

36. FAIR VALUE HIERARCHY AND FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies have been applied to the various financial instruments as indicated below:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. These are described as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the company can access at the measurement date. These quoted prices are unadjusted.

Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The table below analyses financial instruments measured at fair value by the level into which the fair value measurement is categorised:

Assets	Loans and receivables R000	Assets designated at fair value through profit and loss R000	Level 1 R000	Level 2 R000	Level 3 R000
30 June 2013					
Listed property securities ⁽¹⁾		2 279 253	2 279 253		
Derivative instruments ⁽²⁾		39 857		39 857	
Loans receivable	384 307 ⁽³⁾				
Receivables	224 175 ⁽³⁾				
Cash and cash equivalents	74 821 ⁽³⁾				
31 December 2012					
Listed property securities ⁽¹⁾		2 282 095	2 282 095		
Loans receivable	47 434 ⁽³⁾				
Receivables	183 056 ⁽³⁾				
Cash and cash equivalents	167 874 ⁽³⁾				

Liabilities	Liabilities measured at amortised cost R000	Liabilities designated at fair value through profit and loss R000	Level 1 R000	Level 2 R000	Level 3 R000
30 June 2013					
Debentures and debenture premium	5 822 497 ⁽³⁾				
Loans - long term	4 436 486 ⁽³⁾				
- short term	948 000 ⁽³⁾				
Derivative instruments		52 984		52 984	
Payables	353 802 ⁽³⁾				
31 December 2012					
Debentures and debenture premium	5 871 616 ⁽³⁾				
Loans - long term	4 371 035 ⁽³⁾				
- short term	815 000 ⁽³⁾				
Derivative instruments		237 464		237 464	
Payables	369 110 ⁽³⁾				

⁽¹⁾ Refer to note 4 for revaluation technique and key inputs.

⁽²⁾ Refer to note 19 for revaluation technique and key inputs.

⁽³⁾ Valued at amortised cost.

The directors consider that the carrying amounts of financial assets and liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

37. CHANGES IN LEGISLATION SUBSEQUENT TO YEAR-END - CONVERSION TO A REIT

Hyprop converted to a Real Estate Investment Trust ("REIT"), effective 1 July 2013. The conversion to a REIT has resulted in the elimination of deferred capital gains taxation. Refer to note 20. The conversion to a REIT will likely also result in a change in the capital structure of the company. Refer to Directors report page 57.

SEGMENTAL ANALYSIS

FOR THE PERIOD ENDED 30 JUNE 2013

Business segment	PROPERTY PORTFOLIO			STATEMENTS OF COMPREHENSIVE INCOME			STATEMENTS OF FINANCIAL POSITION		
	GLA (m ²)	Total value (R000)	Value attributable to Hyprop (R000)	Revenue (R000)	Net property income (R000)	Historic yield ⁽³⁾ %	Receivables (R000)	Payables (R000)	Loans (R000)
30 JUNE 2013									
Canal Walk	153 531	7 034 000	5 627 200	244 917	178 398	3.4	212	50 725	
Super Regional	153 531	7 034 000	5 627 200	244 917	178 398		212	50 725	
Clearwater	86 031	3 203 000	3 203 000	154 291	102 821	3.5	22 854	34 988	
The Glen	74 348	2 467 000	1 854 094	99 038	63 602	3.6	8 857	23 027	
Woodlands Boulevard	71 607	1 886 000	1 886 000	94 511	65 380	3.7	23 948	19 558	
Cape Gate	97 346	1 602 000	1 602 000	94 695	59 298	3.9	15 878	35 834	
Large Regional	329 332	9 158 000	8 545 094	442 535	291 101		71 537	113 407	
Hyde Park	37 003	1 556 000	1 556 000	83 504	53 686	3.8	6 728	19 120	
Regional	37 003	1 556 000	1 556 000	83 504	53 686		6 728	19 120	
Atterbury Value Mart	47 745	987 000	987 000	51 026	38 363	4.0	4 733	10 424	
Willowbridge	44 663	585 000	585 000	40 028	22 644	3.7	4 766	10 520	
Stoneridge	48 584	468 000	421 200	32 096	15 170	3.5	1 969	41 861	
Somerset Value Mart	12 386	185 000	185 000	10 822	7 036	4.1	754	3 572	
Value centres	153 378	2 225 000	2 178 200	133 972	83 213		12 222	66 377	
Shopping Centres	673 244	19 973 000	17 906 494	904 928	606 398		90 699	249 629	
Stand-alone offices	52 206	749 000	749 000	53 424	34 034	4.8	7 532	17 983	
Development property⁽¹⁾	35 950	1 187 000	1 187 000	44 745	19 953		4 213	3 157	
Held-for-sale⁽²⁾					(185)				
Investment property	761 400	21 909 000	19 842 494	1 003 097	660 200		102 444	270 769	
Listed property securities ⁽⁴⁾		2 279 253	2 279 253	74 939	74 939				
Fund management					(26 212)		116 847	74 202	5 384 486
Net interest					(195 237)				
Atterbury Africa		111 109	336 994		1 434				
Hyprop Mauritius							21	1 536	
Word4Word Marketing				5 573	1 121		4 861	7 295	
Straight line rental income accrual				15 879					
Non-core income					1 009				
	761 400	24 299 362	22 458 741	1 099 488	517 254		224 173	353 802	5 384 486

⁽¹⁾ Rosebank Mall - transferred to development property from September 2012.⁽²⁾ Southern Sun Hyde Park.⁽³⁾ Based on 2013 net property income for 6 months and December 2012 valuations.⁽⁴⁾ Investments in Sycom - held-for-sale.

Business segment	PROPERTY PORTFOLIO			STATEMENTS OF COMPREHENSIVE INCOME			STATEMENTS OF FINANCIAL POSITION		
	GLA (m ²)	Total value (R000)	Value attributable to Hyprop (R000)	Revenue (R000)	Net property income (R000)	Historic yield ⁽⁴⁾ %	Receivables (R000)	Payables (R000)	Loans (R000)
31 DECEMBER 2012									
Canal Walk	157 447	6 500 000	5 200 000	460 729	329 862	6.8	5 535	51 796	
Super Regional	157 447	6 500 000	5 200 000	460 729	329 862		5 535	51 796	
Clearwater	85 174	2 945 000	2 945 000	294 002	199 195	8.0	27 738	37 079	
The Glen	74 624	2 330 000	1 751 130	190 940	123 565	7.6	9 096	24 445	
Woodlands Boulevard	70 319	1 770 000	1 770 000	182 097	124 583	7.8	25 074	27 083	
Cape Gate	99 619	1 509 000	1 509 000	182 725	116 776	8.1	19 501	21 623	
Large Regional	329 736	8 554 000	7 975 130	849 764	564 119		81 409	110 229	
Hyde Park	36 894	1 420 000	1 420 000	166 129	104 094	7.8	7 290	25 160	
Southcoast Mall ⁽¹⁾				12 346	6 287				
Regional	36 894	1 420 000	1 420 000	178 475	110 381		7 290	25 160	
Atterbury Value Mart	47 707	952 000	952 000	97 751	75 915	8.6	5 406	11 312	
Willowbridge	44 027	620 000	620 000	76 667	45 308	7.5	9 191	10 495	
Stoneridge	51 293	481 000	432 900	62 567	27 482	6.7	2 218	33 144	
Somerset Value Mart	12 546	170 000	170 000	20 583	14 106	9.2	942	2 447	
Value centres	155 573	2 223 000	2 174 900	257 568	162 811		17 757	57 398	
Shopping Centres	679 650	18 697 000	16 770 030	1 746 536	1 167 173		111 991	244 583	
Stand-alone Offices	51 243	710 000	710 000	110 820	72 438	9.4	9 672	20 824	
Hotels ⁽²⁾		130 000	130 000	33 861	1 207				
Development property ⁽³⁾	35 950	990 000	990 000	103 545	58 364		2 367	6 305	
Investment property	766 843	20 527 000	18 600 030	1 994 762	1 299 182		124 030	271 712	
Listed property securities ⁽⁵⁾		2 282 095	2 282 095	152 233	152 233				
Fund management					(53 550)		56 470	90 535	5 186 035
Net interest					(403 451)				
Atterbury Africa		111 109	111 109						
Hyprop Mauritius								110	
Word4Word Marketing				21 422	1 845		2 556	6 753	
Straight line rental income accrual				9 208					
	766 843	22 920 204	20 993 234	2 177 624	996 259		183 056	369 110	5 186 035

⁽¹⁾ Sold July 2012.

⁽²⁾ Southern Sun HydePark - sold September 2012.

⁽³⁾ Rosebank Mall - transferred to development property from September 2012.

⁽⁴⁾ Based on 2012 net property income and December 2011 valuations.

⁽⁵⁾ Investments in Sycam.

UNITHOLDER ANALYSIS

UNITHOLDER SPREAD	No of unitholders	%	No of units	%
1 - 1000 units	3 765	44.4	1 987 872	0.8
1001 - 10 000 units	3 845	45.3	11 895 187	4.9
10 001 - 100 000 units	668	7.9	19 102 537	7.8
100 001 - 1 000 000 units	162	1.9	52 151 230	21.5
1000 001 units and over	45	0.5	157 976 343	65.0
Total	8 485	100.0	243 113 169	100.0

DISTRIBUTION OF UNITHOLDERS	No of unitholders	%	No of units	%
Banks	49	0.6	9 472 566	3.9
Close corporations	82	1.0	405 089	0.2
Endowment funds	144	1.7	1 946 283	0.8
Individuals	5 844	68.8	13 786 597	5.7
Insurance companies	48	0.6	11 284 608	4.6
Investment companies	23	0.3	1 204 888	0.5
Medical schemes	16	0.2	286 627	0.1
Mutual funds	216	2.5	91 497 833	37.6
Nominees & trusts	1 561	18.4	12 076 580	5.0
Other corporations	37	0.4	73 961	0.0
Private companies	205	2.4	12 176 647	5.0
Public companies	9	0.1	32 611 016	13.4
Retirement funds	251	3.0	56 290 474	23.2
Total	8 485	100.0	243 113 169	100.0

PUBLIC / NON-PUBLIC UNITHOLDERS	No of unitholders	%	No of units	%
Non-public unitholders	8	0.1	36 331 914	14.9
Directors of the company	4	0.1	8 561 231	3.5
Strategic holdings (more than 10%)	4	0.0	27 770 683	11.4
Public unitholders	8 477	99.9	206 781 255	85.1
Total	8 485	100.00	243 113 169	100.00

PUBLIC / NON-PUBLIC UNITHOLDERS	No of units	%
Redefine Properties Ltd	27 770 683	11.4
Government Employees Pension Fund	25 536 079	10.5
STANLIB	19 610 829	8.1
Investec	15 004 317	6.2
Old Mutual	13 101 452	5.4
Total	101 023 360	41.6