Financial statements

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

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Published
19 June 2015

FINANCIAL STATEMENTS

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 financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company 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 financial statements.

The 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 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 company's cash flow forecast for the year to 31 March 2016 and in the light of this review and the current financial position, they are satisfied that the company has or has 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 company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 91.

The financial statements set out on pages 94 to 130, which have been prepared on the going-concern basis, were approved by the board on 19 June 2015 and were signed on its behalf by:

TT Mboweni
Director
19 June 2015

COMPANY SECRETARY'S CERTIFICATION

Declaration by the Company secretary in respect of Section 88(2)(e) of the Companies Act
In terms of Section 88(2)(e) of the Companies Act, 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

J Matisonn
iThemba Governance and Statutory Solutions (Pty) Ltd
19 June 2015

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Accelerate Property Fund Limited
We have audited the financial statements of Accelerate Property Fund Limited, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement. including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Accelerate Property Fund at 31 March 2015, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.
Director - Rosanne de Lange
Registered Auditor
Chartered Accountant (SA)
19 June 2015
102 Rivonia Road
Sandton
Johannesburg
2196

DIRECTORS' REPORT

The directors take pleasure in submitting their report on the audited annual financial statements of Accelerate Property Fund Limited for the year ended 31 March 2015.

1. Review of financial results and activities

The 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 except for new standards and amendments effective in the current year.

The company recorded a net profit after tax for the year ended 31 March 2015 of R741 million. This represented an increase of 34% from the net profit after tax of the prior 110 days period ended 31 March 2014 of R552 million.

Company rental revenue increased by 238% from R221 million in the prior period to R748 million for the period ended 31 March 2015.

Company cash flows from operating activities increased by 261% from R62 million in the prior period to R224 million for the year ended 31 March 2015.

2. Share capital

	2015 Number of shares	2014 Number of shares
Authorised		
Ordinary shares	**5 000 000 000**	5 000 000 000

	2015 R'000	2014 R'000	2015 Number of shares	2014 Number of shares
Issued				
Ordinary shares	**3 422 723**	**3 117 914**	**691 423 255**	638 916 916

Shares issued during the year under review consisted of two issuances:

- The first issuance of 29 890 954 shares issued at a price of R5,42 to the Michael Family Trust (Michael Georgiou) in terms of the contingent purchase agreement.
- The second issuance of 22 615 385 shares issued at a price of R6,50 made specifically for the acquisition of the Shoprite Checkers Montague Gardens Distribution Centre.

Of the 691 423 255 Accelerate shares in issue at 31 March 2015, 435 359 483 shares are publicly held and 256 063 772 shares are held by Fourways Precinct (Pty) Ltd and The Michael Family Trust.

As at 31 March 2015 Michael Georgiou is the only director who indirectly holds shares in Accelerate, the directors' interest in Accelerate have not changed from 31 March 2015 to the date of approval of these financial statements.

Major shareholders	Number of shares	% Holding
Fourways Precinct (Pty) Ltd	**215 138 989**	**31,12**
Michael Family Trust	**40 924 783**	**5,92**
Coronation Fund Managers	**122 639 150**	**17,74**
Government Employees Pension Fund	**55 107 188**	**7,97**
STANLIB	**42 727 513**	**6,18**
	476 537 623	

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

Directors' indirect interest in the shares of the company 31 March 2014

38 378 658 shares	6,00%	Michael Family Trust
215 138 989 shares	33,67%	Fourways Precinct (Pty) Ltd
253 517 647	**39,67%**	

Michael Family Trust is the 100% shareholder of Fourways Precinct (Pty) Ltd Mr M Georgiou is a beneficiary of the Michael Family Trust

3. Directorate

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

Directors	Office	Designation
Mr Tito Titus 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

** Appointed 1 April 2015.*

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

The service contracts with directors are for indefinite periods and encompass a reciprocal 60-day notice period.

4. Events after the reporting period

On 14 May 2015, the company acquired a portfolio of six A grade office properties occupied by KPMG through the purchase of the entire issued ordinary share capital of Parktown Crescent Properties Proprietary Limited (PCP) and 30% of the issued ordinary share capital of Wanooka Properties Proprietary Limited (Wanooka), representing the remaining shares in Wanooka not already owned by PCP from current and retired KPMG partners.

The shareholding was acquired for a purchase consideration of R850 000 000. The portfolio will yield a total net rental of R64 500 000 per year in terms of a 15-year triple net lease with KPMG, escalating at 8% per annum for the first 12 years of the lease. In year 13 the rentals will revert to market related rentals less 10% and will continue to escalate at 8% for year 14 and 15.

The acquisition was fully debt funded at a weighted average cost of funding of Jibar plus 164 basis points.

5. Distribution

The board has declared a final cash distribution (No. 3) for the year ended 31 March 2015 of 25,21 cents per ordinary share (2014: 13,77 cents per ordinary share), which together with the interim cash distribution (No. 2) of 23,99 cents per ordinary share (2014: 0,00 cents per ordinary share), produces a total cash distribution declared for the year of 49,21 cents per ordinary share (2014: 13,77 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 25,21 cents per ordinary share (2014: 13,77 cents per ordinary share) for the year ended 31 March 2015, to all ordinary shareholders recorded in the books of Accelerate at the close of business on Friday, 17 July 2015 and will be paid on Monday, 20 July 2015.

The final cash distribution timetable is structured as follows:

- Declaration date is Monday, 22 June 2015
- The last day to trade cum distribution in order to participate in the distribution is Friday, 10 July 2015
- The shares commence trading ex-distribution from the commencement of business on Monday, 13 July 2015
- The record date is Friday, 17 July 2015
- The distribution is to be paid on Monday, 20 July 2015

Share certificates will not able to be rematerialised or dematerialised between Monday, 13 July 2015 and Friday, 17 July 2015, both days inclusive.

6. Auditors

Ernst & Young Inc. continued in office as auditors for the company for the year ending 31 March 2015.

At the AGM, the shareholders will be requested to reappoint Ernst & Young Inc. as the independent external auditors of the company and to confirm Mrs Rosanne de Lange as the designated lead audit partner for the 2016 financial year.

7. Secretary

The company secretary is Ms Joanne Matisonn - iThemba Governance and Statutory Solutions (Pty) Ltd.

Postal address	**Business address**
Monument Office Park	Monument Office Park
Block 5, Suite 102	Block 5, Suite 102
79 Steekbok Avenue	79 Steekbok Avenue
Monument Park	Monument Park

STATEMENT OF FINANCIAL POSITION
as at 31 March 2015

	Notes	2015 R'000	2014 R'000
Assets			
Non-current assets			
Investment property	10	**6 803 437**	6 096 790
Property, plant and equipment	11	**234**	89
Derivative financial assets	25	**71 153**	131 709
		6 874 824	6 228 588
Current assets			
Current tax receivable		**15**	–
Trade and other receivables	13	**170 644**	119 051
Cash and cash equivalents	14	**58 817**	57 643
		229 476	176 694
Non-current assets held for sale	28	**28 420**	66 866
Total assets		**7 132 720**	6 472 148
Equity and liabilities			
Equity			
Ordinary share capital	15	**3 422 723**	3 117 914
Retained income		**1 174 197**	654 047
Other reserves		**7 223**	–
		4 604 143	3 771 961
Liabilities			
Non-current liabilities			
Contingent compensation to vendor	1.12	**46 236**	209 784
Long-term borrowings	16	**2 155 158**	2 030 276
		2 201 394	2 240 060
Current liabilities			
Trade and other payables	17	**88 327**	101 843
Current portion of long-term debt	16	**238 856**	358 284
		327 183	460 127
Total liabilities		**2 528 577**	2 700 187
Total equity and liabilities		**7 132 720**	6 472 148

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2015

	Notes	2015 R'000	2014 R'000
Revenue excluding straight-line rental revenue adjustment	2	**699 696**	204 844
Straight-line rental revenue adjustment	2	**49 116**	16 457
Revenue		**748 812**	221 301
Other income		**465**	48
Operating expenses	4	**(36 317)**	(8 354)
Property expenses	3	**(205 750)**	(65 697)
Operating profit (loss)		**507 210**	147 298
Finance income	6	**12 743**	1 607
Fair value adjustments	29	**381 008**	455 391
Gain on non-current assets held for sale or disposal groups	28	**12 104**	–
Finance costs	5	**(172 016)**	(51 485)
Profit (loss) before taxation and other comprehensive income		**741 049**	552 811
Taxation	7	**–**	–
Profit after tax			
Other comprehensive income		**–**	–
Total comprehensive income attributable to equity holders		**741 049**	552 811
Earnings per share			
Per share information			
Basic earnings per share (including bulk ceded shares) (cents)	9	**112,49**	287,10
Diluted earnings per share (including bulk ceded shares) (cents)	9	**111,25**	269,00

	Notes	2015 R'000	2014 R'000
Distributable earnings			
Profit after taxation attributable to equity holders		**741 049**	552 811
Less: straight-line rental revenue adjustment	2	**(49 116)**	(16 457)
Less: fair value adjustments on investment property	10	**(381 008)**	(455 391)
Less: capital profit sale of Willows shopping centre		**(12 104)**	–
Plus: antecedent distribution Checkers acquisition		**4 200**	–
Distributable earnings	8	**303 021**	80 963

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2015

	Notes	Other reserves R'000	Share capital R'000	Retained income R'000	Total equity R'000
Balance at 01 April 2013		–	–	(12)	(12)
Total comprehensive income attributable to equity holders		–	–	552 811	552 811
Issue of shares		–	3 117 914	–	3 117 914
Retained earnings on listing	1.12	–	–	101 248	101 248
Total contributions by and distributions to owners of company recognised directly in equity		–	3 117 914	101 248	3 219 162
Balance at 01 April 2014		–	3 117 914	654 047	3 771 961
Total comprehensive income attributable to equity holders		–	–	741 049	741 049
Issue of shares		**–**	**304 809**	**–**	**304 809**
Distribution paid		**–**	**–**	**(220 899)**	**(220 899)**
Other reserves	32	**3 023**	**–**	**–**	**3 023**
Distribution reserve*		**4 200**	**–**	**–**	**4 200**
Total contributions by and distributions to owners of company recognised directly in equity		**7 223**	**304 809**	**(220 889)**	**91 133**
Balance at 31 March 2015	9	**7 223**	**3 422 723**	**1 174 197**	**4 604 143**

Notes 15

* *This reserve relates to the portion of the capital raised through the shares issuance made for the acquisition of the Checkers distribution centre, relating to the profits at the share issue date accruing to the participants in the share issuance.*

STATEMENT OF CASH FLOWS

for the year ended 31 March 2015

	Notes	2015 R'000	2014 R'000
Cash flows from operating activities			
Cash generated from operations	18	**395 970**	113 626
Finance income		**12 743**	1 607
Tax paid	28	**(15)**	–
Net cash from operating activities		**408 698**	115 233
Cash flows from investing activities			
Purchase of property, plant and equipment		**(184)**	(94)
Purchase of investment property	10	**(244 080)**	(5 512 474)
Contingent purchase		**(163 548)**	–
Proceeds from disposal of investment property		**78 740**	–
Net cash from investing activities		**(329 072)**	(5 512 568)
Cash flows from financing activities			
Proceeds on share issue	14	**304 809**	3 117 914
Long-term borrowings raised		**740 998**	2 388 560
Long-term borrowings repaid		**(735 544)**	–
Finance costs		**(172 016)**	(51 485)
Adjustment: opening retained earnings		**–**	(11)
Distribution paid		**(220 899)**	–
Antecedent distribution arising on new share issuance		**4 200**	–
Net cash from financing activities		**(78 452)**	5 454 978
Total cash movement for the year		**1 174**	57 643
Cash at the beginning of the year		**57 643**	–
Total cash at end of the year	13	**58 817**	57 643

DISTRIBUTABLE EARNINGS RECONCILIATION

	2015 R'000	2014 R'000
Distributable earnings	**303 021**	80 963
Less: Interim distribution	**141 555**	–
Final distribution	**161 466**	80 963
Shares qualifying for distribution		
Number of shares at year end	**691 423 255**	638 916 916
Less: Bulk ceded shares to Accelerate	**(51 070 184)**	(51 070 184)
Shares qualifying for distribution	**640 353 071**	587 846 732
Distribution per share		
Final distribution per share (cents)	**25,21490**	13,77259
Interim distribution per share made (cents)	**23,99368**	–
Total distribution per share for the year (cents)	**49,20858**	13,77259

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 specialised segments.

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

- Office segment: acquires, develops and leases offices;
- Industrial segment: acquires, develops and leases warehouses and factories;
- Retail segment: acquires, develops and leases shopping malls, community centres as well as retail centres; and
- Specialised segment: acquires, develops and leases specialised buildings not within the previous segments.

Group administrative costs, profit/loss on disposal of investment property, finance revenue, finance costs, income taxes and segment liabilities are not reported to the members of executive management on a segmented basis. There are no sales between segments.

For the year ended 31 March 2014	Office R'000	Industrial R'000	Retail R'000	Specialised R'000	Total R'000
Statement of comprehensive income 2014					
Revenue, excluding straight-line rental revenue adjustment	32 069	4 524	162 400	5 852	204 845
Straight-line rental adjustment	2 137	293	12 859	1 168	16 457
Property expenses	(9 882)	(471)	(53 128)	(2 215)	(65 696)
Segment operating profit	24 324	4 346	122 131	4 805	155 606
Fair value adjustments on investment property	10 478	2 230	399 254	12 980	424 942
Segment profit	34 802	6 576	521 385	17 785	580 547
Other operating expenses					(8 354)
Other income					48
Fair value gain on financial instruments					30 449
Finance income					1 607
Long-term debt interest					(51 486)
Profit before tax					552 811
For the year ended 31 March 2015					
Statement of comprehensive income 2015					
Revenue, excluding straight-line rental revenue adjustment	**109 308**	**19 962**	**549 534**	**20 892**	**699 696**
Straight-line rental adjustment	**7 864**	**586**	**36 872**	**3 794**	**49 116**
Property expenses	**(37 380)**	**(4 128)**	**(162 285)**	**(1 957)**	**(205 750)**
Segment operating profit	**79 792**	**16 420**	**424 121**	**22 729**	**543 062**
Fair value adjustments on investment property	**64 698**	**20 889**	**327 137**	**28 841**	**441 565**
Segment profit	**144 490**	**37 309**	**751 258**	**51 570**	**984 627**
Other operating expenses					**(36 317)**
Other income					**12 569**
Fair value gain on financial instruments					**(60 557)**
Finance income					**12 743**
Long-term debt interest					**(172 016)**
Profit before tax					**741 049**

Segmental analysis (continued)

For the year ended 31 March 2014	Office R'000	Industrial R'000	Retail R'000	Specialised R'000	Total R'000
Statement of financial position extracts at 31 March 2014					
Assets					
Investment property balance 1 April 2013	–	–	–	–	–
Acquisitions through listing	677 663	109 488	4 399 852	254 470	5 441 473
Conditional purchase price	108 013	–	101 771	–	209 784
Acquisitions	–	–	71 000	–	71 000
Disposals/classified as held for sale	–	–	(66 866)	–	(66 866)
Investment property held for sale	–	–	66 866	–	66 866
Straight-line rental revenue adjustment	2 137	293	12 859	1 168	16 457
Fair value adjustments	10 478	2 230	399 254	12 980	424 942
Segment assets at 31 March 2014	798 291	112 011	4 984 736	268 618	6 163 656
Other assets not managed on a segmental basis					
Derivative financial instruments					131 709
Equipment					89
Current assets					176 694
Total assets					6 472 148
For the year ended 31 March 2015					
Statement of financial position extracts at 31 March 2015					
Assets					
Investment property balance 1 April 2014	**798 291**	**112 011**	**4 984 736**	**268 618**	**6 163 656**
Acquisitions	**–**	**149 388**	**–**	**–**	**149 388**
Capitalised costs	**50 475**	**–**	**44 217**	**–**	**94 692**
Disposals/classified as held for sale	**(28 420)**	**–**	**(66 560)**	**–**	**(94 980)**
Investment property held for sale	**28 420**	**–**	**–**	**–**	**28 420**
Straight-line rental revenue adjustment	**7 864**	**586**	**36 873**	**3 793**	**49 116**
Fair value adjustments	**64 698**	**20 889**	**327 137**	**28 841**	**441 565**
Segment assets at 31 March 2015	**921 328**	**282 874**	**5 326 403**	**301 252**	**6 831 857**
Other assets not managed on a segmental basis					
Derivative financial instruments					**71 153**
Equipment					**234**
Current assets					**229 476**
Total assets					**7 132 720**

For the year ended 31 March 2014	Gauteng R'000	Western Cape R'000	KwaZulu-Natal R'000	Limpopo R'000	Total R'000
Statement of comprehensive income 2014					
Revenue, excluding straight-line rental revenue adjustment	177 818	22 507	3 221	1 299	204 845
Straight-line rental adjustment	14 321	1 682	134	320	16 457
Property expenses	(58 238)	(3 750)	(2 931)	(777)	(65 696)
Segment operating profit	133 901	20 439	424	842	155 606
Fair value adjustments on investment property	406 346	15 229	2 866	500	424 941
Segment profit	540 247	35 668	3 290	1 342	580 547
Other operating expenses					(8 354)
Other income					48
Fair value gain on financial instruments					30 449
Finance income					1 607
Long-term debt interest					(51 486)
Profit before tax					552 811
For the year ended 31 March 2015					
Statement of comprehensive income 2015					
Revenue, excluding straight-line rental revenue adjustment	**599 320**	**83 863**	**7 599**	**8 914**	**699 696**
Straight-line rental adjustment	**42 339**	**5 241**	**359**	**1 177**	**49 116**
Property expenses	**(180 686)**	**(22 434)**	**(1 559)**	**(1 071)**	**(205 750)**
Segment operating profit	**460 973**	**66 670**	**6 399**	**9 020**	**543 062**
Fair value adjustments on investment property	**391 100**	**45 393**	**6 547**	**(1 475)**	**441 565**
Segment profit	**852 073**	**112 063**	**12 946**	**7 545**	**984 627**
Other operating expenses					**(36 317)**
Other income					**12 569**
Fair value gain on financial instruments					**(60 557)**
Finance income					**12 743**
Long-term debt interest					**(172 016)**
Profit before tax					**741 049**

Segmental analysis (continued)

For the year ended 31 March 2014	Gauteng R'000	Western Cape R'000	KwaZulu-Natal R'000	Limpopo R'000	Total R'000
Statement of financial position extracts at 31 March 2014					
Investment property balance 1 April 2013	–	–	–	–	–
Acquisitions through listing	4 819 556	574 660	47 258	–	5 441 474
Conditional purchase price	188 171	18 285	3 328	–	209 784
Acquisitions	–	–	–	71 000	71 000
Disposals/classified as held for sale	(66 866)	–	–	–	(66 866)
Investment property held for sale	66 866	–	–	–	66 866
Straight-line rental revenue adjustment	14 321	1 682	134	320	16 457
Fair value adjustments	406 346	15 229	2 866	500	424 941
Investment property at 31 March 2014	5 428 394	609 856	53 586	71 820	6 163 656
Other assets not managed on a segmental basis					
Derivative financial instruments					131 709
Equipment					89
Current assets					176 694
Total assets					6 472 148
For the year ended 31 March 2015					
Statement of financial position extracts at 31 March 2015					
Investment property balance 1 April 2014	**5 499 394**	**609 856**	**53 586**	**820**	**6 163 656**
Acquisitions	**–**	**149 388**	**–**	**–**	**149 388**
Capitalised costs	**5 251**	**45 224**	**–**	**44 217**	**94 692**
Disposals/classified as held for sale	**(66 560)**	**(28 420)**	**–**	**–**	**(94 980)**
Investment property held for sale	**–**	**28 420**	**–**	**–**	**28 420**
Straight-line rental revenue adjustment	**42 340**	**5 241**	**359**	**1 176**	**49 116**
Fair value adjustments	**391 100**	**45 393**	**6 547**	**(1 475)**	**441 565**
Investment property at 31 March 2015	**5 871 524**	**855 102**	**60 492**	**44 739**	**6 831 857**
Other assets not managed on a segmental basis					
Derivative financial instruments					**71 153**
Equipment					**234**
Current assets					**229 476**
Total assets					**7 132 720**

ACCOUNTING POLICIES

1. Presentation of audited annual financial statements

The audited annual financial statements have been prepared in accordance with IFRS, and 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 audited annual financial statements have been prepared on the historical cost basis, except where otherwise noted, and incorporate the principal accounting policies set out below. They are presented in South African Rand. All figures are rounded off to R'000 except where otherwise stated.

These accounting policies are consistent with the previous period, except for the adoption of new standards amendments and interpretations that became effective during the 31 March 2015 reporting period.

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 2015 reporting period. The nature and the impact of each new standard and amendment are described below. Other amendments to certain standards apply for the first time in 2015. However, they do not impact the annual financial statements of Accelerate.

IFRS 2 (definition relating to vesting conditions)

Performance condition and service condition are defined in order to clarify various issues, including the following:

- a performance condition must contain a service condition;
- a performance condition must be met while a counterparty is rendering a service;
- a performance target may relate to the operations or activities of an entity, or to those of another entity in the same company;
- a performance condition may be a market or non-market condition; and
- if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. This amendment is effective from 1 July 2014 which is the company's 2015 year end. The new definitions will be assessed by the company in order to determine the impact on the results of the company.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Judgements and other estimates

In the process of applying the accounting policies, management has made the following judgements, 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 note 10 and 11.

Accruals

The accrual at year end for recoveries from tenants is based on average recoveries received from tenants during a 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.

Accounting policies (continued)

1.3 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.

1.4 Investment property

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

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

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

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.

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.

1.5 Non-current assets held for sale

Non-current assets 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 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.

For the sale to be highly probable:

- the board must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated;
- the property must be actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at fair value.

A non-current asset is not depreciated while it is classified as held for sale, or while it is part of a disposal group classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. On re-classification, investment property that is measured at fair value continues to be so measured.

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

1.6 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 an income on a straight-line basis over the lease term except for contingent rental payments, which are expensed when they arise.

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.

1.7 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 being 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.

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 on 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 recharged to 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.

1.8 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 re-assessed 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.

Accounting policies (continued)

1.8 Financial instruments *continued*

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.

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.

For 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 (EIR) 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 EIR 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.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the EIR method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and 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, and are subsequently measured at amortised cost, using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Impairments of 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 portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

1.8 Financial instruments *continued*

Share capital

Ordinary shares are classified as equity.

1.9 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.

1.10 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. The basis of the judgement is set out in note 10. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date, fair value and the amount of any non-controlling interests in the acquiree. For each business combination, Accelerate elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When Accelerate acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent purchase consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent purchase consideration classified as an asset or liability that is a financial instrument, and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value, recognised either in profit or loss or as a change to other comprehensive income (OCI). If the contingent purchase consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent purchase consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, Accelerate reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Accelerate's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Accounting policies (continued)

1.10 Accounting policies *continued*

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 EIR method.

Tenant deposits

Tenant deposits liabilities are initially recognised at fair value and subsequently measured at amortised cost where the effects 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 completed property

A property is regarded as sold when the significant risks and returns 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 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.

Investment income

Interest from listed property investments is recognised using the EIR method. Dividends from listed property investments are recognised on the date that Accelerate's right to receive payment is established. Interest earned on cash invested with financial institutions is recognised on an accrual basis using the EIR method.

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 disregarded. The legislation provides for the flow through principle with qualifying distributions being deductable against income. 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 that it operates in a single tax regime with a dual tax rate, depending on whether profits are retained or distributed. Accordingly, the measurement of deferred tax assets and liabilities takes into account expected future distribution. This results in no deferred tax being recognised by Accelerate on REIT assets and liabilities.

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

Current taxes are recognised as income or 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 a different period, to OCI; or
- a business combination.

Current tax is charged or credited to OCI if the tax relates to items that are credited or charged, in the same or a different period, to OCI.

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

Current income tax
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.

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.

Derivative financial instruments and hedge accounting – initial recognition and subsequent measurement
Accelerate uses interest rate swaps to hedge its risks associated with interest rates. 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.

At the inception of a hedge relationship, Accelerate formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges
For the purpose of cash flow hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The effective portion of the gain or loss on the hedging instrument is recognised directly in OCI, while any ineffective portion is recognised immediately in the statement of comprehensive income. Amounts taken to equity are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the statement of comprehensive income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs. When a derivative is held as an economic hedge for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item. A derivative instrument that is a designated and effective hedging instrument is classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if: 1) a reliable allocation can be made; and 2) it is applied to all designated and effective hedging instruments.

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 expense 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.

1.10 Accounting policies *continued*

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.

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 are 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:

- 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 income capitalisation 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.

1.11 Standards issued but not yet effective

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

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9, as issued in 2010, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013. In November 2013, chapter 6 of IFRS 9 on hedge accounting was published. At the same time, chapter 7, containing the effective date and transition provisions, was amended to remove the mandatory effective date of IFRS 9. This was intended to provide sufficient time for preparers to make the transition to the new requirements. Entities may still choose to apply IFRS 9 immediately, but are not required to do so. In subsequent phases, the IASB is addressing impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of Accelerate's financial assets, but will not have an impact on classification and measurements of financial liabilities. Accelerate will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments are effective for annual periods beginning on or after 1 January 2016. It is not expected that this amendment would be relevant to Accelerate, since none of the entities in Accelerate would qualify to be an investment entity under IFRS 10.

IFRS 15: Revenue for contract customers (effective 1 January 2015)
IFRS 15 will be effective for annual periods beginning on or after 1 January 2017. IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of disposal of certain non-financial assets including property, equipment and intangible assets. The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchanges for transferring goods or services to a customer.

Accelerate is in the process of assessing the impact of the adoption of IFRS 15.

1.12 Business combinations

Acquisitions in 2014
On 12 December 2013, Accelerate acquired a property portfolio consisting of 51 properties during the listing on the JSE. The portfolio consists of retail, office, industrial and specialised buildings let under operating leases and the acquisition was made to give Accelerate access to those assets. The existing strategic management function and associated processes were acquired with the property and, as such, the directors consider this transaction to constitute the acquisition of a business, rather than that of an asset. The fair value of the identifiable assets and liabilities as at the date of acquisition was:

Fair value recognised at acquisition	**2015**	2014
Investment property	–	5 651 258 000
Derivative financial instruments	–	101 249 000
Gain on bargain purchase from derivative financial instrument obtained for no consideration	–	(101 249 000)
Purchase consideration transferred	–	5 651 258 000

The purchase consideration was settled in cash for R5 441 474 071 on the acquisition date and R209 784 554 in contingent purchase consideration. The incidental costs incurred in connection with the acquisition were carried by the Fourways Precinct (Pty) Ltd in accordance with the sales agreement.

Contingent purchase consideration
As part of the sale and purchase agreement, an amount of contingent purchase consideration has been agreed with the seller in accordance with the conditional deferred payment agreement. In accordance with this agreement, Accelerate will provide the seller with additional purchase consideration for any lettable vacant space excluded from the purchase consideration which is let within the first three years. This payment will be settled by Accelerate through the issue of additional shares in Accelerate in future when certain conditions have been met. As at the acquisition date, the fair value of the contingent purchase consideration was estimated at R209 784 554. During the year ending 31 March 2015 a portion of the vacant lettable space has been let in compliance with the conditions laid down in the agreement. As a result of this an amount R163 548 205 in shares was issued in terms of the contingent purchase consideration. The remaining contingent purchase consideration at 31 March 2015 is R46 235 795. This is a level 3 measurement in the fair value measurement hierarchy as at 31 March 2015.

Accounting policies (continued)

1.12 Business combinations ***continued***

Contingent purchase consideration continued

The fair value was determined using a discounted cash-flow (DCF) analysis using the significant unobservable valuation inputs, as provided below:

Inputs	Range
Estimated rental value (ERV) per square metre	**R45,36 – R133,38**
Vacancy assumptions	**5% – 10%**
Equivalent yield	**8,5% – 21,8%**

Significant increases/(decreases) in the ERV (per sqm p.a.) and rental growth p.a. 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/or
- an opposite change in the long-term vacancy rate.

A reconciliation of fair value measurement of the contingent purchase consideration liability is provided below:

Contingent purchase consideration	2015 R	2014 R
Opening balance	**209 784 000**	–
Liability arising on business combination	**–**	209 784 000
Reduction due to vacancies filled	**(163 548 205)**	–
	46 235 795	209 784 000

The contingent purchase consideration is a mechanism used to shift the risk of vacant space from purchaser (Accelerate) to the various selling entities. The manner in which additional shares are issued to Fourways Precinct is unlikely to have a dilutive effect on yield.

1.13 Property, plant and equipment

The cost of 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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation

Office furniture is depreciated over five years.

Computer equipment is depreciated over three years.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

		2015 R'000	2014 R'000
2.	**Revenue**		
	Contracted rental	**502 502**	157 120
	Casual parking	**16 362**	1 134
	Rental guarantee	**9 525**	2 383
	Other income	**273**	40
	Revenue before recoveries	**528 662**	160 677
	Recoveries (incl. rates, municipal costs, operations cost)	**171 034**	44 167
	Revenue, excluding straight-line rental revenue adjustment	**699 696**	204 844
	Straight-line rental revenue adjustment	**49 116**	16 457
	Total revenue	**748 812**	221 301
3.	**Property expenses**		
	Cleaning	**9 465**	2 722
	Insurance	**2 935**	1 501
	Security	**23 461**	6 453
	Repairs and maintenance	**16 469**	2 759
	Electricity	**65 838**	26 007
	Rates and taxes	**54 736**	17 916
	Sewerage	**5 852**	1 409
	Water	**9 852**	3 845
	Other municipal expenses	**3 312**	625
	Professional fees	**502**	–
	Other property costs*	**13 328**	2 460
	Property expenses	**205 750**	65 697
	Property expenses from investment property that generated rental income	**(205 750)**	(65 570)
	Property expenses from investment property that did not generate rental income	**–**	(126)
	Less: recovered expenses	**(171 034)**	(44 167)
	Net property expenses	**34 716**	21 531

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

		2015 R'000	2014 R'000
4.	**Other operating expenses**		
	Management fees	**7 242**	2 128
	Employee costs	**13 615**	4 244
	Auditors' remuneration	**1 312**	230
	Licences	**270**	2
	Bank charges	**225**	50
	Telephone and fax	**75**	23
	Printing and stationery	**87**	13
	Subscriptions	**811**	125
	Professional fees	**4 496**	313
	Bad debts	**5 590**	1 002
	Tenant installation	**2 529**	224
	Donations – S18A	**50**	–
	Other expenses	**15**	–
	Total other operating expenses	**36 317**	8 354
5.	**Finance costs**		
	Non-current borrowings	**182 457**	50 920
	Net payment on interest rate swap	**(10 558)**	565
	Other interest paid	**117**	–
	Net finance cost	**172 016**	51 485

	2015 R'000	2014 R'000
6. Finance income		
Interest revenue		
Cash deposits	**6 780**	–
Interest received from banks	**1 395**	92
Interest due on late payments from tenants	**1 296**	47
Interest due on late payments from vendors	**3 272**	1 468
	12 743	1 607
7. Taxation		
Major components of the tax expense		
Current		
Local income tax – current period	**–**	–
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 (%)	**(1,85)**	(0,84)
Fair value adjustment (%)	**(14,40)**	(23,07)
Capital profits not taxable (%)	**(0,45)**	–
Deductable distribution expense (%)	**(11,30)**	(4,09)
	–	–
8. Distribution per share		
Final distribution for the year ended 31 March 2015 (2014 – trading period consisted of 110 days)		
Profit after taxation attributable to equity holders	**741 049**	552 811
Less: straight-line rental revenue adjustment	**(49 116)**	(16 457)
Less: fair value adjustment on investment property and derivative financial instruments	**(381 008)**	(455 390)
Less: Capital profits sale of Willows shopping centre	**(12 104)**	–
Plus: Antecedent distribution	**4 200**	–
Less: Interim distribution	**(141 555)**	–
Final distribution	**161 466**	80 964
Reconciliation of shares qualifying for distribution		
Shares in issue at 31 March 2015	**691 423 255**	638 916 916
Shares ceded on purchase of bulk*	**51 070 184**	51 070 184
Shares qualifying for distribution	**640 353 071**	587 846 732
Final distribution per share (cents)	**25,21**	13,77

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

	2015 R'000	2014 R'000
9. Earnings per share		
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		
Profit after tax attributable to equity holders	741 049	552 811
Fair value adjustment excluding straight-lining	(381 008)	(455 390)
Applicable taxation	–	–
Headline profit attributable to shareholders	360 041	97 421
Basic earnings per share (cents)*	112,49	287,50
Diluted earnings per share (cents)*	111,25	269,00
Headline earnings per share (cents)	54,65	50,59
Diluted headline earnings per share (cents)	54,05	47,41
Shares in issue at the end of the year	691 423 255	638 916 916
Weighted average number of shares in issue	658 789 533	192 550 303
Shares subject to the deferred acquisition costs	6 849 747	42 988 555
Shares subject to conditional share plan	447 872	–
Weighted average number of deferred shares	7 297 619	12 955 455
Total diluted weighted average number of shares in issue	666 087 152	205 505 758

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

	2015		2014	
	Cost/ valuation	Carrying value	Cost/ valuation	Carrying value
10. Investment property				
Investment property*	6 803 437	6 803 437	6 096 790	6 096 790

Reconciliation of investment property – 2015

	Opening balance	Additions	Additions resulting from capitalised subsequent expenditure	Classified as held for sale	Straight-line rental revenue adjustment	Fair value adjustments	Total
Investment property	6 096 790	149 388	94 692	(28 420)	49 422	441 565	6 803 437

Reconciliation of investment property – 2014

	Opening balance	Additions	Classified as held for sale	Conditional purchase price	Straight-line rental revenue adjustment	Fair value adjustments	Total
Investment property*	–	5 512 474	(66 398)	209 784	16 151	424 779	6 096 790

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

Notes to the financial statements (continued)

for the year ended 31 March 2015

	2015 R'000	2014 R'000
10. Investment property *continued*		
Investment property summary		
Investment property	**6 312 450**	5 655 861
Investment property held for sale (refer note 28)	**28 420**	66 395
Fair value gain on investment property (unrealised)	**438 438**	424 779
Fair value gain on investment property (unrealised) held for sale	**3 127**	162
Straight-line rental revenue adjustment	**49 422**	16 457
	6 831 857	6 163 654

* *Classified in accordance with the fair value hierarchy. There were no transfers between levels during the period.*

Investment properties	Office R'000	Industrial R'000	Retail R'000	Specialised R'000	Total R'000
Balance as at 31 March 2014	**798 290**	**112 011**	**4 917 872**	**268 618**	**6 096 791**
Acquisitions/improvements	**50 475**	**149 388**	**44 217**	**–**	**244 080**
Subtotal	**848 765**	**261 399**	**4 962 089**	**268 618**	**6 340 871**
Disposals/classified as held for sale	**(28 420)**	**–**	**–**	**–**	**(28 420)**
Straight-line rental revenue adjustment	**7 864**	**586**	**37 178**	**3 793**	**49 421**
Fair value gain on investment properties	**64 698**	**20 889**	**327 137**	**28 841**	**441 565**
Balance at 31 March 2015	**892 907**	**282 874**	**5 326 404**	**301 252**	**6 803 437**
Acquisitions through listing	677 663	109 488	4 399 853	254 470	5 441 474
Conditional purchase price	108 013	–	101 771	–	209 784
Acquisitions	–	–	71 000	–	71 000
Subtotal	785 676	109 488	4 572 624	254 470	5 722 258
Disposals/classified as held for sale	–	–	(66 398)	–	(66 398)
Straight-line rental revenue adjustment	2 136	293	12 554	1 168	16 151
Fair value gain on investment properties	10 478	2 230	339 091	12 980	424 779
Balance at 31 March 2014	798 290	112 011	4 917 871	268 618	6 096 790

11. Property, plant and equipment

	2015			2014		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	**92**	**(19)**	**73**	94	(5)	89
IT equipment	**184**	**(23)**	**161**	–	–	–
Total	**276**	**(42)**	**234**	94	(5)	89

12. Fair value measurement of investment properties

Levels of fair value measurements

It is the policy of Accelerate to value all properties using an independent external valuer on a three-year rolling cycle as required by the JSE Listings Requirements. 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. Valuers are normally rotated every three years. 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. In addition, the accuracy of the computation is tested on a sample basis. 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, with an emphasis on property with fair value changes outside of the relevant thresholds.

Valuation techniques

The fair values of investment properties are determined using either a DCF method or income capitalisation method.

Discounted cash flow method

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities 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 real 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 real 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 income capitalisation 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 up costs. Under the income capitalisation method, over and under-rent situations are separately capitalised/(discounted).

The external valuations were performed by Mills Fitchet & David Hoffman and Partners CC, both 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 2015, the portfolio had the following vacancy rates, calculated based on vacant area to total gross lettable area (GLA) along with the following estimates of when actual vacancy will equal the long-term rate:

Class of property	Fair value as at 31 March 2015 R'000	Current vacancies	Long-term vacancies	Estimated period of convergence
Office	**911 814**	0% – 52,45%	2,5% – 15%	2,5 years
Industrial	**281 607**	0%	1,7% – 5%	n/a
Retail	**5 276 572**	0%– 52,88%	1,3% – 12%	2,5 years
Specialised	**296 290**	0%	0,8% – 1,3%	n/a
	6 766 283			

Notes to the financial statements (continued)

for the year ended 31 March 2015

12. 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 used to derive level 3 fair values

The table below presents the following for each class of the investment property:

- the fair value measurements at the end of the reporting period;
- a description of the valuation techniques applied;
- the inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- quantitative information about the significant unobservable inputs used in the fair value measurement.

Class of property	Fair value as at 31 March 2015 R'000	Valuation technique	Key unobservable inputs	Ranges
Office	**883 394** – –	Income capitalisation	• ERV • Rental growth p.a. • Long-term vacancy rate	• R42,54sm -R122,96sm • 8% • 2,5% – 15%
Industrial	**281 607** – –	Income capitalisation	• ERV • Rental growth p.a. • Long-term vacancy rate	• R27,24sm - R57,09sm • 8% – 8.5% • 1,7% – 5%
Retail	**5 276 572** – –	Income capitalisation	• ERV • Rental growth p.a. • Long-term vacancy rate	• R41,58sm - R210,17sm • 8% – 12% • 1,3% – 12%
Specialised Retail	**296 290** – –	Income capitalised	• ERV • Rental growth p.a. • Long-term vacancy rate	• R52,69sm - R195,33sm • 8% • 0,8% – 1,3%
Retail (held for sale)	**28 420** – –	Income capitalisation	• ERV • Rental growth p.a. • Long-term vacancy rate	• R64,20sm • 8% • 5%
	6 766 283			

Descriptions and definitions

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

Estimated rental value (ERV)

The 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).

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.

12. Fair value measurement of investment properties *continued*

Significant increases/(decreases) in the ERV (per sqm p.a.) and rental growth p.a. 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 6% if the equivalent yield is increased, and increase by 6,84% if the equivalent yield is decreased.

	2015 R'000	2014 R'000
13. Trade and other receivables		
Debtors#	**22 809**	20 037
Selling entity debtors	**90 401**	49 914
Prepaid expenses	**1 894**	21 986
Municipal	**9 184**	1 620
Accrued recoveries	**47 356**	26 496
Less: provision for bad debts* (Refer note 4)	**(1 000)**	(1 002)
	170 644	119 051

* *Carrying value approximates the fair value of trade and other receivables due to the short term nature of receivables.*
# *Of the R22,8 million balance R3,1 million is past due but not yet impaired.*

	2015 R'000	2014 R'000
14. Cash and cash equivalents		
Cash held	**58 817**	57 643

Surplus cash is placed on call account at an interest rate of 5,55%

	2015 R'000	2014 R'000
15. Ordinary share capital		
Authorised		
Ordinary shares of no par value	**5 000 000 000**	5 000 000 000
Reconciliation of number of shares issued:		
Reported as at 01 April 2014	**638 916 916**	–
Issue of shares – ordinary shares at an average of R5,80 per share	**52 506 339**	638 916 916
Total number of shares in issue	**691 423 255**	638 916 916
Issued		
Ordinary shares of no par value (R'000)	**3 422 723**	3 117 914

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

- such authority to allot and issue new shares is limited to vendor settlements only;
- the number of shares that may be issued, 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; and
- the maximum discount permitted, in respect of vendor settlement, will be 5% of the average trade price of the shares in question, measured over the 30 business days prior to the date of each issue of new shares or the 30 business days prior to the date the directors resolve to issue such new shares.

	2015 R'000	2014 R'000
16. Borrowings		
Total value of loans secured by investment property		
Rand Merchant Bank (RMB)	**1 055 138**	1 194 280
Domestic medium-term note programme	**701 000**	–
Investec Bank (Investec)	**637 876**	1 194 280
Less: portion repayable within the next 12 months	**(238 856)**	(358 284)
Total non-current financial liabilities	**2 155 158**	2 030 276

Notes to the financial statements (continued)

for the year ended 31 March 2015

16. Borrowings *continued*

Carrying value approximates the fair value of borrowings as interest payments are made as they fall due and capital repayments are only made as per the maturity dates below.

16.1 Details of secured loans at 31 March 2015

	Tranche	Weighting	Debt amount R'000
RMB	**B – current**	**11%**	**119 428**
	C	**11%**	**119 428**
	D	**34%**	**358 284**
	E	**39%**	**417 998**
	K	**5%**	**40 034**
Investec	**B – current**	**19%**	**119 428**
	C	**19%**	**119 428**
	D	**13%**	**87 500**
	E	**49%**	**311 522**
DMTN Programme	**A**	**59%**	**416 000**
	B	**41%**	**285 000**
Total long-term borrowings – secured*	**Total/weighted average**	**100%**	**2 394 050**

Details of swap impact on long-term debt

	Swap	National amount R'000
RMB	**1,2,3,4**	**2 000 000**

16.2 Details of secured loans at 31 March 2014

	Tranche	Weighting	Debt amount R'000
RMB	A – current	15%	179 142
	B	10%	119 428
	C	10%	119 428
	D	30%	358 284
	E	35%	417 998
Investec	A – current	15%	179 142
	B	10%	119 428
	C	10%	119 428
	D	30%	358 284
	E	35%	417 998
Total long-term borrowings – secured*	Total/weighted average	100%	2 388 560

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

Details of swap impact on long-term debt	Swap	Notional amount R'000
RMB	1, 2, 3, 4	2 147 000

Accelerate intends to refinance the current portion of the maturing debt, by the issue into the market of a secured, as well as an unsecured domestic medium-term note (DMTN) bond issue.

Debt maturity date	Rate
December 2015	**Jibar + 153 bps**
December 2016	**Jibar + 165 bps**
December 2017	**Jibar + 185 bps**
December 2018	**Jibar + 195 bps**
September 2017	**Jibar + 190 bps**
December 2015	**Jibar + 158 bps**
December 2016	**Jibar + 166 bps**
December 2017	**Jibar + 166 bps**
December 2018	**Jibar + 175 bps**
September 2017	**Jibar + 170 bps**
September 2019	**Jibar + 230 bps**

Maturity	Base rate	Spread	Net swap payment for the year
2019	**5,50%**	**n/a**	**10 558**

Debt maturity date	Rate
December 2014	Jibar + 145 bps
December 2015	Jibar + 153 bps
December 2016	Jibar + 165 bps
December 2017	Jibar + 185 bps
December 2018	Jibar + 195 bps
December 2014	Jibar + 158 bps
December 2015	Jibar + 158 bps
December 2016	Jibar + 166 bps
December 2017	Jibar + 166 bps
December 2018	Jibar + 175 bps
3,1 years	

Maturity	Base rate	Spread	Net swap payment for the year
July – October 2017	5,35%	n/a	565

	2015 R'000	2014 R'000
17. Trade and other payables		
Trade payables	**10 690**	21 132
Debtors in credit	**22 301**	18 601
VAT	**2 670**	12 302
Tenant deposits	**15 633**	11 562
Accrued expenses	**29 428**	31 422
Accrued interest	**7 605**	6 824
	88 327	101 843

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

18. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Accelerate converted to a REIT on listing. As a result, section 25BB of the Income Tax Act will apply to qualifying REIT income and expenses. The new legislation provides that capital gains on sale of investment properties are disregarded. The legislation provides for the flow through principle with qualifying distributions being deductable against income. Should the entity's assets be sold or the entity wound up, there could be a tax liability to the value of the recoupments previously claimed. It is the intention of Accelerate to distribute 100% of its distributable profits for the year ending 31 March 2015.

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 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 that it operates in a single tax regime with a dual tax rate, depending on whether profits are retained or distributed. Accordingly, the measurement of deferred tax assets and liabilities takes into account expected future distribution. This results in no deferred tax being recognised by Accelerate on REIT assets and liabilities.

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

	2015 R'000	2014 R'000
19. Cash generated from operations		
Profit before taxation	**741 049**	552 811
Adjustments for:		
Profit on sale of non-current assets and disposal groups	**(12 104)**	–
Interest received – investment	**(12 743)**	(1 607)
Finance costs	**172 016**	51 485
Fair value adjustments	**(381 008)**	(455 391)
Share incentive expense	**3 023**	–
Straight-line rental revenue adjustment	**(49 116)**	(16 457)
Other non-cash items	**(38)**	5
Changes in working capital:		
Trade and other receivables	**(51 593)**	(119 051)
Trade and other payables	**(13 516)**	101 831
	395 970	113 626

	2015 R'000	2014 R'000
20. Capital commitments authorised		
Capital expenditure		
Not yet contracted for and authorised by directors	**60 503**	65 000

This committed expenditure relates to property and will be financed by available bank facilities, retained profits, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

	2015 R'000	2014 R'000
21. Minimum contracted rental income		
Minimum contracted rental income		
Accelerate leases a number of retail, office and industrial properties under operating leases, which typically run for a period of one to five years.		
Contractual amounts due in terms of operating lease agreements	**–**	–
Within one year	**529 550**	505 967
Between one and five years	**1 469 840**	1 203 814
More than five years	**314 606**	374 681
	2 313 996	2 084 462

	2015 R'000	2014 R'000
22. Related parties		
Relationships		
M Georgiou (100% shareholder of Fourways Precinct (Pty) Ltd and Accelerate Property Management Company (Pty) Ltd) and A Costa are directors of both Accelerate Property Fund Ltd and Accelerate Property Management Company (Pty) Ltd, both directors' full remuneration is paid by Accelerate. Please refer to the executive directors' remuneration report for further details.		
Related party balances*		
Property acquisitions		
Fourways Precinct (Pty) Ltd (included in Investment property)	**–**	3 715 049
Number of properties	**–**	11
GLA/(sqm)	**–**	175 132

* *No related party balances were impaired or provided for in either 2015 or 2014.*

	2015 R'000	2014 R'000
Contingent purchase (note 1.12)		
Fourways Precinct (Pty) Ltd	**46 236**	209 784
Vacancy guarantee		
Fourways Precinct (Pty) Ltd (included in Trade receivables)	**11 549**	2 716
Related-party transactions		
Interest charged on outstanding amounts		
Interest owed by Fourways Precinct (Pty) Ltd	**1 967**	861
Accelerate Property Management		
Fourways Precinct (Pty) Ltd	**3 885**	1 158
Accelerate Property Management Company (Pty) Ltd (APMC)	**2 648**	1 148

	2015	2014
23. Net asset value		
Shares in issue at the end of the year	**691 423 255**	638 916 916
Net asset value per share (R)	**6,65**	5,90

24. Finance risk management

Total financial assets and liabilities

The table below sets out Accelerate's accounting classification of each class of financial asset and liability and their fair values at 31 March 2015.

31 March 2015	Carried at fair value R'000	Amortised cost# R'000	Total R'000
Financial assets			
Derivative financial assets*	71 153	–	71 153
Trade and other receivables	–	170 644	170 644
Cash and cash equivalents	–	58 817	58 817
	71 153	229 461	300 614
Financial liabilities			
Long-term interest-bearing borrowings	–	(2 155 158)	(2 155 158)
Trade and other payables	–	(88 327)	(88 327)
Current portion of long-term debt	–	(238 856)	(238 856)
	–	(2 482 341)	(2 482 341)

* *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 25 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 2015.*

\# *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.*

31 March 2014	Carried at fair value R'000	Amortised cost# R'000	Total R'000
Financial assets			
Derivative financial assets*	131 709	–	131 709
Trade and other receivables	–	119 051	119 051
Cash and cash equivalents	–	57 643	57 643
	131 709	176 694	308 403
Financial liabilities			
Long-term interest-bearing borrowings	–	(2 030 276)	(2 030 276)
Trade and other payables	–	(101 843)	(101 843)
Current portion of long-term debt	–	(358 284)	(358 284)
	–	(2 490 403)	(2 490 403)

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.

24. Finance risk management *continued*

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 as well as derivative financial instruments with floating interest rates.

To manage its interest rate risk, Accelerate enters into interest rate 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 hedge underlying debt obligations. At 31 March 2015, after taking into account the effect of interest rate swaps, 83% of Accelerate's borrowings are 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 and using the hedge designations in place at the reporting date:

- 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.

2015	Increase/ (decrease) in basis points	Effect on profit before tax (R'000)
Jibar (one month)	**100**	**3 940**
Jibar (one month)	**(100)**	**(3 940)**
2014		
Jibar (one month)	100	(7 198)
Jibar (one month)	(100)	7 198

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 both its leasing activities and financing 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. Exposure to credit risk relating to financial assets that are not passed due nor impaired is limited.

Notes to the financial statements (continued)

for the year ended 31 March 2015

24. Finance risk management *continued*

Tenant receivables

Accelerate's exposure to credit risk is mainly in respect of clients and is influenced by the individual characteristics of each client. Accelerate's widespread client 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 client 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.

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 as well as an unsecured DMTN bond issue.

83% of interest-bearing borrowings were fixed at 31 March 2015, for a weighted average period of four years.

	R'000
31 March 2015	
Total borrowings – refer to note 16	
Interest-bearing borrowings maturing on 11 December 2015	**238 856**
Interest-bearing borrowings maturing on 11 December 2016	**238 856**
Interest-bearing borrowings maturing on 11 September 2017	**456 034**
Interest-bearing borrowings maturing on 11 December 2017	**445 784**
Interest-bearing borrowings maturing on 11 December 2018	**729 520**
Interest-bearing borrowings maturing on 11 December 2019	**285 000**
	2 394 050
As an indication of future Jibar for the valuation of the derivatives, current Jibar was used.	
Interest rate swap – effective 1 April 2015	
Swap maturing 31 March 2016	**200 000**
Swap maturing 31 March 2017	**100 000**
Swap maturing 31 March 2018	**100 000**
Swap maturing 31 March 2019	**1 600 000**
	2 000 000
Percentage of total debt hedged	**83,54%**
31 March 2014	
Long-term debt	
Financial year	
Interest-bearing borrowings maturing on 11 December 2014	358 284
Interest-bearing borrowings maturing on 11 December 2015	238 856
Interest-bearing borrowings maturing on 11 December 2016	238 856
Interest-bearing borrowings maturing on 11 December 2017	716 568
Interest-bearing borrowings maturing on 11 December 2018	835 996
Total	2 388 560
Interest rate swap	
Financial year	
Swap maturing 17 July 2017	250 000
Swap maturing 9 October 2017	290 000
Swap maturing 17 July 2017	947 000
Swap maturing 9 October 2017	660 000
Total	2 147 000
Percentage of total debt hedged	89,89%

24. Finance risk management *continued*

The tables below set out the maturity analysis 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 2015*					
Total borrowings	**238 856**	**238 856**	**1 916 338**	**–**	**2 394 050**
Trade and other payables (excl. VAT)	**70 429**	**–**	**–**	**–**	**70 429**
	309 285	**238 856**	**1 916 338**	**–**	**2 464 479**

* *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%.*

25. Hedging activities and derivatives

Economic hedges

Accelerate has acquired interest rate swap contracts with notional amounts of R2,0 billion (2014: R2,147 billion) in the current reporting period, whereby it pays a fixed rate of interest of 5,5% and receives a variable rate based on one month Jibar on the notional amount. The swap is used to economically hedge the 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 March 2019 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 R71,153 million (2014: R131,709 million).

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.

All derivative contracts are fully cash-collateralised, thereby eliminating both counterparty and Accelerate's own non-performance risk. As at 31 March 2015, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships recognised at fair value. The derivatives are classified in level 2 of the fair value hierarchy.

A flat increase/(decrease) of 100 basis points across the zero rate swap curve leads to an overall increase/(decrease) of the swaps' value of approximately 67%.

	2015 R'000	2014 R'000
Reconciliation of the swap derivatives		
Opening balance value	**131 709**	–
Swap obtained during business combination	**–**	101 260
Net changes in fair value through profit and loss	**(60 557)**	30 449
	71 153	131 709

Notes to the financial statements (continued)

for the year ended 31 March 2015

26. Capital management

The primary objective of Accelerate's capital management is to ensure that it remains within its quantitative banking covenants and maintain a strong credit rating. No changes were made in the objectives, policies or processes during the years ending 31 March 2015 and 31 March 2014. 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 40%. 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, nor did it default on any other of its obligations under its loan agreements.

	2015 R'000	2014 R'000
Carrying amount of interest-bearing loans and borrowings	**2 394 050**	2 394 016
Investment property at fair value (excluding straight-lining adjustment)	**6 782 741**	6 147 200
	35,30%	38,94%

27. Subsequent events

Non-adjusting events after year-end

On 14 May 2015 Accelerate acquired a portfolio of six A grade office properties occupied by KPMG through the purchase of the entire issued ordinary share capital of Parktown Crescent Properties Proprietary Limited (PCP) and 30% of the issued ordinary share capital of Wanooka Properties Proprietary Limited (Wanooka), representing the remaining shares in Wanooka not already owned by PCP from current and retired KPMG partners.

The shareholding was acquired for a purchase consideration of R850 million which is the net value of the properties acquired at acquisition date. Thus no goodwill or gain and bargain purchase resulted from this transaction. The portfolio will yield a total net rental of R64,5 million per year in terms of a 15 year triple net lease with KPMG, escalating at 8% per annum for the first 12 years of the lease. In year 13 the rentals will revert to market related rentals less 10% and will continue to escalate at 8% for year 14 and 15.

The acquisition was fully debt funded at a weighted average cost of funding of Jibar plus 164 basis points.

28. Non-current assets held for sale

The company has decided to sell one of Accelerate's properties in Cape Town, namely Millhouse. The property was sold during the first quarter of the 2016 financial year at a sales price of R28,42 million.

The property held for sale at 31 March 2014 (Willows shopping centre) was sold during the year ended 31 March 2015 at a profit of R12,104 million.

	Notes	**2015 R'000**	2014 R'000
Non-current assets held for sale			
Investment property		**28 420**	66 866
		28 420	66 866

29. Fair value adjustments

Investment property (Fair value model)	10	**441 565**	424 942
Mark to market movement on swap	25	**(60 557)**	30 449
		381 008	455 391

	2015 R'000	2014 R'000
30. Tax paid		
Balance at end of the year	**(15)**	–

	Year ended 31 March 2015 R'000	Year ended 31 March 2014 (110 days) R'000
31. Directors' remuneration		
Total guaranteed package		
M Georgiou	**Nil**	Nil
A Costa	**2 333**	500
D Kyriakides	**1 866**	450
JRJ Paterson	**1 833**	425
Short-term incentive payment		
M Georgiou	**Nil**	Nil
A Costa	**780**	Nil
D Kyriakides	**469**	Nil
JRJ Paterson	**650**	Nil
Non-executive directors		
TT Mboweni	**1 580**	506
GC Cruywagen	**520**	166
TJ Fearnhead	**364**	116
JRP Doidge	**316**	100
K Madikizela	**312**	100
Prof F Viruly	**312**	–

32. Accelerate Property Fund Conditional Share Plan

The executive directors have been awarded share options in line with Accelerate Property Fund's Conditional Share Plan which came into effect during the year ended 31 March 2015. 3 889 984 shares were granted during the period, no shares were forfeited, exercised, or expired during the year and hence there are 3 889 984 shares outstanding as at 31 March 2015. None of the shares are exercisable as at 31 March 2015, due to the vesting periods being 2017 and 2018. No shares options were awarded during the year ending 31 March 2014.

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

1. **Performance Shares**, the vesting of which are subject to pre-determined performance metrics ("Performance Condition(s)") and continued employment ("Employment Condition"), and which are intended to be used primarily as an incentive to Participants to deliver the group's business strategy over the long-term through the selection of appropriate and stretching Performance Condition(s);
2. **Retention Shares**, the vesting of which are subject to the fulfilment of the Employment Condition by the Participant, and which are aimed at retention in specific, ad-hoc circumstances where it is in the Company's, Management Company's and shareholders' strategic and financial interests that a specific individual is retained, or to address sign-on requirements.
3. The CSP (conditional share plan) also provides for **Top Up Awards**, being awards of Performance Shares and Retention Shares made simultaneously with the initial allocation of awards under the CSP.

Notes to the financial statements (continued)

for the year ended 31 March 2015

32. Accelerate Property Fund Conditional Share Plan *continued*

Share options awarded during the year ended 31 March 2015, which only vest on the below dates once the vesting conditions have been met, are as follows:

		Performance shares		Retention shares		Vesting date	
Director	Holding (direct/ indirect)	Number of shares	Reserve ('R) at 31 March 2015	Number of shares	Reserve ('R) at 31 March 2015	Number of shares vesting 11 August 2017	Number of shares vesting 11 August 2018
A Costa	Indirect	1 710 199	1 179 446			1 243 781	466 418
A Costa	Indirect			530 574	567 454	252 118	278 456
D Kyriakides	Direct	462 531	331 890			404 229	58 302
D Kyriakides	Direct			66 322	70 932	31 515	34 807
J Paterson	Direct	855 100	589 723			621 891	233 209
J Paterson	Direct			265 258	283 691	126 029	139 229
		3 027 830	2 101 059	862 154	922 077	2 679 563	1 210 421

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

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 9 583 754 (nine million, five hundred and eighty three thousand seven hundred and fifty four) shares, which represents approximately 1,5% of the number of issued shares as at date of approval of the CSP by shareholders.

The weighted average price of R5,89 per share was used on the date of the conditional awards being made.

The share price on 31 March 2015 was R6,75.

The reserve at 31 March 2015 was calculated by applying the share prices indicated above, pro rata over the vesting period of the shares.