

VUKILE

PROPERTY FUND

REAL ESTATE. REAL GROWTH.

2022

Consolidated financial statements of Vukile Property Fund Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2022 (the consolidated financial statements)





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CORPORATE PROFILE

Vukile Property Fund Limited (Vukile, the company or the group) is a high-quality, low-risk and retail-focused Real Estate Investment Trust (REIT), which listed on the JSE Limited on 24 June 2004 (JSE code: VKE) and on the Namibian Stock Exchange (NSX) on 11 July 2007 (NSX code: VKN). Vukile's market capitalisation was R13.8 billion on 31 March 2022 and its direct property portfolio was valued at R30.8 billion at year-end. There were 980 226 628 shares in issue at year-end.

DIRECTORS' RESPONSIBILITY STATEMENT

The audited consolidated financial statements for the year ended 31 March 2022, set out on pages 16 to 94 of these consolidated financial statements and the directors' report on pages 8 to 11, are the responsibility of the directors. The directors are responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records, for the safeguarding of assets, and for developing and maintaining a system of internal controls that, among other things, will ensure the preparation of financial statements that achieve fair presentation.

The directors of the company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing integrated annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

After conducting appropriate procedures, the directors are satisfied that the group will be a going concern for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements. The annual financial statements were approved by the directors and are signed on their behalf by:



Nigel Payne
Chairman



Laurence Rapp
Chief Executive

Houghton Estate

9 June 2022

COMPANY SECRETARY'S CERTIFICATION

DECLARATION BY THE COMPANY SECRETARY IN RESPECT OF SECTION 88(2)(E) OF THE COMPANIES ACT, 71 OF 2008, AS AMENDED (COMPANIES ACT)

I declare that, to the best of my knowledge, the company has lodged with the Companies and Intellectual Property Commission all such returns as required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



Johann Neethling
Group Company Secretary

Houghton Estate

9 June 2022

The annual financial statements have been audited by PricewaterhouseCoopers Inc. (PWC) in compliance with the applicable requirements of the Companies Act of South Africa, 2008 and the JSE Listings Requirements. The annual financial statements were compiled under the supervision of Laurence Cohen CA(SA), the Chief Financial Officer (CFO) of the company.

CEO AND CFO SIGN-OFF

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

- the consolidated financial statements set out on pages 16 to 94, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the consolidated financial statements false or misleading;
- 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
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principles of the King Code*. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls, and any fraud that involves directors, and have taken the necessary remedial action.



Laurence Rapp
Chief Executive Officer



Laurence Cohen
Chief Financial Officer

Houghton Estate

9 June 2022

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF VUKILE PROPERTY FUND 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 Vukile Property Fund Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2022, 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

Vukile Property Fund Limited's consolidated financial statements set out on pages 16 to 94 comprise:

- the consolidated and separate statements of financial position as at 31 March 2022;
- the consolidated and separate statements of profit or loss for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flow for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Certain required disclosures have been presented elsewhere in the document titled "Consolidated financial statements of Vukile Property Fund Limited (the company) and its subsidiaries (together the group) as at 31 March 2022", rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

BASIS FOR OPINION

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


We 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 <ul style="list-style-type: none">■ R186.5 million, which represents 1% of consolidated net assets.
	Group audit scope <ul style="list-style-type: none">■ The group consists of four components (including the company), that directly or indirectly own the group's properties.■ Full scope audits were performed at all four components.
	Key audit matters <ul style="list-style-type: none">■ Valuation of investment property (Company and Group)

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.

INDEPENDENT AUDITOR'S REPORT continued

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	<i>R186.5 million.</i>
How we determined it	<i>1% of consolidated net assets.</i>
Rationale for the materiality benchmark applied	<i>We chose consolidated net assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group is commonly measured by users.</i>
	<i>Although the entity is profit-orientated, its strategic focus is to deliver long-term shareholder returns through the acquisition and development of investment property. In addition, the loan to value ratio (value of loans compared to the value of assets) is a key metric used to monitor position of the group. We chose 1% which is consistent with quantitative materiality thresholds used for entities in this sector.</i>

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 owns properties throughout South Africa and Spain, which are managed via the four components, Vukile Property Fund Limited, Castellana Properties SOCIMI SA, MICC Properties SA and Clidet No 1011 (Pty) Limited. Full scope audits were performed on all four components. The South African operations were audited by the group engagement team, while the Spanish operations were audited by a component audit team.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, and component auditors from other PwC network firms operating under our instruction.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT continued

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
<p>VALUATION OF INVESTMENT PROPERTY AT YEAR-END</p> <p>This key audit matter relates to both the Group and Company financial statements.</p> <p>Refer to notes 3 and 24.4 to the consolidated financial statements for disclosures on investment property.</p> <p>The majority of the Company and Group's investment property comprises retail investment properties, with a total carrying amount, (excluding the right-of-use assets), of R12.7 billion and R30.5 billion for the company and group respectively for the year ended 31 March 2022.</p> <p>The measurement of fair value of investment properties is dependent on the valuation techniques applied and the inputs into the valuation model. The Company and Group has applied the discounted cash flow method which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields.</p> <p>External property valuers were engaged by management to value the Spanish portfolio. Internal valuations were performed by management on the Southern African portfolio. Management further engaged external property valuers to value 52% of the Southern African portfolio to test the robustness of their internal valuation.</p> <p>Inputs into the valuation model include estimated rental income streams, operating costs, discount rates and the capitalisation rate. The estimated rental stream takes into account current occupation levels, estimated future vacancy levels, the terms of in-place leases and expectations of rentals from future leases over the remaining economic life of the buildings.</p> <p>The most significant assumptions used in determining the fair values are the:</p> <ul style="list-style-type: none"> ■ reversionary capitalisation rates; and ■ discount rates applied by management. <p>We considered the valuation of investment properties as a matter of most significance to our current year audit due to:</p> <ul style="list-style-type: none"> ■ the judgements required in determining the fair values; and ■ the magnitude of the investment property balances at year-end. 	<p>We obtained the valuation reports prepared by management as at 31 March 2022 for the Southern African portfolio, as well as the valuation reports obtained by management from the external property valuers for the Spanish portfolio and 52% of the Southern African portfolio.</p> <p>For the Southern African portfolio, we obtained an understanding of and tested the relevant controls over the internal valuations including:</p> <ul style="list-style-type: none"> ■ Entering into and amending of lease contracts underlying contractual rental income; ■ Setting and approval of estimated rental streams, operating costs, discount rates and the capitalisation rates; ■ Comparison of external valuation results to management's internal valuations; and ■ Board approval of the valuations obtained. <p>We evaluated the objectivity, independence and expertise of the external valuers by inspecting their valuation reports for a statement of independence and compliance with generally accepted valuation standards. No exceptions were noted.</p> <p>For a sample of properties, we independently tested the calculation of the fair values in the management and external valuers' valuation reports by performing the following procedures, with no material exceptions noted:</p> <ul style="list-style-type: none"> ■ Utilised our internal valuation expertise to assess the appropriateness of the valuation methodology and noted it to be consistent with industry norms; ■ Assessed the reasonableness of the inputs including the reversionary capitalisation rate and the discount rate applied by management against market-related data for similar investment properties; ■ Making use of our internal valuation expertise, we performed a high-level reasonability assessment on a risk-based sample of properties based on industry benchmarks referred to above, and noted them to be within an acceptable range; ■ Independently recalculated the accuracy of management valuations; ■ Inspected the final valuation reports and agreed the fair value to the group's accounting records; and ■ Assessed the disclosures in the financial statements, which include the sensitivity analysis, using our understanding obtained from our testing.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "The Consolidated financial statements of Vukile Property Fund Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2022 (the consolidated financial statements)", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Vukile Property Fund integrated annual report 2022", 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.
- 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.

INDEPENDENT AUDITOR'S REPORT continued

- 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 Vukile Property Fund Limited for four years.



PricewaterhouseCoopers Inc.

Director: A Taylor
Registered Auditor

Johannesburg, South Africa
9 June 2022

DIRECTORS' REPORT

The directors have pleasure in submitting the 18th directors' report, which forms part of the annual financial statements of the group for the year ended 31 March 2022.

Vukile was listed on 24 June 2004 with a market capitalisation of approximately R1.03 billion. The market capitalisation of the company as at 31 March 2022 was R13.8 billion (31 March 2021: R8.2 billion.)

SUMMARY OF FINANCIAL PERFORMANCE AND DIVIDENDS

The information presented for the year ended 31 March 2022 has been prepared in accordance with IFRS and the group's accounting policies. The presentation of the results also complies with the relevant section of the Companies Act and the JSE Listings Requirements. The annual financial statements have been audited by PwC.

The board declared a final dividend for the year ended 31 March 2022 of 65.28653 cents per share and an interim dividend of 40.55865 cents per share for the six months ended 30 September 2021.

The company's use of FFO per share and dividend per share as relevant measures of results for trading statement purposes remains unchanged from the prior year.

NATURE OF BUSINESS

Vukile is a property holding and investment company through the direct and indirect ownership of investment property in South Africa and Spain. The group holds a portfolio of direct property assets as well as strategic shareholdings in listed REITs. The company is listed on the JSE and the NSX in Namibia under the retail REITs sector.

CAPITAL STRUCTURE

The authorised share capital comprises 1 500 000 000 ordinary shares with no par value. There were 980 226 628 shares in issue at 31 March 2022. The company issued 24 million shares during the year under review. The group has no unlisted securities in issue.

SOLVENCY AND LIQUIDITY TEST

The directors have performed the required solvency and liquidity tests required by the Companies Act of South Africa in all relevant instances during the year, including prior to the interim and final dividend declarations.

MANAGEMENT AND ADMINISTRATION

The management of Vukile is responsible for the property asset management functions of the group.

Vukile has contracted the following property managers to undertake the day-to-day property management of the group's South African property portfolio:

- JHI Properties (Pty) Ltd;
- Broll Property Group (Pty) Ltd;
- McCormick Property Development (Pty) Ltd;
- Spire Property Management (Pty) Ltd; and
- Trafalgar Property Management (Pty) Ltd.

Property asset management and property management of the Spanish portfolio are internalised.

DIRECTORS

Details of the directors, providing their full names, ages, qualifications and a brief curriculum vitae, are set out in the ESG report of the integrated annual report.

In terms of the memorandum of incorporation of the company, one-third of the non-executive and executive directors are required to retire annually by rotation. Any new directors who have been appointed during the year are also required to retire at the next annual general meeting (AGM). All retiring directors will subsequently be eligible for re-election. The composition of the board of directors and its sub-committees is detailed below:

DIRECTORS' REPORT continued

BOARD OF DIRECTORS

Composition of board	Date of appointment	Audit and risk committee	Social, ethics and human resources committee	Nominations committee	Property and investment committee
Independent non-executive directors					
NG Payne (Chairman)	20 March 2012		Member	Chairman	
SF Booysen	20 March 2012		Chairman	Member	Chairman
RD Mokate	11 December 2013	Member	Member	Member	
AMSS Mokgabudi	6 August 2021	Member			
B Ngonyama	12 February 2018	Chairman			
H Ntene	25 October 2013				Member
Non-executive director					
GS Moseneke	1 August 2013				Member
Executive directors					
LG Rapp (CEO)	1 August 2011				Member
LR Cohen (CFO)	1 July 2020				
IU Mothibeli	1 July 2020				Member

DIRECTORS' INTERESTS IN MATERIAL CONTRACTS

During the year under review, the directors had no interest in material contracts or transactions, other than those directors involved in the operation of the company as set out in this report. There have been no bankruptcies or voluntary arrangements of the above mentioned persons.

The directors have not been the subject of public criticisms by statutory or regulatory authorities (including professional bodies) and have not been disqualified by a court from acting as directors of a company or from acting in the management or conduct of the affairs of any company. There have been no offences involving dishonesty by the directors.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

The executive directors do not have fixed-term contracts with the company. A three and six-month notice period is required of the executive directors and the CEO respectively for the termination of services. Details of remuneration and incentive bonuses are set out in the following tables:

DIRECTORS' EMOLUMENTS (AUDITED)

NON-EXECUTIVE DIRECTORS' REMUNERATION

Rand	2022 Total remuneration	2021 Total remuneration
SF Booysen	751 425	803 351
RD Mokate	766 200	844 326
GS Moseneke	472 400	162 167
AMSS Mokgabudi	318 809	—
PS Moyanga	236 200	526 288
B Ngonyama	670 650	762 852
H Ntene	472 400	526 288
NG Payne	875 000	871 376
HM Serebro	297 375	642 613
Total	4 860 459	5 139 261

DIRECTORS' REPORT continued**DIRECTORS' EMOLUMENTS (AUDITED)** continued**EXECUTIVE DIRECTORS' REMUNERATION**

Rand	Salary ⁽²⁾	Short-term bonus	Distribution equivalents ⁽¹⁾	Value of LTI scheme vested	2022 Total remuneration	2021 Total remuneration
Executive directors						
LG Rapp	5 222 168	4 745 000	3 815 171	1 496 347	15 278 686	14 005 934
LR Cohen	3 755 018	2 830 000	1 174 719	—	7 759 737	6 684 553
IU Mothibeli	2 639 961	1 850 000	812 122	428 879	5 730 962	5 016 955
GS Moseneke	—	—	—	—	—	2 739 995
Total	11 617 147	9 425 000	5 802 012	1 925 226	28 769 385	28 447 438

⁽¹⁾ Amount earned in respect of dividends paid as a bonus in respect of the Conditional share plan (CSP).

⁽²⁾ Includes pension fund and life cover contributions, where applicable.

DIRECTORS' INTERESTS IN SHARES

Shares⁽¹⁾	Direct beneficial	Indirect beneficial	2022 Total
Executive directors			
LG Rapp	—	4 006 611	4 006 611
LR Cohen	—	2 492 123	2 492 123
IU Mothibeli	—	1 696 671	1 696 671
Non-executive directors			
GS Moseneke	1 338	13 074 194	13 075 532
Total	1 338	21 269 599	21 270 937

⁽¹⁾ Other than as disclosed in the SPP note below, none of the shares held are subject to security, guarantee or collateral. There have been no changes to the directors' shareholdings between the end of the financial year and the date of this report.

MOVEMENT OF DIRECTORS' INTERESTS IN SHARES

Shares	Held at 1 April 2021	Acquired during the period	Disposed of during the period	Held at 31 March 2022
Executive directors				
LG Rapp	5 015 116	141 700	(1 150 205)	4 006 611
LR Cohen	2 492 123	—	—	2 492 123
IU Mothibeli	1 738 150	40 614	(82 093)	1 696 671
Non-executive directors				
GS Moseneke	13 075 532	—	—	13 075 532
Total	22 320 921	182 314	(1 232 298)	21 270 937

DIRECTORS' REPORT continued

DIRECTORS' SHARE INCENTIVE SCHEMES

Loans extended to directors under the Share Purchase Plan (SPP)

Loans to directors under the provisions of Vukile's SPP, including shares ceded and pledged as security for these loans are set out below:

Vukile shares	Loan balance at 31 March 2021	Loan balance at 31 March 2022	Market value at 31 March 2022	Number of shares held under SPP
LG Rapp	77 692 785	76 030 800	56 332 951	4 006 611
LR Cohen	50 402 540	49 358 537	35 039 249	2 492 123
IU Mothibeli	33 358 779	32 668 611	23 855 194	1 696 671
GS Moseneke	28 603 330	27 986 451	20 776 040	1 477 670
Total	190 057 434	186 044 399	136 003 434	9 673 075

All shares in the table above are held by special purpose vehicles controlled by the directors and/or their associates.

The total loans awarded to date, as well as the shares that have been ceded and pledged as security for the repayment of the loan, are set out in note 14 of the annual financial statements.

There were no changes in the number of shares held under the scheme between 1 April 2022 and 9 June 2022.

SHARES ALLOCATED UNDER THE CSP

Overall limit of the CSP	3.0% of issued capital
Total number of shares acquired under the CSP as at 31 March 2022	7 939 961 shares
Percentage utilisation of the CSP as at 31 March 2022	0.81% of issued capital
Total number of shares acquired under the scheme during 2022	2 250 375 shares
Percentage utilisation of the CSP during 2022	0.23% of issued capital

A detailed breakdown of directors' exposure to the CSP is set out in the remuneration report, under LTIs outstanding and settled during 2022.

TSR HURDLED INCENTIVE PLAN 2022 ("TIP 2022")

The TIP 2022 was approved by the Vukile board of the directors on 10 December 2021 and endorsed, by way of an ordinary resolution, by Vukile shareholders at a general meeting held on 31 January 2022. Mr Johann Neethling has been appointed as the compliance officer of the TIP 2022 in compliance with section 97(2) of the Companies Act, 71 of 2008. The TIP 2022 became effective on 31 January 2022.

For the year ended 31 March 2022, a total number of 19 605 207 cash-settled options have been allocated under the TIP 2022.

The following cash-settled options has been allocated to Vukile directors and other employees:

TIP 2022 allocations	Cash-settled options
LG Rapp	3 900 000
LR Cohen	2 900 000
IU Mothibeli	2 900 000
Other employees	9 905 207
Total	19 605 207

AUDIT AND RISK COMMITTEE REPORT

The summary below reflects the activities undertaken by the Vukile audit and risk committee (ARC) during the year in terms of its terms of reference and in support of the board. The key activities and relevant outcomes are as follows:

KEY ACTIVITIES	OUTCOME
Engagement with the group's external auditors	<ul style="list-style-type: none"> ■ Nominated and recommended to shareholders the appointment of the PwC as external auditor of Vukile, after considering and concluding that they are independent. ■ Determined the fees to be paid to the external auditor. ■ Ensured that the appointment of the auditor complies with the Companies Act, the applicable JSE Listings Requirements and any other legislation relating to the appointment of the auditor. ■ Pre-approved any proposed agreement with the auditor for the provision of non-audit services to the group which is of a material nature as provided for in the group's non-audit services policy. ■ Prepared this report in compliance with section 94(7)(f) of the Companies Act, which report has been included in the annual financial statements.
Internal financial controls, internal audit and combined assurance	<ul style="list-style-type: none"> ■ Considered and confirmed its satisfaction with the effectiveness of the outsourced internal audit function. ■ Assessed internal financial controls and concluded that no material breakdowns in the functioning of the internal financial controls were noted during the year under review. The results of the audit tests conducted indicate that the internal financial controls provided a sound basis for the preparation of financial statements. ■ Ensured that a comprehensive combined assurance model was applied to the group's key risks to ensure a coordinated approach to all assurance activities. ■ Monitored the implementation of the internal audit coverage plan as approved by the ARC. ■ Received and reviewed the annual representation letters from the outsourced property managers of the group, citing no material control breakdowns.
Oversight of risk management	<ul style="list-style-type: none"> ■ Reviewed and considered the activities and reports presented to the ARC. ■ Considered and monitored the key financial, information technology (IT), operational and strategic risks facing the group and the various mitigating controls thereof. ■ Oversaw compliance with the risk management requirements in accordance with the JSE Listings Requirements in respect of REITs. ■ Reviewed and approved the specific risk management practices related to the use of various debt and derivatives instruments within the business.
Integrated reporting and assurance in respect of financial expertise of the Financial Director and finance function	<ul style="list-style-type: none"> ■ Reviewed and recommended the group's integrated annual report and annual financial statements for approval by the board. ■ Confirmed the expertise and experience of the Financial Director and the group's finance function.
Compliance with Companies Act requirements and JSE Listings Requirements	<ul style="list-style-type: none"> ■ The ARC stands ready to receive and deal with any concerns or complaints relating to the accounting practices or the content or auditing of the group annual financial statements. ■ Made submissions to the board on matters concerning the group's accounting policies, financial controls, records and reporting. ■ The ARC confirms that the REIT risk management policy has been complied with, in all material respects, as further disclosed in the governance review included in the integrated annual report. ■ Considered the JSE Proactive Monitoring Report and its impact on the annual financial statements. ■ In compliance with JSE Debt Listings Requirements, the company has appointed the CFO as the debt officer.

AUDIT AND RISK COMMITTEE REPORT continued

TERMS OF REFERENCE

The ARC has adopted formal terms of reference which have been approved by the board of directors. The terms of reference are reviewed as necessary. The ARC has conducted its affairs in compliance with these terms of reference and has discharged its responsibilities contained therein, as well as in the Companies Act.

MEMBERSHIP, MEETING ATTENDANCE AND EVALUATION

The ARC consists of three non-executive directors, all of whom are independent. At 31 March 2022, the ARC comprised the following members:

DIRECTOR	PERIOD SERVED
B Ngonyama (Chairman)	12 September 2018 to date
AMSS Mokgabudi	6 August 2021 to date
RD Mokate	1 July 2015 to date

The curricula vitae of the members of the ARC are set out in the ESG report of the integrated annual report. The CEO, the CFO, other members of senior management and representatives from the external and internal auditors attend ARC meetings by invitation only. The internal and external auditors have unrestricted access to the Chairman and other members of the ARC. The Group Secretary is the secretary of the ARC.

In accordance with the terms of reference, the ARC meets at least four times annually, but more often if needed. Details of the ARC meeting attendance are set out in the governance review of the integrated annual report. The overall average attendance for the ARC meetings held during the year was 100%.

ROLES AND RESPONSIBILITIES

The ARC has an independent role with accountability to both the board and our shareholders. The ARC does not assume the functions of management, which remain the responsibility of the executive directors, officers and other senior members of management.

The ARC is responsible for assisting the board in discharging its duties in respect of the safeguarding of assets, accounting systems and practices, internal control processes and the preparation of the group annual financial statements in line with the relevant financial reporting standards as applicable from time to time. The execution of the ARC's responsibilities, which comprises both statutory duties and duties delegated by the board, is detailed more fully below.

EXTERNAL AUDITOR

In accordance with paragraphs 3.84(g)(iii) and 22.15(h) of the JSE Listings Requirements, the ARC has satisfied itself that the external auditor, PwC, is independent of the group, as required by the Companies Act, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the IRBA. Requisite assurance was sought and provided by both auditors that internal governance processes within the audit firm support and demonstrate its claim to independence.

The ARC has also satisfied itself with the quality of the external audit work being performed by PwC in respect of the financial year-end under review.

There is a formal procedure that governs the process whereby the external auditor is considered for non-audit services. The ARC approved the nature and extent of non-audit services that the external auditor provided in terms of the agreed pre-approval policy. For the year under review, non-audit service fees paid to PwC were immaterial relative to the audit fees.

INTERNAL FINANCIAL CONTROLS

The key internal financial controls in operation for all significant business operations within the group have been formalised and are maintained and updated by management when required. The board has approved a delegation of authority to ensure good governance and an appropriate level of oversight.

Based on the results of the various reports submitted by Ernst & Young (EY) (the outsourced internal audit service provider), representations received from outsourced property managers and explanations given by management, the ARC is satisfied with the control environment with no material breakdowns noted in the functioning of the internal financial controls during the year under review.

EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR AND THE FINANCE FUNCTION

The ARC has considered and is satisfied with the expertise and experience of Laurence Cohen, the CFO who performs the duties of the company's Financial Director.

In addition, the ARC has considered, and has satisfied itself with the appropriateness of the expertise and adequacy of resources of the group's finance function and experience of the senior members of management responsible for the group's finance function.

ANNUAL FINANCIAL STATEMENTS

The ARC assists the board with all financial reporting and reviews the annual financial statements, as well as results announcements and interim financial information.

The ARC has reviewed the annual financial statements, results announcements and interim financial information of the group and is satisfied that they comply with IFRS.

The following significant matters were considered by the ARC in relation to the annual financial statements for the year ended 31 March 2022:

- The property valuations as at 31 March 2022 for the South African portfolio;
- The property valuations as at 31 March 2022 for the Spanish portfolio; and
- Valuation of the listed property securities as at 31 March 2022.

The ARC was satisfied with adequate accounting treatment of the matters listed above.

GOING CONCERN

The ARC reviewed a documented assessment by management of the going concern premise of the group before recommending to the board that the group is a going concern and will remain so for the foreseeable future.

INTEGRATED REPORTING

The ARC fulfils an oversight role regarding the group's integrated annual report and the reporting process, including the system of internal financial controls.

TAX AND TREASURY OVERSIGHT

The ARC receives regular feedback on both tax compliance and tax risk matters of the group from management. The ARC is satisfied that the group faces no material tax risks or that a material non-compliance event has occurred.

In respect of the treasury function, the ARC receives regular feedback on the group debt and interest rate hedge position, as well as the group foreign exchange rate position. The ARC is satisfied that treasury risks are adequately managed within the parameters of the group's hedging policies and in line with the risk management requirements in accordance with the JSE Listings Requirements in respect of REITs.

INTERNAL AUDIT

The ARC is responsible for overseeing the internal audit and has considered and approved the annual risk-based internal audit plan.

During the year under review, internal audit was outsourced to EY. EY is tasked with providing assurance on the adequacy of the internal control environment across all of the group's significant operations. The internal audit plan follows a three-year cycle and is revised regularly in accordance with the risk profiles as discussed and tabled at the ARC meetings with any changes to the internal audit plan being approved by the ARC.

Each internal audit conducted is followed up by a detailed report to management, including recommendations on aspects requiring improvement. The Engagement Partner is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the ARC at each meeting. The Engagement Partner has direct access to the ARC, primarily through its Chairman, and attends ARC meetings by invitation.

COMBINED ASSURANCE

Vukile applies a combined assurance approach to the group's key risks to validate the effectiveness of controls related to risk responses and mitigation activities and thereby corroborates management's self-assessment of the effectiveness of existing risk responses. This provides the board with a corroborated evaluation of the risk responses and mitigation controls through a combination of the following five lines of assurance:

1. Line functions of the outsourced property managers and the group that own and manage risks – first line of assurance;
2. Specialist functions that facilitate and oversee risk management and compliance (risk and compliance function) – second line of assurance;
3. Internal assurance providers (internal audit) – third line of assurance;
4. Independent external assurance providers (external audit and external property valuers) – fourth line of assurance; and
5. Board and committees – fifth line of assurance.

AUDIT AND RISK COMMITTEE REPORT continued

RISK GOVERNANCE

Oversight of the group's risk management function has been assigned to the ARC.

The ARC assists the board to fulfil its responsibilities with regard to risk management, including:

- Reviewing the effectiveness of the risk management arrangements;
- Ensuring that a risk management plan is developed and progress against it is monitored;
- Reviewing the group risk register and the key risks emanating from group functional risk registers including any mitigating actions and emerging risks;
- Reviewing the reports on incidents, losses and claims; and
- Ensuring that a combined assurance plan is developed and executed.

The board of directors is responsible for the governance of risk across the group, for setting the risk appetite and for monitoring the effectiveness of our risk management processes.

The group's integrated risk management model considers strategic, operational, financial and compliance risks. Reputational risks and uncertain risks, which are inherent to our business and to the real estate industry in general, are also identified, monitored, recorded and appropriately managed.

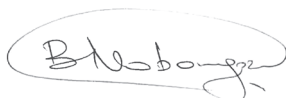
Feedback from the Castellana ARC is provided at each Vukile ARC meeting.

IT GOVERNANCE

The ARC periodically reviews the group's maturity in respect of IT governance by considering reports from the group IT and assurance as provided by the internal audit function in accordance with the approved internal audit plan.

The governance and management of IT are based on an operating model where Vukile's businesses in South Africa and Spain are responsible for the implementation, management and operation of IT considered appropriate to enable those businesses and functional departments.

The ARC is satisfied that it has complied with its statutory responsibilities and the responsibilities assigned to it by the board.



Babalwa Ngonyama
Chairman of the ARC

Houghton Estate

9 June 2022

STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

	Note	GROUP		COMPANY	
		31 March 2022 Rm	31 March 2021 Rm	31 March 2022 Rm	31 March 2021 Rm
ASSETS					
Non-current assets					
Investment property	3, 4	30 535	32 073	12 706	12 577
Straight-line rental income accrual	4	326	341	246	254
Financial assets at fair value through profit or loss (FVTPL)	5, 13	406	340	173	340
Equity investment at fair value through other comprehensive income (FVTOCI)	7	1 452	—	—	—
Investment in associate at fair value	6	—	538	—	279
Investment in associate (equity accounted)	8	120	16	—	—
Investment in joint venture (equity accounted)	9	48	55	48	55
Investment in subsidiaries	10	—	—	10 543	8 958
Derivative financial instruments	25	260	168	260	168
Long-term loans granted	14	278	254	274	254
Loans to subsidiaries	15	—	—	308	545
Deferred taxation assets	16	—	3	—	—
Other non-current assets	12	172	201	66	71
Current assets		1 128	2 003	636	1 554
Trade and other receivables	17	309	391	204	292
Derivative financial instruments	25	40	47	40	47
Current taxation assets		12	—	—	—
Other current assets	12	15	—	—	—
Cash and cash equivalents	28.5	565	1 003	43	350
Loans to subsidiaries	15	—	—	162	303
Non-current assets held for sale	43	187	562	187	562
Total assets		34 725	35 992	25 260	25 055
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Stated capital	18	13 138	12 838	13 138	12 838
Other components of equity	19	2 529	3 153	1 602	1 539
Retained earnings		1 901	1 370	2 510	2 720
Non-controlling interest	20	1 082	1 559	—	—
Non-current liabilities		14 197	13 356	6 472	5 373
Interest-bearing borrowings	21	13 333	12 622	5 460	4 939
Lease liability	22	272	201	271	178
Share scheme liability	13.2	1	—	1	—
Derivative financial instruments	25	373	279	373	246
Loans from subsidiaries	15	—	—	345	—
Deferred taxation liabilities	16	33	23	22	10
Other non-current liabilities	12	185	231	—	—
Current liabilities		1 878	3 716	1 538	2 585
Trade and other payables	23	610	585	306	319
Short-term portion of interest-bearing borrowings	21	1 163	2 604	1 135	1 749
Short-term portion of lease liability	22	18	19	18	17
Derivative financial instruments	25	79	501	79	500
Current taxation liabilities		5	4	—	—
Shareholders for dividends		3	3	—	—
Total equity and liabilities		34 725	35 992	25 260	25 055

STATEMENT OF PROFIT OR LOSS

for the year ended 31 March 2022

	Note	GROUP		COMPANY	
		31 March 2022 Rm	31 March 2021 Rm	31 March 2022 Rm	31 March 2021 Rm
Property revenue	29	3 485	3 117	1 885	1 773
Straight-line rental income accrual	4	(10)	(67)	(14)	(61)
Gross property revenue		3 475	3 050	1 871	1 712
Property expenses	30	(1 238)	(1 203)	(754)	(721)
Expected credit loss (ECL): tenant receivables	30	(24)	(51)	(32)	(27)
Net profit from property operations		2 213	1 796	1 085	964
Corporate and administrative expenses	31, 32	(296)	(286)	(156)	(152)
Investment and other income	33	257	85	329	494
Finance income	33	28	37	318	232
Net interest from cross-currency interest rate swaps	26.4, 33	108	196	108	196
Fair value movement on non-designated portion of CCIRS	26.4	(59)	(32)	(59)	(32)
Profit before finance costs		2 251	1 796	1 625	1 702
Finance costs	34	(809)	(707)	(535)	(468)
Profit after finance costs		1 442	1 089	1 090	1 234
Loss on disposals and acquisitions	45	(36)	(30)	(16)	(32)
Loss on realisation of derivative		(59)	—	(59)	—
Fair value gain on financial instruments	46	3	233	29	136
Fair value loss on investment in subsidiaries	10	—	—	(75)	(34)
Impairments	8, 14, 15	1	(13)	11	(15)
Foreign exchange gain on GBP loans	35	—	9	—	9
Profit before changes in fair value of investment property		1 351	1 288	980	1 298
Fair value adjustments:		652	(847)	263	9
Gross change in fair value of investment property	3	637	(920)	245	(57)
Change in fair value of right-of-use asset	3	5	6	4	5
Straight-line rental income adjustment	4	10	67	14	61
Profit before equity-accounted investment		2 003	441	1 243	1 307
Share of income from associate	8	27	18	—	6
Share of loss from joint venture	9	(4)	(1)	(4)	(1)
Profit before taxation		2 026	458	1 239	1 312
Taxation	36	(34)	(40)	(14)	(17)
Profit for the year		1 992	418	1 225	1 295
Attributable to owners of the parent		1 909	584	—	—
Attributable to non-controlling interest	20	83	(166)	—	—
Basic and diluted earnings per share (cents)	44	199.10	61.04	127.84	135.35

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2022

	Note	GROUP		COMPANY	
		31 March 2022 Rm	31 March 2021 Rm	31 March 2022 Rm	31 March 2021 Rm ⁽¹⁾
Profit for the year		1 992	418	1 225	1 295
Other comprehensive income (OCI) net of tax					
Items that will not be reclassified to profit or loss:					
Equity investments designated at fair value through OCI		(156)	—	26	(1 098)
Fair value adjustment on equity investments		(156)	—	—	—
Fair value adjustment on investment in subsidiary ⁽¹⁾		—	—	26	(1 098)
Items that will be reclassified to profit or loss:					
Foreign currency translation reserve		(675)	(61)	(3)	(9)
Associate		(3)	(17)	—	(5)
Joint venture	9	(3)	(4)	(3)	(4)
Subsidiary		(669)	(40)	—	—
Cash flow hedges	26	153	(96)	(66)	257
Interest rate swaps		151	(96)	116	(112)
Forward exchange contracts		—	—	(184)	369
Barrier option		2	—	2	—
Items that have been reclassified to profit or loss:					
Realisation of OCI on disposal of equity-accounted associate (Atlantic Leaf)		—	(328)	—	(196)
Other comprehensive loss for the year		(678)	(485)	(43)	(1 046)
Total comprehensive income/(loss) for the year		1 314	(67)	1 182	249
Attributable to owners of the parent		1 264	238	—	—
Attributable to non-controlling interest	20	50	(305)	—	—

⁽¹⁾ In the prior year, the fair value adjustment on investment in subsidiaries was included in the line item "Items that will be reclassified to profit or loss – Foreign currency translation reserve: subsidiaries". The nature of this item is that it will not be reclassified to profit or loss. This item has therefore been reclassified (and comparatives restated) to "Items that will not be reclassified to profit or loss".

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

Group (Rm)	Stated capital	Other components of equity ⁽¹⁾	Retained earnings	Total Shareholders' interest	Non-controlling interest (NCI)	Total
Balance at 31 March 2020	12 838	3 988	716	17 542	1 957	19 499
Dividend distribution	—	—	(461)	(461)	(95)	(556)
	12 838	3 988	255	17 081	1 862	18 943
Profit for the year	—	—	584	584	(166)	418
Transfer to non-distributable reserve	—	(531)	531	—	—	—
Transactions with NCI	—	—	—	—	(3)	(3)
Change in ownership of subsidiary recognised in equity	—	(3)	—	(3)	3	—
Equity-settled share scheme	—	45	—	45	2	47
Other comprehensive loss	—	(346)	—	(346)	(139)	(485)
Balance at 31 March 2021	12 838	3 153	1 370	17 361	1 559	18 920
Issue of share capital	300	—	—	300	—	300
Dividend distribution	—	—	(1 354)	(1 354)	(23)	(1 377)
	13 138	3 153	16	16 307	1 536	17 843
Profit for the year	—	—	1 909	1 909	83	1 992
Transfer to non-distributable reserve	—	24	(24)	—	—	—
Transactions with NCI ⁽²⁾	—	—	—	—	(545)	(545)
Change in ownership of subsidiary recognised in equity	—	(38)	—	(38)	38	—
Equity-settled share scheme	—	35	—	35	3	38
Other comprehensive loss	—	(645)	—	(645)	(33)	(678)
Balance at 31 March 2022	13 138	2 529	1 901	17 568	1 082	18 650

⁽¹⁾Refer to note 19 Other components of equity for more information.

⁽²⁾Refer to note 20 Non-controlling interest for more information.

Company (Rm)	Stated capital	Other components of equity ⁽¹⁾	Retained earnings	Total
Balance at 31 March 2020	12 838	2 571	1 867	17 276
Dividend distribution	—	—	(461)	(461)
	12 838	2 571	1 406	16 815
Profit for the year	—	—	1 295	1 295
Transfer to non-distributable reserve	—	(19)	19	—
Equity-settled share scheme	—	33	—	33
Other comprehensive loss	—	(1 046)	—	(1 046)
Balance at 31 March 2021	12 838	1 539	2 720	17 097
Issue of share capital	300	—	—	300
Dividend distribution	—	—	(1 354)	(1 354)
	13 138	1 539	1 366	16 043
Profit for the year	—	—	1 225	1 225
Transfer to non-distributable reserve	—	81	(81)	—
Equity-settled share scheme	—	25	—	25
Other comprehensive loss	—	(43)	—	(43)
Balance at 31 March 2022	13 138	1 602	2 510	17 250

⁽¹⁾Refer to note 19 Other components of equity for more information.

STATEMENT OF CASH FLOW

for the year ended 31 March 2022

	Note	GROUP		COMPANY	
		2022 Rm	2021 Rm	2022 Rm	2021 Rm ⁽¹⁾
Cash flow from operating activities		2 054	1 178	981	990
Profit before taxation		2 026	458	1 239	1 312
Adjustments	28.1	(39)	1 034	(357)	(402)
Net changes in working capital	28.2	91	(288)	101	82
Taxation paid	28.3	(24)	(26)	(2)	(2)
Cash flow from investing activities		356	930	149	1 621
Acquisition of investment property		(549)	(665)	(187)	(165)
Proceeds on sale of investment property		1 218	211	796	211
Cash flow from cross-currency interest rate swaps ⁽¹⁾		143	196	143	196
Investment and finance income	33	165	127	380	298
Dividends received from associate		—	54	—	54
Acquisition of equity investments at fair value through other comprehensive income	7	(1 600)	—	—	—
Acquisition of office building, furniture, fittings, computer equipment and intangible assets	12	(3)	(48)	—	(48)
Proceeds on sale of listed securities		501	40	501	40
Disposal of equity-accounted associate		—	1 103	—	1 103
Acquisition of investment in associate		(2)	(17)	—	—
Acquisition of investment in joint venture		—	(60)	—	(60)
Loss of control of investment in subsidiary		530	—	—	—
Cash flow from change in investment in joint operations		(12)	—	(12)	—
Cash flows on advances to subsidiaries		—	—	(1 182)	(8)
Cash flows received from subsidiaries		—	—	257	—
Acquisition of other non-current assets		(29)	(11)	—	—
Equity purchased from NCI	20	—	—	(545)	—
Long-term loans granted	14	(6)	—	(2)	—
Cash flow from financing activities		(2 823)	(2 739)	(1 440)	(2 629)
Interest-bearing borrowings advanced	21	8 974	2 647	5 870	2 489
Interest-bearing borrowings repaid	21	(9 169)	(4 173)	(5 906)	(4 172)
Finance costs paid		(646)	(591)	(480)	(421)
Cash flows received from subsidiaries		—	—	494	—
Dividends paid	28.4	(1 376)	(556)	(1 354)	(461)
Equity purchased from NCI	20	(545)	—	—	—
Acquisition of executive share scheme financial assets		(18)	(27)	(18)	(27)
Settlement of derivatives	25, 33, 34	(324)	(21)	(328)	(21)
Payment of land lease liability		(19)	(18)	(18)	(16)
Proceeds from issue of share capital		300	—	300	—
Net decrease in cash and cash equivalents		(413)	(631)	(310)	(18)
Foreign currency movement on cash		(25)	75	3	(6)
Cash and cash equivalents at the beginning of the year		1 003	1 559	350	374
Cash and cash equivalents at the end of the year	28.5	565	1 003	43	350

⁽¹⁾ Cash flows from cross currency interest rate swaps in the company accounts were included in financing activities in the prior year. These have been reclassified (and comparatives restated) to investing activities which more accurately reflects the nature of the cash flows. The impact in the prior year is an increase in the cash flows from investing activities of R196 million and a decrease in the cash flows from financing activities of an equal amount.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

1 GENERAL ACCOUNTING POLICIES

The annual financial statements have been prepared on a going concern basis, in accordance with International Financial Reporting Standards (IFRS), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act of South Africa, 2008, as amended.

1.1 BASIS OF PREPARATION

The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment property and certain financial instruments at fair value and incorporate the principal accounting policies set out below and in the individual notes to the financial statements.

Except for the amendments adopted as set out below in point 1.2, all accounting policies applied by the group in the preparation of these consolidated financial statements are consistent with those applied by the group in its consolidated financial statements as at and for the year ended 31 March 2021.

In the current financial year the company's separate financial statements have been presented with the consolidated financial statements. Where accounting policies refer to the group, these apply to the company also, unless stated otherwise.

1.2 NEW STANDARDS AND AMENDMENTS

The group has adopted the following new standards or amendments to standards that were effective for the first time for the financial period commencing 1 April 2021:

1.2.1 Management has assessed the changes to IFRS 7 relating to the interest rate benchmark reform, which is to result in amendments to the following standards:

- Amendments to IFRS 7 – *Financial Instruments: Disclosures*; and
- IFRS 16 – *Leases*.

IFRS 7 – *Financial Instruments: Disclosures* relates to instances where interbank offered rates (IBORs) are expected to be replaced by an alternative benchmark. This amendment permits the continuation of hedge accounting for such hedge relationships for phase 1. This will have no impact on the group.

1.2.2 Management has assessed the changes to IFRS 16 – *Leases* in respect of COVID-19-related rent concessions providing lessees with an exemption from assessing whether a COVID-19-related rent concession was a lease modification. The amendment had no impact on the group.

These annual financial statements were compiled under the supervision of Laurence Cohen CA(SA), in his capacity as CFO of the group.

1.3 REVENUE RECOGNITION

TYPES OF REVENUE	RECOGNITION
Operating lease income	Recognised as income on a straight-line basis over the lease term.
Revenue from leases with tenants: Municipal recoveries	Municipal recoveries are recognised over the period for which the services are rendered. The group acts as a principal on its own account when recovering operating costs, such as utilities, from tenants.
Contingent rents (turnover rental)	Included in revenue when the amounts can be reliably measured.
Dividends	Recognised when the group's right to receive payment is established.
Interest earned on cash invested with financial institutions	Recognised on an accrual basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

1 GENERAL ACCOUNTING POLICIES continued**1.4 BASIS OF CONSOLIDATION**

Control is achieved when the company:

- has power over the investee;
- is exposed or has a right to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The group's annual financial statements include the financial statements of the company and its subsidiaries, including any entities over which the group has control. The operating results of the subsidiaries are included from the effective dates of acquisition up to the effective dates of disposal.

Intracompany balances and transactions are eliminated in the consolidated financial statements.

Profit or loss and OCI of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

1.5 FINANCIAL INSTRUMENTS**Classification and measurement**

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at fair value through profit or loss (FVTPL)	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at fair value through other comprehensive income (FVTOCI)	These assets are subsequently measured at fair value. Fair value gains and losses are recognised in other comprehensive income. Dividend income is recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

The ECL model applies to financial assets measured at amortised cost, lease receivables, including municipal accruals, and debt investments at fair value through OCI, but not to investments in equity instruments measured at fair value.

At each reporting date, the group assesses whether financial assets carried at amortised cost (such as long-term loans granted detailed in note 14) have significantly increased in credit risk. The group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (ie the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

The group has elected to measure loss allowances for trade receivables (including lease receivables) at an amount equal to lifetime ECLs by making use of the simplified impairment model. When estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information based on the group's historical experience and includes forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

1 GENERAL ACCOUNTING POLICIES continued

1.6 IMPAIRMENT LOSSES

At each reporting date, the carrying amounts of the tangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Value in use, included in the calculation of the recoverable amount, is estimated taking into account future cash flows, forecast market conditions and the expected lives of the assets.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to the recoverable amount. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for assets is adjusted to allocate the remaining carrying value, less any residual value, over the remaining useful life. Impairment losses are recognised in profit or loss.

If any impairment loss subsequently reverses, due to an indication that the impairment no longer exists and the recoverable amount increases as a result of a change in estimates used to determine the recoverable amount, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

1.7 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Except for foreign currency differences arising on a net investment in foreign operations, foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the group's presentation currency (Rand) at the reporting date. The income and expenses of foreign operations are translated to Rand at exchange rates at the dates of the transactions (an average rate per month is used). These foreign currency translations are included in OCI.

1.8 NON-CURRENT ASSETS HELD FOR SALE

The group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Additional disclosures are provided in note 43.

1.9 NEW AND REVISED IFRS NOT YET ADOPTED

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group.

All of the pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group financial statements is provided on the following pages. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

1 GENERAL ACCOUNTING POLICIES continued

1.9 NEW AND REVISED IFRS NOT YET ADOPTED continued

STANDARD	DETAILS OF AMENDMENTS	IMPACT ON THE FINANCIAL STATEMENTS
<p>IAS 1 – Presentation of Financial Statements: Amendments are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted.</p>	<p>Deferral of the effective date of the January 2020 Classification of Liabilities as Current or Non-current (Amendments to IAS 1) by one year.</p>	<p>The amendment is not expected to have a material impact on the group.</p>
<p>IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors Amendments are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted.</p>	<p>In February 2021, the IASB issued the definition of accounting estimates, which amended IAS 8 – <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>. The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities to distinguish between accounting policies and accounting estimates.</p>	<p>The amendment is not expected to have a material impact on the group.</p>
<p>IAS 16 – Property, Plant and Equipment Amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.</p>	<p>In May 2020, the International Accounting Standards Board issued Property, Plant and Equipment –Proceeds before Intended Use, which made amendments to IAS 16 – <i>Property, Plant and Equipment</i>. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.</p>	<p>The amendment is not expected to have a material impact on the group.</p>
<p>IAS 37 – Provisions, Contingent Liabilities and Contingent Assets Amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.</p>	<p>The IASB published <i>Onerous Contracts – Cost of Fulfilling a Contract</i> (Amendments to IAS 37) amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.</p>	<p>The amendment is not expected to have a material impact on the group.</p>
<p>IFRS 1 – First-time Adoption of International Financial Reporting Standards: Amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.</p>	<p>The amendment to IFRS 1 simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS.</p>	<p>The amendment will not impact the group.</p>
<p>IAS 12 – Deferred Tax: Amendments are effective for annual periods beginning on or after 1 January 2023. Early application is permitted.</p>	<p>The IASB issued 'Deferred Tax related to Assets and Liabilities arising from a single transaction' that clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations.</p>	<p>The amendment is not expected to have a material impact on the group.</p>
<p>IFRS 17 – Insurance Contracts The amendments are effective for annual periods beginning on or after 1 January 2023.</p>	<p>Deferral of the date of initial application of IFRS 17 by two years and a change of the fixed expiry date for the temporary exemption in IFRS 4 – <i>Insurance Contracts</i> from applying IFRS 9 – <i>Financial Instruments</i>, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.</p>	<p>The amendment will not impact the group.</p>

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are an integral part of financial reporting and, as such, have an impact on the amounts reported in the group's income, expenses, assets and liabilities.

ESTIMATES

Management discusses with the audit committee the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates. Actual results may differ from these estimates.

Information on the key estimations and uncertainties that have had the most significant effect on the amounts recognised in the financial statements are set out in the following notes in the financial statements:

- Application of the following accounting policies, namely:
 - Taxation;
 - Financial instruments;
 - Revenue;
 - Impairment;
 - Furniture, fittings, computer equipment and intangible assets;
 - Borrowing costs; and
 - Share-based payments.
- Investment property valuation – notes 3 and 24.
- Investments – notes 5, 6, 7, 8, 9 and 11.
- Deferred taxation – note 16.
- Trade and other receivables – note 17.
- Executive share scheme financial asset – notes 13 and 24.

Investment property

The revaluation of investment property requires judgement in the determination of an appropriate discount rate and reversionary capitalisation rate. Note 24 sets out further details of the fair measurement of investment property.

Political unrest

In July 2021, the KwaZulu-Natal and Gauteng provinces of South Africa experienced significant protest action and civil unrest. Six of Vukile's shopping centres were affected by the unrest. Vukile has insurance cover in place (SASRIA cover), which protects the company from costs associated with physical damage and loss of income that may be caused by riots and civil unrest.

The costs incurred by the company as a result of the civil unrest were fully covered by Vukile's SASRIA cover. This insurance cover ensured that Vukile was covered for the costs associated with physical damage to property as well as any loss of income. As a result, the civil unrest did not have any material impact on Vukile's financial results.

Flooding in Kwa-Zulu Natal (KZN)

After year-end, during April 2022, the KZN province in South Africa was impacted by severe flooding. The event had no impact on Vukile.

Deferred tax and taxation

Deferred tax assets are raised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Assessment of future taxable profit is performed at every reporting date in the form of future cash flows using a suitable growth rate.

As the company has obtained REIT status effective 1 April 2013, the company and its controlled property company subsidiaries are not liable for capital gains tax on the disposal of directly held properties and local REIT securities. In addition, the following must be noted:

- Deferred tax is not recognised on the fair value of investment property as capital gains tax on investment property is not applicable to REITs in terms of section 25BB of the Income Tax Act.
- Deferred tax is not calculated on the straight-line rental income accrual as it affects neither the group's distributable income nor taxable profit.
- Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.
- Deferred tax is not recognised on goodwill that arises on initial recognition.
- Deferred tax is not recognised on the temporary differences relating to investments in subsidiaries or jointly controlled entities to the extent that the group is able to control the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Deferred tax may, however, be calculated on derivatives as the group excludes the gains or losses on realised derivatives when the distribution for the year is calculated. A deferred tax asset will only be recognised if it is therefore probable that taxable profit will be available against which the deductible temporary difference can be utilised relating to the same taxation authority and the same taxable entity.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

2 ACCOUNTING ESTIMATES AND JUDGEMENTS continued**ESTIMATES** continued**Impairment of assets**

The group tests whether assets have suffered any impairment in accordance with the accounting policy stated in note 12. The recoverable amounts of cash-generating units, intangible assets and tangible assets have been determined based on future cash flows discounted to their present value using appropriate rates. Estimates are based on interpretation of generally accepted industry-based market forecasts.

Trade receivables

Management identifies impairment of trade receivables on an ongoing basis. Impairment adjustments are raised against trade receivables in terms of IFRS 9's ECL model. This is achieved by converting a historic ECL into a probability-weighted forward-looking ECL. The state of the global economy, together with the long-term impact of COVID-19 lockdown regulations on tenants' businesses, as well as the impact of the civil unrest in July 2021 (in particular on the businesses of SMMs) resulted in an increased ECL.

Incremental borrowing rate for land leases

In determining the lease liability in accordance with IFRS 16, the incremental borrowing rate was estimated by management using the three-year Domestic Medium Term Note (DMTN) margin as a starting point. The rate was adjusted to reflect an estimated spread for a tenure of 10 years, 25 years, and 50 years.

JUDGEMENTS

Judgement is applied in certain areas based on historical experience and reasonable expectations relating to future events. Key areas of judgement are noted below:

Investments

Notes 5 and 6 set out the rationale behind management's opinion regarding the accounting for the investments in Arrowhead Properties Limited and Fairvest Property Holdings Limited, and the merger during the current year. Note 7 sets out the rationale behind management's opinion regarding the accounting for the group's investment in Lar España Real Estate SOCIMI.

Determining the lease term

In determining the lease term as per IFRS 16, management applies its judgement in considering all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options and periods after termination options are only included in the lease term if it is reasonably certain to be extended or not terminated.

COVID-19-related rental concessions

Judgement has been applied in determining the appropriate accounting treatment of rent concessions granted in the context of the COVID-19 pandemic. COVID-19-related rent concessions will fall within the IFRS 16 definition of a lease modification if they result from 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. 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. Accounting for the changes in lease payments over the term of the lease is an area of judgement that depends on several factors.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

2 ACCOUNTING ESTIMATES AND JUDGEMENTS continued

JUDGEMENTS continued

The group provided the following COVID-19-related rent concessions in South Africa:

- i. Vukile provided limited discounts on rentals due by certain tenants. In terms of IFRS 16, if the change in lease payments was part of the original terms and conditions of the lease, then the change would not be considered a lease modification. This is an area of judgement. Additional judgement and legal consideration would be needed as to whether certain provisions such as force majeure (either in the lease contract or by interpretation of common law provisions) could be enforced in response to COVID-19.

At Vukile, we value partnerships and felt testing the leases legally was neither necessary nor warranted. We wanted to support our tenants to continue to trade as going concerns post the pandemic. In our judgement, the relief provided was in line with the spirit of the leases and the partnerships principle. Given the above and the fact that the rental relief and discounts provided to tenants were limited in nature and did not in any way alter or amend the original terms and conditions and the scope of the leases, Vukile is of the view that the rental discounts provided did not constitute lease modifications. Since all Vukile's leases are operating leases, the discounts provided were recognised as a reduction in income from leases.

The group also provided COVID-19-related rent concessions in Spain:

- ii. Castellana provided discounts on rentals due by certain tenants in an effort to assist tenants that were not trading or who had limited trading during the lockdown period. In order to qualify for the discounts, in certain instances, tenants were required to extend the lease term. Since the scope of the leases was changed, it resulted in lease modifications, thus recognising rental income in accordance with the updated lease terms.

The rent concessions granted to tenants primarily impacted the March 2021 year end results. The rent concessions granted in South Africa and Spain were R6.8 million and €3.3 million (31 March 2021: R141 million and €18.8 million) respectively.

Non-current assets held for sale

Management applied judgement in assessing whether certain investment properties qualify to be classified as held for sale. In management's opinion, the following properties met all the IFRS 5 requirements and are classified as held for sale at year-end:

- Mbombela Truworths Centre; and
- Monsterlus Moratiwa Crossing.

Refer to note 43 for further details.

3 INVESTMENT PROPERTY

Investment property, which is stated at fair value, constitutes land and buildings held by the group for rental producing purposes. Investment property is initially recorded at cost, which includes transaction costs directly attributable to the acquisition thereof. In the South African portfolio, the directors value all the properties bi-annually to determine fair value. Approximately 50% of all properties are valued every six months on a rotational basis by qualified independent external property valuers. Any material differences between the respective valuations are reported in the notes to the financial statements. The Castellana portfolio is valued bi-annually by independent external valuers.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace, a part of a property. Tenant installation costs are capitalised on the cost of a building. All these items are included in the fair value of investment property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Letting commissions are capitalised and amortised over the lease period. The carrying value of letting commissions is included with investment property.

Investment property is maintained, upgraded and refurbished, where necessary, in order to preserve or improve the capital value as far as it is possible to do so. Maintenance and repairs that neither materially add to the value of the properties nor prolong their useful lives are charged against profit or loss.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

3 INVESTMENT PROPERTY continued

Fair value is the open market value, which, in the opinion of the directors, is the fair market price at which the property would have been sold unconditionally on a willing buyer/willing seller basis for a cash consideration on the date of the valuation. Gains and losses arising from changes in the fair value of investment property are recognised in net profit or loss for the period in which they arise. Such gains or losses are transferred to a non-distributable reserve in the statement of changes in equity and excluded from the calculation of distributable earnings.

The straight-lining of lease income is deducted from investment property as the discounted value of future rental cash flows forms part of the valuation methodology of investment property.

Gains or losses on the disposal of investment property are recognised as a fair value adjustment in profit or loss, and are calculated as the difference between the net selling price and the fair value of the property as valued in the most recent annual financial statements. Such gains or losses are excluded from the calculation of distributable earnings.

Land leases are initially recognised as a right-of-use-asset in the statement of financial position, at the same measurement as the corresponding lease liability. The right-of-use asset is subsequently measured at fair value. Changes in fair value are transferred to a non-distributable reserve in the statement of changes in equity and excluded from the calculation of distributable earnings.

INVESTMENT PROPERTY HELD FOR SALE

Investment property held for sale are properties that will be recovered principally through a sale transaction rather than continuing use. These properties are measured at their fair values. IFRS 5 measurement does not apply to IAS 40 – *Investment Property* carried at fair value. Refer to note 43 for further details on investment properties held for sale.

MOVEMENT IN INVESTMENT PROPERTY

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Investment property at 1 April	32 976	35 736	13 393	13 495
Capital expenditure and tenant installations	472	507	113	148
Acquisitions and development costs	87	188	85	30
Foreign currency translation	(1 164)	(2 311)	—	—
Increase in right-of-use asset due to lease extension	90	—	90	—
Change in right-of-use asset	5	6	4	5
Changes in fair value	637	(920)	245	(57)
Disposals	(2 050)	(225)	(787)	(225)
Movement in lease commissions	(5)	(5)	(4)	(3)
Investment property at 31 March	31 048	32 976	13 139	13 393
Straight-line rental income adjustment	(326)	(341)	(246)	(254)
Total investment property	30 722	32 635	12 893	13 139
Reflected on the statement of financial position under:				
Non-current assets	30 535	32 073	12 706	12 577
Non-current assets held for sale	187	562	187	562
Total	30 722	32 635	12 893	13 139

Note 24.4 sets out how the fair value of investment property has been determined.

The group's properties are mortgaged to the value of R29.5 billion as security for bank loans and for the DMTN debt programme (2021: R32.8 billion) – refer to note 21.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

4 STRAIGHT-LINE RENTAL INCOME ADJUSTMENT

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Balance at 1 April	352	419	265	326
Loss of control of subsidiary	(11)	—	—	—
Current year movement	(10)	(67)	(14)	(61)
Balance at 31 March	331	352	251	265
Reflected on the statement of financial position under:				
Non-current assets	326	341	246	254
Non-current assets held for sale	5	11	5	11
Total	331	352	251	265

5 EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Investment in Fairvest Limited (Fairvest) (previously Arrowhead Properties Limited)	360	309	127	309
Number of shares held – “B” shares	108 688 143	114 438 564	38 414 224	114 438 564
% holding	7.00	11.01	2.50	11.01
Price at year-end (cents per share) – “B” shares	331	270	331	270
	Rm	Rm	Rm	Rm
Opening balance at fair value	309	246	309	246
Disposal of “A” shares	—	(40)	—	(40)
Share swap – Transfer from Investment in associate at fair value	568	—	294	—
Fair value adjustment	5	103	46	103
Disposal of “B” shares	(522)	—	(522)	—
Closing balance at fair value	360	309	127	309

During the year, there was a merger between Fairvest and Arrowhead by way of a share swap on a basis of 0.54054 Arrowhead B shares per Fairvest share. The listing of Fairvest shares on the Main Board of the Johannesburg Stock Exchange (JSE) and on A2X was terminated. Arrowhead remained listed on the Main Board of the JSE and changed its name to Fairvest Limited. The effective date of the transaction was 1 October 2021. Immediately after the merger and following the reduction in Vukile’s interest in the combined entity, Vukile ceased accounting for the investment as an associate at fair value. Refer to note 6.

After the merger Vukile disposed a portion of its Fairvest Limited “B” shares, further reducing its shareholding at year-end to 7.0%.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

6 INVESTMENT IN ASSOCIATE AT FAIR VALUE

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Investment in Fairvest Property Holdings Limited (Fairvest)	—	538	—	279
	—	538	—	279
Investment in Fairvest				
Number of shares held	—	270 394 812	—	140 387 931
% holding	—	26.6	—	13.8
Price at year-end (cents per share)	—	199	—	199
	Rm	Rm	Rm	Rm
Opening balance at fair value	538	338	279	175
Fair value adjustment	30	200	15	104
Share swap – Transfer to Financial assets at fair value through profit or loss	(568)	—	(294)	—
Closing balance at fair value	—	538	—	279

The investment in Fairvest was held at fair value, in accordance with IFRS 9 and in line with the exemption in IAS 28. During the year, there was a merger between Fairvest and Arrowhead by way of a share swap. Refer to note 5.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

7 EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	GROUP 2022
Investment in Lar España Real Estate SOCIMI (Lar España)	
Number of shares held	18 157 459
% holding	21.7
Price at year-end: Euro	€4.95
Price at year-end: Rand equivalent	R77.99
	Rm
Opening balance at fair value	—
Shares acquired	1 600
Foreign currency translation	8
Fair value adjustment	(156)
Closing balance at fair value	1 452

On 26 January 2022, Castellana Properties SOCIMI (Castellana) acquired 18,157,459 shares in Lar España Real Estate SOCIMI, S.A. representing 21.70% of its share capital for €98,94 million, including transaction costs.

The IAS 28 requirements for significant influence were assessed and it was concluded that:

- Castellana does not have any board representation on the board of Lar España;
- Castellana will not be participating in the policy-making process or decisions regarding dividends;
- There are no historic or planned material transactions between Lar España and Castellana or the broader Vukile group;
- There is no current or planned inter-change of management personnel. Lar España is managed by an independent, specialist and experienced asset management team; and
- Neither Castellana nor Vukile currently provides or plan to provide Lar España with any technical information.

After taking the above into consideration, as well as considering Spanish legislation, it was concluded that Castellana does not exercise significant influence over Lar España. Vukile has elected to measure the investment at fair value through other comprehensive income, in accordance with IFRS 9, as the group considers this classification to be more relevant.

At 31 March 2022, a fair value loss of R156 million (€9 million) was recognised in other comprehensive income with reference to the quoted price of the Lar España share at 31 March 2022 (R79.99/€4.95 per share).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

8 INVESTMENT IN ASSOCIATE (EQUITY ACCOUNTED)

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over these policies.

On acquisition of the investment in an associate, any excess of the cost of the investment over the investor's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the investor's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. Any dividends received are utilised to reduce the carrying value of the investment.

The results and assets and liabilities of associates are incorporated into these financial statements using the equity method of accounting from the date on which the investee becomes an associate. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the investor's share of the profit or loss and OCI of the associate. When the investor's share of losses of an associate exceeds the investor's interest in that associate, the investor discontinues recognising its share of further losses.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale.

8.1 FETCH ANALYTICS

Vukile holds a 31% interest in Bodlero Limited (known as Fetch Analytics). Fetch Analytics or Fetch, incorporated in Cyprus is the holding company of Fetch Analytics UK Limited, a company that specialises in data analytics, using artificial intelligence that provides insight into shopper behaviour.

The ability to track customer behaviour, when combined with other initiatives such as mall analytics, provides the Vukile group with the ability to significantly enhance the customer and tenant experience, and allow meaningful research into customer data and trends.

Apart from its 31% equity interest, Vukile also participates in the financial and operating policies of Fetch. Accordingly, Vukile exercises significant influence over Fetch and the investment in Fetch is recognised as an equity-accounted associate.

At 31 March 2022 impairment indicators were present and an impairment test was performed. The impairment test resulted in an impairment loss of R8 million (2021: Rnil), reducing the carrying amount of the investment to Vukile's share of the recoverable amount of Fetch Analytics.

	March 2022 Rm	March 2021 Rm
Opening balance at carrying value	16	—
Investment in associate	2	17
Share of loss	(6)	(2)
Impairment	(8)	
Foreign currency translation (loss)/profit	(3)	1
Carrying value of investment	1	16

The summarised financial information of Fetch Analytics is set out below:

Statement of comprehensive income

The statement of comprehensive income has not been disclosed since the numbers are below R1 million.

Statement of financial position

	Unaudited 31 December 2021 €m	Unaudited 31 December 2020 €m
ASSETS		
Non-current assets	1	1
Current assets	—	1
Total assets	1	2
EQUITY	1	2
Total equity and liabilities	1	2

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

8 INVESTMENT IN ASSOCIATE (EQUITY ACCOUNTED) continued

8.1 FETCH ANALYTICS continued

Reconciliation to carrying amounts

	March 2022 €m	March 2021 €m
Net asset value as at 31 December	1	2
Loss until March 2022	(1)	—
Net asset value as at 31 March	*	2
Vukile's share in net assets	*	1

*Amounts less than €1 million.

	March 2022 Rm	March 2021 Rm
Equity-accounted Rand value at 31 March	9	16
Impairment	(8)	—
Carrying amount as at 31 March	1	16

The information was extracted from Fetch Analytic's summarised financial statements for the year ended 31 December 2021, and the first quarter management accounts ending 31 March 2022, being the latest available results.

	2022		2021	
	Rm	€m	Rm	€m
Vukile's share of net assets at March				
Share of equity acquired	19	1	17	1
Share of loss	(6)	—	(2)	—
Share of retained income	(1)	—	—	—
Foreign currency translation reserve through other comprehensive (loss)/income	(3)	—	1	—
Impairment	(8)	—		
	1	1	16	1
Rand/Euro exchange rate at 31 March	16.16		17.32	

8.2 MICC PROPERTIES NAMIBIA (PTY) LTD

Sale of controlling interest in MICC Properties Namibia

On 1 March 2022, the group disposed of c.64% of its investment in MICC Properties Namibia (Pty) Ltd (MICC Namibia), a wholly owned subsidiary. The sale resulted in a loss of control, resulting in the deconsolidation of the subsidiary from a group perspective.

GROUP	2022 Rm
Proceeds on sale (including the payment of dividends on implementation of the sale and excluding re-payment of inter-company loans)	534
Selling costs	(5)
Loss of control of MICC Namibia	(546)
Loss on sale of MICC Namibia	(17)

Investment in associate

Following the sale, the group holds a c.36% interest in the Namibia portfolio through MICC Properties, a wholly owned subsidiary of Vukile. The board of MICC Namibia consists of five directors, two of whom are appointed by Vukile.

In terms of IAS 28, the group exercises significant influence over MICC Namibia. Thereafter, the investment in associate is equity accounted for in terms of IAS 28. At 1 March 2022, the investment in MICC Namibia was recognised at fair value (at the date of loss of control).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

8 INVESTMENT IN ASSOCIATE (EQUITY ACCOUNTED) continued

8.2 MICC PROPERTIES NAMIBIA (PTY) LTD continued

GROUP	March 2022 Rm
Investment at fair value (after payment of dividends on implementation of the sale ⁽¹⁾)	86
Equity-accounted share of profits	33
Equity-accounted carrying value	119

⁽¹⁾ Sale of c.64% of the shares in MICC Namibia referred to above.

The summarised financial information of MICC Namibia is set out below:

Statement of comprehensive income

	12 months unaudited as at 31 March 2022 Rm
Rental revenue	130
Net operating income	448
Profit for the year	401

Statement of financial position

	Unaudited 31 March 2022 Rm
ASSETS	
Non-current assets	943
Current assets	42
Total assets	985
EQUITY	330
Non-current Liabilities	636
Current liabilities	19
Total equity and liabilities	985

The information was extracted from MICC Namibia summarised financial statements for the year ended 31 March 2022 being the latest available results.

	March 2022 Rm
Net asset value as at 31 March	330
Vukile's share in net assets	119

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

9 INVESTMENT IN JOINT VENTURE (EQUITY ACCOUNTED)

A joint venture is a joint arrangement whereby the group has joint control of an arrangement and has rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Upon becoming a party to the joint arrangement, the investment in the joint venture is recognised, with any excess of the cost of the investment over the joint venturer's share of the net fair value of the identifiable assets and liabilities of the joint venture being recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the joint venturer's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. Any dividends received are utilised to reduce the carrying value of the investment.

The joint venture is equity accounted from the date on which the group becomes a party to the joint arrangement. Under the equity method, the joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the joint venture's share of the profit or loss and OCI of the joint venture. When the joint venturer's share of losses of the joint venture exceeds the investment, the joint venturer discontinues recognising its share of further losses.

The group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale.

DIVERSIFIED REAL ESTATE ASSET MANAGEMENT S.L. (DREAM)

DREAM is a Spanish property asset management business in which Vukile has a minority 25.09% interest.

	March 2022 Rm	March 2021 Rm
Opening balance at carrying value	55	—
Investment in joint venture	—	59
Share of losses	(4)	(1)
Capitalised costs	—	1
Foreign currency translation loss	(3)	(4)
Carrying value of investment	48	55

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

9 INVESTMENT IN JOINT VENTURE (EQUITY ACCOUNTED) continued

The summarised financial information of DREAM is set out below:

STATEMENT OF COMPREHENSIVE INCOME

	12 months unaudited as at 31 December 2021 €m	12 months unaudited as at 31 December 2020 €m
Rental revenue	—	1
Other operating expenditure	(1)	(2)
Loss for the year	(1)	(1)

STATEMENT OF FINANCIAL POSITION

	12 months unaudited as at 31 December 2021 €m	12 months unaudited as at 31 December 2020 €m
ASSETS		
Non-current assets	6	7
Current assets	3	3
Total assets	9	10
EQUITY	9	10
Total equity and liabilities	9	10

The information was extracted from DREAM's summarised unaudited financial statements for the year ended 31 December 2021, being the latest available financial statements.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

9 INVESTMENT IN JOINT VENTURE (EQUITY ACCOUNTED) continued

RECONCILIATION TO CARRYING AMOUNTS

	March 2022 €m	March 2021 €m
Opening net assets	10	7
Investment in DREAM	—	3
Net asset value as at 31 December	10	10
Accrual of loss – January to March	(1)	—
Net asset value 31 March	9	10
Vukile's share in net assets	3	3
Equity-accounted Rand value as at 31 March	47	54
Capitalised costs	1	1
Carrying amount as at 31 March	48	55

	2022		2021	
	Rm	€m	Rm	€m
Vukile's share of net assets at March				
Cost of investment in DREAM (25.09%)	59	3	59	3
Equity-accounted share of losses	(4)	—	(1)	—
Share of retained losses	(4)	—	—	—
Foreign currency translation reserve through other comprehensive loss	(3)	—	(4)	—
Capitalised costs	—	—	1	—
	48	3	55	3
Rand/Euro exchange rate at 31 March	16.16		17.32	

10 INVESTMENT IN SUBSIDIARIES

Vukile's accounting policy is to measure investment in subsidiaries at fair value through profit or loss (FVTPL) for subsidiaries incorporated in South Africa and at fair value through other comprehensive income (FVOCI) for foreign subsidiaries.

The fair value gains or losses are recognised in profit or loss or other comprehensive income relative to the classification. Dividend income is recognised in profit or loss.

The table below shows the opening and closing balances of the company's investment in subsidiaries:

COMPANY	2022 Rm	2021 Rm
Investment in subsidiaries at FVTPL		
Incorporated in the Republic of South Africa		
Opening balance	1 837	1 871
Change in fair value (P/L)	(75)	(34)
Closing balance	1 762	1 837
Investment in subsidiaries at FVOCI		
Incorporated in Spain		
Opening balance	7 121	9 042
Additions ⁽¹⁾	1 787	—
Change in fair value (OCI)	(127)	(1 921)
Closing balance	8 781	7 121
Total investment in subsidiaries	10 543	8 958

⁽¹⁾ Additions for the year include loan capitalisation of R1.2 billion (€75 million) for Castellana new share issue and R0.5 billion additional purchase of shares from minorities.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

10 INVESTMENT IN SUBSIDIARIES continued

COMPANY	2022 Rm	2021 Rm
DIRECT HOLDING		
Incorporated in the Republic of South Africa		
100% holding in MICC Properties (Pty) Ltd (2021: 100%)	1 518	1 624
80% holding in Clidet No. 1011 (Pty) Ltd (2021: 80%)	244	213
Incorporated in Spain		
89.6% in Castellana (2021: 82.54%)	8 781	7 121
INDIRECT HOLDING		
Incorporated in the Republic of South Africa		
MICC Properties (Pty) Ltd		
MICC Property Income Fund		
Special-purpose entity incorporated in the Republic of South Africa		
Vukile Investment Property Securitisation (Pty) Ltd (VIPS)		
Incorporated in Spain		
Junction Parque Castellon SLU		
Junction Parque Principado SLU		
Randolph Spain SLU		
Roxbury Spain SLU		
Junction Parque Huelva SLU		
Junction Parque Motril SLU		
Junction Parque Granada SLU		
Junction Parque Caceres SLU		
Junction Parque Merida SLU		
Junction Parque Villanueva 1 SLU		
Junction Parque Villanueva Fase 2 SLU		
Junction Parque Habaneras SLU		
Morzal Properties Iberia S.L		
Junction Parque Alameda, SLU		
Lar España Real Estate SOCIMI, S.A		
Total investment in subsidiaries	10 543	8 958

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

11 JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties have joint control of the arrangement and have joint rights to the assets and obligations relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists when decisions about the relevant activities require unanimous consent of the parties sharing control. When a group entity transacts with its joint operation, profits and losses resulting from the transactions with the joint operation are recognised in the group's consolidated annual financial statements only to the extent of interests in the joint operation that are not related to the group.

When a group entity undertakes its activities under joint operations, the group, as a joint operator, recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRS 11 applicable to joint arrangements the particular assets, liabilities, revenues and expenses.

GROUP	2022	2021
	% ownership	% ownership
Joint operations comprise the following properties:		
Boksburg East Rand Mall	50.0	50.0
Meadowdale Mall	67.0	67.0
Monsterlus Moratiwa Crossing	94.5	94.5
Thavhani Mall	33.3	33.3
Tzaneen Maake Plaza	70.0	70.0
Ga-Kgapane Modjadji Plaza	30.0	30.0
Springs Mall	28.0	27.0

The above operations are classified as joint operations, whereby the group recognises its share of the assets, liabilities, income and expenses of the joint operation.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

11 JOINT OPERATIONS continued

The following reflects the sum of Vukile's proportionate share of its interests in jointly controlled operations:

GROUP	2022 Rm	2021 Rm
Vukile's share of profit or loss and net assets		
Statement of profit or loss and OCI		
Revenue	358	315
Property expenses	(123)	(111)
Property operating profit	235	204
Straight-line lease income adjustment	(2)	(11)
Fair value adjustments	(19)	(154)
Operating profit	214	39
Statement of financial position		
Opening fair value of property assets	2 700	2 840
Acquisitions	12	—
Capital expenditure	7	14
Net fair value adjustments	(19)	(154)
Straight-line lease income adjustment	(2)	(11)
Fair value of investment property for accounting purposes	2 698	2 689
Straight-line lease income adjustment	2	11
Closing fair value of property assets	2 700	2 700
Current assets	51	33
Total assets	2 751	2 733
Owners' equity	1 918	1 693
Other non-current liabilities	761	981
Current liabilities	72	59
Total equity and liabilities	2 751	2 733

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

12 OTHER NON-CURRENT ASSETS AND LIABILITIES

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Other non-current assets comprise of:				
Property, plant and equipment (note 12.1)	67	70	66	69
Intangible assets (note 12.2)	2	3	—	2
Tenant deposits	103	128	—	—
	172	201	66	71
Other current assets comprise of:				
Tenant deposits	15	—	—	—
	15	—	—	—
Other non-current liabilities comprise of:				
Tenant deposits	185	231	—	—
	185	231	—	—

Tenant deposits relate to non-current deposits to be reimbursed at the expiry of respective lease terms.

Short-term tenant deposits relate to security deposits held with local administrations in connection with leases.

Property, plant, equipment and intangible assets are stated at cost less accumulated depreciation/amortisation, and any impairment losses.

Depreciation/amortisation is charged so as to write off the cost less residual value of assets over their estimated useful lives, using the straight-line basis.

The principal useful lives used for this purpose are:

Owner-occupied property	30 years
Furniture and equipment	6 years
Motor vehicles	5 years
Developed software	5 years
Computer equipment	3 years
Other software	2 years

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

12 OTHER NON-CURRENT ASSETS AND LIABILITIES continued

The residual value and useful life of an asset are reviewed at each financial year-end.

12.1 PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Property, plant and equipment				
Cost	80	77	74	74
Accumulated depreciation (including FCTR)	(13)	(7)	(8)	(5)
Carrying value	67	70	66	69
Movement for the year				
Net carrying value at 1 April	70	25	69	24
Additions	3	48	—	48
Foreign currency translation (FCTR)	(2)	—	—	—
Depreciation	(4)	(3)	(3)	(3)
Net carrying value at 31 March	67	70	66	69

12.2 INTANGIBLE ASSETS

Intangible assets comprise of computer software.

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Intangible assets				
Cost	12	12	12	12
Accumulated amortisation (including FCTR)	(10)	(9)	(12)	(10)
Carrying value	2	3	—	2
Movement for the year				
Net carrying value at 1 April	3	5	2	4
Foreign currency translation (FCTR)	1	—	—	—
Amortisation	(2)	(2)	(2)	(2)
Net carrying value of intangible assets	2	3	—	2

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

13 SHARE SCHEMES continued

13.1 EQUITY-SETTLED SHARE SCHEME

The executive share scheme financial asset comprises a reimbursement right that is measured at fair value through profit or loss in terms of IFRS 9. The reimbursement asset of R109 million (2021: R57 million) is based on the number of shares held by Sanlam Capital Markets (SCM), who has assumed all of Vukile's obligations in respect of Vukile's executive share scheme, valued at the closing share price at year-end (level 1 financial instrument – note 24.2).

In determining the fair value of the reimbursement right, an amount of R63 million (2021: R26 million) is deducted, which is determined by the number of shares expected to vest in future, valued at the year-end share price, weighted for the probability of fulfilment of performance conditions, and based on the number of days to vesting (level 2 financial instrument).

	2022 Rm	2021 Rm
Reimbursement right		
Balance at 1 April	31	18
Awarded during the year	26	27
Forfeiture of awards due to non-performance	(8)	—
Fair value adjustment of reimbursement right	34	(6)
	83	39
Movement in shares expected to vest	(37)	(8)
Total reimbursement right	46	31

The terms and conditions of the CSP were approved by shareholders at a general meeting held on 25 April 2013 and the amended CSP was approved at a general meeting of shareholders held on 31 January 2022.

SCM has assumed the obligation to discharge Vukile's conditional obligations towards its executives and management as follows:

	Rm	Vesting dates
i Based on 27.8% to 100% CPA ⁽²⁾ targets and 72.2% to 0% of group performance	27	31 May 2022
ii Special award – retention based	4	31 May 2022
iii Based on 25% CPA targets, 25% strategic targets and 50% performance targets for the group (Castellana and Vukile) ⁽¹⁾	22	31 May 2024
iv Based on 27.5% to 100% CPA targets and 72.5% to 0% of group performance	27	31 May 2023
v Special award – retention based	1	31 May 2023
vi Based on 27.5% to 100% CPA targets and 72.5% to 0% of group performance	26	31 May 2024

⁽¹⁾ The allocation has a 10-year vesting period with potential early vesting after five years, provided that all the vesting conditions are met within five years. In line with prudent accounting principles, the allocation will be amortised over a five-year period.

⁽²⁾ Critical performance areas (CPA).

The executive directors have been allocated the following percentages of the schemes:

Scheme	LG Rapp %	LR Cohen %	IU Mothibeli %
i.	20.9	11.3	7.1
ii.	39.3	—	—
iii.	100.0	—	—
iv.	22.2	11.9	8.4
vi.	23.7	12.7	9.0

Refer to the directors' report for details in respect of directors' interests in shares via the equity-settled share scheme, referred to as the CSP.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

13 SHARE SCHEMES continued

13.2 CASH-SETTLED SHARE SCHEME

The Total Shareholder Return Hurdled Incentive Plan (the TIP) is a new incentive scheme designed specifically to provide an incentive to selected key staff. The TIP ensures complete alignment between management and shareholders given that the plan is based on a total shareholder return (TSR) as determined by growth in share price and dividends received over a five-year period.

The TIP 2022 operates by way of a tiered option mechanism where predetermined TSR levels are matched to certain threshold (tiered) payout profiles. The vesting date of awards will be five years from the award date. On the vesting date, and subject to the achievement of the applicable performance conditions, the cash realised from the vested options will be delivered to the participants' net of applicable income tax.

In terms of IFRS 2, the scheme is classified as a cash-settled share-based transaction resulting in the recognition of a liability measured at fair value at the reporting date. The fair value of the liability is remeasured at each reporting date until settlement, with any changes to the fair value recognised in profit or loss.

	2022
Fair value of barrier option asset	
Number of options granted to employees (A)	19 605 207
Fair value per option granted (B)	R2.40
Total fair value of options granted to employees (Rm) (AxB)	47
Fair value of cash-settled share scheme liability	
Total fair value of options granted to employees (Rm) (C)	47
Employee services rendered to date in respect of total vesting period (months) (D)	0.02
Total fair value of cash-settled share scheme liability (Rm) (Cx D)	1

The following table sets out the required TSR hurdle rates and the commensurate payoff profile:

TSR hurdle rates (IRR over five years)	Strike price	Target share price (Barriers)	Potential management payoff	Collective value created for shareholders over a five-year period*	Management payoff as percentage of shareholder value
12.50%	R12.96	R14.65	R11.02 million	R7.89 billion	0.14%
15.00%	R12.96	R16.86	R50.98 million	R10.01 billion	0.51%
17.50%	R12.96	R19.29	R124.20 million	R12.34 billion	1.01%

* Collective value created for shareholders represents share price appreciation as well as dividends over the period.

The terms and conditions of the TIP were approved by shareholders at a general meeting held on 31 January 2022 and became effective on 1 March 2022.

The executive directors have been allocated the following percentage of the TIP through exposure to notional shares:

	LG Rapp	LR Cohen	IU Mothibeli
Number of notional shares allocated	3 900 000	2 900 000	2 900 000
Percentage of overall allocation pool	20.0%	15.0%	15.0%

Refer to the directors' report for details in respect of directors' interests in shares via the TIP.

The TIP 2022 is designed in compliance with the requirements of section 97 of the Companies Act, 71 of 2008.

The TIP was implemented through the execution of delta option trades by the TIP transaction facilitator (barrier option entered into with Standard Bank of South Africa) to hedge the cash payment at the vesting date. The group designated this derivative for hedge accounting as a cash flow hedge. Refer to note 25.3 for further details on the barrier option.

Refer to note 26.2 for the effect of the cash-settled scheme on profit or loss.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

14 LONG-TERM LOANS GRANTED

14.1 LOANS GRANTED TO DIRECTORS

Long-term loans are granted to directors and senior management to acquire Vukile shares. The board, after considering the provisions of sections 44 and 45 of the Companies Act, provided financial assistance in the form of loans to executive directors and other members of senior management eligible for participation under the scheme.

No new loans have been granted since June 2019. The loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, the loans are measured at amortised cost using the effective interest method, less allowances for impairment. During the current reporting period, the ECL decreased by R10 million to R16 million due to an increase in the Vukile share price at year-end and the resulting impact on the loan security. The ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument and by assessing the probably of default (PD) and the loss given default (LGD) by applying three economic scenarios, being a V-shaped recovery, U-shaped recovery, and L-shaped recovery.

	2022 Rm	2021 Rm
Loans to acquire Vukile shares	274	280
ECL	(16)	(26)
Carrying value at 31 March	258	254

The loans bear interest at the official SARS interest rate of 5.0% (2021: 4.5%). The loans are secured by 14 342 072 Vukile shares (2021: 14 342 072) with a level 1 fair value of R202 million (2021: R124 million). The loans are repayable on the 10th anniversary of the loans being granted or date of retirement, death or resignation, if earlier unless otherwise determined by the social, ethics and human resources committee.

Refer to the directors' report for further details.

14.2 LOAN TO FETCH ANALYTICS

During the current year Vukile advanced two amounts £46,523 and €159,690 to Fetch Analytics a c.31% held investment in associate. Refer to note 8.1. The loans are measured at amortised cost in accordance with IFRS 9. Foreign exchange movements are recognised in other comprehensive income.

GROUP	2022 Rm
Associate debt funding loan (GBP denominated)	1
Convertible loan notes (EUR denominated)	3
Carrying value at 31 March 2022	4

The GBP denominated loan relates to funding in terms of the shareholder's agreement, and is an interest-free loan with no fixed repayment terms.

The convertible loan notes earn interest at 5% compounded monthly. The notes are redeemable/repayable after 12 months but before 18 months, after which the notes will automatically convert into ordinary shares of Fetch Analytics.

The loans are categorised as Stage 1. There are no cash flows due within the next 12 months and therefore 12-month exposure is Rnil, with the resulting ECL approximating zero.

14.3 LOAN TO MISTRALINE (PTY) LTD

In respect of the sales agreement of Sandton Linbro 7 on Mastiff Business Park, a vendor loan of R16 million was advanced by Vukile to Mistraline (Pty) Ltd. The loan is measured at amortised cost in accordance with IFRS 9.

	2022 Rm
Vendor loan – Sandton Linbro 7 on Mastiff Business Park	16

The loan earns interest at 9% compounded annually and is repayable on 31 March 2026.

The loan is categorised as a Stage 1 with no significant increase in credit risk and ECL approximating zero.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

15 LOANS TO/(FROM) SUBSIDIARIES

COMPANY	2022 Rm	2021 Rm
Loans to/(from) subsidiaries		
Loans to subsidiaries		
All Great Investments (Pty) Ltd	25	18
MICC Properties (Pty) Ltd	(345)	246
Clidet No. 1011 (Pty) Ltd	283	281
Castellana Properties SOCIMI, S.A.	162	303
Total	125	848
Reflected in the statement of financial position under:		
Non-current assets	308	545
Current assets	162	303
Non-current liabilities	(345)	—
Total	125	848

The loan to Clidet No. 1011 (Pty) Ltd earns interest at three-month JIBAR + 250 basis points (2021: JIBAR + 250 basis points) and is repayable on 31 October 2023.

The loan from MICC Properties (Pty) Ltd bears interest at the prime rate and is repayable on 28 February 2027.

The loan to Castellana Properties SOCIMI, S.A. earns interest at 1.75% and is repayable on 21 January 2023.

The loan to All Great Investments (Pty) Ltd earns interest at 8.7% and is repayable on 31 May 2025.

Vukile's accounting policy is to measure intercompany loans at amortised cost. As Vukile applies IFRS 9, loans to subsidiaries are within the scope of the general impairment model.

In applying the general impairment model to the Clidet loan, it would be categorised as Stage 1, since there has not been a significant increase in credit risk since inception of the loan. Since the loan is fully secured, the 12-month ECL approximates zero. Underlying assets in each of the entities exceed the liabilities, with reserves in place.

The All Great Investment loan would be categorised as Stage 1 as there has not been a significant increase in the credit risk. Since there are no cash flows due within the next 12 months, the 12-month exposure is nil and the resulting ECL approximates zero.

ECL in respect of the Castellana loan was tested, as there has not been a significant increase in the credit risk and given that there is an option to convert the debt into equity the 12-month exposure is nil and the resulting ECL approximates zero (31 March 2021: R2 million).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

16 DEFERRED TAXATION

Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the tax rates and tax laws in the expected manner of realisation or settlement of the carrying amount of assets and liabilities that have been enacted at the reporting date.

A deferred taxation liability is recognised for all taxable temporary differences.

A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

The effect on deferred taxation of any changes in tax rates is recognised in the profit or loss for the period, except to the extent that it relates to items previously charged or credited directly to OCI or equity. Where permissible, deferred taxation assets are offset against deferred taxation liabilities.

Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred taxation assets and liabilities comprise the following:

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Amounts received in advance	12	14	11	11
Allowance for bad debt	15	12	13	9
Wear and tear on developments	(69)	(48)	(56)	(33)
Wear and tear on office building	2	2	2	2
Allowance for future expenditure	(5)	(5)	(5)	(5)
Prepayments	1	(3)	2	(2)
Leave pay and other accruals	11	8	11	8
	(33)	(20)	(22)	(10)
Movement				
Balance at 1 April	(20)	(4)	(10)	5
Overprovision in prior year	4	2	2	2
Loss of control of subsidiary	(7)	—	—	—
Other temporary differences ⁽¹⁾⁽²⁾	(10)	(18)	(14)	(17)
Balance at 31 March	(33)	(20)	(22)	(10)
Reflected on the statement of financial position under:				
Deferred taxation assets	—	3	—	—
Deferred taxation liabilities	(33)	(23)	(22)	(10)
	(33)	(20)	(22)	(10)

⁽¹⁾ Includes wear and tear on developments and provision for bad debts.

⁽²⁾ National treasury has decreased the corporate tax rate from 28% to 27% effective for the year ending 31 March 2023. The effect of the reduction is included in other temporary differences.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

17 TRADE AND OTHER RECEIVABLES

Trade and other receivables are non-derivative financial assets that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less expected credit losses.

Discounting is omitted where the effect of discounting is immaterial.

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Gross lease receivables	171	182	82	93
Municipal accruals	115	120	94	99
Expected credit losses	(94)	(70)	(65)	(33)
Prepaid expenses	23	41	21	14
Interest receivable on debentures	—	—	—	66
Municipal deposits	31	66	21	20
Dividends receivable	—	—	10	7
VAT and sundry debtors	63	52	41	26
Total	309	391	204	292

All amounts are short term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value. Further information on the credit risk of lease receivables is set out in note 27.2.

18 STATED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

	2022	2021
Authorised ordinary shares of no par value (000)	1 500 000	1 500 000
Issued ordinary shares of no par value (000)		
Opening balance of issued shares	956 227	956 227
Shares issued during the year	24 000	—
Closing balance of issued shares	980 227	956 227
Reconciliation of movement of issued shares	Rm	Rm
In issue at the beginning of the year	12 838	12 838
Shares issued during the year	300	—
Total	13 138	12 838

SHARES UNDER CONTROL OF THE DIRECTORS

At the AGM held on 31 August 2021, shareholders approved a resolution in terms of which 95 622 663 unissued shares of the company were placed under the control of the directors. During February 2022, 24 million shares were issued for R300 million. At 9 June 2022, 71 622 663 unissued shares under this authority were still under the control of the directors.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

19 OTHER COMPONENTS OF EQUITY

The non-distributable reserves (NDR) within equity, as disclosed below, comprise gains and losses due to the revaluation of investment property, foreign exchange gains and losses, and other capital items. Share-based payments comprising the payments made by the group in respect of long-term incentive and retention scheme awards are included in NDR. Retained earnings include all current and prior period retained profits and losses. Transfers from retained earnings to NDR relate to amounts not included in distributable income as per management's discretion and SA REIT best practice.

GROUP	Non-distributable reserves Rm	Fair value reserve Rm	Foreign currency translation reserve Rm	Cash flow hedges Rm	Total Rm
Balance at 31 March 2020	4 286	—	(178)	(120)	3 988
Transfers to non-distributable reserves	(531)	—	—	—	(531)
Change in ownership of a subsidiary recognised in equity	(3)	—	—	—	(3)
Equity-settled share scheme	45	—	—	—	45
OCI	—	—	(250)	(96)	(346)
Balance at 31 March 2021	3 797	—	(428)	(216)	3 153
Transfers to non-distributable reserves	24	—	—	—	24
Change in ownership of a subsidiary recognised in equity	(38)	—	—	—	(38)
Equity-settled share scheme	35	—	—	—	35
OCI	—	(156)	(642)	153	(645)
Balance at 31 March 2022	3 818	(156)	(1 070)	(63)	2 529

COMPANY	Non-distributable reserves Rm	Fair value reserve Rm	Foreign currency translation reserve Rm	Cash flow hedges Rm	Total Rm
Balance at 31 March 2020	2 569	132	1	(131)	2 571
Equity-settled share scheme	33	—	—	—	33
Transfer from non-distributable reserves	(19)	—	—	—	(19)
OCI	—	(1 098)	(205)	257	(1 046)
Balance at 31 March 2021	2 583	(966)	(204)	126	1 539
Equity-settled share scheme	25	—	—	—	25
Transfer from non-distributable reserves	81	—	—	—	81
OCI	—	26	(3)	(66)	(43)
Balance at 31 March 2022	2 689	(940)	(207)	60	1 602

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

20 NON-CONTROLLING INTEREST

The non-controlling interest of R1.1 billion represents 10.4% of the net asset value of Castellana and 20.0% of the net asset value of Clidet No. 1011 (Clidet) at 31 March 2022. In December 2021, Vukile purchased 4.7 million Castellana shares from minorities for c.R545 million. During March 2022, Castellana issued 12.5 million shares that were acquired by Vukile by way of a loan capitalisation. The following reflects summarised financial information for Castellana and Clidet, prepared in accordance with IFRS, adjusted for fair value adjustments on acquisition and differences in group accounting policies. The information is before intercompany eliminations with other companies in the group.

2022

	Castellana Rm	Clidet Rm	March 2022 Rm
Extracts from statement of profit or loss and other OCI			
Revenue, excluding straight-line lease income adjustment	1 252	69	1 321
Profit after taxation	787	62	849
Attributable to owners of the parent	716	50	766
Attributable to non-controlling interest	71	12	83
Total comprehensive income	756	61	817
Attributable to owners of the parent	717	50	767
Attributable to non-controlling interest	39	11	50
Dividends paid to non-controlling interest during the year	18	5	23
Extracts from statement of financial position			
Non-current assets	17 734	573	18 307
Current assets	560	40	600
Non-current liabilities	(8 065)	(287)	(8 352)
Current liabilities	(424)	(21)	(445)
Net assets	9 805	305	10 110
Net assets attributable to non-controlling interest	1 021	61	1 082
Extracts from statement of cash flows			
Cash flows from operating activities	764	13	777
Cash flows from investing activities	(1 513)	(4)	(1 517)
Cash flows from financing activities	652	—	652
Net cash outflow	(97)	9	(88)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

20 NON-CONTROLLING INTEREST continued

2021

GROUP	Castellana Rm	Clidet Rm	March 2021 Rm
Extracts from statement of profit or loss and OCI			
Revenue, excluding straight-line lease income adjustment	1 018	58	1 076
Loss after taxation	(606)	60	(546)
Attributable to owners of the parent	(428)	48	(380)
Attributable to non-controlling interest	(178)	12	(166)
Total comprehensive income	(745)	60	(685)
Attributable to owners of the parent	(428)	48	(380)
Attributable to non-controlling interest	(317)	12	(305)
Dividends paid to non-controlling interest during the year	92	3	95
Extracts from statement of financial position			
Non-current assets	17 227	534	17 761
Current assets	720	31	751
Non-current liabilities	(7 956)	(283)	(8 239)
Current liabilities	(1 363)	(15)	(1 378)
Net assets	8 628	267	8 895
Net assets attributable to non-controlling interest	1 506	53	1 559
Extracts from statement of cash flows			
Cash flows from operating activities	424	4	428
Cash flows from investing activities	(490)	(2)	(492)
Cash flows from financing activities	(204)	(4)	(208)
Net cash inflow	(270)	(2)	(272)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

21 INTEREST-BEARING BORROWINGS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets.

Capitalisation of borrowing costs ceases when the assets are substantially ready for their intended use or sale. Where applicable, investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Other borrowing costs are expensed in the period in which they are incurred.

Reconciliation of interest-bearing borrowings:

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Balance at 1 April	15 226	18 249	6 688	8 779
Proceeds from additional borrowings raised	8 974	2 647	5 870	2 489
Transaction costs paid	(103)	(12)	(18)	(11)
Transaction costs amortised (non-cash)	117	82	19	15
Repayment of debt	(9 066)	(4 161)	(5 888)	(4 161)
Foreign exchange differences (non-cash)	(76)	(425)	(76)	(423)
Foreign currency translation reserve (non-cash)	(576)	(1 154)	—	—
Balance at 31 March 2022	14 496	15 226	6 595	6 688
Current portion	1 163	2 604	1 135	1 749
Non-current portion	13 333	12 622	5 460	4 939

DETAILS OF BORROWINGS

	2022			
	Total facilities available Rm	Issuances/ drawdowns Rm	Interest rate %	Repayment dates
DMTN programme	1 744			
Variable rate bonds⁽²⁾		1 744	5.7 – 6.2	February 2025
Secured		194		
Unsecured		1 550		
Less: Net debt raising fees offset against borrowings		(1)		
Variable rate bank loans⁽²⁾	7 459	4 538	1.8 – 6.8	March 2027
Secured		4 433		
Covenant Exclusive ⁽¹⁾		105		
Less: Net debt raising fees offset against borrowings		(9)		
Fixed rate bank loans	323	323	3.0	July 2023
Secured		—		
Covenant Exclusive		323		
Company total		6 595		
Secured fixed rate loans	7 123	7 123	2.4	February 2029
Less: Net debt raising fees offset against borrowings		(12)		
Secured variable rate loans⁽²⁾	1 134	926	2.1 – 2.2	June 2031
Less: Net debt raising fees offset against borrowings		(136)		
Foreign debt – Spain		7 901		
Group total		14 496		

⁽¹⁾ Covenant Exclusive Facilities form part of a bank's secured debt with rights to the bank's secured security pool, however, they do not form part of transactional financial covenants.

⁽²⁾ Variable rate loans have been fixed/hedged by way of interest rate swaps. Refer to notes 25, 26 and 27.3.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

21 INTEREST-BEARING BORROWINGS continued

DETAILS OF BORROWINGS continued

	2021			
	Total facilities available Rm	Issuances/ drawdowns Rm	Interest rate ⁽¹⁾ %	Repayment dates
DMTN programme	1 929			
Variable rate bonds⁽²⁾		1 929	5.1 – 5.4	February 2025
Secured		194		
Unsecured		1 735		
Less: Net debt raising fees offset against borrowings		(1)		
Total DMTN debt		1 928		
Variable rate bank loans⁽²⁾	8 105	4 423	1.2 – 6.8	September 2024
Secured		4 311		
Unsecured		113		
Less: Net debt raising fees offset against borrowings		(9)		
Fixed rate bank loans	346	346	3.0	July 2023
Secured		—		
Unsecured		346		
Less: Net debt raising fees offset against borrowings		—		
Company total		6 688		
Secured fixed rate loans	5 877	5 166	1.8 – 1.9	September 2025
Less: Net debt raising fees offset against borrowings		(156)		
Secured variable rate loans⁽²⁾	4 422	3 539	1.3 – 1.8	June 2031
Less: Net debt raising fees offset against borrowings		(10)		
Foreign debt – Spain		8 538		
Group total		15 226		

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

22 LEASE LIABILITY

The lease liability applies to the group's South African portfolio where Vukile is the lessee in land leases.

The incremental borrowing rate applied to the lease liabilities for the year ranged from 10.35% to 15.50%, depending on the lease terms. The average lease term is 37 years. During the year the Durban Workshop land lease agreement was extended for a further 10 years. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Refer to note 27.4 for a maturity analysis of the lease liability.

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Lease liability recognised at 1 April	220	214	195	190
Extension on land lease	90	—	90	—
Loss of control of subsidiary	(24)	—	—	—
Finance costs	22	24	22	21
Lease payments	(18)	(18)	(18)	(16)
	290	220	289	195
Current portion	18	19	18	17
Non-current portion	272	201	271	178
Lease liability at 31 March	290	220	289	195

23 TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest method.

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Trade creditors	275	277	58	66
Accrued municipal expenses	144	152	68	122
Accrued capital expenditure	33	43	32	39
Accrued trade expenses	95	47	93	34
Tenant deposits	63	66	55	58
	610	585	306	319

All amounts are short term. The carrying value of trade and other payables is considered to be a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

24 FAIR VALUE MEASUREMENT

24.1 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

24.2 FAIR VALUE HIERARCHY

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value.

GROUP	2022				2021			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Assets								
Investments in associates at fair value	—	—	—	—	538	—	—	538
Equity investments at fair value through profit or loss	360	—	—	360	309	—	—	309
Equity investments at fair value through other comprehensive income	1 452	—	—	1 452	—	—	—	—
Executive share scheme financial asset	109	—	—	109	57	—	—	57
Derivative financial instruments	—	300	—	300	—	214	1	215
Total	1 921	300	—	2 221	904	214	1	1 119
Liabilities								
Executive share scheme financial liability	—	(63)	—	(63)	—	(26)	—	(26)
Derivative financial instruments	—	(220)	(232)	(452)	—	(578)	(202)	(780)
Total	—	(283)	(232)	(515)	—	(604)	(202)	(806)
Net fair value	1 921	17	(232)	1 706	904	(390)	(201)	313
COMPANY	2022				2021			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Assets								
Investments in associates at fair value	—	—	—	—	279	—	—	279
Equity investments at fair value through profit or loss	127	—	—	127	309	—	—	309
Executive share scheme financial asset	109	—	—	109	57	—	—	57
Derivative financial instruments	—	300	—	300	—	214	1	215
Total	236	300	—	536	645	214	1	860
Liabilities								
Executive share scheme financial liability	—	(63)	—	(63)	—	(26)	—	(26)
Derivative financial instruments	—	(220)	(232)	(452)	—	(544)	(202)	(746)
Total	—	(283)	(232)	(515)	—	(570)	(202)	(772)
Net fair value	236	17	(232)	21	645	(356)	(201)	88

There have been no significant transfers between levels 1, 2 and 3 in the reporting period under review.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

24 FAIR VALUE MEASUREMENT continued**24.2 FAIR VALUE HIERARCHY** continued**Equity investment at fair value**

Listed equity investment: The fair value of shares held in listed property securities (Fairvest, formerly Arrowhead) is determined by reference to the quoted closing price at the reporting date.

Executive share scheme financial assets and liabilities

This comprises equity-settled share-based long-term incentive reimbursement rights stated at fair value. The level 1 asset is determined with reference to Vukile's share price. Refer to note 13 for further details.

Derivative financial instruments

Level 2 derivatives consist of interest rate swap contracts, cross-currency interest rate swaps, forward exchange contracts and barrier call options. The fair values of these derivative instruments are determined by Vukile's and Castellana's bank funders, using a valuation technique that maximises the use of observable market inputs. Level 3 derivatives consist of net settled derivatives and share warrants that have been valued using the Black Scholes option pricing model. Please refer to notes 25.1 and 25.2.

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

24.3 FINANCIAL INSTRUMENTS BY CATEGORY

GROUP	2022			2021	
	Financial assets at amortised cost Rm	Fair value through profit or loss Rm	Fair value through other comprehensive income Rm	Financial assets at amortised cost Rm	Fair value through profit or loss Rm
Assets per statement of financial position					
Cash and cash equivalents	565	—	—	1 003	—
Investments in associate – fair value	—	—	—	—	538
Equity investments at fair value through profit or loss	—	360	—	—	309
Equity investment at fair value through other comprehensive income	—	—	1 452	—	—
Executive share scheme financial asset	—	46	—	—	31
Derivative financial instruments	—	300	—	—	215
Long-term loans granted	278	—	—	254	—
Trade and other receivables (excluding prepayments)	286	—	—	350	—
GROUP	2022		2021		
	Financial liabilities at amortised cost Rm	Fair value through profit or loss Rm	Financial liabilities at amortised cost Rm	Fair value through profit or loss Rm	
Liabilities per statement of financial position					
Non-current portion of borrowings	13 333	—	12 622	—	
Derivative financial instruments	—	452	—	782	
Lease liability	290	—	220	—	
Share scheme liability	—	1	—	—	
Trade and other payables (excluding IFRS 9 liabilities)	610	—	585	—	
Current portion of borrowings	1 163	—	2 604	—	

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

24 FAIR VALUE MEASUREMENT continued

24.3 FINANCIAL INSTRUMENTS BY CATEGORY continued

COMPANY	2022		2021	
	Financial assets at amortised cost Rm	Fair value through profit or loss Rm	Financial assets at amortised cost Rm	Fair value through profit or loss Rm
Assets per statement of financial position				
Cash and cash equivalents	43	—	350	—
Investments in associate – fair value	—	—	—	279
Equity investments at fair value through profit or loss	—	127	—	309
Executive share scheme financial asset	—	46	—	31
Derivative financial instruments	—	300	—	215
Long-term loans granted	274	—	254	—
Trade and other receivables (excluding prepayments)	183	—	278	—
Loans to subsidiaries	470	—	848	—
COMPANY	2022		2021	
	Financial liabilities at amortised cost Rm	Fair value through profit or loss Rm	Financial liabilities at amortised cost Rm	Fair value through profit or loss Rm
Liabilities per statement of financial position				
Non-current portion of borrowings	5 460	—	4 939	—
Derivative financial instruments	—	452	—	746
Lease liability	289	—	195	—
Share scheme liability	—	1	—	—
Trade and other payables (excluding IFRS 9 liabilities)	306	—	308	—
Current portion of borrowings	1 135	—	1 749	—
Loans from subsidiaries	345	—	—	—

24.4 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (INVESTMENT PROPERTY)

At 31 March 2022, the directors valued the South African property portfolio at R14.47 billion (31 March 2021: R15.6 billion) (excluding the non-controlling interest in Clidet), and an external valuer valued the Spanish portfolio at R16.2 billion (31 March 2021: R17.1 billion).

At 31 March 2022, the directors valued the Vukile company property portfolio at R12.8 billion (31 March 2021: R13.1 billion).

Note that in all instances referred to above, any reduction in value from the previous year to the current year is due to non-core asset sales, as opposed to a reduction in the fair valuation of the existing property portfolio.

The external valuations performed by Quadrant Properties (Pty) Ltd and Knight Frank (Pty) Ltd at 31 March 2022 on 52% of the South African portfolio were in line with the directors' valuations. The Spanish portfolio was valued by Colliers International.

The fair values of commercial buildings are estimated using a discounted cash flow method, which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields. The estimated rental stream takes into account current occupancy levels, estimates of future vacancy levels, the terms of in-place leases and expectations of rentals from future leases over the remaining economic life of the buildings.

The estimated fair value would increase/(decrease) if the expected market rental growth was higher/(lower), expected expense growth was lower/(higher), the vacant periods were shorter/(longer), the occupancy rate was higher/(lower), the rent-free periods were shorter/(longer), the discount rate was lower/(higher) and/or the reversionary capitalisation rate was lower/(higher).

NOTES TO THE FINANCIAL STATEMENTS continued

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24 FAIR VALUE MEASUREMENT continued

24.4 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (INVESTMENT PROPERTY) continued

The most significant inputs are the discount rate and the reversionary capitalisation rate. The inputs used in the valuations were:

	2022				2021			
	Discount rate (%)		Reversionary capitalisation rate (%)		Discount rate (%)		Reversionary capitalisation rate (%)	
	Range	Weighted average	Range	Weighted average	Range	Weighted average	Range	Weighted average
South Africa	12.7 to 19.6	13.5	7.7 to 15.3	9.0	12.7 to 19.6	13.8	7.7 to 15.3	9.2
Spain	7.3 to 9.5	8.1	5.0 to 6.9	6.1	7.3 to 9.0	8.2	5.0 to 9.3	6.2
Company	12.7 to 19.6	13.5	7.7 to 15.3	9.0	12.7 to 19.6	13.6	7.7 to 15.3	9.1

South Africa

The discount rate and reversionary capitalisation rate have been disaggregated based on geography. The table below also illustrates the impact on valuations resulting from changes in base discount rates as well as net operating income (NOI) for year one and the capitalisation year. Impact on the valuations below approximate more than 95% in respect of the impact on company valuations.

South African directly held property portfolio	2022						
	Portfolio exposure %	Average discount rate %	Average exit capitalisation rate %	Valuation impact if base discount rate is increased by 50bps %	Valuation impact of 50% NOI reduction in year one %	Valuation impact of 5% NOI reduction in capitalisation year %	Valuation impact of 5% NOI reduction in cash flow in capitalisation year %
Total portfolio	100.0	13.5	9.0	(5.6)	(4.1)	(3.5)	(5.1)
Retail	95.0	13.5	8.9	(5.6)	(4.1)	(3.5)	(5.1)
Other	5.0	14.0	10.7	(5.0)	(4.8)	(2.6)	(5.2)
Gauteng	40.0	13.4	8.9	(5.7)	(4.0)	(3.6)	(5.1)
KwaZulu-Natal	20.0	13.4	8.8	(5.4)	(4.0)	(3.2)	(5.1)
Free State	9.0	13.1	8.5	(5.9)	(3.9)	(3.7)	(5.1)
Western Cape	8.0	13.2	9.1	(5.5)	(4.2)	(3.4)	(5.1)
Eastern Cape	8.0	13.6	9.1	(5.5)	(4.1)	(3.6)	(5.1)
Limpopo	7.0	14.1	9.4	(5.1)	(4.6)	(3.3)	(5.0)
Mpumalanga	4.0	15.1	10.6	(4.9)	(4.8)	(3.4)	(5.1)
North West	4.0	14.0	9.2	(5.6)	(4.3)	(3.4)	(5.0)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

24 FAIR VALUE MEASUREMENT continued

24.4 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (INVESTMENT PROPERTY) continued

Given that the discount rate for the portfolio ranges from 12.7 to 19.6, the table above has been further disaggregated based on risk showing discount rates below 14%, between 14%-16% and above 16%. Refer to the following three tables:

Discount rate below 14%	2022						
	Portfolio exposure %	Average discount rate %	Average exit capitalisation rate %	Valuation impact if base discount rate is increased by 50bps %	Valuation impact of 50% NOI reduction in year one %	Valuation impact of 5% NOI reduction in capitalisation year %	Valuation impact of 5% NOI reduction in cash flow in capitalisation year %
Total portfolio	66.0	12.9	8.4	(5.9)	(3.8)	(3.5)	(5.1)
Retail	63.0	12.9	8.3	(5.9)	(3.8)	(3.6)	(5.1)
Other	3.0	13.0	9.4	(5.7)	(4.4)	(2.4)	(5.4)
Gauteng	28.0	12.9	8.3	(6.0)	(3.9)	(3.7)	(5.1)
KwaZulu-Natal	16.0	13.2	8.6	(5.5)	(3.9)	(3.2)	(5.1)
Free State	6.0	12.7	7.7	(6.4)	(3.5)	(3.8)	(5.1)
Western Cape	5.0	12.7	8.7	(5.7)	(4.0)	(3.4)	(5.1)
Eastern Cape	4.0	13.2	8.5	(5.8)	(3.9)	(3.7)	(5.1)
Limpopo	3.0	12.7	8.0	(6.1)	(3.7)	(3.7)	(5.0)
North West	4.0	13.2	8.4	(5.9)	(3.9)	(3.6)	(5.0)

Discount rate between 14% and 16%	2022						
	Portfolio exposure %	Average discount rate %	Average exit capitalisation rate %	Valuation impact if base discount rate is increased by 50bps %	Valuation impact of 50% NOI reduction in year one %	Valuation impact of 5% NOI reduction in capitalisation year %	Valuation impact of 5% NOI reduction in cash flow in capitalisation year %
Total portfolio	29.0	14.2	9.7	(5.1)	(4.4)	(3.4)	(5.1)
Retail	28.0	14.2	9.7	(5.1)	(4.4)	(3.4)	(5.1)
Other	1.0	14.2	11.2	(4.6)	(4.8)	(2.8)	(5.1)
Gauteng	9.0	14.2	9.6	(5.3)	(4.2)	(3.5)	(5.1)
KwaZulu-Natal	4.0	14.2	9.7	(5.2)	(4.4)	(3.5)	(5.1)
Free State	3.0	14.0	10.1	(4.9)	(4.6)	(3.4)	(5.0)
Western Cape	3.0	14.0	9.7	(5.1)	(4.4)	(3.5)	(5.0)
Eastern Cape	4.0	14.0	9.6	(5.1)	(4.3)	(3.5)	(5.0)
Limpopo	3.0	14.9	10.3	(4.2)	(5.4)	(2.8)	(5.0)
Mpumalanga	3.0	14.3	9.5	(5.3)	(4.3)	(3.6)	(5.1)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

24 FAIR VALUE MEASUREMENT continued

24.4 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (INVESTMENT PROPERTY) continued

Discount rate above 16%	2022						
	Portfolio exposure %	Average discount rate %	Average exit capitalisation rate %	Valuation impact if base discount rate is increased by 50bps %	Valuation impact of 50% NOI reduction in year one %	Valuation impact of 5% NOI reduction in capitalisation year %	Valuation impact of 5% NOI reduction in cash flow in capitalisation year %
Total portfolio	5.0	16.7	12.7	(4.0)	(5.7)	(3.0)	(5.1)
Retail	4.0	16.8	12.5	(4.1)	(5.6)	(3.0)	(5.1)
Other	1.0	16.3	13.6	(3.7)	(5.7)	(3.1)	(5.1)
Gauteng	3.0	16.3	12.4	(4.1)	(5.5)	(3.2)	(5.1)
Limpopo	1.0	16.3	11.8	(4.2)	(5.2)	(3.2)	(5.0)
Mpumalanga	1.0	17.0	13.4	(3.9)	(5.9)	(3.0)	(5.2)
North West	0.0	19.6	15.3	(3.5)	(7.2)	(1.5)	(5.2)

The table below also illustrates the impact on valuations resulting from changes in NOI for the year ended 31 March 2021:

Southern African directly held property portfolio	2021						
	Portfolio exposure %	Average discount rate %	Average exit capitalisation rate %	Valuation impact if base discount rate is increased by 50bps %	Valuation impact of 50% NOI reduction in year one %	Valuation impact of 5% NOI reduction in capitalisation year %	Valuation impact of 5% NOI reduction in cash flow and capitalisation year %
Total portfolio	100.0	13.7	9.2	(5.2)	(4.2)	(3.4)	(5.1)
Retail	95.0	13.7	9.1	(5.2)	(4.2)	(3.5)	(5.1)
Other	5.0	14.1	10.7	(4.9)	(4.6)	(2.7)	(5.2)
Gauteng	38.0	13.6	9.1	(5.5)	(4.1)	(3.5)	(5.1)
KwaZulu-Natal	21.0	13.5	8.9	(4.8)	(4.2)	(3.3)	(5.1)
Western Cape	7.0	13.2	9.1	(5.4)	(4.1)	(3.4)	(5.1)
Free State	8.0	13.2	8.6	(5.7)	(3.9)	(3.6)	(5.0)
Limpopo	7.0	14.2	9.5	(4.9)	(4.6)	(3.2)	(5.0)
Eastern Cape	7.0	13.6	8.9	(5.5)	(4.0)	(3.6)	(5.1)
Namibia	5.0	15.9	11.5	(4.2)	(4.9)	(2.8)	(5.2)
North West	4.0	14.3	9.5	(4.1)	(4.3)	(3.4)	(5.0)
Mpumalanga	3.0	14.9	10.5	(4.8)	(4.7)	(3.4)	(5.1)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

24 FAIR VALUE MEASUREMENT continued

24.4 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (INVESTMENT PROPERTY) continued

The above information has been further disaggregated based on risk (discount rates.) Refer to the following three tables:

Discount rate below 14%	Portfolio exposure %	Average discount rate %	Average exit capitalisation rate %	2021			
				Valuation impact if base discount rate is increased by 50bps %	Valuation impact of 50% NOI reduction in year one %	Valuation impact of 5% NOI reduction in capitalisation year %	Valuation impact of 5% NOI reduction in cash flow and capitalisation year %
Total portfolio	59.0	13.0	8.4	(5.7)	(3.9)	(3.5)	(5.1)
Retail	56.0	13.0	8.4	(5.7)	(3.8)	(3.6)	(5.1)
Other	3.0	13.1	9.2	(5.6)	(4.2)	(2.4)	(5.3)
Gauteng	25.0	13.0	8.5	(5.8)	(3.8)	(3.6)	(5.1)
KwaZulu-Natal	15.0	13.2	8.5	(5.4)	(4.0)	(3.2)	(5.1)
Western Cape	4.0	12.7	8.7	(5.7)	(3.9)	(3.4)	(5.1)
Free State	5.0	12.7	7.9	(6.1)	(3.6)	(3.7)	(5.0)
Limpopo	3.0	12.7	8.1	(5.9)	(3.7)	(3.7)	(5.0)
Eastern Cape	4.0	13.2	8.3	(5.9)	(3.7)	(3.7)	(5.1)
North West	3.0	13.2	8.3	(5.8)	(3.9)	(3.7)	(5.0)

Discount rate between 14% and 16%	Portfolio exposure %	Average discount rate %	Average exit capitalisation rate %	2021			
				Valuation impact if base discount rate is increased by 50bps %	Valuation impact of 50% NOI reduction in year one %	Valuation impact of 5% NOI reduction in capitalisation year %	Valuation impact of 5% NOI reduction in cash flow and capitalisation year %
Total portfolio	34.0	14.4	9.9	(4.5)	(4.5)	(3.4)	(5.1)
Retail	33.0	14.4	9.8	(4.5)	(4.5)	(3.4)	(5.1)
Other	1.0	14.4	12.4	(4.1)	(4.8)	(3.2)	(5.1)
Gauteng	9.0	14.2	9.6	(5.1)	(4.2)	(3.5)	(5.1)
KwaZulu-Natal	6.0	14.5	9.9	(3.4)	(4.6)	(3.5)	(5.1)
Western Cape	3.0	14.0	9.8	(5.0)	(4.6)	(3.5)	(5.1)
Free State	3.0	14.0	10.0	(4.9)	(4.5)	(3.5)	(5.0)
Limpopo	3.0	14.9	10.3	(4.2)	(5.2)	(2.9)	(5.0)
Eastern Cape	3.0	14.0	9.5	(5.2)	(4.2)	(3.6)	(5.1)
Namibia	4.0	15.2	10.3	(4.4)	(4.7)	(2.7)	(5.1)
North West	1.0	15.0	10.2	(4.5)	(4.5)	(3.4)	(5.1)
Mpumalanga	2.0	14.3	9.6	(5.1)	(4.3)	(3.5)	(5.1)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

24 FAIR VALUE MEASUREMENT continued

24.4 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (INVESTMENT PROPERTY) continued

	Portfolio exposure %	Average discount rate %	Average exit capitalisation rate %	2021			
				Valuation impact if base discount rate is increased by 50bps %	Valuation impact of 50% NOI reduction in year one %	Valuation impact of 5% NOI reduction in capitalisation year %	Valuation impact of 5% NOI reduction in cash flow and capitalisation year %
Total portfolio	7.0	16.8	12.8	(4.0)	(5.5)	(3.1)	(5.2)
Retail	6.0	17.0	12.7	(4.0)	(5.5)	(3.1)	(5.2)
Other	1.0	16.3	13.2	(3.9)	(5.6)	(3.3)	(5.2)
Gauteng	4.0	16.3	12.2	(4.1)	(5.3)	(3.3)	(5.2)
Limpopo	1.0	16.3	11.9	(4.1)	(5.4)	(3.2)	(5.0)
Namibia	1.0	18.1	14.1	(3.6)	(5.4)	(3.1)	(5.2)
North West		19.6	15.3	(3.4)	(7.0)	(1.4)	(5.2)
Mpumalanga	1.0	16.3	12.6	(4.1)	(5.8)	(3.1)	(5.3)

Spain

The tables below show the impact on the fair value of investment property, per property type, for a 25bps change in discount rate:

	2022	
	Change in discount rate	
	25bps decrease €'000	25bps increase €'000
Retail	14 960	(20 270)
Theoretical result	14 960	(20 270)
	2021	
	Change in discount rate	
	25bps decrease €'000	25bps increase €'000
Retail	17 360	(16 960)
Office	410	(410)
Land and purchase option	330	(320)
Theoretical result	18 100	(17 690)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

24 FAIR VALUE MEASUREMENT continued

24.4 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (INVESTMENT PROPERTY) continued

The effect of a 25bps change to the base discount rate will have the following impact on the valuation of the portfolio:

GROUP – South Africa ⁽¹⁾	Fair value Rm	25bps increase			25bps decrease		
		Decreased fair value Rm	Decrease Rm	% decrease	Increased fair value Rm	Increase Rm	% increase
2022	14 472	14 066	(406)	(2.8)	14 903	431	3.0
2021	15 554	15 143	(411)	(2.6)	15 991	437	2.8

GROUP – Spain ⁽²⁾	Fair value €m	25bps increase			25bps decrease		
		Decreased fair value €m	Decrease Rm	% decrease	Increased fair value €m	Increase Rm	% increase
2022	1 001	981	(328)	(2.0)	1 016	242	1.5
2021	987	969	(306)	(1.8)	1 005	313	1.8

COMPANY	Fair value Rm	25bps increase			25bps decrease		
		Decreased fair value Rm	Decrease Rm	% decrease	Increased fair value Rm	Increase Rm	% increase
2022	12 849	12 489	(360)	(2.8)	13 231	382	3.0
2021	13 197	12 845	(352)	(2.7)	13 570	373	2.8

⁽¹⁾ Fair value excludes non-controlling interest in Clidet.

⁽²⁾ Fair value sensitivity analysis at 25bps increase/decrease for standing investments and c.100bps increase/decrease for land and related options.

The following table reflects the levels within the hierarchy of non-financial assets measured at fair value at 31 March:

	GROUP		COMPANY	
	31 March 2022 Recurring fair value measurements Level 3 Rm	31 March 2021 Recurring fair value measurements Level 3 Rm	31 March 2022 Recurring fair value measurements Level 3 Rm	31 March 2021 Recurring fair value measurements Level 3 Rm
Investment property	30 571	32 193	12 663	12 635
Right-of-use asset	290	220	289	195

	GROUP		COMPANY	
	31 March 2022 Non-recurring fair value measurements Level 3 Rm	31 March 2021 Non-recurring fair value measurements Level 3 Rm	31 March 2022 Non-recurring fair value measurements Level 3 Rm	31 March 2021 Non-recurring fair value measurements Level 3 Rm
Investment property held for sale	187	562	187	562

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

25 DERIVATIVE FINANCIAL INSTRUMENTS

The group uses derivative financial instruments including interest rate swaps, forward exchange contracts and cross-currency interest rate swaps to hedge its exposure to interest rates and currency risk. It is the policy of the group not to trade in derivative financial instruments for speculative purposes. Derivative financial instruments are initially and subsequently recognised at fair value.

In terms of IFRS 9, the group enters into net investment hedges and cash flow hedges. Any ineffective portion of the hedge is recognised in profit or loss for the period.

	Note	GROUP		COMPANY	
		2022 Assets/ (liabilities) Rm	2021 Assets/ (liabilities) Rm	2022 Assets/ (liabilities) Rm	2021 Assets/ (liabilities) Rm
Derivative assets are disclosed as follows:					
Non-current portion		260	168	260	168
FEC	26	212	167	212	167
CCIRS	26	—	—	—	—
IRS	26	1	1	1	1
Share warrant	25.2	—	—	—	—
Barrier option	25.3	47	—	47	—
Current portion		40	47	40	47
FEC	26	34	45	34	45
CCIRS	26	1	—	1	—
IRS	26	5	1	5	1
Share warrant	26	—	1	—	1
Total		300	215	300	215
Derivative liabilities are disclosed as follows:					
Non-current portion		(373)	(279)	(373)	(246)
FEC	26	(51)	—	(51)	—
CCIRS	26	—	(40)	—	(40)
IRS	26	(90)	(239)	(90)	(206)
Net settled derivative	25.1	(232)	—	(232)	—
Current portion		(79)	(501)	(79)	(500)
FEC	26	(76)	—	(76)	—
CCIRS	26	(2)	(297)	(2)	(297)
IRS	26	(1)	(2)	(1)	(1)
Net settled derivative	25.1	—	(202)	—	(202)
Total		(452)	(780)	(452)	(746)

Refer to note 27.4 for the maturity analysis of the group's derivatives.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

25 DERIVATIVE FINANCIAL INSTRUMENTS continued

Current year movements in derivative instruments were as follows:

GROUP	CCIRS Rm	FEC Rm	SA IRS Rm	Other derivatives Rm	Company Rm	Spain IRS Rm	Group Rm
Balance at 1 April 2021	(337)	212	(204)	(201)	(530)	(36)	(566)
Cash flow	103	(37)	100	104	270	13	283
OCI	149	(184)	116	3	84	36	120
Realised gains and losses (profit or loss)	143	128	(99)	(59)	113	(13)	100
Other (profit or loss)	(59)	—	2	(32) ⁽¹⁾	(89)	—	(89)
Balance at 31 March 2022	(1)	119	(85)	(185)	(152)	—	(152)

⁽¹⁾ Fair value movement on other financial instruments of -R32 million in the statement of profit or loss comprises of other derivatives: net settled derivative -R31 million and share warrant -R1 million (refer to notes 25.1 and 25.2 respectively).

25.1 NET SETTLED DERIVATIVE

Derivative financial liabilities include a net settled derivative of R232 million (31 March 2021: R202 million) in respect of the Morzal acquisition.

Two co-investors participated in the acquisition of four shopping centres from Unibail-Rodamco together with Vukile, which resulted in these co-investors holding 25.6% shareholding in Castellana. The shareholder agreement concluded in terms of this transaction provided for an exit for the two co-investors on 31 July 2021.

During the current year the option was extended by three years to 31 July 2024. The counterparty (i.e. Merev) agreed to the three-year extension in terms of which Vukile agreed to a three-year top-up of the Castellana dividend, if the yield on the dividend, based on a Castellana share price of €6.50, was less than 6% per annum.

On 1 December 2021 the option was amended to cater for the purchase of 3.5 million Castellana shares, simultaneously the strike price was reduced to €6.00.

Castellana is required to act as agent to sell the Merev shareholding in Castellana to a third party, at a predetermined price. In the event that Castellana does not successfully place the shares at the predetermined price, Vukile will be required to make good the difference between the selling price and the predetermined price (Vukile will be required to net settle any shortfall).

The valuation of the derivative has been calculated using a Black Scholes option pricing model, which assumes the efficient market hypothesis, requiring that markets react to perfect information and that share price movements are normally distributed. Although Castellana shares are listed, they are illiquid. The Black Scholes model still provides the best estimate of the value of this derivative.

The following inputs were used in the Black Scholes option pricing model at 31 March 2022:

Description	Put	
Number of shares (options)	As specified in legal agreements	9 833 333
Strike price	As specified in legal agreements	6.00
Exchange rate	Closing rate	16.16
Expiry date	As specified in legal agreements	31 July 2024
Discount rate	Three-year Euribor (Euro Interbank Offered Rate) swap (%)	0.80
Volatility of the index price	In terms of an index based on the largest 10 Spanish REITs (%)	10.22
Share price	Fair value of Castellana	5.27

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

25 DERIVATIVE FINANCIAL INSTRUMENTS continued

25.1 NET SETTLED DERIVATIVE continued

Sensitivity analysis

If the discount rate of 0.80% was increased to 0.90%, the valuation would increase by EUR126 168. If the discount rate was decreased to 0.70%, the valuation would decrease by EUR127 136.

If the volatility of the index price of 10.22% was increased to 11.0%, the valuation would decrease by EUR206 800. If the volatility was decreased to 7.5%, the valuation would increase by EUR645 790.

The following inputs were used in the Black Scholes option pricing model at 31 March 2021:

Description	Put	
Number of shares (options)	As specified in legal agreements	13 332 833
Strike price	As specified in legal agreements	6.50
Exchange rate	Closing rate	17.32
Expiry date	As specified in legal agreements	31 July 2021
Discount rate	Three-year Euribor swap (%)	(0.45)
Volatility of the index price	In terms of an index based on the largest 10 Spanish REITs (%)	11.02
Share price	Fair value of Castellana	5.64

The table below details the movement in the derivative balance:

	2022 Rm	2021 Rm
Opening balance	(202)	(163)
Fair value movement	(30)	(39)
Closing balance	(232)	(202)

25.2 SHARE WARRANT

Vukile entered into an agreement with Diversified Real Estate Management S.L. (DREAM), in terms of which Vukile has the right to instruct the shareholders of DREAM, at any time up to 7 December 2021, to issue sufficient share capital in DREAM to Vukile, resulting in Vukile owning 50% of the shares in DREAM.

During the prior year, Vukile elected to exercise 50% of the right, resulting in Vukile obtaining 25.09% of the issued share capital in DREAM. Refer to note 9 for further details on the investment in DREAM. At 31 March 2022 the option had expired and was accordingly valued at zero.

25.3 BARRIER OPTION

During the year, Vukile entered into a barrier option agreement with Standard Bank of South Africa. The option was entered into to hedge the cash-settled share scheme awarded to executives and senior management during the year, by entering into an equal and opposite barrier call option cash-settled derivative instrument referencing VKE:SJ. Refer to note 13.2 for further details on the scheme. Also refer to note 26.2.

The option was initially recognised at a value of R45 million in respect of the option premium payment made. Thereafter the barrier option is remeasured to fair value at each reporting date. The fair value at 31 March 2022 amounts to R47 million. The valuation of the derivative has been calculated using the Barrier Option pricing model by Standard Bank of South Africa.

The following inputs were used in the Barrier Option pricing model at 31 March 2022:

Description	Call	
Number of shares (options)	As specified in legal agreements	19 605 207
Strike price	As specified in legal agreements	12.96
Expiry date	As specified in legal agreements	15 March 2027
Share price	Fair value of Vukile	14.06

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

26 HEDGE ACCOUNTING

IFRS 9 requires that the group's hedge accounting relationships are aligned with risk management objectives and strategies and applies a more qualitative and forward-looking approach in assessing hedge effectiveness. Changes to Vukile or the counterparty's credit risk is a potential source of hedge ineffectiveness. As all critical terms match, the economic relationships and hedge ratios are 100% effective. The group designated the following hedging relationships:

	GROUP	COMPANY
Interest rate swaps	Interest rate swaps are used to hedge floating rate debt, designated as a cash flow hedge. Refer to note 26.1.	Interest rate swaps are used to hedge floating rate debt, designated as a cash flow hedge. Refer to note 26.1.
Barrier option	Barrier option used to hedge cash-settled share scheme, designated as a cash flow hedge. Refer to note 26.2.	Barrier option used to hedge cash-settled share scheme, designated as a cash flow hedge. Refer to note 26.2.
Foreign exchange contracts	Forward exchange contracts are used to hedge exposures arising from net investments in foreign operations and Euro cash held by Vukile, designated as a net investment hedge. Refer to note 26.3.	Forward exchange contracts are used to hedge exposures arising from investments in group entities and Euro cash held by Vukile, designated as a cash flow hedge. Refer to note 26.3
Cross-currency interest rate swaps (CCIRS)	CCIRS are used to hedge exposures arising from net investments in foreign operations and Euro cash held by Vukile, designated as a net investment hedge. Refer to note 26.4.	CCIRS are used to hedge exposures arising from investments in group entities and Euro cash held by Vukile, designated as a net investment hedge. Refer to note 26.4

26.1 INTEREST RATE SWAPS

The group's policy is to minimise interest rate cash flow risk exposures on interest-bearing debt by hedging at least 75% of interest-bearing debt through fixed rate loans or by way of interest rate swaps. In terms of the group's hedging strategy, access facilities are not hedged.

At 31 March 2022 the group and company had interest-bearing borrowings of R14.5 billion and R6.6 billion respectively (31 March 2021: R15.4 billion, company: R6.7 billion). In the group Interest rates equating to 75.5% (company: 59.2%) of interest-bearing debt (group 31 March 2021: 78%, company: 64.2%) have been fixed.

The group has entered into interest rate swaps whereby the variable rate loans have been converted to fixed rate debt as follows:

	GROUP		COMPANY	
	2022 nominal value Rm	2021 nominal value Rm	2022 nominal value Rm	2021 nominal value Rm
Rand denominated swaps	3 384	2 484	3 384	2 484
Foreign currency denominated swaps	105	9 398	105	4 187
Total interest rate swaps	3 489	11 882	3 489	6 671
Weighted average fixed and hedged maturity (years)	2.73	2.55	2.39	3.28

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

26 HEDGE ACCOUNTING continued**26.2 BARRIER OPTION**

The group is exposed to cash flow risk on the vesting of the TIP cash-settled share scheme awarded to executives and senior management in the current year. A barrier option agreement was entered into with Standard Bank of South Africa to hedge the cash payment on vesting date. The group has designated the hedging relationship as a cash flow hedge with the cash-settled share scheme being the hedged item and the barrier option the hedging instrument.

	2022 Rm
Cash flow hedge reserve released to employee benefits expense*	–
Share based payment recognised as employee benefits expense	(1)
Total impact on profit or loss for the year	(1)

*Amounts below R1 million.

26.3 FORWARD EXCHANGE CONTRACTS

A foreign currency exposure arises from net investments in group entities whose functional currency differs from the parent's functional currency. The risk is defined as the risk of fluctuation in spot exchange rates between the functional currency of the net investments and the parent's functional currency. This will cause the amount of the net investment to vary. Such a risk may have a significant impact on the group's financial statements.

The group is exposed to currency risk to the extent that there is a mismatch between the currencies in which dividends and borrowings are denominated and the functional currencies used by the group companies. The primary functional currencies used by the group are the Rand and the Euro. Forward exchange contracts are entered into to limit exposure to currency fluctuations on net investments in offshore associates and subsidiaries.

Vukile has adopted a strategy of hedging its foreign currency dividends received from Castellana (Euro). Vukile enters into hedges to target an approximate 60% cover of Castellana's net dividend cash flow over a five-year period.

Euro foreign exchange currency hedges

Maturity date	Jun	Dec	June	Dec	June	Dec	June	Dec	June
	2022	2022	2023	2023	2024	2024	2025	2025	2026
	€m	€m	€m	€m	€m	€m	€m	€m	€m
FEC hedge – nominal value	1	7	7	7	7	5	6	2	3
Fixed EUR/R rate	20.7	21.4	22.3	23.1	24.0	24.3	25.2	26.2	25.5

26.4 CROSS-CURRENCY INTEREST RATE SWAPS

Rand denominated loans obtained for certain foreign acquisitions together with cash raised from property sales and equity raises, were utilised to enter into cross-currency interest rate derivatives to swap the Rand for a foreign currency. The interest receipt on the hedge of R108 million is recognised in profit or loss. As only the nominal amount of the CCIRS is designated in a hedge relationship, an amount of R59 million is recognised directly in profit or loss as the fair value movement on the non-designated portion of the derivative.

Maturity of existing CCIRS	June 2022	June 2022
Nominal value: Euro	€40.0 million	€25.5 million
Nominal value: ZAR	R629.9 million	R401.4 million
Weighted average ZAR rate	12.9%	12.9%
Foreign rate	3.7%	3.7%

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

27 FINANCIAL INSTRUMENTS RISK

27.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The ARC is responsible for developing and monitoring the group's risk management policies. The ARC reports regularly to the board of directors on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The ARC oversees management compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The group operates an outsourced internal audit function. For the year under review, EY fulfilled the function of outsourced internal audit service provider. Internal audit is responsible for assisting the board and management in maintaining an effective internal control environment by evaluating those controls continuously, to determine whether they are adequately designed and operating efficiently and effectively and to recommend improvements.

The group's financial instruments consist mainly of derivatives, financial assets, loan receivables, deposits with banks, accounts receivable and payable, long-term borrowings, and loans to and from subsidiaries. The group purchases or issues financial instruments to finance operations and to manage interest rate and foreign currency risks that may arise from time to time. The group does not engage in the trading of financial assets or entering into derivative transactions for speculative purposes.

27.2 CREDIT RISK ANALYSIS

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The group has no significant concentration of credit risk, as exposure is spread over a large number of counterparties.

Potential areas of credit risk comprise mainly cash, money market funds, trade receivables, derivative financial instruments and long-term loans granted. In order to minimise any possible risks relating to cash, derivatives and money market funds, the group only uses reputable banks and AA rated money market funds, up to predetermined levels.

While cash and cash equivalents and tenant deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. The risks regarding long-term loans granted to directors and senior management are minimised by a cession of Vukile listed shares, held by directors and senior management, and personal suretyship provided by the borrowers in favour of the company. At 31 March 2022, Vukile did, however, raise an ECL of R16 million (31 March 2021: R26 million), due to the impact of COVID-19 headwinds and the broader economy. The provision was calculated using three scenarios – a baseline, an optimistic, and a pessimistic scenario. The probability of default was applied against the LGD at the date of maturity for each of the three scenarios.

Trade receivables consist of a large, widespread tenant base. Management has established a credit policy in terms of which each new tenant is analysed individually for creditworthiness before the group's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. When available, the group's credit review includes external ratings. The group monitors the financial position of its tenants on an ongoing basis. The group's lease receivables are subject to an ECL model, and amounted to approximately R93.7 million (31 March 2021: R69.9 million). The group held tenant cash deposits amounting to R104.3 million at 31 March 2022 (31 March 2021: R189.4 million), as collateral for the rental commitments of tenants.

The expected loss rates are based on the payment profiles of the tenants, and the historical credit losses experienced within the period. A default was considered to be at the point where a tenant passes 90 days. Once an amount passes the default point for the purposes of calculating the ECL, the recoveries, write-offs and timing is tracked to determine loss rates. The group performed the calculation of ECL rates separately for national tenants, government entities, and other tenants. Exposures within each group were segmented based on common credit risk characteristics. The weighted average loss rate was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the group's view of economic conditions over the expected lives of the receivables, taking into consideration the pressure facing smaller tenants due to lockdown regulations and the possible increase in probability of default.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

27 FINANCIAL INSTRUMENTS RISK continued

27.2 CREDIT RISK ANALYSIS CONTINUED

Analysis of credit quality of financial assets is as follows:

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Gross lease receivables	171	182	82	93
Municipal accruals	115	120	94	99
Less: ECL	(94)	(70)	(65)	(33)
Net balance	192	232	111	159

Movements on the allowance for impairment of trade receivables are as follows:

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Opening balance at 1 April	70	19	33	6
Change in ECL ⁽¹⁾	24	51	32	27
At 31 March	94	70	65	33

⁽¹⁾ Bad debts written off during the year amounted to R33 million (31 March 2021: R19 million).

Expected credit losses and receivables written off have been included in "Property expenses" in note 30 to the annual financial statements.

The impairment provision at 31 March 2022 was determined as follows:

	GROUP			COMPANY		
	Gross carrying amount Rm	Weighted average loss rate %	Impairment loss allowance Rm	Gross carrying amount Rm	Weighted average loss rate %	Impairment loss allowance Rm
Gross tenant receivables						
South Africa National tenants						
Current	9	—	—	8	—	—
30 days past due	2	—	—	2	—	—
60 days past due	7	—	—	1	—	—
90+ days past due	15	20.0	3	15	13.3	2
South Africa regular tenants						
Current	23	34.8	8	11	27.3	3
30 days past due	11	54.5	6	5	40.0	2
60 days past due	4	75.0	3	4	75.0	3
90+ days past due	37	81.1	30	36	83.3	30
Spanish tenants						
Current	41	—	—	—	—	—
30 days past due	1	—	—	—	—	—
60 days past due	1	—	—	—	—	—
90+ days past due	20	95.0	19	—	—	—
Municipal accruals	115	21.7	25	94	26.6	25
Total	286	32.9	94	176	36.9	65

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

27 FINANCIAL INSTRUMENTS RISK continued

27.2 CREDIT RISK ANALYSIS CONTINUED

South African tenants account for majority of the provision and gross carrying amount. "South African regular tenants" are the biggest contributor to the group ECL, since smaller entities are more likely to experience a greater financial impact due to COVID-19 induced headwinds, impact of the civil unrest in July 2021 and a challenging economic environment. Forward-looking macro-economic factors have been incorporated such as the long-term impact of the COVID-19 pandemic, depressed economic conditions, civil unrest in South Africa, and the knock-on effect on tenants' businesses. As such, a management overlay of c.R45 million has been incorporated to reflect the forward-looking impact of the current operating environment specifically relating to SMMEs and the sustainability of their businesses.

Spanish tenants' collection rate has increased during the current financial year, therefore the provision for 2022 decreased to 30.2% from 41.3% in the prior year.

The impairment provision at 31 March 2021 was determined as follows:

	GROUP			COMPANY		
	Gross carrying amount Rm	Weighted average loss rate %	Impairment loss allowance Rm	Gross carrying amount Rm	Weighted average loss rate %	Impairment loss allowance Rm
Gross tenant receivables						
Southern Africa National tenants						
Current	10	10.0	1	8	12.5	1
30 days past due	4	—	—	3	—	—
60 days past due	2	—	—	2	—	—
90+ days past due	22	36.4	8	17	29.4	5
Namibian government						
Current	—	—	—	—	—	—
30 days past due	1	—	—	—	—	—
60 days past due	1	—	—	—	—	—
90+ days past due	5	20.0	1	—	—	—
Southern Africa regular tenants						
Current	16	18.8	3	15	20.0	3
30 days past due	11	36.4	4	9	22.2	2
60 days past due	7	42.9	3	6	33.3	2
90+ days past due	40	55.0	22	34	52.9	18
Spanish tenants						
Current	2	—	—	—	—	—
30 days past due	12	—	—	—	—	—
60 days past due	6	—	—	—	—	—
90+ days past due	43	60.5	26	—	—	—
Municipal accruals						
	119	1.7	2	99	2.0	2
Total	301	23.3	70	193	17.1	33

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

27 FINANCIAL INSTRUMENTS RISK continued

27.3 MARKET RISK

The group is exposed to market risk through interest rate risk, price risk and currency risk.

Interest rate risk management

The group is exposed to market risk through its use of financial instruments, specifically interest rate risk.

The interest rate risk management position and maturity profile of interest-bearing borrowings are summarised below:

Group total debt⁽¹⁾ and swap expiry profile

	2023	2024	2025	2026	2027	>2028	Total
Loan expiry profile (Rm)	1 001	1 675	2 085	5 469	1 221	3 041	14 492
Access facility expiry profile (Rm)	162	—	—	—	—	—	162
Hedging (swap and fixed debt) profile (Rm)	992	4 616	1 338	622	603	2 764	10 935
Loan expiry profile (%)	7	11	14	37	8	21	98
Access facility expiry profile (%)	2	—	—	—	—	—	2
Hedging (swap and fixed debt) profile (%)	9	42	12	6	6	25	100

⁽¹⁾ Total debt includes corporate bonds and excludes capitalised fees.

Company total debt⁽¹⁾ and swap expiry profile

	2023	2024	2025	2026	2027	Total
Loan expiry profile (Rm)	973	1 605	2 014	701	1 150	6 443
Access facility expiry profile (Rm)	162	—	—	—	—	162
Hedging (swap and fixed debt) profile (Rm)	980	428	1 285	569	550	3 812
Loan expiry profile (%)	15	24	31	11	17	98
Access facility expiry profile (%)	2	—	—	—	—	2
Hedging (swap and fixed debt) profile (%)	26	11	34	15	14	100

⁽¹⁾ Total debt includes corporate bonds and excludes capitalised fees.

Interest rate sensitivity

It is estimated that for the year ended 31 March 2022 a 1.0% increase/decrease in interest rates would have affected the group's profit before taxation by approximately R38.3 million (31 March 2021: R7.1 million) and the company's profit before taxation by approximately R28.6 million (31 March 2021: R25.1 million).

Details of the group's interest rate swap contracts are set out in note 26.1 of the annual financial statements. The exposure to interest rates for the group's money market funds on deposit is considered immaterial.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

27 FINANCIAL INSTRUMENTS RISK continued

27.3 MARKET RISK continued

Price risk

The group is exposed to price risk in respect of its listed property securities. The group limits its exposure to equity price risk by only investing in securities that are listed on a recognised stock exchange and where the directors are satisfied with the overall strategies implemented by such companies.

The investments in listed property securities are continuously monitored and voting rights arising from these equity instruments are utilised in the group's favour.

The effect of a one percentage point change to the share price of the listed investments will have the following impact on the 31 March 2022 total comprehensive income:

GROUP	Fair value Rm	1% decrease in share price		1% increase in share price	
		Decreased fair value Rm	Decrease Rm	Increased fair value Rm	Increase Rm
Fairvest Limited	360	356	(4)	363	3
Lar España	1 452	1 438	(14)	1 467	15

COMPANY	Fair value Rm	1% decrease in share price		1% increase in share price	
		Decreased fair value Rm	Decrease Rm	Increased fair value Rm	Increase Rm
Fairvest Limited	127	126	(1)	128	1

The effect of a one percentage point change to the share price of the listed investments would have the following impact on the prior year's total comprehensive income:

GROUP	Fair value Rm	1% decrease in share price		1% increase in share price	
		Decreased fair value Rm	Decrease Rm	Increased fair value Rm	Increase Rm
Arrowhead ("B")	309	306	(3)	312	3
Fairvest	538	533	(5)	543	5

COMPANY	Fair value Rm	1% decrease in share price		1% increase in share price	
		Decreased fair value Rm	Decrease Rm	Increased fair value Rm	Increase Rm
Arrowhead ("B")	309	306	(3)	312	3
Fairvest	279	277	(2)	282	3

Foreign currency risk

The summary quantitative data in respect of the group's exposure to currency risk on borrowings is as follows:

GROUP	March 2022		March 2021	
	€m	£m	€m	£m
Financial liabilities	(535)	—	(667)	—

COMPANY	March 2022		March 2021	
	€m	£m	€m	£m
Financial liabilities	(37)	—	(164)	—

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

27 FINANCIAL INSTRUMENTS RISK continued

27.3 MARKET RISK continued

Currency risk sensitivity analysis

A strengthening/(weakening) of the Euro against the Rand at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group and Company		March 2022		March 2021	
	March 2022	March 2021	Profit before tax		Profit before tax	
	Change versus R	Change versus R	Strengthening Rm	Weakening Rm	Strengthening Rm	Weakening Rm
EUR	15%	15%	21	(21)	144	(144)

On average, 60% of foreign dividends are hedged by way of forward exchange contracts over a three-year period.

27.4 LIQUIDITY RISK MANAGEMENT

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 limit its exposure to liquidity risk by ensuring that a material amount of undrawn access facilities at any given time. In addition, refinancing risk is limited by ensuring that all maturing facilities are refinanced or repaid well ahead of the maturity date of the facility.

In effect, the group seeks to borrow for as long as possible at the lowest acceptable cost. Management regularly reviews the maturity profile of its interest-bearing debt and other financial liabilities and seeks to avoid the concentration of maturities through the regular replacement of facilities well in advance of maturity dates. The strategy in this regard is to endeavour that no more than 25% of debt matures in any one year. The objective of managing liquidity risk is to ensure that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Forecast cash flows based on anticipated rentals net of operating expenses, finance costs, other income, corporate expenditure and capital expenditure are reviewed on a regular basis.

The group's liquidity is adequately managed by means of undrawn facilities at 31 March 2022 amounting to R3.1 billion (31 March 2021: R1.9 billion).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

27 FINANCIAL INSTRUMENTS RISK continued

27.4 LIQUIDITY RISK MANAGEMENT continued

The tables below set out the maturity analysis of the group's non-derivative financial liabilities based on the undiscounted contractual cash flows.

2022	Current	Non-current			
	12 months maturity analysis Rm	1 – 2 years Rm	2 – 3 years Rm	3 – 5 years Rm	>5 years Rm
Group					
Maturity analysis					
Borrowings	1 163	1 675	2 085	6 690	3 041
Interest component of borrowings	637	536	429	398	268
Lease liability	18	17	17	43	195
Trade and other payables (excluding non-IFRS 9 liabilities)	547	—	—	—	—
Company					
Maturity analysis					
Borrowings	1 135	1 605	2 014	1 851	—
Interest component of borrowings	449	349	242	199	—
Lease liability	18	17	17	42	195
Trade and other payables (excluding non-IFRS 9 liabilities)	251	—	—	—	—
2021	Current	Non-current			
	12 months maturity analysis Rm	1 – 2 years Rm	2 – 3 years Rm	3 – 5 years Rm	>5 years Rm
Group					
Maturity analysis					
Borrowings	2 604	3 525	2 783	6 177	315
Interest component of borrowings	536	428	269	333	35
Lease liability	19	18	17	43	123
Trade and other payables (excluding non-IFRS 9 liabilities)	579	—	—	—	—
Company					
Maturity analysis					
Borrowings	1 749	2 825	1 628	497	—
Interest component of borrowings	361	268	153	136	10
Lease liability	17	16	16	40	107
Trade and other payables (excluding non-IFRS 9 liabilities)	308	—	—	—	—

In those instances where loans are not repaid on maturity, new long-term loans are entered into with funders on the expiry of existing debt facilities. Cash flows are monitored on a monthly basis to ensure that cash resources are adequate to meet funding requirements.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

27 FINANCIAL INSTRUMENTS RISK continued**27.4 LIQUIDITY RISK MANAGEMENT** continued

In terms of the LTV covenants with bank funders and the DMTN programme, the nominal value of long-term interest-bearing bank debt may not exceed 50% of the external value of investment property together with the market value of listed property securities. Based on the DMTN and bank LTV loan covenants of 50%, the group has the following unutilised borrowing capacity:

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
External value of property assets and value of listed property securities	32 572	33 556	22 411	23 551
50% thereof	16 286	16 778	11 206	19 582
Nominal value of borrowings utilised at year-end	(14 654)	(15 404)	(6 605)	(6 689)
Unutilised borrowing capacity	1 632	1 374	4 601	12 893

The table below sets out the maturity profile of the group's derivatives:

2022	Current	Non-current			
	12 months maturity analysis Rm	1 – 2 years Rm	2 – 3 years Rm	3 – 5 years Rm	>5 years Rm
Group and company					
Derivative assets					
Forward exchange contracts	34	89	79	44	—
Interest rate swaps	5	1	—	—	—
Cross-currency interest rate swaps	1	—	—	—	—
Barrier option	—	—	—	47	—
Derivative liabilities					
Forward exchange contracts	2	25	26	—	—
Cross-currency interest rate swaps	76	—	—	—	—
Interest rate swaps	1	—	46	17	27
Net settled derivative	—	—	—	232	—

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

27 FINANCIAL INSTRUMENTS RISK continued

27.4 LIQUIDITY RISK MANAGEMENT continued

2021	Current 12 months maturity analysis Rm	Non-current			
		1 – 2 years Rm	2 – 3 years Rm	3 – 5 years Rm	>5 years Rm
Group					
Derivative assets					
Forward exchange contracts	45	56	59	52	—
Interest rate swaps	1	1	—	—	—
Share warrant	1	—	—	—	—
Derivative liabilities					
Cross-currency interest rate swaps	(297)	(40)	—	—	—
Interest rate swaps	(2)	(11)	(31)	(101)	(96)
Net settled derivative	(202)	—	—	—	—
Company					
Derivative assets					
Foreign exchange contracts	45	56	59	52	—
Interest rate swaps	1	1	—	—	—
Share warrant	1	—	—	—	—
Derivative liabilities					
Cross-currency interest rate swaps	(297)	(40)	—	—	—
Interest rate swaps	(1)	(5)	(4)	(101)	(96)
Net settled derivative	(202)	—	—	—	—

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

28 STATEMENT OF CASH FLOWS

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in money market instruments, net of bank overdrafts, all of which are available for use by the group.

28.1 ADJUSTMENTS

The following convention applies to figures under “adjustments” below: inflows of cash are represented by figures in brackets, while outflows of cash are represented by figures without brackets.

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Adjustments for non-cash items:				
Fair value adjustments	(637)	920	(335)	57
Fair value gain or loss on listed property securities	(35)	(303)	(61)	(207)
Fair value adjustments on investment in subsidiaries	—	—	75	34
Share-based remuneration	38	48	25	33
Loss on sale of listed investments	21	32	21	32
(Profit)/loss share on equity-accounted investments	(23)	(18)	4	(5)
Loss on realisation of net-settled derivative	59	—	59	—
Impairments	(1)	13	(11)	15
Right-of-use asset at fair value	(5)	(6)	(4)	(5)
Depreciation on furniture, fittings and equipment and amortisation of intangible assets	6	4	5	5
Foreign exchange loss	18	(9)	—	(9)
Other non-cash items	104	(31)	85	102
Items disclosed separately on statement of cash flows:				
Net cash flow from cross-currency interest rate swaps	(108)	(196)	(108)	(196)
Investment and other income	(285)	(127)	(647)	(726)
Finance costs	809	707	535	468
	(39)	1 034	(357)	(402)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

28 STATEMENT OF CASH FLOWS continued

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
28.2 NET CHANGES IN WORKING CAPITAL				
Movement in working capital				
(Decrease)/increase in trade and other receivables	78	(98)	85	72
Increase/(decrease) in trade and other payables	6	(199)	16	10
Loss of control of subsidiary	(5)	—	—	—
Foreign currency translation	12	11	—	—
	91	(288)	101	82
28.3 TAXATION PAID				
Amount owing at the beginning of the year	4	6	—	—
Foreign currency translation	—	2	—	—
Loss of control of subsidiary	(17)	—	—	—
Current taxation	15	15	—	—
Non-resident shareholders' tax	14	7	2	2
	16	30	2	2
Net amount owing at the end of the year	8	(4)	—	—
Tax paid during year	24	26	2	2
28.4 DISTRIBUTION PAID				
Dividends at the beginning of the year	2	2	—	—
Dividends declared	1 354	461	1 354	461
NCI portion	23	95	—	—
Dividends owing at the end of the year	(3)	(2)	—	—
Distribution paid during the year	1 376	556	1 354	461
28.5 CASH AND CASH EQUIVALENTS				
Held on deposit for tenants	1	60	1	53
Held on short-term interest-bearing deposits	—	120	—	102
Cash on hand	564	823	42	195
Cash and cash equivalents	565	1 003	43	350

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

29 REVENUE

“Property revenue” is generated from rental income from investment property in accordance with IFRS 16.

Revenue from leases with tenants arises from transactions not associated with financial instruments or investment property. Due to the nature of the group’s business, all revenue from customers is considered to be recognised “over time” in accordance with IFRS 15.

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Property revenue	3 485	3 117	1 885	1 773
Included in property revenue: Turnover rental	32	22	6	8
Included in property revenue: Revenue from leases with tenants (recoveries)	878	876	387	505

30 PROPERTY EXPENSES

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Municipal fixed charges	198	199	143	146
Municipal consumption costs	404	413	343	347
Operating costs	539	499	184	152
Repairs and maintenance	39	35	34	29
Property management fees	58	57	50	47
ECL movement	24	51	32	27
Total	1 262	1 254	786	748

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

31 CORPORATE AND ADMINISTRATIVE EXPENSES

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Administration expenses include:				
Corporate staff and related costs ⁽¹⁾	146	140	77	70
Administration costs	79	54	40	29
Share-based remuneration ⁽²⁾	38	53	25	35
Directors' remuneration	12	13	5	5
Short-term lease: premises	7	9	—	2
Depreciation of fixed assets and amortisation of intangible assets	6	5	5	5
Internal audit fee	1	3	1	3

⁽¹⁾EMPLOYEE BENEFITS

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

⁽²⁾SHARE-BASED REMUNERATION

Cash-settled share scheme

The group grants cash-settled appreciation rights to management in terms of a long-term incentive scheme. The value of these appreciation rights is linked to total shareholder return (capital gain plus dividends) over the vesting period. The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. Further details of which are given in note 13.2.

Equity-settled share scheme

Services received or acquired in a share-based payment transaction are recognised as the services are received. A corresponding increase in equity is recognised if the services were received in an equity-settled share-based payment transaction. For equity-settled share-based payment transactions, the goods or services received, and the corresponding increase in equity, are measured directly at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity are measured indirectly by reference to the fair value, at grant date, of the equity instruments granted.

When the services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

As the share-based payments granted do not vest until the counterparty completes a specified period of service and also meets various performance hurdles, the group accounts for those services on a straight-line basis over the vesting period.

If the share-based payments vest immediately, the services received are recognised immediately in full.

32 AUDITOR'S REMUNERATION

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
External audit fees				
Current year	7	6	3	3
	7	6	3	3

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

33 INVESTMENT AND OTHER INCOME

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Dividends received from subsidiaries	—	—	235	426
Inter-group interest	—	—	293	200
Dividend income ⁽¹⁾	130	95	94	67
FEC realised and early terminated	127	(12)	—	—
Other income	—	2	—	1
	257	85	622	694
Interest on deposits, receivables and cross-currency interest rate swaps	136	233	133	228
	393	318	755	922

⁽¹⁾ Dividend income for the group comprises the following: R75 million Fairvest and R55 million Arrowhead.

34 FINANCE COSTS

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Interest-bearing borrowings	666	615	491	429
Lease liability	22	24	22	21
Unsecured loans	4	2	3	1
Amortisation of debt raising fees	117	66	19	17
	809	707	535	468

Refer to note 26.1 for hedging details.

35 FOREIGN EXCHANGE PROFIT

	2022 Rm	2021 Rm
Foreign currency translation of Pound Sterling (GBP) denominated loans ⁽¹⁾	—	9

⁽¹⁾ The GBP loans were repaid during the previous year, following the sale of Vukile's interest in Atlantic Leaf (in August 2020).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

36 TAXATION

The charge for current taxation is based on the results for the year as adjusted for items which are non-taxable or disallowable and any adjustment for tax payable or receivable in previous years.

Current tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Normal taxation (Namibia)	(15)	(15)	—	—
Non-resident shareholders' tax (Namibia)	(14)	(7)	(2)	(2)
Total current taxation	(29)	(22)	(2)	(2)
Deferred taxation overprovision in prior year	4	2	2	2
Deferred taxation on other temporary differences – refer to note 16 for the detailed composition	(9)	(20)	(14)	(17)
	(34)	(40)	(14)	(17)
Reconciliation of tax rate	%	%	%	%
Standard tax rate	28.0	28.0	28.0	28.0
Permanent differences	(3.7)	(10.6)	1.1	(7.4)
Fair value adjustment – investment property	(9.3)	56.2	(5.5)	1.2
Fair value adjustment – listed property securities	(0.8)	(14.3)	(0.9)	(2.9)
Fair value adjustment – subsidiaries	1.0	—	1.6	0.8
Fair value adjustment – executive share scheme	—	0.9	0.1	0.3
Profit/(loss) share of associate	0.1	(1.1)	—	(0.1)
Non-resident shareholders' tax (NRST)	0.7	1.6	0.2	0.2
Overprovision of prior year normal taxation	(0.2)	(0.8)	(0.2)	(0.2)
Namibian rate differential	—	0.4	—	—
Deferred taxation asset not recognised	—	1.5	—	—
Other differences ⁽¹⁾	—	(0.4)	—	(0.1)
REIT dividend	(14.1)	(52.6)	(23.2)	(18.4)
Effective tax rate	1.7	8.8	1.2	1.4

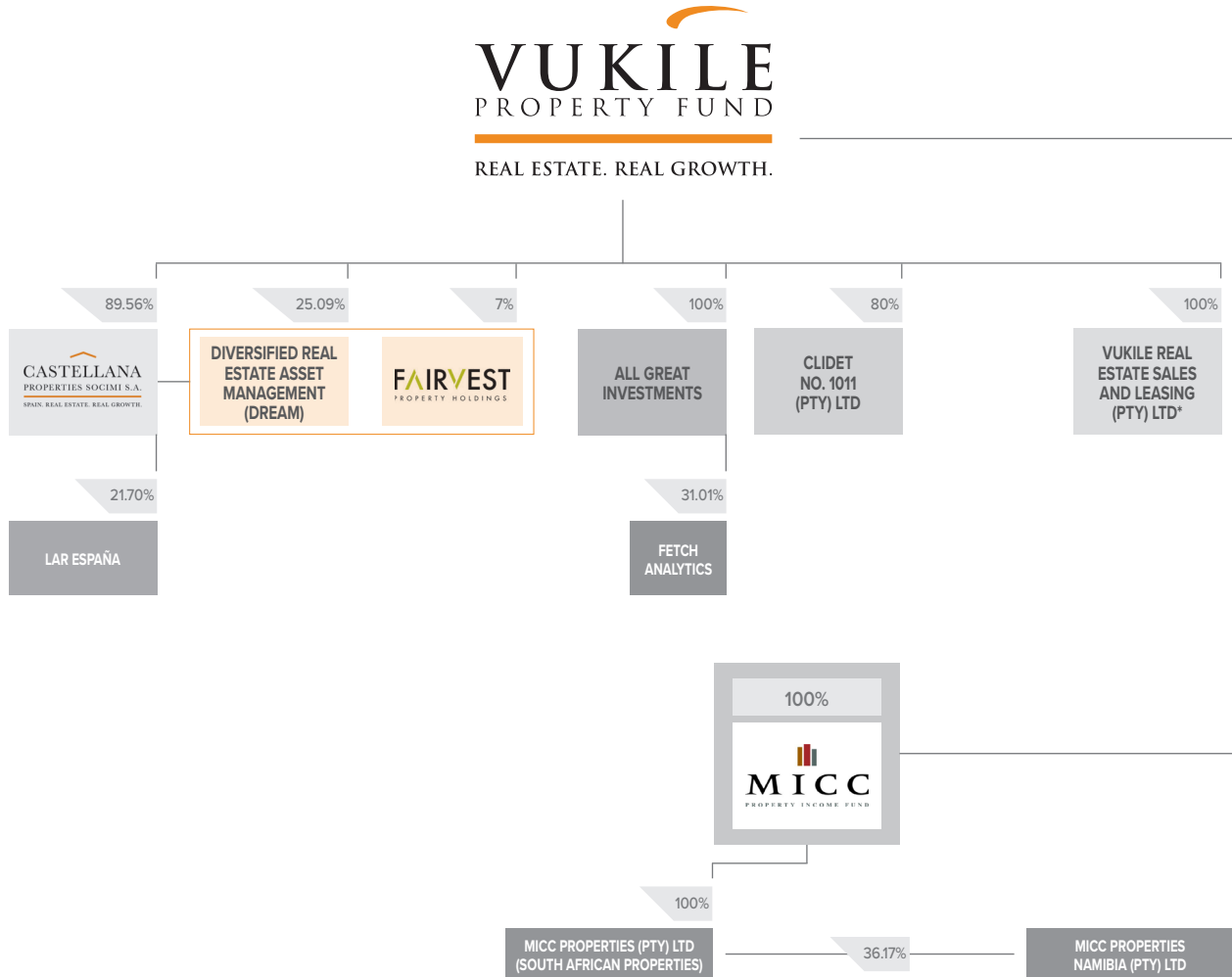
⁽¹⁾ National treasury has decreased the corporate tax rate from 28% to 27% effective for the year ending 31 March 2023. The effect of the reduction is included in other differences.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

37 RELATED-PARTY TRANSACTIONS AND BALANCES

The group comprises three primary operating companies, being Vukile, Clidet and Castellana.

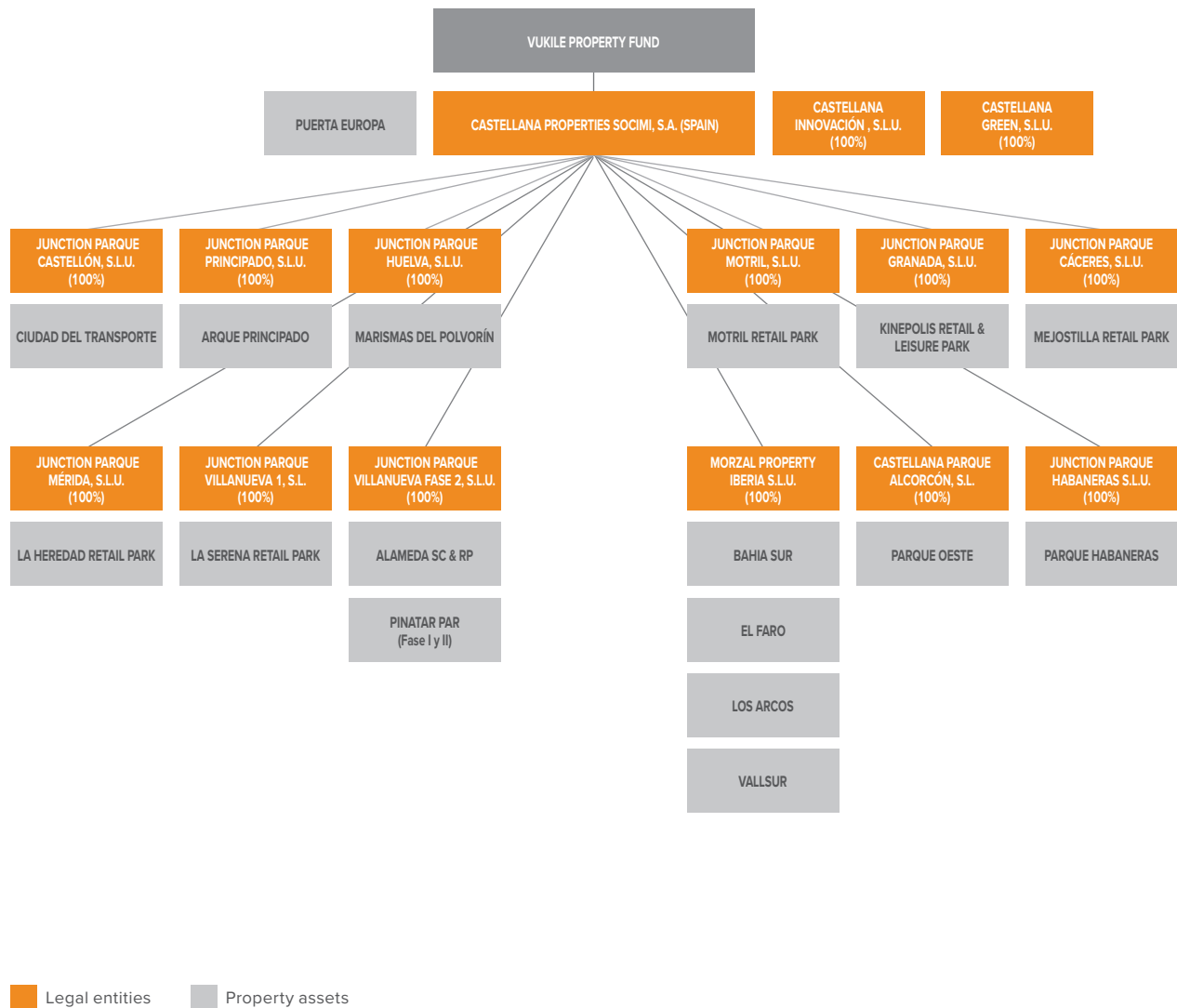


* Dormant

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

37 RELATED-PARTY TRANSACTIONS AND BALANCES continued



NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

37 RELATED-PARTY TRANSACTIONS AND BALANCES continued

RELATED-PARTY TRANSACTIONS AND BALANCE

Type of transaction	2022		2021	
	Amount paid/ (received) by Vukile Rm	Amount owed to/(by) related parties Rm	Amount paid/ (received) by Vukile Rm	Amount owed to/(by) related parties Rm
Group companies				
MICC Property Income Fund (MICC IF)				
Debt interest	(245)	—	(133)	—
Transfer of Atlantic Leaf Properties Limited share to MICC	—	—	(324)	—
MICC Properties	(18)	(246)	(18)	(246)
MICC Properties	(19)	—	(31)	—
MICC Namibian subsidiaries	(18)	(10)	(10)	(7)
Clidet No. 1011	(18)	(283)	(17)	(281)
Clidet No. 1011	(2)	(25)	(1)	(17)
AGI	(3)	—	—	—
Fetch	(12)	(162)	(8)	(303)
Castellana	—	—	(9)	—
Vukile ALP 1 Pty Ltd	—	—	(9)	—
Vukile ALP 2 Pty Ltd	—	—	(4)	—
Vukile ALP 3 Pty Ltd	—	—	(54)	—
Atlantic Leaf Properties Limited	—	—	(57)	—
Fairvest Property Holdings Limited*	(75)	—	(38)	—
Arrowhead Properties Limited	(55)	—	(427)	—
Castellana	(89)	—	(14)	(281)
Directors and other officers	(12)	(274)	28	—
Executive directors	29	—	12	—
Key management (excluding directors)	10	—		

* R39 million (2021: R29+) relates to the company.

Related parties comprise the company's subsidiaries, associates, joint ventures and key management. Refer to notes 8 and 9 for information on associates and joint ventures.

Details of directors' remuneration and related share incentive schemes are set out in the directors' report.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

38 SEGMENT REPORT

The group identifies and presents operating segments based on the information that is provided internally to the executive management committee (Exco), the group's operating decision-making forum. This forum reviews the performance of the South African portfolio, the Castellana portfolio and other investments held by the group.

Reportable segments for the year ended 31 March 2022 are consistent with those reported as at 31 March 2021. The group's Exco evaluates the group's performance on a monthly basis based on the following geographical segments:

- South Africa; and
- Spain.

The geographical areas are further disaggregated between retail and "other". Although the business is retail focused, it also has other assets that are non-retail. Head office and non-retail assets that are non-core to the business have been grouped into "other".

The results of the operating segments are reviewed monthly by the Exco, to assess performance and make decisions regarding the allocation of capital to each of the operating segments.

The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its financial statements, to arrive at distributable earnings.

	South Africa			Spain			Total group Rm
	Retail Rm	Other Rm	Total Rm	Retail Rm	Other Rm	Total Rm	
Group income for the year ended 31 March 2022							
Revenue ⁽ⁱ⁾	1 557	67	1 624	891	92	983	2 607
Property expenses ⁽ⁱ⁾	(279)	(10)	(289)	(83)	(12)	(95)	(384)
Net income from property operations	1 278	57	1 335	808	80	888	2 223
Corporate and administrative expenses	(151)	(6)	(157)	(130)	(9)	(139)	(296)
Investment and other income	247	10	257	—	—	—	257
Finance income	5	23	28	—	—	—	28
Net interest CCIRS	103	5	108	—	—	—	108
Loss on realisation of derivative financial instruments	—	(59)	(59)	—	—	—	(59)
Income before finance costs	1 482	30	1 512	678	71	749	2 261
Finance costs	(61)	(459)	(520)	(278)	(11)	(289)	(809)
Income before equity-accounted income	1 421	(429)	992	400	60	460	1 452
Share of income from associate	—	27	27	—	—	—	27
Share of income from joint venture	—	(4)	(4)	—	—	—	(4)
Income before taxation	1 421	(406)	1 015	400	60	460	1 475
Taxation ⁽ⁱⁱ⁾	(34)	13	(21)	—	—	—	(21)
Income	1 387	(393)	994	400	60	460	1 454
Net income attributable to NCI	—	(5)	(5)	—	(42)	(42)	(47)
Attributable to Vukile Group	1 387	(398)	989	400	18	418	1 407
Non-IFRS adjustments	5	(60)	(55)	—	(16)	(16)	(71)
FEC early terminated	—	—	—	—	(58)	(58)	(58)
Accrued dividends	—	(27)	(27)	—	42	42	15
Non-cash impact	—	(33)	(33)	—	—	—	(33)
Change in fair value of right-of-use-asset	5	—	5	—	—	—	5
FFO	1 392	(458)	934	400	2	402	1 336

⁽ⁱ⁾ Revenue and property expense have been reflected net of recoveries. The consolidated statement of profit or loss and OCI reflects gross property revenue and gross property expenses.

⁽ⁱⁱ⁾ Taxation excludes deferred tax.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

38 SEGMENT REPORT continued

	South Africa			Spain			Total group Rm
	Retail Rm	Other Rm	Total Rm	Retail Rm	Other Rm	Total Rm	
Group statement of financial position at 31 March 2022							
ASSETS							
Non-current assets	13 983	1 882	15 865	15 346	2 386	17 732	33 597
Investment property	13 675	686	14 361	15 253	921	16 174	30 535
Straight-line rental income accrual	308	18	326	—	—	—	326
Equity investment at fair value through profit or loss	—	406	406	—	—	—	406
Equity investments at fair value through other comprehensive income	—	—	—	—	1 452	1 452	1 452
Investment in associate	—	120	120	—	—	—	120
Investment in joint venture	—	48	48	—	—	—	48
Derivative financial instruments	—	260	260	—	—	—	260
Financial assets at amortised cost	—	278	278	—	—	—	278
Other non-current assets	—	66	66	93	13	106	172
Current assets	406	162	568	424	136	560	1 128
Trade and other receivables	173	58	231	71	7	78	309
Derivative financial instruments	—	40	40	—	—	—	40
Current taxation	—	12	12	—	—	—	12
Other current assets	—	—	—	—	15	15	15
Cash and cash equivalents	46	52	98	353	114	467	565
Non-current assets held for sale	187	—	187	—	—	—	187
Total assets							34 725
EQUITY AND LIABILITIES							
Equity attributable to the owners of the parent							17 568
Non-controlling interest							1 082
Non-current liabilities	272	5 860	6 132	185	7 880	8 065	14 197
Interest-bearing borrowings	—	5 460	5 460	—	7 873	7 873	13 333
Lease liability	272	—	272	—	—	—	272
Share scheme liability	—	1	1	—	—	—	1
Derivative financial instruments	—	373	373	—	—	—	373
Deferred tax	—	26	26	—	7	7	33
Other non-current liabilities	—	—	—	185	—	185	185
Current liabilities	293	1 321	1 614	231	33	264	1 878
Trade and other payables	293	81	374	231	5	236	610
Short-term portion of interest-bearing borrowings	—	1 135	1 135	—	28	28	1 163
Short-term portion of lease liability	—	18	18	—	—	—	18
Derivative financial instruments	—	79	79	—	—	—	79
Current taxation	—	5	5	—	—	—	5
Shareholders for dividends	—	3	3	—	—	—	3
Total equities and liabilities							34 725

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

38 SEGMENT REPORT continued

	Southern Africa			Spain			Total group Rm
	Retail Rm	Other Rm	Total Rm	Retail Rm	Other Rm	Total Rm	
Group income for the year ended 31 March 2021							
Revenue ⁽ⁱ⁾	1 418	83	1 501	645	96	741	2 242
Property expenses ⁽ⁱ⁾	(259)	(14)	(273)	(92)	(14)	(106)	(379)
Income from property operations	1 159	69	1 228	553	82	635	1 863
Corporate and administrative expenses	(145)	(9)	(154)	(54)	(78)	(132)	(286)
Investment and other income	78	5	83	2	—	2	85
Finance income	7	30	37	—	—	—	37
Net interest from cross-currency interest rate	192	4	196	—	—	—	196
Income before finance costs	1 291	99	1 390	501	4	505	1 895
Finance costs	(58)	(404)	(462)	(234)	(11)	(245)	(707)
Income before equity-accounted income	1 233	(305)	928	267	(7)	260	1 188
Share of income from associate (Atlantic Leaf)	—	18	18	—	—	—	18
Share of income from joint venture	—	(1)	(1)	—	—	—	(1)
Income before taxation	1 233	(288)	945	267	(7)	260	1 205
Taxation	(40)	—	(40)	—	—	—	(40)
Income	1 193	(288)	905	267	(7)	260	1 165
Net income attributable to non-controlling interests	—	(4)	(4)	—	(45)	(45)	(49)
Attributable to Vukile Group	1 193	(292)	901	267	(52)	215	1 116
Non-IFRS adjustments	—	104	104	—	—	—	104
Accrued dividends	—	98	98	—	—	—	98
Non-cash impact of IFRS 16 – Leases	—	6	6	—	—	—	6
FFO	1 193	(188)	1 005	267	(52)	215	1 220

⁽ⁱ⁾ The revenue and property expense have been reflected net of recoveries. The audited consolidated statement of profit or loss and OCI reflects gross property revenue and gross property expenses.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

38 SEGMENT REPORT continued

	Southern Africa			Spain			Total group Rm
	Retail Rm	Other Rm	Total Rm	Retail Rm	Other Rm	Total Rm	
Group statement of financial position at 31 March 2021							
ASSETS							
Non-current assets	15 028	1 735	16 763	15 752	1 474	17 226	33 989
Investment property	14 705	273	14 978	15 642	1 453	17 095	32 073
Straight-line rental income accrual	323	18	341	—	—	—	341
Equity investment at fair value through profit or loss	—	340	340	—	—	—	340
Investment in associate at fair value	—	538	538	—	—	—	538
Investment in associate	—	16	16	—	—	—	16
Investment in joint venture	—	55	55	—	—	—	55
Derivative financial instruments	—	168	168	—	—	—	168
Financial assets at amortised cost	—	254	254	—	—	—	254
Deferred taxation	—	3	3	—	—	—	3
Other non-current assets	—	70	70	110	21	131	201
Current assets	243	1 051	1 294	547	162	709	2 003
Trade and other receivables	210	52	262	130	(1)	129	391
Derivative financial instruments	—	47	47	—	—	—	47
Cash and cash equivalents	33	390	423	417	163	580	1 003
Non-current assets held for sale	—	562	562	—	—	—	562
Total assets							35 992
EQUITY AND LIABILITIES							
Equity attributable to the owners of the parent							17 361
Non-controlling interest							1 559
Non-current liabilities	201	5 200	5 401	231	7 724	7 955	13 356
Interest-bearing borrowings	—	4 939	4 939	—	7 683	7 683	12 622
Lease liability	201	—	201	—	—	—	201
Derivative financial instruments	—	246	246	—	33	33	279
Deferred tax	—	15	15	—	8	8	23
Other non-current liabilities	—	—	—	231	—	231	231
Current liabilities	345	2 322	2 667	1 044	5	1 049	3 716
Trade and other payables	326	66	392	188	5	193	585
Short-term portion of interest-bearing borrowings	—	1 749	1 749	855	—	855	2 604
Short-term portion of lease liability	19	—	19	—	—	—	19
Derivative financial instruments	—	500	500	1	—	1	501
Current taxation	—	4	4	—	—	—	4
Shareholders for dividends	—	3	3	—	—	—	3
Total equities and liabilities							35 992

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

39 CAPITAL MANAGEMENT

The group's capital management objectives are:

- To ensure the group's ability to continue as a going concern;
- To safeguard and optimise the group's strong liquidity position; and
- To provide an adequate return to shareholders, by pricing services commensurately with the level of risk.

The group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented in the statement of financial position.

Capital for the reporting period under review is summarised as follows:

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Total equity	17 568	17 361	17 250	17 098
Derivative liabilities	452	780	452	746
Cash and cash equivalents	(565)	(1 003)	(43)	(350)
Capital	17 455	17 138	17 659	17 494
Total equity	17 568	17 361	17 250	17 098
Borrowings	14 496	15 226	6 595	6 689
Overall financing (total equity plus borrowings)	32 064	32 587	23 845	23 787
Capital-to-overall financing ratio (%)	54.4%	52.6%	74.1%	73.5%

Management assesses the group's capital requirements in order to maintain an efficient overall financing structure. The group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may issue new shares or sell assets to reduce debt.

The board's policy is to maintain a strong capital base, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board aims to limit borrowings to not more than 50% of property assets over the long term.

Apart from a stated intention to reduce the group LTV ratio over time, there were no changes in the group's approach to capital management during the year. The group has complied with all of its bank and corporate bond covenants during the year.

Covenants	2022	2021
LTV ratio (net of cash and cash equivalents)	43.0%	42.8%
LTV covenant level ⁽¹⁾	50.0%	50.0%
Interest cover ratio	3.4 times	3.3 times
Interest cover ratio covenant level	2 times	2 times

⁽¹⁾ Castellana's LTV covenant level is 65%

40 FUTURE MINIMUM LEASE INCOME

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Receivable within one year	2 101	2 223	992	1 018
Receivable between one and five years	2 379	4 270	1 708	1 850
Receivable after five years	2 880	1 905	1 083	865
Total future contractual lease revenue	7 360	8 398	3 783	3 733
Rental straight-line adjustment already accrued	(331)	(352)	(251)	(265)
Future straight-line lease revenue	7 029	8 046	3 532	3 468

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

41 LEASE COMMITMENTS

The group leases the following assets under non-cancellable leases:

	Term
Land leases	20-50 years
Office equipment	5 years

The office equipment refers to printers and copiers that are low-value items recognised as an expense. The land leases are accounted for in terms of IFRS 16 by recognising a right-of-use asset and lease liability. Refer to note 22 for lease liability disclosures. The right-of-use asset is disclosed in note 3.

The minimum total future payments for non-cancellable leases are as follows:

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Less than one year	20	21	19	18
Premises	1	1	—	—
Land leases	19	20	19	18
Between one and five years	93	96	92	86
Land leases	93	96	92	86
More than five years	1 114	514	1 109	456
Land leases	1 114	514	1 109	456
Total	1 227	631	1 220	560

42 CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Authorised and contracted	242	571	127	111
Authorised but not contracted	486	465	96	241

The above capital expenditure will be funded by way of bank facilities, surplus cash and the sale proceeds from the sale of non-core assets.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

43 NON-CURRENT ASSETS HELD FOR SALE

At year-end, the sales of the following properties are unconditional and it is highly probable that transfer will occur within 12 months.

GROUP AND COMPANY	Note	2022 Rm	2021 Rm
Non-current assets held for sale			
Mbombela Truworths Centre		22	—
Monsterlus Moratiwa Crossing		165	—
Ulundi King Senzangakhona Shopping Centre		—	306
Letlhabile Mall		—	161
Centurion Samrand N1		—	46
Pretoria Rosslyn Warehouse		—	25
Kempton Park Spartan Warehouse		—	24
		187	562
Straight-line rental income adjustment	4	(5)	(11)
Straight-line rental income asset	4	5	11
Other assets		5	—
Other liabilities		(5)	—
		187	562

44 RECONCILIATION OF EARNINGS TO HEADLINE EARNINGS

GROUP	31 March 2022		31 March 2021	
	Rm	Cents per share	Rm	Cents per share
Profit attributable to owners of the parent	1 909	199.10	584	61.04
Earnings and diluted earnings	1 909	199.10	584	61.04
Change in fair value of investment property (net of allocation to non-controlling interest)	(601)	(62.73)	705	73.72
Remeasurement of right-of-use asset	(5)	(0.48)	(6)	(0.60)
Profit on sale of investment property	(1)	(0.14)	(2)	(0.20)
Profit on acquisition of joint operations	(1)	(0.08)	—	—
Loss on sale of listed property securities (Atlantic Leaf)	—	—	32	3.30
Loss of control of subsidiary	17	1.75	—	—
Impairment of investment in associate	8	0.81	—	—
Remeasurement included in equity-accounted earnings of associate	(38)	(3.98)	—	—
Headline and diluted headline earnings	1 288	134.25	1 313	137.26
Number of shares in issue at year-end	980 226 628		956 226 628	
Weighted average number of shares	958 593 751		956 226 628	

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

44 RECONCILIATION OF EARNINGS TO HEADLINE EARNINGS continued

COMPANY	31 March 2022		31 March 2021	
	Rm	Cents per share	Rm	Cents per share
Profit attributable to owners of the parent	1 225	127.84	1 295	135.35
Earnings and diluted earnings	1 225	127.84	1 295	135.35
Change in fair value of investment property	(245)	(25.58)	57	5.91
Remeasurement of right-of-use asset	(4)	(0.45)	(5)	(0.52)
Profit on sale of investment property	(4)	(0.43)	(2)	(0.17)
Profit on acquisition of joint operations	(1)	(0.08)	—	—
Loss on sale of listed property securities (Atlantic Leaf)	—	—	34	3.56
Headline and diluted headline earnings	971	101.30	1 379	144.13
Number of shares in issue at year-end	980 226 628		956 226 628	
Weighted average number of shares	958 593 751		956 226 628	

There are no dilutionary shares in issue.

45 LOSS ON DISPOSALS AND ACQUISITIONS

The table below provides further details on the profit/(loss) on disposals:

	Note	GROUP		COMPANY	
		31 March 2022 Rm	31 March 2021 Rm	31 March 2022 Rm	31 March 2021 Rm
Profit on sale of investment property		1	2	4	2
Loss on sale listed property securities	5, 6	(21)	(32)	(21)	(34)
Profit on acquisition of joint operations		1	—	1	—
Loss on sale of subsidiary	8.2	(17)	—	—	—
		(36)	(30)	(16)	(32)

46 FAIR VALUE GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

The table below provides further details on the gain/(loss) on financial instruments:

	Note	GROUP		COMPANY	
		31 March 2022 Rm	31 March 2021 Rm	31 March 2022 Rm	31 March 2021 Rm
Fair value gain on listed property securities	5, 6	35	303	61	207
Fair value loss on other financial instruments	13, 25	(32)	(70)	(32)	(71)
		3	233	29	136

47 EVENTS AFTER REPORTING PERIOD

I. DECLARATION OF DIVIDEND

In line with IAS 10 – *Events after the Reporting Period*, the declaration of the dividend occurred after the end of the reporting period, resulting in a non-adjusting event that is not recognised in the financial statements.

The board approved a final dividend on 9 June 2022 of 65.29 cents per share for the year ended 31 March 2022, (31 March 2021: 101.04 cents) amounting to R640 million (31 March 2021: R966 million). The dividend represents a payout ratio of 77% of the total group FFO.

II. SALE OF INVESTMENT PROPERTY

The following properties transferred after year-end and meet the definition of non-adjusting post-balance sheet events as per IAS 10 – *Events after the Reporting Period*:

- On 18 May 2022, Mbombela Truworths was transferred at a selling price of R22.2 million.

ANNEXURE A – DETAILED PROPERTY INFORMATION

Properties owned by the group At 31 March 2022		Town	Gross lettable area (GLA) m ²	Effective date of acquisition	Weighted average rental R/m ² pm	Vacancy by GLA %
South Africa total			851 971		148.9	2.9
South Africa – retail			767 198		153.2	2.6
Atlantis City Shopping Centre		Atlantis	21 984	Feb 2015	176.2	2.1
Bloemfontein Plaza		Bloemfontein	44 159	Apr 2004	98.7	1.9
Boksburg East Rand Mall (50%)		Boksburg	34 261	Apr 2013	261.1	1.5
Daveyton Shopping Centre		Daveyton	19 815	Apr 2004	209.7	—
Durban Phoenix Plaza		Durban	24 072	Apr 2004	287.8	0.4
Durban Workshop*		Durban	20 031	Apr 2012	233.9	6.2
Elim Hubveni Shopping Centre		Elim	12 686	Feb 2015	119.3	0.9
Emalahleni Highland Mews		Emalahleni	16 952	Feb 2015	132.0	3.0
Ermelo Game Centre		Ermelo	6 639	Feb 2015	104.1	8.3
Ga-Kgapane Modjadji Plaza (30%)		Ga-Kgapane	2 940	Mar 2014	163.8	—
Germiston Meadowdale Mall (67%)		Germiston	33 156	Oct 2003	97.0	—
Giyani Plaza		Giyani	9 446	Jul 2011	160.5	—
Gugulethu Square		Gugulethu	25 699	Feb 2015	186.2	—
Hammanskraal Renbro Shopping Centre		Hammanskraal	13 484	Feb 2015	144.5	6.4
Hammarsdale Junction*		Hammarsdale	20 105	Jul 2013	147.1	2.2
KwaMashu Shopping Centre		KwaMashu	11 197	Feb 2015	139.3	8.2
Mbombela Shoprite Centre		Mbombela	14 015	Sep 2010	102.2	21.8
Mdantsane City Shopping Centre		East London	36 604	Nov 2019	138.9	4.3
Moruleng Mall (results displayed as 100% ownership)*		Moruleng	31 558	Apr 2015	136.5	—
Phuthaditjhaba Maluti Crescent		Phuthaditjhaba	35 741	Feb 2015	167.6	—
Piet Retief Shopping Centre		Piet Retief	7 545	Oct 2003	140.7	3.4
Pietermaritzburg The Victoria Centre		Pietermaritzburg	10 310	Oct 2003	139.3	3.1
Pinetown Pine Crest		Pinetown	43 338	Apr 2004	202.9	3.6
Pretoria Kolonnade Retail Park		Pretoria	39 665	Nov 2018	131.2	—
Queenstown Nonesi Mall		Queenstown	27 971	Jul 2015	153.7	4.3
Randburg Square		Randburg	40 777	Apr 2004	111.8	7.0
Roodepoort Hillfox Power Centre		Roodepoort	37 573	Oct 2003	90.1	1.6
Roodepoort Ruimsig Shopping Centre		Roodepoort	11 594	Feb 2015	143.6	5.1
Rustenburg Edgars Building		Rustenburg	9 785	Sep 2010	89.9	—
Soweto Dobsonville Mall		Soweto	26 438	Apr 2004	173.9	—
Springs Mall (28%)		Springs	14 947	Mar 2017	183.9	1.0
Thohoyandou Thavhani Mall (33.33%)		Thohoyandou	17 779	Aug 2017	192.2	0.5
Tzaneen Maake Plaza (70%)*		Tzaneen	10 988	Aug 2014	145.2	2.5
Vereeniging Bedworth Centre		Vereeniging	33 944	Nov 2015	86.6	1.7

* Leasehold property.

ANNEXURE A – DETAILED PROPERTY INFORMATION continued

Properties owned by the group At 31 March 2022		Town	GLA m ²	Effective date of acquisition	Weighted average rental R/m ² pm	Vacancy by GLA %
South Africa – other, comprising:						
Auto dealerships						
Cape Town Bellville Barons		Cape Town	7 426	Apr 2012	196.8	—
Industrial						
Midrand Allandale Industrial Park		Midrand	21 343	Apr 2004	63.5	8.7
Midrand Sanitary City		Midrand	6 342	Apr 2004	88.0	—
Office						
Jhb Houghton 1 West Street		Johannesburg	4 415	Sep 2007	124.4	26.9
Jhb Houghton Estate Oxford Terrace		Johannesburg	2 588	Jul 2014	149.9	—
Midrand Ulwazi Building		Midrand	15 634	Apr 2004	106.4	—
Sandton Bryanston Ascot Offices		Sandton	5 539	Apr 2012	112.2	—
Residential						
Randburg Square Apartments		Randburg	7 508	Apr 2004	130.6	12.5
Vacant land						
Germiston Meadowdale Mall Undeveloped Land		Germiston	—	Oct 2003	—	—
Midrand IBG Undeveloped Land		Midrand	—	Mar 2014	—	—
Held for sale						
Mbombela Truworths Centre		Mbombela	1 920	Apr 2004	126.0	—
Monsterlus Moratiwa Crossing (94.50%)		Monsterlus	12 058	Nov 2007	127.1	3.5
Spain total						
Spain – retail						
Granaita Retail Park		Andalucia	54 807	Jun 2017	10.9	2.2
El Faro		Extremadura	40 318	Jul 2018	20.3	1.1
Bahía Sur		Andalucia	35 333	Jul 2018	22.9	0.8
Vallsur		Castilla Leon	35 212	Jul 2018	15.1	3.9
Puerta Europa		Algeciras	29 783	July 2019	15.8	0.6
Los Arcos		Andalucia	26 680	Jul 2018	23.9	6.5
Habaneras		Com. Valenciana	25 021	May 2018	18.9	1.7
Marismas del Polvorín		Andalucia	18 220	Jun 2017	8.2	—
Parque Principado		Asturias	16 090	Jun 2017	10.4	—
Parque Oeste		Madrid	13 604	Jun 2017	17.5	—
La Heredad		Extremadura	13 447	Jun 2017	8.4	—
Pinatar Park		Murcia	13 261	Dec 2017	7.2	—
La Serena		Extremadura	12 405	Jun 2017	7.5	—
Mejostilla		Extremadura	7 281	Jun 2017	7.0	—
Motril Retail Park		Andalucia	5 559	Jun 2017	9.3	—
Ciudad del Transporte		Com. Valenciana	3 250	Jun 2017	11.9	—

ANNEXURE A – DETAILED PROPERTY INFORMATION continued

Properties owned by the group At 31 March 2021		Gross lettable area (GLA) m ²	Effective date of acquisition	Weighted average rental R/m ² pm	Vacancy by GLA %
Town					
Southern Africa total		994 080		141.3	3.9
Southern Africa – retail		859 504		147.6	3.1
Atlantis City Shopping Centre	Atlantis	22 093	Feb 2015	169.8	1.0
Bloemfontein Plaza	Bloemfontein	43 771	Apr 2004	96.3	1.4
Boksburg East Rand Mall (50%)	Boksburg	34 284	Apr 2013	278.4	3.5
Daveyton Shopping Centre	Daveyton	17 709	Apr 2004	188.1	—
Durban Phoenix Plaza	Durban	24 072	Apr 2004	289.3	—
Durban Workshop*	Durban	20 204	Apr 2012	224.8	1.9
Elim Hubveni Shopping Centre	Elim	12 686	Feb 2015	107.3	0.9
Emalaheni Highland Mews	Emalaheni	16 952	Feb 2015	128.4	2.8
Ermelo Game Centre	Ermelo	6 639	Feb 2015	97.5	2.3
Ga-Kgapane Modjadji Plaza (30%)	Ga-Kgapane	2 940	Mar 2014	155.4	—
Germiston Meadowdale Mall (67%)	Germiston	33 156	Oct 2003	93.2	—
Giyani Plaza	Giyani	9 446	Jul 2011	152.1	—
Gugulethu Square	Gugulethu	25 699	Feb 2015	180.0	3.6
Hammanskraal Renbro Shopping Centre	Hammanskraal	13 443	Feb 2015	136.9	1.5
Hammarsdale Junction*	Hammarsdale	20 106	Jul 2013	137.6	—
Katutura Shoprite Centre*	Katutura	10 621	Oct 2003	150.6	7.7
KwaMashu Shopping Centre	KwaMashu	11 197	Feb 2015	133.1	7.8
Makhado Nzhelele Valley Shopping Centre	Makhado	5 297	Feb 2015	144.6	—
Mbombela Shoprite Centre	Mbombela	14 015	Sep 2010	100.6	26.3
Mbombela Truworthe Centre	Mbombela	1 920	Apr 2004	194.5	—
Mdantsane City Shopping Centre	East London	36 308	Nov 2019	131.5	2.0
Monsterlus Moratiwa Crossing (94.50%)	Monsterlus	12 058	Nov 2007	125.8	—
Moruleng Mall (results displayed as 100% ownership)*	Moruleng	31 558	Apr 2015	128.7	—
Ondangwa Shoprite Centre	Ondangwa	5 908	Oct 2003	132.0	5.1
Oshakati Shopping Centre	Oshakati	24 632	Oct 2003	145.7	3.0
Oshikango Shopping Centre	Oshikango	9 163	Oct 2003	141.8	18.0
Phuthaditjhaba Maluti Crescent	Phuthaditjhaba	35 733	Feb 2015	158.5	0.5
Piet Retief Shopping Centre	Piet Retief	7 545	Oct 2003	135.4	—
Pietermaritzburg The Victoria Centre	Pietermaritzburg	10 309	Oct 2003	150.5	4.5
Pinetown Pine Crest	Pinetown	43 333	Apr 2004	192.6	0.7
Pretoria Kolonnade Retail Park	Pretoria	39 665	Nov 2018	121.2	—
Queenstown Nonesi Mall	Queenstown	27 922	Jul 2015	145.5	2.5
Randburg Square	Randburg	40 777	Apr 2004	111.9	6.1
Roodepoort Hillfox Power Centre	Roodepoort	37 573	Oct 2003	90.8	10.0
Roodepoort Ruimsig Shopping Centre	Roodepoort	11 594	Feb 2015	136.3	6.1
Rustenburg Edgars Building	Rustenburg	9 784	Sep 2010	85.0	—
Soshanguve Batho Plaza	Soshanguve	13 001	Jun 2015	114.5	4.9
Soweto Dobsonville Mall	Soweto	26 438	Apr 2004	162.0	0.6
Springs Mall (27%)	Springs	14 413	Mar 2017	174.1	—
Thohoyandou Thavhani Mall (33.33%)	Thohoyandou	17 780	Aug 2017	182.7	—
Tzaneen Maake Plaza (70%)*	Tzaneen	10 988	Aug 2014	136.7	1.3
Vereeniging Bedworth Centre	Vereeniging	33 944	Nov 2015	81.9	0.9
Windhoek 269 Independence Avenue	Windhoek	12 828	Jul 2007	205.1	29.8

* Leasehold property.

ANNEXURE A – DETAILED PROPERTY INFORMATION continued

Properties owned by the group At 31 March 2021		Town	GLA m ²	Effective date of acquisition	Weighted average rental R/m ² pm	Vacancy by GLA %
Southern Africa – other, comprising:						
Auto dealerships			7 426		183.9	—
Cape Town Bellville Barons	Cape Town		7 426	Apr 2012	183.9	—
Industrial			27 686		71.3	9.3
Midrand Allandale Industrial Park	Midrand		21 343	Apr 2004	67.8	12.1
Midrand Sanitary City	Midrand		6 343	Apr 2004	81.4	—
Office			28 176		110.2	7.5
Jhb Houghton 1 West Street	Johannesburg		4 415	Sep 2007	130.1	31.1
Jhb Houghton Estate Oxford Terrace	Johannesburg		2 588	Jul 2014	171.8	29.0
Midrand Ulwazi Building	Midrand		15 634	Apr 2004	98.9	—
Sandton Bryanston Ascot Offices	Sandton		5 539	Apr 2012	112.2	—
Residential			7 508		140.5	30.9
Randburg Square Apartments	Randburg		7 508	Apr 2004	140.5	30.9
Vacant land			—		0	—
Germiston Meadowdale Mall Undeveloped Land	Germiston		—	Oct 2003	0	—
Midrand IBG Undeveloped Land	Midrand		—	Mar 2014	0	—
Held for sale						
Lethlabile Mall	Lethlabile		17 212	Mar 2014	105.1	10.7
Ulundi King Senzangakona Shopping Centre	Ulundi		22 373	Feb 2015	131.9	1.8
Kempton Park Spartan Warehouse	Kempton Park		5 241	Apr 2004	57.3	—
Pretoria Rosslyn Warehouse	Pretoria		7 541	Apr 2012	33.3	—
Centurion Samrand N1	Centurion		11 413	Apr 2004	52.9	19.6
Spain total			367 015		14.2	1.7
Spain – retail			350 271		14.4	1.8
El Faro	Extremadura		40 318	Jul 2018	18.7	1.8
Bahía Sur	Andalucia		35 333	Jul 2018	22.3	1.4
Los Arcos	Andalucia		26 680	Jul 2018	24.5	4.8
Granaita Retail Park	Andalucia		54 807	Jun 2017	10.4	3.7
Vallsur	Castilla Leon		35 212	Jul 2018	14.7	2.8
Habaneras	Com. Valenciana		25 021	May 2018	18.1	2.5
Puerta Europa	Algeciras		29 783	July 2019	14.5	0.7
Parque Oeste	Madrid		13 604	Jun 2017	16.5	—
Parque Principado	Asturias		16 090	Jun 2017	9.6	—
Marismas del Polvorín	Andalucia		18 220	Jun 2017	7.8	—
La Heredad	Extremadura		13 447	Jun 2017	7.8	—
La Serena	Extremadura		12 405	Jun 2017	7.2	—
Pinatar Park	Murcia		13 261	Dec 2017	6.8	—
Mejostilla	Extremadura		7 281	Jun 2017	6.7	—
Motril Retail Park	Andalucia		5 559	Jun 2017	8.8	—
Ciudad del Transporte	Com. Valenciana		3 250	Jun 2017	11.1	—
El Faro Development	Extremadura		—	Jul 2018	—	—
Los Arcos Development	Andalucia		—	—	—	—
Spain – other, comprising call centres			16 744		—	—
Edificio Alcobendas	Madrid		11 046	Dec 2016	11.2	—
Edificio Bollullos	Andalucia		5 698	Dec 2016	7.3	—

SHAREHOLDERS' ANALYSIS

for the year ended 31 March 2022

SHAREHOLDERS' ANALYSIS OF ORDINARY SHAREHOLDERS AS AT 31 MARCH 2022

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	6 913	42.7	1 164 477	0.1
1 001 – 10 000	6 770	41.9	26 593 239	2.7
10 001 – 100 000	1 900	11.8	53 939 696	5.5
100 001 – 1 000 000	440	2.7	144 699 461	14.8
Over 1 000 000	151	0.9	753 829 755	76.9
Total	16 174	100	980 226 628	100
Distribution of shareholders				
Assurance companies	63	0.40	34 940 106	3.56
Close corporations	81	0.50	3 165 967	0.32
Collective investment schemes	361	2.23	353 551 153	36.07
Control accounts	2	0.01	28	0.00
Custodians	24	0.15	14 256 967	1.45
Foundations and charitable funds	144	0.89	7 418 570	0.76
Hedge funds	4	0.03	597 801	0.06
Insurance companies	7	0.04	5 114 074	0.52
Investment partnerships	33	0.20	511 369	0.05
Managed funds	44	0.27	10 286 995	1.05
Medical aid funds	25	0.15	7 088 735	0.72
Organs of state	7	0.04	123 258 344	12.58
Private companies	304	1.88	91 559 430	9.34
Public companies	6	0.04	6 025 948	0.62
Public entities	4	0.03	393 826	0.04
Retail shareholders	13 622	84.22	63 471 818	6.48
Retirement benefit funds	327	2.02	184 495 665	18.82
Scrip lending	13	0.08	40 431 237	4.13
Sovereign funds	1	0.01	57 122	0.01
Stockbrokers and nominees	21	0.13	4 251 416	0.43
Trusts	1 081	6.68	29 350 057	2.99
Total	16 174	100.00	980 226 628	100.00
Shareholder type				
Non-public shareholders	6	0.04	117 630 528	12.00
Directors and associates	5	0.03	9 674 413	0.99
Government Employees Pension Fund (>10%)	1	0.01	107 956 115	11.01
Public shareholders	16 168	99.96	862 596 100	88
Total	16 174	100.00	980 226 628	100.00

SHAREHOLDERS' ANALYSIS continued

for the year ended 31 March 2022

SHAREHOLDERS' ANALYSIS OF ORDINARY SHAREHOLDERS AS AT 31 MARCH 2022 continued

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Public Investment Corporation	114 030 303	11.63
Sesfikile Capital	60 534 518	6.18
Old Mutual Investment Group	58 750 627	5.99
Catalyst Fund Managers	53 626 142	5.47
Truffle Asset Management	49 569 608	5.06
Stanlib Asset Management	43 420 753	4.43
Vanguard Investment Management	34 466 611	3.51
Sanlam Investment Management	33 989 096	3.47
Total	448 387 658	45.74

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Government Employees Pension Fund	107 956 115	11.01
Encha Properties Equity Investments	64 425 135	6.58
Old Mutual Group	55 012 114	5.61
Sanlam Group	53 711 576	5.48
Eskom Pension and Provident Fund	40 282 404	4.11
Stanlib	35 897 309	3.66
Vanguard	34 466 611	3.52
Alexander Forbes Investments	31 772 528	3.24
Total	423 523 792	43.21

	Number of shareholdings
Total number of shareholdings	16 174
Total number of shares in issue	980 226 628
Share price performance	
Opening price 1 April 2021	R8.65
Closing price 31 March 2022	R14.06
Closing high for the year	R14.18
Closing low for the year	R8.94
Number of shares in issue	980 226 628
Volume traded during period	535 702 965
Ratio of volume traded to shares issued (%)	54.65
Rand value traded during the period	R6 059 485 886
Market capitalisation at 31 March 2022	R13 781 986 390

SHAREHOLDERS' DIARY

for the year ended 31 March 2022

Financial year-end	31 March 2022
Publication of audited consolidated financial statements	9 June 2022
Interim period end	30 September 2022
AGM	1 September 2022

CORPORATE INFORMATION

DIRECTORS

Nigel Payne	(Chairman, independent non-executive director)	
Laurence Rapp ^(a, g)	(Chief Executive)	^(a) Executive. ^(g) Member of property and investment committee.
Laurence Cohen ^(a)	(Chief Financial Officer)	^(a) Executive.
Itumeleng Mothibeli ^(a, g)	MD SA	^(a) Executive. ^(g) Member of property and investment committee.
Sedise Moseneke ^(g)	non-executive director	^(g) Member of property and investment committee.
Steve Booysen ^(d, g, i)	independent non-executive director	^(d) Chairman of social, ethics and human resources committee. ^(g) Chairman of property and investment committee. ⁽ⁱ⁾ Member of nominations committee.
Renosi Mokate ^(e, c, i)	independent non-executive director (lead)	^(e) Member of social, ethics and human resources committee. ^(c) Member of ARC. ⁽ⁱ⁾ Member of nominations committee.
Tshidi Mokgabudi ^(c)	independent non-executive director	^(c) Member of ARC.
Hatla Ntene ^(g)	independent non-executive director	^(g) Member of property and investment committee.
Babalwa Nkonyama ^(b)	independent non-executive director	^(b) Chairman of ARC.

GROUP SECRETARY AND REGISTERED OFFICE

Johann Neethling	4th Floor, 11 Ninth Street, Houghton Estate, 2198	PO Box 522779, Saxonwold, 2123
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SPONSORS SOUTH AFRICA

Java Capital	6th Floor, 1 Park Lane, Wierda Valley Sandton, 2196	PO Box 522606, Saxonwold, 2132
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LISTING INFORMATION

Vukile was listed on the JSE Limited on 24 June 2004 and on the Namibian Stock Exchange on 11 July 2007.

JSE code: VKE	NSX code: VKN	ISIN: ZAE000056370	Sector: Financial – retail REITs
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TRANSFER SECRETARIES

JSE Investor Services (Pty) Ltd	13th Floor, 19 Ameshoff Street, Braamfontein, 2001	PO Box 4844, Johannesburg, 2000
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AUDITORS

PwC	Waterfall City, 4 Lisbon Lane, Jukskei View, Midrand, 2090	Telephone +27 11 797 4000
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PRINCIPAL BANKERS

Absa Bank Limited	3rd Floor, Absa Towers East, 160 Main Street, Johannesburg, 2001	PO Box 7335, Johannesburg, 2000
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INVESTOR RELATIONS

Instinctif Partners	The Firs, 3rd Floor, Corner Craddock Avenue and Biermann Road, Rosebank, Johannesburg, 2196	Telephone +27 11 447 3030
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MEDIA RELATIONS

Marketing Concepts	8 Redhill Road, Morningside, Sandton, Johannesburg, 2196	Telephone +27 11 783 0700
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www.vukile.co.za



www.vukile.co.za