Accelerate Property Fund Limited
(Registration number 2005/015057/06)
Audited annual separate financial statements
for the year ended 31 March 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Buying, letting, managing, developing and selling of property
Directors	Mr A Costa - Resigned 31 March 2023 Mr A Schneider - Appointed as Joint CEO on 1 April 2023 Mr DJ Wandrag - Appointed as Joint CEO on 1 April 2023 Mr TT Mboweni Mr JF van der Merwe Ms K Madikizela Mr AM Mawela Mr JWA Templeton Mr MN Georgiou Mr D Kyrikides - Retired 31 March 2023
Registered office	Cedar Square Shopping Centre, Management Office, 1st Floor Cnr Willow Ave and Cedar Road Fourways Johannesburg 2055
Business address	Cedar Square Shopping Centre, Management Office, 1st Floor Cnr Willow Ave and Cedar Road Fourways Johannesburg 2055
Auditors	Ernst & Young Inc. Chartered Accountants (SA) Registered Auditors 102 Rivonia Road Sandton Johannesburg 2196
Secretary	Ms MMC Pinto

Contents

The reports and statements set out below comprise the audited annual separate financial statements presented to the shareholders:

Preparer

Mr PA Grobler CA(SA)
Interim Chief Financial Officer

Published

19 July 2023

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

Report of the Audit and Risk Committee

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

Report of the Audit and Risk Committee

- 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' Responsibility Statement and CEO and CFO's Responsibility Statement

Each of the directors of Accelerate Property Fund (the "Directors" / “board”), whose names are stated below, hereby confirm that adequate accounting records are maintained by Accelerate and are responsible for the content and integrity of the audited annual separate financial statements and related financial information included in this report.

The audited annual separate financial statements 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 JSE Limited ('JSE') Listings Requirements and is 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 Accelerate. No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at ensuring that material information relating to Accelerate have been provided to effectively prepare the annual financial statements of Accelerate. 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 Accelerate 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 and Risk 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 company’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 company 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 company 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 company will be solvent and liquid and the directors are confident in the ability of the company to continue as a going concern in the year ahead. The directors have therefore concluded that the company has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the separate financial statements.

Debt covenants

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

- Out of the money swaps rolling off.
- Current non-core asset sales pipeline.
- Recoverability of receivables.
- Additional covenant relief under negotiation.

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 company.

External auditors

The external auditors are responsible for independently auditing and reporting on the company's audited annual separate financial statements. The audited annual separate financial statements have been examined by the company's external auditors and their report is presented on pages 10 to 14.

The audited annual separate financial statements set out on pages 17 to 74, which have been prepared on the going concern basis, were approved by the board on 18 July 2023 and were signed on their behalf by:

Approval of financial statements

Mr A Schneider	**Mr PA Grobler**
Chief Executive Officer	**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 company has lodged with the Commissioner all such returns as are required of a private 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

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Independent Auditor's Report

To the Shareholders of Accelerate Property Fund Limited

Report on the Audit of the Audited Annual Separate Financial Statements

Opinion

We have audited the audited annual separate financial statements of Accelerate Property Fund Limited ("the company"), set out on pages 17 to 74, which comprise the separate statement of financial position as at 31 March 2023, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the audited annual separate financial statements, including a summary of significant accounting policies.

In our opinion, the audited annual separate financial statements present fairly, in all material respects, the separate financial position of the company as at 31 March 2023 and its separate financial performance and separate 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 Audited Annual Separate Financial Statements section of our report. We are independent of the company 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 company 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 company 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 audited annual separate financial statements of the current period. These matters were addressed in the context of our audit of the audited annual separate 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 audited annual separate 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 audited annual separate 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 audited annual separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
<u>Valuation of investment properties</u> 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 73,1% (2022: 76,6%) of the total assets of the Company at a fair value of R7.96 billion (2022: R8.81 billion). The Company'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 audited annual separate 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 audited annual separate financial statements. • We assessed the appropriateness of the disclosures included in the audited annual separate 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 74-page document titled "Accelerate Property Fund Limited Audited Annual Separate Financial Statements for the year ended 31 March 2023", which includes the Audit Committee's Report, the Directors' Report and the Certificate by Company Secretary as required by the Companies Act of South Africa. The other information does not include the audited annual separate financial statements and our auditor's reports thereon.

Our opinion on the audited annual separate 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 audited annual separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the audited annual separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Audited Annual Separate Financial Statements

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

In preparing the audited annual separate financial statements, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Audited Annual Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the audited annual separate 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 audited annual separate 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 audited annual separate 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 company'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 company'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 audited annual separate 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the audited annual separate financial statements, including the disclosures, and whether the audited annual separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 related safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the audited annual separate 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.

Building a better working world

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.

DocuSigned by:

Ernst + Young Inc

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Ernst & Young Inc
Director – Gerhardus J van Deventer
Registered Auditor
Chartered Accountant (SA)

19 July 2023

Directors' Report

The directors take pleasure in submitting their report on the audited annual separate financial statements of Accelerate Property Fund Limited for the year ended 31 March 2023.

1. Review of financial results and activities

The audited annual separate financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 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 JSE listings requirements. The accounting policies have been applied consistently compared to the prior year, unless otherwise stated.

2. Share capital

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

	2023	2022	2023	2022
Issued	R'000	R'000	Number of shares	
Ordinary shares	5 431 206	5 193 781	1 340 323 952	1 001 704 561

Of the 1 340 323 952 Accelerate shares in issue at 31 March 2023, 926 078 237 (69.1%) shares are publicly held and 414 245 715 (30.9%) shares are held by directors/former directors as indicated below. At 31 March 2023 there are 25 089 public shareholders.

Major shareholders	**Number of shares**	**% holding**
I-Group Holdings	416 383 467	31,07 %
MN Georgiou (Indirect)	390 407 518	29,13 %
Golden Brics Investments	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 13 of the audited annual separate financial statements for detail of the movement in authorised and issued share capital.

Shares are held by directors as tabled below:

Directors' direct/indirect interest in the shares of the company 31 March 2023			
Michael 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	**30,91 %**	

Directors' Report

. Share capital (continued)

Directors' direct/indirect interest in the shares of the company 31 March 2022			
Michael Georgiou *	295 427 161 shares	29,48 %	Indirect holding
Andrew Costa	6 171 184 shares	0,62 %	Direct holding
Dimitri Kyriakides	928 772 shares	0,09 %	Direct holding
Dawid Wandrag	500 000 shares	0,05 %	Indirect holding
	303 027 117	**30,24 %**	

* Pledged as security to his funders of Fourways Mall.

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

3. Directorate

The directors in office at the date of this report are as follows:

Mr Tito Mboweni	Chairperson	Non-executive Independent	
Mr A Schneider	Joint Chief Executive Officer	Executive	Appointed 1 April 2023
Mr Dawid Wandrag	Joint Chief Operating Officer	Executive	
Mr Dimitri Kyriakides	Chief Financial Officer	Executive	Retired 31 March 2023
Ms Kolosa Madikizela	Non-executive	Non-executive Independent	
Mr Abel Mawela	Non-executive	Non-executive Independent	
Mr James Templeton	Non-executive	Non-executive Independent	
Mr Derek van der Merwe	Non-executive	Non-executive	
	Executive	Executive	

4. Auditors

Ernst & Young Inc. continued in office as auditors for the company for the year ending 31 March 2023.

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

5. Secretary

The company secretary as from 1 May 2020 is Ms MMC Pinto.

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

Separate Statement of Financial Position as at 31 March 2023

	Notes	2023 R'000	2022 R'000
Assets			
Non-Current Assets			
Property, plant and equipment	2	259	330
Right-of-use assets	3	810	1 059
Investment property	4	7 668 726	8 663 496
Derivatives	8	36 682	38 693
Investments in subsidiaries	9	866 476	965 414
Loans to group companies	10	807 847	726 206
		9 380 800	**10 395 198**
Current Assets			
Loans to group companies	10	9 814	55 804
Trade and other receivables	7	1 117 448	854 594
Derivatives	8	52 855	3 848
Cash and cash equivalents	11	34 441	46 404
		1 214 558	**960 650**
Non-current assets held for sale and assets of disposal groups	12	292 400	147 000
Total Assets		**10 887 758**	**11 502 848**
Equity and Liabilities			
Equity			
Share capital	13	5 431 206	5 193 781
Reserves		-	13 147
Retained income		(21 739)	787 115
		5 409 467	**5 994 043**
Liabilities			
Non-Current Liabilities			
Loans from group companies		1 450	-
Lease liabilities	3	559	758
Borrowings	14	2 059 866	3 926 441
Derivatives	8	1 714	763
		2 063 589	**3 927 962**
Current Liabilities			
Trade and other payables	15	484 212	499 158
Loans from group companies	10	512 445	413 464
Lease liabilities	3	372	353
Borrowings	14	2 416 167	647 807
Derivatives	8	1 506	20 061
		3 414 702	**1 580 843**
Total Liabilities		**5 478 291**	**5 508 805**
Total Equity and Liabilities		**10 887 758**	**11 502 848**

Separate Statement of Profit or Loss and Other Comprehensive Income

	Notes	2023 R'000	2022 R'000
Revenue, excluding straight-line rental revenue adjustment and COVID-19 rental relief	16	782 456	793 948
Straight-line rental revenue adjustment	16	(16 527)	62 970
COVID-19 rental relief	16	(15 348)	(35 127)
Revenue		**750 581**	**821 791**
Other income	17	50 957	47 09
Unrealised gains	18	6 210	102 095
Property expenses	19	(310 284)	(293 188)
Operating expenses	20	(79 844)	(62 499)
Expected credit (losses)/recoveries on trade receivables	7	21 105	47 116
Expected credit losses on related parties	10	11 031	(148 173)
Operating profit		**449 756**	**514 241**
Finance income calculated using the effective interest method	21	101 748	102 243
Finance costs	22	(374 816)	(363 910)
Fourways Mall rebuilt fair value adjustment	23	-	(300 000)
Fair value adjustments	23	(771 857)	(119 962)
Loss before taxation		**(595 169)**	**(167 388)**
Taxation	24	-	-
Loss for the year		**(595 169)**	**(167 388)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(595 169)**	**(167 388)**

Separate Statement of Changes in Equity

	Share capital	Other reserves	Retained income	Total equity
	R'000	R'000	R'000	R'000
Balance at 01 April 2021	**5 182 499**	**23 928**	**954 503**	**6 160 930**
Loss for the year	-	-	(167 388)	(167 388)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(167 388)**	**(167 388)**
Transfer between reserves	11 282	(11 282)	-	-
Conditional share plan reserve (note 31)	-	501	-	501
Total contributions by and distributions to owners of company recognised directly in equity	**11 282**	**(10 781)**	**-**	**501**
Balance at 01 April 2022	**5 193 781**	**13 147**	**787 115**	**5 994 043**
Loss for the year	-	-	(595 169)	(595 169)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(595 169)**	**(595 169)**
Issue of shares (in terms of conditional share plan)	17 147	(17 147)	-	-
Distribution Paid - Cash	-	-	(38 157)	(38 157)
Distibution Paid - Dividend reinvestment	175 528	-	(175 528)	-
Issue of shares - Rights issue	44 750	-	-	44 750
Conditional share plan	-	4 000	-	4 000
Total contributions by and distributions to owners of company recognised directly in equity	**237 425**	**(13 147)**	**(213 685)**	**10 593**
Balance at 31 March 2023	**5 431 206**	**-**	**(21 739)**	**5 409 467**
Note(s)	13	13.2		

Separate Statement of Cash Flows

	Notes	2023 R'000	2022 R'000
Cash flows from operating activities			
Cash generated from operations	25	337 797	200 281
Interest income		2 022	2 841
Dividends received		-	44 199
Dividends Paid		(38 157)	-
Net cash from operating activities		**301 662**	**247 321**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(53)	(350)
Purchase of investment property		(34 527)	(44 147)
Sale of investment property	4	146 700	-
Loans advanced to group companies		(125 392)	(47 254)
Loans repaid by group companies		188 724	-
Proceeds on disposal of APFE operations		-	599 607
Proceeds from disposal of investment property and assets held for sale		-	92 000
Net cash from investing activities		**175 452**	**599 856**
Cash flows from financing activities			
Proceeds on share issue	13	44 750	-
Borrowings raised	14	810 000	1 612 914
Borrowings repaid	14	(917 648)	(2 049 692)
Capital payment on lease liabilities		(349)	(263)
Finance cost paid		(425 830)	(369 546)
Net cash from financing activities		**(489 077)**	**(806 587)**
Total cash movement for the year		**(11 963)**	**40 590**
Cash at the beginning of the year		46 404	5 814
Total cash at end of the year	11	**34 441**	**46 404**

Accounting Policies

Corporate information

Accelerate Property Fund Limited is a public company incorporated and domiciled in South Africa.

The audited annual separate financial statements for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on Tuesday, 18 July 2023.

The consolidated audited annual financial statements is included in the 2023 Integrated Report available on the website.

1. Significant accounting policies

The audited annual separate financial statements 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 JSE Limited ('JSE') Listings Requirements. The audited separate 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.

- Reference to the Conceptual Framework - Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16
- Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37
- AIP IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as first-time adopter
- AIP IFRS 9 Financial Instruments - Fees in the '10 percent' 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.

Accounting Policies

1.3 Joint arrangements

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

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

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

Joint operations

The company recognises the following in relation to its interests in a joint operation:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

1.4 Significant judgements and sources of estimation uncertainty

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

IFRS 16 leases

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.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Acquisition of investment properties: asset acquisition or business combination

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

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

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

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 company 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 company prior to the Fourways Mall equalisation.
- The property management of Fourways Mall, as is the case with all investment properties owned by Accelerate, is provided by a third property management company and was not acquired with the property.

1.5 Investment property

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

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

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

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

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at 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.

Accounting Policies

1.5 Investment property (continued)

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 an acquisition 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.

1.6 Property, plant and equipment

Property, plant and equipment are tangible assets which the company 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 company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Subsequent measurement is at cost less accumulated depreciation and accumulated impairment losses.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company 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 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 company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and 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.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Office equipment	Straight line	6 years
Motor vehicles	Straight line	5 years
Furniture and fixtures	Straight line	5 years
IT equipment: server	Straight line	5 years
IT equipment	Straight line	3 years
Generator	Straight line	5 years

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively 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.

Accounting Policies

1.6 Property, plant and equipment (continued)

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.

1.7 Investments in subsidiaries

Investments in subsidiaries, joint ventures and associated companies are carried at fair value through profit and loss. On disposal of investments in subsidiaries the difference between disposal proceeds and the fair value of the investments are recognised in profit or loss.

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 profit or loss and other 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 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 (note 1.12).

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.

Accounting Policies

1.9 Financial instruments (continued)

Recognition and measurement

Initial recognition and measurement

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.

Subsequent measurement

For purposes of subsequent measurement, Accelerate's financial assets are classified in two categories:
- Financial assets at fair value through profit or loss (derivative financial instruments)
- Financial assets measured at amortised cost (rent and other trade receivables and cash and short-term deposits).

Financial assets at amortised cost

For purposes of subsequent measurement, Accelerate measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; 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.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments which Accelerate had not irrevocably elected to classify at fair value through other comprehensive income.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:
- Rent and other trade receivables Note 7,
- Financial instruments risk management objectives and policies Note 32.

Accelerate recognises an allowance for expected credit losses (ECLs) for all receivables held by Accelerate. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Accelerate expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held, deposits on hand and bank guarantees or other credit enhancements that are integral to the contractual terms.

Accounting Policies

1.9 Financial instruments (continued)

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 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 amortisation 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 14.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Accounting Policies

1.10 Leases

At inception of a contract, the company 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 company allocates the consideration in the contract to each lease component, on the basis of their relative standalone prices.

Company as lessee

The company 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 company is contractually required to dismantle, remove or restore the leased asset. The company 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 company is certain to exercise.

Separate statement of cash flows

The company 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 company.

Accelerate as lessor - operating leases

Operating lease income is recognised as income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

The company 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 company 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 company 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.

Accounting Policies

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.12 Revenue

Rental income

Accelerate is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other 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 profit or loss and other 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 company 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.

Accounting Policies

1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest is also capitalised on the purchase cost of a property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

1.14 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 distribution. 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 in 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.

Accounting Policies

1.14 Taxes (continued)

Accelerate is registered as a REIT, and as such will only pay tax on profits not distributed to shareholders.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

1.15 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 then 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.

Accounting Policies

1.16 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.

Accounting Policies

1.17 Other accounting policies

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.

Share capital

Ordinary shares are classified as equity.

1.18 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; and
- 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; and
  - when the plan will be implemented; and
- 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.

Accounting Policies

1.18 Provisions and contingencies (continued)

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 .

Notes to the Audited Annual Separate Financial Statements

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
Generator	175	(70)	105	175	(35)	140
Furniture and fixtures	567	(544)	23	567	(526)	41
Motor vehicles	622	(622)	-	622	(622)	-
Office equipment	31	(31)	-	31	(28)	3
IT equipment	756	(625)	131	703	(557)	146
Total	**2 151**	**(1 892)**	**259**	**2 098**	**(1 768)**	**330**

Reconciliation of property, plant and equipment - 2023

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Generator	140	-	(35)	105
Furniture and fixtures	41	-	(18)	23
Office equipment	3	-	(3)	-
IT equipment	146	53	(68)	131
	330	**53**	**(124)**	**259**

Reconciliation of property, plant and equipment - 2022

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Plant and machinery	-	175	(35)	140
Furniture and fixtures	125	-	(84)	41
Motor vehicles	59	-	(59)	-
Office equipment	9	-	(6)	3
IT equipment	13	175	(42)	146
	206	**350**	**(226)**	**330**

Other information

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

3. Leases (company as lessee)

Right-of-use asset (R'000)

Opening balance	1 059	-
IFRS 16 lease acquisition	-	1 246
Depreciation	(249)	(187)
	810	**1 059**

Notes to the Audited Annual Separate Financial Statements

	2023 R'000	2022 R'000

3. Leases (company as lessee) (continued)

Lease liabilities

Opening balance	1 111	-
IFRS 16 lease acquisition	-	1 246
IFRS 16 interest	169	128
Repayment	(349)	(263)
	931	**1 111**

The maturity analysis of lease liabilities is as follows:

Non-current liabilities	559	758
Current liabilities	372	353
	931	**1 111**

The lease liabilities relate to the rental of a CCTV security system at Cedar Square Shopping Centre. The incremental borrowing rate used by the lessee is prime + 7.12%.

There are no restrictive conditions in place on this lease.

Notes to the Audited Annual Separate Financial Statements

4. Investment property

Reconciliation of investment property - 2023 R'000

	Opening balance	Additions resulting from capitalised subsequent expenditure	Disposals	Classified as held for sale	Amortisation of tenant installations and leasing cost	Straight-Line rental adjustments	Fair value adjustments	Total
Investment property	8 663 496	58 116	(146 700)	(145 400)	(6 741)	(16 527)	(737 518)	7 668 726

Reconciliation of investment property - 2022 R'000

	Opening balance	Additions resulting from capitalised subsequent expenditure	Classified as held for sale	Straight-Line rental revenue adjustment	Fair value adjustments	Total
Investment property	8 765 255	340 106	(127 786)	62 970	(377 049)	8 663 496

*The entire portfolio of investment property is pledged as security for borrowings. For detailed borrowings please refer to note 14.

^Included in additions is R300 million relating to the additional capital expenditure claim from the developer. This is a non-cash transaction as a payable has been raised in relation to this amount, refer to note 15.

	2022 (R'000)	2021 (R'000)
Borrowing Cost Capitalised		
Nominal cost capitalised	8 232	3 379
Rate	11,25 %	8,10 %

4. Investment property (continued)

Investment properties

	Office R'000	Industrial R'000	Retail R'000	Total R'000
Balance as at 31 March 2022	1 319 269	190 538	7 153 689	8 663 496
Acquisitions/ improvements	9 484	303	48 328	58 115
Subtotal	1 328 753	190 841	7 202 017	8 721 611
Disposals	(55 200)	(58 000)	(33 500)	(146 700)
Non-current asset held for sale	(25 400)	-	(120 000)	(145 400)
Straight-line rental revenue adjustment	-	-	(16 527)	(16 527)
Fair value gain / (loss) on investment properties	(76 137)	2 054	(663 435)	(737 518)
Amortisation	(2 537)	(199)	(4 004)	(6 740)
Balance as at 31 March 2023	**1 169 479**	**134 696**	**6 364 551**	**7 668 726**

	Office R'000	Industrial R'000	Retail R'000	Total R'000
Balance as at 31 March 2021	1 275 943	204 970	7 284 342	8 765 255
Acquisitions/improvements	6 054	-	334 052	340 106
Subtotal	1 281 997	204 970	7 618 394	9 105 361
Non-current asset held for sale	-	-	(127 786)	(127 786)
Straight-line rental revenue adjustment	14 073	(10 669)	59 566	62 970
Fair value gain / (loss) on investment properties	23 199	(3 763)	(396 485)	(377 049)
Balance as at 31 March 2022	**1 319 269**	**190 538**	**7 153 689**	**8 663 496**

5. Fair value measurement of investment properties

Levels of fair value measurements

It is the policy of Accelerate to have every property valued by an external valuer on a three-year rotational basis as required by the JSE Listings Requirements. This means that each property Accelerate holds is externally valued at least every three years. The remaining investment properties held at the end of each reporting period are valued by Accelerate’s directors.

Each year the directors appoint an external valuer who is responsible for the external valuations of property for the annual financial statements. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. In addition, the directors are responsible for Accelerate’s internal property valuations. Internal methods are aligned with those used by external valuers.

At each reporting date, the directors analyse the movements in each property’s value. For this analysis, the directors verify 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.

The external valuations for the 31 March 2023 period has been 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.

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 property portfolio of Accelerate.

Discounted cash flow method

Notes to the Audited Annual Separate Financial Statements

5. Fair value measurement of investment properties (continued)

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 DJB Hoffman, accredited independent valuers, with a recognised and relevant professional qualification, 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.

Notes to the Audited Annual Separate Financial Statements

5. Fair value measurement of investment properties (continued)

Valuation techniques and inputs to 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	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	1 238 613	Income capitalisation/ DCF method	* ERV * Rental growth pa * Long-term vacancy rate	* 149,96 * 5% * 2,4%	7,90 %
Industrial	24 504	Income capitalisation/ DCF method	* ERV * Rental growth pa * Long-term vacancy rate	* R85,5 * 5.0% * 5.0%	10,00 %
Retail	6 698 009	.	* ERV * Rental growth pa * Long-term vacancy rate	* R230,13 * 5% * 2,4%	7,80 %
	7 961 126				

Class of property	Fair value as at 31 March 2022 R'000 #	Valuation technique	Key unobservable inputs	Weighted average of key unobservable inputs	Weighted average equivalent yield %
Office	1 477 238	Income capitalisation/ DCF method	* ERV * Rental growth pa * Long-term vacancy rate	* R195,43 * 5.2% * 3,6%	8,40 %
Industrial	147 035	Income capitalisation/ DCF method	* ERV * Rental growth pa * Long-term vacancy rate	* R57 * 5% * 5.0%	10,40 %
Retail	7 186 223	Income capitalisation/ DCF method	* ERV * Rental growth pa * Long-term vacancy rate	* R282,80 * 4,7% * 3,5%	7,70 %
	8 810 496				

Included in the above total are properties held for resale of R292 400 000 (2022: R147 000 000), R7 499 887 561 (2022: R8 478 131 575) of investment properties and R168 837 368 (2022: R185 364 425) of straight-line revenue adjustment.

Description and definitions

The above table includes the following descriptions and definitions relating to 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 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.

Discount rate

Discount rate is the rate used to discount the net cash flows generated from rental activities during the period of analysis (estimated up to 15 years).

COVID-19

The long term impact of COVID-19 on the above inputs is yet to be determined with certainty. Short term assistance given to tenants will not materially impact the valuation of investment property. The long term impact on rental levels, vacancies and discount rates cannot yet be determined with any degree of certainty.

Equivalent yield

The equivalent yield is defined as the internal rate of return of the cash flows from the property, assuming a rise to ERV at the next review, but with no further rental growth. The equivalent yield serves as a proxy for the capitalisation rate.

Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within level 3 of the fair value hierarchy of the entity's portfolios of investment property are:

- ERV
- Long-term vacancy rate
- Discount rate/ 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 portfolio is currently 16.4% (2022: 21.2%) vacant.

Rental growth

The rental growth rate assumption used to value investment property is a direct input into the discount rate used in a discounted cash flow valuation. Thus if the growth rate increases the discount rate also increases.

Property expenses

Property expenses included in valuations are done on a property by property basis taking into account location, property type and layout. Assumed increases of expenses are estimated on a line by line basis. The increase/decrease in property expenses would result in a decrease/increase in your estimated property value.

5. Fair value measurement of investment properties (continued)

Equivalent yield

Accelerate portfolio Equivalent yield – impact on fair value 31 March 2023	50 bps increase %	50 bps decrease %
Retail	(6,1)	6,9
Office	(5,9)	6,7
Industrial	(4,8)	5,3

Accelerate portfolio Equivalent yield – impact on fair value 31 March 2022	50 bps increase %	50 bps decrease %
Retail	(6,1)	7,0
Office	(5,6)	6,3
Industrial	(4,6)	5,1

Additional sensitivity analysis

31 March 2023 R'000	(Decrease) in fair value from a 6.5% increase in property expense	Increase in fair value from a 6.5% decrease in property expenses	Increase in fair value from a 7.00% increase in rental income	(Decrease in fair value from a 7.00% decrease in rental income	Increase in fair value from a 9.10% decrease in vacancy	(Decrease) in fair value from a 9.10% increase in vacancy
Industrial	(705)	705	2 475	(2 475)	3 216	(3 216)
Office	(48 647)	48 647	148 142	(148 142)	192 584	(192 584)
Retail	(198 167)	198 167	603 296	(603 296)	784 284	(784 284)
	(247 519)	**247 519**	**753 913**	**(753 913)**	**980 084**	**(980 084)**

31 March 2022 R'000	(Decrease) in fair value from a 4.55% decrease in property expenses	Increase in fair value from a 4.55% decrease in property expenses	Increase in fair value from a 6.20% increase in rental income	(Decrease) in fair value from a 6.20% decrease in rental income	Increase in fair value from a 7.20% decrease in vacancy	(Decrease) in fair value from a 7.20% increase in vacancy
Industrial	(4 601)	2 066	6 595	(9 129)	7 188	(9 723)
Office	(9 656)	15 800	46 079	(39 935)	23 839	(41 124)
Retail	(127 596)	161 756	484 228	(450 068)	362 407	(467 422)
	(141 853)	**179 622**	**536 902**	**(499 132)**	**393 434**	**(518 269)**

Notes to the Audited Annual Separate Financial Statements

6. Investments

Joint operations

The following joint operations are material to the company:

Joint operation	% 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 CEO, MN Georgiou.

Notes to the Audited Annual Separate Financial Statements

	2023 R'000	2022 R'000

7. Trade and other receivables

	2023 R'000	2022 R'000
Financial assets:		
Debtors including tenant receivables	352 479	313 153
Selling entity debtors	57 920	48 181
Related party receivables - note 29	328 782	299 807
Head lease receivable	237 916	135 471
Municipal deposits	20 877	14 950
Deposit: property acquisition	545	545
Dividend receivable	50 410	44 199
Sundry debtors	15 018	12 484
Expected credit loss (ECL)*	(87 001)	(108 106)
Accrued recoveries**	140 342	94 792
	1 117 288	855 476
Non-financial assets:		
Prepaid expenses	160	(882)
Total trade and other receivables	**1 117 448**	**854 594**

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.

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

**Included in accruals are amounts in the joint operation not yet invoiced as at year-end.

We have restated the trade receiveables note in the current period, due to expected credit lossess incorrectly being net off against the dentors including tenant receivable amounts. We also dissagregated this amount to split out the headlease in order to seperately disclose the headlease amount in the trade and other receivables note.

Effect of change in Debtors including tenant receivables:

	As previously stated	Effect of adjustment	As restated
Debtors including tenant receivables	340 518	-27 365	313 153
Headlease receivable	-	135 471	135 471
Expected credit loss	-	-108 106	-108 106

Effect of change in ECL:

	As previously stated	Effect of adjustment	As restated
Opening balance	109 109	108 106	217 215
Charge for the year	-47 116	-	-47 116
Reallocation of ECL to related parties	-61 993	-	- 61 993
Closing balance	-	108 106	108 106

Exposure to credit risk

Refer to note 32 Credit Risk of trade receivables, which explains how the company manages and measures credit quality of receivables.

	2023 R'000	2022 R'000

7. Trade and other receivables (continued)

Movement in ECL:	**2023**	**2022**
Opening balance	108 106	217 215
Charge for the year	(21 105)	(47 116)
Reallocation of ECL to related parties	-	(61 993)
Closing balance	**87 001**	**108 106**

Notes to the Audited Annual Separate Financial Statements

	2023 R'000	2022 R'000

8. Derivatives

Economic hedges

Interest rate swap

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 (hedging has not been applied for accounting purposes). Cash flows are expected to occur until December 2026 and will be recognised through profit or loss as and when incurred.

The aggregate fair value of the interest rate swaps at the end of the reporting period is positive R86 315 705 (2022: negative 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.

Reconciliation of the swap derivatives

	2023 R'000	2022 R'000
Opening balance value	21 717	(115 705)
Net changes in fair value through profit and loss	64 600	137 422
Closing balance	**86 317**	**21 717**

	2023 R'000	2022 R'000
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)
Total liabilities	(3 220)	(20 824)
	86 317	**21 717**

Notes to the Audited Annual Separate Financial Statements

9. Investment in subsidiaries

Name of company	Held by	% voting power 2023	% voting power 2022	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Parktown Crescent Properties (Pty) Ltd		100,00 %	100,00 %	100,00 %	100,00 %	552 896	565 423
Wanooka Properties (Pty) Ltd		100,00 %	100,00 %	30,00 %	30,00 %	167 584	172 776
Accelerate Property Fund B.V.		100,00 %	100,00 %	100,00 %	100,00 %	4 753	10 516
Pybus Sixty - Two (RF) (Pty) Ltd		100,00 %	100,00 %	100,00 %	100,00 %	141 243	216 699
Accelerate Treasury (Pty) Ltd		100,00 %	100,00 %	100,00 %	100,00 %	-	-
						866 476	965 414

*Parktown Crescent Properties owns 70% of Wanooka, therefore Wanooka is a wholly-owned subsidiary

All shareholding above are direct shareholding in the subsidiaries.

The fair value of the investment in subsidiaries is based on the net asset value of the subsidiary and is classified as level 3 in the fair value hierarchy. The key inputs in the valuation of the subsidiaries are the underlying properties in the subsidiaries which drive the value of the entity. Refer to Note 5 for the key inputs which derive the level 3 fair values for investment in subsidiaries. Accelerate Treasury's net asset value is driven by the share price of Accelerate Property Fund. Parktown Crescent Properties' value is based on its investment in Wanooka. Only Pybus and Wanooka hold investment properties, which drive their valuation. Please note both Pybus and Wanooka hold properties in the office segment, refer to note 5.

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 investment in subsidiaries are driven by the investment property and are as follows:

- ERV
- Long-term vacancy rate
- Discount rate/ yield.

Refer to the sensitivity analysis on the ERV and long-term vacancy rate in Note 5 for the impact on the fair value of subsidiaries.

Equivalent yield

Equivalent yield – impact on fair value 31 March 2023	**50 bps increase %**	**50 bps decrease %**
Wanooka	(5,6)	6,4
Pybus	(5,9)	6,7
Parktown Crescent Properties	(5,6)	6,4
Accelerate Treasury	-	-

Equivalent yield – impact on fair value 31 March 2022	**50 bps increase %**	**50 bps decrease %**
Wanooka	(5,5)	6,2
Pybus	(5,6)	6,3
Parktown Crescent Properties	(5,5)	6,2
Accelerate Treasury	-	-

The interest rates are presented in note 10.

Notes to the Audited Annual Separate Financial Statements

	2023 R'000	2022 R'000

10. Loans to group companies

Subsidiaries: non-current assets

	2023 R'000	2022 R'000
Intercompany loan: Wanooka Properties (Pty) Ltd *	442 438	396 344
Intercompany loan: Parktown Crescent Properties	34 026	61
Intercompany loan: Pybus Sixty-Two (RF) (Pty) Ltd ^	331 383	329 801
	807 847	**726 206**

* The loan to Wanooka Properties Proprietary Limited bears interest at a variable interest rate of 11.25% (2022: 16%) per annum.
^ The loan to Pybus Sixty-Two (RF) Proprietary Limited bears interest at a variable interest rate of 11.25% (2022: 7%) per annum.
> The loan to Accelerate Treasury bears interest at 0% (2022: 0%) per annum.
These loans have no fixed repayment period, and are repayable on demand.

The intercompany loans are net of ECL.

Subsidiaries: current assets

	2023 R'000	2022 R'000
Intercompany loan: Accelerate Treasury Proprietary Limited >	-	48 694
Intercompany loan: Pybus Sixty-Two (RF) (Pty) Ltd ^	9 814	7 110
	9 814	**55 804**

Subsidiaries: current liabilities

	2023 R'000	2022 R'000
Intercompany loan: Wanooka Properties (Pty) Ltd *	(508 518)	(411 219)
Intercompany loan: Parktown Crescent Properties	(2 206)	(2 245)
Intercompany Loan: Accelerate Treasury Proprietary Limited	(1 721)	-
Terms and conditions		
	(512 445)	**(413 464)**

Split between non-current and current portions

	2023 R'000	2022 R'000
Non-current assets	807 847	744 045
ECL adjustments	-	(17 839)
Non-current assets (net of ECL)	807 847	726 206
Current assets	229 368	268 552
ECL adjustments	(219 554)	(212 747)
Current assets (net of ECL)	9 814	55 804
Non -current liabilities	(512 445)	(413 464)
	305 216	**368 546**

	2023 R'000	2022 R'000
Movement in ECL:		
Opening balance	230 585	20 421
Charge for the year	(11 031)	148 173
Reallocation of ECL	-	61 991
Closing balance	**219 554**	**230 585**

Notes to the Audited Annual Separate Financial Statements

	2023 R'000	2022 R'000

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash held on call account	34 441	46 404

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: R235 million).

12. Non-current assets held for sale

As part of the main business of the company, Accelerate intends to sell non-core assets and utilise proceeds to either reduce debt or reinvest in the core portfolio. These properties are held in the books of Accelerate at fair value, based on the agreed selling price.

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

The Leaping Frog*	R125 000 000
Ford Fourways	R 77 000 000
Brooklyn Place	R 25 400 000
Cherry Lane	R 65 000 000

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

- The Leaping Frog R130 000 000
- Corporate Park R 17 000 000

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

Non-current assets held for sale		
Investment property	292 400	147 000

Notes to the Audited Annual Separate Financial Statements

	2023 R'000	2022 R'000

13. Share capital

13.1 Ordinary share capital

	2023	2022
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 2022	1 001 704 561	998 403 655
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	71 428 571	-
APF shares repurchased*	540 634	-
Total number of shares in issue at year end	**1 340 323 952**	**1 001 704 561**

*These shares were repurchased in 2018 and were not disclosed in the carrying value, the disclosure is done to retrospectively disclose the shares going forward.

	2023	2022
Issued		
Ordinary share capital of no par value (R'000)	5 193 781	5 182 499
Issue of shares (R'000)	237 425	11 282
	5 431 206	**5 193 781**

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; and
- the maximum discount permitted, in respect of vendor settlement, will be 5% of the weighted average trade price of the shares in question, measured over the 3 business days prior to the date of each issue of new shares, or the 3 business days prior to the date the directors resolve to issue such new shares or the 30 business days prior to the date the directors resolve to issue such new shares.

13.2 Other reserves

Share incentive reserve #	**2023 R'000**	**2022 R'000**
Opening balance	13 147	23 928
Movement in reserve	-	501
Shares vested	(13 147)	(11 282)
	-	**13 147**

Reserve for share options issued to directors and key management in terms of the conditional share scheme. Please refer to note 31.

Notes to the Audited Annual Separate Financial Statements

14. Borrowings

Total value of loans secured by investment property	2023 R'000	2022 R'000
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
Bank fees to be amortised over the remaining term of the debt	(12 876)	(29 551)
Total borrowings	4 476 033	4 574 248
Less: portion repayable within the next 12 months	(2 416 167)	(647 807)
Total non-current borrowings	**2 059 866**	**3 926 441**

Reconciliation of debt movements	2023 R'000	2022 R'000
Opening balance	4 574 248	5 011 152
Debt raised	810 000	1 612 914
Debt repayment	(917 648)	(2 049 692)
Bank fees to be amortised over the remaining term of the debt	9 433	(126)
Total borrowings	**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.

Accelerate 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 has shortcomings similar to 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.

14. Borrowings (continued)

14.1 Details of secured loans at 31 March 2023

	Tranche	Weighting	Debt amount R'000	Maturity date	Rate
RMB	T - Current	0,3 %	12 732	May 2023	Prime
RMB	HH - Current	0,1 %	3 332	May 2023	3M Jibar + 300 bps
RMB	FF	- %	-	May 2023	3M Jibar + 300 bps
RMB	CC - Current	2,0 %	87 500	August 2023	3M Jibar + 325 bps
RMB	EE - Current	2,6 %	115 806	August 2023	3M Jibar + 300 bps
RMB	AC - Current	3,1 %	140 649	November 2023	3M Jibar + 300 bps
RMB	J	1,1 %	50 000	May 2024	3M Jibar + 275 bps
RMB	O	4,1 %	182 407	May 2024	3M Jibar + 275 bps
RMB	N - Current	0,4 %	16 495	August 2023	3M Jibar + 325 bps
RMB	I - Current	10,2 %	458 004	November 2023	3M Jibar + 300 bps
RMB	M - Current	2,5 %	112 247	November 2023	3M Jibar + 300 bps
RMB	Share backed loan	2,4 %	106 833	September 2024	Prime + 115 bps
Ashburton	HH - Current	0,9 %	39 797	May 2023	3M Jibar + 300 bps
Ninety One	GG	5,5 %	245 000	December 2025	3M Jibar + 400 bps
Investec	011	1,5 %	66 605	February 2025	3M Jibar + 245 bps
Investec	005 - Current	3,4 %	153 396	June 2023	3M Jibar + 300 bps
Investec	013 - Current	1,3 %	60 000	August 2023	Prime
Investec	014 - Current	2,0 %	87 500	August 2023	Prime
Investec	010	2,9 %	116 088	March 2025	Prime - 0.25 bps
Investec	009	8,5 %	392 629	March 2025	Prime - 0.25 bps
DMTN	APF18	10,1 %	450 000	August 2025	3M Jibar + 300 bps
DMTN	APF19	7,3 %	325 000	March 2026	3M Jibar + 300 bps
DMTN	APF02U - Current	0,6 %	28 199	April 2023	3M Jibar + 300 bps
DMTN	APF03U - Current	0,5 %	22 567	April 2023	3M Jibar + 300 bps
DMTN	APF07 - Current	0,4 %	17 907	June 2023	3M Jibar + 210 bps
DMTN	APF09 - Current	3,7 %	165 815	July 2023	3M Jibar + 208 bps
DMTN	APF04U - Current	8,4 %	374 000	August 2023	3M Jibar + 300 bps
DMTN	APF14 - Current	5,6 %	250 000	September 2023	3M Jibar + 350 bps
DMTN	APF05U - Current	6,1 %	274 400	December 2023	3M Jibar + 300 bps
DMTN	APF16	3,0 %	134 000	August 2024	3M Jibar + 325 bps
Debt fees included above to be amortised over the remaining term of the debt			(12 875)		
Total borrowings - secured			**4 476 033**		

Details of interest rate swaps

	Notional amount R'000	Maturity	Fixed rate
RMB	200 000	March 2025	7,89 %
RMB	300 000	May 2025	7,74 %
RMB	300 000	September 2023	4,25 %
RMB	300 000	March 2024	5,05 %
RMB	300 000	May 2024	5,07 %
RMB	100 000	October 2024	5,66 %

Notes to the Audited Annual Separate Financial Statements

14. Borrowings (continued)

RMB	100 000	March 2025	5,57 %
RMB	100 000	October 2025	6,03 %
RMB	300 000	December 2025	5,18 %
RMB	150 000	December 2025	6,09 %
RMB	100 000	March 2026	6,08 %
RMB	100 000	October 2026	6,27 %
RMB	150 000	December 2026	6,36 %
Investec	200 000	November 2024	7,81 %
Investec	500 000	January 2026	7,43 %
Investec	200 000	October 2024	5,93 %
	3 400 000		

Notes to the Audited Annual Separate Financial Statements

14. Borrowings (continued)

14.2 Details of secured loans at 31 March 2022

	Tranche	Weighting	Debt amount R'000	Debt maturity date	Rate
RMB	W - Current	1,7 %	76 900	November 2022	3M Jibar + 255 bps
RMB	T	1,6 %	72 496	May 2023	Prime
RMB	HH	0,4 %	19 682	May 2023	3M Jibar + 300 bps
RMB	M	2,4 %	112 247	November 2023	3M Jibar + 310 bps
RMB	I	9,8 %	453 825	November 2023	3M Jibar + 300 bps
RMB	Unsecured Loan	2,3 %	106 833	September 2024	3M Jibar + 115 bps
RMB	FF	1,6 %	72 500	May 2023	3M Jibar + 300 bps
RMB	AC	3,0 %	140 649	November 2023	3M Jibar + 300 bps
RMB	J - Current	1,1 %	50 000	November 2022	3M Jibar + 275 bps
RMB	O	3,9 %	182 407	February 2023	3M Jibar + 275 bps
RMB	CC	1,9 %	87 500	August 2023	3M Jibar + 325 bps
RMB	EE	2,5 %	115 806	August 2023	3M Jibar + 300 bps
RMB	N	1,1 %	52 375	August 2023	3M Jibar + 325 bps
Investec	011 - Current	3,1 %	142 500	November 2022	3M Jibar + 245 bps
Investec	005	4,9 %	226 442	June 2023	3M Jibar + 300 bps
Investec	013	1,3 %	60 000	August 2023	Prime
Investec	014	1,9 %	87 500	August 2023	Prime
Investec	009	8,8 %	406 629	March 2025	Prime - 25 bps
Investec	010	2,8 %	127 508	March 2025	Prime - 0.25 bps
DMTN	APF02U	4,3 %	200 000	April 2023	3M Jibar + 300 bps
DMTN	APF03U	0,5 %	25 000	April 2023	3M Jibar + 300 bps
DMTN	APF04U	8,5 %	394 000	August 2023	3M Jibar + 300 bps
DMTN	APF05U	6,7 %	309 000	December 2023	3M Jibar + 300 bps
DMTN	APF06 - Current	2,0 %	90 000	August 2022	3M Jibar + 214 bps
DMTN	APF10 - Current	0,7 %	31 000	September 2022	3M Jibar + 195 bps
DMTN	APF15 - Current	1,6 %	75 000	February 2023	3M Jibar + 290 bps
DMTN	APF07	1,0 %	45 000	June 2023	3M Jibar + 210 bps
DMTN	APF09	3,9 %	182 000	July 2023	3M Jibar + 208 bps
DMTN	APF14	5,9 %	275 000	September 2023	3M Jibar + 350 bps
DMTN	APF 16	2,1 %	134 000	August 2024	3M Jibar + 325 bps
Ashburton	HH	0,9 %	40 000	May 2023	3M Jibar + 300 bps
Ninety One	GG	0,5 %	210 000	December 2025	3M Jibar + 300 bps
Debt fees included above to be amortised over the remaining term of the debt			(29 551)		
Total borrowings - secured			**4 574 248**		

Details of interest rate swaps	Notional amount R'000	Maturity	Fixed rate
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 %

Notes to the Audited Annual Separate Financial Statements

14. Borrowings (continued)

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		

Notes to the Audited Annual Separate Financial Statements

15. Trade and other payables

	2023 R'000	2022 R'000
Financial liabilities:		
Trade payables	39 668	39 111
Tenant deposits	30 035	29 678
Accrued expenses	50 514	63 504
Debtors in credit	23 932	26 817
FWM rebuilt claim#	300 000	300 000
	444 149	**459 110**
Non-financial liabilities:		
Dividend rejection	4	4
South African Revenue Services (Value Added Tax)	40 059	40 044
	484 212	**499 158**

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.

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.

16. Revenue

	2023 R'000	2022 R'000
Rental income	563 334	572 230
Parking	21 199	27 344
Sundry property income	3 204	5 984
Revenue before recoveries	587 737	605 558
Revenue from contracts with customers: recoveries	194 719	188 390
Revenue excluding straight-line rental revenue adjustment and COVID-19 rental relief	782 456	793 948
Straight-line rental revenue adjustment	(16 527)	62 970
Covid-19 rental relief #	(15 348)	(35 127)
Total revenue	**750 581**	**821 791**

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).

17. Other income

	2023 R'000	2022 R'000
Other income	275	2 372
Dividend income	50 410	44 199
Penalty income	271	528
	50 956	**47 099**

18. Unrealised (losses)/ gains

	2023 R'000	2022 R'000
Foreign exchange losses/(gains)	6 210	(60 209)
Financial guarantee	-	162 304
	6 210	**102 095**

Notes to the Audited Annual Separate Financial Statements

	2023 R'000	2022 R'000

19. Property expenses

	2023 R'000	2022 R'000
Cleaning	13 687	11 013
Centre manager's cost	1 169	1 274
Insurance	12 810	9 702
Security	33 953	31 863
Repairs & maintenance	15 431	14 322
Electricity	84 302	97 715
Rates and taxes	65 125	69 111
Sewerage	6 239	6 086
Water	9 855	10 321
Management fees - property	16 431	7 349
Other municipal expenses	10 399	7 985
Professional fees	11 344	3 470
Other property costs*	29 539	22 976
Property expenses	310 284	293 187
Less: recovered expenses	(194 719)	(188 390)
Net property expenses	**115 565**	**104 797**

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

20. Operating expenses

	2023 R'000	2022 R'000
Administration and management fees	349	-
Employee costs**	31 582	27 690
Auditor's remuneration	3 443	3 039
Licences	1 010	324
Bank charges	246	163
Telephone and fax	119	130
Printing and stationery	417	49
Subscriptions	1 553	790
Professional fees	13 418	29 243
Audit fees - internal audit	839	805
IT expenses	270	132
Other expenses*	26 598	134
Total other operating expenses	**79 844**	**62 499**

*Other expenses includes a R12million provision for loan restructure fees.

**R2 000 000 (2022: R502 396) of this expense relates to share based payments.

21. Finance income calculated using the effective interest rate method

	2023 R'000	2022 R'000
Interest income		
Interest from banks	2 022	1 033
Interest on intercompany loans	33 695	54 170
Interest on late payments from tenants	5 781	578
Interest from vendors	60 250	46 462
Total finance income	**101 748**	**102 243**

Notes to the Audited Annual Separate Financial Statements

	2023 R'000	2022 R'000

22. Finance costs

Borrowings	362 607	302 693
Net payment on swaps	11 752	60 781
Other interest expense	457	436
Total finance costs	**374 816**	**363 910**

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: 7.8%) per annum.

23. Fair value adjustments

Fourways Mall rebuilt fair value adjustment	-	(300 000)
Fair value gains (losses)		
Investment property (fair value model)	737 518	(77 049)
Gains on derivatives at fair value through profit or loss	(64 599)	137 422
Fair value adjustment on investment in subsidiaries	98 938	(180 335)
	771 857	**(119 962)**
	771 857	**(419 962)**

24. Taxation

Major components of the tax expense

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	(28,00)%	(28,00)%
Straight-line rental revenue adjustment	0,78 %	(4,42)%
Fair value adjustment	36,54 %	8,43 %
Fourways Mall rebuilt fair value adjustment	- %	21,08 %
Foreign exchange (loss)/gain	(0,29)%	4,23 %
Capitalised Interest	(0,39)%	(0,24)%
Financial guarantee	- %	(11,40)%
Foreign exchange realised	- %	3,33 %
Cross currency swap	- %	(2,19)%
Net provisions	(0,78)%	(6,55)%
Net letting commission	0,16 %	0,04 %
SARS penalty	- %	0,05 %
Tax loss brought forward	(2,67)%	(0,13)%
Qualifying distributions	- %	15,73 %
Amortisation of debt structuring fees	0,45 %	- %
Realised losses on settlement of financial guarantee	(5,80)%	- %
	- %	**- %**

Notes to the Audited Annual Separate Financial Statements

	2023 R'000	2022 R'000

25. Cash generated from operations

	2023 R'000	2022 R'000
Loss before taxation	(595 169)	(167 388)
Adjustments for:		
Depreciation and lease amortisation	7 040	7 645
Debt fee amortisation	9 670	11 288
Unrealised losses / (gains)	(6 210)	(102 095)
Dividends received (trading)	(50 410)	(44 199)
Interest income	(101 747)	(102 243)
Finance costs	374 816	363 910
Provision adjustment	14 792	-
Fair value losses	771 857	119 962
IFRS 16 Right of use asset depreciation	249	187
ECL adjustment on related parties	(11 031)	148 173
ECL adjustment on trade receivables	(21 105)	(47 116)
Share Incentive expense	-	(501)
Straight-Line rental revenue adjustment	16 527	(62 970)
Fourways Mall rebuilt fair value adjustment	-	300 000
Changes in working capital:		
Trade and other receivables	(120 740)	(64 902)
Trade and other payables	49 260	(159 470)
	337 797	**200 281**

26. Minimum contracted rental income

Minimum contracted rental income
Accelerate leases a number of retail, office and industrial properties under operating leases, which typically run for a period of one to 10 years. Contractual amounts due in terms of operating lease agreements

	2023 R'000	2022 R'000
Within one year	290 926	448 474
Between one and five years	539 222	861 578
More than five years	206 152	202 337
	1 036 300	**1 512 389**

27. Net asset value

	2023	2022
Shares in issue at the end of the year (number)	1 340 323 952	1 001 704 561
Net asset value (R'000)	5 409 467	5 994 043
Net asset value per share (R)	4,04	5,98

Notes to the Audited Annual Separate Financial Statements

	2023 R'000	2022 R'000

28. Capital Commitments

Authorised capital expenditure

Not yet contracted for and authorised by directors	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		
- first year	372	353
- second year	559	758
	931	**1 111**

The lease liabilities relate to the rental of a CCTV security system at Cedar Square Shopping Centre. The incremental borrowing rate used by the lessee is prime + 7.12%.

Notes to the Audited Annual Separate Financial Statements

	2023 R'000	2022 R'000

29. Related parties

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

Accelerate has the following holdings in subsidiaries:
Wanooka Properties Proprietary Limited - 30% 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

Related party balances

	2023 R'000	2022 R'000
Loan accounts - Owing (to) by related parties		
Wanooka Properties Proprietary Limited	(66 080)	(14 875)
Pybus Sixty-Two (RF) Proprietary Limited	341 197	336 911
Parktown Crescent Properties Proprietary Limited	31 820	(2 184)
Accelerate Treasury (Proprietary) Limited	(1 721)	48 694
Total loans to/(from) group companies - note 10	305 216	368 546
Amounts included in Trade receivable / (Trade Payable) regarding related parties		
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
	328 782	299 807
Fourways Mall 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 Management Agency	3 900	-
Fourways Mall rebuilt matter		
Azrapart (Proprietary) Limited	(300 000)	(300 000)
Financial Guarantee*	-	(162 304)

Notes to the Audited Annual Separate Financial Statements

	2023 R'000	2022 R'000

29. Related parties (continued)

*In order to retain and align key executive directors with shareholders, the group encourages the acquisition of shares by executive directors who did not have a material shareholding in the group. Consequently, in December 2016 an executive buy in structure was approved by shareholders and certain executive directors acquired Accelerate shares through special purpose vehicles (SPVs). The SPVs were funded through bank debt from RMB. The interest on bank debt accrued in the SPVs was to be serviced by the distributions received from Accelerate, and RMB had cession over these shares. The directors would only have an unconditional right to the shares in the SPVs once the bank debt had been settled. Accelerate provided guarantees to RMB for the performance of each SPVs obligations. The maximum liability Accelerate had under the guarantees was a 100% of the debt outstanding to the extent that amounts owing to RMB are not settled by the sale of the shares RMB has cession over. All guarantee obligations have now been settled.

Notes to the Audited Annual Separate Financial Statements

29. Related parties (continued)

Related party transactions

	2023 R'000	2022 R'000
Interest received from related parties		
Fourways Precinct (Proprietary) Limited	29 089	27 854
Michael Family Trust	10 471	10 019
Wanooka Properties (Proprietary) Limited	49 153	43 869
Accelerate Property Fund Europe B.V.	-	10 301
Pybus Sixty-Two (RF) (Pty) Ltd	25 550	19 959
Accelerate Property Management Fees		
Fourways Precinct (Proprietary) Limited	(2 533)	(2 795)
Accelerate Property Management Company (Proprietary) Limited	(348)	(5 700)
Letting Commission		
Fourways Precinct (Proprietary) Limited	-	(4 682)
Financial Guarantee	-	162 304
Rental Income		
Parktown Crescent Properties (Proprietary) Limited	14	14
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)
Dividends Received		
Wanooka Properties (Proprietary) Limited	10 410	13 347
Parktown Crescent (Proprietary) Limited	40 000	30 852

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

The following factors are taken into account when assessing the recoverability of related party balances due to the fund:

- Historical receipts and reduction of the related party balances outstanding;
- The nature and timing of current and potential future related party transactions;
- The financial ability of the related parties to settle their obligations on the future taking into account their cash flow, net asset value and security provided;
- The actual or expected operating results of the borrower;
- 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 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 of the below

transactions will be financed through the offset of amounts receivable by Accelerate at 31 March 2023 from entities

2023 R'000
2022 R'000

29. Related parties (continued)

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.

Notes to the Audited Annual Separate Financial Statements

	2023 R'000	2022 R'000

30. Directors' remuneration

The directors' remuneration figures below forms part of employee cost (refer to note 20).

	2023 R'000	2022 R'000
Short-term remuneration		
Executive directors		
AM Schneider	3 358	518
A Costa - Resigned 31/03/2023	6 623	4 923
D Kyriakides - Retired 31/03/2023	4 960	3 673
DJ Wandrag	3 800	5 800
Non-executive directors		
TT Mboweni	1 452	274
CG Cruywagen	-	-
TJ Fearnhead - Resigned 01/02/2022	208	668
JWA Templeton	525	75
K Madikizela	595	471
Prof F Viruly - Resigned 8/10/2021	-	225
G Cavaleros	-	-
A Mawela	605	466
M Georgiou	218	-
JF van der Merwe	887	530
Prescribed officers*		
PA Grobler	3 232	2 223

* PA Grobler & AM Schneider formed part of the executive committee and meet the definition of '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 officers on 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.

Director's direct/ indirect interest in the shares of the company 31 March 2023				
MN Georgiou	390 407 518	shares	29,13 %	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
Dawid Wandrag	12 061 307	shares	0,90 %	Indirect holding
	414 245 715		**30,91 %**	

Director's direct/ indirect interest in the shares of the company 31 March 2022				
MN Georgiou	295 427 161	shares	30,84 %	Indirect holding
A Costa	6 171 184	shares	0,64 %	Direct holding
D Kyriakides	928 772	shares	0,10 %	Direct holding
Dawid 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.

Notes to the Audited Annual Separate Financial Statements

31. Accelerate Property Fund Conditional Share Plan

The executive directors have been awarded share options in line with Accelerate Property Fund's Conditional Share Plan which came into effect during the year ending 31 March 2015.

The shares to be awarded to each executive director is 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 Condition"), and which are intended to be used primarily as an incentive to Participants to deliver the group's business strategy over the long-term through the selection of appropriate and stretching Performance Condition(s);
- **Retention Shares**, the vesting of which are subject to the fulfilment of the Employment Condition by the Participant, and which are aimed at retention in specific, ad-hoc circumstances where it is in the Company's, Management Company's and shareholders' strategic and financial interests that a specific individual is retained, or to address sign-on requirements.
- The CSP (conditional share plan) also provides for the once off award of top up awards, being awards of Performance Shares and Retention Shares made simultaneously with the initial allocation of awards under the CSP.

Share options awarded, which only vest on the below dates once the vesting conditions have been met, are as follows:

2022:

Directors	Number of retention shares (awarded 2019)	Reserve at 31 March 2022 (R)	Vesting March 2023 year end
MN Georgiou			
Retention shares	1 769 231	4 048 058	1 769 231
A Costa			
Retention shares	1 769 231	4 048 058	1 769 231
D Kyriakides			
Retention shares	1 307 692	2 992 042	1 307 692
	4 846 154	**11 088 158**	**4 846 154**

Directors	Number of performance shares	Reserve at 31 March 2021 (R)	Number of retention shares	Reserve at 31 March 2021 (R)	Vesting March 2022 year end	Vesting March 2023 year end
MN Georgiou						
Performance shares	1 769 231	1 830 041	-	-	-	1 769 231
Retention shares	-	-	2 864 254	6 456 877	1 095 023	1 769 231
A Costa						
Performance shares	1 769 231	1 830 041	-	-	-	1 769 231
Retention shares	-	-	2 864 254	6 456 877	1 095 023	1 769 231
D Kyriakides						
Performance shares	1 307 692	1 407 634	-	-	-	1 307 692
Retention shares	-	-	1 886 878	4 148 006	579 186	1 307 692
	4 846 154	**5 067 716**	**7 615 386**	**17 061 760**	**2 769 232**	**9 692 308**

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

Notes to the Audited Annual Separate Financial Statements

In addition to the allocations to directors above, 0 (2022: 900 000) shares have been allocated to other management personnel with a reserve at 31 March 2023 of R0 (2021: 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 and four hundred and sixty five) shares, which represents approximately 1,5% of the number of issued 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 calculated by applying the share prices at grant date, pro rata over the vesting period of the shares.

Share options vested during the year (number of shares)	**Year ended 2023**	**Year ended 2022**
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**

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

Notes to the Audited Annual Separate Financial Statements

32. Financial instruments and risk management

Total financial assets and liabilities

Financial assets 31 March 2023	Carried at fair value R000	Amortised cost # R000	Total R000
Derivatives *	89 537	-	89 537
Trade and other receivables	-	1 117 288	1 117 288
Cash and cash equivalents	-	34 441	34 441
	89 537	**1 151 729**	**1 241 266**

Financial liabilities 31 March 2023	Carried at fair value R000	Amortised cost # R000	Total R000
Long-term interest bearing borrowings	-	(3 926 441)	(3 926 441)
Derivatives *	(3 220)	-	(3 220)
Trade and other payables **	-	(444 142)	(444 142)
Current portion of long-term debt	-	(2 416 167)	(2 416 167)
Long-term lease liability	-	(559)	(559)
Current portion of lease liability	-	(372)	(372)
	(3 220)	**(6 787 681)**	**(6 790 901)**

* The values of the derivative financial asset and liabilities, 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.

** The increase in trade and other payables is due to Accelerate agreeing with the developer of Fourways Mall, Azrapart (Pty) Ltd, that the final purchase price for the equalisation of the redeveloped Fourways Mall shopping centre be increased by a R300 million in respect of what is known as the rebuilt portion matter. Shareholders are advised that the dispute has now been settled and payment will be made in due course.

Given Accelerate's current liquidity constraints, the rebuilt claim will be settled through the allocation of Accelerate shares to Azrapart or its nominee and, where appropriate, the necessary shareholder approvals will be sought. The settlement of this claim will not result in any cash outflow from Accelerate.

Financial assets 31 March 2022	Carried at fair value R000	Amortised cost # R000	Total R000
Derivatives *	42 541	-	42 541
Trade and other receivables	-	855 476	855 476
Cash and cash equivalents	-	46 404	46 404
	42 541	**901 880**	**944 421**

Financial liabilities 31 March 2022	Carried at fair value R000	Amortised cost # R000	Total R000
Long-term interest bearing borrowings	-	(3 926 441)	(3 926 441)
Derivatives *	(20 824)	-	(20 824)
Trade and other payables	-	(459 110)	(459 110)
Current portion of long-term debt	-	(647 807)	(647 807)
Long-term lease liability	-	(758)	(758)
Current portion of lease liability	-	(353)	(353)

Notes to the Audited Annual Separate Financial Statements

32. Financial instruments and risk management (continued)

	(20 824)	**(5 034 469)**	**(5 055 293)**

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, exchange rate 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. The audit and risk committee provides assurance to Accelerate's senior management that Accelerate's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies for risk. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

Accelerate's risk management policies are established to identify and analyse the risks faced by Accelerate, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Accelerate's activities. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

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 the cross currency hedging financial instruments.

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, 75.6% 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 profit or loss and other 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.

2023	**Increase / (decrease) in basis points**	**Effect on profit before tax (R'000)**
Jibar (one month)	100	(10 970)
Jibar (one month)	(100)	10 970
	-	-

Notes to the Audited Annual Separate Financial Statements

32. Financial instruments and risk management (continued)

2022	**Increase / (decrease) in basis points**	**Effect on profit before tax (R'000)**
Jibar (one month)	100	(13 800)
Jibar (one month)	(100)	13 800
	-	-

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. Accelerate is also exposed to credit risk on financial guarantees issued to related parties. Refer to notes 10.

As required by IFRS 9, the company used the simplified approach in calculating ECL for trade receivables that do not contain a significant financing component. The company calculates ECL evaluating the recoverability of balances on a tenant by tenant basis.

Tenant receivables

In determining the expected credit loss the following factors are taken into account:

Tenant and tenant related receivables
- The overall state and well-being of the South African economy;
- The ongoing ware between Russia and Ukraine;
- The nature, sustainability and current performance of a tenant's business;
- The financial position of the tenant;
- The quantum of deposits/guarantees/collateral held by the fund to offset future tenant losses;
- The payment history of the tenant;
- Market available forward-looking information regarding tenants.

Accelerate's exposure to credit risk is mainly in respect of tenants and is influenced by the individual characteristics of each tenant. Accelerate's widespread tenant base reduces credit risk. Tenants are assessed according to Accelerate's criteria prior to entering into lease arrangements. Management has established a credit policy under which each new tenant is analysed individually for creditworthiness before Accelerate's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. When available, Accelerate's credit review includes external ratings. The carrying amount of financial assets represents the maximum credit exposure. The collateral that is held by Accelerate as security for credit risk includes deposit payments by tenants upon entering into a lease, bank guarantees provided as well as sureties by the tenant as an individual or by the business entering into the lease. Impairment losses have been recorded for those debts whose recovery was not reasonably assured at year-end. The maximum credit exposure at the reporting date was R410.3 million (2022: 251.5 million), of which R87 million (2022: R228.5million) has already been provided for. Tenants are regarded to be in default if payment of rentals billed is not made within 7 days of month end.

32. Financial instruments and risk management (continued)

Related party receivables

In determining the expected credit loss the following factors are taken into account:

Related party receivables:
- The overall state and well-being of the South African economy;
- The impact of COVID-19 on doing business and the cash flows of the related party;
- Historical recovery of related party receivables;
- Pending future deals contemplated with the related party;
- Assets held as security for related party balances.

The maximum credit exposure at the reporting date was R566.7 million (2022: R714.8 million). Based on the factors above no provision was made for impairment.

Please refer to note 29 for further details.

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.

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 14.

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

Refer to the detail of the going concern assessment below.

2023 *	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
Total borrowings	2 545 125	1 256 123	1 318 890	-	5 120 138
Trade and other payables (excl VAT)	484 205	-	-	-	484 205
Derivatives	13 200	25 415	64 400	-	103 015
Lease liability	372	559	-	-	931
	3 042 902	**1 282 097**	**1 383 290**	**-**	**5 708 289**

Notes to the Audited Annual Separate Financial Statements

32. Financial instruments and risk management (continued)

2022 *	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
Total borrowings	679 837	3 284 899	942 374	274 914	5 182 024
Trade and other payables (excl VAT)	459 112	-	-	-	459 112
Derivatives	32 557	709	207	-	33 473
Lease Liability	353	758	-	-	1 111
	1 171 859	**3 286 366**	**942 581**	**274 914**	**5 675 720**

* 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 for the group is 1.8x (2022:2,1x) with the covenant at 1.7x (2022:2.0x). The relaxed covenant level was granted by APF by its funders in the financial period and discussions re currently underway to extent these levels.

The board of directors has reviewed projected cash flow forecasts prepared by management, including considerations of the impact of rental related relief provided to tenants, the impact of Covid-19 on tenants' ability to meet their rental and other commitments to the Company, the company's existing revolving credit facilities, funding that has already been refinanced as at the date of this report, as well as debt of approximately R2 146 million maturing during the coming 12 months. While the board is confident that funders could refinance / finance such debt, it has also considered cash inflows from the proceeds of potential disposals of investment properties to settle debt, in the event that such debt is not refinanced. Based on the above considerations, the board of directors has concluded that the company will have access to adequate resources to continue in operational existence for the foreseeable future.

Going concern
The preparation of the financial statements in accordance with IFRS requires that the statements be prepared on the underlying assumption that the Company is a going concern. The directors have assessed the Companies'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 Company's ICR and LTV levels was not assessed seperately as the funders considers these convenants on group level.

The Company reported a net loss of R595 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 R777 million the company had a profit of R182 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 R5.41 billion as at 31 March 2023 (2022: R5.99 billion).

<u>Liquidity plan</u>
The Companies's current liabilities of R3.41 billion (2022: R1,58 billion), exceeded its current assets of R1,3 billion (2022: R961 million) and non-current assets held for sale of R292 million (2022: R147 million) by R1,78 billion (2022: R473 million) at 31 March 2023. This is mainly due to the debt expiry profile of the Companie's funding.

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

- Continued support from the Companies'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;

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32. Financial instruments and risk management (continued)

  - 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 R 218 million (2022: R 223 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 R 292 million, reducing the debt level and interest payable; and
- To reduce vacancies at core properties the Company 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.

Debt covenants

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

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

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 company adversely.

The directors' response to the pandemic included:

- Establishment of a dedicated team to implement a co-ordinated response across the business to ensure the health, safety and wellbeing of all stakeholders
- Implementation of business continuity plans to minimise disruption by initiatives implemented to curb the spread of the virus
- Increased monitoring of the company's liquidity position
- The company is also in process of pursuing an insurance claim for business disruption.

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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. Accelerate's policy is to keep its average loan-to-value ratio lower than or equal to 45%. 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 Listing Requirements. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

The interest cover ratio for the group is 1.8x (2022: 2,1x) with the covenant at 1.7x (2022: 2x). The relaxed covenant level was granted by APF by its funders in the financial period and discussions re currently underway to extent these levels.

34. Events after the reporting period

Investment property sales post-year-end

The sale of Ford Fourways was concluded on 22 June 2023. Refer to note 4 further detail.

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.

Funder	Nominal amount R'000	Margin - linked to 3-month JIBAR	Expiry date before renewal	New expiry date
RMB	55 861	3M JIBAR + 300 bps	2023/05/01	2023/07/04
Investec	153 395	3M JIBAR + 300 bps	2023/06/12	2023/06/12