

ACCELERATE PROPERTY FUND LIMITED KING III REGISTER FOR 2016 INTEGRATED ANNUAL REPORT

Chapter 1 : Ethical leadership and corporate citizenship	Principle 1.1: The board should provide effective leadership based on an ethical foundation.	Applied	The board is responsible for corporate governance and determining the Company's strategic direction. Decisions, deliberations and actions are based on the Company's ethics and principles.
Chapter 1 : Ethical leadership and corporate citizenship	Principle 1.2: The board should ensure that the company is and is seen to be a responsible corporate citizen.	Applied	With the strategic direction provided by the board the Company seeks to protect, enhance and invest in the wellbeing of the economy, society and the environment. The Social, Ethics and Transformation Committee ensures that the Company formulates collaborative responses to sustainability challenges
Chapter 1 : Ethical leadership and corporate citizenship	Principle 1.3: The board should ensure that the company's ethics are managed effectively.	Applied	The board ensures that the Company's ethical standards are clearly articulated and adhered to as an integral part of conducting business. The ethical standards guiding the Company's relationship with stakeholders are governed by the Company's code of conduct.
Chapter 2 : Board and directors	Principle 2.1: The board should act as the focal point for and custodian of corporate governance.	Applied	The board has a charter setting out its role, powers and responsibilities, both in terms of the latest governance developments as well as the requirements for its composition, meeting procedures and work plan.
Chapter 2 : Board and directors	Principle 2.2: The board should appreciate that strategy, risk, performance and sustainability are inseparable.	Applied	The board is active in informing the strategy of the Company, ensuring appropriate alignment with the purpose and mandate of the Company. The board appreciates that strategy, risk, performance and sustainability are inseparable.

Chapter 2 : Board and directors	Principle 2.3: The board should provide effective leadership based on an ethical foundation.	Applied	The board is responsible for corporate governance and determining the Company's strategic direction. Decisions, deliberations and actions are based on the values of the Company.
Chapter 2 : Board and directors	Principle 2.4: The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	With the strategic direction provided by the board, the Company seeks to protect, enhance and invest in the wellbeing of the economy, society and the environment. The Social, Ethics and Transformation Committee ensures that the Company formulates collaborative responses to sustainability challenges.
Chapter 2 : Board and directors	Principle 2.5: The board should ensure that the company's ethics are managed effectively.	Applied	The management of ethics within the Company forms an important aspect of the board's focus and responsibility and is closely monitored at each meeting of the Social, Ethics and Transformation Committee.
Chapter 2 : Board and directors	Principle 2.6: The board should ensure that the company has an effective and independent audit committee.	Applied	An effective and independent Audit and Risk Committee is in place. The Committee's terms of reference outline the roles, powers, responsibilities and membership. Three independent non-executive members have been elected as members of the Audit and Risk Committee by the board of directors. Their appointments will be approved at the annual general meeting. The Committee is also chaired by an independent non-executive director.
Chapter 2 : Board and directors	Principle 2.7: The board should be responsible for the governance of risk.	Applied	The Audit and Risk Committee assists the board in executing its responsibility in terms of the governance of risk. The Committee's terms of reference outline the responsibilities, composition of the Committee and work plan. The top risks of the Company are considered at each quarterly board meeting.

Chapter 2 : Board and directors	Principle 2.8: The board should be responsible for information technology (IT) governance.	Applied	The Board Charter requires the board to assume responsibility for IT governance. The board has delegated responsibility to the Audit and Risk Committee for overseeing same and reports quarterly to the board on IT governance matters.
Chapter 2 : Board and directors	Principle 2.9: The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	The Audit and Risk Committee assists the board in ensuring that a relevant compliance framework is maintained and that applicable laws and regulations are complied with.
Chapter 2 : Board and directors	Principle 2.10: The board should ensure that there is an effective risk-based internal audit.	Applied	An effective risk-based internal audit function is in place. Annually, internal audit expresses an opinion, which is presented to the Audit and Risk Committee over the operational methodologies and plans.
Chapter 2 : Board and directors	Principle 2.11: The board should appreciate that stakeholders' perceptions affect the company's reputation.	Applied	Shareholders' perceptions and the potential effect that it may have on the reputation of the Company is appreciated. Executive management regularly engages with key shareholders and is actively involved in addressing community issues. A board-endorsed stakeholder engagement process has been adopted.
Chapter 2 : Board and directors	Principle 2.12: The board should ensure the integrity of the company's integrated report.	Applied	The board approves the integrated report after satisfying itself with respect to the accuracy and integrity of the report, on recommendation from the Audit and Risk Committee.

Chapter 2 : Board and directors	Principle 2.13: The board should report on the effectiveness of the company's system of internal controls.	Applied	Annually, Internal audit reviews the overall effectiveness of the Company's system of financial controls and presents its opinion to the Audit and Risk Committee and board.
Chapter 2 : Board and directors	Principle 2.14: The board and its directors should act in the best interests of the company.	Applied	The board and directors are cognisant of their fiduciary and other duties and responsibilities under the Companies Act and King III. Directors are required to exercise objective judgement. The board acts in the best interests of the Company by ensuring that individual directors: <ul style="list-style-type: none"> • adhere to legal standards of conduct as set out in the Companies Act • exercise their fiduciary duties in the best interest of the Company • disclose real or perceived conflicts to the board and deal with them accordingly • deal in securities only in accordance with the policy adopted by the board.
Chapter 2 : Board and directors	Principle 2.15: The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.	Not required	The board is apprised of the Company's going-concern status at the interim and year-end meetings. The board monitors the solvency and liquidity of the Company on a regular basis. This enables the board to consider business rescue should the Company become financially distressed.

Chapter 2 : Board and directors	Principle 2.16: The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board.	Applied	The chairman of the board is an experienced independent non-executive director and is elected annually by the board. A lead independent has been appointed. The CEO and Chairman's roles are separate. The Board Charter formalises the role of the Chairman and his performance is assessed annually.
Chapter 2 : Board and directors	Principle 2.17: The board should appoint the chief executive officer and establish a framework for the delegation of authority.	Applied	The board appointed the CEO. Senior management functions in terms of an approved framework wherein the board defines its own levels of materiality and delegates functions of management appropriately. The role and function of the CEO is formalised and the Remuneration Committee evaluates the performance of the CEO annually.
Chapter 2 : Board and directors	Principle 2.18: The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	Applied	The majority of board members are independent non-executive directors. Directors are appointed through a formal process and the knowledge, skills, experience and resources required by the board are considered.
Chapter 2 : Board and directors	Principle 2.19: Directors should be appointed through a formal process.	Applied	Appointments to the board are a matter for the consideration of the board as a whole and are made in a formal and transparent manner. In this process, the board is assisted by the Nominations Committee, acting under the guidance of the Chairman of the board.

Chapter 2 : Board and directors	Principle 2.20: The induction of and on-going training and development of directors should be conducted through formal processes.	Applied	The Nominations Committee ensures that new directors undergo an appropriate induction process and recommends to the Chairman of the board the need for board participation in continued education programmes.
Chapter 2 : Board and directors	Principle 2.21: The board should be assisted by a competent, suitably qualified and experienced company secretary	Applied	A competent and experienced company secretary, who is not a director of the board, is in place and whom the board believes is suitably qualified and experienced to fulfil her functions in assisting the board and committees appropriately and on an objective, arm's length basis.
Chapter 2 : Board and directors	Principle 2.22: The evaluation of the board, its committees and the individual directors should be performed every year.	Applied	Annual board, committee and individual director evaluations are conducted through questionnaires and a report is presented and discussed with the board.
Chapter 2 : Board and directors	Principle 2.23: The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	Applied	All board and statutory committees operate under formal terms of reference, which are in place and are reviewed annually, setting out the roles, powers and responsibilities of each committee. The committees' chairmen report back to the board after each meeting. The Audit and Risk committee comprises three independent non-executive directors as required in terms of the Companies Act.

Chapter 2 : Board and directors	Principle 2.24: A governance framework should be agreed between the Company and its subsidiary boards.	Not required	The subsidiary companies adhere to the Company's governance framework.
Chapter 2 : Board and directors	Principle 2.25: Companies should remunerate directors and executives fairly and responsibly.	Applied	A Remuneration Committee is in place and assists the board in ensuring the Company's remuneration policy is aligned with the strategy and goals. The Committee reviews and approves remuneration of executive directors and senior management and proposes non-executive fees.
Chapter 2 : Board and directors	Principle 2.26: Companies should disclose the remuneration of each individual director and certain senior executives.	Applied	The Remuneration report of the Company, in accordance with the requirements of the Companies Act, the listings requirements of the JSE Limited and King III, is included in the integrated annual report. The disclosure of director remuneration meets the requirements of the Companies Act.
Chapter 2 : Remuneration Policy	Principle 2.27 - approval of the remuneration policy by shareholders	Applied	This will be presented at the annual general meeting to shareholders for a non-binding vote.
Chapter 3: Audit Committee	Principle 3.1: The board should ensure that the company has an effective and independent audit committee.	Applied	The Company has an Audit and Risk Committee comprising of three independent, non-executive directors. The Committee has a clear Terms of Reference, approved by the board, which complies with Section 94 of the Companies Act and King III. The Committee met four times this year.

Chapter 3: Audit Committee	Principle 3.2: Audit committee members should be suitably skilled and experienced independent non- executive directors.	Applied	The Audit and Risk Committee is evaluated through a questionnaire process. Collectively, it has a good understanding of integrated reporting, internal financial controls, the external and internal audit process, corporate law, risk management, sustainability issues, information technology governance and the governance processes within the Company.
Chapter 3: Audit Committee	Principle 3.3: The audit committee should be chaired by an independent non-executive director.	Applied	The Audit and Risk Committee is chaired by an independent non-executive director.
Chapter 3: Audit Committee	Principle 3.4: The audit committee should oversee integrated reporting.	Applied	The Terms of Reference of the Audit and Risk Committee requires the Committee to oversee, and take responsibility for the integrity of the integrated annual report.
Chapter 3: Audit Committee	Principle 3.5: The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	Applied	The Terms of Reference of the Audit and Risk Committee requires the Committee to ensure that an appropriate combined assurance model, which addresses all the significant risks of the Company, is implemented.

Chapter 3: Audit Committee	<p>Principle 3.6: The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function</p>	Applied	<p>The Terms of Reference of the Audit and Risk Committee requires the Committee to annually review the appropriateness of the expertise and adequacy of the resources on the finance function and the experience of the senior members of management responsible for the financial function.</p>
Chapter 3: Audit Committee	<p>Principle 3.7: The audit committee should be responsible for overseeing of internal audit.</p>	Applied	<p>The Terms of Reference of the Audit and Risk Committee require it to agree and approve the internal audit plan, evaluate the performance of the internal audit function, ensure that it is subject to an independent quality review, ensure that the internal audit function is adequately resourced and encourages cooperation between all assurance providers. The Company has an outsourced internal audit function that is independent and has the necessary resources, budget, standing and authority within the Company to discharge its functions.</p>
Chapter 3: Audit Committee	<p>Principle 3.8: The audit committee should be an integral component of the risk management.</p>	Applied	<p>The Terms of Reference of the Audit and Risk Committee requires the Committee to oversee the Company's risk management process.</p>

Chapter 3: Audit Committee	<p>Principle 3.9: The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.</p>	Applied	<p>The Terms of Reference of the Audit and Risk Committee encapsulate the requirements of the Companies Act and details the Committee’s responsibilities in respect of the external auditor’s nomination, terms of engagement and remuneration, the policy for non-audit services, reportable irregularities and the quality and effectiveness of the external auditor. The Audit and Risk Committee recommends to the shareholders the appointment, reappointment and removal of the external auditor based on an assessment of the firm and the individual’s qualifications, experience, resources, effectiveness and independence.</p>
Chapter 3: Audit Committee	<p>Principle 3.10: The audit committee should report to the board and shareholders on how it has discharged its duties.</p>	Applied	<p>The Terms of Reference of the Audit and Risk Committee require the Committee to report to the board on its statutory duties and the duties assigned to it by the board. The Audit and Risk Committee also reports to shareholders on how it has discharged its duties at the annual general meeting.</p>
Chapter 4: The governance of risk	<p>Principle 4.1: The board should be responsible for the governance of risk.</p>	Applied	<p>The Board Charter establishes the board’s responsibility for risk governance and delegates the Company’s risk management function to the Audit and Risk Committee. The Terms of Reference of the Audit and Risk Committee requires the Committee to develop a policy and plan for a system and process of risk management, which is documented and approved by the board on an annual basis. The board takes responsibility for the governance of risk within the Company.</p>

Chapter 4: The governance of risk	Principle 4.2: The board should determine the levels of risk tolerance	Applied	The board Charter requires the board to set the Company's level of risk tolerance.
Chapter 4: The governance of risk	Principle 4.3: The risk committee or audit committee should assist the board in carrying out its risk responsibilities.	Applied	The board Charter establishes the board's responsibility for risk governance and delegates the Company's risk management function to the Audit and Risk Committee. The recommendations of King III in respect of the constitution of a risk committee are met by the Audit and Risk Committee.
Chapter 4: The governance of risk	Principle 4.4: The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	Applied	The board Charter and the Terms of Reference of the Audit and Risk Committee delegates the development of the risk strategy to management.
Chapter 4: The governance of risk	Principle 4.5: The board should ensure that risk assessment is performed on a continual basis.	Applied	The Terms of Reference of the Audit and Risk Committee requires the Committee to ensure that effective and on-going risk assessments are performed and that a systematic, documented, formal risk assessment is conducted regularly.

Chapter 4: The governance of risk	Principle 4.6: The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Applied	The Terms of Reference of the Audit and Risk Committee requires the Committee to ensure that the risk management framework and processes in place to implement same are adequate for the purpose of anticipating unpredicted risks.
Chapter 4: The governance of risk	Principle 4.7: The board should ensure that management considers and implements risk responses.	Applied	The Terms of Reference of the Audit and Risk Committee requires the Committee to ensure that management develops adequate risk responses.
Chapter 4: The governance of risk	Principle 4.8: The board should ensure continual risk-monitoring by management.	Applied	The Terms of Reference of the Audit and Risk Committee requires the Committee to ensure that there is effective and continual monitoring of risk management and that the responsibility for monitoring risk is defined in the risk management plan.
Chapter 4: The governance of risk	Principle 4.9: The board should receive assurance regarding the effectiveness of the risk management process.	Applied	The Audit and Risk Committee is required to ensure management provides assurance that the risk management plan is integrated into the daily activities of the Company. Internal audit performs reviews of the effectiveness of the system of internal controls and risk management.

Chapter 4: The governance of risk	Principle 4.10: The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	Applied	The Audit and Risk Committee is required to disclose in the integrated report any undue, unexpected or unusual risks, as well as the board's view on the effectiveness of the risk management process.
Chapter 5: The governance of information technology (IT)	Principle 5.1: The board should be responsible for information technology (IT) governance.	Applied	The board is responsible for IT governance, understands the strategic importance of IT in achievement of the Company's strategic objectives. The board has delegated IT governance to the Audit and Risk Committee which provides quarterly reports to the board on relevant IT governance issues.
Chapter 5: The governance of information technology (IT)	Principle 5.2: IT should be aligned with the performance and sustainability objectives of the company.	Applied	The IT strategy is integrated with the Company's strategic and business processes.
Chapter 5: The governance of information technology (IT)	Principle 5.3: The board should delegate to management the responsibility for the implementation of an IT governance framework.	Applied	The Terms of Reference of the Audit and Risk Committee requires the Committee to ensure that management is responsible for the implementation of the structures, processes and mechanisms for the IT governance framework.

Chapter 5: The governance of information technology (IT)	Principle 5.4: The board should monitor and evaluate significant IT investments and expenditure.	Applied	The Terms of Reference of the Audit and Risk Committee requires the Committee to monitor the return on investment from significant IT projects. The Company's CFO reviews the reasonableness of future projects and reports to the board on key developments.
Chapter 5: The governance of information technology (IT)	Principle 5.5: IT should form an integral part of the company's risk management.	Applied	The Terms of Reference of the Audit and Risk Committee requires the Committee to ensure that management demonstrates that the Company has adequate business resilience arrangements in place for disaster recovery and that the Company complies with all IT laws and related rules, codes and standards.
Chapter 5: The governance of information technology (IT)	Principle 5.6: The board should ensure that information assets are managed effectively.	Applied	The Terms of Reference of the Audit and Risk Committee requires the Committee to ensure that systems are in place for the management of information. An information management strategy is in place which monitors the management of assets.
Chapter 5: The governance of information technology (IT)	Principle 5.7: A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	Applied	The Terms of Reference of the Audit and Risk Committee requires the Committee to ensure that IT risks are adequately addressed and that assurance is given to confirm that adequate controls are in place. The Audit and Risk Committee considers IT risks and controls, business continuity and data recovery related to IT, information security and privacy.

Chapter 6: Compliance with laws, codes, rules and standards	Principle 6.1: The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	Legislative and regulatory compliance is monitored.
Chapter 6: Compliance with laws, codes, rules and standards	Principle 6.2: The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards of the company and its business.	Applied	The directors appointed to the board of the Company are suitably skilled and experienced with regard to the applicable laws, rules, codes and standards of the Company and its business.
Chapter 6: Compliance with laws, codes, rules and standards	Principle 6.3: Compliance risk should form an integral part of the company's risk management process.	Applied	Compliance risk forms an integral part of the Company's risk management process. Through the Company's risk management framework, the risk management function identifies, assesses and responds to compliance risks.
Chapter 6: Compliance with laws, codes, rules and standards	Principle 6.4: The board should delegate to management the implementation of an effective compliance framework and processes.	Applied	Compliance risk forms an integral part of the Company's risk management process.

Chapter 7: Internal Audit	Principle 7.1: The board should ensure that there is an effective risk based internal audit.	Applied	The role of internal audit is outlined in the Terms of Reference of the Audit and Risk Committee.
Chapter 7: Internal Audit	Principle 7.2: Internal audit should follow a risk based approach to its plan.	Applied	Internal audit is independent from management and follows a risk based audit plan.
Chapter 7: Internal Audit	Principle 7.3: Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	Applied	Internal audit forms an integral part of the combined assurance model, providing an annual assessment to the Audit and Risk Committee on the effectiveness of internal controls and risk management.
Chapter 7: Internal Audit	Principle 7.4: The audit committee should be responsible for overseeing internal audit.	Applied	The internal audit responsibilities are determined by the Audit and Risk Committee's Terms of Reference .
Chapter 7: Internal Audit	Principle 7.5: Internal audit should be strategically positioned to achieve its objectives.	Applied	The internal audit function is independent and objective and reports functionally to the Audit and Risk Committee. The internal audit executive has unrestricted access to the Chairman of the Audit and Risk Committee.

Chapter 8: Governing stakeholder relationships	Principle 8.1: The board should appreciate that stakeholders' perceptions affect a company's reputation.	Applied	The Company has adopted a stakeholder engagement policy. Management regularly engages with key shareholders and the local community where its key operations are situated.
Chapter 8: Governing stakeholder relationships	Principle 8.2: The board should delegate to management to proactively deal with stakeholder relationships.	Applied	The Company has adopted a stakeholder engagement policy which management proactively implements.
Chapter 8: Governing stakeholder relationships	Principle 8.3: The board should strive to achieve the appropriate balance between its various stakeholder companies, in the best interests of the company.	Applied	The Company has adopted a stakeholder engagement policy which considers the legitimate needs and interests of various stakeholder groups.
Chapter 8: Governing stakeholder relationships	Principle 8.4: Companies should ensure the equitable treatment of shareholders.	Applied	In compliance with its responsibilities under the Companies Act and the listings requirements of the JSE Limited, the board is cognisant of its duty to ensure that all shareholders are treated equitably.
Chapter 8: Governing stakeholder relationships	Principle 8.5: Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	Applied	The Company provides complete, timely, relevant, accurate, honest and accessible information to its stakeholders whilst having regard to legal and strategic considerations.

Chapter 8: Governing stakeholder relationships	Principle 8.6: The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible.	Applied	Dispute processes are dealt with by the director responsible for Human Resources.
Chapter 9: Integrated reporting and disclosure	Principle 9.1: The board should ensure the integrity of the company's integrated report.	Applied	The board assumes responsibility for the Integrated annual report and ensures that the report fairly represents the performance of the Company.
Chapter 9: Integrated reporting and disclosure	Principle 9.2: Sustainability reporting and disclosure should be integrated with the company's financial reporting.	Applied	The Integrated annual report includes sustainability issues.
Chapter 9: Integrated reporting and disclosure	Principle 9.3: Sustainability reporting and disclosure should be independently assured.	Explained	The external auditors provide independent assurance on financial and risk matters which is appropriate for the size and complexity of the Company.