lettable area (m ²)	Weighted average net rental per month (US\$/m ²)	External valuation (US\$) ²
Accra Mall and the adjacent undeveloped land	Accra, Ghana	Retail	21 311	26	94 473 000
Kumasi City Mall	Kumasi, Ghana	Retail	18 534	22	42 144 000
West Hills Mall	Accra, Ghana	Retail	28 272	15	42 947 000

- Ikeja City Mall was valued at 31 December 2023 by Tom Bates, an independent valuer registered without restriction in terms of Section 19 of the Property Valuers Profession Act No. 47 of 2000.*
- Accra Mall, Kumasi City Mall and West Hills Mall were valued at 31 December 2023 by Tom Bates, an independent valuer registered without restriction in terms of Section 19 of the Property Valuers Profession Act No. 47 of 2000.*

4.3. The profits of Gruppo, Hyprop Ikeja and AttAfrica attributable to Hyprop, as reported in Hyprop's unaudited interim results for the six months ended 31 December 2023, were:

4.3.1. In respect of Gruppo and Hyprop Ikeja:

4.3.1.1. A loss of R644 million (including the change/decrease in the fair value of investment property and foreign exchange losses)

4.3.1.2. A profit of R14.5 million (excluding the change/decrease in the fair value of investment property and foreign exchange losses); and

4.3.2. In respect of AttAfrica, an equity accounted loss of R33.5 million.

5. CATEGORISATION OF THE TRANSACTION

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

12 August 2024

Sponsor



* Lango's ordinary shares are beneficially held by Lango Real Estate Management Limited and its class A shares are beneficially held by the following shareholders, none of whom are related parties to Hyprop: Blue Sky Trust, Eskom Pension and Provident Fund, FNB Stockbroking & Portfolio Management (Pty) Ltd, Government Institutions Pension Fund, Lango Co-Invest LP, Growthpoint Properties Limited, International Finance Corporation, K Khimji, The Pivotal Fund (Pty) Ltd, N Price, PSPIB-SDL Inc., RMB Property Holdco 1 (Pty) Ltd, SA Investment Holdings 7 Ltd, SCHF (M) PV, L.P., Stanhope Investments, Thuraya Investments Limited, VFF Investments III LLC and W.I Cook Foundation Inc.