

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

## PRELIMINARY CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

### KEY INDICATORS

Indicator	2021	2020
Revenue (R'000) (excl COVID-19 effects)	1 003 605	1 054 228
COVID-19 rental assistance granted (R'000)	(182 515)	-
Fair value adjustment on Investment Properties (R,000)	(660 227)	(1 000 462)
Basic Loss per share	(73,95)	(88,50)
Diluted loss per share	(72,85)	(86,54)
Weighted average lease expiry (years)	6,1	5,6
Lease escalations (excluding offshore)*	6,6%	7,6%
Vacancies**	15,0%	10,8%
Net asset value per share	6,28	7,05
Final distribution per share (cents)	-	-

\*6,2% including offshore

\*\* Due to the large box low rental per m2 nature of vacancies, the vacancy figure measured by revenue is 7,2%

### FINANCIAL PERFORMANCE

The year ended 31 March 2021 has been one where the Fund was focused on the long-term sustainability, it's tenants and it's stakeholders.

The Funds key focus areas were:

- Locking in longer term leases with COVID-19 relief granted to tenants (resulting in an increased weighted lease expiry of 6,1 years);
- Granting tenants sufficient rental relief to ensure the long-term sustainability of their business (R182 million of relief granted);
- Rebalancing the tenant mix at our properties;
- Exploring alternative sources of income such as storage and other non-GLA (gross lettable area) revenue;
- Maximizing sources of income;
- Actively managing costs; and
- Overhauling the remuneration policy to ensure that remuneration is better aligned to financial performance.

Revenue (excluding COVID-19 rental assistance granted) decreased marginally on the back of property disposal concluded during the year as well as a decrease in utility consumption due to the hard COVID-19 lockdown in 2020. The cost to income ratio (normalised excluding COVID-19 relief granted) decreased to 24,3% as at 31 March 2021 compared to 26,2% (March 2020).

Vacancies have increased to 15% by GLA. The biggest drivers of this increase were increased vacancies in B grade office and one industrial tenant which became a casualty of COVID-19.

The COVID-19 situation is still highly volatile, however the Fund believes that the bulk of COVID-19 rental relief to be granted has been included in the 31 March 2021 financial results.

## **FINANCIAL POSITION**

In order to provide investors with additional comfort regarding property valuations and the valuation process, Accelerate valued in excess of 90% of its investment property (by value) externally for the year ended 31 March 2021 ('FY2021').

As communicated to the market in the 31 March 2020 financial results, the Fund took a write down of approximately R 1 billion on its South African assets at 31 March 2020, with the potential effects of COVID-19 top of mind. The results of the external valuation process for FY2021 resulted in an additional write down of R660 million, resulting in an overall reduction in the portfolio value of 12% over the last two years. The Fund is of the view that the bulk of the potential COVID-19 impact on the valuations on retail has now been absorbed. Depending on future changes in occupancy rates and rental levels in the office sector, there may still be some valuation downside to come.

As at 31 March 2021, Accelerates investment property portfolio had a value of R11,8 billion (2020: R12,8 billion). The reduction in the value of the portfolio is due to the fair value adjustments as mentioned above, the sale of non-core assets during the year as well as exchange rate movements on offshore assets held.

The Fund's loan to value ("LTV") post the above movements is 48,5% (2020: 45,5%), with the additional downward fair value adjustment on the portfolio being counteracted by the sale of non-core assets during the period.

The initiative to reduce overall gearing through the sale of non-core assets continues with R200 million of assets at various stages in the transfer process, with a further South African non-core sales pipeline of R759 million remaining. In order to ensure that the objective to reduce gearing is reached, the Fund is also actively marketing its offshore portfolio, the sale of which would have a positive LTV impact with a marginal ICR effect.

The Fund maintains a diversified funding base, being funded 89,5% through relationship funders (bank and debt capital markets) and 10,5% through other debt capital market funder.

Accelerate raised R660 million of capital market debt within the last 12 months during the COVID-19 pandemic, adding another relationship funder.

The Fund is 81,4% hedged with a weighted average swap expiry profile of 2,2 years (1,8 years at 31 March 2020).

## **OUTLOOK**

The Fund formally communicated to the market via the JSE Limited Stock Exchange News Service ("SENS") on 7 September 2020 that the board of directors had resolved that it would be in the best interest of the company not to pay distributions for the 30 September 2020 and 31 March 2021 reporting periods.

A further update in relation to the period ended 31 March 2021 was provided on 18 June 2021.

As per the above Accelerate has not declared a distribution for FY 2021, the Fund however retains its REIT status as the distributable income for the year ended 31 March 2021 is zero due to:

- (i) COVID-19 relief granted to tenants;
- (ii) Once of bad debt write offs due to the impact of COVID-19 and
- (iii) Non-distribution of other tax deductible items.

As communicated to the market the Fund will retain up to 25% of distributable income in the future to reinvest in the company.

## **AUDITOR'S REVIEW**

This short form announcement 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 (including key audit matters) for the year ended 31 March 2021 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 and on the company's website at [www.acceleratepf.com](http://www.acceleratepf.com)

## **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: <https://senspdf.jse.co.za/documents/2021/jse/isse/apf/FY2021.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  
30 June 2021

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