

# Accelerate's performance outstrips forecast

Retail-focused Accelerate Property Fund, whose flagship property is Johannesburg's R2bn Fourways Mall, has released its maiden results for the year to March ahead of its pre-listing forecast.



Accelerate's Michael Georgiou says the expansion of Fourways Mall is already 70% let even though work will only start towards the end of this year. Image: Accelerate

The company declared an income distribution of 13.77289c per share, marginally higher than the forecast of 13.71818c per share. Profit after tax amounted to R552.8m, considerably higher than the prelisting forecast of R123m.

Management said the variation is largely a result of a fair value adjustment to the fund's property portfolio. The year under review incorporates the four-month trading period since Accelerate's listing in early December.

Although Accelerate garnered plenty of market support before its JSE debut, raising a substantial R1.9bn in a private placement, the stock has underperformed the property sector in terms of share price growth in the year-to date.

Chief Executive Michael Georgiou said that investors had probably adopted a wait-and-see approach given that the fund was an unproven entity and new to the listings sector. "However, the fact that we have delivered on our performance forecast has hopefully pleased the market. The fund is now well-positioned to create shareholder value as we unlock our future growth."

He noted that construction in the redevelopment of the Fourways Mall is set to start in the first quarter of next year. The massive 90,000m<sup>2</sup> extension will take the centre to 175,000m<sup>2</sup>, positioning it as one of the country's largest malls.

Georgiou said despite mounting pressure on consumer spending, it appeared that retailers still have appetite to increase

their store space, with Fourways Mall tenants having signed up for 70% of the additional area. Management is also in talks with a number of international retailers who are keen to set up shop in the extended mall.

Accelerate's R6.15bn property portfolio includes other Fourways shopping centres such as Cedar Square, Fourways View, The Buzz Shopping Centre and the Leaping Frog.

The company also has first right of refusal on the development pipeline of the Bloemfontein-based Georgiou family, one of the largest private property owners in SA. This includes an option to buy a 50% undivided share in the Loch Logan Waterfront development in Bloemfontein, the largest shopping centre in central SA.

Georgiou said Accelerate has a strong balance sheet, with 90% of its debt fixed for three years at an all-in cost of only 7.1%.

Source: Business Day via I-Net Bridge

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