36. Capital management

Hyprop's capital consists of equity and long-term debt in the form of bank debt and debt capital market funding. The company's capital management objective is to maintain a strong capital base to provide sustainable returns to shareholders over the long term. The company's borrowings are limited by its Memorandum of Incorporation and the JSE Listings Requirements to 60% (2015: 60%) of the directors' bona fide valuation of the consolidated property portfolio.

Hyprop's unutilised borrowing capacity can be summarised as follows:

	GROUP June 2016 R000	GROUP June 2015 R000
Value of property portfolio*	33 368 587	28 565 526
60% thereof	20 021 152	17 139 316
Total gross borrowings (long term and short term)	9 926 088	6 691 909
Unutilised borrowing capacity	10 095 064	10 447 407

**Refer to Segmental analysis*

At year-end, long-term borrowings may become payable in accordance with the terms of the loan arrangements. The group's policy is to refinance borrowings (in line with its capital objective above), whilst servicing interest. Following year-end R1,2 billion of bank debt matured. This was refinanced with debt capital market funding and accordingly no cash outflow was required to settle the maturing bank debt.

37. Events after the reporting date

37.1 Disposal of investment property

Subsequent to year-end, Somerset Value Mart and Glenfield Office Park were sold for R185 million and R180 million respectively. Transfer of Somerset Value Mart is imminent while transfer of Glenfield Office Park is subject to approval from competition authorities. The proceeds from both disposals will be applied to reduce debt.

37.2 Refinancing of debt capital market (DCM) funding

Subsequent to year-end, a maturing South African bank debt facility amounting to R1,2 billion was refinanced with DCM funding (three, four and five-year corporate bonds). This increased the ratio of DCM funding to total debt to approximately 25% (30 June 2016: 15%). All of Hyprop's DCM funding is unsecured.

37.3 Issue of shares and antecedent dividend

Subsequent to year-end, 5,2 million new shares were issued at R135 per share. The issue of new shares after year-end but prior to the record date for the final distribution resulted in an antecedent dividend amounting to R16,7 million**. In accordance with industry best practice, the antecedent dividend was added back in the calculation of distributable earnings for the year.

The proceeds of the equity issue will be applied to the reduction of Rand-denominated debt and to ongoing capital expenditure in the South African portfolio.

***In the summarised consolidated results published on 2 September 2016, the antecedent dividend was reflected as R32,1 million. The correct figure is R16,7 million. The higher number was calculated by applying the antecedent dividend per share to the full year dividend, while the more correct method for calculating the antecedent dividend calculates the amount based on the final dividend only.*

The antecedent dividend is a theoretical amount, determined and disclosed only by industry best practice. The above change therefore has no impact on the actual dividend paid (either in total or per share) or on earnings per share or headline earnings per share. The change also has no impact on the IFRS compliant group or company annual financial statements.