



A LEADING PORTFOLIO



INTERIM RESULTS

for the six months
ended 30 September

2015

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ACCELERATE AT A GLANCE

ACCELERATE AT A GLANCE AS AT 30 SEPTEMBER 2015



Property portfolio	Asset value: R7,65bn		Agterskot	No further agterskot shares were issued during the period	
Strategic nodes	Fourways Precinct:	163 246m ²	Entity structure	<ul style="list-style-type: none"> • Internal asset management function • External property management function 	
	Charles Crescent – Kramerville:	38 829m ²			
	Foreshore – Cape Town:	28 044m ²			
	Somerset West – Cape Town:	19 263m ²			
GLA	488 040m ²		Market cap*	R4,89bn as at 30 September 2015	
Occupancy	94,5% (excl. structural vacancies) 93,3% (incl. structural vacancies)		Yield**	9,1%	
WALE (gross income)	4,6 years		Cost of funding	Weighted average cost of funding 7,88%	
Portfolio split (Revenue)	Retail:	72%	Debt	WA term:	3,9 years
	Specialised Retail:	3%		Total debt:	R2,99bn
	Office:	23%		LTV:	39,12%
	Industrial:	2%		ICR:	2,55x
Tenant profile (% of revenue)	A – Large National:	57%	Hedging	76,86% of debt hedged	
	B – National Listed / Franchises:	18%		WA term:	3,23 years
	C – Other:	25%			

* Market cap calculated on a closing price at 30 September 2015 of R6,45

** Actual Yield for the 12 months ended 30 September 2015, calculated on a share price of R5,70



HIGHLIGHTS FOR THE PERIOD UNDER REVIEW



HIGHLIGHTS FOR THE PERIOD UNDER REVIEW



Distribution to shareholders	September 2015 distribution: 26,617 cents per share September 2014 distribution: 23,994 cents per share Distribution growth year-on-year: 10,93%
KPMG deal	Completed the KPMG acquisition on 14 May 2015 at a fully debt funded purchase price of R850m. Subsequently R275m of the debt has been settled
Portside	P – grade office block being acquired for R840m at a yield of 7,5%
Equity issuance	Additional R500m raised at R6,53 per share
Domestic medium-term note programme	Successful re-finance of December 2015 long-term debt to the value of R452m through the debt capital markets
Return on equity 30 September 2014 to 30 September 2015	22,17% (incl. distributions)
Extension of swap maturities	Additional swaps of R300m were entered into during the period extending Accelerate's swap maturity profile to 3,2 years



FINANCIAL OVERVIEW



STATEMENT OF FINANCIAL POSITION



Statement of financial position	30 September 2015 (R'000)	30 September 2014 (R'000)
ASSETS		
Non-current assets	7 847 118	6 256 341
Investment property	7 777 631	6 151 810
Derivative financial instruments	69 293	104 426
Equipment	194	105
Current assets	341 707	284 413
Trade and other receivables	235 971	156 620
Cash and cash equivalents	105 736	127 793
Investment property held for sale		-
Fair value of investment property assets		-
Total assets	8 188 825	6 540 754
EQUITY AND LIABILITIES		
Shareholders' interest	5 086 400	3 988 654
Share capital	3 844 466	3 279 923
Other reserves	17 558	163
Retained earnings	1 224 376	708 568
Total equity	5 086 400	3 988 654
Non-current liabilities	2 854 997	2 440 286
Long-term borrowings	2 808 761	2 394 050
Contingent liability on conditional purchase costs	46 236	46 236
Current liabilities	247 428	111 814
Trade and other payables	57 682	106 768
Short-term portion of long-term borrowings	183 500	253
Taxation payable (VAT)	6 246	4 793
Total equity and liabilities	8 188 825	6 540 754

High level overview of performance

- **Investment property:**
As at 30 September 2015 Accelerate's property portfolio had a value (excl. straight-lining) of R7,65bn. The increase in the portfolio is largely due to the acquisition of the KPMG portfolio for R850m as well as some capital expenditure
- **Trade and other receivables:**
Included in trade receivables is an amount of R78m. This is a deposit paid to the transferring attorneys for the Noor properties which are in the process of being transferred
- **Contingent purchase consideration:**
No further contingent purchase consideration payments were made during the period
- **Current portion of long-term debt:**
The fund successfully re-financed its short-term debt as at 31 March 2015 (R452m) through the debt capital markets in August 2015

STATEMENT OF COMPREHENSIVE INCOME



Statement of comprehensive income (R'000)	30 September 2015 (R'000)	30 September 2014 (R'000)
Revenue, excl. straight-line rental revenue adjustment	417 496	335 796
Straight-line rental revenue adjustment	38 249	9 107
Revenue	455 745	344 903
Property expenses	(115 045)	(98 842)
Net property income	340 700	246 061
Other operating expenses	(20 880)	(14 493)
Operating profit	319 820	231 568
Fair value adjustments	(1 860)	(27 283)
Other income	833	1 138
Profit on disposal of asset	-	12 104
Finance income	6 652	5 261
Profit before long-term debt interest and taxation	325 445	222 788
Long-term debt interest	(113 801)	(87 304)
Profit before taxation	211 644	135 484
Taxation	-	-
Profit after taxation attributable to equity holders	211 644	135 484
EARNINGS PER SHARE		
Basic earnings per share (cents)	29,74	21,17
Diluted earnings per share (cents)	29,41	20,74
Headline earnings per share (cents)	30,00	25,43
Diluted headline earnings per share (cents)	29,67	24,91
DISTRIBUTABLE EARNINGS		
Profit after taxation attributable to equity holders	211 644	135 484
Less: straight-line rental revenue adjustment	(38 249)	(9 107)
Less: fair value adjustments	1 860	27 283
Add: antecedent distribution	17 105	-
Less: profit on sale of property	-	(12 104)
Distributable earnings	192 360	141 555
Distribution per share (cents)	26,617	23,994

High level overview of performance

- **Revenue:** The Fund's revenue for the trading period was R417m
- **Property expenses:** comprised primarily of utility charges (R89m), security costs (R12,3m), repair and maintenance (R7,9m) and cleaning costs (R5,4m)
- **Fair value adjustments:** the fair value adjustment of R1,8m is the mark to market movement on Accelerate's swaps
- No properties were revalued during the reporting period
- **Earnings per share:** the table alongside illustrates the basic, diluted, headline and diluted headline earnings per share
- **Distributable earnings:** The table alongside illustrates the distributable earnings and distribution per share

* Note: the above distribution per share does not include 51 070 184 shares which do not qualify for distribution, as the distribution was ceded to the Fund, until the earlier of 5 years or such time that the bulk is developed.

CURRENT VS FORECAST DISTRIBUTION BUILDUP



	Actual 30 September 2015 (R'000)	Actual 30 September 2014 (R'000)
Distributable earnings	192 360	141 555
Shares qualifying for distribution		
Number of shares at year-end	758 455 048	668 807 870
Less deferred revenue agreement ceded shares	-	(27 768 697)
Shares issued after 30 September 2015	15 313 935	
Less: bulk ceded shares to Accelerate*	(51 070 184)	(51 070 184)
Shares qualifying for distribution	722 698 799	589 968 989
Interim distribution per share (cents)	26,617	23,994

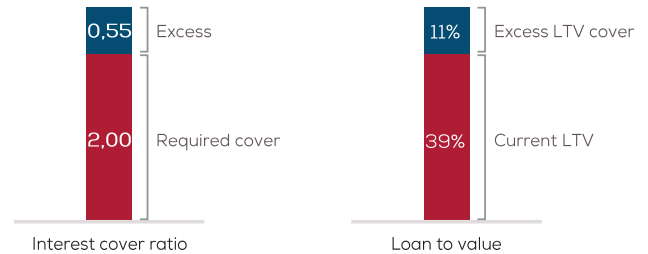
KEY RATIOS AGAINST PREVIOUS RESULTS AND THE MARKET



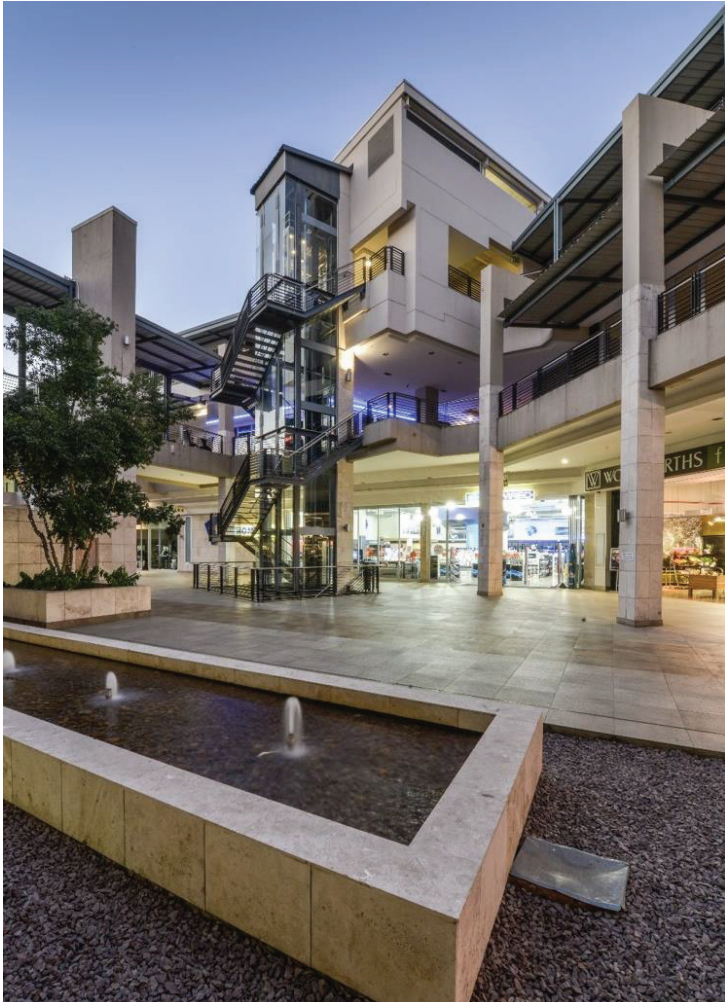
Key ratios	30 September 2015		31 March 2015
Interest-cover ratio	2,55		2,55
Loan-to-value	39,12%	↑	35,04%
Cost-to-income ratio	17,93%	↑	13,44%
Net asset value (Rbn)	5,08	↑	4,6
Market cap (Rbn)	4,89	↑	4,67
Senior secured rating	AA- (za)		AA- (za)
Senior unsecured rating	BBB+ (za)		BBB+ (za)

	Rand	Growth
Return on equity		
Share price		
Share price 30 September 2014	5,70	
Share price growth	0,75	
Share price 30 September 2015	6,45	13,16%
Distribution		
Distribution (2015 final & 2016 interim)	0,5183	9,01%
Total return	1,27	22,17%

Key covenant ratios



* Senior secured LTV covenant: 45%; Senior unsecured LTV covenant: 50%



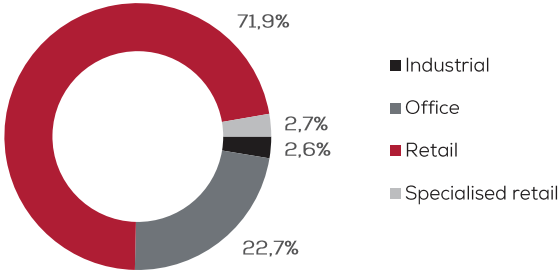
PROPERTY PORTFOLIO



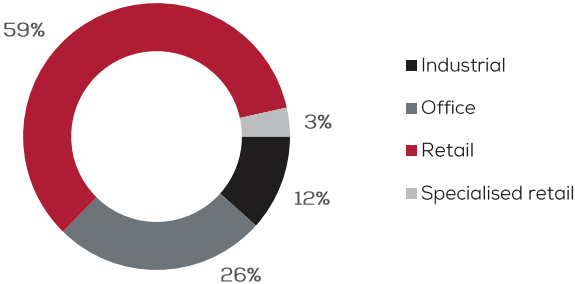
SECTOR AND GEOGRAPHIC SUMMARY



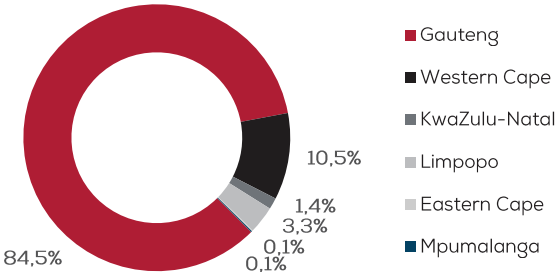
Sector profile by revenue



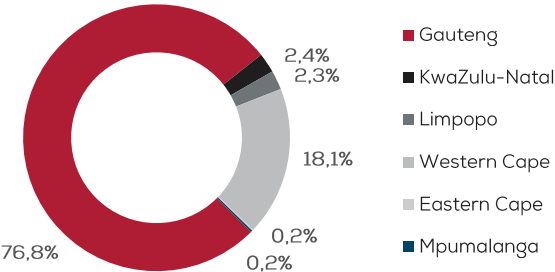
Sector profile by GLA



Geographic profile by revenue



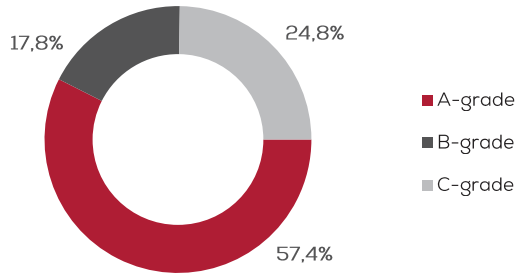
Geographic profile by GLA



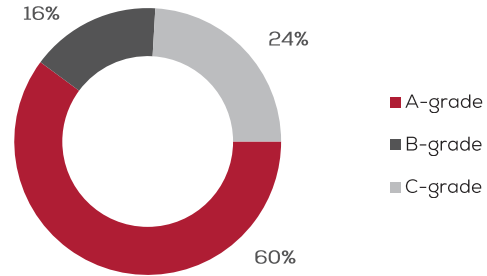
TENANT PROFILE



Tenant profile by revenue



Tenant profile by GLA

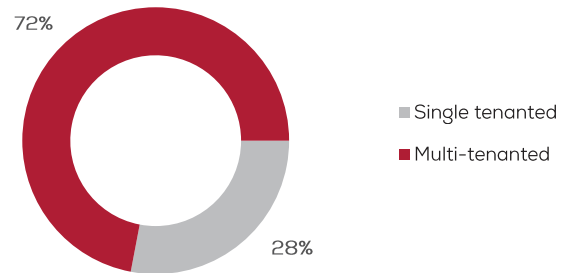


A: Large national tenants, large listed tenants and major franchises, including, inter alia, Absa Bank, ADT, Capitec Bank, Dis-Chem, Edgars, FNB, Foschini, Jet Stores, KPMG, Makro, Massmart, Medscheme, Nedbank, OK Furnishers, Pepkor, Pick n Pay, Shoprite, Standard Bank, Woolworths

B: National tenants, listed tenants, franchises and medium to large professional firms, including, inter alia, Fishmonger, KFC, Mugg & Bean, Nando's, Spur, Steers, Wimpy

C: Other

Single vs multi-tenanted by GLA



LEASE EXPIRY PROFILE, ESCALATIONS & DEBTORS AGEING



Lease expiry profile by gross rental

By revenue	Sept 2016	Sept 2017	Sept 2018	Sept 2019	+ Sept 2019
Industrial	1,3%	3,7%	0,5%	0,0%	0,0%
Office	1,4%	4,2%	4,1%	2,7%	15,0%
Retail	14,4%	14,8%	16,4%	6,8%	11,7%
Specialised retail	0,0%	0,0%	1,0%	1,7%	0,4%
Total portfolio	17,1%	22,7%	22,0%	11,2%	27,0%

Tenant retention and rental reversions

Description	Number
Tenant retention % for the period based on GLA	90,2%
Number of leases with rental reversions	17
Overall reversion as a % of total rentals	0,26%

Contractual escalations

Sectoral type	30 September 2015		31 March 2015
Industrial	9,10%	↑	8,93%
Office	7,79%	↑	7,78%
Retail	8,84%	↑	8,58%
Specialised retail	8,09%	↑	8,06%
Total portfolio	8,53%	↑	8,46%

Tenant arrears at 30 September 2015

120+ days	90 days	60 days	30 days	Current	Total days
4 752 719	1 650 035	3 264 100	5 821 727	859 905	16 348 484
29,07%	10,09%	19,97%	35,61%	5,26%	100,00%

90 & 120+ days include:

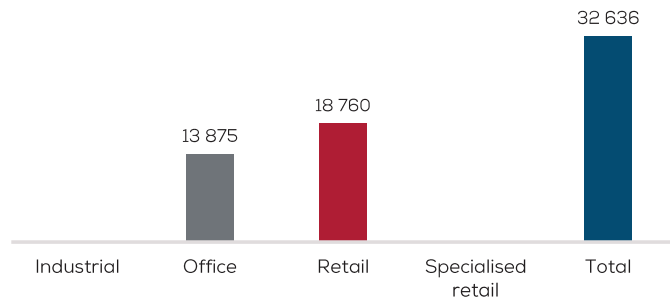
- KZN Department of Health – R700 000 FICA documentation problems
- The grill shop – R570 000 to be paid by new tenant upon occupation
- SA post office still R401 000 outstanding
- Kyalami Mica R305 000 billing disagreement now settled and arrears to be paid by tenant
- Provision of R2,5m at 30 September 2015

Sum total of above plus provision is R 4,5 million

VACANCY PROFILE

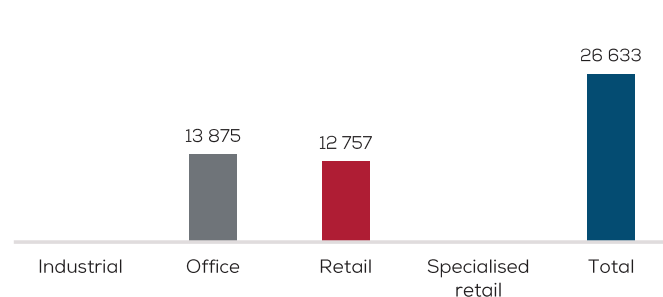


Vacancies as at 30 September 2015 (including structural vacancies)



Sectoral type	30 September 2015		31 March 2015
Industrial	0,0%		0,0%
Office	11,14%	↓	11,72%
Retail	6,43%	↓	10,09%
Specialised retail	0,0%		0,0%
Total portfolio	6,69%	↓	8,81%

Vacancies as at 30 September 2015 (net of structural vacancies)



Sectoral type	30 September 2015		31 March 2015
Industrial	0,0%		0,0%
Office	11,14%	↓	11,72%
Retail	4,37%	↓	8,05%
Specialised retail	0,0%		-
Total portfolio	5,46%	↓	7,52%

Under a focused leasing team Accelerate’s vacancies continue to decline, vacancies across both the Office and Retail sectors have declined from 31 March 2015 with an overall decrease in vacancies of 2,12%



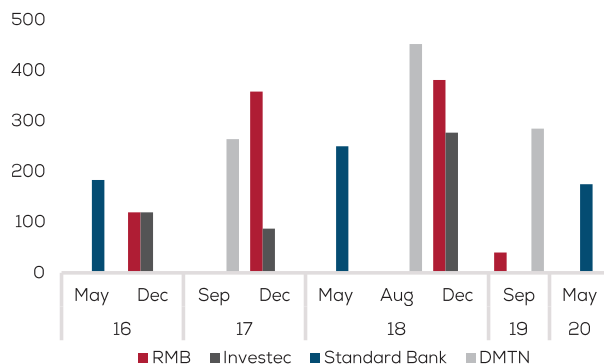
CAPITAL STRUCTURE



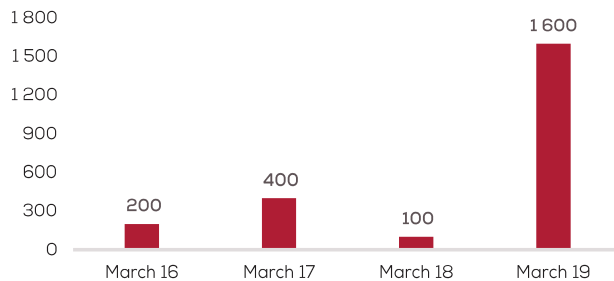
LONG-TERM DEBT



Long-term debt funding buckets (Rm)



Interest rate swap maturity buckets (Rm)



Long-term debt allocation

Bank funding	30 September 2015 (Rm)*	%	31 March 2015 (Rm)	%
Debt capital markets	1 001	33,5%	416	17,4%
Bank funding	1 991	66,5%	1 978	82,6%
Total	2 992	100,0%	2 394	100,0%
Weighted average debt term (years)	3,9		2,9	
Short-term portion of debt	183,5	6,13%	239	10,0%
Debt hedged	2 300	76,9%	2 147	89,7%
Weighted average swap term (years)	2,8		2,3	
Blended interest rate*		7,88%		7,35%
Interest-cover ratio (x)	2,55		2,55	
Loan-to-value		39,1%		35,0%

* Includes the effect of the interest rate swap



UPDATE ON FOURWAYS MALL DEVELOPMENT AND REFURBISHMENT

UPDATE ON FOURWAYS MALL DEVELOPMENT AND REFURBISHMENT



UPDATE ON FOURWAYS MALL DEVELOPMENT AND REFURBISHMENT



Commencement date	Third quarter 2015
Anticipated build time	Approximately 3 years
Option	Shareholder meeting to be held in Q1 2016





CAPEX SPEND



CAPEX SPEND – THOMAS PATTULLO AND BELA BELA



Refurbishment of Thomas Pattullo

Rationale:

Strategic Node with new long-term lease with Bytes Technology (5-year lease)

Cost:

R45m

Scope of work including:

External facade, re-configuration of interior and parking as well as additional lift shafts



Upgrade of existing Bela Bela Shopping Mall

Rationale:

Driven by Tenant demand (Woolworths Clothing), strong anchor tenants (Pick n Pay, Nedbank and ABSA) and good location

Cost:

R66m

PLANNED CAPEX SPEND



Fourways View

Scope:

Upgrade to existing centre including tiling, painting, shops fronts and lighting

Approximate cost:

R10m

Timing:

2016 financial year



Cedar Square

Scope:

Extension at Woolworths upgrade of facade

Approximate cost:

R79m

Timing:

2016 financial year



KPMG ACQUISITION COMPLETED



Portfolio:

6 A Grade offices, including KPMG head office

Single tenant:

KPMG

Acquisition price:

R850m

Lease:

15 years triple net

Escalation rates:

Year 1-12: 8% per annum

Year 13 reverts to market less 10%

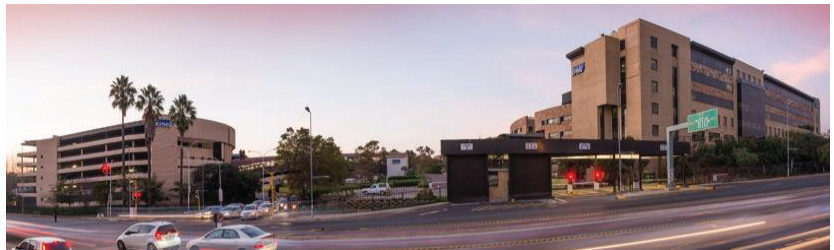
Yield (year 1):

8%

Finance:

Fully underwritten by Standard Bank

Transaction concluded May 2015



PORTSIDE ACQUISITION



Building specifics:

P-grade, 5-star green rated office & retail building

Tenants include:

Western Province Health Dept, Zara Labs, China Construction Bank & Petronex

Expected acquisition price:

R840m

Yield (year 1):

7,5%

Finance:

Fully debt funded

Anticipated implementation date Q1 of 2016





ANNEXURE 1: BREAKDOWN OF PORTFOLIO



TOP 5 RETAIL PROPERTIES



Top 5 retail properties by value*

Property name	Region	Value	GLA
Fourways Mall Shopping Centre	Gauteng	2 273 779 706	61 480
Cedar Square (incl. bulk value)	Gauteng	883 390 000	46 025
Fourways View	Gauteng	318 970 000	12 962
The Buzz Shopping Centre (incl. bulk value)	Gauteng	273 950 000	14 291
Leaping Frog	Gauteng	157 198 655	11 139
Total		3 907 288 361	134 758

Top 5 office properties by value*

Property name	Region	Value	GLA
KPMG Portfolio	Gauteng, Eastern Cape, Limpopo	887 900 000	30 226
1 Charles Crescent	Gauteng	126 421 628	13 273
Oceana House	Western Cape	131 100 000	7 227
PriMovie Park	Gauteng	106 595 823	17 364
Flora Office Park	Gauteng	79 237 117	14 673
Total		1 326 854 568	82 763

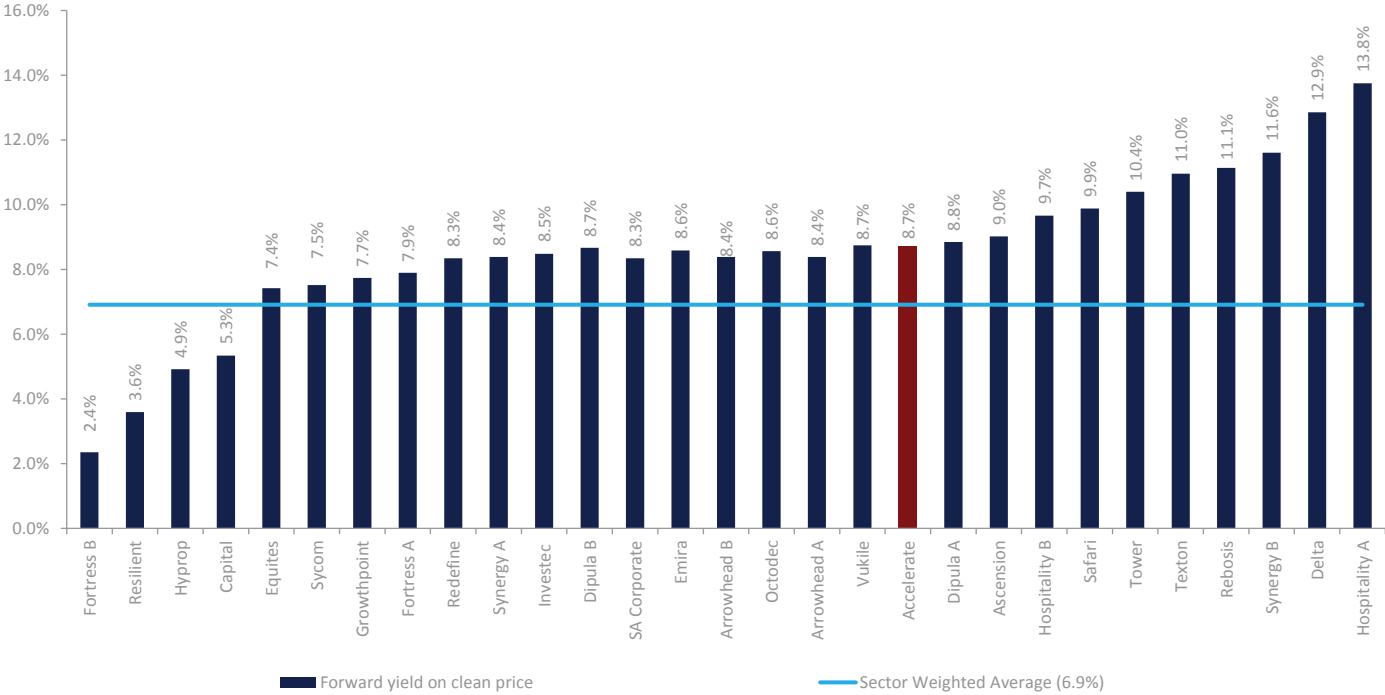
* As per 31 March 2015 valuation



ANNEXURE 2: ACCELERATE'S POSITIONING ON THE JSE



PEER COMPARISON: SECTOR FORWARD YIELD BASED ON CLEAN PRICE AND ROLLING 12 MONTHS DISTRIBUTION



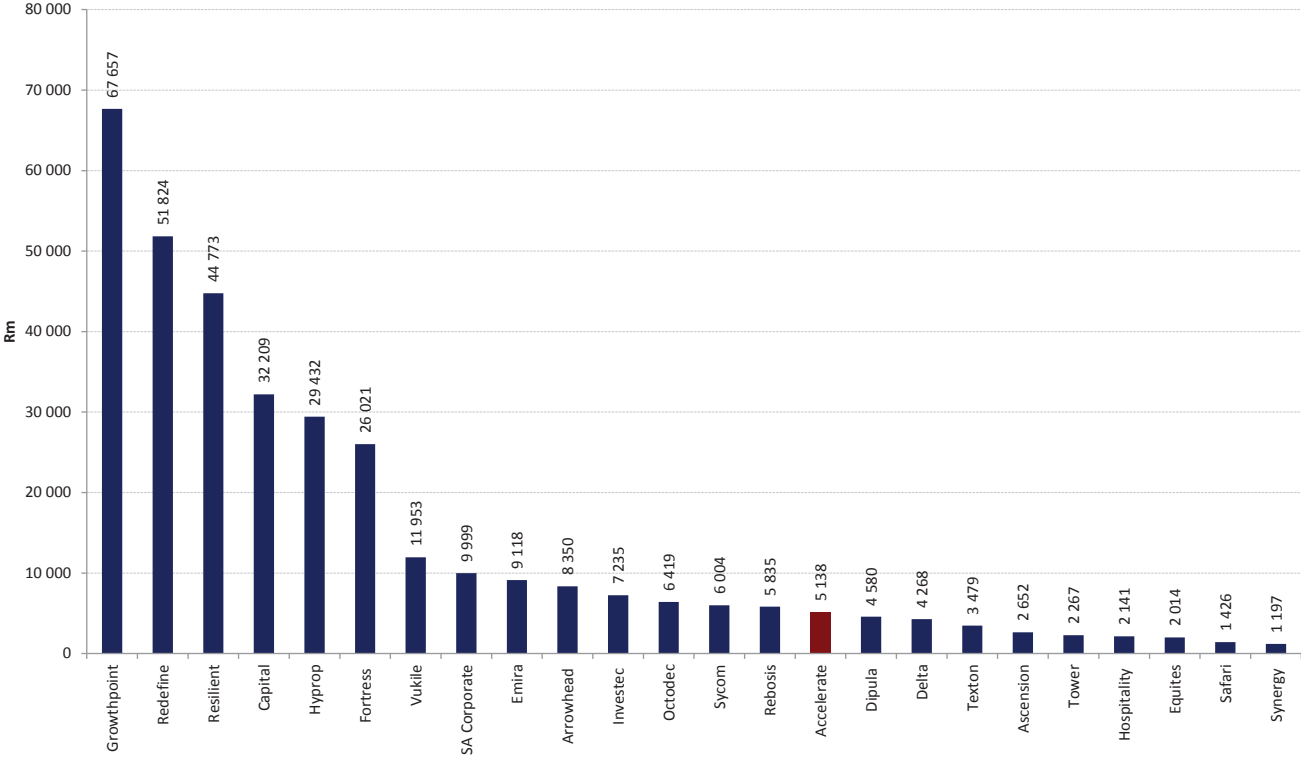
Source: I-Net Bridge, 11 November 2015 and company filings

PEER COMPARISON: SHARE PRICE SINCE LISTING



Source: Bloomberg, 11 November 2015

PEER COMPARISON: MARKET CAP



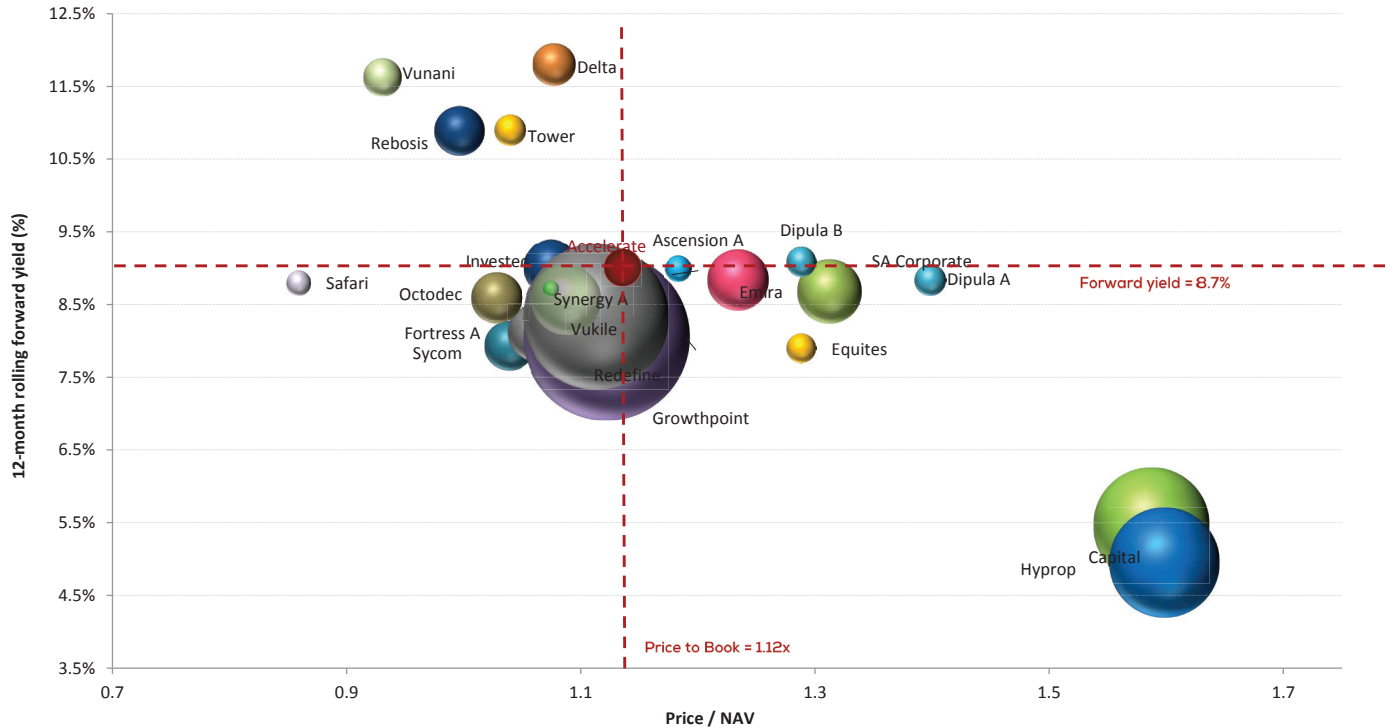
Source: I-Net Bridge, 11 November 2015

PEER COMPARISON: LISTED PROPERTY SECTOR RATING

ACCELERATE POSITIONING FROM A BUY-IN PERSPECTIVE



Sector rating: 11 November 2015



Bubble sizes represent the market cap



THANK YOU

KEY DATES

Declaration date	Monday, 16 November 2015
Last day to trade cum distribution	Friday, 4 December 2015
Shares commence trading ex distribution	Monday, 7 December 2015
Record date	Friday, 11 December 2015
Payment date	Monday, 14 December 2015

INVESTOR RELATIONS

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Rosebank, Johannesburg, 2196	



ACCELERATE

PROPERTY FUND