SENS ANNOUNCEMENT NOVEMBER 2016

ACCELERATE PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration No 2005/015057/06)
JSE code: APF ISIN code: ZAE000185815
(REIT status approved)
("Accelerate" or "the company")

INTERIM FINANCIAL RESULTS

for the six months ended 30 September 2016

Year-on-year distribution per share growth of 8,1%

Total portfolio GLA of 533 356 m²

Property portfolio value of R9,1 billion (17% year-on-year growth)

Net asset value growth of 20% (year-on-year)

Introduction and key indicators

Accelerate remained focused on maximising rental income and tenant recoveries, reducing vacancies, effectively managing costs, and enhancing the quality of our property portfolio.

Due to the current economic climate, rentals in B and C-grade office space as well as smaller outlying retails centres are under pressure. Accelerate, however, has limited exposure to these pressures as the bulk of our office portfolio is A or premium grade (Cape Town foreshore, KPMG offices) and due to a retail concentration in Gauteng in the densely populated high LSM area of Fourways.

As evident through the key indicators below, Accelerate's portfolio has remained resilient to the current lack of economic growth due to the implementation of our nodal strategy, our retail concentration in the Fourways area, as well as our focus on acquiring high-quality assets underpinned by long-term leases with quality tenants.

Key indicators

Indicator	30 Sept 2016	31 Mar 2016
Yield*(%)	**9,1**	8,61
Portfolio value (R'billion)	**9,1**	8,4
GLA (m^2)	**533 356**	520 226
Number of properties	**60**	61
Net asset value (R'billion)	**6,1**	5,7
Weighted average lease expiry	**5,5 years**	5,1 years
Lease escalations (%)	**7,8**	8,04
Vacancies (net of structural vacancies) (%)	**7,75**	7,13
Listed/large national tenants (%)	**64,8**	62,2

** This is based on an average share price of R6,30 for the period ended 30 September 2016 (2015: R6,23).*

Acquisitions for the six months ended 30 September 2016

- **Acquisition of the Portside Tower in Cape Town**

The acquisition of approximately 50% (25 224 m^2 of GLA) of the Portside Tower in Cape Town for a purchase price of R755 million was concluded on 14 June 2016. As part of the sale, the seller is to provide a rental guarantee of R110 million to be drawn by Accelerate over an estimated period of five years in order to ensure a yield of between 7,5% and 10,0% on the building during the guarantee period.

The acquisition represents the implementation of one of our operational goals in developing and growing strategic nodes across South Africa. The Portside Tower gives us the opportunity to expand in the foreshore node in the Western Cape and capitalise on an opportunity within Cape Town's growing property market.

The Portside Tower is an iconic building in Cape Town, South Africa. Standing at 139 metres, it is the tallest building in Cape Town. With its five-star green rating, it also stands as one of the most environmentally friendly high-rise buildings in Cape Town and follows best practice regarding sustainability, visual impact, public space, green building principles, climate control, ease of access, security and social responsibility. It holds 1 444 parking bays, 70 of which are designated for hybrid or alternative fuel vehicles and 16 holding electric car chargers, 70 motorcycle bays and 227 bicycle spaces. The building is designed to encourage employees to cycle to work, with clear cycle routes allocated, and change rooms with showers and lockers. Community bicycle racks are also available to the public.

Prospects and investment pipeline

- **Acquisition of Eden Meander in George**
  Eden Meander lifestyle centre in George has transferred to Accelerate at the beginning of October 2016. The centre was acquired for a purchase price of R365 million at a yield of 9,1%. The centre is currently 97% let. The site also has bulk of 10 000 m² which Accelerate will only pay for after three years from the transfer of the property.

- **The Fourways development**
  The Fourways Mall redevelopment is now well underway having commenced in the third quarter of 2015. Approximately 90 000 m² of retail space will be added to the existing Fourways Mall with a projected completion date of 2018. The development is being done outside of Accelerate by a related party to Accelerate. As a result Accelerate does not hold any development risk. Upon completion of the development, Accelerate will own 50% of the approximately 170 000 m² super-regional shopping centre. Phase 1 of the development, including a new food court anchored by a flagship "Bounce store", will be completed within the next month.

Offshore acquisitions

Accelerate is in the process of acquiring nine single-tenant net lease retail properties in Austria and Slovakia through Accelerate Europe (set up in the Netherlands) for €82 million. The properties are being acquired at an in-country yield of approximately 7%, backed by long-term leases (greater than 10 years) guaranteed by the holding company of the retailer.

The transaction will be funded as follows:
- 50% by in-country debt at a fixed rate of just under 2% per annum; and
- 50% through equity from South Africa through Accelerate Property Fund Limited.

Further to the above, Accelerate will look to take out a cross-currency swap on approximately 50% of the equity being invested from South Africa which should result in a net yield of approximately 11,5%.

Financial performance for the six months ended 30 September 2016

Accelerate earned a gross rental income (excluding straight-line rental revenue adjustment) of R498 million for the period (2015: R417 million).

The group's major expenses were largely recovered in terms of leases and consisted of: utility charges of R99,4 million (2015: R89,9 million), security of R13,6 million (2015: R12,3 million) and cleaning costs of R5,8 million (2015: R5,4 million).

The net property expenses of R27,7 million (2015: R40,6 million), in conjunction with R26,4 million in other operating costs (2015: R20,8 million), resulted in Accelerate reporting a 13,96% cost-to-income ratio (2015: 17,93%).

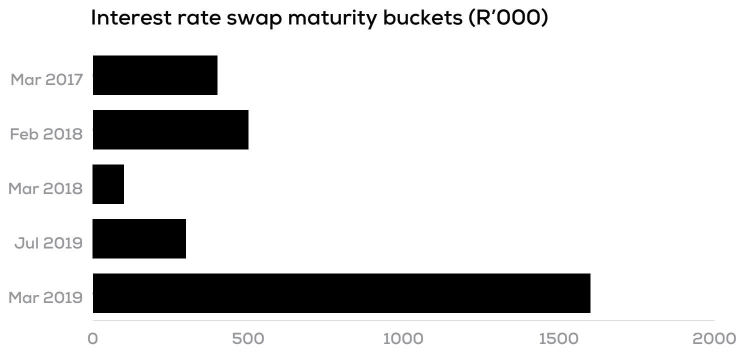
Our distribution per share for the year of 28,766 cents (2015: 26,617 cents) shows a distribution growth of 8,1%. Refer to the distribution analysis for more detail as well as comparatives.

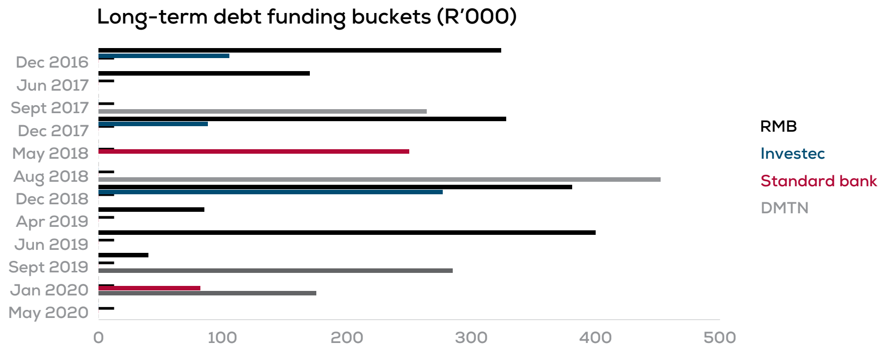
Distribution per share is used as a performance measure for trading statement purposes.

Financial position

Accelerate continues to create value through selective acquisitions that compliment our nodal strategy, careful management of funding costs and a conservative hedging policy.

As at 30 September 2016, Accelerate's investment property portfolio had a value of R9,1 billion (R8,4 billion at 31 March 2016), excluding the effects of straight-lining. The increase in the portfolio is due to the acquisition of the Portside building in Cape Town for R755 million. Two properties with a cumulative value at 31 March 2016 of R87 million were sold during the period.





Long-term debt allocation	30 Sept 2016 R'000	30 Sept 2016 %	31 Mar 2016 R'000	31 Mar 2016 %
Debt capital markets	**1 001 000**	**27,0**	1 001 000	33,5
Bank funding	**2 705 014**	**73,0**	1 991 264	64,5
Total	**3 706 014**	**100**	2 992 264	100
Weighted average debt term (years)	**2,6**		2,7	
Short-term portion of debt	**862 900**	**23,3**	422 356	14,1
Debt hedged	**2 900 000**	**78,25**	2 600 000	86,9
Weighted average swap term (years)	**2,4**		2,4	
Blended interest rate (%)	**8,6**		8,24	
Interest cover ratio (x)	**2,4**		2,8	
Loan-to-value (%)	**40,5**		35,6	

Consolidated statement of financial position	Note	30 Sept 2016 (R'000)	31 Mar 2016 (R'000)
ASSETS			
Non-current assets		**9 312 814**	8 496 381
Investment property	1	**9 277 933**	8 422 776
Derivative financial assets	3/6	**33 941**	73 086
Property, plant and equipment		**940**	519
Current assets		**587 193**	278 605
Trade and other receivables	3	**278 299**	207 177
Cash and cash equivalents	3	**308 894**	71 428
Investment property held for sale		**43 657**	130 726
Non-current assets held for sale		**43 657**	130 726
Total assets		**9 943 664**	8 905 712
EQUITY AND LIABILITIES			
Equity		**6 105 558**	5 771 966
Ordinary share capital		**4 433 155**	4 105 211
Other reserves		**20 805**	20 045
Retained income		**1 651 598**	1 646 710
Total equity		**6 105 558**	5 771 966
Non-current liabilities		**2 870 390**	2 597 181
Borrowings	3	**2 843 114**	2 569 905
Contingent compensation to vendor	2	**27 276**	27 276
Current liabilities		**967 716**	536 565
Trade and other payables	3	**104 816**	114 209
Borrowings	3	**862 900**	422 356
Total equity and liabilities		**9 943 664**	8 905 712

Consolidated statement of comprehensive income	Note	For the six months ended 30 Sept 2016 (R'000)	For the six months ended 30 Sept 2015 (R'000)
Revenue, excluding straight-line rental revenue adjustment		**498 042**	417 496
Straight-line rental revenue adjustment		**16 027**	38 249
Revenue		**514 069**	455 745
Property expenses		**(138 407)**	(115 045)
Net property income		**375 662**	340 700
Operating expenses		**(26 441)**	(20 880)
Operating profit		**349 221**	319 820
Fair value adjustments	5	**(39 145)**	(1 860)
Other income		**620**	833
Gain on non-current assets held for sale or disposal groups		**5 931**	–
Finance income		**16 870**	6 652
Profit before long-term debt interest and taxation		**333 497**	325 445
Finance costs		**(139 314)**	(113 801)
Profit before taxation		**194 183**	211 644
Taxation		**–**	–
Total comprehensive income attributable to equity holders		**194 183**	211 644
EARNINGS PER SHARE			
Basic earnings per share (cents)		**23,36**	29,74
Diluted earnings per share (cents)		**23,05**	29,41
DISTRIBUTABLE EARNINGS			
Profit after taxation attributable to equity holders		**194 183**	211 644
Less: straight-line rental revenue adjustment		**(16 027)**	(38 249)
Add: fair value adjustments		**39 145**	1 860
Add: Distribution from reserves		**15 298**	17 105
Distributable earnings		**232 599**	192 360
Distribution per share (cents)		**28,766**	26,617

Consolidated statement of changes in equity	Other reserves (R'000)	Share capital (R'000)	Retained income (R'000)	Total equity (R'000)
Balance at 1 April 2015	7 223	3 422 723	1 174 197	4 604 143
Total comprehensive income attributable to equity holders			211 644	211 644
Issue of shares		421 743		421 743
Distribution paid			(161 465)	(161 465)
Conditional share plan reserve	1 650			1 650
Antecedent distribution reserve*	8 685			8 685
Total contributions by and distributions to owners of company recognised directly in equity	10 335	421 743	50 179	482 257
Balance at 30 September 2015	17 558	3 844 466	1 224 376	5 086 400
Balance at 1 April 2016	**20 045**	**4 105 211**	**1 646 710**	**5 771 966**
Total comprehensive income attributable to equity holders	**–**	**–**	**194 183**	**194 183**
Issue of shares	**–**	**327 944**	**–**	**327 944**
Distribution paid	**(13 924)**	**–**	**(189 295)**	**(203 219)**
Conditional share plan reserve	**2 294**	**–**	**–**	**2 294**
Antecedent distribution reserve*	**12 390**	**–**	**–**	**12 390**
Total contributions by and distributions to owners of company recognised directly in equity	**760**	**327 944**	**(189 295)**	**139 409**
Balance at 30 September 2016	**20 805**	**4 433 155**	**1 651 598**	**6 105 558**

** This reserve relates to the antecedent distribution portion of the capital raised.*

Consolidated statement of cash flows	For the six months ended 30 Sept 2016 (R'000)	For the six months ended 30 Sept 2015 (R'000)
Cash flows from operating activities		
Cash generated from operations	**258 165**	234 329
Distribution paid*	**(203 219)**	(131 237)
Finance income	**16 870**	6 652
Tax paid	**(2 471)**	(3 023)
Net cash from operating activities	**69 345**	106 721
Cash flows from investing activities		
Purchase of property, plant and equipment	**(525)**	–
Purchase of investment property/capitalised cost	**(839 130)**	(935 945)
Prepayment of properties being acquired	**–**	(78 206)
Proceeds from disposal of investment property	**93 000**	28 420
Net cash from investing activities	**(746 655)**	(985 731)
Cash flows from financing activities		
Proceeds on share issue	**241 976**	395 206
New long-term borrowings	**942 000**	1 183 500
Settled long-term borrowings	**(228 245)**	(575 000)
Finance costs	**(139 314)**	(113 801)
Dividend reinvestments	**98 359**	36 024
Net cash from financing activities	**914 776**	925 929
Total cash movement for the period	**237 466**	46 919
Cash at the beginning of the period	**71 428**	58 817
Total cash at end of the period	**308 894**	105 736

** In the current financial period, distribution paid was reclassified from financing activities to operating activities. The restatement was made in order to correctly reflect the nature of the business, where distributions are considered as part of the operations of Accelerate Property Fund Limited.*

Distribution analysis	For the six months ended 30 Sept 2016 (R'000)	For the six months ended 30 Sept 2015 (R'000)
Distributable earnings	**232 599**	192 360
Shares qualifying for distribution		
Number of shares at period end	**859 652 330**	758 455 048
Less: Bulk ceded shares to Accelerate#	**(51 070 184)**	(51 070 184)
Add: Shares issued after period end	**–**	15 313 935
Shares qualifying for distribution	**808 582 146**	722 698 799
Interim distribution per share made (cents)	**28,76627**	26,61692

 # The cession on these shares relates to bulk in the Fourways area acquired by Accelerate at listing. These shares will only be eligible for dividends at the earlier of the development of the bulk or December 2021.

Earnings per share	For the six months ended 30 Sept 2016 (R'000)	For the six months ended 30 Sept 2015 (R'000)
Basic earnings per share (EPS) amounts are calculated by dividing profit for the period attributable to ordinary equity holders of Accelerate by the weighted average number of ordinary shares outstanding during the period.		
Reconciliation of basic/diluted earnings to headline earnings		
Total profit after tax	**194 183**	211 644
Gain on sale of non-current assets held for sale	**(5 931)**	–
Headline profit attributable to shareholders#	**188 252**	211 644
Basic earnings per share (cents)	**23,36**	29,74
Diluted earnings per share (cents)	**23,05**	29,41
Headline earnings per share (cents)	**22.65**	29.74
Diluted headline earnings per share (cents)	**22.35**	29.41
Shares in issue at the end of the period	**859 652 330**	758 455 048
Weighted average number of shares in issue	**831 127 185**	711 635 168
Dilutionary instruments		
Shares subject to the deferred acquisition costs	**4 295 396**	7 168 341
Shares subject to the conditional share plan	**6 851 733**	724 492
Weighted average number of dilutionary instruments	**11 147 129**	7 892 833
Total diluted weighted average number of shares in issue	**842 274 314**	719 528 001

 # The mark-to-market movement relating to the interest rate swaps for the period ended 30 September 2015 was incorrectly added back in determining the headline profit. This has been corrected in the 30 September 2016 interim results and has resulted in a 0.26 cents reduction in both the headline earnings per share and diluted headline earnings per share for the period ended 30 September 2015 as reflected in the comparative figures in the note above.

Segmental analysis

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 and retail.

Consequently, the company is considered to have three 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

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.

Period ended 30 September 2015 (6 months)	Office R'000	Industrial R'000	Retail R'000	Total R'000
Statement of comprehensive income				
Revenue, excluding straight-line rental revenue adjustment	115 334	20 691	281 471	417 496
Straight-line rental adjustment	21 737	468	16 044	38 249
Property expenses	(18 354)	(3 936)	(92 755)	(115 045)
Segment operating profit	118 717	17 223	204 760	340 700
Other operating expenses				(20 880)
Other income				833
Fair value gain/(loss) on financial instrument				(1 860)
Finance income				6 652
Long-term debt interest				(113 801)
Profit before tax				211 644
Period ended 30 September 2016 (6 months)				
Statement of comprehensive income				
Revenue, excluding straight-line rental revenue adjustment	**132 374**	**32 864**	**332 804**	**498 042**
Straight-line rental adjustment	**7 891**	**1 873**	**6 263**	**16 027**
Property expenses	**(34 806)**	**(5 118)**	**(98 483)**	**(138 407)**
Segment operating profit	**105 459**	**26 619**	**240 584**	**375 662**
Other operating expenses				**(26 441)**
Other income				**6 551**
Fair value gain/(loss) on financial instrument				**(39 145)**
Finance income				**16 870**
Long-term debt interest				**(139 314)**
Profit before tax				**194 183**

SEGMENTAL ANALYSIS (continued)

For the year ended 31 March 2016

	Office R'000	Industrial R'000	Retail R'000	Total R'000
Statement of financial position extracts at 31 March 2016				
Assets				
Investment property balance 1 April 2015	921 328	282 874	5 627 655	6 831 857
Acquisitions	850 000	295 221	–	1 145 221
Capitalised costs	92 559	12 093	50 321	154 973
Disposals/classified as held for sale	(28 420)	–	(130 726)	(159 146)
Investment property held for sale	–	–	130 726	130 726
Straight-line rental revenue adjustment	35 655	2 217	30 187	68 059
Fair value adjustments	71 155	45 591	265 066	381 812
Segment assets at 31 March 2016	1 942 277	637 996	5 973 229	8 553 502
Other assets not managed on a segmental basis				
Derivative financial instruments				73 086
Equipment				519
Current assets				278 605
Total assets				8 905 712
Period ended 30 September 2016 (6 months)				
Statement of financial position extracts at 30 September 2016				
Assets				
Investment property balance 1 April 2016	1 942 277	637 996	5 973 229	8 553 502
Acquisitions	775 000	–	–	775 000
Capital expenditure	2 864	–	61 266	64 130
Disposals/classified as held for sale	–	–	(130 726)	(130 726)
Investment property held for sale	–	–	43 657	43 657
Straight-line rental revenue adjustment	7 891	1 873	6 263	16 027
Segment assets at 30 September 2016	2 728 061	639 839	5 953 690	9 321 590
Other assets not managed on a segmental basis				
Derivative financial instruments				33 941
Equipment				940
Current assets				587 193
Total assets				9 943 664

Notes to the financial statements

Corporate information

The condensed financial statements of Accelerate for the period ended 30 September 2016 were authorised for issue in accordance with a resolution of the directors passed on 3 November 2016. Accelerate is a public company incorporated and domiciled in South Africa whose shares are publicly traded on the JSE. The registered office is located at Cedar Square Shopping Centre, corner Cedar Road and Willow Avenue, Fourways ,Johannesburg. The principal activities of Accelerate are the acquisition, development and leasing of properties. The functional and presentation currency of Accelerate is South African rand. All figures are rounded off to rand thousand except where otherwise stated.

Basis of preparation

These condensed financial statements for the period ended 30 September 2016 are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), contains the minimum information required by IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act, 71 of 2008, as amended, and the JSE Listings Requirements.

The accounting policies applied in the preparation of these condensed financial statements are in terms of IFRS and are consistent with those applied in the previous financial period, except for the new and amended IFRS that became effective during the 30 September 2016 reporting period, none of which had any material impact on Accelerate's financial result.

These condensed financial statements have been prepared under the historical cost convention except for investment properties which are measured at fair value.

The fair value of investment properties is determined by directors with reference to market-related information while other financial liabilities are valued with reference to market-related information and valuations as appropriate. All investment properties are valued by independent external valuers on a three-year rolling cycle.

These condensed financial statements were prepared under the supervision of Mr Dimitri Kyriakides (CA)SA in his capacity as chief financial officer.

1. **Fair value measurement of investment properties**

Levels of fair value measurements

It is the policy of Accelerate to have every property valued by an external valuer on a three-year rotational basis as required by the JSE Listings Requirements. Accelerate's properties are only revalued once a year at its 31 March year end. This means that each property Accelerate holds is independently valued at least every three years. The remaining investment properties held at the end of each reporting period are valued by Accelerate's directors.

Each year the directors appoint external valuers who are 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 properties not externally valued are performed internally by the directors. Internal methods are aligned with those used by external valuers.

At each valuation 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 (eg. rent amounts in rental contracts), market reports (eg. market rent, cap rates in property market reports) and other relevant documents. Each property is considered a separate asset class based on the unique nature, characteristics and risks of the property. The directors compare each property's change in fair value with relevant external sources (such as the investment property database or other relevant benchmarks) to determine whether the change is reasonable.

The directors have presented the valuation results at 31 March 2016 to Accelerate's independent auditors. These include 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 discounted cash flow (DCF) method or income capitalisation method (cap rate).

Discounted cash flow method

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

The external valuations at 31 March 2016 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.

The movement in Accelerate's investment property balance from 31 March 2016 to 30 September 2016 is only due to acquisitions and disposals during the period. None of the properties held at 31 March 2016 have been revalued for the period ended 30 September 2016 and new properties acquired were recognised in the books of Accelerate at their purchase price which the directors deem to be the fair value of the property at the date of acquisition.

The directors have assessed the changes market conditions and inputs to the valuations performed at 31 March 2016 and have deemed the valuations performed at 31 March 2016 to still be applicable at 30 September 2016.

For the most recent valuations performed, the portfolio had the following vacancy rates, calculated based on vacant area to total GLA along with the following estimates of when actual vacancy will equal the long-term rate:

Class of property	Fair value as 30 Sept 2016 (excluding straight-lining reserve) R'000	Current vacancies %	Long-term vacancies %	Estimated period of cenvergence
Office	2 620 935	0 – 46,9	5 – 15	2,5 years
Industrial	639 878	0	2 – 5	n/a
Retail	5 886 117	0 – 53	5 – 10	2 years
Total	**9 146 930**			

The R9 146 930 includes held-for-sale assets and excludes the straight-lining and unamortised leasing commission.

Changes in valuation techniques

There were no changes in valuation techniques during the period.

Highest and best use

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

Valuation techniques and inputs derive level 3 fair values

The table overleaf 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 30 Sept 2016 (excluding straight-lining reserve) R'000	Valuation technique	Key unobservable inputs	Ranges
Office	2 620 935	Income capitalisation	• ERV • Rental growth per annum • Long-term vacancy rate	• R42,42 – R209,36 • 7,71% • 5% – 15%
Industrial	639 878	Income capitalisation	• ERV • Rental growth per annum • Long-term vacancy rate	• R31,16 – R127,82 • 8,75% • 2% – 5%
Retail	5 842 460	Income capitalisation	• ERV • Rental growth per annum • Long-term vacancy rate	• R44,74 – R203,11 • 8,05% • 5% – 10%
Retail (held for sale)	43 657	Income capitalisation	• ERV • Rental growth per annum • Long-term vacancy rate	• R54,06 – R83,07 • 8,05% • 5% – 10%
	9 146 930			

Descriptions and definitions

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

Estimated rental value (ERV)

The rent at which space could be let in the market conditions prevailing at the date of valuation.

Rental growth

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

Long-term vacancy rate

The 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; and
- discount rate/yield.

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

- a similar change in the rent growth per annum 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 6,2% if the equivalent yield is increased, and increase by 7,1% if the equivalent yield is decreased.

2. Contingent compensation to vendor

As part of the sale and purchase agreement for properties acquired by Accelerate at listing, an amount of contingent purchase consideration has been agreed with the vendor in accordance with the conditional deferred payment agreement. In accordance with this agreement, Accelerate will provide the vendor 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.

Below is a summary of how the vacant lettable space has been let in compliance with the conditions laid down in the agreement.

Contingent purchase consideration	Movement in agterskot R'000
Opening balance	209 785
Reduction due to vacancies filled – Year ended 31 March 2015	(163 549)
Balance at 30 September 2015	**46 236**
Reduction due to vacancies filled – Year ended 31 March 2016	**(18 960)**
Balance at 30 September 2016	**27 276**

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

3. Fair value of financial assets and liabilities

31 March 2016 **Financial assets**	Carried at fair value R'000	Amortised cost# R'000	Total R'000
Derivative financial assets*	73 086	–	73 086
Trade and other receivables	–	207 177	207 177
Cash and cash equivalents	–	71 428	71 428
Total financial assets	73 086	278 605	351 691
Financial liabilities			
Long-term interest-bearing borrowings	–	(2 569 905)	(2 569 905)
Trade and other payables	–	(114 209)	(114 209)
Current portion of long-term debt	–	(422 356)	(422 356)
Total liabilities	–	(3 106 470)	(3 106 470)
30 September 2016			
Financial assets			
Derivative financial assets*	33 941		33 941
Trade and other receivables		278 299	278 299
Cash and cash equivalents		308 894	308 894
Total financial assets	33 941	587 193	621 134
Financial liabilities			
Long-term interest-bearing borrowings		(2 843 114)	(2 843 114)
Trade and other payables		(104 815)	(104 815)
Current portion of long-term debt		(862 900)	(862 900)
Total liabilities	–	(3 810 829)	(3 810 829)

* *The values of the derivative financial assets 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. The value of the swaps is determined as the discounted value of the future cash flows to be received from the swap assets. For the valuation, current JIBAR was used as an indication of future JIBAR.*

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.

4. Related-party transaction and balances

Relationships

M Georgiou 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 Property Fund. M Georgiou own 100% of Fourways Precinct (Pty) Ltd through the Michael Family Trust, and owns 100% of Accelerate Property Management Company.

Related-party balances	At 30 Sept 2016 R'000	At 31 Mar 2016 R'000
The Michael Family Trust#	**48 503**	50 040
Accelerate Property Management Company (Pty) Ltd	**25 297**	–
Contingent purchase		
Fourways Precinct (Pty) Ltd	**(27 276)**	(27 276)
Vacancy guarantee		
Fourways Precinct (Pty) Ltd	**13 875**	8 616
Development guarantee		
Fourways Precinct (Pty) Ltd	**20 857**	6 887

Related-party transactions	For the 6 months ended 30 Sept 2016 R'000	For the 6 months ended 30 Sept 2015 R'000
Vacancy guarantee		
Fourways Precinct (Pty) Ltd	**5 259**	4 420
Development guarantee		
Fourways Precinct (Pty) Ltd	**13 970**	6 887
Interest charged		
Interest charged on outstanding amounts:		
Fourways Precinct (Pty) Ltd		1 473
The Michael Family trust	**6 335**	
Accelerate Property Management costs		
Fourways Precinct (Pty) Ltd	**2 475**	2 970
Accelerate Property Management Company (Pty) Ltd	**2 387**	1 203

In the current financial period it was identified that the Michael Family Trust balance was not disclosed in the related parties note in the prior year. This was, however, correctly included in the trade and other receivables balance in the statement of financial position in 2015. The related-party disclosure has been corrected in the current year financial statements.

5. Fair value adjustments

Fair value adjustments	For the 6 months ended 30 Sept 2016 R'000	For the 6 months ended 30 Sept 2015 R'000
Mark-to-market movement on swap	**(39 145)**	(1 860)
	(39 145)	(1 860)

Investment property held by Accelerate is only revalued at year end, thus fair value adjustments on investment property will only occur at year end.

6. Economic hedges

Accelerate holds interest rate swap contracts with notional amounts of R2 900 000 000 (31 March 2016: R2 600 000 000), whereby it pays a fixed rate of interest and receives a variable rate based on one month JIBAR on the notional amount. The swap is used to hedge exposure to the variable interest rate payments on the variable rate secured loans.

The interest rate swaps have been used to match the critical terms of the underlying debt to achieve economic hedging (hedge accounting 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 is R33 941 000 (31 March 2016: R73 086 000).

The valuation techniques applied to determine the fair value of 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. The derivatives are classified as level 2 of the fair value hierarchy.

7. Capital commitments

In terms of Accelerate's budgeting process, R65 million was allocated to Accelerate's planned capital expenditure for the year ended 31 March 2017. As such, Accelerate views this amount as authorised and not contracted for.

8. Subsequent events

Non-adjusting events after 30 September 2016

During the first week of October 2016, Eden Meander Lifestyle Centre in George transferred to Accelerate at a cost of R365 million and a yield on acquisition of 9,1%. This acquisition was funded by R82 million from cash reserves and the balance through bank debt.

Directors' responsibility statement

The directors of Accelerate assume full responsibility for the preparation of the condensed financial statements.

Final distribution with an election to reinvest cash distribution for shares

The board of Accelerate has declared a final cash distribution (number 6) (cash distribution) of 28,76627 cents per ordinary share (2015: 26,61692 cents per ordinary share) for the period ended 30 September 2016.

Shareholders will be entitled to elect to reinvest the cash distribution of 28,76627 cents per share after the deduction of the applicable dividend tax, in return for shares (share re-investment alternative), failing which they will receive the net cash distribution in respect of all or part of their shareholding.

Shareholders who have dematerialised their shares are required to notify their duly appointed central securities depository participant (CSDP) or broker of their election in the manner and time stipulated in the custody agreement governing the relationship between the shareholder and their CSDP or broker.

The source of the distribution comprises net income from property rentals earned from the company's property investments as well as interest earned on excess cash on deposit. Please refer to the condensed statement of comprehensive income for further details.

A dividend withholding tax of 15% will be applicable on the dividend portion to all shareholders who are not exempt.

The issued share capital at the declaration date is 859 652 330 ordinary shares. The company's income tax reference number is: 9868626145.

Tax implications for South African resident shareholders

Accelerate was granted REIT status by the JSE with effect from 12 December 2013 in line with the REIT structure as provided for in the Income Tax Act, No 58 of 1962, as amended (the Income Tax Act) and section 13 of the JSE Listings Requirements.

The REIT structure is a tax regime that allows a REIT to deduct qualifying distributions paid to investors in determining its taxable income.

The cash distribution of 28,76627 cents per ordinary share meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act (a qualifying distribution). Accordingly, qualifying distributions received by local tax resident shareholders must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the Accelerate shareholder. These qualifying distributions are, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders have provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated ordinary shares, or the transfer secretaries, in respect of certificated ordinary shares:

- a declaration that the distribution is exempt from dividends tax; and
- a written undertaking to inform the CSDP, broker or transfer secretaries, as the case may be, should the circumstances affecting the exemption change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the transfer secretaries, as the case may be, to arrange for the above mentioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted.

Tax implications for non-resident shareholders

Qualifying distributions received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends, but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. It should be noted that until 31 December 2013, qualifying distributions received by non-residents were not subject to dividend withholding tax. From 1 January 2014, any qualifying distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 15%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 15%, the net amount due to non-resident shareholders will be 24,45133 cents per ordinary share. A reduced dividend withholding tax rate in terms of the applicable DTA may only be relied upon if the non-resident shareholders have provided the following forms to their CSDP or broker, as the case may be, in respect of the uncertificated ordinary shares, or the transfer secretaries, in respect of certificated ordinary shares:

- a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- a written undertaking to inform their CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the transfer secretaries, as the case may be, to arrange for the above mentioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable.

Summary of the salient dates relating to the cash distribution and share re-investment alternative are as follows:

	2016
Circular and form of election posted to shareholders	Tuesday, 8 November
Announcement of share re-investment alternative issue price and finalisation information	Tuesday, 15 November
Last day to trade (LDT) cum dividend	Tuesday, 22 November
Shares to trade ex-dividend	Wednesday, 23 November
Listing of maximum possible number of share re-investment alternative shares commences on the JSE	Friday, 25 November
Last day to elect to receive the share re-investment alternative (no late forms of election will be accepted) **by 12:00** (South African time)	Friday, 25 November
Record date	Friday, 25 November
Announcement of results of cash distribution and share re-investment alternative on SENS	Monday, 28 November
Cheques posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders electing the **cash distribution** on or about	Monday, 28 November
Share certificates posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders electing the **share re-investment alternative** on or about	Wednesday, 30 November
Adjustment to shares listed on or about	Friday, 2 December

Notes:

1. Shareholders electing the share re-investment alternative are alerted to the fact that the new shares will be listed on LDT plus three days and that these new shares can only be traded on LDT plus three days, due to the fact that settlement of the shares will be three days after record date, which differs from the conventional one day after record date settlement process.
2. Share certificates may not be dematerialised or rematerialised between Wednesday, 23 November 2016 and Friday, 25 November 2016, both days inclusive.
3. The above dates and times are subject to change. Any changes will be released on SENS and published in the press.

The cash dividend or share re-investment alternative may have tax implications for resident and non-resident shareholders. Shareholders are therefore encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

On behalf of the board

Mr TT Mboweni
(Non-executive chairman)

Mr M Georgiou
(Chief executive officer)

Mr D Kyriakides
(Chief financial officer)

8 November 2016

Corporate information

Directors

Mr TT Mboweni (non-executive chairman)
Mr A Costa (chief operating officer)
Dr GC Cruywagen (lead independent, non-executive director)
Mr JRP Doidge (independent non-executive director)
Mr TJ Fearnhead (independent non-executive director)
Mr M Georgiou (chief executive officer)
Mr D Kyriakides (financial director)
Ms K Madikizela (independent non-executive director)
Mr JRJ Paterson (executive director)
Prof F Viruly (independent non-executive director)

Registered office and business address

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

Investor relations

Instinctif Partners: Lizelle du Toit/Morne Reinders
Tel: 011 447 3030
Email: lizelle.dutoit@instinctif.com/morne.reinders@instinctif.com

Company secretary

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

Transfer secretaries

Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107, South Africa
Tel: 011 370 5000
Email: proxy@computershare.co.za
Fax: 011 688 2238

Sponsor

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

Auditors

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

Internal auditors

LateganMashego Auditors (Pty) Ltd
Registration number 2001/107847/07
Registered address: 11 Boca Walk, Highveld, Centurion, 0157
Email: lindie@lateganmashego.co.za
Tel: 0828987644/0836091159

Attorneys

Glyn Marais Inc
(Registration number 1990/000849/21)
2nd Floor, The Place, 1 Sandton Drive, Sandton, 2196
PO Box 652361, Benmore, 2010