5. Joint operations

Canal Walk (80%) and The Glen (75,15%) are classified as joint operations. The group recognises its share of the assets and liabilities and income and expenses. Canal Walk and The Glen are co-owned with Ellerine Bros Proprietary Limited (Ellerine Bros).

In terms of the co-ownership agreements, Canal Walk and The Glen are jointly controlled by Hyprop and Ellerine Bros.

6. Investment in joint ventures

Name of joint venture	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the group: June 2016	June 2015
AttAfrica Limited (AttAfrica)	Investing in indirect development or income producing property investments in sub-Saharan Africa (excluding SA)	Mauritius	37,5%	37,5%
Manda Hill Mauritius Limited (Manda Hill Mauritius)	Property investment company	Mauritius	50%	50%
Hystead Limited (Hystead)	Investing in income producing property investments in South-Eastern Europe	United Kingdom	60%	

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2016

6. Investment in joint ventures continued

6.1 37,5% – Joint venture – AttAfrica Limited (AttAfrica)

Hyprop Mauritius has a 37,5% interest in AttAfrica (formerly Atterbury Africa Limited), a Mauritius-based property investment company. The initial investment was made on 20 November 2012. Hyprop Mauritius has 50% of the voting rights on the board of AttAfrica. Hyprop Mauritius accordingly has joint control of AttAfrica.

	June 2016 R000	June 2015 R000
Initial investment in equity	#	#
Share in equity-accounted profits		

 # Less than R1 000

At 30 June 2016, Hyprop Mauritius' 37,5% share of AttAfrica's liabilities exceeded its share of the assets by R130 million (2015: R39 million).

Summary of audited financial information of AttAfrica is as follows (all figures reflect 100% of AttAfrica):

	June 2016 R000	June 2015 R000
Summary of audited statement of profit or loss and other comprehensive income		
Share of losses of associates		(3 575)
Other income	48 400	44 397
Property income	271 819	101 861
Operational expenses	(137 223)	(223 802)
Property expenses	(82 223)	(26 627)
Interest income	91 539	45 964
Finance cost	(371 483)	(181 409)
Fair value gain on investment property	5 818	
Share of (losses)/profits of joint venture	(23 474)	121 871
Loss before taxation	(196 827)	(121 320)
Taxation	(30 694)	9 600
Loss for the year	(227 521)	(111 720)
Other comprehensive loss		
Foreign currency translation reserve	23 010	(5 730)
Total comprehensive loss for the year	(204 511)	(117 450)
Attributable to:		
Equity holders of the company	(163 316)	(59 693)
Non-controlling interests	(41 195)	(57 757)
Hyprop's share of profits and losses of AttAfrica		
– Share of gain on acquisition of Manda Hill Centre[(1)]		24 093
– Share of losses from joint venture		(24 093)

[(1)] Relates to restructure of AttAfrica, which took place on 1 July 2014.

6. Investment in joint ventures continued

6.1 37,5% – Joint venture – AttAfrica Limited (AttAfrica) continued

	June 2016 R000	June 2015 R000
Summary of audited statement of financial position		
Assets		
Non-current assets	4 695 644	3 134 515
Investment property	2 877 074	1 787 992
Investment in associates		2 419
Investment in joint venture	426 421	374 243
Loan receivable	1 365 761	956 310
Deferred taxation	21 139	10 874
Property, plant and equipment	5 249	2 677
Current assets	462 388	287 480
Trade and other receivables	413 103	48 321
Cash and cash equivalents	49 285	239 159
Total assets	5 158 032	3 421 995
Equity and liabilities		
Capital and reserves	(190 258)	38 613
Shareholders' deficit	(332 287)	(104 765)
Non-controlling interest	156 106	138 373
Foreign currency translation reserve	(14 077)	5 005
Non-current liabilities	5 141 012	3 235 094
Borrowings	5 141 012	3 235 094
Current liabilities	207 278	148 288
Trade and other payables	179 232	148 288
Deferred taxation	28 046	
Total equity and liabilities	5 158 032	3 421 995
Unrecognised share of losses in AttAfrica	129 887	39 287
Commitments and contingent liabilities relating to AttAfrica		
Guarantees	742 305	469 545

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2016

6. Investment in joint ventures continued

6.2 50% – Joint venture – Manda Hill Mauritius Limited (Manda Hill Mauritius)

Hyprop Mauritius has a 50% interest in Manda Hill Mauritius, a Mauritius-based property investment company. AttAfrica holds the other 50% of the shares in Manda Hill Mauritius. Hyprop Mauritius' effective economic interest in Manda Hill Mauritius is 68,75%. The effective date of the investment is 1 July 2014. Hyprop Mauritius has 50% of the voting rights on the board of Manda Hill Mauritius. Hyprop Mauritius accordingly has joint control of Manda Hill Mauritius.

	June 2016 R000	June 2015 R000
Initial investment in equity	#	#
# *Less than R1 000*		
As at 30 June 2016, Hyprop Mauritius' 50% share of Manda Hill Mauritius' assets exceeded its liabilities by R57 million (2015: R82 million).		
Summary of audited financial information of Manda Hill Mauritius is as follows (all figures reflect 100% of Manda Hill Mauritius):		
Summary of audited statement of profit or loss and other comprehensive income		
Rental income	179 388	139 374
Property income		16 061
Gain on bargain purchase		128 494
Other income	52	5 424
Operational expenses	(31 481)	(29 656)
Other expenses	(104 289)	(31 745)
Finance cost	(119 033)	(85 735)
Profit before taxation	(75 363)	142 217
Taxation	(6 651)	(432)
(Loss)/profit for the year	(82 014)	141 785
Other comprehensive loss		
Foreign currency translation reserve	54 343	21 399
Total comprehensive (loss)/income for the year	(27 671)	163 184
Attributable to:		
Equity holders of the company	(27 671)	163 184
Hyprop's share of (losses)/profits of Manda Hill Mauritius	(41 007)	70 893
– Share of gain on bargain purchase		64 247
– Share of (loss)/income from joint venture	(41 007)	6 646

6. Investment in joint ventures continued

6.2 50% – Joint venture – Manda Hill Mauritius Limited (Manda Hill Mauritius) continued

	June 2016 R000	June 2015 R000
Summary of audited statement of financial position		
Assets		
Non-current assets	2 208 512	1 924 637
Investment property	2 190 940	1 896 202
Property, plant and equipment	17 572	28 435
Current assets	26 855	8 871
Cash and cash equivalents	3 534	4 385
Trade and other receivables	23 321	4 486
Total assets	2 235 367	1 933 508
Equity and liabilities		
Capital and reserves	114 115	163 184
Shareholders' equity	59 772	141 785
Foreign currency translation reserve	54 343	21 399
Non-current liabilities	2 098 725	1 749 089
Shareholder loans	1 249 235	1 025 379
Borrowings	849 488	705 946
Other payables	2	17 764
Current liabilities	22 527	21 235
Trade and other payables	22 527	21 235
Total equity and liabilities	2 235 367	1 933 508
Hyprop's share of net assets in Manda Hill Mauritius	57 057	80 996
50% of net assets of Manda Hill Mauritius	57 057	70 893
Cost of "A" shares in Manda Hill Centre	10 103	10 103
Impairment of "A" shares in Manda Hill Centre	(10 103)	
Carrying amount	57 057	80 996
Commitments and contingent liabilities relating to Manda Hill Mauritius		
Guarantees	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2016

6. Investment in joint ventures continued

6.3 60% – Joint venture (JV) – Hystead Limited (Hystead)

Hyprop has a 60% interest in Hystead, a UK-based property investment company. The effective date of the investment is 3 December 2015.

The shareholders' agreement between Hyprop and the remaining 40% shareholder (the JV partner) includes reserve matters and voting rights such that Hyprop has effective joint control of Hystead.

The purpose of Hystead is to invest (directly or indirectly) in shopping centres in South-Eastern Europe.

The fair value of Hyprop's investment in Hystead has been determined as R1,5 billion (EUR89,8 million) at the date of acquisition. The day-one gain of R1,5 billion (EUR89,8 million) was deferred (in accordance with IFRS), since the valuation method includes assumptions which are derived from unobservable inputs.

Hyprop provided a financial guarantee to fund the acquisition of Hystead's investments in the Delta City shopping malls in Serbia and Montenegro. (*Refer to note 35 – Financial instruments – Fair values and risk management*.) The value of the guarantee provided by Hyprop was determined to be negligible. The JV partner has also provided an indemnity and security equivalent to 10% of the acquisition cost.

Since credit enhancement was provided by Hyprop the JV partner will reimburse Hyprop in the form of an increased right by Hyprop to dividends from Hystead (ie disproportionate to shareholding), while the guarantee is in place. Hyprop has accounted for its economic interest in Hystead in determining the fair value of its investment.

	June 2016 R000	June 2015 R000
Percentage ownership interest	60%	
Percentage entitlement to dividends (economic interest)	78%	
Dividends received by Hyprop	31 944	
Summary of audited statement of financial position		
(all figures below reflect 100% of Hystead unless otherwise indicated):		
Non-current assets	3 385 254	
Current assets	124 313	
Total assets	3 509 567	
Non-current liabilities	2 523 323	
Current liabilities	921 153	
Capital and reserves	65 091	
Total equity and liabilities	3 509 567	
Group's share of net assets (60%)	39 055	
Summary of audited statement of profit or loss and other comprehensive income		
Revenue	182 354	
Expenses	(60 426)	
Taxation	(7 812)	
Profit for the year	114 116	
The following table shows a reconciliation from the opening balances to the closing balances for the Hystead investment:		
Balance at 1 July		
Acquisition of 60% equity investment in Hystead at cost	#	
Net change in fair value of right to receive dividends	1 472 754	
Deferral of unrealised fair value change, calculated with reference to unobservable inputs	(1 472 754)	
Balance at 30 June		

Values less than R1 000

6.4 Reconciliation of share of net assets to statement of financial position

	June 2016 R000	June 2015 R000
AttAfrica		
Manda Hill Mauritius	57 057	80 996
Hystead		
	57 057	80 996