

# Investec Australia Property Fund



 **Investec**  
Australia Property Fund

## Highlights

Interim distribution of  
4.03 cpa  
pre WHT – growth of 6.7%

Rights offer  
AUD120m  
fully subscribed

Accretive deployment of  
IPO capital  
65%  
portfolio growth since listing\*

Significant headroom for growth –  
gearing reduced to  
0%  
post rights offer

0% vacancy and long wale of  
6.7 years  
strong underlying  
property fundamentals

All-in cost of funding of  
4.7%  
favourable interest rates  
locked in

Average gearing of  
23%  
during the period

*\*Includes completed acquisitions post the rights offer  
All amounts are in Australian dollars unless otherwise stated*

## Consolidated statement of profit or loss and comprehensive income

| AUD'000   | Note | Reviewed<br>six months to<br>30 September<br>2014 | Audited<br>period from<br>12 December<br>2012 to<br>31 March<br>2014 | Unaudited<br>six months to<br>30 September<br>2013 |
|---|------|---|--|--|
| Revenue, excluding straight-line rental revenue adjustment  |      | 8 691   | 10 129   | 2 288  |
| Straight-line rental revenue adjustment                     |      | 783   | 1 051  | 274  |
| <b>Revenue</b>  |      | <b>9 474</b>                                      | <b>11 180</b>  | <b>2 563</b>                                       |
| Property expenses   |      | (1 197)   | (1 498)  | (305)  |
| <b>Net property income</b>                                  |      | <b>8 277</b>                                      | <b>9 682</b>   | <b>2 257</b>                                       |
| Fair value adjustments – investment property                |      | (2 123)   | (18)   | –  |
| Other operating expenses                                    |      | (1 104)   | (941)  | (209)  |
| <b>Operating profit</b>                                     |      | <b>5 050</b>                                      | <b>8 723</b>   | <b>2 048</b>                                       |
| Finance costs   |      | (1 409)   | (1 388)  | (792)  |
| Finance income  |      | 43  | 152  | 30   |
| Other income  |      | –   | 6  | –  |
| <b>Profit and total comprehensive income for the period</b> |      | <b>3 684</b>                                      | <b>7 493</b>   | <b>1 286</b>                                       |
| <b>Cents</b>  |      |   |  |  |
| <b>Basic and diluted earnings per unit for the period</b>   | 2    | <b>2.74</b>                                       | <b>13.10</b>   | <b>5.85</b>  |

## Consolidated statement of financial position

| AUD'000                                  | Note | Reviewed as at<br>30 September<br>2014 | Audited as at<br>31 March<br>2014 |
|--|------|--|-----------------------------------|
| <b>ASSETS</b>                            |      |  |                                   |
| <b>Non-current assets</b>                |      | <b>180 289</b>                         | <b>154 381</b>                    |
| Investment property                      |      | 180 289                                | 154 354                           |
| Financial instruments held at fair value | 3    | –                                      | 17                                |
| <b>Current assets</b>                    |      | <b>3 396</b>                           | <b>6 657</b>                      |
| Trade and other receivables              |      | 981                                    | 287                               |
| Cash and cash equivalents                |      | 2 415                                  | 6 370                             |
| <b>Total assets</b>                      |      | <b>183 685</b>                         | <b>161 038</b>                    |
| <b>EQUITY AND LIABILITIES</b>            |      |  |                                   |
| Contributed equity                       |      | 131 025                                | 131 025                           |
| Retained earnings                        |      | (708)                                  | 1 033                             |
| <b>Total unitholders' interest</b>       |      | <b>130 317</b>                         | <b>132 058</b>                    |
| <b>Non-current liabilities</b>           |      | <b>44 479</b>                          | <b>22 185</b>                     |
| Borrowings                               |      | 44 095                                 | 22 185                            |
| Financial instruments held at fair value | 3    | 384                                    | –                                 |
| <b>Current liabilities</b>               |      | <b>8 889</b>                           | <b>6 795</b>                      |
| Trade and other payables                 |      | 3 464                                  | 2 193                             |
| Distributions payable                    |      | 5 425                                  | 4 602                             |
| <b>Total equity and liabilities</b>      |      | <b>183 685</b>                         | <b>161 038</b>                    |

## Condensed consolidated statement of cash flows

| AUD'000  | Reviewed<br>six months to<br>30 September<br>2014 | Audited<br>Period from<br>12 December<br>2012 to<br>31 March<br>2014 | Unaudited<br>six months to<br>30 September<br>2013 |
|--|---|--|--|
| Cash flows from operating activities                     |   |  |  |
| Cash generated from operations                           | 6 908   | 9 543  | 1 884  |
| Finance income received                                  | 43  | 135  | 30   |
| Finance costs paid                                       | (949)   | (1 329)  | (622)  |
| Distribution to unitholders                              | (4 602)   | (1 858)  | –  |
| Net cash flow from operating activities                  | 1 400   | 6 491  | 1 292  |
| Net cash flow used in investing activities               | (27 265)  | (153 331)  | –  |
| Net cash flow from financing activities                  | 21 910  | 153 210  | –  |
| Net (decrease) increase in cash and cash equivalents     | (3 955)   | 6 370  | 1 292  |
| Cash and cash equivalents at the beginning of the period | 6 370   | –  | 2 149  |
| Cash and cash equivalents at the end of the period       | 2 415   | 6 370  | 3 441  |

## Condensed consolidated statement of changes in equity

| AUD'000  | Note | Reviewed<br>six months to<br>30 September<br>2014 | Audited<br>period from<br>12 December<br>2012 to<br>31 March<br>2014 | Unaudited<br>six months to<br>30 September<br>2013 |
|--|------|---|--|--|
| At the beginning of the period                                 |      | 132 058   | –  | 22 744   |
| Profit for the year  |      | 3 684   | 7 493  | 1 286  |
| Total comprehensive income                                     |      | 3 684   | 7 493  | 1 286  |
| Transaction with unitholders in their capacity as unitholders: |      |   |  |  |
| Issue of ordinary units  |      | –   | 131 025  | –  |
| Distributions paid/payable to unitholders                      |      | (5 425)   | (6 460)  | –  |
| Balance at the end of the period                               |      | 130 317   | 132 058  | 24 030   |
| Cents  |      |   |  |  |
| Distribution per unit (pre withholding tax)                    | 1    | 4.03  | 3.42   | –  |
| Distribution per unit (post withholding tax)                   | 1    | 3.82  | 3.20   | –  |

## Notes to the reviewed interim condensed consolidated financial results

| AUD'000  | Note | Reviewed<br>six months to<br>30 September<br>2014 | Audited<br>period from<br>12 December<br>2012 to<br>31 March<br>2014 |
|--|------|---|--|
| <b>1. Distribution reconciliation</b>  |      |   |  |
| Profit and total comprehensive income for the period   |      | 3 684   | 7 493  |
| <i>Less:</i> Straight-line rental revenue adjustment   |      | (783)   | (1 051)  |
| <i>Add back:</i> Fair value adjustments – investment property  |      | 2 123   | 18   |
| <i>Add back:</i> Fair value adjustments – derivatives  |      | 401   | –  |
| Distributable earnings   |      | <b>5 425</b>                                      | <b>6 460</b>   |
| <i>Less:</i> Pre-listing distribution  |      | –   | (1 858)  |
| Distribution pre withholding tax   |      | <b>5 425</b>                                      | <b>4 602</b>   |
| Withholding tax to be paid to the Australian Taxation Office   |      | (275)   | (290)  |
| Distribution post withholding tax  |      | <b>5 150</b>                                      | <b>4 313</b>   |
| <b>Number of units</b>   |      |   |  |
| Units in issue at the end of the period  |      | 134 685   | 134 685  |
| Weighted average number of units in issue for the period   |      | 134 685   | 57 214   |
| <b>Cents</b>   |      |   |  |
| Distribution per unit (pre withholding tax)  |      | 4.03  | 3.42   |
| Distribution per unit (post withholding tax)   | a    | 3.82  | 3.20   |
| Basic and diluted earnings per unit for the period   |      | 2.74  | 13.10  |
| Headline earnings per unit for the period  |      | 4.31  | 13.13  |
| <p>a) The interim distribution will include the antecedent distribution associated with the rights offer which was completed in October 2014. The antecedent distribution is treated as a return of capital from an Australian tax perspective and as such is not subject to withholding tax in Australia. As the antecedent amount is not subject to withholding tax in Australia, the effective rate of withholding tax on the distribution will be reduced for the period. The effect of this will be an increase in the distribution per unit post withholding tax from 3.82 cents per unit to 3.92 cents per unit (as set out in the distribution declaration).</p> |      |   |  |
| <b>2. Headline earnings reconciliation</b>   |      |   |  |
| Profit and total comprehensive income for the period   |      | 3 684   | 7 493  |
| <i>Add back:</i> Fair value adjustments – investment property  |      | 2 123   | 18   |
| Headline earnings  |      | <b>5 807</b>                                      | <b>7 512</b>   |
| Headline earnings per unit for the period (cents)  |      | <b>4.31</b>                                       | <b>13.13</b>   |
| <b>3. Financial instruments</b>  |      |   |  |
| <p>Financial instruments held at fair value consist of interest rate swaps, which are classified as level 2 in the fair value hierarchy. These are valued using valuation models which use market observable inputs such as quoted interest rates. No other financial instruments are carried at fair value.</p>   |      |   |  |

## Condensed segmental information

for the six months to 30 September 2014

| AUD'000  | Office         | Industrial    | Total          |
|--|----------------|---------------|----------------|
| <b>Statement of comprehensive income extracts</b>                    |                |               |                |
| Revenue, excluding straight-line rental revenue adjustment           | 6 329          | 2 362         | 8 691          |
| Straight-line revenue adjustment                                     | 548            | 235           | 783            |
| Property expenses  | (937)          | (260)         | (1 197)        |
| <b>Segment results</b>   | <b>5 940</b>   | <b>2 337</b>  | <b>8 277</b>   |
| Fair value adjustments – investment property                         | (1 888)        | (235)         | (2 123)        |
| <b>Total segment results</b>   | <b>4 052</b>   | <b>2 102</b>  | <b>6 154</b>   |
| Other operating expenses   |                |               | (1 104)        |
| Net finance costs  |                |               | (1 366)        |
| <b>Profit for the period</b>   |                |               | <b>3 684</b>   |
| <b>Statement of financial position extracts at 30 September 2014</b> |                |               |                |
| Investment property opening balance                                  | 105 254        | 49 110        | 154 364        |
| Net additions, acquisitions and disposals                            | 27 265         | (0)           | 27 265         |
| Straight-line rental revenue receivable                              | 548            | 235           | 783            |
| Fair value adjustment  | (1 888)        | (235)         | (2 123)        |
| <b>Investment property as at 30 September 2014</b>                   | <b>131 179</b> | <b>49 110</b> | <b>180 289</b> |
| Other assets not managed on a segmental basis                        |                |               | 3 396          |
| <b>Total assets as at 30 September 2014</b>                          |                |               | <b>183 685</b> |

for the period from 12 December 2012 to 31 March 2014

| AUD'000  | Office         | Industrial    | Total          |
|--|----------------|---------------|----------------|
| <b>Statement of comprehensive income extracts</b>                |                |               |                |
| Revenue from external customer, excluding straight-line rental   | 4 208          | 5 921         | 10 129         |
| Straight-line rental revenue adjustment                          | 311            | 740           | 1 051          |
| Property expenses  | (824)          | (674)         | (1 498)        |
| <b>Segment results</b>   | <b>3 695</b>   | <b>5 987</b>  | <b>9 682</b>   |
| Fair value adjustments – investment property                     | (480)          | 462           | (18)           |
| <b>Total segment results</b>                                     | <b>3 215</b>   | <b>6 449</b>  | <b>9 664</b>   |
| Other operating expenses   |                |               | (941)          |
| Net finance costs  |                |               | (1 236)        |
| Other income   |                |               | 6              |
| <b>Profit for the period</b>                                     |                |               | <b>7 493</b>   |
| <b>Statement of financial position extracts at 31 March 2014</b> |                |               |                |
| Investment property opening balance                              | –              | –             | –              |
| Net additions, acquisitions and disposals                        | 105 423        | 47 908        | 153 331        |
| Straight-line rental revenue receivable                          | 311            | 740           | 1 051          |
| Fair value adjustment  | (480)          | 462           | (18)           |
| <b>Investment property at 31 March 2014</b>                      | <b>105 254</b> | <b>49 110</b> | <b>154 364</b> |
| Other assets not managed on a segmental basis                    |                |               | 6 674          |
| <b>Total assets as at 31 March 2014</b>                          |                |               | <b>161 038</b> |

## Commentary

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### Introduction

Investec Australia Property Fund ("the Fund") is the first inward-listed Australian REIT on the JSE. The Fund aims to maximise sustainable returns to unitholders by investing in quality office, industrial and retail properties in Australia, giving unitholders exposure to the Australian real estate market and the Australian Dollar.

The Fund listed on the JSE on 23 October 2013. The initial capital raised on listing was AUD 112.68mn. On 20 October 2014 the Fund raised AUD 121.50mn from existing investors by way of a fully subscribed rights offer.

The Fund currently comprises 12 properties in Australia with a total gross lettable area ("GLA") of 72 847m<sup>2</sup> independently valued at AUD 254mn (including the acquisitions completed subsequent to period end).

### Financial results

The board of directors of Investec Property Limited ("IPL") is pleased to announce the interim distribution of 4.03 cents per unit pre withholding tax ("WHT") and 3.92 cents per unit post withholding tax for the six months ended 30 September 2014. This represents annualised growth of 6.7% pre WHT and 11.0% post WHT.

This performance is underpinned by the accretive acquisitions made since the listing, fixed escalations built into the base portfolio, cost containment and the Fund's efficient capital and interest rate management. One acquisition was completed during the period at an attractive yield (7.84%) utilising the Fund's debt facilities. The Fund's average gearing during the six-month period ending 30 September 2014 was 23.6% and as such the Fund has significantly benefited from the positive spread of property yields over its fixed borrowing costs. The Fund also benefited from no vacancies over the period and no arrears. The Fund has a high quality tenant base and a long lease expiry profile which will underpin future performance.

The distribution includes the antecedent distribution associated with the rights offer which was completed in October 2014. As the antecedent amount is not subject to withholding tax in Australia, the effective rate of withholding tax on the distribution has been reduced for the period.

Subsequent to the 30 September 2014 period end the Fund's gearing has again been paid down to zero from the proceeds of the successful rights offer. The fund's long term objective however is to be geared at its target gearing levels of between 35% – 40% in order to enhance portfolio growth through the positive gearing effect.

The results presented cover the period from 1 April 2014 to 30 September 2014. IAS 34 requires the Fund to show the prior interim period as comparatives, which in this case is from 1 April 2013 to 30 September 2013. As this period precedes the listing it is not relevant to unitholders. This comparative period has not been reviewed or audited. The full period results presented cover the 15-month period from 12 December 2012 (being the date the Fund was established) to 31 March 2014, however the period relevant to unitholders is from the listing date to 31 March 2014. Therefore the comparatives of the unaudited prior period half year results as well as the audited 15-month period results are limited in their comparability with the current interim results.

### Properties

The Fund is now anchored by a core portfolio of 12 quality well located properties. The strength of the property fundamentals is evidenced by a long dated WALE of 6.7 years with 67% of leases expiring after five years. The portfolio currently has no vacancies, strong tenant covenants and attractive average rental escalations of approximately 3.7% per annum.

### Acquisitions

Since 31 March 2014 the Fund has acquired three properties (one during the reporting period and two after the reporting period) for a combined consideration of AUD 104mn (including transaction costs). These acquisitions were made at a combined yield of 8.2% (pre transaction costs). The properties are of high quality, are well located and have strong tenant covenants. They also reflect our strategic focus and our ability to unlock off-market transactions through the Investec network in a very competitive market.

Yields have tightened across all market sectors over the period which is reflected in our recent acquisitions. Therefore the extent of the positive yield accretion has been diluted. This has been mitigated by downward pressure on borrowing costs. The weighted average yield of the portfolio is now 8.34% (31 March 2014: 8.44%; on listing: 8.59%).

The current portfolio value at the date of this announcement is AUD 254mn, up 65% from the prior year-end. The successful rights offer provided the Fund with AUD 160mn of capacity to acquire further assets.

| Property name                    | Geography | Effective date | Sector     | Value (AUD'000) | GLA m2 | Yield (%)* | WALE (GLA) |
|----------------------------------|-----------|----------------|------------|-----------------|--------|------------|------------|
| <b>Acquisitions</b>              |           |                |            |                 |        |            |            |
| 186 Reed Street, Greenway        | ACT       | 15/05/2014     | Office     | 25 925          | 5 403  | 7.8        | 9.0        |
| 757 Ann Street, Fortitude Valley | QLD       | 10/11/2014     | Office     | 65 500          | 9 125  | 8.3**      | 7.8        |
| 30 – 48 Keller Street, Berrinba  | QLD       | 31/10/2014     | Industrial | 8 200           | 4 070  | 8.3        | 5.0        |

\* Before transaction costs

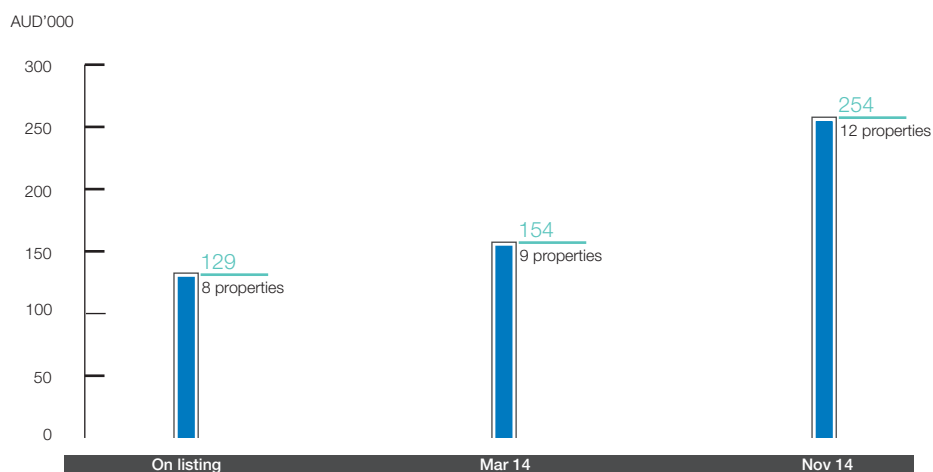
\*\* 7.9% post contingent consideration

The acquisitions complement the existing property portfolio and contribute to the strength of the existing property fundamentals.

The newly acquired Ann Street and Keller Street properties were off-market transactions and were sourced through Investec's network. These acquisitions further illustrate the Fund's ability to secure quality properties in a highly competitive environment.

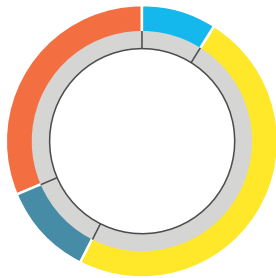
The Fund is pursuing an attractive pipeline which, if concluded, is expected to be earnings accretive and will complement the profile of the existing property portfolio.

## Asset growth



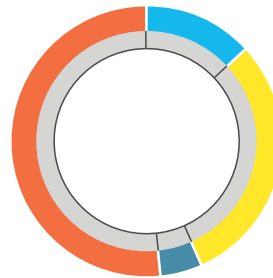


**Geographic spread by GLA (%)**



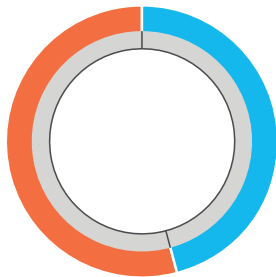
|     |     |
|-----|-----|
| QLD | 10% |
| ACT | 48% |
| SA  | 11% |
| VIC | 31% |

**Geographic spread by revenue (%)**



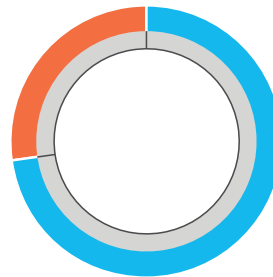
|     |     |
|-----|-----|
| QLD | 13% |
| ACT | 30% |
| SA  | 6%  |
| VIC | 51% |

**Sectoral spread by GLA (%)**



|            |     |
|------------|-----|
| Office     | 46% |
| Industrial | 54% |

**Sectoral spread by revenue (%)**

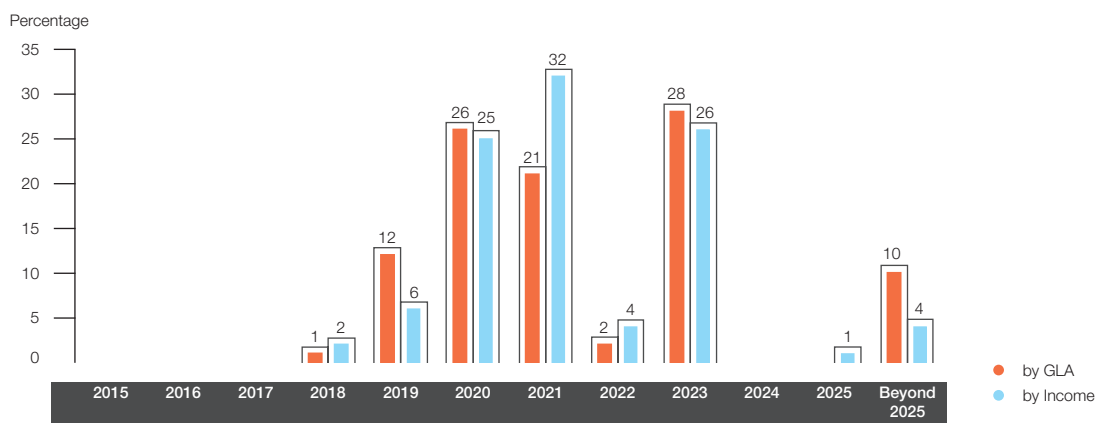


|            |     |
|------------|-----|
| Office     | 73% |
| Industrial | 27% |

## Vacancy levels

At 30 September 2014, the property portfolio had no vacancy with the small vacancy at Elizabeth Street (which was covered by a rent support) leased during the period. Nothing has become vacant during the period.

## Lease expiry profile (including support arrangements)



The lease expiry profile reflects the quality and sustainability of the Fund's net property income.

## Fair value adjustment of investment property

The Fund's policy is to value investment properties at year-end, with independent valuations performed on a rotational basis to ensure each property is valued at least every 18 months by an independent external valuer (in compliance with the Fund's debt facility). Where directors' valuations are performed, the valuation methods include using the discounted cash flow model and the capitalisation model.

Independent external valuations were obtained for all of the Fund's investment properties in February and March 2014. An independent valuation was also obtained for the Greenway property when it was acquired in May 2014. Revaluations were not undertaken at period-end as the directors are not aware of any factors which would materially affect the valuation of the properties. A fair value adjustment was recorded on the Reed Street acquisition which occurred during the period. This represents the write off of the transaction costs associated with the acquisition which primarily comprise stamp duty.

## Capital funding

In October 2013 the Fund raised AUD 112.69mn of capital by way of a private placing of 112,685,000 units. The Fund was then listed on the JSE. In October 2014 the Fund raised a further \$121.50mn by way of a renounceable rights offer of 111,896,298 units at a price of R10.70 per unit in the ratio of 83.08 units for every 100 units held. The Fund now has 246,581,298 units in issue. The rights offer price included the accrued distribution for the period from 1 April 2014 to 30 September 2014 and the period from 1 October 2014 to 19 October 2014, which will be distributed to Unitholders when the Fund makes its interim distribution during December 2014 and final distribution during June 2015.

The proceeds of the rights offer have been used to acquire the Ann Street Property and to repay the debt of AUD 44.24mn on the statement of financial position prior to the rights offer.

At the Fund's target gearing ratio of up to 40%, this would give the Fund circa AUD 160mn in debt capacity to pursue acquisitions using the Fund's existing Westpac facility. The long-term strategy of the Fund is to be geared at its targeted gearing levels of between 35% and 40%. Gearing will be utilised in executing on the Fund's pipeline of acquisitions.

The Westpac debt facility has a current limit of AUD 48.24mn which can be increased to AUD 125mn subject to financier approval and other conditions being met. The facility is for a 3 year term from April 2014 at a rate of BBSW + 150bps. The Fund will hedge at least 75% of its interest rate exposure.

The Fund is currently pursuing opportunities to increase the term of the debt facility and to reduce the margin.

The Fund has hedged 100% of its current interest rate exposure at a base rate of 3.2% for 3 years using interest rate swaps. The all in cost of funding is at period end was 4.7%. Whilst the debt has been repaid, the swaps remain in place. Australia continued to experience persistently low interest rates and the Fund will look to lock this in through conservative interest rate management.

### Australian REIT structure

The Fund allows for the tax efficient flow-through of net income to unitholders. The Fund is an uncapped and open-ended fund and existing and future unitholders will hold a participatory interest in the Fund, which entitles unitholders to a pro rata share of the underlying income generated by the Fund and a pro rata beneficial interest in the assets of the Fund. The Fund is registered as a Managed Investment Scheme in Australia. The Fund is governed and operated by Investec Property Limited ("IPL") and managed by Investec Property Management Pty Limited ("IPML").

### Unitholders

At 30 September 2014, Investec Property Fund Limited and Investec Bank Limited are the only unitholders holding in excess of 5% of the Fund's total issued units, holding 18.56% and 16.33% respectively.

|                          |             |
|--------------------------|-------------|
| Number of units in issue | 134 685 000 |
| Number of unitholders    | 2 339       |

### Changes to the board

Michael Crawford passed away on 2 July 2014. Mr Crawford was an independent non-executive director of IPL and a member of the Audit and Risk Committee. Mr Crawford made an invaluable contribution to the board and board committees of IPL and to the listing and initial growth phase of the Fund.

Sam Hackner resigned as a non-executive director of IPL effective 7 July 2014.

Stephen Koseff was appointed as a non-executive director of IPL effective 7 July 2014.

Hugh Martin was appointed as an independent non-executive director of IPL effective 30 September 2014. Mr Martin is also a member of the Audit and Risk Committee.

### Prospects

The Fund is well positioned to continue with the execution of its strategy outlined to investors on its listing on the JSE and on its recent capital raising. The property portfolio consists of well located properties which are 100% let. Income is underpinned by strong tenant covenants. The portfolio has a WALE of 6.7 years and embedded contractual escalations.

The growth experienced for the six month period ending 30 September 2014 is not expected to be repeated for the second six month distribution period due to the impact of the rights offer through the repayment of the debt to zero. Management maintains that a strategy of having unconditional funding capacity to transact in the current market and further take advantage of attractive acquisition opportunities is advantageous to unitholders. The extent of the growth in the second six-month period ending 31 March 2015 will be determined by the timing of the deployment of the available debt capacity into the Fund's pipeline of acquisition opportunities.

The strength of the underlying property portfolio allows management to focus on its pipeline of prospective acquisitions, which consist of both on and off market opportunities which in the current favourable interest rate environment can be funded at attractive pricing. The Fund's balance sheet is well capitalised to take advantage of these opportunities.

The information and opinions contained above are recorded and expressed in good faith and are based upon sources believed to be reliable. No representation, warranty, undertaking or guarantee of whatever nature is made or given concerning the accuracy and/or completeness of such information and/or the correctness of such opinions.

The auditor's review report does not report on all of the information contained in this announcement. Any reference to future financial information included in this announcement has not been reviewed or reported on by the Fund's independent auditors.

On behalf of the board of Investec Property Limited as responsible entity for the Investec Australia Property Fund



**Richard Longes**  
Chairman



**Graeme Katz**  
Chief Executive Officer

20 November 2014

### **Basis of accounting**

The reviewed interim condensed consolidated financial results for six months ended 30 September 2014 have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34: *Interim Financial Reporting* as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

The accounting policies applied in the preparation of the reviewed interim condensed consolidated financial results for the six months ended 30 September 2014 are in terms of IFRS and are consistent with those adopted in the audited financial statements for the period ended 31 March 2014, except for the following newly effective standards: IFRS 10 *Consolidated Financial Statements* and IFRS 12 *Disclosures of Interests in Other Entities*.

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. IFRS 12 brings together in a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. These standards do not have a significant impact on the Fund.

### **Review conclusion**

These interim condensed consolidated financial results for the six months ended 30 September 2014 have been reviewed by KPMG, who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at IPL's registered office.

### **Distribution**

Notice is hereby given of a interim distribution declaration number 2 of:

- 4.02762 AUD cents per unit pre withholding tax; and
- 3.91642 AUD cents per unit post withholding tax;

for the six months ended 30 September 2014, payable to holders of the units as recorded in the register of unitholders of the Fund at the close of business on Friday, 12 December 2014. Withholding tax of 0.11120 cents per unit (2.76093%) will be withheld from the distribution paid to non-Australian unitholders and will be paid to the Australian Taxation Office. The distribution includes the antecedent distribution associated with the rights offer which was completed in October 2014.

The distribution amount declared from net rental income will be converted from AUD to ZAR at the spot rate on Friday, 28 November 2014. The distribution will be paid to unitholders in ZAR.

The salient dates relating to the distribution are as follows:

|   |                            |
|---|----------------------------|
| Distribution amount converted from AUD to ZAR at the spot rate    | Friday, 28 November 2014   |
| Last day to trade in order to participate in the distribution     | Friday, 5 December 2014    |
| Units to trade ex distribution                                    | Monday, 8 December 2014    |
| Distribution amount transferred to South Africa                   | Thursday, 11 December 2014 |
| Record date   | Friday, 12 December 2014   |
| Distribution posted/paid to certificated unitholders              | Monday, 15 December 2014   |
| Accounts credited by CSDP or broker to dematerialised unitholders | Monday, 15 December 2014   |

Units may not be dematerialised or rematerialised between Monday, 8 December and Friday, 12 December 2014, both days inclusive. The above dates and times are subject to amendment. Any such amendment will be released on SENS and published in the press.

Number of units in issue at the date of the declaration: 246 581 298

The distributions, net of withholding tax, received by South African institutional and individual investors will constitute income and will be subject to income tax in South Africa at the investors' marginal tax rate. Individual investors will be able to claim a rebate against the withholding tax paid in Australia (0.11120 cents per unit). Non-tax paying institutional investors will not be taxed and will therefore not be entitled to claim a rebate. The effective withholding tax rate on the distribution is 2.76093%.

The above summary of the tax treatment of the foreign distribution does not constitute legal or tax advice and is based on taxation law and practice at the date of this announcement. Investors should take their own tax advice as to the consequences of their investment in the Fund and are encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

By order of the board

**Investec Property Limited**  
*Company Secretary*

20 November 2014

**Directors of the Responsible Entity**

Richard Longes# (*Non-executive chairman*)  
Stephen Koseff (*Non-executive*)  
Graeme Katz (*Executive*)  
Samuel Leon (*Non-executive*)  
Sally Herman# (*Non-executive*)  
Hugh Martin# (*Non-executive*)  
# *Independent*

**Directors of the Manager**

Graeme Katz (*Executive*)  
Zach McHerron (*Executive*)  
Matthew Liston (*Executive*)  
Jason Sandler (*Executive*)  
Samuel Leon (*Non-executive*)

**Investec Australia Property Fund**

Registered in Australia in terms of ASIC (ARSN 162 067 736)  
Registered in terms of the Collective Investment Schemes  
Control Act No. 45 of 2003  
Share code: IAP  
ISIN: AU60INL00018

**Company Secretary of the Responsible Entity**

Paul Lam-Po-Tang (*BCom, LLB*)

**Registered office and postal address of the Responsible Entity and date of establishment of the Fund*****Australia***

Level 23, Chifley Tower  
2 Chifley Square  
Sydney  
New South Wales  
2000  
Australia

***Local representative office***

2nd Floor  
100 Grayston Drive  
Sandown  
Sandton  
2196

*Established on 12 December 2012 in Sydney, Australia.  
Registered as a Managed Investment Scheme with ASIC  
under the Corporations Act on 6 February 2013. On  
23 August 2013 the Registrar of Collective Investment  
Schemes authorised the Fund to solicit investments in the  
Fund from members of the public in the Republic of South  
Africa in terms of section 65 of the Collective Investment  
Schemes Control Act, No. 45 of 2002, as amended.*

***Responsible Entity***

Investec Property Limited  
(ACN 071 514 246 AFSL 290 909)  
Level 23, Chifley Tower  
2 Chifley Square  
Sydney  
New South Wales  
2000  
Australia

***Manager***

Investec Property Management Pty Limited  
(ACN 161 587 391)  
Level 23, Chifley Tower  
2 Chifley Square  
Sydney  
New South Wales  
2000  
Australia

***Transfer Secretaries***

Computershare Investor Services Proprietary Limited  
70 Marshall Street  
Johannesburg  
2001  
(PO Box 61051, Marshalltown, 2107)  
Phone: +27 11 370 5159

***Sponsor***

The Corporate Finance division of Investec Bank Limited  
2nd Floor  
100 Grayston Drive  
Sandown  
Sandton  
2196  
(PO Box 785700, Sandton, 2146)

***Custodian***

Perpetual Corporate Trust Limited  
(ACN 000 341 533)  
Level 12, 123 Pitt Street  
Sydney  
New South Wales  
2000  
Australia





