SENS ANNOUNCEMENT JUNE 2017

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")

PRELIMINARY CONSOLIDATED FINANCIAL RESULTS for the year ended 31 March 2017

Year-on-year distribution per share growth	of **7,3%**	Property portfolio value of	**R11,6 billion** (38% year on year growth)
Total portfolio GLA	of **633 494** m²	Net asset value growth of	**27,4%** (year on year)
Total return for the year	of **21,5%**		

KEY INDICATORS

Indicator	2017	2016
Distribution per share	**57,57 cents**	53,67 cents
Yield*	**8,6%**	8,6%
Portfolio value	**R11,6 billion**	R8,4 billion
GLA	**633 494 m²**	520 226 m²
Number of properties	**69**	61
Net asset value	**7,4 billion**	R5,7 billion
Cost to income ratio	**16,9%**	13,4%
Weighted average lease expiry	**5,6 years**	5,1 years
Lease escalations (excluding offshore)**	**7,8%**	8,0%
Vacancies (net of structural vacancies)	**6,9%**	7,1%
Listed/Large National tenants (by revenue)	**65,1%**	62,2%

* *This is based on an average share price of R6,70 for the year ended 31 March 2017 (2016: R6,23)*

** *6,9% including offshore*

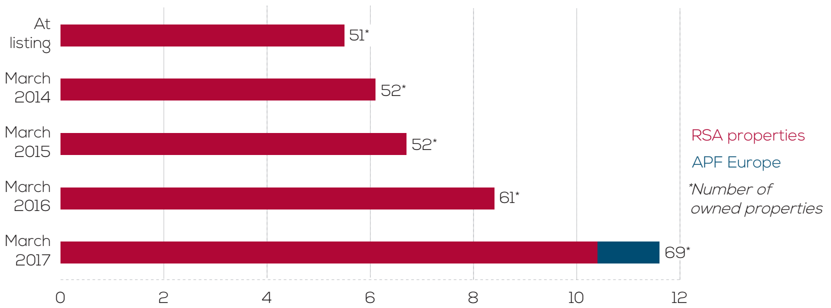
ACCELERATE SINCE LISTING

Accelerate listed on 12 December 2013 with a property portfolio of R5,5 billion at a share price of R4,88 per share with a retail focus and a differentiating nodal strategy. Our property portfolio has grown to R 11.6 billion with a closing share price at 31 March 2017 of R6,73 per share.

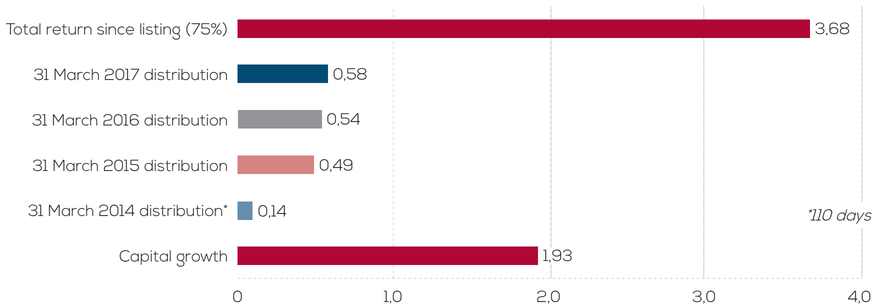
Accelerate has driven improvement in the quality of our portfolio through acquisitions such as the KPMG portfolio, Portside and Eden Meander in George, our initial offshore acquisition of a portfolio of nine single-tenant net lease properties in Austria and Slovakia as well as capital spend on existing properties and the sale of non-core properties.

Despite the drive for quality Accelerate has been able to provide continued growth to investors since listing with average annual distribution growth in excess of 7,5% and total return (income and capital) to investors since listing of 75%.

Asset growth (R'bn)



Total return since listing (Rands per share)



MARKET COMMENTARY

The South African commercial property market has shown considerable resilience in a trading environment characterised by an uncertain political climate and a poorly performing macro-economy. Historically the South African property sector has however performed well compared to other asset classes. As illustrated in the table below property equities have outperformed equities and bonds over a three year and 10-year period.

	Period	
Sector*	3 Years	10 Years
Equities	6,9%	10,5%
Property equities	11,7%	15,8%
Bonds	3,2%	7,1%
Inflation	5,9%	6,2%
Direct property	12,4%	14,1%

The 2016 returns recorded for the South African commercial property market suggest an underperforming office sector (especially B and C grade office) with the industrial sector, and the logistics sector, outperforming the market.

Sector*	Total returns (Capital and Yield) 2016
Retail	12,6%
Office	7,6%
Industrial	13,6%
Total	11,1%

* *Source: MSCI 2016*

While in 2016 income yields remained largely stable at the 8% mark, the deterioration in domestic economic conditions placed downward pressure on rental and capital growth and has reduced inflationary pressures, it is expected that the inflation rate will remain within the 3% – 6% target range of the South African Reserve Bank.

The medium-term performance of the South African property market will continue to be influenced by the uncertain trajectory of the South African economy and global economic conditions. With South African property investors having a growing exposure to European property markets the performance of these markets will become increasingly important to local investors. Forecasts for European economies suggest that GDP growth is expected to be approximately 1,6% in 2017, rising to 1,8% in 2018 which should underpin a strong demand for space.

Professor F Viruly
Non-executive director

KEY PRIORITIES FOR ACCELERATE

Improved quality
As particularly evidenced by the growing divide between A-grade and B & C grade office space quality has become increasingly important. Accelerate remains focused on continually improving the quality of our portfolio and the strength of our tenant mix through acquisitions such as the KPMG portfolio and Portside as well as the sale of some of our non-core properties and reinvestment into our core through ongoing capex and redevelopment.

Reduced vacancies
As rental growth and escalations have come under increased pressure, the reduction of vacancies plays a vital role in bolstering rental income growth of our properties.

Managing costs
At APF we strive to be as cost effective as possible focusing on more efficient ways to operate and manage our properties as well as using our scale (especially in our nodes) to achieve better costing from suppliers and service providers.

Offshore diversification (backed by quality)
The lack of economic growth is a key driver for offshore geographic diversification. Accelerate continued our drive for quality with the completion of our first single-tenant long-term lease acquisition of the OBI portfolio in Austria and Slovakia.

Maximising on the nodal strategy
Accelerate's nodal strategy has proven a key differentiating factor. Our ability to move tenants between different properties in a node enhances our ability to:

1. Achieve the optimal tenant mix per building.
2. Assist tenants during trying economic times.
3. Provide bespoke development for new tenants due to available bulk.
4. Provide long-term benefits to ourselves, our tenants and consumers by increased investment in the node.

FINANCIAL PERFORMANCE

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

Accelerate earned a gross rental income (excluding straight-line rental revenue adjustment) of R1,06 billion for the period (2016: R819 million).

The group's major expenses were largely recovered in terms of leases and consisted of: utility charges of R205,8 million (2016: R155,3 million), security of R28,5 million (2016: R 25,7 million), and cleaning costs of R10,9million (2016: R10,2 million).

The net property expenses of R65,8 million (2016: R47,6 million), in conjunction with R74,0 million in other operating costs (2016: R38,7 million), resulted in Accelerate reporting a 16,9% cost-to-income ratio (2016: 13,40%)

During the year, the group took out further interest rate swaps, resulting in 77,9% (2016: 86,9%) of Accelerate's debt being hedged.

Our distribution per share for the year of 57,57 cents (2016: 53,67 cents) shows a distribution growth of 7,3%. Refer to the distribution analysis for more detail as well as comparatives.

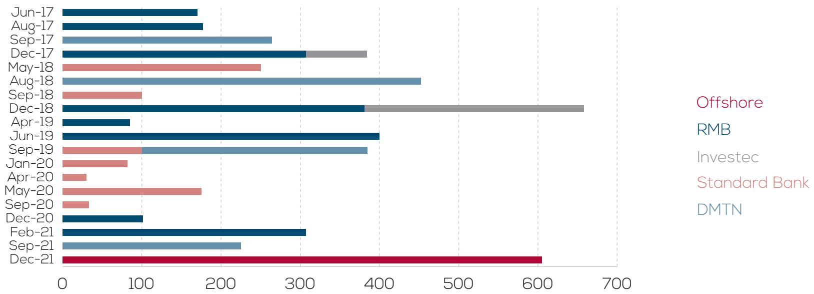
Distributions per share is used as a performance measure for trading statement purposes.

FINANCIAL POSITION

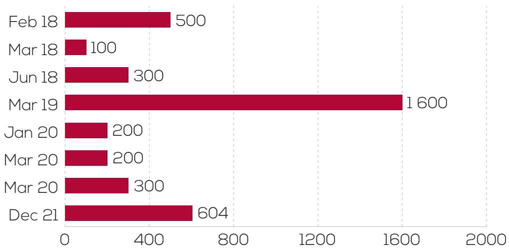
Accelerate continues to create value through selective acquisitions, and careful debt management.

As at 31 March 2017, Accelerate's investment property portfolio had a value of R11,6 billion, excluding the effects of straight-lining. The increase in the portfolio is largely due to Accelerate's initial offshore investment of R1,25 billion, the acquisition of approximately 50% of the iconic Portside tower in Cape town for R755 million, fair value adjustments of R505 million, as well as some smaller acquisitions and capital expenditure.

Long-term debt funding maturity profile (R'm)



Interest rate swap maturity profile (R'm)



Long-term debt allocation

	31 March 2017		31 March 2016	
Bank funding – SA portfolio	Rm	%	Rm	%
Debt capital markets	**1 226**	**25,1**	1 001	33,5
Bank funding	**3 654**	**74,9**	1 991	66,5
Total	**4 880**	**100,0**	2 992	100,0
Weighted average debt term (years)	**2,3**		2,7	
Short-term portion of debt	**992,0**	**20,3**	422,3	14,3
Debt hedged	**3 805**	**77,9**	2 600	86,9
Weighted average swap term (years)	**2,4**		2,4	
Blended interest rate (%)		**8,4**		8,24
Interest cover ratio (x)	**2,6**		2,8	
Loan to value (%)		**41,9**		35,6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2017 R'000	31 March 2016 R'000
Assets			
Non-current assets		**11 900 199**	8 496 381
Investment property		**11 860 689**	8 422 776
Derivative financial assets	2	**38 134**	73 086
Property plant and equipment		**1 376**	519
Current assets		**483 688**	278 605
Current tax receivable		**9 881**	9 269
Trade and other receivables	2	**340 189**	197 908
Cash and cash equivalents	2	**133 618**	71 428
Investment property held for sale		**–**	130 726
Non-current assets held for sale		**–**	130 726
Total assets		**12 383 887**	8 905 712
Equity and liabilities			
Equity		**7 352 992**	5 771 966
Ordinary share capital		**5 156 011**	4 105 211
Other reserves		**52 944**	20 045
Non-controlling interest		**12 421**	
Retained income		**2 131 616**	1 646 710
Total equity		**7 352 992**	5 771 966
Non-current liabilities		**3 887 257**	2 597 181
Borrowings	2	**3 887 257**	2 569 905
Contingent compensation to vendor	1	**–**	27 276
Current liabilities		**1 143 638**	536 565
Trade and other payables	2	**151 619**	114 209
Borrowings	2	**992 019**	422 356
Total equity and liabilities		**12 383 887**	8 905 712

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 March 2017 R'000	31 March 2016 R'000
Revenue, excluding straight-line rental revenue adjustment		1 062 999	818 700
Straight-line rental revenue adjustment		36 958	68 059
Revenue		1 099 957	886 759
Property expenses		(286 314)	(225 114)
Net property income		813 643	661 645
Operating expenses		(74 022)	(38 694)
Operating profit		739 621	622 951
Fair value adjustments	5	469 463	383 746
Unrealised foreign exchange gains/(losses)		(47 367)	
Other income/(expenses)		(1 509)	(142)
Gain on sale of investment property		7 038	–
Finance income		34 094	14 247
Profit before long-term debt interest and taxation		1 201 340	1 020 802
Finance costs		(299 032)	(215 770)
Profit before taxation		902 308	805 032
Taxation		(423)	
Profit/(loss) for the year		901 885	805 032
Other comprehensive income that may be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign operations		(1 439)	–
Total comprehensive income		900 446	–
Profit attributable to:			
Shareholders of the parent		898 372	805 032
Non-controlling interest		3 513	–
		901 885	805 032
Earnings per share			
Basic earnings per share (cents)		101,47	107,53
Diluted earnings per share (cents)		99,96	105,92
Distributable earnings			
Profit after taxation attributable to equity holders		898 372	805 032
Less: straight-line rental revenue adjustment		(36 958)	(68 059)
Less: fair value adjustments		(466 398)	(383 746)
Add: Unrealised gains/(losses)		55 804	
Add year end: Distribution from reserves		36 999	25 758
Less: profit on sale of property		(1 107)	–
Distributable earnings		486 712	378 985

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Other reserves R'000	Foreign currency translation reserve R'000	Share capital R'000	Retained income R'000	Non-controlling interest 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	–	–	–	805 032	–	805 032
Issue of shares	–	–	682 488	–	–	682 488
Distribution paid	(4 200)	–	–	(332 519)	–	(336 719)
Conditional share plan reserve	3 098	–	–	–	–	3 098
Antecedent distribution reserve*	13 924	–	–	–	–	13 924
Total contributions by and distributions to owners of company recognised directly in equity	12 822	–	682 488	(332 519)	–	362 791
Balance at 1 April 2016	**20 045**		**4 105 211**	**1 646 710**		**5 771 966**
Total comprehensive income attributable to equity holders	**–**	**(1 439)**	**–**	**898 372**	**3 513**	**900 446**
Issue of shares	**–**	**–**	**1 050 800**	**–**	**–**	**1 050 800**
Distribution paid	**(22 353)**	**–**	**–**	**(413 466)**	**–**	**(435 819)**
Conditional share plan reserve	**11 264**	**–**	**–**	**–**	**–**	**11 264**
Antecedent distribution reserve*	**45 427**	**–**	**–**	**–**	**–**	**45 427**
Non-controlling interest	**–**	**–**	**–**	**–**	**8 908**	**8 908**
Total contributions by and distributions to owners of company recognised directly in equity	**34 338**		**1 050 800**	**(413 466)**	**8 908**	**680 580**
Balance at 31 March 2017	**54 383**	**(1 439)**	**5 156 011**	**2 131 616**	**12 421**	**7 352 992**

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

STATEMENT OF CASH FLOWS

	31 March 2017 R'000	31 March 2016 R'000
Cash flows from operating activities		
Cash generated from operations	**560 720**	556 567
Finance income	**34 094**	14 247
Distribution paid	**(413 466)**	(332 519)
Tax received/(paid)	**(1 035)**	(9 254)
Net cash from operating activities	**180 313**	229 041
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1 066)**	(385)
Purchase of investment property	**(2 951 540)**	(1 300 193)
Contingent purchase	**(27 276)**	(18 960)
Proceeds from disposal of investment property	**144 902**	28 420
Proceeds of non-current assets held for sale	**55 000**	–
Net cash from investing activities	**(2 779 980)**	(1 291 118)
Cash flows from financing activities		
Proceeds on share issue	**1 050 800**	682 488
Long-term borrowings raised	**2 414 371**	1 335 500
Long-term borrowings repaid	**(527 356)**	(737 253)
Finance cost	**(299 032)**	(215 770)
Antecedent distribution	**23 074**	9 723
Net cash from financing activities	**2 661 857**	1 074 688
Total cash movement for the year	**62 190**	12 611
Cash at the beginning of the year	**71 428**	58 817
Total cash at end of the year	**133 618**	71 428

DISTRIBUTION ANALYSIS

	Year ended 31 March 2017 R'000	Year ended 31 March 2016 R'000
Distributable earnings	**486 712**	378 985
Less: Interim distribution from profits	**217 301**	175 255
Final distribution	**269 411**	203 730
Shares qualifying for distribution		
Number of shares at year-end	**986 372 706**	801 344 008
Less: Bulk ceded shares to Accelerate#	**(51 070 184)**	(51 070 184)
Less: Ceded shares with regard to Noor properties acquired*	**–**	(13 290 135)
Add: Shares issued after year-end	**–**	16 100 000
Shares qualifying for distribution	**935 302 522**	753 083 689
Distribution per share		
Final distribution per share (cents)	**28,80469**	27,05277
Interim distribution per share made (cents)	**28,76627**	26,61692
Total distribution per share for the year (cents)	**57,57096**	53,66969

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

* *The vendor has ceded distribution on a portion of the shares issued with regard to Accelerate's acquisition of properties in December 2015.*

EARNINGS PER SHARE

	Year ended 31 March 2017 R'000	Year ended 31 March 2016 R'000
Basic earnings per share (EPS) amounts are calculated by dividing profit for the year attributable to ordinary equity holders of Accelerate by the weighted average number of ordinary shares outstanding during the year.		
Reconciliation of basic/diluted earnings to headline earnings		
Profit attributable to shareholders of the parent	**898 372**	805 032
Less: Fair value adjustment	**(501 550)**	(383 746)
Less: Capital gains on sale of investment property	**(7 038)**	–
Headline profit attributable to shareholders of the parent	**389 984**	421 286
Basic earnings per share (cents)	**101,47**	107,53
Diluted earnings per share (cents)	**99,96**	105,92
Headline earnings per share (cents)	**44,05**	56,27
Diluted headline earnings per share (cents)	**43,39**	55,43
Shares in issue at the end of the year	**986 372 706**	801 344 008
Weighted average number of shares	**885 350 951**	748 651 001
Shares subject to the deferred acquisition costs	**–**	4 538 397
Shares subject to the conditional share plan	**13 377 341**	6 851 733
Weighted average number of deferred shares	**13 377 341**	11 390 130
Total diluted weighted average number of shares in issue	**898 728 292**	760 041 131

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 and European retail.

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.
- European single-tenant segment: acquires, develops and leases single tenant space backed by long-term leases.

Group administrative costs, finance revenue, finance costs, income taxes and 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 2016

R'000	Office	Industrial	Retail	European retail	Total
Statement of comprehensive income 2016					
Revenue, excluding straight-line rental revenue adjustment	173 262	36 108	609 330	–	818 700
Straight-line rental adjustment	35 655	2 217	30 187	–	68 059
Property expenses	(49 426)	(4 743)	(170 944)	–	(225 114)
Segment operating profit	159 491	33 582	468 572	–	661 645
Fair value adjustments on investment property	71 155	45 591	265 066	–	381 812
Segment profit	230 646	79 173	733 638	–	1 043 457
Other operating expenses					(38 694)
Other income					(142)
Fair value gain on financial instruments					1 934
Finance income					14 247
Long-term debt interest					(215 770)
Profit before tax					805 032

For the year ended 31 March 2017

R'000	**Office**	**Industrial**	**Retail**	**European retail**	**Total**
Statement of comprehensive income 2017					
Revenue, excluding straight-line rental revenue adjustment	**280 523**	**65 124**	**688 509**	**28 843**	**1 062 999**
Straight-line rental adjustment	**21 685**	**3 043**	**12 230**	**–**	**36 958**
Property expenses	**(70 333)**	**(6 761)**	**(206 417)**	**(2 803)**	**(286 314)**
Segment operating profit	**231 875**	**61 406**	**494 322**	**26 040**	**813 643**
Fair value adjustments on investment property	**86 143**	**3 585**	**372 233**	**42 454**	**504 415**
Segment profit	**318 018**	**64 991**	**866 555**	**68 494**	**1 318 058**
Other operating expenses					**(74 022)**
Other income					**5 529**
Fair value gain on financial instruments					**(34 952)**
Foreign exchange gains/(losses)					**(47 367)**
Finance income					**34 094**
Long-term debt interest					**(299 032)**
Profit before tax					**902 308**

SEGMENTAL ANALYSIS (CONTINUED)

For the year ended 31 March 2016

R'000	Office	Industrial	Retail	European retail	Total
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

For the year ended 31 March 2017

R'000	**Office**	**Industrial**	**Retail**	**European retail**	**Total**
Statement of financial position extracts at 31 March 2017					
Assets					
Investment property balance 1 April 2016	**1 942 277**	**637 996**	**5 973 229**	**–**	**8 553 502**
Acquisitions	**1 180 000**		**365 000**	**1 166 560**	**2 711 560**
Capitalised costs	**46 445**	**5 917**	**144 922**	**42 696**	**239 980**
Disposals/classified as held for sale			**(185 726)**		**(185 726)**
Investment property held for sale					**–**
Straight-line rental revenue adjustment	**21 685**	**3 043**	**12 230**	**–**	**36 958**
Fair value adjustments	**86 143**	**3 585**	**372 233**	**42 454**	**504 415**
Segment assets at 31 March 2017	**3 276 550**	**650 541**	**6 681 888**	**1 251 710**	**11 860 689**
Other assets not managed on a segmental basis					
Derivative financial instruments					**38 134**
Equipment					**1 376**
Current assets					**483 688**
Total assets					**12 383 887**

For the year ended 31 March 2016

R'000	Gauteng	Western Cape	KwaZulu-Natal	Limpopo	Eastern Cape	Mpuma-langa	Europe	Total
Statement of comprehensive income 2016								
Revenue, excluding straight-line rental revenue adjustment	693 565	98 556	8 981	13 866	2 550	1 181	–	818 700
Straight-line rental adjustment	53 951	5 752	3	6 435	1 126	792	–	68 059
Property expenses	(193 067)	(25 880)	(2 210)	(3 957)	–	–	–	(225 114)
Segment operating profit	554 450	78 428	6 774	16 344	3 676	1 973	–	661 645
Fair value adjustments on investment property	327 363	48 297	3 622	2 530	–	–	–	381 812
Segment profit	881 813	126 725	10 396	18 874	3 676	1 973	–	1 043 457
Other operating expenses								(38 694)
Other income								(142)
Fair value gain on financial instruments								1 934
Finance income								14 247
Long-term debt interest								(215 770)
Profit before tax								805 032

SEGMENTAL ANALYSIS (CONTINUED)

For the year ended 31 March 2017

R'000	Gauteng	Western Cape	KwaZulu-Natal	Limpopo	Eastern Cape	Mpumalanga	Europe	Total
Statement of comprehensive income 2017								
Revenue, excluding straight-line rental revenue adjustment	792 025	198 742	13 642	20 408	7 991	1 348	28 843	1 062 999
Straight-line rental adjustment	34 553	(547)	(216)	1 636	994	538	–	36 958
Property expenses	(215 559)	(55 401)	(5 926)	(4 614)	(2 004)	(7)	(2 803)	(286 314)
Segment operating profit	611 019	142 794	7 500	17 430	6 981	1 879	26 040	813 643
Fair value adjustments on investment property	278 039	162 878	3 812	4 463	6 800	5 969	42 454	504 415
Segment profit	889 058	305 672	11 312	21 893	13 781	7 848	68 494	1 318 058
Other operating expenses								(74 022)
Other income								5 529
Fair value gain on financial instruments								(34 952)
Foreign exchange gains/(losses)								(47 367)
Finance income								34 094
Long-term debt interest								(299 032)
Profit before tax								902 308

For the year ended 31 March 2016

R'000	Gauteng	Western Cape	KwaZulu-Natal	Limpopo	Eastern Cape	Mpumalanga	Europe	Total
Statement of financial position extracts at 31 March 2016								
Investment property balance 1 April 2015	5 871 524	855 102	60 492	44 739	–	–	–	6 831 857
Acquisitions	1 003 221			70 000	64 500	7 500	–	1 145 221
Capitalised costs	100 157	25 492	2 549	24 649	1 225	901	–	154 973
Disposals/classified as held for sale	(130 726)	(28 420)					–	(159 146)
Investment property held for sale	130 726						–	130 726
Straight-line rental revenue adjustment	53 951	5 752	3	6 435	1 126	792	–	68 059
Fair value adjustments	327 363	48 297	3 622	2 530	–	–	–	381 812
Investment property at 31 March 2016	7 356 216	906 223	66 666	148 353	66 851	9 193	–	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

SEGMENTAL ANALYSIS (CONTINUED)

For the year ended 31 March 2017

R'000	Gauteng	Western Cape	KwaZulu-Natal	Limpopo	Eastern Cape	Mpumalanga	Europe	Total
Statement of financial position extracts at 31 March 2017								
Investment property balance 1 April 2016	7 356 216	906 223	66 666	148 353	66 851	9 193		8 553 502
Acquisitions	260 000	1 285 000					1 166 560	2 711 560
Capitalised costs	132 750	51 641	438	12 455			42 696	239 980
Disposals/classified as held for sale	(185 726)							(185 726)
Investment property held for sale								–
Straight-line rental revenue adjustment	34 553	(547)	(216)	1 636	994	538	–	36 958
Fair value adjustments	278 039	162 878	3 812	4 463	6 800	5 969	42 454	504 415
Investment property at 31 March 2017	7 875 832	2 405 195	70 700	166 907	74 645	15 700	1 251 710	11 860 689
Other assets not managed on a segmental basis								
Derivative financial instruments								38 134
Equipment								1 376
Current assets								483 688
Total assets								12 383 887

NOTES TO THE FINANCIAL STATEMENTS

Corporate information

The condensed financial statements of Accelerate for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors passed on 13 June 2017. Accelerate is a public company incorporated and domiciled in South Africa and its shares are publicly traded on the JSE. The registered office is located at Cedar Square Shopping Centre, corner Cedar Road and Willow Avenue. The principal activities of Accelerate are acquisition, development and leasing of properties. The functional and presentation currency of Accelerate is South African rand. All figures are rounded off to R'000 except where otherwise stated.

Basis of preparation

These condensed financial statements for the year ended 31 March 2017 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 31 March 2017 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. 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 original purchase consideration which is let within the first three years. This payment was 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 ended 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 of R163 548 205 in shares was issued in terms of the contingent purchase consideration. The remaining contingent purchase consideration at 31 March 2016 was R27 275 766. The deferred payment agreement expired in December 2016, no further issuances were done since 31 March 2016.

A reconciliation of the movement of the contingent purchase consideration liability is provided below:

	Year ended 31 March 2017 R'000	Year ended 31 March 2016 R'000
Contingent purchase consideration		
Opening balance	**27 276**	46 236
Expiry of agreement/reduction due to vacancies filled	**(27 276)**	(18 960)
	–	27 276

The contingent purchase consideration is a mechanism used to shift the risk of vacant space from purchaser (Accelerate) to the vendor. The additional shares issued throughout the agterskot period have been yield enhancing.

2. Fair value of financial assets and liabilities

	Carried at fair value R'000	Amortised cost# R'000	Total R'000
31 March 2017			
Financial assets			
Derivative financial assets*	**38 134**		**38 134**
Trade and other receivables		**340 189**	**340 189**
Cash and cash equivalents		**133 618**	**133 618**
Total financial assets	**38 134**	**473 807**	**511 941**
Financial liabilities			
Long-term interest-bearing borrowings		**(3 887 257)**	**(3 887 257)**
Trade and other payables		**(137 324)**	**(137 324)**
Current portion of long-term debt		**(992 019)**	**(992 019)**
Total liabilities		**(5 016 600)**	**(5 016 600)**
31 March 2016			
Financial assets			
Derivative financial assets*	73 086	–	73 086
Trade and other receivables	–	197 908	197 908
Cash and cash equivalents	–	71 428	71 428
Total financial assets	73 086	269 336	342 422
Financial liabilities			
Long-term interest-bearing borrowings	–	(2 569 905)	(2 569 905)
Trade and other payables	–	(100 021)	(100 021)
Current portion of long-term debt	–	(422 356)	(422 356)
Total liabilities		(3 092 282)	(3 092 282)

* *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. 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.

	Year ended 31 March 2017 R'000	Year ended 31 March 2016 R'000
3. Directors' remuneration		
Total guaranteed package		
M Georgiou	**Nil**	Nil
A Costa	**3 534**	2 901
D Kyriakides	**2 206**	1 957
JRJ Paterson	**2 553**	2 100
Short-term incentive payment		
M Georgiou	**Nil**	Nil
A Costa	**4 600**	1 698
D Kyriakides	**1 200**	1 158
JRJ Paterson	**3 000**	1 415
Share options exercised		
M Georgiou	**Nil**	Nil
A Costa	**3 059**	Nil
D Kyriakides	**1 527**	Nil
JRJ Paterson	**4 085**	Nil
Non-executive directors fees		
TT Mboweni	**1 131**	1 633
GC Cruywagen	**439**	536
TJ Fearnhead	**400**	379
JRP Doidge	**350**	329
K Madikizela	**350**	329
F Viruly	**350**	329

4. Related-party transaction

Relationships

M Georgiou and A Costa are directors of both Accelerate Property Fund Ltd and Accelerate Property Management Company (Pty) Ltd. Both directors' total remuneration is paid by Accelerate Property Fund. M Georgiou own 100% of Fourways Precinct (Pty) Ltd through The Michael Family Trust and also owns 100% of Accelerate Property Management Company.

	Year ended 31 March 2017 R'000	Year ended 31 March 2016 R'000
Related-party transactions and balances		
Related-party balances		
Vendor loans		
Fourways Precinct (Pty) Ltd	**11 458**	
The Michael Family Trust	**55 602**	50 040
Contingent purchase		
Fourways Precinct (Pty) Ltd	**–**	(27 276)
Vacancy guarantee		
The Michael Family Trust		11 563
Fourways Precinct (Pty) Ltd	**15 921**	–
Development guarantee		
Fourways Precinct (Pty) Ltd	**39 288**	
The Michael Family Trust		6 887
Related-party transactions		
Vacancy guarantee		
Fourways Precinct (Pty) Ltd	**7 502**	–
The Michael Family Trust	**–**	11 563
Development guarantee		
Fourways Precinct (Pty) Ltd	**28 101**	–
The Michael Family Trust	**–**	1 452
Interest charged		
Interest charged on outstanding amounts:		
Fourways Precinct (Pty) Ltd	**2 001**	–
The Michael Family Trust	**3 472**	2 711
Accelerate Property Management costs		
Fourways Precinct (Pty) Ltd	**(4 396)**	(3 647)
Accelerate Property Management Company (Pty) Ltd	**(4 857)**	(2 766)
Letting commission paid		
Fourways Precinct (Pty) Ltd	**(25 886)**	–
Financial guarantees	**(8 438)**	–
5. Fair value adjustments		
Fair value adjustments		
Investment property (Fair value model)	**504 415**	381 812
Mark to market movement on swap	**(34 952)**	1 934
	469 463	383 746

6. Capital commitments
   In terms of Accelerate's budgeting process, R77,5 million was allocated to Accelerate's planned capital expenditure. As such, Accelerate views this amount as authorised and not contracted.

7. Financial guarantee
   During December 2016 an executive buy in structure was initiated in order to ensure that the executive directors of Accelerate are adequately incentivised and aligned with interests of the company and its shareholders in the long term. Special purpose vehicles (SPVs) funded through bank debt from RMB can acquire shares up to a maximum of R205 million in Accelerate at market related share prices. The interest on bank debt in the SPVs will be serviced by the distributions received from APF. RMB will have cession over these shares and the director(s) will only have an unconditional right to the shares in the SPVs once the bank debt has been settled. Accelerate guarantees to RMB the performance of each SPV of its obligation. The maximum liability Accelerate may have under the guarantees is the equivalent of 65,0% of the total drawn commitment to the extent that losses incurred by RMB are not settled by the sale of the shares RMB has cession over. At 31 March 2017 R125 million of the RMB facility has been drawn down.

8. Subsequent events
   There were no adjusting or non-adjusting subsequent events from year end until the signing of this SENS.

AUDITOR'S REVIEW

Ernst & Young Inc, Accelerate's independent auditors, have reviewed these condensed consolidated financial statements and have expressed an unmodified review conclusion on these condensed consolidated financial statements, which are available for inspection at the company's registered office.

The review report does not necessarily report on all the information contained in these condensed consolidated financial statements. Shareholders are therefore advised that, to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Accelerate assume full responsibility for the preparation of the condensed financial statements, and has been correctly extracted from the underlying annual financial statements.

FINAL DISTRIBUTION WITH AN ELECTION TO REINVEST CASH DISTRIBUTION FOR SHARES

The board of Accelerate has declared a final cash distribution (number 7) (Cash Distribution) of 28,80469 cents per ordinary share (2016: 27,05277 cents per ordinary share) for the year ended 31 March 2017.

Shareholders will be entitled to elect to reinvest the Cash Distribution of 28,80469 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 20% (2016: 15%) will be applicable on the dividend portion to all shareholders who are not exempt.

The issued share capital at the declaration date is 986 372 706 (2016: 817 444 008) 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 28,80469 (2016: 27,05277) 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.

FINAL DISTRIBUTION WITH AN ELECTION TO REINVEST CASH DISTRIBUTION FOR SHARES (CONTINUED)

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 20% (2016: 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 20%, the net amount due to non-resident shareholders will be 23,04375 (2016: 22,99485) cents per ordinary share. A reduced dividend withholding tax rate in terms of the applicable DTA, may only be relied on 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:

	2017
Circular and form of election posted to shareholders	Thursday, 22 June
Announcement of Share Re-investment Alternative issue price and finalisation information	Tuesday, 4 July
Last day to trade (LDT) cum dividend	Tuesday, 11 July
Shares to trade ex-dividend	Wednesday, 12 July
Listing of maximum possible number of Share Re-investment Alternative shares commences on the JSE	Friday, 14 July
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, 14 July
Record date	Friday, 14 July
Announcement of results of Cash Distribution and Share Re-investment Alternative on SENS	Monday, 17 July
Cheques posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders electing the Cash Distribution on or about	Monday, 17 July
Announcement of results of Cash on SENS	Monday, 17 July
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, 19 July
Adjustment to shares listed on or about	Friday, 21 July

Notes:

1. Shareholders electing the Share Re-investment Alternative are alerted to the fact that the new shares will be listed on LDT + 3 and that these new shares can only be traded on LDT + 3, 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, 12 July 2017 and Friday, 14 July 2017, 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.

DISTRIBUTION GUIDANCE

Distribution growth is expected to be flat for the year ending 31 March 2018 mainly due to the expected negative income effects of the Fourways Mall redevelopment, anticipated rental assistance and tenant installations that will required.

For the year ended 31 March 2019 the negative income effects of the development are expected to continue, coupled with the dilutive effect of the equalisation at completion of the development will once again result in flat to marginal growth.

For the year ended 31 March 2020 distribution growth is expected to normalise to historical growth delivered.

The completed Fourways super-regional mall will anchor the Fourways node, attracting top-quality tenants in the retail and office segments.

This trend is already evident given the increased interest in the bulk owned by Accelerate, the head office development for international DIY retailer Leroy Merlin, and the infrastructure spend by a number of parties including the municipality.

ANNUAL GENERAL MEETING

The company's annual general meeting (AGM) will be held at Accelerate's registered office, in the main boardroom, Cedar Square Shopping Centre, Management Office, 1st Floor, Cnr Willow Avenue and Cedar Road, Fourways, Johannesburg on Friday, 21 July 2017 at 10h00 . Further details on the company's AGM will be included in Accelerate's integrated annual report to be posted to shareholders on or before 19 June 2017. A PDF of the integrated annual report and notice of AGM will be available to download at www.acceleratepf.co.za on the same day of distribution.

On behalf of the board

Mr TT Mboweni
Non-executive chairman

Mr M Georgiou
Chief executive officer

Mr D Kyriakides
Chief financial officer

14 June 2017

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 (chief financial officer)
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,
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Web: www.acceleratepf.co.za

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Company secretary

TMF Corporate Services (South Africa) (Pty) Ltd
Represented by:
Ms Joanne Matisonn
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Transfer secretaries

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Auditors

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Internal auditors

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