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")

Unaudited Interim Consolidated Condensed Financial Results
for the six-month period ended 30 September 2022

Key indicators

Indicator	2022	2021
Revenue from continued operations (excl. COVID-19 effects) (R'000)	452 509	447 573
Revenue from discontinued operations (excl. COVID-19 effects) (R'000)	-	65 637
COVID-19 rental assistance granted (R'000)	(8 993)	(11 233)
Basic gain/(loss) per share (R)	17,11	(3,79)
Diluted gain/(loss) per share (R)	17,11	(3,74)
Weighted average lease expiry (years)*	3,9	5,9
Vacancies by GLA*	19,9%	17,3%
Vacancies by revenue	8,8%	9,5%
Interest cover ratio	1,9x	2,0x
Loan-to-value	42,1%	48,5%
Net asset value per share (R)**	5,00	6,20
Distributable income (R'000)	110 659	135 377

* The increase in the overall vacancy percentages and reduction of the overall lease expiry profile is predominantly driven by the sale of Accelerate's European retail portfolio which was fully tenanted with a WALE in excess of 12 years.
**The decrease in the net asset value per share is due to the issue of 255 million new shares during July 2022 as a result of shareholders electing the distribution reinvestment alternative for the 31 March 2022 distribution paid. This increased shares in issue by 26,5%.

Although revenue from continued operations has improved marginally, we have seen a reduction in distributable income for the period ended 30 September 2022 due to:

- Increasing interest rates;
- Continued double-digit growth in municipal and utility costs; and
- Increased costs of providing electricity to tenants due to loadshedding.

There are still a small number of tenants who continue to feel the negative impact of the COVID-19 pandemic, however COVID-19-related assistance granted to tenants is expected to reduce over the coming months.

The Fund is also progressing with its solar conversion initiative in order to reduce our carbon footprint, reduce costs and ensure a more secure supply of electricity to tenants. Properties that have been earmarked for our pilot project include Cedar Square, BMW Fourways, Eden Meander, The Buzz and Waterford.

- COVID-19 relief – R8,9 million
- Weighted average lease expiry - 3,9 years
- Vacancies by revenue - 8,8%
- Cost-to-income ratio - 24,5%

The continued focus on the reduction of the overall cost of occupancy has resulted in a marginal reduction of the cost-to-income ratio from 25,8% at 31 March 2022 to 24,5%.

Progress on key focus areas

Fourways Mall

Leasing and trading update

As the newly developed Fourways Mall opened three months prior to the commencement of the 1st COVID-19 lockdown and bearing in mind a large mall takes up to three normalised years to establish itself, there is very little normalised comparative data. However, we have seen 11% year-to--date growth in trading densities and 14,4% growth in turnover figures compared to the prior year.

Vacancy levels have also consistently come down with 10 135m2 of new tenants signed up since 1 April 2022. Approximately 3 000m2 of these tenants are already trading, with the remainder at various stages of fit-out.

The vacancy, excluding space covered under the headlease, has reduced from 10,4% at 31 March 2022 to 8,5%, while 6 840m2 of vacancies (Accelerate 50%) is covered under a headlease expiring in November 2024.

Strategy
- The overall strategy for Fourways Mall is to become a secure, family-orientated entertainment and shopping destination.
- The strategy will further address:
  - Retail experience and offering (addressing the entire LSM categories of the catchment area as well as ensuring that the retail offering remains competitive);
  - Increasing the dwell time in the Mall (entertainment and food offerings are enablers of this);
  - Increasing the variety of offerings of the Mall by rightsizing the current Mall tenants; and
  - Attracting shoppers from beyond the immediate catchment area.

Key initiatives underway
- Undertaking a comprehensive market survey and geographical report in order for us to update our strategic approach;
- Upgrading signage and way-finding in and around Fourways Mall;
- Improving of internal and external aesthetics;
- Finalising the offering at the Kidzania space;
- Rightsizing certain current tenants; and
- Investing in technology to minimise the carbon footprint of the Fourways Mall and to more effectively track tenant behaviour and preferences.

Capex spend
In order to execute on the key objectives and goals, R115 million of capital spend (Accelerate 50%) has been allocated to be spent over the coming 6 to 12 months, with a focus on accretive spend as well as on the improvement of the overall shopping experience.

This capex spend will primarily be funded through equity proceeds stemming from non-core property sales.

Strengthening the financial position

a. Diversification of funding
The Fund has made meaningful progress in diversifying its funding by raising R450 million of three-year funding during August 2022. This funding was utilised to settle R121 million of funding expiring in August and September 2022, re-balance shorter-dated exposures and maintain liquidity facilities. Current undrawn facilities remain at approximately R200 million.

We continued our drive to diversify funding in an effort to create a more balanced pool of funders in order to:
- Manage prudential exposure limits;
- Encourage competitive pricing;
- Build adequate liquidity buffers; and
- Increase the tenor of the debt expiry profile.

b. Sale of non-core properties
Disposals of R255 million signed. These sales will result in the reduction of the overall LTV by approximately 1,7%, improving ICR by 0,15x as well as reducing the overall Fund vacancy level by 3,7%.

The remainder of the non-core properties to be disposed are held for R566 million and are at various stages of disposal. These sales will result in an ICR improvement of 0,3 to 0,35x as well as a reduction in the overall Fund vacancies by approximately 10%.

To date, signed sales have been concluded at an overall 6% discount to book value.

c. Filling vacancies and increasing revenue streams
Since 1 April 2022, the Fund has filled vacancies (in additional to vacancies filled at Fourways Mall) resulting in R16,5 million of additional annual revenue which will start flowing into the Fund during the second half of the financial year.

The bulk of the Fund's vacancies still remain in the B- and C-grade office space (Charles Crescent) as well as low income per m2 industrial space, resulting in a vacancy by revenue of under 9%.

The vacancy by GLA on Accelerate's core properties (excl. Fourways Mall) is 7,8%.

The Fund is in negotiation to convert dormant bulk in two different geographic locations into revenue-generating assets.

d. Managing and improving ICR levels
The Fund's ICR has come under pressure due to:

- The disposal of Accelerate's European retail portfolio and resultant repayment of low-interest-rate offshore debt;
- Increased funding margins experienced during and post-COVID-19; and
- 225 bps of interest rate increases since February 2022.

As a result, the Fund has applied for and received approval from its funders to temporarily reduce its ICR covenant level to 1,7x. This is viewed as a prudent treasury management step taken by Accelerate.

In order to effect a marked improvement in the ICR, management is:

- Negotiating a reduction in funding margins with its primary funders;
- Continuing with the disposal of non-core properties as documented above;
- Focused on letting and the improvement of revenue streams at our core assets; and
- Converting dormant assets such as unutilised bulk into income generating assets.

Treasury snapshot
- Total debt - R4,5 billion
- Short-term portion of debt (note 1) - R2,1 billion
- Weighted average debt term - 1,7 years
- Debt hedged - 70,0%
- Weighted average swap term - 2,3 years
- Undrawn facilities - R200 million
- LTV* - 42,1%
- ICR - 1,9x
- Blended interest rate included hedging cost - 9,1%

* Takes into account vendor loan receivables

Note 1: 84% of debt expiring within the coming 12 months is held by Accelerate's primary relationship funders. The concentration of these expiries is due to shorter-term refinancing secured during the uncertain COVID-19 period.

The Fund is currently approximately 70% hedged, with a weighted average swap expiry of 2,3 years. The percentage hedged will increase to 74,6% post the execution of current signed and close to completion non-core property disposals.

Given the current interest rate environment, the Fund is not looking to increase the percentage hedged by taking out new interest rate swaps, but rather managing and extending the current swap book in the most efficient and cost-effective manner possible.

In line with the approach, R200 million of the February 2023 swap expiring has been extended to November 2024.

Governance
The Accelerate board has been bolstered by the return of Mr TT Mboweni as chairman, as well as by the addition of Mr J Templeton as non-executive director.

In order to further strengthen the board and improve diversity an additional two members are in the process of being appointed.

Related party matters
The related party settlement as disclosed in the 31 March 2022 results has been formalised into a set of legal agreements and approved by the parties for signature.

Outlook
In order to further improve the Fund's financial position no distribution has been declared for the period ending 30 September 2022. The board will re-assess this for the 31 March 2023 full year results.

General
This short-form announcement is the responsibility of the directors of Accelerate. It is a summary of the information as set out in 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/HY2022.pdf

Copies of the full announcement may also be requested from the registered office of Accelerate and the Company's equity sponsor at jsesponsor@standardbank.co.za at no charge during office hours.

Any forward looking statements included in this announcement have not been reviewed or reported on by the Fund's external auditors.

Johannesburg
15 December 2022

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