17. INTANGIBLE ASSETS continued

Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's management services entity, which represents the property administration and management business within the Group where goodwill is monitored for internal management purposes.

The recoverable amount of the cash-generating unit was based on its value in use. It was determined that the recoverable amount was higher than the carrying amount and therefore no impairment loss was recognised. The recoverable amount was calculated by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions from discussions with management of Growthpoint Management Services (Pty) Ltd, and past experience:

a) The management contract will continue on similar terms to the agreement that was in place before the acquisition transaction, which had the following terms:
   – Asset management fee was calculated at 0.50% of the "enterprise value".
   – Enterprise value was measured by taking the sum of the nominal value of external debt plus market capitalisation.
b) Letting commission on new deals was calculated at 100% of recommended South African Property Owners Association (SAPOA) tariffs while letting commission on renewals was calculated at 50% of recommended SAPOA tariffs.
c) Collection fees range from 1% to 4% of cash collected on a property-by-property basis.
d) Salaries are in respect of functions that relate to property management.
e) Operating expenditure was based on discussions with the previous property managers and after consideration of historic costs, which included rental of premises, IT systems and support, marketing and other expenses necessary for operating a listed company.
f) A discount rate of 10% (FY14: 10%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the Group's weighted average cost of debt.

There are no expected significant changes to the assumptions.

The discounted cash flow was performed over an eight-year period (FY14: nine-year period), which took into account the remaining period of the contract that existed and that the contract would be renewed for another 10-year period.

18. EQUIPMENT

	Equipment Rm	Furniture and fittings Rm	Total Rm
Cost	**17**	**7**	**24**
Opening balance	17	5	22
Acquisitions	–	2	2
Accumulated depreciation and impairment losses	**(9)**	**(6)**	**(15)**
Opening balance	(8)	(4)	(12)
Depreciation for the year	(1)	(2)	(3)
Carrying value at 30 June 2015	**8**	**1**	**9**
Carrying value at 30 June 2014	9	1	10

19. LONG-TERM LOANS GRANTED

	2015 Rm	2014 Rm
Amount advanced	**1 064**	465
Opening balance	465	524
Advanced during the year	610	38
Repaid during the year	(11)	(97)
Accrued interest	**21**	6
Opening balance	6	60
Settled during the year	(58)	(111)
Arising during the year	73	57
Nominal value of long-term loans	1 085	471
Fair value adjustment	(4)	(5)
Fair value of long-term loans	**1 081**	466
BEE 1 consortium	156*	160
323 Festival Street (Pty) Ltd	265	267
Rabie Property Group (Pty) Ltd	122	39
Augusta Trust	311*	–
Acucap Unit Purchase Scheme	227	–

* *These long-term loans have been classified to current assets.*

	2015	2014
19. LONG-TERM LOANS GRANTED continued		
BEE 1 consortium		
Amount advanced after restructuring	**R160 318 270**	R160 318 270
Date restructured	**3 Mar 2014**	3 Mar 2014
Repayment date of capital	**30 Sep 2015**	30 Sep 2015
Payment date of interest	**Bi-annually**	Bi-annually
Fixed interest rate	**15.00%**	15.00%
Interest accrual	**Quarterly**	Quarterly

Before the restructuring, the BEE 1 consortium consisted of three beneficiaries of the AMU Trust, being Amabubesi Consortium, Miganu Investment Holdings (Pty) Ltd and Unipalm Investment Holdings Ltd (Unipalm). These parties held 100,0 million shares in Growthpoint. Significant value has been created for the beneficiaries and their shareholders due to the performance of Growthpoint's share price since 2005 when the initial BEE transaction was concluded. During FY14, Unipalm considered it an opportune time to lock in the value created, by selling their entire indirect beneficial interest of 33,3 million Growthpoint shares. Growthpoint Management Services (Pty) Ltd (GMS) acquired 17,0 million of the shares for R365,1 million which are reflected as treasury shares. Additionally, Growthpoint will pay an "agterskot" totalling R17,0 million to Unipalm to the extent that the Growthpoint 15-day volume weighted average price reaches or exceeds R30.00 per share within 18 months of settlement. As part of the restructuring, R39,7 million of the R200,0 million loan advanced, was settled.

Additional interest of R125,5 million was realised on the initial refinancing completed in the 2012 financial year. Growthpoint took a decision to account for the additional interest equally over four years, being the remaining period of the refinanced mezzanine loan. This resulted in R31,4 million of interest being accounted for as the fourth tranche in the current year (FY14: R31,4 million for the third tranche). In order to protect its interest, Growthpoint is entitled, but not obligated, to provide guarantees to the senior lender should there be a breach of any of their loan covenants at any time. The BEE group is entitled, but not obligated, to repay up to a maximum of R25,0 million of the mezzanine loan amount.

	2015	2014
323 Festival Street (Pty) Ltd		
Amount advanced	**R272 996 395**	R272 996 395
Date advanced	**1 May 2013**	1 May 2013
Repayment date	**30 Apr 2018**	30 Apr 2018
Fixed interest rate	**9.69%**	9.69%

323 Festival Street (Pty) Ltd (the borrower) is owned by Isivuno-Apex Properties (Pty) Ltd (Isivuno-Apex). Growthpoint advanced R273,0 million to the borrower for the acquisition of the land and the construction of Tshedimosetso House in Hatfield. The borrower, as the landlord, holds a five-year lease with the Department of Government Communication and Information System (GCIS). The monthly lease payments, net of operating costs, will be utilised for the servicing of the interest and capital repayments of the loan, and the repayment balance on 30 April 2018 is estimated to be R238,0 million. Security of the loan includes:

- a continuing covering mortgage bond
- a cession of rental and insurance proceeds
- a cession of the insurance policies
- a suretyship by Isivuno-Apex for the obligations of the borrower in terms of the loan agreement
- a pledge and security cession by Isivuno-Apex of its shares in and claims against the borrower, as security for its obligation in terms of the suretyship.

Growthpoint has a call option to acquire 50% of the shares in the borrower at any time on or after the expiry of the GCIS lease, on the early termination of the GCIS lease for any reason, on the proposal of a resolution by the shareholders or directors of the company for the disposal of the investment property or on the disposal of the shares in the company by Isivuno-Apex.

This loan is valued by discounting future cash flows using the South African swap curve plus the historic charged credit margin at the dates when the cash flows will take place. Historic credit margin 3% (FY14: 3%). The estimated fair value would increase/(decrease) if the historic credit margin were lower/(higher).

		2015	2014
19.	**LONG-TERM LOANS GRANTED continued**		
	Rabie Property Group (Pty) Ltd		
	Amount advanced	**R121 457 591**	R38 816 731
	Date advanced	**From 18 Feb 14**	From 18 Feb 14
	Conversion date	**31 Jan 2016**	31 Jan 2016
	Floating interest rate	**Prime – 1.00%**	Prime – 1.00%

Rabie Property Group (the borrower) has been appointed to carry out and complete Bridgeway Park in Century City (Cape Town). The borrower is required to source funding for the construction of the development and Growthpoint has committed to advance a total amount of R179,4 million. Security of the loan includes:

– a cession of the security agreement, in terms of which the borrower cedes the insurances and all of its rights under the building contract, including guarantees
– a continuing covering mortgage bond
– a suretyship by Century City Trust for the obligations of the borrower.

The fair value of the loan approximates the nominal value of the loan, as the risk profile of Rabie Property Group has not materially changed and therefore the risk margin applicable to the fair value is equivalent to the risk margin included in the floating interest rate. Upon completion of the building, Century City Trust is committed to pay for the development project expenditure, in order to obtain 50% ownership in Bridgeway Park. In essence the loan to Rabie Property Group converts to a term loan to the Trust. The latest repayment date for the term loan is 31 January 2019.

	2015	2014
Augusta Trust		
Acquired as part of business combination	**R311 306 070**	–
Date advanced	**From 1 Apr 2015**	–
Latest repayment date	**31 Jan 2016**	–
Floating interest rate	**Prime – 1.70%**	–

A development loan agreement was entered into between Acucap Investments (Pty) Ltd and the Augusta Trust with respect to the development of Watercrest Mall. Interest is charged at prime less 1.70%. The loan is not to exceed a maximum of R400,0 million and the mortgage bond is also limited to this amount. The 50% carrying value of Watercrest Mall (still under development) as at 30 June 2015 is R355 million. 50% of Watercrest Mall is owned by Acucap Investments (Pty) Ltd and the remaining 50% by Augusta Trust. Security of the loan includes:

– covering mortgage bond over a one half share in Portion 771 of the Farm Upper End of Lange Fontein No. 980, Registration Division FT, KwaZulu- Natal.

The fair value of the loan approximates the nominal value of the loan, as the Group estimates that the risk profile of Augusta Trust has not materially changed and therefore the risk margin applicable to the fair value is equivalent to the risk margin included in the floating interest rate.

	2015	2014
Acucap Unit Purchase Scheme		
Acquired as part of business combination	**R226 301 780**	–
Date advanced	**From 1 Apr 2015**	–
Latest repayment date	**17 Jan 2023**	–
Fixed interest rate	**6.19% – 9.80%**	–

Acucap linked units were issued on loan account to Acucap employees as part of a purchase scheme. The employees carry the risk of non-performance of the loan and have no restrictions placed on them. As a result of the Acucap business combination (note 41.4), the employees received Growthpoint shares in the same ratio as the other shareholders for each Acucap share held.

The terms of the loans are as follows:

– The loans bear interest at a fixed rate per annum, compounded monthly and capitalised to the loan account.
– Interest distributions received on the linked units by the beneficiaries are applied to the interest payable.
– The loans are secured by a pledge and cession of the linked units by the Acucap Unit Purchase Scheme participants.
– The maximum period for the repayment of the loans is a period of ten years.
– In the event of the resignation or dismissal of a beneficiary, the loans are repayable within one year.
– In the event of the retrenchment or death of a beneficiary, the loans are repayable within two years.
– The loans are repayable in cash.

These loans were valued by discounting future cash flows using the South African swap curve at the dates when the cash flows will take place.

19. LONG-TERM LOANS GRANTED continued

The fair value measurement for long-term loans granted of R1 081 million (FY14: R466 million) has been categorised as a level 3 fair value based on the inputs to the valuation technique used. Refer to note 45.2 for level 3 reconciliation.

Measurement of fair value	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
BEE 1 consortium	Valued by discounting future cash flows using the fixed rate that is applicable to this loan.	Discount rate: 15.00%	Estimated fair value would increase/(decrease) if the discount rate were lower/(higher)
323 Festival Street (Pty) Ltd	Valued by discounting future cash flows using the South African swap curve plus the historic charged credit margin at the dates when the cash flows will take place.	Credit margin: 3.00% (FY14: 3.00%)	Estimated fair value would increase/(decrease) if the credit margin were lower/(higher)
Rabie Property Group (Pty) Ltd	Valued by discounting future cash flows using the floating rate that is applicable to this loan.	Not applicable	Not applicable
Augusta Trust	Valued by discounting future cash flows using the floating rate that is applicable to this loan.	Not applicable	Not applicable
Acucap Unit Purchase Scheme	Valued by discounting future cash flows using the South African swap curve at the dates when the cash flows will take place.	Not applicable	Not applicable

	2015 Rm	2014 Rm
20. TRADE AND OTHER RECEIVABLES		
Rental debtors	63	41
Impairment of debtors	(26)	(15)
Prepaid expenses	32	22
Deferred expenditure (including letting commissions and tenant installations)	526	258
Sundry debtors	157	142
Development loans	–	3
Receivable on purchase price allocation of business acquisitions	–	69
V&A Waterfront accounts receivable – current loan account (note 15.1)	727	368
Other joint ventures accounts receivable – current loan account (note 15.2)	1	10
Accrued recoveries	225	133
	1 705	1 031
21. CASH AND CASH EQUIVALENTS		
Cash held on call account as security for municipal and other guarantees	470	57
Other call accounts	35	318
	505	375