E. PROPERTY INVESTMENTS AND RELATED ITEMS

E1 INVESTMENT PROPERTY

E1.1 Accounting policy

Investment properties are properties held to earn rental income and/or for capital appreciation.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease.

Investment property is initially recognised at cost, including transaction costs. Cost includes initial costs, costs incurred subsequently to extend or refurbish investment property and the cost of any development rights.

Investment property is subsequently measured at fair value.

Gains or losses arising from changes in fair value, after deducting the straight-line rental income accrual, are included in net profit or loss for the period in which they arise. These gains or losses are transferred to non-distributable reserves in the statement of changes in equity.

In instances when investment property has been sold, but not yet transferred to the purchaser at year-end, the fair value is determined as the sale price.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the property.

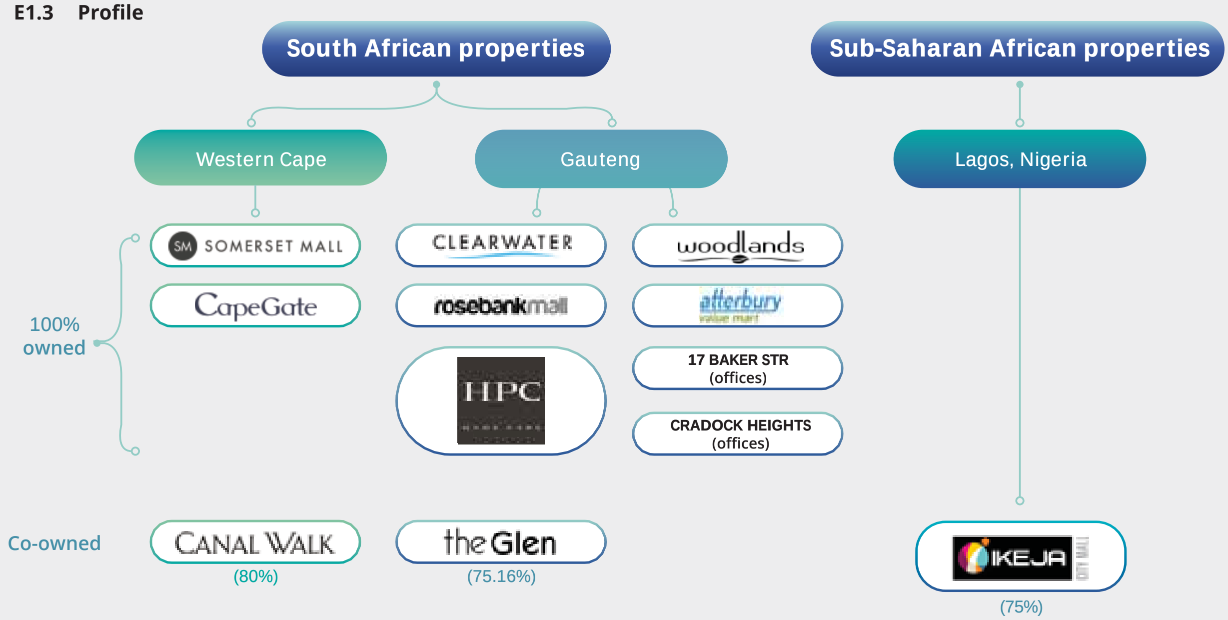
Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the asset.

Realised gains or losses arising on the disposal of investment properties are recognised in profit or loss for the year and transferred to/from non-distributable reserves in the statement of changes in equity.

E1.2 Key judgements and estimations

Investment property valuations	The valuation of investment properties requires judgement in the determination of, inter alia, future cash flows, appropriate discount rates and capitalisation rates. Refer: E1.7.3 - *Valuation assumptions*

E1.3 Profile



		Group		Company	
		June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
E1.4	**Net carrying value**				
	Historical cost	15 516 373	14 897 979	12 826 351	12 702 164
	Accumulated fair value movements	10 341 537	15 067 836	11 048 012	15 325 157
	Assets classified as held-for-sale	(1 983 547)	(1 938 494)	-	-
	Total investment property	**23 874 363**	**28 027 321**	**23 874 363**	**28 027 321**
E1.5	**Movement reconciliation**				
	Investment property at valuation at 1 July	28 027 321	30 141 027	28 027 321	28 091 539
	Capital expenditure	140 896	95 064	140 629	94 670
	Disposals	-	(55)	-	(55)
	Currency translation difference	436 060	67 016	-	-
	Net change in fair value	(4 668 419)	(337 238)	(4 277 145)	(158 832)
	Change in fair value	(4 550 133)	(425 125)	(4 151 218)	(240 231)
	Straight-line rental income accrual	(118 286)	87 887	(125 927)	81 399
	Interest capitalised	589	-	589	-
	Reclassification to property plant and equipment	(17 031)	-	(17 031)	-
	Transfer to non-current assets held-for-sale	(45 053)	(1 938 494)	-	-
	Total investment property	**23 874 363**	**28 027 321**	**23 874 363**	**28 027 321**
E1.6	**Reconciliation to independent valuation**				
	Net carrying value of investment property	23 874 363	28 027 321	23 874 363	28 027 321
	Straight-line rental income accrual	574 845	448 917	574 845	448 917
	Property, plant and equipment	206 236	162 288	206 236	162 288
	Fair value relating to owner occupied building portion	12 897	-	12 897	-
	Centre management assets	(2 377)	(1 808)	(2 377)	(1 808)
	Independent valuation [1]	**24 665 964**	**28 636 718**	**24 665 964**	**28 636 718**

[1] *Excludes property held-for-sale, refer to note E7.*

Refer to Section C – Segmental analysis, for a breakdown of investment property, contractual rental income and property expenses by segment.

Interest rate used to calculate interest capitalised (%)	**7.4**	**n/a**	**7.4**	**n/a**

E1.7 Valuation methodology

Investment property fair value measurements are categorised as level 3 (refer to note L1.1 for the definition of level 3). The Group's policy is to obtain independent valuations of the investment properties and report investment properties at the lower of that value, or a directors' valuation based on arms-length *bona fide* commercial offers for specific properties. The South African properties are independently valued every six months, while properties held by subsidiaries or associates of AttAfrica and Hystead are independently valued on an annual basis.

The valuation methods applied by independent valuers are the same as those used in the prior year.

E. PROPERTY INVESTMENTS AND RELATED ITEMS *continued*

E1. INVESTMENT PROPERTY *continued*

E1.7 VALUATION METHODOLOGY *continued*

E1.7.1 Who

Valuations of the South African investment properties were performed by valuers who are all registered valuers in terms of section 19 of the Property Valuers Professional Act 47 of 2000. Valuations of the non-South African properties were performed by valuers who are members of the Royal Institution of Chartered Surveyors (RICS), as detailed below:

Company and lead valuer	Qualification	Properties valued
Viking Valuation Trevor King Managing Director	BSc Hons (Building Science, UCT), Dip Surveying (UK, Reading University), Professional Registered Valuer and member of SA Council for the Property Valuers Profession, Chartered Valuation Surveyor and Associate Member of the Royal Institute of Chartered Surveyors (MRICS).	Canal Walk, Somerset Mall, CapeGate, Rosebank Mall, Atterbury Value Mart, Cradock Heights and 17 Baker (Retail and office)
Jones Lang LaSalle (JLL) Joshua Askew Head of valuation: Sub-Saharan Africa, National Director	BA (Hons) English and Philosophy, MA Property Valuations and Property Law, Fellow of and Registered Valuer of the Royal institute of Chartered Surveyors (FRICS and RICS), Licensed Pfandbrief MLV Valuer, Recognised European Valuer.	The Glen, Clearwater Mall, Hyde Park Corner, Woodlands Boulevard (Retail and office)
Mills Fitchet Thomas Bate Partner/member	BSc (Urban Land Economics) University of Westminster London, MSc (Reading University UK), Chartered Valuation Surveyor (RICS).	Ikeja City Mall (Lagos, Nigeria) (Retail)

E1.7.2 How

Details of the valuation methodologies used in valuing investment property, as well as the significant unobservable inputs used, are set out in the table below:

Type	Valuation methodology	Unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Investment properties – continuing operations	**Discounted cash flow:** The valuation models calculate the present value of the future net cash flows expected to be generated by each investment property. The cash flow projections include specific estimates for five years. The expected net cash flows are discounted using a risk adjusted discount rate as well as a risk adjusted cap rate.	• Estimated rentals at the end of the lease • Vacancy levels • Discount rate, and • Reversionary capitalisation rate.	The estimated fair value increases if: • The estimated rentals increase • Vacancy levels decline, • Discount rates (market yields) decline or • Reversionary capitalisation rates decline (and vice versa).
Investment properties – held-for-sale	**Fair value less costs to sell:** Investment property held-for-sale is measured at fair value less costs to sell (FVLCTS) which, in instances where the property is already sold, but not yet transferred, is based on the sale price.	• Estimated rentals at the end of the lease • Vacancy levels • Discount rate • Reversionary capitalisation rate, and • Costs to sell.	

E1.7.3 Valuation assumptions

The key assumptions used by the valuers in determining the fair values of the investment properties are in the following ranges:

	Group		Company	
	June 2020 %	June 2019 %	June 2020 %	June 2019 %
Reversionary capitalisation rates	6.8 to 9.0	6.5 to 8.8	6.8 to 9.0	6.5 to 8.8
Weighted average reversionary capitalisation rates	7.5	6.9	7.4	6.8
Discount rate	10.5 to 14.5	10.5 to 14.3	11.3 to 14.5	12.3 to 14.3
Weighted average discount rate	12.4	12.4	12.5	12.5
Retail vacancy levels	0.0 to 1	0.3 to 2	0.0 to 1	0.3 to 2
Office vacancy levels	0.0 to 0.5	0.5 to 0.8	0.0 to 0.5	0.5 to 0.8
Average market rental growth rate	4.2	5.8	4.3	5.8

The discount and capitalisation rates used in the property valuations are dependent on a number of factors, such as location, the condition of the improvements, current market conditions, the lease covenants and the risk inherent in the property. The current economic downturns in South Africa and Nigeria, together with the extremely difficult trading and operating conditions due to the national lockdowns and Covid-19, has prompted the valuers to assume and apply higher and more conservative discount and reversionary capitalisation rates and to revise their market rental growth rates and forecast property net operating incomes. Reversionary capitalisation rates were adjusted upwards by between 0.25% to 1.5%, from the capitalisation rates used in 2019. Discount rates were adjusted accordingly. The anticipated short-term impact of rental discounts granted to tenants as a result of Covid-19 was taken into account as a "once-off" adjustment.

The independent valuers have noted in their valuation reports that, as a result of Covid-19, their valuations are reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global (The Royal Institute of Chartered Surveyors global valuation standards guideline). They note that, at the valuation date:

- the current response to Covid-19 means that they are faced with an unprecedented set of circumstances on which to base a judgement; and
- they consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.

Consequently, they note that, less certainty and a higher degree of caution should be attached to the valuations than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, they recommend that the valuations be kept under frequent review. It is Hyprop's policy to have its consolidated investment properties independently valued every six months.

E. PROPERTY INVESTMENTS AND RELATED ITEMS *continued*

E1. INVESTMENT PROPERTY *continued*

E1.7 VALUATION METHODOLOGY *continued*

E1.7.4 Valuation sensitivity [1]

The valuations of the investment properties are sensitive to changes in the unobservable inputs used in such valuations. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the fair value of investment property in the statement of profit or loss.

			Group		Company	
	June 2020 % change	June 2019 % change	June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
Increase in reversionary capitalisation rates	0.25	0.25	(630 311)	(723 337)	(630 311)	(723 337)
Decrease in reversionary capitilisation rates	0.25	0.25	675 237	778 519	675 237	778 519
Increase in discount rate	0.25	0.25	(251 395)	(274 057)	(251 395)	(274 057)
Decrease in discount rate	0.25	0.25	254 619	277 580	254 619	277 580
Increase in average market rental growth rate	0.25	0.25	199 400	279 416	199 400	261 581
Decrease in average market rental growth rate	0.25	0.25	(215 700)	(302 940)	(215 700)	(283 603)

[1] *Value sensitivities exclude assets held-for-sale*

E1.8 Mortgaged properties

First mortgage bonds have been registered over South African investment property as well as sub-Saharan African investment property as security for secured interest-bearing borrowings.

In the case of Standard Bank and Rand Merchant Bank, properties are mortgaged to secure a pool of both consolidated and non-consolidated borrowings.

		Group		Company	
	Note	June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
Fair value of investment property mortgaged as security		19 980 352	25 299 216	17 987 264	23 360 700
Comprising: Canal Walk (80%), The Glen (75.16%), Somerset Mall (30%), Woodlands Boulevard, Clearwater Mall, Ikeja City Mall (held-for-sale) and Atterbury Value Mart.					
Total secured borrowings	*H1.4*	**12 183 693**	**10 760 655**	**9 189 154**	**7 306 747**
Secured borrowings (consolidated)		3 697 101	4 229 324	1 658 225	1 558 308
Secured borrowings held-for-sale (consolidated)		955 663	782 892	-	-
Secured revolving credit facilities not drawn down		500 000	-	500 000	-
Secured borrowings (non-consolidated)[2]		7 030 929	5 748 439	7 030 929	5 748 439

[2] *Non-consolidated borrowings comprise loans advanced to Hystead Limited and its subsidiaries which have been guaranteed by Hyprop Investments Limited. Hyprop's obligations under these guarantees are secured by mortgage bonds over certain of Hyprop's properties as described above.*

E1.9 Straight-line rental income accrual

Balance at the beginning of the year	448 917	550 182	448 917	530 316
Foreign currency translation difference	3 157	650	-	-
Recognition/(reversal) of straight-line asset during the year	118 286	(87 887)	125 928	(81 399)
Reallocated from/to asset-held-for-sale	4 485	(14 028)	-	-
Balance at the end of the year	**574 845**	**448 917**	**574 845**	**448 917**

E2 PROPERTY, PLANT AND EQUIPMENT

E2.1 Accounting policy

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all property, plant and equipment to write down the cost, to the estimated residual value, in equal monthly instalments over the estimated useful lives of the assets, as follows:

Building appurtenances	– 3 to 15 years
Tenant installations	– period of the lease
Owner occupied building:	– 20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary. There were no adjustments in the current and prior years.

Subsequent expenditure is capitalised when it is probable that future economic benefits will flow to the Group and the cost thereof can be reliably measured. All other expenditure is recognised as an expense in the period in which it is incurred.

Gains or losses on the disposal of property, plant and equipment are recognised in profit or loss and are calculated as the difference between the proceeds and the carrying value of the item sold.

E2.2 Net carrying value

	Group		Company	
	June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
Cost				
Building appurtenances	318 937	256 158	318 937	256 158
Tenant installations	85 938	77 338	85 938	77 338
Owner occupied building	17 031	-	17 031	-
Total cost	**421 906**	**333 496**	**421 906**	**333 496**
Accumulated depreciation				
Building appurtenances	156 169	122 950	156 169	122 950
Tenant installations	58 649	48 258	58 649	48 258
Owner occupied building	852	-	852	-
Total accumulated depreciation	**215 670**	**171 208**	**215 670**	**171 208**
Net carrying value				
Building appurtenances	162 768	133 208	162 768	133 208
Tenant installations	27 289	29 080	27 289	29 080
Owner occupied building	16 179	-	16 179	-
Total net carrying value	**206 236**	**162 288**	**206 236**	**162 288**

E2.3 Movement for the year

	Group June 2020 R'000	Group June 2019 R'000	Company June 2020 R'000	Company June 2019 R'000
Net carrying value at the beginning of the year	162 288	163 068	162 288	159 911
Capital expenditure	83 695	45 051	71 379	43 457
Currency translation difference	1 941	103	-	-
Disposals	-	(201)	-	(201)
Reclassified from investment properties	17 031	-	17 031	-
Classified as held-for-sale	(12 859)	(3 524)	-	(356)
Depreciation	(45 860)	(42 209)	(44 462)	(40 523)
Net carrying value at the end of the year	**206 236**	**162 288**	**206 236**	**162 288**

E. PROPERTY INVESTMENTS AND RELATED ITEMS *continued*

E3 CAPITAL COMMITMENTS

Details of approved capital expenditure for the year ended 30 June 2021 are set out below.

	Group and Company	
	June 2020 R'000	June 2019 R'000
Approved and committed	173 346	84 945
Approved but not yet committed	339 315	365 532
Total	**512 661**	**450 477**
Yield-based projects	248 107	241 945
Trading density improvements	71 994	121 475
Maintenance/replacements	33 642	66 562
Infrastructure projects	158 918	20 495
Total capital commitments (1)	**512 661**	**450 477**

(1) These balances do not include Co-owners' portions of Canal Walk and The Glen.

Capital commitments exclude held-for-sale properties.

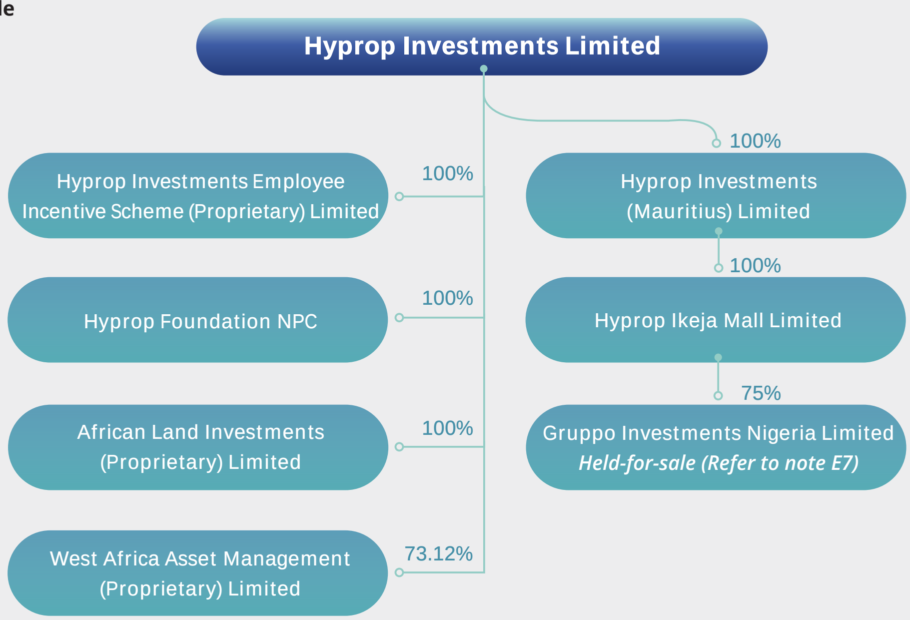
The capital expenditure will be financed from available cash resources, cash generated by operations, banking facilities and debt capital market funding.

E4 INVESTMENTS IN SUBSIDIARIES

E4.1 Accounting policy election

Investments in subsidiaries, joint operations	In terms of IAS 27: *Investments in subsidiaries, associates and joint arrangements*, these investments can be accounted for in the separate financial statements either at: cost; or at fair value in accordance with IFRS 9: *Financial instruments*; or using the equity method as described in IAS 28: *Investments in associates and joint ventures*. The Group has elected to recognise these investments at cost in the separate financial statements.

E4.2 Profile



Name and country of incorporation/operation	Status	Nature of activities	30 June 2020 % held [(1)]	30 June 2019 % held [(1)]
Incorporated and operating in South Africa				
African Land Investments (Proprietary) Limited	Dormant	Dormant	100	100
Hyprop Investments Employee Incentive Scheme (Proprietary) Limited	Active	Hedging the obligations arising from share allocations made to employees.	100	100
Hyprop Foundation NPC	Active	Coordination of Hyprop's corporate social investment initiatives.	100	100
West Africa Asset Management (Proprietary) Limited	Active	Asset management function for properties in sub-Saharan Africa (excluding SA).	73.12	-
Incorporated and operating in Mauritius				
Hyprop Investments (Mauritius) Limited	Active	Indirect investment in and development of income-producing properties in sub-Saharan Africa (excluding SA).	100	100
Hyprop Ikeja Mall Limited	Active	Holding Company for Gruppo.	100	100
Incorporated and operating in Nigeria				
Gruppo Investments Nigeria Limited	Held-for-sale	Owner of Ikeja City Mall.	75	75

[(1)] *Proportion of ownership interest and voting power held by the Group.*

E. PROPERTY INVESTMENTS AND RELATED ITEMS *continued*

E4. INVESTMENTS IN SUBSIDIARIES *continued*

E4.3 Carrying value

	Company	
	June 2020 R'000	June 2019 R'000
Shares at cost		
African Land - Shares at cost	758 264	758 264
Hyprop Share Scheme	*	*
Hyprop Foundation	*	*
Hyprop Mauritius	398 020	*
West Africa Asset Management (Proprietary) Limited	*	-
Less accumulated impairments	(398 020)	-
Total carrying value	**758 264**	**758 264**

* *Amounts less than R1 000.*

The recoverability of the shares in African Land has been assessed taking into account the loan payable by Hyprop to African Land of R761m (see note H1.4). This results in a net liability of R 2.86m.

The recoverability of the shares in Hyprop Mauritius has been assessed taking into account the following factors:
- the expected performance of the underlying investments
- the anticipated market values at which the companies / properties may be sold
- the net asset value of Hyprop Mauritius which, at 30 June 2020, is negative

In calculating the recoverable amount, no probability-weighted outcomes are used as the directors have assumed a 100% loss given default on the calculated shortfall. The investment (shares) in Hyprop Mauritius and the loan receivable from Hyprop Mauritius (see note F1.4) have been impaired to nil.

E4.4 Movement reconciliation

Net carrying value at the beginning of the year	758 264	758 264
Shares subscribed for	398 020	*
Less impairments	(398 020)	-
Total net carrying value	**758 264**	**758 264**

* *Amounts less than R1 000.*

E5 INVESTMENTS IN JOINT ARRANGEMENTS

E5.1 Accounting policy

Joint arrangements are those entities, assets or properties over which the Group has joint control, established by contractual agreements regarding decisions about relevant activities that significantly affect the returns of the arrangements. Joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of the investor, and are accounted for as follows:

Joint operation – When the Group has rights to the assets and obligations for the liabilities relating to a joint arrangement, it accounts for its proportionate share of the assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation, in accordance with the applicable IFRS.

Joint venture – When the Group has rights only to the net assets of the arrangement, it accounts for its interest using the equity method.

The above treatment will apply in all cases, except:

Held-for-sale – When the investment is classified as held-for-sale, it is accounted for in accordance with IFRS 5: *Non-current assets held-for-sale.*

Financial asset – When the investment is classified as a financial asset, it is accounted for in accordance with IFRS 9: *Financial instruments.*

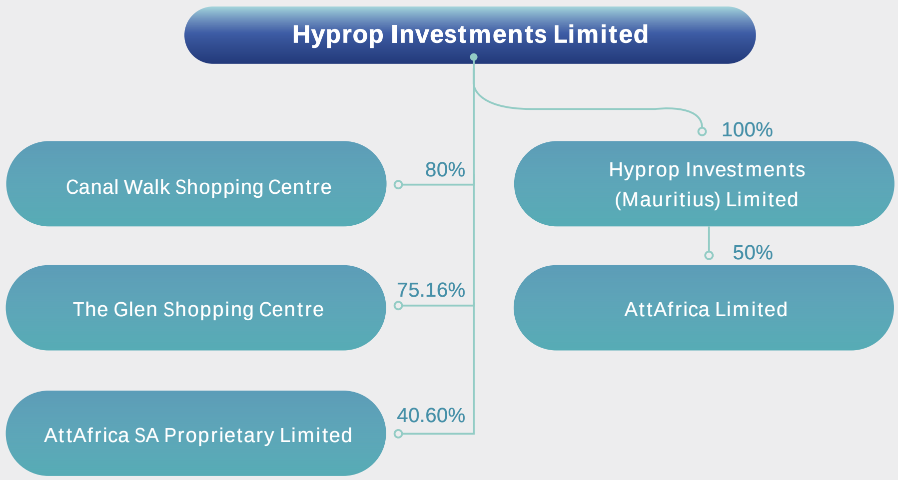
E5.2 Key judgements and estimations

Classification as an associate or joint venture: *AttAfrica.*	Management has considered whether the investment in AttAfrica should be classified as a joint venture or an associate. Each of the two shareholders in AttAfrica (one of which is Hyprop Mauritius) have a 50% (2019: 37.5%) shareholding in AttAfrica. Based on the new shareholders agreement concluded during the 2020 financial year, decisions regarding the “reserved matters” must to be agreed to by both shareholders. Accordingly, Hyprop concluded that Hyprop Mauritius has joint control of AttAfrica.

E. PROPERTY INVESTMENTS AND RELATED ITEMS *continued*

E5. INVESTMENTS IN JOINT ARRANGEMENTS *continued*

E5.3 Profile



The Group's direct and indirect holdings in joint arrangements and associates are summarised below:

Name	Principal place of business	Partner/co-investor	Status	Effective economic interest held % June 2020 %	Effective economic interest held % June 2019 %
Joint operations					
Canal Walk Shopping Centre	Cape Town, South Africa	Ellerine Brothers	Active	80	80
The Glen Shopping Centre	Johannesburg, South Africa	Ellerine Brothers	Active	75.16	75.16
Joint ventures					
AttAfrica SA Proprietary Limited [1]	South Africa	Attacq Limited	Active	40.6	37.5
Joint venture - held through Hyprop Mauritius					
AttAfrica Limited [2]	Mauritius	AIH International Limited	Active	50	37.5

[1] *Effective from 14 April 2020, Hyprop and Attacq Limited acquired the shares and the entire shareholder loan of Atterbury Property Holdings (Pty) Ltd in AttAfrica SA. Subsequent to the transaction, Hyprop holds a 40,6% interest in AttAfrica SA. In 2019, Hyprop held a 37.5% interest in AttAfrica SA which was accounted for as an investment.*

E5.4 Joint operations

Financial results for the joint operations, Canal Walk and The Glen, are proportionately consolidated in the Company and Group statements of profit or loss and other comprehensive income and statements of financial position.

E5.4.1 Summary of audited financial information

A summary of the audited financial information for the joint operations Canal Walk and The Glen is set out below.

	Canal Walk		The Glen	
% interest held by Hyprop	June 2020 80% R'000	June 2019 80% R'000	June 2020 75.16% R'000	June 2019 75.16% R'000
Revenue	682 352	776 657	234 728	252 100
Expenses	(235 495)	(252 853)	(102 159)	(92 412)
Net property income	**446 857**	**523 804**	**132 569**	**159 688**
Expenses include: Depreciation	(8 508)	(313)	(4 626)	(74)

E5.5 Joint ventures

E5.5.1 Carrying value

	Group		Company	
	June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
Shares at cost				
AttAfrica - ordinary shares at cost	*	*	*	*
AttAfrica - preference shares	-	-	-	-
Cost	1 768 661	-	-	-
Accumulated impairments	(1 768 661)	-	-	-
AttAfrica SA - ordinary shares at cost	1 730	*	1 730	*
Total carrying value	**1 730**	-	**1 730**	-

* *Amounts less than R1 000.*

During the year a portion of the loan receivable from AttAfrica was settled through a subscription for preference shares (see Notes F1.3 to F1.5).

The recoverability of the ordinary and preference shares in AttAfrica has been assessed, taking into account the following factors:
- the expected performance of the underlying investments
- the anticipated market values at which the companies / properties may be sold
- the negative net asset value of AttAfrica

In calculating the recoverable amount, no probability-weighted outcomes are used as the directors have assumed a 100% loss given default on the calculated shortfall.

The investment in AttAfrica has been impaired to nil.

Details of loans to joint ventures are set out in note F1 – *Loans receivable.*

E. PROPERTY INVESTMENTS AND RELATED ITEMS *continued*

E5. INVESTMENTS IN JOINT ARRANGEMENTS *continued*

E5.5 JOINT VENTURES *continued*

E5.5.2 Summary of audited financial information

Set out below is a summary of the audited financial information for the joint venture AttAfrica.

	AttAfrica	
	June 2020 100% R'000	June 2019 100% R'000
Summarised consolidated statement of financial position		
Non-current assets	2 467 696	2 671 499
Current assets	112 337	118 632
Non-current liabilities	(2 289 891)	(4 874 348)
Current liabilites	(684 779)	(86 022)
Net liabilities	**(394 637)**	**(2 170 239)**
Summarised consolidated statement of financial position includes:		
Cash and cash equivalents	27 046	48 930
Current financial liabilities	677 608	79 719
Non-current financial liabilities	2 029 296	4 657 998
Summarised consolidated statement of profit or loss and other comprehensive income		
Revenue	**175 000**	**274 142**
Loss before taxation	(207 923)	(1 378 981)
Taxation	(4 475)	(120 675)
Net loss	**(212 398)**	**(1 499 656)**
Other comprehensive income (currency translation reserve)	(498 064)	(25 836)
Total comprehensive loss	**(710 462)**	**(1 525 492)**
Loss before taxation includes:		
Fair value of investment property	(185 176)	(787 557)
Interest income	-	49 714
Interest expense	(391 959)	(534 582)
Depreciation	(6 267)	(7 821)
Comprehensive (loss)/income attributable to:	**(710 461)**	**(1 525 492)**
Equity holders of the Company	(598 518)	(1 071 032)
Non-controlling interest	(111 943)	(454 460)
Hyprop's share of losses	**-**	**-**
Share of loss from joint venture	(299 259)	(401 637)
Limitation of loss from joint venture	299 259	401 637

E6 FINANCIAL ASSET

E6.1 Accounting policy

Where the Group has a contractual right to receive its share of net distributable earnings of a financial asset, the financial asset is designated at fair value through profit or loss (FVTPL) and initially measured at fair value. Subsequent to initial recognition, the financial asset is measured at fair value and changes in the fair value are recognised in the consolidated statement of profit or loss and other comprehensive income.

Any gain or loss on initial recognition (i.e. the difference between the fair value and the amount paid) is deferred where the valuation method used to determine the fair value includes assumptions which are derived from unobservable inputs. The deferred profit or loss is subsequently recognised in profit or loss only to the extent of a change in a factor (including time) that market participants would take into account when pricing the asset.

E6.2 Key judgements and estimations

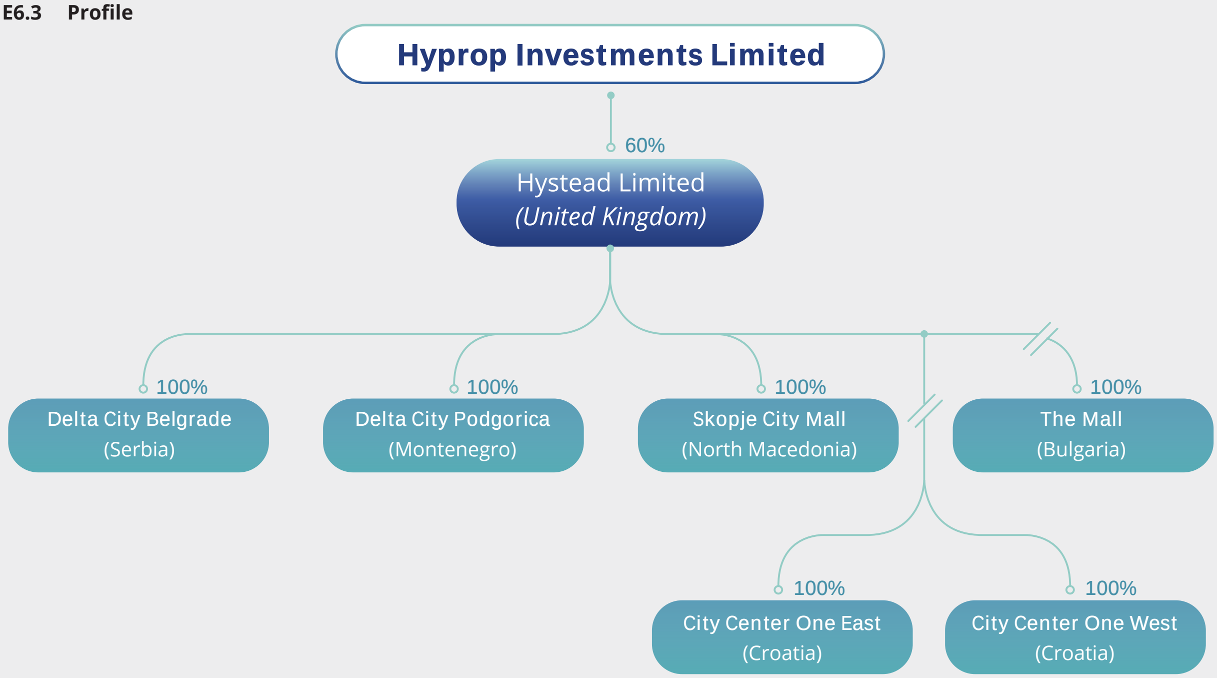
The key judgements and estimations which have an effect on the Group's investment in Hystead (which is classified as a financial asset) are set out below:

Control over an investee	Management assessed whether it has control over Hystead based on the suite of agreements which govern the relationship between the shareholders of Hystead and concluded that Hyprop has joint control of Hystead.
Classification as an equity accounted investment or financial instrument	Management considered whether the investment in Hystead should be classified as a joint venture and be equity accounted, or based on the contractual right to receive dividends as a result of the provisions of the Hystead shareholders' agreement, should be classified as a financial asset. Based on the provisions of the suite of agreements which govern the relationship between the shareholders of Hystead, Hystead has a contractual obligation to pay all of its distributable income as a dividend to its shareholders each year. Accordingly, Hyprop accounts for the investment in Hystead as a financial asset.
Valuation of financial asset and deferral of day-one gain	The fair value of the right to receive dividends from Hystead has been valued based on the present value of the anticipated future cash flows (dividends). The valuation method includes assumptions derived from unobservable inputs. Management has therefore determined that the day-one gain should be deferred, however, the fair value movement subsequent to that date should be taken through profit or loss.

E. PROPERTY INVESTMENTS AND RELATED ITEMS *continued*

E6. FINANCIAL ASSET *continued*

E6.3 Profile



E6.4 Carrying value and net movement for the year

		Group and Company	
	Note	**30 June 2020 R'000**	**30 June 2019 R'000**
Balance at the beginning of the year		218 444	152 556
Net change in fair value of future cash flows		314 528	65 888
- loans receivable capitalised		-	40 716
- new guarantees issued	*H3.4*	-	110 401
- fair value adjustment		314 528	(85 229)
Balance at the end of the year		**532 972**	**218 444**

E6.5 Gross movement for the year

	Group and Company	
	June 2020 R'000	June 2019 R'000
E6.5.1 Gross asset (A)		
Balance at the beginning of the year	4 504 991	3 891 691
Unrealised foreign exchange movement	933 815	25 558
Fair value adjustment through profit or loss	189 164	587 742
Subtotal (fair value) at the end of the year	5 627 970	4 504 991
New guarantees issued	-	110 401
Fair value adjustment through profit or loss	-	(110 401)
Balance at the end of the year	**5 627 970**	**4 504 991**
E6.5.2 Deferred gains (B)		
Balance at the beginning of the year	(4 286 547)	(3 770 115)
Unrealised foreign exchange movement	(888 535)	(24 760)
Fair value adjustment through profit or loss	80 084	(491 672)
Balance at the end of the year	**(5 094 998)**	**(4 286 547)**
E6.5.3 Fair value of financial asset (A-B)	**532 972**	**218 444**
Balance at the end of the year	**532 972**	**218 444**

E6.6 Movements through profit or loss

	June 2020 R'000	June 2019 R'000
Movement on financial asset	1 122 979	613 300
Movement on deferred gains on financial asset	(808 451)	(516 432)
Net movements on financial asset before guarantees	314 528	96 868
Less: Capital investments	-	(71 696)
Less: New guarantees issued	-	(110 401)
Total fair value adjustment to financial asset	**314 528**	**(85 229)**

E6.7 Valuation methodology

The Group performs an internal valuation of the financial asset based on the cash flows of the underlying investment property companies. The European investment properties are independently valued each December.

The following tables show the valuation techniques used in measuring the financial asset, as well as the significant unobservable inputs used:

Type	Valulation technique	Unobservable inputs	Movement in input	Effect on estimated fair value
Financial asset – Hystead	Discounted cash flow: The valuation is calculated as the present value of the anticipated future net cash flows expected to be generated by the underlying shopping centres after deducting the head office costs within the Hystead Group. The cash flow projections include specific estimates for 10 years (2019: 10 years). The expected net cash flows are discounted using a risk adjusted discount rate as well as a risk adjusted cap rate.	Annual growth rate Terminal growth rate Exit cap rate Discount rate	Increase Decrease Increase Decrease	Increase Decrease Decrease Increase

E. PROPERTY INVESTMENTS AND RELATED ITEMS *continued*

E6. FINANCIAL ASSET *continued*

E6.8 Valuation assumptions

The key assumptions used in determining the fair value of the investment in Hystead are in the following ranges:

	Group and Company	
Unobservable inputs	**June 2020 %**	**June 2019 %**
Annual growth rate	1.3 to 18.1	(1.1) to 2.5
Weighted average annual growth rate	6.5	0.2
Terminal growth rate	-	1.8 to 2.3
Weighted average terminal growth rate	-	1.9
Discount rate	6.0 to 8.0	6.0 to 8.0
Weighted average discount rate	6.9	6.9
Exit capitalisation rate	5.0 to 7.3	5.0 to 7.3
Weighted average exit capitalisation rate	5.8	5.8

(1) Due to the impact of Covid-19 the financial performance of the Hystead Group was negatively impacted up to 30 June 2020. It is however anticipated that the financial performance will return to pre-Covid-19 levels in the short to medium-term. This is reflected in the increase in the annual growth rates and weighted average annual growth rates above.

(2) Despite the impact of Covid-19, no changes were made to the discount and capitalisation rates used in the valuation of the financial asset, due to the relatively stable interest rate environment in Europe.

E6.9 Valuation sensitivity

The valuation of the investment in Hystead is sensitive to changes to the unobservable inputs. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the fair value of the investment in Hystead in the statement of profit or loss.

				Group and Company	
Input		**June 2020 % change[3]**	**June 2019 % change[3]**	**June 2020 R'000**	**June 2019 R'000**
Annual growth rate	Increase	0.5	0.5	96 653	96 070
	Decrease	0.5	0.5	(96 653)	(96 070)
Terminal growth rate	Increase	0.5	0.5	6 904	9 150
	Decrease	0.5	0.5	(6 904)	(9 150)
Exit capitalisation rate	Increase	0.5	0.5	(124 268)	(67 478)
	Decrease	0.5	0.5	124 268	67 478
Discount rate	Increase	0.5	0.5	(85 607)	(68 621)
	Decrease	0.5	0.5	85 607	68 621

(3) The percentage change applied in each year is the possible change applicable to each input.

E7 ASSETS AND LIABILITIES HELD-FOR-SALE

E7.1 Accounting policy

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held-for-sale. This condition is regarded as met only when the sale is highly probable and the non-current asset or disposal group is available for sale in its present condition subject only to terms that are usual and customary for sales of such assets. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset or disposal group.

Investment property classified as held-for-sale is measured in accordance with IAS 40: *Investment property* at fair value with gains or losses on subsequent disposal being recognised in profit or loss in the line profit/(loss) on disposal – investment property. Disposal groups and non-current assets held-for-sale are presented separately from other assets and liabilities in the statement of financial position.

E7.2 Summary of disposal group

In 2019 the Group reviewed its strategy, resulting in a revised three-year strategic plan. This led to a decision to exit the Group's sub-Saharan African investments. As a result the Group's interest in Gruppo (which owns 100% of the Ikeja City Mall in Lagos, Nigeria, and in which Hyprop has a 75% interest) was designated as held-for-sale. Gruppo is reported under the sub-Saharan African operating segment. Subsequent to 30 June 2020, key terms have been agreed for the disposal of Ikeja City Mall based on a valuation of $115 million. See note O2.2 for details.

The carrying values of the assets and liabilities of Gruppo have been adjusted in line with the anticipated sale proceeds.

The Group's other sub-Saharan African interests comprise its investments and loans receivable from AttAfrica. It is anticipated that these interests will be realised by repayment of the loans receivable from the proceeds on disposal of the underlying investment properties. The loans receivable have been classified as short-term and are included in current assets.

E7.3 Maturity profile

	Group		Company	
	June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
Non-current assets	2 009 115	1 985 653	-	-
Current assets	89 803	62 194	-	-
Total assets classified as held-for-sale less costs to sell	**2 098 918**	**2 047 847**	**-**	**-**
Borrowings - current liabilities (2019: non-current)	(1 312 286)	(1 056 562)	-	-
Other - current liabilities	(46 930)	(41 738)	-	-
Total liabilities associated with assets held-for-sale	**(1 359 216)**	**(1 098 300)**	**-**	**-**
Net assets classified as held-for-sale	**739 702**	**949 547**	**-**	**-**

E7.4 Movement for the year – assets

Balance at the beginning of the year	2 047 847	199 257	-	199 257
Disposals - Lakefield office park	-	(199 257)	-	(199 257)
Additions - Gruppo	51 071	2 047 847	-	-
Balance at the end of the year	**2 098 918**	**2 047 847**	**-**	**-**

E7.5 Movement for the year – liabilities

Balance at the beginning of the year	(1 098 300)	(8 157)	-	(8 157)
Disposals - Lakefield office park	-	8 157	-	8 157
Additions - Gruppo	(260 916)	(1 098 300)	-	-
Balance at the end of the year	**(1 359 216)**	**(1 098 300)**	**-**	**-**
Net assets classified as held-for-sale	**739 702**	**949 547**	**-**	**-**