



Accelerate Property Fund

Unaudited Interim Consolidated Condensed Financial Results

for the six months ended 30 September 2024





ACCELERATE PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2005/015057/06)

LEI: 378900D514788C447E45

Share code: APF

ISIN: ZAE00185815

Bond company code: APFE

("Accelerate" or the "Company" or the "Fund")

FUND INDICATORS

Indicator	Sep 2024	Mar 2024	Sep 2023
Shareholder value			
Revenue (excluding straight-line rental adjustment) (R'000)	392 748	873 615	469 767
Operating profit (excluding straight-line rental & ECL) (R'000)	185 298	455 062	262 859
Basic and diluted (loss)/earnings per share (cents)**	(15,74)	(46,46)	(6,60)
Basic and diluted headline (loss)/earnings per share (cents)**	(6,32)	(14,31)	(2,00)
SA REIT Net Asset Value ("NAV") per share (R)	2,60	3,65	4,06
SA REIT Funds from Operations (R'000)	(11 089)	(9 365)	26 964
SA REIT Funds from Operations per share (cents)	(0,6)	(0,72)	2,1
Interest cover ratio ("ICR") (times)#	1,3	1,7	1,7
Portfolio information			
Number of properties	22	27	28
Gross lettable area (m ²)	316 498	361 364	372 518
Vacancy GLA (m ²)	68 671	76 106	73 935
Vacancy (%)*	21,7	21,1	17,7
Investment properties at fair value including held-for-sale (R'000)	7 966 136	8 655 377	9 033 431
Fair value adjustments - property (R'000)	(152 838)	(354 805)	(61 767)
Disposals completed - value (R'000)	564 000	202 000	77 000
Capex spent (R'000) - excluding TI	45 458	38 235	28 795
Weighted average lease expiry (years)	4,1	3,2	3,6
Market information			
Number of shares in issue ('000)	1 840 324	1 340 324	1 340 324
Treasury shares ('000)	44 456	44 456	44 456
Number of shares net of treasury shares ('000)	1 795 868	1 295 868	1 295 868
Closing share price (cents)	0,50	0,52	0,76
Market capitalisation (R'000)	920 162	696 968	1 018 646
Balance sheet information			
SA REIT Loan-to-Value (%)	46,7	49,7	47,7
Outstanding debt (R'000)	3 730 644	4 424 540	4 427 538
Hedge notional (R'000)	2 000 000	2 300 000	2 500 000
Hedge %	53,6	52,0	79,1
Weighted average hedge term (years)	0,9	1,0	1,6

* The March 2024 and September 2024 vacancies quoted above excludes the Headlease whereas the September 2023 vacancy includes the Headlease. The September 2023 vacancy excluding the Headlease was 19,8%.

** The rights offer was concluded at 40 cents per share which was less than the ruling price on the day of 46 cents per share. As a result a bonus factor was calculated (in terms of IAS 33) resulting in an adjustment in the comparative information previously issued.

At 30 September 2024, the ICR of 1,3 times is not in line with the set ICR level of 2,0 times. The lenders and note holders approved (in writing) the waiver of the ICR breach of the interest cover ratio for September 2024 in order to allow the fund to conclude on the various disposals that are underway.

INTRODUCTION

During the past six months, the Company has made significant progress on its key focus areas which include:

- asset disposals,
- improving the loan-to-value ratio and continue to reduce the ratio even further with additional disposals,
- strengthening of the balance sheet by way of a fully underwritten rights issue of R200 million indicating the largest shareholder's commitment and support by increasing their shareholding from 32,0% to 46,7%,
- the implementation of interventions to improve the performance of Fourways Mall (or "Mall") (the Fund's largest asset by value) by partnering with retail experts, Flanagan and Gerard and the Moolman Group, to Asset and Property manage Fourways Mall on behalf of the co-owners,
- concluded a Settlement Agreement to resolve the related party balances,
- remove non-cash items from the interest cover ratio such as Headlease income and related party interest, and
- the extension of the majority of the debt facilities to the end of the financial year.

To date, significant progress was made in the Mall with 12,341m² of vacant space being filled and 32,939m² of renewal leases concluded on behalf of co-owners.

Disposal update

During the interim period, five assets (9 and 10 Charles Crescent, Brooklyn Place, Eden Meander Shopping Centre and 610 Voortrekker Road (Brakpan)) were successfully transferred and debt of R564,0 million reduced.

After the period end, 89 and 99-101 Hertzog Boulevards were transferred, reducing debt by a further R69,8 million.

The disposals of Pri-movie park and 1 Charles Crescent have successfully been concluded and Competition Commission approval is currently underway. Transfer will take place as soon as the required approvals have been obtained. Disposals of Beacon Isle, Valleyview and Cherry Lane have all successfully been concluded with transfer expected by the end of February 2025. The proceeds on the disposal of these assets will also be used to reduce debt further with a view to improve the Fund's future interest cover ratio.

Leasing update

The Fund's overall vacancies increased from 19,8% (excluding Headlease at 30 Sep 2023) to 21,1% (Mar 2024) and subsequently to 21.7% for the period under review. Notwithstanding the increase, it is worth noting the significant progress made in Fourways mall to reduce vacancies from 19,2% (Mar 2024) to 17,9% (Sep 2024). Vacancies of 5,228m² were filled during the period with 9,105m² becoming vacant. Vacancies relating to disposals contributed to a 11,312m² reduction in vacancies. However, the denominator of total GLA also reduced from 361,364m² to 316,498m², thereby increasing the overall vacancy percentage from 21,1% (Mar 2024) to 21.7% (Sep 2024). Post the interim period, 6,170m² (Accelerate's 50% portion) of vacancies were filled at the Mall. Following the transfer of recently concluded disposals (89 Hertzog Boulevard, 99-101 Hertzog Boulevard) and the soon to be transferred (Beacon Isle, Valley View and Cherry Lane) which are expected to transfer by the end of February 2024, vacancies will reduce to 17,5%.

A negative rental reversion of 7,0% in aggregate was reported across the portfolio (excluding Fourways Mall) mainly driven by a 25,0% downward rental reversion at BMW Fourways. This building had a long-term lease of 10 years that now reverted to market for a further 10 years.

Renewals at Fourways Mall to the extent of 32,939 m² have been concluded, resulting in 24,2% of these renewals being positive rental reversions, 3,2% at flat rentals and 72,6% with lower rentals compared to the maturing rent. These renewals are within budget and in line with the Mall's tenant retention strategy at sustainable levels.

Further key initiatives and projects underway include:

- A 1,6MW solar plant was commissioned at Cedar Square and is now fully operational.
- Significant compliance capex was spent to date at Fourways Mall. Capex was also spent on lighting and security upgrades to enhance the safety of shoppers as well as on external façade upgrades. New signage was recently unveiled at the centre and a new Business Improvement District founded for the Fourways area to improve the node.
- Foot counters were installed at the Mall resulting in a better understanding of foot traffic and shopper behaviour.



FINANCIAL REVIEW

The financial results of the six months under review reflect the restructuring initiatives that have been implemented and that are currently in progress. Revenue decreased by R73,5 million due to the removal of the Headlease following the conclusion of the Settlement Agreement, as well as the impact of the disposals of Leaping Frog, Ford Fourways and Eden Meander. Recoveries reduced, largely due to the decrease in the recovery of rates and taxes.

Property expenses increased by R9,0 million from September 2023 to September 2024 mainly due to increased utility costs and fees paid to the new Asset and Property Manager of Fourways Mall. The increased utility expenses were however recovered.

Other operating expenses decreased by R6,3 million due to a reduction in staff cost. Professional fees also increased marginally due to additional legal costs incurred.

The fair value adjustment relates to the revaluation of the properties, swaps and Expected Credit Loss adjustments mainly due to bad debts written off in Fourways Mall.

Finance costs reduced significantly by R33,9 million due to the settlement of debt through disposal of assets and the raising of capital through a fully underwritten rights issue. The finance income reduced by R42,1 million as no further interest accrued on the related party balances following the conclusion of the Settlement Agreement.



Following the disposal of 9 and 10 Charles Crescent, Brooklyn Place, Eden Meander and 610 Voortrekker Road (Brakpan), Investment Properties (non-current assets held-for-sale) reduced by R564,0 million.

Portside, Buzz and Waterford Shopping Centres, Thomas Patullo and Oceana were transferred from investment properties to non-current assets held for sale. The values of these assets were reduced to fair value less cost to sell based on a willing buyer, willing seller principle and current negotiations underway. The fair value adjustment amounted to R152,8 million.

Trade debtors decreased by R34,2 million, supported by improvements in the recovery of outstanding debtors and also write-offs done mainly in Fourways Mall.

Share capital increased following the rights offer of R200,0 million.

Interest-bearing borrowings decreased following the disposal of the assets mentioned above as well as through capital raised by way of a fully underwritten rights offer. The expiring debt at year-end (31 March 2024) was renewed mainly for a year to 31 March 2025. Facilities that expired in August and September 2024 were renewed to 31 March 2025. The majority of debt matures at 31 March 2025 with some notes expiring at the end of February 2025. Discussions to renew the facilities are already underway to ensure that the facilities are extended for a further period.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note(s)	Unaudited as at 30 Sep 2024 R'000	Unaudited as at 30 Sep 2023 R'000	Audited as at 31 Mar 2024 R'000
Non-current assets				
Investment property	1	6 487 405	8 145 031	7 661 844
Property, plant and equipment		215	272	308
Right-of-use asset		435	685	560
Derivative financial instruments		-	83 626	38 975
		6 488 055	8 229 614	7 701 687
Current assets				
Derivative financial instruments		3 199	12 874	7 776
Trade and other receivables		994 151	1 069 715	1 020 931
Cash and cash equivalents		10 443	27 849	21 950
		1 007 793	1 110 438	1 050 657
Non-current assets held for sale	3	1 478 731	888 400	993 533
		8 974 579	10 228 452	9 745 877
Equity and liabilities				
Capital and reserves				
Share capital	4	5 375 385	5 186 274	5 186 274
Retained loss		(709 957)	78 261	(454 479)
		4 665 428	5 264 535	4 731 795
Liabilities				
Non-current liabilities				
Derivative financial instruments		920	3 771	-
Lease liability		118	500	328
Interest bearing borrowings	5	375 456	2 496 184	1 069 352
		376 494	2 500 455	1 069 680
Current liabilities				
Derivative financial instruments		-	-	1 969
Lease liability		318	259	277
Interest bearing borrowings	5	3 355 188	1 931 354	3 355 188
Trade and other payables*		577 151	531 849	586 968
		3 932 657	2 463 462	3 944 402
Total liabilities		4 309 151	4 963 917	5 014 082
Total equity and liabilities		8 974 579	10 228 452	9 745 877

* The September 2023 amount for trade and other payables includes an amount of R4,1 million due to the Receiver of Revenue that was previously disclosed separately. Disclosure is now in line with presentation per the March 2024 annual financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	Unaudited for the six months ended 30 Sep 2024 R'000	Unaudited for the six months ended 30 Sep 2023 R'000	Audited for the twelve months ended 31 Mar 2024 R'000
Rental income	7	278 931	352 461	646 464
Recoveries	7	113 817	117 306	227 151
Straight-line effect of leases		(17 638)	(53 851)	(54 149)
Revenue		375 110	415 916	819 466
Property expenses		(169 901)	(160 896)	(333 916)
Net property income		205 209	255 020	485 550
Other income/(expenses)		2 414	266	(4 859)
Operating expenses		(39 963)	(46 277)	(79 778)
Expected credit loss (ECL)		(31 205)	(43 701)	(158 093)
Profit from operations		136 455	165 308	242 820
Fair value adjustments		(195 341)	(61 594)	(396 338)
Net finance costs		(196 592)	(188 353)	(471 220)
Financing cost		(198 879)	(232 742)	(569 412)
Financing income		2 287	44 389	98 192
Loss before taxation		(255 478)	(84 639)	(624 738)
Taxation		-	(4 077)	-
Loss for the six months		(255 478)	(88 716)	(624 738)
Loss attributable to:				
Shareholders of the parent		(255 478)	(88 716)	(624 738)
		(255 478)	(88 716)	(624 738)
Total earnings per share				
Basic and diluted loss per share (cents)		(15,74)	(6,60)	(46,46)
Basic and diluted headline earnings per share (cents)		(6,32)	(2,00)	(14,31)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*for the six months ended 30 September 2024*

	Share capital R'000	Foreign currency translation reserve R'000	Retained income / (loss) R'000	Total attributable to equity holders R'000	Non- controlling interest R'000	Total equity R'000
Balance at 1 April 2023	5 186 274	(3 282)	170 259	5 353 251	-	5 353 251
Loss for the period	-	-	(88 716)	(88 716)	-	(88 716)
Transfer between reserves	-	3 282	(3 282)	-	-	-
Balance at 30 September 2023	5 186 274	-	78 261	5 264 535	-	5 264 535
Loss for the period	-	-	(532 740)	(532 740)	-	(532 740)
Balance at 1 April 2024	5 186 274	-	(454 479)	4 731 795	-	4 731 795
Loss for the period	-	-	(255 478)	(255 478)	-	(255 478)
Issue of shares – rights issue	189 111	-	-	189 111	-	189 111
Balance at 30 September 2024	5 375 385	-	(709 957)	4 665 428	-	4 665 428

CONSOLIDATED STATEMENT OF CASH FLOWS*for the six months ended*

	Note(s)	30 Sep 2024 R'000	30 Sep 2023 R'000
Cash flows from operating activities			
Cash generated from operations	11	192 345	227 331
Finance income received		2 287	3 938
Net cash from operating activities		194 632	231 269
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(236)
Proceeds on sale of property, plant and equipment		14	-
Capital expenditure on investment property		(47 279)	(28 795)
Proceeds from disposal of investment property and assets held for sale		1 695	77 000
Net cash from investing activities		(45 569)	47 969
Cash flows from financing activities			
Proceeds on share issue		189 111	-
Finance cost paid		(159 512)	(232 741)
Borrowings raised		45 000	855 372
Borrowings repaid		(235 000)	(912 763)
Capital payment on lease liabilities		(169)	(172)
Net cash from financing activities		(160 570)	(290 304)
Total cash movement for the period		(11 507)	(11 066)
Cash at the beginning of the period		21 950	38 915
Total cash at end of the period		10 443	27 849

SEGMENTAL ANALYSIS

For investment property, 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 commercial, industrial and retail.

Consequently, Accelerate is considered to have three reportable operating segments, as follows:

- Commercial 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.

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 Accelerate's funding is secured on an overall portfolio basis and not per segment.

All items that are not allocated per segment is reflected under the total column and not separately disclosed.

Extract of the statement of comprehensive income for the six months ended 30 September 2024

R'000	Commercial	Industrial	Retail	Total
Rental income	99 425	1 219	178 287	278 931
Recoveries	31 888	2	81 927	113 817
Straight-line rental adjustment	(12 217)	-	(5 421)	(17 638)
Revenue	119 096	1 221	254 793	375 110
Property expenses	(41 821)	(50)	(128 030)	(169 901)
Net property income	77 275	1 171	126 763	205 209
Other income				2 414
Operating expenses				(39 963)
Expected credit losses (ECL)	93	-	(31 298)	(31 205)
Profit from operations	77 368	1 171	95 465	136 455
Fair value adjustment – properties	(89 607)	-	(63 231)	(152 838)
Fair value adjustment – derivatives				(42 503)
Net finance costs				(196 592)
Financing cost				(198 879)
Financing income				2 287
Loss before taxation	(12 239)	1 171	32 234	(255 478)
Taxation				-
Loss after taxation	(12 239)	1 171	32 234	(255 478)

Extract of the statement of financial position at 30 September 2024:

R'000	Commercial	Industrial	Retail	Total
Assets				
Investment property	1 248 597	-	5 238 808	6 487 405
Non-current assets held-for-sale	1 123 754	-	354 977	1 478 731
Other assets				1 008 443
Total assets	2 372 351	-	5 593 785	8 974 579
Total liabilities				(4 309 151)

Note that Liabilities are not managed on a segmental basis.

Extract of the statement of comprehensive income for the six months ended 30 September 2023

R'000	Commercial	Industrial	Retail	Total
Rental income	108 310	1	244 150	352 461
Recoveries	27 977	3	89 326	117 306
Straight-line rental adjustment	(8 668)	-	(45 183)	(53 851)
Revenue	127 619	4	288 293	415 916
Property expenses	(40 658)	(339)	(119 899)	(160 896)
Net property income	86 961	(335)	168 394	255 020
Other income				266
Operating expenses				(46 277)
Expected credit losses (ECL)	(686)	(61)	(42 954)	(43 701)
Profit from operations	86 275	(396)	125 440	165 308
Fair value adjustment – properties	(64 253)	-	2 486	(61 767)
Fair value adjustment – derivatives				173
Net finance costs				(188 353)
Financing cost				(232 742)
Financing income				44 389
Loss before taxation	22 022	(396)	127 926	(84 639)
Taxation				(4 077)
Loss after taxation	22 022	(396)	127 926	(88 716)

Extract of the statement of financial position at 31 March 2023:

R'000	Commercial	Industrial	Retail	Total
Assets				
Investment property	2 107 827	-	5 554 017	7 661 844
Non-current assets held-for-sale	332 533	13 000	648 000	993 533
Other assets				1 090 500
Total assets	2 440 360	13 000	6 202 017	9 745 877
Total liabilities				(5 014 125)

EARNINGS PER SHARE

for the six months ended 30 September 2024

	30 Sep 2024 R'000	30 Sep 2023 R'000	31 Mar 2024 R'000
Reconciliation of basic/diluted earnings to headline earnings			
Loss attributable to owners of the parent	(255 478)	(88 716)	(624 738)
Change in fair value of investment properties	152 838	61 767	425 868
Loss on disposal of assets	-	-	6 386
Headline earnings attributable to owners of the parent	(102 640)	(26 949)	(192 484)
Basic and diluted loss per share (cents)*	(15,74)	(6,6)	(46,46)
Basic and diluted headline earnings per share (cents)*	(6,32)	(2,00)	(14,31)
Shares in issue at the end of the period (number)	1 795 868 398	1 295 868 398	1 295 868 398
Weighted average number of shares in issue (number)	1 623 290 918	1 344 701 557	1 344 701 557

* The group has no dilutionary instruments in issue. During the period 500 000 000 shares were issued pursuant to a rights offer on 10 June 2024.



NOTES TO THE FINANCIAL STATEMENTS

Corporate information

The summarised financial statements of Accelerate for the six months ended 30 September 2024 were authorised for issue in accordance with a resolution of the directors passed on 20 December 2024. 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 of Cedar Road and Willow Avenue, Fourways, Johannesburg. 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 period ended 30 September 2024 are prepared in accordance with the framework concepts and the measurement and recognition requirements of the IFRS Accounting 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 the Financial Reporting Standards Council, the requirements of the Companies Act, 71 of 2008, as amended, the JSE Listings Requirements, and the JSE Debt and Specialist Securities Listings Requirements.

The accounting policies applied in the preparation of these summarised financial statements are in terms of the IFRS and are consistent with those applied in the annual financial statements, including the new and amended IFRS that became effective during the 30 September 2024 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. Approximately 30% (by value) of Accelerate's investment properties were externally valued for the year ended 31 March 2024. Updated external valuations are obtained on an annual basis.

The summarised financial statements were prepared under the supervision of Ms Marelise de Lange (CA)SA in her capacity as Chief Financial Officer.

1. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES

	30 Sep 2024 R'000	31 Mar 2024 R'000
Cost	7 029 309	8 236 601
Additional cost since acquisition	1 029 718	1 199 606
Fair value adjustment	(1 708 427)	(1 969 772)
Carrying amount	6 350 600	7 466 435
Movement for the period		
Balance at the beginning of the period / year	7 466 435	8 644 930
Fair value adjustments	(152 838)	(291 350)
Capital expenditure	32 960	29 915
Disposals	-	-
Letting costs and tenant installations capitalised	1 821	6 293
Letting costs and tenant installations amortised	(2 428)	(7 819)
Investment property transferred to held-for-sale	(995 350)	(915 534)
Balance at the end of the period / year	6 350 600	7 466 435
Reconciliation to valuation		
Fair value of non-current assets held-for-sale	6 350 600	7 466 435
Straight-line income accrual	136 805	195 409
Valuation at the end of the period / year	6 487 405	7 661 844

The entire portfolio is valued by management at the end of each financial year. 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.

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. The external valuations at year-end were performed by Real Insight, Mr Theuns Behrens, an independent accredited valuer with a recognised and relevant professional qualification (NDip (Prop Val), Professional Associate Valuer (without restrictions)) 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. Internal methods are aligned with those used by external valuers.

There were no significant changes in valuations since year-end, 31 March 2024. As such, key assumptions and unobservable inputs used in determining fair value are not separately disclosed.

2. FINANCIAL INSTRUMENTS BY CATEGORY

Total financial assets and liabilities	At amortised cost R'000	At fair value through profit or loss R'000	Total R'000
Financial assets 30 Sep 2024			
Trade and other receivables	994 151	-	994 151
Derivative financial instruments*	-	3 199	3 199
Cash and cash equivalents	10 443	-	10 443
	1 004 594	3 199	1 007 793
Financial liabilities 30 Sep 2024			
Interest-bearing borrowings	3 730 644	-	3 730 644
Derivative financial instruments*	-	920	920
Trade and other payables	577 151	-	549 705
	4 307 795	920	4 281 269
Financial assets 31 Mar 2024			
Trade and other receivables	1 020 931	-	1 020 931
Derivative financial instruments*	-	46 751	46 751
Cash and cash equivalents	21 950	-	21 950
	1 042 881	46 751	1 089 632
Financial liabilities 31 Mar 2024			
Interest-bearing borrowings	4 424 540	-	4 424 540
Derivative financial instruments*	-	1 969	1 969
Trade and other payables	549 705	-	549 705
	4 974 245	1 969	4 976 214

* The values of the derivative financial assets and liabilities are shown at fair value, 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. The fair value is determined as the net discounted cash flows to be received from the swaps in place at 30 September 2024.

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.

3. NON-CURRENT ASSETS HELD FOR SALE

	30 Sep 2024 R'000	31 Mar 2024 R'000
Cost	1 853 687	1 141 565
Additional cost since acquisition	246 136	96 499
Fair value adjustment	(666 145)	(257 730)
Carrying amount	1 433 678	980 334
Movement for the period		
Balance at the beginning of the period	980 334	289 305
Fair value adjustments	-	(63 455)
Capital expenditure	12 498	8 320
Disposals	(564 000)	(168 954)
Straight-line rental adjustment	9 496	-
Letting costs and tenant installations capitalised	-	9
Letting costs and tenant installations amortised	-	(425)
Investment property transferred to held-for-sale	995 350	915 534
Balance at the end of the period	1 433 678	980 334
Reconciliation to valuation		
Fair value of non-current assets held-for-sale	1 433 678	980 334
Straight-line income accrual	45 053	13 199
Valuation at the end of the period	1 478 731	993 533

The following properties have been classified as held-for-sale.

	30 Sep 2024 R'000	31 Mar 2024 R'000
9 Charles Crescent	-	12 000
10 Charles Crescent	-	13 000
610 Voortrekker Road (ABSA Brakpan)	-	1 000
Brooklyn Place	-	18 000
Eden Meander Lifestyle Centre	-	520 000
1 Charles Crescent	50 615	50 615
Cherry Lane	60 000	60 000
Pri-movie Park	64 045	64 045
Beacon Isle	25 400	25 400
Edgars Polokwane	42 600	42 600
89 Hertzog Boulevard	34 997	34 997
73 Hertzog Boulevard	78 791	78 791
Erf 7 Roggebaai	25 540	25 540
99 – 101 Hertzog Boulevard	47 545	47 545
Oceana House	150 000	-
Portside	608 850	-
The Buzz Shopping Centre	170 000	-
Thomas Pattullo	62 850	-
Waterford	45 000	-
	1 466 233	993 533
Capital expenditure	12 498	-
	1 478 731	993 533

3. NON-CURRENT ASSETS HELD FOR SALE

The following properties have been disposed of during the period and proceeds of R564,0 million were used to settle interest bearing borrowings.

	30 Sep 2024 R'000	31 Mar 2024 R'000
9 Charles Crescent	12 000	-
10 Charles Crescent	13 000	-
610 Voortrekker Road (ABSA Brakpan)	1 000	-
Brooklyn Place	18 000	-
Eden Meander Lifestyle Centre	520 000	-
Ford Fourways	-	77 000
Leaping Frog	-	125 000
	564 000	202 000



4. ORDINARY SHARE CAPITAL

	30 Sep 2024	31 Mar 2024
Authorised		
Ordinary shares of no-par value	5 000 000 000	5 000 000 000
Reconciliation of number of shares issued:		
Reported as at the beginning of the period	1 340 323 952	1 340 323 952
Treasury shares held by the group	(44 455 554)	(44 455 554)
	1 295 868 398	1 295 868 398
Issue of shares – Rights issue	500 000 000	-
Total number of shares in issue at end of the period	1 795 868 398	1 295 868 398
Issued	R'000	R'000
Ordinary share capital of no-par value	5 186 274	5 186 274
Issue of shares	189 111	-
Ordinary share capital at the end of the period	5 375 385	5 186 274

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:

- 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 resolved to issue such new shares.

5. BORROWINGS

	30 Sep 2024 R'000	31 Mar 2024 R'000
Total value of loans secured by investment property		
Rand Merchant Bank	1 238 807	1 376 883
Domestic medium-term note (DMTN) programme	1 816 296	1 846 919
Investec	357 070	868 000
Ashburton	38 471	39 797
NinetyOne	297 114	297 344
Debt fees to be amortised over the remaining term of the debt	(17 114)	(4 403)
	3 730 644	4 424 540
Less: portion repayable within the next 12 months	(3 355 188)	(3 355 188)
	375 456	1 069 352
Reconciliation of debt movements		
Opening balance	4 424 540	4 476 033
Debt raised – cash	45 000	1 442 998
Debt raised – non-cash	1 136 772	-
Debt repayment – cash	(235 000)	(1 467 206)
Debt repayment – non-cash	(1 666 301)	(82 996)
Accrued interest	21 618	47 238
Debt fees raised / non-cash	4 015	8 473
	3 730 644	4 424 540

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 or extended on the appropriate date. Interest rates on these loans are market related and at arm's length with third party lenders.

A distinction is made between cash and non-cash payments to indicate where facilities/notes were rolled (non-cash) and a payment, redemption or advance through cash. Where facilities are settled directly from disposal proceeds via the transferring attorneys the reductions are reflected as non-cash.

6. RELATED PARTIES

Relationships

Directors

Mr MN Georgiou, through the Michael Family Trust owns 100% of Fourways Precinct Proprietary Limited (previous Fourways Mall Property Manager) and Azrapart Proprietary Limited (co-owner of Fourways Mall). Mr MN Georgiou owns 100% of Accelerate Property Management Company Proprietary Limited ("APMC") (the previous Property Manager of the Accelerate Properties).

Related party balances and transactions	30 Sep 2024 R'000	31 Mar 2024 R'000
Fourways Precinct Proprietary Limited		
Loan account receivable	13 854	13 854
Vacancy guarantee receivable	15 210	15 210
Development guarantee receivable	207 237	207 237
Fourways Mall headlease receivable	398 008	398 008
Interest income	-	71 683
Headlease rental income	-	80 932
Azrapart Proprietary Limited		
Receivable in respect of Fourways Mall TI	506	506
Overpayment of Fourways Mall distributions	30 400	30 400
Rebuilt claim payable	(371 063)	(371 063)
Michael Family Trust		
Loan account receivable	134 524	134 524
Interest income	-	15 154
Fourways Mall managing agent		
Management fees paid	-	(15 107)

During July 2024, Accelerate entered into a settlement Agreement with Mr Georgiou to set-off all balances due to and from one another. The transaction results in no cash outflow from Accelerate and entail the following salient features:

- All balances due to Accelerate (amounting to R799,2 million) no longer attract interest from 1 April 2024.
- The rebuilt claim of R371,0 million will be set-off against the amounts due to Accelerate.
- Accelerate will acquire the economic interest in 1 414 parking bays for an amount of R241,5 million, 9 325,5m² of Bulk for an amount of R74,7 million and cancel the existing management agreements with Accelerate and Fourways Mall for a consideration of R59,2 million and R50,2 million respectively for APMC and Fourways Precinct. The assets being acquired approximate their fair value fair value. There will be no cash outflow from Accelerate for the acquisition but the amounts due will be settled through setting off the amount payable against the remaining amount due to Accelerate (being R799,2 million less R371,1 million). The purchase price of the assets acquired together with the cancellation payments will be set-off against the remaining outstanding balance due to Accelerate.

The Company is in process of compiling the circular which is expected to be presented to shareholders for approval by 31 March 2025.

The following factors are considered when assessing the recoverability of related party balances due:

- 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 in future considering their cash flow, net asset value and security provided;
- The actual or expected operating results of the borrower; and
- Significant changes in external market factors.

7. REVENUE	30 Sep 2024 R'000	30 Sep 2023 R'000
Rental income consists of:		
Commercial	85 858	84 551
Retail	166 279	221 817
Industrial	1 219	801
Other rental	7 974	30 014
	261 330	337 183
Parking	17 601	15 278
Revenue before recoveries	278 931	352 461
Recoveries	113 817	117 306
Utilities and rates	94 412	85 946
Generator fuel and costs	-	6 867
Other	19 405	24 493
Revenue excluding straight-line rental revenue adjustment	392 748	469 767

8. FAIR VALUE ADJUSTMENTS	30 Sep 2024 R'000	30 Sep 2023 R'000
Investment property including held-for-sale	(152 838)	(61 767)
Derivative financial instruments	(42 503)	174
	(195 341)	(61 593)

9. CASH GENERATED FROM OPERATIONS	30 Sep 2024 R'000	30 Sep 2023 R'000
Loss before tax	(255 478)	(84 640)
Adjustments for:		
Depreciation #	203	235
Straight-line effect of leases	17 638	53 851
Fair value adjustments	195 341	61 594
Financing cost	181 130	232 741
Financing income	(2 287)	(44 389)
Expected credit losses (ECL) *	31 207	44 443
Tenant installation and lease commission amortisation #	4 654	4 557
Debt structuring fee amortisation #	17 753	16 062
Changes in working capital		
(Increase)/decrease in trade and other receivables *	(4 427)	(83 809)
(Decrease)/increase in trade and other payables	6 611	(17 757)
Cash generated from operations	192 345	227 331

In prior comparative period, these amounts were shown as one line but have now been disaggregated in line with Annual Financial disclosure.

* In prior comparative period, the Expected credit loss was not disclosed separately but was included in the working capital line item relating to trade and other receivables. This have now been aligned with the 31 March 2024 disclosure.

10. CAPITAL COMMITMENTS

Capex of R178,9 million (2023: 99,9 million) has been authorised but not contracted for the period under review.

11. SUBSEQUENT EVENTS

Subsequent to the period end, 89 and 99-101 Hertzog Boulevard buildings transferred and proceeds of R76,0 million was used to reduce debt.

Fourways Mall capex facility

During November 2024, a R200,0 million capex facility for Fourways Mall was finalised and implemented. The facility attracts interest at Prime plus 0.5%. A total of R400,0 million will be spent on capex for Fourways Mall with the remaining R200,0 million being funded by the co-owner.

Change in board composition

On 31 August 2024 Mr D Wandrag retired as Joint Chief Executive Officer and member of the Board, due to his impending emigration from South Africa. Mr Wandrag served as a member of the Investment Committee. Consequently, Mr AM Schneider became the sole Chief Executive Officer.

On 12 October 2024, our Chairman and Independent Non-Executive Director, Mr TT Mboweni passed away. The Board and Management of Accelerate offer their sincere condolences to Mr Mboweni's loved ones during this time. Mr Mboweni served as Chairman and member of the Remuneration Committee. He also held the position of Chairman of the Nominations Committee.

Mr James Templeton (current non-executive director) was appointed as interim Chairman of the Board with effect from 3 December 2024, pending the appointment of a permanent Chairman. Consequently, Mr Templeton is no longer a member of the Audit and Risk committee and assumed Chairmanship of the Nominations Committee.

Mr Templeton was first appointed to the Board on 01 February 2022 as a Non-Executive Director, and Mr Derick van der Merwe will continue to serve as the Company's Lead Independent Director.

11. SUBSEQUENT EVENTS (CONT.)

Transactions in progress

During July 2024, the Fund concluded the Settlement Agreement (the "Settlement Agreement"), effective 1 April 2024, with its related party represented by Mr MN Georgiou in which balances due to the Fund will be set-off through the acquisition of bulk and parking bays in Fourways Mall, the cancellation of the Property Management Agreements with Accelerate Property Management Company Proprietary Limited and Fourways Precinct Proprietary Limited as well as the settlement of the Rebuilt claim due to Azrapart Proprietary Limited. Subsequent to interim-end, the Settlement Agreement lapsed due to certain conditions precedent not being extended or met on time. The Fund is in the process of re-signing the Settlement Agreement after which a circular will be prepared for presentation to shareholders. Shareholders will be provided with the opportunity to vote for the positive conclusion of the transactions and the shareholder vote is expected to be concluded by 31 March 2025.

During December 2023, the Company concluded a Heads of Agreement with Flanagan and Gerard Frontiers Proprietary Limited ("F&G") to provide Asset and Property Management services to Accelerate and Azrapart as co-owners of the mall. The Asset and Property Management Agreement ("the Agreement") was subsequently signed with F&G including Luvon Investments Proprietary Limited ("Moolman Group") and details of the transaction announced on SENS on 20 August 2024. Although the Agreement lapsed resulting from certain conditions precedent not being extended or met on time, F&G and Moolman Group continue to provide their services, whilst the agreement is being re-instated. Accelerate, together with Flanagan and Gerard and the Moolman Group, remain fully committed to re-sign and implement the Agreement and successfully turnaround the mall to become the shopping destination of choice. The Agreement continues on a month-to-month basis. The Company expects to publish a circular to shareholders in due course to consider and finalise the effective implementation of the Asset and Property Management Agreement with F&G and the Moolman Group.

SA REIT DISCLOSURES

SA REIT FUNDS FROM OPERATIONS

for the period ended

	30 Sep 2024 R'000	30 Sep 2023 R'000
Loss per IFRS Statement of Comprehensive Income (SOI)	(252 478)	(88 716)
Adjusted for:		
Accounting/specific adjustments:		
Fair value adjustment loss/(gain) to:	195 341	61 594
Investment property	152 838	61 767
Debt and equity instruments held at fair value through profit or loss	42 503	(173)
Depreciation of property, plant and equipment and right of use asset	203	235
Asset impairments (excluding goodwill) and reversals of impairment	31 207	-
Straight-lining operating lease adjustment	17 638	53 851
Accounting/specific adjustments	244 389	115 680
SA REIT Funds from Operations	(11 089)	26 964
Number of shares in issue at end of period (net of treasury shares)('000)	1 795 868	1 295 868
SA REIT funds from operations per share (cents)	(0,6)	2,1

SA REIT NET ASSET VALUE PER SHARE (SA REIT NAV)

	30 Sep 2024 R'000	30 Sep 2023 R'000
Reported net asset value attributable to the parent	4 665 428	5 264 536
Number of shares outstanding at end of period (net of treasury shares)('000)	1 795 868	1 295 868
SA REIT NAV per share (R)	2.60	4.06

SA REIT COST-TO-INCOME RATIO

	30 Sep 2024 R'000	30 Sep 2023 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	(169 901)	(160 896)
Administrative expenses per IFRS income statement	(39 963)	(46 277)
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	4 857	4 792
Operating costs	(205 007)	(202 381)
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	278 931	352 461
Utility and operating recoveries per IFRS income statement	113 817	117 306
Gross rental income	392 748	469 767
SA REIT Cost-to-income ratio	52,2%	43,1%

SA REIT ADMIN COST-TO-INCOME RATIO

	30 Sep 2024 R'000	30 Sep 2023 R'000
Expenses		
Administrative expenses per IFRS income statement	(39 963)	(46 277)
Administrative costs	(39 963)	(46 277)
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	278 931	352 461
Utility and operating recoveries per IFRS income statement	113 817	117 306
Gross rental income	392 748	469 767
SA REIT Admin cost-to-income ratio	10,2%	9,9%

SA REIT DISCLOSURES

SA REIT GLA VACANCY RATE

	30 Sep 2024	31 Mar 2024
Gross lettable area of vacant space	68 671	66 086
Gross lettable area of total property portfolio	316 498	372 518
SA REIT GLA Vacancy rate	21,7%	17,7%

Directors' responsibility statement

The directors of Accelerate assume full responsibility for the preparation of the unaudited condensed interim financial statements. Any forward-looking statements included in this announcement have not been reviewed or reported on by the Fund's external auditors.

On behalf of the board

James Templeton

Mr JWA Templeton

(Interim Chairman)

20 December 2024

Marelise de Lange

Ms M de Lange

(Chief financial officer)



CORPORATE INFORMATION

DIRECTORS

Mr AM Schneider (chief executive officer)
Ms M de Lange (chief financial officer)
Mr MN Georgiou (non-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 JWA Templeton (non-executive director)

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COMPANY SECRETARY

Ms Margi Pinto
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Johannesburg, 2055

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EQUITY SPONSOR

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DEBT SPONSOR

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