

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

CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

KEY INDICATORS

Indicator	2022	2021
Revenue (R'000) (continuing and discontinued operations) excl. COVID-19 effects and straight-line rental adjustment)	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	6,48	(73,95)
Diluted gain/(loss) per share	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	6,21	6,28
Loan-to-value	42,8%	48,5%
Distributable income	210 527	-
Final distribution per share (cents)**	21.98051	-

* The increase in the overall vacancy percentage and reduction on the weighted average lease expiry is predominantly driven by the sale of Accelerate's European retail portfolio which was fully tenanted with a weighted average lease expiry 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 it's shareholder to a dividend reinvestment 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 the Fund 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:

- COVID-19 rental relief reduced from R182 million to R35,1 million.
- 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 ("WALE") 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 WALE of 5,2 years.
- Office vacancy by revenue of 8,2%. The bulk of the office vacancy currently resides within in the B and C grade non-core assets the Fund is looking to dispose of.

The Fourways Mall Super - regional opened 3-months prior to the COVID-19 pandemic resulting in the Mall not having sufficient time to settle prior to the pandemic. 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 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 4 non-core Industrial assets included in the list of assets to be disposed of.

The continued above-inflation increases in municipal and utility costs remains of great concern to The Fund due to the impact on the overall cost of occupation for tenants.

- R35,1 million COVID-19 Relief (March 2021: R182 million)
- Vacancies by revenue 9,1%
- Weighted average lease expiry 3,9 year
- Cost-to-income ratio 25,8%

Continued focus on strengthening the Funds Financial Position

Since the commencement of this initiative in 2018, the Fund has sold a total of R3,2 billion of assets. The most recent sale completed being the disposal of Accelerate's European retail portfolio. The proceeds of this sale was 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 Funds loan to value ratio from 48,5% at 31 March 2022 to 42,8%
- The Fund creating cash reserves and/or undrawn debt facilities of R223 million.

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

There is a remaining non-core asset portfolio of R763 million that the Fund intends to dispose of. These assets are at various stages in the disposal process. It is the intention of the Fund to utilise these proceeds to further reduce debt as well as to re-invest in 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 from declaring a distribution by obtaining commitment from the majority of it's shareholders to a dividend reinvestment programme.

Proactive treasury management

Areas of Focus

1. Diversification of funding

We continue 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

2. 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

3. Cost of funding and expiry profile

We engage 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	Short-term portion of debt	Weighted average debt term
R4,5 billion (Sept 2021: R5,9 billion)	R648 million (Sept 2021: R1,638 billion)	1,6 years (Sept 2021: 1,6 years)

Debt hedged	Weighted average swap term	Blended interest rate
70,8% (Sept 2021: 86,9%)	2,3 years (Sept 2021:2,2 years)	8,1% (Sept 2021: 7,4%)

Undrawn facilities	LTV#	ICR
Undraw facilities R223 million	42,8% (Sept 2021: 47,8%)	2,1x (Sept 2021: 2,0x)

Takes into account vendor loan receivables.

Auditors 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 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 and on the company's website at www.acceleratepf.com

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 condensed 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; and
- 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; and
- 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:

	2022
Circular and form of election posted to shareholders	Tuesday, 5 July
Announcement of Share re-investment Alternative issue price and finalisation information	Tuesday, 12 July
Last day to trade ("LDT") cum dividend	Tuesday, 19 July
Shares to trade ex-dividend	Wednesday, 20 July
Listing of maximum possible number of Share Re-investment Alternative shares commences on the JSE	Friday, 22 July
Last day to elect to receive the Share Re-investment Alternative (no late forms of election will be accepted) by 12:00 (South African time)	Friday, 22 July

Record date	Friday, 22 July
Announcement of results of Cash Distribution and Share Re-investment Alternative on SENS	Monday, 25 July
Cheques posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders electing the Cash Distribution on or about	Monday, 25 July
Announcement of results of Cash on SENS	Monday, 25 July
Share certificates posted to certificated shareholders and accounts credited by CSDP or broker to dematerialised shareholders electing the Share Re-investment Alternative on or about	Wednesday, 27 July
Adjustment to shares listed on or about	Thursday, 28 July

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 (time). 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 on the same day of distribution.

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) and on SENS:

<https://senspdf.jse.co.za/documents/2022/jse/isse/apf/FY2022.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
28 June 2022

Investor relations
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Company secretary
Ms Margi Pinto
Cedar Square Shopping Centre, Management Office, 1st Floor, Cnr Willow Ave and Cedar Rd,
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Sponsor

The Standard Bank of South Africa Limited
(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)
1 Merchant Place, corner of Fredman Drive and Rivonia Road,
Sandton, 2196