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ACCELERATE PROPERTY FUND INTEGRATED REPORT 2020

INTEGRATED REPORT

2020

ACCELERATE

PROPERTY FUND

CONTENTS

ABOUT THIS INTEGRATED REPORT

Our integrated report for 2020 presents the creation of sustainable value by Accelerate Property Fund Ltd[1] for our providers of financial capital and other stakeholders. We have applied the principle of materiality in presenting information that provides a holistic overview of our activities and performance during the reporting period from 1 April 2019 to 31 March 2020, and our positioning for long-term value creation. This includes the fund's management and subsidiaries in South Africa, Austria and Slovakia

Details on the compilation of this report can be found on page 210, and our management and operational structure is outlined on page 22.

Navigation

This page reference icon is applied throughout the report to improve usability and show integration between relevant elements of the report.

The following icons are used to illustrate linkage to our strategic pillars:

- Enhancing returns on our assets
- Growing our quality nodes
- Optimising our balance sheet
- Delivering value to stakeholders

[1] *In the report, Accelerate Property Fund Ltd and/or its management and subsidiaries are referred to interchangeably as "Accelerate", "the company", "the group", "us", "our", "we" or "the fund".*

Accelerate Property Fund is a JSE-listed Real Estate Investment Trust (REIT) offering investors the opportunity to share in a portfolio of well-established, high-quality properties in specifically identified nodes across South Africa with international exposure to a quality portfolio of nine retail assets in Central and Eastern Europe.

- Positioned in key strategic nodes
- Focused on property fundamentals
- Partnering with our tenants for mutual value creation
- Meeting the needs of the communities in which we operate
- Building cities of the future

BOARD RESPONSIBILITY

The board acknowledges its responsibility to ensure the integrity and completeness of this report. The directors confirm that they have collectively assessed the content of the report and believe it addresses the company's material matters, and that it is a fair representation of the integrated performance of Accelerate.

The directors believe that this report materially aligns with the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework, providing a true and material account of the group's performance and strategic direction. The board has, therefore, approved the 2020 integrated report for publication.

Mr Timothy J Fearnhead
Chairman
29 July 2020

Mr Michael N Georgiou
Chief Executive Officer (CEO)
29 July 2020

OUR GROUP PROFILE

OUR VISION

To be a valued and respected company in the South African property sector by focusing on the business of tomorrow but not at the expense of the business of today or the communities in which we operate.

OUR STRATEGY

To build cities of the future by focusing on property fundamentals within specifically identified nodes.

OUR NODAL FOCUS

We create value through a focused nodal approach to property investments. We identify a strategic node by looking at, among others, the transport routes, growth and densification. We then buy, develop or redevelop in these strategic nodes. We have the flexibility needed to assist tenants and maximise value by developing properties that enhance the area.

WHAT WE DO

Accelerate focuses on creating value by investing through the life cycle.

Financial and asset management

Property management

Buying	Developing	Letting and managing	Selling
Investing in key **strategic nodes** by acquiring high-quality properties with strong property fundamentals	**Unlocking the opportunities** within our available bulk as well as redeveloping and upgrading properties to maintain and enhance their value	**Delivering on tenants' expectations** by providing safe, well-maintained buildings and excellent levels of customer service	**Recycling capital** through the disposal of non-core properties to enhance the value of the overall portfolio and reinvestment in core assets

Our business model on page 52 expands on how these activities create value.

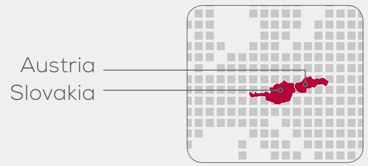
A SNAPSHOT OF OUR PORTFOLIO

Our diversified portfolio focuses strongly on nodal investments in leading economic hubs.

The fund acquires, develops and leases premium sites in commercial, industrial and retail sectors. Based primarily in South Africa, we focus on creating a balanced and diversified portfolio of properties in strong nodes across the country.

Our strategic nodes are in leading economic hubs, namely Johannesburg (Fourways and Charles Crescent) as well as the Foreshore in Cape Town and Eden Meander in George.

Accelerate also holds a portfolio of nine well-located retail warehouse properties in Central and Eastern Europe (six in Austria and three in Slovakia), offering investors international exposure.



SOUTH AFRICA

Four strategic nodes

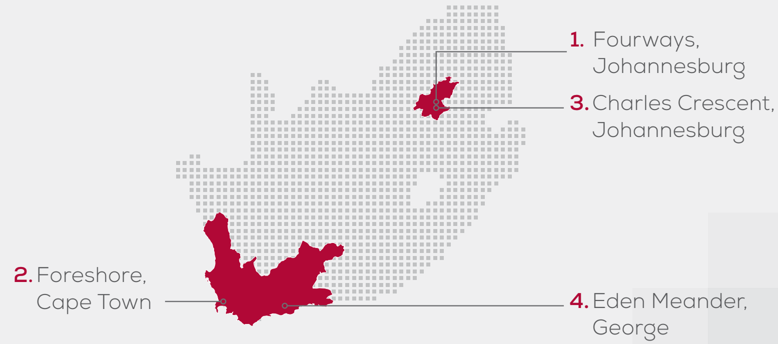
19 retail properties (2019: 26)

16 office properties (2019: 20)

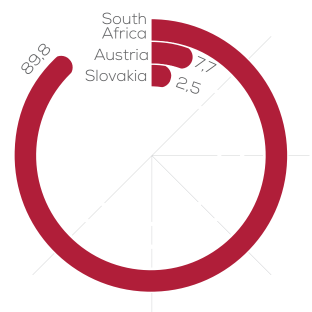
Seven industrial properties (2019: seven)

EUROPE

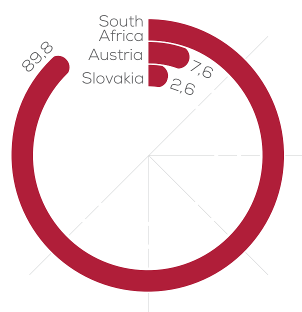
Nine retail warehouse properties (2019: nine)



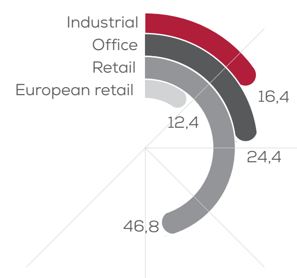
Geographic profile by gross lettable area (GLA) (%)



Geographic profile by revenue (%)



Sector profile by GLA (%)



LOCAL INVESTMENT STRATEGY

Creating value through a focused nodal approach

Investment strategy: Our approach to sustainable business includes selecting the locations of our properties based on the resilience of the areas surrounding them.

We identify a strategic node by looking at a number of factors, including transport routes, growth and densification. We then buy, develop or redevelop in these strategic nodes. We focus on extracting maximum value from these nodes, rather than targeting a specific split between retail, office or industrial properties. This approach affords us the ability to leverage economies of scale.

Within our chosen nodes, we look for quality assets with sound property fundamentals, including appropriate price, reliable tenants and growth potential.

OUR GROUP PROFILE CONTINUED

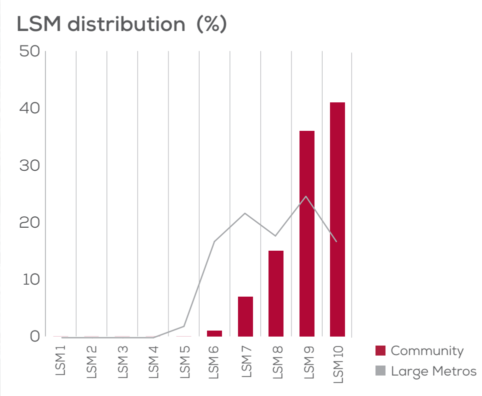
Fourways

An affluent location with high growth potential

Fourways is a fast developing commercial and residential hub in Johannesburg with massive future growth potential. The area boasts a stable and affluent population, with 41% at the upper end of the living standards measure (LSM).

Close to current and future transport hubs

Lanseria International Airport, 17 km north of Fourways, has recently been upgraded, and the Lanseria area has been earmarked as a city of the future by government as 300 000 to 500 000 people are expected to reside there within the next decade.



The Gautrain Management Agency is planning to extend the Gautrain rail route by 150 km over the next 20 years, including routes through Randburg, Fourways, Lanseria and Soweto. Locating the Gautrain station at Fourways Mall remains a key medium-term strategic objective for Accelerate as it will allow the fund to expand on the node's offering to include office and hospitality property types.

Providing property offerings across sectors

With high demand for commercial, residential and mixed-use property, the greater Fourways area offers an exciting opportunity for investors across sectors.

Underpinned by quality assets

The Fourways Mall Development, which opened on 22 August 2019, anchors Accelerate in the node, and it is a catalyst for future value creation. While it has the typical offerings of a super-regional, Fourways Mall is differentiated by an experiential retail offering, which we refer to as shoppertainment.

Our Fourways portfolio is underpinned by other quality assets such as the 44 418 m^2 Cedar Square regional shopping centre, acquired in December 2013, which anchors Accelerate's convenience offering in the Fourways area. It offers an exceptionally diverse shopping experience to our patrons, comprising food retailers, family entertainment and restaurants, as well as wide-ranging fashion, lifestyle, beauty and health offerings, including Virgin Active.

Total GLA	175 451 m^2
Valuation	R6,7 billion (31 March 2020)
Properties	Fourways Mall, Fourways View, Cedar Square, BMW, The Buzz, Leaping Frog, Regus Fourways, Waterford, Ford Fourways, Mazda Fourways, Valleyview and Exact Mobile
Undeveloped bulk	The area surrounding the BMW dealership on Cedar Road, the bulk around Cedar Square Shopping Centre and The Buzz Shopping Centre
Plans for undeveloped bulk	Residential development at The Buzz, potential motor dealership and fast food drive-through at Cedar Square/BMW as well as a potential hotel and conference centre

OUR GROUP PROFILE CONTINUED

The Foreshore

Centrally located along major transport routes

The Foreshore is situated between the historic Cape Town city centre and the port of Cape Town. With easy access from major transport routes, the node is centrally located within the resilient Cape Town central business district (CBD).

Redevelopment and revitalisation opportunities

Near Table Bay, the V&A Waterfront and the Cape Town International Convention Centre, currently dominated by office buildings (primarily A- and P-grade), the area offers opportunity for large-scale, mixed-use development. An iconic green building on the city's skyline, Portside Tower, was acquired in 2017 with a view to redevelop and revitalise the Foreshore node. The acquisition has enabled us to expand within the Foreshore and capitalise on an opportunity within Cape Town's growing property market.

Total GLA	52 152 m^2
Valuation	R1,3 billion
Properties	Portside, 101 Hertzog, Thomas Pattullo Building, Oceana Head Office, 89 Hertzog Boulevard, 73 Hertzog Boulevard and erf 7
Acquisition potential	We hold the first right of refusal on quality buildings such as Chevron, BMW and Netcare Christiaan Barnard Memorial Hospital
Development potential	The 73 to 101 Hertzog Boulevard acquisition comprises two erven adjacent to Accelerate's Foreshore properties in a precinct with significant commercial and retail development potential we intend to unlock

OUR GROUP PROFILE CONTINUED

Charles Crescent

Accessible, prime CBD location

Charles Crescent is a prestige node in our portfolio. It is conveniently located near the M1/N3 highways and Sandton, and close to major transport routes, including the Sandton and Marlboro Gautrain stations, and the Rea Vaya bus rapid transit system.

One of our distinctive assets in the Sandton CBD close to this node is the Citibank building. This 12 433 m^2 A-grade office building is located in a prime location adjacent to Nelson Mandela Square and 300 m from the Sandton Gautrain station.

Mixed-use development potential

The area offers current value and potential for future development that will include residential, retail and office (mixed-use development) property.

Total GLA	47 692 m^2
Valuation	R414 million
Properties	1, 8, 9 and 10 Charles Crescent, Primovie Park, MB Technologies and Brooklyn Place
Current strategy	Active asset management focus, unlocking advertising potential, considering development options
Future strategy	A future growth area earmarked for conversion into a multi-purpose node that may include residential and mixed-use retail and office property

OUR GROUP PROFILE CONTINUED

Eden Meander

An increasingly popular place to live

Eden Meander is located in George, the administrative and commercial hub of the Garden Route and one of the largest towns in the Western Cape. With an engaged local government, good schools, excellent amenities and beautiful scenery, George is an increasingly popular place to live in South Africa.

Investing in a growing residential node

Eden Meander is a multi-tenanted lifestyle shopping centre serving residential clientele. Since the mall's opening, tenant trading densities and footfall have grown consistently year on year and the centre is central to our growth plans.

Total GLA	29 840 m^2
Valuation	R465 million
Tenants	@Home, Checkers, Pick n Pay Clothing, Sportsmans Warehouse, Mr Tekkie and Builders Warehouse
Development potential	The lifestyle centre offers us the opportunity to create a strategic node supported by a growing town with undeveloped bulk for future expansion and development

OUR GROUP PROFILE CONTINUED

INTERNATIONAL INVESTMENT STRATEGY

Quality assets in the right location

Investment strategy: Our focus remains on quality properties with long-term leases in Central and Eastern Europe with exposure to foreign real estate markets offering attractive yields and lower interest rates. We have an experienced local management team in place with a scalable offshore investment platform.

Our diversified offshore portfolio delivers solid and steady returns, even during uncertain times, with international investments acting as a rand hedge.

During 2016, Accelerate launched its single-tenant, long-term net lease platform. The fund acquired nine well-located retail properties in Austria and Slovakia, tenanted by OBI – the largest do-it-yourself (DIY) retailer in Central and Eastern Europe. The properties were independently valued in June 2019 at €92,7 million, resulting in a 12,9% increase post-acquisition.

Acquisition price	€82,1 million (value of €92,7 million at 31 March 2020)
Building specifics	100% occupied by OBI
Tenant	10-year to 14-year single-tenant leases backed by a guarantee from the holding company
Yield (year one)	11,5% yield on South African equity investment

Our offshore portfolio is outlined on page 14.

OUR LEADERSHIP

OUR BOARD OF DIRECTORS

With a wealth of diverse experience in property, business and governance, our board of directors embrace excellence in corporate governance as the cornerstone of value creation.

Committees

- AR Audit and Risk Committee
- SET Social, Ethics and Transformation Committee
- R Remuneration Committee
- I Investment Committee
- N Nominations Committee
- TG Technology Governance Subcommittee
- Committee chair

Executive Directors

Mr Michael N Georgiou (50) I
CEO

Appointed: 1 January 2013

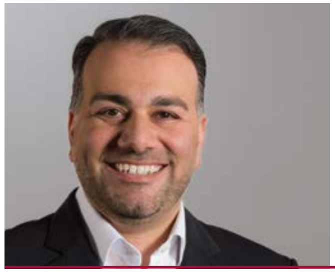
Expertise: Acquisitions, disposals, finance, property development and property management

Mr Dimitri Kyriakides (65) SET TG
Chief Financial Officer (CFO)

Appointed: 1 January 2013

Qualification: CA(SA)

Expertise: Audit, accounting, acquisitions, disposals, finance, information technology (IT), property development and property management



Mr Andrew Costa (49) I
Chief Operating Officer (COO)

Appointed: 1 April 2013

Qualifications: BCom • LLB

Expertise: Acquisitions, capital markets, disposals, finance, investment banking, legal and property management

Mr Dawid J Wandrag (68) I TG
Executive Director#

Appointed: 1 May 2019

Qualifications: BCom (Accounting)

Expertise: Acquisitions, disposals, finance, property development, property management, audit, banking, corporate governance, insurance, risk management, capital markets, legal, compliance and IT

Mr Wandrag was appointed as an Executive Director on 1 April 2020. For more information, refer to page 27.

Detailed biographies of our leadership team can be found at https://www.acceleratepf.co.za/investorcentre/#IntegratedAnnualReport

OUR LEADERSHIP CONTINUED

Non-Executive Directors

Mr Timothy J Fearnhead (71) N R
Independent Director and Chairman

Appointed: 1 June 2013

Qualifications: CTA • CA(SA) • AdvDip (Banking)

Expertise: Audit, banking, corporate governance, finance, insurance, remuneration and risk management

Dr Gert C Cruywagen (64) AR I N
Lead Independent Director

Appointed: 1 June 2013

Qualifications: MBSc • PMD • PhD • FIRM(SA) • CRM Prof (SA) • RIMS CRMP (US)

Expertise: Compliance, corporate governance, insurance and risk management

Ms Kolosa Madikizela (40) AR SET
Independent Director

Appointed: 1 June 2013

Qualification: PrCM • PrCPM • PMP

Expertise: Property development and property management

Associate Prof. François M Viruly (60) I R
Independent Director

Appointed: 1 April 2014

Qualifications: BA • BA (Hons) • MA

Expertise: Property economist

Mr George Cavaleros (64) AR R N
Independent Director

Appointed: 1 May 2019

Qualifications: CA(SA) • CFA • CIA • ACIS

Expertise: Finance, audit, insurance, remuneration, capital markets, compliance and accounting

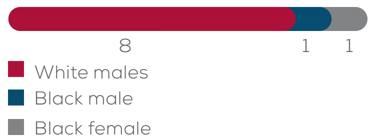
Mr Abel M Mawela (58) AR SET
Independent Director

Appointed: 1 May 2019

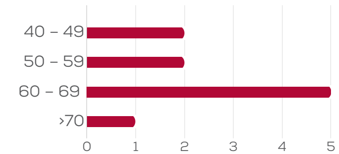
Qualifications: MBA • BCom (Hons)

Expertise: Finance, audit, corporate governance, insurance, risk management, compliance and accounting

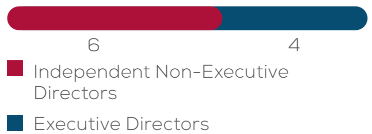
Board demographics



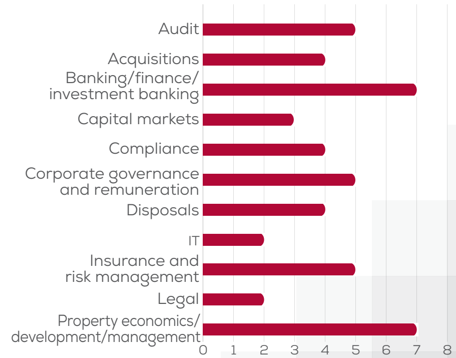
Age (years)



Independence (%)



Expertise



Tenure (years)

OUR LEADERSHIP CONTINUED

OUR MANAGEMENT TEAM

Our professional and dedicated management team brings over 200 years of finance, retail and property-related experience to the management of the business.

Every member brings commitment and competence to the team, supporting each other and the company as we deliver high-quality shopping, leisure, office and industrial space in our key nodes.

Michael Georgiou
CEO

Andrew Costa
COO

Dimitri Kyriakides
CFO

Dawid Wandrag
Executive Director[1]

Pieter Grobler
Head of Treasury and Finance

Dimitri Kokinos
Head of Asset Management

Ashley du Toit
Managing Director: Accelerate Property Management Company

Leon Louw
Deputy Managing Director: Accelerate Property Management Company

Lauren van Staden
Head of Administration

Angelique Grigoratos
Head of Legal and Compliance

Maxi Henning
Head of Utilities

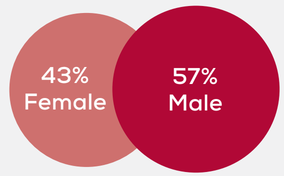
Andri Pienaar
Asset Manager: Fourways Mall

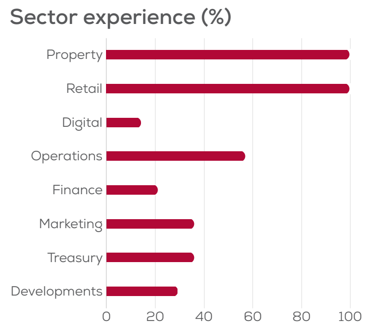
Karlien Kruger
Head of Finance

[1] *Appointed as an independent Non-Executive Director on 1 May 2019 and subsequently appointed as an Executive Director on 31 March 2020.*

43%
have been with Accelerate since the inception of the company

An average of **15 years'** property experience per person





OUR VALUES

Integrity	Honesty	Trust
To be accountable for our actions, to be consistently fair to others, and to be truthful and respectful	To be reliable, approachable, sensitive to the needs of others, open and honest	To be trustworthy in our dealings and interactions with all stakeholders

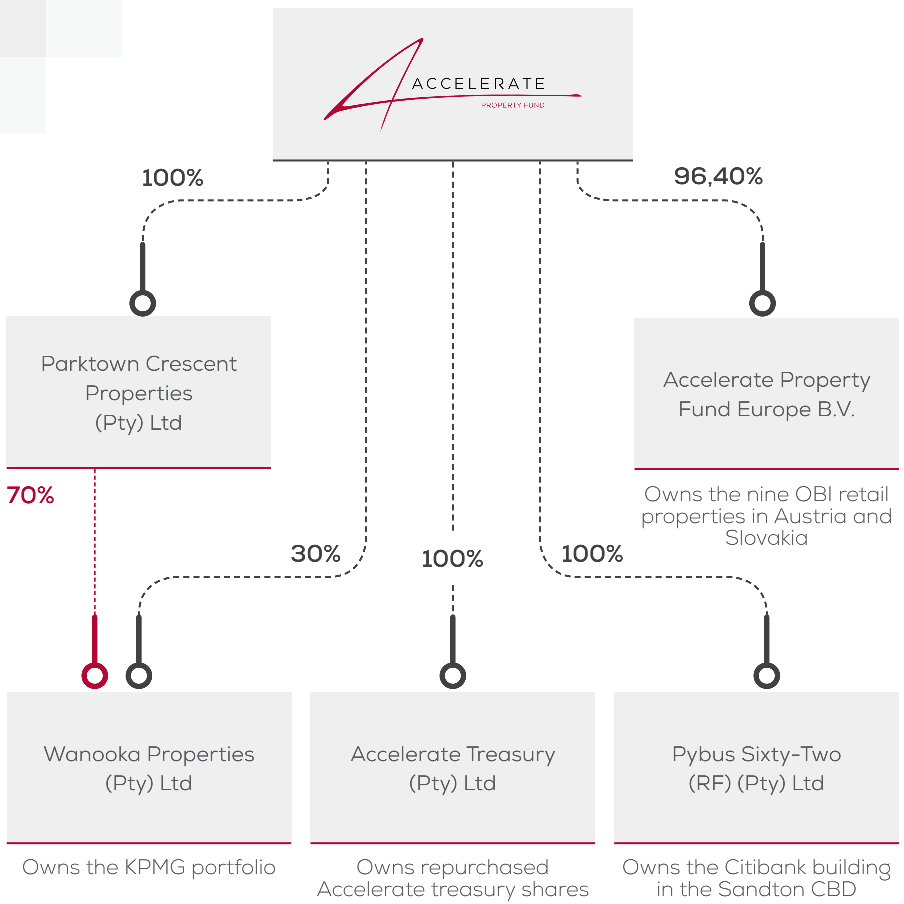
These core values are supported by

COMPETENCE	COOPERATION	COMMITMENT
To channel our skills and abilities into innovative and efficient outcomes that we deliver with energy and professionalism	To work together in an entrepreneurial spirit, sharing information, knowledge and resources towards achieving our individual and overall organisational performance objectives	To be committed to our respective jobs, customers and other stakeholders by delivering beyond expectations of quality, punctuality and efficiency

OUR GROUP STRUCTURE

Our simple group structure is designed to offer transparency and simplicity, while supporting the business's strategy objectives.

GROUP ORGANOGRAM



HOW WE OPERATE

Asset Management

Asset Management forum, Investment Committee and board

Property Management (South Africa)
External

- **Accelerate Property Management Company (Pty) Ltd**
  - Managing Director and Deputy Managing Director
  - Head of Utilities
  - Head of Legal and Compliance
  - Head of Finance
  - Head of Facilities Management
  - Head of Administration
- **Fourways Precinct (Pty) Ltd (Management of Fourways Mall)**
  - General Manager
  - Finance team
  - Property Management team

Property Management (Europe)
External

- **M2 Property Management**
  - In-country Executives

Accelerate's board of directors is responsible for the overall direction and supervision of the company. General management is delegated to Executive Directors. Executives, and certain members of Senior Management, are responsible for the Asset Management function which, in turn, directs the Property Management function.

Services rendered

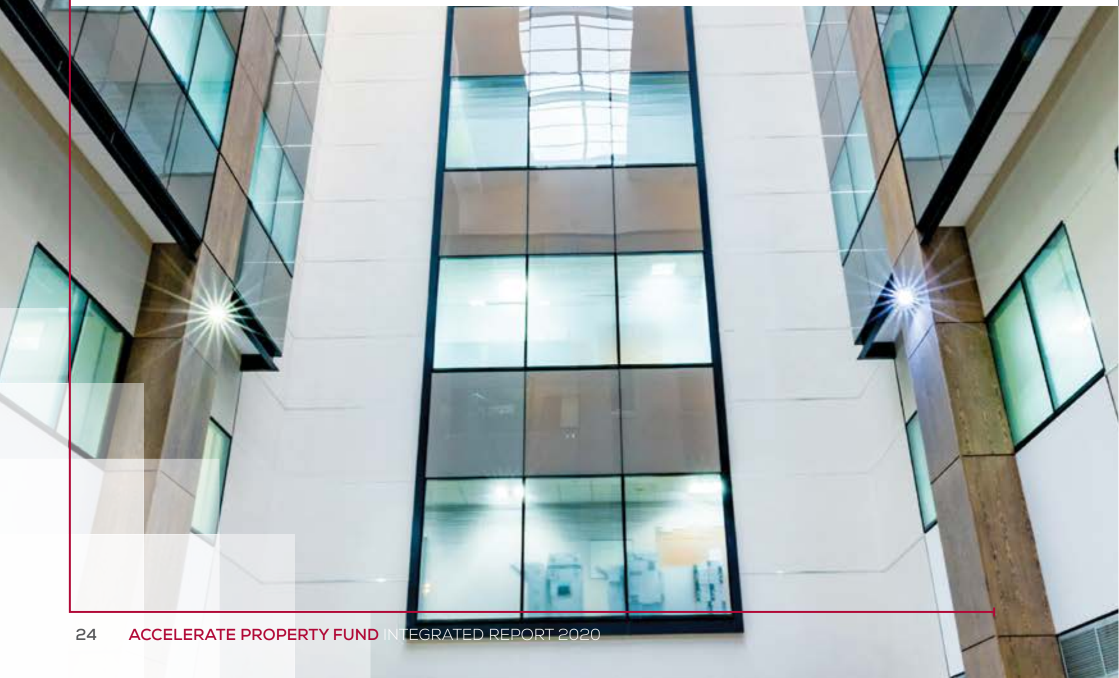
Internal Asset Management function:

- To consider acquisitions, disposals, developments and redevelopments
- To recommend appropriate acquisitions, disposals and redevelopments to the Investment Committee
- To implement transactions and capital expenditure
- The Investment Committee makes recommendations to the board for transactions and capital expenditure that fall outside its approved mandate

Property Management functions:

- Portfolio Management
- Leasing
- Marketing
- Operations (administration, collections and maintenance)
- Finance
- Legal
- Facilities

LEADERSHIP REVIEW



CHAIRMAN'S REVIEW

The board's commitment and leadership during challenging times is a key part of what sets Accelerate apart.

KEY MESSAGES

- Performance in a tough economy
- Demonstrating good governance
- Processes to achieve an optimal board composition

Q&A with our Chairman, Mr Timothy J Fearnhead

Q: HOW DID YOU FIND THE EXTERNAL ENVIRONMENT DURING THE YEAR AND WHAT WAS ITS IMPACT ON THE BUSINESS?

Tim: This past financial year, in particular the last quarter, was like a black swan flying into a perfect storm. The state of the South African economy over the past 12 months, combined with the sudden impact of the COVID-19 global pandemic – with its largely unknown implications – has made 2020 a very challenging year to say the least, and 2021 is going to be significantly tougher.

Q: IN THIS CONTEXT, HOW DOES THE BOARD VIEW THE GROUP'S PERFORMANCE?

Tim: Given the challenging circumstances, the board is pleased with the progress to date.

Our focus over the past few years has been on acquiring quality assets in line with our nodal strategy, while cleaning up and optimising our balance sheet.

We focused on delivering the revamped Fourways Mall. The mall's opening was delayed by approximately one year

CHAIRMAN'S REVIEW CONTINUED

due to several issues – one of which was the complexity of operating a mall while it undergoes a massive rebuild. Not many companies have undertaken this, and it certainly challenged our teams. Nevertheless, the mall opened in August and we are pleased with the result.

Accelerate fully debt funded the equalisation of Fourways Mall, of which it owns approximately 50%. This, in turn, elevated loan to value (LTV) levels. In anticipation of this, Accelerate embarked on a balance sheet optimisation strategy. To date, R845 million of non-core assets have been sold and transferred, and a further R595 million of non-core assets are in various stages of negotiation or sale, in line with the board-approved plans to recycle capital.

Q: LOOKING AHEAD, WHAT WILL BE ACCELERATE'S STRATEGY AND FOCUS FOR THE 2021 FINANCIAL YEAR?

Tim: Notwithstanding COVID-19, we still believe our property strategy is sound. Our strategy is to develop our chosen nodes, reduce gearing by selling non-core assets, and manage our properties for the benefit of our tenants, customers and shareholders.

COVID-19 is an unprecedented crisis and, while we do not believe it will change our strategy, we are changing our operational focus as we look to the following key issues:

- Retain and assist tenants who are deeply impacted by the crisis and lockdown while, at the same time, managing our income stream
- Manage our costs within the constraints of the situation
- Manage our funding mix and LTV levels with our funders and bankers
- Look at different and innovative ways to manage our assets
- Manage shareholder expectations

Q: FROM YOUR PERSPECTIVE AS CHAIRMAN, HOW WOULD YOU CHARACTERISE ACCELERATE'S APPROACH TO GOVERNANCE AND HOW THIS ADDS VALUE TO THE BUSINESS?

Tim: Accelerate listed six years ago, and converted from an owner-managed business to a listed company. The role of a board is to provide entrepreneurial leadership within the boundaries of controls and good corporate governance. This conversion is not an easy process and we were aware of the focus and effort needed. We successfully built and installed systems and controls to manage the business and board and committee structures to facilitate governance.

I must give credit to the founder shareholders and the board for the way in which they dealt with these challenges and related opportunities. There have been areas of robust debate, but in all instances these were met head on, in an open and transparent manner. As a result, I believe they were resolved in the best interests of the company and its stakeholders.

The position of Company Secretary is key in the governance processes of a board, especially a listed company. Tragically, in October 2019 we lost our highly experienced Company Secretary, Joanne Matisonn, who died after a brief illness. Her input and guidance in our board and committee processes is sorely missed. However, we recently recruited a new permanent, highly experienced Company Secretary. Margi Pinto will fill this role and we look forward to her input.

Our committee structures are key aspects of our governance structure. Committees are chaired by Independent Non-Executive Directors and have charters that govern their processes (refer to pages 84 to 90). I have regular ad hoc interactions, as well as a formal annual review with all these directors. In these discussions, they can voice concerns around issues that the company faces. The board is aware of areas of improvement in our governance processes. However, I am pleased to say that the board found no areas that were not adequately covered and managed.

Q: HOW DOES ACCELERATE ACHIEVE AN OPTIMAL BOARD MIX?

Tim: Our objective is always to ensure that we have the leadership to support Accelerate in achieving its vision. This means having the right skills and experience to lead the business into the future. When looking at the board, we use this lens. We look for candidates that bring experience, diversity and skills to the board and its discussions.

In seeking new board members, numerous candidates were identified and shortlisted, with the assistance of independent consultants and via the Institute of Directors in South Africa. The Nominations Committee interviews candidates before appointment. Three new board members were appointed with effect from 1 May 2019: George Cavaleros, Dawid Wandrag and Abel Mawela.

I believe their input has already enhanced the company's governance processes. We believe we have appropriate levels of diversity and mix of skills, and we will continue to work on enhancing our gender equity.

The board is satisfied with the leadership structure and the delegation of responsibility within the management team. The complementary leadership strengths of the

CHAIRMAN'S REVIEW CONTINUED

CEO, Michael Georgiou, and the COO, Andrew Costa, supported by their knowledgeable team, bring a wealth of property experience and innovation to the group.

Our leadership roles are outlined on page 82.

Q: WHAT IS THE BOARD'S VIEW ON DISTRIBUTING DIVIDENDS TO SHAREHOLDERS WHILE BALANCING THE NEED TO RETAIN DISTRIBUTABLE INCOME FOR REINVESTMENT?

Tim: As a leadership team, we make difficult decisions to ensure Accelerate's long-term sustainability and profitability. The company had declared and paid an interim dividend for the financial year, but as the implications of COVID-19 rapidly evolve, it is clear that the prudent course of action in these unprecedented times is to hold back any further distribution for the year. It is imperative for the board to consider ways to strengthen the balance sheet which may impact on short and medium term distributions. The board will continue to assess the impact of COVID-19 and shareholders will be kept informed in this regard.

Q: WHAT WILL BE THE BOARD'S KEY FOCUS AREAS AND PRIORITIES GOING FORWARD?

Tim: The board's priority is protecting value. As a business, our focus remains on enhancing our nodes, improving the balance sheet, reducing debt, keeping tenants happy and keeping vacancies low. The board will oversee the execution of these priorities in the year ahead, especially as we focus more keenly on the implications of COVID-19 and what it means for our business.

Q: WHAT WOULD YOU LIKE TO SAY IN CLOSING?

Tim: I would like to thank my fellow board members for their commitment and contributions to the affairs of Accelerate, which required tough conversations and robust debates over the year.

I am grateful for the Executive team's contributions, long hours and hard work. I would like to thank the employees in our Property Management companies, who are an integral part of Accelerate. Finally, to all our stakeholders: thank you for your continued support over the year.

Stay healthy, everybody.

Mr Timothy J Fearnhead
Chairman

29 July 2020

CHIEF EXECUTIVE OFFICER'S REVIEW

As tough economic times prevail, ensuring a sustainable future is of paramount importance in our industry.

KEY MESSAGES

- Enduring a difficult economic environment
- Reopening Fourways Mall
- Investing for the long term

Mr Michael N Georgiou
CEO

REFLECTING ON OUR OPERATING ENVIRONMENT

The past year was fraught with challenges outside of our control, including low business and consumer confidence and the outbreak of COVID-19 in the fourth quarter, which compounded an already difficult situation.

While there were many factors beyond our control, we remained focused on those elements we could influence.

For more detail on our operating context, refer to page 38.

DELIVERING ON OUR COMMITMENTS

The reopening of Fourways Mall was a significant highlight for the fund. The mall revamp was the first commitment we made to our stakeholders, and was enabled through our listing in 2013. While the development was not without its challenges, the launch in August 2019 is a milestone for Accelerate and represents the first step in our 15-year investment plan for the Fourways node, as we seek to unlock value and maximise our returns.

CHIEF EXECUTIVE OFFICERS REVIEW CONTINUED

Fourways Mall is the largest mall in South Africa, boasting a GLA of 175 451 m² and more than 450 stores. While the mall competes with the likes of Sandton City and Mall of Africa, it draws from its immediate catchment area of the affluent Fourways suburb in the northern parts of Johannesburg. The mall offers a unique customer experience as it matches the latest in shopping trends and entertainment (shoppertainment). It is still unclear how severe the impact of COVID-19 will be on the centre in the immediate future, but after the government-imposed lockdown is lifted, we will continue to implement all possible steps to ensure tenant and shopper safety.

For more information on Fourways Mall, refer to page 7.

FOCUSING ON GOVERNANCE TO PROTECT VALUE

From the outset, Accelerate prioritised governance as a key component of value creation and protection. As a business, we embrace the principles of the King Report on Corporate Governance™ for South Africa, 2016 (King IV)[1], which we have entrenched in our board structure, policies and procedures. While we have an unusual leadership structure, it is fit-for-purpose, with clear roles and responsibilities. The board of directors is responsible for the overall direction and supervision of the company, with general management delegated to Senior Management.

Strengthening the property, corporate governance and financial skills of our board, George Cavaleros and Abel Mawela were also appointed as Non-Executive Directors on 1 May 2019.

Dawid Wandrag, who has served as an Independent Non-Executive Director on Accelerate's board since 1 May 2019, joined our management team as an Executive Director in March 2020. During these unprecedented and uncertain times, his 35 years of experience in banking, real estate and risk will be invaluable to the company. Dawid's knowledge of the property sector is extensive and he is recognised by the industry as an accomplished senior executive. He has served RMB as a director of Eris Property Fund (RMB Properties) and he was head of credit risk, valuations, legal risk and recoveries at RMB Private Bank. Dawid held similar positions at Investec, and he was chairman of the FirstRand Property Finance Committee.

BUILDING A PORTFOLIO OF QUALITY ASSETS

With a focus on quality, defensive assets, I believe the fund offers the opportunity to invest in a leading property portfolio, both locally and abroad.

This is further supported by the strong underlying property fundamentals of our portfolio of quality assets:

- **56,8%** of tenants classified as A-grade by revenue (listed and large national tenants)
- **5,6-year** weighted average lease expiry (WALE)
- Rental escalations of **7,6%** (**6,4%** including our offshore portfolio)
- Weighted average cost of funding of **7,8%** with **72,6%** of debt hedged

DIVERSIFYING FOR SUSTAINABILITY

Our easily scalable European platform provides a unique strategy of investing in long-term (greater than 10 years), single-tenant net leases. The platform enables Accelerate to assess and act on new opportunities in Europe through a dedicated on-the-ground management team. The current investment includes six properties in Austria and three in Slovakia, tenanted by blue-chip German DIY retailer, OBI. The platform can also support various other strategies, such as multi-tenanted buildings.

WITH SINCERE GRATITUDE

Looking ahead, we have yet to understand the full impact of COVID-19 on the country, our tenants and the fund. Despite this uncertainty, I am confident that the sound fundamentals that underpin our business will ensure we are able to deliver value over the long term.

> I am proud of what we as a business have achieved over the past year. Our success can be attributed to our values – integrity, honesty and trust – which are supported by competent people who channel their skills and abilities into innovative and efficient outcomes that we deliver with energy and professionalism.

I want to thank the board for its strong leadership in this challenging operating context. To our shareholders and tenants: thank you for your continued support.

Mr Michael N Georgiou
CEO

29 July 2020

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CHIEF OPERATING OFFICER'S REVIEW

Our team is solid, strong, independent and the best in property management.

KEY MESSAGES

- Differentiating our offering
- Our performance
- Responding to crisis

Mr Andrew Costa
COO

INTRODUCTION

To say that the past year was difficult for the property sector is an understatement. The property sector is, at its heart, a reflection of the state of a country's economy. When the economy is thriving, the sector flourishes as companies grow, individuals have increased disposable income and retailers require more space. Conversely, in difficult times, such as the current economic slowdown in South Africa, the sector faces significant headwinds as business and consumer confidence dwindles and empty spaces become increasingly difficult to fill.

Many of these challenges are set to continue throughout 2020, exacerbated by the outbreak of the COVID-19 pandemic. It is expected that the virus will impact the world in two ways. Firstly, the tragic loss of life as the death toll continues to rise globally. Secondly, the resultant economic shutdown will have untold implications on global trade, while the national lockdown in South Africa will severely impact our local economy for the foreseeable future.

The way we respond and how we differentiate ourselves is critical in times such as these. While the immediate impact will be adverse, we understand that property is a long-term asset class and, as such, we remain committed to our strategic goals – to build cities of the future by focusing on property fundamentals within specifically identified nodes.

LOOKING AT THINGS DIFFERENTLY

We pride ourselves on our innovative approach to property and our bold implementation of leading ideas. I believe we bring innovation to the table along with traditional property thinking.

Our nodal focus is one such example of the forward thinking and innovation that sets us apart. Accelerate was one of the first South African-listed property companies to focus on a nodal approach, which is at the heart of our strategy. We look for development opportunities within property nodes, such as Fourways, that demonstrate sound fundamentals including potential for densification, transport routes, growth, high levels of disposable household income and other related factors. By owning several properties in a node, we can leverage economies of scale. While we listed with the Fourways node and Charles Crescent in Sandton in our stable, we have expanded in the Foreshore in Cape Town with Portside and added Eden Meander in George.

Details of activities in each node are outlined on pages 4 to 12.

We understand that innovation must be borne from insight. We noticed shifts in consumer behaviour long before 'shoppertainment' became part of the property lexicon. With this in mind, we embarked on our plan to redevelop and futureproof Fourways Mall as a super-regional shopping centre. This year, we reopened Fourways Mall. In addition to an exceptional retail offering that includes leading local and international brands, the mall focuses on entertainment for the entire family, with Bounce, The Fun Company, Ster Kinekor cinemas, Adventure Golf, and KidZania (which is opening soon).

While the mall has been impacted by COVID-19, we believe that the management team can ensure that its long-term value offering remains sound.

REFLECTING ON OUR PERFORMANCE

Our focus during the year was on supporting our tenants. We actively and efficiently manage our tenant relationships to ensure retention and thereby protecting future revenue streams. Pleasingly, we achieved a tenant retention rate of 90,0% by GLA. We understand the pressures our tenants are facing, and therefore implemented measures such as rental reductions, rent-free periods, and tenant installation allowances, resulting in a 2,6% negative rental reversion on renewals. This continues to put pressure on income in the short term, but we believe it is an important initiative to position the fund for the future.

CHIEF OPERATING OFFICER'S REVIEW CONTINUED

Given the pressure on our income in the short term, we prioritise cost management. The cost to income ratio temporarily increased to 26,2% (March 2020) as compared to 15,9% (March 2019) due to additional once-off expenses incurred with the completion of the Fourways Mall Development, as well as COVID-19-related provisions. Our vacancies remained stable at 10,8%. The portfolio's WALE remains strong, in excess of five years, and average lease escalations amount to approximately 7,4% (excluding offshore).

RESPONDING IN AN AGILE AND RESPONSIBLE MANNER

As the COVID-19 crisis unfolded, our management team was able to act quickly. We immediately prioritised the health and safety of our tenants and their customers.

We set up an Internal Response Committee, comprising executive and senior managers, to monitor the situation and implement the recommendations issued by relevant authorities and health organisations.

Our business continuity procedures included restrictions on domestic and international travel and the implementation of remote working policies. As a preventative measure and in line with official guidance, Accelerate engaged with service providers, especially cleaning and security contractors, and expanded and intensified hygiene protocols across our portfolio. We increased cleaning hours, using enhanced disinfectants, and made hand sanitiser available to office employees and shoppers.

Although there are restrictions to trading at shopping centres during lockdown, our Response Committee continues to monitor developments in preventative measures introduced by government.

Before lockdown, Fourways Mall management had already introduced alcohol-based hand sanitisers at each entry point. Communal and high-touch surfaces, including door handles, table tops, handrails, buttons, escalators and lifts, were sanitised several times a day, and ablution facilities were disinfected at least every hour. Educational information about the virus, informed by national and international healthcare institutions, was also disseminated by centre management.

OUR FOCUS AND OUTLOOK

We understand that the crisis will impact our shoppers and tenants long after the outbreak is contained, and we are already looking at ways to create an environment that will make people feel comfortable in a post-COVID-19 world.

We firmly believe that in times like these, everyone needs to give back to keep the country healthy and economically sound. At Accelerate, we are doing our utmost to continue to run our business within this principle.

We remain dedicated to building a business that will ultimately give steady returns through the property cycles. While it is 'business unusual' now, we remain focused on delivering on our strategic goals and capturing the opportunities that may emerge.

APPRECIATION

I want to thank our management team for their dedication and professionalism. I truly believe that we have the best property team in place, as highlighted by their individual and collective commitment and response during this COVID-19 crisis. For this, I am truly grateful.

To my fellow board members, thank you for your insight and council. To our tenants, thank you for your continued support.

We know the year ahead will be challenging for all of us. I believe that it will require us all to make sacrifices, but I also believe this is an opportunity to work together and tackle these challenges head on and, ultimately, emerge stronger.

IN MEMORIAM

Sadly, we lost one of the foremost corporate governance experts in the country when Joanne Matisonn passed away in October 2019. Joanne helped me to grow as a business leader by imparting her experience in managing complex and conflicting situations, and was an invaluable member of Accelerate's team. She is sorely missed by all of us, and our heartfelt condolences go out to her family and friends.

Mr Andrew Costa
COO

29 July 2020

HOW ACCELERATE CREATES VALUE

OUR VALUE CREATION PROCESS

We extract maximum value from properties for tenants, communities, investors and other relevant stakeholders by purchasing, selling, developing, letting and enhancing these properties.

Accelerate understands that value creation is influenced by our operating context and relationships with stakeholders as well as our reliance on various resources.

Our strategy and business model are therefore informed by the risks and opportunities that substantively affect our ability to create value over the short, medium and long term.

Influencers of our value creation

Our operating environment

Risks and opportunities

Stakeholder engagement

Our approach

Our strategy

Our business model

Value created

OUR OPERATING ENVIRONMENT

We focus on the long-term property fundamentals and keep opportunities top of mind, despite the volatile local and international operating conditions.

SOUTH AFRICA

Economy

- Low economic growth prospects, with recent ratings downgrade adversely impacting the economy
- Declining consumer and business confidence and consumption
- COVID-19 results in a government lockdown to prevent the spread of the disease

What this means for Accelerate

The South African economic environment remains challenging. The existing unfavourable economic conditions were further exacerbated by government-imposed lockdown to prevent the spread of COVID-19. These factors placed enormous pressure on the economy since the beginning of 2020, with retailers particularly negatively impacted.

Low growth directly affects our tenants across all sectors (retail, office and industrial), resulting in limited growth during the year.

Challenges in the economy may provide opportunities for local acquisitions at favourable prices. However, given our undervalued share price and an LTV at the upper end of our target range, we remain conservative in exploring opportunities and stay focused on differentiating our existing offerings.

Property market

- Low confidence in property sector
- Negative rental reversions
- Rising operating costs
- Unreliable electricity supply
- High vacancy rates
- Decreasing demand for office space
- Decline in development activity

What this means for Accelerate

The challenging economy weighs heavily on property fundamentals as consumers' disposable income remains constrained. In these unprecedented times, it is crucial that we remain committed to tenant retention, reducing vacancies, managing expenses, cost control and protecting our income stream.

We believe that, while the property sector is facing an extremely tough operating context, property remains a resilient long-term asset.

We proactively collaborate with our tenants to help reduce costs, avoid vacancies and remain sustainable until the economy improves. We employ leading property professionals to ensure that our properties are managed to the highest standards, and that our property strategy remains responsive and effective to protect our assets and retain their value and attractiveness.

Using green technology, we are becoming less reliant on municipal services, reducing our environmental impact and enhancing our reputation as a responsible corporate citizen.

We take advantage of investment opportunities as they arise, pursue optimal development and expansion opportunities, and dispose of non-core assets. We are focused on attracting and retaining quality tenants through tailored upgrades and enhancements to existing assets. We continually look for innovative ways to unlock value from our assets. At the Foreshore, we are extracting maximum value by selling properties while retaining our option to purchase.

OUR OPERATING ENVIRONMENT CONTINUED

Retail market trends

- Social and technological disruptors continue to impact consumer behaviour

What this means for Accelerate

To best serve our tenants, we must understand changing consumer habits in the context of technological and social changes, and futureproof our malls accordingly. As consumer behaviour changes, the definition of anchor tenants is evolving, moving from traditional grocery stores to entertainment and leisure offerings.

The shopping behaviour of consumers continues to change as online shopping offerings increase and the role of malls evolves. To remain relevant, malls need to offer a safe and hygienic shopping environment, as well as convenience, entertainment and experiences for the whole family.

By differentiating our malls with experiential offerings, and providing more reasons to visit, we can attract more consumers, increase their dwell time and retain high-quality tenants.

Our leading shoppertainment offerings (such as Fourways Mall's Bounce, cinemas, adventure golf, ten pin bowling and the soon to be opened KidZania children's edutainment city) demonstrate the responsive nature of our business model.

We will continue to monitor retail trends to ensure that we surpass our competitors in capturing opportunities as they arise. We continue to engage with our tenants to maintain close relationships and to ensure that their needs, and those of their customers, are understood and met.

CENTRAL AND EASTERN EUROPE

Economy

- Low interest rates
- Low rental growth in low inflation environment
- Limited supply and increasing competition
- Stricter environmental regulations
- Low vacancy rates

What this means for Accelerate

Central and Eastern Europe remains resilient, and the property fundamentals of our offshore investment remain strong. We established a scalable European platform with a unique strategy of investing in long-term, single-tenant net leases. Under an extremely stressful scenario under COVID-19 the strategy has proven to be a resounding success. While we are not looking for expansion in the short term, the platform enables us to assess and act on new opportunities in Europe through a dedicated on-the-ground management team. In future, the low interest rate environment may provide opportunities for potential acquisitions that meet our investment criteria.

OUR OPERATING ENVIRONMENT CONTINUED

COVID-19

The COVID-19 pandemic has had a devastating impact on economies globally, and evolves on a day-to-day basis. In South Africa, we face uncertainty about the extent and duration of the lockdown and any future lockdowns, which hinders our ability to predict the short-, medium- and long-term effects it will have on individuals, businesses, society and the economy as a whole.

Accelerate has identified the following areas that could be most impacted by the pandemic.

Operational effects

In accordance with the nationwide lockdown, all administrative and non-essential employees are working from home. In anticipation of the lockdown, the required IT infrastructure was put in place to ensure that administrative employees could work at 100% capacity during the lockdown. Virtual team meetings are held on a daily basis to ensure the cohesiveness of our teams as well as a strong, focused response to the impact of the pandemic.

Accelerate is an essential service provider, and many of our essential services and tenants are still trading at our retail, office and industrial properties. Our operational employees (such as Property Managers) are on site daily to ensure the safety of our patrons, tenant employees and cleaning and security personnel. Operations at these sites have continued throughout the lockdown period with little disruption.

Our tenants

Our tenants are paramount to the long-term success of Accelerate. It is important for us to assist them during this difficult time to ensure that the health impact of COVID-19 and the financial impact of the lockdown are minimised.

Accelerate is working with each tenant, on an individual basis, to provide rental relief and operational assistance as far as possible and feasible. We have taken the time to understand the impact of the pandemic on the operations and finances of our individual tenants, and are working together to find solutions during the lockdown period and for the future.

Balance sheet management and liquidity

Liquidity is key to ensure Accelerate meets all its obligations and to ensure we can provide the maximum assistance possible to our tenants. The following steps have and are being taken to maximise liquidity during this time:

- Securing liquidity facilities with our major funders to utilise if required
- Optimising and restructuring our funding and derivative structures to ensure maximum benefit and security for the company as well as funders
- Engaging with municipalities, government and the South African Revenue Service to seek relief regarding utility and property rates and taxes during this time as a company, as well as being a part of the Property Industry (PI) group, a collective of representative bodies for real estate in South Africa
- Understanding how we, as a company, as well as our employees, tenants and funders can benefit from measures taken by government and how this benefit can assist all parties involved
- Negotiating mutually beneficial payment terms with tenants
- Interacting and engaging with regulators on the possible impact of the pandemic on the regulatory compliance of REITs in the short and medium term

To further enhance the strength of our balance sheet, the company is continuing with the sale of our non-core assets. Proceeds are to be used to enhance our liquidity and reduce gearing. Property sales to the value of approximately R595 million are at various stages of completion. The completion of these sales will result in a LTV reduction of 3%.

Revenue and recoverability of tenant arrears

The evolving nature of the pandemic and the uncertainty of the lockdown duration makes it impossible to accurately measure the full financial impact of COVID-19 on Accelerate and our tenants.

The company reviewed the collection of outstanding debts after year-end, and applied sound business principles in deciding on the provision needed against these debts in order to cushion the pandemic's effects on tenants. This was done to assist tenants to stay in business in the medium to long term by writing off amounts necessary after year-end. Consequently, the provision this year has been substantially increased as a direct result of the pandemic.

We decided that it is more prudent to assist struggling tenants through this period than incur an increase in vacancies after the lockdown period.

We completed a process of engagement and negotiation and an assessment of the outstanding debts on a tenant by tenant basis. Based on this engagement we created an expected credit loss provision for doubtful debts on a per-tenant basis rather than on the debtors' book as a whole, and increased the expected credit loss provision in line with our overall assessment of the expected impact of COVID-19.

The impact on revenue and the recoverability of arrears for the year ending 31 March 2021 will be determined with more certainty as the COVID-19 situation unfolds and we can measure tenants' ability to pay.

Valuation of investment property

Our investment properties are valued in terms of future cash flows at market-related discount rates. We do not expect the short-term impact of COVID-19 on cash flows to have a material effect on the valuation of our properties. The long-term impact of the pandemic on rental levels, occupancy rates and escalation rates is currently unknown.

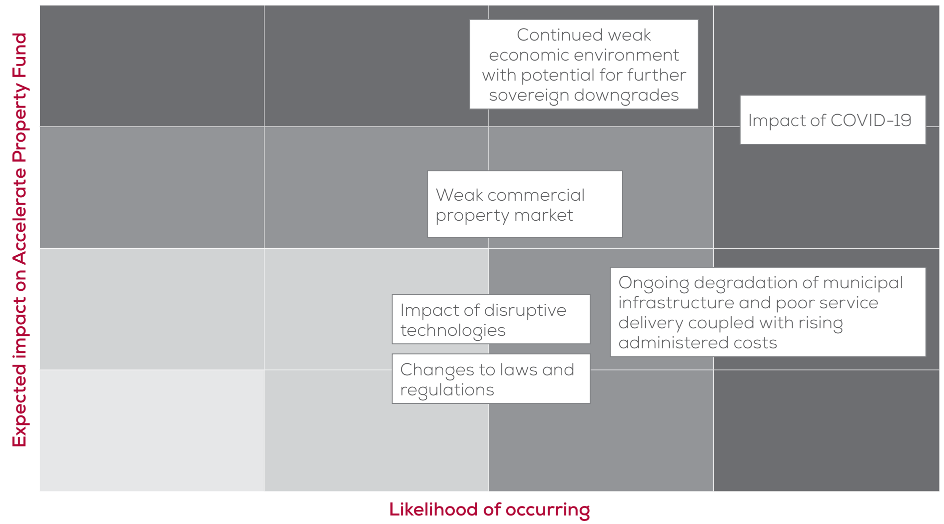
RISKS AND OPPORTUNITIES

Our approach to risk management is proactive.

We identify and manage risks that could affect our strategic objectives and include these material risks in the fund's risk register. The material risks are identified in terms of probability and potential effect. Each risk is then linked to the relevant strategic objective.

A system of internal controls provides reasonable assurance of the integrity and reliability of our financial statements to safeguard, verify and maintain accountability for the company's assets. We are thus able to minimise fraud, potential liability, loss and material misstatement in compliance with legislation.

The probable and potential impact of the material risks, which are not ranked, is illustrated below.



RISK	DESCRIPTION AND IMPLICATIONS FOR VALUE CREATION	MITIGATING ACTIONS AND OPPORTUNITIES	STRATEGIC PILLAR
Impact of COVID-19	The ramifications of the lockdown are being felt on consumer spending power and our tenants' ability to trade. As a result, tenants may not be able to pay full rental, which could impact our collections and cause cash flow constraints. To stimulate spending, interests have been cut. Drastic cuts in interest rates result in cheaper debt, placing greater pressure on the rand.	We manage our balance sheet proactively and are securing backup funding and liquidity facilities with various lenders. We ensure sustainability post-COVID-19 by understanding the long-term impact it will have on our retail tenants, in particular, and working with our tenants and other stakeholders to ensure optimal solutions for all involved.	
Continued weak economic environment with further sovereign downgrades	South Africa's low gross domestic product (GDP) growth, combined with the recent ratings agency sovereign credit rating downgrade, continues to adversely impact consumers and businesses across the country. Despite the interest rate decreases as a result of COVID-19, the downgrades have increased the cost of borrowing for companies. Furthermore, with consumer spending under pressure, retailers may be required to reduce their space requirements, request discounted rentals and be more cautious when negotiating renewals or new lettings.	By improving our portfolio through developments and strategic disposals, and differentiating our retail centres through experiential offerings, we can attract and retain high-quality tenants. We proactively collaborate with our tenants to help reduce costs to avoid vacancies and remain sustainable until the economy improves. We actively explore offshore opportunities to earn hard currency. We manage our balance sheet proactively and are securing backup funding and liquidity facilities with various lenders.	

RISKS AND OPPORTUNITIES CONTINUED

RISK	DESCRIPTION AND IMPLICATIONS FOR VALUE CREATION	MITIGATING ACTIONS AND OPPORTUNITIES	STRATEGIC PILLAR
Weak commercial property market	The sector is characterised by an oversupply in the market. Combined with poor GDP growth and lack of business confidence, this has resulted in a suppressed economic environment.	In this fiercely competitive market, tenant retention is critical. We continue maintaining close relationships with our tenants to ensure their needs are met and relationships are sustained.	
Ongoing degradation of municipal infrastructure and poor service delivery coupled with rising administered costs	Water and electricity supply remains a key concern for our tenants. Inflated rates and rising utility costs resulted in additional pressure on our tenants, to whom we are often unable to pass on the cost.	We continually strive to find innovative ways to meet tenants' needs and manage these expenses. Through green technology, we become less reliant on municipal services, reduce our environmental impact and enhance our reputation as a responsible corporate citizen.	
Changes to laws and regulations	Not remaining at the forefront of regulatory changes could impact our legitimacy and sustainability as a business.	By ensuring we are cognisant of potential regulatory changes, we enhance our reputation and ensure our alignment with best practice.	
Impact of disruptive technologies	Disruptive technologies could potentially create new markets and disrupt traditional business models, changing the way consumers shop and influencing their choices of businesses with which to engage – as demonstrated in the banking sector and with potential impact on other retailers.	Understanding consumer habits in the context of technological changes enables us to futureproof our malls by offering a responsive entertainment experience. KidZania, Bounce, food courts and other shoppertainment offerings, have demonstrated the responsive nature of our business model. We will continue to monitor retail trends to ensure that we surpass our competitors in capturing opportunities as they arise.	

STAKEHOLDER ENGAGEMENT

Stakeholder engagement provides an essential input into our governance processes and decision-making. We strive to understand and address the legitimate needs of our stakeholders to create mutual value.

EMPLOYEES

By engaging with our employees, we are able to understand their concerns and ultimately improve their job satisfaction and talent retention within the business.

Stakeholder concerns

- Long-term sustainability and job security
- Workplace safety
- Development opportunities
- Succession planning and key-person dependency
- Remuneration, recognition and reward

Our response

- Regular feedback regarding performance and improvement, including identifying career development and training opportunities
- Tight control over the company's cost structures and annually re-examining our strategy to adapt to changing circumstances
- Aligning key employees' remuneration with industry benchmarks
- Ensuring incentive programmes align with company goals

SUPPLIERS

By engaging with our suppliers, we form mutually beneficial partnerships that support business growth for both parties.

Stakeholder concerns

- Efficient contract management
- Maintaining good relationships
- Quality of services rendered

Our response

- Improve systems to offer a transparent and efficient tender process
- Vet suppliers thoroughly to ensure alignment
- Offer efficient and well-controlled payment processes

TENANTS

We actively engage with our tenants to understand their needs and challenges; as such, we can build long-term relationships, which is critical to the success of our business.

Stakeholder concerns

- Weak economy and low consumer spend
- Contract renewal and rent escalations
- Attracting shoppers by differentiating offerings
- Property maintenance
- Utility supply interruptions, combined with the increased cost of utilities
- Implementing 'green' solutions
- Implications of COVID-19, including national lockdown, shopper safety, rental relief among others

Our response

- Planned preventative maintenance and refurbishments
- Increased safety measures in response to the pandemic
- Environmentally friendly solutions under investigation to reduce outages and utility costs
- An internal Marketing department in place to communicate with tenants
- Maintain strong relationships and communication with tenants
- Offer tenants support and assistance through difficult economic times

INVESTORS AND PROVIDERS OF FINANCIAL CAPITAL

Our business relies on access to finance from our investors and providers of financial capital. By understanding and addressing their feedback and helping them to better understand our strategy, we can grow our business and, in turn, provide a return on investment to our investors.

Stakeholder concerns

- Weak economic environment, political uncertainty and the implications of COVID-19 on the business
- Distribution growth
- LTV levels
- Appropriate governance to protect value

Our response

- Clear and timely communication with the market
- Monitor the political and macroeconomic situation and scenario planning
- Position and differentiate our malls
- Balance sheet and portfolio optimisation initiatives by management to improve LTV levels
- Actively manage debt and swap maturity profiles
- Strengthen the board with relevant diverse experience

STAKEHOLDER ENGAGEMENT CONTINUED

COMMUNITY

We engage with community groups to preserve our social licence to operate and enhance our brand.

Stakeholder concerns

- Bursary opportunities
- Job creation

Our response

- Corporate social investment (CSI) programme and forum in place
- CSI focuses on bursaries and education to prepare participants for the job market
- Opportunities offered to spend time at Accelerate's office, shadowing employees in the relevant field of interest

REGULATORY AND INDUSTRY AUTHORITIES

We ensure our compliance with mandatory laws and standards, and engage with these authorities to further our understanding and application of governance best practice to support value creation.

Stakeholder concerns

- Compliance with laws and regulations

Our response

- Monitor compliance
- Engage in industry forums
- Engage with regulatory and industry bodies to influence outcomes, and ensure understanding and compliance

BUSINESS MODEL

VALUE CREATION

Our business model depicts how we create value, in the context of our operating environment, as we adapt to changes in the availability, quality and affordability of our inputs, to remain a successful and sustainable business.

WHAT MAKES US UNIQUE

Among REITs, we are differentiated by our focus on strategic nodes, which has proven to be key to our success. We continue to strengthen these nodes through development and capital expenditure spend on existing properties, and the acquisition of high-quality properties.

Our portfolio optimisation strategy enables us to remain agile under difficult trading conditions. While we have chosen to be conservative with capital and dividends in the short term, this strategy allows the fund to ensure a better long-term future. We prioritise portfolio optimisation to enhance the quality of our portfolio through the disposal of non-core assets and to reduce gearing levels to a targeted level of 35% – 40%.

Our management team has a deep understanding of finance, property, retail and our operating environment. Their collective experience, energy and original thinking results in the delivery of mutual value creation for the company, our investors and our tenants.

WHAT WE DO

Buy: We invest in key strategic nodes by acquiring high-quality properties with long-term leases and strong tenants

Develop: Redeveloping and upgrading our properties enhances their value

Let and manage: We deliver on tenants' expectations

Sell: We dispose of non-core properties to enhance the value of our portfolio

HOW WE DO IT

Financial Management

We ensure continued access to financial capital by prudently managing the fund, optimising our property portfolio and delivering on our strategy.

Optimising our balance sheet

Asset Management

We continually seek to grow our asset base through active management, including pursuing investment opportunities as they arise, delivering on developments and refurbishments as well as disposing of non-core assets.

Growing our quality nodes

Property Management

Our leading property professionals ensure our buildings are maintained and managed to the highest standards, aiming for operational efficiencies to preserve natural capital.

Enhancing returns on our assets

Relationship Management

Accelerate is committed to creating and maintaining inclusive and mutually beneficial relationships with all stakeholders.

Delivering value to stakeholders

WHAT WE DELIVER

We deliver quality spaces to our tenants and attractive returns to our investors and shareholders.

BUSINESS MODEL CONTINUED

THE CAPITALS WE USE AND TRANSFORM

Our financial resources

Our funds are derived from rental income, equity and debt funding, and proceeds from property disposal.

Challenges in raising financial capital include economic pressure, poor returns on investments, and subdued growth prospects due to weaker business and consumer sentiment.

Inputs
- Rental income
- Equity funding
- Debt funding
- Property disposal proceeds

FINANCIAL MANAGEMENT

Outcomes
- Generated revenue of R1 billion
- Sold properties worth approximately R845 million since the start of the balance sheet optimisation initiative; a further pipeline of sales to the value of R595 million is at various stages of completion

How we created value

We have rebalanced the portfolio to maintain stability in the short to medium term and refocused our strategy on nodal growth to ensure sustainable returns in the future.

Our property portfolio and assets

Our property portfolio includes the properties we own that generate revenue for the business.

Challenges include tenant retention under adverse economic conditions with increasing property costs.

Inputs
- Net asset value of R6,9 billion
- Property portfolio by GLA
  - 59,2% retail
  - 24,4% office
  - 16,4% industrial

ASSET MANAGEMENT

Outcomes
- Enhanced our portfolio in line with our strategy, focusing on redevelopments, particularly Fourways Mall Development, which was reopened in 2019, and growing asset value through refurbishments
- Disposed of non-core properties and used the proceeds to repay debt and reinvest in core portfolio

How we created value

We have proactively managed tenant relationships with rental reductions, rent-free periods, tenant installation allowances and other measures to mitigate economic pressure.

Our property knowledge and processes

Our intangible assets include the balanced and diverse experience of our management team and board of directors, our governance structures, and our employee and tenant management processes.

Challenges in enhancing and retaining our intellectual capital include scarcity of skills in the property sector, changing consumer behaviours, evolving workplace environments and rapidly changing technology.

Inputs
- Balanced and diverse experience of our management team and board of directors
- Governance structures
- Investment in research to understand changing consumer and technological drivers
- Employee and tenant management processes

PROPERTY MANAGEMENT

Outcomes
- Maintained strong and ethical leadership in challenging times
  Supported and rewarded a high-performance culture
- Developed a leading offering underpinned by research and experience

How we created value

Through the leadership of our board and Management Committee, the fund refocused its efforts on its nodal strategy, which is a key differentiator and driver of value creation.

Our people

We depend on our employees for their competency, capability, experience and motivation.

Challenges include developing and retaining skilled employees as well as providing adequate incentives and rewards that align with the interests of employees and the company during tough times.

Inputs
- Investment in skills development and fair remuneration
- Ethical culture and values

RELATIONSHIP MANAGEMENT

Outcomes
- Maintained a solid leadership team
  Recruited, retained and developed high-performing employees

How we created value

Our investment in employee development addresses the skills shortages in the sector.

BUSINESS MODEL CONTINUED

Our relationships

We uphold our social licence to operate by maintaining relationships with local communities, suppliers, tenants, shoppers and government.

Challenges include the increasing needs of communities affected by global and national socio-economic difficulties.

Inputs

- Education development
- Afterschool programmes

RELATIONSHIP MANAGEMENT

Outcomes

- Homework assistance and participation in numeracy and literacy programmes in Diepsloot
- Provided 196 pairs of school shoes and winter clothes to vulnerable children in Diepsloot
- Participated in Mandela Day project, providing food parcels to 85 underprivileged families
- Accelerate and employees provided gifts for 70 Santa shoeboxes
- Eight tertiary education bursaries granted

How we created value

Accelerate invested in education to increase employment opportunities for young people while building sustainable relationships with local institutions to improve facilities and social welfare.

Our natural resources

Our business relies on adequate supplies of natural resources such as water, electricity and land.

Challenges include global impacts of climate change, scarcity of natural resources and constraints in delivery by service providers.

Inputs

- Maintain highest standards of operational efficiency
- Dedicated focus on 'greening' buildings to reduce reliance on natural resources
- Explore renewable energy options

PROPERTY MANAGEMENT

Outcomes

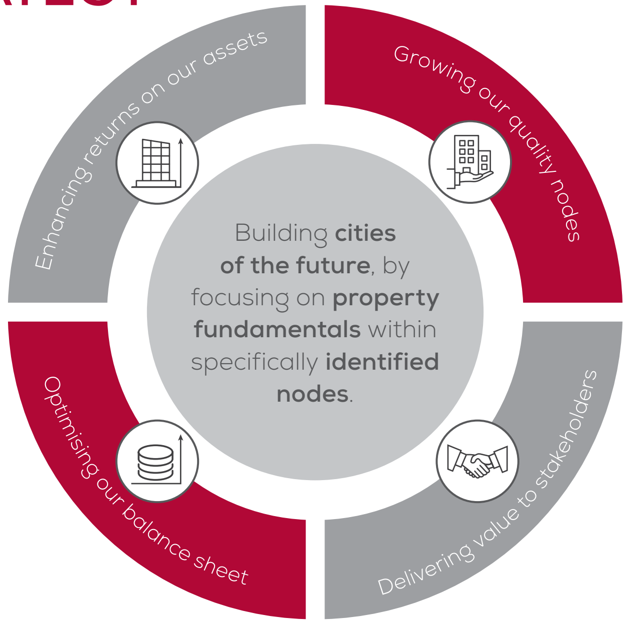
- Energy-efficient lighting installed
- Water-saving interventions
- Solar photovoltaic solutions sought
- Recycling project and awareness programme implemented at shopping centres
- Approved the installation of motion-controlled energy-efficient lighting in parking garages
- The rollout of smart meters to determine tenant consumption has commenced

How we created value

By minimising our consumption, we preserve our natural resources and ensure that our operations respect environmental sustainability.

OUR STRATEGY

We have refined our strategy to increase our focus on our nodal approach, to ensure we maximise the value we deliver for our shareholders and stakeholders at our leading locations.



To realise our vision, we implement a clearly defined strategy with strategic objectives as the road map. Delivering value to our stakeholders is top of mind when we set our strategic timelines, focusing on medium- to long-term priorities as well as short-term objectives.

ENHANCING RETURNS ON OUR ASSETS

Our objectives

- Extracting maximum value from our existing bulk and redeveloping and upgrading properties to enhance their value

Our priorities

Various redevelopments and upgrades of properties, including:

- The Foreshore redevelopment
- The Buzz bulk development
- Cedar Square tenant optimisation
- Exploration of potential opportunities at Eden Meander
- Upgrading and tenanting smaller centres and expanded offering
- Solar power investment and initiatives

GROWING OUR QUALITY NODES

Our objectives

- Building cities of the future
- Investing in quality property assets
- Concentrating on existing strategic nodes and creating new nodes
- Leveraging our current core portfolio and expanding our offering to maximise value
- Growing our offshore platform

Our priorities

- 56,8% of tenants qualified as A-grade by revenue (listed or large national tenants)
- Unlocking the potential of Fourways Mall following redevelopment completion
- Total investment per strategic node:
  - Fourways, Johannesburg: R6,8 billion
  - The Foreshore, Cape Town: R1,4 billion
  - Charles Crescent, Sandton: R0,5 billion
  - George, Western Cape: R0,5 billion
- Offshore exposure 10,2% of portfolio by revenue

OPTIMISING OUR BALANCE SHEET

Our objectives

- Diversifying our funding through a multi-bank approach
- Proactively managing interest rate risk
- Targeting an LTV ratio of 35% – 40%
- Recycling non-core assets

Our priorities

- 72,6% of debt hedged
- Weighted average swap maturity of 1,8 years
- Funding diversity:
  - 29,6% financed through debt capital markets
  - 70,4% financed through three banks
  - 7,8% blended interest rate
- Since the commencement of the portfolio optimisation strategy, properties to the value of approximately R845 million have been sold. Additional sales to the value of R595 million are at various stages of negotiation. Proceeds from these sales will be used to pay down debt and are expected to decrease gearing levels by approximately 3%. Certain properties valued at approximately R1 billion have been identified for future sales within the short to medium term.

DELIVERING VALUE TO STAKEHOLDERS

Our objectives

- Investing in long-term quality and growth
- Maintaining tight control of property expenses
- Understanding our tenants' expectations and supporting them during difficult economic times

Our priorities

- Unlocking the value of the completed Fourways Mall Development
- Vacancies of 10,8%
- Tenant retention rate of 90,0%

OPERATIONAL REVIEW

KEY PERFORMANCE STATISTICS

TOTAL TOP 10 PROPERTIES COMPARED TO TOTAL PROPERTY PORTFOLIO

Fair value (%)

77,8 (2019: 67,4)

22,2 (2019: 32,6)

■ Top 10 properties ■ Rest of property portfolio

SECTOR SUMMARY

Sectoral type by GLA (%)

16,4 (2019: 14,3)

24,4 (2019: 26,7)

46,8 (2019: 48,0)

12,4 (2019: 11,0)

Sectoral type by gross revenue (%)

5,9 (2019: 6,4)

22,3 (2019: 24,6)

61,6 (2019: 60,1)

10,2 (2019: 8,9)

Sectoral type by fair value (%)

4,0 (2019: 4,7)

21,2 (2019: 25,9)

60,4 (2019: 57,6)

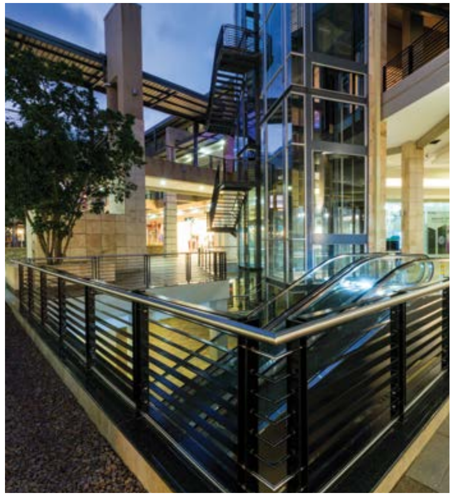
14,4 (2019: 11,8)

■ Industrial ■ Office ■ Retail ■ European retail

OUR TOP 10 PROPERTIES BY VALUE

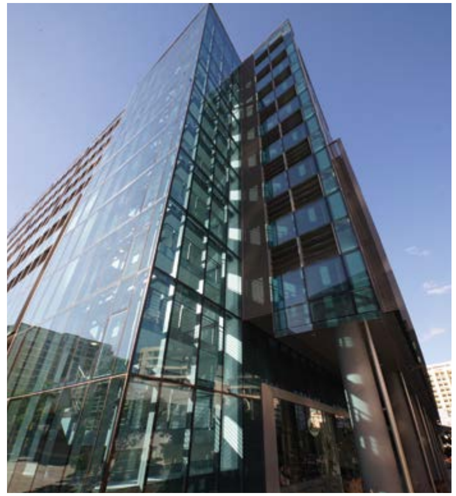
FOURWAYS MALL
Gauteng

Fair value
R4 803 343 616



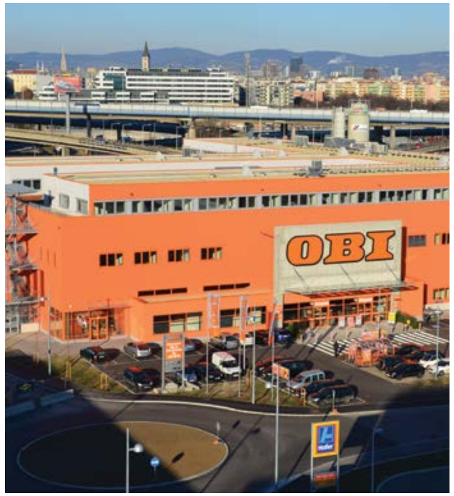
CEDAR SQUARE SHOPPING CENTRE
Gauteng

Fair value
R964 275 855



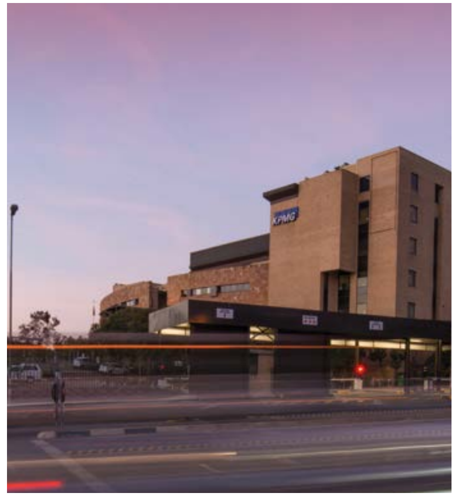
PORTSIDE
Western Cape

Fair value
R768 700 000



OBI WIEN
Austria

Fair value
R856 343 600



KPMG CRESCENT
Gauteng

Fair value
R686 900 000

OUR TOP TEN PROPERTIES BY VALUE CONTINUED

EDEN MEANDER

Western Cape

Fair value
R465 126 087

CITIBANK

Gauteng

Fair value
R291 002 838

THE BUZZ SHOPPING CENTRE

Gauteng

Fair value
R283 850 998

BMW FOURWAYS

Gauteng

Fair value
R261 377 888

OCEANA HOUSE

Western Cape

Fair value
R181 361 313

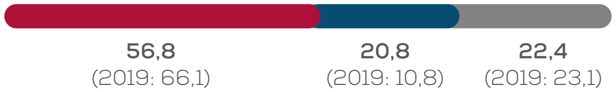
TENANTS AND LEASING

Profile: The sustainability of our business would not be possible without our tenants. Our Portfolio Managers and leasing team manage these relationships, focusing on tenant retention by ensuring that we meet their needs and understand their future aspirations. We are also dedicated to sourcing new tenants and negotiating lease agreements.

Accelerate's tenants are categorised as follows.

TENANT PROFILE

Tenant profile by GLA (%)



- **A:** Large national tenants and large listed tenants
- **B:** National tenants, listed tenants, franchises and medium to large professional firms
- **C:** Other, smaller non-listed and non-franchised businesses mainly owner-operated

Single versus multi-let by GLA (%)

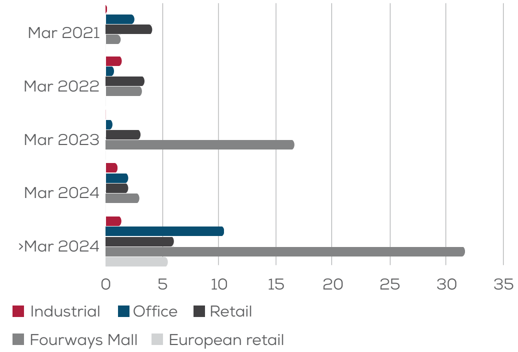
Single-tenanted   Multi-tenanted

Tenant evaluation: We evaluate potential tenants thoroughly before a lease is signed to ensure creditworthiness, trade history and business or product suitability for particular locations. We then compile a comprehensive tenant portfolio.

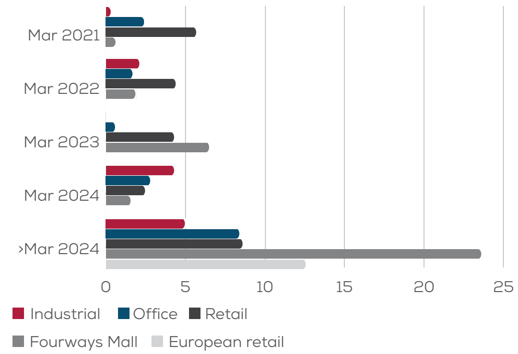
Tenant attraction and retention: We create value for our stakeholders by ensuring that we attract and retain suitable tenants. Our shopping centre and Portfolio Managers ensure that tenants are correctly placed to serve the centre's market, cognisant of nearby competitors, and to present the best possible options to current and future tenants. Anchor tenants are strategically placed to maximise foot traffic through the centres. Given prevailing market conditions, we have adopted an even more proactive approach to assisting tenants where necessary.

Leasing: Accelerate's property portfolio WALE by gross rental is defensive at approximately 5,6 years (2019: 5,3 years) as depicted in the graph below. The weighted average annual escalation across the fund's property portfolio is also solid at approximately 7,6% (6,4% including our offshore portfolio) (2019: 7,4%/6,6%).

Lease expiry by revenue (%)



Lease expiry by GLA (%)



VACANCIES

Portfolio Managers, as well as Executives and Senior Management, monitor all vacancies and develop strategies to manage current and future vacancies weekly. The vacancies per sector are shown in the table below.

ACTUAL VACANCY PROFILE PER SECTOR AS AT 31 MARCH 2020

		Total	Retail	Office	Industrial	Offshore portfolio
Vacancy (%)[1]	2020	10,8	6,5	25,1	8,6	–
	2019	9,0	6,3	21,8	2,5	–

[1] *Excludes properties under development.*

SECTORAL REVIEWS

Accelerate's portfolio comprises properties in three sectors: retail, office and industrial, with a bias towards the retail sector.

		Accelerate property portfolio				
Indicator		Total	Retail	Office	Industrial	Offshore portfolio
Number of properties	2020	51	19	16	7	9
	2019	62	26	20	7	9
Asset value (R'000)	2020	12 469 558	7 474 099	2 678 619	500 245	1 816 595
	2019	12 668 686	7 301 732	3 287 297	579 735	1 499 922
Value per sector (%)	2020	100	60,4	21,2	4,0	14,4
	2019	100	57,6	26,0	4,6	11,8
Average escalation (%) (7,6% excluding offshore)	2020	6,4	7,6	7,7	7,3	–
	2019	6,6	7,3	7,6	7,3	–
Weighted average lease period (years)	2020	5,6	5,3	6,0	4,7	8,9
	2019	5,3	4,7	5,9	3	9,9

RETAIL

- Properties: **19** (2019: 26)
- GLA: **247 820 m²** (2019: 288 581 m²)
- Property value: **R7,5 billion** (2019: R7,30 billion)

The retail sector comprises 61,6% of our property portfolio by revenue and differentiates itself through a shoppertainment offering.

The refurbished Fourways Mall successfully reopened

The extensively refurbished super-regional Fourways Mall, now the largest in Africa, reopened on 22 August 2019. With a GLA of over 178 000 m², the mall comprises more than 450 stores. It will grow to 200 000 m² with the development and launch of French home improvement mega-retailer, Leroy Merlin (not owned by the fund). The flagship store will be linked to the central mall across a retail bridge over Fourways Boulevard. As part of the redevelopment, we incorporated Fourways View and Fourways Game into Fourways Mall.

The mall offers a unique customer experience, favouring experience as a key differentiator, with tenants such as Bounce, the Fun Company, a children's Ster Kinekor movie theatre and the to-be-opened Kidzania.

The mall traded well, with peaks of trading over November 2019 (coinciding with a rise in Black Friday sales for retailers in South Africa) and December (coinciding with Christmas trade). It is unclear how severe the impact of COVID-19 will be on the mall in the immediate future but, after the government-imposed lockdown, all possible steps to ensure tenant and shopper safety will continue to be implemented.

In addition to Fourways Mall, our Fourways retail portfolio comprises 53,5% of Accelerate's total portfolio value, including eight letting properties, which are mainly retail centres. Other prominent features within the node include Cedar Square, The Buzz, Leaping Frog and Waterford Shopping Centre.

Cedar Square is repositioning as a lifestyle and family centre

Cedar Square offers a uniquely diverse shopping experience for patrons, with extensive offerings from children's entertainment to food, fashion and health. The ongoing revamp of Cedar Square is repositioning it as a lifestyle and family centre by changing the tenant mix and using capital expenditure to upgrade common areas as well as tenant installations. New tenants include Saigon Suzy, Big Bad Wolf, The Kidz Gym, The Refillery, Sofaworx, Oh My Cake, Sorbet (nail salon and dry bar), Smoke Daddy's, Postlink, Guilt Eatery, MiniGoods and Queenspark. Upgrades include replacement of lifts, air-conditioning and escalators (to be upgraded in 2020), lighting and painting as well as additional decking area. Bathroom upgrades focused on creating a family-friendly environment. The efforts have increased trading densities, especially for tenants geared towards families with children, and restaurants. Accordingly, vacancies at Cedar Square reduced from 4,0% in September 2019 to 2,0% in March 2020. We are also investigating a hospitality offering modelled for short-term stays.

SECTORAL REVIEWS CONTINUED

Upgrades at The Buzz improve vacancies

The Buzz common area has also been revamped with capital expenditure used to paint, retile and upgrade lighting. The refurbishment has seen vacancies drop to approximately 4,0%.

The fund has also entered into a joint venture with a leading residential property developer to develop approximately 500 residential units on 38 400 m² of bulk behind The Buzz and Waterford Shopping Centre. The transaction will not only unlock value for the fund but will also complement The Buzz and Waterford Shopping Centres.

Accelerate also owns three purpose-built motor dealerships close to Fourways Mall: BMW Fourways, Ford Fourways and Mazda Fourways. The Waterford Shopping Centre (convenience retail) was also refurbished, adding value to the node.

Highlights

- Fourways Mall reopened with trading over Black Friday and Christmas exceeding tenant's expectations
- Tenant retention at Fourways Mall remains strong
- Waterford refurbishment added value to Fourways node
- Eden Meander is trading well with figures growing significantly year on year

Challenges

- Increased rates and utility costs
- Low economic growth prospects for South Africa placing retailers and REITs under pressure
- Cash-strapped tenants cannot fill empty spaces or renew leases at higher rentals
- Growth prospects subdued due to weaker business and consumer sentiment driven by, among others, Eskom load shedding, state-owned entities continuing to drain fiscus and the sovereign rating downgrade to junk status
- COVID-19 caused global economic shutdown with severe impact

Looking ahead

- Continue focusing on tenant retention and filling vacancies while protecting our income stream and maintaining an optimal tenant mix
- Improving quality and sustainability of our portfolio with strategic spend and reinvestment
- Severity of COVID-19 impact is uncertain, however, all possible tenant and shopper safety measures have been implemented

Buildings	Region	GLA	Net rental (R/m²)	Fair value 31 March 2020 (R)
Fourways Mall	Gauteng	86 868	298	**4 803 343 616**
Cedar Square Shopping Centre	Gauteng	44 418	104	**964 275 855**
Eden Meander	Western Cape	29 840	101	**465 126 087**
The Buzz Shopping Centre	Gauteng	14 118	87	**283 850 998**
BMW Fourways	Gauteng	7 857	154	**261 377 888**
The Leaping Frog	Gauteng	11 027	106	**150 800 000**
Bosveld Bela Bela	Limpopo	10 626	85	**115 100 000**
Cherry Lane	Gauteng	11 504	42	**105 246 030**
Ford Fourways	Gauteng	2 469	210	**77 928 938**
Waterford	Gauteng	6 682	79	**75 131 949**
Edgars Polokwane	Limpopo	4 500	80	**45 600 000**
Beacon Isle	Gauteng	2 080	139	**33 072 369**
Valleyview Centre	Gauteng	2 012	80	**25 702 120**
Corporate Park Corner Shopping Centre	Gauteng	4 252	21	**22 700 000**
Cascades Shopping Centre	Gauteng	3 413	45	**19 343 853**
9 and 11 Main Road Melville	Gauteng	3 113	45	**14 000 000**
7 Main Rd Melville	Gauteng	1 973	35	**7 000 000**
14 Main Rd Melville	Gauteng	1 068	42	**4 500 000**
Total		**247 820**		**7 474 099 703**

SECTORAL REVIEWS CONTINUED

OFFICE

Accelerate's office property portfolio predominantly consists of P-grade and A-grade properties situated in Gauteng and the Western Cape.

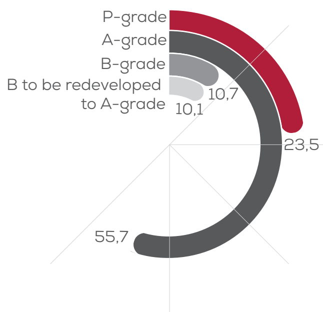
We have mainly blue-chip national tenants. Leading tenants include Primedia, Oceana, Citibank, EXL, Lindt, China Construction Bank, Zai Lab, KPMG and Regus.

The board of directors is of the view that the most optimal and efficient way to extract value from the Foreshore Development, without putting LTV pressure on the fund, is to sell the properties out of Accelerate while retaining an option to purchase the completed development.

The Foreshore Development properties include erven 5, 6, 7 and 8 (73 to 101 Hertzog Boulevard). Roggebaai will be sold out of the fund at current holding value to George Georgiou, Michael Georgiou's brother, a proven developer in the Cape Town area. Following the completion of phase 1, the commercial and retail development, Accelerate will have the option to repurchase the assets from the developer for the original sales price plus the agreed cost of the development and a pre-agreed 10% project management fee for the developer. Subject to prevailing market conditions, phase 2 of the Foreshore Development (residential and hotel) will be undertaken by the developer with Accelerate entitled to the one-third profit share of phase 2 as proceeds from sales or rental revenue.

- Properties: **16** (2019: 20)
- GLA: **129 093 m²** (2019: 160 475 m²)
- Property value: **R2,7 billion** (2019: R3,3 billion)
- Key nodes: **Foreshore** and **Charles Crescent**

Office ratings by revenue (%)



Highlights

- Acquisition of Brooklyn Place in Charles Crescent node
- P-grade and A-grade properties continue to perform well with quality as differentiator in constrained office market

Challenges

- Oversupply of office space in Sandton
- Increased rates and utility costs
- Vacancy rates of B-grade offices high due to oversupplied market
- COVID-19 caused global economic shutdown with severe impact

Looking ahead

- Focus on attracting and retaining quality tenants through tailored upgrades and enhancements to existing assets
- Potential development opportunities
- Extract maximum value from the Foreshore by selling properties while retaining option to purchase
- Severity of COVID-19 impact is uncertain but all possible steps taken to ensure tenant and shopper safety after lockdown

Building	Region	GLA (m²)	Net rental (R/m²)	Fair value 31 March 2020 (R)
Portside	Western Cape	25 224	163	768 700 000
KPMG Crescent	Gauteng	20 096	280	686 900 000
Citibank	Gauteng	12 433	129	291 002 838
Oceana House	Western Cape	7 254	167	181 361 313
73 – 101 Hertzog Boulevard	Western Cape	5 470	193	158 135 356
Primovie Park	Gauteng	17 364	40	136 200 000
1 Charles Crescent	Gauteng	13 723	70	103 500 000
Thomas Pattullo Building	Western Cape	6 084	111	101 659 813
99 – 101 Hertzog Boulevard	Western Cape	3 620	101	54 800 000
Mustek (89 Hertzog Boulevard)	Western Cape	4 500	78	52 371 233
KPMG Polokwane	Limpopo	1 484	222	40 300 000
9 Charles Crescent	Gauteng	4 298	28	37 202 190
Brooklyn Place	Gauteng	2 862	16	26 068 098
KPMG Secunda	Mpumalanga	830	181	18 100 000
KPMG Port Elizabeth	Eastern Cape	1 054	137	15 900 000
Absa Brakpan	Gauteng	2 797	18	6 417 732
Total		**129 093**		**2 678 618 571**

SECTORAL REVIEWS CONTINUED

INDUSTRIAL

Our industrial portfolio comprises seven properties in prime locations in Port Elizabeth, Cape Town and Johannesburg.

While our industrial exposure is limited, we are committed to managing these properties to optimise value for the company and our tenants.

- Properties: **seven** (2019: seven)
- GLA: **86 557 m²** (2019: 86 557 m²)
- Property value: **R0,5 billion** (2019: R0,6 billion)

Highlights

- The majority of our properties in our industrial portfolio are underpinned by long-term net leases

Challenges

- The weak economic environment resulted in some softer rentals in order to manage vacancies
- COVID-19 caused global economic shutdown with severe impact

Looking ahead

- The focus remains on maximising value by improving letting and increasing efficiencies
- Severity of COVID-19 impact is uncertain but all possible steps taken to ensure tenant and shopper safety after lockdown

Building	Region	GLA (m²)	Net rental (R/m²)	Fair value 31 March 2020 (R)
Checkers Montague	Western Cape	26 890	44	**148 969 500**
Edcon Warehouse	Western Cape	14 775	51	**92 000 000**
MB Technologies	Gauteng	6 000	172	**89 232 556**
Pick n Pay distribution centre	Eastern Cape	7 983	51	**54 772 289**
Accentuate	Gauteng	13 566	22	**52 575 849**
Meshcape Building	Gauteng	13 898	33	**40 795 313**
10 Charles Crescent	Gauteng	3 445	65	**21 900 000**
Total		**86 557**		**500 245 506**

OFFSHORE PORTFOLIO

Our offshore portfolio consists of six well-located retail warehouse properties in Austria and three in Slovakia. All nine properties are leased by OBI, one of the largest specialist DIY retailers in Central and Eastern Europe.

- Properties: **nine** (2019: nine)
- GLA: **65 893 m²** (2019: 65 893 m²)
- Property value: **R1,8 billion** (2019: R1,5 billion)

We continue to focus our international investment philosophy on developing and acquiring long-term, single-tenant net lease properties, strategically to blue-chip multi-national or large regional tenants, in countries that meet defined minimum investment criteria and are considered core markets to tenants.

Our scalable international operating platform responds to any identified opportunities that would benefit Accelerate's shareholders. The holding company in the structure is based in Amsterdam with 96,4% owned by Accelerate. The remaining 3,6% is owned by on-the-ground management executives.

Our offshore investment has proven to be defensive with a WALE of 8,9 years and is an important source of geographic revenue diversification for Accelerate.

Highlights

- Austrian portfolio performing within expectations and Slovakian operations exceeding expectations
- Properties externally revalued upwards in June 2019 to €92,8 million

Challenges

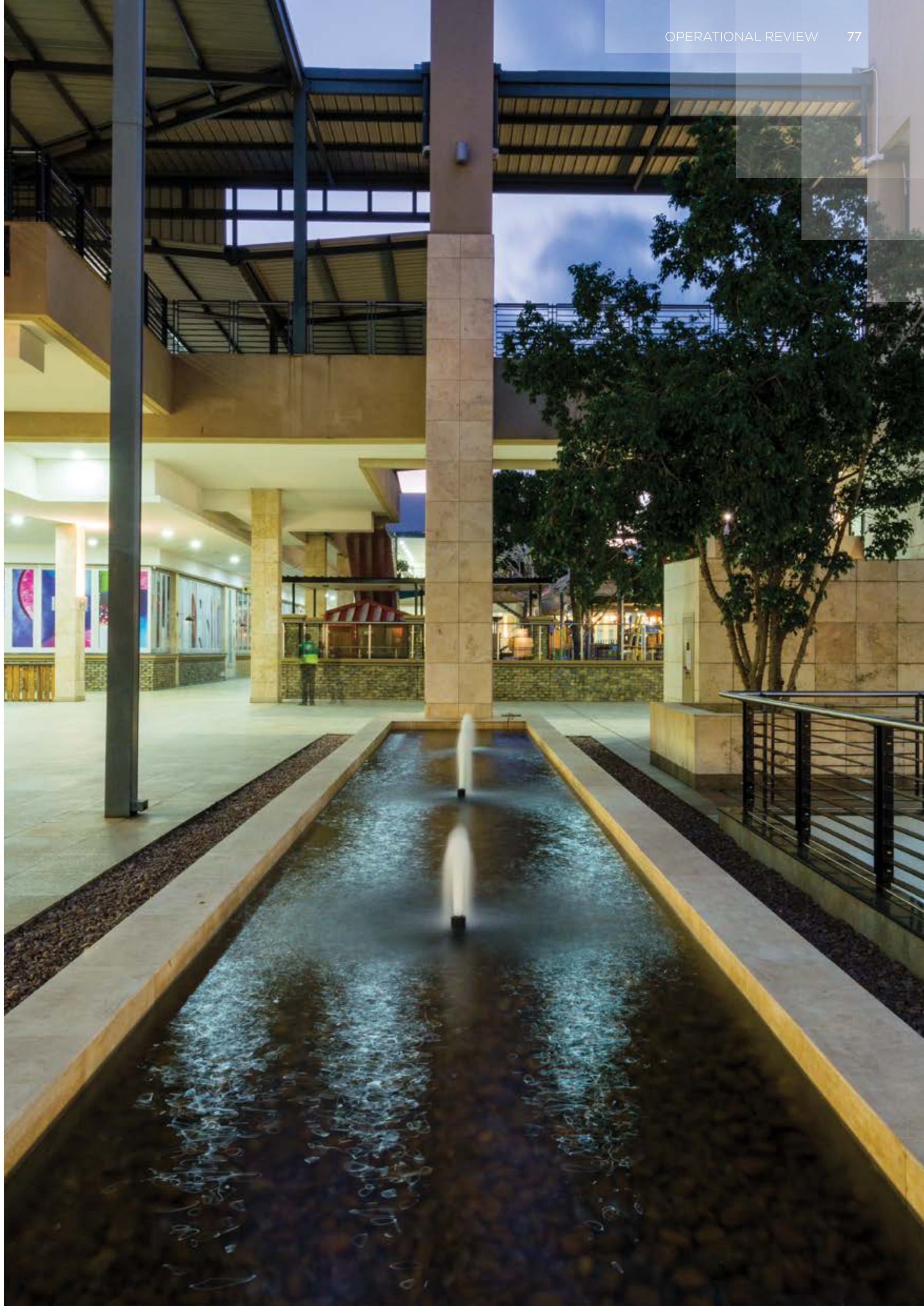
- Rental growth is challenging in a low-inflation environment
- COVID-19 caused global economic shutdown with severe impact

Looking ahead

- Continued focus on creating value with a single-tenant strategy in our offshore portfolio
- Scalable platform with on-the-ground Deal Origination and Finance functions remains poised to capture opportunities in line with our strategy
- Severity of COVID-19 impact is uncertain but all possible steps taken to ensure tenant and shopper safety after lockdown

SECTORAL REVIEWS CONTINUED

Building	Region	GLA (m²)	Net rental (€/m²)	Fair value 31 March 2020 (€)
Austria				
OBI Mauthausen	Oberösterreich	5 146	8,4	**6 799 000**
OBI Hallein	Salzburg	3 739	4,7	**2 984 000**
OBI Bruck/Mur	Steiermark	6 823	5,7	**6 481 000**
OBI Mürzzuschlag	Steiermark	5 822	7,2	**7 292 000**
OBI Rosental	Steiermark	3 316	6,4	**3 690 000**
OBI Wien	Wien	16 356	12,6	**43 691 000**
Slovakia				
OBI Martin	Martin	7 950	4,4	**6 936 400**
OBI Kosice	Kosice	8 054	4,2	**6 540 000**
OBI Nitra	Nitra	8 687	4,6	**8 270 000**
Total		65 893		**92 683 400**



CORPORATE GOVERNANCE

HOW WE ARE GOVERNED

Good corporate governance is embedded in our company culture and underpins long-term value creation and sustainability.

Please refer to our website for our King IV register with details of our application of the principles.

LEADERSHIP STRUCTURE

Accelerate has a unitary board structure with board committees focusing on key strategic areas in line with the committee members' expertise and experience. The structure of the board and its committees is simple and transparent. The structure enables an efficient and timely flow of information from the board and its committees through the CEO, COO and the executive team into the group, and ensures accountability upwards from the board to shareholders. The board annually reviews its Delegation of Authority Framework and confirms that it is satisfied with its contribution to appropriate role clarity between the board, its committees and executive management.

Appropriate policies and procedures provide the parameters for the committees to fulfil their mandates, and add value to the effective functioning of the board to ultimately create value for stakeholders. The board of directors confirms its accountability for effective corporate governance enshrined in its commitment to lead the company with integrity, competence, responsibility, fairness and transparency.

The board comprises six independent Non-Executive Directors and four Executive Directors.

The board complement is designed to ensure a balance of power so that no individual director has undue influence on board processes and decision-making. The company has a Lead Independent Director and the Chairman of the board is independent. This strengthens the overall balance and independent judgement brought to decision-making. Having four Executive Directors provides the board with comfort that it receives diverse points of view from an executive perspective. This contributes to robust debates and the decision-making process.

The composition of the board committees is monitored and reviewed on a continual basis. A review of the qualifications, experience, disciplines, generations, gender and racial diversity of the directors, as detailed in the notice of annual general meeting (AGM), indicates that the directors meet several diversity criteria to satisfactorily fulfil their fiduciary duties and duties of care, skill and diligence.

The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

Newly appointed directors are required to retire at the first AGM following their appointment, and may be re-elected by shareholders, if eligible and available.

The average board tenure of directors is seven years. Assessing the independence of board members was included in the 2020 board evaluation process. The board thereafter concluded that no Non-Executive Director has served on the board long enough to compromise objective judgement or cause any bias in decision-making.

HOW WE ARE GOVERNED CONTINUED

THE REGULATORY AND GOVERNANCE ENVIRONMENT

The board and its committees have sound robust policies and processes in place to ensure that all applicable laws, regulations and governance codes and standards are adhered to. The ethos and ethical values are incorporated in the Code of Ethics and other governance policies. Compliance is an integral part of the company's strategy. The board confirms that no penalties, sanctions or fines for contraventions of or non-compliance with statutory obligations were imposed on the company or any of its directors during the year under review.

The compliance framework covers, inter alia, managing risks and opportunities, effective controls, information and technology governance, ensuring an ethical culture, assurance of material matters, and integrated reporting, financial and non-financial, to stakeholders. The board complies with legislation, various codes and regulations such as the Companies Act, 71 of 2008, as amended (the Companies Act), the JSE Listings Requirements, the Income Tax Act, REIT legislation and King IV. A register of key acts impacting the company's performance and operations is interrogated biannually by the Audit and Risk Committee. All policies are reviewed regularly and when new legislation or amendments to existing legislation come into effect.

The board oversees processes that ensure each business area and every employee of the company are responsible for acting in accordance with sound corporate governance principles in their relationships with management, shareholders and other stakeholders.

ETHICAL CULTURE

The board strives to ensure that its actions reflect its commitment to leading ethically. The Social, Ethics and Transformation Committee focuses on ethics management, aligned to King IV. The role of the Social, Ethics and Transformation Committee has evolved over the past few years to be more prominent in ethics management, and to ensure that an ethical culture and ethical conduct permeate the group.

Accelerate's Code of Ethics incorporates our values, which include integrity, trust and honesty, in our relationships with various stakeholders. Accelerate expects its suppliers, customers and other stakeholders in the value chain to adhere to its Code of Ethics. The Social, Ethics and Transformation Committee is responsible for monitoring Accelerate's ethical conduct. The board upholds the protection of human rights as encapsulated in the South African Constitution and Bill of Rights. The board confirms that Accelerate adheres to the 10 principles of the United Nations Global Compact.

Details of social impact and the activities of the Social, Ethics and Transformation Committee are discussed in the Social, Ethics and Transformation Committee report on page 108.

CONFLICTS OF INTEREST

Accelerate's Conflict of Interest Policy guides directors and Senior Management on how perceived and actual conflicts may arise and should be declared. The board is cognisant that managing potential conflicts of interest arising through related party transactions is key to Accelerate's ongoing success.

The aim of the policy is to protect the company and individuals from any appearance of impropriety, and to ensure compliance with statutory and best practice requirements. The policy covers the statutory provisions in section 75(5) of the Companies Act and the JSE Listings Requirements regarding related party transactions. In addition, the policy includes guidance on when to declare any gifts or hospitality a director or member of Senior Management may receive in connection with their role in the company. The Conflict of Interest Policy was reviewed and strengthened during the year as part of the board's commitment to upholding and implementing ethical conduct.

BOARD CONTRIBUTION TO STRATEGIC DELIVERY AND VALUE CREATION

The board is responsible for managing the company and ensuring its long-term economic, social and environmental sustainability. The purchase of quality assets and the disposal of non-core properties indicate the company's commitment to long-term sustainability as opposed to pursuing short-term yields. This is underpinned by ongoing innovation, such as differentiating the company's retail properties, its strategic offshore diversification in 2016 and the executive team's passion. The board regularly reviews its Governance Framework to ensure its relevance and contribution to value creation. Some of the initiatives that took place during the year under review include the following:

- Completed the Fourways Mall redevelopment project
- Equalised, following which the company now owns 50% of Fourways Mall
- Considered potential COVID-19 impacts for the business and its stakeholders, resulting in the implementation of the company's COVID-19 Policy and related measures at all retail properties.

The board has a formal charter, which it reviews and approves annually. The charter sets out the board's role, powers and responsibilities, and differentiates the roles of the Chairman, Lead Independent Director, Non-Executive Directors, CEO, COO and CFO.

The board confirms that the company has complied with all material aspects of King IV, the mandatory corporate governance provisions in the JSE Listings Requirements and the board charter during the year under review.

HOW WE ARE GOVERNED CONTINUED

CHAIRMAN	The Chairman is an Independent Non-Executive Director, charged with leading the board and ensuring its effective functioning.
CEO	The CEO is responsible for the group's strategy and the delivery of Fourways Mall, and is a key dealmaker for the group.
COO	The COO is also responsible for the group's strategy, manages the day-to-day operations of the business, and ensures the effective implementation of the company's strategy and objectives.
CFO	The CFO maintains a robust internal financial control environment, oversees financial reporting, and ensures compliance with all relevant financial and taxation laws and regulations.

KING IV OUTCOMES

The board implements the 16 good corporate governance principles, as described in King IV, through a wide range of good governance practices and processes. These are articulated in the company's King IV application register available on Accelerate's website. The practices and processes resulted in the following outcomes:

Ethical culture

An ethical culture underpins our approach to business. Across the company, we strive to conduct ourselves ethically in everything we do, in line with our values and the terms of our board charter.

Performance

Our strategy is designed to deliver good performance over the short, medium and long term. Performance is connected to our immediate financial results and the long-term growth prospects of the business.

Effective control

While the board is ultimately responsible to shareholders, our governance structures ensure there is an effective delegation of responsibility to enable sustainable delivery.

Legitimacy

Linked to our ethical culture is a desire to be scrupulous in the way we conduct our business. We endeavour to be a responsible corporate citizen – contributing to the growth of the communities in which we operate.

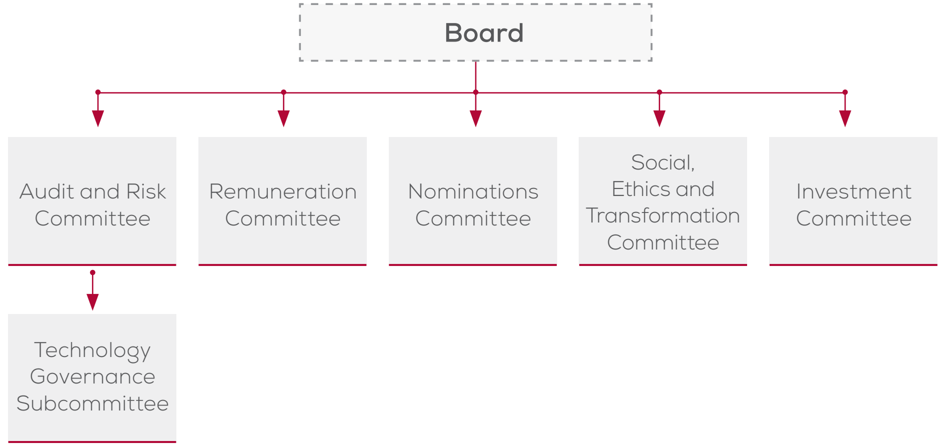
Our social activities are reported on page 107 to 108.

DELEGATION TO BOARD COMMITTEES

The board has established various committees that promote efficient and effective decision-making, while acknowledging that it is ultimately accountable for the affairs and functions of the company. Directors are appointed to board committees with reference to their specialised skills, experience and various other diversity criteria. The board receives reports on the activities and recommendations of each committee at the board meeting following a committee meeting.

The board is satisfied that all committees fulfilled their responsibilities in accordance with their terms of reference.

The material matters addressed by each board committee are reflected on pages 84 to 90.



REMUNERATION COMMITTEE

The committee is satisfied with the overall Remuneration Policy and strategy to recruit and retain key talent.

Members	Strategic objective alignment
Independent Non-Executive Directors • FM Viruly (chairman) • TJ Fearnhead • G Cavaleros **Executive Director** • A Costa[1]	The committee's objective is to ensure that the company has an optimal remuneration strategy based on a fair and responsible Reward Policy, which aims to attract, retain and motivate employees and Non-Executive Directors for achievements in line with the company's strategic objectives.

[1] *In accordance with King IV, the Executive Director stepped down from the Remuneration Committee post-year-end, and became a permanent invitee.*

Reviewed	Recommended to the board	Approved	Future focus
• Board evaluation report • Succession plan for Executives and Senior Management	• Committee's terms of reference • Non-Executive Directors' remuneration for approval by shareholders • Remuneration report for inclusion in the integrated report	• Executive Directors' KPIs • Annual work plan	• Remuneration inclusive of short and long-term incentives (STIs and LTIs) for Executive Directors • Amended Remuneration Policy

Accelerate's remuneration review and remuneration report are discussed on pages 96 to 105.

AUDIT AND RISK COMMITTEE

The committee is satisfied with the overall control environment, including controls supporting the financial statements for the year ended 31 March 2020, as confirmed by the internal and external auditors

The committee and the board are satisfied that there is adequate segregation between the External and Internal Audit functions, and that the independence of the internal and external auditors is not in any way impaired or compromised.

Members	Strategic objective alignment	Monitored
Independent Non-Executive Directors • GC Cruywagen (chairman) • K Madikizela • G Cavaleros[1] • AM Mawela[1] **Permanent invitees** • Executive Directors • Head of Treasury and Finance • Internal auditors • External auditors	The committee's objective is the governance of risk and the internal control environment to support the company's strategic objectives and ensure the integrity of financial reporting.	• Insurance cover • Legal and compliance matters • Technology and information governance • Risk register and risk reports • New accounting standards • The Independent Regulatory Board for Auditors' (IRBA) assessment on EY and audit partner • Treasury guidelines

[1] *Appointed 1 May 2019.*

HOW WE ARE GOVERNED CONTINUED

Reviewed	Approved	Recommended to the board	Future focus
• Financial statements and KPIs • Significant matters considered in the annual financial statements include revenue recognition and valuation of investment properties	• Internal audit plan and fees • Internal audit activity charter • 2020 external year-end audit plan and audit fees • Confirmed the independence of the external auditor • Non-audit services provided by the external auditors within the policy limit of R500 000 • Nominated the appointment of the auditor and audit firm following a review of the information detailed in paragraph 22.15(h) of the JSE Listings Requirements • Nominated the appointment of a new audit partner for the 2021 audit • Appropriateness, experience and expertise of the CFO and Finance function • Fixed Assets Policy • Annual work plan • Appropriateness of the financial reporting procedures • Committee's report to be included in the integrated report	• Interim and year-end financial results and distributions • Integrated report • Budget for 2021 financial year • Going concern principles to be applied • IT governance framework • Policy for the governance of risk • Committee's terms of reference • Re-election of members of the Audit and Risk Committee, for recommendation to shareholders at the AGM	• Ensure that new committee members are appointed following the appointment of new board members • Improve risk management

NOMINATIONS COMMITTEE

Members	Strategic objective alignment
Independent Non-Executive Directors • TJ Fearnhead (chairman) • GC Cruywagen • G Cavaleros[1]	The committee's objective is to assist the board in ensuring that an accountable and transparent process is followed in the appointment of directors to establish an optimally diverse board and committee composition.

Recommended to the board	Future focus
• Committee's terms of reference • Changes to the membership of the Audit and Risk Committee • Amended Diversity Policy	• Recommend the appointment of new board members and reconstitute the board committees accordingly • Re-election of retiring directors

[1] *Appointed 1 May 2019.*

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The Social, Ethics and Transformation Committee monitors Accelerate's activities in line with its mandate, including:

- Social and economic development
- Corporate citizenship
- Consumer relationships
- Labour and employment issues
- Legislative and regulatory requirements

The committee is satisfied that it complied with its terms of reference and performed its functions within its mandate.

Members	Strategic objective alignment	Monitored
Independent Non-Executive Directors • K Madikizela (chairman) • M Mawela[1] **Executive Director** • JRJ Paterson[2] • D Kyriakides[3] **Permanent invitees** • Corporate Affairs Manager • Head of Asset Management • Managing Director of Accelerate Property Management Company • External Consultant: Social and Ethics, BBBEE and Employment Equity Matters	The committee's objective is to oversee statutory responsibilities, organisational ethics and corporate citizenship aligned with the company's business. The committee reports to shareholders at the AGM.	• Significant cases of misconduct, fraud, dishonesty or whistle-blowing activities, of which there were none • Ethical culture • Compliance with statutory obligations detailed in Regulation 43 to the Companies Act • Reviewed Accelerate Property Management's undertaking to subscribe to the company's Code of Ethics • Reviewed progress against UN Sustainability Development Goals • Performance of beneficiaries of the bursary programme • Spend against the 2019/2020 budget • Progress made against employment equity and other BBBEE targets • Employment equity plan for 1 October 2016 to 30 September 2021

Recommended to the board	Approved	Future focus
• Committee's terms of reference	• Annual work plan • CSI proposals • Ethics Matrix	• A continued focus on key educational initiatives, for support of existing bursary students • Providing financial assistance to schools in Accelerate's main business area on an ad hoc basis, if possible

[1] *Appointed 1 May 2019.*
[2] *Resigned 23 August 2019.*
[3] *Appointed 23 August 2019.*

INVESTMENT COMMITTEE

The committee is satisfied that it appropriately interrogated investment and disinvestment proposals and capital expenditure before approving or making recommendations to the board.

The Investment Committee holds ad hoc meetings as and when required to approve strategic acquisitions, disposals, developments or redevelopments.

Members	Strategic objective alignment
Independent Non-Executive Directors • GC Cruywagen (chairman) • FM Viruly **Executive Director** • A Costa • MN Georgiou • DJ Wandrag[1] • JRJ Paterson[2] **Permanent invitees** • D Kyriakides • All Non-Executive Directors that are not members of this committee	The committee's objective is to examine proposed investments, potential acquisitions and disposals and capital projects above executive management's authority levels prior to recommendation to the board and approve acquisitions/disposals and capex projects within its delegation of authority.

Recommended to the board	Approved	Future focus
• Proposed investments and disposals on a case-by-case basis • Committee's terms of reference	• Investments and disposals	• Oversee sales of non-core properties

[1] *Appointed as an independent Non-Executive Director on 1 May 2019 and subsequently appointed as an Executive Director on 31 March 2020.*
[2] *Resigned 23 August 2019.*

HOW WE ARE GOVERNED CONTINUED

TECHNOLOGY GOVERNANCE SUBCOMMITTEE

The board approved the conversion of the Technology Governance Committee into a subcommittee of the Audit and Risk Committee.

IT overview on technology and information

The management and security of information is crucial to any business. As such, the fund utilises various levels of systems and controls, and only allows access to information to authorised users of the relevant accounting/communication/data systems.

Cloud-based operating systems are utilised wherever possible, in order to ensure continuity of operations and off-site access to information where necessary, especially during the different lockdown stages.

The IT systems and information retrieval processes are monitored daily by management, and improvements are made where necessary.

Key areas of focus

The fund ensures that all users are given constant training and feedback on security measures, and they are given relevant feedback on possible threats and attempted hacks to its systems. No significant changes in policy have been made during the period.

Actions taken to measure effectiveness of IT

We have utilised, and will continue to use the services of outside consultants from time to time, in order to assist with ensuring that system integrity does not become compromised, and sufficient controls exist in order to safeguard the fund's information.

The subcommittee is satisfied that it complied with its duties under its terms of reference during the reporting period.

Members

Executive Directors
- DJ Wandrag (Chairman)[1]
- D Kyriakides

Senior Management
- P Grobler

Permanent invitees
- Internal auditors

Strategic objective alignment

The subcommittee's objective is to ensure the effective management of technology and the protection of IT to support the company in setting and achieving its strategic objectives.

Monitored

- IT risks, controls, system integrity and passwords
- Chief Information Officer's report
- Strategic alignment between IT and the company's business strategy
- Procurement policy and documentation for tender process
- Offshore IT report
- Streamlining of the system
- Operational and capex budget versus budget and resources
- Reviewed internal audit IT report

Recommended to the board

- Terms of reference
- Amended policy for the governance of technology

Approved

- Annual work plan

Future focus areas

- Working remotely and safely

[1] *Appointed as an independent Non-Executive Director on 1 May 2019 and subsequently appointed as an Executive Director on 31 March 2020.*

BOARD AND COMMITTEE MEETING ATTENDANCE

The board has six scheduled meetings comprising four quarterly meetings, an annual strategy meeting and a meeting to appoint the Chairman of the board for the ensuing financial year. The number of meetings is appropriate for the optimal functioning of the board. The meetings are structured to ensure most of the board's time is spent focusing on developing, implementing and monitoring the company's strategy, operational business plans, governance and its social commitments. Additional meetings are held as required.

The board and committee meeting attendance for the year under review is detailed below:

Director	Board	Audit and Risk Committee AR	Remuneration Committee R	Nominations Committee N	Social, Ethics and Transformation Committee SET	Investment Committee I	Technology Governance Subcommittee TG
TJ Fearnhead	8/8		2/2	1/1	–	–	–
A Costa[1]	8/8		2/2			2/2	
MN Georgiou	8/8		–	–		1/2	
D Kyriakides[2]	7/8		–	–	1/1		2/2
G Cruywagen	8/8	4/4	2/2	1/1		1/2	
G Cavaleros	7/8	4/4	2/2	1/1			
K Madikizela	8/8	4/4	–	–	2/2		
A Mawela	8/8	4/4	–	–	2/2		
D Wandrag	7/8		–	–		1/2	2/2
FM Viruly	7/8		–			2/2	
JRJ Paterson[3]	2/2	–	–	–	1/1		

[1] *A Costa stepped down as a member of the Remuneration Committee post year-end.*
[2] *D Kyriakides was appointed to the Social, Ethics and Transformation Committee on 23 August 2019.*
[3] *JRJ Paterson resigned from the board and committees on 23 August 2019.*

HOW WE ARE GOVERNED CONTINUED

Integrated risk management

Accelerate recognises the importance and benefits of managing risk in a structured way and adhering to best practice. The Governance of Risk Policy and the risk register are key governance tools for risk management implementation and monitoring. Key risks are identified, ranked and allocated to a senior manager for accountability. Mitigating actions are agreed to, implemented and monitored. The residual likelihood and impact of each risk are assessed and monitored on an ongoing basis.

The risk governance regime reinforces a strong risk management culture throughout the group. The policy for the governance of risk contains risk management standards and guidelines that apply the principles of King IV. The policy is reviewed annually, and any changes are submitted to the Audit and Risk Committee for consideration and recommendation to the board for approval. The Audit and Risk Committee confirms that it has adopted an appropriate risk management policy and further confirms that it has monitored compliance in all material respects. Accelerate's management is responsible for implementing the risk management functions and the policy in their respective areas. In this way, the risk management efforts are optimised.

The Audit and Risk Committee assumes overall responsibility for monitoring Accelerate's risk management performance and interrogates Accelerate's risk register at its quarterly meetings. Key risks and opportunities are determined in relation to the potential impact on our earnings sustainability and our ability to create value for stakeholders.

On the Audit and Risk Committee's recommendation, the board annually reviews its risk tolerance and risk appetite limits. To assess Accelerate's risk tolerance, the Audit and Risk Committee identifies the main business risks for the company, the factors that impact/influence the risks, the tolerance limit per risk, how Accelerate can mitigate each risk, and the impact on Accelerate if a particular risk level is breached. An assessment is also made of the potential upside or opportunity associated with each risk and the potential negative effects on the six capitals.

Accelerate recognises the wide range of risks and opportunities to which it is exposed. It is therefore a strategic objective to develop, implement and maintain a risk management programme that will assist Accelerate in meeting its strategic objectives, in particular to:

- Identify, quantify and mitigate the significant risks that may affect Accelerate
- Identify, quantify and exploit the opportunities presented to Accelerate
- Maintain and further develop risk governance
- Maximise long-term shareholder value
- Develop and protect our people
- Protect our assets and the environment
- Facilitate our long-term growth under all business conditions
- Protect the reputation and brand name of Accelerate

To achieve these strategic objectives, Accelerate ensures that it operates the risk management programme effectively, and continuously reviews and seeks to improve its adequacy and efficacy.

Internal Audit

The board ensures that the Internal Audit function is risk-based. This is monitored and controlled by the Audit and Risk Committee.

LateganMashego Audit and Advisory (Pty) Ltd is Accelerate's internal auditor. The internal auditor conducts an annual assessment on the effectiveness of Accelerate's governance, risk management and financial control process. It submits its findings to the Audit and Risk Committee for consideration and recommendation to the board. The board relies on this assurance for its risk-related financial reporting obligations. The board and the Audit and Risk Committee are satisfied that the arrangements for the internal audit are effective.

The Audit and Risk Committee is satisfied that internal controls are adequately designed and function effectively.

The Technology Governance Subcommittee reviews and monitors the matters relating to technology and information governance that arise from the internal audit reports.

The board is of the opinion that the company's risk management processes and the systems of internal control are effective.

Assurance

The board, with the assistance of the Audit and Risk Committee, oversees that the assurance services and functions support the integrity of:

- Information used for internal decision-making by management, the board and its committees
- External reports

The board and the Audit and Risk Committee are satisfied that the company has established appropriate financial reporting procedures and those procedures are operating effectively.

Based on the recommendation of the Audit and Risk Committee, the board considers and confirms the company's going concern status in the preparation of the financial statements at the interim reporting period and at year-end. The assumptions underlying the going concern statement include profitability, budgets, profit forecasts and resources. In addition, solvency and liquidity requirements are considered, as required by the Companies Act. The board is satisfied that the company will continue as a going concern into the foreseeable future and the annual financial statements were prepared on this basis.

The board is confident that there are no known events or conditions that may give rise to business risks that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern.

The integrity and reliability of the financial statements, accounting policies and the information contained in the integrated report are assured through a robust, integrated process. This process is reviewed by management and the Audit and Risk Committee prior to recommendation to the board. The board is satisfied that internal and external audits provide appropriate and effective assurance in respect of the control environment, risk management and the reliability of the financial statements.

The Audit and Risk Committee is satisfied that the external auditor is independent of Accelerate and that the level of non-audit services provided by EY did not negatively impact its independence. The Audit and Risk Committee also confirms that it is satisfied with the quality of the external audit including the results articulated in the accreditation pack issued by IRBA.

HOW WE ARE GOVERNED CONTINUED

PERFORMANCE EVALUATION RESULTS

An internal board and individual directors' evaluation took place through questionnaire-based assessments for the year under review. The results confirmed that the board continues to function effectively with open and candid debates. The board dynamics and compilation of the board agendas enable the directors to spend an appropriate amount of time focusing on key challenges and strategic objectives.

The independence of Non-Executive Directors' forms part of the board evaluation. There are no directors who have served on the board for more than nine years. The strong independent component of the board ensures that no individual director has unfettered powers of decision-making and authority.

The Chairman of the board is satisfied that the board and its committees are operating effectively.

COMPANY SECRETARY

At the beginning of the financial year, the Company Secretary was Ms Joanne Matisonn (FCIS; HDip Co Law (Wits); MA in applied ethics for professionals (Wits)). Ms Matisonn had 25 years' experience as a Company Secretary and provided excellent governance support to the board but sadly passed away in October 2019.

Keystone Compliance (Pty) Ltd (registration number 2012/121326/07), represented by Ms Stella Bowen, was appointed Company Secretary of Accelerate, effective 29 November 2019. The board is satisfied that Keystone Compliance has the requisite skills, attributes and experience to effectively fulfil the duties of a Company Secretary of a public listed company, and that the arrangements in place for accessing professional corporate governance services from the Company Secretary are effective.

Keystone Compliance was founded in 2012 and specialises in providing outsourced company secretarial and corporate governance services. The Keystone Compliance team has extensive expertise in statutory compliance and corporate governance, and proactively assists the board in its governance initiatives, and fulfilling its statutory and fiduciary duties and obligations.

The board annually considers the skills and experience of the Company Secretary. The board was satisfied with the level of competence, qualifications and experience of Ms Matisonn as required in terms of paragraph 3.84(h) of the JSE Listings Requirements. The board was also satisfied with the level of competence, qualification and experience of Keystone Compliance as required in terms of paragraph 3.84(h) of the JSE Listings Requirements.

None of the directors or employees of Keystone Compliance are directors of Accelerate nor are they connected to any Accelerate director in a way that could result in a conflict of interest. Accordingly, the board is comfortable that an arm's length relationship with the board is maintained.

Subsequent to year-end, Ms Margi Pinto (FCIS) was appointed Company Secretary of Accelerate, effective 1 May 2020. Ms Pinto has 27 years' experience in the company secretarial field gained in a number of different accounting and legal professional environments, as well as the finance and insurance industry, and the property sector.

Keystone Compliance was given notice and has completed a handover to Ms Pinto. The board is satisfied that Ms Pinto has the requisite skills, attributes and experience to effectively fulfil the duties of a Company Secretary of a public listed company.

STAKEHOLDER RELATIONSHIPS

The board appreciates that stakeholders' perceptions affect Accelerate's reputation. Accelerate's stakeholder engagement policy provides the framework to effectively communicate and engage with its stakeholders. The company is committed to creating and maintaining inclusive, honest and mutually beneficial relationships with its stakeholders through ongoing dialogue and communication initiatives. Stakeholder engagement is focused on the most pertinent concerns that impact stakeholders and that provide the greatest benefit to the company and its stakeholders. Through regular dialogue with stakeholders, we mitigate risks, identify new business opportunities, improve financial results and comply with best practice corporate governance guidelines. Accelerate has partnered with Articulate Capital Partners to assist with investor relations.

The company is committed to improving the lives of people in the communities in which it operates. The bulk of Accelerate's corporate social investment (CSI) budget is allocated to providing tertiary level bursaries to students from previously disadvantaged backgrounds. In addition, CSI initiatives focus on the communities in Fourways where we operate our key business.

Looking ahead, we will continue collaborating with our tenants to ensure their sustainability in our buildings. We will focus on minimising our environmental impact and the ramifications of planned electricity outages. We regularly review our stakeholder engagement activities in an endeavour to enhance our stakeholder engagement programmes.

Further details of the company's commitment to stakeholders is included in the stakeholder engagement report on pages 48 to 50.

REMUNERATION REPORT

PART 1: BACKGROUND STATEMENT

Accelerate Property Fund Ltd's board and Remuneration Committee (the committee) are pleased to submit the remuneration report, which sets out the company's performance, key highlights and challenges for the year ended 31 March 2020.

The year under review was extremely challenging, with an underperforming economy and difficult market conditions in general. Our key achievements during the year included the substantial sales of non-core properties to improve our balance sheet to create capacity to pay for the equalisation of the Fourways Mall Development. The completion of Fourways Mall is one of the biggest milestones achieved by the fund and was the driver behind its listing. The initial equalisation payment was paid in debt, ensuring the company did not resort to the issuance of equity at severely depressed prices.

Despite the difficult macro environment, we need to ensure that our remuneration structures are sufficiently attractive to recruit and retain high-calibre employees to realise Accelerate's business strategy.

Detail on Accelerate's strategy and how it addressed challenges can be found in the COO's review on pages 32 to 35.

Targets for Executives' STIs and LTIs require performance and effective decision-making for the long-term sustainability of the company, STI pay-outs, and vesting of long-term awards. This approach aims to align the interests of Executives with those of stakeholders. We endeavour to build appropriate safeguards into the remuneration structures to discourage behaviour that exposes the group to inappropriate and excessive risk taking. Failure to meet company and personal performance targets may result in no payment of STIs and/or LTIs to the Executives.

Shareholders approved the company's remuneration philosophy and implementation report at the 2019 AGM. Votes were 84,38% in favour of the philosophy and the implementation report. These levels of support are sufficient for us to be comfortable that our remuneration policy and its implementation meet shareholders' expectations. We are confident that they align with the REIT sector, more specifically, to REITs of a similar size and investment profile.

Accelerate values high-performance employees and expects them to make decisions in the company's best long-term interest. Accelerate endeavours to benchmark its Executives and Senior Management to the upper quartile of the appropriate peer comparison group.

Non-Executive Directors' fees reflect the directors' roles and membership of the board and its committees. Currently, the fees comprise an aggregate board base fee plus additional fees for membership per committee. In the committee's view, the fees paid to Non-Executive Directors are sufficient to attract board members with the appropriate level of skill and expertise.

The calculation of fees paid to Non-Executive Directors was also reviewed.

Remuneration for Executive and Non-Executive Directors is benchmarked by an independent service provider. Challenging KPIs are put in place for Executive Directors and their performance is reviewed against agreed KPIs.

The committee used the services of 21st Century during the 2020 financial year and is satisfied that they are independent and objective.

The committee is satisfied that the remuneration policy is fair, transparent and responsible in that it is reviewed and approved annually. The committee is satisfied that the remuneration policy achieved its stated objectives.

The committee is satisfied that it fulfilled its objectives in line with its terms of reference for the year under review.

During the year under review, the committee:

- Reviewed the remuneration policy to ensure its appropriateness
- Refined Executive performance metrics
- Initiated the formulation of a malus and clawback policy
- Initiated a review of the conditional share plan (CSP)
- Reviewed and approved the vesting of shares
- Approved guaranteed pay and STIs
- Prepared the remuneration report for inclusion in the integrated report and for discussion at the AGM

In light of the unprecedented headwinds facing the world and the South African economy, and the consequential effects on the company, the Executives and Non-Executives agreed that no salary increases or STIs should be considered for payment in the 2021 financial year. The company strives to improve our remuneration practices and looks forward to receiving your support on the resolutions for the remuneration policy and implementation report at the 2020 AGM.

PART 2: REMUNERATION POLICY

Scope and application

Our remuneration policy sets the guidelines for all permanent employees of the company.

The Remuneration Committee

Formal terms of reference represent the scope of responsibility delegated to the committee by the board of directors. The committee reports on its activities at board meetings following committee meetings. In addition, the chair of the committee attends the AGM to respond to questions from shareholders within its areas of responsibility.

The committee confirms that it has satisfactorily discharged its functions and has complied with its terms of reference during the period under review.

Key principles of remuneration

The principles of remuneration underpin each component of the remuneration policy and represent the company's remuneration approach, providing guidance for the basis upon which employees are rewarded, namely:

- The remuneration policy should align closely and transparently with the company's agreed business strategy and be reviewed regularly in light of changes in the business strategy
- The remuneration policy should be considered in terms of affordability with particular consideration of the aggregate impact of employees' remuneration on the company's financial position, its capital and investment needs, and distributions to shareholders
- The remuneration policy should promote risk management and discourage behaviour that is contrary to the company's risk management strategy and which may drive excessively risky behaviour
- The remuneration policy should be transparent and easy to understand and apply
- The remuneration policy should be equitable, striking a balance between internal and external equity
- Guaranteed remuneration should be aligned with the job requirements and competence of each employee
- Remuneration should be strongly linked to company performance in order to realise sustainable long-term benefits for the company
- Remuneration should be delivered as a balanced pay mix comprising:
  - Basic cash
  - Variable remuneration (STI and LTI)

Fixed remuneration and benefits

Accelerate adopts a total guaranteed package (TGP) approach to structured remuneration. The TGP includes the total benefit for the individual and the total cost to the company. The TGP approach reflects employees' job worth within the company and the package is payable for executing the expected day-to-day requirements. We believe that this approach enables Accelerate to attract and retain the necessary high-calibre skills.

Remuneration process

Annual reviews

The annual review process assesses employee remuneration in relation to the market so that necessary adjustments can be made in line with the remuneration policy, where warranted.

Annual adjustments

Accelerate considers numerous factors when determining an appropriate annual adjustment, including performance, the consumer price index (CPI), affordability, the company's financial position, market movements, the employee population's market position and the necessity to retain top talent.

The adjustments are conducted in accordance with the following guidelines:

- The cost of living adjustments consider the current CPI and other factors such as external environment and market pressures
- Market adjustment and/or parity increases seek to address internal inequalities within the company by awarding additional remuneration to employees who perform well but are remunerated below market
- The desire to reward and retain top talent in an environment with scarce skills

Benchmarking and position in the market

All aspects of remuneration are subject to regular reviews against relevant market and peer data to ensure that the company remains competitive. Reviews include benchmarking against an appropriate peer group of comparable companies by an external remuneration consultant. The recent comparator group is outlined below:

Comparator group	
Attacq Ltd	Rebosis Property Fund Ltd
Fairvest Property Holdings Ltd	Redefine Properties Ltd
Fortress REIT Ltd	Resilient REIT Ltd
Growthpoint Properties Ltd	SA Corporate Real Estate Ltd
Hyprop Investments Ltd	Texton Property Fund Ltd
Investec Property Fund Ltd	Vukile Property Fund
Octodec Investments Ltd	

Variable remuneration

Accelerate links remuneration policies and practices with the achievement of strategic objectives in terms of two plans that reward performance in the short and long term:

1. The STI plan is designed to create a performance culture and reward employees against pre-determined targets
2. The LTI plan, which is a CSP, is designed to attract, retain and reward participants with an annual award of shares (providing employees with an opportunity to share in the success of the company, incentivising delivery of the business strategy, encouraging employees to make the right decisions for the company's long-term sustainability and success, and aligning key employees with shareholders and other stakeholders)

STI

Purpose and principles of the STI

The Accelerate STI plan is based on the following principles:

- All employees are eligible for an annual STI
- It is limited to a maximum of 1,25 times TGP
- The annual STI is calculated on an additive basis, and is based on personal and business scores determined with reference to the company's performance and the achievement of personal KPIs or other measures set by the Remuneration Committee from time to time

The STI indicators are reviewed annually to ensure relevance.

Indicator		Weighting (%)
Business/financial indicator[1]		75
Achievement of financial metrics, including:		
• LTV ratio	10	
• Debt expiry profile	10	
• Interest rate hedging	10	
• Hedging expiry profile	10	
• Debt rating	10	
Achievement of operational metrics, including:		
• Property cost to income ratio	5	
• Vacancies	7,5	
• Operating expense ratio	7,5	
• Arrears (as a percentage of revenue)	5	
Personal indicator		25
• Achievement of personal KPIs, including:		
• Key executive responsibilities	10	
• Compliance with industry best standards	5	
• Development of people/culture/values	10	

[1] *Subject to adjustments approved by the Remuneration Committee. Such adjustments would be made for acquisitions, disposals, redevelopments, and national or international factors during the performance period.*

LTIs

Regular annual awards of conditional shares are made in terms of the CSP to ensure long-term shareholder value creation. The CPS makes shares available to Executives and selected Senior Management of Accelerate Property Management Company (Pty) Ltd, the fund's property management company, to align their interests with those of Accelerate's shareholders.

The conditional shares vest on condition of continued employment and appropriate performance conditions. Performance conditions are measured over a three-year period in line with the company's financial year-end.

The essential features of the CSP are detailed below:

Purpose	The purpose of the CSP is to award conditional shares in the company to Executives and Senior Management to align their interests with those of shareholders and other stakeholders.
Operation	Conditional shares vest on condition of continued employment (employment conditions) and appropriate performance results (performance conditions). The performance conditions are measured over a three-year period in line with the company's financial year-end. Regular annual awards of performance shares are made in terms of the CSP to ensure long-term shareholder value creation.
Participants	At the Remuneration Committee's discretion, selected senior employees of the company and Accelerate Property Management Company (Pty) Ltd are eligible to participate.
Performance period	Three years, in line with the company's financial year-end.
Maximum value of award	The maximum annual face value of the LTI is awarded based on market benchmarks obtained from independent experts and other factors the committee considers relevant in terms of the remuneration policy.
Plan limits	The aggregate number of shares allocated is subject to an overall limit of 5% of the issued share capital and an individual limit of 1,5% of the company's issued share capital.
Performance conditions	The performance conditions are objective and include one or more of the following: • Growth in dividend per share (internal benchmark and peer group comparison if appropriate) • Outperformance relative to the South African All Bond Index (ALBI) • Outperformance relative to the South African Listed Property Index (SAPI)

Executive remuneration

Malus and clawback

From the 2021 financial year, it is the intention of the committee to introduce a policy in terms of which awards under either the STI or the LTI scheme will be subject to malus and clawback provisions.

Shareholder engagement

In the event that, at any AGM, either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the voting rights exercised, the board is committed to engage with dissenting shareholders to ascertain the reasons for their votes and to address their concerns.

PART 3: IMPLEMENTATION REPORT

Non-Executive Directors' remuneration

Non-Executive Directors do not hold contracts of employment with the company, they are not part of any STI or LTI, and their fees are reviewed annually by Accelerate and submitted to shareholders for approval.

The fees paid to Non-Executive Directors for 2019/2020 are reflected in the table below, as approved by the committee and the board under the authority granted by shareholders at the AGM held on 24 July 2019.

The resolutions relating to Non-Executive Directors' fees for the 2020 financial year can be found in the notice of AGM.

Non-Executive Directors' fees	31 March 2020 (R'000)	31 March 2019 (R'000)
TT Mboweni (1 April to 11 October 2018)	–	634 975
GC Cruywagen	**498 000**	414 412
TJ Fearnhead	**630 000**	430 424
JRP Doidge	–	400 388
K Madikizela	**420 000**	360 358
FM Viruly	**420 000**	360 358
G Cavaleros[1]	**426 250**	–
AM Mawela[1]	**403 333**	–
DJ Wandrag[1, 2]	**394 167**	–

[1] *Appointed on 1 May 2019.*
[2] *Subsequently appointed as an Executive Director on 1 April 2020.*

Executive Directors' remuneration

Fixed remuneration is determined by the annual review process, which considers an employee's remuneration rate in relation to market averages, and adjustments are made in accordance with the company's remuneration policy. The annual review commences in March and any rate changes become effective on 1 July.

Executive Directors' TGP and STI remuneration	31 March 2020 (R'000)	31 March 2019 (R'000)
TGP		
MN Georgiou	**Nil**	Nil
A Costa	**4 795**	4 325
D Kyriakides	**3 551**	3 150
JRJ Paterson[1]	**1 546**	3 387
STI		
MN Georgiou	**Nil**	Nil
A Costa	**3 240**	1 850
D Kyriakides	**1 500**	1 050
JRJ Paterson[1]	**Nil**	1 350

[1] *Resigned on 23 August 2019.*

In the year under review, Executives achieved 80% of their targets. However, taking into account the performance of the company, the payouts were reduced to 60%.

The STI payments made in the year under review were in relation to performance achieved in the previous financial year.

Maximum payouts are based on market comparison. Thereafter, the achievement of performance measures is taken into account to determine a percentage of the payout.

Share options outstanding at the end of the period under review, which only vest on the specified dates, if the vesting conditions have been met, are as follows:

	Performance shares		Retention shares		Vesting dates		
Director	**Number of shares**	**Accrual at 31 March 2020 (R)**	**Number of shares**	**Accrual at 31 March 2020 (R)**	**Vesting 31 March 2021 year-end (R)**	**Vesting 31 March 2022 year-end (R)**	**Vesting 31 March 2023 year-end (R)**
M Georgiou	4 481 880	5 221 403			1 617 626	1 095 023	1 769 231
			2 864 254	3 096 056	–	1 095 023	1 769 231
A Costa	4 481 880	5 221 403			1 617 626	1 095 023	1 769 231
			2 864 254	3 096 056	–	1 095 023	1 769 231
D Kyriakides	2 411 513	2 228 399			524 635	579 186	1 307 692
			1 886 878	1 895 747	–	579 186	1 307 692
Total	11 375 273	12 671 205	7 615 386	8 087 859	3 759 887	5 538 464	9 692 308

Share options exercised (number of shares)	31 March 2020 (R'000)	31 March 2019 (R'000)
MN Georgiou	**1 341 114**	1 012 514
A Costa	**1 341 114**	2 068 158
D Kyriakides	**398 710**	440 084
JRJ Paterson[1]	**833 665**	1 313 453

[1] *Resigned on 23 August 2019.*

Employees

Our high-performance culture, lived by people who are passionate about the property industry, extends from the management team to each employee.

Every Accelerate employee's performance is reviewed annually against KPIs to ensure our company's strategic objectives are met and that employees achieve their goals.

Employees understand their value to the company in terms of ongoing training and professional development, as well as career path guidance.

Compliance with the remuneration policy

The committee is satisfied that all remuneration practices during 2019/2020 complied with the company's remuneration policy without deviation.

Approval

The Remuneration Committee recommended this remuneration report to the board of directors of Accelerate Property Fund Ltd on 20 July 2020 for approval, which was granted on 24 July 2020.

Signed on behalf of the board of directors

Associate Prof. François M Viruly
Chairman of the Remuneration Committee
29 July 2020

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

ROLE AND MANDATE

The Social, Ethics and Transformation Committee (the committee) provides an oversight role to ensure that Accelerate meets its social, ethics and transformation objectives and fulfils its statutory obligations related to social and economic development, good corporate citizenship, consumer relationships, commitment to transformation, the environment, health and safety, and labour and employment. These statutory duties are prescribed by Section 72 of the Companies Act and Regulation 43 to the Companies Act.

The committee is satisfied that it has complied with all of its statutory duties, and discharged its duties under its terms of reference, for the reporting period.

COMMITTEE COMPOSITION

The committee comprises two Independent Non-Executive Directors, and one Executive Director. The profiles of the committee members are available on pages 16 to 19.

The chairman of the committee reports to the board on the committee's activities and all matters discussed.

The Corporate Affairs Manager, Head of Asset Management, external consultant on social and ethics, BBBEE and employment equity matters, and the Managing Director of Accelerate Property Management Company (Pty) Ltd are standing invitees to the committee's meetings, as are the Chairman of the board, CEO and COO. Invitations to attend committee meetings are also extended to Senior Executives and professional advisers, as required. Directors of the board who are not members of the committee have the right of attendance at all committee meetings.

The number of meetings held during the year and attendance thereat can be viewed on page 91.

ACTIVITIES AND AREAS OF FOCUS DURING THE YEAR

The committee carried out its duties by:

- Monitoring Accelerate's ethical culture
- Monitoring the bursary programme and ongoing professional development initiatives for employees and directors
- Reviewing the Accelerate Property Management Company (Pty) Ltd undertaking to subscribe to the company's Code of Ethics
- Monitoring progress made against the company's employment equity plan
- Approving the company's ethics matrix and various CSI proposals

There were no fines or sanctions for non-compliance with laws and regulations, or incidences of fraud or impropriety in 2020.

KEY FOCUS AREAS FOR 2021

The committee will continue with key educational initiatives and monitor the progress of existing bursary students to ensure that Accelerate gives them as much support as possible in order for them to complete their studies. The committee's work will also include Accelerate's strategy to assist schools in its main business area with funding, as required.

CORPORATE CITIZENSHIP

Being a good corporate citizen means that we create value that extends beyond our financial returns for our employees, South Africa and the communities in which we operate.

Accelerate affirms that, as a good corporate citizen, we uphold the rights, responsibilities and obligations of society at large and the natural environment in which we operate. Our interdependent relationships make good business sense as we endeavour to create value for all of our stakeholders.

Good corporate citizenship is embodied in our creation of sustainable socio-economic benefits for internal and external stakeholders, including protecting of the natural resources that sustain us.

We acknowledge the important role of communities within our geographical footprint in maintaining our social licence to operate. We therefore primarily invest in outreach programmes that uplift schools in the Fourways area – our main business environment – and a bursary programme for tertiary education. Our commitment to education benefits the economy, local communities and the environment as we partner with relevant local and national organisations, as well as our retail tenants, to make opportunities available to historically disadvantaged people.

EMPLOYEES

We invest in the upskilling and development of our employees.

We aim to remunerate our employees fairly and to provide them with skills development opportunities, for the benefit of their families and in the interest of continuing personal and professional development. Our success depends on the health, safety and wellbeing of the people we employ.

Performance

- **Two** employees trained in energy efficiency management
- **Three** employees trained in shopping centre management
- **One** employee trained in property management
- **Six** employees completed financial training
- **One** employee completed the GIBS executive development programme
- **12** directors and management employees attended the Henley Masterclass series

LOCAL COMMUNITIES

We believe investment in the education of our communities yields sustainable returns through its potential to increase employment opportunities for young people.

We aim to establish sustainable relationships with local educational facilities, and to improve the quality of education and social welfare available to our host communities. Afrika Tikkun manages our community projects in Diepsloot, a Fourways node community.

Through our educational initiatives, beneficiaries improve their reading, writing and self-confidence and develop their cognitive and academic capabilities. Tertiary education beneficiaries are better prepared to enter the job market.

Performance

- **Eight** tertiary education bursaries
- Relationships established with **three** schools in **Diepsloot**
  - Vulnerable learners supported 196 pairs of shoes
    - R45 000
  - Grade 1 – 3 numeracy and literacy programme **7 222** learners
    - R80 000
  - Grade 11 essay writing competition **94** learners
    - R50 000
- **70 Santa shoeboxes**
  - Employees and the company provided gifts for 70 boxes to be distributed through the Santa Shoebox initiative
- **Mandela Week**
  - Accelerate employees packed **85 food parcels** that were distributed to underprivileged families that were identified by Afrika Tikkun through the assistance of a social worker

ENVIRONMENT

With the utmost respect for environmental sustainability, we address any potential or actual negative effects on the environment in and around all of our operations.

Performance

- Accelerate is actively exploring solar energy options and renewable energy
- A recycling project and awareness programme have been approved for three retail shopping centres, with the intention to extend to other shopping centres over time
- We are reviewing the installation of motion-controlled energy-efficient lighting in our parking garages and the feasibility of installing smart meters at our properties to instantly read and charge accurately for tenant consumption

Outcomes

- Protect the environment
- Cost reduction
- Increased awareness of environmental protection
- Visible recycling bins change behaviour patterns
- Approved sustainable energy solutions

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) INITIATIVES

We comply wholeheartedly with BBBEE legislative requirements while addressing the challenges in meeting the amended targets, which came into effect on 1 April 2018. For a REIT, BBBEE legislation must be viewed in conjunction with the revised property sector codes, which were promulgated in June 2017. The company has set targets and charted a plan to achieve compliance within a reasonable period.

Employment equity

	Male				Female				
Occupational level	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	1	–	–	8	1	–	–	–	10
Senior Management	–	–	–	–	–	–	–	1	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	–	–	–	–	–	–	–	1	1
Total permanent	1	–	–	8	1	–	–	2	12

The company does not currently employ any persons with disabilities.

On behalf of the Social, Ethics and Transformation Committee

K Madikizela
Social, Ethics and Transformation Committee chair
29 July 2020

ANNUAL FINANCIAL STATEMENTS

The reports and statements set out below comprise the consolidated audited annual financial statements presented to the shareholders:

PREPARER

Dimitri Kyriakides CA(SA)
Chief Financial Officer

Published
29 July 2020

CHIEF FINANCIAL OFFICER’S REVIEW

Dimitri Kyriakides

While income remains under pressure, Accelerate continues to focus on managing costs more efficiently.

KEY MESSAGES

- Significant pressure from above-inflation property costs and negative rental reversions
- Conservative provision for recovery of lockdown arrears
- Distribution not declared due to COVID-19

FINANCIAL PERFORMANCE

The operating environment experienced over the past year has had significant impact on our financial performance, either directly or through the impact it has had on our tenants.

While income remains under pressure, Accelerate continues to focus on managing costs more efficiently. Property costs (rates, water, sewerage and other overheads) increased steadily in 2020 at rates well above inflation. Paired with negative rental reversions, this resulted in significant pressure on the bottom line.

The cost to income ratio temporarily increased to 26,2% as compared to 15,9% in March 2019 due to additional once-off expenses incurred with the completion of the Fourways Mall Development as well as conservative provisions put in place for the recovery of arrears due to the COVID-19 lockdown.

The decrease in distributable earnings from 31 March 2019 to 31 March 2020 was predominantly driven by:

- Prudent additional expected credit loss provision made at 31 March 2020 in anticipation of the impact of COVID-19

- The full COVID-19 rental reduction on the European portfolio has been accounted for in the 31 March 2020 financial year (All OBI stores in Austria and Slovakia are fully trading and paying 100% of rentals from mid-April 2020)
- An increase in B-grade office vacancies caused by the economic contraction
- The impact of the structural vacancies in buildings held for redevelopment
- Additional professional and marketing fees incurred with for the Fourways Mall equalisation and relaunch

The portfolio's weighted average lease expiry (WALE) remained strong in excess of five years. Average lease escalations amounted to approximately 7,6% (excluding offshore).

As the COVID-19 situation remains highly volatile, continually evolving, the fund is working with tenants to secure long-term income streams, limit vacancies and ensure long-term sustainability for all parties involved. The fund does not, however, expect a significant reduction in long-term rental streams at our larger retail centres as rentals currently charged to tenants are at or appreciably below market-related rentals.

Due to the effects of COVID-19 on tenants and cash receivable from tenants, Accelerate will not be paying a final distribution.

A detailed overview of the impact of COVID-19 on our financial performance and position is provided on page 42. This covers:

- Balance sheet management and liquidity
- Revenue and recoverability of tenant arrears
- The valuation of investment property

FINANCIAL POSITION

As at 31 March 2020, Accelerate's investment property portfolio was valued at R12,6 billion (2019: R12,7 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, the Fourways equalisation completed to the value of R907 million counteracted by sales concluded by the fund of R730 million as well as conservative downward fair value adjustments of R1 billion.

The fund maintains a diversified funding base, which is funded 29,6% through debt capital markets (DCMs) and 70,4% through bank debt by 13 DCM investors and three banks.

Accelerate successfully accessed the DCMs in November 2019 through our domestic medium-term note (DMTN) programme, raising a total of R285 million to refinance expiring DCM debt.

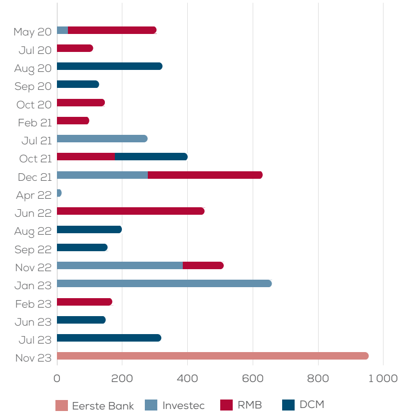
The fund is 72,6% hedged with a weighted average swap expiry profile of 1,8 years (2,5 years at 31 March 2019). The weighted average debt maturity profile has remained stable at over two years with the short-term portion of long-term debt also remaining stable at R1,1 billion (2019: R1,1 billion).

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

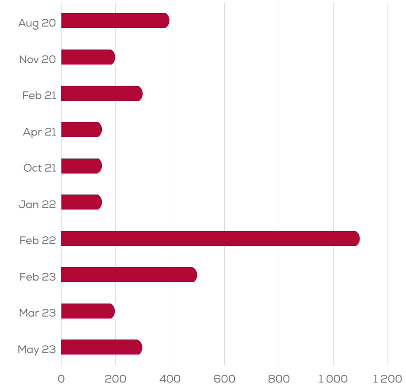
Long-term debt allocation

Debt funding	31 March 2020 (Rm)	%	31 March 2019 (Rm)	%
Debt capital markets	1 785	29,6	1 785	33,2
Bank funding	4 239	70,4	3 590	66,8
Total	6 024	100,0	5 375	100,0
Weighted average debt term (years)	2,2		2,5	
Short-term portion of debt	1 118	18,6	1 111	20,7
Debt hedged		72,6		82,8
Weighted average swap term (years)	1,8		2,5	
Blended interest rate		7,8		8,4
Interest cover ratio (x)	2,1		2,3	
LTV ratio		45,5		39,0

Debt expiry (Rm)



Swap expiry profile (Rm)



* *Post year-end May and July expiries have been refinanced/repaid.*

PORTFOLIO OPTIMISATION AND REDUCTION OF LTV

Since inception of the balance sheet optimisation initiative, assets to the value of R845 million have been sold in order to reduce LTV. The LTV has temporarily increased due to the Fourways Mall equalisation (fully debt-funded in November 2019) as well as the deterioration of the rand-euro exchange rate (euro-denominated debt).

To further enhance the strength of our balance sheet during this time, the fund is continuing with the sale of our non-core assets with property sales to the value of R595 million at various stages of completion. These sales will result in a reduction of LTV of approximately 3%.

The sale of a larger portfolio of assets remains a viable option for the fund. Such a sale will result in a further reduction of LTV by approximately 6%.

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)

OUTLOOK

Based on the current market conditions and the impact they have on the business, it may be unlikely that the company will be able to pay distributions during 2021. The board will, however, continue to assess the impact COVID-19 has and will keep shareholders informed in this regard, to the extent required.

Post the potential retention of distributions as contemplated above, the fund has amended its capital retention policy to cater for a retention of up to 25% of distributable profits depending on the company's capital requirements, growth projects and balance sheet requirements.

Dimitri Kyriakides
CFO

29 July 2020

AUDIT AND RISK COMMITTEE REPORT

This report is based on the requirements of the Companies Act, King IV and the JSE Listings Requirements.

ROLE AND MANDATE

The Audit and Risk Committee's (the committee) role is to assist the board in fulfilling its oversight responsibilities, particularly with regards to the integrity of the company's financial statements, and the effectiveness of the systems of internal control, financial reporting and risk management.

The committee is also responsible for assessing the effectiveness of the internal audit service provided by LateganMashego Audit and Advisory (Pty) Ltd, the qualifications, expertise and experience of the CFO, the appropriate resourcing, skills and effectiveness of the Finance function, and the independence and effectiveness of the company's external auditor.

COMMITTEE COMPOSITION

The committee comprises four Independent Non-Executive Directors, all of whom satisfy the requirements to serve as members of an audit committee, as defined by section 94(7) of the Companies Act. The profiles of the committee members are available on pages 16 to 19.

The chairman of the committee reports to the board on the committee's activities and all matters discussed, highlighting key issues requiring action, and providing recommendations for consideration.

The external auditors and internal audit service providers are standing invitees to the committee's meetings, as are the Chairman of the board, CEO, COO, CFO and the Head of Treasury and Finance. Invitations to attend committee meetings are also extended to Senior Executives and professional advisers, as required. Directors of the board who are not members of the committee have the right of attendance at all committee meetings.

ACTIVITIES AND AREAS OF FOCUS DURING THE YEAR

The committee carried out its duties by reviewing the following on a quarterly basis:

- Internal audit reports
- Financial management reports
- Key financial, property and operational information and performance indicators
- Reports and financial information from subsidiaries and associated companies
- External audit reports
- Risk registers
- IT reports pertaining specifically to matters relating to financial reporting

In addition, the committee reviewed:

- Key audit matters
- Property valuations
- Treasury metrics against company guidelines, in line with the company's Treasury Policy

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Key focus areas considered by the committee in the current financial year included:

- The committee's composition and skillset, independence of its members, and the succession of members facing retirement in the foreseeable future
- The accounting treatment of certain types of transactions
- The implementation of IFRS 16 Leases

The committee's review of the aforementioned information received, together with the committee's ongoing interaction with ex officio attendees of its meetings, collectively enable the committee to conclude that the systems of internal financial control have been designed appropriately and operated effectively during the year under review.

STATUTORY DUTIES AND TERMS OF REFERENCE

The committee is satisfied:

- With the independence of the external auditor
- With the nature and extent of non-audit services provided by the external auditor, which also comply with the company's policy in this regard
- That the external auditor attended all scheduled meetings of the committee
- With the terms, scope, quality and proposed fee of the external auditor relating to the external audit for the financial year ended 31 March 2020
- With the financial statements and the accounting practices utilised, as well as the significant matters considered in the preparation thereof
- With the company's continuing viability as a going concern, which it reported to the board
- That it has considered the findings of the JSE's report on proactive monitoring of financial statements in 2018
- That the company's CFO is appropriately qualified and has the necessary expertise and experience to carry out his duties
- That the finance function is adequately resourced, well skilled and sufficiently experienced to achieve its objectives
- With the independence, skills and effectiveness of the internal audit service provider, and the arrangements for internal audit
- With the effectiveness of the collaboration between the external auditor and internal audit service provider
- That it has afforded both external and internal audit, as well as management, access to the committee without other invitees being present
- With the integrity of the integrated report and that it addresses all material issues and fairly presents the integrated performance of the organisation

No concerns or complaints were received from within or from outside the organisation relating to accounting practices and the internal audit of the company, the content or auditing of the company's financial statements, the internal financial controls of the company, or any related matters.

The committee is satisfied that it has complied with all of its statutory duties, as well as its duties under its terms of reference, for the reporting period.

COMMITTEE PERFORMANCE

The committee assesses its performance on an annual basis to determine whether or not it has delivered on its mandate, and continuously enhances its contribution to the board. The assessment takes the form of a questionnaire, which is independently completed by each member of the committee, with an independent consolidation of results.

KEY FOCUS AREAS FOR 2021

The committee's key focus areas for the 2021 financial year include the following:

- The company's ongoing financial soundness and sustainability (cost containment, revenue strength, etc) amid extreme economic challenges and market volatility
- Further embedding the duties of the committee's Technology Governance subcommittee to enhance its effectiveness
- The further development of business continuity, internal control, risk and compliance maturity
- Property valuations

APPROVAL

The Audit and Risk Committee reviewed the company's integrated report and annual financial statements for the year ended 31 March 2020 and recommended them to the board for approval on 20 July 2020, which was granted on 24 July 2020.

On behalf of the Audit and Risk Committee

Dr GC Cruywagen
Audit and Risk Committee chairman
29 July 2020

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act, 71 of 2008 as amended to maintain adequate accounting records and are responsible for the content and integrity of the consolidated audited annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated audited annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated audited annual financial statements.

The consolidated audited annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

In assessing the going concern of the group, the board of directors has reviewed projected cash flow forecasts prepared by management, including considerations of the impact of rental related relief provided to tenants, the impact of COVID-19 on tenants' ability to meet their rental and other commitments to the group, the group's existing revolving credit facilities, funding that has already been refinanced as at the date of this report, as well as debt of approximately R701 million maturing during the coming 12 months, not yet refinanced at the date of this report, that is currently being discussed with current and potential lenders for refinancing. While the board is confident that funders could refinance / finance such debt, it has also considered cash inflows from the proceeds of potential disposals of investment properties to settle debt, in the event that such debt is not refinanced. Based on the above considerations, the board of directors has concluded that the group will have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated audited annual financial statements. The consolidated audited annual financial statements have been examined by the group's external auditors and their report is presented on pages 121 to 127.

The consolidated audited annual financial statements set out on pages 132 to 209, which have been prepared on the going concern basis, were approved by the board on 27 July 2020 and were signed on their behalf by:

Approval of financial statements

Mr Tim Fearnhead

COMPANY SECRETARY'S CERTIFICATION

In terms of Section 88(2)(e) of the Companies Act, 71 of 2008, as amended (the Act), I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Act in respect of the financial year ended 31 March 2020 and that, to the best of my knowledge and belief, all such returns are true, correct and up to date.

Margi Pinto
Company Secretary

EY
102 Rivonia Road
Sandton
Private Bag X14
Sandton
2146

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ACCELERATE PROPERTY FUND LIMITED

Report on the Audit of the Consolidated Annual Financial Statements

Opinion

We have audited the consolidated financial statements of Accelerate Property Fund Limited and its subsidiaries ('the group') set out on pages 132 to 209, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements for the year ended, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 March 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the group and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the group and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matters	How the Matter was addressed in the audit
Valuation of investment properties Investment property (including non-current assets held for sale) makes up approximately 95% (2019: 95%) of the total assets of the Fund at a fair value of R12.8 billion (2019: R12.9 billion). The portfolio consists of retail, industrial and office properties. We have identified the valuation of Investment property to be a key audit matter due to valuation of investment properties being inherently judgmental as a result of the inputs to the valuation methods. This is further compounded by the uncertain economic and market conditions arising because of the lockdown associated with the COVID-19 pandemic. This necessitated support from our EY valuation specialists. The specific areas requiring auditor attention and effort to understand and support the market related assumptions (and which required the use of our EY valuation specialists) in the current year included the following key assumptions: • the capitalisation rate, discount rates and terminal cap rates which are derived from widely available market related data and which require management to exercise judgement in the selection of these factors based on the category, condition, gross lettable area (GLA), location and grade of a property; • vacancy rates and estimated rental value (ERV) which are judgemental and determined by management based on unique property specific information including historic cashflows as well as market related assumptions. In addition the determination as to the extent of the impact of the COVID-19 pandemic on the above market related data and assumptions based on information that existed at year end versus that which might be considered 'hindsight' (which IFRS does not allow)	Our audit procedures included, among others, the following: We assessed that the valuation techniques and methodologies applied by management and their external appraisers are consistent with generally accepted property valuation techniques in the real estate market. We evaluated the competence, independence and experience of managements external independent appraisers with reference to their qualifications and industry experience. With the support of our EY valuation specialists, we assessed the methodologies and assumptions and applied in determining the fair value of investment properties by management and the external appraisers. This included: • Assessing the category, condition, GLA, location and grade of a property, all of which inform management in the selection of the appropriate capitalisation rates, discount rates and terminal capitalisation rates to apply from the latest Rode and South African Property Owners Association (" SAPOA ") reports, against the outcome of current and prior external valuations and where applicable capital expenditure and improvements; • Agreeing the capitalisation rates, discount rates and terminal capitalisation rates applied by management in the valuation to the latest Rode and SAPOA reports. • Evaluating the assumptions used in arriving at the budget that forms the basis of the forecasted ERV per property against historical income and expenses data; • Agreeing the ERV, and vacancy rates assumptions applied by management in the property valuations to lease agreements, tenancy schedules and property industry reports; • Applying a wider range of sensitivities over key valuation inputs to account for the uncertainty arising from the current state of the economy as a result of the COVID-19 pandemic based on what was known to the client / industry at year end.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Key Audit Matters	How the Matter was addressed in the audit
required significant consideration from the audit team with our specialists and involved discussions with management given that the standard industry reports had not factored in COVID related adjustments. The disclosure associated with the valuation of investment properties is set out in the Consolidated Annual Financial Statements in Note 4 – Investment properties, Note 5 – Fair value measurement of investment properties and Note 10 – Non-current assets held for sale.	We assessed the disclosure of the investment property and the fair value thereof against the requirements of IAS 40, Investment Property and IFRS 13, Fair Value Measurement.
Accounting treatment of the equalisation of Fourways Mall In the current period management entered into a transaction to equalise the shareholding in Fourways Mall, and acquired an additional 12.1% share in the Mall for R907.8 million which resulted in Accelerate Property Fund Limited obtaining joint control of the mall. The accounting treatment of the equalisation required management to determine whether the agreements gave rise to joint control in terms of the IFRS 11 Joint Arrangements and IFRS 10 Consolidated Financial Statements accounting standards. The conclusion by management regarding the group accounting to be applied to Fourways Mall is considered a key audit matter due to the complexity of the agreements and the need to understand and consider the impact of the numerous salient terms that were included in the agreements in order to govern the joint decision making of the Mall. This resulted in significant judgement being exercised by management in concluding on the group's ability to direct the relevant activities of the Mall. The disclosure associated with the accounting treatment of the equalisation of shares in Fourways Mall is set out in the Consolidated Annual Financial Statements in Note 6 – Investments.	Our audit procedures included, among others, the following: We assessed the legal agreements and structure of the joint arrangement to evaluate: • whether the arrangement has been correctly classified as a joint operation as required by and with reference to IFRS 11 Joint Arrangements accounting standard; and • whether the transaction had been correctly accounted for with reference to the requirements of the IFRS 11 Joint Arrangements and IFRS 10 Consolidated Financial Statements accounting standards. This included specifically identifying and assessing the relevant activities of the Mall and the Group's ability to govern the relevant activities, as well as the group's ability to affect the variable returns and the terms of the agreements which gave rise to joint control. We assessed the disclosure of the joint operation against the requirements of IFRS 11 Joint Arrangements.

Other Information
The directors are responsible for the other information. The other information comprises the information included in the 212-page document titled "Accelerate Property Fund Integrated Report 2020" and in the 99-page document titled "Accelerate Property Fund Annual Financial Statements for the year ended 31 March 2020", which includes the Chief Financial Officer's review, Audit and Risk Committee report, Directors' responsibilities and approval, Company Secretary's certification, and the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements
The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT CONTINUED

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements
In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Accelerate Property Fund Limited for 7 years.

Ernst & Young Inc.

Ernst & Young Inc.

Director: Rohan Baboolal CA (SA)
Registered Auditor
102 Rivonia Road
Sandton
29 July 2020

DIRECTORS' REPORT

The directors take pleasure in submitting their report on the consolidated audited annual financial statements of the Accelerate Property Fund Ltd group for the year ended 31 March 2020.

1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The consolidated audited annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008 as amended as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies have been applied consistently compared to the prior year.

2. SHARE CAPITAL

	Number of shares	
Authorised	**2020**	2019
Ordinary shares	**5 000 000 000**	5 000 000 000

			Number of shares	
Issued	**2020 R'000**	2019 R'000	**2020**	2019
Ordinary shares	**5 125 105**	5 115 671	**988 416 542**	984 742 719

Of the 988 416 542 Accelerate shares in issue at 31 March 2020, 662 899 725 shares are publicly held and 325 516 817 shares are held by directors as tabled below:

Major shareholders	Number of shares	% holding
M Georgiou	294 332 138	29,48
Coronation Fund Managers	247 371 903	24,77
Bridge Fund Managers	105 113 440	10,53
Public Investment Corporation	97 435 676	9,76
Nedbank Group	79 205 831	7,93
Sanlam Group	39 581 216	3,96
	863 040 204	86,43

Refer to note 11 of the consolidated audited annual financial statements for detail of the movement in authorised and issued share capital.

Directors' direct/indirect interest in the shares of the company 31 March 2020

M Georgiou	**294 332 138**	shares	**29,48%**	Indirect holding
A Costa	**29 145 969**	shares	**2,92%**	Indirect holding
D Kyriakides	**1 538 710**	shares	**0,15%**	Direct holding
D Wandrag	**500 000**	shares	**0,05%**	Indirect holding
	325 516 817		**32,60%**	

Directors' direct/indirect interest in the shares of the company 31 March 2019

M Georgiou	292 882 024	shares	29,46%	Indirect holding
A Costa	27 804 855	shares	2,80%	Indirect holding
J Paterson	12 424 571	shares	1,25%	Indirect holding
D Kyriakides	770 000	shares	0,08%	Direct holding
	333 881 450		33,59%	

There have been no changes to the directors' interest between the end of the financial year and the date of approval of the annual financial statements.

3. DIRECTORATE

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Date of changes	Changes
Dr Gert Cruywagen	The Lead Independent Director	Non-Executive Independent		
Mr Tim Fearnhead	Chairperson	Non-Executive Independent		
Ms Kolosa Madikizela	Other	Non-Executive Independent		
Prof. François Viruly	Other	Non-Executive Independent		
Mr Michael Georgiou	Chief Executive Officer	Executive		
Mr Andrew Costa	Chief Operating Officer	Executive		
Mr Dimitri Kyriakides	Chief Financial Officer	Executive		
Mr John Paterson	Other	Executive	23 August 2019	Resigned
Mr George Cavaleros	Other	Non-Executive Independent	1 May 2019	Appointed
Mr Abel Mawela	Other	Non-Executive Independent	1 May 2019	Appointed
Mr Dawid Wandrag	Other	Executive	1 April 2020	Appointed

Mr Dawid Wandrag served as a Non-Executive Director from 1 May 2019 to 31 March 2020 and was appointed as an Executive Director on 1 April 2020.

4. ACCELERATE GROUP STRUCTURE

The Accelerate group consists of Accelerate Property Fund Ltd and the following holdings in subsidiaries:

- Wanooka (Pty) Ltd 100% held
- Parktown Crescent (Pty) Ltd 100% held
- Pybus Sixty-Two (RF) (Pty) Ltd 100% held
- Accelerate Property Fund Europe B.V. 96,4% held
- Accelerate Treasury (Pty) Ltd 100% held

5. AUDITORS

Ernst & Young Inc. continued in office as auditors for the group for the year ended 31 March 2020.

At the AGM, the shareholders will be requested to reappoint Ernst & Young Inc as the independent external auditors of the company for the 2021 financial year.

In terms of section 94 of the Companies Act Mr R Baboolal will be rotating out as audit partner and will be replaced by Mr G van Deventer subject to the confirmation by the shareholders at the AGM.

6. SECRETARY

Joanne Matison the company's long standing secretary regrettably passed away on 30 October 2019.

Keystone Compliance served as temporary Company Secretary from 29 November 2019.

The newly appointed company secretary from 1 May 2020 is Margi Pinto.

Business and Postal address: Cedar Square Shopping Centre
1st Floor Management Office
Cnr of Willow Ave and Cedar Road
Fourways
2055

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note(s)	2020 R'000	2019 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	2	326	688
Right-of-use assets	3	141 676	–
Investment property	4	12 231 279	12 203 592
Derivatives	8	–	1 598
		12 373 281	12 205 878
Current assets			
Trade and other receivables	7	531 133	589 559
Current tax receivable		–	5 534
Cash and cash equivalents	9	33 538	84 131
		564 671	679 224
Non-current assets held for sale	10	595 897	789 707
Total assets		13 533 849	13 674 809
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	11	5 125 105	5 115 671
Other reserves		165 946	77 887
Retained income		1 480 166	2 752 707
		6 771 217	7 946 265
Non-controlling interest		23 075	19 032
		6 794 292	7 965 297
Liabilities			
Non-current liabilities			
Derivatives	8	168 423	18 780
Lease liability	3	136 173	–
Borrowings	12	4 904 762	4 259 323
		5 209 358	4 278 103
Current liabilities			
Trade and other payables	13	393 774	297 231
Derivatives	8	10 912	23 128
Lease liability	3	6 745	–
Borrowings	12	1 118 768	1 111 050
		1 530 199	1 431 409
Total liabilities		6 739 557	5 709 512
Total equity and liabilities		13 533 849	13 674 809

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note(s)	2020 R'000	2019 R'000
Revenue, excluding straight-line rental revenue adjustment	14	1 054 228	1 190 524
Straight-line rental revenue adjustment	14	31 393	43 802
Revenue		1 085 621	1 234 326
Other (expense)/income		(303)	12 933
Unrealised losses	15	(19 422)	(21 909)
Expected credit loss	7	(60 268)	(7 686)
Property expenses	16	(360 963)	(374 658)
Operating expenses	17	(54 154)	(46 677)
Operating profit		590 511	796 329
Finance income calculated using the effective interest method	18	42 321	37 880
Finance costs	19	(350 396)	(341 781)
Fair value adjustments	20	(1 179 930)	73 405
(Loss)/profit before taxation		(897 494)	565 833
Taxation	21	(399)	–
(Loss)/profit for the year		(897 893)	565 833
Other comprehensive income:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		89 396	52 031
Total comprehensive (loss)/income		(808 497)	617 864
(Loss)/profit attributable to:			
Shareholders of the parent		(899 865)	563 356
Non-controlling interest		1 972	2 477
		(897 893)	565 833
Total comprehensive (loss)/income attributable to:			
Shareholders of the parent		(812 540)	613 351
Non-controlling interest		4 043	4 513
		(808 497)	617 864
Earnings per share			
Per share information			
Basic earnings per share (including bulk ceded shares) (cents)	23	(90,21)	56,77
Diluted earnings per share (including bulk ceded shares) (cents)	23	(88,30)	55,79

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share capital R'000	Foreign currency translation reserve R'000	Share incentive reserve R'000	Total reserves R'000	Retained income R'000	Total attributable to equity holders of the group/ company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 April 2018	**5 103 067**	**4 520**	**21 403**	**25 923**	**2 711 275**	**7 840 265**	**14 519**	**7 854 784**
Profit for the year	–	–	–	–	563 356	563 356	2 477	565 833
Other comprehensive income	–	49 995	–	49 995	–	49 995	2 036	52 031
Total comprehensive income for the year	**–**	**49 995**	**–**	**49 995**	**563 356**	**613 351**	**4 513**	**617 864**
Transfer between reserves	12 604	–	(12 604)	(12 604)	–	–	–	–
Conditional share plan reserve (note 31)	–	–	14 573	14 573	–	14 573	–	14 573
Distribution paid	–	–	–	–	(521 924)	(521 924)	–	(521 924)
Total contributions by and distributions to owners of company recognised directly in equity	**12 604**	**–**	**1 969**	**1 969**	**(521 924)**	**(507 351)**	**–**	**(507 351)**
Balance at 1 April 2019	**5 115 671**	**54 515**	**23 372**	**77 887**	**2 752 707**	**7 946 265**	**19 032**	**7 965 297**
Loss for the year	–	–	–	–	(899 865)	(899 865)	1 972	(897 893)
Other comprehensive income	–	87 325	–	87 325	–	87 325	2 071	89 396
Total comprehensive loss for the year	**–**	**87 325**	**–**	**87 325**	**(899 865)**	**(812 540)**	**4 043**	**(808 497)**
Shares repurchased	(2 000)	–	–	–	–	(2 000)	–	(2 000)
Distribution paid	–	–	–	–	(372 676)	(372 676)	–	(372 676)
Transfer between reserves	11 434	–	(11 434)	(11 434)	–	–	–	–
Conditional share plan reserve (note 31)	–	–	12 168	12 168	–	(12 168)	–	12 168
Total contributions by and distributions to owners of company recognised directly in equity	**9 434**	**–**	**734**	**734**	**(372 676)**	**(362 508)**	**–**	**(362 508)**
Balance at 31 March 2020	**5 125 105**	**141 840**	**24 106**	**165 946**	**1 480 166**	**6 771 217**	**23 075**	**6 794 292**
Note(s)	11		11					

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Note(s)	2020 R'000	2019 R'000
Cash flows from operating activities			
Cash generated from operations	24	**681 371**	836 836
Finance income received		**42 321**	37 880
Tax received/(paid)	25	**5 135**	–
Distribution paid		**(372 676)**	(521 924)
Net cash from operating activities		**356 097**	352 792
Cash flows from investing activities			
Purchase of property, plant and equipment	2	**(31)**	(51)
Proceeds of property, plant and equipment	2	**–**	46
Purchase of investment property	4	**(1 100 817)**	(380 589)
Purchase of investments at fair value		**(6 330)**	–
Proceeds from disposal of investment property and assets held for sale		**597 568**	230 132
Net cash from investing activities		**(509 610)**	(150 462)
Cash flows from financing activities			
Reduction of share capital or buy back of shares	11	**(2 000)**	–
Borrowings raised		**2 330 958**	1 785 380
Borrowings repaid		**(1 842 190)**	(1 643 623)
Derivative settlement		**(34 113)**	–
Payment of lease liabilities		**(2 894)**	–
Finance cost paid		**(350 396)**	(341 781)
Net cash from financing activities		**99 365**	(200 024)
Total cash movement for the year		**(54 148)**	2 306
Cash at the beginning of the year		**84 131**	76 921
Effect of exchange rate movement on cash balances		**3 555**	4 904
Total cash at end of the year	9	**33 538**	84 131

Of the total cash at year-end, R29 540 537 is held in euro denominated bank accounts (2019: R32 848 661).

SEGMENTAL ANALYSIS

For investment property, discrete financial information is provided on a property-by-property basis to members of executive management, which collectively comprise the Chief Operating Decision-maker. 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, retail and European retail.

Consequently, the company is considered to have four reportable operating segments, as follows:

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

Group administrative costs, profit/loss on disposal of investment property, finance revenue, finance costs, income taxes and segment liabilities are not reported to the members of executive management on a segmented basis. There are no sales between segments.

SEGMENTAL ANALYSIS CONTINUED

	Office R'000	Industrial R'000	Retail R'000	European - Single tenant R'000	Total R'000
For the year ended 31 March 2019					
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 2020					
Statement of comprehensive income 2020					
Revenue, excluding straight-line rental revenue adjustment	231 282	61 032	656 321	105 593	1 054 228
Straight-line rental adjustment	(7 726)	2 470	36 649	–	31 393
Property expenses	(73 213)	(22 219)	(289 067)	(36 732)	(421 231)
Segment operating profit	150 343	41 283	403 903	68 861	664 390
Fair value adjustments on investment property	(323 864)	(76 807)	(618 804)	19 013	(1 000 462)
Segment profit	(173 521)	(35 524)	(214 901)	87 874	(336 072)
Other operating expenses					(54 154)
Other income					(303)
Fair value loss on financial instruments					(173 138)
Fair value loss on equity investments					(6 330)
Unrealised gains					(19 422)
Finance income					42 321
Long-term debt interest					(350 396)
Loss before tax					(897 494)

	Office R'000	Industrial R'000	Retail R'000	European - Single tenant R'000	Total R'000
For the year ended 31 March 2019					
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					
Derivative financial instruments					1 598
Equipment					688
Current assets					679 224
Total assets					13 674 809

SEGMENTAL ANALYSIS CONTINUED

	Office R'000	Industrial R'000	Retail R'000	European - Single tenant R'000	Total R'000
For the year ended 31 March 2020					
Statement of financial position extracts at 31 March 2020					
Assets					
Investment property balance 1 April 2019	3 401 207	586 265	7 505 905	1 499 922	12 993 299
Acquisitions	–	–	919 800	–	919 800
Capitalised costs	83 173	1 726	96 118		181 017
Disposals/classified as held for sale	(583 307)	(166 772)	(457 318)	–	(1 207 397)
Investment property held for sale	265 307	166 772	163 818	–	595 897
Straight-line rental revenue adjustment	(7 726)	2 470	36 649	–	31 393
Foreign exchange gains/(losses)	–	–	–	313 629	313 629
Fair value adjustments	(323 864)	(76 807)	(618 804)	19 013	(1 000 462)
Segment assets at 31 March 2020	2 834 790	513 654	7 646 168	1 832 564	12 827 176
Other assets not managed on a segmental basis					
Derivative financial instruments					–
Equipment					326
Lease hold assets					141 676
Current assets					564 671
Total assets					13 533 849

	South Africa R'000	Austria R'000	Slovakia R'000	Total R'000
For the year ended 31 March 2019				
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 2020				
Statement of comprehensive income 2020				
Revenue, excluding straight-line rental revenue adjustment	948 635	79 741	25 852	1 054 228
Straight-line rental adjustment	31 393	–	–	31 393
Property expenses	(384 499)	(27 499)	(9 233)	(421 231)
Segment operating profit	595 529	52 242	16 619	664 390
Fair value adjustments on investment property	(1 019 475)	14 552	4 461	(1 000 462)
Segment profit	(423 946)	66 794	21 080	(336 072)
Other operating expenses				(54 154)
Other income				(303)
Fair value loss on financial instruments				(173 138)
Fair value loss on equity investments				(6 330)
Unrealised losses				(19 422)
Finance income				42 321
Long-term debt interest				(350 396)
Loss before tax				(897 494)

SEGMENTAL ANALYSIS CONTINUED

	South Africa R'000	Austria R'000	Slovakia R'000	Total R'000
For the year ended 31 March 2019				
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	305 594			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				
Derivative financial instruments				1 598
Equipment				688
Current assets				679 224
Total assets				13 674 809
For the year ended 31 March 2020				
Statement of financial position extracts at 31 March 2020				
Investment property balance 1 April 2019	**11 497 938**	**1 121 521**	**373 840**	**12 993 299**
Acquisitions	**919 800**	**–**	**–**	**919 800**
Capitalised costs	**181 017**			**181 017**
Disposals/classified as held for sale	**(1 207 397)**	**–**	**–**	**(1 207 397)**
Investment property held for sale	**595 897**	**–**	**–**	**595 897**
Straight-line rental revenue adjustment	**31 393**	**–**	**–**	**31 393**
Foreign exchange gains/(losses)	**–**	**240 042**	**73 587**	**313 629**
Fair value adjustments	**(1 019 475)**	**14 552**	**4 461**	**(1 000 462)**
Investment property at 31 March 2020	**10 999 173**	**1 376 115**	**451 888**	**12 827 176**
Other assets not managed on a segmental basis				
Derivative financial instruments				**–**
Equipment				**326**
Lease hold assets				**141 676**
Current assets				**564 671**
Total assets				**13 533 849**

DISTRIBUTABLE EARNINGS RECONCILIATION

	Note(s)	2020 R'000	2019 R'000
Distributable earnings			
Profit after taxation attributable to equity holders		**(899 865)**	563 356
Less: straight-line rental revenue adjustment	14	**(31 393)**	(43 802)
Less: fair value adjustments		**1 180 615**	(72 244)
Unrealised (gains)/losses		**19 422**	21 909
Less: gains on sale of investment property		**–**	(6 000)
Plus: amortisation		**16 718**	12 515
Distributable earnings		**285 497**	475 734

	2020 R'000	2019 R'000
Distributable earnings	**285 497**	475 734
Less: Interim distribution from profits	**151 275**	254 352
Less: Cash retention	**134 222**	–
Final distribution	**–**	221 382
Shares qualifying for distribution		
Number of shares at year-end	**998 524 580**	994 310 123
Less: Bulk ceded shares to Accelerate	**(51 070 184)**	(51 070 184)
Less: Shares repurchased	**(10 108 038)**	(9 567 404)
Shares qualifying for distribution	**937 346 358**	933 672 535
Distribution per share		
Final distribution per share (cents)	**0,00000**	23,71088
Interim distribution per share made (cents)	**16,12934**	27,26021
Total distribution per share for the year (cents)	**16,12934**	50,97109

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated audited annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act 71 of 2008. The consolidated audited annual financial statements have been prepared on the historic cost convention, except for investment property, financial guarantees and derivative financial instruments that have been measured at fair value. They are presented in South African Rands. All figures are rounded off to R'000 except where otherwise stated.

1.1 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the new standards, amendments and interpretations that became effective during the 31 March 2020 reporting period. However, except for IFRS 16 they are not expected to have a significant impact on the annual financial statements of Accelerate.

- **IFRS 16 Leases**
  IFRS 16 Leases was effective from 1 April 2019. The core principle of this standard is that the lessee and the lessor should recognise all rights and obligations arising from leasing arrangements on balance sheet. The group elected, as permitted by IFRS 16, not to restate comparative financial statements. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019. In terms of this approach, comparative information is not restated and the right-of-use asset at the date of initial application for leases previously classified as operating leases (IAS 17) is equal to the lease liability, adjusted for previously recognised prepaid or accrued lease payments relating to the leases.

  Refer to note 1.9 Leases for the accounting policy disclosure for IFRS 16. Refer to note 3 for the transitional disclosure for the adoption of IFRS 16.

- **AIP IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation**
  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a specific qualifying asset as soon as substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

  Other new standards did not have a significant impact on the annual financial statements:

  - IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
  - Prepayment Features with Negative Compensation - Amendments to IFRS 9
  - Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28
  - Plan Amendment, Curtailment or Settlement - Amendments to IAS 19
  - AIP IFRS 3 Business Combinations - Previously held Interests in a joint operation
  - AIP IFRS 11 Joint Arrangements - Previously held Interests in a joint operation
  - AIP IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity

1.2 Standards issued but not yet effective

Standards issued but not yet effective as of the date of issuance of Accelerate's financial statements are listed below. This listing of standards and interpretations issued are those that Accelerate reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. Accelerate intends to adopt these standards when they become effective.

- The Conceptual Framework for Financial Reporting

The Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

Other new standards not yet effective:

- Definition of a Business – Amendments to IFRS 3
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7
- Definition of Material – Amendments to IAS 1 and IAS 8

These standards are not expected to have a significant effect on the financial statements of Accelerate.

The standards issued during the year, but not listed above, will have no impact on the financial statements of Accelerate.

1.3 Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

ACCOUNTING POLICIES CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.3 Joint arrangements continued

Accelerate jointly owns 50% of the Fourways Mall net income streams from 29 November 2019 and accounts for it as a joint operation as follows:

Joint operations

The company recognises the following in relation to its interests in a joint operation:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly

1.4 Significant judgements and sources of estimation uncertainty

The preparation of consolidated audited annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant judgements include:

Judgements and other estimates

In the process of applying the accounting policies, management has made the following judgements and estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Valuation of property

The fair value of investment property is determined by real estate valuation experts and management using recognised valuation techniques and the principles of IFRS 13. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in the investment property note 4 and 5.

Valuation of the share-based payments reserve

The group issues equity-settled share-based payments to certain employees in the group as well as key employees in the Accelerate Property Management Company. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Financial guarantee

In the valuation of the financial guarantee as further explained in note 13, the significant estimates applied in the valuation of the guarantee are:

(i) Projecting the expected future distributions of Accelerate Property Fund
(ii) Projecting historic yield volatility of the shares of the fund forward into the future via Monte Carlo simulations

1.4 Significant judgements and sources of estimation uncertainty continued

IFRS 16

In cases where Accelerate is the lessee significant judgement is applied in determining the incremental borrowing rate used to determine the present value of the right-of-use asset as well as the lease liability for IFRS 16 purposes at the date of initial recognition.

Non-current assets held for sale

Number 73, 89 and 99 - 101 Hertzog Boulevard in Cape Town, held for sale at 31 March 2020 was also held for 31 March 2019. Management believes that the classification as held for sale is still applicable as the sales process is still ongoing and has temporarily been delayed due to COVID-19.

Joint operation

Accelerate applied significant judgement in understanding and considering the impact of the salient terms and agreements that gave rise to joint control of Fourways Mall, specifically on the ability to direct the relevant activities of the Mall, which is determined by a number of different factors over and above the consideration of the percentage held in the Mall by the Accelerate.

1.5 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Investment property is subsequently measured at fair value in accordance with IAS 40.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognised in profit or loss in the year of retirement or disposal.

Fair value

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

ACCOUNTING POLICIES CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.6 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Subsequent measurement is at cost less accumulated depreciation and accumulated impairment losses.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day-to-day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
IT equipment	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.6 Property, plant and equipment continued

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.7 Non-current assets (disposal groups) held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Non-current assets held for sale comprise solely of investment properties and therefore are excluded from the measurement scope of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and continue to be measured according to the fair value model with gains/losses recognised in the statement of comprehensive income.

Non-current assets held for sale are presented separately from other assets in the statement of financial position.

ACCOUNTING POLICIES CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.8 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Accounting for financial assets

Classification

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Accelerate's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which Accelerate has applied the practical expedient Accelerate initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. As the Accelerate's rent and other trade receivables do not contain a significant financing component, they are measured at the lease income determined under IAS 17. Refer to the accounting policies on revenues.

For a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Accelerate's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Accelerate classifies its Derivative financial instruments at fair value through profit or loss and its rent and other trade receivables and cash and short-term deposits at amortised cost.

Recognition and measurement

Initial recognition and measurement

Accelerate initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

For purposes of subsequent measurement, Accelerate's financial assets are classified in two categories:

- Financial assets at fair value through profit or loss (derivative financial instruments)
- Financial assets measured at amortised cost (rent and other trade receivables and cash and short-term deposits)

Financial assets at amortised cost

For purposes of subsequent measurement, Accelerate measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

1.8 Financial instruments continued

Accounting for financial assets continued

*Recognition and measurement **continued***

Subsequent measurement continued

*Financial assets at amortised cost **continued***

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Since Accelerate's financial assets (rent and other trade receivables, cash and short-term deposits) meet these conditions, they are subsequently measured at amortised cost.

Financial assets at fair value through profit or loss

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments which Accelerate had not irrevocably elected to classify at fair value through other comprehensive income.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Rent and other trade receivables note 7
- Financial instruments risk management objectives and policies note 32

Accelerate recognises an allowance for expected credit losses (ECLs) for all receivables held by Accelerate. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Accelerate expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held, deposits on hand and bank guarantees or other credit enhancements that are integral to the contractual terms.

For rent and other trade receivables, Accelerate applies a simplified approach in calculating ECLs. Therefore, Accelerate does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date (i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default).

ACCOUNTING POLICIES CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.8 Financial instruments continued

Accounting for financial assets continued

Accelerate considers a financial asset in default when contractual payments are 90 days past due and legal processes have commenced. However, in certain cases, Accelerate may also consider a financial asset to be in default when internal or external information indicates that Accelerate is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by Accelerate. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- Accelerate has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) Accelerate has transferred substantially all the risks and rewards of the asset, or (b) Accelerate has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Accelerate has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Accelerate continues to recognise the transferred asset to the extent of its continuing involvement. In that case, Accelerate also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Accelerate has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Accelerate could be required to repay.

Accounting for financial liabilities

Recognition and measurement

Initial recognition and measurement

Accelerate's financial liabilities comprise interest-bearing loans and borrowings, derivative financial instruments and trade and other payables

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of all financial liabilities except derivative financial instruments, net of directly attributable transaction costs.

1.8 Financial instruments continued

Accounting for financial liabilities continued

*Recognition and measurement **continued***

Subsequent measurement

For purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

For more information on the interest-bearing loans and borrowings, refer to note 12.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

1.9 Leases

Policy applicable before 1 April 2019

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Policy applicable from 1 April 2019

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The policy is applied to contracts entered into, or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component, on the basis of their relative standalone prices.

Company as lessee

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost (which is equal to the lease liability adjusted for upfront deposits) and increased with initial direct costs incurred and the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset. The group applies the cost model subsequent to the initial measurement of the right-of-use asset. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

ACCOUNTING POLICIES CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.9 Leases continued

Company as lessee continued

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the remaining lease payments on the commencement date, discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be determined, the lessee uses the lessee's incremental borrowing rate. The lease liabilities were discounted at the incremental borrowing rate as at 1 April 2019. The discount rate was 2,23%. In order to calculate the incremental borrowing rate, reference interest rates were derived based on Accelerate Europe's cost of debt. The lease liability is subsequently increased by interest cost on the lease liability and decreased by lease payments made.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments; variable lease payments that depend on an index or a rate; amounts payable under a residual value guarantee; and the exercise price under a purchase option that the group is certain to exercise.

Refer to note 3 for the disclosure of the transitional impact of IFRS 16.

Consolidated statement of cash flows

The group has classified:

- Cash payments for the principal portion of lease payments as financing activities
- Cash payments for the interest portion as finance activities consistent with the presentation of interest payments chosen by the group

Accelerate as lessor – operating leases

Operating lease income is recognised as income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.11 Revenue

Rental income

Accelerate is the lessor in operating leases. Rental income arising from operating leases of investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant installations are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the statement of comprehensive income when the right to receive them arises.

Rental income does not fall within the scope of IFRS 15 Revenue from Contracts with Customers, but is accounted for in terms of IFRS 16 Leases.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which Accelerate expects to be entitled in exchange for those services.

Service and management charges and other such receipts are included in revenue gross of the related costs, as the directors consider that Accelerate acts as principal in this respect. It is accounted for as a single performance obligation based on the actual provision of utilities services to the customer.

Revenue from service charges, management charges and other expenses recoverable from tenants is recognised over time when the customer receives the benefit of the related service.

ACCOUNTING POLICIES CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.11 Revenue continued

Recoveries

Recovering operating costs, such as utilities from tenants.

Utility recoveries are recognised over the period for which the services are rendered. The group acts as a principal on its own account when recovering operating costs, such as utilities, from tenants.

Casual parking, non-GLA income and lease cancellation fees

Casual parking income is recognised over the period for which the services are rendered. Non-GLA income, like advertising, promotion and exhibition income, and lease cancellation fees are contingent and are recorded in the period in which they are earned.

Revenue from development guarantee

Revenue for the development guarantee is recognised when invoiced in line with the stipulations in the guarantee agreement.

1.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred

The capitalisation of borrowing costs commences when:

- Activities that are necessary to prepare the asset for its intended use or sale are in progress

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest is also capitalised on the purchase cost of a property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

1.13 Other accounting policies

Property acquisitions and business combinations

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business as per IFRS 3. Where such acquisitions are not judged to be acquisitions of a business, they are not treated as business combinations.

Investment property acquisitions which do not meet the definition of a business as defined in IFRS 3 are recognised and measured in accordance with IAS 40.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently recorded at amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

Tenant deposits

Tenant deposit liabilities are initially recognised at fair value and subsequently measured at amortised cost where the effect of discounting is material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

Finance income

Finance income is recognised as it accrues using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Finance income is included in finance income in the statement of comprehensive income.

Taxes

Accelerate converted to a Real Estate Investment Trust (REIT) on listing. As a result, section 25BB of the Income Tax Act applies to qualifying REIT income and expenses. The legislation provides that capital gains on sale of investment properties are not taxable and previous building allowances claimed will be recouped at 28%. All rental income and dividends from property subsidiaries will be taxed at 28% and any qualifying distribution paid from these taxable profits will be deductible at 28%. Should the entities' assets be sold or the entity wound up, there could be a tax liability to the value of the recoupments previously claimed.

ACCOUNTING POLICIES CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.13 Other accounting policies continued

Taxes continued

Accelerate is of the view that the provisions of IAS 12 Income Taxes regarding different tax rates for distributed and undistributed profits are intended to apply where the only significant factor determining the differential tax rate is the retention or distribution of profit. This view is applied given that this would reflect the economic reality of Accelerate as being tax neutral and would not result in deferred taxation being raised at each reporting date merely to be reversed after the end of the reporting date when distributions are declared to shareholders. This view is formulated based on guidance from the withdrawn ED/2009/2 as published by the International Accounting Standards Board (IASB). This view implies that the entity can choose to operate within one of two tax regimes, either a 'full tax' regime by not distributing rental income and dividends from property subsidiaries to shareholders or a 'no tax' regime by distributing rental income and dividends from property subsidiaries to shareholders, rather than operating in a single tax regime with a dual tax rate, depending on whether profits are retained or distributed. Accordingly, the measurement of deferred tax assets and liabilities takes into account expected future distribution. This results in no deferred tax being recognised by Accelerate on REIT assets and liabilities.

REIT legislation is currently being revised to clarify the legislation where difficulties have been noted in practice.

Current taxes are recognised as income or expense and included in profit or loss for the period, except to the extent that the tax arises from:

- A transaction or event which is recognised, in the same or different period, to other comprehensive income
- A business combination

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or different period, directly in equity.

Current income tax

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Accelerate is registered as a REIT, and as such will only pay tax on profits not distributed to shareholders.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

1.13 Other accounting policies continued

Share-based payments

Employees (including senior Executives) of Accelerate receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves (share- based payment reserve), in equity over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and Accelerate's best estimate of the options that will ultimately vest. The profit or loss represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market condition. These are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance service conditions are satisfied.

When the terms of the equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of the modification.

When the equity award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either Accelerate or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Share capital

Ordinary shares are classified as equity.

ACCOUNTING POLICIES CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.13 Other accounting policies continued

Fair value measurements

Accelerate measures certain financial instruments such as derivatives, and non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in the financial statements when the carrying values are not determined to approximate fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

Accelerate must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Accelerate uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole. Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, Accelerate determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.13 Other accounting policies continued

Fair value measurements continued

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. Accelerate uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The fair value of investment property is determined by using valuation techniques. Accelerate uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Techniques include discounted cash flows and cap rate methods.

The carrying value of trade receivables and payables approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Accelerate for similar financial instruments. Accelerate's own non-performance risk is considered.

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	537	(362)	175	537	(272)	265
Motor vehicles	622	(505)	117	622	(380)	242
Office equipment	31	(15)	16	31	(6)	25
IT equipment	720	(702)	18	689	(533)	156
Total	1 910	(1 584)	326	1 879	(1 191)	688

Reconciliation of property, plant and equipment – 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	265	–	(90)	175
Motor vehicles	242	–	(125)	117
Office equipment	25	–	(9)	16
IT equipment	156	31	(169)	18
	688	31	(393)	326

Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	358	8	–	(101)	265
Motor vehicles	407	–	(45)	(120)	242
Office equipment	8	20	–	(3)	25
IT equipment	246	23	–	(113)	156
	1 019	51	(45)	(337)	688

3. LEASES (COMPANY AS LESSEE)

	2020 R'000	2019 R'000
Right-of-use asset		
IFRS 16 adoption balance	146 399	–
Depreciation	(3 926)	–
Foreign exchange movement	(797)	–
	141 676	–
Lease liability		
IFRS 16 adoption balance	146 399	–
IFRS 16 interest	2 714	–
Repayment	(5 608)	–
Exchange rate movement	(587)	–
	142 918	–
Non-current liabilities	136 173	–
Current liabilities	6 745	–
	142 918	–

The lease liabilities relate to the rental of land in Austria and Slovakia by Accelerate Property Fund Europe B.V. The incremental borrowing rate used by the lessee is 2,23%.

Comparative information for lease liabilities under IAS 17

On transition to IFRS 16, the group recognised right-of-use assets and lease liabilities. The group elected, as permitted by IFRS 16, not to restate comparative financial statements and to use the modified retrospective approach. Under this approach, comparative information is not restated and the right-of-use asset at the date of initial application (for leases previously classified as operating leases (IAS 17)) is equal to the lease liability. The impact on transition was recognised below as at 1 April 2019:

	R'000
Right-of-use asset	146 399
Lease liability	(146 399)

There was no retained income impact as a result of the adoption of IFRS 16.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitment as at 31 March 2019 as follows:

Asset	
Operating lease commitments as at 1 April 2019	168 437
Weighted incremental borrowing rate	2,23%
Discounted operating lease commitments as at 1 April 2019	146 399
	–
Lease liability	146 399

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

4. INVESTMENT PROPERTY

	Opening balance R'000	Additions R'000	Additions resulting from capitalised subsequent expenditure R'000	Disposals R'000	Classified as held for sale R'000	Foreign exchange movements R'000	Straight-line rental revenue adjustment R'000	Fair value adjustments R'000	Total# R'000
Reconciliation of investment property – 2020									
Investment property*	**12 203 592**	**919 800**	**181 017**	**(87 100)**	**(330 590)**	**313 629**	**31 393**	**(1 000 462)**	**12 231 279**
Reconciliation of investment property – 2019									
Investment property*	12 515 562	74 995	305 594	(216 727)	(789 707)	165 101	43 802	104 972	12 203 592

* *The entire portfolio of investment property is pledged as security for borrowings. For detail borrowings please refer to note 12.*

\# *Included in this balance is R316 604 889 of straight-line rental revenue adjustment.*

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

4. INVESTMENT PROPERTY CONTINUED

The following investment properties are held by Accelerate through subsidiaries:

- The KMPG portfolio 100% held through Parktown Crescent (Pty) Ltd and Wanooka Properties (Pty) Ltd
- Citibank building in Sandton 100% held through Pybus Sixty-Two (RF) (Pty) Ltd
- Nine single-tenant, long-term lease OBI properties held through a 96,4% equity holding in Accelerate Property Fund Europe B.V.

Investment property summary	2020 R'000	2019 R'000
Investment properties	12 886 719	11 889 717
Fair value (loss)/gain on investment property	(1 000 462)	104 972
Foreign exchange gain	313 629	165 101
Straight-line rental revenue adjustment	31 393	43 802
	12 231 279	12 203 592

4. INVESTMENT PROPERTY CONTINUED

Investment properties	Office R'000	Industrial R'000	Retail R'000	Europe R'000	Total R'000
Balance as at 31 March 2019	2 772 900	586 265	7 344 505	1 499 922	12 203 592
Acquisitions/ improvements	83 173	1 726	1 015 918	–	1 100 817
Subtotal	2 856 073	587 991	8 360 423	1 499 922	13 304 409
Disposals	–	–	(87 100)	–	(87 100)
Non-current asset held for sale	–	(166 772)	(163 818)	–	(330 590)
Straight-line rental revenue adjustment	(7 726)	2 470	36 649	–	31 393
Foreign exchange gains	–	–	–	313 629	313 629
Fair value (losses)/gain on investment properties	(323 864)	(76 807)	(618 804)	19 013	(1 000 462)
Balance at 31 March 2020	2 524 483	346 882	7 527 350	1 832 564	12 231 279
Balance at 31 March 2018	3 417 511	536 740	7 263 301	1 298 010	12 515 562
Acquisitions/ improvements	62 180	727	313 121	4 561	380 589
Subtotal	3 479 691	537 467	7 576 422	1 302 571	12 896 151
Disposals	(46 179)	–	(170 548)	–	(216 727)
Non-current asset 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	–	–	–	165 101	165 101
Fair value gain/(losses) on investment properties	(62 172)	47 001	87 893	32 250	104 972
Balance at 31 March 2019	2 772 900	586 265	7 344 505	1 499 922	12 203 592

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

5. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES

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

Each year the directors appoint an external valuer who is responsible for the external valuations of property for the annual financial statements. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. In addition, the directors are responsible for Accelerate's internal property valuations. Internal methods are aligned with those used by external valuers.

At each reporting date, the directors analyse the movements in each property's value. For this analysis, the directors verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts (eg rent amounts in rental contracts), market reports (eg market rent, cap rates in property market reports) and other relevant documents. Each property is considered a separate asset class based on the unique nature, characteristics and risks of the property. The directors compare each property's change in fair value with relevant external sources (such as the investment property database or other relevant benchmarks) to determine whether the change is reasonable.

Valuation techniques
The fair values of investment properties are determined using either a discounted cash flow (DCF) method or income capitalisation method (cap rate). These two valuation methods are used across the different property portfolios of Accelerate.

COVID-19
Investment properties are valued based on future cash flows at market related discount rates. At 31 March 2020 the impact off COVID-19 on the valuation of investment properties cannot be determined with any measure of certainty. Management will keep the valuation of investment property under frequent review.

DCF method
Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and costs of ownership over the asset's life including an exit or terminal value. The DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash inflows associated with the property. The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, reletting, redevelopment or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net cash inflows, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted at the appropriate rate.

5. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES CONTINUED

Income capitalisation method
Under the cap rate method, a property's fair value is estimated based on the normalised and market related net operating income generated by the property, which is divided by the capitalisation rate. The difference between gross and net rental income includes the same expense categories as those for the DCF method with the exception that certain expenses are not measured over time, but included on the basis of a time weighted average, such as the average lease costs.

The external valuations were performed by Mills Fitchet and Coldwell Banker Richard Ellis (Offshore valuations) accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment property being valued. The internal valuations were performed by the directors. The valuation models applied are in accordance with those recommended by the International Valuation Standards Committee and are consistent with the principles in IFRS 13.

As at 31 March 2020, the portfolio had the following vacancy rates, calculated based on vacant area to total GLA along with the following estimates of when actual vacancy will equal the long-term rate:

Class of property	Fair value as 31 March 2020 R'000	Current vacancies %	Long-term vacancies %	Estimated period of convergence
Office	2 834 790	25	0 – 10	2 years
Industrial	513 654	8,6	0 – 15	2 years
Retail	7 646 168	10	2,5 – 10	3 years
Europe	1 832 564	0	0	n/a
	12 827 176			

Included in the above total are properties held for resale of R595 897 000, R11 914 674 111 of investment properties and R316 604 889 of straight-line revenue adjustment.

Changes in valuation techniques
There were no changes in valuation techniques during the year.

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

Valuation techniques and inputs derive level 3 fair values
The table below presents the following for each class of the investment property:

- The fair value measurements at the end of the reporting period
- A description of the valuation techniques applied
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building
- Quantitative information about the significant unobservable inputs used in the fair value measurement

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

5. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES CONTINUED

Class of property	Fair value as at 31 March 2020 R'000	Valuation technique	Key unobservable inputs	Ranges	Weighted average discount rate %
Office	**2 834 790**	Income capitalisation/ DCF Method	• ERV • Rental growth pa • Long-term vacancy rate	• R16,00 – R280,00 • 7,7% • 0% – 10%	8,00
Industrial	**513 654**	Income capitalisation/ DCF Method	• ERV • Rental growth pa • Long-term vacancy rate	• R22,00 – R172,00 • 7,3% • 0% – 15%	9,60
Retail	**7 646 168**	Income capitalisation/ DCF Method	• ERV • Rental growth pa • Long-term vacancy rate	• R35,00 – R298,00 • 7,6% • 2,5% –10%	7,10
Europe	**1 832 564**	Income capitalisation/ DCF Method	• ERV • Rental growth pa • Long-term vacancy rate	• R64,00 – R193,00 • 0% • 0%	6,2
	12 827 176				

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

Estimated rental value (ERV)
The rent per square metre at which space could be let in the market conditions prevailing at the date of valuation.

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

Long-term vacancy rate
The ERV of the expected long-term average structural vacant space divided by ERV of the whole property. Long-term vacancy rate can also be determined based on the percentage of estimated vacant space divided by the total lettable area.

5. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES CONTINUED

Discount rate
Rate used to discount the net cash flows generated from rental activities during the period of analysis (estimated up to 15 years).

COVID-19
The long-term impact of COVID-19 on the above inputs is yet to be determined with certainty. Short-term assistance given to tenants will not materially impact the valuation of investment property. The long-term impact on rental levels, vacancies and discount rates cannot yet be determined with any degree of certainty.

Equivalent yield
The equivalent yield is defined as the internal rate of return of the cash flow from the property, assuming a rise to ERV at the next review, but with no further rental growth.

Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy
The significant unobservable inputs used in the fair value measurement categorised within level 3 of the fair value hierarchy of the entity's portfolios of investment property are:

- ERV
- Long-term vacancy rate
- Discount rate/yield

ERV
An increase or decrease in ERV is directly correlated to an increase or decrease in the estimated fair value. A 5% increase or decrease in the ERV would result in a 5% increase or decrease in the estimated fair value.

Long-term vacancy rate
Increases/decreases in the long-term vacancy rate would result in decreases/increases in the estimated fair value. The South African portfolio is currently 12,1% vacant. There are currently no vacancies on the European portfolio.

Equivalent yield

	50 bps increase %	50 bps decrease %
South African portfolio		
Equivalent yield – impact on fair value		
Retail	(7,1)	8,2
Office	(6,0)	6,8
Industrial	(4,6)	5,0

	25 bps increase %	25 bps decrease %
European retail – Equivalent yield – impact on fair value		
European retail	(3,9)	4,2

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

6. INVESTMENTS

Joint operation
The following joint operations are material to the company:

	% Ownership interest	
	2020	2019
Fourways Precinct	50%	n/a

Accelerate acquired an additional 12% stake in the income streams of the completed Fourways Mall on 29 November 2019 and are now 50% stakeholders in the joint operation created at this date. Investment property relating to the Fourways Mall retail site recognised in the financial statements of Accelerate amount to R4,8 billion (included in the investment property balance). Of the 61 074 m² bulk at Fourways Mall Accelerate owns 21 214 m² and Azrapart the joint owner of Fourways Mall 39 860 m². Accelerate's proportional share of the revenue and expenses flowing from the joint operation are recognised on a line by line basis.

Unlisted investments
The following table lists all of the unlisted investments in the company:

	% ownership interest		Carrying amount	
Name of company	2020	2019	2020	2019
Investment in New Edcon Holdco	–	n/a	–	–

Accelerate holds <1% of New Edcon Holdco shares as a result of the rental rebate given to Edcon. No consideration was paid for these shares. Due to the financial distress Edcon is in and Edcon being unable to honour their obligations Accelerate has not attributed any economic value to this investment and is holding it in the group's financial at R Nil. Fair value adjustments made for the year ended 31 March 2020 amounts R6 330 000.

Joint ventures
The following joint ventures are material to the company:

	% Ownership interest	
	2020	2019
Requiza Properties One (Pty) Ltd	49%	n/a

Requiza is a shelf company set up for the pending Buzz residential development of which Accelerate Property Fund Ltd will be a 49% joint venture partner. The development has not yet commenced and the company is currently still dormant.

7. TRADE AND OTHER RECEIVABLES

	2020 R'000	2019 R'000
Financial assets:		
Debtors including tenant receivables	159 922	160 705
Selling entity debtors	41 768	31 505
Related party receivables – note 29	248 750	325 883
Expected credit loss*	(40 393)	(17 763)
Municipal deposits	24 836	13 974
Deposit: property acquisition	975	1 486
Sundry debtors	15 169	2 614
Accrued recoveries	77 458	46 419
	528 485	564 823
Non-financial assets:		
Prepaid expenses	2 648	24 736
Total trade and other receivables	531 133	589 559

* *ECL relates to debtors including tenant receivables, selling entity debtors and related party receivables.*

Carrying value approximates the fair value of trade and other receivables.

Exposure to credit risk
Refer to note 32 Credit Risk of trade receivables, which explains how the group manages and measures credit quality of receivables.

	2020 R'000	2019 R'000
Movement in expected credit loss:		
Opening balance	17 763	8 412
IFRS 9 adoption adjustment	–	7 082
Charge for the year	60 268	7 686
Debtors written off	(37 638)	(5 417)
Closing balance	40 393	17 763

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

8. DERIVATIVES

Economic hedges

Interest rate swaps

Accelerate holds interest rate swap contracts with notional amounts of R3 450 000 000 (2019: R3 650 000 000) whereby it pays a fixed rate of interest and receives a variable rate based on one month JIBAR on the notional amount. The swap is used to hedge exposure to the variable interest rate payments on the variable rate secured loans.

The interest rate swaps have been used to match the critical terms of the underlying debt (hedging has not been applied for accounting purposes). Cash flows are expected to occur until May 2023 and will be recognised through profit or loss as and when incurred.

The aggregate fair value of the interest rate swaps at the end of the reporting period was -R93 327 599 (2019: -R17 922 863).

The valuation techniques applied to fair value the derivatives which include the swap models, use present value calculations. The derivatives are classified in level 2 of the fair value hierarchy.

Cross-currency swap

Accelerate also holds a cross-currency swap with a nominal value of €21 000 000 (2019: €21 000 000) to hedge exchange rate movements on euro denominated debt. The cross-currency swap matures in July 2022.

The fair value of the cross-currency swaps at the end of the reporting period was -R86 007 420 (2019: -R 22 388 082).

The valuation techniques applied to fair value the derivatives which include the cross-currency swap models, use present value calculations. The derivatives are classified in level 2 of the fair value hierarchy.

	2020 R'000	2019 R'000
Reconciliation of the swap derivatives		
Opening balance value	(40 310)	(8 744)
Net changes in fair value through profit and loss	(173 138)	(31 567)
Derivative settlement	34 113	–
Closing balance	(179 335)	(40 311)
Current assets	–	–
Non-current assets	–	1 598
Total assets	–	1 598
Current liabilities	(10 912)	(23 128)
Non-current liabilities	(168 423)	(18 780)
	(179 335)	(40 311)

9. CASH AND CASH EQUIVALENTS

	2020 R'000	2019 R'000
Cash and cash equivalents consist of:		
Cash held on call account	33 538	84 131

Surplus cash is placed on call account at an interest rate of 6,3% (2019: 6,3%).

At 31 March 2020, Accelerate has undrawn debt facilities of R85,1 million.

Cash balances of R4 915 000 (2019: R4 915 000) are encumbered due to bank guarantees lodged for municipal and other deposits.

10. NON-CURRENT ASSETS HELD FOR SALE

As part of the main business of the company Accelerate intends to sell non-core assets and will utilise proceeds to either reduce debt or reinvest in the core portfolio. These properties are held in the books of Accelerate at fair value, based on the agreed selling price.

The following non-core properties are held for sale at 31 March 2020:

- 89 Hertzog Boulevard
- 99 – 101 Hertzog Boulevard
- 73 Hertzog Boulevard
- 14 Main Street, Melville
- 7 Main Street, Melville
- 9 and 11 Main Street, Melville
- 9 Bolt Avenue
- Cherry Lane
- Beacon Isle
- Pick n Pay Distribution Centre
- Edcon Warehouse

Due to COVID-19 the timing of the disposals is uncertain. The average yield on these disposals is approximately 9% on carrying value. The disposal of all of these assets will result in a loan to asset value reduction of approximately 3%.

Number 73, 89 and 99 – 101 Hertzog Boulevard in Cape Town, held for sale at 31 March 2020 was also held for 31 March 2019. Management believes that the classification as held for sale is still applicable as the sales process is still ongoing and has temporarily been delayed due to COVID-19.

Assets and liabilities	2020 R'000	2019 R'000
Non-current assets held for sale		
Investment property	595 897	789 707

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

11. ORDINARY SHARE CAPITAL

11.1 Ordinary share capital

	2020 R'000	2019 R'000
Authorised		
Ordinary shares of no par value	**5 000 000 000**	5 000 000 000
Reconciliation of number of shares issued:		
Reported as at 1 April	**984 742 719**	979 796 940
Shares repurchased	**(540 634)**	–
Issue of shares – ordinary shares at an average of R2,71 (2019: R4,80) per share	**4 214 457**	4 945 779
Total number of shares in issue at year-end	**988 416 542**	984 742 719
Issued		
Ordinary share capital of no par value (R'000)	**5 115 671**	5 171 465
Issue of shares – ordinary shares at an average of R2,71 per share	**11 434**	–
Shares repurchased	**(2 000)**	(55 794)
	5 125 105	5 115 671

The unissued authorised ordinary shares of no par value in the company are under the control and authority of the directors of the company who are authorised to allot or issue any such shares at their discretion, subject at all times to the provisions of the Companies Act, the company's MOI and the Listings Requirements of the JSE, provided that:

- Such authority to allot and issue new shares is limited to vendor settlements only
- The number of shares that may be issued (under general authority), in aggregate in any one financial year, is limited to 10% of the total number of shares in issue at the beginning of each financial year, any other issuances require specific authority
- The maximum discount permitted, in respect of vendor settlement, will be 5% of the average trade price of the shares in question, measured over the 30 business days prior to the date of each issue of new shares or the 30 business days prior to the date the directors resolve to issue such new shares

11. ORDINARY SHARE CAPITAL CONTINUED

11.2 Other reserves

	Share incentive reserve R'000	Total R'000
2020		
Opening balance	**23 372**	**23 372**
Expense	**12 168**	**12 168**
Shares vested	**(11 434)**	**(11 434)**
	24 106	**24 106**
2019		
Opening balance	21 403	21 403
Expense	14 573	14 573
Shares vested	(12 604)	(12 604)
	23 372	23 372

Reserve for share options issued to directors and key management in terms of the conditional share scheme. Please refer to note 31.

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

12. BORROWINGS

	2020 R'000	2019 R'000
Total value of loans secured by investment property		
RMB	**1 914 943**	1 763 060
Domestic medium-term note (DMTN) programme	**1 785 000**	1 785 000
Investec	**1 369 174**	278 097
Standard Bank	**–**	754 190
Eerste Bank	**954 413**	790 026
	6 023 530	5 370 373
Less: portion repayable within the next 12 months	**(1 118 768)**	(1 111 050)
	4 904 762	4 259 323
Reconciliation of debt movements		
Opening balance	**5 370 373**	5 147 137
Debt raised	**2 330 958**	1 785 380
Debt repayment	**(1 842 190)**	(1 643 623)
Exchange rate movement on foreign debt	**164 389**	81 479
	6 023 530	5 370 373

Carrying value approximates the fair value of borrowings. Interest payments are made as they fall due and capital repayments are only made as per the maturity dates below. Interest rates on these loans are market related and at arm's length with third party lenders.

Accelerate has not acquired any debt in the financial period, nor are any fair value adjustments applicable. Accelerate SA does not have foreign denominated debt (the ring-fenced Eerste bank loan is held by Accelerate Europe).

12. BORROWINGS CONTINUED

12.1 Details of secured loans at 31 March 2020

	Tranche	Weighting %	Debt amount R'000	Maturity date	Rate
RMB	M – Current	1,7	101 461	February 2021	3M JIBAR + 225 bps
	P – Current	2,2	129 328	May 2020	3M JIBAR + 195 bps
	Q – Current	1,2	74 813	October 2020	3M JIBAR + 195 bps
	R – Current	0,8	48 000	July 2020	3M JIBAR + 195 bps
	S – Current	1,2	71 165	October 2020	3M JIBAR + 195 bps
	T	2,9	176 487	October 2021	Prime – 115 bps
	U	5,9	353 180	December 2021	3M JIBAR + 195 bps
	W	1,3	76 899	November 2022	3M JIBAR + 205 bps
	X – Current	0,5	32 500	May 2020	3M JIBAR + 230 bps
	F – Current	1,2	70 000	May 2020	3M JIBAR + 210 bps
	H – Current	1,1	63 625	July 2020	3M JIBAR + 195 bps
	I	7,6	453 828	June 2022	3M JIBAR + 220 bps
	J	0,8	50 000	November 2022	3M JIBAR + 225 bps
	K – Current	0,7	41 375	May 2020	3M JIBAR + 250 bps
	L	2,9	172 282	February 2023	3M JIBAR + 225 bps
Investec	V	4,6	278 099	December 2021	3M JIBAR + 225 bps
	K	0,2	14 873	March 2022	3M JIBAR + 255 bps
	Y	2,4	142 500	November 2022	3M JIBAR + 245 bps
	Z – Current	0,5	32 500	May 2020	3M JIBAR + 245 bps
	009	2,4	145 000	January 2023	Prime – 0,25 bps
	010	8,6	514 190	January 2023	Prime – 0,6 bps
		4,0	242 012	November 2022	Prime – 25 bps
DMTN	APF 04	3,8	225 000	September 2021	3M JIBAR + 230 bps
	APF 05	5,4	325 000	August 2020	3M JIBAR + 189 bps
	APF 06	3,3	200 000	August 2022	3M JIBAR + 214 bps
	APF 07	2,5	150 000	June 2023	3M JIBAR + 210 bps
	APF 08	4,7	279 000	July 2021	3M JIBAR + 185 bps
	APF 09	5,4	321 000	July 2023	3M JIBAR + 208 bps
	APF 10	2,6	156 000	September 2022	3M JIBAR + 195 bps
	APF 11	2,2	129 000	November 2020	3M JIBAR + 130 bps
Eerste Bank	A	22,5	954 413	November 2023	2,23% fixed
			6 023 530		

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

12. BORROWINGS CONTINUED

12.1 Details of secured loans at 31 March 2020 continued

Details of interest rate swaps on debt	Notional amount R'000	Maturity	Base rate %
RMB	400 000	August 2020	6,88
RMB	300 000	February 2021	7,08
RMB	150 000	April 2021	7,13
RMB	150 000	October 2021	7,86
RMB	150 000	January 2022	7,40
RMB	300 000	February 2022	7,36
RMB	200 000	March 2023	7,58
RMB	300 000	May 2023	7,05
Investec	200 000	November 2020	7,72
Investec	500 000	February 2022	6,38
Investec	300 000	February 2022	7,39
Investec	500 000	February 2023	6,49
	3 450 000		

12. BORROWINGS CONTINUED

12.2 Details of secured loans at 31 March 2019

	Tranche	Weighting %	Debt amount R'000	Maturity date	Rate
RMB	N	2	100 850	December 2020	3M JIBAR + 225 bps
	M	2	101 461	February 2021	3M JIBAR + 225 bps
	P	2	129 328	May 2020	3M JIBAR + 195 bps
	Q	1	74 813	October 2020	3M JIBAR + 195 bps
	R	1	48 000	July 2020	3M JIBAR + 195 bps
	S	2	129 765	October 2020	3M JIBAR + 195 bps
	T	3	136 488	October 2021	Prime – 115 bps
	U	7	353 181	December 2021	3M JIBAR + 195 bps
	B – Current	7	400 000	June 2019	3M JIBAR + 200 bps
	E – Current	3	155 550	February 2020	3M JIBAR + 225 bps
	F	1	70 000	April 2020	3M JIBAR + 210 bps
	H	1	63 625	July 2020	3M JIBAR + 195 bps
Investec	V	5	278 097	December 2021	3M JIBAR + 225 bps
Standard Bank	A – Current	2	100 000	April 2019	3M JIBAR + 190 bps
	B	1	73 690	May 2020	3M JIBAR + 190 bps
	C	1	75 000	May 2020	Prime – 122 bps
	F – Current	2	82 000	April 2019	3M JIBAR + 188 bps
	H1 – Current	1	50 000	April 2019	3M JIBAR + 195 bps
	H3	0	20 000	October 2020	Prime – 120 bps
	I	0	15 000	April 2020	3M JIBAR + 188 bps
	J – Current	1	38 500	October 2019	3M JIBAR + 185 bps
DMTN programme	APFU 01 (unlisted note)	6	300 000	October 2023	3M JIBAR + 210 bps
	B – Current	5	285 000	September 2019	3M JIBAR + 230 bps
	D	4	225 000	September 2021	3M JIBAR + 230 bps
	E	6	325 000	August 2020	3M JIBAR + 189 bps
	F	4	200 000	August 2022	3M JIBAR + 214 bps
	G	3	150 000	June 20023	3M JIBAR + 210 bps
	H	5	279 000	July 2021	3M JIBAR + 185 bps
	I	6	321 000	July 2023	3M JIBAR + 208 bps
Eerste Bank	A	15	790 025	November 2021	2,23% fixed
			5 370 373		

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

12. BORROWINGS CONTINUED

12.2 Details of secured loans at 31 March 2019 continued

Details of interest rate swaps on debt	Notional amount R'000	Maturity	Base rate %
RMB	150 000	November 2019	7,32
RMB	400 000	August 2020	6,88
RMB	300 000	February 2021	7,08
RMB	150 000	October 2021	7,86
RMB	150 000	January 2022	7,40
RMB	300 000	February 2022	7,36
RMB	200 000	January 2020	7,58
Standard Bank	150 000	October 2019	7,35
Standard Bank	300 000	March 2020	7,21
Standard Bank	300 000	November 2020	7,76
Standard Bank	400 000	July 2021	7,51
Standard Bank	150 000	January 2022	7,39
Standard Bank	200 000	February 2022	7,53
Investec	200 000	December2020	7,72
Investec	300 000	February 2022	7,39
	3 650 000		

13. TRADE AND OTHER PAYABLES

	2020 R'000	2019 R'000
Financial liabilities:		
Trade payables	**16 048**	14 416
Tenant deposits	**31 475**	36 901
Accrued expenses	**100 219**	78 189
Financial guarantee liability*	**179 572**	98 492
	327 314	227 998
Non-financial liabilities:		
Debtors in credit	**48 910**	54 771
Prepayments received	**7 541**	–
VAT	**10 009**	14 462
	393 774	297 231

Trade and other payables are settled within 30 days of invoice date. Carrying value approximated the fair value of trade and other payables due to the short-term nature of payables.

* *In order to retain and align key executive directors with shareholders, the company encourages the acquisition of shares by executive directors who do not currently have a material shareholding in the company. Consequently, in December 2016 an executive buy in structure was approved by shareholders and certain executive directors acquired Accelerate shares through special purpose vehicles (SPVs). The SPVs are funded through bank debt from RMB. The interest on bank debt accrued in the SPVs will be serviced by the distributions received from Accelerate. 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 provides guarantees to RMB for the performance of each SPV's obligations. The maximum liability Accelerate may have under the guarantees is 100% (2019: 63,5%) of the equivalent nominal debt outstanding to the extent that losses incurred by RMB are not settled by the sale of the shares RMB has cession over. As at 31 March 2020, the total RMB facility balance is R219,8 million. Of the R219,8 million balance R156,8 million relates to shares held by A Costa and R63 million held be former director J Paterson.*

The liability is calculated as the net payable at reporting date after taking into account future cash flows from Accelerate distributions and potential sale of Accelerate shares held as collateral. The movement in the liability is due to the movement in the Accelerate share price.

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

14. REVENUE

	2020 R'000	2019 R'000
Rental income	732 861	826 434
Parking	36 183	28 787
Development guarantee income	76 474	113 163
Sundry property income	2 156	2 761
Revenue before recoveries	847 674	971 145
Revenue from contracts with customers: Recoveries	206 554	219 379
Revenue excluding straight-line rental revenue adjustment	1 054 228	1 190 524
Straight-line rental revenue adjustment	31 393	43 802
Total revenue	1 085 621	1 234 326

15. UNREALISED LOSSES

	2020 R'000	2019 R'000
Foreign exchange gains	61 658	31 001
Financial guarantee liability	(81 080)	(52 910)
	(19 422)	(21 909)

16. PROPERTY EXPENSES

	2020 R'000	2019 R'000
Cleaning	13 716	14 267
Centre managers cost	4 140	7 490
Insurance	8 764	7 886
Security	31 245	33 605
Repairs and maintenance	17 162	20 393
Electricity	103 460	97 245
Rates and taxes	81 200	90 719
Sewerage	10 754	8 665
Water	12 697	13 494
Other municipal expenses	10 714	8 505
Management fees	10 882	11 260
Professional fees	20 991	20 097
Other property costs*	33 325	37 173
Tenant installation	1 913	3 859
Property expenses	360 963	374 658
Less: recovered expenses	(206 554)	(219 379)
Net property expenses	154 409	155 279

* *Note: Other property costs relate to miscellaneous property costs, such as consumables, legal fees, parking, pest control.*

17. OPERATING EXPENSES

	2020 R'000	2019 R'000
Employee costs*	37 185	35 580
Auditors remuneration	3 394	2 750
Licences	241	53
Bank charges	446	248
Telephone and fax	160	–
Printing and stationery	89	96
Subscriptions	967	993
Professional fees	5 833	4 838
Other expenses	5 839	2 119
Total other operating expenses	54 154	46 677

* *R12 167 270 (2019: R14 573 144) of this expense relates to share-based payments. For more information refer to note 31.*

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

18. FINANCE INCOME CALCULATED USING THE EFFECTIVE INTEREST RATE METHOD

	2020 R'000	2019 R'000
Interest income		
Investments in financial assets:		
Interest from banks	1 085	1 764
Interest on late payment from tenants	1 811	941
Cash deposits	5 445	9 589
Interest from vendors	33 980	25 586
	42 321	37 880

19. FINANCE COSTS

	2020 R'000	2019 R'000
Borrowings	357 803	363 752
Net payment on swaps	(10 123)	(22 054)
Interest on lease liability	2 714	–
Other interest expense	2	83
Net finance cost	350 396	341 781

Finance cost on capital construction projects of R68,4 million (2019: R69,4 million) were capitalised during the year ended 31 March 2020 at an average cost of debt of 9,3% (2019: 9,2%) per annum.

20. FAIR VALUE ADJUSTMENTS

	2020 R'000	2019 R'000
Investment property (fair value model)	(1 000 462)	104 972
Losses on derivatives at fair value through profit and loss	(173 138)	(31 567)
Fair value adjustment on equity investment	(6 330)	–
	(1 179 930)	73 405

21. TAXATION

	2020 R'000	2019 R'000
Major components of the tax (income) expense		
Current		
Local income tax – current period	–	–
Local income tax – recognised in current tax for prior periods	399	–
	399	–
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	(28,00%)	28,00%
Straight-line rental revenue adjustment	(0,98%)	(2,17%)
Fair value adjustment	36.81%	(3,03%)
Capital profits/(losses) not taxable/(deductable) (as APF is a REIT)	–	(0,52%)
Qualifying distributions	(7.82%)	(25,90%)
	0,01%	–

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

22. DISTRIBUTION PER SHARE

	2020 R'000	2019 R'000
Final distribution for the year ended 31 March 2020		
(Loss)/profit after taxation attributable to equity holders	**(899 865)**	563 356
Less: straight-line rental revenue adjustment	**(31 393)**	(43 802)
Plus/(less): fair value adjustment on investment property and derivative financial instruments	**1 180 615**	(72 244)
Less: gains on sale of investment property	**–**	(6 000)
(Less)/plus: unrealised (gains)/losses	**19 422**	21 909
Plus: amortisation	**16 718**	12 515
Less: capital retention	**(134 222)**	–
Less: interim distribution from profits	**(151 275)**	(254 352)
Final distribution	**–**	221 382
Reconciliation of shares qualifying for final distribution	**–**	–
Shares in issue at 31 March 2020	**998 524 580**	994 310 123
Less: shares ceded on purchase of bulk*	**(51 070 184)**	(51 070 184)
Less: shares repurchased	**(10 108 038)**	(9 567 404)
Shares qualifying for distribution	**937 346 358**	933 672 535
	–	23,71

* *Mr M Georgiou has ceded the distribution relating to 51 070 184 shares held by him to Accelerate until the earlier of development of the bulk acquired by Accelerate from Mr Georgiou on December 2021.*

Distribution per share is used as a measure for trading statement purposes by Accelerate Property Fund. Due to the impact of COVID-19 on property sector distributions in the short term and as per guidance received from the JSE, Accelerate will be evaluating whether this measure is still the most relevant.

Interim distribution was 16,13 cents (2019: 27,26 cents). No final distribution will be made by Accelerate.

23. EARNINGS PER SHARE

Basic earnings per share 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.

	2020 R'000	2019 R'000
Reconciliation of basic/diluted earnings to headline earnings		
Total comprehensive income attributable to equity holders	**(899 865)**	563 356
Fair value adjustment excluding straight-lining	**1 001 146**	(103 811)
Gains on non-current assets held for sale	**–**	(10 460)
Headline profit attributable to shareholders of the parent	**101 281**	449 085
Basic earnings per share (cents)*	**(90,21)**	56,77
Diluted earnings per share (cents)*	**(88,30)**	55,79
Headline earnings per share (cents)	**10,15**	45,26
Diluted headline earnings per share (cents)	**9,94**	44,47
Shares in issue at the end of the year	**998 524 580**	994 310 123
Weighted average number of shares in issue	**997 543 131**	992 285 018
Shares subject to the conditional share plan	**21 585 499**	17 480 830
Weighted average number of deferred shares	**21 585 499**	17 480 830
Total diluted weighted average number of shares in issue	**1 019 128 630**	1 009 765 848

* *Basic earnings and diluted earnings are based on the same earnings figures but are different as a result of the use of weighted average number of shares issue for the year.*

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

24. CASH GENERATED FROM OPERATIONS

	2020 R'000	2019 R'000
(Loss)/profit before taxation	(897 494)	565 833
Adjustments for:		
Depreciation and amortisation	12 792	11 814
Net (loss)/profit on disposal of investment property	–	(10 460)
Depreciation IFRS 16	3 926	–
Interest income	(42 321)	(37 880)
Finance costs	350 396	341 781
Fair value losses/(gains)	1 179 930	(73 405)
Unrealised gains	(61 658)	(31 001)
Share incentive expense	12 168	14 573
Straight-line rental revenue adjustment	(31 393)	(43 802)
Changes in working capital:		
Trade and other receivables	41 693	(24 322)
Increase in trade and other payables	113 278	123 705
	681 317	836 836

25. CURRENT TAX RECEIVABLE

	2020 R'000	2019 R'000
Balance at beginning of the year	5 534	5 534
Current tax for the year recognised in profit or loss	(399)	–
Balance at end of the year	–	(5 534)
Tax received	5 135	–

26. MINIMUM CONTRACTED RENTAL INCOME

	2020 R'000	2019 R'000
Minimum contracted rental income		
Accelerate leases a number of retail, office and industrial properties under operating leases, which typically run for a period of one to 10 years. Contractual amounts due in terms of operating lease agreements:	–	–
Within one year	711 534	752 324
Between one and five years	2 209 083	2 360 889
More than five years	1 586 421	1 802 833
	4 507 038	4 916 046

27. NET ASSET VALUE

	2020	2019
Shares in issue at the end of the year	988 416 542	984 742 719
Net asset value (R'000)	6 794 292	7 965 297
Net asset value per share (R)	6,87	8,09

28. CAPITAL COMMITMENTS

	2020 R'000	2019 R'000
Authorised capital expenditure		
Not yet contracted for and not authorised by directors	101 336	140 000
This committed expenditure relates to property and will be financed by available bank facilities and debt.		
Leases – as lessee		
Minimum lease payments due		
– within one year	–	5 652
– in second to fifth year inclusive	–	22 535
– later than five years	–	140 250
	–	168 437

The lease payments above represent rentals payable in Austria and Slovakia, utilised by the company in terms of long-term leases.

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

29. RELATED PARTIES

Relationships
M Georgiou (100% shareholder of Fourways Precinct (Pty) Ltd through The Michael Family Trust and 100% shareholder of Accelerate Property Management Company (Pty) Ltd) and A Costa are directors of both Accelerate Property Fund Ltd and Accelerate Property Management Company (Pty) Ltd.

	2020 R'000	2019 R'000
Related party balances		
Loan accounts		
Fourways Precinct (Pty) Ltd	**9 435**	–
The Michael Family Trust	**89 590**	68 180
Vacancy guarantee		
Fourways Precinct (Pty) Ltd	**10 238**	9 339
Development guarantee		
Fourways Precinct (Pty) Ltd	**139 487**	248 364
Related party transactions		
Development guarantee		
Fourways Precinct (Pty) Ltd	**76 473**	113 163
Interest charged on outstanding amounts		
Fourways Precinct (Pty) Ltd	**23 254**	17 544
The Michael Family Trust	**7 017**	5 172
Accelerate Property Management fees paid		
Fourways Precinct (Pty) Ltd	**(993)**	(2 121)
Accelerate Property Management Company (Pty) Ltd (APMC)	**(8 598)**	(7 912)
Letting commission		
Fourways Precinct (Pty) Ltd	**(4 550)**	(21 020)
Financial guarantee#	**(81 080)**	(52 911)

For information on financial guarantees with related parties, refer note 13.

Interest is charged on all related party balances due at market related interest rates.

The following factors are taken into account when assessing the recoverability of related party balances due to the fund:

- Historical receipts and reduction of the related party balances outstanding
- The nature and timing of current and potential future related party transactions
- The financial ability of the related parties to settle their obligations on the future taking into account their cash flow and net asset value

30. DIRECTORS' REMUNERATION

The directors' remuneration figures below form part of employee cost (refer to note 17).

	2020 R'000	2019 R'000
Total package		
M Georgiou	–	–
A Costa	**4 795**	4 325
D Kyriakides	**3 551**	3 150
JRJ Paterson	**1 546**	3 387
Short-term incentive payment	–	–
M Georgiou	–	–
A Costa	**3 240**	1 850
D Kyriakides	**1 500**	1 050
JRJ Paterson	–	1 350
Non-Executive Directors	–	–
TT Mboweni	–	634
GC Cruywagen	**498**	414
TJ Fearnhead	**630**	430
JRP Doidge	–	400
K Madikizela	**420**	360
Ass. Prof. FM Viruly	**420**	360
G Cavaleros	**426**	–
A Mawela	**403**	–
D Wandrag	**394**	–

Accelerate provides a financial guarantee for leveraged shares held by Andrew Costa and John Paterson. Refer to note 13 for details.

Directors' direct/indirect interest in the shares of the company 31 March 2020

M Georgiou	**294 332 138**	shares	**29,48%**	Indirect holding
A Costa	**29 145 969**	shares	**2,92%**	Indirect holding
D Kyriakides	**1 538 710**	shares	**0,15%**	Direct holding
D Wandrag	**500 000**	shares	**0,05%**	Indirect holding
	325 516 817		**32,60%**	

Directors' direct/indirect interest in the shares of the company 31 March 2019

M Georgiou	292 882 024	shares	29,46%	Indirect holding
A Costa	27 804 855	shares	2,80%	Indirect holding
JRJ Paterson	12 424 571	shares	1,25%	Indirect holding
D Kyriakides	770 000	shares	0,08%	Direct holding
	333 881 450		33,59%	

There have been no changes to the directors' interest between the end of the financial year and date of approval of the annual financial statements.

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

31. ACCELERATE PROPERTY FUND CONDITIONAL SHARE PLAN

The executive directors have been awarded share options in line with Accelerate Property Fund's conditional share plan which came into effect during the year ending 31 March 2015.

The shares to be awarded to each Executive Director have been calculated in the following manner:

- Performance Shares, the vesting of which are subject to pre-determined performance metrics (Performance Condition(s)) and continued employment (Employment Conditions), and which are intended to be used primarily as an incentive to Participants to deliver the group's business strategy over the long-term through the selection of appropriate and stretching Performance Condition(s)
- Retention Shares, the vesting of which are subject to the fulfilment of the Employment Condition by the Participant, and which are aimed at retention in specific, ad hoc circumstances where it is in the Company's, Management Company's and shareholders' strategic and financial interests that a specific individual is retained, or to address sign-on requirements
- The CSP (conditional share plan) also provides for the once off award of Top Up Awards, being awards of Performance Shares and Retention Shares made simultaneously with the initial allocation of awards under the CSP

Share options awarded, which only vest on the below dates once the vesting conditions have been met, are as follows:

Directors	Number of performance shares	Reserve at 31 March 2020	Number of retention shares	Reserve at 31 March 2020	Vesting March 2021 year-end	Vesting March 2022 year-end	Vesting 31 March 2023 year-end
M Georgiou –	–	–	–	–	–	–	–
Performance shares	4 481 880	5 221 403	–	–	1 617 626	1 095 023	1 769 231
Retention shares	–	–	2 864 254	3 096 056	–	1 095 023	1 769 231
A Costa –	–	–	–	–	–	–	–
Performance shares	4 481 880	5 221 403	–	–	1 617 626	1 095 023	1 769 231
Retention shares	–	–	2 864 254	3 096 056	–	1 095 023	1 769 231
D Kyriakides –	–	–	–	–	–	–	–
Performance shares	2 411 513	2 228 399	–	–	524 635	579 186	1 307 692
Retention shares	–	–	1 886 878	1 895 747	–	579 186	1 307 692
	11 375 273	12 671 205	7 615 386	8 087 859	3 759 887	5 538 464	9 692 308

31. ACCELERATE PROPERTY FUND CONDITIONAL SHARE PLAN CONTINUED

In addition to the allocations to directors on the previous page 2 594 840 (2019: 1 581 094) shares have been allocated to other management personnel with a reserve at 31 March 2020 of R3 347 623 (2019: R2 728 874).

After vesting the shares are exercisable at a strike price of R0.

The maximum number of shares which may be allocated under the CSP shall not exceed 49 468 217 (forty nine million, four hundred and sixty eight thousand, two hundred and seventeen) shares, which represents approximately 5% of the number of issued shares as at the date of approval of the CSP by shareholders.

The maximum number of shares which may be allocated to an individual in respect of all unvested awards may not exceed 14 840 465 (fourteen million, eight hundred and forty thousand, four hundred and sixty five) shares, which represents approximately 1,5% of the number of issues shares as at date of approval of the CSP by shareholders.

The share price on 31 March 2020 was R0,38 (2019: R2,75).

The reserve at 31 March 2020 was calculated by applying the share prices on grant date, pro rata over the vesting period of the shares.

Share options exercised during the year (number of shares)

	Year ended 31 March 2020	Year ended 31 March 2019
M Georgiou	**1 341 114**	1 012 514
A Costa	**1 341 114**	2 068 158
D Kyriakides	**398 710**	440 084
JRJ Paterson	**833 665**	1 313 453
	3 914 603	4 834 209
Reconciliation of shares outstanding (number of shares)		
Opening balance	**17 157 243**	13 604 637
Shares awarded	**13 861 538**	7 796 988
Shares vested	**(4 214 457)**	(4 244 382)
Shares forfeited	**(5 218 825)**	–
Closing balance	**21 585 499**	17 157 243

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

32. FINANCIAL RISK MANAGEMENT

Total financial assets and liabilities

	Carried at fair value R'000	Amortised cost# R'000	Total
Financial assets 31 March 2020			
Trade and other receivables	–	528 485	528 485
Cash and cash equivalents	–	33 538	33 538
	–	562 023	562 023
Financial liabilities 31 March 2020	–	–	–
Derivatives*	(179 335)	–	(179 335)
Long-term interest-bearing borrowings	–	(4 904 762)	(4 904 762)
Long-term lease liability	–	(136 173)	(136 173)
Trade and other payables	(179 572)	(147 742)	(327 314)
Current portion of long-term debt	–	(1 118 768)	(1 118 768)
Current portion of lease liability	–	(6 745)	(6 745)
	(358 907)	(6 314 190)	(6 673 097)
Financial assets 31 March 2019			
Derivatives*	1 598	–	1 598
Trade and other receivables	–	564 823	564 823
Cash and cash equivalents	–	84 131	84 131
	1 598	648 954	650 552
Financial liabilities 31 March 2019	–	–	–
Derivatives*	(41 908)	–	(41 908)
Long-term interest-bearing borrowings	–	(4 259 323)	(4 259 323)
Trade and other payables	(98 492)	(129 506)	(227 998)
Current portion of long-term debt	–	(1 111 050)	(1 111 050)
	(140 400)	(5 499 879)	(5 640 279)

* *The values of the derivative financial asset and liabilities are 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 (ie as prices) or indirectly (ie derived from prices) – level 2 (refer to note 8 for further details). The fair value is determined as the net discounted cash flows to be received from the swaps in place at 31 March 2020.*

\# *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.*

32. FINANCIAL RISK MANAGEMENT CONTINUED

Other financial risk management considerations

Accelerate's principal financial liabilities, other than derivatives, are loans and borrowings as well as guarantees provided. The main purpose of Accelerate's loans and borrowings is to finance the acquisition and development of Accelerate's property portfolio. Accelerate has rent and other receivables, vendor loans, trade and other payables and cash and short-term deposits that arise directly from its operations.

Accelerate is exposed to market risk (including interest rate risk and real estate risk), credit risk and liquidity risk.

The board has overall responsibility for the establishment and oversight of Accelerate's risk management framework. As such, Accelerate's Senior Management is supported by the Audit and Risk Committee that advises on financial risks and the appropriate financial risk governance framework for Accelerate. The Audit and Risk Committee provides assurance to Accelerate's Senior Management that Accelerate's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies for risk. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

Accelerate's risk management policies are established to identify and analyse the risks faced by Accelerate, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Accelerate's activities. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Accelerate is exposed to credit risks from its leasing activities, including deposits with banks and financial institutions and derivatives as well as trade and related party receivables. Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. Accelerate is also exposed to credit risk on financial guarantees issued to related parties. Refer to note 13.

As required by IFRS 9, the group used the simplified approach in calculating ECL for trade receivables that do not contain a significant financing component. The group calculates ECL by evaluating the recoverability of balances on a tenant by tenant basis.

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

32. FINANCIAL RISK MANAGEMENT CONTINUED

Tenant receivables
In determining the expected credit loss for tenant and tenant related receivables the following factors are taken into account:

- The overall state and wellbeing of the South African economy
- The impact of COVID-19 on doing business and cash flows of tenants
- The nature, sustainability and current performance of a tenants business
- The financial position of the tenant
- The quantum of deposits/guarantees/collateral held by the fund to offset future tenant losses
- The payment history of the tenant

Accelerate's exposure to credit risk is mainly in respect of tenants and is influenced by the individual characteristics of each tenant. Accelerate's widespread tenant base reduces credit risk. Tenants are assessed according to Accelerate's criteria prior to entering into lease arrangements. Management has established a credit policy under which each new tenant is analysed individually for creditworthiness before Accelerate's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. When available, Accelerate's credit review includes external ratings. The carrying amount of financial assets represents the maximum credit exposure. The collateral that is held by Accelerate as security for credit risk includes deposit payments by tenants upon entering into a lease, bank guarantees provided as well as sureties by the tenant as an individual or by the business entering into the lease. Impairment losses have been recorded for those debts whose recovery was not reasonably assured at year-end. The maximum credit exposure at the reporting date was R88,1 million (2019: R106 million), of which R40,4 million (2019: R17,8 million) has already been provided for.

Related party receivables
In determining the expected credit loss for related party receivable the following factors are taken into account:

- The overall state and wellbeing of the South African economy
- The impact of COVID-19 on doing business and the cash flows of the related party
- Historical recovery of related party receivables
- The financial position of the related parties involved
- Pending future deals contemplated with the related party
- Assets held by the related party that the company has cession over

The maximum credit exposure at the reporting date was R248,8 million (2019: R325,9 million). Based on the factors above no provision was made impairment.

COVID-19 impact on ECL
For the financial year ended 31 March 2020 gross revenue remained mostly unaffected by the pandemic due to the lockdown only commencing shortly prior to year-end. The impact has however been felt post-year-end and the company did take the effect of the pandemic into account when assessing the tenant receivables book at year-end and what effect the pandemic may have on this. Please refer to note 7.

The ECL provision was adjusted to take additional COVID-19 risk into account. Negotiation regarding COVID-19 assistance granted to tenants is being done on a tenant by tenant basis.

32. FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk
Liquidity risk is the risk that Accelerate will not be able to meet its financial obligations as they fall due. Accelerate's policy is to seek to minimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk. Accelerate seeks to borrow for as long as possible at the lowest acceptable cost. Accelerate regularly reviews the maturity profile of its financial liabilities and will seek to avoid concentration of maturities through the regular replacement of facilities, and by using a selection of maturity dates. Accelerate intends to refinance the current portion of the maturing debt, by the issue into the market of a secured domestic medium-term note (DMTN) bond issue or bank debt.

72,6% (2019: 82,8%) of interest-bearing borrowings were economically hedged at 31 March 2020, for a weighted average period of 1,8 years (2019: 2,5 years).

For a breakdown of total borrowings and swaps please refer to note 12.

The tables below set out the maturity analysis (including future capital and interest payments) of Accelerate's financial liabilities based on the undiscounted contractual cash flows.

	Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000
31 March 2020*					
Financial liabilities					
Total borrowings	1 155 193	1 489 055	4 206 667	–	6 850 915
Trade and other payables	147 742	–	–	–	147 742
Financial guarantee	219 810	–	–	–	219 810
Derivatives	11 269	49 933	74 290	–	135 492
Lease liability	6 745	6 745	20 236	168 630	202 356
	1 540 759	1 545 733	4 301 193	168 630	7 556 315
31 March 2019*					
Total borrowings	1 150 816	1 387 131	3 798 169	–	6 336 116
Trade and other payables	184 276	–	–	–	184 276
Financial guarantee	130 175	–	–	–	130 175
Derivatives	23 128	5 122	13 658	–	41 908
	1 488 395	1 392 253	3 811 827	–	6 692 475

* *Cash flows are monitored on a monthly basis to ensure that cash resources are adequate to meet the requirements of Accelerate. In terms of covenants with its lenders, the nominal value of interest-bearing borrowings over secured properties may not exceed a range of 45% – 60% of the value of investment property depending on the covenants of the applicable security portfolio. Total interest-bearing borrowings may not exceed 50%. All loan to value covenants have been met at 31 March 2020.*

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

32. FINANCIAL RISK MANAGEMENT CONTINUED

Going concern
The board of directors has reviewed projected cash flow forecasts prepared by management, including considerations of the impact of rental related relief provided to tenants, the impact of COVID-19 19 on tenants' ability to meet their rental and other commitments to the group, the group's existing revolving credit facilities, funding that has already been refinanced as at the date of this report, as well as debt of approximately R701 million maturing during the coming 12 months. While the board is confident that funders could refinance/finance such debt, it has also considered cash inflows from the proceeds of potential disposals of investment properties to settle debt, in the event that such debt is not refinanced. Based on the above considerations, the board of directors has concluded that the group will have access to adequate resources to continue in operational existence for the foreseeable future.

Exchange rate risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's operating activities (when revenue or expense is denominated in a foreign currency) and the group's net investments in foreign subsidiaries. When a derivative is entered into for the purpose of being an economic hedge, the group negotiates the terms of the derivative to match the terms of the exposure. The group economically hedges its exposure to fluctuations on the translation into euros of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forwards. The exchange rate in the euro denominated debt is fixed by the cross-currency swap.

An increase or decrease of R1 in the euro exchange rate would result in an increase or decrease of R48 500 000 (2019: R48 500 000) of the long-term loan in rand terms.

A 20% appreciation in the rand exchange rate would result in an appreciation of R10 784 199 (2019: R50 460 407) in the fair value of the cross-currency swap and a 20% depreciation in the rand exchange rate would result in a depreciation of R184 912 741 (2019: 96 253 234) in the fair value of the cross-currency swap.

1% upward movement in the euro cross-currency curve would result in an appreciation of R928 925 (2019: R2 811 763) in the fair value of the cross-currency swap and a 1% depreciation would result in a depreciation of R105 500 (2019: R2 834 000).

1% upward movement in the rand cross-currency curve would result in a depreciation of R7 839 233 (2019: R2 535 023) in the fair value of the cross-currency swap and a 1% depreciation would result in an appreciation of R8 011 946 (2019: R2 554 858).

32. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate or that the fair values of financial instruments will fluctuate because of changes in market interest rates. Accelerate's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations.

To manage its interest rate risk, Accelerate enters into interest rate swaps and cross-currency swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to economically hedge underlying debt obligations. At 31 March 2020, after taking into account the effect of interest rate swaps, 72,6% of Accelerate's borrowings are economically hedged.

The analysis below describes reasonably possible movements in interest rates with all other variables held constant, showing the impact on profit before tax and equity. It should be noted that the impact of movement in the variable is not necessarily linear.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates of the debt and derivatives are all constant:

- The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on finance income less finance expense for one year, based on the floating rate financial liabilities held at the reporting date, including the effect of hedging instruments.

	Increase/ (decrease) in basis points	Effect on profit before and after tax (R'000)
2020		
JIBAR (one month)	**100**	(15 952)
JIBAR (one month)	**(100)**	15 952
	–	–
2019		
JIBAR (one month)	**100**	(10 096)
JIBAR (one month)	**(100)**	10 096
	–	–

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

32. FINANCIAL RISK MANAGEMENT CONTINUED

Market risk
Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by Accelerate that are affected by market risk are the derivative interest rate and cross-currency hedging financial instruments.

Credit risk related to financial instruments and cash deposit
Credit risk from balances with banks and financial institutions is managed in accordance with Accelerate's policy. Investments of surplus funds are made only with approved counterparties. Accelerate only deposits cash with banks with high-quality credit standing. For this reason, the company does not consider there to be any significant concentration of credit risk.

33. EVENTS AFTER THE REPORTING PERIOD

Investment property sales post-year-end
No properties held for sale at 31 March 2020 have yet transferred at date of publication.

COVID-19
The effects of COVID-19 are far reaching and have affected all economies and all sectors. The situation and the effects of the pandemic is still evolving and ever changing and develops rapidly on a day-to-day basis. From year-end to the reporting date the fund has been impacted as follows:

Rental income and recovery of arrears
The fund is in ongoing negotiations with tenants in order to not only assist our tenants during this difficult time but also to ensure the long-term sustainability of the fund as well as our tenants. To date the following terms have been agreed/are under negotiations with tenants:

	Rentals to be paid* %	Rental deferments* %
Month		
April 2020	44,5	6,1
May 2020	54,3	7,7
June 2020	78,4	7,4

A short-term R120 million liquidity facility has been secured with the company's main funders to cater for the short-term liquidity constraints.

* *Subject to change.*

33. EVENTS AFTER THE REPORTING PERIOD CONTINUED

Valuation of investment property
Our Investment properties are valued based on future cash flows at market related discount rates. The short-term impact of COVID-19 on cash flows is not expected to have a material effect on the valuation of our properties. The long-term impact of the pandemic rental levels, occupancy rates and escalation rates is expected to have a more material impact which the market will only be able to ascertain with more certainty in the next 12 to 18 months.

In the valuation of our Investment Properties for the year ended 31 March 2020 management applied its property expertise and considered COVID-19 in determining the long-term vacancy assumptions, market related rental levels and discount rates applied per property.

Debt refinances post-year-end
The following debt facilities at 31 March 2020 have been refinanced post-year-end:

	Nominal amount R'000	Term	Margin – linked to 3-month JIBAR
Funder			
RMB Facility P	129 328	1 year	235 bps
RMB Facility R	48 000	1 year	235 bps
RMB Facility X	32 500	6 months	230 bps
RMB Facility F	70 000	2 years	260 bps
RMB Facility H	63 625	2 years	260 bps
RMB Facility K	41 375	6 months	250 bps
Investec Facility Z	32 500	6 months	255 bps
	417 328		

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

34. CAPITAL MANAGEMENT

The primary objective of Accelerate's capital management is to ensure that it remains within its quantitative banking covenants and maintain a strong credit rating. No changes were made in the objectives, policies or processes during the years ending 31 March 2020 and 31 March 2019. Accelerate monitors capital primarily using a loan to value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio. Banking covenants vary according to each loan agreement, but typically require that the loan to value ratio does not exceed 50%. During the period, Accelerate did not breach any of its loan covenants and is satisfied with its current loan to value of 46,45%. Accelerate did not default on any other of its obligations under its loan agreements.

The board of directors monitors the level of distributions to shareholders and ensures compliance with the Income Tax Act and the JSE Listing Requirements. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

	2020 R'000	2019 R'000
Carrying amount of interest-bearing loans and borrowing*	6 023 530	5 370 373
Investment property at fair value	12 968 852	12 993 299
	46,45	41,33

* *Excludes cash on deposit and interest accrual at year-end.*

35. CONTINGENT LIABILITY

Azrapart claim
Azrapart (the developer of Fourways Mall) contends that it has a claim against Accelerate arising from capital expenditure spent by Azrapart on the existing letting enterprise (the Azrapart claim). The board has been advised by Azrapart that it has not decided whether to pursue its claim nor to what extent. However, Azrapart has advised the Accelerate board that should it pursue the Azrapart claim, it will not exceed R300 million.

Accelerate will evaluate the validity and quantum of the Azrapart claim.

Fourways Mall purchase price adjustment
There is a 12-month adjustment account in place for the Fourways Mall equalisation transaction concluded on 28 November 2019 (this transaction had an effective date of 30 September 2019). This adjustment mechanism caters for certain income not yet in place at the date of equalisation as well as expenses that were estimated due to the new mall not having a trading history. The potential purchase price adjustment range from a reduction of R74,1 million to an increase of R221,6 million.

Constructive dismissal claim
A former Executive Director has instituted legal action against the company of approximately R90 million (plus interest and costs) for constructive dismissal. Management and its external legal advisors are confident of the group's position in this matter and do not consider an economic outflow of the claimed amount to be probable when the matter is evaluated in a court of law.

36. PROPERTY PORTFOLIO

36.1 Sectoral review

Accelerate's portfolio comprises properties in three sectors: retail, office and industrial, with a bias towards the retail sector.

		Accelerate property portfolio				
Indicator		Total	Retail	Office	Industrial	Offshore portfolio
Number of properties	2020	51	19	16	7	9
	2019	62	26	20	7	9
Asset value (R'000)	2020	12 469 558	7 474 099	2 678 619	500 245	1 816 595
	2019	12 668 686	7 301 732	3 287 297	579 735	1 499 922
Value per sector (%)	2020	100	60,4	21,2	4,0	14,4
	2019	100	57,6	26,0	4,6	11,8
Average escalation (%) (7,6% excluding offshore)	2020	6,4	7,6	7,7	7,3	–
	2019	6,6	7,3	7,6	7,3	–
Weighted average lease period (years)	2020	5,6	5,3	6,0	4,7	8,9
	2019	5,3	4,7	5,9	3	9,9

36.2 Vacancies

Portfolio Managers, as well as Executives and Senior Management, monitor all vacancies and develop strategies to manage current and future vacancies weekly. The vacancies per sector are shown in the table below.

Actual vacancy profile per sector as at 31 March 2020

		Total	Retail	Office	Industrial	Offshore portfolio
Vacancy (%)[1]	2020	10,8	6,5	25,1	8,6	–
	2019	9,0	6,3	21,8	2,5	–

[1] *Excludes properties under development.*

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

36. PROPERTY PORTFOLIO CONTINUED

36.3 Retail

Buildings	Region	GLA	Net rental (R/m²)	Fair value 31 March 2020 (R)
Fourways Mall	Gauteng	86 868	298	4 803 343 616
Cedar Square Shopping Centre	Gauteng	44 418	104	964 275 855
Eden Meander	Western Cape	29 840	101	465 126 087
The Buzz Shopping Centre	Gauteng	14 118	87	283 850 998
BMW Fourways	Gauteng	7 857	154	261 377 888
The Leaping Frog	Gauteng	11 027	106	150 800 000
Bosveld Bela Bela	Limpopo	10 626	85	115 100 000
Cherry Lane	Gauteng	11 504	42	105 246 030
Ford Fourways	Gauteng	2 469	210	77 928 938
Waterford	Gauteng	6 682	79	75 131 949
Edgars Polokwane	Limpopo	4 500	80	45 600 000
Beacon Isle	Gauteng	2 080	139	33 072 369
Valleyview Centre	Gauteng	2 012	80	25 702 120
Corporate Park Corner Shopping Centre	Gauteng	4 252	21	22 700 000
Cascades Shopping Centre	Gauteng	3 413	45	19 343 853
9 and 11 Main Road Melville	Gauteng	3 113	45	14 000 000
7 Main Rd Melville	Gauteng	1 973	35	7 000 000
14 Main Rd Melville	Gauteng	1 068	42	4 500 000
Total		**247 820**		**7 474 099 703**

36. PROPERTY PORTFOLIO CONTINUED

36.4 Office

Building	Region	GLA (m²)	Net rental (R/m²)	Fair value 31 March 2020 (R)
Portside	Western Cape	25 224	163	768 700 000
KPMG Crescent	Gauteng	20 096	280	686 900 000
Citibank	Gauteng	12 433	129	291 002 838
Oceana House	Western Cape	7 254	167	181 361 313
73 – 101 Hertzog Boulevard	Western Cape	5 470	193	158 135 356
Primovie Park	Gauteng	17 364	40	136 200 000
1 Charles Crescent	Gauteng	13 723	70	103 500 000
Thomas Pattullo Building	Western Cape	6 084	111	101 659 813
99 – 101 Hertzog Boulevard	Western Cape	3 620	101	54 800 000
Mustek (89 Hertzog Boulevard)	Western Cape	4 500	78	52 371 233
KPMG Polokwane	Limpopo	1 484	222	40 300 000
9 Charles Crescent	Gauteng	4 298	28	37 202 190
Brooklyn Place	Gauteng	2 862	16	26 068 098
KPMG Secunda	Mpumalanga	830	181	18 100 000
KPMG Port Elizabeth	Eastern Cape	1 054	137	15 900 000
Absa Brakpan	Gauteng	2 797	18	6 417 732
Total		**129 093**		**2 678 618 571**

NOTES TO THE CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020

36. PROPERTY PORTFOLIO CONTINUED

36.5 Industrial

Building	Region	GLA (m²)	Net rental (R/m²)	Fair value 31 March 2020 (R)
Checkers Montague	Western Cape	26 890	44	**148 969 500**
Edcon Warehouse	Western Cape	14 775	51	**92 000 000**
MB Technologies	Gauteng	6 000	172	**89 232 556**
Pick n Pay distribution centre	Eastern Cape	7 983	51	**54 772 289**
Accentuate	Gauteng	13 566	22	**52 575 849**
Meshcape Building	Gauteng	13 898	33	**40 795 313**
10 Charles Crescent	Gauteng	3 445	65	**21 900 000**
Total		**86 557**		**500 245 506**

36. PROPERTY PORTFOLIO CONTINUED

36.6 Offshore

Building	Region	GLA (m²)	Net rental (€/m²)	Fair value 31 March 2020 (€)
Austria				
OBI Mauthausen	Oberösterreich	5 146	8,4	**6 799 000**
OBI Hallein	Salzburg	3 739	4,7	**2 984 000**
OBI Bruck/Mur	Steiermark	6 823	5,7	**6 481 000**
OBI Mürzzuschlag	Steiermark	5 822	7,2	**7 292 000**
OBI Rosental	Steiermark	3 316	6,4	**3 690 000**
OBI Wien	Wien	16 356	12,6	**43 691 000**
Slovakia				
OBI Martin	Martin	7 950	4,4	**6 936 400**
OBI Kosice	Kosice	8 054	4,2	**6 540 000**
OBI Nitra	Nitra	8 687	4,6	**8 270 000**
Total		65 893		**92 683 400**

ABOUT THIS REPORT

Reporting frameworks

In compiling this report, we considered local and international guidelines, including the following:

- International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework
- International Financial Reporting Standards (IFRS)
- King Report on Corporate Governance™ for South Africa, 2016 (King IV)
- Companies Act of South Africa, 71 of 2008, as amended (Companies Act)
- Johannesburg Stock Exchange (JSE) Listings Requirements

We considered a range of evidence to determine material matters, including management discussions, internal documents, risk assessments, media releases and stakeholder engagements throughout the year.

The material matters thus inform report topics, ensuring that we only report on areas that could have a substantial effect on our ongoing commercial viability and/or the value we create for our broad range of stakeholders over time.

Assurance

The consolidated annual financial statements were prepared in accordance with IFRS and were audited externally by EY. The three lines of defence model is used to incorporate management and board oversight, risk management, and independent assurance.

We continue to advance in the integration and alignment of assurance processes that optimise governance oversight and risk management, increasing combined assurance between internal and external auditors.

The independent auditor's report can be found on page 121.

Supplementary information

The content of this integrated report is supplemented by the following additional information, available online at www.acceleratepf.co.za:

- Latest financial results, including our interim and annual financial results presentations
- King IV application register
- Shareholder information including Stock Exchange News Service (SENS) announcements, AGM information and circulars
- Capital market information
- Portfolio information

Forward-looking statements

Accelerate's integrated report may include forward-looking statements that involve inherent risks and uncertainties and, if one or more of these risks materialise, or should the underlying assumptions prove incorrect, actual results may differ from those anticipated.

Words such as believe, anticipate, intend, seek, will, plan, could, may, endeavour, project and similar expressions are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements apply only as of the date on which they are made and Accelerate does not undertake any obligation to update or revise them, whether as a result of new information, future events or otherwise.

STAKEHOLDER FEEDBACK

We have engaged the services of Articulate Capital Partners to coordinate our investor relations. Please send any feedback on reporting content or requests for copies to:

Articulate Capital Partners

Attention: Morné Reinders
Tel: 082 480 4541
Email: morne@articulatepartners.com

CORPORATE INFORMATION

Accelerate Property Fund Ltd

(Incorporated in the Republic of South Africa) (Registration number 2005/015057/06)
Share code: APF ISIN: ZAE000185815 (Approved as a REIT by the JSE)

Holding company

Accelerate Property Fund Ltd incorporated in South Africa

Nature of business and principal activities

Property letting

Registered office and business address

Cedar Square Shopping Centre, Management Office, 1st Floor
Corner Willow Avenue and Cedar Road, Fourways 2055, South Africa
Tel: +27 (0)10 001 0790
Web: www.acceleratepf.co.za

Directors

George Cavaleros
Andrew Costa
Gert Cruywagen
Timothy Fearnhead
Michael Georgiou
Dimitri Kyriakides
Kolosa Madikizela
Abel Mawela
François Viruly
Dawid Wandrag

Company Secretary

Margi Pinto
Tel: +27 (0)10 001 0790
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Contact details

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COO: Andrew Costa
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CFO: Dimitri Kyriakides
Email: dimitri@acceleratepf.co.za

Investor relations

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Transfer secretaries

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Email: proxy@computershare.co.za
Fax: +27 (0)11 688 2238

Sponsor

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Auditors

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Registered Auditors
102 Rivonia Road, Sandton, Johannesburg 2196, South Africa
Tel: +27 (0)11 772 3000

Internal auditors

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