

7. Financial guarantees

Hyprop provided a financial guarantee for the funding of the acquisition of Hystead's investments in the Delta City shopping malls in Serbia and Montenegro (refer to note 34 – *Financial instruments – Fair values and risk management*). Hyprop also provided a guarantee for the funding of the acquisition of Skopje City Mall in Skopje, Macedonia.

Hyprop has agreed to guarantee the due and functional performance of obligations in terms of the Euro funding agreements and has given certain undertakings to and in favour of FirstRand Bank Limited (acting through its Rand Merchant Bank division).

During the year, part of the bridge loans that funded the initial acquisition in South-Eastern Europe were refinanced into three-year term loans. The refinance of the bridge loans resulted in an increase in the tenure of the Euro funding, with a consequential change in the underlying guarantees from Hyprop.

Recognition of the revised guarantees at fair value has resulted in a charge to the statement of profit or loss and a change in the fair value of investment in joint venture relating to the investment in Hystead.

The valuation of these guarantees is dependent on estimated credit spreads and forecast cash flows and interest rates, which require significant judgement. The value of the guarantee provided by Hyprop was determined to be R163,8 million (2016: negligible). The JV partner has also provided an indemnity and security equivalent to 10% (2016: 10%) of the acquisition cost of the investments in South-Eastern Europe.

	June 2017 R000	June 2016 R000
Balance at 1 July		
Net change in fair value	163 855	
Balance at 30 June	163 855	

8. Other investment

Details of the group's investment at the end of the reporting period are as follows:

Name of investment	Principal activity	Place of incorporation and operation	Proportion of ownership interest	
			June 2017	June 2016
AttAfrica SA Proprietary Limited (AttAfrica SA)	Provides asset management and consulting services to AttAfrica	South Africa	37,5%	37,5%

The acquisition date of the investment was 14 July 2014.

Although Hyprop has a 37,5% interest, it neither participates on the board of AttAfrica SA, nor does it have significant influence over the entity. Therefore the investment is not an associate, nor is it equity accounted.

	June 2017 R000	June 2016 R000
Balance at beginning of year	(i)	(i)
Balance at end of year	(i)	(i)

(i) Value less than R1 000

No impairment was recognised during the current year.

	June 2017 R000	June 2016 R000
Statement of financial position – AttAfrica SA		
Total assets	4 392	5 021
Non-current assets	425	78
Current assets	3 967	4 943
Total liabilities	4 948	3 051
Current liabilities	4 948	3 051
Net assets	(556)	1 970
Statement of profit or loss and other comprehensive income – AttAfrica SA		
Total revenue	8 775	17 253
Total (loss)/profit for the year	(1 783)	1 740