

ACCELERATE PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number 2005/015057/06)
Share code: APF ISIN: ZAE000185815
("Accelerate" or "the Company")
(Approved as a REIT by the JSE)

ACQUISITION OF VARIOUS PROPERTIES

A. INTRODUCTION

Accelerate is pleased to announce that it has agreed terms with the relevant vendors (set out below) for the acquisition of two property portfolios comprising of the following immovable properties and letting enterprise businesses:

Portfolio 1

- Ptn 1 of Erf 53, Eastgate Township and Ptn 7 (a portion of Erf 5) of Erf 53, Eastgate Township ("**the Ellerine Furnishers Letting Enterprise**");
- Erf 30, Steeledale Township ("**the Accentuate Letting Enterprise**");
- Erf 315 Eastgate Ext 4 Township ("**the MB Technologies Letting Enterprise**");
- Erf 5880 Pietersburg Township ("**the Edgars Letting Enterprise**");
- Erf 3182 Bryanston Ext 7 Township, Erf 4146 and 4147 Bryanston Ext 13 Township ("**the Bryanston Lodge Letting Enterprise**"); and
- Erf 3746 & Erf 3747 North End Township, Port Elizabeth ("**the Pick 'n Pay Letting Enterprise**");

(the "**Portfolio 1 Acquisition**");

Portfolio 2

- Erf 4687 and Erf 4912 Montague Gardens ("**the Shoprite Distribution Centre**") (the "**Shoprite Acquisition**");

(collectively the "**Property Acquisitions**").

B. RATIONALE

The Property Acquisitions are consistent with Accelerate's strategy to build a quality property portfolio that offers long-term distribution and capital growth underpinned by strong underlying contractual cash flows. It presents an opportunity for Accelerate to:

- purchase a sizeable property portfolio with long-term leases underpinned by single tenants;
- whilst still maintaining its strong retail bias, increase its portfolio weighting within the industrial sector and improve its geographical spread;
- further increase its presence in specific strategic nodes – the Ellerine Furnishers Letting Enterprise and MB Technologies Letting Enterprise are within the Charles Crescent precinct, a strategic node identified by Accelerate; and
- increase the potential development/re-development opportunities available to it.

Details pertaining to the Property Acquisitions are set out in Sections C and D below. The aggregate purchase consideration for the Property Acquisitions is R615 million.

The Portfolio 1 Acquisition and the Portfolio 2 Acquisition are not conditional on each other and constitute two separate transactions.

The acquisition of the separate letting enterprises constituting the Portfolio 1 Acquisition, set out in Section A, are each independent acquisitions which are not linked to each other and the transfer of each letting enterprise may take place independently of each other.

C. PORTFOLIO 1 ACQUISITION

1. OVERVIEW OF PORTFOLIO 1 LETTING ENTERPRISES

Portfolio 1 consists of six single-tenanted buildings with long term lease profiles in excess of five years for five of the six letting enterprises.

Accelerate has agreed the terms, on an exclusive basis, with the vendors (set out in the table below), to acquire the six properties together with all leases and assets, forming necessary parts of the letting enterprises as a going concern. The details of the Portfolio 1 Acquisition are set out below:

Property (Letting Enterprise)	Seller	Location	Description	Purchase consideration (Rmil)	GLA (m ²)	Net Income (PA) Rmil	Yield (%)	Gross rental per m ² (R/m ²)	Lease Expiry
Ellerines ¹	Amnem Investments (Pty) Ltd	Charles Crescent Eastgate, Sandton, Johannesburg	B+ grade office with onsite parking	150.00	9,074	13.70	9.13	134.79	31/03/19
Accentuate ²	Gsix Props (Pty) Ltd	Steeldale, Johannesburg	Industrial complex housing	87.00	12,000	8.65	9.95	66.59	30/10/20

Accentuate companies									
MB Technologies ³	Jason & Amy Property Developing (Pty) Ltd	8 Charles Crescent Eastgate, Sandton, Johannesburg	Modern warehouse building with offices	97.00	6,000	8.24	8.50	115.3	21/10/21
Edgars ⁴	Jason & Amy Property Developing (Pty) Ltd	Pietersburg	CBD double story retail with street frontage	45.00	4,500	3.85	8.55	79.2	31/10/20
Bryanston Lodge ⁵	KOPF Electronics CC	Bryanston, Johannesburg	Residential retirement lodge with future development potential	32.00	12,000	2.63	8.22	19.2	31/01/23
Pick 'n Pay ⁶	Silver Blade Investments 17 (Pty) Ltd	North End, Port Elizabeth	Modern distribution centre	57.00	7,983	5.78	10.14	55.83	28/02/20
				468.00	51,557	42.90	9.16		

Notes:

All Letting Enterprises are single tenanted buildings with zero vacancies.

1. The Ellerine Furnishers Letting Enterprise lease escalates at 8% per annum and has 4 years and 4 months remaining on such lease, which terminates on 31 March 2019. The seller will provide a head lease on the same conditions as the existing Ellerines lease for a period of not less than two years from transfer of the Ellerines Furnishers Letting Enterprise to Accelerate. As additional security, the seller will pledge R30mil of Accelerate ordinary shares of no par value ("Accelerate Shares") that it receives as part settlement of the purchase consideration, which pledge will be released once all obligations have been met.
2. The Accentuate Letting Enterprise lease escalates at 6% per annum and has 5 years and 11 months remaining on such lease, which terminates on 30 October 2020.
3. The MB Technologies Letting Enterprise lease escalates at 8% per annum and has 6 years and 11 months remaining on such lease, which terminates on 31 October 2021.
4. The Edgars Letting Enterprise lease escalates at 6% per annum and has 5 years and 11 months remaining on such lease, which terminates on 31 October 2020.
5. The Bryanston Lodge Letting Enterprise lease escalates at 8% per annum and has 8 years and 2 months remaining on such lease, which terminates on 31 January 2023.
6. The Pick 'n Pay Letting Enterprise lease escalates at 6.5% per annum and has 5 years and 3 months remaining on such lease, which terminates on 28 February 2020

The effective date of the Portfolio 1 Acquisition will be the date of transfer of each of the letting enterprises comprising the Portfolio 1 Acquisition into the name of Accelerate, which will occur after the fulfillment of the conditions precedent set out in paragraph 3 below (the "Effective Date").

The above costs exclude third party and necessary regulatory costs relating to the fulfilment of these transactions.

2. PROPOSED FUNDING OF THE PORTFOLIO 1 ACQUISITION

The purchase consideration of R468 million will be settled as follows:

- On the Effective Date of the Portfolio 1 Acquisition, Accelerate will settle the outstanding mortgage bonds totaling (approximately R170 million as at the signature date of the Portfolio 1 Acquisition – being 19 November 2014 in cash (through debt facilities and/or Accelerate shares by way of a vendor placement), (“**Cash Consideration**”); and
- The balance of the purchase consideration of approximately R298 million shall be settled by the allotment and issue of new Accelerate Shares to the vendors (at an issue price being the 30 day volume weighted average price (VWAP) of Accelerate Shares immediately preceding the Effective Date) to the sellers (“**Share Consideration**”).

3. CONDITIONS PRECEDENT TO THE PORTFOLIO 1 ACQUISITION

The Portfolio 1 Acquisition is subject to the fulfillment of, *inter alia*, the following conditions precedent:

- a) If Accelerate chooses to utilise debt facilities for the Cash Consideration, Accelerate obtaining the necessary funding from a registered bank or financial institution to settle the Cash Consideration;
- b) Accelerate shareholder approval for placing additional Accelerate Shares under the control of Accelerate’s directors for the allotment and issue of new Accelerate Shares to settle the Share Consideration; and
- c) approval by the Competition Authorities of the acquisition of the Ellerine Furnishers Letting Enterprise, the Accentuate Letting Enterprise and the MB Technologies Letting Enterprise.

4. CATEGORISATION

The Portfolio 1 Acquisition represents greater than 5% of Accelerate’s market capitalisation in terms of the Listings Requirements of the JSE (“**JSE Listings Requirements**”), and accordingly will be classified as a Category 2 transaction.

D. SHOPRITE ACQUISITION

1. THE SHOPRITE LETTING ENTERPRISE

Accelerate has agreed the terms, on an exclusive basis, with C-Max Investments 300 Proprietary Limited to acquire the Shoprite Distribution Centre, situated in Montague Gardens, Cape Town, together with all leases and assets, forming necessary parts of the letting enterprise as a going concern (the “**Shoprite Letting Enterprise**”)

The Shoprite Letting Enterprise is a well located multipurpose property with good facilities. The Shoprite lease has 2 years and 3 months remaining on such lease, which terminates on 28 February 2017. Shoprite also has an additional three year option.

The effective date of the Shoprite Acquisition will be the date of transfer of the Shoprite Letting Enterprise into the name of Accelerate.

The details of the Shoprite Letting Enterprise are set out below:

Property (Letting Enterprise)	Seller	Location	Description	Purchase consideration (Rmil)	GLA (m ²)	Net Income (PA) Rmil	Yield	Gross rental per m ² (R/m ²)	Lease expiry
Shoprite	C-Max Investments 300 (Pty) Ltd	Montague Gardens, Cape Town	Modern distribution centre with coldroom facilities	147.00	26,135	20.30	13.81	60.85	28/02/2017

The above costs exclude third party and necessary regulatory costs relating to the fulfilment of this transaction.

2. PROPOSED FUNDING OF THE SHOPRITE ACQUISITION

The purchase consideration of R147 million will be settled fully in cash (through a combination of Accelerate shares by way of a vendor placement and/or debt facilities) on the date of registration of transfer of the Shoprite Letting Enterprise into Accelerate's name.

3. CONDITION PRECEDENT TO THE SHOPRITE ACQUISITION

The Shoprite Acquisition is subject to *inter alia* the approval by the Competition Authorities.

4. CATEGORISATION

As the Shoprite Acquisition represents less than 5% of Accelerate's market capitalisation in terms of the JSE Listings Requirements, the disclosure contained in paragraph 1 above is voluntary.

E. INDEPENDENT VALUATIONS OF THE PROPERTY ACQUISITIONS

The board of directors of Accelerate (the "Accelerate Board") is satisfied that the values of each of the Property Acquisitions are in line with the purchase prices being paid by Accelerate. The Accelerate Board is not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No 47 of 2000.

F. FINANCIAL INFORMATION

The financial forecasts of the Property Acquisitions, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the Accelerate Board and have not been reviewed or reported on by the reporting accountant in terms of section 8 of the JSE Listing Requirements.

The forecast financial information presented in the table below has been prepared in accordance with the Company's accounting policies and in compliance with IFRS. The financial forecasts, for each of the Portfolio 1 Acquisition and the Shoprite Acquisition, for the year ending 31 March 2015 and for year ending 31 March 2016 have been prepared on the assumption that the Property Acquisitions are implemented with effect from 1 December 2014.

Rmil	31 March 2015 ¹			31 March 2016 ²		
	Portfolio 1 Acquisition	Shoprite Acquisition	Total	Portfolio 1 Acquisition	Shoprite Acquisition	Total
Revenue	15.27	6.50	21.77	46.28	20.85	67.14
Property expenses	(0.64)	-	(0.64)	(1.91)	-	(1.91)
Net property income	14.63	6.50	21.13	44.37	20.85	65.23
Finance cost ³	(5.22)	(1.64)	(6.86)	(15.65)	(4.92)	(20.57)
Net profit after tax	9.41	4.86	14.27	28.72	15.93	44.66
New shares issued (mil)	16.81	4.92	21.7	50.44 ⁴	14.75 ⁵	65.1
Distribution per new share issued (cents)			65.78			68.60

Assumptions:

- 1) 31 March 2015 numbers have been apportioned for 4 months
- 2) The financial forecasts are based on signed lease agreements and do not contain uncontracted revenue
- 3) Indicative cost of funding assumed at approximately 8.2% per annum
- 4) It is assumed that the purchase consideration of R468 million for the Portfolio 1 Acquisition will be settled by cash of R170 million (funded through debt facilities) and the balance of R298 million by the allotment and issue of 50.4 million new Accelerate Shares (issued at the 30 day VWAP of R5.91)
- 5) It is assumed that the purchase consideration of R147 million for the Shoprite Acquisition will be settled by cash of R60 million (funded through debt facilities) and the balance of R87 million by the allotment and issue of 14.7 million new Accelerate Shares

G. CIRCULAR

A circular detailing the Property Acquisitions and including a notice of a general meeting for the approval from Accelerate shareholders to place additional unissued authorised Accelerate shares under the control and authority of the Accelerate Board, who will be authorised to allot and issue any

such shares for purposes of settlement of the aggregate purchase consideration of the Property Acquisitions, will be posted to shareholders in due course.

H. CONCLUSION

The Accelerate Board believes that the Property Acquisitions further enhance the quality of Accelerate's underlying portfolio in a manner that is consistent with Accelerate's investment strategy to build a quality portfolio that offers long-term distribution and capital growth underpinned by strong lease covenants and above market escalations.

Johannesburg
20 November 2014

Investment Bank and Transaction Sponsor

Investec Bank Limited

Sponsor

KPMG Services Proprietary Limited

Legal advisors

Glyn Marais Inc