



# 2022

**ABRIDGED SUMMARISED  
CONSOLIDATED  
FINANCIAL RESULTS**  
FOR THE YEAR ENDED 31 MARCH 2022

[ACCELERATEPF.CO.ZA](http://ACCELERATEPF.CO.ZA)





# KEY INDICATORS

Indicator	2022	2021
Revenue (R'000) (continued and discontinued operations) (excl. COVID-19 effects)	993 281	1 003 605
COVID-19 rental assistance granted (R'000)	(35 127)	(182 515)
Fair value adjustment on Investment Properties (R'000)	(428 722)	(660 227)
Basic gain/(loss) per share (R)	6,48	(73,95)
Diluted gain/(loss) per share (R)	6,44	(72,85)
Weighted average lease expiry (years)*	3,9	6,1
Lease escalations	7,0%	6,6%
Vacancies by GLA*	21,2%	15,0%
Vacancies by revenue	9,1%	7,2%
Interest cover ratio	2,1x	2,0x
Net asset value per share (R)	6,21	6,28
Loan-to-value	42,8%	48,5%
Distributable income (R'000)	210 527	-
Final distribution per share (cents)**	21.98051	-

\* The increase in the overall vacancy percentages and reduction of the overall lease expiry profile is predominantly driven by the sale of Accelerate's European retail portfolio which was fully tenanted with a WALE in excess of 12 years.

\*\* As part of the objective of strengthening Accelerate's financial position and to minimise cash outflows Accelerate has received irrevocable commitment from 83,5% of its shareholders to accept a potential dividend reinvestment option resulting in the cash outflow from the distribution being less than the potential tax outflow had a distribution not been made.

## Consistent yet staggered improvement in trading and performance post-COVID-19

During the COVID-19 pandemic, APF remained focused on its long-term stability and tenant relationships by pairing COVID-19 rental relief granted with the extension of and/or entering into new leases with our tenants. This has stood the business in good stead with:

- » Trading at our small regional and neighbourhood retail centres returning to pre-COVID-19 levels
- » Retail vacancies remaining stable at 8,9% with a weighted average lease expiry of 3,6 years. We have seen significant progress made in letting at Cedar Square and Eden Meander, with the vacancy at Eden Meander reduced to under 1% off the back of a new 5 year lease with Clicks
- » 87,5% (by revenue) of office rentals underpinned by long-term leases with a weighted average lease expiry of 5,2 years
- » Office vacancy by revenue of 8,2%. The bulk of the office vacancy currently resides within the B- and C-grade non-core assets the Fund is looking to dispose of
- » The Fourways Mall super-regional opened three months before the COVID-19 pandemic, resulting in the Mall having insufficient time to settle before the pandemic began. We have seen a gradual and consistent increase in trading (16% year-on-year). The vacancy of the Mall (excluding space covered under headlease) is currently 10,4%
- » Fourways Mall has a potential substantial insurance claim relating to losses incurred as a result of COVID-19. legal action has been instituted in this regard
- » Pressure on vacancies remains especially high in the B- and C-grade office space as well as the lower rent per square metre industrial space
- » The Fund's current industrial portfolio consists of four non-core industrial assets included on the list of assets to be disposed of
- » The continued above-inflation increases in municipal and utility costs remain of great concern to APF due to the impact on the overall cost of occupation for tenants

### ACCELERATE PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration No 2005/015057/06)

JSE code: APF ISIN code: ZAE000185815

Bond code: APFE

(REIT status approved)

(Accelerate or the company)

**R35,1 million**  
**COVID-19 relief**  
 (31 March 2021: R182 million)

**Weighted average lease expiry**  
**3,9 years**

**Vacancies by revenue**  
**9,1%**

**Cost-to-income ratio**  
**25,8%**

### Continued focus on strengthening the APF's financial position

Since the commencement of this initiative in 2018, AFS has sold a total of R3,2 billion of assets. The most recent sale completed being the disposal of our European retail portfolio. The proceeds of this sale were utilised to reduce debt and resulted in:

- » A reduction in debt from R6,0 billion to R4,5 billion since 31 March 2021
- » The reduction in the Fund's loan to value ratio from 48,5% on 31 March 2021 to 42,8%
- » Creating cash reserves and/or undrawn debt facilities of R 223 million

Due to the repayment of low interest rate in-country European debt, as well as the exiting of a cross currency swaps, the disposal has had a negative ICR impact.

There is a remaining non-core asset portfolio of R763 million that we intend to dispose of. These assets are at various stages in the disposal process. It is our intention to utilise these proceeds if these transactions are successfully concluded to further reduce debt as well as reinvest into our core assets.

We are currently reviewing a number of opportunities to unlock additional value on existing properties and maximising current income streams through strategic capital spend.

Accelerate is also minimising any cash outflows by way of declaring a distribution and obtaining commitment from the majority of its shareholders to a dividend reinvestment programme, rather than the cash option.

### Proactive treasury management

#### Areas of focus

#### 01. Diversification of funding

We continued our drive to diversify funding in an effort to create a more balanced pool of suitable funders in order to:

- » Manage prudential exposure limits
- » Encourage competitive pricing
- » Build adequate liquidity buffers

#### 02. Improve credit metrics and rating

- » Further disposal of non-core South African assets
- » Enhance revenue with accretive spend on core assets
- » Manage costs
- » A continued focus on appropriate LTV and ICR levels

#### 03. Cost of funding and expiry profile

We engaged with funders to restructure debt exposure in order to:

- » Meaningfully extend our debt expiry profile
- » Reduce our overall cost of funding
- » Manage our concentration of expiry risk

### Treasury snapshot

**Total debt**  
**R4,5 billion**  
 (Sept 2021: R5,9 billion)

**Short-term portion of debt**  
**R648 million**  
 (Sept 2021: R1,629 billion)

**Weighted average debt term**  
**1,6 years**  
 (Sept 2021: 1,6 years)

**Debt hedged**  
**70,8%**  
 (Sept 2021: 86,3%)

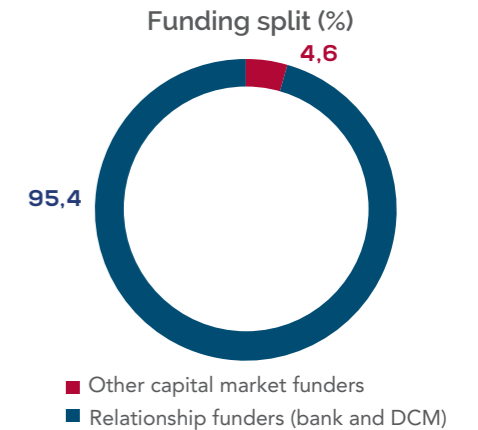
**Weighted average swap term**  
**2,3 years**  
 (Sept 2021: 2,2 years)

**Undrawn facilities**  
**R223 million**

**LTV<sup>#</sup>**  
**42,8%**  
 (Sept 2021: 47,8%)

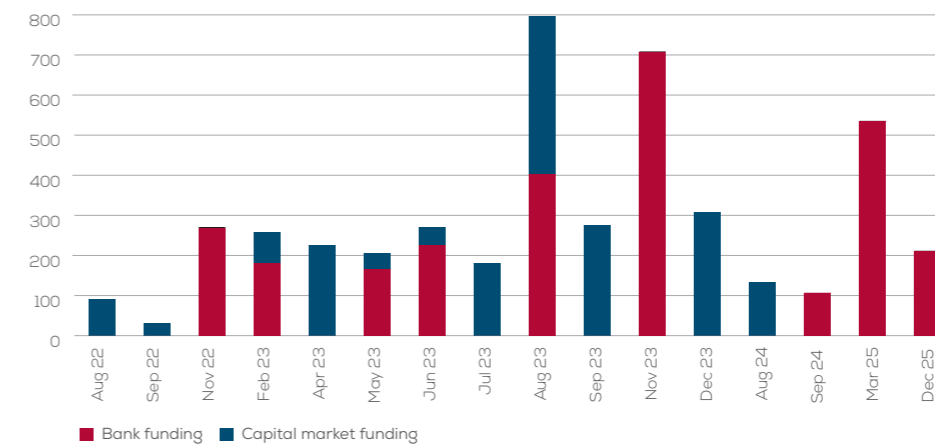
**ICR**  
**2,1x**  
 (Sept 2021: 2,0x)

**Blended interest rate**  
**8,1%**  
 (Sept 2021: 7,4%)



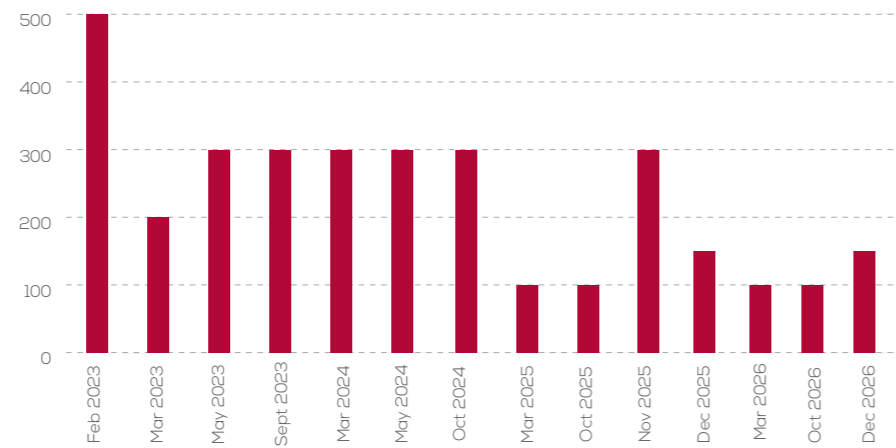
<sup>#</sup> Takes into account vendor loan receivables.

### Debt expiry (Rm)



- » We have reduced the short-term portion of our debt from R1,62 billion in September 2021 to R648 million at 31 March 2022
- » However, due to the shorter term refinancing of debt during the COVID-19 pandemic, the 2023 calendar year does pose some concentration risk. We are currently working with our main funders to:
  - Reduce elevated funding costs incurred during COVID-19
  - Meaningfully improve the debt expiry profile and increase the weighted average term of debt
  - Manage our expiry and concentration risk

### SWAP expiry profile (R'm)



We are approximately 70,8% hedged post the sale of our European retail portfolio, and the significant reduction in debt having taken out swaps at opportune times during 2021. There are no interest rate swaps expiring for the remainder of 2022.

We aim to be between 80% and 85% hedged, especially given the current interest rate cycle. This increase in the hedging ratio will be achieved through:

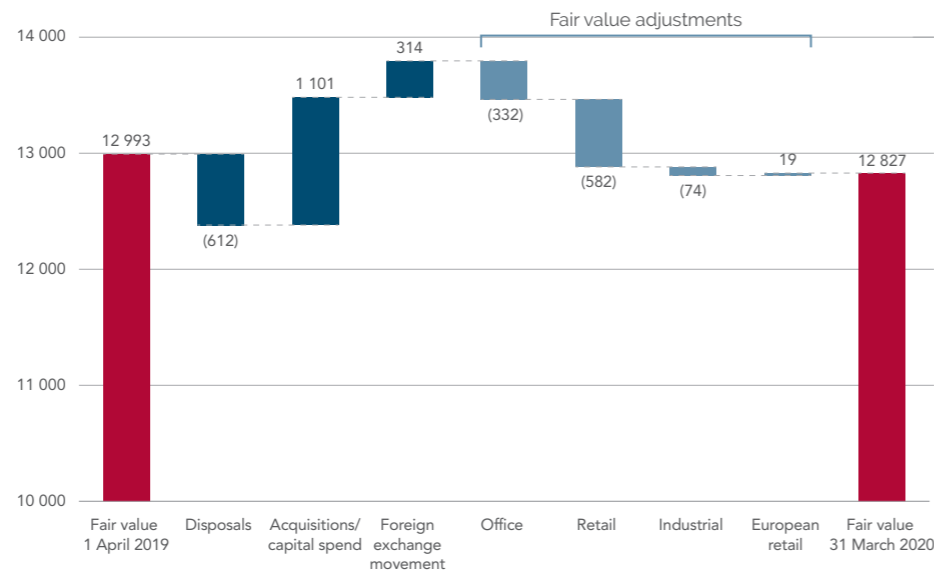
- » The reduction on our overall debt nominal with the completion of non-core asset sales
- » Monitoring the market for opportune times to execute further interest rate hedging

### Prudent property valuations

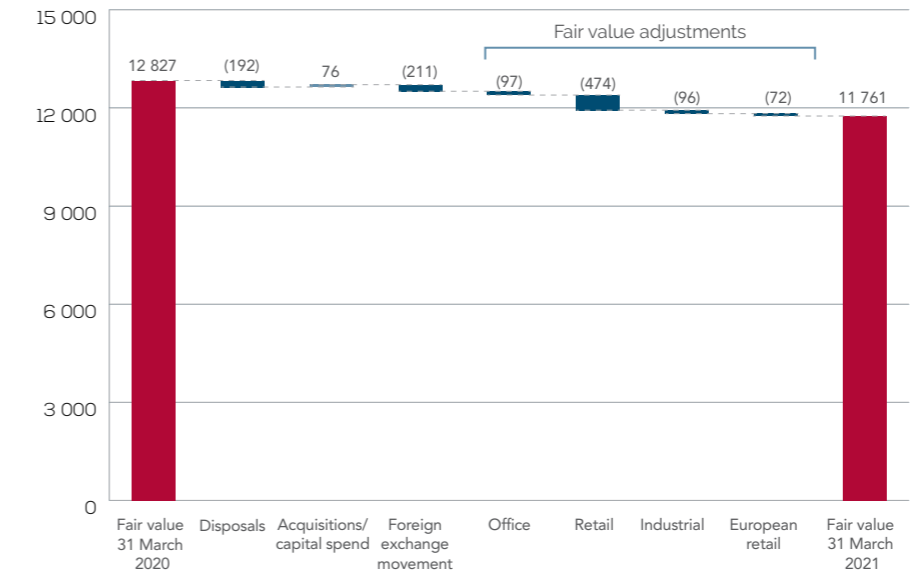
Our investment properties are valued based on future cash flows at market-related discount rates. We have adjusted our property valuation by R1,6 billion (or 12%) during the 2020 and 2021 financial years. These adjustments made were driven by the COVID-19 pandemic as well as micro and macro-economic factors.

We have seen our valuations bottoming out to a large extent post the write-downs to 31 March 2021, with small regional and neighbourhood centre values proving extremely resilient with the B-and-C-grade office space being the area where the bulk of the valuation pressure is still being experienced. Further write downs of R128 million were done for the year ended 31 March 2022.

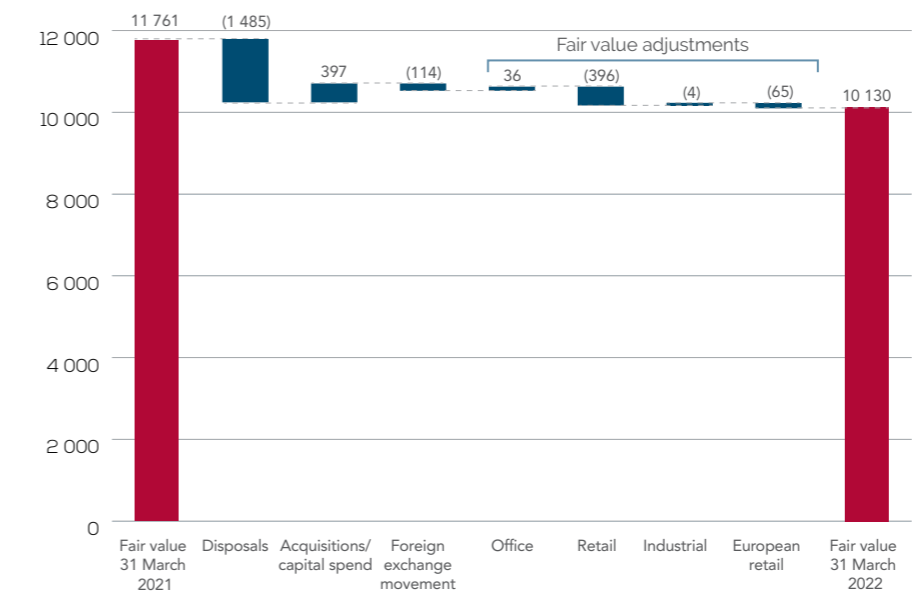
### Property valuation bridge 2020 (Rm)



### Property valuation bridge 2021 (Rm)



### Property valuation bridge 2022 (Rm)



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

	Note(s)	2022 R'000	2021 R'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		330	206
Right-of-use assets		1 059	120 676
Investment property	1	9 983 936	11 633 782
Derivatives		38 693	36 341
		<b>10 024 018</b>	<b>11 791 005</b>
<b>Current assets</b>			
Trade and other receivables		853 479	597 462
Derivatives		3 848	21 332
Cash and cash equivalents		47 868	25 462
		<b>905 195</b>	<b>644 256</b>
Non-current assets held for sale		147 000	127 714
<b>Total assets</b>		<b>11 076 213</b>	<b>12 562 975</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
<b>Equity attributable to equity holders of parent</b>			
Ordinary share capital		4 948 866	4 937 567
Other reserves		13 821	131 493
Retained income		985 285	923 301
		<b>5 947 972</b>	<b>5 992 361</b>
Non-controlling interest		-	27 150
		<b>5 947 972</b>	<b>6 019 511</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Derivatives		763	83 725
Finance lease liabilities		758	116 854
Borrowings		3 926 441	4 249 916
		<b>3 927 962</b>	<b>4 450 495</b>
<b>Current liabilities</b>			
Trade and other payables*		532 058	221 804
Derivatives		20 061	89 653
Finance lease liabilities		353	5 943
Borrowings		647 807	1 775 569
		<b>1 200 279</b>	<b>2 092 969</b>
<b>Total liabilities</b>		<b>5 128 241</b>	<b>6 543 464</b>
<b>Total equity and liabilities</b>		<b>11 076 213</b>	<b>12 562 975</b>

\* The increase in trade and other payables is due to the recognition of the R300 million liability in terms of the Fourways Mall rebuilt claim to the developer of Fourways Mall.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2022

	Note(s)	2022 R'000	2021 R'000
<b>Continuing operations</b>			
Revenue, excluding straight-line rental revenue adjustment and COVID-19 rental relief		897 376	881 057
Straight-line rental revenue adjustment		50 249	(78 425)
COVID-19 rental relief		(35 127)	(177 299)
<b>Revenue</b>		<b>912 498</b>	<b>625 333</b>
Other income		6 854	3 606
Unrealised losses	6	(21 262)	(73 547)
Expected credit loss		49 622	(49 137)
Property expenses		(319 404)	(295 606)
Operating expenses		(51 261)	(39 246)
<b>Operating profit</b>		<b>577 047</b>	<b>171 403</b>
Finance income calculated using the effective interest method		43 970	38 060
Finance costs		(391 526)	(372 528)
Fair value adjustments	5	73 585	(524 467)
Fourways Mall rebuilt fair value adjustment	5	(300 000)	-
<b>Profit/(loss) before taxation</b>		<b>3 076</b>	<b>(687 532)</b>
Taxation		(98)	-
<b>Profit/(loss) from continuing operations</b>		<b>2 978</b>	<b>(687 532)</b>
<b>Discontinued operations</b>			
Profit/(loss) from discontinued operations	7	57 630	(17 460)
<b>Profit/(loss) for the year</b>		<b>60 608</b>	<b>(704 992)</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified to profit or loss in subsequent periods:</b>			
Exchange differences on translating foreign operations		(98 144)	(30 911)
<b>Total comprehensive profit/(loss)</b>		<b>(37 536)</b>	<b>(735 903)</b>
<b>Profit/(loss) attributable to:</b>			
Shareholders of the parent		61 984	(705 703)
Non-controlling interest		(1 376)	711
		<b>60 608</b>	<b>(704 992)</b>
<b>Profit/(loss) attributable to:</b>			
<b>Owners of the parent:</b>			
From continuing operations		2 978	(687 532)
From discontinued operations		59 006	(18 171)
		<b>61 984</b>	<b>(705 703)</b>
<b>Non-controlling interest:</b>			
From discontinued operations		(1 376)	711
<b>Total comprehensive (loss)/income attributable to:</b>		<b>(44 891)</b>	<b>(739 978)</b>
<b>Shareholders of the parent</b>			
Shareholders of the parent		(44 891)	(739 978)
Non-controlling interest		7 355	4 075
		<b>(37 536)</b>	<b>(735 903)</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
<b>Owners of the parent:</b>			
From continuing operations		2 978	(687 532)
From discontinued operations		(47 869)	(52 446)
		<b>(44 891)</b>	<b>(739 978)</b>
<b>Non-controlling interest:</b>			
From discontinued operations		7 355	4 075
<b>Total earnings per share</b>			
Basic gain/(loss) per share (cents)		6,48	(73,95)
Diluted gain/(loss) per share (cents)		6,44	(72,85)
<b>Earnings per share from continued operations</b>			
Basic gain/(loss) per share (cents)		0,31	(72,04)
Diluted gain/(loss) per share (cents)		0,31	(70,97)

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

	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
<b>Balance at 1 April 2020 (Restated)</b>	4 935 967	141 840	24 106	165 946	1 629 004	6 730 917	23 075	6 753 992
Loss for the year	-	-	-	-	(705 703)	(705 703)	711	(704 992)
Other comprehensive income	-	(34 275)	-	(34 275)	-	(34 275)	3 364	(30 911)
<b>Total comprehensive loss for the year</b>	-	(34 275)	-	(34 275)	(705 703)	(739 978)	4 075	(735 903)
Transfer between reserves	1 600	-	(1 600)	(1 600)	-	-	-	-
Conditional shareplan reserve	-	-	1 422	1 422	-	1 422	-	1 422
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	1 600	-	(178)	(178)	-	1 422	-	1 422
<b>Balance at 1 April 2021</b>	<b>4 937 567</b>	<b>107 565</b>	<b>23 928</b>	<b>131 493</b>	<b>923 301</b>	<b>5 992 361</b>	<b>27 150</b>	<b>6 019 511</b>
Profit/(loss) for the year	-	-	-	-	61 984	61 984	(1 376)	60 608
Other comprehensive income	-	(106 875)	-	(106 875)	-	(106 875)	8 731	(98 144)
<b>Total comprehensive loss for the year</b>	-	(106 875)	-	(106 875)	61 984	(44 891)	7 355	(37 536)
Transfer between reserves	11 299	-	(11 299)	(11 299)	-	-	-	-
Conditional share plan reserve	-	-	502	502	-	502	-	502
Acquisition of non-controlling interest in Accelerate Property Fund Europe B.V.	-	-	-	-	-	-	(34 505)	(34 505)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>11 299</b>	-	<b>(10 797)</b>	<b>(10 797)</b>	-	<b>502</b>	<b>(34 505)</b>	<b>(34 003)</b>
<b>Balance at 31 March 2022</b>	<b>4 948 866</b>	<b>690</b>	<b>13 131</b>	<b>13 821</b>	<b>985 285</b>	<b>5 947 972</b>	-	<b>5 947 972</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2022

	2022 R'000	2021 R'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	508 672	350 206
Finance income received	3 469	4 169
Tax paid	(98)	-
<b>Net cash from operating activities</b>	<b>512 043</b>	<b>354 375</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(350)	(43)
Purchase of investment property	(43 134)	(36 760)
Proceeds from disposal of investment property and assets held for sale	108 500	188 000
Proceeds from disposal of discontinued operations	599 607	-
<b>Net cash from investing activities</b>	<b>664 623</b>	<b>151 197</b>
<b>Cash flows from financing activities</b>		
Borrowings raised	1 628 909	1 325 875
Borrowings repaid	(2 349 693)	(1 432 602)
Capital payment on lease liabilities	(5 025)	(3 426)
Purchase of non-controlling interest of Accelerate Property Fund Europe B.V.	(26 810)	-
Finance cost paid	(396 648)	(402 362)
<b>Net cash from financing activities</b>	<b>(1 149 267)</b>	<b>(512 515)</b>
<b>Total cash movement for the year</b>	<b>27 399</b>	<b>(6 943)</b>
Cash at the beginning of the year	25 462	33 538
Effect of exchange rate movement on cash balances	(4 993)	(1 133)
<b>Total cash at end of the year</b>	<b>47 868</b>	<b>25 462</b>

Of the total cash at year-end, Rnil is held in Euro denominated bank accounts (2021: R18 198 702).

# 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.

Finance cost is not disclosed on a segmental basis as Accelerates funding is secured on an overall portfolio basis and not per segment.

For the year ended 31 March 2021

R'000	Continuing operations			Discontinued operations	Total
	Office	Industrial	Retail	Total - continuing operations	
				European - single tenant	
<b>Statement of comprehensive income</b>					
Revenue, excluding straight-line rental revenue adjustment	217 317	44 675	619 065	881 057	1 003 605
COVID-19 rental assistance	(5 526)	(682)	(171 091)	(177 299)	(182 515)
Straight-line rental adjustment	(16 805)	(124)	(61 496)	(78 425)	(78 425)
Property expenses	(65 288)	(12 450)	(217 868)	(295 606)	(329 651)
Expected credit loss	(7 156)	(14 270)	(27 711)	(49 137)	(49 137)
<b>Segment operating profit</b>	<b>122 542</b>	<b>17 149</b>	<b>140 899</b>	<b>280 590</b>	<b>363 877</b>
Fair value adjustments on investment property	(79 952)	(95 999)	(412 146)	(588 097)	(660 227)
<b>Segment profit/(loss)</b>	<b>42 590</b>	<b>(78 850)</b>	<b>(271 247)</b>	<b>(307 507)</b>	<b>(296 350)</b>
Other operating expenses				(39 246)	(43 793)
Other income				3 606	3 606
Fair value gain on financial instruments				63 630	63 630
Unrealised losses				(73 547)	(73 547)
Finance income				38 060	38 060
Finance cost				(372 528)	(396 598)
<b>Loss after tax</b>				<b>(687 532)</b>	<b>(704 992)</b>

## For the year ended 31 March 2022

R'000	Continuing operations				Discontinued operations	Total
	Office	Industrial	Retail	Total - continuing operations	European - single tenant	
<b>Statement of comprehensive income</b>						
Revenue, excluding straight-line rental revenue adjustment	245 567	23 356	628 453	897 376	95 904	993 280
COVID-19 rental assistance	2 985	682	(38 794)	(35 127)	-	(35 127)
Straight-line rental adjustment	1 352	(10 669)	59 566	50 249	-	50 249
Property expenses	(65 608)	(13 894)	(239 902)	(319 404)	(37 213)	(356 617)
Expected credit loss	(5 564)	(39)	55 225	49 622	-	49 622
<b>Segment operating profit/(loss)</b>	<b>178 732</b>	<b>(564)</b>	<b>464 548</b>	<b>642 716</b>	<b>58 691</b>	<b>701 407</b>
Fair value adjustments on investment property	36 411	(3 763)	(96 486)	(63 838)	(64 884)	(128 722)
Fourways Mall rebuilt fair value adjustment	-	-	(300 000)	(300 000)	-	(300 000)
<b>Segment profit/(loss)</b>	<b>215 143</b>	<b>(4 327)</b>	<b>68 062</b>	<b>278 878</b>	<b>(6 193)</b>	<b>272 685</b>
Other operating expenses				(51 261)	-	(51 261)
Other income				6 854	-	6 854
Fair value gain on financial instruments				137 423	-	137 423
Realisation of foreign currency translation reserve				-	82 348	82 348
Unrealised losses				(21 262)	-	(21 262)
Finance income				43 970	-	43 970
Finance cost				(391 526)	(18 525)	(410 051)
Taxation				(98)	-	(98)
<b>Profit after tax</b>				<b>2 978</b>	<b>57 630</b>	<b>60 608</b>

## For the year ended 31 March 2021

R'000	Office	Industrial	Retail	European - single tenant	Total
<b>Statement of financial position extracts at 31 March 2021</b>					
<b>Assets</b>					
Investment property balance 1 April 2020	2 834 790	513 654	7 646 168	1 832 564	12 827 176
Capitalised costs	31 938	2 708	35 934	6 235	76 815
Disposals/classified as held for sale	(16 800)	(258 772)	(44 414)	-	(319 986)
Investment property held for sale	16 800	92 000	18 914	-	127 714
Straight-line rental revenue adjustment	(16 805)	(124)	(61 496)	-	(78 425)
Foreign exchange losses	-	-	-	(211 571)	(211 571)
Fair value adjustments	(79 952)	(95 999)	(412 146)	(72 130)	(660 227)
<b>Segment assets at 31 March 2021</b>	<b>2 769 971</b>	<b>253 467</b>	<b>7 182 960</b>	<b>1 555 098</b>	<b>11 761 496</b>
<b>Other assets not managed on a segmental basis</b>					
Derivative financial instruments					57 673
Right-of-use asset					120 676
Equipment					206
Current assets					622 924
<b>Total assets</b>					<b>12 562 975</b>

## For the year ended 31 March 2022

R'000	Office	Industrial	Retail	European - single tenant	Total
<b>Statement of financial position extracts at 31 March 2022</b>					
<b>Assets</b>					
Investment property balance 1 April 2021	2 769 971	253 467	7 182 960	1 555 098	11 761 496
Capitalised costs	6 152	-	340 475	-	346 627
Disposals/classified as held for sale	(16 500)	(92 000)	(147 000)	(1 376 313)	(1 631 813)
Investment property held for sale	-	-	147 000	-	147 000
Straight-line rental revenue adjustment	1 352	(10 669)	59 566	-	50 249
Foreign exchange losses	-	-	-	(113 901)	(113 901)
Fair value adjustments	36 411	(3 763)	(96 486)	(64 884)	(128 722)
Fourways Mall rebuilt fair value adjustment	-	-	(300 000)	-	(300 000)
<b>Segment assets at 31 March 2022</b>	<b>2 797 386</b>	<b>147 035</b>	<b>7 186 515</b>	<b>-</b>	<b>10 130 936</b>
<b>Other assets not managed on a segmental basis</b>					
Derivative financial instruments					42 541
Right-of-use asset					1 059
Equipment					330
Current assets					901 347
<b>Total assets</b>					<b>11 076 213</b>

## For the year ended 31 March 2021

R'000	South Africa	Austria	Slovakia	Total
<b>Statement of comprehensive income 2021</b>				
Revenue, excluding straight-line rental revenue adjustment	881 057	91 911	30 637	1 003 605
COVID-19 rental assistance	(177 299)	(3 912)	(1 304)	(182 515)
Straight-line rental adjustment	(78 425)	-	-	(78 425)
Property expenses	(295 606)	(24 397)	(9 648)	(329 651)
Expected credit loss	(49 137)	-	-	(49 137)
<b>Segment operating profit</b>	<b>280 590</b>	<b>63 602</b>	<b>19 685</b>	<b>363 877</b>
Fair value adjustments on investment property	(588 097)	(54 069)	(18 061)	(660 227)
<b>Segment (loss)/profit</b>	<b>(307 507)</b>	<b>9 533</b>	<b>1 624</b>	<b>(296 350)</b>
Other operating expenses	(39 246)	(3 410)	(1 137)	(43 793)
Other income	3 606	-	-	3 606
Fair value gain on financial instruments	63 630	-	-	63 630
Unrealised losses	(73 547)	-	-	(73 547)
Finance income	38 060	-	-	38 060
Finance cost	(372 528)	(18 052)	(6 018)	(396 598)
<b>Loss before tax</b>	<b>(687 532)</b>	<b>(11 929)</b>	<b>(5 531)</b>	<b>(704 992)</b>



## For the year ended 31 March 2022

R'000	South Africa	Austria	Slovakia	Total
<b>Statement of comprehensive income 2022</b>				
Revenue, excluding straight-line rental revenue adjustment	897 376	71 927	23 977	993 280
COVID-19 rental assistance	(35 127)	-	-	(35 127)
Straight-line rental adjustment	50 249	-	-	50 249
Property expenses	(319 404)	(28 797)	(8 416)	(356 617)
Expected credit loss	49 622	-	-	49 622
<b>Segment operating profit</b>	<b>642 716</b>	<b>43 130</b>	<b>15 561</b>	<b>701 407</b>
Fair value adjustments on investment property	(63 838)	(48 663)	(16 221)	(128 722)
Fourways Mall rebuilt fair value adjustment	(300 000)	-	-	(300 000)
<b>Segment profit/(loss)</b>	<b>278 878</b>	<b>(5 533)</b>	<b>(660)</b>	<b>272 685</b>
Other operating expenses	(51 261)	-	-	(51 261)
Other income	6 854	-	-	6 854
Fair value gain on financial instruments	137 423	-	-	137 423
Realisation of foreign currency translation reserve	-	61 761	20 587	82 348
Unrealised losses	(21 262)	-	-	(21 262)
Finance income	43 970	-	-	43 970
Finance cost	(391 526)	(13 893)	(4 632)	(410 051)
Taxation	(98)	-	-	(98)
<b>Profit after tax</b>	<b>2 978</b>	<b>42 335</b>	<b>15 295</b>	<b>60 608</b>

## For the year ended 31 March 2021

R'000	South Africa	Austria	Slovakia	Total
<b>Statement of financial position extracts at 31 March 2021</b>				
Investment property balance 1 April 2020	10 999 173	1 376 115	451 888	12 827 176
Capitalised costs	70 580	4 676	1 559	76 815
Disposals/classified as held for sale	(319 986)	-	-	(319 986)
Investment property held for sale	127 714	-	-	127 714
Straight-line rental revenue adjustment	(78 425)	-	-	(78 425)
Foreign exchange losses	-	(158 679)	(52 892)	(211 571)
Fair value adjustments	(592 657)	(49 509)	(18 061)	(660 227)
<b>Investment property at 31 March 2021</b>	<b>10 206 399</b>	<b>1 172 603</b>	<b>382 494</b>	<b>11 761 496</b>
<b>Other assets not managed on a segmental basis</b>				
Derivative financial instruments				57 673
Right-of-use asset				120 676
Equipment				206
Current assets				622 924
<b>Total assets</b>				<b>12 562 975</b>

## For the year ended 31 March 2022

R'000	South Africa	Austria	Slovakia	Total
<b>Statement of financial position extracts at 31 March 2022</b>				
Investment property balance 1 April 2021	10 206 399	1 172 603	382 494	11 761 496
Capitalised costs	346 627	-	-	346 627
Disposals/classified as held for sale	(255 501)	(1 038 486)	(337 826)	(1 631 813)
Investment property held for sale	147 000	-	-	147 000
Straight-line rental revenue adjustment	50 249	-	-	50 249
Foreign exchange losses	-	(85 454)	(28 447)	(113 901)
Fair value adjustments	(63 838)	(48 663)	(16 221)	(128 722)
Fourways Mall rebuilt fair value adjustment	(300 000)	-	-	(300 000)
<b>Investment property at 31 March 2022</b>	<b>10 130 936</b>	<b>-</b>	<b>-</b>	<b>10 130 936</b>
<b>Other assets not managed on a segmental basis</b>				
Derivative financial instruments				42 541
Right-of-use asset				1 059
Equipment				330
Current assets				901 347
<b>Total assets</b>				<b>11 076 213</b>

# EARNINGS PER SHARE

	2022 R'000	2021 R'000
<b>Reconciliation of basic/diluted earnings to headline earnings</b>		
Profit/(loss) attributable to equity holders of the parent	61 984	(705 703)
Fair value adjustment excluding straight-lining	426 387	657 626
Less: Realisation of foreign currency translation reserve	(82 348)	-
Headline profit attributable to shareholders of the parent	406 023	(48 077)
Basic earnings per share (cents)*	6,48	(73,95)
Diluted earnings per share (cents)*	6,44	(72,85)
Headline earnings per share (cents)	42,44	(5,04)
Diluted headline earnings per share (cents)	42,19	(4,96)
Shares in issue at the end of the year	957 789 641	954 488 735
Weighted average number of shares in issue	956 586 845	954 326 600
Shares subject to the conditional share plan	5 746 154	14 393 215
Weighted average number of deferred shares	5 746 154	14 393 215
<b>Total diluted weighted average number of shares in issue</b>	<b>962 332 999</b>	968 719 815

\* 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 in issue for the year.

## Discontinued operations

Included in the figures above are the earnings for discontinued operations.

	2022 R'000	2021 R'000
<b>Reconciliation of basic/diluted earnings to headline earnings for discontinued operations</b>		
Profit/(loss) for the year	57 630	(17 460)
Fair value adjustment excluding straight-lining	(62 548)	(69 533)
Less: Realisation of foreign currency translation reserve	(82 348)	-
Headline loss attributable to shareholders of parent	(87 266)	(86 993)
Basic earnings per share (cents)*	6,02	(1,83)
Diluted earnings per share (cents)*	5,99	(1,80)
Headline earnings per share (cents)	(9,12)	(9,12)
Diluted headline earnings per share (cents)	(9,07)	(8,98)

## Continued operations

Included in the figures above are the earnings for continued operations.

	2022 R'000	2021 R'000
<b>Reconciliation of basic/diluted earnings to headline earnings for discontinued operations</b>		
Profit/(loss) for the year	2 798	(687 532)
Fair value adjustment excluding straight-lining	363 838	588 097
Headline profit/(loss) attributable to shareholders of parent	366 816	(99 435)
Basic earnings per share (cents)	0,31	(72,04)
Diluted earnings per share (cents)	0,31	(70,97)
Headline earnings per share (cents)	38,12	(10,26)
Diluted headline earnings per share (cents)	38,35	(10,42)

# NOTES TO THE FINANCIAL STATEMENTS

## Corporate information

The summarised financial statements of Accelerate for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors passed on 28 June 2022. Accelerate is a public company incorporated and domiciled in South Africa and its shares are publicly traded on the JSE Limited (JSE). The registered office is located at Cedar Square Shopping Centre, corner Cedar Road and Willow Avenue. The principal activities of Accelerate are acquisition, development and leasing of properties. The functional and presentation currency of Accelerate is South African rand. **All figures are rounded off to R'000 except where otherwise stated.**

## Basis of preparation

These summarised financial statements for the year ended 31 March 2022 are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), contain the minimum information required by IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act, 71 of 2008, as amended, the JSE Listings Requirements and JSE Debt Listings Requirements.

The accounting policies applied in the preparation of these summarised financial statements are in terms of IFRS and are consistent with those applied in the annual financial statements, including the new and amended IFRS that became effective during the 31 March 2022 reporting period, none of which had a material impact on Accelerate's financial results.

These summarised financial statements have been prepared under the historical cost convention except for investment properties and derivatives which are measured at fair value.

The fair value of investment properties is determined by directors with reference to market-related information while other financial liabilities are valued with reference to market-related information and valuations as appropriate. At a minimum all investment properties are valued by independent external valuers on a three-year rolling cycle. In excess of 70% (by value) of Accelerate's investment properties were externally valued for the year ended 31 March 2022.

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

## 1. 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 review 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 and 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**

For the year ended 31 March 2020 Accelerate took a conservative view on the valuation of investment property with the potential effects of COVID-19 at top of mind. This resulted in a downward valuation of R1 billion (7,0%) recorded at 31 March 2020. In order to ensure transparency and to provide the market with additional comfort regarding the valuation of investment property, the Fund had in excess of 70% of its investment property (by value) externally valued for the year ended 31 March 2022. The additional effect of COVID-19 resulted in a further downwards valuation of the portfolio by R660 million (5,0%) for the year ended 31 March 2021. The Fund has seen a stabilisation in valuations for the year ended 31 March 2022 with further downwards valuation adjustments of R428 million made.

**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, re-letting, 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.

**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 DJB Hoffman 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.

**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

Class of property	Fair value as at 31 March 2022 R'000	Valuation technique	Key unobservable inputs	Weighted average of key observable inputs	Weighted average equivalent yield
Office	2 797 386	Income capitalisation/ DCF Method	ERV Rental growth pa Long-term vacancy rate	R182,50 5,2% 6,4%	8,40
Industrial	147 035	Income capitalisation/ DCF Method	ERV Rental growth pa Long-term vacancy rate	R57,00 5,0% 5,0%	10,40
Retail	7 186 515	Income capitalisation/ DCF Method	ERV Rental growth pa Long-term vacancy rate	R282,80 4,7% 3,5%	7,70
<b>Total#</b>	<b>10 130 936</b>				

Class of property	Fair value as at 31 March 2021 R'000	Valuation technique	Key unobservable inputs	Weighted average of key observable inputs	Weighted average equivalent yield
Office	2 769 971	Income capitalisation/ DCF Method	ERV Rental growth pa Long-term vacancy rate	R180,90 5,1% 2,3%	8,50
Industrial	253 467	Income capitalisation/ DCF Method	ERV Rental growth pa Long-term vacancy rate	R76,50 4,8% 4,0%	9,70
Retail	7 182 960	Income capitalisation/ DCF Method	ERV Rental growth pa Long-term vacancy rate	R308,50 5,0% 2,1%	7,50
European retail*	1 555 098	Income capitalisation/ DCF Method	ERV Rental growth pa Long-term vacancy rate	R138,60 0% 0%	6,46
<b>Total#</b>	<b>11 761 496</b>				

\* Included in the above total are properties held for resale of R147 000 000 (2021: R127 714 243), R9 695 505 000 (2021: R11 395 601 757) of investment properties and R288 431 000 (2021: R238 180 000) of straight-line revenue adjustment.

**Descriptions and definitions**

The table on the previous page includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values.

**Estimated rental value (ERV)**

The gross rent per square meter per month at which space could be let in the market conditions prevailing at the date of valuation.

**Rental growth**

The estimated average increase in rent per annum 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.

**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
- » Equivalent 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 21,2% vacant.

**Rental growth**

The rental growth rate assumption used to value investment property is a direct input into the discount rate used in a discounted cash flow valuation. Thus, if the growth rate increases the discount rate also increases.

**Equivalent yield**

	50 bps increase %	50 bps decrease %
<b>South African portfolio</b>		
<b>Equivalent yield – Impact on fair value</b>		
<b>31 March 2022</b>		
Retail	(6,1)	7,0
Office	(5,6)	6,3
Industrial	(4,6)	5,1

	50 bps increase %	50 bps decrease %
<b>South African portfolio</b>		
<b>Equivalent yield – Impact on fair value</b>		
<b>31 March 2021</b>		
Retail	(6,3)	7,1
Office	(5,6)	6,3
Industrial	(4,9)	5,4

	25 bps increase %	25 bps decrease %
<b>European retail</b>		
<b>Equivalent yield – Impact on fair value</b>		
<b>31 March 2021</b>		
European retails	(3,6)	4,2

**Property expenses**

Property expenses included in valuations are done on a property-by-property basis taking into account location, property type and layout. Assumed increases of expenses are estimated on a line-by-line basis. The increase/decrease in property expenses would result in a decrease/increase in your estimated property value.

**Additional sensitivity analysis**

R'000	Increase in fair value from a 6,5% decrease in property expense	(Decrease) in fair value from a 6,5% increase in property expenses	Increase in fair value from a 7,00% increase in rental income	(Decrease) in fair value from a 7,00% decrease in rental income	Increase in fair value from a 9,10% decrease in vacancy	(Decrease) in fair value from a 9,10% increase in vacancy
<b>31 March 2022</b>						
Industrial	3 066	(5 601)	9 739	(12 274)	9 985	(16 656)
Office	20 276	(14 133)	117 631	(111 487)	26 310	(148 019)
Retail	205 159	(170 998)	671 087	(636 927)	364 166	(864 714)
	<b>228 501</b>	<b>(190 732)</b>	<b>798 457</b>	<b>(760 688)</b>	<b>400 461</b>	<b>(1 029 389)</b>

R'000	Increase in fair value from a 4,55% decrease in property expenses	(Decrease) in fair value from a 4,55% increase in property expenses	Increase in fair value from a 6,20% increase in rental income	(Decrease) in fair value from a 6,20% decrease in rental income	Increase in fair value from a 7,20% decrease in vacancy	(Decrease) in fair value from a 7,20% increase in vacancy
<b>31 March 2021</b>						
Industrial	19 665	6 441	38 450	(12 343)	46 909	(20 803)
Office	(211 821)	(284 364)	(45 318)	(450 867)	(81 112)	(498 708)
Retail	189 151	(71 073)	649 396	(531 318)	558 016	(663 620)
	(3 005)	(348 996)	642 528	(994 528)	523 813	(1 183 131)

**2. Fair value of financial assets and liabilities**

	Carried at fair value R'000	Amortised cost <sup>#</sup> R'000	Total
<b>Total financial assets and liabilities</b>			
<b>Financial assets 31 March 2022</b>			
Derivatives*	42 541	-	42 541
Trade and other receivables	-	854 283	854 283
Cash and cash equivalents	-	47 868	47 868
	42 541	902 151	944 692
<b>Financial liabilities 31 March 2022</b>			
Derivatives*	(20 824)	-	(20 824)
Long-term interest-bearing borrowings	-	(3 926 441)	(3 926 441)
Long-term lease liability	-	(758)	(758)
Trade and other payables**	-	(486 331)	(486 331)
Current portion of long-term debt	-	(647 807)	(647 807)
Current portion of lease liability	-	(353)	(353)
	(20 824)	(5 061 690)	(5 082 514)
<b>Financial assets 31 March 2021</b>			
Derivatives*	57 673	-	57 673
Trade and other receivables	-	596 731	596 731
Cash and cash equivalents	-	25 462	25 462
	57 673	622 193	679 866
<b>Financial liabilities 31 March 2021</b>			
Derivatives*	(173 378)	-	(173 378)
Long-term interest-bearing borrowings	-	(4 249 916)	(4 249 916)
Long-term lease liability	-	(116 854)	(116 854)
Trade and other payables	-	(170 169)	(170 169)
Current portion of long-term debt	-	(1 775 569)	(1 775 569)
Current portion of lease liability	-	(5 943)	(5 943)
	(173 378)	(6 318 451)	(6 491 829)

\* 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 (i.e. as prices) or indirectly (i.e. derived from prices) - level 2. The fair value is determined as the net discounted cash flows to be received from the swaps in place at 31 March 2022.

# 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.

\*\* The increase in trade and other payables is due to Accelerate agreeing with the developer of Fourways Mall, Azrapart (Pty) Ltd, that the final purchase price for the equalisation of the redeveloped Fourways Mall shopping centre be increased by a R300 million in respect of what is known as the rebuilt portion matter. Shareholders are advised that the dispute has now been settled and payment will be made in due course.

Given Accelerate's current liquidity constraints, the rebuilt claim will be settled through the allocation of Accelerate shares to Azrapart or its nominee and, where appropriate, the necessary shareholder approvals will be sought. The settlement of this claim will not result in any cash outflow from Accelerate.

**3. Directors and key personnel remuneration**

	2022 R'000	2021 R'000
<b>Short-term remuneration</b>		
<b>Executive directors</b>		
MN Georgiou	2 575	975
A Costa	4 923	4 882
D Kyriakides	3 673	3 628
DJ Wandrag	5 800	1 200
<b>Non-executive directors</b>		
TT Mboweni	274	-
GC Cruywagen	-	315
TJF Fearnhead	668	669
DJ vd Merwe	530	80
K Madikizela	471	450
Ass. Prof FM Viruly	225	450
G Cavaleros	-	421
A Mawela	466	440
JWA Templeton	75	-
<b>Prescribed officers*</b>		
PA Grobler	2 223	780
AM Schneider	518	-

\* PA Grobler & AM Schneider form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act. PA Grobler was appointed Debt Officer on 30 October 2020 and the chief audit executive on 25 November 2020 and AM Schneider was appointed chief investment officer on 1 January 2022.

**Directors' direct/indirect interest in the shares of the company 31 March 2022**

MN Georgiou <sup>#</sup>	295 427 161 shares	30,84% Indirect holding
A Costa	6 171 184 shares	0,64% Direct holding
D Kyriakides	928 772 shares	0,10% Direct holding
DJ Wandrag	500 000 shares	0,05% Indirect holding
	303 027 117	31,63%

**Directors' direct/indirect interest in the shares of the company 31 March 2021**

MN Georgiou <sup>#</sup>	294 332 138 shares	30,84% Indirect holding
A Costa	5 076 161 shares	0,53% Direct holding
D Kyriakides	1 538 710 shares	0,16% Direct holding
DJ Wandrag	500 000 shares	0,05% Indirect holding
	301 447 009	31,58%

# Pledged as security to his funders of Fourways Mall.

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.

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Share options vested during the year (number of shares)</b>		
MN Georgiou	1 095 023	-
A Costa	1 095 023	-
D Kyriakides	579 186	-
PA Grobler	141 403	-
	2 910 635	-

**4. Related parties****Relationships****Directors**

Mr MN Georgiou through the Michael Family Trust owns 100% of Fourways Precinct Proprietary Limited and Azrapart Proprietary Limited. MN Georgiou owns 100% of Accelerate Property Management Company Proprietary Limited.

Cordev Marketing Proprietary Limited is a related party due to its sole director W Kyriakides being the wife of Accelerate's CFO D Kyriakides.

	2022 R'000	2021 R'000
<b>Related party balances</b>		
<b>Related party receivable</b>		
<b>Loan accounts receivable</b>		
Fourways Precinct Proprietary Limited	11 201	10 433
The Michael Family Trust	108 761	98 742
<b>Vacancy guarantee receivable</b>		
Fourways Precinct Proprietary Limited	12 297	11 220
<b>Development guarantee receivable</b>		
Fourways Precinct Proprietary Limited	167 548	152 875
	<b>299 807</b>	273 270
<b>Debtors including tenant receivables</b>		
<b>Fourways headlease receivable</b>		
Fourways Precinct Proprietary Limited	135 471	55 603
<b>Accelerate Property Management tenant receivable</b>		
Accelerate Property Management Company Proprietary Limited	806	453
<b>Fourways Mall rebuilt matter payable*</b>		
Azrapart Proprietary Limited	(300 000)	-
<b>Related party transactions</b>		
<b>Related party transactions</b>		
<b>Interest charged on outstanding amounts</b>		
Fourways Precinct Proprietary Limited	27 854	15 085
The Michael Family Trust	10 019	8 503
<b>Accelerate property management fees paid</b>		
Fourways Precinct Proprietary Limited	(2 795)	(3 665)
Accelerate Property Management Company Proprietary Limited	(5 700)	(5 265)
<b>Letting commission</b>		
Fourways Precinct Proprietary Limited	(4 682)	(4 220)
<b>Marketing</b>		
Cordev Marketing Proprietary Limited	-	(1 260)
<b>Fourways headlease</b>		
Fourways Precinct Proprietary Limited	79 868	48 350
<b>Expense recovery</b>		
Accelerate Property Management Company Proprietary Limited	353	(169)
<b>Fourways Mall rebuilt matter</b>		
Azrapart Proprietary Limited	(300 000)	-

\* To be settled through the issue of Accelerate shares to Accelerate Property Management Company Proprietary Limited. A claw back issue has been approved by the board to allow for shareholders to participate.

- » Related party balances are to be settled either (i) in cash or (ii) through future transactions with the relevant related parties
  - » No fixed repayment terms have been put in place, interest on balances are charged 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, and security provided

Refer to note 10 for the proposed settlement agreed post year end.

Refer to note 9 for details regarding the settlement of the financial guarantee exposure.

**5. Fair value adjustments**

	2022 R'000	2021 R'000
Investment property (fair value model)	(63 838)	(588 097)
Gains on derivatives at fair value through profit and loss	137 423	63 630
	<b>73 585</b>	(524 467)
Fourways Mall rebuilt fair value adjustment	(300 000)	-
	<b>(226 415)</b>	(524 467)

**6. Unrealised losses**

	2022 R'000	2021 R'000
Net foreign exchange loss	(21 262)	(73 547)

**7. Discontinued operations**

	2022 R'000	2021 R'000
Revenue, excluding COVID-19 rental relief	95 904	122 548
COVID-19 rental relief	-	(5 216)
Revenue	95 904	117 332
Realisation of foreign currency translation reserve	82 348	-
Property expenses	(37 213)	(34 045)
Operating expenses	-	(4 547)
Operating profit	141 039	78 740
Finance costs	(18 525)	(24 070)
Fair value adjustments	(64 884)	(72 130)
Profit/(loss) before taxation	57 630	(17 460)
Taxation	-	-
Profit/(loss) for the year from continuing operations	57 630	(17 460)

On 18 November 2021, Accelerate publicly announced the decision of the board to dispose of the European property portfolio. The disposal is in line with the Company's stated intention to prioritise the reduction of its overall level of gearing, as measured by the Company's loan to value ('LTV') ratio. The net proceeds from the disposal was used to reduce a portion of Accelerate's South African debt. The business of APFE represented the entirety of the Europe operating segment. With APFE being classified as discontinued operations, the Europe segment is no longer presented in the segment note. The effective date of the sale of the European property portfolio was 8 February 2022.

With the sale of APFE, the total consideration to be received for such transaction was R792 million, which includes a portion which relates to the settlement of the inter-company loan. The portion of actual cash received by APF Europe was R634 million less sales commission of R23 million. The portion of cash and cash equivalents included in the sale was R13 million.

The remaining assets and liabilities which APF Europe lost control of due to the sale was as follows:

	R'000
Trade and other receivables	7 068
Trade and other payables	22 377
Investment property	1 513 456
Long-term borrowings	877 645
Right-of-use asset	120 950
Lease liability	120 112
Cash and cash equivalent	13 131

The net cash flows incurred by Accelerate Property Fund Europe are, as follows:

	2022 R'000	2021 R'000
Operating	51 085	111 894
Investing	1 442 476	(6 235)
Financing	(864 086)	15 746
	<b>629 475</b>	121 405



## 8. Capital commitments

In terms of Accelerate's budgeting process, R211 million (2021: R50 million) was allocated to Accelerate's planned capital expenditure. As such, Accelerate views this amount as authorised and not contracted.

## 9. Financial guarantee exposure

### Origin and nature of the guarantee

In order to retain and align key executive directors with shareholders, the company encourages the acquisition of shares by executive directors who did not 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 SPV's were funded through bank debt from RMB expiring on 7 December 2020. The interest on bank debt accrued in the SPV's was to be serviced by the distributions received from Accelerate, and RMB had cession over these shares. The directors would only have an unconditional right to the shares in the SPV's once the bank debt had been settled. These SPV's are Chesham Blue (RF) Proprietary Limited owned by former Accelerate director JRJ Paterson and Tuscany 777 Investments (RF) Proprietary Limited owned by Accelerate executive director A Costa.

Accelerate provided guarantees to RMB for the performance of each SPV's obligations. The maximum liability Accelerate had under the guarantees is 100% of the debt outstanding to the extent that amounts owing to RMB are not settled by the sale of the shares RMB has cession over.

### Settlement of exposure

Accelerate's exposure under the financial guarantee provided to Rand Merchant Bank (please refer to the 31 March 2021 annual financial statements note 2.1, page 54) was settled during the year ended 31 March 2022 through a cash payment to Rand Merchant Bank of R72 500 000 and new debt taken on by Accelerate with Rand Merchant Bank of R 106 833 551.

## 10. Subsequent events

### Investment property sales post-year-end

No properties held for sale at 31 March 2022 have yet transferred at date of publication.

### Debt refinances post-year-end

No debt facilities outstanding at 31 March 2022 have been refinanced post year end.

### Related party transactions approved by the Accelerate board post year-end

The following acquisitions were approved by the Accelerate board. They have an effective date of 1 April 2022, subject to shareholder approval where applicable. Should Accelerate be in danger of breaching any of its financial covenants, the effective date will be postponed out to such time that the covenants are able to digest the acquisitions. These acquisitions are all made from entities controlled by Mr MN Georgiou the co-owner of Fourways Mall and CEO of Accelerate. All of the below transactions will be financed through the offset of amounts receivable by Accelerate at 31 March 2022 from entities controlled by Mr MN Georgiou.

Transaction	Rationale for the transaction
Acquisition of additional 1 414 parking bays at Fourways Mall for R235 188 129	Positioning Accelerate for future developments
Acquisition of additional 9 325.5m <sup>2</sup> of additional bulk at Fourways Mall for R60 354 252	Positioning Accelerate for future developments
Acquisition of 1 911m <sup>2</sup> of additional GLA at Fourways Mall for R60 000 000	Positioning Accelerate for future developments
Acquisition of the business of Accelerate Property Management Company for R47 900 000	Aligning management staff with Accelerate objectives Adequately incentivising management staff Increased control for APF over the property management function
Acquisition of 50% of the Fourways Mall property management function for R40 600 000	Improving the property management function of Fourways Mall

# DISTRIBUTION ANALYSIS

	2022 R'000	2021 R'000
<b>Distributable earnings</b>		
Loss after taxation attributable to equity holders	61 984	(705 703)
(Less)/add: Straight-line rental revenue adjustment	(50 249)	78 425
(Less)/add: Fair value adjustments	(11 035)	594 000
Add: Unrealised losses	21 262	73 547
Less: Realisation of foreign currency translation reserve	(82 348)	-
Add: Fourways Mall rebuilt fair value adjustment	300 000	-
Less: Other tax deductible items not distributed	(29 087)	(64 925)
<b>Distributable earnings</b>	<b>210 527</b>	<b>(24 656)</b>

	2022 R'000	2021 R'000
<b>For the year ended 31 March 2022</b>		
<b>Distribution analysis</b>		
Distributable earnings	210 527	-
Less: Interim distribution from profits	-	-
<b>Final distribution</b>	<b>210 527</b>	<b>-</b>
<b>Shares qualifying for distribution</b>		
Number of shares at year end	957 789 641	954 488 735
Less: Bulk ceded shares to Accelerate	-	(51 070 184)
<b>Shares qualifying for distribution</b>	<b>957 789 641</b>	<b>903 418 551</b>
<b>Distribution per share</b>		
Final distribution per share (cents)	21,98051	-
Interim distribution per share made (cents)	-	-
<b>Total distribution per share for the year (cents)</b>	<b>21,98051</b>	<b>-</b>

## Auditor's review

This abridged summarised report is extracted from audited information, but is not itself audited. The auditors, Ernst & Young Inc have issued their unmodified opinion on the audited consolidated financial statements for the year ended 31 March 2022 and a copy of the audit opinion, together with the underlying audited consolidated financial statements are available for inspection at the company's registered address.

## Directors' responsibility statement

The directors of Accelerate assume full responsibility for the preparation of the abridged summarised financial statements and have been correctly extracted from the underlying annual financial statements.

## Final distribution with an election to reinvest cash distribution for shares

The board of Accelerate has declared a final cash distribution (number 13) (Cash Distribution) of 21,98051 cents per ordinary share (2021: 0,0 cents per ordinary share) for the year ended 31 March 2022.

Shareholders will be entitled to elect to reinvest the Cash Distribution of 21,98051 cents per share after the deduction of the applicable dividend tax, in return for shares (Share Re-investment Alternative), failing which they will receive the net Cash Distribution in respect of all or part of their shareholding.

Shareholders who have dematerialised their shares are required to notify their duly appointed Central Securities Depository Participant (CSDP) or broker of their election in the manner and time stipulated in the custody agreement governing the relationship between the shareholder and their CSDP or broker.

The source of the distribution comprises net income from property rentals earned from the company's property investments as well as interest earned on excess cash on deposit. Please refer to the summarised statement of comprehensive income for further details.

A dividend withholding tax of 20% will be applicable on the dividend portion to all shareholders who are not exempt.

The issued share capital at the declaration date is 1 002 245 195 ordinary shares. The company's income tax reference number is: 9868626145

## Tax implications for South African resident shareholders

Accelerate was granted REIT status by the JSE with effect from 12 December 2013 in line with the REIT structure as provided for in the Income Tax Act, No. 58 of 1962, as amended (the Income Tax Act) and section 13 of the JSE Listings Requirements.

The REIT structure is a tax regime that allows a REIT to deduct qualifying distributions paid to investors in determining its taxable income.

The Cash Distribution of 21,98051 cents per ordinary share meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act (a qualifying distribution). Accordingly, qualifying distributions received by local tax resident shareholders must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the Accelerate shareholder. These qualifying distributions are, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders have provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated ordinary shares, or the transfer secretaries, in respect of certificated ordinary shares:

- » a declaration that the distribution is exempt from dividends tax
- » a written undertaking to inform the CSDP, broker or transfer secretaries, as the case may be, should the circumstances affecting the exemption change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the transfer secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted

## Tax implications for non-resident shareholders

Qualifying distributions received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends, but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. It should be noted that until 31 December 2013, qualifying distributions received by non-residents were not subject to dividend withholding tax. From 1 January 2014, any qualifying distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between South Africa and the country of residence of the shareholder.

Assuming dividend withholding tax will be withheld at a rate of 20%, the net amount due to non-resident shareholders will be 17,58441 cents per ordinary share. A reduced dividend withholding tax rate in terms of the applicable DTA, may only be relied on if the non-resident shareholders have provided the following forms to their CSDP or broker, as the case may be, in respect of the uncertificated ordinary shares, or the transfer secretaries, in respect of certificated ordinary shares:

- » a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA;
- » a written undertaking to inform their CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the transfer secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable

## Foreign shareholders

The distribution of this circular and/or accompanying documents and the right to elect Share Re-investment Alternative Shares in jurisdictions other than the Republic of South Africa may be restricted by law and a failure to comply with any of these restrictions may constitute a violation of the securities laws of any such jurisdictions. The Shares have not been and will not be registered for the purposes of the election under the securities laws of the United Kingdom, European Economic Area or EEA, Canada, United States of America, Japan or Australia and accordingly are not being offered, sold, taken up, re-sold or delivered directly or indirectly to recipients with registered addresses in such jurisdictions.

Summary of the salient dates relating to the Cash Distribution and Share Re-investment Alternative are as follows:

Circular and form of election posted to shareholders	Tuesday, 5 July 2022
Announcement of Share Re-investment Alternative issue price and finalisation information	Tuesday, 12 July 2022
Last day to trade (LDT) cum dividend	Tuesday, 19 July 2022
Shares to trade ex-dividend	Wednesday, 20 July 2022
Listing of maximum possible number of Share Re-investment Alternative shares commences on the JSE	Friday, 22 July 2022
Last day to elect to receive the share re-investment alternative (no late forms of election will be accepted) <b>by 12:00</b> (South African time)	Friday, 22 July 2022
Record date	Friday, 22 July 2022
Announcement of results of Cash Distribution and Share Re-investment Alternative on SENS	Monday, 25 July 2022
Cheques posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders electing the <b>Cash Distribution</b> on or about	Monday, 25 July 2022
Announcement of results of Cash on SENS	Monday, 25 July 2022
Share certificates posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders electing the <b>Share Re-investment Alternative</b> on or about	Wednesday, 27 July 2022
Adjustment to shares listed on or about	Thursday, 28 July 2022

Notes:

1. Shareholders electing the Share Re-investment Alternative are alerted to the fact that the new shares will be listed on LDT + 3 and that these new shares can only be traded on LDT + 3, due to the fact that settlement of the shares will be three days after record date, which differs from the conventional one day after record date settlement process.
2. Share certificates may not be dematerialised or rematerialised between Wednesday, 20 July and Friday, 22 July, both days inclusive.
3. The above dates and times are subject to change. Any changes will be released on SENS and published in the press.

The Cash Dividend or Share Re-investment Alternative may have tax implications for resident and non-resident shareholders. Shareholders are therefore encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

## Annual general meeting

The company's annual general meeting (AGM) will be held at Accelerate's registered office, in the main boardroom, Cedar Square Shopping Centre, Management Office, 1st Floor, Cnr Willow Avenue and Cedar Road, Fourways, Johannesburg on Tuesday, 3 August 2022 at 10h00. Further details on the company's AGM will be included in Accelerate's notice of AGM and integrated annual report to be posted to shareholders on or before 4 July 2022. A PDF of the integrated annual report and notice of AGM will be available to download at [www.acceleratepf.co.za](http://www.acceleratepf.co.za) on the same day of distribution.

On behalf of the board

### Mr Tito Mboweni

(Non-executive chairman)

28 June 2022

### Mr Michael Georgiou

(Chief executive officer)

### Mr Dimitri Kyriakides

(Chief financial officer)

# CORPORATE INFORMATION

## Directors

Mr TT Mboweni (independent non-executive chairman)  
(Appointed 1 February 2022)  
Mr A Costa (chief operating officer)  
Mr MN Georgiou (chief executive officer)  
Mr D Kyriakides (chief financial officer)  
Mr DJ Wandrag (executive director)  
Ms K Madikizela (independent non-executive director)  
Mr JF van der Merwe  
(independent non-executive director)  
Mr AM Mawela (independent non-executive director)  
Mr TJ Fearnhead (independent non-executive director)  
Mr JWA Templeton (non-executive director)  
(Appointed 1 February 2022)

## Debt officer

Mr PA Grobler

## Registered office and business address

Cedar Square Shopping Centre, Management Office,  
1st Floor, Cnr Willow Ave and Cedar Rd,  
Fourways, Johannesburg, 2055  
Tel: 010 001 0790  
Web: [www.acceleratepf.co.za](http://www.acceleratepf.co.za)  
(Registration number: 2005/15057/06)

## Investor relations

Articulate Capital Partners: Morné Reinders  
Tel: 082 480 4541  
Email: [morne@articulatepartners.com](mailto:morne@articulatepartners.com)

## Company Secretary

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

## Transfer secretaries

Computershare Investor Services (Pty) Ltd  
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196  
Private Bag X9000, Saxonwold, 2123, South Africa  
Tel: 011 370 5000  
Email: [proxy@computershare.co.za](mailto:proxy@computershare.co.za)  
Fax: 011 688 2238

## Sponsor

The Standard Bank of South Africa Ltd  
(Registration number 1962/000738/06)  
Baker Street, Rosebank, 2196  
PO Box, 61344, Marshalltown, 2107

## Debt sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)  
(Registration number 1929/001225/00)  
1 Merchant Place, Cnr Fredman Drive and Rivonia Road,  
Sandton, 2196

## Auditors

Ernst & Young Inc  
102 Rivonia Road, Sandton, Johannesburg, 2149  
Tel: 011 772 3000

## Internal Auditors

LateganMashego Auditors (Pty) Ltd  
Registration number 2001/107847/07  
Registered address: 11 Boca Walk, Highveld, Centurion, 0157  
Email: [lindie@lateganmashego.co.za](mailto:lindie@lateganmashego.co.za)  
Tel: 0828987644/0836091159

## Attorneys

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