


ACCELERATE PROPERTY FUND

ACCELERATE PROPERTY FUND LIMITED

MARCH 2017 ROADSHOW

EXECUTIVE SUMMARY

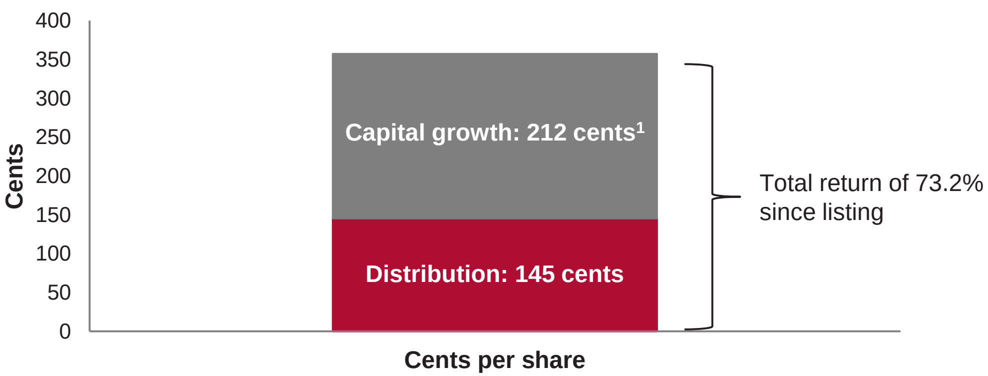
Established track record of delivering on strategic objectives	• Continued focus on strategic nodes and building a portfolio of high-quality property assets – Recent value enhancing acquisitions, including Eden Meander (George, Western Cape) and the establishment of an offshore platform in Central and Eastern Europe (“**European Strategy**”)
Successfully deployed capital raised	• Portfolio value of R11.1 billion, which represents a 32.3% growth on the March 2016 portfolio of R8.39 billion • Value enhancing properties acquired under the European Strategy
Acquisitions introduce strategic assets with development potential into the portfolio	• Entered into agreements to purchase two new properties (“**Acquisitions**”) – A building, anchored by Murray & Roberts Holdings (“**Murray & Roberts**”), with a 5,470m^2 GLA, and a parking lot with 11,230m^2 available bulk, situated in the Cape Town Foreshore (“**Murray & Roberts Acquisition**”) – A building, anchored by Citibank (Johannesburg Branch) (“**Citibank**”) with a 12,433m^2 GLA, situated in Sandton, Johannesburg (“**Citibank Acquisition**”)
Capital raise to fund the Acquisitions	• The Acquisitions will be funded via a combination of debt and equity (up to approximately 58 million shares currently available)

INVESTMENT CASE

Successful execution of growth strategy to date	• 101% growth in property portfolio since listing in 2013, significantly improving portfolio quality
Building a portfolio of quality assets with strong underlying property fundamentals	• As at 30 September 2016, the Accelerate portfolio held strong fundamentals: – 5.5 year WALE with 7.75% vacancies (net of structural vacancies) – Weighted average cost of funding of 8.6%, with 78.25% of debt hedged – 61.5% of tenants are classified as A-grade by revenue (listed / large national tenants)
Successfully implemented European Strategy and scalable platform	• European platform established with a strategy that compliments Accelerate's focus in South Africa on quality retail and strategic nodes / properties • Acquisition of 6 properties in Austria and 3 in Slovakia, tenanted by blue chip German DIY retailer, OBI • Blended acquisition yield for European Strategy of 7.14% (equity ZAR yield of approximately 11.5%) based on contractual rentals • European platform is scalable with "on the ground" deal origination, asset management and finance functions
Investment case continues to be attractive	• Quality portfolio of defensive retail assets • Strong pipeline and acquisitive strategy enhancing quality of portfolio • Redevelopment upside on Fourways precinct

TOTAL RETURN TO ACCELERATE SHAREHOLDERS

Total return (including distributions) since listing of 73.2%, compared to the SAPY Index, which has delivered 64.2% over the same period



1. Based on a share price of R7.00 as at 17 March 2017

UPDATE ON EUROPEAN PLATFORM

In late 2016, Accelerate established their European platform through the establishment of a subsidiary in the Netherlands and acquisition of a portfolio of big-box DIY stores in Austria and Slovakia. The fund plans to expand on this strategy in 2017.

Strategy and platform recap

- The strategy was implemented to achieve a defined investment philosophy:
  - Deliver superior returns through the potential for attractive yields, and the prospect of long term capital growth
  - Acquire and develop real estate that other international institutional investors want to own
  - Utilise geographic and tenant diversification and low leverage to mitigate portfolio risk
- This led to Accelerate investing in property meeting the following investment criteria:
  - Sector specific – retail, office and industrial sectors that are ***'mission critical'*** for the tenant;
  - Single-tenanted ***multinational / blue-chip*** tenants;
  - If necessary tenants to be backed by a ***parent guarantee***;
  - ***Long-term lease*** (minimum 10 years);
  - ***Triple-net lease*** structure where possible; and
  - Euro dominated rents with ***periodic indexation*** to Eurozone CPI.

Pipeline

- There is a strong pipeline of potential acquisitions consistent with this strategy approximately ***€100m to €200m.***
- Accelerate will look to acquire these assets during the course of 2017.

OBI transaction update and pipeline

Highlights	• Off-market acquisition of 9 big-box DIY retail stores: 6 in Austria and 3 in Slovakia • Properties are all tenanted by OBI – the largest DIY retailer in Central and Eastern Europe • Acquired portfolio size: R1.2 billion (€ 82.1 million)
Update	• Portfolio WALE stands at 12.9 years • All stores are trading at expected levels • M2 Property Management continues to manage the properties

MURRAY & ROBERTS ACQUISITION

The Murray & Roberts Acquisition enhances Accelerate's position in the Cape Town Foreshore node. The acquisition comprises the purchase of two erven, Erf 7 and Erf 8, both of which are adjacent to Foreshore properties currently owned by Accelerate, creating an "Accelerate precinct"

Acquisition Rationale

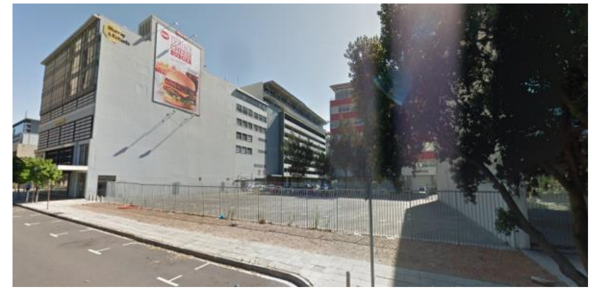
- The acquisition lends itself to the development of an A-grade office precinct in the Cape Town Foreshore
- There is significant development potential for a joint development over both Erf 7 and Erf 8 ("Phase 1")

Salient terms of the acquisition

- Total acquisition price of R165 million:
  - R111 million for Erf 8 (office); and
  - R54 million for Erf 7 (parking lot)
- The vendor is Mr George Georgiou and the transaction has been concluded on an arms length basis:
  - The vendor is disposing of Erf 8 to Accelerate at the same price it was purchased
  - A recent sale of bulk in the Foreshore area saw a leading REIT acquiring 17,500 m^2 of bulk for R86.5 million, equating to R4,942.86 / m^2
  - Erf 7 was acquired at a bulk value of R4,808.55 / m^2, and therefore at a market related cost
- The vendor will provide an income guarantee on signage and parking revenue for a period of 3 years

PROPERTY FUNDAMENTALS: ERF 8	
Total GLA	5,470 m^2
Purchase price	R111 million
Acquisition yield	9.70%*
Property Type	Office
Height	7 floors
Parking bays	77 bays
Tenants	▪ Murray & Roberts (44%) ▪ Unitrans Automotive (34%) ▪ Trudon (22%)
Occupancy	100%
WALE	1.17 years
Average lease escalation	7.0%

**includes signage revenue*



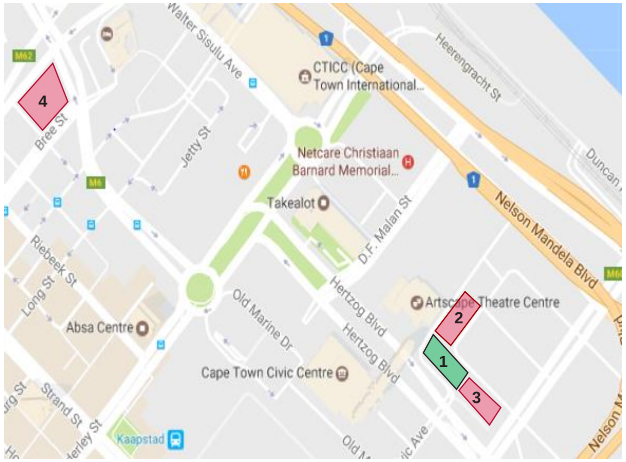
PROPERTY FUNDAMENTALS: ERF 7	
Available bulk	11,230 m^2
Purchase price	R54 million
Value of bulk	R4,808.55 / m^2
Property Type/ Zoning	Parking Lot – General Business 5
Height	7 floors (plans to rezone for additional GLA)
Parking bays	60 bays
Use	▪ Historically the lot had several leases in place and was rented by corporates in the area to be used as additional staff parking ▪ Currently used for casual / commuter parking

CGI IMAGE POST PHASE 2

CURRENT – FORESHORE NODE | **PHASE 1 – COMMERCIAL DEVELOPMENT** | **PHASE 2 – RESIDENTIAL DEVELOPMENT**

Surrounding Properties

	1	Murray & Roberts Acquisition (Erf 7 and Erf 8)
Accelerate Properties	2	Thomas Pattullo Oceana House
	3	Mustek Ltd City of Cape Town Traffic Dept.
	4	Portside



1. *Includes structural costs for Phase 2*

Estimated development timeline: Two years

Key anchor tenant

- As part of the sale agreement, the vendor is required to procure a national tenant within 18 months after transfer date.
- The lease will be for approximately 12,000 m^2 for 10 / 15 years.
- The tenant will need to be acceptable to Accelerate.

Development highlights

- Expected date of commencement:
  3rd quarter 2017
- Expected date of completion for Phase 1:
  3rd quarter 2019
- Anticipated development yield of approximately 9.0% for Phase 1 (includes structural and parking costs for Phase 2)

Timeline: **still to be finalised**

Key terms of the residential development

- The Vendor may develop residential apartments for the benefit of both parties, post the conclusion of Phase 1.
- Once all development expenditure has been determined, Accelerate will be entitled to one third of the net profits.
- Projected Accelerate net profit in excess of R100 million for Phase 2.

PORTSIDE LEASING CASE STUDY

Portside case study

- In June 2016, Accelerate acquired all of Old Mutual's shares in the Portside building.
- Prior to the acquisition being concluded, the building was 52.1% let. Accelerate began assisting Old Mutual to fill the vacant space prior to acquisition in order to bring the structural vacancy levels to an appropriate level as soon as possible.
- ***Portside highlights Accelerate's ability to follow through on their committed strategy and commitments made to shareholders*** through:
  - securing key tenants within the building, including:
    - ✓ Equites Property Fund
    - ✓ China Construction Bank Corporate
    - ✓ Lindt & Sprungli South Africa

FUNDAMENTALS	ACQUISITION DATE	CURRENT
Total GLA	25,224 m^2	25,224 m^2
Purchase date	14 June 2016	-
Purchase price / value	R755 million	R755 million
Property Type	Office (97.1%) and Retail (2.9%)	-
Parking bays	611 bays	-
Occupancy	59.6%	71.0%
WALE	2,44 years	3,4 years
Average Lease escalation	8.0%	8.0%
Income guarantee	R110 million (cash) available to be drawn by Accelerate over 5 years to ensure a minimum asset yield of 7.5%	

Vacancy schedule

	Pre-acquisition	Jun 2016	Current
Total GLA (m^2)	25,224	25,224	25,224
Total vacancy (m^2)	12,072	10,184	7,308
% vacant	47.9%	40.4%	29.0%*
% occupied	52.1%	59.6%	71.0%
Change in total vacancy		(15.6%)	(28.2%)

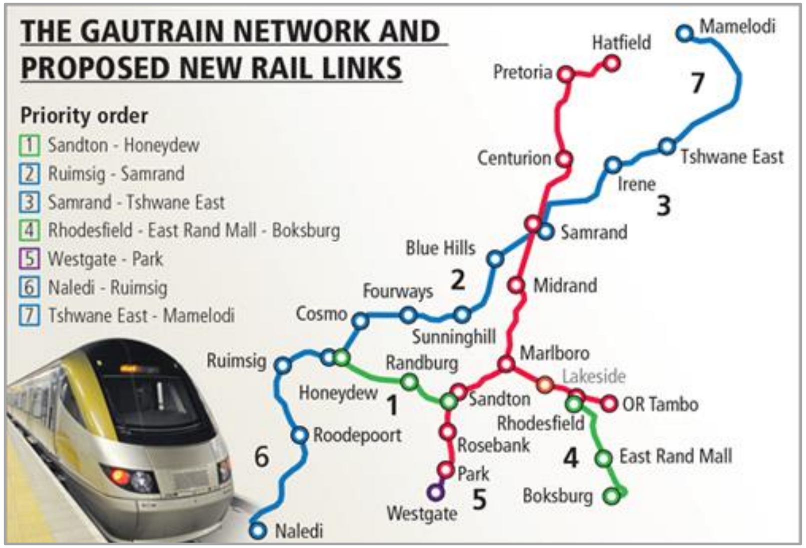
**Accelerate is ahead of the targeted vacancy rate of 30% that was assumed for June 2017 on the acquisition of Portside*

ACCELERATE'S TRANSPORTATION STRATEGY

Given the current rapid rate of urbanisation, demand for residential property, and uptick in transport infrastructure linking key metros, transportation nodes provide an opportunity for Accelerate to launch a new value enhancing strategy

Introduction

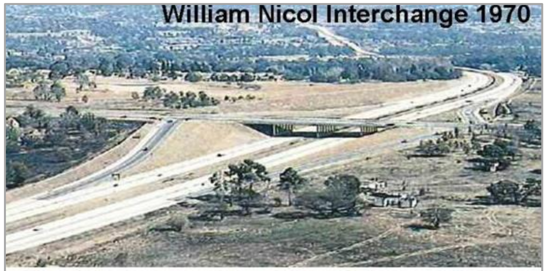
- The current rapid rate of urbanisation in metropolitan areas is increasing demand in residential property, and as such increasing the population densities in these areas. The knock-on effect, includes
  - an increase for residential and commercial property offerings, such as new developments, shopping malls and office space;
  - an increase in traffic congestion;
  - an increase in new infrastructure to accommodate the increase in population linking all areas in the metro; and
  - an increased demand for projects like the Gautrain and highway upgrades
- The need for improved transportation should trigger an opportunity for properties and property owners surrounding these transportation nodes.

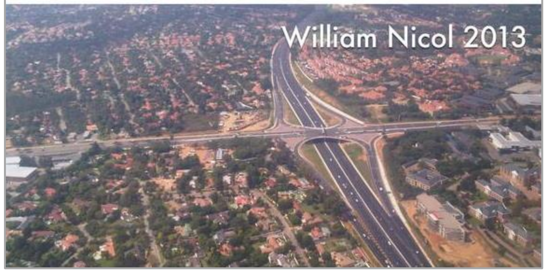


Accelerate's positioning

Accelerate is well positioned to benefit from such a scenario:

- Accelerate's existing exposure in the Fourways precinct:
  - The Gautrain is scheduled to expand over the next 5 to 7 years to include Fourways
  - It is expected to expand to all four corners of the Gauteng province, linking Soweto, Lanseria, Mamelodi and Boksburg to the centres of Johannesburg and Pretoria,
  - An additional 200km of track will be added to the existing 80km
- The Citibank transaction falls squarely within this strategy given its proximity to the Sandton Gautrain station





*The interchange off the N1 Highway

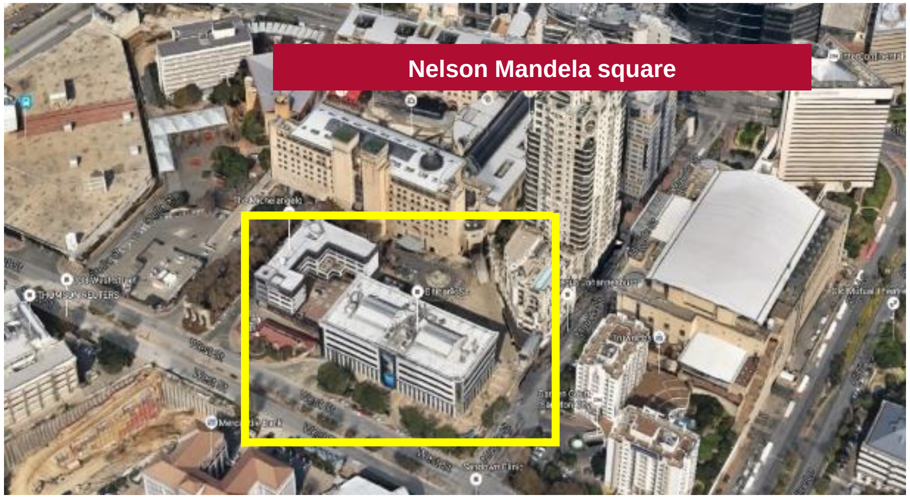
CITIBANK ACQUISITION

The Citibank Acquisition represents the first step in Accelerate's strategy to acquire properties situated around key transport nodes, as the property is situated within 300 metres from the Sandton Gautrain station

Acquisition Rationale

- The Citibank Acquisition represents an opportunity to purchase an A-grade office building situated in a prime location in the heart of Sandton, and is the first step in Accelerate's transportation strategy.
- The property is strategically located near key locations within Sandton, including:
  - neighbouring Nelson Mandela Square
  - 300m from the Sandton Gautrain Station
  - 230m from the Sandton Convention Centre
- Additional bulk of 38,928m^2 exists, resulting in significant future development opportunities
- Market related leases have been negotiated with multinational tenants, being Citibank and AECOM

PROPERTY FUNDAMENTALS	
Total GLA	12,433 m^2 – 4 floors
Potential bulk	± 38,928 m^2 – 14 floors
Purchase price	R300 million (including capex of R25m)
Acquisition yield	Approximately 8,00%[1]
Property Type	Office
Parking bays	581 bays
Current occupancy	77.1%
Anchor tenants	▪ Citibank ▪ AECOM
WALE	8,41 years
Average lease escalation	8.0%



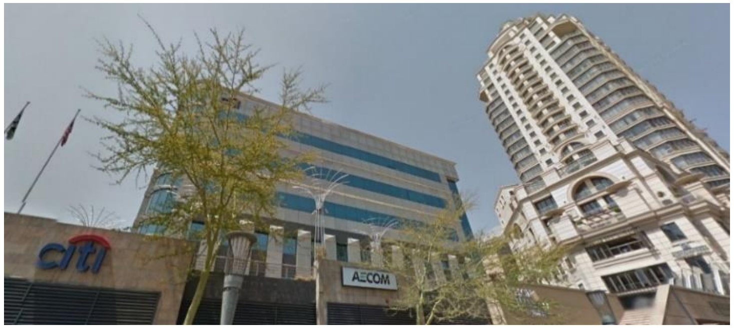
1. *This assumes a 5% structural vacancy with gross rental of R180/m^2 (escalating at 8.0%) and existing vacancies filled within 6 months of acquisition*

Forecast capital expenditure

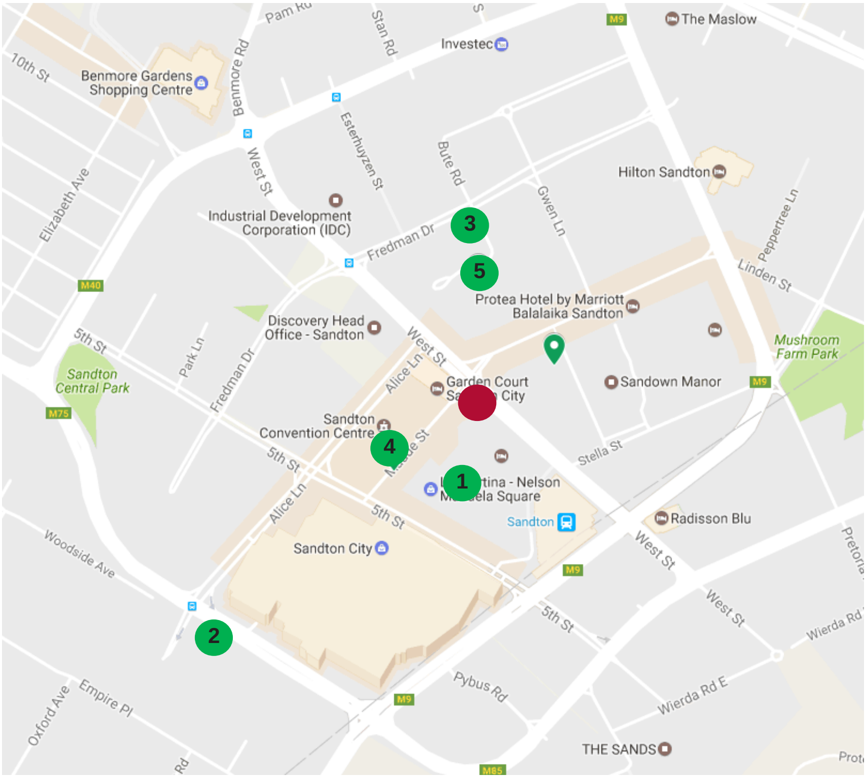
- ***Accelerate has been advised by Citibank that it will spend an additional amount of approximately R60 million of capital expenditure / tenant installation in order to make the building 10-year fit for purpose***
  - This highlights Citibank's intention to remain in the building
  - The additional spend and value uplift was not factored into the purchase consideration

Leasing strategy

- All lease contacts include an annual escalation of 8%
- Citibank has a 5 year break clause built into certain leases
- Together with its own leasing team, Accelerate has mandated Colliers to lease the vacant space
- Notwithstanding the competition for tenants in this node, given the location of the property and the additional capital expenditure on the building together with the interest already shown, Accelerate is confident that the vacancy assumptions are readily achievable



Based on comparable A-grade office rentals[1] in the Sandton CBD, and taking into account the strategic property location and immediate refurbishment, Accelerate believes the rental of R180/m² is market related



Citibank   Surrounding buildings

	Address	Key tenant	Gross Rental (R/m²)
1	Nelson Mandela Square	Various	197
2	The Place	Growthpoint	195
3	1 Protea Place	Cliffe Dekker Hofmeyr	185
4	The Forum	Sanlam Investments	185
5	5 Protea Place	Media 24	165

1. Source: Colliers (November 2016)

CONCLUSION

Conclusion	• The Acquisitions are consistent with Accelerate's strategy of acquiring high quality, strategic properties • The Murray & Roberts Acquisition enhances the creation of an "Accelerate precinct" within the Cape Town Foreshore, with significant development upside • The Citibank Acquisition sees the launch of the transportation strategy, with the acquisition of a premier property with potential development upside in the longer term

ACCELERATE
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ANNEXURE

ACCELERATE’S STRATEGIC NODES


Fourways, Johannesburg

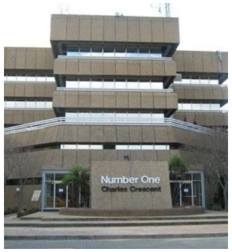
Fourways lies on the outskirts of the Johannesburg metropolis along key transport routes within the city. Fourways has seen considerable growth in residential dwellings over the last five years, resulting in increased demand for both retail and office space

Total GLA	179,893 m^2
Valuation	R4.8 billion (31 March 2016)
Properties	Fourways Mall, Fourways View, Cedar Square, BMW, The Buzz, Leaping Frog, Exact Mobile
Undeveloped bulk	The area surrounding the BMW dealership on Cedar Road, the bulk around Cedar Square Shopping Centre and the Buzz Shopping Centre
Development	Redevelopment of Fourways Malls is well underway ▪ Phase 1: Complete ▪ Phase 2: 3rd quarter 2018
Anchor tenants	Woolworths, Pick ‘n Pay, Virgin Active, Game, Nedbank, Edcon Group, Foschini Group, H&M, Hamleys, Bounce
Option	Option to acquire up to 50% of the superregional at 8%


Foreshore, Cape Town

The Foreshore is situated between Cape Town City Centre and the modern Port of Cape Town. Much of the area is occupied by transport infrastructure for the port, office buildings and the Cape Town Railway station

Total GLA	51,098 m^2
Valuation	R1.2 billion (including the Murray & Roberts Acquisition)
Properties	101 Hertzog, Thomas Patullo, Portside, Oceana Head Office, Mustek House
Acquisition potential	Remain acquisitive in the node, with existing first right of refusal on quality buildings such as Chevron, BMW and Netcare Hospital
Anchor tenants	City of Cape Town, Mustek, Oceana, Bytes Technology
Murray and Roberts	Exciting opportunity to create an “Accelerate precinct” with significant development upside

Charles Crescent, Johannesburg

Charles Crescent is strategically located near the M1/N3 highway and Sandton. The precinct, is close to both Sandton and Marlboro Gautrain stations and lends itself to a development in the future

Total GLA	44,380 m^2
Valuation	R411 million
Properties	1, 9 and 10 Charles Crescent, PriMovie Park, ACT
Location	▪ Strategic location relative to M1 / N3 highway ▪ Close proximity to Sandton
Anchor tenants	Prime Media, ADT, Scottish Knitware (Pringle)
Current strategy	Active asset management focus
Future strategy	This remains a future growth node earmarked for conversion into a multi-purpose node that will include residential, retail and office (mixed-use) property.

Accelerate Europe

The European strategy was established in 2016 with the purchase of an initial portfolio of 9 retail assets across Austria and Slovakia. Accelerate’s Dutch based subsidiary continues to source acquisition and development opportunities in the key regions

Total GLA	65,893 m^2
Valuation	€ 88 million
Properties	6 OBI stores in Austria, 3 OBI stores in Slovakia
Anchor tenants	OBI DIY retailer
Current strategy	Focus on high quality, single tenant, net leased properties that are strategic to blue-chip multinational or large regional tenants in countries that meet defined minimum investment criteria and that are considered core markets to such tenants
Future strategy	Other key countries marked for their investment potential include Hungary, Romania, Poland and Czech Republic