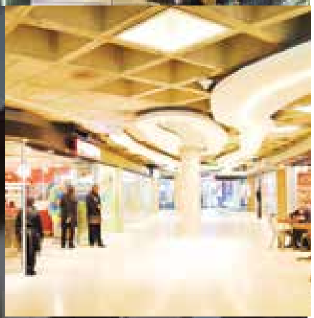


ACCELERATE
PROPERTY FUND

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")

2018

CONDENSED CONSOLIDATED FINANCIAL *Results*

for the year ended 31 March 2018

HIGHLIGHTS

PROPERTY PORTFOLIO VALUE OF	TOTAL PORTFOLIO GLA OF	NET ASSET VALUE GROWTH OF
R12,3 billion	**623 988 m²**	**6,9%** (YEAR ON YEAR)

KEY INDICATORS

Indicator	2018	2017
Distribution per share	**57,55**	57,57 cents
Portfolio value	**R12,3 billion**	R11,6 billion
GLA	**623 988 m²**	633 494 m²
Number of properties	**67**	69
Net asset value	**R7,8 billion**	R7,4 billion
Cost-to-income ratio	**14,8%**	16,9%
Weighted average lease expiry	**5,5 years**	5,6 years
Lease escalations (excluding offshore)*	**7,7%**	7,8%
Vacancies	**10,04%**	6,91%
Listed/large national tenants (by revenue)	**65,7%**	65,1%

* *7,1% including offshore.*

KEY FOCUS AREAS FOR ACCELERATE

1. Creating value – the Fourways Development

In September 2017 Urban Studies (Dr Dirk Prinsloo) undertook a comparative analysis of the Fourways, Sandton and Waterfall nodes and concluded "The Fourways node is experiencing strong development growth which is dominated by the extension of Fourways Mall to >170 000 m². The retail offering will further be strengthened by the flagship representation of Leroy Merlin at 17 000 m². With the extension and additional retail supplied, the Fourways node will be the most dominant retail market in South Africa".

Construction work on the redevelopment and expansion of Fourways Mall to a super-regional centre of approximately 178 000 m² (excluding Leroy Merlin), is nearing completion.

Key milestones achieved to date include:

- In accordance with the master development plan, focusing on, inter alia, optimal tenant mix, approximately 93% of the total gross lettable area (GLA) has been pre-let, with offers received on the remainder.
- 85 200 m² of GLA is currently trading (including redeveloped food court)
- An additional 11 000 m² (Taxi rank, Fourways View link, stores around Game and Pick n Pay) to be completed by December 2018
- KidZania opening in December 2018
- National tenants 69%, international tenants 15% (pre-lets by revenue)
- The majority of the approximate R300 million roadworks are complete and the new dual carriageway on Cedar Road has recently opened, significantly improving traffic flow in the area.
- The direct flyover and slipway of and onto Witkoppen Road from Fourways Mall is almost complete and ready to link into one of the super-regional mall's multi-level covered parkades.
- An additional access to Fourways View in and out of Cedar Road.
- Over 3 000 new parking bays are already available (8 286 on completion), with additional bays opening on a regular basis.
- A unique family entertainment offering, which differentiates the mall, increases dwell time and expands the mall's catchment area. This offering includes the existing flagship Bounce trampoline concept of 4 500 m² as well as the new 1 350 m² Fun Company that opened in December 2017. The internationally renowned 8 500 m² KidZania children's edutainment concept is also on track to open in December 2018.

2. Balance sheet optimisation

Strategically, the fund looks to acquire quality defensive, as opposed to high-yielding inferior, properties. Since listing (December 2013), this strategy has resulted in a number of exceptional properties being acquired by the fund including: Portside (approximately 50%) P-grade office in Cape Town Foreshore, Eden Meander retail convenience centre (originally 28 240 m², after extension 31 325 m²) in George, Citibank's A-grade office in Sandton, and an offshore retail portfolio backed by a leading DIY retailer, OBI, predominantly in Austria. While these properties, together with the existing portfolio, including: Fourways Mall, Cedar Square, the Charles Crescent node in Sandton and our A-grade Foreshore office properties, anchor the fund now and into the future, the acquisitions have contributed to the fund's loan to value (LTV) growing above the targeted 35% level.

Given this, the fund has prioritised the reduction of gearing levels while still protecting income and the overall defensive nature of the portfolio. To this end, the fund continues with the sale of non-core properties, reinvestment in the core portfolio to stimulate organic growth in property values and a potential BEE deal. The fund expects these initiatives to continue to reduce gearing during the 2019 financial year. The fund's, LTV is 39,9% (40,7% including offshore); (2017: 41,9%).

The fund continues to have a diversified funding base. We proactively manage our debt maturity profile, cost of debt and interest rate risk.

3. Enhancing return on our assets

The fund continues to strive to extract maximum value from its portfolio by developing and renovating its properties.

Examples of this include:

- the Woolworths expansion at Cedar Square and other capital spend has greatly enhanced the tenant mix with exciting new tenants such as Escondido, Tiger's Milk, Smoke Daddy's (a Papachinos group company) and Sofa Works opening during the course of the year;
- the 3 085 m^2 Eden Meander (George) extension (anchored by @Home);
- the Fourways View renovation (including a slipway entrance from Cedar Road) which has contributed to several existing tenants renewing their leases and the introduction of new tenants including West Pack and PetWorld; and
- the commencement of renovations at Leaping Frog (Fourways) with a new Nando's drive-thru being built.

Smaller spends over the past year have also demonstrated how capital expenditure effectively deployed on the back of a defined leasing strategy can significantly enhance returns and materially add to the defensive nature of our portfolio.

FINANCIAL PERFORMANCE

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

During the year, the core portfolio performed well, with the offshore portfolio exceeding expectations.

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

FINANCIAL POSITION

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

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

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

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

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

KEY FOCUS AREAS FOR ACCELERATE (continued)

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

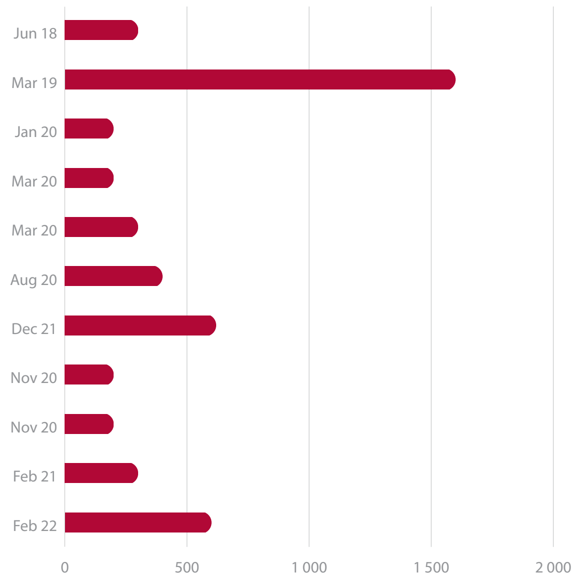
Largely as a result of the departure of ADT from Charles Crescent (Office) and Checkers from Montague Gardens (Industrial), vacancies have increased, although retail vacancies which represent the core of the fund have decreased.

The weighted average lease expiry of the portfolio remains extremely defensive at 5,5 years.

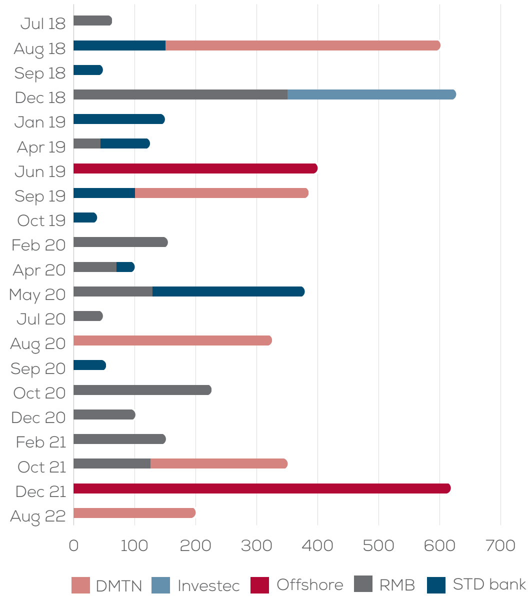
Long-term debt allocation

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

Swap expiry profile (Rm)



Long-term debt allocation (Rm)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note(s)	31 March 2018 R'000	31 March 2017 R'000
ASSETS			
Non-current assets		12 533 952	11 900 199
Investment property		12 515 562	11 860 689
Derivatives	1	17 371	38 134
Property, plant and equipment		1 019	1 376
Current assets		649 579	483 688
Current tax receivable		5 534	9 881
Derivatives		1 887	–
Trade and other receivables	1	565 237	340 189
Cash and cash equivalents	1	76 921	133 618
Investment property held for sale		27 000	–
Non-current assets held for sale		27 000	–
Total assets		13 210 531	12 383 887
EQUITY AND LIABILITIES			
Equity		7 861 866	7 352 992
Ordinary share capital		5 103 067	5 156 011
Other reserves		25 923	52 944
Non-controlling interest		14 519	12 421
Retained income		2 718 357	2 131 616
Total equity		7 861 866	7 352 992
Non-current liabilities		3 682 224	3 887 257
Borrowings	1	3 654 607	3 887 257
Derivatives		27 617	–
Current liabilities		1 666 441	1 143 638
Trade and other payables	1	173 526	151 619
Derivatives		385	
Borrowings	1	1 492 530	992 019
Total equity and liabilities		13 210 531	12 383 887

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	31 March 2018 R'000	31 March 2017 R'000
Revenue, excluding straight-line rental revenue adjustment		1 160 620	1 062 999
Straight-line rental revenue adjustment		45 819	36 958
Revenue		1 206 439	1 099 957
Property expenses		(306 516)	(286 314)
Net property income		899 923	813 643
Operating expenses		(77 334)	(74 022)
Operating profit		822 589	739 621
Fair value adjustments	4	542 984	469 463
Unrealised gains/(losses)		8 612	(47 367)
Other income		6 552	5 529
Finance income		37 228	34 094
Profit before debt interest and taxation		1 417 965	1 201 340
Finance costs		(334 768)	(299 032)
Profit before taxation		1 083 197	902 308
Taxation		4 549	(423)
Profit for the year		1 087 746	901 885
Other comprehensive income that may be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign operations		6 127	(1 439)
Total comprehensive income		1 093 873	900 446
Profit attributable to:			
Shareholders of the parent		1 085 816	898 372
Non-controlling interest		1 930	3 513
		1 087 746	901 885
Total comprehensive income:			
Shareholders of the parent		1 091 775	900 446
Non-controlling interest		2 098	–
		1 093 873	900 446
EARNINGS PER SHARE			
Basic earnings per share (cents)		110,81	101,47
Diluted earnings per share (cents)		109,13	99,96
DISTRIBUTABLE EARNINGS			
Profit after taxation attributable to equity holders		1 085 816	898 372
Straight-line rental revenue adjustment		(45 819)	(36 958)
Fair value adjustments (excluding non-controlling interest)		(542 316)	(466 398)
Unrealised losses		28 532	55 804
Year-end – distribution from reserves		–	36 999
Profit on sale of property		–	(1 107)
Amortisation of leases		7 000	–
Distributable earnings		533 213	486 712

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 2016	20 045		4 105 211	1 646 710		5 771 966
Profit for the year	–	–	–	898 372	3 513	901 885
Other comprehensive income	–	(1 439)	–	–	–	(1 439)
Total comprehensive income	–	(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
Profit for the year	–	–	–	1 085 816	1 930	1 087 746
Other comprehensive income	–	5 959	–	–	168	6 127
Total comprehensive income	–	5 959	–	1 085 816	2 098	1 093 873
Issue of shares	–	–	2 850	–	–	2 850
Repurchase of shares	–	–	(63 150)	–	–	(63 150)
Issue of treasury shares to directors (in terms of the conditional share plan)	–	–	7 356	–	–	7 356
Distribution paid	(36 999)	–	–	(499 075)	–	(536 074)
Conditional share plan reserve	4 019	–	–	–	–	4 019
Total contributions by and distributions to owners of company recognised directly in equity	(32 980)	–	(52 944)	(499 075)		(584 999)
Balance at 31 March 2018	21 403	4 520	5 103 067	2 718 357	14 519	7 861 866

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

STATEMENT OF CASH FLOWS

	31 March 2018 R'000	31 March 2017 R'000
Cash flows from operating activities		
Cash generated from operations	**594 840**	560 720
Finance income	**37 228**	34 094
Distribution paid	**(499 075)**	(413 466)
Tax received/(paid)	**8 896**	(1 035)
Net cash from operating activities	**141 889**	180 313
Cash flows from investing activities		
Purchase of property, plant and equipment	**(214)**	(1 066)
Purchase of investment property	**(267 844)**	(2 951 540)
Contingent purchase	**–**	(27 276)
Proceeds from disposal of investment property	**253 337**	144 902
Proceeds of non-current assets held for sale	**–**	55 000
Net cash from investing activities	**(14 721)**	(2 779 980)
Cash flows from financing activities		
Proceeds on share issue	**–**	1 050 800
Shares repurchased	**(63 150)**	–
Long-term borrowings raised	**1 332 925**	2 414 371
Long-term borrowings repaid	**(1 078 910)**	(527 356)
Finance cost	**(334 768)**	(299 032)
Antecedent distribution	**(36 999)**	23 074
Net cash from financing activities	**(180 902)**	2 661 857
Total cash movement for the year	**(53 734)**	62 190
Cash at the beginning of the year	**133 618**	71 428
Effect of exchange rate movements on cash balances	**(2 963)**	–
Total cash at the end of the year	**76 921**	133 618

DISTRIBUTION ANALYSIS

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

The cession on these shares relates 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/sale of the bulk or December 2021.

EARNINGS PER SHARE

	Year ended 31 March 2018 R'000	Year ended 31 March 2017 R'000
Basic earnings per share (EPS) amounts are calculated by dividing profit for the year attributable to ordinary equity holders of Accelerate by the weighted average number of ordinary shares outstanding during the year.		
Reconciliation of basic/diluted earnings to headline earnings		
Profit attributable to shareholders of the parent	1 085 816	898 372
Fair value adjustment	(589 861)	(501 350)
Capital gains on sale of non-current assets held for sale	(4 846)	(7 038)
Headline profit attributable to shareholders of the parent	491 109	389 984
Basic earnings per share (cents)	110,81	101,47
Diluted earnings per share (cents)	109,13	99,96
Headline earnings per share (cents)	49,36	44,05
Diluted headline earnings per share (cents)	50,12	43,39
Shares in issue at the end of the year	979 796 940	986 372 706
Weighted average number of shares	979 876 156	885 350 951
Shares subject to the conditional share plan	15 115 467	13 377 341
Weighted average number of deferred shares	15 115 467	13 377 341
Total diluted weighted average number of shares in issue	994 991 623	898 728 292

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

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

There are no sales between segments.

For the year ended 31 March 2017

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

For the year ended 31 March 2018

	Office R'000	Industrial R'000	Retail R'000	European single-tenant retail R'000	Total R'000
Statement of comprehensive income 2018					
Revenue, excluding straight-line rental revenue adjustment	317 984	69 841	672 700	100 095	1 160 620
Straight-line rental adjustment	31 095	991	13 733	–	45 819
Property expenses	(69 021)	(11 803)	(190 335)	(35 357)	(306 516)
Segment operating profit	280 058	59 029	496 098	64 738	899 923
Fair value adjustments on investment property	158 497	(116 567)	529 375	18 544	589 861
Segment profit	438 555	(57 538)	1 025 485	83 282	1 489 784
Other operating expenses					(77 334)
Other income					6 552
Fair value loss on financial instruments					(46 877)
Unrealised losses					8 612
Finance income					37 228
Long-term debt interest					(334 768)
Profit before tax					1 083 197

SEGMENTAL ANALYSIS (continued)

For the year ended 31 March 2017

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

For the year ended 31 March 2018

	Office R'000	Industrial R'000	Retail R'000	European single-tenant retail R'000	Total R'000
Statement of financial position extracts at 31 March 2018					
Assets					
Investment property balance 1 April 2017	3 276 550	650 541	6 681 888	1 251 710	11 860 689
Acquisitions	48 000	–	–	–	48 000
Capitalised costs	12 314	1 775	205 755		219 844
Disposals	(81 945)	–	(194 462)	–	(276 407)
Investment property held for sale	–	–	27 000	–	27 000
Straight-line rental revenue adjustment	31 095	991	13 733	–	45 819
Foreign exchange gains	–	–	–	27 756	27 756
Fair value adjustments	158 497	(116 567)	529 387	18 544	589 861
Segment assets at 31 March 2018	3 444 511	536 740	7 263 301	1 298 010	12 542 562
Other assets not managed on a segmental basis					
Derivative financial instruments					17 371
Equipment					1 019
Current assets					649 579
Total assets					13 210 531

For the year ended 31 March 2017

	South Africa R'000	Austria R'000	Slovakia R'000	Total R'000
Statement of comprehensive income 2017				
Revenue, excluding straight-line rental revenue adjustment	1 034 156	21 632	7 211	1 062 999
Straight-line rental adjustment	36 958		–	36 958
Property expenses	(283 511)	(2 102)	(701)	(286 314)
Segment operating profit	787 603	19 530	6 510	813 643
Fair value adjustments on investment property	461 961	31 841	10 613	504 415
Segment profit	1 249 564	51 371	17 123	1 318 058
Other operating expenses				(74 022)
Other income				5 529
Fair value loss on financial instruments				(34 952)
Unrealised losses				(47 367)
Finance income				34 094
Long-term debt interest				(299 032)
Profit before tax				902 308

For the year ended 31 March 2018

	South Africa R'000	Austria R'000	Slovakia R'000	Total R'000
Statement of comprehensive income 2018				
Revenue, excluding straight-line rental revenue adjustment	1 060 525	75 071	25 024	1 160 620
Straight-line rental adjustment	45 819	–	–	45 819
Property expenses	(271 159)	(26 517)	(8 840)	(306 516)
Segment operating profit	835 185	48 554	16 184	899 923
Fair value adjustments on investment property	571 317	13 908	4 636	589 861
Segment profit	1 406 502	62 462	20 820	1 489 784
Other operating expenses				(77 334)
Other income				6 552
Fair value loss on financial instruments				(46 877)
Unrealised losses				8 612
Finance income				37 228
Long-term debt interest				(334 768)
Profit before tax				1 083 197

SEGMENTAL ANALYSIS (continued)

For the year ended 31 March 2017

	South Africa R'000	Austria R'000	Slovakia R'000	Total R'000
Statement of financial position extracts at 31 March 2017				
Investment property balance 1 April 2016	8 553 502	–		8 553 502
Acquisitions	1 545 000	874 920	291 640	2 711 560
Capitalised costs	197 284	32 022	10 674	239 980
Disposals/classified as held for sale	(185 726)			(185 726)
Investment property held for sale	–			–
Straight-line rental revenue adjustment	36 958		–	36 958
Fair value adjustments	461 961	31 840	10 614	504 415
Investment property at 31 March 2017	10 608 979	938 782	312 928	11 860 689
Other assets not managed on a segmental basis				
Derivative financial instruments				38 134
Equipment				1 376
Current assets				483 688
Total assets				12 383 887

For the year ended 31 March 2018

	South Africa R'000	Austria R'000	Slovakia R'000	Total R'000
Statement of financial position extracts at 31 March 2018				
Investment property balance 1 April 2017	10 608 979	938 782	312 928	11 860 689
Acquisitions	48 000		–	48 000
Capitalised costs	219 844	–	–	219 844
Disposals/classified as held for sale	(276 407)		–	(276 407)
Investment property held for sale	27 000		–	27 000
Straight-line rental revenue adjustment	45 819	–	–	45 819
Foreign exchange gains/(losses)	–	20 817	6 939	27 756
Fair value adjustments	571 317	13 908	4 636	589 861
Investment property at 31 March 2018	11 244 552	973 507	324 503	12 542 562
Other assets not managed on a segmental basis				
Derivative financial instruments				17 371
Equipment				1 019
Current assets				649 579
Total assets				13 210 531

NOTES TO THE FINANCIAL STATEMENTS

Corporate information

The condensed consolidated financial statements of Accelerate for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors passed on 18 June 2018. 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, disposal, 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 consolidated financial statements for the year ended 31 March 2018 are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), contain 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 consolidated 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 2018 reporting period, none of which had any material impact on Accelerate's financial results.

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

This abridged report is extracted from audited information, but is not itself audited. The auditors, Ernst & Young Inc. have issued their unmodified opinion on the audited consolidated financial statements for the year ended 31 March 2018 and a copy of the audit opinion, together with the underlying audited consolidated financial statements are available for inspection at the company's registered address.

1. Fair value of financial assets and liabilities

31 March 2018

Financial assets	Carried at fair value R'000	Amortised cost# R'000	Total R'000
Trade and other receivables		565 235	565 235
Derivatives*	19 258	–	19 258
Cash and cash equivalents		76 921	76 921
Total financial assets	19 258	642 156	661 414
Financial liabilities			
Derivatives*	(28 002)		(28 002)
Long-term interest-bearing borrowings		(3 654 607)	(3 654 607)
Trade and other payables		(165 401)	(165 401)
Current portion of long-term debt		(1 492 530)	(1 492 530)
Total financial liabilities	(28 002)	(5 312 538)	(5 340 540)

31 March 2017

Financial assets	Carried at fair value R'000	Amortised cost# R'000	Total R'000
Derivatives*	38 134		38 134
Trade and other receivables		340 187	340 187
Cash and cash equivalents		133 618	133 618
Total financial assets	38 134	473 805	511 939
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 financial liabilities		(5 016 600)	(5 016 600)

* *The values of the derivative financial asset shown at fair value are based on inputs other than quoted prices that are observable in the market for the assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices) – level 2. 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.*

2. Directors' remuneration

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

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

3. 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 owns 100% of Fourways Precinct (Pty) Ltd through The Michael Family Trust and also owns 100% of Accelerate Property Management Company.

Related-party transactions and balances	Year ended 31 March 2018 R'000	Year ended 31 March 2017 R'000
RELATED-PARTY BALANCES		
Loan accounts		
Fourways Precinct (Pty) Ltd	39 646	11 458
The Michael Family Trust	62 142	55 602
Vacancy guarantee		
Fourways Precinct (Pty) Ltd	17 038	15 921
Development guarantee		
Fourways Precinct (Pty) Ltd	105 629	39 288
RELATED-PARTY TRANSACTIONS		
Vacancy guarantee		
Fourways Precinct (Pty) Ltd	–	7 502
Development guarantee		
Fourways Precinct (Pty) Ltd	58 972	28 101
Interest charged		
Interest charged on outstanding amounts:		
Fourways Precinct (Pty) Ltd	7 803	2 001
The Michael Family trust	4 073	3 472
Accelerate Property Management costs		
Fourways Precinct (Pty) Ltd	(3 745)	(4 396)
Accelerate Property Management Company (Pty) Ltd	(6 156)	(4 857)
Letting commission paid		
Fourways Precinct (Pty) Ltd	(6 604)	(25 886)
Financial guarantees	(37 144)	(8 438)

4. Fair value adjustments

Fair value adjustments	Year ended 31 March 2018 R'000	Year ended 31 March 2017 R'000
Investment property (Fair value model)	589 861	504 415
Marked-to-market movement on swap	(46 877)	(34 952)
	542 984	469 463

5. Capital commitments

In terms of Accelerate's budgeting process, R79,4 million (2017: R77,5 million) was allocated to Accelerate's planned capital expenditure. As such, Accelerate views this amount as authorised and not contracted.

6. 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 directors 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 63,5% 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 including additional collateral pledged by the directors.

At 31 March 2018, R189,5 million of the RMB facility has been drawn down. At 31 March 2018, a liability of R45,5 million was recognised for this guarantee provided.

7. Subsequent events

Highway Gardens was sold by Accelerate on 26 April 2018 for a price of R27 million.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Accelerate assume full responsibility for the preparation of the condensed consolidated financial statements and that they have been correctly extracted from the underlying consolidated audited annual financial statements.

FINAL DISTRIBUTION

The board of Accelerate has declared a final cash distribution (number 9) (cash distribution) of 28,76799 cents per ordinary share for the year ended 31 March 2018 (2017: 28,80469).

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 mainly 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% will be applicable on the dividend portion to all shareholders who are not exempt.

The issued share capital at the declaration date is 989 364 344 (2016: 986 372 706) 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, 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 28,76799 (2017: 28,80469) 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 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%, 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 23,01439 (2016: 23,07752) cents per ordinary share.

FINAL DISTRIBUTION (continued)

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 are as follows:

	2018
Declaration date	Wednesday, 20 June
Last day to trade cum dividend	Tuesday, 24 July
Shares to trade ex-dividend	Wednesday, 25 July
Record date	Friday, 27 July
Payment date	Monday, 30 July

Notes:

1. Share certificates may not be dematerialised or rematerialised between Wednesday, 25 July 2018 and Friday, 27 July 2018, both days inclusive.
2. The above dates and times are subject to change. Any changes will be released on SENS and published in the press.

The cash dividend 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.

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 Wednesday, 25 July 2018 at 10:00. Further details on the company's AGM will be included in Accelerate's integrated report to be posted to shareholders on or before 22 June 2018. A PDF of the integrated 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

20 June 2018

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)
Ass Prof FM 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

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Email: accelerate@instinctif.com

Company secretary
TMF Corporate Services (South Africa) Proprietary Limited
Represented by:
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3rd Floor, 200 on Main, Cnr Main and Bowwood Roads, Claremont, Cape Town, 7708

Transfer secretaries
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