

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

CONSOLIDATED FINANCIAL RESULTS
For the year ended 31 March 2019

PROPERTY PORTFOLIO VALUE OF R 12,7 billion

TOTAL PORTFOLIO GLA OF 601 506 m2

KEY INDICATORS

Indicator	2019	2018
Distribution per share	50,97	57,55
Portfolio value	R12,7 billion	R12,3 billion
GLA	601 506 m2	623 988 m2
Number of properties	62	67
Net asset value	8,0 billion	7,8 billion
Cost to income ratio***	15,9%	14,8%
Weighted average lease expiry	5,3 years	5,5 years
Lease escalations (excluding offshore)*	7,4%	7,7%
Vacancies**	9,00%	10,04%
Listed/large national tenants (by revenue)	65,7%	65,7%

* 6,6% including offshore (2018: 7,1%).

** Excludes properties earmarked for development.

***Excludes abnormal expenses incurred due to the Fourways Mall development.

PORTFOLIO OPTIMISATION

Accelerate continues to focus on its portfolio optimisation strategy. Through targeted property sales of non-core assets the fund is making headway in reducing gearing levels to its target level of 35% pre-equalisation. This strategy has the dual benefit of creating funding capacity for the Fourways equalisation (discussed below) and, by selling non-core assets, the remaining portfolio is underpinned by quality assets, including:

- 50% Fourways Mall (super-regional retail)
- Cedar Square (regional retail)
- Eden Meander (regional retail)
- Significant other convenience retail presence in the Fourways node
- KPMG's South African head office (A-grade office)
- Citibank's South African head office (A-grade office)
- Portside (P-grade office)
- Offshore portfolio (75% Austria by revenue)
- Charles Crescent (development opportunity)
- Foreshore office (development opportunity)

FINANCIAL PERFORMANCE

The South African economic environment remains challenging. Unfavourable economic conditions continue to weigh heavily on property fundamentals and, in our view, the property sector will remain under pressure during 2019. Recent retailers' results echo these sentiments, with consumers' disposable income still under pressure and overall business sentiment poor.

Despite a number of ongoing initiatives to reduce costs and fill vacant space, the Fund has experienced considerable income pressure on a number of fronts, including:

- Increased rates and utility costs
- Increased finance costs
- The fund has managed to reduce vacancies to 9% (2018: 10,04%), however, this came at a cost including softer rentals to retain tenants, rent-free periods and tenant installations

The opening of the Fourways Mall super-regional centre is imminent. For the fund, this is the most important milestone since listing in 2013. The super-regional centre has unsurpassed offerings to the public, including a particular focus on shoppertainment, and will anchor the fund and the Fourways node into the future. Perhaps even more exciting are the future opportunities the mall will act as a catalyst for. One has only to look at the growth of the Sandton node where Sandton City served as a primary catalyst in the node's development to appreciate the extent of the opportunities available to the fund as market conditions improve. Accelerate is uniquely positioned to take advantage of this.

FINANCIAL POSITION

As at 31 March 2019, Accelerate's investment property portfolio had a value of R12,7 billion (2018: R12,3 billion), excluding the effects of straight-lining. The increase in the value of the portfolio is mainly due to an increase in the external valuation of our offshore assets and to a lesser extent the revaluation of local assets.

The fund maintains a diversified funding base being funded 33,2% through the debt capital markets and 66,8% through bank debt.

Accelerate successfully accessed the debt capital markets in July 2018 through our domestic medium-term note (DMTN) programme, raising a total of R600 million to refinance R452 million of debt capital markets (DCM) debt as well as expiring bank debt.

A R1,6 billion swap (6,5% base rate taken out at listing) expired on 31 March 2019. In anticipation of this, management has for the past few years proactively managed the fund's swap profile. Post the expiry of this large swap, the fund is 82,8% hedged with a weighted average swap expiry profile of 2,5 years (1,9 years at 30 September 2018). The weighted average debt maturity profile has also improved from 2,1 years (30 September 2018) to 2,5 years with the short-term portion of long-term debt reducing to R 1,1 billion (2018: R1,4 billion).

The fund continues to monitor interest rates and the swap curve to effectively manage and to ensure swaps are executed at optimal rates when the opportunity presents itself.

Long-term debt allocation	31 March 2019	%	31 March 2018	%
Debt funding	(Rm)		(Rm)	
Debt capital markets	1 785	33,2	1 487	28,9
Bank funding	3 590	66,8	3 663	71,1
Total	5 375	100,0	5 150	100,0
Weighted average debt term (years)	2,5		2,1	
Short-term portion of debt*	1 111	20,7	1 492	28,9
Debt hedged		82,8		97,4
Weighted average swap term (years)	2,5		2,1	
Blended interest rate		8,4		8,4
Interest cover ratio (x)	2,3		2,4	
Loan to value**		39,0		40,7

* Post year-end April and June 2019 debt has been refinanced/repaid.

** Takes into account receivables from Fourways developer to be offset at equalisation.

Consolidated Statement of financial position as at 31 March 2019

	Note(s)	31 March 2019	31 March 2018
		(R'000)	(R'000)
ASSETS			
Non-current assets		12 205 878	12 533 952
Investment property		12 203 592	12 515 562
Derivatives	1	1 598	17 371
Property, plant and equipment		688	1 019
Current assets		679 224	649 579
Current tax receivable		5 534	5 534
Derivatives		-	1 887
Trade and other receivables	1	589 559	565 237
Cash and cash equivalents	1	84 131	76 921
Investment property held for sale		789 707	27 000
Non-current assets held for sale		789 707	27 000
Total assets		13 674 809	13 210 531
EQUITY AND LIABILITIES			
Equity		7 965 297	7 861 866
Ordinary share capital		5 115 671	5 103 067
Other reserves		77 887	25 923
Non-controlling interest		19 032	14 519
Retained income		2 752 707	2 718 357
Total equity		7 965 297	7 861 866
Non-current liabilities		4 278 103	3 682 224
Borrowings	1	4 259 323	3 654 607
Derivatives		18 780	27 617
Current liabilities		1 431 409	1 666 441
Trade and other payables	1	297 231	173 526
Derivatives		23 128	385
Borrowings	1	1 111 050	1 492 530
Total equity and liabilities		13 674 809	13 210 531

Consolidated Statement of comprehensive income for the year ended 31 March 2019

	Note(s)	31 March 2019	31 March 2018
		(R'000)	(R'000)
Revenue, excluding straight-line rental revenue adjustment		1 190 524	1 160 620
Straight-line rental revenue adjustment		43 802	45 819
Revenue		1 234 326	1 206 439
Property expenses		(374 658)	(306 516)
Net property income		859 668	899 923
Operating expenses		(46 677)	(77 334)
Operating profit		812 991	822 589
Fair value adjustments	5	73 405	542 984
Unrealised (losses)/gains		(21 909)	8 612
Expected credit loss provision		(7 686)	-

Other income	12 933	6 552
Finance income	37 880	37 228
Profit before long-term debt interest and taxation	907 614	1 417 965
Finance costs	(341 781)	(334 768)
Profit before taxation	565 833	1 083 197
Taxation	-	4 549
Profit for the year	565 833	1 087 746
Other comprehensive income that may be reclassified to profit and loss in subsequent periods		
Exchange differences on translation of foreign operations	52 031	6 127
Total comprehensive income	617 864	1 093 873
Profit attributable to:		
Shareholders of the parent	563 356	1 085 816
Non-controlling interest	2 477	1 930
	565 833	1 087 746
Total comprehensive income:		
Shareholders of the parent	613 351	1 091 775
Non-controlling interest	4 513	2 098
	617 864	1 093 873
EARNINGS PER SHARE		
Basic earnings per share (cents)	56,77	110,81
Diluted earnings per share (cents)	55,79	109,13
DISTRIBUTABLE EARNINGS		
Profit after taxation attributable to equity holders	563 356	1 085 816
Straight-line rental revenue adjustment	(43 802)	(45 819)
Fair value adjustments (excluding non-controlling interest)	(72 244)	(542 316)
Unrealised losses	21 909	28 532
Gains on sale of investment property	(6 000)	-
Amortised lease cost	12 515	7 000
Distributable earnings	475 734	533 213

Consolidated Statement of changes in equity for the year ended 31 March 2019

	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 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
IFRS 9 opening balance adjustment	-	-	-	(7 082)	-	(7 082)
	21 403	4 520	5 103 067	2 711 275	14 519	7 854 784
Profit for the year	-	-	-	563 356	2 477	565 833
Other comprehensive income	-	49 995	-	-	2 036	52 031
Total comprehensive income	-	49 995	-	563 356	4 513	617 864
Issue of shares	(12 604)	-	12 604	-	-	-
Distribution paid	-	-	-	(521 924)	-	(521 924)
Conditional share plan reserve	14 573	-	-	-	-	14 573
Total contributions by and distributions to owners of company recognised directly in equity (507 351)	1 969	-	12 604	(521 924)	-	(507 351)
Balance at 31 March 2019	23 372	54 515	5 115 671	2 752 707	19 032	7 965 297

Statement of cash flows for the year ended 31 March 2019

	31 March 2019 (R'000)	31 March 2018 (R'000)
Cash flows from operating activities		
Cash generated from operations	836 836	594 840
Finance income	37 880	37 228
Distribution paid	(521 924)	(499 075)
Tax received/(paid)	-	8 896
Net cash from operating activities	352 792	141 889
Cash flows from investing activities		
Purchase of property, plant and equipment	(51)	(214)
Sale of property, plant and equipment	46	-
Purchase of investment property	(380 589)	(267 844)
Proceeds from disposal of investment property	230 132	253 337
Net cash from investing activities	(150 462)	(14 721)
Cash flows from financing activities		
Shares repurchased	-	(63 150)
Long-term borrowings raised	1 785 380	1 332 925

Long-term borrowings repaid	(1 643 623)	(1 078 910)
Finance cost	(341 781)	(334 768)
Antecedent distribution	-	(36 999)
Net cash from financing activities	(200 024)	(180 902)
Total cash movement for the year	2 306	(53 734)
Cash at the beginning of the year	76 921	133 618
Effect of exchange rate movements on cash balances	4 904	(2 963)
Total cash at end of the year	84 131	76 921

Distribution Analysis

	Year ended 31 March 2019 (R'000)	Year ended 31 March 2018 (R'000)
Distributable earnings	475 734	533 213
Less: Interim distribution from profits (excludes interim distribution from reserves)	254 352	266 037
Final distribution	221 382	267 176
Shares qualifying for distribution		
Number of shares at year-end	994 310 123	989 364 344
Less: Bulk ceded shares to Accelerate#	(51 070 184)	(51 070 184)
Add: Shares repurchased	(9 567 404)	(9 567 404)
Shares qualifying for distribution	933 672 535	928 726 756
Distribution per share		
Final distribution per share (cents)	23,71088	28,76799
Interim distribution per share made (cents)	27,26021	28,77713
Total distribution per share for the year (cents)	50,97109	57,54512

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.

Earnings per share

	Year ended 31 March 2019 (R'000)	Year ended 31 March 2018 (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

	Year ended 31 March 2019	Year ended 31 March 2018
Profit attributable to shareholders of the parent	563 356	1 085 816
Fair value adjustment	(103 811)	(589 861)
Capital gains on sale of non-current assets held for sale	(10 460)	(4 846)
Headline profit attributable to shareholders of the parent	449 085	491 109
Basic earnings per share (cents)	56,77	110,81
Diluted earnings per share (cents)	55,79	109,13
Headline earnings per share (cents)	45,26	49,36
Diluted headline earnings per share (cents)	44,47	50,12
Shares in issue at the end of the year	994 310 123	979 796 940
Weighted average number of shares	992 285 018	979 876 156
Shares subject to the deferred acquisition costs	-	-
Shares subject to the conditional share plan	17 480 830	15 115 467
Weighted average number of deferred shares	17 480 830	15 115 467
Total diluted weighted average number of shares in issue	1 009 765 848	994 991 623

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 leases and sells offices
- Industrial segment: acquires, develops leases and sells warehouses and factories
- Retail segment: acquires, develops leases and sells shopping malls, community centres as well as retail centres
- European single-tenant segment: acquires, develops leases and sells 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 to reporting.

There are no sales between segments.

For the year ended 31 March 2018
(R'000)

	Office	Industrial	Retail	European - single-tenant	Total
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)	529 387	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 gains					8 612
Finance income					37 228
Long term debt interest					(334 768)
Profit before tax					1 083 197

For the year ended 31 March 2019

(R'000)	Office	Industrial	Retail	European - single-tenant	Total
Statement of comprehensive income 2019					
Revenue, excluding straight-line rental revenue adjustment	297 411	76 660	710 132	106 321	1 190 524
Straight-line rental adjustment	29 867	1 797	12 138	-	43 802
Property expenses	(76 377)	(17 551)	(251 751)	(36 665)	(382 344)
Segment operating profit	250 901	60 906	470 519	69 656	851 982
Fair value adjustments on investment property	(62 172)	47 001	87 893	32 250	104 972
Segment profit	188 729	107 907	558 412	101 906	956 954
Other operating expenses					(46 677)
Other income					12 933
Fair value loss on financial instruments					(31 567)
Unrealised losses					(21 909)
Finance income					37 880
Long-term debt interest					(341 781)
Profit before tax					565 833

For the year ended 31 March 2018

(R'000)	Office	Industrial	Retail	European - single-tenant	Total
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/(losses)	-	-	-	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					17 371
Derivative financial instruments					1 019
Equipment					649 579
Current assets					13 210 531
Total assets					

For the year ended 31 March 2019

(R'000)	Office	Industrial	Retail	European - single-tenant	Total
Statement of financial position extracts at 31 March 2019					
Assets					
Investment property balance 1 April 2018	3 444 511	536 740	7 263 301	1 298 010	12 542 562
Acquisitions	-	-	74 995	-	74 995
Capitalised costs	62 180	727	238 126	4 561	305 594
Disposals/classified as held for sale	(701 486)	-	(331 948)	-	(1 033 434)
Investment property held for sale	628 307	-	161 400	-	789 707
Straight-line rental revenue adjustment	29 867	1 797	12 138	-	43 802
Foreign exchange gains/(losses)	-	-	-	165 101	165 101
Fair value adjustments	(62 172)	47 001	87 893	32 250	104 972
Segment assets at 31 March 2019	3 401 207	586 265	7 505 905	1 499 922	12 993 299
Other assets not managed on a segmental basis					1 598
Derivative financial instruments					688
Equipment					679 224
Current assets					13 674 809
Total assets					

For the year ended 31 March 2018

(R'000)	South Africa	Austria	Slovakia	Total
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 gains	8 612
Finance income	37 228
Long-term debt interest	(334 768)
Profit before tax	1 083 197

For the year ended 31 March 2019

(R'000)	South Africa	Austria	Slovakia	Total
Statement of comprehensive income 2019				
Revenue, excluding straight-line rental revenue adjustment	1 084 203	79 741	26 580	1 190 524
Straight-line rental adjustment	43 802	-	-	43 802
Property expenses	(345 679)	(27 499)	(9 166)	(382 344)
Segment operating profit	782 326	52 242	17 414	851 982
Fair value adjustments on investment property	72 722	24 188	8 062	104 972
Segment profit	855 048	76 430	25 476	956 954
Other operating expenses				(46 677)
Other income				12 933
Fair value loss on financial instruments				(31 567)
Unrealised losses				(21 909)
Finance income				37 880
Long term debt interest				(341 781)
Profit before tax				565 833

For the year ended 31 March 2018

(R'000)	South Africa	Austria	Slovakia	Total
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)	-	-	(209 395)
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	522 849
Investment property at 31 March 2018	11 244 552	973 507	324 503	12 542 562
Other assets not managed on a segmental basis				17 371
Derivative financial instruments				1 019
Equipment				649 579
Current assets				13 210 531
Total assets				

For the year ended 31 March 2019

(R'000)	South Africa	Austria	Slovakia	Total
Statement of financial position extracts at 31 March 2019				
Investment property balance 1 April 2018	11 244 552	973 507	324 503	12 542 562
Acquisitions	74 995	-	-	74 995
Capitalised costs	305 596	-	-	305 594
Disposals/ classified as held for sale	(1 033 434)	-	-	(1 033 434)
Investment property held for sale	789 707	-	-	789 707
Straight-line rental revenue adjustment	43 802	-	-	43 802
Foreign exchange gains/(losses)	-	123 826	41 275	165 101
Fair value adjustments	72 722	24 188	8 062	104 972
Investment property at 31 March 2019	11 497 938	1 121 521	373 840	12 993 299
Other assets not managed on a segmental basis				1 598
Derivative financial instruments				688
Equipment				679 224
Current assets				13 674 809
Total assets				

NOTES TO THE FINANCIAL STATEMENTS

Corporate Information

The condensed financial statements of Accelerate for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors passed on 18 June 2019. 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 leasing and sales 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 2019 are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), and 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 the 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 annual financial statements, including the new and amended IFRS that became effective during the 31 March 2019 reporting period, none of which had a material impact on Accelerate's financial results, except for IFRS 9. The adoption of IFRS 9 resulted in an expected credit loss adjustment on the 31 March 2018 provision for doubtful debts. Under IFRS 9 this provision was increased by R7 082 000.

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.

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 2019 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 2019

	Carried at fair value (R'000)	Amortised cost# (R'000)	Total (R'000)
Financial assets			
Derivatives*	1 598	-	1 598
Trade and other receivables	-	564 823	564 823
Cash and cash equivalents	-	84 131	84 131
Total financial assets	1 598	648 954	650 552
Financial liabilities			
Derivatives*	(41 908)	-	(41 908)
Long-term interest-bearing borrowings	-	(4 259 323)	(4 259 323)
Trade and other payables	-	(282 768)	(282 768)
Current portion of long-term debt	-	(1 111 050)	(1 111 050)
Total financial liabilities	(41 908)	(5 653 141)	(5 695 049)

31 March 2018

	Carried at fair value R'000	Amortised cost# R'000	Total R'000
Financial assets			
Trade and other receivables		562 909	562 909
Derivatives*	19 258	-	19 258
Cash and cash equivalents		76 921	76 921
Total financial assets	19 258	639 830	659 088
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)

* 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 2019 (R'000)	Year ended 31 March 2018 (R'000)
Total guaranteed package		
MN Georgiou	Nil	Nil
A Costa	4 325	3 993
D Kyriakides	3 150	2 815
JRJ Paterson	3 387	3 064
Short-term incentive payment		
MN Georgiou	Nil	Nil

A Costa	1 850	Nil
D Kyriakides	1 050	Nil
JRJ Paterson	1 350	Nil
Non-executive directors' fees		
TT Mboweni	634	975
GC Cruywagen	414	412
TJ Fearnhead	430	424
JRP Doidge	400	388
K Madikizela	360	358
Ass. Prof FM Viruly	360	358

Share options exercised (number of shares)

	Year ended 31 March 2019 (number of shares)	Year ended 31 March 2018 (number of shares)
MN Georgiou	1 012 514	-
A Costa	2 068 158	2 122 826
D Kyriakides	440 084	719 283
JRJ Paterson	1 313 453	1 410 928

3. Related party transaction

Relationships

MN 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. MN 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 2019 (R'000)	Year ended 31 March 2018 (R'000)
Related party transactions and balances		
Related party balances		
Loan accounts		
Fourways Precinct (Pty) Ltd	-	39 646
The Michael Family Trust	68 180	62 142
Vacancy guarantee		
Fourways Precinct (Pty) Ltd	9 339	17 038
Development guarantee		
Fourways Precinct (Pty) Ltd	248 364	105 629
Related party transactions		
Vacancy guarantee		
Fourways Precinct (Pty) Ltd	-	-
Development guarantee		
Fourways Precinct (Pty) Ltd	113 163	58 972
Interest charged		
Interest charged on outstanding amounts:		
Fourways Precinct (Pty) Ltd	17 544	7 803
The Michael Family trust	5 172	4 073
Accelerate Property Management costs		
Fourways Precinct (Pty) Ltd	(2 121)	(3 745)
Accelerate Property Management Company (Pty) Ltd	(7 912)	(6 156)
Letting commission paid		
Fourways Precinct (Pty) Ltd	(21 020)	(6 604)
Financial guarantees	(52 911)	(37 144)

4. Fair value adjustments

	Year ended 31 March 2019 (R'000)	Year ended 31 March 2018 (R'000)
Fair value adjustments		
Investment property (Fair value model)	104 972	589 861
Mark to market movement on swaps	(31 567)	(46 877)
	73 405	542 984

5. Capital commitments

In terms of Accelerate's budgeting process, R140 million (2018: R79.4 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 the 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 has 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. Accelerates liability under the guarantee is 63,3% of the 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 2019 a liability of

R98 million was recognised for this guarantee provided.

7. Subsequent events

The following buildings held for sale at 31 March 2019 have been sold post year-end at fair value:

- Mr Price on 7 May 2019
- The Pines on 7 May 2019
- Glen Gables on 13 May 2019
- Eastlynne on 17 May 2019
- Wanooka Place on 30 May 2019

Accelerate has agreed to accept the proposed 40,9% rental assistance to Edcon in the form of Edcon shares to be issued to Accelerate

DIRECTORS' RESPONSIBILITY STATEMENT

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

FINAL DISTRIBUTION

The board of Accelerate has declared a final cash distribution (number 11) (Cash Distribution) of 23,71088 cents per ordinary share for the year ended 31 March 2019 (2018: 28,76799).

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 994 310 123 (2018: 989 364 344) 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 23,71088 (2018: 28,76799) 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
- A written undertaking to inform the CSDP, broker or transfer secretaries, as the case may be, should the circumstances affecting the exemption change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the transfer secretaries, as the case may be, to arrange for the above mentioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted

Tax implications for non-resident shareholders

Qualifying distributions received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends, but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. It should be noted that until 31 December 2013, qualifying distributions received by non-residents were not subject to dividend withholding tax. From 1 January 2014, any qualifying distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 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 18,96870 (2018: 23,01439) 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
- 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:

2019	
Declaration date	Thursday, 20 June
Last day to trade (LDT) cum dividend	Tuesday, 23 July
Shares to trade ex-dividend	Wednesday, 24 July
Record date	Friday, 26 July
Payment date	Monday, 29 July

Notes:

1. Share certificates may not be dematerialised or rematerialised between Wednesday, 24 July 2019 and Friday, 26 July 2019, 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, 24 July 2019 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 26 June 2019. 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 T Fearnhead	Mr MN Georgiou	Mr D Kyriakides
Non-executive chairman	Chief executive officer	Chief financial officer

20 June 2019

Corporate information

Directors

Mr TJ Fearnhead (independent non-executive chairman)
Mr TT Mboweni (former chairman - resigned 11 October 2018 due to appointment as minister of finance)
Mr A Costa (chief operating officer)
Dr GC Cruywagen (lead independent, non-executive director)
Mr MN Georgiou (chief executive officer)
Mr D Kyriakides (chief financial officer)
Ms K Madikizela (independent non-executive director)
Mr RJ Paterson (executive director)
Ass. Prof FM Viruly (independent non-executive director)
Mr JRP Doidge (independent non-executive director - retired 31 March 2019)
Mr G Cavaleros (independent non-executive director - appointed 1 May 2019)
Mr AM Mawela (independent non-executive director - appointed 1 May 2019)
Mr DJ Wandrag (independent non-executive director - appointed 1 May 2019)

Registered office and business address

Cedar Square Shopping Centre, Management Office, 1st Floor, Cnr Willow Ave and Cedar Rd,
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Tel: 010 001 0790

Web: www.acceleratepf.co.za

Investor relations

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Email: morne@articulatepartners.com

Company secretary

Ms Joanne Matisonn
Cedar Square Shopping Centre, Management Office, 1st Floor, Cnr Willow Ave and Cedar Rd,
Fourways, Johannesburg, 2055

Transfer secretaries

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Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 PO Box 61051, Marshalltown, 2107, South Africa
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Email: proxy@computershare.co.za
Fax: 011 688 2238

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Internal auditors
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