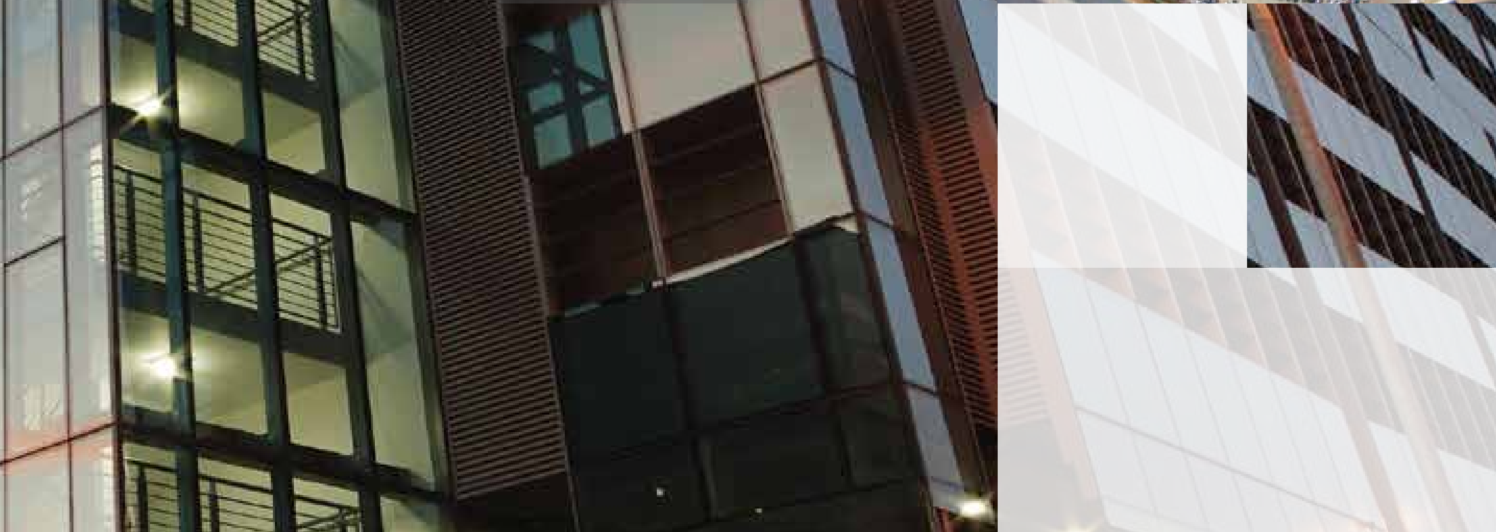
ACCELERATE
PROPERTY FUND

2018

INTEGRATED Report



Citibank, Sandton

TABLE OF *Contents*

Navigation

The following icons are applied throughout the report to improve usability and show the integration between the relevant elements of the report.

Page reference Website

ABOUT ACCELERATE PROPERTY FUND

Accelerate Property Fund is a Real Estate Investment Trust (REIT) listed on the Johannesburg Stock Exchange. We offer investors the opportunity to share in a portfolio of 67 high-quality properties worth R12,3 billion in South Africa and Europe.

67
PROPERTIES

623 988 m²
GLA

R12,3 billion
PROPERTY PORTFOLIO VALUE

OUR VALUES

Integrity

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

Honesty

To be reliable, approachable, sensitive to the needs of others, open and honest

Trust

To be trustworthy in our dealings and interactions with all stakeholders

These core values are supported by:

Competence

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

Cooperation

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

Commitment

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

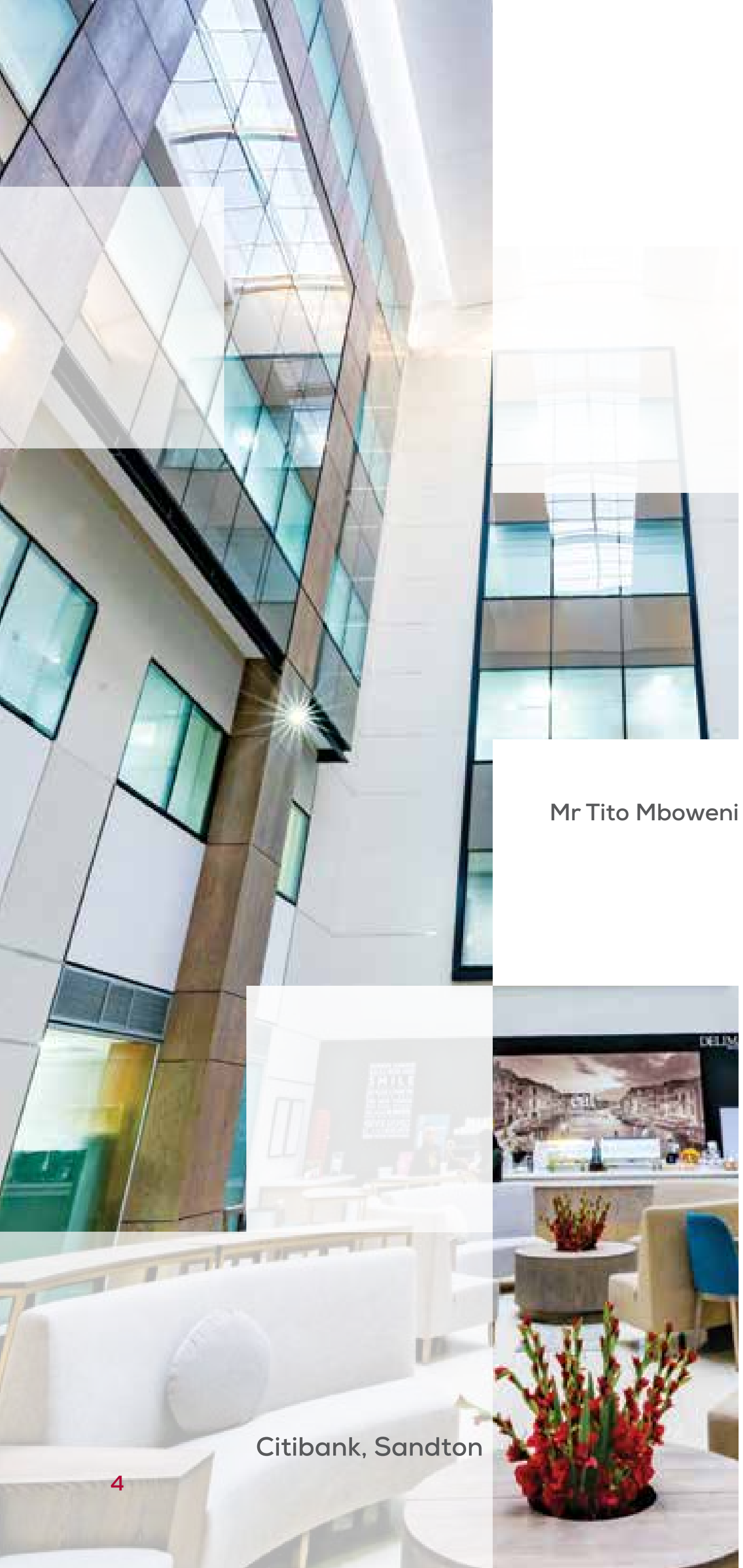
Vision

To be the most valued and respected company in the South African property sector by focusing on the business of tomorrow but not at the expense of the business of today or the communities in which we operate

STRATEGIC PILLARS

- Enhancing returns on our assets
- Growing our quality portfolio
- Optimising our funding
- Delivering value to stakeholders

Portside, Western Cape



Mr Tito Mboweni

Citibank, Sandton

CHAIRMAN'S *Review*

Dear stakeholders,

It is with pride that, on behalf of the board, I present to you Accelerate's 2018 integrated report.

GOVERNANCE AS THE CORNERSTONE OF VALUE CREATION

Accelerate understands that good governance is about making the right decisions for the business and its various stakeholders. It cannot be one or the other. To flourish, an organisation needs a corporate governance framework that guides its business and reassures stakeholders that the correct checks and balances cement ethical conduct. Given the recent corporate failures in South Africa and abroad, no company can fool itself into thinking that governance is nothing more than a tick box exercise.

Accelerate Property Fund started as a family-led venture and became a listed company. From the outset, the business's governance structures and practices were rigorous and designed to instil confidence by creating and protecting stakeholder value.

It is important to understand that creating transparent and effective governance in the organisation is not a once-off exercise. It requires an ongoing review of existing processes and practices against board and company objectives, while demanding that an organisation adapts and adjusts to the external operating context and evolving best practice.

Implementing the King Code of Corporate Governance for South Africa, 2016 (King IV) within the business has offered us an opportunity to revisit our governance framework. I am pleased to say that, through this process, our commitment to creating fit-for-purpose governance structures that adhere to the highest standards has once again been affirmed and entrenched throughout the organisation.

King IV outcomes

Ethical culture

An ethical culture underpins our approach to business. Across the company, we conduct ourselves ethically in everything we do in line with our values and the terms of our board charter.

Performance

Our strategy is designed to deliver good performance over the short, medium and long term. Performance is connected to our immediate financial results and the long-term growth prospects of the business.

Effective control

While the board is ultimately responsible to shareholders, our governance structures ensure there is an effective delegation of responsibility to enable sustainable delivery.

Legitimacy

Linked to our ethical culture is a desire to be scrupulous in the way we conduct our business. We want to be a responsible corporate citizen – contributing to the growth of the communities we operate in.

EFFECTIVE LEADERSHIP

Ethical and effective leadership is critical to delivery. I have resounding confidence in the board and management.

The board comprises 10 directors – six of whom are non-executive directors – with a variety of skills and experience. The majority of the directors are independent non-executive directors to protect stakeholder interests and reduce the possibility of conflicts of interest. The independence of non-executive directors forms part of the board evaluation process. This strong component of the board ensures that no individual has unfettered powers of decision-making or authority. The lead independent director, Dr Gert C Cruywagen, guides the board in situations where my impartiality as chairman may be considered to be impaired or when conflict, or perceived conflict, arises.

The executive team is made up of experienced, qualified individuals who provide strategic leadership and encourage operational excellence. They demonstrated their commitment to and faith in the group's strategy this past year through sizable personal investments.

The board believes that the leadership structures are fit for purpose and ultimately contribute to shareholder value. As chief executive officer (CEO), Michael Georgiou, leads the fund in strategy and ensures it makes the right deals to achieve its objectives. Andrew Costa, the chief operating officer, manages the business's day-to-day activities, making sure these are in line with the board-approved strategies and goals. As a board, we believe that the leadership and strengths of Michael and Andrew complement one another and offer value to the group over and above what they individually bring to the table.

BALANCING LONG-TERM AMBITIONS WITH SHORT-TERM DECISIONS

Value creation must be viewed over time, through the lens of the short, medium and long term. Board decisions take these time frames into account. At times, to ensure sustained value creation for the fund and its stakeholders, we are required to make decisions that are right for the fund in the long term but that may have adverse short-term consequences.

Given the group's focus on the Fourways Development, and the investment required, we had to consider how best to preserve and grow value for all our stakeholders. The costs involved in delivering on the group's Fourways ambitions have had a negative impact on the fund's short-term profitability, which impacts the distributions to shareholders. The 2017 announcement that alerted shareholders that distribution growth is expected to be flat for the coming year negatively impacted our share price, and thus our ability to raise capital.

As a result, the board decided not to conclude a proposed acquisition that involved purchasing a portfolio of quality light industrial properties in Poland, as we were of the view that the company's equity price at the time did not fairly reflect its underlying value, hindering our ability to raise capital.

We firmly believe that our focus on the delivery of the Fourways Development anchors Accelerate into the future and will benefit all our stakeholders.

> “The board believes that the leadership structures are fit for purpose and ultimately contribute to shareholder value.”

PUTTING RELATIONSHIPS FIRST

Relationships remain a priority for the business. The tenants, debt and equity investors and the communities that surround the group's assets are critical partners in the ongoing success of the fund. Through continuous dialogue with these stakeholders, we can identify and minimise risks, capture opportunities and understand and respond to the issues that matter to them and the company. Furthermore, the board seeks to instil a sense of gravity regarding the pre-eminence of good stakeholder relationships, encouraging the building of these relationships as a critical part of the business and the culture of the company.

The social, ethics and transformation committee monitors issues raised by stakeholders and how the company responds to these. The group regularly communicates with relevant stakeholders through formal feedback sessions, informal dialogue, publications and communications tools, including this integrated report.

INVESTING IN SHARED VALUE

As a primarily retail-focused fund, we are connected to the communities we serve. It is widely accepted that education has a significant influence on a country's gross domestic product (GDP) per capita, as increased skills and training raise productivity and employability, which in turn increase the overall income and development of the country. Therefore, we believe that supporting education near our core nodes will not only directly benefit the learners that attend these schools, but will also grow the economic potential in the area – in line with our long-term growth promise.

In the Fourways node, Accelerate has partnered with four schools, namely Muzomuhle Primary School, Diepsloot West, Diepsloot Secondary no 3 and Diepsloot Combined School. We aim to build sustainable relationships with these local schools to support them in providing quality education. Several projects have been undertaken including building a classroom for foundation phase learners and providing university bursaries for students that attend these schools. We look forward to supporting these schools, creating further value and increasing our contribution to the communities that sustain us.

APPRECIATION

In closing, I would like to extend my gratitude to my fellow board members for their guidance and counsel. To the executive management team and all Accelerate's employees, thank you for the determination shown in executing the group's strategy. To our stakeholders, thank you for your ongoing support.

Looking ahead, the board remains confident in the management team's ability and commitment to take Accelerate to the next level and looks forward to the completion of the Fourways Development, a significant milestone in the fund's growth story.

Mr Tito Mboweni
Chairman
18 June 2018

Citibank, Sandton

INVESTMENT *Case*

With a focus on quality, defensive assets, Accelerate offers a compelling case for investors seeking to own a leading property portfolio, both locally and abroad.

Return on equity	Rbn	Growth (%)
Net asset value (NAV) at listing (December 2013)	3,3	
NAV growth	4,6	
Closing NAV at 31 March 2018	7,9	139,4

A LEADING PORTFOLIO WITH CONSISTENT PERFORMANCE

Successful execution of growth strategy to date	Our NAV grew by 139,4% since listing in December 2013, delivering consistent growth over time.
A portfolio of quality assets with strong underlying property fundamentals	5,5 year weighted average lease expiry with 10,04% vacancies Rental escalations of 7,7% (7,1% including our offshore portfolio) Weighted average cost of funding of 8,4%, with 97,4% of debt hedged 65,7% of tenants are classified as A-grade by revenue (listed/large national tenants)
Significant exposure to retail sector	The retail sector (South Africa and Europe) comprises 68% of our property portfolio by revenue. Our portfolio includes two regional shopping centres and a super-regional retail hub. The completion of the Fourways Development will significantly increase the value of our Fourways retail asset base. Once completed, Fourways Mall will be the ultimate shoppertainment destination. While construction continues, several exciting venues have already opened in line with our strategy of creating an unprecedented family-oriented shopping experience.
Scalable European platform	We established a European platform with a unique strategy of investing in long-term (greater than 10 years), single-tenant net leases. The platform enables Accelerate to assess and act on new opportunities in Europe through a dedicated on-the-ground management team. The current investment includes six properties in Austria and three in Slovakia, tenanted by blue chip German DIY retailer, OBI. It is a scalable platform with on-the-ground deal origination, asset management and finance functions. The offshore portfolio continues to perform comfortably within expected parameters.
Focus on excellent corporate governance and transparency	Accelerate's board structure and policies and procedures demonstrate that it embraces King IV and that it is accountable to shareholders and other stakeholders. The board of directors is responsible for the overall direction and supervision of the company, with general management delegated to the executive members. The executives and certain senior management are responsible for the asset management function, which in turn directs the property management function. Accelerate has a non-complex, easily understandable group structure that is transparent to stakeholders (page 18).

ABOUT OUR *Report*

This integrated report (the report) has been compiled by Accelerate Property Fund Ltd (Accelerate) to share the company's strategy, material matters and performance for the year. This allows stakeholders to assess our ability to create and sustain value over the short, medium and long term.

SCOPE AND BOUNDARY

This report identifies and explains the material aspects of our business, including economic, social, governance and environmental issues facing the group, and their impact.

This is the company's fifth integrated report, and it covers Accelerate's activities for the financial year 1 April 2017 to 31 March 2018, with comparatives shown where applicable. In the report, Accelerate and/or its management and subsidiaries are referred to interchangeably as Accelerate, the company, the group, us, our, we, or the fund. All references to the year refer to the financial year ended 31 March 2018.

Our management and operational structure can be found on page 44.

REPORTING FRAMEWORKS

We aim to produce a report that presents a balanced and informative overview of Accelerate for all stakeholders.

In compiling our report, we considered the following reporting principles and requirements:

- International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework
- International Financial Reporting Standards (IFRS)
- King Report of Corporate Governance for South Africa 2016 (King IV)
- Companies Act of South Africa, 71 of 2008, as amended (Companies Act)
- JSE Listings Requirements

Our integrated report is the primary mechanism for communicating with stakeholders and includes the annual financial statements.

DETERMINING MATERIALITY

We have applied the principle of materiality in preparing this report. A matter is considered material if it can substantively affect our ability to create and sustain value over the short, medium or long term. We considered a range of evidence to determine material matters, including management discussions, internal documents, risk assessments, media releases and stakeholder engagements throughout the year. These matters serve as the lens to determine what topics to report on – ensuring we only report on those areas that could have a substantial effect on our ongoing commercial viability and/or the value we create for our broad range of stakeholders in the short, medium or long term.

ASSURANCE

The consolidated annual financial statements were prepared in accordance with IFRS and were externally audited by EY. The three lines of defence incorporate management and board oversight, risk management, and independent assurance. These form the basis of the combined assurance approach required under King IV, which aims to provide a coordinated approach to all assurance activities. We continue to make progress with the integration and alignment of assurance processes to optimise governance oversight and risk management such as increased combined assurance between internal and external auditors.

The independent auditors' report can be found on page 81.

FORWARD-LOOKING STATEMENTS

This report may include forward-looking statements that involve inherent risks and uncertainties and, if one or more of these risks materialise, or should the underlying assumptions prove incorrect, actual results may differ from those anticipated. Words such as believe, anticipate, intend, seek, will, plan, could, may, endeavour, project and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements apply only as of the date on which they are made and Accelerate does not undertake any obligation to update or revise them, whether as a result of new information, future events or otherwise.

SUPPLEMENTARY INFORMATION

The following information is supplementary to our integrated report and is available online at www.acceleratepf.co.za.

Supplementary information	Overview
Latest financial results, including our interim and annual financial results presentations	Detailed financial communications to stakeholders
King IV application	Accelerate has disclosed our application of the King IV principles as required
Additional information	Detailed shareholder information is available online, including: • SENS announcements; • the pre-listing statement; • annual general meeting (AGM) information; and • circulars.
Capital market information	Details of the domestic medium-term note programme
Portfolio information	Updated information on our portfolio, including a summary of our property portfolio, tenant, sectoral and geographic profiles

STAKEHOLDER FEEDBACK

We continue to engage the services of Instinctif Partners to coordinate our investor relations. Please send any feedback on reporting content or requests for copies to:

Instinctif Partners

Attention: Lizelle du Toit
Tel: 011 447 3030
Email: accelerate@instinctif.com

APPROVAL OF ACCELERATE'S INTEGRATED REPORT

The board acknowledges its responsibility to ensure the integrity of this report. The directors confirm that they have collectively assessed the content of the report and believe it addresses the company's material matters and is a fair representation of the integrated performance of Accelerate. The directors believe that this report was prepared in accordance with the <IR> Framework. Therefore, the board has approved the 2018 integrated report for publication.

Mr Tito Mboweni
Chairman
18 June 2018

Mr Michael Georgiou
Chief executive officer
18 June 2018

Portside, Western Cape

CHIEF EXECUTIVE OFFICER'S *Review*

Michael Georgiou

INTRODUCTION

Following several years of consistent growth, the 2018 financial year was focused on consolidating and developing existing assets as we prepared to deliver on the Fourways super-regional development. The value of our property portfolio increased to R12,3 billion from R11,6 billion in 2017, with a total gross lettable area (GLA) of 623 988 m^2 at year-end. Through a determined focus on strategic nodes that we deemed to have good economic fundamentals and superior growth potential, we achieved net asset value (NAV) growth of 6,9% year-on-year. Given the fund's focus on the Fourways Development and the associated resources required, short-term distribution growth was sacrificed for long-term portfolio growth, quality and sustainability.

AN EVOLVING MACROECONOMIC CONTEXT

Locally, 2017 held several challenges such as deteriorating credit ratings and heightened political uncertainty, dampening economic growth. Sentiment took a positive turn following increased political stability, with the first three months of 2018 showing increased business confidence.

However, the increased optimism and confidence in the economy has not yet filtered through to a tangible upturn in the retail sector, which remains under pressure.

It is evident every operating context has both challenges and opportunities. Given the difficulties of 2017 and the growth we anticipate once our Fourways Development is completed, we decided to capture the opportunity inherent in this stage of the business's evolution. The changes require us to focus on the fundamentals within our existing portfolio. Therefore, this year became one of consolidation and alignment – focusing on enhancing the value of the portfolio through strategic spending and ensuring delivery on our promises to our stakeholders to sustain long-term value creation.

DELIVERING ON FOURWAYS

Our approach to sustainable business includes selecting the locations of our properties based on the resilience of the areas surrounding them. Through active asset management and redevelopment, we concentrate our investment in these critical nodes to extract and enhance value on a much greater scale than would be possible in a portfolio of properties scattered throughout the country.

Fourways is undoubtedly the best example of our nodal approach. Our focus over the last several years has been on developing Fourways into a business and lifestyle node like no other. It is an area full of potential, with a growing number of high-income residences that are in proximity to future and current transport hubs. We are excited about the broader development of the node and expect it to become the most dominant retail market in South Africa.

Within this node, the Fourways Mall Development is the crown jewel and is expected to be largely completed towards the end of 2018. Situated in the heart of the Fourways node, it is a landmark shopping centre that provides the unique differentiator of being the first truly integrated shoppertainment destination in southern Africa. With various children's entertainment offerings, including Bounce, which opened during 2016, and the interactive KidZania 'city' built entirely for children (to be opened in December 2018), family entertainment within the mall is set to be a huge drawcard for the growing number of families in the area.

GEOGRAPHICAL DIVERSIFICATION TO ENSURE SUSTAINABILITY

Our offshore strategy is designed to diversify our portfolio and grow hard currency shareholder value. Accelerate acquired its first European portfolio in late 2016, purchasing nine well-located retail properties in Austria (75% of revenue) and Slovakia (25% of revenue) tenanted by OBI – the largest DIY retailer in Central and Eastern Europe.

We chose Central and Eastern Europe as it is well positioned for investment. The European Commission reported that it anticipates rapid growth in this region during 2018 and at present. Given the investment made in the prior year, we believe we now have a scalable platform and portfolio that continues to perform comfortably within our expected parameters.

OUTLOOK

Despite the challenges faced in the 2018 financial year, we are confident that our potential pipeline and asset management measures will enhance the portfolio's value, and we look eagerly to the completion of the Fourways Development and the growth it will bring to the Fourways node.

Our focal point will remain on optimising value within our current properties, and we are excited about the local growth opportunities as well as diversifying our offshore portfolio over time.

APPRECIATION

A heartfelt thank you to our team who works tirelessly to secure the success of the group. Thank you to our investors for your continued support and to my fellow executives for your continued efforts at making Accelerate a leading portfolio. Finally, I extend my appreciation to the board for their wise counsel during the 2018 year.

> "Our focus over the last several years has been on developing Fourways into a business and lifestyle node like no other."

Mr Michael Georgiou
Chief executive officer
18 June 2018

CHIEF OPERATING OFFICER'S *Review*

Andrew Costa

OVERVIEW

The past financial year has been intriguing from a macro point of view – the political landscape has shifted, and business confidence has increased. However, the economy is still underperforming and it will take some time for us to see an upturn from the changes that are being implemented. Through this, we have remained consistently passionate about our commitment to placing customer service at the heart of everything we do – whether it is protecting the interests of our stakeholders, building relationships with our tenants to help them achieve their goals, or creating shoppertainment experiences for consumers.

It is this unwavering focus that has seen the fundamentals of our core South African retail portfolio remain robust, with a clear strategy in place for the future.

A FOCUS ON FOURWAYS

The Fourways Mall Development project is a central focus for Accelerate, and its successful launch and implementation is our highest priority. We are making steady progress and completion is in sight. Once this landmark mega-project is complete, Accelerate and the developer will each hold a 50% undivided share in this combined letting enterprise. This should significantly bolster our distributions over time.

For more information on our Fourways Development, please see our CEO's review on page 10 and the case study on page 50.

THE BIGGER PICTURE

Since listing, we have invested in acquiring quality assets that position us for the future. During our 2017 financial year, we acquired a number of local properties. Acquisitions elevated our loan-to-value (LTV) ratio. Therefore, we are continuously taking numerous steps to reduce our gearing levels.

For more information on our balance sheet optimisation efforts, please see our CFO's review on page 78.

In light of the challenging operating context and with the completion of the Fourways Development project on the horizon, we took the opportunity to bed down the fundamentals within the portfolio. It was with this in mind that this year's focus has been on consolidation and organic growth, after the acquisitive drive of previous years.

ONGOING PROACTIVE PROPERTY MANAGEMENT TO UNLOCK VALUE

In a trying operational environment, we continue to focus on tenant optimisation and retention to protect our income stream; we achieved positive rental reversions of 6,2%, and the weighted average lease expiry remained defensive at 5,5 years. We escalated leases well, at an average of 7,7%. However, vacancies increased to 10,04%. Due to our stringent cost management, our cost-to-income ratio improved to 14,8% from 16,9% in 2017.

Eden Meander, George

We see our business as letting space, buying and selling properties and developing properties. We continue to extract maximum value from our portfolio by developing, renovating and upgrading our properties, over and above our significant investment in the Fourways node. A 3 085 m^2 extension to Eden Meander is due for completion during 2018. The Fourways View renovation has resulted in a number of tenants renewing their leases and new 'big box' tenants moving to the upgraded centre.

Other smaller spends over the past year have demonstrated how capex that is efficiently deployed on the back of a clearly defined leasing strategy can significantly enhance property values.

We made significant progress on letting at Citibank in Sandton and Portside in the Cape Town Foreshore. Our leasing team's concentrated efforts reduced Citibank's vacancies from 22,9% at acquisition in February 2016 to 4,6% at year-end. This is well below the 13%[1] average level of A-grade office vacancies in Sandton.

[1] *The Rode Property Report.*

MAINTAINING CLOSE TIES WITH OUR TENANTS

Our tenants are our business. It is not the buildings we own that generate income, but the relationships we build and maintain with the people who occupy the space these properties provide. We are pleased to report that, in a highly competitive environment, we achieved a tenant retention rate of 89% – a true testament to the strength of the relationships we have built and continue to invest in with this vital stakeholder group. Tenant retention comes at a cost, but ensuring our properties have the correct tenant mix is imperative and pays dividends in the medium to long-term.

We keep regular contact with our tenants, and it is our intent to support our tenants' businesses in any way we can, understanding that their success is ours.

KPMG, a flagship and long-standing national tenant, is undergoing a business continuity, change management process. During the year, we maintained constant contact with KPMG and are comfortable with their progress. We will continue to engage with their local and international representatives.

A SUSTAINABLE FOCUS

The water crisis in the Western Cape has emphasised the importance of preserving our natural resources, and we are actively exploring ways to reduce our properties' resource consumption to improve their operational efficiency and pass savings onto our tenants. Where possible, we have fitted our buildings with water-saving devices and have investigated borehole water for cleaning and operational use. Furthermore, we are considering water-saving devices to reduce our air-conditioning's water consumption, which is a significant contributor to the overall water usage in our buildings.

Renewable energy is also a growing priority for the fund, given the rising costs of electricity. In the year to come, the fund will explore investment in solar energy, which is the most cost-effective and sustainable renewable energy. By installing solar photo-voltaic (PV) plants on the rooftops of our more substantial buildings, we could generate power to run these buildings, reducing our reliance on grid-supplied electricity while lowering costs and minimising the carbon footprint of our portfolio.

APPRECIATION

I would like to thank our board for its support through a trying year as well as our executive team, staff and property management teams for their support, commitment and dedication throughout the year. The fund has a solid portfolio of properties which continue to perform, but this performance is supported by a team of outstanding people that can see the possibilities the fund offers – and are determined to realise them.

LOOKING AHEAD

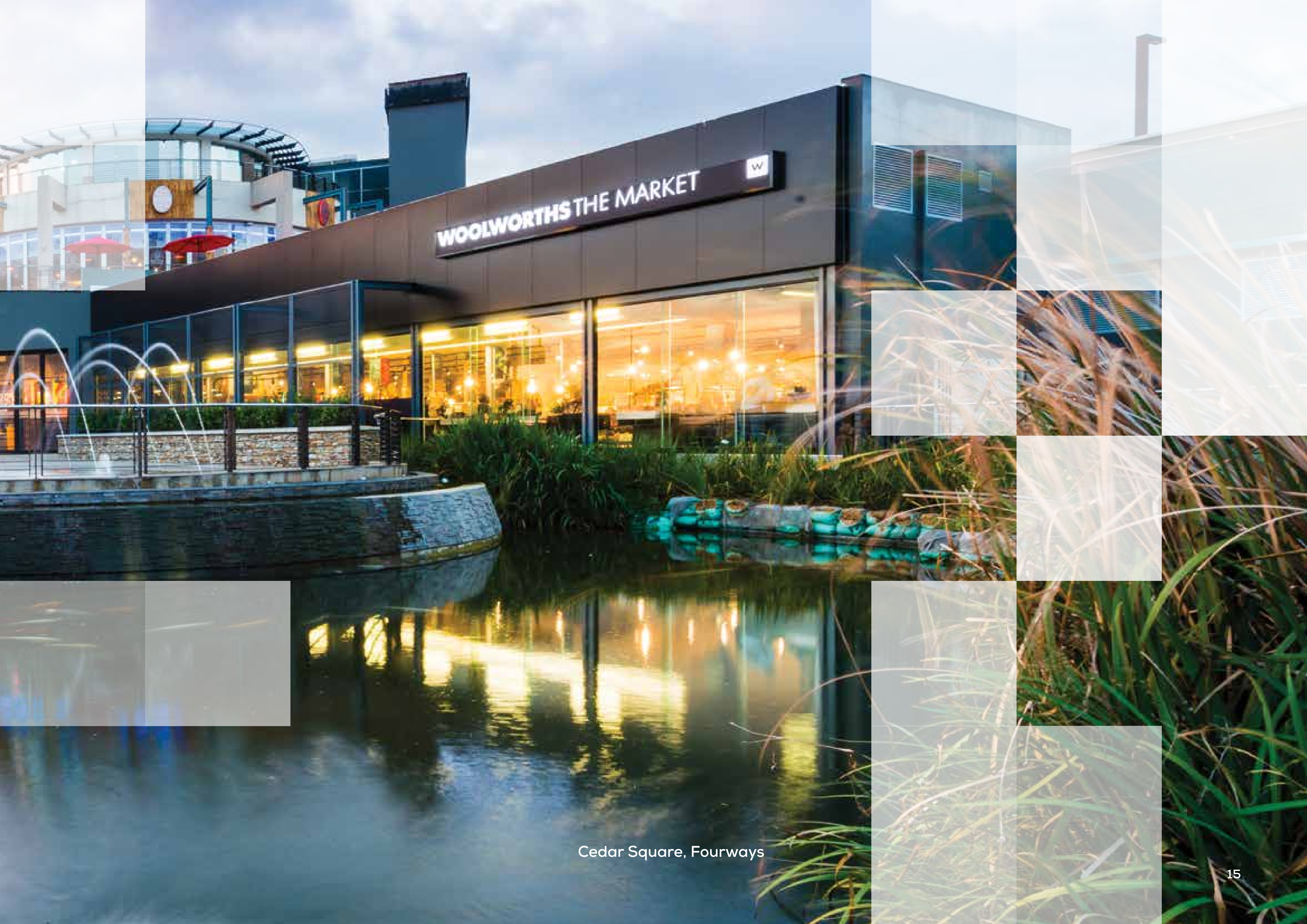
In the coming year, we will continue to focus on our current priorities to sustain value for our stakeholders. These include the completion of Fourways Mall, reducing gearing and extracting organic growth from our portfolio.

Mr Andrew Costa
Chief operating officer
18 June 2018

Our priorities

1. The Fourways Mall Development
2. Balance sheet optimisation, including reducing gearing levels
3. Ongoing proactive property management.

WHO *We* ARE



Cedar Square, Fourways

WHO WE ARE

Accelerate Property Fund aspires to be the most valued property fund on the Johannesburg Stock Exchange by acquiring high-quality properties with long-term leases with strong tenants.

The Fund owns several properties in Fourways, including the super-regional Fourways Mall, Cedar Square, The Buzz, Waterford, BMW Fourways, and the Leaping Frog Centre. It also owns Portside, the Oceana Building, the Mustek building, the Thomas Pattullo building on the Cape Town Foreshore and the majority of properties in Charles Crescent, Sandton.

Accelerate's Central and Eastern European portfolio predominantly comprises single-tenant properties in Austria and Slovakia.

The fund listed on the Johannesburg Stock Exchange (share code: APF) in December 2013. It is headquartered in Fourways, Johannesburg.

WHAT WE DO

Accelerate Property Fund focuses on:

- key strategic nodes;
- redeveloping and upgrading properties to enhance their value;
- delivering on tenants' expectations; and
- maintaining tight control over property expenses to deliver exceptional value for shareholders.

The fund acquires, develops and leases premium sites in commercial, industrial and retail sectors. The retail sector (including offshore) comprises 68% of our property portfolio by revenue.

Cedar Square, Fourways

GROUP PROFILE

Accelerate holds a high-quality property portfolio across South Africa and Central and Eastern Europe and is listed on the JSE.

LISTING DATE

12 December 2013

STRATEGIC NODES

Fourways: Johannesburg
Charles Crescent: Sandton, Johannesburg
Foreshore: Cape Town
Somerset West

WEIGHTED AVERAGE LEASE EXPIRY

5,5 years

GEOGRAPHIC SPREAD

based on gross lettable area (GLA)

South Africa – **89,4%**
Austria – **6,6%**
Slovakia – **4%**

VACANCY

10,04%

TENANT PROFILE

by revenue: A B C

A – **65,7%**
B – **16,0%**
C – **18,3%**

PORTFOLIO SPREAD

29 retail properties
Nine European retail properties
22 office properties
Seven industrial properties

ESCALATIONS

Average of **7,7%**
(7,1% including our offshore portfolio)

MARKET CAPITALISATION

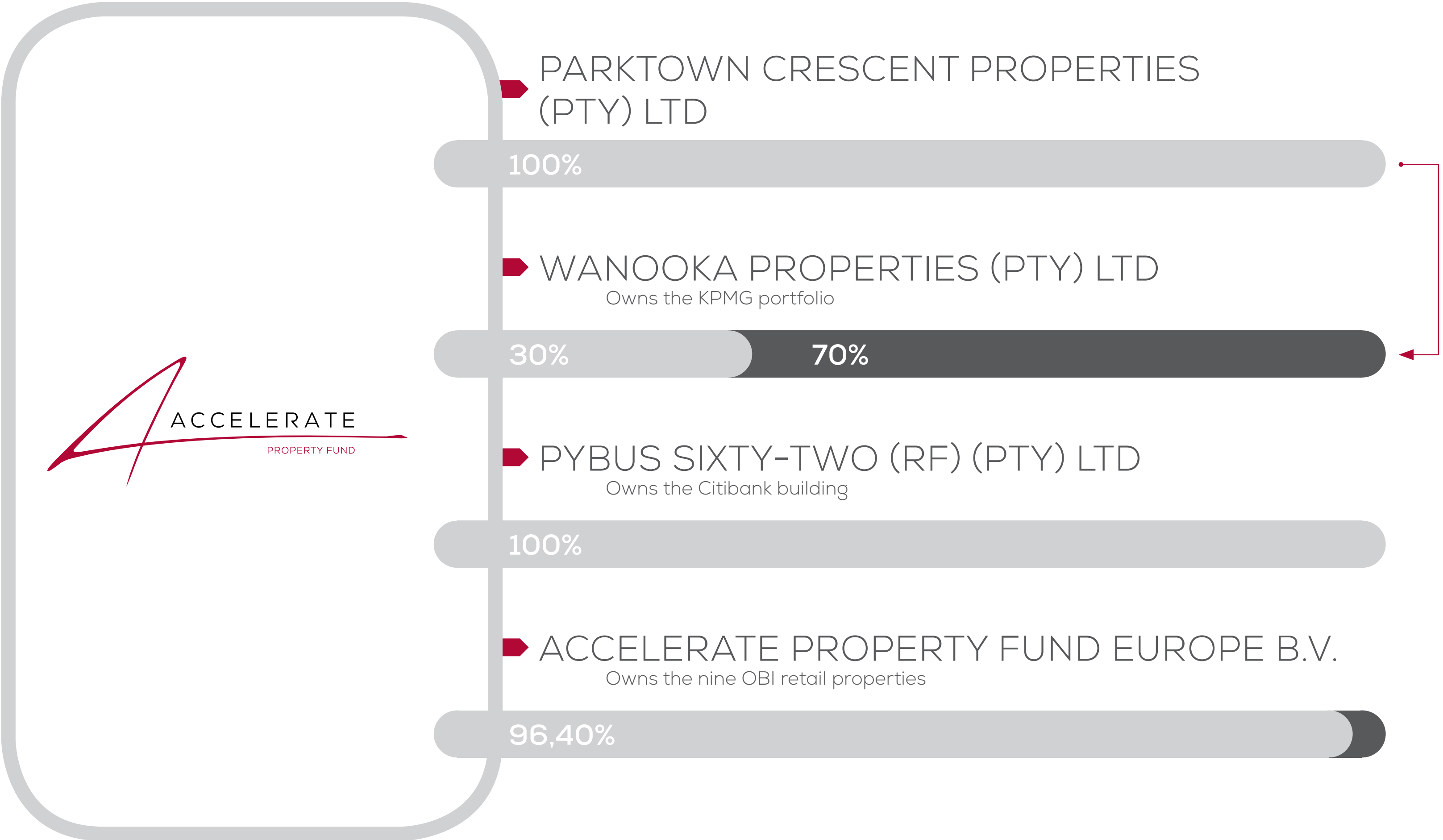
(based on a closing share price of R5,65 at 31 March 2018)

R5,6 billion

GROUP STRUCTURE

Our fit-for-purpose group structure provides full transparency to stakeholders

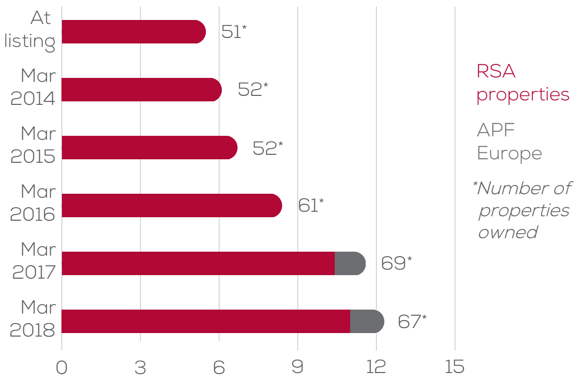
Group organogram



CREATING VALUE

We have grown our net asset value by 136,4%, from R 3,3 billion at listing to R7,9 billion at 31 March 2018.

Asset growth (Rbn)



Growth

Strategically, the fund looks to acquire, develop and lease quality defensive properties, as opposed to high-yielding inferior properties. Following this strategy, the fund has acquired exceptional properties since listing, including:

1. Portside

In June 2016, Accelerate acquired Old Mutual's share of the Portside Tower in Cape Town. The building's iconic nature, energy efficiency and eco-friendliness showcase the value of the acquisition, enhancing the group's green portfolio.

Growing value

Demand for P-grade green buildings continues to be relatively strong in the Cape Town central business district (CBD), and we expect to see this trend continue.

Acquisition price	R755 million
Building specifics	25 224 m² of P-grade, five-star Green Star SA rated office and retail building
Tenants	China Construction Bank Corporate and Lindt & Sprüngli South Africa
Escalation rates	7% per annum
Yield (year one)	7,5%
Transferred	14 June 2016

2. Eden Meander

Eden Meander is a newly built multi-tenanted lifestyle shopping centre in the residential hub of George, Western Cape. George is the administrative and commercial hub of the Garden Route and is one of the largest towns in the Western Cape.

Growing value

Another anchor tenant @Home has taken up occupation in Eden Meander off the back of a minor redevelopment to the value of R40 million at a yield of 12%.

Acquisition price	R365 million
Building specifics	29 840 m² convenience centre in George
Tenants	@Home, Checkers, Pick n Pay clothing and Builders Warehouse
Yield (year one)	9,1%
Transferred	October 2016

3. Citibank

In February 2017, Accelerate acquired the Citibank building in the Sandton CBD, thereby gaining an A-grade office building, anchored by Citibank, situated in a prime location. The property is directly adjacent to Nelson Mandela Square and is 300 m from the Sandton Gautrain station.

Growing value

At acquisition, the property was 22,9% vacant (2 593 m²) with an acquisition yield of 5,50% (excluding any vacancy assumptions). Per the Rode Property Report, as at March 2017, vacancies in the Sandton area were approximately 13% for A-grade offices. Within seven months of acquisition, vacancies decreased to 4,6% with a weighted average lease expiry of six years and a yield of 8,3%.

Acquisition price	R260 million
Building specifics	12 444 m² A-grade office space in Sandton
Tenants	Citibank
Yield (year one)	8,3%
Transferred	February 2017

4. Offshore

During 2016, Accelerate launched its single-tenant long-term net lease platform. The fund initiated this strategy by acquiring nine well-located retail properties in Austria and Slovakia, tenanted by OBI – the largest DIY retailer in Central and Eastern Europe.

Growing value

The properties were independently valued in June 2017 at €89,2 million resulting in an 8,8% increase post-acquisition.

Acquisition price	€82 million
Building specifics	100% occupied by OBI
Tenants	10 to 14-year single-net leases backed by a guarantee from holding company
Yield (year one)	11,5% yield on South African equity investment
Transferred	December 2016

Delivery

Fourways Development

Developing Fourways Mall remains our focus, and we expect construction to be largely completed at the end of 2018. This transformative development will create a super-regional mall that will anchor the fund in the Fourways node and provide a catalyst for future value creation. While having the 'typical' offerings of a super-regional, Fourways Mall will differentiate itself by way of its children's entertainment offering. This offering will be anchored in the mall with, among others, the already-existing Bounce Fourways (the flagship store in South Africa – 4 700 m²) and KidZania, an interactive 'city' built entirely for children, which blends learning with entertainment (8 000 m²).

Fourways over time

"The evolution of the Fourways area over the last decade has been nothing short of staggering and, given the plans that property development giants such as the Accelerate Property Fund have for the region, there is now little doubt that we are seeing the area evolve into a mini-city in the mould of the Sandton city centre."

Pam Golding's Annual Real Estate Review

Fourways has developed into a strong node over the last 10 years. The next 10 years will see it develop into a hub of retail activity, the likes of which we have not seen before.

FOURWAYS OF YESTERDAY

the beginnings of a giant undertaking

2009:
The rezoning for the first phase of the Fourways Mall Development

2013:
Accelerate Property Fund listed on 12 December 2013

2014:
Funding arrangements for the Fourways Development

2016:
Cedar Square was renovated

FOURWAYS OF TODAY

a hub of activity and promise

2016:

Accelerate committed to acquire an equalising 50% portion of the completed Fourways Mall at a yield of 8%

2018:

The majority of the approximate R300 million roadworks funded by Fourways Precinct (Pty) Ltd are complete, and the new dual carriageway on Cedar Road has recently opened, significantly improving traffic flow in the area

FOURWAYS OF TOMORROW

the most dominant retail market in South Africa

2018:

The Witkoppen Road flyover construction will be completed, linking into the super-regional mall's multi-level covered parkade

2018/2019:

Fourways Mall Development official relaunch and equalisation will be completed

AND BEYOND

The Gautrain Management Agency has planned to extend the Gautrain route by 150 kilometres over the next 20 years, including routes through Randburg, Fourways, and Soweto. This will have a significant impact on how people commute and move in Gauteng. Phase 2 of the development will be critical to growth and movement through Fourways – spurring further growth through ease of access to the node.

OUR POSITIONING

Creating value through a focused nodal approach

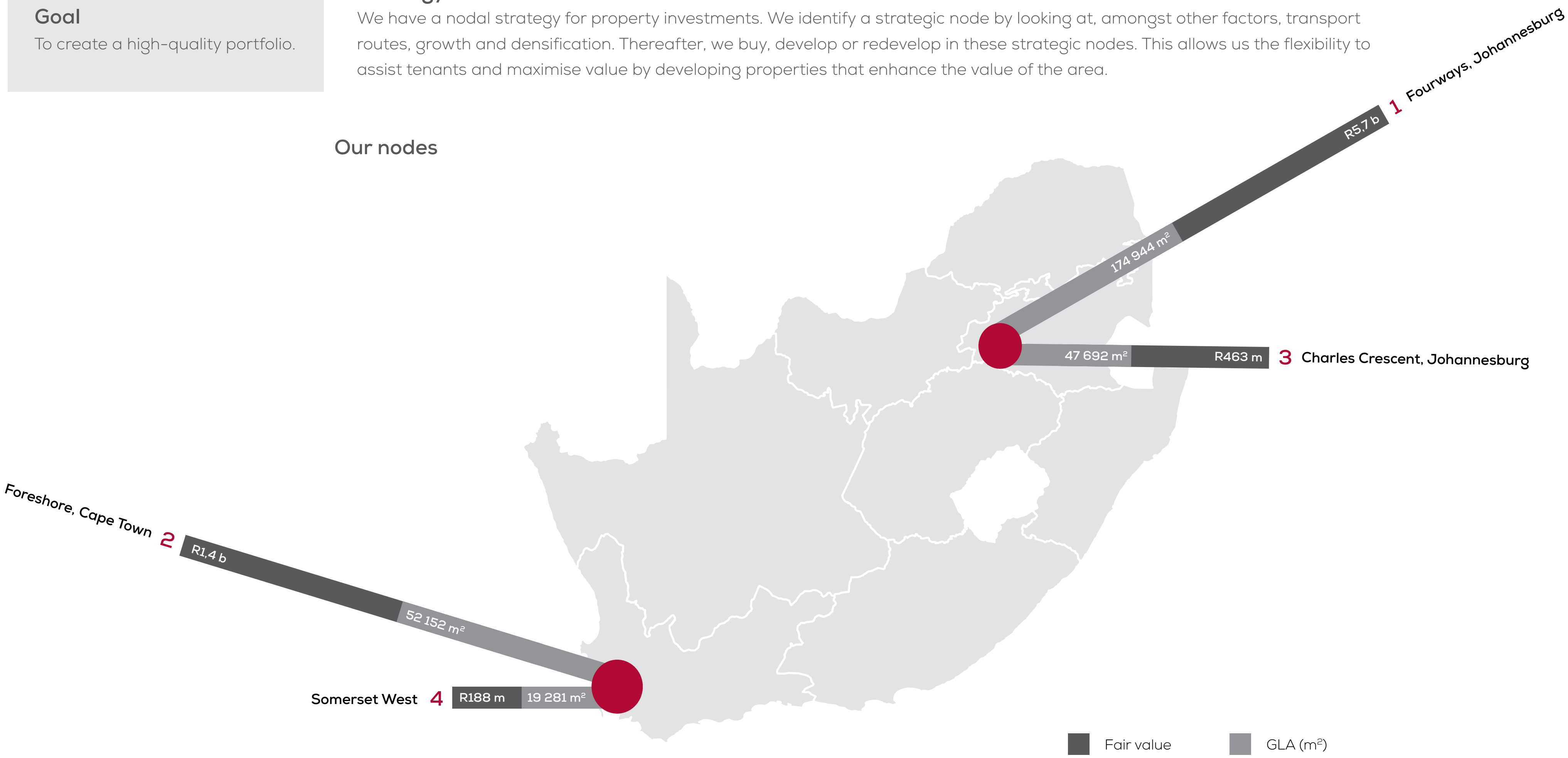
Goal

To create a high-quality portfolio.

Strategy

We have a nodal strategy for property investments. We identify a strategic node by looking at, amongst other factors, transport routes, growth and densification. Thereafter, we buy, develop or redevelop in these strategic nodes. This allows us the flexibility to assist tenants and maximise value by developing properties that enhance the value of the area.

Our nodes



1. Fourways, Johannesburg

Fourways lies on the outskirts of the Johannesburg metropolis along key transport routes. Fourways has seen considerable growth in residential dwellings over the last five years, resulting in increased demand for both retail and office space.

Total GLA	174 944 m²
Valuation	R5,7 billion (31 March 2018)
Properties	Fourways Mall, Fourways View, Cedar Square, BMW, The Buzz, Leaping Frog and Regus Fourways, Waterford, Ford Fourways, Mazda Fourways and Valleyview
Undeveloped bulk	The area surrounding the BMW dealership on Cedar Road, the bulk around Cedar Square Shopping Centre and the Buzz Shopping Centre
Development	Fourways Mall Development
Anchor tenants	Woolworths, Pick n Pay, Virgin Active, Game, Nedbank, Edcon Group, Foschini Group, H&M, Hamleys, Bounce Inc, FNB and Absa
Option	Option to acquire up to 50% of Fourways Mall has been executed and committed to, which will be a super-regional shopping centre

2. Foreshore, Cape Town

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

Total GLA	52 152 m²
Valuation	R1,4 billion
Properties	Portside, 101 Hertzog, Thomas Patullo, Oceana Head Office, Mustek House, and Murray & Roberts
Acquisition potential	We remain acquisitive in the node, with existing first right of refusal on quality buildings such as Chevron, BMW and Netcare Hospital
Anchor tenants	City of Cape Town, Mustek, Oceana, Bytes Technology and Murray & Roberts
Development potential	The Murray & Roberts acquisition comprises two erven adjacent to Accelerate's Foreshore properties. There is significant commercial and retail development potential for this precinct, which we intend to unlock

3. Charles Crescent, Johannesburg

Charles Crescent is conveniently located near the M1/N3 highway and Sandton. The precinct is close to the Sandton and Marlboro Gautrain stations and lends itself to future development.

Total GLA	47 692 m²
Valuation	R463 million
Properties	1, 9 and 10 Charles Crescent, PriMovie Park, and ACT
Anchor tenants	Primedia, Scottish Knitwear (Pringle) and Taxify
Current strategy	Active asset management focus
Future strategy	This is a future growth node earmarked for conversion into a multi-purpose node that will include residential, retail and office (mixed-use) property

4. Somerset West

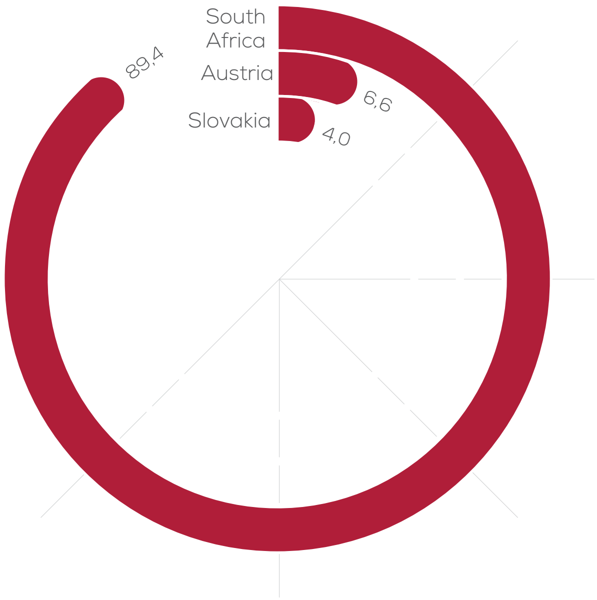
Somerset West lies on the outskirts of the Cape Town metropolis, close to the wine routes and the nearby town of Stellenbosch. It offers a balance of growth prospects with established infrastructure in close proximity to two important business regions.

Total GLA	19 281 m²
Valuation	R188 million
Properties	The Pines, Mr Price and Triangle House
Anchor tenants	Mr Price, @Home, Hillsong Church, Petworld, Crown Foods, PSG and Standard Bank
Current strategy	Active asset management focus and extracting maximum value
Future strategy	Possible further additions to the node as opportunities arise

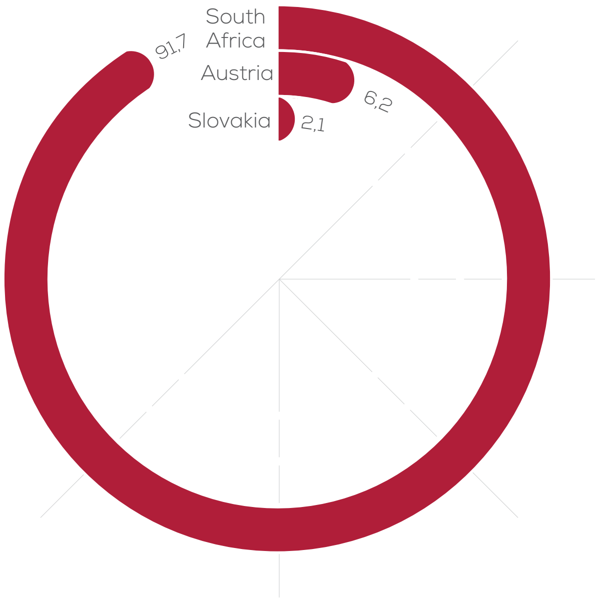
PROPERTY PORTFOLIO

Geographic summary

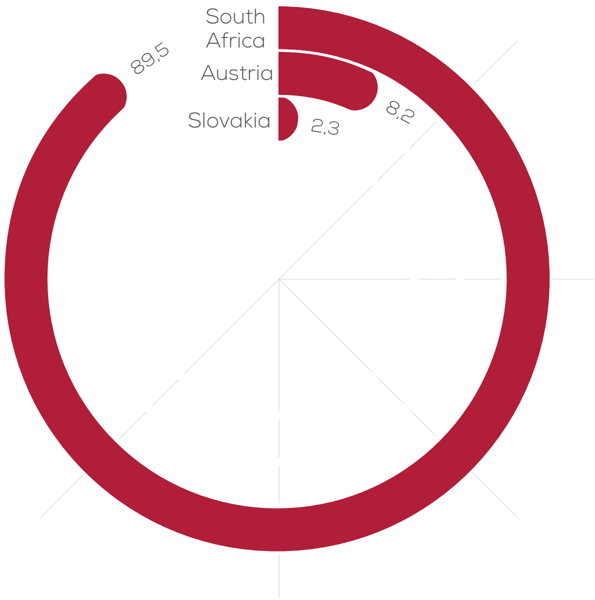
GLA (%)



Revenue (%)



Fair value (%)



Total for 10 properties compared to total property portfolio

Fair value (Rm)

GLA (m²)

■ Top 10 properties ■ Rest of property portfolio

Sector summary

Sectoral type (GLA)

Sectoral type (gross revenue)

Sectoral type (fair value)

■ Industrial ■ Office ■ Retail ■ European Retail

Tenant profile

Tenant profile (GLA)

■ A ■ B ■ C

Tenant profile (revenue)

A: Large national tenants, large listed tenants, large professional firms and major franchises, including Absa, Bounce, Capitec, Dis-Chem, Edgars, First National Bank, Foschini, Jet stores, KPMG, Makro, Massmart, Medscheme, Nedbank, OK Furnishers, Pepkor, Pick n Pay, Primedia, Shoprite, Standard Bank and Woolworths

B: National tenants, listed tenants and franchises including, among others, Fishmonger, KFC, Mugg & Bean, Nando's, Spur, Steers and Wimpy

C: Other, smaller non-listed and non-franchised businesses mainly owner-operated

Single vs multi-let

■ Single-tenanted ■ Multi-tenanted

Top 10 properties (by value)

Fourways Mall
SHOPPING CENTRE

GAUTENG

GLA

61 634 m²

FAIR VALUE

R3 186 000 000

Top 10 properties (by value) (continued)

GAUTENG

Cedar Square Shopping Centre

GLA

44 418 m²

FAIR VALUE

R945 000 000

WESTERN CAPE

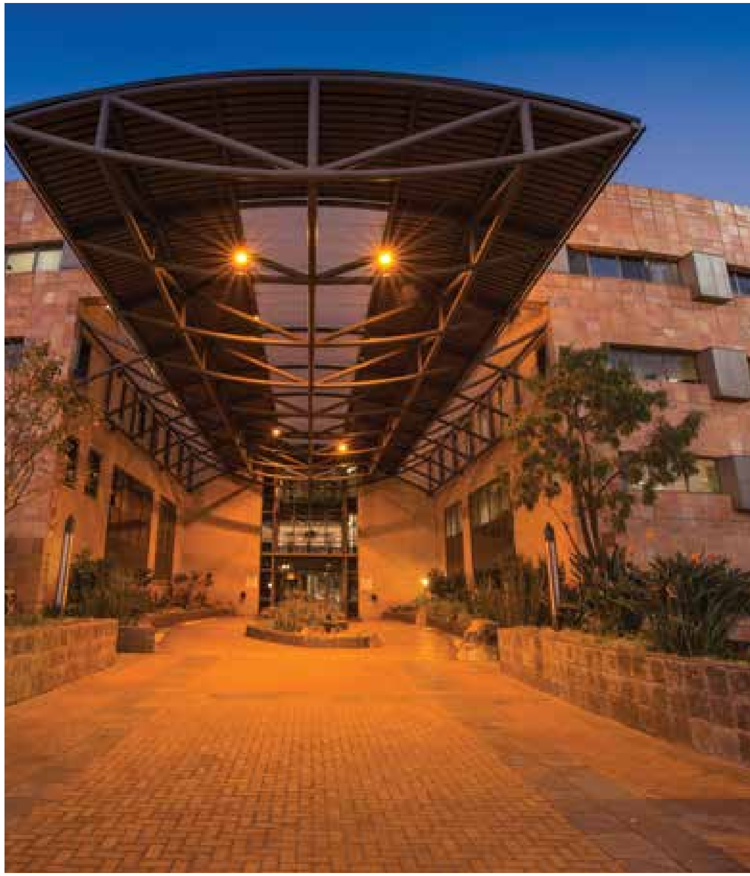
Portside

GLA

25 224 m²

FAIR VALUE

R872 783 800



GAUTENG

KPMG Crescent

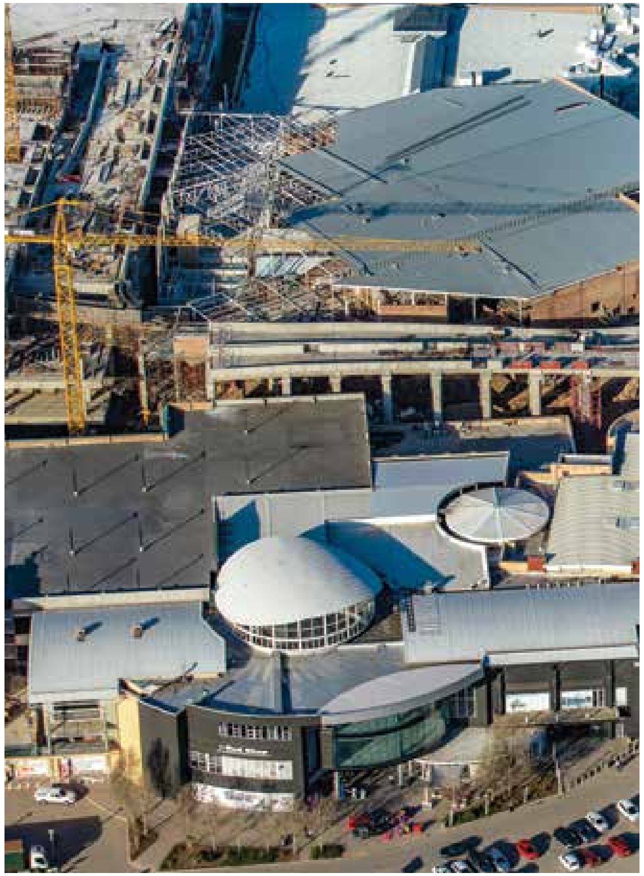
GLA

20 096 m²

FAIR VALUE

R723 951 648

Top 10 properties (by value) (continued)



AUSTRIA

OBI Wien

GLA

16 365 m^2

FAIR VALUE

(2017: R581 916 113)

GAUTENG

Fourways View

GLA

12 731 m^2

FAIR VALUE

R430 500 000

WESTERN CAPE

Eden Meander

GLA

29 840 m^2

FAIR VALUE

R418 500 000

GAUTENG

The Buzz Shopping Centre

GLA

14 118 m²

FAIR VALUE

R299 700 000

GAUTENG

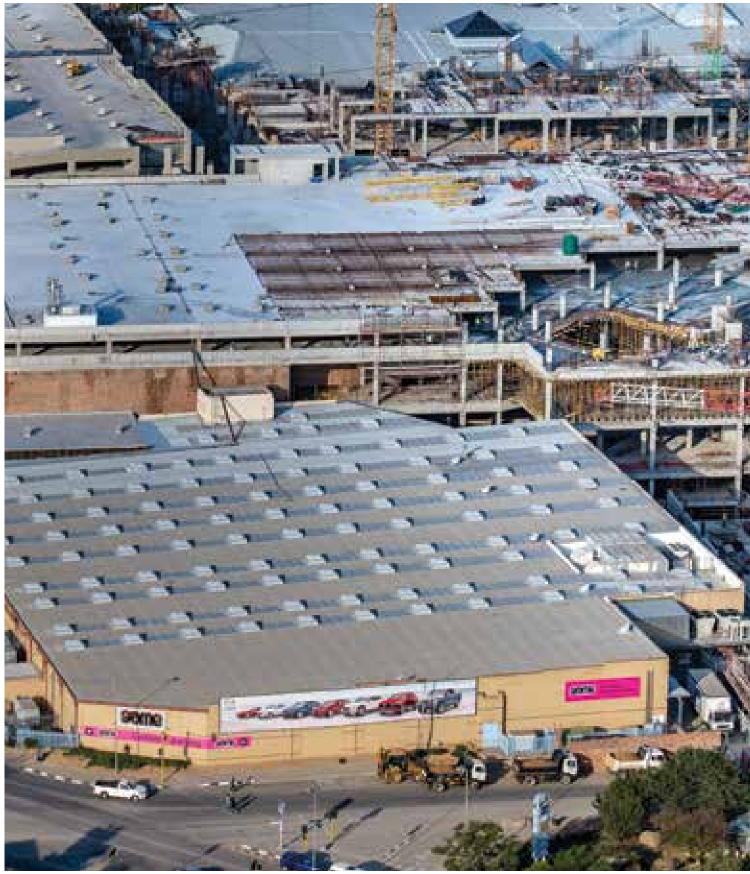
Citibank

GLA

12 433 m²

FAIR VALUE

R291 293 400



GAUTENG

Fourways Game

GLA

7 504 m²

FAIR VALUE

R257 751 092

HOW ACCELERATE CREATES *Value*

Citibank, Sandton

CREATING VALUE

Accelerate uses a wide-angle lens to determine what is material to our value creation over time. Value creation requires our understanding of:

OPERATING CONTEXT

(see page 30)

INCLUDING STAKEHOLDER FEEDBACK

(see page 40)

AND ALLOWING THE MATTERS THAT EMERGE AS MATERIAL MATTERS AND RISKS

(see page 38)

Eden Meander, George

TO INFORM OUR STRATEGY

(see page 34)

AND BUSINESS MODEL

(see page 36)

CONNECTING THESE ELEMENTS TO ONE ANOTHER AND SPECIFICALLY TO OUR STRATEGIC PILLARS FORMS OUR VALUE CREATION NARRATIVE.

Glen Gables, Pretoria

OUR STRATEGY

Accelerate's vision is simple – to be the most valued property fund on the JSE. To realise our vision, we implement a clearly defined strategy with strategic objectives to provide the roadmap. We pride ourselves in our evidenced delivery against strategy and continue to make great strides in meeting our objectives.

Focusing on strategic nodes has proven key to our success. We continue to strengthen our current strategic nodes through development and capex spend on existing properties.

Our medium to long-term strategy remains unchanged

Our strategic pillars	Our strategic objectives	Relevant key performance indicators
Enhancing returns on our assets	Redeveloping and upgrading properties to enhance their value	Significant capital expenditure
Growing our quality portfolio	Investing in quality property assets	65,7% of tenants are qualified as A-grade by revenue (listed or large national tenants)
	Concentrating on existing strategic nodes and creating new ones	Total investment per strategic node: • Fourways, Johannesburg: R5,7 billion • Charles Crescent, Sandton: R463 million • Foreshore, Cape Town: R1,4 million • Somerset West: R188 million
	Maintaining our retail focus	Maintained retail bias with 59,7% of the portfolio constituting retail property by revenue
	Offshore diversification	Offshore exposure is 8,3% of the portfolio by revenue
Optimising our funding	Diversifying our funding while proactively managing interest rate risk	97,4% of debt hedged Weighted average swap maturity of two years Funding diversity: • 28,9% financed through debt capital markets • 71,1% financed through three banks 8,4% blended interest rate LTV ratio of 39,9% (40,7% including offshore)
Delivering value to stakeholders	Investing in long-term quality and growth	Delivering on the Fourways Mall Development Balance sheet optimisation Improving the existing portfolio
	Maintaining tight control on property expenses	14,8% cost-to-income ratio (2017: 16,9%)
	Delivering on tenants' expectations	Vacancies of 10,04%

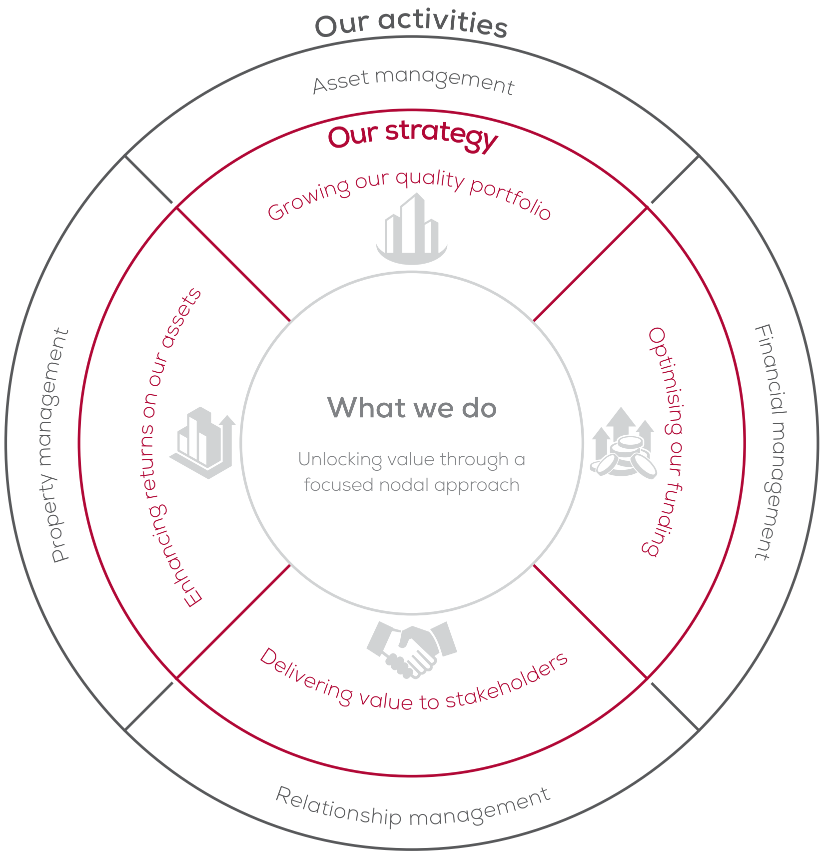
Our short-term strategic priorities are focused on anchoring the portfolio and positioning it for future growth

Our three priorities for the 2018 and 2019 year include:

Priority	What we achieved	Outlook
1. Delivering the Fourways Mall Development Related strategic priorities:	Redevelopment of Fourways Mall is well underway • Mall extension of 178 000 m^2 excluding Leroy Merlin • Flagship representation of Leroy Merlin 17 000 m^2 • Focused on achieving an optimal tenant mix • R300 million invested in roadworks funded by Fourways Precinct (Pty) Ltd • Over 3 000 new parking bays • Foodcourt and entertainment section revamp, 95% let • A unique family entertainment offering	We will continue maintaining and upgrading our existing buildings. The Fourways node has been touted as the most dominant retail market in South Africa. The launch of the Fourways Development and surrounding infrastructure spend positions us for sustainable growth.
2. Balance sheet optimisation, including reducing gearing levels Related strategic priorities:	The fund has a diversified funding base. We proactively manage our debt maturity profile, cost of debt and interest rate risk. Due to an acquisitive drive during the previous financial year, our LTV ratio has grown above targeted 35-40%. Given this, we have embarked on projects to reduce gearing levels while still protecting income and the overall defensive nature of the portfolio. Additional swaps with terms of three and four years were taken out in February 2018. Our weighted average swap term has improved to 2,1 years with 97,4% of total debt hedged.	We remain committed to mitigating funding risks by diversifying the pool of available funding. We will continue to manage swap maturity proactively to ensure that we have adequate hedging.
3. Ongoing proactive property management Related strategic priorities:	We strive to enhance returns on our assets by developing and renovating our properties. Examples include the 3 085 m^2 Eden Meander (George) extension, completed in April 2018; the Fourways View renovation, which has contributed to a number of tenants renewing their leases and the introduction of new tenants including West Pack and PetWorld; and the commencement of renovations at Leaping Frog (Fourways) with a new Nando's drive-thru being built. Smaller spends over the past year have also demonstrated how capex effectively deployed on the back of a defined leasing strategy can significantly enhance returns and materially add to the defensive nature of our portfolio.	We will continue to implement initiatives to drive value across the portfolio.

OUR BUSINESS MODEL

Our business model is at the core of our value creation story.



The six capitals provide us with inputs. We convert these to outputs through our business activities (the services we offer) and outcomes (the effects on the capitals). Our business model is influenced by our operating context, as we need to adapt to changes such as the availability, quality and affordability of our inputs in order to remain a successful and sustainable business.

Our inputs

Financial capital

The funds we use

- Rental income generated from our properties
- Equity funding
- Debt funding
- Proceeds from property disposal

Manufactured capital

The buildings we own

The property portfolio through which we generate revenue. Our property portfolio by GLA consists of:

- 59,7% retail
- 26,8% office
- 13,5% industrial

Intellectual capital

The intangible knowledge, systems and processes that make us tick

Our organisational, knowledge-based intangibles include the balanced and diverse experience of our management team and board of directors (including capital markets, property management, property development, legal, finance etc.), and the continual enhancement of our governance structures and employee development.

Natural capital

The natural resources upon which we rely

The water, electricity and external environment upon which we depend to operate and support the current and future prosperity of our business.

Social and relationship capital

The relationships that sustain our ability to create value over time

Our relationships with stakeholders sustain our business. It is a strategic imperative for the group that we contribute meaningfully to our society.

Human capital

The employees we depend on

The competency, capability and experience of employees, and their motivations to innovate.

Our activities	Our outcomes
Financial management We ensure access to financial capital by prudently managing our funding	Income and capital growth for shareholders Distributed R533 million in dividends Through balance sheet optimisation, we reduced our gearing level to 40,7%
Asset management We grow our asset base while maintaining our strong retail bias through active asset management. We exploit investment opportunities as they arise, pursue optimal development and expansion opportunities, and dispose of non-core assets.	We enhanced our portfolio in line with our strategy, with a focus on redevelopments and growing the value of our assets through refurbishments. We disposed of three non-core properties and used the proceeds to repay debt and reinvest in the core portfolio.
Property management We maintain our buildings to the highest standards, striving for operational efficiencies to preserve natural capital.	Employees became more experienced, were developed through internal and external training, and transferred skills and knowledge among each other. We reduced our reliance on natural capital by 'greening' our buildings, including energy-efficient lighting, and water-saving interventions.
Relationship management Accelerate is committed to creating and maintaining inclusive and mutually beneficial relationships with all stakeholders. We invest in our employees and develop them through internal and external training and skills transfer. We adequately incentivise and reward employees to align their interests with those of the company.	We continued developing social and relationship capital through effective stakeholder engagement. We allocated additional resources to our public relations and stakeholder engagement functions. Given the scarcity of skills in the property sector, we focus on developing our human capital through recruiting, retaining and training high-quality employees.

Making strategic choices

A focus on sweating the assets and bedding down the fundamentals

We seek to acquire properties (**manufactured capital**) that will secure long-term value creation for Accelerate and our stakeholders. Therefore, acquiring quality defensive properties, as opposed to high-yielding, inferior ones remains a strategic priority.

Our recent acquisitions impacted our **financial capital** in the short-term, with the fund's LTV ratio growing above the targeted level. We are consequently optimising our balance sheet. This includes ongoing negotiations on a potential black economic empowerment (BEE) transaction with an approximate value of R1,2 billion, recycling certain non-core assets to the value of approximately R1 billion and the sale/joint venture on bulk for residential development. Furthermore, we continue to stimulate organic growth in the value of the portfolio by investing in our buildings and our tenants.

Outputs we deliver

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

RISKS AND OPPORTUNITIES

Accelerate proactively identifies and manages those risks that impact our ability to deliver on our strategic objectives.

Our material risks are identified in terms of their probability and potential effect, with each risk mapped to the strategic objective that it could impact. Accelerate's system of internal controls is designed to provide reasonable assurance as to the integrity and reliability of the financial statements, and is intended to safeguard, verify and maintain accountability for the company's assets. The system also identifies and minimises fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

Please note that the risks shown below are not ranked and reflect only the most material risks to the business. Refer to the table below to understand the probability and potential impact of these risks.

Risk	Potential impact/context	Opportunity		Strategic pillar
Continued weak economic environment	The lack of economic growth in South Africa continues to impact investment into the country as well as consumer spending and growth within the retail sector, to which we are significantly exposed. Tenants with low sales might not be able to pay rent, and limited capital inflows could impact our ability to raise capital.	By improving our portfolio through developments and strategic disposals, and differentiating our retail centres through experiential offerings, we are able to attract and retain high-quality tenants.	See page 10	
Weak commercial property market	The commercial property market remains weak due to an oversupply in the sector, poor GDP growth and a lack of business confidence during the 2018 financial year.	Improved business confidence following the ANC elective conference is expected to positively impact demand for office space, especially in the A- and P-grade properties in the medium term, which we are primarily exposed to.	See page 42	
Delivery of our Fourways Development	The Fourways Development forms a large part of our strategy and plan for the long-term success of the group.	By delivering on the Fourways Development, we unlock the value inherent in the Fourways node. The Fourways node is a prime location in South Africa (see page 50) and the unique offerings will establish it as a sought-after destination in Gauteng.	See page 50	

Risk	Potential impact/context	Opportunity		Strategic pillar
Potential loss of value-accretive opportunities due to capital constraints/ high gearing	Elevated debt levels combined with a suppressed share price negatively affect our fund raising ability.	By proactively optimising our balance sheet and delivering the Fourways Development, we believe we will reduce our gearing and position the fund to capture opportunities as they arise.	See page 10	
Ongoing degradation of municipal services/ country infrastructure and uncertainty of supply	Water and electricity supply remains a key concern for our tenants, together with the continued rise in administered prices.	Through green technology, we become more independent of municipal services, reduce our environmental impact and enhance our reputation as a responsible corporate citizen.	See page 47	
Changes to laws and regulations	Not remaining at the forefront of regulatory changes could impact our legitimacy and sustainability as a business.	By ensuring we remain on top of potential regulatory changes, we enhance our reputation and ensure we are aligned with best practice.	See page 61	

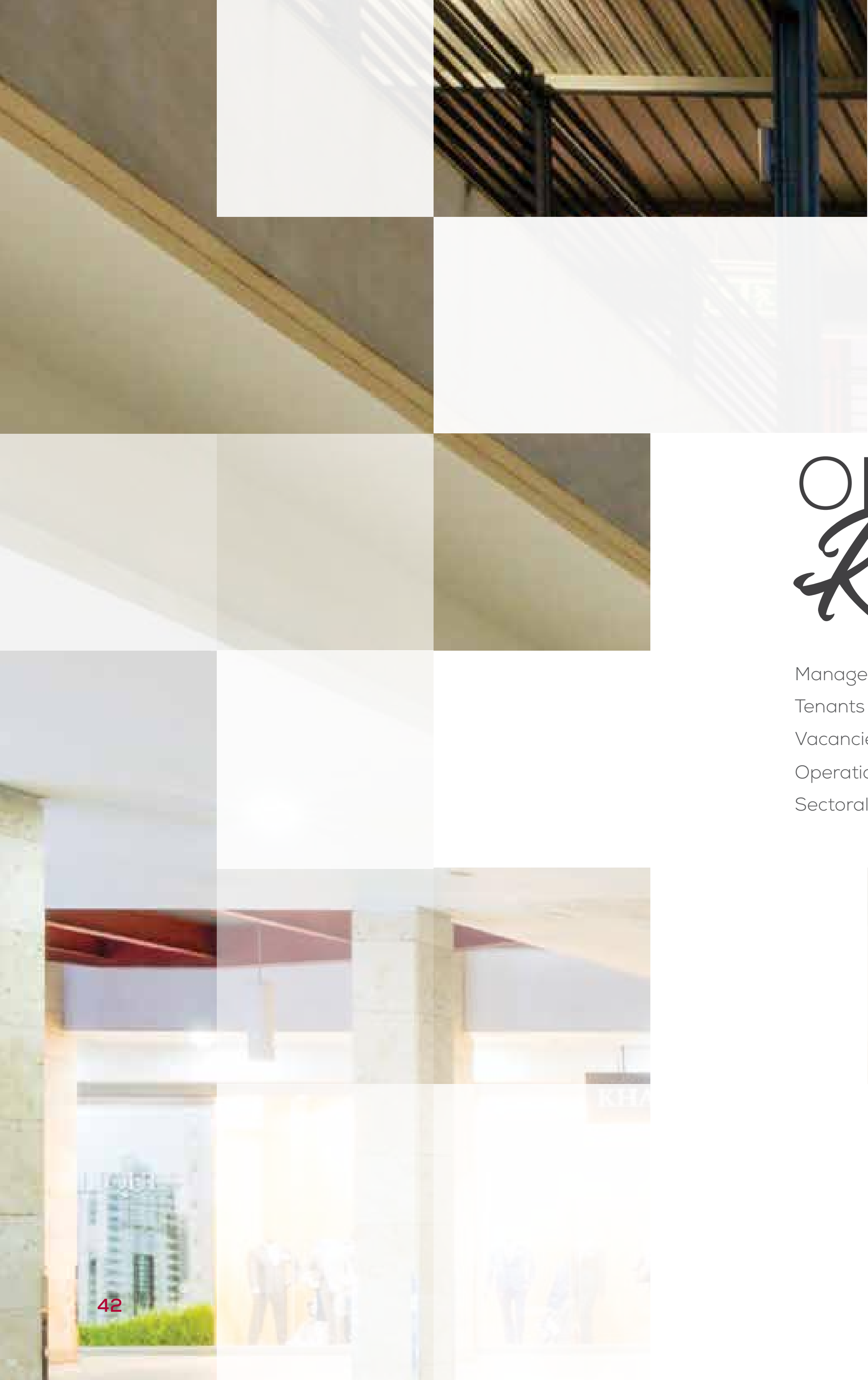
STAKEHOLDER ENGAGEMENT

We believe that engaging with our stakeholders is key to our ongoing success, providing essential inputs that inform our decision-making and help us to progress towards our strategic objectives.

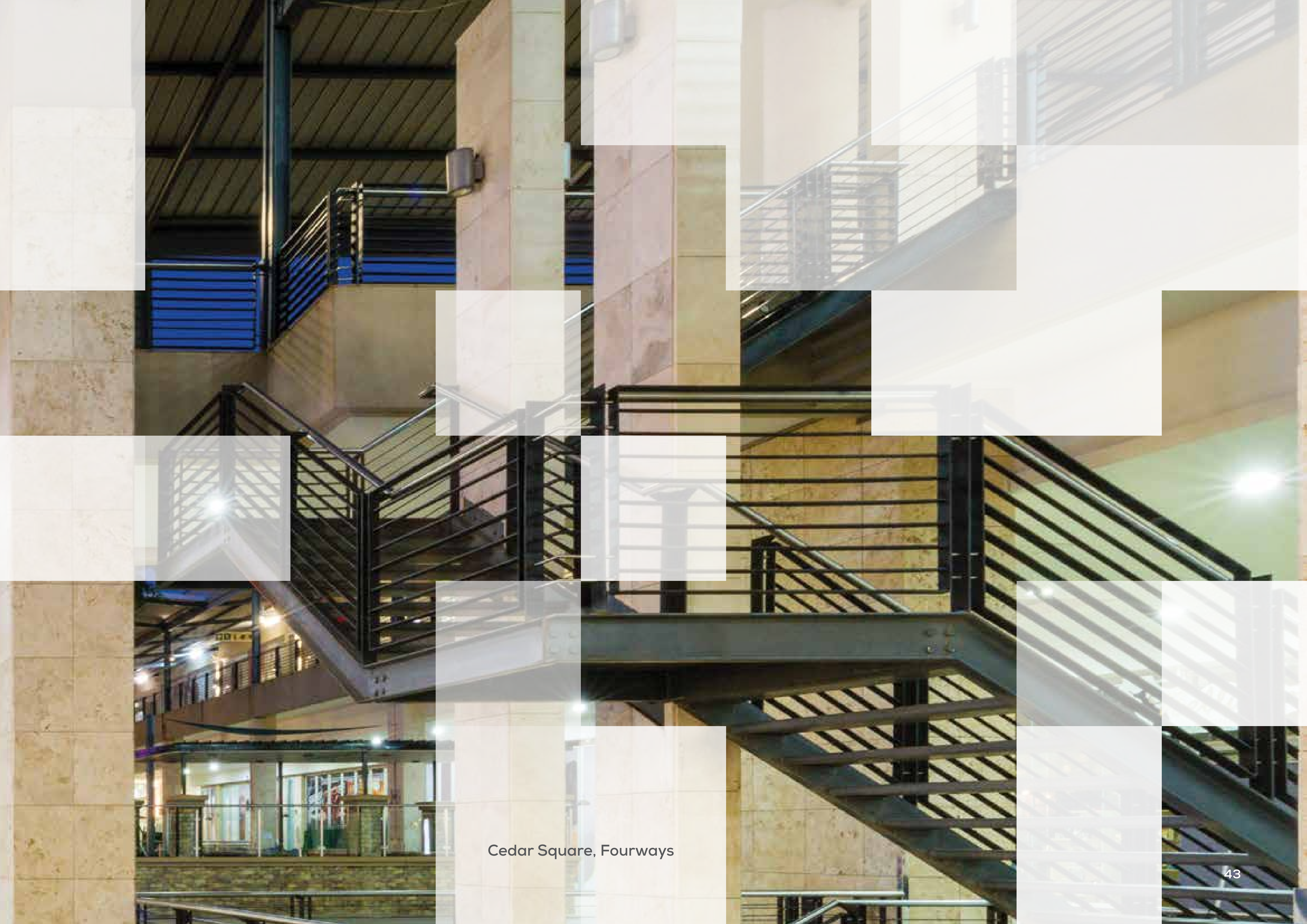
We strive towards mutually beneficial relationships with our stakeholders and recognise that each group requires unique engagement. We are committed to timely and effective communication with our stakeholders, and transparently presenting relevant financial and non-financial matters.

	Why we engage	How we engage	How we create value
Employees	To maintain a dedicated and high-performance work culture, which encourages a favourable working environment	• Email and telephonic communication • Induction, training and development • Employee events • Human resources engagement meetings	Through constant engagement, employees feel heard and valued. This also places us in a better position to meet their legitimate needs and address their concerns. This, in turn, supports job satisfaction for our employees and talent retention for the business.
Tenants	To create mutual benefit for Accelerate and our tenants through long-term relationships	• On-site property teams • Print, web, social media • Telephonic communication • Events • One-on-one meetings	By truly understanding our tenants' ambitions, challenges and needs, we are better positioned to meet these needs and create value for them. This is essential as tenant retention is a key to our success.
Suppliers	To ensure the responsible provision of goods and services	• Tender for proposals	Through ongoing engagement with our suppliers, we form mutually beneficial partnerships that create value. By articulating our specific needs, we enable delivery that supports business growth for both parties.
Investors	To provide timely and transparent communication	• Integrated report • Investor presentations • Roadshows • One-on-one meetings • JSE SENS announcements • Media announcements • Website • Site visits	Our business depends on our access to finance. By understanding and addressing our investors' feedback, we are able to grow our business. This in turn provides a return on investment to our investors.

	Why we engage	How we engage	How we create value
Community	To create a positive impact on the community and environment in which Accelerate operates	• Community initiatives • Bursaries • Environmental initiatives	By engaging with our community groups, we add value in a way that they see and appreciate, ensuring our ongoing social licence to operate and enhancing our brand.
Regulatory authorities	To fully comply with applicable laws and regulations	• B-BBEE scorecard • Employment equity reports • Tax returns • Member of industry bodies eg.: – SOPOA: South African Property Owners Association – SACSC: South African Council of Shopping Centres – IODSA: Institute of Directors in Southern Africa – SA Reit: South African Reit Association	We engage to ensure our compliance with mandatory standards and to further our understanding and application of governance best practice. This improves the credibility of the Accelerate brand and ensures we grow responsibly and can support value creation in the short, medium and long term.



OPERATIONAL *Review*



Cedar Square, Fourways

MANAGEMENT AND OPERATIONAL STRUCTURE

ASSET MANAGEMENT

ASSET MANAGEMENT FORUM, INVESTMENT COMMITTEE, BOARD

PROPERTY MANAGEMENT
(South Africa)

PROPERTY MANAGEMENT
(Europe)

FOURWAYS PRECINCT AND ACCELERATE PROPERTY MANAGEMENT COMPANY

IN-COUNTRY EXECUTIVES

MANAGING DIRECTOR

- Head of leasing
- Head of portfolio management
- Head of legal and compliance

MANAGING DIRECTOR

- Head of finance
- Head of facilities management
- Head of administration

M2 Property Management (Europe)

The Accelerate board of directors is responsible for the overall direction and supervision of the company, with general management delegated to the executive members. The executives and certain senior management are responsible for the asset management function, which in turn directs the property management function.

Services rendered

Asset management function:

- To consider acquisitions, disposals, developments and redevelopments
- To recommend to the investment committee appropriate acquisitions, disposals and redevelopments
- To implement such transactions and capital expenditure

The investment committee will make recommendations to the board for transactions and capital expenditure that fall outside its approved mandate.

RETAIL

29 properties

GLA 306 376 m^2

Property value R7,1 billion

OFFICE

22 properties

GLA 167 475 m^2

Property value R3,4 billion

INDUSTRIAL

Seven properties

GLA 84 236 m^2

Property value R0,5 billion

EUROPEAN RETAIL

Nine properties

GLA 65 893 m^2

Property value R1,3 billion

Property management functions:

Property management services include the following functions:

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

M2 Property Management in Europe

Property management services include the following functions:

- Operations (administration, collections and maintenance)
- Finance

BAKER STREET PROPERTIES

(11 properties)

TENANTS AND LEASING

Profile: Tenants represent the core of our business and are essential for a sustainable stream of income. Recognising this, our portfolio managers and leasing team take great care in sourcing new tenants, retaining existing tenants and negotiating lease agreements.

Accelerate's tenants are categorised as follows (by GLA):

- A tenants (approximately 65,7%): large national tenants and large listed tenants
- B tenants (approximately 16,0%): national tenants, listed tenants, franchises and medium to large professional firms
- C tenants (approximately 18,3%): other smaller, non-listed and non-franchised businesses

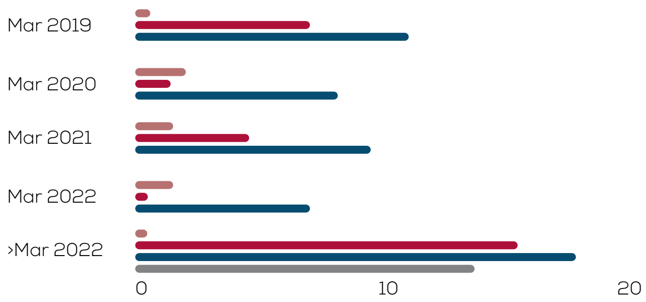
The tenant profile by revenue and by GLA is shown on page 25.

Tenant evaluation: All potential tenants undergo a thorough evaluation prior to signing a lease. We gain a better understanding of a potential tenant's creditworthiness, trade history, and business or product suitability for our particular locations through this evaluation. We use this information to build a comprehensive tenant portfolio.

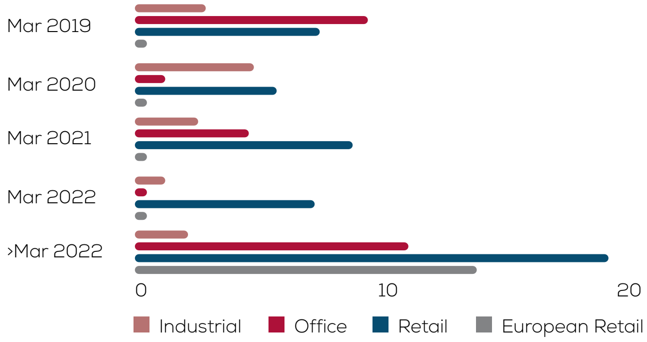
Tenant attraction and retention: All our shopping centre and portfolio managers are responsible for ensuring that tenants are correctly placed. They evaluate and use tenant profiles to position a tenant to serve the centre's market. Anchor tenants are strategically placed to maximise foot traffic through the centres. Furthermore, we assess nearby competitors to ensure that we provide the best possible option for current and future tenants.

Leasing: The weighted average lease expiry of Accelerate's property portfolio by gross rental is approximately 5,5 years as depicted in the graph alongside. Furthermore, the weighted average annual escalation across the fund's property portfolio is approximately 7,7% (7,1% including our offshore portfolio). Accelerate seeks to maintain the average escalation rate of our property portfolio above long-term inflation rates.

Lease expiry by gross rental (%)



Lease expiry by GLA (%)



VACANCIES

Each week, portfolio managers and executive and senior management monitor all vacancies. The vacancies per sector are shown in the table below.

Actual vacancy profile per sector as at 31 March 2018

	Total		Retail		Office		Industrial		European Retail	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Number of properties	**67**	69	**29**	31	**22**	22	**7**	7	**9**	9
GLA (m^2)	**623 998**	638 494	**306 382**	315 666	**167 477**	167 699	**84 236**	84 236	**65 893**	65 893
Vacancy (%)	**10,04**	6,91	**5,62**	7,91	**15,70**	11,22	**22,7**	–	**–**	-

Tenant profiles are consistently monitored by their respective portfolio managers along with the head of leasing throughout the life of a lease agreement. As a hands-on company, Accelerate ensures that all tenants have access to the portfolio managers, senior management and executives when necessary. The portfolio manager engages with tenants to timeously address any issues.

OPERATIONAL EFFICIENCIES

Maintenance: Regular property maintenance is key to preserving the asset values in Accelerate's property portfolio. This responsibility falls to the property management companies according to a pre-determined strategy and budgeting process. Operations managers at our major shopping centres have access to a maintenance team, which addresses our tenants' maintenance issues as they arise. Service level agreements cover waste management, security, cleaning, landscaping, and pest control services.

Resource efficiencies: Accelerate's material expenditures include rates, taxes and metered municipal expenses. Metered expenditures, comprising water and electricity, are forecast to continue increasing, placing a material burden on tenants across all sectors. Although 95% of our Cape Town properties by value are in the Foreshore – an area unaffected by the recent water supply interruptions in the region, Accelerate continues to explore energy-efficient and water-efficient alternatives to implement throughout our properties.

This year we:

- Removed taps on the outside of buildings, which could be vandalised
- Installed water-saving spray nozzles in our restroom areas
- Investigated boreholes, which could supply non-potable water for flushing toilets
- Investigated various options for air-conditioning, which is a significant water consumer in our buildings
- Investigated installing solar PV

SECTORAL REVIEWS

We focused on extracting maximum value from our existing portfolio, ensuring it offers long-term distribution security and capital growth underpinned by strong underlying contractual cash flows.

We are reducing the number of properties we own by selling off non-core properties and reinvesting proceeds into the core portfolio, continually improving the quality and sustainability of our portfolio as is evident from the adjacent table.

Our strategy seeks to spread our portfolio over three sectors of the property market: retail, office and industrial, with a focus on retail. We seek to have a long-term rental revenue income balance of:

- 70% from retail property
- 15% from office property
- 15% from industrial property

	Accelerate's property portfolio (total)		Retail		Office		Industrial		European Retail	
Indicator	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Number of properties	**67**	69	**29**	31	**22**	22	**7**	7	**9**	9
Asset value (R'000)	**12 270 240**	11 628 506	**7 073 460**	6 502 070	**3 370 717**	3 230 105	**528 054**	644 621	**1 298 009**	1 251 710
Value per sector (%)	**100,0**	100,0	**57,6**	55,9	**27,5**	27,8	**4,3**	5,5	**10,6**	10,8
Average property value (R'000)	**183 137**	168 529	**243 912**	209 744	**153 214**	146 823	**75 436**	92 089	**144 223**	139 078
Average escalation (%) (7,8% excluding offshore)	**7,1**	6,90	**7,7**	7,80	**7,7**	7,60	**7,8**	7,70	**–**	–
Expense-to-income ratio (%)	**14,8**	16,90								
Weighted average lease period (years)	**5,5**	5,63	**3,81**	3,53	**6,35**	7,03	**4,62**	2,73	**12,28**	13,28

Retail

Our focus remains on delivering on our Fourways Mall Development to unlock the value of the asset and the node. The mall's redevelopment and expansion to a super-regional centre is close to completion.

The portfolio consists of the Fourways retail portfolio and other retail properties. The Fourways portfolio includes our flagship asset, the Fourways Mall Shopping Centre, as well as 11 other letting enterprises, the majority of which are retail centres, comprising approximately 46,8% of Accelerate's total portfolio value. Other prominent letting enterprises within the Fourways retail node include Fourways View, Cedar Square, The Buzz Shopping Centre, Fourways Game and Leaping Frog. Fourways View and Fourways Game will be incorporated into the completed Fourways Mall super-regional shopping centre.

22 other properties make up the balance of our retail portfolio, comprising typical neighbourhood or convenience-type shopping centres, mainly anchored by large national and listed supermarket chains such as Shoprite Checkers, Spar and Pick n Pay.

Accelerate owns three purpose-built motor dealerships within proximity of the Fourways Mall Shopping Centre, being BMW Fourways, Ford Fourways, and Mazda Fourways. Mazda Fourways will be incorporated into the completed Fourways Mall super-regional shopping centre.

Highlights	• Construction for the Fourways Development and extension is close to competition • The Fourways retail market is expected to continue to grow through the development of housing estates. Growth in the node is underpinned by the infrastructure development linked to road access and public transport • Quality trading demographics and densities in the Fourways area • A high occupancy rate at Fourways Mall at a vacancy of only 1% (net of structural vacancies) • Wilrogate's and Beacon Isle centres' upgrade • The 3 085 m^2 Eden Meander extension, a multi-tenanted lifestyle shopping centre near the residential hub of George in the Western Cape • The Fourways View Development is well advanced
Challenges	• Consumer spending is down, thus impacting our tenants • An increase in competition in the retail market • Operational difficulties caused by severe water shortages in the Western Cape
Looking ahead	• Ongoing focus on tenant retention and supporting our tenants in a trying operating environment • Continued investment in maintaining and improving our assets

Why Fourways?

Shoppertainment realises all the possibilities of an imagined retail future in our Fourways node

South African retail has shifted significantly in the last decade with dramatic and disruptive changes in the landscape. Accelerate Property Fund has closely watched the recent evolution of retail in the country, with its sights firmly fixed on the future, with the multi-billion-rand investment in redeveloping Fourways Mall, and supporting developments in the broader Fourways node, thus responding to the changing needs of mall visitors of all ages.

According to a South African ecommerce insights report commissioned by eShopWorld, nearly one third of shoppers use ecommerce, and another 6,5 million users are expected to be shopping online by 2021. What can malls and their tenants do to keep credit cards swiping – in store and not online?

South African retail has undergone significant change, as town centres have largely been superseded by suburban malls with big-brand tenants, and the regional and super-regional malls have had to adapt to maintain relevance and interest where they can no longer compete on convenience.

While online shopping has indeed been identified as a potential threat to the brick-and-mortar experience, BusinessTech notes that half of the top 10 of South Africans' online purchases are in categories not conventionally purchased in a mall: event tickets, travel tickets, hotel reservations, software and holiday packages. Online shopping is also a more commoditised experience than a sensory one.

ShopperTrak believes that store-based retailing also remains more profitable for big brands, as in-store sales do not incur the high cost of 'free' (to the customer, but not to the retailer) shipping and returns associated with online sales.

Fourways Mall redevelopment

McKinsey research highlights that successful malls of the future will differentiate their offerings with a focus on experience and convenience, they will leverage technology and multi-channel strategies, and they will explore new formats – and the malls that will keep the people coming will offer multi-sensory experiences.

And that's where *shoppertainment* comes in – a combination of shopping and entertainment that takes the drudge of shopping and spices it up with a variety of entertainment options that appeal to the whole family.

For example, Fourways Mall, in the heart of one of the most rapidly growing areas in the country, offers a vast array of retail options, and family entertainment, like a flagship 4 500 m^2 Bounce facility, the 1 350 m^2 Fun Company, and Adventure Golf.

The internationally renowned KidZania, an 8 400 m^2 children's edutainment offering, is on track to open in December 2018 and is likely to be popular with families and school groups across Gauteng, significantly expanding the Mall's natural catchment area.

Anchor tenants that draw foot traffic are still key, but the move towards experiential shopping implies the need for a far broader tenant mix, including luxury brands where shoppers want to have a sensory experience before they buy, and novel independent stores that cannot be experienced anywhere else.

For example, Adidas is globally testing pop-up stores that use body scanners and 3D knitting machines to custom-design clothing while shoppers wait, and Nike's new store in New York includes a mini indoor basketball court, a treadmill and small soccer enclosure, making it a place to socialise and play as much as it is a shopping destination. The result? People stay in the store longer than they would if they were just going to buy shoes or clothing – and are likely to buy more.

With the expected anchor tenants already secured, Fourways Mall will also welcome lifestyle brands like Lindt, Sorbet Man, Hamleys, Cotton On, Nike, Nike Golf, G Star Raw, Starbucks and Superdry, while many existing tenants, such as Mr Price, The Foschini Group, Edcon and Woolworths, are expanding their footprints.

In addition to permanent shoppertainment venues, successful malls will also have spaces for temporary or 'pop-up' installations, to keep their offering fresh and seasonally relevant. These could include the time-honoured 'take a photo with Santa' opportunities that have been popular for long as we can remember, to far more daring and interactive ideas like temporary climbing walls, try-before-you-buy displays, or even sports clinics.

Retailers that include digital touch points throughout any retail experience are likely to boost consumer loyalty too, with the only challenge being that those offering a deeply interactive in-store experience inspired by shoppertainment need to maintain that ethos with their online presence. Failing to do so could see consumers doubt their integrity – particularly if they're window-shopping for a sensory experience and then shopping online for convenience.

In keeping with its long-term vision for the Fourways node, Accelerate Property Fund has not just focused its attention on Fourways Mall, but is implementing a far-reaching strategy for the whole Fourways node to raise its status to being the comprehensive retail and entertainment offering in the country.

It's with this in mind that the tenant mix at Cedar Square has been strategically managed, with the centre now home to a Virgin Active gym, a luxurious Woolworths Food market, and other convenience-led lifestyle tenants. New restaurants have recently opened, including the family-friendly Smoke Daddy's (a Papachino's brand), tapas bar Escondido, Portuguese flavours from Laurentina and the ever-popular Tiger's Milk. These all expand Cedar Square's appeal to couples and families, as well as firmly establishing it as a day-time and evening entertainment destination.

Similarly, nearby Fourways View is undergoing redevelopment, offering the convenience of banking facilities, a Food Lover's market and a large West Pack Lifestyle store.

Tenants in the redeveloped Fourways Mall will be at the heart of one of the most rapidly growing areas in South Africa, with more than 40 000 residential units planned for the area north of Fourways including Dainfern and Diepsloot. Steyn City will add approximately 10 000 affluent households to the market in the next five to 10 years.

More and more families are moving to the area and will be seeking in-city destinations where they can do all their regular shopping, but where they can have fun together too. This focus on creating a holistic lifestyle destination rather than a purely retail facility is sure to future-proof the Fourways node in an increasingly digital world.

Retail portfolio

Buildings	Region	GLA (m²)	Net rental per (R/m²)	Fair value 31 March 2018 (R)
Fourways Mall	Gauteng	61 634	225	3 186 000 000
Cedar Square Shopping Centre	Gauteng	44 418	104	945 000 000
Fourways View	Gauteng	12 731	180	430 500 000
Eden Meander	Western Cape	29 840	100	418 500 000
The Buzz Shopping Centre	Gauteng	14 118	102	299 700 000
Fourways Game	Gauteng	7 504	135	257 751 092
BMW Fourways	Gauteng	7 857	139	174 859 707
The Leaping Frog	Gauteng	11 027	112	164 999 544
Kyalami Downs	Gauteng	13 649	93	160 989 242
Cherry Lane	Gauteng	11 504	84	122 446 274
Bela Bela	Limpopo	10 626	80	107 900 287
Mazda Fourways	Gauteng	3 388	125	104 374 062
Wilrogate Centre	Gauteng	10 065	95	96 719 895
Mr Price	Western Cape	8 096	59	74 300 000
The Pines	Western Cape	7 619	62	66 166 461
East Lynn Shopping Centre	Gauteng	7 630	76	65 100 000
Ford Fourways	Gauteng	2 469	176	61 800 000
Waterford	Gauteng	6 682	69	61 179 667
Eshowe Mall	KwaZulu-Natal	10 337	41	56 473 667
Edgars Polokwane	Limpopo	4 500	86	50 700 000
Beacon Isle	Gauteng	2 080	122	31 957 421
Valleyview Centre	Gauteng	2 012	62	27 100 000
9 & 11 Main Road Melville	Gauteng	3 113	75	25 324 427
Cascades Shopping Centre	Gauteng	3 413	54	23 192 053
Corporate Park Corner Shopping Centre	Gauteng	4 252	45	23 026 690
Wilropark	Gauteng	2 771	60	17 355 406
7 Main Road Melville	Gauteng	1 973	71	15 266 264
14 Main Road Melville	Gauteng	1 068	41	4 778 018
		306 376		7 073 460 177


Cedar Square, Fourways

Office

We continue to create value by redeveloping our buildings and maintaining strong relationships with our tenants, focusing our efforts on key nodes to maximise our presence and impact in these areas.

Accelerate's office property portfolio comprises 22 properties throughout South Africa and a predominant focus on Gauteng and Cape Town. Our tenants are mainly blue-chip national tenants, including Primedia, Oceana, Mustek, Cape Metro Police, Citibank, KPMG, Murray & Roberts and Regus.

Within the office sector, we currently focus on two essential nodes. In Cape Town, we are focused on the Foreshore node, which holds a strong geographic position in the resilient CBD and has the potential to be enhanced significantly through an expansion.

Within Gauteng, the Charles Crescent node in Sandton, which is close to the Gautrain and Rea Vaya Bus Rapid Transport System stations, is our priority.

Highlights	• P and A-grade properties continue to perform well – quality is a differentiator in a constrained office market • Citibank's vacancy rate reduced from 22,9% at acquisition in February 2016 to 4,6% at year-end
Challenges	• There is a high vacancy rate in B and C-grade office due to an oversupply in the market, poor GDP growth and a trend towards owner-occupied buildings as opposed to leased offices • Municipal services continue degrading • Energy and water efficiency measures remain costly • Economic downturn applies pressure to B and C-grade office space
Looking ahead	• Over the medium term we expect improved business confidence to increase demand for office space; however, we remain cautious and continue to focus on operational efficiencies to ensure business sustainability • Our focus remains on attracting and retaining tenants through upgrades tailored to tenant needs and enhancements to existing assets

Citibank – enhancing value through leasing excellence

Transportation corridors are a significant determiner of where we choose to establish our strategic nodes. The Gautrain is a key gateway to and around Gauteng, and its planned development will be critical in city planning going forward. This was an important factor in our decision to purchase the Citibank property, an A-grade office building in the heart of Sandton. The acquisition was in line with our strategy of acquiring quality defensive assets, as opposed to high-yielding but inferior properties.

Bordering the Nelson Mandela Square, the property is conveniently located 300 m from the Sandton Gautrain station and just over 200 m from the Sandton Convention Centre. There is 38 928 m^2 of undeveloped bulk in the immediate vicinity, which presents significant future development opportunities.

Given the prime location of the property, it has been critical to ensure we unlock its value by filling vacancies. The leasing progress made at Citibank has been a highlight for the year. Through an excellent leasing strategy, we have reduced vacancies from 22,9% at acquisition in February 2016, to 4,6% at year-end, while containing costs with stringent cost management. This has resulted in a yield on purchase price that subsequently increased to 8,3%.

Office portfolio

Buildings	Region	GLA (m²)	Net rental per (R/m²)	Fair value 31 March 2018 (R)
Portside	Western Cape	25 224	216	872 783 800
KPMG Crescent	Gauteng	20 096	240	723 951 648
Citibank	Gauteng	12 433	156	291 293 400
KPMG Wanooka Place	Gauteng	6 762	238	257 266 714
Oceana House	Western Cape	7 254	162	165 700 000
PriMovie Park	Gauteng	17 364	47	160 600 000
Murray & Roberts	Western Cape	5 470	217	158 135 356
1 Charles Crescent	Gauteng	13 723	61	106 201 305
Thomas Pattullo Building	Western Cape	6 084	105	95 438 175
Flora Park	Gauteng	14 673	53	93 467 010
Glen Gables	Gauteng	6 486	72	55 300 000
99 – 101 Hertzog Boulevard	Western Cape	3 620	105	54 800 000
Mustek (89 Hertzog Boulevard)	Western Cape	4 500	87	52 371 233
Brooklyn Place	Gauteng	2 862	131	49 994 256
Triangle House	Western Cape	3 566	98	47 800 000
KPMG Polokwane	Limpopo	1 484	190	39 908 071
9 Charles Crescent	Gauteng	4 298	71	38 538 095
Exact Mobile	Gauteng	1 104	155	31 650 477
Highway Gardens Office Park	Gauteng	5 791	63	27 000 000
KPMG Secunda	Mpumalanga	830	155	18 196 615
KPMG Port Elizabeth	Eastern Cape	1 054	118	17 500 968
Absa Brakpan	Gauteng	2 797	46	12 819 583
		167 475		3 370 716 706

Industrial

We focus on acquiring quality properties in prime locations and managing them in such a way as to extract maximum value for the business and our tenants.

Accelerate's industrial assets are made up of seven properties, located in Port Elizabeth, Cape Town and Johannesburg. Blue-chip national tenants include FL Schmidt, Pick n Pay and Edgars.

Highlights	• The bulk of our industrial properties are underpinned by long-term, net leases
Challenges	• The industrial portfolio vacancy rate has been under pressure following the Checkers Montague property becoming vacant in February 2018. At year-end, 6 990 m^2 of the 24 000 m^2 warehouse was re-let. We are confident that given the prime location of the property, it will be fully let in due course
Looking ahead	• Our short to medium-term focus remains on managing the portfolio by improving letting and increasing efficiencies

Industrial portfolio

Buildings	Region	GLA (m^2)	Net rental per (R/m^2)	Fair value 31 March 2018 (R)
Checkers Montague	Western Cape	26 135	52	**153 300 000**
Edcon Warehouse	Western Cape	14 775	46	**86 100 000**
MB Technologies	Gauteng	6 000	147	**81 100 000**
Accentuate	Gauteng	12 000	81	**65 700 000**
Pick n Pay	Eastern Cape	7 983	63	**61 800 000**
Meshcape Building	Gauteng	13 898	33	**53 400 000**
10 Charles Crescent	Gauteng	3 445	58	**26 654 033**
		84 236		**528 054 033**


Portside, Western Cape


OBI
KORNFEIND
Hofer

Offshore portfolio

The offshore portfolio continues to perform comfortably within expected parameters.

Accelerate holds a portfolio of nine well-located retail warehouse properties in the Central and Eastern Europe (six in Austria and three in Slovakia). These properties are tenanted by OBI, one of the largest specialist DIY retailers in this region.

These assets align to our international investment philosophy of developing and acquiring long-term, single-tenant net-lease properties that are strategic to blue-chip multinational or large regional tenants, in countries that meet defined minimum investment criteria and are also considered core markets to such tenants.

Austria has a high GDP per capita with above average growth forecasts within the European Union. Slovakia is a fast-growing economy with rising real wage growth and disposable income.

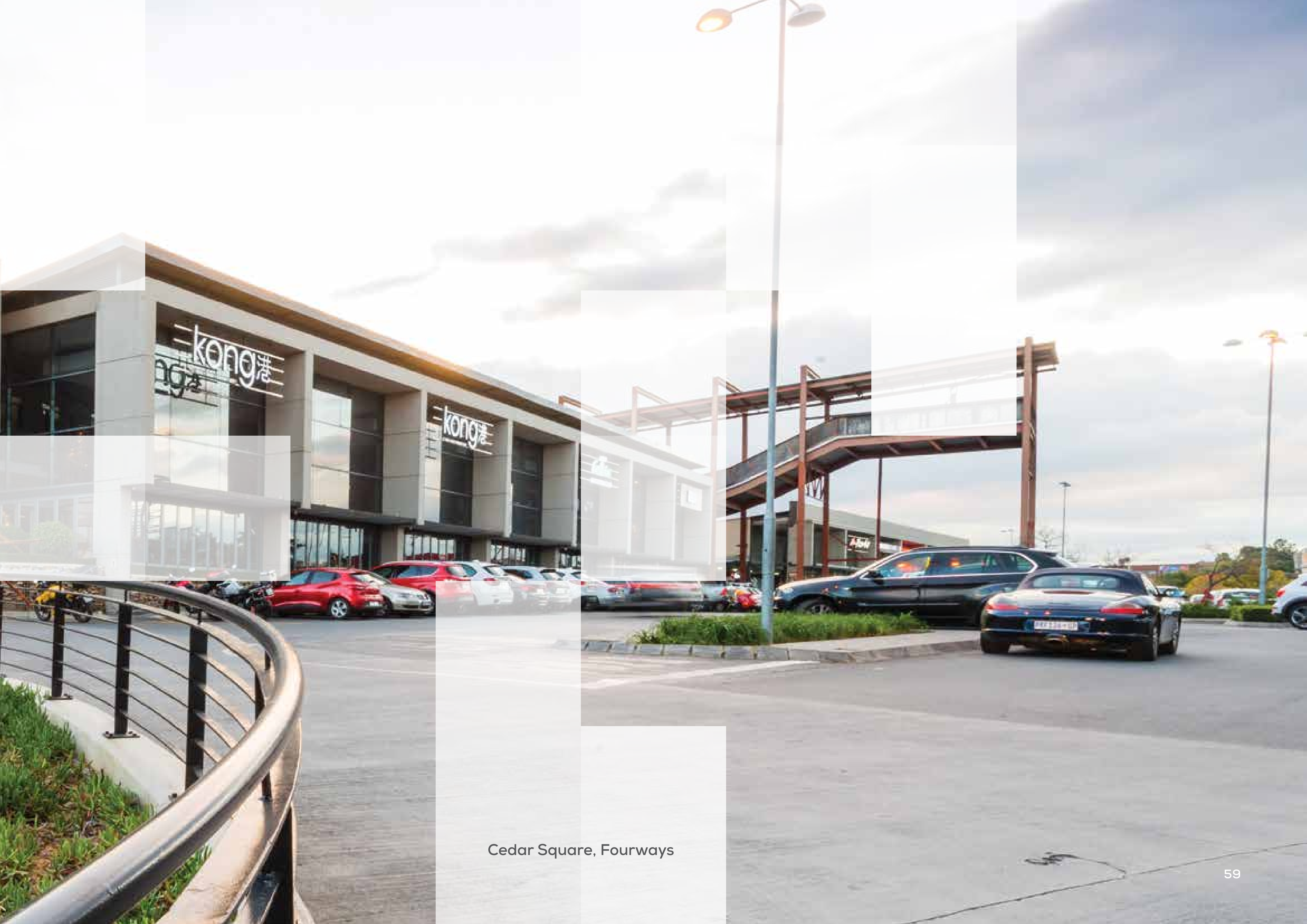
With this investment case, our scalable international operating platform is in place to capture any opportunities that should arise and are deemed to be beneficial to the fund's shareholders. The holding company in the structure resides in Amsterdam, Holland and is 96,4% owned by Accelerate Property Fund Ltd in South Africa. The remaining 3,6% is owned by on the ground management executives.

Highlights	• Market trading conditions in line with due diligence analysis • All rentals due received in full • Quarterly site visits performed • Flagship store (Vienna – 40% of the portfolio by revenue) trading at 8% growth year-on-year • Remaining stores trading at 2% to 3% growth
Challenges	• Producing rental growth in a low inflation environment
Looking ahead	• Our European platform is scalable with on-the-ground deal origination, and finance functions • We have invested in the right place, and will seek to expand our offshore presence when a potential transaction presents itself at an opportune time

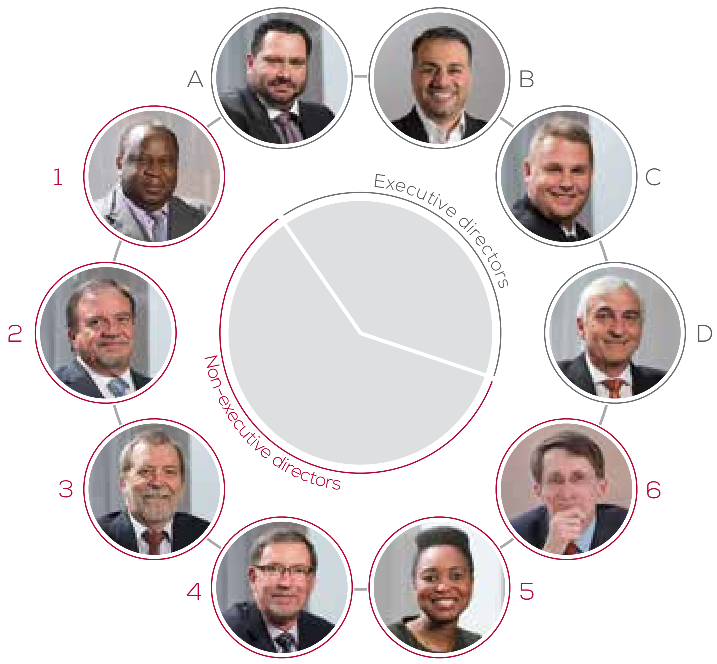
Offshore portfolio

Buildings	Region	GLA (m²)	Net rental per (R/m²)	Fair value 31 March 2018 (R)
Austria				
OBI – Mauthausen	Oberösterreich	5 146	119,42	**104 905 500**
OBI – Hallein	Salzburg	3 739	67,08	**45 541 500**
OBI – Bruck/Mur	Steiermark	6 823	80,37	**95 797 200**
OBI – Mürzzuschlag	Steiermark	5 822	102,89	**108 717 600**
OBI – Rosental	Steiermark	3 316	90,39	**53 674 950**
OBI – Wien	Wien	16 356	179,42	**609 499 500**
Slovakia				
OBI – Martin	Martin	7 950	62,95	**88 391 250**
OBI – Kosice	Kosice	8 054	59,76	**87 139 950**
OBI – Nitra	Nitra	8 687	65,28	**104 341 550**
		65 893		**1 298 009 000**

CORPORATE *Governance*



Cedar Square, Fourways



Detailed biographies of our leadership team can be found on http://acceleratepf.co.za/investor-centre/integrated-annual-report/

BOARD OF DIRECTORS

Executive directors

A Mr Michael Georgiou (48)
Chief executive officer
Appointed: 1 January 2013
Committee: IC
Expertise: Acquisitions, disposals, finance, property development, property management

B Mr Andrew Costa (47)
Chief operating officer
Appointed: 1 April 2013
Committees: IC, RemCo
Qualifications: BCom, LLB
Expertise: Acquisitions, capital markets, disposals, finance, investment banking, legal, property management

C Mr John Paterson (44)
Appointed: 1 January 2013
Committees: IC, SETCo
Qualifications: BA, LLB, LLM
Expertise: Acquisitions, capital markets, disposals, finance, investment banking, legal, property management

D Mr Dimitri Kyriakides (63)
Chief financial officer
Appointed: 1 January 2013
Committee: TG
Qualification: CA(SA)
Expertise: Audit, acquisitions, disposals, finance, information technology, property development, property management

ARC	Audit and risk committee
RemCo	Remuneration committee
NomCo	Nominations committee
SETCo	Social, ethics and transformation committee
IC	Investment committee
TG	Technology governance committee

Non-executive directors

1 Mr Tito Mboweni (59)
Chairman
Appointed: 1 June 2013
Committees: IC, NomCo (chair), RemCo
Qualifications: BA, MA
Expertise: Banking, corporate governance, finance, remuneration

2 Dr Gert Cruywagen (62)
Lead independent director
Appointed: 1 June 2013
Committees: ARC, IC (chair)
Qualifications: MBSc, PMD, PhD, FIRM(SA), CRM Prof (SA), RIMS CRMP (US)
Expertise: Compliance, corporate governance, insurance, risk management

3 Mr John Doidge (69)
Independent director
Appointed: 1 June 2013
Committees: ARC, NomCo, RemCo (chair), SETCo
Qualifications: BProc, Attorney
Expertise: Audit, corporate governance, legal, remuneration, risk management

4 Mr Timothy Fearnhead (69)
Independent director
Appointed: 1 June 2013
Committees: ARC (chair), NomCo, RemCo, TG (chair)
Qualifications: CTA, CA(SA), AdvDip (Banking)
Expertise: Audit, banking, corporate governance, finance, insurance, remuneration, risk management

5 Ms Kolosa Madikizela (38)
Independent director
Appointed: 1 June 2013
Committees: ARC, SETCo (chair)
Qualification: MTech (Construction Management)
Expertise: Property development, property management

6 Ass Prof Francois Viruly (59)
Independent director
Appointed: 1 April 2014
Committees: IC, SETCo
Qualifications: BA, BA (Hons), MA
Expertise: Property economist

HOW WE ARE GOVERNED

The board of directors regards good governance as integral to the culture which contributes to its long-term sustainability. The board proactively manages its governance structures according to its governance framework, thereby improving its own function and effectively implementing company strategy.

Leadership structure

Accelerate has a unitary board structure and has appropriate policies and procedures to pay ongoing attention to governance matters with a view to creating accretive value for stakeholders. This encompasses financial, economic, operational, social and governance matters. The structure of the board and its committees is simple and transparent, enabling an efficient and timely flow of information.

Board composition

The board of directors is accountable for effective corporate governance. This entails a commitment to leading the company with integrity, competence, responsibility, fairness and transparency.

The board comprises six independent non-executive directors and four executive directors. This balance prevents any one director from having undue influence on the board processes and decision-making. This is evidenced by a strong independent non-executive chairman and a lead independent director. A fourth member, Mr John RP Doidge, was appointed to the audit and risk committee on 1 April 2017 to strengthen that committee's oversight role. Having four executive directors comforts the board by providing diverse views from executive management on any matter put before the board for consideration. A review of the qualifications experience, disciplines, generations, gender and racial diversity of the directors, as detailed on page 28 of the notice of annual general meeting, indicates that the directors meet several diversity criteria to satisfactorily fulfil their fiduciary duties and duties of care, skill and diligence.

The board will specifically consider a black female candidate to improve gender diversity when it is appropriate for the board to consider changes in its composition. Directors' appointments are approved by the board following recommendations from the nominations committee. Newly appointed directors are required to retire at the first annual general meeting following their appointment, and may be re-elected by shareholders, if eligible and available. The nominations committee has reviewed the competence, performance, diversity and expertise of the retiring directors, being Ms Kolosa Madikizela and Mr Timothy J Fearnhead, and concluded that their performance meets or exceeds expectations. Accordingly, the board recommends their re-election as directors at the 2018 annual general meeting.

The composition of the board has been stable since listing in December 2013, and the board is satisfied that no member has served long enough to compromise objective judgement or cause any bias in decision-making.

The regulatory and governance environment

The board and its committees have robust policies and processes to adhere to all applicable laws, regulations and governance codes and standards. The ethos and ethical values are incorporated in the code of ethics and other governance policies. Compliance is an integral part of the company's strategy.

A compliance framework is included in the policy for the governance of risk. The board complies with various codes and regulations such as the Companies Act of South Africa, 71 of 2008 (the Companies Act), the JSE Listings Requirements and the King Report of Corporate Governance for South Africa, 2016 (King IV). There have been no regulatory penalties, sanctions or fines for contraventions of or non-compliance with statutory obligations.

The board is cognisant of the REIT requirements as set out in the JSE Listings Requirements and Income Tax Act and continues to conduct business operations in such a manner that ensures compliance with REIT legislation and regulations.

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

Ethical culture

The board is committed to effective leadership, based on an ethical foundation and believes that responsible leadership is characterised by the ethical values of responsibility, accountability, fairness and transparency. The board, assisted by the social, ethics and transformation committee, ensures that management actively promotes a culture of ethical conduct throughout the company.

Accelerate has a code of ethics that incorporates its values which include integrity, trust and honesty in its relationships with various stakeholders. The social, ethics and transformation committee is responsible for monitoring Accelerate's ethical conduct.

Further details of the activities of the social, ethics and transformation committee are discussed in that committee's review on page 74.

Conflicts of interest

Accelerate's conflict of interest policy guides directors and senior management on how conflicts may arise and should be declared.

The aim of the policy is to protect the company and individuals from any appearance of impropriety and to ensure compliance with statutory and best practice requirements. The policy covers the statutory provisions in section 75(5) of the Companies Act and JSE Listings Requirements in regard to related-party transactions. In addition, the policy includes guidance on when to declare any gifts or hospitality a director or senior management may receive in connection with the role of the company.

Decision-making process

It starts with the board

The board is responsible for managing the company and ensuring its long-term economic, social and environmental sustainability. The purchase of quality assets is indicative of the company's commitment to long-term sustainability as opposed to short-term yields. This is underpinned by innovation such as differentiating the company's retail properties, its diversification offshore in 2016 and the passion of the executive team. The board has a formal charter, which it reviews and approves annually. The board charter sets out the board's role, powers and responsibilities in key areas such as ethical leadership, strategy, performance, financial management, risk management, compliance, sustainability and governance in general. It recognises that strategy, risk, performance and sustainability are inseparable. The board's decisions and actions are based on the company's ethical values and principles. The board charter addresses the specific duties of individual directors in terms of common law and the provisions of the Companies Act. It also addresses important elements of good governance, as articulated in King IV, such as the role of the chairman, the lead independent director, the chief executive officer and the chief financial officer, stakeholder relationships, delegation of authority and the composition and evaluation of the board and its committees. The requirements for the composition of board meeting procedures and the annual work plan are also addressed.

Management is responsible for developing and presenting the company's strategy to the board annually for its consideration. The strategy balances opportunities with associated risks and is aligned with the risk appetite and risk tolerance levels and the company's code of ethics.

The board is satisfied that it has complied with the terms of its charter for the year under review.

Eden Meander, George

Delegation to board committees

The board has established various committees that promote efficient and effective decision-making while acknowledging that it is ultimately accountable for the affairs and functions of the company. Directors are appointed to board committees with reference to their specialised skills, experience and diversity. The board receives reports on the activities and recommendations of each committee at the board meeting following a committee meeting.

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

The material matters addressed by each board committee are reflected alongside and on the following pages.

Audit and risk committee

Members	**Independent non-executive directors** Mr TJ Fearnhead (chairman) Dr GC Cruywagen Ms K Madikizela Mr JRP Doidge **Permanent invitees** Executive directors Financial manager External advisors Internal auditors External auditors
Strategic objective alignment	Governance of risk and the internal control environment to support the company's strategic objectives and ensure the integrity of financial reporting
Reviewed	• Financial statements and key indicators
Monitored	• Insurance cover • Legal and compliance matters • Technology and information governance • Risk register and risk reports • New accounting standards • IRBA's assessment on Ernst & Young and audit partner • Treasury guidelines
Approved	• Internal audit plan and fees • Internal audit activity charter • 2017 external year-end audit plan and audit fees • Confirmed the independence of the auditor • Non-audit services provided by the external auditors • Nominated the appointment of the auditor • Appropriateness and expertise of the CFO and financial function • Fixed assets policy • Annual work plan • Financial reporting processes
Recommended to the board	• Interim and year-end financial results and distributions • Integrated report • Budget for 2019 financial year • Going concern principles • IT governance framework • Policy for the governance of risk • Committee's terms of reference
Overall comment	The committee remains satisfied with the overall control environment, including controls supporting the financial statements for the year ended 31 March 2018, as confirmed by the internal and external auditors. The committee and the board are satisfied that there is adequate segregation between the external and internal audit functions, and that the independence of the internal and external auditors is not in any way impaired or compromised.

Remuneration committee

Members	**Independent non-executive directors** Mr JRP Doidge (chairman) Mr TJ Fearnhead Mr TT Mboweni **Executive director** Mr A Costa
Strategic objective alignment	Ensure that remuneration is fair and responsible and rewards achievements in line with the company's strategic objectives.
Reviewed	• Board evaluation report
Approved	• Executive directors' KPIs • Remuneration, short and long-term incentives for executive directors • Annual work plan
Recommended to the board	• Committee's terms of reference • Non-executive directors' remuneration for approval by shareholders • Amended remuneration philosophy • Remuneration report for inclusion in the integrated report
Overall comment	The committee remains satisfied with the overall remuneration policy and strategy to recruit and retain key talent.

Accelerate's remuneration review and remuneration report are discussed on pages 69 to 73.

Nominations committee

Members	**Independent non-executive directors** Mr TT Mboweni (chairman) Mr JRP Doidge Mr TJ Fearnhead **Permanent invitees** Mr M Georgiou Mr A Costa
Strategic objective alignment	Ensure that the board and its committees have the required experience, expertise and diversity to meet the strategic objectives of the company.
Recommended to the board	• Committee's terms of reference • Re-election of retiring directors • Re-election of members of the audit and risk committee • Amended diversity policy
Overall comment	The committee remains satisfied with the composition of the board and its committees.

Social, ethics and transformation committee

Members	**Independent non-executive directors** Ms K Madikizela (chairman) Mr JRP Doidge Ass Prof FM Viruly **Executive director** Mr JRJ Paterson **Permanent invitee** Mrs Z van Onselen, head of marketing
Strategic objective alignment	Oversight of statutory responsibilities, organisational ethics and corporate citizenship that is aligned to the company's business.
Monitored	• Significant cases of misconduct, fraud, dishonesty, whistle-blowing activities • Ethical culture • Compliance with statutory obligations detailed in Regulation 43 of the Companies Act
Approved	• Annual work plan • Amended whistle-blowing policy • Employment equity plan for 1 October 2016 – 30 September 2021 • Corporate social investment (CSI) proposals • Bursary programme
Recommended to the board	• Social, ethics and transformation committee report for inclusion in the integrated report • Committee's budget for the 2019 financial year • Committee's terms of reference
Overall comment	The committee remains satisfied that it complied with its terms of reference.

Accelerate's social, ethics and transformation committee review is discussed on page 74.

Investment committee

Members	**Independent non-executive directors** Dr GC Cruywagen (chairman) Mr TT Mboweni Ass Prof FM Viruly **Executive directors** Mr A Costa Mr M Georgiou Mr JRJ Paterson **Permanent invitees** Mr D Kyriakides All non-executive directors that are not members of this committee
Strategic objective alignment	• Growing a quality portfolio • Enhancing returns on assets • Delivering value to stakeholders
Recommended to the board	• Accepting or rejecting proposed investments and disposals on a case-by-case basis • Committee's terms of reference
Approved	• Investments during the year
Overall comment	The committee remains satisfied that it appropriately interrogated investment and disinvestment proposals before making recommendations to the board.

The investment committee holds ad hoc meetings as and when required to approve strategic acquisitions, disposals developments or redevelopments.

Technology governance committee

During the year under review, the board identified the increasing importance of technology governance and accordingly established a separate committee to focus on technology and information governance. This committee reports on its activities to the audit and risk committee.

Members	**Independent non-executive director** Mr TJ Fearnhead (chairman) **Executive director** Mr D Kyriakides **Management** Mr P Grobler **Permanent invitees** Internal auditors
Strategic objective alignment	Provides strategic advice, guidance and direction to the board of directors on technology, and is responsible for governing, reviewing, approving, and overseeing all matters relating to technology – which supports the strategic objectives.
Monitored	• IT risks, controls, systems' integrity and passwords • Chief information officer's reports • Strategic alignment between IT and the company's strategy
Approved	• Purchase of IT systems • IT usage policy • Annual work plan
Recommended to the board	Amended policy for the governance of technology
Overall comment	The committee remains satisfied that it complied with its terms of reference.

Eden Meander, George

Board and committee meeting attendance

The board has six scheduled meetings which comprise four quarterly meetings, an annual strategy meeting and a meeting to appoint the chairman of the board for the ensuing year. The number of meetings are considered necessary for the optimal functioning of the board to properly apply itself to achieving its objectives through a strong focus on developing and implementing the company's strategy, operational business plans and its social commitments. Additional meetings are also held as required.

The board and committee meeting attendance for the year under review is detailed below.

Director	Board	Audit and risk committee	Remuneration committee	Nominations committee	Social, ethics and transformation committee	Investment committee	Technology governance committee
Mr TT Mboweni	7/7	n/a	3/3	1/1	n/a	1/2	n/a
Mr A Costa	7/7	3/4*	3/3	1/1*	n/a	2/2	n/a
Dr GC Cruywagen	6/7	4/4	n/a	n/a	n/a	2/2	n/a
Mr JRP Doidge	7/7	4/4	3/3	1/1	2/2	n/a	n/a
Mr TJ Fearnhead	7/7	4/4	3/3	1/1	n/a	n/a	3/3
Mr M Georgiou	7/7	n/a	n/a	n/a	n/a	2/2	n/a
Mr D Kyriakides	7/7	4/4*	n/a	n/a	n/a	2/2*	3/3
Ms K Madikizela	5/7	2/4	n/a	n/a	2/2	n/a	n/a
Mr JRJ Paterson	6/7	4/4*	n/a	n/a	2/2	2/2	n/a
Ass Prof FM Viruly	6/7	n/a	n/a	n/a	2/2	2/2	n/a

* *By invitation*

Integrated risk management

Accelerate recognises the importance of managing risk and approaches it in terms of best practice. The board has a robust risk management process to identify key risks:

- Ownership is assigned for each risk at a senior management level
- Existing and planned management activities against each risk are identified
- The residual likelihood and impact of each risk are assessed and monitored on an ongoing basis

The board has approved and implemented a governance of risk policy to reinforce a strong risk management culture throughout the group. The framework contains risk management standards and guidelines that apply the principles of King IV. The policy is reviewed annually, and any changes are submitted to the audit and risk committee for consideration and approval. Accelerate's management is responsible for the risk management functions and the policy in their respective areas. In this way, the risk management efforts are optimised.

The audit and risk committee assumes overall responsibility for monitoring Accelerate's risk management performance and considers Accelerate's risk register, which it recommends to the board for annual approval.

On the recommendation of the audit and risk committee, the board reviews its risk tolerance and risk appetite limits annually. To assess Accelerate's risk tolerance, its audit and risk committee clearly identifies the main business risks for the company, the factors that impact/influence the risks, the tolerance limit per risk, how Accelerate can mitigate each risk and the impact on Accelerate if a particular risk is breached. An assessment is also made of the potential upside or opportunity associated with each risk and the potential negative effects on the six capitals.

Accelerate's risk management processes aim to achieve the following:

- Identify, quantify and respond to the significant risks that may affect Accelerate
- Identify, quantify and exploit the opportunities presented to Accelerate
- Maintain and further develop risk governance
- Maximise long-term shareholder value and net worth
- Develop and protect our people
- Protect our assets and the environment
- Facilitate our long-term growth under all business conditions
- Protect the reputation and brand name of Accelerate

Internal audit

The board ensures that the internal audit function is risk based. This is monitored and controlled by the audit and risk committee.

LateganMashego Consulting (Pty) Ltd is Accelerate's internal auditor. Other LateganMashego Consulting clients include Ocean Basket, Sasfin, ATFS, a division of Absa, and Exxaro. The internal auditor submits an annual assessment on the effectiveness of the governance, risk management and control process in Accelerate to the audit and risk committee for consideration and recommendation to the board. The internal audit noted the continuous improvement in managing the financial and operational risks. The board relies on this assurance for its financial reporting obligations.

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

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

Material matters and risks identified as part of the risk review and mechanisms in place to mitigate the risks are reflected on page 38.

Assurance

The board, with the assistance of the audit and risk committee, oversees that the assurance services and functions support (i) the integrity of information used for internal decision-making by management, the board and its committees; and (ii) the integrity of external reports. The board is satisfied that the company has established appropriate financial reporting procedures and those procedures are operating effectively.

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

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

The integrity and reliability of the financial statements, accounting policies and the information contained in the integrated report are assured through a robust, integrated process. The process identifies, evaluates and manages the company's significant risks. Management is responsible for the process, and the audit and risk committee independently monitors it.

Performance evaluation results

A formal internal board, committee, chairman and individual directors' evaluation took place through questionnaire-based assessments for the year under review. The process was overseen by the remuneration committee and thereafter discussed by the board. After assessing each director, the chairman confirmed he was satisfied with their performance.

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

The chairman of the board was satisfied that the board and its committees were operating effectively. The lead independent non-executive director confirmed that the leadership of the chairman was satisfactory and contributed to the effective functioning of the board. The results of the board evaluation identified areas for improvement but did not raise any matters of concern.

Company secretary

The company secretary is TMF Corporate Services (South Africa) (Pty) Ltd, represented by Ms Joanne Matisonn (FCIS; HDip Co Law (Wits); MA in applied ethics for professionals (Wits)). The board is satisfied that she has the requisite skills, attributes and experience to effectively fulfil the duties of a company secretary of a public, listed company. Ms Matisonn has 24 years' experience as a company secretary and is actively involved in assisting the board in its governance initiatives and fulfilling its statutory and fiduciary duties and obligations.

The board annually considers the skills and experience of the company secretary. The board was satisfied with the level of competence, qualifications and experience of Ms Matisonn as required in terms of the paragraph 3,84(h) of the JSE Listings Requirements.

Ms Matisonn is not a director and, as an outsourced secretarial service, is not connected to any director in a way that could result in a conflict of interest. Accordingly, the board is comfortable that she maintains an arm's length relationship with the board according to paragraph 3.84(j) of the JSE Listings Requirements.

Stakeholder relationships – Reaching a common understanding

The board appreciates that stakeholders' perceptions affect Accelerate's reputation. Accelerate uses a stakeholder engagement policy to effectively communicate and engage with its stakeholders. The company is committed to creating and maintaining inclusive, honest and mutually beneficial relationships with its stakeholders. Our stakeholder dialogue and engagement remain focused on the most pertinent channels to provide the greatest benefit to the company and its stakeholders. Through regular dialogue with stakeholders, we mitigate risks, identify new business opportunities, improve financial results and comply with best practice corporate governance guidelines. Accelerate has partnered with Instinctif Partners to assist with investor relations.

The company is committed to improving the lives of people in the communities in which it operates, with the bulk of its corporate social investment budget being allocated to providing bursaries to students at the tertiary level.

Looking ahead, we will continue to work with our tenants to ensure their sustainability in our buildings, with a focus on minimising our environmental impact. We are relooking at our community involvement to ensure we maximise our contribution and continue to look for ways to enhance our stakeholder engagement programmes.

Further details of the company's commitment to stakeholders is included in the stakeholder engagement report on pages 40 and 41.

REMUNERATION REVIEW

Letter from the remuneration committee chairman

Dear shareholder,

The board of Accelerate Property Fund Ltd and the remuneration committee are pleased to submit the remuneration report setting out the company's performance, key highlights and challenges for the year ended 31 March 2018.

In line with King IV, we have set out our remuneration report to ensure compliance.

As we operate in a highly competitive arena with an underperforming economy and difficult market conditions in general, we recognise the need to ensure that our remuneration structures retain and attract the calibre of employee Accelerate needs to realise its business strategy. In the year under review, we engaged 21st Century as independent advisors to assist us with a review of our entire remuneration philosophy, which included an in-depth benchmarking exercise for the executive and non-executive directors. The salary survey data was audited by Grant Thornton. In previous years, we had engaged PwC, but we have since considered it prudent to implement a rotation system.

Political instability and a non-performing economy have severely affected all South African-based businesses. Accelerate, although able to withstand the pressures for longer than most due to its nodal strategy, was no exception. The board approved a decision not to increase dividends for the 2018 and 2019 financial years. Unfortunately, this decision was not well received by the market.

Subsequently, more than 10 other property companies have now guided the market towards flat distributions or have gone out with negative growth guidance.

Furthermore, other actions in the REIT sector at the beginning of 2018 have justified Accelerate's conservative approach.

Substantial work was initially done on a potential acquisition of light industrial warehouses in Poland. The acquisition would have been a perfect fit for Accelerate's offshore strategy. However, in the board's opinion, Accelerate's share price did not recover to a level where the acquisition would be beneficial to the company.

Concurrently with the above, the executives focused on consolidation in terms of the South African business, concentrating on the following:

1. Completing the Fourways Mall redevelopment
2. Reducing gearing levels
3. Proactive asset management

Various non-core, smaller properties were disposed of and improvements were made to others, resulting in encouraging valuation growth.

Targets for executives' short-term incentives (STIs) and long-term incentives (LTIs) require performance for pay-out of any STI, and for vesting of long-term awards. This drives the appropriate long-term behaviour in executives to align them with the interests of stakeholders. We have endeavoured to build appropriate safeguards into the remuneration structures to discourage behaviour that exposes the group to unnecessary risk.

Shareholders approved the company's remuneration philosophy at the 2017 annual general meeting; however, not unanimously. In recognition of shareholder concerns to executives the board agreed that no STI payments would be paid in 2018, although the remuneration committee had recommended STI payments.

Accelerate values high-performance employees, especially those able to make decisions in the best long-term interest of the company. Accelerate endeavours to benchmark its executives and senior management to the upper quartile of the appropriate peer comparison group.

As a further consequence of shareholder concerns, Accelerate embarked on a comprehensive review of its remuneration philosophy with the assistance of 21st Century.

21st Century's report indicated that the executives were below the market points in terms of guaranteed package and that the retention value of LTIs was considered too low. STI payments were mostly in line with identified comparator ranges, however, some payments were above the industry standard. However, in that year, Accelerate had established a new business and strategy in Europe in addition to the business in South Africa.

Calculation of fees paid to non-executive directors was also reviewed. Non-executive directors' fees are based broadly on a retainer for board meetings and a fee per meeting for all sub-committee work. The review indicated non-executive director fees were in line with the market.

Thereafter, with the results of the review, Accelerate engaged with its major shareholders to discuss the findings and take aboard any recommendations.

Key amendments were made to the remuneration philosophy. The peer comparison group was adjusted to only include property companies, as in prior years third-party advisors had recommended certain financial services companies be included. Further, the STI grading and payout calculation was adjusted.

Mr John Doidge
Chairman of the remuneration committee
18 June 2018

Remuneration philosophy

Scope and application

This philosophy sets the guidelines for all permanent employees of the company.

The remuneration committee

The board of directors delegates formal terms of reference, which represent the scope of responsibility, to the committee. In turn, the committee confirms that it has discharged its functions and complied with its terms of reference.

Key principles of remuneration

The principles of remuneration underpin each component of the philosophy, and represent the company's remuneration approach, providing guidance for the basis upon which employees are rewarded, namely:

- remuneration policies should align closely and transparently with the agreed company strategy and be reviewed regularly in light of changes in the business strategy;
- remuneration policies should be considered in light of their affordability to the company, with particular consideration paid to the aggregate impact of employees' remuneration on the finances of the company, its capital and investment needs, and distributions to shareholders;
- remuneration policies should promote risk management and discourage behaviour which is contrary to the company's risk management strategy and which may drive excessively risky behaviour;
- remuneration policies should be transparent and easy to understand and apply;
- remuneration policies should be equitable, striking a balance between internal and external equity;
- guaranteed remuneration should be aligned to the job requirements and competence of each individual employee;
- remuneration should be strongly linked to performance, resulting in sustainable long-term benefits to the company; and
- remuneration should be delivered in the form of a balanced pay mix, which comprises the following components:
  - basic cash; and
  - variable remuneration (STI and LTI).

Fixed remuneration and benefits

Accelerate follows a total guaranteed package (TGP) approach to structure remuneration. The TGP includes the total benefit to the individual, and the total cost to the organisation. The TGP approach reflects employees' job worth within the company, and the package is payable for executing the expected day-to-day requirements. We believe that this approach forms the basis for Accelerate's ability to attract and retain the high-calibre skills that we require.

Remuneration process

Annual reviews

The purpose of the annual review process is to review where the employee's pay is in relation to the market and make necessary adjustments in line with the pay policy.

Annual increases

In order to determine an appropriate annual increase, Accelerate considers a number of factors. These factors include CPI, affordability, the financial position of the company, market movements, the employee populations' market position and the necessity to retain top talent.

The increases will be conducted in accordance with the following guidelines:

- The cost of living adjustments take into account the current CPI and other factors such as external environment and market pressures
- Market adjustment and/or parity increases, which seek to address internal inequities within the organisation by awarding an additional amount to employees who are performing and are paid below market
- The desire to reward and retain top talent in an environment of scarce skills

Benchmarking and position in the market

To ensure that the company remains competitive, all elements of remuneration are subject to regular reviews against relevant market and peer data. Reviews are performed to benchmark remuneration against an appropriate peer group of comparable companies. Benchmarking is undertaken by an external remuneration consultant. The comparator group that was utilised is detailed below:

Comparator group

Attacq Properties Ltd	Rebosis Property Fund Ltd
Fairvest Property Holdings Ltd	Redefine Properties Ltd
Fortress Income Fund Ltd	Resilient Reit Ltd
Growthpoint Properties Ltd	SA Corporate Real Estate Fund Ltd
Hyprop Investments Ltd	Texton Property Fund Ltd
Investec Property Fund Ltd	Vukile Property Fund
Octodec Investment Ltd	

Variable remuneration

Accelerate endeavours to ensure a strong link between strategic objectives and remuneration policies and practices. To this end, Accelerate has two plans to reward performance in the short and long term:

1. The STI plan is designed to create a performance culture and reward employees for strong annual results against pre-determined targets.
2. The LTI plan, which is a conditional share plan (CSP), is designed to attract, retain and reward participants by annually awarding shares. It provides employees with the opportunity to share in the success of the company, and it incentivises them to deliver on the business strategy over the long term. This will align key employees and shareholders.

Short-term incentive

Purpose and principles of the STI

The Accelerate STI plan is based on the following principles:

- All employees are eligible for an annual STI.
- It is limited to a maximum of 1 x TGP.
- The annual STI will be calculated on an additive basis, and will be based on both personal and business scores, determined with reference to the financial performance of the company and the achievement of personal key performance indicators or such other measures set by the committee from time to time, as follows:

Indicator		Weighting %
Business/financial indicator[1]		
Achievement of financial metrics, including:		
• Loan-to-value ratio	10	
• Debt expiry profile	10	
• Interest rate hedging	10	
• Hedging expiry profile	10	
• Debt rating	10	70
Achievement of operational metrics, including:		
• Property cost-to-income ratio	5	
• Vacancies	5	
• Operating expense ratio	5	
• Arrears (as percentage of revenue)	5	
Personal indicator		
Achievement of personal KPIs, including:		
Key executive responsibilities	7,5	
Compliance with industry best standards	7,5	30
Development of people/culture/values	7,5	
Industry perception	7,5	

[1] *Subject to adjustments approved by the remuneration committee. Such adjustments would be for instances such as acquisitions, disposals and redevelopments during the performance period.*

The STI indicators are reviewed annually to ensure relevance.

Long-term incentives

Regular annual awards of conditional shares are made in terms of the CSP on a consistent basis to ensure long-term shareholder value creation. The CSP makes shares available to executives and selected senior management of Accelerate Property Management Company (Pty) Ltd to align their interests with those of the shareholders.

The conditional shares vest on condition of continued employment and appropriate performance conditions. The performance conditions are measured over a three-year period, in line with the financial year-end of the company.

The essential features of the CSP are detailed below:

Purpose	The primary intent of the CSP is to provide an opportunity to executives and senior management to receive shares in the company, thereby aligning their interests with those of shareholders. This is done through the award of conditional shares.
Operation	Conditional shares vest on condition of continued employment (employment condition) and appropriate performance results (performance condition(s)). The performance conditions are measured over a three-year period, in line with the financial year-end of the company. Regular annual awards of performance units are made in terms of the CSP on a consistent basis to ensure long-term shareholder value creation.
Participants	Selected senior employees of the company and Accelerate Property Management Company are eligible to participate, at the discretion of the remuneration committee.
Performance period	The performance conditions are measured over a three-year period, in line with the financial year-end of the company.

Maximum value of award	The maximum annual face value of the LTI is based on market benchmarks obtained from independent experts.
Plan limits	The aggregate number of shares that may be allocated under the CSP is subject to an overall limit of 5% of the issued share capital, and an individual limit of 1,5% of the issued share capital of the company.
Performance conditions	The performance conditions are objective and include one or more of the following: • Growth in dividend per share (internal benchmark, and peer group comparison if possible/appropriate) • Outperformance relative to SA All Bond Index (ALBI) • Outperformance relative to Listed Property Index (SAPI)

Non-binding vote

The remuneration philosophy is annually put to shareholders for a non-binding vote. Should 25% or more of shareholders vote against it, the following steps will be undertaken:

1. The chairman of the remuneration committee will drive an engagement process which will be conducted based on good faith and with the aim of fairly and amicably resolving differences.
2. Reasonable concerns and differences will be addressed in the most appropriate manner which may include amendments to the remuneration philosophy.

Implementation report

Non-executive directors' remuneration

Non-executive directors do not hold contracts of employment with the company and play no part in any STI or LTI. Their fees are annually reviewed by Accelerate and submitted for shareholder approval.

Non-executive directors' fees reflect the directors' roles and membership of the board and its committees. Currently, the fees comprise an aggregate of a board base fee plus additional fees for each committee a director is a member of. In the committee's view, the fees paid to non-executive directors are sufficient to attract board members with the appropriate level of skill and expertise.

The committee recommends the non-executive director fee structure to the board for approval and recommendation to shareholders to approve at the upcoming annual general meeting.

The committee has recommended that no change be made to non-executive director remuneration for 2018/2019.

The resolutions relating to non-executive directors' fees for the 2018 financial year can be found on page 7 of the notice of annual general meeting.

Non-executive directors' fees for 2017 and 2018 are as follows:

	31 March 2018 R'000	31 March 2017 R'000
TT Mboweni	**975**	1 131
GC Cruywagen	**412**	439
TJ Fearnhead	**424**	400
JRP Doidge	**388**	350
K Madikizela	**358**	350
FM Viruly	**358**	350

Executive directors' remuneration

Fixed pay is determined through the annual review process which considers an employee's pay rate in relation to market averages. Any adjustments to pay are made in accordance with the company's pay philosophy. The annual review commences each March, and any rate changes will become effective on 1 July.

The executive directors' TGP and STI remuneration for the 2017 and 2018 financial year are as follows:

	31 March 2018 R'000	31 March 2017 R'000
Total guaranteed package		
M Georgiou	**Nil**	Nil
A Costa	**3 993**	3 534
D Kyriakides	**2 815**	2 206
JRJ Paterson	**3 064**	2 553
Short-term incentive payment		
M Georgiou	**Nil**	Nil
A Costa	**Nil**	4 600
D Kyriakides	**Nil**	1 200
JRJ Paterson	**Nil**	3 000

Share options outstanding at the end of the period under review, which only vest on the specified dates, if the vesting conditions have been met, are as follows:

	Performance shares		Retention shares		Vesting dates		
Director	Number of shares	Accrual at 31 March 2018 (R)	Number of shares	Accrual at 31 March 2018 (R)	Vesting 31 March 2019 year-end	Vesting 31 March 2020 year-end	Vesting 31 March 2021 year-end
M Georgiou	3 864 782	4 448 099			824 770	1 422 386	1 617 626
M Georgiou			201 244	729 556	201 244	–	–
A Costa	4 331 200	4 938 575			1 291 188	1 422 386	1 617 626
A Costa			740 533	2 557 244	740 533	–	–
D Kyriakides	1 352 212	1 594 772			404 705	422 872	524 635
D Kyriakides			34 807	131 769	34 807	–	–
JRJ Paterson	2 535 331	2 813 297			645 594	884 186	1 005 551
JRJ Paterson			649 640	2 140 368	649 640		
Total	12 083 525	13 794 743	1 626 224	5 558 937	4 792 481	4 151 830	4 765 438

Share options exercised (number of shares)	Year ended 31 March 2018	Year ended 31 March 2017
A Costa	2 122 826	455 927
D Kyriakides	719 283	227 964
JRJ Paterson	1 410 928	607 903

The maximum number of shares that may be allocated under the CSP shall not exceed 31 945 846 (thirty-one million, nine hundred and forty-five thousand, eight hundred and forty-six).

Employees

Our employees are key to the success of our business. We believe in a high-performance culture and strive to ensure this culture filters down from the management team to each employee. We take care to select the people who display a passion for the property industry and enhance the DNA of the company.

All employees of Accelerate are annually reviewed against key performance indicators to measure their performance. These reviews are set to ensure our company's strategic objectives are met, and that employees have attained their goals.

Ongoing training as well as career path guidance ensures each employee understands their current value to the company and where a potential career path with the company can lead to.

SOCIAL, ETHICS AND TRANSFORMATION REVIEW

Accelerate's approach to corporate social responsibility (CSR) is designed to allow the company to be the best operating entity that it can be. This is done with the understanding that business success is a multi-faceted measure. We acknowledge the need to conduct our business in a way that generates economic growth for the company, creates sustainable social and economic benefit for stakeholders, and protects the natural capital that sustains our way of life.

We acknowledge the important role of communities within our geographical footprint in maintaining our social licence to operate and, therefore, the need to invest in them. We primarily invest in outreach programmes in schools in the Fourways area – our main operating business environment – and a bursary programme at tertiary level. These initiatives demonstrate Accelerate's commitment to being a responsible and contributing corporate citizen.

Accelerate's approach to CSR is depicted graphically alongside, and the social, ethics and transformation committee's agenda is aligned with its CSR approach. Accelerate's focus on education has positive outcomes in the economy, communities and environment. Once the current projects reach fruition, the social, ethics and transformation committee will review whether it wishes to shift its primary focus to other areas or continue with its educational initiatives. Where appropriate, we partner with relevant local and national organisations, as well as our retail tenants, to reach our objective of uplifting local communities and contributing to job creation.

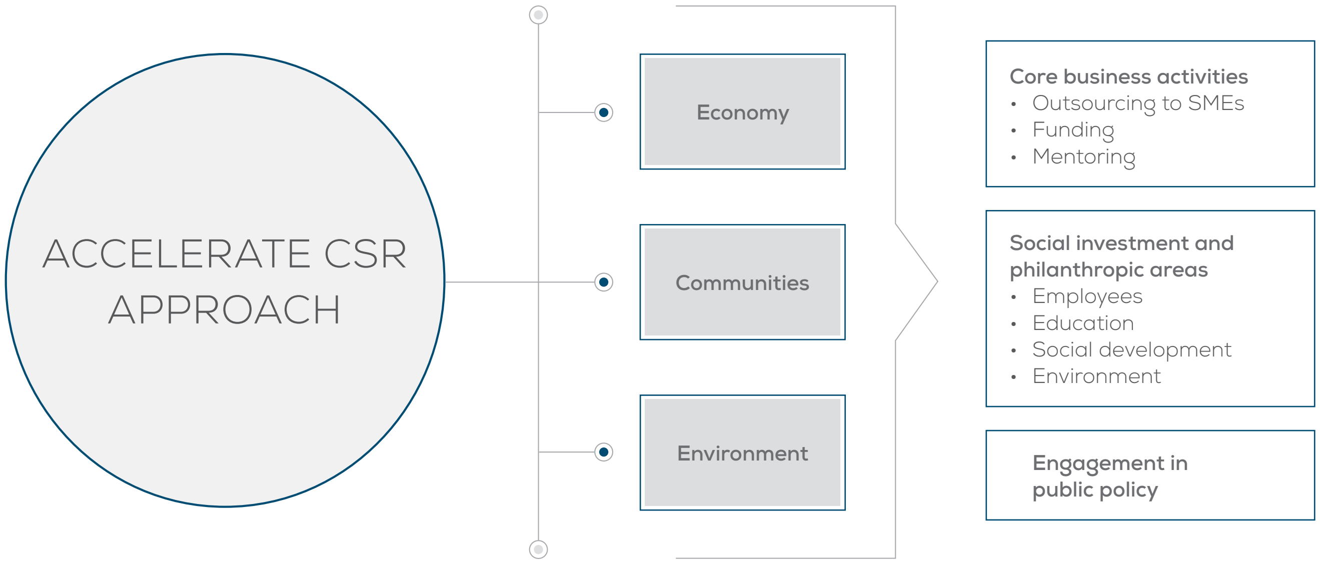
The social, ethics and transformation committee monitors Accelerate's activities in line with its mandate, including:

- social and economic development;
- corporate citizenship;
- consumer relationships;
- labour and employment issues; and
- legislative and regulatory requirements.

The social, ethics and transformation committee spent the majority of its time and budget on finalising and implementing the bursary programme.

Furthermore, the committee advises the board on all aspects that affect Accelerate's long-term sustainability, and it reports to shareholders at the annual general meeting.

Further information and membership of this committee is shown on page 60.



Social investment and philanthropic areas unpacked

Employees	We aim to make a difference in the lives of employees and their families, providing them with income, educational opportunities and skills development. We believe that employees are core to our success, and that providing an environment in which they can reach their full potential benefits them and the company.
Education	Accelerate recognises that an investment in education is an investment in the future of South Africa, one that yields sustainable returns and has the potential to create meaningful value for generations to come. Our aim is to build sustainable relationships with education facilities in the areas in which we operate, and work to help them provide top-quality education.
Social development	Accelerate believes that investment into social entrepreneurship, particularly among women and youth, has far-reaching benefits for the country, the communities in which we operate, and the company itself. We aim to uplift individuals who have the potential and the desire to make a difference in their own environment. We do this through job creation, training programmes, and skills development within local communities.
Environment	Accelerate recognises that our services could harm the environment if not well planned and executed. As such, we aim to exercise all aspects of our operations with utmost respect for environmental sustainability, adhering to all required environmental considerations.

Educational initiatives

Giving back to our communities is an integral part of our business. As a company, we provide resources, both financial and non-financial, to educational initiatives with the aim of stimulating and supporting social economic upliftment in these areas. In keeping with this focus, Accelerate identified four schools with the aim of establishing a supportive relationship and upgrading infrastructure so that learners can focus on their academic careers.

The schools are Muzomuhle Primary School, Diepsloot West, Diepsloot Secondary no 3 and Diepsloot Combined School, all of which are located within Diepsloot, a community within our Fourways node.

Muzomuhle Primary School: A primary school with a high enrolment rate and more than 2 000 pupils. The school predominantly comprises prefabricated buildings in good condition, but it requires additional space. Accelerate funded the construction of a new classroom, and provided 90 new chairs and 30 new primary school desks.

Diepsloot Secondary No 3: The entire school is made up of prefabricated structures in good condition. To give the hard-working grade 12 learners a memorable send-off experience for the second year running, Accelerate arranged a matric farewell dance. Our team organised invitations, venue hire and decoration, a DJ, and food. It was truly a touching experience where Accelerate staff were able to get involved.

Diepsloot Combined School: A primary and secondary school comprised of formal and prefabricated buildings. During the year, Accelerate revamped the grade R classroom and play area. We patched the walls and painted and supplied the play area with shade cloth as there was no shade at all in the area.

Over and above these initiatives, we wish to provide bursaries for two to three candidates from Diepsloot for their university studies on an annual basis. In addition, we provide bursary funding to property studies students. The committee members and directors will mentor the bursary recipients and monitor their progress throughout their studies.

Confirmation

The committee's mandate also encompasses monitoring ethical standards within the company. The committee confirms that no material breaches took place.

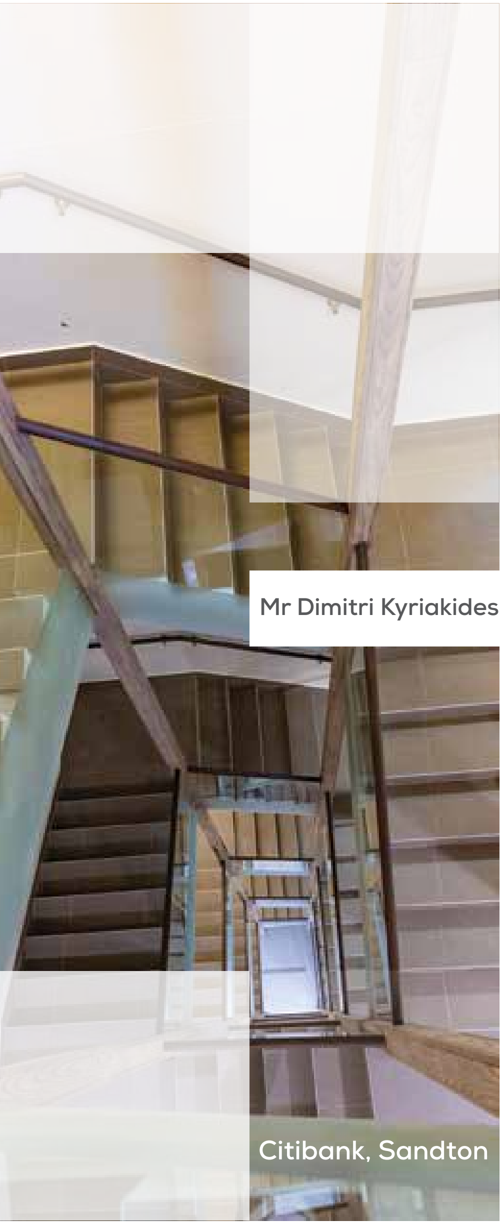
The committee confirms that it complied with its terms of reference for the year under review.

ANNUAL FINANCIAL *Statements*

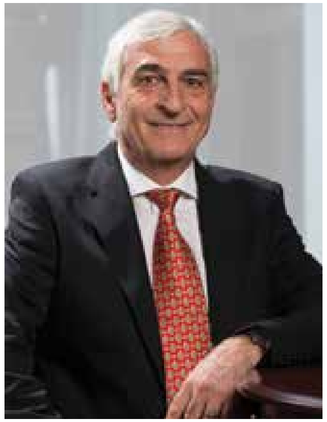
The reports and statements set out below comprise the consolidated audited annual financial statements presented to the shareholder:

Glen Gables, Pretoria

CHIEF FINANCIAL OFFICER'S *Review*



Citibank, Sandton



Mr Dimitri Kyriakides

The 2018 financial year was a year of consolidation, with the fund focusing on, inter alia, balance sheet optimisation, maximising rental income and tenant recoveries, minimising vacancies, efficiently managing costs, enhancing the quality of the property portfolio as well as ensuring long-term sustainability. As a result and as per guidance provided, distribution per share is comparable to the previous financial year, with the fund having prioritised, in tough economic conditions, investment in the long-term quality, growth and sustainability as seen by, inter alia, the KidZania transaction, quality acquisitions and managing swap profile.

The core South African portfolio performed well, with significant spend being incurred in the Fourways Development and the offshore portfolio performed in line with expectations.

The fund kept tight control over expenses with Accelerate reporting a 14,8% cost-to-income ratio (2017:16,9%).

Financial position

As at 31 March 2018, Accelerate's investment property portfolio was valued at R12,3 billion (2017: R11,6 billion), excluding the effects of straight-lining.

Accelerate maintains a diversified funding base being currently funded 28,9% through the debt capital markets and 71,1% through bank debt with three major South African banks.

During August 2017, Accelerate successfully accessed the debt capital markets through our domestic medium-term note (DMTN) programme to refinance R264 million of debt capital markets (DCM) debt maturing in September 2017. Favourable bids of R761 million were received; due to attractive pricing, R525 million was issued to refinance bank debt maturing in December 2017.

The weighted average term of Accelerate's debt is 2,1 years. The weighted average cost of debt for the fund remains at 8,4%. We continue to actively manage the cost and maturity profile of our debt.

To continue to manage interest rate risk and the maturity of the large swap in March 2019, the group took out further interest rate swaps, resulting in 97,4% (2017: 77,9%) of Accelerate's debt being hedged. The fund's weighted average swap term is 2,1 years.

The underlying fundamentals of Accelerate's core South African portfolio remain solid during difficult economic times with positive net income growth and positive rental reversions. Strategic spend and investment in our core assets such as Fourways Mall continue to position the fund favourably for the future.

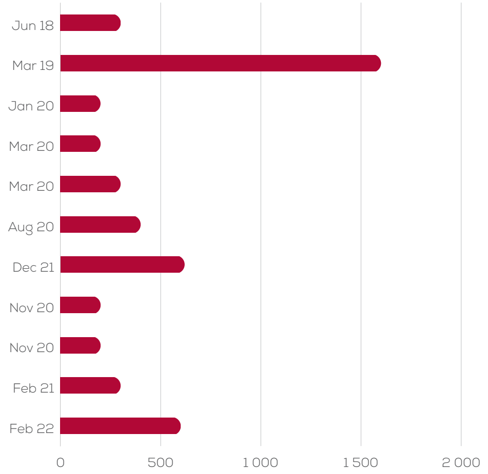
Largely as a result of the departure of ADT from Charles Crescent (Office) and Checkers from Montague Gardens (Industrial) vacancies have increased. Although retail vacancies have decreased, the weighted average lease expiry profile of the portfolio remains extremely defensive at 5,5 years.

Mr Dimitri Kyriakides
Chief financial officer, CA(SA)
18 June 2018

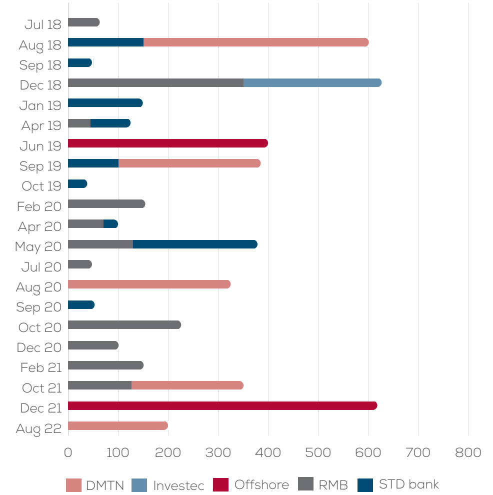
Long-term debt allocation

Bank funding – South African portfolio	31 March 2018 (Rm)	%	31 March 2017 (Rm)	%
Debt capital markets	1 487	28,9	1 226	25,1
Bank funding	3 663	71,1	3 654	74,9
Total	5 150	100,0	4 880	100,0
Weighted average debt term (years)	2,1		2,3	
Short-term portion of debt	1 492	28,9	992,0	20,3
Debt hedged		97,4		77,9
Weighted average swap term (years)	2,1		2,4	
Blended interest rate*		8,4		8,4
Interest cover ratio (x)	2,4		2,6	
Loan to value ratio (%)		40,7		41,9

Swap expiry profile (Rm)



Long-term debt allocation (Rm)



DIRECTORS' RESPONSIBILITIES AND *Approval*

The directors are required in terms of the Companies Act, 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated audited annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated audited annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditors are engaged to express an independent opinion on the consolidated audited annual financial statements.

The consolidated audited annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 March 2019 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated audited annual financial statements. The consolidated audited annual financial statements have been examined by the group's external auditors and their report is presented on pages 81 to 83.

The consolidated audited annual financial statements set out on pages 86 to 126, which have been prepared on the going concern basis, were approved by the board on 18 June 2018 and were signed on their behalf by:

Approval of financial statements

Mr Tito Mboweni
Chairman
19 June 2018

COMPANY SECRETARY'S *Certification*

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

I, the undersigned in my capacity as company secretary hereby confirm that for the financial year ended 31 March 2018, Accelerate Property Fund Ltd has lodged with the Companies and Intellectual Property Commission all such returns as are required in terms of the Companies Act, 71 of 2008, as amended, and to the best of my knowledge such returns are true, correct and up to date.

J Matisonn
Company Secretary
18 June 2018

INDEPENDENT AUDITOR'S *Report*

TO THE SHAREHOLDERS OF ACCELERATE PROPERTY FUND LTD

REPORT ON THE AUDIT OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Accelerate Property Fund Ltd (the group) set out on pages 86 to 126, which comprise the consolidated statement of financial position as at 31 March 2018 and the consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the consolidated financial statements for the year ended, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 March 2018, and its financial performance and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors* (IRBA Code), the *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants* (IESBA code) and other independence requirements applicable to performing the audit of the financial statements of Accelerate Property Fund Ltd. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IESBA code, and in accordance with other ethical requirements applicable to performing the audit of Accelerate Property Fund Ltd. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Key Audit Matters	How the Matter was addressed in the audit
Valuation of investment properties Investment property (including non-current assets held for sale) makes up approximately 94,9% of the total assets of the Fund at a fair value of R12,5 billion. We consider the valuation of investment properties to be a key audit matter because the determination of the fair value involves significant judgement by management and the use of external valuation experts. Valuation techniques for real estate incorporate various underlying assumptions. These assumptions include, inter alia, the capitalisation rate, net operating income and other qualitative factors such as early terminations and the grading of the property. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. The disclosure associated with the valuation of investment properties is set out in the Consolidated Annual Financial Statements in Note 10 – Investment Properties and Note 11 – Fair Value measurement of investment properties.	Our audit procedures included, among others, the following: We confirmed that the valuation techniques and methodologies applied are consistent with generally accepted property valuation techniques in the real estate market and agreed all investment properties' fair values to the underlying property valuers' reports. We assessed the assumptions adopted by management. This included: • Comparing the capitalisation rates used in the report to the capitalisation rates in the Rode and SAPOA (South African Property Owners Association) reports; • Comparing the net operating income used in the valuation to the underlying accounting records for the investment property. • Validating the assumptions regarding ERV (Estimated Rental Value), rental growth and vacancy rates to supporting documents; • Assessing the impact of qualitative factors such as, the general area where the property is situated and indicators of tenants experiencing financial difficulty, on the fair value of the investment property. With the support of an EY property valuation specialist, we recomputed the valuation for a sample of investment properties.
Valuation of financial guarantees In the current year, the value of financial guarantees increased to R45 million (FY17: R8,4 million). In the prior year, two executive directors obtained funding from Rand Merchant Bank to acquire shares in Accelerate Property Fund through the use of Special Purpose Vehicles (SPVs). Accelerate Property Fund has guaranteed 63,5% of any shortfall of the loan not settled by the total value of shares at maturity. The executives had drawn down additional funds from this facility in the current year. Valuation techniques for financial guarantees are subjective in nature and involve the following key assumptions: the prediction of the future share prices using historical volatility, future dividends and forecasted interest rates until the maturity of the loan. The significant increase in the balance combined with the subjectivity of the valuation of the financial guarantees made this a key area of focus in the current year audit. The disclosure associated with a financial guarantee is set out in the Consolidated Annual Financial Statements in Note 17 – Trade and other payables.	Our procedures included, among others, the following: We agreed new loan amounts drawn down from the loan facility to utilisation requests and the loan facility agreements signed by directors. We assessed the assumptions adopted by management. This included: • Compared the share price volatility to historical market price data. • Compared the dividend forecast expectations to the historic distribution for reasonability and applied to the number of shares within the directors' SPVs. • With the support of EY Quantitative specialists re-performed the forecasted interest rates applied to the loan facilities. With the support of EY Quantitative specialists, re-computed the fair value of the financial guarantees.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa and the Annual Report that includes the Corporate Governance Report. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated annual financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The group's directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Accelerate Property Fund Ltd for 5 years.

Ernst & Young Inc.
Director: Rohan Baboolal CA(SA)
Registered Auditor
102 Rivonia Road
Sandton

19 June 2018

DIRECTORS' Report

The directors take pleasure in submitting their report on the consolidated audited annual financial statements of Accelerate Property Fund Ltd Group for the year ended 31 March 2018.

1. Review of financial results and activities

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

2. Share capital

Authorised	Number of shares 2018	2017
Ordinary shares	5 000 000 000	5 000 000 000

Issued	2018 R'000	2017 R'000	Number of shares 2018	2017
Ordinary shares	5 103 067	5 156 011	979 796 940	986 372 706

Of the 989 364 344 Accelerate shares in issue at 31 March 2018, 300 523 657 shares (30,4%) are publicly held and 688 840 687 shares (69,6%) are held by non-public shareholders, of which 329 211 129 shares are held by directors as tabled below and alongside:

Major shareholders	Number of shares	% Holding
Michael Georgiou	291 869 510	29,50
Coronation Fund Managers	258 686 425	26,15
Public Investment Corporation	100 943 133	10,20
Bridge Fund Managers	93 323 388	9,43
STANLIB	64 038 082	6,47
Nedbank Group	60 011 424	6,07
	868 871 962	87,82

Refer to note 15 of the consolidated audited annual financial statements for detail of the movement in authorised and issued share capital.

Directors' direct/indirect interest in the shares of the company 31 March 2018*

Michael Georgiou	291 869 510	shares	29,50%	Indirect holding
Andrew Costa	25 736 697	shares	2,60%	Indirect holding
John Paterson	11 111 118	shares	1,12%	Indirect holding
Dimitri Kyriakides	493 804	shares	0,05%	Direct holding
	329 211 129	shares	33,27%	

Directors' direct/indirect interest in the shares of the company 31 March 2017

Michael Georgiou	291 869 510	shares	29,59%	Indirect holding
Andrew Costa	17 541 041	shares	1,78%	Indirect holding
John Paterson	4 590 883	shares	0,47%	Indirect holding
Dimitri Kyriakides	53 698	shares	0,01%	Direct holding
	314 055 132	shares	31,85%	

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

3. Directorate

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

Directors	Office	Designation
Mr Tito Mboweni	Chairperson	Non-executive Independent
Dr Gert Cruywagen	Other	Non-executive Independent
Mr John Doidge	Other	Non-executive Independent
Mr Tim Fearnhead	Other	Non-executive Independent
Ms Kolosa Madikizela	Other	Non-executive Independent
Prof Francois Viruly	Other	Non-executive Independent
Mr Michael Georgiou	Chief Executive Officer	Executive
Mr Andrew Costa	Chief Operating Officer	Executive
Mr Dimitri Kyriakides	Chief Financial Officer	Executive
Mr John Paterson	Other	Executive

There have been no changes to the directorate for the year under review.

4. Accelerate group structure

The Accelerate Group consists of Accelerate Property Fund Ltd and the following holdings in subsidiaries:

- Wanooka Properties (Pty) Ltd 100% held
- Parktown Crescent Properties (Pty) Ltd 100% held
- Pybus Sixty-Two (RF) (Pty) Ltd 100% held (30 June 2018 year-end, this has not yet been changed to 31 March 2018, as the company was recently acquired and there is no need to do so)
- Accelerate Property Fund Europe B.V. 96,4% held
- K2017289137 (SA) (Pty) Ltd 100% held

5. Distribution

The board has declared a final cash distribution (number 9) for the year ended 31 March 2018 of 28,77 cents per ordinary share (2017: 28,80 cents per ordinary share), which together with the interim cash distribution of 28,78 cents per ordinary share (2017: 28,77 cents per ordinary share), produces a total cash distribution declared for the year of 57,55 cents per ordinary share (2017: 57,57 cents per ordinary share). The group has distributed 100% of its distributable income.

Final cash distribution

The board has declared a final cash distribution of 28,77 cents per ordinary share (2017: 28,80 cents per ordinary share) for the year ended 31 March 2018, to all ordinary shareholders recorded in the books of Accelerate at the close of business on Friday, 27 July 2018 and will be paid on 30 July 2018.

The final cash distribution timetable is structured as follows:

- Declaration date is Wednesday, 20 June 2018
- The last day to trade cum distribution is Tuesday, 24 July 2018
- The shares commence trading ex-distribution from the commencement of business on Wednesday, 25 July 2018
- The record date is Friday, 27 July 2018
- The distribution is to be paid on Monday, 30 July 2018

Share certificates will not able to be rematerialised or dematerialised between Wednesday, 25 July 2018 and Friday, 27 July 2018, both days inclusive.

6. Auditors

Ernst & Young Inc. continued in office as auditors for the group for the year ending 31 March 2018.

At the annual general meeting (AGM), the shareholders will be requested to reappoint Ernst & Young Inc. as the independent external auditors of the group and to confirm Mr Rohan Baboolal as the designated lead audit partner for the 2019 financial year.

7. Secretary

The company secretary is Ms Joanne Matisonn - TMF Corporate Services (South Africa) (Pty) Ltd.

Business and Postal address: 3rd Floor, 200 on Main
Cnr Main and Bowwood Roads, Claremont
7708

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note(s)	2018 R'000	2017 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	1 019	1 376
Investment property	10	12 515 562	11 860 689
Derivatives	24	17 371	38 134
		12 533 952	11 900 199
Current assets			
Trade and other receivables	13	565 237	340 189
Current tax receivable	27	5 534	9 881
Derivatives	24	1 887	–
Cash and cash equivalents	14	76 921	133 618
		649 579	483 688
Non-current assets held for sale	26	27 000	–
Total assets		13 210 531	12 383 887
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of parent			
Ordinary share capital	15	5 103 067	5 156 011
Other reserves		25 923	52 944
Retained income		2 718 357	2 131 616
		7 847 347	7 340 571
Non-controlling interest		14 519	12 421
		7 861 866	7 352 992
Liabilities			
Non-current liabilities			
Derivatives	24	27 617	–
Borrowings	16	3 654 607	3 887 257
		3 682 224	3 887 257
Current liabilities			
Derivatives	24	385	–
Trade and other payables	17	173 526	151 619
Borrowings	16	1 492 530	992 019
		1 666 441	1 143 638
Total liabilities		5 348 655	5 030 895
Total equity and liabilities		13 210 531	12 383 887

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Note(s)	2018 R '000	2017 R '000
Revenue, excluding straight-line rental revenue adjustment	2	1 160 620	1 062 999
Straight-line rental revenue adjustment	2	45 819	36 958
Revenue		1 206 439	1 099 957
Other income		6 552	5 529
Unrealised gains/(losses)		8 612	(47 367)
Operating expenses	4	(77 334)	(74 022)
Property expenses	3	(306 516)	(286 314)
Operating profit		837 753	697 783
Finance income	5	37 228	34 094
Fair value adjustments	28	542 984	469 463
Finance cost	6	(334 768)	(299 032)
Profit before taxation		1 083 197	902 308
Taxation	7	4 549	(423)
Profit for the year		1 087 746	901 885
Other comprehensive income that may be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign operations		6 127	(1 439)
Total comprehensive income		1 093 873	900 446
Profit attributable to:			
Shareholders of the parent		1 085 816	898 372
Non-controlling interest		1 930	3 513
		1 087 746	901 885
Total comprehensive income attributable to:		–	–
Shareholders of parents		1 091 775	900 446
Non-controlling interest		2 098	–
		1 093 873	900 446
Earnings per share			
Per share information			
Basic earnings per share (including bulk ceded shares) (cents)	9	110,81	101,47
Diluted earnings per share (including bulk ceded shares) (cents)	9	109,13	99,96
Distributable earnings			
Profit after taxation attributable to equity holders		1 085 816	898 372
Less: straight-line rental revenue adjustment	2	(45 819)	(36 958)
Less: fair value adjustments		(542 316)	(466 398)
Unrealised losses		28 532	55 804
Less: capital profit sale of properties		–	(1 107)
Plus: distribution from reserves		–	36 999
Amortised lease cost		7 000	–
Distributable earnings		533 213	486 712

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Share capital R'000	Foreign currency translation reserve R'000	Other reserves R'000	Total reserves R'000	Retained income R'000	Total attributable to equity holders of the group/ company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 April 2016	4 105 211	–	20 045	20 045	1 646 710	5 771 966	–	5 771 966
Profit for the year	–	–	–	–	898 372	898 372	3 513	901 885
Other comprehensive income	–	(1 439)	–	(1 439)	–	(1 439)	–	(1 439)
Total comprehensive income for the year	–	(1 439)	–	(1 439)	898 372	896 933	3 513	900 446
Issue of shares	1 050 800	–	–	–	–	1 050 800	–	1 050 800
Distribution paid	–	–	(22 353)	(22 353)	(413 466)	(435 819)	–	(435 819)
Conditional share plan reserve (note 30)	–	–	11 264	11 264	–	11 264	–	11 264
Antecedent distribution reserve	–	–	45 427	45 427	–	45 427	–	45 427
Non-controlling interest	–	–	–	–	–	–	8 908	8 908
Total contributions by and distributions to owners of company recognised directly in equity	1 050 800	–	34 338	34 338	(413 466)	671 672	8 908	680 580
Balance at 1 April 2017	5 156 011	(1 439)	54 383	52 944	2 131 616	7 340 571	12 421	7 352 992
Profit for the year	–	–	–	–	1 085 816	1 085 816	1 930	1 087 746
Other comprehensive income	–	5 959	–	5 959	–	5 959	168	6 127
Total comprehensive income for the year	–	5 959	–	5 959	1 085 816	1 091 775	2 098	1 093 873
Issue of shares	2 850	–	–	–	–	2 850	–	2 850
Share buyback	(63 150)	–	–	–	–	(63 150)	–	(63 150)
Issue of treasury shares to directors (in terms of conditional share plan)	7 356	–	–	–	–	7 356	–	7 356
Distribution paid	–	–	(36 999)	(36 999)	(499 075)	(536 074)	–	(536 074)
Conditional share plan reserve (note 30)	–	–	4 019	4 019	–	4 019	–	4 019
Total contributions by and distributions to owners of company recognised directly in equity	(52 944)	–	(32 980)	(32 980)	(499 075)	(584 999)	–	(584 999)
Balance at 31 March 2018	5 103 067	4 520	21 403	25 923	2 718 357	7 847 347	14 519	7 861 866
Note(s)	15		15					

Foreign currency translation reserve relates to exchange rate difference resulting from consolidation of foreign subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Note(s)	2018 R'000	2017 R'000
Cash flows from operating activities			
Cash generated from operations	18	594 840	560 720
Finance income received		37 228	34 094
Tax received/(paid)		8 896	(1 035)
Distribution paid		(499 075)	(413 466)
Net cash from operating activities		141 889	180 313
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(214)	(1 066)
Purchase of investment property	10	(267 844)	(2 951 540)
Sale of non-current assets held for sale	10	–	55 000
Contingent purchase		–	(27 276)
Proceeds from disposal of investment property		253 337	144 902
Net cash from investing activities		(14 721)	(2 779 980)
Cash flows from financing activities			
Proceeds on share issue	15	–	1 050 800
Reduction of share capital or buyback of shares	15	(63 150)	–
Long-term borrowings raised	16	1 332 925	2 414 371
Long-term borrowings repaid	16	(1 078 910)	(527 356)
Finance paid		(334 768)	(299 032)
Antecedent distribution		(36 999)	23 074
Net cash from financing activities		(180 902)	2 661 857
Total cash movement for the year		(53 734)	62 190
Cash at the beginning of the year		133 618	71 428
Effect of exchange rate movement on cash balance		(2 963)	–
Total cash at the end of the year	14	76 921	133 618

Of the total cash at year end R29 302 986 is held in euro-denominated bank accounts (2017: R45 428 106).

SEGMENTAL ANALYSIS

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

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

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

Group administrative costs, profit/loss on disposal of investment property, finance revenue, finance costs, income taxes and segment liabilities are reported on a total basis as it is considered that the segmental split would add no value. There are no sales between segments.

	Office R'000	Industrial R'000	Retail R'000	European single-tenant retail R'000	Total R'000
For the year ended 31 March 2017					
Statement of comprehensive income 2017					
Revenue, excluding straight-line rental revenue adjustment	280 523	65 124	688 509	28 843	1 062 999
Straight-line rental adjustment	21 685	3 043	12 230	–	36 958
Property expenses	(70 333)	(6 761)	(206 417)	(2 803)	(286 314)
Segment operating profit	231 875	61 406	494 322	26 040	813 643
Fair value adjustments on investment property	86 143	3 585	372 233	42 454	504 415
Segment profit	318 018	64 991	866 555	68 494	1 318 058
Other operating expenses					(74 022)
Other income					5 529
Fair value loss on financial instruments					(34 952)
Unrealised losses					(47 367)
Finance income					34 094
Long-term debt interest					(299 032)
Profit before tax					902 308
For the year ended 31 March 2018					
Statement of comprehensive income 2018					
Revenue, excluding straight-line rental revenue adjustment	317 984	69 841	672 700	100 095	1 160 620
Straight-line rental adjustment	31 095	991	13 733	–	45 819
Property expenses	(69 021)	(11 803)	(190 335)	(35 357)	(306 516)
Segment operating profit	280 058	59 029	496 098	64 738	899 923
Fair value adjustments on investment property	158 497	(116 567)	529 387	18 544	589 861
Segment profit	438 555	(57 538)	1 025 485	83 282	1 489 784
Other operating expenses					(77 334)
Other income					6 552
Fair value loss on financial instruments					(46 877)
Unrealised gains					8 612
Finance income					37 228
Long-term debt interest					(334 768)
Profit before tax					1 083 197

	Office R'000	Industrial R'000	Retail R'000	European single-tenant retaill R'000	Total R'000
For the year ended 31 March 2017					
Statement of financial position extracts at 31 March 2017					
Assets					
Investment property balance 1 April 2016	1 942 277	637 996	5 973 229	–	8 553 502
Acquisitions	1 180 000		365 000	1 166 560	2 711 560
Capitalised costs	46 445	5 917	144 922	42 696	239 980
Disposals/classified as held for sale			(185 726)		(185 726)
Investment property held for sale					–
Straight-line rental revenue adjustment	21 685	3 043	12 230	–	36 958
Fair value adjustments	86 143	3 585	372 233	42 454	504 415
Segment assets at 31 March 2017	3 276 550	650 541	6 681 888	1 251 710	11 860 689
Other assets not managed on a segmental basis					
Derivative financial instruments					38 134
Equipment					1 376
Current assets					483 688
Total assets					12 383 887
For the year ended 31 March 2018					
Statement of financial position extracts at 31 March 2018					
Assets					
Investment property balance 1 April 2017	3 276 550	650 541	6 681 888	1 251 710	11 860 689
Acquisitions	48 000	–	–	–	48 000
Capitalised costs	12 314	1 775	205 755		219 844
Disposals	(81 945)	–	(194 462)	–	(276 407)
Investment property held for sale	–	–	27 000	–	27 000
Straight-line rental revenue adjustment	31 095	991	13 733	–	45 819
Foreign exchange gains	–	–	–	27 756	27 756
Fair value adjustments	158 497	(116 567)	529 387	18 544	589 861
Segment assets at 31 March 2018	3 444 511	536 740	7 263 301	1 298 010	12 542 562
Other assets not managed on a segmental basis					
Derivative financial instruments					17 371
Equipment					1 019
Current assets					649 579
Total assets					13 210 531

SEGMENTAL ANALYSIS (continued)

	South Africa R'000	Austria R'000	Slovakia R'000	Total R'000
For the year ended 31 March 2017				
Statement of comprehensive income 2017				
Revenue, excluding straight-line rental revenue adjustment	1 034 156	21 632	7 211	1 062 999
Straight-line rental adjustment	36 958		–	36 958
Property expenses	(283 511)	(2 102)	(701)	(286 314)
Segment operating profit	787 603	19 530	6 510	813 643
Fair value adjustments on investment property	461 961	31 841	10 613	504 415
Segment profit	1 249 564	51 371	17 123	1 318 058
Other operating expenses				(74 022)
Other income				5 529
Fair value loss on financial instruments				(34 952)
Unrealised losses				(47 367)
Finance income				34 094
Long-term debt interest				(299 032)
Profit before tax				902 308
For the year ended 31 March 2018				
Statement of comprehensive income 2018				
Revenue, excluding straight-line rental revenue adjustment	1 060 525	75 071	25 024	1 160 620
Straight-line rental adjustment	45 819	–	–	45 819
Property expenses	(271 159)	(26 517)	(8 840)	(306 516)
Segment operating profit	835 185	48 554	16 184	899 923
Fair value adjustments on investment property	571 317	13 908	4 636	589 861
Segment profit	1 406 502	62 462	20 820	1 489 784
Other operating expenses				(77 334)
Other income				6 552
Fair value loss on financial instruments				(46 877)
Unrealised gains				8 612
Finance income				37 228
Long-term debt interest				(334 768)
Profit before tax				1 083 197

	South Africa R'000	Austria R'000	Slovakia R'000	Total R'000
For the year ended 31 March 2017				
Statement of financial position extracts at 31 March 2017				
Investment property balance 1 April 2016	8 553 502	–		8 553 502
Acquisitions	1 545 000	874 920	291 640	2 711 560
Capitalised costs	197 284	32 022	10 674	239 980
Disposals/classified as held for sale	(185 726)			(185 726)
Investment property held for sale	–			–
Straight-line rental revenue adjustment	36 958		–	36 958
Fair value adjustments	461 961	31 840	10 614	504 415
Investment property at 31 March 2017	10 608 979	938 782	312 928	11 860 689
Other assets not managed on a segmental basis				
Derivative financial instruments				38 134
Equipment				1 376
Current assets				483 688
Total assets				12 383 887
For the year ended 31 March 2018				
Statement of financial position extracts at 31 March 2018				
Investment property balance 1 April 2017	10 608 979	938 782	312 928	11 860 689
Acquisitions	48 000		–	48 000
Capitalised costs	219 844	–	–	219 844
Disposals/classified as held for sale	(276 407)		–	(276 407)
Investment property held for sale	27 000		–	27 000
Straight-line rental revenue adjustment	45 819	–	–	45 819
Foreign exchange gains	–	20 817	6 939	27 756
Fair value adjustments	571 317	13 908	4 636	589 861
Investment property at 31 March 2018	11 244 552	973 507	324 503	12 542 562
Other assets not managed on a segmental basis				
Derivative financial instruments				17 371
Equipment				1 019
Current assets				649 579
Total assets				13 210 531

DISTRIBUTABLE EARNINGS RECONCILIATION

FOR THE YEAR ENDED 31 MARCH 2018

	Year ended 31 March 2018 R'000	Year ended 31 March 2017 R'000
Distributable earnings	533 213	486 712
Less: Interim distribution from profits	266 037	217 301
Final distribution	267 176	269 411
Shares qualifying for distribution		
Number of shares at year-end	989 364 344	986 372 706
Less: Bulk ceded shares to Accelerate	(51 070 184)	(51 070 184)
Less: Shares repurchased	(9 567 404)	
Shares qualifying for distribution	928 726 756	935 302 522
Distribution per share		
Final distribution per share (cents)	28,76799	28,80469
Interim distribution per share made (cents)	28,77713	28,76627
Total distribution per share for the year (cents)	57,54512	57,57096

1. SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the new standards, amendments and interpretations that became effective during the 31 March 2018 reporting period. However, they are not expected to have a significant impact on the annual financial statements of Accelerate.

- IAS 7 Disclosure Initiative (Effective 1 January 2017)
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (Effective 1 January 2017)
- AIP IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12 (Effective 1 January 2017)

1.2 Standards issued but not yet effective

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

- IFRS 15 Revenue from Contracts with Customers (Effective date 1 January 2018) (Transition method to be applied is the modified retrospective application method).
- IFRS 9 Financial Instruments (Effective 1 January 2018) (Transition method to be applied is the modified retrospective application method)
- IFRS 2 Classification and Measurement of Share-based Payment Transactions (Effective 1 January 2018)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Effective 1 January 2018)
- Transfers of Investment Property (Amendments to IAS 40) (Effective 1 January 2018)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (Effective date 1 January 2018)
- AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters (Effective date 1 January 2018)
- AIP IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice (Effective 1 January 2018)
- IFRS 16 Leases (Effective date 1 January 2018)
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Effective date indefinite)

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

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

1.3 Significant judgements and sources of estimation uncertainty

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 Significant judgements and sources of estimation uncertainty (continued)

Judgements and other estimates

Significant estimates include:

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

Valuation of property

The fair value of investment property is determined by real estate valuation experts using recognised valuation techniques and the principles of IFRS 13. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in the investment property notes 10 and 11.

Accruals

The accrual at year-end for recoveries from tenants is based on average recoveries received from tenants during the financial period.

Accrual for municipal expenses is performed on a municipal account level and is based on the number of uninvoiced days at year-end and the average municipal cost for a specific account during the financial period.

Valuation of the share-based payments reserve

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

Financial guarantee

In the valuation of the financial guarantee as further explained in note 17, the significant estimates applied in the valuation of the guarantee are:

(i) projecting the future distribution growth of Accelerate Property Fund; and
(ii) projecting historic yield volatility of the shares of the fund forward into the future via Monte Carlo simulations.

1.4 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

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

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

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

1.5 Investment property

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

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

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

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

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

1.5 Investment property (continued)

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

Fair value

Subsequent to initial measurement, investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

There are no property interests held under operating leases which are recognised as investment property.

1.6 Non-current assets (disposal groups) held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Non-current assets (or disposal groups) held for sale (distribution to owners) are recognised at the lower of their carrying amount and fair value less costs to sell (distribute). Investment properties classified as held for sale are measured in accordance with IAS 40 Investment Property at fair value with gains and losses on subsequent measurement being recognised in profit or loss.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale (held for distribution to owners), or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Accelerate as lessor – operating leases

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

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

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

1.8 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Accelerate and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Accelerate has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in most of the revenue arrangements, it has pricing latitude, and is also exposed to inventory and credit risks. Recoveries of costs from lessees where Accelerate is merely acting as an agent and makes payments of these costs on behalf of lessees are offset against the relevant costs.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.8 Revenue (continued)

The specific recognition criteria described below must also be met before revenue is recognised.

Rental income

Accelerate is the lessor in operating leases. Rental income arising from operating leases of investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature, except for contingent rental income, which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the statement of comprehensive income when the right to receive them arises.

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recovered from tenants is recognised in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in net rental income gross of the related costs, as the directors consider that Accelerate acts as principal in this respect.

1.9 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Financial assets and liabilities measured at fair value
- Financial assets and liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is reassessed on an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

When Accelerate has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of Accelerate's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Accelerate could be required to repay.

1.9 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Accelerate assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, Accelerate makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a per tenant basis and provided for based on the likelihood of recovery.

Derivatives

Accelerate uses interest rate swaps to hedge risks associated with interest rate movements, as well as cross-currency swaps to hedge against movements in the exchange rate. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

1.10 Employee benefits

Short-term employee benefits

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.11 Accounting policies

Property acquisitions and business combinations

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business as per IFRS 3. Where such acquisitions are not judged to be acquisitions of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

Investment property acquisitions which do not meet the definition of a business as defined in IFRS 3 are recognised and measured in accordance with IAS 40.

Rent and other receivables

Rent and other receivables are recognised at their original invoiced value. Where the time value of money is material, receivables are carried at amortised cost. A provision is made when there is objective evidence that Accelerate will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently recorded at amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

Tenant deposits

Tenant deposit liabilities are initially recognised at fair value and subsequently measured at amortised cost where the effect of discounting is material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

Sale of property

A property is regarded as sold when the significant risks and rewards have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Finance income

Finance income is recognised as it accrues using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Finance income is included in finance income in the statement of comprehensive income.

Taxes

Accelerate converted to a Real Estate Investment Trust (REIT) on listing. As a result, section 25BB of the Income Tax Act applies to qualifying REIT income and expenses. The legislation provides that capital gains on sale of investment properties are not taxable and previous building allowances claimed will be recouped at 28%. All rental income and dividends from property subsidiaries will be taxed at 28% and any qualifying distribution paid from these taxable profits will be deductible at 28%. Should the entities' assets be sold or the entity wound up, there could be a tax liability to the value of the recoupments previously claimed.

Accelerate is of the view that the provisions of IAS 12 Income Taxes regarding different tax rates for distributed and undistributed profits are intended to apply where the only significant factor determining the differential tax rate is the retention or distribution of profit. This view is applied given that this would reflect the economic reality of Accelerate as being tax neutral and would not result in deferred taxation being raised at each reporting date merely to be reversed after the end of the reporting date when distributions are declared to shareholders. This view is formulated based on guidance from the withdrawn ED/2009/2 as published by the International Accounting Standards Board (IASB). This view implies that the entity can choose to operate within one of two tax regimes, either a 'full tax' regime by not distributing rental income and dividends from property subsidiaries to shareholders or a 'no tax' regime by distributing rental income and dividends from property subsidiaries to shareholders, rather than operating in a single tax regime with a dual tax rate, depending on whether profits are retained or distributed. Accordingly, the measurement of deferred tax assets and liabilities takes into account expected future distribution. This results in no deferred tax being recognised by Accelerate on REIT assets and liabilities.

1.11 Accounting policies (continued)

Taxes (continued)

REIT legislation is currently being revised to clarify the legislation where difficulties have been noted in practice.

Current taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or different period, directly in equity.

Current income tax

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

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

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

Share-based payments

Employees (including senior executives) of Accelerate receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves (share-based payment reserve), in equity over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and Accelerate's best estimate of the options that will ultimately vest. The profit or loss represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market condition. These are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance service conditions are satisfied.

When the terms of the equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of the modification.

When the equity award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either Accelerate or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Share capital

Ordinary shares are classified as equity.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.11 Accounting policies (continued)

Fair value measurements

Accelerate measures certain financial instruments such as derivatives, and non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in the financial statements when the carrying values are not determined to approximate fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

Accelerate must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Accelerate uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole. Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, Accelerate determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. Accelerate uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The fair value of investment property is determined by using valuation techniques. Accelerate uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Techniques include discounted cash flows and cap rate methods.

The carrying value of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Accelerate for similar financial instruments. Accelerate's own non-performance risk is considered.

1.12 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

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

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day-to-day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	5 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	6 years
Computer equipment	Straight-line	3 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.13 Financial guarantee

Financial guarantee contracts are accounted for as financial instruments and measured initially at estimated fair value. They are subsequently measured at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with IAS 18 Revenue.

2. REVENUE

	2018 R'000	2017 R'000
Contracted revenue	819 921	749 345
Parking	24 499	19 451
Rental guarantee	51 386	45 081
Development guarantee income	58 972	28 101
Sundry property income	190	518
Revenue before recoveries	954 968	842 496
Recoveries (including rates, municipal costs, operations cost)	205 652	220 503
Revenue, excluding straight-line rental revenue adjustment	1 160 620	1 062 999
Straight-line rental revenue adjustment	45 819	36 958
Total revenue	1 206 439	1 099 957

3. PROPERTY EXPENSES

	2018 R'000	2017 R'000
Cleaning	12 664	10 942
Bad debts**	458	–
Centre manager's cost	3 377	–
Insurance	7 074	4 633
Security	30 340	28 462
Repairs and maintenance	16 764	8 586
Electricity	68 551	101 839
Rates and taxes	65 230	69 000
Sewerage	6 059	9 504
Water	9 503	14 042
Other municipal expenses	8 866	7 842
Management fees**	13 406	2 325
Professional fees	23 455	2 195
Other property costs*	40 030	25 560
Tenant installation	739	1 384
Property expenses	306 516	286 314
Less: Recovered expenses	(205 652)	(220 503)
Net property expenses	100 864	65 811

** Other property costs relate to miscellaneous property costs, such as consumables, legal fees, parking, pest control.*
***Bad debt and management fee expenses were reallocated from operating expenses to property expense in accordance with their nature.*

4. OPERATING EXPENSES

	2018 R'000	2017 R'000
Management fees	–	10 457
Employee costs	29 483	46 455
Auditors remuneration	2 756	2 807
Licences	56	196
Bank charges	153	368
Telephone and fax	215	150
Printing and stationery	–	58
Subscriptions	532	913
Professional fees	5 846	6 181
Bad debts	–	6 009
Other expenses	1 149	428
Financial guarantee*	37 144	–
Total other operating expenses	**77 334**	74 022

5. FINANCE INCOME RECEIVED

	2018 R'000	2017 R'000
Interest income		
Interest received from banks	1 955	2 252
Cash deposits	20 140	20 934
Interest received from tenants	813	2 119
Interest due from vendors	14 320	8 789
	37 228	34 094

6. FINANCE COST

	2018 R'000	2017 R'000
Non-current borrowings	362 835	325 012
Net payment on swaps	(28 067)	(26 002)
Other interest paid	–	22
Net finance cost	**334 768**	299 032

Finance cost on capital construction projects to the amount of R54,9 million (2017: R17,9 million) was capitalised during the year ended 31 March 2018 at an average cost of debt of 9% (2017: 9,1%) per annum.

** Refer to note 17 for additional information on the financial guarantee. The financial guarantee expense was included in other income in the prior financial year.*

7. TAXATION

	2018 R'000	2017 R'000
Major components of the tax income		
Current		
Local income tax - current period	–	–
Foreign income tax - current period	(4 549)	423
	(4 549)	423
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	28,00%	28,00%
Straight-line rental revenue adjustment	(1,10)%	(1,14)%
Fair value adjustment	(14,04)%	(14,43)%
Capital profits not taxable (as Accelerate Property Fund is a REIT)	(0,13) %	(0,22)%
Qualifying distributions	(12,73)%	(12,21)%
	–%	–%

8. DISTRIBUTION PER SHARE

	2018 R'000	2017 R'000
Final distribution for the year ended 31 March 2018		
Profit after taxation attributable to equity holders	1 085 816	898 372
Less: Straight-line rental revenue adjustment	(45 819)	(36 958)
Less: Fair value adjustment on investment property and derivative financial instruments	(542 316)	(466 398)
Plus: Unrealised losses	28 532	55 804
Less: Capital profits sale of properties	–	(1 107)
Plus: Distributions from reserves	–	36 999
Plus: Amortised lease cost	7 000	–
Less: Interim distribution from profits	(266 037)	(217 301)
Final distribution	267 176	269 411
Reconciliation of shares qualifying for final distribution		
Shares in issue at 31 March 2018	989 364 344	986 372 706
Less: Shares ceded on purchase of bulk*	(51 070 184)	(51 070 184)
Less: Shares repurchased	(9 567 404)	–
Add: Shares issued after year-end	–	–
Shares qualifying for distribution	928 726 756	935 302 522
Year-end distribution per share (cents)	28,8	28,8

** The vendors have ceded the distribution relating to 51 070 184 shares held by them to Accelerate until the earlier of development/sale or December 2021. This is due to Accelerate acquiring the bulk development rights over various buildings in the greater Fourways area.*

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

9. EARNINGS PER SHARE

	2018 R'000	2017 R'000
Basic earnings per share (EPS) amounts are calculated by dividing profit for the year attributable to ordinary equity holders of Accelerate by the weighted average number of ordinary shares outstanding during the year.		
Reconciliation of basic/diluted earnings to headline earnings		
Total comprehensive income attributable to equity holders	1 085 816	898 372
Fair value adjustment excluding straight-lining	(589 861)	(501 350)
Losses on non-current assets held for sale	(4 846)	(7 038)
Headline profit attributable to shareholders	**491 109**	389 984
Basic earnings per share (cents)*	110,81	101,47
Diluted earnings per share (cents)*	109,13	99,96
Headline earnings per share (cents)	49,36	44,05
Diluted headline earnings per share (cents)	50,12	43,39
Shares in issue at the end of the year	979 796 940	986 372 706
Weighted average number of shares in issue	979 876 156	885 350 951
Shares subject to the conditional share plan	15 115 467	13 377 341
Weighted average number of deferred shares	15 115 467	13 377 341
Total diluted weighted average number of shares in issue	**994 991 623**	898 728 292

* *Basic earnings and diluted earnings are based on the same earnings figures but are different as a result of the use of the weighted average number of shares in issue for the year.*

10. INVESTMENT PROPERTY

Reconciliation of investment property – 2018

	Opening balance R'000	Additions R'000	Additions resulting from capitalised expenditure R'000	Disposals R'000	Classified as held for sale R'000	Foreign exchange gain R'000	Straight-line rental revenue adjustment R'000	Fair value adjustments R'000	Total R'000
Investment property	11 860 689	48 000	219 844	(249 407)	(27 000)	27 756	45 819	589 861	12 515 562

Reconciliation of investment property – 2017

	Opening balance R'000	Additions R'000	Additions resulting from capitalised expenditure R'000	Disposals R'000	Straight-line rental revenue adjustment R'000	Fair value adjustments R'000	Total R'000
Investment property*	8 553 502	2 711 560	239 980	(185 726)	36 958	504 415	11 860 689

* *The entire portfolio of investment property is pledged as security for borrowings.*

10. INVESTMENT PROPERTY (continued)

The following investment properties are held by Accelerate through subsidiaries:

- The KMPG portfolio 100% held through Parktown Crescent (Pty) Ltd and Wanooka Properties (Pty) Ltd.
- Citibank building in Sandton 100% held through Pybus Sixty-Two (RF) (Pty) Ltd.
- Nine single-tenant, long-term lease OBI properties held through a 96,4% equity holding in Accelerate Property Fund Europe B.V.

Investment property summary

	2018 R'000	2017 R'000
Investment property	11 852 127	11 319 316
Fair value gain on investment property (unrealised)	589 861	504 415
Foreign exchange gain	27 754	–
Straight-line rental revenue adjustment	45 820	36 958
	12 515 562	11 860 689

Investment properties

	Office R'000	Industrial R'000	Retail R'000	European retail R'000	Total
Balance as at 31 March 2017	3 276 550	650 541	6 681 888	1 251 710	11 860 689
Acquisitions/improvements	60 314	1 775	205 755	–	267 844
Subtotal	3 336 864	652 316	6 887 643	1 251 710	12 128 533
Disposals	(81 945)	–	(167 462)	–	(249 407)
Non-current asset held for sale	(27 000)	–	–	–	(27 000)
Straight-line rental revenue adjustment	31 095	991	13 733	–	45 819
Foreign exchange gains	–	–	–	27 756	27 756
Fair value gains/(losses) on investment properties	158 497	(116 567)	529 387	18 544	589 861
Balance at 31 March 2018	3 417 511	536 740	7 263 301	1 298 010	12 515 562
Balance as at 31 March 2016	1 942 277	637 996	5 973 229	–	8 553 502
Acquisitions/improvements	1 226 445	5 917	509 922	1 209 256	2 951 540
Subtotal	3 168 722	643 913	6 483 151	1 209 256	11 505 042
Disposals	–	–	(185 726)	–	(185 726)
Straight-line rental revenue adjustment	21 685	3 043	12 230	–	36 958
Fair value gain on investment properties	86 143	3 585	372 233	42 454	504 415
Balance at 31 March 2017	3 276 550	650 541	6 681 888	1 251 710	11 860 689

11. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES

Levels of fair value measurements

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

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

At each reporting date, the directors analyse the movements in each property's value. For this analysis, the directors verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts (e.g., rent amounts in rental contracts), market reports (e.g. market rent, cap rates in property market reports) and other relevant documents. Each property is considered a separate asset class based on the unique nature, characteristics and risks of the property. The directors compare each property's change in fair value with relevant external sources (such as the investment property database or other relevant benchmarks) to determine whether the change is reasonable.

The directors have presented the valuation results to Accelerate's independent auditors. This includes a discussion of the major assumptions used in the valuations.

Valuation techniques

The fair values of investment properties are determined using either a discounted cash flow (DCF) method or income capitalisation method (cap rate).

Discounted cash flow method

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and costs of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash inflows associated with the property. The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net cash inflows, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Income capitalisation method

Under the cap rate method a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. The difference between gross and net rental income includes the same expense categories as those for the DCF method with the exception that certain expenses are not measured over time, but included on the basis of a time weighted average, such as the average lease costs. Under the cap rate method, over and under-rent situations are separately capitalised/ (discounted).

The external valuations were performed by Mills Fitchet and David Hoffman, accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment property being valued. The internal valuations were performed by the directors, the valuation models applied are in accordance with those recommended by the International Valuation Standards Committee and are consistent with the principles in IFRS 13.

As at 31 March 2018, the portfolio had the following vacancy rates, calculated based on vacant area to total GLA along with the following estimates of when actual vacancy will equal the long-term rate:

Class of property	Fair value as 31 March 2018 R'000	Current vacancies	Long-term vacancies	Estimated period of convergence
Office	3 444 511	0 – 100%	5 – 10%	2 years
Industrial	536 740	0 – 73.3%	0%	n/a
Retail	7 263 301	0 – 85%	5 – 10%	3 years
European retail	1 298 010	0%	0%	n/a
	12 542 562*			

* *Comprises R27 000 000 of non-current assets held for sale and R12 515 562 000 of Investment properties*

11. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES (continued)

Changes in valuation techniques
There were no changes in valuation techniques during the year.

Highest and best use
For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

Valuation techniques and inputs derive level 3 fair values
The table below presents the following for each class of the investment property:
- The fair value measurements at the end of the reporting period
- A description of the valuation techniques applied
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building
- Quantitative information about the significant unobservable inputs used in the fair value measurement

Class of property	Fair value as at 31 March 2018 R'000	Valuation technique	Key unobservable inputs	Ranges	Weighted average discount rate
Office	3 444 511	Income capitalisation/DCF method	• ERV • Rental growth p.a. • Long-term vacancy rate	• R41,00 – R225,00 • 7,7% • 5% – 10%	8,20%
Industrial	536 740	Income capitalisation/DCF method	• ERV • Rental growth p.a. • Long-term vacancy rate	• R34,00 – R147,00 • 7,8% • 0%	9,20%
Retail	7 263 301	Income capitalisation/DCF method	• ERV • Rental growth p.a. • Long-term vacancy rate	• R41,00 – R225,00 • 7,7% • 5% – 10%	7,31%
European retail	1 298 010	Income capitalisation/DCF method	• ERV • Rental growth p.a. • Long-term vacancy rate	• R64,00 – R182,00 • 0% • 0%	7,00%
	12 542 562				

Descriptions and definitions
The table above includes the following descriptions and definitions relating or valuation techniques and key unobservable inputs made in determining the fair values.

Estimated rental value (ERV)
The rent at which space could be let in the market conditions prevailing at the date of valuation.

Rental growth
The estimated average increase in rent based on both market estimations and contractual indexations.

Long-term vacancy rate
The ERV of the expected long-term average structural vacant space divided by ERV of the whole property. Long-term vacancy rate can also be determined based on the percentage of estimated vacant space divided by the total lettable area.

Discount rate
Rate used to discount the net cash flows generated from rental activities during the period of analysis (estimated up to 10 years).

11. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES (continued)

Equivalent yield

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

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

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

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

Significant increases/(decreases) in the ERV (per m^2 per annum.) and rental growth per annum in isolation would result in a significantly higher/(lower) fair value measurement. Significant increases/(decreases) in the long-term vacancy rate and discount rate (and exit or yield) in isolation would result in a significantly lower/(higher) fair value measurement. Generally, a change in the assumption made for the ERV (per sqm p.a.) is accompanied by:

- a similar change in the rent growth p.a. and discount rate (and exit yield); and
- an opposite change in the long-term vacancy rate.

Across the portfolio of properties held, it was determined that if the equivalent yield applied per property increases/(decreases) by 50 basis points, the overall value of the portfolio will decrease by 5,9% if the equivalent yield is increased, and increase by 6,7% if the equivalent yield is decreased.

12. PROPERTY, PLANT AND EQUIPMENT

	2018 R'000 Cost or revaluation	2018 R'000 Accumulated depreciation	2018 R'000 Carrying value	2017 R'000 Cost or revaluation	2017 R'000 Accumulated depreciation	2017 R'000 Carrying value
Furniture and fixtures	533	(175)	358	446	(57)	389
Motor vehicles	709	(302)	407	709	(89)	620
Office equipment	25	(17)	8	–	–	–
IT equipment	689	(443)	246	572	(205)	367
Total	1 956	(937)	1 019	1 727	(351)	1 376

Reconciliation of property, plant and equipment - 2018

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Furniture and fixtures	389	87	(118)	358
Motor vehicles	620	–	(213)	407
Office equipment	–	10	(2)	8
IT equipment	367	117	(238)	246
	1 376	214	(571)	1 019

Reconciliation of property, plant and equipment - 2017

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Furniture and fixtures	58	354	(23)	389
Motor vehicles	356	330	(66)	620
IT equipment	105	382	(120)	367
	519	1 066	(209)	1 376

13. TRADE AND OTHER RECEIVABLES

	2018 R'000	2017 R'000
Debtors#	**93 948**	69 949
Selling entity debtors	**211 826**	130 489
Prepaid expenses	**2 326**	2 390
Municipal	**14 245**	13 410
Deposit: Property acquisition	**38 802**	33 108
Sundry debtors*	**168 407**	62 220
Accrued recoveries	**36 683**	29 623
Less: Provision for bad debts (refer to note 4)	**(1 000)**	(1 000)
	565 237	340 189

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

 # Tenant debtor balances past due but not yet impaired are as follows:

	30 Days R'000	*60 Days R'000*	*90 Days R'000*	*120 Days R'000*	*Total R'000*
31 March 2018	***7 622***	***1 426***	***2 361***	***3 323***	***14 732***
31 March 2017	*3 994*	*1 655*	*1 507*	*4 619*	*11 775*

Movement in bad debts provision:

	2018 R'000	*2017 R'000*
Opening balance	***1 000***	*1 000*
Provision created	***7 412***	*10 977*
Bad debts written off	***(7 412)***	*(10 977)*
Closing balance	***1 000***	*1 000*

14. CASH AND CASH EQUIVALENTS

	2018 R'000	2017 R'000
Cash held on call account	**76 921**	133 618

Surplus cash is placed on call account at an interest rate of 6,30%

** The increase in sundry debtors is due to the Portside guarantee receivable and outstanding receivables on disposal of investment property.*

15. ORDINARY SHARE CAPITAL AND OTHER RESERVES

15.1 Ordinary share capital

	2018 R'000	2017 R'000
Authorised		
Ordinary shares of no par value	**5 000 000 000**	5 000 000 000
Reconciliation of number of shares issued:		
Reported as at 1 April	**986 372 706**	801 344 008
Shares repurchased	**(10 828 803)**	–
Issue of shares – ordinary shares at an average of R5.64 (2017: R6.02) per share	**2 991 638**	185 028 698
Issue of treasury shares to directors	**1 261 399**	–
Total number of shares in issue at year-end	**979 796 940**	986 372 706
Issued		
Ordinary share capital of no par value	**5 158 861**	5 156 011
Treasury shares issued to directors	**7 356**	–
Treasury shares/held by subsidiaries	**(63 150)**	–
	5 103 067	5 156 011

The unissued authorised ordinary shares of no par value in the company are under the control and authority of the directors of the company who are authorised to allot or issue any such shares at their discretion, subject at all times to the provisions of the Companies Act, the company's memorandum of incorporation and the Listings Requirements of the JSE, provided that:

- the number of shares that may be issued (under general authority), in aggregate in any one financial year, is limited to 10% of the total number of shares in issue at the beginning of each financial year, any other issuances require specific authority; and
- the maximum discount permitted, will be 5% of the weighted average trade price of the shares in question, measured over the three business days prior to the date of each issue of new shares or three business days prior to the date the directors resolve to issue such new shares, or the 30 business days prior to the date the directors resolve to issue such new shares.

15. ORDINARY SHARE CAPITAL (continued)

15.2 Other reserves

	Antecedent* reserve R'000	Share incentive# reserve R'000	Total R'000
2018			
Opening balance	36 999	17 384	54 383
Expense	–	14 225	14 225
Shares vested	–	(10 206)	(10 206)
Dividends	(36 999)	–	(36 999)
	–	21 403	21 403
2017			
Opening balance	13 925	6 120	20 045
Expense	–	11 264	11 264
Shares vested	45 427	–	45 427
Dividends	(22 353)	–	(22 353)
	36 999	17 384	54 383

16. BORROWINGS

	2018 R'000	2017 R'000
Total value of loans secured by investment property		
RMB	1 861 175	1 927 784
Domestic medium-term note (DMTN) programme	1 487 000	1 226 000
Investec	277 087	350 959
Standard Bank	903 500	770 000
Eerste Bank	618 375	604 533
	5 147 137	4 879 276
Less: Portion repayable within the next 12 months – at normal value	(1 492 530)	(992 019)
	3 654 607	3 887 257
Reconciliation of debt movements		
Opening balance	4 879 276	2 992 261
Debt raised	1 332 925	2 414 371
Debt repayment	(1 078 910)	(527 356)
Exchange rate movement on foreign debt	13 846	–
	5 147 137	4 879 276

The antecedant distribution reserve, relates to prepaid distributions received from equity investors upon share issuances to the market.
Reserve for share options issued to directors and key management in terms of the conditional share scheme. Please refer to note 30.

16. BORROWINGS (continued)

Carrying value approximates the fair value of borrowings. Interest payments are made as they fall due and capital repayments are only made as per the maturity dates below. Interest rates on these loans are market related and at arm's length with third-party lenders.

Accelerate has not acquired any debt in the financial period, nor are any fair value adjustments applicable. Accelerate does not hedge account its long-term liabilities or have any lease liabilities.

16.1 Details of secured loans at 31 March 2018

	Tranch	Weighting %	Debt amount R'000	Maturity date	Rate
RMB	E – Current	7	346 431	December 2018	JiBar + 195 bps
	L	1	44 090	April 2019	JiBar + 215 bps
	N	2	100 850	December 2020	JiBar + 225 bps
	M	3	151 200	February 2021	JiBar + 225 bps
	P	3	129 328	May 2020	JiBar + 195 bps
	Q	1	74 813	October 2020	JiBar + 195 bps
	R	1	48 000	July 2020	JiBar + 195 bps
	S	3	151 275	October 2020	JiBar + 195 bps
	T	2	126 488	October 2021	Prime – 115 bps
	B	8	400 000	June 2019	JiBar + 200 bps
	E	3	155 550	February 2020	JiBar + 225 bps
	F	1	70 000	April 2020	JiBar + 210 bps
	G – Current	1	63 150	July 2018	JiBar + 175 bps
Investec	J – Current	5	277 087	December 2018	JiBar + 175 bps
Standard Bank	A – Current	5	250 000	May 2018	JiBar + 170 bps
	B	5	250 000	May 2020	JiBar + 190 bps
	F	2	82 000	April 2019	JiBar + 188 bps
	H1 – Current	2	100 000	October 2018	JiBar + 172 bps
	H2	2	100 000	October 2019	JiBar + 188 bps
	H3 and 4	1	53 000	October 2020	JiBar + 200 bps
	I	1	30 000	April 2020	JiBar + 188 bps
	J	1	38 500	October 2019	JiBar + 185 bps
DMTN programme	B	6	285 000	September 2019	JiBar + 230 bps
	C – Current	9	452 000	August 2018	JiBar + 175 bps
	D	4	225 000	September 2021	JiBar + 230 bps
	E	6	325 000	August 2020	JiBar + 189 bps
	F	4	200 000	August 2022	JiBar + 214 bps
Eerste Bank	A	12	618 375	December 2021	2,10% fixed
Total long-term borrowings – secured		Total/weighted average	5 147 137		

16. BORROWINGS (continued)

16.1 Details of secured loans at 31 March 2018 (continued)

Details of swaps on debt

	Notional amount R'000	Maturity	Base rate %
RMB	1 600 000	March 2019	6,50
RMB	300 000	June 2018	7,64
RMB	200 000	January 2020	7,58
RMB	400 000	August 2020	6,88
RMB	300 000	February 2022	7,36
RMB	300 000	February 2021	7,08
Standard Bank	200 000	March 2020	7,64
Standard Bank	300 000	March 2020	7,21
Standard Bank	300 000	November 2020	7,76
Investec	200 000	November 2020	7,72
Investec	300 000	February 2022	7,08
	4 400 000		

16.2 Details of secured loans at 31 March 2017

	Tranch	Weighting %	Debt amount R'000	Maturity date	Rate
RMB	D – Current	6,00	307 056	December 2017	Jibar + 185 bps
	E	8,00	381 036	December 2018	Jibar + 195 bps
	K – Current	1,00	27 091	September 2017	Jibar + 190 bps
	L	2,00	85 000	April 2019	Jibar + 215 bps
	N	2,00	100 850	December 2020	Jibar + 225 bps
	M	3,00	151 200	February 2021	Jibar + 225 bps
	A1 – Current	2,00	100 000	June 2017	Jibar + 150 bps
	A2 – Current	1,00	70 000	June 2017	Jibar + 150 bps
	B	8,00	400 000	June 2019	Jibar + 200 bps
	D2 – Current	3,00	150 000	August 2017	Jibar + 130bps
	E2	3,00	155 550	February 2021	Jibar – 225bps
Investec	D – Current	1,00	73 872	December 2017	Jibar + 166 bps
	E	6,00	277 088	December 2018	Jibar + 175 bps
Standard Bank	A	5,00	250 000	May 2018	Jibar + 170bps
	B	4,00	175 000	May 2020	Jibar + 190 bps
	F	2,00	82 000	January 2020	Jibar + 188 bps
	G	1,00	30 000	April 2020	Prime – 164 bps
	H1	2,00	100 000	October 2018	Jibar + 172 bps
	H2	2,00	100 000	October 2019	Jibar + 188 bps
	H4	1,00	33 000	October 2020	Jibar + 200 bps
DMTN programme	A – Current	5,00	264 000	September 2017	Jibar + 170 bps
	B	6,00	285 000	September 2019	Jibar + 230 bps
	C	9,00	452 000	August 2018	Jibar + 175 bps
	D	5,00	225 000	September 2021	Jibar + 230 bps
	A	12,00	604 533	December 2021	2,10% fixed
Total long-term borrowings – secured*			4 879 276		

* *The long-term borrowings shown in the table above are subject to the standard restrictions over bonded properties.*

16. BORROWINGS (continued)

16.2 Details of secured loans at 31 March 2017 (continued)

Details of swaps impact on debt

	Notional amount R'000	Maturity	Base rate %
RMB	1 700 000	March 2019	6,50
RMB	300 000	June 2018	7,64
RMB	200 000	January 2020	7,58
Standard Bank	250 000	February 2018	7,86
Standard Bank	250 000	February 2018	7,92
Standard Bank	200 000	March 2020	7,64
Standard Bank	300 000	March 2020	7,21
	3 200 000		

Accelerate intends to refinance the current portion of the maturing debt, by the issue into the market of either a secured, DMTN bond issue and bank finance.

17. TRADE AND OTHER PAYABLES

	2018 R'000	2017 R'000
Trade payables	**10 609**	20 021
Debtors in credit	**48 765**	32 442
VAT	**8 125**	14 295
Tenant deposits	**31 795**	29 609
Accrued expenses	**28 649**	46 814
Financial guarantee liability*	**45 583**	8 438
	173 526	151 619

Trade and other payables are settled within 30 days of invoice date. Carrying value approximated the fair value of trade and other payables due to the short-term nature of payables.

* *In order to retain and align key executive directors with shareholders, the company encourages the acquisition of shares by executive directors who do not currently have a material shareholding in the company. Consequently, in December 2016 an executive buy-in structure was approved by shareholders and certain executive directors acquired Accelerate shares through Special purpose vehicles (SPVs). The SPVs are funded through bank debt from RMB and can acquire shares up to a maximum of R205 million in Accelerate at market-related prices. The interest on bank debt accrued in the SPVs will be serviced by the distributions received from Accelerate Property Fund. RMB has cession over these shares and the directors will only have an unconditional right to the shares in the SPVs once the bank debt has been settled. Accelerate provides limited guarantees to RMB for the performance of each SPV's obligations. The maximum liability Accelerate may have under the guarantees is the equivalent of 63,5% to the extent that losses incurred by RMB are not settled by the sale of the shares RMB has cession over, including additional security pledged by directors. At 31 March 2018, R 189,5 million of the RMB facility has been drawn down. Of the R45,5 million recognised at year-end, R33,5 million relates to shares held by A Costa and R12 million to shares held by JRJ Paterson.*

18. CASH GENERATED FROM OPERATIONS

	2018 R'000	2017 R'000
Profit before taxation	1 083 197	902 308
Adjustments for:		
Depreciation and amortisation	11 407	1 440
Net profit on disposal of investment property	(4 845)	(7 038)
Interest income	(37 228)	(34 094)
Finance cost	334 768	299 032
Fair value adjustments	(542 984)	(469 463)
Foreign currency exchange gains and losses	(14 739)	–
Share incentive expense	14 224	11 264
Straight-line rental revenue adjustment	(45 819)	(36 958)
Other non-cash items	–	(900)
Changes in working capital:		
Trade and other receivables	(225 048)	(142 281)
Trade and other payables	21 907	37 410
	594 840	560 720

19. CAPITAL COMMITMENTS

	2018 R'000	2017 R'000
Authorised capital expenditure		
Not yet contracted for and authorised by directors	79 400	77 500

This committed expenditure relates to property and will be financed by available bank facilities, debt and/or equity.

20. MINIMUM CONTRACTED RENTAL INCOME

	2018 R'000	2017 R'000
Minimum contracted rental income		
Accelerate leases a number of retail, office and industrial properties under operating leases, which typically run for a period of one to ten years.		
Contractual amounts due in terms of operating lease agreements		
Within one year	722 582	754 609
Between one and five years	2 084 024	2 013 970
More than five years	1 696 251	2 017 960
	4 502 857	4 786 539

21. RELATED PARTIES

Relationships

M Georgiou (100% shareholder of Fourways Precinct (Pty) Ltd through the Michael Family Trust and 100% shareholder of Accelerate Property Management Company (Pty) Ltd) and A Costa are directors of both Accelerate Property Fund Ltd and Accelerate Property Management Company (Pty) Ltd.

Holding company: Accelerate Property Fund Ltd

	2018 R'000	2017 R'000
Related party balances		
Loan accounts		
Fourways Precinct (Pty) Ltd	39 646	11 458
The Michael Family Trust	62 142	55 602
Vacancy guarantee		
Fourways Precinct (Pty) Ltd	17 038	15 921
Development guarantee		
Fourways Precinct (Pty) Ltd	105 629	39 288
Related party transactions		
Vacancy guarantee		
Fourways Precinct (Pty) Ltd	–	7 502
Development guarantee		
Fourways Precinct (Pty) Ltd	58 972	28 101
Interest charged on outstanding amounts		
Fourways Precinct (Pty) Ltd	7 803	2 001
The Michael Family Trust	4 073	3 472
Accelerate Property Management fees paid		
Fourways Precinct (Pty) Ltd	(3 745)	(4 396)
Accelerate Property Management Company (Pty) Ltd (APMC)	(6 156)	(4 857)
Letting commission		
Fourways Precinct (Pty) Ltd	(6 604)	(25 886)
Financial guarantee#	(37 144)	(8 438)

Related party balances bear interest at market-related interest rates.

For information on financial guarantees with related parties, please refer to note 17.

22. NET ASSET VALUE

	2018	2017
Shares in issue at the end of the year	979 796 940	986 372 706
Net asset value (R'000)	7 861 866	7 352 992
Net asset value per share (R)	8,02	7,46

23. FINANCE RISK MANAGEMENT

Total financial assets and liabilities

	Carried at fair value R'000	Amortised cost# R'000	Total R'000
Financial assets 31 March 2018			
Derivatives*	19 258	–	19 258
Trade and other receivables	–	565 235	565 235
Cash and cash equivalents	–	76 921	76 921
	19 258	642 156	661 414
Financial liabilities 31 March 2018			
Derivative*	(28 002)	–	(28 002)
Long-term interest-bearing borrowings	–	(3 654 607)	(3 654 607)
Trade and other payables	–	(165 401)	(165 401)
Current portion of long-term debt	–	(1 492 530)	(1 492 530)
	(28 002)	(5 312 538)	(5 340 540)
Financial assets 31 March 2017			
Derivative financial assets*	38 134	–	38 134
Trade and other receivables	–	340 187	340 187
Cash and cash equivalents	–	133 618	133 618
	38 134	473 805	511 939
Financial liabilities 31 March 2017			
Long-term interest-bearing borrowings	–	(3 887 257)	(3 887 257)
Trade and other payables	–	(137 324)	(137 324)
Current portion of long-term debt	–	(992 019)	(992 019)
	–	(5 016 600)	(5 016 600)

* *The values of the derivative financial asset shown at fair value are based on inputs other than quoted prices that are observable in the market for the assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices) - level 2 (refer to note 24 for further details). The fair value is determined as the net discounted cash flows to be received from the swaps in place at 31 March 2018.*

\# *The carrying value of financial assets and liabilities carried at amortised cost is considered to approximate the fair value of those financial assets and liabilities. There have been no significant changes in valuation techniques or transfers between fair value hierarchy levels.*

23. FINANCE RISK MANAGEMENT (continued)

Other financial risk management considerations

Accelerate's principal financial liabilities, other than derivatives, are loans and borrowings. The main purpose of Accelerate's loans and borrowings is to finance the acquisition and development of Accelerate's property portfolio. Accelerate has rent and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

Accelerate is exposed to market risk (including interest rate risk and real estate risk), credit risk and liquidity risk.

The board has overall responsibility for the establishment and oversight of Accelerate's risk management framework. As such, Accelerate's senior management is supported by the audit and risk committee that advises on financial risks and the appropriate financial risk governance framework for Accelerate. The audit and risk committee provides assurance to Accelerate's senior management that Accelerate's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies for risk. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

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

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by Accelerate that are affected by market risk are the derivative interest rate hedging financial instruments.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate or that the fair values of financial instruments will fluctuate because of changes in market interest rates. Accelerate's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations.

To manage its interest rate risk, Accelerate enters into interest rate swaps and cross-currency swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to economically hedge underlying debt obligations. At 31 March 2018, after taking into account the effect of interest rate swaps, 97,4% of Accelerate's borrowings are economically hedged.

The analysis below describes reasonably possible movements in interest rates with all other variables held constant, showing the impact on profit before tax and equity. It should be noted that the impact of movement in the variable is not necessarily linear.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates of the debt and derivatives are all constant:

- The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on finance income less finance expense for one year, based on the floating rate financial liabilities held at the reporting date, including the effect of hedging instruments.

2018	Increase/ (decrease) in basis points	Effect on profit before tax R'000
Jibar (one month)	100	(1 334)
Jibar (one month)	(100)	1 334
	–	–
2017		
Jibar (one month)	100	(10 747)
Jibar (one month)	(100)	10 747
		–

23. FINANCE RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Accelerate is exposed to credit risks from its leasing activities, including deposits with banks and financial institutions and derivatives, as well as trade receivables. Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. Accelerate is also exposed to credit risk on financial guarantees issued to related parties. Refer to note 17.

Tenant receivables

Accelerate's exposure to credit risk is mainly in respect of tenants and is influenced by the individual characteristics of each tenant. Accelerate's widespread tenant base reduces credit risk. Tenants are assessed according to Accelerate's criteria prior to entering into lease arrangements. Management has established a credit policy under which each new tenant is analysed individually for creditworthiness before Accelerate's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. When available, Accelerate's credit review includes external ratings. The carrying amount of financial assets represents the maximum credit exposure. The only collateral that is held by Accelerate as security for credit risk is deposit payments by tenants upon entering into a lease. For further details refer to note 17. Tenants are usually required to provide one month's rental as a deposit. For the age analysis of tenant receivables past due but not yet impaired, refer to note 13.

Credit risk related to financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed in accordance with Accelerate's policy. Investments of surplus funds are made only with approved counterparties. Accelerate only deposits cash with banks with high-quality credit standing. For this reason, the company does not consider there to be any significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that Accelerate will not be able to meet its financial obligations as they fall due. Accelerate's policy is to seek to minimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk. In effect, Accelerate seeks to borrow for as long as possible at the lowest acceptable cost. Accelerate regularly reviews the maturity profile of its financial liabilities and will seek to avoid concentration of maturities through the regular replacement of facilities, and by using a selection of maturity dates. Accelerate intends to refinance the current portion of the maturing debt, by the issue into the market of a secured or unsecured DMTN bond issue or bank debt.

97,4% of interest-bearing borrowings were economically hedged at 31 March 2018, for a weighted average period of 2,1 years.

For a breakdown of total borrowings and swaps please refer to note 16.

The tables below set out the maturity analysis (including future capital and interest payments) of Accelerate's financial liabilities based on the undiscounted contractual cash flows.

	Within 1 year R'000	1 – 2 years R'000	2 – 5 years R'000	Over 5 years R'000	Total R'000
31 March 2018*					
Total borrowings	1 562 465	1 247 619	3 094 684	–	5 904 768
Trade and other payables (excluding VAT)	165 401	–	–	–	165 401
Financial guarantees	130 175	–	–	–	130 175
Derivatives	385	18 830	8 787	–	28 002
	1 858 426	1 266 449	3 103 471	–	6 228 346
31 March 2017*					
Total borrowings	1 040 743	1 665 639	3 022 718	–	5 729 100
Trade and other payables (excluding VAT)	128 886	–	–	–	128 886
Financial guarantees	81 250	–	–	–	81 250
	1 250 879	1 665 639	3 022 718	–	5 939 236

* *Cash flows are monitored on a monthly basis to ensure that cash resources are adequate to meet the requirements of Accelerate. In terms of covenants with its lenders, the nominal value of interest-bearing borrowings over secured properties may not exceed 45% of the value of investment property. Total interest-bearing borrowings may not exceed 50%.*

23. FINANCE RISK MANAGEMENT (continued)

Exchange rate risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's operating activities (when revenue or expense is denominated in a foreign currency) and the group's net investments in foreign subsidiaries. When a derivative is entered into for the purpose of being an economic hedge, the group negotiates the terms of the derivative to match the terms of the exposure. The group economically hedges its exposure to fluctuations on the translation into euros of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forwards. The exchange rate in the euro-denominated debt is fixed by the cross currency swap.

An increase or decrease of R1 in the euro exchange rate would result in an increase or decrease of R42 500 000 of the long-term loan in rand terms.

A 20% appreciation in the exchange rate would result in an appreciation of R87 722 115 in the fair value of the cross-currency swap, and a 20% depreciation in the exchange rate would result in a depreciation of R53 009 553 in the fair value of the cross-currency swap.

24. DERIVATIVES

Economic hedges

Interest rate swaps

Accelerate holds interest rate swap contracts with notional amounts of R4 400 000 000 (2017: R3 200 000 000) whereby it pays a fixed rate of interest and receives a variable rate based on one-month Jibar on the notional amount. The swap is used to hedge exposure to the variable interest rate payments on the variable rate secured loans.

The interest rate swaps have been used to match the critical terms of the underlying debt to achieve economic hedging (hedging has not been applied for accounting purposes). Cash flows are expected to occur until August 2022 and will be recognised through profit or loss as and when incurred.

The aggregate fair value of the interest rate swaps at the end of the reporting period was R26 114 516 (2017: R17 685 301).

The valuation techniques applied to fair value the derivatives, which include the swap models, use present value calculations. The model incorporates various inputs including the credit quality of counterparties and forward rates. As at 31 March 2018, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The derivatives are classified in level 2 of the fair value hierarchy.

Cross currency swap

Accelerate also holds a cross-currency swap with a nominal value of €21 000 000 (2017: €21 000 000) to hedge exchange rate movements on euro-denominated debt. The cross-currency swap matures in January 2020.

The fair value of the cross-currency swaps at the end of the reporting period was R17 371 005 (2017: R20 448 667).

Reconciliation of the swap derivatives	2018 R'000	2017 R'000
Opening balance value	38 134	73 086
Net changes in fair value through profit and loss	(46 878)	(34 952)
Closing balance	(8 744)	38 134
Current assets	1 887	–
Non-current assets	17 371	38 134
Total assets	19 258	–
Current liabilities	(385)	–
Non-current liabilities	(27 617)	–
Total liabilities	(28 002)	–
	(8 744)	38 134

25. CAPITAL MANAGEMENT

The primary objective of Accelerate's capital management is to ensure that it remains within its quantitative banking covenants and maintains a strong credit rating. No changes were made in the objectives, policies or processes during the years ended 31 March 2018 and 31 March 2017. Accelerate monitors capital primarily using a loan-to-value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio. Accelerate's policy is to keep its average loan-to-value ratio lower than or equal to 45%. Banking covenants vary according to each loan agreement, but typically require that the loan-to-value ratio does not exceed 50%. During the period, Accelerate did not breach any of its loan covenants and is satisfied with its current loan to value of 41,84%. Accelerate did not default on any other of its obligations under its loan agreements.

	2018 R'000	2017 R'000
Carrying amount of interest-bearing loans and borrowings	**5 147 137**	4 879 276
Investment property at fair value (excluding straight-lining adjustment)	**12 301 151**	11 655 098
	41,84%	41,86%

26. NON-CURRENT ASSETS HELD FOR SALE

The following non-core office property was held for sale at 31 March 2018:

- Highway Gardens Office Park

Assets and liabilities
Non-current assets held for sale

	2018 R'000	2017 R'000
Investment property	**27 000**	–

27. CURRENT TAX PAYABLE (RECEIVABLE)

	2018 R'000	2017 R'000
Refund due from SARS	**(5 534)**	(9 881)

The refund due from SARS of R5 534 000 is due to provisional tax paid by Wanooka Properties (Pty) Ltd of which Accelerate subsequently acquired 100% shareholding of as part of the acquisition of the KPMG properties. As Wanooka now also qualifies as a REIT and distributes all of its profits, the provisional tax payment made will be refunded by SARS when the final tax return for Wanooka is assessed.

28. FAIR VALUE ADJUSTMENTS

	2018 R'000	2017 R'000
Investment property (Fair value model)	589 861	504 415
Marked-to-market movement on swap	(46 877)	(34 952)
	542 984	469 463

29. DIRECTORS' REMUNERATION

The directors' remuneration figures below forms part of employee cost (refer note 4)

	Year ended 31 March 2018 R'000	Year ended 31 March 2017 R'000
Total guaranteed package		
M Georgiou	–	–
A Costa	3 993	3 534
D Kyriakides	2 815	2 206
JRJ Paterson	3 064	2 553
Short-term incentive payment		
M Georgiou	–	–
A Costa	–	4 600
D Kyriakides	–	1 200
JRJ Paterson	–	3 000
Non-executive directors		
TT Mboweni	975	1 131
GC Cruywagen	412	439
TJ Fearnhead	424	400
JRP Doidge	388	350
K Madikizela	358	350
Prof F Viruly	358	350

Accelerate provides a financial guarantee for leveraged shares held by A Costa and JRJ Paterson, please refer to note 17 for details.

30. ACCELERATE PROPERTY FUND CONDITIONAL SHARE PLAN

The executive directors have been awarded share options in line with Accelerate Property Fund's conditional share plan (CSP) which came into effect during the year ended 31 March 2015.

The shares to be awarded to each executive director have been calculated in the following manner:

- **Performance shares**, the vesting of which are subject to predetermined performance metrics (performance condition(s)) and continued employment (employment conditions), and which are intended to be used primarily as an incentive to participants to deliver the group's business strategy over the long-term through the selection of appropriate performance condition(s);
- **Retention shares**, the vesting of which are subject to the fulfilment of the Employment Condition by the Participant, and which are aimed at retention in specific, and ad hoc circumstances where it is in the company's, management company's and shareholders' strategic and financial interests that a specific individual is retained, or to address sign-on requirements.
- The CSP also provides for the once-off award of Top Up Awards, being awards of performance shares and retention shares made simultaneously with the initial allocation of awards under the CSP.

30. ACCELERATE PROPERTY FUND CONDITIONAL SHARE PLAN (continued)

Share options awarded at 31 March 2018, which only vest on the below dates only if the vesting conditions have been met, are as follows:

Directors	Number of performance shares	Reserve at 31 March 2018 'R	Number of retention shares	Reserve at 31 March 2018 'R	Vesting March 2019 year-end	Vesting March 2020 year-end	Vesting 31 March 2021 year-end
M Georgiou - Indirect	–	–	–	–	–	–	–
Performance shares	3 864 782	4 448 099	–	–	824 770	1 422 386	1 617 626
Retention shares	–	–	201 244	729 556	201 244	–	–
A Costa – Indirect	–	–	–	–	–	–	–
Performance shares	4 331 200	4 938 575	–	–	1 291 188	1 422 386	1 617 626
Retention shares	–	–	740 533	2 557 244	740 533	–	–
D Kyriakides – Direct	–	–	–	–	–	–	–
Performance shares	1 352 212	1 594 772	–	–	404 705	422 872	524 635
Retention shares	–	–	34 807	131 769	34 807	–	–
J Paterson – Indirect	–	–	–	–	–	–	–
Performance shares	2 535 331	2 813 297	–	–	645 594	884 186	1 005 551
Retention shares	–	–	649 640	2 140 368	649 640	–	–
	12 083 525	13 794 743	1 626 224	5 558 937	4 792 481	4 151 830	4 765 438

In addition to the allocations to directors above 1 405 718 (2017: 492 068) shares have been allocated to other management personnel with a reserve at 31 March 2018 of R2 049 196 (2017: R489 115). The allocations at 31 March 2017 vest during the 2020 financial year. The increase is due to alloations during the current year and these allocations vest during the 2021 financial year. No shares allocated to other employees have yet vested.

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

The maximum number of shares which may be allocated under the CSP shall not exceed 31 945 846 (thirty-one million, nine hundred and forty-five thousand, eight hundred and forty-six) shares, which represents approximately 5% of the number of issued shares as at the date of approval of the CSP by shareholders.

The maximum number of shares which may be allocated to an individual in respect of all unvested awards may not exceed 9 583 854 (nine million, five hundred and eighty-three thousand seven hundred and fifty-four) shares, which represents approximately 1,5% of the number of issues shares as at date of approval of the CSP by shareholders.

The share price on 31 March 2018 was R5,65 (2017: R6,73).

The reserve at 31 March 2018 was calculated by applying the share prices indicated above, pro rata over the vesting period of the shares.

Share options exercised during the year (number of shares)	**Year ended 31 March 2018**	Year ended 31 March 2017
M Georgiou	–	–
A Costa	2 122 826	455 927
D Kyriakides	719 283	227 964
JRJ Paterson	1 410 928	607 903
	4 253 037	1 291 794

31. EVENTS AFTER REPORTING DATE

Highway Gardens, which was a non-current asset held for sale at 31 March 2018, was sold on 26 April 2018 at fair value for R27 million.

CORPORATE *Information*

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

Registered office and business address
Cedar Square Shopping Centre, Management Office,
1st Floor, Cnr Willow Ave and Cedar Rd, Fourways,
Johannesburg, 2055
Tel: 010 001 0790
Web: www.acceleratepf.co.za

Investor relations
Instinctif Partners
The Firs, 302 3rd Floor,
Cnr Craddock and Biermann Roads,
Rosebank, 2196
Tel: 011 447 3030
Email: accelerate@instinctif.com

Company secretary
TMF Corporate Services (South Africa) (Pty) Ltd
Represented by:
Ms Joanne Matisonn
3rd Floor, 200 on Main, Cnr Main and Bowwood Roads
Claremont, Cape Town, 7708

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Ave, Rosebank,
Johannesburg, 2196
PO Box 61051, Marshalltown, 2107, South Africa
Tel: 011 370 5000
Email: proxy@computershare.co.za
Fax: 011 688 2238

Sponsor
The Standard Bank of South Africa Ltd
(Registration number 1962/000738/06)
30 Baker Street, Rosebank, 2196
PO Box, 61344, Marshalltown, 2107
Tel: 011 721 6125

Auditors
Ernst & Young Inc.
102 Rivonia Road, Sandton, Johannesburg, 2149
Tel: 011 772 3000

Internal auditors
LateganMashego Audit and Advisory (Pty) Ltd
(Registration number 2001/107847/07)
Registered address:
11 Boca Walk, Highveld, Centurion, 0157
Email: lindie@lateganmashego.co.za
Tel: 082 898 7644/083 609 1159

Attorneys
Glyn Marais Inc.
(Registration number 1990/000849/21)
2nd Floor, The Place, 1 Sandton Drive, Sandton,
Johannesburg, 2196
PO Box 652361, Benmore, 2010
Tel: 011 286 3700

Contact details
Chief operating officer: Andrew Costa
Email: andrew@acceleratepf.co.za

Chief financial officer: Dimitri Kyriakides
Email: dimitri@acceleratepf.co.za

NOTES

www.acceleratepf.co.za