

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

## CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

### KEY INDICATORS

Indicator	2020	2019
Portfolio value	R12.6 billion	R12.7 billion
GLA	529 363m <sup>2</sup>	601 506m <sup>2</sup>
Number of properties	51	62
Cost to income ratio**	26.2%	15.9%
Weighted average lease expiry	5.6 years	5.3 years
Lease escalations (excluding offshore)*	7.6%	7.4%
Vacancies***	10.8%	9.00%
Listed/Large National tenants (by revenue)	56.8%	65.7%
Revenue	R1,054 billion	R1,190 billion
Final distribution per share (cents)	-	23.71088

\* 6.6% including offshore

\*\* This increase is off the back of:

- Increased costs incurred with the opening and launch of Fourways Mall
- Conservative provisions put in place regarding the recoverability of arrears impacted by COVID-19

\*\*\*Excluding properties held for redevelopment

### FINANCIAL PERFORMANCE

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

The cost to income ratio had temporarily increased to 26.2% as compared to 15.9% (March 2019) due to additional once-off expenses being incurred with the completion of the Fourways Mall Development as well as conservative provisions put in place regarding the recoverability of arrears impacted by COVID-19.

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

- Prudent additional bad debt provision made at 31 March 2020 in anticipation of the impact of COVID-19
- The full COVID-19 rental reduction on the European portfolio has been accounted for in the 31 March 2020 financial year (all OBI stores in Austria and Slovakia are fully trading and have been paying 100% of rentals since mid-April 2020)

- An increase in B-grade office vacancies caused by the economic contraction
- The impact of the structural vacancies in buildings held for redevelopment
- Additional professional and marketing fees incurred for the Fourways Mall equalisation and relaunch.

The portfolio's weighted average lease expiry (WALE) remains strong, in excess of five years. Average lease escalations amount to approximately 7.6% (excluding offshore).

The COVID-19 situation is highly volatile and continually evolving and the fund is working with our tenants to secure long term income streams, limit vacancies and ensure long term sustainability for all parties involved. The fund does not however expect a significant reduction in long term rentals streams at our larger retail centres as rentals currently charged to tenants are at or appreciably below market related rentals. Due to the effects of COVID-19 on tenants and cash receivable from tenants, Accelerate will not be paying a final distribution.

#### FINANCIAL POSITION

As at 31 March 2020, Accelerate's investment property portfolio had a value of R12, 6 billion (2019: R12,7 billion), excluding the effects of straight - lining. The movement in the value of the portfolio is mainly due to an increase in the external valuation of our offshore assets, the Fourways equalisation completed to the value of R907 million counteracted by sales concluded by the fund of R730 million as well as conservative downward fair value adjustments to the value of R1 billion.

The fund maintains a diversified funding base being funded 29.6% through the debt capital markets and 70.4% through bank debt with 13 DCM investors and three banks.

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

The Fund is 72.6% hedged with a weighted average swap expiry profile of 1,8 years (2,5 years at 31 March 2019). The weighted average debt maturity profile has remained stable at over 2 years with the short-term portion of long- term debt also remaining stable at R1.1 billion (2019: R1.1 billion).

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

The fund will benefit from out of the money swaps with a nominal of R600 million rolling off in August and September 2020.

#### OUTLOOK

Based on the current market conditions and the impact it has on the business, it may be unlikely that the company will be able to pay distributions during

2021. The board will however continue to assess the impact COVID-19 has and will keep shareholders informed in this regard, to the extent required.

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

#### ANNUAL GENERAL MEETING

The AGM of shareholders will be held on Friday, 18 September 2020. Shareholders will be notified through SENS when the notice of AGM and proxy forms are published on the investor relations website of Accelerate Property Fund.

#### REMUNERATION COMMITTEE: CHANGE OF MEMBERSHIP

In line with the international governance principles, Andrew Costa stepped down from the remuneration committee, post year end.

#### COMPLIANCE WITH APPLICABLE LAWS

The Audit and Risk Committee monitors the Group's compliance risk, which is managed through the compliance framework and compliance reviews. The legislative landscape is continuously monitored and the potential impact of the new laws and regulations on the Group is assessed. All business units, departments and subsidiaries are required to comply with all applicable legislation and regulation. The board is satisfied that the Group complied with all relevant laws of establishment and the memorandum of incorporation ("MOI").

#### GENERAL

This short-form announcement is the responsibility of the directors of Accelerate. It is a summary of the information as set out on the full announcement.

This abridged report is extracted from audited information, but is not itself audited. The auditors, Ernst & Young Inc have issued their unmodified opinion on the audited consolidated financial statements for the year ended 31 March 2020 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.

Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement published on the company's website ([www.acceleratepf.co.za](http://www.acceleratepf.co.za)) and on SENS: <https://senspdf.jse.co.za/documents/2020/jse/isse/apf/FY2020.pdf>.

Copies of the full announcement may also be requested from the registered office of Accelerate Property Fund Limited and the Company's sponsor at no charge during office hours.

Johannesburg  
29 July 2020

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Sponsor  
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