

Notes to the consolidated financial statements continued

for the year ended 30 June

10. Loans receivable continued

The table below reconciles the movement in the above balances during the year.

	AttAfrica USD loan R000	Manda Hill Mauritius USD loan R000	Vondelvlag Holding EUR loan R000	Vondelvlag Stichting EUR loan R000	Hystead Limited EUR loan R000	Total R000
2018						
Balance at beginning of the year	2 444 203	551 515	15 199	2 235		3 013 152
Advances during the year	59 061				40 716	99 777
Repayment during the year	(157 934)					(157 934)
Interest charged during the year	221 568	19 689	497	73		241 827
Interest received	(180 129)	(16 903)	(794)	(117)		(197 943)
Net movement in interest received in advance		(2 786)				(2 786)
Foreign currency translation	119 141	27 737	1 422	209		148 509
Impairment of loan (<i>refer to note (a) below</i>)	(130 901)	(35 540)				(166 441)
Balance at end of the year	2 375 009	543 712	16 324	2 400	40 716	2 978 161
2017						
Balance at beginning of the year	2 633 939	624 618	12 844	1 889		3 273 290
Advances during the year	130 827		3 864	568		135 259
Repayment during the year	(40 379)					(40 379)
Interest charged during the year	202 717	31 255	597	74		234 643
Repayment during the year						
Interest received	(143 105)	(25 981)	(712)	(60)		(169 858)
Net movement in interest received in advance		(5 275)				(5 275)
Foreign currency translation	(314 419)	(73 102)	(1 394)	(236)		(389 151)
Impairment of loan (<i>refer note (a) below</i>)	(25 377)					(25 377)
Balance at end of the year	2 444 203	551 515	15 199	2 235		3 013 152

(a) Impairments on loans receivable

Manda Hill Mauritius and certain of the properties in the AttAfrica portfolio have been negatively affected by the economic conditions of recent years and are producing lower investment returns than what was originally anticipated. The income received from those properties over the next few years is likely to be lower than previously modelled. The shareholder loans to AttAfrica and Manda Hill Mauritius, 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 impairments were as follows:

In considering the need for an impairment of the loans to AttAfrica and Manda Hill account was taken of:

- the long-term nature of the underlying investments,
- the remaining period of the loan (two years),
- the probability that the loans would be restructured and extended in 2020 (with respect to AttAfrica only as Manda Hill has no set maturity date),
- that the negative net asset value included deferred tax liabilities on the revaluation of investment properties that the company believes would not realise on the sale of shares in the SPVs, and
- that Kumasi (Ghana) recently opened in April 2017 and future growth is expected.

The final impairment level was based on the view that the basis of valuation was conservative given that an uplift in net asset value was expected as certain of the newer properties bedded down and their trading improved.