

ACCELERATE PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2005/015057/06)

Share code: APF ISIN: ZAE000185815

Bond code: APFE

LEI: 378900D514788C447E45

(“Accelerate” or the “Company”)

(Approved as a REIT by the JSE)

CONCLUSION OF RELATED PARTY SETTLEMENT AGREEMENT AND CATEGORY 1 TRANSACTION

1. INTRODUCTION

As previously disclosed to shareholders in the interim financial results for the 6-month period ended 30 September 2023 and the SENS announcement dated 18 December 2023, the related party settlement agreement will be amended by a series of transactions that will lead to balances due to and from the related party being offset with no cash outflow for Accelerate.

Shareholders are advised that Accelerate, Azrapart Proprietary Limited (“**Azrapart**”), the developer of the Fourways Mall Shopping Centre (the “**Mall**”) and Mr Michael Nicolas Georgiou (“**Mr Georgiou**”) have entered into a composite settlement agreement (“**Settlement Agreement**”) of the respective claims of Accelerate against Mr Georgiou and the entities under the control of Mr Georgiou and the claims by Mr Georgiou and the entities under the control of Mr Georgiou against Accelerate.

Agreement has also been reached on the restructure of the property management function in respect of Accelerate's assets.

The settlement is achieved under a number of linked and indivisible transactions (the "**Transactions**") entered into between Accelerate, Azrapart, Fourways Precinct Proprietary Limited, the manager of the Mall ("**Fourways Precinct**"), Accelerate Property Management Company Proprietary Limited ("**AP ManCo**"), the manager of the properties solely owned by Accelerate being its properties other than the Mall, Fourways Mall Managing Agent Proprietary Limited ("**FMMA**"), the trustees of the Michael Family Trust ("**MFT**"), the indirect shareholder of all the issued shares in Azrapart and Fourways Precinct and Mr Georgiou (collectively referred to as the "**Related Parties**").

Mr Georgiou is a non-executive director of Accelerate and through companies which are controlled by Mr Georgiou and through MFT, a family trust of which Mr Georgiou is a trustee and a beneficiary holds 15.89% of the issued ordinary shares in Accelerate. Azrapart, Fourways Precinct, FMMA, AP Manco, FMMA and MFT are all related parties in terms of the JSE Limited ("JSE") Listings Requirements (the "Listings Requirements").

2. **RESTRUCTURING OF RELATED PARTY DEBT**

An Assignment and Assumption of Debt Agreement has been entered into, whereby on the Effective Date (as defined below):

Fourways Precinct debt in the amount of R631 783 317 owing by Fourways Precinct to Accelerate is ceded and delegated by Fourways Precinct to Azrapart;

MFT debt in the amount of R134 523 932 owing by MFT to Accelerate is ceded and delegated by MFT to Azrapart; and

a further debt of R30 400 421 owed by Azrapart to Accelerate arising from a Mall profit share due to Accelerate.

The above debt in the sum of R796 707 670 owed by Azrapart to Accelerate is collectively referred to as the “**Azrapart Debt**”.

A 100% set-off to settle the Azrapart Debt and for Accelerate to acquire the assets and settle the Rebuilt Claim in the Transactions is detailed below in paragraphs 3, 4 and 5 of this SENS announcement with no cash outflow from Accelerate.

3. **REBUILT CLAIM**

3.1 As previously disclosed to shareholders in the Accelerate 2023 Integrated Annual Report and the SENS announcement dated 31 January 2023, Accelerate agreed that Accelerate will settle the Rebuilt Claim by making a payment of R300 000 000 to Azrapart. Shareholders were notified that the Company had liquidity constraints at that time and would therefore explore the possibility of settling the Rebuilt Claim via the allocation of Accelerate shares to Azrapart.

3.2 Shareholders are advised that in terms of the Settlement Agreement, Azrapart accepts payment of the sum of R300 000 000, plus a payment of R71 063 320 to take into account the time value of the money due to the delay in the settlement, in full and final settlement of the Rebuilt Claim, to be set off in a like amount against the Azrapart Debt. No interest will accrue on the Rebuilt Claim amount from 1 April 2024 until the Effective Date (as defined below).

4. RELATED PARTY TRANSACTIONS

4.1 Purchase of the Bulk Transaction

Prior to the listing of Accelerate's securities on the main board of the JSE, Fourways Precinct had sold an undivided 50% share in Mall and the letting enterprise conducted thereon to Accelerate. As part of such sale, Fourways Precinct retained the right to develop the Mall utilising bulk of 100 000 square meters. An amount of 81 353 square meters of bulk was used in the redevelopment of the Mall, leaving a remainder of 18 647 square meters of bulk for further development. Accelerate will purchase an undivided share of 50% of the remaining bulk, i.e. 9 325,5 square meters from Azrapart (the "Remaining Bulk") to develop the Mall for a consideration of R74 650 830, which is to be settled by set off in a like amount against the Azrapart Debt.

4.2 Equalisation transactions

At the time of the equalisation of Azrapart and Accelerate's respective holdings in the combined letting enterprises of the old Mall and new Mall (the "Equalisation"), Accelerate acquired the bare dominium of an undivided share of 50% of 2 929 parking bays constructed by Azrapart and situated on the upper parking floors of the Mall (the "**Parking Bays**"). At that time of Equalisation, it was not possible to put a value on the future income of the Parking Bays and as a result Azrapart retained 100% of the economic interest in the Parking Bays.

In order, to finalise the Equalisation process of the Parking Bays, Accelerate and Azrapart have agreed in terms of the Sale of Bulk Agreement, that the purchase consideration for an undivided 50% share of the economic interest of the Parking Bays, i.e. to obtain the right to receive 50% of the future income from the Parking Bays (“**Economic Interest**”) is R241 513 208.

The economic rationale for the purchase of a 50% undivided share of the Economic Interest in the Parking Bays and the Remaining Bulk is to ensure a 50/50 economic ownership percentage of the Mall going forward.

5. **PROPERTY MANAGEMENT RESTRUCTURE TRANSACTION**

5.1 AP Manco Proprietary Limited (“AP Manco”) manages all the properties of Accelerate, other than the Mall, in terms of the AP Manco Management Agreement dated 19 November 2013. Fourways Precinct manages the Mall and certain adjoining properties in terms of the Fourways Precinct Property Management Agreement dated 20 November 2013.

5.2 Accelerate intends to formalise the internalisation of the management of the Accelerate properties. Accordingly Accelerate, AP Manco and FMMA have entered into a series of transactions whereby:

Accelerate will purchase 50% of the issued share capital of FMMA from Azrapart in terms of the FMMA Share Purchase Agreement for a nominal purchase consideration of R60.

Azrapart, Accelerate and FMMA will enter into the FMMA Shareholders' Agreement, to regulate Accelerate and Azrapart's rights and obligations as equal shareholders of FMMA.

Accelerate and Azrapart as co-owners of the Mall will jointly appoint FMMA as its property, asset and development manager of the Mall and the property letting enterprise conducted therein to perform the property, asset and development management services for Accelerate and Azrapart in terms of the FMMA Property and Asset Management Agreement.

Accelerate, Azrapart and Fourways Precinct will agree to terminate the Fourways Precinct Property Management Agreement in terms of the Fourways Precinct Property Management Termination Agreement for a consideration of R50 233 867. Fourways Precinct will cede the right to receive the consideration for agreeing to the termination of the Fourways Precinct Property Management Agreement to Azrapart.

Accelerate and Azrapart will enter into the AP Manco Property Management Termination Agreement to terminate the AP Manco Management Agreement dated 19 November 2013 for a consideration of R59 246 443. In terms of this agreement, Accelerate will take over the rights and obligations owed to the employees of AP Manco. AP Manco will cede to Azrapart, AP Manco's right to receive payment of this consideration.

6. **SALE ADJUSTMENT ACCOUNT**

The estimated purchase price for Accelerate's purchase of a 12.1% share in the newly developed Mall and the combined property letting enterprises conducted therein, the sum of R907 800 000 was to be adjusted either upwards or downwards with reference to certain income adjustments, expense adjustments and recovery adjustments by means of a purchase price adjustment account (the “**Sale Adjustment Account**”) as set out in the Accelerate Option Undivided Share Sale Agreement entered into between Accelerate and Azrapart on 14 October 2019. Azrapart and Accelerate have agreed that no amounts are due to either of them from the other of them under the Sale Adjustment Account.

7. **HEADLEASE TERMINATION AGREEMENT**

In terms of the Headlease Termination Agreement, with effect from the Effective Date, the head lease agreement entered into on 14 October 2019 between Accelerate and Azrapart as landlords and Fourways Precinct as tenant agreeing the lease by Fourways Precinct of the vacant premises in the Mall will terminate against payment of a consideration of R395 482 613, being the arrear rental and other amounts due by Fourways Precinct to Accelerate (the “Headlease Consideration”).

On the Effective Date, the Headlease Consideration, will be delegated by Fourways Precinct to Azrapart and assumed by Azrapart in terms of the Assignment and Assumption of Debt Agreement and will be set off in a like amount against amounts payable by Accelerate to Azrapart under the Transactions.

8. **RATIONALE FOR THE PROPOSED RELATED PARTY SETTLEMENT AGREEMENT**

The proposed related party Settlement Agreement will result in the continued alignment between the Mall co-owners, each holding 50% of the Mall and the property letting enterprise conducted at the Mall. It will further result in the set-off of outstanding amounts owed to Accelerate by Mr Georgiou, Azrapart, Fourways Precinct and MFT being related parties to Accelerate. In line with the Company's stated intention, the Accelerate board remain committed to settling all historic related party matters and balances in an attempt to clean up the Company's balance sheet.

9. **EFFECTIVE DATE**

The effective date for the Settlement Agreement will be the first business day following the date upon which all the suspensive conditions have been fulfilled ("**Effective Date**").

10. **SUSPENSIVE CONDITIONS**

The Settlement Agreement is subject to the following suspensive conditions:

The entering into of all the agreements agreeing the Transactions and these agreements becoming unconditional as to their terms;

Accelerate shareholder approval in respect of the entering into of the Settlement Agreement and each of the Transactions in accordance with the Listing Requirements; and

Investec Bank Limited, FirstRand Bank Limited in its Rand Merchant Bank Division and Sawindu 12 (RF) Proprietary Limited approving of the: Assignment and Assumption of Debt Agreement, Sale of Bulk Agreement and the FMMA Share Purchase Agreement.

11. REPRESENTATION AND WARRANTIES

11.1 Accelerate warrants and undertakes in favour of Azrapart, Fourways Precinct and MFT that Azrapart, Fourways Precinct and MFT have no liability owed to Accelerate other than the Azrapart Debt.

11.2 Azrapart warrants and undertakes in favour of Accelerate:

that it has no claims against Accelerate other than the claims noted in paragraphs 3, 4 and 5 of this SENS Announcement;

that Accelerate has no liability owed to Azrapart other than the Rebuilt Claim;

that it is the owner of the Economic Interest and the Remaining Bulk and no party has previously purchased the Economic Interest and the Remaining Bulk and no party currently, other than Accelerate, has any other rights to acquire the Economic Interest and the Remaining Bulk;
and

that on the Effective Date it has the right to enter into the Fourways Precinct Property Management Termination Agreement and the AP Manco Property Management Termination Agreement

12. CATEGORISATION OF THE TRANSACTION

In terms of the Listings Requirements, the transaction is classified as a Category 1 transaction for Accelerate and will require shareholder approval. A fairness opinion will be provided to shareholders. A further announcement setting out the salient dates of the posting of the Category 1 transaction circular as well as the salient times and dates for the general meeting of Accelerate shareholders to approve the transaction, will be published in due course.

Fourways

8 July 2024

Corporate Advisor and Transaction Sponsor: Bravura Capital (Pty) Ltd

Legal Advisor: Brian Frank Inc.