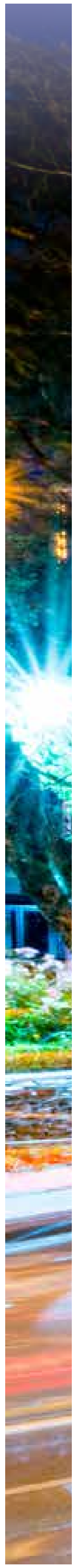
2022 INTEGRATED REPORT

ACCELERATE
PROPERTY FUND

ACCELERATEPF.CO.ZA



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> "Building cities of the future by focusing on property fundamentals within specifically identified nodes.

Cedar Square

WELCOME TO OUR 2022 INTEGRATED REPORT

Accelerate Property Fund Ltd (Accelerate, APF or the Fund) is a South African-based Real Estate Investment Trust (REIT) listed on the Johannesburg Stock Exchange (JSE).

This integrated report (IR or report) enables us to share our business activities, strategy and material themes with our key stakeholders. This report explains how our quality portfolio enables long-term value creation for providers of financial capital and other stakeholders. Given the variability in our operating context, we have highlighted the material uncertainties and our responses, where applicable.

For details on how this report was compiled and approved, please refer to page 206.

How to navigate this report

This page reference icon is applied throughout the report to improve usability and shows the integration between relevant elements of this report.

The following icons are used to illustrate linkage to our strategic pillars:

- Enhancing returns on our assets
- Growing our quality nodes
- Optimising our balance sheet
- Delivering value to stakeholders

The following icons are used to illustrate our material themes:

- The uncertain macroeconomic, social, and political environment
- Business sustainability
- Uncertain property market/infrastructure fundamentals
- The changing work environment
- Rise of new asset classes
- Changing consumer preferences

The following icons are used to illustrate our capital inputs:

- Financial capital
- Manufactured capital
- Intellectual capital
- Human capital
- Natural capital
- Social and relationship capital

OUR INVESTMENT CASE

Our diversified portfolio offers shareholders direct access to investments in focused economic nodes that deliver long-term income and capital growth.

We offer investors the opportunity to share in a portfolio of high-quality properties in the retail, office and industrial sectors. We differentiate by investing in strategic nodes.

Our properties are located in specifically identified nodes across South Africa. We apply a focused nodal approach to property investments, rather than targeting specific property sectors.

What differentiates us

- Investment in strategic economic hubs
- Focused on property fundamentals
- Mutual value creation partner
- Skilled property management team
- Meeting the needs of the communities in which we operate
- Nodal diversification
- Building cities of the future – cities with soul

What makes us unique

A diversified, nodal focused property portfolio

Our portfolio provides an appropriate balance of quality retail, office and industrial property assets.

Our footprint provides an attractive, single-entry point for shareholders seeking exposure to quality, nodal focused investments across South Africa.

Our top 10 properties (page 14)

Asset value

R10,1 billion

Portfolio optimisation strategy

Our portfolio optimisation strategy enables us to remain agile under challenging trading conditions. We prioritise portfolio optimisation by enhancing the quality of our portfolio through the disposal of non-core assets, reducing gearing and reinvesting into our core assets.

Our LTV (page 40)

The disposal of non-core assets to

reduce gearing

> Our nodal approach ensures we maximise the value we deliver for our shareholders and stakeholders at our leading locations.

Fourways Mall

Focused nodal strategy

Historically our investment strategy was retail biased. We revised this strategy in 2020 to pursue a purely nodal strategy instead. This helps us mitigate market risks and capitalise on areas where we already have a strong presence; thereby ensuring we can leverage our existing portfolio to take advantage of the current property cycle position, which we classify as an optimistic property investment climate (subject to our liquidity position).

Our nodes are located in key economic hubs and feature quality assets with reliable tenants and good transport access, with further growth densification potential in high LSM areas.

We strengthen these nodes through redevelopment spend and capital expenditure on existing properties, and through the acquisition of high-quality properties. This approach has historically proven to be extremely successful and affords us the ability to leverage economies of scale and ensure resilience.

We can also diversify our offering in these nodes and optimise tenant mix by having the agility to find the right space for every tenant.

Our nodal strategy (page 52)

Four

nodes in economic hubs

Operational expertise

Our dedicated management team has a deep understanding of finance, property, retail and our operating environment. Their collective experience, energy and original thinking result in the delivery of mutual value creation for the company, our investors and our tenants.

Our management team (page 104)

Collective

102 years

of property experience among the executive management team

Development pipeline

In line with our nodal strategy, we are well-positioned to add self-storage, flexible office space, health care and residential as new subsectors to our property offering.

This can be achieved by developing surplus bulk in our nodes, repurposing existing space not optimised and seeking acquisition opportunities in our nodes.

Leadership reviews (page 28)

Approximately

120 000m²

of surplus bulk available for development

YEAR IN REVIEW

Strengthening fundamentals to ensure long-term value creation

The current socio-macro economic impacts have forced us to re-evaluate how we create and preserve value. This means we focused on strengthening our fundamentals to position ourselves for future growth. This included streamlining our portfolio by selling non-core assets and improving financial fundamentals through funding diversification and liquidity improvements.

Long-term income streams have improved by filling vacancies, creating alternative cashflows and revenue streams, and embracing new opportunities to optimise bulk. Our shoppertainment strategy helps diversify our retail properties and enhance the retail experience for customers.

Key focus areas in 2022

To ensure long-term sustainability, our leadership team placed particular focus on:

For more information on our focus areas and material trends, please read pages 22 to 27.

PERFORMANCE OVERVIEW

Governance

Mr Tito Mboweni was appointed as board **chairman** on 1 February 2022

Mr James Templeton was appointed as a **non-executive director** on 1 February 2022

Financial capital

Investment property portfolio valued at **R10,1 billion** (2021: 11,8 billion)

Loan-to-value (LTV) ratio was reduced to **42,8%** (2021: 48,5%)

Interest cover ratio (ICR) ratio **2,1x** (2021: 2,0x)

Net asset value (NAV) per share **R6,21** (2021: R6,28)

Two additional relationship funders were added with 3/5 year funding (R700,0 million)

R1,3 billion of capital market funding rolled/refinanced in 2021

Total debt **R4,5 billion** (2021: R6,0 billion)

Undrawn facilities of approximately **R223 million**

Manufacturing capital

Total Fund gross lettable area (GLA) **415 428m²** (2021: 498 773m²)

Contractual escalation **7,0%** (2021: 6,2%)

Weighted average lease expiry (WALE) **3,9 years** (2021: 6,1 years)

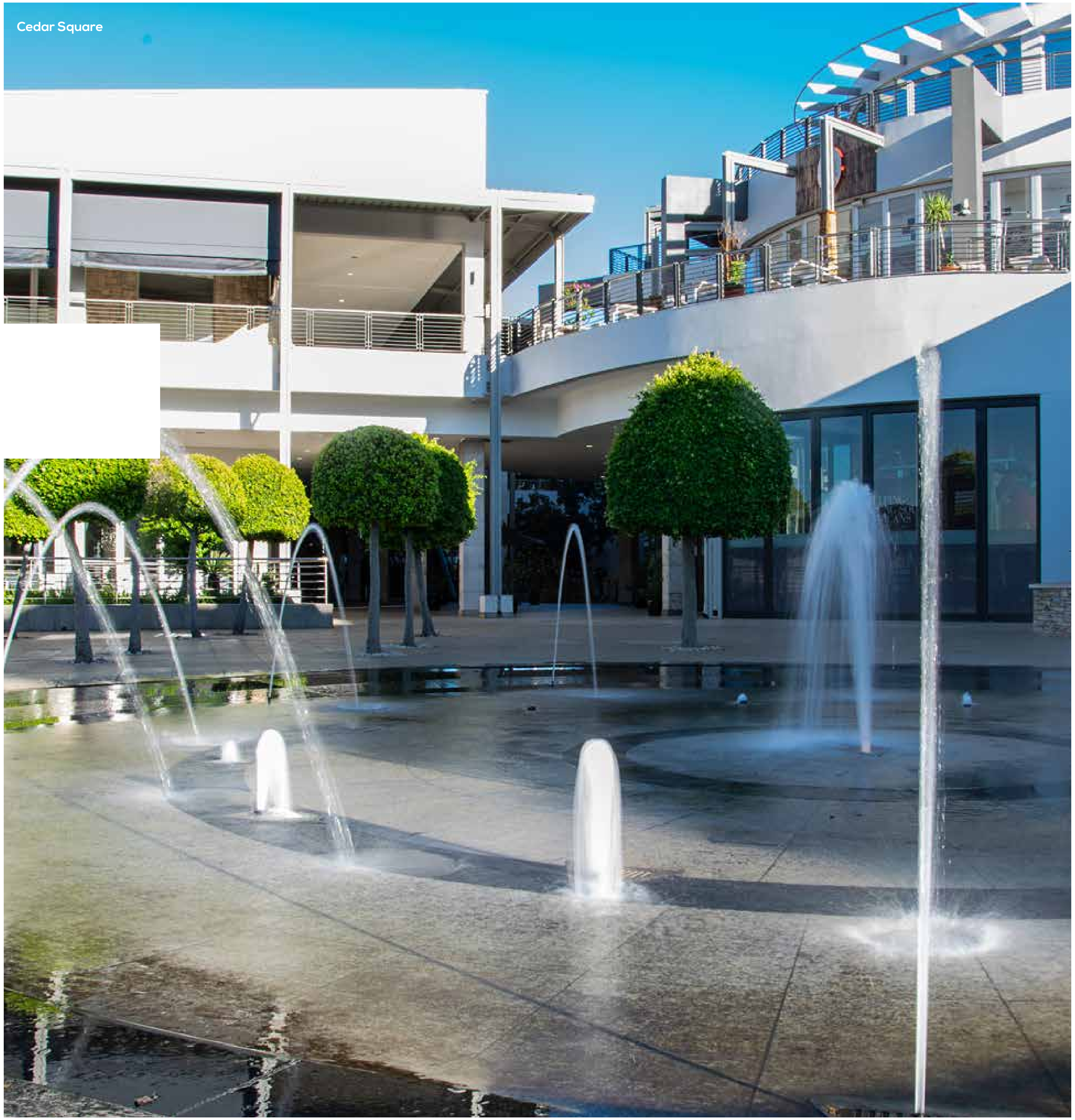
59,4% of tenants are classified as A-grade by revenue

Human capital

No human capital reduction

Social and relationship capital

Our bursary programme supports educational initiatives by covering tuition, accommodation fees and providing students with a monthly stipend.



01. COMPANY OVERVIEW

OUR GROUP PROFILE

Who we are

APF is a JSE-listed REIT. Our portfolio comprises retail, office and industrial assets. We differentiate ourselves by adopting a nodal investment approach, underpinned by sound property fundamentals that support our strategy to build cities of the future.

Our purpose

Creating positive socio-economic value through our nodal approach to property investment.

Our vision

To be a well-valued and respected company in the property sector by focusing on the business of tomorrow but not at the expense of today or the communities we operate in.

Our strategy

Building cities of the future by focusing on property fundamentals within specifically identified nodes.

Our nodal focus

We create value through a focused nodal approach to property investments. We identify a strategic node by analysing transport routes, growth and densification. We then buy, develop or redevelop these strategic nodes.

Our flexibility enables us to assist tenants and maximise value by developing properties that enhance these areas.

Our values

Integrity
To be accountable for our actions, consistently fair to others, and be truthful and respectful.

Honesty
To be reliable, approachable, transparent, and sensitive to the needs of others.

Trust
To be trustworthy in our dealings and interactions with our key stakeholders.

These core values are supported by:

Competence
To channel our skills and abilities into innovative and efficient outcomes that we deliver with energy and professionalism.

Cooperation
To work together in an entrepreneurial spirit, sharing information, knowledge and resources towards achieving our individual and overall organisational performance objectives.

Commitment
To be committed to our respective jobs, customers and other stakeholders by delivering beyond expectations of quality, punctuality and efficiency.

Fourways Mall

What we do

We seek ways to maximise value preservation and creation for our stakeholders by investing through the property life cycle – by buying, selling, developing, letting and managing our properties.

Financial and asset management

Property management

Buy
We invest in key **strategic nodes** by acquiring **high-quality** assets with strong property fundamentals.

Develop
Redevelop and up-grade our properties to maintain and enhance their **value**.

Let and manage
Deliver **tenants' expectations** by providing safe, well-maintained buildings and excellent levels of customer service.

Sell
We **recycle capital** through the disposal of non-core assets.

This capital is used to lower debt levels and strengthen our balance sheet, or it is reinvested back into our core assets, thereby enhancing the value of our overall portfolio.

Stakeholder relationship management

Value creation is shaped by our socio-economic context and the strength of our stakeholder relationships. We are committed to delivering our services in a **socially responsible** manner and meeting the needs of the communities in which we operate.

Our **business model** on pages 48 to 51 expands on how these activities preserve and create long-term value.

How we operate

Our board is responsible for the overall direction and supervision of the company. General management is delegated to executive directors. Executive directors and specific senior management members are responsible for the asset management function, which, in turn, directs our property management function.

Asset management (internal)
Asset management forum, investment committee and board

↓

Property management (external)

↓

Accelerate Property Management Company (Pty) Ltd

Fourways Precinct (Pty) Ltd (management of Fourways Mall)

How we do it

Financial management

We ensure continued access to financial capital by prudently managing our financial fundamentals, optimising our property portfolio and delivering on our strategy

- Balance sheet strengthening and treasury management
- Focussing on improving income and value from our core portfolio, specifically Fourways Mall
- Funding diversification
- Improving liquidity position and creating sufficient liquidity buffers

Optimising our balance sheet

Asset management function

We continually seek to optimise our portfolio through active asset management; including delivering on developments and refurbishments, disposing of non-core assets, and pursuing investment opportunities as they arise

- Consider acquisitions, disposals, developments and redevelopments
- Recommend appropriate acquisitions, disposals and redevelopments to the investment committee
- Implement transactions and capital expenditure
- The investment committee makes recommendations to the board for transactions and capital expenditures that fall outside its approved mandate

Growing our quality nodes

Property management functions

Our leading property professionals ensure our buildings are maintained and managed to the highest standards, aiming for operational efficiencies to preserve natural capital

- Portfolio management
- Leasing
- Marketing
- Operations (administration, collections and maintenance)
- Finance
- Legal
- Facilities

Enhancing returns on our assets

Relationship management

We are committed to creating and maintaining inclusive and mutually beneficial relationships with all stakeholders

- Stakeholder engagement

Delivering value to stakeholders

Accelerate Property Fund Ltd (owns the bulk of the Accelerate property portfolio)

- 100% → **Parktown Crescent Properties (Pty) Ltd** → 30% → **Wanooka Properties (Pty) Ltd** – *Owns the KPMG portfolio* (70% held directly)
- 100% → **Accelerate Treasury (Pty) Ltd** – *Owns repurchased APF treasury shares*
- 100% → **Pybus Sixty-Two (RF) (Pty) Ltd** – *Owns the Citibank building in the Sandton CBD*

A SNAPSHOT OF OUR PORTFOLIO

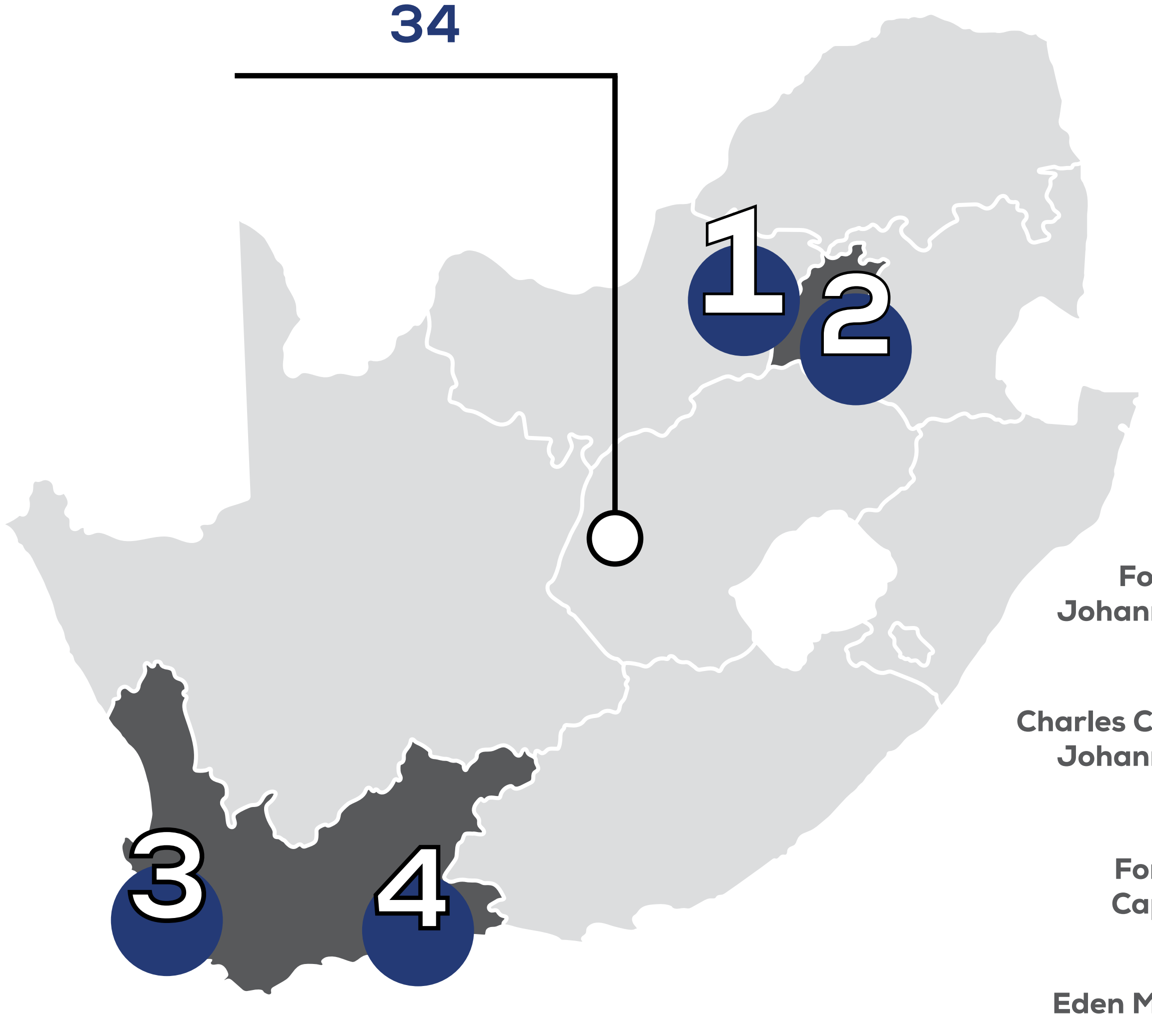
Our diversified portfolio focuses on nodal investments in leading economic hubs, where we create symbiotic commercial, recreational, investment and community nodes to build a better future for everyone, thereby creating cities with soul.

Our strategic nodes are in leading economic hubs, namely Johannesburg (Fourways and Charles Crescent, Sandton), as well as the Foreshore in Cape Town, and George.

South Africa

Number of assets

34



1 Fourways, Johannesburg

2 Charles Crescent, Johannesburg

3 Foreshore, Cape Town

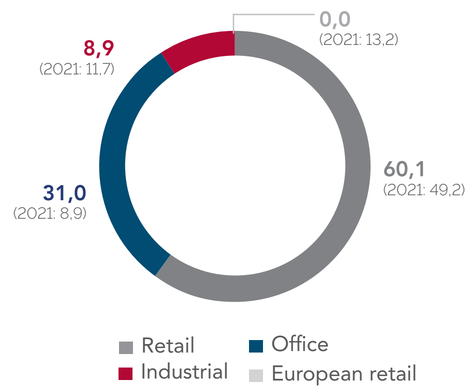
4 Eden Meander, George

Cedar Square

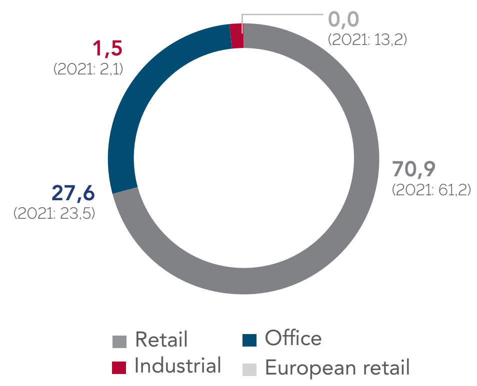
Core vs non-core portfolio by value	2022 (%)	2021 (%)	APF listing
Core	**92,5**	92,5	81,5
Non-core	**7,5**	7,5	18,5

Portfolio overview

Portfolio overview by GLA (%)



Portfolio overview by value (%)



Regional profile

Regional profile by GLA	2022 (%)	2021 (%)
Gauteng	**74,5**	62,1
Western Cape	**20,0**	20,9
Limpopo	**5,3**	3,3
Mpumalanga	**0,2**	0,2
Eastern Cape	**0,0**	0,3
Austria	**0,0**	8,2
Slovakia	**0,0**	5,0

Regional profile by value	2022 (%)	2021 (%)
Gauteng	**81,2**	70,1
Western Cape	**16,6**	14,7
Limpopo	**2,0**	1,8
Mpumalanga	**0,2**	0,1
Eastern Cape	**0,0**	0,1
Austria	**0,0**	10,0
Slovakia	**0,0**	3,1

TOP 10 PROPERTIES

OUR TOP 10 PROPERTIES BY VALUE

Fair value (%)

Top 10 properties	Rest of property portfolio
87,1%	**12,9%**
(2021: 79,4%)	(2021: 20,6%)

FOURWAYS MALL

Fourways Mall is a super-regional shopping centre at the heart of our Fourways node. This landmark centre is an integrated shoppertainment destination. The Fund owns 50% of this prestigious property.

Property type: Super-regional retail | **Region:** Gauteng

Fair value
R4 604 285 116
(2021: R4 676 272 616)

m²
GLA
88 735m²
(Accelerate 50%)

Vacancies
10,4%*

Ownership
50%

* *Excludes space covered by the Fourways Mall head lease.*

CEDAR SQUARE SHOPPING CENTRE

Cedar Square is a lifestyle and family centre in our Fourways node, which offers a strategic tenant mix of convenience-led lifestyle tenants. This centre appeals to couples and families as a daytime and evening entertainment destination.

Property type: Regional retail | **Region:** Gauteng

Fair value
R888 489 588
(2021: R849 240 799)

m²
GLA
44 212m²

Ownership
100%

Vacancies
8,2%

PORTSIDE

Portside is situated in a prime location and comprises a full city block in our Foreshore node. It capitalises on the magnificent panoramic views of Table Mountain and the Atlantic Ocean while complementing the beauty of the Mother City. Portside is rated by the Green Building Council of South Africa as the country's only five-star green tall building.

Property type: P-grade office | **Region:** Western Cape

Fair value
R720 000 000
(2021: R680 100 000)

m²
GLA
25 248m²

Ownership
100%

Vacancies
11,4%

KPMG CRESCENT

The KPMG head offices are conveniently located in Parktown near the M1 highway and the City of Johannesburg. The property is close to major transport routes, including the Rea Vaya bus rapid transit system.

Property type: A-grade office | **Region:** Gauteng

Fair value
R706 788 126
(2021: R707 100 000)

GLA
20 096m²

Ownership
100%

Vacancies
0%

CITIBANK

Bordering Nelson Mandela Square, this property is conveniently located within walking distance from the Sandton Gautrain station and Sandton Convention Centre.

Property type: A-grade office | **Region:** Gauteng

Fair value
R554 144 000
(2021: R554 144 000)

GLA
12 432m²

Ownership
100%

Vacancies
26,4%

EDEN MEANDER

Eden Meander is a multi-tenanted lifestyle shopping centre located near the residential hub of George in the Western Cape.

Property type: Regional retail | **Region:** Western Cape

Fair value
R500 000 000
(2021: R490 504 500)

GLA
30 817m²

Ownership
100%

Vacancies
0,2%

BMW FOURWAYS

BMW Fourways is a unique property located in our Fourways Mall Development node. This quality asset forms part of the significant 'other' convenience retail presence in the Fourways node.

Property type: Significant 'other' convenience retail presence in the Fourways node | **Region:** Gauteng

Fair value
R284 767 200
(2021: R254 100 000)

GLA
7 857m²

Ownership
100%

Vacancies
0%

THE BUZZ SHOPPING CENTRE

The Buzz Shopping Centre forms part of our strategic Fourways node. The vacant land behind The Buzz has been zoned for residential development. The development will be a co-partnership with a specialist residential property developer. All approvals needed to begin development are now in place.

Property type: Regional retail | **Region:** Gauteng

Fair value
R279 000 000
(2021: R265 750 000)

GLA
14 162m²

Ownership
100%

Vacancies
10,6%

OCEANA HOUSE

Situated in the Foreshore node, between Cape Town city centre and the Port of Cape Town, Oceana House is a prime office location currently occupied by Oceana Group.

Property type: Development opportunity | **Region:** Western Cape

Fair value
R153 807 859
(2021: R150 000 000)

GLA
7 254m²

Ownership
100%

Vacancies
0%

THE LEAPING FROG*

The Leaping Frog Shopping Centre forms part of our strategic Fourways node and offers shoppers several speciality stores.

Property type: Regional retail | **Region:** Gauteng

Fair value
R130 000 000
(2021: R140 300 000)

GLA
11 154m²

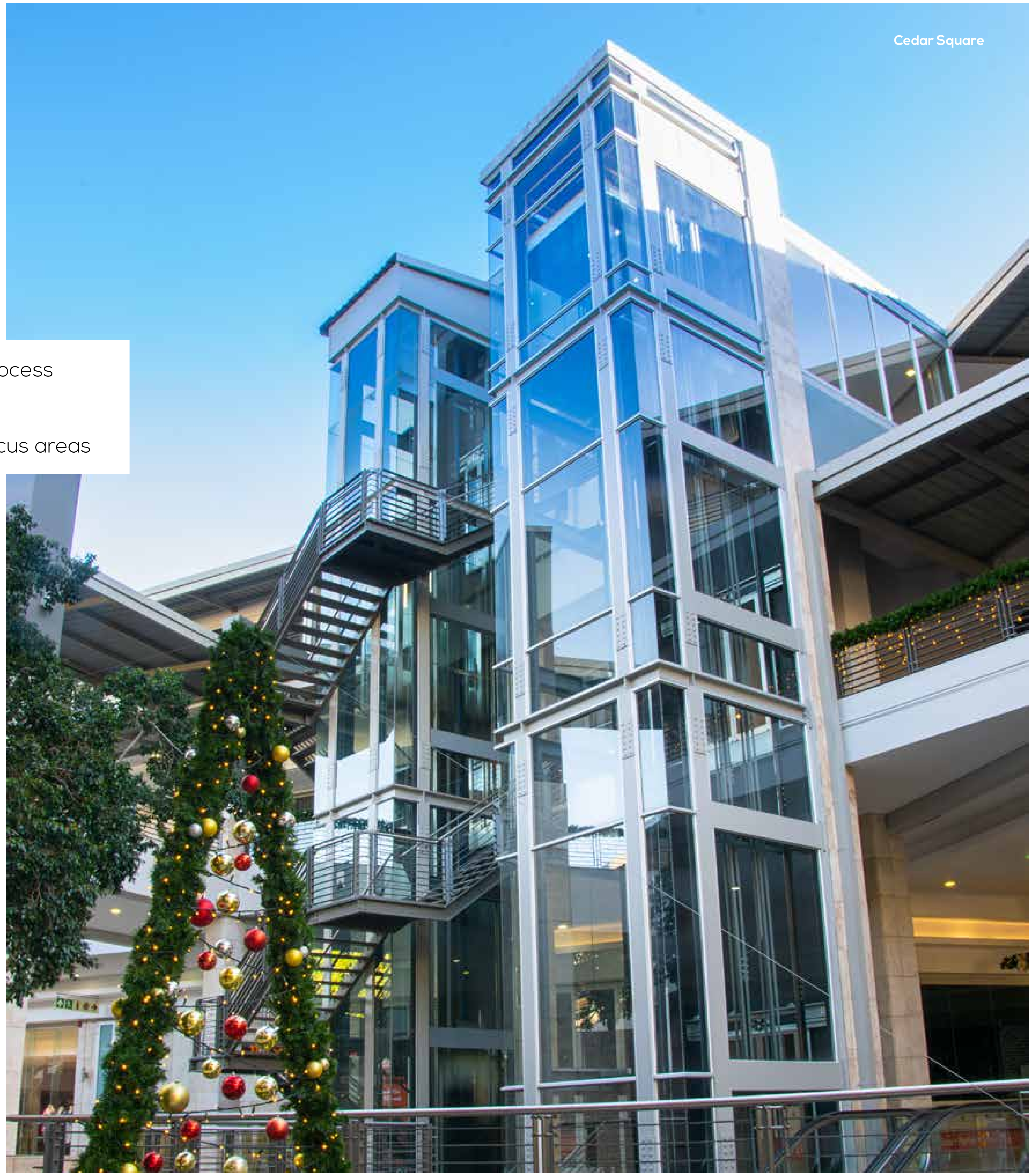
Ownership
100%

Vacancies
8,0%

* *Purchase agreement to dispose of the Leaping Frog Shopping Centre in Fourways for R130 million entered into on 7 March 2022..*

02.

MATERIALITY



Cedar Square

MATERIALITY DETERMINATION PROCESS

We assessed material themes and matters that have or could materially impact our ability to create and preserve value in the short, medium and long-term.

Changes to our external environment, key risks and opportunities, and trends were reviewed by the executive management team during a working session in March 2022. The below material themes were finalised and approved by Exco in March 2022 and approved by the board in March 2022. These material themes guided the board in assessing the material information to be included in this report.

Material themes and matters

The table below sets out the sanctioned material themes and matters and their descriptions, as well as the anticipated time frame of each impact. The impact of each matter and our response is unpacked throughout this report.

OUR MATERIAL THEMES AND FOCUS AREAS

We take an integrated approach to identify matters that could influence our ability to create value in the short, medium and long-term. These matters inform our strategy to manage the risks and maximise the opportunities that present themselves. Collectively, these matters are grouped into six themes that represent the megatrends we consider in our operating context.

- The uncertain macroeconomic, social, and political environment
- Business sustainability
- Uncertain property market/infrastructure fundamentals
- The changing work environment
- Rise of new asset classes
- Changing consumer preferences

UNCERTAIN MACROECONOMIC, SOCIAL AND POLITICAL ENVIRONMENT

Material matters	Overview	Impact on APF	Our key focus areas
» Geopolitical and socio-economic uncertainty » Macroeconomic challenges » Low economic growth » Weak economic fundamentals » Financial market volatility » Interest rate changes » Growing unemployment and social unrest	» The uncertainty of the geopolitical and socio-economic environment impacts how we manage and maintain our portfolio, which directly affects our ability to create and preserve value for our stakeholders » Low GDP growth and high levels of unemployment directly impact the property sector. When the economy recedes, the property sector struggles, because economic uncertainty impacts the demand for space » High levels of government debt and the sovereign credit downgrade to subinvestment grade with a negative outlook pose a risk to debt stabilisation » Dampened business and consumer confidence due to slow economic recovery remain exacerbated by policy and political uncertainty » The dramatic civil unrest in July 2021, high-lighted the vulnerability of South African property assets to civil unrest because of growing social inequality and unemployment » The uncertainty around land expropriation remains a concern for property owners	» Economic challenges impact our tenants across all property sectors (retail, office and industrial) » Dampened business and consumer confidence » Increased cost of occupancy » Changing disposable income » Changing consumer preferences	We continue to manage the variables under our control and make the tough decisions necessary to protect and enhance the Fund's resilience and sustainability, these include: » Continued disposal of non-core assets; » Reinvestment into the core portfolio; » Treasury management to improve liquidity » Strengthening the balance sheet to lower LTV » Increase funding diversification » Increase debt term » Debt hedging » Seeking ways to diversify revenue streams » Exploring opportunities to differentiate our existing offerings

Time frames | Short to medium-term

BUSINESS SUSTAINABILITY

Material matters	Overview	Impact on APF	Our key focus areas
» Strengthened corporate governance, board, and business ethics » Increased revenue streams » Effective ESG strategies » Business model adaptability » Innovation and agility » Stakeholder engagement and collaboration » Diversity and business transformation » Employee skill resilience » Improve credit rating » Increase the share price » Risk and opportunity management » Diversifying revenue streams » Diversifying funding » Geopolitical and socio-economic uncertainty	» The pandemic and sociopolitical uncertainty have increased the need to strengthen our business resilience to ensure long-term sustainability » The Fund is cognizant of the growing demand for ESG factors to be incorporated into our investment decision-making. This is because ESG factors can impact financial performance and corporate value » We have made a concerted effort to deepen our understanding of ESG to support our sustainability journey as we strive to create value for our stakeholders	» Improved governance » Improved stakeholder engagement » Improved energy efficiency » Reduced carbon footprint » Improved water consumption » Increased cost of funding » Property valuations rebased » Liquidity impacts	» Ensure responsible corporate citizenship because good governance and compliance are central to our licence to operate » Strengthen governance by implementing strong and stringent controls to manage any related party matters and conflicts of interest, and appoint additional, well regarded non-executive directors » We view our ESG journey as ongoing and look to make meaningful progress in the medium-term » Our increased commitment to tracking environmental and social progress is achieved by identifying, prioritising, and integrating ESG considerations into our strategy and operations » To improve our liquidity and ensure business resilience, we continue managing the variables under our control » Right-size our portfolio » Our disposal strategy simplifies and streamlines our portfolio to reduce our LTV, improve our financial position, and de-risk our balance sheet » Our goal is to enhance sustainability and promote the agility of our business to diversify income streams by repurposing space to diversify income streams » Improve share price » As part of its commitment to improving business sustainability, the board has formed a new committee called the 'business sustainability and continuity committee'

Time frames | Medium to long-term

UNCERTAIN PROPERTY MARKET/ INFRASTRUCTURE FUNDAMENTALS

Material matters	Overview	Impact on APF	Our key focus areas
» Geopolitical and socio-economic uncertainty » Business model adaptability » Stakeholder engagement and collaboration	» Weakened property fundamentals result in continued pressure on vacancies, low rental growth, and low retention rates » Trading and economic pressures have increased the competition for quality tenants » Further deterioration of public infrastructure, poor municipal administration and service delivery, and continued load shedding further impedes growth by raising operating costs and delaying property transfers and developments » Lowering property vacancies, improving revenue generation, and increasing property valuations remain a challenge » Consumer shopping habits have changed during the pandemic, with e-commerce becoming more prominent and smaller convenience shopping centres being frequented more regularly, compared to shoppers visiting super-regional malls	» Increased cost of occupancy » Continued pressure on vacancy levels » Increased focus on income generation and diversification	» Engage and collaborate proactively with tenants » Optimise tenant mix » Manage variable costs » Repurpose rental space and bulk » Adapt to changing consumer preferences » Efficiently reduce and manage costs » Redevelop bulk » Repurpose space » Strengthen the relevance of Fourways Mall by focusing on its experiential shoppertainment offering, which includes shopping, dining, and entertainment to differentiate the Mall and increase footfall

Time frames | Short to medium-term

THE CHANGING WORK ENVIRONMENT

Material matters	Overview	Impact on APF	Our key focus areas
» Hybrid office working » Understand consumer needs » Shifting behavioural changes » Innovation and agility » Health and safety » Stakeholder engagement and collaboration	» Adapt to the 'new normal' of hybrid and work from home (WFH) working arrangements. » Flexibility is expected to prevail going forward. Flexible workspaces have changed the way office space is viewed » The nature of offices and retail is changing, which in turn influences how spaces are used » COVID-19's social distancing requirements remain in force	» Workplace flexibility continues to impact the corporate office sector by lowering the demand for traditional office space, thereby vacancies remain stubbornly high » Our predominantly residential, high-density nodes have benefited from the work-from-home and decreased mobility trends, as people remain local » Most corporates only accommodate half their employees in their buildings, which has a negative impact on the cost-effectiveness of buildings	» Trading growth at our regional and neighbourhood retail centres » Engagement with office tenants to strengthen relationships. » Either seek to repurpose/redevelop or sell high vacancy office buildings

Time frames | Short to medium-term

RISE OF NEW ASSET CLASSES

Material matters	Overview	Impact on APF	Our key focus areas
» Business model adaptability » Diversifying revenue streams » Repurpose space to diversify income streams » Innovation and agility » Embrace opportunities	» Alternative asset classes such as self-storage have shown strong growth and resilience throughout the pandemic	» Opportunity to diversify our revenue streams and asset class offering	» Expand our storage and residential as new subsectors to our asset class offering » Redevelop bulk » Decentralised office hubs

Time frames | Short to medium-term

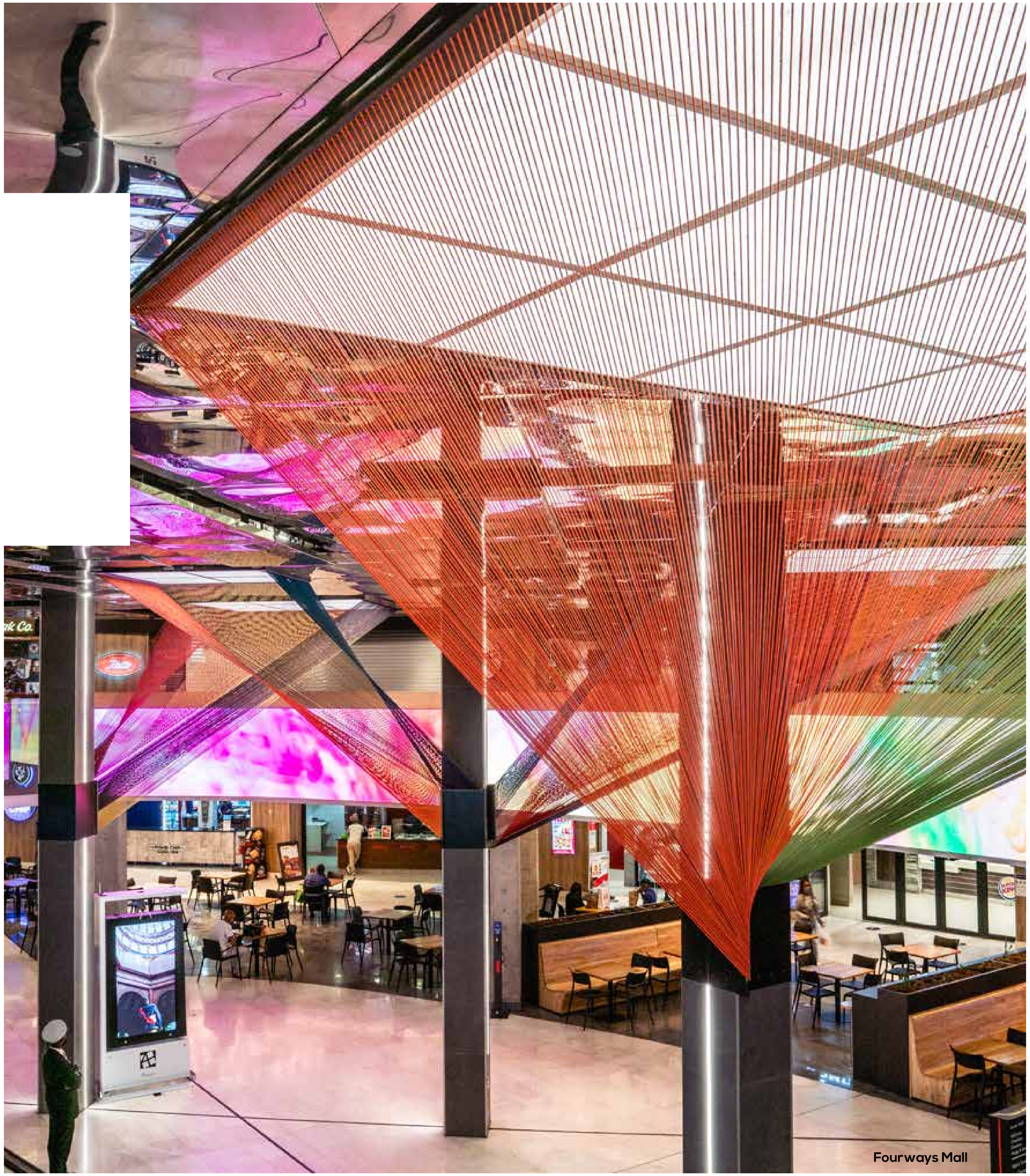
CHANGING CONSUMER PREFERENCES

Material matters	Overview	Impact on APF	Our key focus areas
» Understand consumer needs » Shifting behavioural changes » Innovation and agility » Stakeholder engagement and collaboration » Optimise tenant mix » Business model adaptability	» To best serve tenants, landlords must understand changing consumer habits in the context of both social and technological changes. This helps property owners remain relevant and competitive while keeping up to date with new technological innovations and disruptions » The rise of e-commerce has created online shopping platforms where consumers can easily purchase goods from the comfort of their own homes. Therefore, the challenge for landlords is to determine how they can continue to attract consumers to retail centres and ensure those centres are geared toward the future » Industrial subsector continues to benefit from the acceleration in e-commerce sales and the drive to improve supply chain efficiency » Increased demand for self-storage as more businesses and households downscale, emigrate or change their lifestyles	» Continued pressure on vacancy levels » Increased competition for tenants, critical skills, capital, and property assets » Oversupply of office space » Improved foot count in malls	» Optimise tenant mix » Retain high-quality tenants. » Attract aspirational brands and concept stores » Increase shopper dwell time » Understand changing consumer needs and habits in the context of both social and technological changes » Attract shoppers and encourage high LSM shoppers » Futureproof our malls by differentiating our offering with a focus on experience, convenience, shoppertainment and kids' entertainment. » Work with tenants to facilitate online purchases » Leverage technology and multi-channel strategies » Focus on storage as an asset class – identify opportunities to unlock value from our bulk

Time frames | Short to medium-term

03.

LEADERSHIP REVIEW



Fourways Mall

CHAIRMAN'S REVIEW

Mr Tito Mboweni

> **The board, its subcommittees and the executive team are all in alignment and work together to ensure value creation for our stakeholders.**

Key messages

- Challenging economic environment
- Governance and board strengthening
- Resolving all outstanding related party matters

The year under review

The COVID-19 pandemic was devastating for the South African economy. At the height of its impacts, the economy contracted by 6,4%, which is no easy position to recover from. It has slowly recovered to levels last seen in Q3 of 2017. The current growth rate of 1,5% is unfortunately far below the growth needed.

The property sector reflects the economy, when the economy recedes, the property sector struggles because household and corporate expenditure compress, which in turn impacts our business and the retail sector especially. The forecast for real household disposable income growth is also expected to slow to 0,2% from 2,8% last year, which will impact trading.

Approach to governance and ethics

The board is committed to the principles of good corporate governance and works hard to align our governance framework with global best practices. By setting an example of doing business responsibly, our board demonstrates their commitment to ethical conduct to support transparency, honesty, sound strategy and good corporate citizenship. The board similarly holds executive management accountable for the implementation of APF's governance framework, the execution of strategy, supporting an ethical culture, and enforcing effective risk management.

The board, its subcommittees and the executive team are aligned and work together to ensure value creation and preservation for stakeholders. This alignment is critical in an operating environment that requires agility to support quick decision-making, and also helps to maintain the equal division of labour.

All subcommittee chairs are empowered to request access and examine consolidated reports from the executive team. This approach reaffirms how the governance structure is fit-for-purpose.

The purpose of the recent board reconstitution was to ensure the board is the correct size and has the requisite skills to function optimally. The aim of appointing Mr James Templeton and myself to the board in February 2022, was to expand skills transfer, enhance strategy and bolster industry knowledge. I look forward to working with James and the board going forward.

The board has committed to biannual training for all members. By upskilling the board, we can ensure members are armed with the required property market skills and understand the latest trends. Skills development will also empower members to confidently interrogate reports and ask questions to support stakeholder interests.

APF's strategy and focus areas

APF has spent the past two years consolidating the portfolio to improve quality and support long-term sustainability. Our short-term strategy is to improve on the gains of the balance sheet strengthening agenda, diversify our funding mix, improve the cost of funding, reduce risk premiums, and extend our debt duration. Our immediate focus, however, is to access appropriately priced funding since all previous LTV concerns are now mitigated.

The audit and risk committee remain focused on diversifying APF's funding mix, while our investment committee is focused on the disposal of non-core assets, assigning the capital spend required to strengthen core assets, and seeking new nodal investment opportunities. By improving the quality of the APF offering and balancing the needs of our tenants with the requirements of our shareholders and funders, we can ensure long-term relevance and sustainability.

Delivering on ESG has become more important than ever. APF recognises that as a good corporate citizen we need to be part of the solution, such as the adoption of clean energy and water-saving solutions – that we must face our just transition as a business.

All related-party issues were agreed by 31 March 2022 – considerable time was spent on these solutions. The board was committed to resolving these matters as fairly and as equitably as possible, ensuring the best interests of APF stakeholders are upheld.

Stakeholder engagement

The board remains committed to engaging meaningfully with key stakeholders, to understand their concerns and ensure they are adequately addressed. We use all engagement channels as opportunities to explain the current operating environment and discuss current difficulties and opportunities.

APF has a small shareholder base, with two dominant investors owning over 57% of the company. While it is easy to engage with these two shareholders, we ensure frequent engagement with our smaller shareholders as well. We use our AGM event and process as the most effective engagement opportunity to explain the position of the company to all shareholders.

Our engagement with the banks and funders is ongoing. We appreciate their ongoing support and thank them for their extension of facilities to APF. Our goal is to develop these relationships further and use their support to embrace new opportunities as they arise.

In closing

We expect household spending to remain constrained and the challenging operating environment to persist. We watch the household debt to income ratio closely, to ensure we mitigate further negative impacts on our retail assets. I hope the country and our economy face no further COVID-19 variants in the coming year because the economy desperately needs the chance to recover. My wish is that large conferencing, concerts, and tournaments resume to bolster tourism and increase trading for our retail centres, our George assets benefit from such events in particular.

In appreciation

I would like to thank my fellow board members for their insight and contributions shared since rejoining the board. It is wonderful to chair the board again. I would like to thank the executive team for their dedication and board support. I also recognise the commitment and cooperation from APF employees. To APF tenants thank you for your business. To funders, thank you for your support; and to shareholders, thank you for your patience.

Mr Tito Mboweni
Chairman

28 June 2022

CITI Bank

MESSAGE FROM EX-CHAIRMAN

Mr Timothy Fearnhead

Overall, the board's performance was adequate, and it largely achieved what was needed.

Key messages

- The challenging operating environment
- Governance performance and focus areas
- Delivering on ESG

The year under review

The past two years have been the most challenging for APF since listing; this is due to launching Fourways Mall into an underperforming economy; immediately followed by COVID-19 rental concessions, bad debts and tenants not surviving. Tough decisions were made to mitigate these headwinds, which reinforced APF's commitment to preserving value and ensuring the long-term sustainability of the Fund.

The above challenges increased our gearing, resulting in funder pressure to lower our LTV ratio; this pressure ultimately forced us to sell our European portfolio. It would not have been the board's intention to dispose of these assets, but it was agreed that the portfolio was relatively easy to sell and lucrative. The deal was finalised in early 2022.

Our programme to sell non-core properties has regrettably been into a poor property market, with many sellers and few buyers – unless sold at discounted prices. We have managed to dispose of our properties at book value or not materially below, which has helped to lower LTV levels and improve funder comfort.

During the COVID-19 lockdown, the management team prioritised tenant retention and support, despite the considerable cost to APF. Their effort has, however, paid off and resulted in lower vacancies and improved stakeholder relationships.

We also had to settle the executive share guarantee scheme with RMB which materially changed our debt position; the overhang of this scheme is likely to take a few years to be worked out of our liabilities.

The operating environment

APF was extremely fortunate to escape the violence and destruction of property which occurred during the civil unrest in July 2021. Regrettably, the parties behind this violence have not been brought to book and the potential for similar incidents is thus still with us.

I am concerned with the municipalities' inability to supply the services they are mandated to provide. Poor service delivery is a material risk for REITs like APF, as well as to the sustainability of major suburban areas.

The frequent electricity outages impact retail trading and has increased occupancy costs. I believe the private sector is more than willing to do its part in moving forward, investing, growing the economy and increasing jobs, but it requires certainty of policy and support from the government; and at present, the messages are so mixed and generally negative that private sector investment is unlikely to be forthcoming.

Governance performance and focus areas

The board focused its energies on managing COVID-19 impacts, reducing LTV levels, resolving related party matters, and appointing new and experienced board members. Overall, the board's performance was adequate, and it largely achieved what was needed.

I believe the appointment of Mr Mboweni, and Mr Templeton will strengthen and add value to the board and the nominations committee.

ESG

APF is committed to all three aspects of ESG. Our social and ethics committee, audit and risk committee and investment committee are increasingly working together on addressing the environment, social and governance matters in all their meetings. While we have only started our ESG journey, I do believe that APF's commitment to confirm its best efforts will ensure APF complies and abides by the tenets of ESG.

In closing

I have been a board member for nine years, three of which as chairman. I have valued my time as chairman, however, it is now my time to move on. I obviously would have liked to have left APF in better shape than it is, but I am confident that all my actions while on this board were in the best interests of APF.

I do wish the board, and particularly Mr Mboweni, who returns to the chair after a time managing the finances of SA Inc, all the best in their work and endeavours ahead.

I thank fellow board members for their commitment and contributions over the years. At times, our debates were difficult, but with their commitment to best governance practices, we were able to navigate challenges successfully.

I would also like to thank the management team for their long hours, considerable efforts and board support.

Mr Timothy Fearnhead
Ex-chairman

28 June 2022

Fourways Mall

CEO'S REVIEW

Mr Michael Georgiou

It is an interesting time; the market will only reward bold and innovative thinking.

Key messages

- Tough socio-economic environment
- Right sizing our portfolio for long-term value creation
- Delivering on ESG
- Improving our share price

Socio-economic environment conditions

It was a challenging year due to the uncertain geopolitical and socio-economic environment which impacted how we manage and maintain our portfolio. As a result, we were forced to make tough trade-off decisions to protect and promote our long-term sustainability.

The recent civil unrest illuminated the stark reality of social and economic tensions exacerbated by the pandemic, growing inequality, and high unemployment levels. This dark time highlighted the vulnerability of the property sector and should be viewed as a much-needed wake-up call that collective effort from government, the private sector, trade unions, NGOs and private citizens are required to address socio-economic transformation. Fortunately, no APF assets were harmed during the July 2021 riots.

What South Africa needs now is less talk and more action. South Africa must grow its economy, promote entrepreneurship, and lower unemployment, which is currently sitting at a staggering 35,3%. The stability of our country is dependent on solving these critical problems.

Right sizing our quality property portfolio

Our short-term strategy remains in its consolidation cycle as a means to improve on the gains already made to our balance sheet strengthening and treasury management. Choosing to focus on improving the quality of our portfolio, instead of increasing the number of assets ensures we can adapt and adjust to all uncertainties accordingly.

We have chosen to invest, redevelop and hold only our most defensive assets, and sell all non-core assets. In total, R763 million worth of non-core assets have been identified for disposal. Unfortunately, local sales have been tough due to an oversupply of quality assets for sale in the market.

The sale of our European assets was a material trade-off for APF because we had to balance the need to lower our LTV with the attractiveness of earning foreign currency. The European portfolio was highly liquid and resulted in a good return on our investment. All funds were used to reduce our LTV ratio, which has since lowered to 42,8% from 48,5%.

Delivering on ESG

APF has committed to integrating ESG considerations into our strategy and operations. We view our ESG journey as ongoing and plan to make meaningful progress in the medium-term by implementing additional ESG-focused KPIs to track our performance.

Having a sustainability-focused mindset also has its advantages, which include access to cheaper funding costs, and less dependence on Eskom and municipalities. APF is investigating further solar projects as a move to transition to clean energy and lower occupancy costs.

We believe the way we approach corporate governance and leadership supports our overall value creation process. Sound corporate governance practices are entrenched in our values, culture and business processes. All internal controls are designed to promote good governance and an awareness of risk and compliance. Our recent board refresh and the quality of our non-executive members highlight our commitment to strengthening our corporate governance and positioning APF as a good corporate citizen that values ESG.

For more detail on **ESG**, please refer to page 88.

Improving our share price

We are committed to improving our share price. We plan to achieve this by strengthening our balance sheet further and diversifying our funding mix to lower borrowing costs and extend the lending duration. We also seek additional income generation opportunities and have implemented various strategies to increase net operating income.

Outlook

We expect our retail assets to benefit from improved economic activity, however, the high unemployment rate, rising interest rates and higher personal tax rates are expected to erode disposable income and consumer confidence.

As office landlords, we expect the office sector to normalise over the medium-term. The hybrid working trend will remain, but the need for collaboration, corporate culture and South Africa's high data costs will ensure the office sector strength returns. Some of our vacant office space is either held for sale or alternative uses are being investigated.

It is an interesting time – the market will only reward bold and innovative thinking. Business success lies in staying ahead of the curve and predicting the right step to take next to create value for our stakeholders. From the speed at which workplaces are changing to the prospect of further market disruption, we expect another year of transformation and uncertainty. We expect the major trends shaping real estate will influence our decisions in the coming months.

With sincere gratitude

I would like to thank the executive team for their resilience and hard work during this unprecedented period. I welcome Mr Mboweni back to the board again and look forward to his counsel going forward. To the APF board, thank you for your guidance during this challenging time. A special thank you to Mr Fearnhead for his valuable insight during his time as chairman. To our tenants, thank you for your continued partnership; and to our funders, thank you for your support.

Mr Michael Georgiou
Chief executive officer (CEO)

28 June 2022

Fourways Mall

COO'S REVIEW

Mr Andrew Costa

Key messages

- Property sector recovery
- Staying relevant in current nodes
- Increasing income generation, especially Fourways Mall
- Diversifying funding mix

> **The property sector should be commended for its contribution to the economy and our citizens during lockdown.**

The property sector

The past two years have been unprecedented for the property sector. It has faced multiple challenges – a pandemic, numerous lockdowns, trading restrictions, civil unrest and riots, on top of the increasing municipal costs and service delivery failures. During this time, the sector was also one of the largest supporters of the South African economy, despite receiving minimal support back.

I believe the property sector should be commended for its contribution to the economy and our citizens during the lockdown. Landlords were required/expected to offer rental assistance through rental write-offs and deferrals to ensure the longevity of their tenants' businesses. The reduced earnings resulted in REITs having to revaluate their portfolios, causing their LTVs to increase considerably. To meet their debt covenants many funds were forced to consolidate and sell off assets.

APF was not immune to these forces. It will take some time for the sector and us to recover from this setback, settle and equalise.

All this uncertainty has impacted the demand for space and influenced how space is used, resulting in continued pressure on vacancy levels and property valuations. On the flip side, these changes have also inspired innovation and the rise of new asset classes like self-storage, student accommodation, and even the listing of a petrol station REIT for example.

Reflecting on our performance and opportunities

The pandemic changed the way consumers behave. Consumers have increased their e-commerce spending and favoured convenience and open-air retail centres over closed-air super-regionals. When consumers do visit malls, they do so less frequently, however, their spend per visit has increased.

Our convenience and neighbourhood retail centres remain star performers, our Cedar Square regional shopping centre performed especially well this year. It benefited from our nodal strategy and the work-from-home trend because it is located in Fourways, which is a predominantly residential and high-density node.

Our large and super-regional retail centres still face consumer apprehension because they are closed-air malls. We have, however, seen decent improvement in both performance and footfall following the successful COVID-19 vaccine rollout, coupled with consumers' demand for variety, security and shoppertainment.

Our office assets remain under pressure as a result of the workplace flexibility trend impacting the need for space. As demand remains muted and rental affordability deteriorates, we are experiencing increased competition for quality tenants, which has resulted in lower renewal rates and stubborn vacancy rates. However, P-and A-grade offices have withstood the challenge well and continue to perform.

The industrial sector has benefited from the acceleration in e-commerce sales and escaped some of the pandemic's impacts. In my opinion, however, industrial property remains expensive.

The growth of self-storage as an industrial subsector presents an attractive opportunity for APF. The pandemic has brought about large-scale corporate and household downscaling due to emigration, semigration and lifestyle changes, thereby increasing demand for self-storage. Self-storage is now considered the most resilient and recession-resistant asset class.

In line with our nodal strategy, we are seeking ways to diversify our revenue streams. We are well-positioned to proceed with adding more self-storage as a subsector to our property offering, through organic growth in the Fourways node by developing surplus bulk and acquiring existing self-storage businesses in the node.

Fourways Mall

Unfortunately, Fourways Mall reopened late in 2019 and was unable to establish itself in its catchment area following its redevelopment before the hard lockdown began. We expect trading densities and footfall to increase as the Mall becomes more entrenched in its catchment area, and shoppers become less wary of closed air malls. We are encouraged by the consistent monthly revenue growth since reopening.

We believe there is a place for super-regional shopping centres in the market because shoppers require the diversification, shoppertainment, convenience and security that large retail can offer them. We believe that its strong property fundamentals will ensure its long-term value offering. We remain committed to diversifying our tenant mix and enhancing the shoppertainment experience required to remain relevant in light of changing consumer preferences.

Our goal is to increase income generation and value from our core portfolio, especially Fourways Mall. To achieve this, we are seeking innovative ways to redevelop bulk and generate non-GLA income. We are also investigating the use of solar energy and water-saving initiatives to lower occupancy costs.

For more information on **Fourways Mall**, refer to page 58.

Staying relevant in current nodes

Shoppertainment remains a critical differentiator for APF. We have seen that as consumer behaviour changes, the definition of anchor tenants has evolved. There has been a move away from traditional grocery stores to entertainment and leisure offerings. Anchor tenants that draw foot traffic remain key, but the move towards experiential shopping implies the need for a far broader tenant mix, including luxury brands where shoppers want to have a sensory experience before they buy from novel, independent stores. By differentiating our malls with experiential offerings and providing more reasons to visit, we can attract more consumers, increase their dwell time, increase footfall, increase revenue generation, and retain high-quality tenants.

Lowering our LTV ratio

During the year we focused on diversifying our funding mix to access appropriately priced funding and extend our debt duration. Two new funders were sourced.

In 2020, we requested debt covenant relaxations from our banking and debt capital market (DCM) funders, who set aggressive targets for the reduction of debt and the improvement of key metrics. To meet these targets, multiple non-core South African assets were earmarked for disposal, failing which our most liquid portfolio (our European assets) had to be sold.

Unfortunately, we had limited success with our local sales initiative. Through the disposal of our offshore portfolio, we delivered on our LTV objective. This sale, plus the additional funders in our funding pool resulted in the availability of approximately R223 million of undrawn debt facilities.

Despite successfully lowering our LTV, the sale of these offshore assets places additional pressure on the Fund to increase and diversify income streams from our remaining core assets, especially Fourways Mall.

Appreciation

It was an extremely challenging year, but we managed to battle the worst of the storm with our skilled and resilient team. I commend their grit and professionalism. Their dedication and energy have secured our future success. Thank you, you are all true brand champions.

I want to thank our board for their wisdom and guidance during this challenging time. To our tenants, thank you for your partnership and continued support. To our shareholders, thank you for your commitment and understanding through this consolidation phase. To our funders, thank you for your support, I look forward to strengthening our relationships further.

Mr Andrew Costa
Chief operating officer (COO)

28 June 2022

CFO'S REVIEW

Mr Dimitri Kyriakides

> APF's resilient approach to tackling challenges ensures we are well placed to capitalise on the emerging opportunities

Key messages

- Trading and performance post-COVID-19
- APF's financial position
- Proactive treasury management

Key indicators

Indicator	2022	2021
Revenue (R'000) (continued and discontinued operations) (excl. COVID-19 effects)	**993 281**	1 003 605
COVID-19 rental assistance granted (R'000)	**(35 127)**	(182 515)
Fair value adjustment on Investment Properties (R'000)	**(428 722)**	(660 227)
Basic gain/(loss) per share (R)	**6,48**	(73,95)
Diluted gain/(loss) per share (R)	**6,44**	(72,85)
Weighted average lease expiry (years)*	**3,9**	6,1
Lease escalations	**7,0%**	6,6%
Vacancies by GLA*	**21,2%**	15,0%
Vacancies by revenue	**9,1%**	7,2%
Interest cover ratio	**2,1x**	2,0x
Net asset value per share (R)	**6,21**	6,28
Loan-to-value	**42,8%**	48,5%
Distributable income (R'000)	**210 527**	–
Final distribution per share (cents)**	**21.98051**	–

* *The increase in the overall vacancy percentages and reduction of the overall lease expiry profile is predominantly driven by the sale of Accelerate's European retail portfolio which was fully tenanted with a WALE in excess of 12 years.*

** *As part of the objective of strengthening Accelerate's financial position and to minimise cash outflows Accelerate has received unconditional commitment from 83.5% of it's shareholders to accept a potential dividend reinvestment option resulting in the cash outflow from the distribution being less than the potential tax outflow had a distribution not been made.*

Consistent yet staggered improvement in trading and performance post-COVID-19

During the COVID-19 pandemic, APF remained focused on its long-term stability and tenant relationships by pairing COVID-19 rental relief granted with the extension of and/or entering into new leases with our tenants. This has stood the business in good stead with:

- Trading at our small regional and neighbourhood retail centres returning to pre-COVID 19 levels
- Retail vacancies remaining stable at 8,9% with a weighted average lease expiry of 3,6 years. We have seen significant progress made in letting at Cedar Square and Eden Meander, with the vacancy at Eden Meander reduced to under 1% off the back of a new 5 year lease with Clicks
- 87,5% (by revenue) of office rentals underpinned by long-term leases with a weighted average lease expiry of 5,2 years
- Office vacancy by revenue of 8,2%. The bulk of the office vacancy currently resides within the B-and-C-grade non-core assets the Fund is looking to dispose of
- The Fourways Mall super-regional opened three months before the COVID-19 pandemic, resulting in the Mall having insufficient time to settle before the pandemic began. We have seen a gradual and consistent increase in trading (16% year-on-year). The vacancy of the Mall (excluding space covered under headlease) is currently 10,4%
- Fourways Mall has a potential substantial insurance claim relating to losses incurred as a result of COVID-19. legal action has been instituted in this regard
- Pressure on vacancies remains especially high in the B- and C-grade office space as well as the lower rent per square metre industrial space
- The Fund's current industrial portfolio consists of four non-core industrial assets included on the list of assets to be disposed of
- The continued above-inflation increases in municipal and utility costs remain of great concern to APF due to the impact on the overall cost of occupation for tenants

R35,1 million
COVID-19 relief
(31 March 2021: R182 million)

Weighted average lease expiry
3,9 years

Vacancies by revenue
9,1%

Cost-to-income ratio
25,8%

Continued focus on strengthening the APF's financial position

Since the commencement of this initiative in 2018, APF has sold a total of R3,2 billion of assets. The most recent sale completed being the disposal of our European retail portfolio. The proceeds of this sale were utilised to reduce debt and resulted in:

- A reduction in debt from R6,0 billion to R4,5 billion since March 2021
- The reduction in our loan-to-value ratio from 48,5% on 31 Mach 2021 to 42,8%
- Creating cash reserves and/or undrawn debt facilities of R223 million

Due to the repayment of low-interest rate in-country European debt, as well as the exiting of a cross-currency swaps, the disposal has had a negative ICR impact.

There is a remaining non-core asset portfolio of R763 million that we intend to dispose of. These assets are at various stages in the disposal process. It is our intention to utilise these proceeds to further reduce debt as well as reinvest into our core assets.

We are currently reviewing a number of opportunities to unlock additional value on existing properties, including establishing a storage platform by utilising and repurposing vacancies and excess parking, seeking solar initiatives, as well as maximising non-GLA income.

APF is also minimising any cash outflows from declaring a distribution by obtaining commitment from the majority of it's shareholders to a dividend reinvestment programme.

Proactive treasury management

Areas of focus

01. ***Diversification of funding***

We continued our drive to diversify funding in an effort to create a more balanced pool of suitable funders in order to:

- » Manage prudential exposure limits
- » Encourage competitive pricing
- » Build adequate liquidity buffers

02. ***Improve credit metrics and rating***

- » Further disposal of non-core South African assets
- » Enhance revenue with accretive spend on core assets
- » Manage costs
- » A continued focus on appropriate LTV and ICR levels

03. ***Cost of funding and expiry profile***

We engaged with funders to restructure debt exposure in order to:

- » Meaningfully extend our debt expiry profile
- » Reduce our overall cost of funding
- » Manage our concentration of expiry risk

Treasury snapshot

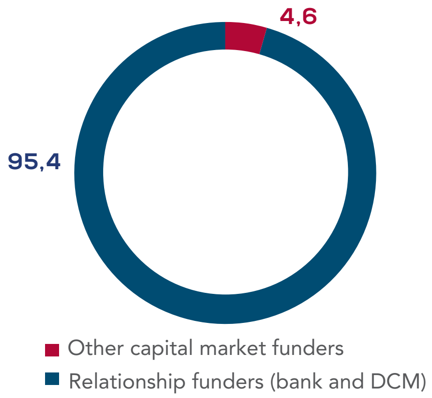
Total debt	Short-term portion of debt	Weighted average debt term
R4,5 billion	**R648 million**	**1,6 years**
(Sept 2021: R5,9 billion)	(Sept 2021: R1,629 billion)	(Sept 2021: 1,6 years)

Debt hedged	Weighted average swap term
70,8%	**2,3 years**
(Sept 2021: 86,3%)	(Sept 2021: 2,2 years)

Undrawn facilities	LTV#
R223 million	**42,8%**
	(Sept 2021: 47,8%)

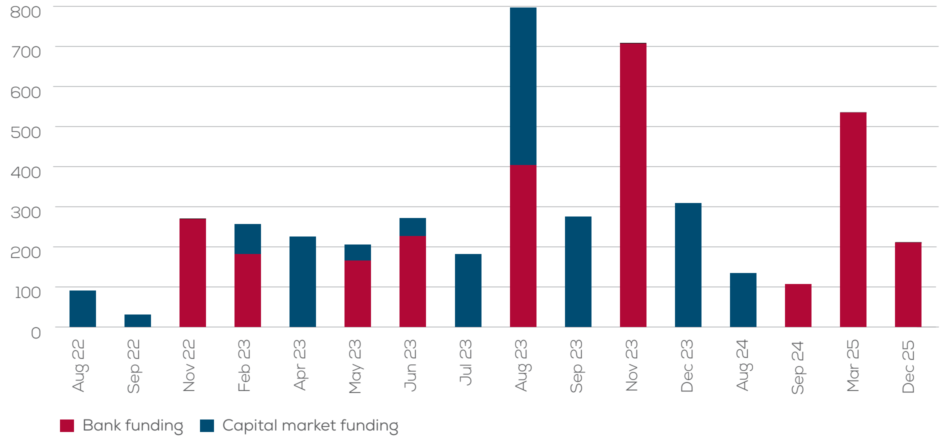
ICR	Blended interest rate
2,1x	**8,1%**
(Sept 2021: 2,0x)	(Sept 2021: 7,4%)

Funding split (%)



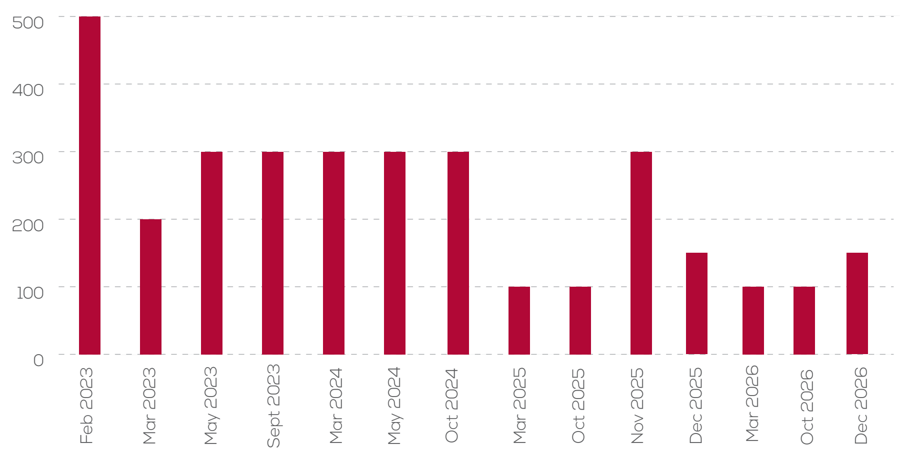
Takes into account vendor loan receivables.

Debt expiry (Rm)



- » We have reduced the short-term portion of our debt from R1,63 billion in September 2021 to R648 million at 31 March 2022.
- » However, due to the shorter term refinancing of debt during the COVID-19 pandemic, the 2023 calendar year does pose some concentration risk. We are currently working with our main funders to:
  - – Reduce elevated funding costs incurred during COVID-19
  - – Meaningfully improve the debt expiry profile and increase the weighted average term of debt
  - – Manage our expiry and concentration risk

SWAP expiry profile (R'm)



We are approximately 70.8% hedged post the sale of our European retail portfolio, and the significant reduction in debt having taken out swaps at opportune times during 2021. There are no interest rate swaps expiring for the remainder of 2022.

We aim to be between 80% and 85% hedged, especially given the current interest rate cycle. This increase in the hedging ratio will be achieved through:

- » The reduction on our overall debt nominal with the completion of non-core asset sales
- » Monitoring the market for opportune times to execute further interest rate hedging

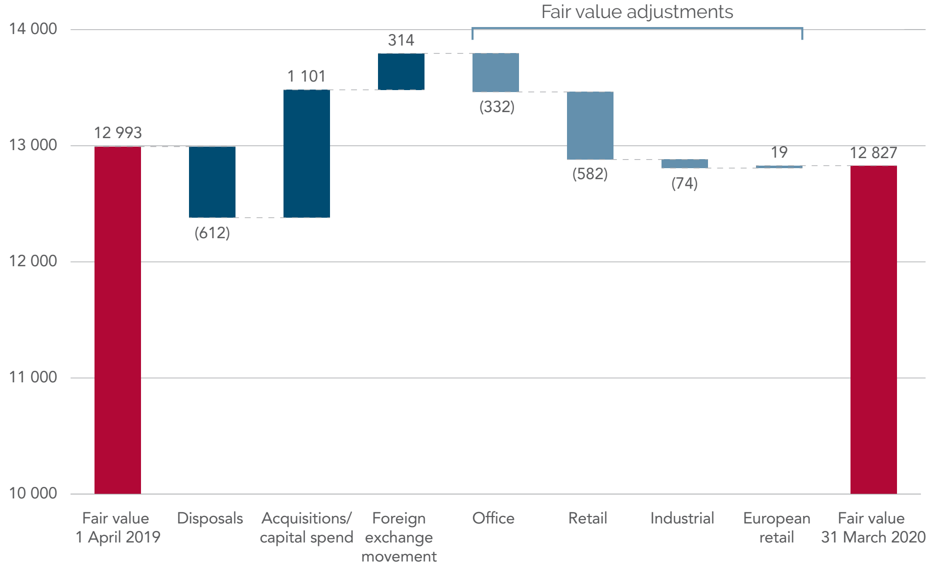
Prudent property valuations

Our investment properties are valued-based on future cash flows at market-related discount rates. We have adjusted our property valuation by R 1,6 billion (or 12%) during the 2020 and 2021 financial years. These adjustments made were driven by the COVID-19 pandemic as well as micro and macroeconomic factors.

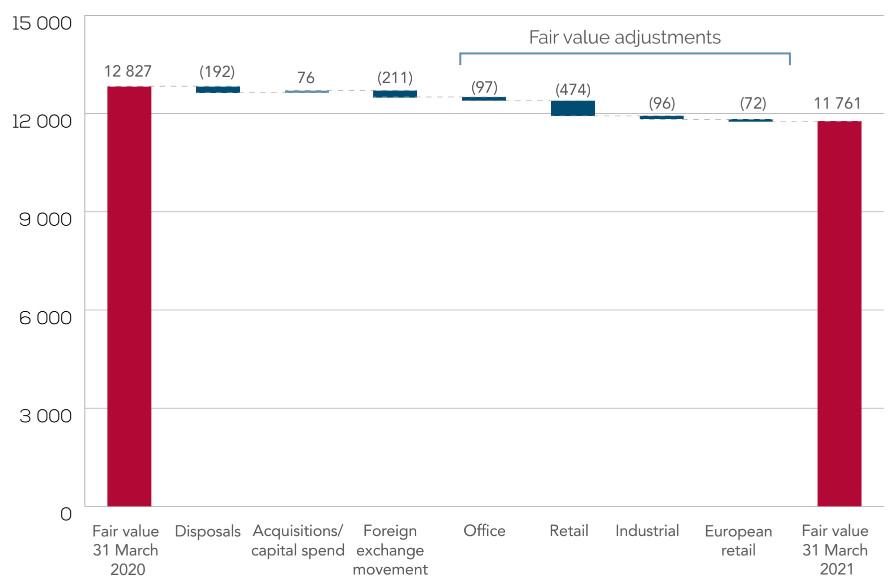
Fourways Mall

We have seen our valuations bottoming out to a large extent post the write-downs to 31 March 2021, with small regional and neighbourhood centre values proving extremely resilient with the B- and C-grade office space being the area where the bulk of the valuation pressure is still being experienced. Further write downs of R428 million were done for the year ended 31 March 2022.

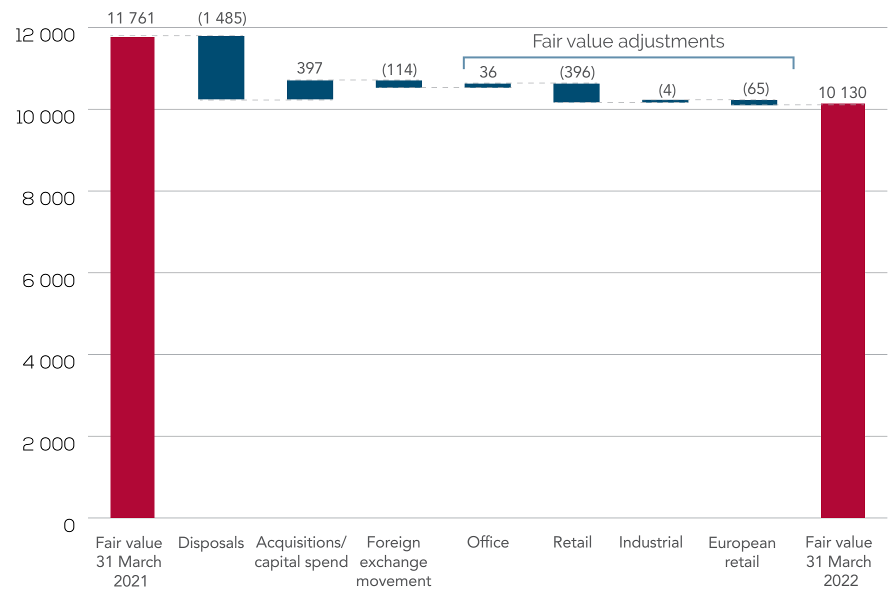
Property valuation bridge 2020 (Rm)



Property valuation bridge 2021 (Rm)



Property valuation bridge 2022 (Rm)



Appreciation

We expect the coming financial year to continue to be challenging. However, APF's resilient approach to tackling challenges ensures we are well placed to capitalise on the emerging opportunities.

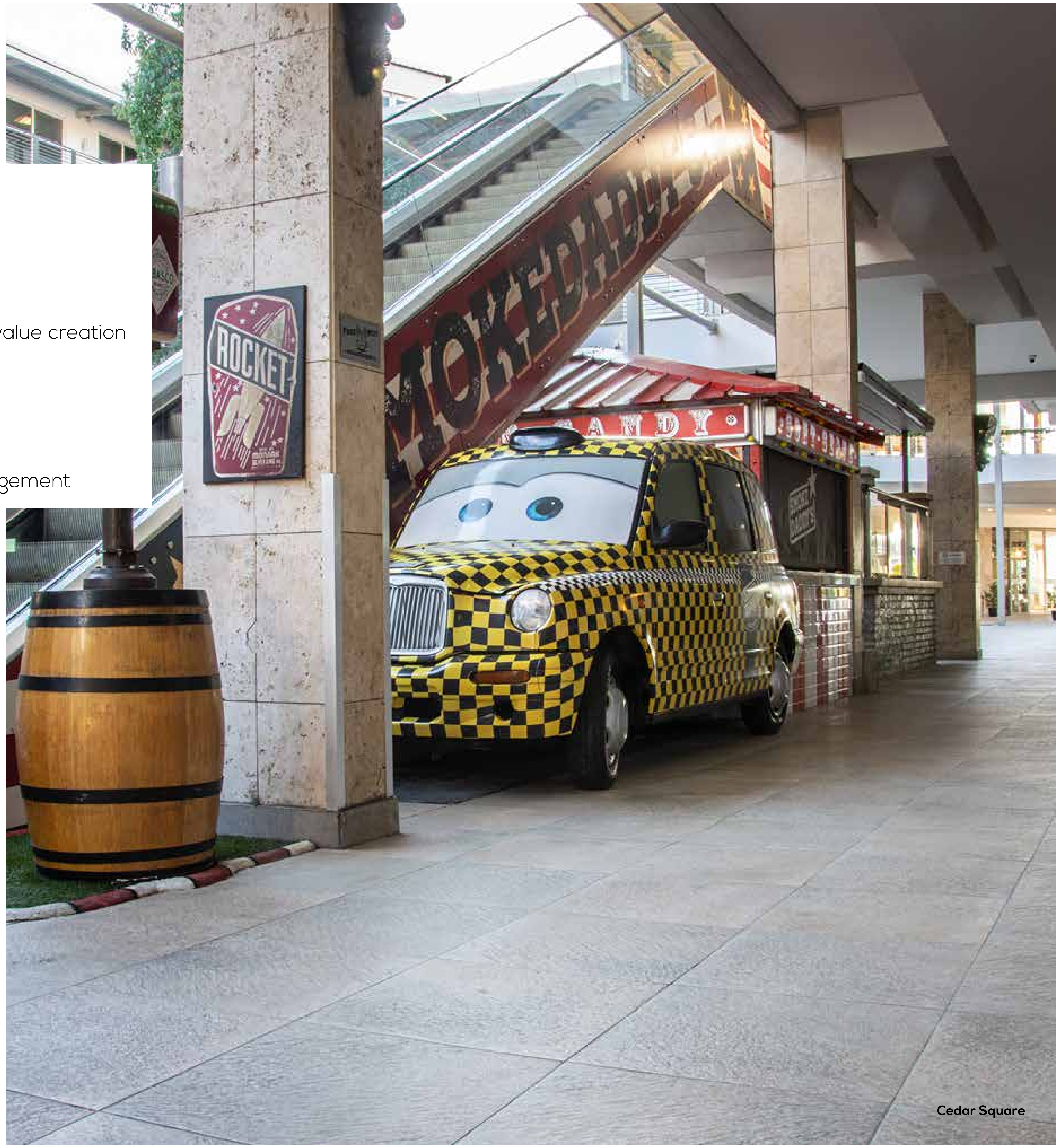
My sincere thanks go to all our stakeholders, especially our tenants, investors and funders for their continued support this year. We look forward to working with you to create mutual value in the year ahead.

Mr Dimitri Kyriakides
Chief financial officer (CFO)

28 June 2022

04.

HOW WE CREATE VALUE



Cedar Square

OUR VALUE CREATION PROCESS

Value preservation and creation are dependent on our current business context, our operating environment, the availability of key resources, and the health of our stakeholder relationships (both internal and external).

We consider all material matters that could impact our ability to preserve and create value in the short, medium and long-term – reviewing both risks and opportunities when formulating our group strategy and assessing whether our business model is fit for purpose.

Our business model focuses on the life cycle of our property assets – purchasing quality properties, exploiting and enhancing value through redevelopment, letting to quality tenants, engaging consistently with stakeholders to ensure robust relationships, and selling all non-core properties.

Influencers of our value creation

- Our operating environment
  Page 32
- Risks and opportunities
  Page 73
- Stakeholder engagement
  Page 68

Our approach

- Our strategy
  Page 52
- Our business model
  Page 48
- Good governance
  Page 108

Value preserved and created for our stakeholders

For more information about the outputs of our value creation, please refer to our:

- performance overview (page 4)
- stakeholder value creation (page 46)
- the outcomes of our business model (page 48 to 51)

The Buzz


Cedar Square

BUSINESS MODEL

Our business model illustrates how we preserve and create value, in the context of our operating environment.

We recognise the interconnectivity between the capitals we use, which informs our decision-making and our strategic choices. We adapt to changes in the availability, quality and affordability of our inputs, to remain a successful and sustainable business.

What we do

Buy

We invest in key **strategic nodes** by acquiring **high-quality** assets with strong property fundamentals.

Growing our quality nodes

Develop

Redevelop and up-grade our properties to maintain and enhance their **value**.

Growing our quality nodes

Enhancing returns on our assets

Let and manage

Deliver **tenants' expectations** by providing safe, well-maintained buildings and excellent levels of customer service.

Delivering value to stakeholders

Enhancing returns on our assets

Sell

We **recycle capital** through the disposal of non-core assets.

This capital is used to lower debt levels and strengthen our balance sheet, or it is reinvested back into our core assets, thereby enhancing the value of our overall portfolio.

Optimising our balance sheet

How we do it

Financial management

We ensure continued access to financial capital by prudently managing our financial fundamentals, optimising our property portfolio and delivering on our strategy.

Operating in a capital-constrained and costly environment means that strengthening the balance sheet is imperative to our sustainability and long-term expansion plans.

Optimising our balance sheet

Asset management function

We continually seek to optimise our portfolio through active asset management; including delivering on developments and refurbishments, disposing of non-core assets, and pursuing investment opportunities as they arise.

High levels of competition for quality assets necessitate a strategic approach to asset, diversification and the exploration of alternative asset classes.

Growing our quality nodes

Property management functions

Our leading property professionals ensure our buildings are maintained and managed to the highest standards, aiming for operational efficiencies to preserve natural capital.

Cost of occupancy and the availability of water and electricity continue to enhance the business case for resource-efficient buildings and investment in solar energy.

Enhancing returns on our assets

Relationship management

We are committed to creating and maintaining inclusive and mutually beneficial relationships with all stakeholders.

Delivering value to stakeholders

What we deliver

We deliver quality spaces to our tenants and attractive returns to our investors and shareholders.

The capitals we use and transform

Our financial resources

Our funds are derived from rental income, equity and debt funding, and proceeds from property disposals.

Challenges in raising financial capital include economic pressure, poor returns on investments, and subdued growth prospects due to weaker business and consumer sentiment.

Financial management

Inputs
- Rental income
- Equity funding
- Debt funding
- Property disposal proceeds

Outcomes
- Generated revenue of R1 billion
- Sold assets worth R3,2 billion million; a further pipeline of sales to the value of R763 million is at various stages of the sales cycle still to be finalised

How we create value

We continue to focus on rebalancing our portfolio. This helps us maintain stability in the short to medium-term and refocuses our strategy on nodal growth to ensure sustainable returns in the future.

Our property portfolio and assets

Our property portfolio makes up the manufactured capital that enables us to generate revenue by renting space in our properties.

Challenges include tenant retention under adverse economic conditions, with increasing property costs.

Asset management

Inputs
- Net asset value of R5,9 billion
- Property portfolio by GLA
  - 60,1% retail
  - 31,0% office
  - 8,9% industrial

Outcomes
- Enhanced portfolio in line with our strategy
- Focused on extracting value out of existing assets
- Used the proceeds of non-core property sales to repay debt and improve the quality of our core asset portfolio

How we create value

We have proactively managed tenant relationships with rental reductions, rent-free periods, tenant installation allowances and other measures to mitigate economic pressure.

Our property knowledge and processes

Our intangible assets include the balanced and diverse experience of our management team, our skilled board, our governance structures, and our employee and tenant management processes.

Challenges in enhancing and retaining our intellectual capital include scarcity of skills in the property sector, changing consumer behaviours, evolving workplace environments and rapidly changing technology.

Property management

Inputs
- Balanced and diverse experience of our management team and board of directors
- Governance structures
- Investment in research to understand stakeholder needs
- Changing consumer and technological drivers
- Employee and tenant management processes

Outcomes
- Maintained strong and ethical leadership in challenging times
- Supported and rewarded a high-performance culture
- Developed a leading offering underpinned by research and experience

How we create value

Through the leadership of our board and management committee, the Fund refocused its efforts on its nodal strategy, which is a key differentiator and driver of value creation.

Our people

We depend on our employees and our property management companies for their competency, capability, experience and motivation.

Challenges include developing and retaining skilled employees and providing adequate incentives and rewards that align with the interests of employees and the company during challenging times.

Relationship management

Inputs
- Investment in skills development and fair remuneration
- Ethical culture and values

Outcomes
- Maintained a solid leadership team
- Recruited, retained and developed high-performing employees

How we create value

Our investment in employee development addresses the skills shortages in the sector.

Our relationships

We uphold our social licence to operate by maintaining relationships with local communities, suppliers, tenants, shoppers and government.

Challenges include the increasing needs of communities affected by global and national socio-economic difficulties.

Relationship management

Inputs
- Educational development
- After-school programmes

Outcomes
- Tertiary studies completed by 4 bursary students
- Supported schools in the main business area of APF and its surrounds
- Sponsorship of aspiring young musicians through our partnership with the Johannesburg Youth Orchestra

How we create value

APF invests in education to increase employment opportunities for young people while building sustainable relationships with local institutions to improve facilities and social welfare.

Our natural resources

Our business relies on adequate supplies of natural resources such as water, electricity and land. Challenges include global impacts of climate change, scarcity of natural resources and constraints in delivery by service providers.

Asset management

Inputs
- High standards of operational efficiency
- Dedicated focus on 'greening' buildings to reduce reliance on natural resources
- Exploration of renewable energy options

Outcomes
- Installed energy-efficient lighting
- Implemented water-saving interventions
- Sought solar photovoltaic solutions
- Implemented recycling project and awareness programme at shopping centres
- Approved the installation of motion-controlled energy-efficient lighting in parking garages

How we create value

By minimising our consumption, we preserve our natural resources and respect environmental sustainability.

HOW OUR STRATEGY SUPPORTS VALUE CREATION

Property is a long-term asset class, which requires a long-term approach to strategy. Our nodal approach to investment ensures we maximise the value we deliver for our shareholders and stakeholders at our leading locations.

Delivering and preserving long-term value to our stakeholders is top of mind when we set our strategic timelines, focusing on our short, medium and long-term priorities. We achieve this by applying an integrated and holistic approach to delivering value.

Our nodal approach enables us to leverage economies of scale and takes advantage of the current position in the property cycle. We preserve and create long-term value by buying and developing or redeveloping these strategic locations.

Strategic pillars

We have identified four strategic pillars that enable an integrated decision-making approach to creating sustained value for our stakeholders. Our strategic pillars are the critical levers that affect our ability to create value in the short, medium and long-term.

The execution of our strategy is driven by our strategic pillars

- Enhancing returns on our assets
- Growing our quality nodes
- Delivering value to stakeholders
- Optimising our balance sheet

Our strategy per sector

Sector		Material themes
Retail	» Enhance the overall shopping experience » Stay relevant in current nodes » Focus on long-term retail property fundamentals » Adapt and understand changing consumer behaviour and preferences » Seek alternative uses of space » Repurpose space » Develop bulk » Maximise non-GLA income » Maintain and improve core portfolio » Promote shoppertainment » Focus on catering to the entire LSM spectrum at Fourways Mall » Grow storage offering	Changing consumer preferences Business sustainability
Office	» Focus on long-term quality blue-chip leases » Disposal of non-core B- and C-grade space	The changing work environment
Industrial	» Disposal of non-core assets » Focus on acquiring light industrial (logistics, warehousing and storage) in the long-term	Rise of new asset classes

Fourways Mall

	Our objectives	Our priorities
Enhancing returns on our assets	» Extract maximum value from our existing bulk by redeveloping and upgrading properties to enhance their value » Maximising return on assets by optimising rental returns, rebalancing tenant mix, managing costs and diversifying our offering	Various redevelopments and upgrades of properties, including: » Disposing of non-core assets » Reinvesting in core assets » Solar power investment and initiatives » Redevelop existing bulk at Fourways Mall » Diversifying and maximising revenue streams
Growing our quality nodes	» Build cities of the future » Invest in quality property assets » Concentrate on existing strategic nodes and create new nodes » Leverage our core portfolio to expand our offering » Grow our offshore platform	» 59,4% of tenants qualified as A-grade by revenue (listed or large national tenants) » Unlocking further potential from Fourways Mall by repurposing bulk and optimising tenant mix » Total investment per strategic node: – Fourways, Johannesburg: R6,4billion – The Foreshore, Cape Town: R1,2 billion – Charles Crescent, Sandton: R362 million – George, Western Cape: R500 million
Optimising our balance sheet	» Improve on the gains already made on balance sheet strengthening and treasury management » Funding mix diversification » Proactively manage interest rate risk » Recycle non-core assets » Reduce debt » Improve liquidity » Settlement of cross-currency swaps	» 70,8% of debt hedged » Weighted average swap maturity of 2,3 years » Funding diversity: – 4,6% financed through debt capital markets – 95,4% financed through relationship funders (DCM and bank) – 8,1% blended interest rate » 42,8% LTV » 2,1x ICR
Delivering value to stakeholders	» Invest in long-term quality and growth » Maintain tight control of property expenses and cost of occupancy » Understand our tenants' expectations and support them during difficult economic times	» Unlock the value of the completed Fourways Mall Development » R223 million of undrawn debt facilities created » Debt reduced from R6,0 billion at 31 March 2021 to R4,5 billion

Investment strategy

Our nodal approach

Our nodal focus differentiates APF

By focusing on owning properties in strategic nodes, APF can leverage economies of scale and be the landlord of choice within that node.

We allocate capital where we believe the best market opportunities lie; this enhances our flexibility and enables us to meet tenant demands and create long-term value, and ensures we maximise the value we deliver for our shareholders and stakeholders at our leading locations.

We choose locations based on their resilience and growth potential and seek opportunities to leverage economies of scale and unlock further value. We identify strategic nodes by examining several factors, including transport routes, growth, and densification. Within our chosen nodes, we find quality assets with sound property fundamentals, including appropriate price, reliable tenants and growth potential.

We buy, develop or redevelop these nodes – focusing on extracting maximum value instead of targeting specific sectors (retail, office or industrial properties).

In addition to our nodal strategy, we own A-grade office space anchored by blue-chip tenants, such as the KPMG head office and the Citibank building in Sandton.

Fourways Mall

FOURWAYS NODE

Our strategy for the Fourways area is to leverage the node's growing residential population to raise its status as the ultimate retail, entertainment and commercial offering in South Africa.

Why Fourways

- Growth potential
- Transport hubs
- Quality assets
- Affluent area

An affluent node with high-growth potential

Fourways is a fast-developing residential and commercial hub in Johannesburg with exponential future growth potential. We expect the node's densification to expand as development in the Dainfern, Steyn City and Lanseria areas continues. It has always been our aim to create a decentralised central business district (CBD) in Fourways. We own 177 330m² of GLA within the node.

Close to current and future transport hubs

Fourways Mall is situated at the corner of two main arterials, William Nicol Drive (renamed Winnie Madikizela Mandela Drive) and Witkoppen Road. The N1 highway is nearby, connecting commuters from Johannesburg and Pretoria to the node.

Providing property offerings across sectors

The continued densification in the Fourways node has resulted in an increased demand for space across all asset types – residential, retail, industrial, health care, hospitality and commercial use. Our differentiated portfolio in this node makes APF the perfect investment vehicle for investors choosing to invest in the node.

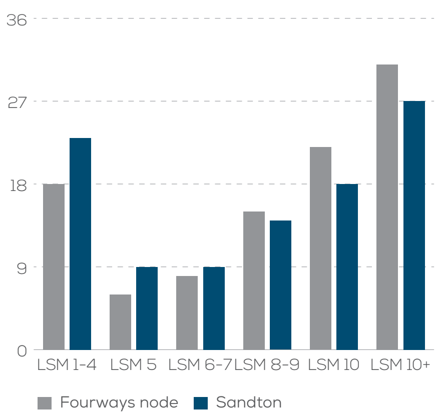
Underpinned by quality assets

Our Fourways portfolio is underpinned by Fourways Mall and other quality assets like Cedar Square, The Buzz Shopping Centre, The Leaping Frog Shopping Centre and BMW Fourways.

Fourways Mall

The area boasts a stable and affluent population, with 53% at the upper end of the living standards measure (LSM).

LSM distribution (%)



Total GLA

177 330m²

Valuation

R6,4 million

Key Properties

- Fourways Mall
- Cedar Square
- Valleyview
- Ford Fourways
- BMW Fourways
- The Buzz Shopping Centre
- Waterford Shopping Centre
- The Leaping Frog

Undeveloped bulk

The area surrounding the BMW dealership on Cedar Road, the bulk around Cedar Square Shopping Centre and The Buzz Shopping Centre and the bulk at Fourways Mall.

Plans for undeveloped bulk

Residential development at The Buzz, as well as adding a potential hotel and conference centre at Fourways Mall.

Our Fourways strategy

FOURWAYS MALL

Value proposition

Fourways Mall is a landmark super-regional shopping centre at the heart of our Fourways node. The Mall is a flagship property for APF. It challenges the likes of Sandton City and Mall of Africa in terms of size and quality. While it has the typical offerings of a super-regional, the Mall is differentiated by an experiential retail offering we call shoppertainment.

Property type

Super-regional shopping centre

Rebuilt claim

The rebuilt claim relating to the Fourways Mall equalisation in 2019 has been finalised between the owners, without cash outflow from the Fund.

Insurance claim

- Legal process commenced
- Senior council engaged

Performance overview

- The Mall has shown a consistent increase in trading and foot traffic with a year-on-year growth in 2022 of 16%
- We remain positive about the long-term outlook for the Mall considering its location in the highly densified Fourways node, as well as its unique offerings
- We are in discussion with KidZania Mexico head office to operate the offering
- Tenants that recently opened, include House & Home, Pep Home, Factorie, and PQ, among others

Focus areas

- Enhance the overall shopping experience with a family focus
- Adapt to changing consumer behaviour
- Seek alternative uses for the space
- Provide a wider restaurant offering
- Continue focusing on catering for entire LSM spectrum
- Alternative use of space

Region

- Gauteng

Fourways Mall

m²

GLA
88 785m²
(APF 50%)

Ownership
50%

Vacancy
10,4%*

Differentiation
Shoppertainment offering

Number of stores
340 Stores

Anchor tenants

- Woolworths
- Hamleys
- Toys R Us
- Checkers
- Fun Company
- TFG Group
- Pick n Pay
- All retail banks
- Dis-Chem
- H&M
- Game
- Food Lover's
- Market
- Clicks
- Bounce
- Edgars
- West Pack
- Mr Price Group
- House & Home

* *Excluding space covered by the Fourways Mall headlease.*

CEDAR SQUARE

Value proposition

Cedar Square is situated in the Fourways node, which acts as a complementary offering to Fourways Mall. The node is densely populated and has benefitted from the work-from-home trend. The centre's open-air layout, convenient location, and unique family, lifestyle, shopping and entertainment offering have ensured that Cedar Square has become a preferred post-COVID-19 retail environment.

Property type

Regional lifestyle and family centre

Region

Gauteng

Performance overview

» Trading density returned to pre-COVID-19 levels
» Double-digit turnover growth YTD
» Supermarkets and health offerings trading well
» Lease terms extended with COVID-19 relief granted
» Restaurant trading figures improving to pre-COVID-19 levels
» Storage offering doubled due to demand

Focus areas

» Increase the entertainment offerings
» Convert centre to solar
» Seek alternative uses for space

Cedar Square

m^2

GLA
44 212m²

Ownership
100%

Vacancy
8,2%

Differentiation
Open air, family-friendly environment

Number of stores
81 Stores

Anchor tenants

» Pick n Pay
» Clicks
» Builders Warehouse
» Baby City
» Virgin Active
» Woolworths
» Smoke Daddy's
» Jozi Gin Bar

THE FORESHORE NODE

The Foreshore node holds a strong geographic position in the Cape Town CBD and has the potential to be enhanced significantly through expansion.

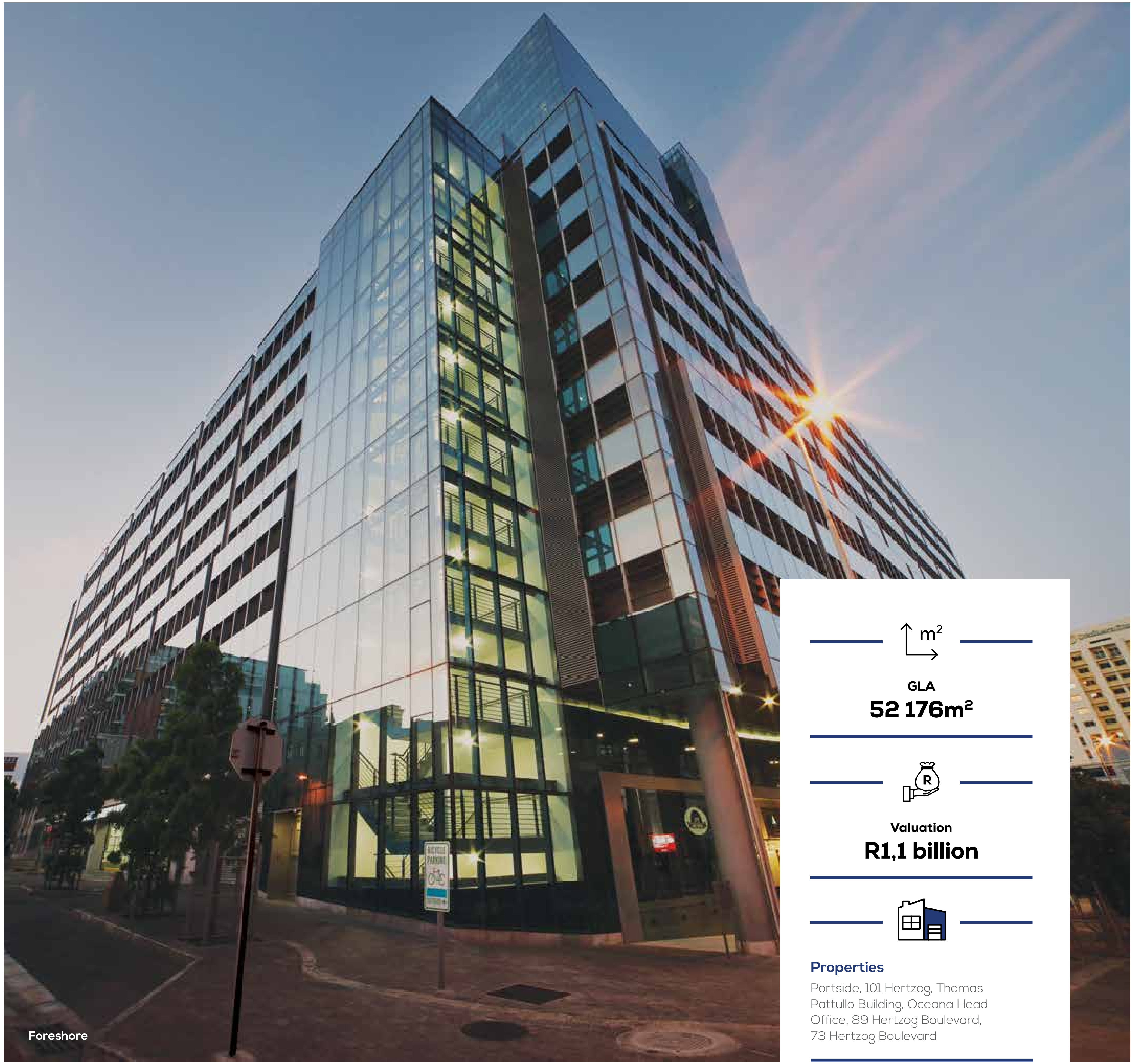
Why Foreshore

- Quality assets
- Centrally located
- Growth and redevelopment potential
- Along transport routes

Centrally located along major transport routes

The Foreshore is situated between Cape Town city centre and the Port of Cape Town. Much of this area is occupied by transport infrastructure for the port, office buildings and the Cape Town railway station. The Cape Town CBD remains resilient as a premier, global destination.

We are concentrating our efforts on letting vacancies with the help of brokers. Unfortunately, our competitors have been undercutting the market. While we aren't able to offer similarly priced deals, we have been successful by structuring deals that protect our rental levels but offer flexibility regarding other terms in our lease agreements.



Foreshore

GLA
52 176m²

Valuation
R1,1 billion

Properties

Portside, 101 Hertzog, Thomas Pattullo Building, Oceana Head Office, 89 Hertzog Boulevard, 73 Hertzog Boulevard

CHARLES CRESCENT

Charles Crescent's prime location in the heart of Sandton lends itself to future development.

Why Charles Crescent

Prime location

Along transport routes

Accessible, prime CBD location

Charles Crescent is situated near the M1/N3 highways and Sandton, and close to major transport routes, including the Sandton and Marlboro Gautrain stations and the Rea Vaya bus rapid transit system.

Our Charles Crescent strategy

Charles Crescent is currently held for sale and efforts to dispose of it continue. Despite being a quality investment, this node is no longer considered a core node for APF. Proceeds from selling this node will be used to pay down debt.

This node offers exceptional potential for redevelopment. Future buyers should consider a mixed-use redevelopment, including residential, retail and office.

Charles Crescent

GLA
47 692m²

Valuation
R362 million

Properties

- 1, 8, 9 and 10 Charles Crescent, Primovie Park, MB Technologies and Brooklyn Place

Current strategy

- Consider selling this property or initiate plans to extract value through redevelopment
- Reduce vacancies
- Focus on income generation and collection

EDEN MEANDER

Eden Meander Lifestyle Centre serves the residential hub of George in the Western Cape.

Why Eden Meander

- Popular and scenic location
- Growth potential
- Excellent amenities

A growing residential node

George is the administrative and commercial hub of the Garden Route and one of the largest towns in the Western Cape. With an engaged local government, good schools, excellent amenities and beautiful scenery; George is an increasingly popular node and place to live in South Africa.

APF also owns bulk adjacent to Eden Meander held for future development.

Investing in a growing residential node

Eden Meander is a multi-tenanted lifestyle shopping centre serving residential clientele. Since the mall's opening, tenant trading densities and footfall have grown consistently year-on-year, and the centre is central to our growth plans.

Value proposition

Eden Meander is a popular location en route to Knysna and has available bulk for future development.

Property type

Regional lifestyle shopping centre

Region

Western Cape

Number of stores

46 stores

Ownership

100%

Vacancy

0,2%

Anchor tenants

» @Home
» Checkers
» Pick n Pay Clothing
» Sportsmans Warehouse
» Mr Tekkie
» Builders Warehouse
» Clicks

Eden Meander

GLA
30 817m²

Fair value
R500 million
including bulk of
R29 million

Performance overview

» Trading densities well above pre-COVID-19 levels
» Entry of Clicks reduced vacancy levels to almost zero

Focus areas

» Ensuring optimal tenant mix
» Activating all areas in the centre with the strategic placement of anchor tenants
» Explore opportunities to expand footprint in this node

Current strategy

» Optimise tenant mix
» Increase non-GLA income

Development potential

» The lifestyle centre offers the opportunity to create a strategic node supported by a growing town with undeveloped bulk for future expansion and development

STAKEHOLDER ENGAGEMENT

We align our efforts across our portfolio to focus on business sustainability and build long-term partnerships with our key stakeholders. This focused approach to relationships enables us to create and sustain meaningful value for our stakeholders and improve stakeholder confidence.

Engaging with stakeholders provides essential input into strategic decision-making. We strive to understand and address the legitimate needs of our stakeholders to create mutual value.

The board and executive team monitor and ensure that all communication to stakeholders is accurate and transparent. Our goal is to provide stakeholders with all the relevant information they need to accurately assess our performance and prospects. We understand that our reputation hinges on our relationship with our stakeholders.

Cedar Square

Enhancing stakeholder relationships

Tenants

Our goal is to strengthen and build long-term relationships with tenants to enhance business sustainability, tenant retention and optimise tenant mix

Material engagements

» Lease renewals and negotiations
» Attracting new tenants
» Health and safety protocols
» Utility supply interruptions
» Maintenance

How we engage

» Communication across various platforms (post, fax, email, WhatsApp groups, phone)
» In person at tenant or APF premises

Key matters and needs

» COVID-19 rental concessions
» Flexible lease terms
» Health and safety protocols
» Increased costs of occupation
» Service levels
» Marketing and communication

Value created

» Relevant quality spaces that deliver on business needs at market-related rentals
» Retail spaces that attract shoppers, keep up with trends, and foster business growth
» Quality relationships and support in business operations
» An ethical business partner

Focus areas

» Investigate energy and water efficiency solutions to lower occupancy costs
» Back up energy and water solutions to mitigate utility supply interruptions

Investors and providers of financial capital

Our goal is to communicate our strategy transparently to providers of financial capital to gain their buy-in, trust and support, thereby enabling us to grow our business and, in turn, provide a return on their investment

Material engagements

We proactively engaged with our investors and providers of financial capital regarding our intention to:

» Lower debt levels
» Improve weighted average debt term
» Improve cost of funding

How we engage

» JSE Stock Exchange News Service (SENS) announcements
» APF website
» One-on-one meetings with executive management
» Stakeholder webcasts
» AGM
» Pre-close statements
» Results presentations
» Integrated reports
» Property tours

Key matters and needs

» LTV
» Balance sheet strengthening
» Treasuring management
» Debt covenant compliance
» Share price
» Delivering on ESG
» Related party matters

Value created for our investors and providers of financial capital

» Engaged transparently and frequently with investors

Value created for APF

» Increased engagement and strengthened relationships
» Developed relationships with new funding partners, to diversify our funding mix

Focus areas

» Ensuring transparent communication and engagement with investors and funders
» Increase the share price
» Diversify funding mix, lower cost of funding and extend funding duration

Cedar Square

Employees

We engage with our employees to understand their concerns and improve talent retention and job satisfaction

Material engagements

- Work-from-home feasibility
- Job security
- Succession planning and key person dependency

How we engage

- Internal communications
- Communication with our COO (emails and calls)
- One-on-one interactions between employees and line managers
- Performance reviews

Key matters and needs

- Job security
- Remote working and data accessibility
- Employee health and wellness
- Career development and career opportunities

Value created for employees

- Regular feedback regarding performance and improvement, including identifying career development and training opportunities

Value created for APF

- Motivated and engaged employees

Focus areas

- Health and wellness
- Training and development

Suppliers

By engaging with our suppliers, we form mutually beneficial partnerships that support business growth for both parties

Material engagements

We engaged with our suppliers about:

- Contract negotiations to reduce costs and improve efficiencies

How we engage

- Supplier introductions and instructions
- Service level agreement management
- Service delivery feedback
- Tenant feedback

Key matters and needs

- Contract management
- Information supply and response times
- Timely payments
- Opportunities for small enterprises

Value created for suppliers

- Efficient contract management
- Transparent and efficient tender process
- Efficient and well-controlled payment processes

Value created for the Fund

- Quality of services rendered

Focus areas

- Streamline payments to avoid settlements delays
- Consider supplier expectations

Community

We engage with community groups to preserve our social licence to operate and enhance our brand

Material engagements

We engaged with our communities about:

- COVID-19 health and safety in our properties
- We focused our social spending in the areas we do business in, such as Fourways

How we engage

- We engage directly with our communities and related non-profit organisations to understand community needs

Key matters and needs

- Business opportunities for local enterprises
- Job creation for unemployed youth and other community members
- Enhance educational opportunities for local youth

Value created for suppliers

- Bursary opportunities
- Job creation

Value created for the Fund

- Community engagement and increased foot count in malls

Focus areas

- Seek additional CSI initiatives to support local communities
- Understand our communities needs through continuous engagement and feed-back

Regulatory and industry authorities

We comply with mandatory laws and standards and engage with those authorities to further our understanding and application of governance best practices to support value creation

Material engagements

- We engaged with our regulatory authorities about compliance.

How we engage

- JSE Stock Exchange News Service (SENS) announcements
- APF website
- One-on-one meetings with executive management
- Stakeholder webcasts
- AGM
- Pre-close statements
- Results presentations
- Integrated reports

Key matters and needs

- Strengthen governance framework
- Resolve related party matters

Value created for employees

- Complied with laws and regulations

Value created for the Fund

- Enhanced governance

Focus areas

- Agree related party matters by 31 March 2022


Fourways Mall

RISKS AND OPPORTUNITY MANAGEMENT

An integrated risk and opportunity management approach

Our rigorous and inclusive material risks and opportunities review process ensures value creation and preservation and avoids value erosion.

Our hands-on approach to integrated risk and opportunity management plays a critical role in monitoring and managing the risks and opportunities that stem from our operating context and market.

We consider risk management an opportunity to strengthen both our strategic direction and operational practices. This enables an agile response to stakeholder needs and ensures an internal culture of adaptability.

Our risk governance model contains checks and balances to support the appropriate consideration of risk and opportunity management throughout the Fund. We identify and manage risks that could affect our strategic objectives and include these material risks in our risk register. These risks are identified in terms of impact and likelihood. Each risk is then linked to the relevant strategic objective.

Board

The board is responsible for the governance of risk. The board reviews and monitors the effectiveness of our internal control systems, assisted by the audit and risk committee.

Management

Management is accountable for developing a culture of performance monitoring and compliance throughout the Fund.

Independent audit

Our independent audit assurance partners assist us with risk oversight.

Internal controls

Our system of internal controls is designed to provide reasonable assurance as to the integrity and reliability of our financial statements and is intended to safeguard accountability. The controls are also designed to minimise significant potential loss and liability while ensuring we comply with all applicable laws and regulations.

Risk appetite

Our risk appetite reflects a balanced and integrated approach to risk management. This enables APF to take calculated risks in our pursuit of long-term value creation. Material risks are frequently reviewed, challenged and prioritised by executive management.

Management formulates strategic plans to mitigate these risks. These plans are then reviewed and recommended by the audit and risk committee to the board for approval. This process determines the residual risks to be assessed and thereby determines our risk appetite.

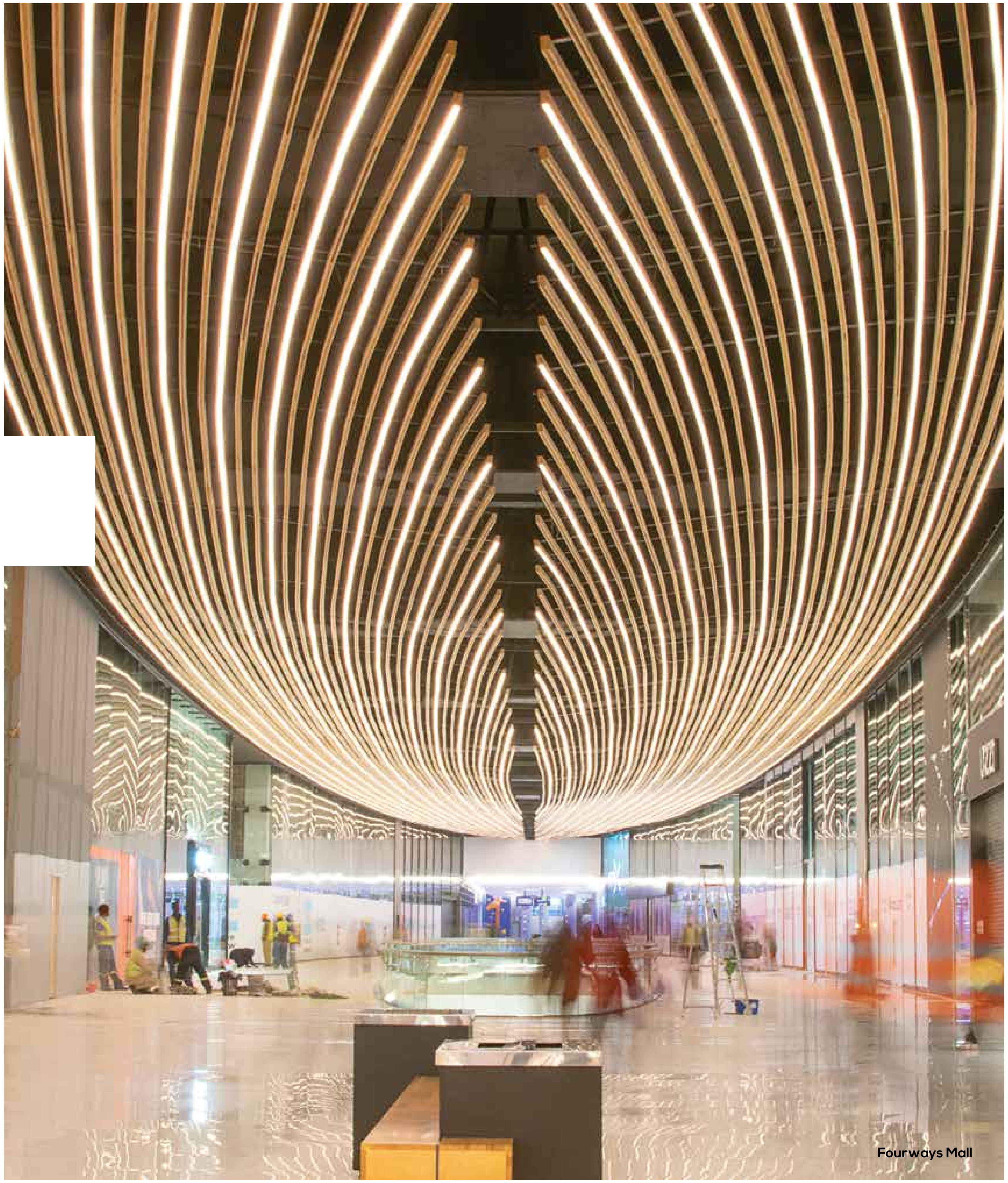
Risk tolerance

Our risk register (below) guides APF. Where a risk remains residually high, the activity giving rise to the risk is closely monitored by management. These risks are identified in terms of their probability and potential impact on the Fund.

Risk register

Risk rank	Description	Consequence description	Control description
1	**Liquidity risk** – The risk of inability to meet short-term financial demands	» Increased potential for the inability to pursue investment opportunities » Increased potential for the refinancing of debt at significantly increased borrowing costs » Inability to upgrade assets and maintain a sustainable portfolio/ business » Funds failure to comply (meet) the cash flow projections and implement decisions made based on projections » Inability to sustain business operations causing widespread disruption and possible breaching of covenants	» Continuous and effective monitoring and updating of 18 month cash flow forecasts and LTV and ICR projections » Effective management of debtors (in particular Fourways Mall head lease and Fourways Mall) » Increased debt (alternate loans) (amend covenants) » Increasing un-drawn backup facilities » Limitations on distributions and retention of reserves » Repurposing of non-performing assets » Rights issue where appropriate » Sale of assets where necessary » Sourcing of alternate funding at appropriate cost
2	**Non-performance of Fourways Mall**	» Deteriorated profitability » Increased liquidity risk	» Adequate staffing of the management team » Application of a focussed leasing strategy » Assume responsibility for management of Fourways Mall » Board provides oversight over the alignment of the vision » Implement an appropriate management structure with reporting lines
3	**Conflict of interests** – The risk that the company fails to identify and prevent conflict of interests and resolve those that have arisen	» Negative reputational impact and the concomitant downgrading of the funds ratings by agencies and analysts » Increased levels of liability exposure for all the directors and officers » Loss of investor confidence (debt and equity)	» Appointment of a well respected, experienced and competent chairman to lead the board » Appropriate constitution of board and distribution of function, duty and role » Appropriate situational awareness coupled with the ability to effectively interrogate » Development and implementation of a well designed, structured and appropriate corporate governance process » Formal frequent and regular declarations by executives and management
4	**Financial institution exposure risk (concentration)** – The risk of overexposure to a single financial institution	» Undue funder influence and pressure on company strategy and operations	» Create a pool of unencumbered assets » Design, implementation and compliance with the documented treasury policy and framework » Development of a model to facilitate diversification of funding » Discussions with alternate financial institutions » Improved on-going relationships and engagement with current bankers » Increasing un-drawn backup facilities » Well spread debt maturity profile » Appropriate debtor provisions and bad debt management
5	**Tenant default risk (credit risk)** – The risk of non payment by tenants or potential default by tenants (Fourways Mall)	» Failure to completely recover amounts owing » Increased Bad debt write-offs » Increased vacancies » Increased legal costs » Outlier compared to peers » Severely constrained cash flow with concomitant implications for fund performance	» Compliance with the terms of the SLA » Effective debtor management » Frequent review of the debtors book and age analysis » Regular interaction with tenants and demands for accurate trade statistics
6	**Economic/ pandemic** – Prolonged recession following COVID-19 pandemic as well as the diminishing confidence levels in SA	» Erosion of tenant base with concomitant reduced access to capital » Foreign based tenants leaving SA » Increased pressure on tenant base and concomitant impact on results » New formats for business	» Implementation of off-shore strategy » Investing in long-term sustainable properties that offer growth opportunities » Participating and promoting industry wide public/private partnerships » Scenario planning adopted to instil agility, adaptability and resilience throughout business processes
7	**Utility risk** – The rapid increase of electricity, water and sewerage tariffs as well as disruption to supply	» Further economic pressures on tenants » Increased potential for tenant default » Increased potential for tenant assistance » Increased pressure on cash flow	» Back-up supplies for water » Design and implementation of alternate solutions for electricity, water and sewerage to facilitate a move to more affordable and reliable utility provision » Effective management of SLA's » Generators implemented for emergency electricity supply » Implementation of alternate energy solutions to move off-grid as far as is possible. (Green buildings with appropriate energy solutions) » Solar energy generation is being investigated
8	**Distribution risk** – Inability to make adequate/ appropriate distributions to shareholders and investors	» Ongoing sustainability of APF as a listed entity/REIT becomes questionable » Reputational damage with concomitant affects on investor and funders views and perceptions » Loss of revenue and destruction of shareholder value	» Effective cash management and maintenance of appropriate levels of liquidity » Effective control of Fourways Mall cash flow (including head-lease payments) » Effective management of SLA's with management companies » Implementation of off-shore strategy » Timeous collection of debt
9	**Occupancy/ vacancy risk** – The risk of not being able to renew leases or attract tenants (Fourways Mall)	» Increased pressure on cash flow/liquidity » Potentially lower rentals to offset increasing vacancy rate » Reduction in income and distributable earnings » Reduction in property values	» Acceptance of effective structured rental deals including where necessary soft income deals » Adequate capex and maintenance spend » Possibility of moth-balling certain areas/re-purposing » Pro-active targeting of new tenants
10	**Concentration risk** – Geographic and sectorial concentration of properties resulting in higher exposure to risks within current portfolio areas and locations	» Compromised results » Increased pressure on cash flow/liquidity » Failure to attract capital for growth	» Development of additional local nodes » Implementation of off-shore strategy » Skilled employees deployed to ensure current nodes become and remain successful

05. OPERATIONAL REVIEW



Fourways Mall

TENANTS AND LEASING

The sustainability of our business would not be possible without our tenants.

The primary purpose of our portfolio managers and leasing team is to manage tenant relationships, ensure tenant retention and create new tenant opportunities.

We seek out innovative opportunities to optimise our tenant mix to improve revenue generation and differentiate our assets.

We are currently implementing self-storage as a new asset class in our portfolio. We have made good progress in establishing a storage platform by repurposing our vacancies and excess parking at Fourways Mall.

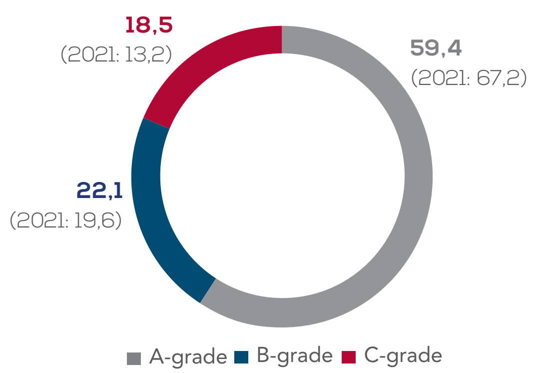
We perform regular reviews on the financial health of our tenants. Despite the high-quality of the majority of our tenants we remain conscious of the pressures and risks related to the current operating environment.

Tenant profile

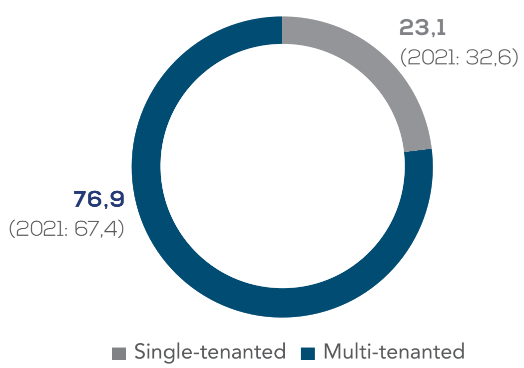
Tenants in our retail sector are categorised by grade:

» A-grade: Large national tenants, large listed tenants and major franchises
» B-grade: National tenants, listed tenants, franchises and medium to large professional firms
» C-grade: Other, smaller non-listed and non-franchised businesses, mainly owner-operated

Tenant profile by GLA (%)



Single versus multi-tenanted by GLA (%)



Tenant attraction and retention

We monitor consumer needs and trends closely to maintain an optimal tenant mix in our properties. Our portfolio managers ensure that tenants are correctly placed to serve the centre's market, cognisant of nearby competitors, and present the best possible options to current and future tenants. We also ensure that anchor tenants are strategically placed to maximise foot traffic in each centre.

We have considered new ways to support sustainability and flexibility through diversification. This, in turn, has necessitated the exploration of alternative uses for our existing asset classes.

Tenant evaluation

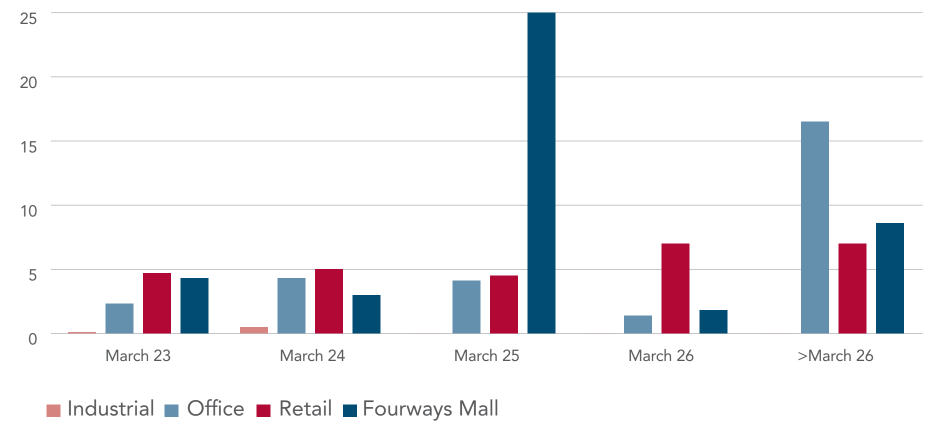
All prospective tenants are evaluated for creditworthiness and trade history before a lease is signed, and we seek to understand their business or product, to ensure the product or service meets the needs of consumers in that particular node. We then compile a comprehensive tenant portfolio to align our leasing strategy with the optimal tenant mix in terms of customer needs and attractions, complementary tenants and Fund profitability.

Leasing

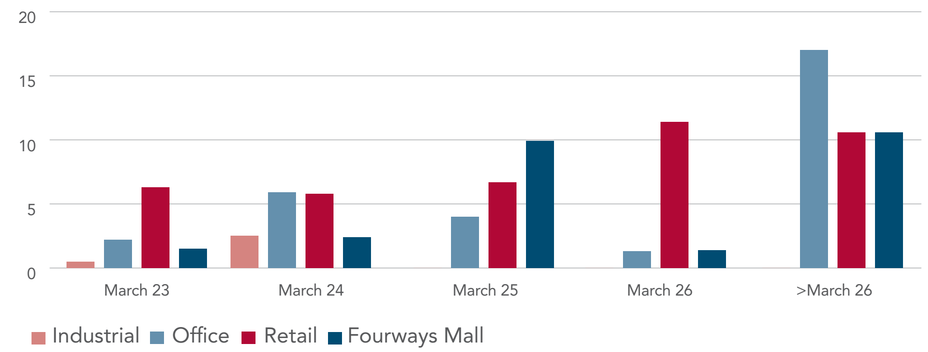
The weighted average lease expiry

Our weighted average lease expiry (WALE) by gross rental profile has decreased year-on-year to 3,9 years from 6,1 years after the disposal of the European asset portfolio, due to the long-term single-tenant nature of those assets.

Lease expiry by revenue (%)



Lease expiry by GLA (%)



Contractual escalations

We have experienced significant pressure on our contractual escalations, with an overall contractual escalation in place of 7,0%.

Vacancies

Portfolio managers, as well as executives and senior management, monitor all vacancies and develop strategies to manage current and future vacancies weekly.

The overall vacancy has increased due to the sale of the European retail portfolio, which was fully let; small increases in the office and retail vacancies due to COVID-19, as well as non-core industrial assets going vacant.

The vacancies per sector are shown in the table below.

Actual vacancy profile per sector as at 31 March 2022 by GLA

		Total	Retail	Office	Industrial	European retail
2022	Vacancy %	21,2	8,9	31,6	64,6	n/a
2021	Vacancy %	15,0	8,5	29,5	27,5	0,0

The Fund's vacancy by revenue is only 9,1%, due to the vacancies consisting mainly of B- and C-grade office space, and large industrial space with lower rentals per m².

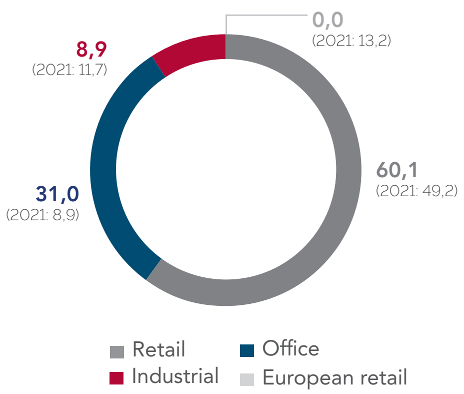
SECTORAL REVIEWS

Our portfolio comprises properties located in specific nodes, covering retail, office and industrial sectors.

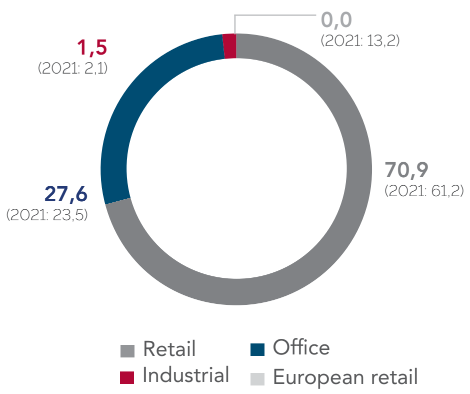
Sector summary

		Total	Retail	Office	Industrial	European retail
Number of properties	**2022**	**34**	**15**	**15**	**4**	**n/a**
	2021	45	15	16	5	9
Average escalation (%) (2021: 6,6% excluding offshore)	**2022**	**7,0**	**7,0**	**7,2**	**6,8**	**n/a**
	2021	6,2	6,1	7,4	7,8	0,0
Weighted average lease period (years)	**2022**	**3,9**	**3,5**	**5,2**	**3,3**	**n/a**
	2021	6,1	5,4	6,1	3,1	12,5

Sectoral type by GLA (%)



Sectoral type by value (%)



Fourways Mall

Fourways Mall

RETAIL

Our retail portfolio includes a diverse selection of malls and shopping centres, with diversified offerings.

Year in review

Super-regional malls' trading densities remain under pressure due to resistance to closed-air malls. Our regional and neighbourhood centres' trading remains resilient because consumers favour open-air and convenience centres.

Performance overview

- Regional trading figures back at pre-COVID-19 levels
- Vacancies steadily reducing
- COVID-19 relief significantly reduced (less than 10% of relief granted for the year ended 31 March 2021)
- Rental collections returning to pre-COVID-19 levels

Highlights

- House & Home, Pep Home, Factorie, and PQ were added to Fourways Mall's tenant mix
- Cedar Square's storage offering doubled due to demand
- Clicks was secured at Eden Meander lowering vacancy levels to 0,2%

Focus areas

- Staying relevant in current nodes
- Focusing on long-term retail property fundamentals
- Repurposing space
- Growing storage offering
- Maximising non-GLA income
- Adapting to the changing consumer behaviour, including online sales

Building	Region	GLA (m²)	Net rental per m²	Fair value 31 March 2022 (R)	Value of bulk included in fair value (R)
Fourways Mall	Gauteng	88 785	293	4 604 285 116	149 031 116
Cedar Square Shopping Centre	Gauteng	44 212	97	888 489 588	242 682 000
Eden Meander	Western Cape	30 817	104	500 000 000	29 507 316
BMW Fourways	Gauteng	7 857	172	284 767 200	81 810 000
The Buzz Shopping Centre	Gauteng	14 162	96	279 000 000	85 114 000
The Leaping Frog	Gauteng	11 154	93	130 000 000	–
Bela Bela	Limpopo	15 991	65	124 200 000	–
FORD Fourways	Gauteng	2 469	250	87 126 541	–
Waterford	Gauteng	6 682	88	83 221 051	–
Cherry Lane	Gauteng	11 428	49	70 071 181	–
Edgars Polokwane	Limpopo	4 500	73	39 263 750	–
Beacon Isle	Gauteng	2 080	128	31 962 394	–
Valleyview Centre	Gauteng	2 012	81	24 586 538	–
Cascades Shopping Centre	Gauteng	3 413	43	20 000 000	–
Corporate Park Corner Shopping Centre	Gauteng	4 252	33	17 000 000	–
		249 814		**7 183 973 359**	**588 144 432**

Fourways Mall

Revenue (%)

m²

GLA

249 814m²

(2021: 245 394m²)

Fair value

R7,2 billion

(including bulk of R588 million)

(2021: R7,2 billion)

Properties

15

(2021: 15)

OFFICE

Our P-grade and A-grade offices are situated in strategic nodes in Sandton, Gauteng and on the Foreshore in the Western Cape.

Key nodes

- Foreshore
- Charles Crescent
- Sandton

Year in review

The vacancies are mainly in our B-and-C-grade offices, with many of these properties currently held for sale or redevelopment.

Performance overview

- Quality office portfolio in prime locations
- 87,5% A-and-P-grade by revenue performing well
- Vacancies predominantly in B-and-C-grade offices – many of these properties are currently held for sale/redevelopment
- Vacancies have been reduced in the B-grade space in the Cape Town Foreshore

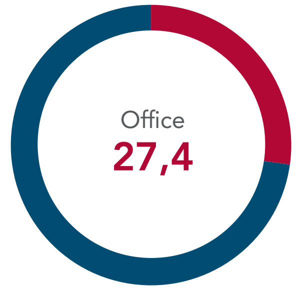
Focus areas

- Attracting and retaining quality on long-term quality blue-chip tenants
- Tailored upgrades and enhancements to existing assets
- Reduce existing vacancies/repurpose space
- Disposal of non-core assets (B-and-C-grade space)

Building	Region	GLA (m^2)	Net rental per m^2	Fair value 31 March 2022 (R)	Value of bulk included in fair value (R)
Portside	Western Cape	25 248	173	720 000 000	–
KPMG Crescent	Gauteng	20 096	249	706 788 126	–
CITI bank	Gauteng	12 432	127	554 144 000	317 253 869
Oceana House	Western Cape	7 254	150	153 807 859	–
Pri-movie Park	Gauteng	17 627	51	129 600 000	–
73 Hertzog	Western Cape	5 470	115	119 352 440	37 952 440
Thomas Pattullo Building	Western Cape	6 084	119	102 134 529	–
1 Charles Crescent	Gauteng	13 723	60	100 300 000	–
99 – 101 Hertzog Boulevard	Western Cape	3 620	96	46 243 811	–
Mustek (89 Hertzog Boulevard)	Western Cape	4 500	74	44 414 124	–
KPMG Polokwane	Limpopo	1 484	211	41 662 506	–
9 Charles Crescent	Gauteng	4 298	47	31 200 000	–
Brooklyn Place	Gauteng	3 239	60	23 384 833	–
KPMG Secunda	Mpumalanga	830	161	17 845 213	–
ABSA Brakpan	Gauteng	2 800	13	6 800 000	–
		128 705		**2 797 677 441**	**355 206 309**

Cedar Square

Revenue (%)



GLA

128 705m²

(2021: 129 093m²)

Fair value

R2,8 billion

(including bulk of R355 million)

(2021: R2,8 billion)

Properties

15

(2021: 15)

INDUSTRIAL

Year in review

The Fund's industrial portfolio is small – with all current industrial assets listed as non-core. While our industrial exposure is limited, we are committed to managing these properties to optimise value for the company and our tenants.

Looking ahead

» We remain focused on disposing our non-core assets

» We remain focused on light industrial (logistics, warehousing and storage) in the long-term. We seek quality light industrial acquisitions

Building	Region	GLA (m^2)	Net rental per m^2	Fair value 31 March 2022 (R)	Value of bulk included in fair value (R)
MB Technologies – 8 Charles Crescent	Gauteng	6 000	53	55 200 000	–
Accentuate	Gauteng	13 566	25	36 636 909	–
Meshcape Building	Gauteng	13 898	22	32 749 136	–
10 Charles Crescent	Gauteng	3 445	51	22 449 220	–
		36 909		**147 035 265**	–

CITI Bank

Revenue (%)

m^2

GLA

36 909m²

(2021: 129 093m²)

Fair value

R147 million

(2021: R251 million)

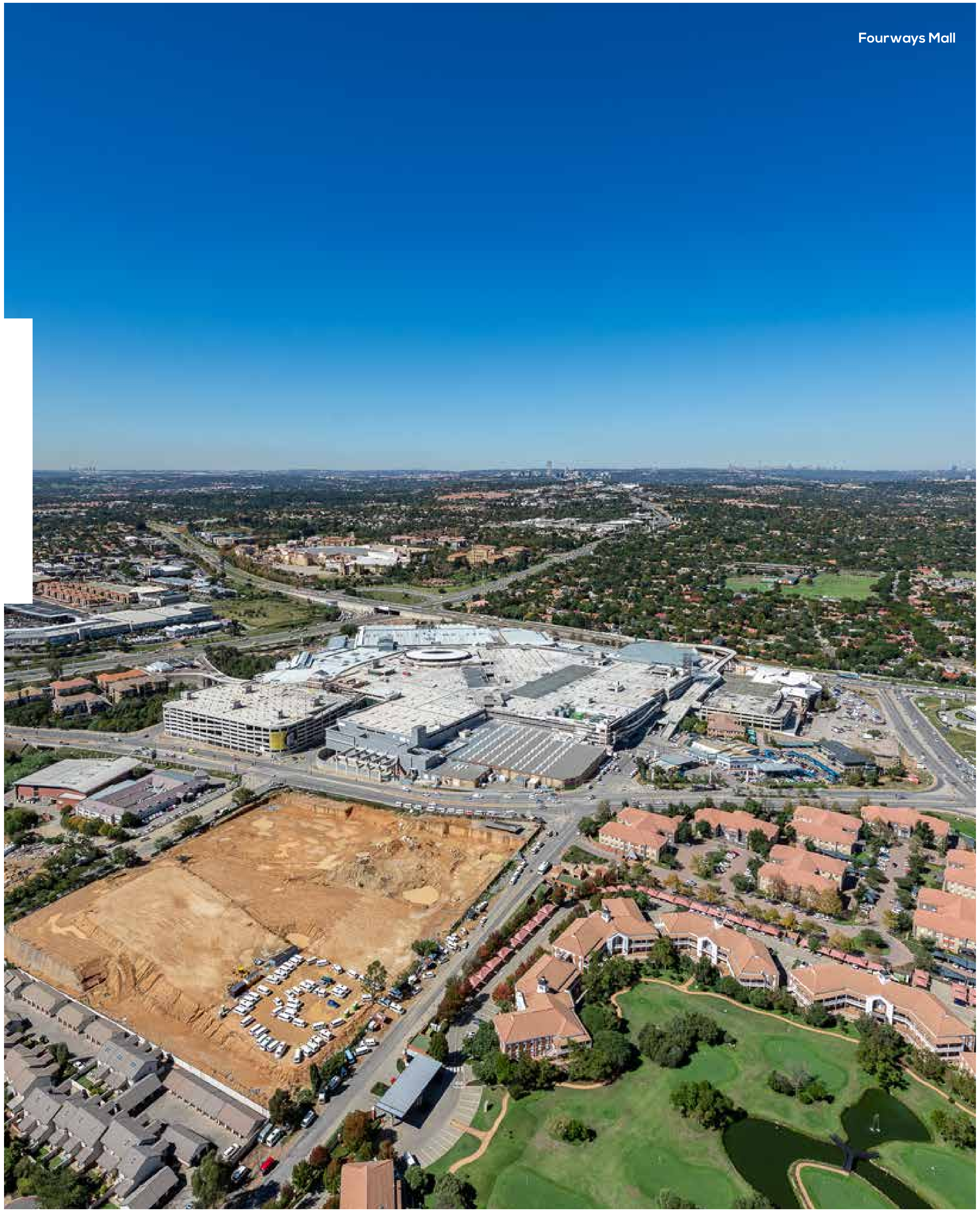
Properties

4

(2021: 5)

06.

SUSTAINABILITY REVIEW



Fourways Mall

DELIVERING ON ESG

Integrating sustainability and good corporate citizenship

We are committed to integrating sustainability into our long-term decision-making and strive to create sustainable value for our stakeholders by being a good corporate citizen and adopting the principles of integrated thinking.

Our awareness about environmental and social matters has always been present, with incremental improvements planned annually, however, momentum on various aspects of these plans was stalled by the pandemic. This year we made a concerted effort to plan many improvements relating to ESG matters, and have developed a sustainability platform to promote continuous progress – taking our first steps towards achieving our ultimate goal of becoming a net-zero business.

Our goal is to create value that extends beyond profits, to ensure our efforts further benefit our people, the communities we operate in and our stakeholders by demonstrating good corporate citizen leadership attributes in our development activities whilst considering our impact on the planet. We drive this goal by upholding the rights, responsibilities, and obligations of society at large and the natural environment in which we operate. To achieve this, we focused our attention on formulating a sustainability strategy, investigating how to report and communicate key sustainability metrics; and subscribing to the following sustainability objectives:

» Using energy, water, and materials responsibly by reducing, reusing, and recycling
» Engaging meaningfully with stakeholders around issues of sustainability
» Being cognisant of climate change projections in the areas in which we operate

The advantage of having an ESG-focused value proposition has enhanced our corporate reputation and brand value and will help to further reduce our funding costs, and lower occupancy and operating costs whilst improving our shareholder value.

ENVIRONMENT

We aim to reduce our environmental footprint, limit negative impacts, and create awareness to influence the right behaviours among our stakeholders.

APF has introduced and continues to implement sustainability initiatives across our property portfolio. We believe that effective environmental stewardship requires collective effort and responsibility from ourselves, our tenants, and our shoppers. The following initiatives have formed a core part of the Fund's environmental goals:

1. Affordable and clean energy

Increasing the proportion of renewable electricity consumed across the portfolio	Solar photovoltaic (PV) implementation has various benefits to APF, which include: » Reduced reliance on the energy grid » Improved risk management during load shedding » Lower occupancy costs, as the electricity tariffs increase at a rate higher than inflation » Lower carbon footprint
Improving energy efficiency across the portfolio	» LED lighting has numerous benefits such as energy efficiency, low energy consumption, and a longer life span » LED lighting was successfully installed throughout our flagship properties, including Fourways Mall, Cedar Square, Citi Bank, KPMG, and Portside amongst others » Motion detectors for parking areas phased implementation of power factor correction units, and use of solar shields to reduce glare and heat were initiated
Average energy consumption	» We consumed 14,6165 kWh per m^2 in FY2022 (2021: 15,6065 kWh per m^2).
Producing our own renewable energy	» We are planning to integrate renewable energy production into our operations and expect to increase our production capacity from the third quarter of this year

2. Clean water and sanitation

Improving the efficiency of water usage across the portfolio	APF has undertaken numerous steps to improve the efficiency of water usage, including the replacement of urinals in our men's bathrooms with waterless urinals, and the installation of a bathroom tap system that is modified with an aerator to limit the dispensing of water in our hand basins. Future plans include replacing air conditioner systems from water-based cooling with a more efficient system or using filtered borehole water for these air conditioners wherever possible. This system is currently being used in a few of our properties. Landscaping gardens with water-wise plants has also been implemented.
Implementing integrated water resource management (where possible) in the portfolio	We have identified opportunities to utilise grey water harvesting and boreholes at some of our sites to achieve better water resource management.
Improving water quality by reducing pollution and minimising the release of hazardous chemicals and materials	We ask our cleaning companies to use environmentally friendly cleaning products to minimise pollution and harmful products. We also advise tenants on the proper disposal of hazardous materials to ensure that this is done in the least detrimental manner for the environment.
Water consumption	We consumed 0,0675 kℓ per m^2 in FY2022 (2021: 0,0763 kℓ per m^2).

3. Ensuring sustainable consumption and production patterns

The sustainable and efficient use of natural resources	**To improve sustainable consumption across our portfolio, we have:** » Installed double-glazed windows to improve energy efficiency whenever possible » Replaced air-conditioning units with more energy and water-efficient ones » Used environmentally friendly building methods and materials » Planted water-wise gardens and landscaping
Effective waste management to reduce the impacts on the environment	Our policy is to separate waste and recycle items where feasible. Separating waste into recyclable and non-recyclable waste reduces our impact on landfill deposits, and ultimately our impact on the environment. To improve effective waste management, we have: » Implemented a chemical and waste disposal framework » Used ecologically friendly cleaning products » Used water-based paints and less toxic chemicals across our portfolio
Reducing waste through reduction, recycling, and reuse	To reduce waste management, we have: » Employed waste management companies to sort and recycle waste (both on-site and off-site) » These companies have been tasked with measuring waste reduction impacts and reporting thereon; these results are then shared with tenants to create awareness, and to motivate and improve waste management further » Installed visible recycling bins at larger retail centres » Cedar Square's concept store, The Refillery, focuses on reducing plastic packaging, and we are working closely with other tenants to promote this. » We have committed to printing less and whenever possible adopting a paperless business environment » Paper recycling bins are provided in the corporate offices
Average volume of recycling	» We recycled 10,545 tons per month

OUR PEOPLE

Employee culture, engagement, and goals

Our employees are key to our success. We focus on attracting and retaining talented people whose values are aligned with our values and high-performance culture.

In line with our aim to be an employer of choice, we believe that long-term success is directly linked to the quality of our people, our working environment, and our corporate culture. To promote a positive environment, we ask our employees to commit to our values of integrity, honesty, and trust.

Integrity	To be accountable for our actions, consistently fair to others, and be truthful and respectful
Honesty	To be reliable, approachable, transparent, and sensitive to the needs of others
Trust	To be trustworthy in our dealings and interactions with our key stakeholders

Employee turnover

We prioritise employee well-being by creating a fair, safe and engaging work environment for our employees. We offer competitive remuneration, which in turn translates into committed employees.

We are pleased to report no retrenchments were conducted during the year, and that we have extremely low annual staff turnover. While we recognise that a low employee turnover ensures business continuity, we do value new insights brought to the business through new appointments.

Ethical culture

Ethical conduct is entrenched in our culture and forms a cornerstone of our values and ensures our ethics are entrenched at every level of the business. We are intolerant of all unethical conduct and remain committed to mitigating all material business ethical risks. We use our disciplinary code to support and guide management when ethics incidents are reported. In cases where unethical behaviour is discovered, we thoroughly investigate the event and institute corrective actions. We also pride ourselves on having an open-door policy to ensure all employees feel comfortable when reporting any unethical behaviour.

Broad-based black economic empowerment (BBBEE)

The Fund complies with BBBEE legislative requirements while addressing the challenges in meeting the amended targets, which came into effect on 1 April 2018. For a REIT, BBBEE legislation must be viewed in conjunction with the revised property sector codes, which were promulgated in June 2017. The company has set targets and charted a plan to achieve compliance within a reasonable period. We focus on employment equity, skills development, and preferential procurement to help us achieve our transformation goals.

Employment equity profile

Occupational level	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	2	–	–	7	1	–	–	–	**10**
Senior management	–	–	–	3	–	–	–	1	**4**
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	–	–	–	1	–	–	–	1	**2**
Total permanent	**2**	**–**	**–**	**11**	**1**	**–**	**–**	**2**	**16**

The company does not currently employ any persons with disabilities.

Training and development

The purpose of training is to enhance our skills base, contribute to value creation, and succession planning, increase internal employees' eligibility for promotion and support employment equity initiatives. Employee training needs are identified during employee reviews, while the collective skills base is assessed annually to identify skills gaps and development areas.

During the year, four employees received shopping centre management training and one employee received facilities management training.

Health and safety

We offer a safe and healthy working environment. We strive to provide an environment that empowers employees to perform optimally while meeting our organisational objectives. We have procedures in place to manage occupational incidents, and process compensation claims in line with legislation. Since the onset of the pandemic, we have implemented protocols to safeguard all employees and stakeholders from the virus in our buildings.

We are proud to report that no injuries or medical treatment cases were reported during the financial year.

OUR LOCAL COMMUNITIES

Corporate social investment

Our goal is to strengthen our relationships with communities and to improve socio-economic conditions in our nodes. Our relationships with communities are vital as our tenants would not be able to trade, and our business would not exist without them.

We are committed to contributing to meaningful social change by developing sustainable relationships with local educational facilities to improve the quality of education and social welfare within the communities that surround our properties.

Our corporate social investment (CSI) strategy is demand-driven rather than a supply-driven, however, when we do consider APF business priorities when selecting CSI activities to ensure alignment with our goals of:

» Promoting education and building skills capacity

» Improving the nodes in which we operate

» Minimising environmental impact

» Developing future tenants

Scholarship programme

By empowering South Africans through education, we believe we can assist in overcoming barriers to transformation and create the skills that the country needs, lower unemployment and offer opportunities to disadvantaged youth in need.

We choose to invest in outreach programmes that uplift education and schools in the Fourways node and offer a scholarship programme for tertiary education to scholars from the area. This programme supports educational initiatives for five beneficiaries by covering tuition and accommodation fees and giving students an additional monthly stipend for essentials. Each scholarship recipient has a dedicated mentor who offers regular guidance, and if emotional guidance is required, the bursary fund facilitates the appropriate support.

Our scholarship programme does not include a work-back expectation from APF, instead, we encourage recipients to rather 'pay it forward' and give back to their communities. We encourage our students to become community builders and demonstrate good citizen leadership qualities by enabling them to offer academic support and life guidance to students at their previous schools.

R573 838 was spent in support of our scholarship programme in FY2022.

Going forward, we intend to increase our scholarship beneficiaries to seven students per year. All new students joining our programme will study courses aligned to APF's business, to enable future employment opportunities for graduates. We also plan to offer artisanal scholarships to support students interested in plumbing and building maintenance careers as well. The goal is to enable graduates to start their own businesses and be hired by APF in the future. This will support our enterprise development goals for small businesses as well.

Supporting tenants through rental concessions

Tenant business sustainability and retention were at the forefront of our considerations throughout the COVID-19 pandemic. We recognised the need to act fairly and accommodate tenants where possible during the pandemic to protect livelihoods and jobs. In total APF offered over R200 million worth of relief in the two-year pandemic period. We recognise the value APF and the whole property sector contributed towards the South African economy and our citizens during lockdown.

Enterprise development

Our approach to CSI also includes analysing potential opportunities within our portfolio, such as the donation of vacant retail space and rental assistance to NPOs and businesses that serve local communities One of our beneficiaries, The Daily Bread, was supported with 115m^2 of free space in our Leaping Frog shopping centre, amounting to R183 540 rental contribution per year.

Forward-looking nodal development

We intend to positively impact the lives of our community members, and continually investigate ideas to achieve this goal. One such idea is to install solar panels to traffic lights within our nodes – we are hoping to install a solar panel at the intersections of Cedar Road and Willow Ave in the near future.

Another plan is to plant trees within the Fourways Node to beautify the area, which in turn will attract more patrons to the area thereby improving the socio-economic climate for the node.

07. LEADERSHIP AND GOVERNANCE

The Buzz

GOVERNANCE HIGHLIGHTS

Mr Tito T Mboweni was appointed as a non-executive director and chairman, effective 1 February 2022, to strengthen the governance skills of the board

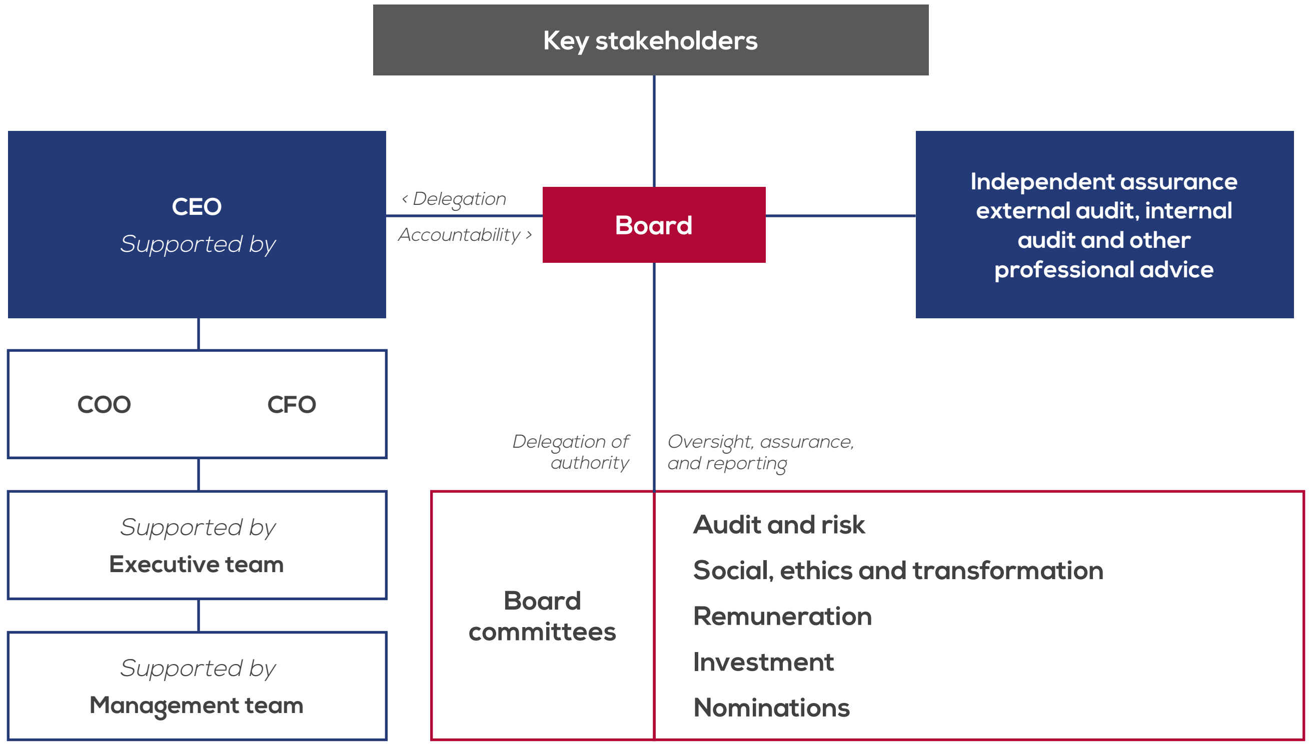
Mr James WA Templeton was appointed as a non-executive director, effective 1 February 2022, to strengthen the property skills on the board

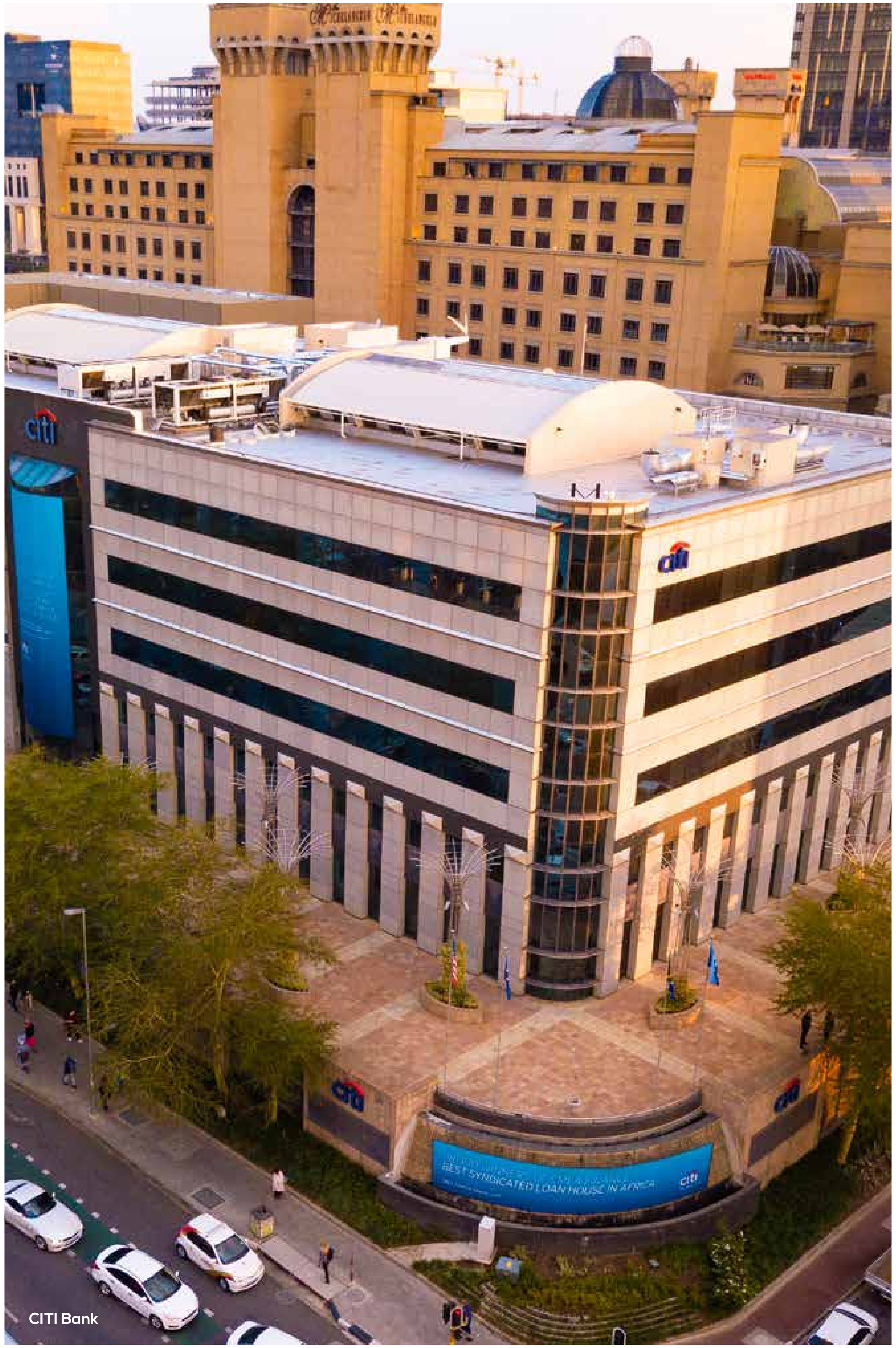
GOVERNANCE FRAMEWORK

Our approach to governance

Good governance supports our overall value creation process and helps APF establish and maintain trust with key stakeholders. Our governance structure, processes and policies ensure APF is managed ethically and consistently controlled to ensure APF executes on its strategy. We are committed to continuously improving our governance practices. This chapter sets out our approach to governance, with an overview of our implementation of the principles advocated by King IV.

Governance structure




CITI Bank

OUR LEADERSHIP

Our board's extensive experience in property and business management and, particularly, corporate governance, is the foundation of our value-creation strategy.

EXECUTIVE DIRECTORS

NON-EXECUTIVE DIRECTORS

Mr Michael N Georgiou (52)

I

CEO

Appointed: 1 January 2013

Expertise: Acquisitions, disposals, finance, property development and property management

Mr Andrew Costa (51)

I

COO

Appointed: 1 April 2013

Qualifications: BCom, LLB

Expertise: Acquisitions, debt and equity capital markets, corporate finance, disposals, finance, investment banking, legal and property development and management

Mr Dimitri Kyriakides (67)

SET

CFO

Appointed: 1 January 2013

Qualification: CA(SA)

Expertise: Audit, accounting, acquisitions, disposals, finance, IT, property development and property management

Mr Dawid J Wandrag (70)

I

Executive director

Appointed: 1 May 2019

Qualification: BCom (Accounting)

Expertise: Acquisitions, disposals, finance, property development, property management, audit, banking, corporate governance, insurance, risk management, capital markets, legal, compliance and IT

Mr Tito T Mboweni (63)

N R

Independent director and chairman

Appointed: 1 February 2022

Qualifications: BA, MA

Expertise: Expertise: Banking, finance, economics, remuneration, corporate governance

Mr Timothy J Fearnhead (73)

AR SET I N R

Independent director

Appointed: 1 June 2013

Qualifications: CTA, Charted Accountant, AdvDip (Banking)

Expertise: Audit, banking, corporate governance, finance, insurance, remuneration and risk management

Committees

AR Audit and risk committee	R Remuneration committee	Committee chair
SET Social, ethics and transformation committee	I Investment committee	N Nominations committee

NON-EXECUTIVE DIRECTORS

	Number	Percentage %
Number of board members	10	100
Board members who are non-executive	6	60
Board members who are deemed independent	5	50
Board members who are women	1	10
Average age of directors (in years)	60	60

Ms Kolosa Madikizela (42)

AR N SET I

Independent director

Appointed: 1 June 2013

Qualifications: PrCM, PrCPM, PMP

Expertise: Property development and property management

Mr Abel M Mawela (60)

AR SET R I

Independent director

Appointed: 1 May 2019

Qualifications: MBA, BCom (Hons)

Expertise: Finance, audit, corporate governance, insurance, risk management, compliance and accounting

Mr Jacobus Frederick (Derick) van der Merwe (68)

AR I R N

Lead independent director

Appointed: 1 February 2021

Qualification: BCompt (Hons), CA(SA), ACIOB

Expertise: Audit, accounting, corporate governance, finance, property management, property development and risk management

Mr James WA Templeton (49)

AR I

Non-executive director

Appointed: 1 February 2022

Qualification: BComm (Hons), Chartered Accountant

Expertise: Equity analyst, Trading and treasury and property fund management

Appointments and resignations

Appointments

- Mr Tito T Mboweni was appointed as a non-executive director and board chairman, effective 1 February 2022
- Mr James WA Templeton was appointed as a non-executive director effective, 1 February 2022
- Mr JF van Der Merwe was appointed as lead independent non-executive director, effective 1 February 2022

Resignations

Associate Prof François M Viruly resigned on 8 October 2021 due to differing views on strategic matters.

Committees

AR Audit and risk committee	R Remuneration committee	Committee chair
SET Social, ethics and transformation committee	I Investment committee	N Nominations committee

Detailed biographies of our leadership team can be found at https://www.acceleratepf.co.za/about/governance/#Team.

Our management team

Our accomplished and professional management team has over 200 years combined experience in finance, legal, retail and property.

Each member of our management team leads with proficiency and dedication. We cultivate a culture of collaboration across the team to ensure our company continues to deliver our renowned high-quality shopping, leisure, office and industrial experience in key nodes.

Accelerate Property Fund (APF)*	
Michael Georgiou	CEO
Andrew Costa	COO
Dimitri Kyriakides	CFO
Dawid Wandrag	Executive director
Pieter Grobler	Head of finance and treasury
Abri Schneider	Chief investment officer
Dimitri Kokinos	Head of asset management
Margi Pinto	Company secretary
Maria Varfis	Head of marketing

Accelerate Property Management Company**	
Ashley du Toit	Executive manager: Accelerate Property Management Company
Leon Louw	Executive portfolio manager: Accelerate Property Management Company
Lauren van Staden	Head of administration
Angelique Grigoratos	Head of legal and compliance
Maxi Henning	Head of utilities
Karlien Kruger	Head of finance
Rudi Swanepoel	Senior portfolio manager

Fourways Mall Management**	
Tony Koupis	General manager Fourways Mall
Andri Pienaar	Head of asset management
Lynette Robinson	Head of administration

* *Executive management (EXCO)*
** *Management team (MANCO)*

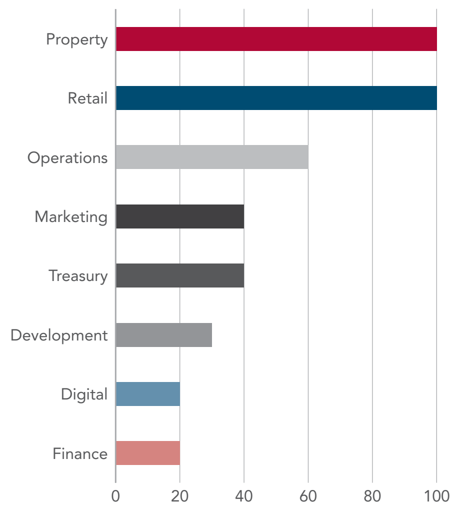
43%
have been with APF since its inception

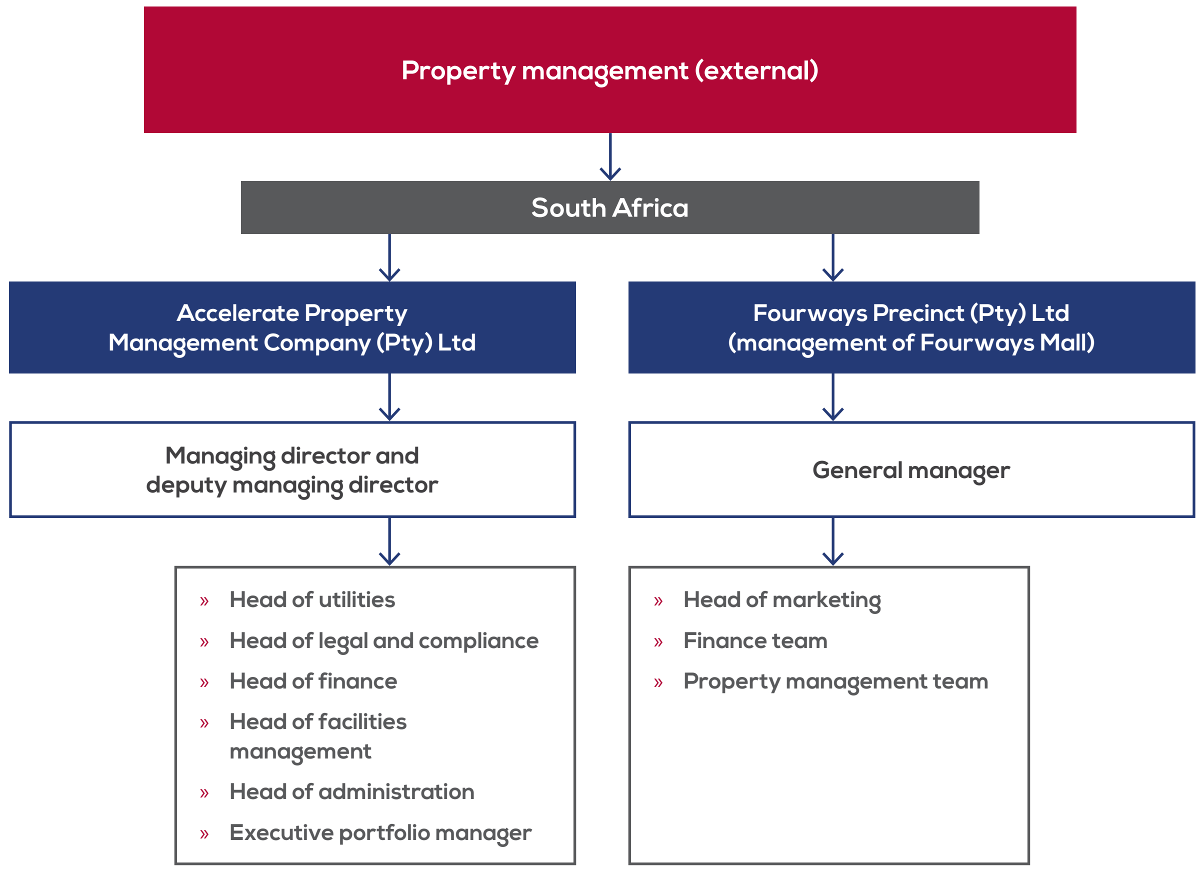
16 years
of average property experience per person

47%
Female

53%
Male

Sector experience (%)






The Buzz

HOW WE ARE GOVERNED

Excellent corporate governance and a dedication to creating long-term sustainable value are what fuel our company culture.

Please refer to our website for our King IV register, which details our application of the King IV principles.

Board composition

The board is satisfied that its composition reflects the appropriate balance of knowledge, skills, experience, diversity and independence needed to support the strategic direction of the company.

Independence

The board complement is designed to ensure a balance of power so that no individual director has undue influence on board processes and decision-making. The chairman of the board is independent. Half the board is independent. This strengthens the overall balance and independent judgement brought to decision-making. The board is assured that it receives diverse points of view from an executive perspective with four executive directors. This contributes to constructive debates and an effective decision-making process.

Assessment outcome

The 2022 board evaluation process included an assessment of the independence of non-executive board members. The board concluded that all its non-executive directors continued to be independent and that no non-executive director has served on the board long enough to compromise objective judgement or cause any bias in decision-making.

5
Independent non-executive directors

4
Executive directors

1
Non-executive directors

Tenure

We require all newly appointed directors to retire at the first annual general meeting (AGM) following their appointment. They may be re-elected by shareholders, if eligible and available.

All non-executive directors are subject to periodic staggered retirement and re-election by shareholders at least once every three years, as prescribed by the company's Memorandum of Incorporation (MoI) and Board Charter.

The board assesses the independence of all non-executive directors annually.

Tenure
4
0 – 5 years

Tenure
2
6 – 10 years

The average board tenure of non-executive directors is five years

Board diversity

When making new appointments to the board, the nominations committee and the board consider the provisions of the company's policy on gender and racial diversity.

A review of the qualifications, experience, disciplines, gender and racial diversity of the directors, as detailed in this report, indicates that the directors meet the diversity criteria to satisfactorily fulfil their fiduciary duties and duties of care, skill and diligence.

Balance of skills and experience

Board demographics

Board diversity
7
White males

Board diversity
2
Black males

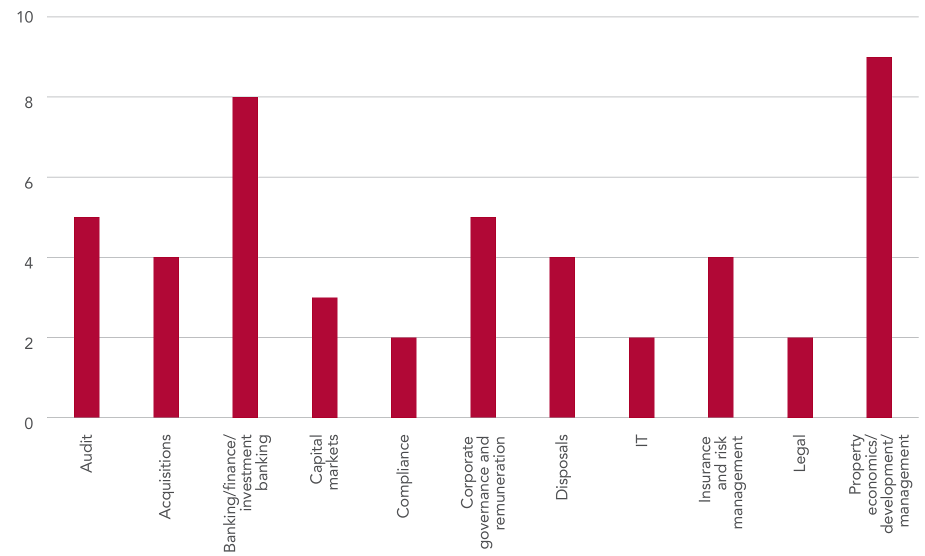
Board diversity
1
Black female

The board considers its size, diversity, demographics and skills requirements as part of the annual assessment of the board and directors' performance.

In terms of the company's Nominations Policy, a formal selection process is in place for the appointment of new directors. Suitable candidates are reviewed for the relevant knowledge, skills, experience and independence of mind needed to discharge their responsibilities on the board, considering the company's business and risk profiles.

The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

Expertise



Succession planning

Our succession planning makes provision for the identification, mentorship and development of future board members; this ensures new expertise and perspectives while retaining valuable industry knowledge, skills and experience and maintaining continuity.

Director development

Skills development and training for board members has been tabled for the new financial year. The board has committed to biannual training for all members. By upskilling the board, we can ensure members are armed with the required property market skills and understand the latest trends. Skills development will also empower members to confidently interrogate reports and ask questions to support stakeholder interests.

APF remains focused on the ongoing training of board members, executives, senior management and employees.

Creating value through good governance

Our approach to corporate governance and leadership supports our value creation process.

The board appreciates that the organisation's value creation process cannot be separated from APF's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development. As such, we incorporate sound corporate governance practices in our values, culture and processes, and our internal controls promote an awareness of risk, compliance and good governance throughout the business.

Commitment to the King IV principles and outcomes

The board is committed to its primary governance roles and responsibilities. It recognises that the execution of these and the application of King IV principles and outcomes allows it to measure and review performance in an informed manner. For more details, see our King IV register on our website at https://www.acceleratepf.co.za/investorcentre/. Our governance practices and processes resulted in the following outcomes:

Ethical culture	Performance	Effective control	Legitimacy
Our approach to business is underpinned by an ethical culture. We undertake to conduct ourselves ethically in everything we do, in line with our values and the terms of our Board Charter and Code of Ethics.	Our strategy is designed to deliver good performance over the short, medium and long-term. Performance is connected to our immediate financial results and the long-term growth prospects of the business.	While the board is ultimately responsible to shareholders, our governance structures ensure there is an effective delegation of responsibility to enable sustainable delivery.	We strive to be scrupulous in the way we conduct our business. We endeavour to be a responsible corporate citizen that contributes to the growth of the communities in which we operate. Our social activities are reported on page 91 to 95.

Ethical culture

The board is committed to leading ethically and effectively, and it strives to ensure that its actions reflect this.

The board is ultimately responsible for the ethical behaviour of the business and regularly reviews the company's governance structures to ensure these remain relevant and effective in achieving their objectives.

The social, ethics and transformation committee focuses on ethics management, in alignment with King IV. The role of this committee has evolved over the past few years to be more prominent in ethics management, and to ensure an ethical culture and ethical conduct permeate the group.

Our values are embedded in our Code of Ethics. These values include integrity, trust and honesty, in our relationships with all stakeholders. APF expects its suppliers, customers and other stakeholders in the value chain to adhere to its Code of Ethics.

The company has an ethics matrix in place. At every meeting, the social, ethics and transformation committee monitors APF's ethical conduct by reviewing reports of significant cases of employee conflicts of interest, misconduct, fraud, dishonesty or any unethical activity, as well as reports of any whistle-blowing activities. The committee also reviews the company's Code of Ethics Policy every three years, or as required, for further review and confirmation by the board. There were no ethics breaches to report for the year under review.

The board upholds the protection of human rights as encapsulated in the South African Constitution and Bill of Rights. The board confirms that APF adheres to the 10 principles of the United Nations (UN) Global Compact.

Details of our social impact and the activities of the social, ethics and transformation committee are discussed in the social, ethics and transformation committee report on pages 119 to 120.

Conflicts of interest

We aim to ensure compliance with statutory and best practice requirements and protect the company and individuals from any appearance of impropriety.

APF's Conflicts of Interest Policy guides directors and senior management on how perceived and actual conflicts may arise and should be declared. The board understands that managing potential conflicts of interest arising through related party transactions is key to APF's ongoing success.

The aim of the policy is to ensure compliance with statutory and best practice requirements and protect the company and individuals from any appearance of impropriety. The policy covers the statutory provisions in section 75 of the Companies Act, the JSE Listings Requirements and the JSE Debt Listings Requirements regarding conflicts of interest and related party transactions. In addition, the policy includes guidance on when to declare any gifts or hospitality that a director or member of senior management may receive in connection with their role in the company. The policy was reviewed and strengthened during the year as part of the board's commitment to upholding and implementing ethical conduct.

In accordance with the JSE Debt Listings Requirements, the Conflicts of Interest Policy and the register of directors' and officers' interests in contracts are available on the company's website at https://www.acceleratepf.co.za/investorcentre/.

A culture of compliance

The board ensures compliance in the regulatory and governance environment.

The board and its committees have robust policies and processes in place to ensure adherence to all applicable laws, regulations and governance codes and standards. APF's ethos and ethical values are incorporated in the Code of Ethics and other governance policies. Compliance is an integral part of the company's strategy, as contained in its compliance framework. The board confirms that no penalties, sanctions or fines for contraventions of or non-compliance with statutory obligations were imposed on the company or any of its directors during the year under review.

The board complies with all legislation and various codes applicable to the company, such as the Companies Act, the JSE Listings Requirements, the JSE Debt Listings Requirements, the Income Tax Act, REIT legislation and King IV. The audit and risk committee biannually examines a register of key Acts impacting the company's performance and operations. All policies are reviewed regularly and when new legislation or amendments to existing legislation come into effect.

The board oversees processes that ensure each business area, and every employee of the company is responsible for acting in accordance with sound corporate governance principles in their relationships with management, shareholders and other stakeholders.

The board confirms that the company has complied with all material aspects of King IV, the mandatory corporate governance provisions in the JSE Listings Requirements and the JSE Debt Listings Requirements, and the Board Charter during the year under review.

Dealings in the company's shares

In terms of company policy and the JSE Listings Requirements, directors of the company, as well as directors' associates, senior management and the company secretary must obtain prior written clearance from the CEO, the chairman or the COO if they intend to deal in APF shares, whether directly or indirectly. All the directors have signed a letter of undertaking in this regard. Closed periods are imposed on directors and employee in relation to interim and annual financial results, and from time to time in relation to any specific corporate actions. Each share entitles the shareholder to one vote. There are no non-voting shares.

Structured to effectively deliver value

Board structure

APF has a unitary board structure, and its board committees focus on key strategic areas in line with members' expertise and experience. The structure of the board and its committees is simple and transparent. It enables an efficient and timely flow of information from the board and its committees through the CEO, CFO and the executive team into the group, and ensures accountability from the board to shareholders. The board reviews its delegation of authority framework annually and confirms that it is satisfied with its contribution to appropriate role clarity between the board, its committees and executive management.

Appropriate policies and procedures provide the parameters for the committees to fulfil their mandates and add value to the effective functioning of the board to ultimately create value for stakeholders.

The board recognises it is accountable for effective corporate governance, which is enshrined in its commitment to lead the company with integrity, competence, responsibility, fairness and transparency.

The composition of the board committees is monitored and reviewed on a continual basis.

The board has a formal charter, which it reviews and approves annually. The charter sets out the board's role, powers and responsibilities, and differentiates the roles of the chairman, lead independent director, CEO, COO and CFO.

Company secretary

The company secretary assists the board to fulfil its functions and is empowered by the board to perform her duties. Ms Margi Pinto (FCG) was appointed company secretary of APF on 1 May 2020. She has 29 years of experience in company secretarial environments.

The board annually considers the skills, attributes and experience of the company secretary. As required by paragraphs 3.84(h) of the JSE Listings Requirements, the board confirms that Ms Pinto has the competence, qualifications and experience to effectively fulfil the duties of a company secretary of a public listed company, that she is not a member of the board, and that she has maintained an arm's-length relationship with the board while assisting it with its governance initiatives and fulfilling its statutory and fiduciary duties and obligations.

Responsibilities of the board

The board is collectively responsible for the primary governance roles recommended by King IV, namely:

- Setting and steering strategic direction
- Approving policy and planning
- Providing oversight and monitoring
- Ensuring accountability

These responsibilities were discharged in the performance of the board's duties prescribed by its charter, including:

- Effectively delegating the management of the group to a strong management team
- Setting group strategy and planning in consultation with the management team, and monitoring management's implementation thereof
- Reviewing and approving board policies as scheduled or as necessary
- Regularly monitoring risk management for the group and responding to developments in this regard
- Monitoring the effectiveness of information and technology management
- Ensuring the group's compliance with all applicable laws, regulations, codes and best practice
- Overseeing disclosures to enable stakeholders to effectively assess the performance of the group
- Protecting the interests of the group's stakeholders through proper disclosure and market conduct, effective governance and redress mechanisms, and respect for the rights and expectations of all stakeholders

The board confirms, in terms of the JSE Listings Requirements, that APF has complied with the provisions of the Companies Act and its MoI.

Strengthening governance

New appointments

The appointments of Mr James WA Templeton and Mr Tito T Mboweni as non-executive directors on 1 February 2022 strengthens the board's property and governance skills, respectively. Mr Jacobus F van der Merwe was appointed lead independent director on 1 February 2022. The board looks forward their contributions to APF's ongoing success.

These appointments serve to strengthen APF's governance practices and our commitment to transparent and effective corporate governance by all.

In FY2021, the board approved the Nominations Policy and the Evaluations Policy as required by the JSE Debt Listings Requirements. In the same year, the board approved a Malus and Clawback Policy for executive directors and senior management. These policies enhance the APF's compliance and legislative frameworks, which guide the board's ongoing evaluation and monitoring of APF's corporate governance practices.

In terms of the JSE Debt Listing Requirements, our Nominations Policy is available on our website at https://www.acceleratepf.co.za/investorcentre/. The board confirms that there were no amendments to the Nominations Policy during the year under review.

Training

Mr Templeton and Mr Mboweni received training in May 2022 on the JSE Debt Listing Requirements from Rand Merchant Bank, the company's debt sponsors.

The ongoing training of board members, executives and senior management, as well as employees, remains a key focus within APF.

Board meetings

The board had ten meetings during the year under review, comprising four quarterly meetings, one strategy meeting and five ad hoc meetings to deal with special business. The number of meetings is appropriate for the optimal functioning of the board. The meetings are structured to ensure most of the board's time is spent on developing, implementing and monitoring the company's strategy, governance and social commitments.

Board and committee meeting attendance is detailed on pages 111 to 113.

Director/Officer	Board meetings attended
TT Mboweni[1]	1/1
A Costa	10/10
TJ Fearnhead	10/10
MN Georgiou	9/10
PA Grobler (Head of finance and treasury)	10/10
D Kyriakides	10/10
K Madikizela	8/10
AM Mawela	10/10
JWA Templeton[1]	1/1
JF van der Merwe	10/10
DJ Wandrag	10/10
FM Viruly[2]	7/7

Board effectiveness

The board approved an Evaluations Policy in FY2021. The policy governs the processes for the performance assessment of the board as a whole, the chairman, individual directors and board committees. The board is satisfied that it executed its responsibilities under the Evaluations Policy.

Performance evaluation results

During the year under review, we undertook a formal questionnaire-based evaluation of the board, its committees, the chairman and individual directors. The results confirmed that the board continues to function effectively with constructive and robust debates. The board dynamics and compilation of the board agendas enable the directors to spend an appropriate amount of time on key challenges and strategic objectives.

The independence of non-executive directors forms part of the board evaluation. There are no directors who have served on the board for more than nine years. The strong independent component of the board ensures that no individual director has unfettered powers of decision-making and authority.

The chairman is satisfied that the board and its committees are operating effectively.

Board committees

The board is supported by the audit and risk; remuneration; nominations; social, ethics and transformation; and investment committees. The board delegates authority to these committees to promote effective and efficient decision-making while acknowledging that it is ultimately accountable for the affairs and functions of the company. Directors are appointed to board committees in accordance with their specialised skills, experience and various other diversity criteria. Each committee reports its activities and recommendations to the board at the board meeting following a committee meeting.

The board is satisfied that all committees met their responsibilities in accordance with their terms of reference.

The material matters addressed by each board committee are reflected on pages 114 to 118.

	Audit and risk committee	Remuneration committee	Nominations committee	Social, ethics and transformation committee	Investment committee
Committees	The committee governs risk, the internal control environment and IT to support the company's strategic objectives and ensure the integrity of financial reporting.	The committee works to ensure the company has an optimal remuneration strategy based on a fair and responsible reward policy, which aims to attract, retain and motivate employees and non-executive directors for achievements in line with the company's strategic objectives.	The committee assists the board in ensuring that an accountable and transparent process is followed in the appointment of directors to establish an optimally diverse board and committee composition.	The committee oversees the company's statutory responsibilities, organisational ethics and corporate citizenship. It reports to shareholders at the AGM.	The committee examines proposed investments, potential acquisitions and disposals and capital projects above executive management's authority levels prior to recommendation to the board and approve acquisitions and disposals and capex projects within its delegation of authority.
	Independent non-executive directors: » JF van der Merwe* (6/6) » K Madikizela (6/6) » AM Mawela (6/6) » JWA Templeton[3] (1/1) » TJ Fearnhead[3] (1/1) **Permanent invitees:** **Executive directors** » Head of finance and treasury » FD for Europe » Internal auditors » External auditors » All non-executive directors who are not members of this committee	**Independent non-executive directors:** » AM Mawela*[2] (5/5) » FM Viruly1 (4/4) » TJ Fearnhead (5/5) » TT Mboweni[3] (0/1) » JF van der Merwe (5/5) **Permanent invitees:** » MN Georgiou (CEO) » A Costa (COO)	**Independent non-executive directors:** » TT Mboweni*[3] (1/1) » TJ Fearnhead (1/1) » K Madikizela[5] (1/1) » FM Viruly[1] (0/0) » JF van der Merwe[3] (1/1)	**Independent non-executive directors:** » K Madikizela* (2/2) » AM Mawela (2/2) » TJ Fearnhead[3] (1/1) **Executive director:** D Kyriakides (2/2) **Permanent invitees:** » Corporate affairs manager » Head of asset management » Managing director of Accelerate Property Management Company External consultant: social and ethics, BBBEE and Employment Equity Matters	**Independent non-executive directors:** » JF van der Merwe* (5/5) » FM Viruly1 (3/3) » AM Mawela[3] (0/1) » K Madikizela[3] (1/1) » TJ Fearnhead[3] (1/1) » JWA Templeton[3] (1/1) **Executive directors:** » A Costa (5/5) » MN Georgiou (4/5) » DJ Wandrag (5/5) **Permanent invitees:** » D Kyriakides » All non-executive directors who are not members of this committee
Strategic alignment					
Independence of committee	**100% independent**	**100% independent**	**100% independent**	**75% independent**	**67% independent**
Number of meetings	**6 meetings**	**5 meeting**	**1 meeting**	**2 meetings**	**5 meetings**
Further detail	Page 115	Page 114	Page 116	Page 116	Page 117

* *Chairman.*
[1] *Resigned 8 October 2021.*
[2] *Appointed 1 February as chairman of the remunerations committee*
[3] *Appointed 1 February 2022.*

Remuneration committee

The committee is satisfied that the Remuneration Policy and strategy are aligned with the group's strategic objectives and deliver on its commitment to recruit and retain key talent.

Key focus areas and achievements this year	Looking ahead
» Reviewed the Remuneration Policy to ensure its appropriateness to the business strategy and revised remuneration structures » Reviewed the performance of executive directors » Considered and further integrated ESG in our Remuneration Policy » Introduced amendments to the STI structure, for better alignment to best and market practice » Assessed guaranteed pay and increases for EDs and senior management and determined no increases at ED level » Prepared the remuneration report for inclusion in the integrated report and for voting at the AGM » Assessed the performance of the committee against its terms of reference. » Revised its terms of reference, as well as its annual work plan, in line with recommendations by PwC; they were subsequently approved by the board	» Consideration of adoption of Minimum Shareholding Requirement


Cedar Square

Audit and risk committee

The committee is satisfied with the overall control environment, including controls supporting the financial statements for the year-ended 31 March 2022, as confirmed by the internal and external auditors.

The committee and the board are satisfied that the external and internal audit functions are adequately segregated, and that the independence of the internal and external auditors is not in any way impaired or compromised.

The technology governance subcommittee was dissolved on 16 March 2021. The audit and risk committee has absorbed the duties of this committee.

Key focus areas and achievements this year	Looking ahead
» Bolstered the composition of the committee by appointing a new member to the committee » Continued to revise and update the company's risk management strategies, including COVID-19-related risks » Regularly monitored the company's debt programme » Confirmed the company's ongoing REIT status » Implemented a framework underpinning the CEO or CFO responsibility statement » Considered and was satisfied that the CFO is appropriately qualified and has the necessary expertise and experience to carry out his duties, supported by an able and professionally qualified team in finance and treasury » Considered the rotation of designated audit partners and onboarded a new audit partner designated by EY » Reviewed and recommended the company's Policy for the Governance of Risks and Information Technology Usage Policy to the board for approval » Recommended to the board the reappointment of committee members at the 2021 AGM » Assessed the performance of the committee against its terms of reference » Reviewed and recommended the committee's terms of reference and work plan to the board, which were approved » Executed all other statutory duties for this committee as prescribed by the Companies Act » Ensured that APF has established appropriate financial reporting procedures exist and are working, which should include consideration of all entities included in the consolidated group IFRS financial statements, to ensure that it has access to all the financial information of the issuer to allow the issuer to effectively prepare and report on the financial statements of the issuer » Reviewed the information detailed in paragraph 22.15 of the JSE Debt Listings Requirements in its assessment of the suitability for the appointment of EY and Mr Gerhard van Deventer as designated individual partner » Monitored IT risks, controls, system integrity and user password changes » Reviewed reports from the Chief Information Officer » Ensured strategic alignment between IT and the company's strategy » Reviewed IT reports from the offshore business, as well as internal audit reports on IT » Monitored IT operational and capital expenditure budgets, as well as resources, against the overall budget » Reviewed internal audit IT reports	» Improving the internal control environment at Fourways Mall » Implementing ongoing risk management, particularly in light of the ongoing COVID-19 pandemic » Executing statutory duties as prescribed by the Companies Act » Improving the company's LTV and ICR ratios to within sound covenant and governance levels to attract any finance it may require » Establishing sufficient finance and funding to place APF in the position to respond to opportunities or difficulties

Nominations committee

Key focus areas and achievements this year	Looking ahead
» Sourced, reviewed and recommended candidates to the board for appointment as non-executive directors, which culminated in the appointment of TT Mboweni and JWA Templeton to the board on 1 February 2022 » Recommended appointments to the audit and risk committee, the nominations committee, the investment committee, the remuneration committee and the social, ethics and transformation committee following the resignation of FM Viruly » Obtained approval from the board to recommend the re-election of K Madikizela AM Mawela, TT Mboweni and JWA Templeton to shareholders at the 2022 AGM » Assessed the performance of the committee against its terms of reference » Reviewed and recommended the committee's terms of reference and work plan to the board for approval	» Completing succession planning for TJ Fearnhead who will reach the end of his nine-year tenures at the 2022 AGM » Sourcing, reviewing and recommending candidates to the board for appointment as Independent Directors of the company

Social, ethics and transformation committee

The social, ethics and transformation committee monitors APF's activities in line with its mandate, including:

- Social and economic development
- Corporate citizenship
- Consumer relationships
- Labour and employment issues
- Legislative and regulatory requirements
- Ethics monitoring
- Environmental issues

The committee is satisfied that it complied with its terms of reference and performed its functions within its mandate.

Key focus areas and achievements this year	Looking ahead
» Reviewed and confirmed that no cases of misconduct, fraud, dishonesty or whistle-blowing activities occurred during the year » Monitored the company's ethical performance against its code of ethics and ethics matrix » Reviewed the company's progress against the UN Sustainable Development Goals » Monitored performance of the company's bursary programme beneficiaries » Monitored spend against the 2021/2022 budget » Monitored progress in terms of employment equity and other BBBEE targets » Oversaw the development of a new Employment Equity Plan for 1 October 2021 to 30 September 2026 » Ensured compliance with all statutory obligations detailed in clause 43 of the Companies Regulations, 2011 » Reviewed and recommended the company's whistle-blowing Policy to the board, which was subsequently approved » Assessed the performance of the committee against its terms of reference » Recommended the committee's terms of reference and work plan to the board, which were subsequently approved	» Increasing attention on environmental, social and governance (ESG) areas, including the roll-out of solar energy » Maintaining focus on communities surrounding the company's main area of business and, where possible, expanding beyond that

For more information on our social, ethics and transformation committee, please read pages 119 to 120.

Investment committee

The investment committee holds meets on an ad hoc basis to approve strategic acquisitions, disposals, developments and redevelopments.

The committee is satisfied that it appropriately assessed investment and disinvestment proposals and capital expenditure before approving or making recommendations to the board.

Key focus areas and achievements this year	Looking ahead
» Reviewed and made recommendations to the audit and risk committee relating to property valuations, including COVID-19 considerations » Reviewed, in detail, proposed deals received from management and recommended them to the board, » Considered any acquisitions proposed by management » Reviewed disposals proposed by management in line with the company's strategy, and recommended them to the board, which were subsequently approved » Assessed the performance of the committee against its terms of reference » Recommended the committee's terms of reference and work plan to the board for approval, which were subsequently approved	» Reviewing property valuations, including the impact of ongoing COVID-19 considerations » Reviewing proposed deals received from management » Considering any acquisitions or disposals proposed by management » Reviewing the implementation of strategy with regard to investments and disposals » Reviewing the performance of investments

Integrated risk management

We recognise the importance and benefits of a structured and best practice-led approach to managing risk. Our Risk Policy and risk register are key governance tools for implementing and monitoring risk management.

The audit and risk committee assumes overall responsibility for monitoring APF's risk management performance and assesses APF's risk register at its quarterly meetings. The committee determines key risks and opportunities in relation to the potential impact on earnings sustainability and our ability to create value for stakeholders.

On the audit and risk committee's recommendation, the board annually reviews its risk tolerance and risk appetite limits. To assess APF's risk tolerance, the audit and risk committee identifies the main business risks for the company, the factors that impact/influence the risks, the tolerance limit per risk, the mitigation actions for each risk, and the impact on APF should a particular risk level be breached. The committee then assesses the potential opportunity associated with each risk and the potential negative effects on the six capitals.

Internal audit

The internal audit function uses a risk-based methodology to identify material business risks. This is monitored and controlled by the audit and risk committee.

LateganMashego Audit and Advisory (Pty) Ltd is APF's internal auditor. The internal auditor conducts an annual assessment of the effectiveness of APF's governance, risk management and financial control processes. It submits its findings to the audit and risk committee for consideration and recommendation to the board. The board relies on this assurance for its risk-related financial reporting obligations. The board and the audit and risk committee are satisfied that the arrangements for internal audit are adequate and effective.

The audit and risk committee is satisfied that internal controls are well designed and function effectively.

The technology governance subcommittee reviews and monitors the matters relating to technology and information governance that arise from the internal audit reports.

The board is satisfied that the company's risk management processes and systems of internal control are effective.

Assurance

The board, with the assistance of the audit and risk committee, oversees the assurance services and functions that support the integrity of:

- Information used for internal decision-making by management, the board and its committees
- External reports

The board and the audit and risk committee are satisfied that the company has established appropriate financial reporting procedures and those procedures are operating effectively.

Based on the recommendation of the audit and risk committee, the board considers and confirms the company's going concern status in the preparation of the financial statements at the interim reporting period and at year-end. The assumptions underlying the going concern statement include profitability, budgets, profit forecasts and resources. In addition, solvency and liquidity requirements are considered, as required by the Companies Act. The board is satisfied that the company will continue as a going concern into the foreseeable future and the annual financial statements were prepared on this basis.

The board is confident that there are no known events or conditions that may give rise to business risks that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern.

The integrity and reliability of the financial statements, accounting policies and the information contained in the integrated report are assured through a robust, integrated process. This process is reviewed by management and the audit and risk committee prior to recommendation to the board. The board is satisfied that internal and external audits provide appropriate and effective assurance in respect of the control environment, risk management and the reliability of the financial statements.

The audit and risk committee is satisfied that the external auditor, EY, is independent of APF and that the level of non-audit services provided by EY did not negatively impact its independence. The audit and risk committee also confirms that it is satisfied with the quality of the external audit, including the results articulated in the accreditation pack issued by the Independent Regulatory Board for Auditors.

Stakeholder relationships

The board understands that APF's reputation is affected by stakeholders' perceptions. We are committed to creating and maintaining inclusive, honest and mutually beneficial relationships with stakeholders through ongoing dialogue and communication. We focus our stakeholder engagement on the most pertinent concerns that impact stakeholders. APF's Stakeholder Engagement Policy provides the framework to effectively communicate and engage with our stakeholders. We have partnered with Articulate Capital Partners to assist with investor relations.

We are committed to improving the lives of people in the communities in which we operate. The bulk of APF's corporate social investment (CSI) budget goes towards providing tertiary-level bursaries to students from previously disadvantaged backgrounds. Other CSI initiatives focus on the communities in Fourways, where we operate our key business.

Looking ahead, we will continue to collaborate with our tenants to ensure their sustainability in our buildings. We will fortify our focus on minimising our environmental impact and the ramifications of planned electricity outages. We regularly review our activities to enhance our stakeholder engagement programmes.

Further details of the company's commitment to stakeholders is included in the stakeholder engagement report on pages 68 to 71.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

Role and mandate

The social, ethics and transformation committee (the committee) provides an oversight role to ensure that APF fulfils its social responsibilities, meets high ethical standards across all areas of business and plays its part in the transformational journey of South Africa. Moreover, the committee ensures the company fulfils its statutory obligations relating to social and economic development, good corporate citizenship, consumer relationships, commitment to transformation, the environment, health and safety, and labour and employment. These statutory duties are prescribed by section 72 of the Companies Act and clause 43 of the Companies Regulations, 2011.

Committee composition

The committee comprises three independent non-executive directors and one executive director. The profiles of the committee members are available on pages 100 to 103. The chairman of the committee reports to the board on the committee's activities and all matters discussed.

The corporate affairs manager, head of asset management, external consultant on social and ethics, BBBEE and Employment Equity Matters, and the managing director of Accelerate Property Management Company (Pty) Ltd are standing invitees to the committee's meetings, as are the chairman of the board, CEO and COO. Invitations to attend committee meetings are also extended to senior executives and professional advisers, as required. Directors of the board who are not members of the committee have the right to attend all committee meetings.

The number of meetings held during the year and attendance thereat can be viewed on pages 112 to 113.

Activities and areas of focus during the year

The committee carried out its duties by:

- Monitoring APF's ethical culture
- Monitoring the company's bursary programme, as well as ongoing professional development initiatives for employees and directors as part of the company's responsible corporate citizenship
- Reviewing the Accelerate Property Management Company (Pty) Ltd undertaking to subscribe to the company's Code of Ethics
- Monitoring progress made against the company's Employment Equity Plan
- Monitoring progress and plans for ESG projects and proposals
- Reviewing and recommending the company's ethics matrix to the board for approval
- Approving various CSI proposals

There were no fines or sanctions for non-compliance with laws and regulations or incidents of fraud or impropriety during the reporting period.

The committee is satisfied that it has complied with all its statutory responsibilities and discharged its duties under its terms of reference for the reporting period.

Committee performance

The committee assesses its performance on an annual basis to determine whether it has delivered on its mandate and continuously enhances its contribution to the board. This assessment is in the form of a questionnaire, which is independently completed by each committee member. The company secretary was responsible for composing the questionnaire and consolidating the results and feedback thereof.

Key focus areas for FY2023

The committee's key focus areas for the next financial year include the following:

- Continued focus on education and communities
- Providing support to cultural programmes
- Increased focus on ESG items, including the rollout of solar energy

Details of our sustainability review can be viewed on pages 88 to 95.

On behalf of the social, ethics and transformation committee

Ms K Madikizela
Chairman of the social, ethics and transformation committee

28 June 2022

REMUNERATION REPORT

This report sets out APF's Remuneration Policy and the implementation thereof for executive directors' (EDs) and non-executive directors' (NEDs) remuneration for the 2022 financial year (FY2022). It is presented in three parts:

i.	**Part 1:**	The background statement, which provides context to the company's performance during FY2022 and the context in which remuneration decisions were made during the reporting period
ii.	**Part 2:**	An overview of the forward-looking Remuneration Policy applicable during FY2023
iii.	**Part 3:**	The implementation report which details how the Remuneration Policy as disclosed in the 2021 integrated report was implemented during FY2022, including disclosure on payments made to EDs and NEDs during the year

The remuneration committee's (the committee) mandate is to ensure that APF's Remuneration Policy and decisions continue to support the achievement of the group's strategic objectives by being fair, transparent and responsible, while encouraging individual performance.

PART 1

Background statement

Introduction

2022 remained challenging year for all our stakeholders: for our shareholders, our executives and employees who worked tirelessly to mitigate the socio-economic challenges faced by the sector and our tenants. Despite these challenges, APF remained focused on executing on business strategy and achieving the business objectives.

The depressed economy continued to impact on remuneration decisions and outcomes, as reflected later in this report. Despite difficult trading circumstances, our key performance achievements during the year included the following:

- We refinanced R1.65 billion of bank debt
- We refinanced R1.3 billion of DCM debt
- We reduced total debt from R5.9 billion to R4. billion
- We improved LTV from 48.5% to 42.8%
- We created cash reserves of R230 million
- We introduced another debt funder with a facility of R300 million
- Our SWAP expiring profile was extended from 2.2 years to 2.4 years
- We agreed a resolution on all related party matters

Given the often challenging and uncertain macroenvironment we are operating in, it remains important for there to be an effective realisation and deliverance of our business strategy, and as such, the committee acknowledges the need to ensure that our remuneration structures achieve the objectives of attracting, motivating, retaining and rewarding high-calibre employees.

In setting and determining executive remuneration, due consideration is given to provide for rewarding high levels of performance and effective decision-making for the long-term sustainability of the company. This approach aims to align the interests of EDs with those of shareholders and other stakeholders. We endeavour to build appropriate safeguards into the remuneration structures to discourage behaviour that exposes the group or shareholders to inappropriate and excessive risk-taking and that in delivering the business strategy, the interests of the group are at the forefront. Failure to meet business and personal performance targets may result in no payment of short-term incentives (STIs) and/or long-term incentives (LTIs) to EDs.

In light of the unprecedented circumstances facing the global and local economy, and the consequential effects on APF and its internal and external stakeholders, the committee took a number of remuneration-related decisions:

- EDs received no total guaranteed package (TGP) increases for FY2023 (as was the case in FY2022, save for Dawid Wandrag and Michael Georgiou)
- No STI was paid for FY2022
- No LTI award allocations were made

Voting outcomes and shareholder engagement

At our 2021 annual general meeting (AGM), we received approving votes of 99,4% (2020: 42,8%) and 99,4% (2020: 43,5%) for our Remuneration Policy and implementation report, respectively which reflected a substantial increase in support for our revised incentive structure. Although we received the necessary level of support in both votes as required by King IV and the JSE Listings Requirements, we continue to invite any dissenting shareholders to engage with us on their concerns. As in recent years, we will take various steps to address shareholder feedback which raises legitimate concerns.

The Remuneration Policy and implementation report will each be tabled for a non-binding vote by shareholders at the 2022 AGM. If either receive dissenting votes in excess of 25%, the committee will:

- Embark on formal engagements with dissenting shareholders regarding their dissenting votes
- Address legitimate and reasonable objections raised
- If required, amend the Remuneration Policy or clarify and/or adjust the remuneration governance, processes or disclosure

Areas of focus during the year

The committee fulfilled the following main duties during FY2022:

- Reviewed the Remuneration Policy to ensure its appropriateness to the business strategy and revised remuneration structures
- Considered and further integrated ESG in our Remuneration Policy
- Introduced amendments to the STI structure, for better alignment to best and market practice
- Assessed guaranteed pay and increases for EDs and senior management and determined no increases at ED level
- Prepared the remuneration report for inclusion in the integrated report and for voting at the AGM

Future areas of focus

During FY2023, the committee plans to focus on:

- Ensuring that APF's remuneration policy and practices remain aligned to the market
- Considering the introduction of a minimum shareholding requirement policy for EDs
- Continued improvement in terms of proactively engaging with shareholders
- Ensuring that ESG measures are appropriately developed and benchmarked in the Remuneration Policy

Remuneration consultants

As was the case in 2021, the committee engaged the services of PwC as remuneration consultants during FY2022. The committee is satisfied that the consultants were independent and objective in providing the relevant services.

Compliance

The committee remains committed to maintaining a strong and healthy relationship with APF's shareholders and other stakeholders, which is built on trust and a clear understanding of our Remuneration Policy and the implementation thereof. The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate (that is, its terms of reference) for FY2022, that there have been no deviations from the Remuneration Policy during the reporting period, save for no LTI awards being made, and that the Remuneration Policy achieved its stated objectives.

Approval

The committee recommended this remuneration report to the board for approval on 21 June 2022, which was granted on 22 June 2022.

The company strives to improve our remuneration practices and looks forward to receiving your support on the resolutions for the Remuneration Policy and implementation report at the 2022 AGM.

Signed on behalf of the board.

Mr AM Mawela
Chairman of the remuneration committee

28 June 2022

PART 2

Main overview of the Remuneration Policy

The Remuneration Policy applies to all permanent employees of the company and, in part 2, we have set out the remuneration elements and design principles applicable to EDs and, on a high level, other employees, in line with King IV's recommended practices.

Remuneration governance

The committee is appointed by the board. Its terms of reference represent the scope of responsibility delegated to the it by the board, including to review and make decisions on the Remuneration Policy and its implementation. The names of the NEDs who make up the committee can be viewed on page 112.

The committee reports on its activities at board meetings following committee meetings. The committee met 5 times during FY2022. The chairman of the committee attends the AGM to respond to questions from shareholders within the committee's areas of responsibility.

Key principles of remuneration

Certain key principles underpin each component of the Remuneration Policy, representing the company's remuneration approach and provide the basis upon which employees are rewarded. These key principles of remuneration are:

- Remuneration structures should be designed to promote the strategy of the business in the short and medium term but should also promote long-term sustainability
- Remuneration structures should be designed to not expose shareholders to unreasonable financial risk
- Remuneration policies should align closely and transparently with the agreed company strategy and be reviewed regularly considering changes in the business strategy
- The remuneration structures should encourage that employees act in the best interests of the company in delivering the business strategy
- Total reward is set at levels that are competitive within the relevant market and consists of TGP, STIs and LTIs
- Remuneration policies should be considered in light of their affordability to the company, with particular consideration paid to the aggregate impact of employees' remuneration on the finances of the company, its capital and investment needs, and distributions to shareholders
- Remuneration policies should promote risk management and not encourage behaviour which is contrary to the company's risk management strategy, and which may drive excessively risky behaviour
- Remuneration policies should be transparent and easy to understand and apply
- Through effective performance management, APF aims to assist and support employees in optimising their performance in their current roles and in supporting employees' ongoing development and growth
- Remuneration policies should be equitable and strike a balance between internal and external equity
- Guaranteed remuneration should be aligned to the job requirements and the competence of each individual employee
- Variable remuneration should be strongly linked to performance and the deliverance of the business strategy and shareholders' interests, resulting in sustainable long-term benefits to the company
- Total reward is set at levels that are competitive within the relevant market and consists of TGP, STIs and LTIs
- Compliance with all applicable laws and regulatory codes
- In consultation and collaboration with the social, ethics and transformation committee, consideration should be given to ESG and how APF's remuneration structures can meet the changing ESG requirements

Fair and responsible remuneration

The passion our employees bring to APF is what upholds our high-performance culture. Performance is reviewed annually against KPIs to ensure the company's strategic objectives are met and that employees achieve their goals. This includes performance as it relates to STI and LTI awards, which are structured to encourage stretch performance but caution and guard against excessive risk taking. Employees understand their value to the company in terms of ongoing training and professional development, as well as career path guidance.

There is no intention to make retention awards to EDs going forward, save for where deemed necessary.

Elements of remuneration

The table below sets out a summary of APF's elements of remuneration:

	Description	Eligibility	2023 policy changes
Fixed remuneration	Cash salary and benefits	All employees	None
Variable remuneration: Short-term incentive (STI)	A bottom-up additive incentive structure	All employees	None
Variable remuneration: Long-term incentive (LTI)	A conditional share plan (CSP) with awards of performance shares or retention shares	Executive directors, senior employees and identified individuals of property management companies who perform services for APF	None

Fixed remuneration and benefits

APF adopts a TGP approach to structured remuneration. TGP includes the total benefit for the individual and the total cost to the company, consisting of a cash salary and benefits. We are satisfied that this approach accurately reflects employees' professional value within the company, and the package is payable for executing the expected day-to-day requirements. We believe that this approach enables APF to attract and retain the necessary high-calibre skills. APF values high-performance employees and aims to remunerate them in a way that encourages decision-making with an eye on long-term interest for the company.

Benchmarking and position in the market

All aspects of remuneration are subject to regular reviews against relevant market and peer data to ensure the company remains competitive for all levels of remuneration. Remuneration for EDs and NEDs is benchmarked by an independent service provider annually. During FY2021, PwC conducted benchmarking for EDs and NEDs, with the aim of establishing whether the remuneration payable to EDs and NEDs remained competitive.

APF's benchmarking takes place against an appropriate peer group of comparable companies, the most recent comparator group for which appears below:

Arrowhead Properties Ltd	Attacq Ltd
Dipula Income Fund	Emira Property Fund Ltd
Equites Property Fund Ltd	Exemplar REITail Ltd
Heriot REIT Ltd	Hyprop Investments Ltd
Liberty Two Degrees Ltd	Rebosis Property Fund Ltd
S.A. Corporate Real Estate Ltd	Vukile Property Fund Ltd

Given our challenging business environment, our business strategy and in recognition of the expansion of APF over the years, APF endeavours to benchmark and align the remuneration of its EDs and senior management between the median and upper quartile of the comparator group to sufficiently attract, retain and motivate highly skilled individuals who possess the required expertise to carry out their responsibilities.

Annual reviews

The annual review process assesses employee remuneration in relation to the market, as well as performance of the company, so that necessary adjustments can be made in line with the Remuneration Policy, where warranted. The annual review commences in March and any rate changes become effective on 1 July.

Annual adjustments

APF considers numerous factors when determining an appropriate annual adjustment, including performance, the consumer price index (CPI), affordability, the company's financial position, market movements, the employee population's market position and the necessity to retain top talent.

Any adjustments are made in accordance with the following guidelines:

» Cost of living adjustments consider the current CPI and other factors such as external environment and market pressures

» Market adjustments and/or parity increases seek to address internal inequalities within the company by awarding additional remuneration to employees who perform well but are remunerated below market

» The desire to reward and retain top talent in an environment with scarce skills

Variable remuneration

APF links its Remuneration Policy and practices with the achievement of strategic objectives in terms of two plans that reward performance in the short and long-term:

1. The STI plan is being reviewed and designed to create a performance culture and reward employees against predetermined short-term targets.
2. The LTI plan, which is structured as a CSP, is being reviewed and designed to attract, retain and reward participants with an annual award of conditional rights to shares. This provides employees with an opportunity to share in the success of the company, incentivises delivery of the business strategy, encourages employees to make good decisions for the company's long-term sustainability and success, and aligns key employees with shareholders and other stakeholders.

The company's variable pay structures entrench the company's philosophy of 'pay-for-performance', which motivates employees to achieve stretching performance targets, resulting in increased variable pay outcomes. In this way, the Remuneration Policy links the Company's remuneration outcomes to achievement of its strategy.

STI

The entire STI plan is being reviewed in conjunction with the independent advisors. Due cognisance is being taken of Malus and Claw back policy (pages 126 to 127) and all other applicable company policies and procedures and governance principles and will be advised to stakeholders before being implemented.

LTI

As reported in 2021, from the 2022 award cycle, APF introduced a revised CSP.

The essential features of the CSP in force are detailed below:

Structure	Two types of awards may be made in terms of the CSP: 1. Retention shares – subject only to continued employment (retention awards are used sparingly and on rare occasions, and predominantly to lower-level employees) 2. Performance shares – subject to the achievement of the performance conditions and continued employment
Instrument	Conditional rights to shares – participants are not entitled to any shareholder rights (dividends or voting rights) prior to settlement.
Purpose	The purpose of the CSP is to deliver APF shares to eligible employees (usually EDs and senior management) to align their interests with those of shareholders and other stakeholders, through performance measures which are aligned to long-term shareholder value creation.
Participants	At the committee's discretion, executive directors, selected senior employees of the company and identified employees of property management companies who predominantly perform such services for APF.
Performance and vesting periods	Three years, aligned to the company's financial year-end.
Maximum value of award	The maximum annual face value of the LTI is awarded based on market benchmarks obtained from independent experts and other factors the committee considers relevant in terms of the Remuneration Policy.
Plan limits and shareholder dilution	CSP awards will be settled only through a market purchase of shares and, accordingly, there are no dilution concerns.
Performance conditions	The committee will review the performance conditions on an annual basis taking into consideration the operating environment and APF's business strategy. Each performance measure will have threshold, target and stretch measures attached. Linear interpolation is applied, resulting in vesting on a sliding scale depending on the level of achievement. Further details are disclosed below.

No LTI awards were made during FY2021 and FY2022, and the performance conditions going forward the entire STI plan is being reviewed in conjunction with the independent advisors. Due cognisance is being taken of Malus and Claw back policy (pages 126 to 127) and all other applicable company policies and procedures and governance principles and will be advised to stakeholders before being implemented.

Illustrative potential remuneration outcomes for FY2023

Executive remuneration consists of TGP, STI and LTI participation. The STI and LTI components of EDs' remuneration are more heavily weighted than for other employees, given EDs' line of sight and level of influence on the company. The scenario graphs below indicate the potential minimum, on-target and stretch (or maximum) levels of remuneration outcomes available to EDs, depending on their performance and that of APF.

ED service agreements

EDs hold permanent contracts of employment and are subject to a termination notice period of minimum three months. As a practice, APF does not grant sign-on awards to any EDs or other employees upon employment by the company. Given APF's business model, the employment contracts of certain EDs contain provisions linked to a payment equal to five years' annual package, where there is control/change of control resulting in the termination of employment, without valid reason.

Malus and Clawback policy

In terms of the Malus and Clawback Policy, the committee may, at its discretion, apply malus and/or clawback mechanisms to the STI and LTI awards where a trigger event, as provided for in the policy, has occurred. Malus is applied to reduce awards between the award date and payment (in the case of an STI) or settlement (in the case of an LTI), whereas clawback is applicable to recoup portions of awards for a period of up to three years post-payment or post-settlement, respectively.

Trigger events are set out in the Malus and Clawback Policy, which is available upon request, and include the following instances:

- The employee misled any member of the group and/or the market and/or the shareholders of any member of the group in relation to the financial performance of any member of the group
- The employee committed any act of fraud or dishonesty or was involved in the falsification or misrepresentation of the management accounts, the annual financial statements, any regulatory returns, any information presented to providers of finance or any information provided to the board or its committees or to the boards or committees of the boards of any member of the group or failed to disclose such falsification or misrepresentation when the employee became aware of same
- The management accounts, annual financial statements, regulatory returns, any information presented to providers of finance or any information provided to the board or its committees or to the board or its committees of any member of the group or of or in respect of any company, business or undertaking in which the employee worked or works or for which he/she was or is directly or indirectly responsible are found to have been incorrect or misleading and this is likely to result or has resulted in either the relevant award being granted and/or vesting over a greater number of shares than would otherwise have been the case
- The performance of any company, business or undertaking in which that employee worked or works or for which he/she was or is directly or indirectly responsible is found by the board and/or the remuneration committee to have been misstated or based upon any misrepresentation and this is likely to result or has resulted in the relevant award being granted over a greater number of shares than would otherwise have been the case
- There is an error in the management accounts, the annual financial statements, any regulatory returns, any information presented to providers of finance or any information provided to the board or its committees and/or the management accounts, the annual financial statements, any regulatory returns, any information presented to providers of finance or any information provided to the board or its committees of any member of the group, and this is likely to result or has resulted in the relevant award being granted over a greater number of shares than would otherwise have been the case
- The employee acted in a way which damaged, or is likely to damage, the reputation of any member of the group or the directors of any member of the group, or has brought, or is likely to bring, any member of the group or the directors of any member of the group into disrepute in any way
- The actions of the employee amounted to gross misconduct and/or gross incompetence and/or poor performance and/or gross negligence
- The employee contributed to and/or was responsible for a failure in the risk management of any member of the group
- The employee committed any other conduct or act of malfeasance which in the reasonable opinion of the board and/or the remuneration committee would ordinarily justify the dismissal of the employee for cause
- Any member of the group in which that employee worked or works or for which he/she was or is directly or indirectly responsible: (i) has been the subject of a regulatory investigation as a result of a breach and/or any non-compliance of any or all applicable laws; and/or (ii) has breached or not complied with any or all applicable laws which has or is likely to result in the company or any member of the group suffering loss, reputational damage or other prejudice
- There is an error or misrepresentation that has an effect on the calculation of any award, the vesting of any award and/or the board and/or the remuneration committee's determination as to whether and to what extent the condition/s for vesting of the award (as set out in the letter informing an employee of the award awarded to him/her) have been fulfilled and this is likely to result or has resulted in the relevant award being granted over a greater number of shares than would otherwise have been the case
- There is the discovery of an event that has led or could lead to the censure by a regulatory authority of any member of the group in which that employee worked or works or for which he/she was or is directly or indirectly responsible, and/or
- Any other matter which, in the reasonable opinion of the board and/or the remuneration committee, is required to be taken into account by any member of the group to comply with prevailing legal and/or regulatory requirements

Minimum shareholding requirement policy

This matter is under consideration for the future, where such requirement becomes necessary given the ED's and senior management (excluding Michael Georgiou) minimal shareholding.

NED fees

NED fees reflect the directors' roles and membership of the board and its committees. Currently, the fees comprise an aggregate board base fee plus additional fees for membership per committee. In the committee's view, the fees paid to NEDs are sufficient to attract board members with the appropriate level of skill and expertise. NEDs do not hold contracts of employment with the company, and they do not take part in the STI nor the LTI. NED fees are reviewed annually and submitted to shareholders for approval.

The fees paid to NEDs during FY2022 are included in the implementation report below, while the proposed fees for FY2023 are set out in the notice of AGM.

Non-binding vote on Remuneration Policy

The Remuneration Policy, as set out in part 2 of this report, will be tabled for a separate non-binding advisory vote at the AGM.

PART 3

Implementation report

Compliance with the Remuneration Policy

The committee is satisfied that all remuneration practices during FY2022 save for the failure to issue STI and LTI awards complied with the company's Remuneration Policy. Further details are provided below.

TGP adjustments

No FY23 TGP increases or adjustments were made to any of the executive directors.

Remuneration outcomes

The table below sets out the FY2022 remuneration outcomes for EDs. The previous year's comparative single figures are provided as well:

	TGP[4] R	STI[1] R	LTI reflected R	Total single figure of remuneration R
31 March 2022				
M Georgiou	**2 575 002**	–	–	**2 575 002**
A Costa	**4 922 927**	–	–	**4 922 927**
D Kyriakides	**3 673 217**	–	–	**3 673 217**
D Wandrag[2]	**5 800 000**	–	–	**5 800 000**
31 March 2021				
M Georgiou	1 300 000	–	–	1 300 000
A Costa	4 881 716	–	–	4 881 716
D Kyriakides	3 628 058	–	–	3 628 058
D Wandrag[3]	1 200 000	–	–	1 200 000

[1] *No STIs were accrued for FY2022.*

[2] *As per the contractual agreement with Dawid Wandrag, R4 million of his R5,8 million remunaration will be settled via an award of 8.07 million APF shares which were awarded in April 2022 and will be delivered in July 2022. To preserve cash within APF, the shares will be delivered from the 2018 CSP.*

[3] *David Wandrag was appointed as an ED of the company on 1 April 2020.*

[4] *Please note: the TGP per director runs 1 July to 30 June per annum.*

Variable remuneration

For FY2022, variable remuneration outcomes were as follows:

STI outcomes

There were no STI awards made for FY2022.

LTI awards and outcomes

Although a revised LTI structure was introduced, there were no LTI allocations made during FY2022.

Performance shares awarded in 2019 had a performance period which ended on 31 March 2022. The performance conditions were not met over the period and as a result no awards vested in 2022. Retention shares awarded in 2019 had an employment condition which ended on 31 March 2022. The condition was met for M Georgiou, A Costa and D Kyriakides.

Fourways Mall

Table of unvested awards

The table below sets out the unvested LTIs awarded to EDs as at 31 March 2022:

Name	Grant date	Share type	Opening number 2020	Granted during 2020	Forfeited during 2020	Vested during 2020	Closing number 2020	Value of receipts 2020	Estimated closing fair value 2020
M Georgiou	14/02/2017	Performance shares	1 422 386		(81 272)	(1 341 114)		4 264 743	
	15/12/2017	Performance shares	1 617 626				1 617 626		1 254 788
	25/08/2018	Performance shares	1 095 023				1 095 023		849 406
	25/08/2018	Retention shares	1 095 023				1 095 023		849 406
	25/07/2019	Performance shares		1 769 231			1 769 231		1 372 387
	25/07/2019	Retention shares		1 769 231			1 769 231		1 372 387
			5 230 058	**3 538 462**	**(81 272)**	**(1 341 114)**	**7 346 134**	**4 264 743**	**5 698 374**
A Costa	14/02/2017	Performance shares	1 422 386		(81 272)	(1 341 114)		4 264 743	
	15/12/2017	Performance shares	1 617 626				1 617 626		1 254 788
	25/08/2018	Performance shares	1 095 023				1 095 023		849 406
	25/08/2018	Retention shares	1 095 023				1 095 023		849 406
	25/07/2019	Performance shares		1 769 231			1 769 231		1 372 387
	25/07/2019	Retention shares		1 769 231			1 769 231		1 372 387
			5 230 058	**3 538 462**	**(81 272)**	**(1 341 114)**	**7 346 134**	**4 264 743**	**5 698 374**
D Kyriakides	14/02/2017	Performance shares	422 872		(24 162)	(398 710)		1 267 898	
	15/12/2017	Performance shares	524 635				524 635		406 958
	25/08/2018	Performance shares	579 186				579 186		449 273
	25/08/2018	Retention shares	579 186				579 186		449 273
	25/07/2019	Performance shares		1 307 692			1 307 692		1 014 373
	25/07/2019	Retention shares		1 307 692			1 307 692		1 014 373
			2 105 879	**2 615 384**	**(24 162)**	**(398 710)**	**4 298 391**	**1 267 898**	**3 334 250**
D Wandrag	14/02/2017	Performance shares							
	15/12/2017	Retention shares							
	25/08/2018	Performance shares							
	25/08/2018	Retention shares							
	25/07/2019	Performance shares							
	25/07/2019	Retention shares							
P Grobler	14/02/2017	Performance shares							
	15/12/2017	Retention shares	131 159				131 159	0	101 740
	25/08/2018	Performance shares	141 403				141 403	0	109 686
	25/08/2018	Retention shares	141 403				141 403	0	109 686
	25/07/2019	Performance shares		269 231			269 231	0	208 842
	25/07/2019	Retention shares		269 231			269 231	0	208 842
			413 965	**538 462**	**0**	**0**	**952 427**	**0**	**738 796**

Name	Grant date	Share type	Granted during 2021	Forfeited during 2021	Vested during 2021	Closing number 2021	Value of receipts 2021	Estimated closing fair value 2021
M Georgiou	14/02/2017	Performance shares						
	15/12/2017	Performance shares		(1 617 626)		0		
	25/08/2018	Performance shares				1 095 023		789 786
	25/08/2018	Retention shares				1 095 023		789 786
	25/07/2019	Performance shares				1 769 231		1 276 059
	25/07/2019	Retention shares				1 769 231		1 276 059
				(1 617 626)	**0**	**5 728 508**	**0**	**4 131 690**
A Costa	14/02/2017	Performance shares						
	15/12/2017	Performance shares		(1 617 626)		0		
	25/08/2018	Performance shares				1 095 023		789 786
	25/08/2018	Retention shares				1 095 023		789 786
	25/07/2019	Performance shares				1 769 231		1 276 059
	25/07/2019	Retention shares				1 769 231		1 276 059
				(1 617 626)	**0**	**5 728 508**	**0**	**4 131 690**
D Kyriakides	14/02/2017	Performance shares				0		
	15/12/2017	Performance shares		(524 635)		0		
	25/08/2018	Performance shares				579 186		417 738
	25/08/2018	Retention shares				579186		417 738
	25/07/2019	Performance shares				1 307 692		943 174
	25/07/2019	Retention shares				1 307 692		943174
				(524 635)	**0**	**3 773 756**	**0**	**2 721 825**
D Wandrag	14/02/2017	Performance shares						
	15/12/2017	Retention shares						
	25/08/2018	Performance shares						
	25/08/2018	Retention shares						
	25/07/2019	Performance shares						
	25/07/2019	Retention shares				0		
				0	0	0	0	0
P Grobler	14/02/2017	Performance shares						
	15/12/2017	Retention shares			(131 159)		500 001	
	25/08/2018	Performance shares				141 403		101 987
	25/08/2018	Retention shares				141 403		101 987
	25/07/2019	Performance shares				269 231		194 183
	25/07/2019	Retention shares				269 231		194 183
				0	**(131 159)**	**821 268**	**500 001**	**592 340**

Name	Grant date	Share type	Granted during 2022	Forfeited during 2022	Vested during 2022	Closing number 2022	Value of receipts 2022	Estimated closing fair value 2022
M Georgiou	14/02/2017	Performance shares				0		
	15/12/2017	Performance shares				0		
	25/08/2018	Performance shares		(1 095 023)		0		
	25/08/2018	Retention shares			(1 095 023)	0	3 410 522	
	25/07/2019	Performance shares				1 769 231		1 857 693
	25/07/2019	Retention shares				1 769 231		1 857 693
			0	**(1 095 023)**	**(1 095 023)**	**3 538 462**	**3 410 522**	**3 715 385**
A Costa	14/02/2017	Performance shares				0		
	15/12/2017	Performance shares				0		
	25/08/2018	Performance shares		(1 095 023)		0		
	25/08/2018	Retention shares			(1 095 023)	0	3 410 522	
	25/07/2019	Performance shares				1 769 231		1 857 693
	25/07/2019	Retention shares				1 769 231		1 857 693
			0	**(1 095 023)**	**(1 095 023)**	**3 538 462**	**3 410 522**	**3 715 385**
D Kyriakides	14/02/2017	Performance shares				0		
	15/12/2017	Performance shares				0		
	25/08/2018	Performance shares		(579 186)		0		
	25/08/2018	Retention shares			(579 186)	0	1 803 913	
	25/07/2019	Performance shares				1 307 692		1 373 077
	25/07/2019	Retention shares				1 307 692		1 373 077
			0	**(579 186)**	**(579 186)**	**2 615 384**	**1 803 913**	**2 746 153**

Name	Grant date	Share type	Granted during 2022	Forfeited during 2022	Vested during 2022	Closing number 2022	Value of receipts 2022	Estimated closing fair value 2022
D Wandrag	14/02/2017	Performance shares				0		
	15/12/2017	Retention shares				0		
	25/08/2018	Performance shares				0		
	25/08/2018	Retention shares				0		
	25/07/2019	Performance shares				0		
	25/07/2019	Retention shares						
				0	0		0	
P Grobler	14/02/2017	Performance shares				0		
	15/12/2017	Retention shares				0		
	25/08/2018	Performance shares		(141 403		0		
	25/08/2018	Retention shares			(141 403)	0	440 408	
	25/07/2019	Performance shares				269 231		282 693
	25/07/2019	Retention shares				269 231		282 693
			0	**(141 403)**	**(141 403)**	**538 462**	**440 408**	**565 385**

NED remuneration

The fees paid to NEDs for FY2022 are reflected in the table below, as approved by the committee and the board under the authority granted by shareholders at the AGM held on 28 September 2021.

The resolutions relating to NEDs fees for FY2023 can be found in the notice of AGM.

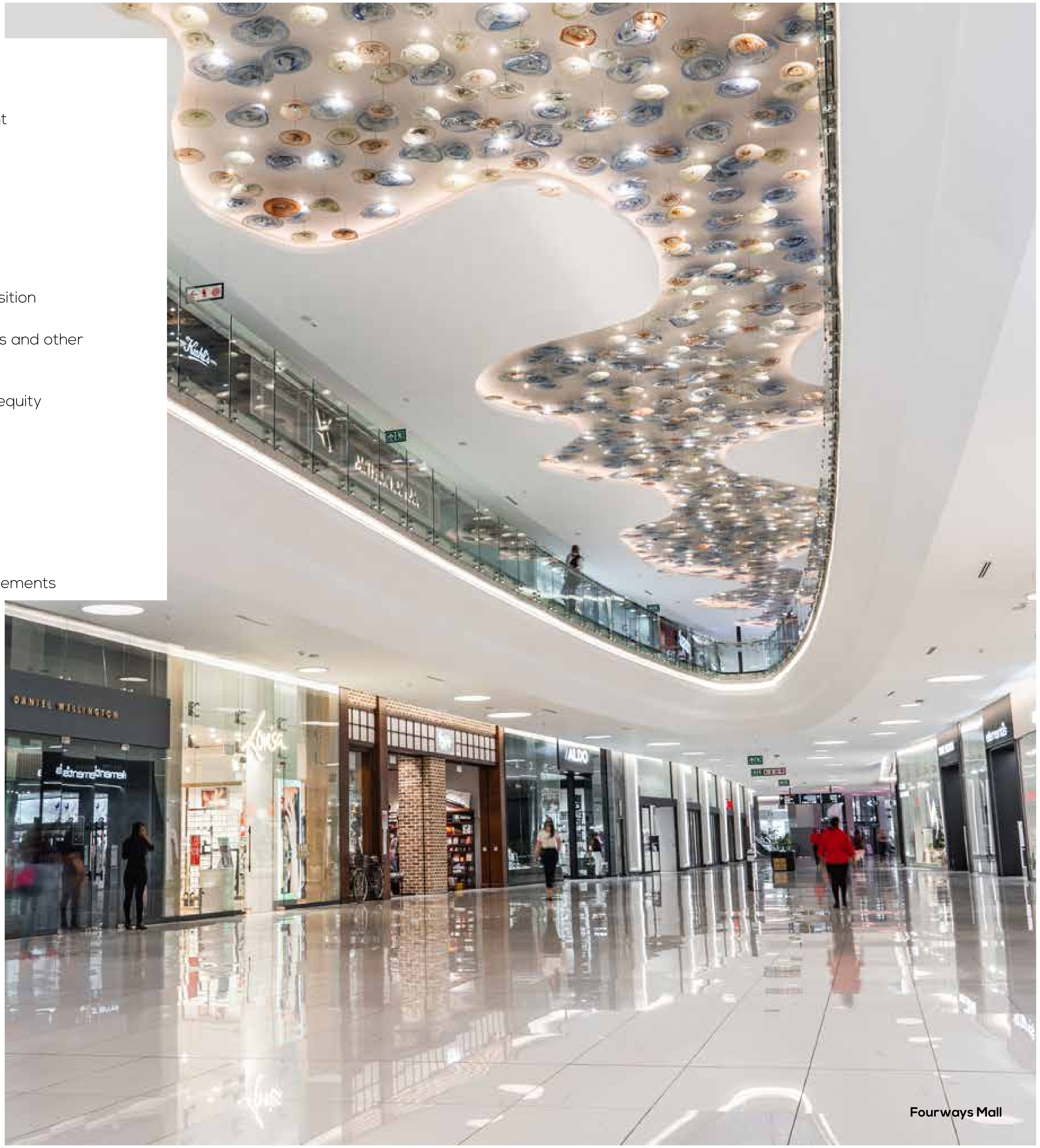
NED	**31 March 2022 (R'000)**	31 March 2021 (R'000)
GC Cruywagen[1]	**–**	315 000
JF van der Merwe[2]	**530 000**	80 000
TJ Fearnhead	**667 501**	669 167
K Madikizela	**470 837**	450 000
FM Viruly[3]	**225 000**	450 000
G Cavaleros[4]	**–**	421 249
AM Mawela	**465 688**	440 000
TT Mboweni[5]	**273 833**	–
JWA Templeton[5]	**75 000**	–

[1] *Resigned on 2 October 2020.*
[2] *Appointed on 1 February 2021.*
[3] *Resigned on 29 October 2021.*
[4] *Resigned on 5 March 2021.*
[5] *Appointed on 1 February 2022.*

Non-binding vote on implementation report

The implementation report, as set out in part 3 of this report, will be tabled for a separate non-binding advisory vote at the AGM.

08. ANNUAL FINANCIAL STATEMENTS



Fourways Mall

REPORT OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee (the committee) is pleased to submit its report for the year ended 31 March 2022, as required by section 94(7)(f) of the Companies Act. This report is based on the requirements of the Companies Act, King IV, the JSE Listings Requirements and the JSE Debt Listings Requirements.

Role and mandate

The committee regulates its affairs as set out in its Terms of Reference, which are reviewed and approved by the board on an annual basis.

The committee's role is to assist the board in fulfilling its oversight responsibilities, particularly with regard to the integrity of the group's financial statements, and the effectiveness of the systems of internal control, financial reporting and procedures, and risk management.

The committee is also responsible for assessing the effectiveness of the internal audit service provided by LateganMashego Audit and Advisory (Pty) Ltd, the qualifications, expertise and experience of the chief financial officer, the appropriate resourcing, skills and effectiveness of the finance function, and the independence and effectiveness of the group's external auditor.

Committee composition and changes

The committee comprises four independent non-executive directors and one non-executive director all of whom satisfy the requirements to serve as members of an audit committee, as defined by section 94(5) of the Companies Act read with clause 42 of the Companies Regulations, 2011.

The chairman of the committee reports to the board on the committee's activities and all matters discussed, highlighting key issues requiring action, and providing recommendations for consideration.

The external auditors and internal audit service providers are standing invitees to the committee's meetings, as are the chairman of the board, chief executive officer, chief operating officer, chief financial officer and the head of treasury and Finance. Invitations to attend committee meetings are also extended to senior executives and professional advisers, as required. Directors of the board who are not members of the committee have the right of attendance at all committee meetings.

During the year under review, with effect from 1 February 2022, two non-executive appointments were made to the audit and risk committee being Messrs James Templeton and Tim Fearnhead.

The committee met six times during the year.

The committee acts as audit and risk committee for the subsidiaries of the company and has performed the functions required under the Companies Act on behalf of those subsidiaries.

Activities and areas of focus during the year.

The committee carried out its duties by reviewing the following on a quarterly basis:

- Financial management reports
- Key financial, property and operational information and performance indicators
- Reports and financial information from subsidiaries and associated companies
- Internal audit reports
- External audit reports
- Risk registers
- Off-balance sheet items
- Information technology feedback received from the technology governance subcommittee pertaining specifically to matters relating to financial reporting

In addition, the committee reviewed:

- Key audit matters
- Property valuations
- Treasury metrics against group guidelines, in line with the group's Treasury Policy
- Findings received from the JSE emanating from the JSE's review of the group's 2020 annual financial statements and 2021 interim financial statements as part of the JSE's proactive monitoring programme

Key focus areas considered by the committee in the current financial year included:

- Updating and monitoring risks arising from the impact of the COVID-19 pandemic in all jurisdictions where the company and its subsidiaries or associated companies operate, and assessing the group's response and risk management strategies to address the impact of this pandemic
- Monitoring the group's response to tenants' requests for financial assistance (rental relief) due to struggling businesses in the wake of the pandemic
- Monitoring the company's effort to comply with LTV and ICR covenants that were put under pressure mainly due to impact of COVID-19
- Settlement of related party matters
- Regularly monitored the company's debt programme
- Creating of liquid cash buffers in undrawn facilities
- Closely monitoring ongoing compliance by the group with the REIT requirements as contained in the JSE Listings Requirements

Significant financial and reporting matters

As part of its role in assessing the integrity of the group's external reporting, the committee has continued to pay particular attention to the key areas of management's judgement underpinning the annual financial statements. The group has considered a number of significant issues during the year. The issues and how they were addressed by the group are detailed on the following page.

Related party transactions

The committee placed significant emphasis on reviewing and resolving related party transactions.

The committee is pleased to report that the company has reached agreements with Azrapart (Pty) Ltd. The Michael Georgiou Family Trust and Fourways Precinct (Pty) Ltd on all related party matters. Refer notes 29 and 33.

Contingent liabilities

The committee considered the contingent liabilities and is satisfied that they have received proper consideration.

Valuations

The committee reviewed management's valuation process. It also relied significantly on external valuations of its property investments to determine the need to impair, challenging key assumptions in those judgements and is satisfied that the valuations are fair and reasonable to place the value on the properties as reflected in the AFS in the context of the existing economy.

Loan to value (LTV) and interest cover (refer note 32)

The committee reviewed the steps taken by the group to comply with the covenant requirements of the funders. It is satisfied that the group took all steps reasonably possible to maintain a LTV level within the covenant, with LTV improving from 48.5% at 31 March 2021 to 42.8% during the year.

REIT status

The committee considered the impact of COVID-19 on the LTV, cash flow and consequences on distributable revenues that might impact on the company's status as a REIT and the shareholders' expectations as such, and was satisfied that sufficient steps and measures are being taken to protect the status of the company as a REIT.

Liquidity

With strained revenues impacting on cash flows, including debt settlements with non-cash assets, the committee considered that impact on the group and the steps and measures being taken to protect cash flow, liquidity and solvency.

Internal controls

The committee's review of the forementioned information, together with the committee's ongoing interaction with ex officio attendees of its meetings, collectively enable the committee to conclude that the systems of internal financial control have been designed appropriately and operated effectively during the year under review.

Statutory duties and terms of reference

The committee is satisfied:

- With the independence of the external auditor
- With the nature and extent of non-audit services provided by the external auditor, which also comply with the group's policy in this regard
- That the external auditor attended all meetings of the committee
- With the terms, scope, quality and proposed fee of the external auditor relating to the external audit for the financial year ended 31 March 2022
- With the financial statements and the accounting practices utilised, as well as the significant matters considered in the preparation thereof
- With the group's continuing viability as a going concern, which it reported to the board
- That it has considered the findings of the JSE's 2021 report on proactive monitoring of financial statements
- That the group's Chief Financial Officer, Mr Dimitri Kyriakides, is appropriately qualified and has the necessary expertise and experience to carry out his duties, supported by an able and professionally qualified team in finance and treasury
- That the finance function is adequately resourced, well skilled and sufficiently experienced to achieve its objectives
- That APF has established appropriate financial reporting procedures and that those procedures are operating
- With the effectiveness of the internal audit service provider, and the arrangements for internal audit
- With the effectiveness of collaboration between the external auditor and internal audit service provider
- That it has afforded both external and internal audit, as well as management, access to the committee without other invitees being present
- With the integrity of the integrated report and that it addresses all material issues and fairly presents the integrated performance of the organisation

Concerns or complaints received from within or from outside the organisation relating to accounting practices and the internal audit of the group, the content or auditing of the group's financial statements, the internal financial controls of the group, or any related matters were considered and dealt with accordingly.

The committee is satisfied that it has performed all of its statutory duties, as well as its duties under its terms of reference, for the reporting period.

Committee performance

The committee assesses its performance on an annual basis to determine whether or not it has delivered on its mandate, and continuously enhances its contribution to the board. The assessment takes the form of a questionnaire, which is independently completed by each member of the committee. The composition of the self-assessment questionnaire, as well as the consolidation of the results and feedback to committee members, was the responsibility of the company secretary.

- That it reviewed the information detailed in paragraph 22.15(h) of the JSE Debt Listings Requirements in its assessment of the suitability for the appointment of EY and Mr Gerhard van Deventer as designated individual partner
- That the re-appointment of EY as the group's auditor will be tabled as a resolution at the AGM

Key focus areas for 2023

The committee's key focus areas for the 2023 financial year include the following:

- The group's ongoing financial soundness and sustainability (cost containment, revenue strength, etc) amid extreme economic challenges and market volatility
- Monitoring COVID-19 related risks and corresponding risk management strategies
- Monitoring compliance by the group with the REIT requirements as contained in the JSE Listings Requirements on a continual basis

Approval

The committee reviewed the company's annual financial statements for the year ended 31 March 2022 and recommended them to the board for approval on 21 June 2022, which was granted on 22 June 2022.

On behalf of the audit and risk committee

Mr JF (Derick) van der Merwe
Audit and risk committee chairman

28 June 2022

DIRECTORS' RESPONSIBILITY STATEMENT AND CEO AND CFO'S RESPONSIBILITY STATEMENT

The board of directors (the directors/board) of the Accelerate group (Accelerate group), whose names are stated below, hereby confirm that adequate accounting records are maintained by the Accelerate group and confirm that they are responsible for the content and integrity of the consolidated audited annual financial statements and related financial information included in this report.

The consolidated audited annual financial statements set out on pages 146 to 204 are prepared in accordance with International Financial Reporting Standards and are a fair presentation, in all material respects, of the financial position, financial performance and cash flows of the Accelerate group. No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at ensuring that material information relating to Accelerate, and its consolidated subsidiaries, have been provided to effectively prepare the annual financial statements of the Accelerate group. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements and the Accelerate group conducts its business in a manner that is in line with the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Going concern

The directors have assessed the group's ability to continue as a going concern. The assessment includes solvency and liquidity tests which included inter alia a forecast of debt covenants such as the loan-to-value and interest cover ratios. The liquidity test considers expected cash flows in the next 12 months, including the anticipated proceeds from disposals. As at 31 March 2022, the group had a positive net asset value and a stable liquidity position.

The following uncertainties were considered as part of the going concern assessment:

» Deteriorating economic conditions
» Access to liquidity
» Stressed market conditions continuing to impact debt funders' risk appetite
» Timing of proceeds from expected sales
» Continued impact of COVID-19
» Resolution of and impact of related party matters

The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient liquidity to meet its foreseeable cash requirements. Considering the outcomes of the solvency and liquidity projections, the group will be solvent and liquid and the directors are confident in the ability of the group to continue as a going concern in the year ahead. The directors have therefore concluded that the group has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Debt covenants

The fund has also evaluated its ability to comply with debt covenants for the 12 months ending 31 March 2023 and have concluded that debt covenants will be met taking into account:

» Out of the money swaps rolling off
» Current non-core asset sales pipeline
» Recoverability of receivables

Rental concessions

Additional rental concessions may be provided to tenants as the impact of deteriorating market conditions/pandemic continues.

Change to business environment

The acceleration of the adoption of technologies due to the pandemic, as well as potential changes in the demand for rentable space, particularly within the retail and office sectors, may impact the group.

External auditors

The external auditors are responsible for independently auditing and reporting on the Accelerate group's consolidated audited annual financial statements. The consolidated audited annual financial statements have been examined by the Accelerate group's external auditors and their report is presented on pages 141 to 143.

The consolidated audited annual financial statements set out on pages 146 to 204, which have been prepared on the going concern basis, were approved by the board on 28 June 2022 and are signed on their behalf by:

Approval of financial statements

Mr MN Georgiou
Chief executive officer

Mr D Kyriakides
Chief financial officer

COMPANY SECRETARY'S CERTIFICATION

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended (the Act), I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Act in respect of the financial year ended 31 March 2022 and that, to the best of my knowledge and belief, all such returns are true, correct and up to date.

Ms MMC Pinto
Company secretary

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Accelerate Property Fund Limited

Report on the Audit of the Consolidated Annual Financial Statements

Opinion

We have audited the consolidated financial statements of Accelerate Property Fund Limited and its subsidiaries (the group) set out on pages 146 to 204, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 March 2022, and its consolidated financial performance and 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.

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 are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Valuation of investment properties The disclosures associated with the valuation of investment properties is set out in Note 4 – Investment properties and Note – 5 Fair value measurement of investment properties. Investment property (including non-current assets held for sale) makes up approximately 91.5% (2021: 94.8%) of the total assets of the Group at a fair value of R10.1 billion (2021: R11.9 billion). The Group's investment property portfolio consists of retail, industrial and office properties.	Our audit procedures included, among others, the following: We assessed that the valuation techniques applied by management and their external appraisers are consistent with generally accepted property valuation techniques in the real estate market. We evaluated the competence, independence and experience of management's external independent appraisers with reference to their qualifications and industry experience.

Key Audit Matter	How the matter was addressed in the audit
We have identified the valuation of Investment property to remain a Key Audit Matter in the current year due to: » Valuation of investment properties subjective nature as a result of the inputs and key assumptions that are impacted by uncertain economic and market conditions; » The magnitude of the investment property balance in the statement of financial position of the Group; and » Involvement of our EY valuation specialist to independently assess the valuations. Auditor attention was required on the following management determinable inputs which need to be assessed: » The capitalisation rate (equivalent yield) is derived from widely available market related data which is continuously updated based on current market conditions which have slightly improved in the current period. Management judgement is required in the selection of a point in the capitalisation rate range, which is based on the category, condition, gross lettable area (GLA), location and grade of a property. » Vacancy rates and estimated rental value (ERV) are judgemental and determined by management based on unique property specific information and the impact of COVID-19 pandemic and current market conditions on the historical cash flows.	With the support of our EY valuation specialists, we assessed the methodologies and assumptions and applied in determining the fair value of investment properties by management and the external appraisers. This included: » Assessing the category, condition, GLA, location and grade of a property, all of which inform management in the selection of the appropriate capitalisation rate from the latest Rode and South African Property Owners Association (SAPOA) reports. » Comparing the capitalisation rates to market information and through discussions with management and the use of our valuation specialist's professional judgement, we assessed the appropriateness of the specific capitalisation rates used where different from property industry reports. » Assessing the reasonableness of managements assumptions concerning projected ERV and operating expenses against historical income and operating expense data considering the impact of COVID-19. » Agreeing vacancy rates assumptions applied by management in the property valuations to tenancy schedules and property industry reports. » We assessed the reasonability of the fair value of the investment properties at year end as determined by management against the outcome of our independent calculations, in which the outcomes of our above procedures were incorporated. We assessed the disclosure of the investment property and the fair value thereof against the requirements of *IAS 40 - Investment Property and IFRS 13 - Fair Value Measurement.*

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 208 page document titled 'Accelerate Property Fund 2022 Integrated Annual Report', which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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, actions taken to eliminate threats or safeguards applied.

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 Ernst & Young Inc. has been the auditor of Accelerate Property Fund Limited for 9 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Gerhardus J van Deventer CA(SA)
Registered Auditor
102 Rivonia Road
Sandton

28 June 2022

DIRECTORS' REPORT

The directors take pleasure in submitting their report on the consolidated audited annual financial statements of Accelerate Property Fund Limited group for the year ended 31 March 2022.

1. Review of financial results and activities

The consolidated audited annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 as amended as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements issued by the Financial Reporting Standards Council. The accounting policies have been applied consistently compared to the prior year.

2. Share capital

	Number of shares 2022	Number of shares 2021
Authorised		
Ordinary shares	**5 000 000 000**	5 000 000 000

	2022 R '000	2021 R '000	Number of shares 2022	Number of shares 2021
Issued				
Ordinary shares	**4 948 866**	4 937 567	**957 789 641**	954 488 735

Of the 957 789 641 Accelerate shares in issue at 31 March 2022, 654 762 524 shares are publicly held and 303 027 117 shares are held by directors as tabled below:

	Number of shares	% holding
Major shareholders		
MN Georgiou (indirect)	**295 427 161**	**30,84**
The iGroup	**275 313 460**	**28,74**
Nedbank Group	**75 157 190**	**7,85**
Peresec Prime Brokers	**71 585 857**	**7,47**
Golden Brics Investments SA (Pty) Ltd	**63 764 306**	**6,66**
	781 247 974	**81,56**

Refer to note 10 of the consolidated audited annual financial statements for detail of the movement in authorised and issued share capital.

Directors' direct/indirect interest in the shares of the company 31 March 2022

MN Georgiou*	**295 427 161 shares**	**30,84% Indirect holding**
A Costa	**6 171 184 shares**	**0,64% Direct holding**
D Kyriakides	**928 772 shares**	**0,10% Direct holding**
DJ Wandrag	**500 000 shares**	**0,05% Indirect holding**
	303 027 117	**31,63%**

* *Pledged as security to his funders of Fourways Mall.*

Directors' direct/indirect interest in the shares of the company 31 March 2021

MN Georgiou*	294 332 138 shares	30,84% Indirect holding
A Costa	5 076 161 shares	0,53% Direct holding
D Kyriakides	1 538 710 shares	0,16% Direct holding
DJ Wandrag	500 000 shares	0,05% Indirect holding
	301 447 009	**31,58%**

* *Pledged as security to his funders of Fourways Mall.*

There have been no changes to the directors' interest between the end of the financial year and the date of approval of the annual financial statements.

3. Directorate

The directors in office for this financial year are as follows:

Directors	Office	Designation	Date of changes
Mr TT Mboweni	Chairperson	Non-executive independent	Appointed 1 February 2022
Mr MN Georgiou	Chief executive officer	Executive	
Mr A Costa	Chief operations officer	Executive	
Mr TJ Fearnhead	Non-executive	Non-executive independent	
Mr D Kyriakides	Chief financial officer	Executive	
Ms K Madikizela	Non-executive	Non-executive independent	
Mr AM Mawela	Non-executive	Non-executive independent	
Mr JWA Templeton	Non-executive	Non-executive	Appointed 1 February 2022
Mr JF van der Merwe	Non-executive	Non-executive independent	
Prof FM Viruly	Non-executive	Non-executive independent	Resigned 8 October 2021
Mr DJ Wandrag	Executive	Executive	

4. Group structure

The Accelerate group consists of Accelerate Property Fund Limited and the following holdings in subsidiaries:

» Wanooka Properties Proprietary Limited 100% held

» Parktown Crescent Properties Proprietary Limited 100% held

» Pybus Sixty-Two (RF) Proprietary Limited 100% held

» Accelerate Property Fund Europe B.V. 100% held

» Accelerate Treasury Proprietary Limited 100% held

5. Auditors

Ernst & Young Inc. continued in office as auditors for the group for the year ended 31 March 2022.

At the AGM, the shareholders will be requested to reappoint Ernst & Young Inc. as the independent external auditors of the group and to confirm Mr G van Deventer as the designated lead audit partner for the 2023 financial year.

6. Secretary

The company secretary is Ms MMC Pinto.

Business and Postal address:
Cedar Square Shopping Centre
1st Floor Management Office
Cnr of Willow Ave and Cedar Road
Fourways
2055

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

	Note(s)	2022 R'000	2021 R'000
Assets			
Non-current assets			
Property, plant and equipment	2	**330**	206
Right-of-use assets	3	**1 059**	120 676
Investment property	4	**9 983 936**	11 633 782
Derivatives	8	**38 693**	36 341
		10 024 018	11 791 005
Current assets			
Trade and other receivables	7	**853 479**	597 462
Derivatives	8	**3 848**	21 332
Cash and cash equivalents	9	**47 868**	25 462
		905 195	644 256
Non-current assets held for sale	4	**147 000**	127 714
Total assets		**11 076 213**	12 562 975
Equity and liabilities			
Equity			
Equity attributable to equity holders of parent			
Ordinary share capital	10	**4 948 866**	4 937 567
Other reserves		**13 821**	131 493
Retained income		**985 285**	923 301
		5 947 972	5 992 361
Non-controlling interest		**–**	27 150
		5 947 972	6 019 511
Liabilities			
Non-current liabilities			
Derivatives	8	**763**	83 725
Finance lease liabilities	3	**758**	116 854
Borrowings	11	**3 926 441**	4 249 916
		3 927 962	4 450 495
Current liabilities			
Trade and other payables	12	**532 058**	221 804
Derivatives	8	**20 061**	89 653
Finance lease liabilities	3	**353**	5 943
Borrowings	11	**647 807**	1 775 569
		1 200 279	2 092 969
Total liabilities		**5 128 241**	6 543 464
Total equity and liabilities		**11 076 213**	12 562 975

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2022

	Note(s)	2022 R'000	2021 R'000
Continuing operations			
Revenue, excluding straight-line rental revenue adjustment and COVID-19 rental relief	13	**897 376**	881 057
Straight-line rental revenue adjustment	13	**50 249**	(78 425)
COVID-19 rental relief	13	**(35 127)**	(177 299)
Revenue		**912 498**	625 333
Other income	14	**6 854**	3 606
Unrealised losses	15	**(21 262)**	(73 547)
Expected credit loss	7	**49 622**	(49 137)
Property expenses	16	**(319 404)**	(295 606)
Operating expenses	17	**(51 261)**	(39 246)
Operating profit		**577 047**	171 403
Finance income calculated using the effective interest method	18	**43 970**	38 060
Finance costs	19	**(391 526)**	(372 528)
Fair value adjustments	20	**73 585**	(524 467)
Fourways Mall rebuilt fair value adjustment	20	**(300 000)**	–
Profit/(loss) before taxation		**3 076**	(687 532)
Taxation	21	**(98)**	–
Profit/(loss) from continuing operations		**2 978**	(687 532)
Discontinued operations			
Loss from discontinued operations	22	**57 630**	(17 460)
Profit/(loss) for the year		**60 608**	(704 992)
Other comprehensive income:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		**(98 144)**	(30 911)
Total comprehensive profit/(loss)		**(37 536)**	(735 903)
Profit/(loss) attributable to:			
Shareholders of the parent		**61 984**	(705 703)
Non-controlling interest		**(1 376)**	711
		60 608	(704 992)
Profit/(loss) attributable to:			
Owners of the parent:			
From continuing operations		**2 978**	(687 532)
From discontinued operations		**59 006**	(18 171)
		61 984	(705 703)
Non-controlling interest:			
From discontinued operations		**(1 376)**	711
Total comprehensive (loss)/income attributable to:			
Shareholders of the parent		**(44 891)**	(739 978)
Non-controlling interest		**7 355**	4 075
		(37 536)	(735 903)
Total comprehensive (loss)/income attributable to:			
Owners of the parent:			
From continuing operations		**2 978**	(687 532)
From discontinued operations		**(47 869)**	(52 446)
		(44 891)	(739 978)
Non-controlling interest:			
From discontinued operations		**7 355**	4 075
Total earnings per share			
Basic gain/(loss) per share (cents)	23	**6,48**	(73.95)
Diluted gain/(loss) per share (cents)	23	**6,44**	(72.85)
Earnings per share from continued operations			
Basic gain/(loss) per share (cents)	23	**0,31**	(72,04)
Diluted gain/(loss) per share (cents)	23	**0,31**	(70,97)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

	Share capital R'000	Foreign currency translation reserve R'000	Share incentive reserve R'000	Total reserves R'000	Retained income R'000	Total attributable to equity holders of the group/ company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 April 2020 (Restated)	4 935 967	141 840	24 106	165 946	1 629 004	6 730 917	23 075	6 753 992
Loss for the year	–	–	–	–	(705 703)	(705 703)	711	(704 992)
Other comprehensive income	–	(34 275)	–	(34 275)	–	(34 275)	3 364	(30 911)
Total comprehensive loss for the year	–	(34 275)	–	(34 275)	(705 703)	(739 978)	4 075	(735 903)
Transfer between reserves	1 600	–	(1 600)	(1 600)	–	–	–	–
Conditional shareplan reserve (note 31)	–	–	1 422	1 422	–	1 422	–	1 422
Total contributions by and distributions to owners of company recognised directly in equity	1 600	–	(178)	(178)	–	1 422	–	1 422
Balance at 1 April 2021	**4 937 567**	**107 565**	**23 928**	**131 493**	**923 301**	**5 992 361**	**27 150**	**6 019 511**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**61 984**	**61 984**	**(1 376)**	**60 608**
Other comprehensive income	**–**	**(106 875)**	**–**	**(106 875)**	**–**	**(106 875)**	**8 731**	**(98 144)**
Total comprehensive loss for the year	**–**	**(106 875)**	**–**	**(106 875)**	**61 984**	**(44 891)**	**7 355**	**(37 536)**
Transfer between reserves	**11 299**	**–**	**(11 299)**	**(11 299)**	**–**	**–**	**–**	**–**
Conditional share plan reserve (note 31)	**–**	**–**	**502**	**502**	**–**	**502**	**–**	**502**
Acquisition of non-controlling interest in Accelerate Property Fund Europe B.V.	**–**	**–**	**–**	**–**	**–**	**–**	**(34 505)**	**(34 505)**
Total contributions by and distributions to owners of company recognised directly in equity	**11 299**	**–**	**(10 797)**	**(10 797)**	**–**	**502**	**(34 505)**	**(34 003)**
Balance at 31 March 2022	**4 948 866**	**690**	**13 131**	**13 821**	**985 285**	**5 947 972**	**–**	**5 947 972**
Note(s)	10		10					

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2022

	Note(s)	2022 R'000	2021 R'000
Cash flows from operating activities			
Cash generated from operations	24	**508 672**	350 206
Finance income received		**3 469**	4 169
Tax paid	25	**(98)**	–
Net cash from operating activities		**512 043**	354 375
Cash flows from investing activities			
Purchase of property, plant and equipment	2	**(350)**	(43)
Purchase of investment property		**(43 134)**	(36 760)
Proceeds from disposal of investment property and assets held for sale		**108 500**	188 000
Proceeds from disposal of discontinued operations		**599 607**	–
Net cash from investing activities		**664 623**	151 197
Cash flows from financing activities			
Borrowings raised		**1 628 909**	1 325 875
Borrowings repaid		**(2 349 693)**	(1 432 602)
Capital payment on lease liabilities		**(5 025)**	(3 426)
Purchase of non-controlling interest of Accelerate Property Fund Europe B.V.		**(26 810)**	–
Finance cost paid		**(396 648)**	(402 362)
Net cash from financing activities		**(1 149 267)**	(512 515)
Total cash movement for the year		**27 399**	(6 943)
Cash at the beginning of the year		**25 462**	33 538
Effect of exchange rate movement on cash balances		**(4 993)**	(1 133)
Total cash at end of the year	9	**47 868**	25 462

Of the total cash at year-end, Rnil is held in Euro denominated bank accounts (2021: R18 198 702).

SEGMENTAL ANALYSIS

For investment property, discrete financial information is provided on a property-by-property basis to members of executive management, which collectively comprise the chief operating decision maker. The individual properties are aggregated into segments with similar economic characteristics such as nature of the property and the occupier market it serves. Management considers that this is best achieved by aggregating properties into office, industrial, retail and European retail.

Consequently, the company is considered to have four reportable operating segments, as follows:

- *Office segment:* acquires, develops and leases offices
- *Industrial segment:* acquires, develops and leases warehouses and factories
- *Retail segment:* acquires, develops and leases shopping malls, community centres as well as retail centres
- *European single tenant segment:* acquires, develops and leases single tenant space backed by long-term leases

Group administrative costs, profit/loss on disposal of investment property, finance revenue, finance costs, income taxes and segment liabilities are not reported to the members of executive management on a segmented basis. There are no sales between segments.

Finance cost is not disclosed on a segmental basis as Accelerates funding is secured on an overall portfolio basis and not per segment.

For the year ended 31 March 2021

	Continuing operations				Discontinued operations	
R'000	Office	Industrial	Retail	Total – continuing operations	European – single tenant	Total
Statement of comprehensive income						
Revenue, excluding straight-line rental revenue adjustment	217 317	44 675	619 065	881 057	122 548	1 003 605
COVID-19 rental assistance	(5 526)	(682)	(171 091)	(177 299)	(5 216)	(182 515)
Straight-line rental adjustment	(16 805)	(124)	(61 496)	(78 425)	–	(78 425)
Property expenses	(65 288)	(12 450)	(217 868)	(295 606)	(34 045)	(329 651)
Expected credit loss	(7 156)	(14 270)	(27 711)	(49 137)	–	(49 137)
Segment operating profit	122 542	17 149	140 899	280 590	83 287	363 877
Fair value adjustments on investment property	(79 952)	(95 999)	(412 146)	(588 097)	(72 130)	(660 227)
Segment profit/(loss)	42 590	(78 850)	(271 247)	(307 507)	11 157	(296 350)
Other operating expenses				(39 246)	(4 547)	(43 793)
Other income				3 606	–	3 606
Fair value gain on financial instruments				63 630	–	63 630
Unrealised losses				(73 547)	–	(73 547)
Finance income				38 060	–	38 060
Finance cost				(372 528)	(24 070)	(396 598)
Loss after tax				(687 532)	(17 460)	(704 992)

For the year ended 31 March 2022

R'000	Continuing operations: Office	Continuing operations: Industrial	Continuing operations: Retail	Continuing operations: Total – continuing operations	Discontinued operations: European – single tenant	Total
Statement of comprehensive income						
Revenue, excluding straight-line rental revenue adjustment	245 567	23 356	628 453	897 376	95 904	993 280
COVID-19 rental assistance	2 985	682	(38 794)	(35 127)	–	(35 127)
Straight-line rental adjustment	1 352	(10 669)	59 566	50 249	–	50 249
Property expenses	(65 608)	(13 894)	(239 902)	(319 404)	(37 213)	(356 617)
Expected credit loss	(5 564)	(39)	55 225	49 622	–	49 622
Segment operating profit/(loss)	178 732	(564)	464 548	642 716	58 691	701 407
Fair value adjustments on investment property	36 411	(3 763)	(96 486)	(63 838)	(64 884)	(128 722)
Fourways Mall rebuilt fair value adjustment	–	–	(300 000)	(300 000)	–	(300 000)
Segment profit/(loss)	215 143	(4 327)	68 062	278 878	(6 193)	272 685
Other operating expenses				(51 261)	–	(51 261)
Other income				6 854	–	6 854
Fair value gain on financial instruments				137 423	–	137 423
Realisation of foreign currency translation reserve				–	82 348	82 348
Unrealised losses				(21 262)	–	(21 262)
Finance income				43 970	–	43 970
Finance cost				(391 526)	(18 525)	(410 051)
Taxation				(98)	–	(98)
Profit after tax				2 978	57 630	60 608

For the year ended 31 March 2021

R'000	Office	Industrial	Retail	European – single tenant	Total
Statement of financial position extracts at 31 March 2021					
Assets					
Investment property balance 1 April 2020	2 834 790	513 654	7 646 168	1 832 564	12 827 176
Capitalised costs	31 938	2 708	35 934	6 235	76 815
Disposals/classified as held for sale	(16 800)	(258 772)	(44 414)	–	(319 986)
Investment property held for sale	16 800	92 000	18 914	–	127 714
Straight-line rental revenue adjustment	(16 805)	(124)	(61 496)	–	(78 425)
Foreign exchange losses	–	–	–	(211 571)	(211 571)
Fair value adjustments	(79 952)	(95 999)	(412 146)	(72 130)	(660 227)
Segment assets at 31 March 2021	2 769 971	253 467	7 182 960	1 555 098	11 761 496
Other assets not managed on a segmental basis					
Derivative financial instruments					57 673
Right-of-use asset					120 676
Equipment					206
Current assets					622 924
Total assets					12 562 975

For the year ended 31 March 2022

R'000	Office	Industrial	Retail	European – single tenant	Total
Statement of financial position extracts at 31 March 2022					
Assets					
Investment property balance 1 April 2021	2 769 971	253 467	7 182 960	1 555 098	11 761 496
Capitalised costs	6 152	–	340 475	–	346 627
Disposals/classified as held for sale	(16 500)	(92 000)	(147 000)	(1 376 313)	(1 631 813)
Investment property held for sale	–	–	147 000	–	147 000
Straight-line rental revenue adjustment	1 352	(10 669)	59 566	–	50 249
Foreign exchange losses	–	–	–	(113 901)	(113 901)
Fair value adjustments	36 411	(3 763)	(96 486)	(64 884)	(128 722)
Fourways Mall rebuilt fair value adjustment	–	–	(300 000)	–	(300 000)
Segment assets at 31 March 2022	2 797 386	147 035	7 186 515	–	10 130 936
Other assets not managed on a segmental basis					
Derivative financial instruments					42 541
Right-of-use asset					1 059
Equipment					330
Current assets					901 347
Total assets					11 076 213

For the year ended 31 March 2021

R'000	South Africa	Austria	Slovakia	Total
Statement of comprehensive income 2021				
Revenue, excluding straight-line rental revenue adjustment	881 057	91 911	30 637	1 003 605
COVID-19 rental assistance	(177 299)	(3 912)	(1 304)	(182 515)
Straight-line rental adjustment	(78 425)	–	–	(78 425)
Property expenses	(295 606)	(24 397)	(9 648)	(329 651)
Expected credit loss	(49 137)	–	–	(49 137)
Segment operating profit	280 590	63 602	19 685	363 877
Fair value adjustments on investment property	(588 097)	(54 069)	(18 061)	(660 227)
Segment (loss)/profit	(307 507)	9 533	1 624	(296 350)
Other operating expenses	(39 246)	(3 410)	(1 137)	(43 793)
Other income	3 606	–	–	3 606
Fair value gain on financial instruments	63 630	–	–	63 630
Unrealised losses	(73 547)	–	–	(73 547)
Finance income	38 060	–	–	38 060
Finance cost	(372 528)	(18 052)	(6 018)	(396 598)
Loss before tax	(687 532)	(11 929)	(5 531)	(704 992)

For the year ended 31 March 2022

R'000	South Africa	Austria	Slovakia	Total
Statement of comprehensive income 2022				
Revenue, excluding straight-line rental revenue adjustment	897 376	71 927	23 977	993 280
COVID-19 rental assistance	(35 127)	–	–	(35 127)
Straight-line rental adjustment	50 249	–	–	50 249
Property expenses	(319 404)	(28 797)	(8 416)	(356 617)
Expected credit loss	49 622	–	–	49 622
Segment operating profit	**642 716**	**43 130**	**15 561**	**701 407**
Fair value adjustments on investment property	(63 838)	(48 663)	(16 221)	(128 722)
Fourways Mall rebuilt fair value adjustment	(300 000)	–	–	(300 000)
Segment profit/(loss)	**278 878**	**(5 533)**	**(660)**	**272 685**
Other operating expenses	(51 261)	–	–	(51 261)
Other income	6 854	–	–	6 854
Fair value gain on financial instruments	137 423	–	–	137 423
Realisation of foreign currency translation reserve	–	61 761	20 587	82 348
Unrealised losses	(21 262)	–	–	(21 262)
Finance income	43 970	–	–	43 970
Finance cost	(391 526)	(13 893)	(4 632)	(410 051)
Taxation	(98)	–	–	(98)
Profit after tax	**2 978**	**42 335**	**15 295**	**60 608**

For the year ended 31 March 2021

R'000	South Africa	Austria	Slovakia	Total
Statement of financial position extracts at 31 March 2021				
Investment property balance 1 April 2020	10 999 173	1 376 115	451 888	12 827 176
Capitalised costs	70 580	4 676	1 559	76 815
Disposals/classified as held for sale	(319 986)	–	–	(319 986)
Investment property held for sale	127 714	–	–	127 714
Straight-line rental revenue adjustment	(78 425)	–	–	(78 425)
Foreign exchange losses	–	(158 679)	(52 892)	(211 571)
Fair value adjustments	(592 657)	(49 509)	(18 061)	(660 227)
Investment property at 31 March 2021	10 206 399	1 172 603	382 494	11 761 496
Other assets not managed on a segmental basis				
Derivative financial instruments				57 673
Right-of-use asset				120 676
Equipment				206
Current assets				622 924
Total assets				12 562 975

For the year ended 31 March 2022

R'000	South Africa	Austria	Slovakia	Total
Statement of financial position extracts at 31 March 2022				
Investment property balance 1 April 2021	10 206 399	1 172 603	382 494	11 761 496
Capitalised costs	346 627	–	–	346 627
Disposals/classified as held for sale	(255 501)	(1 038 486)	(337 826)	(1 631 813)
Investment property held for sale	147 000	–	–	147 000
Straight-line rental revenue adjustment	50 249	–	–	50 249
Foreign exchange losses	–	(85 454)	(28 447)	(113 901)
Fair value adjustments	(63 838)	(48 663)	(16 221)	(128 722)
Fourways Mall rebuilt fair value adjustment	(300 000)			(300 000)
Investment property at 31 March 2022	**10 130 936**	**–**	**–**	**10 130 936**
Other assets not managed on a segmental basis				
Derivative financial instruments				42 541
Right of use asset				1 059
Equipment				330
Current assets				901 347
Total assets				**11 076 213**

ACCOUNTING POLICIES

1. Significant accounting policies

The consolidated audited annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act 71 of 2008. The consolidated audited annual financial statements have been prepared on the historic cost convention, except for investment property, financial guarantees and derivative financial instruments that have been measured at fair value. They are presented in South African Rands. **All figures are rounded off to R'000 except where otherwise stated.**

1.1 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the new standards, amendments and interpretations that became effective during the 31 March 2022 reporting period. However, they are not expected to have a significant impact on the annual financial statements of Accelerate.

» COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

» Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

1.2 Standards issued but not yet effective

Standards issued but not yet effective as of the date of issuance of Accelerate's financial statements are listed below. This listing of standards and interpretations issued are those that Accelerate reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. Accelerate intends to adopt these standards when they become effective.

Other new standards not yet effective:

» Reference to the Conceptual Framework – Amendments to IFRS 3

» Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

» Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

» AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

» AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

» Classification of Liabilities as Current or Non-current – Amendments to IAS 1

» Definition of Accounting Estimates – Amendments to IAS 8

» Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

» Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

These standards are not expected to have a significant effect on the financial statements of Accelerate.

The standards issued during the year, but not listed above, will have no impact on the financial statements of Accelerate.

1.3 Consolidation

Basis of consolidation

	Subsidiaries (including special purpose vehicles)	Joint operations
% ownership interest	Greater than 50%	Proportionate share of assets and liabilities
Nature of relationship with Accelerate	Subsidiaries are entities over which Accelerate exercises control. The subsidiaries' financial results are included in the consolidated financial statements of Accelerate from the date Accelerate obtains control until the date that control ceases.	A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

1. Significant accounting policies continued

1.3 Consolidation continued

Determining control

An investor controls an investee if and only if the investor has all of the following elements:

» Power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns)

» Exposure, or rights, to variable returns from its involvement with the investee

» The ability to use its power over the investee to affect the amount of the investor's returns

	Consolidation	Joint operation
Initial and subsequent recognition in the consolidated financial statements	100% of the assets, liabilities, income, expenses, and cash flows of a subsidiary is accounted for on a line-by-line basis in the financial statements from the date Accelerate obtains control until the date that control ceases. The non-controlling interest is measured at their proportionate share of the minority shareholders identifiable assets at the date of acquisition. Subsequently the portion of the profit or loss is recognised in the statement of profit or loss and other comprehensive income and transferred to a non-distributable reserve.	Accelerate recognises the assets and liabilities, including its share of any assets held jointly and liabilities incurred jointly, the share of the revenue from the sale of the output by the joint operations and the expenses, including its share of any expenses incurred jointly.
Intercompany transactions	All intra-group transactions, balances and unrealised gains and losses are eliminated on consolidation.	Unrealised gains and losses with the joint operation are eliminated to the extent of Accelerate's interest in the joint operation. Unrealised losses are eliminated to the extent that there is no evidence of impairment.

1.4 Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Accelerate owns 50% of the Fourways Mall net income streams from 29 November 2019 and accounts for it as a joint operation as follows:

Joint operations

The company recognises the following in relation to its interests in a joint operation:

» Its assets, including its share of any assets held jointly

» Its liabilities, including its share of any liabilities incurred jointly

» Its revenue from the sale of its share of the output arising from the joint operation

» Its share of the revenue from the sale of the output by the joint operation

» Its expenses, including its share of any expenses incurred jointly

1. Significant accounting policies continued

1.5 Significant judgements and sources of estimation uncertainty

The preparation of consolidated audited annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant judgements include:

Judgements and other estimates

In the process of applying the accounting policies, management has made the following judgements and estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Valuation of property

The fair value of investment property is determined by real estate valuation experts and management using recognised valuation techniques and the principles of IFRS 13. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in the investment property note 4 and 5.

Valuation of the share-based payments reserve

The group issues equity-settled share-based payments to certain employees in the group as well as key staff in the Accelerate Property Management Company. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

IFRS 16

In cases where Accelerate is the lessee significant judgement is applied in determining the incremental borrowing rate used to determine the present value of the right-of-use asset as well as the lease liability for IFRS 16 purposes at the date of initial recognition.

Acquisition of investment properties: asset acquisition or business combination

IFRS 3 *Business Combinations* defines a business as 'an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or other economic benefits'.

When Accelerate acquires subsidiaries that own real estate, Accelerate considers whether each acquisition represents the acquisitions of a business or the acquisition of an asset. Accelerate accounts for an acquisition as a business combination where an integrated set of activities and assets, including property, is acquired. More specifically, consideration is given to the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary.

Indicators of business combinations	Not necessarily indicators of business combinations on their own
Substantive processes and/or services acquired/provided:	Administrative processes and/or ancillary services acquired/provided:
» Lease management	» Security
» Management of common areas to promote increased footfall	» Cleaning
» Selection of tenants	» Rent invoicing and collection
» Investment decisions	» Caretaker
» Marketing decisions	

1. Significant accounting policies continued

1.5 Significant judgements and sources of estimation uncertainty continued

In line with the above the acquisition of Fourways Mall in November 2019 was not regarded as a business combination due to the following;

- In the case of Fourways Mall, the asset management is done on a 50/50 decision-making basis (in-line with the ownership percentage) by the two owners of Fourways Mall. This input is applied by the group as the 50% owner of Fourways Mall and is not an input that was acquired. This input is applied by the same unaltered management team of the group prior to the Fourways Mall equalisation
- The property management of Fourways Mall, as is the case with all investment properties owned by Accelerate, is provided by a third property management company and was not acquired with the property

1.6 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Investment property is subsequently measured at fair value in accordance with IAS 40.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to a sale.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses on the retirement or disposal of investment property. Any gains or losses are recognised in profit or loss in the year of retirement or disposal.

Fair value

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.7 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Subsequent measurement is at cost less accumulated depreciation and accumulated impairment losses.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged in order to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives or the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

1. Significant accounting policies continued

1.7 Property, plant and equipment continued

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
IT equipment	Straight line	3 years
IT equipment	Straight line	5 years
Generator	Straight line	5 years

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.8 Non-current assets (disposal groups) held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Non-current assets held-for-sale comprise solely of investment properties and therefore are excluded from the measurement scope of IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* and continue to be measured according to the fair value model with gains/losses recognised in the statement of comprehensive income.

Non-current assets held for sale are presented separately from other assets in the statement of financial position.

1. Significant accounting policies continued

1.9 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 *Financial Instruments*.

Accounting for financial assets

Classification

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Accelerate's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which Accelerate has applied the practical expedient Accelerate initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. As the Accelerate's rent and other trade receivables do not contain a significant financing component, they are measured at the lease income determined under IFRS 16. Refer to the accounting policies on revenues.

For a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Accelerate's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Accelerate classifies its Derivative financial instruments at fair value through profit or loss and its rent and other trade receivables and cash and short-term deposits at amortised cost.

Recognition and measurement

Initial recognition and measurement

Accelerate initially measures a financial asset at its fair value or, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

For purposes of subsequent measurement, Accelerate's financial assets are classified in two categories:

- Financial assets at fair value through profit or loss (derivative financial instruments)
- Financial assets measured at amortised cost (rent and other trade receivables and cash and short-term deposits)

Financial assets at amortised cost

For purposes of subsequent measurement, Accelerate measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Since Accelerate's financial assets (rent and other trade receivables, cash and short-term deposits) meet these conditions, they are subsequently measured at amortised cost.

1. Significant accounting policies continued

1.9 Financial instruments continued

Recognition and measurement continued

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments which Accelerate had not irrevocably elected to classify at fair value through other comprehensive income.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Rent and other trade receivables Note 7
- Financial instruments risk management objectives and policies Note 32

Accelerate recognises an allowance for expected credit losses (ECLs) for all receivables held by Accelerate. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Accelerate expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held, deposits on hand and bank guarantees or other credit enhancements that are integral to the contractual terms.

For rent and other trade receivables, Accelerate applies a simplified approach in calculating ECLs. Therefore, Accelerate does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date (i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default).

Accelerate considers a financial asset to be in default when contractual payments are 90 days past due and legal processes have commenced. However, in certain cases, Accelerate may also consider a financial asset to be in default when internal or external information indicates that Accelerate is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by Accelerate. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired
- Accelerate has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) Accelerate has transferred substantially all the risks and rewards of the asset, or (b) Accelerate has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When Accelerate has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Accelerate continues to recognise the transferred asset to the extent of its continuing involvement. In that case, Accelerate also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Accelerate has retained.

1. Significant accounting policies continued

1.9 Financial instruments continued

Derecognition continued

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Accelerate could be required to repay.

Accounting for financial liabilities

Recognition and measurement

Initial recognition and measurement

Accelerate's financial liabilities comprise interest-bearing loans and borrowings, derivative financial instruments and trade and other payables

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of all financial liabilities except derivative financial instruments, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

For more information on the interest-bearing loans and borrowings, refer to Note 11.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

1.10 Leases

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component, on the basis of their relative standalone prices.

Company as lessee

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost (which is equal to the lease liability adjusted for upfront deposits) and increased with initial direct costs incurred and the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset. The group applies the cost model subsequent to the initial measurement of the right-of-use asset. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the remaining lease payments on the commencement date, discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be determined, the lessee uses the lessee's incremental borrowing rate. The lease liabilities were discounted at the incremental borrowing rate as at 1 April 2021. The discount rate used was prime + 7,12%. In order to calculate the incremental borrowing rate, reference interest rates were derived based on Accelerate's cost of debt. The lease liability is subsequently increased by interest cost on the lease liability and decreased by lease payments made.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments; variable lease payments that depend on an index or a rate; amounts payable under a residual value guarantee; and the exercise price under a purchase option that the group is certain to exercise.

1. Significant accounting policies continued

1.10 Leases continued

Company as lessee continued

Consolidated statement of cash flows

The group has classified:

- Cash payments for the principal portion of lease payments as financing activities
- Cash payments for the interest portion as finance activities consistent with the presentation of interest payments chosen by the group

Accelerate as lessor – operating leases

Operating lease income is recognised as income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

The group may reduce past lease payments that are recognised as a lease receivable in an operating lease. For these instances there is an accounting policy choice of either:

1) An extinguishment of the operating lease receivable and the derecognition requirements of IFRS 9 apply, or
2) Lease modification under IFRS 16 where the group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

The group has elected to apply the lease modification under IFRS 16. As a result, the amount granted as relief is accounted for as a lease incentive in terms of the new lease agreement. This incentive is recognised as a reduction to lease income over the lease term.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.12 Revenue

Rental income

Accelerate is the lessor in operating leases. Rental income arising from operating leases of investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the statement of comprehensive income when the right to receive them arises.

Rental income does not fall within the scope of IFRS 15, Revenue from contracts with customers, but is accounted for in terms of IFRS 16, *Leases*.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which Accelerate expects to be entitled in exchange for those services.

1. Significant accounting policies continued

1.12 Revenue continued

Revenue from contracts with customers continued

Service and management charges and other such receipts are included in revenue gross of the related costs, as the directors consider that Accelerate acts as principal in this respect. It is accounted for as a single performance obligation based on the actual provision of utilities services to the customer.

Revenue from service charges, management charges and other expenses recoverable from tenants is recognised over time when the customer receives the benefit of the related service.

Recoveries

Recovering operating costs, such as utilities from tenants.

Utility recoveries are recognised over the period for which the services are rendered. The group acts as a principal on its own account when recovering operating costs, such as utilities, from tenants.

Casual parking, non-GLA income and lease cancellation fees

Casual parking income is recognised over the period for which the services are rendered. Non-GLA income, like advertising, promotion and exhibition income, and lease cancellation fees are contingent and are recorded in the period in which they are earned.

1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of investment property is capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred

The capitalisation of borrowing costs commences when:

- Activities that are necessary to prepare the asset for its intended use or sale are in progress

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest is also capitalised on the purchase cost of a property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

1.14 Other accounting policies

Property acquisitions and business combinations

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business as per IFRS 3. Where such acquisitions are not judged to be acquisitions of a business, they are not treated as business combinations.

Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

Investment property acquisitions which do not meet the definition of a business as defined in IFRS 3 are recognised and measured in accordance with IAS 40.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently recorded at amortised cost.

1. Significant accounting policies continued

1.14 Other accounting policies continued

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

Tenant deposits

Tenant deposit liabilities are initially recognised at fair value and subsequently measured at amortised cost where the effect of discounting is material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

Finance income

Finance income is recognised as it accrues using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Finance income is included in finance income in the statement of comprehensive income.

Taxes

Accelerate converted to a Real Estate Investment Trust (REIT) on listing. As a result, section 25BB of the Income Tax Act applies to qualifying REIT income and expenses. The legislation provides that capital gains on sale of investment properties are not taxable and previous building allowances claimed will be recouped at 28%. All rental income and dividends from property subsidiaries will be taxed at 28% and any qualifying distribution paid from these taxable profits will be deductible at 28%. Should the entities' assets be sold or the entity wound up, there could be a tax liability to the value of the recoupments previously claimed.

Accelerate is of the view that the provisions of IAS 12 *Income Taxes* regarding different tax rates for distributed and undistributed profits are intended to apply where the only significant factor determining the differential tax rate is the retention or distribution of profit. This view is applied given that this would reflect the economic reality of Accelerate as being tax neutral and would not result in deferred taxation being raised at each reporting date merely to be reversed after the end of the reporting date when distributions are declared to shareholders. This view is formulated based on guidance from the withdrawn ED/2009/2 as published by the International Accounting Standards Board (IASB). This view implies that the entity can choose to operate within one of two tax regimes, either a 'full tax' regime by not distributing rental income and dividends from property subsidiaries to shareholders or a 'no tax' regime by distributing rental income and dividends from property subsidiaries to shareholders, rather than operating in a single tax regime with a dual tax rate, depending on whether profits are retained or distributed. Accordingly, the measurement of deferred tax assets and liabilities takes into account expected future distributions. This results in no deferred tax being recognised by Accelerate on REIT assets and liabilities.

REIT legislation is currently being revised to clarify the legislation where difficulties have been noted in practice.

Current taxes are recognised as income or expense and included in profit or loss for the period, except to the extent that the tax arises from:

- A transaction or event which is recognised, in the same or different period, to other comprehensive income
- A business combination

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or different period, directly to equity.

Current income tax

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Accelerate is registered as a REIT, and as such will only pay tax on profits not distributed to shareholders.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

1. Significant accounting policies continued

1.14 Other accounting policies continued

Share-based payments

Employees (including senior executives) of Accelerate receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves (share-based payment reserve), in equity over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and Accelerate's best estimate of the options that will ultimately vest. The profit or loss represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market condition. These are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance service conditions are satisfied.

When the terms of the equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of the modification.

When the equity award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either Accelerate or the employee are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Share capital

Ordinary shares are classified as equity. Accelerate shares held by Accelerate Treasury Proprietary Limited are classified as treasury shares on consolidation and presented as a deduction from equity and these shares are held at cost.

Fair value measurements

Accelerate measures certain financial instruments such as derivatives, and non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in the financial statements when the carrying values are not determined to approximate fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

Accelerate must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

1. Significant accounting policies continued

1.14 Other accounting policies continued

Fair value measurements continued

Accelerate uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole. Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, Accelerate determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. Accelerate uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The fair value of investment property is determined by using valuation techniques. Accelerate uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Techniques include discounted cash flows and cap rate methods.

The carrying value of trade receivables and payables approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Accelerate for similar financial instruments. Accelerate's own non-performance risk is considered.

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

2. Property, plant and equipment

	2022 R'000			2021 R'000		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	**567**	**(526)**	**41**	567	(442)	125
Motor vehicles	**622**	**(622)**	**–**	622	(563)	59
Office equipment	**31**	**(28)**	**3**	31	(22)	9
IT equipment	**703**	**(557)**	**146**	556	(543)	13
Other property, plant and equipment	**175**	**(35)**	**140**	–	–	–
Total	**2 098**	**(1 768)**	**330**	1 776	(1 570)	206

Reconciliation of property, plant and equipment – 2022 (R'000)

	Opening balance	**Additions**	**Depreciation**	**Total**
Furniture and fixtures	**125**	**–**	**(84)**	**41**
Motor vehicles	**59**	**–**	**(59)**	**–**
Office equipment	**9**	**–**	**(6)**	**3**
IT equipment	**13**	**175**	**(42)**	**146**
Other property, plant and equipment	**–**	**175**	**(35)**	**140**
	206	**350**	**(226)**	**330**

Reconciliation of property, plant and equipment – 2021 (R'000)

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	175	43	(93)	125
Motor vehicles	117	–	(58)	59
Office equipment	16	–	(7)	9
IT equipment	18	–	(5)	13
	326	43	(163)	206

3. Leases (company as lessee)

	2022 R'000	2021 R'000
Right-of-use asset		
Opening balance	**120 676**	141 676
New leases	**1 246**	–
Derecognition due to sale of Accelerate Property Fund Europe	**(118 546)**	–
Depreciation	**(3 730)**	(4 547)
Foreign exchange movement	**1 413**	(16 453)
	1 059	120 676
Finance lease liabilities		
Opening balance	**122 796**	142 919
New leases	**1 246**	–
Derecognition due to sale of Accelerate Property Fund Europe	**(121 830)**	–
IFRS 16 interest	**2 460**	3 069
Repayment	**(5 026)**	(6 495)
Exchange rate movement	**1 465**	(16 696)
	1 111	122 797
Non-current liabilities	**758**	116 854
Current liabilities	**353**	5 943
	1 111	122 797

There are no restrictive conditions in place on these leases.

4. Investment property

	Opening balance R'000	Additions resulting from capitalised subsequent expenditure^ R'000	Disposals R'000	Classified as held for sale R'000	Foreign exchange move-ments R'000	Straight-line revenue rental adjustment R'000	Fair value adjust-ments* R'000	Total R'000
Reconciliation of investment property – 2022								
Investment property**	**11 633 782**	**346 627**	**(1 376 313)**	**(127 786)**	**(113 901)**	**50 249**	**(428 722)**	**9 983 936**
Reconciliation of investment property – 2021								
Investment property**	12 231 279	76 815	–	275 911	(211 571)	(78 425)	(660 227)	11 633 782

* *Included in the fair value adjustments are R64 884 967 (2021: R72 130 044) for Accelerate Property Fund Europe B.V.*

** *The entire portfolio of investment property is pledged as security for borrowings. For detailed borrowings please refer to note 11.*

^ *Included in additions is R300 million relating to the additional capital expenditure claim from the developer. This is a non-cash transaction as a payable has been raised in relation to this amount, refer to note 12.*

	2022 R'000	2021 R'000
Borrowing costs capitalised		
Borrowing costs capitalised to investment property	**3 379**	40 055
Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation	**8,10 %**	7,80%

4. Investment property continued

The following investment properties are held by Accelerate through subsidiaries:

- The KMPG portfolio 100% held through Parktown Crescent Proprietary Limited and Wanooka Properties Proprietary Limited
- Citibank building in Sandton 100% held through Pybus Sixty-Two (RF) Proprietary Limited
- The remainder of the investment properties are held directly by Accelerate Property Fund Limited

	2022 R'000	2021 R'000
Non-current assets held for sale		
Investment property	**147 000**	127 714

The following non-core retail properties are held for sale at 31 March 2022:

- The Leaping Frog
- Corporate Park Corner Shopping Centre

The following non-core properties were held for sale at 31 March 2021:

- 1 Bolt Avenue (industrial)
- KPMG Port Elizabeth (office)
- Cascades (retail)*

* *This property was not sold in the current year.*

5. Fair value measurement of investment properties

Levels of fair value measurement

It is the policy of Accelerate to have every property valued by an external valuer on a three-year rotational basis as required by the JSE Listings Requirements. This means that each property Accelerate holds is externally valued at least every three years. The remaining investment properties held at the end of each reporting period are valued by Accelerate's directors.

Each year the directors appoint an external valuer who is responsible for the external valuations of property for the annual financial statements. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. In addition, the directors are responsible for Accelerate's internal property valuations. Internal methods are aligned with those used by external valuers.

At each reporting date, the directors analyse the movements in each property's value. For this analysis, the directors review the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts (e.g., rent amounts in rental contracts), market reports (e.g. market rent, cap rates in property market reports) and other relevant documents. Each property is considered a separate asset class based on the unique nature, characteristics and risks of the property. The directors compare each property's change in fair value with relevant external sources (such as the investment property database or other relevant benchmarks) to determine whether the change is reasonable.

Valuation techniques

The fair values of investment properties are determined using either a discounted cash flow (DCF) method or income capitalisation method (cap rate). These two valuation methods are used across the different property portfolios of Accelerate.

COVID-19

For the year ended 31 March 2020 Accelerate took a conservative view on the valuation of Investment property with the potential effects of COVID-19 at top of mind. This resulted in a downward valuation of R1 billion (7,0%) recorded at 31 March 2020. In order to ensure transparency and to provide the market with additional comfort regarding the valuation of investment property, the fund had in excess of 90% of its investment property (by value) externally valued for the year ended 31 March 2021. The additional effect of COVID-19 resulted in a further downwards valuation of the portfolio by R660 million (5,0%) for the year ended 31 March 2021. The fund has seen a stabilisation in valuations for the year ended 31 March 2022, with downward adjustments of R428 million made.

5. Fair value measurement of investment properties continued

DCF method

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and costs of ownership over the asset's life including an exit or terminal value. The DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash inflows associated with the property. The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net cash inflows, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted at the appropriate rate.

Income capitalisation method

Under the cap rate method, a property's fair value is estimated based on the normalised and market related net operating income generated by the property, which is divided by the capitalisation rate. The difference between gross and net rental income includes the same expense categories as those for the DCF method with the exception that certain expenses are not measured over time but included on the basis of a time weighted average, such as the average lease costs.

The external valuations were performed by Mills Fitchet and D.J.B Hoffman accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment property being valued. The internal valuations were performed by the directors. The valuation models applied are in accordance with those recommended by the International Valuation Standards Committee and are consistent with the principles in IFRS 13.

Changes in valuation techniques

There were no changes in valuation techniques during the year.

Highest and best use

For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

Valuation techniques and inputs derive level 3 fair values

The table below presents the following for each class of the investment property:

- The fair value measurements at the end of the reporting period
- A description of the valuation techniques applied
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building
- Quantitative information about the significant unobservable inputs used in the fair value measurement

5. Fair value measurement of investment properties continued

Class of property	Fair value as at 31 March 2022 R'000	Valuation technique	Key unobservable inputs	Weighted average of key observable inputs	Weighted average equivalent yield
Office	2 797 386	Income capitalisation/ DCF Method	ERV	R182,50	8,40
			Rental growth pa	5,2%	
			Long-term vacancy rate	6,4%	
Industrial	147 035	Income capitalisation/ DCF Method	ERV	R57,00	10,40
			Rental growth pa	5,0%	
			Long-term vacancy rate	5,0%	
Retail	7 186 515	Income capitalisation/ DCF Method	ERV	R282,80	7,70
			Rental growth pa	4,7%	
			Long-term vacancy rate	3,5%	
Total#	10 130 936				

Class of property	Fair value as at 31 March 2021 R'000	Valuation technique	Key unobservable inputs	Weighted average of key observable inputs	Weighted average equivalent yield
Office	2 769 971	Income capitalisation/ DCF Method	ERV	R180,90	8,50
			Rental growth pa	5,1%	
			Long-term vacancy rate	2,3%	
Industrial	253 467	Income capitalisation/ DCF Method	ERV	R76,50	9,70
			Rental growth pa	4,8%	
			Long-term vacancy rate	4,0%	
Retail	7 182 960	Income capitalisation/ DCF Method	ERV	R308,50	7,50
			Rental growth pa	5,0%	
			Long-term vacancy rate	2,1%	
European retail*	1 555 098	Income capitalisation/ DCF Method	ERV	R138,60	6,46
			Rental growth pa	0%	
			Long-term vacancy rate	0%	
Total#	11 761 496				

* *Europe retail was sold during the 2022 financial year, but is still included in the prior year figures for completeness.*

\# *Included in the above total are properties held for resale of R147 000 000 (2021: R127 714 243), R9 695 505 000 (2021: R11 395 601 757) of investment properties and R288 431 000 (2021: R238 180 000) of straight-line revenue adjustment.*

5. Fair value measurement of investment properties continued

Descriptions and definitions

The table on the previous page includes the following descriptions and definitions relating or valuation techniques and key unobservable inputs made in determining the fair values.

Estimated rental value (ERV)

The gross rent per square meter per month at which space could be let in the market conditions prevailing at the date of valuation.

Rental growth

The estimated average increase in rent per annum based on both market estimations and contractual indexations.

Long-term vacancy rate

The ERV of the expected long-term average structural vacant space divided by ERV of the whole property. Long-term vacancy rate can also be determined based on the percentage of estimated vacant space divided by the total lettable area.

COVID-19

The long-term impact of COVID-19 on the above inputs is yet to be determined with certainty. Short-term assistance given to tenants will not materially impact the valuation of investment property. The long-term impact on rental levels, vacancies and discount rates cannot yet be determined with any degree of certainty.

Equivalent yield

The equivalent yield is defined as the internal rate of return of the cash flow from the property, assuming a rise to ERV at the next review, but with no further rental growth. Equivalent yield is a proxy for capitalisation rate.

Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within level 3 of the fair value hierarchy of the entity's portfolios of investment property are:

» ERV

» Long-term vacancy rate

» Equivalent yield

ERV

An increase or decrease in ERV is directly correlated to an increase or decrease in the estimated fair value. A 5% increase or decrease in the ERV would result in a 5% increase or decrease in the estimated fair value.

Long-term vacancy rate

Increases/decreases in the long-term vacancy rate would result in decreases/increases in the estimated fair value. The South African portfolio is currently 21,2% vacant.

Rental growth

The rental growth rate assumption used to value investment property is a direct input into the discount rate used in a discounted cash flow valuation. Thus, if the growth rate increases the discount rate also increases.

Property expenses

Property expenses included in valuations are done on a property-by-property basis taking into account location, property type and layout. Assumed increases of expenses are estimated on a line-by-line basis. The increase/decrease in property expenses would result in a decrease/increase in your estimated property value.

5. Fair value measurement of investment properties continued

Equivalent yield

South African portfolio	50 bps increase %	50 bps decrease %
Equivalent yield – Impact on fair value		
31 March 2022		
Retail	**(6,1)**	**7,0**
Office	**(5,6)**	**6,3**
Industrial	**(4,6)**	**5,1**

South African portfolio	50 bps increase %	50 bps decrease %
Equivalent yield – Impact on fair value		
31 March 2021		
Retail	(6,3)	7,1
Office	(5,6)	6,3
Industrial	(4,9)	5,4

European retail	25 bps increase %	25 bps decrease %
Equivalent yield – Impact on fair value		
31 March 2021		
European retails	(3,6)	4,1

Additional sensitivity analysis

R'000	Increase in fair value from a 6,5% decrease in property expense	(Decrease) in fair value from a 6,5% increase in property expenses	Increase in fair value from a 7,00% increase in rental income	(Decrease) in fair value from a 7,00% decrease in rental income	Increase in fair value from a 9,10% decrease in vacancy	(Decrease) in fair value from a 9,10% increase in vacancy
31 March 2022						
Industrial	**3 066**	**(5 601)**	**9 739**	**(12 274)**	**9 985**	**(16 656)**
Office	**20 276**	**(14 133)**	**117 631**	**(111 487)**	**26 310**	**(148 019)**
Retail	**205 159**	**(170 998)**	**671 087**	**(636 927)**	**364 166**	**(864 714)**
	228 501	**(190 732)**	**798 457**	**(760 688)**	**400 461**	**(1 029 389)**

R'000	Increase in fair value from a 4,55% decrease in property expenses	(Decrease) fair value from a 4,55% increase in property expenses	Increase in fair value from a 6,20% increase in rental income	(Decrease) in fair value from a 6,20% decrease in rental income	Increase in fair value from a 7,20% decrease in vacancy	(Decrease) in fair value from a 7,20% increase in vacancy
31 March 2021						
Industrial	19 665	6 441	38 450	(12 343)	46 909	(20 803)
Office	(211 821)	(284 364)	(45 318)	(450 867)	(81 112)	(498 708)
Retail	189 151	(71 073)	649 396	(531 318)	558 016	(663 620)
	(3 005)	(348 996)	642 528	(994 528)	523 813	(1 183 131)

6. Investments

Joint operation

The following joint operations are material to the company:

	% Ownership interest 2022	2021
Joint operation		
Fourways Mall	**50**	50

Accelerate owns 50% of Fourways Mall via an undivided share. Investment property relating to the Fourways mall retail site recognised in the financial statements of Accelerate amounts to R4,7 billion (included in the investment property balance). Accelerate's proportional share of the revenue and expenses flowing from the joint operation are recognised on a line-by-line basis. The other 50% of Fourways Mall is owned by Azrapart (Pty) Ltd, a related party as it is indirectly owned by Accelerate CEO, MN Georgiou.

Joint ventures

The following joint ventures are material to the company:

	% Ownership interest 2022	2021
Joint operation		
Riqueza Properties One (Pty) Ltd	**49**	49

Riqueza is a shelf company set up for the Buzz residential development, of which Accelerate Property Fund Limited is a 49% joint venture partner. The development has not yet commenced and the company is currently still dormant.

Riqueza is a company incorporated as a joint venture between Accelerate Property Fund Limited (APF) [49%] and Signature Investment Holdings Proprietary Limited [51%]. The company was established to implement the project whereby APF makes the Buzz Land available for a period of 5 years. The current plan envisages the development of 512 opportunities and it is envisaged that Riqueza will purchase land from APF in phases.

The site development plans and building plans for Phase 1 have been approved by the City of Johannesburg Development Planning Department which consist of 126 opportunities. In addition, the marketing material has been completed and it is envisaged that the launch of the scheme will commence in Q3:2022. It is not expected that the development will impact APF's cash flows, as this is expected to be self-funded, subject to pre-sales.

7. Trade and other receivables

	2022 R'000	2021 R'000
Financial assets:		
Debtors including tenant receivables	**379 387**	210 129
Selling entity debtors	**48 181**	44 870
Related party receivables – note 29	**299 807**	273 270
Municipal deposits	**15 443**	16 920
Deposit: property acquisition	**545**	975
Sundry debtors	**13 624**	18 490
Accrued recoveries	**94 792**	79 195
Less: Expected credit loss (ECL)*	**2 504**	(47 118)
	854 283	596 731
Non-financial assets:		
Prepaid expenses	**(804)**	731
Total trade and other receivables	**853 479**	597 462

* *The ECL assessment relates to debtors including tenant receivables, selling entity debtors and related party receivables.*

Carrying value approximates the fair value of trade and other receivables.

Exposure to credit risk

Refer to note 32 Credit Risk of trade receivables, which explains how the group manages and measures credit quality of receivables.

7. Trade and other receivables continued

Movement in expected credit loss:

	2022 R'000	2021 R'000
Opening balance	**47 118**	40 393
Charge for the year	**(49 622)**	49 137
Debtors written off	**–**	(42 412)
Closing balance	**(2 504)**	47 118

8. Derivatives

Economic hedges

Interest rate swaps

Accelerate holds interest rate swap contracts with notional amounts of R3 200 000 000 (2021: R3 950 000 000) whereby it pays a fixed rate of interest and receives a variable rate based on one month Jibar on the notional amount. The swap is used to hedge exposure to the variable interest rate payments on the variable rate secured loans.

The interest rate swaps have been used to match the critical terms of the underlying debt (hedge accounting has not been applied for accounting purposes). Cash flows are expected to occur until December 2026 and will be recognised through profit or loss as and when incurred.

The aggregate fair value of the interest rate swaps at the end of the reporting period was R21 717 019 (2021: negative R115 705 234).

The valuation techniques applied to fair value the derivatives which include the swap models, use present value calculations. The derivatives are classified in level 2 of the fair value hierarchy.

Cross-currency swap

Accelerate also held a cross-currency swap with a nominal value of €nil (2021: €21 000 000) to hedge exchange rate movements on Euro denominated debt. The cross-currency swap was exited in March 2022 for a net consideration of €21 799 600.

The fair value of the cross-currency swaps at the end of the reporting period was Rnil (2021: negative R29 298 894).

The valuation techniques applied to fair value the derivatives which include the cross-currency swap models, use present value calculations. The derivatives are classified in level 2 of the fair value hierarchy.

	2022 R'000	2021 R'000
Reconciliation of the swap derivatives		
Opening balance value	**(115 705)**	(179 335)
Net changes in fair value through profit and loss	**137 422**	63 630
Closing balance	**21 717**	(115 705)
Current assets	**3 848**	21 332
Non-current assets	**38 693**	36 341
Total assets	**42 541**	57 673
Current liabilities	**(20 061)**	(89 653)
Non-current liabilities	**(763)**	(83 725)
	21 717	(115 705)

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022 R'000	2021 R'000
Cash held on call account	**47 868**	25 462

Surplus cash is placed on call account at an interest rate of 4,1% (2021: 3,85%).

At 31 March 2022, Accelerate had undrawn debt facilities of R223 million (2021: R85,1 million).

Cash balances of R3 600 000 (2021: R4 915 000) are encumbered due to bank guarantees lodged for municipal and other deposits.

10. Ordinary share capital

10.1 Ordinary share capital

	2022	2021
Authorised		
Ordinary shares of no par value	**5 000 000 000**	5 000 000 000
Reconciliation of number of shares issued:		
Reported as at 1 April	**998 944 289**	998 524 580
Treasury shares held by the group	**(44 455 554)**	(44 455 554)
	954 488 735	954 069 026
Issue of shares	**3 300 906**	419 709
Total number of shares in issue at year end	**957 789 641**	954 488 735
Issued		
Ordinary share capital of no par value (R'000)	**4 937 567**	4 935 967
Issue of shares (R'000)	**11 299**	1 600
Ordinary share capital at year end (R'000)	**4 948 866**	4 937 567

The unissued authorised ordinary shares of no par value in the company are under the control and authority of the directors of the company who are authorised to allot or issue any such shares at their discretion, subject at all times to the provisions of the Companies Act, the company's MoI and the Listings Requirements of the JSE, provided that:

» Such authority to allot and issue new shares is limited to vendor settlements only

» The number of shares that may be issued (under general authority), in aggregate in any one financial year, is limited to 10% of the total number of shares in issue at the beginning of each financial year, any other issuances require specific authority

» The maximum discount permitted, in respect of vendor settlement, will be 5% of the average trade price of the shares in question, measured over the 30 business days prior to the date of each issue of new shares or the 30 business days prior to the date the directors resolve to issue such new shares

10.2 Other reserves

	2022 R'000	2021 R'000
Share incentive reserve		
Opening balance	**23 928**	24 106
Movement in reserve	**502**	1 422
Shares vested	**(11 299)**	(1 600)
	13 131	23 928

11. Borrowings

	2022 R'000	2021 R'000
Total value of loans secured by investment property		
RMB	**1 543 220**	1 806 961
Domestic medium-term note (DMTN) programme	**1 760 000**	1 831 000
Investec	**1 050 579**	1 402 616
Erste Bank	**–**	842 869
Ashburton	**40 000**	–
Ninety One	**210 000**	–
Debt on consolidation of SPV's	**–**	171 464
Debt fees to be amortised over the remaining term of the debt	**(29 551)**	(29 425)
	4 574 248	6 025 485
Less: portion repayable within the next 12 months	**(647 807)**	(1 775 569)
	3 926 441	4 249 916
Reconciliation of debt movements		
Opening balance	**6 025 485**	6 243 401
Debt raised	**1 612 914**	1 355 300
Debt repayment	**(2 221 156)**	(1 432 602)
Transfer of borrowings with sale of discontinued operation	**(842 869)**	–
Debt fees to be amortised over the remaining term of the debt	**(126)**	(29 425)
Exchange rate movement on foreign debt	**–**	(111 189)
	4 574 248	6 025 485

Carrying value approximates the fair value of borrowings. Interest payments are made as they fall due and capital repayments are only made as per the maturity dates below. Interest rates on these loans are market related and at arms length with third party lenders.

The company has not acquired any debt in the financial period, nor are any fair value adjustments applicable.

11. Borrowings continued

11.1 Details of secured loans at 31 March 2022

	Tranche	Weighting %	Debt amount R'000	Maturity date	Rate
RMB	W – Current	**1,66**	**76 900**	November 2022	3M JiBar + 255 bps
RMB	T	**1,57**	**72 496**	May 2023	Prime
RMB	HH	**0,43**	**19 682**	May 2023	3M JiBar + 300 bps
RMB	FF	**1,57**	**72 500**	May 2023	3M JiBar + 300 bps
RMB	CC	**1,89**	**87 500**	August 2023	3M JiBar + 325 bps
RMB	EE	**2,50**	**115 806**	August 2023	3M JiBar + 300 bps
RMB	AC	**3,04**	**140 649**	November 2023	3M JiBar + 300 bps
RMB	J – Current	**1,08**	**50 000**	November 2022	3M JiBar + 275 bps
RMB	O – Current	**3,94**	**182 407**	February 2023	3M JiBar + 275 bps
RMB	N	**1,13**	**52 375**	August 2023	3M JiBar + 325 bps
RMB	I	**9,81**	**453 825**	November 2023	3M JiBar + 300 bps
RMB	M	**2,43**	**112 247**	November 2023	3M JiBar + 300 bps
RMB	Unsecured loan	**2,32**	**106 833**	September 2024	Prime + 115 bps
Ashburton	HH	**0,86**	**40 000**	May 2023	3M JiBar + 300 bps
Ninety One	GG	**4,54**	**210 000**	December 2025	3M JiBar + 400 bps
Investec	011 – Current	**3,08**	**142 500**	November 2022	3M JiBar + 245 bps
Investec	005	**4,89**	**226 442**	June 2023	3M Jibar + 300 bps
Investec	013	**1,30**	**60 000**	August 2023	Prime
Investec	014	**1,89**	**87 500**	August 2023	Prime
Investec	010	**2,76**	**127 508**	March 2025	Prime – 0,25 bps
Investec	009	**8,79**	**406 629**	March 2025	Prime – 0,25 bps
DMTN	APF06 – Current	**1,95**	**90 000**	August 2022	3M JiBar + 214 bps
DMTN	APF10 – Current	**0,67**	**31 000**	September 2022	3M JiBar + 195 bps
DMTN	APF15 – Current	**1,62**	**75 000**	February 2023	3M JiBar + 290 bps
DMTN	APF02U	**4,32**	**200 000**	April 2023	3M Jibar + 300 bps
DMTN	APF03U	**0,54**	**25 000**	April 2023	3M JiBar + 300 bps
DMTN	APF07	**0,97**	**45 000**	June 2023	3M JiBar + 210 bps
DMTN	APF09	**3,93**	**182 000**	July 2023	3M JiBar + 208 bps
DMTN	APF04U	**8,52**	**394 000**	August 2023	3M JiBar + 300 bps
DMTN	APF14	**5,94**	**275 000**	September 2023	3M JiBar + 350 bps
DMTN	APF05U	**6,68**	**309 000**	December 2023	3M JiBar + 300 bps
DMTN	APF16	**2,90**	**134 000**	August 2024	3M Jibar + 325 bps
Debt fees included above to be amortised over the remaining term of the debt		**0,48**	**(29 551)**		
		100,00	**4 574 248**		

11. Borrowings continued

11.1 Details of secured loans at 31 March 2022 continued

	Notional amount R'000	Maturity	Fixed rate %
Details of interest rate swaps on debt			
RMB	**200 000**	March 2023	**7,56**
RMB	**300 000**	May 2023	**7,05**
RMB	**300 000**	September 2023	**4,25**
RMB	**300 000**	March 2024	**5,05**
RMB	**300 000**	May 2024	**5,07**
RMB	**100 000**	October 2024	**5,66**
RMB	**100 000**	March 2025	**5,57**
RMB	**100 000**	October 2025	**6,03**
RMB	**300 000**	December 2025	**5,18**
RMB	**150 000**	December 2025	**6,09**
RMB	**100 000**	March 2026	**6,08**
RMB	**100 000**	October 2026	**6,27**
RMB	**150 000**	December 2026	**6,36**
Investec	**500 000**	February 2023	**6,49**
Investec	**200 000**	October 2024	**5,93**
	3 200 000		

11. Borrowings continued

11.2 Details of secured loans at 31 March 2021

	Tranche	Weighting %	Debt amount R'000	Maturity date	Rate
RMB	AC – Current	2,39	140 649	May 2021	3M JIBAR + 265 bps
RMB	T – Current	3,00	176 488	October 2021	Prime – 0,75 bps
RMB	U – Current	5,97	351 264	December 2021	3M JIBAR + 195 bps
RMB	M	1,91	112 247	May 2022	3M JIBAR + 310 bps
RMB	I	7,71	453 825	June 2022	3M JIBAR + 270 bps
RMB	W	1,31	76 899	November 2022	3M JIBAR + 255 bps
RMB	J	0,85	50 000	November 2022	3M JIBAR + 275 bps
RMB	O	3,23	189 907	February 2023	3M JIABR + 275 bps
RMB	CC	1,49	87 500	August 2023	3M JIBAR + 325 bps
RMB	EE	1,97	115 806	August 2023	3M JIBAR + 300 bps
RMB	N	0,89	52 375	August 2023	3M JIBAR + 325 bps
Investec	V – Current	4,10	241 142	December 2021	3M JIBAR + 225 bps
Investec	K – Current	0,26	15 563	March 2022	3M JIBAR + 255 bps
Investec		4,26	250 638	November 2022	Prime – 0,25 bps
Investec	Y	2,42	142 500	November 2022	3M JIBAR + 245 bps
Investec	009	2,31	136 139	January 2023	Prime – 0,25 bps
Investec	010	7,97	469 135	January 2023	Prime – 0,4 bps
Investec	BB	1,02	60 000	August 2023	Prime
Investec	DD	1,49	87 500	August 2023	Prime
DMTN	APF13 – Current	0,42	25 000	June 2021	3M JIBAR + 300 bps
DMTN	APF08 – Current	4,74	279 000	July 2021	3M JIBAR + 185 bps
DMTN	APF04 – Current	3,82	225 000	October 2021	3M JIBAR + 230 bps
DMTN	APF12 – Current	2,55	150 000	February 2022	3M JIBAR + 300 bps
DMTN	APF06	3,40	200 000	August 2022	3M JIBAR + 214 bps
DMTN	APF10	2,65	156 000	September 2022	3M JIBAR + 195 bps
DMTN	APF15	1,27	75 000	February 2023	3M JIBAR + 290 bps
DMTN	APF07	2,55	150 000	June 2023	3M JIBAR + 210 bps
DMTN	APF09	5,46	321 000	July 2023	3M JIBAR + 208 bps
DMTN	APF14	4,25	250 000	September 2023	3M JIBAR + 350 bps
Erste Bank	A	14,34	842 869	November 2023	2,23% fixed
Debt on consolidation of SPV's (refer to note 35)		–	171 464		
Debt fees included above to be amortised over the remaining term of the debt		–	(29 425)		
		100,00	6 025 485		

11. Borrowings continued

11.2 Details of secured loans at 31 March 2021 continued

	Notional amount R'000	Maturity	Fixed rate %
Details of interest rate swaps on debt			
RMB	150 000	April 2021	7,13
RMB	150 000	October 2021	7,86
RMB	150 000	January 2022	7,40
RMB	300 000	February 2022	7,36
RMB	200 000	March 2023	7.56
RMB	300 000	May 2023	7,05
RMB	300 000	September 2023	4,25
RMB	300 000	March 2024	5,05
RMB	300 000	May 2024	5,07
RMB	100 000	March 2025	5,57
RMB	300 000	December 2025	5,18
RMB	100 000	March 2026	6,08
Investec	500 000	February 2022	6,38
Investec	300 000	February 2022	7,39
Investec	500 000	February 2023	6,49
	3 950 000		

12. Trade and other payables

	2022 R'000	2021 R'000
Financial liabilities:		
Trade payables	**53 391**	59 960
Tenant deposits	**30 599**	31 383
Accrued expenses	**75 515**	78 826
Debtors in credit	**26 826**	25 872
Rebuilt claim*	**300 000**	–
	486 331	196 041
Non-financial liabilities:		
Prepayments received	**4 620**	1 067
South Africa Revenue Service	**41 107**	24 696
	532 058	221 804

* *This relates to additional amount payable by Accelerate to the developer of Fourways Mall. It is the intention of the company to settle this obligation through the issue of Accelerate shares.*

Trade and other payables are settled within 30 days of invoice date. Carrying value approximated the fair value of trade and other payables due to the short-term nature of payables.

13. Revenue

	2022 R'000	2021 R'000
Rental income	**674 441**	667 368
Parking	**31 133**	46 858
Sundry property income	**622**	179
Revenue before recoveries	**706 196**	714 405
Revenue from contracts with customers: Recoveries	**191 180**	166 652
Revenue excluding straight-line rental revenue adjustment and COVID-19 rental relief	**897 376**	881 057
Straight-line rental revenue adjustment	**50 249**	(78 425)
COVID-19 rental relief#	**(35 127)**	(177 299)
Total revenue	**912 498**	625 333

COVID-19 rental relief relates to the reduction of past lease payments that were recognised as a lease receivable in an operating lease. This was accounted for as a lease modification (see 1.10).

14. Other income

	2022 R'000	2021 R'000
Other income	**2 914**	2 834
Lease cancellation fee	**3 940**	772
	6 854	3 606

15. Unrealised losses

	2022 R'000	2021 R'000
Net foreign exchange loss	**(21 262)**	(73 547)

16. Property expenses

	2022 R'000	2021 R'000
Cleaning	**11 521**	11 562
Centre managers cost	**1 384**	1 838
Insurance	**10 119**	7 252
Security	**32 928**	31 634
Repairs and maintenance	**15 190**	10 753
Electricity	**101 548**	78 492
Rates and taxes	**73 058**	76 439
Sewerage	**6 203**	5 410
Water	**10 482**	10 519
Other municipal expenses	**8 159**	10 814
Management fees – Property	**8 495**	8 930
Professional fees	**15 889**	9 787
COVID-19 Expenses	**498**	986
Other property costs*	**23 930**	30 587
Tenant installation	**–**	603
Property expenses	**319 404**	295 606
Less: recovered expenses	**(191 180)**	(166 652)
Net property expenses	**128 224**	128 954

* *Note: Other property costs relate to miscellaneous property costs, such as consumables, legal fees, parking, pest control.*

17. Operating expenses

	2022 R'000	2021 R'000
Employee costs*	**27 684**	22 129
Auditors remuneration	**3 844**	3 594
Licences	**324**	255
Bank charges	**175**	286
Telephone and fax	**153**	121
Printing and stationery	**49**	59
Subscriptions	**799**	930
Professional fees	**16 855**	10 333
Other expenses	**1 378**	1 539
Total other operating expenses	**51 261**	39 246

* *R502 396 (2021: R1 421 607) of this expense relates to share-based payments. For more information refer to note 31.*

18. Finance income calculated using the effective interest rate method

	2022 R'000	2021 R'000
Interest income		
Interest from banks	**1 043**	376
Interest on late payment from tenants	**577**	895
Cash deposits	**1 849**	10 099
Interest from vendors	**40 501**	26 690
Total finance income	**43 970**	38 060

19. Finance costs

	2022 R'000	2021 R'000
Borrowings	**330 267**	307 705
Net payment on swaps	**60 781**	64 517
Other interest expense	**478**	306
Total finance cost	**391 526**	372 528

Finance cost on capital construction projects of R3,4 million (2021: R40,1 million) were capitalised during the year ended 31 March 2022 at an average cost of debt of 8.1% (2021: 7,8%) per annum.

20. Fair value adjustments

	2022 R'000	2021 R'000
Investment property (fair value model)	**(63 838)**	(588 097)
Gains on derivatives at fair value through profit and loss	**137 423**	63 630
	73 585	(524 467)
Fourways Mall rebuilt fair value adjustment	**(300 000)**	–
	(226 415)	(524 467)

21. Taxation

	2022 R'000	2021 R'000
Major components of the tax expense		
Current		
Local income tax – recognised in current tax for prior periods	**98**	–
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.	**%**	%
Applicable tax rate	**28,00**	(28,00)
Straight-line rental revenue adjustment	**(23,21)**	4,64
Fair value adjustment	**106,69**	16,52
Foreign exchange	**9,82**	6,64
Prepaid expenses	**–**	(0,08)
Capitalised interest	**(1,56)**	(2,60)
Section 9D - Distribution received	**–**	(1,17)
Provisions	**(30,10)**	4,45
Amortisation of letting commission	**(0,25)**	0,08
Capitalised debt structuring fee	**–**	(0,40)
Foreign exchange realisation on loan account	**21,89**	–
Cross currency swap	**(14,40)**	–
IFRS 16 lease	**0,02**	–
SARS penalty	**0,32**	–
Realisation of foreign currency translation reserve	**(38,04)**	–
Distribution	**(59,13)**	–
	0,05	0,08

22. Discontinued operations

	2022 R'000	2021 R'000
Revenue, excluding COVID-19 rental relief	**95 904**	122 548
COVID-19 rental relief	**–**	(5 216)
Revenue	**95 904**	117 332
Realisation of foreign currency translation reserve	**82 348**	–
Property expenses	**(37 213)**	(34 045)
Operating expenses	**–**	(4 547)
Operating profit	**141 039**	78 740
Finance costs	**(18 525)**	(24 070)
Fair value adjustments	**(64 884)**	(72 130)
Loss before taxation	**57 630**	(17 460)
Taxation	**–**	–
Loss for the year from continuing operations	**57 630**	(17 460)

On 18 November 2021, Accelerate publicly announced the decision of the board to dispose of the European property portfolio. The disposal is in line with the Company's stated intention to prioritise the reduction of its overall level of gearing, as measured by the Company's loan to value ('LTV') ratio. The net proceeds from the disposal was used to reduce a portion of Accelerate's South African debt. The business of APFE represented the entirety of the Europe operating segment. With APFE being classified as discountinued operations, the Europe segment is no longer presented in the segment note. The effective date of the sale of the European property portfolio was 8 February 2022.

With the sale of APFE, the total consideration to be received for such transaction was R792 million, which includes a portion which relates to the settlement of the inter-company loan. The portion of actual cash received by APF Europe was R634 million less sales commission of R23 million. The portion of cash and cash equivalents included in the sale was R13 million.

The remaining assets and liabilities which APF Europe lost control of due to the sale was as follows:

	R'000
Trade and other receivables	7 068
Trade and other payables	22 377
Investment property	1 513 456
Long-term borrowings	877 645
Right-of-use asset	120 950
Lease liability	120 112
Cash and cash equivalent	13 131

The net cash flows incurred by Accelerate Property Fund Europe are, as follows:

	2022 R'000	2021 R'000
Operating	**51 085**	111 894
Investing	**1 442 476**	(6 235)
Financing	**(864 086)**	15 746
	629 475	121 405

23. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of Accelerate by the weighted average number of ordinary shares outstanding during the year.

	2022 R'000	2021 R'000
Reconciliation of basic/diluted earnings to headline earnings		
Profit/(loss) for the year	**61 984**	(705 703)
Fair value adjustment excluding straight-lining	**426 387**	657 626
Less: Realisation of foreign currency translation reserve	**(82 348)**	–
Headline profit attributable to shareholders of the parent	**406 023**	(48 077)
Basic earnings per share (cents)*	**6,48**	(73,95)
Diluted earnings per share (cents)*	**6,44**	(72,85)
Headline earnings per share (cents)	**42,44**	(5,04)
Diluted headline earnings per share (cents)	**42,19**	(4,96)
Shares in issue at the end of the year	**957 789 641**	954 488 735
Weighted average number of shares in issue	**956 586 845**	954 326 600
Shares subject to the conditional share plan	**5 746 154**	14 393 215
Weighted average number of deferred shares	**5 746 154**	14 393 215
Total diluted weighted average number of shares in issue	**962 332 999**	968 719 815

* *Basic earnings and diluted earnings are based on the same earnings figures but are different as a result of the use of weighted average number of shares in issue for the year.*

Discontinued operations

Included in the figures above are the earnings for discontinued operations.

	2022 R'000	2021 R'000
Reconciliation of basic/diluted earnings to headline earnings for discontinued operations		
Profit/(loss) for the year	**57 630**	(17 460)
Fair value adjustment excluding straight-lining	**(62 548)**	(69 533)
Less: Realisation of foreign currency translation reserve	**(82 348)**	–
Headline loss attributable to shareholders of parent	**(87 266)**	(86 993)
Basic earnings per share (cents)	**6,02**	(1.83)
Diluted earnings per share (cents)	**5,99**	(1.80)
Headline earnings per share (cents)	**(9.12)**	(9.12)
Diluted headline earnings per share (cents)	**(9.07)**	(8.98)

Continued operations

Included in the figures above are the earnings for continued operations.

	2022 R'000	2021 R'000
Reconciliation of basic/diluted earnings to headline earnings for discontinued operations		
Profit/(loss) for the year	**2 798**	(687 532)
Fair value adjustment excluding straight-lining	**363 838**	588 097
Headline profit/(loss) attributable to shareholders of parent	**366 816**	(99 435)
Basic earnings per share (cents)	**0,31**	(72,04)
Diluted earnings per share (cents)	**0,31**	(70,97)
Headline earnings per share (cents)	**38,12**	(10,26)
Diluted headline earnings per share (cents)	**38,35**	(10,42)

24. Cash generated from operations

	2022 R'000	2021 R'000
Profit/(loss) before taxation	**3 076**	(687 532)
Loss from discontinued operations	**(24 718)**	(17 460)
Loss before taxation	**(21 642)**	(704 992)
Adjustments for:		
Depreciation and lease amortisation	**8 409**	8 129
Debt fee amortisation	**11 288**	4 621
Depreciation IFRS 16	**187**	–
Depreciation IFRS 16 discontinued operations	**3 543**	4 547
Interest income	**(43 970)**	(38 060)
Finance costs	**391 525**	372 528
Finance costs discontinued operations	**18 525**	24 070
Fair value losses/(gains)	**(73 585)**	524 467
Unrealised gains	**21 262**	73 547
Fair value lossses discontinued operations	**64 884**	72 130
Share incentive expense	**502**	1 422
Straight-line rental revenue adjustment	**50 249**	78 425
Fourways Mall rebuilt fair value adjustment	**300 000**	–
Changes in working capital:		
Increase in trade and other receivables	**(249 536)**	(33 444)
Increase/(decrease) trade and other payables	**27 031**	(37 184)
	508 672	350 206

25. Current tax

	2022 R'000	2021 R'000
Balance at beginning of the year	**–**	–
Current tax for the year recognised in profit or loss	**(98)**	–
Tax paid	**(98)**	–

26. Minimum contracted rental income

	2022 R'000	2021 R'000
Accelerate leases a number of retail, office and industrial properties under operating leases, which typically run for a period of one to 10 years. Contractual amounts due in terms of operating lease agreements (prior year includes European retail):		
Within one year	**550 714**	752 656
Between one and five years	**1 287 420**	2 327 335
More than five years	**202 337**	1 275 226
	2 040 471	4 355 217

* *2021 contracted renal income includes rental income from Accelerate Property Fund Europe which was sold in the 2022 financial year.*

27. Net asset value

	2022 R'000	2021 R'000
Shares in issue at the end of the year	**957 789 641**	954 488 735
Net asset value (R'000)	**5 947 972**	5 992 361
Net asset value per share (R)	**6,21**	6,28

28. Capital commitments

	2022 R'000	2021 R'000
Authorised capital expenditure		
Not yet contracted for	**211 000**	50 000
This expenditure relates to property and will be financed by available cash bank facilities and debt.		
Leases – as lessee		
Minimum lease payments due		
– within one year	**353**	3 205
– in second to fifth year inclusive	**758**	13 552
– later than five years	**–**	106 040
	1 111	122 797

The prior year lease payments above represent rentals payable in Austria and Slovakia, utilised by the company in terms of long-term leases. The current year lease payments represent rentals payable on equipment.

29. Related parties

Relationships

Directors

Mr MN Georgiou through the Michael Family Trust owns 100% of Fourways Precinct Proprietary Limited and Azrapart Proprietary Limited. MN Georgiou owns 100% of Accelerate Property Management Company Proprietary Limited.

Cordev Marketing Proprietary Limited is a related party due to its sole director W Kyriakides being the wife of Accelerate's CFO D Kyriakides.

	2022 R'000	2021 R'000
Related party balances		
Related party receivable – note 7		
Loan accounts receivable		
Fourways Precinct Proprietary Limited	**11 201**	10 433
The Michael Family Trust	**108 761**	98 742
Vacancy guarantee receivable		
Fourways Precinct Proprietary Limited	**12 297**	11 220
Development guarantee receivable		
Fourways Precinct Proprietary Limited	**167 548**	152 875
	299 807	273 270
Debtors including tenant receivables – note 7		
Fourways headlease receivable		
Fourways Precinct Proprietary Limited	**135 471**	55 603
Accelerate Property Management tenant receivable		
Accelerate Property Management Company Proprietary Limited	**806**	453
Fourways Mall rebuilt matter payable – note 12		
Azrapart Proprietary Limited	**(300 000)**	–
Related party transactions		
Related party transactions		
Interest charged on outstanding amounts		
Fourways Precinct Proprietary Limited	**27 854**	15 085
The Michael Family Trust	**10 019**	8 503
Accelerate property management fees paid		
Fourways Precinct Proprietary Limited	**(2 795)**	(3 665)
Accelerate Property Management Company Proprietary Limited	**(5 700)**	(5 265)
Letting commission		
Fourways Precinct Proprietary Limited	**(4 682)**	(4 220)
Marketing		
Cordev Marketing Proprietary Limited	**–**	(1 260)
Fourways headlease		
Fourways Precinct Proprietary Limited	**79 868**	48 350
Expense recovery		
Accelerate Property Management Company Proprietary Limited	**353**	(169)
Fourways Mall rebuilt matter		
Azrapart Proprietary Limited	**(300 000)**	–

» Related party balances are to be settled either (i) in cash or (ii) through future transactions with the relevant related parties

» No fixed repayment terms have been put in place, interest on balances are charged at market related interest rates

The following factors are taken into account when assessing the recoverability of related party balances due to the fund:

» Historical receipts and reduction of the related party balances outstanding

» The nature and timing of current and potential future related party transactions

» The financial ability of the related parties to settle their obligations on the future taking into account their cash flow and net asset value, and security provided

Refer to note 33 for the proposed settlement agreed post year end.

Refer to note 35 for details regarding the settlement of financial guarantee exposure.

30. Directors' and key management remuneration

The directors' remuneration figures below form part of employee cost (refer to note 17).

	2022 R'000	2021 R'000
Short-term remuneration		
Executive directors		
MN Georgiou	**2 575**	975
A Costa	**4 923**	4 882
D Kyriakides	**3 673**	3 628
DJ Wandrag	**5 800**	1 200
Non-executive directors		
TT Mboweni	**274**	–
GC Cruywagen	**–**	315
TJF Fearnhead	**668**	669
DJ vd Merwe	**530**	80
K Madikizela	**471**	450
Ass. Prof FM Viruly	**225**	450
G Cavaleros	**–**	421
A Mawela	**466**	440
JWA Templeton	**75**	–
Prescribed officers*		
PA Grobler	**2 223**	780
AM Schneider	**518**	–

* *PA Grobler and AM Schneider form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act. PA Grobler was appointed debt officer on 30 October 2020 and the chief audit executive on 25 November 2020 and AM Schneider was appointed chief investment officer on 1 January 2022.*

Directors' direct/indirect interest in the shares of the company 31 March 2022

MN Georgiou	**295 427 161 shares**	**30,84% Indirect holding**
A Costa	**6 171 184 shares**	**0,64% Direct holding**
D Kyriakides	**928 772 shares**	**0,10% Direct holding**
DJ Wandrag	**500 000 shares**	**0,05% Indirect holding**
	303 027 117	**31,63%**

Directors' direct/indirect interest in the shares of the company 31 March 2021

MN Georgiou	294 332 138 shares	30,84% Indirect holding
A Costa	5 076 161 shares	0,53% Direct holding
D Kyriakides	1 538 710 shares	0,16% Direct holding
DJ Wandrag	500 000 shares	0,05% Indirect holding
	301 447 009	**31,58%**

There have been no changes to the directors' interest between the end of the financial year and date of approval of the annual financial statements.

31. Accelerate Property Fund conditional share plan

The executive directors have been awarded share options in line with Accelerate Property Fund's Conditional Share Plan which came into effect during the year ending 31 March 2015.

The shares to be awarded to each executive director have been calculated in the following manner:

- Performance Shares, the vesting of which are subject to pre-determined performance metrics (Performance Condition(s)) and continued employment (Employment Conditions), and which are intended to be used primarily as an incentive to Participants to deliver the group's business strategy over the long-term through the selection of appropriate and stretching Performance Condition(s)
- Retention Shares, the vesting of which are subject to the fulfilment of the Employment Condition by the Participant, and which are aimed at retention in specific, ad hoc circumstances where it is in the Company's, Management Company's and shareholders' strategic and financial interests that a specific individual is retained, or to address sign-on requirements
- The CSP (conditional share plan) also provides for the once off award of Top Up Awards, being awards of Performance Shares and Retention Shares made simultaneously with the initial allocation of awards under the CSP

Share options awarded, which only vest on the below dates once the vesting conditions have been met, are as follows:

2022

R'000	Number of retention shares (awarded 2019)	Reserve (R) at 31 March 2022	Vesting March 2023 year-end
MN Georgiou –	–	–	–
Retention shares	**1 769 231**	**4 048 058**	**1 769 231**
A Costa –	–	–	–
Retention shares	**1 769 231**	**4 048 058**	**1 769 231**
D Kyriakides –	–	–	–
Retention shares	**1 307 692**	**2 992 042**	**1 307 692**
	4 846 154	**11 088 158**	**4 846 154**

2021

Directors	Number of performance shares	Reserve (R) at 31 March 2021	Number of retention shares	Reserve (R) at 31 March 2021	Vesting March 2022 year-end	Vesting March 2023 year-end
MN Georgiou –	–	–	–	–	–	–
Performance shares	1 769 231	1 830 041	–	–	–	1 769 231
Retention shares	–	–	2 864 254	6 456 877	1 095 023	1 769 231
A Costa –	–	–	–	–	–	–
Performance shares	1 769 231	1 830 041	–	–	–	1 769 231
Retention shares	–	–	2 864 254	6 456 877	1 095 023	1 769 231
D Kyriakides –	–	–	–	–	–	–
Performance shares	1 307 692	1 407 634	–	–	–	1 307 692
Retention shares	–	–	1 886 878	4 148 006	579 186	1 307 692
	4 846 154	5 067 716	7 615 386	17 061 760	2 769 232	9 692 308

In addition to the allocations to directors above 900 000 (2021: 1 931 675) shares have been allocated to other management personnel with a reserve at 31 March 2022 of R2 059 229 (2021: R1 798 025).

After vesting the shares are exercisable at a strike price of R0.

31. Accelerate Property Fund conditional share plan continued

The maximum number of shares which may be allocated under the CSP shall not exceed 49 468 217 (forty nine million, four hundred and sixty eight thousand, two hundred and seventeen) shares, which represents approximately 5% of the number of issued shares as at the date of approval of the CSP by shareholders.

The maximum number of shares which may be allocated to an individual in respect of all unvested awards may not exceed 14 840 465 (fourteen million, eight hundred and forty thousand, four hundred and sixty five) shares, which represents approximately 1,5% of the number of issues shares as at date of approval of the CSP by shareholders.

The share price on 31 March 2022 was R1.05 (2021: R0.68).

The reserve at 31 March 2022 was calculated by applying the share prices on grant date, pro rata over the vesting period of the shares.

	Year ended 31 March 2022	Year ended 31 March 2021
Share options vested during the year (number of shares)		
MN Georgiou	**1 095 023**	–
A Costa	**1 095 023**	–
D Kyriakides	**579 186**	–
PA Grobler	**141 403**	–
	2 910 635	–

	31 March 2022	31 March 2021
Reconciliation of shares outstanding (number of shares)		
Opening balance	**14 393 215**	21 585 499
Shares vested*	**(3 300 906)**	(419 709)
Shares forfeited	**(5 346 155)**	(6 772 575)
Closing balance	**5 746 154**	14 393 215

* *These shares vested include the share options of 2910635 as per the total above as well as 390271 shares vested to management personal.*

32. Financial risk management

	Carried at fair value R'000	Amortised cost# R'000	Total
Total financial assets and liabilities			
Financial assets 31 March 2022			
Derivatives*	**42 541**	**–**	**42 541**
Trade and other receivables	**–**	**854 283**	**854 283**
Cash and cash equivalents	**–**	**47 868**	**47 868**
	42 541	**902 151**	**944 692**
Financial liabilities 31 March 2022	**–**	**–**	**–**
Derivatives*	**(20 824)**	**–**	**(20 824)**
Long-term interest-bearing borrowings	**–**	**(3 926 441)**	**(3 926 441)**
Long-term lease liability	**–**	**(758)**	**(758)**
Trade and other payables**	**–**	**(486 331)**	**(486 331)**
Current portion of long-term debt	**–**	**(647 807)**	**(647 807)**
Current portion of lease liability	**–**	**(353)**	**(353)**
	(20 824)	**(5 061 690)**	**(5 082 514)**
Financial assets 31 March 2021			
Derivatives*	57 673	–	57 673
Trade and other receivables	–	596 731	596 731
Cash and cash equivalents	–	25 462	25 462
	57 673	622 193	679 866
Financial liabilities 31 March 2021	–	–	–
Derivatives*	(173 378)	–	(173 378)
Long-term interest-bearing borrowings	–	(4 249 916)	(4 249 916)
Long-term lease liability	–	(116 854)	(116 854)
Trade and other payables	–	(170 169)	(170 169)
Current portion of long-term debt	–	(1 775 569)	(1 775 569)
Current portion of lease liability	–	(5 943)	(5 943)
	(173 378)	(6 318 451)	(6 491 829)

* *The values of the derivative financial asset and liabilities are shown at fair value are based on inputs other than quoted prices that are observable in the market for the assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices) – level 2 (refer to note 8 for further details). The fair value is determined as the net discounted cash flows to be received from the swaps in place at 31 March 2022.*

\# *The carrying value of financial assets and liabilities carried at amortised cost is considered to approximate the fair value of those financial assets and liabilities. There have been no significant changes in valuation techniques or transfers between fair value hierarchy levels.*

** *The increase in trade and other payables is due to Accelerate agreeing with the developer of Fourways Mall, Azrapart (Pty) Ltd, that the final purchase price for the equalisation of the redeveloped Fourways Mall shopping centre be increased by a R300 million in respect of what is known as the rebuilt portion matter. Shareholders are advised that the dispute has now been settled and payment will be made in due course.*

Given Accelerate's current liquidity constraints, the rebuilt claim will be settled through the allocation of Accelerate shares to Azrapart or its nominee and, where appropriate, the necessary shareholder approvals will be sought. The settlement of this claim will not result in any cash outflow from Accelerate.

32. Financial risk management continued

Other financial risk management considerations

Accelerate's principal financial liabilities, other than derivatives, are loans and borrowings as well as guarantees provided. The main purpose of Accelerate's loans and borrowings is to finance the acquisition and development of Accelerate's property portfolio. Accelerate has rent and other receivables, related party receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

Accelerate is exposed to market risk (including interest rate risk and real estate risk), credit risk and liquidity risk.

The board has overall responsibility for the establishment and oversight of Accelerate's risk management framework. As such, Accelerate's senior management is supported by the audit and risk committee that advises on financial risks and the appropriate financial risk governance framework for Accelerate. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

Accelerate's risk management policies are established to identify and analyse the risks faced by Accelerate, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Accelerate's activities. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Accelerate is exposed to credit risks from its leasing activities, including deposits with banks and financial institutions and derivatives as well as trade and related party receivables. Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

As required by IFRS 9, the group used the simplified approach in calculating ECL for trade receivables that do not contain a significant financing component. The Group calculates ECL evaluating the recoverability of balances on a tenant-by-tenant basis.

Tenant receivables

In determining the expected credit loss for tenant and tenant related receivables the following factors are taken into account:

- » The overall state and well-being of the South African economy
- » The impact of COVID-19 on doing business and cash flows of tenants
- » The nature, sustainability and current performance of a tenants business
- » The financial position of the tenant
- » The quantum of deposits/guarantees/collateral held by the fund to offset future tenant losses
- » The payment history of the tenant
- » Market available forward looking information regarding tenants

Accelerate's exposure to credit risk is mainly in respect of tenants and is influenced by the individual characteristics of each tenant. Accelerate's widespread tenant base reduces credit risk. Tenants are assessed according to Accelerate's criteria prior to entering into lease arrangements. Management has established a credit policy under which each new tenant is analysed individually for creditworthiness before Accelerate's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. When available, Accelerate's credit review includes external ratings. The carrying amount of financial assets represents the maximum credit exposure. The collateral that is held by Accelerate as security for credit risk includes deposit payments by tenants upon entering into a lease, bank guarantees provided as well as sureties by the tenant as an individual or by the business entering into the lease. Impairment losses have been recorded for those debts whose recovery was not reasonably assured at year-end. The maximum credit exposure at the reporting date was R351,3 million (2021: R131,6 million), of which R66,0 million (2021: R47,1 million) has already been provided for. Tenants are regarded as being in default if payment of rentals billed is not received within 7 days of month end.

32. Financial risk management continued

Related party receivables

In determining the expected credit loss for related party receivable the following factors are taken into account:

- The overall state and wellbeing of the South African economy
- The impact of COVID-19 on doing business and the cash flows of the related party
- Historical recovery of related party receivables
- The financial position of the related parties involved
- Pending future deals contemplated with the related party
- Assets held by the related party that the company has cession over

The maximum credit exposure at the reporting date was R435,0 million (2021: R328,9 million). Based on the factors above no impairment provision was made.

Please refer to note 29 for further details.

Liquidity risk

Liquidity risk is the risk that Accelerate will not be able to meet its financial obligations as they fall due or take advantage of property opportunities as they arise. Accelerate's policy is to seek to minimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk. Accelerate seeks to borrow for as long as possible at the lowest acceptable cost. Accelerate regularly reviews the maturity profile of its financial liabilities and will seek to avoid concentration of maturities through the regular replacement of facilities, and by using a selection of maturity dates. Accelerate intends to refinance the current portion of the maturing debt, by the issue into the market of a secured domestic medium-term note (DMTN) bond issue, bank debt or from cash reserves.

70,8% (2021: 78,9%) of interest-bearing borrowings were economically hedged at 31 March 2022, for a weighted average period of 2.3 years (2021: 2.2 years).

For a breakdown of total borrowings and swaps please refer to note 11.

The tables below set out the maturity analysis (including future capital and interest payments) of Accelerate's financial liabilities based on the undiscounted contractual cash flows.

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
31 March 2022					
Financial liabilities (R'000)					
Borrowings	**679 837**	**3 284 889**	**942 374**	**274 914**	**5 182 014**
Trade and other payables	**492 051**	**–**	**–**	**–**	**492 051**
Derivatives	**32 557**	**709**	**207**	**–**	**33 473**
Lease Liability	**353**	**758**	**–**	**–**	**1 111**
	1 204 798	**3 286 356**	**942 581**	**274 914**	**5 708 649**
31 March 2021					
Financial liabilities (R'000)					
Borrowings	1 835 958	2 546 102	2 187 569	–	6 569 629
Trade and other payables	162 837	–	–	–	162 837
Derivatives	47 995	34 018	4 335	–	86 348
Lease liability	5 943	5 943	17 831	142 645	172 362
	2 052 733	2 586 063	2 209 735	142 645	6 991 176

* *Cash flows are monitored on a monthly basis to ensure that cash resources are adequate to meet the requirements of Accelerate. In terms of covenants with its lenders at 31 March 2022, the nominal value of interest-bearing borrowings over secured properties may not exceed a range of 45% – 60% of the value of investment property depending on the covenants of the applicable security portfolio. Total interest-bearing borrowings may not exceed 50%. All loan to value covenants have been met at 31 March 2022. The loan to value of Accelerate at 31 March 2022, as measured in accordance with lending arrangements, is 42,8% (2021: 48,5%). The interest cover ratio is 2.1x (2021: 2.0x) with the covenant at 2,0x.*

32. Financial risk management continued

Going concern

The directors have assessed the group's ability to continue as a going concern. The assessment includes solvency and liquidity tests which included inter alia a forecast of debt covenants such as the loan-to-value and interest cover ratios. The liquidity test considers expected cash flows in the next 12 months, including the anticipated proceeds from disposals. As at 31 March 2022, the group had a positive net asset value and a stable liquidity position.

The following uncertainties were considered as part of the going concern assessment:

- Access to liquidity
- Stressed market conditions continue to impact debt funders' risk appetite and may limit future access to liquidity
- Timing of proceeds from ongoing sales are expected

Debt covenants

The fund has also evaluated it's ability to comply with debt covenants for the 12 months ending 31 March 2023 and have concluded that debt covenants will be met taking into account:

- Out of the money swaps rolling off
- Non-core asset sales currently in the pipeline

Rental concessions

Additional rental concessions may be provided to tenants as the impact of the pandemic persists, locally and beyond. Tenants' businesses may further be adversely impacted should the South African government continue to enforce or reintroduce restrictions to mitigate against the risk of rising infections.

Provision for credit losses

The provision for credit losses and write-off of unrecoverable amounts may increase as the adverse impact of the pandemic on tenants' businesses persists.

Change to business environment

The acceleration of the adoption of technologies due to the pandemic, as well as potential changes in the demand for rentable space, particularly within the retail and office sectors may impact the group adversely.

The director's response to the pandemic included:

- Establishment of as dedicated team to implement a co-ordinated response across the business to ensure the health, safety and wellbeing of all stakeholders
- Implementation of business continuity plans of minimise disruption by initiatives implemented to curb the spread of the virus
- Increased monitoring of the group's liquidity position
- The company is also in process of pursuing an insurance claim for business disruption

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate or that the fair values of financial instruments will fluctuate because of changes in market interest rates. Accelerate's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations.

To manage its interest rate risk, Accelerate enters into interest rate swaps and cross-currency swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to economically hedge underlying debt obligations. At 31 March 2022, after taking into account the effect of interest rate swaps, 70,8% of Accelerate's borrowings are economically hedged.

The analysis below describes reasonably possible movements in interest rates with all other variables held constant, showing the impact on profit before tax and equity. It should be noted that the impact of movement in the variable is not necessarily linear.

32. Financial risk management continued

Interest rate risk continued

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates of the debt and derivatives are all constant:

» The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on finance income less finance expense for one year, based on the floating rate financial liabilities held at the reporting date, including the effect of hedging instruments

	Increase/ (decrease) in basis points	Effect on profit before and after tax (R'000)
2022		
Jibar (three month)	**100**	**(13 800)**
Jibar (three month)	**(100)**	**13 800**
	–	**–**
2021		
Jibar (three month)	100	(12 422)
Jibar (three month)	(100)	12 422
	–	–

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by Accelerate that are affected by market risk are the derivative interest rate and cross-currency hedging financial instruments.

Credit risk related to financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed in accordance with Accelerate's policy. Investments of surplus funds are made only with approved counterparties. Accelerate only deposits cash with banks with high-quality credit standing. For this reason, the company does not consider there to be any significant concentration of credit risk.

33. Events after the reporting period

Investment property sales post year-end

No properties held for sale at 31 March 2022 have yet transferred at date of publication.

Related party transactions approved by Accelerate post year-end

The following acquisitions were approved by the Accelerate board. They have an effective date of 1 April 2022, subject to shareholder approval. Should Accelerate be in danger of breaching any of its financial covenants, the effective date will be postponed out to such time that the covenants are able to digest the acquisitions. These acquisitions are all made from entities controlled by Mr MN Georgiou the co-owner of Fourways Mall and CEO of Accelerate. All of the below transactions will be financed through the offset of amounts receivable by Accelerate at 31 March 2022 from entities controlled by Mr MN Georgiou.

Transaction	Rationale for the transaction
Acquisition of additional 1 414 parking bays at Fourways Mall for R235 188 129	Positioning Accelerate for future developments
Acquisition of additional 9 325,5m² of additional bulk at Fourways Mall for R60 354 252	Positioning Accelerate for future developments
Acquisition of 1 911m² of additional GLA at Fourways Mall for R60 000 000	Positioning Accelerate for future developments
Acquisition of the business of Accelerate Property Management Company for R47 900 000	Aligning management staff with Accelerate objectives
	Adequately incentivising management staff
	Increased control for Accelerate over the property management function
Acquisition of 50% of the Fourways Mall property management function for R40 600 000	Improving the property management function of Fourways Mall

Final distribution with an election to reinvest cash distribution for shares

The board declared a distribution to shareholders of 21.98051 cents per share to shareholders on 28 June 2022. Accelerate received irrevocable commitment from 83,5% of its shareholders in favor of the reinvestment of the cash distribution for shares.

34. Capital management

The primary objective of Accelerate's capital management is to ensure that it remains within its quantitative banking covenants and maintain a strong credit rating. No changes were made in the objectives, policies or processes during the years ending 31 March 2022 and 31 March 2021. Accelerate monitors capital primarily using a loan-to-value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio. Banking covenants vary according to each loan agreement, but typically require that the loan-to-value ratio does not exceed 50%. During the period, Accelerate did not breach any of its loan covenants and is satisfied with its current loan to value of 42,8%. Accelerate did not default on any other of its obligations under its loan agreements.

The board of directors monitors the level of distributions to shareholders and ensures compliance with the Income Tax Act and the JSE Listing Requirements. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

The interest cover ratio is 2,1x (2021: 2,0x) with the covenant at 2,0x.

35. Financial guarantee

Origin and nature of the guarantee

In order to retain and align key executive directors with shareholders, the company encourages the acquisition of shares by executive directors who did not have a material shareholding in the company.

Consequently, in December 2016 an executive buy in structure was approved by shareholders and certain executive directors acquired Accelerate shares through special purpose vehicles (SPVs). The SPV's were funded through bank debt from RMB expiring on 7 December 2020. The interest on bank debt accrued in the SPVs was to be serviced by the distributions received from Accelerate, and RMB had cession over these shares. The directors would only have an unconditional right to the shares in the SPVs once the bank debt had been settled. These SPV's are Chesham Blue (RF) Proprietary Limited owned by former Accelerate director JRJ Paterson and Tuscany 777 Investments (RF) Proprietary Limited owned by Accelerate executive director A Costa.

Accelerate provided guarantees to RMB for the performance of each SPV's obligations. The maximum liability Accelerate may have under the guarantees is 100% (2020: 100%) of the debt outstanding to the extent that amounts owing to RMB are not settled by the sale of the shares RMB has cession over.

Settlement of exposure

Accelerate's exposure under the financial guarantee provided to Rand Merchant Bank (please refer to the 31 March 2021 annual financial statements note 2.1 on page 54) was settled during the year ended 31 March 2022 through a cash payment to Rand Merchant Bank of R 72 500 000 and new debt taken on by Accelerate with Rand Merchant Bank of R 106 833 551.

These SPV's continue to be consolidated to bring in prior year retained earnings effect.

36. Property portfolio

36.1 Sector review

		Total	Retail	Office	Industrial	European retail
Number of properties	**2022**	**34**	**15**	**15**	**4**	**n/a**
	2021	45	15	16	5	9
Average escalation (%) (2021: 6,6% excluding offshore)	**2022**	**7**	**7**	**7,2**	**6,8**	**n/a**
	2021	6,2	6,1	7,4	7,8	0
Weighted average lease period (years)	**2022**	**3,9**	**3,5**	**5,2**	**3,3**	**n/a**
	2021	6,1	5,4	6,1	3,1	12,5

36.2 Vacancies

Portfolio Managers, as well as executives and senior management, monitor all vacancies and develop strategies to manage current and future vacancies weekly.

The overall vacancy has increased due to the sale of the European retail portfolio, which was fully let; small increases in the office and retail vacancies due to COVID-19, as well as non-core industrial assets going vacant.

The vacancies per sector are shown in the table below.

Actual vacancy profile per sector as at 31 March 2022 by GLA.

		Total	Retail	Office	Industrial	European retail
2022	**Vacancy %**	**21,2**	**8,9**	**31,6**	**64,6**	**n/a**
2021	Vacancy %	15	8,5	29,5	27,5	0

The fund's vacancy by revenue is only 9,1%, due to the vacancies consisting mainly of B-and-C-grade office space, and large industrial space with lower rentals per m².

36. Property portfolio continued

36.3 Retail

Building	Region	GLA (m²)	Net rental per m²	Fair value 31 March 2022 (R)	Value of bulk included in fair value (R)
Fourways Mall	Gauteng	88 785	293	**4 604 285 116**	149 031 116
Cedar Square Shopping Centre	Gauteng	44 212	97	**888 489 588**	242 682 000
Eden Meander	Western Cape	30 817	104	**500 000 000**	29 507 316
BMW Fourways	Gauteng	7 857	172	**284 767 200**	81 810 000
The Buzz Shopping Centre	Gauteng	14 162	96	**279 000 000**	85 114 000
The Leaping Frog	Gauteng	11 154	93	**130 000 000**	–
Bela Bela	Limpopo	15 991	65	**124 200 000**	–
FORD Fourways	Gauteng	2 469	250	**87 126 541**	–
Waterford	Gauteng	6 682	88	**83 221 051**	–
Cherry Lane	Gauteng	11 428	49	**70 071 181**	–
Edgars Polokwane	Limpopo	4 500	73	**39 263 750**	–
Beacon Isle	Gauteng	2 080	128	**31 962 394**	–
Valleyview Centre	Gauteng	2 012	81	**24 586 538**	–
Cascades Shopping Centre	Gauteng	3 413	43	**20 000 000**	–
Corporate Park Corner Shopping Centre	Gauteng	4 252	33	**17 000 000**	–
		249 814		**7 183 973 359**	**588 144 432**

36.4 Office

Building	Region	GLA (m²)	Net rental per m²	Fair value 31 March 2022 (R)	Value of bulk included in fair value (R)
Portside	Western Cape	25 248	173	**720 000 000**	–
KPMG Crescent	Gauteng	20 096	249	**706 788 126**	–
CITI bank	Gauteng	12 432	127	**554 144 000**	317 253 869
Oceana House	Western Cape	7 254	150	**153 807 859**	–
Pri-movie Park	Gauteng	17 627	51	**129 600 000**	–
73 Hertzog	Western Cape	5 470	115	**119 352 440**	37 952 440
Thomas Pattullo Building	Western Cape	6 084	119	**102 134 529**	–
1 Charles Crescent	Gauteng	13 723	60	**100 300 000**	–
99 – 101 Hertzog Boulevard	Western Cape	3 620	96	**46 243 811**	–
Mustek (89 Hertzog Boulevard)	Western Cape	4 500	74	**44 414 124**	–
KPMG Polokwane	Limpopo	1 484	211	**41 662 506**	–
9 Charles Crescent	Gauteng	4 298	47	**31 200 000**	–
Brooklyn Place	Gauteng	3 239	60	**23 384 833**	–
KPMG Secunda	Mpumalanga	830	161	**17 845 213**	–
ABSA Brakpan	Gauteng	2 800	13	**6 800 000**	–
		128 705		**2 797 677 441**	**355 206 309**

36. **Property portfolio** continued

36.5 Industrial

Building	Region	GLA (m²)	Net rental per m²	Fair value 31 March 2022 (R)	Value of bulk included in fair value (R)
MB Technologies – 8 Charles Crescent	Gauteng	6 000	53	**55 200 000**	–
Accentuate	Gauteng	13 566	25	**36 636 909**	–
Meshcape Building	Gauteng	13 898	22	**32 749 136**	–
10 Charles Crescent	Gauteng	3 445	51	**22 449 220**	–
		36 909		**147 035 265**	**–**

APPENDIX: DISTRIBUTION PER SHARE

Distribution per share

	2022 R'000	2021 R'000
Final distribution for the year ended 31 March 2022		
Profit/(loss) attributable to equity holders of the parent	**61 984**	(705 703)
(Less)/add: Straight-line rental revenue adjustment	**(50 249)**	78 425
(Less)/add: Fair value adjustment on investment property and derivative financial instruments	**(11 035)**	594 000
Less: Realisation of foreign currency translation reserve	**(82 348)**	–
Add: Unrealised losses	**21 262**	73 547
Less: other deductible items not distributable	**(29 087)**	(64 925)
Add: Fourways Mall rebuilt fair value adjustment	**300 000**	–
Final distributable income/(loss)	**210 527**	(24 656)
Shares in issue at year end	**957 789 641**	954 488 735
Less: shares ceded on purchase of bulk*	**–**	(51 070 184)
Shares qualifying for distribution	**957 789 641**	903 418 551
Final distribution (cents)	**21,98051**	–

* *Mr MN Georgiou has ceded the distribution relating to 51 070 184 shares held by him to Accelerate until the earlier of development of the bulk acquired by Accelerate from Mr MN Georgiou or 31 December 2021.*

Distribution per share is used as a measure for trading statement purposes by Accelerate Property Fund. Due to the impact of COVID-19 on property sector distributions in the short-term and as per guidance received from the JSE, Accelerate will be evaluating whether this measure is still the most relevant.

APPENDIX: ABOUT THIS REPORT

Reporting boundary

Scope and boundary

This report enables us to share our business strategy and our activities and show how we preserve and create long-term value for providers of financial capital and other stakeholders.

We strive to report transparently by reflecting both the value created and preserved, as well as the value eroded during the reporting period from 1 April 2021 to 31 March 2022. This report includes the Fund's management and subsidiaries in South Africa – as outlined in our group structure on page 145.

This report aims to disclose information about matters that substantively affect our ability to create value in the short, medium and long-term. The following time frames for purposes of this report were agreed by our board:

Short-term	Less than one year
Medium-term	One to three years
Long-term	Three to 10 years

Reporting approach to materiality

APF applies the principle of materiality in assessing what information should be included in this report. This report focuses on the risks, opportunities and challenges that impact our ability to create and preserve value and minimise value erosion for all stakeholders. We only report on areas that could have a substantial effect on our ongoing commercial viability and/or the value we create for our broad range of stakeholders over time.

We take an integrated approach to identify matters that could influence our ability to create value in the short, medium and long-term. These matters inform our strategy to manage the risks and maximise the opportunities that present themselves.

We considered a range of evidence to determine material matters, including management discussions, internal documents, our operating context, risk assessments, media releases, and stakeholder engagements throughout the year.

Our response to the challenging operating environment is addressed throughout the report. Given the uncertainty in the operating context, we have highlighted the potential uncertainties and our responses, where applicable.

Executive management identifies, prioritises and assesses the material matters as part of group business planning processes before the board approves and endorses them. All matters are frequently assessed to ensure APF's strategic relevance in the changing operating context.

Reporting frameworks

In compiling this report, we considered local and international guidelines, including the following:

» International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework
» International Financial Reporting Standards (IFRS)
» King Report on Corporate GovernanceTM for South Africa, 2016 (King IV)*
» Companies Act of South Africa, 71 of 2008, as amended (Companies Act)
» JSE Listings Requirements
» JSE Debt Listings Requirements

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Assurance

The consolidated annual financial statements were prepared in accordance with IFRS and audited externally by EY. The three lines of defence model is used to incorporate management and board oversight, risk management and independent assurance.

We continue to advance in the integration and alignment of assurance processes to optimise governance oversight and risk management, increasing combined assurance between internal and external auditors.

The independent auditor's report can be found on pages 141 to 143.

Supplementary information

The content of this integrated report is supplemented by the following additional information, available online at www.acceleratepf.co.za:

» Latest financial results, including our interim and annual financial results presentations
» King IV application register
» Shareholder information including Stock Exchange News Service (SENS) announcements, AGM information and circulars
» Capital market information
» Portfolio information

Forward-looking statements

This integrated report contains forward-looking statements with respect to APF's future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this report, a number of inherent risks, uncertainties and other important factors could materially change the results from our expectations. Should the underlying assumptions prove incorrect, actual results may differ from those anticipated and could adversely affect our business and financial performance.

Words such as believe, anticipate, intend, seek, will, plan, could, may, endeavour, project and similar expressions are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements apply only as of the date on which they are made, and APF does not undertake any obligation to update or revise them, whether as a result of new information, future events or otherwise.

Stakeholder feedback

We have engaged the services of Articulate Capital Partners to coordinate our investor relations. Please send any feedback on reporting content or requests for copies to:

Articulate Capital Partners
Attention: Morné Reinders

Tel: 082 480 4541
Email: morne@articulatepartners.com

Board responsibility

The board acknowledges its responsibility to ensure the integrity and completeness of this report. The board believes that this IR addresses all material matters and offers a balanced and comprehensive view of APF's strategic direction to prevent value erosion and create and preserve value for stakeholders in the short, medium and long-term.

The directors believe this report materially aligns with the IIRC's Integrated Reporting <IR> Framework, providing a true and material account of the group's performance and strategic direction.

This report was prepared under the supervision of Senior Management and was submitted to the audit and risk committee, which reviewed and recommended it to the board for approval.

The board has unanimously approved the 2022 integrated report for publication.

Mr Tito Mboweni
Chairman

28 June 2022

Mr Michael N Georgiou
CEO

28 June 2022

CORPORATE INFORMATION

Directors
Mr TT Mboweni (independent non-executive chairman)
(Appointed 1 February 2022)
Mr A Costa (chief operating officer)
Mr MN Georgiou (chief executive officer)
Mr D Kyriakides (chief financial officer)
Mr DJ Wandrag (executive director)
Ms K Madikizela (independent non-executive director)
Mr JF van der Merwe
(independent non-executive director)
Mr AM Mawela (independent non-executive director)
Mr TJ Fearnhead (independent non-executive director)
Mr JWA Templeton (non-executive director)
(Appointed 1 February 2022)

Debt officer
Mr PA Grobler

Registered office and business address
Cedar Square Shopping Centre, Management Office,
1st Floor, Cnr Willow Ave and Cedar Rd,
Fourways, Johannesburg, 2055
Tel: 010 001 0790
Web: www.acceleratepf.co.za
(Registration number: 2005/15057/06)

Investor relations
Articulate Capital Partners: Morné Reinders
Tel: 082 480 4541
Email: morne@articulatepartners.com

Company Secretary
Ms Margi Pinto
Cedar Square Shopping Centre, Management Office,
1st Floor, Cnr Willow Ave and Cedar Rd,
Fourways, Johannesburg, 2055

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2123, South Africa
Tel: 011 370 5000
Email: proxy@computershare.co.za
Fax: 011 688 2238

Sponsor
The Standard Bank of South Africa Ltd
(Registration number 1962/000738/06)
Baker Street, Rosebank, 2196
PO Box, 61344, Marshalltown, 2107

Debt sponsor
Rand Merchant Bank (a division of FirstRand Bank Limited)
(Registration number 1929/001225/00)
1 Merchant Place, Cnr Fredman Drive and Rivonia Road,
Sandton, 2196

Auditors
Ernst & Young Inc
102 Rivonia Road, Sandton, Johannesburg, 2149
Tel: 011 772 3000

Internal Auditors
LateganMashego Auditors (Pty) Ltd
Registration number 2001/107847/07
Registered address: 11 Boca Walk, Highveld, Centurion, 0157
Email: lindie@lateganmashego.co.za
Tel: 0828987644/0836091159

Attorneys
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