Consolidated financial results for the year ended 31 March 2022

ACCELERATE
PROPERTY FUND

Contents

INTRODUCTION

Major factors that impacted the fund over the last 24 months

Factor	Impact
Positive	
Appointment of TT Mboweni and JWA Templeton to the APF board	Improved corporate governance and board experience
Disposal of APF Europe portfolio	R1,4 billion of debt repaid leading to the LTV reduced by approximately 6%
Related party matters stemming from the construction and equalisation of Fourways Mall finally agreed on and approved by APF board on 26 May 2022	Please refer to slide 4
APF Manco and 50% of FWM Manco acquisition and internalisation approved by APF board	Improved control over the property management function by APF Please refer to slide 4
Improved trading at Fourways Mall	FY22 YTD 16% growth in trading densities
Smaller regional and neighbourhood centres trading at pre-COVID-19 levels	Improved rental collections and revenue streams
New sales of R 180 million of asset sales well advanced	Reduction of LTV and improvement of ICR
Negative	
Re-developed Fourways Mall opened 3 months before COVID-19 in a recession	Fourways Mall not settled prior to the onset COVID-19
Accelerate having to honor a guarantee issued regarding an executive share buy-in scheme	R244 million cash/additional debt Increased interest and funding costs
Distributions withheld for the last 4 reporting periods	Counteracting the effects of COVID-19
COVID-19 assistance granted in line with Property Industry Group recommendations	Approximately R220 million in rental assistance granted to 31 March 2022
Funders insisted on shorter debt refinancing terms due to uncertainty	Reduced weighted average debt term to 1,6 year
Increased funding margins since COVID-19	Average funding margin increased from 200 bps to 300 bps with a 0,4x negative impact on ICR

Finalisation of related party transactions approved by the APF board

Number	Transaction	Rationale for transaction
1	Settlement of R300 million Fourways Mall rebuilt claim through the issue of APF equity*	Settlement of developer for remaining purchase price on Fourways Mall
2	Acquisition of additional parking, bulk and GLA on Fourways Mall for R355,5 million	Ensuring total ownership of Fourways Mall on a 50/50 basis
3	Purchase of the Accelerate Property Management Company (APMC) for R47,9 million (managing all APF assets except Fourways Mall since APF's listing)	Aligning APMC staff with APF objectives Property management function under direct control of APF
4	Purchase of 50% of the Fourways Mall Property Management Company for R40,6 million	Aligning Fourways Mall staff with APF objectives Property management function under joint control

** Mechanism: Claw back issue approved by Board in order to allow for all shareholders to participate.*

FOCUS AREAS

Focus area 1

FOURWAYS MALL

Year-on-year growth in trading densities

16%

Vacancy

10,4%*

WALE

3,9 years

Fair value (APF portion)

R4,6 billion

(including bulk of R148 million)

GOALS

- Accretive capital spend
- Filling of vacancy and improving revenue streams
- Improving and diversifying food offering
- Activating the Kidzania offering
- Servicing a broader LSM
- Enhanced shopping experience
- General aesthetics and overall look and feel

** Excluding space covered by the Fourways Mall headlease. 18.8% in total including headlease vacancy.*

Focus area 2

STRENGTHENING THE BALANCE SHEET

LTV

42,8%

ICR

2,1x

Sale of non-core assets

R3,2 billion sold

(since 2018)

GOALS

- Improvement of overall portfolio quality through capital spend
- Prudent risk management and hedging
- Reducing overall debt
- Reduction in carbon footprint
- Developing bulk to income producing assets

LEVERS

Sale of non-core assets

- R3,2 billion of assets sold since commencement of the initiative in 2018
- R763 million of non-core assets still to be disposed of
- Approximately R147 million awaiting transfer before September 2022

Retention of distributions

- 83,5% of APF shareholders committing to a dividend reinvestment
- This reduces cash outflow to less than the tax outflow if a distribution was not made

Improving revenue streams

- Accretive capital spend
- Reduction of vacancies
- Improved recovery rates
- Development of bulk
- Converting to sustainable energy

Focus area 3

CAPITAL AND TREASURY MANAGEMENT

Blended interest rate

8,1%

Debt hedged

70,8%

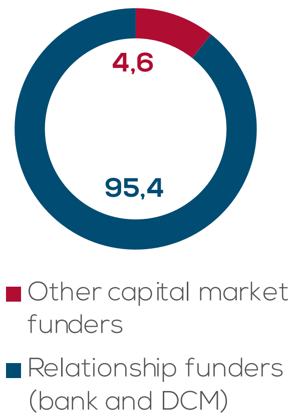
Weighted average swap term

2,3 years

GOALS

- Increase liquidity buffers (Approximately R223 million currently)
- Ensure adequate covenant headroom
- Improved debt rating
- Increasing the weighted average term of debt
- Diversifying our funding sources
- Optimising our hedging profile
- Reducing overall cost of our funding

Funding split (%)



FINANCIAL PERFORMANCE

Consolidated statement of financial position

	31 March 2022 (R'000)	31 March 2021 (R'000)
ASSETS		
Non-current assets	10 024 018	11 791 005
Investment property	9 983 936	11 633 782
Derivatives	38 693	36 341
Right-of-use asset	330	120 676
Equipment	1 059	206
Current assets	905 195	644 256
Trade and other receivables	853 479	597 462
Derivatives	3 848	21 332
Cash and cash equivalents	47 868	25 462
Investment property held for sale	147 000	127 714
Fair value of investment property assets	147 000	127 714
Total assets	11 076 213	12 562 975
EQUITY AND LIABILITIES		
Shareholders' interest	5 947 972	6 019 511
Share capital	4 948 866	4 937 567
Other reserves	13 821	131 493
Minority interest	–	27 150
Retained earnings	985 285	923 301
Total equity	5 947 972	6 019 511
Non-current liabilities	3 927 962	4 450 495
Long-term borrowings	3 926 441	4 249 916
Lease hold liability	758	116 854
Derivatives	763	83 725
Current liabilities	1 200 279	2 092 969
Trade and other payables	532 058	221 804
Derivatives	20 061	89 653
Lease hold liability	353	5 943
Short-term portion of borrowings	647 807	1 775 569
Total equity and liabilities	11 076 213	12 562 975

HIGH-LEVEL OVERVIEW OF POSITION

- Total devaluation of Investment Properties of approximately R1,8 billion since March 2020
- Undrawn debt facilities of R223 million
- Trade payables includes the R300 million Fourways Mall rebuilt claim to be settled
- Short-term portion of borrowings reduced by R1,1 billion

Consolidated statement of profit or loss

	31 March 2022 (R'000)	31 March 2021 (R'000)
Continuing operations		
Revenue, excl. straight-line rental revenue adjustment	897 376	881 057
COVID-19 rental assistance	(35 127)	(177 299)
Straight-line rental revenue adjustment	50 249	(78 425)
Revenue	912 498	625 333
Property expenses	(319 404)	(295 606)
Net property income	593 094	329 727
Other operating expenses	(51 261)	(39 246)
Operating profit	541 833	290 481
Fair value adjustments	73 585	(524 467)
Other income/(expense)	6 854	3 606
Unrealised losses	(21 262)	(73 547)
Expected credit loss provision	49 622	(49 137)
Fourways Mall rebuilt fair value adjustment	(300 000)	-
Finance income	43 970	38 060
Profit before long-term debt interest	394 602	(315 004)
Long-term debt interest	(391 526)	(372 528)
Profit/(Loss) before taxation	3 076	(687 532)
Taxation	(98)	–
Profit/(Loss) after taxation from continuing operations	2 978	(704 992)
Loss from discontinued operations	57 630	(17 460)
Loss for the year	60 608	(704 992)
Attributable to equity holders of the holding company	61 984	(705 703)
Attributable to minority interest	(1 376)	711

HIGH-LEVEL OVERVIEW OF PERFORMANCE

- Disposal of Accelerates European Portfolio on 8 February 2022
- R35,1 million of COVID-19 assistance granted
- Non-recuring other operating expenses of R11 million
- Fair value adjustments:
  - R63,5 million write down in Investment properties for the year
  - R137 million positive revaluation on swaps
- Please refer to slide 4 for more detail on the Fourways Mall rebuilt settlement

Discontinued operations (Accelerate Europe)

	31 March 2022 (R'000)	31 March 2021 (R'000)
Discontinued operations		
Revenue	95 904	122 548
COVID-19 rental assistance	-	(5 216)
Revenue	95 904	117 332
Property expenses	(37 213)	(34 045)
Realisation of foreign currency translation reserve	82 348	-
Operating expenses	-	(4 547)
Operating profit	141 039	78 740
Fair value adjustments	(64 884)	(72 130)
Long-term debt interest	(18 525)	(24 070)
Loss before taxation	57 630	(17 460)

DISPOSAL OF THE ACCELERATE EUROPE SINGLE TENANT RETAIL PORTFOLIO

- The disposal transferred on 8 February 2022
- The disposal was concluded to reduce overall debt levels and improve LTV
- The disposal resulted in:
  - R1,4 billion reduction in debt
  - A reduction in the LTV from 48,5% to 42,8%

Distribution analysis

	31 March 2022 (R'000)	31 March 2021 (R'000)
DISTRIBUTABLE EARNINGS		
Loss after taxation attributable to equity holders	61 984	(705 703)
(Less)/Add: Straight-line rental revenue adjustment	(50 249)	78 425
Add: Fair value adjustments	(11 035)	594 000
Add: Unrealised losses/(gains)	21 262	73 547
Less: Realisation of foreign currency translation reserve	(82 348)	-
Fourways Mall rebuilt claim (non-cash)	300 000	-
Other tax deductible items not distributed	(29 087)	(64 925)
Distributable earnings	**210 527**	**(24 656)**
DISTRIBUTION ANALYSIS		
Distributable earnings	210 527	–
Less: Interim distribution from profits	–	–
Less: Cash retention	–	–
Final distribution	**210 527**	**–**
Shares qualifying for distribution		
Number of shares at year-end	957 789 641	954 488 735
Less: Bulk ceded shares to Accelerate	-	(51 070 184)
Shares qualifying for distribution	**957 789 641**	**903 418 551**
Distribution per share		
Final distribution per share (cents)	21.98051	–
Interim distribution per share made (cents)	–	–
Total distribution per share for the year (cents)	**21.98051**	**–**

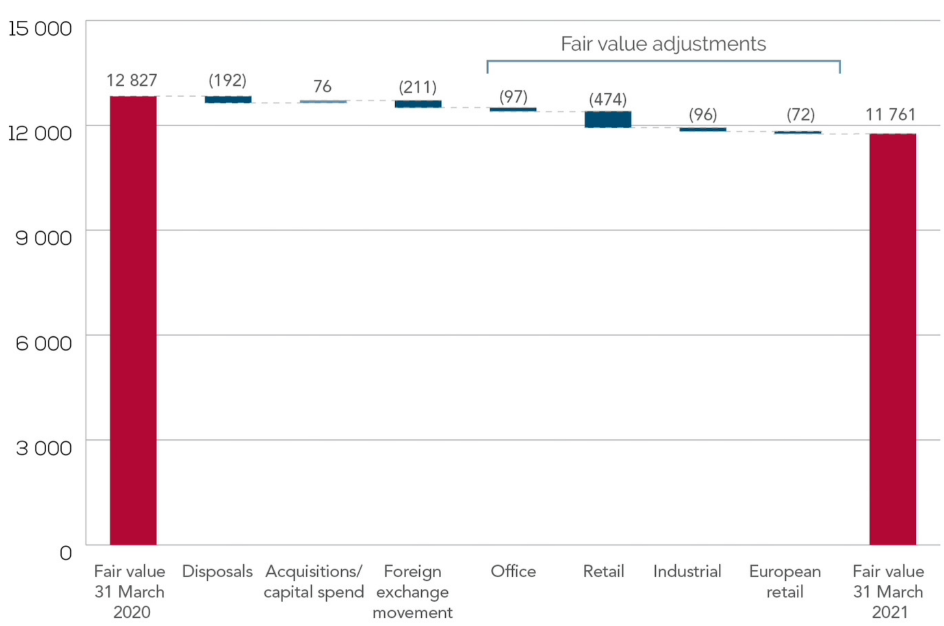
DIVIDEND REINVESTMENT (DRIP)

Accelerate remains committed to strengthening its financial position.

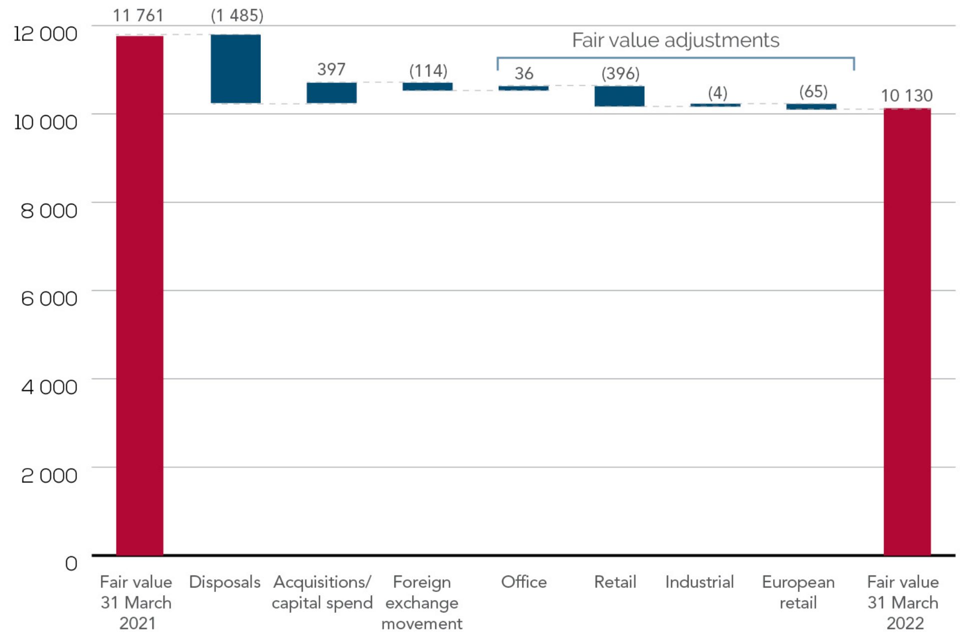
- In order to minimise cash outflow APF obtained irrevocable commitments from 83,5% of its shareholders to elect the dividend reinvestment alternative for the distribution declared
- This potential cash outflow is R24 million less than the certain tax outflow had the distribution not been declared

Valuations

Property valuation bridge 2021 (Rm)



Property valuation bridge 2022 (Rm) continued



2020

VALUATION WRITE-DOWN OF R1 BILLION WITH POTENTIAL COVID-19 EFFECTS AT TOP OF MIND

2021

ADDITIONAL VALUATION WRITE-DOWN R660 MILLION (31 MARCH 2021)

2022

VALUATIONS STABILIZED

OPERATING PERFORMANCE

Lease expiry profile and escalations

KEY TAKE AWAYS

- ✓ WALE decreased due to the sale of APF Europe
- ✓ Downward pressure on contractual escalations subsiding

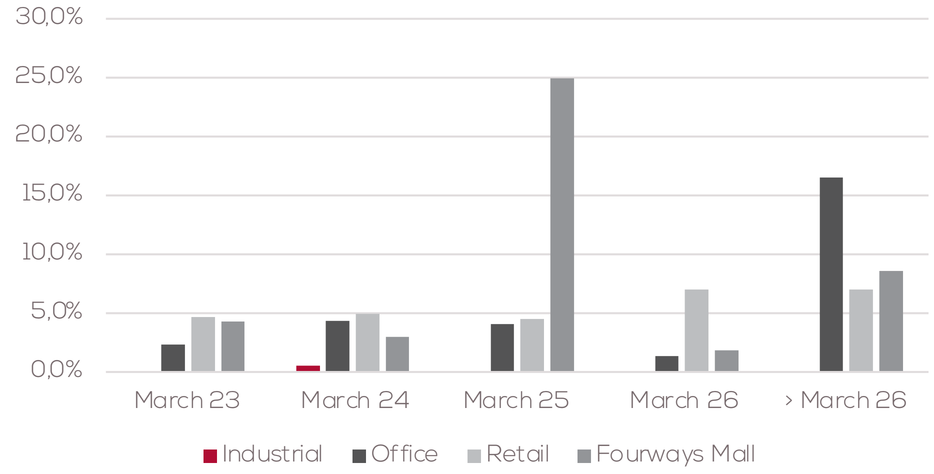
WALE

3,9 years
(2021: 6,1 years)

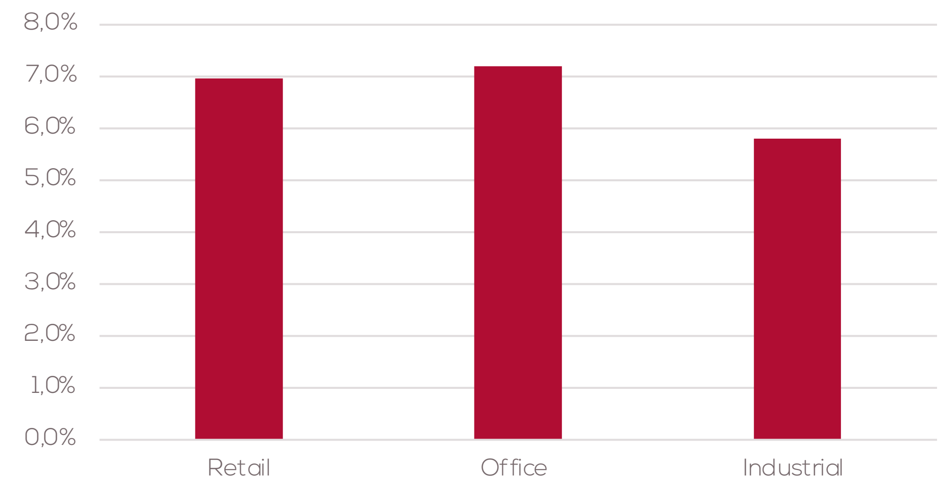
RENTAL ESCALATIONS

7,0%

Lease expiry profile by revenue



Contractual escalations (%)



Tenant retention and rental reversions

KEY TAKE AWAYS

- ✓ Retail rental beginning to stabalise
- ✓ Strong retail tenant retention
- ✓ B- and C-grade office remains under pressure

Tenant arrears (R'000)	120+ days	90 days	60 days	30 days	Total
31 March 2022	21 595	10 155	14 182	15 421	61 353

	Expired (m²)	Renewals (m²)	Retention ratio	Expired avg rental (R/m²)	New avg rental (R/m²)	Rental reversion (%)
Office*	8 586	5 963	69,4%	187,3	176,55	(5,8)
Retail	17 993	16 809	93,4%	283,5	263,33	(7,7)
Industrial**	17 828	8 802	49,3%	110,6	72,1	(34,8)

**The negative retention ratio is predominantly as a result of space given back at Pri-Movie Park due to the ongoing Ster Kinekor business rescue.*

***The industrial tenant retention ratio and rental reversion figures were predominantly as a result of 6 000 m² new vacancy at 8 Charles Crescent during the year. This lease was significantly above market at the time of expiry.*

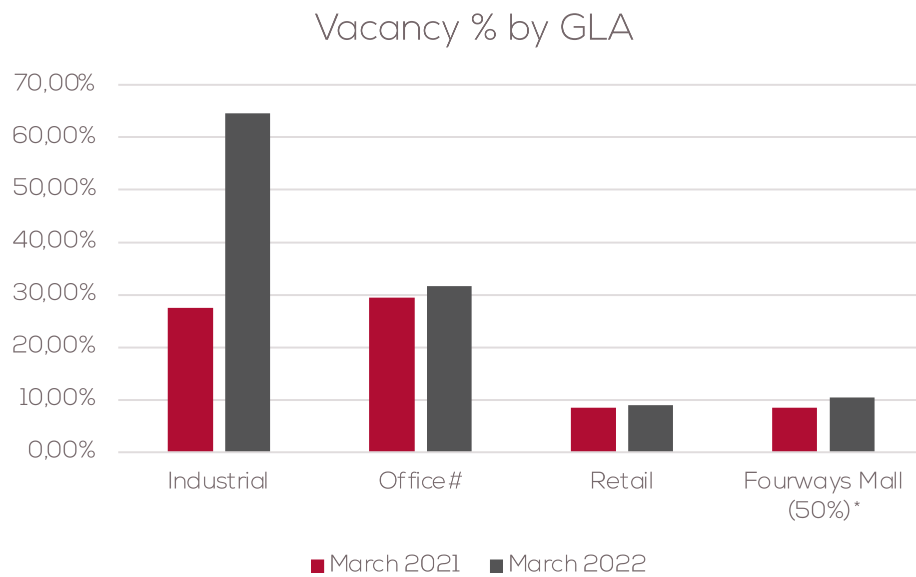
Vacancy profile

KEY TAKE AWAYS

- ✓ Overall vacancy % increased primarily due to the sale of the APF Europe portfolio which was fully let

VACANCIES

21,2% by GLA	9,1% by revenue



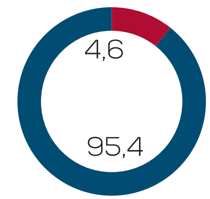
* Vacancies shown above exclude vacant areas under head lease at Fourways Mall.
\# The majority of the office vacancy relates to B- and C-grade properties and office space attached to neighbourhood centres.

APF TREASURY OVERVIEW

Debt facilities (overall fund level)

TOTAL DEBT	SHORT-TERM PORTION OF LONG TERM DEBT	DEBT HEDGED	LTV*
R4,5 billion (Sept 2021: R5,9 billion)	R648 million (Sept 2021: R1,64 billion)	70,8% (Sept 2021: 86,9%)	42,8% (Sept 2021: 47,8%)

Funding split (%)



- Other capital market funders
- Relationship funders (bank and DCM)

WEIGHTED AVERAGE SWAP TERM	BLENDED INTEREST RATE**	INTEREST COVER RATIO	UNDRAWN FACILITES	WEIGHTED AVERAGE DEBT TERM
2,3 years (Sept 2021: 2,2 years)	8,1% (Sept 2021: 7,4%)	2,1x (Sept 2021: 2,0x)	R223 million	1,6 years (Sept 2021: 1,6 years)

*Includes receivables from vendors.
** Includes the effect of interest rate swaps. Cost of funding increased due to the sale of Accelerate Europe.

Debt facilities
(Security SPV 1 – Accelerate listed debt SPV)

TOTAL DEBT

R3,1 billion
(Sept 2021: R3,3 billion)

WEIGHTED AVERAGE DEBT TERM

1,7 years
(Sept 2021: 1,5 years)

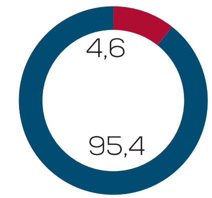
DEBT HEDGED

70,8%
(Sept 2021: 86,9%)

LTV

42,8%
(Sept 2021: 44,9%)

Funding split (%)



- Other capital market funders
- Relationship funders (bank and DCM)

WEIGHTED AVERAGE SWAP TERM

2,3 years
(Sept 2021: 2,2 years)

BLENDED INTEREST RATE*

8,1%
(Sept 2021: 7,8%)

INTEREST COVER RATIO

2,1x
(Sept 2021: 2,0x)

UNDRAWN FACILITES

R223 million

** Includes the effect of interest rate swaps.*

Debt expiry and hedging

KEY TAKE AWAYS

- R1,3 billion of capital market debt refinanced during the period
- Undrawn facilities of approximately R223 million
- Debt expiry profile has compressed due to shorter term lending as a result of COVID-19
- APF is currently engaging with all funders regarding the restructuring of the lending book in order to:

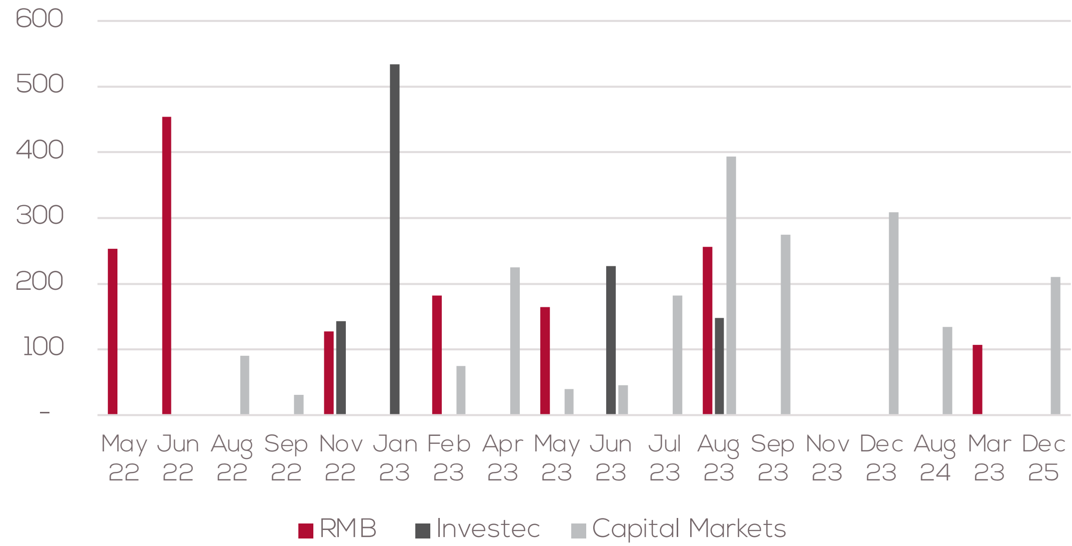
i. Ensure adequate covenant headroom

ii. Reduce all-in cost of funding

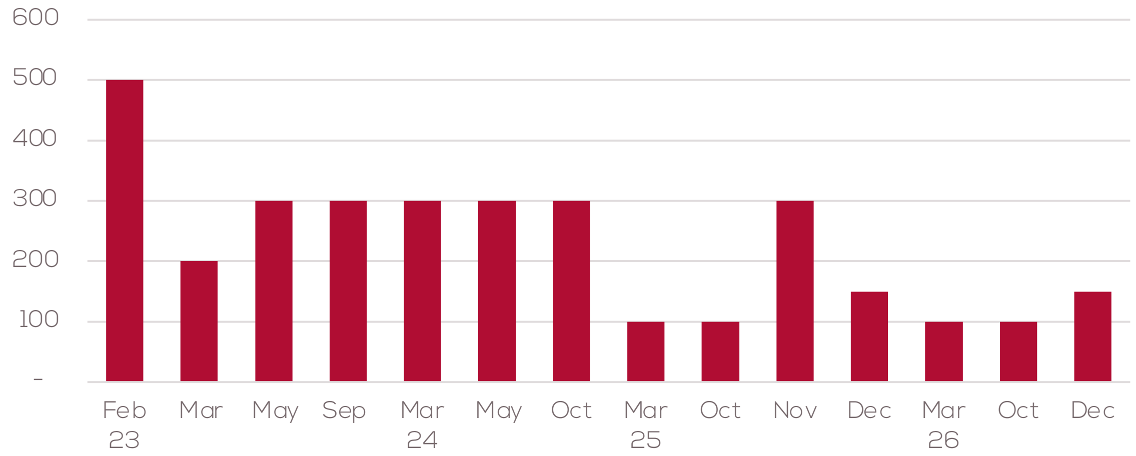
iii. Improve the weighted average debt expiry term by refinancing debt with 3 to 5 year terms going forward

- No interest rate swaps expiring in 2022
- % hedged to increase with the sale of non-core assets

Debt expiry profile (R'm)



SWAP expiry profile (R'm)



Funding goals

No.	Goal	Actions	Timing
1	ICR uplift through increasing income streams and improving collections	Detailed capital spend and leasing plan per asset	To be implemented over the next 12 to 18 months
2	Improvement of LTV and ICR through non-core asset sales	Non-core assets identified for disposal and being marketed	2022/2023 calendar years
3	Build up of cash reserves/undrawn debt to cater for all short-term debt expiries	(i) Minimising distribution outflow through a commitment from APF shareholders to a dividend reinvestment programme (ii) Secure new funding (iii) Improve underlying credit metrics	2022/2023 calendar years
4	Meaningful increase of weighted average debt expiry profile up to 3 years	Improved credit metrics through improved revenue streams, non-core asset sales and managing cost	2022/2023 calendar years
5	Reduction of funding margins to pre-COVID-19 levels	Improved credit metrics through improved revenue streams, non-core asset sales and managing cost	2022/2023 calendar years
6	Improved debt rating	(i) Improved credit metrics (ii) Improved headroom to covenants (iii) Reduction of refinance risk (iv) Reduction of cost of funding	Before 31 December 2022
7	Diversify funding base	(i) Improved credit metrics (ii) Improved headroom to covenants (iii) Reduction of refinance risk (iv) Reduction of cost of funding	December 2022

Increased cost of funding and impact of reduction

Current average cost of funding	
Average margin	3.0%

Pre -COVID	
Average margin	2.0%

Potential saving	(50 bps)	(100 bps)
Interest saving if funding costs decrease	22,868,990.79	45,737,981.59

ICR impact	(50 bps)	(100 bps)
SPV 1	0.16x	0.32x
Overall	0.15x	0.3x

- APF's cost of funding increased from an average margin of 200 bps above JIBAR to 300 bps above JIBAR during the COVID-19 pandemic
- As per the table above the impact of reducing the margin at which the Fund raises capital is significant

PORTFOLIO UPDATE

Portfolio overview post sale of APF Europe

	GLA	Value	Revenue
Retail	60,1%	70,9%	70,0%
Office	31,0%	27,6%	27,4%
Industrial	8,9%	1,5%	2,6%

Retail portfolio

KEY DEVELOPMENTS AND FOCUS AREAS

- Disposal of non-core assets. R284 million of non-core retail assets held for sale (over and above sales already concluded)
- The disposal of these assets will have an ICR impact of 0,1x and an LTV impact of 1,6%
- Leaping Frog sale concluded for R130 million and Corporate Park sale for R17 million
- Current focus is on defensive capex spend
- Re-purposing of space
- Grow storage offering
- Maximise non-GLA income
- Adapting to changing consumer behaviour, including online sales

CAPEX PLAN FOR THE YEAR ENDING 31 MARCH 2023

- FY 23 retail capex spend is focused on Fourways Mall, Cedar Square and Eden Meander

WALE

3,6 years

Fair value

R7,2 billion

(including bulk of R588 million)

Vacancy GLA*

8,9%

** Excluding space covered by the Fourways Mall headlease.*

Cedar Square

KEY DEVELOPMENTS

1. Pick n Pay: Major upgrade to a blue spec store supported by a new 10 year lease. This will have a significant impact on activating the surrounding area
2. Refurbishment of Virgin Active to new spec
3. Paddle court discussions far advanced
4. Williams Hunt Motor dealership 5 year renewal finalised
5. Storage offering doubled due to demand

FOCUS AREAS

- Increasing the entertainment and food offerings
- Implementation of solar
- Development of bulk
- Alternative uses for space

TRADING

- We have seen a return to pre-COVID-19 trading levels
- Year to date turnover growth 7% year-on-year

WALE

3,8 years

Fair value

R888 million

(including bulk of R242 million)

Vacancy GLA

8,2%

Eden Meander

KEY DEVELOPMENTS

- Clicks opened in April 2022 – vacancy to almost zero

FOCUS AREAS

- Development of adjacent land (under negotiation)
- Activating all areas in the centre with the strategic placement of anchor tenants
- APF exploring expanding footprint in this node

TRADING

- Year to date turnover growth 19,7%

WALE

3,1 years

Fair value

R500 million

(including bulk of R29 million)

Vacancy GLA

0,2%

Fourways Mall

TRADING

- Consistent improvement in trading densities (16% year-on-year)

LEASING

- Tenants that recently opened, include House & Home, Pep Home, Factorie, PQ among others
- JB Active (2 742 m^2) to open August 2022
- Kidzania Mexico delegation visited FWM in June 2022, plans and costing to be agreed

KEY PRIORITIES

- Investment in technology to track tenant behaviour and foot traffic
- Improve the food offering
- Re-balance tenant mix
- Improvement of façade, signage and way-finding
- Cater for the full LSM spectrum in our catchment area (higher LSM tenants)

INSURANCE CLAIM

- Legal process commenced
- Senior council engaged

WALE

3,9 years

Fair value (APF portion)

R4,6 billion

(including bulk of R148 million)

Vacancy GLA*

10,4%

* *Excluding space covered by the Fourways Mall headlease. 18.8% in total including headlease vacancy.*

Office portfolio

OVERVIEW AND KEY DEVELOPMENTS

- 87,5% of office portfolio consists A- and P-grade by revenue – performing well
- Vacancies predominantly in B- and C-grade offices – many of these properties are currently held for sale/redevelopment
- Vacancies have been reduced in the B-grade space in the Cape Town Foreshore
- A new lease has been concluded with OZOW at Portside for an entire floor plate reducing the vacancy to under 5%

FOCUS AREAS

- Attracting and retaining quality tenants
- Tailored upgrades and enhancements to existing assets
- Reduce existing vacancies/repurpose space
- Sale of non-core assets

Core office portfolio	WALE	% of total office net income
Oceana House	4,60	7,3%
Thomas Pattullo Building	1,50	4,0%
Portside	3	23,1%
CITI bank	5	11,3%
KPMG Crescent	7,5	38,4%
KPMG Polokwane	7,5	2,3%
KPMG Secunda	7,5	1,0%
Total		**87,5%**

WALE
5,2 years

Fair value
R2,8 billion
(including bulk of R325 million)

Vacancy GLA*
29,5%

** 8,2% by revenue due to the B- and C-grade nature of the current vacancies.*

CONCLUSION

Conclusion

COVID-19

- We have seen our smaller regional and neighbourhood/ convenience centres trading return to pre-COVID-19 rental levels
- Minimal COVID-19 relief to tenants is expected going forward
- B- and C-grade office space and the "new normal" for office demand remains a concern

FOURWAYS MALL

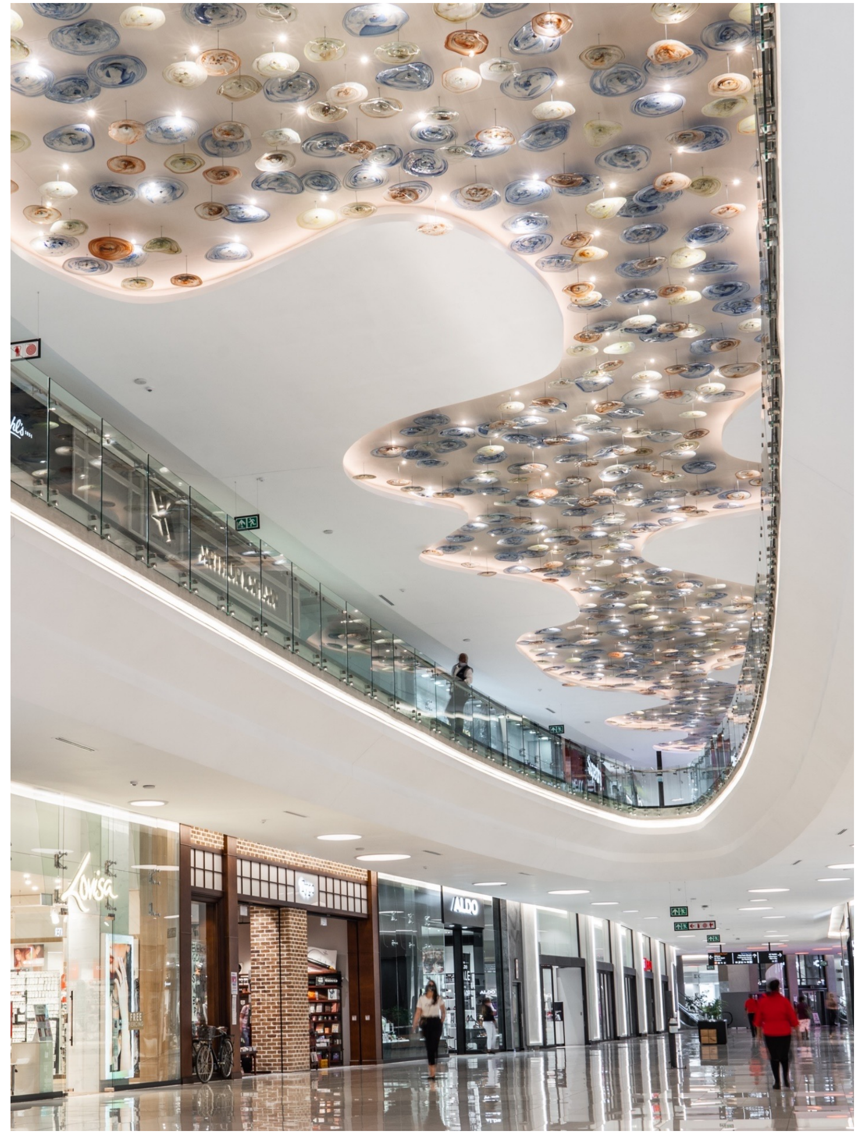
- We are encouraged by the 16% year-on-year growth in trading figures at Fourways Mall
- The continued improvement of trading and revenue flowing from the mall remains a key priority for the owners

BULK

- The monitising of assets including available bulk remains key to improving income and revenue streams

OTHER CORE ASSETS

- Sufficient capital spend is required to ensure assets are performing optimally
- This will be funded by debt and proceeds from non-core asset sales



Conclusion

STRENGHTENING OUR FINANCIAL POSITION

- Remaining R763 million of non-core assets still to be disposed of
- Proceeds to be utilised to reduce debt and reinvest in core assets

TREASURY

- Improving revenue streams as well as non-core asset sales remain key to improving overall treasury metrics
- Interest rate hedging remains difficult. The Fund is currently 70,8% hedged. This will increase with the disposal of non-core assets. Taking out new swaps remains difficult in the current environment, however no swaps are expiring for the remainder of 2022
- Accelerate is continuously engaging with funders to increase the overall term of debt as well as cost of funding
- Undrawn facilities of R223 million

THANK YOU

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