Southern Sun Cullinan

Westin Cape Town

Hospitality PROPERTY FUND

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Statement of responsibility by the Board of Directors

for the year ended 31 March 2020

Hospitality Property Fund Limited ('the Company') and its subsidiaries' directors are required by the Companies Act to maintain adequate accounting records and to prepare financial statements for each financial year which fairly present the state of affairs of the Company and its subsidiaries ('the Group') for the financial year ended 31 March 2020 and of the results of operations and cash flows for the period. In preparing the accompanying consolidated annual financial statements, the JSE Listings Requirements and the requirements of the Companies Act of South Africa 2008, as amended, together with the International Financial Reporting Standards ('IFRS') have been followed, suitable accounting policies have been used, applied consistently, and reasonable and prudent judgements and estimates have been made. Any changes to accounting policies are approved by the audit and risk committee and the effects thereof are fully explained in the annual financial statements. The annual financial statements incorporate full and responsible disclosure. The Board of Directors ('the Board') has oversight for the information included in the integrated annual report and is responsible for both its accuracy and its consistency with the annual financial statements.

The Board has reviewed the Group's cash flow forecast for the year to 31 March 2021. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the Board is satisfied that the Group is a going concern and they have accordingly adopted the going concern basis in preparing the annual financial statements. The Group's independent auditors, PricewaterhouseCoopers Inc., have audited the annual financial statements and their unqualified report appears on page 57. PricewaterhouseCoopers Inc. was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and committees of the Board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The Board recognises and acknowledges its responsibility for the Group's systems of internal financial control. The Group's code of conduct, which covers ethical behaviour, compliance with legislation and sound accounting practice, underpins its internal financial control process. The control systems include written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against budgets and forecasts which are approved by the Board.

The Board considers that the systems are appropriately designed to provide reasonable, but not absolute, assurance that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded.

The effectiveness of the internal financial control systems is monitored by the Chief Executive Officer and Financial Director and through testing by internal auditors and the independent auditors' testing of appropriate aspects of the internal financial control systems during the course of their statutory examinations of the Company and its subsidiaries.

Directors' approval of the annual financial statements

for the year ended 31 March 2020

The preparation of the financial statements set out on pages 62 to 99 have been supervised by the Financial Director, R Erasmus, CA(SA). These annual financial statements were approved by the Board of Directors on 28 May 2020 and are signed on its behalf by for the year ended 31 March 2020.

M von Aulock
Chairman

M de Lima
Chief Executive Officer

Declaration by the Company Secretary

In terms of section 88(2)(e) of the Companies Act, as amended, in my capacity as Company Secretary, I confirm that for the year ended 31 March 2020, Hospitality Property Fund Limited has lodged with the Companies and Intellectual Property Commission all such returns and notices that are required by a public company in terms of the Companies Act, as amended, and that all such returns and notices are true, correct and up to date.

LR van Onselen
Company Secretary

28 May 2020

Report of the audit and risk committee

for the year ended 31 March 2020

The audit and risk committee ('the committee') is pleased to submit its report in compliance with section 94(7)(f) of the Companies Act, 2008. The committee has fulfilled its duties in terms of its statutory obligations contained in the Companies Act, 2008, the JSE Listings Requirements, its terms of reference and the King IV Code on Corporate Governance in South Africa.

Statutory duties

The committee is satisfied that in respect of the financial year it has performed all the functions required by law to be performed by an audit and risk committee, including as set out in section 94 of the Companies Act of South Africa and in terms of the committee's terms of reference and as set out in the corporate governance report. In this connection, and with specific regard to the preparation of the annual financial statements, the committee has:

- evaluated the independence and effectiveness of the external auditors, PricewaterhouseCoopers Inc. ('PwC'), and is satisfied that the external auditors are independent of the Group having given due consideration to the parameters enumerated under section 92 of the Companies Act of South Africa. The committee accordingly nominates PwC as independent auditors to continue in office. AG Taylor is the individual registered auditor and member of the aforegoing firm who undertakes the audit. PricewaterhouseCoopers has been the auditor of the Group for four years, with the rotation of the designated audit partner during 2017 for the 2018 financial year end;
- as required by paragraph 3.84(g)(iii) of the JSE Listings Requirements, the committee obtained the information listed in paragraph 22.15(h) for the purpose of the reappointment of the external auditor, PwC, and satisfied itself that the external auditor and the audit partner, AG Taylor, have the necessary accreditation and are suitable for appointment;
- ensured and satisfied itself that the appointments of the external auditors, the designated auditor and IFRS adviser are in compliance with the Companies Act of South Africa, the Auditing Profession Act, 2005, and the Listings Requirements of the JSE;
- evaluated and is satisfied with the quality of the external audit and reports issued by the external auditors;
- considered and pre-approved all audit and non-audit services provided by the external auditors, ensuring that the independence of the external auditors is not compromised;
- reviewed and assessed the Group's risk identification, measurement and control systems and their implementation;
- reviewed and approved the Group accounting policies (refer note 1 to the annual financial statements);
- considered all significant transactions and accounting matters that occurred during the year and evaluated whether the accounting treatment is in terms of IFRS;
- considered the impact of auditing, regulatory and accounting developments during the year;
- evaluated and is satisfied with the implementation of the combined assurance framework and plan;
- evaluated and is satisfied with the effectiveness of the outsourced internal audit function;
- reviewed the written assessment of internal audit on the design, implementation and effectiveness of the internal financial controls. Based on these results the committee is of the opinion that the internal financial controls provide reasonable assurance that financial records may be relied upon for the preparation of reliable annual financial statements; and
- dealt with concerns or complaints relating to accounting practices and internal audit of the Group, the content or auditing of the Group's financial statements, the internal financial controls of the Group, or any other related matter.

Evaluation of the expertise and experience of the Financial Director

The committee has also considered and satisfied itself of the appropriateness of the expertise and experience of the Financial Director, Mr R Erasmus, and the finance function.

Recommendation of the annual financial statements and accounting policies to the Board for approval

The committee reviewed the accounting policies, judgements, estimates and content of the annual financial statements for the 2020 financial year. The committee is satisfied that they are adequate and appropriate and that the financial statements comply with International Financial Reporting Standards, the Companies Act, 2008 and the JSE Limited Listings Requirements. To this end the committee recommended the annual financial statements to the Board for approval.

MH Ahmed
Chairman

28 May 2020

Directors' report

for the year ended 31 March 2020

1. Nature of business

The Company is a Real Estate Investment Trust ('REIT') listed on the JSE Limited ('JSE') and domiciled in the Republic of South Africa. The Company is the only specialised REIT in South Africa investing in the hotel and leisure sector, providing investors with exposure to both the property and hospitality industries.

2. Share capital

There were no changes to the authorised and issued share capital during the year under review.

Shareholder redemption rights

At 31 March 2019, a provision of R24 million was held relating to a dissenting shareholder exercising its rights in terms of section 164(14)(b) of the Companies Act. On 12 June 2019, the High Court of South Africa ('the Court') ruled in the matter between Standard Bank Nominees (RF) Proprietary Limited ('Standard Bank Nominees'), The Standard Bank of South Africa Limited, Nedbank Collective Investments (RF) Proprietary Limited, Nedgroup Investment Advisors Proprietary Limited and Hospitality, that shareholder appraisal rights had not been properly exercised. The Court ordered that Standard Bank Nominees be reinstated as a Hospitality shareholder and that Hospitality make payment to Standard Bank Nominees of all dividends previously declared by the Company from February 2016 to 12 June 2019. Accordingly, on 7 August 2019 Hospitality made payment of R10 663 390 to Standard Bank Nominees, in settlement of the Court order.

3. Review of financial results

The results of the Group are set out in the financial statements and notes.

4. Dividends

The following ordinary dividends were declared during the financial year:

- A shareholder appraisal rights dividend of R10.7 million was paid on 7 August 2019 in terms of the High Court ruling.
- An interim dividend of 35.40 cents was declared on 20 November 2019 and paid on 17 December 2019.
- No final dividend has been declared and the Board may assess the payment of a final dividend once the impact of Covid-19 has been assessed and operations have returned to normality.

5. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with within the financial statements that would affect the operations or results of the Company significantly.

6. Subsequent events, going concern and Covid-19

Covid-19

The Covid-19 pandemic ('Covid-19') and subsequent lockdown of the economy on 27 March 2020, and particularly, the hospitality sector, has had a profound impact on the Group. The Group's portfolio comprises 54 hotels operating in the hospitality sector, which is one of the industries that has been impacted negatively as a result of Covid-19.

The measures taken by government to limit the spread of Covid-19 and the resultant inability for travellers to travel internationally and inter-provincially will limit the demand for hotel rooms, which will impact the Group's revenue stream significantly for the 2021 financial year. Hotel trading is therefore expected to remain under pressure until the outlook on the South African economy improves.

Although the impact of Covid-19 is expected to have a longer-term impact on the hospitality industry and the Group, management is not able to quantify the full impact at the date of this report. It is expected that the recovery of the industry will be slow due to the uncertainties around the health of travellers, and the negative economic impact on government, corporates and individuals to spend on hotel accommodation and conferences.

As the Group's properties are required to be closed, the inability to generate revenue during the lockdown period, together with the expected slow recovery once the hotels can open and operate, the Group will not be able to meet its net debt to EBITDA covenant requirement (and possibly interest cover ratio) in terms of its funding agreements for the measurement period 30 September 2020 and possibly 31 March 2021. The Group's gearing levels remain manageable, with the loan-to-value ratio at 26% at 31 March 2020.

Subsequent events

The Group's property valuation methodology incorporates the use of the South African Government bond yield 10Y. As at 31 March 2020, the rate applied was 10.50%. As at 26 May 2020, the yield has reduced to 9.01%, however, this would be offset by an increase in the risk premium due to the sentiment and uncertainty in the market. These are considered non-adjusting subsequent events.

Directors' report continued

for the year ended 31 March 2020

Going concern

In order to partially reduce the impact of Covid-19 on the Group, the following steps have been implemented to preserve cash and to ensure that the Group can continue to operate as a going concern:

- capital expenditure programme suspended, with only emergency capital expenditures to be considered;
- waiver from lenders on its net debt to EBITDA covenant requirements for the measurement period 30 September 2020, with the request for waiver of the 31 March 2021 to be considered post 30 September 2020;
- the capitalisation of bank funding interest to the Group's revolving credit facilities;
- review of the dividend retention policy;
- the decrease of operating costs, such as salaries and wages through furlough;
- extended payment terms from major creditors; and
- supporting of tenants to ensure their sustainability in terms of the lease agreements in place.

At the date of the annual financial statements, the lenders are not able to provide waivers on the minimum covenant requirements for the measurement period ending 31 March 2021. This will only be considered post 30 September 2020 and management has no reason to believe that the necessary waivers will not be granted.

At year end, cash and undrawn facilities amounted to R691 million, which will provide sufficient liquidity to the Group over the next 12 months. Through engagements with the Group's lenders, regular updates on operations and cash flow forecasts, lenders have noted their support to the Group. Management is of the view that the Group will continue to operate as a going concern in a responsible and sustainable manner.

7. Holding company

The Company is owned by Tsogo Sun Investments Proprietary Limited, which owns 59.2% of the Company's shares. The Company's ultimate holding company is Hosken Consolidated Investments Limited.

8. Directorate

The Board of Directors comprised the following directors during the year:

- MN von Aulock^ (Chairman)
- MH Ahmed# (Lead independent director)
- MR de Lima (Chief Executive Officer) (previously the Chief Financial Officer)
- R Erasmus (Financial Director) (appointed 1 June 2019)
- L McDonald^
- JR Nicolella^
- LM Molefi# (appointed 1 June 2019)
- JG Ngcobo# (appointed 1 June 2019)
- SC Gina# (appointed 1 June 2019)
- CC September# (appointed 15 August 2019)
- JA Copelyn^ (Chairman – resigned 31 May 2019)
- GA Nelson# (Lead independent director – resigned 31 May 2019)
- SA Halliday# (resigned 31 May 2019)
- ZJ Kganyago^ (resigned 31 May 2019)

 # Independent non-executive director.

^ Non-executive director.

9. Subsidiary companies

Information relating to the Company's interest in its subsidiaries is detailed in note 24.

10. Associate companies

Information relating to the Company's interest in its associates is detailed in note 7.

11. External auditors

PricewaterhouseCoopers Inc. were the Company's external auditors during the year and will continue in office in accordance with section 90 of the Companies Act, as amended.

12. Company Secretary

The Company Secretary is HPF Properties Proprietary Limited (registration number: 2005/020743/07). The appointed representative of HPF Properties Proprietary Limited is LR van Onselen. The business and registered office is:

Palazzo Towers West
Montecasino Boulevard
Fourways
2055

Independent auditor's report

To the Shareholders of Hospitality Property Fund Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Hospitality Property Fund Limited ('the Company') and its subsidiaries (together 'the Group') as at 31 March 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Hospitality Property Fund Limited's consolidated financial statements set out on pages 62 to 99 comprise:
- the consolidated statement of financial position as at 31 March 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

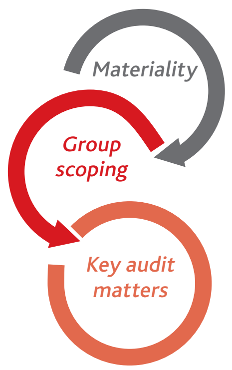
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

Our audit approach

Overview



Overall Group materiality
R76.7 million, which represents 1% of consolidated net assets.

Group audit scope
The Group consists of ten components, which include 54 hotels owned by the operating subsidiary.

We performed full scope audits on the components that are financially significant to the consolidated financial statements.

Key audit matters
Valuation of investment properties at year end of R9.98 billion.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent auditor's report continued

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Group materiality	R76.7 million.
How we determined it	1% of consolidated net assets.
Rationale for the materiality benchmark applied	We chose consolidated net assets as the benchmark, because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is considered to be appropriate due to the nature of the company and industry practice. Although the entity is profit-orientated, its strategic focus is to deliver long-term shareholder returns through the acquisition and development of investment property. As a Real Estate Investment Trust the users are likely to be more concerned with the net assets underlying the fund than the profitability of the entity. In addition the Loan to value (ratio of loans to the value of assets) is a key metric for the company. We chose 1%, which is consistent with the quantitative materiality thresholds for companies in this sector.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Two components that contributed significantly to consolidated net assets were subject to full scope audits. We performed analytical reviews over the remaining components considered to be financially inconsequential, individually and in aggregate. All testing was performed centrally by the Group audit team. By performing the procedures outlined above, we obtained sufficient and appropriate audit evidence regarding the financial information of the Group to provide a basis of our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Valuation of investment properties at year end of R9.98 billion

The majority of the Group's investment properties comprise hotel properties. At 31 March 2020, the carrying value of the Group's total investment property portfolio was R9 979 million representing a R2 045 million decrease compared to the prior year (refer to note 4 *'Investment properties'* of the consolidated financial statements).

This overall decrease comprises a decrease in the fair value of the hotel properties of R2 461 million and a decrease of R4 million due to a disposal of investment property, offset by an increase of R220 million in capital expenditure and an increase of R200 million due to the acquisition of Southern Sun Pretoria.

The Group's accounting policy is to measure investment properties at fair value using the discounted cash flow approach. The value of investment properties is dependent on the operating results of the respective hotel operations and the inputs into the valuation model. Factors such as prevailing market conditions and country-specific risks directly impact fair values, and are taken into account in calculation of the discount rate by use of a risk premium.

The impact of the novel coronavirus and the associated impact on the hospitality industry has resulted in changes to the expected growth rate and cash flows. Cash flows are expected to decrease significantly in year one and two. These have resulted in a decrease in the fair value of the hotel properties.

Among others, the following assumptions are key in determining the fair value:
- the discount rate applied by management;
- net cash flows; and
- the expected growth rate which drives the exit capitalisation rate.

The valuation accounting policy applied during the year requires properties to be externally valued by a qualified real estate appraiser ('the appraiser'), which was performed on the entire portfolio of investment properties.

We considered the valuation of the investment properties to be a matter of most significance to our current year audit due to the following:
- significant judgements made by management in determining the net cash flows, exit capitalisation and discount rates; and
- the magnitude of the balance of the investment properties recorded in the consolidated statement of financial position as at 31 March 2020.

How our audit addressed the key audit matter

We updated our understanding of and tested the relevant controls related to the budgeting process, which included controls in relation to the following:
- the entering and amending of leases in support of contractual rental income;
- the setting and approval of budgets by the Group; and
- Board approval of the valuations obtained.

We tested capital expenditure incurred and capitalised on existing investment properties, by agreeing the consideration amounts capitalised to underlying documents, in order to determine whether the capitalisation criteria had appropriately been met. We considered the accounting for the acquisition of the Southern Sun Pretoria property. No exceptions were noted.

In respect of the appraiser (management's expert), we:
- considered his objectivity, independence and expertise by inspecting the external appraiser's valuation reports for a statement of independence and compliance with generally accepted valuation standards; and
- confirmed the external appraiser's affiliation with the relevant professional body.

On a sample basis we tested the fair values in the appraiser's valuation reports by performing the following procedures:
- utilising our internal property valuation expertise, we assessed the appropriateness of the valuation methodology used;
- we evaluated the cash flows in year one and two of the valuation. The cash flows were expected to be significantly affected by the restrictions as a result of Covid-19. Based on our work performed, we accepted the impact that management has projected;
- we evaluated the cash flows in the valuations from year three to assess the reasonableness of the expected cash flows with reference to historical cash flows;
- we assessed the reasonableness of the growth, exit capitalisation and discount rates used in the valuations by independently calculating a range of rates which would be considered reasonable against similar properties; and
- we determined a range of acceptable valuations of a sample of hotels based on industry benchmarks and noted that the valuations prepared by the appraiser fell within these ranges.

We agreed all of the fair values in the final valuation reports to the fair values recorded in the Group's accounting records as at 31 March 2020.

Independent auditor's report continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Hospitality Property Fund Consolidated annual financial statements for the year ended 31 March 2020", which includes the Directors' Report, the Report of the Audit and Risk Committee and the Declaration by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Hospitality Property Fund Integrated Annual Report 2020", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Hospitality Property Fund Limited for four years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: A Taylor
Registered Auditor

Johannesburg

28 May 2020

Consolidated statement of financial position

as at 31 March

	Notes	2020 R'000	2019 R'000
ASSETS			
Non-current assets			
Investment properties	4	**9 978 983**	12 023 914
Furniture, fittings and equipment	6	**8**	337
Investments in associates	7	**979**	771
Derivative asset	26.1	**–**	1 783
		9 979 970	12 026 805
Current assets			
Trade and other receivables	8	**72 479**	144 510
Cash and cash equivalents	9	**290 575**	95 282
		363 054	239 792
Total assets		**10 343 024**	12 266 597
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Stated capital	10	**9 051 194**	9 027 065
Non-distributable reserve	11	**(553 392)**	1 957 968
Common control reserve		**(1 106 013)**	(1 106 013)
Retained earnings		**281 979**	343 035
		7 673 768	10 222 055
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings	12	**2 546 606**	1 647 358
Derivative liability	26.1	**50 229**	1 971
Long-term incentive liabilities non-current portion	25.2	**1 337**	446
		2 598 172	1 649 775
Current liabilities			
Trade and other payables	13	**69 697**	79 219
Interest-bearing borrowings	12	**–**	290 000
Long-term incentive liabilities current portion	25.2	**1 387**	1 419
Provision for shareholder redemption	10	**–**	24 129
		71 084	394 767
Total liabilities		**2 669 256**	2 044 542
Total equity and liabilities		**10 343 024**	12 266 597

The notes from page 66 to 99 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March

	Notes	2020 R'000	2019 R'000
Revenue	14	**767 644**	827 786
Rental income – contractual		**767 695**	827 631
Rental income – straight-line accrual		**(51)**	155
Operating expenses	17	**(51 112)**	(76 096)
Operating profit		**716 532**	751 690
Other income		**1 665**	1 767
Insurance proceeds		**1 088**	655
Sundry income		**577**	1 112
Net finance costs		**(195 440)**	(166 988)
Finance income	18	**11 069**	17 206
Finance costs	18	**(206 509)**	(184 194)
Profit before sale of fixed assets, fair value adjustments, equity-accounted profits and taxation		**522 757**	586 469
Profit on sale of furniture, fittings and equipment		**173**	–
Fair value adjustments	19	**(2 511 309)**	(781 475)
Investment properties, before straight-lining adjustment		**(2 461 320)**	(787 414)
Change in fair value as a result of the straight-lining adjustment		**51**	(155)
Interest rate swaps		**(50 040)**	6 094
Loss before taxation		**(1 988 379)**	(195 006)
Equity-accounted profit from associate net of tax	7	**208**	720
Income tax expense	20	**–**	191
Loss for the year		**(1 988 171)**	(194 095)
Other comprehensive income			
Items that may not be reclassified subsequently to profit or loss:			
Total comprehensive income		**(1 988 171)**	(194 095)
Loss attributable to:			
Equity holders		**(1 988 171)**	(194 095)
Earnings and diluted earnings per share (cents)	15	**(344.22)**	(33.74)

The notes from page 66 to 99 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 March

	Attributable to equity holders of the Company					
	Share capital R'000	Treasury share reserve R'000	Retained income R'000	Common control reserve R'000	Non-distributable reserve R'000	Total R'000
Balance at 1 April 2018	9 037 060	(9 995)	444 108	(1 106 013)	2 739 443	11 104 603
Total comprehensive income for the year	–	–	(194 095)	–	–	(194 095)
Dividend declared on 23 May 2018	–	–	(451 330)	–		(451 330)
Dividend declared on 21 November 2018	–	–	(237 123)	–	–	(237 123)
Transfer to non-distributable reserves – investment properties	–	–	787 569	–	(787 569)	–
Transfer to non-distributable reserves – interest rate swaps	–	–	(6 094)	–	6 094	–
Balance at 31 March 2019	**9 037 060**	**(9 995)**	**343 035**	**(1 106 013)**	**1 957 968**	**10 222 055**
Total comprehensive income for the year	**–**	**–**	**(1 988 171)**	**–**	**–**	**(1 988 171)**
Dividend declared on 23 May 2019	**–**	**–**	**(369 124)**	**–**	**–**	**(369 124)**
Dividend paid 7 August 2019 relating to appraisal rights matter	**–**	**–**	**(10 663)**	**–**	**–**	**(10 663)**
Dividend declared on 20 November 2019	**–**	**–**	**(204 458)**	**–**	**–**	**(204 458)**
Reinstatement of shareholding (appraisal rights matter)	**24 129**	**–**	**–**	**–**	**–**	**24 129**
Transfer to non-distributable reserves – investment properties	**–**	**–**	**2 461 320**	**–**	**(2 461 320)**	**–**
Transfer to non-distributable reserves – interest rate swaps	**–**	**–**	**50 040**	**–**	**(50 040)**	**–**
Balance at 31 March 2020	**9 061 189**	**(9 995)**	**281 979**	**(1 106 013)**	**(553 392)**	**7 673 768**
Notes	10	10			11	

The notes from page 66 to 99 form an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year ended 31 March

	Notes	2020 R'000	2019 R'000
Cash flows from operating activities			
Cash generated from operations	22	**781 245**	771 480
Interest received	18	**11 069**	17 206
Finance costs paid	18	**(206 509)**	(184 194)
Dividends paid to shareholders		**(584 245)**	(688 453)
Net cash generated/(utilised) from operating activities		**1 560**	(83 961)
Cash flows from investment activities			
Proceeds from disposal of furniture, fittings and equipment		**173**	–
Acquisition and development of investment properties	4	**(420 008)**	(211 992)
Proceeds from disposal of investment property	4	**3 568**	234
Acquisition of furniture, fittings and equipment	6	**–**	(290)
Dividends received from associate	7	**–**	700
Net cash utilised for investment activities		**(416 267)**	(211 348)
Cash flows from financing activities			
Interest-bearing liabilities raised		**2 080 000**	100 000
Interest-bearing liabilities repaid		**(1 470 000)**	(100 000)
Net cash inflow from financing activities		**610 000**	–
Net increase/(decrease) in cash and cash equivalents		**195 293**	(295 309)
Cash and cash equivalents at the beginning of the year		**95 282**	390 591
Cash and cash equivalents at the end of the year	9	**290 575**	95 282

The notes from page 66 to 99 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Accounting policies

The significant accounting policies adopted in the preparation of the consolidated annual financial statements and Company annual financial statements are set out on the following pages. These policies have been consistently applied to all the periods presented unless otherwise stated.

1.1 Basis of preparation

The consolidated annual financial statements have been prepared in accordance with the framework concepts and the recognition and measurement criteria of IFRS as issued by the International Accounting Standards Board ('IASB'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ('FRSC'), the Listings Requirements of the JSE and the Companies Act of South Africa, and have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain financial instruments and investment properties as described in the accounting policies below. The term IFRS includes International Financial Reporting Standards and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') or the former Standing Interpretations Committee ('SIC'). The standards referred to are set by the IASB.

The financial statements are presented in Rand and are rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

1.2 Changes in accounting policies

The Group has adopted all the new, revised or amended accounting pronouncements as issued by the International Accounting Standards Board ('IASB') which were effective for the Group from 1 April 2019. In particular, the following standards had an impact on the Group's financial statements:

(i) Amendment to IFRS 9 *Prepayment Features with Negative Compensation*

The narrow-scope amendment covers two issues:

- the amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities;
- how to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.

The effective date of the amendment is for years beginning on or after 1 January 2019 and the Company has adopted the amendment for the first time in the 2020 annual financial statements.

The amendment has no impact on the Group.

(ii) Annual Improvements to IFRS 2015 – 2017 cycle: Amendments to IAS 23 *Borrowing Costs*

The amendment specifies that when determining the weighted average borrowing rate for purposes of capitalising borrowing costs, the calculation excludes borrowings which have been made specifically for the purposes of obtaining a qualifying asset, but only until substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

The effective date of the amendment is for years beginning on or after 1 January 2019.

The Company has adopted the amendment for the first time in the 2020 annual financial statements; however, it has not had any impact on the 2020 annual financial statements.

(iii) IFRIC 23 *Uncertainty over Income Tax Treatments*

The effective date of the interpretation is for years beginning on or after 1 January 2019.

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments.

IFRIC 23, uncertainty over income tax treatments, is expected to have no impact on the Group.

1. **Accounting policies** continued

   1.2 **Changes in accounting policies** continued

   (iv) IFRS 16 *Leases*

   IFRS 16 *Leases* is a new standard which replaces IAS 17 *Leases*, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the Company are as follows:

   Where the Company is a lessee:

   – Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short-term leases or leases where the underlying asset has a low value, which are expensed on a straight-line or other systematic basis.
   – The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
   – The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
   – The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
   – The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
   – Re-measurements of lease liabilities are effected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
   – The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
   – The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
   – Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right-of-lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
   – Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 *Leases*.

   Where the Company is a lessor:

   – Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
   – A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
   – If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
   – Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Notes to the consolidated financial statements continued

1. Accounting policies continued

1.2 Changes in accounting policies continued

(iv) IFRS 16 *Leases continued*

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16.
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 1 January 2019 and the Company has adopted the standard for the first time in the 2020 annual financial statements.

As the Group is a lessor, the new standard has not a had a material impact on the annual financial statements.

1.3 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive committee, who are the Group's chief operating decision-makers. The Group's executive committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the Group's executive committee which are used to make strategic decisions and are disclosed in note 16.

1.4 Basis of consolidation and business combinations

The consolidated financial statements include the financial statements of subsidiaries and associates owned by the Company.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where the Group's interest in subsidiaries is less than 100%, the share attributable to outside shareholders is reflected in non-controlling interests. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. Increases in fair value of assets that occur on the Group obtaining control, for nil consideration, of an entity previously accounted for as an associate or joint venture is transferred to a reserve called 'surplus arising on change in control'.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Intragroup balances, and any unrealised gains or losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(ii) Associates

An investment is considered to be an associate when significant influence is exercised by the Company. The existence of significant influence is evidenced by:

- Representation on the Board of Directors or equivalent governing body of the investee.
- Participation in the policy-making process.
- Material transactions between the Company and the investee.
- Interchange of managerial personnel.
- Provision of essential technical information.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition reserve movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the investee, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

1. Accounting policies continued

1.4 Basis of consolidation and business combinations continued

(ii) Associates continued

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investee and its carrying value and recognises the amount immediately in profit or loss.

Some of the Group's associates have different local statutory accounting reference dates. These are equity accounted using management prepared information on a basis coterminous with the Group's accounting reference date. Where management prepared information is at a different date from that of the Group's, the Group equity accounts that information, but takes into account any changes in the subsequent period to 31 March that would materially affect the results.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.5 Furniture, fittings and equipment

Furniture, fittings and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the Group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(i) Profit or loss on disposal

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the net book amount of the asset and is accounted for during the period in which the asset is disposed of.

1.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and where companies in the Group occupy no or an insignificant portion, is classified as investment property. Investment property also includes property that is being constructed or developed for future use. The nature of these properties is mostly hotels and includes furniture, fixtures and equipment and the underlying letting enterprise.

Investment property, including property that is being constructed or developed for future use, is stated at fair value. Gains or losses arising on changes in the fair value are recognised immediately in profit or loss.

Properties are initially recognised at cost on acquisition, which comprises the purchase price and includes expenditure that is directly attributable to the acquisition of the property. Subsequent costs are included in the property's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the Group and the cost can be measured reliably.

1.7 Financial instruments

Initial recognition and measurement

Financial assets are recognised when the Group becomes a party to the contractual provisions of the respective arrangement. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

Finance costs are charged against income in the year in which they accrue using the effective interest rate method. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to finance costs over the life of the instrument.

The Group classifies its financial assets in the following categories: at fair value through profit or loss and financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. In accordance with IFRS 9, the Group applies two criteria when classifying and measuring the financial assets, namely the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Management determines the classification of its financial assets at initial recognition.

Notes to the consolidated financial statements continued

1. Accounting policies continued

1.7 Financial instruments continued

Financial instruments designated as at fair value through profit or loss

Financial instruments at fair value through profit or loss are financial assets held for trading and/or designated by the entity upon initial recognition as at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Financial assets at amortised cost

Financial assets at amortised cost consist of assets which are held to collect the contractual cash flows, which consist solely of payments of principal and interest.

They are included in current assets (trade and other receivables), except for maturities of greater than 12 months after the balance sheet date which are classified as non-current assets.

Purchases and sales of investments are recognised on the date on which the Group commits to purchase or sell the asset.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

Trade and other payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Trade payables are presented as current on the face of the balance sheet, unless there is an unconditional right to defer payment beyond 12 months.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and other short-term highly liquid investments. Cash and cash equivalents are measured at amortised cost which is equivalent to fair value.

1.8 Offsetting financial instruments

Where a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously, which are in determinable monetary amounts, the relevant financial assets and liabilities are offset. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.

1.9 Impairment of financial assets

The Group applies IFRS 9 *Financial Instruments*, and uses the simplified approach to measure expected credit losses for all financial assets. However, this had an insignificant impact on the Group's numbers. In addition, there have been no significant historic issues or losses relating to the collectability of these assets.

The loss considerations for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period.

All of the disclosures required for the expected credit loss measurement have not been included as the impairment is not considered to be material in respect of the Company's financial assets carried at amortised cost.

1. Accounting policies continued

1.10 Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the balance sheet, depending on when they are expected to mature.

For derivatives that are not designated to have a hedging relationship, all fair value movements thereon are recognised immediately in profit or loss.

1.11 Non-current assets held for sale

Non-current assets held for sale are those non-current assets of which the carrying amount will be recovered principally through sale rather than use. These non-current assets are available for immediate sale in their present condition, subject only to terms that are usual for the sale of such assets, and the sale is probable within a year as management is committed to a plan to dispose of the non-current assets, actively market them, and expect that these assets will be sold within a year.

1.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are shown in equity as a deduction from the proceeds.

1.13 Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

1.14 Acquisition of assets under common control

Transactions in which assets or businesses are ultimately controlled by the same party before and after the transaction and where that control is not transitory, are referred to as common control transactions. Where a transaction meets the definition of a common control transaction, predecessor accounting is applied. Any costs directly attributable to the acquisition are written off to reserves.

Predecessor accounting values assets and liabilities using the existing carrying value on the effective date with no goodwill or bargain purchase price being recognised. Any excess/deficit of the purchase price, over the pre-combination recorded ultimate holding company's carrying values, is adjusted directly to equity.

1.15 Revenue recognition

(a) Rental income

Revenue from the letting of investment property comprises rentals (excluding VAT) recognised on a straight-line basis over the term of the lease. Contingent (variable) rentals, including rentals from parking income and rentals from advertising, are included in revenue when the amounts can be reliably measured and the inflow of economic benefits are considered probable.

1.16 Finance income

Interest earned on cash invested with financial institutions is recognised on an accrual basis using the effective interest method.

1.17 Expenses

(a) Recoveries of costs from lessees

Where the Group merely acts as an agent and makes payment of these costs on behalf of lessees, these are offset against the relevant costs.

(b) Finance costs

Finance costs are costs incurred on funds borrowed. These are expensed in the period in which they are incurred using the effective interest method.

Notes to the consolidated financial statements continued

1. Accounting policies continued

1.18 Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to business combinations, or items recognised directly in equity or other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: initial recognition of assets and liabilities in a transaction that is not a business combination, where the initial recognition affects neither accounting nor taxable profit or loss and on differences relating to investments in subsidiaries and joint ventures to the extent that the parent company is able to control the timing of the reversal of the temporary differences and they will probably not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable group, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In respect of REIT assets and liabilities (investment properties) the measurement of deferred tax is based on a rebuttable presumption that the amount of the investment property will be recovered entirely through sale. Capital gains or losses from property sold by a REIT are disregarded and the rate relevant to recoupments is 28%. Investment properties are held as long-term income-generating assets. Therefore, should any property no longer meet the Company's investment criteria and be sold, any profits or losses will be capital in nature and will be taxed at rates applicable to capital gains (currently nil). Allowances previously claimed will be recouped on sale. Where an accumulated loss is available to shield this recoupment, a deferred tax asset is raised.

Deferred tax is provided based on the expected manner of realisation, taking into account the entities' expectation that it will pay a dividend and will receive a tax deduction, making it in substance exempt.

1.19 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Board of Directors.

1.20 Employee benefits

Short-term employee benefits are recognised in the period in which they are incurred.

Long-term benefits, which have been recently implemented, are recognised at the fair value of the liability incurred and are expensed when consumed. The liability is remeasured at each balance sheet date to its fair value, with all changes recognised immediately in profit or loss. Allocations vest in full three years after date of allocation.

The fair value of the long-term incentive plan liability is determined at each balance sheet date by reference to the parent entity's share price. This is adjusted for management's best estimate of the appreciation, bonus and units expected to vest.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Principles of critical accounting estimates and judgements

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below and on the following page.

2.1 Classification of investment properties (judgement)

Investment properties include land and buildings that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

In determining the classification of the properties as investment properties, management considered its exposure to the risks of running the hotel business and their associated exposure to the variability of the cash flows of the underlying operations. Management took the following factors into account:

- Intention to hold land and buildings for rental income and capital appreciation and its role as a passive investor.
- The duration of the lease agreements.
- Control over the decision-making powers of the relevant hotel operations.
- The present value of the minimum lease payments in relation to the fair value of the investment properties.
- Various financial ratios to determine its exposure to the variability of the hotel operations.

Based on the above, management concluded that the properties meet the definition of investment property.

2.2 Valuations of investment properties (estimate)

Refer to note 4 for the valuation methodology applied.

3. New standards and interpretations

3.1 Standards and interpretations not yet effective

The following standards and amendments to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2020 or later periods, which the Group has not early adopted:

New and amended standard	Summary	Impact to the Group
Amendment to IFRS 3 ***Business Combinations*** The Group will apply the amendments to IFRS 3 from 1 April 2020.	This amendment revises the definition of a business. According to feedback received by the IASB, the application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions.	The changes to the definition of a business will likely result in future acquisitions being accounted for as asset acquisitions instead of business combinations.
Effective for annual periods beginning on or after January 2020.	To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.	
	An entity can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or group of similar assets), the assets acquired would not represent a business.	
Amendment to IAS 1 and IAS 8 The Group will apply the amendments to IAS 1 and IAS 8 from 1 April 2020.	The standard requires the use of a consistent definition of materiality, the explanation for the definition of materiality to be clarified and the guidance in IAS 1 about immaterial information to be incorporated.	The Group is still in the process of assessing the potential impact of the amendments to IAS 1 and IAS 8.
Effective for annual periods beginning on or after January 2020.		

Notes to the consolidated financial statements continued

	2020 R'000	2019 R'000
4. Investment properties		
Opening fair value amount	**12 023 914**	12 533 970
Acquisitions and capital expenditure of investment properties	**420 008**	211 992
Fair value adjustments recognised through profit or loss	**(2 461 320)**	(787 569)
Transfers from non-current assets held for sale	**–**	65 600
Straight-line rental income accrual	**(51)**	155
Disposal of investment property	**(3 568)**	(234)
Closing fair value amount	**9 978 983**	12 023 914

The investment property portfolio serves as collateral against loans from funding banks and secured notes, as held by the Fund. Refer to note 12.

The current year acquisitions include the acquisition of Southern Sun Pretoria amounting to R200 million.

Amounts recognised in profit or loss for investment properties

	2020 R'000	2019 R'000
Rental income	**767 644**	827 786
Direct operating expenses from properties that generated rental income	**11 722**	10 352

Measurement of fair value

Investment properties were independently valued at 31 March 2020. The valuation of the portfolio was performed by P Venter, Professional Associate Valuer, from De Leeuw Valuers Cape Town (RF) Proprietary Limited. The valuations have been done on an annual basis on the entire portfolio of investment properties.

The fair value of the investment properties has been categorised as a level 3 fair value based on the unobservable inputs to the valuation technique used as detailed below.

As at 31 March 2020 the significant unobservable inputs were as follows:
– a weighted average rental growth rate of 5.19% (2019: 5.25%);
– a terminal capitalisation rate of 9.00% to 13.50% (2019: 7.25% to 7.75%) (only five properties exceed 11.00%); and
– a risk-adjusted discount rate of 12.00% to 14.50% (2019: 12.50% to 13.00%) (only one property is lower than 13.00%).

The impact of Covid-19 and the associated impact on the hospitality industry has had a significant impact on the fair value of hotels at 31 March 2020. Due to the uncertainty of future trading conditions, the forecasts reduced in year one with 75% and in year two with 25% when compared to actuals as at 31 March 2020. The South African bond yield 10Y increased by 1.9 percentage points from 31 March 2019 (8.61%) to 31 March 2020 (10.51%). HPF had used a risk-free rate of 8.65% in 2019, compared to 10.50% in 2020, resulting in higher exit yields and higher discount rates across the portfolio.

The Group measures investment properties at fair value. The fair value is determined by using the discounted cash flow method by discounting the rental income (based on expected net cash flows of the underlying hotels) after considering the capital expenditure requirements. The expected cash flows are discounted using an appropriate discount rate. The core discount rate is calculated using the South African bond yield 10Y (long bond) at the time of valuation, to which premiums are added for market risk, and cost of equity. The discount rate takes into account a risk premium associated with the local economy as well as that specific to the local property market and the hotel industry.

The table below indicates the sensitivities of the aggregate investment property portfolio by increasing or decreasing value inputs as follows:

	2020		2019	
	Increase Rm	**Decrease Rm**	Increase Rm	Decrease Rm
5% change in the net cash flows	**1 264**	**(497)**	707	(707)
25 bps change in the terminal capitalisation rate	**(221)**	**141**	(291)	313
50 bps change in the discount rate	**(336)**	**350**	(233)	239

		2020 R'000	2019 R'000
5.	**Non-current assets held for sale**		
	Opening fair value amount	–	65 600
	Transfer of assets held for sale to investment properties	–	(65 600)
	Closing net carrying amount	–	–

		2020 R'000	2019 R'000
6.	**Furniture, fittings and equipment**		
	Cost		
	Balance at the beginning of the year	2 876	2 586
	Acquisition during the year	–	290
	Disposal during the year	(244)	–
	Balance at the end of the year	2 632	2 876
	Depreciation and impairment losses		
	Balance at the beginning of the year	2 539	2 423
	Depreciation for the year	85	116
	Balance at the end of the year	2 624	2 539
	Carrying amount		
	Balance at the beginning of the year	337	163
	Balance at the end of the year	8	337

7. Investments in associates

The Group has the following interests in its principal associates:

Unlisted

- 15% in Ash Brook Investments 72 Pty Ltd, a strategic partner and associate to the companies, as it leases the Radisson Blu Gautrain hotel property from HPF.
- 5% in Vexicure Pty Ltd, a strategic partner and associate to the companies, as it leases the Westin Cape Town hotel property from HPF.

	2020 R'000	2019 R'000
Unlisted		
Opening balance	771	751
Profit attributable to HPF Properties Proprietary Limited	208	720
Dividends received	–	(700)
At 31 March	979	771
Made up as follows:		
Listed	–	–
Unlisted	979	771
	979	771

Notes to the consolidated financial statements continued

7. **Investments in associates** continued

Vexicure Proprietary Limited

Vexicure is a strategic partner and associate to the Company, as it leases the Westin Cape Town hotel property situated in the city of Cape Town, and contributed 12.7% (2018: 15.2%) to the rental income. The Company is represented by two (in terms of the shareholders' agreement) of the five directors of Vexicure's board of directors and therefore exercises limited influence.

Summarised financial information of material associates

	2020 R'000	2019 R'000
Summary of Vexicure statement of financial position which represents 100%		
Assets		
Non-current assets	**2 554**	2 100
Current assets	**82 074**	111 668
Total assets	**84 628**	113 768
Equity and liabilities		
Capital and reserves	**4 111**	2 879
Current liabilities	**80 517**	110 889
Total equities and liabilities	**84 628**	113 768
Summary of Vexicure statement of comprehensive income which represents 100%		
Gross profit	**235 153**	289 620
Total operating expenditure	**(131 581)**	(169 210)
Rental to HPF Properties Proprietary Limited	**(101 106)**	(104 597)
Taxation	**(993)**	(1 420)
Profit and total comprehensive income for the year	**1 473**	14 393
Profit attributable to the Group	**74**	720
Vexicure Pty Ltd		
Opening balance	**504**	484
Profit attributable to HPF Properties Proprietary Limited	**74**	720
Dividends	**–**	(700)
	578	504

7. **Investments in associates** continued

Ash Brook Investments 72 Proprietary Limited

Ash Brook is a strategic partner and associate to the Fund, as it leases the Radisson Blu Gautrain hotel property situated in Sandton, from HPF Properties Proprietary Limited and contributes significantly to the consolidated rental income. The Fund is represented by two (in terms of the shareholders' agreement) of the four directors of its board of directors and therefore exercises limited influence. The majority shareholder holds the casting vote in a general meeting.

	2020 R'000	2019 R'000
Summary of Ash Brook statement of financial position which represents 100%		
Assets		
Non-current assets	**23**	23
Current assets	**33 210**	32 860
Total assets	**33 233**	32 883
Equity and liabilities		
Capital and reserves	**1 886**	1 489
Non-current liabilities	**9 933**	9 933
Current liabilities	**21 414**	21 461
Total equities and liabilities	**33 233**	32 883

	2020 R'000	2019 R'000
Summary of Ash Brook statement of comprehensive income which represents 100%		
Gross profit	**77 675**	129 632
Total operating expenditure	**(46 646)**	(91 910)
Rental to HPF Properties Proprietary Limited	**(29 788)**	(36 569)
Taxation	**(348)**	(1 302)
Profit and total comprehensive income for the year	**893**	(149)
Profit attributable to the Group	**134**	–
Ash Brook Investments 72 Proprietary Limited		
Opening balance	**269**	269
Profit attributable to HPF Properties Proprietary Limited	**134**	–
	403	269
Vexicure Proprietary Limited		
Reconciliation to carrying amounts		
Opening net assets 1 April	**2 879**	10 784
Profit for the period	**1 473**	14 393
Other reconciling items	**(241)**	(22 299)
Closing net assets	**4 111**	2 879
Group's share in percentage (%)	**5**	5
Group's share in associate	**206**	144
Carrying amount	**206**	144
Ash Brook Investments 72 Proprietary Limited		
Reconciliation to carrying amounts		
Opening net assets 1 April	**1 489**	1 000
Profit for the period	**894**	(149)
Year end adjustment	**(497)**	638
Closing net assets	**1 886**	1 489
Group's share in percentage (%)	**15**	15
Group's share in associate	**283**	223
Carrying amount	**283**	223

Notes to the consolidated financial statements continued

	2020 R'000	2019 R'000
8. Trade and other receivables		
Financial instruments		
Trade receivables	**26 709**	75 925
Deposits	**377**	378
Operator loans	**25 300**	24 315
Other receivables	**9 111**	14 612
Guarantees	**3 341**	20 658
Sundry debtors	**2 620**	1 269
Non-financial instruments		
Prepayments	**329**	787
VAT receivable	**4 692**	6 566
	72 479	144 510

Trade receivables are written off when there is no expectation of recovering additional cash. Indicators that there is no reasonable expectation of recovery is the failure of a debtor to engage in a repayment plan with the Group, and a failure to make timely payments on a regular basis. The creation of the provisions for doubtful debts is offset by the release of provisions for receivables where impairment has reversed and has been included in other expenses in the income statement.

The loss considerations for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the existing market conditions as well as forward-looking estimates at the end of each reporting period.

Trade receivables

The Group applies IFRS 9 *Financial Instruments*, and uses the simplified approach to measure lifetime expected credit losses for all trade receivables. This has not had a significant impact on the Group's numbers, due to the short-term nature of trade receivables. In addition, there have been no significant historic losses or issues relating to the collectability of receivables. The contractual terms of agreements were considered in particular, which requires fixed rental to be paid in advance and variable rental to be paid within 15 days.

Operator loans

Operator loans, which consist of loans provided to hotel operators through signed agreements, use the general approach to measure credit losses. However, this had an insignificant impact on the Group's numbers. There have been no significant historic losses or issues related to the collectability of other receivables from the relevant hotel operators.

Sundry debtors, guarantees, other receivables and deposits

Sundry debtors, guarantees, other receivables and deposits were initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

Other receivables and deposits do not contain significant credit risk and there are no significant receivables past due, not impaired or impaired. No further disclosure is provided in this regard.

Impairment – trade receivables

At 31 March 2020, trade receivables of R0.7 million (2019: R3 million) were past due but not impaired. Based on communications with these debtors and agreements reached, there is no reason to believe that these amounts will not be recovered.

At 31 March 2020, trade receivables of R0.1 million (2019: R0.1 million) were impaired and provided for. The impaired receivable for 2020 relates to the VAT portion on a capital project completed in prior years. The impaired receivables for 2019 mainly relate to rent receivables from two tenants at the Sandton Eye with long outstanding balances.

	2020 R'000	2019 R'000
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Current accounts	**29 569**	31 036
Call accounts	**261 006**	64 246
	290 575	95 282

The Company has an unutilised revolving credit facility of R300 million with the Standard Bank of South Africa Limited and R100 million with Nedbank Limited at 31 March 2020. The call account consists of excess funds which are deposited with Nedbank Limited.

	2020	2019
Credit ratings of banks with whom the Group has cash deposits		
– Absa Bank Limited	**Ba1**	Baa3
– FirstRand Bank Limited	**Ba1**	Baa3
– Nedbank Limited	**Ba1**	Baa3

10. Share capital

Provision for shareholders' redemption

At 31 March 2019, a provision of R24 million was held relating to a dissenting shareholder exercising its rights in terms of section 164(14) b) of the Companies Act. On 12 June 2019, the High Court of South Africa ('the Court') ruled in the matter between Standard Bank Nominees (RF) Proprietary Limited ('Standard Bank Nominees'), The Standard Bank of South Africa Limited, Nedbank Collective Investments (RF) Proprietary Limited, Nedgroup Investment Advisors Proprietary Limited and Hospitality, that shareholder appraisal rights had not been properly exercised. The Court ordered that Standard Bank Nominees be reinstated as a Hospitality shareholder and that Hospitality make payment to Standard Bank Nominees of all dividends previously declared by the Company from February 2016 to 12 June 2019. Accordingly, on 7 August 2019 Hospitality made payment of R10 663 390 to Standard Bank Nominees, in settlement of the Court order.

	2020 R'000	2019 R'000
Authorised		
2 000 000 000 shares of no par value		
The unissued shares are under the control of the directors of the Company subject to the provisions of the Companies Act.		
Issued		
578 154 207 shares of no par value (2019: 578 154 207)	**9 051 194**	9 027 065
Reconciliation		
Opening balance	**9 027 065**	9 027 065
Reinstatement of appraisal right shares	**24 129**	–
Closing balance	**9 051 194**	9 027 065
Number of shares		
No par value ordinary shares	**577 591 433**	575 214 177
– Shares in issue	**578 154 207**	578 154 207
– HPF Employee Incentive Trust shares	**(562 774)**	(562 774)
– Shareholders' redemption	**–**	(2 377 256)
Weighted average number of shares		
No par value ordinary shares	**577 591 433**	575 214 177
– Shares in issue	**578 154 207**	578 154 207
– HPF Employee Incentive Trust shares	**(562 774)**	(562 774)
– Shareholders' redemption	**–**	(2 377 256)
Distribution per share (cents)		
No par value share	**35.40**	105.39
– Interim	**35.40**	41.22
– Final	**–**	64.17
11. Non-distributable reserve		
Fair valuation of investment properties	**(2 778 269)**	(316 949)
Fair valuation of interest rate swap	**(163 971)**	(113 931)
Fair value uplift recognised as part of the common control transaction	**2 388 848**	2 388 848
	(553 392)	1 957 968

Notes to the consolidated financial statements continued

		2020 R'000	2019 R'000
12. Interest-bearing borrowings			
Non-current			
Domestic medium-term note programme			
– Secured note HPF11 – expiry: 31 March 2023	3-month JIBAR +1.95%	**600 000**	600 000
– Secured note HPF12 – expiry: 31 March 2024	3-month JIBAR +1.60%	**300 000**	–
– Secured note HPF13 – expiry: 30 September 2024	3-month JIBAR +1.50%	**800 000**	–
		1 700 000	600 000
Standard Bank of South Africa Limited			
– Facility A – expiry: 31 August 2020	3-month JIBAR +1.78%	**–**	550 000
– Facility B – expiry: 31 August 2022	3-month JIBAR +1.98%	**500 000**	500 000
– Revolving credit facility (R500 million) – expiry: 19 December 2022	Prime less 1.90%	**200 000**	–
		700 000	1 050 000
Nedbank Limited			
– Revolving credit facility (R250 million) – expiry: 13 month notice	3-month JIBAR +1.25%	**150 000**	–
Debt raising fee		**(3 394)**	(2 642)
Total non-current interest-bearing liabilities		**2 546 606**	1 647 358
Current			
Domestic medium-term note programme			
– Secured note HPF06 – expiry: February 2020	3-month JIBAR +2.80%	**–**	60 000
– Unsecured note HPF08 – expiry: April 2019	3-month JIBAR +3.00%	**–**	80 000
– Secured note HPF09 – expiry: April 2019	3-month JIBAR +2.25%	**–**	150 000
Total current interest-bearing liabilities		**–**	290 000
Total interest-bearing liabilities		**2 546 606**	1 937 358
Total interest-bearing liabilities payable in the following financial years:			
31 March 2020		**–**	290 000
31 March 2021		**–**	–
31 March 2022		**150 000**	1 050 000
31 March 2023		**1 300 000**	600 000
31 March 2024		**300 000**	–
31 March 2025		**800 000**	–
		2 550 000	1 940 000

The Fund has no facilities that are repayable within the next 12 months and the average maturity profile of the Fund's facilities is 3.20 years. Global Credit Ratings maintained the Fund's long-term credit rating at A- (ZA) and revised its short-term credit rating to A2 (ZA).

The Fund settled corporate notes HPF08 and HPF09, which matured on 15 April 2019, of R80 million and R150 million respectively. A new corporate note for R300 million was issued (HPF12) and will mature in March 2024.

On 19 December 2019, the Fund issued corporate note HPF13 for R800 million for five years in order to refinance the Standard Bank Term A facility that was maturing on 31 August 2020, and to fund capital expenditure incurred for the current year.

12. Interest-bearing borrowings continued

The Group's facilities of R2.95 billion and the total drawn down facilities of R2.55 billion are secured in terms of a first mortgage bond over investment properties valued at R10.0 billion (2019: R11.5 billion). The current limit of the borrowing powers in terms of the JSE Listings Requirements amounts to R6.0 billion (2019: R7.2 billion), of which R2.55 billion (2019: R1.94 billion) has been utilised. Included as part of trade and other payables (note 13) is interest accrued of R0.1 million (2019: R19 million) relating to the abovementioned interest-bearing liabilities. The unamortised portion of the debt raising fee amounted to R3.3 million (2019: R2.6 million).

Loan to value ('LTV')

The LTV as at 31 March 2020 is required to be 45% (2019: 45%) or lower.

As at 31 March 2020, the Group's LTV was 26% (2019: 16%).

Interest cover ratio ('ICR')

The ICR requirement for the year ended 31 March 2020 is a minimum of 2.0 times.

For the year ended 31 March 2020, the Group ICR cover was 3.7 times (2019: 4.5 times).

Net debt to EBITDA

The net debt to EBITDA requirement for the year ended 31 March 2020 is a maximum of 3.5 times.

For the year ended 31 March 2020, the Group net debt to EBITDA was 3.2 times (2019: 2.5 times).

Net debt reconciliation

This section sets out an analysis of the net debt and movements in debt for each of the periods presented.

	Cash R'000	Borrowings R'000
Net debt as at 31 March 2018	390 591	1 940 000
Cash received	–	–
Cash paid	(295 309)	–
Other non-cash movements (capitalised prepaid borrowing costs)	–	–
Net debt as at 31 March 2019	**95 282**	**1 940 000**
Cash received	**195 293**	**2 080 000**
Cash paid	**–**	**(1 470 000)**
Other non-cash movements (capitalised prepaid borrowing costs)	**–**	**–**
Net debt as at 31 March 2020	**290 575**	**2 550 000**

Notes to the consolidated financial statements continued

	2020 R'000	2019 R'000
12. Interest-bearing borrowings continued		
Financial liabilities measured at amortised cost		
Bank borrowings	**850 000**	1 050 000
Corporate bonds (domestic medium-term note programme)	**1 700 000**	890 000
	2 550 000	1 940 000
Less: Facility raising fees	**(3 394)**	(2 642)
	2 546 606	1 937 358
13. Trade and other payables		
Trade payables	**21 422**	12 543
Accrued interest	**116**	19 247
Tenant deposits	**2 374**	1 977
Short-term incentive	**4 314**	4 169
Operator loans	**15 356**	14 505
Other payables	**26 115**	26 778
	69 697	79 219
14. Revenue		
Contractual rental income		
– Fixed	**517 112**	497 611
– Variable	**250 583**	330 020
Rental income – straight-line accrual	**(51)**	155
	767 644	827 786
15. Reconciliation between earnings and headline earnings		
Total profit for the year	**(1 988 171)**	(194 095)
Adjustments:		–
Profit on sale of furniture, fittings and equipment	**(173)**	–
Fair value – investment properties revaluation	**2 461 269**	787 569
Straight-line adjustment	**51**	(155)
Headline earnings (shares)	**472 976**	593 319
Number of shares in issue ('000)	**577 591**	575 214
Weighted average number of shares in issue ('000)	**577 591**	575 214
Earnings and diluted earnings per share (cents)	**(344.22)**	(33.74)
Headline earnings and diluted headline earnings per share (cents)	**81.88**	103.15

16. Operating segments

Information regarding the results of each reportable segment is included below. Performance is measured based on operating profit including other income before finance costs (segmental profit), as included in the internal management reports that are reviewed by the Group's executive committee. Segment profit is used to measure performance as the Group's executive committee, who are the chief operating decision-makers, believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Intersegment pricing is determined on an arm's length basis. Generally, geographical segments are used to measure performance as the Group's executive committee believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries, particularly post the acquisition of the additional hotel properties during the 2018 year. SUN1 is disclosed as a separate segment as the grading is different to the existing portfolio.

	2020 R'000	2019 R'000
Total assets		
Western Cape	4 474 900	5 087 453
Gauteng	2 776 883	3 603 185
Rest of South Africa	2 076 900	2 493 286
SUN1	650 300	839 990
Head office	364 041	242 683
	10 343 024	12 266 597
Rental revenue		
Western Cape	308 428	312 387
Gauteng	231 396	266 785
Rest of South Africa	175 152	186 438
SUN1	52 668	62 176
	767 644	827 786
Operating profit and other income for the period		
Western Cape	305 844	312 387
Gauteng	222 252	266 785
Rest of South Africa	175 152	186 438
SUN1	52 668	62 176
Head office income	1 665	1 767
Head office expense	(39 384)	(76 096)
	718 197	753 457
Reconciliation of headline earnings to distributable earnings		
Headline earnings (shares)	472 976	593 319
Insurance proceeds	(1 088)	(655)
Fair value – interest rate swaps	50 040	(6 094)
Income tax expense	–	(191)
Exceptional transaction costs	–	19 834
Distributable earnings[1]	521 928	606 213

[1] *Distributable earnings are defined as per the JSE Listings Requirements.*

Please refer to note 21 on dividends declared in the year and note 26.3, where the percentage of revenue from the Group's largest customer is disclosed.

Notes to the consolidated financial statements continued

	2020 R'000	2019 R'000
17. Operating profit		
Operating profit is stated after charging the following:		
Auditor's remuneration – external	**2 597**	3 176
– Audit fees	**2 997**	1 862
– Audit fee – prior year	**(400)**	313
– Non-audit-related fees	**–**	1 001
Auditor's remuneration – internal	**25**	873
Management fee paid	**(83)**	289
Executive directors' and employee remuneration	**20 520**	20 767
Transaction costs	**–**	19 834
Non-executive directors' remuneration	**3 127**	3 981
Legal fees	**1 203**	3 437
Other	**23 723**	23 739
Cost to income ratio[1]		
Total revenue	**767 644**	829 553
Total head office costs	**51 112**	76 096
Percentage of revenue (%)	**6.66**	9.17

[1] The cost to income ratio has been disclosed in accordance with the accepted REIT best practice. This ratio is not directly comparable to other REITs as the property-related expenditure is paid by the tenant in most instances.

	2020 R'000	2019 R'000
18. Net finance costs		
Finance income		
Bank and other cash	**11 069**	17 206
Finance costs		
Interest-bearing liabilities	**(206 509)**	(184 194)
	(195 440)	(166 988)
19. Other non-operating gains/(losses)		
Gains on disposal of furniture, fittings and equipment	**(173)**	109
Fair value (losses)/gains	**(2 511 309)**	(781 475)
– Investment properties	**(2 461 269)**	(787 569)
– Derivatives	**(50 040)**	6 094
Total other non-operating losses	**(2 511 482)**	(781 366)

	2020 R'000	2019 R'000
20. Reconciliation of taxation expense		
Profit before tax	**(556 688)**	(54 602)
Straight-lining adjustment	**(14)**	43
Equity-accounted profit from associate	**58**	202
Fair valuation of investment property	**689 170**	220 432
Fair valuation of swaps	**14 011**	(1 706)
Insurance proceeds	**(305)**	(183)
Transaction costs	**–**	5 554
Dividend (qualifying distribution)	**(146 232)**	(169 740)
Tax expense	**–**	–
Current tax – under/(over) provision prior year	**–**	(191)
	–	(191)

The Group has no liability for normal taxation as all profits are paid out as a dividend (qualifying distribution) and shareholders are consequently subject to tax according to the individual shareholder's tax status.

	2020 R'000	2019 R'000
21. Dividends declared		
Ordinary		
Final dividend	**–**	451 771
Interim dividend	**204 458**	237 123
Shareholder appraisal rights dividend	**10 663**	–
	215 121	688 894
Final dividend declared on	**–**	23 May 2018
Final dividend paid on	**–**	18 June 2018
Final dividend cents per share	**–**	78.46 cents
Shareholder appraisal rights dividend paid on	**7 August 2019**	–
Shareholder appraisal rights dividend per total number of shares	**1.85 cents**	–
Interim dividend declared on	**20 November 2019**	21 November 2018
Interim dividend paid on	**17 December 2019**	18 December 2018
Interim dividend cents per share	**35.40**	41.22
Reconciliation to the statement of change in equity		
Final dividend declared (refer note 27)	**–**	451 771
Employee Incentive Trust inter-company dividend eliminated on consolidation	**–**	(441)
Final dividend per statement of change in equity	**–**	451 330
Interim dividend declared	**204 458**	237 123
Interim dividend per statement of change in equity	**204 458**	237 123

Notes to the consolidated financial statements continued

	2020 R'000	2019 R'000
22. Cash generated from operations		
Loss before tax	**(1 988 379)**	(195 006)
Adjustments for:		
Amortisation and depreciation	**85**	116
Profit on disposal of furniture, fittings and equipment	**(173)**	–
Straight-lining accrual of rent	**51**	(155)
Interest income	**(11 069)**	(17 206)
Finance costs	**206 509**	184 194
Fair value adjustments	**2 511 360**	781 475
Other non-cash items	**245**	1 477
Changes in working capital		
Trade and other receivables	**72 031**	(10 595)
Trade and other payables	**(10 274)**	27 300
LTI liability	**859**	(120)
	781 245	771 480

23. Commitments

Until the impact of the Covid-19 pandemic has been determined, limited capital expenditure will be incurred. At year end, R34 million (2019: R32 million) of capital expenditure was committed and contracted for.

24. Related parties

Hosken Consolidated Investments Limited (HCI)	Ultimate holding company
Tsogo Sun Hotels Limited	Holding company of Tsogo Sun Investments Proprietary Limited
Tsogo Sun Investments Proprietary Limited	Holding company
HPF Properties Proprietary Limited	100% subsidiary
HPF Management Proprietary Limited	100% subsidiary
Hospitality Property Fund Managers Proprietary Limited	100% subsidiary
Hosbrook Ventures Proprietary Limited	100% subsidiary
NIB 35 Proprietary Limited	100% subsidiary
Fezisource Proprietary Limited	100% subsidiary
Merway Fifth Investments Proprietary Limited	100% subsidiary
The Cullinan Hotel Proprietary Limited	100% subsidiary
HPF Employee Incentive Trust	Key staff benefit structure (no longer operational)
Tsogo Sun Gaming Limited	Subsidiary of HCI
Vexicure is a subsidiary of Pan-African Capital Holdings Proprietary Limited (80% held). HPF Properties Proprietary Limited owns a 5% shareholding in the Company. M de Lima, R Erasmus, N Khan and Z Kubukeli are directors of Vexicure. Vexicure leases the Westin Cape Town Hotel from the Group. Vexicure is accounted for as an associate entity.	Vexicure Proprietary Limited
HPF Properties Proprietary Limited owns 15% of Ash Brook. M de Lima, R Erasmus and M Madumise are directors of Ash Brook. The Company is accounted for as an associate entity. Ash Brook leases the Radisson Blu Gautrain Hotel from HPF Properties.	Ash Brook Investments 72 Proprietary Limited
The HPF Employee Incentive Trust is a separate legal entity, which owns shares in Hospitality Property Fund Limited. DG Bowden, GA Nelson and R Erasmus are trustees of the trust.	HPF Employee Incentive Trust
HPF Properties Proprietary Limited leases the Crowne Plaza Rosebank and the Holiday Inn Sandton to Majormatic 194 Proprietary Limited which is a subsidiary of Tsogo Sun Hotels Limited.	Majormatic 194 Proprietary Limited
Fezisource Proprietary Limited, Merway Fifth Investments Proprietary Limited and The Cullinan Hotel Proprietary Limited lease property to Reshub Proprietary Limited which is a subsidiary of Southern Sun Hotels Proprietary Limited. On 1 April 2019, these properties have been transferred in terms of an amalgamation agreement to HPF Properties Proprietary Limited.	Reshub Proprietary Limited

	2020 R'000	2019 R'000
24. Related parties continued		
Related-party transactions and balances		
Associates		
Vexicure Proprietary Limited		
Rental received	**107 984**	91 527
Dividend received	**–**	700
Trade and other receivables	**–**	13 070
Trade and other payables	**11 437**	6 192
Tenant deposit and guarantee held as security on leases	**181**	181
Ash Brook Investments 72 Proprietary Limited		
Rental received	**25 177**	29 045
Trade and other (payables)/receivables	**(182)**	1 124
Tenant deposit and guarantee held as security on leases	**1 746**	1 746

All related party transactions were done at arm's length.

	2020 R'000	2019 R'000
Reshub Proprietary Limited		
Rental received	**412 117**	402 664
Trade and other (payables)/receivables	**(11 616)**	39 785
Majormatic 194 Proprietary Limited		
Rental received	**42 655**	36 918
Trade and other (payables)/receivables	**(3 721)**	2 870

	Salaries R'000	**Benefits R'000**	**Bonus[2] R'000**	**Share incentive scheme R'000**	**Total R'000**
25. Directors' emoluments					
Executive					
2020					
JR Nicolella (previous CEO – resigned 1 June 2019)[1]	**249**	**–**	**–**	**–**	**249**
MR de Lima (CEO – appointed 1 June 2019)	**2 254**	**403**	**931**	**133**	**3 721**
R Erasmus (FD – appointed 1 June 2019)	**1 399**	**237**	**687**	**125**	**2 448**
	3 902	**640**	**1 618**	**258**	**6 418**

[1] Upon JR Nicolella's resignation, he was appointed a non-executive director.
[2] Provision approved related to current financial year.

	Salaries R'000	Benefits R'000	Bonus R'000	Share incentive scheme R'000	Total R'000
2019					
KG Randall (previous CEO – resigned 1 November 2018)[1]	2 548	463	1 439	370	4 820
JR Nicolella (CEO – appointed 1 November 2018)	542	–	–	–	542
MR de Lima (CFO)	1 654	424	862	62	3 002
	4 744	887	2 301	432	8 364

[1] Upon his resignation on 1 November 2018, KG Randall was appointed as the Chief Operating Officer of the Group. Being a member of key management (executive decision-maker), emoluments for the full 12 months have been disclosed.

Notes to the consolidated financial statements continued

	Directors' fees R'000	Total R'000
25. Directors' emoluments continued		
Non-executive		
2020		
JA Copelyn (resigned 31 May 2019)	**77**	**77**
SA Halliday (resigned 31 May 2019)	**71**	**71**
GA Nelson (resigned 31 May 2019)	**76**	**76**
MN von Aulock	**402**	**402**
L McDonald	**278**	**278**
ZJ Kganyago (resigned 31 May 2019)	**45**	**45**
JR Nicolella	**226**	**226**
MH Ahmed	**492**	**492**
MSI Gani (resigned 31 May 2019)	**74**	**74**
LM Molefi# (appointed 1 June 2019)	**318**	**318**
JG Ngcobo# (appointed 1 June 2019)	**318**	**318**
SC Gina# (appointed 1 June 2019)	**234**	**234**
CC September# (appointed 15 August 2019)	**170**	**170**
	2 781	**2 781**
2019		
JA Copelyn	407	407
DG Bowden*	359	359
ZN Malinga*	210	210
SA Halliday	366	366
GA Nelson	278	278
ZN Kubukeli*	291	291
MN von Aulock	64	64
J Booysen*	213	213
L McDonald	256	256
ZJ Kganyago	256	256
JR Nicolella	150	150
RB Huddy	22	22
MH Ahmed	166	166
MSI Gani	399	399
	3 437	3 437

** Resigned prior to 31 March 2019.*
 # Not part of the directorate.

Fees are exclusive of VAT.

	Salaries R'000	Benefits R'000	Bonus R'000	Share incentive scheme R'000	Total R'000
25. Directors' emoluments continued					
Payments to directors borne by Group companies					
2020					
MN von Aulock	**7 358**	**594**	**2 678**	**3 439**	**14 069**
L McDonald	**2 428**	**436**	**1 000**	**709**	**4 573**
ZJ Kganyago (resigned 31 May 2019)	**454**	**63**	**999**	**–**	**1 516**
2019					
MN von Aulock	5 191	435	–	–	5 626
J Booysen	6 997	836	2 562	1 138	11 533
L McDonald	1 627	324	469	350	2 770
ZJ Kganyago	2 561	364	655	–	3 580
JR Nicolella (CEO)	1 421	37	2 028	162	3 648

25.1 Equity and cash-settled – Tsogo Sun and Hospitality Property Fund Share Appreciation Bonus Plan

The Tsogo Sun Share Bonus Plan is a bonus scheme whereby participants receive shares, the number of which are determined with reference to the growth in the share price of Tsogo Sun Hotels Limited. Allocations vest in full three years after date of allocation.

The HPF Appreciation Bonus Plan is a bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the growth in the Company's share price. Participants under this bonus appreciation plan are not entitled to take up shares or options. Allocations vest in full three years after date of allocation.

The fair value is expensed over the period as services are rendered by the employees. In terms of the rules, the allocation price of the payments are determined using the seven-day volume weighted average trading price of the Company's share prior to the determination of the fair value of the long-term incentive bonus. The following is pertinent to this bonus plan:

Tsogo Sun Hotels Share Appreciation Bonus Plan

	2020	2019
Average share price utilised to value the liability (R)	**5.46**	23.5
Number of appreciation units granted and outstanding ('000)	**2 066**	844
Number of appreciation units vested and outstanding ('000)	**1 594**	709

The Group recognised an expense of R0.9 million (2019: R0.1 million income) related to this bonus appreciation plan during the year and at 31 March 2020, the Group had recorded liabilities of R2.7 million (2019: R1.9 million) in respect of this plan. The current portion of this liability is R1.4 million (2019: R1.4 million).

Notes to the consolidated financial statements continued

25. Directors' emoluments continued

25.1 Equity and cash-settled – Tsogo Sun and Hospitality Property Fund Share Appreciation Bonus Plan continued

Hospitality Property Fund Share Appreciation Bonus Plan

The Group recognised an expense of Rnil (2019: R0.2 million) related to this bonus appreciation plan during the year and at 31 March 2020, the Group had recorded liabilities of Rnil (2019: R0.2 million) in respect of this plan. The current portion of this liability is Rnil (2019: Rnil). The strike price at grant date amounted to R9.78 per share for the current year's allocation.

		2020 R'000	2019 R'000
	Average share price utilised to value the liability (R)	**9.78**	11.85
	Number of appreciation units granted and outstanding ('000)	**828**	802
	Number of appreciation units vested and outstanding ('000)	**–**	–
25.2	**Total long-term incentive liabilities**		
	Opening balance	**1 865**	1 985
	Charge to P&L	**859**	312
	Cash-settled, share-based, long-term incentive plan	**–**	(432)
		2 724	1 865
	Less: Current portion	**1 387**	1 419
	Non-current portion	**1 337**	446

26. Financial risk management and further financial instrument disclosures

Financial instruments consist mainly of deposits with banks, trade and other receivables, loans from banks, debentures, trade and other payables and interest rate swaps. Exposure to interest rate, liquidity and credit risks arises in the normal course of business.

Treasury policy

The Group enters into derivative transactions such as interest rate swaps in order to help manage the financial risks arising from the Group's activities. The main risks arising from the entity's financing structure are market risk (in the form of interest rate risk) and liquidity risk. The policies for managing each of these risks and the principal effect of these policies on the results for the year are summarised below.

26.1 Interest rate risk

Management continuously monitors the Group's exposure to interest rate volatility and determines the interest rate policy in this regard. Short-term debtors and creditors are not exposed to interest rate risk. As a consequence, the Group is exposed to cash flow risk in respect of variable rate financial instruments.

The Group's debt carries floating interest rates; however, the Group's current policy is to keep 40% to 70% of its borrowings on a fixed basis. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure. The interest rate swaps are not designated as cash flow hedges for accounting purposes and thus any changes in the fair value of the interest rate swaps at the date of reporting to the interest rate at the date of reporting would affect profit or loss but, as these gains or losses are not available for distribution, they would be transferred to a non-distributable reserve.

26. Financial risk management and further financial instrument disclosures continued

26.1 Interest rate risk continued

The interest rate exposure of the Group to interest-bearing financial instruments is as follows:

	Nominal value Group	
	2020 R'000	2019 R'000
Variable rate instrument		
Financial liabilities[1]	**(2 546 606)**	(1 937 358)
	(2 546 606)	(1 937 358)
Effect of interest rate swaps	**1 600 000**	1 100 000
	(946 606)	(837 358)

[1] Prepaid debt raising fees of R3.4 million (2019: R2.6 million) have been included.

At the reporting date, the following interest rate swap agreements were in place:

	Nominal rate	Commencement date	Maturity	Nominal value R'000	**Fair value at 31 March 2020 R'000**	Fair value at 31 March 2019 R'000
ABSA Limited – swap 1	7.42%	Feb-19	Mar-22	300 000	**(12 206)**	(199)
ABSA Limited – swap 2	7.24%	Aug-17	Jun-22	500 000	**(19 950)**	(1 772)
Nedbank Limited – swap 1	7.16%	Feb-18	Mar-23	300 000	**(12 661)**	1 783
Rand Merchant Bank – swap 1	6.69%	Jan-20	Sep-24	500 000	**(5 412)**	–
				1 600 000	**(50 229)**	(188)

Negative value denotes that swap is in the bank's favour.

Derivative asset/liability

	Non-current R'000	**Current R'000**	**Fair value at 31 March 2020 R'000**	Non-current R'000	Current R'000	Fair value at 31 March 2019 R'000
Derivative asset	**–**	**–**	**–**	1 783	–	1 783
Derivative liability	**(50 229)**	**–**	**(50 229)**	(1 971)	–	(1 971)
	(50 229)	**–**	**(50 229)**	(188)	–	(188)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased/decreased profit or loss by R8.9 million (2019: R9 million), including the effects of interest rate swaps. This analysis assumes that all the other variables remain constant.

Notes to the consolidated financial statements continued

26. Financial risk management and further financial instrument disclosures continued

26.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet a financial commitment as it falls due. Cash flows are regularly monitored to ensure that cash resources are adequate to meet funding commitments. The Group's policy is to seek to optimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk. In effect, the entity seeks to borrow for as long as possible at the lowest acceptable cost.

The Group regularly reviews the maturity profile of its financial liabilities and seeks to avoid a concentration of maturities through the regular replacement of facilities and by using a selection of maturity dates. Re-financing risk may be reduced by reborrowing prior to the contracted maturity date, effectively switching liquidity risk for market risk.

The following are the contractual maturities of financial liabilities including finance costs. All financial liabilities, with the exception of derivative liabilities measured at fair value, are measured and carried at amortised cost.

	Carrying amount R'000	0 – 12 months R'000	1 – 5 years R'000	More than 5 years R'000
Group 31 March 2020				
Interest-bearing liabilities	**2 879 755**	**195 223**	**2 684 532**	**–**
Derivative liability	**50 229**	**–**	**50 229**	**–**
Trade and other payables	**69 697**	**69 697**	**–**	**–**
	2 999 681	**264 920**	**2 734 761**	**–**
Group 31 March 2019				
Interest-bearing liabilities	2 816 775	471 928	2 344 847	–
Derivative liability	1 971	–	1 971	–
Trade and other payables	79 219	79 219	–	–
	2 897 965	551 147	2 346 818	–

It is not expected that the cash flows from the above instruments would occur significantly earlier than presented.

The Company's borrowings are limited by its Memorandum of Incorporation and in terms of JSE Listings Requirements to 60% of the directors' bona fide valuation of the consolidated property portfolio.

The Company's utilised borrowing capacity at year end can be summarised as follows:

	31 March 2020 R'000	31 March 2019 R'000
Property valuation	**9 978 983**	12 023 914
60% thereof	**5 987 389**	7 214 348
Effective borrowings	**2 546 606**	1 937 358
Unutilised borrowing capacity	**3 440 783**	5 276 990
Facilities available in terms of agreements at year end	**2 950 000**	2 440 000
Undrawn facilities	**403 394**	502 642
Gearing ratio	**25.5**	16.1

26. Financial risk management and further financial instrument disclosures continued

26.3 Credit risk

Credit risk arises from the risk that trade receivables may default and result in a loss to the entity. The entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral (in the form of cash deposits and bank guarantees), where appropriate, as a means of mitigating the risk of financial loss from default. Financial performance of the tenants' business is monitored on an ongoing basis.

	Properties	Income %	Receivable/ (payable)* R'000
Concentration risk			
2020			
– Tenant 1	**42**	**57**	**(15 337)**
– Tenant 2	**7**	**21**	**(10 389)**
– Tenant 3	**2**	**7**	**1 744**
– Balance	**3**	**15**	**(2 009)**
	54	**100**	**(25 991)**
2019			
– Tenant 1	41	58	42 655
– Tenant 2	7	20	14 321
– Tenant 3	2	7	5 833
– Balance	3	15	13 116
	53	100	75 925

** Due to the negative impact of Covid-19 (as explained in note 27) on the performance of the various tenants in March 2020, variable rental earned during the year is due back to tenants as the leases are fixed and variable.*

In terms of the entity structure, there is a concentration risk in terms of the revenues earned and the resultant receivables. Management receives comprehensive monthly management reports and attends the monthly meeting with the hotel operators in order to monitor performance and identify elements of credit risk.

26.3.1 Credit exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group 2020 R'000	Group 2019 R'000
Cash and cash equivalents	**290 575**	95 282
Trade receivables	**26 709**	75 925
Deposits	**377**	378
Operator loans	**25 300**	24 315
Other receivables	**9 111**	14 612
Guarantees	**3 341**	20 658
Sundry debtors	**2 620**	1 269
	358 033	232 439
Tenant deposits	**33 174**	32 776
Bank guarantees	**30 800**	30 800

The Group holds deposits over certain trade and other receivables in the form of cash tenant deposits and bank guarantees as indicated above.

The directors are of the opinion that the financial assets have an insignificant credit risk.

Notes to the consolidated financial statements continued

26. Financial risk management and further financial instrument disclosures continued

26.3 Credit risk continued

26.3.1 Credit exposure continued

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only Group audit and risk committee approved parties are accepted (on behalf of the Board). The Group has policies that limit the amount of credit exposure to any bank and financial institution. The Group limits its exposure to banks and financial institutions by setting credit limits based on their credit ratings and generally only with counterparties with a minimum credit rating of BBB by Standard & Poor's and Baa3 from Moody's. For banks with a lower credit rating, or with no international credit rating, limits are set by the audit and risk committee on behalf of the Board. The utilisation of credit limits is regularly monitored.

Operator loans and receivable

The Company does not require collateral for these loans. The Company accounts for credit risk by providing on a timely basis, which historically has been insignificant. In calculating expected loss rates the Company would consider historic loss rates and forward-looking information. Each loan is monitored individually. Before a loan is advanced, appropriate credit procedures are followed.

26.3.2 Impairment losses

The ageing of tenant and related receivables at the reporting date was:

	Gross carrying amount 31 March 2020 R'000	Gross carrying amount 31 March 2019 R'000
Current (< 30 days)	**25 487**	95 524
Past due but not yet impaired (30 to 60 days)	**(645)**	3 584
Past due but not yet impaired (60 to 90 days)	**1 163**	1
> 90 days	**41 454**	38 048
Total	**67 459**	137 157

Of the total over 90 days, only R0.7 million (2019: R0.3 million) is past due, with R25 million (2019: R24 million) relating to operator loans and the balance relating to various receivables from numerous debtors.

Due to the structure of the leases, tenant and related receivables as noted above are continuously assessed for impairment. There is no current indication of any default by any of the above receivables at year end. In total, R0.1 million of receivables have been written off as at 31 March 2020.

The Group comprehensively assesses the individual circumstances and credit risk of each tenant and receivable on a continuous basis and an impairment loss is recognised after the assessment indicates that recoverability is unlikely.

Management has assessed the credit quality of tenants and related receivables as being of low risk.

26. Financial risk management and further financial instrument disclosures continued

26.4 Capital structure

The entity seeks to enhance shareholder value by both investing in the business so as to improve the return on investment and by managing the capital structure. The entity uses a mix of equity and debt financial instruments and aims to access both debt and equity capital markets with maximum efficiency and flexibility. The key ratios used to monitor the capital structure are the debt to assets ratio and the interest coverage ratio. Notwithstanding the fact that the entity's total liabilities are limited by the JSE Limited Listings Requirements for REITs at 60% of total assets, the current strategy is to maintain debt levels below 40% of the total investment properties portfolio as per the current loan agreements in place.

	31 March 2020 R'000	31 March 2019 R'000
Stated capital	**9 051 194**	9 027 065
Total capital	**9 051 194**	9 027 065
Total interest-bearing liabilities[1]	**2 550 000**	1 940 000

[1] The unamortised portion of the debt raising fee amounted to R3.4 million (2019: R2.6 million) at year end.

The above capital and interest-bearing liabilities are employed to acquire investment properties for the Group.

26.5 Carrying amounts and fair values of financial instruments

	Derivative financial asset R'000	**Derivative financial liability R'000**	**Financial assets at amortised cost R'000**	**Financial liabilities at amortised cost R'000**
Group 2020				
Financial asset				
Trade and other receivables	**–**	**–**	**67 459**	**–**
Cash and cash equivalents	**–**	**–**	**290 575**	**–**
Financial liabilities				
Derivative liability	**–**	**50 229**	**–**	**–**
Trade and other payables	**–**	**–**	**–**	**69 697**
Interest-bearing liabilities	**–**	**–**	**–**	**2 550 000**
Group 2019				
Financial asset				
Derivative asset	1 783	–	–	–
Trade and other receivables	–	–	137 157	–
Cash and cash equivalents	–	–	95 282	–
Financial liabilities				
Derivative liability	–	1 971	–	–
Trade and other payables	–	–	–	79 219
Interest-bearing liabilities	–	–	–	1 940 000

Notes to the consolidated financial statements continued

26. Financial risk management and further financial instrument disclosures continued

26.5 Carrying amounts and fair values of financial instruments continued

The carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables reflected in the statement of financial position approximate the fair value.

The following summarises the significant methods and assumptions used in estimating the fair value of financial instruments. Where applicable, the fair values of financial assets and liabilities have been established using the market value, where available. For those instruments without a market value, a discounted cash flow approach is used.

Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and other payables

The carrying amount of trade and other payables reasonably approximates its fair value due to their short-term nature.

Trade and other receivables

The carrying amount of trade and other receivables reasonably approximates its fair value due to their short-term nature.

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates its fair value due to their short-term nature.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
31 March 2020				
Derivative financial assets	**–**	**–**	**–**	**–**
Derivative financial liabilities	**–**	**50 229**	**–**	**50 229**
	–	**50 229**	**–**	**50 229**
31 March 2019				
Derivative financial assets	–	1 783	–	1 783
Derivative financial liabilities	–	(1 971)	–	(1 971)
	–	(188)	–	(188)

There were no defaults on loans payable by Group and the Company during the year.

27. Subsequent events, going concern and Covid-19

Covid-19

The Covid-19 pandemic ('Covid-19') and subsequent lockdown of the economy on 27 March 2020, and particularly, the hospitality sector, has had a profound impact on the Group. The Group's portfolio comprises 54 hotels operating in the hospitality sector, which is one of the industries that has been impacted negatively as a result of Covid-19.

The measures taken by government to limit the spread of Covid-19 and the resultant inability for travellers to travel internationally and inter-provincially will limit the demand for hotel rooms, which will impact the Group's revenue stream significantly for the 2021 financial year. Hotel trading is therefore expected to remain under pressure until the outlook on the South African economy improves.

Although the impact of Covid-19 is expected to have a longer-term impact on the hospitality industry and the Group, management is not able to quantify the full impact at the date of this report. It is expected that the recovery of the industry will be slow due to the uncertainties around the health of travellers, and the negative economic impact on government, corporates and individuals to spend on hotel accommodation and conferences.

As the Group's properties are required to be closed, the inability to generate revenue during the lockdown period, together with the expected slow recovery once the hotels can open and operate, the Group will not be able to meet its net debt to EBITDA covenant requirement (and possibly interest cover ratio) in terms of its funding agreements for the measurement period 30 September 2020 and possibly 31 March 2021. The Group's gearing levels remain manageable, with the loan-to-value ratio at 26% at 31 March 2020.

Subsequent events

The Group's property valuation methodology incorporates the use of the South African Government bond yield 10Y. As at 31 March 2020, the rate applied was 10.50%. As at 26 May 2020, the yield has reduced to 9.01%, however, this would be offset by an increase in the risk premium due to the sentiment and uncertainty in the market. These are considered non-adjusting subsequent events.

Going concern

In order to partially reduce the impact of Covid-19 on the Group, the following steps have been implemented to preserve cash and to ensure that the Group can continue to operate as a going concern:

- capital expenditure programme suspended, with only emergency capital expenditures to be considered;
- waiver from lenders on its net debt to EBITDA covenant requirements for the measurement period 30 September 2020, with the request for waiver of the 31 March 2021 to be considered post 30 September 2020;
- the capitalisation of bank funding interest to the Group's revolving credit facilities;
- review of the dividend retention policy;
- the decrease of operating costs, such as salaries and wages through furlough;
- extended payment terms from major creditors; and
- supporting of tenants to ensure their sustainability in terms of the lease agreements in place.

At the date of the annual financial statements, the lenders are not able to provide waivers on the minimum covenant requirements for the measurement period ending 31 March 2021. This will only be considered post 30 September 2020 and management has no reason to believe that the necessary waivers will not be granted.

At year end, cash and undrawn facilities amounted to R691 million, which will provide sufficient liquidity to the Group over the next 12 months. Through engagements with the Group's lenders, regular updates on operations and cash flow forecasts, lenders have noted their support to the Group. Management is of the view that the Group will continue to operate as a going concern in a responsible and sustainable manner.

Notes to the consolidated financial statements continued

	Valuation %	Gross rental income %	Number of rooms* %
28. Property portfolio information			
2020			
Lease expiry profile			
One year	**7**	**8**	**9**
Two to five years	**9**	**12**	**12**
After five years	**84**	**80**	**79**
	100	**100**	**100**
2019			
Lease expiry profile			
One year	–	–	–
Two to five years	19	22	23
After five years	81	78	77
	100	100	100

** Indicates number of rooms at 31 March 2020 and does not account for pro rata ownership where HPF owns less than 100% of a specific hotel.*

	Gross rental income %	Number of rooms* %
2020		
By lease type		
Fixed leases	**1**	**3**
Fixed and variable leases	**99**	**97**
	100	**100**
2019		
By lease type		
Fixed leases	–	–
Fixed and variable leases	100	100
	100	100

** Indicates number of rooms at 31 March 2020 and does not account for pro rata ownership where HPF owns less than 100% of a specific hotel.*

28. Property portfolio information continued

	Average room rate R	Valuation R'000	Gross rental income R	Number of rooms*
2020				
Property grading				
Luxury	**1 916**	**2 234 100**	**148 243 454**	**926**
Upscale	**1 346**	**4 001 063**	**290 744 247**	**3 010**
Midscale	**907**	**3 093 000**	**276 038 578**	**3 800**
Economy	**507**	**650 300**	**52 668 304**	**1 508**
		9 978 463	**767 694 583**	**9 244**
2019				
Property grading				
Luxury	2 047	2 009 934	122 048 934	926
Upscale	1 376	4 875 432	327 698 123	2 216
Midscale	906	4 297 986	315 708 094	4 354
Economy	504	839 990	62 175 561	1 508
		12 023 342	827 630 712	9 004

** Indicates number of rooms at 31 March 2020 and does not account for pro rata ownership where HPF owns less than 100% of a specific hotel.*

	%
Average property yield	
2020*	**6.3**
2019**	6.6

** The 2020 average property yield is determined as follows: F2020 year rental income/investment properties 2019 value.*
*** The 2019 average property yield is determined as follows: F2019 year rental income/investment properties 2018 value.*

Minimum lease rentals receivable

At 31 March 2020, the Group had contracts with tenants for the following minimum lease rentals for periods between 10 and 20 years. The rentals disclosed relate to fixed rentals and do not include variable rentals, escalations or resets.

	2020 R'000	2019 R'000
Less than one year	**294 747**	512 576
Between one and five years	**921 050**	1 789 920
After five years	**2 291 467**	5 054 518
	3 507 264	7 357 014

Details of the property portfolio

at 31 March 2020

Property name	Property title	Hospitality ownership	Property location	Star grading	No of rooms	Agreement type	Lease expiry date
Western Cape							
Westin Cape Town	Land lease	Direct	Convention Square, Cape Town, Western Cape	Luxury	483	Fixed and variable lease	12/31/2037
Arabella Hotel, Golf and Spa	Freehold	Direct	Hermanus, Western Cape	Luxury	145	Fixed and variable lease	3/31/2041
Arabella Phase 2 land	Land	Direct	Hermanus, Western Cape	N/A	N/A	N/A	N/A
Southern Sun Cullinan	Freehold	Direct	Waterfront, Cape Town, Western Cape	Upscale	394	Fixed and variable lease	3/31/2037
Southern Sun Waterfront	Freehold	Direct	Waterfront, Cape Town, Western Cape	Upscale	537	Fixed and variable lease	3/31/2037
Radisson Hotel Waterfront	Sectional title	90 sectional title units	Waterfront, Cape Town, Western Cape	Luxury	177	Fixed and variable lease	8/1/2039
Protea Hotel Victoria Junction	Sectional title	147 sectional title units (84% units in the Scheme)	Waterfront, Cape Town, Western Cape	Upscale	172	Fixed and variable lease	1/31/2027
Southern Sun Newlands	Freehold	Direct	Newlands, Cape Town	Upscale	162	Fixed and variable lease	3/31/2036
StayEasy Century City	Freehold	Direct	Milnerton, Cape Town	Midscale	175	Fixed and variable lease	3/31/2036
Sunsquare Cape Town	Freehold	Direct	Gardens, Cape Town	Midscale	136	Fixed and variable lease	3/31/2036
Western Cape total					2 381		
Gauteng							
Mount Grace Country House and Spa	Freehold	Direct	Magaliesburg, Gauteng	Luxury	121	Fixed and variable lease	1/12/2023
Southern Sun Rosebank	Freehold	Direct	Rosebank, Johannesburg, Gauteng	Upscale	318	Fixed and variable lease	1/3/2021
Holiday Inn Sandton	Freehold	Direct	Sandton, Gauteng	Upscale	301	Fixed and variable lease	1/3/2021
Radisson Gautrain	Sectional title	81.54% owned	Sandton, Gauteng	Upscale	220	Fixed and variable lease	31/12/2030
Southern Sun Katherine Street	Freehold	Direct	Sandton, Gauteng	Upscale	122	Fixed and variable lease	3/31/2037
Birchwood Executive Hotel and Conference Centre	Freehold	Direct	Boksburg, Gauteng	Midscale	665	Fixed and variable lease	7/1/2026
Garden Court OR Tambo	Freehold	Direct	Kempton Park, Johannesburg, Gauteng	Midscale	253	Fixed and variable lease	3/31/2036
Garden Court Milpark	Freehold	Direct	Auckland Park, Johannesburg, Gauteng	Midscale	251	Fixed and variable lease	3/31/2036
Garden Court Morningside	Freehold	Direct	Sandton, Gauteng	Midscale	150	Fixed and variable lease	3/31/2037
Garden Court Hatfield	Freehold	Direct	Hatfield Pretoria, Gauteng	Midscale	157	Fixed and variable lease	3/31/2037
Garden Court Eastgate	Freehold	Direct	Bruma, Johannesburg, Gauteng	Midscale	157	Fixed and variable lease	3/31/2037
StayEasy Eastgate	Freehold	Direct	Bruma, Johannesburg, Gauteng	Midscale	135	Fixed and variable lease	3/31/2037
Kopanong Hotel and Conference Centre	Sectional title	68% owned	Benoni, Gauteng	Midscale	169	Fixed and variable lease	11/30/2023
Southern Sun Pretoria	Freehold	Direct	Pretoria Arcadia, Gauteng	Upscale	240	Fixed lease	6/30/2028
Gauteng total					3 259		

Valuation March 2019 R'000	Acquisitions R'000	Disposals R'000	Capital expenditure R'000	Revaluation surplus/ (deficit) R'000	Valuation March 2020 R'000	Original cost R'000	Capitalised post-acquisition R'000	Total cost March 2019 R'000
1 712 052		(773)	70 409	(253 688)	**1 528 000**	648 895	257 452	**906 347**
128 800			18 518	(18 761)	**128 557**	83 368	70 808	**154 176**
22 643			–	–	**22 643**	22 643	–	**22 643**
960 158		(8)	8 704	(140 854)	**828 000**	1 114 108	15 656	**1 129 764**
1 032 457			1 899	(153 256)	**881 100**	1 186 176	14 368	**1 200 544**
497 120		(300)	11 989	(70 009)	**438 800**	232 963	89 707	**322 670**
228 362			2 456	(56 318)	**174 500**	122 839	61 896	**184 735**
173 453			680	(9 933)	**164 200**	160 986	6 071	**167 056**
238 240			2 192	(21 232)	**219 200**	252 288	6 798	**259 086**
94 167			992	(5 259)	**89 900**	99 489	5 151	**104 640**
5 087 452	–	(1 081)	117 839	(729 310)	**4 474 900**	3 923 755	527 907	**4 451 661**
146 439			2 536	(32 875)	**116 100**	131 562	201 337	**332 899**
310 539		(8)	9 226	(77 257)	**242 500**	70 000	350 209	**420 209**
347 059		(28)	2 268	(100 299)	**249 000**	409 247	43 454	**452 701**
582 345		(2 350)	27 064	(69 896)	**537 163**	458 878	53 886	**512 764**
134 151			557	(43 208)	**91 500**	86 175	1 286	**87 461**
846 872			14 315	(375 087)	**486 100**	460 859	107 946	**568 805**
391 768		(0)	811	(117 379)	**275 200**	422 122	5 849	**427 971**
306 071		(14)	946	(107 203)	**199 800**	374 652	3 529	**378 181**
162 562			955	(51 317)	**112 200**	171 334	1 782	**173 116**
187 172			11 221	(44 493)	**153 900**	170 266	13 818	**184 084**
87 225			394	(41 619)	**46 000**	151 389	735	**152 124**
34 811			346	(20 557)	**14 600**	86 423	705	**87 128**
65 600			1 187	(14 487)	**52 300**	78 130	9 655	**87 785**
–	200 000		–	–	**200 000**	200 000	–	**200 000**
3 602 614	200 000	(2 400)	71 824	(1 095 675)	**2 776 363**	3 271 037	794 189	**4 065 227**

Details of the property portfolio continued

at 31 March 2020

Property name	Property title	Hospitality ownership	Property location	Star grading	No of rooms	Agreement type	Lease expiry date
Remainder of South Africa							
Champagne Sports Resort	Freehold	Combined share block and direct	Central Berg, KwaZulu-Natal	Upscale	152	Fixed lease agreement	31/3/2023
Southern Sun Bloemfontein	Freehold	Direct	Bloemfontein	Upscale	147	Fixed and variable lease	3/31/2036
Protea Edward	Freehold	Direct	OR Tambo Parade Drive, Durban	Upscale	131	Fixed and variable lease	7/1/2020
Protea Hotel Marine	Freehold	Direct	Port Elizabeth, Eastern Cape	Upscale	114	Fixed and variable lease	2/1/2021
Garden Court South Beach	Freehold	Direct	South Beach, Durban	Midscale	414	Fixed and variable lease	3/31/2036
Garden Court Polokwane	Freehold	Direct	Polokwane	Midscale	180	Fixed and variable lease	3/31/2036
Garden Court Kimberley	Freehold	Direct	Kimberley	Midscale	135	Fixed and variable lease	3/31/2036
Garden Court Kings Beach	Freehold	Direct	Port Elizabeth, Eastern Cape	Midscale	280	Fixed and variable lease	3/31/2037
Garden Court Umhlanga	Freehold	Sectional title	Umhlanga, KwaZulu-Natal	Midscale	204	Fixed and variable lease	3/31/2037
StayEasy Pietermaritzburg	Sectional title	Beneficial holding	Pietermaritzburg, KwaZulu-Natal	Midscale	127	Fixed and variable lease	3/31/2037
StayEasy Rustenburg	Freehold	Direct	Rustenburg, North West	Midscale	125	Fixed and variable lease	3/31/2036
Protea Hotel Hazyview	Freehold	Direct	Hazyview, Mpumalanga	Midscale	87	Fixed and variable lease	6/30/2021
Remainder of South Africa total					2 096		
SUN1 Hotels							
SUN1 Alberton	Freehold	Direct	Alberton, Johannesburg, Gauteng	Economy	76	Fixed and variable lease	3/31/2037
SUN1 Benoni	Freehold	Direct	Benoni, Johannesburg, Gauteng	Economy	58	Fixed and variable lease	3/31/2037
SUN1 Berea	Freehold	Direct	Berea, Johannesburg, Gauteng	Economy	69	Fixed and variable lease	3/31/2037
SUN1 Bloemfontein	Freehold	Direct	Bloemfontein, Free State	Economy	64	Fixed and variable lease	3/31/2037
SUN1 Cape Town	Freehold	Direct	Cape Town, Western Cape	Economy	64	Fixed and variable lease	3/31/2037
SUN1 Edenvale	Freehold	Direct	Edenvale, Johannesburg, Gauteng	Economy	76	Fixed and variable lease	3/31/2037
SUN1 Kimberley	Freehold	Direct	Kimberley, Northern Cape	Economy	64	Fixed and variable lease	3/31/2037
SUN1 Midrand	Freehold	Direct	Midrand, Gauteng	Economy	94	Fixed and variable lease	3/31/2037
SUN1 Milnerton	Freehold	Direct	Cape Town, Western Cape	Economy	70	Fixed and variable lease	3/31/2037
SUN1 Nelspruit	Freehold	Direct	Nelspruit, Mpumalanga	Economy	76	Fixed and variable lease	3/31/2037
SUN1 OR Tambo	Freehold	Direct	Kempton Park, Johannesburg, Gauteng	Economy	78	Fixed and variable lease	3/31/2037
SUN1 Parow	Freehold	Direct	Cape Town, Western Cape	Economy	76	Fixed and variable lease	3/31/2037
SUN1 Port Elizabeth	Freehold	Direct	Port Elizabeth, Eastern Cape	Economy	88	Fixed and variable lease	3/31/2037
SUN1 Pretoria	Freehold	Direct	Pretoria, Gauteng	Economy	135	Fixed and variable lease	3/31/2037
SUN1 Richards Bay	Freehold	Direct	Richards Bay, KwaZulu-Natal	Economy	64	Fixed and variable lease	3/31/2037
SUN1 Southgate	Freehold	Direct	Mondeor, Johannesburg South, Gauteng	Economy	138	Fixed and variable lease	3/31/2037
SUN1 Vereeniging	Freehold	Direct	Vereeniging, Gauteng	Economy	41	Fixed and variable lease	3/31/2037
SUN1 Witbank	Freehold	Direct	Emalahleni, Mpumalanga	Economy	90	Fixed and variable lease	3/31/2037
SUN1 Wynberg	Freehold	Direct	Sandton, Johannesburg, Gauteng	Economy	87	Fixed and variable lease	3/31/2037
SUN1 Hotels total					1 508		
Total portfolio					9 244		

Valuation March 2019 R'000	Acquisitions R'000	Disposals R'000	Capital expenditure R'000	Revaluation surplus/ (deficit) R'000	Valuation March 2020 R'000	Original cost R'000	Capitalised post-acquisition R'000	Total cost March 2019 R'000
246 280			5 293	37 127	**288 700**	148 792	84 467	**233 259**
103 602			1 174	(7 576)	**97 200**	148 676	3 015	**151 691**
172 241			2 725	(32 266)	**142 700**	110 400	53 704	**164 104**
87 665			3 064	13 771	**104 500**	73 000	55 178	**128 178**
541 969		(87)	5 660	(152 242)	**395 300**	592 637	19 487	**612 124**
254 344			552	(40 996)	**213 900**	292 050	3 090	**295 140**
132 989			378	(21 667)	**111 700**	196 326	2 784	**199 110**
307 827			1 409	(71 936)	**237 300**	190 305	9 506	**199 811**
303 683			2 081	(101 964)	**203 800**	298 942	8 934	**307 876**
164 986			623	(20 509)	**145 100**	137 199	3 947	**141 146**
110 433			2 804	(29 037)	**84 200**	118 490	5 680	**124 170**
67 267			656	(15 423)	**52 500**	41 508	19 995	**61 503**
2 493 286	–	(87)	26 419	(442 718)	**2 076 900**	2 348 326	269 787	**2 618 113**
61 627			243	(13 870)	**48 000**	69 410	521	**69 931**
28 434			143	(8 177)	**20 400**	24 334	347	**24 681**
18 613			210	(1 822)	**17 000**	32 132	396	**32 528**
35 180			56	(6 237)	**29 000**	35 230	284	**35 514**
66 199			150	(9 748)	**56 600**	60 005	547	**60 552**
8 485			260	(445)	**8 300**	11 786	446	**12 232**
15 710			101	(5 311)	**10 500**	21 841	266	**22 107**
51 825			210	(11 034)	**41 000**	88 022	437	**88 459**
65 830			47	(23 177)	**42 700**	67 516	491	**68 007**
52 806			659	(9 365)	**44 100**	52 042	1 002	**53 044**
24 403			504	(11 107)	**13 800**	33 244	705	**33 949**
63 811			121	(32 332)	**31 600**	64 796	542	**65 338**
70 704			355	(11 559)	**59 500**	69 922	615	**70 537**
108 154			165	(19 219)	**89 100**	135 612	581	**136 193**
13 697			90	(3 087)	**10 700**	27 774	776	**28 550**
88 578			129	(15 007)	**73 700**	91 231	377	**91 608**
7 996			83	(2 179)	**5 900**	16 462	366	**16 828**
25 339			61	(600)	**24 800**	29 881	313	**30 194**
32 600			341	(9 341)	**23 600**	30 229	658	**30 887**
839 990	–	–	3 926	(193 617)	**650 300**	961 469	9 668	**971 137**
12 023 342	200 000	(3 568)	220 008	(2 461 320)	**9 978 463**	10 504 587	1 601 551	**12 106 138**

Lease expiry profile

at 31 March 2020

Lease profile expiry (years)