

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* throughout this Circular, including this cover page. If you are in any doubt as to the action you should take, please consult your CSDP, banker, broker, attorney, accountant or other professional advisor immediately.

### ACTION REQUIRED BY UNITHOLDERS

If you have disposed of all or any of your Units, please forward this Circular, together with the attached notice of General Meeting and form of proxy, to the purchaser of such Units or the broker, CSDP, banker or agent through whom you disposed of such Units.

#### **Certificated Unitholders and Dematerialised Unitholders with “own name registration”**

If you are a Certificated Unitholder or hold Dematerialised Units with “own name registration” and you are unable to attend the General Meeting to be held on Friday, 12 September 2014 at:

- 09:00 (Johannesburg) in 2nd Floor, Executive Boardroom, Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton; and
- 17:00 (Sydney) in Boardroom, Investec Australia Limited, Level 23, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia,

and wish to be represented thereat, you are requested to complete and return the attached form of proxy in accordance with the instructions contained therein and lodge it with, or post it to, the Responsible Entity or the Transfer Secretaries so as to be received by them no later than 09:00 (Johannesburg)/17:00 (Sydney) on Wednesday, 10 September 2014.

#### **Dematerialised Unitholders other than those with “own name registration”**

If you hold Dematerialised Units through a CSDP or broker other than with an “own name registration” and wish to attend the General Meeting, you must timeously advise your CSDP or broker of your intention to attend and vote at the General Meeting in order for them to provide you with the necessary letter of representation to do so. Alternatively, should you not wish to attend the General Meeting in person but wish to be represented thereat, you must timeously provide your CSDP or broker with your voting instruction in order for them to vote in accordance with your instruction at the General Meeting.

Unitholders are referred to page 3 of this Circular, which sets out the detailed action required of them in respect of the Proposed Transaction set out in this Circular.

*Out of the Ordinary*<sup>®</sup>



Australia Property Fund

## INVESTEC AUSTRALIA PROPERTY FUND

Registered in terms of the CIS Act  
Registered in terms of ASIC (ARSN 162 067 736)  
("IAPF" or "the Fund")  
(Share code: IAP ISIN: AU60INL00018)

Responsible Entity and Issuer: Investec Property Limited (ACN 071 514 246; AFSL 290 909)

## CIRCULAR TO UNITHOLDERS

**relating to the proposed acquisition of the Ann Street Property from the Vendor which constitutes a Category I transaction in terms of the Listings Requirements;**

and enclosing:

- a notice of General Meeting; and
- a form of proxy to vote at the General Meeting (for use by Certificated Unitholders and Dematerialised Unitholders with “own name” registration only)

and incorporating:

- Revised Listing Particulars in respect of the Fund

### Corporate Advisor and Sponsor



Investec Bank Limited  
(Registration number 1969/004763/06)

### Legal Advisors (Australia)



### Legal Advisor (South Africa)



### Independent Valuer



### Independent Reporting Accountants



### Independent Sponsor



Date of issue: 14 August 2014

This Circular is available in English only. Copies of this document will be available at the local representative office of IAPF and the Transfer Secretaries, at the addresses set out in the corporate information section of this Circular, during normal business hours from Thursday, 14 August 2014, up to and including Friday, 12 September 2014. This Circular will also be available on IAPF's website: [www.investecaustraliapropertyfund.co.za](http://www.investecaustraliapropertyfund.co.za)

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## CORPORATE INFORMATION

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### Directors of the Responsible Entity

Richard Longes<sup>#</sup> (*Chairman*)  
Stephen Koseff (*Non-executive*)  
Graeme Katz (*Executive*)  
Samuel Leon (*Non-executive*)  
Sally Herman<sup>#</sup> (*Non-executive*)  
<sup>#</sup> *Independent*

### Company secretary of the Responsible Entity

Paul Lam-Po-Tang (BCom, LLB)  
Level 23, Chifley Tower  
2 Chifley Square  
Sydney  
New South Wales  
2000  
Australia

### 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

### Corporate Advisor

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

### Registered office, 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:  
Investec Bank Limited  
2nd Floor  
100 Grayston Drive  
Sandown  
Sandton  
2196

*Fund 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 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, 45 of 2002, as amended.*

### 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

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## CORPORATE INFORMATION

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### **Sponsor**

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

### **Legal Advisors (South Africa)**

Fluxmans Inc.  
30 Jellicoe Ave  
Rosebank  
Johannesburg  
2196  
(Private Bag X41, Saxonwold, 2132)

### **Independent Reporting Accountants**

KPMG Inc.  
KPMG Crescent  
85 Empire Road  
Parktown  
2196  
(Private Bag 9, Parkview, 2122)

### **Bankers**

Westpac Banking Corporation  
(ACN 007 457 141)  
275 Kent Street  
Sydney  
New South Wales  
2000  
Australia

### **Independent sponsor**

Deloitte & Touche Sponsor Services (Pty) Ltd  
Building 8  
The Woodlands  
Woodmead  
Sandton  
2196  
(Private Bag X6, Gallo Manor, 2052)

### **Legal Advisors (Australia)**

HWL Ebsworth Lawyers  
Level 23, Riverside Centre  
123 Eagle Street  
Brisbane  
Queensland  
4000  
Australia

Herbert Smith Freehills  
Level 34, ANZ Tower  
161 Castlereagh Street  
Sydney  
New South Wales  
2000  
Australia

### **Independent Valuer**

Savills Valuations Pty Ltd  
(ACN 151 048 056)  
Level 2, 66 Eagle Street  
Brisbane  
Queensland  
4000  
Australia

### **Custodian**

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

### **Vendor**

Ann Street 757 Pty Ltd as trustee for the 757 Unit Trust  
(ACN 158 803 457)  
Building 6, Garden City Office Park  
2404 Logan Road  
Brisbane  
Queensland  
4000  
Australia

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## **ACTION REQUIRED BY UNITHOLDERS**

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The definitions commencing on page 5 of this Circular apply *mutatis mutandis* to this section.

**Please take careful note of the following provisions regarding the action required by Unitholders**

### **GENERAL MEETING**

The acquisition of the Ann Street Property is subject, inter alia, to Unitholders passing the requisite resolutions at the General Meeting to be held on Friday, 12 September 2014 at:

- 09:00 (Johannesburg) in 2nd Floor, Executive Boardroom, Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton; and
- 17:00 (Sydney) in Boardroom, Investec Australia Limited, Level 23, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia.

A notice convening the General Meeting to be held on Friday, 12 September 2014 is attached to and forms part of this Circular.

#### **1. IF YOU HOLD CERTIFICATED UNITS OR DEMATERIALIZED UNITS WITH “OWN NAME” REGISTRATION**

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you are requested to complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Responsible Entity or the Transfer Secretaries by no later than 09:00 (Johannesburg)/17:00 (Sydney) on Wednesday, 10 September 2014.

#### **2. IF YOU HOLD DEMATERIALIZED UNITS AND HAVE NOT ELECTED “OWN NAME” REGISTRATION**

In accordance with the custody agreement between you and your CSDP or broker you must advise your CSDP or broker timeously if you wish to attend, or be represented at the General Meeting. Your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend, or to be represented at the General Meeting.

If you do not wish to attend the General Meeting, you must provide your CSDP or broker with their instruction for attendance or voting at the General Meeting in the manner stipulated in the agreement between you and your CSDP or broker. These instructions must be provided to your CSDP or broker by the cut-off time and date advised by them for instructions of this nature.

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker. You must not complete the attached form of proxy.

Neither the Responsible Entity or IAPF accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of Dematerialised Units to notify such Unitholder of the action required of them in respect of the acquisition set out in this Circular.

#### **3. IF YOU HAVE DISPOSED OF YOUR UNITS**

If you have disposed of your Units, this Circular, together with the attached form of proxy, should be handed to the purchaser of such Units or the broker or other agent who disposed of your Units for you.

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## SALIENT DATES AND TIMES

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The definitions commencing on page 5 of this Circular apply *mutatis mutandis* to this section.

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**2014**

Record date to receive notice of General Meeting	Friday, 8 August
Circular, notice of General Meeting and form of proxy posted to Unitholders on	Thursday, 14 August
Last day to trade to be eligible to vote at the General Meeting	Friday, 29 August
Record date to be eligible to attend and vote at the General Meeting	Friday, 5 September
Last day to lodge forms of proxies in respect of the General Meeting by 09:00 (Johannesburg)/17:00 (Sydney) on	Wednesday, 10 September
General Meeting to be held at 09:00 (Johannesburg)/17:00 (Sydney) on	Friday, 12 September
Results of General Meeting released on SENS on	Friday, 12 September
Results of the General Meeting published in the press on	Monday, 15 September

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**Notes:**

1. All times referred to in the announcement are local times in South Africa and are subject to amendment. Any such amendment will be released on SENS.
2. Unitholders are referred to page 3 of this Circular for information on the action required to be taken by them.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless otherwise stated or the context so requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa*, words denoting one gender include the other and expressions denoting natural persons include juristic persons and associations of persons.

“Ann Street Property”	the property located at 757 Ann Street, Fortitude Valley QLD 4006, Australia being Lot 20 on Registered Plan 172270 in the County of Stanley Parish of North Brisbane bearing Title Reference 16125088;
“AFSL”	Australian financial services licence;
“Articles”	the constitution of the Responsible Entity;
“ASIC”	the Australian Securities and Investments Commission;
“AUD”	Australian dollar(s);
“BBSY”	the average bid rate for the relevant interest calculation period as quoted on the Reuters page “BBSY” at approximately 10:30 (Sydney time) on the first day of the relevant period (rounded up to 2 decimal places) or if there is none, the rate selected by Westpac as equivalent or the rate equivalent to its cost of funds;
“Board”	the board of directors of the Responsible Entity as set out in paragraph 7.1 of this Circular;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa (or Australia as the case may be) and in the event that a day referred to in terms of this Circular should fall on a day which is not a Business Day, the relevant date will be extended to the succeeding Business Day;
“Certificated Units”	Units which have not yet been Dematerialised into the Strate system, title to which is represented by a Unit certificate or other physical document of title acceptable to the Directors;
“Certificated Unitholder”	Unitholders who have not Dematerialised their Unit certificates in the Fund in terms of Strate and hold Certificated Units;
“Circular”	all the documents contained in this bound document, dated 14 August 2014, including the circular to Unitholders and the annexures thereto, a notice of General Meeting and a form of proxy;
“CIS Act”	the Collective Investment Schemes Control Act, 2002 (Act 45 of 2002) of South Africa, as amended from time to time;
“Collective Investment Scheme”	means a collective investment scheme as defined in Section 1 of the CIS Act;
“Constitution”	the constitution (otherwise known as the trust deed) of IAPF, as amended from time to time;
“Contingent Payments”	additional payments in respect of the Vendor Leased Areas currently occupied by SIP Australia, which leases are surrendered by SIP Australia and subsequently leased to third-party tenants for an annual rent which is greater than the market rent attributable to that Vendor Leased Area as assessed by the Independent Valuer. The value of the payments shall be calculated as AUD 4 000 000 multiplied by the ratio of the actual difference in rentals to the Maximum Surplus. The value of the Contingent Payments will be capped at AUD 4 000 000;
“Contract for Sale”	refers to the agreement between the Vendor and the SPV Trustee in respect of the acquisition of the Ann Street Property, dated 18 July 2014;
“Corporate Advisor”	Investec Corporate Finance, a division of Investec Bank Limited;
“Corporations Act”	the Corporations Act 2001 (Cth) of Australia as amended from time to time;

“Corporate House”	Corporate House Services Pty Ltd (ACN 133 551 603);
“CSDP”	Central Securities Depository Participant;
“Custodian”	Perpetual Corporate Trust Limited (ACN 000 341 533);
“Custody Agreement”	the custody agreement entered into between the Responsible Entity and the Custodian dated 2 April 2013 in terms of which the Responsible Entity has contracted the Custodian to hold the assets of the Fund on behalf of the Responsible Entity;
“Dematerialise” or “Dematerialisation”	the process whereby Certificated Units are replaced by electronic records of ownership under Strate and recorded in the sub-register of Unitholders maintained by a CSDP or broker;
“Dematerialised Units”	Units which have been incorporated into the Strate system and which are no longer evidenced by Unit certificates, certified transfer deeds, balance receipts or any other physical documents of title;
“Dematerialised Unitholders”	Unitholders who hold Dematerialised Units;
“Director(s)”	refers to a director(s) of the Responsible Entity;
“Elizabeth Street Property”	the property located at 35 – 49 Elizabeth Street, Richmond, Victoria 3121, being the land comprised in certificate of title volume 11015 folio 951;
“Enterprise Value”	the sum of the market capitalisation of the Fund, based on the market price of a Unit as at the last day of the relevant calendar month multiplied by the average number of Units in issue over the period of 30 consecutive Business Days immediately before the last day of the relevant calendar month (whether or not a sale was recorded on a particular day) and the total amount of debt owing by the Fund and all Sub Trusts as at the last day of the relevant calendar month, less the total amount of cash and cash equivalents held by the Fund and all Sub Trusts as at the last day of the relevant calendar month;
“Financial Year”	the financial year of the Fund and for the time being ending 31 March;
“FIRB approval”	approval by the Australia Foreign Investment Review Board under the Foreign Acquisitions and Takeovers Act, 1975;
“General Meeting”	the general meeting of Unitholders to be held on Friday, 12 September 2014 at: <ul style="list-style-type: none"> <li>• 09:00 (Johannesburg) in 2nd Floor, Executive Boardroom, Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton; and</li> <li>• 17:00 (Sydney) in Boardroom, Investec Australia Limited, Level 23, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia;</li> </ul> to consider, and if deemed fit, approve the resolutions contained in the notice of general meeting of Unitholders attached to this Circular;
“GLA”	gross lettable area;
“Group”	in relation to a company (wherever incorporated), that company, any company of which it is a subsidiary (being its holding company) and any other subsidiaries of any such holding company and each company in a Group is a member of the Group. Unless the context otherwise requires, the application of the definition of Group to any company at any time will apply to the company as it is at that time;
“GST”	goods and services tax or similar value added tax levied or imposed in Australia pursuant to the GST Act or otherwise on a supply;
“GST Act”	a New Tax System (Goods and Services Tax) Act 1999 (Cth), as amended from time to time;
“Hold Trust”	Investec Australia Hold Trust No.1, an intermediary holding trust that is a wholly-owned subsidiary of IAPF and is the holding trust of the various subsidiary trusts that own or are intended to own the Fund’s property portfolio;



“Hold Trustee”	Investec Wentworth Pty Limited (ACN 003 388 725), the trustee of Hold Trust;
“IFRS”	International Financial Reporting Standards;
“Independent Reporting Accountants”	KPMG Inc. (registration number 1999/021543/21), a company duly incorporated and registered in South Africa;
“Independent Sponsor”	Deloitte & Touche Sponsor Services Proprietary Limited (registration number 1996/000034/07);
“Independent Valuer”	Savills Valuations Pty Ltd (ACN 151 048 056);
“Investec”	the Investec Group of companies comprising Investec Plc and Investec Limited and their subsidiary companies;
“Investec Australia Limited” or “IAL”	a company registered in Australia (ACN 140 381 184), being the operating entity of the Investec Group in Australia;
“Investec Australia Property Fund”, “IAPF” or “the Fund”	Investec Australia Property Fund (ARSN 162 067 736), duly registered as a Managed Investment Scheme under the Corporations Act; also recognised as a foreign Collective Investment Scheme and authorised to solicit investments in the Fund from members of the public of South Africa in terms of section 65 of the Collective Investment Schemes Control Act 45 of 2002, as amended;
“Investec Australia Property Holdings Pty Limited”	a company registered in Australia (ACN 138 087 993);
“Investec Bank (Australia) Limited” or “IBAL”	a company registered in Australia (ACN 071 292 594), being the previous operating entity of the Investec Group in Australia;
“Investec Bank Limited”	Investec Bank Limited (registration number 1969/004763/06), a company incorporated in South Africa and a wholly-owned subsidiary of Investec Limited;
“Investec Bank plc”	Investec Bank plc (company number 00489604), being a company incorporated in the UK and a wholly-owned subsidiary of Investec plc;
“Investec Limited”	Investec Limited (Registered number 1925/002833/06), a public company incorporated in South Africa and listed on the JSE, with secondary listings on the Botswana Stock Exchange and the Namibian Stock Exchange;
“JSE”	the exchange operated by JSE Limited (registration number 2005/022939/06), a company duly incorporated in accordance with the laws of South Africa and having its registered address at 1 Exchange Square, 2 Gwen Lane, Sandown, and licensed as an exchange in accordance with the Financial Markets Act;
“Last Practicable Date”	Wednesday, 6 August 2014, being the last practicable date prior to the finalisation of this Circular;
“Legal Advisors”	collectively, HWLEbworth Lawyers (ABN 37 246 549 189), Herbert Smith Freehills (ABN 98 773 882 646) and Fluxmans Inc (registration number 2000/024775/21);
“Listing”	the inward listing of the Fund in the “Real Estate Holding and Development” sector of the JSE with share code “IAP” and ISIN: AU60INL00018 which took place on 23 October 2013;
“Listings Requirements”	the Listings Requirements of the JSE;
“Managed Investment Scheme”	a managed investment scheme that has been registered by ASIC as a managed investment scheme under chapter 5C of the Corporations Act;
“Management Agreement”	the management agreement between the Responsible Entity and the Manager dated 1 August 2013 pursuant to which the Manager will provide certain asset management and property management services to the Fund, the Hold Trust and the Sub Trusts, the salient details of which are set out in paragraph 6.2.2;

“Manager”	Investec Property Management Pty Limited (ACN 161 587 391) which has been contracted to perform certain asset management and property management functions to the Fund, the Hold Trust and the Sub Trusts;
“Maximum Surplus”	in respect of the calculation of the Contingent Payments, the maximum surplus refers to a maximum difference of AUD 292 007 between the actual net rent payable by a third-party tenant over the net market rent assigned by the Independent Valuer, which would result in the maximum Contingent Payment of AUD 4 000 000 being payable to SIP Australia;
“NABERS”	National Australian Built Environment Rating System, a government initiative to measure and compare the environmental performance of Australian buildings and tenancies;
“Pre-listing Statement”	the pre-listing statement of the Fund, dated 25 September 2013, including all annexures thereto, which was issued on the listing of the Fund;
“Property Portfolio”	the portfolio comprising all the properties held by the Fund;
“Proposed Transaction”	the acquisition of the Ann Street Property;
“Punt Road Property”	the property located at 449 Punt Road, Cremorne, Victoria 3121, being the land comprised in certificate of title volume 11020 folio 509;
“Purchase Consideration”	AUD 65 500 000, being the purchase consideration in respect of the Ann Street Property, excluding acquisition and transaction costs;
“Reed Street Property”	the property located at 186 Reed Street, Greenway ACT 2900, acquired by the Fund on 15 May 2014 for a purchase consideration of AUD 25 805 000 (aggregate consideration of AUD 25 950 000 including acquisition costs), the details of which acquisition was announced on SENS on 15 May 2014;
“REIT”	real estate investment trust;
“Responsible Entity” or “Investec Property Limited”	Investec Property Limited (ACN 071 514 246; AFSL 290 909) the responsible entity of the Fund;
“SENS”	Stock Exchange News Service;
“Services Agreement”	an agreement entered into between IAL and the Manager under which IAL agrees to make available essential services to the Manager such as staff, premises and systems etc to enable the Manager to perform its obligations under the Management Agreement;
“SIP Australia”	SIP Australia Pty Ltd (ACN 133 561 930), being an entity associated with the Vendor;
“South Africa”	the Republic of South Africa;
“Sponsor”	Investec Corporate Finance, a division of Investec Bank Limited;
“SPV Trustee”	Investec Propco Pty Limited (ACN 161 587 186), the trustee of the Sub Trusts;
“Strate”	Strate Limited (registration number 1998/022242/06), a registered central securities depository in terms of the Custody and Administration of Securities Act (Act 85 of 1992), as amended;
“Sub Trust(s)”	Investec Australia Sub Trust No.1, Investec Australia Sub Trust No.2, Investec Australia Sub Trust No.3, Investec Australia Sub Trust No.4, Investec Australia Sub Trust No.5, Investec Australia Sub Trust No.6, Investec Australia Sub Trust No.7 and any other subsidiary trust of Hold Trust created to hold assets of the Fund;
“Surrender Agreement”	the agreement between the Fund and SIP Australia, dated 18 July 2014, whereby the Fund will make the Contingent Payments to SIP Australia on the re-leasing of the Vendor Leased Areas currently occupied by SIP Australia in accordance with pre-determined criteria and with the approval of the Fund;

“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07) with its address at Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107);
“Unit”	participatory interests in IAPF;
“Unitholders”	holders of Units;
“VAT”	value added tax as defined in the Value Added Tax Act, 1991, as amended;
“Vendor”	Ann Street 757 Pty Ltd (ACN 158 803 457) as trustee for the 757 Unit Trust. Ann Street 757 Pty Ltd is a company registered in Queensland, the shareholders of which are William Henderson and SIP Australia;
“Vendor Leased Areas”	two office levels (1 742 m <sup>2</sup> ) and the ground floor retail level (437 m <sup>2</sup> ) currently leased to SIP Australia, being a related party to the Vendor;
“Ventyx”	Ventyx Pty Ltd (ACN 010 087 608);
“VWAP”	volume weighted average price;
“WALE”	weighted average lease expiry;
“Walker Portfolio”	collectively, six industrial properties acquired by the Fund from Walker Corporation Pty Limited prior to listing, which acquisition is detailed in the Pre-listing Statement;
“Westpac”	Westpac Banking Corporation (ACN 007 457 141);
“Westpac Debt Facility”	the debt facility of up to AUD 125 000 000 made available by Westpac to the Hold Trust for the purposes of making property acquisitions; and
“ZAR”	the currency of South Africa, being South African Rand.



Australia Property Fund

## INVESTEC AUSTRALIA PROPERTY FUND

Registered in terms of the CIS Act  
Registered in terms of ASIC (ARSN 162 067 736)  
("IAPF" or "the Fund")  
(Share code: IAP ISIN: AU60INL00018)

Responsible Entity and Issuer: Investec Property Limited (ACN 071 514 246; AFSL 290 909)

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### Directors of the Responsible Entity

Richard Longes# (*Chairman*)  
Stephen Koseff (*Non-executive*)  
Graeme Katz (*Executive*)  
Samuel Leon (*Non-executive*)  
Sally Herman# (*Non-executive*)

# *Independent*

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## CIRCULAR TO UNITHOLDERS

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### 1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

#### 1.1 Introduction

In terms of the announcement on SENS on 21 July 2014 and in the press on 22 July 2014, Unitholders were advised that the Fund had reached an agreement with the Vendor to acquire the Ann Street Property.

The Proposed Transaction constitutes a Category 1 acquisition in terms of the Listings Requirements.

#### 1.2 Purpose of this Circular

In terms of the Listings Requirements, in order to conduct the Proposed Transaction, the Fund requires the approval by simple majority of Unitholders in General Meeting.

The purpose of this Circular is to provide Unitholders with information relating to the Proposed Transaction, in accordance with the Listings Requirements, and to convene a General Meeting of Unitholders in order for them to consider and, if deemed fit, approve the ordinary resolutions to effect the Proposed Transaction, in terms of the notice of General Meeting attached to and forming part of this Circular.

### 2. THE PROPOSED TRANSACTION

#### 2.1 Purchase Consideration and Contingent Payments

IAPF has entered into the Contract for Sale with the Vendor in terms of which it will acquire the Ann Street Property from the Vendor.

The Purchase Consideration for the Ann Street Property is AUD 65 500 000. In addition, the Fund will be required to pay stamp duty of AUD 3 746 775 and there will be transfer lodgement fees of AUD 201 349. The Purchase Consideration represents an annualised property yield of 8.33% (7.85% post all acquisition costs).

Furthermore in addition to the Purchase Consideration, in terms of the Surrender Agreement, the Fund may be required to make further payments of up to AUD 4 000 000 to SIP Australia on the re-leasing of the Vendor Leased Areas to third party tenants at rentals which are in excess of those on which the Purchase Consideration is calculated. The re-leasing of these areas and the terms thereof will be subject to the approval of the Fund. To the extent that the actual net rent payable by the third party tenant is higher than the net market rent assigned by the Independent Valuer, up to the Maximum Surplus, a Contingent Payment will be payable to SIP Australia. The Contingent Payments are calculated as AUD 4 000 000 multiplied by the ratio of the actual difference in rentals to the Maximum Surplus. The value of the Contingent Payments will be capped at AUD 4 000 000. If the full amount of the Contingent Payments becomes payable, this will result in a revised

annualised property yield of 7.85% (7.42% post all acquisition costs).

An independent valuation of the Ann Street Property indicates a value of AUD 65 500 000 as at 29 July 2014, which is equivalent to the Purchase Consideration payable to the Vendor. The payment of the Contingent Payments may result in a proportionate uplift in the independent valuation.

The Purchase Consideration, the Contingent Payments and all associated costs are proposed to be funded by way of a renounceable rights offer to existing Unitholders, the details of which will be provided to Unitholders in due course.

## 2.2 **Effective date**

The effective date of the Proposed Transaction will be the settlement date under the Contract for Sale which, subject to fulfilment of the conditions precedent set out in paragraph 2.4 below, is expected to occur in October 2014.

## 2.3 **Rationale for the Proposed Transaction**

The Proposed Transaction is consistent with the Fund's strategy of investing in high-quality assets that are well located in major metropolitan areas. The Responsible Entity is actively seeking opportunities to grow and diversify the Fund's asset base, enhance Unitholder value and contribute to sustainable income growth. The Proposed Transaction is an off-market transaction which was sourced through the Investec Property Limited network.

The Ann Street Property represents an attractive investment for the Fund as:

- the Ann Street Property is a brand new building, finished to a high standard and is well located in Brisbane in a newly developed office node within close proximity to the Brisbane CBD and with good access to public transport and car parking;
- the Ann Street Property is fully let with income underpinned by good quality tenants and contractual annual growth in excess of inflation (refer to paragraph 3.5 for further details on tenants);
- there are medium to long term lease expiries with a weighted average lease expiry of 7.6 years by income (7.7 year by GLA) which will augment the Fund's underlying long-term lease expiry profile;
- the Ann Street Property is newly constructed and therefore there is limited short term capital expenditure required;
- there is substantial depreciation which will provide a tax shield on distributions payable to Unitholders;
- the addition of this quality office property will extend the Fund's diversification into the office sector;
- the Ann Street Property is designed to achieve a 4.5 star NABERS and 5 star Green Star Rating which makes it well positioned to attract future tenants, including government and large corporate tenants;
- the Ann Street Property increases the geographic, sectoral and asset diversification across the Fund's portfolio; and
- the acquisition will increase the Fund's assets under management to over R2.5 billion.

## 2.4 **Conditions precedent**

The Proposed Transaction is subject to fulfilment of the following conditions precedent, as set out in the Contract for Sale:

- the satisfactory completion of a due diligence investigation to be performed by the Fund;
- the requisite majority of Unitholders approving in a general meeting the ordinary resolutions required for the implementation of the Proposed Transaction;
- registration and commencement of all leases at the Ann Street Property;
- FIRB approval for the Proposed Transaction; and
- the Fund raising sufficient capital, by way of a proposed rights offer, to settle the entire Purchase Consideration, acquisition costs, transaction costs and in the event it becomes payable, the maximum Contingent Payments.

As at the Last Practicable Date, all conditions precedent remain outstanding.

## 2.5 Category I transaction

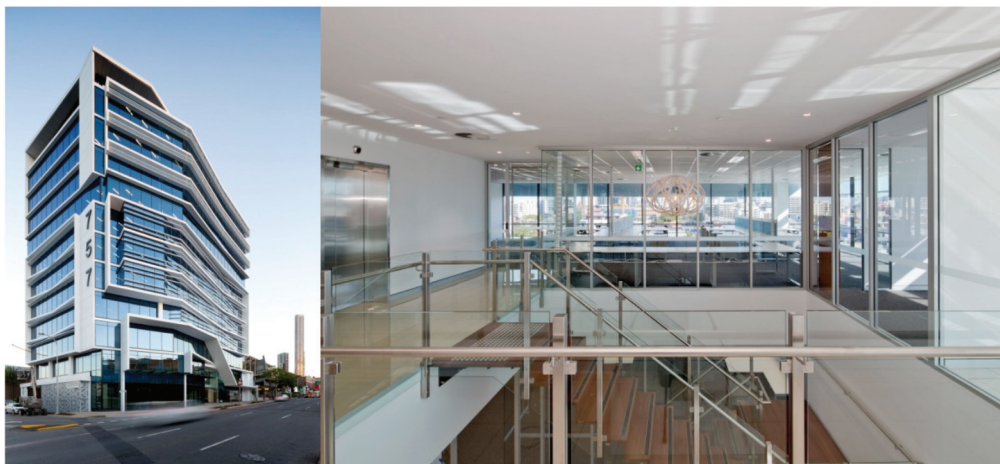
As noted in paragraph 1.1, the Proposed Transaction constitutes a Category I transaction in terms of the Listings Requirements, and therefore requires the approval of the majority of Unitholders present or represented and entitled to vote at the General Meeting.

## 3. THE ANN STREET PROPERTY

After the implementation of the Proposed Transaction, the Fund will have a portfolio consisting of 11 properties with a GLA of 68 784m<sup>2</sup> and will be valued at approximately AUD 250 million.

Specific information relating to the Ann Street Property is set out below. An analysis by market value, sectoral, tenant, geographical, vacancy and lease expiry profiles is provided based on the 12-month forecast period to 31 March 2016.

### 3.1 Overview of the Ann Street Property



The Ann Street Property is a newly constructed 9 125m<sup>2</sup> commercial tower completed in July 2014, providing high-quality office space over 10 levels, ground floor retail and two levels of basement car parking. The Ann Street Property is highly visible on Ann Street, located in a well established commercial node at the gateway to the Central Business District, and is in close proximity to retail amenities, restaurants and transport routes.

The Ann Street Property is a quality asset and the cashflows thereof are underpinned by a desirable tenant base. The Ann Street Property offers above-inflation lease escalations of approximately 3% and long-term leases with weighted average lease expiry of 7.6 years (by income) and 7.7 years (by GLA)<sup>1</sup>.

The Ann Street Property is being acquired at a property yield of 8.33% (7.85% post all acquisition costs), which will enhance the earnings and growth prospects of the Fund. The independent valuation summarised in Annexure 6 supports this view. If the full amount of the Contingent Payments become payable, this will result in a revised annualised property yield of 7.85% (7.42% post all acquisition costs).

Property name	Location	GLA (m <sup>2</sup> )	Independent valuation (AUD)	Purchase price (excl. acquisition costs) <sup>1</sup> (AUD)	Purchase price (incl. acquisition costs) <sup>2</sup> (AUD)
1. Ann Street Property	757 Ann Street, Fortitude Valley QLD 4006	9 125	65 500 000	65 500 000	69 568 124

<sup>1</sup> Excludes the maximum Contingent Payment of AUD 4 000 000 which the Fund may be required to pay.

<sup>2</sup> Includes the Purchase Consideration of AUD 65 500 000, stamp duty, lodgement fees, conveyancing, architects, legal and property valuer's fees payable by and out of the Fund but excludes the maximum Contingent Payment of AUD 4 000 000 which the Fund may be required to pay.

1. As at 1 October 2014.

### 3.2 Independent valuation

The Independent Valuer has valued the Ann Street Property at AUD 65 500 000, which is equivalent to the Purchase Consideration (excluding acquisition costs and any Contingent Payments). Both the Purchase Consideration and the independent valuation are based on market rentals. To the extent that the Vendor Leased Areas are leased to third – party tenants for an annual rent that is greater than the market rent as per the independent valuation, resulting in the Contingent Payments becoming payable; this may result in a proportionate uplift in the independent valuation based on the higher rentals being achieved. However, it is not possible to quantify this uplift today due to the uncertainty as to whether this will be achieved and if so, at what rentals.

The effective date of the independent valuation is 29 July 2014. The independent valuation was carried out by Mr Paul Robbins of Savills Valuations Pty Ltd who is registered as a Certified Practicing Valuer with the Australian Property Institute, a Registered Valuer in Queensland with No. 2094 and has been approved by the JSE as an independent registered valuer in terms of Section 13 of the Listings Requirements.

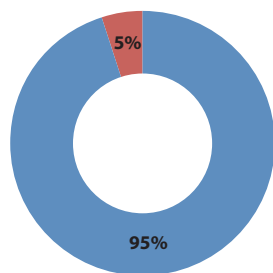
As at the Last Practicable Date, the Independent Valuer confirmed that there had been no material changes to their report issued on 29 July 2014.

### 3.3 Information relating to the Ann Street Property

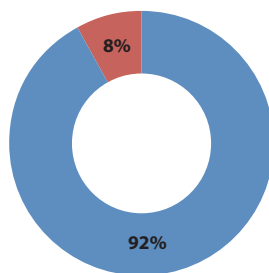
Geographic spread:	Brisbane, Queensland
Vacancy by GLA:	0%
Weighted average gross rental p.a. per m <sup>2</sup> by sector <sup>2</sup> : (weighted by GLA)	Office: AUD 571 p.a. Retail: AUD 964 p.a.
Weighted average rental escalation by GLA:	Office: 3.0% Retail: 3.0%

### 3.4 Sectoral spread

Sectoral spread by GLA



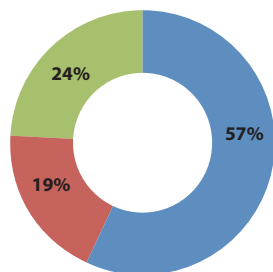
Sectoral spread by income



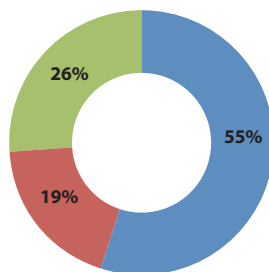
■ Office ■ Retail

### 3.5 Tenant spread

Tenant spread by GLA



Tenant spread by income



■ Category A ■ Category B ■ Category C\*

\*Comprises SIP Australia; however the obligations of this tenant for the full duration of their five-year lease has been backed by a bank guarantee.

2. Based on rental income for the 12-month forecast period to 31 March 2016. The weighted average gross rental p.a. per m<sup>2</sup> based on current passing rental income is AUD 560 p.a. for office and AUD 950 p.a. for retail.

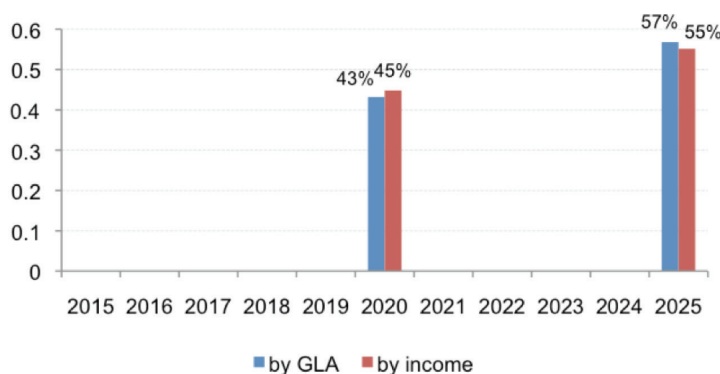
For the graphs above the following key is applicable:

A – large national tenants, large listed tenants (>R2 billion market cap), Government and major franchisees. This includes Ventyx.

B – national tenants, listed tenants (<R2 billion market cap), franchisees and medium to large professional firms. This includes Corporate House.

C – other (1 tenant – SIP Australia). However the obligations of this tenant for the full duration of their five-year lease has been backed by a bank guarantee

### 3.6 Lease expiry



### 3.7 Details of the Vendor

The salient details of the vendors of properties acquired by IAPF since listing on the JSE are presented in Annexure 7.

### 3.8 Details of tenants

A brief overview of the tenants of the Ann Street Property is provided below:

- Ventyx is a world leading supplier of enterprise software and services for asset intensive industries and is a wholly-owned subsidiary of the NYSE-listed US\$52 billion ABB Group, which generated net profit after tax of US\$2.8 billion in 2013. Ventyx's initial lease term is for a period of 10 years. Upon expiry of the initial term, Ventyx has the option to renew the lease for two further periods of five years each. If the options are not exercised by Ventyx, the lease will terminate.
- Corporate House, an entity associated with the Vendor, is an established operating business with locations in Brisbane and the Gold Coast. Corporate House provides an efficient alternative to traditional office spaces for small to medium users by offering potential tenants ready-to-go workspaces with complimentary support services. Corporate House's initial lease term is for a period of five years. Upon expiry of the initial term, Corporate House has the option to renew the lease for two further periods of five years each. If the option is not exercised by Corporate House, the lease will terminate.
- SIP Australia is an entity associated with the Vendor. SIP Australia's initial lease term is for a period of five years. Upon expiry of the initial term, SIP Australia has the option to renew the lease for two further periods of five years each. If the option is not exercised by SIP Australia, the lease will terminate. The obligations of SIP Australia for the duration of the lease term are backed by a bank guarantee.

Tenant	Area (m <sup>2</sup> )	Weighting (by GLA) (%)	Lease commencement date	Lease expiry (excluding options)	Escalation
Ventyx (office)	5 185	56.8	20/06/14	19/06/24	Greater of 3% and CPI
Corporate House (office)	1 761	19.3	01/10/14	30/09/19	Greater of 3% and CPI
SIP Australia (office)	1 742	19.1	01/10/14	30/09/19	Greater of 3% and CPI
SIP Australia (retail)	437	4.8	01/10/14	30/09/19	CPI + 1%
<b>Total</b>	<b>9 125</b>	<b>100.0</b>			

As at the Last Practicable Date, leases with all tenants had been entered into. The leases with SIP Australia and Corporate House are due to commence from 1 October 2014.



#### 4. FINANCIAL INFORMATION RELATING TO THE ANN STREET PROPERTY

##### 4.1 Forecast financial information

The summarised forecast financial information relating to the Ann Street Property for the six months ending 31 March 2015 and year ending 31 March 2016 is set out below:

	<b>Forecast for the six months ending 31 March 2015 AUD'000</b>	<b>Forecast for the year ending 31 March 2016 AUD'000</b>
Rental revenue (incl. straight-line rental revenue adjustment)	3 304	6 621
Property expenses	(277)	(566)
Net rental and related revenue	3 028	6 055
Operating profit	2 700	5 400
Profit after taxation attributable to equity holders/Total comprehensive income	(1 368)	5 400
Distributable earnings (pre withholding tax)	2 404	4 912
Distributable earnings (post withholding tax)	2 272	4 632
Basic earnings per unit (cents)	(2.26)	8.94
Headline earnings per unit (cents)	4.47	8.94
<b>Distribution per new Unit issued (pre withholding tax) (cents)</b>	3.98	8.13
<b>Distribution per new Unit issued (post withholding tax) (cents)</b>	3.76	7.67

Refer to Annexure 1 for detailed notes and assumptions.

Annexure 1 contains the forecast statement of comprehensive income of the Ann Street Property for the six months ending 31 March 2015 and the year ending 31 March 2016.

The Independent Reporting Accountants' limited assurance report on the forecast statement of comprehensive income of the Ann Street Property is contained in Annexure 2 of this Circular.

##### 4.2 Pro forma statement of financial position

The *pro forma* statement of financial position of IAPF reflecting the effect of the Proposed Transaction, as set out below, is the responsibility of the Directors.

The *pro forma* statement of financial position of IAPF:

- is presented for illustrative purposes only and, because of their nature, may not give a fair reflection of the Fund's financial position, changes in equity, results of operations or cash flows post the implementation of the Proposed Transaction;
- is presented in a manner consistent with the format and basis on which the historical financial information has been prepared and in terms of the Fund's accounting policies;
- have been compiled based on the audited financial results for the period ended 31 March 2014; and
- is based on the assumption that for calculating the net asset value per Unit and net tangible asset value per Unit, the Proposed Transaction was effected on 31 March 2014 and the Proposed Transaction is funded entirely through the issue of new equity.

The *pro forma* statement of financial position of IAPF, as set out below, should be read in conjunction with the *pro forma* consolidated statement of financial position of IAPF as set out in Annexure 3, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in Annexure 3.

The Independent Reporting Accountants' report on the *pro forma* statement of financial position of IAPF appears in Annexure 4.

	<b>Audited results before the Proposed Transaction</b>	<b>Pro forma results after the Proposed Transaction</b>	<b>% change</b>
Number of Units in issue ('000)	134 685	195 097	–
Net asset value per Unit (cents)	0.98	1.00	2.47
Net tangible asset value per Unit (cents)	0.98	1.00	2.47

Refer to Annexure 3 for detailed notes and assumptions.

## 5. INFORMATION RELATING TO THE FUND

### 5.1 Background and history

IAPF was established as an Australian-domiciled real estate investment trust on 12 December 2012 and registered as a Managed Investment Scheme in Australia on 6 February 2013. IAPF listed on the JSE on 23 October 2013 under the "Real Estate Holdings and Development" sector of the JSE under share code "IAP" and ISIN AU60INL00018. The Fund is regulated by ASIC in Australia whose role includes ensuring that all Managed Investment Schemes comply with the Corporations Act and the Corporations Regulations 2001 (Cth) of Australia so that investors have access to the benefits, rights and protections afforded by the Corporations Act.

The Responsible Entity of the Fund is Investec Property Limited. The Responsible Entity has the primary responsibility for the governance and operation of the Fund. Certain asset and property management functions have been outsourced to the Manager pursuant to the Management Agreement.

### 5.2 Material borrowings

The Fund did not have any material loans receivable nor did it furnish any loan for the benefit of any Director or manager or any associate of any Director or manager.

#### 5.2.1 Borrowing powers

The Responsible Entity has adopted a policy of maintaining the Fund's gearing ratio (loan to value ratio) below the regulatory limit in terms of the CIS Act of 60% at any given time, which restriction has been incorporated into the Constitution. The borrowings powers of the Fund are thus prescribed by the Constitution and may only be varied in a general meeting of Unitholders, subject to any restrictions imposed by the CIS Act.

As at the Last Practicable Date, the nominal value of borrowings was equal to 26.8% of the value of investment property. The borrowing powers of the Fund have not been exceeded during the previous three years.

Exchange Control Regulations currently do not apply to the borrowings of the Fund as these are raised in Australia. There are no other restrictions on the borrowing powers of the Fund.

As at the Last Practicable Date, IAPF has undertaken no off-balance sheet financing.

#### 5.2.2 Westpac Debt Facility

IAPF has, through Hold Trust, entered into the Westpac Debt Facility (with the Hold Trustee as borrower) which remains outstanding as at the Last Practicable Date and has the following key features:

##### 5.2.2.1 Loan amount and purpose

A secured debt facility of AUD 48 240 000, which may be increased up to AUD 125 000 000 subject to financier approval and other specified conditions being met.

An amount of AUD 48 240 000 has been drawn down to fund the acquisition of various properties and this amount remains outstanding as at the Last Practicable Date.

#### 5.2.2.2 *Interest and fees*

The interest rate on the Westpac Debt Facility is at the aggregate of BBSY plus the margin applicable to the facility. The current all-in margin is 1.5%.

Interest will accrue on a daily basis and is payable on the last day of a draw period (and if greater than three months, at the end of each three-month period during that draw period) during the term of the loan, and each date of repayment or prepayment of all or part of a draw.

Line fees, which accrue at the applicable rate as specified in the table above on the facility limit, are payable quarterly in advance.

The Hold Trustee's policy on hedging in respect of interest rate risk is to maintain at least 75% of its borrowings as fixed, concurrently fulfilling the 50% requirement in terms of the Westpac Debt Facility. As at the Last Practicable Date, 100% of borrowings were hedged using interest rate swaps, locking in a rate (including margin and line fees) of 4.69% for a three-year term.

#### 5.2.2.3 *Repayment terms*

Subject to Hold Trustee's right to make voluntary prepayments, the Hold Trustee shall repay whatever the amount outstanding on the Westpac Debt Facility in full on 10 April 2017. There are no debts repayable within 12 months.

#### 5.2.2.4 *Prepayment and cancellation*

The Hold Trustee is able to make voluntary prepayments of all outstandings on giving not less than five Business Days' irrevocable written notice to Westpac. Any prepayment must be in a minimum amount of AUD 500 000 and a multiple of AUD 500 000 unless Westpac agrees otherwise.

The Hold Trustee may be liable to pay break costs on any prepayment other than at the end of an interest period. Amounts prepaid will be available for redrawing. Amounts cancelled will not be available for redrawing.

#### 5.2.2.5 *Security*

The security required in terms of the Westpac Debt Facility will include, but not be limited to, the following:

- a first registered real property mortgage over each property acquired by the Fund;
- general security agreement granted by the Hold Trustee, and the SPV Trustee (as trustee of each Sub Trust), over all the assets and undertakings of Hold Trust and the Sub Trusts;
- specific security agreement granted by the Responsible Entity and the Custodian over their respective interests in the unit holdings of (and additional rights and proceeds relating to) the Fund and the Custodian in Hold Trust, and any debt owed by Hold Trust to the Fund (and subordination of that debt);
- specific security agreement granted by the Responsible Entity over the Responsible Entity's right, title and interest in the Management Agreement, rights to recover payment of any money or delivery of other property under or in relation to the Management Agreement, and all other choses in action, rights, claims and remedies against other persons in respect of the Management Agreement;
- side deed in respect of the Management Agreement between the Responsible Entity, the Manager and Westpac whereby, amongst other things, the Manager's and Responsible Entity's rights in respect of the Management Agreement will be restricted and subordinated to Westpac's rights in certain circumstances;
- guarantees granted by the SPV Trustee as trustee of each Sub Trust (each a guarantor); and
- each other present or future security interest, guarantee or other document or agreement created or entered into as security (directly or indirectly) for the payment of any secured money in favour of a finance party under a finance document.

The Westpac Debt Facility has been advanced at the Hold Trust level (to Hold Trustee as borrower). There may be intertrust loans between Hold Trust and the Sub Trusts to facilitate the acquisition of properties within the Sub Trusts but these are not considered to be material. Intertrust loans are repayable upon demand, unsecured and non-interest-bearing.

There are no conversion or redemption rights under the Westpac Debt Facility.

### 5.3 **Material change**

Since the publication of the Fund's results for the year ended 31 March 2014, the Fund has acquired the Reed Street Property (refer to SENS announcement dated 15 May 2014) and paid distributions of AUD 4 601 921 for the period ended 31 March 2014. Save for this and the Proposed Transaction, there has been no material change in the financial or trading position of IAPF since the publication of these results.

There has been no change in the business or trading objects of the Fund during the past five years.

There has been no major change in the nature of property, plant and equipment and in the policy regarding the use thereof either in respect to the Fund.

There has been no material fact or circumstance in respect of the Fund that has occurred between 31 March 2014, being the date of the latest published financials and the date of this Circular, other than as disclosed in this Circular.

### 5.4 **Material contracts**

At the Last Practicable Date, material contracts entered into by the Responsible Entity, the SPV Trustee or the Hold Trustee on behalf of the Fund during the two years preceding the Last Practicable Date, other than the Contract for Sale and Surrender Agreement that are the subject of this Circular, or in the ordinary course of the business, are as follows:

- contract for sale between the SPV Trustee and Walker Corporation Pty Limited (ACN 001 176 263) to acquire a portfolio of 6 industrial properties comprising the Walker Portfolio. The acquisition was for a total purchase consideration of AUD 47 878 110 and was effected on 21 December 2012. Details of the acquisition were set out in the Pre-listing Statement;
- contracts for sale between the SPV Trustee and Maclaw No. 452 Pty Limited and Maclaw No. 651 Pty Limited to acquire the Punt Road Property and the Elizabeth Street Property respectively. The acquisitions were for purchase considerations of AUD 28 676 412 and AUD 54 470 701 for the Punt Road Property and the Elizabeth Street Property respectively and were effected on 25 October 2013. Details of the acquisition were set out in the Pre-listing Statement;
- contract for sale between the SPV Trustee and Griffin Development Pty Ltd (ACN 057 253 086) as trustee under instrument 713571084 and Tina Danali Pty Ltd (ACN 083 706 692) as trustee under instrument 705919457 to acquire the property located at Building 20, Garden City Office Park, 2404 Logan Road, Eight Mile Plains QLD 4112, and a contract for sale with OPD Developers Pty Ltd (ACN 077 119 110) to acquire 77 car parks located at Building 5, Garden City Office Park, 2404. The acquisition was for a total consideration AUD 20 953 350 and was effected on 7 March 2014. Details of the acquisition were set out in an announcement released on SENS on 27 February 2014;
- contract for sale between the SPV Trustee and Long Service Leave Authority (ABN 25 517 393 480) to acquire the Reed Street Property. The acquisition was for a total consideration AUD 25 805 000 and was effected on 15 May 2014. Details of the acquisition were set out in an announcement released on SENS on 15 May 2014;
- the Management Agreement between the Responsible Entity and the Manager, which is further detailed in paragraph 6.2.2; and
- the debt agreement between the Hold Trustee, the SPV Trustee, the Responsible Entity, the Custodian and Westpac in terms of which the Westpac Debt Facility has been made available to the Fund. Details of the Westpac Debt Facility are provided in paragraph 5.2.

Unitholders are further referred to the Pre-listing Statement for details of the contracts of sale entered into by the Fund in respect of the acquisitions of the Walker Portfolio, the Punt Road Property and the Elizabeth Street Property acquired by the Fund upon its listing on the JSE.

At the Last Practicable Date, no other material contracts had been entered into which contain an obligation or settlement that is material to the Fund.

The abovementioned agreements are available for inspection as set out in paragraph 8.6 below.

The Fund is not subject to any royalty agreements

#### 5.5 **Interests in transactions and property**

Save for being a Unitholder of IAPF or an employee of IAL, no Director has or had any material interest, directly or indirectly, in any transaction which is, or was, material to the business of IAPF and which was effected by the Fund during the current Financial Year, or in the previous Financial Year, or during an earlier Financial Year which remains in any respect outstanding or unperformed.

No Director, promoter, asset manager, trustee or custodian of the Fund currently has or has had any material beneficial interest, either direct or indirect, in relation to any property held by the Fund or to be acquired by the Fund, including but not limited to, where any of those persons is, or has contracted to become a tenant of any part of the property.

#### 5.6 **Conflict of interest**

Investec is a specialist bank and asset management group, engaging in, *inter alia*, investment banking activities, including corporate finance; capital market activities; the issuing of and trading in securities; the distribution of trading and research; custodial and trustee services, lending activities, property investments and investment management. Investec may and does sponsor, manage and participate in other securities and property investment activities and programs unrelated to the Fund's business (some of which may compete with the Fund's investment activities) and may be engaged in other business activities (including, among other things, investing for its own account or for other clients). Accordingly, the Fund may participate in transactions in respect of which Investec may have an interest, whether direct or indirect, or via a relationship of whatever nature with another party.

In particular, Investec entities have entered into a number of agreements or arrangements in relation to the Fund, most notably:

- the Management Agreement the terms of which (including fees payable) have been summarised in paragraph 6.2.2 of this Circular; and
- Investec Corporate Finance, a division of Investec Bank Limited, has been appointed as Corporate Advisor in terms of the Proposed Transaction.

The arrangements set out above have been approved by the independent, non-executive and non-associated Directors. All other Directors declared an interest in these arrangements and abstained from voting on them.

Furthermore, the Responsible Entity, in accordance with the Corporations Act must manage conflicts of interest and is subject to restrictions in respect of related party transactions. The Responsible Entity has related party protocols to assist its adherence with the law. The related party arrangements detailed above and any conflicts of interest that may arise in the future have been and will be managed appropriately in accordance with the Responsible Entity's related party protocol and in compliance with the Corporations Act and Listings Requirements.

In the event that the Fund is presented with an investment proposal involving a property owned (in whole or in part), directly or indirectly, by Investec or any other related disposition of assets, such interest will be fully disclosed to the Fund and will be referred to the independent, non-executive and non-associated Directors for consideration. The independent, non-executive and non-associated Directors must approve any such proposals referred to it before the investment or divestment is made. In the event that any Directors and/or employees of the Responsible Entity or Manager are conflicted between their employment roles and their positions on the Board, such persons will abstain from voting on such decisions.

In the event that any party believes that a prospective investment or relationship raises concerns as regards conflicts of interests, it will inform the Board, which will decide on an appropriate resolution of the matter.

#### 5.7 **Prospects and recommendation**

The objective of the Fund is to grow its asset base by investing in well-priced income-producing properties in the office, industrial and retail sectors to optimise capital and income returns over time for Unitholders.

The Fund has executed its investment strategy with this objective in mind, which has proved successful to date. Management has and will continue to focus on its core philosophy of hands-on active management of physical property, in conjunction with efficient management of its balance sheet to enhance Unitholder value, yield

and the quality of the portfolio. Following the eight properties acquired on listing, the Fund's portfolio has since grown by 38.8% and the Proposed Transaction will enhance the portfolio by a further 38.6%. The Fund has announced two acquisitions in 2014 to date, valued at AUD 46.8 million, deploying 67% of capital raised on listing. These acquisitions have been sourced through the Investec Property Limited network.

As noted in paragraph 2.3 of this Circular, the implementation of the Proposed Transaction will bring a number of benefits to Unitholders and the Fund. The Ann Street Property is being acquired at a property yield of 8.33% (7.85% post all acquisition costs), which will underpin earnings yield. The Ann Street Property introduces a high-quality asset to the Fund's portfolio with a long-term lease profile, thus enhancing longevity and growth potential within the Fund's earnings.

Whilst it is the intention of the Responsible Entity to fund the Proposed Transaction with equity, the long-term objective of the Fund is to maintain a gearing ratio of 30% – 35%. Over the long term, it is believed the Proposed Transaction presents an attractive yield spread over long-term debt raising rates.

The Directors are therefore of the opinion that the acquisition will be beneficial to IAPF and recommend that Unitholders vote in favour of the resolutions necessary to implement the acquisition.

The Directors intend voting their Units in favour of the resolutions necessary to implement the acquisition.

## 6. MANAGEMENT OF THE FUND

### 6.1 Responsible Entity

#### 6.1.1 Overview

In accordance with the Corporations Act, a Managed Investment Scheme is required to be operated by a responsible entity, which in this instance is Investec Property Limited. A responsible entity is a company that holds an AFSL that authorises it to operate a Managed Investment Scheme. The Responsible Entity has the primary responsibility for the governance and operation of the Fund (including Hold Trust and each Sub Trust) and is statutorily obliged to act in the best interest of Unitholders.

Under the Constitution, the Responsible Entity is entitled to receive out of the Fund an annual fee of 0.025% p.a. of Enterprise Value plus reimbursement of certain costs. The Responsible Entity has agreed to defer its right to receive the annual fee while entities associated with the Investec Group are both the Responsible Entity and the Manager. The Investec Group is being remunerated through its role as the Manager in respect of the management services performed for the Fund. Where payment is deferred, the deferred remuneration continues to accrue daily until paid.

Details of Directors of the Responsible Entity are included in paragraph 7.1 of the Circular.

#### 6.1.2 Duties of the Responsible Entity

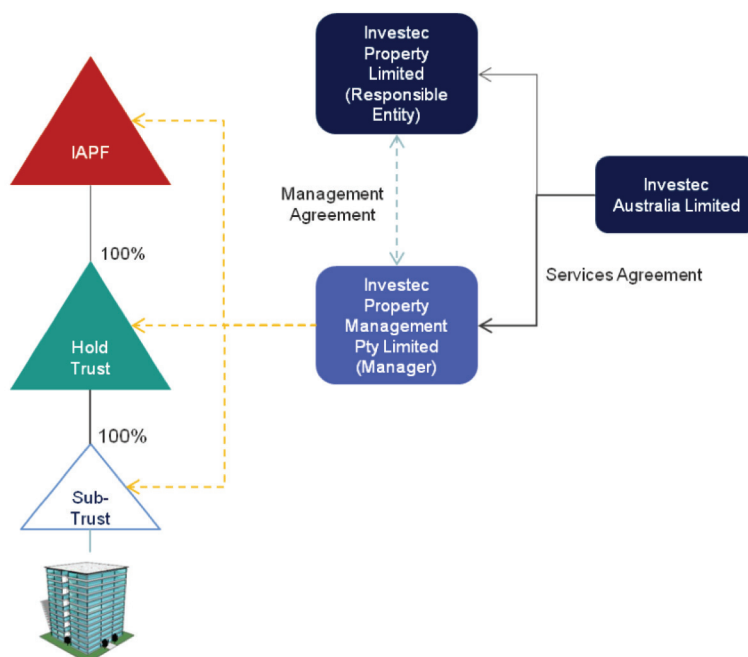
The Responsible Entity is responsible for all aspects of the management and operation of the Fund (including Hold Trust and each Sub Trust) including:

Management	<ul style="list-style-type: none"> <li>ongoing management and administration of the Fund and its property investments</li> <li>determining general strategies to optimise performance of Fund assets, including capital expenditure</li> <li>maintenance and promotion of the Fund as a Managed Investment Scheme</li> </ul>
Investments	<ul style="list-style-type: none"> <li>making investment decisions for the Fund</li> </ul>
Divestments	<ul style="list-style-type: none"> <li>making exit and divestment decisions for the Fund</li> </ul>
Policies	<ul style="list-style-type: none"> <li>establishing the distribution, risk management, valuation and hedging policies of the Fund</li> </ul>
Financial	<ul style="list-style-type: none"> <li>approving the borrowing of funds, hedging, timing of calls on capital and raising of capital whether by way of debt or equity</li> <li>approving the annual budget for the Fund and any other budgets of the Fund and financial plans in respect of the Fund</li> <li>filing statutory accounts with the regulators</li> </ul>
Other	<ul style="list-style-type: none"> <li>making decisions in respect of matters that materially affect the Fund</li> <li>making changes to the Constitution as required by law or for the better management of the Fund</li> <li>winding up the Fund</li> </ul>

The Responsible Entity has the ability to outsource certain day-to-day management functions and has entered into the Management Agreement with the Manager, the details of which are set out in paragraph 6.2.2.

## 6.2 The Manager

### 6.2.1 Overview



The Responsible Entity has entered into the Management Agreement with the Manager, under which the Manager will perform certain asset management and property management services for the Fund.

The Manager is a wholly-owned subsidiary of Investec Australia Property Holdings Pty Limited. Investec Australia Property Holdings Pty Limited and Investec Australia Limited (indirectly) are both subsidiaries of Investec Bank plc.

The Manager has not been appointed as Manager to any other listed entities.

### 6.2.2 Management Agreement

The Management Agreement is available for inspection in accordance with paragraph 8.6. A brief summary of the terms of the Management Agreement, the services to be provided by the Manager, and the fees payable by the Fund under the Management Agreement is set out below.

#### 6.2.2.1 Term of the Management Agreement

The Responsible Entity appoints the Manager for an initial term of 10 years, unless terminated earlier in accordance with the terms of the Management Agreement. At the expiry of the initial 10-year term (and each subsequent term), Unitholders, by ordinary resolutions, may repeatedly renew the Management Agreement for further periods of 10 years.

#### 6.2.2.2 Termination rights

The Responsible Entity may terminate the Management Agreement immediately for an Event of Default or an Insolvency Event (both terms as defined in the Management Agreement) in respect of the Manager; or on six months' notice with the approval of a majority of the votes cast by Unitholders (excluding the votes cast by the Responsible Entity, the Manager or any of their associates); or on 10 Business Days' notice if the Responsible Entity disposes of all or substantially all of the assets of the Fund.

The Manager may terminate the Management Agreement immediately for an Event of Default in respect of the Responsible Entity or an Insolvency Event (both terms as defined in the Management Agreement) in respect of the Responsible Entity or the Fund; or on six months' notice to the Responsible Entity; or on 10 Business Days' notice if the Responsible

Entity is removed by Unitholders; or on 10 Business Days' notice if the Responsible Entity disposes of all or substantially all of the assets of the Fund.

### 6.2.2.3 *Payment of termination amount*

The Manager shall have an option to sell the management business to the Responsible Entity (or its nominee), which shall be obliged to purchase the business for a termination amount payable on completion of the sale of the business in the following circumstances:

- expiry of a 10-year term where Unitholders do not vote to renew the Management Agreement for a further 10-year term;
- termination by the Responsible Entity on six months' notice, or on 10 Business Days' notice following disposal by the Responsible Entity of all or substantially all of the Fund's assets; and
- termination by the Manager on 10 Business Days' notice following disposal by the Responsible Entity of all or substantially all of the Fund's assets, or following removal of the Responsible Entity by Unitholders, or on an Event of Default in respect of the Responsible Entity or Insolvency Event in respect of the Responsible Entity or the Fund.

The termination amount will comprise three components:

$$\mathbf{TA = (BFm \times 12 \times Mbf) + (PMFm \times 12 \times Mpmf) + PMbc}$$

- an amount attributable to the value of the asset management business (BFm), calculated as the annualised base management fee multiplied by a multiple (Mbf), which multiple will be determined as follows:
  - if the Management Agreement is terminated before the end of its initial 10-year term, the multiple is equal to the 30-day volume weighted average traded price of the Unit on the date of termination of the Management Agreement divided by the future distributions per Unit anticipated for the next 12 months for the Fund; and
  - if the Management Agreement expires and is not renewed or is renewed but is terminated before the end of a subsequent 10-year term, the multiple is equal to the EV/EBIT (enterprise value to earnings before interest and tax) multiple for an asset management business conducted in Australia;
- in respect of any property management activities undertaken by the Manager, an amount attributable to the value of such business being the estimated forward 12-month property management fee (based on the most recent month's property management fee amount before the date of expiry or termination multiplied by 12) (PMFm) multiplied by a market-based EV/EBIT (enterprise value to earnings before interest and tax) multiple (Mpmf) for property management businesses conducted in Australia; and
- if any management activities are outsourced by the Manager, an amount to reimburse the Manager for costs associated with cancellation of third-party contracts (PMbc).

Base fees and property management fees are described in paragraph 6.2.5 below.

In the event of any dispute between the parties as to the calculation of the termination amount (and such dispute cannot be resolved between the parties' senior representatives) the dispute shall be referred to an expert for determination.



### 6.2.3 **Details of directors of the Manager**

The full names, ages, business addresses and capacities of the directors of the Manager are set out below.

<b>Full name</b>	<b>Address</b>	<b>Resumes</b>
Graeme Anthony Katz (51) Director	Level 23, Chifley Tower 2 Chifley Square Sydney, NSW 2000	Graeme joined the Investec Group to head up the Property Investments team in 2006. Prior to that he was General Manager of Investment Sales at Mirvac Group where he was the Key Person and responsible Officer for the Mirvac Real Estate licence dealing with their registered and unregistered schemes. Graeme is a Director of Investec Property Limited and a number of other companies within the Investec Group. He was previously a Director of the Property Investors Association of Australia. Graeme holds a Bachelor of Social Science (Economics), and has completed the Industrial Relations Development Programme (University of Stellenbosch Business School) and has a qualification in Financial Planning Principles and Practice (Securities Institute)
Zachary Scott McHerron (39) Director	Level 23, Chifley Tower, 2 Chifley Square Sydney, NSW 2000	Zach has 15 years' experience in a range of legal, corporate, property funds management and property development roles. After three years with a leading corporate law firm in New Zealand, Zach worked for British Telecom Plc in London in a major transactions group focusing on investments, divestments and joint ventures. Before joining the Investec Group, he worked for an Australasian property finance group responsible for capital markets activity and major projects. Zach joined the Investec Group in 2007 and during this time has been involved in the structuring, capital raising and management of four funds with peak gross assets in excess of AUD 900 million. Zach has a Bachelor of Laws degree, Bachelor of Commerce (Finance) degree and a Post Graduate Diploma in Business Administration.

Matthew Paul Liston (40) Director	Level 49 120 Collins Street Melbourne Victoria 3000	Matthew has 17 years' experience in property funds management, property development and property valuations. Since joining the Investec Group in 2007, Matthew has been responsible for the implementation of the Investec Group's Australian property investment and development strategies. Prior to joining the Investec Group, Matthew worked for five years at the Mirvac Group, as a senior development manager in Victoria responsible for property acquisitions and also for Mirvac Funds Management where his key focus was the establishment of Australia's first wholesale residential development fund, which raised in excess of AUD 300 million in equity. Matthew has an MBA, Bachelor of Business Property, Graduate Certificate in Property Investment and a Graduate Diploma of Valuations. Matthew is also a licensed real estate agent in Victoria.
Jason Aron Sandler (35) Director	Level 23, Chifley Tower 2 Chifley Square Sydney, NSW 2000	Jason has 14 years' experience in a range of accounting, finance and operational roles across property funds management, property activities, investment banking and private equity funds management. Prior to joining the Investec Group, Jason spent six years with PricewaterhouseCoopers in Australia and London in assurance and business advisory services. Jason has been with Investec for seven years where he has been responsible for operational, accounting and finance functions for property funds management and property investment activities.

Samuel Ronald Leon (64) Director	100 Grayston Drive Sandown Sandton, 2196 South Africa	Sam Leon has over 35 years of experience across all sectors of the property industry with 20 years at Investec Property, firstly as a director, then managing director and currently as deputy chairman. He was a founder of the transformation of Growthpoint into South Africa's largest listed property fund and was a director until Investec sold its interests in October 2007. Sam was also a director of a specialist listed property fund Metboard Properties Limited, until it was sold to Growthpoint in April 2007, as well as a board member of SAPOA (the South African Property Industry body). He is currently a member of the board of directors and advisory board of the Investec GLL Global Special Opportunities Real Estate Fund, a R3.7 billion Luxembourg- based fund for investment in global real estate. Sam is currently also chief executive officer of Investec Property Fund Limited, a R5.3 billion property fund listed on the JSE.
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The directors of the Manager are employees of IAL or Investec Bank Limited. A Services Agreement has been entered into between IAL and the Manager under which IAL will make available staff and other ancillary resources such as premises and systems to the Manager to enable the Manager to fulfil the functions set out in the Management Agreement.

There are no service contracts with any of the directors of the Manager. The directors of the Manager have been appointed under employment contracts with IAL or Investec Bank Limited and are not remunerated separately for their services on behalf of the Manager. Appointments of directors of the Manager are for an indefinite period.

Sam Leon is chief executive officer of Investec Property Fund Limited. Save for this, none of the other directors of the Manager are directors of any other listed property entities.

#### 6.2.4 **Management services**

The management services that the Manager will provide to the Fund, Hold Trust and each Sub Trust include:

- identifying investment opportunities, evaluating investment proposals presented by external parties, and making recommendations to the Responsible Entity;
- determining general strategies to optimise performance of the Fund's property portfolio, and strategies with regard to property acquisitions, disposals, funding the expansion of the portfolio, the formulation of marketing strategies and the implementation thereof and all matters incidental thereto;
- arranging valuations of the Fund's assets to occur as required by any applicable law, the JSE Listings Requirements, any other applicable listing requirements and otherwise as requested by the Responsible Entity;
- identifying, and seeking Responsible Entity approval for, appropriate risk management and compliance policies and procedures, and implementing and complying with those policies and procedures;
- providing advice and making recommendations to the Responsible Entity in relation to compliance and corporate governance issues, including any likely or identified breaches of, or departures from, the policies and procedures;
- undertaking an annual audit of the policies and procedures and making recommendations to the Responsible Entity on improving the policies and procedures;
- monitoring all borrowing covenants and ensuring the Responsible Entity is advised of all reporting obligations under the borrowing facilities;

- in relation to potential acquisitions, procuring and reviewing research data, valuations and reports, co-ordinating with tax, legal and other advisers in relation to authorisations and other regulatory approvals, and procuring and reviewing financial modelling and structuring of transactions;
- providing reports in relation to and, on approval by the Responsible Entity, implementing capital expenditure works in relation to the Fund's portfolio;
- ensuring that the Fund's assets are insured in accordance with customary market practice and standards;
- preparing an annual budget for the Fund, and any other budgets of the Fund and financial plans in respect of the Fund's assets as may be contemplated in the governing documents or requested by the Responsible Entity;
- preparing annual and half year accounts and financial statements as required by any applicable law, the Listings Requirements, any other applicable listing requirements or the governing documents;
- arranging for an audit of the accounts and financial statements to be prepared by the auditor appointed by the Responsible Entity;
- providing treasury and cash management services, including preparing bank reconciliations for the Fund's and Sub Trusts' accounts and advising and making recommendations on the working capital of the Fund;
- undertaking or procuring all administrative, accounting, auditing, tax (including GST) and secretarial functions relating to the Fund;
- identifying prospective tenants and marketing properties to prospective tenants;
- engaging and liaising with property managers and leasing agents with regard to day to day management and leasing of properties;
- negotiating the terms of leases with prospective tenants and co-ordinating the execution of leases;
- liaising with property managers with regard to the day-to-day management of the property portfolio;
- advising on and co-ordinating reports on maintenance and repairs required for the Fund's property portfolio, calculating and budgeting for maintenance and repair and co-ordinating and supervising maintenance and repair of the portfolio;
- in relation to potential disposals, appraising the market and evaluating and sourcing potential purchases for the portfolio, and procuring and reviewing research data; and
- preparing marketing material and brochures, and investor materials and liaising with Unitholders in respect of the Fund.

#### 6.2.5 **Fees payable to the Manager**

##### 6.2.5.1 *Base fee*

The Responsible Entity will pay the Manager a monthly base fee, calculated as 0.05% per month of the Enterprise Value of the Fund. The base fee is calculated and payable monthly in arrears.

##### 6.2.5.2 *Property Management fee*

The Manager is entitled to receive property management fees for performing property management services in relation to specific properties (as set out in a schedule to the Management Agreement, which is available for inspection). The property management fees will take into account the size, location and management complexity of each property, and the additional services performed. These will be agreed on a case by case basis as properties are acquired.

##### 6.2.5.3 *Leasing fees*

The Manager is entitled to leasing fees for the successful conclusion of new leases and lease renewals or area expansions in relation to specific properties (as set out in a schedule to the Management Agreement). The leasing fee will take into account the size, location and leasing complexity of each property. These will be agreed on a case by case basis and, when taken as a whole, would need to be reasonable in the circumstances if the Manager and Responsible Entity were dealing at arm's length.

## 6.3 Custodian

In order to qualify for approval of the classification of the Fund as a foreign Collective Investment Scheme in terms of section 65 of the CIS Act, an independent custodian is required to be appointed.

The Responsible Entity has entered into the Custody Agreement with Perpetual Corporate Trust Limited under which Perpetual Corporate Trust Limited will act as independent custodian and will hold the assets of the Fund on behalf of the Responsible Entity. The Custodian is independent from Investec and acts as an authorised representative of Perpetual Trustee Company Limited (AFSL 236 643, Authorised Representative number 266 799).

The Custodian acts as custodian of the assets of the Fund and may only act in accordance with the terms of the Custody Agreement. The Custodian's role is limited to holding assets of the Fund as agent of the Responsible Entity. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting Unitholder interests. The Custodian has no liability or responsibility to Unitholders for any act done or omission made in accordance with the terms of the Custody Agreement.

Perpetual Corporate Trust Limited acts as an Authorised Representative of Perpetual Trustee Company Limited ("PTCL") under PTCL's AFSL number 236 643 (Authorised Representative number 266 799).

## 7. DIRECTORS

### 7.1 Directors of the Responsible Entity

The full names, ages, business addresses and capacities of the directors are set out below:

Full name	Age	Capacity	Business address
Richard Anthony Longes ( <i>Australian</i> )	69	Chairman and independent non-executive director	Level 23, Chifley Tower 2 Chifley Square, Sydney NSW 2000, Australia
Graeme Anthony Katz ( <i>Australian</i> )	51	Executive director	Level 23, Chifley Tower 2 Chifley Square, Sydney NSW 2000, Australia
Stephen Koseff ( <i>South African</i> )	63	Non-executive director	100 Grayston Drive, Sandown, Sandton, 2196 South Africa
Samuel Ronald Leon <sup>1</sup> ( <i>South African</i> )	64	Non-executive director	100 Grayston Drive Sandown, Sandton, 2196 South Africa
Sally Herman ( <i>Australian</i> )	57	Independent non-executive director	Suite 602, Level 6 15 Castlereagh Street Sydney, NSW 2000, Australia

<sup>1</sup> Sam Leon is currently Chief Executive Officer of Investec Property Fund Limited.

Resumes of the Directors are set out in Annexure A of the Revised Listing Particulars.

All non-executive Directors have been appointed in terms of a letter of appointment with the Responsible Entity. The executive director has been appointed under an employment contract with IAL. There are no restraint of trade payments applicable to any Director.

The Directors are appointed for indefinite periods subject to applicable law and the provisions of the Responsible Entity's Articles. directors hold office until they die or are removed from office through a resolution by the shareholder of the Responsible Entity.

### 7.2 Remuneration of Directors

Employees or directors of entities within the Investec Group will not be remunerated for their services as Directors. The remuneration of any independent, non-associated and non-executive Director appointed to the Board will be limited to the re-imburement of reasonable expenses incurred by such person for purposes of attending Board meetings and the appropriate director's fees, unless the Responsible Entity determines otherwise. In respect of the independent, non-associated and non-executive Directors, fees and expenses will be reimbursed out of the Fund.

The Directors' remuneration for the period from 12 December 2012 to 31 March 2014 was as follows:

<b>Directors of the Responsible Entity</b>	<b>Salary (incl. emoluments paid by IAL) AUD'000</b>	<b>Directors' fees AUD'000</b>	<b>Fees for other services AUD'000</b>	<b>Provident/pension fund and medical aid contributions AUD'000</b>	<b>Bonuses AUD'000</b>	<b>Total AUD'000</b>
Sam Hackner <sup>1</sup>	–	12	–	–	–	12
Sam Leon <sup>2</sup>	–	12	–	–	–	12
Graeme Katz <sup>3</sup>	195	–	–	–	–	195
David Gonski <sup>4</sup>	–	23	–	–	–	23
Richard Longes <sup>5</sup>	–	47	–	–	–	47
Sally Herman <sup>6</sup>	–	21	–	–	–	21
Michael Crawford <sup>7</sup>	–	16	–	–	–	16
<b>Total</b>	<b>195</b>	<b>131</b>				<b>326</b>

<sup>1</sup> Resigned with effect from 7 July 2014. Sam Hackner received a salary as an employee of Investec Bank Limited, the property division of Investec Limited in South Africa and was not separately remunerated for his services as a Director. An estimate of attributable fees has been provided based on market related non-executive directors' fees and proportion of time allocated to IAPF, however Mr Hackner was not remunerated out of the Fund.

<sup>2</sup> Sam Leon receives a salary as an employee of Investec Bank Limited, the property division of Investec Limited in South Africa and is not separately remunerated for his services as a Director. An estimate of attributable fees has been provided based on market related non-executive directors' fees and proportion of time allocated to IAPF, however Mr. Leon is not remunerated out of the Fund.

<sup>3</sup> Graeme Katz is not separately remunerated for his services as Chief Executive Officer and Director of the Responsible Entity as he is remunerated by IAL. The amount disclosed represents an allocation of his remuneration commensurate with his role as an executive director of the Responsible Entity but will not be a cost to the Fund.

<sup>4</sup> Resigned with effect from 31 March 2014. Mr Gonski was not separately remunerated out of the Fund for his services as a Director of the Responsible Entity as he was remunerated by IBAL for his services as a director of IBAL. An estimate of attributable fees has been provided based on market related non-executive directors' fees and proportion of time allocated to IAPF.

<sup>5</sup> Apportionment of directors fees paid by IAL that is attributable to the Fund. Richard Longes is not separately remunerated out of the Fund for his services as a Director of the Responsible Entity as he is remunerated by IAL for his services as a director of Investec Holdings Australia Limited and Investec Property Limited. An estimate of attributable fees has been provided based on market related non-executive directors' fees and proportion of time allocated to IAPF.

<sup>6</sup> Sally Herman is an independent, non-associated and non-executive Director of the Responsible Entity and her remuneration is apportioned between all funds managed by the Responsible Entity based on gross asset value. Ms Herman is also remunerated for her role as Chairperson of the Audit and Risk Committee.

<sup>7</sup> Deceased, 1 July 2014. Michael Crawford was an independent, non-associated and non-executive Director of the Responsible Entity and his remuneration was apportioned between all funds managed by the Responsible Entity based on gross asset value.

#### Notes:

- Aggregate Directors' fees for the Responsible Entity per independent, non-associated and non-executive Directors is AUD 40 000 and AUD 50 000 for chairperson of a committee. Per note 6 in the table above, the fees of Sally Herman will be apportioned between all funds managed by the Responsible Entity such that 60% is attributable to Investec Australia Property Fund. Directors of the Manager are not remunerated for their role as directors of the Manager.
- The Directors do not receive any sums by way of an expense allowance.
- The Directors do not receive any other material benefits.
- The Fund has no commission, gain or profit-sharing arrangements with any Directors.
- The Fund has not granted any options to Directors.
- The Fund has not issued any Units to the Directors in terms of an incentive scheme.

The Fund has not paid any other fees or incurred any fees that are payable to a third party in lieu of Directors' fees or fees to officers of the Manager.

There will be no variation in the estimated remuneration receivable by any of the Directors or officers of the Manager as a direct consequence of the Proposed Transaction.

No amount has been paid to any Director or officer of the Manager in cash or securities or otherwise to induce him or her to become or to qualify him or her as a Director.

Save for the relationship with the Responsible Entity and the Manager, and any arrangement between the Manager and third parties as permitted under the Management Agreement, the business of the Fund, or any part thereof, is not managed or proposed to be managed by any third party under contract or arrangement.

### 7.3 Appointment of Chief Financial Officer

Jason Sandler has been appointed as Chief Financial Officer of the Fund. Jason is a full-time employee of IAL whose services are dedicated to the Fund (through the Manager) under the Services Agreement between IAL and the Manager.

Prior to the appointment, the Audit and Risk Committee considered his appointment and was satisfied that he has the appropriate expertise and experience to be appointed in such capacity.

### 7.4 Directors' other directorships and partnerships

Details of the Directors' directorships and partnerships in the past five years are set out in Annexure A of the Revised Listing Particulars.

### 7.5 Directors' declarations

None of the appointed Directors has:

- adjudged bankrupt or insolvent or entered into any individual voluntary compromise arrangements or been involved in any business rescue plans and/or resolutions proposed to put any entity under business rescue and/or applications and/or notices to put any entity under business rescue, or receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangements with creditors generally or any class of creditors of any company where he was a director with an executive function of such company at the time of or within the 12 months preceding any such event;
- entered into any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such Directors are or were partners during the preceding 12 months;
- entered into any receiverships of any asset(s) or of a partnership where such Directors are or were partners during the preceding 12 months;
- been publicly criticised by a statutory or regulatory authority, including recognised professional bodies or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- convicted of an offence resulting from dishonesty, fraud or embezzlement or convicted in any jurisdiction of any criminal offence or any offence under legislation relating to the Companies Act or disqualification by a court to act as a director in terms of the Companies Act;
- removed from an office of trust on the grounds of misconduct, involving dishonesty; and/or
- disqualified by any court from acting as a director of a company or from acting in the management or conduct of the affairs of any company or been the subject of any public criticisms by statutory or regulatory authorities (including recognised professional bodies);

There are no restraint of trade payments applicable to any Director.

### 7.6 Directors' interests

The interests of the directors in the units of the Fund as at the Last Practicable Date are as follows:

<b>Directors of the Responsible Entity</b>	<b>Number of Units held as at the Last Practicable Date<sup>3</sup></b>	<b>%</b>	<b>Number of Units held after the Proposed Transaction<sup>4</sup></b>	<b>%</b>
<b>Executive director</b>				
Graeme Katz	106 083	0.1	166 495	0.1
<b>Non-executive directors</b>				
Sam Leon	1 591 241	1.2	2 316 185	1.2
Sam Hackner <sup>1</sup>	1 697 324	1.3	2 482 680	1.3
Michael Crawford <sup>2</sup>	5 304 139	3.9	5 304 139	2.7
<b>Total</b>	<b>8 698 787</b>	<b>6.5</b>	<b>10 269 494</b>	<b>5.3</b>

<sup>1</sup>Resigned with effect from 7 July 2014.

<sup>2</sup>Deceased, 1 July 2014.

<sup>3</sup>All interests are directly held.

<sup>4</sup>Assumes all directors take up issued shares in proportion to existing holdings in terms of the rights offer.

There are no associates of Directors with a direct or indirect beneficial interest in the share capital of the Fund.

There has been no change in the Directors' interests between the end of the previous Financial Year and the Last Practicable Date.

None of the Directors or officers of the Manager has any material beneficial interest in the acquisition or disposal of any properties of the Fund since its incorporation.

Other than the interests of Directors or officers of the Manager disclosed in this Circular through their employment or directorships within the Investec Group of companies, no Director or officer of the Manager currently has or has had any interest, directly or indirectly, in any transaction which is, or was, material to the business of the Fund and which was effected by the Fund during the current or immediately preceding Financial Year or during an earlier Financial Year and which remains in any respect outstanding or unperformed.

Graeme Katz, Zach McHerron, Jason Sandler and Matthew Liston are employees of IAL. Save for their employment in this capacity, no officer of the Manager currently has or has had any material beneficial interest, either direct or indirect, in the promotion of the Fund and in any property acquired or proposed to be acquired by the Fund during the three years preceding the date of the Circular, including but not limited to, where any of those persons is, or has contracted to become a tenant of any part of the property.

The Directors and officers of the Manager have no interest in material contracts or transactions with the Fund other than via their employment or directorships with the Investec Group.

## 7.7 Directors' responsibility statement

The Directors, whose names are set out in paragraph 7.1 above, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all necessary information required by the Listings Requirements.

## 8. ADDITIONAL INFORMATION

### 8.1 Working capital statement

The Directors are of the opinion that following the Proposed Transaction, the working capital available to the Fund, Hold Trust and each Sub Trust is sufficient for the Fund's present requirements, that is, for at least the next 12 months from the date of issue of this Circular.

### 8.2 Expenses

The costs incurred to date relating to this Circular are estimated at approximately AUD 73 855, as detailed below:

Details	Payable to	AUD'000
Corporate advisory and sponsor fee	Investec	30.0
Independent sponsor	Deloitte & Touche Sponsor Services (Pty) Ltd	5.0
Legal fees	Herbert Smith Freehills	9.0
Accounting and auditing fees	KPMG	8.2
JSE documentation fees	JSE	2.3
Transfer secretaries	Computershare	1.4
Printing and publication expenses	INCE	18.0
<b>Estimated total</b>		<b>73.9</b>

**Note:** Property valuation fees and legal fees in respect of the acquisition of the Ann Street Property have been capitalised to the value of the property and not treated as transaction expenses.

### 8.3 Expert's consents

The Independent Reporting Accountants and Independent Valuer have consented, in writing, to the inclusion of their reports in this Circular in the form and context in which they appear, and have not withdrawn their consents prior to the publication of this Circular.

The Independent Reporting Accountants, Legal Advisors, Independent Valuer, Corporate Advisor, Sponsor, Independent Sponsor, Transfer Secretaries, Custodian and Bankers have all consented, in writing, to act in the capacities stated and to their names being used in this Circular and have not withdrawn their consents prior to the publication of this Circular.



#### 8.4 **Litigation statement**

The Fund is not involved in any material legal or arbitration proceedings or legal actions, nor are the Directors aware of any proceedings that are pending or threatened, that may have, or have had in the 12-month period preceding the Last Practicable Date, a material effect on the Fund's financial position.

#### 8.5 **General Meeting**

The General Meeting will be held on Friday, 12 September 2014 at:

- 09:00 (Johannesburg) in 2nd Floor, Executive Boardroom, Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton; and
- 17:00 (Sydney) in Boardroom, Investec Australia Limited, Level 23, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia,

to consider, and if deemed fit, to pass, with or without modification, the ordinary resolutions necessary to implement the Proposed Transaction. The chairperson will be in Australia and the Meeting will be broadcast via video conference to South Africa. Unitholders at either location will be able to participate in the Meeting, including to ask questions.

A notice convening the General Meeting is attached to, and forms part of, this Circular.

A form of proxy, for use by those Certificated Unitholders and Dematerialised Unitholders with "own name" registration who are unable to attend the General Meeting but wish to be represented thereat, is attached to, and forms part of this Circular. Duly completed forms of proxy must be received by the Responsible Entity or the Transfer Secretaries by no later than 09:00 (Johannesburg)/17:00 (Sydney) on Wednesday, 10 September 2014.

A Dematerialised Unitholder who does not have "own name" registration, must arrange for his CSDP or broker to furnish him with the necessary letter of representation to attend the General Meeting or to appoint a proxy in accordance with their cut-off time prior to the General Meeting.

Unitholders are referred to the "Action required by Unitholders" section of this Circular, which contains information as to the actions they need to take in regard to the General Meeting.

#### 8.6 **Documents available for inspection**

Copies of the following documents will be available for inspection at the registered office of the Fund during normal business hours from Thursday, 14 August 2014, up to and including Friday, 12 September 2014:

- 8.6.1 the Constitution of the Fund, Hold Trust and the Sub Trusts;
- 8.6.2 the material contracts detailed in paragraph 5.4 above;
- 8.6.3 the Contract for Sale and Surrender Agreement;
- 8.6.4 the Management Agreement;
- 8.6.5 the signed abridged valuation report of the Independent Valuer on the Ann Street Property, the text of which is included in this circular as Annexure 6;
- 8.6.6 the full detailed valuation report in respect of the Ann Street Property;
- 8.6.7 the signed reports of the Independent Reporting Accountants set out in Annexures 2, 4 and 5;
- 8.6.8 the letters of consent received from the Independent Reporting Accountants, Legal Advisors, Independent Valuer, Corporate Advisor, Sponsor, Independent Sponsor, Transfer Secretaries, Custodian and Bankers;
- 8.6.9 the audited annual financial statements of the Fund for the six months ended 30 September 2013 and the period ended 31 March 2014; and
- 8.6.10 the Pre-listing Statement of the Fund;

#### 8.7 **Disclaimer**

Herbert Smith Freehills has not made any statement in this Circular and expressly disclaims and takes no responsibility for any statements in or omissions from this Circular, to the maximum extent permitted by law.

**SIGNED ON 14 AUGUST 2014 BY AND ON BEHALF OF THE DIRECTORS OF INVESTEC PROPERTY LIMITED AS THE RESPONSIBLE ENTITY OF INVESTEC AUSTRALIA PROPERTY FUND**

**Graeme Katz**

*Duly authorised*

Sydney  
14 August 2014

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## **FORECAST STATEMENT OF COMPREHENSIVE INCOME OF THE ANN STREET PROPERTY**

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Set out below are the forecast statements of comprehensive income of the Ann Street Property on a stand-alone basis for the six months ending 31 March 2015 and the 12 months ending 31 March 2016.

For convenience, the forecasts have been prepared on the assumption that the effective date of the acquisition of the Ann Street Property is 1 October 2014, notwithstanding that the acquisition is expected to be implemented during October 2014. It has also been assumed that the acquisition is funded entirely through the issue of equity.

The profit forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the Directors. The forecasts must be read in conjunction with the Independent Reporting Accountants' report thereon which is attached as Annexure 2 hereto.

The profit forecasts have been:

- prepared in accordance with IAPF's accounting policies and in compliance with IFRS; and
- prepared in relation to the Ann Street Property only, which post implementation of the Proposed Transaction, will become an asset of the Fund.

A limited review was conducted by the Independent Reporting Accountants whose report is contained in Annexure 2.

	<b>Forecast for the six months ending 31 March 2015 AUD'000</b>	<b>Forecast for the year ending 31 March 2016 AUD'000</b>
<b>Revenue</b>		
Gross rental and related revenue, excluding straight-line rental revenue adjustment	3 008	6 133
Straight-line rental revenue adjustment	296	488
<b>Rental revenue</b>	<b>3 304</b>	<b>6 621</b>
Property expenses	(277)	(566)
<b>Net rental and related revenue</b>	<b>3 028</b>	<b>6 055</b>
Asset management fee	(197)	(393)
Fund operating costs	(131)	(262)
<b>Operating profit</b>	<b>2 700</b>	<b>5 400</b>
Fair value adjustments	(4 068)	–
Finance cost	–	–
<b>Profit before taxation</b>	<b>(1 368)</b>	<b>5 400</b>
Taxation	–	–
<b>Profit after taxation attributable to equity holders/ Total comprehensive income</b>	<b>(1 368)</b>	<b>5 400</b>
<b>Reconciliation of attributable earnings to distributable earnings:</b>		
Profit after taxation attributable to equity holders/Total comprehensive income	(1 368)	5 400
<b>Adjustments:</b>		
Fair value adjustments	4 068	–
Straight-line rental revenue adjustment	(296)	(488)
<b>Distributable earnings (pre withholding tax)</b>	<b>2 404</b>	<b>4 912</b>
Withholding tax	(132)	(280)
<b>Distributable earnings (post withholding tax)</b>	<b>2 272</b>	<b>4 632</b>
<b>Reconciliation of attributable earnings to headline earnings:</b>		
Profit after taxation attributable to equity holders/Total comprehensive income	(1 368)	5 400
<b>Adjustments:</b>		
Fair value adjustments	4 068	–
<b>Headline earnings</b>	<b>2 700</b>	<b>5 400</b>
Basic earnings per unit (cents)	(2.26)	8.94
Headline earnings per unit (cents)	4.47	8.94
<b>Distribution per Unit (pre withholding tax) (cents)</b>	<b>3.98</b>	<b>8.13</b>
<b>Distribution per Unit (post withholding tax) (cents)</b>	<b>3.76</b>	<b>7.67</b>
Assumed incremental number of shares issued	60 411 992	

**Notes and assumptions:**

The forecasts incorporate the following material assumptions in respect of revenue and expenses that can be influenced by the Directors. The assumptions disclosed are not intended to be an exhaustive list:

1. The forecast financial information for the six months ended 31 March 2015 and year ended 31 March 2016 are based on information derived from the underlying tenant leases, property managers and work performed by the Independent Valuer.
2. Contracted revenue is based on existing lease agreements and stipulated increases, all of which are valid and enforceable, and has been forecast on a lease-by-lease basis. Contracted revenue accounts for 100% of rental income, thus there is no uncontracted income.
3. Revenue in respect of the Vendor Leased Areas is based on rentals payable under the current leases by SIP Australia.
4. Straight-line rental revenue adjustments are performed on an individual lease basis, are based on current lease agreements and exclude any assumptions of renewals or new leases during the respective forecast periods.
5. Property expenses are fully recoverable and have been estimated based on discussions with and records of the property managers where available, taking into account the effects of inflation on these. An assumed inflation rate of 3% has been applied.

6. Fund expenses have been apportioned across the property portfolio and have been allocated to the Ann Street Property at an estimated rate of 0.4% of the purchase price of the property.
7. Material expenditure items in respect of the Ann Street Property relate to the asset management fee (approximately 33% of total expenses).
8. No material expenditure items have been increased in the forecast period ending 31 March 2016 by more than 15% over the previous financial period.
9. The Ann Street Property is assumed to be acquired with effect from 1 October 2014 for a total cost of AUD 69 568 124 comprising the Purchase Consideration of AUD 65 500 000 and capitalised acquisition costs.
10. To the extent that the Vendor Leased Areas are leased to third party tenants for an annual rent that is greater than the market rent as per the independent valuation, this would result in the Contingent Payments becoming payable and may result in a proportionate uplift in the independent valuation. For purposes of the forecast, the maximum Contingent Payment has been excluded as the quantum and timing thereof is not certain.
11. Consistent with IAS 40, directly attributable costs of acquiring the Ann Street Property such as stamp duty, conveyancing, architects, legal, and property valuer's fees amounting to AUD 4 068 124 have been capitalised as part of the cost of the asset.
12. The fair value adjustment relates to the difference between the aggregate consideration of AUD 69 568 124 (i.e. Purchase Consideration of AUD 65 500 000 and capitalised acquisition costs of AUD 4 068 124) and the independent valuation. The fair value adjustment equates to the acquisition costs that have been capitalised. The fair value adjustment on the Ann Street Property has been included in profit and loss.
13. The base fee paid to the Manager is in line with the Management Agreement and amounts to 0.6% p.a. of the Enterprise Value of the Fund. For purposes of this standalone forecast, the Enterprise Value has been assumed to equal the aggregate purchase consideration in respect of the Ann Street Property.
14. There is no deferred tax on the straight-line rental revenue adjustment on the basis that the Fund is a "flow through" entity for Australian tax purposes and is therefore not subject to Australian income tax.

The forecasts incorporate the following material assumptions in respect of revenue and expenses that cannot be influenced by the Directors:

15. It has been assumed that the Fund will undertake a rights offer through the issue of 60 411 992 units at an assumed price of ZAR 11.54 based on the 90-day VWAP as at the Last Practicable Date, converted at an exchange rate of AUD 1 = ZAR 10.0142, being the exchange rate as at the Last Practicable Date, in order to raise total proceeds of AUD 69 641 979. All of the cash raised will be used for the settlement of the Purchase Consideration together with related acquisition costs and transaction costs.
16. No unforeseen economic factors that will affect the lessees' ability to meet their commitments in terms of the existing lease agreements have been included.
17. No material refurbishment capital expenditure or any other material capital expenditure is forecast for the six months ending 31 March 2015 or the year ending 31 March 2016.
18. Circumstances which affect the Fund's business, but which are outside of the control of the Directors, will not change in a way that will materially affect the trading situation of the Fund.
19. Distributable earnings are shown before and after the impact of applicable Australian withholding tax, which is currently 15%, the effect of which is reduced by the depreciation shield. Unitholders will receive the distribution net of withholding tax.
20. Save for the fair value adjustments to the value of the property in respect of the transaction costs, all the assumptions and adjustments detailed above are expected to have a continuing effect.

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## INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE FORECAST STATEMENT OF COMPREHENSIVE INCOME OF THE ANN STREET PROPERTY

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The Directors of the Responsible Entity  
Investec Australia Property Fund  
Level 23, The Chifley Tower  
2 Chifley Square  
Sydney  
NSW 2000

8 August 2014

Dear Sirs

### **Independent reporting accountants' limited assurance report on the forecast information relating to the Ann Street Property acquisition by Investec Australia Property Fund ("IAPF")**

We have examined the profit forecasts and the related assumptions of the Ann Street Property for the six month period ending 31 March 2015 and the year ending 31 March 2016 (collectively, "the forecast information"), amounting to an attributable net (loss)/profit before distribution to unitholders of AUD (1.37 million) and AUD 5.4 million respectively as set out in the Circular to be dated on or about 14 August 2014.

This report and the conclusion contained herein is provided solely for the benefit of the board of the directors of the Responsible Entity and unitholders of IAPF.

### **Directors' responsibility**

The directors of the Responsible Entity of IAPF are responsible for the forecast information, including the assumptions, on which it is based, and for the financial information from which it has been prepared. This responsibility, arising from compliance with the Listings Requirements, includes:

- determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the profit forecasts;
- whether the profit forecasts have been properly compiled on the basis stated; and
- whether the forecast information is presented on a basis consistent with the accounting policies of IAPF.

### **Reporting accountants' responsibility**

Our responsibility is to provide a limited assurance report on the forecast information prepared for the purpose of complying with the Listings Requirements and for inclusion in the Circular. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to the Examination of Prospective Financial Information and the SAICA circular entitled the Independent reporting Accountants responsibilities in terms of Section 13 of the Listing Requirements.

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Policy Board:  
Chief Executive: RM Kgosana

Executive Directors: T Fubu, A Hari, E Magondo, JS McIntosh, CAT Smit, D van Heerden

Other Directors: DC Duffield, LP Fourie, N Fubu, TH Hoole, A Jaffer, M Letsitsi, A Masemola, AM Mokgabudi, Y Suleman (Chairman of the Board), A Thunstrom

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.



This standard requires us to obtain sufficient appropriate evidence as to whether:

- management's best-estimate assumptions on which the forecasts are based are not unreasonable and are consistent with the purpose of the information;
- the forecast information is properly prepared on the basis of the assumptions;
- the forecast information is properly presented and all material assumptions are adequately disclosed; and
- the forecast information is prepared and presented on a basis consistent with the accounting policies of IAPF.

In a limited assurance engagement, the evidence gathering procedures are more limited than for a reasonable assurance engagement and therefore, less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

#### **Information and sources of information**

In arriving at our conclusion, we have relied upon forecast financial information prepared by the management of the Responsible Entity of IAPF and other information from various public, financial and industry sources.

The principal sources of information used in arriving at our conclusion are as follows:

- tenancy schedules of the Ann Street Property;
- management prepared forecasts for the period ending 31 March 2015 and the twelve months ending 31 March 2016;
- discussions with management of IAPF regarding the forecasts presented;
- discussions with management of IAPF regarding the prevailing market and economic conditions;
- lease agreements of the Ann Street Property held under such leases;
- single management agreement, and the acquisition agreement; and
- Valuation report in respect of the Ann Street Property, prepared by Savills.

#### **Procedures**

In arriving at our conclusion we have performed the following procedures:

##### *Rental income*

- The forecast fixed rental income streams as contained in the profit forecast model, was selected and agreed to the underlying lease agreements. The total coverage obtained was 100% of the forecast contracted rental income.
- Contracted revenue accounts for 100% of rental income.
- The calculation in respect of the straight-lining of revenue was re-performed.



### *Property expenses*

The forecast property expenses were compared to independent vendor estimates. Explanations were obtained for any significant differences. The detailed forecast expenditure was reviewed to ensure that all material expenditure items, as required by paragraph 13.14(g) of the listings requirements, were disclosed.

### *Material operating expenditure items*

Fund expenses and asset management fees were assessed for reasonableness and, where applicable, recalculated and agreed to supporting documentation.

### *Application of accounting policies*

We ascertained that the accounting policies applied by IAPF were applied consistently in arriving at forecast income. Variances and principles were primarily discussed with the directors of the Responsible Entity of IAPF.

### *Model review*

In order to ensure that the forecast model for the property income and expenses was accurate and reliable we performed a high level review to determine the consistency and mathematical accuracy of the model.

### *Lease expiry and vacancy profile*

We reviewed the individual property model and tenancy schedules to ascertain that the lease expiry profile included in the forecast model is derived from the correct sources.

We agreed the dates of expiry of the individual leases reflected in the individual property model and tenancy schedules to the signed lease agreements and found them to be in agreement.

We compared the lease expiry profile included in paragraphs 3.3 of the Circular to the lease expiry profile in the forecast model and found them to be in agreement.

### *Accuracy of the information*

We have relied upon and assumed the accuracy and completeness of the information provided to us in writing, or obtained through discussions with the management of IAPF. While our work has involved an analysis of the historical financial information and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with International Auditing Standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us.



## Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that:

- the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast information;
- the forecast information has not been properly compiled on the basis stated;
- the profit forecast has not been properly presented and all material assumptions are not adequately disclosed; and
- the forecast information is not presented on a basis consistent with the accounting policies of IAPF.

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material. Accordingly no assurance is expressed regarding the achievability of the forecast.

Yours faithfully  
KPMG Inc.

A handwritten signature in black ink, appearing to read 'Mickey Bove', written over a faint circular stamp or watermark.

Per Mickey Bove  
Chartered Accountants (SA)  
Director



## PRO FORMA STATEMENT OF FINANCIAL POSITION OF IAPF

A *pro forma* consolidated statement of financial position for IAPF is set out below to illustrate the financial effects of the Proposed Transaction on the Fund.

The *pro forma* statement of financial position, based on IAPF's published consolidated results for the financial period ended 31 March 2014, set out below is the responsibility of the Directors and has been prepared for illustrative purposes only and because of its nature may not fairly present the financial position, changes in equity, results of operations or cash flows of IAPF after the Proposed Transaction.

The *pro forma* statement of financial position has been prepared to illustrate the impact of the Proposed Transaction on the statement of financial position of IAPF had the Proposed Transaction occurred as at 31 March 2014.

The *pro forma* statement of financial position has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the audited annual financial statements of IAPF for the year ended 31 March 2014.

The Independent Reporting Accountants' reasonable assurance report on the *pro forma* statement of financial position is set out in Annexure 4.

	<b>Audited results before the Proposed Transaction<sup>1</sup> AUD'000</b>	<b>Material post- balance sheet events<sup>3</sup> AUD'000</b>	<b>Total AUD'000</b>	<b>Pro forma adjustments for the Proposed Transaction AUD'000</b>	<b>Pro forma results after the Proposed Transaction<sup>8</sup> AUD'000</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment properties	154 364	25 805	180 169	65 500 <sup>4</sup>	245 669
Other non-current assets	17		17		17
<b>Current assets</b>					
Cash and cash equivalents	6 370	(4 602)	1 768	–	1 768
Trade and other receivables	287		287	–	287
<b>Total assets</b>	<b>161 038</b>	<b>21 203</b>	<b>182 241</b>	<b>65 500</b>	<b>247 741</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Contributed equity	131 025	–	131 025	69 568 <sup>5,6</sup>	200 593
Retained profits	1 033	(1 539)	(506)	(4 068) <sup>7</sup>	(4 574)
<b>Non-current liabilities</b>					
Borrowings	22 185	25 950	48 135		48 135
<b>Current liabilities</b>	6 795	(3 208)	3 587		3 587
<b>Total equity and liabilities</b>	<b>161 038</b>	<b>21 203</b>	<b>182 241</b>	<b>65 500</b>	<b>247 741</b>
Number of units on issue	134 685			60 412 <sup>5</sup>	195 097
Net asset value per unit <sup>2</sup>	0.98				1.00
Net tangible asset value per unit <sup>2</sup>	0.98				1.00

### Notes and assumptions:

- The "Audited results before the Proposed Transaction" column was extracted without adjustment from the audited consolidated financial statements of the Fund for the period ended 31 March 2014.
- The net asset value per Unit and tangible net asset value per Unit figures are calculated based on the actual number of Units in issue at 31 March 2014 and on the basis that the Proposed Transaction was affected on 31 March 2014.

3. The "Material post-balance sheet events" column includes the following adjustments:
  - a. acquisition of the property located at 186 Reed Street, Greenway ACT 2900 for a purchase consideration of AUD 25 805 000 utilising debt-funding as announced on SENS on 15 May 2014. Acquisition costs were capitalised to the value of the property. A fair value adjustment of AUD 1 340 002 was recognised after the acquisition of the asset equating to the acquisition costs; and
  - b. payment of the final distribution of AUD 4 601 921 for the six months ended 31 March 2014.
4. The acquisition of the Ann Street Property for a net amount of AUD 65 500 000 is determined as the aggregate of the Purchase Consideration of AUD 65 500 000 and acquisition costs, net of fair value adjustments of AUD 4 068 124.
 

To the extent that the Vendor Leased Areas are leased to third party tenants for an annual rent that is greater than the market rent as per the independent valuation, this would result in the Contingent Payments becoming payable and may result in a proportionate uplift in the independent valuation. For *pro forma* purposes, the maximum Contingent Payment has been excluded as the quantum and timing thereof is not certain.

Consistent with IAS 40, directly attributable costs of acquiring the Ann Street Property such as stamp duty, conveyancing, architects, legal, and property valuer's fees amounting to AUD 4 068 124 have been capitalised as part of the cost of the asset.
5. It has been assumed that the Fund will undertake a rights offer through the issue of 60 411 992 units at an assumed price of ZAR 11.54 based on the 90-day VWAP as at the Last Practicable Date, converted at an exchange rate of AUD 1 = ZAR 10.0142, being the exchange rate as at the Last Practicable Date, in order to raise total proceeds of AUD 69 641 979. All of the cash raised will be used for the settlement of the Purchase Consideration together with related acquisition costs and transaction costs.
6. Once-off transaction costs of AUD 73 855 have been written off directly against equity i.e. equity raised is immediately used to settle transaction costs.
7. The fair value adjustment relates to the difference between the aggregate consideration of AUD 69 568 124 (i.e. Purchase Consideration of AUD 65 500 000 and capitalised acquisition costs of AUD 4 068 124) and the independent valuation. The fair value adjustment equates to the acquisition costs that have been capitalised. The fair value adjustment on the Ann Street Property has been included in profit and loss.
8. The "*Pro forma* results after the Proposed Transaction" column represents net asset value per Unit and net tangible asset value per Unit after the acquisition of the Ann Street Property.
9. All adjustments, with the exception of transaction costs, are expected to have a continuing impact.

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## INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA STATEMENT OF FINANCIAL POSITION OF IAPF

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 Investec Australia Property Fund  
 Level 23, The Chifley Tower  
 2 Chifley Square  
 Sydney  
 NSW 2000

8 August 2014

### Report on the Compilation of Pro Forma Financial Information

#### Introduction

We have completed our assurance engagement to report ("Report") on the compilation of the pro forma, net asset value and net tangible asset value per unit of Investec Australia Property Fund ("IAPF") pro forma statement of financial position of IAPF and the related notes, including a reconciliation showing all of the pro forma adjustments to the share capital, reserves and other equity items relating to IAPF, (collectively "Pro forma Financial Information"). The Pro forma Financial Information is set out in paragraph 4 and Annexure 3 of the Circular to be issued by the IAPF on or about 14 August 2014 ("Circular").

The Pro forma Financial Information has been compiled by the directors of the Responsible Entity of IAPF to illustrate the impact of the Ann Street Property Acquisition ("Transaction") as detailed in the Circular on IAPF's financial position and changes in equity as at 31 March 2014.

As part of this process, IAPF's statement of financial position has been extracted by the directors of the Responsible Entity of IAPF from IAPF's published financial statements for the period ended 31 March 2014 ("Published Financial Information"), on which an audit report has been published.

In addition, the directors of the Responsible Entity of IAPF have calculated the net asset value and net tangible asset value per unit as at 31 March 2014 based on financial information extracted from the Published Financial Information.

#### Directors' Responsibility for the Pro forma Financial Information

The directors of the Responsible Entity of IAPF are responsible for compiling the Pro forma Financial Information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the Listings Requirements of the JSE Limited and the SAICA Guide on Pro forma Financial Information, revised and issued in September 2012 ("Applicable Criteria").

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Policy Board:  
 Chief Executive: RM Kggsana

Executive Directors: T Fubu, A Hari, E Magondo, JS McIntosh, CAT Smit, D van Heerden

Other Directors: DC Duffield, LP Fourie, N Fubu, TH Hooie, A Jaffer, M Letsitsi, A Masemola, AM Mkgabudi, Y Suleman (Chairman of the Board), A Thunström

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.



### ***Reporting Accountants' responsibility***

Our responsibility is to express an opinion about whether the Pro forma Financial Information has been compiled, in all material respects, by the directors of the Responsible Entity of IAPF on the basis of the Applicable Criteria, based on our procedures performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants' comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of the Responsible Entity of IAPF have compiled, in all material respects, the Pro forma Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published Financial Information used in compiling the Pro forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the Pro forma Financial Information.

The purpose of Pro forma Financial Information included in the Circular is solely to illustrate the impact of the Transaction on the unadjusted Published Financial Information as if the Transaction had been undertaken on 31 March 2014 for purposes of the net asset value and net tangible asset value per unit and statement of financial position. Accordingly, we do not provide any assurance that the actual outcome of the Transaction, subsequent to its implementation, will be as presented in the Pro forma Financial Information.

A reasonable assurance engagement to report on whether the Pro forma Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of the Responsible Entity of IAPF in the compilation of the Pro forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Transaction and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to the Applicable Criteria; and
- The Pro forma Financial Information reflects the proper application of those pro forma adjustments to the unadjusted Published Financial Information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of IAPF, the Transaction in respect of which the Pro forma Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

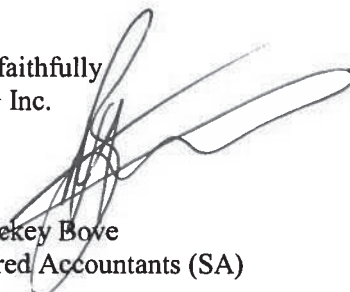


***Opinion***

In our opinion, the Pro forma Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria specified by the JSE Listings Requirements and described in paragraph 4 and Annexure 3.

Yours faithfully  
KPMG Inc.

Per Mickey Bove  
Chartered Accountants (SA)  
Director

A handwritten signature in black ink, appearing to be 'Mickey Bove', written over the typed name and title.

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## INDEPENDENT REPORTING ACCOUNTANTS' REVIEW OPINION ON THE EXISTENCE AND VALUATION OF THE ANN STREET PROPERTY

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The Directors of the Responsible Entity  
 Investec Australia Property Fund  
 Level 23, The Chifley Tower  
 2 Chifley Square  
 Sydney  
 NSW 2000

8 August 2014

Dear Sirs

**Independent reporting accountants' review report on the value and existence and liabilities of the Ann Street Property to be acquired by Investec Australia Property Fund ("IAPF")**

***Introduction***

We have performed our review for purposes of Paragraph 13.16 (e) of the Listings Requirements of the JSE Limited ("JSE Listings Requirements") with regard to:

- the existence of the Ann Street Property to be acquired by or on behalf of IAPF;
- the value at which the Ann Street Property is reflected in the "Pro forma adjustments for the proposed acquisition" column of the pro forma statement of financial position of IAPF set out in Annexure 3 of the Circular to be dated on or about 14 August 2014; and
- no liabilities other than those disclosed exist.

***Responsibilities of the directors***

The directors of the Responsible Entity of IAPF are solely responsible for the compilation, contents and presentation of the pro forma statement of financial position contained in the Circular and for the financial information from which it has been prepared, including the financial information relating to the Ann Street Property to be acquired.

Their responsibility is to satisfy themselves that the Ann Street Property to be acquired by IAPF exists, has been valued in accordance with IAPF's accounting policies and the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") and are correctly reflected in the pro forma statement of financial position of IAPF.

***Reporting accountants' responsibility***

Our responsibility is to express a review conclusion regarding the existence and value of the Ann Street Property to be acquired by IAPF, as reflected in the adjustment column of the pro forma statement of financial position of IAPF.

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Policy Board:  
 Chief Executive: RM Kgosara

Executive Directors: T Fubu, A Hari, E Magondo, JS McIntosh, CAT Smit, D van Heerden

Other Directors: DC Duffield, LP Fourie, N Fubu, TH Hcoole, A Jaffer, M Letsisi, A Masemoia, AM Mokgabudi, Y Suleman (Chairman of the Board), A Thunstrom

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.



### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, which applies to a review of the existence and value of the Ann Street Property to be acquired by IAPF.

A review of the existence and value of Ann Street Property to be acquired by IAPF consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have also considered the guidance in ISA 620 'Using the work of an expert' in respect of the valuations provided by the independent registered 'property' valuer (the "independent valuer") in accordance with paragraphs 13.20 to 13.31 of the JSE Listings Requirements.

### *Summary of work performed*

Existence and valuation of the property portfolio

Our procedures included making such inquiries and obtaining such representations from the directors as we considered necessary, and in addition we:

- physically inspected Ann Street Property to be acquired to establish existence;
- examined the title search included in the independent valuation report for Ann Street Property;
- compared the value at which Ann Street Property is being acquired as reflected in the pro forma statement of financial position to the valuation included in Annexure 6 of the Circular;
- considered the valuation provided by the independent valuer (Savills Valuations Pty Ltd) in accordance with the guidance in ISA 620: Using the work of an expert and obtained evidence of the following:
  - the professional competence of the independent valuer, in particular, membership of an appropriate professional body and experience and reputation in the field;
  - the independence of the independent valuer, including confirmation from the valuer that there were no actual or apparent conflicts of interest that might impair, or be perceived to impair, his or her objectivity;
  - that the scope of the independent valuer's work was adequate for the purposes of determining the property values included in the pro forma statement of financial position; and
  - the appropriateness of the independent valuer's work as audit evidence regarding the values at which the properties are reflected in the pro forma statement of financial position.



***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that:

- Ann Street Property does not exist;
- the value at which the acquisition of Ann Street Property is reflected in the pro forma statement of financial position is not, in all material respects, in accordance with the accounting policies adopted by IAPF and the recognition and measurement criteria of IFRS; and
- no liabilities other than those disclosed exist.

Yours faithfully  
KPMG Inc.

A handwritten signature in black ink, appearing to read 'Mickey Bove', written over a faint, light-colored signature line.

Per Mickey Bove  
Chartered Accountant (SA)  
Registered Auditor  
Director



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## INDEPENDENT VALUER'S ABRIDGED VALUATION REPORT ON THE ANN STREET PROPERTY

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8 August 2014  
Our Ref: V414-0237.L1

Investec Property Limited

Attention: Mr Matthew Liston

Dear Sir,

**Re: Valuation Summary Letter**  
**Property: 757 Ann Street, Fortitude Valley, Qld**

Savills Valuations Pty Ltd  
ABN 73 151 048 056  
E: probbins@savills.com.au  
DL: +61 07 3002 8849

Level 2, 66 Eagle Street  
GPO Box 2607  
Brisbane QLD 4001  
T: +61 07 3221 8355  
F: +61 07 3221 8771  
savills.com.au

We have received instructions from Investec Propco Pty Ltd ATF Investec Australia Sub Trust No. 6 dated 6 May 2014 requesting a market valuation of the Freehold interest, subject to existing & proposed tenancies, of the above-mentioned property as at 29 July 2014 for the purposes of acquisition purposes.

As part of these instructions, we have also been requested to provide a summary of the full valuation report for inclusion in the pre-listing statement for Investec Propco Pty Ltd ATF Investec Australia Sub Trust No. 6.

The following is a summary of the full valuation report. Parties seeking detailed information of our valuation should refer to our full valuation report held by Investec Propco Pty Ltd ATF Investec Australia Sub Trust No. 6.

### Scope of Due Diligence

- Tenancy Schedule (as at 7 May 2014), crosschecked against leases provided
- Architectural Drawings as produced by Nettleontribe
- Draft outgoing expenditure budgets along with various quotes / contracts for individual outgoing items
- Copies of the various Council Rates Notices and Land Tax Assessment Notices, crosschecked with verbal discussion with Council
- Copies of the various signed Heads of Agreement / Draft Leases for the major tenants
- Copy of Contract of Sale
- Lease Survey Plans as produced by Landmark Consulting dated 6 June 2014

### Valuer's Interest

We confirm that Savills Valuations Pty Limited and the appointed Valuer, Mr Paul Robbins AAPI MRICS, do not have any pecuniary interest that would conflict with the proper valuation of the property, and the valuation being made independently of Investec Property Limited and/or its officers.

Neither the Valuer nor Savills Valuations Pty Ltd is licensed to provide financial services and the information detailed herein (and in the full valuation report) is not intended to provide advice on your investment decision.

### Basis of Valuation

Our assessment of value is undertaken in accordance with the Australian Property Institute's adopted definition of Market Value as follows:

*'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.'*

We confirm our valuation was prepared in accordance with the Corporations Act and API Guidelines.



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Savills Valuations Pty Ltd | ABN 73 151 048 056  
Printed: 08/08/2014

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### Date of Inspection

9 May 2014 and 4 July 2014

### Date of Valuation

29 July 2014

This valuation is conditional upon there being no material difference in the property between the date of inspection and the date of valuation.

### Zoning

The property is zoned “Principal centre PC1 – (City centre)”, under the provisions of the Brisbane City Plan 2014. Principal City Centres provide for large and diverse land uses and activities that form the core of an urban settlement. It includes concentrations of high order retail, commercial, employment, residential, health services, administrative, community, cultural, recreational and entertainment activities, and other uses capable of servicing the immediate area. The current use of the subject property was approved and is code assessable (permitted) under the existing zoning and development controls.

A search of the Brisbane City Council’s PD Online system on 26 May 2014 indicates that there are various development approvals noted over the subject, which form the basis of the development which has recently been completed on the site. To the best of our knowledge there are no material contraventions of town planning requirements and title deed conditions.

### Legal Description

The subject property is described as Lot 20 on Registered Plan 172270. It is located in the Local Government Area of Brisbane City Council, Parish of North Brisbane and County of Stanley.

### Property Summary

The subject property comprises a 1,219m<sup>2</sup> site within the Valley Heart Precinct of Fortitude Valley. Improvements comprise a new eleven storey building featuring 435m<sup>2</sup> of ground floor retail shops split into two separate tenancies, ten levels of commercial office accommodation above and two levels of basement parking for 45 vehicles. The majority of building plant is located on the eleventh ‘rooftop’ level which also comprises terrace areas for common use. The building has recently been completed and was issued with a Certificate of Compliance on 16<sup>th</sup> June 2014.

### Lettable Areas

We have been provided with two sets of lease survey plans for the building. The office component in one set has been completed in accordance with the Net Lettable Area (NLA) method of measurement as defined by the Property Council of Australia. The second iteration has been completed using a method of measurement defined as “Exclusive Use” by the Surveyor which incorporates the amenities and an access corridor.

We have shown the results of these two methods of measurement in the tables below;

#### NLA Measurement

Level	Area
Ground	435 m <sup>2</sup> <sup>^</sup>
Level 1	772 m <sup>2</sup>
Level 2	814 m <sup>2</sup>
Level 3	808 m <sup>2</sup>
Level 4	821 m <sup>2</sup>
Level 5	820 m <sup>2</sup>
Level 6	820 m <sup>2</sup>
Level 7	830 m <sup>2</sup>
Level 8	830 m <sup>2</sup>
Level 9	832 m <sup>2</sup>
Level 10	832 m <sup>2</sup>
<b>Total NLA</b>	<b>8,614 m<sup>2</sup></b>

<sup>^</sup> GLAR

#### Exclusive Use Measurement

Level	Area
Ground	437 m <sup>2</sup>
Level 1	823 m <sup>2</sup>
Level 2	865 m <sup>2</sup>
Level 3	860 m <sup>2</sup>
Level 4	872 m <sup>2</sup>
Level 5	871 m <sup>2</sup>
Level 6	871 m <sup>2</sup>
Level 7	880 m <sup>2</sup>
Level 8	881 m <sup>2</sup>
Level 9	882 m <sup>2</sup>
Level 10	883 m <sup>2</sup>
<b>Total Exclusive Use Area</b>	<b>9,125 m<sup>2</sup></b>



Whilst we can confirm that the leases to Ventyx and Corporate House have been negotiated on the larger exclusive use areas and the Rental Guarantees on Levels 5 & 6 and the ground floor retail have been documented on the same basis, we have utilised the net lettable areas in our calculations.

### Tenancy Overview

The property is fully occupied on leases with expiry dates ranging from June 2019 to June 2024. The largest tenant is Ventyx with 56.6% of lettable area and 54.9% of net passing income whilst the next largest is Corporate House with 19.3% of lettable area and 18.9% of net passing income. Corporate House is a related party to the vendor.

The balance space incorporating two ground floor retail areas and levels 5 & 6 of the office tower are subject to five year leases to SIP Australia Pty Ltd who is a related party to the vendor. It is important to note that these leases are supported by a cash back guarantee for the full five years of the lease term and therefore can be viewed as rent guarantees.

Tenant	Description	NLA (m <sup>2</sup> )	% of NLA	Expiry Date
Ventyx	Levels 1-4 & 9 & 10	4,879m <sup>2</sup>	56.6%	19 June 2024
Corporate House Services	Levels 7 & 8	1,660m <sup>2</sup>	19.3%	31 July 2019
SIP Australia Pty Ltd	Ground floor corner	101m <sup>2</sup>	1.2%	30 June 2019
SIP Australia Pty Ltd	Ground floor Ann Street	334m <sup>2</sup>	3.9%	30 June 2019
SIP Australia Pty Ltd	Level 5	820m <sup>2</sup>	9.5%	30 June 2019
SIP Australia Pty Ltd	Level 6	820m <sup>2</sup>	9.5%	30 June 2019

The property has a weighted average lease duration by income and area of 7.66 and 7.74 years respectively.

Having inspected all the leases, it is noted that there are no intra-group leases. There are no vacancies in the building and no income lost due to time delays to complete refurbishments for existing or new tenants.

### Summary of Passing & Market Rent

Based on our assessment of the market rent for the various income streams we have dissected the passing and market income for the property as follows:

Component	Passing		Market		Variance %
	\$pa	\$/m <sup>2</sup> / bay pa	\$pa	\$/m <sup>2</sup> / bay pa	
Office	\$5,442,905	\$665/m <sup>2</sup>	\$4,912,070	\$601/m <sup>2</sup>	10.81%
Retail	\$445,871	\$1,025/m <sup>2</sup>	\$261,200	\$600/m <sup>2</sup>	70.70%
Car parks	\$189,000	\$4,200 /bay	\$189,000	\$4,200 /bay	0.00%
Motorcycles	\$3,600	\$1,800 /bay	\$3,600	\$1,800 /bay	0.00%
<b>Gross Income</b>	<b>\$6,081,376</b>	<b>\$706/m<sup>2</sup></b>	<b>\$5,365,870</b>	<b>\$623/m<sup>2</sup></b>	<b>13.33%</b>
Less Adopted Outgoings	\$608,346	\$71/m <sup>2</sup>	\$608,346	\$71/m <sup>2</sup>	0.00%
<b>Net Income</b>	<b>\$5,473,030</b>		<b>\$4,757,524</b>		<b>15.04%</b>

\*Passing & Market income does not incorporate any profit on electricity.

All leases have been struck at rentals above market levels and therefore there is a significant profit rental being generated from the property.



## Methodology

We have assessed the valuation on the basis of Freehold title subject to the proposed tenancies.

This valuation is determined on the basis that the property, the title thereto and its use is not affected by any matter other than that mentioned in this report. Furthermore, it has been assumed that reasonable resources are available in negotiating the sale and exposing the property to the market.

In assessing the value of the subject we have considered two bases of valuation being:-

1. Discounted Cash Flow ("DCF"); and
2. Capitalisation Approach.

A DCF analysis has been prepared taking into account the ability of the property to generate income over a 10 year period based on certain assumptions. Provision is made for leasing up periods upon the expiry of the various (sub)leases throughout the 10 year time horizon.

Each year's net operating income during the period is discounted to arrive at the present value of expected future cash flows. The property's anticipated sale value at the end of the period (i.e. its terminal or reversionary value) is also discounted to its present value and added to the discounted income stream to arrive at the total present market value of the property.

The DCF relates to the next period of 10 years during which time stable market conditions are assumed.

There are currently no vacancies in the building and the property is expected to be fully tenanted for the first 5 years. The following assumptions have been made in respect of time allowed to find new tenants should any vacancies arise in the years thereafter. These allowances include time taken to complete refurbishments for new tenants.

Year	Letting Up*	Year	Letting Up*
Year 1	n/a	Year 6	6 months
Year 2	n/a	Year 7	6 months
Year 3	n/a	Year 8	6 months
Year 4	n/a	Year 9	6 months
Year 5	n/a	Year 10	6 months

*\*We have applied a 66.7% retention factor to the letting up allowance.*

We draw your attention to the fact that the DCF analysis is based on projections considered in the light of the available data. However, market conditions will change over time influenced by internal and external factors against which a review of assumptions may be warranted. For this reason, we stress that reliance upon such projections must be made with full acceptance of their limited reliability and with due consideration of the commercial risks related to such forecasts. In particular, we stress the DCF exercise referred to herein has been undertaken for the sole purpose of assisting in the determination of the current market value of the property and we make no guarantees or warranty as to the accuracy of future rental income stream projections insofar as they relate to market rental movements.

We have also adopted the Capitalisation approach (Equated Market Yield) in determining the current market value of the subject property. This method of Valuation involves applying a yield to the potential market net income; with the resultant value adjusted to make allowances for the NPV of the differential between the passing and market income.

## Market Commentary

An office market commentary, including details of the most relevant recent sales and leasing evidence is contained in our full valuation report as at 29 July 2014, held by Investec Property Limited.



### Valuation Analysis

The valuation has been determined by a reconciliation between the values deduced by the DCF approach, and the Capitalisation of Net Income approach. This is an accepted valuation approach for office investment assets such as the subject property. The major inputs and outputs of our valuation are as follows:

Valuation Analysis	Market Value
Adopted Market Value	\$65,500,000(*)
Net Passing Income	\$5,473,030
Net Market Income	\$4,757,524
Adopted Outgoings	\$608,346 (\$70.62/m <sup>2</sup> )
Rental Reversion	\$5,050,136
Passing Initial Yield	8.36%
Equated Market Yield	7.87%
Capitalisation Rate	7.75%
Terminal Yield	8.00%
\$Rate /m <sup>2</sup> of Lettable Area	\$7,602/m <sup>2</sup> (\$7,178/m <sup>2</sup> on Exclusive Use Area)
10 Year IRR	8.76%
Rental Growth Projections	Office Income: 3.13% (average compound rate)
Current Vacancy Rate	0.00% (Fully leased with the inclusion of rental guarantees provided by the vendor)

(\*) This valuation amount is exclusive of a Goods & Services Tax.

Our adopted value, analyses and assumptions appear reasonable having regards to the comments, disclaimers, assumptions and opinion detailed within our full valuation report. A schedule of the current rentals are included in our full valuation report.

I confirm that to the best of my knowledge that there

- are no options held by any third parties to purchase some of the properties
- are no other matters that could materially affect the value and
- have been no material changes since the effective date that would affect the valuation

### Liability Disclaimer

Savills has prepared this letter and the formal valuation based upon information made available to us at the date of valuation. We believe that this information is accurate and complete; however, we have not independently verified all such information.

Savills is not providing advice about a financial product, nor the suitability of the investment set out in the Prospectus. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. Neither Savills nor the Valuer hold an Australian Services Licence and are not operating under such a licence in providing the opinion as to the value of the property detailed in this summary, and the full valuation report. Savills has prepared this summary for inclusion in the Offer Document and has only been involved in the preparation of this summary and the valuation referred to therein. Savills has consented to the inclusion of this summary in the Offer Document in the form and context in which it is so included, but has not authorised the issue of the Offer Document. Savills specifically disclaims liability to any person in the event of any omission from, or false or misleading statements included in, this Offer Document, other than in respect of the Valuation and this summary.

Savills Valuations Pty Ltd liability is limited by a scheme approved under Professional Standards Legislation.

This Valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value are excluded as is liability where the valuation is relied upon after the date of the valuation.



**Valuation**

We assess the market value of the Freehold interest in 757 Ann Street, Fortitude Valley, Queensland as at 29 July 2014, and subject to the details and qualifications contained within this summary letter and our full valuation report, to be as follows:

**Market Value**

**\$65,500,000 (\*)**

(Sixty Five Million Five Hundred Thousand Dollars)

**(\*) This valuation amount is exclusive of a Goods and Services Tax.**

We have assessed the market value of the property in accordance with the Market Value definition referred to on page one of this summary letter. In the event that a sale was to occur in circumstances not reflecting that Market Value definition, the price realised may be at a substantial discount to the Market Value assessed.

Prepared by **Savills Valuations Pty Ltd**

Paul Robbins AAPI MRICS  
Certified Practising Valuer  
Registered Valuer No. 2094  
Divisional Director



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under Professional Standards Legislation

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## DETAILS OF VENDORS

		Consideration									
Property acquired	Date acquired	Name of vendor	Address of vendor	Name and address of beneficial shareholders of the vendor(s) (if company)	Issue of securities	Cash portion	Goodwill paid and manner in which accounted for	Loans incurred to finance the acquisition <sup>1</sup>	Date of acquisition by vendor (if acquired within last three years)	Cost of asset to vendor if acquired within last three years) <sup>2</sup>	Amount of goodwill paid by vendor
48 Hawkins Crescent	21-Dec-12	Walker Bremer Park Pty Limited (a related entity to Walker Corporation Pty Limited)	Level 21 Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000	Walker Corporation Pty Limited Level 21 Governor Macquarie Tower 1 Farrer Place Sydney NSW, 2000	None	3 356 475	n/a – direct purchase of immovable property	2 005 665	n/a – developed by vendor	n/a <sup>2</sup>	n/a – direct purchase of immovable property
47 Sawmill Circuit	21-Dec-12	Walker Corporation Pty Limited	Level 21 Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000	Langley Alexander Walker (75%) and Suzanne Merie Walker (25%) 12 Crescent Street Hunters Hill NSW 2110	None	8 439 134	n/a – direct purchase of immovable property	5 042 813	n/a – developed by vendor	n/a <sup>2</sup>	n/a – direct purchase of immovable property
57 Sawmill Circuit	21-Dec-12	Walker Corporation Pty Limited	Level 21 Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000	Langley Alexander Walker (75%) and Suzanne Merie Walker (25%) 12 Crescent Street Hunters Hill NSW 2110	None	7 863 738	n/a – direct purchase of immovable property	4 698 985	n/a – developed by vendor	n/a <sup>2</sup>	n/a – direct purchase of immovable property
24 Sawmill Circuit	21-Dec-12	Walker Corporation Pty Limited	Level 21 Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000	Langley Alexander Walker (75%) and Suzanne Merie Walker (25%) 12 Crescent Street Hunters Hill NSW 2110	None	8 151 436	n/a – direct purchase of immovable property	4 870 899	n/a – developed by vendor	n/a <sup>2</sup>	n/a – direct purchase of immovable property

Consideration											
Property acquired	Date acquired	Name of vendor	Address of vendor	Name and address of beneficial shareholders of the vendor(s) (if company)	Issue of securities	Cash portion	Goodwill paid and manner in which accounted for	Loans incurred to finance the acquisition <sup>1</sup>	Date of acquisition by vendor (if acquired within last three years) Cost of development	Cost of asset to vendor if acquired within last three years) Cost of development	Amount of goodwill paid by vendor
44 Sawmill Circuit	21-Dec-12	Walker Corporation Pty Limited	Level 21 Governor Macquarie Tower 1 Farrer Place, Sydney NSW 2000	Langley Alexander Walker (75%) and Suzanne Merie Walker (25%) 12 Crescent Street Hunters Hill NSW 2110	None	8 247 335	n/a – direct purchase of immovable property	4 928 203	n/a – developed by vendor	n/a <sup>2</sup>	n/a – direct purchase of immovable property
2-8 Mirage Road, Direk	21-Dec-12	Heaslip Property Pty Limited (a related entity to Walker Corporation Pty Limited)	Level 21 Governor Macquarie Tower 1 Farrer Place, Sydney NSW 2000	Walker Group No 1 Pty Limited Level 21 Governor Macquarie Tower, 1 Farrer Place, Sydney NSW, 2000 (ultimate parent: Walker Group Holdings Pty Limited)	None	8 678 882	n/a – direct purchase of immovable property	5 186 075	n/a – developed by vendor	n/a <sup>2</sup>	n/a – direct purchase of immovable property
Elizabeth Street	28-Oct-13	Maclaw No. 651 Pty Limited	381 – 387 Punt Road Richmond VIC 3121	Benjamin William Genser 4 Waltham Street Richmond VIC 3121	None	54 470 701	n/a – direct purchase of immovable property	None	n/a – developed by vendor	n/a <sup>2</sup>	n/a – direct purchase of immovable property
Punt Road	28-Oct-13	Maclaw No. 452 Pty Limited	381 – 387 Punt Road Richmond VIC 3121	Benjamin William Genser 4 Waltham Street Richmond VIC 3121	None	28 676 412	n/a – direct purchase of immovable property	None	n/a – developed by vendor	n/a <sup>2</sup>	n/a – direct purchase of immovable property



**Consideration**

Property acquired	Date acquired	Name of vendor	Address of vendor	Name and address of beneficial shareholders of the vendor(s) (if company)	Issue of securities	Cash portion	Goodwill paid and manner in which accounted for	Loans incurred to finance the acquisition <sup>1</sup>	Date of acquisition by vendor (if acquired within last three years)	Cost of asset to vendor if acquired within last three years)/ Cost of development	Amount of goodwill paid by vendor
Garden City Property	7-Mar-14	Griffin Development Pty Ltd and Tina Danali Pty Ltd	Building 6, Garden City Office Park 2404 Logan Road Brisbane Queensland 4000	<b>Griffin Development Pty Ltd:</b> Peter Campbell Griffin 12 Mackay Terrace Bardon Queensland, 4065 John Charles Griffin 267 Government Road Richlands Queensland, 4077 Mary Ann Pidgeon (Griffin) 31 Rakeevan Road Graceville Queensland, 4075 William James Griffin 35 Orontes Road Yeronga Queensland, 4075 <b>Tina Danali Pty Ltd</b> William Henderson 47 Longman Terrace Chelmer Queensland, 4068	None	20 953 350	n/a – direct purchase of immovable property	20 953 350	n/a – developed by vendor	n/a <sup>2</sup>	n/a – direct purchase of immovable property

Consideration											
Property acquired	Date acquired	Name of vendor	Address of vendor	Name and address of beneficial shareholders of the vendor(s) (if company)	Issue of securities	Cash portion	Goodwill paid and manner in which accounted for	Loans incurred to finance the acquisition <sup>1</sup>	Date of acquisition by vendor (if acquired within last three years) Cost of development	Cost of asset to vendor if acquired within last three years)/ Cost of development	Amount of goodwill paid by vendor
Reed Street Property	15-May-14	Long Service Leave Authority	Unit 8, 71 Constitution Avenue Campbell ACT 2612	n/a	None	25 805 000	n/a – direct purchase of immovable property	25 805 000	n/a	n/a <sup>2</sup>	n/a – direct purchase of immovable property
Ann Street Property	To be acquired	Ann Street 757 Pty Ltd as trustee for the 757 Unit Trust	Building 6, Garden City Office Park 2404 Logan Road Brisbane Queensland 4000	William Henderson 47 Longman Terrace Chelmer Queensland, 4068 SIP Australia Pty Ltd Level 16 12 Edward Street Brisbane Queensland, 4000	None	65 500 000 <sup>3</sup>	n/a – direct purchase of immovable property	None	n/a – developed by vendor	n/a <sup>2</sup>	n/a – direct purchase of immovable property

<sup>1</sup>Aggregate loan incurred in respect of the Walker Portfolio of AUD 26 732 640 includes establishment fee and has been proportionately allocated across these properties based on acquisition value of property.

<sup>2</sup>Information not disclosed by vendor.

<sup>3</sup>Excludes the maximum Contingent Payment of AUD 4 000 000 which the Fund may be required to pay.

**Notes:**

1. The vendors have provided warranties and indemnities to the Fund that are standard to transactions of such nature. The vendors have not guaranteed the book debts of the letting enterprises acquired or to be acquired by the Fund.
2. The agreements with vendors do not preclude the vendors from carrying on business in competition with IAPF or impose any other restrictions on the vendors. Accordingly, no cash payments have been made in respect of restraints of trade.
3. There are no liabilities for accrued taxation that will be settled in terms of agreements with vendors.
4. No director or promoter has any beneficial interest, direct or indirect, in any transactions detailed herein. No benefit or securities were given within the three preceding years or proposed to be given to any promoter.
5. Save for the Ann Street Property, all properties had transferred into the name of the Fund on the acquisition dates listed in the table above.

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## BENEFITS, DISADVANTAGES AND RISKS OF THE PROPOSED TRANSACTION

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### 1. BENEFITS

The Responsible Entity considers that the key benefits of the Proposed Transaction for Unitholders include the following:

#### 1.1 Enhanced portfolio diversification

The Ann Street Property enhances diversification within the Fund's portfolio in the following ways:

- geographically;
- sectorally, through the addition of a high quality office property in Brisbane; and
- introduction of a further multi-tenanted property into the portfolio thus reducing the risk of large vacancies in the event that a particular tenant is lost.

#### 1.2 Tenant quality

With the acquisition of the Ann Street Property, the Fund inherits a high-quality tenant base thus broadening the tenant mix of the Fund's existing portfolio. Such tenants include Ventyx, a wholly owned subsidiary of the USD\$58 billion ABB Group, a world leading supplier of enterprise software and services. Unitholders are referred to paragraph 3.8 of the Circular for further details on the tenants and lease terms.

#### 1.3 Enhanced lease expiry profile

The addition of the Ann Street Property will augment the Fund's underlying long-term lease expiry profile as the Ventyx lease, which comprises 55% of the property's income, expires in 2024, beyond the majority of the Fund's expiries which currently fall between 2019 and 2021. The property offers a long-term contracted stable income stream and contractual escalations in excess of CPI.

#### 1.4 Tax advantages

As the building is new, there are substantial depreciation allowances which will provide a tax shield on distributions payable to Unitholders.

#### 1.5 Quality of the building

The Ann Street Property is a modern office property that is well-located with good access to retail amenities and transport infrastructure. The building is designed to achieve a 4.5 star NABERS and 5 star Green Star Rating which makes it well positioned to attract future tenants, including government and large corporate tenants. Furthermore, due to its recent construction, short to medium term capital expenditure required on the building is likely to be minimal.

#### 1.6 Positive yield spread

Whilst it is the intention of the Responsible Entity to fund the Proposed Transaction with equity, the long-term objective of the Fund is to maintain a gearing ratio of 30 – 35%. Over the long term, it is believed that the Proposed Transaction presents an attractive yield spread over long-term debt raising rates.

### 2. DISADVANTAGES

The main disadvantages of the Proposed Transaction include the following:

#### 2.1 Transaction costs are expected to be incurred

Total transaction costs incurred by the Fund in relation to the Proposed Transaction (excluding any capital raising) are estimated to be up to approximately AUD 73 624. These include third party advisory fees, accounting and auditing fees, JSE fees and other administrative costs relating to the preparation of this Circular (as detailed in paragraph 8.2 of the Circular).

## 2.2 **Dilution of participatory interests**

The Fund intends to undertake a capital raising to fund the acquisition of the Ann Street Property. This may dilute the holdings of existing Unitholders to the extent they do not participate in the capital raising and may have a material adverse effect on the Fund's financial performance, distributions, growth prospects and Unit price.

Despite any short-term dilution in distribution per Unit that may occur following the Proposed Transaction as result of the issue of new equity, over the long term, it is the intention of the Fund to maintain a gearing ratio of between 30 – 35%. The issue of equity provides capacity for the Fund to take advantage of market opportunities through gearing which will enhance distributions going forward.

In the normal course of managing the Fund, the Responsible Entity is seeking to increase distributions to investors while providing the potential for capital growth. In order to provide this growth, capital raisings are required to be undertaken to enable the Fund to pursue future acquisition opportunities.

## 2.3 **Unitholders are exposed to risk from exchange rate fluctuations**

The capital raising to fund the Proposed Transaction will be conducted through the issue of Units which are denominated in Rand on the JSE. However, earnings derived from the Ann Street Property will be denominated in AUD. This may involve a currency exchange risk for Unitholders.

## 2.4 **Competitive office sector**

The Australian office sector is highly competitive and is experiencing a gradual recovery having emerged from a period of declining rentals and increasing vacancy rates and incentives. Competition may make it difficult in future to achieve rents in line with the Fund's expectations and may result in increased pressure to offer new and renewing tenants more favourable financial and other incentives upon renewal.

Despite increasing the Fund's exposure to this sector, the Ann Street Property is believed to be a quality asset, offering long-term stability of income with contractual escalations and a strong tenant profile.

# 3. **KEY RISKS**

The following section summarises the key risks relating to the Proposed Transaction. This is not an exhaustive list. Unitholders should carefully consider the following risks as well as the risks of an investment in the Fund summarised in the Pre-listing Statement, before deciding how to vote on the Proposed Transaction.

## 3.1 **Funding**

There is a risk that SPV Trustee as trustee for Investec Australia Sub Trust No. 6 will not have sufficient funds available to complete the acquisition of the Ann Street Property. Subject to Unitholders approving the Proposed Transaction at the General Meeting, the Contract for Sale will be conditional on a successful capital raising.

The deposit under the Contract for Sale will be fully refundable if the capital raising does not complete successfully.

## 3.2 **Outgoings**

The building is newly constructed and therefore no historical evidence is available to demonstrate actual outgoings.

The leases are structured as net leases and therefore all outgoings will be recoverable from tenants, resulting in no impact to the Fund's distribution.

Due diligence has been undertaken on the current outgoings budget, maintenance contracts and the forecast budget.

Per the Contract for Sale, the parties have agreed to negotiate in good faith a service agreement by 30 September 2014 to retain the services of Maxiserv, a related entity of the Vendor, as managing agent as they are considered to be best placed to achieve the projected outgoings budget.

## 3.3 **Vacancy/Tenancy**

There is a future risk that the existing tenants do not renew their leases and new tenants are not immediately found, resulting in vacancy at the building.

The WALE is 7.7 years by area which is a relatively long lease expiry profile for a property of this nature. Market-based allowances have been provided for in regards to variation in rents, incentives, let up allowances and make good conditions at the expiry of the lease.

#### 3.4 **Property condition**

There is a risk that there may be latent issues or defects with the Ann Street Property. The construction is being undertaken by Hutchinson Builders, a large and reputable private builder. The building contract will be novated to SPV Trustee as a condition of completion which will enable SPV Trustee to benefit from the 12-month defects liability period. SPV Trustee will hold a AUD 764 750 bank guarantee as security against the builder during this period.

#### 3.5 **Planning**

There is a risk that planning approvals are not in place, building certificates have not been obtained or the Ann Street Property has not been accurately surveyed.

As a condition of completion, the Vendor will be required to provide a certificate of classification for the building issued by a private certifier which serves as evidence that the building has been built in accordance with relevant planning approvals.

#### 3.6 **Completion risk**

There is a risk that the conditions precedent to the Proposed Transaction may not be satisfied or waived or that their satisfaction may be delayed. If the conditions precedent are not satisfied or waived, then the Proposed Transaction cannot proceed.

Unrecoverable transaction costs incurred by the Fund as at the Last Practicable Date are estimated to be up to approximately AUD 73 624 and are not material to the Fund.

Further details of the conditions precedent are set out in paragraph 2.4 of the Circular.

#### 3.7 **Forecasts may not materialise**

Income from, and expenditure in relation to the Ann Street Property, may not develop as expected, which may have an adverse effect on the Fund's yield and operating performance, and the financial forecasts included in Annexure I may prove to be inaccurate.

This Circular contains forward-looking statements regarding forecast income for the Ann Street Property for the six months ending 31 March 2015 and the year ending 31 March 2016 and the adequacy of the Fund's working capital for at least 12 months from the date of this Circular. These forward-looking statements are based on a number of assumptions, certain of which are subject to contingencies and uncertainties, such as assumed interest rates and assumed amount of transaction costs that may not materialise or may change. Moreover, the revenue in respect of the Ann Street Property is dependent on a number of factors, primarily the timely receipt of rent payments. Revenues generated by rent payments may decrease for a number of reasons, including a decline in market conditions, declining occupancy rates, delinquent rental payments and the insolvency of tenants, the occurrence of which could have an adverse effect on the Fund's ability to achieve the forecasted results included herein.

Out of the Ordinary®



Australia Property Fund

## INVESTEC AUSTRALIA PROPERTY FUND

Registered in terms of the CIS Act  
Registered in terms of ASIC (ARSN 162 067 736)

("IAPF" or "the Fund")

(Share code: IAP ISIN: AU60INL00018)

Responsible Entity and Issuer: Investec Property Limited (ACN 071 514 246; AFSL 290 909)

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### Directors of the Responsible Entity

Richard Longes<sup>#</sup> (*Chairman*)

Stephen Koseff (*Non-executive*)

Graeme Katz (*Executive*)

Samuel Leon (*Non-executive*)

Sally Herman<sup>#</sup> (*Non-executive*)

<sup>#</sup> *Independent non-executive*

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## REVISED LISTING PARTICULARS PREPARED IN TERMS OF THE LISTINGS REQUIREMENTS

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The definitions and interpretations section commencing on page 5 of this Circular of which the Revised Listing Particulars form part applies, *mutatis mutandis*, throughout these Revised Listing Particulars, including this cover page.

**These Revised Listing Particulars are not an invitation to the public to subscribe for Units, but are issued in compliance with the Listings Requirements for the purpose of providing information to the public and Unitholders with regard to the Fund. Unitholders are also referred to the Pre-listing Statement for information relating to the Fund.**

These Revised Listing Particulars have been prepared on the assumption that the resolutions proposed in the notice of General Meeting forming part of the Circular to which the Revised Listing Particulars are attached will be passed at the General Meeting.

As at the Last Practicable Date, the Unit capital of the Company comprises 134 685 000 Units with contributed equity valued at AUD 131 025 000. All Units rank *pari passu* with each other. There are no other classes of Units in issue and the Fund does not have any treasury Units in issue.

The Directors, whose names appear on the cover of these Revised Listing Particulars, collectively and individually, accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that these Revised Listing Particulars contain all information required by law and the Listings Requirements.

All advisors whose names and/or reports are contained in these Revised Listing Particulars have consented in writing to act in the capacity stated and to their names being included in these Revised Listing Particulars and, if applicable, to the inclusion of their respective reports in these Revised Listing Particulars in the form and context in which they appear and have not withdrawn their written consents prior to publication hereof.

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**Corporate Advisor and Sponsor**



**Legal Advisors (Australia)**



**Legal Advisor (South Africa)**



**Independent Valuer**



**Independent Reporting Accountants**



**Independent Sponsor**



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Date of issue: 14 August 2014

Copies of these Revised Listing Particulars and the Circular of which they form part are available in English only. Copies may be obtained from the registered offices of the Fund and those of the Investment Bank and Sponsor at the addresses set out in the "Corporate Information" page of this Circular between Thursday, 14 August 2014 and Friday, 12 September 2014, and will also be available on the website [www.investecaustraliapropertyfund.co.za](http://www.investecaustraliapropertyfund.co.za) from Thursday, 14 August 2014.

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## REVISED LISTING PARTICULARS

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### I. INCORPORATION, HISTORY AND NATURE OF BUSINESS

#### I.1 Background and history

IAPF was established as an Australian-domiciled real estate investment trust on 12 December 2012 and registered as a Managed Investment Scheme in Australia on 6 February 2013.

IAPF listed on the JSE on 23 October 2013 under the Real Estate Holdings and Development sector of the JSE under share code: IAP and ISIN: AU60INL00018.

The Fund is regulated by ASIC in Australia whose role includes ensuring that all Managed Investment Schemes comply with the Corporations Act and the Corporations Regulations 2001 (Cth) of Australia so that investors have access to the benefits, rights and protections afforded by the Corporations Act.

The Fund's financial year-end is 31 March.

Details of the registered office of the Fund, the transfer office, date and place of incorporation and date of registration are included in the "Corporate Information" section of the Circular. Details of the Fund's company secretary, auditor, investment bank, legal advisor, banker and sponsor are set out in the "Corporate Information" section of the Circular.

#### I.2 Structure

IAPF is an Australian REIT which allows for the tax efficient flow-through of net rental income to Unitholders. The Fund is an uncapped and open-ended fund and existing and future Unitholders will hold a participatory interest in IAPF, 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.

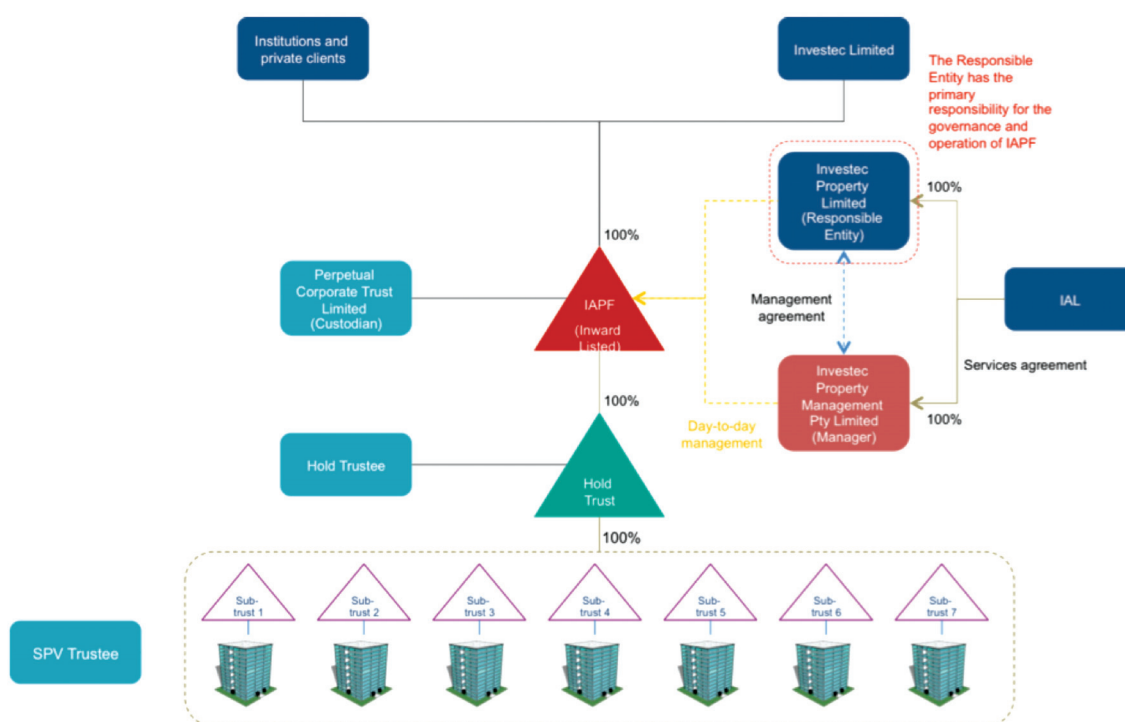
IAPF intends to hold the Property Portfolio and any future property acquisitions through the Sub Trusts under one or more umbrella holding trusts which themselves are or will be wholly-owned by the Fund. The rationale for the Hold Trust and Sub Trust structure is to allow for future flexibility within the structure for corporate action and/or asset divestments and to allow for the most effective security structure for third-party debt providers. The individual subsidiary trust structure provides flexibility to divest interests by way of a sale of direct real estate or by way of a sale of the units in the Sub Trust that holds the direct real estate, depending on the purchaser's preference. A purchaser may prefer one or the other of these options depending on a number of circumstances, including tax treatment. It also allows for borrowings raised for the financing of a particular property to be held within the same Sub Trust that holds the property so that if this property were to be sold in future, the Fund may simply sell the entire Sub Trust such that the assets and liabilities will be sold off together. Hold Trustee and SPV Trustee (both wholly-owned subsidiaries of Investec Australia Property Holdings Pty Limited) act as the trustee of the trusts at the respective levels at which they have been appointed and hold the assets of such trusts for the benefit of the unitholders of those trusts.

The Responsible Entity has contracted the Custodian in terms of the Custody Agreement to hold the assets of the Fund on behalf of the Responsible Entity. The Custodian must act in accordance with the Custody Agreement.

The Responsible Entity has the primary responsibility for the governance and operation of the Fund (including the Hold Trust and each Sub Trust). In accordance with the Constitution, certain asset and property management functions have been outsourced to the Manager pursuant to the Management Agreement.

The Manager is a subsidiary of Investec Australia Property Holdings Pty Limited. Investec Australia Property Holdings Pty Limited and Investec Australia Limited (indirectly) are both subsidiaries of Investec Bank plc.

The diagram below sets out the illustrative structure of IAPF and the relationship between the Responsible Entity, the Manager and the Custodian. As at the Last Practicable Date, only seven subsidiary trusts have been established. Additional subsidiary trusts will be established as required for purposes of future acquisitions.



\*Manager is appointed by the Responsible Entity to manage the assets of the Fund, the Hold Trust and each Sub Trust.

## 2. MANAGEMENT OF THE FUND

### 2.1 The Responsible Entity

Details of the Responsible Entity are set out in paragraph 6.1 of the Circular.

### 2.2 The Manager

Details of the Manager are set out in paragraph 6.2 of the Circular.

### 2.3 The Custodian

Details of the Custodian are set out in paragraph 6.3 of the Circular.

## 3. PROPERTY PORTFOLIO

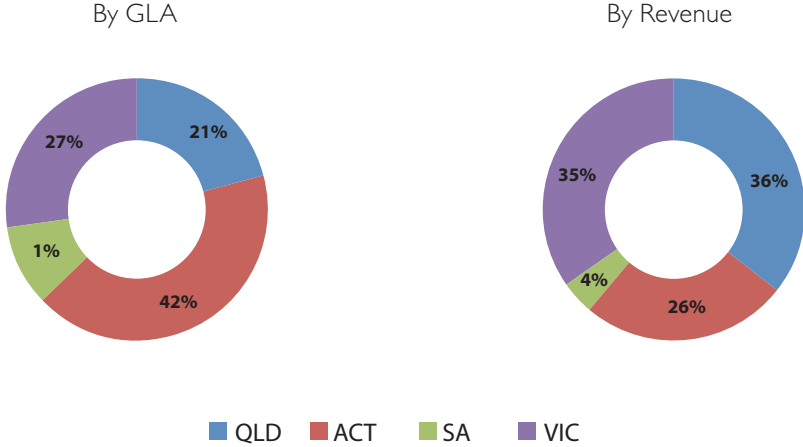
After the implementation of the Ann Street Acquisition, the Fund will have a Property Portfolio consisting of 11 properties with a rentable area of approximately 68 784 m<sup>2</sup> and will be valued at approximately AUD 250 million.

The full details of the Property Portfolio, including the Ann Street Property, appear in Annexure B of the Revised Listing Particulars.

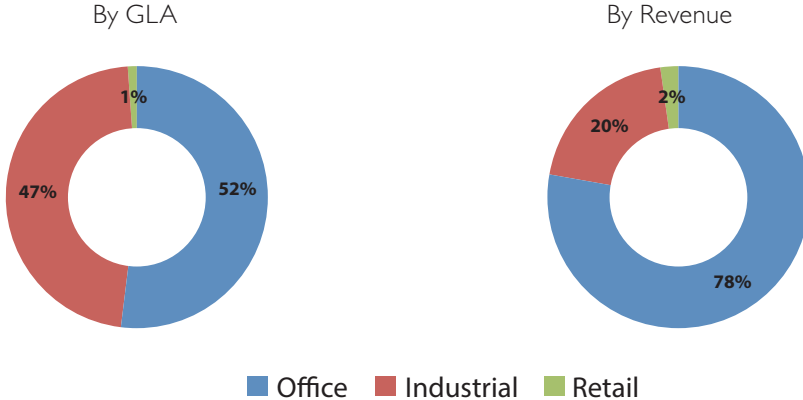
3.1 **Analysis of the Property Portfolio**

An analysis of the Property Portfolio, including the Ann Street Property, based on passing rentals<sup>3</sup> as at the Last Practicable Date, in respect of sectoral, geographic, tenant and lease expiry profiles is set out below:

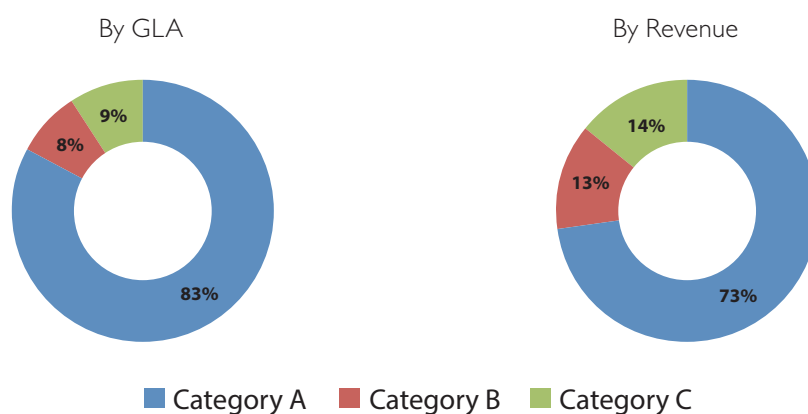
3.1.1 **Geographic spread**



3.1.2 **Sectoral spread**



### 3.1.3 Tenant spread



For the graphs above the following key is applicable:

A – large national tenants, large listed tenants (>R2 billion), Government and major franchisees;

B – national tenants, listed tenants (<R2 billion), franchisees and medium to large professional firms; and

C – other (four tenants), refers to small businesses that do not fall into the above categories.

### 3.1.4 Lease expiry

The lease expiry profile reflects current leases expiring per sector as a percentage of both GLA and current income receivable for the Property Portfolio.

Lease expiry by GLA	Total (%)	Office (%)	Industrial (%)	Retail (%)
2015	–	–	–	–
2016	0.1	0.2	–	–
2017	–	–	–	–
2018	1	2	–	–
2019	11	1	22	–
2020	28	29	26	100
2021	18	34	–	–
2022	2	3	–	–
2023	24	15	35	–
2024	–	–	–	–
2025	8	15	–	–
Beyond 2025	8	–	17	–
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

<b>Lease expiry by income</b>	<b>Total (%)</b>	<b>Office (%)</b>	<b>Industrial (%)</b>	<b>Retail (%)</b>
2015	–	–	–	–
2016	0	0	–	–
2017	–	–	–	–
2018	2	2	–	–
2019	4	1	18	–
2020	30	30	25	100
2021	23	30	–	–
2022	3	4	–	–
2023	19	15	39	–
2024	–	–	–	–
2025	15	19	–	–
Beyond 2025	4	–	18	–
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Note:** Includes rent support arrangements and new leases.

### 3.1.5 **Vacancy profile by sector**

There are no vacancies in the Fund's portfolio.

### 3.1.6 **Rental escalations, rental per square metre and average annual property yield**

The weighted average gross rental per m<sup>2</sup> p.a. by rentable area excluding vacant GLA, for the Property Portfolio is:

- Industrial: AUD 131.05
- Office: AUD 458.98
- Retail: AUD 950.00

The annualised weighted average rental escalation by rentable area, based on existing leases is:

- Industrial: 3.78%
- Office: 3.43%
- Retail: 3.00%

The average annualised property yield for the forward 12 months following the Proposed Transaction is 8.30%.

## 4. **DIRECTORS**

### 4.1 **Directors of the Responsible Entity**

Details of Directors of the Responsible Entity are set out in paragraph 7.1 of the Circular.

Details of the appointment of directors are set out in paragraph 7.1 of the Circular.

Resumes of the directors are set out in Annexure A of the Revised Listing Particulars.

The relevant provisions of the Articles relating to the qualification, remuneration and appointment of Directors are set out in Annexure 17 to the Pre-listing Statement and the relevant provisions of the Constitution relating to the borrowing powers of the Responsible Entity in respect of the Fund is set out in Annexure 16 of the Pre-listing Statement.

### 4.2 **Appointment of Chief Financial Officer**

Jason Sandler has been appointed as Chief Financial Officer of the Fund. Jason is a full-time employee of IAL whose services are dedicated to the Fund (through the Manager) under the Services Agreement between IAL and the Manager.

Prior to the appointment, the Audit and Risk Committee considered his appointment and was satisfied that he has the appropriate expertise and experience to be appointed in such capacity.

#### 4.3 **Qualification, borrowing powers of the Directors**

The qualification and borrowing powers of the Directors are set out in paragraph 18.2 of the Pre-listing Statement. This has not changed since the Pre-listing Statement.

#### 4.4 **Directors' declarations**

Details of the information contained in the Directors' declarations are set out in paragraph 7.5 of the Circular.

#### 4.5 **Remuneration of directors**

Details of the Directors' remuneration are set out in paragraph 7.2 of the Circular.

There will be no variation in the estimated remuneration receivable by any of the Directors or officers of the Manager as a direct consequence of the Proposed Transaction.

No amount has been paid to any director or officer of the Manager in cash or securities or otherwise to induce him or her to become or to qualify him or her as a Director.

Save for the relationship with the Responsible Entity and the Manager, and any arrangement between the Manager and third parties as permitted under the Management Agreement, the business of the Fund, or any part thereof, is not managed or proposed to be managed by any third party under contract or arrangement.

#### 4.6 **Directors' interests**

The interests of the directors in the units of the Fund as at the Last Practicable Date are set out in paragraph 7.6 of the Circular.

None of the Directors or officers of the Manager has any material beneficial interest in the acquisition or disposal of any properties of the Fund since its incorporation.

Other than the interests of Directors or officers of the Manager disclosed in this Circular through their employment or directorships within the Investec Group of companies, no Director or officer of the Manager currently has or has had any interest, directly or indirectly, in any transaction which is, or was, material to the business of the Fund and which was effected by the Fund during the current or immediately preceding Financial Year or during an earlier Financial Year and which remains in any respect outstanding or unperformed.

The Directors and officers of the Manager have no interest in material contracts or transactions with the Fund other than via their employment or directorships with the Investec Group.

### 5. **FINANCIAL INFORMATION RELATING TO THE ANN STREET PROPERTY**

#### 5.1 **Forecast financial information**

The summarised forecast financial information relating to the Ann Street Property for the six months ending 31 March 2015 and year ending 31 March 2016 is set out in paragraph 4.1 of the Circular.

Annexure 1 of the Circular contains the forecast statement of comprehensive income of the Ann Street Property for the six months ending 31 March 2015 and the year ending 31 March 2016.

The Independent Reporting Accountants' limited assurance report on the forecast statement of comprehensive income of the Ann Street Property is contained in Annexure 2 of the Circular.

#### 5.2 **Pro forma statement of financial position**

The *pro forma* statement of financial position of IAPF reflecting the effect of the Proposed Transaction is set out in paragraph 4.2 of the Circular.

Annexure 3 of the Circular contains the *pro forma* statement of financial position of IAPF together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in Annexure 3.

The Independent Reporting Accountants' report on the *pro forma* statement of financial position of IAPF appears in Annexure 4 of the Circular.

## 6. INFORMATION ON UNIT CAPITAL

### 6.1 Capital structure

The issued Unit capital of the Fund before and after the Rights Offer is set out below:

	<b>Fund capital AUD'000</b>
<b>Before the Proposed Transaction</b>	
Issued Unit capital of IAPF 134 685 000 Units	131 025
<b>After the Proposed Transaction</b>	
Issued Unit capital of IAPF 195 096 992 Units	200 593

#### Notes:

1. It has been assumed that the Fund will undertake a rights offer through the issue of 60 411 992 units at an assumed price of ZAR 11.54 based on the 90-day VWAP as at the Last Practicable Date, converted at an exchange rate of AUD 1 = ZAR 10.0142, being the exchange rate as at the Last Practicable Date, in order to raise total proceeds of AUD 69 641 979. All of the cash raised will be used for the settlement of the Purchase Consideration together with related acquisition costs and transaction costs.
2. As at the Last Practicable Date, the Fund does not have any treasury Units in issue.
3. The Fund has no debentures in issue.

### 6.2 Major and controlling Unitholders

Unitholders, other than Directors, with a direct beneficial interest in 5% or more in the Units of the Fund at the Last Practicable Date are as follows:

<b>Unitholder</b>	<b>Number of Units before the Proposed Transaction</b>	<b>Number of Units after the Proposed Transaction*</b>	<b>Percentage held</b>
Investec Property Fund	25 000 000	36 212 571	18.56
Investec Bank Limited	22 000 000	31 867 942	16.33
<b>Total</b>	<b>47 000 000</b>	<b>71 733 787</b>	<b>34.89</b>

\*Assumes Unitholder takes up issued shares in proportion to existing holdings

Prior to the Fund's listing on the JSE in October 2013, the Fund was 100% held by MSN 1438 Pty Limited, being a wholly-owned subsidiary of IBAL. Following a private placing of Units undertaken upon listing, IBAL's shareholding in IAPF decreased to 16.33%. This shareholding was subsequently transferred to Investec Bank Limited in South Africa.

As at the Last Practicable Date, the Fund did not have any controlling Unitholders. Post the implementation of the Proposed Transaction, the Fund is not expected to have any controlling Unitholders.

### 6.3 Rights attaching to Units

Any variation of rights attaching to Units will require the consent of Unitholders in a general meeting in accordance with the Constitution and the Listings Requirements.

Subject to any restrictions imposed by FIRB, Units are generally freely transferable for acquisitions less than 10% and are each entitled to participate equally in the distribution and liquidation proceeds attributable to that class. Units redeemed by the Fund become null and void.

All of the Units (including those issued in terms of the Proposed Transaction) are of the same class and rank *pari passu* in every respect. The Units, which are of no par value and which must be fully paid upon issue, carry no preferential and/or conversion rights. The rights to distributions, redemption rights and rights on liquidation or distribution of capital are set out in Annexure 16 of the Pre-listing Statement, which contains the relevant extracts from the Constitution. These have not been amended since the listing of the Fund.

While the Fund is listed, the Responsible Entity, in terms of the provisions of the Constitution and the Listings Requirements, controls the issue of Units. The Responsible Entity may only issue Units in the following circumstances:

- on a *pro rata* basis to existing Unitholders by way of a rights issue. The *pro rata* issue of Units will require JSE approval and the preparation of a circular to Unitholders;
- by way of a vendor placement for the purposes of acquiring an asset;
- by way of a general or specific issue of shares for cash approved by Unitholders by way of an ordinary resolution and approved by the JSE, and is otherwise conducted in accordance with the Listings Requirements; or
- where the issue is not otherwise prohibited by the Listings Requirements.

Issues of Units by the Responsible Entity will be undertaken in compliance with the Listings Requirements.

At any general meeting, a Unitholder that is present and also represents by proxy one or more Unitholders, is entitled to one vote on a show of hands if all votes are either “for” or all votes are either “against” the resolution. If some votes are “for” and some are “against”, then the Unitholder is entitled to one vote in each direction. On a poll, each Unitholder is entitled to one vote for each dollar value of total interests they hold in the Fund.

As at the date of the Circular, there are no contracts or arrangements, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for Units.

#### 6.4 **Alterations to Unit capital**

The following issues of Units have occurred since the Fund's inception:

- Prior to listing on the JSE, the Fund issued 22 000 000 Units to MSN 1438 Pty Limited, being a wholly-owned subsidiary of IBAL at the time, during December 2012 at a price of AUD 1.00 each, thereby raising total subscription proceeds of AUD 22 000 000. The majority of this seed capital (AUD 21 145 470), together with borrowings of AUD 26 732 640 provided by Westpac, was used to fund the acquisition of the Walker Portfolio for AUD 47 878 110 inclusive of acquisition costs. This shareholding was subsequently transferred to Investec Bank Limited in South Africa.
- Upon listing on the JSE on 23 October 2013, the Fund undertook a private placement of 112 685 000 Units to new Unitholders, comprising Investec Property Fund, various institutional Unitholders and private client brokers, at a price of AUD 1.00 raising total subscription proceeds of AUD 112 685 000. The proceeds were used to fund the acquisition of the Punt Road Property and Elizabeth Street Property for an aggregate purchase consideration of AUD 83 147 211 and to reduce gearing;

There have been no repurchases, sub-divisions or consolidations of Units undertaken by the Fund.

#### 6.5 **Trading history**

The Unit prices and volume histories of Units on the JSE:

- in the 12 months prior to the Last Practicable Date;
- in the 30 days preceding the Last Practical Date,

are set out in Annexure D.

#### 6.6 **Other listings**

The Fund has a secondary listing on the Bermuda Stock Exchange under the Chapter 6 Section IV, Collective Investment Vehicles, Unit Trusts sector of the Listing Regulations of the exchange with ISIN: AU60INL00018. No units are currently listed on the Bermuda Stock Exchange.

#### 6.7 **Options and preferential rights**

There are no preferential conversion, redemption and/or exchange rights in respect of any of the Units or other securities.

There are no contracts, arrangements or proposed contracts or arrangements whereby any option or preferential right of any kind was or is proposed to be given to any person to subscribe for or acquire any Units in the Fund.



## 7. **DISTRIBUTION POLICY**

Details of the Fund's distribution policy are set out in paragraph 16 of the Pre-listing statement. This has not changed since the listing of the Fund.

## 8. **MATERIAL CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND LEASE PAYMENTS**

The Fund has an obligation to settle the maximum aggregate purchase consideration of AUD 69 568 124, comprising the Purchase Consideration of AUD 65 500 000 and capitalised acquisition costs in respect of the Ann Street Acquisition, subject to the conditions precedent as detailed in the Acquisition Circular. In addition, Contingent Payments of up to a maximum of AUD 4 000 000 may be payable. The Fund intends to settle these obligations from the proceeds of the Rights Offer.

Save for this, IAPF had no material capital commitments, lease payments or contingent liabilities as at the Last Practicable Date.

## 9. **MATERIAL BORROWINGS**

Details of material borrowings are disclosed in paragraph 5.2 of the Circular.

### 9.1 **Borrowing powers**

Details of borrowing powers and restrictions thereon are disclosed in paragraph 5.2.1 of the Circular.

### 9.2 **Material loans**

Details of the Westpac Debt Facility are disclosed in paragraph 5.2.2 of the Circular.

The Westpac Debt Facility has been advanced at the Hold Trust level (to Hold Trustee as borrower). There may be intertrust loans between Hold Trust and the Sub Trusts to facilitate the acquisition of properties within the Sub Trusts but these are not considered to be material. Intertrust loans are repayable upon demand, unsecured and non-interest-bearing.

The Fund did not have any material loans receivable nor did it furnish any loan for the benefit of any Director or manager or any associate of any Director or manager.

## 10. **ACQUISITIONS AND DISPOSALS**

### 10.1 **Properties acquired or to be acquired**

Set out in Annexure B of these Revised Listing Particulars are details of material immovable properties and/or fixed assets or securities and/or business undertakings which have been acquired within the three years preceding the date of this Circular or are proposed to be acquired by the Fund.

The names and addresses of the vendors in respect of such assets acquired by the Fund and the consideration received or to be received by each of them is detailed in Annexure 7 of the Circular.

### 10.2 **Properties disposed of or to be disposed**

No material immovable properties and/or fixed assets and/or securities and/or business undertakings have been disposed of in the three years preceding these Revised Listing Particulars, or are to be disposed of within the first six months after the Last Practicable Date of these Revised Listing Particulars.

### 10.3 **Details of the vendor**

The salient details of the vendors of properties acquired by IAPF since Listing are presented in Annexure 7 of the Circular.

## 11. **ADDITIONAL INFORMATION**

### 11.1 **Material change**

Details of material changes in the Fund since Listing are set out in paragraph 5.3 of the Circular.

There has been no change in the business or trading objects of the Fund during the past five years.

There has been no major change in the nature of property, plant and equipment and in the policy regarding the use thereof either in respect to the Fund.

There has been no material fact or circumstance in respect of the Fund that has occurred between 31 March 2014, being the date of the latest published financials and the date of this Circular, other than as disclosed in the Circular.

## 11.2 **Material contracts**

Details of the material contracts entered into by the Responsible Entity, the SPV Trustee or the Hold Trustee on behalf of the Fund are detailed in paragraph 5.4 of the Circular.

The Fund is not subject to any royalty agreements.

## 11.3 **Promoters' and other interests**

The Fund has not entered into any promoters' agreements and thus no amounts have been paid or have accrued as payable within the preceding three years, nor have any amounts been proposed to be paid to any promoter.

There have been no commissions paid or accrued as payable within the preceding three years as commission to any person, including commission so paid or payable to any sub-underwriter. There have been no commissions, discounts, brokerages or other special terms granted in connection with the issue or sale of any securities, Shares or Debentures in the capital of the Fund, where this has not been disclosed in the audited annual financial statements.

Other than in respect of the Directors, whose interests in Units are disclosed in paragraph 7.6 of the Circular, there are no other promoters which have had any material beneficial interest, direct or indirect, in the promotion of the Fund or in any property acquired or proposed to be acquired by the Fund or otherwise in the three years preceding the Last Practicable Date and no amount has been paid during this period, or is proposed to be paid to any other promoters.

Save for being a Unitholder of IAPF or an employee of IAL, no Director has or had any material interest, directly or indirectly, in any transaction which is, or was, material to the business of IAPF and which was effected by the Fund during the current Financial Year, or in the previous Financial Year, or during an earlier Financial Year which remains in any respect outstanding or unperformed.

No Director, promoter, asset manager, trustee or custodian of the Fund currently has or has had any material beneficial interest, either direct or indirect, in relation to any property held by the Fund or to be acquired by the Fund, including by not limited to, where any of those persons is, or has contracted to become a tenant of any part of the property.

## 11.4 **Conflict of interest**

Details of any conflicts of interest are disclosed in paragraph 5.6 of the Circular.

## 11.5 **Expenses**

Details of the expenses incurred to date relating to this Circular and Revised Listing Particulars are set out in paragraph 8.2 of the Circular.

## 11.6 **Corporate governance**

The Fund and its Directors are committed to the principles of effective corporate governance and application of the highest ethical standards in the conduct of its business and affairs.

The Board supports and substantially complies with the principles of effective corporate governance as set out in King III.

The corporate governance statement of the Fund is set out in Annexure C to these Revised Listing Particulars.

## 11.7 **Government protection and investment encouragement law**

Details of government protection and investment encouragement law affecting the Fund are detailed in paragraph 35 of the Pre-listing Statement.

#### 11.8 **Prospects**

The prospects of the Fund are set out in paragraph 5.7 of the Circular.

#### 11.9 **Litigation statement**

The Fund is not involved in any material legal or arbitration proceedings or legal actions, nor are the Directors aware of any proceedings that are pending or threatened, that may have, or have had in the 12-month period preceding the Last Practicable Date, a material effect on the Fund's financial position.

#### 11.10 **Working capital statement**

The working capital statement of the Fund is set out in paragraph 8.1 of the Circular.

#### 11.11 **Experts' consents**

Details of experts' consents are set out in paragraph 8.3 of the Circular.

#### 11.12 **Documents available for inspection**

A schedule of documents that are available for inspection are set out in paragraph 8.6 of the Circular.

**SIGNED ON 14 AUGUST 2014 BY AND ON BEHALF OF THE DIRECTORS OF INVESTEC PROPERTY LIMITED AS THE RESPONSIBLE ENTITY OF INVESTEC AUSTRALIA PROPERTY FUND**

**Graeme Katz**

Duly authorised

Sydney

14 August 2014

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**DETAILS OF DIRECTORS OF THE RESPONSIBLE ENTITY**


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<b>Name</b>	Stephen Koseff
<b>Business address</b>	100 Grayston Drive, Sandown, Sandton, 2196, South Africa
<b>Qualifications</b>	BCom, CA(SA), HDip BDP, MBA
<b>Current position</b>	Non-executive director
<b>Resumé</b>	Stephen joined Investec in 1980. He has 36 years of financial experience and is the recipient of numerous business awards. His directorships include Investec Limited and Investec plc, Rensburg Sheppards and various other Investec subsidiaries. His previous non-executive positions have included immediate former Chairman of the South African Banking Association, former director of the Johannesburg Stock Exchange, former member of the Financial Markets Advisory Board and former chairman of the Independent Bankers Association. He is a former member of the Financial Markets Advisory Board and former chairman of the Independent Banks Association. Stephen has assisted in growing and developing Investec's property division and has overseen the listing of Growthpoint, Investec Property Fund and Investec Australia Property Fund.

<b>Directorships/Partnerships</b>	<b>Current</b>	<b>Resigned</b>
	Blora Properties (Worcester) (Proprietary) Limited	Bantry Bay Apartment 101 (Proprietary) Limited
	Curacao Investec Finance N.V.	The Bidvest Group Limited
	ED Trust INL Investments I Proprietary Limited	Investec Holdings (UK) Limited
	Guinness Mahon Investment Limited	Investec Holdings (Ireland) Limited
	Grayinvest Limited	Investec Ireland Limited
	Investec Asset Management (Pty) Limited	Investec Securities Proprietary Limited
	Investec Asset Management Limited	Koskids Investments (Proprietary) Limited
	Investec Bank Limited	S. Koseff Investment Holdings (Proprietary) Limited
	Investec Bank plc	S. Koseff Property Investments (Proprietary) Limited
	Investec Group (UK) plc	Investec Bank (Australia) Limited
	Investec Holdings Australia Limited	
	Investec Insurance Brokers (Proprietary) Limited	
	Investec International Holdings Proprietary Limited	
	Investec Investments Limited	
	Investec Holding Company Limited	
	Investec I Limited	
	Wentworth Associates (Proprietary) Limited	
	Investec Limited	
	Investec plc	
	Investec Finance PLC	
	Investec Finance SARL	
	Investec NV	
	Investec Property Proprietary Limited	
	Investec Property Limited	
	KK Investments (Proprietary) Limited	
	Metboard Holdings Proprietary Limited	
	Newshelf 1280 (RF) (Pty) Limited	
	Rensburg Sheppards plc	
	Treasure Ark (Pty) Ltd	

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<b>Name</b>	Graeme Katz	
<b>Business address</b>	Level 23, Chifley Tower, 2 Chifley Square, Sydney, New South Wales, 2000, Australia	
<b>Qualifications</b>	Bachelor of Social Science (Economics) Rhodes University; Industrial Relations Development Programme University of Stellenbosch Business School; Financial Planning Principles and Practice, Securities Institute	
<b>Current position</b>	Chief Executive Officer	
<b>Resumé</b>	<p>Graeme joined Investec Bank (Australia) Limited to head up the Property Investments team in 2006. Prior to that he was General Manager of Investment Sales at Mirvac Group where he was the key person and responsible officer for the Mirvac Real Estate licence dealing with their registered and unregistered schemes. Graeme is a Director of Investec Property limited and a number of other companies within the Investec Group. He was previously a Director of the Property Investors Association of Australia.</p>	
<b>Directorships/Partnerships</b>	<b>Current</b>	<b>Resigned</b>
	Canberra Estates Consortium No 19 Pty Limited Croydon Developments Pty Limited Investec Propco Pty Limited Investec Property Limited Investec Property Management Pty Limited Investec Propco Pty Limited Investec Residential Pty Limited IPCO (Hillside Development) Pty Limited IPCO Investments Pty Limited IPCO Investments (Hillside) Pty Limited Lincoln Heath Estate Pty Limited Beattys Road Holding Pty Limited Moonrom Pty Limited	IPCO Investments (Torquay) Pty Limited IPCO Nominee Pty Limited IPCO Sub-Investments Pty Limited Property Investment Professionals of Australia Limited Property Investors Association of Australia Torquay Nominee Limited

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<b>Name</b>	Sam Leon
<b>Business address</b>	100 Grayston Drive, Sandown, Sandton, 2196, South Africa
<b>Qualifications</b>	LLB (London)
<b>Current position</b>	Non-executive director
<b>Resumé</b>	<p>Sam Leon has over 35 years of experience across all sectors of the property industry with 20 years at Investec Property, firstly as a director, then managing director and currently as deputy chairman. He was a founder of the transformation of Growthpoint into South Africa's largest listed property fund and was a director until Investec sold its interests in October 2007. Sam was also a director of a specialist listed property fund Metboard Properties Limited, until it was sold to Growthpoint in April 2007, as well as a board member of SAPOA (the South African Property Industry body). He is currently a member of the board of directors and advisory board of the Investec GLL Global Special Opportunities Real Estate Fund, a R3.7 billion Luxembourg-based fund for investment in global real estate. Sam is currently also chief executive officer of Investec Property Fund Limited, a R5.3 billion property fund listed on the JSE.</p>

<b>Directorships/Partnerships</b>	<b>Current</b>	<b>Resigned</b>
	Maser Properties Pty Limited	Changing Tides 5 Pty Limited
	Cenacle Properties Pty Limited	Flip-Flap Properties Pty Limited
	Grayston Property Managers Pty Limited	Growthpoint Properties Limited
	Huddle Investments Pty Limited	LPG (Property Management) Pty Limited-
	Investec GLL Fund Management S.A	Majorshelf 184 Pty Limited
	Investec GLL Global Special Opportunities Real Estate Fund FCP	Metboard Properties Limited
	Investec Property Fund Limited	New Heights 344 Pty Limited
	Investec Property Group Holdings Pty Limited	Paraprop Asset Managers Pty Limited
	Investec Property Limited	Scopefull 157 Pty Limited
	Investec Property Pty Limited	Paraprop Property Managers Pty Limited
	Oxford Rosebank Hotel Services Pty Limited	Tresso Trading 337 Pty Limited
	Rosebank Employees Pty Limited	Willowbrook Timbers Partnership
	Royal Ascot Property Development Pty Limited	55 Fox Street Share Block Limited
	South African Property Owners Association	Fifty Eight Marshall Street Limited
	Tresso Trading 119 Pty Limited	Alteri Share Block Proprietary Limited
	Bethlehem Property Development Proprietary Limited	Capensis Investments 241 Pty Limited
	Investec Australia Property Fund	C S Street Investment Pty Limited
	Montagprop Pty Limited	Elandsfontein Rem Erf 57 Pty Limited
		Erf 764 Building Investment Pty Limited
		Grayston Prop Number 001 Pty Limited
		Grayston Prop Number 005 Pty Limited
		Growthpoint Managers Proprietary Limited
		Imine Investments Pty Limited
		Investec Property Investments Pty Ltd
		Italite Investments Pty Limited
		S.D.Mdlalo Properties Pty Limited
		Midrand Town Centre Pty Limited
		Randburg Street Property Pty Limited
		Smile Properties Pty Limited

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<b>Name</b>	Sally Herman	
<b>Business address</b>	Level 11, 139 Macquarie Street, Sydney, NSW 2000, Australia	
<b>Qualifications</b>	BA (UNSW), GAICD	
<b>Current position</b>	Non-executive director	
<b>Resumé</b>	<p>Sally Herman has had a long career in financial services in both Australia and the US. In late 2010, she transitioned from an executive career to expand her non-executive portfolio. Prior to that, she had spent 16 years with the Westpac Group, running business units in most operating divisions of the Group, including the Institutional Bank, Wealth Management (BT Financial) and the Retail and Business Banking division. Her most recent role at Westpac was heading up Corporate Affairs and Sustainability for the Group, a role she held through the merger with St.George and the global financial crisis. Sally sat on the Board of many Westpac and BT subsidiaries, including the Responsible Entities and Insurance Boards. Immediately prior to Westpac, Sally worked at Macquarie Bank where she set up the Private Bank and the Melbourne Capital Markets desk. Sally is now a non-executive director and consultant, sitting on both for profit and not for profit boards and is actively involved in the community, with a particular interest in disability, education and the arts. Her commercial boards are in the property, financial services and retail sectors.</p>	
<b>Directorships/Partnerships</b>	<b>Current</b>	<b>Resigned</b>
	Breville Group Limited Premier Investments Limited FSA Group Limited Members Equity Bank Pty Limited Urbis Pty Limited State Library of NSW Foundation The Royal Sydney Golf Club Limited Pennerley Pty Limited	National Art School Endeavour Foundation Australian Network on Disability Society for Knowledge Economics Pty Limited

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<b>Name</b>	Richard Longes
<b>Business address</b>	Level 23, The Chifley Tower, 2 Chifley Square, Sydney, NSW, Australia
<b>Qualifications</b>	BA (Sydney University); LLB (Sydney University); MBA (University of NSW); Solicitor (non-practicing)
<b>Current position</b>	Chairman
<b>Resumé</b>	Richard is a non-executive director of Investec Holdings Australia Limited and Investec Property Limited. Richard was previously Chairman of MLC Ltd and General Property Trust, and Deputy Chairman of Lend Lease Corporation, a founding principal of Wentworth Associates and a partner of the legal firm Freehills. He has held positions with Government advisory boards, including the Review of the National Museum and the Funds Management Committee for the IIF programme, and non-profit organisations including NIDA, Bangarra Dance Theatre and currently with the Pain Management Research Institute, National Centre of Indigenous Excellence (NCIE) and Board of Patrons of the National Aboriginal Sporting Chance Academy (NASCA). In 2003, Richard chaired a Federal Government enquiry into Indigenous Business.

**Directorships/Partnerships Current**

Austbrokers Holdings Limited  
 Balfour Centre Pty Limited  
 Boral Limited  
 Crown Gardens Pty Limited  
 Croxstar Pty Limited  
 Eastgardens Pty Limited  
 Elanora Country Club Limited  
 Gemnet Pty Limited  
 Homemakers Supacentre – Belrose Pty Limited  
 Homemakers Supacentre – Taren Point Pty Limited  
 Investec Property Limited  
 Investec Holdings Australia Limited  
 JS Securities Pty Limited  
 Jaslito Pty Limited  
 Joeta Holdings Pty Limited  
 Kalayla Pty Limited  
 Lanlex no. 177 Pty Limited  
 LFI Group Pty Limited  
 Liberty Fiduciary Limited  
 Liberty Financial Pty Limited  
 Lorellin Pty Limited  
 Minerva Financial Group Pty Limited  
 Pain Management Research Institute Limited  
 Pain Management Research Services Limited  
 Pelican Holdings Pty Limited  
 Prospect Enterprises Pty Limited  
 Saunders Family Investment Fund Pty Limited  
 Supacenta Issuer Co. Pty Limited  
 Supacenta Pty Limited  
 Terrace Tower Canberra Pty Limited  
 Terrace Tower Group Pty Limited  
 Terrace Tower Holdings Pty Limited  
 Terrace Tower Management Pty Limited  
 Terrace Tower Pty Limited  
 Timc Pty Limited  
 Toga Accommodation Fund Subsidiary 1 Ltd  
 Toga Accommodation Fund Subsidiary 2 Ltd  
 Tuggerah Business Park Pty Limited  
 Venti Seven Pty Limited  
 Voyages Indigenous Tourism Australia Pty Limited  
 Warner Business Park Pty Limited  
 Woodbury Park Estates Pty Limited  
 Zurga Pty Limited

**Resigned**

Australian Biotechnology & Healthcare  
 Fund No. 3 Limited  
 Investec Wentworth Pty Limited  
 Macareus Pty Limited  
 Metcash Limited  
 Nasca Partnership Foundation  
 National Centre of Indigenous Excellence Limited  
 Investec Bank (Australia) Limited



## INFORMATION RELATING TO THE PROPERTY PORTFOLIO

### A. OFFICE PORTFOLIO

Property name	Registered legal description	Physical address	Purchase price (excl. transaction costs)	Independent valuation <sup>1</sup>	GLA (m <sup>2</sup> )	Practicable Date (%)	Vacancy rate as at Last	Weighted average base rental per m <sup>2</sup> per month	Zoning	Freehold/Leasehold	Age of building (years)	Effective date of acquisition
Elizabeth Street Property	Certificate of Title Volume 11015 Folio 951; Land in Plan of Consolidation No 369642M	35 – 49 Elizabeth Street, Richmond, VIC 3121	54 470 701	54 500 000	11 916	–	–	32.7	Commercial 2 Zone	Freehold	6	25-Oct-13
Punt Road Property	Certificate of Title Volume 11020 Folio 509; Land in Plan of Consolidation PC370374D	449 Punt Road Cremorne VIC 3121	28 676 412	29 800 000	6 384	–	–	34.5	Commercial 2 Zone	Freehold	5	25-Oct-13
Garden City Property	Lot 1 on SP 203730, County of Stanley Parish of Bulimba Title reference 50773071	Building 20, Garden City Office Park, 2404 Logan Road, Eight Mile Plains QLD 4113	20 953 350	20 954 000	3 571	–	–	40.4	Conservation Area	Freehold	4	7-Mar-14
Reed Street Property	Block 4 Section 6 Division of Greenway on Deposited Plan 7320 (Volume 1117 Folio 93)	186 Reed Street Greenway ACT 2900	25 805 000	25 925 000	5 407	–	–	37.0	CZ2 – Business Zone	99-year Crown leasehold expiring in 2088	23*	15-May-14
Ann Street Property	Lot 20 on Registered Plan 172270, County of Stanley, Parish of North Brisbane, Title Reference 16125088	757 Ann Street Fortitude Valley QLD 4006	65 500 000	65 500 000	9 125	–	–	50.0	Principal Centre PC 1	Freehold	–	Oct-14
<b>Total office</b>			<b>195 405 463</b>	<b>195 579 000</b>	<b>36 403</b>							

<sup>1</sup>Fully refurbished in 2012.

**B. INDUSTRIAL PORTFOLIO**

<b>Property name</b>	<b>Registered legal description</b>	<b>Physical address</b>	<b>Purchase price (excl. transaction costs)</b>	<b>Independent valuation</b>	<b>GLA (m<sup>2</sup>)</b>	<b>Vacancy rate as at Last Practicable Date (%)</b>	<b>Weighted average base rental per m<sup>2</sup> per month</b>	<b>Zoning</b>	<b>Freehold/Leasehold</b>	<b>Age of building (years)</b>	<b>Effective date of acquisition</b>
48 Hawkins Crescent Property	Lot 4 on survey plan 238273	48 Hawkins Crescent Ipswich, Queensland	3 356 475	3 560 000	2 045	–	13.3	Regional business and industry – medium impact	Freehold	1	21-Dec-12
47 Sawmill Circuit Property	Volume 1936 Folio 4	47 Sawmill Circuit Hume, Australian Capital Territory	7 863 738	9 600 000	7 079	–	11.2	General industrial zone	Leasehold with 91-year lease commencing on 1-Oct-2010	2	21-Dec-12
57 Sawmill Circuit Property	Volume 1936 Folio 2	57 Sawmill Circuit Hume, Australian Capital Territory	8 439 134	8 750 000	5 535	–	9.0	General industrial zone	Leasehold with 91-year lease commencing on 1-Oct-2010	2	21-Dec-12
24 Sawmill Circuit Property	Volume 2038 Folio 78	24 Sawmill Circuit Hume, Australian Capital Territory	8 151 436	9 000 000	6 300	–	9.8	General industrial zone	Leasehold with 3.75-year lease commencing on 22-Jun-2011	1	21-Dec-12
44 Sawmill Circuit Property	Volume 2025 Folio 84	44 Sawmill Circuit Hume, Australian Capital Territory	8 247 335	9 100 000	4 639	–	15.2	General industrial zone	Leasehold with 3.75-year lease commencing on 22-Jun-2011	1	21-Dec-12
2 – 8 Mirage Road Property	Volume 6085 Folio 738	2 – 8 Mirage Road Direk, South Australia	8 678 882	9 100 000	6 783	–	10.2	Industry zone	Freehold	3	21-Dec-12
<b>Total industrial</b>			<b>44 737 000</b>	<b>49 110 000</b>	<b>32 381</b>						
<b>Total portfolio</b>			<b>240 142 463</b>	<b>244 689 000</b>	<b>68 784</b>						

<sup>1</sup> The effective dates of the valuations of the properties within the Walker Portfolio range between 13-15 August 2013, while the effective date of the valuations of the Punt Road Property and the Elizabeth Street Property is 10 July 2013. The Garden City Property was valued as at 14 February 2014, the Reed Street Property was valued as at 30 April 2014 and the Ann Street Property was valued as at 29 July 2014.

The Independent Valuers of the Property Portfolio, being m3property Pty Limited, Colliers International Consultancy and Valuation Pty Limited, CBRE Valuations Pty Limited and Savills Valuations Pty Ltd, who have conducted the valuations reflected herein, are independent external valuers and are registered as Certified Practising Valuers with the Australian Property Institute. m3property Pty Limited, Colliers International Consultancy and Valuation Pty Limited and Savills Valuations Pty Ltd and have been approved by the JSE as independent registered valuers in terms of section 13 of the JSE Listings Requirements.

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## CORPORATE GOVERNANCE

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### 1. CODE OF CORPORATE PRACTICE AND CONDUCT

The Fund and the Responsible Entity are committed to the principles of effective corporate governance and application of the highest ethical standards in the conduct of its business and affairs.

The Responsible Entity is fully committed to the principles of the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance for South Africa, 2009 (King Code), the Listings Requirements and the Corporations Act, 2001 (Cth).

In so doing, the directors recognise the need to conduct the business of the Fund with integrity and provide effective leadership based on an ethical foundation. This includes timely, relevant and meaningful reporting to Unitholders and other stakeholders providing a proper and objective perspective of the Fund and its activities, directing the strategy and operations of the Fund to build a sustainable business and considering short- and long-term impacts of the strategy on the economy, society and the environment. The Board ensures that the Fund is seen to be a responsible corporate citizen through the implementation of the corporate governance policies provided below.

The formal steps taken by the directors are summarised below.

### 2. BOARD OF DIRECTORS AND BOARD SUB-COMMITTEES

In terms of the Listings Requirements, the minimum number of directors required is four. This is contrary to the Articles of the Responsible Entity, which allows for a minimum of three directors. The Board currently consists of five Directors, one executive and four non-executive, of whom two Directors are considered independent. This achieves compliance with the King Code as the majority of the Board comprises non-executive directors. However, only half (and not the majority) of non-executive directors are independent. Thus the Responsible Entity is seeking to appoint a further Director to ensure compliance with the King Code and the Corporations Act.

The appointed non-executive Directors, representing both South Africa and Australia, have a diverse and wide range of expertise, financial and commercial experience and property industry knowledge and other skills that enable them to bring independent judgement to Board deliberations and decisions. The Board ensures that there is an appropriate balance of power and authority on the Board, such that no one individual or block of individuals can dominate the Board's decision-making.

The Board continually strives to give strategic direction to the Fund for the benefit of its unitholders and has set values and ethical standards to which it will adhere in all aspects of managing the business of the Fund. The Board ensures that each Director adheres to the duties of a Director and will act in the best interests of unitholders. The Board is ultimately responsible for the day-to-day management of the Fund's business, strategy and key policies. The executive directors are employees of IAL and, via the Responsible Entity and Manager, are intimately involved in the day-to-day business activities of the Fund. They are responsible for ensuring that the decisions of the Board are implemented in accordance with the mandates given by the Board. The Board is also responsible for approving the Fund's financial objectives and targets and ensuring the integrity of financial reporting.

The Board has adopted a compliance plan (Compliance Plan), as required by the Corporations Act, setting out its responsibilities for monitoring operational performance and management of the Fund, determination of policy and processes to ensure the integrity of the Responsible Entity's risk management and internal controls, communication policy and evaluation of personnel.

The Board has appointed a CEO (Graeme Katz) and has established a framework for delegation of authority and ensures that the CEO's performance is evaluated against specified criteria. The positions of chairman and chief executive officer are separately held with a clear division of duties. The chairman (Richard Longes) is an independent non-executive director.

The information needs of the Board will be reviewed annually and directors have unrestricted access to all company information, records, documents and property to enable them to discharge their responsibilities sufficiently. Efficient and timely methods of informing and briefing Board members prior to Board meetings have been developed and in this regard steps have been taken to identify and monitor key risk areas, key performance areas and non-financial aspects relevant to the Fund. In this context, the directors will be afforded information in respect of key performance indicators, variance reports and industry trends.

The Board has established an orientation programme to familiarise incoming directors with the Fund's operations, senior management and its business environment, and to inform them of their fiduciary duties and responsibilities. Directors have a working understanding of applicable laws. New directors with no or limited Board experience will receive development and education to inform them of their duties, responsibilities, powers and potential liabilities. Per the Compliance Plan, performance review of all officers and employees of the Responsible Entity will be conducted annually.

The Responsible Entity is appointed by Unitholders. Directors are appointed by way of resolution of the Unitholders of the Responsible Entity, being IAL. Appointments to the Board occur by way of resolution and are formal and transparent and a matter for the Board as a whole. Directors have been and will be nominated based on their competency, credibility, knowledge, experience, impact they are expected to have and time and attention they can devote to the role. Directors hold office until they die or are removed from office through a resolution by the shareholder of the Responsible Entity.

Directors may convene a meeting of the Board whenever a Director thinks fit. Board meetings are held at least quarterly with additional meetings convened when circumstances necessitate. The Board has established and delegated certain functions to an Audit and Risk Committee, to give detailed attention to certain of its responsibilities which will operate within defined, written terms of reference. External advisers and executive directors who are not members of specific committees attend committee meetings by invitation, if deemed appropriate by the relevant committees.

The Board and individual directors have their overall performance reviewed periodically in order to identify areas for improvement in the discharge of individual director's and the Board's functions on an annual basis. This review will be undertaken by the chairman and, if so determined by the Board, an independent service provider.

In respect of the Directors that are only directors of the Responsible Entity and not employed within the Investec Group, a Director may be employed in any other capacity in the Fund or as a Director or employee of another entity that is controlled by/a subsidiary of the Fund. In this event, their appointment and remuneration in respect of this other office will be determined by a disinterested quorum of Directors. This does not apply to the executive Directors who are employed by IAL as their remuneration is determined by the Remuneration Committee of IAL and not by the Directors.

### **3. TERMS OF EMPLOYMENT OF DIRECTORS**

The directors who are employees or directors of IAL or another entity within the Investec group are not remunerated for their services as directors of the Responsible Entity. A disinterested quorum of directors determine the remuneration of the non-executive directors, which is limited to the reimbursement of reasonable expenses incurred by such person for purposes of attending Board meetings and the appropriate directors' fees.

The directors have been appointed by way of an engagement letter and no service contract has been concluded with them. The termination of their employment will therefore be subject to the relevant notice period as determined by any applicable labour law from time to time. The directors are appointed for indefinite periods subject to applicable law and the provisions of the Responsible Entity's articles. Directors hold office until they die or are removed from office through a resolution by the shareholder of the Responsible Entity.

Directors have an obligation to attend and to actively participate in meetings of the Board and Board committees on which they serve, to spend the time required and to meet as frequently as necessary to discharge their duties and responsibilities with due care. They are also expected to attend the annual general meeting of Unitholders.

### **4. COMPANY SECRETARY OF THE RESPONSIBLE ENTITY**

The Board is satisfied that a suitably qualified, competent and experienced company secretary (Paul Lam-Po-Tang) has been appointed and is appropriately empowered to fulfil duties with regards to assistance to the Board. In arriving at this appointment, the directors evaluated Mr Lam-Po-Tang's qualifications and experience.

The company secretary together with the Fund's sponsor provide the Board as a whole and directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Fund. The company secretary provides a central source of guidance and advice to the Board, and within the Fund, on matters of ethics and good corporate governance and will assist with the appointment of directors. The company secretary, together with the assistance of the Fund's sponsor, ensures that the Fund complies with applicable laws and Listings Requirements. In addition, the company secretary, together with the Fund's sponsor, will be subjected to an annual evaluation by the Board. Directors have access to the services and advice of the company secretary. The company secretary is not a Director of the Responsible Entity and has an arm's length relationship with the Board, who can also remove him from office.

## 5. **AUDIT AND RISK COMMITTEE**

The Audit and Risk Committee currently comprises two independent non-executive directors as set out below:

- Sally Herman, independent non-executive director (chairperson); and
- Richard Longes, independent non-executive director.

The Responsible Entity is seeking to appoint a further independent non-executive director.

All members of the Audit and Risk Committee are financially literate. The committee's primary objective is to provide the Board with additional assurance regarding the efficacy and reliability of the financial information used by the directors, to assist them in the discharge of their duties. The committee is required to provide satisfaction to the Board that adequate and appropriate financial and operating controls are in place, that significant business, financial and other risks have been identified and are suitably managed, and that satisfactory standards of governance, reporting and compliance are in operation.

Furthermore, the Audit and Risk Committee has general oversight over and report on the sustainability issues, reviews the integrated report to ensure that the information contained therein is reliable and does not contradict the financial aspects of the report. The Audit and Risk Committee reviews the content of the Fund's results and engages external auditors to provide assurance on the financial information.

Within this context, the Board is responsible for the Fund's systems of internal, financial and operational control. The executive directors are charged with the responsibility of determining the adequacy, extent and operation of these systems. Comprehensive reviews and testing of the effectiveness of the internal control systems in operation will be performed by external practitioners, whose work will be overseen by the Manager and reported to the Audit and Risk Committee.

The Audit and Risk Committee has considered and satisfied itself as to the appropriateness of the expertise and experience of the financial function being the chief financial officer, Jason Sandler.

The Audit and Risk Committee has nominated the external auditor for appointment and has approved the terms of engagement and remuneration for the external audit engagement. KPMG has been appointed as external auditors of the Fund.

As the Fund is a registered Managed Investment Scheme under the Corporations Act, 2001 (Cth) it has Australian reporting obligations. The Fund is required to lodge audited financial statements with ASIC.

KPMG Australia have been appointed to perform the audit over the Australian audited financial statements.

KPMG Inc. in South Africa has been appointed to perform the audit over the South African audited financial statements which are required to be lodged with the JSE.

The Audit and Risk Committee will meet at least two times a year. Executives of the Responsible Entity and the Manager with financial expertise will also be in attendance. The committee will also meet with the external auditors, KPMG, outside of meetings, as frequently as is necessary.

The Audit and Risk Committee will report in the annual report how it has discharged its duties during the relevant Financial Year.

## 6. **REMUNERATION COMMITTEE**

A remuneration committee is not required given that the Fund has no employees. The executive directors are employees of and paid by IAL and will not be remunerated for their services as directors of the Fund. The Board determines the remuneration of the non-executive directors.

## 7. **INVESTMENT COMMITTEE**

The Board has not appointed a separate Investment Committee as this function will be performed by the Board.

The Board's role is to consider investments proposals put forward by the Manager and develop appropriate investment strategies and guidelines to ensure that the Fund's investments are in line with its investment policy and overall strategy and vision. The Board considers acquisitions and disposals of assets in line with the Fund's overall strategy, ensure appropriate investment of Unitholder funds, effect disposals within approved investment policy and authority limits and ensure that appropriate due diligence procedures are followed when acquiring or disposing of assets.

## 8. **RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS**

The objective of risk management is to identify, assess, manage and monitor the risks to which the Fund is exposed, including but not limited to information technology risk. It is the responsibility of the Board, through the Audit and Risk Committee, to determine policies and processes to ensure the integrity of the Fund's risk management and internal controls. The Fund has outsourced the asset management and property management services to the Manager who will be responsible for the implementation of risk management and internal control processes on a continual basis subject to oversight of the Audit and Risk Committee. The Audit and Risk Committee will participate in the management's process of setting risk tolerance levels, formulating and implementing the risk management plan and will report the plan adopted by management to the Board.

With assistance from the Manager (or if considered appropriate, expert risk consultants), risks will be assessed and appropriate insurance cover purchased for all material risks above pre-determined self-insured limits. Levels of cover will be re-assessed annually in light of claims experiences and events affecting the Fund, internally and externally.

To enable the Directors to meet these responsibilities, the Audit and Risk Committee will set standards and implement, through the Manager, systems of internal control and an effective risk-based internal audit, comprising policies, procedures, operational systems and information to assist in:

- safeguarding of assets and reducing risk of loss, error, fraud and other irregularities;
- ensuring the accuracy and completeness of accounting records and reporting;
- the timely preparation of reliable financial statements and information in compliance with relevant legislation; and
- increasing the probability of anticipating unpredictable risk.

The Board ensures that management considers and implements the appropriate risk responses and information technology strategy.

## 9. **DIRECTORS' DEALINGS AND PROFESSIONAL ADVICE**

The Fund operates a policy incorporating the terms of the Listings Requirements and the Australian Corporations Act, 2001 (Cth) of prohibiting dealings by directors and employees of the Responsible Entity and Manager in periods preceding the announcement of its interim and year-end financial results and at any other time deemed necessary by the Board.

The Board has established a procedure for directors, in furtherance of their duties, to take independent professional advice, if necessary, at the Fund's expense. All directors will have access to the advice and services of the company secretary.

## 10. **COMMUNICATION**

The Fund will maintain contact regularly with institutional Unitholders, private investors and investment analysts, as well as to provide presentations on the Fund and its performance.

The Board appreciates that Unitholder perceptions affect the Fund's reputation and in this regard will establish policies for the engagement of all the Fund's stakeholders, particular in light of the Australian domiciled nature of the Fund. The Board will encourage unitholders to attend annual general meetings.

## 11. **INTEGRATED REPORTING**

The Fund will report to its Unitholders at least annually by preparing an annual report that will include reviews of the Fund, together with a detailed review of the financial results and financing positions. In this way the Board seeks to present a balanced and understandable assessment of the Fund's position and prospects.

The Manager is responsible for establishing comprehensive management reporting disciplines in respect of the Fund, which include the preparation of management accounts, detailed budgets and forecasts.

Sustainability reporting and disclosure shall be integrated with the Fund's financial reporting. The Board will ensure the integrity of the Fund's integrated report.

## 12. **BUSINESS RESCUE**

The Board will consider business rescue proceedings or other turnaround mechanisms as soon as the Fund is financially distressed. In this regard the Board will ensure the Fund's solvency and liquidity is continuously monitored,

a suitable practitioner will be appointed in the event that business rescue is adopted and the practitioner will be required to provide security for the value of the assets of the Fund.

13. **KING III**

While it is not a strict requirement in terms of Australian corporate law, the Fund has resolved as a business philosophy to adopt and pursue the principles prescribed by the King Code report to the extent feasible, given the unique nature of the Fund in a South African context.

<b>King III code principle</b>	<b>Comments</b>
<b>BOARD AND DIRECTORS</b>	
The Board should provide effective leadership based on an ethical foundation	Applied – the Board is committed to promoting the highest standard of ethical behaviours amongst all persons involved in the Fund's operations. The Responsible Entity adheres to a compliance plan and the values and code of conduct of the Investec Group will govern the actions of the Directors.
The Board should ensure that the Fund is and is seen to be a responsible corporate citizen	Applied – as the Responsible Entity is governed by the policies of the Investec Group in this regard and will apply the same principles in respect of the Fund so as to promote sustainable stakeholder confidence in the Fund.
The Board should ensure that the Fund's ethics are managed effectively	Applied to the extent possible, as detailed above. The Fund has no employees and thus ethics can only be managed/implemented at Board level. The Responsible Entity adheres to a compliance plan and the values and code of conduct of the Investec Group will enable the Directors to discharge their responsibilities in this regard.
The Board should act as the focal point for and custodian of corporate governance	Applied – the Board has adopted a resolution to apply the principles of the King Code and will ensure that their leadership is based on these principles.
The Board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied – the Board has established an Audit and Risk Committee (see paragraph 5 above).
The Board should report on the effectiveness of the Fund's system of internal controls	Policy has been applied and has been reported on the Fund's latest annual report.
The Board and its Directors should act in the best interests of the Fund	Applied – In compliance with the terms of the Responsible Entity's AFSL, the Responsible Entity owes fiduciary and statutory duties to unitholders (see section 601FC of the Corporations Act). The Directors also owe fiduciary and statutory duties to Unitholders (see section 601FD of the Corporations Act). Thus, legally and through the adoption of the values and philosophies of the Investec Group, the Directors are obliged to act in the best interests of the Fund and its Unitholders.
The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Fund is financially distressed	Applied – it is unlikely that business rescue will be an eventuality. However, the Fund's policy in this regard is detailed in paragraph 12 above.
The Board should elect a chairman of the Board who is an independent non-executive director. The CEO of the Fund should not also fulfil the role of the chairman	Applied – see detailed explanation in paragraph 2 above.

<b>King III code principle</b>	<b>Comments</b>
<b>BOARD AND DIRECTORS</b>	
The Board should appoint the chief executive officer and establish a framework for the delegation of authority	Applied – see detailed explanation in paragraph 2 above.
The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Applied – see detailed explanation in paragraph 2 above.
Directors should be appointed through a formal process	Applied – While Directors are not appointed by Unitholders, the appointment of a Director occurs by way of resolution and through a letter of appointment.
The induction of, and ongoing training and development of directors should be conducted through formal processes	Applied – the directors receive appropriate training of Investec values and philosophies and training to inform them of their duties, responsibilities, powers and potential liabilities. Individual training and development needs are discussed with each Board member on an ongoing basis.
The Board should be assisted by a competent, suitably qualified and experienced company secretary	Applied – see detailed explanation in paragraph 4 above.
The evaluation of the Board, its committees and the individual directors should be performed every year	Applied – per the resolution adopted by the Board to adopt the principles of the King Code, the Board ensures that the various Board committees and individual Directors are evaluated every year.
The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Applied – the Board has established an Audit and Risk Committee and an investment committee in this regard.
A governance framework should be agreed between the group and its subsidiary Boards	n/a – the group has no subsidiary boards.
The Fund should remunerate directors and executives fairly and responsibly	n/a – the Fund has no employees; Executive directors are not remunerated by the Fund; Directors of the Fund who are directors of IAL are not remunerated by the Fund but are remunerated by IAL for their services as directors of IAL; non-executive directors' remuneration is limited to reimbursement of expenses and directors' fees.
The Fund should disclose the remuneration of each individual Director	Applied – this has been disclosed in paragraph 7.2.
Unitholders should approve the Fund's remuneration policy	n/a – the remuneration policy of the directors is set by the Directors but the shareholder of the Responsible Entity (being IAL) may fix a limit on the amount of remuneration payable to the Directors.
<b>AUDIT COMMITTEE</b>	
The Board should ensure that the Fund has an effective and independent Audit and Risk Committee	Applied – see detailed explanation in paragraph 5 above.
Audit and Risk Committee members should be suitably skilled and experienced independent non-executive directors	Applied – see detailed explanation in paragraph 5 above; refer to Annexure 3 for Directors' qualifications.
The Audit and Risk Committee is to be chaired by an independent non-executive director	Applied – the Audit and Risk Committee is chaired by Sally Herman, an independent non-executive director.



<b>King III code principle</b>	<b>Comments</b>
<b>BOARD AND DIRECTORS</b>	
The Audit and Risk Committee should oversee integrated reporting	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraph 5 above.
The Audit and Risk Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraph 5 above.
The Audit and Risk Committee should satisfy itself of the expertise, resources and experience of the Fund's finance function	Applied – the Board has adopted a resolution in this regard; see paragraph 7.3 of Pre-listing Statement for further details.
The Audit and Risk Committee should be responsible for overseeing Internal Audit	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraph 5 above.
The Audit and Risk Committee should be an integral part of the risk management process	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraph 5 above.
The Audit and Risk Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraph 5 above.
The Audit and Risk Committee should report to the Board and unitholders on how it has discharged its duties	Applied – report provided in first annual report.
<b>GOVERNANCE OF RISK</b>	
The Board should be responsible for the governance of risk	Applied – the Audit and Risk Committee has been established in this regard; refer to paragraphs 5 and 8 above for detailed explanation.
The Board should determine the levels of risk tolerance	Applied – the Audit and Risk Committee has been established in this regard; refer to paragraphs 5 and 8 above for detailed explanation.
	In this regard, the Board has already adopted a policy of interest rate hedging and gearing, as detailed in paragraph 2.8 of the Pre-listing Statement.
The Audit and Risk Committee should assist the Board in carrying out its risk responsibility	Applied – refer to paragraphs 5 and 8 above for detailed explanation.
The Board should delegate to management the responsibilities to design, implement and monitor the risk management plan	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraphs 5 and 8 above.
The Board should ensure that risk assessments are performed on a continual basis	Applied as part of the Fund's risk management policy.
The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Applied, as required in terms of the Responsible Entity's Compliance Plan.
The Board should ensure that management considers and implements appropriate risk responses	Applied, as required in terms of the Responsible Entity's Compliance Plan.
The Board should ensure continual risk monitoring by management	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraphs 5 and 8 above.
The Board should receive assurance regarding the effectiveness of the risk management process	Applied – the Audit and Risk Committee will receive feedback from the Manager and through IAL's internal audit function.
The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholder	Applied – see paragraph 10 above for detailed explanation.

<b>GOVERNANCE OF INFORMATION TECHNOLOGY</b>	
The Board should be responsible for information technology (IT) governance	Applied to the extent possible as the Fund does not have IT systems of its own but through a Services Agreement with the Manager; will make use of IAL systems and will be governed by the IT governance framework of IAL.
IT should be aligned with the performance and sustainability objectives of the Fund	Applied – assisted by the Manger, the Responsible Entity ensures that the IT processes currently in place are aligned to the performance and sustainability objectives of the Board.
The Board should delegate to management the responsibility for the implementation of an IT governance framework	The Board has not formulated an IT governance policy as the Fund does not have IT systems of its own. The IT governance framework of IAL has been adopted.
The Board should monitor and evaluate significant IT investments and expenditure	The Responsible Entity oversees all significant expenditure on behalf of the Fund.
IT should form an integral part of the Fund's risk management	Applied per the terms of the Audit and Risk Committee.
The Board should ensure that information assets are managed effectively	Applied per the Compliance Plan.
The Audit and Risk Committee should assist the Board in carrying out its IT responsibilities	Applied per the terms of the Audit and Risk Committee.
<b>COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS</b>	
The Board should ensure that the Fund complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied – refer to paragraph 3 of the Pre-listing Statement for details on regulation of the Fund.
The Board and each individual Director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Fund and its business	The Board will be assisted by the company secretary and its Sponsors in this regard.
Compliance risk should form an integral part of the Fund's risk management process	Applied – refer to paragraph 8 above for detailed explanation.
The Board should delegate to management the implementation of an effective compliance framework and processes	The Responsible Entity adheres to a Compliance Plan in this regard.
<b>INTERNAL AUDIT</b>	
The Board should ensure that there is an effective risk based internal audit	The Fund utilises the internal audit function of IAL.
Internal audit should follow a risk-based approach to its plan	The Fund utilises the internal audit function of IAL.
Internal audit should provide a written assessment of the effectiveness of the Fund's system of internal controls and risk management	The Fund utilises the internal audit function of IAL.
The Audit and Risk Committee should be responsible for overseeing internal audit	The Fund utilises the internal audit function of IAL.
Internal audit should be strategically positioned to achieve its objective	The Fund utilises the internal audit function of IAL.

<b>GOVERNING STAKEHOLDER RELATIONSHIPS</b>	
The Board should appreciate that stakeholders' perceptions affect a company's reputation	Applied – the Board has adopted a communication policy per paragraph 10 above.
The Board should delegate to management to proactively deal with stakeholder relationships	Applied – the Board has adopted a communication policy per paragraph 10 above.
The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Fund	Applied – the Board has adopted a communication policy per paragraph 10 above.
Companies should ensure the equitable treatment of Unitholders	Applied – the Board has adopted a communication policy per paragraph 10 above.
Transparent and effective communication with stakeholders is essential building and maintaining their trust and confidence	Applied – the Board has adopted a communication policy per paragraph 10 above.
The Board should ensure that disputes are resolved as effectively efficiently and expeditiously as possible	Applied – the Board has adopted a communication policy per paragraph 10 above.
<b>INTEGRATED REPORTING AND DISCLOSURE</b>	
The Board should ensure the integrity of the Fund's integrated report	This has been applied in the preparation of the Fund's integrated report for the period ended 31 March 2014.
Sustainability reporting and disclosure should be integrated with the Fund's financial reporting	This has been applied in the preparation of the Fund's integrated report for the period ended 31 March 2014.

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**TRADING HISTORY ON THE JSE**


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<b>Period</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume</b>	<b>Value (Rand)</b>
<b>Monthly</b>					
<b>2014</b>					
Oct-13	11.50	10.00	10.90	5 363 024	55 904 341
Nov-13	11.50	10.50	10.75	26 526 105	295 629 709
Dec-13	11.50	10.50	11.25	2 096 403	22 486 952
Jan-14	11.83	11.01	11.30	2 424 029	27 628 267
Feb-14	12.34	11.25	12.25	897 700	10 249 089
Mar-14	12.23	11.30	11.76	2 817 086	32 658 754
Apr-14	11.85	11.20	11.59	637 538	7 371 000
May-14	11.91	11.30	11.45	2 249 442	25 962 100
Jun-14	11.70	11.20	11.52	2 783 133	32 134 222
Jul-14	11.80	11.25	11.30	6 831 901	78 816 060
<b>Daily</b>					
26-Jun-14	11.70	11.70	11.70	26 704	312 437
27-Jun-14	11.70	11.50	11.60	940 717	10 912 479
30-Jun-14	11.70	11.50	11.52	16 471	190 016
01-Jul-14	11.70	11.50	11.70	2 541	29 728
02-Jul-14	11.80	11.70	11.70	807 088	9 443 565
03-Jul-14	11.70	11.70	11.70	1 891 483	22 130 351
04-Jul-14	11.70	11.60	11.70	92 389	1 080 031
07-Jul-14	11.70	11.60	11.70	146 725	1 715 802
08-Jul-14	11.70	11.60	11.60	115 096	1 337 853
09-Jul-14	11.60	11.60	11.60	14 815	171 854
10-Jul-14	11.55	11.50	11.50	34 580	397 885
11-Jul-14	11.45	11.36	11.36	86 120	978 624
14-Jul-14	11.50	11.49	11.49	83 400	959 040
15-Jul-14	11.68	11.40	11.50	487 792	5 607 808
16-Jul-14	11.43	11.30	11.43	58 725	667 130
17-Jul-14	11.49	11.40	11.40	295 715	3 378 549
18-Jul-14	11.42	11.40	11.40	139 733	1 593 174
21-Jul-14	11.40	11.25	11.38	459 005	5 228 437
22-Jul-14	11.40	11.38	11.39	1 210 550	13 790 867
23-Jul-14	11.40	11.30	11.30	80 800	918 101
24-Jul-14	11.40	11.30	11.40	220 445	2 503 348
25-Jul-14	11.40	11.34	11.40	265 900	3 025 260
28-Jul-14	11.40	11.30	11.30	21 575	244 628
29-Jul-14	11.39	11.30	11.39	34 691	394 398
30-Jul-14	11.40	11.35	11.39	256 569	2 923 038
31-Jul-14	11.39	11.30	11.30	26 164	296 588
01-Aug-14	11.31	11.31	11.31	10 000	113 100
04-Aug-14	11.35	11.25	11.25	53 700	606 960
05-Aug-14	11.30	11.25	11.30	26 709	301 676
06-Aug-14	11.30	11.30	11.30	105 062	1 187 201

Source: I-Net Bridge



Australia Property Fund

## INVESTEC AUSTRALIA PROPERTY FUND

Registered in terms of the CIS Act  
Registered in terms of ASIC (ARSN 162 067 736)  
("IAPF" or "the Fund")

(Share code: IAP ISIN: AU60INL00018)

Responsible Entity and Issuer: Investec Property Limited (ACN 071 514 246; AFSL 290 909)

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## NOTICE OF GENERAL MEETING OF UNITHOLDERS

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Notice is hereby given that a general meeting of the Fund will be held on Friday, 12 September 2014 at:

- 09:00 (Johannesburg) in 2nd Floor, Executive Boardroom, Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton; and
- 17:00 (Sydney) in Boardroom, Investec Australia Limited, Level 23, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia;

("General Meeting") for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions set out below.

The chairman will be in Australia and the General Meeting will be broadcast via video conference to South Africa. Unitholders at either location will be able to participate in the General Meeting, including to ask questions.

### Business of the General Meeting

#### ORDINARY RESOLUTION NUMBER 1 – Approval of the Ann Street Acquisition

**"RESOLVED AS AN ORDINARY RESOLUTION** that, in terms of the Listings Requirements of the JSE ("Listings Requirements"), the Fund, through Investec Australia Sub Trust No. 6, be and is hereby authorised to acquire from Ann Street 757 Pty Limited (ACN 158 803 457), as trustee for the 757 Unit Trust, the property located at 757 Ann Street, Fortitude Valley, Queensland 4006, Australia ("**Ann Street Property**"), for a purchase consideration of AUD 69 568 124 and, in the event it becomes payable, further contingent payments of up to AUD 4 000 000, subject to the terms and conditions contained in the contract of sale and surrender agreement."

The reason for ordinary resolution number 1 is to approve the acquisition of the Ann Street Property ("**Ann Street Acquisition**"), which is categorised as a Category 1 transaction in terms of the Listings Requirements. The effect of ordinary resolution number 1 is that the Ann Street Acquisition shall be approved in terms of the Listings Requirements.

The resolution is an ordinary resolution. To be passed, it must be approved by at least 50% of the total votes cast by Unitholders of the Fund voting on the resolution (including Unitholders who are voting by proxy).

#### ORDINARY RESOLUTION NUMBER 2 – Authority of Directors

**"RESOLVED AS AN ORDINARY RESOLUTION** that any director of the responsible entity ("**Director**") and the company secretary, or alternatively, any two Directors, be and are hereby authorised to do all such things and sign all such documentation as are necessary to give effect to the first ordinary resolution set out in this notice, hereby ratifying and confirming all such things already done and documentation already signed."

The reason for and effect of ordinary resolution number 2 is to grant any Director the authority to sign all documents and to do all other things required to give effect to the first resolution set out above, and to ratify and confirm all such documentation signed and things already done.

This resolution is an ordinary resolution. To be passed, it must be approved by at least 50% of the total votes cast by Unitholders of the Fund voting on the resolution (including Unitholders who are voting by proxy).

### Recommendation

The board of the Responsible Entity has duly considered the implications of the resolutions and is satisfied that they are in the best interests of Unitholders as a whole and recommends that Unitholders vote in favour of the resolutions.

By order of the board of Investec Property Limited as responsible entity of the Investec Australia Property Fund

**Paul Lam-Po-Tang**

Company Secretary

14 August 2014

## Notes relating to voting

### Voting entitlement

The Directors of the Responsible Entity have determined that for the purposes of determining voting entitlement at the General Meeting, Units will be taken to be held by persons who are registered as Unitholders on 5 September 2014 at 09:00 (Johannesburg time)/17:00 (Sydney time).

### How do you exercise your right to vote?

The vote on each resolution will be decided on a show of hands or a poll as determined by the chairman subject to any requirements of the Corporations Act, the Constitution, and, to the extent that it is not inconsistent with the Corporations Act, the Listings Requirements.

In a resolution of the Fund determined by a show of hands, each Unitholder present in person or by proxy has one vote. If your Units are jointly held, only one of the joint holders is entitled to vote on a show of hands.

In a resolution of the Fund determined by poll, each Unitholder present in person or by proxy has one vote for every dollar of the value of the total interest they have. The value of a Unitholder's total interest in the Fund will be calculated by reference to the last sale price of the Units on the Johannesburg Stock Exchange on 11 September 2014.

### Voting as a proxy

If a person is acting as a proxy, in a resolution of the Fund determined by a show of hands, the person is entitled to vote in the following way:

- if, on a poll, the person would have cast all votes in the same voting direction, the person is entitled to one vote only; or
- if, on a poll, the person would have cast votes in different directions, the person is entitled to one vote in each direction.

### Jointly held Units

If your Units are jointly held, only one of the joint holders is entitled to vote. If more than one Unitholder votes in respect of jointly held Units, only the vote of the Unitholder whose name appears first in the register will be counted.

### Attorney

Where a Unitholder appoints an attorney to act on his or her behalf at the General Meeting, such appointment must be made by a duly executed power of attorney. The power of attorney must be received by the Responsible Entity at its registered office by 17:00 (Sydney time) or by the Transfer Secretaries by 09:00 (Johannesburg time) on Wednesday, 10 September 2014, being 48 hours before the General Meeting, unless it has been previously provided to the Responsible Entity.

If you plan to attend the General Meeting, we ask that you arrive 15 minutes prior to the time designated for the General Meeting so that we may check the value of your Units against the register of Unitholders and note your attendance.

### Corporations

Where a corporation that is a Unitholder appoints a person to act as its representative, the appointment must comply with section 253B (for the meeting of the Fund) of the Corporations Act. The appointment must be received by the Responsible Entity at its registered office by 17:00 (Sydney time) or by the Transfer Secretaries by 09:00 (Johannesburg time) on Wednesday, 10 September 2014, being 48 hours before the General Meeting. Alternatively, the representative must bring to the General Meeting satisfactory evidence of his or her appointment, including any authority under which it was signed.

### FORMS OF PROXY

If you cannot or do not wish to attend the General Meeting, you may appoint a proxy to attend and vote for you. A form of proxy is attached for the convenience of any Unitholder holding certificated units ("**Certificated Unitholder**") who/which is unable to attend the General Meeting or who wishes to be represented thereat. Forms of proxy may also be obtained on request from the Transfer Secretaries, whose details are provided below. The completed forms of proxy must be deposited at or posted to the office of the Responsible Entity or Transfer Secretaries to be received by not later than 09:00 (Johannesburg time)/17:00 (Sydney time) on Wednesday, 10 September 2014. Any Unitholder who/which completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the General Meeting should the Unitholder subsequently decide to do so.

Unitholders of dematerialised units (“**Dematerialised Unitholders**”) who have elected “own-name” registration in the sub-register of the Fund maintained by a CSDP, who are unable to attend the General Meeting but who wish to be represented thereat, are requested to complete and return the relevant attached form of proxy in accordance with the instructions contained therein.

Dematerialised Unitholders who have not elected “own-name” registration in the sub-register of the Fund maintained by a CSDP, and who wish to attend the General Meeting, must instruct their CSDP or broker timeously in order that such CSDP or broker may issue them with the necessary letter of representation.

Dematerialised Unitholders who have not elected “own-name” registration and who are unable to attend the General Meeting, must provide their CSDP or broker with their instruction for attendance or voting at the relevant General Meeting in the manner stipulated in the agreement between the Unitholders concerned and the CSDP governing the relationship between such Unitholders and his/her CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

The proxy does not need to be a Unitholder. If you appoint two or more proxies, you must specify the proportion or number of votes that each proxy is entitled to exercise. If you do not, each will be entitled to vote half your votes. Where more than one proxy is appointed, neither proxy is entitled to vote on a show of hands.

A Proxy Form must be signed by the Unitholder or their attorney or, in the case of a corporation, executed under its common seal, by any two directors or a director and secretary, or if it is a company that has a sole director who is also the sole secretary (or has no secretary), by that director; or signed by an authorised officer or attorney. If the Proxy Form is signed by an attorney or by an authorised officer of a corporation, the original or a notarised copy of the power of attorney or other authority (**document of appointment**) must accompany the Proxy Form unless it has previously been provided to the Responsible Entity.

Where a Unitholder appoints a body corporate as proxy, that body corporate will need to ensure that:

- it appoints an individual as its corporate representative to exercise its powers at the General Meeting, in accordance with section 253B (for the meeting of the Fund) of the Corporations Act; and
- the instrument appointing the corporate representative is received by the Responsible Entity at its registered office by 17:00 (Sydney time) or by the Transfer Secretaries by 09:00 (Johannesburg time) on Wednesday, 10 September 2014, being 48 hours before the General Meeting.

Proxy Forms along with any document of appointment should be completed and returned by no later than 17:00 (Sydney time) or 09:00 (Sydney time) on Wednesday, 10 September 2014, being 48 hours before the General Meeting.

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the Proxy Form. If, in respect of any of the items of business, you do not direct your proxy how to vote, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions. If you mark the abstain box for a particular item you are directing your proxy not to vote on your behalf and your Units will not be counted in computing the required majority on a poll. Please refer to the Proxy Form for further instructions.

The chairman is deemed to be appointed where a signed Proxy Form is returned which does not contain the name of a proxy. In addition, if you direct your proxy how to vote and your nominated proxy does not attend, or attends but does not vote, on a poll on a resolution, the chairman of the General Meeting will act in place of the nominated proxy and vote in accordance with any instructions.

If the chairman is your proxy, you can direct the chairman of the General Meeting to vote for or against, or to abstain from voting on a resolution by marking the appropriate box opposite the relevant item on the proxy form.

The chairman intends to vote available undirected proxies in favour of all resolutions.

If you have any questions or would like a copy of the Constitution, please contact Investor Relations by email: [investorrelations@investec.com](mailto:investorrelations@investec.com).

**Investec Property Limited**  
**in its capacity as Responsible Entity of Investec Australia Property Fund**

**Registered office**

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

Local representative office (South Africa):

Investec Bank Limited  
2nd Floor  
100 Grayston Drive  
Sandown  
Sandton  
2196

**Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
Ground Floor, 70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)  
Phone: +27 11 370 5100



Out of the Ordinary®



Australia Property Fund

## INVESTEC AUSTRALIA PROPERTY FUND

Registered in terms of the CIS Act  
Registered in terms of ASIC (ARSN 162 067 736)

("IAPF" or "the Fund")  
(Share code: IAP ISIN: AU60INL00018)

Responsible Entity and Issuer: Investec Property Limited (ACN 071 514 246; AFSL 290 909)

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### 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*)

# *Independent*

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### FORM OF PROXY FOR UNITHOLDERS

(for use by Certificated Unitholders and "own name" Dematerialised Unitholders only)

For use by Certificated Unitholders and "own name" Dematerialised Unitholders who have elected "own-name" registration at the meeting of Unitholders to be held on Friday, 12 September 2014 at:

- 09:00 (Johannesburg) in 2nd Floor, Executive Boardroom, Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton; and
- 17:00 (Sydney) in Boardroom, Investec Australia Limited, Level 23, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia.

I/We: (please print names in full)

of (address)

being the registered holder/s of  units in the Fund, hereby appoint (see notes 1 and 2)

(name)

(address)

(telephone number)

or failing him/her, the chairman as my/our proxy to attend and speak and to vote for me/us on my/our behalf at the General Meeting of Unitholders to be held on Friday, 12 September 2014 and at any adjournment thereof and to demand a poll.

If two proxies are appointed, the proportion or number of votes this proxy is appointed to represent is:

Proportion of votes

or

Number of votes

%

(see note 2 below)

I direct my/our proxy to vote in the following manner:

	Number of votes		
	For*	Against*	Abstain*
<b>Ordinary resolution number 1</b> Approval of the Ann Street Acquisition			
<b>Ordinary resolution number 2</b> Authority of Directors			

\*Mark "For", "Against" or "Abstain" as required. If no options are marked the proxy will be entitled to vote as he/she thinks fit.

Unless instructed to the contrary, proxies in favour of the chairman will be used in support of the specific matters set out in the notice of meeting.

**PLEASE SIGN**

**Individual or Member 1**

**Member 2**

**Member 3**

sign here ▶

\_\_\_\_\_  
Individual/Sole Director and  
Sole Company Secretary  
(delete whichever does not apply)

\_\_\_\_\_  
Director

\_\_\_\_\_  
Company Secretary/Director  
(delete whichever does not apply)

date

\_\_\_\_\_

**Please read the notes below hereof.**

**NOTES:**

- Any instrument appointing a proxy in which the name of the appointee is not filled is regarded as given in favour of the chairman.
- A Unitholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote instead of the unitholder. An additional proxy form will be supplied by the Fund on request. Where two proxies are appointed, both forms should be completed with the nominated proportion or number of votes each proxy may exercise. Otherwise each proxy may exercise half of the votes.
- A proxy need not be a Unitholder of the Fund.
- Proxy Forms must be signed by a Unitholder or the Unitholder's attorney or, if the Unitholder is a corporation, must be under its common seal, or if it does not have one, by two directors or by a director and a secretary, or if it is a company that has a sole director who is also the sole secretary (or has no secretary), by that director, or under hand of its attorney or duly authorised officer. If the Proxy Form is signed by a person who is not the registered holder of Units in the Fund, then the relevant authority must be enclosed with the Proxy Form unless it has previously been provided to the Fund.
- The Proxy Form and authority (if any) under which it is signed must be deposited at:

Computershare Investor Services Proprietary Limited  
70 Marshall Street  
Johannesburg, 2001

or posted to:  
Computershare Investor Services Proprietary Limited  
PO Box 61051  
Marshalltown, 2107  
South Africa

not less than 48 hours before the time for holding the General Meeting. Unless this is done the proxy will not be treated as valid.