ACCELERATE PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration No 2005/015057/06)
LEI: 378900D514788C447E45
JSE code: APF ISIN code: ZAE000185815
Bond Company code: APFE
(REIT status approved)
("Accelerate" or "the Company" or "the Fund")

ACCELERATE
PROPERTY FUND

Unaudited Interim Consolidated Condensed Financial Results for the

six-month period ended 30 September 2024

KEY INDICATORS

Indicator	2024	2023
Revenue (R'000)	392 748	469 767
Loss after tax	(255 478)	(88 716)
Basic and diluted (loss)/earnings per share (R)**	(15,74)	(6,60)
Basic and diluted headline (loss)/earnings per share (R)**	(6,32)	(2,00)
Vacancies by GLA*	21,7%	17,7%
Weighted average lease expiry (years)	4,1	3,6
Interest cover ratio (times)#	1,3	1,7
SA REIT Loan-to-value (%)	46,7	47,7
SA REIT Net asset value per share (R)	2,60	4,06
% Interest bearing debt hedged	53,6	79,1
Funds from operations/distributable earnings (R'000)	(11,089)	26,964

* The March 2024 and September 2024 vacancies quoted above exclude the Headlease whereas the September 2023 vacancy includes the Headlease. The September 2023 vacancy excluding the Headlease was 19,8%.

** The rights offer was concluded at 40 cents per share which was less than the ruling price on the day of 46 cents per share. As a result, a bonus factor was calculated (in terms of IAS 33) resulting in an adjustment in the comparative information previously issued.

\# At 30 September 2024, the ICR of 1,3 times is not in line with the set ICR level of 2,0 times. The lenders and note holders approved (in writing) the waiver of the ICR breach for September 2024 in order to allow the fund to conclude on the various disposals that are underway.

INTRODUCTION

During the past six months, the Company has made significant progress on its key focus areas which include:

- asset disposals,
- improving the loan-to-value ratio and continue to reduce the ratio even further with additional disposals,
- strengthening of the balance sheet by way of a fully underwritten rights issue of R200 million indicating the largest shareholder's commitment and support by increasing their shareholding from 32,0% to 46,7%,
- the implementation of interventions to improve the performance of Fourways Mall (or "Mall") (the Fund's largest asset by value) by partnering with retail experts, Flanagan and Gerard and the Moolman Group, to Asset and Property manage Fourways Mall on behalf of the co-owners,
- concluded a Settlement Agreement to resolve the related party balances,
- remove non-cash items from the interest cover ratio such as Headlease income and related party interest, and
- the extension of the majority of the debt facilities to the end of the financial year.

To date, significant progress was made in the Mall with 12,341m² of vacant space being filled and 32,939m² of renewal leases concluded on behalf of co-owners.

RESULTS OVERVIEW

The financial results for the six months under review reflect the restructuring initiatives that have been implemented and that are currently in progress. Revenue decreased by R73,5 million due to the removal of the Headlease following the conclusion of the Settlement Agreement, as well as the impact of the disposals of Leaping Frog, Ford Fourways and Eden Meander. Recoveries reduced, largely due to the decrease in the recovery of rates and taxes.

Property expenses increased by R9,0 million from September 2023 to September 2024 mainly due to increased utility costs and fees paid to the new Asset and Property Manager of Fourways Mall. Increased utility expenses were however recovered.

Other operating expenses decreased by R6,3 million due to a reduction in staff cost. Professional fees also increased marginally due to additional legal costs incurred.

The fair value adjustment relates to the revaluation of properties, swaps and Expected Credit Loss adjustments mainly due to bad debts written off at Fourways Mall.

Finance costs reduced significantly by R33,9 million due to the settlement of debt through the disposal of assets and the raising of capital through a fully underwritten rights issue. Finance income reduced by R42,1 million as no further interest accrued on related party balances, following the conclusion of the Settlement Agreement.

Following the disposal of 9 and 10 Charles Crescent, Brooklyn Place, Eden Meander and 610 Voortrekker Road (Brakpan), Investment Properties (non-current assets held-for-sale) reduced by R564,0 million.

Portside, Buzz and Waterford Shopping Centres, Thomas Patullo and Oceana were transferred from investment properties to non-current assets held for sale. The value of these assets were reduced to fair value less cost to sell, based on a willing buyer, willing seller principle and current negotiations that are underway.

Trade debtors decreased by R34,2 million, supported by improvements in the recovery of outstanding debtors and write-offs done mainly at Fourways Mall.

Share capital increased following the rights offer of R200,0 million.

Interest-bearing borrowings decreased following the disposal of the assets mentioned above as well as through capital raised by way of a fully underwritten rights offer. The expiring debt at year-end (31 Mar 2024) was renewed mainly for a year to 31 March 2025. Facilities that expired in August and September 2024 were renewed to 31 March 2025. The majority of debt matures on 31 March 2025 with some notes expiring at the end of February 2025. Discussions to renew these facilities are already underway.

DISPOSAL UPDATE

During the interim period, five assets (9 and 10 Charles Crescent, Brooklyn Place, Eden Meander Shopping Centre and 610 Voortrekker Road (Brakpan)) were successfully transferred and debt of R564,0 million reduced.

After the period end, 89 and 99-101 Hertzog Boulevards were transferred, reducing debt by a further R69,8 million.

The disposals of Pri-movie park and 1 Charles Crescent have successfully been concluded and Competition Commission approval is currently underway. Transfer will take place as soon as the required approvals have been obtained. Disposals of Beacon Isle, Valleyview and Cherry Lane have all successfully been concluded with transfer expected by the end of February 2025. The proceeds on the disposal of these assets will also be used to further reduce debt, with a view to improve the Fund's future interest cover ratio.

LEASING UPDATE

The Fund's overall vacancies increased from 19,8% (excluding the Headlease at 30 Sep 2023) to 21,1% (Mar 2024) and subsequently to 21,7% for the period under review. Notwithstanding the increase, it is worth noting the significant progress made at Fourways Mall to reduce vacancies from 19,2% (Mar 2024) to 17.9% (Sep 2024).

Vacancies of 5,228m² were filled during the period with 9,105m² becoming vacant. Vacancies relating to disposals contributed to a 11,312m² reduction. However, total GLA also reduced from 361,364m² to 316,498m², thereby increasing the overall vacancy percentage from 21.2% (Mar 2024) to 21.7% (Sep 2024).

Post the interim period, 6,170m² (Accelerate's 50% portion) of vacancies were filled at the Mall. Following the transfer of recently concluded disposals (89 Hertzog Boulevard, 99-101 Hertzog Boulevard) and the soon to be transferred Beacon Isle, Valley View and Cherry Lane, vacancies will reduce to 17,5%.

A negative rental reversion of 7,0% in aggregate was reported across the portfolio (excluding Fourways Mall) mainly driven by a 25,0% downward rental reversion at BMW Fourways. This asset had a long-term lease of 10 years that now reverted to market for a further 10 years.

Renewals at Fourways Mall to the extent of 32,939 m² have been concluded, 24,2% of which were positive rental reversions, 3,2% flat reversions and 72,6% at lower reversions compared to the maturing rent. These renewals are within budget and in line with the Mall's tenant retention strategy at sustainable levels.

Further key initiatives and projects underway include:

- A 1,6MW solar plant commissioned at Cedar Square which is now fully operational.
- Significant compliance capex was spent to date at Fourways Mall. Capex was also spent on lighting and security upgrades to enhance the safety of shoppers as well as on external facade upgrades. New signage was recently unveiled at the centre and a new Business Improvement District founded for the Fourways area to improve the node.
- Foot counters were installed at the Mall, resulting in a better understanding of foot traffic and shopper behaviour.

CAPITAL COMMITMENTS

Capex of R178,9 million (2023: R99,9 million) has been authorised but not contracted for the period under review.

SUBSEQUENT EVENTS

Subsequent to the period end, 89 and 99-101 Hertzog Boulevard buildings transferred and proceeds of R76,0 million was used to reduce debt.

TRANSACTIONS IN PROGRESS

During July 2024, the Fund concluded the Settlement Agreement (the "Settlement Agreement"), effective 1 April 2024, with its related party represented by Mr MN Georgiou in which balances due to the Fund will be set-off through the acquisition of bulk and parking bays in Fourways Mall, the cancellation of the Property Management Agreements with Accelerate Property Management Company Proprietary Limited and Fourways Precinct Proprietary Limited as well as the settlement of the Rebuilt claim due to Azrapart Proprietary Limited. Subsequent to interim-end, the Settlement Agreement lapsed due to certain conditions precedent not being extended or met on time. The Fund is in the process of re-signing the Settlement Agreement after which a circular will be prepared for presentation to shareholders. Shareholders will be provided with the opportunity to vote for the positive conclusion of the transactions and the shareholder vote is expected to be concluded by 31 March 2025.

During December 2023, the Company concluded a Heads of Agreement with Flanagan and Gerard Frontiers Proprietary Limited ("F&G") to provide Asset and Property Management services to Accelerate and Azrapart as co-owners of the mall. The Asset and Property Management Agreement ("the Agreement") was subsequently signed with F&G including Luvon Investments Proprietary Limited ("Moolman Group") and details of the transaction announced on SENS on 20 August 2024. Although the Agreement lapsed resulting from certain conditions precedent not being extended or met on time, F&G and Moolman Group continue to provide their services, whilst the agreement is being re-instated. Accelerate, together with Flanagan and Gerard and the Moolman Group, remain fully committed to re-sign and implement the Agreement and successfully turnaround the mall to become the shopping destination of choice. The Agreement continues on a month-to-month basis. The Company expects to publish a circular to shareholders in due course to consider and finalise the effective implementation of the Asset and Property Management Agreement with F&G and the Moolman Group.

DIVIDENDS

To improve the Fund's financial position, no dividend has been declared for the period ended 30 September 2024.

GENERAL

This short-form announcement is the responsibility of the directors of Accelerate. The announcement is only a summary of the full announcement and does not contain full or complete details.

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/investorcentre/#Financials) and on SENS: https://senspdf.jse.co.za/documents/2024/jse/isse/apf/HY2024.pdf

Copies of the full announcement may also be requested from the registered office of Accelerate by emailing Margi Pinto at margi@acceleratepf.co.za, or Investor relations, Mr Morne Reinders at morne@articulate.com or 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
23 December 2024

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