F. OTHER ASSETS

F1 LOANS RECEIVABLE

F1.1 Accounting policy

Loans receivable are carried at amortised cost using the effective interest method, less any accumulated expected credit losses. Interest earned on loans receivable is recognised on an accrual basis using the effective interest rate method, other than loans which are credit impaired (stage 3 loans) where interest is only accrued on the net balance (i.e. the outstanding balance less credit impairments).

A loan receivable is considered to be in default when the borrower is in breach of the terms of the loan agreement. A loan receivable is written off when there is no prospect of recovery of the amount and/or an agreement to this effect has been reached between the parties.

The expected credit losses associated with loans receivable carried at amortised cost are assessed on a forward-looking basis using the general model in terms of IFRS 9. The following 3 parameters are used to measure expected credit losses on loans receivable carried at amortised cost:
- the probability of default (PD),
- loss given default (LGD), and
- exposure at default (EAD)

F1.2 Key judgements and estimations

The key assumptions and estimates which have an effect on the Group's loans receivable are set out below.

Recovery of loans receivable	The underlying investment properties in the Group's sub-Saharan Africa (excluding South Africa) portfolio have been negatively affected by the economic conditions of recent years and are producing lower investment returns than what was previously anticipated. In addition, during the prior year the Group reviewed its strategy which led to a decision to exit the Group's sub-Saharan Africa investments. The outbreak of Covid-19 in the current financial year has impacted real estate market globally and resulted in a decrease in the valuation of the underlying property assets of AttAfrica. The decrease in the net asset value of AttAfrica impacted the already credit impaired (stage 3) loan receivable. The shareholder loan to AttAfrica (and Manda Hill in 2019), which reflect Hyprop's share of the value of the underlying property investments at Group level, have therefore been impaired. Key estimates and judgements made in determining the expected credit losses were as follows: - The decision to sell the underlying investments. - The anticipated market values at which the companies/properties may be sold. - The costs likely to be incurred in order to sell the companies/properties. - The conversion of the loans receivable to preference shares in AttAfrica during the year. - The expected realisation date of the loan. - The expected performance of the underlying investments. - The probability of the loan being restructured/refinanced beyond the current maturity dates. 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 loan receivable has been impaired to its expected recoverable amount.

F1.3 Net carrying value

	Group		Company	
	June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
Non-current	**-**	**18 847**	**29 108**	**72 450**
EUR loans receivable	-	18 847	-	18 847
ZAR loans receivable from subsidiaries	-	-	29 108	53 603
Current	**681 215**	**1 333 106**	**22 759**	**-**
EUR loans receivable	22 759	-	22 759	-
USD loans receivable from AttAfrica	658 456	1 333 106	-	-
Total	**681 215**	**1 351 953**	**51 867**	**72 450**
Loan balances receivable	1 052 171	3 007 898	1 606 928	1 582 891
Cumulative expected credit losses	(370 956)	(1 513 433)	(1 555 061)	(1 510 441)
Cumulative fair value adjustments	-	(142 512)	-	-
Total	**681 215**	**1 351 953**	**51 867**	**72 450**

F. OTHER ASSETS *continued*

F1. LOANS RECEIVABLE *continued*

F1.4 Loan details [(1)]

			Group		Company	
	June 2020 FC000	June 2019 FC000	June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
Non-current						
USD denominated loans receivable	**-**	**USD 0**	**-**	**-**	**-**	**-**
Hyprop Mauritius	**-**	**USD 0**	**-**	**-**	**-**	**-**
Loan balance	-	USD 1 770	-	-	25 052	25 052
Cumulative expected credit losses	-	(USD 1 770)	-	-	(25 052)	(25 052)
The loan is unsecured, bears interest at an agreed rate of 4.5% and is repayable on 12 months written notice.						
EUR denominated loans receivable	**-**	**EUR 1 190**	**-**	**18 847**	**-**	**18 847**
Vondelvlag Holding						
The loan is unsecured, bears interest at 3.15% per annum, payable quarterly, and is repayable in April 2021.	-	EUR 1 040	-	16 431	-	16 431
Vondelvlag Stichting						
The loan is unsecured, bears interest at 3.15% per annum, payable quarterly, and is repayable in April 2021.	-	EUR 150	-	2 416	-	2 416
ZAR denominated loans receivable	**-**	**-**	**-**	**-**	**29 108**	**53 603**
Hyprop Mauritius			**-**	**-**	**-**	**-**
Loan balance			-	-	1 491 146	1 485 389
Cumulative expected credit losses			-	-	(1 491 146)	(1 485 389)
The loan is unsecured and bears interest at rates agreed from time to time. Due to the financial difficulties faced by Hyprop Mauritius, including a decrease in the income received from its investment in AttAfrica, interest on the loans was suspended with effect from 16 October 2019.The loan has been subordinated in favour of the other creditors of Hyprop Mauritius.						
Hyprop Share Scheme			**-**	**-**	**29 108**	**53 603**
Loan balance			-	-	67 971	53 603
Cumulative expected credit losses			-	-	(38 863)	-
The loan is unsecured and bears interest at variable rates agreed from time to time. The loan has no fixed repayment terms. The loan is repaid at each vesting date primarily through the transfer of Hyprop shares held by Hyprop Share Scheme to Hyprop for delivery to employees under the conditional unit plan (CUP). Hyprop has subordinated a portion of the loan in favour of the other creditors of Hyprop Share Scheme and has agreed not to call for the repayment of the loan for at least 12 months.						
Total non-current loans receivable			**-**	**18 847**	**29 108**	**72 450**

[(1)] *The loan terms detailed above apply to both financial years.*

	June 2020 FC000	June 2019 FC000	Group June 2020 R'000	Group June 2019 R'000	Company June 2020 R'000	Company 30 June 2019 R'000
Current						
USD denominated loans receivable	**USD 37 992**	**USD 93 722**	**658 456**	**1 333 106**	**-**	**-**
AttAfrica	**USD 37 992**	**USD 64 315**	**658 456**	**909 967**	**-**	**-**
Loan balance	USD 59 396	USD 171 281	1 029 412	2 423 400	-	-
Cumulative expected credit losses	(USD 21 404)	(USD 106 966)	(370 956)	(1 513 433)	-	-
The loan is unsecured and bears interest at a rate of 6.75% from 1 January 2020 (prior to 1 January 2020 8% per annum, escalating at 4% per annum). The loan is repayable on 30 June 2025 (2019: 30 June 2020). The Group's intention remains to realise the loan by selling the underlying AttAfrica shopping centre assets, or selling the shares and loan in AttAfrica. The loan is therefore reflected as a current asset due to the intention to realise the loan in the short-term.						
Manda Hill Mauritius	**-**	**USD 29 407**	**-**	**423 139**	**-**	**-**
Loan balance	-	USD 39 979	-	565 651	-	-
Cumulative expected credit losses	-	(USD 10 572)	-	(142 512)	-	-
The loan is unsecured, and bears interest at a variable rate which equates to Hyprop Mauritius' 50% share of distributable income from Manda Hill Mauritius. The Group sold its interest in Manda Hill during the year. The loan receivable was settled as part of the sale.						
EUR denominated loans receivable	**EUR 1 190**	**-**	**22 759**	**-**	**22 759**	**-**
Vondelvlag Holding						
The loan is unsecured, bears interest at 3.15% per annum payable quarterly, and is repayable in April 2021.	EUR 1 040	-	19 841	-	19 841	-
Vondelvlag Stichting						
The loan is unsecured, bears interest at 3.15% per annum payable quarterly, and is repayable in April 2021.	EUR 150	-	2 918	-	2 918	-
Total current loans receivable	**-**	**-**	681 215	1 333 106	22 759	-
Total loans receivable	**-**	**-**	**681 215**	**1 351 953**	**51 867**	**72 450**

F. OTHER ASSETS *continued*

F1. LOANS RECEIVABLE *continued*

		Note	Group June 2020 R'000	Group June 2019 R'000	Company June 2020 R'000	Company June 2019 R'000
F1.5	**Movement for the year - Total loans receivable**					
	Balance at the beginning of the year		3 007 898	3 177 570	1 582 891	127 935
	Settled through subscription for preference shares in AttAfrica	*E5.5.1*	(1 768 661)	-	-	-
	Advances during the year		70 856	-	16 550	17 582
	Advances of shareholder loans receivable		-	-	-	1 486 633
	Repayments during the year		(669 396)	(224 517)	-	-
	Amounts capitalised		-	(40 716)	-	(48 139)
	Net interest accrued/(received)		29 744	-	1 623	(53)
	Non-cash vesting of shares		-	-	(3 805)	-
	Foreign currency translation		524 242	95 561	9 669	(1 067)
	Loan realised through disposal		(142 512)	-	-	-
	Net loans receivable at the end of the year		**1 052 171**	**3 007 898**	**1 606 928**	**1 582 891**

		Group June 2020 R'000	Group June 2019 R'000	Company June 2020 R'000	Company June 2019 R'000
F1.6	**Movement for the year - Expected credit losses**				
	Balance at the beginning of the year	(1 513 433)	(166 441)	(1 510 441)	-
	Expected credit losses raised during the year	(289 974)	(1 350 727)	(44 620)	(1 510 441)
	Currency translation adjustment	(336 210)	3 735	-	-
	Reversal on subscription for preference shares in AttAfrica	1 768 661	-	-	-
	Balance at the end of the year	**(370 956)**	**(1 513 433)**	**(1 555 061)**	**(1 510 441)**
F1.7	**Movement for the year - Cumulative fair value adjustments**				
	Balance at the beginning of the year	(142 512)	(36 703)	-	-
	Fair value adjustment during the year	-	(105 809)	-	-
	Fair value realised through disposal	142 512	-	-	-
	Balance at the end of the year	**-**	**(142 512)**	**-**	**-**
F1.8	**Net loans receivable**	**681 215**	**1 351 953**	**51 867**	**72 450**

F2 TRADE AND OTHER RECEIVABLES

F2.1 Accounting policy

Trade and other receivables are carried at amortised cost less any accumulated expected credit losses. Short-term receivables are measured at original invoice amount when the effect of discounting is immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, insolvency or significant financial difficulties of the tenant, default on payment terms and vacation or abandonment of the leased premises. Impaired debts are derecognised when all reasonable efforts to collect the amounts outstanding have failed and they are assessed as uncollectible.

Trade receivables are considered to be in default when the debtor is in breach of the terms of their lease.

F2.2 Key judgements and estimations

Trade receivables have been assessed for impairment based on lifetime expected credit losses using the simplified approach permitted by IFRS 9. An estimate is made of credit losses based on a review of all outstanding amounts at year end.

The expected credit losses are based on the payment profiles of trade receivables and take into account the known financial circumstances of each tenant. The expected losses are adjusted for macroeconomic conditions which may affect the tenants ability to pay as well as tenant-specific factors including:

- historical defaults on payment terms,
- known insolvency and
- the legal status of the receivables.

The impact of Covid-19 on the economies in which the Group operated has had a negative effect on many of the Group's tenants' businesses and resulted in a significant increase in the expected credit losses. Forward-looking information on economic and industry factors such as industry outlook, employment, trading conditions, Covid-19 related restrictions and lockdowns and GDP informs the probability of default going forward.

F2.3 Net carrying value

	Group		Company	
	June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
Rent and deposits receivable	155 186	37 442	155 186	37 442
Provision for expected credit losses	(57 226)	(26 795)	(57 226)	(26 795)
Municipal recoveries	48 704	56 629	48 704	56 629
Dividend receivable	-	16 278	-	16 278
Credit enhancement fee receivable	-	2 984	-	2 984
Prepayments	2 337	6 168	2 337	6 168
Municipal deposits	1 459	3 010	1 459	3 010
Receivables relating to related parties	1 981	922	1 981	922
Other receivables	2 107	8 987	1 575	7 896
Total	**154 548**	**105 625**	**154 016**	**104 534**
Gross trade and other receivables	211 774	132 420	211 242	131 329
Cumulative expected credit losses	(57 226)	(26 795)	(57 226)	(26 795)
Total	**154 548**	**105 625**	**154 016**	**104 534**

F. OTHER ASSETS *continued*

F3 CASH AND CASH EQUIVALENTS

F3.1 Accounting policy

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost. Interest earned on cash invested at financial institutions is recognised on an accrual basis using the effective interest method.

F3.2 Net Carrying value

	Group		Company	
	June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
Cash held in call accounts as security for bank guarantees in favour of municipalities	14 394	13 599	14 394	13 599
Bank balances and cash	820 483	1 271 738	711 968	1 048 813
Total	**834 877**	**1 285 337**	**726 362**	**1 062 412**

F4 OTHER INVESTMENTS

F4.1 Profile

As part of Edcon's restructuring in March 2019, Edcon approached its top 31 landlords and offered the landlords an opportunity to subscribe for an equity interest (comprising A Class ordinary shares in Edcon and Tranche C mandatory convertible instruments) (Edcon Equity) or, as an alternative, requested a 40.9% reduction in rentals for a 24-month period commencing on 1 April 2019 (the Edcon rent reduction).

Hyprop agreed to assist Edcon by subscribing for equity in Edcon on a monthly basis for an amount equivalent to the monthly Edcon rent reduction, a total of R45 million in the current year (R 12 million from 1 April 2019 to 30 June 2019) (the Edcon subscription).

In April 2020 Edcon filed for business rescue citing the loss of revenue due to Covid-19 as the main reason. The business rescue practitioners' plan was approved by the creditors of Edcon on 22 June 2020. The plan is based on a successful sale of the remaining Edcon brands, the process of which is still ongoing. Depending on the proceeds realised through the sale of the Edcon brands, holders of the Edcon Equity may receive a liquidation distribution from Edcon.

The directors consider it prudent to adjust the fair value of the investment in the Edcon Equity to zero until there is certainty on any liquidation distribution or other recovery of this investment. Accordingly, the investment in Edcon has been fully impaired at 30 June 2020 and 30 June 2019. Distributable income for the year has also been reduced by R45 million (2019: R12 million), as a consequence of the reduction in net cash flow received from Edcon pursuant to the Edcon rent reduction/Edcon subscription.

F4.2 Carrying value

	Group		Company	
	June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
Cost of Edcon equity	57 877	12 705	57 877	12 705
Accumulated impairments	(57 877)	(12 705)	(57 877)	(12 705)
Total	-	-	-	-