




ANNEXURE A

POTENTIAL ACCELERATE ASSET MANAGEMENT AND DEAL PIPELINE OPPORTUNITIES

Progress on execution	Initiation 	Advanced 	Well advanced 			
Strategic sales	Buzz bulk* Description: Sale/joint venture on bulk for residential development (agreements signed and CPs in process)	BEE deal* Sale of non-core assets approximately R500 million x 2 Drafting legals on first deal	Ongoing sales* Ongoing sale of remaining non-core properties (continuous)			
Developments	Eden Meander expansion Description: Retail development (funded)	Fourways View redevelopment Description: Retail development (funded)	BMW bulk Description: Motor dealership	Charles Crescent Description: Transformative potential mixed use and/or residential joint venture	Foreshore commercial Description: Long-term lease, blue chip	Foreshore Residential/Hotel Description: residential/hotel
Equalisation	Fourways equalisation Approximate value – R1,1 to R1,2 billion Yield – 8% (market-related yield approximately 6,5%) Description – super-regional retail					

* Proceeds to be used to lower LTV and/or fund developments/share buy backs/Fourways equalisation.

The information contained in this slide has not been reviewed or reported on by the company's auditors and may vary dependent on, inter alia, market conditions and opportunities.



Aerial photo of Fourways Mall redevelopment before and current

Despite a renewal of positive sentiment in early 2018, the South African economy is now in recession. The property sector, in particular, is under significant pressure due to the tough market conditions, with little or no improvement in property fundamentals.

Given this economic backdrop, our focus on tenant retention and protecting our income stream is imperative.

Post-March 2018, portfolio vacancies have remained relatively stable. However, rentals and renewal rates are under real pressure. Post-year-end, the Fund saw negative rental reversions of 4% on renewals. This trend is expected to continue given the current operating environment. The net cost-to-income ratio

remains constant at approximately 15% to 16%. Arrears remain relatively stable, and our portfolio weighted average lease expiry remains defensive, in excess of five years.

The management team continues to focus on the following three main priorities for the 2019 financial year:

1. **The Fourways Node:**
 - a. Completion of the super-regional development
 - b. Equalisation
2. **Reducing gearing levels and other balance sheet optimisation**
3. **Extracting maximum value from the portfolio**

1. FOURWAYS NODE

a. Completion of the Super-Regional Development:

The super-regional is near completion. Salient facts:

- Construction commenced during August 2015.
- Anticipated opening date is April 2019.
- Approximately 450 stores.
- The centre's gross lettable area (GLA) will be approximately 178 000 m² (excluding Leroy Merlin's flagship store which is separately developed and owned). Leroy Merlin stores are DIY hypermarkets established near urban areas. There are four main departments (DIY, building, décor and gardening) offering a range of products tailored to customers' needs.
- Estimated GLA on completion, including Leroy Merlin and bridge link, will be more than 200 000 m².
- Roadworks:
 - Most of the approximate R400 million roadworks funded by the developer are complete. The new dual carriageway on Cedar Road is open, significantly improving traffic flow in the area
 - The new slipway off Cedar Road has increased accessibility to the existing Fourways View Centre
 - The access and slipway/flyover off Witkoppen Road is almost complete
 - The access slipway from William Nicol onto the rooftop of the North East Parkade is near completion
- Some big box sizes:
 - Leroy Merlin – 17 000 m²
 - KidZania – 8 500 m²
 - Fun Company – 1 350 m² (already trading)
 - Bounce Flagship store – 4 700 m² (already trading)
 - Pick n Pay – 2 813 m²
 - Checkers – 7 770 m²
 - Woolworths – 11 493 m²
 - Dischem – 2 050 m²
 - H&M – 2 677 m²
- Parking bays:
 - 3 000 new parking bays are already available, with a total of 8 286 bays due for completion after the extension with the North East Parkade, which hosts 3 500 bays
 - The North East Parkade was named a Trophy Winner in the category "Engineering Excellence – Building Elements" by the Concrete Manufacturing Association's 2018 Awards for Excellence programme
 - Additional parking bays are opening on a regular basis
- Construction workforce of between 12 000 and 13 000 workers during the project.
- 21 cranes working across the project.

- Unique offerings such as KidZania and Bounce Inc will differentiate the mall from its competitors and bring the concept of "shoppertainment" to the South African market.
- Leroy Merlin's head office will be based opposite Fourways Mall and represents the start of a formalised head office node within Fourways.

b. Equalisation:

Background:

- Accelerate owns existing properties forming part of the Fourways redevelopment (existing GLA before development).
- The developer is building additional GLA (new GLA) independently outside of Accelerate.
- In basic terms, upon completion of the development, the one-year forward revenue of the existing GLA (owned by Accelerate) and the new GLA (owned by the developer) will be equalised so that each owns 50% of the forward revenue of the completed Fourways Mall (existing GLA and new GLA).
- It is envisaged that, at the date of completion, Accelerate (existing GLA) will contribute approximately 40% of the combined total revenue and the new GLA will contribute 60%.
- Accelerate shareholders exercised their option to acquire an amount of the new GLA revenue required for a 50% shareholding.
- The acquisition will have a yield of 8% on projected income, resulting in an approximate purchase price of R1.2 billion (depending on ultimate revenue streams). We are confident in our ability to fund it.

2. BALANCE SHEET OPTIMISATION

Accelerate looks to add quality defensive properties to its portfolio, as opposed to high-yielding, inferior properties. Since listing (December 2013), this strategy has resulted in several exceptional properties being acquired: CitiBank's A-grade office in Sandton; KPMG's A-grade head office in Gauteng; Eden Meander retail convenience centre (31,325 m² post an extension) in George; Portside (approximately 50%) P-grade office in Cape Town Foreshore; and an offshore retail portfolio backed by a leading DIY retailer OBI, predominantly in Austria.

These properties, together with the existing portfolio, including: Fourways Mall, Cedar Square and our A-grade Foreshore office properties, anchor the Fund into the future. The acquisitions contributed to the Fund's loan-to-value (LTV) growing above the targeted 35%/40% level.

Given this, and the upcoming equalisation, the Fund has embarked on projects to reduce gearing levels while protecting income and the overall defensive nature of the portfolio (See Annexure A).



Figure 2: Tiger's Milk, Laurentina, Smoke Daddy's & Sofaworx (new tenants) at Cedar Square (https://www.instagram.com/cedar_square/)

DEBT AND SWAP EXPIRY MANAGEMENT

We have reached agreement on the refinance of the August and October 2018 debt. The lenders of the debt expiring in December have indicated their intention to refinance the debt.

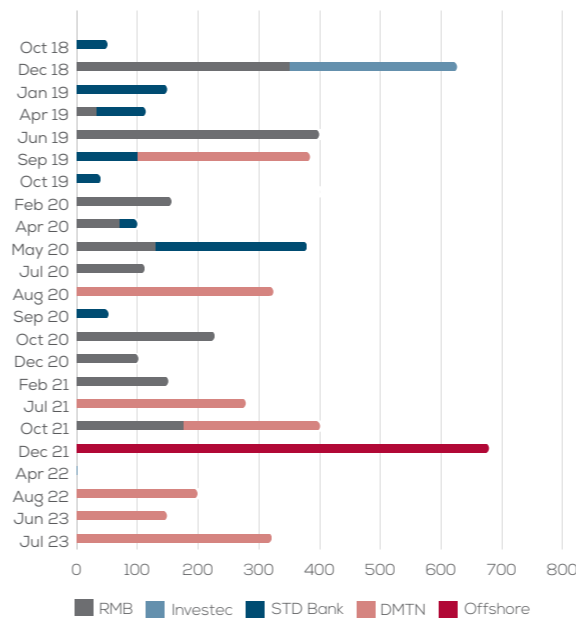


Figure 3: Debt expiry profile (R'm)

Replacement swaps to the value of R400 million were taken out in May 2018. To manage the expiry of the large swap falling due in March 2019, the Fund is currently 97% hedged. The Fund's total all-in cost of funding is approximately 8.5%.

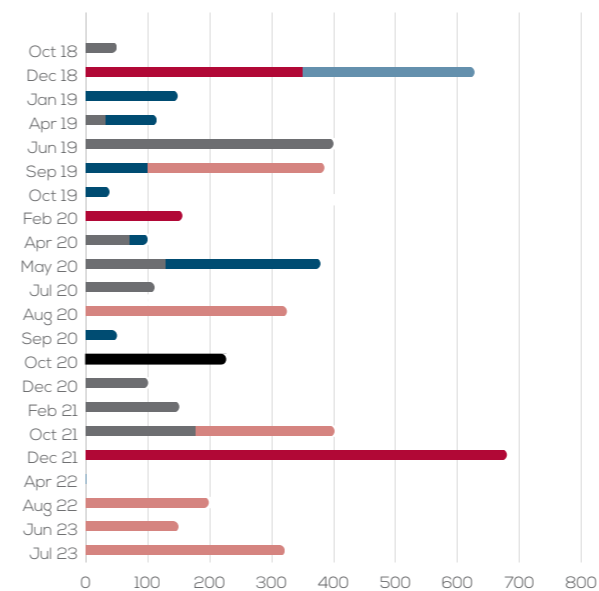


Figure 4: Swap maturity profile (R'm)

3. PORTFOLIO OPTIMISATION

In these trying economic times the Fund continues to focus on costs management and identifying and maximising alternative but sustainable revenue streams, such as:

- non-GLA revenue;
- renewable energy revenue;
- advertising revenue; and
- development returns.

As the Mall nears completion, tenant demand in the node has increased, examples include:

- Fourways View: Pet World, the largest pet store in Northern Johannesburg (655 m²) (<http://petworld.co.za/>); and Westpack (<https://www.westpacklifestyle.co.za/>) (2 450 m²).
- Cedar Square: Woolworths (additional 3 000 m² of GLA) in July 2017; Smoke Daddy's (414 m²); Laurentina (354 m²); Tiger's Milk (728 m²); and Sofaworx (637 m²).

OVERVIEW

The finalisation of the Fourways Mall development is imminent and will serve as a catalyst for the Fund into the future by providing strong, predictable revenue streams. However, against the backdrop of the current recessionary environment, the trend of negative rental reversions and unexpected excessive property rates increases, a substantial portion of which may not be recoverable from tenants, we expect distributions for the financial year ending 31 March 2019 to be under pressure with dividend growth within a range of -2% to -5%.

Current market conditions are clearly challenging; however, given the quality of assets acquired/developed by the fund, together with an attractive pipeline of approximately R1 billion of prime logistics portfolio, a 50% undivided share in the Loch Logan shopping centre and a scalable hard currency offshore platform, the medium-term outlook remains extremely positive.

ONGOING CORPORATE GOVERNANCE

Corporate governance is rightly in the market spotlight. For Accelerate, this continues to be a key focus. The Board oversees processes that ensure each business area and all our employees are responsible for acting in accordance with sound corporate governance principles in their relationships with management and all stakeholders.

The independent non-executive directors have a diverse and balanced skills base including:

- Property experience
- Finance
- Auditing
- Risk
- Corporate governance
- Legal

When necessary independent board members have actively engaged with stakeholders to garner first hand input and protect the interests of the company.

KPMG UPDATE

We are in regular contact with KPMG management and remain confident of their ongoing ability to perform fully in terms of their lease. All rentals are up to date and the Pretoria office (not owned by Accelerate) is being consolidated into the Johannesburg office. This was confirmed as recently as September 2018 during a meeting between our Chairman and COO, and their senior executive management team.

The tenants under the KPMG lease agreement are collectively KPMG Inc and KPMG Services Pty Ltd. The professional partnership was incorporated in terms of section 19(3) of the Companies Act. As such, all directors and past directors of KPMG Inc are jointly and severally liable, together with KPMG Inc, for any debts and liabilities contracted during their respective periods of office.

It is our understanding that KPMG International provides significant support to South African operations.

OFFSHORE UPDATE

The offshore portfolio continues to perform comfortably within expected parameters (approximately 10% of total revenue). The investment has proven to be defensive and is an important revenue diversification for Accelerate.

