SA CORPORATE
REAL ESTATE

INDUSTRIAL | RETAIL | OFFICE | RESIDENTIAL | REST OF AFRICA

2021

GROUP ANNUAL FINANCIAL STATEMENTS

SA CORPORATE REAL ESTATE LIMITED

Registration nr. 2015/015578/06

CONTENTS

DIRECTORS' RESPONSIBILITIES AND APPROVAL

For the Group annual financial statements for the year ended 31 December 2021

The directors of SA Corporate Real Estate Limited ("the Company") are responsible for the preparation and integrity of the Group annual financial statements and the related information included in the annual financial statements of the Company and all its subsidiaries ("the Group"). In order for the Board of Directors ("the Board") to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board has ultimate responsibility for the system of internal control and reviews its operation, primarily through the Audit and Risk Committee ("ARC").

The external auditors are responsible for reporting on the annual financial statements in conformity with International Standards on Auditing, and their opinion is included on pages 14 to 18. The annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), the requirements of the Companies Act, No. 71 of 2008 ("Companies Act"), the JSE Listing Requirements and incorporate disclosures in line with the accounting practices of the Group. They are based on appropriate accounting policies consistently applied and are supported by reasonable judgements and estimates.

The directors believe that the Group will be a going concern for a period of 12 months from the date of this report. Accordingly, in preparing the annual financial statements, the going concern basis has been adopted.

The consolidated annual financial statements and the Company annual financial statements for the year ended 31 December 2021 as set out on pages 19 to 122, were approved and authorised for issue by the Board on 17 March 2022 and are signed on its behalf by:

MA Moloto
Chairman: Independent non-executive director

TR Mackey
Chief Executive Officer ("CEO")

These Group annual financial statements have been prepared under the supervision of:
Interim Chief Financial Officer ("CFO"), JA Barker

CEO AND CFO RESPONSIBILITY STATEMENT

The directors, whose names are stated below, hereby confirm that:

(a) The Group annual financial statements set out on pages 19 to 122, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) No facts have been omitted or untrue statements made that would make the Group annual financial statements false or misleading;

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

(d) The internal financial controls are adequate and effective and can be relied upon in compiling the Group annual financial statements, having fulfilled our role and function within 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.

Signed on 17 March 2022 by:

TR Mackey
Chief Executive Officer

JA Barker
Interim Chief Financial Officer

SY Moodley
Chief Financial Officer

DECLARATION BY THE COMPANY SECRETARY

For the year ended 31 December 2021

In my capacity as company secretary, I hereby confirm, in terms of Section 88(2)(e) of the Companies Act, that for the year ended 31 December 2021, the Company has lodged with the Registrar of Companies, all such returns as are required in terms of the Companies Act and that all such returns are true, correct and up to date.

Jacqui Grové
17 March 2022

DIRECTORS' REPORT

For the year ended 31 December 2021

The directors are pleased to present their report that forms part of the Group annual financial statements for the year ended 31 December 2021.

1. Nature of business

The Company (Company registration: 2015/015578/06), is one of the oldest established property companies in the South African market. It is a JSE-listed Real Estate Investment Trust ("REIT") which owns, through its subsidiary companies, a diversified property portfolio of 165 (2020: 188) properties in the industrial, retail, commercial and residential sectors. Its properties are located primarily in the major metropolitan areas of South Africa with a secondary node in Zambia comprising 3 (2020: 3) properties in the retail and commercial sectors, in which the Company holds a 50% interest through a joint venture ("JV") arrangement.

2. Shareholders' equity

	Number of shares	
	2021	2020
Authorised shares	**4 000 000 000**	4 000 000 000
Issued shares	**2 514 732 095**	2 514 732 095

There have been no changes to the Company's authorised or issued share capital during the year under review.

3. Dividends

Dividends of R709.2 million (2020: R444.2 million) were declared and paid during the year.

The Group responded proactively to the distressed economic times brought upon by the COVID-19 pandemic and contracted a substantial disposal pipeline. This has enabled the Group to divest from properties not of a quality to meet its more stringent investment criteria, whilst also reducing gearing and thereby strengthening its financial position underpinned by robust valuations. This has placed the Company in a position to be able to make a distribution for the year ended 31 December 2021 without needing to make any additional specific withholding for capital eroded by distress caused by the pandemic. However, the Board is particularly mindful of the need to have a balanced and well-considered approach to a payout ratio that ensures that the Company is in a position to consistently make distributions on a sustainable basis. In this regard it has resolved that when making distributions, it should retain from distributable income, capital expenditure that is defensive and recurring which will not generate additional income nor enhance the value of property assets. Having made allowance for the aforementioned deduction, the distribution for the 2021 financial year amounts to R575.5 million (2020: R450.9 million) being 90% (2020: 75%) of distributable income and amounting to 22.89 (2020: 17.93) cents per share.

4. Board composition

As at the date of this report, the Board comprised 9 directors in total, 2 executive and 7 non-executive. The non-executive directors are all considered by the Board to be independent.

Director **Independent non-executive chairman**	**Date appointed**	**Date resigned**
MA Moloto	7 July 2014 (1)	
Independent non-executive directors		
OR Mosetlhi - Lead Independent Director	17 July 2019	
RJ Biesman-Simons	19 August 2010 (1)	
N Ford-Hoon (Fok)	17 July 2019	
EM Hendricks	2 April 2014 (1)	
GJ Heron	17 July 2019	
A van Heerden	17 July 2019	23 August 2021
SS Mafoyane	11 February 2021	

The Board welcomed Ms Seapei Mafoyane who joined the Board and extended its appreciation to Mr André van Heerden for his contribution to the Company.

4. Board composition *continued*

Director Executive directors	Date appointed	Date resigned
TR Mackey (Chief Executive Officer)	1 August 2012 [(1)]	
AM Basson (Chief Financial Officer)	17 February 2011 [(1)]	31 December 2021
SY Moodley (Chief Financial Officer)	1 March 2022	

[(1)] Date appointed to the Board of SA Corporate Real Estate Fund which was reconstituted to the Company

The Board extends its appreciation to Ms Antoinette Basson for her commitment and service to the Company over the last 10 years and wishes her well in her future endeavours. The Board welcomed the appointments of Mr James Barker as interim CFO until 28 February 2022, and Mr Sam Moodley as CFO who joined the Company on 1 March 2022.

Refer to note 36 on details of directors emoluments.

5. Company Secretary

Advocate Jacqui Grové was appointed as in-house company secretary on 1 February 2021.

6. Auditor

PricewaterhouseCoopers Inc. ("PwC") was reappointed as the auditor at the annual general meeting held on 31 May 2021.

7. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Board is satisfied that this is appropriate, and the Group has adequate resources to continue trading for the foreseeable future.

Refer to note 39 for further detail regarding the considerations and responses by the business relating to the going concern assertion.

Of specific reference are the losses suffered as a result of the civil unrest that occurred in July 2021 and the ongoing effect of the COVID-19 pandemic. During the riots in July 2021, four of the Group's shopping centres in KwaZulu-Natal sustained significant damage whilst limited damage was caused to a number of industrial and inner-city properties. The Company immediately and proactively assessed the damage and submitted the initial provisional claim to insurers on 7 August 2021. The Group's SASRIA insurance covered both the damage to the properties and the loss of income incurred consequently. On 31 December 2021, all properties except for Springfield Value Centre had returned to full trading. The directors anticipate that Springfield Value Centre will return to full capacity in September 2022.

To date the Company has received R168 million of the total estimated loss of R364 million with R280 million being the total estimated cost to restore all properties damaged in the riots and R84 million for the loss of trading income during the restoration period. Loss of income for the 6 months ending 31 December 2021 amounted to R51 million and has been settled in full.

8. Acquisition

On 30 November 2021, Afhco Holdings (Pty) Ltd (a subsidiary of the company) purchased an additional 10% economic interest in the Afhco JCO Holdings (Pty) Ltd JV from the JV development partner, HJC Holdings (Pty) Ltd. The JV owns the residential rental property, The Falls Lifestyle Estate, situated in Wilgeheuwel, Roodepoort. Each partner, however, retains an unchanged 50% of voting rights for joint control of the JV.

9. Events after reporting period

On 21 January 2022, the Company subscribed for additional shares in Graduare Mauritius in order to maintain its 50% shareholding in the company. The subscription price was USD5 million (R76.8 million). The purpose of the additional subscription was to fund the Company's share of the equity in the newly completed phases 5 and 6 of the East Park Mall, Lusaka, Zambia anchored by Shoprite and Woolworths.

Subsequent to year end, the sale agreement of a property portfolio comprising a number of the Group's residential properties, commercial rental businesses and development land in the Johannesburg inner-city by the Afhco Group ("Afhco") to Firstmile Properties JHB CBD Crown Mines (Pty) Ltd became unconditional. The total sale consideration is R546.3 million against which R16.3 million is in respect of sales commission and transaction costs, and R13.4 million for property repairs of a capital nature are payable by Afhco. The sale is subject to an annual income guarantee for the portfolio over a 3-year period of a net property income ("NPI") of R54 million per year. Shortfalls against the guaranteed NPI will be settled annually. During this period the property management of the portfolio will be undertaken by Afhco. Properties subject to this agreement are indicated in Appendix B.

10. Registered office and business address

South Wing, First floor
Block A, The Forum
North Bank Lane
Century City
7441

REIT RATIOS

For the year ended 31 December 2021

The second edition of the SA REIT Association's best practice recommendations was issued in November 2019, to facilitate standardisation of presentation and disclosure of REIT ratios across the REIT sector. The tables below reflect the SA Corporate REIT ratios. The comparative figures are disclosed on a consistent basis.

R 000	2021	2020
SA REIT funds from operations (SA REIT FFO)		
Profit/(loss) after taxation attributable to shareholders	**620 883**	**(1 493 541)**
Adjusted for:		
Accounting specific adjustments:	**(47 782)**	**2 031 562**
Fair value adjustments to:		
Fair value loss on investment properties	502 014	1 517 244
Fair value loss on investment properties in joint ventures	73 469	118 700
Fair value (gain)/loss on swap derivatives	(262 734)	361 677
Fair value (gain)/loss on investment in listed shares	(42 201)	4 366
Gain on acquisition of associate	–	(3 580)
Depreciation and amortisation of intangible assets	5 722	6 563
Dividend from investment in listed shares not yet declared	(1 125)	(1 442)
Non–distributable expenses	13 599	15 545
Non-distributable expenses on investments in joint ventures	12 828	20
Non–distributable taxation expense/(income)	2 801	(2 773)
Debt related costs	484	9 602
IFRS 16 Lease income	(8 728)	(21 109)
IFRS 16 Depreciation on right-of-use ("ROU") asset	5 806	17 348
IFRS 16 Interest on lease liability	2 334	5 404
Gain on reclassification of assets and liabilities to held for sale	–	(2 326)
Insurance proceeds relating to capital expenditure	(280 567)	–
Straight-lining operating lease (income)/expense	(71 484)	6 323
Adjustments arising from investing activities:	**21 719**	**20 620**
Loss on sale of investment property and property, plant and equipment	21 719	20 620
Foreign exchange items:	**44 640**	**42 494**
Foreign exchange losses relating to capital items realised and unrealised	44 640	42 494
SA REIT FFO	**639 460**	**601 135**
Number of shares outstanding at the end of the year (net of treasury shares) (000)	2 488 241	2 494 945[1]
SA REIT FFO per share (cents)	**25.70**	**24.09**
Company specific adjustments to SA REIT FFO cents per share [2]	(2.81)	(6.16)
Distribution per share (cents)	**22.89**	**17.93**

[1] In the prior year, the number of shares were inclusive of treasury shares. This has been rectified in the current year.
[2] The specific adjustments refers to treasury shares and retained distributions

REIT RATIOS *CONTINUED*

For the year ended 31 December 2021

R 000	2021	2020
Reconciliation of SA REIT FFO to cash generated from operations		
SA REIT FFO	**639 460**	**601 135**
Adjustments:		
Interest received	(25 210)	(40 880)
Interest expense	494 108	520 614
Amortisation of tenant installation and letting commission	23 101	21 285
Non-cash movement in joint ventures	(17 820)	(56 800)
Dividends received	(14 545)	(10 901)
Dividend from listed investments not yet declared	1 125	1 442
Taxation paid	3 077	4 957
Non-distributable expenses	(20 518)	(9 085)
Other non-cash items	57 212	107 325
Working capital changes:		
Decrease/(increase) in trade and other receivables	20 571	(115 641)
Decrease/(increase) in Inventory	229	(85)
Increase in trade and other payables	33 479	182 925
Cash generated from operations	**1 194 269**	**1 206 291**
SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	**10 066 363**	**10 092 962**
Adjustments:		
Dividend to be declared [(1)]	(317 160)	(450 851)
Goodwill and intangible assets	(83 625)	(81 904)
Deferred taxation	(6 167)	(8 968)
SA REIT NAV	**9 659 411**	**9 551 239**
Shares outstanding		
Number of shares in issue at the end of the year (net of treasury shares)	2 488 241	2 494 945 [(4)]
Diluted number of shares in issue	**2 488 241**	**2 494 945**
SA REIT NAV per share (cents):	**388.20**	**382.82**
SA REIT cost-to-income ratio		
Expenses:		
Operating expenses per IFRS income statement (includes municipal expenses) [(2)]	947 774	974 157
Administrative expenses per IFRS income statement [(3)]	96 028	100 672
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(11 528)	(24 288)
Operating costs	**1 032 274**	**1 050 541**
Rental income:		
Contractual rental income per IFRS income statement (excluding straight-lining)	1 485 713	1 530 747
Utility and operating recoveries per IFRS income statement	564 255	537 762
Gross rental income	**2 049 968**	**2 068 509**
SA REIT cost-to-income ratio	**50.4%**	**50.8%**

(1) H2 2021 dividend declared in 2022 (2020: full year dividend declared in 2021)
(2) Includes expected credit loss
(3) Excludes audit fees
(4) In the prior year, the number of shares were inclusive of treasury shares. This has been rectified in the current year.

REIT RATIOS *CONTINUED*

For the year ended 31 December 2021

R 000	2021	2020
SA REIT administrative cost-to-income ratio		
Expenses		
Administrative expenses as per IFRS income statement [(2)]	96 028	100 672
Rental income:		
Contractual rental income per IFRS income statement (excluding straight-lining)	1 485 713	1 530 747
Utility and operating recoveries per IFRS income statement	564 255	537 762
Gross rental income	**2 049 968**	**2 068 509**
SA REIT administrative cost-to-income ratio	**4.7%**	**4.9%**
SA REIT Gross Lettable Area ("GLA") vacancy rate		
GLA of vacant space (m^2)	26 818	33 013
GLA of total property portfolio (m^2)	823 030	934 824
SA REIT GLA vacancy rate [(1)]	**3.3%**	**3.5%**
Cost of debt		
Variable interest-rate borrowings:		
Floating reference rate plus weighted average margin	5.5%	5.2%
Fixed interest-rate borrowings:		
Weighted average fixed rate	–	6.9%
Pre-adjusted weighted average cost of debt	**5.5%**	**5.3%**
Adjustments:		
Impact of interest rate derivatives	2.5%	2.5%
Impact of cross-currency interest rate swaps	–	(0.1%)
Amortised transaction costs imputed in the effective interest rate	0.1%	0.1%
All-in weighted average cost of debt	**8.1%**	**7.8%**
SA REIT loan-to-value ("LTV")		
Gross debt excluding derivatives	6 150 304	6 641 325
Less: Net cash and cash equivalents	(111 330)	(57 329)
Total cash and cash equivalents	(211 327)	(168 103)
Less: Tenant deposit accounts	99 997	110 774
Add:		
Cross-currency derivatives	46 473	61 173
Interest rate swap derivatives	167 931	425 864
Net debt	**6 253 378**	**7 071 033**
Total assets per consolidated statement of financial position	17 126 273	18 032 996
Less:		
Cash and cash equivalents	(211 327)	(168 103)
Derivative financial assets	(125 396)	(258 672)
Intangible assets and goodwill	(83 625)	(81 904)
Deferred taxation	(6 167)	(8 968)
Trade and other receivables	(465 640)	(340 439)
Taxation receivable	(67)	(1 538)
Inventories	(189)	(418)
Carrying value of property-related assets	**16 233 862**	**17 172 954**
SA REIT LTV	**38.5%**	**41.2%**

(1) Excludes the Afhco portfolio which is based on units.
(2) Excludes audit fees

AUDIT AND RISK COMMITTEE REPORT

For the year ended 31 December 2021

The Audit and Risk Committee ("the Committee") is pleased to present its report for the financial year ended 31 December 2021, in line with the Companies Act, the JSE Listings Requirements, King IV and other applicable regulatory requirements.

ROLE AND RESPONSIBILITIES

The Committee is constituted as a statutory committee of the Company and the Group in respect of its statutory duties in terms of section 94(7) of the Companies Act and as a committee of the Board in respect of monitoring and overseeing the Group's risk-information technology and compliance governance, and such other duties assigned to it by the Board.

In this regard, the Committee assists the Board in fulfilling its oversight responsibilities by monitoring, reviewing and making recommendations on financial reporting, internal financial controls, external and internal audit functions, statutory and regulatory compliance by the Group, ensuring that the Group implements and maintains an effective enterprise-wide risk management framework, complies with laws, regulations and relevant best practice codes, and that information technology is governed in support of the Group's strategy and direction, and to further specifically oversee the management of financial and other risks that affect the integrity of external reports and disclosures issued by the Group and to oversee compliance with legal and regulatory requirements to the extent that it might have an impact on the Group annual financial statements. The Committee further oversees co-operation between the internal and external auditors, serving as a link between the Board and these functions.

Terms of reference

The Board approved the new terms of reference for the Committee during December 2021, and the Committee follows an annual work plan to ensure all its duties and responsibilities as set out in its terms of reference are dealt with at its meetings throughout the year. The Committee is satisfied that it has conducted its affairs, discharged its legal and other responsibilities as outlined in its terms of reference, the Companies Act and King IV. The Board concurred with this assessment.

Composition and Meeting Procedures

At all times during the reporting year, the Committee comprised the appropriate number of independent non-executive directors, all of whom satisfied the requirements of section 94(4) of the Companies Act and King IV. As a collective and having regard for the size and circumstances of the Group, the Committee was adequately skilled, and all members possessed the appropriate financial and related qualifications, skills, expertise and experience required to discharge their responsibilities. The composition of the Committee and the attendance of meetings by its members during the 2021 financial year are set out below:

Name	Primary	Date of appointment	Date resigned	Meeting attendance	Meeting attendance Special
N Ford-Hoon (Fok) (Chairman)	CA(SA)	1 June 2021		2/2	3/3
N Ford-Hoon (Fok) (Member)	CA(SA)	30 June 2020		1/1	4/4
RJ Biesman-Simons (Previous Chairman)	CA(SA)	1 July 2015	31 May 2021*	1/1	4/4
GJ Heron	CA(SA)	1 June 2021		2/2	4/4
SS Mafoyane	MBA	1 June 2021		2/2	4/4
A van Heerden	CA(SA)	30 June 2020	23 August 2021	1/1	5/5

* Resigned as a member of the Committee, however, remained as a member of the Board.

The Committee met on 10 occasions, which meetings were scheduled in line with the Group's financial reporting cycle, and at such other times as to discharge their duties.

The Committee also met separately with the Internal and External Auditors. The Committee Chairman has regular contact with the management team to discuss relevant matters directly, and the Internal Auditor and External Auditor have direct access to the Committee, including closed sessions without management held during the year, on any matter that they regard as relevant to the fulfilment of the Committee's responsibilities.

For the year ended 31 December 2021

DISCHARGE OF DUTIES IN 2021

Statutory Duties

- Recommended the re-appointment of the External Auditor and the designated independent auditor for the 2021 financial year, in accordance with section 90 of the Companies Act and the JSE Listings Requirements.
- Reviewed the External Auditor's terms of engagement, and approved the external audit fees.
- Determined and approved the nature and extent of allowable non-audit services provided by the External Auditor.
- Reviewed the accounting policies, financial statements, 2020 integrated annual report, and made recommendations to the Board, and ensured that all reporting was prepared in accordance with IFRS, the JSE, King IV and the requirements of the Companies Act and other applicable legislation.

Delegated Duties

- Reviewed the effectiveness and quality of the internal and external audit processes.
- Monitored compliance with applicable legislation and regulations.
- Reviewed the effectiveness of the Group's system of internal financial control, including receiving assurances from its property managers, Broll Property Group (Pty) Ltd and Afhco Property Managers (Pty) Ltd, internal and external audit.
- Ensured that the Combined Assurance Framework was applied to provide a coordinated approach to all assurance activities.
- Reviewed the integrity of the interim results, Group annual financial statements and integrated annual report, including the public announcements of the Group's financial results.
- Oversaw the management of financial and other risks that affect the integrity of external reports issued by the Group.
- Reviewed compliance with the Committee's terms of reference and recommended changes to its terms of reference, in alignment with King IV, to the Board.
- Reported back to the Board on matters delegated to it in terms of its terms of reference.
- Reviewed exposure to banks.
- Met with external and internal auditors without management being present.
- Approved tenant write downs and write-offs in excess of R1 million.

1. Financial Reporting and Integrated Annual Report

KEY FOCUS AREA	CONCLUSION
Financial Reporting • Ensured that the financial statements were prepared in accordance with IFRS, the JSE, and the requirements of the Act and other applicable legislation. • Performed a detailed review of the going concern assumption considering all input assumptions and liquidity profiles to determine its appropriateness • Reviewed the solvency and liquidity assessment, the proposed dividend payout ratio and tax implications thereof and recommended the 2021 dividend proposal to the Board. • Considered and noted all JSE correspondence, and specifically the JSE's annual report back on proactive monitoring of the annual financial statements of listed entities, impacting the financial statements as well as the REIT best practice recommendations and ensured that these were appropriately incorporated into the Group annual financial statements. • Satisfied itself as to the appropriateness of the methodologies used in determining the following critical accounting estimates: - Provision for expected credit losses. - Valuation of derivatives. - Impairment of intangible assets. - Insurance receivable.	**Significant Matters** *Valuation of investment property* The fair value of investment properties was determined by an experienced independent valuer, Quadrant Properties (Pty) Ltd. The valuation methodology and assumptions were subject to robust reviews by Management before being recommended to the Board for approval. The Board carefully considered the movement in the valuations and the fair values and believe that they were appropriate and justified. *Insurance Receivable* The losses suffered as a result of the civil unrest that occurred in July 2021 were of a material nature. The impact of the damage to affected properties has been accounted for by the independent valuer and the valuation of these properties have been appropriately impaired by the amount of estimated restoration costs expected to be incurred post 31 December 2021. Significant judgement is required in assessing the virtual certainty of the recoverability of insurance claims due to the riots and civil unrest. Although the Group is adequately insured for loss of assets and business interruption, the assessment of virtual certainty was supported by the payments received to date from the insurer, market confidence provided regarding their commitment and financial ability to settle outstanding claims. In addition, estimates received from the Group's quantity surveyor post year-end as indication of the cost to repair the properties, given the stage at which the repairs were, resulted in the estimation uncertainty being negligible at year-end. An insurance receivable has therefore been raised for restoration costs of affected buildings not yet reimbursed by the insurer in the 2021 financial year. The Committee ensured that appropriate financial reporting procedures existed and were operating, and considered all entities included in the consolidated Group annual financial statements. • ***The Committee recommended the Group and Company annual financial statements to the Board for approval.***

For the year ended 31 December 2021

1. Financial Reporting and Integrated Annual Report *continued*

KEY FOCUS AREA	CONCLUSION
Integrated Annual Report Reviewed the Group's Integrated Annual Report for the year ended 31 December 2020. Ensured that the report was prepared in accordance with the appropriate reporting standards, King IV, and JSE Listings Requirements.	The Committee will evaluate the integrity of the 2021 Integrated Annual Report and ensure that it is prepared using the appropriate reporting standards, which meet the requirements of King IV and the JSE Listing Requirements in order to recommend it to the Board for approval.

2. Internal Financial Controls

KEY FOCUS AREA	CONCLUSION
• Reviewed exposure to banks. • Approved tenant write downs and write-offs in excess of R1 million. • Approved the extension of loan and overdraft facilities and recommended new debt facilities to the Board for approval. • Reviewed and approved swap derivatives, fixes and currency hedging. • Reviewed compliance with the financial conditions of loan covenants. • Approved the provision of property as security for debt and the structuring thereof. • Reviewed taxation matters. • Oversaw the management of financial and other risks that affect the integrity of external reports issued by the Group. • Monitored the overall effects of COVID-19 and unrest on the financial position of the business, including cashflow requirements to ensure the sustainability of the business. • Increased focus on improving the internal control environment both within the Group and the outsourced property managers. • Considered the overall adequacy and effectiveness of the system of internal financial control for the Group.	The Group's Internal Auditor, BDO, confirmed based upon the quarterly Internal Financial Control Reviews performed for the 2021 financial year period, they could conclude, based on their scope of work and controls tested, that the system of internal financial controls in operation at SA Corporate is adequate and operating as intended. Regarding the overall effectiveness of SA Corporate's governance, risk management and control processes, BDO further confirmed that based upon the internal audit work performed for the months May 2021 to February 2022 for the 2021 financial period, as per their approved internal audit plan and the audits undertaken above, they could conclude, based on their scope of work and controls tested, that the system of internal controls in operation at SA Corporate is adequate and operating as intended. • ***The Committee confirms that nothing has come to its attention to indicate a material breakdown in the functioning of the financial reporting controls, procedures or systems during the year ended 31 December 2021.***

3. Risk Management

KEY FOCUS AREA	CONCLUSION
• Monitored key strategic risks. • Ensured the adherence to Principle 13 of King IV, Compliance Risk Management processes.	The Committee monitored key risks through regular reports from management, and were comfortable with the adequacy and effectiveness of the enterprise-wide risk management framework and process in place.

4. Evaluation

KEY FOCUS AREA	CONCLUSION
Finance Function Reviewed the expertise, resources and experience of the finance function	As required by the JSE, the Committee is satisfied that the Chief Financial Officer (CFO), Mr SY Moodley CA(SA), possesses the appropriate expertise and experience to meet his responsibilities. The Committee similarly satisfied itself that the finance function is effective and competent. Ms AM Basson CA(SA) served as the CFO for the duration of the 2021 financial year and thereafter Mr JA Barker CA(SA) served as interim CFO until 28 February 2022. Mr SY Moodley CA(SA) was appointed as the new CFO from 1 March 2022.

4. Evaluation *Continued*

KEY FOCUS AREA	CONCLUSION
Internal Audit • Assessed the adequacy of the expertise and resources of the Internal Audit function. • Assessed the objectivity and independence of the Internal Audit function. • Approved the internal audit charter, plan, approach and fees.	The Group has outsourced its Internal Audit function to BDO under the directorship of Mr Richard Walker. The internal audit plan has been developed in consultation with management and approved by the Committee. The following were reviewed during the year: • internal financial controls on a quarterly basis; • risk management; • property management; and • information technology general controls. The Committee has reviewed all internal audit reports and is satisfied with the result thereof and the performance of the Internal Auditor in this regard. In addition BDO have recently completed an external quality assurance review and received an assessment of "generally conforms" which is the highest outcome awarded in the assessment. BDO has also confirmed that they endorse the Institute of Internal Auditors' Code of Ethics. • ***The Committee is satisfied with the adequacy of the expertise and resources, as well as the objectivity and independence of the Internal Audit function.***
External Audit • Reviewed the independence of the External Auditor. • Reviewed the external audit scope, approach and the quality and effectiveness of the external audit process. • Reviewed and approved the following in respect of the eligibility of the External Auditor: - The current engagement partner and the audit firm's JSE accreditation; - The extent and nature of non-audit services provided; and - The competence and expertise of the engagement partner and the team. • Reviewed the nature of non-audit services provided.	The Committee recommended the appointment, for a second term of PwC as External Auditor and Mr Jacques de Villiers as the designated independent auditor for the 2021 financial year. PwC were reappointed as the External Auditor at the annual general meeting held on 31 May 2021. The Committee has reviewed the policies and processes in place between the Group and PwC to ensure that independence is maintained. These include assessment and pre-approval processes for engaging on non-audit services. The Committee has reviewed and approved the provision of non-audit services by the external auditor. The nature of non-audit services provided during the year were largely in respect of taxation compliance reviews and amounted to R988 065 (2020: R577 757). The Committee has considered all decision letters and findings reports from the auditors as required in terms of paragraph 22.15(h) of the JSE Listings Requirements. • ***The Committee confirms that the External Auditor has executed their audit responsibilities as required and that the quality of the audits performed, and reports issued were of an acceptable standard.***
Committee Undertook a formal evaluation of the Committee which was externally facilitated as part of the broader Board evaluation process.	The Committee was satisfied with its overall performance and identified areas of improvement that will be addressed in 2022 and beyond. The Board concurred with the results of the Committee's evaluation.

AUDIT AND RISK COMMITTEE REPORT *CONTINUED*

For the year ended 31 December 2021

5. Combined Assurance

KEY FOCUS AREA	CONCLUSION
The Committee has executed on its overall responsibility to ensure that the combined assurance framework was effective, and that it ensured a coordinated approach to all assurance activities.	The combined assurance framework is based on three levels of defence and assurance for all key risks identified. Level one is management-based assurance; level two is assurance achieved through the oversight of the Board and its committees and level three is independent assurance provided by third parties such as the internal and external auditors, valuers, advisers and regulators. The Committee reassessed the level of maturity of the combined assurance framework as it relates to the third-line of defence and will focus on the following improvements during 2022: • Engaging with our external auditor to enhance the level of assurance with increasing reliance on the control environment beyond the review of the design and implementation of controls over the key business processes, to a less substantive audit approach. • Enhancing the external audit reliance on the assurance provided by the internal audit where objectives are aligned.

COMMITTEE'S FOCUS IN 2022

While the Committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the Committee's attention during 2022:

- Continued focus on further embedding enterprise risk management and combined assurance considerations.
- Maintaining focus on continuous auditing from an internal audit perspective.
- The Committee's composition, skillset and succession plan.
- Overseeing the further automation of financial processes.
- The Committee will review the Group's integrated annual report suite for the financial year ended 31 December 2021, and assess its consistency with appropriate reporting standards, the JSE Listings Requirements and King IV.

On behalf of the Committee:

Naidene Ford-Hoon (Fok)
Audit and Risk Committee Chairman

17 March 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SA Corporate Real Estate Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of SA Corporate Real Estate Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2021, and its consolidated and separate financial performance and its consolidated 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.

What we have audited

SA Corporate Real Estate Limited's consolidated and separate financial statements set out on pages 19 to 121 comprise:

- the consolidated and company statements of financial position as at 31 December 2021;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

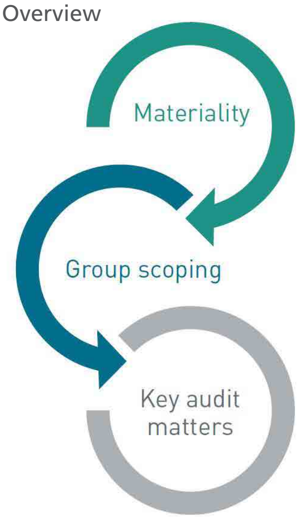
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the 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 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 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).

Our audit approach

Overview



Overall Group materiality

- Overall Group materiality: R100 million, which represents 1% of consolidated net asset value.

Group audit scope

- The Group consists of 21 property-owning components: 18 in South Africa and 3 in Zambia. The Group also has 3 holding companies in Mauritius. We performed full scope audits at 3 of the South Africa Components and 1 of the Zambian Components. On a sample basis, we performed an audit of investment property related balances at a Group level. In addition, we performed specified procedures and analytical procedures over the remaining components.

Key audit matter

- Valuation of investment properties

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

Materiality

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

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

Overall Group materiality	R 100 million
How we determined it	1% of consolidated net assets
Rationale for the materiality benchmark applied	We chose consolidated net asset value as the benchmark because, in our view, it is the key benchmark against which the performance of the Group is most commonly measured by users of the consolidated financial statements. Although the Group is profit-orientated, it's strategic focus is to deliver long-term shareholder returns through the acquisition and development of investment property. As a Real Estate Investment Trust (REIT), the users are likely to be more concerned with the net assets underlying the Group, compared to profitability. In addition, the loan-to-value ratio (value of loans compared to the value of assets) is a key metric for the Group. We chose 1% based on our professional judgement, and after consideration of the range of quantitative materiality thresholds that we would typically apply when using net assets to compute materiality.

How we tailored our Group audit scope

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

The Group consists of 43 property-owning companies, which includes industrial, retail, residential and commercial properties in South Africa and Zambia. The Group also owns 3 holding companies in Mauritius. The consolidated financial statements are a consolidation of all the companies in the Group.

For purposes of Group scoping the Afhco Group of 23 companies is noted as 1 component. Based on the financial significance and audit risk, we performed full scope audits at 3 of the South African components, namely SA Corporate Real Estate Limited, SA Retail Properties (Pty) Ltd and the Afhco Group. We performed a full scope audit of one of the Zambian companies, Graduare Property Development. On a sample basis, we performed an audit of investment property related balances at a group level. In addition, we performed specified procedures and analytical procedures over the remaining components.

This, together with additional procedures performed at the group level, including testing of consolidation journals and intercompany eliminations, gave us sufficient appropriate evidence regarding the consolidated financial information of the Group. All of the work was performed by the Group and component audit teams.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *Refer to note 5 to the consolidated financial statements for details on the valuation of investment properties.* This key audit matter relates to the consolidated and separate financial statements. The Group's investment property portfolio, including the straight-lining lease adjustment, is valued at R14 billion in the consolidated statement of financial position. The fair value loss recorded for the year amounts to R502 million. The investment properties are stated at their fair values based on independent external valuations. It is the policy of the Group to obtain external valuations for all investment properties. The fair values of investment properties at year-end were determined using the discounted cash flow valuation method in respect of the traditional portfolio, consisting mostly of commercial, retail and industrial properties, and net income capitalisation in perpetuity valuation method in respect of the Afhco portfolio, consisting mostly of residential properties. The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the forecasted future net cash flows for that particular property. In determining a property's valuation, the valuer takes into account property-specific information such as discount rate, exit capitalisation rate, capitalisation rate, expected rental growth rate, vacancy rate, vacancy periods and bulk rates as key judgements in the assumptions. The independent valuer applies assumptions for yields, estimated rent growth rates and exit capitalisation rates which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. We considered the year-end valuation of investment properties to be a matter of most significance to our current year audit due to the following: • Inherent subjectivity of the key assumptions that underpin the valuations of investment property and the heightened uncertainty involved in making these assumptions arising out of the COVID-19 pandemic; • The magnitude of the unrest that took place in South Africa during July 2021 and the impact thereof on the investment properties related capital spend requirements; and • The magnitude of the balance of the investment properties recorded in the consolidated and separate statement of financial position, as well as the changes in fair value relating to the property portfolio recorded in the consolidated statement of comprehensive income.	We obtained an understanding of the approaches followed by management and the independent valuer in respect of the valuation of the Group's investment property portfolio through discussions with management and the external valuer, as well as the inspection of minutes of meetings. We inspected the valuation reports for a representative sample of properties and assessed whether the valuation approach for each of these properties was in accordance with IFRS, and suitable for use in determining the fair value for the purpose of the consolidated and separate financial statements. We evaluated the valuer's qualifications and expertise and evaluated whether there were any matters that might have affected the valuer's objectivity or may have imposed scope limitations upon the valuer's work through direct communication with the valuer, and inspection of their credentials. We did not note any aspects in this regard requiring further consideration. We made use of our internal valuation expertise in our assessment of the reasonableness of the valuation methodologies and assumptions applied based on our knowledge of the industry and the markets in which the Group operates. Our work, as detailed in the procedures below, focused on the largest properties in the portfolio and those properties where the assumptions used and/or year-on-year capital value movement suggested a possible outlier versus market data for the relevant sector as well as the property most affected by the July unrest. We obtained an understanding of and tested the relevant controls relating to the valuation of investment properties, which included controls in relation to the following: • reviewing of invoices in support of contractual rental income before they are recorded, • the setting and approval of budgets by the Group; and • the review and approval by the Board of the external valuations performed and methodology used in these valuations. We performed the following procedures on a representative sample of the investment properties, to assess the reasonableness of the inputs into the valuation: • Compared data inputs into the valuations against the appropriate market and historic information. Where differences were noted, we made use of our internal valuation expertise to determine our own estimates of these inputs. The inputs tested include: - discount rates; - exit capitalisation rates; - capitalisation rate; - expected rental growth rates; - vacancy rates; - vacancy periods; and - bulk rates. • Assessed the reasonableness of the cash flows of each sampled property used by the valuer in the models. This involved: - Reconciling the actual cash flows for the year ended 31 December 2021 to the cash flows used in the base year forecast and investigating significant differences; and - Assessing the forecasted cash flows against market information and contractual information.; The forecasted cash flows fell within an acceptable range. Making use of our internal valuation expertise, we performed an independent valuation of each property in our sample, based on the data inputs and cash flows referred above. We did not identify material differences between the valuer's valuation and our independently recalculated fair values.

To the Shareholders of SA Corporate Real Estate Limited

Key audit matter	How our audit addressed the key audit matter
The Company accounts for all investment in subsidiaries and joint ventures at fair value. The value of the investment in the joint ventures of R870 million and investment in subsidiaries of R6.9 billion is deemed to be that of the underlying properties. Refer to note 3 and note 4 of the Company financial statements for details on the investments.	We included the possible impact of COVID-19 on the forward rentals and inputs to the valuations, and adjusted for risk factors present, such as the quality or nature of the building or the tenant. We found no material deviations compared to the valuer's inputs. We included the impact of the South African Unrest that took place in July 2021 and the loss of rental due to properties not operating and agreed expected capital spend requirements to third party estimates and invoices. We further evaluated the appropriateness of the disclosures in the consolidated and separate financial statements concerning the key assumptions to which the valuations are most sensitive, and the inter-relationship between the assumptions and the valuation amounts, based on the results of our work performed and taking into account the applicable requirements of IFRS. As the fair value of the investment in subsidiaries and joint ventures is linked to the fair value of investment properties, for purposes of the valuation of investment in subsidiaries and joint ventures reliance was placed on the work performed over the investment property fair values.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "SA Corporate Real Estate 2021 Group Annual Financial Statements", which includes the Directors' Report, Audit Committee's Report and the Company Secretary's Certificate, as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the document titled "SA Corporate Real Estate 2021 Integrated Annual Report", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and 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 consolidated and 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 that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated and 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 consolidated and 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 consolidated and 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.

To the Shareholders of SA Corporate Real Estate Limited

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's and 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 consolidated and 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 Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and 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.

Report on other legal and regulatory requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of SA Corporate Real Estate Limited for 2 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JR de Villiers
Registered Auditor
Cape Town, South Africa
17 March 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Notes	2021 R 000	2020 Restated (*) R 000
Assets			
Non-current assets			
Investment property	5	**13 675 260**	14 653 125
Letting commissions and tenant installations	5	**18 130**	25 558
Investments in joint ventures (*)	6	**869 876**	877 336
Loan to joint venture (*)	6	**142 727**	143 300
Property, plant and equipment	7	**10 736**	12 036
Intangible assets and goodwill	8	**83 625**	81 904
Right-of-use assets	9	**15 761**	21 567
Investment in listed shares	11	**162 871**	112 800
Other financial assets	11	**2 396**	5 259
Swap derivatives	12	**117 342**	245 382
Deferred taxation	19	**6 167**	8 968
Rental receivable - straight line rental adjustment	31	**323 031**	236 025
		15 427 922	16 423 260
Current assets			
Inventories		**189**	418
Letting commissions and tenant installations	5	**15 315**	17 313
Other financial assets	11	**25 405**	505
Swap derivatives	12	**8 054**	13 290
Trade and other receivables	13	**465 640**	340 439
Cash and cash equivalents	14	**211 327**	168 103
Rental receivable - straight line rental adjustment	31	**31 426**	34 085
Taxation receivable		**67**	1 538
		757 423	575 691
Non-current assets held for sale	15	**940 928**	1 034 045
Total Assets		**17 126 273**	18 032 996
Equity and liabilities			
Equity			
Share capital and reserves	16	**10 066 363**	10 092 962
Liabilities			
Non-current liabilities			
Lease liabilities	9	**15 084**	21 394
Swap derivatives	12	**220 935**	567 712
Interest-bearing borrowings	17	**6 150 304**	5 573 442
		6 386 323	6 162 548
Current liabilities			
Lease liabilities	9	**6 289**	6 372
Swap derivatives	12	**118 866**	177 996
Interest-bearing borrowings	17	**39 361**	1 103 749
Trade and other payables	20	**509 071**	489 369
		673 587	1 777 486
Total Liabilities		**7 059 910**	7 940 034
Total Equity and Liabilities		**17 126 273**	18 032 996

(*) Refer to note 18 for details on the restatement

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Notes	2021 R 000	2020 Restated (*) R 000
Revenue	21	**2 121 452**	2 062 186
Expected credit loss		**(55 996)**	(109 909)
Other operating income	38	**50 936**	–
Fair value loss on investment properties (1)	5	**(502 014)**	(1 517 244)
Operating expenses	24	**(996 909)**	(972 157)
Operating profit/(loss)		**617 469**	(537 124)
Other income	38	**280 567**	–
Foreign exchange adjustments		**(44 490)**	(41 008)
Fair value gain/(loss) on swap derivatives	12	**262 735**	(361 677)
Capital loss on sale of investment properties and property, plant and equipment		**(21 719)**	(20 620)
Impairment of investment in unlisted shares	11	**–**	(1 735)
Fair value gain/(loss) on investment in listed shares	11	**42 201**	(4 366)
Loss from joint ventures	6	**(36 293)**	(59 694)
Impairment of loan to joint venture	6	**(19 356)**	(2 206)
Dividends from investment in listed shares		**14 545**	10 901
Gain on bargain purchase	6	**–**	3 580
Interest income	22	**25 210**	40 880
Interest expense	23	**(494 108)**	(520 614)
Profit on reclassification of right-of-use assets and liabilities held for sale		**–**	2 326
Profit/(loss) before taxation		**626 761**	(1 491 357)
Taxation	25	**(5 878)**	(2 184)
Profit/(loss) after taxation for the year		**620 883**	(1 493 541)
Other comprehensive income:			
Items that may be reclassified to profit or loss after taxation:			
Foreign exchange adjustments on investment in joint ventures		**75 442**	55 806
Total comprehensive income/(loss)		**696 325**	(1 437 735)
Basic earnings/(loss) per share (cents)	26	**24.69**	(59.39)
Diluted earnings/(loss) per share (cents)	26	**24.69**	(59.39)

(1) The fair value loss on investment properties was reclassified to operating profit to reflect the appropriate operational performance. The prior year was amended accordingly.

(*) Refer to note 18 for details on the restatement

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Share capital R 000	Non-distributable reserve R 000	Distributable reserves R 000	Total equity R 000
Shareholders' equity at 1 January 2020	**9 158 387**	**2 389 097**	**444 205**	**11 991 689**
Loss for the year	–	–	(1 493 541)	(1 493 541)
Foreign exchange adjustments on investment in joint ventures	–	–	55 806	55 806
Total comprehensive loss for the year	–	–	(1 437 735)	(1 437 735)
Treasury shares purchased	(17 885)	–	–	(17 885)
Share-based payment reserve	2 087	(989)	–	1 098
Fair value loss on swap derivatives	–	(361 677)	361 677	–
Fair value loss on investment properties	–	(1 517 244)	1 517 244	–
Fair value loss on investments in listed shares	–	(4 366)	4 366	–
Non-distributable adjustments on investments in joint ventures	–	(62 914)	62 914	–
Capital loss on sale of fixed properties/ investments transferred to non-distributable reserves	–	(20 620)	20 620	–
Foreign exchange gain on capital loan	–	(42 494)	42 494	–
Profit on reclassification of ROU assets and liabilities held for sale	–	2 326	(2 326)	–
Straight line rental adjustment	–	(6 323)	6 323	–
Dividends from listed shares not yet declared	–	1 442	(1 442)	–
Depreciation	–	(6 563)	6 563	–
Non-distributable expenses	–	(24 017)	24 017	–
Gain on bargain purchase	–	3 580	(3 580)	–
	9 142 589	349 238	1 045 340	10 537 167
Distributions attributable to shareholders	**–**	**–**	**(444 205)**	**(444 205)**
Note	16	16	16	16

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *CONTINUED*

for the year ended 31 December 2021

	Share capital R 000	Non-distributable reserve R 000	Distributable reserves R 000	Total equity R 000
Shareholders' equity at 31 December 2020	**9 142 589**	**349 238**	**601 135**	**10 092 962**
Profit for the year	–	–	620 883	620 883
Foreign exchange adjustments on investment in joint ventures	–	–	75 442	75 442
Total comprehensive income for the year	–	–	696 325	696 325
Treasury shares purchased	(16 516)	–	–	(16 516)
Share-based payment reserve	3 360	(560)	–	2 800
Fair value gain on swap derivatives	–	262 734	(262 734)	–
Fair value loss on investment properties	–	(502 014)	502 014	–
Fair value gain on investments in listed shares	–	42 201	(42 201)	–
Non-distributable adjustments in investments on joint ventures	–	(10 855)	10 855	–
Capital loss on sale of fixed properties/ investments transferred to non-distributable reserves	–	(21 719)	21 719	–
Foreign exchange loss on capital loan	–	(44 640)	44 640	–
Straight line rental adjustment	–	71 484	(71 484)	–
Dividends from listed shares not yet declared	–	1 125	(1 125)	–
Insurance proceeds relating to capital expenditure	–	280 567	(280 567)	–
Depreciation	–	(5 722)	5 722	–
Non-distributable expenses	–	(16 297)	16 297	–
	9 129 433	405 542	1 240 596	10 775 571
Distributions attributable to shareholders	–	–	(709 208)	(709 208)
Shareholders' equity at 31 December 2021	9 129 433	405 542	531 388	10 066 363
Note	16	16	16	16

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Notes	2021 R 000	2020 Restated (*) R 000
Cash flows from operating activities			
Cash generated from operations (*)	29	**1 194 269**	1 206 291
Interest received		**25 305**	40 846
Distributions paid		**(709 208)**	(444 102)
Interest paid		**(502 055)**	(568 413)
Taxation paid		**(1 606)**	(5 458)
Net cash from operating activities		**6 705**	229 164
Cash flows from investing activities			
Increase in investment properties		**(292 460)**	(240 366)
Proceeds on sale of investment properties		**824 601**	354 423
Increase in letting commissions and tenant installations	5	**(11 432)**	(23 550)
Acquisition of property, plant and equipment	7	**(4 422)**	(2 566)
Acquisition of intangible asset	8	**(1 721)**	–
Advance from joint ventures		**28 471**	31 661
Dividends from listed investments (*)		**14 545**	10 901
Increase in other financial assets		**(29 907)**	–
Decrease in other financial assets		**–**	10 374
Proceeds from insurance relating to reinstatement costs		**80 138**	–
Net cash from investing activities		**607 813**	140 877
Cash flows from financing activities			
Repurchase of treasury shares		**(16 516)**	(17 885)
Settlement of swap derivatives		**(21 484)**	–
Proceeds from interest-bearing borrowings	17	**931 500**	300 000
Repayment of interest-bearing borrowings	17	**(1 456 067)**	(656 497)
Payment on lease liabilities		**(8 727)**	(21 109)
Net cash used in financing activities		**(571 294)**	(395 491)
Total cash and cash equivalents movement for the year		**43 224**	(25 450)
Cash and cash equivalents at the beginning of the year		**168 103**	193 553
Total cash and cash equivalents at end of the year	14	**211 327**	168 103

(*) Refer to note 18 for details on the restatement

ACCOUNTING POLICIES

for the year ended 31 December 2021

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year the Group has adopted all of the revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the IFRS Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2021. Refer to note 2 for an analysis of the impact of newly adopted International Financial Reporting Standards.

1. GENERAL INFORMATION

The Company, established in the Republic of South Africa, is a Real Estate Investment Trust ("REIT"). The Company is listed on the JSE.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the JSE Listing Requirements, IFRIC, the Companies Act, International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies used in the preparation of the financial statements are consistent with those applied in the prior year, except as noted in 2. The financial statements have been prepared on the going concern and historical cost basis, modified by the revaluation of certain financial instruments and investment property to fair value measurement.

Accounting policies, which are useful to users, especially where particular accounting policies are based on judgement regarding choices within IFRS have been disclosed. Accounting policies for which no choice is permitted in terms of IFRS have been included only if management concluded that the disclosure would assist users in understanding the annual financial statements as a whole, taking into account the materiality of the item being discussed. Accounting policies which are not applicable from time to time, have been removed, but will be included if the type of transaction occurs in future.

The functional and presentation currency of the Group is South African Rand unless otherwise indicated.

1.2 Basis of consolidation

The Group annual financial statements incorporate the annual financial statements of the Company and its subsidiaries. Consolidation of the subsidiary begins when the Company obtains control over the subsidiary and ceases when control is lost. The Company is the major and/or sole owner of all its subsidiaries and consequentially has power to direct the subsidiaries' performance which gives rise to the dividend income the Company receives from the subsidiaries.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non- controlling interests, even if it results in the non-controlling interests having a deficit balance.

All intragroup transactions and balances between members of the Group are eliminated in full upon consolidation.

1.3 Impairment

The carrying amount of the Group's assets is reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised in profit or loss when the carrying amount of an asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the extent that the increased carrying amount does not exceed the original carrying amount. A reversal of an impairment loss is recognised immediately in profit or loss.

1.4 Fair value measurement

Where another IFRS requires or the Group has chosen fair value measurement for assets or liabilities, the Group has applied the principles of IFRS 13: Fair Value Measurement to determine the fair value to be used. 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 of quoted instruments is determined with reference to closing market prices on the date of measurement. Where there is no active market, fair value is determined using applicable valuation techniques. Valuation techniques include discounted cash flow models, pricing models and recent arm's-length transactions for similar instruments.

1.5 Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than Rand are recognised at the rate of exchange prevailing at the dates of the transactions. Non-monetary items that are measured in terms of the historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting these Group annual financial statements, the assets and liabilities of the Group's foreign operations are translated into Rand using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

Exchange differences arising from foreign joint ventures are recognised in other comprehensive income and accumulated in equity.

1.6 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience adjusted for current market conditions and other factors.

1.6 Critical accounting estimates and judgements *continued*

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

Significant estimates and judgements include:

Estimates of the fair value of investment properties

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement the Group considers information from a variety of sources including:

- Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences. This is reflected in the capitalisation rate assumption;
- Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. This is reflected in the capitalisation rate assumption;
- Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing leases and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and
- The fair value of the inner-city retail, residential and commercial investment properties was based on the capitalisation of the net income earnings in perpetuity. The discounted cash flow method is not appropriate in these portfolios due to the short term nature of the portfolio's leases.

If information on current or recent prices is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group used assumptions that are mainly based on market conditions existing at each reporting date.

The principal assumptions underlying management's estimation of fair value are those related to:

- The receipt of contracted rentals, expected future market rentals, lease renewals, maintenance requirements and appropriate discount and capitalisation rates.
- These valuations are regularly compared to actual market yield data, actual transactions by the Group and those reported by the market.
- The expected future market rentals are determined with reference to current market rentals for similar properties in the same location and condition.

Insurance claim receivable

Significant judgement is required in assessing the virtual certainty of the recoverability of insurance claims due to the riots and civil unrest. Although the Group is adequately insured for loss of assets and business interruption, the assessment of virtual certainty was supported by the payments received to date from the insurer, market confidence provided regarding their commitment and financial ability to settle outstanding claims. In addition, estimates received from the Group's quantity surveyor post year-end as indication of the cost to repair the properties, given the stage at which the repairs were, resulted in the estimation uncertainty being negligible at year-end. Refer to note 38 for additional disclosure on the amounts and related accounting.

Other estimates and judgements include:

Rental concessions

The economic impact of the COVID-19 pandemic has resulted in the Group granting relief to lessees by discounting or by deferring rent payments. Judgement has been applied in the determination of the appropriate accounting treatment of rent concessions granted in the context of COVID-19. COVID-19-related rent concessions will fall within the IFRS 16 definition of a lease modification if they result from renegotiations and changes to the terms of the original lease agreement.

In assessing whether there has been a change in the consideration agreed upon in the original lease agreement, the Group has considered the overall impact of the change in the rent payments and whether the change in consideration was part of the original terms and conditions of the lease. Both the terms and conditions of the original lease agreement and all relevant facts and circumstances were considered in the assessment of whether a lease modification exists. Where a concessionary discount has been granted, with no change in the scope of the lease, the Group has, in substance, waived part of the lease receivable. This is different to an agreement between the Group and the tenant to modify the lease agreement. The application of common law principles and government regulation has also contributed to the assessment that concessionary discounts are to be treated as an act of waiver of debt rather than a lease modification. Such waiver of debt has been accounted for by applying the derecognition requirements of IFRS 9, as detailed in note 4.1.1.

Where concessions were granted by the deferral of rent payments due, the deferred amount has not resulted in the alteration of the scope of the lease nor in the lease consideration. Deferrals are short-term in nature and do not include an additional interest charge. The Group has also assessed the deferrals as proportionate and as having an immaterial impact in the fair value of lease receivables when the time value of money is considered. As such, the deferral of rent payments has been treated as a non-modification of leases.

Provision for expected credit loss

The assessment of the correlation between historical observed default rates, forecast economic conditions and estimated credit loss ("ECL") is a significant estimate. The Group adopted the simplified approach which recognises a lifetime ECL for trade receivables. The information about the ECLs on the Group's trade receivables is disclosed in note 13. Management exercises judgement in the assessment of the credit risk for the measurement of the ECL.

1.6 Critical accounting estimates and judgements *continued*

The following information is taken into account when assessing the credit risk:

- The ECL rates are based on historical default expense and financial position of the counterparty of sectors that have similar loss patterns in the industrial, retail, residential and commercial tenant sectors.
- The provision matrix is initially based on the Group's historical observed default rates. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the tenant's actual default in the future. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. The forward looking information includes, but is not limited to, inflation and GDP growth. At every reporting date, the historical observed default rates are updated and changes in the forward- looking estimates are analysed.
- The historical recoverability and financial viability of debt receivables are assessed to determine ECL.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be recoverable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables with which it has previously had a good repayment history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income.

Intangible asset

The Afhco Brand ("the Brand") fair value was determined using the Relief from Royalty method. The Brand was valued using a discount rate equal to the weighted average cost of capital and assumed an indefinite useful life. The indefinite useful life assumption is attributable to the relative strength, market recognition and the time in existence of the Brand. The Brand is assessed for impairment at the end of each reporting period.

Impairment is tested based on a discounted cash flow method over an indefinite period, using the Group's weighted average cost of capital as the discount rate and an assumed increase in net income based on the yield as at acquisition. The period over which projected cash flows is forecasted was 3 years, projected for a further 7 years. Due to the predictability of the net property income, which forms the basis of the cash flows used in determining the fair value of the intangible asset, a ten year time horizon is considered acceptable. In addition to this a terminal value was calculated to determine the fair value.

Swap derivatives

The swap derivatives fair value is determined as the present value of the estimated future cash flows. Estimates of the future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources, which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The net interest is determined as the difference between the fixed agreed upon price and the variable rate. The variable rate is subject to market conditions. The credit risk of the instrument is used to determine the discount rate.

The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty. This is calculated based on credit spreads derived from current credit default swap or bond prices.

The fair value is calculated by discounting the future cash flows using the swap curve of the respective currencies at the dates when the cash flows will take place.

Investment in joint venture

Investment in Afhco JCO Holdings (formerly known as Calgro M3 JCO Holdings (Pty) Ltd is treated as a joint venture and equity accounted for by the Group. Despite the 90% share ownership by the Group, management assessment of the contractual agreement led to no control of the joint venture.

Functional currency

The Group is exposed to an equity accounted interest in property situated in Zambia, the functional currency of the foreign joint ventures is the US Dollar, despite the properties being situated in Zambia, as this is the currency of the primary economic environment in which these entities operate.

The following factors were considered in determining the currency of the primary economic environment:

- Rentals are invoiced in USD;
- Majority of the expenditure is incurred in USD. Labour and other operating costs are outsourced to Napoli Property Management, based on a percentage of revenue and this is paid in USD. All other major costs are also incurred in USD;
- Operational and development capital expenditure are also incurred in USD; and
- Financing is obtained in USD.

2. NEW STANDARDS AND IFRIC INTERPRETATIONS

The aggregate impact of the initial application of the statements and interpretations on the Group's audited annual financial statements is expected to be as follows:

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.1.1 Amendment to IFRS 16: Leases – Covid-19 related rent concessions – Extension of the practical expedient (effective 1 April 2021)

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The directors do not anticipate that the application of this amendment will have a significant impact on the Group annual financial statements.

2.1.2 Interest rate benchmark reform ("IBOR") — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective annual reporting periods beginning on or after 1 January 2021))

The amendments in IBOR — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The Group is currently exposed to LIBOR through the USD27 million loan and interest rate swap, which are both to expire in 2024 and are linked to 3-month LIBOR. LIBOR is being replaced by the Secured Overnight Financing Rate (SOFR) on 30 June 2023, with the phase-out of its use commencing 31 December 2021. The Group has fixed rates on both the loan and the cross currency interest rate swap ("CCIRS") through a USD swap, therefore no impact is anticipated for the Group as the movement in the base rate will be adjusted to a fixed rate.

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates ("IBORs") with alternative risk-free rates ("ARRs") to improve market efficiency and mitigate systemic risk across financial markets. The South African Reserve Bank ("SARB") has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. This reform is at various stages globally, and a suitable alternative for South Africa is only expected to be announced in a few years time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Group.

3. NEW STANDARDS AND INTERPRETATIONS IN ISSUE, BUT NOT YET EFFECTIVE

Certain new accounting standards and IFRIC interpretations have been published that are applicable for future accounting periods. These new standards and interpretations have not been early adopted by the Group.

The amended and new standards and interpretations in issue, but not yet effective, that are relevant to the Group are:

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	**Effective date**	**Executive summary**
Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The IASB has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the IASB added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The IASB has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date. Impact: Will be assessed based on new business acquisition in that particular financial year after adoption by the Group.

3. NEW STANDARDS AND INTERPRETATIONS IN ISSUE, BUT NOT YET EFFECTIVE *CONTINUED*

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	**Effective date**	**Executive summary**
Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss. Impact: Not applicable, no sales of such nature are undertaken by the Group.
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts - Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract. Impact: Not applicable, no cost to fulfil the contract are undertaken by the Group.
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022 (Published May 2020)	These amendments include minor changes to: IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. Impact: IFRS 1 is not applicable to the Group.
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2022 (Published Jan 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). Impact: This amendment impacts the classification of the short-term portion of borrowings. The Group is currently compliant in this regard.
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	Annual periods beginning on or after 1 January 2023	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. Impact: the Group will assess the impact on effective date.
Definition of Accounting Estimates - Amendments to IAS 8	Annual periods beginning on or after 1 January 2023	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. Impact: the Group will assess the impact on effective date.

3. NEW STANDARDS AND INTERPRETATIONS IN ISSUE, BUT NOT YET EFFECTIVE *CONTINUED*

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	**Effective date**	**Executive summary**
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	Annual periods beginning on or after 1 January 2023	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • ROU assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments. Impact: the Group will assess the impact on effective date.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

4.1 Accounting policies objectives

4.1.1 Financial assets

The Group classifies its financial assets into one of the categories detailed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

4.1.1.1 Fair value through profit or loss

This category comprises swap derivatives, loans to developers and investment in listed shares. These assets are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Dividends received from investments in listed shares are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.1.1.2 Amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses.

Refer to table on Categories of financial instruments 2021: Assets for those assets measured at amortised cost.

4.1.2 Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Group's accounting policy for each category is as follows:

4.1.2.1 Fair value through profit or loss

This category comprises only swap derivatives.

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses.

Refer to table on Categories of financial instruments 2021: Assets for those assets measured at amortised cost.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.1.2.2 Financial liabilities at amortised cost

Interest-bearing borrowings

All loan and borrowings are initially recognised at fair value net of transaction costs directly attributable to the issue of the instrument. Such interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. This means that interest expense is charged at a constant rate on the outstanding capital balance at the financial statement reporting date over the period of repayment.

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

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

4.1.3 Derivatives
The Group does not apply hedge accounting in accordance with IFRS 9: Financial Instruments. Derivative financial assets and liabilities are classified as financial assets or liabilities at fair value through profit or loss ("FVPTL"). Derivative financial assets and liabilities comprise mainly interest rate swaps and cross-currency swaps. Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value. Directly attributable transaction costs are recognised immediately in profit or loss. Gains or losses on derivatives are recognised in profit or loss in the changes in fair values in the FVTPL line item.

4.1.4 Equity instruments
Any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

4.2 Fair value

4.2.1 Fair value of financial assets and liabilities that are measured at fair value on a recurring basis:
The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable.
The different levels have been defined as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities:

Level 2 fair value measurements are those derived from inputs, other quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data i.e. unobservable inputs.

4.2.2 Financial instruments not measured at fair value
Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, loans and borrowings. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

4.2.3 Details of valuation techniques
The valuation techniques used in measuring fair values at 31 December 2021 for financial instruments and investment property measured at fair value in the statement of financial position, as well as the significant unobservable inputs used are disclosed in note 5. There has been no significant changes in valuation techniques and inputs since 31 December 2020.

4.3 Expected credit losses ("ECL")
For the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12-month ECL. In determining the expected credit losses for these assets, the directors of the Group have taken into account the historical default experience and the financial position of the counterparties. Management has assessed the recoverability of each financial asset, excluding trade receivables, based on historical default experience and where there is significant increase in credit risk regardless of historical defaults or history, ECL has been raised. The other receivables and loans are also guaranteed by properties and other assets and hence should the counterparty default, the Group will not incur a loss. Refer to note 13 for further details.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within property expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be recoverable, the gross carrying value of the asset is written off against the associated provision.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Categories of financial instruments:

2021	Fair value measurement		Financial asset		Equity instrument	Total	ECL assessment note reference
		Derivative	Non-derivative				
(R 000)		FVTPL	FVTPL	Amortised cost			
Non-current assets							
Investment in listed shares	Level 1	–	162 871	–	–	162 871	
Other financial assets		–	–	2 396	–	2 396	11
Loan to joint venture		–	–	142 727		142 727	6
Swap derivatives	Level 2	117 342	–	–	–	117 342	
		117 342	162 871	145 123	–	425 336	
Current assets							
Other financial assets		–	–	25 405	–	25 405	11
Swap derivatives	Level 2	8 054	–	–	–	8 054	
Trade receivables		–	–	73 264	–	73 264	13
Other receivables		–	–	341 298	–	341 298	13
Cash and cash equivalents		–	–	211 327	–	211 327	14
		8 054	–	651 294	–	659 348	
Total assets		125 396	162 871	796 417	–	1 084 684	
Equity							
Share capital and reserves		–	–	–	10 066 363	10 066 363	
Liabilities							
Non-current liabilities							
Lease liabilities		–	–	15 084	–	15 084	
Interest-bearing borrowings		–	–	6 150 304	–	6 150 304	
Swap derivatives	Level 2	220 935	–	–	–	220 935	
		220 935	–	6 165 388	–	6 386 323	
Current liabilities							
Lease liabilities		–	–	6 289	–	6 289	
Swap derivatives	Level 2	118 866	–	–	–	118 866	
Interest-bearing borrowings		–	–	39 361	–	39 361	
Trade and other payables		–	–	433 798	–	433 798	
		118 866	–	479 448	–	598 314	
Total liabilities		339 801	–	6 644 836	–	6 984 637	
Total equity and liabilities		339 801	–	6 644 836	10 066 363	17 051 000	

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Categories of financial instruments:

2020	Fair value measurement	Financial asset			Equity instrument	Total	ECL assessment note reference
		Derivative	Non-derivative				
(R 000)		FVTPL	FVTPL	Amortised cost			
Non-current assets							
Investment in listed shares	Level 1	–	112 800	–	–	112 800	
Other financial assets		–	–	5 259	–	5 259	11
Loan to joint venture		–	–	143 300	–	143 300	6
Swap derivatives	Level 2	245 382	–	–	–	245 382	
		245 382	112 800	148 559	–	506 741	
Current assets							
Other financial assets		–	–	505	–	505	11
Swap derivatives	Level 2	13 290	–	–	–	13 290	
Trade receivables		–	–	104 662	–	104 662	13
Other receivables		–	–	167 168	–	167 168	13
Cash and cash equivalents		–	–	168 103	–	168 103	14
		13 290	–	440 438	–	453 728	
Total assets		258 672	112 800	588 997	–	960 469	
Equity							
Share capital and reserves		–	–	–	10 092 962	10 092 962	
Liabilities							
Non-current liabilities							
Lease liabilities		–	–	21 394	–	21 394	
Interest-bearing borrowings		–	–	5 573 442	–	5 573 442	
Swap derivatives	Level 2	567 712	–	–	–	567 712	
		567 712	–	5 594 836	–	6 162 548	
Current liabilities							
Lease liabilities		–	–	6 372	–	6 372	
Swap derivatives	Level 2	177 996	–	–	–	177 996	
Interest-bearing borrowings		–	–	1 103 749	–	1 103 749	
Trade and other payables		–	–	444 372	–	444 372	
		177 996	–	1 554 493	–	1 732 489	
Total liabilities		745 708	–	7 149 329	–	7 895 037	
Total equity and liabilities		745 708	–	7 149 329	10 092 962	17 987 999	

The table above has been updated to align with the current year disclosure.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.4 Risk Management

The Group's financial risk management objective is to manage the capital and financial risk exposure so that it continues as a going concern and minimises adverse effects. In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. In order to manage these risks, the Group may use derivative instruments. The Group does not speculate in or engage in the trading of derivative instruments.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Group has exposure to the following risks of financial instruments:

- Liquidity risk
- Market risk
  - Foreign currency risk
  - Interest rate risk
  - Capital risk
- Credit risk

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Financial instruments: 2021	Financial instruments R 000	Credit risk R 000	Liquidity risk R 000	Foreign currency risk R 000	Interest rate risk R 000	Price risk R 000	Capital risk R 000
Non-current assets							
Investments in listed shares	162 871	162 871	–	–	–	162 871	–
Other financial assets	2 396	2 396	–	–	2 396	–	–
Loan to joint venture	142 727	142 727	–	–	142 727	–	–
Swap derivatives	117 342	117 342	–	117 342	117 342	–	–
	425 336	425 336	–	117 342	262 465	162 871	–
Current assets							
Other financial assets	25 405	25 405	–	–	25 405	–	–
Swap derivatives	8 054	8 054	–	8 054	8 054	–	–
Trade receivables	73 264	73 264	–	–	73 264	–	–
Other receivables	341 298	341 298	–	–	341 298	–	–
Cash and cash equivalents	211 327	211 327	–	–	211 327	–	211 327
	659 348	659 348	–	8 054	659 348	–	211 327
Total financial assets	1 084 684	1 084 684	–	125 396	921 813	162 871	211 327
Equity							
Share capital and reserves	–	–	–	–	–	–	10 066 363
Liabilities							
Non-current liabilities							
Lease liabilities	15 084	–	15 084	–	15 084	–	–
Interest-bearing borrowings	6 150 304	–	6 150 304	432 784	6 150 304	–	6 150 304
Swap derivatives	220 935	–	220 935	162 192	220 935	–	–
	6 386 323	–	6 386 323	594 976	6 386 323	–	6 150 304
Current liabilities							
Lease liabilities	6 289	–	6 289	–	6 289	–	–
Trade and other payables	433 798	–	433 798	–	433 798	–	–
Interest-bearing borrowings	39 361	–	39 361	–	39 361	–	39 361
Swap derivatives	118 866	–	118 866	118 866	118 866	–	–
	598 314	–	598 314	118 866	598 314	–	39 361
Total financial liabilities	6 984 637	–	6 984 637	713 842	6 984 637	–	6 189 665
Total equity and liabilities	6 984 637	–	6 984 637	713 842	6 984 637	–	16 256 028

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Financial instruments: 2020 [*]	Financial instruments R 000	Credit risk R 000	Liquidity risk R 000	Foreign currency risk R 000	Interest rate risk R 000	Price risk R 000	Capital risk R 000
Non-current assets							
Investments in listed shares	112 800	112 800	–	–	–	112 800	–
Other financial assets	5 259	5 259	–	–	5 259	–	–
Loan to joint venture	143 300	143 300	–	–	143 300	–	–
Swap derivatives	245 382	245 382	–	245 382	245 382	–	–
	506 741	506 741	–	245 382	393 941	112 800	–
Current assets							
Other financial assets	505	505	–	–	505	–	–
Swap derivatives	13 290	13 290	–	13 290	13 290	–	–
Trade receivables	104 662	104 662	–	–	104 662	–	–
Other receivables	167 168	167 168	–	–	167 168	–	–
Cash and cash equivalents	168 103	168 103	–	–	168 103	–	168 103
	453 728	453 728	–	13 290	453 728	–	168 103
Total financial assets	960 469	960 469	–	258 672	847 669	112 800	168 103
Equity							
Share capital and reserves	–	–	–	–	–	–	10 092 962
Liabilities							
Non-current liabilities							
Lease liabilities	21 394		21 394		21 394		
Interest-bearing borrowings	5 573 442	–	5 573 442	398 489	5 573 442	–	5 573 442
Swap derivatives	567 712	–	567 712	307 452	567 712	–	–
	6 162 548	–	6 162 548	705 941	6 162 548	–	5 573 442
Current liabilities							
Lease liabilities	6 372		6 372		6 372		
Trade and other payables	423 635	–	423 635	12 392	165 604	–	–
Interest-bearing borrowings	1 103 749	–	1 103 749	–	1 103 749	–	1 103 749
Swap derivatives	177 996	–	177 996	177 996	177 996		–
	1 711 752	–	1 711 752	190 388	1 453 721	–	1 103 749
Total financial liabilities	7 874 300	–	7 874 300	896 329	7 616 269	–	6 677 191
Total equity and liabilities	7 874 300	–	7 874 300	896 329	7 616 269	–	16 770 153

[*] Prior year numbers reclassified for consistency with 2021.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.4.1 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim it seeks to maintain cash balances and agreed facilities to meet expected requirements for a period of at least 3 months. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long term borrowings, this is further discussed in the 'interest rate risk' section below.

The liquidity risk of each Group entity is managed centrally by the Group's treasury function. Each operating unit within the Group has operational cash requirements based on the approved budgets. The budgets are set by management and agreed by the Board in advance, enabling the Group's cash requirements to be anticipated. Where operational cash requirements of Group entities need to be increased, approval must be sought from the Chief Financial Officer.

The repayment profile does not take into account refinancing in respect of interest-bearing borrowings and is reflective of the known obligations as at 31 December 2021.

	2021 R 000	2020 R 000
Repayment profile		
Trade and other payables [1]	**433 798**	488 403
Swap derivatives	**40 278**	44 877
Interest on interest-bearing borrowings	**84 433**	89 724
Three months or less	**558 509**	623 004
Interest-bearing borrowings [2]	–	1 103 749
Swap derivatives	**72 036**	119 829
Interest on interest-bearing borrowings	**269 862**	274 246
Lease liabilities	**9 322**	8 781
Between three months and one year	**351 220**	1 506 605
Interest-bearing borrowings	**6 150 304**	5 573 442
Swap derivatives	–	321 802
Interest on interest-bearing borrowings	**579 230**	692 933
Lease liabilities	**19 543**	24 727
Between one and five years	**6 749 077**	6 612 904
Interest-bearing borrowings	–	–
Swap derivatives	–	528
Interest on interest-bearing borrowings	–	–
Lease liabilities	**1 144**	3 827
More than five years	**1 144**	4 355

(1) Excluding accrued interest and VAT

(2) The Group renegotiated the repayment terms on interest-bearing borrowings, resulting in an extension of repayments to 2023 and later. Therefore, there are no short term interest-bearing borrowings.

The Group expects to meet its obligations from operating cash flows and existing facilities as detailed in note 17. The liquidity risk profile in respect of contingent liabilities is disclosed in note 37.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.4.2 Market Risk

Foreign currency risk management
The Group is exposed to foreign currency fluctuations through its foreign denominated interest-bearing borrowings and the investments in the Zambian joint venture.

The foreign currency risk is partially off-set by the interest-bearing borrowings and cross currency interest rate swaps which are denominated in the same exchange rate.

Foreign currency sensitivity analysis
The Group is mainly exposed to the US Dollar currency. The following table details the Group's sensitivity to a 5% (2020: 5%) fluctuation in the Rand against the US Dollar. The sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

A positive number below indicates an increase in profit or equity where the Rand strengthens against the US Dollar. For a weakening of the Rand against the US Dollar, there would be a comparable negative impact on the profit or equity.

	2021 R 000	2020 R 000
Profit or loss on financial assets and liabilities	**21 979**	24 029
Profit or loss on derivatives	**(7 000)**	(14 695)
Profit or loss	**14 979**	9 334

Interest rate risk
The Group is exposed to interest rate risk through its variable rate cash balances, receivables, payables and interest-bearing borrowings. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, monitoring cash flows and investing surplus cash at negotiated rates. The Group enters into interest rate swap contracts, from time to time, for the purposes of cash flow hedging. The Group does not apply hedge accounting.

Interest rate sensitivity analysis
The sensitivity analysis is based on the exposure to interest rates at the reporting date. For floating rate assets and liabilities, the analysis assumes that the amount of asset or liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point fluctuation is used, it represents management's reasonable assessment of the possible change in interest rates. If interest rates were 50 basis points higher or lower and all other variables were constant, the Group's net profit for the year ended 31 December 2021 would fluctuate by R6.6 million (2020: R9.5 million).

Price risk sensitivity analysis
Price sensitivity is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to price risk through its investment in listed property shares.

The sensitivity analysis includes only listed investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period. All other variables remained constant.

At 31 December 2021, if the listed price of these financial assets had been 5% higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R 1.3 million (2020: R5.4 million) higher or lower. Refer to note 11 for further details.

4.4.3 Capital risk management

The Group's capital comprises shareholders' equity and interest-bearing borrowings. Capital is actively managed to ensure that the Group is properly capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of its stakeholders.

The Group has a business planning process that runs on an annual cycle with regular updates to projections. It is through this process, which includes risk and sensitivity analysis of forecasts, that the Group's capital is managed.

Specifically, the Group has adopted the following capital management policies:

- Maintenance, as a minimum, of capital sufficient to meet the statutory requirements and such additional capital as management believes is necessary.
- Maintenance of an appropriate level of liquidity at all times. The Group further ensures that it can meet its expected capital and financing needs at all times, having regard to the business plans, forecasts and any strategic initiatives.
- Maintenance of an appropriate level of issued shares based on approval from the shareholders and the Board.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.4.3 Capital risk management *continued*

The Group has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through scenario analysis and risk assessments. From an understanding of the principal risks, appropriate risk limits and controls are defined.

The Group's capital risk management strategy has remained unchanged from the prior year.

Gearing ratio:

The Group's Audit and Risk Committee reviews the capital structure 3 times a year. As part of this review, the Committee considers the cost of capital and the risks associated with each class of capital. The Group limits its borrowing capacity inclusive of its guarantees to 45% (2020: 45%) of the total property investment and 40% (2020: 40%) exclusive of its guarantees as per the lenders' covenant requirements. The Board has elected to impose a debt funding limit of 40% without guarantees.

	2021 R 000	2020 R 000
The debt to total investment portfolio ratio at the year-end was as follows:		
Debt (nominal value)	**6 150 304**	6 641 325
Total investment portfolio [1]	**16 001 872**	17 086 951
Gearing ratio	**38.43%**	38.87%

[1] Total property investments includes investment property (at valuation), property under development, properties classified as held for sale, joint ventures and listed property share investments.

4.4.4 Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk with regard to trade and other receivables is minimised by the large and diverse tenant base, spread across diverse industries and geographical areas. The Group does not have any significant credit risk exposure to any single tenant counterparty.

Management has established a credit policy in terms of which each new tenant is individually analysed for credit worthiness before the Group's standard payment terms and conditions are offered which include a provision of a deposit. Management monitors the financial position of its tenants on an ongoing basis.

Further disclosures regarding trade and other receivables are provided in note 13.

Credit risk attached to the Group's cash and cash equivalents is minimised by its cash resources being placed in money market investments with several financial institutions of high credit standing, in terms of pre-determined exposure limits. Exposure limits and underlying money market exposures are assessed bi-annually and reviewed by the Audit and Risk Committee to limit concentration to a single institution and to monitor the risks associated with the underlying money market exposures.

2021	Rating	Cash at bank	Short term deposits	Total
		R 000	R 000	R 000
Absa Bank Limited [1]	**AA**	**418**	**–**	**418**
FirstRand Bank Limited	**AA**	**61 026**	**–**	**61 026**
Investec Bank Limited [1]	**AA**	**–**	**45 154**	**45 154**
Nedbank Limited [1]	**AA**	**63 215**	**41 514**	**104 729**
		124 659	**86 668**	**211 327**

2020	Rating	Cash at bank	Short term deposits	Total
		R 000	R 000	R 000
Absa Bank Limited [1]	AA	418	5 214	5 632
FirstRand Bank Limited	AA	78 923	–	78 923
Investec Bank Limited [1]	AA	–	9 659	9 659
Nedbank Limited [1]	AA	73 681	208	73 889
		153 022	15 081	168 103

[1] The credit ratings reflected are in respect of the institutions where the money market accounts are held. On a look-through basis 69% (2020: 81%) of the funds were held at institutions with AA rating and 31% (2020: 19%) was held at institutions with a AAA rating.

The Management monitors the credit ratings of counterparties regularly. As at the reporting date we do not expect any losses from nonperformance by the counterparties. For all other financial assets the carrying amount represents the maximum exposure to credit loss.

5. INVESTMENT PROPERTY

Investment properties are properties held to earn rentals, and/or appreciation in capital value. It excludes properties occupied by the Group and includes developments and properties being constructed for future use as investment property. The majority of the buildings are located on land owned by the Group, but there are certain buildings situated on long-term leases (refer to note 9).

Properties under development comprise the cost of the land and development, and are measured at fair value. Fair value is based on the costs incurred up to the date of the valuation. Undeveloped land is valued in terms of the internationally accepted and preferred method of comparison. This involves the use of recent comparable transactions as a basis for the valuation. Bulk rates are determined for land that has been zoned. If the fair value cannot be reasonably determined, it is stated at cost and is not depreciated.

Investment properties are initially recognised at the purchase cost, including transaction costs on acquisition, and are revalued to their fair value at the end of each reporting date. Gains or losses arising from changes in the fair values are reflected in profit or loss and are excluded in determining the distributable income. Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the properties (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the properties are derecognised.

Investment properties leased out under operating leases are reflected as investment properties on the statement of financial position. Where there are fixed increments in rental, the income is recognised on a straight line basis in accordance with IFRS 16: Leases. The resulting difference arising from the straight-line basis and contractual cash flows is recognised as an operating lease obligation.

Deferred expenses comprise tenant installation costs and letting commissions which are amortised on a straight line basis over the lease period to which they relate. The tenant installations and letting commissions are separately disclosed in this note. As at date of disposal, the unamortised deferred expense is included in the capital profit or loss of the property.

Borrowing costs:
Where the Group undertakes a major development or refurbishment of its investment property, interest is capitalised to the cost of the property concerned during the construction period. Capitalisation is suspended during periods in which active development is interrupted. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5. INVESTMENT PROPERTY *CONTINUED*

	At valuation	Straight line rental adjustment	Property under development	Total
Opening balance at 1 January 2021	**13 698 560**	**(270 109)**	**1 224 674**	**14 653 125**
Acquisitions and improvements	**161 712**	**–**	**115 315**	**277 027**
Capitalised interest [(1)]	**2 112**	**–**	**13 320**	**15 432**
Disposals	**(135 485)**	**–**	**–**	**(135 485)**
Fair value adjustment [(2)]	**(329 138)**	**(71 484)**	**(101 392)**	**(502 014)**
Transfer from property under development	**3 500**	**–**	**(3 500)**	**–**
Transfer to properties classified as held for sale	**(610 656)**	**(12 865)**	**(9 304)**	**(632 825)**
Closing balance at 31 December 2021	**12 790 605**	**(354 458)**	**1 239 113**	**13 675 260**
Opening balance at 1 January 2020	13 525 822	(279 666)	3 542 500	16 788 656
Acquisitions and improvements	308 897	–	123 098	431 995
Capitalised interest [(1)]	–	–	42 838	42 838
Disposals	(152 583)	–	–	(152 583)
Fair value adjustment	(1 267 674)	6 323	(255 893)	(1 517 244)
Transfer from property under development	2 172 023	–	(2 172 023)	–
Transfer to properties classified as held for sale	(887 595)	2 904	(55 846)	(940 537)
Closing balance at 31 December 2020	13 698 560	(270 109)	1 224 674	14 653 125

	2021 R 000	2020 R 000
Letting commissions and tenant installations		
Carrying value at the beginning of the year	**42 871**	44 049
Amortisation during the year	**(21 394)**	(21 285)
Additions during the year	**12 681**	23 550
Transfer to properties classified as held for sale [(3)]	**(713)**	(3 443)
Carrying value at the end of the year	**33 445**	42 871
Non-current assets	**18 130**	25 558
Current assets	**15 315**	17 313
	33 445	42 871

(1) Refer to note 30.

(2) Included in this amount is R252.3 million relating to the impairment of investment property as a result of the civil unrest. Refer to note 38.

(3) As detailed in note 15.

5. INVESTMENT PROPERTY *CONTINUED*

Details of valuation techniques

The valuation techniques used in measuring fair values at 31 December 2021 for investment property are measured at fair value in the consolidated statement of financial position. The significant unobservable inputs used are disclosed below. There have been no significant changes in valuation techniques and inputs since 31 December 2020.

An independent external valuator (Quadrant Properties) was appointed to conduct the Group's December 2021 property valuations. The independent valuer's details are as follows: Quadrant Properties, P. Parfitt, NDip (Prop Val), MRICS, Professional Valuer. The Group provided the valuer with property and other information required in the valuation of the properties. Among other inputs, the independent valuer applied current market-related assumptions to the risks in rental streams of the properties. Once the valuations had been completed by the independent valuers, it was reviewed internally and then approved by the Board. The valuer is a registered valuer in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000). Quadrant Properties performed the valuation of investment properties for both the current year as well as the previous year and applied valuation techniques that are constant with those applied in the previous year. The valuer has appropriate qualifications and experience in the valuation of properties in the relevant locations.

Valuation methodology

The valuation of all revenue producing real estate is calculated by determining future contractual and market related net rental income streams, as well as a terminal realisation value for the property and then discounting this income stream to calculate a net present value. This is performed over a ten-year period in order to reasonably revert all cash flow to a market-related rate due to the long-term nature of the leases. The terminal value (residual value) is calculated by capitalising the eleventh year's net revenue and discounting this value to present. The discount rate is determined as a forward yield rate (capitalisation rate) and the risk factor is added to it (as related to the nature and contracts of the property) and forward growth rate associated with the cash flow as related to the market. There are reasonable market observable transactions to support the capitalisation rate, growth rate and risk considerations as applied. SAPOA also publishes data tables on which these assumptions may be benchmarked. Adjustments are made to the present value calculated, to adjust for immediate capital expenditure requirements, as would be reasonably considered between a willing buyer and a willing seller.

Residential property is not subject to long-term leases, as such discounted cash flows cannot be performed, and the valuation is determined as a function of current rental streams and the capitalisation rate ("cap rate").

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for the year ended 31 December 2021

5. INVESTMENT PROPERTY *CONTINUED*

The key assumptions applied by the valuer across the various portfolios are tabulated below.

2021 Portfolio	Valuation technique	Discount rate %	Exit Capitalisation rate %	Capitalisation rate %	Rental growth rate: 5 year projection %	Vacancy rate %	Bulk rate per sqm Rands
Industrial	Discounted cashflow	13.75 - 17.00	8.75 - 12.00	8.25 - 11.50	3.75 - 5.00	1.00 - 3.00	2 628 - 19 441
Retail [1]	Discounted cashflow	13.75 - 16.00	8.75 - 11.75	8.50 - 10.50	5.00 - 6.40	3.00 - 9.00	8 618 - 29 883
Commercial	Discounted cashflow	15.25 - 17.00	10.00 - 12.00	9.75 - 11.50	-3.30 - 1.00	1.50 - 12.00	6 145 - 15 511
Residential/ Afhco	Capitalisation of net income earnings			9.00 - 11.75		3.60 - 7.00	6 712 - 13 400

2020 Portfolio	Valuation technique	Discount rate %	Exit Capitalisation rate %	Capitalisation rate %	Rental growth rate: 5 year projection %	Vacancy rate %	Bulk rate per sqm Rands
Industrial	Discounted cashflow	13.75 - 18.25	8.75 - 14.75	8.25 - 12.75	1.00 - 4.40	1.00 - 5.00	1 600 - 14 600
Retail [1]	Discounted cashflow	14.00 - 16.00	9.00 - 11.00	8.50 - 10.50	5.10 - 8.20	3.00 - 12.00	8 050 - 28 500
Commercial	Discounted cashflow	15.25 - 17.00	10.00 - 12.00	9.75 - 11.25	1.60 - 3.80	1.50 - 15.00	7 150 - 16 630
Residential/ Afhco	Capitalisation of net income earnings			9.00 - 12.00	3.00 - 5.00	3.00 - 8.00	6 800 - 12 200

[1] Includes storage.

Certain properties are subject to mortgage bonds in favour of lenders as detailed in note 17.

The following table analyses the investment properties that are measured at fair value subsequent to initial recognition.

	2021 R 000	2020 R 000
Investment properties		
At valuation	**12 790 605**	13 698 560
Property under development	**1 239 113**	1 224 674
Held for sale	**939 407**	1 030 281
	14 969 125	15 953 515

Management has reviewed the methodology and assumptions and are satisfied that the valuations are representative of the current and projected portfolio performance.

Valuation of investment properties are sensitive to changes in inputs used in determining its fair value. The table below illustrates the sensitivity in fair value to changes in unobservable inputs, whilst holding the other inputs constant. The sensitivity analysis is based on the exposure to the discount rates, growth rates, cap rate and vacancy rates at the reporting date which is the most sensitive variable in determining the valuation.

5. INVESTMENT PROPERTY *CONTINUED*

Sensitivity of fair values to changes in unobservable inputs

A 50 basis points increase or decrease in the discount rate and a 100 basis points increase or decrease in cap rates represents management's reasonable assessment of the possible change in market rates which will have the following impact on the investment property value:

	(1.0%) R 000	Cap rate Current R 000	1.0% R 000
Investment properties 2021			
Discount rate			
(0.5%)	**16 274 961**	**15 292 504**	**14 410 929**
Current	**15 928 801**	**14 969 125**	**14 106 013**
0.5%	**15 596 579**	**14 658 833**	**13 813 319**
Investment properties 2020			
Discount rate			
(0.5%)	17 257 694	16 293 109	15 469 430
Current	16 954 480	15 953 515	15 151 437
0.5%	16 540 717	15 632 770	14 888 442

A 100 basis points increase or decrease in growth rates represents management's reasonable assessment of the possible change in market rates which will have the following impact on the investment property value:

Sector	Weighted growth rate	(1.0%) R 000	Growth rate Current R 000	1.0% R 000
Industrial	**5.37%**	**3 385 304**	**3 525 080**	**3 723 535**
Retail	**5.45%**	**6 221 958**	**6 497 205**	**6 869 956**
Commercial	**5.50%**	**296 343**	**309 500**	**327 834**
Afhco	**N/A**	**–**	**–**	**–**

A 100 basis points increase or decrease in the vacancy rates represents management's reasonable assessment of the possible change in market rates which will have the following impact on the investment property value:

Sector	Weighted vacancy rate	(1.0%) R 000	Vacancy rate Current R 000	1.0% R 000
Industrial	**1.64%**	**3 576 624**	**3 525 080**	**3 446 550**
Retail	**3.98%**	**6 590 700**	**6 497 205**	**6 346 594**
Commercial	**3.54%**	**313 867**	**309 500**	**302 796**
Afhco	**1.81%**	**4 678 999**	**4 637 340**	**4 449 399**

Between December 2020 and December 2021 there has been a marginal tightening of discount and capitalisation rates for the Retail and Industrial portfolios reflecting the initial recovery from the COVID pandemic. Whilst Commercial discount and capitalisation rates have widened, the deterioration of Commercial valuations has been driven by poor NPI forecasts rather than a movement in the cost of capital. Afhco has had a tightening in capitalisation rates in the inner city where these have been reduced by 50 basis points to circa 10%. The latter better represents the capitalisation rates achieved in the sale of these assets evidenced by the recent transactions concluded by the Group. Zambian discount rates have increased to ensure a more prudent valuation of these assets. Rental growth rates have been reduced to reflect a lower inflationary environment. Vacancy projections have taken into consideration an improvement in trading conditions with an initial recovery from the pandemic with bad debt provisioning also reducing.

All the above adjustments resulted in a reduction in the valuation of investment property.

6. INVESTMENT IN JOINT ARRANGEMENTS

The Group has multiple joint arrangements, including investments in joint ventures and joint operations. In the joint venture arrangements the owners provide unanimous consent in the decision making which drives the profitability of the arrangements. In the joint operations, the owners have a direct right to the asset and obligation in respect of the liability, namely the investment property and shareholders loan. By contrast, in the joint ventures, the owners have a right to the net assets of the business, which is generally indicated when the owners have a joint shareholding in a property holding company.

All joint arrangements are strategic to the Group's activities.

Joint operations

Jointly controlled operations are accounted for by including the Group's share of the jointly controlled assets, liabilities, revenues and expenses on a line-by-line basis in the financial statements from the date that joint control commences until the date that joint control ceases. The Group accounts for these assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRS 11 Joint Arrangements.

Details of the Group's material joint operations at the end of the reporting period are as follows:

Name of joint operation	Principal activity	Place of incorporation and principal place of business	Portion of ownership		Distribution share	
			2021	2020	2021	2020
			%	%	R 000	R 000
Umlazi Mega City	Property entity earning net rental income	Durban, KwaZulu-Natal, South Africa	**75%**	75%	**64 396**	23 258
50 Griffiths Mxenge Highway	Property entity earning net rental income	Durban, KwaZulu-Natal, South Africa	**75%**	75%	**823**	1 740
Stellenbosch Square [(1)]	Property entity earning net rental income	Stellenbosch, Western Cape, South Africa	**0%**	50%	**11 204**	4 306

These jointly controlled operations are not in separate legal entities, but are governed by co-owner agreements, which stipulate the right to the assets and obligation to the liabilities.

[(1)] During the year, the Group interest in Stellenbosch Square was sold to the co-owner.

The reconciliation of the summarised financial information set out below is based on the joint arrangements in full and not the Group's ownership thereof.

6. INVESTMENT IN JOINT ARRANGEMENTS *CONTINUED*

2021 (R 000)	Umlazi Mega City	50 Griffiths Mxenge Highway	Stellenbosch Square
Non-current assets	**742 927**	**42 937**	**–**
Current assets	**51 330**	**1 094**	**–**
Total assets	**794 257**	**44 031**	**–**
Non-current liabilities	**(279 554)**	**(45 838)**	**–**
Current liabilities	**(319 377)**	**(3 634)**	**–**
Total liabilities	**(598 931)**	**(49 472)**	**–**
Revenue	**114 494**	**4 027**	**11 319**
(Loss)/profit from joint operations	**(72 842)**	**(1 837)**	**8 211**

2020 (R 000)	Umlazi Mega City	50 Griffiths Mxenge Highway	Stellenbosch Square
Non-current assets	913 496	49 206	228 423
Current assets	60 882	794	12 433
Total assets	974 378	50 000	240 856
Non-current liabilities	(313 312)	(48 292)	(139 890)
Current liabilities	(307 038)	(4 215)	(4 223)
Total liabilities	(620 350)	(52 507)	(144 113)
Revenue	127 435	4 508	28 874
Profit/(loss) from joint operations	14 954	(7 663)	27 376

Joint ventures
The Group accounts for the investments in joint ventures using the equity method. The joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

Foreign joint ventures
The Group has 50% ownership in 3 Mauritian legal entities, which have 99.9% ownership in the Zambian entities. The principal place of business is Lusaka, Zambia.

The currency of the primary economic environment in which the foreign joint ventures operates is Kwachas. Management has however applied its judgement and concluded that the functional currency is US Dollar based on the following factors:
(i) The rentals charged are mainly US Dollar linked with a small proportion in Zambian Kwacha;
(ii) Most of the cash is retained in US Dollar;
(iii) Most of the expenses are determined and paid in US Dollars;
(iv) A greater proportion of the funding used is US Dollar denominated; and
(v) The original and subsequent acquisitions and the respective yields are US Dollar denominated.

Foreign currency exchange rates used in converting US Dollar to ZAR are:
Spot on 31 December 2021 US Dollar: R15.94 (2020: R14.69)
Average US Dollar: R14.7832 (2020: R16.4602)

Local joint ventures
The fair value of the identifiable assets, liabilities, revenue and profit or loss are shown below. This is representative of 100% of the respective entities and not the Group's ownership thereof.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

for the year ended 31 December 2021

6. INVESTMENT IN JOINT ARRANGEMENTS *CONTINUED*

Details of the Group's material joint ventures are shown as follows:

	Foreign joint ventures			Local joint venture	
2021 (R 000)	**Ancona Mauritius Limited**	**Graduare Mauritius Limited**	**Premier LM & C Mauritius Limited**	**Afhco JCO Holdings (Pty) Ltd**	**Total**
Non-current assets	215 786	1 609 833	446 865	129 602	2 402 086
Current assets	1 340	155 952	8 057	23 399	188 748
Total assets	217 126	1 765 785	454 922	153 001	2 590 834
Non-current liabilities	12 208	160 488	(20 229)	–	152 467
Current liabilities	7 039	418 938	119 636	166 382	711 995
Total liabilities	19 247	579 426	99 407	166 382	864 462
Revenue	15 964	95 785	37 415	–	149 164
(Loss)/profit from joint ventures	(38 820)	(60 365)	38 029	(9 973)	(69 197)
Fair value movement in investment property included in (loss)/profit above	(47 852)	(113 473)	14 386	–	(146 939)
Reconciliation of the above summarised information					
Net assets of the joint venture	197 879	1 186 359	355 515	(13 381)	1 726 372
Proportion of the Group's ownership interest in the joint ventures	50%	50%	50%	90%	
Carrying amount of the Group's interest in joint ventures	98 940	593 179	177 758	–	869 876

	Foreign joint ventures			Local joint venture	
2021 (R 000)	**Ancona Mauritius Limited**	**Graduare Mauritius Limited**	**Premier LM & C Mauritius Limited**	**Afhco JCO Holdings (Pty) Ltd**	**Total**
Non-current assets					
Investment property	207 502	1 173 137	386 955	177 376	1 944 970
Furniture and equipment	–	1 426	6 236	65	7 727
Rent receivable-straight-line rent adjustment	1 609	4 281	930	–	6 820
Capital work in progress	–	430 989	111	–	431 100
Deferred taxation	–	–	–	254	254
Current assets					
Cash and cash equivalents	1 995	5 078	4 240	10 403	21 716
Rent receivable-straight-line rent adjustment	305	143	300	–	748
Non-current liabilities					
Shareholder loan	–	157 923	–	–	157 923
Non-current straight-line rent adjustment	1 913	4 424	1 230	–	7 567
Interest-bearing borrowings	–	254 072	–	107 136	361 208
Finance charges					
Finance cost	–	(15 057)	–	8 412	(6 645)
Finance income	–	–	–	291	291

6. INVESTMENT IN JOINT ARRANGEMENTS *CONTINUED*

	Foreign joint ventures			Local joint venture	
2020 (R 000)	**Ancona Mauritius Limited**	**Graduare Mauritius Limited**	**Premier LM & C Mauritius Limited**	**Afhco JCO Holdings (Pty) Ltd Restated***	**Total**
Non-current assets	225 888	1 185 892	419 134	129 602	1 960 516
Current assets	1 148	408 858	5 240	30 133	445 379
Total assets	227 036	1 594 750	424 374	159 735	2 405 895
Non-current liabilities	9 945	157 856	3 218	–	171 019
Current liabilities	400	215 218	105 028	(163 144)	157 502
Total liabilities	10 345	373 074	108 246	(163 144)	328 521
Revenue	21 220	120 431	46 144	–	187 795
Loss from joint ventures	(32 595)	(74 404)	(14 582)	(3 040)	(124 621)
Fair value movement in investment property included loss above	(45 333)	(143 574)	(48 493)	–	(237 400)
Reconciliation of the above summarised information					
Net assets of the joint venture	216 691	1 221 676	316 128	(3 409)	1 751 086
Proportion of the Group's ownership interest in the joint ventures	50%	50%	50%	80%[(1)]	
Carrying amount of the Group's interest in joint ventures	108 346	610 838	158 064	–	877 248

	Foreign joint ventures			Local joint venture	
2020 (R 000)	**Ancona Mauritius Limited**	**Graduare Mauritius Limited**	**Premier LM & C Mauritius Limited**	**Afhco JCO Holdings (Pty) Ltd Restated***	**Total**
Non-current assets					
Investment property	226 151	824 520	346 648	177 275	1 574 594
Furniture and equipment	–	130	1 360	88	1 578
Rent receivable-straight-line rent adjustment	435	13 806	676	–	14 917
Capital work in progress	4 706	734 206	8 602	–	747 514
Deferred taxation	–	–	–	965	965
Current assets					
Cash and cash equivalents	2 108	19 092	16 768	7 026	44 994
Rent receivable-straight-line rent adjustment	264	542	106	–	912
Non-current liabilities					
Shareholder loan	–	48 623	15 569	11 474	75 666
Non-current straight-line rent adjustment	699	14 347	554	–	15 600
Interest-bearing borrowings	6 608	37 934	–	107 136	151 678
Finance charges					
Finance cost	–	10 416	–	5 841	16 257
Finance income	–	1 790	–	641	2 431

* Refer to note 18 for details of the restatement

6. INVESTMENT IN JOINT ARRANGEMENTS *CONTINUED*

In the prior year, the Group entered into a joint venture, Afhco JCO Holdings (Pty) Ltd via a swap deal in respect of a settlement of a loan previously owed by a developer. In February 2022, Calgro M3 JCO Holdings (Pty) Ltd was renamed to Afhco JCO Holdings (Pty) Ltd ("Afhco JCO").

On 30 November 2021, Afhco Holdings (Pty) Ltd purchased an additional 10% of issued shares in the Afhco JCO JV from the JV development partner. The JV owns the residential rental property, The Falls Lifestyle Estate, situated in Wigeheuwel, Roodepoort. Each partner, however, retains an unchanged 50% of voting rights for joint control of the JV.

Even though the Group has a 90% (2020: 80%) shareholding, this investment has been treated as a JV, since there is a contractually agreed sharing of control over the JV and all decisions require unanimous consent.

During the financial year, there was a shortfall in the income linked guarantee, resulting in the income guarantee receivable of R2.5 million (2020: R1.3 million) recognised through profit and loss. This guarantee is recognised in the consolidated statement of comprehensive income and excluded from the investment in the joint ventures.

The value of the investments in/loan to the JVs is deemed to be that of the underlying investment properties, as the JV fully distribute all distributable income. The fair value of the entire portfolio of investment properties was determined by independent registered valuers and approved on 7 February 2022 by the Board.

Reconciliation of investments in joint ventures	2021 R 000	2020 Restated* R 000
Carrying value at beginning of year	**877 336**	930 605
Net loss from investment in joint ventures [(1)]	**(36 293)**	(59 694)
Foreign currency translation reserve ("FCTR")	**75 442**	55 806
Distribution received from JVs	**(46 609)**	(49 381)
Carrying value at end of year	**869 876**	877 336

[(1)] The loss from the JVs is due to the loss in the underlying company.

Reconciliation of loan to JV	2021 R 000	2020 Restated* R 000
Carrying value at beginning of year	143 300	–
Loan advanced to joint venture	17 120	140 393
Interest earned on loan	12 949	3 654
Interest paid by JV	(11 286)	(2 121)
Gain on bargain purchase	–	3 580
Impairment on loan to JV	(19 356)	(2 206)
Carrying value at end of year	**142 727**	143 300

This loan is subject to interest at a rate of 9.1% and has no fixed terms of repayment. The loan is not expected to be repaid before 1 January 2023.
* Refer to note 18 for details on the restatement

for the year ended 31 December 2021

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially measured at cost, including any directly attributable transaction costs.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Property, plant and equipment is depreciated on the straight line basis over its expected useful lives to its estimated residual value and depreciation ceases when the residual value exceeds the carrying value. The residual value useful life and depreciation method of each asset is reviewed at the end of each reporting period. Management assesses the asset for impairment when there is an indication of impairment.

The gain or loss arising from derecognition of an item of property plant and equipment is included in profit or loss when the item is derecognised.

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

Item	Years
Plant and machinery	6
Furniture and fixtures	6
Motor vehicles	5
Office equipment	3
IT equipment	3
Computer software	3

	2021 (R 000)			2020 (R 000)		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	**3 025**	**(1 828)**	**1 197**	2 374	(1 516)	858
Furniture and fixtures	**16 895**	**(10 603)**	**6 292**	14 682	(8 433)	6 246
Motor vehicles	**1 449**	**(1 313)**	**136**	1 449	(1 030)	419
Office equipment	**1 402**	**(1 355)**	**47**	1 373	(998)	375
IT equipment	**16 275**	**(13 982)**	**2 293**	15 039	(11 816)	3 223
Computer software	**3 257**	**(2 486)**	**771**	2 963	(2 048)	915
Total	**42 303**	**(31 567)**	**10 736**	37 880	(25 841)	12 036

Reconciliation of property, plant and equipment – 2021

	R 000			
	Opening Balance	Additions	Depreciation	Closing Balance
Plant and machinery	**858**	**651**	**(312)**	**1 197**
Furniture and fixtures	**6 246**	**2 213**	**(2 166)**	**6 293**
Motor vehicles	**419**	**–**	**(283)**	**136**
Office equipment	**375**	**29**	**(357)**	**47**
IT equipment	**3 223**	**1 235**	**(2 166)**	**2 292**
Computer software	**915**	**294**	**(438)**	**771**
	12 036	**4 422**	**(5 722)**	**10 736**

7. PROPERTY, PLANT AND EQUIPMENT *CONTINUED*

Reconciliation of property, plant and equipment – 2020

	R 000			
	Opening Balance	Additions	Depreciation	Closing Balance
Leasehold improvements	3	–	(3)	–
Plant and machinery	1 152	–	(294)	858
Furniture and fixtures	8 327	215	(2 296)	6 246
Motor vehicles	709	–	(290)	419
Office equipment	112	403	(140)	375
IT equipment	4 815	1 542	(3 134)	3 223
Computer software	915	406	(406)	915
	16 033	2 566	(6 563)	12 036

8. INTANGIBLE ASSETS AND GOODWILL

Intangible assets
Intangible assets arising from business combinations are recognised separately from goodwill and are initially recognised at its fair value at the acquisition date, which represents its cost. The identification and initial measurement process are performed as part of the purchase price allocation. The Group has no internally generated intangible assets.

Subsequent to initial recognition intangible assets, acquired separately or through a business combination, are reported at cost less accumulated impairment losses.

Goodwill
Goodwill is initially measured at cost being the excess of the purchase price over the Group's share of the net identifiable assets acquired measured at fair value at the date of acquisition.

Where the fair value of the net identifiable assets at fair value exceeds the purchase price the excess is immediately recognised in the statement of comprehensive income as a gain on bargain purchase.

Where the initial accounting for business combinations has provisionally been determined and new information emerges within 12 months of the acquisition date, adjustments are made to these values against goodwill. In addition goodwill is adjusted for changes in the estimated value of contingent considerations given in the business combination when they arise.

Goodwill is reflected at cost less any accumulated impairment losses. Goodwill is not amortised but is tested for impairment at each reporting date. Impairment is determined by assessing the recoverable amount which is the higher of fair value less costs to sell and value in use of the cash-generating unit to which the goodwill relates. The impairment loss is applied firstly to the carrying amount of goodwill thereafter any remaining impairment is allocated to the other assets of the acquired business. Impairment losses on goodwill are not reversed.

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	2021 (R 000)			2020 (R 000)		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
The Brand [(1)]	**71 800**	**–**	**71 800**	71 800	–	71 800
Goodwill on the acquisition of Afhco Holdings (Pty) Ltd	**10 104**	**–**	**10 104**	10 104	–	10 104
Automation software	**1 721**	**–**	**1 721**	–	–	–
Total	**83 625**	**–**	**83 625**	81 904	–	81 904

[(1)] The carrying value of the Brand is assessed for impairment at the end of each reporting period as it has an indefinite useful life.

8. INTANGIBLE ASSETS AND GOODWILL *CONTINUED*

The period in which the Brand will generate net cash inflow is not limited resulting in the useful life being indefinite. The Brand is determined to have an indefinite useful life based on the relative strength and market recognition. The Brand has been in existence for a considerable amount of time.

The fair value of the Brand and goodwill in respect of Afhco Holdings was determined using an income based approach to ascertain if the goodwill and the Brand is impaired. The discounted cashflows of Afhco was determined using a 25-year (2020: 25-year) forecast and a growth rate of 5.5% (2020: 5.4%) thereafter determining a terminal value. A 25-year period was selected to more accurately reflect the financing period. This aggregated value is discounted using a discount rate of 9.76% (2020: 18.46%). A 500 basis points increase or decrease in the discount rate and growth rate will not result in an impairment.

9. LEASEHOLD PROPERTY

Leasehold property as a lessee:
All leases are accounted for by ROU asset and a lease liability except for:

- Leases of low value assets with a value when new equal to or less than R100 000; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term with the discount rate determined by reference to the Group's incremental weighted average cost of debt rate ("WACD") 9.3% (2020: 9.3%) on commencement of the lease. This rate represents the Group's marginal cost of funding based on the latest debt margin at the last renewal and a weighted average of a 3 and 5 year swap at inception of the lease. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

ROU assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease; and
- initial direct costs incurred.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. ROU assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the ROU asset, with the revised carrying amount being amortised over the remaining revised lease term.

Any gain or loss arising from the partial or full termination of a lease (i.e. derecognition of the ROU asset and the corresponding lease liability) is recognised in profit or loss in the period in which it arises.

9. LEASEHOLD PROPERTY *CONTINUED*

	2021 R 000	2020 R 000
ROU assets		
Recognised at the beginning of the year	**21 567**	13 102
Additions	**–**	60 804
Reclassified to held for sale	**–**	(34 613)
Depreciation	**(5 806)**	(17 726)
Balance as at the end of the year	**15 761**	21 567
Lease liability		
Recognised at the beginning of the year	**27 766**	19 983
Additions	**-**	60 804
Reclassified to held for sale	**-**	(36 939)
Finance cost	**2 334**	5 440
Lease payments	**(8 727)**	(21 522)
Balance as at the end of the year	**21 373**	27 766
Lease liability		
Non-current liability	**15 084**	21 394
Current liability	**6 289**	6 372
Balance as at the end of the year	**21 373**	27 766
Lease expense excluded from lease liabilities		
Low value lease expense	**235**	442
Expense relating to variable lease payments not included in the measurement of lease liabilities	**4 984**	4 554
	5 219	4 996
The minimum future lease payments payable under non-cancellable leases are as follows:		
Not later than 1 year	**9 322**	8 781
Later than 1 year and not later than 5 years	**19 543**	24 727
Later than 5 years	**1 144**	3 827
	30 009	37 335
The future minimum sub-lease payments receivable under non-cancellable leases are as follows:		
Not later than 1 year	**48 806**	46 146
Later than 1 year and not later than 5 years	**102 894**	82 126
Later than 5 years	**109 797**	125 395
	261 497	253 667

In determining the ROU asset and lease liability, renewal options contained in the lease were excluded where the escalation rates were uncertain.

Lease expense relates to leases of land with leases expiring up to 2029 (2020: 2029), with certain leases containing lease extensions. These lease extensions are renegotiated as per the lease agreements and are considered to be new leases.

Lease income from leasehold properties with non-cancellable operating leases relates to leases expiring up to 2044 (2020: 2044).

for the year ended 31 December 2021

10. LOANS TO DEVELOPERS

	2021 R 000	2020 R 000
Refer to note 4 for the accounting policy.		
Reconciliation of loans to developers		
Carrying value at the beginning of the year	–	131 767
Loans granted	–	–
Loans settled (in cash)	–	(1 618)
Loans settled (through acquisition of property) (1)	–	(130 149)
Carrying value at end of year	–	–

(1) This amount together with an additional R10.2 million was used to acquire the last tranche of Northgate Heights Suburban apartments at a value of R140.4 million in the prior year.

11. OTHER FINANCIAL ASSETS

	2021 R 000	2020 R 000
Refer to note 4 for the accounting policy.		
Non-current assets		
Listed shares		
Transcend Residential Property Fund (1)	**57 871**	33 000
Safari Investments RSA Limited (1)	**105 000**	79 800
	162 871	112 800
Edcon (2)	–	1 735
Impairment	–	(1 735)
	–	–
Other financial assets		
City Kidz Preschool NPC (3)		
Loan balance	**2 148**	3 933
Accrued interest	**248**	312
Sun Malti Trios Trading Enterprises CC (4)	–	1 014
	2 396	5 259

11. OTHER FINANCIAL ASSETS *CONTINUED*

	2021 R 000	2020 R 000
Current assets		
Other financial assets		
Sun Malti Trios Trading Enterprises CC (4)	**982**	505
Benav Properties (Pty) Ltd (6)	**24 423**	–
	25 405	505
Total other financial assets	**190 672**	118 564
Level 1 as detailed in note 4		
Reconciliation of investment in listed shares		
Carrying value at beginning of year	**112 800**	117 166
Acquisition of shares (5)	**7 870**	–
Fair value gain/(loss)	**42 201**	(4 366)
Carrying value at end of year	**162 871**	112 800

Details of listed shares	**Stock exchange**	**% Held**	**Number of shares held 2021**	**Share price at 31 December (cps) 2021**
Transcend Residential Property Fund	JSE (REIT)	9.95%	**8 267 220**	**7.00**
Safari Investments RSA Limited	JSE (REIT)	9.47%	**20 000 000**	**5.25**

Details of listed shares	**Stock exchange**	**% Held**	**Number of shares held 2020**	**Share price at 31 December (cps) 2020**
Transcend Residential Property Fund	JSE (REIT)	10.00%	6 600 000	5.00
Safari Investments RSA Limited	JSE (REIT)	9.50%	20 000 000	3.99

(1) The directors do not consider that the Group has the ability to exercise any significant influence over these Companies.

(2) During 2019, the Group elected to become an investor in Edcon's restructuring and fully impaired the investment. Edcon subsequently went into liquidation.

(3) During 2019, previous three loans advanced to City Kidz Preschool NPC ("City Kidz") with interest rates ranging from prime less 0.5% to prime and repayable at June 2020 and August 2023 were consolidated into one loan. This loan is secured by property held by City Kidz, bears interest at prime less 0.5% and is repayable on 1 December 2024. To alleviate the strain of the current pandemic on the City Kidz parents, the Group entered into an agreement where City Kidz would issue bursaries to the students (particulaly those in arrears) in lieu of settlement of the loan, amounting to R1.5 million (2020: R2.3 million).

(4) During 2019 R2.0 million was provided as support to a B-BBEE company to acquire vehicles to be used for the transport of students to and from campuses. This loan which is secured by a notarial bond in respect of the vehicles, bears interest at the prime rate and is amortising with the final payment repayable on 16 November 2023. Management considers the ECL to be negligible as the amount is adequately secured by the underlying vehicles which are insured.

(5) The loan arose due to vendor financing for the sale of Kempton Park Shoprite Checkers from SA Retail Properties to Benav Properties (Pty) Ltd ("Benav"). The loan bears interest at the prime overdraft rate plus 1% and is secured by a second bond over the property. In addition, the Group has reserved the right to settle the amount due to the primary bond holder and take transfer of the primary bond, and holds personal sureties from the shareholders of Benav. R12 million of the outstanding balance was overdue at 31 December 2021 , but has been settled in full subsequent to year end. The remaining balance of R12 million is due on or before 31 December 2022. Management considers the ECL to be negligible as the amount is adequately secured.

(6) Transcend undertook a rights issue in 2021 and the Group followed its rights in full.

12. SWAP DERIVATIVES

	2021 R 000	2020 R 000
Refer to note 4 for accounting policy.		
Swap derivatives at fair value through profit or loss:		
Interest rate swap derivatives		
Non-current assets	**2 021**	–
Current assets	**616**	–
Non-current liabilities	**(58 743)**	(260 260)
Current liabilities	**(111 825)**	(165 604)
Carrying amount of net liability	**(167 931)**	(425 864)
Reconciliation of interest rate swap derivatives		
Carrying value at beginning of year	**(425 864)**	(77 954)
Fair value gain/(loss)	**255 817**	(351 916)
Foreign exchange adjustment	**2 116**	4 006
Carrying value at end of year	**(167 931)**	(425 864)
Interest rate swap agreements, for 1 - 5 years linked to JIBAR or LIBOR, have been concluded to convert floating rates to fixed rates. The total nominal value of the swaps is R4.7 billion (2020: R4.6 billion).		
Cross currency swap derivatives		
Non-current assets	**115 321**	245 382
Current assets	**7 438**	13 290
Non-current liabilities	**(162 192)**	(307 452)
Current liabilities	**(7 041)**	(12 392)
Carrying amount of net liability	**(46 474)**	(61 172)
Reconciliation of cross currency swap derivatives		
Carrying value at beginning of year	**(61 172)**	(37 753)
Fair value gain/(loss)	**6 918**	(9 761)
Foreign exchange adjustment	**(13 704)**	(13 658)
Settlement of swap	**21 484**	–
Carrying value at end of year	**(46 474)**	(61 172)
Total swap derivatives		
Non-current assets	**117 342**	245 382
Current assets	**8 054**	13 290
Non-current liabilities	**(220 935)**	(567 712)
Current liabilities	**(118 866)**	(177 996)
Carrying amount of net liability	**(214 405)**	(487 036)
Reconciliation of cross currency swap derivatives		
Carrying value at beginning of year	**(487 036)**	(115 707)
Fair value gain/(loss)	**262 735**	(361 677)
Foreign exchange adjustment	**(11 588)**	(9 652)
Settlement of swap	**21 484**	–
Carrying value at end of year	**(214 405)**	(487 036)

Level 2 as detailed in note 4.

The ABSA cross currency swap derivatives are made up of the following facilities:

- the ABSA cross currency R131 800 000 receivable bearing interest at 5.685% (2020: 5.635%) per annum. This loan is repayable on 19 September 2022; and [(1)]
- the ABSA cross currency USD10 000 000 payable bearing interest at 3.980% (2020: 3.980%) per annum. This loan is repayable on 19 September 2022. [(1)]
- the ABSA cross currency R119 800 000 receivable bearing interest at 5.693% (2020: 5.343%) per annum. This loan is receivable 26 January 2023; and
- the ABSA cross currency USD10 000 000 payable bearing interest at 4.360% (2020: 4.360%) per annum. This loan is repayable on 26 January 2023.

[(1)] During the year, this swap was settled at a settlement value of R21.4 million. The prior year interest reflects interest received excluding the weighted average swap rate as these are not specific to the cross-currency swap derivatives.

12. SWAP DERIVATIVES *CONTINUED*

The interest rate and cross currency swap derivatives are valued based on the discounted cashflow method. Future cashflows are estimated based on exchange and forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

13. TRADE AND OTHER RECEIVABLES

	2021 R 000	2020 R 000
Refer to note 4 for accounting policy.		
Financial instruments at amortised cost:		
Trade receivables (including VAT)	**148 203**	205 109
Provision for expected credit loss (excluding VAT)	**(74 939)**	(100 447)
Trade receivables net of provision for expected credit loss	**73 264**	104 662
Other receivables	**341 298**	167 168
Non-financial instruments:		
Prepayments	**44 006**	55 718
VAT	**7 072**	12 891
Total trade and other receivables	**465 640**	340 439
Provision for expected credit loss		
The movement in the provision for expected credit loss during the year was as follows:		
Balance at the beginning of the year	**100 447**	44 980
Bad debts written off during the year	**(76 769)**	(41 921)
Additional provisions recognised	**51 261**	97 388
Balance at the end of the year	**74 939**	100 447
The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.		
The provision is carried exclusive of VAT whilst the arrear rentals include VAT. This table has excluded the VAT on arrears to provide a more suitable comparison between arrears and the estimated credit loss.		
Trade debtors including VAT	**148 203**	205 109
VAT thereon	**(12 342)**	(19 604)
Trade debtors excluding VAT	**135 861**	185 505

The forward factor in respect of the ECL provision was determined by using the 4 year historical correlation between the change in GDP growth and the change in arrears as a percentage of annual tenant revenue. The average correlation was applied to the change in GDP growth based on the forecasted GDP growth for 2022 to actual GDP growth in 2021. The Group believes this to be a good proxy for the ability of our tenants to pay. The Group considers the provision for any material credit risk exposure to be adequate.

Tenants were segregated per sector to depict the different sectoral credit risks. Expected loss rates were based on the payment profile of the tenants over the period 1 January 2017 to 31 December 2019 and the corresponding historical credit losses experienced within this period. To incorporate the effects of COVID-19, an additional credit loss provision was added. Historical loss ratios were adjusted for forward looking information by increasing these ratios by a factor of 2.84%. This factor was based on a projected GDP growth rate for 2022, which is expected to decrease, by 2.84% in comparison to the growth rate for 2021. The Group have also looked at the increase in the debtors as a percentage of rental income which gave rise to a total increase in the ECL. The historical loss ratios and the forward-looking adjustment of these ratios used at the date of initial application of IFRS 9 have been amended to include further loss experiences for the 2019 financial year, previously these ratios were based on the 2017 and 2018 financial years. This was done to incorporate the deterioration in the market conditions, which is evident from increases in historical loss ratios during the current year. The Group have not included the 2020 historical loss ratios, as the 2020 financial year was an anomaly due to the COVID-19 pandemic, and these ratios would not provide accurate estimated credit losses when applying those ratios to the outstanding debtors as at 31 December 2021.

13. TRADE AND OTHER RECEIVABLES *CONTINUED*

The calculation of the estimated credit loss percentage is shown in the following table.

The table below discloses the trade receivables and provision excluding VAT.

2021

	Industrial	Retail	Commercial	Afhco	Total
Current					
Trade debtors R000	**1 994**	**10 820**	**1 413**	**11 043**	**25 270**
ECL %	**18%**	**16%**	**26%**	**15%**	**16%**
Provision R000	**359**	**1 758**	**368**	**1 664**	**4 149**
30 days					
Trade debtors R000	**1 365**	**5 919**	**870**	**6 818**	**14 972**
ECL %	**24%**	**27%**	**34%**	**36%**	**31%**
Provision R000	**331**	**1 618**	**292**	**2 443**	**4 684**
60 days					
Trade debtors R000	**1 537**	**5 029**	**677**	**5 164**	**12 407**
ECL %	**46%**	**45%**	**54%**	**51%**	**48%**
Provision R000	**706**	**2 248**	**365**	**2 630**	**5 949**
90+ days					
Trade debtors R000	**9 065**	**31 453**	**12 086**	**30 608**	**83 212**
ECL %	**58%**	**56%**	**88%**	**87%**	**72%**
Provision R000	**5 281**	**17 602**	**10 604**	**26 670**	**60 157**
Total trade debtors	**13 961**	**53 221**	**15 046**	**53 633**	**135 861**
Total ECL provision	**6 677**	**23 226**	**11 629**	**33 407**	**74 939**

2020

	Industrial	Retail	Commercial	Afhco	Total
Current					
Trade debtors R000	6 786	21 289	4 490	15 357	47 922
ECL %	10%	22%	34%	29%	23%
Provision R000	655	4 657	1 528	4 413	11 253
30 days					
Trade debtors R000	3 798	12 878	928	11 009	28 613
ECL %	16%	33%	41%	42%	34%
Provision R000	600	4 224	384	4 645	9 853
60 days					
Trade debtors R000	2 695	4 958	948	9 840	18 441
ECL %	37%	50%	61%	57%	53%
Provision R000	1 002	2 474	583	5 644	9 703
90+ days					
Trade debtors R000	10 840	37 006	5 897	36 786	90 529
ECL %	49%	61%	95%	98%	77%
Provision R000	5 344	22 572	5 590	36 132	69 638
Total trade debtors	24 119	76 131	12 263	72 992	185 505
Total ECL provision	7 601	33 927	8 085	50 834	100 447

13. TRADE AND OTHER RECEIVABLES *CONTINUED*

2021

Other receivables	Current R 000	30 days R 000	60 days R 000	90 days R 000	Total R 000	ECL Assessment: R 000
Financial assets at amortised cost						
Tenants accruals [1]	**40 533**	**19 210**	**195**	**13 050**	**72 988**	**2 562**
Amounts due from Municipalities [2]	**–**	**–**	**–**	**23 321**	**23 321**	**–**
Interest accrual [3]	**333**	**–**	**–**	**–**	**333**	**–**
Sundry debtors [4]	**21 074**	**349**	**419**	**45 423**	**67 265**	**20 536**
Insurance receivable [5]	**200 489**	**–**	**–**	**–**	**200 489**	**–**
	262 429	**19 559**	**614**	**81 794**	**364 396**	**23 098**

2020

Other receivables	Current R 000	30 days R 000	60 days R 000	90 days R 000	Total R 000	ECL Assessment: R 000
Financial assets at amortised cost						
Tenants accruals [1]	41 133	20 042	2 026	10 158	73 359	1 444
Amounts due from Municipalities [2]	–	2 000	–	16 399	18 399	–
Interest accrual [3]	462	–	–	–	462	–
Sundry debtors [4]	10 583	18 038	1 625	44 702	74 948	15 473
	52 178	40 080	3 651	71 259	167 168	16 917

(1) Tenant accruals relate to recoveries and turnover rental that has not been billed to tenants. When accruals are billed to the tenants, the trade debtor ECL is applied to these recoveries. The Group has provided for specific expected credit losses for balances the Group deems not to be recoverable and may therefore not be charged to tenants based on available information increasing the probability of default, were these accruals to be charged to the tenants.

(2) This balance relates to deposits with municipal authorities, which will be recouped when a building is sold. The Group has written off amounts considered to be irrecoverable and have assessed the risk in respect of the remainder to be negligible. Amounts are irrecoverable where the Group has exhausted all avenues to collect the deposit and the probability of default is considered to be high.

(3) The Group has the risk of default to be negligible and immaterial.

(4) The sundry debtors include amounts receivable from various parties, including property managers, sellers, purchasers and co- owners of properties. Debtors are written off when there is no reasonable expectation of recovery. This is assessed on the basis of the failure of the debtor to agree and commit to a repayment plan and where contractual payments are greater than a period of 90 days. The Group has assessed the risk of default of these parties individually to be negligible and immaterial at this stage based on historical transactional activity and the Group's assessment of their future ability to settle the balance. The risk of default of the sundry debtors in the 90 days category is partially mitigated by the balance from the co-owners to be applied against net property income due to them.

(5) Included in this balance is a receivable due from SASRIA relating to re-instatement costs of the properties impacted by the civil unrest. The Group has assessed this balance to be recoverable and the ECL to be negligible.

Insurance proceeds receivable

Contingent assets are not recognised on the statement of financial position but are disclosed when it is more than likely that an inflow of benefits will occur. However, an asset is recognised in the statement of financial position when the inflow of benefits is virtually certain because that asset is no longer considered to be contingent.

The insurance proceeds will be recognised in the income statement when the receipt thereof is virtually certain. The insurance proceeds received due to loss of income is separately reflected as other operating income in the consolidated statement of comprehensive income.

Information may become available after the end of the reporting period that provides additional evidence about conditions that existed as at the balance sheet date, including estimates inherent in the process of preparing financial statements. Such estimates include those related to insurance recoveries. If a business interruption policy exists and a valid claim has been made, the agreement by an insurer to a post-year end settlement would confirm the existence and amount of the claim at the reporting date. This would be considered an adjusting event.

If a valid claim has been raised on a policy that was in place at the reporting date, but at the time the financial statements are prepared, there remains uncertainty over the quantum of insurance recovery, a contingent asset may need to be disclosed under IAS 37 para 89. This disclosure requirement captures situations where an insurance receipt is probable but not yet virtually certain. Companies making such disclosures are required to include an estimate of the financial effect of the claim where practicable.

13. TRADE AND OTHER RECEIVABLES *CONTINUED*

Historical rates adjusted for forward looking assumption

2021

	Industrial	Retail	Commercial	Afhco [(1)]	Total
Current					
Upward stress	1%	3%	1%	23%	11%
ECL based on actual weightings	–	–	–	–	–
Downward stress	1%	3%	1%	23%	11%
30 days					
Upward stress	7%	14%	9%	44%	25%
ECL based on actual weightings	–	–	–	–	–
Downward stress	7%	14%	9%	44%	25%
60 days					
Upward stress	29%	31%	29%	60%	41%
ECL based on actual weightings	–	–	–	–	–
Downward stress	29%	31%	29%	60%	41%
90 days					
Upward stress	41%	42%	63%	96%	63%
ECL based on actual weightings	–	–	–	–	–
Downward stress	41%	42%	63%	96%	64%

2020

	Industrial	Retail	Commercial	Afhco [(1)]	Total
Current					
Historical loss ratio (%)	1%	3%	1%	2%	2%
Forward looking adjustments (%)	–	–	–	–	–
Adjusted historical loss ratio (%)	1%	3%	1%	2%	2%
30 days					
Historical loss ratio (%)	7%	14%	9%	4%	9%
Forward looking adjustments (%)	–	–	–	–	–
Adjusted historical loss ratio (%)	7%	14%	9%	4%	9%
60 days					
Historical loss ratio (%)	29%	31%	29%	5%	17%
Forward looking adjustments (%)	–	–	–	–	–
Adjusted historical loss ratio (%)	29%	31%	29%	5%	17%
90 days					
Historical loss ratio (%)	41%	42%	63%	92%	63%
Forward looking adjustments (%)	–	–	(1%)	(1%)	(1%)
Adjusted historical loss ratio (%)	41%	42%	62%	91%	62%

(1) For the Afhco portfolio, tenants in arrears are categorised into either retail, residential or students. The tenants are further split into vacated, handed over, high risk tenants and medium/low risk categories. All tenants with arrears in 90 days plus are provided for in full and for all vacated tenants, their arrears are also provided for in full as chances of recovery are slim. History shows that circa 10% of the handed over tenants are recovered therefore the Group has provided for 90% of these tenants. For the high risk tenants in occupation, we provided for their arrears based on the last 6 months collections pattern. Due to COVID-19 pandemic distortion of trends, we now only look at the last 6 months.

13. TRADE AND OTHER RECEIVABLES *CONTINUED*

The following table details the Group's ECL sensitivity to a 1% increase and decrease in the macroeconomics.

2021

	R 000				
	Industrial	Retail	Commercial	Afhco	Total
Current					
Upward stress	359	1 758	368	1 664	4 149
ECL based on actual weightings	359	1 758	368	1 664	4 149
Downward stress	359	1 757	368	1 664	4 148
30 days					
Upward stress	331	1 618	292	2 443	4 684
ECL based on actual weightings	331	1 618	292	2 443	4 684
Downward stress	331	1 617	292	2 443	4 683
60 days					
Upward stress	706	2 250	365	2 630	5 951
ECL based on actual weightings	706	2 248	365	2 630	5 949
Downward stress	706	2 247	365	2 630	5 948
90 days					
Upward stress	5 284	17 615	10 611	26 668	60 178
ECL based on actual weightings	5 281	17 603	10 604	26 668	60 156
Downward stress	5 278	17 591	10 598	26 668	60 135

2020

	R 000				
	Industrial	Retail	Commercial	Afhco	Total
Current					
Upward stress	656	4 657	1 528	4 414	11 255
ECL based on actual weightings	655	4 657	1 528	4 413	11 255
Downward stress	655	4 656	1 528	4 413	11 253
30 days					
Upward stress	600	4 226	385	4 645	9 856
ECL based on actual weightings	600	4 224	384	4 645	9 853
Downward stress	599	4 221	383	4 644	9 847
60 days					
Upward stress	1 003	2 476	583	5 645	9 707
ECL based on actual weightings	1 002	2 474	583	5 644	9 703
Downward stress	1 001	2 472	582	5 643	9 698
90 days					
Upward stress	5 350	22 592	5 594	36 132	69 668
ECL based on actual weightings	5 344	22 572	5 590	36 132	69 638
Downward stress	5 339	22 552	5 585	36 131	69 607

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14. CASH AND CASH EQUIVALENTS

Refer to note 4 for accounting policy.

Cash and cash equivalents include cash on hand in banks:

	2021 R 000	2020 R 000
Cash and bank balances	**24 539**	42 041
Money market investments and call accounts	**86 668**	15 080
Distributions account	**123**	208
Total unrestricted cash	**111 330**	57 329
Tenant deposits [1]	**99 997**	110 774
Total restricted cash	**99 997**	110 774
Total cash and cash equivalents	**211 327**	168 103

[1] The tenant deposits are invested in separate 32-day call accounts and as such can only be accessed within 32 days. Additionally, the capital portion can only be accessed at the end of the leasing arrangement (either at the conclusion of the lease term or at early termination) or it can be applied to the arrears balance. The tenant deposits have a corresponding liability in trade and other payables. The difference between the cash balance and that reflected under trade and other payables is due to timing in the recall of the cash paid to tenants from the operational bank account. Refer to note 20. Included in the tenant deposits balance above is an amount of R36.8 million (2020: R37.1 million) relating to residential units, which are subject to regulatory restrictions and are therefore not available for general use by the entities within the Group.

The ECL is deemed to be nil as the cash and cash equivalents are held by institutions with AA ratings as detailed in note 4.

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15. PROPERTIES CLASSIFIED AS HELD FOR SALE

Investment properties which have been earmarked as held for sale in compliance with the IFRS 5: Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5") recognition criteria are measured in accordance with IAS 40: Investment property at fair value. These properties are disclosed as non-current assets held for sale on the statement of financial position in accordance with IFRS 5. Gains and losses arising upon remeasurement are separately recognised in the statement of comprehensive income.

2021 (R 000)	Properties classified as held for sale	Letting commissions and tenant installations	ROU assets	Total
Opening balance	**1 030 281**	**3 764**	**–**	**1 034 045**
Transfer from long-term assets [(1)]	**619 960**	**713**	**–**	**620 673**
Additions	**–**	**992**	**–**	**992**
Disposals	**(710 834)**	**(2 241)**	**–**	**(713 075)**
Utilised	**–**	**(1 707)**	**–**	**(1 707)**
Closing balance [(2)]	**939 407**	**1 521**	**–**	**940 928**

Straight line valuation adjustment	**(3 305)**
Straight line rental adjustment	**3 305**
	939 407

2020 (R 000)	Properties classified as held for sale	Letting commissions and tenant installations	ROU assets	Total
Opening balance	304 510	3 137	34 613	342 260
Transfer from long-term assets [(1)]	943 440	3 443	–	946 883
Additions	–	–	–	–
Disposals	(217 669)	(2 816)	(36 939)	(257 424)
Gain on reclassification	–	–	2 326	2 326
Closing balance	1 030 281	3 764	–	1 034 045

Straight line valuation adjustment	(16 170)
Straight line rental adjustment	16 170
	1 030 281

[(1)] As detailed in note 5

[(2)] Investment properties classified as held for sale in the prior year amounting to R319.5 million is still unsold at 31 December 2021 owing to delay in property transfer administration.

16. SHARE CAPITAL AND RESERVES

Share capital and reserves represent the residual interest in the Group's assets after deducting all of its liabilities and have been accounted for as equity.

Shares issued by the Group are recognised at the proceeds received net of direct issue costs. Shares repurchased by the Group are recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own shares.

The non-distributable reserves relate to items that are not distributable to shareholders, such as fair value adjustments on the revaluation of investment property, long-term loans, borrowings and derivatives, the amortisation of intangible assets, share-based payment transactions, the straight-line lease income adjustment, non-cash charges, capital items, deferred taxation and bargain purchases.

	2021 R 000	2020 R 000
Authorised		
4 000 000 000 shares at no par value (2020: 4 000 000 000)		
Issued		
2 514 732 095 shares (2020: 2 514 732 095 shares) [1]	**9 129 432**	9 142 589
Non-distributable reserves: Share-based payment reserve	**6 662**	7 222
Non-distributable reserves: Operational [2]	**209 794**	342 016
Distributable reserves	**531 388**	601 135
	9 877 276	10 092 962

[1] Refer to note 26 for the weighted average number of shares and the diluted weighted average number of shares.

[2] Included in non-distributable reserves are operational items which are not included in the calculation of distributable income. These include fair value gains and losses of investment properties, listed shares and capital profit and loss on sale of investment properties as detailed in note 5.

As part of the employee share scheme the Group repurchased 7 439 378 (2020: 13 042 669) of its shares at an average R2.22 (2020: R1.30) and a total value of R16.5 million (2020: R18.0 million).

The non-distributable reserves include items of a capital nature which are not distributable to the shareholders.

The consolidated statement of changes in equity reflects a detailed analysis of movements in shareholders' equity.

	2021 Shares	2020 Shares
Reconciliation of number of shares issued (excluding treasury shares):		
Opening shares [1]	**2 494 944 510**	2 507 612 089
Vested shares [2]	**736 098**	375 090
Share repurchase - employee share scheme	**(7 439 378)**	(13 042 669)
Closing shares	**2 488 241 230**	2 494 944 510

[1] This is net of treasury shares of 27 303 147 (2020: 20 599 868 shares).

[2] As detailed in note 35 (691 833 FSP shares and 44 265 CIPS shares).

17. INTEREST-BEARING BORROWINGS

	2021 R 000	2020 R 000
Refer to note 4 for accounting policy.		
Absa Bank Limited		
Loan bearing interest at 0.000% (2020: 5.517%) per annum and paid quarterly. This loan was repaid on the 13 September 2021. (Facility B) (4&5)	–	250 794
Loan bearing interest at 5.983% (2020: 0.000%) per annum and paid quarterly. This loan is payable on the 10 September 2025. (Facility B) (4)	**201 975**	–
Loan bearing interest at 5.885% (2020: 5.577%) per annum and paid quarterly. This loan is repayable on the 11 March 2023. (Facility C) (4)	**501 532**	501 604
Loan bearing interest at 5.783% (2020: 5.667%) per annum and paid quarterly. This loan is repayable on 9 December 2023. (Facility M2) (3&4)	–	214
Loan bearing interest at 5.983% (2020: 5.867 per annum and paid quarterly. This loan is repayable on 9 December 2025. (Facility A1) (4)	**151 574**	150 530
Loan bearing interest at 5.233% (2020: 4.883%) per annum and paid quarterly. This loan is repayable on 7 January 2023. (Facility I1) (4)	**302 752**	302 528
Loan bearing interest at 5.283% (2020: 4.933%) per annum and paid quarterly. This loan is repayable on 7 January 2023. (Facility I2) (3&4)	**21**	–
Loan bearing interest at 5.358% (2020: 5.013%) per annum and paid quarterly. This loan is repayable on 7 May 2023. (Facility J1) (4)	**642 480**	642 002
Loan bearing interest at 5.458% (2020: 5.108%) per annum and paid quarterly. This loan is repayable on 7 May 2024. (Facility K1) (4)	**590 599**	590 158
Loan bearing interest at 5.633% (2020: 5.283%) per annum and paid quarterly. This loan is repayable on 7 May 2025. (Facility L1) (4)	**310 537**	310 304
Loan bearing interest at 3.690% (2020: 3.775%) per annum and paid quarterly. This loan is repayable on 5 November 2024. (Facility H) (2&4)	**432 784**	398 489
	3 134 254	3 146 623
Agense Francaise Developpement (AFD)		
Loan bearing interest at 0.000% (2020: 6.880%) per annum and paid quarterly. This loan was settled on the 15 April 2021 (1)	–	60 430
Investec Bank Limited		
Loan bearing interest at 0.000% (2020: 5.467%) per annum and paid quarterly. This loan was settled on the 13 December 2021. (Facility M1) (4)	–	551 400
Nedbank Limited		
Loan bearing interest at 5.676% (2020: 5.302%) per annum and paid quarterly. This loan is repayable on 7 May 2023. (Facility J2) (4)	**515 302**	515 133
Loan bearing interest at 5.737% (2020: 5.362%) per annum and paid quarterly. This loan is repayable on 7 May 2024. (Facility K2) (4)	**567 088**	566 903
Loan bearing interest at 5.847% (2020: 5.472%) per annum and paid quarterly. This loan is repayable on 7 May 2025. (Facility L2) (4)	**301 538**	301 439
	1 383 928	1 383 475

17. INTEREST-BEARING BORROWINGS *CONTINUED*

	2021 R 000	2020 R 000
Standard Bank of South Africa Limited		
Loan bearing interest at 5.817% (2020: 5.517%) per annum and paid quarterly. This loan is repayable on 11 December 2023. (Facility N1) (3&4)	–	317
Loan bearing interest at 0.000% (2020: 5.517%) per annum and paid quarterly. This loan is repaid and has been terminated on the 13 September 2021. (Facility B) (4&5)	–	250 794
Loan bearing interest at 5.617% (2020: 0.000%) per annum and paid quarterly. This loan is repayable on the 08 September 2024. (Facility B1) (3&4)	–	–
Loan bearing interest at 5.867% (2020: 0.000%) per annum. This loan is repayable on the 08 September 2026. (Facility B2) (4)	**201 029**	–
Loan bearing interest at 5.885% (2020: 5.577%) per annum and paid quarterly. This loan is repayable on the 11 March 2023. (Facility C) (4)	**501 532**	501 604
Loan bearing interest at 5.153% (2020: 4.803%) per annum and paid quarterly. This loan is repayable on 30 January 2023. (Facility G) (3&4)	**186 860**	188
Loan bearing interest at 5.507% (2020: 5.132%) per annum and paid quarterly. This loan is repayable on 7 January 2023. (Facility I3) (4)	**632 037**	631 830
Loan bearing interest at 6.163% (2020: 5.847%) per annum and paid quarterly. This loan is repayable on 11 December 2025. (Facility N2) (4)	**150 025**	150 529
	1 671 483	1 535 262
Non-current borrowings	**6 150 304**	5 573 442
Current borrowings	**39 361**	1 103 749
Interest-bearing borrowings	–	1 067 883
Accrued interest expense	**39 361**	35 866
	6 189 665	6 677 191

(1) The Group held this Rand denominated loan as part of the acquisition of Atkinson House and Platinum Place. The loan which was with Agense Francais Developpement was at a fixed rate and was amortising. The loan was settled in April 2021.

(2) This loan is denominated in USD. The loan has been restated at the prevailing USD to Rand exchange rate at year end.

(3) These facilities are revolving credit facilities which were undrawn at 31 December 2021 (2020: undrawn).

(4) The Group's funding strategy is to fund investments from a diverse set of lenders with a common security pool, ("Megapool"). All these loans forms part of the Megapool loan. This structure creates pricing tension while ensuring lender investment exposure is of equal quality.

(5) Facility B, which included R250.0 million from ABSA and R250.0 million from Standard Bank, was replaced with 3 new loans, viz., ABSA Facility B R200.0 million term loan, Standard Bank Facility B1 R100.0 million revolving loan and Standard Bank Facility B2 R200.0 million term loan. Facility B1 is undrawn as at 31 December 2021.

All loans are linked to JIBAR ("Johannesburg Interbank Agreed Rate"), except for the USD loan with ABSA which is linked to LIBOR ("London Interbank Offered Rate"). Financial authorities are planning the phase out and replacement of the LIBOR between 31 December 2021 to 31 December 2023. The transition to the new benchmark is assessed to have no impact on this loan because of the available fixed rate on the loan and CCIRS through the USD swap.

These loans are secured by first mortgage bonds over a portion of the property portfolio to the value of R12.4 billion (2020: R13.4 billion), and are listed as follows:

Megapool

1 Irvine Bell Drive - Empangeni

11 Wankel Street - Jet Park

111 Mimets Road - Denver

112 Yaldwyn Road - Jet Park

120 End Street - Doornfontein

120 Loper Avenue - Aeroport

141 Hertz Close - Meadowdale

147/149 Old Main Road – Pinetown

17. INTEREST-BEARING BORROWINGS *CONTINUED*

153 Old Main Road – Pinetown
155/157 Old Main Road – Pinetown
18 Covora Street – Jet Park
2 Beechfield Crescent – Durban
2 Fobian Street – Boksburg
2 Kuba Avenue – Riverhorse Valley
27 Jet Park Rd – Jet Park
28 Goodwood Road – Mahogany Ridge
3 Wankel Street – Jet Park
32/34 Yaldwyn Road – Jet Park
33 Ontdekkers Road – Roodepoort
33/37 Aloefield Crescent – Springfield Park
35 Surprise Road – Pinetown
37 Yaldwyn Road – Jet Park
41 Yaldwyn Road – Jet Park
5 Westgate Place – Westmead
5 Yaldwyn Road – Jet Park
50 Griffiths Mxenge Highway – Durban (75% ownership)
51 Pritchard Street – Johannesburg
57 Sarel Baard Crescent – Centurion
8 Director Drive – Aeroport
85 Newton Street – Meadowdale
88 Loper Avenue – Aeroport
Beryl Street – Jet Park
Bluff Shopping Centre – Durban
Calderwood – Benoni
Cambridge Building – Johannesburg
Cambridge Crossing – Sandton
Cavendish House – Johannesburg
Celtis Ridge Shopping Centre – Celtisdale
Chapel Court – Johannesburg
Corner Giel Basson Drive & Nathan Malach Street - Goodwood
Corner Gillits & Young Roads – Pinetown
Corner Koornhof Road & Essex Street – Meadowdale
Corner Rudo Nel & Tudor Streets – Jet Park
Corner Staal & Stephenson Roads – Pretoria
Coachmans Crossing – Sandton
Comaro Crossing – Oakdene
Cullinan Jewel Shopping Centre – Cullinan
Davenport Square Shopping Centre – Glenwood
East Point – Boksburg
Elmol House – Johannesburg
Erf 1144 Bardene Extension 48 – Boksburg
Etude – Midrand
Forest Road Design & Décor Centre – Fourways
Frank & Hirsch – Pretoria
Golf Park – Johannesburg
Greatermans – Johannesburg
Greenpark Corner – Sandton
Hayfields Mall – Pietermaritzburg
Ilanga House – Johannesburg
Impilo Place – Johannesburg
Jeppe Post Office – Johannesburg
Legae – Johannesburg
81 Rissik Street – Johannesburg
Melbourne Court – Johannesburg
Midway Mews – Halfway Gardens
Minuet – Midrand
Montana Crossing – Montana
Montana Crossing (Storage) – Montana
Moray House – Johannesburg
Morning Glen Shopping Centre – Sandton
Mpumelelo – Doornfontein
Musgrave Centre – Durban
Newgate – Newtown
Normandi Court Flat – Johannesburg
Northpark Mall – Pretoria North
Pine Walk Centre – Pinetown
Queens Court – Johannesburg
Sambro House – Johannesburg
Springbok Hotel – Johannesburg
Springfield Value Centre – Springfield
East Point (Storage) – Boksburg
Midway (Storage) – Midrand
Stuttaford House – Johannesburg
Suffert Street – Pinetown
The Oaks Shopping Centre – Ermelo
Town Square Shopping Centre – Weltevredenpark
Tubatse Village – Limpopo
Tygerberg Business Park – Parow
Umlazi Mega City – Umlazi (75% ownership)
Willow Way Shopping Centre – Lynwood

17. INTEREST-BEARING BORROWINGS *CONTINUED*

	2021 Ratio	2020 Ratio
The Group is subject to, and is in compliance with, the following covenants:		
Covenants		
Agense Francaise Developpement		
Transactional loan to value	–	<0.70
Debt Service cover ratio	–	>1.10
Consolidated TSCR	–	>1.30
Consolidated Loan to value	–	<0.60
Megapool loans		
Transactional loan to value - including all facilities	**<0.60**	<0.60
Transactional loan to value (including mark to market value) including all facilities	**<0.65**	<0.65
Transactional interest cover ratio	**>1.75**	>1.75
Corporate loan to value (including guarantees) (1)	**<0.50**	<0.45
Corporate interest cover ratio	**>2.00**	>2.00
Megapool loans relaxed covenants (1)		
Transactional loan to value - including all facilities	–	<0.65
Transactional interest cover ratio	–	>1.50
Corporate loan to value (including guarantees)	–	<0.50
Corporate interest cover ratio	–	>1.75
Current ratios		
Corporate loan to value (including guarantees)	**0.41**	0.43
Corporate interest cover ratio	**2.21**	1.93
Secured portfolio loan to value	**0.50**	0.50
Secured portfolio interest cover ratio	**2.78**	2.15

(1) During the current year the lenders have approved the increase of the Group's Corporate loan to value covenant from 45% to 50%. All other lenders' debt covenants remain unchanged

During the prior year, the Company engaged with its lenders for short term relaxation of covenants to proactively manage any shortterm breach of covenants that may have arisen from reduced income and valuations, impacted by the effects of the COVID-19 pandemic. During the year and as of 31 December 2021 the Group was in compliance with all lender covenants applicable to the period.

17. INTEREST-BEARING BORROWINGS *CONTINUED*

	2021 R 000	2020 R 000
The following table details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities.		
Reconciliation of interest-bearing borrowings		
Gross interest-bearing borrowings at the beginning of the year	**7 377 191**	7 400 931
Cash available in revolving credit facilities	**(700 000)**	(386 000)
Net interest-bearing borrowings at the beginning of the year	**6 677 191**	7 014 931
Repayment of interest-bearing borrowings	**(1 456 067)**	(631 019)
Proceeds from interest-bearing borrowings	**931 500**	300 000
Non-cash changes - Foreign exchange adjustments	**33 547**	18 757
Interest paid	**(342 782)**	(472 910)
Interest accrued	**346 277**	447 432
Net interest-bearing borrowings at the end of the year	**6 189 665**	6 677 191
Gross interest-bearing borrowings at the end of the year	**6 804 665**	7 377 191
Cash available in revolving credit facilities	**(615 000)**	(700 000)
Net interest-bearing borrowings at the end of the year	**6 189 665**	6 677 191
Less: Cash and cash equivalents (includes tenant deposits of R100.0 million)	**(211 327)**	(168 103)
Net debt carrying value at the end of the year	**5 978 338**	6 509 088

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18. RESTATEMENT

Investment in joint ventures
Correction of error in the disclosure of the loan to the joint venture. In the prior year, the Group acquired the investment in a joint venture and during that year, the investment was converted to a loan to joint venture. As at 31 December 2020, the investment in joint venture included an amount that should have been recognised as a loan to joint venture and disclosed separately on the consolidated statement of financial postition. The restatement resulted in a change in the ownership percentage from 91.4% to 80%.

The restatement had the following impact:

	2020 Restated R 000	2020 Previously Reported R 000
Statement of financial position		
Investment in JV	**877 336**	1 020 636
Loan to JV	**143 300**	–
Statement of comprehensive income		
Loss from JV	**(59 694)**	(61 900)
Impairment of loan to JV	**(2 206)**	–
Note 6. Investment in joint arrangements		
Investment in JV	**877 336**	1 020 636
Loan to JV	**143 300**	–
Carrying value at beginning of year	**930 605**	930 605
Loss from JV	**(59 694)**	(61 900)
Foreign currency translation reserve ("FCTR")	**55 806**	55 806
Investment in JV	**–**	140 393
Advance from investment in JV	**(49 381)**	(44 268)
Carrying value at end of year	**877 336**	1 020 636
Loan to JV reconciliation		
Loan advanced to JV	**140 393**	–
Interest earned on loan	**3 654**	–
Interest paid by JV	**(2 121)**	–
Impairment of loan	**3 580**	–
Impairment of loan to JV	**(2 206)**	–
Carrying value at end of year	**143 300**	–
Note 29. Cash generated from operations		
Loss from JV	**59 694**	61 900
Impairment of loan to JV	**2 206**	–

Dividend received
In the prior year, dividend received from listed investments, amounting to R10.9 million was included in cash from operations. This was reclassified from cash generated from operations to cash flows from investing activities.

	2020 Restated R 000	2020 Previously Reported R 000
Statement of cash flows		
Cash flows from investing activities		
Dividends from listed investments	**10 901**	–
Note 29. Cash generated from operations		
Dividends from listed investments	**(10 901)**	–
Cash generated from operations	**1 206 291**	1 217 192
Net cash from operating activities	**229 164**	240 065
Net cash from investing activities	**140 877**	129 976

for the year ended 31 December 2021

19. DEFERRED TAXATION

Deferred taxation is provided for using the liability method based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation is charged to profit or loss. A deferred taxation asset is recognised to the extent that it is probable that it will be set off against future taxable profits. Deferred taxation is raised at tax rates that have been enacted or substantively enacted at the reporting date.

	2021 R 000	2020 R 000
Reconciliation of deferred taxation		
Balance at the beginning of year	**8 968**	6 196
Prior year tax adjustment	**(4 291)**	–
Charged to the statement of comprehensive income [1]	**1 490**	2 772
Balance at the end of year	**6 167**	8 968
Comprising:		
Prepayment	**457**	3 749
Provision and accruals	**710**	627
Assessed loss [2]	**5 000**	4 592
	6 167	8 968

[1] As detailed in note 25.
[2] The assessed loss represents timing differences relating to the employee share-based payments, employee provisions and timing of the recovery of legal costs incurred by the management company. The deferred tax asset is capped at the probable timing difference with the balance reflected as a permanent difference. This is particularly relevant to the employee share scheme arising from the devaluations of the share price and changes in the FSP vesting conditions.

20. TRADE AND OTHER PAYABLES

Refer to note 4 for the accounting policy.

The Group has cash management policies in place to ensure that all amounts are paid within the required credit time frame.

	2021 R 000	2020 R 000
Trade and other payables	**305 027**	292 725
Tenant deposits [1]	**100 958**	100 049
Income received in advance	**39 146**	44 997
VAT payable	**36 127**	20 737
Accrued interest	**26 509**	29 895
Unclaimed distributions	**1 304**	966
	509 071	489 369

[1] Refer to note 14.

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21. REVENUE

Revenue comprises gross rental income, including all recoveries from tenants. Rental income is recognised on the straight line basis in accordance with IFRS 16: Leases. Turnover rental income is recognised on the accrual basis and measured at fair value.

As per IFRS 15, revenue from service and property management charges is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered over time. Some property management contracts may include multiple elements of service which are provided to tenants. The Group assesses whether individual elements of service in the contract are separate performance obligations. Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price will be allocated to each performance obligation (lease and non-lease component) based on the relative stand-alone selling prices. Where these selling prices are not directly observable, they are estimated based on an expected cost plus margin. In the case of fixed price contracts, the customer pays the fixed amount based on a payment schedule.

The Group recovers certain property expenses from the tenants for services as determined by the lease agreements. The Group negotiates the terms of the services, manages the relationship with the third party and is ultimately liable for payment to the third party (even if the expense is not recovered from the tenant), and therefore maintains primary responsibility for ensuring that the service is provided. The Group therefore acts as a principal on these transactions when recovering operating costs from tenants. Consequently, these amounts are recorded gross.

Interest income is recognised at the effective rates of interest on a time related basis. Dividends are recognised when declared.
The directors have assessed the following:

- The rental income in terms of the lease agreements, falls outside the scope of IFRS 15, as this is within the scope IFRS 16: Leases;
- The interest and dividend income falls outside of the scope of IFRS 15, as this is included in the IFRS 9: Financial Instruments; and
- The amounts that are included in other income, which falls within the scope of IFRS 15, are recognised when the performance obligations have been fulfilled. The performance obligations are distinct and stipulated in the agreements with the various parties. The amount recognised as revenue is stipulated in or calculated based on the agreements.

	2021 R 000	2020 R 000
Operating rent	**1 475 763**	1 516 044
Turnover based rent	**10 976**	14 703
Rent	**1 486 739**	1 530 747
Straight line rental adjustment	**71 484**	(6 323)
Recovery of property expenses	**563 229**	537 762
	634 713	531 439
Revenue	**2 121 452**	2 062 186

22. INTEREST INCOME

	2021 R 000	2020 R 000
Money market investments and call accounts	**7 382**	27 818
Tenant deposits [1]	**712**	3 812
Cash and bank balances	**2 199**	1 256
Interest on loan to joint venture	**12 949**	3 654
Late payment penalty interest	**1 968**	4 340
Total	**25 210**	40 880

[1] Interest income earned on tenant deposits is attributable to the Group. This was earned on the balance disclosed per note 14.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

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23. INTEREST EXPENSE

	2021 R 000	2020 R 000
Refer to note 4 for accounting policy.		
Borrowings	**490 227**	514 976
Operational	**1 547**	198
Lease liability	**2 334**	5 440
Total	**494 108**	520 614

24. OPERATING EXPENSES

	2021 R 000	2020 R 000
Insurance	**14 292**	12 583
Repairs and maintenance	**60 366**	49 070
Municipal expenses	**518 689**	536 056
Salaries, bonuses and other employee related costs	**87 758**	65 363
Property management fees	**127 273**	80 455
Property expenses	**128 051**	150 716
Audit fees	**8 619**	7 237
Depreciation	**11 528**	24 288
Director fees	**4 381**	5 462
Other expenses	**35 952**	40 927
Total operating expenses	**996 909**	972 157

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25. TAXATION

Due to the Group's REIT status, the taxation liability is limited to the extent that the distributable income as defined is not distributed by the Group to its shareholders, as set out in the Income Tax Act of 1962 section 25BB. The Group's capital profits are also exempt from capital gains taxation. To the extent that the subsidiary companies comply with the definition, the above exemption will apply to them.

The income tax expense comprises the sum of current taxation payable and deferred taxation. Taxable profit differs from accounting profit as it excludes income or expenses that are taxable or deductible in other years and it excludes items never deductible or taxable.

	2021 R 000	2020 R 000
South African normal taxation		
Current taxation		
- Current year	**(5 140)**	(4 956)
- Prior year	**2 063**	–
Deferred taxation		
- Current year	**1 490**	2 772
- Prior year	**(4 291)**	–
Total	**(5 878)**	(2 184)

Deferred taxation is not provided on the revaluation of properties. Refer to note 5.

	2021	2020
Taxation rate reconciliation		
Standard rate	**28.00%**	28.00%
Distributions vested in beneficiaries	**(28.60%)**	11.30%
Foreign exchange adjustment on capital loan	**2.00%**	(0.80%)
Fair value adjustment on investment properties	**22.40%**	(28.50%)
Fair value adjustment on swap derivatives	**(11.70%)**	(6.80%)
Fair value adjustment on investment property in joint ventures	**3.30%**	(2.20%)
Fair value adjustment on investment in listed shares	**(1.90%)**	(0.10%)
Non-distributable income	**(12.50%)**	–
Other [1]	**(0.16%)**	(1.00%)
Prior year tax adjustments	**0.10%**	–
Effective rate	**0.94%**	(0.10%)

[1] Other non-taxable income includes loss on sale of investment property and unvested dividends from listed companies.

The subsidiary companies eligible for this exemption are only eligible to the extent that they are deemed to be property companies in terms of section 25BB. All subsidiary companies not meeting the requirements of this definition will raise a deferred taxation asset to the extent that it is likely that taxable income will arise against which to utilise this asset as detailed in note 19.

	2021	2020
No deferred taxation asset was raised on estimated taxation losses, due to the REIT tax status of the Group, as the probability of utilising the tax benefit is unlikely.	**154 867**	163 594 [*]

[*] This amount has been updated to align with the current year disclosure.

26. EARNINGS AND DILUTED EARNINGS PER SHARE

	2021 R 000	2021 CPS	2020 R 000	2020 CPS
Earnings	**620 883**	**24.69**	(1 493 541)	(59.39)
Diluted earnings	**620 883**	**24.69**	(1 493 541)	(59.39)

Calculated on the profit/(loss) after taxation and the weighted average number of shares in issue of 2 514 732 095 (2020: 2 514 732 095) and diluted weighted average number of shares in issue of 2 492 397 007 (2020: 2 501 189 260). Diluted earnings per share is calculated considering the potential dilution that could occur if all staff incentive shares vested. The number of shares outstanding is adjusted to show the potential dilution if all share schemes were settled in the Company shares. The potential dilutive effect of the share incentive schemes are 25 779 880 shares. As the diluted weighted earnings per share is anti-dilutive, the earnings per share is reflected as diluted earnings per share.

27. HEADLINE EARNINGS PER SHARE

The calculation of headline earnings per share is based on headline earnings of R1 218 085 000 (2020: R159 443 000) of the Group and 2 514 732 095 (2020: 2 514 732 095) weighted number of shares in issue during the year.

	2021 R 000	2021 CPS	2020 R 000	2020 CPS
Reconciliation of profit after taxation to headline earnings.				
Profit/(loss) after taxation attributable to shareholders	**620 883**	**24.69**	(1 493 541)	(59.39)
Adjustments for:				
Capital loss on sale of investment properties	**21 719**		20 620	
Fair value loss on investment properties	**502 014**		1 517 244	
Fair value loss on investment properties in joint ventures	**73 469**		118 700	
Gain on bargain purchase	**–**		(3 580)	
Headline earnings	**1 218 085**	**48.44**	159 443	6.34

28. DISTRIBUTABLE INCOME PER SHARE

The Group is required to distribute at least 75% of its distributable income generated during the year in order to retain it’s REIT status. While the Group has historically distributed 100% of its distributable income, to ensure adequate liquidity in a post COVID-19 challenging environment, the Group will retain 10% (2020: 25%) of its current distributable income and distribute 90% (2020: 75%). The Group will utilise available assessed losses to minimise any resulting tax leakage.

	2021 Ratio	2020 Ratio
Cents per share		
No. 11 declared 29 March 2021 and paid 26 April 2021	**–**	17.93
No. 12 declared 16 September 2021 and paid 25 October 2021	**10.27**	–
No. 13 declared 15 March 2022 and payable 11 April 2022	**12.62**	
	22.89	17.93

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29. CASH GENERATED FROM OPERATIONS

	2021 R 000	2020 Restated* R 000
Profit/(loss) after taxation	**620 883**	(1 493 541)
Adjustments for:		
Interest income	**(25 210)**	(40 880)
Interest expense	**494 108**	520 614
Expected credit loss movement	**54 562**	109 909
Amortisation of letting commissions and tenant installations	**23 101**	21 285
Taxation	**5 878**	2 184
Fair value loss on investment properties (excluding straight-line rent adjustment)	**430 530**	1 523 567
Fair value (gain)/loss on investment in listed shares	**(42 201)**	4 366
Loss from joint ventures	**36 293**	59 694
Depreciation	**11 528**	24 288
Fair value (gain)/loss on swap derivatives	**(262 735)**	361 677
Capital loss on sale of investment properties	**21 719**	20 620
Share-based payment expense	**2 800**	(1 098)
Foreign exchange adjustments on foreign loan	**33 547**	18 757
Foreign exchange adjustment on joint ventures	**(644)**	12 599
Foreign exchange adjustment on cross currency swap	**11 587**	9 652
Dividends received*	**(14 545)**	(10 901)
Gain on bargain purchase	**–**	(3 580)
Impairment of loan to joint venture	**19 356**	2 206
Insurance proceeds relating to reinstatement costs	**(280 567)**	–
Gain on reclassification of ROU assets and liabilities held for sale	**–**	(2 326)
Changes in working capital:		
Decrease/(increase) in inventories	**229**	(85)
Decrease/(increase) in trade and other receivables	**20 571**	(115 641)
Increase in trade and other payables	**33 479**	182 925
	1 194 269	1 206 291

* Prior year dividends from listed investments amounting to R10.9 million was reclassified from cash generated from operations.

30. CAPITALISATION OF INTEREST

Capitalised interest is recognised in profit or loss using the effective interest method, unless the capitalised interest is directly attributable to the acquisition or development of qualifying assets, in which case the directly attributable cost of borrowing is applied.

	2021 R 000	2020 R 000
Interest capitalised during the development phases	**15 432**	42 838

Interest was capitalised at annual rates ranging from 9.1% to 9.2% (2020: 8.7% to 9.5%).
The capitalised interest is included in investment property as detailed in note 5.

31. LEASE ARRANGEMENTS

	2021 R 000	2020 R 000
Contractual lease receivables are as follows:		
Within one year	**948 389**	1 016 905
Within two years	**760 952**	765 585
Within three years	**559 834**	551 302
Within four years	**406 307**	369 578
Within five years	**263 460**	258 338
Beyond five years	**1 591 124**	1 723 989
	4 530 066	4 685 697
Less: lease revenue on straight-line basis	**(4 175 609)**	(4 415 587)
Straight-lining lease income accrual	**354 457**	270 110

The Group has assessed the impact of expected credit losses on the straight-lining lease income accrual. The Group deems the impact to be immaterial and any negative movements would be reflected in the fair value of investment property.

32. SEGMENTAL RESULTS

Information regularly reported to the Group's chief operating decision makers, being the Executive Directors, for the purposes of resource allocation and assessment of its performance, is based on the economic sectors in which the investment properties operate. Each sector has an associated risk profile and is managed separately.

On a primary basis, the Group operated in the following reportable segments during the year.
- Retail
- Industrial
- Commercial
- Afhco
- Corporate

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32. SEGMENTAL RESULTS *CONTINUED*

2021 Information on reportable segments	Industrial R 000	Retail R 000	Commercial R 000	Afhco R 000	Corporate R 000	Consolidated R 000
Revenue	522 175	864 895	59 136	675 246	–	2 121 452
Rental income (excluding straightline rental adjustment)	372 086	507 646	40 100	565 881	–	1 485 713
Other operating income (Insurance Claim - SASRIA)	389	50 547	–	–	–	50 936
Net property expenses	(43 531)	(48 883)	(19 244)	(271 861)	–	(383 519)
Property expenses	(133 357)	(387 760)	(40 597)	(386 060)	–	(947 774)
Recovery of property expenses	89 826	338 877	21 353	114 199	–	564 255
Net property income	328 944	509 310	20 856	294 020	–	1 153 130
Straight line rental adjustment	60 263	18 372	(2 317)	(4 834)	–	71 484
Other income	803	279 764	–	–	–	280 567
Interest income	–	–	–	–	25 210	25 210
Interest expense	–	–	–	–	(494 108)	(494 108)
Loss from investment in joint ventures	–	–	–	–	(36 293)	(36 293)
Foreign exchange adjustments	–	–	–	–	(44 490)	(44 490)
Dividends from investment in listed shares	–	–	–	–	14 545	14 545
Impairment of loan to joint venture	–	–	–	–	(19 356)	(19 356)
Group expenses	–	–	–	–	(105 131)	(105 131)
Capital loss on sale of investment properties	–	–	–	–	(21 719)	(21 719)
Fair value loss on investment properties	(5 474)	(315 095)	(96 384)	(85 061)	–	(502 014)
Investment properties	54 789	(296 723)	(98 701)	(89 894)	–	(430 529)
Straight-line rent adjustment	(60 263)	(18 372)	2 317	4 833	–	(71 485)
Impairment of investment in unlisted shares	–	–	–	–	–	–
Fair value loss on investment in shares	–	–	–	–	42 201	42 201
Fair value loss on swap derivatives	–	–	–	–	262 735	262 735
Taxation	(371)	(156)	–	(4 613)	(738)	(5 878)
Profit/(loss) after taxation	384 165	492 195	(77 845)	199 512	(377 144)	620 883
Other comprehensive income, net of taxation	–	–	–	–	75 442	75 442
Total comprehensive income/(loss)	384 165	492 195	(77 845)	199 512	(301 702)	696 325

32. SEGMENTAL RESULTS *CONTINUED*

2020 Information on reportable segments	Industrial R 000	Retail R 000	Commercial R 000	Afhco R 000	Corporate R 000	Consolidated R 000
Revenue	483 066	865 160	63 705	650 255	–	2 062 186
Rental income (excluding straightline rental adjustment)	425 131	507 726	47 281	550 609	–	1 530 747
Net property expenses	(58 131)	(86 885)	(16 185)	(273 667)	–	(434 868)
Property expenses	(146 922)	(416 716)	(38 119)	(370 873)	–	(972 630)
Recovery of property expenses	88 791	329 831	21 934	97 206	–	537 762
Net property income	367 000	420 841	31 096	276 942	–	1 095 879
Straight line rental adjustment	(30 856)	27 603	(5 510)	2 440	–	(6 323)
Interest income	–	–	–	–	40 880	40 880
Interest expense	–	–	–	–	(520 578)	(520 578)
Profit from investment in joint ventures	–	–	–	–	(61 900)	(61 900)
Foreign exchange adjustments	–	–	–	–	(41 008)	(41 008)
Dividends from investment in listed shares	–	–	–	–	10 901	10 901
Gain on derecognition of ROU assets and liabilities held for sale	2 326	–	–	–	–	2 326
Gain on bargain purchase	–	–	–	3 580	–	3 580
Group expenses	–	–	–	–	(109 427)	(109 427)
Capital loss on disposal of investment properties	–	–	–	–	(20 620)	(20 620)
Fair value loss on investment properties	(248 590)	(787 037)	(78 095)	(403 522)	–	(1 517 244)
Investment properties	(279 446)	(759 434)	(83 606)	(401 081)	–	(1 523 567)
Straight-line rent adjustment	30 856	(27 603)	5 511	(2 441)	–	6 323
Impairment of investment in unlisted shares	–	–	–	–	(1 735)	(1 735)
Fair value loss on investment in shares	–	–	–	–	(4 366)	(4 366)
Fair value loss on swap derivatives	–	–	–	–	(361 677)	(361 677)
Taxation	–	–	–	(232)	(1 952)	(2 184)
Profit/(loss) after taxation	89 880	(338 593)	(52 509)	(120 792)	(1 071 527)	(1 493 541)
Other comprehensive income, net of taxation	–	–	–	–	55 806	55 806
Total comprehensive income/(loss)	89 880	(338 593)	(52 509)	(120 792)	(1 015 721)	(1 437 735)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

for the year ended 31 December 2021

32. SEGMENTAL RESULTS *CONTINUED*

2021	Industrial R 000	Retail R 000	Commercial R 000	Afhco R 000	Corporate R 000	Consolidated R 000
Properties (excluding straight line rental adjustments)	**3 525 080**	**6 497 205**	**309 500**	**4 637 340**	**–**	**14 969 125**
Non-current investment property	**3 157 551**	**6 260 618**	**276 583**	**3 980 508**	**–**	**13 675 260**
At valuation	**3 267 950**	**5 782 178**	**277 500**	**3 462 977**	**–**	**12 790 605**
Straight line rental adjustment	**(110 399)**	**(225 960)**	**(917)**	**(17 182)**	**–**	**(354 458)**
Under development	**–**	**704 400**	**–**	**534 713**	**–**	**1 239 113**
Current assets	**256 476**	**10 627**	**31 816**	**637 183**	**–**	**936 102**
Classified as held for sale	**257 130**	**10 627**	**32 000**	**639 650**	**–**	**939 407**
Straight line rental adjustment	**(654)**	**–**	**(184)**	**(2 467)**	**–**	**(3 305)**
Other assets	**168 765**	**441 627**	**29 252**	**150 369**	**1 724 898**	**2 514 911**
Total assets	**3 582 792**	**6 712 872**	**337 651**	**4 768 060**	**1 724 898**	**17 126 273**
Total liabilities	**55 686**	**199 108**	**17 921**	**206 116**	**6 581 079**	**7 059 910**
Acquisitions and improvements	**20 735**	**174 193**	**2 769**	**94 762**	**–**	**292 459**

2020	Industrial R 000	Retail R 000	Commercial R 000	Afhco R 000	Corporate R 000	Consolidated R 000
Properties (excluding straight line rental adjustments)	3 927 246	6 964 810	468 525	4 592 934	–	15 953 515
Non-current investment property	3 280 116	6 521 381	374 413	4 477 215	–	14 653 125
At valuation	3 323 236	5 973 050	376 800	4 025 474	–	13 698 560
Straight line rental adjustment	(43 120)	(200 429)	(2 387)	(24 173)	–	(270 109)
Under development	–	748 760	–	475 914	–	1 224 674
Current assets	596 341	235 840	90 694	91 236	–	1 014 111
Classified as held for sale	604 010	243 000	91 725	91 546	–	1 030 281
Straight line rental adjustment	(7 669)	(7 160)	(1 031)	(310)	–	(16 170)
Other assets	130 933	454 399	34 136	171 724	1 574 567	2 365 759
Total assets	4 007 390	7 211 620	499 243	4 740 175	1 574 567	18 032 995
Total liabilities	7 789	220 445	21 066	215 066	7 405 967	7 870 333
Acquisitions and improvements	24 692	170 744	1 255	278 142	–	474 833

33. CAPITAL COMMITMENTS

Commitments for the acquisition and development of investment property.

	2021 R 000	2020 R 000
Total capital commitments	**150 677**	121 950

The Group has the ability to fund the commitments from its available cash, debt facilities as detailed in note 17 and disposal pipeline.

34. RELATED PARTIES

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged.

For the purposes of defining related party transactions with key management, key management has been defined as directors and the Group's executive committee.

Related party transactions and balances

	2021 R 000	2020 R 000
Graduare Mauritius Limited		
Credit enhancement fee income	**4 305**	4 627
Amounts due from related party	**8 288**	4 627

The related party transactions and balances are at arm's length.

Refer to note 6 for the details relating to the loan to joint venture.

35. SHARE BASED PAYMENTS

One of the Group's subsidiary companies issues shares in SA Corporate Real Estate Limited to qualifying employees as part of its forfeitable share plan ("FSP") and/or co-investment share plan ("CIPS"). In respect of the FSP the employee is granted a conditional right to receive the shares subject to specific performance conditions as defined by the remuneration committee and a three year service condition. The CIPS are subject to a minimum holding and a three to five year service condition. A decision was taken in the prior year to phase out CIPS, with only AM Basson participating. As she has resigned, the CIPS will cease to exist.

At vesting date only the FSP shares that meet the vesting conditions will be transferred to the employee while the balance and the proportionate share of distributions held will be forfeited. In respect of the CIPS shares where the employee does not meet the service or minimum shareholding conditions these shares will be forfeited.

These plans are recognised and measured as an equity-settled plan at Group level.

Equity-settled awards to employees are measured at the fair value of the equity instruments, on the grant date. The fair value determined on the grant date is expensed over the vesting period. The number of vested shares is revised at each reporting date.

All required adjustments are recognised in profit or loss.

Minimum Shareholding

A minimum shareholding condition has been implemented by the Company at levels which are appropriate for each senior executive. The Executive Directors are required to build up a personal shareholding in the Company over a five-year period from vested FSPs to the extent that this can be achieved from the holding of 50% of post-tax vested FSP awards. The minimum shareholding target for the Chief Executive Officer is 200% of TGP and the target for other Executive Directors is 100% of TGP.

35. SHARE BASED PAYMENTS *CONTINUED*

Malus and Clawback

All employees receiving incentives are subject to the Malus provisions of the Policy.

The following categories of employees are subject to the Clawback provisions of the Policy:
- Executive Directors;
- Executive Committee Members;
- Prescribed officers; and
- Senior Managers.

The Clawback Period is the period of three (3) years following the payment or settlement of any Variable Remuneration award.

For trigger events refer to the remuneration policy which is available on the Group's website at https://www.sacorporatefund.co.za/content/uploads/2021/04/SAC%20Remuneration%20Policy%202021.pdf

The terms of the plans, as approved by the shareholders at the annual general meeting are:

Forfeitable share plan ("FSP")

Executives and senior employees are offered shares in the Group at no cost to the employee. These shares vest based on the following vesting conditions:

			Performance levels			Vesting date
Key Performance Measure	**Measure**	**Weight**	**Threshold 30% vesting**	**Target 60% vesting**	**Stretch 100% vesting**	
Financial (90% weighting)	Absolute Total Return (TR) [1]	30%	Risk free Rate [4] plus 3%	Risk free Rate [4] plus 4%	Risk free Rate [4] plus 5%	18 June 2023
	Relative Total Return FTSE/JSE SA REIT Index [3] (Percentile)	30%	40th percentile	60th percentile	75th percentile	18 June 2023
	Relative Total Shareholder Return (TSR) [2] FTSE/JSE SA REIT Index Index [3] (Percentile)	30%	40th percentile	60th percentile	75th percentile	18 June 2023
Non-financial (10% weighting)	Average Personal Score over 3 years vesting period	10%	3	3.5	4	18 June 2023
Total		**100%**				

1 TR = ((closing tangible net asset value per share (TNAVPS) – opening TNAVPS) + DPS for the period)/opening TNAVPS.
2 TSR = ((Closing 90-day VWAP – opening 90-day VWAP) + DPS for the period)/Opening 90-day VWAP.
3 The FTSE/JSE SA REIT Index will be adjusted to excluded property entities with a majority of foreign holdings and investments.
4 The risk-free rate is = annual average 10-year bond yield.

Co-investment plan ("CIPS")

Executives are offered matched shares in the Group, at no cost to the recipient. These shares vest in equal proportion over a period of three to five years, provided that the executive remains in the employment of the Group for the duration of the period. No performance vesting conditions are set. The only participant was AM Basson and there will be no further allocations via this scheme following her resignation.

Valuation of share based payments

The valuation of the CIPS and FSP is calculated based on the following:
- the probability that the shares are likely to vest based on the above conditions; and
- the market price of the share on grant date.

The fair value of the CIPS and FSP granted was valued using a binomial pricing model. The expected vesting period used in the model has been adjusted based on managements' best estimate for the effects of exercise restrictions and behavioural considerations.

Further details relating to the share incentive schemes are available on the website www.sacorpfund.co.za.

35. SHARE BASED PAYMENTS *CONTINUED*

The valuation was determined based on the following inputs:

Type	Expected vesting %	Dividend yield %	Vesting period (years)
FSP 6	48%	9.38 %	3
FSP 7	43%	12.63 %	3
FSP 8	50%	15.93%	3

The following payment arrangements were in existence during the current year:

Type	Number	Grant date	Expiry date	Exercise price R	Fair value at grant date R
FSP 6	2 276 485	13 December 2019	17 June 2022	–	2.97
FSP 7	10 791 396	18 June 2020	18 June 2023	–	1.13
FSP 8	5 763 438	18 June 2021	18 June 2024	–	2.25
	18 831 319				

Movements in shares during the year 2021	FSP shares	CIPS shares
Balance at beginning of year	**19 434 422**	**347 832**
Granted during the year	**9 355 050**	**–**
Forfeited during the year	**(9 266 320)**	**(303 567)**
Vested during the year	**(691 833)**	**(44 265)**
Balance at end of year [1]	**18 831 319**	**–**
Movement in shares during the year 2020		
Balance at beginning of year	6 894 411	220 264
Granted during the year	14 966 197	153 327
Forfeited during the year	(2 076 855)	–
Vested during the year	(349 331)	(25 759)
Balance at end of year [1]	19 434 422	347 832

[1] The difference between this amount and the 27 303 147 per note 16 relates to forfeitures due to resignations.

Plan	Shares	Valuation price per share R	Fair value [1] R 000	Year-end valuation based on time elapsed R 000
Revaluation of shares 2021				
FSP	**18 831 139**	**1.57**	**14 409**	**6 662**
	18 831 139		**14 409**	**6 662**
Revaluation of shares 2020				
FSP	19 434 422	1.47	28 610	6 722
CIPS	347 832	2.86	995	555
	19 782 254		29 605	7 277

[1] The fair value is based on the probability of vesting.

for the year ended 31 December 2021

36. DIRECTORS' REMUNERATION

	Director fees R 000	Basic salary R 000	Performance Bonus R 000	Pension contribution R 000	Other benefits [(1)] R 000	Benefit arising from vested shares R 000	Total R 000
2021							
Non-executive Directors:							
RJ Biesman-Simons	603	–	–	–	–	–	603
N Ford-Hoon (Fok)	664	–	–	–	–	–	664
EM Hendricks	470	–	–	–	–	–	470
GJ Heron	606	–	–	–	–	–	606
SS Mafoyane	413	–	–	–	–	–	413
MA Moloto	847	–	–	–	–	–	847
OR Mosetlhi	644	–	–	–	–	–	644
A Van Heerden [(2)]	434	–	–	–	–	–	434
Executive Directors:							
TR Mackey (CEO)	–	2 881	1 882	288	61	751	5 863
AM Basson (CFO) [(2)]	–	2 149	936	215	428	530	4 258
	4 681	5 030	2 818	503	489	1 281	14 802

(1) Other benefits include leave sold, health benefits and reimbursements.
(2) Resigned during the current year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

for the year ended 31 December 2021

36. DIRECTORS' REMUNERATION *CONTINUED*

	Director fees R 000	Basic salary R 000	Performance Bonus [(1)] R 000	Pension contribution R 000	Other benefits [(2)] R 000	Benefit arising from vested shares R 000	Total R 000
2020							
Non-executive Directors:							
RJ Biesman-Simons	858	–	–	–	–	–	858
N Ford-Hoon (Fok)	713	–	–	–	–	–	713
EM Hendricks	522	–	–	–	–	–	522
GJ Heron	563	–	–	–	–	–	563
MA Moloto	842	–	–	–	–	–	842
OR Mosetlhi	556	–	–	–	–	–	556
ES Seedat [(3)]	493	–	–	–	–	–	493
A van Heerden	738	–	–	–	–	–	738
Executive Directors:							
TR Mackey (CEO)	–	2 729	–	273	58	219	3 279
AM Basson (CFO)	–	2 061	–	206	37	179	2 484
	5 285	4 790	–	479	95	399	11 048

(1) While incentives thresholds were met in the prior year, the Board elected not to pay an incentive due to impacts of the COVID-19 pandemic outbreak.

(2) Other benefits include leave sold, health benefits and reimbursements.

(3) Retired during the year

Share-based payments to directors:

Award Share options:	Group 2021 Number of shares	Group 2020 Number of shares
AM Basson Forfeitable Shares		
Opening number of shares	**3 999 305**	1 764 242
New number of share awards [(1&2)]	**1 354 115**	2 642 673
Vested shares [(2)]	**(197 239)**	(112 260)
Forfeited shares [(2)]	**(5 156 181)**	(295 350)
Closing number of shares	**–**	3 999 305

36. DIRECTORS' REMUNERATION *CONTINUED*

Share-based payments to directors:

Award Share options:	Group 2021 Number of shares	Group 2020 Number of shares
AM Basson Co-investment Shares		
Opening number of shares	**347 832**	220 264
New number of share awards [1&2]	**–**	153 327
Vested [2]	**(44 265)**	(25 759)
Forfeited shares	**(303 567)**	–
Closing number of shares	**–**	347 832
TR Mackey Forfeitable Shares		
Opening number of shares	**8 116 108**	3 072 717
New number of share awards [1&2]	**3 026 283**	5 753 311
Vested shares [2]	**(339 776)**	(168 598)
Forfeited shares [2]	**(604 472)**	(541 322)
Closing number of shares	**10 198 143**	8 116 108
	R 000	**R 000**
Total share expense		
AM Basson Forfeitable Shares	**–**	1 069
TR Mackey Forfeitable Shares	**1 419**	1 940
AM Basson Co-investment Shares	**–**	256
	1 419	3 265

[1] Strike price is Rnil.

[2] Forfeitable share options:
- The 2018 share issuance was granted on 18 June 2018 and vested on 17 June 2021.
- The 2019 share issuance was granted on 13 December 2019 and will vest on 17 June 2022.
- The 2020 share issuance was granted on 18 June 2020 and will vest on 18 June 2023.
- The 2021 share issuance was granted on 18 June 2021 and will vest on 18 June 2024.

These shares are subject to vesting conditions.

[3] Co-investment share options:
- The 2017 share issuance was granted on 20 June 2017 and one-third has vested on 20 June 2020 and 20 June 2021.
- The 2018 share issuance was granted on 28 June 2018 and one-third has vested on 28 June 2021.
- The shares that have not vested have all been forfeited on the resignation of AM Basson.

37. CONTINGENT LIABILITIES

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Where guarantees in relation to loans to related parties are provided for no compensation, the fair values are accounted for as capital contributions and recognised as part of the cost of the investment.

The Group will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due.

Below is a list of guarantees issued by the Group:

	2021 R 000	2020 R 000
Guaranteed entity		
Graduare Mauritius Limited [1&2]	**193 637**	278 712
	193 637	278 712

(1) The guarantee is secured by the underlying property.

(2) The guarantee relates to the co-owner's allocation of the underlying debt and is secured by the 50% shareholding in the joint venture held by the co-owner. Risk guarantee is in US Dollars and has been converted at the closing rate of US Dollar: R15.94 (2020: R14.69)

Liquidity risk

Refer to note 4 for the accounting policy.

The Group is exposed to liquidity risk resulting from a security guarantee extended to Stanbic in respect of the JV partners share of the interest-bearing borrowings of joint venture.

	2021 R 000	2020 R 000
Repayment profile		
Due within one year	**12 150**	6 817
Later than one year and less than five years	–	12 150
	12 150	18 967

38. IMPACT OF THE CIVIL UNREST

During the civil unrest in July 2021, four of the Group's shopping centres in KwaZulu-Natal sustained significant damage whilst limited damage was caused to several industrial and inner-city properties. The Group's SASRIA insurance covers both the damage to the properties and the loss of income incurred as a consequence.

Details of losses and impairment of properties for cost of restorations still to be carried out are as follows:

Property	Total estimated loss			Actual loss incurred to 31 December 2021			Impairment of investment property
R 000	Reinstatement cost	Loss of income	Total insured loss	Reinstatement cost	Loss of income	Total insured loss	
Springfield Value Centre	230 174	57 679	287 853	11 499	25 718	37 217	218 675
Umlazi Mega City/50 Gifffiths	27 269	18 022	45 291	6 663	17 398	24 061	20 606
Davenport Square Shopping Centre	8 135	2 335	10 470	4 529	2 046	6 575	3 606
Pinewalk Centre	12 932	1 865	14 797	3 494	1 865	5 359	9 438
Other	2 057	3 909	5 966	2 057	3 909	5 966	–
	280 567	**83 810**	**364 377**	**28 242**	**50 936**	**79 178**	**252 325**

Insurance proceeds in respect of the civil unrest losses of R131.0 million had been received by 31 December 2021, R50.9 million relates to loss of income and R80.1 million relates to reinstatement costs. An insurance receivable debtor of R200.5 million has been raised in respect of expected total reinstatement costs not yet reimbursed by SASRIA. Total insurance received to date of this report is R168 million (R131 million plus R37 million received post 31 December 2021).

39. GOING CONCERN

The directors have assessed the Group's ability to continue as a going concern. On 31 December 2021, the Group had a positive net asset value with total assets exceeding total liabilities by R10.1 billion (2020: R10.1 billion) and a stable liquidity position, with access to committed undrawn credit facilities of R615 million (2020: R700 million).

During the assessment, the directors considered the expected cash flows, including the anticipated proceeds from disposals and cash flows relating to funding and development activities for the next 12 months. The marketability of the property portfolio has allowed the Group to bolster its liquidity through the sale of non-core assets and those that are identified as not meeting the Group's investment strategy, considering the unprecedented economic conditions arising from the impacts of the COVID-19 pandemic and unrest. The directors have also assessed the forecast covenants such as the loan to value and interest cover ratios.

The Board is particularly mindful of the need to have a balanced and well-considered approach to a payout ratio that ensures that the Company is in a position to consistently make distributions on a sustainable basis. It was decided that capital expenditure that is defensive and recurring which will not generate additional income nor enhance the value of property assets should be deducted from distributable income when determining the amount to distribute. A decision was therefore taken to declare 90% of the Group's distributable income while precauciously considering the impact on liquidity and external market responses.

The COVID-19 pandemic and South Africa's efforts to contain the COVID-19 pandemic have had and continue to have a considerable negative impact on economic activity in the country. During the year, South Africa has started its vaccination drive, however due to the low vaccination rates in the country, we may see future waves and the resurgence of COVID-19, which could lead to the reintroduction of government-imposed restrictions, and this could have further adverse impacts on the economy.

The impact of the unrest is not expected to adversely affect either cash flow or the going concern status of the group as such losses are fully insured. Refer to note 38.

39. GOING CONCERN *CONTINUED*

In assessing the going concern assertion, the Board considered the following uncertainties:

- Access to capital may be limited arising from a depressed market and the impact it may have on the risk appetite of the providers of capital.
- Pressure on loan to value and interest cover lender covenants due to downward pressure on valuations and net income from operations.
- Further impacts of the pandemic and unrest on the tenants' ability to meet rental obligations, even though there has been a reduction in rental relief and a decline in the expected credit loss provision during the year.
- The development pipeline as a result of the restoration of damaged properties and capital commitments.
- Loss of income as a result of non-tradability of our damaged affected retail centres.
- The recoverability of developer/joint venture partner loans.

The Group's response to the above uncertainties included:

- Collaboration by the executive team to ensure a coordinated response across the business to ensure health, wellbeing, and safety of all stakeholders.
- Curtailment of the development pipeline and restriction of discretionary spend to income generating and essential capital expenditure.
- Implementation of interim business continuity plans to minimise the disruption to the business arising from the impacts of the COVID-19 pandemic and the damage caused by the unrest.
- Engagement with our lenders for special dispensation for the inclusion of the insurance proceeds in the calculation of the LTV covenants while the properties are being restored.
- Engaged with lenders to extend the repayment terms of all debt maturing in 2022, thus resulting in no short-term debt outstanding other than accrued interest charges.
- Continuing with the disposal of non-core assets to bolster liquidity and improve the strength of the Group's financial position.
- Given the impact of the COVID-19 pandemic, more conservative assumptions were used by the valuer in performing the property valuations.
- Special considerations were given to the property valuations of properties damaged by the unrest.
- Monitoring of the monthly dashboards by the Board and sub-committees to ensure the management of liquidity and key business metrics.
- Engagement with SARS, the JSE and the REIT association to address temporary regulation and industry challenges introduced by the pandemic
- Negotiations with developers and joint initiative partners to convert indebtedness for income generating assets thereby reducing the risk of recoverability in a stressed market.
- Regular engagement with SASRIA on the insurance payouts for capital restoration and loss of income. To date, the Group has received R168.0 million for loss of rental and capital restoration.

After due consideration as detailed above the Board has concluded that the Group has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

40. EVENTS AFTER THE REPORTING PERIOD

Distributions

The Company declared a distribution of 12.62 cents on 17 March 2022.

On 21 January 2022, the Company subscribed for additional shares in Graduare Mauritius in order to maintain its 50% shareholding in the company. The subscription price was USD5 million (R76.8 million). The purpose of the additional subscription was to fund SACREL's share of the equity in the newly completed phases 5 and 6 of the East Park Mall, Lusaka, Zambia. anchored by Shoprite and Woolworths.

Subsequent to year end, the sale agreement of a property portfolio comprising a number of the Group's residential properties, commercial rental businesses and development land in the Johannesburg inner-city by Afhco to Firstmile Properties JHB CBD Crown Mines (Pty) Ltd became unconditional. The total sale consideration is R546.3 million against which R16.3 million in respect of sales commission and transaction costs, and R13.4 million for property repairs of a capital nature are payable by Afhco. The sale is subject to an annual income guarantee for the portfolio over a 3-year period of a net property income ("NPI") of R54 million per year. Shortfalls against the guaranteed NPI will be settled annually. During this period the property management of the portfolio will be undertaken by Afhco. Properties subject to this agreement are indicated in Appendix B.

The Directors are not aware of any other significant events between the end of the financial year under review and the date of signature of these financial statements.

SA CORPORATE
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2021

COMPANY ANNUAL FINANCIAL STATEMENTS

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Notes	2021 R 000	2020 R 000
Assets			
Non-current assets			
Investments in subsidiaries	3	**6 871 730**	7 076 380
Loans to subsidiary companies	3	**4 475 640**	4 522 465
Investments in joint ventures	4	**869 876**	935 644
Investment in listed shares	5	**162 871**	112 800
Other financial assets	5	**2 396**	4 245
		12 382 513	12 651 534
Current assets			
Loans to subsidiary companies	3	**126 727**	101 035
Other receivables	6	**1 836**	14 417
Cash and cash equivalents	7	**155 578**	104 560
		284 141	220 012
Total Assets		**12 666 654**	12 871 546
Equity and liabilities			
Equity			
Share capital and reserves	8	**9 818 019**	10 095 705
Liabilities			
Non-current liabilities			
Loans from group companies	3	**2 371 152**	1 791 420
Current liabilities			
Loans from group companies	3	**457 933**	964 717
Trade and other payables	9	**19 550**	19 704
		477 483	984 421
Total Liabilities		**2 848 635**	2 775 841
Total Equity and Liabilities		**12 666 654**	12 871 546

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Notes	2021 R 000	2020 R 000
Revenue	10	**650 323**	423 494
Other operating expenses	11	**(12 464)**	(7 013)
Operating profit		**637 859**	416 481
Interest income	12	**7 239**	12 868
Foreign exchange adjustments		**75 442**	(18 469)
Capital gain on sale of investment properties		**8**	2 278
Fair value loss on investments in subsidiary companies	3	**(234 707)**	(1 877 469)
Fair value loss on investments in joint ventures	4	**(98 583)**	(10 856)
Fair value gain/(loss) on investment in listed shares	5	**42 201**	(4 366)
Profit/(loss) before taxation		**429 459**	(1 479 533)
Taxation	13	**2 063**	–
Profit/(loss) for the year		**431 522**	(1 479 533)
Other comprehensive income		**–**	–
Total comprehensive income/(loss) for the year		**431 522**	(1 479 533)

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Share capital R 000	Non-distributable reserve R 000	Distributable reserves R 000	Total equity R 000
Balance at 01 January 2020	**9 193 652**	**3 077 925**	**(252 134)**	**12 019 443**
Loss for the year	–	–	(1 479 533)	(1 479 533)
Other comprehensive income	–	–	–	–
Total comprehensive income	**–**	**–**	**(1 479 533)**	**(1 479 533)**
Fair value loss on investments in subsidiary companies	–	(1 877 469)	1 877 469	–
Capital profit/loss on sale of fixed properties/investments	–	2 278	(2 278)	–
Fair value loss on investment in listed shares	–	(4 366)	4 366	–
Fair value loss on investment in joint ventures	–	(10 856)	10 856	–
	9 193 652	1 187 512	158 746	10 539 910
Distributions attributable to shareholders	–	–	(444 205)	(444 205)
Shareholders' equity at 31 December 2020	**9 193 652**	**1 187 512**	**(285 459)**	**10 095 705**
Profit for the year	**–**	**–**	**431 522**	**431 522**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**431 522**	**431 522**
Fair value loss on investments in subsidiary companies	**–**	**(234 707)**	**(234 707)**	**–**
Capital profit/loss on sale of fixed properties/investments	**–**	**8**	**(8)**	**–**
Fair value gain on investment in listed shares	**–**	**42 201**	**(42 201)**	**–**
Acquisition of subsidiary cost	**–**	**(1 597)**	**1 597**	**–**
Fair value loss on investment in joint ventures	**–**	**(23 141)**	**23 141**	**–**
	9 193 652	**1 014 345**	**363 299**	**10 527 227**
Distributions attributable to shareholders	**–**	**–**	**(709 208)**	**(709 208)**
Balance at 31 December 2021	**9 193 652**	**970 276**	**(345 909)**	**9 818 019**
Note	**8**			

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Notes	2021 R 000	2020 Restated R 000
Cash flows from operating activities			
Cash generated from operations	16	**(4 147)**	(20 776)
Interest received		**7 368**	12 830
Distributions received		**650 323**	423 494
Distributions paid	15	**(709 208)**	(444 102)
Taxation refund		**2 063**	–
Net cash used in operating activities		**(53 601)**	(28 554)
Cash flows from investing activities			
Loans repaid by subsidiary companies		**723 073**	153 285
Loans advanced to subsidiary companies		**(659 049)**	(16 473)
Income from Investment property held in prior period		**8**	2 278
Receipts from joint ventures		**46 608**	38 979
Decrease in other financial assets		**1 849**	2 008
Acquisition of listed shares		**(7 870)**	–
Net cash inflow from investing activities		**104 619**	180 077
Cash flow from financing activities			
Loans repaid to subsidiary companies		**–**	(178 459)
Net cash used in financing activities		**–**	(178 459)
Total cash and cash equivalents movement for the year		**51 018**	(26 936)
Cash and cash equivalents at the beginning of the year		**104 560**	131 496
Total cash and cash equivalents at end of the year	**7**	**155 578**	104 560

*The 2020 financial period has been restated to separately present cash flows relating to dividend income received on the face of the Statement of Cash Flows. The restatement did not impact the opening or closing balance of cash and cash equivalents. Please refer to note 17.

ACCOUNTING POLICIES

1. GENERAL INFORMATION

SA Corporate Real Estate Limited ("the Company"), established in the Republic of South Africa, is a Real Estate Investment Trust ("REIT"). The Company is listed on the JSE

The principal accounting policies applied in the preparation of these separate financial statements are consistent with those set out in the consolidated annual financial statements. In addition to those policies, the following policies apply specifically to these separate financial statements.

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1.1 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may by definition, seldom equal the related actual results. The estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Significant estimates and judgements include:

1.1.1 Investment in joint ventures and subsidiaries

The Company accounts for all investment in subsidiaries and joint ventures at fair value. The value of the investment in the joint ventures and subsidiaries is deemed to be that of the underlying properties, as the property company fully distributes all the distributable income.

1.1.1.1 Estimate of the fair value of Investment Property

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the Company determines the amount within a range of reasonable fair value estimates. In making its judgement, the Company considers information from a variety of sources including:

- Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing leases and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and
- The fair value of the inner-city retail, residential and commercial investment properties was based on the capitalisation of the net income earnings in perpetuity. The discounted cash flow method is not appropriate in these portfolios due to the short term nature of the portfolio's leases.

1.1.1.2 Principal assumptions of the Directors estimation of fair value

If information on current or recent prices is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Company used assumptions that are mainly based on market conditions existing at each reporting date.

The principal assumptions underlying management's estimation of fair value are those related to:

- The receipt of contracted rentals, expected future market rentals, lease renewals, maintenance requirements and appropriate discount and capitalisation rates.
- These valuations are regularly compared to actual market yield data, actual transactions by the Company and those reported by the market.
- The expected future market rentals are determined with reference to current market rentals for similar properties in the same location and condition.

1.1.2 Loans to/from Subsidiaries

All loans to/from subsidiaries are measured at amortised cost less any impairment. Impairment will only arise should the value of the Investment Property of the respective subsidiaries fall below the value of the loan.

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

2.1 Accounting policies objectives

2.1.1 Financial assets

The Company classifies its financial assets into one of the categories detailed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

2.1.1.1 Fair value through profit or loss

This category comprises investment in subsidiaries, investment in joint ventures, swap derivatives, investment in listed shares and loans to developers settled through the transfer of properties.

These assets are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Dividends received from investments in listed shares are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investment's carrying amount.

2.1.1.2 Amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses.

Refer to note 2.3 for the classification of financial instruments 2021: for assets measured at amortised cost.

2.1.2 Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Company's accounting policy for each category is as follows:

2.1.2.1 Financial liabilities at trade and amortised cost

Other financial liabilities namely other payables and other short-term monetary liabilities are initially recognised at fair value net of transaction cost directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes any interest payable while the liability is outstanding.

2.1.3 Equity instruments

Any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

2.2 Fair value

2.2.1 Fair value of financial assets and liabilities that are measured at fair value on a recurring basis:
The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs, other quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data i.e. unobservable inputs.

2.2.2 Fair value of financial instruments measured at amortised cost
Financial instruments measured at amortised costs include cash and cash equivalents, trade and other receivables, trade and other payables and loans. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

2.2.3 Expected credit losses ("ECL")
Refer to 3.2.3 of the consolidated annual financial statements for the ECL accounting policy.

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

2.3 Classification of financial instruments:

The following table sets out the fair value measurement level and classification of all assets, liabilities and equity.

Categories of financial instruments 2021

2021 (R000)	Fair value measurement	Financial asset – Non-derivative – FVTPL	Financial asset – Non-derivative – Amortised cost	Equity instrument	Total	ECL assessment note reference
Non-current assets						
Loans to subsidiary companies		–	4 475 640	–	4 475 640	
Investments in listed shares	Level 1	162 871	–	–	162 871	
Investments in subsidiary companies	Level 3	6 871 730	–	–	6 871 730	
Investments in joint ventures	Level 3	869 876	–	–	869 876	4
Other financial assets		–	2 396	–	2 396	5
		7 904 477	4 478 036	–	12 382 513	
Current assets						
Loans to subsidiary companies		–	126 727	–	126 727	
Other receivables		–	1 836	–	1 836	6
Cash and cash equivalents		–	155 578	–	155 578	7
		–	284 141	–	284 141	
Total assets		7 904 477	4 762 177	–	12 666 654	
Equity						
Share capital and reserves		–	–	9 818 019	9 818 019	
Liabilities		–	–	–	–	
Non-current liabilities		–	–	–	–	
Loans from subsidiary companies		–	2 371 152	–	2 371 152	
		–	2 371 152	–	2 371 152	
Current liabilities						
Loans from subsidiary companies		–	457 933	–	457 933	
Trade and other payables		–	19 550	–	19 550	
		–	477 483	–	477 483	
Total liabilities		–	2 848 635	–	2 848 635	
Total equity and liabilities		–	2 848 635	9 818 019	12 666 654	

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Categories of financial instruments 2020

2020 (R000)	Fair value measurement	Financial asset Non-derivative FVTPL	Financial asset Non-derivative Amortised cost	Equity instrument	Total	ECL assessment note reference
Non-current assets						
Loans to subsidiary companies		–	4 522 465	–	4 522 465	3
Investments in listed shares	Level 1	112 800	–	–	112 800	
Investments in subsidiary companies	Level 3	7 076 380	–	–	7 076 380	
Investments in joint ventures	Level 3	935 644	–	–	935 644	4
Other financial assets		–	4 245	–	4 245	5
		8 124 824	4 526 710	–	12 651 534	
Current assets						
Loans to subsidiary companies		–	101 035	–	101 035	
Other receivables		–	5 230	–	14 417	6
Cash and cash equivalents		–	104 560	–	104 560	7
		–	210 825	–	220 012	
Total assets		8 124 824	4 737 535	–	12 871 546	
Equity						
Share capital and reserves		–	–	10 095 704	10 095 704	
Liabilities						
Non-current liabilities						
Loans from subsidiary companies		–	1 791 420	–	1 791 420	
		–	1 791 420	–	1 791 420	
Current liabilities						
Loans from subsidiary companies		–	964 717	–	964 717	
Trade and other payables			19 704	–	19 704	
		–	984 421	–	984 421	
Total liabilities		–	2 775 841	–	2 775 841	
Total equity and liabilities		–	2 775 829	10 095 704	12 871 545	

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Risk Management
The Company is exposed through its operations to business risk, financial risk, regulatory and compliance risk. The financial risks are classified in the following categories:

- Liquidity risk
- Market risk
  - Foreign currency risk
  - Interest rate risk
  - Capital risk
- Credit risk

The categories of financial instruments and risk classifications are tabulated as follows:

Financial instruments: 2021 R'000	Financial instrument	Credit risk	Liquidity risk	Foreign currency risk	Interest rate risk	Price risk	Capital risk
Non-current assets							
Loans to subsidiary companies	4 475 640	4 475 640	–	–	–	–	–
Investments in listed shares	162 871	162 871	–	–	–	162 871	–
Investments in subsidiary companies	–	6 871 730	–	–	–	–	–
Investments in joint ventures	–	869 876	–	869 876	–	–	–
Other financial assets	2 396	2 396	–	–	2 396	–	–
	4 640 907	12 382 513	–	869 876	2 396	162 871	–
Current assets							
Loans to subsidiary companies	126 727	126 727	–	–	–	–	–
Other receivables	1 836	1 836	–	–	–	–	–
Cash and cash equivalents	155 578	155 578	–	–	155 578	–	155 578
	284 141	284 141	–	–	155 578	–	155 578
Total financial assets	4 925 048	12 666 654	–	869 876	157 974	162 871	155 578
Equity							
Share capital and reserves	–	–	–	–	–	–	9 862 088
Liabilities							
Non-current liability							
Loans from subsidiary companies	2 371 152	–	2 371 152	–	2 371 152	–	–
	2 371 152	–	2 371 152	–	2 371 152	–	–
Current liabilities							
Loans from subsidiary companies	457 933	–	457 933	–	457 933	–	–
Other payables	19 550	–	19 550	–	19 550	–	–
	477 483	–	477 483	–	477 483	–	–
Total liabilities	2 848 635	–	2 848 635	–	2 848 635	–	–
Total equity and liabilities	2 848 635	–	2 848 635	–	2 848 635	–	9 862 088

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Financial instruments: 2020 R'000	Financial instrument	Credit risk	Liquidity risk	Foreign currency risk	Interest rate risk	Price risk	Capital risk
Non-current assets							
Loans to subsidiary companies	4 522 465	4 522 465	–	–	–	–	–
Investments in listed shares	112 800	112 800	–	–	–	112 800	–
Investments in subsidiary companies	–	7 076 380	–	–	–	–	–
Investments in joint ventures	–	935 644	–	935 644	–	–	–
Other financial assets	4 245	4 245	–	–	4 245	–	–
	4 639 510	12 651 534	–	935 644	4 245	112 800	–
Current assets							
Loans to subsidiary companies	101 043	101 043	–	–	–	–	–
Other receivables	23 044	23 044	–	–	–	–	–
Cash and cash equivalents	119 582	119 582	–	–	119 582	–	119 582
	243 669	243 669	–	–	119 582	–	119 582
Total financial assets	4 883 179	12 895 203	–	935 644	123 827	112 800	119 582
Equity							
Share capital and reserves	–	–	–	–	–	–	10 095 704
Liabilities							
Non-current liability							
Loans from subsidiary companies	1 791 420	–	1 791 420	–	1 791 420	–	–
	1 791 420	–	1 791 420	–	1 791 420	–	–
Current liabilities							
Loans from subsidiary companies	964 705	–	964 705	–	964 705	–	–
Other payables	19 704	–	19 704	–	19 704	–	–
	984 409	–	984 409	–	984 409	–	–
Total liabilities	2 775 829	–	2 775 829	–	984 409	–	–
Total equity and liabilities	2 775 829	–	2 775 829	–	984 409	–	10 095 704

The table above was updated to align with the current year disclosure.

Liquidity risk management

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances and agreed facilities to meet expected requirements for a period of at least 3 months. The Company also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings, this is further discussed in the 'interest rate risk' section below.

The liquidity risk of the Company is managed by the treasury function. Each operation has a facility with Group treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the Board in advance, enabling the Company's cash requirements to be anticipated. Where facilities of the Company need to be increased, approval must be sought from the Company Chief Financial Officer.

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Repayment profile

	2021 R 000	2020 R 000
Less than one year		
Other payables [1]	18 246	18 738
Loans from subsidiary companies	457 933	964 705
	476 179	983 443
Between one and five years		
Loans from subsidiary companies	2 371 152	1 791 420

[1] Excluding unclaimed distributions and income received in advance.

The current liabilities exceed current assets, however, the Company has access to undrawn borrowing facilities through its subsidiary, SA Retail Properties (Pty) Ltd ("SA Retail"), which is administered through the Group's treasury function. SA Retail is in a solvent position and has sufficient borrowing facilities to support both its own and the Company's current obligations, therefore the Company expects to meet its other obligations from operating cash flows and existing facilities.

The Company has issued certain guarantees. Refer to note 37 Contingent Liabilities in the consolidated annual financial statements for further information regarding these guarantees and the corresponding liquidity risk disclosure.

Market risk

- **Foreign currency risk management**
  The Company is only exposed to the US Dollar currency through its investment in joint ventures which is a financial instrument. During the prior year the Company also had exposure through its swap derivatives.

- **Foreign currency sensitivity analysis**
  The Company is only exposed to the US Dollar currency. A 5% (2020:5%) fluctuation in the Rand against the US Dollar would result in a R43.5 million (2020: R6.1 million) movement in the profit from JV. The sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

  A positive number below indicates an increase in profit or equity where the Rand strengthens against the US Dollar. For a weakening of the Rand against the US Dollar, there would be a comparable negative impact on the profit or equity.

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

- **Interest rate risk management**
  The Company is exposed to interest rate risk through its variable rate cash balances, receivables and payables. The Company enters into interest rate swap contracts, from time to time, for the purposes of cash flow hedging. The Company does not apply hedge accounting.

- **Interest rate sensitivity analysis**
  The sensitivity analysis is based on the exposure to interest rates at the reporting date. For floating rate assets and liabilities, the analysis assumes that the amount of asset or liability outstanding at the reporting date was outstanding for the whole year.

  A 50 basis point increase or decrease is used when reporting interest rates internally to key management personnel and represents management's reasonable assessment of the possible change in interest rates.

  If interest rates were 50 basis points higher or lower and all other variables were constant, the Company's net profit for the year ended 31 December 2021 would decrease or increase by R0.8 million (2020: increase or decrease by R0.5 million).

Capital risk management
The Company's capital comprises shareholders' equity. Capital is actively managed to ensure that the Company is properly capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of its stakeholders.

The Company has a business planning process that runs on an annual cycle with regular updates to projections. It is through this process, which includes risk and sensitivity analysis of forecasts, that the Company's capital is managed.

Specifically, the Company has adopted the following capital management policies:
- Maintenance, as a minimum, of capital sufficient to meet the statutory requirements and such additional capital as management believes is necessary.
- Maintenance of an appropriate level of liquidity at all times. The Company further ensures that it can meet its expected capital and financing needs at all times, having regard to the business plans, forecasts and any strategic initiatives.
- Maintenance of an appropriate level of issued shares based on approval from the shareholders and the Board of Directors ("Board").

The Company has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through scenario analysis and risk assessments. From an understanding of the principal risks, appropriate risk limits and controls are defined.

This strategy has not changed from the prior year.

Credit risk management
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk with regard to other receivables is minimised by the diversity of counterparties, spread across diverse industries and geographical areas.

Further disclosures regarding other receivables are provided in note 6.

Credit risk attached to the Company's cash and cash equivalents is minimised by its cash resources being placed in money market investments with several financial institutions of high credit standing, in terms of pre-determined exposure limits. Exposure limits and underlying money market exposures are assessed bi-annually and reviewed by the Audit and Risk Committee to limit concentration to a single institution and to monitor the risks associated with the underlying money market exposures.

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Cash in bank and short-term deposits

2021	Rating	Cash at bank	Short term deposits	Total
		R 000	R 000	R 000
Absa Bank Limited	AA	–	–	–
First National Bank Limited, a division of FirstRand Limited	AA	10 315	122	10 437
Investec Bank Limited	AA	–	40 412	40 412
Nedbank Limited	AA	–	104 729	104 729
		10 315	145 263	155 578

2020	Rating	Cash at bank	Short term deposits	Total
		R 000	R 000	R 000
Absa Bank Limited	AA	–	5 214	5 214
First National Bank Limited, a division of FirstRand Limited	AA	18 934	–	18 934
Investec Bank Limited	AA	–	6 544	6 544
Nedbank Limited	AA	73 661	207	73 868
		92 595	11 965	104 560

The credit ratings reflected are in respect of the institutions where the money market accounts are held. On a look-through basis 69% (2020: 81%) of the funds were held at institutions with AA rating and 31% (2020: 19%) were held at institutions with a AAA rating.

Management monitors the credit ratings of counterparties regularly. As at the reporting date the Company does not expect any losses from nonperformance by the counterparties. For all financial assets to which the impairment requirements have not been applied the carrying amount represents the maximum exposure to credit loss.

Price risk sensitivity analysis

Price sensitivity is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to price risk through its investment in listed property shares.

All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

At 31 December 2021, if the market price of the investment in listed shares had been 5% higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R1.4 million (2020: R5.6 million) higher or lower.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

3. INVESTMENTS AND LOANS TO/(FROM) SUBSIDIARY COMPANIES

Subsidiary companies	2021 R 000	2020 R 000	2021 R 000	2020 R 000	2021 R 000	2020 R 000
	Current loans		Non-current loans		Investments	
Afhco Holdings (Pty) Ltd and its subsidiaries	**(102 880)**	(107 439)	**4 229 257**	4 125 072	**276 010**	293 217
Blue Heron (Pty) Ltd	**(545)**	(7 076)	**(33 585)**	11 045	**33 797**	39 800
Dune Lark Investments (Pty) Ltd	**(470)**	(6 711)	**(51 315)**	9 478	**51 602**	57 496
Erf 84-85-86 Shakas Head (Pty) Ltd	**(1 101)**	(4 261)	**(21 611)**	27 666	**23 203**	28 741
Grey Heron Investments (Pty) Ltd	**(182)**	(3 021)	**(23 113)**	5 375	**23 231**	25 890
Jrad Investments (Pty) Ltd	**(63)**	(12)	**–**	–	**–**	–
Madison Park Properties 24 (Pty) Ltd	**(1 940)**	(688)	**92 721**	136 787	**–**	505
Rock Kestrel Investments (Pty) Ltd	**(162)**	(3 102)	**(4 851)**	2 559	**4 861**	6 933
SA Corporate Real Estate Fund Managers (Pty) Ltd	**67 573**	49 525	**–**	–	**3 174**	–
SA Retail Properties (Pty) Ltd and its subsidiaries	**(344 073)**	(823 551)	**(2 233 934)**	(1 791 420)	**6 317 783**	6 325 840
Stondell Investments (Pty) Ltd	**2 652**	610	**(2 745)**	1 852	**61**	1 007
Umlazi Mega City (Pty) Ltd	**56 502**	50 894	**141 462**	153 078	**76 242**	132 936
Whirlprops 25 (Pty) Ltd	**–**	(7)	**–**	38 100	**286**	99 049
Wood Ibis Investments (Pty) Ltd	**(6 517)**	(8 843)	**12 203**	11 453	**61 481**	64 966
	(331 206)	(863 662)	**2 104 488**	2 731 045	**6 871 730**	7 076 380
Non-current intercompany asset	**–**	–	**4 475 640**	4 522 465	**6 871 730**	7 076 380
Non-current intercompany liability	**–**	–	**(2 371 152)**	(1 791 420)	**–**	–
Current intercompany asset	**126 727**	101 035	**–**	–	**–**	–
Current intercompany liability	**(457 933)**	(964 717)	**–**	–	**–**	–
	(331 206)	(863 682)	**2 104 488**	2 731 046	**6 871 730**	7 076 380

The intercompany loans are unsecured and interest free. No specific repayment terms exist. The non-current loans are viewed as long-term loans to the subsidiaries and as such are only expected to be redeemed if the underlying property is sold.

Management deemed the estimated credit loss to be R44.1 million (2020: Rnil). The loans are supported by the underlying investment properties. The ECL on loans receivables is limited to the net asset value of the subsidiaries.

The Company's claims against Madison Park Properties 24 (Pty) Ltd were subordinated in favour of creditors to the extent of the deficit on shareholder equity in the Company.

SA Retail Properties (Pty) Ltd's claims against certain of its subsidiary companies were also subordinated in favour of creditors to the extent of the deficit of the shareholder equity of the companies of R20.9 million (2020: R20.3 million). SA Retail Properties (Pty) Ltd is the borrower on behalf of the Group. Any non-working capital advances from SA Retail Properties (Pty) Ltd will only be repaid as the interest-bearing borrowings are settled from the sale of investment properties, listed shares or equity issuances. Since the properties are held to generate returns and not for resale, unless the sustained returns are not satisfactory to the Group or no longer aligns with the Group's strategy, these loans are not repayable in the next 12 months.

The value of the investment in the property companies is deemed to be that of the underlying companies' net asset value. The fair value of the entire portfolio of investment properties was determined by independent registered valuers and approved on 7 February 2022 by the Board. Refer to note 1.1.1.1.

The Company holds 100% of share capital for all subsidiaries. The principal place of operations of all entities is Johannesburg.

3. INVESTMENTS AND LOANS TO/(FROM) SUBSIDIARY COMPANIES *CONTINUED*

Level 3 (as detailed in note 2)

	2021 R	2020 R
Financial assets designated as at FVTPL		
Carrying value at beginning of year	**7 076 360**	8 950 737
Fair value adjustment in investment in subsidiary companies recognised through profit or loss	**(234 707)**	(1 877 469)
Reclassified as loan from subsidiary	**30 077**	3 092
Carrying value at end of year	**6 871 730**	7 076 360

As the value of the investment in subsidiaries is deemed to be that of the underlying properties, refer to note 5 of the consolidated annual financial statements for further information regarding the impact of unrest on the valuation of investment properties and corresponding impact on investment in subsidiaries.

4. INVESTMENT IN JOINT VENTURES

Joint ventures
The Company has a 50% ownership in the Mauritian legal entities which has 99.9% (2020: 99.9%) ownership in the Zambian entities.

The principal place of business is Lusaka, Zambia.

The fair value of the identifiable assets, liabilities, revenue and profit or loss are shown below. This is representative of 100% of the respective entities and not the Company's ownership thereof.

Details of the Company's joint ventures are as follows:

2021 (R 000)	Ancona Mauritius Limited	Graduare Mauritius Limited	Premier LM &C Mauritius Limited	Total
Non-current assets	215 786	1 609 833	471 815	2 297 434
Current assets	1 340	155 952	8 057	165 349
Total assets	217 126	1 765 785	479 872	2 462 783
Non-current liabilties	12 208	160 488	4 720	177 416
Current liabilities	7 039	418 938	119 636	545 613
Total liabilities	19 247	579 426	124 356	723 029
Revenue	15 964	95 785	37 415	149 164
(Loss)/profit from joint ventures	(38 820)	(60 365)	38 029	(61 156)
Fair value movement in investment property included in loss above	(47 852)	(113 473)	14 386	(146 939)
Net assets of the joint venture	197 879	1 186 359	355 516	1 739 754
Proportion of the Company's ownership interest in the joint ventures	50%	50%	50%	
Carrying amount of the Company's interest in joint ventures	98 939	593 179	177 758	869 876

4. INVESTMENT IN JOINT VENTURES *CONTINUED*

2021 (R 000)	Ancona Mauritius Limited	Graduare Mauritius Limited	Premier LM & C Mauritius Limited	Total
Non-current assets				
Investment property	**207 502**	**1 173 137**	**386 955**	**1 767 594**
Furniture and equipment	**–**	**1 426**	**6 236**	**7 662**
Rent receivable -straight lining adjustment	**1 609**	**4 281**	**930**	**6 820**
Capital work in progress	**–**	**430 989**	**111**	**431 100**
Deferred taxation	**–**	**–**	**–**	**–**
Current assets				
Cash and cash equivalents	**1 995**	**5 078**	**4 240**	**11 313**
Rent receivable -straight lining adjustment	**305**	**143**	**300**	**748**
Non-current liabilities				
Shareholder loan	**–**	**157 923**	**–**	**157 923**
Non-current lease smoothing adjustment	**1 913**	**4 424**	**1 230**	**7 567**
Interest-bearing borrowings	**–**	**254 072**	**–**	**254 072**
Finance cost	**–**	**(15 057)**	**–**	**(15 057)**

2020 (R 000)	Ancona Mauritius Limited	Graduare Mauritius Limited	Premier LM & C Mauritius Limited	Total
Non-current assets	225 888	1 185 892	419 134	1 830 914
Current assets	1 148	481 986	48 906	532 040
Total assets	227 036	1 667 878	468 040	2 362 954
Non-current liabilties	9 945	157 856	3 218	171 019
Current liabilities	400	215 218	105 028	320 646
Total liabilities	10 345	373 074	108 246	491 665
Revenue	21 220	120 431	46 144	187 795
Loss from joint ventures	(32 595)	(74 404)	(14 582)	(121 581)
Fair value movement in investment property included in loss above	(45 333)	(143 574)	(48 493)	(237 400)
Reconciliation of the above summarised information				
Net assets of the joint venture	216 691	1 294 804	359 794	1 871 289
Proportion of the Company's ownership interest in the joint ventures	50%	50%	50%	50%
Carrying amount of the Company's interest in joint ventures	108 346	647 402	179 897	935 644

4. INVESTMENT IN JOINT VENTURES *CONTINUED*

2020 (R 000)	Ancona Mauritius Limited	Graduare Mauritius Limited	Premier LM & C Mauritius Limited	Total
Non-current assets				
Investment property	226 151	824 520	346 648	1 397 319
Furniture and equipment	–	130	1 360	1 490
Rent receivable -straight lining adjustment	435	13 806	676	14 916
Capital work in progress	4 706	734 206	8 602	747 515
Deferred taxation	–	–	–	–
Current assets				
Cash and cash equivalents	2 108	19 092	16 768	37 967
Rent receivable -straight lining adjustment	264	542	106	912
Non-current liabilities				
Shareholder loan	–	48 623	15 569	64 192
Non-current lease smoothing adjustment	699	14 347	554	15 600
Interest-bearing borrowings	6 608	37 934	–	44 541
Finance cost	–	10 416	–	10 416
Finance income	–	1 790	–	1 790

In terms of the five-year tax indemnity, there was a shortfall in the income linked guarantee, resulting in the income guarantee receivable of R1 288 066 in the prior year recognised through profit and loss. This exemption has now expired and the Group is no longer entitled to be compensated for the tax incurred in Zambia. This guarantee is not included in the investment in joint ventures.

The value of the investment in the joint ventures is deemed to be that of the underlying net asset value of the investment property companies, as the joint ventures fully distribute all distributable income. The fair value of the entire portfolio of investment properties was determined by independent registered valuers and approved on 7 February 2022 by the Board. Refer note 1.1.1 for further information relating to the fair value input assumptions used in determining the fair value of the joint ventures.

The sensitivity analysis is based on the exposure to the discount rates and growth rates at the reporting date, which is the most sensitive variable in determining the valuation of the underlying investment property, which is the most significant input in the valuation of the joint ventures.

A 50 basis points increase or decrease in the discount rate and a 100 basis points increase or decrease in cap rates represents management's reasonable assessment of the possible change in market rates.

4. INVESTMENT IN JOINT VENTURES *CONTINUED*

	(1.0%) R 000	Cap rate Current R 000	1.0% R 000
Investment in joint ventures 2021			
Discount rate			
(0.5%)	**967 095**	**898 328**	**845 017**
Current	**936 196**	**869 876**	**818 476**
0.5%	**906 579**	**842 597**	**793 023**
Investment in joint ventures 2020			
Discount rate			
(0.5%)	973 776	963 706	954 142
Current	945 270	935 644	926 502
0.5%	917 945	908 742	900 002

	2021 R 000	2020 R000
Carrying value at beginning of year	**935 644**	987 752
Revaluation of investment in joint ventures	**(98 583)**	(59 694)
Advance from investment in joint ventures	**(46 609)**	(48 220)
Re-allocation of debtor balance to investment	**3 982**	–
Foreign currency translation reserve	**75 442**	55 806
Carrying value at end of year	**869 876**	935 644

5. OTHER FINANCIAL ASSETS

	2021 R 000	2020 R000
Non-current assets *		
Transcend Residential Property Fund [1]	**57 871**	33 000
Safari Investments RSA Limited [1]	**105 000**	79 800
Total listed shares	**162 871**	112 800
Other non-current assets		
CityKidz Preschool NPC [2]		
Loan balance	**2 148**	3 933
Accrued interest	**248**	312
	2 396	4 245

* Refer to note 11 of the consolidated annual financial statements for further details.

(1) During 2016, the Company acquired 10% of the ordinary share capital of Transcend Residential Property Fund Limited, a specialised residential property fund that is listed on the AltX Board of the JSE. During 2017 the Company acquired 9% of the ordinary share capital of Safari Investments RSA Limited a property investment company listed on the JSE as a Real Estate Investment Trust ("REIT"). The directors do not consider that the Company has the ability to exercise any significant influence over these companies. Refer to note 11 for the consolidated annual financial statements for further information regarding the share prices for these investments. Transcend was subject to a rights issue in 2021 and the Company exercised its rights.

(2) During the year the previous three loans advanced to City Kidz Preschool NPC ("City Kidz") with interest rates ranging from prime less 0.5% to prime and repayable at August 2023 were consolidated into one loan. This loan is secured by property held by City Kidz bears interest at prime less 0.5% and is repayable on 1 December 2024. Management considers the ECL to be negligible, as the amount is adequately secured by the underlying property.

5. OTHER FINANCIAL ASSETS *CONTINUED*

	2021 R 000	2020 R000
Level 1 as detailed in note 2		
Reconciliation of investment in listed shares		
Carrying value at beginning of year	**112 800**	117 166
Acquisition of shares	**7 870**	–
Fair value gain/(loss) recognised through profit or loss	**42 201**	(4 366)
	162 871	112 800

6. OTHER RECEIVABLES

	2021 R 000	2020 R000
Other receivables, accrued income and accrued interest [(1)]	**1 376**	5 230
Prepayments	**460**	560
VAT	**–**	8 627
Total other receivables	**1 836**	14 417

[(1)] This balance includes the following:

Deposits with municipal authorities, which will be recouped when a building is sold. The Company has historically written off amounts considered to be irrecoverable and have assessed the risk in respect of the remainder to be negligible.

Debtors are written off when there is no reasonable expectation of recovery. This is assessed on the basis of the failure of the debtor to agree and commit to a repayment plan and where contractual payments are greater than a period of 90 days. The Company has assessed the risk of default of these parties individually to be negligible and immaterial at this stage based on historical transactional activity and our assessment of their future ability to settle the balance. The risk of default of the sundry debtors in the 90 days category is partially mitigated by the balance from the co-owners to be applied against net property income due to them.

7. CASH AND CASH EQUIVALENTS

	2021 R 000	2020 R 000
Cash and cash equivalents include cash on hand and in banks.		
Cash and bank balances	**10 315**	18 727
Money market investments and call accounts	**81 926**	11 965
Distributions account	**122**	208
Tenant deposits [(1)]	**63 215**	73 660
	155 578	104 560

[(1)] The tenant deposits are invested in separate 32-day call accounts and as such can only be accessed within 32 days. Additionally, the capital portion can only be accessed at the end of the leasing arrangement (either via the conclusion of the lease term or via early termination) or it can be applied to the arrears balance. The tenant deposits have a corresponding liability in net loans to/from subsidiary companies. Refer to note 14 and 20 of the consolidated annual financial statements.

8. SHARE CAPITAL AND RESERVES

Shares issued by the Company are recognised at the proceeds received, net of direct issue cost. Shares repurchased by the Company are recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own shares.

Authorised

4 000 000 000 shares at no par value (2020: 4 000 000 000)

	2021 R 000	2020 R 000
Issued		
2 514 732 095 shares (2020: 2 514 732 095 shares)	**9 193 652**	9 193 652
Non-distributable reserves: operational [(1)]	**1 014 345**	1 187 512
Distributable reserves	**(345 909)**	(285 459)
	9 862 088	10 095 705

[(1)] Included in non-distributable reserves: operational are items not included in the calculation of distributable income, including revaluation of investment in subsidiary companies and listed shares.

The statement of changes in equity reflects a detailed analysis of movements in shareholders' equity.

9. TRADE AND OTHER PAYABLES

The Company has cash management policies in place to ensure that all amounts are paid within the credit time frame.

	2021 R 000	2020 R 000
Trade payables	**18 010**	18 634
Other payables	**1 540**	1 070
Total	**19 550**	19 704

10. REVENUE

Revenue comprises dividends. Dividends are recognised when declared.

	2021 R 000	2020 R 000
Dividends from subsidiary companies	**635 778**	396 397
Dividends from investment in listed shares	**14 545**	10 901
Dividends from investment in joint ventures	**–**	16 196
Total	**650 323**	423 494

11. OTHER OPERATING EXPENSES

	2021 R 000	2020 R 000
Audit fees	**229**	148
Administrative fees	**4 832**	1 204
Recovery of property expenses and other income	**63**	351
Service fees	**7 340**	5 310
	12 464	7 013

12. INTEREST INCOME

Interest income is recognised at the effective rates of interest on a time related basis.

	2021 R 000	2020 R 000
Money market investments and call accounts	**5 537**	9 030
Tenant deposits	**1 215**	3 325
Cash and bank balances	**487**	513
	7 239	12 868

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

13. TAXATION

Major components of the tax expense

	2021 R 000	2020 R 000
Current		
Local income tax - current period	**2 063**	–

Due to the Company's REIT status, the taxation liability is limited to the extent that the distributable income is not distributed by the Company to its shareholders. The Company's capital profit is also exempt from capital gains taxation. Deferred taxation is provided for using the liability method based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation is charged to profit or loss. A deferred taxation asset is recognised to the extent that it is probable that it will be utilised on future taxable profits. Deferred taxation is raised at tax rates that have been enacted or substantively enacted at the reporting date.

	2021	2020
Applicable tax rate	**28.00%**	28.00%
Exempt income (1)	**(40.56%)**	11.38%
Foreign exchange adjustment	**(4.46%)**	1.98%
Fair value adjustments on Investment in subsidiaries	**11.27%**	(35.61%)
Fair value loss on joint ventures	**5.83%**	1.16 %
Utilisation of assessed loss	**–**	(4.16%)
Other (2)	**0.36%**	(2.74%)
Effective rate	**0.44%**	**–%**

No taxation is provided for against operating profit, to the extent that it is declared as tax deductible distributions in terms of section 25BB of the Income Tax Act.

(1) Exempt income comprises non-taxable dividends received

(2) Other non-taxable income includes largely fair value losses on listed investments and non-distributable expenses.

14. DISTRIBUTION

Refer to note 28 of the consolidated annual financial statements for the distribution note.

15. DISTRIBUTIONS PAID

	2021 R 000	2020 R 000
Reconciliation of distributions paid		
Balance at the beginning of year	–	–
Distribution attributable to shareholders	**709 208**	444 102
Distributions paid	**(709 208)**	(444 102)
Balance at the end of year	**–**	–

16. CASH GENERATED FROM OPERATIONS

	2021 R 000	2020 Restated* R 000
Profit/(loss) after taxation	**431 522**	(1 479 533)
Adjustments for:		
Capital gain on sale of investment properties	**(8)**	(2 278)
Fair value (gain)/loss on investment in listed shares	**(42 201)**	4 366
Fair value loss on investment in subsidiary companies	**234 707**	1 877 469
Fair value loss on investment in joint ventures	**98 583**	10 856
Interest income	**(7 239)**	(12 868)
Foreign exchange adjustments	**(75 442)**	18 469
Taxation	**(2 063)**	–
Dividends received	**(650 323)**	(423 494)
Changes in working capital:		
Other receivables	**8 470**	3 873
Other payables	**(153)**	(1 440)
	(4 147)	(4 580)

*The 2020 financial period has been restated to separately present cash flows relating to dividend income received on the face of the Statement of Cash Flows. This resulted in cash generated from operations being reduced. The restatement did not impact the opening or closing balance of cash and cash equivalents.

17. RESTATEMENT

In the prior year, dividend received from listed investments and subsidiaries, amounting to R423.5 million was included in cash generated from operations. This was reclassified from cash generated from operations to the face of the cash flow and included in cash generated from operating activities.

The restatement had the following impact:

	2020 Restated R 000	2020 Previously reported R 000
Statement of cash flows		
Cash flows from investing activities		
Dividends received	**423 494**	–
Note 16: Cash generated from operations		
Dividends received	**(423 494)**	–
Cash generated from operations	**(20 776)**	402 718

18. RELATED PARTIES

Related party transactions constitute the transfer of resources, services or obligations between the Company and a party related to the Company, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the Company's executive.

	2021 R 000	2020 R 000
Related party balances		
SA Corporate Real Estate Fund Managers (Pty) Ltd		
Recoveries	**(1 065)**	(1 726)
Graduare Mauritius Limited		
Credit enhancement fee	**8 288**	4 627
Based on the direct recoveries of expenses incurred.		
Related party transactions		
Graduare Mauritius Limited		
Credit enhancement fee	**4 307**	4 627
SA Corporate Real Estate Fund Managers (Pty) Ltd		
Recoveries	**(6 573)**	(428)
Distributions	**–**	361
Subsidiaries, joint ventures, and investments in listed shares		
Distributions received	**650 323**	423 494

Refer to note 3 for intergroup loans, interest rates and repayment terms. Refer to note 19 for the directors remuneration for compensation paid to key management personnel by the managing company.

19. DIRECTORS' REMUNERATION

Refer to note 36 of the consolidated annual financial statements for the directors' remuneration note.

20. CONTINGENT LIABILITIES

Refer to note 37 of the consolidated annual financial statements for further information on the contingent liabilities.

21. GOING CONCERN

The Company incurred a net profit for the year ended 31 December 2021 of R475.6 million (2020: loss of R1 479 million) and as at that date the Company's total assets exceeded its total liabilities by R9 862.1 million (2020: R10 095.7 million), and current liabilities exceeded the current assets by R193.3 million (2020: R764.4 million). The Company has access to R615 million of undrawn borrowing facilities through its subsidiary, SA Retail, which is administered through the Group's treasury function. SA Retail is in a solvent position and has sufficient borrowing facilities to support both its own and the Company's current obligations. To improve liquidity and cash inflow to the Group and company, several properties held by subsidiaries of the Company have been sold during the year ended 31 December 2021 and others are expected to transfer during 2022.

22. EVENTS AFTER REPORTING PERIOD

Refer to note 40 of the consolidated annual financial statements for details of events that occurred after the reporting period.

APPENDIX A: PROPERTY PORTFOLIO REVIEW

Sectoral and geographical profile:
The regional and sectoral composition of the property portfolio is depicted in the following tables:

	Geographical profile				
	Gauteng	KwaZulu-Natal	Western Cape	Other	Total
Rental Area (m^2)	955 539	265 935	26 565	27 971	1 276 010
Revenue (R 000)	1 611 227	449 961	40 908	19 355	2 121 452

	Industrial	Retail including Storage	Commercial	Afhco	Storage	Specialised: Auto dealerships	Total
Rental Area (m^2)	414 807	342 526	30 298	415 790	37 189	35 400	1 276 010
Revenue (R 000)	477 154	841 555	59 136	675 246	23 340	45 020	2 121 452

The rental area excludes 131 031 m^2 development bulk.

Tenant profile:
"The tenants are classified in terms of the following grading:

"A": "Large national tenants", includes large listed tenants, government and major franchisees and is defined as tenants occupying premises that have on average greater than 500m^2 of GLA.

"B": "National tenants" includes listed tenants, franchisees, medium to large professional firms and is defined as tenants occupying premises that have on average greater that 1000m^2 of GLA in one region.
"Medium professional firms" is defined as professional firms occupying premises that have on average greater than 2 000m^2 of GLA.

"C": Other

	% of occupied space	
Tenant profile	**2021**	**2020**
A	**58.3**	55.7
B	**24.1**	25.2
C [(1)]	**17.6**	19.1
	100.0	100.0

[(1)] This category consists of 1 034 (2020: 1 147) tenants

Vacancies, expiries and average rental income:
The lease expiry profile and vacancies (as a % of Gross Lettable Area) are set out below:

Traditional Portfolio:

Property type	Vacancy (%)		Expiries (%)					
	2020	2021	Monthly	2021	2022	2023	2024	Thereafter
Industrial	1.5	**0.7**	6.8	12.5	18.5	21.4	18.1	22.0
Retail	4.6	**4.6**	12.7	17.0	14.7	11.0	12.7	27.3
Commercial	16.9	**18.9**	7.7	22.5	17.7	14.6	1.9	16.7
Total	3.5	**3.3**	9.2	14.8	16.9	16.9	15.0	23.9

Afhco Portfolio:

Property type	Vacancy (%)		Expiries (%)					
	2020	2021	Monthly	2021	2022	2023	2024	Thereafter
Retail / Commercial	5.7	**5.8**	8.1	15.4	18.1	10.1	10.9	31.6
Residential (by units)	15.4	**8.5**	47.4	43.1	-	-	-	1.0

APPENDIX A: PROPERTY PORTFOLIO REVIEW

CONTINUED

Rest of Africa Portfolio

Property type	Vacancy (%)		Expiries (%)					
	2020	2021	Monthly	2021	2022	2023	2024	Thereafter
Retail	17.3	**12.6**	–	16.2	3.3	21.0	24.3	22.6
Commercial	5.6	**14.8**	–	–	61.5	14.0	–	9.7
Total	14.9	**13.0**	–	12.9	15.2	19.6	19.3	20.0

The lease expiry profile and vacancies (as a % of rental income) are set out below:

Traditional Portfolio:

Property type	Vacancy (%)		Expiries (%)					
	2020	2021	Monthly	2021	2022	2023	2024	Thereafter
Industrial	1.0	**0.5**	12.8	12.6	17.3	17.8	11.6	27.4
Retail	4.1	**3.4**	13.6	21.3	15.5	12.9	12.9	20.4
Commercial	13.5	**15.3**	10.7	25.8	19.0	14.5	1.5	13.3
Total	3.6	**3.1**	13.1	18.6	16.3	14.6	11.8	22.5

Afhco Portfolio:

Property type	Vacancy (%)		Expiries (%)					
	2020	2021	Monthly	2021	2022	2023	2024	Thereafter
Retail / Commercial	4.0	**3.7**	5.5	21.8	26.3	12.4	12.7	17.5
Residential	11.2	**8.6**	51.5	39.3	0.0	–	–	0.6

Rest of Africa Portfolio

Property type	Vacancy (%)		Expiries (%)					
	2020	2021	Monthly	2021	2022	2023	2024	Thereafter
Retail	16.2	**12.2**	–	16.2	3.3	21.0	24.3	23.0
Commercial	5.5	**13.6**	–	–	61.5	14.0	–	10.9
Total	13.9	**12.5**	–	12.9	15.2	19.6	19.3	20.5

Weighted average rental per square metre by GLA calculated on the total of rent, operating cost and rates:

Property type	2021 R/m²	2020 R/m²
Industrial	**76.90**	77.00
Retail	**163.78**	161.53
Commercial	**87.49**	110.46
Storage	**67.46**	63.79
Afhco Retail/Commercial	**154.58**	137.56
Afhco Residential	**100.83**	108.34
Weighted Average	**111.91**	111.37

Weighted average rental escalation profile:

Property type	2021 % p.a.	2020 % p.a.
Industrial	**6.66**	7.14
Retail	**6.86**	7.22
Commercial	**7.35**	7.92
Afhco Retail/Commercial	**7.06**	7.71
Afhco Residential	**0.46**	1.80
Weighted Average	**5.02**	5.94

The annualised property yield is 7.5% (2020: 6.9%).

APPENDIX B: PROPERTY PORTFOLIO

Property company/name	Key	Property address	Location	Site area (m²)	Rentable area (m²)	Weighted average rental per m² (R)	Value R 000
Retail –Gauteng							
Cambridge Crossing	(c)	Cnr Witkoppen Road & Stone Haven Street, Paulshof	Sandton	12 478	5 237	204	138 000
Celtis Ridge Shopping Centre, Centurion	(c)	Cnr Main Arterial Ruimte Road & Seedcracker Road, Heuwilsig	Celtisdale	21 231	7 122	184	140 000
Coachman's Crossing	(c)	Cnr Peter Place & Karen Street, Bryanston West	Sandton	15 860	6 309	160	95 000
Comaro Crossing	(c)	Cnr Comaro Street & Boundary Lane	Oakdene	24 067	14 651	147	262 000
Cullinan Jewell Shopping Centre	(c)	Cnr Main Road & Oak Avenue	Cullinan	10 753	4 181	121	60 000
East Point	(c)	Cnr Northrand & Rietfontein Roads, Jansen Park	Boksburg	80 202	44 462	158	927 000
Forest Road Design & Décor Centre	(c)	Cnr Forest Drive & Sunset Avenue, Pineslopes	Fourways	21 933	11 454	212	98 000
Midway Mews	(c)	Cnr Harry Galaun Drive & Seventh Street	Halfway Gardens	28 198	8 725	161	164 000
Montana Crossing	(c)	Cnr. Dr Swanepoel Rd &, Sefako Makgatho Dr, Montana, Pretoria, 0186	Montana	69 733	23 225	127	336 000
Northpark Mall	(c)	526 Rachel De Beer Street	Pretoria North	20 415	11 470	129	124 000
Town Square Shopping Centre	(c)	Cnr Hendrik Potgieter Road & Albert Street	Waltevredenpark	25 057	5 654	207	140 000
Willow Way Shopping Centre	(c)	Cnr Lynwood Road & Power Avenue	Lynwood	26 482	7 933	153	131 000
Morning Glen Shopping Centre	(c)	Kelvin Dr & Bowling Avenue	Sandton	21 918	16 939	130	296 000
51 Pritchard Street	(c)	51 Pritchard Street	Johannesburg	4 974	8 317	–	257 000
African City	(a)	Eloff Street	Johannesburg	10 605	5 426	191	74 800
The Oaks Shopping Centre	(c)	50 De Jager Street	Ermelo	21 270	8 588	136	138 000
Retail - KwaZulu-Natal							
50 Griffiths Mxenge Highway	(c) (f)	50 Griffiths Mxenge Highway, Umlazi	Umlazi	270 511	3 236	120	31 500
Bluff Shopping Centre	(c)	Cnr Grays Inn & Tara Roads	Bluff	48 637	23 654	168	503 500
Davenport Square Shopping Centre	(c)	Cnr Clark & Brand Roads	Glenwood	8 223	8 021	227	184 400
Hayfields Mall	(c)	Cnr Blackburrow Road & Cleland Roads, Hayfields	Pietermaritzburg	34 683	12 414	225	294 000
Musgrave Centre	(c)	115 Musgrave Road	Musgrave	25 892	40 060	214	992 000
Pine Walk Centre	(c)	22 Kings Road	Pinetown	13 889	8 512	181	148 600
Springfield Value Centre	(c)	Cnr Umgeni & Electron Roads	Springfield	52 020	19 956	220	324 300
Umlazi Mega City	(c) (f)	50 Griffiths Mxenge Highway	Umlazi	270 511	36 982	177	547 875
Industrial - Gauteng							
11 Wankel Street	(c)	11 Wankel Street	Jet Park	16 905	6 729	–	40 500
111 Mimets Road	(c)	111 Mimets Road	Denver	33 881	18 051	–	91 000
112 Yaldwyn Road	(c)	112 Yaldwyn Road	Jet Park	58 675	30 299	–	208 000
120 Loper Avenue	(c)	120 Loper Avenue	Aeroport Industrial Estate	10 111	3 575	–	20 000
137 Kuschke Street		137 Kuschke Street	Meadowdale	2 820	1 541	–	10 500
141 Hertz Close	(c)	141 Hertz Close	Meadowdale	6 694	3 616	–	24 000
145 Kuschke Street		145 Kuschke Street	Meadowdale	2 262	1 518	–	9 350
148 Fleming Street		148 Fleming Street	Meadowdale	2 652	1 417	–	6 700
149 Fleming Street		149 Fleming Street	Meadowdale	3 382	2 090	–	13 000
15 Patrick Road		15 Patrick Road	Jet Park	8 140	2 275	–	16 500
150 Fleming Street		150 Fleming Street	Meadowdale	3 180	1 835	–	10 700
18 Covora Street	(c)	18 Covora Street	Jet Park	10 498	4 638	–	24 200
19 Brunton Circle (Webco Tools), Founders View		19 Brunton Circle, Founders View South	Modderfontein	4 151	2 720	–	11 800
2 Fobian Street	(c)	2 Fobian Street	Boksburg	12 047	5 258	–	28 000
2 Webb Road		2 Webb Road	Jet Park	6 009	1 859	–	10 300
27 Jet Park Road	(c)	27 Jet Park Road	Jet Park	55 256	12 582	–	73 000
3 Wankel Street	(c)	3 Wankel Street	Jet Park	7 391	3 952	–	28 000
32 / 34 Yaldwyn Road	(c)	32 / 34 Yaldwyn Road	Jet Park	7 792	4 000	–	26 400
33 Ontdekkers Road	(c)	33 Ontdekkers Road	Roodepoort	14 805	6 386	–	72 000
37 Yaldwyn Road	(c)	37 Yaldwyn Road	Jet Park	78 610	39 738	–	271 000
41 Yaldwyn Road	(c)	41 Yaldwyn Road	Jet Park	12 654	6 249	–	59 000
5 Yaldwyn Road	(c)	5 Yaldwyn Road	Jet Park	41 194	17 552	–	135 500
57 Sarel Baard Crescent	(c)	57 Sarel Baard Crescent	Centurion	80 999	42 144	–	642 000
7 Belgrade Avenue		7 Belgrade Avenue	Aeroport Industrial Estate	3 525	1 535	–	10 200
8 Director Drive	(c)	8 Director Drive	Aeroport Industrial Estate	6 947	3 750	–	18 400

APPENDIX B: PROPERTY PORTFOLIO *CONTINUED*

Property company/name	Key	Property address	Location	Site area (m²)	Rentable area (m²)	Weighted average rental per m² (R)	Value R 000
Industrial – Gauteng *continued*							
85 Newton Street	(c)	85 Newton Street	Meadowdale	5 600	3 178	–	22 000
88 Loper Avenue	(c)	88 Loper Avenue	Aeroport Industrial Estate	10 953	7 432	–	46 000
Beryl Street	(c)	Beryl Street	Jet Park	130 418	27 681	–	326 000
Cnr Bismuth & Graniet Streets		Cnr Bismuth & Graniet Streets	Jet Park	4 005	1 800	–	7 500
Cnr Fleming St & Koornhof Road		Cnr Fleming St & Koornhof Road	Meadowdale	5 471	2 914	–	17 500
Cnr Koornhof Rd & Essex Street	(c)	Cnr Koornhof Rd & Essex Street	Meadowdale	20 929	9 783	–	55 000
Cnr Rudo Nel & Tudor Streets	(c)	Cnr Rudo Nel & Tudor Streets	Jet Park	22 627	10 786	–	58 500
Cnr Staal & Stephenson Road	(c)	Cnr Staal & Stephenson Road	Pretoria	43 957	28 538	–	75 000
Erf 1144 Bardene Ext 48, Bardene	(c)	39 Viewpoint Road, Bartlett	Boksburg	10 204	1 045	–	16 500
Industrial – KwaZulu–Natal							
1 Baltex Road	(d)	1 Baltex Road	Isipingo	53 080	9 964	–	120 000
10 Yarborough Road		10 Yarborough Road	Pietermaritzburg	38 712	3 400	–	44 000
1 Irvine Bell Drive	(c)	1 Irvine Bell Drive	Empangeni	12 788	2 736	–	12 400
147 / 149 Old Main Road	(c) (d)	147 / 149 Old Main Road	Pinetown	12 950	6 186	–	68 000
153 Old Main Road	(c)	153 Old Main Road	Pinetown	9 044	3 408	–	30 500
155 / 157 Old Main Road	(c)	155 / 157 Old Main Road	Pinetown	14 576	5 858	–	60 000
17 Young Road		17 Young Road	Pinetown	8 942	3 970	–	17 500
2 Beechfield Crescent	(c)	2 Beechfield Crescent, Springfield Park	Durban	4 636	3 815	–	20 000
20 Kyalami Road		20 Kyalami Road	Pinetown	6 614	3 052	–	20 500
28 Goodwood Road	(c)	28 Goodwood Road	Mahogany Ridge	21 409	7 848	–	45 000
2A, B & C Kuba Avenue	(c)	2A, B & C Kuba Avenue	Riverhorse Valley	9 979	4 463	–	42 500
33 / 37 Aloefield Crescent	(c)	33 / 37 Aloefield Crescent	Springfield Park	6 804	5 672	–	34 000
35 Surprise Road	(c)	33 Surprise Road	Pinetown	15 894	5 869	–	31 000
5 Westgate Place	(c)	5 Westgate Place	Westmead	27 828	4 633	–	60 000
9 Twilight Road		9 Twilight Road	Umhlanga	2 106	823	–	16 000
Cnr Gillitts & Young Roads	(c)	Cnr Gillitts & Young Roads	Pinetown	12 354	4 616	–	30 000
Suffert Street	(c)	Suffert Street	Pinetown	33 653	14 056	–	74 000
Wood Ibis Investments (Pty) Ltd	(a) (d)	Methven Road, Maydon Wharf	Durban	20 757	18 060	–	69 130
Industrial – Western Cape							
Cnr Giel Basson Drive & Nathan Mallach Road	(c)	Cnr Giel Basson Drive & Nathan Mallach Road	Goodwood	10 430	5 902	–	78 500
Tygerberg Business Park	(c)	Trans Karoo Street, Parow Industria	Parow	49 030	17 408	–	168 000
Offices and Other – Gauteng							
252 Montrose Ave	(d)	252 Montrose Ave	Northriding	–	6 752	–	90 000
Green Park Corner	(c)	Cnr West Road South & Lower Road, Morningside	Sandton	12 726	15 660	–	220 000
Offices and Other – KwaZulu–Natal							
102 Essenwood Road	(d)	102 Essenwood Road	Durban	2 718	4 670	–	32 000
Offices and Other – Western Cape							
31 Allen Drive		31 Allen Drive	Bellville	2 969	3 255	–	20 000
Offices and Other – Other							
Nobel Street Office Park		Noble Street, Brandwag	Bloemfontein	7 808	6 713	–	37 500
Storage – Gauteng							
Blue Valley	(a)	55 Rooihuiskraai Road, Blue Valley Mall, Centurion	Centurion	33 002	1 574	–	1 700
Bryanston	(a)	Homestead Ave, Bryanston, Sandton, 2191	Bryanston	8 574	2 052	–	7 450
East Point	(c)	Cnr RietfonteinRoad &, North Rand Rd, Jansen Park, Boksburg, 1459	Boksburg	1 357	1 357	–	4 400
Fourways	(a)	Cedar Rd, Fourways, Johannesburg, 2068	Fourways	34 725	2 978	–	9 700
Hillfox	(a)	Rhinoceros Road Hillfox	Roodepoort	62 141	975	–	1 120
Parkview	(a)	24 Garsfontein Rd, Moreleta Park, Pretoria	Pretoria East	64 497	2 572	–	3 000
Pomona	(a)	57 Maple Road Pomona AH	Kempton Park	13 691	4 451	–	3 200
Princess Crossing	(a)	54 Ontdekkers Rd, Princess, Roodepoort, 1724	Roodepoort	28 346	2 339	–	1 900
Randburg	(a)	304 Oak Avenue, Randburg	Randburg	1 983	263	–	590
Rivonia	(a)	17 Wessels Road, Rivonia	Rivonia	17 839	3 450	–	8 950

Property company/name	Key	Property address	Location	Site area (m²)	Rentable area (m²)	Weighted average rental per m² (R)	Value R 000
Storage - Gauteng							
Rosebank	(a)	177 Oxford Rd, Rosebank, Johannesburg, 2196	Rosebank	690	1 364	–	1 100
Sandton	(a)	Ninth Avenue, Sandton	Sandton	66 331	1 345	–	720
Stoneridge	(a)	1 Hereford Rd &, Modderfontein Rd, Modderfontein, Lethabong, 1609	Greenstone Park	105 078	4 291	–	8 800
Wandereres	(a)	Wanderers Office Park, Unnamed Road Illovo, Sandton 2196	Wanderers	5 172	1 236	–	5 900
Erand Land	(a)	Erand Agricultural Holdings Ext 1, 391 9th Street	Midrand	25 697	25 697	–	14 000
Midway Mews	(c)	Cnr Harry Galan & 7th Road, Halfway Gardens,	Midrand	1 500	1 500	–	8 700
Northpark Mall Storage	(c)	256 Burger St, Pretoria North, Pretoria	Pretoria North	1 500	1 500	–	1 400
Kempton Park	(a)	Corner Langenhoven & Central Street, Kempton Park	Kempton Park	1 600	1 600	–	4 500
Montana Crossing Storage	(c)	Cnr. Dr Swanepoel Rd &, Sefako Makgatho Dr, Montana, Pretoria, 0186	Montana	2 343	2 343	–	3 100
Residential and other Inner-City - Gauteng							
120 End Street	(c)	120 End Street and 55 Davies Street	Doornfontein	8 302	34 286	–	299 000
50 Stiemens Street		50 Stiemens Street	Braamfontein	1 427	1 182	–	7 900
Afhco Corner		64 Siemert Road	New Doornfontein	4 136	4 690	–	24 600
Anchor Towers	(d)	2 Plein Street (Cnr Harrison Street)	Johannesburg	4 436	4 410	–	22 500
Bridgeport		98 De Korte Street	Braamfontein	3 884	3 493	–	25 600
Cavendish House	(c) (e)	183 Rahima Moosa Street (Formerly Jeppe Street)	Johannesburg	993	5 604	–	60 000
Legae	(c) (e)	217 Lilian Ngoyi Street (Formerly Bree Street)	Johannesburg	1 242	7 109	–	64 500
Hayani		112 End Street and 5 Rockey Street	Doornfontein	2 344	6 898	–	73 100
Frank & Hirsch	(c)	352 Lilian Ngoyi Street (Formerly Bree Street)	Johannesburg	2 680	10 255	–	94 000
Hoeksbury		3 Hoek Street	Johannesburg	248	613	–	10 000
Impilo Place	(c)	141 Rahima Moosa Street (Formerly Jeppe Street)	Johannesburg	990	3 729	–	52 800
Khan Corner		104 & 106 End Street	Doornfontein	933	3 522	–	31 800
Cambalala		30 Eloff Street	Centurion	1 982	5 572	–	45 400
Maxwell Hall	(d)	96 Smal Street	Johannesburg	6 864	6 957	–	50 000
Moray House	(c)	197 Rahima Moosa Street (Formerly Jeppe Street)	Johannesburg	991	4 497	–	84 200
Multi Glass		4-8 Mooi Street	Johannesburg	3 968	1 655	–	3 600
Newgate	(c)	180 Lilian Ngoyi Street (Formerly Bree Street)	Newtown	7 148	12 716	–	135 000
Normandie Court	(c)	96 Kerk Street	Johannesburg	5 440	4 472	–	46 100
Sidelsky	(c)	56, 58 & 60 Davies Street	Doornfontein	2 344	2 366	–	276 000
Small Street Mall	(a)	195 Jeppe Street	Johannesburg	1 984	540	–	34 000
Station View		62 Davies Street	Doornfontein	886	2 655	–	20 400
Stuttafords House	(c)	60 Pritchard Street	Johannesburg	1 485	7 546	–	93 900
Atkinson House		28 Albert Street	Johannesburg	1 984	8 795	–	77 200
Lustre House	(e)	114 Goud Street	Johannesburg	992	4 252	–	32 200
Nukerk		73 Nugget Street	Johannesburg	1 983	1 044	–	129 200
Ilanga House	(c) (e)	131 Pritchard Street	Johannesburg	1 982	7 295	–	67 000
Sambro House	(c) (e)	25 Kruis Street	Johannesburg	1 985	5 040	–	47 600
Chapel Court	(c)	Cnr Wanderers & 39 Plein Street	Johannesburg	995	2 340	–	57 800
Danina		19 Wanderers Street	Johannesburg	249	176	–	10 800
Elmol House	(c)	Cnr Lilian Ngoyi & Delvers Street (Formerly Bree Street)	Johannesburg	248	944	–	22 300
Georgetown		36 Railway Street	Germiston	1 129	878	–	11 500
Johannesburg Shopping Centre		229 Jeppe Street	Johannesburg	1 984	2 379	–	47 000
Melbourne Court	(c)	237 Lilian Ngoyi Street	Johannesburg	249	612	–	27 700
Queens Court	(c) (e)	247 Lilian Ngoyi Street	Johannesburg	498	2 395	–	37 900
Springbok Hotel	(c)	Cnr Lilian Ngoyi & Joubert Street (Formerly Bree Street)	Johannesburg	1 495	1 398	–	30 100
Greatermans	(c) (e)	220 Commissioner Street	Johannesburg	3 470	12 353	–	105 500
Beechwood		Cnr Raven and Nightingale Roads	Randfontein	-	2 610	–	20 000
Rosewood		Cnr Raven and Nightingale Roads	Randfontein	-	1 871	–	12 000
Jeppe Post Office	(c)	Rahima Moosa Street (Formerly Jeppe Street)	Johannesburg	9 666	34 685	–	351 500
Platinum Place		40 Van Beek	New Doornfontein	7 084	9 081	–	76 100
81 Rissk Street	(c)	81 Rissk Street	Johannesburg	994	535	–	103 000
Hartmann and Keppler		43 Sherwell Street	Doornfontein	468	4 800	–	8 640
Jabulani Mews		2345 Dikgathehong Street	Soweto	7 380	7 359	–	68 000
42-44 De Villiers Street	(c)	42-44 De Villiers Street	Johannesburg	992	1 821	–	20 900
Andrea Close		Cnr Club and General Hertzog Roads Peacehaven	Johannesburg	4 660	2 672	–	9 600

APPENDIX B: PROPERTY PORTFOLIO *CONTINUED*

Property company/name	Key	Property address	Location	Site area (m²)	Rentable area (m²)	Weighted average rental per m² (R)	Value R 000
Residential and other Inner-City - Gauteng							
Calderwood Lifestyle Estate	(c)	The Stewards	Benoni	46 154	20 032	–	169 000
Indlovu Complex	(d)	2670/2/3 Doberman Street, Commercia Ext 9	Midrand	10 549	5 058	–	45 000
Komati Complex	(d)	2670/2/3 Doberman Street, Commercia Ext 9	Midrand	7 380	2 310	–	18 000
Lethabong Complex	(c) (d)	2670/2/3 Doberman Street, Commercia Ext 9	Midrand	8 256	3 372	–	27 600
Minuet	(c)	44 Mozart Lane, Sagewood	Midrand	5 829	4 726	–	36 700
Panama House	(e)	200 Commissioner Street, City and Suburban	Midrand	2 082	8 081	–	72 300
Tubatse Village	(c)	Steelport Ext 9 Township	Limpopo	26 105	12 670	–	96 000
South Hills		Nephin Road	Johannesburg	64 830	31 820	–	320 000
Dennehof and Bloekomhof		Cnr Club and General Hertzog Roads Peacehaven	Vanderbijlpark	26 244	11 733	–	39 500
Golf Park	(c)	Phillip Nel Park	Pretoria	16 076	9 986	–	97 400
Reef Acres		8 Myrtle Road, Krugersrus	Springs	4 698	3 621	–	31 500
Long Street Precinct	(d) (e)	Long Street, Jeppestown	Johannesburg	48 587	48 771	–	58 300
Pink Houses and Rockey Retail		Cnr Davies and Rocky Streets	Doornfontein	935	387	–	4 500
Northgate Heights Phase 1a		243 Montrose Ave, Northgate	Randburg	4 958	8 038	–	70 800
Etude	(c)	51 Mozart Lane	Midrand	900	17 181	–	140 700
Jabulani Lifestyle		Cnr Matjhanbeng & Nkwe Street	Soweto	14 854	11 520	–	97 500
La Vie Nouvelle		Erf 124, Broadacres Ext 36	Johannesburg	4 164	4 164	–	120 000
Northgate Heights Residential (MPP)	(c)	43 Montrose Ave	Randburg	14 860	9 425	–	86 600
Northpark Mall		526 Rachel De Beer Street, Akasia, Pretoria North	Pretoria	–	–	–	88 000
Total				**3 180 814**	**1 355 665**		**14 969 125**
Investment property - at valuation	(b)						12 790 605
Properties under development	(b)						1 239 113
Properties classified as held for sale	(b)						939 407
Total							**14 969 125**

Keys:
(a) Indicates leasehold properties
(b) Before straight line rental adjustment
(c) Indicates properties bonded with Mega Pool
(d) Indicates properties held for sale
(e) Indicates properties included in the sale to Firstmile Properties JHB CBD Crown Mines (Pty) Ltd
(f) Indicates a 75% share in property

Due to the sensitivity of the weighted average rental per m² in the industrial and commercial portfolios, the weighted average has been disclosed in Appendix B.

APPENDIX C: STATUTORY INFORMATION

DIRECTORATE:
The table below sets out the directors' holdings in shares:

Director	Share holding 000	2021 Type of Holding	Share holding 000	2020 Type of Holding
RJ Biesman-Simons	**100**	**Direct beneficial**	100	Direct beneficial
RJ Biesman-Simons	**100**	**Indirect non-beneficial**	100	Indirect non-beneficial
AM Basson (Chief Financial Officer) [3]	**1 285**	**Direct beneficial**	1 044	Direct beneficial
AM Basson (Chief Financial Officer) [3]	**–**	**Direct beneficial (FSP[1] and CIPS[2])**	4 194	Direct beneficial (FSP[1] and CIPS[2])
TR Mackey (Chief Executive Officer)	**10 198**	**Indirect beneficial (FSP[1])**	8 116	Indirect beneficial (FSP[1])
TR Mackey (Chief Executive Officer)	**2 595**	**Direct beneficial**	2 256	Direct beneficial
TR Mackey (Chief Executive Officer)	**9 650**	**Indirect beneficial**	9 650	Indirect beneficial
MA Moloto	**24**	**Direct beneficial**	24	Direct beneficial
	23 852		25 484	

[1] FSP = Forfeitable Share Plan
[2] CIPS = Co-investment Plan
[3] Resigned 31 December 2021

There have been no changes in the direct or indirect beneficial interest of the directors between the end of the financial year under review and the date of signature of these financial statements. The shares held by Directors are unencumbered and are not subject to any guarantees, nor pledged as security.

SHAREHOLDER INFORMATION:

Shareholder Type	Number of shareholdings	% of total shareholdings	Shares held	% Holding
Non-Public Shareholders	8	0.14%	444 039 592	17.66%
Directors and Associates of the Company				
Direct holding	4	0.07%	4 004 039	0.16%
Indirect holding	2	0.03%	9 749 550	0.39%
Share Schemes				
SA Corporate Real Estate Fund Managers (Pty) Ltd	1	0.02%	27 303 147	1.09%
Holders holding more than 10%				
Government Employees Pension Fund	1	0.02%	402 982 856	16.02%
Public Shareholders	5 887	99.86%	2 070 692 503	82.34%
Total	**5 895**	**100.00%**	**2 514 732 095**	**100.00%**

Investment Manager Shareholders (>3%)	Shares Held	% Holding
Public Investment Corporation	449 859 900	17.89%
M & G Investments	380 565 371	15.13%
Old Mutual Investment Group	199 647 606	7.94%
Ninety One	198 161 842	7.88%
Catalyst Fund Managers	168 286 875	6.69%
Meago Asset Management	144 666 397	5.75%
Sesfikile Capital	114 215 811	4.54%
Vanguard Investment Management	97 631 302	3.88%
Allan Gray	81 848 261	3.25%
Total	**1 834 883 365**	**72.97%**

Beneficial Shareholders (>3%)	Shares Held	% Holding
Government Employees Pension Fund	450 631 676	17.92%
Old Mutual Group	322 230 640	12.81%
M & G Investments	149 651 968	5.95%
Ninety One	142 918 872	5.68%
Eskom Pension & Provident Fund	129 905 826	5.17%
Vanguard	97 631 302	3.88%
MMI	83 263 212	3.31%
Sanlam Group	81 525 643	3.24%
Total	**1 457 759 139**	**57.97%**