

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 A 50% UNDIVIDED SHARE IN HYDE PARK CORNER AND THE GRANT OF AN OPTION IN RESPECT OF THE DISPOSAL OF THE REMAINING 50% INTEREST

1. INTRODUCTION

Shareholders are hereby advised that the Company has on 30 June 2025 (“**Signature Date**”) entered into a sale of rental enterprise agreement (“**Sale Agreement**”) with MEP SPV 3 Proprietary Limited (the “**Purchaser**”), a wholly owned subsidiary of Millennium Equity Partners Proprietary Limited (“**Millennium**”), to dispose of a 50% undivided share of the shopping centre known as Hyde Park Corner (“**Property**”) together with the rental enterprise (“**Rental Enterprise**”) conducted thereon for a consideration of R805 million (the “**Transaction**”). In addition, Hyprop has concluded an agreement which provides for the option to dispose of the remaining 50% of the Property as further detailed in paragraph 6 below.

Millennium is a property private equity fund, the General Partner of which is beneficially owned by Stanger Enterprises, TF Holdings and Nisela Private Equity, none of whom are related parties of Hyprop.

2. RATIONALE AND USE OF PROCEEDS

Hyprop is a retail-focused JSE-listed REIT that creates spaces and connects people by owning and managing dominant 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 allocate more capital to the Western Cape and Eastern Europe and focus on regional malls rather than mid-sized malls.

The proceeds will be allocated to reducing debt in the short term and for asset management initiatives, organic growth opportunities, further solar-PV projects and new investments within Hyprop’s existing operations.

3. TERMS OF THE TRANSACTION

- 3.1 In terms of the Sale Agreement, the purchase price payable for the 50% undivided share in the Property and Rental Enterprise is R805,000,000 (including VAT at the rate of 0%) (“**Initial Consideration**”), which is in line with the 31 December 2024 independent valuation.
- 3.2 The Initial Consideration will be paid to the Company in cash on the date of registration of transfer of the 50% undivided share in the Property into the name of the Purchaser (“**Transfer Date**”), following the fulfilment or waiver (to the extent legally permissible) of the conditions precedent to the Transaction (“**Effective Date**”).
- 3.3 The Initial Consideration will escalate at 0.53% per month from 1 August 2025 to the Transfer Date (both days inclusive) calculated daily and compounded monthly.
- 3.4 The Initial Consideration will be subject to an adjustment based on the actual net operating income (“**NOI**”) in respect of the Rental Enterprise for the period 1 July 2026 to 30 June 2027, escalated by 5% and capped at a yield of 8.75% (“**Final Consideration**”). If the Final Consideration is greater than the Initial Consideration, the difference will be paid by the Purchaser to the Company and, similarly, should the Initial Consideration be greater than the Final Consideration, the difference will be refunded by the Company to the Purchaser.

3.5 In addition, adjustment accounts as at close of business on the Transfer Date will be prepared in respect of the proportionate net debits and credits attributable to each of the Company and the Purchaser. If the adjustment accounts reflect a net balance to the credit of the Purchaser, the Company shall pay the Purchaser the amount of such net balance and if the adjustment accounts reflect a net balance to the debit of the Company, the Purchaser shall pay the Company.

3.6 **Top up guarantee**

The Company has provided the Purchaser with a net operating income guarantee, indemnifying the Purchaser against any shortfall in the Purchaser's share of actual net operating income in the amount of R70,437,700 in respect of each of the 12-month periods commencing 1 July 2025 and 1 July 2026, subject to a maximum shortfall amount of R20 million per 12-month period.

3.7 **General**

3.7.1 The Sale Agreement provides for undertakings, warranties and indemnities which are normal for transactions of this nature.

3.7.2 Subject to such warranties, the Rental Enterprise is sold "voetstoots".

3.7.3 The Company will have the right to terminate the Sale Agreement if the Transfer Date has not occurred by 30 November 2025 (or such later date as the Company may unilaterally determine and communicate in writing to the Purchaser prior to 30 November 2025) and such delay is not as a result of a delay with the relevant deeds registry office.

4. **CONDITIONS PRECEDENT**

The Transaction is subject to the fulfilment or, where legally permissible, waiver of the following outstanding conditions precedent, namely that:

4.1 by no later than 4 July 2025 (or such other date as the Company and the Purchaser may agree in writing):

4.1.1 the co-ownership agreement concluded between the Company and the Purchaser to govern their respective rights and obligations as co-owners of the Property with effect from the Transfer Date, becomes unconditional in accordance with its terms, save for any conditions contained therein requiring the Sale Agreement to become unconditional;

4.1.2 the asset management agreement concluded between the Company and the Purchaser in terms of which the Company is appointed to render certain asset management services in respect of the Property in accordance with the terms and conditions contained in such agreement, becomes unconditional in accordance with its terms, save for any conditions contained therein requiring the Sale Agreement to become unconditional; and

4.1.3 the property management agreement, to be concluded between the Company and the Excellerate Real Estate Services Proprietary Limited trading as JHI in terms of which JHI is appointed to render certain property management services in respect of the Property in accordance with the terms and conditions contained in such agreement, is concluded and becomes unconditional in accordance with its terms, save for any conditions contained therein requiring the Sale Agreement to become unconditional;

4.2 by the 10th business day after the Signature Date (or such other date as the Company and the Purchaser may agree in writing), the board of directors of the Company approves (i) the conclusion of the co-ownership agreement, the asset management agreement and the property management agreement; and (ii) the implementation of the Transaction;

- 4.3 by the 10th business day after the Signature Date (or such other date as the Company and the Purchaser may agree in writing), the shareholders of Millennium approve the provision of the parent guarantee pursuant to section 45 of the Companies Act;
- 4.4 by the 25th business day after the Signature Date (or such other date as the Company and the Purchaser may agree in writing), ABSA Bank Limited (acting through its Corporate and Investment Banking Division):
 - 4.4.1 confirms, in writing, that the undivided share of the Property shall be released from the existing mortgage bond to effect transfer against payment of 50% or more of any outstanding amounts due under any facilities secured by the existing mortgage bond, if any; and
 - 4.4.2 to the extent required, irrevocably and unconditionally consents, in writing, to the change in ownership of the Property pursuant to the implementation of the Sale Agreement;
- 4.5 by the 90th business day after the Signature Date (or such other date as the Company and the Purchaser may agree in writing), unconditional approval (or approval subject to such condition/s as the person on whom the condition/s is/are imposed is willing to accept, acting reasonably) is obtained from the Competition Authorities for the implementation of the Transaction;
- 4.6 by no later than 31 August 2025, the Purchaser procures a bank guarantee (in a form to the satisfaction of the Company and conditional only on transfer) from a registered bank in favour of the Company in terms of which such bank guarantees the payment of the debt financed component of the Initial Consideration in an amount of not less than R600,000,000 ("**Debt Financed Component**"); and
- 4.7 by no later than 20 calendar days after fulfilment (or, to the extent legally permissible, waiver) of the Condition Precedent contemplated in 4.5 above, the Purchaser procures a bank guarantee (in a form to the satisfaction of the Company and conditional only on transfer) from a registered bank in favour of the Company in terms of which such bank guarantees the payment of the equity financed component of the Initial Consideration, being the difference between the Initial Consideration and the Debt Financed Component.

5. ANCILLARY TRANSACTION AGREEMENTS

5.1 Co-ownership agreement

- 5.1.1 Following the implementation of the Transaction, the Purchaser and Hyprop will become co-owners of the Rental Enterprise with effect from the Transfer Date. Accordingly, Hyprop and the Purchaser have concluded a co-ownership agreement ("**Co-ownership Agreement**") to govern their relationship as co-owners.
- 5.1.2 The Co-ownership Agreement will commence on the Transfer Date and will automatically terminate on either the disposal of the Rental Enterprise and the Property by the Purchaser and the Company jointly or when either the Purchaser or the Company disposes of its entire undivided share in the Rental Enterprise.
- 5.1.3 The Purchaser undertakes that it shall not undergo a change in control unless it obtains the prior written consent of Hyprop, which consent shall not be unreasonably withheld or delayed.

5.2 Asset management and property management agreements

- 5.2.1 The Property is internally asset managed by Hyprop and the property management function is about to be outsourced to JHI.

- 5.2.2 The Purchaser will acquire the 50% undivided share in the Rental Enterprise on the basis that Hyprop will continue to provide asset management services in respect of the Property for so long as Hyprop is a co-owner of the Property. Accordingly, the Purchaser has entered into an asset management agreement with Hyprop to provide asset management services in respect of its interest in the undivided share of the Rental Enterprise to be acquired.
- 5.2.3 The Purchaser will accede to the property management agreement with JHI to provide property management services in respect of its interest in the undivided share of the Rental Enterprise to be acquired.

6. TERMS AND CONDITIONS OF THE PUT OPTION AND CALL OPTION

- 6.1 The Co-ownership Agreement provides for a put option in favour of Hyprop and a call option in favour of the Purchaser which, if either is exercised, could result in the Purchaser acquiring the remaining 50% undivided interest in the Property and the Rental Enterprise (“**Option Interest**”) for an amount equal to the Final Consideration (“**Option Consideration**”), which will escalate with effect from 1 September 2027 up to and including the date of payment at a rate of 0.53% per month calculated daily and compounded monthly (“**Option Transaction**”).
- 6.2 The call option or the put option must be exercised by the relevant party by notice in writing at any time during the period commencing on 31 August 2027 and ending on 30 November 2027 (“**Option Period**”). If the call option or the put option is not exercised during the Option Period such option will lapse.
- 6.3 The implementation of the Option Transaction is subject to:
- 6.3.1 to the extent required, unconditional approval within 90 business days from when either option is exercised (or approval subject to such condition/s as the person on whom the condition/s is/are imposed is willing to accept, acting reasonably) is obtained from the competition authorities for the implementation of the Option Transaction; and
- 6.3.2 the Purchaser securing a bank guarantee in favour of the Company to pay the Option Consideration in cash on the date of transfer of the 50% undivided share in the Property in the name of the Purchaser within 50 business days from when either option is exercised.
- 6.4 If the call option or put option is exercised within the Option Period, but the conditions referred to in paragraph 6.3 above to the Option Transaction is not fulfilled or if the transfer of Hyprop’s remaining undivided share in the Property into the name of the Purchaser is not registered in the relevant deeds registry office within 5 months after written notification of exercise of the relevant option:
- 6.4.1 the Purchaser shall have no further rights or entitlements to acquire the Option Interest; and
- 6.4.2 Hyprop shall have the followings rights:
- 6.4.2.1 Hyprop shall be entitled to sell the Option Interest and its rights in terms of the asset management agreement in the open market, without a pre-emptive right in favour of the Purchaser;
- 6.4.2.2 if at any time Hyprop receives an arms’ length offer from a bona fide third party offeror for the acquisition of the Option Interest, which it wishes to accept, then the Purchaser shall be obliged, if required by Hyprop, to dispose of all of the Purchaser’s interest in the Property to the bona fide third party at the same price and on the same terms and conditions, mutatis mutandis, provided the sale price of 50% of the undivided share acquired by the Purchaser pursuant to the Transaction is at least R640,000,000; and

6.4.2.3 the calculation of the asset management fee will be adjusted upwards to a market related asset management fee as described in the asset management agreement.

6.4.3 The Co-ownership Agreement provides for undertakings, warranties and indemnities in respect of the Option Transaction which are normal for transactions of this nature.

6.4.4 Subject to such warranties, the Option Interest is sold “voetstoots”.

7. PROPERTY SPECIFIC INFORMATION

7.1 The details of the Property are set out in the table below.

Property name	Hyde Park Corner
Location	<ul style="list-style-type: none">– Section No. 1 as shown and more fully described on Sectional Plan No. SS 282/2013 in the scheme known as “Hyde Park Corner” in respect of the land and building/s situate at Hyde Park Township, Hyde Park Extension 16 Township, Hyde Park Extension 21 Township and Portion 776 (a portion of Portion 1) of the Farm Zandfontein, No. 42, Registration Division I.R., Province of Gauteng, Local Authority: City of Johannesburg; and– an undivided share in and to the common property in the scheme as further detailed in the Sale Agreement
Sector	Retail
GLA	38,257m ²
Weighted average rental per m ² per month	R408.50

7.2 The information in the table above reflects 100% of the Property.

7.3 The directors of Hyprop are satisfied that the Final Consideration and the Option Consideration payable in respect of the Rental Enterprise is considered to be fair market value. The directors of Hyprop are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act No. 47 of 2000.

7.4 Agents’ commission in the amount of R8,050,000 excluding VAT is payable by the Company, which shall be adjusted in line with the Final Consideration. In addition, the Company will cover 50% of legal costs and merger approval costs.

8. FINANCIAL INFORMATION

The value of the net assets and the profits attributable to the net assets of 100% of the Rental Enterprise are R1 583 678 000 and R46 522 000, respectively (“**Financial Information**”). The Financial Information has been extracted from Hyprop’s unaudited interim results for the six months ended 31 December 2024, which were prepared in terms of International Financial Reporting Standards. The Financial Information is the responsibility of the directors of Hyprop and has not been reviewed or reported on by the Company’s auditors.

9. CATEGORISATION OF THE TRANSACTION AND THE OPTION TRANSACTION

The Transaction is classified as a category 2 transaction in terms of the JSE Listings Requirements and accordingly does not require Hyprop’s shareholder approval.

In accordance with the JSE Listings Requirements, the grant of an option that is exercisable at the sole discretion of the option holder is regarded as a transaction and must be categorised at the date of grant of the

option, as if the option had been exercised. Accordingly, the granting of the call option in favour of the Purchaser is required to be categorised as if the call option has already been exercised.

The Transaction, when aggregated with the Option Transaction, is classified as a category 2 transaction in terms of the JSE Listings Requirements and accordingly does not require Hyprop's shareholder approval.

1 July 2025

Sponsor



Debt sponsor

