



Accelerate Property Fund Limited
(Incorporated in the Republic of South Africa)
(Registration No 2005/015057/06)
JSE code: APF
ISIN code: ZAE000185815
(REIT status approved)
("Accelerate" or "the Fund")

ACCELERATE CONTINUES ON ITS UPWARD TRAJECTORY

- 22.17% return on equity on an annualised basis
- 26,62 cents distribution per share
- 10.93% year-on-year distribution growth
- Vacancies down from 8.81% to 6.69% for the six months ended 30 September 2015
- Fourways expansion and redevelopment commence; no development risk to Accelerate

Tuesday, 17 November 2015 – Accelerate Property Fund, the JSE listed Real Estate Investment Trust with significant exposure in the dynamic Fourways node, Johannesburg, today reported strong interim results despite a challenging economic environment.

Accelerate reported year-on-year distribution growth of 10.93%, translating into a distribution per share of 26,62 cents, up from 23,99 cents in the comparative reporting period.

“The solid growth in distribution is mainly as a result of the team’s continued focus on extracting maximum value from our retail centres by reducing vacancies, optimising the tenant mix and remaining hawkish on costs.

“At the same time, we continue to identify and acquire good quality assets in accordance with our strategy during the reporting period,” commented Andrew Costa, Chief Operating Officer of the Fund.

Accelerate’s portfolio increased by 38% from R5.5 billion at the time of listing on 12 December 2013 to R7.6 billion at the end of the reporting period, mainly as a result of the R850 million KPMG acquisition. The number of properties in the portfolio also increased from 51 at listing to 57.

Net cost-to-income increased from 14.6% to 17.93% year-on-year, mainly as a result of tenant installation related to the KPMG acquisition.

During the reporting period Accelerate refinanced debt of R452 million through the debt capital markets, extending the fund’s weighted average loan term to 3.9 years compared to 2.9 years at 31 March 2015. 76.8% of the Fund’s total outstanding debt is fixed at a weighted cost of 7.88%. Gearing increased from 35.23% at the end of the prior reporting period to 39.12%, mainly as a result of the KPMG transaction. Although the loan to value ratio may exceed the 40% benchmark in the short-term, management targets a range of 35% in the medium to longer term.

The focus on tenant optimisation and letting activity resulted in vacancies reducing to 6.69% from 8.81% whilst the weighted average lease period improved from 2.87 to 4.56 years during the reporting period. If planned vacancies are excluded, actual vacancies reduced to 5.46%.

“We are cognisant of the weak economic outlook in South Africa with depressed GDP numbers, however, our portfolio has remained resilient given its quality and the strategic location of its core properties,” said Costa.

The redevelopment and expansion of the Fourways development commenced during the reporting period. Approximately 90 000 m² of retail space will be added, creating one of the largest malls in Africa. The development is undertaken outside of Accelerate and as such the Fund carries no development risk.

“Our 50% stake in the completed super regional shopping centre will be a game changer for the Fund and the catalyst to taking the Fourways node to the next level,” Costa commented.

Accelerate announced the acquisition of approximately 50% of the premium grade Portside office building in Cape Town. The acquisition provides the Fund exposure to high quality offices in a strategic node and was acquired from Old Mutual Life Assurance Company (South Africa) Limited for a total purchase consideration of R840 million and is expected to be finalised early in 2016.

“Notwithstanding the headwinds facing our economy, we are pleased with our ability to enhance the Fund through quality strategic acquisitions whilst at the same time optimising returns by reducing vacancies and maintaining strong escalations,” concluded Costa.

- Ends -

ENQUIRIES

Accelerate Property Fund

Andrew Costa – Chief Operating Officer
John Paterson - Director

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NOTE TO THE EDITOR:

Accelerate Property Fund that listed on the JSE main board in December 2013, offers investors the opportunity to own a portfolio of 57 well-established, high-quality properties across South Africa, including ownership of two prominent regional shopping centres, Fourways Mall and Cedar Square. Exciting growth prospects include the right to own 50% in the Fourways Mall, a super-regional centre upon its completion.

Accelerate's superior property portfolio has been valued at R7,65 billion and comprises a total gross lettable area (GLA) of 488 040 m² consisting of 59% retail space, 26% office space, 12% industrial and a 3.0% specialised auto dealership component.

Leadership and Management Team

Accelerate Property Fund is run by a team of well-respected property professionals. They have intricate knowledge of the property sector and an excellent reputation in the industry.

Executive directors:

Michael Georgiou (CEO)

Andrew Costa (COO)

John Paterson

Dimitri Kyriakides (CFO)

Non-executive directors

Mr. Tito Mboweni

Dr. Gert Cruywagen

Mr. John Doidge

Mr. Tim Fearnhead

Ms. Kolosa Madikizela

Prof. Francois Viruly