ACCELERATE PROPERTY FUND INTEGRATED REPORT 2023

2023

Integrated Report

ACCELERATE
PROPERTY FUND

www.acceleratepf.co.za

Content

Welcome to our 2023 report

Building a solid foundation for the future by focusing on property fundamentals.

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) demonstrates our purpose and performance for the period from 1 April 2022 to 31 March 2023 in the context of the external environment and describes our systems of governance and decision-making. Certain key events immediately following the reporting period that are in effect from 1 April 2023 and prior to the publishing of this report are also disclosed for stakeholder clarity on our way forward.

We present our business model against our six capitals and explore our material themes, top risks and opportunities. We explain our immediate focus on our core portfolio, property fundamentals and execution thereof to create long-term sustainability for all of our stakeholders.

For details on how this report was compiled and approved, please refer to page 174.

How to navigate this report

These icons are applied throughout the report to improve usability and demonstrate integration:

Strategic pillar icons

- Enhancing returns on our assets
- Growing the quality of our core portfolio
- Optimising our balance sheet
- Delivering value to stakeholders

Sustainability icons

- Our tenants
- Our people
- Our suppliers
- Our local communities
- Our environment

Material theme icons

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

Capital input icons

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

Our company overview

Cedar Square

Who we are and what we do

APF is a JSE-listed REIT with a commercial portfolio comprising primarily retail and office assets.

Our purpose

Creating positive socio-economic value through sound property fundamentals.

Our values

Integrity, honesty and trust, supported by competence, cooperation and a commitment to focus on execution.

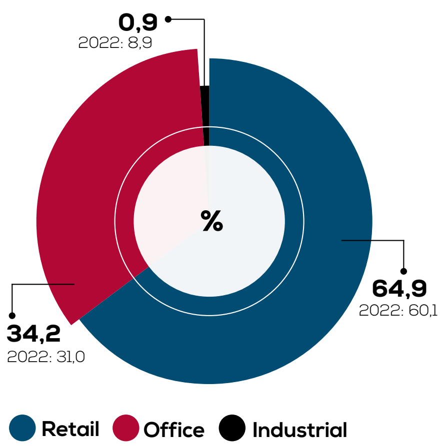
Our strategy

Our strategy focuses on recycling our capital and strengthening our financial position to poise ourselves for future growth.

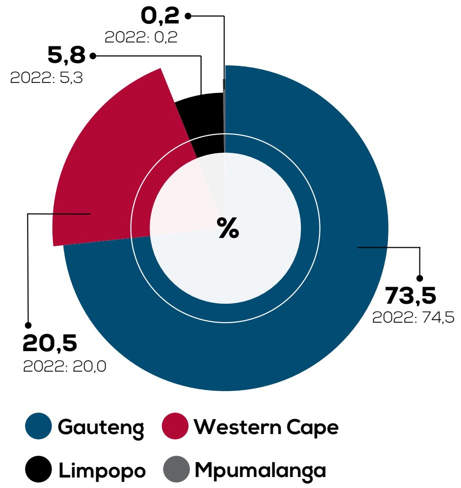
Our portfolio

Our diversified portfolio of properties focuses on active economic hubs around South Africa.

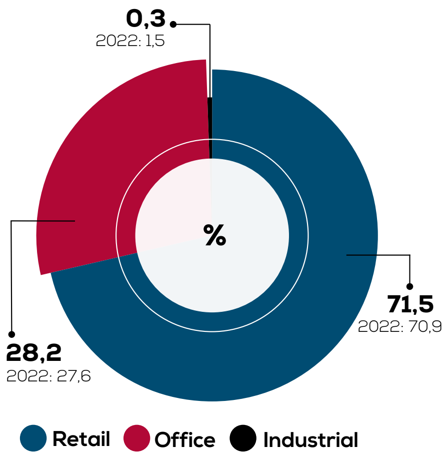
Portfolio overview by GLA



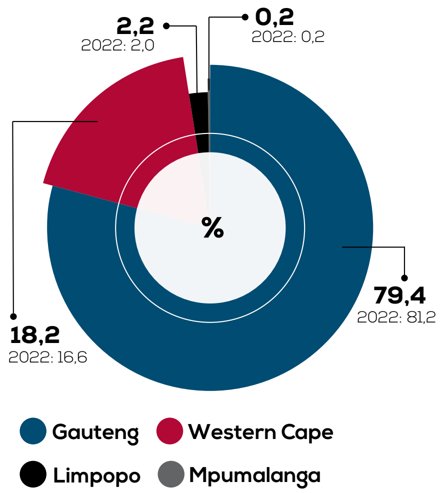
Regional overview by GLA



Portfolio overview by value



Regional overview by value



We channel our skills and abilities into innovative and efficient outcomes for our tenants and communities.

Financial management	Prudently managing financial fundamentals to deliver on our strategy.	*See our **CFO's review** from page 20.*	*Optimising our balance sheet*
Asset management function	Optimising our portfolio through disposing of non-core assets, and pursuing investment opportunities in the long-term.	*See **our portfolio** from page 44.*	*Growing the quality of our core portfolio*
Property management functions	Ensuring our buildings are maintained and managed to the highest standards, aiming for operational efficiencies to preserve natural capital.	*See **sustainability in action** from page 60.*	*Enhancing returns on our assets*
Relationship management	Creating and maintaining inclusive and mutually beneficial relationships with all stakeholders.	*See our **stakeholder engagements** from page 38.*	*Delivering value to stakeholders*

Fourways Mall

How we operate

Our board is responsible for the overall direction, strategy and supervision of the company. General management is delegated to executive directors who, together with 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)

APF Management Company (Pty) Ltd

Fourways Mall Managing Agent (Pty) Ltd

Our group structure

Accelerate Property Fund Ltd

100%

Parktown Crescent Properties (Pty) Ltd

70%

30%

Wanooka Properties (Pty) Ltd
Owns the KPMG portfolio

100%

Pybus Sixty-Two (RF) (Pty) Ltd
Owns the Citibank building in the Sandton CBD

100%

Accelerate Treasury (Pty) Ltd
Owns APF treasury shares

The Buzz Shopping Centre

Why invest in us

We are streamlining and consolidating our core portfolio, with a strong focus on property fundamentals, until such time as macroeconomic conditions permit future growth, redevelopment and acquisition opportunities. This prudent approach provides a solid foundation for the long term.

Asset value: R9,2 billion

Our high-quality retail portfolio includes the landmark **Fourways Mall** super-regional shopping centre. With the official appointment of the independent Fourways Mall Managing Agent (FMMA) property manager in this financial period, we are well-positioned to focus on the execution of our vision for the completed development, which was previously constrained by pandemic lockdowns.

Our **A-grade** office portfolio consists of quality spaces in prime locations, where we tailor upgrades and enhancements accordingly.

60,0% of tenants are classified as A-grade by revenue

Top 10 properties 88,9%
(FY2022: 87,1%)

Rest of property portfolio 11,1%
(FY2022: 12,9%)

Our key properties

- Fourways Mall
- Cedar Square Shopping Centre
- KPMG Crescent
- Portside
- CITI Bank
- Eden Meander
- The Buzz Shopping Centre
- BMW Fourways
- Oceana House
- Bosveld Bela-Bela
- Thomas Patullo

For more information on our top properties by value and by GLA (Gross Lettable Area) including our strategic focus areas, please refer to our portfolio, from page 44.

Resetting for the future

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. Through this approach, we are positioned to leverage future opportunities for developing surplus bulk and repurposing spaces in line with changing tenant needs and evolving trends.

Portfolio optimisation

Disposing of non-core assets → **Reducing debt** → **Reinvesting into our core assets** → **Developing unutilised bulk**

Refocusing on our strengths

Investments in strategic economic hubs

Our properties are located in economically active areas across South Africa, with reliable tenants and good transport access.

Mutual value creation partner and skilled property management teams

Our dedicated management teams, with their collective experience in finance, property, retail and our operating environment, delivers mutual value for the company, our investors and our tenants.

Meeting the needs of communities in which we operate

We strengthen the communities in which we operate through redevelopment spend and capital expenditure on existing properties, ensuring quality spaces for tenants, shoppers and visitors.

Year in review

Fourways Mall

Operating environment

Macroeconomic environment

South Africa's macroeconomic environment was marked by a mix of positive and negative factors. On the one hand, the country saw a rebound in economic activity as the impact of the COVID-19 pandemic began to recede. However, this was tempered by a range of challenges, including high unemployment, persistent poverty, and ongoing political uncertainty.

One of the most significant macroeconomic trends in South Africa during this period was a rebound in economic growth. According to the International Monetary Fund (IMF), the country's economy expanded by 3,1% in 2022, up from just 1,2% the previous year. This growth was driven by a range of factors, including a rebound in consumer and business confidence, as well as increased government spending on infrastructure projects.

Despite this growth trajectory, the country continued to face significant challenges. Unemployment remained high, with the unemployment rate averaging around 27% over the year, and many South Africans are struggling to make ends meet. As such, policymakers will likely need to continue working to address these issues in the years to come to ensure sustained economic growth and stability.

South African property sector environment

> ***South Africa's real estate investment trusts (REITS) have faced complex challenges over the past five years.***

The overall performance of the property sector in South Africa needs to be evaluated in the context of headwinds over the years such as floods, the pandemic, riots, inflation and higher interest rates. The global property market has experienced similar difficulties, with the property sector everywhere being more sensitive to macroeconomic and geopolitical instability than some other sectors of the economy.

Given this context, it is not surprising that the property sector continues to be affected by macroeconomic concerns, despite a rebound in general business confidence in 2022. In January 2023, the South African Reserve Bank estimated that loadshedding would reduce economic growth by as much as 2%. In addition, global ratings agency S&P revised the country's outlook from positive in May 2022 to stable in March 2023 in response to the ongoing energy crisis and infrastructural constraints dampening economic growth.

According to the chairperson of the South African REIT Association, landlords are rolling out solar power and placing an emphasis on property fundamentals which is likely to improve returns in the medium to long run.

Fourways Mall

Performance snapshot

Financial capital

Investment property portfolio valued at R9,2 billion (2022: R10,1 billion)	Loan-to-value (LTV) ratio is 44,8% (2022: 42,8%)	Interest cover ratio (ICR) ratio 1,8x (2022: 2,1x)
Net asset value (NAV) per share R4,13 (2022: R6,21)	R750,0 million three-year funding (2022: two funders to the value of R700,0 million)	
Sale of non-core assets to the value of R146,0 million for reinvestment into core portfolio/ repayment of debt	Total debt R4,5 billion (2022: R4,6 billion)	Undrawn facilities of approximately R218,0 million (2022: R223 million)

Manufactured capital

Total Fund gross lettable area (GLA) 380 362m² (2022: 415 428m²)	Contractual escalation 7,6% (2022: 7,0%)	Weighted average lease expiry (WALE) 3,3 years (2022: 3,9 years)

Intellectual capital

Property management expertise retained 86,1% tenants and reduced vacancies from 21,2% in 2022 to 16,4% in 2023

Key focus areas 2023

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

Reconstituting the board	**Chairperson's review**, *from page 16.*
Resetting the Fund	*Joint* **CEOs' review**, *from page 18.*
Balance sheet and treasury management	*Interim* **CFO's review**, *from page 20.*
Sustainability in action	*From page 60 to 67.*

Human capital

R31,5 million remuneration paid, with no retrenchments. Provided employment stability to 61 employees, including external management companies	Initiated programmes and mentorships relating to future skills

Social and relationship capital

R166 million total procurement spend	R1,3 million total corporate social investment (CSI) spend

Natural capital

Energy usage: 11,191 kWh per m² (2022: 14,6165 kWh per m²)	Water usage: 0,038 kℓ per m² (2022: 0,0675 kℓ per m²)	Waste: recycled 24,017 tons per month (2022: 10,545 per month)

Cedar Square

Leadership review

Chairperson's review

Mr TT Mboweni

Chairperson

> ***Our Board of Directors is cohesive and committed to ensuring stabilisation as we navigate change and streamline the business for future growth – Mr TT Mboweni.***

I am happy to present this review to our shareholders in the context of a relatively difficult period for the property market in general and for APF in particular. Nevertheless, I feel assured that the Board, its subcommittees and the executive team are working together to create a solid foundation for the way forward and I am confident in our mutual ability to do so.

Reconstitution of the Board of Directors

A number of important developments have taken place in APF, the first being the reconstitution of our board of directors (BoD).

Mr Michael Georgiou stepped down as our chief executive officer, while remaining on the Board as a non-executive director. In turn, Mr Abri Schneider and Mr Dawid Wandrag were appointed interim joint CEOs, effective 7 November 2022, and subsequently as joint CEOs with effect from 1 April 2023. The concept of two CEOs working together seamlessly to reset the Fund for future growth is strengthened by their mutual commitment and complementary skills, and all indications demonstrate their success in bolstering the business thus far.

Mr Dimitri Kyriakides retired as the company's chief financial officer and member of the social, ethics and transformation committee, effective 31 March 2023. As such, Mr Pieter Grobler, head of finance and treasury, was appointed as interim CFO with effect from 1 April 2023. Mr Grobler will remain in this role until 31 July 2023, at which time he will fulfil the chief operating officer role. Ms Marelise de Lange has been appointed as the new CFO with effect from 1 August 2023. Marelise is a qualified chartered accountant with over 10 years' experience working in the property industry.

Mr Andrew Costa stepped down as executive director of the board and member of the investment committee with effect from 31 March 2023, and Mr Tim Fearnhead stepped down as director at the AGM held on 3 August 2022.

Please see **our leadership team** *from page 72 of* **our Governance report**.

Throughout this period of transition, we have remained diligent in maintaining and ultimately enhancing value for all our stakeholders.

The reconstituted Board of Directors is committed to our principles of good corporate governance and citizenship, in alignment with our governance framework, policies and best practices. Our focus is on demonstrating ethical conduct, transparency and ensuring the execution of our strategy.

Year in review

This has been a year of transformation for APF, in which we have re-evaluated our position and maintained resilience amid leadership changes. Above this, it has been a difficult period for the overall property market as the economic impact of COVID-19 lingered and was compounded by a tough trading environment for our tenants and their customers. APF is working hard to fill gross lettable areas as economic conditions improve.

> ***We have been in communication with some of our key banking and capital market funders and my impression is that they are supportive of the route we are taking – Mr TT Mboweni.***

Within APF, we continue to bolster our skills and staff complement. We are consolidating and simplifying the various property management structures across the business to streamline the business and ensure that our properties run at the required capacity.

APF's Strategic focus

With the preservation of long-term value in mind, the APF Board held a strategy session in March 2023 to conduct an honest assessment of the Fund's position within the South African REIT landscape. This session aimed to consider macroeconomic uncertainties and APF-specific reasons for subdued growth, and evaluate our strengths on which to build sound and measurable short to medium-term actions.

As a result, we are focusing on execution and measurable actions to ensure that the Fund is poised to deliver on our existing strategic pillars of enhancing and growing the quality of our core portfolio, optimising our balance sheet and delivering sustainable value to all our stakeholders.

The way forward

The Board remains confident that if we implement APF's strategy with an immediate focus on execution, there will be a significant business improvement.

In terms of future growth, the overall economic growth situation in the country is slow and will continue to impact our business. South Africa's real gross domestic product is forecast to grow by a minimal 1,3% by the end of 2023. Lack of growth is compounded by global geopolitical instability and market uncertainty, although the South African Reserve Bank is working hard to stabilise the local interest rate environment as far as possible and inflation is expected to decrease by 7% by the end of 2023, which bodes well for the year ahead.

In appreciation

We thank Mr Fearnhead, Mr Kyriakides and Mr Costa for their years of dedicated service to the business and welcome our new board members. In addition to the insight of my new board members, I appreciate the ongoing patience of our shareholders and thank them for their support. We are all hopeful that we are headed for a stronger future.

Mr TT Mboweni
Chairperson of the APF Board of Directors

18 July 2023

Joint CEOs' review

Mr Abri Schneider
Joint chief executive officer

Mr Dawid Wandrag
Joint chief executive officer

"To enable future plans and to continue to deliver value for all our stakeholders, our immediate focus areas are clear. These include formalising all aspects of our business and removing any outstanding related third-party issues, a renewed focus on property fundamentals and execution, and invigorating the quality of our existing portfolio with a dedicated management and financial focus.

Embracing change for effective sustainability

There is no doubt that this has been a year of transition and change for us in particular as we re-organise our business in light of leadership changes, notwithstanding our financial performance in the context of the known headwinds in the form of inflation, higher interest rates and the country's energy crisis, all of which have an impact on our business and the South African property sector, as well as placing pressure on our tenants' cost of occupancy.

> For APF, this financial year represents a pivotal point in our journey, marking ten years since being listed as a Real Estate Investment Trust on the Johannesburg Stock Exchange in 2013. It has been a period of intense introspection and rigorous evaluation of our business. We have listened to our shareholders' concerns and identified our strengths as well as our shortcomings, resulting in the resetting of our business and streamlining our operations to leverage longer-term opportunities for continued innovation.

Over and above our response to both the broader industry as well as our own business-specific challenges since our appointment as joint CEOs, we strive to communicate the direction of our company to all of our stakeholders clearly and openly and to uphold management and employee morale during this period of transition.

We have held dedicated employee communication sessions throughout the year and encourage two-way communication at these meetings. We are in the process of ensuring all our people policies, KPIs and remuneration polices are aligned accordingly.

Throughout this exercise in resetting APF for future growth, we have not lost sight of our sound governance practices and continue to consider socio-economic and environmental factors in our business model, with the implementation of a pilot solar solution for future rollout representing an opportunity for APF in terms of cost savings and additional energy security for our tenants.

For more details on **our sustainability in action**, *please see pages 60 to 67.*

Renewed focus on property fundamentals and execution

In realigning our purpose, our attention in the short to medium term is on strengthening our property fundamentals. As such, we continue disposing of our non-core, underperforming assets while reinvesting those funds into developing our strongest performing assets, and ensuring management and maintenance thereof to the highest standards.

To this end, non-core property sales to the value of R439 million were concluded or signed. Our remaining high-quality retail and A-grade office portfolio benefits from the opportunity for redevelopment and a property management focus, under the leadership of Leon Louw who has also joined our Exco as of December 2022, strengthening our team with his detailed knowledge of our portfolio and proven management skills.

We are also exploring partnerships for developing surplus bulk in some of our areas.

Our attention remains focused on strengthening our liquidity position, while at the same time ensuring that the well-publicised related party issues are dealt with.

Expanding our Fourways Mall proposition

As part of the reset process at APF, we appointed Mr Mike Pienaar as CEO of Fourways Mall Managing Agent in January 2023, bringing a wealth of property, management, and legal skills to the role, as well as strong relationships in the retail sector. In turn, Mike appointed Lynette Joubert, a seasoned property letting practitioner as head of leasing for Fourways Mall.

"We are grateful to our shareholders or their support in allowing us to effect swift action to reset our business and focus on execution.

These appointments strengthen our management and execution focus on repositioning Fourways Mall as an integrated shoppertainment destination of choice based on an in-depth understanding of the community catchment area and consumer patterns. With this, we aim to expand our offering and increase income generation.

Outlook

While we are encouraged by the relative bounce-back in retail activity as evidenced in some of our strongest-performing properties and a gradual return to the office as businesses adopt a hybrid model of working, general business confidence remains somewhat subdued in the short term, with the country's economic activity dependent on factors such as the consistent availability of energy and the increased rate cycle nearing its end. In the medium to long term, we believe APFs renewed focus on property fundamentals will deliver stronger returns on a streamlined and excellent quality portfolio.

APF intends to increase exploration of energy self-sufficiency and the rollout of solar power to mitigate some of the energy supply issues, and we will continue to pursue a diversification strategy across our portfolio as opportunities arise.

Gratitude

Improvement requires change, and although this can be unsettling in the short term, we appreciate the resilience of our directors, management team, and employees in adapting and taking on additional roles during this transition period, during which we have had to make some tough decisions. We extend our gratitude to our shareholders and funders for their support as we reset our company for future growth, and to the board for their ongoing guidance and steering.

We would also like to thank our outgoing CEO, Mr Michael Georgiou, for his vision, for establishing the business on the Johannesburg Stock Exchange, and for instilling an ethos of entrepreneurship in the company. We will continue to benefit from his insight as a non-executive director of the company.

Mr Abri Schneider
Joint chief executive officer

18 July 2023

Mr Dawid Wandrag
Joint chief executive officer

18 July 2023

Interim CFO's review

Cedar Square

Mr Pieter Grobler

Interim CFO

> ***APF's sensible approach to financial management, stringent expenditure control and optimal allocation of capital ensures we are building towards a stable position to embrace future opportunities.***

Key indicators

Indicator	2023	2022
Revenue (R'000) (continued operations) (excl. COVID-19 effects)	**895 774**	897 376
Remaining COVID-19 rental assistance granted (R'000)	**(15 348)**	(35 127)
Fair value adjustment on Investment Properties (R'000)	**(809 183)**	(428 722)
Weighted average lease expiry (years)	**3,3**	3,9
Lease escalations	**7,6%**	7,0%
Vacancies by GLA	**16,4%**	21,2%
Vacancies by revenue	**7,1%**	9,1%
Interest cover ratio	**1,8x**	2,1x
Net asset value per share (R)	**4,13**	6,21
Loan-to-value	**44,8%**	42,8%
Distributable income (R'000)[#]	**56 840**	210 527
Final distribution per share (cents)[*]	**–**	21,98051

 # Net of once off tax deductible items of R110 million.

** In order to further strengthen the financial position of the company and due to the liquidity requirements of capital spend on properties over the next 12-months the Accelerate board has elected not to declare a distribution.*

Vacancies reduced to 16,4% from 21,2% in 2022	Weighted average lease expiry 3,3 years	Cost-to-income ratio: 23,4% down from 25,8% in 2022

Financial performance and trading

We have seen an 18% year-on-year growth in trading densities at Fourways Mall from December 2021 (3 131 per m²) to December 2022 (3 699 per m²) as well as an 12% year-on-year increase in parking revenue. These trading figures exclude the benefit of any new leasing underway.

Eden Meander has seen continued double-digit growth in trading densities and turnover figures year-on-year with an average trading density for the year ended 31 December 2022 of R2 522 per m² per month (R2 215 per m² per month for the year ended 31 December 2021), representing a 14% year-on-year growth. The seasonal trade continues to be strong in the George area with trading density jumping to R4 752 per m² for December 2022.

Cedar Square has also shown growth in trading with a 7,7 % year-on-year growth in trading densities to R2 366 per m² per month. We have seen a reduction on vacancies at Cedar to 4,8% with all retail space being occupied and only some upstairs office space remaining which is currently under negotiation.

Trading at some of the smaller centres such as the Buzz and Waterford has also improved to well above pre-COVID-19 levels with vacancies at both centres close to 0%.

Revenue from continued operations remained stable at R895 million with our cost-to-income ratio reducing from 25,8% to 23,4%. This resulted in a distributable income (net of once off tax-deductible items of R110 million) of R56,8 million (2022: R210 million).

Focus on strengthening APF's financial position

APF's financial strategy in the financial period was to meet the following targets:

- Improving revenue streams of core assets
- Effective disposal of non-core buildings
- Managing and reducing finance costs
- Increasing tenor of debt
- Reducing administration costs
- Effective and efficient cash flow management.

Sale of non-core assets to reduce debt and re-invest in our core portfolio

The following non-core property disposals have been concluded by 31 March 2023:

Property	Amount
Cascades Shopping Centre	R16 500 000
Corporate Park	R17 000 000
32 Steeledale	R26 000 000
8 Charles Crescent	R55 200 000
Meschape	R32 000 000
Total	**R146 700 000**

The following assets are held for sale after 31 March 2023:

Property	Price	Timing of transfer
The Leaping Frog	R125 000 000	July 2023
Ford Fourways	R77 000 000	July 2023
Brooklyn Place	R25 400 000	July 2023
Cherry Lane	R65 000 000	August 2023
Total	**R292 400 000**	

The following non-core property negotiations are in process:

Property	Classification	Value (Rm)	Status
Pri-movie Park	Office	102,0	Various offers received. Price under negotiation. Large tenant enquiry underway
1 Charles Crescent	Office	63,5	Various offers received. Price under negotiation. Large tenant enquiry underway
KPMG Polokwane	Office	37,5	Actively being marketed
9 Charles Crescent	Office	28,3	Various offers received, price under negotiation, also working on a large tenant enquiry
KPMG Secunda	Office	18,0	Actively being marketed
ABSA Brakpan	Office	3,4	Actively being marketed
10 Charles Crescent	Industrial	24,5	Various offers received, price under negotiation, and working on a large tenant enquiry
Total		**277,2**	

Treasury snapshot

Total debt **R4,5 billion** **(March 2022: R4,5 billion)**	**Short-term portion of debt** **R2,4 billion** **(March 2022: R648 million)**	**Weighted average debt term** **1,3 years** **(March 2022: 1,6 years)**
Debt hedged **75,6%** **(March 2022: 70,8%)**	**Weighted average swap term** **2,0 years** **(March 2022: 2,3 years)**	**Blended interest rate** **9,7%** **(Sept 2022: 8,1%)**
Undrawn facilities **R218 million** **(2022: R223 million)**	**LTV#** **44,8%** **(Sept 2022: 42,8%)**	**ICR** **1,8x** **(March 2022: 2,1x)**

 # Takes into account vendor loan receivables.

Treasury management

Areas of focus

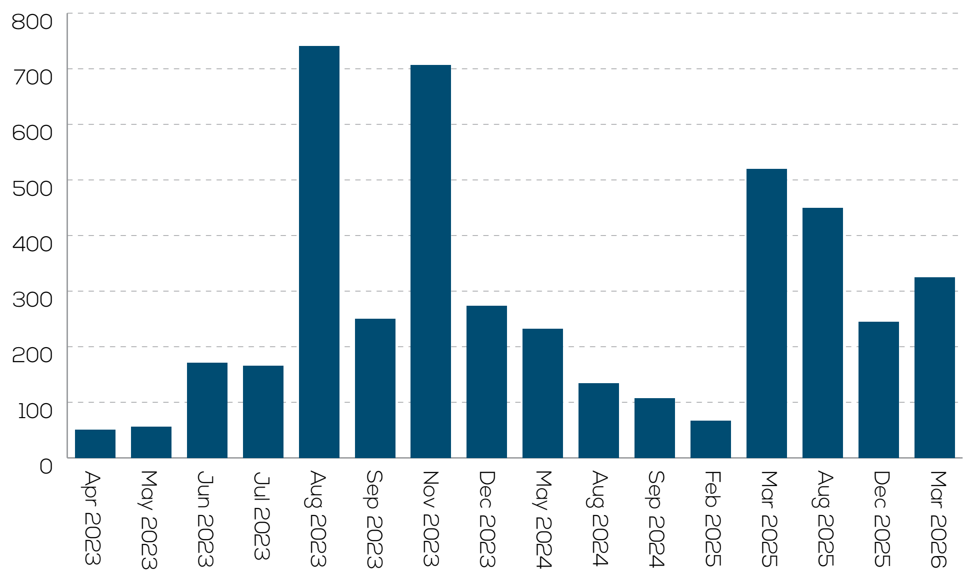
Diversification of funding	Improving credit metrics and rating	Restructuring debt
Creating a more balanced pool of suitable funders to manage prudential exposure limits, encourage competitive pricing, build adequate liquidity buffers and enhance funding flexibility.	Disposal of non-core assets to enhance revenue with accretive spend on core assets, manage costs and a continued focus on appropriate LTV and ICR levels.	We engage with funders regarding our cost of funding and expiry profile to extend our debt expiry profile, reduce our overall cost of funding and manage our concentration of expiry risk.
Our funding base has been expanded to include seven core relationship funders.	Funds from the sale of non-core assets to the value of R146 million in the financial period, with a further R292 million in the pipeline. The Fund has applied for and received approval from its funders to temporarily reduce overall ICR covenant levels to 1,7x up to and including the 31 March 2023 reporting period. The Fund is in negotiation with funders to extend this covenant relief for a minimum further two periods due to the progress made through the reduction of debt and improvement of revenue streams being counteracted by the 425 basis points increase in interest rates since February 2022. The Fund is well within agreed LTV covenant levels.	54% of the Funds' debt is expiring up until 31 December 2023. The concentration of expiries is due to shorter term refinancing of debt during the COVID-19 pandemic.

Debt expiry profile

54% of APF's total debt expires between April 2023 and December 2023. This debt concentration is due to joint refinancing arrangements entered into between APF and the Fund's main funders during the COVID-19 pandemic.

The bulk of the balance expiring is held by key relationship funders and is in the process of being termed out.

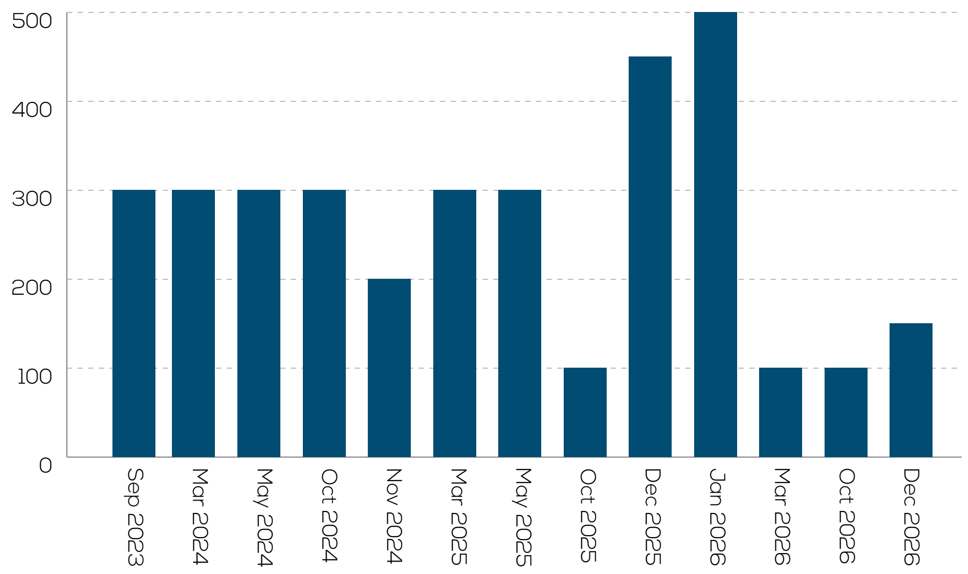
Debt expiry profile (Rm)



SWAP expiry profile

Our swap expiry profile is well-spread. Given the current view on interest rates, APF intends to maintain its current hedging levels and replace swaps as they expire.

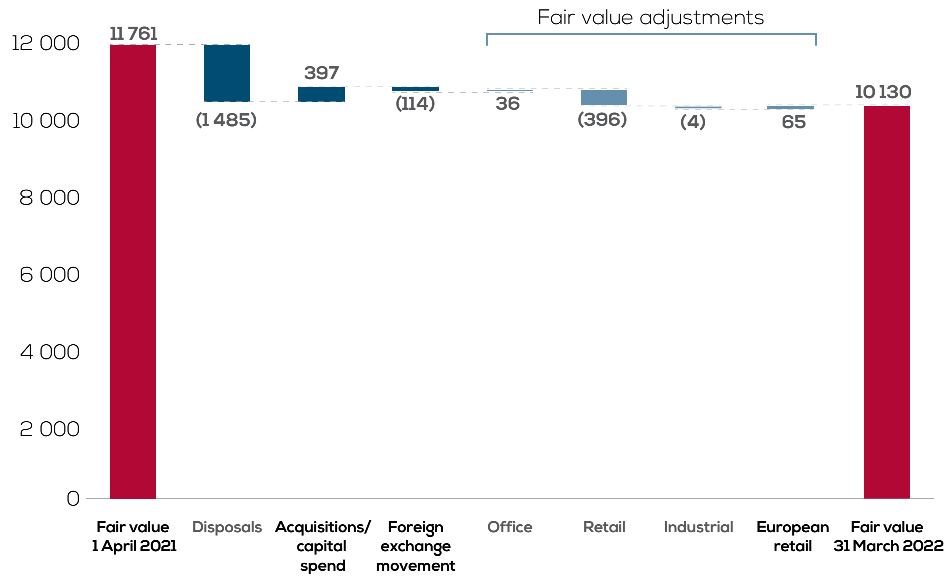
SWAP expiry profile (Rm)



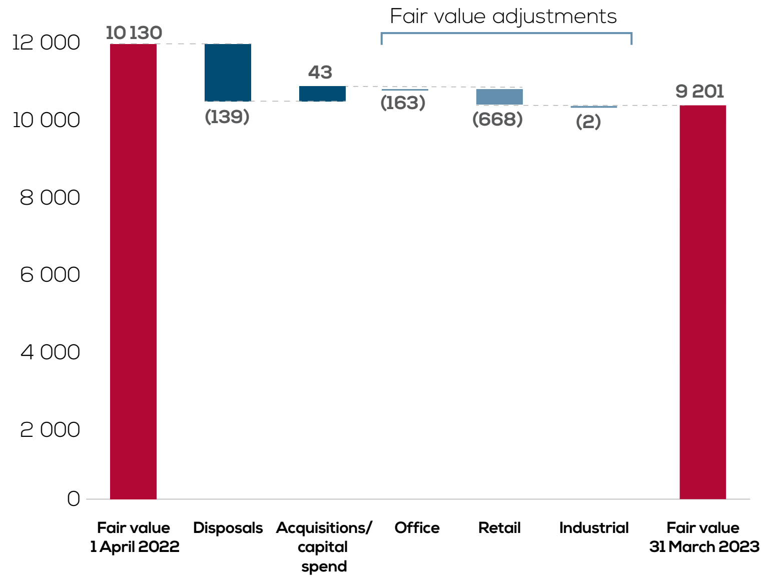
Prudent property valuations

Please see tables below for the breakdown of movement in property values.

Property valuation bridge 2022 (Rm)



Property valuation bridge 2023 (Rm)



Appreciation

We are grateful for the 84% shareholder uptake of our share re-investment alternative in July 2022, as well as the successful conclusion of our Rights Offer in February 2023, allowing us to strengthen our financial position through continued shareholder support.

Mr Pieter Grobler
Interim chief financial officer

18 July 2023

Cedar Square

Material themes and focus areas

Fourways Mall

Material themes and focus areas

We identify megatrends in our operating environment that could potentially influence our ability to create value in the short, medium and long term. These matters also inform and enhance our risk and opportunity management.

Our executive management team assessed the following material trends in a workshop, which were approved by Exco and the board in 2022. APF management re-assessed the themes and relative increasing or decreasing impact in 2023, which in turn informs our focus areas.

Material themes	Impact
The uncertain macroeconomic, social, and political environment	Short-term
Business sustainability	Medium-term
Uncertain property market/ infrastructure fundamentals	Long-term
The changing work environment	Increasing importance
Changing consumer preferences and the rise of new asset classes	Decreasing importance
	No movement


The Buzz Shopping Centre

Fourways Mall

The uncertain macro-economic, social, and political environment

South Africa continues to face challenges in meeting and maintaining infrastructural and energy demands. Significant socio-economic growth is hamstrung by a high unemployment rate, rising inflation and sporadic political unrest and uncertainty. Weak economic fundamentals dampen business and consumer confidence and this has a direct impact on the property sector.

APF focus areas

- Continued disposal of non-core assets and reinvestment into our core portfolio
- Development of unutilised bulk
- Proactive treasury management to improve liquidity
- Strengthening the balance sheet to lower LTV
- Increase funding diversification and debt terms
- Seeking ways to diversify revenue streams
- Exploring opportunities to differentiate our existing offerings.

Business sustainability

Business resilience in the context of socio-political uncertainty is more important than ever. Worldwide, investors are placing increased scrutiny on economic, social and ethical governance factors, and in South Africa, the energy crisis necessitates an emphasis on supplementing with alternative energy sources. The development of future skills, small business supplier development and gender equality in the workforce are also of primary concern.

APF focus areas

- Renewing our focus on sound property fundamentals
- Resetting our business for future growth
- Streamlining and right-sizing our portfolio
- Ensuring responsible corporate citizenship
- Implementing stringent controls to manage any related party matters and conflicts of interest
- Implementing solar solutions across our portfolio and continuing to explore renewable energy options
- Making meaningful progress on our ESG journey by identifying and integrating considerations into our strategy and governance processes.

Uncertain property market/infrastructure fundamentals

Trading and economic pressure increases competition for quality tenants, while poor municipal service delivery and loadshedding impedes growth and increases the operating costs of property owners, placing pressure on tenant affordability. New developments are hampered by prohibitive costs, and in some sub-sectors of the property market, demand for new space is saturated. Some analysts predict that long-term bonds are nearing the end of a 5-year slump and that these bonds will start to recover in 2024, with longer-term positive returns and a strong outlook.

APF focus areas

- Reducing vacancy levels and retaining high-quality tenants
- Optimising our tenant mix
- Proactive engagement and collaboration with tenants
- Managing variable costs and maintaining cost control
- Encouraging trading growth at our retail centres through repositioning our offerings.

The changing work environment

Hybrid office working and flexible working spaces are expected to prevail as businesses adapt to increased digital reliance and a combination of remote and onsite working arrangements. This influences how spaces are utilised and arranged.

APF focus areas

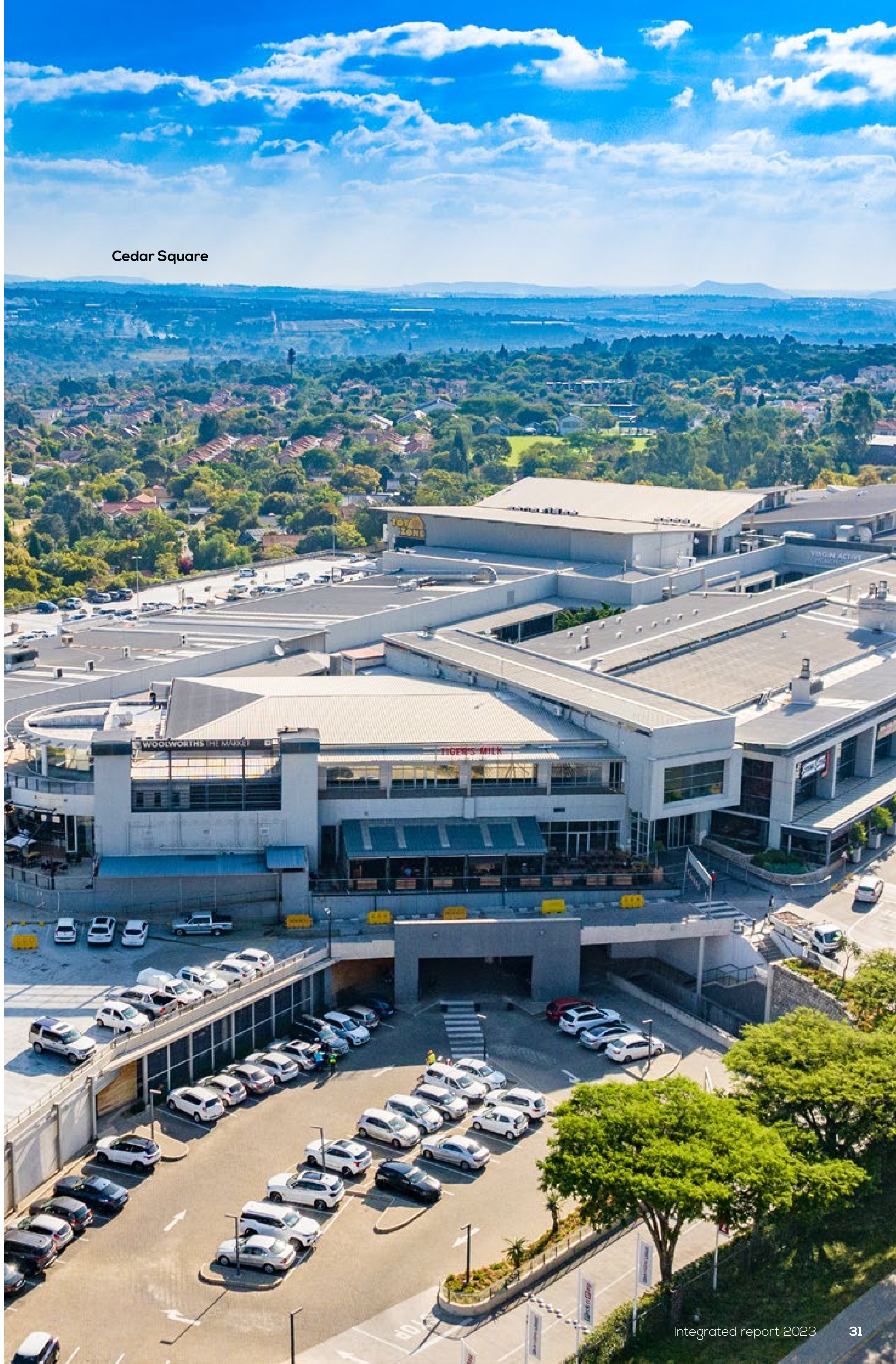
- Selling B- and C-grade office space
- Enhancing and refurbishing our A-grade office space
- Exploring partnerships for developing surplus bulk
- Exploring in-mall shared office space.

Changing consumer preferences and the rise of new asset classes

Shifting consumer behavioural changes, combined with the subsequent increased innovation and agility in businesses' response, is enhanced by technological innovation. Examples include the rise of e-commerce and increased demand for self-storage as businesses downscale their physical space requirements and consumers change their lifestyle habits or emigrate.

APF focus areas

- Understanding changing consumer habits
- Seeking to repurpose or redevelop space
- Leveraging technology and multi-channel strategies
- Future proofing our malls and strengthening the relevance of Fourways Mall as a shopping destination of choice.



Cedar Square

Our business drivers

BMW Fourways

Our strategy

A company in transition requires an in-depth evaluation of its strategic direction to consolidate a firm foundation for future growth. As such, our 12 month strategy supports strengthening our property fundamentals with a view to long-term sustainability.

Resetting our business for future growth

We conducted a rigorous, three-step approach to determining our 12-month strategic direction.

Guiding principles → Diagnosis of the fund → Actions

Guiding principles

Determining the principles that will guide our decision-making:

- Focus on property fundamentals and improving cash flow
- Improved transparency and communication with all stakeholders
- Focus on efficiencies and execution
- Prioritise non-core property sales
- Secure supplier credibility
- Protect the independence of the Fourways Mall Managing Agent (FMMA)
- Place people first, with an expectation that culture will follow
- Ensure the Fund operates as an independent commercial company by corporatising all aspects of the company.

Diagnosis of the fund

An in-depth assessment of the business over the past three years:

- Debt covenant relief
- Pressure related to funders and refinancing
- Related party settlement delays
- Managing conflicts of interest
- Historical delays regarding delivery and execution
- Dormant bulk
- Low income yielding non-core assets
- Fourways Mall performance improvement post-COVID-19 lockdowns
- Misalignment of the company goals and executive remuneration.

Actions

Creating clear and concise, measurable actions:

- Link executive performance to approved KPIs
- Refreshing our strategic view across our portfolio
- Rollout solar solutions across our retail properties
- Implement a company-wide HR project and employee communication plan
- Stringent working capital and expense management
- Detailed, yield-driven capital expenditure roll out plan
- Proactive treasury management
- Appointed a new CFO.

Strategic pillars

The execution of our strategy is driven by our strategic pillars, which are the critical levers that affect our ability to create value in the short, medium and long-term.

Enhancing returns on our assets	Growing the quality of our core portfolio	Optimising our balance sheet	Delivering value to stakeholders

For more information on the positioning of our properties and strategy per sector, please see our portfolio and sector review from page 44.

Enhancing returns on our assets

Our objectives

- Extract maximum value from our existing bulk by redeveloping and upgrading properties to enhance their value
- Maximise return on assets by optimising rental returns, rebalancing tenant mix, managing costs and diversifying our offering.

Our priorities

- Disposing of non-core assets
- Reinvesting in core assets
- Solar power investment and initiatives
- Redeveloping existing bulk
- Diversifying and maximising revenue streams.

Growing the quality of our core portfolio

Our objectives

- Invest in quality property assets
- Improve the quality of our existing core asset base
- Concentrate on existing strategic economic hubs and sound property fundamentals
- Leverage our core portfolio and unutilised bulk to expand our offering.

Our priorities

- 60% of tenants qualified as A-grade by revenue (listed or large national tenants)
- Unlocking further potential from Fourways Mall by repositioning our offering
- A focused income driven capital roll-out plan
- Increasing available capital reserves through non-core property sales.

Optimising our balance sheet

Our objectives

- Improve on the gains already made on balance sheet strengthening and treasury management
- Diversify our funding mix
- Proactively manage interest rate risk
- Recycle non-core assets
- Reduce debt
- Improve liquidity.

Our priorities

- 75,6% of debt hedged
- Weighted average swap maturity of 2,0 years
- R218 million of undrawn debt facilities created
- Seven strong relationship funders
- 9,7% blended interest rate
- 44,8% LTV
- 1,8 ICR.

Delivering value to stakeholders

Our objectives

- Invest in long-term quality and sustainability
- Maintain tight control of property expenses and cost of occupancy
- Understand our tenants' expectations and support them during difficult economic times
- Innovation and execution
- Explore partnerships for growth.

Our priorities

- Unlocking the value of the completed Fourways Mall Development
- Maximising yield on core properties
- Extracting maximum value from unutilised bulk
- Effectively managing costs
- Recommencing the consistent payment of distributions.

Our business model

Inputs

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

- R4,5 billion debt funding
- R146 million raised through non-core property disposals.

Challenges in raising financial capital include economic pressure, poor returns on investments, and subdued growth prospects in the country.

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

- Properties valued at R9,2 billion (FY2022: R10,1 billion)
- Total GLA 380 362 m² (FY2022: 415 428 m²).

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

Intellectual capital
Our intangible assets include the balanced and diverse experience of our management team, skilled board and governance structures, our strategy and tenant management processes, and our brand and marketing efforts.

- New 12 month strategic focus on property fundamentals and execution
- Independent management company (FMMA) formalised for Fourways Mall.

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

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

- Developed 61 high-performing employees (including external property management staff)
- Ethical culture and values

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

Social and relationship capital
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.

Natural capital
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.

To deliver quality spaces

We create positive socio-economic value through sound property fundamentals and aim to build a solid foundation for sustainable growth.

Recycle capital

Acquiring high-quality properties with long-term leases and strong tenants, disposing of non-core assets and re-investing capital into our core portfolio.

Growing the quality of our core portfolio

Develop

Redeveloping existing properties to enhance their value.

Lease and manage

Actively managing our portfolio to deliver on tenants' expectations, enhance efficiency, and maximise returns.

Sell

Disposing of non-core properties to enhance the value of our portfolio.

We sell assets that have reached the end of their investment cycle and recycle the capital into opportunities that have better long-term capital growth prospects once all other alternatives uses for the property have been exhausted.

OUTPUTS

We deliver 29 quality spaces for our tenants, shoppers and visitors in the communities in which we operate.

OUTCOMES

Financial capital

- Generated revenue of R895 million (FY2022: R897 billion)
- LTV 44,8%
- ICR 1,8 times
- R218 million of undrawn debt.

We continue to focus on rebalancing our portfolio. This helps us maintain stability in the short to medium term to ensure sustainable returns in the future. We ensure continued access to financial capital by prudently managing our financial fundamentals and delivering on our strategy.

Manufactured capital

- Retained 86% tenants
- Vacancies reduced from 21,2% to 16,4%.

Our leading property professionals ensure our buildings are maintained and managed to the highest standards. We continually seek to optimise our portfolio through active asset management, including delivering on developments and refurbishments.

Intellectual capital

- Diagnosis of the Fund and resetting for the future strategy
- Corporatising all aspects of our business
- Management, tenant and leasing focus on Fourways Mall.

Human capital

- 4 retirements and resignations
- Focus on formalising our HR strategy and policies.

Our investment in developing future skills and mentorship of future leaders ensures resilience as we evolve our culture.

Social and relationship capital

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

Our investment in education increases employment opportunities for young people and we build sustainable relationships with local institutions to improve facilities and social welfare.

Natural capital

- Renewable energy: solar implementation and rollout underway.

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

Oceana House

Our stakeholders

We continue to build a deep understanding of our stakeholders' needs in the pursuit of mutual and sustained value. We strive to address legitimate concerns and be proactive in our approach to opportunities for enhancement.

Tenants

Our tenants require quality spaces that deliver on their business needs, at market-related rentals. We are an ethical business partner and support them in their business needs, providing well-managed, secure and modern commercial spaces that attract shoppers and visitors.

We strengthen and build long-term relationships with our tenants through in-person and online communication.

Key topics in 2023

In 2023, we continued to provide additional support to our tenants in response to the challenging economic climate and ensure they remain viable tenants in the long term.

Investors and providers of financial capital

Our investors and funding partners require transparent communication and responsible management of our capital and funds. We engage frequently with investors to gain their trust and support, and we develop relationships with new funding partners to diversify our funding mix.

We are proactive in our engagement regarding our intentions via one-on-one meetings with executive management, and through SENS announcements, webcasts, and presentations. Our annual AGM, pre-close statements and integrated reports provide the relevant information needed to accurately assess our performance and prospects.

Key topics in 2023

In 2023, we offered shareholders a share re-investment alternative. This dividend reinvestment plan (DRIP) is a programme that allows investors to reinvest their cash dividends into additional shares on the dividend payment date.

We are grateful for the majority uptake of this offer, allowing us to take the necessary action to reset the Fund for long-term growth.

A fully underwritten renounceable Rights Offer was announced to APF shareholders and successfully concluded in February 2023.

Our funding base has been increased to seven core relationship funders.

Employees

Our employees require job security, fair remuneration and career development opportunities. We provide regular feedback regarding performance and improvement – including identifying training opportunities – via one-on-one interactions between employees and line managers, and through performance reviews.

We keep employees motivated via internal communications and listen to their concerns to ensure job satisfaction.

Key topics in 2023

During this time of transition, we place an emphasis on a people-first approach with the aim of evolving this into a culture of mutual support in the pursuit of excellence.

In 2023, we held regular announcements and updates. At these announcements, management teams emphasise their approachability in terms of concerns.

Suppliers

Our suppliers require efficient contract management, timeous payment terms and opportunities for business growth. We form mutually beneficial relationships with our suppliers by ensuring quality service delivery through service level agreements and tenant feedback.

Key topics in 2023

Our tender and procurement processes are transparent and provide opportunities for small enterprises that support the local economy.

Community

The communities in which we operate require safe and attractive properties that uplift the area, business opportunities for small enterprises, as well as additional support for vulnerable members such as unemployed youth and educational opportunities.

We engage with various community groups and non-profit organisations to understand their needs, create bursary opportunities and support job creation.

Key topics in 2023

We continue with our outreach, bursary and scholarship programmes.

This year, we made a positive impact through our contribution to a non-profit organisation in Kya Sands, which is a support centre for children, youth and women in informal settlements.

Regulatory and industry authorities

Authorities require compliance with mandatory laws and standards.

We engage with regulatory and industry authorities to further our understanding and application of governance best practices to support value creation, strengthen our governance framework, ensure compliance and resolve related party matters.

Key topics in 2023

Our focus was on strengthening governance through the reconstitution of our board, streamlining our operations, corporatising all aspects of our business and ensuring compliance with new regulatory updates.

Our risks and opportunities

Our integrated approach to risk and opportunity management

We conduct a rigorous and inclusive material risk and opportunity review process to strengthen our strategic direction and operational practices.

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.

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

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

Our **internal audit** partners assist us with risk oversight.

Risk appetite and tolerance

Our risk appetite reflects a balanced approach to risk management. It enables the Fund's ability 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.

Our risk matrix guides the Fund. 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. Each risk is mapped to the strategic objective that it could impact.

Fourways Mall

Our top risks and opportunities

Risk description	Potential impact	Our mitigation activities and opportunities
1. Liquidity risk	– Inability to pursue investment opportunities, upgrade assets and portfolio – Refinancing debt at increased borrowing costs – Business sustainability disruptions.	– Frequently and effectively monitoring cash flow forecasts and LTV and ICR projections – Effective debt management – Diversifying funding – Increasing undrawn facilities – Repurposing/disposal of non-performing assets – Streamlining our portfolio with a focus on our top performing assets.
2. Underperformance of Fourways Mall	– Inability to maximise profitability.	– Independent management of Fourways Mall – Re-positioning our Fourways Mall proposition – Providing board oversight of the strategic vision – Ensuring adequate staffing of the management team and applying a focused leasing strategy – Implementing an appropriate management structure and reporting lines.
3. Conflict of interests	– Failing to identify and effectively resolve conflicts of interests.	– Strengthening our governance – Appointed a well-respected, experienced and competent chairperson to lead the board in 2022 – Implementing an appropriate constitution of the board and distribution of function, duty and role – Ensuring a well-designed corporate governance process – Frequent and regular declarations by executives and management.
4. Financial concentration	– Inflexible funding terms.	– Create a pool of unencumbered assets – Ongoing funder diversification – Improving ongoing relationships with current debt funders – Ensuring a well-spread debt maturity profile.
5. Tenant default	– Risk of non-payment or failure to completely recover amounts owing – Increased bad debt right-offs, vacancies, legal costs – Constrained cash flow with resulting implications on performance.	– Regularly engaging with tenants – Ensuring compliance with Service Level Agreements – Effective debtor management and frequent debtor analysis – Proactive treasury management.
6. National economic risk and diminishing confidence levels in South Africa	– Erosion of tenant base and reduced access to capital – Foreign based tenants leaving the country – Increased pressure on tenant affordability – New formats for business.	– Investing in long-term, sustainable properties that offer growth potential – Participating in and promoting industry-wide, public and private partnerships – Ongoing scenario planning to install agility, adaptability and resilience across business processes – Resetting our business for future growth.
7. Municipal utility risk	– Rapid increases in electricity, water and sewerage tariffs place additional economic pressure on tenants – Increased potential for tenant default, need for assistance and pressure on cash flow – Disruption to supply and increased costs associated with diesel generation.	– Ensuring back-up supplies of water – Exploring alternative solutions for a more reliable and affordable utility provision – Effectively managing Service Level Agreements – Implementing generators for emergency electricity supply – Exploring alternatives for moving off-grid, specifically solar energy generation – Increased self-sufficiency through renewable energy solutions.
8. Occupancy/ vacancy risk	– Reduction in property values and income levels.	– Proactive tenanting and relationship management.
9. Geographic and sectoral concentration	– Concentration risk.	– Focused development on active economic hubs with growth potential.
10. Debt refinancing risk	– Forced draw on reserves and buffer funds.	– Limitations on distributions and retention of reserves.


Fourways Mall

Our portfolio

The Buzz Shopping Centre

Top 10 properties

Fourways Mall

Fourways Mall is a super-regional shopping centre in the Fourways area, offering an integrated shoppertainment experience. The Fund owns 50% of this prestigious property.

Property type
Super-regional retail

Region
Gauteng

Fair value
R4,0 billion
(2022: R4 604 285 116)

GLA
88 735m²

Vacancies*
7,9%

Ownership
50%

** Excluding vacancies covered by the headlease.*

Cedar Square

Cedar Square is a lifestyle and family centre in the Fourways area, offering 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

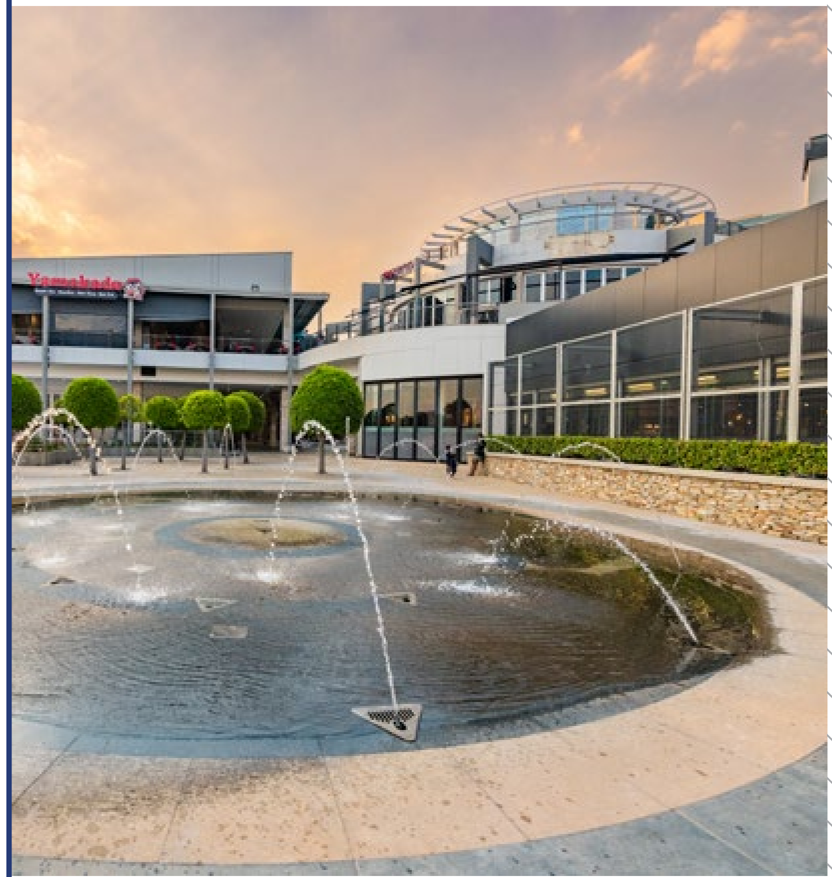
Region
Gauteng

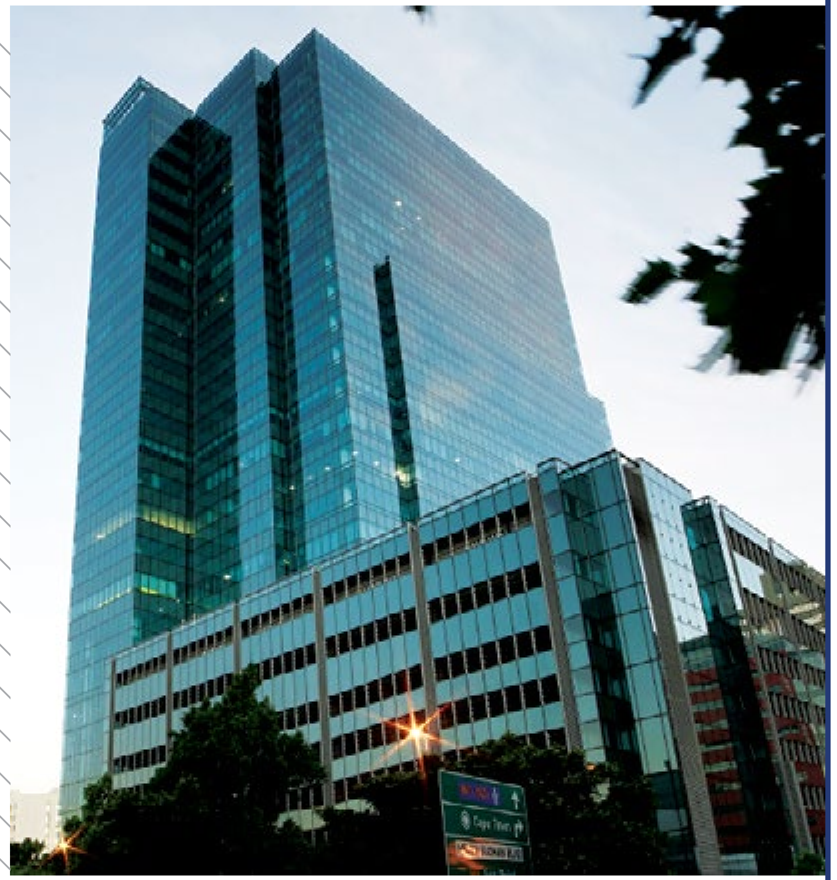
Fair value
R842 million
(2022: R888 489 588)

GLA
44 210m²

Vacancies
4,8%

Ownership
100%





Portside

Portside is situated in a prime location and capitalises on the magnificent panoramic views of Table Mountain and the Atlantic Ocean while complementing the beauty of the Mother City.

Property type
P-grade office

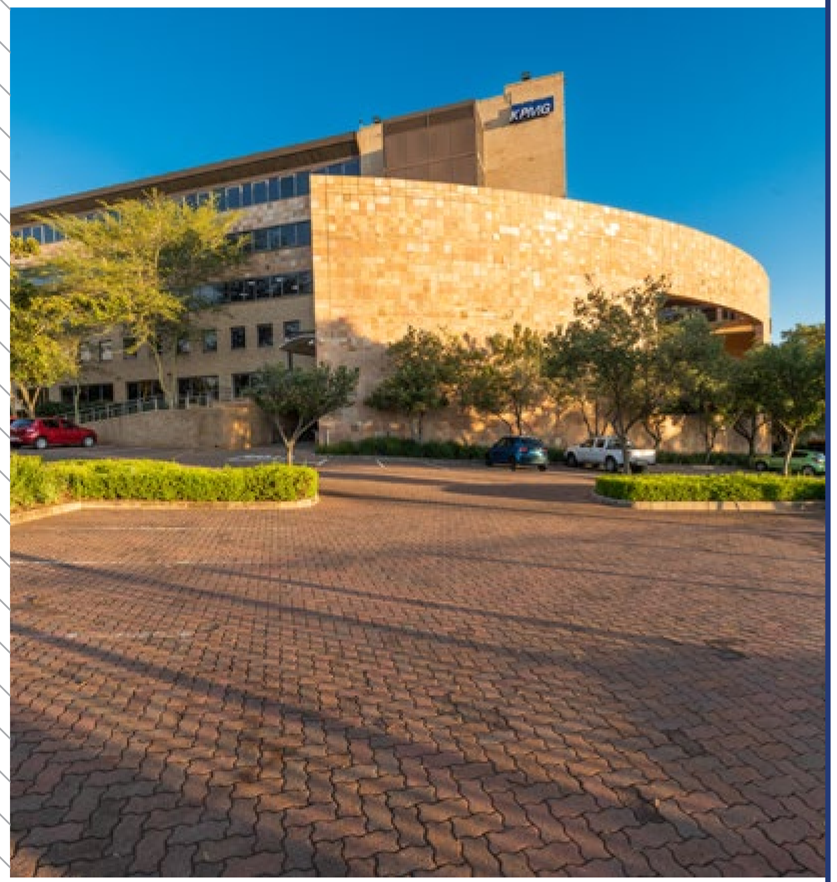
Region
Western Cape

Fair value
R724 million
(2022: R720 000 000)

GLA
25 253m²

Vacancies
0%

Ownership
100%



KPMG Cresent

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
R693 million
(2022: R706 788 126)

GLA
20 096m²

Vacancies
0%

Ownership
100%

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
R522 million
(2022: R500 000 000)

GLA
31 136m²

Vacancies
0,3%

Ownership
100%

BMW Fourways

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

Property type
Significant 'other' convenience retail presence in the Fourways node

Region
Gauteng

Fair value
R291 million
(2022: R284 767 200)

GLA
7 857m²

Vacancies
0%

Ownership
100%

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
R492 million
(2022: R554 144 000)

GLA
12 431m²

Vacancies
30,6%

Ownership
100%

The Buzz Shopping Centre

The Buzz Shopping Centre in Fourways recently underwent a minor revamp and vacancies have been reduced to close to zero.

Property type
Regional retail

Region
Gauteng

Fair value
R283 million
(2022: R279 000 000)

GLA
14 148m²

Vacancies
1,7%

Ownership
100%

Oceana House

Situated in the Foreshore 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
R168 million
(2022: R153 807 859)

GLA
7 254m²

Vacancies
0%

Ownership
100%

Bosveld Mall, Bela-Bela

Located in the heart of Bela-Bela, this centre is the go-to convenience shopping destination.

Property type
Regional retail

Region
Limpopo

Fair value
R132 million
(2022: R124 million)

GLA
15 991m²

Vacancies
25,7%

Ownership
100%

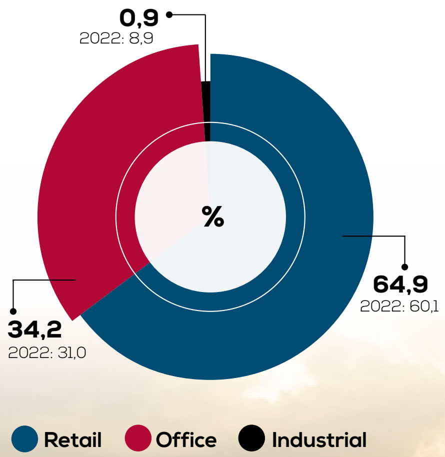
Sectoral overview

Our streamlined portfolio comprises quality commercial properties located in economic active areas, covering primarily retail and office – and to a lesser extent – industrial sectors.

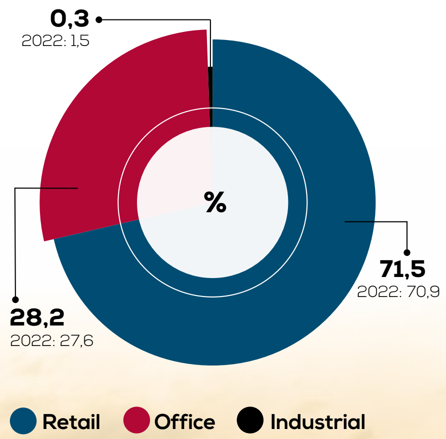
Sectoral summary

		Total	Retail	Office	Industrial
Number of properties	**2023**	**29**	**13**	**15**	**1**
	2022	34	15	15	4
Average escalation (%)	**2023**	**7,6**	**7,6**	**7,7**	**6,6**
	2022	7,0	7,0	7,2	6,8
Weighted average lease period (years)	**2023**	**3,3**	**2,5**	**4,2**	**–**
	2022	3,9	3,5	5,2	3,3

Sectoral type by GLA



Sectoral type by value



The Buzz Shopping Centre

Retail

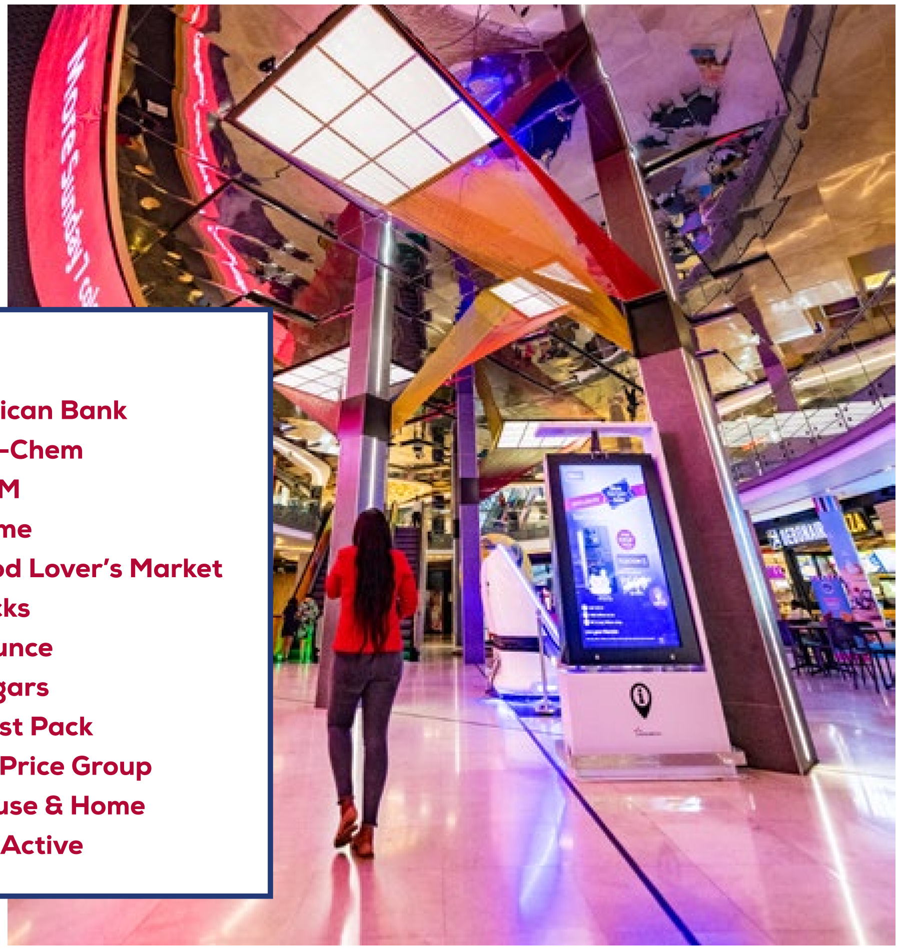
Our retail portfolio includes a diverse selection of shopping centres.

			Fair value
67,3% of revenue	**13** properties	**246 935m²** GLA	**R6,5 billion** (including bulk of R589 million)
(2022: 70,1%)	(2022: 15)	(2022: 249 814m²)	(2022: R7,2 billion)

Building	Type	Region	GLA (m²)	Net rental per m²	Fair value 31 March 2023 (R)	Value of bulk included in fair value (R)
Fourways Mall (50%)	Retail	Gauteng	88 785	262	4 017 487 997	190 795 799
Cedar Square Shopping Centre	Retail	Gauteng	44 210	93	841 720 819	202 235 000
Eden Meander	Retail	Western Cape	31 136	105	521 696 598	29 507 316
BMW Fourways	Retail	Gauteng	7 857	178	291 107 610	81 810 000
The Buzz Shopping Centre	Retail	Gauteng	14 148	105	282 797 136	85 114 000
Bela-Bela	Retail	Limpopo	15 991	69	132 052 183	-
The Leaping Frog	Retail	Gauteng	11 153	93	125 000 000	-
Waterford	Retail	Gauteng	6 868	87	84 472 307	-
FORD Fourways	Retail	Gauteng	6 763	95	77 000 000	-
Cherry Lane	Retail	Gauteng	11 428	47	65 000 000	-
Edgars Polokwane	Retail	Limpopo	4 504	76	41 061 916	-
Valleyview Centre	Retail	Gauteng	2 012	96	28 849 457	-
Beacon Isle	Retail	Gauteng	2 080	109	27 274 686	-
Total			**246 935**		**6 535 520 712**	**589 462 115**

Cedar Square

Fourways Mall



Anchor tenants

Woolworths	African Bank
Hamleys	Dis-Chem
Toys R Us	H&M
Checkers	Game
Fun Company	Food Lover's Market
TFG Group	Clicks
Pick n Pay	Bounce
ABSA	Edgars
FNB	West Pack
Nedbank	Mr Price Group
Standard Bank	House & Home
Capitec Bank	JB Active

Fourways Mall is a landmark super-regional shopping centre and is a flagship property for APF.

Encouragingly, we have seen we seen 18% growth in trading densities compared to the prior year. Our focus is on attracting tenants to cater for a wider LSM and to increase foot traffic from a broader catchment area. To do this, we aim to reposition the mall as the ultimate retail and entertainment destination by:

- Re-energising our marketing efforts
- Finalising the offering of the Kidzania space
- Improving the tenant mix and right-sizing certain current tenants
- Investing in technology to effectively track tenant and shopper behaviour and preferences, and to minimise the carbon footprint of the Mall.

Number of stores
437 stores

Differentiation
Shoppertainment offering

COVID-19 loss of income insurance claim
Legal process commenced and senior council engaged

Focus areas
- Enhance the overall shopping experience with a family focus
- Roll out of solar projects
- Adapt to changing consumer behaviour
- Seek alternative uses for the space
- Provide a wider restaurant offering
- Continue focusing on catering for the entire LSM spectrum.

Cedar Square

Anchor tenants
Pick n Pay
Clicks
Builders Warehouse
Baby City
Virgin Active
Woolworths
Smoke Daddy's
Yamakado

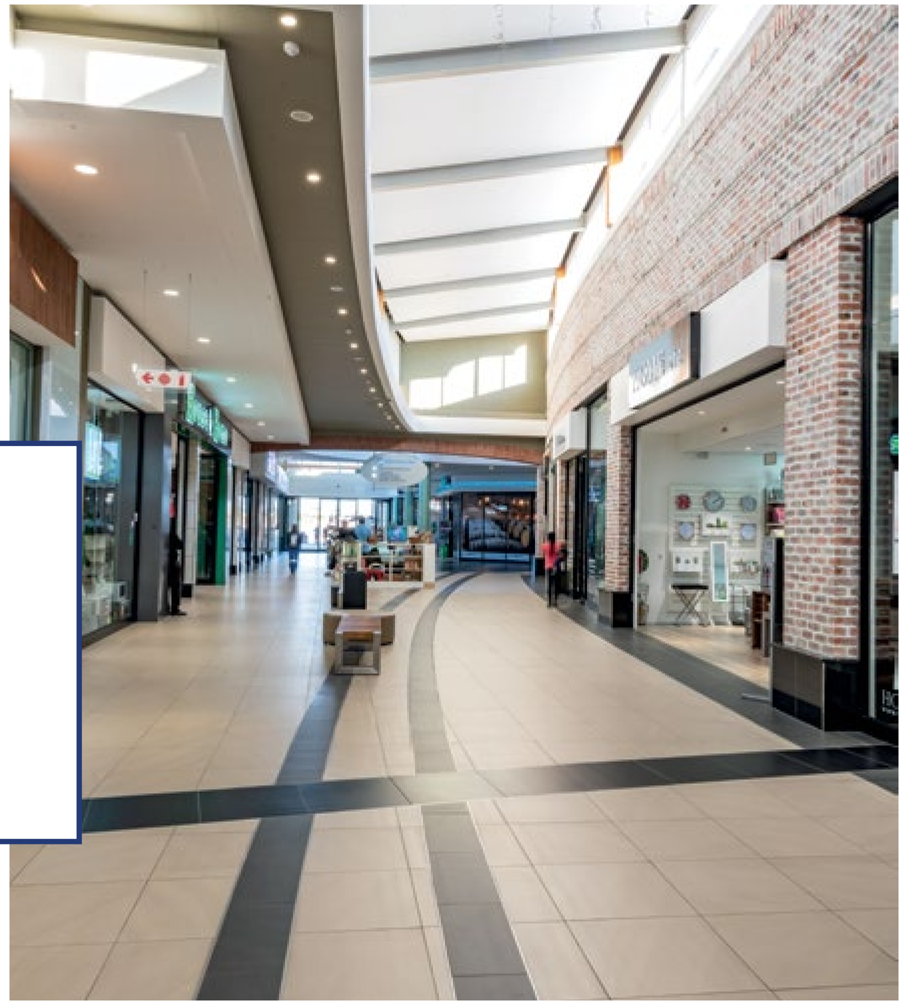
Cedar Square is situated in the Fourways area, which acts as a complementary offering to Fourways Mall. The area is densely populated and has benefitted from the work-from-home trend. We have piloted a solar implementation project for this property to support tenants during loadshedding. Cedar Square has also shown positive growth in trading with a 7,7% year-on-year growth in trading densities.

Number of stores
81 stores

Differentiation
Open air, family-friendly environment

Focus areas
– Increase the entertainment offerings
– Seek alternative uses for space.

Eden Meander



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

Eden Meander is a popular location enroute to Knysna, and across from the Garden Route Mall. It is located in a fast-growing residential area and has available bulk for future development. Eden Meander has seen continued double-digit growth in trading densities and turnover figures year-on-year, and seasonal trade continues to be strong in the George area.

Number of stores
46 stores

Focus areas
Ensuring optimal tenant mix and activating all areas in the centre with the strategic placement of anchor tenants.

Retail sector year in review

Performance overview
– In force rental escalations of 7,6%
– Vacancies reduced from 8,9% to 7,5%.

Priorities
– Disposal of non-core assets
– Reinvestment in core portfolio through a detailed and focused capital roll-out plan
– Development of unutilised bulk.

Office

83,8% of our office portfolio consists of P-grade and A-grade offices and are situated in Sandton, Gauteng and the Western Cape.

32,6% of revenue (2022: 27,4%)	**15 properties** (2022: 15)	**130 085m² GLA** (2022: 128 705m²)	**Fair value R2,6 billion** (including bulk of R233 million) (2022: R2,8 billion)

Building	Type	Region	GLA (m²)	Net rental per m²	Fair value 31 March 2023 (R)	Value of bulk included in fair value (R)
Portside	Office	Western Cape	25 253	167	724 420 240	-
KPMG Crescent	Office	Gauteng	20 096	239	693 200 000	-
CITI bank	Office	Gauteng	12 431	159	491 900 000	200 000 000
Oceana House	Office	Western Cape	7 254	175	168 000 000	-
73 Hertzog	Office	Western Cape	5 470	100	110 600 000	33 200 000
Pri-movie Park	Office	Gauteng	17 177	49	101 699 461	-
Thomas Pattullo Building	Office	Western Cape	6 084	103	83 546 998	-
1 Charles Crescent	Office	Gauteng	15 547	34	63 525 456	-
99 - 101 Hertzog Boulevard	Office	Western Cape	3 620	109	51 078 465	-
Mustek (89 Hertzog Boulevard)	Office	Western Cape	4 500	72	41 000 000	-
KPMG Polokwane	Office	Limpopo	1 481	190	37 550 994	-
9 Charles Crescent	Office	Gauteng	4 298	55	28 361 605	-
Brooklyn Place	Office	Gauteng	3 239	65	25 400 000	-
KPMG Secunda	Office	Mpumalanga	835	162	18 035 406	-
ABSA Brakpan	Office	Gauteng	2 800	12	3 468 195	-
Total			**130 085**		**2 641 786 821**	**233 200 000**

Office sector year in review

Performance overview

- In force rental escalations 7,7%
- WALE: 4,2 years.

Priorities

- Focus on tenant quality
- Locking in long-term sustainable revenue streams
- Disposing of B- and C-grade office space.

Industrial

We own one industrial property in Johannesburg.

0,9% of revenue (2022: 2,5%)	**1 property** (2022: 4)	**3 343m² GLA** (2022: 36 909m²)	**Fair value R25 million** (2022: R147 million)

Building	Type	Region	GLA (m²)	Net rental per m²	Fair value 31 March 2023 (R)	Value of bulk included in fair value (R)
10 Charles Crescent	Industrial	Gauteng	3 343	61	24 503 799	-

Industrial sector future focus

We continue to regard this sector as a potential growth area. Our medium to long-term goal is building a high-quality single tenant industrial portfolio as the Fund grows and progresses from the current consolidation phase.

KMPG Crescent

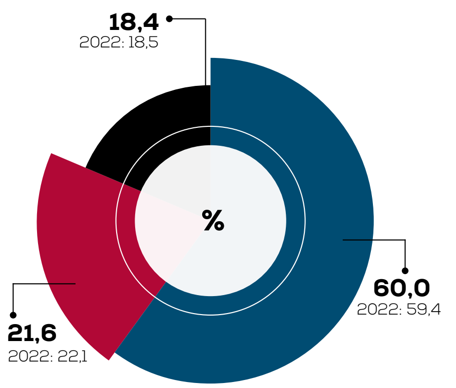
Operational review

Tenants and leasing

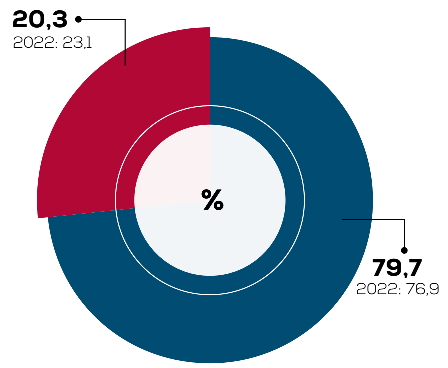
Tenant profile

- **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 vs multi-tenant by GLA



Leasing

Our weighted average lease expiry (WALE) by gross rental remains defensive at 3,3 years.

Lease expiry by revenue (%)

By revenue	Mar 24	Mar 25	Mar 26	Mar 27	› Mar 27	Total
Industrial	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Office	0,9%	4,2%	3,9%	4,8%	13,7%	27,5%
Retail	3,5%	6,3%	5,6%	12,0%	3,3%	30,7%
Fourways Mall	2,0%	4,3%	17,0%	4,4%	14,1%	41,8%
Total	**6,4%**	**14,8%**	**26,5%**	**21,2%**	**31,1%**	**100,0%**

Lease expiry by GLA (%)

By revenue	Mar 24	Mar 25	Mar 26	Mar 27	› Mar 27	Total
Industrial	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Office	0,4%	4,4%	6,2%	5,6%	8,7%	25,3%
Retail	5,9%	7,1%	7,9%	17,8%	7,1%	45,8%
Fourways Mall	0,7%	2,8%	7,6%	3,0%	14,8%	28,9%
Total	**7,0%**	**14,3%**	**21,7%**	**26,4%**	**30,6%**	**100,0%**

Contractual escalations

In force contractual escalations of 7,6% (2022: 7,0%) achieved through proactive leasing and relationship management.

Vacancies

Vacancies were reduced through the sale of vacant non-core properties as well as a focused leasing strategy.

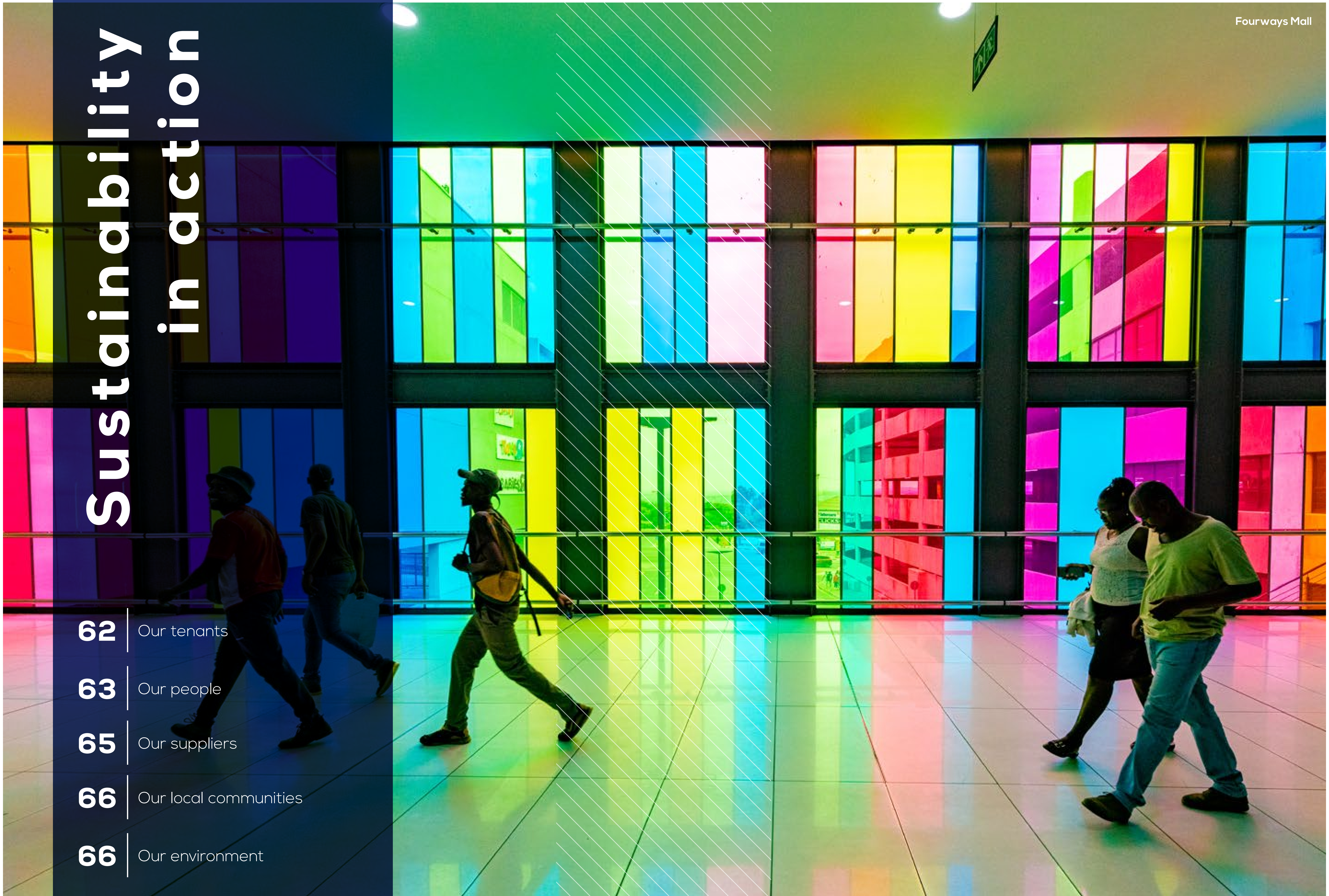
Actual vacancy profile per sector as of 31 March 2023*

		Total	Retail	Office	Industrial
2023	**Vacancy %**	**16,4**	**7,5**	**31,0**	**100,0**
2022	Vacancy %	21,2	8,9	31,6	64,6

* *Vacancy by revenue is 7,10%, this is lower than the vacancy by GLA due to the B- and C-grade, low rental per m² nature of the majority of vacancies.*


CITI Bank

Sustainability in action



Fourways Mall

Sustainability in action

At APF, we view sustainability as the integration of business stability with social and environmental health to create thriving, diverse and resilient communities for this generation and generations to come.

In alignment with our purpose of creating positive socio-economic value through sound property fundamentals, we integrate our role in society with our business model and review how our economic, social and environmental actions impact a wide range of stakeholders.

Our tenants

Our local communities

Our people

Our environment

Our suppliers

Our tenants

We believe that by actively promoting our tenants' businesses, and working with them through tough economic cycles, we can support their success and create a more sustainable business environment for all stakeholders.

Helping our tenants to thrive

APF is committed to enhancing our tenants' businesses through increasing their visibility and driving foot traffic to our shopping centres. As such, we implement several initiatives to attract shoppers and stimulate activity:

- Hiring professional photographers to showcase our tenants' stores and products
- Creating advertisements for our tenants, which are published on our social media platforms
- Regularly posting tenant offers via community groups, such as "I love Fourways" to reach a wider audience
- Offering our shopping centre common areas for tenants to set up kiosks, engage with shoppers and promote their businesses.

As part of our commitment to sustainability, we track and report on the effectiveness of these initiatives.

Supporting our tenants' business sustainability

APF recognises the critical role of our tenants in our business. We are committed to supporting them through these challenging times. As part of our commitment to ESG, we track and report on the effectiveness of our tenant support initiatives, including rental concessions and below-market rental rates, in promoting tenant retention and minimising financial distress.

In 2023, we continued to provide additional support to our tenants in response to the challenging economic climate.

In particular, we provided rental concessions to tenants struggling to meet their rental obligations. These concessions were designed to provide temporary relief to tenants and help them weather the economic uncertainty.

We also worked closely with tenants who were up for lease renewals to find mutually beneficial solutions that would enable them to continue operating their businesses on our properties. In some cases, we offered below-market rental rates to support struggling businesses and ensure that they remained viable tenants in the long term.

To ensure our tenants' business sustainability during loadshedding, we invested in generators for our buildings:

- At Cedar Square, our tenants have the option to utilise the generator as a supplementary supply during loadshedding
- At the Citibank building in Sandton and Brooklyn Place shopping centre, all tenants are connected to generators
- Bela-Bela, Cherry Lane, Eden Meander and Portside shopping centres have generator back-ups for the common areas

Our people

A high-performance culture is dependent upon employing the right people who understand our purpose, vision and values. Our management teams lead by example.

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 and our working environment. As such, we promote our commitment to sustainability and social responsibility and support a culture of continuous learning and development.

Evolving our HR strategy and culture for the future

As part of our commitment to corporatising all aspects of our business, APF is in the process of formalising our HR Strategy and Policy for implementation in 2024. In addition, we are ensuring that executive remuneration is linked to performance through the development of agreed upon key performance indicators (KPIs).

We continue to promote a positive environment, encouraging thought-diversity and valuing new insights brought into the business. We are developing a plan and targets for our approach to Broad-based black economic empowerment (BBBEE) for implementation in 2024.

Succession planning and change management

We have a succession plan in place for key positions within the company. This plan is communicated to the relevant individuals and their managers, and includes identifying potential successors, providing training and development opportunities, and ensuring that knowledge transfer takes place to ensure continuity in the event of changes in personnel.

Attracting and retaining our top talent through career development
APF is committed to retaining and attracting top talent by offering a range of benefits and schemes that promote employee well-being and career development. We also offer competitive compensation packages and flexible work arrangements, including remote work options on request, to support work-life balance.

We invest in our employees' development to help them grow their careers and acquire new skills. To retain talented employees, we encourage them to take on new roles and responsibilities and provide opportunities for career advancement through internal promotions and transfers.

We hold regular performance meetings, and we have a formal mentoring programme in place to support the development of future leaders within the company.

Training and future skills

We provide skills development and training for our employees on a regular basis, with a focus on building capabilities that support our strategy and promote sustainability. Employee training needs are identified during employee reviews, while the collective skills base is assessed annually to identify skills gaps and development areas.

In 2023, we invested in several training programmes and courses for our employees, including:

- A SACSC property management course for two employees
- PPRA NQF4 training for two employees
- A facilities management course through Get Smarter and UCT for one employee
- A corporate finance course for one employee
- A fire hydrant course for our Portfolio Manager
- MDA property management software refresher courses for three staff members
- Attendance of three management company employees at the SACSC congress
- Attendance of three top-level management employees at the SAPOA conference.

We also offer specific programmes related to future skills development to ensure that our team has the skills and knowledge needed to support our long-term business goals.

Employee health and safety

We offer a safe and secure working environment, and we have procedures in place to manage occupational incidents, and process compensation claims in line with legislation. We are proud to report that no injuries or medical treatment cases were reported during the financial year.

In addition to providing a safe and healthy working environment, APF recognises the importance of employee wellness and morale.

In 2023, our emphasis was on providing employees with the necessary support and resources to manage change effectively. We maintain open communication channels to ensure our employees are informed and engaged during periods of transition.

To motivate employees, we recognise and reward contributions and achievements through our performance management system. We also foster a culture of transparency and collaboration, in which employees are encouraged to share ideas and feedback to continuously improve our organisation and their well-being.

Ethical culture

Ethical conduct is entrenched in our leadership and culture. We ask as all 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.

Our Code of Ethics and our Whistleblowing Policy are available to all employees, and we pride ourselves on an open-door approach to ensure all employees feel comfortable when reporting any unethical behaviour. 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.

Employment equity

The Fund complies with BBBEE legislative requirements while formulating a plan and targets to address the amended scorecard for implementation in 2024.

	Male				Female				
Occupational level	**African**	**Coloured**	**Indian**	**White**	**African**	**Coloured**	**Indian**	**White**	**Total**
Top management	2	–	–	5	1	–	–	–	**8**
Senior management	–	–	–	1	–	–	–	2	**3**
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	–	–	1	–	–	–	1	**3**
Total permanent	**3**	**–**	**–**	**7**	**1**	**–**	**–**	**3**	**14**

Our suppliers

We support local economic growth through providing opportunities for small business

APF contracts suppliers for our various refurbishment, security, upgrades and maintenance projects on our properties. We exercise due diligence in sourcing ethical suppliers.

- Our tender processes are transparent
- We ensure our suppliers to adhere to our Code of Ethics, and extend our values of honesty, integrity and trust
- Our suppliers follow our guidelines in our Service Level Agreements to ensure quality of service
- Our efficient and well-controlled payment processes ensure timeous payment terms.

Protecting our properties from fire, water and hazardous material damage, and ensuring the safety of our shoppers and visitors

Our main supplier for fire protection and maintenance is a BBBEE-owned small business.

Their Pre-Action System, which has both a pneumatic and electronic release, is a fail-safe activation to prevent false alarms and the resulting unnecessary water release.

In addition, we ensure all our suppliers use environmentally friendly building methods and materials and ask our cleaning companies to use environmentally safe cleaning products. We also contract suppliers for the retrofitting of LED lights in our properties to ensure energy efficiency.

Our local communities

We strengthen relationships with the communities in which we operate, and we aim to improve socio-economic conditions in the surrounding areas through outreach programmes and developing sustainable relationships with local educational facilities.

APF follows business priorities when selecting Corporate social investment (CSI) programmes or initiatives to ensure alignment with our goals of promoting education and building skills capacity, improving the communities in which we operate, minimising environmental impact, and developing future tenants.

Total CSI investment: R1,3 million

Bursary programme	Outreach programme	Other community initiatives
R420 135	R529 400	R350 465

Our bursary fund

Our bursary fund aims to provide financial assistance to students who demonstrate academic potential and who are in need of financial support to pursue their tertiary education.

Our selection process focuses on identifying candidates with a strong academic record who demonstrate a commitment to their studies. The selection criteria include assisting individuals who are previously disadvantaged, financial need, and the potential to make a positive contribution to society.

The ultimate goal of the bursary fund is to support these students in their academic pursuits and help them achieve their career goals. We hope to create opportunities for them to gain experience and exposure in their chosen fields, and potentially hire them as interns or full-time employees in the future.

Making a positive impact through our contribution to a non-profit organisation in Kya Sands

PCHS is a support centre for children, youth and women in informal settlements. The centre for homework and study demonstrates the positive impact that even small CSI investments can have on the community and the individuals involved.

The provision of monthly food donations, waterproofing and repainting of the centre and the donation of textbooks have positively impacted the learners who attend the facility.

In addition, the feeding program initiated by P&D Projects has a notable effect on students' academic performance. Providing a warm and nutritious meal every day alleviates hunger and improves general learner wellness, resulting in an improvement in their academic performance.

Tutors have reported improved interactions with the students and active participation during tutorials and group activities. Furthermore, the feeding program has reduced the stress and worry of the next meal, allowing the learners to focus and concentrate better. The centre now serves a minimum of 50 learners with a warm lunch every day, which has become a guaranteed meal for the learners.

Our environment

We recognise the importance of protecting the environment and reducing our carbon footprint. We are committed to seeking ways to minimise our impact on the environment.

APF continues to implement environmental sustainability initiatives across our property portfolio, aiming for the efficient and sustainable use of natural resources through reducing our reliance on the grid, conserving water and increasing our recycling efforts while reducing general waste.

Our environmental stewardship journey over the past three years:

Energy, water and waste management	2023	2022	2021
Average energy consumption	11,191 kWh per m²	14,6165 kWh per m²	15,6065 kWh per m²
Total water consumption	0,038 kℓ per m²	0,0675 kℓ per m²	0,0763 kℓ per m²
Waste recycling efforts	24,017 tons per month	10,545 tons per month	Not measured

Our Portside property is rated by the Green Building Council of South Africa as one of the country's five-star green tall buildings.

Affordable and clean energy

Our goal is to increase the proportion of renewable energy and improve energy efficiency across our portfolio.

We have successfully installed LED lighting in our properties, lowering energy consumption and extending the life span. Motion detectors for parking areas, phased implementation of power factor correction units, and use of solar shields to reduce glare and heat are in the process of implementation.

Renewable energy: Solar photovoltaic (PV) implementation

We are implementing a pilot solar solution at our Cedar Square property to reduce reliance on the energy grid and improve risk management during loadshedding. We are exploring the feasibility of rolling this out across our portfolio, where possible, and have allocated a budget accordingly. The advantage of this approach includes a more consistent supply and less dependence on the national grid and municipalities. APF is investigating further solar projects as a move to transition to clean energy and lower occupancy costs.

Clean water and sanitation

Our goal is to track our water usage by installing additional solar water meters across our portfolio, to provide detailed reporting and benchmarking.

We have undertaken numerous steps to improve the efficiency of water usage across our portfolio. These include waterless urinals, and the installation of a bathroom tap system to limit the dispensing of water in the hand basins. We have also replaced water-based cooling systems to a more efficient system in some of our properties.

To improve water quality and reduce pollution, we 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.

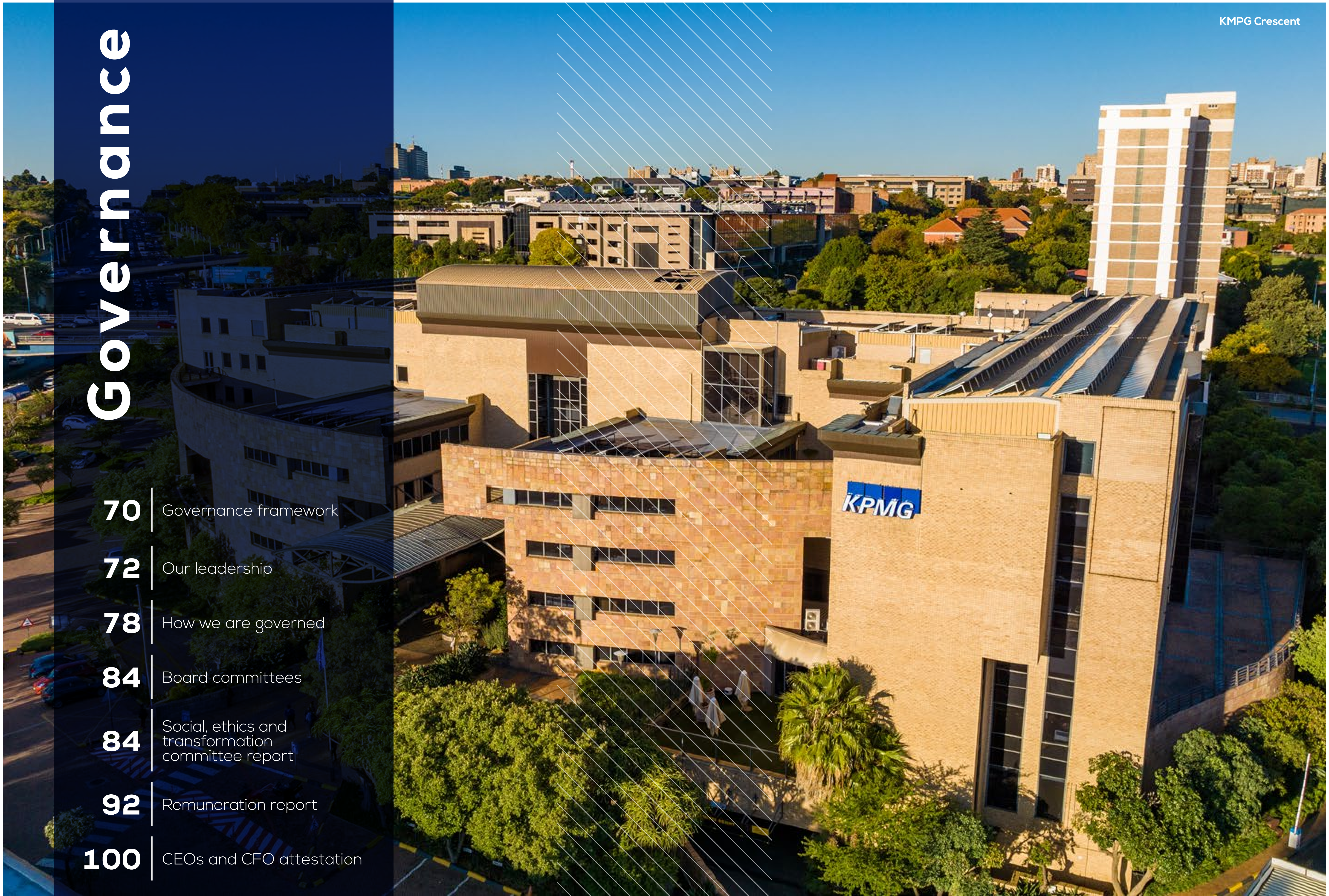
As South Africa is a water-scarce country, we landscape our gardens with water-wise plants, and aim to seek ways to utilise greywater harvesting at sites.

Effective waste management

Our goal is to reduce our impact on landfill and increase our waste recycling efforts, and to provide detailed reports on waste reduction.

APF employs waste management companies to sort and recycle waste, both on-site and off-site. We have installed visible recycling bins at our larger retail stores, and paper recycling bins are provided in corporate offices.

Governance



KMPG Crescent

Governance framework

Our approach to governance

We are committed to good governance by converting principles into prudent action, thereby advancing the well-being of our business.

We ensure the ethical and consist application of APF's strategy and execution, supported by our governance structure, processes and policies. Our aim is to continually improve 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

Key stakeholders

Board

JOINT CEOs
Supported by

Delegation
Accountability

COO **CFO**

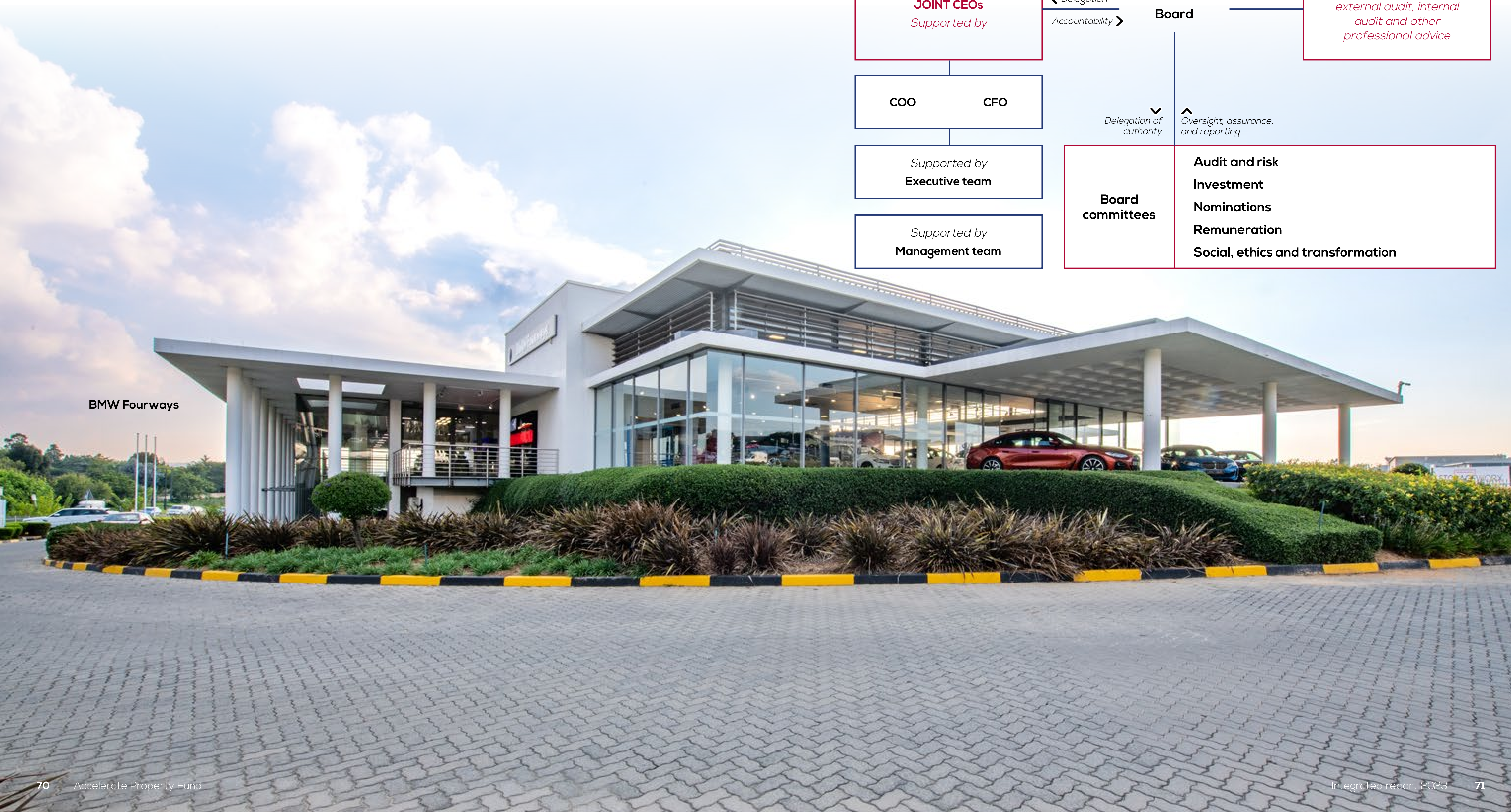
Supported by
Executive team

Supported by
Management team

Independent assurance
external audit, internal audit and other professional advice

Delegation of authority
Oversight, assurance, and reporting

Board committees
- **Audit and risk**
- **Investment**
- **Nominations**
- **Remuneration**
- **Social, ethics and transformation**



BMW Fourways

Our leadership

Our board of directors

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

Executive directors

Mr Dawid J Wandrag (71)

I

Joint CEO

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 Abri M Schneider (55)

Joint CEO

Appointed: 23 March 2023

Qualification: CA(SA), BCom LLB

Expertise: Property finance, acquisitions, property development and flexible space offerings

Non-executive directors

Mr TT Mboweni (64)

N R

Independent director and chairperson

Appointed: 1 February 2022

Qualifications: BA, MA

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

Mr Derick (JF) van der Merwe (69)

AR I N R

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

Committees

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

Non-executive directors

Dr Kolosa Madikizela (43)

AR I N SET

Independent director

Appointed: 1 June 2013

Qualifications: Doctor of Philosophy (PhD) Construction Economics and Management

Expertise: Property development and property management

Mr Abel M Mawela (61)

AR I R SET

Independent director

Appointed: 1 May 2019

Qualifications: MBA, BCom (Hons)

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

Mr James WA Templeton (50)

AR I

Non-executive director

Appointed: 1 February 2022

Qualification: BCom (Hons), Chartered Financial Analyst

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

Mr Michael N Georgiou (53)

I

Non-executive director

Appointed: 1 January 2013

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

Committees

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

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

	Number	Percentage %
Number of board members	8	100
Board members who are non-executive	6	75
Board members who are deemed independent	4	50
Board members who are women	1	12,5
Average age of directors (in years)	58	58

Appointments and resignations

Appointments

- Mr Michael Georgiou became a non-executive director upon his stepping down as CEO on 7 November 2022 to focus on the completion of the Fourways Mall.
- Mr Abri Schneider was appointed as an executive director on 23 March 2023 in support of his appointment as Joint CEO with effect from 1 April 2023.

Resignations

- Mr Tim Fearnhead resigned as a member of the board and the audit and risk committee, the investment committee, the nominations committee, the remuneration committee and the social, ethics and transformation committee at the conclusion of the company's AGM held on 3 August 2022 after serving a nine-year term as a member of the board which concluded on 1 June 2022.
- Mr Dimitri Kyriakides resigned as a member of the board and the social, ethics and transformation committee with effect from 31 March 2023 due to his retirement.
- Mr Andrew Costa resigned as a member of the board and the investment committee with effect from 31 March 2023 to pursue opportunities outside of the company.

Our management team

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

Each member of our management team leads with proficiency. We cultivate a culture of collaboration across the team to ensure our company continues to deliver our renowned commercial property experience.

Accelerate Property Fund

Dawid Wandrag	Joint CEO
Abri Schneider	Joint CEO
Pieter Grobler	Interim CFO
Suné Steyn	Head of finance
Margi Pinto	Company secretary

APF Management Company

Leon Louw	CEO
Maria Varfis	Group marketing head
Angelique Grigoratos	Head of legal and compliance
Maxi Henning	Head of utilities
Rudi Swanepoel	Senior portfolio manager

Fourways Mall Managing Agent

Mike Pienaar	CEO
Andri Pienaar	Head of facilities
Lynette Robinson	Head of administration
Lynette Joubert	Head of leasing

21% have been with APF since its inception	**16 years of average property experience per person**	**50% Female 50% Male**

Property management (external)

- **APF Management Company (Pty) Ltd**
  - **CEO**
- **Fourways Mall Managing Agent (Pty) Ltd**
  - **CEO**


CITI Bank

How we are governed

The board serves as the focal point and custodian of corporate governance in the organisation.

The company's culture of focusing on high standards of corporate governance throughout the organization ensures the successful implementation of the company's strategy for the creation of long-term sustainability.

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 discharge its governance role and responsibilities objectively and effectively. In terms of the Board's Charter, there is a clear division of responsibilities between the executives for the running of the company's business and the leadership of the board, such that no one individual has unfettered powers of decision-making.

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 chairperson of the board is independent, and a lead independent director is in place to lead in the absence of the chairperson. Half of board members are independent, which 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, which contributes to constructive debates and an effective decision-making process.

4 Independent non-executive directors	**2** Non-executive directors	**2** Executive directors

Assessment outcome

The 2023 board evaluation process included an assessment of the independence of non-executive board members. Only one non-executive director has served on the board for more than nine years, viz. Dr Madikizela, who was re-elected at the company's AGM held on 3 August 2022 after completing a nine-year term as a board member on 1 June 2022. The board concluded that independent non-executive directors continued to be independent and that no independent non-executive director has served on the board long enough to compromise objective judgement or cause any bias in decision-making.

Board diversity

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

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 criteria to satisfactorily fulfil their fiduciary duties and duties of care, skill and diligence.

Board demographics

5 White male	**2** Black males	**1** Black female

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 retirement by rotation in terms of which one-third stand for re-election by shareholders every year, as prescribed by the company's Memorandum of Incorporation (MoI) and Board Charter.

5 0–5 years	**1** 6–10 years

The average board tenure of non-executive directors is three years.

Balance of skills and experience

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.

In terms of the JSE Debt Listings 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.

Expertise (number of directors)

Audit	3
Acquisitions	3
Banking/finance/investment banking	7
Capital markets	2
Compliance	2
Corporate governance and remuneration	4
Disposals	2
IT	1
Insurance and risk management	3
Legal	1
Property economics/development/management	7

Succession planning

Succession planning is in place for the board and its chairperson. The nominations and remuneration committees oversee the succession planning of executive and non-executive directors. The board has a succession plan for the CEOs and CFO, and the CEOs have developed a succession plan in respect of executive management and key senior management positions.

Director development

Directors receive ongoing professional development as appropriate and/or requested and are conversant with the nature of their responsibilities and obligations as directors of the company in terms of the JSE Debt Listings Requirements.

Creating value through good governance

The board appreciates that the organisation's value creation process cannot be separated from its core purpose, 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 allow 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/#KingIV. Our governance practices and processes resulted in the following outcomes:

Ethical culture	Good 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 activities are reported on page 62 to 67:

Ethical culture

The board is committed to leading ethically and effectively, and 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 ensures 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 that ethical conduct permeates the group.

Our values are embedded in our Code of Ethics. These values include integrity, trust and honesty, in our relationships with all stakeholders. Accelerate 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 are 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 Accelerate adheres to the 10 principles of the United Nations (UN) Global Compact.

> The company has a whistleblowing policy that allows for concerns regarding malpractice to be raised without fear of victimisation or reprisal. An anonymous reporting facility is in place to facilitate reports by employees as defined by the Protected Disclosures Act, 2000, which is managed by an independent third party.
>
> **Whistleblowing hotline and contact details:**
>
> **Tel:** +27 31 308 4664
>
> **Email:** acceleratepf@whistleblowing.co.za

Conflicts of interest

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

Accelerate'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 the company'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/#Policies.

Board members and meeting attendees are required to disclose their personal financial interests at every board and board committee meeting they attend. Board members also formally declare their personal financial interests in writing biannually.

A culture of compliance

The board ensures compliance in the regulatory and governance environment.

The board and its committees have 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, Conflicts of Interest, Whistleblowing and POPI Policies, 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 further confirms that Accelerate complied with all applicable legislation, codes and regulations during the year under review, including 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 examines the company's legislative framework applicable to the company's performance and operations every three years, or as required, which is subsequently reviewed and approved by the board. 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.

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 CEOs or the chairperson 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 staff 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 excluding treasury shares held.

Board structure

APF has a unitary board structure, and its board committees focus on key strategic areas in line with each committee's mandate, supported by 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 CEOs, 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 and effective exercise of authority and responsibilities 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 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 chairperson, lead independent director, CEO and CFO.

The board is satisfied that it has fulfilled its responsibilities in accordance with its Charter during the year under review.

Company secretary

The company secretary assists the board to fulfil its functions and is empowered by the board to perform her duties.

The board annually considers the skills, attributes and experience of the company secretary. As required by paragraph 3.84(h) of the JSE Listings Requirements, the board confirms that Ms Pinto (FCG), who was appointed on 1 May 2020, has the competence, qualifications and experience to effectively fulfil her duties, 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 communication technologies 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.

Training

Mr Schneider received training in May 2023 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 twelve meetings during the year under review, comprising four quarterly meetings, one strategy meeting and seven 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 below and on pages 86 and 90.

Director/officer	Board meetings attended
TT Mboweni	12/12
A Costa[1]	9/12
TJ Fearnhead[2]	2/2
MN Georgiou[3]	12/12
D Kyriakides[4]	9/12
K Madikizela	12/12
AM Mawela	11/12
AM Schneider[5]	6/6
JWA Templeton	12/12
JF van der Merwe	12/12
DJ Wandrag	12/12
Permanent invitees:	
PA Grobler (interim CFO)	
AM Schneider (from 7 November 2022 to 22 March 2023)	
M Pinto (company secretary)	

1 *Stepped down as COO and resigned on 31 March 2023.*
2 *Did not stand for re-election at the company's AGM held on 3 August 2022.*
3 *Stepped down as CEO and became a non-executive director on 7 November 2022.*
4 *Retired as CFO on 31 March 2023.*
5 *Appointed as interim joint CEO on 7 November 2022, as joint CEO with effect from 1 April 2023 and as an executive director on 23 March 2023.*

Board effectiveness

The board approved an Evaluations Policy in 2021. The policy governs the processes for the performance assessment of the board as a whole, the chairperson, individual directors and board committees. The board is satisfied that it executed its responsibilities under the Evaluations Policy.

Performance evaluation results

During 2023, we undertook a formal internal online evaluation of the board, its committees, the chairperson and individual directors.

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

Board committees

The board is supported by the audit and risk, investment, nominations, remuneration, and social, ethics and transformation 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. All non-executive directors have the right of attendance at all committee meetings.

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

	Audit and risk committee	Remuneration committee
Committees	The committee governs risk, the internal control environment and ICT 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.
	Independent non-executive directors: – JF van der Merwe* (6/6) – K Madikizela (4/6) – AM Mawela (6/6) – TJ Fearnhead[1] (2/2) **Non-executive director:** – JWA Templeton (6/6) **Permanent invitees:** – CFO – Joint CEOs – Head of finance and treasury – Internal auditors – External auditors – Company secretary	**Independent non-executive directors:** – AM Mawela* (3/3) – TJ Fearnhead[1] (1/1) – TT Mboweni (3/3) – JF van der Merwe (3/3) **Permanent invitees:** – Joint CEOs – Company secretary
Strategic alignment		
Independence of committee	75% independent	100% independent
Number of meetings	6 meetings	3 meeting
Further detail	Page 86	Page 86

Nominations committee	Social, ethics and transformation committee	Investment committee
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, in line with the company's Nominations Policy.	The committee has statutory responsibilities in accordance with the Companies Act, and oversees organisational ethics, corporate citizenship and ESG. 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. The committee further approves acquisitions and disposals, and capex projects within its delegation of authority.
Independent non-executive directors: – TT Mboweni* (2/2) – TJ Fearnhead[1] (0/0) – K Madikizela (2/2) – JF van der Merwe (2/2) **Permanent invitee:** – Joint CEOs – Company secretary	**Independent non-executive directors:** – K Madikizela* (3/3) – AM Mawela (3/3) – TJ Fearnhead[1] (0/1) **Executive director:** – D Kyriakides[2] (2/3) **Senior management:** – S Steyn[3] (Head of finance)[3](0/0) **Permanent invitees:** – Corporate finance analyst – CEO of APF Management Company – Group marketing head **External consultant:** – employment equity, skills development and BBBEE matters – Company secretary	**Independent non-executive directors:** – JF van der Merwe* (5/5) – K Madikizela (3/5) – AM Mawela (5/5) – TJ Fearnhead[1] (2/2) **Non-executive director:** – MN Georgiou (2/5) – JWA Templeton (5/5) **Executive directors:** – A Costa[4][3] (4/5) – DJ Wandrag (5/5) **Permanent invitees:** – Joint CEOs – Interim CFO – Company secretary
100% independent	67% independent	50% independent
2 meeting	3 meetings	5 meetings
Page 88	Page 88	Page 89

* *Chairperson.*
1 *Did not stand for re-election at the company's AGM held on 3 August 2022.*
2 *Retired as CFO on 31 March 2023.*
3 *Appointed 23 March 2023.*
4 *Stepped down as COO and resigned on 31 March 2023.*

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.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the year under review.

Key focus areas and achievements 2023	Looking ahead
– Reviewed KPIs and short and long-term incentives for executive directors – Reviewed the performance of executive directors – Reviewed and recommended executive and non-executive remuneration to the board for approval by shareholders – Reviewed the remuneration report for inclusion in the integrated report – Reviewed the remuneration policy and recommended it to the board for approval – Assessed the performance of the committee against its terms of reference – Revised its terms of reference, as well as its annual work plan, which were subsequently approved by the board – Reviewed the company's conditional share plan with a view to implementing a new scheme – Set metrics for STI and LTI awards	– Alignment of remuneration policy and practices to market – Inclusion of benchmarked ESG measures in the remuneration policy

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 2023, 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 committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the year under review.

Key focus areas and achievements 2023	Looking ahead
– 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 – 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 – Ensured that APF has established appropriate financial reporting procedures and that those procedures are operating effectively – Reviewed the information detailed in paragraph 22.15(h) of the JSE Listings Requirements in its assessment of the suitability for the appointment of EY and Mr Gerhard van Deventer as designated individual partner – Considered the appointment of a new external auditor due to the mandatory audit firm rotation of EY at the conclusion of the company's 2023 AGM – Reviewed and recommended the company's Policy for the Governance of Risks, Information Technology Usage Policy, POPI Policy and Governance and Legislative Framework to the board for approval – Recommended to the board the re-appointment of committee members at the 2023 AGM – Executed all other statutory duties for this committee as prescribed by the Companies Act – Reviewed reports from the chief information officer – Ensured strategic alignment between ICT and the company's strategy – Reviewed internal audit reports on ICT, including risks, controls, system integrity and user password changes – Monitored ICT operational and capital expenditure budgets, as well as resources, against the overall budget – 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	– Improving the internal control environment at Fourways Mall – Recovering long-outstanding related party debts – Implementing ongoing risk management, including in relation to the ongoing COVID-19 pandemic – Executing statutory duties as prescribed by the Companies Act – Improving the company's LTV and ICR ratios to be within sound covenant and governance levels to attract any finance the company may require – Establishing sufficient finance and funding facilities to place APF in the position to respond to opportunities or difficulties – Ensuring that adequate cash flow management strategies are in place for the ongoing liquidity of the company – Strengthening the company's ICT environment

Nominations committee

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the year under review.

Key focus areas and achievements 2023	Looking ahead
– Sourced, reviewed and recommended candidates to the board for the appointment of a new CFO, which culminated in the appointment of Marelise de Lange with effect from 1 August 2023, in accordance with the company's nominations policy – Obtained approval from the board to recommend the confirmation of MN Georgiou's, AM Schneider's and M de Lange's appointments by the board, and the re-election by rotation of TT Mboweni and JF van der Merwe to shareholders at the 2023 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	– Sourcing, reviewing and recommending candidates to the board for appointment as independent directors of the company – Reviewing succession planning for the board, board chairperson, executives and key management roles

Social, ethics and transformation committee

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

- Social and economic development
- Good corporate citizenship
- Consumer relationships
- Commitment to transformation
- Health and public safety
- Labour and employment issues
- Ethics monitoring
- Environmental issues

Key focus areas and achievements 2023	Looking ahead
– Reviewed and confirmed that no cases of misconduct, fraud or dishonesty occurred during the year – Reviewed whistleblowing activities – Monitored the company's ethical performance against its code of ethics and ethics matrix – Monitored performance of the company's bursary programme beneficiaries – Reviewed employee training and development metrics – Monitored spend against the 2023 budget – Monitored progress in terms of employment equity and BBBEE targets – Ensured compliance with all statutory obligations detailed in clause 43 of the Companies Regulations, 2011 – Approved the company's whistleblowing Policy – 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 – Maintaining focus on communities surrounding the company's main area of business and, where possible, expanding beyond that – Continuing to monitor the performance of students supported by the company's bursary programme – Overseeing ongoing efforts and activities to improve APF's BBBEE compliance

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the year under review.

Refer to our social, ethics and transformation report, page 89.

Investment committee

The investment committee reviews and approves strategic acquisitions, disposals, developments and redevelopments within its delegated authority.

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

The committee is further satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the year under review.

Key focus areas and achievements 2023	Looking ahead
– Reviewed and made recommendations to the audit and risk committee relating to property valuations – Reviewed and approved proposed deals received from management and recommended deals outside of the committee's authority to the board – Reviewed and approved disposals proposed by management in line with the company's strategy, and recommended disposals exceeding the committee's authority to the board – 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	– Monitoring ICRs and LTVs – Monitoring debt covenant compliance – Overseeing vacancies and valuations – Monitoring the activation of dead bulk and buildings – Monitoring the improvement of trading densities and leasing for the Fourways Mall

Integrated 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.

For more information on our risk management process, matrix and top risks, please refer to page 40.

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 audit and risk committee is further satisfied that LateganMashego remain independent of APF.

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 are included in the stakeholder engagement report on pages 38 and 39.

Social, ethics and transformation committee report

Role and mandate

The social, ethics and transformation committee has statutory responsibilities in accordance with the Companies Act, and oversees organisational ethics, corporate citizenship and transformation. The committee monitors APF's activities in line with its mandate, and the chairperson of the committee reports to each board meeting on the committee's activities and all matters discussed by the committee. The committee further reports on its activities to shareholders at the company's AGM.

Committee composition

The committee comprises two independent non-executive directors, and our Head of Finance, Ms Suné Steyn. Suné was appointed as a member of the committee on 23 March 2023 to replace Mr Dimitri Kyriakides who retired on 31 March 2023. Suné is a Chartered Accountant who has been leading and developing successful finance teams for the past nine years. The committee extends a warm welcome to Suné and looks forward to her contribution as a member of the committee.

The profiles of the non-executive committee members are available on pages 73 to 75.

The number of meetings held during the year, attendance of meetings and standing invitees can be viewed on page 84 and 85 of our governance report. In addition, invitations to attend committee meetings are extended to senior executives and professional advisers, as required.

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. The 2023 assessment took the form of an internal online questionnaire, which was independently completed by each member of the committee. The results of the committee's assessment were favourable, confirming that the committee works cohesively and effectively. No areas of concern were raised.

Activities and areas of focus during the year

The committee carried out its duties by:

- overseeing Accelerate's ethical culture, including the review of whistleblowing activities
- reviewing the performance and wellbeing of students being supported by the company's bursary programme
- reviewing metrics concerning the ongoing training and development of employees
- monitoring progress made against targets contained in the company's employment equity plan
- monitoring progress and plans in respect of ESG projects and proposals
- approving various CSI proposals within the 2022/2023 allocated budget

For more information on APF's specific progress areas and performance during the year please refer to Sustainability in action, from page 60 to 67.

Looking ahead

We intend to increase our attention on sustainability as outlined in the JSE Sustainability guidelines released in June 2002, including environmental, social and governance (ESG) areas. We also aim to set benchmarks to calculate our GHG emissions and report in more detail on our climate-related metrics in the medium term.

In the short term, we will maintain our focus on communities surrounding the company's main area of business and, where possible, expanding beyond this area. We will also continue to monitor the performance and wellbeing of students supported by the company's bursary programme, and will provide oversight of ongoing activities contributing to the company's BBBEE accreditation level.

Dr Kolosa Madikizela
Social, ethics and transformation committee chairperson

18 July 2023

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 2023 financial year (FY2023). It is presented in three parts:

Part 1: Report from the chairperson of the remuneration committee and background statement, which provides context to the company's Remuneration Policy and performance

Part 2: An overview of our approved Remuneration Policy

Part 3: The implementation and outcomes of the Remuneration Policy during FY2023, including disclosure on payments made to EDs and NEDs during the financial 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.

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 for FY2023 and that the Remuneration Policy achieved its stated objectives.

Part 1: Report from the chairperson of the remuneration committee

Background Statement

FY2023 remained a challenging year for all our stakeholders (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 our business strategy.

The depressed economy had an impact on the 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 retained cash within APF by successfully concluding a DRIP in June 2022, whereby 83% of shareholders elected to reinvest
- We refinanced R1,0 billion of Bank and DCM debt
- We reduced total debt from R4,6 billion to R4,5 billion through non-core property sales completed of R146 million
- We signed an additional R292 million on non-core property sales
- We successfully negotiated temporary ICR and LTV covenant relief with funders
- We created undrawn reserves of R218 million
- We introduced R750 million of new DCM funding, replacing existing debt
- We are 75,6% hedged with a SWAP expiry profile in excess of 2 years

Given the often challenging and uncertain macro-economic environment we are operating in, it remains important for 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.

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
- No STI was paid for FY2022
- No LTI award allocations were made
- The last allocation of retention shares falling due in July 2022 were issued.

Voting outcomes and shareholder engagement

At our 2022 annual general meeting (AGM), we received approving votes of 99,88% and 99,75% 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 that raises legitimate concerns.

Changes of executives

FY2023 will be remembered as a year in which significant change in APF's executives was made:

- Michael Georgiou, our CEO since listing (1 January 2013) stepped down as CEO on 7 November 2022 but remained as a director.
- Dimitri Kyriakides, our CFO since listing (1 January 2013) retired with effect from 1 April 2023.
- Andrew Costa , our COO since 1 April 2013, resigned with effect from 1 April 2023.
- Dawid Wandrag was appointed as joint interim CEO on 7 November 2022 and as joint CEO on 1 April 2023.
- Abri Schneider was appointed as joint interim CEO on 7 November 2022 and as joint CEO on 1 April 2023.
- Timothy Fearnhead, a director from 1 June 2013, resigned as a director on 3 August 2022. He was also chairperson of the board for three years up to 1 February 2022, when Mr TT Mboweni was appointed as a director and chairperson.

We thank the outgoing persons for their support.

Areas of focus during the year

The committee fulfilled the following main duties during FY2023:

- 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

Future areas of focus

During FY2024, the committee plans to focus on:

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

Remuneration consultants

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 FY2023, that there have been no deviations from the Remuneration Policy during the reporting period, save for no LTI and STI 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 2023.

The company strives to improve its remuneration practices and looks forward to receiving your support on their solutions for the Remuneration Policy and implementation report at the AGM on 1 September 2023.

Signed on behalf of the board

Mr AM Mawela
Chairperson of the remuneration committee

18 July 2023

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 provided the remuneration elements and design principles applicable to EDs and, on a high level, other employees, in line with King IV™.

Remuneration governance

The committee is appointed by the board. Its terms of reference represent the scope of responsibility delegated to 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 84.

The committee reports on its activities at board meetings following committee meetings. The chairperson 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 the Remuneration Policy, represent 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 rewards are set at levels that are competitive within the relevant market and will consist of TGPs, 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.
- Compliance with all applicable laws and regulatory codes
- Provide rewards to attract, motivate and retain skilled employees and executives
- 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 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.

Elements of remuneration

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

	Description	Eligibility	FY2024 policy changes
Fixed remuneration	Cash salary and benefits	All employees	None
Variable remuneration: Short Term Incentives (STI)	A bottom-up additive incentive structure	All employees	None
Variable remuneration: Long Term Incentives (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.

APF's benchmarking takes place against an appropriate peer group of comparable companies.
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 adjustment 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 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 STI plan will be reviewed in conjunction with independent advisors. Due cognisance will be taken of Malus and Claw back policy and all other applicable company policies and procedures and governance principles and will be advised to stakeholders before being implemented.

LTI

As reported in FY2021, from the FY2022 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) 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, FY2022 or FY2023.

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.

ED service agreements

EDs hold permanent contracts of employment and are subject to a termination notice period of a minimum of three months. APF does not grant sign-on awards to any EDs or other employees upon employment by the company. Certain EDs service agreements contained 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. No ED service agreements going forward will include this clause.

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 start of a performance period 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.

The Malus and Clawback Policy (approved by shareholders) is available on request.

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 or the LTI. NED fees are reviewed annually and submitted to shareholders for approval.

The fees paid to NEDs during FY2023 are included in the implementation report below, while the proposed fees for FY2024 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 FY2023 complied with the company's Remuneration Policy without deviation. Further details are provided below.

TGP adjustments

No FY2023 TGP increases or adjustments were made to any of the EDs.

Remuneration outcomes

The table below sets out the FY2023 remuneration outcomes for EDs. The previous year's comparative figures are provided as well:

	TGP[2] R	STI[1]	LTI reflected[3]	Total single figure of remuneration R
31 March 2023				
M Georgiou[4]	1 768 740	–	–	1 768 740
A Costa[5]	4 651 547	–	–	4 651 547
D Kyriakides[6]	3 437 505	–	–	3 437 505
D Wandrag	3 800 000	–	–	3 800 000
A Schneider[7]	73 076	–	–	73 076
31 March 2022				
M Georgiou	2 575 002	–	–	2 572 002
A Costa	4 992 927	–	–	4 992 927
D Kyriakides	3 673 217	–	–	3 673 217
D Wandrag	3 800 000	–	–	3 800 000

1. *No STIs were accrued for FY2022 and FY2023.*
2. *Please note: the TGP per director runs 1 July to 30 June per annum.*
3. *No LTIs were accrued for FY2022 and FY2023.*
4. *Resigned as an ED on 7 November 2022.*
5. *Resigned on 31 March 2023.*
6. *Retired on 31 March 2023.*
7. *Appointed 23 March 2023.*

Variable remuneration

For 2023, variable remuneration outcomes were as follows:

- **STI outcomes**
  There were no STI awards made for FY2023.
- **LTI awards and outcomes**
  Although a revised LTI structure was introduced, there were no LTI allocations made during FY2023.
- **Table of unvested awards**
  The following retention shares that vested in June 2022 were issued to EDs during the year ended 31 March 2019:
  - **Performance shares and retention shares**

	Grant date	Type	Closing number	Estimated value	Outcome
M Georgiou	25/7/2019	Performance shares	1769231	R1 857 693,00	Cancelled
	25/7/2019	Retentions shares	1769231	R1 857 693,00	Vested
A Costa	25/7/2019	Performance shares	1769231	R1 857 693,00	Cancelled
	25/7/2019	Retentions shares	1769231	R1 857 693,00	Vested
D Kyriakides	25/7/2019	Performance shares	1307692	R1 373 077,00	Cancelled
	25/7/2019	Retentions shares	1307692	R1 373 077,00	Vested

No performance shares or retention shares remain outstanding as at FY2023.

NED remuneration

The fees paid to NEDs for FY2023 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 3 August 2022.

NEDs fees are paid monthly in arrears from 1 April to 31 March for their services as board members and their respective board committee memberships.

The resolutions relating to NED fees for FY2024 can be found in the Notice of AGM.

	31 March 2023	31 March 2022
JF van der Merwe	886 667	530 000
TJ Fearnhead[1]	208 334	667 501
K Madikizela	595 000	470 837
FM Viruly[2]	-	225 000
AM Mawela	605 000	465 688
TT Mboweni[3]	1 452 333	273 833
JWA Templeton[3]	525 000	75 000
MN Georgiou[4]	218 750	–
Total	4 491 084	2 707 859

1 *Resigned on 3 August 2022.*
2 *Resigned on 29 October 2021.*
3 *Appointed on 1 February 2022.*
4 *Appointed on 7 November 2022 as NED (previously CEO).*

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.

CEOs and CFO attestation

The CEOs and CFO, who's names are stated below, hereby confirm that:

a) The annual financial statements set out on page 102 to 172, fairly present in all material respects the financial position, financial performance and cash flows of Accelerate in terms of IFRS;

b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

c) Internal financial controls have been put in place to ensure that material information relating to Accelerate and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Accelerate;

d) The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

e) Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and

f) We are not aware of any fraud that involves directors.

Mr A Schneider
Joint chief executive officer

Mr DJ Wandrag
Joint chief executive officer

Mr PA Grobler
Interim chief financial officer

Fourways Mall

Consolidated audited annual financial statements

CITI Bank

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 2023, 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's role and responsibilities include its statutory duties as per the Companies Act, and regulating its affairs as set out in its Terms of Reference, which are reviewed and approved by the board on an annual basis.

During the year, the audit and risk committee's Terms of Reference was reviewed by the committee and the board, in terms of King IV™ requirements, among others. The committee has assessed the compliance with its charter and is satisfied that it has discharged its responsibilities as stated in the terms of reference, a copy of which may be found on the website.

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 three 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 members are:

Mr Derick (JF) van der Merwe
B Compt(Hons) CA (SA)
Independent non-executive (chairperson)

Mr Abel Mawela
BCom(Hons) MBA
Independent non-executive

Dr Kolosa Madikizela
PhD Construction Economics and Management
Independent non-executive

Mr James (JWA) Templeton
BCom(Hons), CFA
Non-executive

The chairperson 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 chairperson 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.

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.

Review of interim and integrated annual reports:

The committee reviewed the interim and integrated annual reports, culminating in a recommendation to the board to adopt them. In conducting its review, the committee took appropriate steps to ensure that the annual financial statements were prepared in accordance with IFRS and in the manner required by the Companies Act. The accounting policies were assessed for appropriateness in relation to the current business environment and industry specific requirements. The committee has reviewed the disclosures in the integrated annual report and is satisfied that it is reliable and does not conflict with the annual financial statements.

The committee considered the need for assurance of the integrated annual report and decided not to obtain independent assurance at this time.

The committee has considered the JSE proactive monitoring reports and the impact thereof on the annual financial statements. The committee advised and updated on issues ranging from accounting standards to published financial information.

In accordance with International Standards on Auditing, independent auditor's reports are required to incorporate the reporting of key audit matters. When reviewing the external audit plan for the financial year ended 31st March 2023, the committee considered a preliminary view by the external auditors of key audit matters that might arise during the course of the audit, which in their judgement, were of significance to the audit of the annual financial statements. The committee concluded that it had adequately considered the key audit matters as reported in the independent auditor's report.

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 reports received from the JSE as part of the JSE's annual proactive monitoring programme

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

- Updating and monitoring key operational risks
- The recoverability of related party receivables
- Monitoring the company's effort to comply with LTV and ICR covenants
- Settlement of related party matters
- Regularly monitored the company's debt programme
- Creation of liquid cash buffers in undrawn facilities
- The spreading of lender exposure to reduce key funder dependency
- Regulatory compliance
- 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 agreement with Azrapart (Pty) Ltd, the Michael Georgiou Family Trust, and Fourways Precinct (Pty) Ltd on all related party matters. Refer note 28. The committee remains concerned about the implementation of the agreement.

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 (ICR) (refer note 31 of the annual financial statements on page 164)

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 LTV and ICR levels within the covenants, with particular reference to an aggressive disposal drive in a very difficult market.

REIT status

The committee considered the impact of the variables impacting our REIT status, 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.

Risk management

During the year management reviewed the risk policy, which assists the committee in meeting its duty to ensure appropriate risk management processes are in place. In addition, the following risk assessment actions were taken by the committee:

- Continuous review of key risks with findings reported to the board
- Confirmation that the risk policy is widely distributed throughout the group, and management provided assurance that risk management is integrated into the daily activities of the group
- Ensured that the combined assurance model was appropriate to address all the significant risks facing the group

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 2023
- 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 2022 report on proactive monitoring of financial statements
- The group's long standing CFO, Mr Dimitri Kiriakides retired towards the end of the financial year, and that the group's Interim chief financial officer, Mr Pieter Grobler, the company's Head of Treasury and Finance for eight years, 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. Ms Marelise de Lange was appointed as CFO effective 1 August 2023
- 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 Listings Requirements in its assessment of the suitability for the appointment of EY and Mr Gerhard van Deventer as designated individual partner
- EY has been the auditors for 10 years
- That the appointment of PricewaterhouseCoopers (PwC) as the new group's auditor will be tabled as a resolution at the AGM

Key focus areas for 2024

The committee's key focus areas for the 2024 financial year include the following:

- Recovering of long-outstanding related party debts by implementing the agreements
- The group's ongoing financial soundness and sustainability (cost containment, revenue strength, etc) amid extreme economic challenges and market volatility
- Ongoing Liquidity management and the improvement of LTV and ICR levels
- With a very strong focus on Interest Cover Ratio's (ICR) in light of the steady rising of interest rates environment and the risks and consequences this brings about
- Ensuring realistic and cautious valuations on properties amongst an oversupplied real estate market
- 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 2023 and recommended them to the board for approval on 18 July 2023, which was granted on 18 July 2023.

On behalf of the audit and risk committee

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

18 July 2023

Directors', CEO and CFO's responsibility statement

Each of the directors (the directors/board) of the Accelerate Property Fund Limited group (Accelerate group), which 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 directors also confirm that they are responsible for the consolidated audited annual financial statements set out on pages 116 to 172 that are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa (Act 71 of 2008) (Companies Act) and the JSE Limited (JSE) Listings Requirements and Debt Listings Requirements and are a fair presentation, in all material respects, of the financial position at 31 March 2023, the financial performance, the movement in equity and movement in cash flows of the Accelerate group. To the best of their knowledge and belief, no facts have been omitted or untrue statements were 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 Accelerate group 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 Accelerate 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 2023, the Accelerate 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
- Resolution of and impact of related party matters.

The directors have satisfied themselves that the Accelerate 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 Accelerate Group to continue as a going concern in the year ahead. The directors have therefore concluded that the Accelerate 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

Accelerate has also evaluated its ability to comply with debt covenants for the 12 months ending 31 March 2024 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
- Additional covenant relief under negotiation
- Recoverability of receivables.

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 110 to 113.

The consolidated audited annual financial statements set out on pages 116 to 172, which have been prepared on the going concern basis, were approved by the board on 18 July 2023 and are signed on their behalf by:

Approval of financial statements

Mr A Schneider
Joint chief executive officer

Mr DJ Wandrag
Joint chief executive officer

Mr PA Grobler
Interim 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 Accelerate group 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 2023 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 Audited Annual Financial Statements

Opinion

We have audited the consolidated audited annual financial statements of Accelerate Property Fund Limited and its subsidiaries (the 'Group') set out on pages 116 to 172, which comprise the consolidated statement of financial position as at 31 March 2023, 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 audited annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated audited annual financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 March 2023, 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 audited annual 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 audited annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated audited annual 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 audited annual 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 consolidated audited annual 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 89,0% (2022: 91,5%) of the total assets of the Group at a fair value of R9,20 billion (2022: R10,17 billion). The Group's investment property portfolio consists of retail, industrial and office properties. The valuation of investment properties remains a key audit matter due to its significance to the consolidated audited annual financial statements as a whole and the: – Subjective nature of these investment property valuations as a result of the inputs and key assumptions that are impacted by continued uncertain economic conditions, lower overall growth and market conditions, such as loadshedding, increased inflation and the higher interest rate environment; and – Involvement of our EY valuation specialist to independently assess the valuations. Auditor attention was required on the following management determinable inputs of judgment 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 deteriorated 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. – Assumptions around how vacancy rates are filled given higher vacancy rates in the portfolio and the estimated rental value (ERV) which are both judgemental and determined by management based on unique property specific information and the impact of current market conditions on the forecasted cash flows.	Our audit procedures included, among others, the following: We obtained an understanding of and evaluated the design of management's internal process for determining the fair value of investment property. With the involvement of our EY valuation specialists, we assessed the valuation techniques used by management and their external appraisers, to those techniques consistent with generally accepted property valuation techniques in the real estate market and International Financial Reporting Standards. We evaluated the competence, capabilities and objectivity of management's external independent appraisers with reference to their qualifications and industry experience. We performed independent valuations with the involvement of our EY valuation specialists, this involved assessing the methodologies and assumptions applied in the valuation models to determine an independent fair value of the investment properties. This included assessing the: – appropriateness of the specific capitalisation rates used by management and/or management's external independent appraisers by comparing this to market information (as per the latest Rode and South African Property Owners Association (SAPOA) reports) based on the category, condition, GLA, location and grade of a property. – reasonableness of managements assumptions concerning projected ERV and operating expenses against historical income and operating expense data. – vacancy rate assumptions applied by management in the property valuations to tenancy schedules and property industry reports. – assumptions applied in the filling of vacancies through the analysis of historical vacancies and vacancies filled post year end. – reasonability of the fair value of the investment properties at year end as determined by management against the outcome of our independent calculations based upon a high and low range based on certain inputs used in the model. We agreed the signed sale agreement value for non-current assets held for sale to the fair value as disclosed in the consolidated audited annual financial statements. We assessed the appropriateness of the disclosures included in the consolidated audited annual financial statements relating to 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 176-pages document titled "Accelerate Property Fund 2023 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 audited annual financial statements and our auditor's reports thereon.

Our opinion on the consolidated audited annual 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 audited annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated audited annual financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 audited annual financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated audited annual 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 audited annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated audited annual 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 audited annual financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated audited annual 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 audited annual 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 audited annual 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 audited annual 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 audited annual financial statements, including the disclosures, and whether the consolidated audited annual 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 audited annual 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 audited annual 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 10 years.

Ernst & Young Inc.

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

19 July 2023

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 2023.

1. Review of financial results and activities

The consolidated audited annual financial statements have been prepared in accordance with IFRS 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 and the JSE listings requirements and JSE debt listings requirements. The accounting policies have been applied consistently compared to the prior year, unless otherwise stated.

2. Share capital

	Number of shares 2023	Number of shares 2022
Authorised		
Ordinary shares	**5 000 000 000**	5 000 000 000

	2023 R'000	2022 R'000	Number of shares (net of treasury shares) 2023	Number of shares (net of treasury shares) 2022
Issued				
Ordinary shares – (net asset value)	**5 186 274**	4 948 866	**1 295 868 398**	957 789 641

Of the 1 295 868 398 Accelerate shares in issue at 31 March 2023, 881 622 683 shares (68%) are publicly held and 414 245 715 shares (32%) are held by directors/former directors in (b) below. At 31 March 2023 there are 25 089 public shareholders.

	Number of shares	% holding
a) Major shareholders		
I-Group Holdings	**416 383 467**	**31,07**
MN Georgiou (indirect)	**390 407 518**	**29,13**
Golden Brics Investments SA (Pty) Ltd	**82 449 749**	**6,15**
Nedbank Group	**74 234 882**	**5,54**
Peresec Prime Brokers	**72 027 582**	**5,37**
	1 035 503 198	**77,26**

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

b) Directors' direct/indirect interest in the shares of the company 31 March 2023

MN Georgiou*	**390 407 518**	**shares**	**29,13%**	**Indirect holding**
DJ Wandrag	**12 061 307**	**shares**	**0,90%**	**Indirect holding**
A Costa (Resigned 31 March 2023)	**10 433 763**	**shares**	**0,78%**	**Direct holding**
D Kyriakides (Retired 31 March 2023)	**1 343 127**	**shares**	**0,10%**	**Direct holding**
	414 245 715		**30,82%**	

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 (Resigned 31 March 2023)	6 171 184	shares	0,64%	Direct holding
D Kyriakides (Retired 31 March 2023)	928 772	shares	0,10%	Direct holding
DJ Wandrag	500 000	shares	0,05%	Indirect holding
	303 027 117		31,63%	

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.

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

3. Directorate

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

Directors	Office	Designation	Status	Date of changes
Mr TT Mboweni	Chairperson	Non-executive independent	Active	
Mr A Schneider	Joint chief executive officer	Executive	Active	
Mr DJ Wandrag	Joint chief executive officer	Executive	Active	
Mr D Kyriakides	Chief financial officer	Executive	Retired	31/03/2023
Ms K Madikizela	Non-executive	Non-executive independent	Active	
Mr AM Mawela	Non-executive	Non-executive independent	Active	
Mr JF van der Merwe	Non-executive	Lead independent	Active	
MR JWA Templeton	Non-executive	Non-executive	Active	
Mr MN Georgiou	Non-executive	Non-executive	Active	
Mr A Costa	Chief operations officer	Executive	Resigned	31/03/2023

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 2023.

At the AGM, the shareholders will be requested to confirm the appointment of a new auditor for the year ending 31 March 2024.

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 2023

	Note(s)	2023 R'000	2022 R'000
Assets			
Non-current assets			
Property, plant and equipment	2	**272**	330
Right-of-use assets	3	**810**	1 059
Investment property	4	**8 909 411**	9 983 936
Derivatives	8	**36 682**	38 693
		8 947 175	10 024 018
Current assets			
Trade and other receivables	7	**1 011 337**	853 479
Derivatives	8	**52 855**	3 848
Cash and cash equivalents	9	**38 916**	47 868
		1 103 108	905 195
Non-current assets held for sale	4	**292 400**	147 000
Total assets		**10 342 683**	11 076 213
Equity and liabilities			
Equity			
Ordinary share capital	10	**5 186 274**	4 948 866
Other reserves		**(3 282)**	13 821
Retained income		**170 259**	985 285
		5 353 251	5 947 972
Liabilities			
Non-current liabilities			
Derivatives	8	**1 714**	763
Finance lease liabilities	3	**559**	758
Borrowings	11	**2 059 866**	3 926 441
		2 062 139	3 927 962
Current liabilities			
Trade and other payables	12	**509 248**	532 058
Derivatives	8	**1 506**	20 061
Finance lease liabilities	3	**372**	353
Borrowings	11	**2 416 167**	647 807
		2 927 293	1 200 279
Total liabilities		**4 989 432**	5 128 241
Total equity and liabilities		**10 342 683**	11 076 213

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2023

	Note(s)	2023 R'000	2022 R'000
Continuing operations			
Revenue, excluding straight-line rental revenue adjustment and COVID-19 rental relief	13	**895 774**	897 376
Straight-line rental revenue adjustment	13	**(23 950)**	50 249
COVID-19 rental relief	13	**(15 348)**	(35 127)
Revenue		**856 476**	912 498
Other income	14	**1 809**	6 854
Unrealised gains/(losses)	15	**7 660**	(21 262)
Expected credit loss	7	**20 967**	49 622
Property expenses	16	**(335 848)**	(319 404)
Operating expenses	17	**(68 502)**	(51 261)
Operating profit		**482 562**	577 047
Finance income calculated using the effective interest method	18	**68 148**	43 970
Finance costs	19	**(400 389)**	(391 526)
Fair value adjustments	20	**(744 584)**	73 585
Fourways Mall rebuilt fair value adjustment	20	**-**	(300 000)
(Loss)/profit before taxation		**(594 263)**	3 076
Taxation	21	**-**	(98)
(Loss)/profit from continuing operations		**(594 263)**	2 978
Discontinued operations			
(Loss)/profit from discontinued operations	34	**(7 079)**	57 630
(Loss)/profit for the year		**(601 342)**	60 608
Other comprehensive income:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		**(3 972)**	(98 144)
Total comprehensive loss		**(605 314)**	(37 536)
(Loss)/profit attributable to:			
Shareholders of the parent		**(601 342)**	61 984
Non-controlling interest		**-**	(1 376)
		(601 342)	60 608
(Loss)/profit attributable to:			
Owners of the parent:			
From continuing operations		**(594 263)**	2 978
From discontinued operations		**(7 079)**	59 006
		(601 342)	61 984
Total comprehensive (loss)/income attributable to:			
Shareholders of the parent		**(605 314)**	(44 891)
Non-controlling interest		**-**	7 355
		(605 314)	(37 536)
Total comprehensive (loss)/income attributable to:			
Owners of the parent:			
From continuing operations		**(598 235)**	2 978
From discontinued operations		**(7 079)**	(47 869)
		(605 314)	(44 891)
Earnings per share*			
Basic (loss)/gain per share (cents)	22	**(52,27)**	6,46
Diluted (loss)/gain per share (cents)	22	**(52,27)**	6,42

* *Basic earnings per share was restated as a result of the rights issue. Refer to note 22 for more detail.*

Consolidated statement of changes in equity

for the year ended 31 March 2023

	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 2021	4 937 567	107 565	23 928	131 493	923 301	5 992 361	27 150	6 019 511
Profit 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 30)	–	–	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 1 April 2022	**4 948 866**	**690**	**13 131**	**13 821**	**985 285**	**5 947 972**	**–**	**5 947 972**
Loss for the year	**–**	**–**	**–**	**–**	**(601 342)**	**(601 342)**	**–**	**(601 342)**
Other comprehensive income	**–**	**(3 972)**	**–**	**(3 972)**	**–**	**(3 972)**	**–**	**(3 972)**
Total comprehensive loss for the year	**–**	**(3 972)**	**–**	**(3 972)**	**(601 342)**	**(605 314)**	**–**	**(605 314)**
Issue of shares (in terms of conditional share plan)	**17 131**	**–**	**(17 131)**	**(17 131)**	**–**	**–**	**–**	**–**
Conditional share plan reserve	**–**	**–**	**4 000**	**4 000**	**–**	**4 000**	**–**	**4 000**
Distribution paid - Cash	**–**	**–**	**–**	**–**	**(38 157)**	**(38 157)**		**(38 157)**
Issue of shares - Dividend reinvestment	**175 527**	**–**	**–**	**–**	**(175 527)**	**–**	**–**	**–**
Issue of shares - Rights Issue	**44 750**	**–**	**–**	**–**	**–**	**44 750**	**–**	**44 750**
Total contributions by and distributions to owners of company recognised directly in equity	**237 408**	**–**	**(13 131)**	**(13 131)**	**(213 684)**	**10 593**	**–**	**10 593**
Balance at 31 March 2023	**5 186 274**	**(3 282)**	**–**	**(3 282)**	**170 259**	**5 353 251**	**–**	**5 353 251**
Note(s)	10		10					

Consolidated statement of cash flows

for the year ended 31 March 2023

	Note(s)	2023 R'000	2022 R'000
Cash flows from operating activities			
Cash generated from operations	23	**419 812**	508 672
Finance income received		**2 526**	3 469
Tax paid	24	**–**	(98)
Distribution paid		**(38 157)**	–
Net cash from operating activities		**384 181**	512 043
Cash flows from investing activities			
Purchase of property, plant and equipment	2	**(68)**	(350)
Purchase of investment property		**(34 344)**	(43 134)
Proceeds from disposal of investment property and assets held for sale		**146 700**	108 500
Proceeds from the disposal of discontinued operations		**–**	599 607
Net cash from investing activities		**112 288**	664 623
Cash flows from financing activities			
Proceeds on share issue		**44 750**	–
Borrowings raised		**810 000**	1 628 909
Borrowings repaid		**(917 648)**	(2 349 693)
Capital payment on lease liabilities		**(349)**	(5 025)
Purchase of non-controlling interest of Accelerate Property Fund Europe B.V.		**–**	(26 810)
Finance cost paid		**(442 719)**	(396 648)
Net cash from financing activities		**(505 966)**	(1 149 267)
Total cash movement for the year		**(9 497)**	27 399
Cash at the beginning of the year		**47 868**	25 462
Effect of exchange rate movement on cash balances		**545**	(4 993)
Total cash at end of the year	9	**38 916**	47 868

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 (discontinued).

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.

APF does not have any major customers that contribute 10% or more to revenue.

For the year ended 31 March 2023

	Continuing operations				Discontinued operations	
R'000	Office	Industrial	Retail	Total - continuing operations	Retail - European	Total
Statement of comprehensive income						
Revenue, excluding straight-line rental revenue adjustment	248 289	5 513	641 972	895 774	–	895 774
COVID-19 rental assistance	(46)	–	(15 302)	(15 348)	–	(15 348)
Straight-line rental adjustment	(7 423)	–	(16 527)	(23 950)	–	(23 950)
Property expenses	(78 266)	(10 402)	(247 180)	(335 848)	–	(335 848)
Expected credit loss	7 553	3 911	21 502	32 966	–	32 966
Segment operating profit	170 107	(978)	384 465	553 594	–	553 594
Fair value adjustments on investment property	(154 922)	(9 627)	(644 634)	(809 183)	–	(809 183)
Segment profit	14 216	(3 381)	(266 424)	(255 589)	–	(255 589)
Other operating expenses				(68 502)	–	(68 502)
Expected credit loss				(11 999)		(11 999)
Other income				1 809	–	1 809
Fair value gains on financial instruments				64 599	–	64 599
Unrealised gains				7 660	–	7 660
Liquidation expenses – Discontinued operations					(7 079)	(7 079)
Finance income				68 148	–	68 148
Finance cost				(400 389)	–	(400 389)
Taxation				–	–	–
Loss after tax				(594 263)	(7 079)	(601 342)

For the year ended 31 March 2022

R'000	Continuing operations				Discontinued operations	
	Office	Industrial	Retail	Total – continuing 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	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	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)
Gain after tax				2 978	57 630	60 608

For the year ended 31 March 2023

	Office	Industrial	Retail	Total
Statement of financial position extracts at 31 March 2023				
Assets				
Investment property balance 1 April 2022	**2 797 386**	**147 035**	**7 186 515**	**10 130 936**
Capitalised costs	**6 746**	**296**	**43 666**	**50 708**
Disposals/classified as held for sale	**(25 400)**	**(113 200)**	**(300 500)**	**(439 100)**
Investment property held for sale	**25 400**	**–**	**267 000**	**292 400**
Straight-line rental revenue adjustment	**(7 423)**	**–**	**(16 527)**	**(23 950)**
Fair value adjustments	**(154 922)**	**(9 627)**	**(644 634)**	**(809 183)**
Segment assets at 31 March 2023	**2 641 787**	**24 504**	**6 535 520**	**9 201 811**
Other assets not managed on a segmental basis				
Derivative financial instruments				**89 537**
Right-of-use asset				**810**
Equipment				**272**
Current assets				**1 050 253**
Total assets				**10 342 683**

For the year ended 31 March 2022

	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 2023

	South Africa	Discontinued operations – Europe	Total
Statement of comprehensive income 2023			
Revenue, excluding straight-line rental revenue adjustment	**895 774**	**–**	**895 774**
COVID-19 assistance	**(15 348)**	**–**	**(15 348)**
Straight-line rental adjustment	**(23 950)**		**(23 950)**
Property expenses	**(335 848)**	**–**	**(335 848)**
Expected credit loss	**20 967**	**–**	**20 967**
Segment operating profit	**541 595**	**–**	**541 595**
Fair value adjustments on investment property	**(809 183)**	**–**	**(809 183)**
Segment profit	**(267 588)**	**–**	**(267 588)**
Other operating expenses	**(68 502)**	**–**	**(68 502)**
Other income	**1 809**	**–**	**1 809**
Fair value gain on financial instruments	**64 599**	**–**	**64 599**
Unrealised gains	**7 660**	**–**	**7 660**
Liquidation expenses - discontinued operations	**–**	**(7 079)**	**(7 079)**
Finance income	**68 148**	**–**	**68 148**
Finance cost	**(400 389)**	**–**	**(400 389)**
Taxation	**–**	**–**	**–**
Profit before tax	**(594 263)**	**(7 079)**	**(601 342)**

For the year ended 31 March 2022

	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	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
Unrealised losses	(21 262)	–	–	(21 262)
Realisation of foreign currency translation reserve		61 761	20 587	82 348
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 2023

	South Africa
Statement of financial position extracts at 31 March 2023	
Investment property balance 1 April 2022	**10 130 936**
Capitalised costs	**50 708**
Disposals/classified as held for sale	**(439 100)**
Investment property held for sale	**292 400**
Straight-line rental revenue adjustment	**(23 950)**
Fair value adjustments	**(809 183)**
Investment property at 31 March 2023	**9 201 811**
Other assets not managed on a segmental basis	
Derivative financial instruments	**89 537**
Right-of-use asset	**810**
Equipment	**272**
Current assets	**1 050 253**
Total assets	**10 342 683**

For the year ended 31 March 2022

	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 IFRS and the Companies Act 71 of 2008,the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the JSE Limited (JSE) Listings Requirements and JSE Debt Listings Requirements. 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 2023 reporting period. However, they are not expected to have a significant impact on the annual financial statements of Accelerate.

Other new standards did not have a significant impact on the annual financial statements:

- 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.

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:

- Classification of Liabilities as Current or Non-current - Amendments to IAS 1
- Lease liability in a sale and leaseback - Amendments to IFRS 16
- Definition of accounting estimates - Amendments to IAS 8
- Disclosure of accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12.

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.

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. Identifiable assets acquired and the liabilities assumed are measured initially at their acquisition date fair values. 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 undivided share in Fourways Mall 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; and 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. The final shares vested in the current financial period.

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: – Lease management – Management of common areas to promote increased footfall – Selection of tenants – Investment decisions – Marketing decisions.	Administrative processes and/or ancillary services acquired/provided: – Security – Cleaning – Rent invoicing and collection – Caretaker.

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-party property management company and was not acquired with the property.

1.6 Investment property

Investment property (land and buildings) held either to earn rental income or for capital appreciation 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. Maintenance and repairs which neither materially add to the value of the properties not prolong their useful lives are charges to the comprehensive income statement.

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 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 estimated 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	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
Generator	Straight line	5 years
IT equipment	Straight line	5 years

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting period. 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.

1.9 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, Acccelerate's financial assets are classified in two categories:

- Financial assets at fair value through profit or loss (derivative financial instruments); and
- 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; and
- 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.

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.

1. Significant accounting policies *(continued)*

1.9 Financial instruments *(continued)*

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:

- Trade and other receivables
- Financial instruments risk management objectives and policies Note 31.

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; or
- 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.

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.

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 stand-alone 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.

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.

1. Significant accounting policies *(continued)*

1.9 Financial instruments *(continued)*

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 Provisions and contingencies

Provisions are recognised when:

- The company has a present obligation as a result of a past event
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation
- A reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- Has a detailed formal plan for the restructuring, identifying at least:
  - The business or part of a business concerned
  - The principal locations affected
  - The location, function, and approximate number of employees who will be compensated for terminating their services
  - The expenditures that will be undertaken
  - When the plan will be implemented.
- Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- The amount that would be recognised as a provision; and
- The amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note.

1.13 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.

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.

1.14 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. Significant accounting policies *(continued)*

1.15 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.

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; or
- 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.

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.

1. Significant accounting policies *(continued)*

1.15 Other accounting policies *(continued)*

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; or
- 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.

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 2023

2. Property, plant and equipment

	2023 R'000			2022 R'000		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	**567**	**(544)**	**23**	567	(526)	41
Motor vehicles	**622**	**(622)**	**-**	622	(622)	-
Office equipment	**31**	**(30)**	**1**	31	(28)	3
IT equipment	**771**	**(628)**	**143**	703	(557)	146
Other property, plant and equipment	**175**	**(70)**	**105**	175	(35)	140
Total	**2 166**	**(1 894)**	**272**	2 098	(1 768)	330

Reconciliation of property, plant and equipment – 2023 (R'000)

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	**41**	**-**	**(18)**	**23**
Office equipment	**3**	**-**	**(2)**	**1**
IT equipment	**146**	**68**	**(71)**	**143**
Other property, plant and equipment	**140**	**-**	**(35)**	**105**
	330	**68**	**(126)**	**272**

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

Other information

Motor vehicles with a gross value of R622 000 and office equipment with a gross value of R31 000 are fully depreciated but are still in use.

3. Leases (company as lessee)

	2023 R'000	2022 R'000
Right-of-use asset		
Opening balance	**1 059**	120 676
New leases	**-**	1 246
Derecognition due to sale of Accelerate Property Fund Europe	**-**	(118 546)
Depreciation	**(249)**	(3 730)
Foreign exchange movement	**-**	1 413
	810	1 059
Lease liabilities		
Opening balance	**1 111**	122 796
New leases	**-**	1 246
Derecognition due to sale of Accelerate Property Fund Europe	**-**	(121 830)
IFRS 16 interest	**169**	2 460
Repayment	**(349)**	(5 026)
Exchange rate movement	**-**	1 465
	931	1 111
Non-current liabilities	**559**	758
Current liabilities	**372**	353
	931	1 111

There are no restrictive conditions in place on these leases.

4. Investment property

Reconciliation of investment property - 2023 (R'000)

	Opening balance	Additions resulting from capitalised subsequent expenditure	Disposals	Classified as held for sale	Straight-lining	Amortisation on tenant installations and leasing commission	Fair value adjust-ments	Total
Investment property	**9 983 936**	**47 010**	**(146 700)**	**(145 400)**	**(23 950)**	**3 699**	**(809 184)**	**8 909 411**

Amortisation of leasing commission and tenant installation allowances amortisation has been disclosed separately in the current financial year as the movement was deemed material by management.

Included in the disposals movement are properties which was not held for sale in the previous financial period. These properties include the sale of Cascades shopping centre, 32 Steeledale, 8 Charles and the Meshcape building.

Reconciliation of investment property - 2022 (R'000)

	Opening balance	Additions resulting from capitalised subsequent expenditure	Disposals	Classified as held for sale	Foreign exchange movements	Straight-lining	Fair value adjust-ments	Total
Investment property*	11 633 782	346 627	(1 376 313)	(127 876)	(113 901)	50 249	(428 722)	9 983 936

** Included in the fair value adjustments are R0 (2022: R64 884 967) 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.

The full European portfolio have been sold in the 2022 financial year, there was thus no further foreign exchange movements in the current year as all held assets are local assets.

	2023 R'000	2022 R'000
Borrowing costs capitalised		
Borrowing costs capitalised to investment property	**8 232**	3 379
Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation	**11,25%**	8,10%

Investment property summary

The following investment properties are held by Accelerate through subsidiaries:

- The KPMG 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.

	2023 R'000	2022 R'000
Non-current assets held for sale		
Investment property	**292 400**	147 000

The following non-core retail properties are held for sale at 31 March 2023:

- The Leaping Frog R125 000 000
- Ford Fourways R77 000 000
- Brooklyn Place R25 400 000
- Cherry Lane R65 000 000

The following non-core properties were held for sale at 31 March 2022:

- The Leaping Frog* R130 000 000
- Corporate Park Shopping Centre R17 000 000

** Property was not sold in the current financial year due to various conditions including competition commission approval.*

5. Fair value measurement of investment properties

Levels of fair value measurement

The entire portfolio is valued by management at the end of each reporting period.

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.

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. In the March 2023 year the external valuations were performed by Mills Fitchet and D.J.B Hoffman accredited independent valuers with a recognised and relevant professional qualifications 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. Internal methods are aligned with those used by external valuers.

5. Fair value measurement of investment properties *(continued)*

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.

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.

Class of property

Class of property	Fair value as at 31 March 2023 R'000	Valuation technique	Key unobservable inputs	Weighted average of key observable inputs	Weighted average equivalent yield
Office	**2 641 787**	**Income capitalisation/ DCF Method**	**ERV**	**R177,84**	**8,10**
			Rental growth pa	**5,0%**	
			Long-term vacancy rate	**2,2%**	
Industrial	**24 504**	**Income capitalisation/ DCF Method**	**ERV**	**R85,50**	**10,00**
			Rental growth pa	**5,0%**	
			Long-term vacancy rate	**5,0%**	
Retail	**6 535 520**	**Income capitalisation/ DCF Method**	**ERV**	**R230,13**	**7,60**
			Rental growth pa	**5,0%**	
			Long-term vacancy rate	**4,4%**	
Total	**9 201 811**				

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				

 # Included in the above total are properties held for resale of R292 400 000 (2022: R147 000 000), R8 644 930 655 (2022: R9 695 505 000) of investment properties and R264 480 675 (2022: R288 431 000) of straight-line revenue adjustment.

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.

5. Fair value measurement of investment properties *(continued)*

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.

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.

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 16,4% 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.

Equivalent yield

South African portfolio	50 bps increase %	50 bps decrease %
Equivalent yield – Impact on fair value		
31 March 2023		
Retail	**(6,1)**	**7,1**
Office	**(5,8)**	**6,6**
Industrial	**(4,8)**	**5,3**

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

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 7,0% increase in rental income	(Decrease) in fair value from a 7,0% decrease in rental income	Increase in fair value from a 9,1% decrease in vacancy	(Decrease) in fair value from a 9,1% increase in vacancy
31 March 2023						
Industrial	**705**	**(705)**	**2 474**	**(2 474)**	**3 216**	**(3 216)**
Office	**62 691**	**(62 691)**	**236 405**	**(236 405)**	**307 326**	**(307 326)**
Retail	**198 167**	**(198 167)**	**603 296**	**(603 296)**	**784 284**	**(784 284)**
	261 563	**(261 563)**	**842 175**	**(842 175)**	**1 094 826**	**(1 094 826)**

R'000	Increase in fair value from a 6,5% decrease in property expenses	(Decrease) in fair value from a 6,5% decrease in property expenses	Increase in fair value from a 7,0% increase in rental income	(Decrease) in fair value from a 7,0% decrease in rental income	Increase in fair value from a 9,1% decrease in vacancy	(Decrease) in fair value from a 9,1% 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)

6. Investments

Joint operation

The following joint operations are material to the company:

	% Ownership interest 2023	2022
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 R4,01 billion (2022: 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 director and shareholder, MN Georgiou.

7. Trade and other receivables

	2023 R'000	2022 R'000
Financial assets:		
Debtors including tenant receivables	**293 963**	352 022
Selling entity debtors	**57 920**	48 181
Related party receivables - note 28	**328 781**	299 807
Headlease receivable	**237 916**	135 471
Municipal deposits	**20 890**	15 443
Deposit: property acquisition	**545**	545
Sundry debtors	**14 956**	13 624
Other accruals**	**140 690**	94 792
Less: Expected credit loss (ECL)*	**(84 635)**	(105 602)
	1 011 026	854 283
Non-financial assets:		
Prepayments	**311**	(804)
Total trade and other receivables	**1 011 337**	853 479

** The ECL assessment relates to debtors including tenant receivables, selling entity debtors and related party receivables.*

*** Accrual for profit - share in joint operation not yet invoiced.*

Carrying value approximates the fair value of trade and other receivables.

Of the above balances, R571 million is classified as stage 2 receivables and R52.9 million are classified as stage 3 receivables in terms of IFRS 9.

We have restated the trade receivables note in the current period, due to expected credit losses incorrectly being net off against the debtors including tenant receivable amounts.

We also disaggregated this amount to split out the headlease in order to separately disclose the headlease amount in the trade and other receivables note.

Debtors including tenant receivables

	As previously stated	Effect of adjustment	As restated
Debtors including tenant receivables	379 387	(27 365)	352 022
Headlease receivable	–	135 471	135 471
Expected credit loss	2 504	(108 106)	(105 602)

ECL

	As previously stated	Effect of adjustment	As restated
Opening balance	47 118	108 106	155 224
Charge for the year	(49 622)	-	(49 622)
Closing balance	(2 504)	108 106	105 602

Exposure to credit risk

Refer to note 31 Credit Risk of trade receivables, which explains how the group manages and measures credit quality of receivables.

Movement in ECL:

	2023 R'000	2022 R'000
Opening balance	**105 002**	155 224
Charge for the year	**(20 967)**	(49 622)
Closing balance	**84 635**	105 602

8. Derivatives

Economic hedges

Interest rate swaps

Accelerate holds interest rate swap contracts with notional amounts of R3 400 000 000 (2022: R3 200 000 000) 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 2028 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 R86 315 705 (2022: R21 717 019).

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.

	2023 R'000	2022 R'000
Reconciliation of the swap derivatives 2023		
Opening balance value	**21 717**	(115 705)
Net changes in fair value through profit and loss	**64 599**	137 422
Closing balance	**86 316**	21 717
Current assets	**52 855**	3 848
Non-current assets	**36 682**	38 693
Total assets	**89 537**	42 541
Current liabilities	**(1 506)**	(20 061)
Non-current liabilities	**(1 714)**	(763)
	86 317	21 717

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	2023 R'000	2022 R'000
Bank balances	**38 916**	47 868

Surplus cash is placed on call account at an interest rate of 8,2% (2022: 4,1%).

At 31 March 2023, Accelerate had undrawn debt facilities of R218 million (2022: R223 million).

Cash balances of R2 306 000 (2022: R3 600 000) are encumbered due to bank guarantees lodged for municipal and other deposits.

10. Share capital

10.1 Ordinary share capital

	2023 R'000	2022 R'000
Authorised		
Ordinary shares of no par value	**5 000 000 000**	5 000 000 000
Reconciliation of number of shares issued:		
Reported as at 01 April	**1 002 245 195**	998 944 289
Treasury shares held	**(44 455 554)**	(44 455 554)
Total shares	**957 789 641**	954 488 735
Shares issued in terms of the share incentive scheme	**13 823 078**	3 300 906
Shares issued in terms of reinvestment of distributions by shareholders	**252 827 108**	-
Rights Issue for cash	**71 428 571**	-
Total number of shares in issue at year end*	**1 295 868 398**	957 789 641
Issued		
Ordinary share capital of no par value (R'000)	**4 948 866**	4 937 567
Issue of shares (R'000)	**237 408**	11 299
	5 186 274	4 948 866

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

	2023 R'000	2022 R'000
Share incentive reserve		
Opening balance	**13 131**	23 928
Movement in reserve	**-**	502
Shares vested	**(13 131)**	(11 299)
Total trade and other receivables	**-**	13 131

11. Borrowings

	2023 R'000	2022 R'000
Total value of loans secured by investment property		
RMB	**1 286 008**	1 543 220
Domestic medium-term note (DMTN) programme	**2 041 888**	1 760 000
Investec	**876 216**	1 050 579
Ashburton	**39 797**	40 000
Ninety One	**245 000**	210 000
Debt fees to be amortised over the remaining term of the debt	**(12 876)**	(29 551)
	4 476 033	4 574 248
Less: portion repayable within the next 12 months	**(2 416 167)**	(647 807)
	2 059 866	3 926 441
Reconciliation of debt movements		
Opening balance	**4 574 248**	6 025 485
Debt raised	**810 000**	1 612 914
Debt repayment	**(917 648)**	(2 221 156)
Transfer of borrowings with the sale of APFE	**-**	(842 869)
Debt fees to be amortised over the remaining term of the debt	**9 433**	(126)
	4 476 033	4 574 248

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.

Since 2017, Interbank Offered Rate (IBOR) reform has been on the cards in many markets around the world. The South African Reserve Bank (SARB) made its position clear that Jibar will cease to exist in some point in the future, as it have shortcomings similar as IBOR. The SARB has also advised that it will follow international progress on IBOR reforms to guide its decisions on a suitable reference rate for South Africa, whilst taking into account idiosyncrasies relevant to the local market. The current target rate set by SARB is June 2025.

The reform may have meaningful consequences for Accelerate as the majority of debt and hedging instruments are 3-month Jibar linked. This reference rate would thus need to be replaced by any new benchmark rate implemented by SARB.

11. Borrowings *(continued)*

11.1 Details of secured loans at 31 March 2023

	Tranche	Weighting %	Debt amount R'000	Maturity date	Rate
RMB	T - Current*	**0,28**	**12 732**	May 2023	Prime
RMB	HH - Current*	**0,07**	**3 332**	May 2023	3M Jibar + 300bps
RMB	CC - Current	**1,95**	**87 500**	August 2023	3M Jibar + 325bps
RMB	EE - Current	**2,59**	**115 806**	August 2023	3M Jibar + 300bps
RMB	AC - Current	**3,14**	**140 649**	November 2023	3M Jibar + 300bps
RMB	J	**1,12**	**50 000**	May 2024	3M Jibar + 275bps
RMB	O	**4,08**	**182 407**	May 2024	3M Jibar + 275bps
RMB	N - Current	**0,37**	**16 495**	August 2023	3M Jibar + 325bps
RMB	I - Current	**10,23**	**458 004**	November 2023	3M Jibar + 300bps
RMB	M - Current	**2,51**	**112 247**	November 2023	3M Jibar + 300bps
RMB	Unsecured loan	**2,39**	**106 833**	September 2024	Prime + 115bps
Ashburton	HH - Current	**0,89**	**39 797**	May 2023	3M Jibar + 300bps
Ninety One	GG	**5,47**	**245 000**	December 2025	3M Jibar + 400bps
Investec	011	**1,49**	**66 605**	Feb 2025	3M Jibar + 245 bps
Investec	005 - Current	**3,43**	**153 396**	June 2023	3M Jibar + 300bps
Investec	013 - Current	**1,34**	**60 000**	August 2023	Prime
Investec	014 - Current	**1,95**	**87 500**	August 2023	Prime
Investec	010	**2,85**	**116 088**	March 2025	Prime - 0,25bps
Investec	009	**8,52**	**392 629**	March 2025	Prime - 0,25bps
DMTN	APF18	**10,05**	**450 000**	August 2025	3M Jibar + 300bps
DMTN	APF19	**7,26**	**325 000**	March 2026	3M Jibar + 300bps
DMTN	APF02U – Current	**0,63**	**28 199**	April 2023	3M Jibar + 300bps
DMTN	APF03U – Current	**0,50**	**22 567**	April 2023	3M Jibar + 300bps
DMTN	APF07 – Current	**0,40**	**17 907**	June 2023	3M Jibar + 210bps
DMTN	APF09– Current	**3,70**	**165 815**	July 2023	3M Jibar + 208bps
DMTN	APF04U – Current	**8,36**	**374 000**	August 2023	3M Jibar + 300bps
DMTN	APF14 – Current	**5,59**	**250 000**	September 2023	3M Jibar + 350bps
DMTN	APF05U – Current	**6,14**	**274 400**	December 2023	3M Jibar + 300bps
DMTN	APF16	**2,99**	**134 000**	August 2024	3M Jibar + 325bps
Debt fees included above to be amortised over the remaining term of the debt		**(0,29)**	**(12 875)**		
		100,00	**4 476 033**		

* *Facility T and HH has been refinanced after year-end. Please refer to note 32 for more information.*

11.1 Details of secured loans at 31 March 2023 *(continued)*

	Notional amount R'000	Maturity	Fixed rate %
Details of interest rate swaps on debt			
RMB	**300 000**	Sept 2023	**4,25**
RMB	**300 000**	March 2024	**5,05**
RMB	**300 000**	May 2024	**5,07**
RMB	**300 000**	May 2025	**7,74**
RMB	**300 000**	December 2025	**5,18**
RMB	**100 000**	October 2024	**5,66**
RMB	**100 000**	March 2025	**5,57**
RMB	**100 000**	October 2025	**6,03**
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**
RMB	**200 000**	March 2025	**7,89**
Investec	**500 000**	January 2026	**7,43**
Investec	**200 000**	October 2024	**5,93**
Investec	**200 000**	November 2024	**7,81**
	3 400 000		

11.2 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 + 255bps
RMB	T	1,57	72 496	May 2023	Prime
RMB	HH	0,43	19 682	May 2023	3M Jibar + 300bps
RMB	M	2,43	112 247	November 2023	3M Jibar + 300bps
RMB	I	9,81	453 825	November 2023	3M Jibar + 300bps
RMB	Unsecured loan	2,32	106 833	September 2024	Prime + 115bps
RMB	J – Current	1,08	50 000	November 2022	3M Jibar + 275bps
RMB	O – Current	3,94	182 407	February 2023	3M Jibar + 275bps
RMB	CC	1,89	87 500	August 2023	3M Jibar + 325bps
RMB	EE	2,50	115 806	August 2023	3M Jibar + 300 bps
RMB	N	1,13	52 375	August 2023	3M Jibar + 325bps
RMB	FF	1,57	72 500	May 2023	3M Jibar + 300bps
RMB	AC	3,04	140 649	November 2023	3M Jibar + 300bps
Investec	011 – Current	3,08	142 500	November 2022	3M Jibar + 245bps
Investec	005	4,89	226 442	June 2023	3M Jibar + 300bps
Investec	013	1,30	60 000	August 2023	Prime
Investec	014	1,89	87 500	August 2023	Prime
Investec	009	8,79	406 629	March 2025	Prime - 0,25bps
Investec	010	2,76	127 508	March 2025	Prime - 0,25bps
DMTN	APF04U	8,52	394 000	August 2023	3M Jibar + 300bps
DMTN	APF06 – Current	1,95	90 000	August 2022	3M Jibar + 214bps

11. Borrowings *(continued)*

	Tranche	Weighting %	Debt amount R'000	Maturity date	Rate
DMTN	APF10 – Current	0,67	31 000	September 2022	3M Jibar + 195bps
DMTN	APF15 – Current	1,62	75 000	February 2023	3M Jibar + 290bps
DMTN	APF07	0,97	45 000	June 2023	3M Jibar + 210bps
DMTN	APF09	3,93	182 000	July 2023	3M Jibar + 208bps
DMTN	APF14	5,94	275 000	September 2023	3M Jibar + 350bps
DMTN	APF02U	4,32	200 000	April 2023	3M Jibar + 300bps
DMTN	APF03U	0,54	25 000	April 2023	3M Jibar + 300bps
DMTN	APF05U	6,68	309 000	December 2023	3M Jibar + 300bps
DMTN	APF16	2,09	134 000	August 2024	3M Jibar + 325bps
Ashburton	HH	0,86	40 000	May 2023	3M Jibar + 300bps
Ninety One	GG	4,45	210 000	December 2025	3M Jibar + 400bps
Debt fees included above to be amortised over the remaining term of the debt		0,48	(29 551)		
		100,00	**4 574 248**		

	Notional amount R'000	Maturity	Fixed rate %
Details of interest rate swaps on debt			
RMB	100 000	October 2025	6,03
RMB	150 000	December 2025	6,09
RMB	150 000	December 2026	6,36
RMB	100 000	October 2026	6,27
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
RMB	100 000	October 2024	5,66
Investec	200 000	October 2024	5,93
Investec	500 000	February 2023	6,49
	3 200 000		

12. Trade and other payables

	2023 R'000	2022 R'000
Financial liabilities:		
Trade payables	**30 697**	53 391
Tenant deposits	**30 956**	30 599
Debtors in credit	**32 172**	26 826
Accrued expense	**70 732**	75 515
Rebuilt claim*	**300 000**	300 000
	464 557	486 331
Non-financial liabilities:		
Amounts received in advance	**3 524**	4 620
South Africa Revenue Service (Value Added Tax)	**41 166**	41 107
	509 247	532 058

* *This relates to additional amount payable by Accelerate to the developer of Fourways Mall. It is still 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

	2023 R'000	2022 R'000
Rental income	**662 855**	674 441
Parking	**25 152**	31 133
Sundry property income	**1 426**	622
Revenue before recoveries	**689 433**	706 196
Revenue from contracts with customers: Recoveries	**206 341**	191 180
Revenue excluding straight-line rental revenue adjustment and COVID-19 rental relief	**895 774**	897 376
Straight-line rental revenue adjustment	**(23 950)**	50 249
COVID-19 rental relief#	**(15 348)**	(35 127)
Total revenue	**856 476**	912 498

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 note 1.10).

14. Other operating income

	2023 R'000	2022 R'000
Other income	**465**	2 914
Lease cancellation fee	**1 344**	3 940
	1 809	6 854

15. Unrealised losses

	2023 R'000	2022 R'000
Net foreign exchange gains (losses)	**7 660**	(21 262)

16. Property expenses

	2023 R'000	2022 R'000
Cleaning	**14 203**	11 521
Centre managers cost	**1 313**	1 384
Insurance	**13 172**	10 119
Security	**35 096**	32 928
Repairs and maintenance	**16 685**	15 190
Electricity	**87 338**	101 548
Rates and taxes	**69 236**	73 058
Sewerage	**6 365**	6 203
Water	**9 030**	10 482
Other municipal expenses	**10 581**	8 159
Management fees - property	**19 824**	8 495
Professional fees	**13 298**	15 889
Other property costs*	**39 707**	24 428
Property expenses	**335 848**	319 404
Less: recovered expenses	**(206 430)**	(191 180)
Net property expenses	**129 418**	128 224

* *Note: Other property costs relate to miscellaneous property costs, such as diesel, consumables, legal fees, parking, pest control.*

17. Operating expenses

	2023 R'000	2022 R'000
Employee costs*	**31 575**	27 684
Auditors remuneration	**4 282**	3 844
Licences	**1 010**	324
Bank charges	**261**	175
Telephone and fax	**141**	153
Printing and stationary	**417**	49
Subscriptions	**1 558**	799
Professional fees	**13 031**	16 855
Other expenses	**16 227**	1 378
Total other operating expenses	**68 502**	51 261

* *R2 000 000 (2022: R502 396) of this expense relates to share based payments. For more information refer to note 30.*

18. Finance income calculated using the effective interest rate method

	2023 R'000	2022 R'000
Interest income		
Interest from banks	**2 117**	1 043
Interest on late payment from tenants	**5 781**	577
Cash deposits	**1 344**	1 849
Interest from vendors	**58 906**	40 501
Total finance income	**68 148**	43 970

19. Finance costs

	2023 R'000	2022 R'000
Borrowings	**388 162**	330 267
Net payment on swaps	**11 752**	60 781
Other interest expense	**475**	478
Total finance cost	**400 389**	391 526

Finance cost on capital construction projects of R8,2 million (2022: R3,4 million) were capitalised during the year ended 31 March 2023 at an average cost of debt of 11,25% (2022: 8,1%) per annum.

20. Fair value adjustments

	2023 R'000	2022 R'000
Investment property (fair value model)	**(809 183)**	(63 838)
Gains on derivatives at fair value through profit and loss	**64 599**	137 423
	(744 584)	73 585
Fourways Mall rebuilt fair value adjustment	**-**	(300 000)
	(744 584)	(226 415)

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21. Taxation

	2023 R'000	2022 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 adjustment	**(1,12)**	(23,21)
Fair value adjustment	**(34,67)**	106,69
Foreign exchange	**0,36**	9,82
Amortisation of debt structuring fees	**(0,45)**	-
Other	**(0,08)**	-
Capitalised interest	**(0,38)**	(1,56)
Assessed loss	**1,18**	-
Provisions	**0,77**	(30,10)
Amortisation of letting commission	**(0,19)**	(0,25)
Realised losses on settlement of financial guarantee	**5,74**	-
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

22. Earnings per share

	2023 R'000 Total	2022 R'000 Total	2023 R'000 Continued Operations	2022 R'000 Continued Operations	2023 R'000 Discontinued Operations	2022 R'000 Discontinued Operations
Reconciliation of basic/diluted earnings (losses) to headline earnings						
Profit/(loss) for the year	**(601 314)**	61 984	**(594 262)**	2 798	**(7 079)**	57 630
Fair value adjustment excluding straight-lining	**809 183**	426 387	**809 183**	363 838	**–**	(62 548)
Realisation of foreign currency translation reserve	**–**	(82 348)	**–**	-	**–**	(82 348)
Headline profit/(loss) attributable to shareholders of the parent	**207 869**	406 023	**214 921**	366 636	**(7 079)**	(87 266)
Basic earnings/(loss) per share (cents)*	**(52,27)**	6,46	**(52,89)**	0,29	**(0,62)**	6,00
Diluted earnings/(loss) per share (cents)*	**(52,27)**	6,42	**(52,89)**	0,29	**(0,62)**	5,97
Headline earnings/(loss) per share (cents)	**18,07**	42,30	**17,45**	38,19	**(0,62)**	(9,09)
Diluted headline earnings/(loss) per share (cents)	**18,07**	42,05	**17,45**	38,10	**(0,62)**	(9,04)
Shares in issue at the end of the year	**1 295 868 398**	957 789 641	**1 295 868 398**	957 789 641	**1 295 868 398**	957 789 641
Weighted average number of shares in issue	**1 150 435 595**	959 930 007	**1 150 435 595**	959 930 007	**1 150 435 595**	959 930 007
Shares subject to the conditional share plan	**-**	5 746 154	**-**	5 746 154	**-**	5 746 154
Weighted average number of deferred shares	**-**	5 746 154	**-**	5 746 154	**-**	5 746 154
Total diluted weighted average number of shares in issue	**1 150 435 595**	957 789 641	**1 150 435 595**	957 789 641	**1 150 435 595**	957 789 641

* *The basic earnings per share, diluted earnings per share, headline earnings per share, diluted headline earnings per share and the weighted average number of shares have been restated as a result of the rights issue that occurred in the current period as required by IAS 33 Earnings Per Share, to show the impact of the rights issue on the earliest period presented in the financial statements.*

23. Cash generated from operations

	2023 R'000	2022 R'000
Profit/(loss) before taxation	**(594 263)**	3 076
Loss from discontinued operations	**(7 079)**	(24 718)
Loss before taxation	**(601 342)**	(21 642)
Adjustments for:		
Depreciation and lease amortisation	**8 219**	8 409
Debt fee amortisation	**9 670**	11 288
Depreciation IFRS 16	**249**	187
Depreciation IFRS 16 discontinued operations	**-**	3 543
Interest income	**(68 148)**	(43 970)
Finance costs	**400 388**	391 525
Finance costs discontinued operations	**-**	18 525
Fair value losses/(gains)	**744 584**	(73 585)
Unrealised gains	**(7 660)**	21 262
Movements in provisions	**14 792**	-
Fair value losses discontinued operations	**-**	64 884
Share Incentive Scheme Expense	**-**	502
Straight-line rental revenue adjustment	**23 950**	50 249
Fourways Mall rebuilt fair value adjustment	**-**	300 000
Changes in working capital:		
Trade and other receivables	**(84 432)**	(249 536)
Trade and other payables	**(20 459)**	27 031
	419 812	508 672

24. Current tax

	2023 R'000	2022 R'000
Balance at beginning of the year	**-**	-
Current tax for the year recognised in profit or loss	**-**	(98)
Tax paid	**-**	(98)

25. Minimum contracted rental income

	2023 R'000	2022 R'000
Within one year	**753 249**	550 714
Between 1 and 5 years	**1 211 606**	1 287 420
More than five years	**412 304**	202 337
Total	**2 377 159**	2 040 471

26. Net asset value

	2023	2022
Shares in issue at the end of the year	**1 295 868 395**	957 789 641
Net asset value (R'000)	**5 353 251**	5 947 972
Net asset value per share (R)	**4,13**	6,21

27. Capital commitments

	2023 R'000	2022 R'000
Authorised capital expenditure		
Not yet contracted for	**151 340**	211 000
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	**372**	353
- in second to fifth year inclusive	**559**	758
	931	1 111

The current year lease payments represent rentals payable on equipment.

28. Related parties

Relationships

Mr MN Georgiou through the Michael Family Trust owns 100% of Fourways Precinct Proprietary Limited and Azrapart Proprietary Limited. Mr MN Georgiou owns 100% of Accelerate Property Management Company Proprietary Limited.

	2023 R'000	2022 R'000
Related party balances		
Loan accounts receivable		
Fourways Precinct Proprietary Limited	**12 305**	11 201
The Michael Family Trust	**119 370**	108 761
Vacancy guarantee receivable		
Fourways Precinct Proprietary Limited	**13 478**	12 297
Development guarantee receivable		
Fourways Precinct Proprietary Limited	**183 629**	167 548
Fourways headlease receivable		
Fourways Precinct Proprietary Limited	**237 916**	135 471
Accelerate Property Management tenant receivable		
Accelerate Property Management Company Proprietary Limited	**876**	806
Fourways Mall managing agent	**3 900**	–
Fourways Mall rebuilt matter payable		
Azrapart Proprietary Limited	**(300 000)**	(300 000)
Related party transactions		
Interest charged on outstanding amounts		
Fourways Precinct Proprietary Limited	**29 089**	27 854
The Michael Family Trust	**10 471**	10 019
Accelerate Property Management fees paid		
Fourways Precinct Proprietary Limited	**–**	(2 795)
Accelerate Property Management Company Proprietary Limited	**(3 543)**	(5 700)
Letting commission		
Fourways Precinct Proprietary Limited	**–**	(4 682)
Fourways headlease		
Fourways Precinct Proprietary Limited	**71 260**	79 868
Expense recovery		
Accelerate Property Management Company Proprietary Limited	**69**	353
Fourways Mall rebuilt matter		
Azrapart Proprietary Limited	**–**	(300 000)

– No fixed repayment terms have been put in place, interest on balances is charged at market related interest rates.

The following factors are considered 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 considering their cash flow, net asset value and security provided;
- The actual or expected operating results of the borrower; and
- Significant changes in external market factors.

The balances will be recovered in cash or through the purchase of the assets from the related party as approved by the Accelerate board.

The below acquisitions were approved by the Accelerate board and are subject to shareholder approval. These acquisitions are all made from entities controlled by Mr MN Georgiou the co-owner of Fourways Mall and non-independent non-executive director of Accelerate. All the below transactions will be financed through the offset of amounts receivable by Accelerate at 31 March 2023 from entities controlled by Mr MN Georgiou.

Transaction	Rational for 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

The final implementation of all the individual components of the above acquisition is subject to Accelerate not breaching its financial covenants.

29. Directors' and key management remuneration

The directors' remuneration figures below form part of employee cost (refer to note 17)

	2023 R'000	2022 R'000
Short-term remuneration		
Executive directors		
MN Georgiou	**1 769**	2 575
A Costa (resigned 31 March 2023)	**4 651**	4 923
D Kyriakides (retired 31 March 2023)	**3 438**	3 673
DJ Wandrag	**3 800**	5 800
Non-executive directors		
TT Mboweni	**1 452**	274
TJF Fearnhead (resigned 1 February 2022)	**208**	668
JF van der Merwe	**887**	530
Dr K Madikizela	**595**	471
Ass. Prof FM Viruly (resigned 8 October 2021)	**–**	225
MN Georgiou	**218**	–
A Mawela	**605**	466
JWA Templeton	**525**	75
Prescribed officers*		
PA Grobler	**2 862**	2 223
AM Schneider	**3 358**	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 interim chief financial officer 1 April 2023. AM Schneider was appointed chief investment officer on 1 January 2022 and subsequently as interim joint chief executive officer on 7 November 2022 and joint chief executive officer on 1 April 2023.*

29. Directors' and key management remuneration *(continued)*

Directors' direct/indirect interest in the shares of the company 31 March 2023

MN Georgiou	**390 407 518**	**shares**	**29,13%**	**Indirect holding**
A Costa (resignation 31 March 2023)	**10 433 763**	**shares**	**0,78%**	**Direct holding**
D Kyriakides (retired 31 March 2023)	**1 343 127**	**shares**	**0,10%**	**Direct holding**
DJ Wandrag	**12 061 307**	**shares**	**0,90%**	**Indirect holding**
	414 245 715		**30,91%**	

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 (resignation 31 March 2023)	6 171 184	shares	0,64%	Direct holding
D Kyriakides (retired 31 March 2023)	928 772	shares	0,10%	Direct holding
DJ Wandrag	500 000	shares	0,05%	Indirect holding
	303 027 117		31,63%	

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.

30. Accelerate Property Fund conditional share plan

No further shares were allocated during the 31 March 2023 financial year, therefore there is no further shares outstanding under this share incentive 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:

	Number of retention shares (awarded 2019)	Reserve ('R) at 31 March 2022	**Vesting March 2023 year end**
2022			
Directors			
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**

All shares that have vested have been issued to the respective beneficiaries.

In addition to the allocations to directors above R0 (2022: 900 000) shares have been allocated to other management personnel with a reserve at 31 March 2022 of R2 059 229.

After vesting the shares are exercisable at a strike price of R0.

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 2023 was R0.955 (2022: R1.05).

The reserve at 31 March 2023 was R0 as no further share allocations have been made.

	Year ended 31 March 2023	Year ended 31 March 2022
Share options vested during the year (number of shares)		
MN Georgiou	**1 769 231**	1 095 023
A Costa	**1 769 231**	1 095 203
D Kyriakides	**1 307 692**	579 186
PA Grobler	**269 231**	141 403
	5 115 385	2 910 815

	31 March 2023	31 March 2022
Reconciliation of shares outstanding (number of shares)		
Opening balance	**5 746 154**	14 393 215
Shares vested	**(5 746 154)**	(3 300 906)
Shares forfeited	**-**	(5 346 155)
Closing balance	**-**	5 746 154

31. Financial risk management

	Carried at fair value R'000	Amortised cost# R'000	Total R'000
Total financial assets and liabilities			
Financial assets 31 March 2023			
Derivatives*	**89 537**	**-**	**89 537**
Trade and other receivables	**-**	**1 011 026**	**1 011 026**
Cash and cash equivalents	**-**	**38 916**	**38 916**
	89 537	**1 049 942**	**1 139 479**
Financial liabilities 31 March 2023	**-**	**-**	**-**
Derivatives*	**(3 220)**	**-**	**(3 220)**
Long-term interest-bearing borrowings	**-**	**(2 059 866)**	**(2 059 866)**
Long-term lease liability	**-**	**(559)**	**(559)**
Trade and other payables**	**-**	**(464 557)**	**(464 557)**
Current portion of long-term debt	**-**	**(2 416 167)**	**(2 416 167)**
Current portion of lease liability	**-**	**(372)**	**(372)**
	(3 220)	**(4 941 521)**	**(4 884 918)**

	Carried at fair value R'000	Amortised cost# R'000	Total R'000
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)

* *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 2023.*

\# *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.*

** *Included in trade and other payables is R300 million 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 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.

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 alongside.

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 wellbeing of the South African economy
- The nature, sustainability and current performance of a tenants business
- The impact of the ongoing war between Russia and Ukraine
- 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 R351,8 million (2022: R400,2 million), of which R84,6 million (2022: R105,6 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.

31. 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; 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 R567 million (2022: R435,0 million).

Please refer to note 28 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. 75,6% (2022: 70,8%) of interest-bearing borrowings were economically hedged at 31 March 2023, for a weighted average period of 2 years (2022: 2,3 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 R'000	1 to 2years R'000	2 to 5 years R'000	Total R'000
31 March 2023				
Non-current liabilities				
Borrowings	**2 545 125**	**1 256 123**	**1 318 890**	**5 120 138**
Lease liabilities	**-**	**559**	**-**	**559**
Derivatives	**13 200**	**25 415**	**64 400**	**103 015**
Current liabilities				
Trade and other payables	**468 062**	**-**	**-**	**468 062**
Lease liabilities	**372**	**-**	**-**	**372**
	3 026 759	**1 282 097**	**1 383 290**	**5 692 146**

	Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000
31 March 2022					
Non-current liabilities					
Borrowings	679 837	3 284 889	942 374	274 914	5 182 014
Derivatives	32 557	709	207	-	33 473
Current liabilities					
Trade and other payables	492 051	-	-	-	492 051
Lease liabilities	353	758	-	-	1 111
	1 204 798	3 286 356	942 581	274 914	5 708 649

* *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 2023, 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 2023. The loan-to-value of Accelerate at 31 March 2023, as measured in accordance with lending arrangements, is 44,8% (2022: 42,8%). The interest cover ratio is 1,8x (2022: 2,1x) with the covenant at 1,7x (2022: 2,0x). The relaxed covenant level was granted to APF by its funders in the financial period and discussions are currently underway to extent these levels.*

Going concern

The preparation of consolidated financial statements in accordance with IFRS requires that the consolidated financial statements be prepared on the underlying assumption that the Group is a 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 (LTV) and interest cover ratios (ICR) and a forecasted cash flow for the next 12 months.

The Group had a strong LTV of 44,8% in comparison to 42,8% in the prior financial year. This ratio is well below the covenants set by the debt funders of 50%. The Group had an ICR of 1.8 times in comparison to 2.1 in the prior financial year. The Group's ICR is above the covenant set by the debt funders of 1.7 times.

The Group reported a net loss of R601 million for the 2023 reporting period. This loss is mainly attributed to the negative fair value adjustments on its investment property. After adjusting for the negative fair value adjustment of R745 million the group had a profit of R144 million. The forecasted cash flow had a positive cash generation from its operations during the period forecasted as well as the settlement of interest as and when it falls due. All interest due and payable during the financial year ended 31 March 2023 was settled. The Group had a positive net asset value of R5,35 billion as at 31 March 2023 (2022: R5,95 billion).

Liquidity plan

The Group's current liabilities of R2,9 billion (2022: R1,2 billion), exceeded its current assets of R1,1 billion (2022: R905 million) and non-current assets held for sale of R292 million (2022: R147 million) by R1,5 billion (2022: R148 million) at 31 March 2023. This is mainly due to the debt expiry profile of the Group's funding.

Some of the key assumptions and judgements applied by management in the forecasted cash flow and liquidity are:

- Continued support from the Group's funders including the refinancing of debt as it reaches expiry date. As of July 2023 the Group:
  - Has refinanced debt at expired dates post year end to the value of R209 million as per note 32, this equates to 9% of the current portion of debt;
  - Is in advanced negotiations with funders to refinance debt as they reach expiry, currently 53% of the current portion of debt is considered in advance negotiations; and
  - Has obtained extension of the current relaxed LTV (50%) and ICR (1,7x) covenant levels for another two reporting periods to and including 31 March 2024.
- Has access to liquidity including undrawn debt facilities of R218 million (2022: R223 million) at 31 March 2023;
- Will generate proceeds from non-core property disposals including non-current assets held for sale at 31 March 2023 to the value of R292 million, reducing the debt level and interest payable; and
- To reduce vacancies at core properties the Group has appointed a new head of leasing to implement a detailed leasing plan and improved trading environment and optimal tenant mix.

Recoverability of the related party receivable

The recoverability of the related party receivable through the asset acquisitions and cash settlement were approved by the Accelerate board and are subject to shareholder approval. The Group is expected to realise a minimum of R100 million in cash through the conclusion of the contemplated settlement.

- The recoverability of related party receivables (refer note 28), is to be recovered;
  - Partly in cash; and
  - Partly through the acquisition of assets from the related party.

Management constantly monitors cash flows and liquidity with oversight from the board. The board of directors have therefore concluded that the group has adequate liquidity to continue operating for the foreseeable future and that it is appropriate to apply the going concern basis in the preparation of the consolidated financial statements.

31. Financial risk management *(continued)*

Debt covenants

The Fund has also evaluated its ability to comply with debt covenants for the 12 months ending 31 March 2024 and have concluded that debt covenants will be met taking into account:

- Out of the money swaps rolling off
- Extension of current covenant relief
- 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 coordinated 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 2023, after taking into account the effect of interest rate swaps, 75,96% 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.

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)
2023		
Jibar (three month)	**100**	**(10 760)**
Jibar (three month)	**(100)**	**10 760**
	-	**-**
2022		
Jibar (three month)	100	(13 800)
Jibar (three month)	(100)	13 800
	-	-

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.

Tenant receivables

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 only collateral that is held by Accelerate as security for credit risk is deposit payments by tenants upon entering into a lease. For further details refer to note 17. Tenants are usually required to provide one month's rental as a deposit.

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.

32. Events after the reporting period

Investment property sales post year-end

The sales of Ford Fourways was concluded on 22 June 2023. Refer to note 4 for further details.

Debt refinances post year-end

The following debt facilities at 31 March 2023 have been refinanced post year-end.

The expiry dates of the below facilities were extended as the overall comprehensive refinance process is still underway.

	Nominal amount R'000	Margin - linked to 3-month Jibar	Expiry date before renewal	New expiry date
RMB	**55 861**	**3M Jibar +300bps**	**2023/05/01**	**2023/07/31**
Investec	**153 395**	**3M Jibar +300bps**	**2023/06/12**	**2023/09/12**

33. 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 2023 and 31 March 2022. 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 44,8%. 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 Listings Requirements. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

The interest cover ratio is 1,8x (2022: 2,1x) with the covenant at 1,7x (2022: 2,0x). The relaxed covenant level was granted to APF by its funders in the financial period and discussions are currently underway to extent these levels. For another two reporting periods. The improvement of LTV and ICR ratios is key to ensure that Accelerates current credit rating is maintained/improved.

34. Discontinued operations

	2023 R'000	2022 R'000
Revenue, excluding straight-line rental adjustment and COVID-19 rental relief	-	95 904
Revenue	-	95 904
Realisation of foreign currency translation reserve	-	82 348
Property expenses	-	(37 213)
Liquidation expenses	(7 079)	-
Operating profit	(7 079)	141 039
Finance costs	-	(18 525)
Fair value adjustments	-	(64 884)
Loss before taxation	(7 079)	57 630
Taxation	-	-
Loss for the year from continuing operations	**(7 079)**	57 630

On 18 November 2021, Accelerate publicly announced the decision by the board to dispose of the European property portfolio (APFE). The disposal of which full terms were announced on 22 November 2021 was 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 discontinued 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 received was R792 million, after the takeover of the Erste bank loan and lease liability. The portion of actual cash received by APFE was R634 million less sales commission of R23 million. The portion of cash and cash equivalents included in the sale was R13 million.

The net cash flows incurred by Accelerate Property Fund Europe are, as follows:

	2023 R'000	2022 R'000
Operating	2 275	51 085
Investing	-	1 442 476
Financing	-	(864 086)
Total	**2 275**	629 475

35. Property portfolio

35.1 Sectoral summary

		Total	Retail	Office	Industrial
Number of properties	**2023**	**29**	**13**	**15**	**1**
	2022	34	15	16	4
Average escalation (%)	**2023**	**7,6**	**7,6**	**7,7**	**6,6**
	2022	7,0	7,0	7,2	6,8
Weighted average lease period (years)	**2023**	**3,3**	**2,5**	**4,2**	**–**
	2022	3,9	3,5	5,2	3,3

35.2 Vacancies

Vacancies were reduced through the sale of vacant non-core properties as well as a focused leasing strategy.

Actual vacancy profile per sector as of 31 March 2023*

		Total	Retail	Office	Industrial
2023	**Vacancy %**	**16,4**	**7,5**	**31,0**	**100,0**
2022	Vacancy %	21,2	8,9	31,6	64,6

* *Vacancy by revenue is 7,10%, this is lower than the vacancy by GLA due to the B- and C-grade, low rental per m² nature of the majority of vacancies.*

35.3 Retail

Building	Region	GLA (m²)	Net rental per m²	Fair value 31 March 2023 (R)	Value of bulk included in fair value (R)
Fourways Mall (50%)	Gauteng	88 785	262	**4 017 487 997**	190 795 799
Cedar Square Shopping Centre	Gauteng	44 210	93	**841 720 819**	202 235 000
Eden Meander	Western Cape	31 136	105	**521 696 598**	29 507 316
BMW Fourways	Gauteng	7 857	178	**291 107 610**	81 810 000
The Buzz Shopping Centre	Gauteng	14 148	105	**282 797 136**	85 114 000
Bela-Bela	Limpopo	15 991	69	**132 052 183**	-
The Leaping Frog	Gauteng	11 153	93	**125 000 000**	-
Waterford	Gauteng	6 868	87	**84 472 307**	-
FORD Fourways	Gauteng	6 763	95	**77 000 000**	-
Cherry Lane	Gauteng	11 428	47	**65 000 000**	-
Edgars Polokwane	Limpopo	4 504	76	**41 061 916**	-
Valleyview Centre	Gauteng	2 012	96	**28 849 457**	-
Beacon Isle	Gauteng	2 080	109	**27 274 686**	-
Total		**246 935**		**6 535 520 712**	**589 462 115**

35. Property portfolio *(continued)*

35.4 Office

Building	Region	GLA (m²)	Net rental per m²	Fair value 31 March 2023 (R)	Value of bulk included in fair value (R)
Portside	Western Cape	25 253	167	**724 420 240**	-
KPMG Crescent	Gauteng	20 096	239	**693 200 000**	-
CITI bank	Gauteng	12 431	159	**491 900 000**	200 000 000
Oceana House	Western Cape	7 254	175	**168 000 000**	-
73 Hertzog	Western Cape	5 470	100	**110 600 000**	33 200 000
Pri-movie Park	Gauteng	17 177	49	**101 699 461**	-
Thomas Pattullo Building	Western Cape	6 084	103	**83 546 998**	-
1 Charles Crescent	Gauteng	15 547	34	**63 525 456**	-
99 – 101 Hertzog Boulevard	Western Cape	3 620	109	**51 078 465**	-
Mustek (89 Hertzog Boulevard)	Western Cape	4 500	72	**41 000 000**	-
KPMG Polokwane	Limpopo	1 481	190	**37 550 994**	-
9 Charles Crescent	Gauteng	4 298	55	**28 361 605**	-
Brooklyn Place	Gauteng	3 239	65	**25 400 000**	-
KPMG Secunda	Mpumalanga	835	162	**18 035 406**	-
ABSA Brakpan	Gauteng	2 800	12	**3 468 195**	-
Total		**130 085**		**2 641 786 821**	**233 200 000**

35.5 Industrial

Building	Region	GLA (m²)	Net rental per m²	Fair value 31 March 2023 (R)	Value of bulk included in fair value (R)
10 Charles Crescent	Gauteng	3 343	61	**24 503 799**	-

Appendix: Distribution per share

Distribution per share	2023 R'000	2022 R'000
Final distribution for the year ended 31 March 2023		
(Loss)/profit attributable to equity holders of the parent	**(601 342)**	61 984
Add/(less): straight-line rental revenue adjustment	**23 950**	(50 249)
Add/(less): Fair value adjustments on investment property and derivative financial instruments	**744 583**	(11 035)
Less: Realisation of foreign currency translation reserve	**-**	(82 348)
(Less)/add: Unrealised losses	**(7 660)**	21 262
Add: Fourways Mall rebuilt fair value adjustment	**-**	300 000
Other deductible items not distributed	**(102 691)**	(29 087)
Distributable income	**56 840**	210 527
Less: Capital retention	**(56 840)**	-
Income distributed	**-**	210 527
Shares qualifying for distribution	**1 295 868 398**	957 789 641
Final distribution (cents)	**–**	21,98051

Distribution per share is used as a measure for trading statement purposes by Accelerate Property Fund.

Our company overview | Year in review | Leadership review | Material themes and focus areas | Our business drivers | Our portfolio | Sustainability in action | Governance | Annual financial statements

Appendix: About this report

Reporting boundary

This report enables us to share our business strategy and our activities to 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 2022 to 31 March 2023. This report includes the Fund's management and subsidiaries in South Africa – as outlined in our group structure on page 115.

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

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.

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 and risks 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 IV Report on Corporate Governance™ for South Africa, 2016 (King IV™)*
- Companies Act, 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 page 110.

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, several 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 because 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: +27 (0)82 480 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 2023 integrated report for publication.

Mr TT Mboweni Chairperson	**Mr Abri Schneider** Joint CEO	**Mr Dawid Wandrag** Joint CEO
18 July 2023	18 July 2023	18 July 2023

Corporate information

Accelerate Property Fund Ltd

(Incorporated in the Republic of South Africa)
(Registration number 2005/015057/06)
Share code: APF
ISIN: ZAE000185815
Bond company code: APF
(Approved as a REIT by the JSE)

Nature of business and principal activities

Buying, letting, managing, developing and selling of properties

Registered office and business address

Cedar Square Shopping Centre
Management Office, 1st Floor,
Corner Willow Avenue and Cedar Road,
Fourways 2055, South Africa
Tel: +27 (0)10 001 0790
Web: www.acceleratepf.co.za

Directors

TT Mboweni
MN Georgiou
K Madikizela
AM Mawela
AM Schneider
JWA Templeton
JF van der Merwe
DJ Wandrag

Contact details

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Email: abri@acceleratepf.co.za

Joint CEO: Dawid Wandrag
Email: dawidw@acceleratepf.co.za

Interim CFO and Debt Officer: Pieter Grobler
Email: pieter@acceleratepf.co.za

Company secretary

Margi Pinto
Email: margi@acceleratepf.co.za

Investor relations

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Morné Reinders
Email: morne@articulatepartners.com
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Tel: +27 (0)11 370 5000
Email: proxy@computershare.co.za
Fax: +27 (0)11 688 2238

Equity sponsor

The Standard Bank of South Africa Ltd
(Registration number 1962/000738/06)
30 Baker Street, Rosebank 2196, South Africa
PO Box 61344, Marshalltown 2107, South Africa
Tel: +27 (0)11 721 6125

Debt sponsor

Rand Merchant Bank, a division of FirstRand Bank Ltd
(Registration number 1929/001225/06)
1 Merchant Place, Corner Rivonia Road and
Fredman Drive, Sandton 2196, South Africa
PO Box 786273, Sandton 2146, South Africa
Tel: +27 (0)11 282 8000

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Chartered Accountants (SA)
Registered Auditors
102 Rivonia Road, Sandton,
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Tel: +27 (0)11 772 3000

Internal auditors

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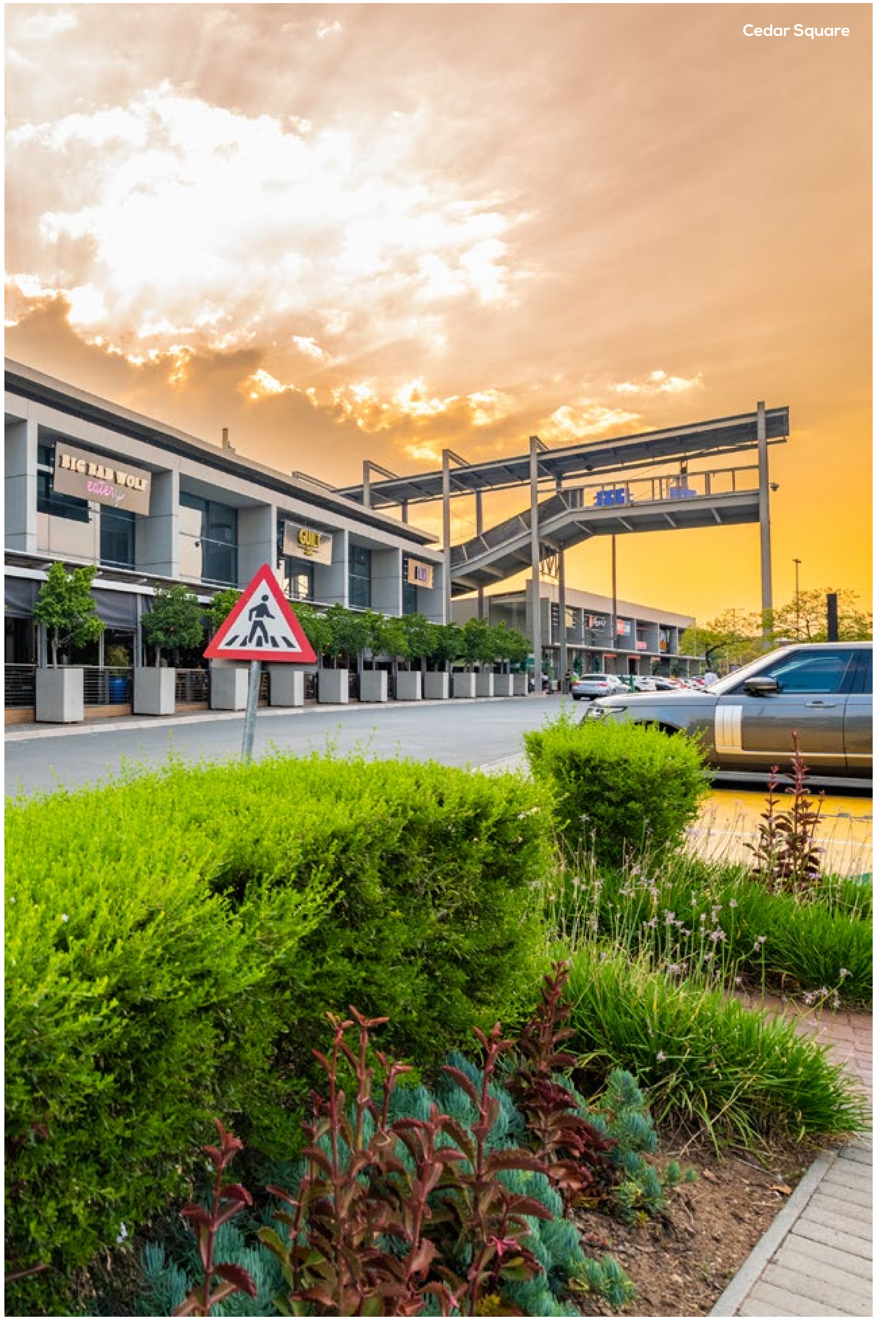

Cedar Square