

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" or "APF")

PRELIMINARY UNAUDITED CONSOLIDATED FINANCIAL RESULTS  
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2020

KEY INDICATORS

Indicator	30 September 2020	31 March 2020
Portfolio value	R12,6 billion	R12,6 billion
GLA	529 363m2	529 363m2
Number of properties	51	51
Cost to income ratio	24,9%*	26,2%
Weighted average lease expiry	5,4	5,6
Lease escalations (excluding offshore)**	7,4%	7,6%
Vacancies***	11,5%	10,8%
Listed/large national tenants (by revenue)	52,9%	56,8%

Indicator	30 September 2020	30 September 2019
Interim distribution per share (cents per share)	-	16,12934

\* This is the normalised cost to income ratio, the cost to income ratio including the effects of COVID-19 is 42,8% due to:

- Rental assistance granted due to COVID-19 amounting to R100 million; and
- Increased prudent provisions for doubtful debts due to COVID-19 of R33 million.

\*\* 6,1% including offshore.

\*\*\* Excludes properties held for redevelopment.

INTRODUCTION

The reporting period for the six months to 30 September 2020 saw many of the world's economies impacted by the COVID-19 pandemic. South Africa's economy was already challenged by a contracting gross domestic product (GDP) and the hard lockdown put additional pressure on the economy due to the various restrictions imposed.

South Africa's GDP shrunk by a record 51% in the second quarter this year, much of which was attributable to the lockdown. The decrease was larger than what was anticipated by National Treasury and the South African Reserve Bank (SARB) and raises the risk that GDP for the year could be lower than expected.

As a result of the pandemic, the SARB reduced interest rates in an attempt to stimulate economic growth.

Retailers, in particular, felt the pinch as many were unable to trade during the lockdown (except for those classified as essential services) as a result of the restrictions imposed. Many tenants had difficulty in meeting their rental obligations which resulted in landlords having to engage with them and provide rental relief and deferrals. These negotiations have been concluded largely in line with the Property Industry Group's voluntary guidelines and on an individual basis with the tenants.

In the period post-lockdown, retailers have shown improved turnovers, and shopping centre foot counts have increased. Many risks, however, still remain for the property industry.

#### COVID-19

We have seen a steady increase in rental collection percentages with the gradual relaxation of lockdown measures in place. The Fund's rental collections have increased as follows:

- July 2020: 65%
- August 2020: 71%
- September 2020: 80%

The Fund has taken a consistent and measured approach to these negotiations, prioritising long-term sustainability of the tenants and the Fund, locking in new longer-term leases as well as rebalancing tenant mix.

#### FINANCIAL PERFORMANCE

COVID-19 has had an impact on the income and revenue streams of the Fund for the six-month period ended 30 September 2020 with rental relief of approximately R100 million granted and the provision for doubtful debt increased by R33 million due to COVID-19.

During this time Accelerate has focused on:

- Ensuring the long-term sustainability of the Fund and our tenants;
- Safety of tenants and shoppers;
- Locking in long-term revenue streams at the cost of short-term rental assistance;
- Saving costs;
- Repurposing of space;
- Rebalancing tenant mix;
- Optimising debt and funding costs;
- Unlocking value through strategic spend;
- Maximising sources of income; and
- Differentiating our offering.

The above efforts performed by the Fund and our management companies has resulted in:

- Stable vacancy levels at 11,5% vs 10,8% at 31 March 2020;
- The weighted average lease expiry profile remaining in excess of five years;
- In-force rental escalations remaining strong at 7,4% for the South African portfolio;
- A tenant retention ratio of 84% being achieved; and

- Rental reversions on leases renewed of only -4,3%.

The steady increase in rental collections to 80% in September 2020 has been very encouraging, However the long-term income impact of COVID-19 is not yet 100% certain. The Fund remains positive and does not expect a significant reduction in long-term rental streams at our larger retail centres, as rentals currently charged to tenants are at or below market-related rentals.

#### TREASURY

##### (i) Debt and hedging

The Fund remains focused on:

- Asset sales to reduce loan to value (LTV) and improve interest cover ratio (ICR);
- Pro-active refinancing of debt; and
- Extending debt and swap expiry profile.

##### (ii) Highlights

- R529 million of capital markets debt raised during August and September 2020;
- Weighted average debt term improved to 2,5 years (from 2,2 at 31 March 2020);
- Blended interest rate down to 7,3% (7,8% at 31 March 2020) due to interest rate cuts post year-end and out of the money swaps rolling off;
- Short-term portion of debt (expiring within 12 months) reduced to R605 million at 30 September 2020 from R1,1 billion at 31 March 2020 due to the pro-active refinancing of debt; and
- All debt expiring to February 2021 refinanced.

#### OUTLOOK

Accelerate formally communicated to both debt and equity investors via SENS on 7 September 2020 that the board had resolved that it would be in the best interest of the company to retain cash and, accordingly, not to pay distributions for the 30 September 2020 and 31 March 2021 reporting periods.

Going forward the Fund remains focused on:

- Expanding and improving our nodal strategy;
- Unlocking future value on assets and bulk owned by the Fund; and
- Ensuring acceptable financial covenants.

The Fund is confident that the retention of distributions and strengthening of the company's financial position will stand Accelerate and its investors in good stead for the future.

The increase in trading as well as rental recovery percentages post the hard COVID-19 lockdown is encouraging.

#### 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. 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. The information contained in this announcement has not been reviewed or reported on by the company's auditors:

[https://senspdf.jse.co.za/documents/2020/jse/isse/apf/HY\\_20.pdf](https://senspdf.jse.co.za/documents/2020/jse/isse/apf/HY_20.pdf)

Copies of the full announcement may also be requested from the registered office of Accelerate Property Fund Limited and the company's sponsor (jsesponsor@standardbank.co.za) at no charge during office hours.

Johannesburg  
2 December 2020

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