



**FUND DESCRIPTION**

The Apex Digital Backed Infrastructure Fund eCP develops and acquires property backed by long term leases from digital age institutions.

**FUND OBJECTIVE**

The main objective is to develop and acquire property tenanted by digital age institutions with high credit ratings. Assets are retained for capital and income growth.

**FUND INFORMATION**

Fund Size:	R 383 million
Inception Date:	27 October 2021
Domicile:	South Africa
Currency:	ZAR
Minimum Investment:	R5m per clause 4.2.2 of Partnership Agreement
Management Fee:	1,5% on GAV, levied quarterly in advance
Base and Performance Fee:	1,5% Base Fee; 0% Performance Fee
Carry:	10%
Lock-in Period:	10 Years
FSCA Profile:	FSP 50406, CATII License Holder
Structure:	Linked Units

**FUND STRATEGY**

The Apex Digital Backed Infrastructure Fund eCP actively invests in property opportunities that show superior returns over a 5 to 10 year period. Beyond standard property fundamentals, the Fund actively looks for assets backed by long term leases from corporations in the digital age space. Cash flows of these corporations are analysed to understand their sustainability.

**MONTHLY FUND PERFORMANCE: Return on Net Asset Value (NAV)**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2021										0.12%	0.58%	0.85%	1.56%
2022	0.88%	0.75%											1.64%

**ASSET VALUE**

CENTRE	LOCATION	ASSET VALUE
Amazon Web Services	Cape Town	R383m

**TOTAL GLA BY PROPERTY**

CENTRE	LOCATION	TOTAL GLA
Amazon Web Services	Cape Town	9,739

**MARKET COMMENTARY**

The Apex Digital Backed Infrastructure Fund launched on 27 October 2021 and subsequently took transfer of its first flagship property on 22 December 2021. The Fund offers a subscribed linked unit return of 15% per annum and has thus accrued a yield of 2.50% for the quarter ended 28/02/2022 and a total net return to its initial seed investors of 3.22% since inception.

Three key inflation impact drivers all arose this quarter and have reset the tone for 2022. First, the Federal Reserve Board (FED) altered its rhetoric to a hawkish stance as US inflation hit 7.9%. The highest inflation rate in the US since 1982 and of paramount concern, as it is well above the 2-4% target band. Unexpectedly the FED pulled both its levers at once by 1) aggressively stopping quantitative easing (i.e. from issuing \$2trn in stimulus to buying back treasuries); and 2) by hiking interest rates. By comparison, the pre-Covid FED Fund rate was 1.5%, now the market has frontloaded 50bps in January 2022 with a further trajectory of X6 25bps hikes by 2024. Secondly, in SA we have responded similarly. Our South African Reserve Bank (SARB) has pivoted from cutting rates by 300bps in response to Covid to pushing through two hikes of 25bps each in November 2021 and January 2022. Notably, another 250bps still needs to go back into the system, as SA hovers at 5.9% inflation, right at the upper end of our 4-6% target band. Also, with the Rand above R15:\$1, we are currently importing inflation. Lastly, but most evidently, Russia invading Ukraine has caused global inflation with oil prices surging above \$100 a barrel and wheat prices rising 15% on invasion. As Russia supplies Europe with 40% of its gas, the knock-on impact will be enormous.

With this backdrop of rising global inflation being managed with an interest rate hiking lever, it is critically important for all property funds to ensure that future free cash flow is sufficient to cover rising interest rate levels on debt funding. By design, the Apex Digital Backed Infrastructure Fund is resilient because the anchor asset is not marginal. The income yield remains highly attractive with pre-negotiated 8% annual rental escalations from the 3rd largest global multinational company in the world. The 6.5 year fixed rental lease agreement remains fully enforceable and 100% backed by a parent company guarantee.

**DISCLAIMER**

The information provided herein is based on such information as is available to Apex Digital Backed Infrastructure Fund en Commandite Partnership at the date of issue of this report and the Apex Digital Backed Infrastructure Fund en Commandite Partnership has used its best reasonable efforts to verify the accuracy thereof. Apex Digital Backed Infrastructure Fund en Commandite Partnership has relied on information and advice provided to it by third parties whom Apex Digital Backed Infrastructure Fund en Commandite Partnership believes to have the best knowledge and expertise in respect of such matters and the Company cannot be held liable for any errors in such third parties' representations made or reports issues, on which the Company has relied. Should Apex Digital Backed Infrastructure Fund en Commandite Partnership become aware of any inaccuracies in this report following the issue hereof, it shall notify the shareholders of such inaccuracy as soon as reasonably possible after becoming aware thereof.

**CONTACT DETAILS**

Asset Manager: Apex Private Equity Partners (Pty) Ltd  
Physical Address: 15 Willow Road, Newlands, 7700  
Telephone number: +27 82 955 9996 / +27 73 476 3297  
Email Address: lmiller@apexam.co.za / jkumbo@apexam.co.za  
Website: www.apexam.co.za