Investec Australia
Property Fund
ARSN 162 067 736

Investec
Australia Property Fund

Explanatory Memorandum and Notice of Meeting

Issued by Investec Property Limited (ABN 93 071 514 246)
as responsible entity of Investec Australia Property Fund (ARSN 162 067 736)
(Unit code: IAP) (ISIN: AU0000046005)

Meeting date and time: 5.00pm (Sydney time) / 8.00am (Johannesburg time) on Tuesday, 17 November 2020 (held virtually)

Product Disclosure Statement

Issued by Investec Property Limited (ABN 93 071 514 246)
as responsible entity of Investec Australia Property Fund II (ARSN 644 081 309)
(Unit code: IAP) (ISIN: AU0000046005)

VOTE IN FAVOUR

Date of issue: 20 October 2020
The independent directors unanimously recommend that unitholders vote in favour of the resolution, in the absence of a superior proposal.

This Document contains important documents and requires your immediate attention. Please read all information contained in this Document in full.
If you have any queries, you should consult an independent and appropriately licenced and authorised professional advisor.

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INVESTIGATING ACCOUNTANT, INDEPENDENT REPORTING ACCOUNTANT, TAX ADVISOR AND AUDITOR
KPMG

INDEPENDENT EXPERT
Deloitte.

FINANCIAL ADVISORS
J.P.Morgan
MACQUARIE

Important information and disclaimer

Background
Investec Australia Property Fund (ARSN 162 067 736) ("**IAPF I**") is currently an externally managed property fund which is dual listed on the official list of ASX Limited ("**ASX**") and JSE Limited ("**JSE**"). IAPF I is operated by Investec Property Limited (ABN 93 071 514 246, Australian Financial Services Licence Number 290 909) ("**Responsible Entity**"), and managed by Investec Property Management Pty Limited (ABN 63 161 587 391) ("**Manager**"). The Responsible Entity and Manager are ultimately owned by the Investec Group.

On 15 October 2020, the Board of the Responsible Entity announced a proposal (as described in this Document) to: internalise IAPF I's management function by acquiring the Group Companies (which hold the IAPF I management rights) and creating an internally managed stapled group; assume the management rights of an unlisted third party opportunity fund (the TAP Fund) and certain assets of the Investec Group; and to invest in the TAP Fund via the TAP Commitment ("**Proposal**"). Specifically, the Proposal involves the establishment of a new registered Managed Investment Scheme, Investec Australia Property Fund II (ARSN 644 081 309) ("**IAPF II**"), the acquisition by IAPF II of the Responsible Entity, the Manager and other entities within the Investec Group involved in the management of IAPF I (together the "**Group Companies**"), and the stapling of each unit in IAPF II to each existing IAPF I Unit to form a new stapled security ("**Stapled Security**"). The Proposal also includes the transfer of the management rights of a fund comprised of Templewater Australia Property I, L.P., ("**TAP LP**") the Templewater Australia Property Fund I Head Trust ("**TAP Head Trust**") and various sub-trusts (together, the "**TAP Fund**") and a commitment to invest up to $30 million in the TAP Fund ("**TAP Commitment**"). If the Proposal is implemented, the new stapled group (comprising IAPF I and IAPF II) ("**IAPF Group**") would then become an internally-managed vehicle.

The Board of the Responsible Entity intends to change the name of IAPF Group once the Proposal is implemented. However, it is not expected that the ASX and JSE code will change.

What is this Document?
This Document is an explanatory memorandum and Notice of Meeting dated 20 October 2020 issued by the Responsible Entity as responsible entity of IAPF I. It provides information for Unitholders to consider and vote on the resolution to approve the Proposal ("**Resolution**") at the Meeting to be held at 5.00pm (Sydney time) / 8.00am (Johannesburg time) on Tuesday, 17 November 2020 (held virtually). Unitholders as at the Voting Record Date will have the right to vote on the Resolution, subject to the voting exclusions set out in the Notice of Meeting in Annexure E of this Document.

This Section ('Important information and disclaimer'), Sections 1.2, 3, 4, 5, 6, 7.1, 9, 10, 11, 12 and 13 and Annexures A, B, C and D of this Document also comprise a product disclosure statement ("**PDS**") issued by the Responsible Entity as responsible entity of IAPF II for the purposes of Part 7.9 of the Corporations Act 2001 (Cth) ("**Corporations Act**"). The PDS relates to IAPF II and the IAPF II Units that will be issued to Unitholders if the Proposal is implemented. IAPF II Units will be issued on the basis explained in this Document on implementation of the Proposal and, in any event, no IAPF II Units will be distributed or issued under this PDS more than 13 months after the date of this Document.

In addition, this Document comprises a Circular to Unitholders in respect of the Resolution for South African regulatory purposes.

Lodgement and listing of IAPF II on ASX and JSE
This Document is dated 20 October 2020 and a copy was lodged with the Australian Securities and Investments Commission ("**ASIC**") on that day ("**Lodgement**").

If the Proposal is implemented, IAPF I Units will become stapled to IAPF II Units and IAPF will commence trading as a stapled entity on the official list of the ASX and JSE. The Responsible Entity will apply to the ASX within seven days after the date of this Document for quotation of the IAPF II Units on the ASX, and to the JSE for the quotation of IAPF II Units on the JSE. None of ASIC, ASX, JSE nor their respective officers take any responsibility for the content of this Document or for the merits of the investment to which this Document relates. The Responsible Entity disclaims all liability, whether in negligence or otherwise, to persons who trade Stapled Securities before receiving their holding statement.

Investment risk and Banking Act 1959 (Cth) disclaimer
Stapled Securities do not represent deposits or other liabilities of Investec Bank plc (including its Australia Branch) or any other entity. An investment in Stapled Securities is subject to investment risk, including possible delays in repayment and loss of income and/or principal invested. Neither Investec Bank plc (including its Australia Branch) nor any other entity in any way guarantees or otherwise provides any assurance in respect of the capital value and/or performance of the Stapled Securities, the assets of the IAPF Group, or any of the other entities mentioned in this Document.

Of the entities mentioned in this Document only Investec Bank plc (acting through its Australia Branch) is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Cth).

If the Proposal is implemented, none of the transactions giving rise to it will be entered into by Investec Bank plc, Australia Branch.

Not investment advice
The information contained in this Document is general information only, is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Document carefully and in its entirety before voting on the Resolution.

In particular, you should consider the risk factors that could affect the performance of IAPF. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional advisor before voting on the Resolution. Some of the key risks that should be considered by Unitholders are set out in Sections 2.6 and 7 of this Document. There may be risks in addition to these that should be considered in light of your personal circumstances.

No person is authorised to give any information or to make any representation in connection with the Proposal which is not contained in this Document. Any information not so contained may not be relied upon as having been authorised by the Responsible Entity or any other person in connection with the Proposal. You should rely only on information in this Document.

Financial information presentation
The pro forma historical consolidated statement of financial position of the IAPF Group as at 31 March 2020 (had the Proposal been implemented on that date) ("**IAPF Group Pro Forma Consolidated Balance Sheet**") included in this Document has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards ("**AAS**"), as well as in accordance with the International Financial Reporting Standards ("**IFRS**") except where otherwise stated.

The forecast financial information prepared by the Responsible Entity comprising the aggregated forecast statement of profit or loss and other comprehensive income for IAPF I for FY21, forecast statement of profit or loss and other comprehensive income of IAPF II for the period from the Implementation Date to 31 March 2021, the aggregated forecast statement of profit or loss and other comprehensive income of the IAPF Group for FY21 assuming implementation of the Proposal on the Implementation Date and the pro forma forecast consolidated statement of profit or loss and other comprehensive income of the IAPF Group for FY21 assuming implementation of the Proposal on 1 April 2020 ("**Forecast Financial Information**") included in this Document is unaudited and is based on the best estimate assumptions of the directors of the Responsible Entity ("**Directors**"). The basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable, consistent with the basis of preparation and presentation of the IAPF Group Pro Forma Consolidated Balance Sheet. The Forecast Financial Information and the IAPF Group Pro Forma Consolidated Balance Sheet contained in this Document should be read in conjunction with, and are qualified by reference to, the information contained in Section 6 of this Document.

Forward looking statements
This Document contains forward looking statements which are identified by words such as "may", "could", "should", "believes", "estimates", "expects", "intends", "anticipate", "projects", "forecast", "likely", "target", "predict", "guidance", "plan" and other similar words that involve risks and uncertainties. In addition, consistent with customary market practice in offerings in Australia, the Forecast Financial Information has been prepared and included in Section 6 of this Document. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements.

The Responsible Entity has no intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Document, except where required by law.

Any forward looking statements are subject to various risks that could cause IAPF's actual results to differ materially from the results expressed, implied or anticipated in these statements. The Forecast Financial Information and other forward looking statements should be read in conjunction with, and are qualified by reference to, the risks set out in Section 2.6 and 7 of this Document, the general and specific assumptions set out in Sections 6.6.1 and 6.6.2 of this Document, the sensitivity analysis set out in Section 6.7 of this Document and other information in this Document.

The forward looking statements in this Document reflect the views held only immediately before the date of this Document, unless otherwise stated. Subject to the Corporations Act and any other applicable law, the Responsible Entity and its Directors, officers, employees and advisors disclaim any duty to disseminate after the date of this Document any updates or revisions to any such statements to reflect any change in expectations in relation to such statements or any change in events, conditions or circumstances on which any such statement is based.

Restrictions on distribution
This Document does not constitute an offer of, or an invitation to buy, securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Document must not be distributed, and IAPF II Units will not be issued, to Foreign Unitholders, other than Eligible Foreign Unitholders as described in Section 12.14 of this Document.

This Document may not be released to US wire services or distributed to, or relied upon by, any person in the United States. In particular, this Document does not constitute an offer to sell, or the solicitation of an offer to buy, any IAPF II Units in the United States. IAPF II Units have not been, and will not be, registered under the US Securities Act of 1933, as amended ("**US Securities Act**") or the securities laws of any state of the United States and will only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under Regulation S) in reliance on Regulation S under the US Securities Act.

The Proposal does not comprise of an offer to the public as contemplated by the South African Companies Act, and no prospectus has been or will be filed with the Companies Intellectual Property Commission in South Africa in respect of the Proposal.

Obtaining a copy of this Document
This Document is available in English only. A paper copy of this Document is available free of charge from the registered offices of the Responsible Entity and the Sponsor, at the addresses set out in the Corporate Directory from 9.00am until 5.00pm Monday to Friday (excluding public holidays). It is also available free of charge to any person in Australia who holds IAPF I Units on the Australian Register by calling the Information Line on 1300 157 204 (within Australia) or +61 3 9415 4080 (outside Australia) from 8.30am until 5.00pm (Sydney time) Monday to Friday (excluding public holidays).

This Document is also available to Australian and South African resident investors in electronic form on IAPF's website at www.iapf.com.au. If you access this Document electronically, please ensure that you download and read this Document in its entirety. The electronic form of this Document is only available to Australian and South African residents accessing the website from Australia and South Africa. It is not available to persons in any other jurisdiction (including the United States).

No cooling off rights
Cooling off rights do not apply to the issuance of IAPF II Units under the terms of the Proposal.

Defined terms and abbreviations
Defined terms and abbreviations used in this Document are explained in the Glossary in Section 13 of this Document. Unless otherwise stated or implied, references to times in this Document are to Sydney time and references to dates or years are calendar year references. All financial amounts contained in this Document are expressed in Australian dollars ("**AUD**") unless otherwise stated. Any discrepancies between totals and sums and components in tables contained in this Document are due to rounding.

Photographs and diagrams
Photographs and diagrams in this Document do not necessarily depict properties owned or used by IAPF, and are for illustration only and should not be interpreted to mean that any person shown in them endorses this Document or its contents. Diagrams used in this Document are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Document.

Up to date information
Information regarding the Proposal may need to be updated from time to time. Any updated information about the Proposal that is not considered materially adverse will be made available on IAPF's website at www.iapf.com.au. A copy of the updated information will be provided free of charge to any person holding IAPF I Units on the Australian Register who requests a copy by contacting their stockbroker or calling the Information Line on 1300 157 204 (within Australia) or +61 3 9415 4080 (outside Australia) from 8.30am until 5.00pm (Sydney time) Monday to Friday (excluding public holidays).

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this Document. You should read any supplementary disclosures made in conjunction with this Document before voting on the Resolution.

Disclaimer
This Document is important and should be read in its entirety.

No person is authorised to give any information, or to make any representation, in connection with the Proposal that is not contained in this Document.

Any information or representation that is not in this Document may not be relied on as having been authorised by the Responsible Entity in connection with the Proposal. Except as required by law, and only to the extent so required, neither the Responsible Entity, nor any other person, warrants or guarantees the future performance of IAPF I or IAPF II, the repayment of capital, or any return on any investment made pursuant to this information. An investment in IAPF should be considered a medium-term to long term investment. The value of IAPF I Units and Stapled Securities may go down as well as up, and therefore the Responsible Entity makes no guarantees with respect to the protection of capital or returns. Past performance is not necessarily an indication of future performance. IAPF can engage in borrowing and scrip lending.

Responsibility statement
Except for the Independent Expert's Report, the Investigating Accountant's Report, the Independent Reporting Accountant's Reports and the Investec Information, this Document has been prepared by the Responsible Entity and its Directors, and is the responsibility of IAPF.

The Directors, whose names are given in Section 5.2 of this Document collectively and individually accept full responsibility for the accuracy of the information given in this Document 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 Document contains all information required by the JSE Listings Requirements.

Deloitte Corporate Finance Pty Limited ("**Independent Expert**") has prepared the Independent Expert's Report set out in Section 8 of this Document and takes responsibility for that report. Neither the Responsible Entity, nor any of its representatives, Directors, officers, employees, agents or advisors assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report.

KPMG Transaction Services ("**Investigating Accountant**") has prepared the Investigating Accountant's Report set out in Annexure A of this Document and takes responsibility for that report. Neither the Responsible Entity, nor any of its representatives, Directors, officers, employees, agents or advisors (other than the Investigating Accountant) assume any responsibility for the accuracy or completeness of the information contained in the Investigating Accountant's Report.

KPMG Inc. ("**Independent Reporting Accountant**") has prepared the Independent Reporting Accountant's Reports set out in Annexure C of this Document and takes responsibility for those reports. Neither the Responsible Entity, nor any of its representatives, Directors, officers, employees, agents or advisors (other than the Independent Reporting Accountant) assume any responsibility for the accuracy or completeness of the information contained in the Independent Reporting Accountant's Reports.

The Seller has prepared the Investec Information and takes responsibility for that information. Neither the Responsible Entity, nor any of its representatives, Directors, officers, employees, agents or advisors assume any responsibility for the accuracy or completeness of such information.

Litigation statement
Other than as set out in Section 11.5 of this Document, there are no legal or arbitration proceedings nor are the Directors aware of any proceedings which are pending or threatened which may have or have had, since establishment of IAPF I, a material effect on the financial position of IAPF I, its subsidiaries or the Responsible Entity.

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Key dates

KEY DATES	SYDNEY TIME (UNLESS OTHER SPECIFIED)
Lodgement date	**Tuesday, 20 October 2020**
Despatch of this Document to Unitholders	**Tuesday, 20 October 2020**
Voting Record Date	**7.00pm (Sydney time) / 10.00am (Johannesburg time) on Friday, 13 November 2020**
Proxy Form return time and date	**5.00pm (Sydney time) / 8.00am (Johannesburg time) on Sunday, 15 November 2020[1]**
Meeting Date	**5.00pm (Sydney time) / 8.00am (Johannesburg time) on Tuesday, 17 November 2020**
If the Resolution is approved by Unitholders and all other Conditions in connection with the Proposal are fulfilled:	
Cross border movement of IAPF I Units between the South African Register and the Australian Register ceases at the close of business in South Africa or Australia (as applicable)	**Wednesday, 18 November 2020**
Last day of trading in unstapled IAPF I Units on the JSE	**Friday, 20 November 2020**
Last day of trading in unstapled IAPF I Units on the ASX	**Monday, 23 November 2020**
Stapled Securities commence trading on the JSE (on a normal settlement (T+3) basis)[2] Admission of IAPF II Units to official list of ASX (to trade as part of the Stapled Securities) Stapled Securities commence trading on the ASX (on a deferred settlement basis)	**Tuesday, 24 November 2020**
Stapling Record Date Last day for registration of transfers of unstapled IAPF I Units	**Wednesday, 25 November 2020**
IAPF I Units held by Ineligible Foreign Unitholders transferred to the Sale Nominee IAPF II Units received by Unitholders	**Thursday, 26 November 2020**
Stapling Date	**Friday, 27 November 2020**
Implementation Date (effective date of management internalisation) Stapled Securities commence trading on the ASX (on a normal settlement basis (T+2)) and continue trading on the JSE (on a normal settlement basis (T+3)) Despatch of holding statements of Stapled Securities Cross border movement of Stapled Securities between the South African Register and the Australian Register commences	**Monday, 30 November 2020**

The timetable above is indicative only and may change without notice. The Responsible Entity reserves the right to amend any or all of these dates and times subject to the Listings Requirements, the Corporations Act and other applicable laws, or to withdraw the Proposal, without prior notice. Any amendment to the Proposal timetable will be announced to the market through ASX and JSE and posted on IAPF's website at www.iapf.com.au. The quotation and commencement of trading of the Stapled Securities is subject to confirmation from ASX and JSE.

Normal settlement of securities traded on the ASX is on a T+2 basis while normal settlement of securities traded on the JSE is on a T+3 basis.

1. As a practical and administrative matter because this deadline falls on a weekend, you should seek to return your Proxy Form by close of business on Friday, 13 November 2020.
2. Unitholders are advised that the Stapled Securities will be listed 2 Business Days after the last day of trading in unstapled IAPF I Units on the JSE ("**LDT**") and that the settlement of the trades occurring after the LDT will be 2 Business Days after the Stapling Record Date, instead of the conventional 1 Business Day after the Stapling Record Date. Consequently, any trading of Stapled Securities on Monday, 23 November 2020 (being two Business Days before the Stapling Record Date), will only settle on Friday, 27 November 2020 (being the Stapling Record Date plus 2 Business Days). Unitholders are accordingly advised to exercise caution when trading their Stapled Securities on this day. Any trading of Stapled Securities occurring from Tuesday, 24 November 2020 will settle on a normal T+3 basis. IAPF I Units may not be Dematerialised or rematerialised between commencement of trade on the JSE on Monday, 23 November 2020 and close of trade on Wednesday, 25 November 2020, both dates inclusive.

Chairman's letter

Dear Unitholders

Investec Australian Property Fund ("**IAPF**") is an externally managed property fund, which is currently dual listed on the Australian Securities Exchange ("**ASX**") and the Johannesburg Stock Exchange ("**JSE**"). The responsible entity of IAPF is Investec Property Limited ("**Responsible Entity**") and it is managed by Investec Property Management Pty Limited ("**Manager**"). Investec Australia Property Holdings Pty Limited ("**IAPH**") is the holding company of the Responsible Entity and the Manager and is ultimately owned by the Investec Group ("**Investec**" or "**Investec Group**").

On 15 October 2020 the Responsible Entity announced that it entered into an Implementation Deed with the Investec Group in relation to a proposal to:

- internalise the management function of IAPF by creating an internally managed stapled group;
- assume the management rights of an unlisted third party opportunity fund (the TAP Fund) and certain assets of the Investec Group; and
- invest in the TAP Fund via the TAP Commitment (described below).

An 'internalisation' is a transaction where a fund's unitholders acquire the externally owned responsible entity (and other related management entities) that operate and manage the fund.

Background to the Proposal

IAPF was established on 12 December 2012, registered as a Managed Investment Scheme in Australia on 6 February 2013 and listed on the JSE in October 2013. Since its debut on the JSE, IAPF has successfully grown from 8 assets to 30 assets in its current portfolio. IAPF became dual listed on the ASX in May 2019. Alongside IAPF 's expansion, the Investec Australia property team has broadened its third party management platform.

Against this background, Investec and the Responsible Entity have decided that it is appropriate for IAPF to internalise its management function, so that the management is held within IAPF rather than within the Investec Group. As a result, Investec and your Directors commenced discussions regarding the opportunity to internalise the management of IAPF, as announced to the ASX and JSE on 10 June 2020.

These discussions have resulted in a proposal ("**Proposal**") being brought to Unitholders, which will broadly involve:

- the stapling of a new registered managed investment scheme ("**IAPF II**") to IAPF to form a new internally managed stapled group which will be listed on the ASX and the JSE;
- an acquisition by IAPF II of the shares in IAPH (being the holding company of the Responsible Entity, the Manager and certain other entities that operate the business of IAPF). Through this acquisition, IAPF II will acquire the management rights of IAPF I;
- the transfer of the current IAPF management team to a subsidiary of IAPF II;
- the establishment of a third party funds management platform through the acquisition of the investment and asset management rights of Templewater Australia Property I, L.P. and its sub-trusts ("**TAP Fund**"), a third-party fund with a broad mandate to invest in opportunistic transactions in the Australian and New Zealand real estate markets. IAPF II will also provide asset management services in respect of certain assets in which the Investec Group holds an interest; and
- a commitment by IAPF II to invest up to $30 million in the TAP Fund (the "**TAP Commitment**"), which will take the form of a loan initially, convertible into equity at IAPF II's election. Calls may be made under the TAP Commitment (at the same time as, and on a proportionate basis to the other investors in the TAP Fund) to fund investments and costs of the TAP Fund from time to time.

See Section 2.2 of this Document for further details about the Proposal, and Section 3.2.4 of this Document for further details about the TAP Fund.

The taxation implications of the Proposal for Unitholders are also discussed in Section 9 of this Document.

Unanimous Support of the Independent Directors

In assessing the Proposal (including the internalisation), a committee of the Responsible Entity's independent Directors was formed, comprising Sally Herman, Hugh Martin, Georgina Lynch and myself (Richard Longes) (together, the "**Independent Directors**"). A strict governance and information sharing protocol was adopted to ensure independent consideration of the Proposal. External legal, tax, financial and accounting advisors were engaged. Separately, the Independent Directors appointed Deloitte Corporate Finance Pty Limited (the "**Independent Expert**") to prepare an Independent Expert's Report.

The Independent Directors believe that the long-term interests of Unitholders would be best served by an internalised management structure. This would not only provide enhanced governance and increase alignment of interests consistent with industry standards, but ensure the retention of the existing management team and facilitate the future growth of IAPF. The Independent Directors believe that the advantages of the Proposal outweigh the disadvantages and risks of the Proposal.

Following this careful consideration, the Independent Directors entered into the Implementation Deed.

Accordingly, the Independent Directors unanimously recommend that you vote in favour of the resolution to approve the Proposal, in the absence of a Superior Proposal, for the reasons outlined below. We intend to vote our own holdings in favour of the Proposal.

Total Consideration for management rights and Funding

Under the terms of the Proposal, IAPF II will pay the Investec Group consideration of $40 million,[3] to acquire the management rights of IAPF I as well as the management rights of the TAP Fund. This will be achieved by the acquisition by IAPF II of the shares in IAPH which is the holding company of the Manager (which holds the management rights to IAPF I), and the Manager becoming the manager of the TAP Fund.

The Total Consideration represents 9.0 times annualised forecast FY21 EBIT of the assets and rights to management fee income that IAPF is acquiring.

IAPF will also incur Transaction Costs of approximately $6.7 million in connection with the Proposal if implemented (and $4.8 million of Transaction Costs if the Proposal does not proceed).

The Total Consideration and Transaction Costs will be funded utilising available funds under IAPF 's existing debt facility, which will increase the total amount of drawn debt under the Facility to approximately $300.8 million. Additional finance costs will be incurred by the IAPF Group on the additional $46.7 million debt to fund the Total Consideration and Transaction Costs upon implementation of the Proposal.[4]

Following implementation, the IAPF Group's principal sources of funds will be cash flow from operations and the Facility. The ongoing operating costs following implementation of the Proposal, such as the costs of employees, insurance and office premises, costs associated with meeting the regulatory capital requirements associated with the Responsible Entity's AFSL and additional administrative and compliance costs of the stapled group (which represents an $8.3 million increase in operating expenses on a FY21 pro forma basis),[5] are forecast to be funded from the IAPF Group's operational cash flows in the forecast period.

In addition to the matters outlined above, the Proposal will have the following financial consequences for the IAPF Group:

- IAPF II will assume the obligations of Investec Australia under the Retention Scheme established by the Investec Group to make retention payments to Key Management and a limited number of other employees who transfer to IAPF under the Proposal. Assuming all vesting conditions have been met, the maximum amount IAPF II will be responsible for under the Retention Scheme is approximately $1.0 million; and
- the existing debt Facility will be amended to provide additional funding through a new $40 million tranche, $30 million of which is available to meet future drawdowns under the TAP Commitment, and the remaining $10 million of which is available for general corporate purposes of the new stapled group (including meeting capital expenditure and other operational requirements). The amendments will also provide for a $10 million bank guarantee in relation to an eligible undertaking provided by Westpac, to enable the Responsible Entity to meet its regulatory capital requirements under its AFSL. See Section 11.15 of this Document for further details on the amendments to the Facility Agreement.

The financial consequences of the Proposal are set out in more detail in Section 1.1(h) of this Document.

Advantages of the Proposal

a. ***Enhanced corporate governance framework*** – Directors and management will be solely responsible to Unitholders for the management and operation of IAPF. The Proposal also provides enhanced accountability, with the ability for Unitholders to vote on the appointment of Directors on a rotational basis, and to lodge an advisory vote on the annual remuneration report of the Responsible Entity. IAPF will also be subject to additional corporate governance principles in the King IV Code and the ASX Guidelines;

b. ***Alignment of interest and continuity of management*** – the existing strategy and management team which has delivered positive benefits will be maintained. Management will now be employed by and accountable to IAPF and the Board, who will set remuneration incentives tailored to objectives of IAPF;

c. ***Financial benefits*** – The Proposal is expected to be accretive to IAPF's cash flows through the elimination of investment management fees, property management fees and leasing fees paid to the Investec Group and the forecast contribution to earnings from managing the TAP Fund. In particular, the Proposal is expected to be 0.1% accretive to FFO and 4.8% accretive to AFFO in FY21 on a pro forma basis;[6]

d. ***Independent Expert's conclusion*** – the Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Unitholders not associated with the Investec Group;

3. Subject to certain adjustments as described in Section 11.1 of this Document.
4. $1.3 million increase in finance costs on a FY21 pro forma basis, as per the Forecast Financial Information outlined in Section 6.5 in this Document.
5. These additional costs have been included in the Forecast Financial Information outlined in Section 6.5 in this Document. The Forecast Financial Information also includes certain ongoing operating expenses ($1.7 million on a FY21 pro forma basis) which IAPF will continue to bear, irrespective of whether the Proposal proceeds.
6. See Sections 6.2.4.2 and 6.2.5 and Annexure B of this Document for details of the basis of preparation, Table 4 in Section 6.5.2 of this Document for details of the FFO and AFFO calculations and Section 6.6 of this Document for the underlying assumptions. See Glossary for definitions of FFO and AFFO.

Chairman's letter

e. ***Operating leverage and improved growth outlook*** – IAPF will no longer pay investment and property management and leasing fees to Investec,[7] providing Unitholders with a scaleable platform. IAPF will perform the majority of property management and leasing management services for the Properties in-house, but where it is economically beneficial, IAPF will continue to appoint third parties other than the Investec Group and pay fees to those third parties to provide property management and leasing management services. Expansion of the management platform with the TAP Fund presents other opportunities to diversify IAPF's income streams, through adding other third party management fees which the current management team has successfully been involved in on behalf of Investec for a number of years;

f. ***Increased investor participation*** – potential increase in demand and liquidity of IAPF securities from investors who may have a preference for investing in internally managed REITs; and

g. ***Diversification of income streams*** – while IAPF II's main focus for the foreseeable future will be to operate and manage IAPF I, the acquisition of the management rights to the TAP Fund (and associated investment in the TAP Fund via the TAP Commitment) under the Proposal is consistent with IAPF II's intent to grow its third party management platform over time, and will assist the IAPF Group to further diversify its income streams.

Further information on the advantages of the Proposal are set out in Section 2.4 of this Document.

Disadvantages and Risks of the Proposal

Whilst the Independent Directors consider the benefits of the Proposal to be compelling, potential disadvantages and risks of the Proposal include:

a. as the management rights will be accounted for as an intangible asset, IAPF's NTA per IAPF security will decrease by 5.7% from $1.32 to $1.24. We note that IAPF's NAV per IAPF security (which ascribes value to the management rights acquired) is not expected to be materially impacted;

b. given the intangible asset acquired does not contribute to IAPF's asset base for the purpose of calculating Gearing, the debt drawn to fund the Total Consideration and Transaction Costs will increase IAPF's Gearing from 22.2% to 25.8%,[8] albeit remaining below the target range of 30%–40%. The progressive investment in the TAP Fund (via the TAP Commitment) will also be funded by a new debt tranche that will be added to the Facility Agreement. If IAPF II were to contribute 100% of its $30 million investment, the Gearing Ratio would increase to 27.8%.[9]

c. while the current management team will transfer to IAPF under the Proposal, IAPF will no longer have access to the Investec Group's other resources. While the Proposal will likely see a reduction in the management expense ratio, acquisition of the Group Companies will mean that Unitholders are directly exposed to the ongoing operating costs of management (which were previously met by the Investec Group), such as the costs of employees, insurance and office premises, and costs associated with meeting the regulatory capital requirements associated with the Responsible Entity's AFSL. These operating costs may be higher than anticipated. The addition of a stapled entity to the group may also increase the administrative and compliance costs. If future expenses exceed expectations this may offset some or all of the expected benefits of the Proposal;

d. the Proposal will change the risk profile for investors through exposure to historical liabilities of acquired companies and dependence on key management (although the Independent Directors have taken steps to mitigate these risks through due diligence on the entities being acquired, warranties and indemnities from the Seller in relation to those entities, and new employment agreements for key management as further described in Section 12.10 of this Document);

e. Unitholders may not wish to have an investment exposure to the TAP Fund. In this regard, the TAP Commitment requires IAPF II to allocate $30 million to progressively invest in the TAP Fund (which represents its maximum exposure to the TAP Fund, irrespective of the total commitments received and the level of capital contributions made by other investors). There is no obligation on IAPF II to invest additional capital. As with any investment, this represents an opportunity cost as IAPF II cannot allocate these funds to invest in other assets. Risks associated with an investment in the TAP Fund include risks related to the legal structure of the TAP Fund, financial risks, general economic risks and risks associated with a holding in direct property, which may prevent the TAP Fund from achieving its target returns. Accordingly, there is no guarantee that the investment objectives of the TAP Fund will be achieved or that IAPF II will receive a return on its investment via the TAP Commitment;

f. IAPF will manage the TAP Fund (in which it will also invest via the TAP Commitment). The TAP Fund has a risk profile that is significantly different to the properties owned by IAPF and may be different to the current investment preferences of IAPF investors. Management of the TAP Fund may not generate expected revenues which are based on $300 million of target commitments. If the actual commitments from investors or assets under management are less than anticipated, this would negatively impact on the investment management and asset management fees received by IAPF II for managing the TAP Fund. In addition, the TAP Fund may not have sufficient resources to pay ongoing management fees;

g. IAPF will incur Transaction Costs of approximately $6.7 million in connection with the Proposal if implemented (compared to $4.8 million of Transaction Costs if the Proposal does not proceed);

7. Resulting in a $5.8 million reduction in management fee costs on a FY21 pro forma basis, as per the Forecast Financial Information outlined in Section 6.5 of this Document.
8. Gearing on a pro forma basis as at 31 March 2020 post disposal of 757 Ann Street.
9. Following implementation, IAPF II is not expected to contribute a portion of the TAP Commitment until at least the end of March 2021. See Section 6.4 of this Document for further details.

h. the assumptions in the financial information in Section 6 of this Document in relation to IAPF II may not be achieved; and

i. there can be no guarantee that the price of Stapled Securities will increase following implementation of the Proposal.

Further information on the disadvantages and risks of the Proposal (including the risks associated with assuming the management rights of, and investing in, the TAP Fund) are set out in Sections 2.5 and 2.6 of this Document respectively. Risks associated with an investment in IAPF more generally are set out in Section 7 of this Document.

Alternatives considered

In considering the Proposal, and in forming the view that the Proposal is in the best interests of Unitholders, the Independent Directors have had regard to possible alternatives, and the potential implications of these alternatives for Unitholders. These included IAPF continuing under its current arrangements, and the risk that Investec may seek an alternative exit by, for example, disposing of the IAPF management rights to a third party (which would not require the approval of the Independent Directors or Unitholders).

In the view of the Independent Directors, these alternatives would not provide the benefits or security for Unitholders as outlined in the rationale for and advantages of the Proposal.

Changes to the Board if Proposal proceeds

If the Proposal is implemented, the Board will adopt a corporate governance framework which is designed to be consistent, as far as practicable, with the best practice procedures of public listed companies in accordance with the relevant obligations under the Corporations Act and the ASX Listing Rules.

In addition, if the Proposal is implemented, it is intended that Sam Leon and Hugh Martin will retire from the Board on implementation of the Proposal and the remaining Directors will continue in office. The Board considers that the reduced number of Directors is appropriate for a standalone internally managed Australian REIT of this size. Sam and Hugh have each made significant contributions to the Board and brought their extensive experience to assist IAPF in delivering on its growth strategy over a number of years since its initial listing on JSE. I look forward to acknowledging their contributions at the Meeting to approve the Proposal.

Resolution

The Proposal requires Unitholder approval (excluding the votes of Investec Group Entities). There is one ordinary resolution ("**Resolution**") that must be passed to approve the Proposal, detailed in Section 2.9 of this Document.

Proxies

If you are unable to attend the Meeting but wish to vote, you should complete and return the Proxy Form in accordance with the instructions provided on it. Proxy Forms must be returned by 5.00pm (Sydney time) / 8.00am (Johannesburg time) on Sunday, 15 November 2020. As a practical and administrative matter because this deadline falls on a weekend, you should seek to return your Proxy Form by close of business on Friday, 13 November 2020.

Your vote is important

In order for the Proposal to proceed and for Unitholders to benefit from the advantages of the Proposal, the Resolution must be passed by a simple majority of votes cast by Unitholders entitled to vote on the Resolution at the Meeting scheduled for 5.00pm (Sydney time) / 8.00am (Johannesburg time) on Tuesday, 17 November 2020.

If you hold IAPF units on the Australian Register and have any questions, please contact the Information Line on 1300 157 204 (within Australia) or +61 3 9415 4080 (outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday (excluding public holidays). Unitholders holding IAPF units on the South African Register should direct their queries to their broker or CSDP. Alternatively, you may also contact your financial, legal, taxation or other professional advisor.

On behalf of the Independent Directors, I would like to take this opportunity to thank you for your support and encourage you to vote in favour of the Proposal.

Yours faithfully

Richard Longes.

Richard Longes
Chairman and independent non-executive Director
Investec Property Limited

Actions required of Unitholders

WHAT SHOULD YOU DO NEXT?

1

STEP 1: CAREFULLY READ THIS DOCUMENT

You should read this Document in full before making any decision on how to vote on the Resolution required to implement the Proposal. There are answers to some questions you may have in the "Questions and answers" Section of this Document. If necessary, you should seek your own independent advice on any aspect about which you are not certain.

2

STEP 2: VOTE AT THE MEETING

Location of Meeting

The details of the Meeting are as follows:

Date:

Tuesday, 17 November 2020

Time:

5.00pm (Sydney time) / 8.00am (Johannesburg time)

Due to the continuing developments in relation to the COVID-19 pandemic and the health and safety of all attendees being of paramount importance, the Meeting will be held virtually. Accordingly, Unitholders will not be able to physically attend the Meeting. We encourage you to participate in the Meeting in the manner described in the Notice of Meeting set out in Annexure E of this Document.

Who is entitled to vote?

If you hold IAPF I Units on the Register on the Voting Record Date (7:00pm (Sydney time) / 10.00am (Johannesburg time) on Friday, 13 November 2020), then you will be entitled to vote at the Meeting, unless you are otherwise excluded for the reasons set out in the Notice of Meeting in Annexure E of this Document.

Voting by poll

Voting at the Meeting will be conducted by way of a poll.

How to vote

Unitholders wishing to vote on the Resolution must participate in the Meeting online, or return their Proxy Form by 5.00pm (Sydney time) / 8.00am (Johannesburg time) on Sunday, 15 November 2020. As a practical and administrative matter because this deadline falls on a weekend, you should seek to return your Proxy Form by close of business on Friday, 13 November 2020.

Unitholders can participate in the Meeting online using one of the following methods:

- From their computer, by entering the URL in their browser: https://web.lumiagm.com/366897748; or
- From their mobile device by either:
  - entering the URL in their browser: https://web.lumiagm.com/366897748; or
  - by using the Lumi AGM app, which you can download from the Apple App Store or Google Play Store. The Lumi online platform will allow Unitholders to listen to the Meeting, vote and ask questions online in real time.

Further information is set out in the Notice of Meeting in Annexure E of this Document.

Additional information for Unitholders on the JSE

Dematerialised Unitholders who are not own-name Dematerialised Unitholders

Your broker or CSDP should contact you to ascertain how you wish to cast your vote at the Meeting and should cast your vote in accordance with your instructions. If you have not been contacted by your broker or CSDP, it is advisable for you to contact your broker or CSDP and provide it with your voting instructions. If your broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the mandate agreement between you and your broker or CSDP.

You must not complete the Proxy Form.

In accordance with the mandate between you and your broker or CSDP, you must advise your broker or CSDP if you wish to attend the Meeting and if so, your broker or CSDP will issue the necessary letter of representation to you to attend and vote at the Meeting.

Certificated Unitholders and Dematerialised Unitholders who are own-name Dematerialised Unitholders

You may attend the Meeting in person and may vote at the Meeting.

Alternatively, you may appoint a proxy to represent you at the Meeting by completing the Proxy Form set out in Annexure E of this Document in accordance with the instructions contained in it and returning it to the Registry, to be received by them, for administrative purposes, by no later than 5.00pm (Sydney time) / 8.00am (Johannesburg time) on Sunday, 15 November 2020. As a practical and administrative matter because this deadline falls on a weekend, you should seek to return your Proxy Form by close of business on Friday, 13 November 2020.

Dematerialisation

If you wish to Dematerialise your IAPF I Units, please contact your broker or CSDP.

3

STEP 3: PARTICIPATE IN THE PROPOSAL

If you are eligible and wish to participate in the Proposal you will need to ensure that you do not sell your IAPF I Units prior to the Stapling Record Date. Otherwise you do not need to do anything to participate in the Proposal. **In particular, you are not required to make any actual payment for the Stapled Securities or to complete any application forms.**

The first day you can trade Stapled Securities that you will receive through the Proposal is:

- for Unitholders who hold their IAPF I Units on the South African Register (and whose Stapled Securities commence trading on the JSE), Monday, 23 November 2020 (please refer to footnote 10 below) and Tuesday, 24 November 2020 on a normal settlement (T+3) basis;[10] and
- for Unitholders who hold their IAPF I Units on the Australian Register (and whose Stapled Securities commence trading on the ASX), Tuesday, 24 November 2020, initially on a deferred settlement basis. On this day, you will not have received your holding statement which sets out the number of Stapled Securities you hold. If you trade Stapled Securities on ASX in this period, you do so at your own risk. Holding statements and transaction confirmation statements (in the case of CHESS holdings) are expected to be despatched on Monday, 30 November 2020.

Ineligible Foreign Unitholders

Ineligible Foreign Unitholders will not receive Stapled Securities, but will instead receive the proceeds from the sale of the Stapled Securities which they would have otherwise received. Ineligible Foreign Unitholders should see Section 12.15 of this Document for further information.

10. Unitholders are advised that the Stapled Securities will be listed 2 Business Days after the last day of trading in unstapled IAPF I Units on the JSE ("**LDT**") and that the settlement of the trades occurring after the LDT will be 2 Business Days after the Stapling Record Date, instead of the conventional 1 Business Day after the Stapling Record Date. Consequently, any trading of Stapled Securities on Monday, 23 November 2020 (being two Business Days before the Stapling Record Date), will only settle on Friday, 20 November 2020 (being the Stapling Record Date plus 2 Business Days). Unitholders are accordingly advised to exercise caution when trading their Stapled Securities on this day. Any trading of Stapled Securities occurring from Tuesday, 24 November 2020 will settle on a normal T+3 basis.

1

Questions and answers

1. Questions and answers

1.1. Overview of the Proposal

	Topic	Summary	Reference
(a)	What is the Proposal?	The Proposal is a proposal to: internalise IAPF I's management function by acquiring the Group Companies (which hold the IAPF I management rights) and creating an internally managed stapled group; to assume the management rights of the TAP Fund and certain assets of the Investec Group (described below); and to invest in the TAP Fund via the TAP Commitment. If the Proposal is implemented, IAPF will no longer pay investment management fees, property management fees or leasing fees to the Investec Group because Unitholders will acquire the staff and resources necessary for the management and day-to-day operations of IAPF. The key steps involved in the Proposal are: • the establishment and registration as a Managed Investment Scheme of a new trust, IAPF II, with a constitution that is substantially the same as the IAPF I Constitution; • IAPF I making a capital Distribution to Unitholders (equal to $0.0764 per IAPF I Unit) in reliance on stapling powers under the IAPF I Constitution, with such Distribution being mandatorily applied by Unitholders to subscribe for IAPF II Units; • the stapling of IAPF I Units to IAPF II Units in accordance with IAPF I's Constitution. This means that each IAPF I Unit will be stapled to an IAPF II Unit, such that they will trade as a single security, as described in Section 1.1(f) of this Document; • the acquisition by IAPF II from the Seller of the shares in IAPH, which is the holding company of the Responsible Entity, the Manager and certain other entities that operate the business of IAPF I. Through this acquisition, IAPF II will acquire the management rights of IAPF I; • the transfer of the IAPF management team (including Key Management and other employees of the Investec Group who have been involved in the day-to-day operations of IAPF) to a subsidiary of IAPF II; • the establishment of a third party funds management platform through the acquisition by IAPF II (through its sub-trust, IAMT) of the investment management and asset management rights of the TAP Fund, a third-party fund with a broad mandate to invest in opportunistic transactions in the Australian and New Zealand real estate markets. IAPF II will also provide asset management services in respect of certain assets in which the Investec Group holds an interest, being the Point Cook Investment and the Investec Management Assets (as described in Section 11.14 of this Document); • a commitment by IAPF II to invest up to $30 million in the TAP Fund (referred to as the TAP Commitment, as described in Section 1.1(o) of this Document); • the indirect acquisition by IAPF II (as a result of acquiring the shares in IAPH) of entities providing trustee services within the TAP Fund structure from the Investec Group; and • the listing of IAPF II on the ASX and JSE as part of a new stapled group (comprising IAPF I and IAPF II). Stapled Securities of the new IAPF Group will continue to trade on the ASX and the JSE under the code "IAP". The IAPF Group will continue to be dual listed with primary listings on the ASX and the JSE. The Proposal involves a number of related party transactions which are described in Section 1.1(e) of this Document.	Section 2

1. Questions and answers

	Topic	Summary	Reference
(b)	What is the background to the Proposal?	IAPF I was established on 12 December 2012, registered as a Managed Investment Scheme in Australia on 6 February 2013 and listed on the JSE in October 2013. Since its debut on the JSE, IAPF I has successfully grown from 8 assets to 30 assets in its current portfolio. IAPF I became dual listed on the ASX in May 2019. Alongside IAPF I's expansion, the Investec Australia property team has broadened its third party management platform. Against this background, the Investec Group and the Responsible Entity have decided that it is appropriate for IAPF to internalise its management function, so that the management is held within IAPF rather than within the Investec Group. As a result, the Investec Group and your Directors commenced discussions regarding the opportunity to internalise the management of IAPF I, as announced to the ASX and JSE on 10 June 2020. On 15 October 2020 the Responsible Entity announced that it entered into an Implementation Deed with the Investec Group in relation to the Proposal.	Section 2
(c)	What is the Total Consideration and how will it be funded?	Under the terms of the Proposal, IAPF II will pay to the Investec Group consideration of $40 million[1], to acquire the management rights of IAPF I as well as the management rights of the TAP Fund ("**Total Consideration**"). This will be achieved by the acquisition by IAPF II of the shares in IAPH which is the holding company of the Manager (which holds the management rights to IAPF I), and the Manager becoming the manager of the TAP Fund. The Total Consideration represents 9.0 times IAPF II's annualised forecast FY21 EBIT of $4.4 million. For further details, see the Independent Expert's Report set out in Section 8 of this Document. The Total Consideration will be funded utilising available funds under IAPF I's existing debt facility. For further information on the financial consequences of the Proposal (including the investment by IAPF II in the TAP Fund via the TAP Commitment), see Section 1.1(h) of this Document.	Sections 2.3, 8, 11.1 and 11.15
(d)	What resolutions are required to implement the Proposal?	There is one resolution that must be passed by Unitholders to approve the Proposal. The Resolution must be passed by a majority vote of Unitholders not associated with the Investec Group or the Responsible Entity. The Resolution is an ordinary resolution approving the Proposal for all purposes (including for the purposes of ASX Listing Rule 10.1, Chapter 2E (as modified by Part 5C.7) of the Corporations Act and paragraph 10.4(d) of the JSE Listings Requirements), and authorising the Responsible Entity to do all things it considers necessary, desirable or reasonably incidental to give effect to the Proposal.	Section 2.9

1. Subject to certain adjustments as described in Section 11.1 of this Document.

	Topic	Summary	Reference
(e)	What related party transactions are contemplated by the Proposal?	The Proposal involves transactions between the Responsible Entity and various Investec Group Entities, who are related parties for the purposes of Chapter 2E (as modified by Part 5C.7) of the Corporations Act, ASX Listing Rule 10.1 and the JSE Listings Requirements. The key related party transactions provided for under the Implementation Deed are as follows: • IAPF II will acquire the shares in IAPH from the Seller, and the management rights to the TAP Fund from Investec Group Entities, for $40 million[2]; • the Seller will provide to the Responsible Entity a revenue guarantee to cover the annualised forecast operating costs associated with the TAP Fund for FY21 of $2.6 million. Further information on the TAP Fund is set out in Section 1.1(n) of this Document; • IAPF II will (through its sub-trust, IAMT) commit to invest up to $30 million in the TAP Fund. At the same time, the Investec Group will reduce its current commitment to invest up to $40 million in the TAP Fund and will retain a binding commitment to invest up to $10 million in the TAP Fund (see Section 1.1(o) of this Document); and • Investec Australia has agreed to pay approximately $2.66 million to the Responsible Entity in consideration for IAPF II assuming the obligations of Investec Australia under the Retention Scheme established by the Investec Group, in respect of Key Management and a limited number of other employees who transfer to IAPF under the Proposal. Assuming all vesting conditions have been met, the maximum amount IAPF II will be responsible for under the Retention Scheme is approximately $1.0 million. For further information on the Retention Scheme, see Section 12.10.2 of this Document. See Section 11.1 of this Document for a summary of the terms of the Implementation Deed. Under the Implementation Deed, it is a Condition of the Proposal that certain restructure steps are undertaken prior to the Implementation Date. This includes the entry into various transaction documents which give rise to related party transactions between IAPF (or entities that will be controlled by IAPF on implementation) and the Investec Group, namely: • a Transitional Services Agreement between the Manager and Investec Australia, under which the Investec Group will provide various resources and support services to IAPF for a transitional period; • specific deeds of indemnity between the Seller and IAPF II, under which the Seller will indemnify IAPF II for costs, expenses and liabilities associated with legal proceedings to which a Group Company is party, but which do not relate to IAPF. These specific indemnities are in addition to the other indemnities provided under the Implementation Deed (which are described in Section 11.1 of this Document); • deeds of retirement and appointment between members of the Investec Group and the Hold Trustee, relating to the proposed change of trustee of two trusts (which are wholly owned, and will be retained by the Investec Group) from the Hold Trustee to Investec Australia. Under these deeds, any existing liabilities of the Hold Trustee in respect of those trusts will be subject to indemnities from the Investec Group; • novation deeds under which IAPF II will acquire the management rights of the TAP Fund from the Investec Group; and • the Investec Group Management Agreement, under which IAPF II will (through its sub-trust, IAMT) provide asset management services in respect of certain assets in which the Investec Group holds an interest. The parties to, and terms of these agreements are set out in Section 11 of this Document.	Sections 3.2.4, 11.1, 11.2, 11.5, 11.6, 11.14 and 12.10.2

2. Subject to certain adjustments as described in Section 11.1 of this Document.

1. Questions and answers

	Topic	Summary	Reference
(f)	**What will Unitholders receive if the Proposal is implemented?**	Under the Proposal, Unitholders on the Register on the Stapling Record Date (other than Ineligible Foreign Unitholders) will receive one IAPF II Unit for each IAPF I Unit they hold, and those pairs of units will be 'Stapled' together to form a Stapled Security. Stapled Securities will trade together as one on the ASX and the JSE. Accordingly, Unitholders will not be able to deal in an IAPF I Unit without a corresponding dealing in an IAPF II Unit (and vice versa). This structure allows IAPF I and IAPF II to operate as a single economic entity, while remaining as two separate legal entities which hold different assets and are separate entities for tax purposes. The structure of the IAPF Group after Stapling is illustrated in Section 2.2 of this Document. The rationale for adopting a Stapled structure is explained in Section 1.1(k) of this Document.	Section 2.2
(g)	**Do I need to apply to receive Stapled Securities under the Proposal?**	No. If the Proposal is approved by Unitholders, and all other Conditions to the Proposal are satisfied or waived, Unitholders (other than Ineligible Foreign Unitholders) will receive a capital Distribution (which is equal to $0.0764 per IAPF I Unit) that will be mandatorily applied in full to subscribe for IAPF II Units. Accordingly, Unitholders are not required to make any actual cash payment to receive Stapled Securities, or to complete individual application forms. The total Distribution payment amount per unit will be announced to the ASX and JSE shortly after the Meeting Date.	Section 2.2

	Topic	Summary	Reference
(h)	What are the financial consequences if the Proposal is approved?	From a financial perspective, if the Proposal is implemented: *Management fees and operating costs* • as Unitholders will own both IAPF I and the Group Companies, IAPF I will no longer pay investment management fees, property management fees or leasing fees to the Investec Group (resulting in a $5.8 million reduction in management fee costs on a FY21 pro forma basis);[3] • IAPF II will be entitled to investment and asset management fees in relation to the TAP Fund and asset management services to be provided to and paid by Investec Group under the Investec Group Management Agreement ($3.8 million increase in fee income on a FY21 pro forma basis);[4] • the acquisition of the Group Companies will mean that Unitholders are directly exposed to the ongoing operating costs of management (which were previously met by the Investec Group), such as the costs of employees, insurance and office premises, costs associated with meeting the regulatory capital requirements associated with the Responsible Entity's AFSL and additional administrative and compliance costs of the stapled group ($8.3 million increase in operating expenses on a FY21 pro forma basis).[5] Ongoing operating costs of the IAPF Group which have been included in the Forecast Financial Information are forecast to be funded by IAPF Group's operational cash flows in the forecast period; • IAPF will perform the majority of property management and leasing management services for the Properties in-house, but where it is economically beneficial, IAPF will continue to appoint third parties other than the Investec Group and pay fees to those third parties to provide property management and leasing management services. These arrangements will potentially result in a reduced management expense ratio which may improve IAPF's competitiveness when bidding for assets; • the elimination of investment management fees, property management fees and leasing fees paid to the Investec Group and the forecast contribution to earnings from managing the TAP Fund net of the additional operating costs (employee costs, insurance costs, compliance costs and general administration costs) outlined above is expected to be accretive to IAPF's cash flows. In particular, the Proposal is expected to be 0.1% accretive to FFO and 4.8% accretive to AFFO in FY21 on a pro forma basis;[6] • IAPF II will assume the obligations of Investec Australia under the Retention Scheme established by the Investec Group to make retention payments to Key Management and a limited number of other employees who transfer to IAPF under the Proposal. Assuming all vesting conditions have been met, the maximum amount IAPF II will be responsible for under the Retention Scheme is approximately $1.0 million (as described in Section 1.1(e) of this Document); *Total Consideration and Transaction Costs* • the Total Consideration of $40 million[7] will be paid to members of the Investec Group; • $6.7 million of Transaction Costs will be paid if the Proposal is implemented;	Sections 2.3, 2.4, 6 and 11.15

3. As per the Forecast Financial Information outlined in Section 6.5 in this Document.
4. As per the Forecast Financial Information outlined in Section 6.5 in this Document.
5. As per the Forecast Financial Information outlined in Section 6.5 in this Document. The Forecast Financial Information also includes certain ongoing operating expenses ($1.7 million on a FY21 pro forma basis) which IAPF will continue to bear, irrespective of whether the Proposal proceeds.
6. See Sections 6.2.4.2 and 6.2.5 and Annexure B of this Document for details of the basis of preparation, Table 4 in Section 6.5.2 of this Document for details of the FFO and AFFO calculations and Section 6.6 of this Document for the underlying assumptions.
7. Subject to certain adjustments as described in Section 11.1 of this Document.

1. Questions and answers

	Topic	Summary	Reference
		• IAPF will draw down approximately $46.7 million in debt[8] to fund the Total Consideration and the Transaction Costs, which will increase the total amount of drawn debt under the Facility to approximately $300.8 million. Accordingly, the IAPF Group is expected to have Gearing of 25.8%[9] post funding of the Total Consideration and Transaction Costs (which are expected to be $6.7 million if the Proposal is implemented); • additional finance costs will be incurred by the IAPF Group on the additional $46.7 million debt to fund the Total Consideration and the Transaction Costs upon implementation of the Proposal ($1.3 million increase in finance costs on a FY21 pro forma basis);[10] *TAP Commitment* • IAPF II will commit to invest up to $30 million in the TAP Fund (referred to as the TAP Commitment) (as described in Section 1.1(o) of this Document); • The progressive investment in the TAP Fund (via the TAP Commitment) will also be funded by a new debt tranche that will be added to the Facility Agreement (as outlined in Section 11.15 of this Document). If IAPF II were to contribute 100% of its $30 million investment, the Gearing Ratio will increase to 27.8%;[11] *Amendments to Facility Agreement* • the terms of the Facility will be amended to increase its size from $325 million to $365 million through a new $40 million tranche financed by Westpac, $30 million of which has the specific purpose of funding drawdowns under the TAP Commitment. IAPF II is not expected to draw down on this $30 million component until at least the end of March 2021; • The $10 million balance of the new debt tranche is intended to maintain headroom under the Facility as part of IAPF's cash and treasury management, and is available for general corporate purposes (including meeting capital expenditure and other operational requirements). No drawdown on the additional $10 million new debt tranche is assumed in the forecast period, as the Responsible Entity does not currently expect that it would need to draw down on these funds within 12 months of the date of this Document; • additional finance costs will be incurred by the IAPF Group once the $40 million new debt tranche is progressively drawn down ($nil additional finance costs are assumed in the forecast period for the reasons set out above); • the amendments will also provide for a $10 million bank guarantee in relation to an eligible undertaking provided by Westpac, to enable the Responsible Entity to meet its regulatory capital requirements under its AFSL; and *NTA and NAV per Stapled Security* • as the management rights will be accounted for as an intangible asset, IAPF's NTA per Stapled Security will decrease by 5.7% from $1.32 to $1.24 but the NAV per Stapled Security (which ascribes value to the management rights acquired) is not expected to be materially impacted. See Section 6 of this Document for further details about the Proposal's financial impact.	
(i)	What is IAPF I?	IAPF I is Investec Australia Property Fund, a Managed Investment Scheme which is dual listed on the ASX and JSE and owned by the Unitholders. IAPF I is operated by the Responsible Entity and managed by the Manager.	Section 3.1.1

8. This will be drawn under the existing tranches of IAPF I's debt Facility.
9. Gearing on a pro forma basis as at 31 March 2020 post disposal of 757 Ann Street.
10. As per the Forecast Financial Information outlined in Section 6.5 in this Document.
11. Following implementation, IAPF II is not expected to contribute a portion of the TAP Commitment until at least the end of March 2021. See Section 6.4 of this Document for further details.

	Topic	Summary	Reference
(j)	What is IAPF II?	IAPF II is a newly established registered Managed Investment Scheme which has not traded and will not trade prior to implementation of the Proposal. The terms of the constituent documents of IAPF II (namely the IAPF II Constitution and the Compliance Plan) are substantially the same as the constituent documents of IAPF I. IAPF II is also operated by the Responsible Entity. If the Proposal is implemented, Unitholders will, through their holding of Stapled Securities, own 100% of IAPF II (including the entities it currently controls) which will, together with or through its controlled entities: • employ IAPF's management team; • operate and manage IAPF I; • manage the Properties; • be the investment manager of the TAP Fund and manage certain assets owned by the TAP Fund pursuant to the investment and asset management arrangements described in Section 11.14 of this Document; • provide the TAP Commitment; and • provide asset management services in respect of certain assets in which the Investec Group holds an interest (being the Point Cook Investment and the Investec Management Assets), as described in Section 11.14 of this Document.	Sections 3.1.2, 3.2.3 and 11.14
(k)	Why does the Proposal involve a Stapling of IAPF I and IAPF II?	IAPF I currently qualifies as a MIT and a withholding MIT, and has made a choice to be an AMIT for Australian taxation purposes. Under the AMIT Regime, IAPF I is a 'flow through' entity. Following implementation of the Proposal, the IAPF Group will include funds management activities which cannot be carried out by IAPF I given the requirements of the MIT regime. By adopting a Stapled structure (with IAPF I holding the passive assets of the IAPF Group, and IAPF II holding the management rights and the 'active' or operational assets of the IAPF Group), the tax profile of IAPF I as a flow through entity will be preserved. This structure is consistent with other Australian REITs in the market. A Stapling of IAPF I with another entity is also permitted under the IAPF I Constitution. Accordingly, the Independent Directors consider that a Stapling provides the most effective structure to accommodate the internalisation. The Independent Directors also consider that establishing IAPF II as a trust (as opposed to a company) provides a number of benefits, including: • the application of a common regulatory and governance framework across IAPF I and IAPF II (with both entities being regulated as Managed Investment Schemes); and • greater flexibility in the payment of capital distributions to investors. Unitholders should be note that there are certain risks associated with investing in a Stapled structure, including increased administrative and compliance costs of the IAPF Group (due to the addition of a new stapled entity to the IAPF Group structure), and the risk that the expected taxation advantages for investors may not be achieved. See Sections 2.6.5 and 7.3.12.2 of this Document respectively for further detail. The increased administrative and compliance costs of a Stapled structure have been included in the Forecast Financial Information set out in Section 6 of this Document.	Sections 2.6.5, 7.3.12.2 and 9

1. Questions and answers

	Topic	Summary	Reference
(l)	What are the implications of holding Stapled Securities in a dual listed group?	From an investor perspective, there are no material differences between holding a Stapled Security in a dual listed group, to holding units in IAPF I (which is dual listed on ASX and JSE today). In particular: • as a dual listed stapled group, IAPF must continue to comply with both the ASX Listing Rules and the JSE Listings Requirements. If it is not possible for the Responsible Entity to comply with both sets of Listings Requirements, the Responsible Entity must comply with the rule or requirement of the Main Trading Exchange at the relevant time. In the event a direct inconsistency became apparent, the Responsible Entity would seek to consult with the relevant exchange and confirm the proposed course of action (which may include requesting a waiver or dispensation). A comparison of the Listings Requirements is set out in Annexure D of this Document; • consistent with current practice, Unitholders can elect where their Stapled Securities are traded by holding their Stapled Securities on either the South African Register or the Australian Register. Consistent with the process outlined in Section 1.6 of the ASX Listing PDS: – Unitholders on the South African Register who wish to move their Stapled Securities to the Australian Register should contact their CSDP or broker, who will (subject to the Unitholder having obtained any exchange control or other approval which they may require) contact the Registry to move their Stapled Securities to the Australian Register; – Unitholders on the Australian Register who hold their Stapled Securities on the CHESS sub-register and wish to move their Stapled Securities to the South African Register will need to: contact the Registry directly if they are CHESS participants; or contact their sponsoring broker if they are sponsored by a CHESS participant; and – Unitholders on the Australian Register who hold their Stapled Securities on the issuer sponsored sub-register will need to contact the Registry directly to move their Stapled Securities to the South African Register. • there are no substantive differences between the rights attaching to Stapled Securities and those which attach to IAPF I Units today (including rights relating to voting and distribution). This is because, in addition to the Corporations Act, the rights attaching to IAPF I Units are conferred by the IAPF I Constitution (which is not being amended under the Proposal), and the rights of the IAPF II Units are set out in the IAPF II Constitution which is on substantially identical terms. IAPF I Units and IAPF II Units will however remain as separate assets, including for Australian tax purposes. Accordingly, on a sale of Stapled Securities, the capital proceeds must be reasonably apportioned on that sale between IAPF I Units and IAPF II Units. See Section 9 of this Document for further detail. As described in Section 1.1(f) of this Document, an investment in the IAPF Group will operate like an investment in a single economic entity. Specifically: • investors in IAPF will receive combined annual reports from the IAPF Group; and • investors will receive one Distribution payment each half year for their Stapled Securities (subject to IAPF's Distribution policy). The components of the payment relating to the IAPF I and IAPF II Distributions will be identified in the annual Distribution statement provided to Unitholders. Investors holding Stapled Securities on the Australian Register will continue to receive their Distributions in AUD, and for Unitholders holding units on the South African Register, Distributions will be converted to ZAR based on an exchange rate and conversion date announced by IAPF via SENS.	Sections 3.8 and 9 and Annexure D

	Topic	Summary	Reference
(m)	Who will manage IAPF if the Proposal is implemented?	Key Management will continue to lead and manage the day-to-day operations of IAPF and will enter into the Management Employment Agreements with effect from implementation of the Proposal, the key terms of which are set out in Section 12.11 of this Document. Key Management will also participate in the newly formed LTIP described in Section 12.10.1 of this Document. It is intended that if the Proposal is implemented, Sam Leon and Hugh Martin will retire from the Board on implementation of the Proposal and the remaining Directors will continue in office. The Board considers that the reduced number of Directors is appropriate for a standalone internally managed Australian REIT of this size.	Sections 5.2, 5.3, 12.10.1 and 12.11
(n)	What is the TAP Fund?	The TAP Fund is an unlisted Australian opportunity fund, launched in December 2019, which is structured as a Cayman exempted limited partnership (the TAP LP) and an Australian unit trust (the TAP Head Trust). The TAP Fund seeks to invest in opportunistic real estate transactions in Australia and New Zealand with a shorter-term investment horizon than more passive investments, including value add and real estate backed debt opportunities which require more active management. There is not currently expected to be an overlap in the investment mandate of the TAP Fund and IAPF I. The TAP Fund has a target return hurdle of 15% IRR before fees and taxes. The current investments of the TAP Fund are the Metro Northcote Investment[12] and the KPG1 Investment. If the Proposal is implemented, the TAP Fund will also acquire a minority interest in the PPI Trust. The TAP Fund has approved two further investments which are subject to documentation and external approvals, currently expected to complete prior to 31 March 2021. These investments are described in Section 3.2.4 of this Document. The TAP Fund is intending to raise $300 million to deliver on its strategy. To date: • the TAP Fund has received binding commitments from external investors of $100 million; and • the Investec Group has provided a binding commitment to invest up to $40 million. Provided drawdowns comply with the conditions set out in the limited partnership documentation (including applicable investment restrictions), these commitments are provided on an unconditional basis. Investec Group Entities currently provide investment management services and asset management services to the TAP Fund. As at the date of this Document, IAPF has no ownership interest in, or management rights to, the TAP Fund. If the Proposal is implemented: • the investment and asset management arrangements between the Investec Group Entities and the TAP Trustee and TAP GP will be novated to IAPF II. Following the novation, IAPF II will be entitled to receive investment and asset management fees and may also receive performance fees. These fees are described in the summary of the TAP Investment Management Agreement and the TAP Fee Letters in Section 11.14 of this Document;	Sections 2.6.6, 2.6.7, 3.2.4 and 11.14

12. The TAP Fund has entered into binding documentation under which it will make the Metro Northcote Investment, subject to the satisfaction of certain conditions. Completion of the investment is expected to occur prior to implementation of the Proposal.

1. Questions and answers

Topic	Summary	Reference
	• the personnel who are currently involved in providing these investment management services and asset management services on behalf of the Investec Group (including members of Key Management), will be employed by IAPF II; • IAPF II will commit to invest up to $30 million in the TAP Fund (via the TAP Commitment), and the Investec Group will retain a binding commitment to invest up to $10 million in the TAP Fund. These commitments are made on equivalent terms. The purpose of the TAP Commitment is to align the interests of IAPF II as incoming manager with the other investors in the TAP Fund. When converted into equity, it also provides an opportunity to generate investment returns; and • IAPF II will indirectly acquire (as a result of acquiring the shares in IAPH) entities providing trustee services within the TAP Fund structure from the Investec Group. While IAPF II's main focus for the foreseeable future will be to operate and manage IAPF I, the acquisition of the management rights to the TAP Fund under the Proposal is consistent with IAPF II's intent to grow its third party management platform over time, and will assist the IAPF Group to further diversify its income streams. Other than through the TAP Commitment and the management arrangements described above, IAPF II will have no direct exposure to the underlying investments made by the TAP Fund. The TAP Fund is newly launched with limited operational history and results. As is typical of funds in the start-up stage, the TAP Fund has incurred a liabilities for fund set-up costs and accrued management fees, which has not been offset by cash or investments. Accordingly, as at 30 June 2020, the TAP Fund had an excess of liabilities over assets (in accounting terms, a "net liability" position) of $1.9 million. This financial position is not expected to materially change by the Implementation Date given the early stage nature of the two current investments in the TAP Fund and the expected timing of pipeline projects. If the Proposal is implemented, the Seller will provide to the Responsible Entity a revenue guarantee to cover the annualised forecast operating costs associated with the TAP Fund for FY21 of $2.6 million, as disclosed in Section 11.1 of this Document. Further information on the structure, financial position and underlying investments of the TAP Fund is set out in Section 3.2.4 of this Document. Further information on the risks associated investing in, and managing the TAP Fund are set out in Section 2.6.6 and 2.6.7 of this Document.	

	Topic	Summary	Reference
(o)	What is the TAP Commitment?	The TAP Commitment is ultimately a $30 million equity investment that IAPF II will make to the TAP Fund. The TAP Commitment will initially involve the provision of an interest free facility from IAPF II (through the Manager as trustee of IAMT) to the TAP Head Trust. This facility may be drawn down to fund investments and costs of the TAP Fund from time to time (at the same time as, and on a proportionate basis to the other investors in the TAP Fund).[13] Loans will be made progressively under the TAP Commitment as and when these funding requirements arise. IAPF II has the right to convert amounts loaned under the facility into equity in the TAP Head Trust on or before the final closing date for the TAP LP (being a date no later than 19 December 2021 (which may be extended by the TAP GP by up to 6 months with the approval of the TAP LP advisory committee, or by more than 6 months with approval of investors holding at least 75% of total capital commitments (excluding defaulting investors)) ("**Final Closing Date**")).[14] IAPF II intends to exercise this right to convert. Once converted, units in the TAP Head Trust will be held by the Manager as trustee of IAMT. Post-conversion, any undrawn component of the commitment may continue to be called as equity on a proportionate basis to the other investors in the TAP Fund over the fund's investment period (being a period ending no later than 3 years following the Final Closing Date). The investment period may be extended up to one year at the TAP GP's discretion. Following conversion, the Manager would similarly participate in investment returns of the TAP Fund on a proportionate basis to other investors. In light of the current pipeline of investments in the TAP Fund and other available funding sources, the Responsible Entity understands that the TAP Fund does not anticipate making a capital call from investors until at least the end of March 2021. If the Proposal is implemented, IAPF II can be expected to contribute some portion of its $30 million investment to this capital call (on a proportionate basis to the other investors in the TAP Fund) at that time. The investment in the TAP Fund will be funded by a new debt tranche that will be added to Facility Agreement. The key terms of the TAP Commitment and the proposed amendments to the Facility Agreement are described in Sections 11.4 and 11.15 of this Document respectively. Further information on the risks associated investing in, and managing the TAP Fund are set out in Sections 2.6.6 and 2.6.7 of this Document.	Sections 2.6.6, 2.6.7, 3.2.4, 11.4 and 11.15

13. These other investors comprise the TAP limited partners, and the Investec Group in respect of its $10 million commitment (described above)
14. No other conversion triggers apply.

1. Questions and answers

	Topic	Summary	Reference
(p)	**How is the Responsible Entity dealing with conflicts and related party issues?**	To address apparent or actual conflicts arising from the relationship with the Investec Group: • the parties adopted a strict governance and information sharing protocol to ensure independent consideration of the Proposal, including the establishment of a committee of all of the Independent Directors to represent the interests of Unitholders; • the Independent Directors have engaged independent legal, financial, accounting and tax advisors to advise them on the Proposal and have had sufficient access as necessary to relevant employees and records of the Investec Group; • as required by the Corporations Act and the Listings Requirements, the Proposal requires approval by a resolution of Unitholders not associated with the Investec Group or the Responsible Entity. Accordingly, no Investec Group Entities are entitled to vote on the Proposal (although IAPF I Units held under client mandates with IWI may be voted in limited circumstances, as described in the Notice of Meeting) See the Notice of Meeting for further details on these voting restrictions; and • the Independent Directors have also engaged an independent expert to opine on the fairness and reasonableness of the Proposal. The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Unitholders not associated with the Investec Group. The Independent Directors believe these measures significantly address the apparent or actual conflicts and related party issues associated with the Proposal. Going forward, if the Proposal is implemented, the Responsible Entity will adopt an allocation policy which aims to establish a clear framework for the allocation of investments between IAPF I and other third party investments managed by IAPF II from time to time. Where there is overlap between the mandates of IAPF I and other mandates managed by IAPF II, the opportunity will be shared between the relevant funds if suitable, otherwise a rotation system will apply. As at the date of this Document, it is not expected that there will be an overlap between IAPF I's mandate and the mandate of the only other acquisitive mandate to be managed by IAPF II (being the TAP Fund). To the extent conflicts of interest arise in the future given IAPF II's position as both a manager of a third party fund and as an investor in that fund (for example, any conflicts that may arise from IAPF II's position as a manager of, and investor in the TAP Fund via the TAP Commitment), the Board would implement protocols under which decision making in relation to conflict matters would be undertaken by separate senior personnel and members of the Board (as necessary).	**Sections 5.6.6, 8 and 12.8 and Annexure E**

	Topic	Summary	Reference
(q)	What are the implications if the Proposal is not approved?	If the Proposal does not proceed for any reason: • the Directors of the Responsible Entity will remain the same as will the responsible entity of IAPF I; • the IAPF I Units will continue to trade on ASX and JSE; • IAPF I will continue to access the resources of the Investec Group, and pay investment management fees, property management fees and leasing fees to the Investec Group; • IAPF I will incur approximately $4.8 million of Transaction Costs (including legal, accounting and Independent Expert costs) in relation to the Proposal (which will be incurred even if the Proposal does not proceed); • IAPF will not acquire the management rights to the TAP Fund, commit to invest in the TAP Fund via the TAP Commitment, or provide asset management services to the Investec Group in respect of the Point Cook Investment or the Investec Management Assets; and • the Investec Group would be free to dispose of the IAPF I management rights to a third party who may seek to alter the strategic direction of IAPF, or may not adopt an enhanced corporate governance framework. Such disposal would not require the approval of the Independent Directors or Unitholders.	Section 2.7
(r)	What is the recommendation of the Directors and their reasons?	The Independent Directors unanimously recommend that Unitholders vote in favour of the Proposal, in the absence of a Superior Proposal. The reasons for this recommendation are set out in the Section 2 of this Document, including the advantages set out in Section 2.4 of this Document and having regard to the implications if the Proposal is not approved in Section 2.7 of this Document. The non-independent Directors, who are not members of the committee formed to consider the Proposal, being Graeme Katz, Stephen Koseff and Sam Leon, do not make any recommendation in relation to the Proposal, having regard to their current or prior associations with the Investec Group. In light of these associations and any perceived conflicts of interest, each of Graeme Katz, Stephen Koseff and Sam Leon intend to abstain from voting any IAPF I Units that they hold or control in respect of the Proposal. Graeme Katz also has an interest in the outcome of the Resolution as he is a member of Key Management. The proposed remuneration arrangements for Key Management if the Proposal is implemented are described in Sections 12.10 and 12.11 of this Document.	Section 2
(s)	What is the Independent Expert's opinion on the Proposal?	The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Unitholders not associated with the Investec Group. See Section 8 of this Document for further details.	Section 8

1. Questions and answers

	Topic	Summary	Reference
(t)	Why should you vote in favour of the Proposal?	• The Independent Directors consider that the Proposal is in the best interests of Unitholders, and unanimously recommend that Unitholders vote in favour of the Proposal, in the absence of a Superior Proposal; • There will be an enhanced corporate governance framework. Directors and management will be solely responsible to Unitholders for the management and operation of IAPF. The Proposal also provides enhanced accountability, with the ability for Unitholders to vote on the appointment of Directors on a rotational basis, and to lodge an advisory vote on the annual remuneration report of the Responsible Entity. IAPF will also be subject to additional corporate governance principles in the King IV Code and the ASX Guidelines; • There will be enhanced alignment of interest and continuity of management. The existing strategy and management team which has delivered positive benefits will be maintained. Management will now be employed by and accountable to IAPF and the Board, who will set remuneration incentives tailored to objectives of IAPF; • The Proposal is expected to be accretive to IAPF's cash flows through the elimination of investment management fees, property management fees and leasing fees paid to the Investec Group and the forecast contribution to earnings from managing the TAP Fund. In particular, the Proposal is expected to be 0.1% accretive to FFO and 4.8% accretive to AFFO in FY21 on a pro forma basis;[15] • The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Unitholders not associated with the Investec Group; • The Proposal creates operating leverage and is expected to result in an improved growth outlook. IAPF I will no longer pay investment and property management and leasing fees to the Investec Group, providing Unitholders with a scaleable platform. Expansion of the management platform with the TAP Fund presents other opportunities to diversify IAPF I's income streams, through adding other third party management fees which the current management team has successfully been involved in on behalf of the Investec Group for a number of years; • The Proposal may increase investor participation through the potential increase in demand and liquidity of Stapled Securities from investors who may have a preference for investing in internally managed REITs; and • While IAPF II's main focus for the foreseeable future will be to operate and manage IAPF I, the acquisition of the management rights to the TAP Fund under the Proposal is consistent with IAPF II's intent to grow its third party management platform over time, and will assist the IAPF Group to further diversify its income streams.	Section 2.4

15. See Sections 6.2.4.2 and 6.2.5 and Annexure B of this Document for details of the basis of preparation, Table 4 in Section 6.5.2 of this Document for details of the FFO and AFFO calculations and Section 6.6 of this Document for the underlying assumptions.

	Topic	Summary	Reference
(u)	**Why might you vote against the Proposal?**	Whilst the Independent Directors consider the benefits of the Proposal to be compelling, potential disadvantages include: • as the management rights will be accounted for as an intangible asset, IAPF's NTA per Stapled Security will decrease by 5.7% from $1.32 to $1.24. Note that IAPF's NAV per Stapled Security (which ascribes value to the management rights acquired) is not expected to be materially impacted; • given the intangible asset acquired does not contribute to IAPF's asset base for the purpose of calculating Gearing, the debt drawn to fund the Total Consideration and Transaction Costs will increase IAPF's Gearing from 22.2% to 25.8%,[16] albeit remaining below the target range of 30%–40%. The progressive investment in the TAP Fund (via the TAP Commitment) will also be funded by a new debt tranche that will be added to the Facility Agreement. If IAPF II were to contribute 100% of its $30 million investment, the Gearing Ratio will increase to 27.8%;[17] • while the current management team will transfer to IAPF under the Proposal, IAPF will no longer have access to the Investec Group's other resources. While the Proposal will likely see a reduction in the management expense ratio, acquisition of the Group Companies will mean that Unitholders are directly exposed to the ongoing operating costs of management (which were previously met by the Investec Group), such as the costs of employees, insurance and office premises, and costs associated with meeting the regulatory capital requirements associated with the Responsible Entity's AFSL. The addition of a stapled entity to the IAPF Group structure may also increase administrative and compliance costs. If future expenses exceed expectations this may offset some or all of the expected benefits of the Proposal; • IAPF will incur Transaction Costs of approximately $6.7 million in connection with the Proposal if implemented (compared to $4.8 million of Transaction Costs if the Proposal does not proceed); • you may not wish to have an investment exposure to the TAP Fund (for the reasons set out in Section 1.1(v) below); and • you may disagree with the conclusions of the Independent Directors and/or the Independent Expert about the Proposal's benefits. There are also risks associated with the Proposal. See further Section 2.6 of this Document.	**Sections 2.5 and 2.6**

16. Gearing on a pro forma basis as at 31 March 2020 post disposal of 757 Ann Street. A contribution under the TAP Commitment will be funded by a new tranche that will be added to IAPF's Facility.
17. Following implementation, IAPF II is not expected to contribute a portion of the TAP Commitment until at least the end of March 2021. See Section 6.4 of this Document for further details.

1. Questions and answers

	Topic	Summary	Reference
(v)	What are the risks of the Proposal?	There are a number of risks associated with the Proposal. Key risks include the following: • **Historical liabilities** – IAPF II will acquire the Group Companies which may have unknown historical liabilities; • **Potential higher operating costs** – Implementation of the Proposal will likely see a reduction in IAPF's management expense ratio. While this will give IAPF greater control over operating costs, it also exposes it to movements and volatility in operating cost structures. There is a risk that ongoing operating costs may be higher than anticipated, so that the financial benefits expected to arise from the Proposal are not achieved to the extent anticipated, or at all; • **Financial information** – There is a risk that the assumptions in the financial information in Section 6 of this Document in relation to IAPF II may not be achieved. One-off transaction and ongoing operating costs may be higher than forecast and additional revenues anticipated from the Proposal may be lower than forecast; • **Employees** – IAPF II and the Group Companies will be reliant on retaining and attracting quality senior management and personnel to operate IAPF. There is a risk the Proposal could trigger the loss of services of senior management or key personnel. In order to motivate and retain senior management and key personnel, the Board will adopt following implementation of the Proposal the employee incentive arrangements which include the LTIP described in Section 12.10.1 of this Document and the Retention Scheme described in Section 12.10.2 of this Document; • **Change to group structure** – The addition of a new stapled registered Managed Investment Scheme to the IAPF Group structure gives rise to additional regulatory, tax and legal requirements which may increase administrative and compliance costs; • **Risks associated with an investment in the TAP Fund** – If the Proposal is implemented, IAPF II will commit to invest up to $30 million in the TAP Fund (which represents its maximum exposure to the TAP Fund, irrespective of the total commitments received and the level of capital contributions made by other investors). There is no obligation on IAPF II to invest additional capital. As with any investment, this represents an opportunity cost as IAPF II cannot allocate these funds to invest in other assets. Risks associated with an investment in the TAP Fund include risks related to the legal structure of the TAP Fund, financial risks, general economic risks and risks associated with a holding in direct property, which may prevent the TAP Fund from achieving its target returns. Accordingly, there is no guarantee that the investment objectives of the TAP Fund will be achieved or that IAPF II will receive a return on its investment via the TAP Commitment; • **Risks associated with management of the TAP Fund** – If the Proposal is implemented, IAPF will manage the TAP Fund (in which it will also invest via the TAP Commitment). The TAP Fund has a risk profile that is significantly different to the properties owned by IAPF and may be different to the current investment preferences of IAPF investors. Management of the TAP Fund may not generate expected revenues which are based on $300 million of target commitments. If the actual commitments from investors or assets under management are less than anticipated, this would negatively impact on the investment management and asset management fees received by IAPF II. In addition, the TAP Fund may not have sufficient resources to pay ongoing management fees; and • **Price of Stapled Securities** - There can be no guarantee that the price of Stapled Securities will increase following implementation of the Proposal.	Sections 2.6 and 7.1

	Topic	Summary	Reference
(w)	Are there any key Conditions to the Proposal?	The Proposal will not proceed unless the Conditions, as set out in the Implementation Deed, are all satisfied or waived. The Conditions include: • Unitholders approving the Resolution by the requisite majority at the Meeting; • the Independent Expert not changing its conclusion that the Proposal is fair and reasonable to, and in the best interests of, the non-associated Unitholders prior to the Meeting, and the Independent Expert not withdrawing its report prior to the Meeting; • all necessary regulatory approvals having been obtained on terms which are acceptable to the Responsible Entity or, where the approval is reasonably likely to have a materially adverse impact on any Investec Group Entity, on terms which are acceptable to both the Responsible Entity and the Seller; • all other third party approvals which the parties agree are reasonably necessary to implement the Proposal being obtained on terms which are acceptable to the Responsible Entity or, where the approval is reasonably likely to have a materially adverse impact on any Investec Group Entity, on terms which are acceptable to both the Responsible Entity and the Seller; • Key Management executing the Management Employment Agreements; and • the restructure steps specified in the Implementation Deed being completed. The above listing is a summary only. See Section 2.10 of this Document for the full list and terms of the Conditions.	Section 2.10
(x)	What alternatives to the Proposal did the Independent Directors consider?	In considering the Proposal, and in forming the view that the Proposal is in the best interests of Unitholders, the Independent Directors have had regard to possible alternatives and the potential implications of these alternatives for Unitholders. These included IAPF continuing under its current arrangements, and the risk that the Investec Group may seek an alternative exit by, for example, disposing of the IAPF I management rights to a third party (which would not require the approval of the Independent Directors or Unitholders). In the view of the Independent Directors, these alternatives would not provide the benefits or security for Unitholders as outlined in the rationale for and advantages of the Proposal.	Section 2.8
(y)	What Transaction Costs are being incurred in connection with the Proposal?	IAPF will incur Transaction Costs of approximately $6.7 million in connection with the Proposal if implemented. If the Proposal does not proceed, IAPF will incur approximately $4.8 million of Transaction Costs. As described in Section 1.1(c) of this Document, the Transaction Costs will be funded utilising available funds in IAPF I's Facility Agreement.	Section 10.5
(z)	What significant interests and benefits are payable to the Directors and other persons in connection with the Proposal?	The Directors' fee arrangements and the remuneration arrangements of Key Management are set out in Sections 5.4.2 and 12.11 of this Document respectively. Certain employees, including the Chief Executive Officer and other Key Management will also participate in the newly formed LTIP, the terms of which are described in Section 12.10.1 of this Document, and may also receive payments under the Retention Scheme described in Section 12.10.2 of this Document. In addition, the number of Stapled Securities which are expected to be held by each Director or their Associates (as defined in the JSE Listings Requirements) on implementation of the Proposal, and their existing holdings of IAPF I Units, is set out in Section 5.4.1 of this Document.	Sections 5.4, 12.10.1, 12.10.2 and 12.11

1. Questions and answers

	Topic	Summary	Reference
(aa)	What employee incentive arrangements will be put in place if the Proposal is implemented?	The Board intends to adopt employee incentives that recognise the need to motivate, attract and retain employees to deliver sustainable and superior business performance. It is proposed that the employees who will transfer to IAPF under the Proposal, including the Chief Executive Officer and other Key Management will participate in the newly formed LTIP described in Section 12.10.1 of this Document. They may also receive payments under the the discretionary bonus scheme described in Section 12.10.3 of this Document. In addition, the Key Management and a limited number of employees may receive payments under the existing Retention Scheme established by Investec Australia described in Section 12.10.2 of this Document.	Section 12.10
(bb)	What will be the relationship between IAPF and the Investec Group following implementation of the Proposal?	In addition to the contractual arrangements described in Section 1.1(e) of this Document: • the Sponsor (an Investec Group Entity) and the Responsible Entity will continue to be party to the Sponsor Agreement, under which the Sponsor will provide advice and guidance in relation to IAPF's compliance with the JSE Listings Requirements, as described in Section 11.12 of this Document; and • IBL (an existing major Unitholder) will, if it does not sell any IAPF I Units before the Stapling Record Date, receive Stapled Securities under the Proposal and hold a 9.2% stake in IAPF on implementation.	Sections 11.12 and 12.12
(cc)	What are the taxation implications of the Proposal?	To implement the Proposal as set out in Section 2.2 of this Document, IAPF I will make a capital Distribution (in cash) to existing holders of IAPF I Units, with such Distribution being mandatorily applied by existing holders of IAPF I Units to subscribe for new units in IAPF II. The taxation implications of the Proposal, and ongoing holding considerations are addressed in further detail in Section 9 of this Document. There should be no adverse Australian or South African tax implications that arise as a result of the reallocation of capital between IAPF I and IAPF II. As the capital Distribution to IAPF I's South African Unitholders is made from the initial capital invested by IAPF I's South African Unitholders, there should be no adverse South African tax implications that arise from the capital Distribution. For both Australian and South African CGT purposes, the cost base of the IAPF I Units will decrease by the amount of capital Distribution made to existing holders of IAPF I Units. When the capital Distribution is subsequently applied to the units of IAPF II, the cost base of the IAPF II Units will equal the amount of the capital Distribution.	Section 9

	Topic	Summary	Reference
(dd)	Who is eligible to receive IAPF II Units under the Proposal?	The following persons are eligible to receive IAPF II Units under the Proposal: • Unitholders on the Register on the Stapling Record Date, whose address on the Register is in Australia or South Africa. Note – if you hold IAPF I Units on the South African Register, you will be eligible to receive IAPF II Units irrespective of where you reside, as your existing unitholding is registered in the name of PLC Nominees (which is a company incorporated in South Africa); and • Foreign Unitholders whose address on the Register is in the following jurisdictions: New Zealand; United Kingdom; PRC (subject to certain conditions as described in Section 12.14 of this Document); Hong Kong; and Singapore. Unless the Responsible Entity determines otherwise, all other Foreign Unitholders will be Ineligible Foreign Unitholders. The Sale Nominee will receive IAPF II Units in respect of IAPF I Units held by Ineligible Foreign Unitholders on the Stapling Record Date.	Section 12.14 and Annexure E
(ee)	What happens if I am an Ineligible Foreign Unitholder?	Ineligible Foreign Unitholders will not receive IAPF II Units under the Proposal. Instead, their full holding of IAPF I Units will be compulsorily transferred to the Sale Nominee through the Sale Facility. The Sale Nominee will be issued IAPF II Units in respect of those ineligible IAPF I Units in the same way as other Unitholders, and on implementation of the Proposal, the Sale Nominee will hold the Stapled Securities that would otherwise have been held by Ineligible Foreign Unitholders. Following implementation of the Proposal, the Sale Nominee will sell the Stapled Securities it holds in the ordinary course of trading on the ASX. The sale proceeds (less any applicable taxes) will subsequently be paid to Ineligible Foreign Unitholders by cheque or electronic funds transfer, together with a statement of how the amount is calculated.	Sections 12.14 and 12.15
(ff)	When and where is the Meeting?	The Meeting is scheduled for 5.00pm (Sydney time) / 8.00am (Johannesburg time) on Tuesday, 17 November 2020. Due to the continuing developments in relation to the COVID-19 pandemic and the health and safety of all attendees being of paramount importance, the Meeting will be held virtually. Accordingly, Unitholders will not be able to physically attend the Meeting. Further information is set out in the Notice of Meeting in Annexure E of this Document.	Annexure E
(gg)	Am I entitled to vote?	If you hold IAPF I Units on the Register on the Voting Record Date (7.00pm (Sydney time) / 10.00am (Johannesburg time) on Friday, 13 November 2020), then you will be entitled to vote at the Meeting, unless you are otherwise excluded for the reasons set out in the Notice of Meeting in Annexure E of this Document.	Annexure E
(hh)	How do I vote at the Meeting?	Unitholders wishing to vote on the Resolution must either participate in the Meeting online, or return their Proxy Form by 5.00pm (Sydney time) / 8.00am (Johannesburg time) on Sunday, 15 November 2020. As a practical and administrative matter because this deadline falls on a weekend, you should seek to return your Proxy Form by close of business on Friday, 13 November 2020. Unitholders can participate in the Meeting online using one of the following methods: • From their computer, by entering the URL in their browser: https://web.lumiagm.com/366897748 • From their mobile device by either: – entering the URL in their browser; https://web.lumiagm.com/366897748; or – by using the Lumi AGM app, which can be downloaded from the Apple App Store or Google Play Store. The Lumi online platform will allow Unitholders to listen to the Meeting, vote and ask questions online in real time. Further information is set out in the Notice of Meeting in Annexure E of this Document.	Annexure E

1. Questions and answers

	Topic	Summary	Reference
(ii)	**Where and when do I send my Proxy Form?**	To vote by proxy, you need to validly complete and return the Proxy Form made available to all Unitholders with this Document. Proxy Forms must be received by 5.00pm (Sydney time) / 8.00am (Johannesburg time) on Sunday, 15 November 2020 in one of the following ways: **If you hold IAPF I Units on the Australian Register:** • Online: www.investorvote.com.au • By fax: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia) • By mail: Investec Property Limited as responsible entity of Investec Australia Property Fund C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne Victoria 3001 Australia **If you hold IAPF I Units on the South African Register:** • By email: proxy@computershare.co.za • By mail: Investec Property Limited as responsible entity of Investec Australia Property Fund C/- Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue Rosebank, Johannesburg 2196 Private Bag X9000 Saxonwold 2132 South Africa As a practical and administrative matter because this deadline falls on a weekend, you should seek to return your Proxy Form by close of business on Friday, 13 November 2020.	**Annexure E**
(jj)	**Can I sell IAPF I Units before the Meeting?**	IAPF I Units are expected to continue trading on the JSE until Friday, 20 November 2020, and on the ASX until Monday, 23 November 2020, in the normal course (subject to the Listings Requirements).	**Annexure E**
(kk)	**When will Stapled Securities commence trading on ASX and JSE?**	New Stapled Securities are expected to commence trading on the JSE on Monday, 23 November 2020[18] and on Tuesday, 24 November 2020 on a normal settlement (T+3) basis. New Stapled Securities are expected to commence trading on the ASX on Tuesday, 24 November 2020, initially on a deferred settlement basis. Stapled Securities are expected to commence trading on the ASX on a normal settlement (T+2) basis on Monday, 30 November 2020 once IAPF has advised ASX that holding statements and transaction confirmations statements (in the case of CHESS holdings) have been despatched. It is the responsibility of each Unitholder who trades in Stapled Securities to confirm their holding before trading in Stapled Securities. If Unitholders seek to sell their Stapled Securities before receiving a holding statement, they do so at their own risk.	**Key Dates and Actions Required of Unitholders**
(ll)	**What if I have other questions?**	If you hold IAPF I Units on the Australian Register and have any questions, please contact the Information Line on 1300 157 204 (within Australia) or +61 3 9415 4080 (outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday (excluding public holidays). Unitholders who hold their IAPF I Units on the South African Register should direct their queries to their broker or CSDP. Alternatively, you may also contact your financial, legal, taxation or other professional advisor.	**Chairman's Letter and Section 12.18**

18. Unitholders are advised that the Stapled Securities will be listed 2 Business Days after the last day of trading in unstapled IAPF I Units on the JSE ("LDT") and that the settlement of the trades occurring after the LDT will be 2 Business Days after the Stapling Record Date, instead of the conventional 1 Business Day after the Stapling Record Date. Consequently, any trading of Stapled Securities on Monday, 23 November 2020 (being two Business Days before the Stapling Record Date), will only settle on Friday, 27 November 2020 (being the Stapling Record Date plus 2 Business Days). Unitholders are accordingly advised to exercise caution when trading their Stapled Securities on this day. Any trading of Stapled Securities occurring from Tuesday, 24 November 2020 will settle on a normal T+3 basis.

1.2. Overview of IAPF

1.2.1. Portfolio

	Topic	Summary	Reference
(a)	What will IAPF's investment objective and strategy be?	IAPF I's strategy remains unchanged and it will continue to invest in office, industrial and retail properties in major metropolitan cities or established commercial precincts in Australia and New Zealand for long term investment purposes. The Responsible Entity has, and will continue to be, focused on IAPF I's core philosophy of hands-on, active management of physical property, in conjunction with efficient management of its balance sheet. The Group Companies to be acquired by IAPF II provide management services to IAPF I. Post implementation of the Proposal, IAPF II's intention is to continue to provide the same services to IAPF I as part of a combined economic group consolidated with IAPF I. IAPF II will seek to deliver on IAPF I's strategy, recognising IAPF I and IAPF II will be Stapled together with common ownership. IAPF II will also provide investment management services and asset management services to the TAP Fund, provide the TAP Commitment, and manage certain assets in which the Investec Group holds an interest (being the Point Cook Investment and the Investec Management Assets, as described in Section 11.14 of this Document). IAPF II may also seek to grow its third party funds management platform over time.	Section 3.2
(b)	What are the key metrics of the Portfolio held by IAPF I?	(see table below)	Section 4

Key Portfolio metrics[19]	
Number of Properties (#)	30
Valuation ($ million)	1,085
WACR[20] (%)	6.57
Occupancy[21] (%)	98.9
WALE[22] (years)	4.9
Proportion of Gross Property Income subject to fixed annual rental increases (%)	94.2
WARR[23] (%)	3.34
Lettable area (sqm)	333,889

19. Figures are as at 31 July 2020.
20. By Property value.
21. Weighted by Gross Property Income.
22. Weighted by Gross Property Income.
23. Weighted by Gross Property Income.

1. Questions and answers

	Topic	Summary	Reference
(c)	**What real estate sectors comprise the Portfolio?**	A summary of the Portfolio by Property type is set out below, with further details of each Property provided in Section 4 of this Document.[24]	**Sections 4, 6.4.1 and 7.2.1**

Sector	# of Properties	Valuation ($ million)	WACR[25] (%)	WALE[26] (years)
Office	12	763	6.46	4.5
Industrial	18	322	6.83	5.9
Total / Weighted average	30	1,085	6.57	4.9

IAPF I's Portfolio was valued as at 31 March 2020. Eleven of the properties were externally valued, with the remaining properties valued by Director valuations. This process was conducted in May 2020 (prior to issuing IAPF I's 2020 annual report) having regard to the COVID-19 pandemic including the Government led economic and health measures implemented, and how these impacted IAPF I's tenants. The Independent Directors are of the view that the fair values adopted for IAPF I's 2020 annual report are an appropriate basis for the disclosure in this Document.

Further details on the valuation approach undertaken by the Responsible Entity (including consideration of the impacts of the COVID-19 pandemic) are disclosed in Sections 6.4.1 of this Document. Further details on the risks associated with the impact of the COVID-19 pandemic on Property valuations and an investment in IAPF are disclosed in Section 7.2.1 of this Document. Unitholders should note that these risks apply irrespective of whether the Proposal is implemented.

	Topic	Summary	Reference
(d)	**Who are the largest tenants in the Portfolio by Gross Property Income?**	IAPF I has a diversified tenant base across both industry and tenant types, with no single tenant (excluding government tenants) accounting for more than 4.4% of Gross Property Income. IAPF I has limited exposure to tenants in the retail and consumer discretionary sectors, with a high proportion of tenants being government, listed or multinational.[27]	**Section 4.1**

Largest tenants	% of Gross Property Income
Commonwealth of Australia	9.0
Carsales.com	4.4
Ricoh Australia	4.0
Honeywell	3.3
Vulcan Steel	3.0
State Government of Victoria	2.9
CTI Freight Systems	2.8
Northline	2.7
Pharmaxis	2.6
Milne Agrigroup	2.4
Total	37.2
Other	62.8

24. Figures are as at 31 July 2020.
25. By Property value.
26. Weighted by Gross Property Income.
27. Figures are as at 31 July 2020.

	Topic	Summary	Reference
(e)	What is IAPF I's valuation policy?	IAPF I values Properties on the basis of fair value. The fair values are based on market values, being the estimated amount for which a Property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. Independent valuations are obtained on a rotational basis to ensure each Property is valued at least once every 24 months by an external independent valuer. For Properties not independently valued during a reporting period, a Directors' valuation is carried out to determine the appropriate carrying value of the Property when IAPF I's financial reports are prepared. Where Directors' valuations are performed, the valuation methods include using the discounted cash flow method and the capitalisation method.	Section 3.7
(f)	What is the proposed capital structure of IAPF?	On implementation of the Proposal, IAPF will have approximately 611.3 million Stapled Securities on issue and approximately $800.1 million of net assets. IAPF will have Gearing of 25.8% on a pro forma basis as at 31 March 2020 (post disposal of 757 Ann Street).[28] The progressive investment in the TAP Fund (via the TAP Commitment) will also be funded by a new debt tranche that will be added to the Facility Agreement. If IAPF II were to contribute 100% of its $30 million investment, the Gearing Ratio will increase to 27.8%.[29] IAPF's aim is to maintain Gearing levels in the range of between 30% and 40%, with the ability to exceed the top end of the range provided Gearing will be reduced to below 40% within a reasonable period of time.	Section 12.2
(g)	What will be IAPF's Distribution policy?	The Responsible Entity will target Distributions of between 80% and 100% of IAPF's FFO each year in accordance with its Distribution policy. The Board retains the discretion to amend the Distribution policy. The Responsible Entity intends to continue to pay Distributions on a half yearly basis in respect of the periods ending 31 March and 30 September. Following implementation of the Proposal, IAPF's first Distribution is expected to be for the period ending 31 March 2021.	Section 3.6

28.
29. Following implementation, IAPF II is not expected to contribute a portion of the TAP Commitment until at least the end of March 2021. See Section 6.4 of this Document for further details.

1. Questions and answers

1.2.2. Benefits and risks of an investment in IAPF

	Topic	Summary	Reference
(a)	What are the benefits associated with an investment in IAPF?	As described in Section 1.1(f) of this Document, if the Proposal is implemented, Unitholders (other than Ineligible Foreign Unitholders) will receive IAPF II Units which will be Stapled to their IAPF I Units. A holding of Stapled Securities will operate as an investment in a single economic entity. Accordingly, Unitholders will be exposed to the benefits and risks associated with an investment in the IAPF Group as a whole. In addition to the advantages of the Proposal described in Section 2.4 of this Document, the benefits associated with an investment in IAPF include the following: • **Portfolio of diversified assets** – 30 Properties valued at $1,085 million that are sectorally and geographically diversified; • **Gross Property Income supported by long leases, good quality tenants and contracted revenue growth** – the Portfolio is currently 98.9%[30] occupied and has a WALE of 4.9 years[31] with 45.4%[32] of leases expiring after five years. The WARR across the Portfolio is 3.34%[33] with 94.2% of the Portfolio subject to fixed annual rental escalations; • **Diversified income streams** – in addition to the income generated by the Portfolio owned by IAPF I, Unitholders have immediate access to investment management fees and asset management fees associated with IAPF II performing investment management services and asset management services to the TAP Fund and the Investec Group. IAPF II will also provide the TAP Commitment. The purpose of the TAP Commitment is to align the interests of IAPF II as incoming manager with the other investors in the TAP Fund. When converted into equity, it also provides an opportunity to generate investment returns; • **Track record of Portfolio growth and performance** – since listing on the JSE in October 2013, the Portfolio has grown 8.4 times and diversified its capital sources with its ASX listing in May 2019. This growth demonstrates management's ability to identify and secure acquisitions, which have enhanced investor returns; • **Ability to leverage the management team's expertise** – the management team will comprise 13 full time staff with a presence in each of IAPF's key geographies of Sydney, Melbourne and Brisbane, led by Key Management. Graeme Katz (Executive Director and Chief Executive Officer) and Zach McHerron (Fund Manager) have been managing the Portfolio since IAPF I listed on the JSE in 2013; and • **Experienced, majority independent Board** – the Directors are all experienced directors who possess a broad range of skills covering property, investment banking, legal and compliance. If the Proposal is implemented, the Board will continue to be majority independent. The above listing is a summary only. See Section 3.3 of this Document for further details.	Section 3.3

30. Weighted by Gross Property Income.
31. Weighted by Gross Property Income.
32. Weighted by Gross Property Income.
33. Weighted by Gross Property Income.

	Topic	Summary	Reference
(b)	What are the risks associated with an investment in IAPF?	Key risks that may arise as a result of holding IAPF II Units (including the risks associated with an investment in, and management of the TAP Fund) are set out in Section 1.1(v) above. In addition, there are a number of risks associated with an investment in IAPF more generally. Key risks include the following: • **Impact of the COVID-19 pandemic** – In light of recent global macroeconomic events relating to the COVID-19 pandemic, any of Australia, New Zealand or South Africa may experience an economic recession or downturn of uncertain severity and duration which could cause a material contraction in the real estate sector. These economic disruptions could have a material adverse impact on the value of IAPF I's portfolio, IAPF's operating and financial position and performance, as well as the price of the Stapled Securities; • **Gross Property Income** – Distributions made by IAPF will be largely dependent upon the rents received from the Properties, occupancy levels and the level of non-recoverable outgoings. Gross Property Income may be adversely affected by a number of factors including local real estate conditions, rental arrears and vacancy periods. All of these factors could affect FFO and Distributions; • **Re-leasing and vacancy** – There is a risk that IAPF may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on the same terms (if at all) or be able to find new tenants to take over space that is currently unoccupied which could affect FFO and Distributions; • **Capital expenditure requirements** – Capital expenditure will be required to maintain and improve the Properties to retain and attract tenants. There is a risk that the required capital expenditure exceeds the forecast spend, requiring additional funding or Property sales. This may, in turn, reduce FFO and impact Distributions. Additionally, any requirement for unforeseen material capital expenditure on the Properties could affect FFO and Distributions; • **Property valuation** – The value of, and returns from, the Properties may fluctuate depending on property market conditions (including geographical and sectoral factors), general economic conditions (such as interest rates and Capitalisation Rates) and/or Property specific factors. Demand for property may change as investor preferences for particular sectors, asset classes and geographies change over time and can be influenced by general economic factors such as interest rates and share market cycles. As changes in valuations of the Properties are recorded in the income statement, any decreases in value will have a negative impact on the income statement. While a change in valuation will not directly impact FFO and Distributions, it will impact Gearing which could have a bearing on compliance with covenants under the Facility Agreement; and • **Gearing** – Changes in the value of the Properties or Gross Property Income that secure the repayment and servicing of IAPF's borrowings may also affect the level of Gearing which a financier may require to be maintained. This may result in IAPF being required to reduce the level of debt, including by selling Properties. A higher level of Gearing will magnify the effect on IAPF of any changes in interest rates or changes in value or performance measures. If the level of Gearing increases over the term of the Facility Agreement (thereby impacting the Gearing Ratio), this may create refinancing risk on the Facility. For further information on the financial consequences of the Proposal (including impact on Gearing), see Section 1.1(h) above. The above listing is a summary only. See Section 7 of this Document for further details.	Section 7

1. Questions and answers

1.2.3. Responsible Entity, management and corporate governance

	Topic	Summary	Reference
(a)	Who are the Directors of the Responsible Entity?	The Directors are experienced directors who have a broad range of skills and expertise covering property, funds management, investment banking, mergers and acquisitions, public policy, legal and compliance. The Board currently comprises the Directors set out below, the majority of whom are independent. As noted in Section 1.1(m) of this Document, it is intended that if the Proposal is implemented, Sam Leon and Hugh Martin will retire from the Board on implementation of the Proposal and the remaining Directors will continue in office. The Board considers that the reduced number of Directors is appropriate for a standalone internally managed Australian REIT of this size.	Section 5.2
(b)	Who are the Key Management?	If the Proposal is implemented, IAPF's existing management team will continue to serve as the management of IAPF and be employed by IAPF II. Key Management comprises Graeme Katz (Executive Director and Chief Executive Officer), Zach McHerron (Fund Manager) and Kristie Lenton (Chief Financial Officer), all of whom are directors of the Manager and have been employed by the Investec Group for 14, 13 and 11 years respectively.	Section 5.3
(c)	What are the proposed governance arrangements for IAPF?	The Board has established governance arrangements to ensure that IAPF is effectively managed in a manner that is properly focused on its investment objectives and the interests of Unitholders, as well as conforming to regulatory and ethical requirements. As IAPF is dual listed, it must comply with the corporate governance principles contained in the ASX Guidelines as they apply to Managed Investment Schemes, and the JSE Listings Requirements, which among other things require compliance with the King IV Code principles. The King IV Code outlines the corporate governance guidelines that apply to all JSE listed entities. If the Proposal is implemented, IAPF will be subject to additional principles in the King IV Code and ASX Guidelines which do not currently apply to IAPF I on the basis that it is externally managed. In addition, if the Proposal is implemented, the Board will adopt a corporate governance framework which is designed to be consistent, as far as practicable, with the best practice procedures of public listed companies in accordance with the relevant obligations under the Corporations Act and the ASX Listing Rules. The revised framework will provide Unitholders with a number of additional rights in relation to governance and remuneration matters (as described in Sections 2.4 and 5.6.1 of this Document).	Sections 2.4 and 5.6

Directors (item (a)):

Name	Role	Location
Richard Longes	Independent chairman and non-executive Director	Australia
Graeme Katz	Executive Director	Australia
Stephen Koseff	Non-executive Director	South Africa
Sam Leon	Non-executive Director	South Africa
Sally Herman	Lead independent non-executive Director	Australia
Hugh Martin	Independent non-executive Director	Australia
Georgina Lynch	Independent non-executive Director	Australia

2

Details of the Proposal

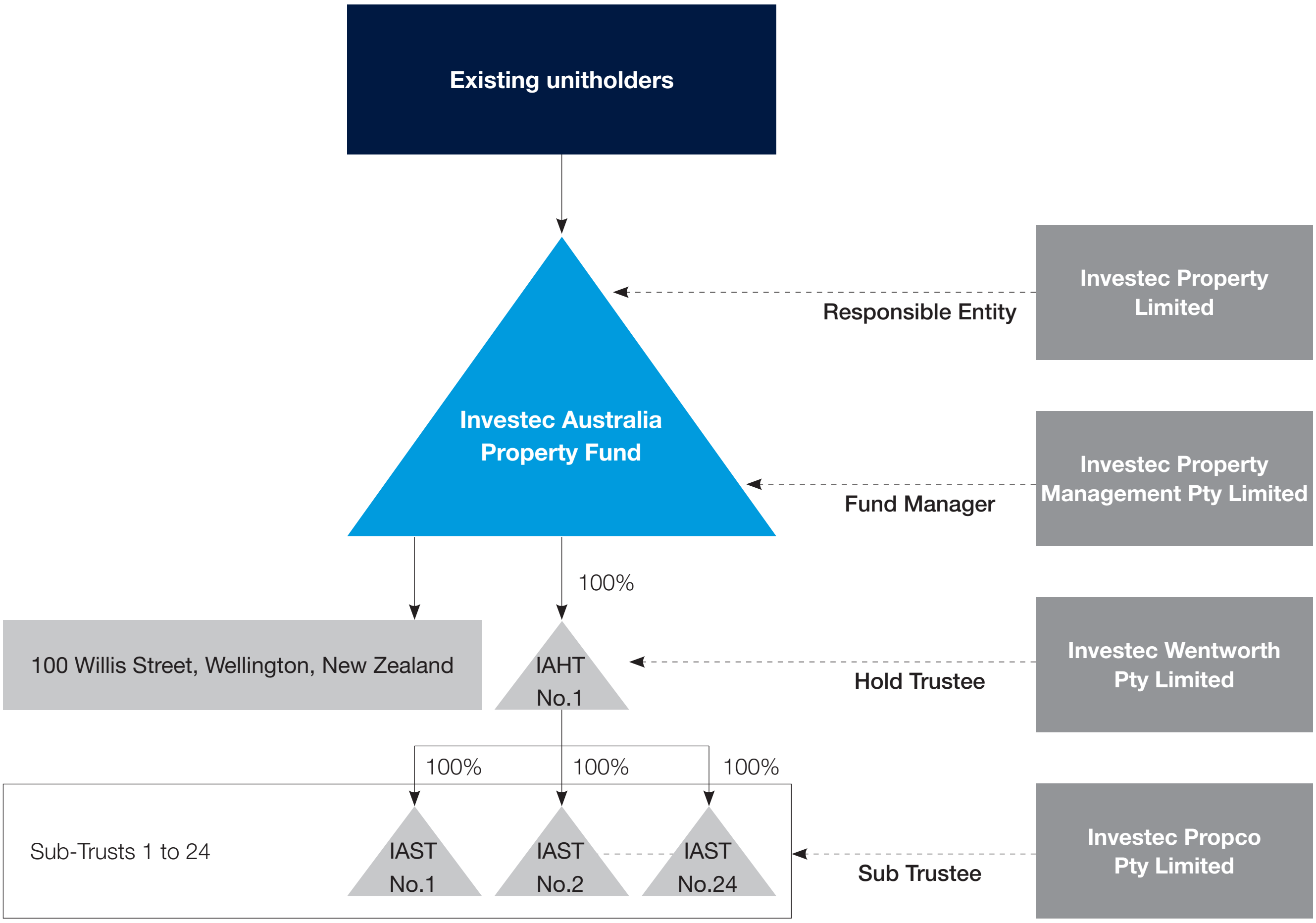
2. Details of the Proposal

2.1. Background to the Proposal

IAPF I is an Australian REIT registered as a Managed Investment Scheme with a mandate to invest in Australian and New Zealand office, industrial and retail properties. IAPF I has a primary listing on the ASX and the JSE.

IAPF I is currently externally managed. The Responsible Entity is Investec Property Limited and the Manager is Investec Property Management Pty Limited, each currently owned by the Investec Group.

The current structure of IAPF I is set out below:



The Manager currently provides investment management services, property management services and leasing services to IAPF I under the Management Agreement. Services provided by the Manager include strategic decision making, leasing, maintenance and administration of all of IAPF I's Properties.

Since its debut on the JSE, IAPF I has successfully grown from 8 assets to 30 assets in its current portfolio. IAPF I became dual listed on the ASX in May 2019. Alongside IAPF I's expansion, the Investec Australia property team has broadened its third party management platform.

Against this background, the Investec Group and the Responsible Entity have decided that it is appropriate for IAPF to internalise its management function, so that the management is held within IAPF rather than within the Investec Group. As a result, the Investec Group and your Directors commenced discussions regarding the opportunity to internalise the management of IAPF I, as announced to the ASX and JSE on 10 June 2020.

On 15 October 2020 the Responsible Entity announced that it entered into an Implementation Deed with the Investec Group in relation to the Proposal. The Proposal is subject to a number of Conditions, including Unitholders approving the Resolution at the Meeting.

2.2. Description of the Proposal

The Proposal is a proposal to:

- internalise IAPF I's management function by acquiring the Group Companies (which hold the IAPF I management rights) and creating an internally managed stapled group;
- assume the management rights of the TAP Fund and certain assets of the Investec Group (described below); and
- invest in the TAP Fund via the TAP Commitment.

An 'internalisation' is a transaction where a fund's unitholders acquire the externally owned responsible entity (and other related management entities) that operate and manage the fund.

The key steps involved in the Proposal are:

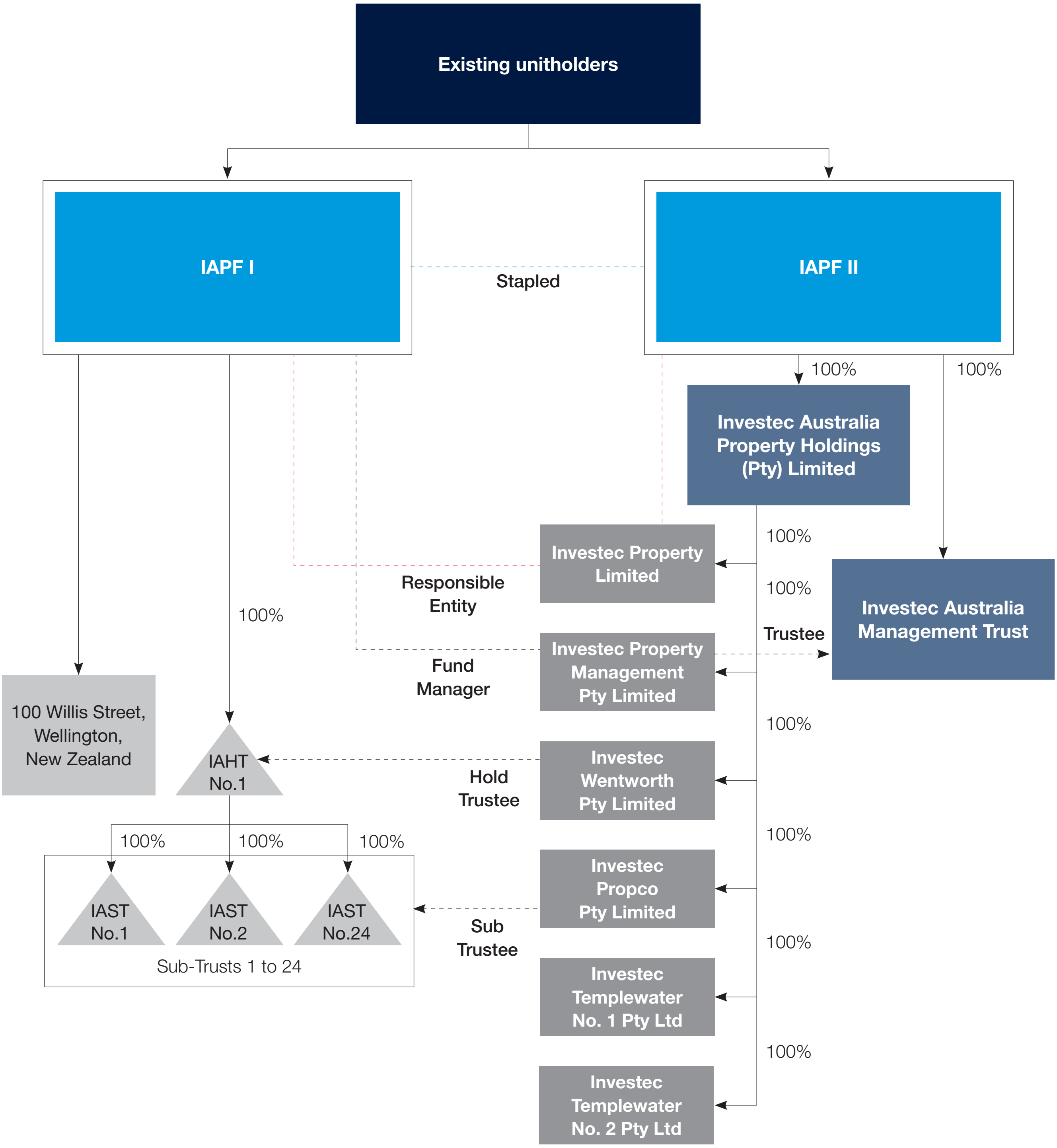
a. the establishment and registration as a Managed Investment Scheme of a new trust, IAPF II, with a constitution that is substantially the same as the IAPF I Constitution;
b. IAPF I making a capital Distribution to Unitholders (equal to $0.0764 per IAPF I Unit) in reliance on stapling powers under the IAPF I Constitution, with such Distribution being mandatorily applied by Unitholders to subscribe for IAPF II Units;
c. the stapling of IAPF I Units to IAPF II Units in accordance with IAPF I's Constitution. This means that each IAPF I Unit will be stapled to an IAPF II Unit, such that they will trade as a single security;
d. the acquisition by IAPF II from the Seller of the shares in IAPH, which is the holding company of the Responsible Entity, the Manager (which holds the management rights to IAPF I) and certain other entities that operate the business of IAPF I;
e. the transfer of the IAPF management team (including Key Management and other employees of the Investec Group who have been involved in the day-to-day operations of IAPF) to a subsidiary of IAPF II;
f. the establishment of a third party funds management platform through the acquisition by IAPF II (through its sub-trust, IAMT) of the investment management and asset management rights of the TAP Fund, a third-party fund with a broad mandate to invest in opportunistic transactions in the Australian and New Zealand real estate markets. IAPF II will also provide asset management services in respect of certain assets in which the Investec Group holds an interest (the Point Cook Investment and the Investec Management Assets, as described in Section 11.14 of this Document);
g. a commitment by IAPF II to invest up to $30 million in the TAP Fund (referred to as the TAP Commitment);
h. the indirect acquisition by IAPF II (as a result of acquiring the shares in IAPH) of entities providing trustee services within the TAP Fund structure from the Investec Group; and
i. the listing of IAPF II on the ASX and JSE, as part of a new stapled group (comprising IAPF I and IAPF II). Stapled Securities of the new IAPF Group will continue to trade on the ASX and the JSE under the code "IAP". The IAPF Group will continue to be dual listed with primary listings on the ASX and the JSE.

The Manager has also established a new unit trust, IAMT, to act as a services trust, which will hold the relevant management rights of IAPF II, employ staff and acquire services and other resources to operate the management business of the IAPF Group. The sole unitholder of IAMT is IAPF II (through the Custodian).

The Proposal involves transactions between the Responsible Entity (or entities that will be controlled by IAPF on implementation) and various Investec Group Entities, who are related parties for the purposes of Chapter 2E (as modified by Part 5C.7) of the Corporations Act, ASX Listing Rule 10.1 and the JSE Listings Requirements. These related party transactions are identified in Section 1.1(e) and described in further detail in Sections 11.1, 11.2, 11.4, 11.5, 11.6 and 11.14 of this Document.

2. Details of the Proposal

The proposed ownership structure of the IAPF Group following implementation of the Proposal is outlined below.



As set out in the Key Dates Section of this Document, if the Proposal is approved it is expected to be implemented on or around Monday, 30 November 2020.

2.3. Funding of the Proposal

Under the terms of the Proposal, IAPF II will pay to members of the Investec Group consideration of $40 million,[1] ("Total Consideration") to acquire the management rights of IAPF I as well as the management rights of the TAP Fund. This will be achieved by the acquisition by IAPF II of the shares in IAPH which is the holding company of the Manager (which holds the management rights to IAPF I), and the Manager becoming the manager of the TAP Fund. The Total Consideration represents 9.0 times IAPF II's annualised forecast FY21 EBIT of $4.4 million and reflects 3.7% of assets under management in relation to IAPF I.

IAPF will also incur Transaction Costs of approximately $6.7 million in connection with the Proposal if implemented (and $4.8 million of Transaction Costs if the Proposal does not proceed).

The Total Consideration (as well as Transaction Costs) will be funded utilising available funds under IAPF I's existing debt Facility. This will give rise to an increase in finance costs of $1.3 million on a FY21 pro forma basis).[2]

Following implementation, the IAPF Group's principal sources of funds will be cash flow from operations and the Facility.

The ongoing operating costs following implementation of the Proposal such as the costs of employees, insurance and office premises, costs associated with meeting the regulatory capital requirements associated with the Responsible Entity's AFSL and additional administrative and compliance costs of the stapled group (which represents an $8.3 million increase in operating expenses on a FY21 pro forma basis),[3] are forecast to be funded from the IAPF Group's operational cash flows in the forecast period. While IAPF will perform the majority of property management and leasing management services for the Properties in-house, IAPF may also appoint and pay fees to third parties (other than the Investec Group) to provide these services, where economically beneficial. As outlined in Section 6.8 of this Document, the Independent Directors expect that the IAPF Group will have sufficient cash flow from operations to meet its operational requirements during the forecast period.

In addition to the matters outlined above, the Proposal will have the following financial consequences for the IAPF Group:

- IAPF II will assume the obligations of Investec Australia under the Retention Scheme established by the Investec Group to make retention payments to Key Management and a limited number of other employees who transfer to IAPF under the Proposal. Assuming all vesting conditions have been met, the maximum amount IAPF II will be responsible for under the Retention Scheme is approximately $1.0 million (as outlined in Section 12.10.2 of this Document) and funded out of operational cash flows.[4]
- the existing debt Facility will be amended to provide additional funding through a new $40 million tranche, $30 million of which is available to meet future drawdowns under the TAP Commitment, and the remaining $10 million of which is available for general corporate purposes of the new stapled group (including meeting capital expenditure and other operational requirements). Additional finance costs will be incurred by the IAPF Group once the $40 million new debt tranche is progressively drawn down.

The amendments will also provide for a $10 million bank guarantee in relation to an eligible undertaking provided by Westpac, to enable the Responsible Entity to meet its regulatory capital requirements under its AFSL.

See Section 11.15 of this Document for further details on the amendments to the Facility Agreement.

2.4. Rationale for and advantages of the Proposal

This Section is not intended to set out all the relevant issues for Unitholders in relation to the Proposal. It should be read in conjunction with information contained in other sections of this Document.

a. The Independent Directors unanimously recommend that you vote in favour of the Proposal, in the absence of a Superior Proposal

The Independent Directors have concluded that the Proposal is in the best interests of Unitholders and unanimously recommend Unitholders vote in favour of the Proposal, in the absence of a Superior Proposal. The Independent Directors make this recommendation after carefully considering the Independent Expert's Report compiled by the Independent Expert, who is an independent expert acceptable to the JSE, the Proposal's advantages and disadvantages, assessing the risks associated with the Proposal and the alternatives to the Proposal.

1. Subject to certain adjustments as described in Section 11.1 of this Document.
2. As per the Forecast Financial Information outlined in Section 6.5 in this Document.
3. As per the Forecast Financial Information outlined in Section 6.5 in this Document. The Forecast Financial Information also includes certain ongoing operating expenses ($1.7 million on a FY21 pro forma basis) which IAPF will continue to bear, irrespective of whether the Proposal proceeds.
4. As set out in Section 12.10.2 of this Document, Investec Australia has agreed to pay approximately $2.6 million to fund their proportionate share of retention payments.

2. Details of the Proposal

b. Enhanced corporate governance framework

If the Proposal is implemented, the Board will adopt a corporate governance framework which is designed to improve the accountability of Directors and Key Management and to be consistent, as far as practicable, with the best practice procedures of public listed companies in accordance with the relevant obligations under the Corporations Act and the ASX Listing Rules. The revised framework will provide Unitholders with a number of additional rights in relation to governance and remuneration matters. In particular:

- The appointment of each Director other than the Chief Executive Officer will be approved (by ratification) by Unitholders at the annual general meeting of IAPF immediately succeeding their initial appointment, and thereafter at least every three years, with at least one Director seeking election or re-election at every annual general meeting. The Responsible Entity will also accept nominations for the election of Directors prior to a general meeting;
- Unitholders will have the ability to lodge an advisory vote at the annual general meeting on whether to approve the annual remuneration report of the Responsible Entity, which will disclose the quantum and nature of the remuneration of Directors and other key management personnel and other information required under section 300A of the Corporations Act;
- In the event that the remuneration report of the Responsible Entity is voted against by Unitholders exercising 25% or more of the voting rights exercised at the annual general meeting (a "strike"), under the JSE Listings Requirements IAPF must in its voting results SENS announcement provide for: (a) an invitation to dissenting Unitholders to engage with IAPF; and (b) the manner and timing of such engagement. In addition, the "two strikes" regime which applies to remuneration report voting under the Corporations Act will be applied by IAPF as if it were a listed company. Under this regime, in the event that two strikes are recorded against IAPF's remuneration report at two consecutive annual general meetings, a spill resolution will be put to Unitholders which, if passed, will require that the non-executive Directors who were in office at the time the relevant remuneration report was approved stand for re-election if they wish to continue in office; and
- Unitholders will be asked to approve any proposed increase to the aggregate non-executive Director fee cap, which is currently set at $1,000,000 per annum (see Section 5.4.2 of this Document).

IAPF will also be subject to additional corporate governance principles in the King IV Code and the ASX Guidelines which do not currently apply to IAPF I on the basis that it is externally managed.

c. Alignment of interest and continuity of Key Management

If the Proposal is approved, Key Management (see Section 5.3 of this Document) will continue to lead and manage the day-to-day operations of IAPF and will enter into the Management Employment Agreements to confirm participation in the newly formed LTIP described in Section 12.10.1 of this Document. As such, Key Management will be engaged directly by IAPF II and appropriately incentivised to operate and grow IAPF. This means the Board will have direct oversight over Key Management and other personnel. Accordingly, IAPF will have greater control and influence over the ability to shape strategy and align interests between management and Unitholders. In addition, the continuity of Key Management aims to ensure that management of IAPF I's Portfolio continues seamlessly.

d. Financial benefits

The Proposal is expected to be accretive to IAPF's cash flows through the elimination of investment management fees, property management fees and leasing fees paid to the Investec Group and the forecast contribution to earnings from managing the TAP Fund. In particular, the Proposal is expected to be both FFO and AFFO accretive, as described below.

IAPF Group Pro Forma FY21	Impact
FFO per Stapled Security	0.1%
AFFO per Stapled Security	4.8%

See Sections 6.2.4.2 and 6.2.5 and Annexure B of this Document for details of the basis of preparation, Table 4 in Section 6.5.2 of this Document for details of the FFO and AFFO calculations and Section 6.6 of this Document for the underlying assumptions.

e. The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Unitholders not associated with the Investec Group

The Independent Directors commissioned the Independent Expert to prepare the Independent Expert's Report. The Independent Expert has concluded that the Proposal is fair and reasonable to, and in the best interests of, Unitholders not associated with the Investec Group.

A full copy of the Independent Expert's Report, which you are encouraged to read in full, is set out in Section 8 of this Document.

f. Operating leverage and improved growth outlook

Improves the outlook for IAPF's earnings growth by eliminating certain external investment management fees, property management fees and leasing fees to the Investec Group

The Proposal aims for an improved outlook for IAPF earnings growth per Stapled Security due to certain external investment management fees, property management fees and leasing fees being eliminated. IAPF will perform the majority of property management and leasing management services for the Properties in-house, but where it is economically beneficial, IAPF may continue to appoint third parties and pay fees as appropriate. These arrangements will potentially result in a reduced management expense ratio which may improve IAPF's competitiveness for assets.

IAPF will benefit from operating leverage, meaning that new acquisitions should not require a step increase in internal management costs, which may result in a greater competitive advantage when bidding for asset acquisitions. New acquisitions and subsequent potential increases to IAPF's market capitalisation currently result in increased management fees, which increase the cost of the acquisition for IAPF I.

Positions IAPF as a scaleable platform for growth with potential for diversified income streams
The Proposal will create an integrated platform incorporating direct property ownership and funds management through the acquisition of the investment management and asset management rights of the TAP Fund, and a commitment by IAPF II to invest up to $30 million in the TAP Fund (referred to as the TAP Commitment). IAPF II will also manage certain assets in which the Investec Group holds an interest, being the Point Cook Investment and the Investec Management Assets as described in Section 11.14 of this Document.

While management will primarily focus on the Properties of IAPF I and the management of the TAP Fund, the Proposal may deliver opportunities for IAPF to generate investment management and asset management fees by managing additional assets and/or funds on behalf of new third party investors which the management team has successfully done on behalf of the Investec Group for a number of years. Such income would supplement income earned from the Portfolio and may generate higher returns for Unitholders.

g. The Proposal will bring IAPF in line with what is now regarded as "industry standard" and aims to increase investor participation

An internalisation would align IAPF with the majority of other REITs in both the Australian and South African markets in terms of management arrangements and structure. The internalised structure is now regarded as the 'industry standard' and as of July 2020, there is only one externally managed REIT listed on the ASX top 10 REITs by market capitalisation.

Given the market's apparent preference for internally managed structures, the Proposal may improve IAPF's market position by potentially increasing the demand and liquidity for the Stapled Securities and thereby the scale of investor participation.

h. Diversification of income streams

While IAPF II's main focus for the foreseeable future will be to operate and manage IAPF I, the acquisition of the management rights to the TAP Fund (and associated investment in the TAP Fund via the TAP Commitment) under the Proposal is consistent with IAPF II's intent to grow its third party management platform over time, and will assist the IAPF Group to further diversify its income streams.

2.5. Disadvantages of the Proposal

This Section is not intended to set out all the relevant issues for Unitholders in relation to the Proposal. It should be read in conjunction with information contained in other sections of this Document.

a. NTA per Stapled Security is expected to reduce from $1.32 to $1.24

The management rights will be recognised as an intangible asset in the Pro Forma Balance Sheet. Intangible assets are excluded from NTA. As such, IAPF's NTA per Stapled Security is expected to reduce by 5.7% from $1.32 to $1.24 on a pro forma basis. However, IAPF's NAV per Stapled Security (which ascribes value to the management rights acquired) is not expected to be materially impacted. See Table 2 in Section 6.4 of this Document and the underlying assumptions in Section 6.6 of this Document for further information.

b. Expected increase in Gearing

Given the intangible asset acquired does not contribute to IAPF's asset base for the purpose of calculating Gearing, the debt drawn to fund the Total Consideration and Transaction Costs will increase IAPF's Gearing from 22.2% to 25.8%,[5] albeit remaining below the target range of 30%–40%. The progressive investment in the TAP Fund (via the TAP Commitment) will also be funded by a new debt tranche that will be added to the Facility Agreement. If IAPF II were to contribute 100% of its $30 million investment, the Gearing Ratio will increase to 27.8%.[6]

5. Gearing on a pro forma basis as at 31 March 2020 post disposal of 757 Ann Street. Following implementation, IAPF II is not expected to contribute a portion of the TAP Commitment until at least the end of March 2021. A contribution under the TAP Commitment will be funded by a new tranche that will be added to IAPF's Facility. If IAPF II were to contribute 100% of its $30 million investment, the Gearing Ratio will increase to 27.8%. See Section 6.4 of this Document for further details.
6. Following implementation, IAPF II is not expected to contribute a portion of the TAP Commitment until at least the end of March 2021. See Section 6.4 of this Document for further details.

2. Details of the Proposal

c. IAPF will no longer have access to the Investec Group's resources

While the current management team will transfer to IAPF under the Proposal, IAPF will no longer have access to the Investec Group's other resources. In particular, while the Proposal will likely see a reduction in the management expense ratio, acquisition of the Group Companies will mean that Unitholders are directly exposed to the ongoing operating costs of management (which were previously met by the Investec Group), such as the costs of employees, insurance and office premises, and costs associated with meeting the regulatory capital requirements associated with the Responsible Entity's AFSL. The addition of a stapled entity to the IAPF Group structure may also increase administrative and compliance costs. If future expenses exceed expectations this may offset some or all of the expected benefits of the Proposal.

d. Transaction Costs

IAPF will incur Transaction Costs of approximately $6.7 million in connection with the Proposal if implemented (compared to $4.8 million of Transaction Costs if the Proposal does not proceed).

e. Risks associated with the TAP Fund

Unitholders may not wish to have an investment exposure to the TAP Fund. In this regard, refer to the risks associated with an investment in, and management of the TAP Fund outlined in Sections 2.6.6 and 2.6.7 of this Document.

2.6. Risks of the Proposal

If the Proposal is implemented, Unitholders may be exposed to a number of risks associated with an investment in IAPF II. Some of these key risks are set out below.

2.6.1. Historical liabilities

IAPF II will acquire the Group Companies which may have unknown historical liabilities. To address this, the Independent Directors have commissioned legal, tax and accounting due diligence on the Group Companies. They have also obtained (or will obtain) substantive warranties and indemnities from the Seller under the Implementation Deed and associated documentation.

In addition, certain Group Companies may have historical liabilities in connection with the proceedings described in Section 11.5 of this Document. If the Proposal is implemented, the Seller will indemnify IAPF for costs, expenses and liabilities associated with these proceedings under two deeds of indemnity. While the Independent Directors are satisfied that all material liabilities in connection with the proceedings will be covered under these deeds of indemnity and IAPF will have no ongoing exposure following implementation of the Proposal, it is possible that the deeds of indemnity may not cover all relevant costs which may arise.

2.6.2. Potential higher operating costs

Implementation of the Proposal will give IAPF greater control over operating costs and will likely see a reduction in IAPF's management expense ratio. However, it also exposes it to movements and volatility in operating cost structures. Although the Independent Directors have considered the potential costs and consider that such costs post internalisation will be lower than the management fees IAPF I would otherwise have to pay to the Investec Group (particularly over time as IAPF I grows), there is a risk that ongoing operating costs may be higher than anticipated, so that the financial benefits expected to arise from the Proposal are not achieved to the extent anticipated, or at all. The Total Consideration takes into account the anticipated future savings on fees the Manager is able to charge under the Management Agreement (including investment management fees, property management fees and leasing fees).

2.6.3. Financial information

There is a risk that the assumptions in the financial information in Section 6 of this Document in relation to IAPF II may not be achieved. One-off transaction and ongoing operating costs may be higher than forecast and additional revenues anticipated from the Proposal may be lower than forecast. Forecasts by their nature are subject to uncertainties and contingencies, many of which are outside IAPF's control. Therefore, there is a risk that the financial benefits targeted to arise from the Proposal are not achieved to the extent anticipated, or at all.

2.6.4. Employees

IAPF II will be reliant on retaining and attracting quality senior management and personnel to operate IAPF. There is a risk the Proposal could trigger the loss of services of senior management or key personnel, and new personnel might have less specialist experience or be more expensive which could adversely affect IAPF's operations and performance. This may mean that IAPF II is unable to adequately manage the activities of IAPF I or of any other mandated which it manages (including the TAP Fund). Failure to adequately manage the activities of third party mandates could give rise to claims by investors or operators against IAPF II.

The Independent Directors believe that significant steps have been taken to mitigate the risk of personnel losses, including the entry by Key Management into the Management Employment Agreements (which include employee incentives such as the ability to participate in the LTIP and Retention Scheme), each to take effect if the Proposal is implemented.

Details of the Management Employment Agreements are set out in Section 12.11 of this Document.

2.6.5 Change to group structure

The addition of a new stapled registered Managed Investment Scheme to the IAPF Group structure gives rise to additional regulatory, tax, and legal requirements which may increase administrative and compliance costs. In particular, IAPF I and IAPF II must comply with various legal requirements imposed by applicable laws in Australia and South Africa. Should any of those laws change over time, the legal requirements to which the Responsible Entity may be subject could differ materially from current requirements.

2.6.6 Risks associated with an investment in the TAP Fund

As part of the Proposal, IAPF II will acquire the investment and asset management rights of the TAP Fund, and commit to invest up to $30 million in the TAP Fund (referred to as the TAP Commitment). $30 million represents IAPF II's maximum exposure to the TAP Fund under the TAP Commitment, irrespective of the total commitments received and the level of capital contributions made by other investors. There is no obligation on IAPF II to invest additional capital. As with any investment, the TAP Commitment represents an opportunity cost as IAPF II cannot allocate committed funds to invest in other assets.

The TAP Commitment will provide IAPF II with an indirect interest in the investments made by the TAP Fund. The TAP Fund seeks to invest in opportunistic real estate transactions in Australia and New Zealand with a shorter-term investment horizon than more passive investments, including value add and real estate backed debt opportunities which require more active management. In this regard, the risk profile of the investments made by the TAP Fund is different to the risk profile of the Properties owned by IAPF I and may be different to the current investment preferences of IAPF investors. Risks associated with an investment in the TAP Fund include:

- **(limited operating history)** the TAP Fund is newly launched and therefore has limited operational history or results. The TAP Fund is subject to the business risk and uncertainties associated with any new fund, including the risk that it will not achieve its target IRR, or that investors will not receive a return of their capital. There is also no guarantee that capital commitments will be fully invested;
- **(reliance on management team)** the TAP GP and IAPF II will rely on the IAPF II management team to identify investment opportunities for the TAP Fund. Any loss of key personnel could adversely affect the TAP Fund's performance;
- **(reliance on third party asset managers)** while the assets of the TAP Fund are expected to be predominantly managed by IAPF II, in some cases a local or third party asset manager may be engaged by TAP GP to manage particular assets. Any mismanagement of an asset by an asset manager may result in delays or increased costs;
- **(joint venture or co-investment risk)** the TAP Fund may invest through joint venture or co-investment arrangements. There is a risk that joint venture partners or co-investors may be unable to meet their funding obligations, or be in a position to take (or block) action in a manner contrary to the TAP Fund's investment objectives;
- **(risk of limited number of investments)** the TAP Fund may only invest in a limited number of investments, and as such, the aggregate return of the TAP Fund may be affected by the unfavourable performance of a single investment;
- **(investments in debt interests)** the TAP Fund may invest in debt interests. The TAP Fund's exposure to debt interests may affect the value of the TAP Fund if it does not receive scheduled interest or principal payments on the loan or indebtedness;
- **(investments in real property)** similar to IAPF I, the TAP Fund is subject to various risks associated with a holding in direct property (as described in Section 7.2 of this Document);
- **(capital commitments)** it is possible that one or more limited partners may not pay the balance of its capital contributions up to its agreed commitment. As a result, the TAP Fund may not receive the total amount of its expected capital contributions at the end of the investment period;
- **(general partner termination risk)** removal of the TAP GP may only occur in limited circumstances under the terms of the TAP LP limited partnership agreement. Any termination of the TAP GP's appointment may have adverse consequences for the TAP GP (including where joint venture partners, lenders or other counterparties have imposed conditions on the ongoing management of vehicles of the TAP Fund);
- **(compensation of the general partner)** the compensation of the TAP GP is directly related to the performance of the TAP LP, which may be viewed as an incentive to recommend the acquisition of riskier or speculative investments on behalf of the TAP LP;
- **(indemnification risk)** the TAP LP will be required to indemnify the TAP GP and certain persons and entities affiliated with the TAP GP for liabilities incurred in connection with the affairs of the TAP LP. These indemnification obligations would be payable from the assets of the TAP Fund;
- **(side letter)** the TAP Fund may from time to time enter into side letter or other similar agreements with one or more investors which provide certain investors with additional, or different rights. Accordingly, certain investors may receive additional benefits which other investors will not receive;
- **(risks associated with offshore structure)** the limited partnership documents of the TAP Fund are governed by Cayman Islands law, which differs from Australian law. This may give rise to additional complexities in enforcing contractual obligations; and
- **(economic and financial risks)** the TAP Fund is subject to general economic risks, interest risks and exchange rate risks (such as those described in Section 7.3 of this Document).

2. Details of the Proposal

In light of the above, there is no guarantee that the investment objectives of the TAP Fund will be achieved or that IAPF II will receive a return on its investment via the TAP Commitment.

2.6.7 Risks associated with management of the TAP Fund

The TAP Fund has a risk profile that is significantly different to the properties owned by IAPF and may be different to the current investment preferences of IAPF investors. The risks associated with management of the TAP Fund include the following:

- Management of the TAP Fund may not generate expected revenues which are based on target commitments of $300 million. In particular, the management fees to be earnt by IAPF II (specifically, the Manager as trustee of IAMT) in its capacity as manager of the TAP Fund are calculated by reference to the committed capital of the TAP Fund, and assets under management. The latter is in turn dependent on the Manager's ability to originate and execute investments in accordance with the TAP Fund's investment strategy. If the actual commitments from investors or assets under management are less than anticipated, this would negatively impact on the investment management and asset management fees received by IAPF II. In addition, the TAP Fund may not have sufficient resources to pay ongoing management fees.
- There is a risk that the TAP Investment Management Agreement may be terminated in limited circumstances, for example if the TAP GP is removed as general partner of the TAP Fund, on certain insolvency or change of control events of the Manager, or in circumstances where the controller of the TAP GP were to change and the TAP GP exercised its right to terminate for convenience. See Section 11.14 of this Document for details of the relevant termination events.
- There is a risk that a conflict of interest may arise in circumstances where the Manager sources an acquisition or investment opportunity which falls within the investment mandate of both IAPF I and the TAP Fund. If the Proposal is implemented, the Responsible Entity will adopt an allocation policy which aims to establish a clear framework for the allocation of investments between IAPF I and other investments managed by IAPF II from time to time, as described in Section 5.6.6 of this Document (which will provide that the opportunity will be shared between the relevant funds if suitable, otherwise a rotation system will apply). As at the date of this Document, it is not expected that there will be an overlap between IAPF I's mandate and the mandate of the TAP Fund. To the extent conflicts of interest arise in the future given IAPF II's position as both a manager of a third party fund and as an investor in that fund (for example, any conflicts that may arise from IAPF II's position as a manager of, and investor in the TAP Fund via the TAP Commitment), the Board would implement protocols under which decision making in relation to conflict matters would be undertaken by separate senior personnel and members of the Board (as necessary).

Other than through the TAP Commitment and management arrangements described above, IAPF will have no direct exposure to the underlying investments made by the TAP Fund.

2.6.8 Price of Stapled Securities

There can be no guarantee that the price of Stapled Securities will increase following implementation of the Proposal.

2.7. Implications if the Proposal is not approved

If the Proposal does not proceed for any reason:

- the Directors of the Responsible Entity will remain the same as will the responsible entity of IAPF I;
- the IAPF I Units will continue to trade on ASX and JSE;
- IAPF I will continue to access the resources of the Investec Group, and pay investment management fees, property management fees and leasing fees to the Investec Group;
- IAPF I will incur approximately $4.8 million of Transaction Costs (including legal, accounting and Independent Expert costs) in relation to the Proposal (which will be incurred even if the Proposal does not proceed);
- IAPF will not acquire the management rights to the TAP Fund, commit to invest in the TAP Fund via the TAP Commitment, or provide asset management services to the Investec Group in respect of the Point Cook Investment or the Investec Management Assets; and
- the Investec Group would be free to dispose of the IAPF I management rights to a third party who may seek to alter the strategic direction of IAPF, or may not adopt an enhanced corporate governance framework. Such disposal would not require the approval of the Independent Directors or Unitholders.

2.8. Alternatives considered

In considering the Proposal, and in forming the view that the Proposal is in the best interests of Unitholders, the Independent Directors have had regard to possible alternatives, and the potential implications of these alternatives for Unitholders. These included IAPF continuing under its current arrangements, and the risk that the Investec Group may seek an alternative exit by, for example, disposing of the IAPF I management rights to a third party (which would not require the approval of the Independent Directors or Unitholders).

In the view of the Independent Directors, these alternatives would not provide the benefits or security for Unitholders offered by the Proposal, as outlined in Section 2.4 of this Document.

2.9. Resolution

In order to implement the Proposal, the Resolution will need to be passed by Unitholders.

The Resolution is an ordinary resolution approving the Proposal for all purposes and authorising the Responsible Entity to do all things it considers necessary, desirable or reasonably incidental to give effect to the Proposal.

The approval of the Resolution is sought for all purposes including the following specific purposes:

- Chapter 2E (as modified by Part 5C.7) of the Corporations Act restricts the Responsible Entity from providing financial benefits to itself and its related parties unless the benefit is provided on arm's length terms or the provision of the benefit is approved by Unitholders. Unitholder approval is therefore being sought to permit the Responsible Entity to implement the Proposal, including the related party transactions described in Section 1.1(e) of this Document.
- Under ASX Listing Rule 10.1, the Responsible Entity is not permitted to acquire a 'substantial asset' from a related party unless that purchase is approved by Unitholders. Unitholder approval is therefore being sought to permit the Responsible Entity to acquire the shares in IAPH and associated management rights under the Proposal from Investec Group Entities, to the extent they comprise substantial assets under the ASX Listing Rules.
- The contemplated transactions under the Proposal constitute a related party transaction for purposes of section 10 of the JSE Listings Requirements. Accordingly, under paragraph 10.4 of the JSE Listings Requirements the Responsible Entity is to confirm that the Proposal is fair insofar as the Unitholders are concerned and the Responsible Entity is to obtain a fairness report prepared in accordance with the JSE Listings Requirements, before making the aforementioned statement. Furthermore, Unitholder approval is required to approve or give effect to the related party transactions contemplated under the Proposal. Unitholder approval is therefore also being sought to approve and give effect to the Proposal in accordance with paragraph 10.4 of the JSE Listings Requirements.

The Resolution will be decided by poll. The Resolution must be passed by a simple majority of votes cast at the Meeting by Unitholders entitled to vote on the Resolution. The voting restrictions in respect of the Resolution are set out in the Notice of Meeting (see Annexure E of this Document). In summary, the Responsible Entity and its associates are not permitted to vote on the Resolution if they have an interest in the Resolution other than as a member of IAPF 1 (subject to specific exemptions). In addition, the Seller and its Associates are not entitled to vote on the Resolution. Accordingly, no Investec Group Entities are entitled to vote on the Resolution (although IAPF I Units held under client mandates with IWI may be voted in limited circumstances, as described in the Notice of Meeting). Investec Group Entities holding IAPF I Units will be taken into account for purposes of determining a quorum.

2.10. Conditions of the Proposal

The Proposal will not proceed unless the Conditions set out in the Implementation Deed are all satisfied or waived.

The Conditions are:

- (**Unitholder approval**) – Unitholders approving the Resolution by the requisite majority at the Meeting;
- (**Independent Expert**) – the Independent Expert not changing its conclusion that the Proposal is fair and reasonable to, and in the best interests of, Unitholders not associated with the Investec Group and the Independent Expert not withdrawing its report prior to the Meeting;
- (**regulatory approval**) – all necessary regulatory approvals having been obtained on terms which are acceptable to the Responsible Entity or, where the approval is reasonably likely to have a materially adverse impact on any Investec Group Entity, on terms which are acceptable to both the Responsible Entity and the Seller;
- (**no regulatory action**) – as at 9.00am on the Implementation Date, there being no preliminary or final decision issued by a government agency and no application being made to any government agency, or action or investigation being announced, threatened or commenced by a government agency, which restrains, prohibits or otherwise materially adversely affects the implementation of the Proposal;
- (**legal restraints**) – as at 9.00am on the Implementation Date, no court issuing a final and non-appealable order or taking any other action which permanently restrains or prohibits the Proposal, or there being any other material legal restraint or prohibition preventing the implementation of the Proposal;
- (**third party consents**) – all other third party approvals which the parties agree are reasonably necessary to implement the Proposal being obtained on terms which are acceptable to the Responsible Entity or, where the approval is reasonably likely to have a materially adverse impact on any Investec Group Entity, on terms which are acceptable to both the Responsible Entity and the Seller;
- (**employment arrangements**) – Key Management executing the Management Employment Agreements; and
- (**Restructure Steps**) – the restructure steps specified in Schedule 2 of the Implementation Deed being completed in accordance with that schedule.

3

Overview of IAPF

3. Overview of IAPF

3.1. History and overview of IAPF

3.1.1. IAPF I

IAPF I was established on 12 December 2012 and was registered as a Managed Investment Scheme in Australia on 6 February 2013. On 23 August 2013, the Registrar of Collective Investment Schemes in South Africa authorised IAPF I to solicit investments in IAPF I from members of the public in South Africa, under the terms of section 65 of the CIS Act. Accordingly, the Responsible Entity was registered as a Collective Investment Schemes manager in terms of the CIS Act. IAPF I listed on the main board of the JSE on 23 October 2013 under the unit code “IAP” and ISIN AU60INL00018 and has been continuously listed on the main board of the JSE since then. IAPF I listed with an initial portfolio consisting of two office properties and six industrial properties, independently valued at AUD 130 million.

On 29 May 2019, IAPF I obtained an additional primary listing on the ASX, and is currently dual primary listed on the ASX and the JSE under the unit code “IAP” and ISIN AU0000046005.

As set out in Section 2 of this Document, IAPF I has a mandate to invest in Australian and New Zealand office, industrial and retail properties for long term investment purposes. As at 31 July 2020, the Portfolio consists of 30 Properties.[1] The Portfolio has a WALE of 4.9 years[2] and embedded contractual rental escalations with a WARR of 3.34%.[3] The Portfolio has grown by 8.4 times since IAPF I’s listing on the JSE, and is currently independently valued at AUD 1,085 million.

A summary of the key Portfolio metrics is set out below, with further details of each Property set out in Section 4 of this Document. Portfolio metrics displayed in this Document are as at 31 July 2020.

Key Portfolio metrics	
Number of Properties	30
Valuation	AUD 1,085 million
WACR[4]	6.57%
Occupancy[5]	98.9%
WALE[6]	4.9 years
Proportion of Gross Property Income subject to fixed annual rental increases	94.2%
WARR[7]	3.34%
Lettable area (sqm)	333,889

3.1.2. IAPF II

IAPF II was established on 3 September 2020 and was registered as a Managed Investment Scheme in Australia on 9 September 2020.

If the Proposal is implemented, the IAPF Group, comprising IAPF I and IAPF II, will be listed on the main board of the JSE and ASX under the security code “IAP” and ISIN AU0000046005.

If the Proposal is implemented, IAPF II will, together with or through its controlled entities:

- employ IAPF’s management team;
- operate and manage IAPF I;
- manage the Properties;
- provide the TAP Commitment;

1. The Portfolio does not include the proposed acquisition of the Brendale Property. See Section 4.4 of this Document for further details.
2. Weighted by Gross Property Income.
3. Weighted by Gross Property Income.
4. By Property value.
5. Weighted by Gross Property Income.
6. Weighted by Gross Property Income.
7. Weighted by Gross Property Income.

3. Overview of IAPF

- be the investment manager of the TAP Fund and manage certain assets owned by the TAP Fund pursuant to the investment and asset management arrangements described in Section 11.14 of this Document; and
- provide asset management services in respect of certain assets in which the Investec Group holds an interest, being the Point Cook Investment and the Investec Management Assets (as described in Section 11.14 of this Document).

3.2. Strategy of IAPF

3.2.1. Strategy of IAPF I

3.2.1.1. IAPF I's objectives and investment philosophy

The Proposal will not alter IAPF I's existing strategy, which is to invest in office, industrial and retail properties in major metropolitan cities or established commercial precincts in Australia and New Zealand for long term investment purposes.

The objectives of IAPF I are to:

- Deliver income and capital returns to Unitholders over time;
- Grow and diversify its asset base; and
- Maintain a strong corporate governance framework.

IAPF I's investment philosophy focuses on making investment decisions based on sound underlying property fundamentals, enhancing the quality of the Portfolio and identifying opportunities to unlock additional value through active asset management over the long term (as illustrated in the diagram below). IAPF I adheres to this philosophy by utilising the skills of an experienced and well-connected management team with a presence in IAPF I's key geographies of Sydney, Melbourne and Brisbane and through a commitment to sound balance sheet management.

FOCUSED PROPERTY FUNDAMENTALS 1	ACQUISITION STRATEGY 2	ACTIVE ASSET MANAGEMENT 3	BALANCE SHEET 4	MANAGEMENT TEAM 5
• Sustainable revenue stream • Long-term focus • Location and quality of buildings • Strong tenants • Defensive portfolio	• Purchasing quality assets • Right asset at the right price • Focus on properties that deliver affordable occupancy solutions for tenants • Focus on properties located near critical infrastructure	• Active hands-on asset management • Track record of letting activity • High level of service to tenant base • Early engagement with tenants to improve portfolio WALE • Capital expenditure projects focused on achieving capital value uplift or income-generating movements	• Conservative but opportunistic balance sheet management • Hedging strategy in place to mitigate downside risk • Manage funding costs	• Specialists in local market • Strong relationships with key stakeholders • Passionate and driven • Extensive industry experience

IAPF I has focused on identifying acquisitions that are located in precincts supported by significant existing or planned infrastructure that provide affordable occupancy costs for tenants and where management can utilise its asset management skills to enhance yield and/or add value. The management team has demonstrated an ability to adjust strategy and shift focus to take advantage of prevailing market conditions.

3.2.2. Investment process

Acquisitions

Future acquisitions will be consistent with IAPF I's stated investment strategy of acquiring office, industrial or retail properties in major metropolitan cities or established commercial precincts in Australia and New Zealand for long term investment purposes. There are three primary considerations for IAPF I in its investment decision making process, as summarised below:

Macro considerations	Micro considerations	Context
• IAPF I assesses underlying market fundamentals, including: – Market rents; – Growth rates; – Supply and demand dynamics; – Vacancy and absorption rates; – Market incentives provided to tenants; and – Demographics, including population and wage growth. • To assist with this, IAPF I utilises external research and leverages management's relationships with industry participants.	• IAPF I assesses the property specific attributes, including: – Strength of tenant covenants (as assessed through extensive due diligence on all material leases); – Lease expiry profile; – Contractual escalations; – 10 year yield analysis; – Location; – Physical attributes including 10 year capital expenditure requirements; – Replacement cost assessment; and – Valuation. • IAPF I conducts detailed due diligence on all property acquisitions, utilising management's in-house skills as well as those of external consultants such as technical building experts, planners, surveyors, valuers and lawyers.	• Whilst IAPF I does not have specific allocation limits, all acquisitions are assessed with reference to the impact on IAPF I's: – Geographic concentration; – Sector concentration; – Lease expiry profile; – Net Property Income; and – Distribution growth profile.

Divestments

IAPF I will consider selling Properties and recycling capital in circumstances where it believes value creation has been maximised, to protect against downside risk or to improve the overall quality of the Portfolio.

Approvals

Acquisition and divestment decisions are recommended by Key Management and presented to the Investment Committee for consideration. The Investment Committee currently comprises all Directors and unanimous approval of the Investment Committee is required in order to proceed with an acquisition or divestment.

The Responsible Entity does not take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments for IAPF. However, environmental, social and ethical factors are addressed as part of customary property due diligence enquiries.

3. Overview of IAPF

3.2.2.1. Asset management

IAPF I takes an end-to-end approach to asset management, utilising the capabilities of the management team. This begins during the acquisition process where opportunities for enhancing yield and/or creating value are identified. Once a property is acquired, there is an ongoing assessment of leasing opportunities, repositioning potential and capital expenditure requirements and continual engagement with tenants. The management team is continually looking at ways to improve the tenant experience and amenity at the Properties in order to retain and attract tenants and to protect or enhance revenue. Further details on IAPF I's approach to asset management are set out below:

Origination	Leasing	Repositioning	Capital expenditure
• Identify opportunities to enhance yield and/or create value as part of the due diligence process. • Asset management and project management teams actively involved in the acquisition process. • Origination team retains joint responsibility alongside the asset management team to deliver on the asset management strategy outlined in the investment case until the end of the first financial reporting period.	• Active approach to tenant engagement with continual dialogue between the tenant and the asset management team. • Continual assessment of external property managers' performance to ensure a satisfactory tenant experience. • Tenant surveys carried out to ensure a satisfactory tenant experience and to identify opportunities to enhance yield, add value or improve amenity. • Early engagement with tenants to understand their medium to long term occupancy requirements with a view to accelerating lease renewals where appropriate. • Actively manage the lease expiry profile to mitigate against vacancy concentration. • Significant experience in completing leasing transactions within the asset management team.	• Identifying opportunities to create additional lettable area. • Identifying opportunities to rent under-utilised space. • Ensuring the best and highest use of space is being achieved.	• Continually seeking to identify opportunities to improve the quality of Properties to ensure a satisfactory tenant experience. • Providing additional amenity to assist with tenant retention. • Ensuring Properties are current and relevant through ongoing investment. • Undertaking defensive capital expenditure to protect against downside risk.

OUTCOMES IAPF I SEEKS TO ACHIEVE

Enhance yield	Add value	Satisfactory tenant experience	Tenant retention	Mitigate against downside risk

3.2.3. Strategy of IAPF II

The Group Companies to be acquired by IAPF II provide management services to IAPF I. Post implementation of the Proposal, IAPF II's intention is to continue to provide the same services to IAPF I as part of a combined economic group consolidated with IAPF I. IAPF II will seek to deliver on IAPF I's strategy as set out in Section 3.2.1 of this Document, recognising IAPF I and IAPF II will be Stapled together with common ownership.

IAPF II will also provide investment management services and asset management services to the TAP Fund, as described in Section 3.2.4 of this Document, provide the TAP Commitment, and manage certain assets in which the Investec Group holds an interest, as described in Section 11.14 of this Document. It is possible that opportunities to manage other third party assets and funds may arise from time to time. This may enable IAPF to further diversify its income streams. IAPF II may pursue these opportunities if they are commercially attractive. While IAPF II may seek to grow its third party funds management platform over time, for the foreseeable future IAPF II's main focus will be to operate and manage IAPF I.

IAPF II will continue to receive fees from IAPF I under the Management Agreement, but these will be eliminated from an accounting perspective on consolidation, recognising that IAPF I and IAPF II will each be owned by the same Unitholders.

The Responsible Entity does not take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments for IAPF II. Environmental factors are addressed as part of customary property due diligence enquiries.

3.2.4. TAP Fund

Overview of the TAP Fund

The TAP Fund is an unlisted Australian opportunity fund which was launched in December 2019.

The TAP Fund seeks to invest in opportunistic real estate transactions in Australia and New Zealand with a shorter-term investment horizon than more passive investments, including value add and real estate backed debt opportunities which require more active management. There is not currently expected to be an overlap in the investment mandate of the TAP Fund and IAPF I.

The TAP Fund is intending to raise $300 million to deliver on its strategy. To date:

- the TAP Fund has received binding commitments from external investors of $100 million; and
- the Investec Group has provided a binding commitment to invest up to $40 million.

Provided drawdowns comply with the conditions set out in the limited partnership documentation (including applicable investment restrictions), these commitments are provided on an unconditional basis.

Investec Group Entities currently provide investment management services and asset management services to the TAP Fund.

As at the date of this Document, IAPF has no ownership interest in, or management rights to, the TAP Fund. If the Proposal is implemented:

- the investment and asset management arrangements between Investec Group Entities and the TAP Trustee and TAP GP will be novated to IAPF II. Following the novation, IAPF II will be entitled to receive investment and asset management fees and may also receive performance fees These fees are described in the summary of the TAP Investment Management Agreement and the TAP Fee Letters in Section 11.14 of this Document;
- the personnel who are currently involved in providing these investment management services and asset management services on behalf of the Investec Group (including members of Key Management) will be employed by IAPF II;
- IAPF II will commit to invest up to $30 million in the TAP Fund (the TAP Commitment), and Investec Group will retain a binding commitment to invest up to $10 million in the TAP Fund. The purpose of the TAP Commitment is to align the interests of IAPF II as incoming manager with the other investors in the TAP Fund. When converted into equity, it also provides an opportunity to generate investment returns; and
- IAPF II will indirectly acquire (as a result of acquiring the shares in IAPH) entities providing trustee services within the TAP Fund structure from the Investec Group.

While IAPF II's main focus for the foreseeable future will be to operate and manage IAPF I, the acquisition of the management rights to the TAP Fund under the Proposal is consistent with IAPF II's intent to grow its third party management platform over time, and will assist the IAPF Group to further diversify its income streams.

Other than through the TAP Commitment and the management arrangements described above, IAPF II will have no direct exposure to the underlying investments made by the TAP Fund.

3. Overview of IAPF

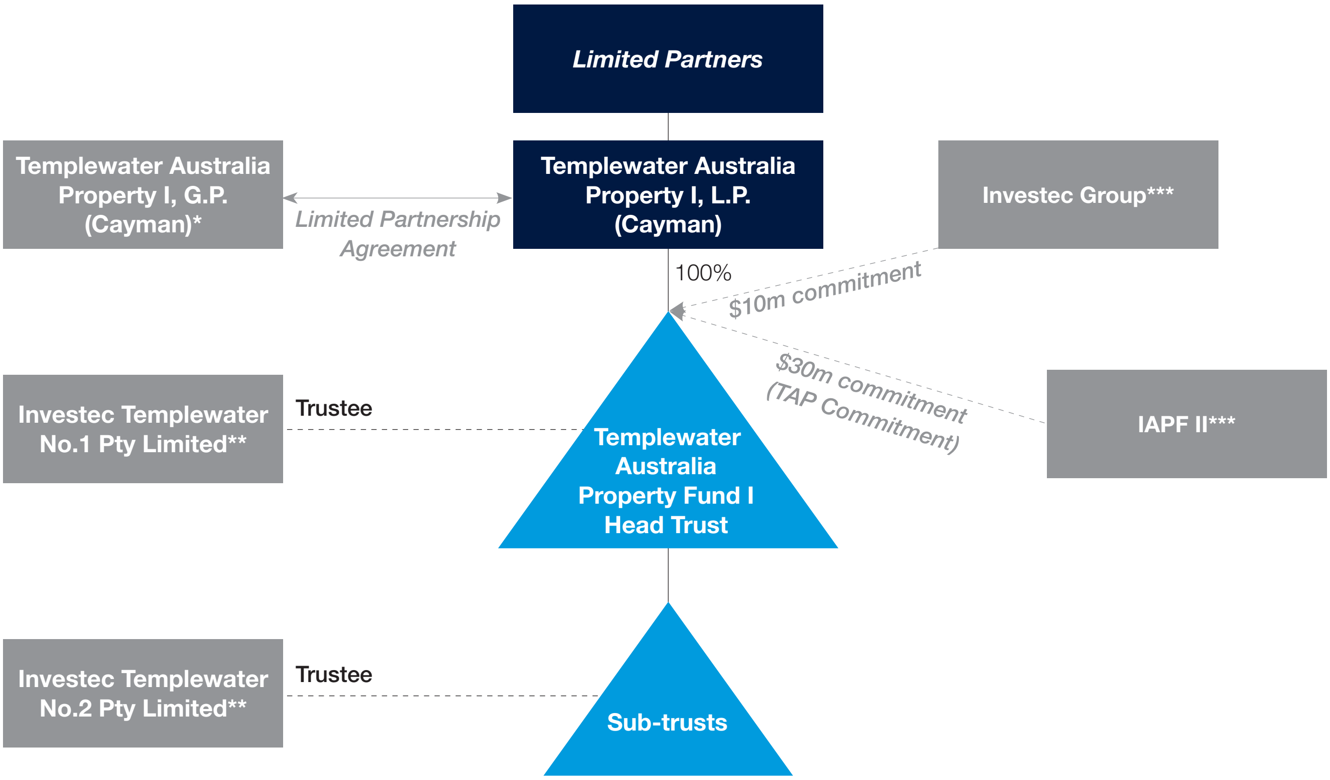
Structure and financial position of the TAP Fund
The TAP Fund comprises:

- the TAP LP, a Cayman exempted limited partnership whose limited partners comprise investment entities controlled by offshore persons who are high net worth individuals. The general partner of the TAP LP, Templewater Australia Property I, G.P. ("**TAP GP**"), is ultimately indirectly owned by the Investec Group and other unrelated third parties; and
- the TAP Head Trust, an unlisted Australian unit trust, which is currently wholly owned by the TAP LP.

Typically, investments of the TAP Fund will be made through separate sub-trusts relating to each investment. These sub-trusts will be established at the time of investment, and are wholly owned by the TAP Head Trust. Other than TAP Fund-wide finance facilities, there is a prohibition under the TAP Fund documentation on cross-collateralising liabilities of one sub-trust with assets of another.

None of the TAP LP, the TAP Head Trust nor the sub-trusts are registered as managed investment schemes under Chapter 5C of the Corporations Act, and accordingly will not be subject to that regulation.

A simplified diagram illustrating the structure of the TAP Fund (including the commitments provided by the Investec Group and IAPF II on implementation of the Proposal) is set out below. As illustrated in the diagram, the external limited partners have invested in the TAP Fund at the level of the TAP LP, and each of the Investec Group and IAPF II are investing at the level of the TAP Head Trust.



The TAP Fund is newly launched with limited operational history and results. As is typical of funds in the start-up stage, the TAP Fund has incurred a liabilities for fund set-up costs and accrued management fees, which has not been offset by cash or investments. Accordingly, as at 30 June 2020, the TAP Fund had an excess of liabilities over assets (in accounting terms, a "net liability" position) of $1.9 million. This financial position is not expected to materially change by the Implementation Date given the early stage nature of the two current investments in the TAP Fund and the expected timing of pipeline projects. If the Proposal is implemented, the Seller will provide to the Responsible Entity a revenue guarantee to cover the annualised forecast operating costs associated with the TAP Fund for FY21 of $2.6 million, as disclosed in Section 11.1 of this Document.

Notes:
* TAP GP is ultimately indirectly owned by the Investec Group and other unrelated third parties
** These trustee entities are Group Companies which are currently owned by the Investec Group, and will be indirectly acquired by IAPF II under the Proposal.
*** The $10 million commitment is provided by an Investec Group Entity. The $30 million TAP Commitment is provided by the Manager as trustee of IAMT (which will be owned by IAPF II following implementation of the Proposal)

Investors in the TAP Fund and other funding sources

The current external investors of the TAP Fund comprise four limited partners of the TAP LP, which are investment entities controlled by offshore persons who are high net worth individuals. These investors are unrelated to the Investec Group or IAPF II.

The commitments provided by the Investec Group (and following implementation, IAPF II) to invest in the TAP Fund are initially in the form of loan facilities to the TAP Head Trust, which are convertible into equity in the TAP Head Trust. These commitments are on equivalent terms, and effectively operate as limited partnership interests – i.e. they must be drawn down on a proportionate basis with (and at the same time as) the other limited partners in the TAP LP (and once converted into equity, Investec Group and IAPF II will similarly participate in investment returns on a proportionate basis with the other limited partners). Further information on the TAP Commitment given by IAPF II is set out below.

Capital calls may be made from investors of the TAP Fund (i.e. the TAP LP limited partners, Investec Group, and following implementation of the Proposal, IAPF II) on a proportionate basis to fund investments and costs of the TAP Fund from time to time. The liability of each investor will generally be limited to its undrawn capital commitment. If an investor fails to contribute to a funding call, the TAP GP may issue further drawdown notices to other investors (including IAPF II) to meet any shortfall, provided the aggregate amounts to meet such funding shortfalls do not exceed 30% of their respective commitments. For clarity, in no circumstance will IAPF II be required to contribute more than $30 million under the TAP Commitment.

In addition to the above, the TAP Fund has entered into a $40 million finance facility ("**TAP Fund Finance Facility**") which is available to fund investments and costs of the TAP Fund from time to time. The amount drawn under this facility to date (to fund part of the KPG I Investment (described below) and TAP Fund establishment costs) is $3.1 million.

To date, no capital calls have been made from investors in the TAP Fund, and no distributions have been made to investors (noting the TAP Fund is still in its initial investment phase).

The Responsible Entity's understanding is that the funding requirements of the TAP Fund through to the end of March 2021 are intended to be met using existing headroom under the TAP Fund Finance Facility.

TAP Commitment

The TAP Commitment is ultimately a $30 million equity investment that IAPF II will make to the TAP Fund, which is intended to both deliver a return and to align the interests of IAPF II (as manager of the TAP Fund) and the other investors in the TAP Fund. As discussed above, the TAP Commitment will initially take the form of an interest free facility from IAPF II (through the Manager as trustee of IAMT) to the TAP Head Trust, which may be drawn down (on a proportionate basis to the other investors in the TAP Fund) to fund investments and costs of the TAP Fund from time to time. The TAP Commitment is not contingent on the TAP Fund achieving particular capital raising milestones or other performance hurdles.

IAPF II has the right to convert amounts loaned under the facility into equity in the TAP Head Trust on or before the final closing date for the TAP LP (being a date no later than 19 December 2021 (which may be extended by the TAP GP by up to 6 months with the approval of the TAP LP advisory committee, or by more than 6 months with approval of investors holding at least 75% of total capital commitments (excluding defaulting investors)) ("**Final Closing Date**")).[8] IAPF II intends to exercise this right to convert. Once converted, units in the TAP Head Trust will be held by the Manager as trustee of IAMT. Post-conversion, any undrawn component of the commitment may continue to be called as equity on a proportionate basis to the other investors in the TAP Fund over the fund's investment period (being a period ending no later than 3 years following the Final Closing Date). The investment period may be extended by up to one year at the TAP GP's discretion. Following conversion, the Manager would similarly participate in investment returns of the TAP Fund on a proportionate basis to other investors.

In light of the current pipeline of investments in the TAP Fund and available capacity under the TAP Fund Finance Facility (as described above), the Responsible Entity understands that the TAP Fund does not anticipate making a capital call from investors until at least the end of March 2021. If the Proposal is implemented, IAPF II can be expected to contribute some portion of its $30 million investment to this capital call (on a proportionate basis to the other investors in the TAP Fund) at that time. The investment in the TAP Fund will be funded by a new debt tranche that will be added to Facility Agreement.

The key terms of the TAP Commitment and the proposed amendments to the Facility Agreement are described in Sections 11.4 and 11.15 of this Document respectively.

8. No other conversion triggers apply.

3. Overview of IAPF

Investments of the TAP Fund

The TAP Fund has a target return hurdle of 15% IRR before fees and taxes.

Under the TAP Investment Management Agreement, the investment manager of the TAP Fund (which will be controlled by IAPF II following implementation of the Proposal) is responsible for making recommendations to the TAP GP on the management of the TAP Fund, including identifying investment opportunities and sourcing new properties or acquisitions which meet the target return hurdles. The investment manager also makes recommendations to the TAP GP in relation to the funding of investment opportunities (which may include financing under the TAP Fund Finance Facility, through external debt or by way of capital calls to investors).

The current investments of the TAP Fund comprise:

- The Metro Northcote Investment, which is a mezzanine debt loan for the development of a residential townhouse project in Victoria (representing a $13.5 million project commitment);[9] and
- The KPG1 Investment, which is a senior debt loan provided for the development of a self-storage asset in Queensland (representing a $7.5 million project commitment).

These projects are expected to be funded under the TAP Fund Finance Facility.

If the Proposal is implemented, the TAP Fund will also acquire a minority interest in the PPI Trust, which in turn invests in a joint venture to develop a residential site in Victoria. The PPI Trust is currently owned by the Investec Group and an unrelated third party, and managed by the Investec Group. This is subject to customary completion conditions as well as FIRB approval.

In addition to the above, the TAP Fund has approved two further investments which are subject to documentation and external approvals, currently expected to complete prior to 31 March 2021.

Term of the TAP Fund

The term of the TAP LP is seven years following the Final Closing Date. This may be extended by the TAP GP by one-year periods at its discretion. At the end of the term, the TAP GP will be required to dissolve the TAP Fund, realise its investments and distribute any net proceeds to investors.

None of IAPF II, the Investec Group or any other investor in the TAP Fund has a right to withdraw its investment before the end of the term.

3.3. Benefits of an investment in IAPF

In addition to the advantages of the Proposal described in Section 2.4 of this Document, the benefits associated with an investment in IAPF include the following:

3.3.1. Portfolio of diversified assets

The Portfolio comprises 30 Properties sectorially and geographically diversified and valued at $1,085 million.[10] IAPF I has focused on constructing a Portfolio with the following characteristics:

- Strategically located industrial properties that typically provide longer term sustainable Gross Property Income;
- Suburban office properties located in close proximity to key infrastructure such as main arterial roads and railway stations with affordable occupancy costs for tenants; and
- CBD office properties in select markets with the opportunity to enhance Gross Property Income and/or capital value through active asset management.

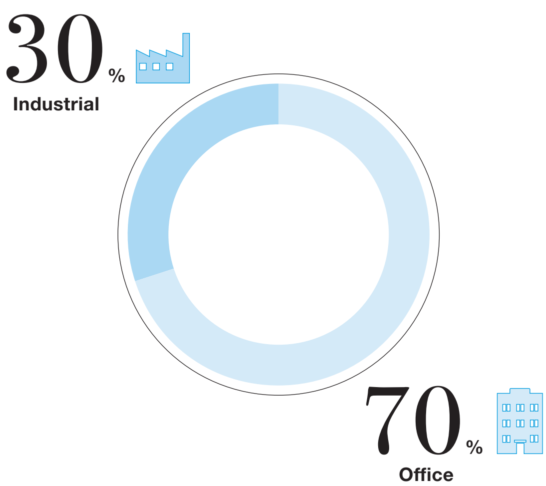
9. The TAP Fund has entered into binding documentation under which it will make the Metro Northcote Investment, subject to the satisfaction of certain conditions. Completion of the investment is expected to occur prior to implementation of the Proposal.
10. As at 31 July 2020.

A breakdown of the Portfolio is set out below, with further details on each Property set out in Section 4 of this Document.

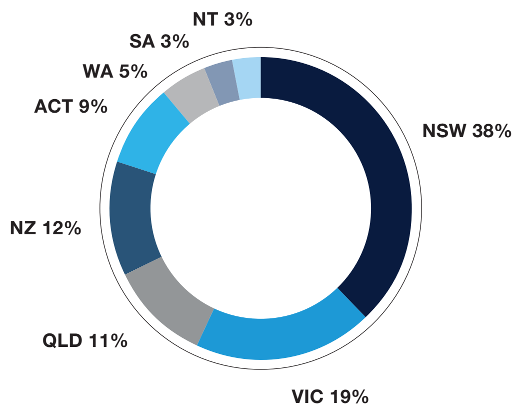
#30	$1,085 million	6.57%	4.9 years	98.9%
ASSETS	VALUATION	WACR[1]	WALE[2]	OCCUPANCY[2]

	Industrial	Office	Total
Book value ($ million)	322	763	**1,085**
WACR (%)	6.83	6.46	**6.57**
GLA (sqm)	198,315	135,573	**333,889**
WALE (by years)	5.9	4.5	**4.9**
Occupancy (%)	100.0	98.4	**98.9**
Number of Properties	18	12	**30**
Average Property size (A$m)	18	64	**36**

SPLIT BY SECTOR[1]



SPLIT BY GEOGRAPHY[1]



Notes
1. By Property value.
2. Weighted by Gross Property Income.

IAPF I's Portfolio was valued as at 31 March 2020, and the valuations reflect the fair values adopted for IAPF I's 2020 annual report. The Independent Directors are of the view that these values are an appropriate basis for the disclosure in this Document. Further details on the valuation approach undertaken the Responsible Entity (including consideration of the impacts of the COVID-19 pandemic) are disclosed in Section 6.4.1 of this Document.

3. Overview of IAPF

3.3.2. Gross Property Income supported by long leases, good quality tenants and contracted revenue growth

As at 31 July 2020, the Portfolio was 98.9%[11] occupied and had a WALE of 4.9 years[12] with 45.5%[13] of leases expiring after five years. The WARR across the Portfolio is 3.34%[14] with 94.2% of the Portfolio subject to fixed annual rental escalations.

PORTFOLIO OCCUPANCY[1]

Office (%)

SEP 15	MAR 16	SEP 16	MAR 17	SEP 17	MAR 18	SEP 18	ASX IPO Date	SEP 19	MAR 20	31 JUL 20
98	100	96	93	98	98	99	99	100	99	98

Industrial (%)

SEP 15	MAR 16	SEP 16	MAR 17	SEP 17	MAR 18	SEP 18	ASX IPO Date	SEP 19	MAR 20	31 JUL 20
100	100	100	100	100	100	100	100	100	100	100

TOTAL - OFFICE + INDUSTRIAL (%)

99	100	97	95	98	99	99	99	100	99	99

PORTFOLIO LEASE EXPIRY PROFILE[1,2]

Office (%)

Vacant	FY21	FY22	FY23	FY24	FY25	FY26+
1	4	7	7	6	19	25

Industrial (%)

Vacant	FY21	FY22	FY23	FY24	FY25	FY26+
0	1	1	2	2	3	20

TOTAL - OFFICE + INDUSTRIAL (%)

1	5	8	10	9	22	45

Notes
1. Weighted by Gross Property Income.
2. Numbers may not add up due to rounding.

IAPF I has a diversified tenant base across both industry and tenant types, with no single tenant (excluding government tenants) accounting for more than 4.4% of Gross Property Income. IAPF I has limited exposure to tenants in the retail and consumer discretionary sectors, with a high proportion of tenants being government, listed or multinational.

11. Weighted by Gross Property Income.
12. Weighted by Gross Property Income.
13. Weighted by Gross Property Income.
14. Weighted by Gross Property Income.

INDUSTRY TYPE[1]	Industrial (%)	Office (%)	Total (%)
Government	0.0	29.4	**20.5**
Information Technology	0.0	24.8	**17.3**
Industrials	48.0	2.8	**16.4**
Financials/Professionals	0.0	16.3	**11.4**
Health Care	8.7	12.2	**11.1**
Consumer Staples	17.5	1.9	**6.6**
Materials	21.0	0.2	**6.5**
Real Estate	0.0	6.0	**4.2**
Consumer Discretionary	4.7	2.4	**3.1**
Retail	0.0	1.8	**1.2**
Communication Services	0.0	1.0	**0.7**
Energy	0.0	0.9	**0.6**
Other	0.2	0.4	**0.3**
Total	**100**	**100**	**100**

TENANT TYPE[1]	Industrial (%)	Office (%)	Total (%)
Foreign listed	23.3	26.6	**15.5**
Australian corporate	22.7	16.6	**36.8**
Australian listed	15.2	11.5	**23.7**
Federal government	9.1	13.1	**0.0**
Multinational	8.8	5.3	**17.1**
SME	8.0	8.4	**7.0**
State government	6.0	8.6	**0.0**
Foreign government	5.4	7.7	**0.0**
Not for profit	1.5	2.1	**0.0**
Total	**100**	**100**	**100**

TOP 10 TENANTS[1]		Industry	% of Portfolio
1	Commonwealth of Australia	Government	9.0
2	carsales.com	Information Technology	4.4
3	Ricoh Australia	Information Technology	4.0
4	Honeywell	Information Technology	3.3
5	Vulcan Steel	Materials	3.0
6	State Government of Victoria	Government	2.9
7	CTI Freight Systems	Industrials	2.8
8	Northline	Industrials	2.7
9	Pharmaxis	Health Care	2.6
10	Milne Agrigroup	Consumer Staples	2.4
		Total	**37.2**

Notes
1. Weighted by Gross Property Income.

3. Overview of IAPF

3.3.3. Diversified income streams

In addition to the income generated by the Portfolio owned by IAPF I, Unitholders have immediate access to investment management fees and asset management fees associated with IAPF II performing investment management services and asset management services to the TAP Fund and the Investec Group. IAPF II will also commit to invest up to $30 million in the TAP Fund. The purpose of the TAP Commitment is to align the interests of IAPF II as incoming manager with the other investors in the TAP Fund. When converted into equity, it also provides an opportunity to generate investment returns.

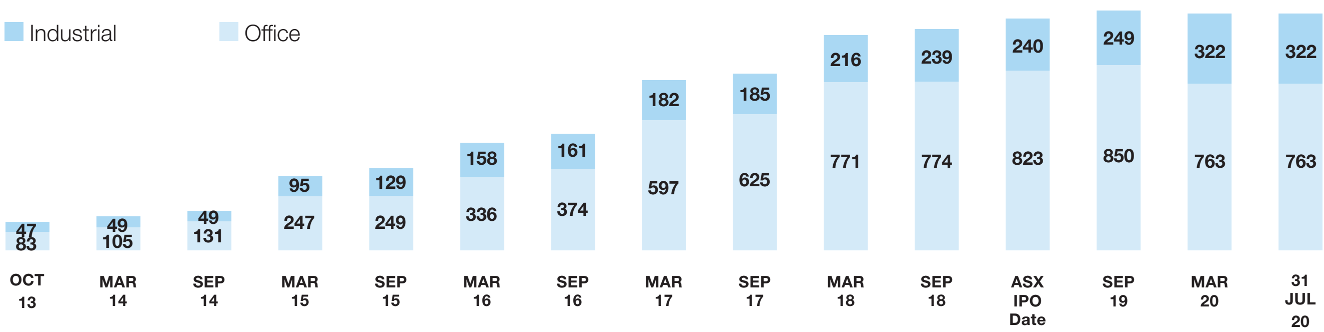
It is possible that opportunities to manage other third party assets and funds may arise from time to time. This may enable IAPF to further diversify its income streams. IAPF II may pursue these opportunities if they are commercially attractive.

3.3.4. Track record of Portfolio growth and performance

IAPF I has a measured, disciplined and value based approach to Portfolio growth, and has a proven record of completing acquisitions, as outlined in Section 3.2.2 of this Document. Since listing on the JSE in October 2013, the Portfolio has grown 8.4 times and IAPF has diversified its capital sources with its ASX listing in May 2019. This growth demonstrates management's ability to identify and secure acquisitions which have enhanced investor returns. IAPF I has achieved valuation uplifts through active asset management and Capitalisation Rate compression. See Section 3.2.2 of this Document for further details on IAPF I's acquisition strategy and asset management initiatives.

PORTFOLIO VALUE ($ MILLION)

130	154	180	342	378	494	535	779	810	987	1,013	1,063	1,099	1,085	1,085



NUMBER OF PROPERTIES (OFFICE / INDUSTRIAL)

8	9	10	16	18	19	20	24	25	26	27	28	31	30	30
2/6	3/6	4/6	6/10	6/12	7/12	8/12	11/13	12/13	12/14	12/15	13/15	13/18	12/18	12/18

Notes
Figures may not add up due to rounding.

3.3.5. Ability to leverage the management team's expertise

The management team will comprise 13 full time staff with a presence in each of IAPF's key geographies of Sydney, Melbourne and Brisbane, led by Key Management. Graeme Katz (Executive Director and Chief Executive Officer) and Zach McHerron (Fund Manager) have been managing the Portfolio since IAPF I listed on the JSE in 2013. The expertise of the management team covers the key disciplines of origination, asset management, project and development management and finance. See Section 5.3 of this Document for further details on the management team.

3.3.6. Experienced, majority independent Board

The Directors are all experienced directors who possess a broad range of skills covering property, funds management, investment banking, mergers and acquisitions, public policy, legal and compliance. See Section 5.2 of this Document for further details on the Directors. If the Proposal is implemented, the Board will continue to be majority independent.

3.4. Risks of an investment in IAPF

IAPF is subject to risks that are both specific to its business operations in the property industry and to those of a general nature. Many of these risks are outside the control of the Responsible Entity, the Directors and management and if they were to eventuate, may adversely affect the future operating performance of, and the value of an investment in, IAPF. Section 7 of this Document describes what the Responsible Entity currently believes to be the key risks associated with an investment in IAPF. There may be additional risks that should be considered in light of Unitholders' personal circumstances.

3.5. Financing arrangements

3.5.1. Borrowing policy

On implementation of the Proposal, IAPF will have Gearing of 25.8% after funding the Total Consideration and Transaction Costs.

The progressive investment in the TAP Fund (via the TAP Commitment) will also be funded by a new debt tranche that will be added to the Facility Agreement. If IAPF II were to contribute 100% of its $30 million investment, the Gearing Ratio will increase to 27.8%.[15]

Under the Constitutions, the Responsible Entity must ensure that IAPF's Gearing Ratio does not exceed 60% at any time and under the Facility Agreement IAPF's Gearing Ratio must not exceed 55%. Notwithstanding this, the Board has approved a borrowing policy whereby Gearing will be maintained between 30% and 40%, with the ability to exceed the top end of the range, provided Gearing will be reduced to below 40% within a reasonable period of time.

3.5.2. Hedging policy

The hedging policy is to maintain at least 75% of borrowings as fixed through the use of hedging instruments such as interest rate swaps, concurrently fulfilling the requirement under the Facility Agreement to hedge at least 50% of the interest rate exposure under the Facility.

3.5.3. Current financing arrangements

IAPF has, through Hold Trust, entered into the Facility Agreement which remains in place as at the date of this Document. The size of the Facility is $325 million. It is available to fund general corporate purposes including permitted acquisitions of real property. Interest is calculated through applying a margin to the applicable base rate (generally the Australian Bank Bill Swap Reference Rate (Bid) (BBSY)). The applicable margin varies depending on the tranche of the Facility.

If the Proposal is implemented, the Facility Agreement will be amended to include a new $40 million tranche from Westpac, $30 million of which has the specific purpose of funding drawdowns under the TAP Commitment. The $10 million balance is intended to maintain headroom under the Facility as part of IAPF's cash and treasury management, and is available for general corporate purposes (including meeting capital expenditure and other operational requirements). No drawdown on the additional $10 million new debt tranche is assumed in the forecast period, as the Responsible Entity does not currently expect that it would need to draw down on these funds within 12 months of the date of this Document.

This new tranche will increase the size of the Facility to $365 million. The amendments will also provide for a $10 million bank guarantee in relation to an eligible undertaking provided by Westpac, to enable the Responsible Entity to meet its regulatory capital requirements under its AFSL.

See Section 11.15 of this Document for further details.

3.5.4. Financing arrangements between IAPF I and IAPF II

On implementation of the Proposal, IAPF I's principal sources of funds will continue to be cash flows from operations and unutilised debt facilities.

3.6. Distribution policy

Following implementation of the Proposal, the Responsible Entity will continue to target Distributions of between 80% and 100% of IAPF's FFO each year in accordance with its existing Distribution policy. The Board retains the discretion to amend the Distribution policy.

The Distribution payout ratio will be formulated with regard to a range of factors including:

- General business and financial conditions;
- Certainty of IAPF's cash flow and adequacy of forecast liquidity;
- Capital expenditure requirements and acquisitions;
- Covenants and undertakings under the Facility Agreement;
- Taxation considerations;
- Working capital requirements; and
- Other factors that the Responsible Entity considers relevant.

The Responsible Entity intends to continue to pay Distributions on a half yearly basis in respect of the periods ending 31 March and 30 September. Following implementation of the Proposal, IAPF's first Distribution is expected to be for the period ended 31 March 2021.

15. Following implementation, IAPF II is not expected to contribute a portion of the TAP Commitment until at least the end of March 2021. See Section 6.4 of this Document for further details.

3. Overview of IAPF

As a dual listed entity, IAPF must comply with both the ASX Listing Rules and the JSE Listings Requirements. However, under the Constitutions, if it is not possible for the Responsible Entity to comply with both sets of Listings Requirements, the Responsible Entity must comply with the rule or requirement of the Main Trading Exchange at the relevant time.

As at the date of this Document, the Main Trading Exchange of IAPF is the JSE. While the Main Trading Exchange of IAPF is the JSE, it is intended that IAPF's interim and final Distributions will be paid in accordance with the corporate actions timetables under the JSE Listings Requirements. Distributions are generally expected to be paid in the months of June and December. If the Main Trading Exchange becomes the ASX, the Responsible Entity will comply with the distribution timetables under the ASX Listing Rules as required under the Constitutions. Further information on the differences between the ASX and the JSE distribution timetables is set out in Annexure D of this Document.

The Responsible Entity can provide no guarantee as to the extent of future Distributions and these will depend on the future FFO of IAPF and IAPF's financial position at the relevant time. The Responsible Entity will continue to monitor the appropriateness of the Distribution policy to ensure that it meets the ongoing objectives of IAPF and is in the best interests of Unitholders.

IAPF determines Distributions in AUD. In accordance with existing arrangements, Unitholders holding Stapled Securities on the Australian Register will receive their Distributions in AUD. For Unitholders holding Stapled Securities on the South African Register, Distributions are converted to ZAR based on an exchange rate and conversion date announced by IAPF via SENS.

3.7. Valuation policy

3.7.1. Valuation basis

IAPF values Properties on the basis of fair value. The fair values are based on market values, being the estimated amount for which a Property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction.

3.7.2. Frequency of valuation

IAPF's policy is to value all Properties at each reporting period, with independent valuations performed on a rotational basis to ensure each Property is valued at least every 24 months by an independent external valuer (in compliance with the Facility Agreement).

For Properties not independently valued during a reporting period, a Directors' valuation is carried out to determine the appropriate carrying value of the Property when IAPF's financial reports are prepared. Where Directors' valuations are performed, the valuation methods include using the discounted cash flow method and the capitalisation method.

All independent valuations are presented to the Audit and Risk Committee and the Board or a committee of the Board appointed for such purpose.

3.7.3. TAP Fund

If the Proposal is implemented, IAPF II will provide the TAP Commitment, as described in Section 3.2.4 of this Document. Initially, the TAP Commitment will be in the form of a loan, with the ability for IAPF II to be issued equity in the TAP Fund in the future. The Responsible Entity will consider and disclose to Unitholders a suitable valuation policy if, and when, any such issuance occurs.

3.8. Dual listing

IAPF will continue to be dual primary listed on the ASX and the JSE and will therefore need to comply with both the ASX Listing Rules and the JSE Listings Requirements (provided that where it is not possible to comply with both sets of requirements, the rules of the Main Trading Exchange prevail to the extent of any inconsistency). In the event a direct inconsistency became apparent, the Responsible Entity would seek to consult with the relevant exchange and confirm the proposed course of action (which may include requesting a waiver or dispensation). A comparison of the Listings Requirements is set out in Annexure D of this Document. In particular, Unitholders should note the following:

- There are different rules relating to the issue of new securities, and timetables for the issue of new securities differ. Generally, the timetables prescribed under the JSE Listings Requirements are longer than the timetables prescribed under the ASX Listing Rules;
- Timetables for the declaration and payment of Distributions differ. IAPF's Distribution policy is set out in Section 3.6 of this Document. While IAPF is listed on the JSE, IAPF cannot offer a Distribution reinvestment plan without the specific approval of Unitholders for the issue of Stapled Securities under the Distribution reinvestment plan having been obtained;
- Normal settlement of securities traded on the ASX is on a T+2 basis while normal settlement of securities traded on the JSE is on a T+3 basis;
- There is a requirement under the JSE Listings Requirements to submit a compliance declaration in terms of its continuing obligations as a CISIP;
- Timing for disclosure of Directors' dealings and periodic reporting differs;
- Both the ASX Listing Rules and the JSE Listings Requirements require Unitholder approval for significant transactions and related party transactions, subject to the applicable thresholds;

- The Constitutions may be amended by the Responsible Entity in limited circumstances in Australia without Unitholder approval. However, while the Stapled Securities are listed on the JSE, amendments to either Constitution will require a special resolution of Unitholders; and
- Both the ASX Listing Rules and the JSE Listings Requirements govern in a similar manner trading halts and voluntary and permanent suspension from the relevant exchange. Delisting from the JSE requires Unitholder approval and an offer of securities to Unitholders which is subject to a fairness opinion from an independent expert.

None of ASIC, ASX nor JSE take any responsibility for the content of this Document or for an investment in IAPF. The fact that the ASX or JSE may admit IAPF II to the official list of the ASX or JSE should not to be taken as an endorsement by the ASIC, ASX or JSE of the merits of IAPF II, IAPF or any investment in Stapled Securities.

3.9. Reporting

IAPF's current financial year end is 31 March. It is intended that following implementation of the Proposal, IAPF will amend its financial year to report on a 30 June financial year basis, to align more closely with other Australian REITs. If the Proposal is implemented and IAPF's financial year end is amended, formal reporting will be provided to Unitholders as at 30 June (full year) and 31 December (interim) each year (although IAPF intends to pay a Distribution for the period ending 31 March 2021). These reports will include:

- A statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows;
- A reconciliation of net profit to operating earnings;
- The amount of Distributions paid and payable for the period;
- Significant activities undertaken for the period; and
- Any Portfolio updates the Responsible Entity deems relevant.

An annual financial report will be provided to Unitholders in accordance with the Corporations Act and Listings Requirements. The annual financial report will be audited whilst the interim financial report will be audit reviewed. Financial reports will be made available on IAPF's website at www.iapf.com.au.

4

Portfolio overview

4. Portfolio overview

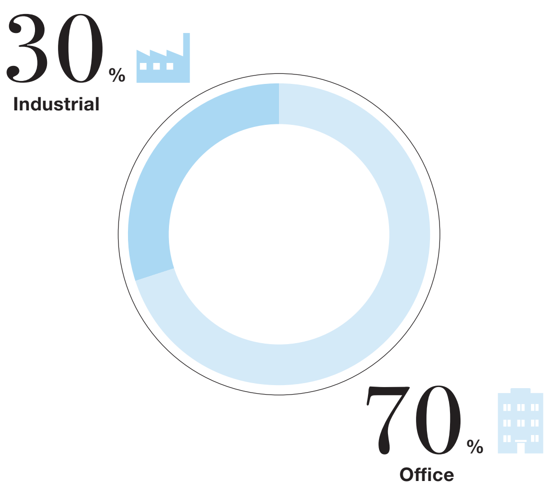
4.1. Introduction

The Portfolio comprises 30 Properties valued at $1,085 million reflecting a WACR of 6.57%[1] and lettable area of 333,889 sqm.[2] The Portfolio is geographically diversified with Properties located in the key markets across Australia and New Zealand. The majority of IAPF I's exposure is to New South Wales, Queensland and Victoria, which represent 68% of the Portfolio by Property value.

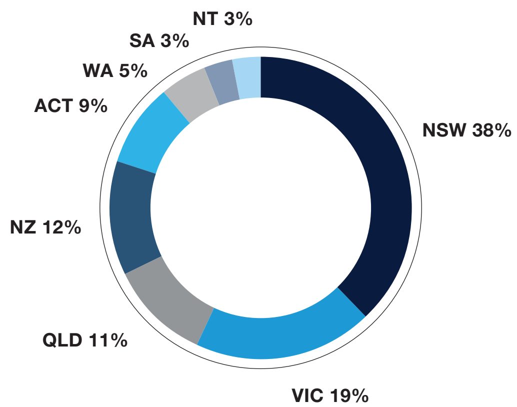
The Portfolio is currently 98.9%[3] occupied and has a WALE of 4.9[4] years with 45.5%[5] of leases lasting more than five years and a WARR of 3.34%.[6]

Sector	Properties number	Valuation[7] $ million	WACR[8] %	WALE[9] years	Occupancy[10] %
Office	12	763	6.46	4.5	98.4
Industrial	18	322	6.83	5.9	100.0
Total / Weighted average	**30**	**1,085**	**6.57**	**4.9**	**98.9**

SPLIT BY SECTOR[11]



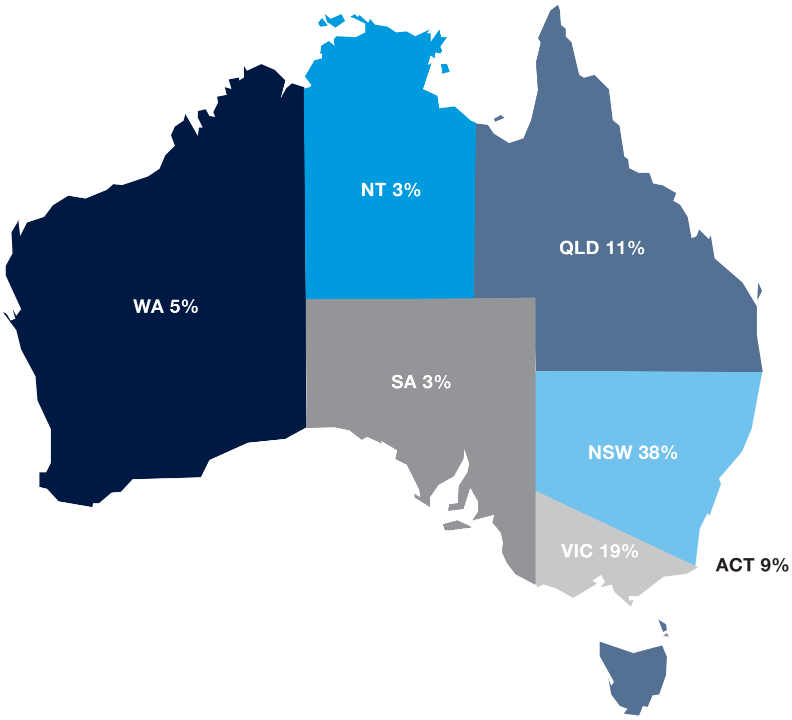
SPLIT BY GEOGRAPHY[12]



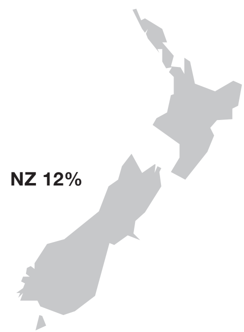
1. By Property value.
2. As at 31 July 2020. These figures do not include the proposed acquisition of the Brendale Property (see Section 4.4 of this Document for further details).
3. Weighted by Gross Property Income.
4. Weighted by Gross Property Income.
5. Weighted by Gross Property Income.
6. Weighted by Gross Property Income.
7. IAPF I's Portfolio was valued as at 31 March 2020 and reflects the fair values adopted for IAPF I's 2020 annual report. The Independent Directors are of the view that these values are an appropriate basis for the disclosure in this Document. Further details on the valuation approach undertaken the Responsible Entity (including consideration of the impacts of the COVID-19 pandemic) are disclosed in Section 6.4.1 of this Document.
8. By Property value.
9. Weighted by Gross Property Income.
10. Weighted by Gross Property Income.
11. Weighted by Property value.
12. Weighted by Property value.

4. Portfolio overview

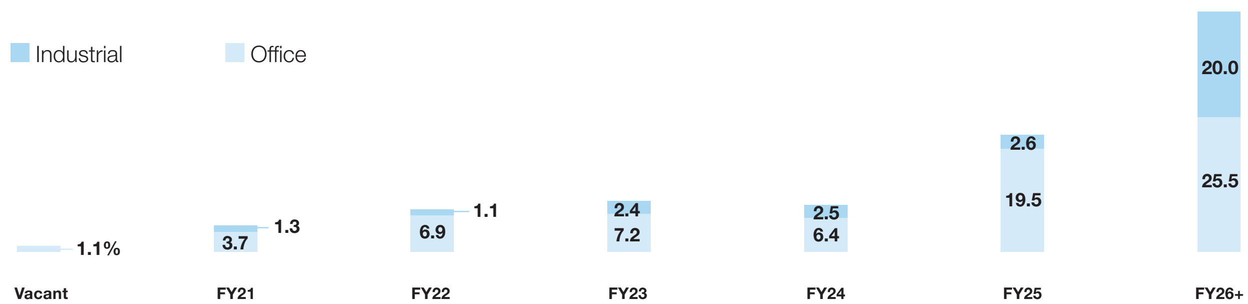
PROPERTY LANDSCAPE[13]



Victoria	2	3
South Australia		2
New South Wales	5	4
Queensland	2	2
ACT	2	4
Western Australia		2
Northern Territory		1
New Zealand	1	



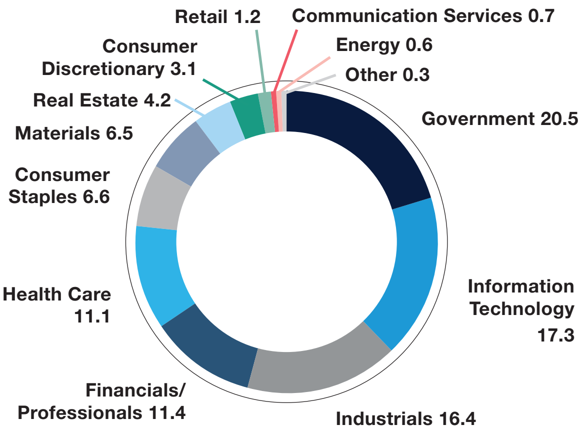
LEASE EXPIRY PROFILE (%)[14]



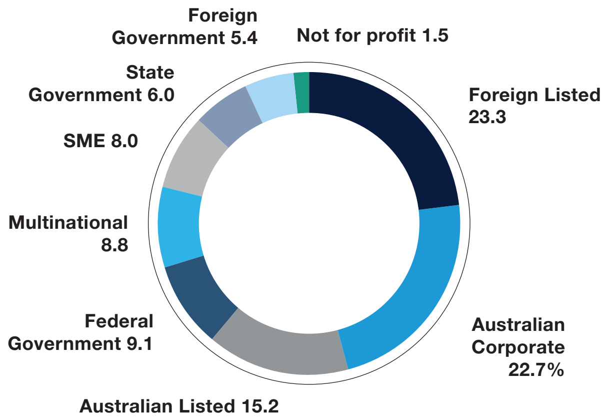
Note: Numbers may not add up due to rounding.

13. Weighted by Property value.
14. Weighted by Gross Property Income.

INDUSTRY TYPE (%)[15]



TENANT TYPE (%)[16]



Overview of the 10 largest tenants by Gross Property Income

Tenant	% of Portfolio	Description
Commonwealth of Australia	9.0%	Various departments of the Commonwealth of Australia including the Department of Human Services, the Department of Home Affairs and the Australian Taxation Office.
carsales.com	4.4%	Largest online automotive, motorcycle and marine classifieds business in Australia with over 600 employees and listed on the ASX, with a market capitalisation of ~AUD 4.5 billion (as at 31 July 2020).
Ricoh Australia	4.0%	Provider of workplace technology with over 900 employees in Australia, and a subsidiary of Ricoh Group, a global operation with over 107,000 employees and listed on the Tokyo Stock Exchange.
Honeywell	3.3%	Diversified technology and manufacturing leader serving customers with aerospace products and services, control technologies for buildings and industrial, automotive products and specialty materials., with more than 131,000 employees worldwide, and listed on the New York Stock Exchange with a market capitalisation of ~USD 104.8 billion (as at 31 July 2020).
Vulcan Steel	3.0%	Involved in the distribution and value-added processing of quality steel products, with major warehouse and processing service centres in Sydney and Newcastle.
State Government of Victoria	2.9%	Department of Justice and Community Safety, a department of the State Government of Victoria.
CTI Freight Systems	2.8%	Provides third-party logistics solutions, covering general, e-commerce fulfilment, bulk and temperature-controlled warehousing with flexible distribution options and is a member of CTI Logistics Limited which has over 1,000 employees and is listed on the ASX with a market capitalisation of ~AUD 37.3 million (as at 31 July 2020).
Northline	2.7%	Specialises in national freight management including road and rail services, warehousing and distribution, international freight management and project logistics within mining, construction, oil and gas industries with 13 branches across Australia.
Pharmaxis	2.6%	Pharmaceutical research company which has a signature partnership with Boehringer Ingelheim (one of the world's 20 leading pharmaceutical companies) and is listed on the ASX with a market capitalisation of ~AUD 32.8 million (as at 31 July 2020).
Milne Agrigroup	2.4%	One of the largest integrated agribusiness groups servicing Western Australia for over 100 years.

15. Weighted by Gross Property Income.
16. Weighted by Gross Property Income.

4. Portfolio overview

4.2. Portfolio summary metrics

Property	State or Territory	Valuation $ million	Fund ownership %	WACR[17] %	WALE[18] years	Occupancy[19] %	Lettable area sqm	WARR[20] %	Annualised Gross Property Income[21] $ million
Office									
449 Punt Road, Cremorne	VIC	58.8	100	5.75	4.2	100.0	6,719	3.50	4.2
35-49 Elizabeth Street, Richmond	VIC	93.0	100	5.75	5.2	100.0	11,917	3.72	7.2
2 Richardson Place, North Ryde	NSW	97.2	100	6.25	5.3	100.0	15,205	3.65	8.0
20 Rodborough Road, Frenchs Forest	NSW	62.5	100	6.25	5.5	88.9	12,906	3.23	5.4
113 Wicks Road, Macquarie Park	NSW	29.0	100	6.00	2.9	100.0	6,199	3.56	2.4
21-23 Solent Circuit, Baulkham Hills	NSW	61.5	100	6.75	4.9	98.4	10,820	3.48	5.4
266 King Street, Newcastle	NSW	77.0	100	6.88	3.6	100.0	13,870	3.50	7.2
324 Queen Street, Brisbane	QLD	76.8	50	6.25	3.6	95.2	19,364	3.72	7.5
2404 Logan Road, Eight Mile Plains	QLD	18.2	100	8.25	0.7	100.0	3,637	3.22	2.3
186 Reed Street, Greenway	ACT	25.7	100	7.25	2.6	100.0	5,407	3.50	3.0
100 Willis Street, Wellington	NZ	134.5	100	7.00	5.3	100.0	24,810	2.85	12.9
24 Wormald Street, Symonston	ACT	29.2	100	6.38	7.1	100.0	4,720	3.50	2.3
Total / Weighted average		**763.2**		**6.46**	**4.5**	**98.4**	**135,573**	**3.44**	**67.8**
Industrial									
66 Glendenning Road, Glendenning	NSW	29.4	100	5.50	9.3	100.0	16,461	3.00	2.2
24 Rodborough Road, Frenchs Forest	NSW	22.3	100	7.13	3.8	100.0	7,198	3.25	2.5
165 Newton Road, Wetherill Park	NSW	25.3	100	5.50	10.5	100.0	12,529	3.00	1.9
24 Spit Island Close, Newcastle	NSW	10.6	100	7.00	10.4	100.0	5,257	3.75	0.9
67 Calarco Drive, Derrimut	VIC	10.2	100	6.25	7.0	100.0	7,149	3.50	0.8
6-8 and 11 Siddons Way, Hallam	VIC	20.0	100	5.75	4.9	100.0	15,504	2.50	1.3
36-42 Hydrive Close, Dandenong	VIC	20.2	100	5.88	4.8	100.0	14,635	3.50	1.6
30-48 Kellar Street, Berrinba	QLD	8.4	100	7.00	3.3	100.0	4,102	3.15	0.7
85 Radius Drive, Larapinta	QLD	17.5	100	7.00	2.9	100.0	10,088	1.90	1.7
24 Sawmill Circuit, Hume	ACT	9.1	100	8.75	0.5	100.0	7,350	-	1.2
47 Sawmill Circuit, Hume	ACT	11.1	100	7.38	6.0	100.0	5,535	4.00	1.0
57 Sawmill Circuit, Hume	ACT	9.5	100	7.88	1.0	100.0	7,079	4.00	1.0
44 Sawmill Circuit, Hume	ACT	10.4	100	7.63	2.2	100.0	4,639	3.75	1.2
54 Miguel Road, Bibra Lake	WA	30.1	100	7.13	7.2	100.0	22,358	3.00	2.7
103 Welshpool Road, Welshpool	WA	25.9	100	6.88	7.8	100.0	5,246	3.25	2.3

Property	State or Territory	Valuation $ million	Fund ownership %	WACR[17] %	WALE[18] years	Occupancy[19] %	Lettable area sqm	WARR[20] %	Annualised Gross Property Income[21] $ million
2-8 Mirage Road, Direk	SA	8.8	100	8.75	2.1	100.0	6,762	3.50	1.1
46-70 Grand Trunkway, Gillman	SA	25.2	100	6.88	7.4	100.0	31,589	3.00	2.0
16 Dawson Street, East Arm	NT	28.1	100	8.13	7.1	100.0	14,835	3.00	2.6
Total / Weighted average		**321.8**		**6.83**	**5.9**	**100.0**	**198,315**	**3.15**	**28.8**
Portfolio total / Weighted average		**1,085.0**		**6.57**	**4.9**	**98.9**	**333,889**	**3.34**	**96.6**

17. By Property value.
18. Weighted by Gross Property Income.
19. Weighted by Gross Property Income.
20. Weighted by Gross Property Income.
21. In this Document, references to Annualised Gross Property Income are annualised based on 31 July 2020.

4. Portfolio overview

4.3. Portfolio overview

4.3.1. Office

449 Punt Road, Cremorne VIC

- Located 2kms from the Melbourne CBD in one of the best performing Melbourne fringe office markets
- High quality building with significant exposure to main arterial roads and in close proximity to the Richmond train station
- High quality ASX listed tenant

Valuation ($ million)	**58.8**
Capitalisation Rate (%)	**5.75**
WALE (years)	**4.2**
Occupancy (%)	**100.0**
Lettable area (sqm)	**6,719**
Annualised Gross Property Income ($ million)	**4.2**

35-49 Elizabeth Street, Richmond VIC

- Located 3kms from the Melbourne CBD in one of the best performing Melbourne fringe office markets
- High quality building next to the Richmond train station and in close proximity to Victoria Street amenity
- High quality tenant mix including the Victorian Department of Justice and Community Safety, Mercy Health and Probe

Valuation ($ million)	**93.0**
Capitalisation Rate (%)	**5.75**
WALE (years)	**5.2**
Occupancy (%)	**100.0**
Lettable area (sqm)	**11,917**
Annualised Gross Property Income ($ million)	**7.2**

2 Richardson Place, North Ryde NSW

- Located 10kms from the Sydney CBD in close proximity to the North Ryde train station and key arterial roads
- A-grade building with 5.0 star NABERS energy rating and affordable occupancy costs
- High quality tenant mix including Honeywell and Ricoh Australia

Valuation ($ million)	**97.2**
Capitalisation Rate (%)	**6.25**
WALE (years)	**5.3**
Occupancy (%)	**100.0**
Lettable area (sqm)	**15,205**
Annualised Gross Property Income ($ million)	**8.0**

20 Rodborough Road, Frenchs Forest NSW

- Located 19kms from the Sydney CBD in close proximity to the new Northern Beaches Hospital and associated infrastructure
- Campus style building with affordable occupancy costs
- High quality tenant mix including Kentucky Fried Chicken (head office), Henkel and Alexion Pharmaceuticals

Valuation ($ million)	**62.5**
Capitalisation Rate (%)	**6.25**
WALE (years)	**5.5**
Occupancy (%)	**88.9**
Lettable area (sqm)	**12,906**
Annualised Gross Property Income ($ million)	**5.4**

113 Wicks Road, Macquarie Park NSW

- Located 12kms from the Sydney CBD in close proximity to the M2 Motorway, the North Ryde and Macquarie Park train stations and other key infrastructure
- Attractive configuration with 50% office accommodation and 50% warehouse and affordable occupancy costs
- Good quality tenant mix including Mine Site Technologies, NSW Health and Telstra

Valuation ($ million)	**29.0**
Capitalisation Rate (%)	**6.00**
WALE (years)	**2.9**
Occupancy (%)	**100.0**
Lettable area (sqm)	**6,199**
Annualised Gross Property Income ($ million)	**2.4**

21-23 Solent Circuit, Baulkham Hills NSW

- Located 36kms from the Sydney CBD in close proximity to the new North West Rail Link
- Campus style building with affordable occupancy costs
- High quality tenant mix including Clarendon Homes, Telstra Health, Novo Nordisk and HWL Ebsworth

Valuation ($ million)	**61.5**
Capitalisation Rate (%)	**6.75**
WALE (years)	**4.9**
Occupancy (%)	**98.4**
Lettable area (sqm)	**10,820**
Annualised Gross Property Income ($ million)	**5.4**

4. Portfolio overview

266 King Street, Newcastle NSW

- Located in the heart of the Newcastle CBD adjacent to the new State Law Court and in close proximity to The University of Newcastle
- High quality tenant mix including CBA, Australian Taxation Office, Employers Mutual and NSW State Government
- 4.5 star NABERS energy rating

Valuation ($ million)	**77.0**
Capitalisation Rate (%)	**6.88**
WALE (years)	**3.6**
Occupancy (%)	**100.0**
Lettable area (sqm)	**13,870**
Annualised Gross Property Income ($ million)	**7.2**

324 Queen Street, Brisbane QLD (50% ownership)

- Located in the heart of the Brisbane CBD in the 'Golden Triangle'
- Good quality tenant mix including Allianz, ANZ and American Express
- Joint venture with Abacus Property Group

Valuation ($ million)	**76.8**
Capitalisation Rate (%)	**6.25**
WALE (years)	**3.6**
Occupancy (%)	**95.2**
Lettable area (sqm)	**19,364**
Annualised Gross Property Income ($ million)	**7.5**

2404 Logan Road, Eight Mile Plains QLD

- Located 15kms from the Brisbane CBD with easy access to the Pacific Motorway and the Gateway Motorway
- Low rise campus style building within an established office park catering to medical users

Valuation ($ million)	**18.2**
Capitalisation Rate (%)	**8.25**
WALE (years)	**0.7**
Occupancy (%)	**100.0**
Lettable area (sqm)	**3,637**
Annualised Gross Property Income ($ million)	**2.3**

186 Reed Street, Greenway ACT

- Located 19kms from the Canberra CBD in the Tuggeranong Town Centre
- A-grade office building leased to the Commonwealth of Australia
- 5.5 star NABERS energy rating

Valuation ($ million)	**25.7**
Capitalisation Rate (%)	**7.25**
WALE (years)	**2.6**
Occupancy (%)	**100.0**
Lettable area (sqm)	**5,407**
Annualised Gross Property Income ($ million)	**3.0**

100 Willis Street, Wellington NZ

- Located in the heart of the Wellington CBD
- Iconic building with 100% seismic rating
- Low market vacancy (less than 1%) and tenant incentives
- High quality tenant mix including New Zealand Trade & Enterprise, Opus International, Ernst & Young and Cigna Life Insurance

Valuation ($ million)	**134.5**
Capitalisation Rate (%)	**7.00**
WALE (years)	**5.3**
Occupancy (%)	**100.0**
Lettable area (sqm)	**24,810**
Annualised Gross Property Income ($ million)	**12.9**

24 Wormald Street, Symonston ACT

- Located 7kms from the Canberra CBD, 4kms from Parliament House and 3kms from Canberra Airport
- Good quality three level office building constructed to a very high specification
- Long term lease to the Commonwealth of Australia

Valuation ($ million)	**29.2**
Capitalisation Rate (%)	**6.38**
WALE (years)	**7.1**
Occupancy (%)	**100.0**
Lettable area (sqm)	**4,720**
Annualised Gross Property Income ($ million)	**2.3**

4. Portfolio overview

4.3.2. Industrial

66 Glendenning Road, Glendenning NSW

- Located 35kms from the Sydney CBD in an established industrial precinct
- Easy access to the M7 Motorway which connects to the M4 and M5 Motorways
- Generic warehouse facility with adjoining office accommodation
- High quality multinational tenant

Valuation ($ million)	**29.4**
Capitalisation Rate (%)	**5.50**
WALE (years)	**9.3**
Occupancy (%)	**100.0**
Lettable area (sqm)	**16,461**
Annualised Gross Property Income ($ million)	**2.2**

24 Rodborough Road, Frenchs Forest NSW

- Located 19kms from the Sydney CBD in close proximity to the new Northern Beaches Hospital and associated infrastructure
- Modern office and warehouse facility with significant tenant fitout for pharmaceuticals manufacturing
- Good quality ASX listed tenant

Valuation ($ million)	**22.3**
Capitalisation Rate (%)	**7.13**
WALE (years)	**3.8**
Occupancy (%)	**100.0**
Lettable area (sqm)	**7,198**
Annualised Gross Property Income ($ million)	**2.5**

165 Newton Road, Wetherill Park NSW

- Located 34kms from the Sydney CBD in an established industrial precinct
- Good quality tenant on long term lease

Valuation ($ million)	**25.3**
Capitalisation Rate (%)	**5.50**
WALE (years)	**10.5**
Occupancy (%)	**100.0**
Lettable area (sqm)	**12,529**
Annualised Gross Property Income ($ million)	**1.9**

24 Spit Island Close, Newcastle NSW

- Located 5kms from the Port of Newcastle and 10kms from the Newcastle CBD
- Good quality tenant on long term lease

Valuation ($ million)	**10.6**
Capitalisation Rate (%)	**7.00**
WALE (years)	**10.4**
Occupancy (%)	**100.0**
Lettable area (sqm)	**5,257**
Annualised Gross Property Income ($ million)	**0.9**

67 Calarco Drive, Derrimut VIC

- Located 18kms from the Melbourne CBD in an established industrial precinct
- Easy access to main arterial roads
- Good quality tenant on long term lease

Valuation ($ million)	**10.2**
Capitalisation Rate (%)	**6.25**
WALE (years)	**7.0**
Occupancy (%)	**100.0**
Lettable area (sqm)	**7,149**
Annualised Gross Property Income ($ million)	**0.8**

6-8 and 11 Siddons Way, Hallam VIC

- Located 33kms from the Melbourne CBD in an established industrial precinct
- Easy access to the South Gippsland Highway, M3 Eastlink and the M1 Monash Freeway
- Two freestanding warehouse facilities allowing for flexible re-use if the current tenant vacates

Valuation ($ million)	**20.0**
Capitalisation Rate (%)	**5.75**
WALE (years)	**4.9**
Occupancy (%)	**100.0**
Lettable area (sqm)	**15,504**
Annualised Gross Property Income ($ million)	**1.3**

4. Portfolio overview

36-42 Hydrive Close, Dandenong South VIC

- Located 32kms from the Melbourne CBD in an established industrial precinct
- Easy access to the South Gippsland Highway, the M3 Eastlink and the M1 Monash Freeway
- High quality ASX listed tenant on long term lease

Valuation ($ million)	**20.2**
Capitalisation Rate (%)	**5.88**
WALE (years)	**4.8**
Occupancy (%)	**100.0**
Lettable area (sqm)	**14,635**
Annualised Gross Property Income ($ million)	**1.6**

30-48 Kellar Street, Berrinba QLD

- Located 28kms from the Brisbane CBD in a high quality industrial estate
- Easy access to the Logan Motorway and the Pacific Motorway
- Constructed to a very high standard with generic warehouse and temperature controlled bay
- Good quality tenant

Valuation ($ million)	**8.4**
Capitalisation Rate (%)	**7.00**
WALE (years)	**3.3**
Occupancy (%)	**100.0**
Lettable area (sqm)	**4,102**
Annualised Gross Property Income ($ million)	**0.7**

85 Radius Drive, Larapinta QLD

- Located 26kms from the Brisbane CBD in a high quality industrial estate
- Easy access to the Logan Motorway and the Pacific Motorway
- Constructed to a very high standard
- Good quality tenant

Valuation ($ million)	**17.5**
Capitalisation Rate (%)	**7.00**
WALE (years)	**2.9**
Occupancy (%)	**100.0**
Lettable area (sqm)	**10,088**
Annualised Gross Property Income ($ million)	**1.7**

24 Sawmill Circuit, Hume ACT

- Located 14kms from the Canberra CBD in a purpose built industrial park with easy access to the Monaro Highway and the Canberra Airport
- Generic industrial facility constructed to a very high standard

Valuation ($ million)	**9.1**
Capitalisation Rate (%)	**8.75**
WALE (years)	**0.5**
Occupancy (%)	**100.0**
Lettable area (sqm)	**7,350**
Annualised Gross Property Income ($ million)	**1.2**

47 Sawmill Circuit, Hume ACT

- Located 14kms from the Canberra CBD in a purpose built industrial park with easy access to the Monaro Highway and the Canberra Airport
- Generic industrial facility constructed to a very high standard
- Long term lease to high quality multinational tenant

Valuation ($ million)	**11.1**
Capitalisation Rate (%)	**7.38**
WALE (years)	**6.0**
Occupancy (%)	**100.0**
Lettable area (sqm)	**5,535**
Annualised Gross Property Income ($ million)	**1.0**

57 Sawmill Circuit, Hume ACT

- Located 14kms from the Canberra CBD in a purpose built industrial park with easy access to the Monaro Highway and the Canberra Airport
- Generic industrial facility constructed to a very high standard
- Leased to a high quality multinational tenant

Valuation ($ million)	**9.5**
Capitalisation Rate (%)	**7.88**
WALE (years)	**1.0**
Occupancy (%)	**100.0**
Lettable area (sqm)	**7,079**
Annualised Gross Property Income ($ million)	**1.0**

4. Portfolio overview

44 Sawmill Circuit, Hume ACT

- Located 14kms from the Canberra CBD in a purpose built industrial park with easy access to the Monaro Highway and the Canberra Airport
- High quality cross dock and warehouse facility
- Long term lease to high multinational quality tenant

Valuation ($ million)	**10.4**
Capitalisation Rate (%)	**7.63**
WALE (years)	**2.2**
Occupancy (%)	**100.0**
Lettable area (sqm)	**4,639**
Annualised Gross Property Income ($ million)	**1.2**

54 Miguel Road, Bibra Lake WA

- Located 24kms from the Perth CBD in an established industrial precinct
- Easy access to the Kwinana Freeway and the Roe Highway
- Third party logistics warehouse facility with limited direct exposure to resources sector
- Good quality ASX listed tenant on long term lease

Valuation ($ million)	**30.1**
Capitalisation Rate (%)	**7.13**
WALE (years)	**7.2**
Occupancy (%)	**100.0**
Lettable area (sqm)	**22,358**
Annualised Gross Property Income ($ million)	**2.7**

2-8 Mirage Road, Direk SA

- Located 25kms from the Adelaide CBD in a purpose built industrial park with easy access to the Northern Express and the Port of Adelaide
- High quality generic warehouse and distribution facility
- Lease to high quality multinational tenant

Valuation ($ million)	**8.8**
Capitalisation Rate (%)	**8.75**
WALE (years)	**2.1**
Occupancy (%)	**100.0**
Lettable area (sqm)	**6,762**
Annualised Gross Property Income ($ million)	**1.1**

103 Welshpool Road, Welshpool WA

- Located 10kms south east of the Perth CBD and 4kms west of Perth Airport on one of Perth's busiest intersections
- Immediate access to major arterials, with significant frontage to the Leach Highway and Welshpool Road
- Comprises three separate lots which could be sold separately on redevelopment or reconfiguration
- Long term triple net lease to good quality tenant

Valuation ($ million)	**25.9**
Capitalisation Rate (%)	**6.88**
WALE (years)	**7.8**
Occupancy (%)	**100.0**
Lettable area (sqm)	**5,246**
Annualised Gross Property Income ($ million)	**2.3**

46-70 Grand Trunkway, Gillman SA

- Located 15kms north west of the Adelaide CBD and 10kms south of Flinders Adelaide Container Terminal
- Strategically located close to the port, rail and major transport routes
- High quality tenant that has operated from the property for 34 years

Valuation ($ million)	**25.2**
Capitalisation Rate (%)	**6.88**
WALE (years)	**7.4**
Occupancy (%)	**100.0**
Lettable area (sqm)	**31,589**
Annualised Gross Property Income ($ million)	**2.0**

16 Dawson Street, East Arm NT

- Located 17kms south east of Darwin's CBD and within immediate proximity to North Shell Island, Darwin's main industrial freighting port and right next to the intermodal rail freight in East Arm
- Newly constructed warehouse facility utilised for logistics purposes and a container rated hardstand
- Long lease to a high quality tenant

Valuation ($ million)	**28.1**
Capitalisation Rate (%)	**8.13**
WALE (years)	**7.1**
Occupancy (%)	**100.0**
Lettable area (sqm)	**14,835**
Annualised Gross Property Income ($ million)	**2.6**

4. Portfolio overview

4.4. Brendale Property

On 11 August 2020, IAPF announced that it had entered into agreements to acquire on a fund-through basis an industrial facility to be constructed at the Brendale Property. The acquisition is expected to complete prior to implementation of the Proposal, subject to the satisfaction of certain conditions. For further details, see IAPF's announcement to the market on the ASX and the JSE or on IAPF's website at www.iapf.com.au.

As IAPF is yet to complete the acquisition, the Brendale Property does not form part of the Portfolio for the purposes of this Document and the Financial Information included in this Document (other than certain Forecast Financial Information) does not take into account the proposed acquisition of the Brendale Property.

5

Board and management of IAPF

5. Board and management of IAPF

5.1. Overview of the management of IAPF

If the Proposal is implemented, the Responsible Entity will remain as responsible entity of IAPF I and the nature and content of the services it provides IAPF I will not change. The Responsible Entity is also the responsible entity of IAPF II.

Following implementation of the Proposal, the Manager will continue to provide certain investment management services, property management services and leasing services to IAPF I under the Management Agreement.

5.2. Board of the Responsible Entity

The Directors are experienced directors who have a broad range of skills and expertise covering property, funds management, investment banking, mergers and acquisitions, public policy, legal and compliance.

It is intended that if the Proposal is implemented, Sam Leon and Hugh Martin will retire from the Board on implementation of the Proposal and the remaining Directors will continue in office. The Board considers that the reduced number of Directors is appropriate for a standalone internally managed Australian REIT of this size.

The biographies of the current Directors are outlined below.

Position	Experience and expertise
	**Richard Longes** *Chairman and independent non-executive Director* Appointed to the board of Investec Property Limited on 28 February 2005, which became the responsible entity of IAPF I in 24 July 2013. Richard has been the independent chairman since that time. Richard is chairman of Investec Property Limited. He was a co-founder of Investec Wentworth (Pty) Ltd (formerly Wentworth Associates) and was previously a partner in the law firm, Freehills. He holds, or has held, positions with government advisory boards, including the review of the National Museum and the funds management committee for the IIF programme, and not for profit organisations. Richard was previously chairman of Investa Office Fund, MLC Limited, GPT Group and Investec Australia Limited and a non-executive director of Metcash Limited, Boral Limited and Lend Lease Corporation Limited.
	**Graeme Katz** *Executive Director and Chief Executive Officer* Appointed to the Board on 31 March 2009 Graeme joined the Investec Group to head up the Australian property business 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 a number of companies within the Investec Group. He was previously a director of the Property Investors Association of Australia.
	**Stephen Koseff** *Non-executive Director* Appointed to the Board on 7 July 2014 Stephen held various roles at the Investec Group over a 39 year period, including as chief executive officer from 1996 to 2018. He is a former board member of Business Leadership South Africa, a former non-executive director and chairman of the South African Banking Association, a former director of the JSE Limited, a former member of the Financial Markets Advisory Board and former chairman of the Independent Bankers Association. Stephen is currently chairman of BidCorp Limited, Bud Group (Pty) Ltd and IEP Group (Pty) Ltd and co-chair of Youth Employment Service. In 2017, Stephen was awarded an Honorary Doctor of Commerce Degree by the University of the Witwatersrand.

Sam Leon
Non-executive Director

Appointed to the Board on 24 July 2013

Sam has over 40 years of experience across all sectors of the property industry, with 30 years at the Investec Group, firstly as a director of Investec Property (Pty) Limited, then managing director and currently as an independent contractor in a non-executive role. He was a founder of and instrumental in the transformation of Growthpoint into South Africa's largest listed property fund and was a director until the Investec Group sold its interest in October 2007. He also served on the board of the South African Property Owners' Association (SAPOA). Sam retired as chief executive officer of Investec Property Fund Limited on 31 March 2015, having held this position since its listing on the JSE in April 2011. He remains on the board of Investec Property Fund Limited as non-executive deputy chairman.

Sally Herman
Lead independent non-executive Director

Appointed to the Board on 24 July 2013

Sally has had a long career in financial services in both Australia and the United States. 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 Westpac Group, including the institutional bank, wealth management and the retail and business banking division. Sally is currently a non-executive director, sitting on both for-profit and not-for-profit boards, and is actively involved in the community, with a particular interest in the arts, education and disability services. Her commercial boards are in the property, financial services, manufacturing and retail sectors and include four publicly listed companies – Premier Investments Limited, Breville Group Limited, Suncorp Limited and Evans Dixon Limited. Sally is also a member of Chief Executive Women.

Hugh Martin
Independent non-executive Director

Appointed to the Board on 30 September 2014

Hugh has enjoyed a successful career at director and senior executive level with over 40 years' experience in major public and private institutions in the finance and property industry, internationally and domestically. He commenced his career as an accountant in South Africa before relocating to Australia. Hugh was formerly an executive director of the apartments business of Lend Lease Corporation Limited. From 1997 to 2001, Hugh was chief executive officer of the joint venture between Mirvac and Lend Lease for the development, construction and sale of the Olympic Village, now known as the suburb of Newington in Sydney. Hugh's previous positions have been as finance director of Baulderstone Hornibrook, director of property investments with the State Authorities Superannuation Board of NSW (now Dexus), managing director of Leda Holdings, chief general manager of Homebush Bay Development, City West and Honeysuckle corporations, general manager of special projects at Westfield Holdings Limited, project director for Lend Lease Group and national general manager for the apartments development division at Stockland Corporation. Hugh is now a non-executive director, advisory board member and consultant on a number of both profit and not for profit boards.

5. Board and management of IAPF

Georgina Lynch
Independent non-executive Director

Appointed to the Board on 1 July 2019

Georgina has over 25 years' experience in the financial services and property industry. She is currently the non-executive chair of Cbus Property, an independent non-executive director and member of the audit and risk committee of Waypoint REIT and an independent non-executive director and member of the remuneration and nomination committee of Tassal Group Limited. Georgina has significant global experience in corporate transactions, capital raisings, initial public offerings, funds management, corporate strategy and acquisitions and divestments.

5.3. Management team

The management team has significant experience in asset and funds management and property investment and management.

The management team comprises an experienced group of professionals with skills across the key disciplines of origination, asset management, project and development management and finance. The team has a presence in each of IAPF's key geographies of Sydney, Melbourne and Brisbane, meaning that it is able to source and execute acquisitions efficiently and provide ongoing property management oversight and support in respect of the Properties. Key Management comprises Graeme Katz (Executive Director and Chief Executive Officer), Zach McHerron (Fund Manager) and Kristie Lenton (Chief Financial Officer), all of whom are directors of the Manager and have been employed by the Investec Group for 14, 13 and 11 years respectively.

The Audit and Risk Committee is satisfied that Kristie Lenton has the appropriate expertise and experience to be appointed as the Chief Financial Officer.

Senior management team and directors of the Manager

 **Graeme Katz** *Chief Executive Officer*	 **Zach McHerron** *Fund Manager*	 **Kristie Lenton** *Chief Financial Officer*
Refer to Section 5.2 of this Document.	Zach has more than 20 years' experience in a range of legal, corporate, property funds management and property development roles. Zach joined the Investec Group in 2007 and is involved in the structuring, capital raising and management of property funds.	Kristie started her career in accounting where she was a manager in assurance, tax and business services. Kristie joined the Investec Group in 2009 where she worked in both central finance and property. She was responsible for Investec Australia's finance operations before joining the property team.

SUPPORTED BY

Origination	Asset management	Finance and support	Capital partnerships
George Rose *Melbourne – 11 years* **David Cupit** *Brisbane – 12 years*	**James Graves** *Head of Asset management – 3 years* **Tom Greenwell** *Asset manager – 5 years* **Ivan Goodman** *Projects – 6 years*	**Joanna Xue** *Finance manager – 19 years* **Lucy Spenceley** *Company secretary and investor relations – 9 years* **Edwin Cheung** *Analyst – 2 years*	**Adam Broder** *Head of capital partherships – 11 years* **Sam Wood** *Analyst – 1 year*

5.4. Interests of the Directors and Key Management

5.4.1. Directors' interests

The direct and indirect beneficial interests of the Directors (and their Associates) in IAPF I Units as at the date of this Document are set out below:

Directors of the Responsible Entity	Interests pre implementation of the Proposal	
	Number of IAPF I Units held	Percentage of voting rights
Executive Director		
Graeme Katz	229,296	0.04%
Non-executive Directors		
Sam Leon	4,000,000	0.65%
Sally Herman	37,879	0.01%
Associates of Richard Longes[1]	56,819	0.01%
Associates of Georgina Lynch[2]	67,493	0.01%
Associates of Stephen Koseff[3]	288,289	0.05%
Total	**4,679,776**	**0.77%**

If the Proposal is implemented, these Directors or their Associates (as applicable) will receive one IAPF II Unit for each IAPF I Unit they hold at the Stapling Record Date.

5.4.2. Remuneration and related arrangements

Directors

Following implementation of the Proposal, the Board will comprise of five Directors, with one executive Director (Graeme Katz) and four non-executive Directors (of whom three Directors) are independent. The chairman (Richard Longes) is an independent non-executive Director, and Sally Herman is the lead independent Director. The majority of the Board comprises non-executive Directors, and the majority of non-executive Directors are independent.

Following implementation, the proposed Director fees for the non-executive Directors comprise:

- Annual Director's fees of $120,000 for the chairman;
- Annual Directors' fees of $80,000 each for the remaining three non-executive Directors;
- A fee of $15,000 for each of Sally Herman and Georgina Lynch as members of the Audit and Risk Committee (and an additional fee of $15,000 for Sally Herman for her role as chair); and
- A fee of $5,000 for each member of the Nomination and Remuneration Committee,

totalling $425,000 per annum. Any changes to these fees will be disclosed to Unitholders in IAPF's annual remuneration report.

The constitution of the Responsible Entity also provides that the shareholder of the Responsible Entity (being IAPH) may fix a limit on the remuneration payable to the Directors. This limit has currently been fixed at $1,000,000 per annum for the non-executive Directors. If the Proposal is implemented, Unitholders will be asked to approve any proposed increase to the aggregate non-executive Director fee cap under the constitution of the Responsible Entity going forward. See Section 5.6.1 of this Document for further details.

The remuneration of the executive Director is described in Section 12.11 of this Document.

Key Management

Key Management will be remunerated in accordance with their respective Management Employment Agreements, as described in Section 12.11 of this Document.

In addition, members of Key Management may receive Stapled Securities pursuant to the LTIP, as described in Section 12.10.1 of this Document, and may also receive payments under the Retention Scheme described in Section 12.10.2 of this Document.

Unless disclosed elsewhere in this Document, no officer of the Manager currently has or has had any material beneficial interest, either direct or indirect, in the promotion of IAPF and in any property acquired or proposed to be acquired by IAPF, or any other similar transaction.

1. Through Gemnet Pty Ltd.
2. Through G Lynch Investments Pty Ltd.
3. Interests held by family members and trusts controlled by Stephen Koseff together with members of his family.

5. Board and management of IAPF

5.5. Custodian

The Custodian is Perpetual Corporate Trust Limited. The Responsible Entity has entered into the Custody Agreement with the Custodian, under which the Custodian has agreed to hold the assets of IAPF I that are transferred or delivered to the Custodian on behalf of the Responsible Entity.

If the Proposal is implemented, the Custody Agreement will be amended so that it applies to assets held by IAPF II. See Section 11.11 of this Document for further details.

5.6. Corporate governance

The appointed non-executive Directors, representing both South Africa and Australia, are experienced directors who have a broad range of skills including strategy, leadership and communications, and expertise covering property, funds management, investment banking, mergers and acquisitions, public policy, legal and compliance, all of which enable them to bring independent judgement to Board deliberations and decisions. The Board ensures that there is an appropriate balance of power and authority, such that no one individual or block of individuals can dominate the Board's decision making.

The Board of IAPF I acknowledges that the length of Director service on the board needs to be assessed to ensure that a Director's independence from management and substantial holders has not been compromised. The interests of IAPF I and its unitholders are well served by having a mix of Directors, some with a longer tenure with a deep understanding of the entity and its business and some with a shorter tenure with fresh ideas and perspective. The mere fact that a Director has served on a board for a substantial period does not mean that the Director has become too close to management or a substantial holder to be considered independent.

The Directors are committed to ensuring the Board is diverse and appropriately balanced in terms of independence, business experience, knowledge, skills and gender. A review of Board performance will be carried out on an annual basis. This review will take into account the operation and performance of the Board and its committees, and the effectiveness of Board communications.

As IAPF is dual listed, it must comply with the corporate governance principles contained in the ASX Guidelines as they apply to Managed Investment Schemes, and the JSE Listings Requirements, which among other things require compliance with the King IV Code principles. The King IV Code outlines the corporate governance guidelines that apply to all JSE listed entities.

The Board is committed to the continued application and monitoring of the principles prescribed by the ASX Guidelines and the King IV Code and have applied these principles to the management of IAPF to the extent applicable.

IAPF I's 2020 annual report sets out the 16 principles of the King IV Code principles which currently apply to IAPF I and explains the application of each of these principles to IAPF I. A copy of IAPF I's 2020 annual report is available on IAPF's website at www.iapf.com.au and can be requested by email (investorrelations@investec.com.au).

If the Proposal is implemented, IAPF will be subject to additional corporate governance principles in the King IV Code and the ASX Guidelines which do not currently apply to IAPF I on the basis that it is externally managed (for example, the requirement to establish a nomination committee under the ASX Guidelines and to establish a remuneration committee under the ASX Guidelines and JSE Listings Requirements as read with the King IV Code).

In addition, if the Proposal is implemented, the Board will adopt a corporate governance framework which is designed to improve the accountability of Directors and Key Management and to be consistent, as far as practicable, with the best practice procedures of public listed companies in accordance with the relevant obligations under the Corporations Act and the ASX Listing Rules. The revised framework will provide Unitholders with a number of additional rights in relation to governance and remuneration matters (as described in Sections 2.4 and 5.6.1 of this Document).

If the Proposal is implemented, the key elements of IAPF's governance framework will be in accordance with the below.

5.6.1. Appointment and remuneration of Directors and key management personnel

As at the date of this Document, decisions relating to the appointment and removal of the Directors are the responsibility of the Board or the Investec Group. The remuneration of the independent, non-Investec Group associated non-executive directors is determined by a disinterested quorum of Directors, and the remuneration of the remaining Directors is determined by the Investec Group. If the Proposal is implemented, Unitholders will be granted a number of additional rights in relation to governance and remuneration matters. In particular:

- The appointment of each Director other than the Chief Executive Officer will be approved (by ratification) by Unitholders at the annual general meeting of IAPF immediately succeeding their initial appointment, and thereafter at least every three years, with at least one Director seeking election or re-election at every annual general meeting. The Responsible Entity will also accept nominations for the election of Directors prior to a general meeting;

- Unitholders will have the ability to lodge an advisory vote at the annual general meeting on whether to approve the annual remuneration report of the Responsible Entity, which will detail the quantum and nature of the remuneration of Directors and other key management personnel and other information required under section 300A of the Corporations Act;
- In the event that the remuneration report of the Responsible Entity is voted against by Unitholders exercising 25% or more of the voting rights exercised at the annual general meeting (a "**strike**"), under the JSE Listings Requirements IAPF must in its voting results SENS announcement provide for: (a) an invitation to dissenting Unitholders to engage with IAPF; and (b) the manner and timing of such engagement. In addition, the "two strikes" regime which applies to remuneration report voting under the Corporations Act will be applied by IAPF as if it were a listed company. Under this regime, in the event that two strikes are recorded against IAPF's remuneration report at two consecutive annual general meetings, a spill resolution will be put to Unitholders which, if passed, will require that the non-executive Directors who were in office at the time the relevant remuneration report was approved stand for re-election if they wish to continue in office; and
- Unitholders will be asked to approve any proposed increase to the aggregate non-executive Director fee cap, which is currently set at $1,000,000 per annum (see Section 5.4.2 of this Document).

The Director nomination and election rights outlined above are contained in the Governance Deed Poll described in Section 11.3 of this Document.

These measures are designed to ensure the Board is held accountable by Unitholders for oversight of the performance and strategic direction of IAPF, and enhance transparency in relation to the remuneration of Directors and key management personnel.

5.6.2. Board roles and responsibilities

The Responsible Entity's Board Charter establishes a framework for the role, composition and meeting procedures of the Board, including in its capacity as the responsible entity of IAPF I and IAPF II. The Board Charter reflects the King IV Code and ASX Guidelines (as required), and sets out the role and responsibilities of the Board, which responsibilities are delegated to committees of the Board or to management, as well as the membership and the operation of the Board. A copy of the Board Charter is available on IAPF's website at www.iapf.com.au.

5.6.3. Code of Conduct

The Responsible Entity is committed to acting honestly and with integrity in all its dealings. The Code of Conduct sets out the values, commitments, ethical standards, and policies of the Responsible Entity and outlines the standards of conduct expected of its business and people, taking into account the Responsible Entity's legal and other obligations to its stakeholders. The Board has endorsed the Code of Conduct. The Board and management believe that the Responsible Entity's commitment to the Code of Conduct will assist in maintaining confidence of the Responsible Entity's key stakeholders in the Responsible Entity's integrity. A copy of the Code of Conduct is available on IAPF's website at www.iapf.com.au.

5.6.4. Board committees

The Board may, from time to time, establish committees to assist in the discharge of its responsibilities.

Audit and Risk Committee

The Board has established an Audit and Risk Committee. The Audit and Risk Committee is currently comprised of three independent non-executive Directors, being Sally Herman, Hugh Martin and Georgina Lynch. Sally Herman is the chair of the Audit and Risk Committee. Following implementation of the Proposal, the Audit and Risk Committee will comprise Sally Herman, Richard Longes and Georgina Lynch.

The Audit and Risk Committee will comply with the ASX Guidelines, JSE Listings Requirements and King IV Code in relation to its composition and operation.

The Audit and Risk Committee Charter establishes the duties and responsibilities of the Audit and Risk Committee to assist the Board in carrying out its accounting, auditing, financial reporting and compliance responsibilities, including appointing and liaising with an external auditor and overseeing the external audit process. The Audit and Risk Committee also assists the Board in overseeing social and ethical matters, including organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. A copy of the Audit and Risk Committee Charter is available on IAPF's website at www.iapf.com.au.

The Audit and Risk Committee has, as at the date of this Document, executed its responsibilities in terms of the Audit and Risk Committee Charter and the JSE Listings Requirements.

Investment Committee

The Board has established an Investment Committee to consider and approve investments. The Investment Committee consists of all members of the Board and has the express delegated authority of the Board to consider and approve all investments other than related party transactions which must be considered and approved in accordance with the related party policy described in Section 5.6.6 of this Document.

5. Board and management of IAPF

When making investment decisions, the Investment Committee takes into account the strategy and objectives set out in the investment policy, including to invest in commercial real estate assets in Australia and New Zealand, to grow and diversify the asset base and to offer Unitholders sustainable income and capital growth. A copy of the investment policy is available on IAPF's website at www.iapf.com.au.

Disclosure Committee

The Board has established a Disclosure Committee comprising members of management to assist in meeting the Responsible Entity's and IAPF's obligations under the Listings Requirements. The Disclosure Committee is responsible for:

- Making decisions on what information should be disclosed to the market; and
- Ensuring disclosure is made in a timely and efficient manner.

Nomination and Remuneration Committee

As an externally managed fund with no employees, the Responsible Entity was not obliged to have a nomination and remuneration committee in respect of IAPF I. However, the Board decided to establish a nomination and remuneration committee in early 2020 comprising Richard Longes (as chairman of the committee), Sally Herman, Stephen Koseff and Georgina Lynch.

If the Proposal is implemented, that committee will continue to be known as the Nomination and Remuneration Committee. The Nomination and Remuneration Committee will adopt a new charter in accordance with the requirements of the ASX Guidelines and the committee will:

- Advise the Board on succession planning generally;
- Assist with induction and continuing professional development programs for Directors;
- Develop and implement processes for evaluating the performance of the Board, its committees and Directors;
- Develop processes for recruiting new Directors (evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment);
- Assist with the appointment and re-election of Directors;
- Review and monitor the effectiveness of the diversity policy, as described under Section 5.6.6 of this Document; and
- Assist with succession planning for the Board and Chief Executive Officer and other direct reports to the Chief Executive Officer, with the objective of having a Board of a size and composition conducive to making appropriate decisions.

The Nomination and Remuneration Committee will meet at least quarterly and otherwise as often as any of the Directors deems necessary or appropriate.

The Nomination and Remuneration Committee will consist of at least three Directors (all of whom are non-executive and a majority of whom are independent), and include the chairman of the Board. The term for the members of the Nomination and Remuneration Committee will be reviewed by the chair at least annually.

5.6.5. Risk management

The Board is responsible for monitoring the risk management framework and setting the risk appetite, with assistance from the Audit and Risk Committee. Key Management is responsible for identifying risks and implementing appropriate mitigation processes and controls. The Audit and Risk Committee, accountable to the Board, is responsible for overseeing management to ensure they design and implement an appropriate and effective risk management framework.

Investment management services, property management services and leasing services are provided by the Manager who is responsible for the implementation of risk management and internal control processes on a continual basis. The Audit and Risk Committee participates in management's process of setting risk tolerance levels, formulating and implementing the risk management plan and reports on the plan adopted by management to the Board.

5.6.6. Corporate governance policies

Disclosure and communications policy

Continuous disclosure

The Responsible Entity is required to comply with the continuous disclosure requirements of the ASX Listing Rules, the Corporations Act and the JSE Listings Requirements. Subject to the exceptions contained in the Listings Requirements, the Responsible Entity is required to disclose any information to the ASX and JSE concerning IAPF which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the securities. See Annexure D of this Document for further information in relation to the continuous disclosure obligations applicable to IAPF.

The Responsible Entity is committed to complying with the disclosure obligations under the Listings Requirements and the Corporations Act. Information will be communicated to Unitholders through the lodgement of all relevant financial and other information with the ASX and the JSE and continuous disclosure announcements will also be made available on IAPF's website at www.iapf.com.au.

Communications
The Responsible Entity aims to ensure that Unitholders are kept informed of all major developments affecting the state of affairs of IAPF. In addition to its continuous disclosure obligations, the Responsible Entity has adopted a disclosure and communications policy. The Responsible Entity will communicate information regularly to Unitholders through a range of forums and publications. If the Responsible Entity wishes to release information on the ASX it will ensure that such information is also released on the JSE via SENS, and vice versa.

All announcements made to the market, including half year and annual financial results, will be posted on IAPF's website at www.iapf.com.au as soon as they have been released by the Responsible Entity on the ASX and the JSE. The full text of all notices of meetings and explanatory material, annual reports and copies of all Unitholder presentations made to analysts and media briefings will be posted on IAPF's website at www.iapf.com.au. The website also contains a facility for Unitholders to direct queries to the Responsible Entity.

A copy of the disclosure and communications policy is available on IAPF's website at www.iapf.com.au.

Diversity policy
The Responsible Entity is committed to a workplace culture that builds respect, fosters inclusiveness, promotes diversity and embraces the unique skills of all staff and Directors.

The Board has adopted a diversity policy which sets out the Responsible Entity's commitment to diversity and inclusion in the workplace at all levels. The diversity policy provides a framework to achieve the Responsible Entity's diversity goals and commitment to creating a diverse work environment where everyone is treated fairly and with respect.

The Nomination and Remuneration Committee will review and monitor the effectiveness of the diversity policy and assess progress in achieving diversity targets.

A copy of the diversity policy is available on IAPF's website at www.iapf.com.au.

Related party policy
The Board has implemented a related party policy which outlines how the Responsible Entity will approach transactions with related parties. If the Proposal is implemented, the related party policy will be amended so that any related party transaction the Responsible Entity enters into must be approved by the independent non-executive Directors. If it is determined that it is in the best interests of Unitholders to enter into the related party transaction, the Responsible Entity will consider whether to obtain the approval of Unitholders, in which case the Responsible Entity will follow the steps and processes set out in the related party policy. The Responsible Entity may also require or decide to obtain expert or professional advice in some circumstances.

A copy of the current related party policy is available on IAPF's website at www.iapf.com.au.

Conflicts of interest policy
Conflicts of interest may arise where the interests of IAPF, or of its officers, management or agents, are inconsistent with or divergent from some or all of a Unitholder's interests. The Board has implemented a conflicts of interest policy which aims to:

- Identify any actual, perceived or potential conflicts of interest;
- Outline policies and procedures to assess and evaluate conflicts of interest; and
- Establish processes and procedures to monitor and manage conflicts of interest.

All transactions in which the Responsible Entity may have, or may be perceived to have, a conflict of interest will be conducted in accordance with the conflicts of interest policy.

A copy of the conflicts of interest policy is available on IAPF's website at www.iapf.com.au.

Allocation policy
If the Proposal is implemented, the Responsible Entity will adopt an allocation policy which aims to establish a clear framework for the allocation of investments between IAPF I and other investments managed by IAPF II from time to time. Where there is overlap between the mandates of IAPF I and other mandates managed by IAPF II, the opportunity will be shared between the relevant funds if suitable, otherwise a rotation system will apply.

As at the date of this Document, it is not expected that there will be an overlap between IAPF I's mandate and the mandate of the only other acquisitive mandate to be managed by IAPF II (being the TAP Fund).

5. Board and management of IAPF

Personal account dealing and trading policy

The Board has adopted a personal account dealing and trading policy to regulate dealings in securities of IAPF. The personal account dealing and trading policy explains the types of conduct which are prohibited under insider trading laws in Australia and South Africa, and establishes procedures for the buying and selling of securities which are intended to prevent individuals from entering into transactions that could be perceived to amount to market abuse, involve the misuse of inside or confidential information, or breach applicable laws and regulatory requirements.

A copy of the personal account dealing and trading policy is available on IAPF's website at www.iapf.com.au.

Whistleblower policy

The Responsible Entity has implemented a whistleblower policy as required by the Corporations Act. Under the whistleblower policy, staff are able to disclose information about possible fraudulent, unethical, criminal, corrupt or other improper behaviour or workplace misconduct in total confidentiality and anonymity, without fear of retribution or prejudice.

A copy of the whistleblower policy is available on IAPF's website at www.iapf.com.au.

Gifts, entertainment and anti-bribery policy

To ensure all staff meet the highest ethical standards of honesty and integrity, the Responsible Entity has adopted a gifts, entertainment and anti-bribery policy. The gifts, entertainment and anti-bribery policy sets out the Responsible Entity's minimum standards on giving or receiving gifts, benefits and entertainment and the Responsible Entity's stance on anti-bribery. It seeks to ensure that staff do not receive or offer gifts, benefits and entertainment of a value or frequency that would give rise to an actual or perceived conflict of interest, and to equip staff with sufficient training in anti-bribery procedures.

A copy of the gifts, entertainment and anti-bribery policy is available on IAPF's website at www.iapf.com.au.

6

Financial information

6. Financial information

6.1. Introduction

The financial information contained in this Section 6 comprises:

- summarised historical consolidated statements of profit and loss and other comprehensive income of IAPF I for the financial years ended 31 March 2018 ("FY18"), 31 March 2019 ("FY19") and 31 March 2020 ("FY20") as set out in Section 6.3 of this Document ("**Historical Income Statements**"); and
- summarised historical consolidated statement of financial position of IAPF I as at 31 March 2020 as set out in column A of in Section 6.4 of this Document **("Historical Consolidated Balance Sheet");**
  (collectively, the "**Historical Financial Information**");
- pro forma historical consolidated statement of financial position of the IAPF Group assuming the Ann Street disposal and the implementation of the Proposal as at 31 March 2020 as set out in column D of Table 2 in Section 6.4 of this Document;
  (the "**IAPF Group Pro Forma Historical Consolidated Balance Sheet**");
- aggregated[1] forecast statement of profit and loss and other comprehensive income of IAPF I for the year ending 31 March 2021 ("FY21") ("**IAPF I Forecast Income Statement**") as set out in column A of Table 3 in Section 6.5 of this Document;
- forecast statement of profit and loss and other comprehensive income of IAPF II for the period from the Implementation Date to 31 March 2021 ("**IAPF II Forecast Income Statement**") as set out in column B of Table 3 in Section 6.5 of this Document; and
- aggregated[2] forecast statement of profit and loss and other comprehensive income of the IAPF Group for the year ending 31 March 2021 ("**IAPF Group Forecast Income Statement**") as set out in column D of Table 3 in Section 6.5 of this Document;
  (together the "**Forecast Income Statements**"); and
- pro forma forecast consolidated statement of profit and loss and other comprehensive income of the IAPF Group assuming implementation of the Proposal on 1 April 2020 ("**IAPF Group Pro Forma Forecast Income Statement**") as set out in column F of Table 3 in Section 6.5 of this Document.
  (collectively, the Forecast Income Statements and the IAPF Group Pro Forma Forecast Income Statement "**Forecast Financial Information**").

The Historical Financial Information, the IAPF Group Pro Forma Historical Consolidated Balance Sheet and the Forecast Financial Information are together, the "Financial Information". The IAPF Group Pro Forma Historical Consolidated Balance Sheet and Forecast Financial Information have been reviewed by KPMG Transaction Services for ASX purposes only. The Investigating Accountant's Report is provided in Section 9 of this Document. Unitholders should note the scope and limitations of the Investigating Accountant's Report (refer to Section 9 of this Document).

For JSE purposes, refer to Annexure B – Additional JSE Disclosure for the basis of preparation and a breakdown of the IAPF I Forecast Income Statement between the reviewed actual results for the four month period ended 31 July 2020 ("**Reviewed IAPF I Income Statement**") as set out in column A of table 1 in Annexure B and the forecast for the eight month period ended 31 March 2021 ("**IAPF I Eight-Month Forecast Income Statement**") as set out in column B of table 1 in Annexure B and a breakdown of the IAPF Group Pro Forma Forecast Income Statement as set out in table 2 in Annexure B.

KPMG Inc's independent reporting accountant's reports are provided in Annexure C, prepared for JSE purposes only.

Also summarised in this Section 6 are:

- the basis of preparation and presentation of the Financial Information, for ASX and JSE purposes, including a description of non-IFRS financial measures and disclosures (see Section 6.2 of this Document);
- reconciliation of the Historical Consolidated Balance Sheet to the Pro Forma Historical Consolidated Balance Sheet (see Section 6.4 of this Document);
- the Independent Directors' best estimate general and specific assumptions underlying the Forecast Financial Information (see Section 6.6 of this Document);
- an analysis of the key sensitivities in respect of the Forecast Financial Information (see Section 6.7 of this Document);
- distribution statements for FY21 ("**Distribution Statements**") (see Section 6.5.2 of this Document);
- information on the IAPF Group's working capital (see Section 6.8 of this Document);
- pro forma historical consolidated statement of financial position of IAPF II post implementation of the Proposal as at the date of this Document ("**IAPF II Pro Forma Historical Consolidated Balance Sheet**") and the basis of preparation for ASX and JSE purposes as set out in Section 6.9 of this Document; and
- a description of the IAPF I and IAPF Group's significant accounting policies (see Section 6.10 of this Document).

The IAPF Group is assumed to operate on a financial year ending 31 March in the same manner as IAPF I.

1. Referred to as aggregated for JSE purposes, refer to Table 1 of Annexure B for a breakdown of the IAPF I Forecast Income Statement.
2. Referred to as aggregated for JSE purposes, refer to Table 1 of Annexure B for a breakdown of the IAPF Group Forecast Income Statement.

Unless otherwise noted, all amounts disclosed in this Section 6 are presented in Australian dollars and are rounded to the nearest $0.1 million. Rounding in the Financial Information may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

The Forecast Financial Information provided in this Section 6 should be read in conjunction with the sensitivity analysis outlined in Section 6.7 of this Document, the risks outlined in Section 7 of this Document and the other information provided in this Document.

6.2. Basis of preparation and presentation of Financial Information

6.2.1. Overview

The Independent Directors are responsible for the preparation and presentation of the Financial Information. The Financial Information set out in this Section 6 of the Document is intended to present Unitholders with information to assist them in understanding the likely pro forma financial impact on the financial position of the IAPF Group arising from the implementation of the Proposal together with illustrating the likely pro forma forecast financial performance and distribution of the IAPF Group assuming the Proposal is implemented.

The information about the impact being shown on a consolidated basis is considered appropriate to enable Unitholders to understand the Proposal's impact. We note that Unitholders are currently exposed to the risks associated with IAPF I forecast earnings which will apply even if the Proposal is not implemented.

Accordingly, certain financial information has been included in this Section 6 to illustrate the likely pro forma financial impact of the Proposal's impact on the IAPF Group.

In connection with the Proposal, it is proposed that units in IAPF I be stapled to units in the newly established Trust, IAPF II to form the new stapled group.

As part of the Proposal, IAPF II will acquire shares in IAPH as well as the management agreement in relation to the TAP Fund. IAPH's principal activity is acting as the holding company of the property related subsidiaries of Investec Australia operations (including the Manager and Responsible Entity).

The management function has not historically operated as a standalone business, with the employee, operational and administration costs of the management function being historically incurred by the broader Investec Group.

Accordingly, it is necessary for Investec and IAPF II to create the standalone management business that is to be acquired by IAPF II under the Proposal. This includes the transfer of the existing IAPF I management team and other employees from Investec Australia to IAPF II (or its subsidiary) with employees entering into new employment agreements, transitional service arrangements for back office costs as well as the transfer of management rights of the TAP Fund, to IAPF II (as described in Section 11.14).

On the basis that IAPF II will be a newly incorporated trust which has not traded, the management function has not operated on a standalone basis, nor on the same basis that will apply following implementation of the Proposal, the Independent Directors do not have a reasonable basis to provide historical financial performance and cash flow information of IAPF II or the management function that is sufficiently meaningful or reliable.

The Independent Directors do not consider that the Proposal will result in a significant change (either directly or indirectly) to the nature or scale of IAPF I's activities.

The IAPF II Pro Forma Historical Consolidated Balance Sheet and basis of preparation is set out in Section 6.9.

The IAPF Group Pro Forma Historical Consolidated Balance Sheet and the Forecast Financial Information included in this Section 6 has been prepared in accordance with the recognition and measurement principles of the AAS, which are consistent with IFRS and interpretations as adopted by the International Accounting Standards Board, and IAPF's accounting policies, which have been consistently applied throughout the periods presented, unless otherwise stated. Certain significant accounting policies relevant to the Financial Information are disclosed in Section 6.10 of this Document.

The Financial Information is presented in an abbreviated form and does not contain all of the presentation, disclosures, statements or comparative information as required by AAS and IFRS applicable to annual general purpose financial reports prepared in accordance with the Corporations Act in Australia.

6. Financial information

6.2.2. Presentation of the Historical Financial Information

The audited Historical Financial Information of IAPF I has been extracted, without adjustment, from the audited financial statements for FY18, FY19 and FY20 and have been prepared in accordance with AAS, which are consistent with IFRS.

For ASX purposes, the FY18, FY19 and FY20 consolidated financial statements of IAPF I have been audited by KPMG in accordance with Australian Auditing Standards, and unqualified audit opinions were issued.

For JSE purposes, the FY18, FY19 and FY20 consolidated financial statements of IAPF I have been audited by KPMG Inc. in accordance with International Auditing Standards, and unmodified audit opinions were issued.

Both sets of audited financial statements are available on IAPF I's website (www.iapf.com.au) and are incorporated by reference into this Document.

Unitholders should be aware that past performance information included in this Section 6 is not necessarily a guide to future performance of the IAPF Group.

6.2.3. Preparation of the IAPF Group Pro Forma Historical Consolidated Balance Sheet

The IAPF Group Pro Forma Historical Consolidated Balance Sheet has been prepared solely for inclusion in this Document and assumes that the Proposal is implemented on 31 March 2020. The basis of including IAPF I's Historical Consolidated Balance Sheet as at 31 March 2020 and the appropriateness of the valuation of the investment properties as a result of business changes and restrictions (especially in Victoria) since May 2020 is disclosed in Section 6.4.1 of this Document.

The Independent Directors are responsible for the preparation and presentation of the IAPF Group Pro Forma Historical Consolidated Balance Sheet which is based on the audited Historical Consolidated Balance Sheet, after adjusting for the Ann Street disposal and certain pro forma transactions and/or other adjustments to reflect the effects of the Proposal. The Historical Consolidated Balance Sheet has been extracted, without adjustment from the audited historical financial statements of IAPF I for FY20 prepared in accordance with AAS, which are consistent with IFRS.

The IAPF Group Pro Forma Historical Consolidated Balance Sheet has been prepared by applying the accounting policies of IAPF I which are compliant with AAS, which are consistent with IFRS.

Due to its nature, the IAPF Group Pro Forma Historical Consolidated Balance Sheet is provided for illustrative purposes only and, because of its nature, may not fairly present IAPF Group's financial position after the Ann Street disposal and implementation of the Proposal, and is not represented as being necessarily indicative of the IAPF Group's actual or future financial position.

Refer to Section 6.4 of this Document for a reconciliation between the Historical Consolidated Balance Sheet and the IAPF Group Pro Forma Historical Consolidated Balance Sheet.

The above is the Applicable Criteria referred to in KPMG Inc's independent reporting accountant's report in respect of the IAPF Group Pro forma Historical Consolidated Balance Sheet in Annexure C Part A of this Document.

6.2.4. Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Document on the basis that the Proposal is implemented.

The Independent Directors are solely responsible for the Forecast Financial Information, including the best estimate assumptions on with they are based and the financial information from which they are prepared. The Forecast Financial Information has been prepared by the Independent Directors based on an assessment of current economic and operating conditions, and assumptions regarding future events and actions as set out in Section 6.6 of this Document. The Independent Directors believe that the Forecast Financial Information has been prepared with due care and attention and consider the best estimate assumptions to be reasonable at the date of this Document.

Unitholders should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that any deviation in the assumptions on which the Forecast Financial Information is based may have a material positive or negative effect on the IAPF Group's actual financial performance. Unitholders are advised to review the assumptions in conjunction with the sensitivity analysis set out in Section 6.7 of this Document, the risks outlined in Section 7 of this Document and the other information provided in this Document. There can be no guarantee or assurance that the Forecast Financial Information will be achieved.

The Independent Directors believe the best estimate assumptions, taken as a whole, to be reasonable at the time of preparing this Document. However, this information is not fact and Unitholders are cautioned not to place undue reliance on the Forecast Financial Information.

The Forecast Financial Information has been prepared in accordance with the accounting policies of IAPF I which are compliant with AAS, which are consistent with IFRS, and which is consistent with the preparation of the Historical Financial Information.

The Forecast Financial Information includes the actual fair value adjustment for the four month period ended 31 July 2020. The forecast for the eight month period ended 31 March 2021 does not account for any potential fair value adjustments to investment properties, derivative financial instruments or other financial assets which may be recognised in the income statement on the basis that such adjustments cannot be reliably determined.

The Forecast Financial Information is subject to the Investigating Accountant's Report set out in Section 9 of this Document, for ASX purposes only.

The detail relating to the Forecast Financial Information for JSE purposes and KPMG Inc's independent reporting accountant's reports thereon are set out in Annexure C to this Document.

6.2.4.1. IAPF Group Forecast Income Statement

The IAPF Group Forecast Income Statement has been derived from the IAPF I Forecast Income Statement and the IAPF II Forecast Income Statement after adjusting for consolidation entries and the elimination of pro forma adjustments described in Section 6.5 of this Document on the assumption that the implementation date of the Proposal is 1 November 2020, which is the effective date for accounting purposes.

The IAPF Group Forecast Income Statement has been prepared by applying the accounting policies of IAPF I which are compliant with AAS, which are consistent with IFRS.

Due to its nature, the IAPF Group Forecast Income Statement is provided for illustrative purposes only and, because of its nature, may not fairly present IAPF Group's results of operation after the implementation of the Proposal.

The above is the Applicable Criteria referred to in KPMG Inc's independent reporting accountant's report in respect of the IAPF Group Forecast Income Statement in Annexure C Part C of this Document.

6.2.4.2. IAPF Group Pro Forma Forecast Income Statement

The IAPF Group Pro Forma Forecast Income Statement has been derived from the IAPF Group Forecast Income Statement after adjusting for the effects of the pro forma adjustments described in Section 6.5 of this Document. The basis of preparation, for JSE purposes, is set out in section 1.2 of Annexure B.

The IAPF Group Forecast Income Statement is representative of the financial performance that the Independent Directors expect to report in relation to the year ending 31 March 2021.

The IAPF Group Pro Forma Forecast Income Statement differs from the IAPF Group Forecast Income Statement, as the IAPF Group Pro Forma Forecast Income Statement reflects:

- The impact of the Proposal as if it had occurred on 1 April 2020; and
- The tax impact of the above adjustments.

6.2.5. Non-IFRS measures and disclosures

Certain financial measures included in this Document are not recognised under AAS, which is consistent with IFRS. These measures are collectively referred to as "non-IFRS financial measures". The Independent Directors use non-IFRS financial measures to assist Unitholders with understanding the trends in financial performance and distributions. The purpose of the Non-IFRS measures and disclosures is to provide investors with a performance metric that is commonly used within the industry and to allow for direct comparison of Australian real estate organisations.

The Distribution Statements as set out in Section 6.5.2 of this Document contain non-IFRS financial measures in nature. These comprise:

- FFO calculated in accordance with the Property Council Guidelines, determined by adjusting statutory net profit (under IFRS) for non-cash and other items such as property revaluations, derivative mark-to-market impacts, amortisation of tenant incentives, gain/loss on sale of investment properties, straight-line rental revenue adjustments, non-FFO tax expenses/benefits and other unrealised one-off items;
- AFFO calculated in line with the Property Council Guidelines, being FFO adjusted for maintenance capital expenditure, cash and cash equivalent incentives (including rent free incentives) given to tenants during the period and other one-off items which have not been adjusted in determining FFO;
- Headline and diluted headline earnings per unit[3] is profit for the period adjusted for certain remeasurements such as investment property fair value adjustments divided by the weighted average number of Units in issue for each respective period. Headline earnings are a measure of the IAPF's earnings based solely on operational activities and in the case of the IAPF will exclude fair value adjustments and profits or losses on sale of properties. As required by the JSE Listings Requirements headline earnings per unit is calculated using the SAICA Circular 1/2019; and
- Net tangible asset value per unit is the net asset value less the value of intangibles divided by the number of units in issue.

3. In this Document, references to "earning per unit" following implementation of the Proposal for the IAPF Group refers to earnings per Stapled Security.

6. Financial information

Although the Independent Directors believe these measures provide useful information about the financial performance of IAPF I and the IAPF Group, they should be considered as a supplementary measure of operating performance to that included in the statements of profit or loss and other comprehensive income that have been presented in Section 6.5.1 of this Document and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS, which is consistent with IFRS, and the way that IAPF I calculates these measures may differ from similarly titled measures by other entities, Unitholders should therefore not place undue reliance on these non-IFRS financial measures.

These non-IFRS measures are considered to be *pro forma* financial information as set forth in the JSE Listing Requirements. The Independent Directors are responsible for compiling the non-IFRS measures on the basis of the applicable criteria specified in the JSE Listings Requirements, including the JSE Guidance Letter: *Presentation of Pro Forma Financial Information*, dated 4 March 2010, and as described above. KPMG Inc.'s independent reporting accountant's report in respect of the non-IFRS Information is set out in Annexure C Part 1 to this Document.

6.3. Historical Financial Information

The table below outlines the audited summarised historical consolidated statements of profit or loss and other comprehensive income of IAPF I for FY18, FY19 and FY20.

TABLE 1

A$million	Notes	FY18 Audited	FY19 Audited	FY20 Audited
Revenue, excluding straight-line rental revenue adjustment	1	75.5	88.5	96.7
Straight-line rental revenue adjustment		2.1	0.9	4.4
Revenue		**77.6**	**89.5**	**101.1**
Property expenses		(13.9)	(18.2)	(21.3)
Net property income		**63.7**	**71.2**	**79.8**
Management fees		(5.1)	(5.8)	(6.6)
Other operating expenses		(1.1)	(1.2)	(7.1)
Operating profit		**57.5**	**64.3**	**66.1**
Finance costs		(10.7)	(14.6)	(12.8)
Finance income		0.1	0.1	0.1
Other income		0.0	0.2	0.0
Net profit		**46.9**	**49.9**	**53.4**
Fair value adjustments	2	61.2	3.2	5.5
Total comprehensive income attributable to equity holders		**108.2**	**53.1**	**59.0**
Basic and diluted earnings per unit (cents)	3, 5	24.04	11.09	10.32
Headline and diluted headline earnings per unit (cents)	4, 5	10.43	7.92	6.78

Notes:

1. Revenue, excluding straight-line rental revenue adjustments is the equivalent of Gross Property Income.
2. Fair value adjustments include:
   – Fair value adjustments of derivative financial instruments in FY18 ($(2.3) million), FY19 ($(13.7) million) and FY20 ($(15.8) million);
   – Fair value adjustments on investment properties in FY18 ($61.3 million), FY19 ($15.2 million) and FY20 ($20.2 million); and
   – Foreign exchange revaluation in relation to the property located at 100 Willis Street, Wellington NZ in FY18 ($2.3 million), FY19 ($1.7 million) and FY20 ($1.1 million).
3. Basic and diluted earnings per unit is profit for the period attributable to Unitholders divided by the weighted average number of Units in issue for each respective period.
4. Headline and diluted headline earnings per unit is profit for the period adjusted for certain re-measurements such as investment property fair value adjustments divided by the weighted average number of Units in issue for each respective period. Headline earnings are a measure of the IAPF I's earnings based solely on operational activities and in the case of the IAPF I will exclude fair value adjustments and profits or losses on sale of properties. As required by the JSE Listing requirements headline earnings per unit is calculated using Circular 1/2019.
5. Refer to Annexure B for a reconciliation between basic and diluted earnings per unit and headline and diluted headline earnings per unit.

6.4. IAPF Group Pro Forma Historical Consolidated Balance Sheet

The table below sets out the IAPF Group Pro Forma Historical Consolidated Balance Sheet, including a reconciliation to the audited Historical Consolidated Balance Sheet. The IAPF Group Pro Forma Historical Consolidated Balance Sheet should be considered in conjunction with the basis of preparation set out in Section 6.2 of this Document.

The IAPF Group Pro Forma Historical Consolidated Balance Sheet has been prepared by applying pro forma adjustments to the Historical Consolidated Balance Sheet of IAPF I as at 31 March 2020 to reflect:

- The impact of the sale of 757 Ann Street, Fortitude Valley QLD which completed on 1 April 2020 (see column B); and
- The impact of the Proposal including the acquisition of IAPH by IAPF II via the drawdown of $46.7 million in debt from the existing IAPF I Facility to fund the Total Consideration and the Transaction Costs (see column C).

TABLE 2[1]

A$million	Notes	Column A IAPF I 31 March 2020[2] Audited	Column B Ann Street Disposal adjustment[4] Pro forma	Column C Proposal adjustments Pro forma	Column D IAPF Group Pro Forma 31 March 2020 Pro forma
Assets					
Current assets		**115.6**	**(94.0)**	**2.6**	**24.2**
Cash and cash equivalents	3	17.1	-	2.6	19.8
Trade and other receivables		4.5	-	-	4.5
Property held for sale		94.0	(94.0)	-	-
Non-current assets		**1,085.0**	**-**	**39.5**	**1,124.4**
Investment properties	5	1,085.0	-	-	1,085.0
Intangibles	6	0.0	-	39.5	39.5
Total assets		**1,200.6**	**(94.0)**	**42.1**	**1,148.7**
Current liabilities		**38.7**	**-**	**-**	**38.7**
Trade and other payable		12.4	-	-	12.4
Distribution payable		26.3	-	-	26.3
Non-current liabilities		**353.7**	**(92.7)**	**48.9**	**309.8**
Long-term borrowings	7,13	345.5	(92.7)	46.7	299.5
Trade and other payables		4.8	-	-	4.8
Employee entitlements	8	0.0	-	2.1	2.1
Financial instruments held at fair value		3.3	-	-	3.3
Total liabilities		**392.4**	**(92.7)**	**48.9**	**348.6**
Net assets		**808.2**	**(1.3)**	**(6.7)**	**800.1**
Contributed equity		696.4	-	0.0	696.4
Retained earnings	9	111.8	(1.3)	(6.7)	103.7
Total equity		**808.2**	**(1.3)**	**(6.7)**	**800.1**
Units in issue ('000)		**611,298**	**-**	**-**	**611,298**
Commitments **- TAP Commitment**	**12**	**-**	**-**	**30.0**	**30.0**
Net tangible asset value per unit (AUD)	**10**	**1.32**			**1.24**
Net asset value per unit (AUD)	**10**	**1.32**			**1.31**
Gearing (%)	**11**	**27.9%**			**25.8%**
Gearing (%) – post maximum TAP investment	**12**				**27.8%**

Notes:

1. IAPF Group's net pro forma current liability position is principally due to the distribution declared ($26.3 million) as at 31 March 2020. The distribution was paid in June 2020. Distributions are funded from a combination of cash and undrawn borrowing facilities. The Independent Directors are of the opinion that IAPF Group will have sufficient working capital to carry out its stated objectives during the forecast period (refer to Section 6.8 of this Document).
2. Column A presents the historical financial information relating to IAPF I, which has been extracted, without adjustment from the audited historical financial information of IAPF I as at 31 March 2020, incorporated by reference in Section 6.2 of this Document.
3. Cash and cash equivalents of $19.8 million assumed to be held for working capital, including $2.6 million provided by Investec Australia in relation to the obligations under the Retention Scheme being assumed by IAPF II as part of the Proposal. Refer to Section 12.10.2 of this Document for further details in relation to the Retention Scheme.
4. Column B represents the pro forma adjustments to reflect the sale of 757 Ann Street, Fortitude Valley QLD which was sold effective 1 April 2020. $92.7 million of the proceeds of sale is used to repay borrowings prior to the assumed implementation of the Proposal. $1.3 million retained earnings relates to transaction costs associated with the sale.

6. Financial information

5. The value of the Portfolio is based on the audited financial statements of IAPF I as at 31 March 2020. 11 of the properties were externally valued, with the remaining properties valued by Director valuations. The assessment of fair value for the portfolio as at 31 March 2020 was prepared in May 2020 (prior to issuing IAPF I's 2020 annual report) with reference to the impacts of the COVID-19 pandemic. Since the time of issuing IAPF I's 2020 annual report, the Independent Directors have undertaken a reassessment of the Portfolio and are of the view that there is no evidence that would require them to change the fair value assessment of the Portfolio as at the date of this Document. Further disclosure in relation to the fair value assessment of the portfolio can be seen below in Section 6.4.1 of this Document and in the specific assumptions in Section 6.6.2 of this Document.
6. $39.5 million represents intangible assets arising from the acquisition of IAPH and its subsidiaries and the management rights of the TAP Fund by IAPF II in accordance with IFRS 3: Business Combinations. The amount of total intangible assets relating to the Proposal may change once the fair value of all assets and liabilities are determined as at the Implementation Date.
7. Long-term borrowings represents the drawn debt, the $46.7 million adjustment represents additional debt which will be drawn from the IAPF I Facility on the expected Implementation Date to fund the Total Consideration of $40 million and $6.7 million Transaction Costs associated with the Proposal.
8. Employee entitlements represent the value of the liability as at Implementation Date associated with the obligations under the Retention Scheme being assumed by IAPF II as part of the Proposal. Refer to Section 12.10.2 of this Document for further details in relation to the Retention Scheme.
9. Retained earnings adjustment of $6.7 million represents expensed Transaction Costs associated with the Proposal. The Transaction Costs, as detailed in Section 10.5 of this Document, will be borne by IAPF II, and will therefore have a financial effect on the IAPF Group pro forma historical financial information.
10. Net tangible asset value per unit is the net asset value less the value of intangibles divided by the number of units on issue. No impact to these ratios on a $30 million investment in the TAP Fund.
11. Gearing post the disposal of 757 Ann Street, Fortitude Valley QLD is 22.2%. The pro forma forecast gearing post debt drawdown to fund the Proposal is 25.8%.
12. As part of the Proposal, IAPF II will invest up to $30 million in the TAP Fund in the form of the TAP Commitment (refer to Section 6.4.2 of this Document). IAPF II is not expected to contribute a portion of its $30 million investment until at least the end of March 2021 (on a proportionate basis to the other investors in the TAP Fund). A contribution under the TAP Commitment will be funded by a new tranche under IAPF I's Facility (as described in Section 11.15 of this Document). Assuming IAPF contributes a 100% of this commitment, this would have an impact of a $30.0 million increase in non-current assets, $30 million increase in long-term borrowings (i.e. $nil impact to net assets) and an adjusted gearing ratio of 27.8%.
13. No drawdown of the additional $10 million new debt tranche under IAPF I's Facility (as described in Section 11.15 of this Document) is assumed in the pro forma balance sheet, as the Responsible Entity does not currently expect that it would need to draw down on these funds within 12 months of the date of this Document.

6.4.1 Investment properties valuation

IAPF I's Portfolio was valued as at 31 March 2020. 11 of the properties were externally valued, with the remaining properties valued by Director valuations. This process was conducted in May 2020 (prior to issuing IAPF I's annual report for the year ended 31 March 2020) having regard to the COVID-19 pandemic including the Government led economic and health measures implemented, and how these impacted IAPF I's tenants.

Further details as to the approach undertaken including the factors applied relating to COVID-19 for the fair value assessment is set out on pages 59-61 of IAPF I's annual report for the year ended 31 March 2020, which is available on IAPF I's website (www.iapf.com.au). See also Sections 6.6.2.1- "Investment Property" and Section 7.2.2 of this Document for further discussion on the impact of the COVID-19 pandemic on the assumptions underpinning the Forecast Financial Information.

Since the time of issuing IAPF I's annual report in May 2020, the Independent Directors have undertaken a reassessment of the Portfolio including an update of the risk assessment performed as part of the valuation process conducted in May 2020 to update the impacts to IAPF I's tenants with reference to leasing activity undertaken since that time and any additional impacts related to COVID-19 not already factored in to the assessment conducted in May 2020.

In undertaking the reassessment, it was noted that IAPF I has a diversified tenant base across both industry and tenant types, with no single tenant (excluding government tenants) accounting for more than 4.4% of Gross Property Income. In addition, IAPF I has limited exposure to tenants in the retail and consumer discretionary sectors, with a high proportion of tenants being government, listed or multinational. It is also noted that the WALE of the Portfolio has increased from 4.5 years (as at the time of issuing IAPF I's annual report in May 2020) to 4.9 years as at 31 July 2020. Refer to Section 4 of this Document for further details of the Portfolio.

The Independent Directors are of the view that the fair values adopted for IAPF I's 31 March 2020 annual report (based on an assessment conducted in May 2020) is an appropriate basis for the disclosure in this Document. In addition, the Independent Directors are of the view that there is no evidence that would require them to change the fair value assessment of the Portfolio as at the date of this Document. The Independent Directors will continue to monitor the impacts of the COVID-19 pandemic on the valuation of the Portfolio, and will advise the market of any material changes to this position.

6.4.2 TAP Commitment

As outlined in Section 3.2.4 of this Document, IAPF II will invest up to $30 million in the TAP Fund as part of the Proposal. The TAP Fund currently does not anticipate making a capital call from investors until at least the end of March 2021. If the Proposal is implemented, IAPF II can be expected to contribute some portion of its $30 million investment to this capital call (on a proportionate basis to the other investors in the TAP Fund) at that time. IAPF II's investment in the TAP Fund will be funded by a new tranche that will be added to the IAPF I Facility Agreement ($30 million of which will be available to fund drawdowns under the TAP Commitment). For further details, see Section 11.15 of this Document).

6.5. Forecast Financial Information

6.5.1. Forecast Income Statements and IAPF Group Pro Forma Forecast Income Statement

The table below outlines the Forecast Income Statements and IAPF Group Pro Forma Forecast Income Statement post implementation of the Proposal.

Column F entitled 'IAPF Group Pro Forma' has been calculated as follows:

i. IAPF I Forecast Income Statement for the year ending 31 March 2021 based on an assessment of current economic and operating conditions, assumptions regarding future events and actions and on a standalone basis (see column A);

ii. IAPF II Forecast Income Statement for the five month period from 1 November 2020 to 31 March 2021 prepared on a standalone basis (see column B);

iii. the pro forma consolidation and elimination adjustments with respect to cross-staple transactions (see column C);

iv. column D represents the aggregation of columns A, B and C to illustrate the IAPF Group Forecast Income Statement post implementation of the Proposal assuming implementation occurred on 1 November 2020;

v. the pro forma consolidation, elimination and other adjustments to illustrate the IAPF Group Pro Forma Forecast Income Statement post implementation of the Proposal assuming implementation occurred on 1 April 2020 (see column E) and refer to Section 6.6 for the basis of the specific assumptions and to Section 1.2.2 of Annexure B for the basis of preparation for JSE purposes); and

vi. column F presents the IAPF Group Pro Forma Forecast Income Statement assuming the Proposal was implemented on 1 April 2020.

TABLE 3

A$million	Notes[1]	Column A IAPF I[8] Forecast	Column B IAPF II Forecast	Column C Adjustments Pro forma	Column D IAPF Group	Column E Pro Forma Adjustments Pro forma	Column F IAPF Group Pro forma
Revenue, excluding straight-line rental revenue adjustment		90.8	-	-	90.8	-	90.8
Fee income	2,3	-	5.3	(3.4)	1.9	1.9	3.8
Straight-line rental revenue adjustment		0.5	-	-	0.5	-	0.5
Revenue		**91.3**	**5.3**	**(3.4)**	**93.2**	**1.9**	**95.2**
Property expenses		(20.5)	-	-	(20.5)	-	(20.5)
Net property income		**70.8**	**5.3**	**(3.4)**	**72.8**	**1.9**	**74.7**
Management fees	2,3	(5.8)	-	2.5	(3.3)	3.3	-
Other operating expenses	4	(1.7)	(3.5)	-	(5.1)	(4.8)	(9.9)
Transaction related costs	5	-	(7.1)	-	(7.1)	(0.5)	(7.5)
Operating profit		**63.3**	**(5.2)**	**(0.9)**	**57.2**	**(0.1)**	**57.2**
Finance costs	6	(8.3)	-	(0.6)	(8.9)	(0.8)	(9.6)
Finance income		-	-	-	-	-	-
Net profit		**55.0**	**(5.2)**	**(1.4)**	**48.4**	**(0.8)**	**47.6**
Fair value adjustments	7	(6.9)	-	-	(6.9)	-	(6.9)
Total comprehensive income attributable to equity holders		**48.1**	**(5.2)**	**(1.4)**	**41.5**	**(0.8)**	**40.6**
Income tax expense		-	-	-	-	-	-
Net profit after tax		**48.1**	**(5.2)**	**(1.4)**	**41.5**	**(0.8)**	**40.6**
Basic and diluted earnings per unit (cents)	9	7.87			6.78		6.64
Headline and diluted headline earnings per unit (cents)	9	8.18			7.09		6.95

Notes:

1. Unless otherwise stated, notes refer to the 'Adjustments' column.
2. $3.4 million Adjustment to fee income represents the elimination of $2.4 million investment management fees and $1.0 million leasing fees paid by IAPF I to IAPF II on consolidation of the IAPF Group from the Implementation Date. The $2.5 million Adjustment to management fees represents the elimination of the investment management fees. The variance between the management fee income and management fee expense relates to the reduced input tax credit IAPF I can recover in GST. These adjustments are expected to have a continuing effect on the IAPF Group Forecast Income Statement.
3. $1.9 million Pro Forma Adjustment to fee income represents $3.2 million investment management fees paid by IAPF I, $1.2 million investment management fees and asset management fees from TAP, $0.3 property management fees from IAPF I and $0.4 million asset management fees from Investec Group (all calculated with reference to the terms of the relevant agreements) offset by $3.2 million elimination of the investment management fees received from IAPF I for the period from 1 April 2020 to the Implementation Date assuming implementation of the Proposal occurred on 1 April 2020. $3.3 million Pro Forma Adjustment to management fees represents the elimination of the investment management fees paid by IAPF I to IAPF II from 1 April 2020 to the Implementation Date assuming implementation of the Proposal occurred on 1 April 2020. These adjustments are expected to have a continuing effect on the IAPF Group Forecast Income Statement.

6. Financial information

4. $4.8 million Pro Forma Adjustment represents operating costs of IAPF II for the period from 1 April 2020 to the Implementation Date assuming implementation of the Proposal occurred on 1 April 2020. These costs include staff costs and insurance and have been calculated with reference to the terms of the relevant agreements. These adjustments are expected to have a continuing effect on the IAPF Group Forecast Income Statement.
5. $7.1 million transaction related costs in the IAPF II column represent Transaction Costs of $6.7 million associated with the Proposal and $0.3 million in relation to obligations under the Retention Scheme assumed by IAPF II as part of the Proposal (which will be funded by cash reserves held by IAPF II as of the Implementation Date). Pro Forma Adjustments column costs of $0.5 million relates to the Retention Scheme assuming the implementation of the Proposal occurred on 1 April 2020. These adjustments are not expected to have a continuing effect on the Forecast Financial Information.
6. Finance costs adjustment of $(0.6) million assuming the IAPF Group's new capital structure upon implementation of the Proposal being the drawdown of additional debt from the existing IAPF I Facility to fund the Total Consideration of $40.0 million and Transaction Costs of $6.7 million. $(0.8) million Pro Forma Adjustment represents impact on finance costs assuming implementation of the Proposal occurred on 1 April 2020. The interest rate applied was the blended rate in respect of IAPF I's existing borrowings. Finance costs excludes the impact of the drawdown of additional debt to fund an investment in the TAP Fund under the TAP Commitment, as a portion of the $30.0 million commitment is not proposed to be called until at least the end of March 2021. Refer to Section 6.7 of this Document for sensitivity analysis to illustrate the impact of the total $30.0 million amount being called at an earlier date. These adjustments are expected to have a continuing effect on the IAPF Group Forecast Income Statement.
7. The fair value movement in the IAPF I column represents the actual fair value movements in the four month period to 31 July 2020 being, $(4.3) million foreign exchange movement for the New Zealand property, The Majestic Centre, Wellington NZ, $(0.8) million mark to market on interest rate swaps and net $(1.9) million in relation to the settlement of Ann Street on 1 April 2020 (representing transaction costs associated with the sale). These adjustments are once off with regards to their amounts although they are reassessed annually.
8. The IAPF I column incorporates the following material assumptions in relation to revenue:
   a. Contracted revenue is based on existing lease agreements including stipulated increases.
   b. Of the leases expiring during FY21, renewals or re-leasing assumptions translates to $0.2 million (0.2%) of rental income.
   c. Of the rental income of $90.8 million for the year ended 31 March 2021, 99.8% relates to contracted rental income.
9. Refer to Annexure B for a reconciliation between the forecast basic and diluted earnings per unit and the forecast headline and diluted headline earnings per unit.

6.5.2. Consolidated Distribution Statements

The table below provides a reconciliation from net profit to FFO and AFFO for FY21. The forecast Distribution statement of IAPF I has been presented for information purposes only.

TABLE 4

A$million	Notes	Column A IAPF I Forecast	Column B IAPF II Forecast	Column C Adjustments Pro forma	Column D IAPF Group	Column E Pro forma adjustments Pro forma	Column F IAPF Group Pro forma
Net profit	1	48.1	(5.2)	(1.4)	41.5	(0.8)	40.6
Straight-line rental revenue adjustment		(0.5)	-	-	(0.5)	-	(0.5)
Fair value adjustments	2	6.9	-	-	6.9		6.9
Amortisation of incentives and leasing fees	3	1.6	-	-	1.6	-	1.6
Transaction costs	4	-	6.7	-	6.7	-	6.7
Employee retention accrual	5	-	0.3	-	0.3	0.5	0.8
Funds from operations		**56.2**	**1.8**	**(1.4)**	**56.6**	**(0.4)**	**56.3**
Less: maintenance capex		(2.1)	-	-	(2.1)	-	(2.1)
Less: cash incentives and leasing fees	6	(4.1)	-	2.3	(1.7)	-	(1.7)
Adjusted funds from operations		**50.0**	**1.8**	**0.9**	**52.8**	**(0.4)**	**52.4**
Units in issue		611.3			611.3		611.3
FFO per unit (cents)		9.20			9.26		9.21
FFO accretion					0.7%		0.1%
AFFO per unit (cents)		8.18			8.63		8.57
AFFO accretion					5.5%		4.8%
Distribution per unit (cents)		8.45			8.91		8.85
Distribution as a percentage of FFO		91.8%			96.2%		96.1%
Distribution as a percentage of AFFO		103.2%			103.2%		103.2%
Distribution growth		-4.9%			0.3%		-0.3%

Notes:
1. The IAPF Group Forecast Income Statement has been prepared on the basis that the Proposal is implemented on 1 November 2020. The IAPF Group Pro Forma Forecast Income Statement has been prepared on the basis that the Proposal is implemented on the 1 April 2020.
2. Relates to fair value movements for the four months to 31 July 2020.
3. Relates to amortisation of leasing fees and incentives.
4. Relates to Transaction Costs of $6.7 million associated with the Proposal. These are non-recurring in nature and will be funded out of unutilised debt facilities.

5. Relates to $0.8 million of Retention Scheme accrual which will be funded by cash reserves held by IAPF II as of the Implementation Date (provided by Investec Australia). Refer to Section 12.10.2 of this Document for further details on the Retention Scheme.
6. Relates to forecast cash leasing fees and incentives paid.

6.6. Forecast Assumptions

The Independent Directors have applied their best estimate assumptions relating to the preparation of the Forecast Financial Information. These assumptions are set out below as general and specific best estimate assumptions. The assumptions below are a summary only and do not represent all factors that will affect the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 6.7 of this Document, the risks set out in Section 7 of this Document, and other information in this Document.

6.6.1. General Assumptions

In preparing the Forecast Financial Information, the following general assumptions have been adopted for the forecast period:

- No additional significant change in the economic conditions in which IAPF I, IAPF II and the IAPF Group operates outside of the assumed factors disclosed in relation to the COVID-19 pandemic. For further information regarding the potential impact of COVID-19 pandemic, refer to the risks set out in Section 7 of this Document;
- No unexpected changes to the statutory, legal or regulatory environment which would be detrimental to IAPF I, IAPF II and the IAPF Group in any of the jurisdictions in which they operate;
- No significant change to the legislative regime and regulatory environment in the jurisdictions in which IAPF I, IAPF II and the IAPF Group operate;
- All existing leases are enforceable and perform in accordance with their terms, with the exception of agreed arrangements with IAPF I tenants in relation to COVID-19 (refer to specific assumptions outlined below);
- No material changes in AAS, which are consistent with IFRS, other mandatory professional reporting requirements or the Corporations Act that would have a material impact on IAPF I, IAPF II and the IAPF Group's consolidated financial performance, cash flows, financial position, accounting policies, financial reporting or disclosures;
- Key personnel, particularly the Key Management, are retained;
- No material litigation or dispute to which IAPF I, IAPF II and the IAPF Group is a party;
- No acquisitions or disposals of the Properties over the forecast period other than outlined in this Document;
- No material change in capital expenditure requirements from those included in the Forecast Financial Information caused by factors outside of IAPF I, IAPF II and the IAPF Group's control;
- No changes in current Australian and New Zealand income tax legislation;
- No significant amendment to any material contract relating to the IAPF Group's business; and
- The Proposal proceeds in accordance with the timetable set out in the Document.

6.6.2. Specific assumptions

6.6.2.1. Specific assumptions – IAPF I

The IAPF I Forecast Income Statement has been prepared by the Independent Directors based on an assessment of each individual Property. In preparing the IAPF I Forecast Income Statement, the Independent Directors have taken into account the tenancy schedule, historical performance metrics and future outlook for each individual Property and the current market conditions as applicable to IAPF I.

The Forecast Financial Information includes the impact of the acquisition of the Brendale Property (refer to Section 4.4 of this Document), which IAPF has contracted to acquire on a fund-through basis. The impact of this acquisition is included in the Forecast Financial Information, however it is not considered material.

The specific, best estimate assumptions applied in preparing the Forecast Financial Information for the forecast period are described below.

We note that Unitholders are currently exposed to the risks associated with IAPF I forecast earnings which will apply even if the Proposal is not implemented.

Revenue

95.9% of IAPF Group Pro Forma Forecast revenue for the year ending 31 March 2021 relates to Gross Property Income derived from IAPF I.

Revenue relates to Gross Property Income which has been forecast on a Property-by-Property basis based on existing leases and assumptions for future occupancy rates, tenant retention and market rentals. Revenue includes 0.6% non-rental income.

94.2% of the portfolio by income has fixed contractual escalations, at a weighted average rate of 3.3%. 2.5% of the portfolio escalations are linked to CPI, which has been forecast at 1.9% (which includes tenants of the New Zealand property). 3.3% of the portfolio escalations are linked to market reviews.

6. Financial information

The forecast Gross Property Income in relation to the 100 Willis Street, Wellington NZ has been prepared at an exchange rate of AUD/NZD of 1.00:1.030. Sensitivity to movements in the AUD/NZD exchange rate is disclosed in Section 6.6 of this Document.

While the current economic climate and the impacts of the COVID-19 pandemic in the medium to long term are still uncertain, the assessment undertaken to determine the impact to IAPF I's FY21 forecast is outlined below. This included an assessment of each individual tenant's specific situation and overlaying market factors in light of the restrictions placed in the areas in which IAPF I's Portfolio is located.

The forecast property Gross Property Income incorporates the current arrangements agreed with IAPF I tenants. IAPF I entered into arrangements with a number of tenant's whose business operations were adversely impacted by the COVID-19 pandemic.

These arrangements included rental relief, rental deferral and lease extensions with incentive arrangements front ended to assist in immediate cash flow requirements. The arrangements agreed were on a case by case basis, factoring in the impact of the COVID-19 pandemic to the tenant's business arrangements and with reference to government led restrictions.

In addition to the arrangements entered in to with a number of IAPF I's tenants, an assessment was undertaken to factor in any additional support required in the forecast period. An assumption was applied to factor in potential additional rental support requirements to factor in the current economic and business operations uncertainty. This was applied with reference to the different circumstances in each of the jurisdictions in which IAPF I's Portfolio is spread. Since the time of issuing IAPF I's annual report in May 2020, there have been no material additional requests for rental relief or rent deferrals linked to the impact of the COVID-19 pandemic. For further information regarding the potential impact of the COVID-19 pandemic, refer to the risks set out in Section 7 of this Document.

The forecast property Gross Property Income incorporates adjustments relating to COVID-19 rent abatements in respect of agreed and potential assumed rental abatements in the forecast period.

The original assumptions related to IAPF I's FY21 expiries and vacancies were also adjusted to factor in lower probability of retention, longer lease up periods and lower net effective rental assumptions.

Recoverable outgoings are expenses which are recoverable from tenants as outlined in each lease agreement (refer to property expense below). These have been forecast on a property-by-property basis. As at the date of this Document, the Independent Directors believe there is no information to indicate any additional tenancy issues not already factored into the forecast that would materially impact the Forecast Financial Information.

Expiries, reletting and tenant incentives
Specific assumptions have been made in respect of each lease expiry over the forecast period for each individual Property. Reletting and lease incentives for expiring leases during the forecast period have been assumed on a Property-by-Property basis, taking into consideration agreements for lease, draft terms being negotiated with potential tenants (including existing tenants), an assessment of the COVID-19 pandemic impact on tenant renewal and lease up periods and also available information for the relevant tenancy, such as current passing rent, market rent, property, locality, and discussions with tenants and potential tenants.

The impact of the COVID-19 pandemic has resulted in lower net effective rental assumptions in relation to lease expiries for the forecast period, which factors in existing arrangements with tenants along with additional assumptions for potential future impacts. Downtime assumption ranges from three months to nine months for leases expiring during the forecast period.

The forecast uncontracted rental income in FY21 is $0.2 million (0.2% of total forecast revenue).

Leasing commissions have been assumed on the let up of each individual lease. Forecast leasing commissions have been calculated at 15.0% of the average annual Gross Property Income for new leases and 15.0% of the average annual Gross Property Income for lease renewals.

As a result of the Proposal, the leasing activity currently undertaken by IAPF II will no longer be a cost to the IAPF Group, and as such has been eliminated on a consolidated pro forma forecast basis. The IAPF Group will still incur leasing fees when third party property companies are engaged to perform leasing activity for the IAPF I Portfolio.

Straight-line rental revenue adjustment
A straight-line lease adjustment is provided in relation to future fixed rental increases to ensure Gross Property Income has been recognised on a straight-line basis over the lease term in accordance with AAS, which are consistent with IFRS. The straight-line lease adjustment incorporates the impact of agreed rent abatements associated with COVID-19.

Property expenses
Property expenses are largely made up of outgoings recoverable from tenants. Outgoings have been forecast on a Property-by-Property basis having regard to current outgoings on Properties and best estimate assumptions for other specific operational requirements for each Property. Outgoings include land tax, council rates, building insurance, water rates and repairs and maintenance.

Management fees
The Manager is paid an investment management fee of 0.55% per annum of Enterprise Value (before GST). Although under the Management Agreement, the Manager is entitled to a base fee equal to 0.60% per annum of Enterprise Value, with the base management fee stepping down from 0.60% to 0.55% per annum on every dollar over AUD 1.5 billion, the Manager has formally waived part of the fee so that, in the circumstances stated above, only the 0.55% per annum fee (plus GST) will be charged on all Enterprise Value.

On Completion of the Proposal, IAPF I will no longer pay investment management fees, property management fees and leasing fees to the Investec Group. These fees have been eliminated on consolidation in the IAPF Group Pro Forma Forecast Income Statement disclosure in this Section of the Document.

IAPF II will perform the majority of property management services and leasing services for the Properties of IAPF I in-house, but where it is economically beneficial, IAPF II will continue to appoint third parties other than the Investec Group and pay fees to those third parties to provide property management and leasing services. For example, it is expected that IAPF II will pay property management fees to those third party property managers who currently perform property management services in respect of the Properties.

Other operating expenses
IAPF I incurs operating expenses including annual listing fees, Registry fees, legal, audit, valuation and tax compliance fees, Unitholder reporting costs, Independent Directors' fees and other costs. These costs have been forecast based on best estimates of the likely costs to be incurred based on a combination of existing agreements to which IAPF I or its controlled entities are party, external benchmarks and quotes and by taking into account factors likely to influence the level of these expenses, including IAPF I's estimated market capitalisation and Enterprise Value. These other operating expenses have been forecast based on relevant agreements and quotes from external parties.

Finance costs
IAPF I's borrowings under the Facility are forecast to incur an average interest rate of 3.05% per annum for FY21 inclusive of all margins and ongoing fees. Hedging instruments are used to hedge against IAPF I's exposure to rising interest rates.

Finance costs excludes the impact of the drawdown of additional debt from the $30 million new debt tranche to fund an investment in the TAP Fund under the TAP Commitment, as a portion of the $30.0 million commitment is not proposed to be called until at least the end of March 2021.

IAPF I will have access to an appropriate level of undrawn debt facilities, under the existing debt facility, to fund any capital expenditure over the forecast period. No drawdown of the additional $10 million new debt tranche is assumed in the forecast period, as the Responsible Entity does not currently expect that it would need to draw down on these funds within 12 months of the date of this Document.

Transaction Costs
Transaction Costs include management fees, advisors' fees, legal fees, listing fees, printing fees and other expenses associated with the Proposal. Transaction Costs are estimated at $6.7 million based on existing agreements and quotes. The total amount of estimated Transaction Costs has been expensed to the income statement.

Tax expense
IAPF I is treated as an AMIT for Australian tax purposes. This is a yearly test and it is expected that IAPF I will continue to satisfy the AMIT qualification requirements. Under current Australian income tax legislation, IAPF I is not liable for Australian income tax, including CGT, provided that Unitholders are attributed all of the taxable income of IAPF I. Accordingly, no allowance for income tax has been made.

Capital expenditure
Allowances have been made for maintenance capital expenditure of $2.1 million in FY21 which is forecast to be funded by operating earnings. Additional capital expenditure in the nature of landlord works under leases and works related to aluminium cladding panel remediation of approximately $9.8 million in FY21 are forecast to be funded by debt, under IAPF I's existing debt facility.

Distributions
Forecast Distributions are based on IAPF I's Distribution policy of 80% to 100% of FFO each year (which may change over time). The Board will review and assess the appropriateness of the Distribution policy on a periodic basis.

Further information in relation to IAPF's existing Distribution policy, and its proposed Distribution policy following implementation of the Proposal is set out in Section 2.8 of this Document.

Distribution reinvestment plan
The Financial Information has been prepared on the basis that there will be no Distribution reinvestment plan in operation.

Investment property
IAPF I's Portfolio was valued as at 31 March 2020. 11 of the properties were externally valued, with the remaining properties valued by Director valuations. This process was conducted in May 2020 (prior to issuing IAPF I's 2020 annual report) having regard to the

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COVID-19 pandemic including the Government led economic and health measure implemented, and how these impacted IAPF I's tenants.

Due to the lack of transactional evidence to support market movements, the focus was placed on tenant covenant, weighted average lease expiry, rent reversion to market and whether any of the tenants had applied for rental support.

The factors noted above formed the basis of a risk assessment undertaken for each property in the Portfolio. A biased focus to the discounted cash flow valuation methodology was adopted where the outcome of the risk assessment resulted in a medium to higher potential impact on short to medium term cash flows for a property.

Further details as to the approach undertaken for the fair value assessment can be seen in IAPF I's annual report for the year ended 31 March 2020.

Since the time of issuing IAPF I's annual report in May 2020, the Independent Directors have undertaken a reassessment of the Portfolio including an update of the risk assessment. While the current economic climate and the impacts of the COVID-19 pandemic in the medium to long term are still uncertain, the assessment undertaken to determine the fair value of the Portfolio for 31 March 2020 reporting and the reassessment for the purpose of this Document, was based on an assessment of each individual tenant's specific situation and overlaying market factors in light of limited transaction activity. Since the time of issuing IAPF I's annual report in May 2020, there have been no material additional requests for rental relief or rent deferrals linked to the impact of the COVID-19 pandemic. For further information regarding the potential impact of the COVID-19 pandemic, refer to the risks set out in Section 7 of this Document. In undertaking the assessment, it was noted that IAPF I has a diversified tenant base across both industry and tenant types, with no single tenant (excluding government tenants) accounting for more than 4.4% of Gross Property Income. In addition, IAPF I has limited exposure to tenants in the retail and consumer discretionary sectors, with a high proportion of tenants being government, listed or multinational. Refer to Section 4 of this Document for further details of the Portfolio.

As such, the Independent Directors are of the view that there is no evidence that would require them to change the fair value assessment of the Portfolio as at the date of this Document.

The Forecast Financial Information does not account for any potential fair value adjustments to investment properties which may be recognised in the income statement on the basis that such adjustments cannot be reliably determined for a forecast period.

6.6.2.2 Specific assumptions — IAPF II

The Forecast Financial Information for IAPF II has been prepared by the Independent Directors based on an assessment of the current economic and operating conditions and assumptions regarding future events.

The specific, best estimate assumptions applied in preparing the Forecast Financial Information for the forecast period are described below.

TAP Commitment

As part of the Proposal, IAPF II will invest up to $30 million in the TAP Fund in the form of the TAP Commitment (refer to Section 3.2.4 of this Document). Calls may be made under the TAP Commitment to fund investments and costs of the TAP Fund (provided they are made at the same time as, and on a proportionate basis to the other investors in the TAP Fund). The IAPF II forecast financial information has been prepared on the basis that none of the $30 million commitment is proposed to be called until at least the end of March 2021, and that only a portion of the total TAP Commitment would be called at that time. Refer to Section 6.7 of this Document for sensitivity analysis to illustrate the impact on FFO of the total $30.0 million amount being called at an earlier date.

Revenue from services

Revenue includes investment management fees (detailed in IAPF I Management fees specific assumption above), property management fees and leasing fees (detailed in IAPF I Expiries, reletting and tenant incentives specific assumption above) derived for services provided to IAPF I and investment management fees and asset management fees for services provided to the TAP Fund. Fees have been forecast in accordance with underlying management agreements.

Property management fees are recovered from tenants' outgoings expenses. Fees are calculated monthly based on the base fee rate per property multiplied by the base rent.

In relation to the services provided to the TAP Fund, investment management fees are 0.3813% of committed capital per annum during the investment period of the TAP Fund[4] and asset management fees are based on a fixed agreed amount for each property under management based on the underlying management agreements.

4. Comprising service fees received under the TAP Investment Management Agreement and agreed fee sharing arrangements with entities in the Investec Group and TAP Fund structure. See Section 11.14 of this Document for further details.

As part of the Proposal, Investec Group has agreed to compensate IAPF Group on a pro rata basis if the annualised revenue in connection with the TAP Fund for FY21 (comprising asset management fees and fund management fees) is less than $2.6 million, being the annualised costs in connection with the TAP Fund for FY21. This has been factored into the IAPF Group pro forma forecast financial information. Refer to Section 11.1 of this Document for further details.

A fixed fee of $0.7 million per annum for asset management services to be provided to and paid by Investec Group for a period of 4 years under the Investec Group Management Agreement. Refer to Section 11.14 of this Document for further details relating to the asset management services.

As a result of the Proposal, the fees related to the services IAPF II provides to IAPF I have been eliminated in the pro forma adjustments. These fees include investment management fees, property management fees and leasing fees.

Other operating expenses

Other expenses include employee benefits expenses and corporate and administration costs. These do not include non-recurring transaction costs associated with the Proposal. Corporate and administration costs have been forecast based on best estimates of the likely costs to be incurred based on a combination of existing agreements, external benchmarks and quotes from external parties. The fees payable by the Manager under the Transitional Services Agreement have been factored into the operational costs in the IAPF Group Forecast Financial Information . Refer to section 11.2 of this Document for further details on the Transitional Services Agreement.

Tax expense

IAPF II is expected to qualify as a public trading trust, meaning it is treated as a company for Australian tax purposes. IAPF II intends to make an election to be the head company of an Australian income tax consolidated group including it and all its wholly owned subsidiaries. As IAPF II will pay tax at the corporate tax rate (i.e. currently 30%), an allowance for income tax has been made in respect of income derived by IAPF II. The total income tax expense for the period is the tax payable on the current period's taxable income based on the Australian corporate tax rate.

Expected GST recoveries in respect of Transaction Costs and ongoing operations which are appropriate to the activities of the entities have been forecast.

6.7. Sensitivity Analysis

The Forecast Financial Information is based on a number of key assumptions which have been outlined above. These assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are outside the control of the IAPF Group, the Independent Directors and the Manager and based upon assumptions with respect to future business decisions or actions which are subject to change. The Forecast Financial Information is also subject to a number of risks as outlined in Section 7 of this Document.

Unitholders should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Document are to be expected. To assist Unitholders in assessing the impact of these assumptions on the Forecast Financial Information, the sensitivity of the FFO forecasts to changes in certain key assumptions is set out below.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown.

TABLE 5[1]

	Notes		FY21 Pro forma A$m	FY21 Pro forma cents per unit
FFO			**56.3**	**9.21**
Incremental impact of change from assumptions				
2.5% change in AUD:NZD foreign exchange rate		+ / -	0.2	0.03
25 basis point change in interest rates	2	+ / -	0.2	0.03
1% change in Gross Property Income		+ / -	0.9	0.15
2% change in outgoings for gross leases	3	+ / -	0.1	0.02
25% increase in downtime assumptions			0.1	0.01
1% change in total cost base		+ / -	0.1	0.01
$30.0 million TAP investment as at 31 December 2020	4	+	0.1	0.02

Notes:
1. Based on full year period from 1 April 2020 to 31 March 2021, or as otherwise stated.
2. The forecast percentage of debt hedged is 76.1%, with Proposal being funded with available undrawn debt. Calculated based on the forecast 23.9% of finance costs subject to interest rate movements.

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3. The sensitivities on outgoings have been calculated based on Gross Leases whereby outgoings are embedded in base rent and therefore not directly recoverable. The majority of the IAPF I's lease arrangements are structured where outgoings are recovered from tenants.
4. Impact of a maximum $30.0 million investment in the TAP Fund being deployed as at 31 December 2020, earlier than anticipated, and an associated drawdown by IAPF under the new tranche of its Facility Agreement to fund IAPF II's contribution under the TAP Commitment (as described in Section 11.15 of this Document). The impact is the net of an increase in finance costs ($0.2 million) associated with an additional $30.0 million debt drawdown, at an assumed interest rate of 2.0% and the associated asset management fee income received ($0.3 million). The asset management fee income assumed on the basis that the TAP Commitment would not be called unless deployment was required to fund (on a proportionate basis with other investors in the TAP Fund) an investment by the TAP Fund which would be managed by IAPF II. See Sections 3.2.4 and 11.4 of this Document for further details.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation in order to illustrate the impact on the FFO forecasts. In practice, changes in variables may offset each other or may be cumulative.

6.8. Liquidity and Capital Sources

Following implementation, the IAPF Group's principal sources of funds will be cash flow from operations and the Facility.

The Independent Directors expect that the IAPF Group will have sufficient cash flow from operations to meet its operational requirements during the forecast period. The Independent Directors expect that the IAPF Group's operating cash flows, together with borrowings and borrowing capacity under the Facility will allow growth in its business. The Board has approved a borrowing policy whereby gearing will be maintained between 30% and 40%, with the ability to exceed the top end of the range provided that gearing will be reduced below 40% within a reasonable period of time. Assumptions in relation to capital expenditure are set out in Section 6.6 of this Document.

The Directors are of the opinion that the IAPF Group will have sufficient working capital to carry out its stated objectives during the forecast period. Nothing has come to the attention of the Directors to suggest that IAPF I is not continuing to earn profits from continuing operations up to the date of this Document.

6.9. IAPF II Financial Information

The Proposal, as outlined in this Document, may have an impact on the financial position, performance and distribution of the IAPF Group.

Accordingly, certain financial information (including the basis of preparation and key accounting policies relating to this financial information) has been included in this Section 6 to illustrate the likely pro forma financial impact of the Ann Street disposal and the implemented Proposal's impact on the IAPF Group. The information about the impact being shown on a consolidated basis is considered appropriate to enable Unitholders to understand the Proposal's impact.

This Section 6.9 sets out financial information in relation to IAPF II only, which only comprises the pro forma historical consolidated statement of financial position of IAPF II as at the date of this Document ("**IAPF II Pro Forma Historical Consolidated Balance Sheet**").

IAPF II was established on 3 September 2020 with nominal capital and has not traded since it was established. Upon implementation of the Proposal, IAPF II will acquire IAPH and its controlled entities for cash.

In order to implement the Proposal, IAPF II will be capitalised by way of IAPF I making a capital distribution to Unitholders in reliance on stapling powers under the IAPF I Constitution, with such distribution being mandatorily applied by Unitholders to subscribe for IAPF II Units. Each IAPF I Unit will be stapled to an IAPF II Unit, such that they will trade as a single security.

6.9.1. Basis of Preparation

The IAPF II Pro Forma Historical Consolidated Balance Sheet has been prepared solely for inclusion in this Document and assumes that the Proposal is implemented.

The Independent Directors are responsible for the preparation and presentation of the IAPF II Pro Forma Historical Consolidated Balance Sheet and other information outlined in this Section 6.9.

The IAPF II Pro Forma Historical Consolidated Balance Sheet is intended to present Unitholders with information to assist them in understanding the financial position of IAPF II upon the implementation of the Proposal. The IAPF II Pro Forma Historical Consolidated Balance Sheet is based on the audited historical consolidated statement of financial position of IAPH as at 31 March 2020 ("**IAPH Historical Consolidated Balance Sheet**"), after adjusting for certain pro forma transactions and/or other adjustments to reflect the effects of the Proposal.

The IAPH Historical Consolidated Balance Sheet as at 31 March 2020 has been extracted, without adjustment, from the audited special purpose financial statements of IAPH as at 31 March 2020 ("**IAPH Special Purpose Financial Statements**") and has been prepared in accordance with AAS, which are consistent with IFRS. The IAPH Special Purpose Financial Statements have been audited by KPMG Inc. in accordance with ISA 805 (Revised), *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*.

IAPH's audited financial statements are available on IAPF I's website (www.iapf.com.au) and are incorporated by reference into this Document.

The audited historical statement of financial position of IAPF II as at the date of establishment, as set out in column A of Table 6 of this Section, has been extracted, without adjustment from the report of historical financial information of IAPF II as at 3 September 2020 being the date of establishment ("**IAPF II Historical Financial Information**") prepared in accordance with IFRS, which are consistent with AAS. The IAPF II Historical Financial Information is set out in Annexure B Part A of this Document.

For JSE purposes only, the IAPF II Historical Financial Information is set out in Annexure B Part A to this Document. KPMG Inc's independent reporting accountant's report on the IAPF II Historical Financial Information, for JSE purposes only, is set out in Annexure C Part H to this Document.

The IAPF II Pro Forma Historical Consolidated Balance Sheet has been prepared by applying the accounting policies of IAPF Group which are compliant with AAS, which are consistent with IFRS.

The IAPF II Pro Forma Historical Consolidated Balance Sheet is presented in an abbreviated form and does not include all of the disclosures, statements or comparative information required by AAS, which is consistent with IFRS, applicable to annual general purpose financial reports prepared in accordance with the Corporations Act in Australia.

Due to its nature, the IAPF II Pro Forma Historical Consolidated Balance Sheet is provided for illustrative purposes only and, because of its nature, may not fairly present IAPF II's financial position after the implementation of the Proposal, and is not represented as being necessarily indicative of the IAPF II's actual or future financial position.

The above is the Applicable Criteria referred to in KPMG Inc's independent reporting accountant's report in respect of the IAPF II Pro forma Historical Consolidated Balance Sheet in Annexure C Part B of this Document.

6.9.2. IAPF II Pro Forma Historical Consolidated Balance Sheet

The IAPF II Pro Forma Historical Consolidated Balance Sheet (see column D) has been derived from:

- The audited statement of financial position of IAPF II at the date of establishment (see column A);
- The audited historical consolidated statement of financial position of IAPH as at 31 March 2020 (see column B); and
- Pro forma adjustments to reflect the impact of the Proposal as at the date of this Document (see column C).

TABLE 6

A$million	Notes	Column A IAPF II Audited	Column B IAPH 31 March 2020 Audited	Column C Adjustments Pro forma	Column D IAPF II Pro forma
Assets					
Current assets		**0.0**	**10.7**	**(8.1)**	**2.6**
Cash and cash equivalents	1, 7	0.0	10.2	(7.5)	2.6
Trade and other receivables	4	-	0.6	(0.6)	-
Non-current assets		**-**	**-**	**39.5**	**39.5**
Intangibles	2	-	-	39.5	39.5
Total assets		**-**	**10.7**	**31.4**	**42.1**
Current liabilities		**-**	**10.7**	**(10.7)**	**-**
Trade and other payables	4	-	10.7	(10.7)	-
Non-current liabilities		**-**	**-**	**2.1**	**2.1**
Employee entitlements	3	-	-	2.1	2.1
Total liabilities		**-**	**10.7**	**(8.6)**	**2.1**
Net assets		**0.0**	**-**	**40.0**	**40.0**
Unit capital	5, 7	0.0	-	46.7	46.7
Retained earnings	6	-	-	(6.7)	(6.7)
Total equity		**0.0**	**-**	**40.0**	**40.0**

Notes:

1. Cash and cash equivalents of $2.6 million to be provided by Investec Australia in relation to the Retention Scheme as part of the Proposal. Refer to Section 12.10.2 of this Document for further details in relation to the Retention Scheme.

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2. $39.5 million adjustment represents intangible assets arising from the acquisition of IAPH and its subsidiaries and the management rights of the TAP Fund by IAPF II in accordance with IFRS 3: *Business Combinations*. The amount of total intangible assets relating to the Proposal may change once the fair value of all assets and liabilities are determined as at the Implementation Date.
3. Employee entitlements represent the value of the liability as at Implementation Date associated with the obligations under the Retention Scheme being assumed by IAPF II as part of the Proposal. Refer to Section 12.10.2 of this Document for further details in relation to the Retention Scheme.
4. Trade and other receivables and trade and other payables adjustment represents that these will be settled prior to the Implementation of the Proposal.
5. Unit capital of $46.7 million represents the costs associated with the Total Consideration and Transaction Costs and is to be funded by way of a capital distribution from IAPF I to the Unitholders. The capital distribution is being mandatorily applied by Unitholders to subscribe for units in IAPF II. Refer to Section 9 of this Document for further details on the tax implications of this distribution and subscription.
6. Retained earnings adjustment of $6.7 million represents expensed Transaction Costs associated with the Proposal. The Transaction Costs of $6.7 million associated with the Proposal, as detailed in Section 10.5 of this Document, will be borne by IAPF II, and will therefore have a financial effect on the IAPF II Pro Forma Historical Consolidated Balance Sheet.
7. Cash and cash equivalents and unit capital of $0.0 million in Column A represents nominal initial unit capital of $10 on establishment of IAPF II on 3 September 2020.

6.9.3. Liquidity and Capital Sources

IAPF II's principal source of funds will be cash flow from operations.

The Independent Directors expect that IAPF II will have sufficient cash flow from operations to meet its operational requirements during the forecast period.

The Directors are of the opinion that IAPF II will have sufficient working capital to carry out its stated objectives immediately following implementation of the Proposal and during the forecast period.

6.9.4. Historical financial performance

IAPF II is a newly established entity and will not trade until the acquisition of IAPH which will only occur on implementation of the Proposal.

As IAPF II is a newly established trust and has not traded, the Independent Directors do not have a reasonable basis to provide pro forma historical financial performance and cash flow information that is sufficiently meaningful or reliable.

6.9.5. Distribution Policy

The Distribution policy of IAPF II is consistent with the Distribution policy of the IAPF Group. The Distribution policy of the IAPF Group is presented in Section 3.6 of this Document.

6.9.6. Taxation

The Australian and South African taxation consequences of the Proposal for Unitholders, including in relation to the issuance of IAPF II Units under this Document are set out in Section 9 of this Document.

The comments contained in this Document do not constitute tax advice and should not be relied upon as such. Unitholders should consult their own professional tax advisors regarding the consequences of the Proposal, in light of their own circumstances.

6.10. Summary of Significant Accounting Policies of IAPF I and IAPF Group

The preparation of the Financial Information requires estimates, judgements and assumptions that affect the reported amounts of Gross Property Income, gross expenses, assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Revisions to estimates are recognised in the period in which the estimate is revised and in any future period affected.

The significant accounting policies below apply estimates, judgements and assumptions which could materially affect the financial results or financial position reported in future periods. Policies are consistent with the requirements of AAS and IFRS.

6.10.1. Basis of consolidation

6.10.1.1. Cross stapling

A Stapled Security comprises one IAPF I unit 'stapled' to one unit in IAPF II to create a single listed security traded on the ASX and the JSE. The Stapled Securities cannot be traded or dealt with separately. The stapled security structure will cease to operate on the first of:

- IAPF I or IAPF II resolving by special resolution in a general meeting, and in accordance with its Constitution, to terminate the stapled security structure; or
- IAPF I or IAPF II commencing winding up.

ASX reserves the right (but without limiting its absolute discretion) to remove entities with stapled securities from the Official List if their securities cease to be stapled together, or either one or more stapled entities issues any equity securities of the same class which are not stapled. IAPF I and IAPF II remain separate legal entities in accordance with the Corporations Act.

Unitholders are advised that the JSE has approved the listing of the IAPF Group on the basis that the IAPF I and IAPF II units will remain stapled. The JSE reserves its right to remove a listing of any units in the IAPF Group which are not stapled, in accordance with the JSE Listings Requirements.

For accounting purposes, IFRS 3 Business Combinations and IFRS 10 Consolidated Financial Statements require that one of the stapled entities be identified as the parent entity for the purpose of preparing consolidated financial reports. In accordance with this requirement IAPF II has been identified as the parent of the consolidated group.

6.10.1.2. Controlled entities

The IAPF Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

All subsidiaries are 100% owned trusts and controlled by the IAPF Group with no restrictions.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

6.10.2. Segmental reporting

6.10.2.1. Determination and presentation of operating segments

The IAPF Group has the following operating segments:

- office properties
- industrial properties
- property funds management

The above segments are derived from the way the business of the IAPF Group is structured, managed and reported to the chief operating decision-makers. The IAPF Group manages its business in the office and industrial property sectors where resources are specifically allocated to each sector in achieving the IAPF Group's stated objectives. The property funds management segment comprises investment management services and property management services.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment. Segment assets comprise those assets that are directly attributable to the segment on a reasonable basis. Segment capital expenditure is the total cost incurred during the period on investment property in each segment.

6.10.3. Revenue recognition

The IAPF Group recognises revenue that depict the transfer of promised good or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

6.10.3.1. Rental income

Revenue from investment property in terms of leases comprises Gross Property Income and recoveries of operating costs, net of GST. Gross Property Income is recognised in profit or loss on a straightline basis over the term of the rental agreement where the revenue under the lease terms is fixed and determinable. For leases where revenue is determined with reference to market reviews or inflationary measures, revenue is not straightlined and is recognised in accordance with lease terms applicable for the period.

6.10.3.2. Recoverable outgoings

Within the IAPF Group's lease arrangements, certain services are provided to tenants (such as utilities, cleaning and maintenance) which are accounted for within IFRS 15 Revenues from contracts with customers. As IAPF I has the primary responsibility in delivering these services revenues are recognised on a gross basis. A portion of the consideration within the lease arrangements are allocated to revenue for the provision of services based on the standalone selling method. The service revenue is recognised over time as services are provided and based on the annual estimates, with the estimates reconciled at least annually. These are invoiced monthly based on an annual estimates basis. The consideration is due 30 days from the invoiced date.

6.10.4. Lease incentives and commissions

Any lease incentives provided to a tenant under the terms of a lease such as fit-outs or cash incentives are first capitalised to investment property and then recognised as an expense or reduction in revenue on a straightline basis over the term of the lease.

Leasing commissions paid to agents on signing of lease agreements are recognised as an expense on a straightline basis over the term of the lease.

6.10.5. Finance income

Finance income includes interest earned on cash invested with financial institutions which are recognised in the profit or loss on an accrual basis using the effective interest method.

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6.10.6. Finance costs

Finance costs include interest expense and other borrowing costs which are recognised in the profit or loss on an accrual basis using the effective interest method.

6.10.7. Earnings per unit

Basic earnings per unit is determined by dividing the profit or loss of the IAPF Group by the weighted average number of Units outstanding during the financial year. There are no instruments in issue that could potentially result in a dilution in earnings per unit in the future. Headline earnings is profit for the period adjusted for certain remeasurements such as investment property fair value adjustments. As required by the JSE Listings Requirements headline earnings per unit is calculated using Circular 1/2019.

6.10.8. Financial instruments

The IAPF Group recognises financial instruments when it becomes party to the contractual provisions of the instrument. Financial instruments are initially recognised at their fair value plus, for financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities. All other transaction costs are recognised in profit or loss immediately.

Any gains or losses on these instruments arising from fair value adjustments, where appropriate, do not affect distributable earnings.

The IAPF Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by IAPF I is recognised as a separate asset or liability. The IAPF Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

6.10.8.1. Trade and other receivables

Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less any allowance under the expected credit loss ("**ECL**") model.

At each reporting period, the IAPF Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The IAPF Group recognises loss allowances at an amount equal to lifetime ECL on trade and other receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the trade receivables and are a probability weighted estimate of credit losses. Credit losses are measured as the difference between cash flows due to the IAPF Group in accordance with the contract and the cash flows that the IAPF Group expects to receive.

The IAPF Group analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate lifetime ECL, including:

- significant financial difficulty of a tenant; and
- default or delinquency by a tenant.

Debts that are known to be uncollectable are written off when identified. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or significant delinquency in payments are considered indicators that the trade receivable is impaired.

6.10.8.2. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in fair value. Cash and cash equivalents are subsequently measured at amortised cost.

6.10.8.3. Trade and other payables

Trade and other payables are subsequently measured at amortised cost using the effective interest method. Any gains or losses on derecognition of trade and other payables are recognised in profit or loss.

6.10.8.4. Derivative financial instruments

The IAPF Group utilises derivative financial instruments to hedge its exposure to interest rate risk arising from its financing activities. The IAPF Group does not hold or issue derivative financial instruments for trading purposes. Derivatives are not designated as hedges for accounting purposes and are accounted for at fair value. After initial recognition, all derivative instruments are subsequently recorded in the statement of financial position at fair value, with gains and losses recognised in profit or loss.

6.10.8.5. Borrowings

Long-term borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as noncurrent unless they are repayable within 12 months.

6.10.9. Investment property

Properties held by the IAPF Group which are held for rental income or capital appreciation are classified as investment properties. Investment properties are initially recognised at cost including transaction costs. Investment properties are subsequently measured at fair value, with fair value gains and losses recognised in profit or loss. Investment property consists of land and buildings, installed equipment that is an integral part of the building and land held to earn rental income. The fair value of investment property also includes components relating to lease incentives and straightline rental receivables. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits will flow to the IAPF Group those costs can be reliably measured.

An investment property is classified as held for sale as it will be recovered principally through a sale transaction rather than through continuing use. The asset is available for sale in its present condition subject only to terms that are usual and customary for sales of such assets. Basis of valuation of property held for sale is conditional sales contract. The sale is considered to be highly probable and expected to settle within the next 12 months.

A property interest under an operating lease is classified and accounted for as an investment property when it is held to earn rental income. Any such property interest under an operating lease classified as investment property is carried at fair value.

Should any properties no longer meet the IAPF Group's investment criteria and are sold, any profits or losses will be recognised in profit or loss.

Investment property is maintained, upgraded and refurbished where necessary, in order to preserve or improve the capital value as far as it is possible to do so. Maintenance and repairs which neither materially add to the value of the properties nor prolong their useful lives are recognised in profit or loss as an expense.

Independent valuations are obtained on a rotational basis, ensuring that every property is valued at least once every 24 months by an external independent valuer.

The Independent Directors value the remaining properties that have not been independently valued annually on an open market basis. Independent Directors' valuations are prepared by considering the aggregate of the net annual rental receivable from the properties and where relevant, associated costs, using the discounted cash flow method and the capitalisation rate method. The Independent Directors believe that their valuations accurately represent the fair value. Note 9 to the IAPF I's 2020 consolidated financial statements describes the basis for determining fair value of the IAPF Group's properties.

Gains or losses on subsequent measurement or disposals of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount) are recognised in profit or loss. Such gains or losses are excluded from the calculation and determination of distributable earnings.

6.10.10. Lease agreements

A finance lease is a lease that transfers substantially all of the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a financial lease.

The IAPF Group is party to numerous lease agreements in the capacity as lessor of the investment properties. All agreements are operating leases.

Where classified as operating leases, lease payable/receivable are charged/credited in the profit or loss on a straightline basis over the lease term. Contingent lease (if any) are accrued to the statement of profit or loss and other comprehensive income when incurred.

Initial direct costs incurred in negotiating and arranging an operating lease are recognised in profit or loss over the term of the lease.

6.10.11. Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount, and are recognised as soon as the IAPF Group has a legal or constructive obligation which will lead to an outflow of economic resources to settle the obligation as a result of a past event and a reliable estimate can be made of the amount of the obligation. Contingent assets and contingent liabilities are not recognised.

Provisions are measured by at the best estimate of expenditure to settle the present obligation.

6. Financial information

6.10.12. Taxation

6.10.12.1. IAPF I

Under current income tax legislation, IAPF I (as a REIT, which is a flow-through structure) is not subject to Australian income tax on any of the net income derived by IAPF I, provided that its activities are limited to deriving rental income from real property directly or indirectly held by IAPF I and deriving gains from sale of real property held for rental purposes and it fully distributes its distributable income (as defined in IAPF I's constitution), subject to amounts permitted to be retained, to Unitholders year-on-year during or within three months after the relevant income year.

Furthermore, IAPF I is structured to meet the required criteria to be classified as an AMIT for Australian tax purposes. As an AMIT, IAPF I will be required to withhold tax in Australia at a concessional rate of 15% on distributions to individual and institutional Unitholders in South Africa (including distributions of capital gains) to the extent that it is not a "tax deferred distribution", a distribution of interest income, a distribution of net rental income for certain clean buildings (discussed further below) or non-Australian sourced income. A commercial building is a "clean building" for Australian income tax purposes, if amongst other things, it commenced construction on or after 1 July 2012 and the building has, and continues to maintain at all times during the income year, at least a 5 Star Green Star rating as certified by the Green Building Council of Australia or at least a 5.5 star energy rating as accredited by the National Australian Built Environment Rating System.

A 'tax deferred distribution' is the excess of cash distributed over the Unitholders' proportionate share of the Australian taxable income of IAPF I.

As IAPF I is an AMIT, the Responsible Entity will be required to withhold tax in Australia at 10% on Australian sourced interest income and net rental income for certain clean buildings, 15% on other Australian sourced income to foreign resident Unitholders and any tax in respect of any dividend income distributed by IAPF I will be taxed at the rates noted with respect to IAPF II immediately below.

The New Zealand sourced income is subject to the corporate tax rate in New Zealand of 28%, and is not subject to Australian withholding tax.

6.10.12.2. IAPF II

IAPF II is expected to qualify as a public trading trust, in which case it will be treated as a company under current income tax legislation and taxed at the Australia corporate tax rate of 30%. Corporate tax paid by IAPF II will generate franking credits, which should be available to distribute to Australian resident Unitholders by way of franked dividends. The tax treatment of distributions made by IAPF II to Australian resident Unitholders will be treated as dividends and will be taxed in the hands of the investor at their marginal tax rate (subject to any offset for attached franking credits).

Where IAPF II pays unfranked dividends to a foreign resident Unitholder, the unfranked component of those payments will be subject to a final withholding tax, which is typically 30%. However, the withholding tax rate may be reduced by the relevant DTA between the Unitholder's country of residence and Australia. The Responsible Entity of IAPF II is responsible for withholding tax on unfranked dividends. Unfranked dividends paid to South African tax resident Unitholders should be subject to a reduced dividend withholding tax rate of 15% (or 5% where the Unitholder is a company and holds at least 10% of the voting power in IAPF II).

Alternatively, where IAPF II distributes fully franked dividends, such dividends will not be subject to dividend withholding tax.

6.10.13. Unit capital

6.10.13.1. Ordinary unit capital

Units are classified as equity when the units are redeemable only at the Responsible Entity's option, and any distributions are discretionary. The issued Unit capital represents the amount of consideration received for units issued in the IAPF Group.

Transaction costs of an equity transaction are accounted for as a deduction from equity. All Units are fully paid. The Unitholders are entitled to receive Distributions as declared from time-to-time and are entitled to one vote per unit at the annual general meeting of the IAPF Group. All Units rank equally with regard to the IAPF Group's residual assets.

6.11. Business combinations

The IAPF Group applies the acquisition method in accounting for business combinations. The consideration transferred by the IAPF Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred, liabilities incurred and the equity interests issued by the IAPF Group, which includes the fair value of any asset of liability arising from a contingent consideration arrangement.

Acquisition costs are expensed as incurred.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in he acquire, and (c) acquisition-date fair value of any existing equity interest in the acquire, over the acquisition-date fair value of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount is recognised in profit or loss immediately.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

A reacquired right is an identifiable intangible asset that the acquirer recognises separately from goodwill. As part of a business combination, an acquirer may reacquire a right that it had previously granted to the acquiree to use one or more of the acquirer's recognised or unrecognised assets.

6.12. Employee benefits

6.12.1. Short-term benefits

Short-term employee benefits obligations are measured on an undiscounted basis and expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the IAPF Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

6.12.2. Termination benefits

Termination benefits for voluntary redundancies are recognised as an expense if the IAPF Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, they are discounted to their present value.

6.12.3. Unit-based payment arrangements

The grant-date fair value of unit-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

6.12.4. New accounting standards adopted by the IAPF Group

The IAPF Group applied the following accounting standards amendments that became mandatory for the first time during the reporting period:

6.12.4.1. IFRS 16 Leases

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

IFRS16 introduces a single on-balance sheet lease accounting model for lessees and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payment.

IFRS 16 substantially carries forward the lessor accounting requirement in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The IAPF Group has applied the modified retrospective approach to implement the new accounting standard of IFRS 16, and has selected to "grandfather" its previous assessment of existing contracts. The IAPF Group operations involve leasing of investment properties. All rental agreements are operating leases. The impact to the IAPF Group upon adoption of IFRS 16 is nil for both current year and the comparative period.

6.12.5. Accounting standards applicable to IAPF Group not yet effective

Amendments to IFRS 3 'Business Combinations – Definition of a Business'. IFRS 3 'Business Combinations – Definition of a Business' to clarify the definition of a business. This amendment applies prospectively to future acquisitions. It is not possible to determine if the amendment will have a material impact given the uncertainty in respect of such acquisition.

Amendments to IAS 1 and IAS 8 – Definition of Material IAS 1 and IAS 8 amended to clarify the definition of material as applied across all reporting standards. The intention of the amendment is to reduce and declutter financial reports and focus the user's attention on the key material items. The IAPF Group would look to review the disclosure in respect of non-material items.

6.13. Directors' statement

The Directors confirm that there has been no material change in the financial or trading position of IAPF I or in the business of IAPF I since 31 March 2020, other than those set out in this Document.

7

Risk factors

7. Risk factors

IAPF's business activities are subject to risks that are both specific to its business operations and to those of a general nature. Many of these risks are outside the control of the Responsible Entity, the Directors and management and if they were to eventuate, may adversely affect the future operating performance of, and the value of an investment in, IAPF.

This Section 7 describes what the Responsible Entity currently believes to be the key risks associated with an investment in IAPF, including an investment in IAPF II should the Proposal be implemented. Unitholders should note that this Section 7 identifies the Directors' current views on the key risks of an investment in IAPF and the Proposal and it does not purport to be an exhaustive list.

7.1. Risks of an investment in IAPF II should the Proposal be implemented

Key risks that may arise as a result of holding IAPF II Units are set out in Section 2.6 of this Document.

In particular, the risks associated with an investment in, and management of the TAP Fund, are disclosed in Sections 2.6.6 and 2.6.7 of this Document.

7.2. Risks specific to an investment in property

IAPF is an Australian REIT whose principal source of income is derived from owning property and therefore it is important to understand risks associated with this asset class. This Section 7.2 provides an overview of risks specific to general investment in property.

7.2.1. Impact of the COVID-19 pandemic

The performance of IAPF depends heavily on property investment activity in Australia and New Zealand. This sector is cyclical and influenced by changes in prevailing economic conditions. Market and economic disruptions may affect government, consumer and business spending, consumer and investment confidence levels, interest rates and other relevant factors in the economies in which IAPF operates.

In light of recent global macroeconomic events, including the impact of the COVID-19 pandemic, any of Australia, New Zealand or South Africa may experience an economic recession or downturn of uncertain severity and duration which could cause a material contraction in the real estate sector. These economic disruptions could have a material adverse impact on IAPF's operating and financial position and performance, as well as the price of the Stapled Securities. The events relating to the COVID-19 pandemic have recently resulted in significant market falls and volatility including in the prices of securities trading on the ASX and JSE. Many of the risks set out below are likely to be heightened due to the impacts of this situation, and there is no certainty as to when these impacts will subside or the extent to which a return to pre-COVID-19 pandemic conditions is likely. There is continued uncertainty as to the further impact, including in relation to governmental action, potential taxation changes, work stoppages, lockdowns, quarantines, travel restrictions and the impact on the global economy and securities markets. Among the potential effects of these actions on IAPF are interruption to supply chains, solvency of counterparties, impact on rental revenue in relation to the Properties and impact on Property valuations.

7.2.2. Gross Property Income

Distributions made by IAPF will continue to be largely dependent upon the rents received from the Properties, occupancy levels and the level of non-recoverable outgoings. Gross Property Income may be adversely affected by a number of factors, including:

- Overall macroeconomic conditions which may give rise to fluctuations in property market conditions;
- Local real estate conditions;
- Changes in market rental rates;
- Competition from other property owners;
- The financial condition of tenants;
- Rental arrears and vacancy periods;
- Incentives offered to attract prospective tenants or retain existing tenants;
- Expenses associated with re-leasing vacant tenancies; and
- External factors including pandemics, terrorist attacks, significant security incidents, acts of God or major world events.

These factors are in turn impacted by the underlying performance of the tenants, which is influenced by a number of general economic factors beyond IAPF's control.

The COVID-19 pandemic has created considerable uncertainty and volatility surrounding these factors. IAPF's forecast Gross Property Income incorporates the current arrangements agreed with IAPF I tenants whose business operations were adversely impacted by the COVID-19 pandemic. These arrangements included rental relief, rental deferral and lease extensions with incentive arrangements front ended to assist in immediate cash flow requirements. The forecast property Gross Property Income incorporates adjustments relating to COVID-19 rent abatements in respect of agreed and potential assumed rental abatements in the forecast period. Since the time of issuing IAPF I's annual report in May 2020, there have been no material additional requests for rental relief or rent deferrals linked to the impact of the COVID-19 pandemic.

7. Risk factors

Any negative impact on Gross Property Income (including as a result of a failure of existing tenants to perform existing leases in accordance with their terms) has the potential to decrease the value of the Properties.

All of the above factors may affect FFO of IAPF and in turn, impact Distributions and the market price of the Stapled Securities.

7.2.3. Re-leasing and vacancy

There is a risk that IAPF may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on the same terms (if at all) or be able to find new tenants to take over space that is currently unoccupied. This risk has increased as a result of the ongoing COVID-19 pandemic and any economic recession arising as a result of it. In addition, with respect to office properties within the Portfolio, it is possible that existing and prospective tenants may seek to promote and utilise working from home options which could result in decreased demand for commercial office space. This could affect FFO of IAPF and Distributions.

Gross Property Income may also be negatively impacted by any increases in amounts not recoverable from tenants that might be incurred by IAPF, which could affect FFO of IAPF and Distributions.

7.2.4. Capital expenditure requirements

A property by nature requires ongoing maintenance. Capital expenditure will be required to maintain and improve the Properties to retain and attract tenants. There is a risk that the required capital expenditure exceeds the forecast spend, requiring additional funding or Property sales, which could affect FFO of IAPF and Distributions.

Additionally, any requirement for unforeseen material capital expenditure on the Properties could impact the performance of IAPF. While IAPF will undertake reasonable due diligence investigations required prior to acquiring Properties, there can be no assurance that Properties will not have defects or deficiencies, or that unforeseen capital expenditure or other costs will not arise.

Some examples of circumstances that may require capital expenditure in excess of the forecast amount include property damage caused by fire, flood or other disaster, changes to law or council requirements such as environmental, building or safety regulations, or unforeseen property defects or environmental issues that need to be repaired or addressed (to the extent not covered by insurance).

7.2.5. Property valuation

The value of, and returns from, the Properties may fluctuate depending on property market conditions (including geographical and sectoral factors), general economic conditions (such as interest rates and Capitalisation Rates) and/or Property specific factors. Demand for property may change as investor preferences for particular sectors, asset classes and geographies change over time and can be influenced by general economic factors such as interest rates and equity market cycles. The COVID-19 pandemic has created considerable uncertainty and volatility surrounding these factors, and assessing fair value involves uncertainties around the underlying assumptions given the constantly changing nature of the situation. For details regarding the basis of valuation of the Properties with regard to the COVID-19 pandemic, see IAPF's annual report for FY20, a copy of which is available on IAPF's website at www.iapf.com.au. Since the time of issuing IAPF I's annual report in May 2020, there have been no material additional requests for rental relief or rent deferrals linked to the impact of the COVID-19 pandemic.

As changes in valuations of the Properties are recorded in the income statement, any decreases in value will have a negative impact on the income statement. While a change in valuation will not directly impact FFO of IAPF and Distributions, it will impact Gearing which could have a bearing on compliance with covenants under the Facility Agreement.

7.2.6. Property liquidity

Direct property assets are by their very nature illiquid assets. IAPF may not be able to realise the Properties within a short period or may not be able to realise Properties at valuation. This may affect the NAV or the price of the Stapled Securities.

7.2.7. Sector concentration

The Portfolio is principally comprised of office and industrial properties. IAPF's performance depends on, in part, the performance of the office and industrial property sectors in Australia and New Zealand. If there is a downturn in these sectors, IAPF's performance may be affected by way of lower rental income and/or increased vacancy, which may reduce Gross Property Income and impact FFO of IAPF and Distributions.

7.2.8. Climate change risk, environmental issues and contaminations

IAPF acknowledges climate change as a financial risk and will consider the ability to quantify and understand those aspects of its business, which produce greenhouse gas emissions, as a competitive advantage in terms of cost and market risk management. IAPF is potentially exposed to acute physical risks stemming from the impacts of climate change, such as damage from extreme weather, and chronic risks such as heat stress.

There is a risk that a Property may be contaminated now or in the future. Government environmental authorities may require such contamination be remediated. There is a risk that IAPF may be required to undertake remediation which could require material capital expenditure and impact FFO of IAPF and Distributions.

In addition, environmental laws impose penalties for environmental damage and contamination, which can be material in size. Exposure to hazardous substance at a Property could result in personal injury claims. Such a claim could prove greater than the value of the contaminated Property.

An environmental issue may also result in interruptions to the operations of a Property, including loss as a result of closure. Any loss of income may not be recoverable.

While environmental issues are continually monitored, there is no assurance that IAPF's operations or those of a tenant of a Property will not be affected by an environmental incident or subject to environmental liabilities.

7.2.9. Health and safety

There is a risk that liability arising from workplace health and safety matters at a Property may be attributable to IAPF as the landlord instead of, or as well as, the tenant. To the extent that any liabilities may be borne by IAPF, this may impact the financial performance of IAPF (to the extent not covered by insurance). In addition, penalties may be imposed upon IAPF which may have an adverse impact on IAPF.

7.3. Risks specific to your investment in IAPF

These risks relate specifically to your investment in IAPF.

7.3.1. Gearing

Under the Constitutions, the Responsible Entity must ensure that IAPF's Gearing Ratio does not exceed 60% at any time and under the Facility Agreement, IAPF's Gearing Ratio must not exceed 55%. Notwithstanding this, the Board has approved a borrowing policy whereby Gearing will be maintained between 30% and 40%, with the ability to exceed the top end of the range provided Gearing will be reduced to below 40% within a reasonable period of time. If the Proposal is implemented, it is expected that Gearing will be below the lower end of the range.

Changes in the value of the Properties or Gross Property Income that secure the repayment and servicing of the borrowing may also affect the level of Gearing which a financier may require to be maintained. This may result in IAPF being required to reduce the level of debt, including by selling Properties.

A higher level of Gearing will magnify the effect on IAPF of any changes in interest rates or changes in value or performance measures. If the level of Gearing increases over the term of the Facility Agreement (thereby impacting the Gearing Ratio), this may create refinancing risk on the Facility.

7.3.2. Funding and refinancing

IAPF relies on external funding sources (debt and equity funding) to fund new acquisitions, capital expenditure and other material capital events. IAPF's ability to raise capital from debt or equity markets on favourable terms depends on a number of factors including the general economic climate, the state of debt and equity capital markets and the property market, and the performance, reputation and financial strength of IAPF.

There is a risk that IAPF is unable to borrow on terms and conditions, including duration and interest rates, which are acceptable, that IAPF is unable to refinance the Facility when it matures, or that the refinance may not be obtained on the same terms (e.g. upon the refinance of the Facility, interest rates may be higher).

In addition, adverse changes in global equity or credit market conditions as a result of the uncertainty and downturn in economic conditions arising from the COVID-19 pandemic may adversely affect IAPF's ability to make future acquisitions or meet future capital expenditure needs, increase IAPF's cost of funding, constrain access to funding or impair IAPF's ability to refinance its expiring borrowings on acceptable terms or at all.

An inability to attract funding on acceptable terms could adversely affect the growth prospects of IAPF. A lack of or increased cost of debt financing could also increase the funding costs of IAPF and therefore impact the performance and the financial position of IAPF. Please see Section 7.3.3 of this Document in relation to breaches of covenants.

7.3.3. Breach of covenants

Under the Facility Agreement, IAPF is subject to a number of undertakings and covenants including in relation to IAPF's Gearing Ratio and loan-to-value ratio. An event of default may occur if IAPF fails to maintain these undertakings and covenants. In the event that an event of default occurs which is not remedied, the lenders may require repayment of the Facility prior to the expected expiry date of the Facility. If so, IAPF may need to sell Properties for less than their book value, raise additional equity, or reduce or suspend Distributions in order to repay the Facility. In addition, the Facility held with PGIM has a make whole provision that may be triggered in certain circumstances where there has been a full or partial repayment during the term of the Facility.

7. Risk factors

7.3.4. Dilution of participatory interests

Stapled Securities may be issued to finance future acquisitions or pay down debt which may, under certain circumstances, dilute the value of existing Unitholders' interests. While IAPF remains subject to the constraints of the Listings Requirements, Unitholders may be diluted by future capital raisings by IAPF.

7.3.5. Interest rate fluctuations

IAPF is exposed to interest rate risk and adopts a policy of ensuring that at least 75% of its exposure to changes in interest rates on borrowings is on a fixed basis. This is achieved by entering into variable for fixed rate swap instruments. All such transactions are carried out within the guidelines set by the Audit and Risk Committee.

IAPF is exposed to fair value interest rate risk in respect of the fair value of its interest rate financial instruments, which will not have an impact on Distributions. Short-term receivables and payables and investments are not directly exposed to interest rate risk.

As at 31 March 2020, 95.8% of IAPF's interest rate exposure was hedged. To the extent that all or part of the drawn down amount of the Facility is not hedged, IAPF is exposed to movements in variable interest rates on the amounts drawn down but unhedged. Further, where interest bearing indebtedness is hedged, hedging arrangements themselves involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements, and that such arrangements may not be effective in reducing exposure to movements in interest rates.

There is also a risk that IAPF may be unable to hedge future borrowings to mitigate future interest rate risk, or that the terms of such hedging are less favourable than the existing terms.

7.3.6. Exchange rate fluctuations

If the Proposal is implemented, Unitholders will continue to hold their Stapled Securities on either the Australian Register or the South African Register. Securities trading on the ASX are denominated in AUD and securities trading on the JSE are denominated in ZAR.

If a Unitholder chooses to hold their Stapled Securities on the South African Register, the securities will be denominated in ZAR but the Distributions will be denominated in AUD and earnings derived from Australian Properties and management fees will be denominated in AUD. This may involve a currency exchange risk for Unitholders. The value (in ZAR terms) of Stapled Securities trading on the JSE may go up or down according to changes in the exchange rate between the ZAR and AUD. These changes may be significant.

Earnings derived from any New Zealand Properties will be denominated in NZD. Movements in the exchange rate between AUD and NZD may adversely affect the results of operations and/or the balance sheet of IAPF.

7.3.7. Dual listing

The number of potential buyers or sellers of the Stapled Securities on the ASX and the JSE at any given time may vary. This may increase the volatility of the market price of the Stapled Securities and therefore affect the market price at which Unitholders are able to sell their Stapled Securities.

Following implementation of the Proposal, the IAPF Group will continue to be dual primary listed on the ASX and the JSE, and must continue to comply with both the ASX Listing Rules and the JSE Listings Requirements. In particular, Unitholders should be aware that certain South African legal concepts which Unitholders may not be familiar with via investments in Australian companies or trusts, may apply to the IAPF Group.

The Main Trading Exchange of IAPF is the JSE, unless more Stapled Securities are traded by volume on the ASX than on the JSE during the immediately preceding half year trading period, in which case the Main Trading Exchange for that particular trading period will be the ASX.

Under the terms of the Constitutions, if it is not possible for the Responsible Entity to comply with both the JSE Listings Requirements and the ASX Listing Rules, the Responsible Entity must comply with the rule or requirement of the Main Trading Exchange at the relevant time. In such circumstances, the Responsible Entity must comply with the JSE Listings Requirements (and therefore not comply with the ASX Listing Rules to the extent of any inconsistency) if there is a conflict between the JSE Listings Requirements and the ASX Listing Rules, unless the Main Trading Exchange becomes the ASX.

Unitholders will be able to move their Stapled Securities between the Australian Register and the South African Register in accordance with current procedures which apply to IAPF I Units. Consistent with current practice, Unitholders will not be able to move their Stapled Securities between the Australian Register and the South African Register for a short period where the IAPF Group declares a record date for the purposes of paying Distributions.

7.3.8. Liquidity

There can be no guarantee that an active market in the Stapled Securities will be maintained in Australia or South Africa, that the price of Stapled Securities will increase, or that liquidity will be maintained. Further, if a large Unitholder chooses to sell some or all of its Stapled Securities, this may affect the prevailing market price of the Stapled Securities.

7.3.9. Inability to complete disposals or acquisitions

IAPF faces competition from other property investors and organisations active in the Australian and New Zealand property markets, who may have significantly greater scale and have an advantage in acquiring properties relative to IAPF. There is a risk that IAPF will be unable to identify suitable investment opportunities that meet IAPF's investment objectives or IAPF will be unable to dispose of and/or acquire properties on appropriate terms, thereby potentially limiting the growth of IAPF. The COVID-19 pandemic may also cause material changes or delays in planned or potential acquisition and/or disposal of properties.

IAPF's failure to deliver or effectively execute its stated strategy including its acquisition and/or disposal of properties or its failure to redefine its strategy to meet changing conditions could result in a decline in the price of the Stapled Securities and/or Distributions. There can be no assurance that any future acquisitions and/or disposals will enhance the investment returns of Unitholders.

7.3.10. Financial information and forecasts

The forward looking statements, opinions and estimates provided in this Document, including the Forecast Financial Information, rely on various factors many of which are outside the control of the Responsible Entity, the Board or management, and several assumptions, any of which could be inaccurate or result in material deviations in actual performance from expected results. Unitholders are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. There can be no guarantee that IAPF will achieve its stated objectives or that any forward looking statements or forecasts will eventuate.

7.3.11. Compliance

As IAPF I and IAPF II are both Managed Investment Schemes, the Responsible Entity must hold an AFSL in order to act as the responsible entity of each of them. The Responsible Entity is subject to strict regulatory and compliance arrangements under the Corporations Act and ASIC policy. If the Responsible Entity breaches the Corporations Act or the terms of its AFSL, ASIC may take action to suspend or revoke the Responsible Entity's AFSL, which in turn may adversely impact IAPF.

7.3.12. Tax

7.3.12.1. IAPF Group

Changes in general taxation law and, in particular, income tax, GST or stamp duty legislation, case law in Australia, rulings and determinations issued by the Australian Commissioner of Taxation or other practices of tax authorities, particularly in regard to property investment, may adversely affect the IAPF Group's performance, position and prospects. As a result of the COVID-19 pandemic and the economic responses to it, budget repair measures may be enacted by governments which may impact corporate or other tax rates and charges. Any changes to the tax regime applicable to the IAPF Group may affect the IAPF Group's ability to make Distributions or attributions of income and may adversely affect the tax treatment of Distributions or attributions in the hands of Unitholders.

7.3.12.2. IAPF I

As noted in Section 9 of this Document, IAPF I, as an AMIT, should not be subject to Australian tax on any of the net income derived by IAPF so long as (a) its activities are limited as described in that Section of this Document, and (b) it fully distributes or attributes its net income to Unitholders year on year. Changes in IAPF I's business activities or Australian tax legislation could result in IAPF I incurring income tax on its net income in the future. In this event, subsequent Distributions or attributions of net income would be paid on a "post-tax" basis.

IAPF I currently invests in New Zealand and is subject to New Zealand tax. Distributions made by IAPF in respect of New Zealand investment will necessarily be made on a post-tax basis. IAPF I, and returns from IAPF I, are necessarily subject to any changes in New Zealand tax laws.

The Australian taxation treatment of MITs, including Australian REITs, has previously been under review in Australia. There is a risk that if the concessional rates described in Section 9 of this Document change, or if IAPF I ceases to qualify as a MIT in the future, Distributions or attributions to Unitholders in South Africa or other non-Australian tax resident Unitholders may become subject to a higher withholding tax rate. In particular, if the ATO takes the view that Division 6C of Part III of the Income Tax Assessment Act 1936 applies to the IAPF Group stapling arrangements then IAPF I may be taxed as a company. In this circumstance, IAPF I would be taxed in a similar manner to IAPF II and the taxation treatment of distributions from IAPF I to investors would be similar to those outlined in this Document for IAPF II.

For further details of the tax analysis in relation to an investment in IAPF Group, see Section 9 of this Document.

7. Risk factors

7.3.13. Insurance

IAPF maintains insurance coverage for its operational risks. However, there are certain events which may not be covered by IAPF's insurance policies. These events may include, but are not limited to:

- Acts of war or political instability; and
- Catastrophic events such as floods (cover is limited up to $150 million) or earthquakes.

If any of the Properties are damaged or destroyed by an event which is not covered by IAPF's insurance policies, IAPF could incur a capital loss which could affect Gross Property Income, FFO of IAPF and Distributions. Dependent on the type of coverage, IAPF may have to incur an excess prior to any payment by the insurer or pay for any difference between the full replacement cost and insured amount. IAPF may also incur increases to its insurance premium applicable to other areas of cover as a result of the event.

7.3.14. Litigation

IAPF may be the subject of complaints from or litigation by Unitholders, tenants, government agencies or other third parties. As an AFSL holder, the Responsible Entity is obliged to have in place internal processes and controls, as well as compensation arrangements, with professional indemnity insurance being the primary mechanism for providing compensation.

While the Responsible Entity has in place professional indemnity insurance, certain events may not be covered by such professional indemnity insurance, or the claims incurred may be in excess of the insured amount.

In addition, if the Responsible Entity breaches the law, this may result in a fine or penalty or, in a serious case, the loss of the Responsible Entity's AFSL. If the Responsible Entity is unable to retain its AFSL, it would be unable to continue as the responsible entity of IAPF I or IAPF II and would not be able to engage in certain activities required to operate IAPF's business.

Such matters may have a material adverse effect on IAPF's reputation, divert its financial and management resources from more beneficial uses, and/or have a material adverse effect on IAPF's future financial performance or position.

Other than the proceedings described in Section 11.5 of this Document, the Responsible Entity is not aware of any uninsured claims or legal proceedings of a material nature against IAPF.

7.3.15. Pre-emptive rights

The Joint Owners Agreement, to which the Sub Trustee (in its capacity as trustee of the Investec Australia Sub Trust No. 16) is a party in relation to its interest in the Queen Street Property, contains restrictions on dealings in respect of its interest in the Queen Street Property. Where a joint owner proposes to dispose of its direct or indirect interest in the Queen Street Property, the other joint owner will have a pre-emptive right except in limited circumstances (e.g. by way of a permitted transfer to a member of its group). The Joint Owners Agreement also contains tag along and drag along rights which may be exercised if a joint owner wishes to sell its interest in the Queen Street Property to a third party. Although the Joint Owners Agreement restricts a disposal of a direct and indirect interest in the Queen Street Property, dealings in Stapled Securities or change of the responsible entity of IAPF would not be such a disposal requiring the consent of the other joint owner.

7.3.16. Termination

In the event of termination or winding up of IAPF, the claims of IAPF's creditors will have priority over the claims of Unitholders. Under such circumstances, the Responsible Entity may sell Properties and/or other assets and first repay or discharge all costs and liabilities owed to IAPF's creditors before distributing the remaining proceeds to Unitholders.

Any remaining proceeds will be distributed among Unitholders pro rata in accordance with the proportion of Stapled Securities held by Unitholders. As such, there is a risk that Unitholders may receive no amount, or an amount less than the price at which their IAPF I Units or Stapled Securities (as applicable) were acquired, on termination or winding up of IAPF.

7.3.17. Staff misconduct

IAPF could be adversely affected if an employee, contractor or external service provider does not act in accordance with regulations or IAPF's policies or engages in misconduct. This is a particular risk for organisations with a small number of staff who are required to perform various duties. As a result, IAPF could incur losses, financial penalties and reputational damage, and could be subject to legal or regulatory action.

7.4. General risks of an investment in IAPF

7.4.1. Price of the Stapled Securities

The market price of the Stapled Securities may be volatile and fluctuate significantly in response to various factors, including:

- Changes to general economic conditions in Australia, New Zealand, South Africa and abroad including inflation, interest rates and exchange rates;
- Demand for property securities both domestically and internationally;
- Changes in government policy, legislation and regulations;
- Inclusion or removal from major market indices; and
- General and operational business risks.

There is also the ongoing uncertainty associated with the ongoing impact of the COVID-19 pandemic on the Australian and global economy. Equity capital markets have historically been and may in the future be subject to significant volatility as a result of the COVID-19 pandemic.

Consequently, the trading price of Stapled Securities may be influenced by factors non-specific to IAPF and outside of the control of it and the Directors. No assurances can be made that the performance of the Stapled Securities will not be adversely affected by such market fluctuations or factors.

As a result of fluctuations in the market price of Stapled Securities, Unitholders may not be able to sell their Stapled Securities at or above the price at which they were acquired, if at all.

7.4.2. Economy and market conditions

There is the risk that changes in economic and market conditions may affect asset returns and values and may decrease the price of the Stapled Securities. This risk has increased as a result of the ongoing COVID-19 pandemic, which has created considerable uncertainty and volatility surrounding these factors.

The overall performance of an investment in Stapled Securities may be affected by changing economic or property market conditions. These may include movements in interest rates, exchange rates, securities markets, inflation, consumer spending, employment and the performance of individual local, state, national and international economies.

7.4.3. Law, regulatory and policy changes

Changes in law, government legislation, regulation and policy in a jurisdiction in which IAPF operates may adversely affect the value of the performance of the Portfolio or other assets, as well as future Distributions and the value of the Stapled Securities.

7.4.4. Accounting standards

The AAS and IFRS to which IAPF adheres are outside of the control of IAPF and the Directors. Changes to accounting standards or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in IAPF's financial reports.

7.4.5. Reliance on third parties

The Responsible Entity may engage third party services providers in respect of a part or the whole Portfolio or other assets. The terms of such engagement and the nature, scope and fees relating to the services provided by such third party service providers will be subject to contractual arrangements between the Responsible Entity or the Manager and the relevant third parties.

A failure of third parties to discharge their agreed responsibilities may adversely affect the management and financial performance of IAPF and therefore also adversely impact returns to Unitholders.

8

Independent Expert's Report

Deloitte.

Investec Australia Property Fund

Independent expert's report and Financial Services Guide

15 October 2020

8. Independent Expert's Report

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Why are we providing this FSG to you?

Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) (AFSL 241457) has been engaged by Investec Property Limited in its capacity as responsible entity for Investec Australia Property Fund to prepare an independent expert's report (our Report) in connection with the Proposed Transaction. Investec Property Limited will provide our Report to you.

Our Report provides you with general financial product advice. This FSG informs you about the use of general financial product advice, the financial services we offer, our dispute resolution process and our remuneration. Our contact details are in the document that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

We are providing general financial product advice

In our Report, we provide general financial product advice as we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. You should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. You are not responsible for our fees.

We will receive a fee of $200,000 exclusive of GST in relation to the preparation of our Report. This fee is not contingent on the outcome of the Proposed Transaction.

Apart from these fees, Deloitte Corporate Finance, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls Deloitte Corporate Finance. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

Except for this IER, no other services have been provided to IPL, IAP or Investec in relation to the Proposed Transaction.

What should you do if you have a complaint?

If you have a concern about our Report, please contact us:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services dispute resolution free to consumers. www.afca.org.au 1800 931 678 (free call)

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

15 October 2020

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

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The Independent Board Committee
Investec Property Limited in its capacity as responsible entity for
Investec Australia Property Fund
Level 23, Chifley Tower
2 Chifley Place
Sydney
New South Wales, 2000

15 October 2020

Dear Directors

Re: Independent expert's report

1 Introduction and background

On 10 June 2020, the board of Investec Property Limited (IPL), as responsible entity (RE) of Investec Australia Property Fund (IAP or the Fund), announced that it had commenced early stage discussions with Investec Group (Investec) to internalise the management of IAP, including retention of the existing management team. This was followed by an announcement on 15 October 2020 where the Fund announced that it has entered into an implementation deed with Investec in relation to the proposal to internalise the Fund's management function by creating an internally managed stapled group; assume the management rights of an unlisted third party fund (the TAP Fund) and certain assets in which Investec holds an interest; and to invest in the TAP Fund (the Proposed Transaction).

IAP is a managed investment scheme that listed on the Australian Securities Exchange (ASX) in May 2019. IAP has also been listed on the Johannesburg Securities Exchange (JSE) since 2013. IAP invests in Australian and New Zealand commercial property, focusing on office and industrial property.

Investec Property Management Pty Limited (IPM), along with certain other entities owned by Investec[1], provide fund, asset and lease management services to IAP. IPL, IPM and these other entities to be transferred under the Proposed Transaction (collectively, the Manager) are owned by Investec. Entities associated with Investec also have a substantial interest in IAP.

[1] Investec Australia Property Holdings Pty Limited, Investec Property Management Pty Limited, Investec Wentworth Pty Limited, Investec Propco Pty Limited, Investec Templewater No. 1 Pty Limited, and Investec Templewater No. 2 Pty Limited

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The Proposed Transaction involves the acquisition of a substantial asset from an associate of a substantial holder in IAP. When such a transaction is proposed (and the consideration for the acquisition is more than 5% of IAP's equity interests), Chapter 10 of the Listing Rules of the ASX (the Listing Rules) requires the preparation of a report by an independent expert stating whether the proposed transaction is fair and reasonable to the non-associated securityholders. The Proposed Transaction will also constitute a related party transaction for the purposes of Chapter 2E of the Corporations Act 2001 (Cth) (Corporations Act). In addition, the Proposed Transaction constitutes a related party transaction under Section 10 of the JSE Listings Requirements. Section 10.4 of the JSE Listings Requirements requires that the board of directors obtain a report from an independent expert acceptable to the JSE opining as to whether or not the Proposed Transaction is fair to the non-associated securityholders.

The Independent Directors have requested that Deloitte Corporate Finance provide an independent expert's report advising whether, in our opinion, the Proposed Transaction is fair and reasonable to, and in the best interests of, IAP unitholders who are not associated with Investec (the Non-Associated Unitholders).

We have prepared this report having regard to Chapter 2E (as modified by Part 5C.7) of the Corporations Act, Chapter 10 of the Listing Rules, Australian Securities and Investments Commission (ASIC) Regulatory Guide (RG) 76, ASIC RG 111 and ASIC RG 112 and JSE Listings Requirement 10.4.

This report is to be included in the explanatory memorandum to be sent to IAP unitholders (Unitholders) (the Explanatory Memorandum) and has been prepared for the exclusive purpose of assisting Non-Associated Unitholders in their consideration of the Proposed Transaction. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Non-Associated Unitholders, IPL (in its capacity as responsible entity of IAP) and IAP, in respect of this report, including any errors or omissions however caused.

2 The Proposed Transaction

2.1 Overview

Under the Proposed Transaction, IAP will undertake a management internalisation by way of the following key steps:

- the establishment of a new fund (IAPF II)
- IAPF II will acquire the Manager (inclusive of the responsible entity) that operates the business of IAPF
- Each unit in IAPF I will be stapled to a unit in IAPF II, creating a single stapled security which will be listed on the ASX and JSE

IAPF I, IAPF II and their controlled entities are collectively referred to as the IAPF Group. More detail on the specific steps summarised above is provided in the Explanatory Memorandum.

In acquiring the Manager:

- IAPF Group will assume rights to manage IAP
- IAPF Group will acquire the responsible entity rights of IAP
- IAPF Group will assume the rights to manage certain other property investments that Investec owns
- IAPF Group will assume the right to manage the Templewater Australia Property Fund (the TAP Fund). This will include:
    - Investec providing a revenue guarantee to cover the annualised forecast operating costs associated with the TAP Fund for the financial year ending 31 March 2021 of $2.6m
    - IAPF Group committing to invest $30m in the TAP Fund which will take the form of a loan initially, convertible into equity at IAPF II's election. Calls on the commitment may be made (on a proportionate basis to other investors in the TAP Fund) to fund investments of the TAP Fund from time to time
- Employees that are currently employed by Investec and provide services connected with the above, will transfer to IAPF Group under new employment arrangements and with existing retention scheme arrangements for certain senior executives being transferred to IAPF Group on implementation of the Proposed Transaction.

Under the terms of the Proposed Transaction, IAPF II will acquire the Manager and the management rights to the TAP Fund for $40m[2] in cash (Consideration) payable to Investec. This will include net tangible assets (NTA) of $0.5m[3] comprising of cash and employee provisions. The Consideration (and transaction costs associated with the Proposed Transaction) will be funded from available funds under IAPF Group's existing debt facilities.

As part of the Proposed Transaction, the IAPF Group will commit to invest up to $30m in the TAP Fund, and Investec will retain a $10m binding commitment to invest in the TAP Fund. These commitments will be made on equivalent terms. No funds have been called to date or are expected to be called before the expected date of implementation of the Proposed Transaction (Implementation Date).

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[2] Subject to an adjustment in respect of the accrued long service leave entitlements of certain employees transferring to the IAPF Group, which are estimated to be c.$0.06m.

[3] Comprised a cash contribution from Investec of $2.6m in recognition of a transfer of a liability under an employee retention scheme, and a $2.1m provision accrued with respect to the scheme.

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The commitment will initially involve the provision of an interest free facility, whereby any request for repayment would be made by way of a subscription for equity. IAPF II intends to exercise its right to convert the loan into equity on or before the repayment date which is expected to be no later than 19 December 2021 (but may be extended in certain circumstances) (Final Closing Date). If the loan is converted, any uncalled portion can still be called over the TAP Fund's investment period (which will end no later than three years following the Final Closing Date, but may be extended by up to one year at the TAP General Partner's discretion), and will be provided in return for additional equity in proportion to other investors in the TAP Fund. When the loan is converted, IAPF Group will generate the same proportionate returns on called capital as other investors in the TAP Fund.

The RE understands that the TAP Fund does not anticipate calling capital from its investors until at least the end of March 2021. In these circumstances, if the Proposed Transaction occurs, IAPF II would be expected to contribute some portion of the commitment at that time. These contributions will be funded by an additional $40m in funding from the IAPF Group's existing debt facility, of which up to $30m will be specifically allocated to meet the commitment to invest in the TAP Fund, and the remaining $10m will be used to maintain headroom under the facility and for general corporate purposes of the new stapled group.

There are a number of other aspects to the Proposed Transaction which are set out in the Explanatory Memorandum that are not considered significant. These include indemnities being provided by Investec with respect to two legal proceedings that entities being acquired as part of the Proposed Transaction are a party to. The provision of such indemnities is not unusual, and the Independent Directors are of the view that the risk of a failure of these indemnities is low. These indemnities will be provided by Investec Bank plc, which is the main banking subsidiary of Investec plc. Investec plc has a market capitalisation of approximately $2.5 bn. Further information on the indemnities is provided in Section 11.5 of the Explanatory Memorandum.

2.2 Key Terms & Conditions of the Proposed Transaction

The Proposed Transaction is subject to various conditions, including:

- majority approval by Non-Associated Unitholders
- certain key employees executing appropriate employment agreements with the IAPF Group.

There are also a number of procedural regulatory and third-party approvals that are in the process of being obtained.

3 Basis of evaluation

3.1 Guidance

In evaluating whether the Proposed Transaction is fair and reasonable to the Non-Associated Unitholders, we had regard to the ASX Listing Rules, ASIC RG 76 in relation to related party transactions, ASIC RG 111 in relation to the content of expert's reports, ASIC RG 112 in relation to the independence of experts, and the JSE Listing Requirements (specifically Section 10 and Schedule 5).

Chapter 10 of the Listing Rules

ASX Listing Rule 10.1 requires securityholder approval if a listed entity proposes to acquire a substantial asset (being an asset valued in excess of 5% of the listed entity's equity interests) from an entity which is a related party of the entity, or owns (or owned at any time in the prior 6 months) 10% or more of the listed entity, or their respective associates. Accordingly, an independent expert's report is required to be commissioned under ASX Listing Rule 10.5.10. The report must state the expert's opinion on whether or not the transaction is fair and reasonable to Non-Associated Unitholders.

Neither the ASX Listing Rules, nor the Corporations Act provide a definition of fair and reasonable for the purposes of ASX Listing Rule 10. However, Listing Rule 10 can encompass a wide range of transactions. Accordingly, fair and reasonable must be capable of broad interpretation to meet the particular circumstances of each transaction. This involves judgement on the part of the expert as to the appropriate basis of evaluation to adopt given the particular circumstances of the transaction.

As Chapter 10 of the Listing Rules provides little guidance on how such transactions should be assessed, we had regard to ASIC RG 111, as discussed below.

ASIC RG 76

According to ASIC RG 76, a related party transaction is any transaction through which an entity provides a financial benefit to a related party. As noted in paragraph RG 76.1, related party transactions involve conflicts of interest because related parties are often in a position to influence the decision of whether the benefit is provided to them and the terms of its provision.

ASIC RG 76 refers to ASIC RG 111 and ASIC RG 112 for guidance on how the independent expert should assess related party transactions.

ASIC RG 111

ASIC RG 111 provides guidance in relation to the content of independent expert's reports prepared for a range of transactions. ASIC RG 111 notes that a related party transaction is:

- fair, when the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the benefit being received. In valuing the financial benefit given and the consideration received by the entity, an expert should take into account all material terms of the proposed transaction
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, shareholders should vote in favour of the transaction.

ASIC RG 112

RG 112 primarily focuses on the independence of experts and provides little guidance on evaluating transactions.

JSE Listing Requirements

The Proposed Transaction constitutes a related party transaction in terms of Section 10 of the JSE Listings Requirements. In the case of such transactions, Section 10.4 of the JSE Listings Requirements requires, inter alia, that the board of directors obtain a fairness opinion (prepared in accordance with Schedule 5 therein) which opines as to whether the Proposed Transaction is fair so far as the Non-Associated Unitholders are concerned.

Schedule 5 largely sets out some procedural requirements that must be followed in providing the fairness opinion but also sets out some considerations as to how fairness should be evaluated which are discussed below and which we have had regard to.

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3.2 Evaluation of fairness and reasonableness

In evaluating whether or not the Proposed Transaction is fair and reasonable to Non-Associated Unitholders, we have made a separate assessment of whether, or not, the Proposed Transaction is 'fair' and 'reasonable' as required by RG 111.56 and also by the JSE Listing Requirements (Section 5.7 of Schedule 5). The criteria which we have used to assess the fairness and reasonableness of the Proposed Transaction are set out below.

Fairness

- how the Consideration of $40m compares with the assessed market value of the Manager

Reasonableness

- advantages and disadvantages of the Proposed Transaction to IAP
- other options available to IAP
- implications if the Proposed Transaction does not proceed.

4 Profile of the Manager

4.1 Background

The Manager has been contracted under a management agreement (the Management Agreement) to provide asset management, leasing and property management services to the Fund, incorporating all aspects of the property investment cycle, including:

- property management – operating assets in the portfolio, including management of properties, maintenance services, and marketing and promotion
- leasing – acting as an agent of the property and co-ordinating activities regarding the leasing of space, including the negotiation of new leases and renewal of lease terms
- investment management
- property acquisition and divestment – coordinating the process of acquiring and selling land/properties
- financial management – budgeting and capital management
- corporate governance – risk management, compliance and disclosure.

The Fund's portfolio comprises 30 office and industrial properties valued at approximately $1.1 billion, with over 330,000 square metres of space under lease and a 99% occupancy rate.

The portfolio's breakdown between office and industrial sectors as at 31 August 2020 is shown below:

Table 1: Summary of the Fund's property portfolio

	Unit	Office	Industrial	Total
Number of properties	No.	12	18	30
Value	$m	763	322	1,085
Lettable Area	m^2	135,574	198,315	333,889
Occupancy	%	98.4	100.0	99.0

Source: Explanatory Memorandum

Major tenants include The Commonwealth of Australia, Carsales.com, Ricoh Australia, Honeywell, and Vulcan Steel. The properties are located across all states and territories of Australia (excluding Tasmania) and Wellington, New Zealand.

The majority of the properties are located on Australia's eastern seaboard, with 24 of IAP's properties located in Queensland, New South Wales, Victoria or the Australian Capital Territory. The majority of the office properties are located in metropolitan or urban locations, rather than the CBD centres.

In addition to managing the Fund, the Manager will hold the rights to manage various property assets owned by Investec, as well as the management rights to the TAP Fund, an unlisted property fund recently established by Investec and third parties.

4.2 Management agreements

The Management agreements can be compartmentalised into those relating to the Fund, the TAP Fund and other assets.

4.2.1 The Fund

The Manager

A summary of the key terms of the Management Agreement, the services provided by the Manager, and the fees payable by the Fund is set out below.

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Table 2: Key terms of the Management Agreement

Service type	Service description	Fees charged	Fees paid to the manager FY20
Asset management	The Manager is responsible for: • the management of the portfolio • sourcing and implementing investment, exit and divestment opportunities • arranging finance and preparation of annual budgets • the appointment and engagement of property managers and leasing agents. • risk management and compliance policies for the Fund • arranging insurance and valuations for the Fund assets • financial, accounting and tax services in relation to the Fund • providing capital expenditure reports and implementing capital expenditure works in relation to the properties.	**Base fee** 0.55% per annum (before GST) of Enterprise Value (EV). The Manager has formally waived part of the fee over 0.55% that it was previously entitled to (0.60% below EV of $1.5 billion) as long as the Fund is ASX listed.	$6.6m
Property management	Lease administration, facilities management, financial administration, risk management, public relations and the delivery of monthly reports in relation to each property.	Agreed on a case by case basis, considering the size, location and circumstances of each property and lease.	$1.6m
Leasing	Preparing a strategy for leasing vacant areas of the properties, marketing the relevant properties, sourcing appropriate tenants for the properties, and negotiating commercial terms of leases for the properties.	Agreed on a case by case basis, considering the size, location and circumstances of each property and lease.	Nil[1]

Notes:
1. The Manager is entitled to charge leasing fees under the management agreement, however these fees have been waived voluntarily in FY19 and FY20 to support the growth of the Fund. It is the current intention of Investec to charge these fees in full going forward should the Proposed Transaction not proceed.

Source: Management Agreement, Product Disclosure Statement

For as long as the Fund is listed on the ASX, the Manager is not subject to a fixed appointment term and may only be removed by the RE for cause or with 10 Business Days' notice if substantially all of the assets of the Fund are sold. The Manager may terminate the agreement on three months' notice to the RE, or for cause. In addition, the Management Agreement automatically terminates if the RE ceases to be the RE of the Fund, including as a result of an ordinary resolution of Unitholders being passed to remove the RE under section 601FM of the Corporations Act.

The Responsible Entity

IPL, as RE, carries out all the usual responsibilities of a trustee and responsible entity in accordance with the Corporations Act, including overseeing investment and asset management of IAP, capital management, financial oversight and accounting, and dealings with Unitholders.

The RE is entitled to receive out of the Fund an annual management fee of 0.025% pa of Enterprise Value. However, the RE has agreed to waive its right to receive this fee.

4.2.2 The TAP Fund

The TAP Fund is an unlisted fund that intends to invest in value add and real estate backed debt opportunities in the Australian and New Zealand property sectors. These assets have a shorter term investment horizon and require more active management than the core property assets owned and targeted by the Fund. The TAP Fund will have a term of 7 years from the Final Closing Date (subject to additional 1 year extensions at the discretion of the general partner)[4] and will target a gross internal rate of return (IRR) of 15% before fees and taxes[5].

The fund was established in December 2019, and is seeking $260 million from external investors, with $100m of that committed under binding agreements to date. In addition, Investec has provided a binding commitment to invest up to $40m in the TAP Fund on a proportionate basis to the commitments of other TAP Fund investors. This would bring the total investable capital of the fund to $300m. As part of the Proposed Transaction, the IAPF Group will commit to invest up to $30m in the TAP Fund, and Investec will reduce its commitment to $10m.

The current assets of the TAP Fund are as follows:

- the Metro Northcote Investment – a mezzanine debt loan for the development of a residential townhouse project in Victoria representing a $13.5m project commitment. The TAP Fund has entered a binding agreement to complete this investment, subject to certain conditions. Completion of the investment is expected to occur prior to implementation of the Proposed Transaction
- the KPG I Investment – a senior debt loan provided for the development of a self-storage asset in Queensland representing a $7.5m project commitment.

The acquisition of these assets was negotiated and undertaken post the onset of the COVID-19 pandemic. These projects are expected to be funded under the existing TAP Fund finance facility.

Given the TAP Fund was formed in December 2019, it has a limited history of operating, historical financial performance and generating investment returns. As is typical of funds in the start-up stage, the TAP Fund has incurred liabilities for fund set-up costs and accrued management fees, which have not been offset by cash or investments. Accordingly, as at 30 June 2020, the TAP Fund had a negative financial position of $1.9m which was attributable to fund set up costs and accrued management fees. This financial position is not expected to materially change by the Implementation Date given the early stage nature of these two investments and that no capital calls are expected before implementation.

If the Proposed Transaction proceeds, the TAP Fund will also acquire from Investec a minority interest in the PPI Trust which in turn has invested in a joint venture residential development project in Victoria. The PPI Trust is currently owned by Investec and an unrelated third party, and has invested in the underlying development project that has a development life of 6 years. The investment is currently managed by Investec under the PPI Management Agreement.

In addition to the above, the TAP Fund has approved two further investments that are expected to be made in early 2021, subject to documentation and external approvals, with funding from the TAP Fund finance facility in place to meet commitments until the first capital call forecast for March 2021.

The TAP Fund currently anticipates making a capital call from investors in the TAP Fund at the end of March 2021 and at that time, if the Proposed Transaction is approved, the Fund can be expected to contribute some portion of its $30m commitment to this capital call.

Under the existing arrangement, entities owned by Investec provide investment and asset management services to the TAP Fund in accordance with three management agreements, comprising the TAP Investment Management Agreement, the TAP Fee Letter (Metro Northcote Trust) and the TAP Fee Letter (KPG I Investment). As at the date of this Document, IAPF has no ownership interest in, or management rights to, the TAP Fund. If the Proposed Transaction is approved and implemented, these agreements, and the PPI Management Agreement will be novated to the Manager (which will be owned by IAPF Group). A summary of the key terms of these arrangements and the PPI Investment Management Agreement (as novated) is included in Table 3.

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[4] Management rights for the TAP Fund were initially subject to a 60 day notice of termination. However, the controller of the general partner of the TAP Fund has undertaken to procure that the general partner will not exercise this termination right. A reciprocal undertaking has been provided by the Responsible Entity in respect of the Manager's right to terminate for convenience.

[5] TAP Fund Private Placement Memorandum dated 16 March 2020

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Table 3: Key terms of the management agreements connected with the TAP Fund

Agreement	Parties	Service description	Fees payable to the manager
TAP **Investment Management Agreement**	TAP General Partner The Manager	• Marketing and capital raising activities • Making fund management recommendations to the TAP General Partner, including preparing annual budgets • Liaising with investment committee members • Attending investor presentations	0.25% p.a. of the capital committed to the TAP Fund. The Manager will also receive an additional 0.13125% per annum of committed capital under fee sharing arrangements with Investec. Accordingly, the aggregate fees payable to the Manager comprise 0.38% p.a. of committed capital.
TAP **Fee Letter (Metro Northcote Trust)**	Investec Templewater No.2 Pty Ltd (TAP Sub Trustee) as trustee of the TAP Metro Northcote Trust The Manager	• Property management services including appointing property managers and leasing agents • Financial administration services including preparing budgets for the property • Managing insurance policies	Monthly management fees of $0.04m
TAP Fee Letter **(KPG I Investment)**	Investec Templewater No.1 Pty Ltd (TAP Trustee) for the Templewater Property Fund I Head Trust The Manager	• Engaging external consultants on behalf of the Financier • Account management and data entry • Day to day management of the facility provided to the Financier to finance the project	$0.0225m due and payable on repayment of the loan advanced by the Financier in respect of the KPG I Investment
PPI **Investment Management Agreement**	IWPE Nominees Pty Ltd as trustee for The PPI Trust (which holds an interest in the underlying residential Joint Venture) The Manager	• Providing advice in relation to implementing the joint venture agreement in respect of the PPI Trust • Representing the trustee on the relevant management committee • Monthly reporting and financial analysis • Other matters as may be delegated to the Manager from time to time	Annual management fees of $0.3m

Source: Explanatory Memorandum

In addition to the fee schedule above, the Manager may be entitled to a share of performance fees[6], subject to exceeding a hurdle rate at the time of realisations of the investments made by the fund.

In summary, if the Proposed Transaction proceeds, IAPF II will have the following exposure to the TAP Fund:

1. A commitment to invest up to $30m in the TAP Fund which will then entitle it to a share of future equity returns generated by the TAP Fund

2. An entitlement to management fees under the TAP Investment Management Agreement which will be based on the committed capital and the fee rates disclosed in Table 3 above

[6] Performance fees are based on 20% of excess returns over a 8% hurdle rate.

3. An entitlement to asset management fees on current and possible future investments made by the TAP Fund

4. An entitlement to performance fees.

The TAP Fund was set up as a result of demand from Asian investors for access to private investments that give exposure to the Australian property sector. As such, the current view is that this fund may be the first of a number of funds established securing capital from Asian investors to deploy into property investments in the Australian market.

4.2.3 Other Managed Assets

If the Proposed transaction proceeds, the Manager will enter into an agreement with Investec to provide property management services in relation to two other investments on behalf of Investec, being Point Cook and RAS for four years. A summary of the key terms of this arrangement is included in Table 4.

Point Cook

The Point Cook Investment is a joint venture residential development on the site known as Life, Point Cook in Victoria, Australia. It has a remaining development life of 18 months. The joint venture is between the Point Cook Trust (a trust wholly owned by Investec) and a third party.

Investec Management Assets

The Investec Management Assets comprise four separate investments, being land subdivision developments at Bargara Beach, Burrum Heads and Townsville in Queensland as well as an urban renewal project at Newcastle, New South Wales. These assets have a remaining development life of 4-6+ years. Investec is currently the manager and servicer of these assets.

Table 4: Key terms of the management agreement with Investec

Agreement	Parties	Service description	Fees payable to the manager
Investec Management Agreement	Investec The Manager	• Property management and leasing services • Acquisitions and disposals • Development and project management services • Financial administration services • Managing insurance policies • Risk management • Monthly reporting • Marketing and public relations	Quarterly fees of $0.175m over a four year term In the event the agreement is terminated by Investec, the Manager is entitled to a termination fee equal to the outstanding portion of the total fees payable over the term

Source: Explanatory Memorandum

4.3 Management team

The management team comprises an experienced group of professionals with skills across the key disciplines of origination, asset management, project and development management, and finance. With a presence in each of the Fund's key geographies of Sydney, Melbourne and Brisbane, the team can source and execute acquisitions efficiently and provide ongoing property management oversight and support in respect of the properties held by the Fund.

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The table below summarises the team members and their responsibilities.

Table 5: The Management team

Function	Responsibilities	Personnel	Tenure (years)
Key Management	Chief Executive Officer	Graeme Katz	14
	Fund Manager	Zach McHerron	13
	Chief Financial Officer	Kristie Lenton	11
Origination	Identify opportunities to enhance yield and/or create value as part of the due diligence process.	George Rose	11
	Retains joint responsibility alongside the asset management team to deliver on the asset management strategy outlined in the investment case until the end of the first financial reporting period.	David Cupit	12
Asset management	Managing tenant engagement and dialogue to understand tenants' medium to long term occupancy requirements	James Graves	3
	Carrying out tenant surveys to monitor tenant experience and identify opportunities	Tom Greenwell	5
	Assessment of external property managers' performance	Ivan Goodman	6
	Undertaking defensive capital expenditure		
Finance and support	Internal and external financial reporting requirements including preparation of budgets for the entity and individual properties, internal monitoring and reporting, external statutory reporting and audits	Joanna Xue	19
		Lucy Spencely	9
		Edwin Cheung	2
Capital Partnerships	Origination of funds management opportunities and third party capital	Adam Broder	11
		Sam Wood	1

Source: Explanatory Memorandum

The core management team (Key Management) comprising Graeme Katz, Zach McHerron and Kristie Lenton, are all directors of IPM, have been with Investec for more than 10 years and have focused on the Australian property platform of Investec over that period.

Graeme joined Investec in 2006 and started the property funds business. Over the years, the team has invested substantial capital for Investec in the property sector in Australia, seeded and launched the Fund, been involved in the acquisition and management of each asset currently owned by the Fund, and evaluated a variety of other opportunities on behalf of the Fund and more broadly for Investec (where connected with the property sector in Australia).

Under the Proposed Transaction, all team members will cease employment with Investec and will be employed under employment contracts with the IAPF Group.

4.4 Directors of the RE

The Board of the Responsible Entity is majority independent and contains Directors who are highly experienced with skills and expertise in property, investment banking, finance, legal and compliance.

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Table 6: The Directors of the Responsible Entity

Personnel	Function	Tenure (years)
Richard Longes	Chairman, independent non-executive director	15[1]
Graeme Katz	Executive Director, Chief Executive Officer	11[1]
Stephen Koseff	Non-executive director	6
Sam Leon	Non-executive director	7
Sally Herman	Independent non-executive director	7
Hugh Martin	Independent non-executive director	6
Georgina Lynch	Independent non-executive director	1

Note:
1. This includes the period prior to Investec Property Limited becoming the responsible entity of IAPF I on 24 July 2013
Source: Explanatory Memorandum

The Independent Board Committee (IBC) that was formed for the purposes of the Proposed Transaction comprised Richard Longes, Sally Herman, Hugh Martin and Georgina Lynch.

It is intended that if the Proposed Transaction is implemented, Sam Leon and Hugh Martin will retire from the Board on implementation and the remaining Directors will continue in office. The Board considers the reduced number of Directors is appropriate for a standalone internally managed A-REIT of this size.

4.5 Key drivers to the performance of the Manager

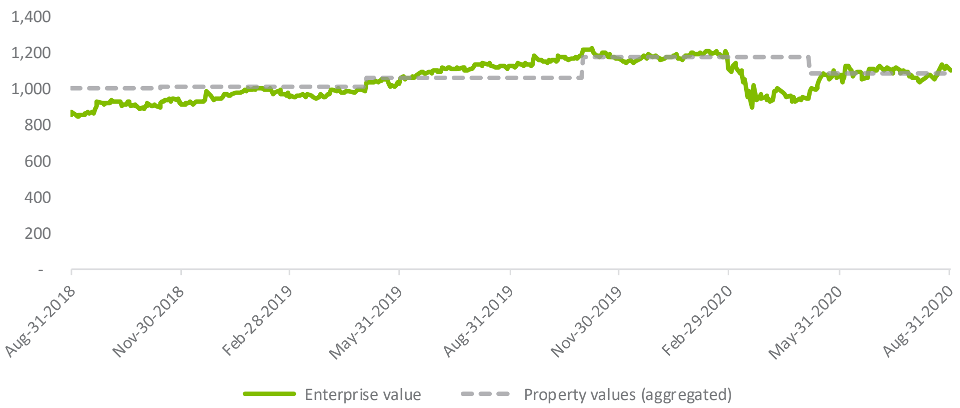
Fee income is ultimately driven by the value and operating performance of the underlying properties held by the funds for which the Manager holds management rights. The majority of the operations of the Manager are connected with the Fund and therefore our analysis is focussed on the Fund.

4.5.1 Property values

Asset management fee income is based on the enterprise value of IAP, which is largely dependent on the value of the underlying properties held in the Fund.

A comparison of the enterprise value (EV) of IAP and the Fund’s property values over the 2 years to 31 August 2020 is presented in the figure below:

Figure 1: IAP enterprise value compared to Fund property values – previous 2 years ($m)



Source: Capital IQ, Investec Australia Property Fund Annual and Interim Reports

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The fair value of the Fund's properties grew steadily over the period to 31 March 2020. The market's response to the release of its portfolio value and financial results is demonstrated through increases in EV following release of 31 March 2019 results (which occurred on 5 May 2019) and 30 September 2019 (released on 30 October 2019). Both EV and property value were affected by the economic impacts of COVID-19 but the dislocation during March and April 2020 was driven by market sentiment driving down the EV in anticipation of reductions in property values before property valuations were updated. Since then, with greater confidence on expectations around long-term impacts on property values, the enterprise value has recovered.

With respect to the IAP portfolio itself, we note that an external valuer was engaged to value 11 of the properties, with the remainder subject to Director valuations in May 2020 as part of preparing IAP's 2020 annual report. These valuations considered the impact of the COVID-19 pandemic including the economic and health measures implemented by the Governments in Australia and New Zealand, and the impact on IAP's tenants. Subsequent to this, and as part of diligence undertaken as part of the Proposed Transaction, the Directors undertook further work on the currency of the valuations of the properties owned by the Fund. This review which was undertaken on a property-specific basis, amongst other things, had regard to Government restrictions, financial support packages and their associated anticipated timeframe, and the impact these may have on the Fund's properties. On this basis, the Independent Directors are of the view that there is no evidence that would require them to change the fair value assessment of the portfolio relative to that assessed at 31 March 2020.

4.5.2 Lease profile

Property management fees are generated based on rental income and the lease profile of the underlying properties, whereas leasing fee income is generated in the first year of a tenancy.

Outlined in the table below are lease metrics of the Fund's properties over the last 2 years.

Table 7: Lease metrics – 2 years prior to 31 July 2020

Period	Trailing twelve months income	Rental yield	Occupancy	WALE
31 March 2018	$73.4m	7.7%	98.5%	5.2 years
30 September 2018	$82.6m	Not quoted	99.0%	5.1 years
31 March 2019	$87.3m	7.5%	99.4%	4.7 years
30 September 2019	$95.1m	Not quoted	99.9%	4.6 years
31 March 2020	$107.0m	Not quoted	99.0%	4.5 years

Source: Investec Australia Property Fund Interim and Annual Reports

Rental income has steadily increased over time driven largely by property acquisitions and fixed increases in rent receipts. As at 31 March 2020, 95% of office leases and 100% of industrial leases included annual fixed or consumer price index linked rent increases, with fixed increases generally in the range of 3% to 4% per annum.

Over the same period, the weighted average lease expiry has remained consistent, reducing gradually as key tenants near the end of their current lease agreements. As at 31 March 2020, 33.7% of leases were due to expire after five years. Lease terms are actively managed for optimisation of tenant mix by location and total portfolio, whilst also maintaining a reasonable lease expiry profile.

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4.5.3 Sector outlook

According to IBISWorld[7], Australia is an attractive destination for global capital, due to its stable economic outlook, population growth and transparency. These are factors that have supported the local property sector generally. However, the COVID-19 pandemic has had an impact on property tenancies, with the National Cabinet on 7 April 2020 implementing a code of conduct for commercial tenancies mandating a set of good faith leasing principles for landlords and tenants. This is likely to impact rental recoveries in the short-term but expected to normalise over the long term. Aside from reduced rental returns, Australia's property management subsector is expected to be mostly unaffected by the economic volatility caused by the COVID-19 pandemic[8]. Further, as Australia has been less impacted by COVID-19 than other countries, this is likely to draw inbound interest and capital, particularly from Asia.

Office

Whilst competition is likely to increase from temporary office leasing as businesses become more mobile, and the shift to more flexible working arrangements may result in a contraction of some tenancies, investor interest in office property is forecast to continue growing over the next five years, with the volume of investment from domestic and international sources expected to support the current level of returns in the short-to-medium term.

Analysts predict that competition will be strong for large, premium-grade offices. Rental demand for commercial property is expected to increase, as domestic economic activity and growth is expected to shift from mining activity toward professional service-based activities in the eastern states. As professional services are the largest market for office property, this should contribute to growth over the next five years. Commercial building vacancy rates are forecast to decrease slightly, due to rising demand for office space. This trend is particularly true for Perth and Brisbane, where vacancy rates are currently higher than the national average. The shift toward more employees working from home, decentralised offices and hub-and-spoke office models are all expected to lead to greater demand for metro and urban locations over CBD-based locations[9].

Industrial

According to IBISWorld[10], revenue for the industrial property management sector is forecast to continue growing over the next five years, albeit at a slower pace than over the past five years. The pandemic is not expected to affect demand, with merchandise trade, business inventories and demand from online shopping all projected to increase over the next five years, which will support demand for industrial processing, storage and distribution premises. Other positive general economic factors, such as business confidence, are also forecast to help underpin investment in industrial capacity and building stock over the next five years.

4.6 Financial performance

Management activities were performed via various entities of the Manager and there were no financials prepared historically which reflected the Manager's standalone financial performance. We have therefore referred to the financials for IAPF Group for the 12 months ending 31 March 2021 (FY21) as disclosed in Section 6 of the Explanatory Memorandum (and reviewed by KPMG Transaction Services[11]) and constructed an annualised income statement for the Manager for FY21 based on the five months of forecast performance following the Proposed Transaction. This is outlined in the table below.

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[7] Australia Industry (ANZSIC) Report L6712A *Office Property Operators in Australia,* August 2020

[8] Australia Specialised Industry Report OD5433 *Commercial Property Management in Australia,* September 2020

[9] Johanson, S & Cummins, C 2020, 'Corporate office is not dead, say landlords', *The Sydney Morning Herald* (website), 22 Aug.

[10] Australia Industry (ANZSIC) Report L6712C *Industrial and Other Property Operators in Australia*

[11] Information on the scope and limitations of KPMG Transaction Services' work is set out in Sections 6 and Annexure A of the Explanatory Memorandum.

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Table 8: The Manager's financial performance (FY21)

$m (unless otherwise stated)	5 months post-Proposed Transaction Forecast	7 months pre-Proposed Transaction Pro forma	Implied 12 months	5 months annualised	Difference
Column	**A**	**B**	**C**	**D**	**E**
			=A+B	***=A/5 x 12***	***=D-C***
Fund management fees (IAP)	2.4	3.2	5.6	5.8	0.1
Leasing fees (IAP)	1.0	-	1.0	2.3	1.4
Other fees (the TAP Fund / Asset management)	1.9	1.9	3.8	4.6	0.8
Total fees income	**5.3**	**5.1**	**10.4**	**12.7**	**2.3**
Operating expenses[1]	(3.5)	(4.8)	(8.3)	(8.3)	-
EBITDA	**1.8**	**0.3**	**2.1**	**4.4**	**2.3**
EBITDA margin %	*35%*	*6%*	*20%*	*35%*	

Notes:
1. Excludes one-off costs resulting from the Proposed Transaction
Source: Explanatory Memorandum, Management, Deloitte Corporate Finance analysis

In particular, we note:

- Column A represents the performance of the Manager for the portion of FY21 post implementation, assuming an implementation date of 1 November 2020
- Column B represents the performance of the Manager for the portion of FY21 prior to implementation, assuming an implementation date of 1 November 2020
- Column C implies the performance of the Manager for FY21 based on the sum of Columns A and B (Forecast)
- Column D implies the performance of the Manager based on the run rate expected for the 5 months post an assumed implementation date of 1 November 2020 (Annualised)
- Column E represents the difference between the Annualised and Forecast performance of the Manager for FY21.

The annualised fund management fees as a percentage of the enterprise value of the Fund equate to 0.52% which is broadly aligned with the management fee rate (0.55%) set out in Table 2. The other fees primarily relate to management of the TAP Fund. The annualised quantum of the base management fees relating to the TAP Fund as a percentage of the total investable capital of the TAP Fund equate to 0.38% which is aligned with the management fee rate set out in Table 4.

The differences between the Annualised and Forecast performance can largely be attributed to:

- The absence of leasing fees charged to IAP prior to the assumed implementation date of 1 November 2020. This was waived in FY19 and FY20 at the Manager's discretion in order to support the growth of IAP. It is the current intention of Investec to charge these fees in full going forward should the Proposed Transaction not proceed. The basis of calculation of these fees is set out in the Explanatory Memorandum
- The annualisation of the higher quantum of asset management fees earned from the TAP Fund post the assumed implementation date of 1 November 2020 given the growth of the TAP Fund platform during FY21.

Operating expenses relate to the cost of employees, insurance, office premises, regulatory capital compliance associated with the Responsible Entity's licence, and additional administrative and compliance costs of the stapled group. Further information is provided in the Explanatory Memorandum with respect to these expenses.

Given Column D is based on a maintainable run rate of performance, the Manager is expected to generate maintainable EBITDA in the order of $4.4m for FY21. This accounts for its right to charge leasing fees despite it waiving such fees in FY19 and FY20 and recognising the current intention of Investec to charge leasing fees in full going forward.

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5 Impact of the Proposed Transaction

The following tables present the movement in various financial metrics of the IAPF Group as a result of the Proposed Transaction.

Financial performance

Table 9: IAP financial performance for FY21

	Unit	IAPF I forecast	The Manager 5 months post-Proposed Transaction	IAPF Group	IAPF I 7 months pre-Proposed Transaction	IAPF Group implied 12 months	Change
Column		**A**	**B**	**C=A+B**	**D**	**E=C+D**	**=E/A-1**
Funds from operations (FFO)	$m	56.2	0.4	56.6	(0.4)	56.3	0.1%
Adjusted funds from operations (AFFO)	$m	50.0	2.7	52.8	(0.4)	52.4	4.8%
Units on issue	m	611.3		611.3		611.3	0.0%
FFO per unit	cents	9.20		9.26		9.21	0.1%
AFFO per unit	cents	8.18		8.63		8.57	4.8%
Distribution per unit	cents	8.45		8.91		8.85	4.8%
Distribution as a percentage of FFO	%	91.8%		96.2%		96.1%	4.7%
Distribution as a percentage of AFFO	%	103.2%		103.2%		103.2%	0.0%

Source: Explanatory Memorandum, Deloitte Corporate Finance analysis

In particular, we note:

- Column A represents the FY21 forecast for IAP prior to the Proposed Transaction
- Column B represents the performance of the Manager for the five months post the Proposed Transaction, assuming an implementation date of 1 November 2020, and the pro forma consolidation and elimination adjustments with respect to the cross-staple transactions
- Column C implies the performance of IAP for FY21 assuming the Manager is acquired on 1 November 2020
- Column D represents the performance of the Manager for seven months prior to the Proposed Transaction and the pro forma consolidation, elimination and other adjustments to illustrate the IAPF Group assuming an earlier implementation date of 1 April 2020
- Column E represents the performance for IAP assuming an earlier implementation date of 1 April 2020.

The Explanatory Memorandum discloses that assuming a full year of contribution from the Manager, the Proposed Transaction is expected to be:

- marginally accretive on an FFO basis given:
  - the full year earnings contribution from the Manager does not account for the higher management fee run rate expected to be achieved in the five months post an assumed implementation date of 1 November 2020
  - the increase in finance costs associated with funding the Proposed Transaction. We note that the calculations, as disclosed in the Explanatory Memorandum, exclude the impact of the debt drawdown to fund the investment in the TAP Fund, as no portion of the $30m commitment is expected to be called until at least March 2021. In the event that funds are called earlier, and consequently the debt is drawn earlier, the impact is likely to be immaterial.
- accretive on an AFFO and distribution per unit basis because leasing fees of $2.3m that the Manager is entitled to and expensed in IAPF I (column A) will be waived under the proposed arrangement.

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Financial position

Table 10: IAP financial position

	Unit	Audited 31 Mar 2020	Adjusted 31 Mar 2020	Proposed Transaction adjustments	Pro forma 31 Mar 2020	Change
Column		**A**	**B**	**C**	**D=C+B**	**=D/B-1**
Current assets	$m	115.6	21.6	2.6	24.2	12.2%
Non-current assets	$m	1,085.0	1,085.0	39.5	1,124.4	3.6%
Current liabilities	$m	(38.7)	(38.7)	-	(38.7)	0.0%
Non-current liabilities	$m	(353.7)	(261.0)	(48.9)	(309.8)	18.7%
Net assets	$m	**808.2**	**806.8**	**(6.7)**	**800.1**	**(0.8)%**
NTA	**$m**	**808.2**	**806.8**	**(46.2)**	**760.6**	**(5.7)%**
Commitments - Investment in TAP Fund	$m	-	-	30[1]	30	n/a
NAV per unit	$	1.32	1.32		1.31	(0.8)%
NTA per unit	$	1.32	1.32		1.24	(5.7)%
Gearing[2]		27.9%	21.7%		25.8%	18.7%
Gearing – post maximum investment in the TAP Fund[1]					27.8%	

Notes:
1. IAPF II is not expected to contribute any portion of its $30m commitment to the TAP Fund until at least the end of March 2021, and at that time will draw the new tranche under the existing facility (as described in section 2.1). Assuming IAPF contributes 100% of this commitment, this will result in a $30m increase in non-current assets and a $30m increase in long-term borrowings (i.e. $nil impact to net assets). Whilst the expectation is that another $10m may be drawn for other general corporate purposes, given this is not linked to the Proposed Transaction and may occur regardless of whether the Proposed Transaction proceeds, the gearing calculation has not been adjusted for this
2. Net debt (comprising borrowings less cash) divided by investment properties

Source: Explanatory Memorandum, Deloitte Corporate Finance analysis

In particular, we note:

- Column A represents the audited financial position of the Fund at 31 March 2020
- Column B represents column A adjusted for the divestment of the Ann St property, which occurred in April 2020
- Column C reflects the impact of the Proposed Transaction
- Column D represents the pro forma financial position as at 31 March 2020.

Relative to the financial position adjusted for the divestment of Ann St (Column B):

- the Proposed Transaction is expected to be marginally decretive on a NAV per unit basis given the $6.7m cash transaction costs incurred. On an NTA per unit basis however, the dilution is higher given the recognition of acquisition intangibles post Proposed Transaction
- gearing is expected to increase following the Proposed Transaction given the transaction will be entirely funded by debt, however it will remain below the Fund's target range of 30%-40%.

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6 Valuation of the Manager

Under the terms of the Proposed Transaction, IAP will acquire the Manager from Investec for $40m in cash[12], which includes $0.5m of NTA[13].

IAPF Group will also commit to invest $30m in the TAP Fund. No funds have been called, or are expected to be called, before the Implementation Date.

In assessing whether the Proposed Transaction is fair, we compared the Consideration to the market value of the Manager, inclusive of the book value of NTA and after adjusting for the fair value of the $30m commitment to invest in the TAP Fund.

6.1 Selection of valuation methodology

For the purposes of assessing the market value of the Manager, we have defined market value as the amount at which the shares in the Manager would be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller acting at arm's length.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation has not been premised on the existence of a special purchaser.

In selecting an appropriate methodology to estimate the market value of the Manager, we considered common market practice and the valuation methodologies recommended by RG 111. Further information on the methodologies is set out at Appendix 1. In estimating the market value of the Manager, we have:

- assessed the market value of the Manager using the market multiples method under the market approach as our primary methodology. This method involves applying a multiple to an estimate of maintainable earnings. In this regard, we note:
    - earnings are expected to be relatively stable for the Manager, given it is based on fixed fee rates and (indirectly) the value of the underlying properties under management
    - there are an adequate number of publicly listed companies and transactions involving companies with operations sufficiently comparable to the Manager from which a meaningful comparison can be undertaken and an appropriate multiple can be selected. We determined the multiple based on value which excludes NTA on the basis that such net assets can differ between businesses and transactions, and its book value is likely to approximate market value.
- cross-checked our estimate of the market value of the Manager using the percentage of FUM method (FUM multiple), based on the FUM multiples observed in comparable listed companies and transactions in the funds management sector
- added the book value of NTA to the value of the Manager derived under the multiples method
- also cross-checked our estimate of the market value of the Manager using a high level capitalisation of earnings method (which is a method under the income approach and is akin to the discounted cash flow method).

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[12] Subject to an adjustment in respect of the accrued long service leave entitlements of certain employees transferring to the IAPF Group, which are estimated to be c.$0.06m.

[13] Comprised a cash contribution from Investec of $2.6m in recognition of a transfer of a liability under an employee retention scheme, and a $2.1m provision accrued with respect to the scheme.

We note based on our experience and that indicated through other independent expert reports, it is common in the industry to value entities such as the Manager using the market multiples methodology. In addition, we consider it appropriate to use this approach despite the fact that a small proportion of the funds managed by the Manager are subject to agreements with discrete time periods, as the Manager and executives of the Manager have a track record of growing FUM and establishing new funds (which is also their intention).

We have not considered an asset-based method under the cost approach as such a methodology ignores the value of intangible assets held by the Manager such as its management agreements with IAP, the TAP Fund and other entities.

In addition, we considered whether a fair value adjustment should be made to the value of the Manager to account for the $30m commitment to invest in the TAP Fund assumed by the Fund under the Proposed Transaction.

6.2 Application of the market multiples methodology

The market multiples method estimates the market value of the Manager by applying a multiple to the future earnings of the entity. In applying the market multiples approach, we have considered the following:

- the level of earnings that the existing operations could reasonably be expected to generate. We have selected EBITDA as an appropriate measure of earnings because earnings multiples based on EBITDA are less sensitive to different financing structures, depreciation and amortisation accounting policies and effective tax rates than multiples based on EBIT or NPAT. This allows a better comparison with the earnings multiples of other companies. For these types of businesses however, EBITDA and EBIT are not dissimilar due to low levels of depreciation and amortisation

- the enterprise value per dollar of EBITDA (EBITDA multiple) observed from recent transactions involving companies comparable to the Manager and the trading multiples of listed companies comparable to the Manager. Given we are assessing the multiple exclusive of NTA, we have adjusted the enterprise values of these comparable listed companies and transactions by deducting their NTA.

6.2.1 Future earnings

Future earnings represent the level of earnings that the existing operations of the Manager could reasonably be expected to generate.

In determining our assessed EBITDA, we had regard to the proforma financial performance of the Manager, as discussed above in Section 4.6.

We determined the maintainable EBITDA for the Manager based on annualisation of the five month run rate, because the five month period post an assumed implementation date of 1 November 2020 takes account of IAP leasing income and the ramp up of the TAP Fund. This suggests maintainable EBITDA of $4.4m for FY21. This level of EBITDA implies an EBITDA margin of 35%, which is in line with current and forecast margins of the comparable listed companies shown in Appendix 2 which, on average, have EBITDA margins of c.36%.

Noting that the management fees generated by the Manager are linked to the enterprise value of IAP, we have formed the view that the risk to management fee income as a result of the possible impacts of COVID-19 are limited for the following reasons:

- As at 31 August 2020, the enterprise value of the Fund represented a multiple of 1.02 times the value of the properties, indicating that investors and more broadly, capital markets do not believe the fair value of the Fund's portfolio is materially different to the carrying amount
- Our own review of the sector and the segments that the Fund's properties are exposed to suggests that the risk of devaluation of the properties as at the date of this report is low
- Our review of the Directors' review of the property valuations as described above (Section 4.5.1) did not identify any reasons to disagree with the Directors' assessment.

6.2.2 EBITDA multiple selection

In selecting an appropriate earnings multiple, we have considered earnings multiples observed from share market trading of listed companies with operations comparable to the Manager and the implied earnings multiples paid to acquire companies with operations comparable to the Manager.

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Earnings multiples derived from share market trading typically do not reflect the market value for control of a company as they are based on portfolio holdings in the subject companies. The difference between the market value of a controlling interest and a minority interest is referred to as the premium for control.

The owner of a controlling interest has the ability to do many things that the owner of a minority interest does not, enabling the owner to extract greater value for its interest. These include:

- Control the cash flows of the company, such as dividends, capital expenditure and compensation for directors and managers
- Determine and change the strategy and policies of the company
- Attempt to extract synergies via acquisitions, restructure the business or divest operations
- Control the composition of the board of directors.

Whilst Australian studies indicate control premiums tend to gravitate in a range between 20% and 40% of the portfolio holding values, the premium actually implied in a particular transaction involving a listed company is ultimately dependent on a variety of factors as described above but specific to the particular entity and the transaction.

In comparison, the acquisition price achieved in mergers or acquisitions of companies (particularly where control is transferred) represents the market value of a controlling interest in that company.

The criteria against which we have selected comparable listed companies and transactions are as follows:

- comparable listed companies whose primary operations are the provision of fund management services
- in the case of comparable transactions, we have sought to identify those transactions relating to an internalisation or sale of management rights in the property sector.

Comparable listed companies

Outlined in the following table are the implied EBITDA multiples and relevant metrics of the comparable listed companies.

Table 11: Comparable listed companies summary

Company name	Enterprise value[1] ($m)	Current EBITDA margin	FUM ($m)	EBITDA / FUM	Current EBITDA multiple[1,2]	EV / FUM[1]
Australian Ethical	495	n/a	4,050	n/a	n/a	12.23%
EQT	471	36.4%	17,100	0.19%	14.2x	2.76%
Pendal	1,294	39.8%	86,000	0.22%	6.9x	1.51%
Pengana	76	n/a	3,100	n/a	n/a	2.44%
Perpetual	1,387	34.2%	28,400	0.71%	6.8x	4.88%
Pinnacle	729	n/m	58,700	0.06%	19.9x	1.24%
Average		**36.8%**	**32,892**	**0.20%**	**12.0x**	**4.18%**
Median		**36.4%**	**22,750**	**0.13%**	**10.6x**	**2.60%**

Notes:
1. Enterprise value has been adjusted to remove NTA to be consistent with our evaluation of the Consideration. The adjusted enterprise value is used to calculate EBITDA and FUM multiples.
2. Financial year ended 30 June 2021, with the exception of Pendal which is 30 September 2021.

N/m = not meaningful
N/a = not available
Source: CapitalIQ, Deloitte Corporate Finance analysis

We note the following in respect of the comparable listed companies summarised above and detailed in Appendix 2:

- There are no listed entities in Australia that are entirely focussed on property funds management only. However, there are investment managers that have substantial co-investment portfolios (along with, in some cases, other business activities), but it is difficult to isolate metrics for the fund management component only to allow for suitable and accurate comparison to the Manager. As such, we considered other fund management entities who provide their services across other asset classes
- all the comparable listed companies are larger than the Manager in terms of FUM and therefore revenue. In addition, many of the comparable listed companies derive management fees from a variety of asset classes, including property, equities, fixed income, cash and other diversified assets across a number of different funds. This can create challenges because of differences in factors such as fee structures and client base
- the average and median current EBITDA multiples for the comparable listed companies are 12.0x and 10.6x on a trading basis respectively. In calculating these multiples, we have removed the impact of NTA
- whilst Australian Ethical's current EBITDA multiple is not available (due the lack of equity research analyst coverage), the group achieved substantial growth in the last year which is providing scale economies and greater growth in earnings. As such, it's EV / FUM % is very high
- the multiple for EQT is relatively high and appears to be driven by the growth in profits and revenue respectively, and FUM inflows despite the impact of the COVID-19 pandemic
- the multiple for Pendal is relatively low which appears driven by the impact of the COVID-19 pandemic on the value of the underlying investments which they manage (listed equities and property) which had led to lower FUM and performance fees. It last released results in May 2020 (for March half year end), at the height of uncertainty in the Australian market caused by the pandemic and there has been no guidance on subsequent performance since that time
- the multiple for Perpetual is at the low end of the range reflecting, in our opinion, their exposure to the financial planning sector, a sector which has been adversely impacted by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
- Pinnacle's EBITDA multiple is complicated by the fact that it owns interests (between 20% and 45%) in a number of boutique fund managers. As such, it's accounting recognition of earnings generated by these fund managers causes distortion in its EBITDA and consequently its EBITDA multiple.

Recent transactions

We considered the comparable transactions outlined in Appendix 3. These transaction values were also adjusted to remove the impact of NTA (where specifically disclosed) to ensure our evaluation of each transaction is aligned with our assessment of the Proposed Transaction.

All the comparable transactions relate to the acquisition of a controlling interest in a funds management business largely focussed on the property sector.

There is limited publicly available data in relation to the EBITDA (compared to EBIT) for these transactions and therefore we placed greater reliance on the EBIT multiples for the comparable transactions. Whilst EBIT multiples are generally higher than EBITDA multiples, it is uncommon for fund managers to have high levels of depreciation and amortisation and therefore EBIT and EBITDA multiples tend to be similar.

Of the comparable transactions considered and set out in Appendix 3, we consider the transactions set out in the table below to be most comparable to the Manager given their focus on managing office and industrial property portfolios.

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Table 12: Selected comparable transactions

Date	Target	Consideration paid[1] ($m)	FUM ($m)	EBIT/ FUM	Implied EBIT multiple	Implied % of FUM
Jun-20	Augusta Capital Limited	122	1,723	0.7%	10.6x	7.1%
Sep-19	Garda Capital Group	32	404	1.0%	7.7x	8.0%
Nov-16	360 Capital listed property platform	92	1,395	0.7%	10.1x	6.6%
Jul-16	GPT Management	9	439	0.3%	6.9x	2.0%
Mar-16	Investa Office Management Platform	90	8,500	0.1%	9.4x	1.1%
	Average	**69**	**2,492**	**0.6%**	**8.9x**	**5.0%**
	Median	**90**	**1,395**	**0.7%**	**9.4x**	**6.6%**

Note:
1. Consideration paid excludes any amounts paid for NTA at the completion of the transaction. This adjusted consideration is used to calculate EBIT and FUM multiples.
Source: CapitalIQ, Deloitte Corporate Finance analysis

With respect to the above transactions, we note the following:

- in June 2020, Centuria Capital acquired Augusta Capital, one of New Zealand's largest listed real estate funds management companies, with investments in office and industrial property located primarily in Auckland. We referred to an adjusted FY2020 EBIT (having regard to historical performance) to calculate the multiple given the negative EBIT for the year was driven by no deal fee income (as compared to prior periods when deal fees where generated)
- transactions prior to 2020 are arguably dated, especially given they are unlikely to take account of the impacts of the COVID-19 pandemic on the operations and/or outlook for the manager
- in September 2019, Garda internalised its management by acquiring Garda Capital Group, for total consideration of $62m, with $32.4m attributed to the management platform. Garda Capital Group's responsibilities as manager included both management of 14 established properties and development activity in respect of 4 locations, diversified across commercial and industrial sites. The underlying funds management business – outside of some one-off fees that were expected to be generated in the following year – was valued by the independent expert in respect of that transaction on a multiple of 8x to 9x EBIT. The funds management platform of Garda was small with less than $500m of funds under management
- in November 2016, Centuria Capital Group and associated entities acquired the 360 Capital Group real estate platform. At the time, 360 Capital Group's platform managed $1.4b in assets including two ASX listed REITs
- in April 2016, Growthpoint announced the proposed acquisition of GPT Metro Office Fund, which included a separate transaction with GPT to acquire the management rights to the fund. At the time of the acquisition, GPT Metro Office Fund had six properties located across New South Wales, Victoria and Queensland
- in February 2016, an entity stapled to the Investa Commercial Property Fund agreed to purchase Investa Office Management Holdings. At the time of the acquisition, the management entity was responsible for 22 office investments in CBD markets across Australia.

Selected multiple

Having regard to the comparable listed companies and the comparable transactions outlined above, we have applied an earnings multiple ranging from 8.5x to 9.5x, on a control basis for the following reasons:

- on the whole, the listed companies focus on other asset classes and have more diversified operations and differing growth outlooks. However, the recent transactions include a number of property fund managers whose operations could be considered comparable to those of the Manager and thus we placed greater reliance on the metrics implied by the recent transactions
- the average and median transaction multiples are 8.9x and 9.4x respectively. More specifically:
    - the Augusta transaction occurred following the onset of the COVID-19 pandemic and thus the multiple implied in that transaction could be viewed as reflecting a revised outlook. The business was impacted by the pandemic and the transaction price was adjusted to reflect

this. However, the Augusta business is larger and more diversified than the Manager and consequently we would consider, all things being equal, a lower multiple would apply to the Manager

- Whilst other transactions were prior to the COVID-19 pandemic, the 360 Capital listed property platform was largely concerned with the management of funds similar to IAP (metropolitan office and industrial property) and arguably minimally exposed to the impacts of the COVID-19 pandemic.

6.2.3 Conclusion on value

A summary of the application of the market multiples method is set out below:

Table 13: Summary of valuation outcome under the market multiples approach

	Unit	Low	High
EBITDA	$m	4.4	4.4
EBITDA multiple on a control basis	times	8.5	9.5
Market value of the Manager (excluding NTA) on a control basis	**$m**	**37.4**	**41.8**
NTA	$m	0.5	0.5
Market value of the Manager (including NTA) on a control basis	**$m**	**37.9**	**42.3**

Source: Deloitte Corporate Finance analysis

In the current environment, with the backdrop of COVID-19, we highlight the following key risks:

Table 14: Key risks to the valuation of the Manager

Risk	Comment	Mitigant
Property devaluation	Fee income is based on the enterprise value of IAP, which in turn is dependent on the underlying values of the IAP property portfolio. There is a risk that COVID-19 will have a more adverse impact than that assumed for the March 2020 property valuations.	Whilst the IAP properties were previously valued as at March 2020, these valuations are still considered to be current for the reasons set out in Section 6.2.1.
TAP FUM and asset management fees	It is assumed that the TAP Fund will reach a target size of $300m, relative to current commitments of $140m. There is a risk that a lower target size is achieved. In addition, our valuation assumes asset management fees from 3 investments.	In the six months since formation, and during COVID-19, the fund has raised $140m and the second close of investor commitments is not anticipated until no later than June 2022. Investec has provided a revenue guarantee as described in Section 2.1. There is the potential for the Manager to generate asset management fees from additional assets acquired by the TAP Fund in the future. Set out in the table below is a sensitivity based on the above factors.

Source: Deloitte Corporate Finance analysis

Outlined in the table below is a sensitivity matrix based on changes to:

- the level of commitments raised in respect of the TAP Fund
- the number of investments made by the TAP Fund.

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Table 15: Manager valuation sensitising TAP commitments and deployments (midpoint of range)

		Number of TAP properties[1]			
		3	5	8	12
TAP FUM[2] $m	140	34.6	35.3	36.4	37.9
	200	36.7	37.4	38.5	39.9
	250	38.4	39.1	40.2	41.6
	300	40.1[3]	40.8	41.9	43.3

Notes:
1. TAP revenue based on number of properties under management in addition to Grove. Properties assumed to earn a management fee of $0.04m per month each.
2. Impact on EBITDA is based on 0.3813% of change in TAP FUM
3. Midpoint of valuation of Manager (including NTA) of $37.9m to $42.3m.

Source: Deloitte Corporate Finance analysis

We consider the lower end of the sensitivity range reflected in the table above to have a lower likelihood of realisation noting our comments in Table 14 and the fact that to date, two investments have been made with minimal capital to be called and deploying the $140m currently committed would enable the fund to make additional investments (and derive additional asset management fees). In addition, to the extent more capital is raised, the number of assets managed (and thus asset management fees) are also likely to increase. Further, this should be balanced against the following which are not factored in our valuation or sensitivity analysis:

- Future performance fees in respect of the TAP Fund
- New funds raised similar to the TAP Fund.

Having regard to the above, we consider our valuation range reasonable.

6.3 Cross-checks of our assessed valuation

6.3.1 Percentage of FUM approach

As a cross-check of our valuation of the Manager under the market multiples method, we have determined the implied percentage of FUM metrics of our assessed market value of the Manager (excluding NTA) on a control basis and compared this to the implied percentage of FUM metrics observed for the comparable listed companies and transactions.

The implied percentage of FUM metrics of our assessed market value of the Manager (excluding NTA) range from 2.7% to 3.0%, as calculated in the table below:

Table 16: Implied percentage of FUM

	Unit	Low	High
Assessed value of the Manager (excluding NTA) on a control basis	$m	37.4	41.8
FUM[1]	$m	1,385	1,385
Value as a % of FUM	**%**	**2.7%**	**3.0%**

Note:
1. Includes TAP FUM of $300m to ensure consistency with the fee income base assumed for the valuation of the Manager.
Source: Deloitte Corporate Finance analysis

A key driver of the percentage of FUM metric is the earnings generated from the underlying FUM. Companies that have a higher percentage of operating earnings per FUM (i.e. generate higher earnings from FUM) generally have a higher percentage of FUM metric. In this regard, the Manager's EBITDA per FUM percentage of 0.32%[14] is:

- higher than the median of comparable listed companies and therefore supports the Manager having a higher percentage of FUM metric than the median for the comparable listed companies[15]
- lower than the average and median of the comparable transactions (given minimal development activities) which supports the Manager having a lower percentage of FUM metric compared to those comparable transactions.

6.3.2 Capitalisation of earnings method

We have also used the capitalisation of earnings method as a cross-check of our valuation of the Manager. In using it as a cross-check, we determined the internal rate of return (IRR) implied by our valuation, and then assessed the reasonableness of this IRR having regard to the discount rates applicable for comparable funds management businesses.

As we were not provided with forecast cash flows beyond FY21, we prepared a high level, capitalisation of earnings calculation using the Gordon Growth method[16] and the following assumptions:

- maintainable pre-tax earnings for FY21 of $4.4m, as adopted in our valuation
- 30% company tax rate
- no adjustment for capital expenditure, depreciation and working capital on the basis that historical evidence and our own experience suggests these are likely to be insignificant
- earnings growth of 2% into perpetuity.

These capitalised cash flows imply an internal rate of return of 9.9% based on the mid-point of our valuation range for the Manager. This is also often described as a discount rate. Such a discount rate is not unreasonable based on our experience of the cost of capital that is typically ascribed to a fund management business that generates a significant portion of fee income from base management fees derived from the value of completed and well tenanted properties.

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[14] EBITDA of $4.4m over FUM of $1,385m (IAP FUM of $1,085m plus TAP targeted capital of $300m)

[15] We do not consider the average relevant as it is skewed by the inclusion of Australian Ethical which we consider an outlier

[16] Such method is also referred to as the discounted cash flow method.

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Consequently, we consider this high level capitalisation of earnings analysis supports our valuation range determined under the primary market multiples method.

6.4 Adjustment for commitment to invest in the TAP Fund

In determining whether a fair value adjustment should be made to the value of the Manager to account for the Fund's $30m commitment to invest in the TAP Fund, we had regard to the following factors:

- No capital is expected to be called by the TAP Fund before the Implementation Date and therefore the Fund's investment in the TAP Fund at the Implementation Date will be minimal as it will reflect its share of the net liability position of the TAP Fund. It is not unusual for funds in their early stage to be in a net liability position given the upfront establishment costs and time to deploy capital and generate returns. Further, investors typically disregard this net liability position when making their commitments given the expectation that the manager will generate returns on their committed capital which would substantially exceed these upfront costs
- The TAP Fund has acquired two assets and has in-principle agreements to acquire three additional assets. These acquisitions have been sourced through management's relationships with market participants and negotiated on market based terms. These acquisitions were negotiated and secured during 2020 and there is nothing to suggest that the price paid (or the price being paid) is not reflective of market value. Upon calling of the commitment (initial call likely to be early 2021), and if the loan is converted to equity, the Fund will become entitled to its pro-rata share of the net assets of the TAP Fund which will be represented by the value of these assets at the price paid
- There are no special rights attributable to the Fund's interest in the TAP Fund. The Fund will be entitled to a return on any called capital which will be the same as the return attributable to all investors in the TAP Fund
- Such return will likely be at a rate commensurate with investments with a similar risk profile to the TAP Fund. Based on our experience, we consider the target annual gross IRR of 15% (pre-tax and fees) to be an appropriate target rate of return for investments of the profile targeted by the TAP Fund. Discounting such returns back to the investment date at a rate commensurate with similar investments will result in a nil net present value
- The IAPF Group will draw down additional debt to fund the commitment, however no portion of the $30m commitment is expected to be called until at least March 2021. In the event that funds are called earlier, and consequently the debt is drawn earlier, the impact is likely to be immaterial, and the overall impact on leverage is minimal
- Whilst investment in the TAP Fund is initially expected to involve the provision of an interest free facility, we consider it akin to an equity investment given its interest free nature, the expectation of the Independent Directors that the interest free loan will be converted to equity soon after, and that any request for repayment will be applied by way of a subscription for equity.

Based on the factors above, we have not become aware of anything that suggests that the commitment to invest in the TAP Fund represents a material liability that the Fund is assuming and thus we do not consider any fair value adjustment to our valuation of the Manager to reflect the Fund's $30m commitment to invest in the TAP Fund is warranted.

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7 Opinion

We have considered whether or not the Consideration is fair having regard to our assessed market value of the Manager. In accordance with RG 111, an offer is reasonable if it is fair. An offer might also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for securityholders to accept the offer in absence of any superior proposal before the close of the offer.

The Consideration of $40m falls within our assessed market value range of the Manager (including NTA and fair value adjustment for the $30m commitment to invest in the TAP Fund), of $37.9m to $42.3m, and is therefore fair.

As the Proposed Transaction is fair, it is reasonable, and therefore in the best interests of Non-Associated Securityholders. We also note the following factors that Non-Associated Unitholders may consider relevant to the reasonableness of the Proposed Transaction.

The Proposed Transaction allows closer alignment of interests of IAP and its manager

The internalisation will provide greater alignment between IAP and its manager, with IPM's management and board being directly accountable to IAP unitholders, and IAP having the opportunity to more closely influence the strategy of the Fund as well as directly control key performance indicators and incentive arrangements for personnel who manage the Fund.

Further, approval of the Proposed Transaction will remove a potential perceived conflict of interest associated with the current arrangement which involves IPL acting as the RE of IAP whilst being a wholly owned subsidiary of Investec.

This internalisation is consistent with the shift that has occurred since the mid-2000s when many Australian REITs internalised their management capability in order to overcome perceived conflicts as well as enhance the alignment of interests between boards, management and investors and improve corporate governance.

The Proposed Transaction allows IAP to establish and expand a funds management platform

The acquisition of the Manager will not only enable IAP to obtain its own funds management capability but provide the opportunity to expand its platform by sourcing mandates to manage property assets held by third parties. The Manager will not be limited to the current mandates held with the TAP Fund and Investec, thereby providing opportunities for IAP to diversify its earnings.

The Proposed Transaction will result in a decline in NTA per unit but be accretive on an FFO, AFFO and Distribution per unit basis

Should the Proposed Transaction proceed, IAP's NTA per security is expected to decline by 5.5% from $1.32 to $1.24 per security due to the acquisition of intangible assets associated with the Manager. However, this does not capture the margin savings arising from internalising management which are captured through per security metrics on an operating earnings basis (i.e. FFO per security, AFFO per security, Distribution per security). The Proposed Transaction is expected to be slightly accretive on a pro forma FFO per security basis (0.1% increase) and accretive on a pro forma AFFO per security basis and Distribution per security basis (4.8% increase each).

The Proposed Transaction allows continuity of senior management who are familiar with the Fund's portfolio

There will be continuity in the composition of the majority of the board and senior management of the Manager. All management personnel of IPM will enter into new employment agreements with IAP and continue to manage the day to day operations of the Fund. A number of employees of the Manager have been involved in the acquisition and the ongoing asset management of the properties held by the Fund.

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The Proposed Transaction will result in gearing levels increasing

The Proposed Transaction is expected to be funded by debt and therefore gearing will increase from 21.7%[17] to 25.8%. Assuming the IAPF Group contributes 100% of its commitment to invest in the TAP Fund, the adjusted gearing would increase to 27.8%[18]. Whilst we do not consider that the COVID-19 pandemic has a direct impact on the Proposed Transaction, there are arguments to suggest that with the uncertainty posed by COVID-19, it may not be in the best interests of the Fund to pursue a transaction that results in higher gearing. However, the increase in gearing is not sufficiently significant, in particular, given the low interest rate attaching to the borrowing costs of the Fund. Further, the level of gearing following adjustment for the Proposed Transaction and the $30m investment in the TAP Fund is still below the Fund's target gearing range of 30%-40%.

The IAPF Group will take on a commitment to invest in the TAP Fund which has a higher risk profile

The IAPF Group will commit to invest up to $30m in the TAP Fund. All of the Fund's investments to date have been directly in property assets, whereas the commitment to invest in the TAP Fund represents an investment in a fund. The proposed investment profile of the TAP Fund is different to IAP in that it intends to focus on value add and real estate backed debt opportunities, along with other opportunistic investments, which will have a higher risk profile (but also have an expectation of higher returns) relative to the type of investments held by IAP. In this regard, we note:

- Such risk profile may not be consistent with the investment preferences of IAP unitholders
- There is a higher risk that the anticipated returns from the TAP Fund will not be achieved which could then compromise the ability of the Manager to generate similar future revenues and also result in a decline in the value of IAPF Group's commitment to the TAP Fund
- There is an opportunity cost in having to commit capital to the TAP Fund when such funds could be redirected to expanding the IAP portfolio (subject to the availability of such opportunities).

Nonetheless, given the TAP Fund is also investing in property assets (in Australia and New Zealand), and if fully committed, the $30m investment will represent less than 5% of the IAPF Group's asset base, we do not consider that this materially changes the investment profile of the IAPF Group.

We also highlight that the investment is expected to originally involve the provision of an interest free facility that the IAPF Group will have the option to convert to equity in the future. We consider this to be a structuring arrangement that can commercially be considered to be an equity investment.

The acquisition of the TAP Fund's management rights may not be consistent with the investment preferences of IAP unitholders

The TAP Fund has a significantly different risk profile and management of it may not generate the expected revenue which has been based on target commitments of $300m. If the actual commitments or assets under management are less than anticipated, this would negatively impact on the investment management and asset management fees received by IAPF Group for managing the TAP Fund. In addition, it may be possible that the TAP Fund may not have the funds to pay management fees.

There are uncertainties with respect to the value of the Manager

Like with any business enterprise, there are uncertainties with respect to the value of the Manager. These are discussed in Section 6.2.3 and specifically Table 14 and Table 15.

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[17] Following disposal of the Ann St property

[18] This has been calculated excluding an additional $10m that may be drawn for general corporate purposes and regardless of whether the Proposed Transaction proceeds

The Proposed Transaction contains a number of other aspects

There are a number of aspects to the Proposed Transaction which are set out in the Explanatory Memorandum that are not considered significant. These include indemnities being provided by Investec with respect to two legal proceedings that entities being acquired as part of the Proposed Transaction are a party to. The provision of such indemnities is not unusual, and the Independent Directors are of the view that the risk of a failure of these indemnities is low. We also note that these indemnities are provided by Investec Bank plc, which is the main banking subsidiary of Investec plc. Investec plc has a market capitalisation of approximately $2.5bn. In this regard, we also consider the risk of default of the indemnities to be low. Further information on the indemnities is provided in Section 11.5 of the Explanatory Memorandum.

In addition, whilst there is no contractual obligation to support IAP, the divestment of the Manager will alleviate any obligation that Investec may have to support IAP in the future.

IAP will incur costs associated with the Proposed Transaction

IAP will incur costs of $6.7m associated with the Proposed Transaction, of which $4.8m will have been incurred before the notice of meeting.

If the Proposed Transaction is approved, the IAPF Group will have a more complex structure which could subject it to increased administration and compliance costs.

In addition, the IAPF Group will incur costs associated with operating as a manager of real estate funds but it will no longer pay management fees to Investec. The type of costs expected to be incurred are set out in Section 1.1(h) of the Explanatory Memorandum. Such costs may be higher than anticipated.

The availability of alternatives to the Proposed Transaction is low

Assuming IAP remains ASX listed, the Management Agreement can be terminated by way of an ordinary resolution of Unitholders to remove the Responsible Entity (which effects the removal of the Manager), though this could cause financial damage to the Fund and may not allow for an orderly transition of the knowledge and intellectual property as it relates to the Fund but is otherwise held by the Manager. If termination were to occur, the incoming responsible entity would need to either find alternative management suitably skilled in property management, and with sufficient tenant relationships and knowledge and experience in the South African and Australian listed securities regulatory regimes to be able to run the Fund effectively, or establish the required capabilities which could take time and could disrupt the operations of the Fund and its underlying assets. The Fund would also not gain the benefit of other management rights relating to the TAP Fund and the assets owned by Investec.

Consequently, there are risks to IAP associated with these alternatives along with the fact that such alternatives are unlikely to be value accretive for IAP unitholders over the long term.

Implications if the Proposed Transaction does not proceed

If the Proposed Transaction does not proceed, the Fund will have incurred costs of $4.8m. The Fund's management will continue to be undertaken by Investec and the benefits of the Proposed Transaction will not be capable of being realised.

In addition, Investec could seek an alternative exit, such as disposing the rights to manage the Fund to a third party which would not require the approval of Independent Directors or Unitholders. If this was to occur, Unitholders would not have direct operational control of the Fund and the portfolio of properties.

Conclusion on reasonableness

On balance, in our opinion, the Proposed Transaction is reasonable.

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Opinion

In our opinion, the Proposed Transaction is fair and reasonable to the Non-Associated Unitholders.

Our opinion is based on current market conditions, however there are still many uncertainties relating to the effect of the COVID-19 pandemic on IAP, the Manager and the industry in which they operate. These are highlighted within our report.

An individual unitholder's decision in relation to the Proposed Transaction may be influenced by their particular circumstances. If in doubt the unitholder should consult an independent adviser, who should have regard to their individual circumstances.

Yours faithfully

Tapan Parekh
Authorised Representative Number: 461009
Deloitte Corporate Finance Pty Limited

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Appendix 1: Valuation methodologies

Common market practice and the valuation methodologies which are applicable to corporate entities and businesses can be categorised under one of the following three approaches.

Market approach

The market approach involves the determination of fair value having regard to pricing and other metrics implied by market trading or transactions of comparable assets. Such methods commonly include:

- earnings multiples
- analysis of an entity's recent share trading history
- industry specific methods.

The earnings multiple method estimates fair value as the product of an entity's earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market trading and/or transactions involving comparable companies. The earnings multiple method is appropriate where the entity's earnings are relatively stable.

The most recent share trading history provides evidence of the fair value of the shares in an entity where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an entity than other valuation methods because they may not account for entity specific factors.

Income approach

The income approach involves the determination of fair value based on the present value of future amounts. Discounted cash flow methods estimate fair value by discounting an entity's future cash flows using an appropriate cost of capital to reflect the risks of the cash flows, to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Cost approach

The cost approach involves the determination of fair value based on the cost of replacement. Such methods estimate the fair value of an entity's shares based on the realisable value of its identifiable net assets, and typically comprise:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of an entity but does not take account of realisation costs.

These asset-based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of an entity's assets are liquid, or for asset holding companies.

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Appendix 2: Comparable listed companies

The table below sets out our selected comparable listed companies. We have attempted to identify those companies whose primary operations are in the provision of funds management services to property funds. However, there are no listed Australian pure-play property fund managers and therefore we have considered companies that are in the broader funds management industry. We recognise that there are other Australian real estate investment managers, however, considering the substantial co-investment portfolios of these managers (along with, in some cases, other business activities) it is difficult to isolate metrics for the fund management component to allow for suitable and accurate comparison to the Manager.

Table 17: Comparable listed companies

Company name	Market cap ($m)	Enterprise value[1] ($m)	Gearing	EBITDA multiple Current[2]	EBITDA multiple Forward	EBITDA margins Current	EBITDA margins Forward	FUM ($m)	EV / FUM[2]	Revenue / FUM	EBITDA / FUM
Australian Ethical	536	495	-	n/a	n/a	n/a	n/a	4,050	12.23%	n/a	n/a
EQT	583	471	-	14.2x	13.9x	36.4%	36.0%	17,100	2.76%	0.53%	0.19%
Pendal	1,705	1,294	-	6.9x	7.2x	39.8%	37.7%	86,000	1.51%	0.55%	0.22%
Pengana	94	76	-	n/a	n/a	n/a	n/a	3,100	2.44%	n/a	n/a
Perpetual	1,597	1,387	-	6.8x	5.6x	34.2%	35.3%	28,400	4.88%	2.08%	0.71%
Pinnacle	931	729	-	19.9x	17.1x	n/m	n/m	58,700	1.24%	0.04%	0.06%
Average			**-**	**12.0x**	**10.9x**	**36.8%**	**36.3%**	**32,892**	**4.18%**	**0.53%**	**0.20%**
Median			**-**	**10.6x**	**10.5x**	**36.4%**	**36.0%**	**22,750**	**2.60%**	**0.29%**	**0.13%**

Notes:
1. Enterprise value has been adjusted to remove NTA to be consistent with our evaluation of the Consideration. The adjusted enterprise value is used to calculate EBITDA and FUM multiples.
2. Financial year ended 30 June 2021, with the exception of Pendal which is 30 September 2021.

N/m = not meaningful
N/a = not available
Source: CapitalIQ, Deloitte Corporate Finance analysis

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Appendix 3: Comparable transactions

Table 18: Comparable transactions

Announce-ment date	Target	Acquirer	Consideration paid[1] ($m)	FUM ($m)	Implied consideration as % of FUM[1]	Implied EBIT multiple[1]	Implied EBITDA multiple[1]	EBIT(DA) / FUM
Jun-20	Augusta Capital Limited	Centuria Capital Group	122	1,723	7.1%	10.6x	n/a	0.7%
Sep-19	GARDA Capital Group	GARDA Diversified Property Fund	32	404	8.0%	7.7x	n/a	1.0%
Aug-18	Folkestone	Charter Hall Group	56	1,609	3.5%	8.0x	n/a	0.4%
Aug-18	Aventus Property Group	AHL	143	2,000	7.2%	n/a	8.8x	0.8%
Aug-17	Astro Japan Property Group	Blackstone	22	1,163	1.9%	8.0x	n/a	0.2%
May-17	Armada Real Estate Asset Management	Moelis Australia	30	800	3.7%	n/a	n/a	n/a
Nov-16	360 Capital listed property platform	Centuria Capital Group and associated entities	92[2]	1,395	6.6%	10.1x	n/a	0.7%
Jul-16	Unity Pacific Group	Sentinel Property Group	17	N/a	n/a	n/a	n/a	n/a
Jul-16	GPT Management	Growthpoint Properties	9	439	2.0%	6.9x	n/a	0.3%
Jun-16	Generation Healthcare management platform	Northwest Healthcare Properties REIT	36	2,000	1.8%	n/a	n/a	n/a
Mar-16	Investa Office Management Platform	Investa Commercial Property Fund	90	8,500	1.1%	9.4x	8.7x	0.1%
Jan-15	Valad Europe property management platform	Cromwell Property Group	158	7,600	2.1%	n/a	6.4x	0.3%
Nov-14	Arena Investment Management	Arena	11	384	2.8%	9.7x	n/a	0.3%
Jun 14/ Dec 13	Westfield Australia and New Zealand Real Estate	Westfield Retail Trust (Scentre)	2,158[3]	38,600	5.6%	11.1x	n/a	0.5%
Dec-13	Commonwealth Property Office Fund (CPA)	DEXUS	41	3,700	1.1%	n/a	n/a	n/a
Dec-13	Commonwealth Managed Investments	CFS Retail Property Trust	460	13,939	3.3%	12.0x	n/a	0.3%
Oct-13	GDI Property Group funds management business	GDI Property Group	27	683	4.0%	n/a	1.9x	n/a
	Average		**179**	**4,532**	**3.5%**	**9.1x**	**8.0x**	**0.4%**
	Median		**38**	**1,665**	**3.4%**	**9.4x**	**8.7x**	**0.4%**

Notes:
1. Consideration paid excludes any amounts paid for NTA at the completion of the transaction, to be consistent with our evaluation of the Consideration. This adjusted consideration is used to calculate EBITDA, EBIT and FUM multiples.
2. Centuria Capital Limited paid additional $10m in cash for co-investment stakes and this has been excluded from the numbers presented
3. The consideration is based on the implied value of the management platform set out in the security holder booklet dated April 2014.

Source: CapitalIQ, Deloitte Corporate Finance analysis

8. Independent Expert's Report

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Appendix 4: Context to the report

Individual circumstances

We have evaluated the Proposed Transaction for Non-Associated Unitholders as a whole and have not considered the effect of the Proposed Transaction on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Transaction is fair and reasonable and therefore in the best interests of Non-Associated Unitholders. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

Limitations, qualifications, declarations and consents

Our opinion is based on the prevailing economic, market and other conditions as at the date of this report. Such conditions can change significantly over relatively short periods of time. Many uncertainties remain as to the effect the COVID-19 pandemic will have on IAP and the Manager and the broader domestic and global economy. Our work relies, in part, on publicly available information, management projections and other information provided by management in relation to the effect COVID-19 could have on IAP or the Manager. Given the evolving nature of the COVID-19 crisis, it is likely that our work has not fully identified or quantified the impact of the COVID-19. Recognising all of these factors, our work and therefore our opinion may be more susceptible to change than would normally be the case.

The report has been prepared at the request of the Independent Directors of IPL as RE of IAP and is to be included in the Explanatory Memorandum to be given to Unitholders for approval of the Proposed Transaction. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Explanatory Memorandum in their assessment of the Proposed Transaction outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Non-Associated Unitholders, IPL and IAP, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Transaction.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Proposed Transaction is fair and reasonable in relation to Chapter 10 of the ASX Listing Rules and the JSE Listing Requirements (specifically Section 10 and Schedule 5).

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by IPL and its officers, employees, agents or advisors (as set out below in 'Sources of Information'). Deloitte does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us.

Drafts of our report were issued to executives of the Manager and the directors of IPL for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by IPL and its officers, employees, agents or advisors, IPL has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which IPL may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by IPL and its officers, employees, agents or advisors or the failure by IPL and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Transaction.

To the extent that this report refers to prospective financial information, we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte Corporate Finance's consideration of this information consisted of enquiries of executives of the Manager and the Independent Directors of IPL and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information for IAP and/or the Manager included in this report has been prepared on a reasonable basis in accordance with ASIC Regulatory Guide 111. In relation to the prospective financial information, actual results may be different from the prospective financial information of IAP and/or the Manager referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership, Deloitte Touche Tohmatsu. The authorized representative of Deloitte Corporate Finance principally involved in the preparation of this report was Tapan Parekh, Partner, M.Com, B.Bus, F.Fin, CA (BV Specialist). Tapan has many years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 225 George Street, Sydney, NSW, 2000 acknowledges that:

- IPL proposes to issue a disclosure document in respect of the Proposed Transaction (the Explanatory Memorandum)
- the Explanatory Memorandum will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Explanatory Memorandum for review
- it is named in the Explanatory Memorandum as the 'independent expert' and the Explanatory Memorandum includes its independent expert's report in Section 8.

On the basis that the Explanatory Memorandum is consistent in all material respects with the draft Explanatory Memorandum received, Deloitte Corporate Finance Pty Limited consents to it being named in the Explanatory Memorandum in the form and context in which it is so named, to the inclusion of its independent expert's report in Section 8 of the Explanatory Memorandum and to all references to its independent expert's report in the form and context in which they are included, whether the Explanatory Memorandum is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Explanatory Memorandum and takes no responsibility for any part of the Explanatory Memorandum, other than any references to its name and the independent expert's report as included in Section 8.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- draft copies of the Explanatory Memorandum
- the Project Clifton – Key Transaction Terms, which included a high-level summary of the draft Implementation Deed between IPL and Investec, dated 17 July 2020
- IAP Amending Management Agreement dated 23 July 2018
- IAP Product Disclosure Statement dated 3 May 2019
- audited financial statements of IAP

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- FY21 forecast cash flow information in respect of the Fund, the Manager and the Proposed Transaction prepared by the Manager
- Various documents relating to the TAP Fund, including the Private Placement Memorandum dated 16 March 2020, Shareholders Agreement dated 19 December 2019, TAP Fee Memo dated 18 August 2020, Deed of Undertaking dated 2 October 2020, June 2020 management accounts and summary presentation on TAP Fund
- IAP fair value assessment on the updated value of the IAP property portfolio (September 2020)
- publicly available information on comparable companies and market transactions published by ASIC, Thomson Research, S&P Global and Mergermarket
- other publicly available information, media releases and broker reports on IAP and the property sector.

In addition, we had discussions with members of the Independent Board Committee (and their advisors), and executives of the Manager in relation to the above information, the current operations and prospects of the Manager and the Fund, and the Proposed Transaction.

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In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 6,000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit Deloitte's web site at www.deloitte.com.au.

9

Taxation information for Unitholders

9. Taxation information for Unitholders

9.1. Australian tax consequences

The taxation summary addresses the Australian tax consequences for Unitholders if the Proposal is implemented.

The taxation summary provided is of a general nature and should not be relied upon by a Unitholder as specific Australian taxation advice. It does not purport to be a complete analysis of the potential tax consequences of the Proposal and is intended as a general guide to the Australian income tax, GST and stamp duty implications. Unitholders should obtain and rely on their own independent professional advice about the consequences of acquiring, holding and disposing of Stapled Securities having regard to their own circumstances.

The following information is for Australian resident individuals, complying superannuation entities, trusts and corporate Unitholders that hold their Stapled Securities on capital account. These comments do not apply to all categories of Unitholders (such as partnerships), Unitholders that hold Stapled Securities as trading stock or on revenue account, Unitholders who are exempt from Australian income tax or Unitholders subject to the Taxation of Financial Arrangements regime in Division 230 of the Income Tax Assessment Act 1997 (Cth) which have made elections for the fair value or reliance on financial reports methodologies. Limited comments in respect of the Australian tax implications for South African and other foreign resident Unitholders are provided below.

The following tax comments are based on the tax law in Australia in force as at the date of this Document. Other than as expressly discussed or specified, the comments do not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time. The comments in this Section 9.1 also do not take into account tax legislation of any country other than Australia.

9.1.1. Tax implications of the Proposal

To implement the Proposal as set out in Section 2.2 of this Document, IAPF I will make a capital Distribution (in cash) to holders of IAPF I Units, with such Distribution being mandatorily applied by holders of IAPF I Units to subscribe for new IAPF II Units.

There should be no adverse Australian tax implications that arise as a result of the reallocation of capital between IAPF I and IAPF II.

For CGT purposes, the cost base of the IAPF I Units and IAPF II Units is generally the money paid to acquire the IAPF I Units or IAPF II Units (as applicable).

Broadly, the cost base of the IAPF I Units will decrease by the amount of capital Distribution made to holders of IAPF I Units. When the capital Distribution is subsequently applied to the units of IAPF II, the cost base of the IAPF II Units will equal the amount of the capital Distribution.

Following the Proposal, Unitholders will hold IAPF I Units and IAPF II Units. Each IAPF I Unit and IAPF II Unit is a separate CGT asset under Australian income tax legislation. The IAPF I Units should be taken to have been acquired when they were originally issued, while the IAPF II Units should be taken to have been acquired at the time of the Stapling.

9.1.2. Tax status of the IAPF Group

9.1.2.1. IAPF I

IAPF I is an Australian tax resident trust for tax purposes. IAPF I currently qualifies as a MIT and a withholding MIT and has made a choice to be an AMIT for Australian taxation purposes. The AMIT Regime provides greater certainty on the application of the tax provisions for both Unitholders and IAPF I. Under the AMIT Regime, IAPF I is a flow through entity and Unitholders will be attributed the tax components of IAPF I (including its assessable income, exempt income, non-assessable, non-exempt income and tax offsets) of an income year regardless of whether IAPF I makes a Distribution of income or capital.

The Proposal should not change the tax profile of IAPF I as an AMIT.

9.1.2.2. IAPF II

IAPF II is expected to qualify as an Australian public trading trust under Division 6C of the Income Tax Assessment Act 1936 (Cth). As a public trading trust, IAPF II will be treated as a company for taxation purposes and Unitholders will be distributed dividends on a "post-tax" basis. IAPF II intends to make an election to be the head company of an Australian income tax consolidated group including it and all its wholly owned subsidiaries.

9.1.3. Taxation of the IAPF Group

Following the implementation of the Proposal, Unitholders may in future receive AMIT Distributions and/or dividends from the IAPF Group.

9. Taxation information for Unitholders

9.1.3.1. IAPF I

The Responsible Entity of IAPF I should not generally be subject to tax in respect of Australian income and capital gains derived provided the Unitholders are attributed all of the net income of IAPF I for each income year, and provided that IAPF I carries on only eligible passive investment business, being investment in land for the purposes of deriving rent. IAPF I currently carries on only eligible investment business and it is intended that IAPF I will continue to only carry on eligible investment business.

9.1.3.2. IAPF II

The Responsible Entity of IAPF II should be subject to tax in respect of the Australian income and capital gains of its Australian income tax consolidated group at the corporate tax rate of 30%. Corporate tax paid by IAPF II will generate franking credits, which should be available to distribute to Australian resident Unitholders by way of franked dividends. Refer to Sections 9.1.4 and 9.1.5 of this Document for Unitholder implications.

9.1.4. Australian resident Unitholders

9.1.4.1. IAPF I

Taxation of attributed amounts

IAPF I will attribute its tax components (including its assessable income, exempt income, non-assessable, non-exempt income and tax offsets) of an income year to Unitholders on a fair and reasonable basis under the AMIT rules. The attribution will be based on the Unitholders' rights to the income and capital in IAPF I. Unitholders will be attributed tax components that may include interest, capital gains and income from IAPF I's interest in real property, securities and cash.

After the end of each income year, the Responsible Entity will provide Unitholders with an AMIT member annual statement outlining the tax components attributed to them. The tax components of income and capital retain their character in the Unitholder's hands. Unitholders will include the tax components attributed to them (as advised in the AMIT member annual statement) in calculating their taxable income and tax offsets for the year. The tax implications for Unitholders will depend upon the tax character of the tax components attributed to them. If IAPF I incurs a tax loss, the tax loss cannot be passed on to Unitholders for income tax purposes. The tax loss may be able to be carried forward by IAPF I and offset against assessable income derived by IAPF I in later income years, subject to IAPF I satisfying further requirements.

IAPF I holds an investment in New Zealand, returns in respect of which are subject to New Zealand income tax. The AMIT member annual statement may include New Zealand sourced income and associated New Zealand tax suffered by IAPF I in respect of which a Unitholder may be entitled to a foreign income tax offset. Unitholders will need to consider the availability of such an offset having regard to their own tax affairs.

Unders and overs

Where IAPF I discovers an under estimate or over estimate of a tax component relating to a previous year, the AMIT Regime allows the Responsible Entity to attribute the tax consequence to either the relevant previous year, or the year of discovery. Consequently, a Unitholder may be attributed a tax component related to an under estimate or over estimate of the tax component of a previous year. The Responsible Entity will consider the facts and circumstances in determining whether to correct an under or over estimation in the discovery year or in the year to which the under or over estimation relates.

Capital gains of IAPF I

Broadly, where IAPF I disposes of an asset it has held for more than 12 months it may be eligible for discount CGT concessions. The taxable capital gain will subsequently be attributable to Unitholders.

Unitholders may be required to gross up the net capital gain (i.e. add back the CGT discount amount, if any). Unitholders may then apply capital losses to reduce the grossed up capital gain. Where a Unitholder is an eligible investor, such as an Australian resident individual, trustee or complying Australian superannuation fund, the Unitholder may be entitled to apply the CGT discount to arrive at their net capital gain. The CGT discount is a 50% reduction in the assessable amount of a capital gain for an Australian resident individual or trust, and a one third reduction of a capital gain for an Australian tax resident complying superannuation fund. The concession is not available to corporate investors and non-resident Unitholders.

The capital gain will be identified in the AMIT member annual statement to ensure that Unitholders can calculate their net capital gain position.

On 8 May 2018, the Australian Government announced an integrity measure to prevent MITs and AMITs from applying the CGT discount at the trust level. The measure is intended to prevent beneficiaries not entitled to the CGT discount from indirectly accessing the CGT discount, but will still enable MITs and AMITs to distribute the capital gain that can be discounted in the hands of the unitholder. We note that this integrity measure is yet to be implemented as at the date of this Document.

Cost base adjustments

IAPF I has a semi-annual Distribution period and will distribute income semi-annually. The amount of the cash Distribution may be greater than, or less than, the taxable income attributed to a Unitholder.

Broadly, under the AMIT rules, the cost base of the IAPF I Units will be increased by any amounts attributed to investors and the cost base will be reduced by any actual non-taxable income payments received (or which the Unitholder is entitled to receive) and tax offset amounts attributed to Unitholders. These amounts are netted off resulting in either an increase or decrease in cost base. The Responsible Entity will reflect any net increase or decrease in the cost base of the IAPF I Units in the AMIT member annual statement issued to the Unitholder. Where a Unitholder's cost base in the IAPF I Units is reduced to nil, any further net decreases to the cost base will result in a capital gain equal to that excess.

9.1.4.2. IAPF II

Taxation of Distributions

If dividends are paid in respect of IAPF II, Australian resident Unitholders will be required to include the amount of any dividends distributed in their assessable income upon payment.

Unitholders may be required to gross up dividends included in their assessable income for any attached franking credits and may be entitled to a tax offset equal to the franking credit. Excess franking credits (where franking offsets exceed income tax payable) may give rise to a tax refund for a Unitholder.

To be eligible for a tax offset in respect of franked dividends received, an Australian resident Unitholder must be a "qualified person". Broadly, a Unitholder will be a "qualified person", where the units are held 'at risk' for a continuous period of at least 45 days during the qualification period. Where this requirement is satisfied, the Unitholder may be eligible for the tax offset or may be required to gross up the dividend to include the attached franking credit in their assessable income.

Unitholders should obtain and rely on their own independent professional advice based on their specific circumstances.

Capital gains

We understand that the Properties held by IAPF II will be held on revenue account. Accordingly, where underlying Properties held by IAPF II are disposed of, a capital gain should not arise as all gains derived by IAPF II will be on revenue account. The Distribution of any gains by IAPF II will take place by way of dividend, subject to the tax treatment outlined above.

9.1.4.3. IAPF Group

Disposal of Stapled Securities

Australian tax resident Unitholders who hold their Stapled Securities on capital account will be required to consider the impact of the Australian CGT provisions in respect of the disposal of their Stapled Securities. Following the Stapling, the IAPF I Units and IAPF II Units will not be able to be disposed of separately.

However, as noted above in Section 9.1.1 of this Document, each IAPF I Unit and IAPF II Unit are separate CGT assets under Australian income tax legislation. As such, the CGT provisions must be considered in respect of the disposal of both the IAPF I Units and IAPF II Units separately.

Where the capital proceeds received on disposal of the Stapled Securities exceed the CGT cost base of those Stapled Securities, Australian tax resident Unitholders will be required to recognise a capital gain. The capital proceeds must be reasonably apportioned between the IAPF I Units and IAPF II Units.

The CGT cost base of the Stapled Securities should generally be equal to the issue price or acquisition price of the Stapled Securities plus, among other things, incidental costs associated with the acquisition and disposal of the Stapled Securities. In respect of the CGT cost base of the Stapled Securities, this amount will also need to reflect the AMIT cost base adjustments described above, together with tax deferred Distributions.

As outlined in Section 9.1.1 of this Document, the CGT cost base of the IAPF I Units will be reduced by the return of capital that is mandatorily applied towards the cost base of the IAPF II Units to implement the Stapling.

Eligible Australian-resident Unitholders may also be entitled to the discount capital gain concessions where the Stapled Securities have been held for more than 12 months.

Australian tax resident Unitholders may recognise a capital loss on the disposal of Stapled Securities where the capital proceeds received on disposal are less than the reduced CGT cost base of the Stapled Securities.

9. Taxation information for Unitholders

A buyer of Stapled Securities may be required in certain circumstances to withhold up to 12.5% of (broadly) the purchase price of Stapled Securities and remit the amount to the Australian Taxation Office. This would generally only apply in circumstances where the transaction is not on an approved stock exchange or otherwise conducted using a broker-operated crossing system that falls within the market integrity rules as defined under section 798G of the Corporations Act (as described at Section 9.1.6 of this Document).

Quoting a TFN, TFN exemption or ABN

Collection of a Unitholder's TFN is authorised and its use and disclosure strictly regulated by the tax laws and the Privacy Act. Unitholders may quote a TFN or claim a TFN exemption in relation to their investment in IAPF. Unitholders may quote an ABN instead of a TFN if they are making this investment in the course of an enterprise carried out by them.

If a Unitholder chooses not to quote a TFN, TFN exemption or ABN, the Responsible Entity may be required to deduct tax from that Unitholder's income Distribution or unfranked dividend at the highest marginal tax rate plus Medicare levy.

9.1.5. Non-resident Unitholders

The following comments are general in nature. Non-resident Unitholders should seek independent tax advice before investing, taking into account their particular circumstances including whether they may be eligible for any concessions under a relevant double tax agreement between Australia and their country of residence.

9.1.5.1. IAPF I

Non-resident Unitholders may be subject to withholding tax on amounts distributed or attributed to them by IAPF I. The withholding tax rate depends on the character of the income distributed or attributed, and the residency of Unitholders. IAPF I currently qualifies as a withholding MIT and has elected to be treated as an AMIT. The Responsible Entity will monitor the requirements with the aim that IAPF I continues to qualify as a withholding tax MIT and an AMIT.

Withholding tax on income

The Responsible Entity is required to withhold tax on a non-resident Unitholder's behalf in respect of any Australian taxable income distributed or attributed by IAPF. The tax required to be withheld will be deducted out of Distributions payable to the non-resident Unitholder.

Where the Distribution or attribution of income by IAPF I includes Australian sourced interest or net rental income from certain clean buildings, a final withholding tax of 10% will apply to these components. A concessional final withholding tax rate of 15% will apply to Distributions or attributions of fund payments (which qualify as concessional MIT income) to South African investors and other Unitholders that are tax residents in certain countries approved as exchange of information countries. A fund payment is a Distribution or attribution of a taxable amount other than amounts referable to interest, dividends, royalties, non-taxable Australian real property capital gains or amounts that are not from an Australian source.

A final withholding tax rate of 30% will apply to fund payments attributed or distributed to Unitholders that are not resident of exchange of information countries or are fund payments of non-concessional MIT income derived by IAPF I. The withholding tax is final. This means that the withholding tax is deducted from the relevant component of the Unitholder's Distribution or IAPF I attribution and the Unitholder is not required to lodge an Australian tax return in respect of this component. Further, expenses incurred in connection with deriving this income cannot be claimed as a deduction against this income in Australia.

IAPF I may also derive capital gains in respect of which the CGT discount has been applied. In calculating the withholding tax on income distributed or attributed to Unitholders, IAPF will be required to gross up the capital gain (i.e. remove the effect of the discount).

Currently, IAPF I also derives New Zealand source income and IAPF is taxed on this New Zealand source income at the corporate tax rate in New Zealand (currently 28%). Amounts of such income distributed or attributed to non-resident Unitholders are not fund payments as described above and should not be subject to Australian tax or Australian withholding tax.

9.1.5.2. IAPF II

Tax on income

As IAPF II is taxed as a company, tax will be payable by IAPF II at the corporate tax rate of 30%. As such, Distributions to Unitholders will be deemed dividends.

Where IAPF II pays unfranked dividends to a foreign resident, the unfranked component of those payments will be subject to a final withholding tax, which is typically 30%. However, the withholding tax rate may be reduced by the relevant double tax agreement between the Unitholder's country of residence and Australia. The Responsible Entity of IAPF II is responsible for withholding tax on unfranked dividends. Unfranked dividends paid to South African tax resident Unitholders should be subject to a reduced dividend withholding tax rate of 15% (or 5% where the Unitholder is a company and holds at least 10% of the voting power in IAPF II).

Alternatively, where IAPF II distributes fully franked dividends, such dividends will not be subject to dividend withholding tax.

9.1.5.3. IAPF Group

Disposal of Stapled Securities

South African and other non-Australian tax resident Unitholders who hold Stapled Securities in the IAPF Group on capital account will not be subject to Australian CGT on the disposal of Stapled Securities unless the Unitholder, together with associates, has a unitholding of at least 10% of all the issued Stapled Securities (non-portfolio interest) at the time of disposal, or throughout a continuous period of 12 months within the two years before the disposal and at the time of disposal, more than 50% of the market value of the assets of IAPF I and IAPF II are represented (directly or indirectly) by real property interests in Australia.

As the IAPF I Units and IAPF II Units are separate CGT assets, the underlying assets of IAPF I and IAPF II should also be assessed separately upon disposal to determine whether more than 50% of the market value is attributable to Australian real property interests.

South African and other non-Australian tax resident Unitholders are not entitled to discount capital gains in respect of the disposal of Stapled Securities.

South African and other non-Australian tax resident Unitholders who have a non-portfolio interest together with their associates in the circumstances described above should seek specific Australian tax advice. Such Unitholders that have previously been Australian tax residents should also seek specific Australian tax advice.

9.1.6. Foreign resident capital gains withholding tax

Specific provisions also require a buyer of units in land rich Australian unit trusts (together with other direct or indirect interests in Australian real property assets) to withhold and remit to the Australian Taxation Office an amount equal to 12.5% of (broadly) the purchase price of the units, for Australian CGT purposes.

This withholding does not apply to Unitholders subscribing for new IAPF II Units under the Stapling, or transactions on an approved stock exchange (including the buying and selling of Stapled Securities on the JSE and the ASX) or conducted using a broker-operated crossing system that falls within the market integrity rules as defined under section 798G of the Corporations Act. However, where a transaction which is not on either exchange is contemplated (i.e. an off market transaction), it is recommended that Unitholders and potential buyers of Stapled Securities obtain specific taxation advice in respect of the application of the provisions to their own specific circumstances.

9.1.7. Stamp duty

No Australian duty should be payable by the Unitholders on the issue of IAPF II Units pursuant to the Proposal, nor on any subsequent disposal of those IAPF II Units. There should be no duty implications relating to the Stapling.

9.1.8. GST

The acquisition or disposal of Stapled Securities will generally be financial supplies and as such, no GST should be payable on these transactions.

The ability for recovery of input tax credits on related costs may be restricted and as such, any Unitholder that is registered or required to be registered for GST should seek independent tax advice regarding their GST position.

9.2. South African tax consequences

Preliminary

The following taxation summary only addresses the South African tax consequences to South African resident Unitholders in respect of Distributions received from the IAPF Group.

The taxation summary provided is of a general nature and should not be relied upon by a Unitholder as specific South African taxation advice. It does not purport to be a complete analysis of the potential South African tax consequences to Unitholders upon receipt of Distributions from the IAPF Group. Unitholders should obtain and rely on their own independent professional advice about the consequences of acquiring, holding and disposing of Units having regard to their own circumstances.

The following tax comments are based on the tax law in South Africa in force as at the date of this Document. Other than as expressly discussed or specified, the comments do not take into account or anticipate changes in South African tax law or future judicial interpretations of law after this time. The comments in this Section 9.2 also do not take into account tax legislation of any country other than South Africa.

9. Taxation information for Unitholders

9.2.1. Tax implications of the Proposal

To implement the Proposal as set out in this Document, IAPF I will make a capital Distribution (in cash) to existing holders of IAPF I Units, with such Distribution being mandatorily applied by existing holders of IAPF I Units to subscribe for IAPF II Units.

On the basis that the capital Distribution to IAPF I's South African Unitholders is made from the initial capital invested by IAPF I's South African Unitholders, there should be no adverse South African tax implications that arise as a result of the reallocation of capital between IAPF I and IAPF II.

For South African CGT purposes, the cost base of the IAPF I Units and IAPF II Units is generally the amount paid to acquire the respective IAPF I Units or IAPF II Units. With regard to the Proposal, the cost base of the IAPF I Units will decrease by the amount of the capital Distribution made to existing holders of IAPF I Units. When the capital Distribution is subsequently applied to the IAPF II Units, the cost base of the IAPF II Units will equal the amount of the capital Distribution.

Following the Proposal, each Unitholder will hold an IAPF I Unit and an IAPF II Unit. Each IAPF I Unit and IAPF II Unit is a separate CGT asset for South African income tax purposes. The IAPF I Units should be taken to have been acquired when they were originally issued, while the IAPF II Units should be taken to have been acquired at the time of subscription.

9.2.2. IAPF I

As IAPF I is registered in accordance with section 65 of the CIS Act, i.e. as a foreign trust soliciting investments in South Africa, it will constitute a non-resident trust for South African income tax purposes.

South African income tax considerations in respect of Distributions

For South African income tax purposes, Distributions made by IAPF I will comprise income received by the trustee of IAPF I and vested in the trust beneficiaries (i.e. the South African Unitholders).

When the income of IAPF I (i.e. net rental income, interest income and capital gains) is distributed to South African Unitholders, the income will retain its nature for the South African Unitholders. Dependent on the underlying nature of the income constituting the Distribution from IAPF I, there may be exemptions available in respect of certain income streams available for the South African Unitholders.

The nature of Distributions of any income retained by IAPF I in prior years and subsequently distributed may also be treated as gross income, with reference to the underlying nature of the income making up the Distribution.

The income streams making up the Distributions for South African income tax purposes will be identified in the annual Distribution statements to ensure that Unitholders can calculate their taxable income position.

Capital gains of IAPF I

Any capital gain vested and received by a South African Unitholder from IAPF I will retain its nature. A South African Unitholder's capital gain will be calculated as the difference between the proceeds received or accrued and the base cost of the asset disposed of by IAPF I.

Essentially, where a Distribution is a return of capital in IAPF I, the base cost of the Stapled Securities must be reduced by the amount received for South African income tax purposes.

Where the IAPF I South African Unitholder is a company or a trust the inclusion rate is 80% of the Unitholder's regular tax rate. Hence, a company is subject to CGT in South Africa at an effective rate of 22.4% (i.e. 28% x 80%) and a trust at an effective rate of 36% (i.e. 45% x 80%) on the net aggregate capital gains realised on the disposal of capital assets during any year of assessment.

Where the IAPF I South African Unitholder is a natural person the inclusion rate is 40% of the Unitholder's regular tax rate. Hence, a natural person at the maximum marginal tax rate of 45% is subject to CGT in South Africa at an effective maximum rate of 18% on the net aggregate capital gains realised on the disposal of capital assets during any year of assessment.

The capital gain will be identified in the annual Distribution statements to ensure that Unitholders can calculate their net capital gain position.

9.2.3. IAPF II future Distributions

IAPF II is established as a trust and is exempt from registration in accordance with section 65 of the CIS Act

South African income tax considerations

Any Distributions made to South African Unitholders by IAPF II will be treated as foreign dividends for South African income tax purposes. Irrespective of the nature of the South African Unitholder, a foreign dividend is to be included in the South African Unitholders' gross income for South African income tax purposes. The amount to be included in the South African Unitholders' gross income is the gross amount of the foreign dividend before the deduction of any foreign tax liability, for example any dividend withholding tax.

The South African Unitholders may be able to claim an exemption from income tax on receipt of the foreign dividend, either in full or partial. As IAPF II will be dual-listed on the JSE, cash Distributions from IAPF II will be exempt from income tax in the hands of the South African Unitholders.

South African dividends tax considerations

Dividends tax may be levied in respect of cash Distributions paid to South African Unitholders at a rate of 20%, and the following South African Unitholders may be entitled to an exemption:

- Corporate South African Unitholders (i.e. South African companies and South African listed REITs) are entitled to a full exemption on cash dividends paid by a dual listed foreign company; and
- Non-corporate South African Unitholders (i.e. South African individuals and South African trusts) are not entitled to an exemption. IAPF II will be required to withhold dividends tax at a rate of 20% and remit this amount to SARS, on behalf of the South African Unitholder.

IAPF II is subsequently registered in accordance with section 65 of the CIS Act

On 25 September 2020, IAPF II applied to be registered as a foreign trust soliciting investments in South Africa. Upon registration, IAPF II will constitute a non-resident trust for South African income tax purposes.

South African income tax implications on change in registration status

As there is no change in the South African Unitholder or the South African Unitholder's rights, there should be no South African tax implications on change of registration status.

South African income tax considerations in respect of Distributions

For South African income tax purposes, Distributions made by IAPF II will comprise income received by the trustee of IAPF II and vested in the trust beneficiaries (i.e. the South African Unitholders).

When the income of IAPF II (i.e. net management income, interest or dividends) vests (on Distribution) to South African Unitholders, the income will comprise gross income and retain its nature for the South African Unitholders. Dependent on the underlying nature of the income constituting the Distribution from IAPF II, there may be exemptions available in respect of certain income streams available for the South African Unitholders.

The nature of Distributions of income retained by IAPF II in prior years and subsequently distributed of IAPF II may also be treated as gross income, with reference to the underlying nature of the income making up the Distribution.

The income streams making up the Distributions for South African income tax purposes will be identified in the annual Distribution statements to ensure that Unitholders can calculate their taxable income position.

Capital gains of IAPF II

Any capital gain vested and received by the South African Unitholder from IAPF II will retain its nature. The South African Unitholder's capital gain will be calculated as the difference between the proceeds received or accrued and the base cost of the asset disposed of by IAPF II.

Where the IAPF II South African Unitholder is a company or a trust the inclusion rate is 80% of the Unitholder's regular tax rate. Hence, a company is subject to CGT in South Africa at an effective rate of 22.4% (i.e. 28% x 80%) and a trust at an effective rate of 36% (i.e. 45% x 80%) on the net aggregate capital gains realised on the disposal of capital assets during any year of assessment.

9. Taxation information for Unitholders

Where the IAPF II South African Unitholder is a natural person the inclusion rate is 40% of the Unitholder's regular tax rate. Hence, a natural person at the maximum marginal tax rate of 45% is subject to CGT in South Africa at an effective maximum rate of 18% on the net aggregate capital gains realised on the disposal of capital assets during any year of assessment.

The capital gain will be identified in the annual Distribution to ensure that Unitholders can calculate their net capital gain position.

9.2.4. Disposal of IAPF I Units and IAPF II Units by South African Unitholders

South African Unitholders who hold their IAPF I Units and IAPF II Units on capital account will be required to consider the impact of the South African CGT provisions in respect of the disposal of their IAPF I Units and IAPF II Units.

Where the capital proceeds received on disposal of the Stapled Securities exceed the base cost (noted above) of those Units, South African Unitholders will be required to recognise a capital gain.

Please refer to the capital gains tax implications in Section 9.2.3 of this Document above applicable to each type of South African Unitholder.

9.2.5. South African FTC provisions

By virtue of the application of the general FTC provision, all the South African Unitholders (other than a South African Unitholder which is a REIT, as defined for South African income tax purposes) should be entitled to claim a rebate in respect of qualifying foreign tax payable in respect of the Distribution, as a tax credit when determining their respective liabilities for South African income tax. The allowable rebate is, however, limited to the lesser of:

- the sum of the qualifying foreign taxes; or
- an amount determined in accordance with the following limitation formula:

$$\frac{\text{Taxable income derived from all foreign sources}}{\text{Taxable income derived from all sources}} \times \text{Normal tax payable in South Africa on taxable income derived from all sources}$$

Any balance of excess foreign taxes may be carried forward for seven years, calculated from the year of assessment in which the balance was carried forward for the first time.

The South African Unitholder which is a REIT, as defined for South African income tax purposes, are to claim qualifying foreign taxes as a deduction for the purposes of determining its taxable income. This deduction is limited to the amount of taxable income, in respect of which the qualifying foreign tax was paid, as is included in the taxable income of the REIT, before taking the deduction for qualifying Distributions into consideration.

South African resident taxpayers may elect, whether they apply for relief in terms of the above domestic FTC provision or an applicable double tax treaty. Where a resident elects the relief provided under a tax treaty, none of the provisions of the above domestic FTC provisions apply. Instead, relief is to be sought in accordance with the wording of the particular tax treaty.

The Double Taxation Agreement concluded between South Africa and Australia allows, as a rebate against a resident's liability for normal tax, all Australian taxes paid on items of income taxed in accordance with the Double Taxation Agreement. This deduction from South African normal tax is limited in accordance with the following formula:

$$\frac{\text{Taxable income liable to tax in Australia in accordance with the Double Taxation Agreement}}{\text{Taxable income derived from all sources}} \times \text{Normal tax payable in South Africa on taxable income derived from all sources}$$

IAPF I is a trust registered in accordance with section 65 of the CIS Act

As Distributions paid to South African Unitholders will retain their underlying character (subject to the application of the look through rules of the underlying investment vehicles), the flow through treatment should enable South African Unitholders to access a FTC for taxes IAPF I is liable to and paid in Australia and New Zealand and to offset this credit against their South African tax liability in respect of the Distributions received.

For Distributions where the South African Unitholder only becomes entitled to the Distribution in a financial year subsequent to the financial year in which the income or capital gain was earned in IAPF I, the South African Unitholder may not be able to claim a FTC.

IAPF II is established as a trust and is exempt from registration in accordance with section 65 of the CIS Act

As Distributions paid to South African Unitholders will be treated as foreign dividends, and may be subject to tax in South Africa at a rate of up to 20%, a FTC will only be available if there was Australian tax paid on the actual Distribution. Unfranked dividends that are subject to Australian dividend withholding tax will be able to access a FTC for the withholding tax paid. However, where a fully franked dividend (i.e. a dividend with credits attached to recognise the tax paid in Australia at 30% by IAPF II) is paid from IAPF II to South African unitholders the South African Unitholder will not be subject to any withholding tax on that Distribution in Australia and therefore ineligible for a FTC.

The income streams making up the Distributions for South African income tax purposes will be identified in the annual Distribution statements to ensure that Unitholders can calculate their taxable income position and their entitlement to a FTC.

IAPF II is established as a trust registered in accordance with section 65 of the CIS Act

As Distributions paid to South African Unitholders will retain their underlying character (subject to the application of the look through rules of the underlying investment vehicles), the flow through treatment should enable South African Unitholders to access a FTC for some or all of the taxes IAPF II is liable to and paid in Australia and to offset this credit against their South African tax liability in respect of the Distributions received. IAPF II will provide details of the taxes IAPF II is liable to and paid in Australia and for which South African Unitholders may be entitled to claim.

For Distributions where the South African Unitholder only becomes entitled to the Distribution in a financial year subsequent to the financial year in which the income or capital gain was earned in IAPF II, the South African Unitholder may not be able to claim a FTC.

The income streams making up the Distributions for South African income tax purposes will be identified in the annual Distribution statements to ensure that Unitholders can calculate their taxable income position and their entitlement to a FTC.

10

Fees and other costs

10. Fees and other costs

10.1. Consumer advisory warning

The Corporations Regulations require the Responsible Entity to include the following consumer advisory warning, which is standard across all collective investment products.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period

(for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower management costs. Ask IAPF or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

10.2. Fees and other costs

This Document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of IAPF as a whole.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Unless otherwise stated, all fees in this Section 10 are inclusive of non-recoverable GST, less a full input tax credit or reduced input tax credit, as applicable. For additional information in relation to the taxation implications of an investment in IAPF, please see Section 9 of this Document.

A schedule of fees and charges and maximum commissions is available from the Responsible Entity on request.

10. Fees and other costs

TABLE 1:

Type of fee or cost[1]	Amount	How and when paid
Fees when your money moves in or out of IAPF[2]		
Establishment fee		
The fee to open your investment	Not applicable	Not applicable
Contribution fee		
The fee on each amount contributed to your investment	Not applicable	Not applicable
Withdrawal fee		
The fee on each amount you take out of your investment	Not applicable	Not applicable
Exit fee		
The fee to close your investment	Not applicable	Not applicable
Management costs		
The fees and costs for managing your investment	**Waiver of Responsible Entity fee** The Responsible Entity is entitled to receive out of the assets of each of IAPF I and IAPF II an annual management fee of 0.025% pa of Enterprise Value (as defined in the Constitutions). However, the Responsible Entity has agreed to waive its right to receive this fee.	Not applicable
	Operating expenses The Responsible Entity will recover its costs in operating IAPF ("**Operating Expenses**"). This includes the Manager's fee for managing IAPF's investments, and other expenses such as custody and audit fees for operating IAPF and the Sub Trusts. The aggregate of the Operating Expenses of for the last financial year were approximately 0.73% pa of the NAV of IAPF, i.e. AUD 365.00 for every AUD 50,000 invested in Stapled Securities.[3]	Operating Expenses are reimbursed from the assets of IAPF as the Responsible Entity incurs them.
	Indirect costs The trustee of the trusts owned by IAPF do not charge any trustee or management fees or operating expenses to those trusts. The net amount of the asset management fees and property management fees paid to the Manager from the Sub Trusts not recovered from tenants is estimated to total 0.05% pa of the NAV of IAPF, i.e. AUD 25.00 for every AUD 50,000 invested.	To be paid from the assets of the relevant Sub Trust as incurred.
	Proposal costs[4] Estimated at AUD 6.7 million, being 0.84% of NAV of IAPF i.e. AUD 420.00 for every AUD 50,000 invested in Stapled Securities.	One-off expenditure incurred to implement the Proposal to be paid by the Responsible Entity and reimbursed from the assets of IAPF.
Service fees		
Switching fees		
The fee for changing investment options	Not applicable	Not applicable

1. Fees in Table 1 marked "Not applicable" are not applicable because, amongst other reasons, such fees are not charged by the Responsible Entity.
2. References to IAPF are to the group formed as a result of the Stapling of IAPF I Units to IAPF II Units as described in this Document.
3. From the time of implementation of the Proposal, Operating Expenses are expected to be approximately 1.18% of the NAV of IAPF, i.e. AUD 590.00 for every AUD 50,000 invested in Stapled Securities. The table above shows the Operating Expenses for the last financial year, as required by the Corporations Regulations 2001 (Cth).
4. This includes an amount payable to an advisor (see Section 10.5 of this Document).

10.3. Example of annual fees and costs

Tables 2 and 3 give examples of how the fees and costs in relation to IAPF can affect your investment. Table 2 applies the figures for fees and costs shown in Table 1, as required by the Corporations Regulations 2001 (Cth). Table 3 shows the expected fees and costs over the next following financial year. These examples are illustrative only. You should use these tables to compare this product with other managed investment products.

TABLE 2: FEES AND COSTS BASED ON LAST FINANCIAL YEAR

Example	Amount	Balance of AUD 50,000
Contribution fee	Nil	Nil
PLUS management costs		For every AUD 50,000 you have in IAPF, you will be charged the following amounts in the first year:
Manager's fees	0.57% pa of NAV	AUD 285.00
Operating expenses of IAPF	Estimated at 0.16% pa of NAV	Estimated at AUD 80.00
Indirect costs	Estimated at 0.05% pa of NAV	Estimated at AUD 25.00
Proposal costs	Estimated at 0.84% pa of NAV	Estimated at AUD 420.00
EQUALS cost of IAPF	Estimated to be a total of 1.62% pa of NAV	If you had an investment of AUD 50,000 at the beginning of the year, you would be charged fees of: **AUD 810.00**[5]

TABLE 3: FEES AND COSTS ESTIMATED FOR THE FINANCIAL YEAR ENDING ON 31 MARCH 2021

Example	Amount	Balance of AUD 50,000
Contribution fee	Nil	Nil
PLUS management costs		For every AUD 50,000 you have in IAPF, you will be charged the following amounts in the second year:
Manager's fees	0.57% pa of NAV	AUD 285.00
Operating expenses of IAPF	Estimated at 0.61% of NAV	Estimated at AUD 305.00
Indirect costs	Estimated at 0.05% of NAV	Estimated at AUD 25.00
EQUALS cost of IAPF		If you had an investment of AUD 50,000 at the beginning of the year, you would be charged: **AUD 615.00**[6]

5. Additional fees may apply.
6. Additional fees may apply.

10. Fees and other costs

10.4. Additional explanation of fees and costs

10.4.1. Responsible Entity's fee

Under the IAPF I Constitution, the Responsible Entity is entitled to receive out of IAPF an annual management fee of 0.025% per annum of Enterprise Value. The Responsible Entity has waived this right, and does not charge this fee. The waiver is conditional on the Responsible Entity or a related body corporate being a responsible entity of IAPF. The IAPF II Constitution allows for the same fee from that trust if the responsible entity of IAPF II ceases to be owned by the IAPF Group.

10.4.2. Operating expenses of IAPF

The Operating Expenses include fees and expenses paid to the Custodian as well as other costs and expenses payable by or reimbursable to the Responsible Entity out of IAPF.

They also include the asset management fee, property management fee and leasing fees payable to the Manager under the Management Agreement (as described in Section 11.9 of this Document) to the extent they are not recovered from tenants. The amounts for operating expenses shown in the tables above represent the aggregate of expenses for IAPF I and IAPF II considered together as a single economic entity.

With effect from implementation of the Proposal, the Management Agreement will be amended to reflect the fact that the Manager will no longer be owned by the Investec Group. Following implementation, but not before the end of FY21, the Responsible Entity intends to amend the fees payable under the Management Agreement to reflect usual practice within an internalised management structure (for example, fees payable on a cost recovery basis).

Under the Constitutions, the Responsible Entity is entitled to be reimbursed out of, or have paid from, the assets of IAPF all costs and liabilities incurred in the performance of its duties or the exercise of its powers, in the course of its office or in relation to the administration or management of IAPF to the extent those amounts are incurred in relation to the proper performance of its duties. This includes the costs of capital raising, listing on the ASX as well as the Responsible Entity's internal running, administration and operating costs attributable to its role as responsible entity of IAPF (such as overheads, internal staff costs, including travel costs, amounts payable to directors, compliance costs, computer systems etc).

10.4.3. Indirect costs

IAPF I holds most of its Properties through Sub Trusts. There are no trustee fees or management fees charged at the level of the Sub Trusts, but there are some basic operating expenses such as the cost of accounts and audit attributable to the relevant Sub Trust, which are included in the amount shown for indirect costs above. To the extent IAPF II will hold its assets through Sub Trusts, those indirect costs are also included.

10.4.4. Transactional and operational costs

These are costs incurred when buying or selling IAPF's assets, and include stamp duty. These costs are paid out of IAPF but are not included in the above figures for management costs. The Responsible Entity estimates the total amount of transactional and operational costs for IAPF to be 0.4% per annum of the average NAV of IAPF.

10.4.5. Proposal costs

These costs are one-off in nature and payable only during FY21. They have not been included in the estimate for management costs of IAPF in subsequent years.

10.5. Fees and costs associated with the Proposal

IAPF I will incur Transaction Costs (including legal, accounting and Independent Expert and investigating accountant costs) of approximately $6.7 million in connection with the Proposal if implemented (or approximately $6.4 million net of recovered GST). If the Proposal is not approved, IAPF I will incur approximately $4.8 million of Transaction Costs. The Transaction Costs are presented in the table below.

Details	Payable to	AUD ($m)[7]
Investment banking fee	Macquarie Capital (Australia) Limited	**0.8**
Investment banking fee	J.P. Morgan Securities Australia Limited	**0.8**
Independent Expert fee	Deloitte Corporate Finance Pty Limited	**0.2**
Sponsor fee	Investec Bank Limited	**0.1**
Accounting and taxation advice (South Africa and Australia)	KPMG	**1.7**
Legal fees (South Africa)	CDH	**0.1**
Legal fees (Australia)	KWM	**1.5**
JSE listing	JSE	**0.1**
ASX listing	ASX	**0.2**
Transfer secretaries (South Africa and Australia)	Computershare	**0.1**
Website, branding and other transitional costs		**0.5**
Sundry[8]		**0.3**
TOTAL		**6.4**

7. Figures in this table are net of recovered GST.
8. These include additional legal, typesetting and printing costs.

11

Summary of important documents

11. Summary of important documents

This Section 11 contains a summary of material contracts of the IAPF Group. These include:

- contracts entered into specifically in connection with the Proposal, or which will be entered into if the Proposal is implemented; and
- existing contracts which have been entered into by the Responsible Entity or its related entities on behalf of IAPF I (some of which may be modified if the Proposal is implemented).

The material contracts, including a brief description and the parties to the contract, are outlined in the following table.

Title	Date	Parties	Subject matter/description	Section reference
Proposal				
Implementation Deed	15 October 2020	Responsible Entity (as responsible entity of IAPF I and IAPF II), the Seller and Investec Australia	Sets out the terms under which the parties propose to implement the steps of the Proposal and the conditions that apply in implementing those steps	Section 11.1
Transitional Services Agreement	On or prior to implementation of the Proposal	Manager as trustee of IAMT and Investec Australia	Sets out the terms under which the Investec Group will provide transitional services to the Manager as trustee of IAMT if the Proposal is implemented	Section 11.2
Governance Deed Poll	On or prior to implementation of the Proposal	Responsible Entity	Gives effect to the Director nomination and appointment rights of the Unitholders described in Section 5.6.1 of this Document	Section 11.3
TAP Commitment Letter	On or prior to implementation of the Proposal	TAP Trustee, TAP GP and Manager as trustee of IAMT	Sets out the terms under which IAMT will provide the TAP Commitment to the TAP Head Trust	Section 11.4
Deeds of indemnity	On or prior to implementation of the Proposal	Seller and Responsible Entity Seller and Hold Trustee	Indemnities provided by the Seller in favour of the Responsible Entity and the Hold Trustee respectively in connection with litigation to which the indemnitee is party (but not as trustee or responsible entity of IAPF I or IAPF II)	Section 11.5
Deed of Retirement and Appointment – Point Cook Trust	On or prior to implementation of the Proposal	Hold Trustee, Investec Australia, IAPI and the Seller	Sets out the terms under which the Hold Trustee will retire as trustee of the Point Cook Trust, subject to certain conditions being satisfied	Section 11.6
Deed of Retirement and Appointment and Deed of Indemnity – Riverside Security Trust	On or prior to implementation of the Proposal	Hold Trustee, Investec Australia, Investec Australia Finance and Riverside Ridge (QLD) Pty Limited (in liquidation)	Sets out the terms under which the Hold Trustee will retire as trustee of the Riverside Security Trust, subject to the execution of documentation and the completion of certain procedural requirements relating to the transfer of the secured property	Section 11.6
Sale Facility Agreement	On or prior to implementation of the Proposal	Sale Nominee and Responsible Entity	Sets out the terms under which the Sale Nominee will administer the Sale Facility, under which Ineligible Foreign Unitholders will transfer their IAPF I Units and receive cash in lieu of Stapled Securities	Section 11.7
Structure of IAPF				
Constitutions of IAPF I and IAPF II	IAPF 1: 12 December 2012 (as amended) IAPF II: 3 September 2020 (as amended)	Responsible Entity	Constitutions of each of IAPF I and IAPF II which provides for the governance of IAPF I and IAPF II and Unitholders' rights	Section 11.8

11. Summary of important documents

Title	Date	Parties	Subject matter/description	Section reference
Management Agreement	1 August 2013 (as amended)	Responsible Entity and Manager	Sets out the terms under which the Manager performs certain investment management services, property management services and leasing services for IAPF I	Section 11.9
Compliance Plan of IAPF I and IAPF II	Adopted 2019 and 2020	Not applicable	Sets out the measures the Responsible Entity will apply in operating each of IAPF I and IAPF II to ensure compliance with the Corporations Act and their respective Constitutions	Section 11.10
Custody Agreement	2 April 2013, as amended	Responsible Entity and Custodian	Sets out the terms under which the Custodian will act as custodian of IAPF I and IAPF II	Section 11.11
Sponsor Agreement	24 October 2013, as amended	Responsible Entity and Sponsor	Sets out the terms under which the Sponsor will ensure the IAPF Group is guided and advised to meet the JSE Listings Requirements	Section 11.12
Service Level Agreement	On or prior to implementation of the Proposal	Responsible Entity and Manager as trustee of IAMT	Sets out the terms under which the Manager as trustee of IAMT will provide services to the Responsible Entity including operational services, accounting services and compliance and risk management services	Section 11.13
External Management Agreements				
TAP Investment Management Agreement	To be novated to the Manager if Proposal proceeds	TAP GP and the Manager as trustee of IAMT	Sets out the terms under which the Manager as trustee of IAMT will provide investment management services to the TAP Fund	Section 11.14
TAP Fee Letter – Metro Northcote Investment	To be novated to the Manager if Proposal proceeds	Investec Templewater No.2 Pty Limited as trustee of The TAP Metro Northcote Trust and the Manager as trustee of IAMT	Sets out the terms under which the Manager as trustee of IAMT will provide management services to the TAP Fund in respect of the Metro Northcote Investment	Section 11.14
PPI Investment Management Agreement	To be novated to the Manager if Proposal proceeds	IWPE Nominees Pty Limited as trustee of the PPI Trust and the Manager as trustee of IAMT	Sets out the terms under which the Manager will manage the TAP Fund's minority interest in the PPI Trust	Section 11.14
Investec Group Management Agreement	To be effective if Proposal proceeds	Investec Australia Finance, IAPI and the Manager as trustee of IAMT	Sets out the terms under which the Manager as trustee of IAMT will provide property management and asset management services in respect of the Point Cook Investment and the Investec Management Assets	Section 11.14
TAP Fee Letter – KPG1 Investment	To be novated to the Manager if Proposal proceeds	Investec Templewater No.1 Pty Limited as trustee for the TAP Head Trust and the Manager as trustee of IAMT	Sets out the terms under which the Manager as trustee of IAMT will provide management services to the TAP Fund in respect of the KPG1 Investment	Section 11.14

Title	Date	Parties	Subject matter/description	Section reference
Financing documentation				
Facility Agreement	20 December 2012, as amended	Westpac, ANZ, PGIM, Responsible Entity, Hold Trustee and others	Sets out the terms on which Westpac, ANZ and PGIM offer the Facility to IAPF I	Section 11.15
Joint Ownership Arrangements				
Joint Owners Agreement	10 October 2016	Sub Trustee and Abacus	Sets out the rights and obligations of Abacus and the Sub Trustee as joint owners of the Queen Street Property	Section 11.16

11.1. Implementation Deed

Implementation Deed	
Parties	The Responsible Entity as responsible entity of IAPF I and IAPF II, the Seller and Investec Australia.
Date	15 October 2020.
Purpose	The purpose of the Implementation Deed is to set out how the parties propose to implement the Proposal and the terms and conditions that apply in implementing those steps. To enable the Proposal to be implemented, the following transactions and key steps are contemplated by the Implementation Deed and include: • the stapling steps in order to effect the Stapling of IAPF I Units to IAPF II Units and the official quotation of the Stapled Securities on ASX and JSE; • the acquisition steps under which IAPF II acquires IAPH from the Seller; and • the restructure steps which are required to achieve the internalisation of IAPF I's management function, including in relation to the restructure of third party investments, allocations of liability and transfers of assets. These transactions and the key steps are outlined below. The Implementation Deed requires each party to take all necessary or desirable steps within its respective power and use its respective best endeavours to implement the Proposal on the terms and subject to the conditions of the Implementation Deed and any applicable law. The parties must also co-operate fully with each other and act in good faith in connection with the satisfaction of the steps and other requirements for which they are respectively responsible under the Implementation Deed.

11. Summary of important documents

Implementation Deed	
Conditions Precedent	The Conditions of the Proposal set out in the Implementation Deed are as follows: (a) **(Unitholder approval)** Unitholders approving the Resolution by the requisite majorities at the Meeting; (b) * **(Independent Expert)** the Independent Expert's Report concluding that the Proposal is fair and reasonable to, and in the best interests of, the non-associated Unitholders, and the Independent Expert not changing its conclusion or withdrawing its report prior to the Meeting; (c) **(regulatory approval)** all necessary regulatory approvals having been obtained on terms which are acceptable to the Responsible Entity or, where the approval is reasonably likely to have a materially adverse impact on the Investec Group, on terms which are acceptable to both the Responsible Entity and the Seller. The relevant regulatory approvals are outlined in Sections 12.4 to 12.7 of this Document, to JSE to dispense with certain requirements in relation to the JSE Listings Requirements and to SARB to allow determine whether the existing inward listing and equity raise approvals can be transferred to IAPF II; (d) **(no regulatory action)** as at 9.00am on the Implementation Date, there being no preliminary or final decision issued by a government agency and no application being made to any government agency, or action or investigation being announced, threatened or commenced by a government agency, which restrains, prohibits or otherwise materially adversely affects the implementation of the Proposal; (e) **(legal restraints)** as at 9.00am on the Implementation Date, no court issuing a final and non-appealable order or taking any other action which permanently restrains or prohibits the Proposal, or there being any other material legal restraint or prohibition preventing the implementation of the Proposal; (f) **(third party consents)** all other third party approvals which the parties agree are reasonably necessary to implement the Proposal being obtained on terms which are acceptable to the Responsible Entity or, where the approval is reasonably likely to have a materially adverse impact on the Investec Group, on terms which are acceptable to both the Responsible Entity and the Seller; (g) * **(employment arrangements)** Key Management executing the Management Employment Agreements; and (h) **(Restructure Steps)** the restructure steps specified in Schedule 2 of the Implementation Deed being completed in accordance with that schedule. The conditions with an "*" are for the benefit of, and may be waived by, the Responsible Entity only.
Recommendations and approvals	Each party must make all necessary applications to the relevant regulatory authorities in order to implement the Proposal. The Responsible Entity must: • convene the Meeting to approve the Proposal; and • prepare the Notice of Meeting and explanatory memorandum seeking approval for the Proposal, as well as the PDS and South African pre-listing statement ("**Securityholder Documents**") and take all steps required to despatch the Securityholder Documents to Unitholders. The Seller has provided the Responsible Entity with any information in relation to the Investec Group that is to be included in the Securityholder Documents and confirms that it is responsible for this information.

Implementation Deed	
	The Independent Directors may refuse to put the Proposal to Unitholders for approval, change or withdraw their recommendations, or announce their intention to vote against the Proposal or to abstain from voting on the Proposal: • if the Independent Expert does not conclude that the Proposal is fair and reasonable to, and in the best interests of, the non-associated Unitholders or withdraws its report; or • if the Independent Directors determine in good faith that a Competing Proposal constitutes a Superior Proposal. Subject to the Independent Directors not taking any of the actions outlined above, the Responsible Entity: • agrees to include in the Notice of Meeting a recommendation from the Independent Directors that Unitholders vote in favour of the Proposal; and • agrees to use its reasonable endeavours to include in the Notice of Meeting a statement that the Independent Directors will vote in favour of the Proposal any IAPF I Units they hold or control, or have the power to vote.
Termination rights	Either the Responsible Entity or the Seller may terminate the Implementation Deed in the following circumstances: • at any time immediately by written agreement between the parties; • at any time before the Meeting Date, if the Independent Directors decline to recommend, withdraw or adversely modify their recommendation of the Proposal in circumstances permitted under the deed; • if the Proposal is not approved by the requisite majorities at the Meeting; or • if any of the Conditions are not satisfied or waived by the dates specified in the Implementation Deed, including if the Condition to obtain regulatory approvals is not satisfied by the end date of 31 March 2021. The Responsible Entity may terminate the Implementation Deed in the following circumstances: • at any time if the Seller or Investec Australia is in material breach of the Implementation Deed which is not remedied by the earlier of 5 Business Days after it receives a notice setting out the breach or the scheduled time for completion; • at any time if the Seller is in breach of its no shop or no talk obligations; • at any time if the Seller, Investec Australia or any of IAPH or its subsidiaries becomes insolvent; or • at any time if a prescribed event set out in the Implementation Deed occurs, other than to the extent the Independent Directors directly caused the occurrence of the prescribed event. The Seller may terminate the Implementation Deed in the following circumstances: • at any time if the Responsible Entity is in material breach of the Implementation Deed which is not remedied by the earlier of 5 Business Days after the it receives a notice setting out the breach or the scheduled time for completion; • at any time if IAPF I becomes insolvent; or • at any time if the Responsible Entity is in breach of its no shop or no talk obligations.

11. Summary of important documents

Implementation Deed	
Total Consideration	The Total Consideration payable under the Implementation Deed is $40,000,000 and comprises: • $37,100,000 payable to the Seller for the IAPH shares, subject to the employee adjustment mechanism described below; and • $2,900,000 payable to the Investec Group in respect of the novation of the TAP Investment Management Agreement and the right to receive asset management fees and investment management fees in connection with the TAP Fund from the Implementation Date as part of the restructure steps. The Implementation Deed contains an adjustment mechanism to decrease the Total Consideration by 70% of the aggregate value of the accrued long service leave entitlements of the employees transferring to the IAPF Group whose place of employment is not in New South Wales.
Employee arrangements	It is a Condition to the Proposal that the Key Management execute the Management Employment Agreements. The employer must also make offers of employment to certain other employees of Investec Australia on the basis that the employees' employment with Investec Australia will cease on the Implementation Date, and the employees will commence employment with the Employer on the Implementation Date. Certain employees, including the Chief Executive Officer and other Key Management, participate in the Retention Scheme established by Investec Australia, as described in Section 12.10.2 of this Document. On implementation, Investec Australia must pay $2.66 million to the Responsible Entity in connection with the Retention Scheme. The maximum retention payments payable to all employees participating in the Retention Scheme is, in aggregate, $3,474,159 (excluding payroll tax) as described in Section 12.10.2 of this Document. Subject to receipt of this amount from Investec Australia, the employer will be responsible for paying the retention payments to the relevant employees as and when they become payable in accordance with the terms and conditions of the Retention Scheme. The Implementation Deed also deals with payment of entitlements to the transferring employees. For the purpose of calculating any benefit arising under any statute, award, agreement or contract of employment between the employer and each transferring employee, the period of service which the employee had with Investec Australia is to be taken as service with the employer and continuity of the employee's employment is to be taken as not broken because the employee ceases to be an employee of Investec Australia and becomes an employee of the employer.
TAP Fund Make-whole payment	The Seller also undertakes to compensate the Responsible Entity on a pro rata basis if the annualised revenue in connection with the TAP Fund for FY21, comprising asset management fees and investment management fees, is less than the annualised costs in connection with the TAP Fund for FY21 of $2.6 million. If the revenue earned in connection with the TAP Fund during the period from the Implementation Date to 31 March 2021 is less than the costs incurred in connection with the TAP Fund for that period (being $2.6 million pro rated by the number of days from the Implementation Date to 31 March 2021), the Seller will pay the shortfall to the Responsible Entity.
Stapling Steps	A summary of the stapling steps which are described in the Implementation Deed is as follows: • subject to, and by no later than 8 Business Days after receiving, approval of the Unitholders to the Proposal, the Responsible Entity must: – make a capital Distribution (in cash) to existing holders of IAPF I Units; – as agent and attorney of each Unitholder, execute an application for IAPF II Units and apply the capital Distribution in satisfaction of the subscription price for the issue of IAPF II Units; – as agent and attorney of each Unitholder, accept the issue of IAPF II Units to each Unitholder; – determine to staple each IAPF I Unit and each IAPF II Unit together to form one Stapled Security; and – the IAPF II Units on issue immediately prior to the issue of IAPF II Units to each Unitholder will be automatically redeemed; • the Responsible Entity must apply for official quotation of the IAPF II Units to the official list of JSE and ASX; and • the Responsible Entity may determine that certain foreign Unitholders are not entitled to receive IAPF II Units and will instead receive the cash proceeds of a disposal of the Stapled Securities which they would otherwise have been entitled under the Proposal.

Implementation Deed	
Acquisition Steps	A summary of the acquisition steps which are described in the Implementation Deed is that subject to the completion of the stapling steps described above: • IAPF II must: – execute share transfers for the IAPH shares; – pay the relevant components of the Total Consideration to the Seller and the Investec Group (see 'Total Consideration' section above); and • the Seller must: – execute share transfers for the IAPH shares; – transfer the IAPH shares to IAPF II; and – deliver the books and records of IAPH to IAPF II.
Restructure Steps	The 'Restructure Steps' set out in the Implementation Deed include: • the establishment of IAMT; • the novation of certain investment and asset management arrangements in relation to investments of the TAP Fund from the relevant Investec Group Entities (as outgoing manager) to the Manager as trustee of IAMT, and the entry into the Investec Group Management Agreement, as described in Section 11.14 of this Document; • the entry into binding documentation by the TAP Fund to acquire a minority interest in the PPI Trust, as described in Section 3.2.4 of this Document; • the entry into the TAP Commitment Letter, as described in Section 11.4 of this Document; and • the entry into the Transitional Services Agreement, the Deeds of Indemnity, the deeds of retirement an appointment and the Investec Group Management Agreement, as described in Sections 11.2, 11.5, and 11.6 of this Document respectively.
Pre-Implementation conduct	Until the Implementation Date, the Seller and Investec Australia must procure that each Group Company carries on its business in the ordinary course, maintains its licences, preserves its business relationships, maintains all books and records and maintains its insurance policies. The Seller and Investec Australia are also restricted from doing anything that would adversely affect or otherwise cause any part of the Proposal to fail to proceed and also must not take any steps to cause a Group Company to undertake certain prescribed actions, which include among other things disposing of shares in a Group Company, the retirement of the Responsible Entity or the Manager from their respective roles and any litigation which may have a material adverse effect on the Group Companies.
Post-Implementation conduct	As soon as practicable after implementation of the Proposal, the Responsible Entity must ensure that the IAPF Group ceases to use the "Investec" name and corporate logos. The Responsible Entity and Investec Australia must also use reasonable endeavours to agree the Transitional Services Agreement, which will take effect on implementation of the Proposal.

11. Summary of important documents

<table>
<tr><th colspan="2">Implementation Deed</th></tr>
<tr><td>No shop, no talk and notification obligations</td><td>The Seller must not:
until the earlier of the Implementation Date and the Responsible Entity commencing discussions in relation to a Competing Proposal (where permitted to do so in accordance with the exclusion to the no talk obligations described below), initiate, induce, solicit or invite any enquiries, negotiations or discussions with a view to obtaining any offer, proposal or expression of interest from any third party in relation to an IAPH Competing Transaction; or
until the earlier of the Implementation Date and the Responsible Entity commencing discussions in relation to a Competing Proposal (where permitted to do so in accordance with the exclusion to the no talk obligations described below), negotiate or enter into, or participate in negotiations or discussions with any other person regarding an IAPH Competing Transaction, or otherwise provide any person with information or respond to inquiries that may lead to an IAPH Competing Transaction.
The Responsible Entity must:
until the Implementation Date, not initiate, induce, solicit or invite any enquiries, negotiations or discussions with a view to obtaining any offer, proposal or expression of interest from any third party in relation to a Competing Proposal;
until the Implementation Date, not negotiate or enter into, or participate in negotiations or discussions with any third party in relation to a Competing Proposal; or
until the Implementation Date, inform the Seller within 2 Business Days if it receives a Competing Proposal.
However, the no talk obligations do not apply to the Responsible Entity to the extent that they restrict the Responsible Entity from taking or refusing to take any action with respect to a Competing Proposal, provided that the Responsible Entity or the Independent Directors have determined that such Competing Proposal could reasonably be considered to become a Superior Proposal and have received external legal advice that failing to respond to such a Competing Proposal would breach the Responsible Entity's or the Independent Director's fiduciary or statutory obligations.</td></tr>
<tr><td>Representations, warranties and indemnities</td><td>Under the Implementation Deed, the parties have each given customary representations and warranties relating to status and the ability to enter into and perform their obligations under Implementation Deed.

The Seller has also given various representations and warranties to the Responsible Entity in relation to IAPH and its subsidiaries which are standard for an agreement of this nature. These relate to matters such as title and authority, share capital, maintenance of records, financial information, licences, status of contracts, employment, litigation, taxation, insurance, intellectual property, compliance with laws, accuracy of information and acting in a trustee capacity.

The Seller indemnifies the Responsible Entity from any liability arising out of the breach of the Seller's warranties given under the Implementation Deed or arising out of any tax notice given to IAPH, IAPF II or their subsidiaries to the extent that it relates to the period prior to the Implementation Date. The Seller also indemnifies the Responsible Entity from any liability incurred by the IAPF Group in connection with IAPH or its subsidiaries acting as a trustee or responsible entity of any trust or fund including any trust or fund that has been wound up but excluding IAPF, IAPF II or any of their sub-trusts prior to the Implementation Date.

The Seller also indemnifies the Responsible Entity from any liability incurred by the IAPF Group in connection with IAPH or its subsidiaries acting as a trustee or responsible entity of any trust or fund including any trust or fund that has been wound up but excluding IAPF, IAPF II or any of their sub-trusts prior to Implementation.</td></tr>
<tr><td>Limitations of liability</td><td>The Seller's liability under the Implementation Deed is subject to standard limitations, including:
a time limit of 6 years for tax claims and the indemnity in relation to acting as a trustee, and 18 months for all other claims;
a liability cap of the $37,100,000 for breaches of title and capacity warranties, tax warranties, tax claims and claims under the indemnity in relation to acting as a trustee (other than a claim in respect of the TAP Fund), and a liability cap of $12,985,000 for all other claims;
a minimum threshold of $37,100 for single claims and $371,000 for all claims in total; and
other standard limitations including in relation to contingent liabilities, consequential loss, disclosure and double recovery.</td></tr>
</table>

Implementation Deed	
Confidentiality	The parties are subject to standard confidentiality obligations in relation to the terms of the Proposal, any discussions between the parties and any information disclosed between the parties which is confidential. These confidentiality obligations are subject to customary exclusions, including any disclosures required by law. Immediately following the execution of the Implementation Deed and on the Implementation Date, the Responsible Entity must issue an announcement to the ASX and JSE.

11.2. Transitional Services Agreement

The Group Companies currently rely on various shared resources and support services within the Investec Group, including corporate head office, premises, human resources, utilities and information technology. Following implementation of the Proposal, IAPF intends to establish these capabilities independently.

Investec Australia and the Manager as trustee of IAMT will enter into a Transitional Services Agreement, under which members of the Investec Group will (if the Proposal is implemented) provide the services as described above to the Manager as trustee of IAMT for a transitional period. The annualised fees payable by IAPF to the Investec Group for these transitional services are $553,608 per annum. The transition is expected to be substantially completed within 3 to 6 months of implementation of the Proposal.

The fees payable by the Manager under the Transitional Services Agreement have been factored into the other operating expenses of the IAPF Group in the Forecast Financial Information. In addition, transitional set up costs (including IT) have been included in the Transaction Costs for the Proposal. See Section 10.5 of this Document for further details.

11.3. Governance Deed Poll

If the Proposal is implemented, the Governance Deed Poll will be executed by the Responsible Entity in favour of Unitholders which will afford Unitholder certain rights to nominate individuals for the position of Director.

At least 40 business days before the annual general meeting of IAPF, Unitholders will be notified by an announcement to ASX that they may nominate a person to fill a vacancy on the Board that arises on retirement of either a Director under the "rotation" process or a Director appointed by the Board since the last annual general meeting.

If Unitholders wish to exercise that right, at least 35 business days before the annual general meeting they must send the Responsible Entity a signed nomination form and the nominee's signed consent to act as a Director.

In the notice of meeting for an annual general meeting, the Responsible Entity will advise Unitholders of all candidates who have been validly nominated for the position of Director, including the Responsible Entity's nominations and nominations made by Unitholders in accordance with the process described above, and Unitholders are afforded the opportunity to vote on the nominations at the annual general meeting.

11.4. TAP Commitment Letter

If the Proposal is implemented, the TAP Trustee (which will be owned by IAPF II), the TAP GP and the Manager as trustee of IAMT will enter into the TAP Commitment Letter, under which the Manager will provide the TAP Commitment to the TAP Head Trust. The TAP Commitment is ultimately a $30 million equity investment that IAPF II will make to the TAP Fund. Under the TAP Commitment Letter:

- the Manager agrees to initially provide an interest free facility to the TAP Head Trust of up to $30 million, which may be drawn down to fund investments and costs of the TAP Fund from time to time. The TAP Commitment is not contingent on the TAP Fund achieving particular capital raising milestones or other performance hurdles.
- To drawdown on the facility, the TAP GP may issue draw down notices on behalf of the TAP Trustee to the Manager at the same time it calls on capital from the other investors in the TAP Fund (namely the Investec Group and other third party investors in the TAP LP). Drawdowns are not permitted at any other time;
- Amounts drawn down under the TAP Commitment are proportionate to the capital calls made from other investors (the relevant proportion broadly comprising $30 million divided by the total commitments made to the TAP Fund);
- Loans made under the facility are repayable on the final closing date for the TAP LP, being a date determined by the TAP GP which is no later than 19 December 2021 (which may be extended by up to 6 months with the approval of the TAP LP advisory committee, or by more than 6 months with approval of investors holding at least 75% of total capital commitments (excluding defaulting investors)) ("**Final Closing Date**"), unless the loaned amounts are converted into equity prior to that date (see below);
- The Manager may, at its election, convert loaned amounts under the facility into units in the TAP Head Trust on or before the Final Closing Date. If converted, these units will be held by the Manager as trustee of IAMT. No other conversion triggers apply; and

11. Summary of important documents

- Post-conversion, any undrawn component of the $30 million commitment may continue to be called over the investment period of the TAP Fund, which ends no later than 3 years following the Final Closing Date, in return for the issuance of additional equity in the TAP Head Trust. The investment period may be extended up to one year at the TAP GP's discretion.

The Responsible Entity understands that the TAP Fund does not anticipate making a capital call from investors until at least the end of March 2021. At that time, if the Proposal is implemented, IAPF II can be expected to contribute some portion of its $30 million investment to this capital call (on a proportionate basis to the other investors in the TAP Fund). The investment in the TAP Fund will be funded by a new debt tranche that will be added to Facility Agreement. See Section 11.15 for further details.

11.5. Deeds of indemnity

The Responsible Entity is currently party to proceedings (but not in its capacity as responsible entity of IAPF I or IAPF II). These proceedings relate to alleged defects at an apartment complex at 178 Campbell Parade, Bondi Beach. The Responsible Entity as trustee of the Investec Residential Trust No. 1 was the developer.

Separately, the Hold Trustee is currently party to proceedings (but not in its capacity as trustee of Hold Trust), relating to alleged defects at an apartment complex at 10 Wylde Street, Potts Point. The Hold Trustee as trustee of the Investec Wylde Street Trust was the developer.

The respective builders of each property are joint defendants in the proceedings which have been brought by the respective owners corporations. IAPF does not hold an interest in either of these properties.

If the Proposal is implemented, the Seller will enter into deeds of indemnity with the Responsible Entity and Hold Trustee, respectively, under which the Seller will provide an indemnity for costs, expenses and liabilities associated with the above proceedings, and assume the conduct of the relevant proceedings (including any appeal from those proceedings or any attempted settlement of the proceedings) as agent for the respective indemnitee. Subject to being put in funds to take any action, the respective indemnitees must co-operate with the indemnitor in the defence or settlement of the proceedings.

11.6. Deeds of retirement and appointment

11.6.1 Change of trustee of Point Cook Trust

If the Proposal is implemented, the Manager will provide asset management services in respect of certain assets in which Investec Group has an interest or services, including the Point Cook Investment (see Section 11.14 of this Document below). The Hold Trustee is currently the trustee of the Point Cook Trust. In connection with the Proposal, it is proposed that a deed of retirement and appointment be entered into under which the trustee will be changed to Investec Australia, an Investec Group Entity, subject to receipt of applicable taxation rulings and IAPI as the unitholder of the Point Cook Trust being satisfied (acting reasonably) that the change of trustee can occur without causing any adverse impacts on it, the Point Cook Investment or the incoming trustee.

The incoming trustee and IAPI (each of which is owned by the Investec Group) must, from the time of change of trustee, indemnify the retiring trustee for, and agree to release the retiring trustee from, all liabilities referable to its time as trustee (subject to specific exceptions).

11.6.2 Change of trustee of Riverside Security Trust

The Hold Trustee is currently the trustee of the Riverside Security Trust, which is a standard security trust arrangement relating to a secured debt financing for a property development in Townsville, Queensland.

In connection with the Proposal, it is proposed that a deed of retirement and appointment and a deed of indemnity be entered into under which the trustee will be changed to Investec Australia, an Investec Group Entity, subject to (among other things) the transfer to Investec Australia of security over a land and home subdivision made up of over fifty individual and three super lots in Townsville, Queensland. If the change of trustee does not occur before implementation of the Proposal, the incoming trustee and existing debt provider (each of which is owned by the Investec Group) must, from the time of change of trustee, indemnify the retiring trustee for, and agree to release the retiring trustee from, all liabilities referable to its time as trustee (subject to specific exceptions).

11.7. Sale Facility Agreement

If the Proposal is implemented, the Responsible Entity and the Sale Nominee will enter into the Sale Facility Agreement, which sets out the terms under which the Sale Nominee will administer the Sale Facility. The terms of the Sale Facility are set out in Section 12.15 of this Document.

11.8. Constitutions

The rights and liabilities attaching to IAPF I Units and IAPF II Units are governed by the relevant Constitution, the Corporations Act and the general law.

A summary of the IAPF I Constitution is set out in Section 12.1 of the ASX Listing PDS. In addition, on 13 August 2020, Unitholders approved amendments to the IAPF I Constitution to facilitate the holding of general meetings virtually (where permitted by applicable laws), and to allow the Responsible Entity to postpone, cancel or change the venue of a general meeting which it has convened in certain circumstances. Further information on these amendments is set out in the 2020 Notice of Annual General Meeting dated 10 July 2020, a copy of which is available on IAPF's website at www.iapf.com.au.

The IAPF II Constitution is on substantially identical terms as the IAPF I Constitution as amended in 2020 (except that the IAPF II Constitution recognises the different type of assets held in that trust, and includes some minor modifications to clauses dealing with valuation for redemptions, currency conversion and Unitholder complaints that have been made to the extent necessary to meet Australian regulatory requirements for a Managed Investment Scheme established after 1 October 2013).

Each Constitution also includes provisions which facilitate the creation of Stapled Securities. Relevantly, while the stapling provisions apply (and Stapled Securities are on issue), IAPF I Units and IAPF II Units must be stapled in the same ratio and will be treated as one security. IAPF I Units may only be issued or sold if there is a corresponding issue or sale (as applicable) of IAPF II Units (and vice versa), and the issue or sale is made at the same time and to the same person.

Subject to approval by a special resolution of Unitholders (i.e. a resolution passed by at least 75% of the votes cast by Unitholders entitled to vote on the resolution), the Responsible Entity may determine that the stapling provisions will cease to apply. In this event, IAPF I Units and IAPF II Units could be traded and issued independently of one another.

The Directors confirm that IAPF II is in compliance with applicable laws and operating in accordance with the IAPF II Constitution.

11.9. Management Agreement

As disclosed in the ASX Listing PDS, the Responsible Entity has appointed the Manager to carry out certain investment management services, property management services and leasing services for IAPF I.

A summary of the key terms of the Management Agreement is set out in Section 12.2 of the ASX Listing PDS. In particular, under its current terms, for so long as IAPF I is ASX Listed:

- (**Term and termination**) the Manager is not appointed for a fixed term and its appointment may be terminated:
  - Automatically if the Responsible Entity ceases to be the responsible entity of IAPF I;
  - On three months' notice from the Manager to the Responsible Entity;
  - On 10 Business Days' notice if substantially all of the assets of IAPF I are sold;
  - With immediate effect by notice from the Manager to the Responsible Entity on the occurrence of a default or insolvency event of the Responsible Entity or IAPF I; or
  - With immediate effect by notice from the Responsible Entity to the Manager on the occurrence of a default or insolvency event of the Manager.
- (**Fees**) the Manager's base fee is currently 0.55% per annum (before GST) of Enterprise Value. Although under the Management Agreement the Manager is entitled to a base fee equal to 0.60% per annum of Enterprise Value, with the base fee stepped down from 0.60% to 0.55% per annum on every dollar over AUD 1.5 billion, the Manager has formally waived part of the fee so that, in the circumstances stated above, only the 0.55% per annum fee (plus GST) will be charged on all Enterprise Value. Enterprise Value is calculated as the sum of IAPF I's market capitalisation (based on a 30 day VWAP) and net debt (i.e. total interest bearing borrowings less cash and cash equivalents held by IAPF I).

  The Manager is also entitled to receive property management fees and leasing fees in relation to the Properties, which are agreed on a case by case basis.

With effect from implementation of the Proposal, the Management Agreement will be amended to reflect the fact that the Manager will no longer be owned by the Investec Group. Following implementation, but not before the end of FY21, the Responsible Entity intends to amend the fees payable under the Management Agreement to reflect usual practice within an internalised management structure (for example, fees payable on a cost recovery basis).

11.10. Compliance Plan and unit pricing discretions policy

The current Compliance Plan describes the procedures that the Responsible Entity currently applies in operating IAPF I to ensure compliance with the Corporations Act and the IAPF I Constitution (in accordance with Part 5C of the Corporations Act). The Compliance Plan includes sections dealing with asset valuations, unit pricings, complaints, the holding of trust assets, audit of the Compliance Plan and record keeping.

11. Summary of important documents

The Responsible Entity has adopted a Compliance Plan for IAPF II which is in substantially identical terms to the plan for IAPF I, except to reflect the ownership of active rather than passively held assets in IAPF II. If the Proposal is implemented, each Compliance Plan will be amended to reflect the new internalised stapled structure, and staff who will carry out the compliance function in the separately listed group.

When the Responsible Entity issues Stapled Securities, it will exercise any discretion it has under the Constitutions in relation to unit pricing in accordance with IAPF's unit pricing discretions policy.

Copies of the Compliance Plan and unit pricing discretions policy for IAPF I are available free of charge on IAPF's website at www.iapf.com.au and can be requested by email (investorrelations@investec.com).

11.11. Custody Agreement

The Responsible Entity has entered into the Custody Agreement with the Custodian, under which the Custodian will act as independent custodian and will hold the assets of IAPF I that are transferred or delivered to the Custodian on behalf of the Responsible Entity. The Custodian is independent from the Investec Group.

The key terms of the Custody Agreement are set out in Section 12.3 of the ASX Listing PDS.

If the Proposal is implemented, the Custody Agreement will be amended so that it also applies to assets of IAPF II that are transferred or delivered to the Custodian on behalf of the Responsible Entity.

11.12. Sponsor Agreement

Under the terms of the Sponsor Agreement, the Sponsor ensures that IAPF I is guided and advised in relation to its compliance with the JSE Listings Requirements, including providing the JSE with any information that the JSE may reasonably require for the purpose of verifying whether the JSE Listings Requirements have been complied with, and monitoring and assisting with IAPF I's corporate governance.

The key terms of the Sponsor Agreement are set out in Section 12.4 of the ASX Listing PDS.

If the Proposal is implemented, the Sponsor Agreement will continue on its current terms (and apply to the IAPF Group).

11.13. Service Level Agreement

In addition to providing management services to the Responsible Entity under the Management Agreement, the Manager as trustee of IAMT will employ all employees of the IAPF Group and have access to all of the services necessary to conduct business of IAPF. Accordingly, if the Proposal is implemented IAPF II will enter into a services agreement with the Responsible Entity to enable the Responsible Entity to perform those functions which it has not delegated under the Management Agreement. All fees in relation to these services will be charged on a cost-recovery basis.

11.14. External Management Agreements

If the Proposal is implemented, certain investment and asset management arrangements in relation to investments of the TAP Fund will be novated from the relevant Investec Group Entities (as outgoing manager) to the Manager as trustee of IAMT. These comprise the:

- TAP Investment Management Agreement;
- TAP Fee Letter – Metro Northcote Investment;
- PPI Investment Management Agreement; and
- TAP Fee Letter – KPG1 Investment.

In addition, if the Proposal is implemented, the Investec Group and the Manager as trustee of IAMT will enter into the Investec Group Management Agreement which sets out the terms under which the Manager will provide asset management services in respect of certain assets in which the Investec Group has an interest or services. These comprise:

- Point Cook Investment – The Point Cook Investment comprises a joint venture residential land development of the site known as Life, Point Cook in Victoria, Australia. The joint venture is between the Point Cook Trust (a trust wholly owned by the Investec Group) and Frasers Property; and
- Investec Management Assets – The Investec Management Assets comprise bespoke assets including land subdivision developments at Bargara Beach, Burrum Heads and Townsville in QLD as well as an urban renewal project at Newcastle, NSW. The Investec Group is currently the manager and servicer of these assets.

The key terms of these external management agreements are summarised below:

Document	TAP Investment Management Agreement	TAP Fee Letter – Metro Northcote Investment	PPI Investment Management Agreement	TAP Fee Letter – KPG1 Investment	Investec Group Management Agreement
Parties	TAP GP Manager as trustee of IAMT	TAP Sub Trustee as trustee of the TAP Metro Northcote Trust Manager as trustee of IAMT	IWPE Nominees Pty Limited as trustee of the PPI Trust (**Trustee**) Manager as trustee of IAMT	TAP Trustee as trustee for the TAP Head Trust (**Financier**) Manager as trustee of IAMT	Investec Australia Finance IAPI Manager as trustee of IAMT
Term and termination rights	No fixed term. Agreement continues until the earlier of: • Termination of the TAP Limited Partnership Agreement • the resignation, withdrawal or removal of the TAP GP as general partner of the TAP Fund • Termination by the TAP GP on the occurrence of certain insolvency events or change of control events of the Manager, if the Manager sells its main business and undertaking in certain circumstances, if the Manager ceases to hold necessary authorisations, or as required by applicable laws.	Agreement continues until certain amounts payable to the TAP Sub Trustee under the Metro Northcote Investment documentation are paid.	No fixed term. The Manager may terminate in certain circumstances, including where: • The Trustee breaches certain payment obligations • The Trustee ceases to be trustee of the PPI Trust • An insolvency event occurs with respect to the Trustee • The PPI Trust is wound up. The Trustee may terminate in certain circumstances, including where: • The Manager or its related persons commit gross negligence or fraud in performing the services • The Manager commits a material breach which is irremediable, or remains unremedied beyond a specified cure period • An insolvency event occurs with respect to the Manager	Agreement continues until certain amounts owed to the Financier are repaid.	Four years. Investec Australia Finance and IAPI can terminate the agreement on 60 days' notice if required by law, or if the Manager: • Becomes insolvent • Breaches the agreement (and such breach is irremediable, or not remedied within a specified cure period) • Sells or transfers the main part of its business • Is subject to a change of control • Ceases to hold necessary authorisations. A termination fee is also payable to the Manager in the event of early termination (as described below).

11. Summary of important documents

Document	TAP Investment Management Agreement	TAP Fee Letter – Metro Northcote Investment	PPI Investment Management Agreement	TAP Fee Letter – KPG1 Investment	Investec Group Management Agreement
	The Agreement may also be terminated by either party on not less than 60 business days' written notice (or such lesser period as agreed). However, the controller of the TAP GP[1] has undertaken to procure that the TAP GP will not exercise this termination right. A reciprocal undertaking has been provided by the Responsible Entity in respect of the Manager's right to terminate for convenience.				
Services provided by the Manager	Services include: • Carrying out marketing and capital raising activities • Making recommendations to the TAP GP in respect of the management of the TAP Fund (including identifying investment opportunities for the TAP Fund and sourcing new properties for potential acquisition, advising on divestment opportunities and preparing annual budgets)	Services include: • Investment management services under finance documentation related to the Metro Northcote Investment • Shareholder management services under governance documentation related to the Metro Northcote Investment • Ad-hoc general management services	Services include: • Advice in relation to actions necessary or desirable to implement the joint venture agreement in respect of the PPI Trust • Managing the Trustee's interest in the underlying residential joint venture by representing it on the relevant management committee • Monthly reporting and analysis in respect of the Trustee's interest in the underlying residential joint venture • Other matters as may be delegated to the Manager from time to time	Services include: • Engaging external consultants and advisors on behalf of the Financier • progress of the project • Arrears identification, classification and reporting • Account management • Data entry • Payment processing and reconciliation • Day to day management of the facility provided by the Financier to finance the project	Services include in respect of the Investec Management Assets: • Property management services • Acquisitions and disposals • Reporting in relation to capital expenditure • Marketing and public relations • Development and project management services • Leasing services • Financial administration

1. Being the majority shareholder of the holding company of the TAP GP.

Document	TAP Investment Management Agreement	TAP Fee Letter – Metro Northcote Investment	PPI Investment Management Agreement	TAP Fee Letter – KPG1 Investment	Investec Group Management Agreement
	• Making recommendations to the TAP GP in relation to the borrowing of funds, hedging, timing of calls on capital and raising of capital (whether by debt or equity) • Liaising with investment committee members and preparing relevant materials • Attending investor presentations • Attending to finance, accounting and tax requirements				Services include in respect of the Point Cook Investment: • Discharging Investec Group's obligations under relevant project documents • Advising on management of the Point Cook Trust • Providing project updates • Attending management committee meetings
Fees payable to the Manager	0.25% per annum of the capital committed to the TAP Fund. The Manager will also receive an additional 0.13125% per annum of committed capital under agreed fee sharing arrangements separately documented with Investec Group Entities and TAP Fund structure.	Monthly management fees of $40,000.	Annual management fees of $300,000.	$22,500, which is due and payable on repayment of the loan advanced by the Financier in respect of the KPG1 Investment	Quarterly fees of $175,000. If the event of early termination by IAPI or Investec Australia Finance, the Manager is also be entitled to a termination fee equal to the outstanding portion of the fees payable over the term.

11.15. Facility Agreement

IAPF I has, through Hold Trust, entered into the Facility Agreement (with the Hold Trustee as borrower) as amended from time to time, the key terms of which are set out in the table below. The current amount drawn under the Facility is approximately $254.1 million.

Term	Description
Loan amount and purpose	A facility of $325 million comprised of multiple tranches with various purposes, including acquisitions of specific Properties and general corporate purposes. The Facility has been advanced at the Hold Trust level (to Hold Trustee as borrower). There may be inter-entity loans between Hold Trust and the Sub Trusts to facilitate the acquisition of Properties within the Sub Trusts.

11. Summary of important documents

<table>
<tr><th>Term</th><th>Description</th></tr>
<tr><td>Interest and fees</td><td>The interest rate is generally at the aggregate of the applicable base rate (generally the Australian Bank Bill Swap Reference Rate (Bid) (BBSY)) plus the margin applicable to the relevant tranche (which varies based on loan to value ratios). On the tranche of the Facility held with PGIM, the interest rate is 3.40% per annum.

Interest will accrue on a daily basis and is payable quarterly on the tranche of the Facility held by PGIM, and otherwise 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 applicable to the relevant tranche are payable by the Hold Trustee quarterly in advance.

With respect to any overdue amounts under the Facility Agreement, the interest rate will be the aggregate of 2% per annum plus the higher of:
The rate applicable to the overdue amount immediately before the due date (or if no such rate applied, the financier's cost of funding the overdue amount); and
The aggregate of the applicable base rate for bills having a tenor of 30 days and the applicable margin payable monthly and on demand.</td></tr>
<tr><td>Repayment terms</td><td>Subject to the Hold Trustee's right to make voluntary prepayments, the Hold Trustee shall repay whatever the amount outstanding is in respect of a tranche in full on the termination date for that tranche.

Unless terminated earlier, the termination date in respect of each tranche is on the expiry date set out below (as is the limit of each debt tranche):

<table><tr><th>Cash advance tranche</th><th>Expiry date</th><th>Limit (A$ million)</th></tr><tr><td>ANZ facility – tranche G</td><td>1 April 2023</td><td>20.0</td></tr><tr><td>ANZ facility – tranche H</td><td>1 April 2025</td><td>75.0</td></tr><tr><td>ANZ facility – tranche I</td><td>1 April 2024</td><td>25.0</td></tr><tr><td>Westpac facility – tranche N</td><td>28 March 2023</td><td>55.0</td></tr><tr><td>PGIM tranche</td><td>23 December 2029</td><td>150.0</td></tr></table>
These tranches are for general corporate purposes, including acquisitions of property and capital expenditure permitted under the Facility.</td></tr>
<tr><td>Prepayment and cancellation</td><td>The Hold Trustee is able to make voluntary prepayments of all or part of the outstanding amounts on giving not less than three business days' irrevocable written notice. Any prepayment must be in a minimum amount of $500,000 and a multiple of $500,000 unless otherwise agreed.

Sale proceeds of any Property must be applied to the repayment of the amount outstanding until such time the loan-to-value ratio is less than or equal to 50%. In an event of default, 100% of sale proceeds of a Property must be applied to Facility repayment and cancellation.

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.</td></tr>
<tr><td>Security</td><td>The Facility will be secured by securities, including but not limited to:
A first registered real property mortgage over each Property acquired;
General security agreement granted by the Hold Trustee and the Sub Trustee over all the assets and undertakings of the Hold Trust and the Sub Trusts; and
Specific security agreement granted by the Responsible Entity and the Custodian over their respective interests in the unitholdings of (and additional rights and proceeds relating to) IAPF I and the Custodian in the Hold Trust, and any debt owed by the Hold Trust to IAPF I (and subordination of that debt).</td></tr>
</table>

Term	Description
Undertakings and covenants	The Facility Agreement contains a number of undertakings, covenants, representations and warranties, including but not limited to the following financial covenants: • IAPF I gearing ratio: Total liabilities to total tangible assets of IAPF I (calculated on a "look-through" basis) does not exceed 55%; • IAPF I interest cover ratio: The ratio of IAPF I's consolidated operating profit (or loss) from ordinary operations before income tax and minority interests, depreciation, amortisation and interest expense to IAPF I's interest expense for the preceding 12 month period is at least 2.00 times; • Loan-to-value ratio: The ratio of borrowings outstanding under the Facility to the aggregate of the market value of the relevant secured real properties (based on the last acceptable valuation) does not exceed 55%; and • Interest cover ratio: The ratio of net income to interest expense of the Hold Trust for the preceding 12 month period is at least 2.00 times. The Hold Trustee is also required to hedge at least 50% of its interest rate exposure under the Facility.
Events of default and review events	The Facility Agreement contains certain events of default, including but not limited to: • Non-payment; • Breach of financial covenants and other obligations; • Misrepresentation; • Cross-default; • Judgement; • Cessation or change of business; • Insolvency; • Loss of material authorisations; • Compulsory acquisition; • Termination of IAPF I; • Material adverse events; and • Environmental liability.
Review events	The Facility may be reviewed on the occurrence of certain events, including without limitation, if: • One or more persons acquires control of IAPF I or the Hold Trust or a trustee of IAPF I, the Hold Trust or a Sub Trust; • Units are removed from the official list of the JSE or any exchange on which they are listed or are suspended from trading for five consecutive trading days; • There is a change to the trustee of IAPF I, the Hold Trust or a Sub Trust, or any step is taken to appoint a new or additional trustee, except where the lenders are satisfied the new trustee is acceptable; or • the proportion of Properties located in Australia falls below 80%.

If the Proposal is implemented, the Responsible Entity will draw down approximately $46.7 million in debt to fund the Total Consideration and Transaction Costs. The total amount of drawn debt under the Facility on implementation is therefore expected to be approximately $300.8 million.

In addition, the Facility Agreement will be amended to increase the size of the Facility to $365 million through a new $40 million tranche financed by Westpac, $30 million of which has the specific purpose of funding drawdowns under the TAP Commitment. The $10 million balance is intended to maintain headroom under the Facility as part of IAPF's cash and treasury management, and is available for general corporate purposes (including meeting capital expenditure and other operational requirements). No drawdown on the additional $10 million new debt tranche is assumed in the forecast period, as the Responsible Entity does not currently expect that it would need to draw down on these funds within 12 months of the date of this Document.

The amendments will also provide for a $10 million bank guarantee in relation to an eligible undertaking provided by Westpac, to enable the Responsible Entity to meet its regulatory capital requirements under its AFSL.

The key terms of the Facility will otherwise remain substantially the same. In respect of the new $40 million tranche described above:

11. Summary of important documents

- the interest rate on this tranche is equal to the aggregate of the applicable base rate (generally the Australian Bank Bill Swap Reference Rate (Bid) (BBSY)) plus a margin; and
- the tranche is repayable on the termination date of the tranche which is expected to be in November 2025 (i.e. approximately 5 years following implementation of the Proposal).

11.16. Joint Owners Agreement

As disclosed in the ASX Listing PDS, the Sub Trustee (in its capacity as trustee of the Investec Australia Sub Trust No. 16) and Abacus are joint owners of the Queen Street Property, each holding a 50% interest in the Queen Street Property. The Sub Trustee and Abacus have entered into a Joint Owners Agreement which regulates their rights and obligations as joint owners of the Queen Street Property.

A summary of the key terms of the Joint Owners Agreement is set out in Section 12.7 of the ASX Listing PDS.

12

Additional information

12. Additional information

12.1. Compliance with the ASX Listing Rules and JSE Listings Requirements

As a dual listed entity (with a primary listing on both the ASX and the JSE), IAPF will need to continue to comply with both the ASX Listing Rules and the JSE Listings Requirements. However, under the Constitutions, if it is not possible for the Responsible Entity to comply with both sets of Listings Requirements, the Responsible Entity must comply with the rule or requirement of the Main Trading Exchange at the relevant time. In the event a direct inconsistency became apparent, the Responsible Entity would seek to consult with the relevant exchange and confirm the proposed course of action (which may include requesting a waiver or dispensation).

The Main Trading Exchange of IAPF is the JSE unless more Stapled Securities are traded by volume on the ASX than on the JSE during the immediately preceding half year trading period (in which case the Main Trading Exchange for that particular trading period will be the ASX).

For further details, please see the comparison of the ASX Listing Rules and the JSE Listings Requirements set out in Annexure D of this Document.

12.2. Existing and proposed capital structure of IAPF I and IAPF II

IAPF I currently has 611,298,084 units on issue with a market capitalisation of approximately $820.20 million.[1] The number of IAPF I Units will not change as a result of implementation of the Proposal.

IAPF II was established on 3 September 2020 with nominal capital (which will be redeemed upon the issue of further IAPF II Units under the Proposal). The current capital structure of IAPF II, and the proposed capital structure if the Proposal is implemented, is shown in the table below. If the Proposal is implemented, the number of IAPF II Units on issue is expected to be 611,298,084, with each IAPF II Unit stapled to each existing IAPF I Unit to form a Stapled Security.

Class of security	Number of IAPF II Units currently on issue	Number of IAPF II Units proposed to be issued before IAPF II is admitted to the Official List	Resulting total number of IAPF II Units
Fully paid ordinary units	10	611,298,084	611,298,084

12.3. Child entities of IAPF II

The following table sets out the child entities of IAPF II on implementation of the Proposal, the nature of their business (including any Property interests), their place of incorporation or establishment, and IAPF II's equity holding in the relevant entity and their place of incorporation or establishment.

Child entity (on implementation of the Proposal)	Nature of business	Place of incorporation/ establishment	IAPF II equity holding in child entity
Investec Australia Property Holdings Pty Limited	Non-operating holding company and (direct or indirect) holder of 100% of the equity in Investec Property Limited, Investec Property Management Pty Limited, Investec Wentworth Pty Limited, Investec Propco Pty Limited, Investec Templewater No.1 Pty Limited and Investec Templewater No.2 Pty Limited	VIC	100%
Investec Australia Management Trust	Services trust which will hold the relevant management rights of IAPF II, employ staff and acquire services and other resources to operate the management business of the IAPF Group.	NSW	100%
Investec Property Limited	Responsible entity of IAPF I and IAPF II	ACT	100%
Investec Property Management Pty Limited	Trustee of Investec Australia Management Trust and provider of investment management services, property management services and leasing services to IAPF I	VIC	100%
Investec Wentworth Pty Limited	Trustee of Hold Trust and Point Cook Trust and the borrower (in its capacity as trustee of Hold Trust) under the Facility Agreement	NSW	100%
Investec Propco Pty Limited	Trustee of each of the Sub Trusts that own the Properties	VIC	100%
Investec Templewater No.1 Pty Limited	Trustee of the TAP Head Trust	NSW	100%
Investec Templewater No.2 Pty Limited	Trustee of each sub-trust of the TAP Head Trust that houses investments made by the TAP Fund	NSW	100%

1. Based on the IAPF I Unit price as at the Last Practicable Date as published by Bloomberg.

12.4. ASX waivers and confirmations

The Responsible Entity on behalf of itself as responsible entity of IAPF I has been granted waivers and/or confirmations in respect of the following ASX Listing Rules.

Category	Waiver/condition
Suitability for listing	• ASX Listing Rule 1.1, condition 1 – confirmation that IAPF II's structure and operations are appropriate for listing on the ASX. • ASX Listing Rule 1.1, condition 2 – confirmation that the ASX has no objections to the IAPF II Constitution for the purposes of the ASX Listing Rules. • ASX Listing Rule 1.1, condition 20 – confirmation that the ASX will not require any additional evidence to allow ASX to be comfortable with the fame and character of the Directors.
Stapled Securities	• ASX Listing Rule 2.1, condition 1 – confirmation that the terms of the Stapled Securities are acceptable under ASX listing Rule 2.1, condition 1.
Change to nature or scale	• ASX Listing Rule 11.1 – confirmation that ASX Listing Rule 11.1 does not apply to the Proposal.
Timetable	• Confirmation that the proposed timetable for the Proposal is acceptable to ASX.
Continuous disclosure obligations	• ASX Guidance Note 2 – confirmation that disclosure by one stapled entity in the IAPF Group will satisfy the disclosure obligations of the other stapled entity in relation to the same matter.
Standard stapled entity relief	• ASX Listing Rule 1.1, Condition 8 – a waiver to the extent necessary, on the basis that the value of a parcel of Stapled Securities will be greater than or equal to $2,000, even though each parcel of securities on their own may have a value of less than $2,000. • ASX Listing Rule 1.1, Condition 9 – a waiver to the extent necessary, so that IAPF I and IAPF II need not satisfy the profit test (ASX Listing Rule 1.2) or asset test (ASX Listing Rule 1.3) as separate entities, on the basis that the IAPF Group as a whole will comply with the profit test or asset test. • ASX Listing Rule 2.1, Condition 2 – confirmation that the requirements of this condition are satisfied on the basis that the Stapled Securities will have a minimum price of at least $0.20. • ASX Listing Rule 6.24 and clause 1 of Appendix 6A – a waiver so that the rates of a distribution announced by the Responsible Entity on a particular date in respect of the IAPF Group need not be announced to ASX on that date or on the record date, on the condition the estimated distribution is advised to ASX on that date and the distribution rate is advised to ASX as soon as it becomes known. • ASX Listing Rule 8.10 – a waiver to the extent necessary to permit the Responsible Entity to refuse to register a transfer of a particular component of the Stapled Securities if not accompanied by a corresponding transfer of the other component of the Stapled Securities.

The Responsible Entity confirms that IAPF II's free float at the time of admission to the Official List will be not less than 20%.

12. Additional information

12.5. ASIC relief

The Responsible Entity has been granted relief, modification or exemptions by ASIC from the following provisions of the Corporations Act:

Category	Corporations Act provisions
PDS disclosure relief	• Section 1016A(2) – modifications to relieve the Responsible Entity from the requirement to include in or accompanying this Document an application form in respect of the issue of IAPF II Units under the PDS. • Section 1015C – modifications to permit this Document to be sent to Unitholders using the addresses shown on the Australian Register and South African Register. • Division 2 of Part 7.7 – an exemption from the requirement to give a Financial Services Guide to Unitholders in respect of any financial product advice contained in this Document.
Advertising	• Section 1018A – relief from the advertising restrictions under section 1018A to the extent necessary to permit certain communications to employees or prospective employees of the stapled group in relation to the Proposal, including details of any employee incentive scheme to be implemented in connection with the Proposal.
Sale Facility	• Section 601FC(1)(d) – relief from the Responsible Entity's equal treatment obligations under section 601FC(1)(d) in relation to the cash-out of Ineligible Foreign Unitholders.

The Responsible Entity has also received in-principle advice from ASIC that it will grant relief, modification or exemptions from the following provisions of the Corporations Act upon the Proposal being approved by the requisite majority at the Meeting:

Category	Corporations Act provisions
Stapled security relief	• Sections 601FC(1)(c), 601FD(1)(c), 601FC(1)(e), 601FD(1)(d), 601FD(1)(e), 601FE(1) – modifications to permit the Responsible Entity and the Directors to consider the interests of holders of Stapled Securities as a whole (rather than their interests solely as members of IAPF I or IAPF II). • Part 5C.7 – modifications to permit the Responsible Entity, after implementation of the Proposal, to give financial benefits out of the assets of IAPF I to IAPF II and vice versa. • Sections 1012D(3) – modifications to permit the Responsible Entity to apply dividends and distributions payable in respect of each component of a Stapled Security to the acquisition of additional Stapled Securities.

12.6. JSE dispensations

On 27 August 2020, the JSE provided the following confirmations and dispensations (among other things):

- subject to the IAPF I Units and IAPF II Units remaining Stapled, and the Responsible Entity continuing to act as responsible entity of both IAPF I and IAPF II, dispensation from the applicability of the related party provisions in section 10 of the JSE Listings Requirements in respect of agreements and transactions entered into between IAPF I and IAPF II;
- confirmations that for purposes of the listing of the IAPF II Units, the listing criteria in section 4.28 of the JSE Listings Requirements shall be applied to the IAPF Group as a whole, and not to IAPF II in isolation (on the basis that the IAPF I Units and IAPF II Units will be stapled together);
- dispensation from the requirement that a pre-listing statement be published in relation to IAPF II; and
- subject to the IAPF I Units and IAPF II Units remaining stapled, confirmation that joint disclosure by the Responsible Entity in relation to IAPF I and IAPF II will satisfy the continuous disclosure obligations in terms of section 3 of the JSE Listings Requirements in respect of both IAPF I and IAPF II.

12.7. SARB

On 8 September 2020, the Financial Surveillance Department of the SARB confirmed that the new IAPF Group will be regarded as the inward listed entity on the JSE, and that IAPF is not required to make a new application for the listing of the IAPF II Units on the JSE, subject to, inter alia, the Stapled Securities remaining stapled to each other.

12.8. FSCA

On 12 October 2020, the Registrar of Collective Investment Schemes in South Africa granted the Responsible Entity an exemption from the requirement for IAPF II to be separately registered as a foreign Collective Investment Scheme under section 65 of the CIS Act ("**FCIS**") on the basis of the Stapling, subject to the following conditions:

- the IAPF Unitholders approving the Proposal;
- the IAPF I Units and the IAPF II Units remaining Stapled; and
- the requirements and conditions imposed by the JSE and SARB be adhered to at all times.

A copy of the exemption is available on the FSCA's website at www.fsca.co.za/Regulatory%20Frameworks/Pages/Notices.aspx.

Despite the exemption on the basis of the Stapling, it is the Responsible Entity's intention to also register IAPF II as a FCIS, and accordingly on 25 September 2020 the Responsible Entity applied to the Registrar of Collective Investment Schemes in South Africa for IAPF II to be registered as a FCIS.

12.9. Interests and benefits

Section 5.4 of this Document outlines the nature and extent of the interests and fees of certain persons involved in the Proposal. Other than as set out in this Document, no:

- Director;
- Person named in this Document and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Document; or
- Promoter of IAPF,

currently holds, or has held in the two years before the date of this Document, an interest in:

- The formation or promotion of IAPF;
- Property acquired or proposed to be acquired by IAPF in connection with its formation or promotion, or in connection with the Proposal; or
- The Proposal,

and no amount (whether in cash, securities or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of IAPF or the Proposal or to any Director to induce them to become, or qualify as, a Director to procure acquisitions of interests in IAPF or for services provided under the Constitutions.

The non-independent Directors, who are not members of the committee formed to consider the Proposal, being Graeme Katz, Stephen Koseff and Sam Leon, do not make any recommendation in relation to the Proposal, having regard to their current or prior associations with the Investec Group. In light of these associations and any perceived conflicts of interest, each of Graeme Katz, Stephen Koseff and Sam Leon intend to abstain from voting any IAPF I Units that they hold or control in respect of the Proposal.

Graeme Katz also has an interest in the outcome of the Resolution as he is a member of Key Management. The proposed remuneration arrangements for Key Management if the Proposal is implemented are described in Sections 12.10 and 12.11 of this Document.

12.10. Employee incentives

The Board will adopt, following implementation of the Proposal, employee incentives that recognises the need to motivate, attract and retain employees to deliver sustainable and superior business performance. The key incentives are the long term incentive plan ("**LTIP**") described in Section 12.10.1 of this Document, the Retention Scheme described in Section 12.10.2 of this Document, and the discretionary bonus scheme described in Section 12.10.3 of this Document.

12.10.1. LTIP

The LTIP is designed to align employee accountability and remuneration by aligning the interests of certain senior employees with the interests of Unitholders by providing an opportunity for those employees to receive equity interests in the IAPF Group.

Under the LTIP, the IAPF Group expects to make offers of Performance Rights to eligible employees in July 2021. It is expected that the first offer of Performance Rights under the LTIP will be determined in July in respect of FY21. Performance Rights awarded under the LTIP which vest will entitle the employee to receive Stapled Securities on vesting.

Each of the IAPF Group's employees, including the Key Management, will be entitled to be considered. In determining the number and value of Performance Rights to be issued, the Board (with advice from the Nomination and Remuneration Committee) will make an assessment of market remuneration practice at that time in line with the IAPF Group's remuneration strategy.

To the extent Graeme Katz receives an award of Performance Rights, the proposed award will be considered at the FY21 AGM of the IAPF Group.

12. Additional information

The table below outlines the general plan terms for the LTIP.

Term	Description
Eligibility to participate	Offers may be made at the Board's discretion to full-time and part-time employees of the IAPF Group that the Board determines to be eligible to receive a grant under the LTIP. Non-executive Directors will not be entitled to participate in the LTIP.
Offers under the LTIP	Under the LTIP, the Board may make an offer at its discretion, subject to any requirements for approval of Unitholders. The Board has discretion to set the terms and conditions on which it will make an offer in an individual invitation document (including with respect to vesting and exercise conditions of the offer). The offer must be accepted by the participant, who must complete an application form.
Grant of Performance Rights	Participants are offered a grant of Performance Rights under the LTIP. A Performance Right entitles the participant to acquire one Stapled Security for nil consideration on certain vesting dates and subject to certain performance and service conditions ("**Vesting Conditions**"). Under the LTIP, the Board may determine whether Stapled Securities to be provided on vesting of LTIP awards be delivered through the issue of new Stapled Securities or the transfer or allocation of existing Stapled Securities. If a determination is not made, Stapled Securities to be delivered on vesting of LTIP awards must be transferred or allocated to the employee and not satisfied via an issue of new Stapled Securities. In relation to Performance Rights awarded to senior employees for FY21, any Stapled Securities to be delivered on vesting of the FY21 awards must be by transfer or allocation of existing Stapled Securities to the employee and not satisfied via an issue of new Stapled Securities.
Quantum of grants	The Board will determine the quantum of grants under the LTIP at its discretion.
Acquisition price	Performance Rights will be granted to participants for nil consideration under the LTIP. No amount is payable on vesting of the Performance Rights.
Vesting Conditions	The Board has absolute discretion to determine the terms and conditions of any vesting of Performance Rights under the LTIP, including the Vesting Conditions, provided that such terms and conditions are in accordance with any applicable requirements of the Listings Requirements and the Corporations Act. While Vesting Conditions will be set when offers of LTIP awards are made to eligible participants, the Board will usually include performance measures as part of those Vesting Conditions, which include relative total securityholder measures and a total return measure. For the FY21 LTIP awards, the Board will consider measures in line with those described below. **Performance** The performance measures under consideration are: • (**Relative total securityholder return**) the first Vesting Condition will be tested against the total securityholder return relative to constituents of the S&P/ASX300 A-REIT index ("**Comparator Group**"); and • (**Total return**) the second Vesting Condition will be tested against the total return, being the change in NTA plus distributions over the performance period, divided by NTA at the commencement of the performance period. The tables below provide more detail on how these performance measures may operate. The Board reserves the right to make final decisions for FY21 at the time of making any proposed offers of Performance Rights under the LTIP.

<table>
<tr><th>Term</th><th>Description</th></tr>
<tr><td></td><td>

Relative total securityholder return (rTSR) component (50% weighting)

Total securityholder return is defined as growth in unit price over the performance period, expressed as a percentage and factoring in distributions being reinvested. The position of the IAPF Group will be assessed against the Comparator Group over the performance period. Vesting will be determined according to the following scale based on the position of the IAPF Group against the Comparator Group.

<table>
<tr><th>rTSR position</th><th>Vesting %</th></tr>
<tr><td>Below 50th percentile</td><td>0%</td></tr>
<tr><td>At 50th percentile</td><td>50%</td></tr>
<tr><td>Between 50th percentile and 75th percentile</td><td>Straight line pro rata vesting between 50% and 100%</td></tr>
<tr><td>Above 75th percentile</td><td>100%</td></tr>
</table>

Total return component (50% weighting)

Total return means the change in NTA plus distributions over the performance period, divided by NTA at the commencement of the performance period. The Board will have the ability to include or exclude certain items from the total return calculation where appropriate, to ensure there is no undue advantage, penalty or disincentive from undertaking certain activities.

The total return targets and associated vesting schedule is set out below.

<table>
<tr><th>Total return</th><th>Vesting %</th></tr>
<tr><td>Below target</td><td>Nil</td></tr>
<tr><td>Equal to target</td><td>50%</td></tr>
<tr><td>Between target and stretch</td><td>Straight line pro rata vesting between 50% and 100%</td></tr>
<tr><td>At or above stretch</td><td>100%</td></tr>
</table>

</td></tr>
<tr><td>Distributions and voting rights</td><td>Performance Rights granted under the LTIP do not carry distribution or voting rights prior to vesting.

Stapled Securities allocated upon vesting of Performance Rights carry the same distribution and voting rights as other Stapled Securities in the same class.

However, the Board has flexibility to determine prior to making an offer that any Performance Rights the subject of the offer will carry rights entitling the holder to receive distribution equivalents i.e. a right to receive Performance Rights (which vest into Stapled Securities) equivalent to the value of distributions that would have been payable to the holder had they been the holder of the underlying Stapled Securities over which the Performance Right is exercisable.</td></tr>
<tr><td>Restrictions on dealing and hedging</td><td>Participants must not sell, transfer, encumber, hedge or otherwise deal with Performance Rights granted as part of the LTIP unless the Board determines otherwise.

Participants will be free to deal with the Stapled Securities allocated on vesting of such Performance Rights, subject to the requirements of the IAPF Group's securities trading policy, applicable laws and any other disposal restrictions imposed by the Board as included in the participant's invitation to participate in the LTIP.</td></tr>
<tr><td>Cessation of employment</td><td>If a participant ceases employment with the IAPF Group due to certain circumstances (including retirement, genuine redundancy, death, terminal illness or disablement), the Board has discretion to determine when and on what conditions the unvested Performance Rights vest or subsequently lapse.

In other circumstances (including due to a participant's resignation or termination), unless the Board exercises its discretion to treat them otherwise and subject to applicable law, unvested Performance Rights will automatically lapse.</td></tr>
<tr><td>Change of control</td><td>If a change of control event occurs in respect of the IAPF Group, the Board has discretion to determine when and on what conditions the unvested Performance Rights vest or subsequently lapse.</td></tr>
</table>

12. Additional information

Term	Description
Clawback	If the Board determines that: • there has been a material misstatement of the IAPF Group's financial accounts; • a participant has committed an act of fraud, negligence or gross misconduct; • a participant has failed to comply in a material respect with any restrictive covenant; or • there is some other event which is determined by the Board in its absolute discretion should give rise to a clawback, then the Board may (in its absolute discretion) declare that all or a portion of a participant's Performance Rights are to lapse on the date determined by the Board.

12.10.2. Retention Scheme

The Key Management and a limited number of other employees participate in the Retention Scheme established by Investec Australia. An employee participating in the Retention Scheme is entitled to a retention payment which vests on two vesting dates, being 1 April 2022 and 1 April 2023. The payment under the Retention Scheme will be made in cash and will not involve the issue of Stapled Securities or other financial products to the employees.

The Employer has agreed to assume the obligations of Investec Australia under the Retention Scheme in respect of the retention payments vesting on 1 April 2022 and 1 April 2023. Once the retention payments vesting on 1 April 2022 and 1 April 2023 have been paid (or otherwise lapsed), there will be no further offer or retention payments under or in connection with the existing Retention Scheme assumed by the Employer.

Generally, the employee must remain employed by the Employer as at each relevant vesting date, and satisfy the following performance conditions, for the retention payment to vest:

- no formal conduct issues having been raised in relation to the employee;
- IAPF having maintained its brand and reputation within its target market; and
- in the case of the Chief Executive Officer only, succession plans being in place for key people within the team.

The Board has discretion to make a payment under the Retention Scheme in case of cessation of employment because of disability or death.

Following the Implementation Date, in case of redundancy, the unvested retention payments will vest immediately subject to satisfaction of the performance conditions, unless the employee:

- accepts an offer of a comparable alternative position and the employer has assumed the obligations under the Retention Scheme, in which case the employee will remain eligible to receive the retention payments subject to assessment and vesting in the ordinary course; or
- rejects an offer of a comparable alternative position, in which case all unvested retention payments will automatically lapse.

The Board will also have discretion to reduce the retention payments in certain circumstances, including where the Board considers that the employee has engaged in misconduct, failed to adhere to policies or procedures or failed to act in the best interest of IAPF.

The maximum retention payments payable to all employees participating in the Retention Scheme, in aggregate, is $3,661,625 (including payroll tax). The retention payments payable to Graeme Katz are disclosed in Section 12.11.1 of this Document. The aggregate amount of the retention payments payable to the other Key Management is $1,459,147 (before tax) and the remainder is payable to a limited number of other employees.

Under the Implementation Deed, Investec Australia has agreed to pay $2,663,500 (including payroll tax) to the Responsible Entity (on behalf of the Employer) in consideration for the Employer assuming the obligations of Investec Australia in respect of the Retention Scheme and paying the retention payments to the participating employees as and when they become payable in accordance with the terms and conditions of the Retention Scheme. Accordingly, the maximum amount the Employer will be responsible for under the Retention Scheme, after taking into account the payment to be made by Investec Australia, is $998,125 (including payroll tax), assuming that there is no change to applicable payroll tax between the Implementation Date and 1 April 2023.

12.10.3. Discretionary bonus scheme

All of the 13 employees who currently participate in Investec Australia's discretionary bonus scheme will be eligible to participate in the Employer's discretionary bonus scheme, under which they may receive a discretionary bonus payment on an annual basis based on the performance of the employee and IAPF Group. The payment under the discretionary bonus scheme will be made in cash and will not involve the issue of Stapled Securities or other financial products to the employees.

The performance criteria for the discretionary bonus scheme are currently under review and will be disclosed in IAPF's remuneration report, which will be subject to an advisory vote by Unitholders. The Board, on the recommendation of the Nomination and Remuneration Committee, has determined that any discretionary bonuses payable for FY21 will not exceed $700,000 (excluding payroll tax), and this amount is reflected in the Forecast Financial Information in Section 6 of this Document.

12.11. Management Employment Agreements

12.11.1. Graeme Katz (Executive Director and Chief Executive Officer)

Term	Description
Employer	The Manager in its capacity as trustee of IAMT
Remuneration and other benefits	Graeme will be entitled to receive annual fixed remuneration of $600,000 (inclusive of base salary and superannuation). Graeme will be entitled to death and total permanent disability and income protection insurance.
Retention Scheme	Graeme is entitled to a retention payment totalling up to $1,528,630 (before tax). He will be paid up to $749,029 (before tax) on 1 April 2022 and up to $779,601 (before tax) on 1 April 2023 provided that he remains employed by the Employer on each such date (and subject to other terms and conditions of the Retention Scheme). Please refer to Section 12.10.2 of this Document for further details in relation to the Retention Scheme.
Discretionary bonus scheme	Graeme will be eligible to participate in the Employer's discretionary bonus scheme. Any amount paid under the discretionary bonus scheme will be at the Board's sole discretion (noting that the terms of the discretionary bonus scheme are currently under review).
LTIP	Graeme will be eligible to participate in the LTIP, as described in Section 12.10.1 of this Document. Graeme may receive an award as part of the variable component of his remuneration in respect of FY21. Awards made under the LTIP are at the absolute and sole discretion of the Board. Awards granted under the LTIP may be conditional on approval of Unitholders being obtained if required by the Corporations Act, the ASX Listing Rules or the JSE Listings Requirements.
Termination	Either Graeme or the Employer can terminate Graeme's employment by giving the other party 6 months' notice (or by the Employer making payment in lieu of part or all of the notice period). The Employer may summarily terminate Graeme's employment contract in certain circumstances, including where he engages in serious misconduct, is seriously or wilfully negligent, commits any act of dishonesty, fraud, theft or wilful breach of duty or company policy. All payments on termination will be subject to compliance with the Corporations Act, the ASX Listing Rules and the JSE Listings Requirements.
Restraints	Graeme's employment contract contains post-employment restraints, including: • non-competition restraints; • restrictions against soliciting or attempting to solicitor or accept the business or services of any business, person, firm, company or organisation who was a customer or supplier of the Employer or the IAPF Group; and • restrictions against attempting to entice away from the Employer or the IAPF Group any employee, contractor, or agent of the Employer or the IAPF Group. The restrictions above operate for up to 6 months post-employment and the enforceability of these restraints is subject to all usual legal principles.

12.11.2. Other Key Management

Kristie Lenton (Chief Financial Officer) and Zach McHerron (Fund Manager) will be employed on substantially similar terms to those of the Chief Executive Officer described in Section 12.11.1 of this Document, except that either party may terminate by giving the other 4 months' notice and the restraints operate for up to 4 months post-employment. They will be eligible to participate in the Retention Scheme, LTIP and discretionary bonus scheme, while the fixed component of their remuneration will be consistent with their current respective salaries.

12. Additional information

12.12. Interests relating to existing major Unitholders

Those Unitholders who, as at the Last Practicable Date and insofar as is known to IAPF based on the most recent Register provided by the Registry, directly or indirectly, were beneficially interested in 5% or more of the issued IAPF I Units or have 5% or more of the voting rights in the IAPF I Units are set out in the table below. If the Proposal is implemented, these Unitholders will receive one IAPF II Unit for each IAPF I Unit they hold at the Stapling Record Date. As such, the table below also sets out their expected interests in Stapled Securities on implementation of the Proposal:

Unitholder	Number of IAPF I Units as at Last Practicable Date	Percentage ownership of IAPF I Units pre-implementation of the Proposal	Percentage ownership of Stapled Securities on implementation of the Proposal
IBL	56,128,379	9.2%	9.2%
The Vanguard Group, Inc.	43,806,323	7.2%	7.2%
Sesfikile Capital (Pty) Ltd	35,437,498	5.8%	5.8%
Govt. of South Africa	33,520,656	5.5%	5.5%
Franklin Resources, Inc.	30,975,093	5.1%	5.1%
Total	199,867,949	32.7%	32.7%

The Directors' interests in the IAPF I Units as at the date of this Document and their expected interests in Stapled Securities following implementation of the Proposal are set out in Section 5.4.1 of this Document.

12.13. Agreements and arrangements between IAPF I and IAPF II

Following implementation of the Proposal, IAPF I, IAPF II and their controlled entities (as applicable) will be party to the following intra-group arrangements:

- the Management Agreement (as described in Section 11.9 of this Document); and
- the Service Level Agreement (as described in Section 11.13 of this Document).

12.14. Foreign Unitholders

No action has been taken to register or qualify the IAPF II Units or otherwise permit a public offer of such securities in any jurisdiction outside Australia and South Africa.

A Foreign Unitholder is any Unitholder on the Stapling Record Date whose address on the Register is a place outside of Australia and South Africa and their respective external territories.

Restrictions in certain foreign countries may make it impractical or unlawful to offer or receive securities in those countries. Accordingly, not all Foreign Unitholders will be eligible to receive IAPF II Units under the Proposal. A Foreign Unitholder is eligible to receive IAPF II Units under the Proposal only to the extent the Responsible Entity determines that it is not prohibited and not unduly onerous or impractical to issue IAPF II Units to it under the Proposal (with such Foreign Unitholders being Eligible Foreign Unitholders). For clarity, any Unitholder who holds their IAPF I Units on the South African Register is not a Foreign Unitholder (and is eligible to receive Stapled Securities under the Proposal), as their IAPF I Units are registered in the name of PLC Nominees (a South African entity).

As at the date of this Document, the Responsible Entity has determined that Foreign Unitholders in the following jurisdictions and who satisfy the applicable conditions below are Eligible Foreign Unitholders:

- New Zealand;
- United Kingdom;
- PRC, where the IAPF I Unitholder is a: (i) qualified domestic institutional investor as approved by the relevant PRC regulatory authorities to invest in overseas capital markets; (ii) sovereign wealth fund or quasi-government investment fund that has the authorisation to make overseas investment; or (iii) another type of qualified investor that has obtained all necessary PRC governmental approvals, registrations and/or filings (whether statutorily or otherwise);
- Hong Kong;
- Singapore; and
- any other jurisdiction in respect of which the Responsible Entity reasonably believes that it is not prohibited and not unduly onerous or impractical to issue IAPF II Units to IAPF I Unitholders (or a particular IAPF I Unitholder) with a registered address in such jurisdiction.

All other Foreign Unitholders will be Ineligible Foreign Unitholders and dealt with under Section 12.15 of this Document.

Nominees, custodians and others who hold IAPF I Units on behalf of a beneficial owner resident outside Australia, South Africa, New Zealand, United Kingdom, Hong Kong, and Singapore may not forward this Explanatory Memorandum (or any accompanying document) to anyone outside these countries without the consent of the Responsible Entity.

12.15. Sale Facility

12.15.1. Overview

Ineligible Foreign Unitholders will not receive IAPF II Units under the Proposal. Rather, the entire existing holding of IAPF I Units held by Ineligible Foreign Unitholders will be transferred to the Sale Nominee pursuant to the terms of the Sale Facility. Under the Sale Facility:

- IAPF I Units held by or on behalf of Ineligible Foreign Unitholders as at the Stapling Record Date will be transferred to the Sale Nominee prior to the Implementation Date without the need for any further action by the Ineligible Foreign Unitholders. Each Ineligible Foreign Unitholder is deemed to have consented to the sale and directs the Sale Nominee to participate in the Proposal, to sell the Stapled Securities received by the Sale Nominee in respect of its ineligible IAPF I Units and to pay the net proceeds of the sale of such Stapled Securities after deducting any brokerage costs, fees and applicable taxes to the Ineligible Foreign Unitholder;
- the Sale Nominee will receive IAPF II Units in respect of those ineligible IAPF I Units which are transferred to it pursuant to the Sale Facility, in the same way as other Unitholders. After the implementation of the Proposal, the Sale Nominee will hold the Stapled Securities that would otherwise have been held by Ineligible Foreign Unitholders;
- as soon as is reasonably practicable after the Implementation Date (and in any event within the 30 day period commencing on the business day after the Implementation Date), the Sale Nominee will sell the Stapled Securities it holds. The sale will occur in the ordinary course of trading on the ASX in one or more tranches; and
- once settlement of the sale of all the Stapled Securities has occurred, and in no case later than 2 business days thereafter, the Sale Nominee must transfer (or must procure the transfer of) the total gross sale proceeds less any brokerage costs, fees and applicable taxes to the Registry, who will arrange for the sale proceeds to be paid in AUD to Ineligible Foreign Unitholders by cheque or electronic funds transfer into a bank account nominated by the Ineligible Foreign Unitholder for the amount due to each Ineligible Foreign Unitholder together with a statement of how the amount is calculated.

12.15.2. Determination of sale proceeds

Each Ineligible Foreign Unitholder will participate in the Sale Facility and will receive an amount equal to the average price per Stapled Security at which the Sale Nominee sold the Stapled Securities under the Sale Facility, multiplied by the number of Stapled Securities that the Ineligible Foreign Unitholder would otherwise have held, had they received IAPF II Units under the Proposal (subject to rounding to the nearest whole cent). Any brokerage costs, fees and applicable taxes will be deducted from the proceeds of sale before being distributed to the Ineligible Foreign Unitholders.

The sale price of Stapled Securities and the proceeds that the Ineligible Foreign Unitholder will receive cannot be guaranteed. The sale proceeds will not necessarily be the highest price at which the securities could be sold during the sale period. The Sale Nominee will sell the securities in such manner, at such price or prices, at such times and on such other terms as the Sale Nominee sees fit (at the risk of the Ineligible Foreign Unitholders) with the objective of achieving the best prices for the Stapled Securities that are reasonably obtainable at the time of the sales, bearing in mind:

- the total number of Stapled Securities that participate in the Sale Facility. If a large number of Stapled Securities participate in the Sale Facility, the sale price for those securities may be lower if the supply of securities available for sale is greater than the demand for the number of Stapled Securities that investors would be seeking to buy in the absence of the availability of those Stapled Securities pursuant to the sale process;
- the prevailing market conditions, including the prevailing price of Stapled Securities on the ASX and the prevailing demand for those Stapled Securities; and
- the period during which the sale process is undertaken.

12.15.3. Alternatives to participating in the Sale Facility

As an alternative to participating in the Sale Facility, Unitholders who expect to be Ineligible Foreign Unitholders on the Stapling Record Date may choose to sell their IAPF I Units on market by the last day of trading of unstapled IAPF I Units (expected to be Friday, 20 November 2020 on the JSE and Monday, 23 November 2020 on the ASX). There are a number of differences between selling ineligible IAPF I Units on market and participating in the Sale Facility, including:

- the price may be higher or lower;
- under the Sale Facility, Ineligible Foreign Unitholders have no control over the sale proceeds they will receive;
- Ineligible Foreign Unitholders will need to wait until after the Sale Facility process is completed before they receive the sale proceeds; and
- transfers and sales under the Sale Facility will only proceed if the Proposal is implemented (and subject to compliance with applicable law).

12. Additional information

12.16. Notice to Foreign Unitholders/selling restrictions

This Document does not constitute an offer of, or an invitation to buy, securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Document must not be distributed, and IAPF II Units will not be issued, to Foreign Unitholders, other than Eligible Foreign Unitholders to the extent described below.

12.16.1. New Zealand

This Document is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013. The IAPF II Units are being issued under the Proposal to existing Unitholders in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 and, accordingly, this Document may not contain all the information that a disclosure document is required to contain under New Zealand law.

12.16.2. United Kingdom

Neither the information in this Document nor any other document relating to the Proposal has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) has been published or is intended to be published in respect of the IAPF II Units.

This Document does not constitute an offer of transferable securities to the public within the meaning of the Prospectus Regulation (2017/1129/EU) or the FSMA. Accordingly, this Document does not constitute a prospectus for the purposes of the Prospectus Regulation or the FSMA.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the IAPF II Units has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Responsible Entity.

In the United Kingdom, this Document is being distributed only to, and is directed at, persons: (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005; or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this Document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Document or any of its contents.

12.16.3. PRC

The information in this Document does not constitute a public offer of IAPF II Units, whether by way of sale or subscription, in the PRC. The IAPF II Units may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to: (i) "qualified domestic institutional investors" as approved by a relevant PRC regulatory authority to invest in overseas capital markets; (ii) sovereign wealth funds or quasi-government investment funds that have the authorization to make overseas investments; or (iii) other types of qualified investors that have obtained all necessary PRC governmental approvals, registrations and/or filings (whether statutorily or otherwise).

12.16.4. Hong Kong

WARNING: The contents of this Document have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Proposal. If you are in any doubt about any of the contents of this Document, you should obtain independent professional advice.

This Document does not constitute an offer or invitation to the public in Hong Kong to acquire an interest in or participate in (or offer to acquire an interest in or participate in) a collective investment scheme. This Document also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance ("**SFO**") (Cap. 571 of the Laws of Hong Kong).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Document in Hong Kong, other than to persons who are "professional investors" (as defined in the SFO and any rules made thereunder) or in other circumstances that do not result in this Document constituting an invitation to the public of Hong Kong for the purpose of the SFO.

No person may issue or have in its possession for the purposes of issue, this Document or any advertisement, invitation or document relating to IAPF II Units, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to IAPF II Units that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Copies of this Document may be issued to a limited number of persons in Hong Kong in a manner which does not constitute any issue, circulation or distribution of this Document, or any offer or an invitation in respect of IAPF II Units, to the public in Hong Kong. The document is for the exclusive use of Unitholders in connection with the Proposal, and no steps have been taken to register or seek authorisation for the issue of this Document in Hong Kong.

This Document is confidential to the person to whom it is addressed and no person to whom a copy of this Document is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this Document to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with consideration of the Proposal by the person to whom this Document is addressed.

12.16.5. Singapore

This Document and any other document relating to the Proposal or IAPF II Units has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore and the Proposal is not regulated by any financial supervisory authority under any legislation in Singapore. Accordingly, statutory liabilities in connection with the contents of prospectuses under the Securities and Futures Act, Cap. 289 (the "**SFA**") will not apply.

This Document and any other document in connection with the offer, sale or distribution, or invitation for subscription, purchase or receipt of IAPF II Units may not be offered, sold or distributed, or be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) Division 1, Part XIII of the SFA or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to IAPF II Units being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

This Document is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, or distributed to any other person.

The investment referred to in this Document may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investment. Nothing in this Document constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

The Responsible Entity is not in the business of dealing in securities or hold itself out or purport to hold itself out to be doing so. As such, the Responsible Entity is neither licensed nor exempted from dealing in securities or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

12.17. South African Exchange Control Regulations

A summary of the Exchange Control Regulations and the Manual, which sets out SARB policy, relating to the acquisition of IAPF II Units after the listing of IAPF II Units on the JSE is provided below. The Exchange Control Regulations currently do not apply to the borrowings of IAPF II as this will be raised in Australia.

The Exchange Control Regulations restrict the export of capital from the Common Monetary Area, without the prior consent of SARB. The Exchange Control Regulations apply to transactions involving South African residents, including both natural persons and legal entities.

IAPF II is a foreign entity. However, upon the inward listing of the IAPF II Units on the JSE, in terms of the Exchange Control Regulations read with the Manual, the IAPF II Units in the South African Register will be classified as domestic securities in South Africa.

The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt in regard hereto, please consult your professional advisor or authorised dealer.

12.17.1. South African individuals

South African residents which are natural persons will be able to acquire Stapled Securities without restriction. Such securities are reflected on the South African Register and are Rand-denominated. Consequently, an acquisition of Stapled Securities by a South African individual will not affect such individual's offshore investment allowance.

South African individuals need not take any administrative actions and can instruct their broker to buy and sell Stapled Securities on their behalf as they would with any other listed security on the JSE.

South African tax residents which are natural persons may move up to ZAR 10 million per annum abroad with SARS tax clearance, or up to ZAR 1 million without SARS tax clearance (in aggregate value of assets). To the extent that any South African exchange control resident individual wishes to move their Stapled Securities to the Australian Register, these individuals may utilise their offshore investment allowance to do so without prior approval.

12. Additional information

12.17.2. South African institutional investors

South African institutional investors, as contemplated in the Manual, may invest in inwardly listed securities on the JSE without restriction. Institutional investors will be entitled to acquire Stapled Securities reflected on the South African Register and this will not form part of their existing foreign portfolio investment allowance.

To the extent that an institutional investor wishes to move its Stapled Securities to the Australian Register, it would form part of its existing foreign portfolio investment allowance.

12.17.3. South African corporate entities

A South African corporate entity may invest in securities that are inward listed on the JSE without restriction. As such, corporate entities may freely acquire Stapled Securities reflected on the South African Register.

South African tax resident corporate entities require exchange control approval to move any amounts abroad, and the foreign investment allowance does not apply to them. To the extent that any South African corporate entity wishes to move its Stapled Securities to the Australian Register, it would require prior exchange control approval from SARB.

12.17.4. Non-residents of the Common Monetary Area

Non-residents of the Common Monetary Area may acquire Stapled Securities on the JSE, provided that payment is received in foreign currency or Rand from a non-resident account at a South African registered bank in South African ZAR.

Non-residents of the Common Monetary Area may sell Stapled Securities on the JSE and repatriate the proceeds without restriction.

12.18. Privacy

In communicating with the Registry and the Responsible Entity, you may be requested to provide personal information. The Responsible Entity, and the Registry on its behalf, collect, hold and use your personal information to service your needs as a Unitholder, provide facilities and services that you request and carry out appropriate administration. If you do not provide your personal information, the Responsible Entity and the Registry may not be able to service your needs as a Unitholder.

The Corporations Act and Australian taxation legislation requires information about Unitholders (including name, address and details of holdings of Stapled Securities) to be included in the Register. The information must continue to be included in the Register if you cease to be a Unitholder. The Responsible Entity and the Registry may disclose your personal information for purposes related to your investment to their related entities, agents and service providers including those listed below or as otherwise authorised under the Privacy Act:

- the Registry for ongoing administration of the Register;
- a regulatory agency in compliance or purported compliance with regulatory obligations;
- printers and other companies for the purpose of preparation and distribution of documents and for handling mail;
- market research companies for the purpose of analysing the Unitholder base and for product development and planning; and
- legal and accounting firms, auditors, management consultants and other advisors for the purpose of administering, and advising on, the Stapled Securities and for associated actions.

The related entities, agents and service providers of the Responsible Entity may be located outside Australia where your personal information may not receive the same level of protection as that afforded under the Privacy Act and you may not be able to seek redress under the Privacy Act.

You may request access to your personal information held by or on behalf of IAPF. You can request access to your personal information or obtain further information about IAPF's privacy practices by contacting the Registry. You may be required to pay a reasonable charge to the Registry in order to access your personal information. The Responsible Entity will aim to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Registry if any of the details you have provided change. In accordance with the requirements of the Corporations Act, information on the Register will be accessible by members of the public.

If you hold IAPF I Units on the Australian Register, please contact us on the Information Line on 1300 157 204 (within Australia) or +61 3 9415 4080 (outside Australia) from 8.30am until 5.00pm (Sydney time) Monday to Friday (excluding public holidays) if you do not consent to the Responsible Entity using or disclosing your personal information in these ways. By investing in IAPF, you will be taken to have consented to these uses and disclosures.

12.19. Complaints and dispute resolution

If you have a complaint, please contact the Responsible Entity directly at the addresses set out in the Corporate Directory. The Responsible Entity has a complaints handling and dispute resolution procedure which it follows to acknowledge, investigate, respond to and resolve complaints by Unitholders.

The Responsible Entity will endeavour to acknowledge both written and verbal complaints immediately and in any event within five Business Days following receipt. The Responsible Entity will investigate the complaint with a view to resolving it and advise you as soon as possible. The Responsible Entity will finally resolve the complaint within 45 days of receipt of the complaint.

If you are not satisfied with the Responsible Entity's response you can also refer your complaint to the Australian Financial Complaints Authority, an external complaints handling body that provides an independent assessment of your complaint. This procedure may only be available to Unitholders that receive financial services from IAPF as retail clients.

Contact details are:
Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001
Telephone (free call): 1800 931 678
Email: info@afca.org.au
Website: https://www.afca.org.au/

12.20. Consents to be named

Each of the parties referred to below (each a "**Consenting Party**" and together the "**Consenting Parties**") has given, and has not, before the Lodgement, withdrawn its written consent to being named in this Document in the form and context in which it is named:

- King & Wood Mallesons as Australian legal advisor (other than in relation to taxation matters) to IAPF in relation to the Proposal;
- Cliffe Dekker Hofmeyr Inc as South African legal advisor (other than in relation to taxation matters) to IAPF in relation to the Proposal;
- KPMG as auditor of IAPF I in Australia and taxation advisor;
- KPMG Inc. as auditor of IAPF I in South Africa and Independent Reporting Accountant and to the inclusion in this Document of its Independent Reporting Accountant's Reports set out in Annexure C of this Document in the form and context in which it is included;
- KPMG Transaction Services as Investigating Accountant and to the inclusion in this Document of its Investigating Accountant's Report set out in Annexure A of this Document in the form and context in which it is included;
- J.P. Morgan Securities Australia Limited as financial advisor;
- Macquarie Capital (Australia) Limited as financial advisor;
- Deloitte Corporate Finance Pty Limited as Independent Expert and to the inclusion in this Document of its Independent Expert's Report set out in Section 8 of this Document in the form and context in which it is included;
- Computershare Investor Services Pty Limited and Computershare Investor Services Proprietary Limited as the Registry;
- Computershare Dealing Services Pty Ltd as Sale Nominee; and
- Investec Bank Limited as Sponsor.

No Consenting Party has made any statement that is included in this Document or any statement on which a statement made in this Document is based, except as stated above. None of the Consenting Parties has authorised or caused the issue of this Document. None of the Consenting Parties, subject to the law, takes responsibility for any statements or omissions in this Document, except as stated above.

12.21. Availability of documents

IAPF is a disclosing entity for the purposes of the Corporations Act. As such, IAPF is subject to regular reporting and continuous disclosure obligations.

These obligations require IAPF to notify ASX of information about specified matters and events as they arise for the purpose of ASX making that information available to participants in the market. Once IAPF becomes aware of any information concerning it which a reasonable person would expect to have a material effect on the price or value of a Stapled Security, IAPF must (subject to limited exceptions) immediately tell ASX that information.

Publicly disclosed information about all ASX-listed entities, including IAPF, is available on the ASX website at asx.com.au. Publicly disclosed information about IAPF is also available at its website at iapf.com.au. Additionally, copies of documents lodged with ASIC in relation to IAPF may be obtained from or inspected at ASIC. Please note ASIC may charge a fee in respect of such services.

12. Additional information

The following documents are available for inspection free of charge prior to the Meeting during normal business hours at the Australian registered office of the Responsible Entity and the Sponsor (see the Corporate Directory):

- this Document;
- the Constitutions;
- the Implementation Deed;
- IAPF's annual report for FY20;
- IAPF's half yearly report for the period ended 30 September 2019;
- IAPF's annual report for FY19;
- IAPF's annual report for FY18;
- any public announcements of IAPF lodged after the latest annual report for FY20 and before the date of this Document;
- the Compliance Plan;
- IAPF's policies regarding the exercise of discretions under the Constitutions which affect IAPF I Unit and IAPF II Unit price calculations;
- any trust deed or agreement affecting the governance of IAPF or the interests of Unitholders, including a signed copy of this Document;
- any special or notarial contract bearing on the Constitutions entered into in the three year period ending on the date of this Document;
- IAPF's material contracts set out in Section 11 of this Document;
- IAPF's service agreements (or a summary of such agreements) with Directors, managers or secretaries, underwriters, vendors and promoters entered into in the three year period ending on the date of this Document; and
- any reports, letters, financial statements, valuations or statements that have been prepared by an expert and extracted or referred to in this Document.

The annual and half yearly reports, and public announcements referred to above, are also available at IAPF's website at iapf.com.au. Unitholders also have the option to request a hard copy of the Independent Expert's Report to be sent to them at no cost.

12.22. Statement of Directors

Each Director as at the date of this Document has consented to the lodgement of this Document with ASIC.

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Glossary

13. Glossary

Defined term	Meaning
$ or **AUD**	Australian dollars, being the lawful currency of Australia.
AAS	Australian Accounting Standards and other authoritative announcements issued by the Australian Accounting Standards Board.
Abacus	Abacus Funds Management Limited (ACN 007 415 590).
ABN	Australian Business Number.
ACN	Australian Company Number.
AFFO	Adjusted funds from operations, calculated in line with the Property Council Guidelines, being FFO adjusted for maintenance capital expenditure, cash and cash equivalent incentives (including rent free incentives) given to tenants during the period and other one-off items which have not been adjusted in determining FFO.
AFSL	Australian financial services licence issued under the Corporations Act.
AMIT Regime	The regime for the taxation of Attribution MITs.
AML/CTF Laws	Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).
ANZ	Australia and New Zealand Banking Group Limited (ACN 005 357 522).
ARSN	Australian Registered Scheme Number.
ASIC	Australian Securities and Investments Commission.
ASIC Act	Australian Securities and Investments Commission Act 2001 (Cth).
Associate	An associate as defined in the JSE Listings Requirements.
ASX	ASX Limited (ACN 008 624 691) and, where applicable, the Australian securities exchange operated by ASX Limited.
ASX Guidelines	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, as amended from time to time.
ASX Listed	The official quotation by the ASX of the IAPF I Units or the Stapled Securities, as the context requires.
ASX Listing	The listing of IAPF II on the ASX and the official quotation of the IAPF II Units by the ASX.
ASX Listing PDS	The product disclosure statement dated 3 May 2019 issued by the Responsible Entity in connection with the listing of IAPF I on ASX and offer of IAPF I Units, a copy of which is available on IAPF's website at www.iapf.com.au.
ASX Listing Rules	The listing rules of the ASX, and other rules of the ASX which are applicable to IAPF while it is ASX Listed, as amended from time to time.
ASX Settlement Rules	The ASX settlement operating rules.
Attribution MIT or **AMIT**	As defined in section 276-10 of the Income Tax Assessment Act 1997 (Cth).
Audit and Risk Committee	The audit and risk committee of the Board.
Audit and Risk Committee Charter	The audit and risk committee charter adopted by the Board.
Auditor	The auditor of IAPF from time to time, being as at the date of this Document, KPMG (Australia) and the Independent Reporting Accountant (South Africa).
Australia	The Commonwealth of Australia.
Australian Register	The register of Unitholders maintained by, or on behalf of, the Responsible Entity in Australia, which is a sub-register of the Register.
Australian REIT	An Australian domiciled real estate investment trust that is a Managed Investment Scheme.
Board	The board of Directors, as further detailed in Section 5.2 of this Document.
Board Charter	The board charter adopted by the Board.
Brendale Property	The property situated at Lot 3, Belconnen Crescent, Brendale QLD.
Business Day	A day on which the ASX is open for trading in securities and banks are open for general business in Sydney, Australia.
Capitalisation Rate	The return of a property or portfolio of properties calculated by dividing the market level of Net Property Income of that property or portfolio by the assessed independent valuation of that property or portfolio.

Defined term	Meaning
Certificated Unitholders	Unitholders who have not Dematerialised their unit certificates in IAPF I or IAPF II in terms of Strate and hold Certificated Units.
Certificated Units	IAPF I Units or IAPF II Units which have not yet been Dematerialised, title to which is represented by a unit certificate or other document of title acceptable to the Board.
CGT	Capital gains tax.
CHESS	Clearing House Electronic Subregister System, operated under the Corporations Act.
Circular	This Document, including all annexures and attachments hereto, as required under the JSE Listings Requirements.
CIS Act	Collective Investment Schemes Control Act, No. 45 of 2002 of South Africa.
CISIP	A CISIP as defined in section 13.1(e) of the JSE Listings Requirements.
Collective Investment Scheme	A collective investment scheme as defined in section 1 of the CIS Act.
Common Monetary Area	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Eswatini.
Competing Proposal	Any proposal by a third party in relation to a transaction or arrangement under which if such transaction or arrangement is completed: • a person would acquire (directly or indirectly) or become the holder of, or otherwise have a right to acquire or have an economic interest in the whole or a substantial part of the business conducted by IAPF I or IAPF I's assets or its related bodies corporate; • a person would acquire a relevant interest in, or voting power of, 50% or more of all IAPF I Units on issue; • a person would acquire (directly or indirectly) control of IAPF I within the meaning of section 50AA of the Corporations Act; • a person would otherwise acquire, or merge or amalgamate with, IAPF I; or • IAPF I would be required to abandon or otherwise fail to proceed with the Proposal.
Compliance Plan	The compliance plan of IAPF, as amended from time to time, the key details of which are set out in Section 11.10 of this Document.
Conditions	The conditions of the Proposal set out in the Implementation Deed and detailed in Section 2.10 of this Document.
Constitutions	The IAPF I Constitution and the IAPF II Constitution.
Corporations Act	Corporations Act 2001 (Cth).
CPI	The All Groups Consumer Price Index, as issued by the Australian Bureau of Statistics as a general indicator of the rate of change in prices paid for consumer goods and services.
CSDP	Central Securities Depository Participant.
Custodian	Perpetual Corporate Trust Limited (ACN 000 341 533).
Dematerialise or **Dematerialisation**	The process whereby Certificated Units are replaced by electronic records of ownership under Strate and recorded in the Register.
Dematerialised Unitholders	Unitholders who hold Dematerialised Units.
Dematerialised Units	IAPF I Units or IAPF II 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.
Director	A director of the Responsible Entity.
Distribution Statements	The distribution statements for FY21.
Distributions	The distributions made in relation to the IAPF I Units or the IAPF II Units.
Document	This document dated 20 October 2020 in relation to the Proposal.
DPU	Distribution per unit or stapled security (as applicable).
EBIT	Earnings before interest and tax.

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Defined term	Meaning
ECL	Expected credit loss.
Eligible Foreign Unitholder	A Foreign Unitholder in relation to whom the Responsible Entity has determined that it is not prohibited and not unduly onerous or impractical to issue IAPF II Units to it under the Proposal. A list of foreign jurisdictions (other than Australia and South Africa) to which the Responsible Entity is satisfied they can issue securities is described in Section 12.14 of this Document.
Employer	The Manager in its capacity as trustee of IAMT.
Enterprise Value	The market price of a IAPF I Unit or Stapled Security (as applicable) as at the relevant date multiplied by the average number of IAPF I Units or Stapled Securities (as applicable) on issue over the period of 30 consecutive business days (as defined in the JSE Listings Requirements) immediately before the relevant date and the total amount of debt owing by IAPF and all Sub Trusts as at the relevant date, less the total amount of cash and cash equivalents held by IAPF and all Sub Trusts as at the relevant date.
Exchange Control Regulations	The Exchange Control Regulations, 1961, as amended from time to time, promulgated pursuant to Section 9 of the South African Currency and Exchanges Act, No 9 of 1933, as amended from time to time.
Facility	The cash advance facility made available by Westpac, ANZ and PGIM to the Hold Trust under the Facility Agreement (which excludes the $10 million bank guarantee described in Section 11.15 of this Document).
Facility Agreement	The agreement between Westpac, ANZ, PGIM, Responsible Entity, Hold Trustee and others under which the Facility has been made available to IAPF, as amended from time to time.
FFO	Funds from operations calculated in accordance with the Property Council Guidelines, determined by adjusting statutory net profit (under AAS) for non-cash and other items such as property revaluations, derivative mark-to-market impacts, amortisation of tenant incentives, gain/loss on sale of investment properties, straight-line rental revenue adjustments, non-FFO tax expenses/benefits and other unrealised one-off items.
Final Closing Date	The final closing date for the TAP LP, being a date determined by the TAP GP which is no later than 19 December 2021 (which may be extended by up to 6 months with the approval of the TAP LP advisory committee, or by more than 6 months with approval of investors holding at least 75% of total capital commitments, excluding defaulting investors).
Financial Information	The Historical Financial Information, the IAPF Group Pro Forma Consolidated Balance Sheet and the Forecast Financial Information as set out in Section 6 of this Document.
FMA	South African Financial Markets Act No 19 of 2012.
Forecast Financial Information	The Forecast Income Statements and the IAPF Group Pro Forma Forecast Income Statement as set out in Section 6.5 of this Document.
Forecast Income Statements	The aggregated forecast statement of profit or loss and other comprehensive income of IAPF I for FY21, the forecast statement of profit or loss and other comprehensive income of IAPF II for the period from the Implementation Date to 31 March 2021 and the aggregated forecast statement of profit or loss and other comprehensive income of the IAPF Group for FY21 as set out in Section 6.5 of this Document.
Foreign Unitholder	A Unitholder on the Stapling Record Date whose address on the Register is a place outside of Australia or South Africa and their respective external territories. For clarity, any Unitholder who holds their IAPF I Units on the South African Register is not a Foreign Unitholder, as their IAPF I Units are registered in the name of PLC Nominees (a South African entity).
FSCA	Financial Sector Conduct Authority (South Africa).
FTC	Foreign-tax credit.
FY18	The financial year ended 31 March 2018.
FY19	The financial year ended 31 March 2019.
FY20	The financial year ended 31 March 2020.
FY21	The financial year ending 31 March 2021.
Gearing Ratio	Interest bearing liabilities (excluding debt establishment costs) less cash divided by the total value of assets (excluding intangibles and trade and other receivables), and **Gearing** has a corresponding meaning.
Gross Lease	A lease under which all operating costs on the property are included in the rental charged.

Defined term	Meaning
Gross Property Income	All rents, licence or other fees, or contributions towards or reimbursement of outgoings received or receivable in respect of Properties.
Group Company	IAPH and each subsidiary of IAPH comprising: • the Responsible Entity; • the Manager; • the Hold Trustee; • the Sub Trustee; and • from immediately prior to implementation of the Proposal, the TAP Trustee and the TAP Sub Trustee.
GST	Goods and services tax.
Historical Consolidated Balance Sheet	The summarised historical consolidated statement of financial position of IAPF I as at 31 March 2020.
Historical Income Statements	The historical consolidated statements of profit or loss and other comprehensive income of IAPF I for FY18, FY19 and FY20.
Historical Financial Information	The Historical Income Statements and the Historical Consolidated Balance Sheet as set out in Section 6 of this Document.
Hold Trust	Investec Australia Hold Trust No. 1, an intermediary holding trust that is a wholly owned by IAPF and is the holding trust of the Sub Trusts that own the Portfolio.
Hold Trustee	Investec Wentworth Pty Limited (ACN 003 388 725), which as at the date of this Document is the trustee of the Hold Trust and the Point Cook Trust, and the security trustee of the Riverside Security Trust, and is ultimately wholly owned by Investec Plc.
Hong Kong	The Hong Kong Special Administrative Region of the PRC.
IAMT	Investec Australia Management Trust, a trust that is a wholly owned by IAPF II (through the Custodian).
IAPF	IAPF I or the IAPF Group, as the context requires depending on whether Stapling has occurred.
IAPF I	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 it from members of the public in South Africa under section 65 of the CIS Act, and, if the context requires, its controlled entities from time to time.
IAPF I Constitution	The constitution (otherwise known as the trust deed) of IAPF I, as amended from time to time, the key details of which are set out in Section 11.8 of this Document.
IAPF I Eight-Month Forecast Income Statement	The forecast statement of profit or loss and other comprehensive income of IAPF I for the eight month period ended 31 March 2021 as set out in Annexure B of this Document.
IAPF I Forecast Income Statement	The aggregated forecast statement of profit or loss and other comprehensive income of IAPF I for FY21 as set out in Section 6.5 of this Document.
IAPF I Unit	An undivided participatory interest in IAPF I.
IAPF II	Investec Australia Property Fund II (ARSN 644 081 309), which is duly registered as a Managed Investment Scheme under the Corporations Act, and, if the context requires, its controlled entities from time to time.
IAPF II Constitution	The constitution (otherwise known as the trust deed) of IAPF II, as amended from time to time, the key details of which are set out in Section 11.8 of this Document.
IAPF II Forecast Income Statement	The forecast statement of profit or loss and other comprehensive income of IAPF II for the period from the Implementation Date to 31 March 2021 as set out in Section 6.5 of this Document.
IAPF II Historical Financial Information	The audited historical financial information of IAPF II as at the date of establishment as set out in Annexure B of this Document.
IAPF II Pro Forma Historical Consolidated Balance Sheet	The pro forma historical consolidated statement of financial position of IAPF II post implementation of the Proposal as set out in Section 6.9 of this Document.
IAPF II Pro Forma Income Statement	The pro forma adjustments to incorporate the statement of profit or loss and other comprehensive income of IAPF II for the four months ending 31 July 2020 as set out in Annexure B of this Document.

13. Glossary

Defined term	Meaning
IAPF II Unit	An undivided participatory interest in IAPF II.
IAPF Group	The group formed as a result of the Stapling of IAPF I Units to IAPF II Units as described in this Document, which will comprise IAPF I, IAPF II and their respective controlled entities.
IAPF Group Forecast Income Statement	The aggregated forecast statement of profit or loss and other comprehensive income of the IAPF Group for FY21 as set out in Section 6.5 of this Document.
IAPF Group Pro Forma Historical Consolidated Balance Sheet	The pro forma historical consolidated statement of financial position of the IAPF Group as at 31 March 2020 assuming the disposal of 757 Ann Street and the implementation of the Proposal as at 31 March 2020 as set out in Section 6.4 of this Document.
IAPF Group Pro Forma Forecast Income Statement	The pro forma forecast consolidated statement of profit or loss and other comprehensive income of IAPF Group for FY21 assuming implementation of the Proposal on 1 April 2020 as set out in Section 6.5 of this Document.
IAPH	Investec Australia Property Holdings Pty Limited (ACN 138 087 993), which as at the date of this Document is ultimately wholly owned by Investec Plc.
IAPH Competing Transaction	Any: • transaction which if completed would result in a third party: – directly or indirectly, acquiring a relevant interest in, or becoming the holder of, 50% or more of the shares in any Group Company, or all or a substantial part of IAPH's business, including by way of capital reduction, sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee; – directly or indirectly, acquiring control of any Group Company within the meaning of section 50AA of the Corporations Act; or – directly or indirectly, acquiring any rights or interests in relation to any asset, property or investment management arrangement relating to IAPF I (including legal, beneficial or economic interests; or • merger or amalgamation (whether by way of takeover or other arrangement), acquisition or sale of substantial business or assets, issue of securities, reorganisation of capital or similar transaction involving any Group Company, or any combination of them.
IAPH Historical Consolidated Balance Sheet	The audited historical consolidated statement of financial position of IAPH as at 31 March 2020 as set out in Section 6.9 of this Document.
IAPH Special Purpose Financial Statements	The audited special purpose financial statements of IAPH as at 31 March 2020.
IAPI	Investec Australia Property Investments Pty Limited (ACN 161 467 929).
IBL or **Sponsor**	Investec Bank Limited (Registration number 1969/004763/06), a public company duly incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Investec Limited.
IFRS	International Financial Reporting Standards as adopted by the International Accounting Standards Board.
Implementation Date	The date the Proposal is implemented, expected to be Monday, 30 November 2020.
Implementation Deed	The deed between the Responsible Entity (as responsible entity of IAPF I and IAPF II), the Seller and Investec Australia which sets out the steps necessary to implement the Proposal.
Independent Directors	The independent Directors from time to time, which as at the date of this Document comprise Richard Longes, Sally Herman, Hugh Martin and Georgina Lynch.
Independent Expert	Deloitte Corporate Finance Pty Limited (ACN 003 833 127).
Independent Expert's Report	The report prepared by the Independent Expert expressing an opinion as to whether the Proposal is fair and reasonable to, and in the best interests of, Unitholders not associated with the Investec Group.
Independent Reporting Accountant	KPMG Inc., registration number 1999/021543/21, a personal liability company duly registered and incorporated in accordance with the laws of South Africa.
Independent Reporting Accountant's Reports	The reports prepared by the Independent Reporting Accountant set out in Annexure C of this Document.

Defined term	Meaning
Ineligible Foreign Unitholder	A Foreign Unitholder who is not an Eligible Foreign Unitholder.
Information Line	1300 157 204 (within Australia) or +61 3 9415 4080 (outside Australia) from 8.30am until 5.00pm (Sydney time) Monday to Friday (excluding public holidays).
Investec Australia	Investec Australia Limited (ACN 140 381 184), which is ultimately wholly owned by Investec Plc.
Investec Australia Finance	Investec Australia Finance Pty Limited (ACN 161 468 131), which is ultimately wholly owned by Investec Plc.
Investec Group or **Investec**	Investec Limited and Investec Plc, being the head entities of the dual listed companies structure comprising the Investec group, and each of their controlled entities as at the date of this Document, other than, following implementation of the Proposal, the Group Companies.
Investec Group Entity	IBL, IWI and any other member of the Investec Group.
Investec Information	The meaning given in Annexure F.
Investec Limited	Investec Limited (Registration number 1925/002833/06), a public company duly incorporated in accordance with the laws of South Africa and listed on the JSE, with secondary listings on the Botswana Stock Exchange and the Namibian Stock Exchange.
Investec Management Assets	Bespoke assets comprising land sub-division developments at Bargara Beach, Burrum Heads and Townsville in QLD as well as an urban renewal project at Newcastle, NSW.
Investec Plc	Investec plc (Registration number 3633621), a company registered in England and Wales and listed on the London Stock Exchange, with a secondary listing on the JSE.
Investigating Accountant	KPMG Transaction Services.
Investigating Accountant's Report	The report prepared by the Investigating Accountant set out in Annexure A of this Document.
Investment Committee	The investment committee of the Board.
IRR	Internal rate of return.
IWI	Investec Wealth and Investment Management (Pty) Limited (Registration number 2013/001592/07), a private company duly incorporated in accordance with the laws of South Africa and an indirect, wholly owned subsidiary of Investec Limited.
Johannesburg time	South African Standard Time.
Joint Owners Agreement	The joint owners agreement between the Sub Trustee (in its capacity as trustee of the Investec Australia Sub Trust No. 16) and Abacus Funds Management Limited dated 10 October 2016 in relation to the Queen Street Property.
JSE	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa and, where applicable, the exchange operated by JSE Limited in accordance with its licence under the FMA.
JSE Listings Requirements	The listings requirements of the JSE, as amended from time to time.
Key Management	Graeme Katz, Zach McHerron and Kristie Lenton.
King IV Code	King IV Report on Corporate Governance for South Africa 2016.
KPG1 Investment	A senior debt loan provided for the development of a self-storage asset in Queensland, as described in Section 3.2.4 of this Document.
KPMG Transaction Services	KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Ltd.
Last Practicable Date	One Business Day prior to the date the Responsible Entity announced the Proposal, being Wednesday 14 October 2020.
Listings Requirements	The JSE Listings Requirements and the ASX Listing Rules.
Lodgement	The lodgement of this Document with ASIC.
LTIP	The long term incentive plan of IAPF described in Section 12.10.1 of this Document.
Main Trading Exchange	The JSE, unless more Units are traded by volume on the ASX than on the JSE during the immediately preceding half year trading period, in which case the main trading exchange for that particular trading period will be the ASX.

13. Glossary

Defined term	Meaning
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, as amended from time to time, the key details of which are set out in Section 11.9 of this Document.
Management Employment Agreements	The employment agreements to be entered into by the Employer and each member of Key Management to be effective on implementation of the Proposal.
Manager	Investec Property Management Pty Limited (ACN 161 587 391), which has been contracted under the Management Agreement to provide certain investment management services, property management services and leasing services to IAPF I, and as at the date of this Document is ultimately wholly owned by Investec Plc.
Manual	Currency and Exchanges Manual for Authorised Dealers.
Meeting	The meeting of Unitholders to consider the Proposal to be held at 5.00pm (Sydney time) / 8.00am (Johannesburg time) on Tuesday, 17 November 2020 (held virtually), and any adjournment of that meeting.
Meeting Date	Expected to be Tuesday, 17 November 2020.
Metro Northcote Investment	A mezzanine debt loan for the development of a residential townhouse project in Victoria, as described in Section 3.2.4 of this Document.
MIT	A managed investment trust under section 12-400 in Schedule 1 to the Tax Administration Act 1953 (Cth).
NABERS	National Australian Built Environment Rating System.
NAV	Net asset value.
Net Property Income	Gross Property Income less non-recoverable outgoings.
New Zealand Mutual Recognition Regime	The mutual recognition regime established under subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 of New Zealand and Part 9 of the Financial Markets Conduct Regulations 2014 of New Zealand.
Nomination and Remuneration Committee	The nomination and remuneration committee of the Board.
Notice of Meeting	The notice of meeting to be sent to Unitholders by the Responsible Entity, as set out in Annexure E of this Document.
NTA	Net tangible assets.
NZ	New Zealand.
NZD	New Zealand dollars.
Official List	The official list of entities that the ASX has admitted and not removed from listing.
Operating Expenses	The cost of operating the IAPF Group, the key details of which are set out in Section 10.2 of this Document.
PDS	A product disclosure statement for the purposes of Part 7.9 of the Corporations Act.
Performance Right	A right to acquire a Stapled Security for nil consideration under the LTIP, as described in Section 12.10.1 of this Document.
PGIM	The Prudential Insurance Company of America (trading as PGIM Real Estate Finance, Inc.).
PLC Nominees	PLC Nominees (Pty) Ltd (Registration number 1989/002235/07), a private company duly incorporated in accordance with the laws of South Africa.
Point Cook Investment	The joint venture residential land development of the site known as Life, Point Cook in Victoria, Australia.
Point Cook Trust	The IBAL Point Cook Trust (a trust which is wholly owned by the Investec Group), which holds an interest in the Point Cook Investment.
Portfolio	The portfolio of Properties owned by IAPF I and its subsidiaries as at the date of this Document as set out in Section 4.3 of this Document.
PPI Investment Management Agreement	The Investment Management Agreement described in Section 11.14 of this Document.

Defined term	Meaning
PPI Trust	The Investec PPI Grove Trust.
PRC	People's Republic of China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan),
Privacy Act	Privacy Act 1988 (Cth).
Properties	All properties owned by IAPF from time to time.
Property Council Guidelines	Version 2 of the Property Council of Australia's "Voluntary Best Practice Guidelines for Disclosing FFO and AFFO", published in December 2017 and available at www.propertycouncil.com.au.
Proposal	A proposal (as described in this Document) to: • internalise the management functions of IAPF by creating an internally managed stapled group; • assume the management rights of the TAP Fund and certain assets of the Investec Group; and • invest in the TAP Fund via the TAP Commitment. The key elements of the Proposal are set out in Section 2.2 of this Document.
Proxy Form	The proxy form(s) accompanying this Document.
Queen Street Property	The property situated at 324 Queen Street, Brisbane QLD.
Register	The register of Unitholders maintained by, or on behalf of, the Responsible Entity pursuant to Chapter 2C of the Corporations Act and in accordance with the Listings Requirements, which incorporates the Australian Register and the South African Register.
Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277), a private company duly incorporated in accordance with the laws of Australia, and transfer secretaries, Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly incorporated in accordance with the laws of South Africa having its address at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132, South Africa).
REIT	Real estate investment trust.
Reviewed IAPF I Income Statement	The IAPF I reviewed statement of profit or loss and other comprehensive income for the four months ended 31 July 2020 as set out in Annexure B of this Document.
Resolution	The resolution set out in the Notice of Meeting that is required to be approved by Unitholders at the Meeting in order to implement the Proposal.
Responsible Entity	Investec Property Limited (ACN 071 514 246, AFSL 290909) (in its capacity as the responsible entity of IAPF I and/or IAPF II, as the context requires).
Retention Scheme	An employee incentive scheme established by Investec Australia, as described in Section 12.10.2 of this Document.
Riverside Security Trust	The Riverside Ridge Security Trust (a trust which is wholly owned by the Investec Group), which is a standard security trust arrangement relating to a secured debt financing for a property development in Townsville, Queensland.
Sale Facility	The facility under which Stapled Securities referable to Ineligible Foreign Unitholders may be sold, as described in Section 12.15 of this Document.
Sale Nominee	Computershare Dealing Services Pty Ltd (ACN 085 801 350), being the sale nominee appointed by IAPF, to sell the Stapled Securities referable to Ineligible Foreign Unitholders, in accordance with the terms of the Sale Facility.
SARB	South African Reserve Bank.
SARS	South African Revenue Service.
Seller	Investec Bank plc (registration number 00489604), a company registered in England and Wales which is ultimately wholly owned by Investec Plc.
SENS	Stock Exchange News Service.
South Africa	The Republic of South Africa.
South African Companies Act	Companies Act No. 71 of 2008 of South Africa.

13. Glossary

Defined term	Meaning
South African Register	The register of Unitholders maintained by, or on behalf of, the Responsible Entity in South Africa, which is a sub-register of the Register.
Sponsor	IBL.
Sponsor Agreement	The sponsor agreement between the Responsible Entity and the Sponsor dated 24 October 2013, as amended from time to time, the key details of which are set out in Section 11.12 of this Document.
sqm	Square metres.
Stapled Security	A stapled security comprising one IAPF I Unit and one IAPF II Unit, stapled together as a result of the implementation of the Proposal, so that one may not be transferred or otherwise dealt with without the other.
Stapling or **Stapled**	The stapling of the IAPF I Units to the IAPF II Units to form the IAPF Group, such that the securities cannot be traded separately.
Stapling Date	The date determined by the Responsible Entity in accordance with the Implementation Deed to be the day on which Stapling will occur (if the Resolution is approved), currently expected to be Friday, 27 November 2020.
Stapling Record Date	The date allocated by the Responsible Entity to determine which Unitholders are eligible to receive the Distribution of the IAPF II Units for each IAPF I Unit they hold in IAPF I, expected to be Wednesday, 25 November 2020.
Strate	Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly incorporated in accordance with the laws of South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system on the JSE.
Sub Trustee	Investec Propco Pty Limited (ACN 161 587 186) (in its capacity as trustee of each of the Sub Trusts), which as at the date of this Document is ultimately wholly owned by Investec Plc.
Sub Trusts	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, Investec Australia Sub Trust No. 8, Investec Australia Sub Trust No. 9, Investec Australia Sub Trust No. 10, Investec Australia Sub Trust No. 11, Investec Australia Sub Trust No. 12, Investec Australia Sub Trust No. 13, Investec Australia Sub Trust No. 14, Investec Australia Sub Trust No. 15, Investec Australia Sub Trust No. 16, Investec Australia Sub Trust No. 17, Investec Australia Sub Trust No. 18, Investec Australia Sub Trust No. 19, Investec Australia Sub Trust No. 20, Investec Australia Sub Trust No. 21, Investec Australia Sub Trust No. 22, Investec Australia Sub Trust No. 23, Investec Australia Sub Trust No. 24, and any other subsidiary trust of Hold Trust created to hold assets of IAPF I, including the Properties.
Superior Proposal	A bona fide Competing Proposal which the Independent Directors have determined, in good faith after consultation with their external professional advisors, is in their reasonable opinion: • reasonably capable of being completed, taking into account all aspects of the Competing Proposal and the person making it; and • more favourable to Unitholders (as a whole) than the Proposal, taking into account all the terms and conditions of the Competing Proposal.
Sydney time	Australian eastern time.
TAP Commitment	A $30 million commitment to invest in the TAP Fund.
TAP Fee Letters	The TAP Fee Letter – KPG1 Investment and the TAP Fee Letter – Metro Northcote Investment.
TAP Fee Letter – KPG1 Investment	The letter agreement dated 29 June 2020 between TAP Trustee as trustee for the TAP Head Trust and IAPI, which will be novated to the Manager as trustee of IAMT on implementation of the Proposal, as described in Section 11.14 of this Document.
TAP Fee Letter – Metro Northcote Investment	The letter agreement dated 25 August 2020 between TAP Sub Trustee as trustee of TAP Metro Northcote Trust and IAPI, which will be novated to the Manager as trustee of IAMT on implementation of the Proposal, as described in Section 11.14 of this Document.
TAP Fund	A fund comprised of the TAP LP, the TAP Head Trust and various sub-trusts that have been established (or may be established from time to time).
TAP Fund Finance Facility	A $40 million finance facility entered into by the TAP Fund, as described in Section 3.2.4 of this Document.

Defined term	Meaning
TAP GP	Templewater Australia Property I, G.P. as general partner of the TAP LP.
TAP Head Trust	Templewater Australia Property Fund I Head Trust.
TAP Investment Management Agreement	The Investment Management Agreement dated 5 March 2020 between Investec Australia and TAP GP, which will be novated to the Manager on implementation of the Proposal, as described in Section 11.14 of this Document.
TAP Limited Partnership Agreement	The Limited Partnership Agreement between TAP GP and others in respect of the TAP LP, as amended from time to time.
TAP LP	Templewater Australia Property I, L.P.
TAP Sub Trustee	Investec Templewater No.2 Pty Limited (ACN 642 088 695) (in its capacity as trustee of each sub-trust of the TAP Fund) which as at the date of this Document is ultimately wholly owned by Investec Plc.
TAP Trustee	Investec Templewater No.1 Pty Limited (ACN 638 015 219) (in its capacity as trustee of the TAP Fund) which as at the date of this Document is ultimately wholly owned by Investec Plc.
TFN	Tax file number.
Total Consideration	The total consideration of $40 million which represents the purchase price for the acquisition of the shares in IAPH which is the holding company of the Manager (which holds the management rights of IAPF I), and the management rights to the TAP Fund, subject to certain adjustments provided for in the Implementation Deed and described in Section 11.1 of this Document.
Transaction Costs	The transaction costs associated with the Proposal.
Transitional Services Agreement	The Transitional Services Agreement between Investec Australia and the Manager as trustee of IAMT, as described in Section 11.2 of this Document.
United States or **US**	The United States of America, its territories and possessions, any State of the United States, and the District of Columbia.
Unitholder	A holder of an IAPF I Unit or Stapled Security, as the context requires depending on whether Stapling has occurred.
US Securities Act	US Securities Act of 1933, as amended from time to time.
Voting Record Date	7:00pm (Sydney time) / 10.00am (Johannesburg time) on Friday, 13 November 2020.
VWAP	Volume weighted average price.
WACR	The average Capitalisation Rate across the Portfolio or group of properties, weighted by independent valuation.
WALE	The average lease term remaining to expiry across the Portfolio or a property or group of properties, weighted by gross passing income.
WARR	The average rent review across the Portfolio or a property or group of properties, weighted by gross passing income.
Westpac	Westpac Banking Corporation (ACN 007 457 141).
ZAR	South African Rand, being the lawful currency of South Africa.

Annexure A – Investigating Accountant's Report

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
Australian Financial Services Licence No. 246901
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The Directors
Investec Property Limited as responsible entity
of Investec Australia Property Fund
Level 23
The Chifley Tower
2 Chifley Square
Sydney NSW 2000

15 October 2020

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Investec Property Limited ("Responsible Entity") as responsible entity for Investec Australia Property Fund ("IAPF I") to prepare this report for inclusion in the Explanatory Memorandum ("EM") and Product Disclosure Statement ("PDS") to be dated on or about 15 October 2020 (collectively the "Document"), and to be issued by the Responsible Entity, in respect of the proposal to: internalise the management function of IAPF I; assume the management rights of an unlisted third party opportunity fund (the TAP Fund) and certain assets of the Investec Group; and to invest in the TAP Fund via the TAP Commitment (the "Proposal").

Expressions defined in the Document have the same meaning in this report.

This Investigating Accountant's Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included in the Document.

Annexure A – Investigating Accountant's Report

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical and forecast financial information described below and disclosed in Section 6 of the Document.

The pro forma historical and forecast financial information is presented in the Document in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in South Africa and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

IAPF Group Pro Forma Historical Consolidated Balance Sheet

The pro forma historical financial information consists of IAPF Group's pro forma historical balance sheet as at 31 March 2020, as set out in Section 6.4 of the Document issued by the Responsible Entity (the "IAPF Group Pro Forma Historical Consolidated Balance Sheet").

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the IAPF Group Pro Forma Historical Consolidated Balance Sheet included in the Document.

The IAPF Group Pro Forma Historical Consolidated Balance Sheet has been derived from the historical financial information of IAPF, after adjusting for the effects of pro forma adjustments described in Section 6.4 of the Document. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 6.4 of the Document. Due to its nature, the IAPF Group Pro Forma Historical Consolidated Balance Sheet does not represent the IAPF Group's actual or prospective financial position.

The IAPF Group Pro Forma Historical Consolidated Balance Sheet has been compiled by the Responsible Entity to illustrate the impact of the event(s) or transaction(s) described in Section 6.4 of the Document on IAPF's financial position as at 31 March 2020. As part of this process, information about IAPF's financial position has been extracted by the Responsible Entity from IAPF's audited financial statements for the year ended 31 March 2020.

The financial statements of IAPF for the year ended 31 March 2020 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to the members of IAPF relating to those financial statements were unqualified. For the purposes of preparing this report we have performed limited assurance procedures in relation to IAPF Group Pro Forma Historical Consolidated Balance Sheet in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the IAPF Group Pro Forma Historical Consolidated Balance Sheet is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation as set out in Section 6.2.3 of the Document.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the IAPF Group Pro Forma Historical Consolidated Balance Sheet is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Forecast Financial Information and directors' best-estimate assumptions

The forecast financial information of IAPF Group consists of:

- forecast statement of profit and loss and other comprehensive income of IAPF I for the year ending 31 March 2021 as disclosed in column A of table 3 of Section 6.5;
- forecast statement of profit and loss and other comprehensive income of IAPF II for the period from implementation date of the Proposal to 31 March 2021 as disclosed in column B of table 3 of Section 6.5;
- forecast statement of profit and loss and other comprehensive income of IAPF Group post implementation of the Proposal for the year ending 31 March 2021 as disclosed in column D of table 3 of Section 6.5; and
- pro forma forecast statement of profit and loss and other comprehensive income of IAPF Group for the year ending 31 March 2021 assuming implementation of the Proposal on 1 April 2020 as disclosed in column F of table 3 of Section 6.5.

(collectively, the "Forecast Financial Information").

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the Forecast Financial Information. The Directors' best-estimate assumptions underlying the Forecast Financial Information are described in Section 6.6 of the Document. As stated in Section 6.2.4 of the Document, the basis of preparation of the Forecast Financial Information is the recognition and measurement

Annexure A – Investigating Accountant's Report

principles contained in Australian Accounting Standards and IAPF Group's accounting policies.

We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in Section 6.5 of the Document, and the Directors' best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;
- in all material respects the Forecast Financial Information is not:
  - prepared on the basis of the Directors' best-estimate assumptions as described in the Document; and
  - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and IAPF Group's accounting policies;
- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The Directors are responsible for the preparation of:

- the IAPF Group Pro Forma Historical Consolidated Balance Sheet, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the IAPF Group Pro Forma Historical Consolidated Balance Sheet; and
- the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The Directors' responsibility includes establishing and maintaining such internal controls as the Directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Review statement on the IAPF Group Pro Forma Historical Consolidated Balance Sheet

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the IAPF Group Pro Forma Historical Consolidated Balance Sheet, as set out in Section 6.4 of the Document, comprising the pro forma historical balance sheet of IAPF Group as at 31 March 2020, is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 6.4 of the Document, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and IAPF Group's accounting policies.

Forecast Financial Information and the Directors' best-estimate assumptions

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the Forecast Financial Information do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
  - is not prepared on the basis of the Directors' best-estimate assumptions as described in Section 6.6 of the Document; and
  - is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and IAPF Group's accounting policies; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by the Responsible Entity's management and adopted and disclosed by the Directors in order to provide Unitholders with a guide to the potential impact of the Proposal on the potential financial performance of IAPF Group for the year ending 31 March 2021.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Responsibility Entity. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however

Annexure A – Investigating Accountant's Report

such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Unitholders should be aware of the material risks and uncertainties in relation to an investment in IAPF Group, which are detailed in the Document, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, Unitholders should have regard to the investment risks and sensitivities as described in Section 6.7 of the Document. The sensitivity analysis described in Section 6.7 of the Document demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Responsible Entity, that all material information concerning the prospects and proposed operations of IAPF Group has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Independence

KPMG Transaction Services does not have any interest in the outcome of theProposal, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of IAPF I and from time to time, KPMG also provides the Responsible Entity with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Document, to provide Unitholders with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and Unitholders should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our Document, which describes the purpose of the financial information, being for inclusion in the Document. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Document in the form and context in which it is so included, but has not authorised the issue of the Document. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Document.

Yours faithfully

Craig Mennie
Authorised Representative

Thomas Eade
Authorised Representative

Annexure A – Investigating Accountant's Report

KPMG

KPMG Financial Advisory Services (Australia) Pty Ltd

ABN 43 007 363 215
Australian Financial Services Licence No. 246901

Financial Services Guide

Dated 15 October 2020

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) ('**KPMG Transaction Services**'), and Thomas Eade and Craig Mennie as authorised representatives of KPMG Transaction Services, authorised representative numbers 1261422 and 404257, respectively (**Authorised Representatives**).

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representatives and how they can be contacted;
- The services KPMG Transaction Services and its Authorised Representatives are authorised to provide;
- How KPMG Transaction Services and its Authorised Representatives are paid;
- Any relevant associations or relationships of KPMG Transaction Services and its Authorised Representatives;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG Transaction Services have in place.

The distribution of this FSG by the Authorised Representatives has been authorised by KPMG Transaction Services.

This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representatives are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- Deposit and non-cash payment products;
- Derivatives;
- Foreign exchange contracts;
- Government debentures, stocks or bonds;
- Interests in managed investments schemes including investor directed portfolio services;
- Securities;
- Superannuation;

- Carbon units;
- Australian carbon credit units; and
- Eligible international emissions units,

  to retail and wholesale clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representatives are authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representatives responsibility to you

KPMG Transaction Services has been engaged by Investec Property Limited (Responsible Entity or Client) as the responsible entity of Investec Australia Property Fund (IAPF) to provide general financial product advice in the form of a Report to be included in the combined Explanatory Memorandum and Product Disclosure Statement (Document) prepared by the Responsible Entity in relation to the proposed internalisation of the management of IAPF (Proposal).

You have not engaged KPMG Transaction Services or the Authorised Representatives directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Transaction Services nor the Authorised Representatives are acting for any person other than the Responsible Entity.

KPMG Transaction Services and the Authorised Representatives are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice

As KPMG Transaction Services has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Proposal.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Transaction Services $500,000 for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representatives) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representatives) are eligible for bonuses based on

Annexure A – Investigating Accountant's Report

overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representatives pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representatives are partners in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representatives and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Responsible Entity or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representatives know. Formal complaints should be sent in writing to The AFSL Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than **45 days** after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representatives cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 56 55 62

Facsimile: (03) 9613 6399

Email: info@afca.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1800 931 678 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover in accordance with section 912B of the *Corporations Act 2001(Cth).*

Contact details

You may contact KPMG Transaction Services or the Authorised Representatives using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory
Services (Australia) Pty Ltd
Level 38, Tower Three
300 Barangaroo Avenue
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Thomas Eade and Craig Mennie

C/O KPMG
PO Box H67
Australia Square
NSW 1213

Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Annexure B – Additional JSE Disclosure

Annexure B – Additional JSE disclosure

1.1. Introduction

The financial information contained in this Annexure B comprises:

- a breakdown of the aggregated forecast statement of profit or loss and other comprehensive income of IAPF I for FY21 as set out in column A of table 3 in Section 6.5 of this Document, comprising:
  - statement of profit or loss and other comprehensive income of IAPF I for the four months ended 31 July 2020 ("**Reviewed IAPF I Income Statement**") as set out in column A of table 1 of section 1.3 of this Annexure B. KPMG Inc's independent reporting accountant's report with regards to the Reviewed IAPF I Income Statement, included for JSE purposes only, is set out in Annexure C Part G;
  - forecast statement of profit or loss and other comprehensive income of IAPF I for the eight months ended 31 March 2021 ("**IAPF I Eight-Month Forecast Income Statement**") as set out in column B of table 1 of Section 1.3 of this Annexure B. KPMG Inc's independent reporting accountant's report with regards to the IAPF I Eight-Month Forecast Income Statement, included for JSE purposes only, is set out in Annexure C Part E;
  - aggregated forecast statement of profit or loss and other comprehensive income of IAPF I for the year ending 31 March 2021 ("**IAPF I Forecast Income Statement**") as set out column C of table 1 in Section 1.3;
- a breakdown of the IAPF Group Pro Forma Forecast Income Statement as set out in column F of table 3 in Section 6.5 of this Document, comprising:
  - IAPF Group Forecast Income Statement as set out in column A in table 2 of Section 1.4 of this Annexure B. KPMG Inc.'s independent reporting accountant's report on the IAPF Group Forecast Income Statement, included for JSE purposes only, is set out in Annexure C Part C;
  - pro forma adjustments to incorporate the statement of profit or loss and other comprehensive income of IAPF II for the four months ending 31 July 2020 ("**IAPF II Pro Forma Income Statement**") as set out in column B of table 2 of section 1.4 of this Annexure B;
  - forecast statement of profit or loss and other comprehensive income of IAPF II for the 3 months ending 31 October 2020 as set out in column C of table 2 of section 1.4 of this Annexure B;
  - pro forma consolidation and elimination journal entries as set out in column D of table 2 of section 1.4 of this Annexure B; and
  - IAPF Group Pro Forma Forecast Income Statement as set out in column E in table 2 of Section 1.4 of this Annexure B. KPMG Inc's independent reporting accountant's report with regards to the IAPF Group Pro Forma Forecast Income Statement, included for JSE purposes only, is set out in Annexure C Part D.

Also summarised in this Annexure B are:

- the basis of preparation and presentation of the financial information, for JSE purposes (see Section 1.2 of this Annexure B); and
- reconciliation between basic and diluted earnings per unit and headline and diluted headline earnings per unit set out in table 4 and table 5 of Section 1.5 of this Annexure B).

The information provided in this Annexure B should be read in conjunction with the Financial Information included in Section 6, the sensitivity analysis outlined in Section 6.7, the risks outlined in Section 7 and the other information provided in this Document.

1.2. Basis of preparation and presentation of financial information

1.2.1. IAPF I Forecast Income Statement

The IAPF I Forecast Income Statement set out in table 1 in Section 1.3 of this Annexure B is comprised and aggregated as follows:

a. Column A: Reviewed IAPF I Income Statement prepared as follows:

   The Reviewed IAPF I Income Statement has been compiled in accordance with a special purpose framework in terms of which the IAPF I Income Statement for the four months ended 31 July 2020 and has been extracted from the unaudited management accounts of IAPF I for the same period.

   The Reviewed IAPF I Income Statement has been prepared in accordance with the principles of IAS 34: *Interim Financial Reporting* and reviewed by KPMG Inc. in accordance with International Standard on Review Engagements ISRE 2410*, Review of Interim Financial Information performed by the Independent Auditor of the Entity* read together with ISA 805 (Revised), *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement.*

   The Reviewed IAPF I Income Statement is the responsibility of the Independent Directors.

Annexure B – Additional JSE disclosure

b. Column B: IAPF I Eight-Month Forecast Income Statement.

The IAPF I Eight-Month Forecast Income Statement, including the assumptions on which it is based and the financial information from which it is prepared, are the responsibility of the Independent Directors.

The IAPF I Eight-Month Forecast Income Statement must be read in conjunction with KPMG Inc's independent reporting accountant's reports, prepared in accordance with paragraph 13.15 of the JSE Listings Requirements, for JSE purposes only, attached as Annexure C to this Document.

The IAPF I Eight-Month Forecast Income Statement has been prepared in accordance with IAPF I's accounting policies which are compliant with IFRS.

c. Column C: Aggregation of Columns A and B as detailed above.

1.2.2. IAPF Group Pro Forma Forecast Income Statement

The IAPF Group Pro Forma Forecast Income Statement set out in table 2 in Section 1.4 of this Annexure B has been prepared on the assumption that the implementation of the Proposal occurred on 1 April 2020 and is comprised and aggregated as follows:

a. Column A: IAPF Group Forecast Income Statement.

The IAPF Group Forecast Income Statement is comprised as follows:

The IAPF I Forecast Income Statement and the forecast statement of comprehensive income of IAPF II for the period from the Implementation Date to 31 March 2021 have been aggregated and incorporate the pro forma intercompany eliminations and consolidation entries as set out in column D of table 3 of Section 6.5 of this Document.

The IAPF Group Forecast Income Statement has been prepared to illustrate the consolidated profit forecast of the IAPF Group for the year ending 31 March 2021 in the manner that will be reflected in the audited financial statements of the IAPF Group for the year ending 31 March 2021.

The IAPF Group Forecast Income Statement of the IAPF Group has been prepared by management and is the responsibility of the Independent Directors.

b. Column B: IAPF II Pro Forma Income Statement.

The IAPF II Pro forma Forecast Income Statement has been prepared to illustrate the income statement of IAPF II for the four months ended 31 July 2020 on the assumption that the agreements relating to the Proposal were implemented on 1 April 2020.

The IAPF II Pro forma Forecast Income Statement has been prepared by management and is the responsibility of the Independent Directors.

The IAPF II Pro Forma Forecast Income Statement has been prepared in accordance with IAPF Group's accounting policies which are compliant with IFRS.

c. Column C: Forecast statement of profit or loss and other comprehensive income of IAPF II for the 3 months ending 31 October 2020.

The forecast statement of profit or loss and other comprehensive income of IAPF II for the 3 months ending 31 October 2020, including the assumptions on which it is based and the financial information from which it is prepared, are the responsibility of the Independent Directors.

The forecast statement of profit or loss and other comprehensive income of IAPF II for the 3 months ending 31 October 2020 has been prepared in accordance with IAPF Group's accounting policies which are compliant with IFRS.

The forecast statement of profit or loss and other comprehensive income of IAPF II for the 3 months ending 31 October 2020 presented in column C of table 2 in Section 1.4 of this Annexure B and the forecast statement of profit or loss and other comprehensive income of IAPF II for the period from the Implementation Date to 31 March 2021 as set out in column "IAPF II" of table 3 in Section 6.5 of this Document must be read in conjunction with KPMG Inc's independent reporting accountant's reports, prepared in accordance with paragraph 8.40(a) of the JSE Listings Requirements, for JSE purposes only, attached as Annexure C Part F to this Document.

d. Column D: Pro forma consolidation and elimination journal entries including the following:

- to remove the management fees between IAPF I and IAPF II which eliminate on consolidation post implementation of the Proposal; and
- to include finance costs incurred by IAPF I on the $46.7 million additional debt drawn down from the existing Facility on implementation of the Proposal to fund the purchase consideration and the transaction costs.

e. Column E: IAPF Group Pro Forma Forecast Income Statement being the aggregation of columns A to D as detailed above.

The IAPF Group Pro Forma Income Statement, including the assumptions on which it is based and the financial information which it is prepared, are the responsibility of the Independent Directors.

The IAPF Group Pro forma Forecast Income Statement has been prepared for illustrative purposes only and, because of its nature, may not fairly present IAPF Group's results of operations after the implementation of the Proposal.

The IAPF Group Forecast Pro Forma Forecast Income Statement has been prepared using the accounting policies of IAPF Group outlined in Section 6.10 of this Document which comply with IFRS and are consistent with those applied in the audited consolidated financial statements as at and for the year ended 31 March 2020.

The IAPF Group Pro Forma Forecast Income Statement is prepared by management and is the responsibility of the Independent Directors.

1.3. IAPF I Forecast Income Statement

The table below outlines IAPF I Forecast Income Statement.

TABLE 1

A$million	Notes	Column A Reviewed IAPF I Apr-20 to Jul-20	Column B IAPF I Eight-Month Forecast Aug-20 to Mar-21	Column C IAPF I Forecast FY21
Revenue, excluding straight-line rental revenue adjustment		30.6	60.3	90.8
Fee income		-	-	-
Straight-line rental revenue adjustment		(0.5)	1.0	0.5
Revenue		**30.0**	**61.3**	**91.3**
Property expenses		(6.5)	(14.0)	(20.5)
Net property income		**23.6**	**47.3**	**70.8**
Management fees		(1.8)	(4.0)	(5.8)
Other operating expenses		(0.4)	(1.2)	(1.7)
Transaction related costs		-	-	-
Operating profit		**21.3**	**42.0**	**63.3**
Finance costs		(2.7)	(5.6)	(8.3)
Finance income		-	-	-
Net profit		**18.5**	**36.5**	**55.0**
Fair value adjustments		(6.9)	-	(6.9)
Total comprehensive income attributable to equity holders		**11.6**	**36.5**	**48.1**
Income tax expense		-	-	-
Net profit after tax		**11.6**	**36.5**	**48.1**
Basic and diluted earnings per unit (cents)				7.87
Headline and diluted headline earnings per unit (cents)				8.18

Notes:

1. Column A presents the reviewed historical financial information of IAPF I for the four months ended 31 July 2020, prepared in accordance with paragraph 1.2.1a above. KPMG Inc's unmodified review report is set out in Annexure C Part G of this Document.
2. Column B presents the forecast financial information of IAPF I for the eight months ending 31 March 2021, prepared in accordance with the assumptions detailed in Section 6.6 of this Document. KPMG Inc. inspected 74.0% of the lease agreements in respect of contracted revenue. KPMG Inc's unmodified opinion is set out in Annexure C Part E of this Document.
3. Column C presents the aggregation of Columns A (4 month period) and B (8 month period) to present the aggregated 12 months ending 31 March 2021.

Annexure B – Additional JSE disclosure

1.4. IAPF Group Pro Forma Forecast Income Statement

The table below outlines the IAPF Group Pro Forma Forecast Income Statement.

TABLE 2

A$million	Notes	Column A IAPF Group	Column B IAPF II Apr-20 to Jul-20 Pro forma	Column C IAPF II Aug-20 to Oct-20 Forecast	Column D Adjustments Apr-20 to Oct-20 Pro forma	Column E IAPF Group Pro forma Pro forma
Revenue, excluding straight-line rental revenue adjustment		90.8	-	-	-	90.8
Fee income		1.9	2.8	2.3	(3.2)	3.8
Straight-line rental revenue adjustment		0.5	-	-	-	0.5
Revenue		**93.2**	**2.8**	**2.3**	**(3.2)**	**95.2**
Property expenses		(20.5)	-	-	-	(20.5)
Net property income		**72.8**	**2.8**	**2.3**	**(3.2)**	**74.7**
Management fees		(3.3)	-	-	3.3	-
Other operating expenses		(5.1)	(2.8)	(2.1)	-	(9.9)
Transaction related costs		(7.1)	(0.3)	(0.2)	-	(7.5)
Operating profit		**57.2**	**(0.3)**	**0.1**	**0.1**	**57.2**
Finance costs		(8.9)	-	-	(0.8)	(9.6)
Finance income		-	-	-	-	-
Net profit		**48.4**	**(0.3)**	**0.1**	**(0.6)**	**47.6**
Fair value adjustments		(6.9)	-	-	-	(6.9)
Total comprehensive income attributable to equity holders		**41.5**	**(0.3)**	**0.1**	**(0.6)**	**40.6**
Income tax expense		-	-	-	-	-
Net profit after tax		**41.5**	**(0.3)**	**0.1**	**(0.6)**	**40.6**
Basic and diluted earnings per unit (cents)		6.78				6.64
Headline and diluted headline earnings per unit (cents)		7.09				6.95

Notes

1. Column A presents the IAPF Group Forecast Income Statement as set out in table 3 of Section 6.5 of this Document.
2. Column B sets out the IAPF II Pro forma Forecast Income Statement for the 4-months ended 31 July 2020, prepared in accordance with the assumptions detailed in Section 6.6 of this Document, including the following pro forma adjustments:
   – to include the investment management fees, property management fees and leasing fees received from IAPF I. Fees are based on the underlying management agreements;
   – to include the investment management fees and asset management fees received from TAP Fund plus the TAP income guarantee. Fees are based on the underlying management agreements;
   – to include the asset management fee payable by Investec Group which is based on a fixed fee of $0.7 million per annum in accordance with the asset management services agreement; and
   – to include other operating expenses including employee benefits expenses and corporate and administration costs based on a combination of existing agreements, external benchmarking and quotes from external parties.

   These adjustments will have a continuing effect on the IAPF Group Pro Forma Forecast Income Statement.
3. Column C sets out the IAPF II forecast statement of profit or loss and other comprehensive income for the 3-months ending 31 October 2020, prepared in accordance with the assumptions detailed in Section 6.6 of this Document.
4. Column D includes the following pro forma adjustments:
   – to eliminate the intercompany investment management fees and leasing fees paid by IAPF I to IAPF II. This adjustment will have a continuing effect on the IAPF Group Pro Forma Forecast Income Statement; and
   – to include the additional finance costs assuming the IAPF Group's new capital structure upon implementation of the Proposal relating to the purchase consideration of $40 million and the Transaction Costs of $6.7 million assuming implementation of the Proposal occurred on 1 April 2020. The interest rate applied was the blended rate in respect of the IAPF I's existing borrowings. This adjustment will have a continuing effect on the IAPF Group Pro Forma Forecast Income Statement.
5. Column E presents the IAPF Group Pro Forma Forecast Income Statement.

1.5. Reconciliation between basic and diluted earnings per unit and headline and diluted headline earnings per unit

The table below outlines the reconciliation between basic and diluted earnings per unit and headline and diluted headline earnings per unit.

TABLE 3: Historical IAPF I reconciliation of earnings per unit

A$million	FY18 IAPF I Audited	FY19 IAPF I Audited	FY20 IAPF I Audited
Profit for the period	**108.2**	**53.1**	**59.0**
Less: net fair value adjustment - investment property	(61.3)	(15.2)	(20.2)
Headline earnings attributable to unitholders	**46.9**	**37.9**	**38.8**
Basic and diluted earnings per unit (cents)	24.04	11.09	10.32
Basic and diluted headline earnings per unit (cents)	10.43	7.92	6.78
Units in issue at the end of the year (million)	478.8	478.8	611.3
Weighted average number of units on issue (million)	450.1	478.8	571.4
Reconciliation of weighted average numbers of units in issue:			
Units at the beginning of the year (million)	435.6	478.8	478.8
Placements (million)	-	-	132.5
Unit buy back (million)	(2.1)	-	-
Rights offer (million)	16.6	-	-

Headline earnings is profit for the period adjusted for fair value adjustments on investment property. Headline earnings are a measure of IAPF I's earnings based solely on operational activities and in the case of IAPF I will exclude fair value adjustments and profits or losses on sale of properties. As required by the JSE Listings Requirements headline earnings per unit is calculated using the SAICA Circular 1/2019.

TABLE 4: Reconciliation of earnings per unit

A$m	Column A IAPF I Forecast	Column B IAPF Group	Column C IAPF Group Pro Forma Pro forma
Profit for the period	**48.1**	**41.5**	**40.6**
Less: net FV adjustment - investment property	1.9	1.9	1.9
Headline earnings attributable to unitholders	**50.0**	**43.3**	**42.5**
Basic and diluted earnings per unit (cents)	7.87	6.78	6.64
Basic and diluted headline earnings per unit (cents)	8.18	7.09	6.95
Units in issue at the end of the year (million)	611.3	611.3	611.3
Weighted average number of units on issue (million)	611.3	611.3	611.3
Reconciliation of weighted average numbers of units in issue:			
Units at the beginning of the year (million)	611.3	611.3	611.3
Placements (million)	-	-	-
Unit buy back (million)	-	-	-
Rights offer (million)	-	-	-

Headline earnings is profit for the period adjusted for fair value adjustments on investment property. Headline earnings are a measure of IAPF Group's earnings based solely on operational activities and in the case of IAPF Group will exclude fair value adjustments and profits or losses on sale of properties. As required by the JSE Listings Requirements headline earnings per unit is calculated using the SAICA Circular 1/2019.

Annexure B – Additional JSE disclosure

ANNEXURE B PART A: IAPF II HISTORICAL FINANCIAL INFORMATION

HISTORICAL FINANCIAL INFORMATION OF IAPF II AS AT 3 SEPTEMBER 2020 INCLUDED FOR THE PURPOSES OF THE JSE LISTING REQUIREMENTS

INTRODUCTION

The defined terms set out in Section 13: Glossary of this Document apply mutatis mutandis to this Report of Historical Financial Information of IAPF II.

BASIS OF PREPARATION

The historical financial information of IAPF II comprises of the statement of financial position, statement of comprehensive income, statement of changes in equity and a summary of significant accounting policies and the notes thereto as at 3 September 2020 (date of establishment) ("**Historical Financial Information of IAPF II**").

The Historical Financial Information of IAPF II is prepared in accordance with and compliance with International Financial Reporting Standards ("**IFRS**") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial pronouncements as issued by Financial Reporting Standards Council., for the purposes of providing financial information to satisfy the requirements of Section 8 of the JSE Listings Requirements and for no other purpose.

The financial information has been prepared on the historical cost basis.

The Historical Financial Information of IAPF II complies, where applicable, with the requirements of paragraphs 8.11 and 8.12 of the JSE Listings Requirements.

KPMG Inc. is the independent auditor and independent reporting accountant to IAPF II and has issued a reporting accountant's report on this Report of Historical Financial Information of IAPF II included in the Document. KPMG Inc.'s unmodified reporting accountant's report is included in Annexure C of the Document.

The functional and presentation currency of IAPF II is Australian Dollar ("**AUD**"). The consolidated financial statements are presented in AUD, which is IAPF II's functional currency. IAPF II is of a kind referred to in ASIC Class Order 2016/191 dated 24 March 2016 and in accordance with that ASIC Class Order, all financial information presented in AUD has been rounded to the nearest thousand unless otherwise stated.

The Directors of the Fund have carried out the going concern assessment and concluded that IAPF II has an ability to operate as a going concern and therefore the Historical Financial Information of IAPF II has been prepared on a going concern basis. The financial statements have been prepared in accordance with the accounting policies to be adopted at the first year end upon implementation of the Proposal.

The directors of IAPF are responsible for the Historical Financial Information of IAPF II.

BACKGROUND

IAPF II was incorporated in Australia on 3 September 2020 for the purpose of internalising the management function of IAPF I in accordance with the Proposal. It is proposed that units in IAPF I be stapled to units in the newly established Trust, IAPF II, to form the new stapled group, which will be listed on the Australian Stock Exchange and the JSE Limited. Full disclosure has been included in Section 2.2 of this Document.

DIRECTORS' COMMENTARY

IAPF II has been dormant since establishment and, therefore, has not presented a cash flow statement. It has presented a statement of financial position, statement of comprehensive income, statement of changes in equity, and accompanying notes.

No distributions were declared or paid in the reporting period.

HISTORICAL FINANCIAL INFORMATION OF IAPF II AS AT 3 SEPTEMBER 2020 INCLUDED FOR THE PURPOSES OF THE JSE LISTING REQUIREMENTS

STATEMENT OF COMPREHENSIVE INCOME AT 3 SEPTEMBER 2020

	3-Sep-20 Audited AUD
Fee income	-
Revenue	-
Other operating expenses	-
Transaction related costs	-
Operating profit	-
Finance costs	-
Finance income	-
Net profit before tax	-
Income tax expense	-
Net profit after tax	-

The Fund has been dormant since establishment and has no activity to report.

STATEMENT OF FINANCIAL POSITION AT 3 SEPTEMBER 2020

	Notes	3-Sep-20 Audited AUD
Assets		
Current assets		10
Cash and cash equivalents	2	10
Total assets		10
Current liabilities		-
Trade and other payables		-
Total liabilities		-
Net assets		
Unit capital	1	10
Retained earnings		-
Total equity		10

Annexure B – Additional JSE disclosure

STATEMENT OF CHANGES IN EQUITY AT 3 September 2020

	Unit Capital AUD	Retained earnings AUD	Total AUD
As at 3 September 2020			
Opening balance	-	-	-
Issue of Units	10	-	10
Total comprehensive income	-	-	-
Closing balance	10	-	10

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF IAPF II AS AT 3 SEPTEMBER 2020 INCLUDED FOR THE PURPOSES OF THE JSE LISTING REQUIREMENTS

1. Unit capital

1.2. Ordinary unit capital

Units are classified as equity when the units are redeemable only at the Fund's option, and any distributions are discretionary. The issued unit capital represents the amount of consideration received for units issued in IAPF II. Transaction costs of an equity transaction are accounted for as a deduction from equity. All units are fully paid. The unitholders are entitled to receive distributions as declared from time-to-time and are entitled to one vote per unit at the annual general meeting of IAPF II. All units rank equally with regard to IAPF II's residual assets.

2. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in fair value. Cash and cash equivalents are subsequently measured at amortised cost.

3. Transactions with key management personnel

Directors of the Fund receive remuneration from relevant entities of the IAPF Group, in respect of their services to the IAPF Group. The Directors have not received remuneration from the Fund as they have provided no services to the Fund at the 3 September 2020 being the date of establishment.

4. Segmental reporting

Segmental information in accordance with IFRS 8 "Operating Segments" will be presented in the first combined financial statements of the Group. The segment reporting is expected to be the same as that presented in the Historical Financial Information of the IAPF Group incorporated by reference in this Document.

5. Events after the reporting date

Full disclosure related to the Proposal has been included in Section 2.2 of this Document.

6. Forthcoming standards applicable to the Fund

There are new or revised accounting standards and interpretations in issue that are not yet effective.

These include the following standards that are applicable to the Fund:

- Amendments to References to Conceptual Framework in IFRS Standards to include certain important issues not covered or was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:
  - A new chapter on measurement;
  - Guidance on reporting financial performance;
  - Improved definitions of an asset and a liability, and guidance supporting these definitions; and
  - Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  The amendment is effective for annual periods beginning on or after 1 April 2020.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors align the wording of the definition of "material" across all IFRSs and the Conceptual Framework for Financial Reporting. They also clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. The amendment is effective for annual periods beginning on or after 1 April 2020.
- Amendments to IFRS 3 Business Combinations clarify that the definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term "outputs" is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendment is effective for annual periods beginning on or after 1 April 2020.
- Amendments to IFRS 9, IAS 39 and IFRS 7 have now been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The amendment is effective for annual periods beginning on or after 1 April 2020. Early application is permitted.

Annexure B – Additional JSE disclosure

- Amendments to IAS 1 Presentation of Financial Statements have now been issued to remove the current IAS 1 requirement which classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period to the amended requirement of a right to defer settlement must have substance and exist at the end of the reporting period. The amendment is effective for annual periods beginning on or after 1 April 2022. Early application is permitted.
- Amendments to IFRS 10 and IAS 28 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.

  When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting. Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV. In either case, the loss is recognised in full if the underlying assets are impaired.

  In response to this conflict and the resulting diversity in practice, on 11 September 2014 the IASB issued Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Annexure C –
Independent Reporting Accountant's Reports

Annexure C – Independent Reporting Accountant's Reports

ANNEXURE C PART A: INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE IAPF GROUP PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEET

The Directors
Investec Property Limited as responsible entity of Investec Australia Property Fund
Level 23 Chifley
Tower 2 Chifley Square
Sydney 2000

To the directors of Investec Property Limited

Introduction

The defined terms in Section 13: *Glossary* of the Document to which this letter is attached apply *mutatis mutandis* to this independent reporting accountant's assurance report ("**Report**") on the compilation of the IAPF Group Pro forma Historical Consolidated Balance Sheet.

We have completed our assurance engagement to report on the compilation of the IAPF Group Pro Forma Historical Consolidated Balance Sheet compiled by the Independent Directors. The IAPF Group Pro Forma Historical Consolidated Balance Sheet consists of the pro forma net asset value per unit and net tangible asset value per unit of the IAPF Group, the pro forma historical consolidated statement of financial position of the IAPF Group, including a reconciliation showing all of the pro forma adjustments to the contributed equity and retained earnings relating to the IAPF Group, and the related notes, set out in Table 2 to Section 6.4 of the Document, (collectively the "**IAPF Group Pro Forma Historical Consolidated Balance Sheet**"), assuming the Ann Street disposal and certain pro forma transactions and/or other adjustments to reflect the effects of the implementation of the Proposal ("**Transactions**") had taken place on 31 March 2020.

The applicable criteria on the basis of which the Independent Directors have compiled the IAPF Group Pro forma Historical Consolidated Balance Sheet is specified in the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**") and described in paragraph 6.2.3: *Preparation of the IAPF Group Pro forma Historical Consolidated Balance Sheet* of Section 6 of the Document.

The purpose of the Pro forma Historical Financial Information included in the Document is solely to illustrate the impact of the Transactions on the unadjusted Audited Financial Information as if the implementation of the Transactions had been undertaken on 31 March 2020 for purposes of the IAPF Group Pro forma Historical Consolidated Balance Sheet. Accordingly, we do not provide any assurance that the actual outcome of the Transactions, subsequent to its implementation, will be as presented in the IAPF Group Pro forma Historical Consolidated Balance Sheet.

As part of this process, the net asset value per unit and net tangible asset value per unit and statement of financial position of the Group as at 31 March 2020 have been extracted by the Independent Directors from the IAPF I Group's audited year-end financial information as at and for the period ended 31 March 2020 ("**Audited Financial Information**").

Independent Directors' Responsibility for the IAPF Group Pro forma Historical Consolidated Balance Sheet

The Independent Directors are responsible for compiling the IAPF Group Pro forma Historical Consolidated Balance Sheet on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 6.2.3: *Preparation of the IAPF Group Pro forma Historical Consolidated Balance Sheet* of Section 6 of the Document ("**Applicable Criteria**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

KPMG Inc. applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, based on our procedures performed, about whether the IAPF Group Pro forma Historical Consolidated Balance Sheet has been compiled, in all material respects, by the Independent Directors on the basis of the Applicable Criteria.

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* which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the IAPF Group Pro forma Historical Consolidated Balance Sheet has been compiled, in all material respects, 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 historical financial information used in compiling the IAPF Group Pro forma Historical Consolidated Balance Sheet, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the IAPF Group Pro forma Historical Consolidated Balance Sheet.

The purpose of the IAPF Group Pro forma Historical Consolidated Balance Sheet included in the Document is solely to illustrate the impact of the Transactions on the unadjusted Audited Financial Information as if the implementation of the Transactions had been undertaken on 31 March 2020. Accordingly, we do not provide any assurance that the actual outcome of the implementation of the Transactions, will be as presented in the IAPF Group Pro forma Historical Consolidated Balance Sheet.

A reasonable assurance engagement to report on whether the IAPF Group Pro forma Historical Consolidated Balance Sheet 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 Independent Directors in the compilation of the IAPF Group Pro forma Historical Consolidated Balance Sheet provides a reasonable basis for presenting the significant effects directly attributable to the Transactions and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to the Applicable Criteria; and
- The IAPF Group Pro forma Historical Consolidated Balance Sheet reflects the proper application of those pro forma adjustments to the unadjusted Audited Financial Information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Transactions in respect of which the IAPF Group Pro forma Historical Consolidated Balance Sheet has been compiled and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the IAPF Group Pro forma Historical Consolidated Balance Sheet.

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

Opinion

In our opinion, the IAPF Group Pro forma Historical Consolidated Balance Sheet has been compiled, in all material respects, on the basis of the Applicable Criteria.

Restriction On Use

This Report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purpose.

KPMG Inc.
Registered Auditor

Per Tracy Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director
15 October 2020

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Annexure C – Independent Reporting Accountant's Reports

ANNEXURE C PART B: INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF THE IAPF II PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEET

The Directors
Investec Property Limited as responsible entity of Investec Australia Property Fund
Level 23 Chifley
Tower 2 Chifley Square
Sydney 2000

To the directors of Investec Property Limited

Introduction

The defined terms in Section 13: *Glossary* of the Document to which this letter is attached apply *mutatis mutandis* to this independent reporting accountant's assurance report ("**Report**") on the compilation of the Pro Forma Historical Consolidated Balance Sheet of IAPF II.

We have completed our assurance engagement to report on the compilation of the Pro Forma Historical Consolidated Balance Sheet of IAPF II compiled by the Independent Directors. The *Pro Forma* Historical Consolidated Balance Sheet of IAPF II consists of the *pro forma* historical consolidated balance sheet of IAPF II, including a reconciliation showing all of the *Pro forma* adjustments to the unit capital and retained earnings relating to IAPF II, and the related notes, set out in Table 6 to Section 6.9.2 of the Document, (collectively the **"IAPF II Pro Forma Historical Consolidated Balance Sheet**"), as if the implementation of the pro forma transactions and/or other adjustments to reflect the effects of the Proposal ("**Transaction**") had taken place as at the 15 October 2020.

The applicable criteria on the basis of which the Independent Directors have compiled the IAPF II Pro Forma Historical Consolidated Balance Sheet is specified in the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**") and described in paragraph 6.9.1 Basis of Preparation set out in Section 6 of the Document.

The purpose of the IAPF II Pro Forma Historical Consolidated Balance Sheet included in the Document is solely to illustrate the impact of the Transaction on the unadjusted Audited Financial Information as if the implementation of the Transaction had been undertaken as at the 15 October 2020 for purposes of the IAPF II Pro Forma Historical Consolidated Balance Sheet. Accordingly, we do not provide any assurance that the actual outcome of the Transaction, subsequent to its implementation, will be as presented in the IAPF II Pro Forma Historical Consolidated Balance Sheet.

As part of this process, the following information has been extracted by the Independent Directors:

- the statement of financial position of IAPF II as at 3 September 2020 has been extracted from the Report of Historical Financial Information of IAPF II as at 3 September 2020 included as Annexure B Part A to this Document; and
- the statement of financial position of IAPH as at 31 March 2020 has been extracted by the Independent Directors from the special purpose financial statements of IAPH as at 31 March 2020 (collectively "**Audited Financial Information**").

Independent Directors' Responsibility for the IAPF II Pro Forma Historical Consolidated Balance Sheet

The Independent Directors are responsible for compiling the IAPF II Pro Forma Historical Consolidated Balance Sheet on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 6.9.1: *Basis of Preparation* set out in Section 6 of the Document ("**Applicable Criteria**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors issued by* the Independent Regulatory Board for Auditors (IRBA Code) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

KPMG Inc. applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, based on our procedures performed, about whether the IAPF II Pro Forma Historical Consolidated Balance Sheet has been compiled, in all material respects, by the Independent Directors on the basis of the Applicable Criteria.

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* which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the IAPF II Pro Forma Historical Consolidated Balance Sheet has been compiled, in all material respects, 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 historical financial information used in compiling the IAPF II Pro Forma Historical Consolidated Balance Sheet, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the IAPF II Pro Forma Historical Consolidated Balance Sheet.

The purpose of the IAPF II Pro Forma Historical Consolidated Balance Sheet included in the Document is solely to illustrate the impact of the Transaction on the unadjusted Audited Financial Information as if the implementation of the Transaction had been undertaken as at the 15 October 2020 for purposes of the IAPF II Pro Forma Historical Consolidated Balance Sheet. Accordingly, we do not provide any assurance that the actual outcome of the implementation of the Transactions, subsequent to its implementation, will be as presented in the IAPF II Pro Forma Historical Consolidated Balance Sheet.

A reasonable assurance engagement to report on whether the IAPF II Pro Forma Historical Consolidated Balance Sheet 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 Independent Directors in the compilation of the IAPF II Pro Forma Historical Consolidated Balance Sheet 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 IAPF II Pro Forma Historical Consolidated Balance Sheet reflects the proper application of those *pro forma* adjustments to the unadjusted Audited Financial Information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Transaction in respect of which the IAPF II Pro Forma Historical Consolidated Balance Sheet has been compiled and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the IAPF II Pro Forma Historical Consolidated Balance Sheet.

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

Opinion
In our opinion, the IAPF II Pro Forma Historical Consolidated Balance Sheet has been compiled, in all material respects, on the basis of the Applicable Criteria.

Restriction on use
This Report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purpose.

KPMG Inc.
Registered Auditor

Per Tracy Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director
15 October 2020

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Annexure C – Independent Reporting Accountant's Reports

ANNEXURE C PART C: INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE IAPF GROUP FORECAST FINANCIAL INFORMATION

The Directors
Investec Property Limited as responsible entity of Investec Australia Property Fund
Level 23 Chifley
Tower 2 Chifley Square
Sydney 2000

To the directors of Investec Property Limited

The defined terms in Section 13: *Glossary* of the Document to which this letter is attached apply *mutatis mutandis* to this independent reporting accountant's assurance report ("**Report**") on the compilation of the IAPF Group Forecast Financial Information.

Introduction

We have completed our assurance engagement to report on the compilation, by the Independent Directors, of the IAPF Group Forecast Financial Information as detailed below.

The IAPF Group Forecast Financial Information for the twelve months ending 31 March 2021 consists of the following:

- aggregated forecast income statement of the IAPF Group for the twelve months ending 31 March 2021, and the related notes thereto, set out in Column D of Table 3 of Section 6.5.1: *Forecast Income Statements and IAPF Group Pro Forma Forecast Income Statement* of this Document ("**IAPF Group Forecast Income Statement**");
- the related distribution per unit in respect of the IAPF Group Forecast Income Statement and the related notes thereto, set out Column D of Table 4 of Section 6.5.2: *Consolidated Distribution Statements* of this Document; and
- the related reconciliation of profit for the period to headline earnings, basic and diluted earnings per unit and basic and diluted headline earnings per unit in respect of the IAPF Group Forecast Income Statement and the related note thereto, set out in Column B of Table 4 of Section 1.5: *Reconciliation of earnings per unit* to Annexure B of this Document.

The applicable criteria on the basis of which the Independent Directors have compiled the IAPF Group Forecast Financial Information is specified in the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**") and described in paragraph 6.2.4: *Preparation of Forecast Financial Information* of Section 6 of the Document.

The IAPF Group Forecast Financial Information has been compiled by the Independent Directors to illustrate the impact of the Proposal on the aggregated forecast income statement of the IAPF Group for the twelve months ending 31 March 2021 and the related distribution per unit and basic and diluted earnings per unit and basic and diluted headline earnings per unit assuming that the Proposal was implemented on the Implementation Date being 1 November 2020, and consolidates the IAPF II forecast income statement for the five-months ending 31 March 2021. Accordingly, we do not provide assurance that the actual outcome of the Proposal, subsequent to its implementation, will be presented in the IAPF Group Forecast Financial Information.

As part of this process,

- IAPF I's aggregated forecast income statement for the twelve-months ending 31 March 2021, presented in Column C of Table 1 of Section 1.3: *IAPF I Forecast Income Statement* to Annexure B of this Document, and
- IAPF II's forecast income statement for the five-months ending 31 March 2021;

have been extracted by the Independent Directors from the forecast model and workings ("**Source Documents**") and aggregated.

Independent Directors' Responsibility for the IAPF Group Forecast Financial Information

The Independent Directors are responsible for compiling IAPF Group Forecast Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 6.2.4: *Preparation of Forecast Financial Information* of Section 6 of the Document ("**Applicable Criteria**").

Independent Reporting Accountant's Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

KPMG Inc. applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, based on our procedures performed, about whether the IAPF Group Forecast Financial Information has been compiled, in all material respects, by the Independent Directors on the basis of the Applicable Criteria.

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 we plan and perform procedures to obtain reasonable assurance about whether the IAPF Group Forecast Financial Information has been compiled, in all material respects, 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 the Source Documents used in compiling the IAPF Group Forecast Financial Information, nor have we, in the course of this engagement performed an audit or review of the financial information used in compiling the Source Documents.

The purpose of the IAPF Group Forecast Financial Information included in the Document is solely to illustrate the impact of the Proposal on the unadjusted Source Documents as if the Proposal had been undertaken on the Implementation Date being 1 November 2020, and consolidates the IAPF II forecast income statement for the five-months ending 31 March 2021. Accordingly, we do not provide any assurance that the actual outcome of the Proposal, subsequent to its implementation, will be as presented in the IAPF Group Forecast Financial Information.

A reasonable assurance engagement to report on whether the IAPF Group Forecast 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 Independent Directors in the compilation of the IAPF Group Forecast Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the Proposal and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- The IAPF Group Forecast Financial Information reflects the proper application of those *pro forma* adjustments to the unadjusted Source Documents.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Proposal in respect of which the IAPF Group Forecast Financial Information has been compiled and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the IAPF Group Forecast 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 IAPF Group Forecast Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

Restriction on use

This Report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purpose.

KPMG Inc.
Registered Auditor

Per Tracy Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director
15 October 2020

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Annexure C – Independent Reporting Accountant's Reports

ANNEXURE C PART D: INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE IAPF GROUP PRO FORMA FORECAST FINANCIAL INFORMATION

The Directors
Investec Property Limited as responsible entity of Investec Australia Property Fund
Level 23 Chifley
Tower 2 Chifley Square
Sydney 2000

To the directors of Investec Property Limited

The defined terms in Section 13: *Glossary* of the Document to which this letter is attached apply *mutatis mutandis* to this independent reporting accountant's assurance report ("**Report**") on the compilation of the IAPF Group Pro Forma Forecast Financial Information.

Introduction

We have completed our assurance engagement to report on the compilation, by the Independent Directors, of the IAPF Group Pro Forma Forecast Financial Information as detailed below.

The IAPF Group Pro Forma Forecast Financial Information for the twelve months ending 31 March 2021 consists of the following:

- aggregated forecast income statement of the IAPF Group for the twelve months ending 31 March 2021, and the related notes thereto, set out in Column F of Table 3 of Section 6.5.1: *Forecast Income Statements and IAPF Group Pro Forma Forecast Income Statement* and Column E of Table 2 of Section 1.4: *IAPF Group Pro Forma Forecast Income Statement* of Annexure B to this Document ("**IAPF Group Pro Forma Forecast Income Statement**");
- the related distribution per unit in respect of the IAPF Group Pro Forma Forecast Income Statement and the related notes thereto, set out Column F of Table 4 of Section 6.5.2: *Consolidated Distribution Statements* of this Document; and
- the related reconciliation of profit for the period to headline earnings, basic and diluted earnings per unit and basic and diluted headline earnings per unit in respect of the IAPF Group Forecast Income Statement and the related note thereto, set out in Column C of Table 4 of Section 1.5: *Reconciliation of earnings per unit* to Annexure B of this Document.

The applicable criteria on the basis of which the Independent Directors have compiled the IAPF Group Pro Forma Forecast Financial Information is specified in the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**") and described in paragraph 1.2.2: *IAPF Group Pro Forma Forecast Income Statement* of Annexure B of the Document.

The IAPF Group Pro Forma Forecast Financial Information has been compiled by the Independent Directors to illustrate the impact of the Proposal on the pro forma forecast consolidated income statement of the IAPF Group for the twelve months ended 31 March 2021 and the related distribution per unit and basic and diluted earnings per unit and basic and diluted headline earnings per unit assuming that the Proposal was implemented on 1 April 2020, and consolidates the IAPF II forecast income statement for the twelve-months ending 31 March 2021. Accordingly, we do not provide assurance that the actual outcome of the Proposal, subsequent to its implementation, will be presented in the IAPF Group Pro Forma Forecast Financial Information.

As part of this process, the IAPF Group Forecast Income Statement has been extracted by the Independent Directors from the forecast model and workings ("**Source Document**").

Independent Directors' Responsibility for the IAPF Group Pro Forma Forecast Financial Information

The Independent Directors are responsible for compiling IAPF Group Pro Forma Forecast Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 1.2.2: *IAPF Group Pro Forma Forecast Income Statement* of Annexure B of the Document ("**Applicable Criteria**").

Independent Reporting Accountant's Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

KPMG Inc. applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, based on our procedures performed, about whether the IAPF Group Pro Forma Forecast Financial Information has been compiled, in all material respects, by the Independent Directors on the basis of the Applicable Criteria.

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 we plan and perform procedures to obtain reasonable assurance about whether IAPF Group Pro Forma Forecast Financial Information has been compiled, in all material respects, 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 the Source Document used in compiling the IAPF Group Pro Forma Forecast Financial Information, nor have we, in the course of this engagement performed an audit or review of financial information used in compiling the Source Document.

The purpose of the IAPF Group Pro Forma Forecast Financial Information included in the Document is solely to illustrate the impact of the Proposal on the unadjusted Source Document as if the Proposal had been undertaken on 1 April 2020, and consolidates the IAPF II forecast income statement for the twelve-months ending 31 March 2021. Accordingly, we do not provide any assurance that the actual outcome of the Proposal, subsequent to its implementation, will be as presented in the IAPF Group Pro Forma Forecast Financial Information.

A reasonable assurance engagement to report on whether the IAPF Group Pro Forma Forecast 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 Independent Directors in the compilation of the IAPF Group Pro Forma Forecast Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the Proposal and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- The IAPF Group Pro Forma Forecast Financial Information reflects the proper application of those *pro forma* adjustments to the unadjusted Source Document.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Proposal in respect of which the IAPF Group Pro Forma Forecast Financial Information has been compiled and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the IAPF Group Pro Forma Forecast 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 IAPF Group Pro Forma Forecast Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

Restriction on use

This Report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purpose.

KPMG Inc.
Registered Auditor

Per Tracy Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director
15 October 2020

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Annexure C – Independent Reporting Accountant's Reports

ANNEXURE C PART E: INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE IAPF I EIGHT MONTH FORECAST INCOME STATEMENT AND THE RELATED ASSUMPTIONS

The Directors
Investec Property Limited as responsible entity of Investec Australia Property Fund
Level 23 Chifley
Tower 2 Chifley Square
Sydney 2000

To the directors of Investec Property Limited

The defined terms in Section 13: Glossary of the Document to which this letter is attached apply *mutatis mutandis* to this independent reporting accountant's assurance report ("**Report**") on the IAPF I Eight-Month Forecast Income Statement and the related Assumptions for the eight months ending 31 March 2020.

Introduction

We have undertaken a reasonable assurance engagement in respect of the property forecast of IAPF I for the eight months ending 31 March 2021, as set out in Column B in Table 1 of Annexure B – *Additional JSE Disclosure* included in the Document (the "**IAPF I Eight-Month Forecast Income Statement**"), as required by paragraph 13.15 of the JSE Limited Listings Requirements ("**JSE Listing Requirements**").

We have also undertaken a limited assurance engagement in respect of the Independent Directors best estimate assumptions used to prepare and present the IAPF I Eight-Month Forecast Income Statement, disclosed in paragraph 6.6.1 *General Assumptions* and 6.6.2.1 *Specific Assumptions – IAPF I* of the Document ("**Assumptions**"), as required by paragraph 13.15 of the JSE Listings Requirements.

Independent Directors' responsibility for the IAPF I Eight-Month Forecast Income Statement and for the Assumptions

The Independent Directors are responsible for the preparation and presentation of the IAPF I Eight-Month Forecast Income Statement and for the reasonableness of the Assumptions used to prepare the forecast information as set out Column B in Table 1 of Annexure B – *Additional JSE Disclosure included* in the Document in accordance with paragraphs 13.12 to 13.14 of the JSE Listings Requirements ("**JSE Listings Requirements relating to Forecast Information**"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the IAPF I Eight-Month Forecast Income Statement on the basis of the Assumptions that is free from material misstatement, whether due to fraud or error.

Inherent limitations

Actual results are likely to be different from the IAPF I Eight-Month Forecast Income Statement since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that the IAPF I Eight-Month Forecast Income Statement may not be appropriate for purposes other than described in the purpose of the report paragraph below.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

KPMG Inc. applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Part A – Limited assurance engagement on the reasonableness of the Assumptions

Reporting accountant's responsibilities

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the Assumptions do not provide a reasonable basis for the preparation and presentation of the IAPF I Eight-Month Forecast Income Statement in accordance with the JSE Listings Requirements relating to Forecast Information, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3400), *The Examination of Prospective Financial Information*, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Assumptions provide a reasonable basis for the preparation and presentation of the IAPF I Eight-Month Forecast Income Statement.

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the Assumptions. Sufficient appropriate evidence supporting such assumptions would be obtained from internal and external sources including consideration of the Assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observations of processes performed, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumption and agreeing or reconciling with underlying records.

Our procedures included evaluating the Assumptions on which the IAPF I Eight-Month Forecast Income Statement is based for reasonableness.

The procedures performed in a limited assurance engagement vary in nature from and are less in extent than for, and, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Assumptions provide a reasonable basis for the preparation and presentation of the IAPF I Eight-Month Forecast Income Statement.

Limited assurance conclusion on the reasonableness of the Assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the Assumptions do not provide a reasonable basis for the preparation and presentation of the IAPF I Eight-Month Forecast Income Statement for the eight months ending 31 March 2021.

Part B – Reasonable assurance engagement on the IAPF I Eight-Month Forecast Income Statement

Reporting accountant's responsibilities

Our responsibility is to express an opinion based on the evidence we have obtained about whether the IAPF I Eight-Month Forecast Income Statement is properly prepared and presented on the basis of the Assumptions disclosed in paragraph 6.6.1 *General Assumptions* and 6.6.2.1 *Specific Assumptions – IAPF I* of the Document and in accordance with the JSE Listings Requirements relating to Forecast Information. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3400), *The Examination of Prospective Financial Information*, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the IAPF I Eight-Month Forecast Income Statement is properly prepared and presented on the basis of the Assumptions disclosed in paragraph 6.6.1 *General Assumptions* and 6.6.2.1 *Specific Assumptions – IAPF I* of the Document and in accordance with the JSE Listings Requirements relating to Forecast Information.

A reasonable assurance engagement in accordance with ISAE 3400 involves performing procedures to obtain evidence that the IAPF I Eight-Month Forecast Income Statement is properly prepared and presented on the basis of the Assumptions and in accordance with the JSE Listings Requirements relating to Forecast Information. The nature, timing and extent of procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, of the IAPF I Eight-Month Forecast Income Statement. In making those risk assessments, we considered internal control relevant to IAPF I's preparation and presentation of the IAPF I Eight-Month Forecast Income Statement.

Our procedures included:

- Inspecting whether the IAPF I Eight-Month Forecast Income Statement is properly prepared on the basis of the Assumptions;
- Inspecting whether the IAPF I Eight-Month Forecast Income Statement is properly presented and all material Assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- Inspecting whether the IAPF I Eight-Month Forecast Income Statement is prepared on a consistent basis with the historical financial statements, signed agreements and using appropriate accounting policies.

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

Opinion on the IAPF I Eight-Month Forecast Income Statement

In our opinion, the IAPF I Eight-Month Forecast Income Statement is properly prepared and presented on the basis of the Assumptions and in accordance with the JSE Listings Requirements for Forecast Information for the eight months ending 31 March 2021.

Annexure C – Independent Reporting Accountant's Reports

Purpose of the report

This report has been prepared for the purpose of satisfying the requirements of paragraph 13.15 of the JSE Listings Requirements and for no other purpose.

Report on other legal and regulatory requirements

In accordance with our responsibilities set out in the JSE Listings Requirements, paragraph 13.15(b), we have performed the procedures set out therein. If, based on the procedures performed, we detect any exceptions, we are required to report those exceptions. We have detected the following exception:

- The information required to be presented in terms of paragraphs 13.18(c), (d) and (e) to the IAPF I Eight-Month Forecast Income Statement has not been presented in the Document and, therefore, we are unable to comply with paragraph 13.15(b)(ii) of the JSE Listings Requirements.

KPMG Inc.
Registered Auditor

Per Tracy Middlemiss
Registered Auditor
Director
15 October 2020

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

ANNEXURE C PART F: INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE IAPF II FORECAST INCOME STATEMENTS FOR JSE PURPOSES

The Directors
Investec Property Limited as responsible entity of Investec Australia Property Fund
Level 23 Chifley
Tower 2 Chifley Square
Sydney 2000

To the directors of Investec Property Limited

The defined terms in Section 13: *Glossary* of the Document to which this letter is attached apply *mutatis mutandis* to this independent reporting accountant's assurance report ("**Report**") on the IAPF II Forecast Income Statements for JSE Purposes and the related Assumptions for the three months ending 31 October 2020 and the five months ending 31 March 2021.

Introduction

We have undertaken a reasonable assurance engagement in respect of the profit forecasts of IAPF II for the three months ending 31 October 2020 and the five months ending 31 March 2021, as set out in Column C in Table 2 of Section 1.4: *IAPF Group Pro Forma Forecast Income Statement* in Annexure B and Column B in Table 3 of Section 6.5.1: *Forecast Income Statements and IAPF Group Pro Forma Forecast Income Statement,* respectively, included in the Document (the "**IAPF II Forecast Income Statements for JSE Purposes**"), as required by paragraph 8.40(a) of the JSE Listings Requirements ("**JSE Listing Requirements**").

We have also undertaken a limited assurance engagement in respect of the Independent Directors best estimate assumptions used to prepare and present the IAPF II Forecast Income Statements for JSE Purposes, disclosed in paragraph 6.6.1 *General Assumptions* and *6.6.2.2 Specific Assumptions – IAPF II* of the Document ("**Assumptions**"), as required by paragraph 8.43 of the JSE Listings Requirements.

Independent Directors' responsibility for the IAPF II Forecast Income Statements for JSE Purposes and for the Assumptions

The Independent Directors are responsible for the preparation and presentation of the IAPF II Forecast Income Statements for JSE Purposes and for the reasonableness of the Assumptions used to prepare the IAPF II Forecast Income Statements for JSE Purposes as set out in Column B in Table 3 of 6.5.1: *Forecast Income Statements and IAPF Group Pro Forma Forecast Income Statement,* respectively, in accordance with paragraphs 8.35 to 8.44 of the JSE Listings Requirements ("**JSE Listings Requirements relating to Profit Forecasts**"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the IAPF II Forecast Income Statements for JSE Purposes on the basis of the Assumptions that is free from material misstatement, whether due to fraud or error.

Inherent limitations

Actual results are likely to be different from the IAPF II Forecast Income Statements for JSE Purposes since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that the IAPF II Forecast Income Statements for JSE Purposes may not be appropriate for purposes other than described in the purpose of the report paragraph below.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

KPMG Inc. applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Part A – Limited assurance engagement on the reasonableness of the Assumptions

Reporting accountant's responsibilities

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the Assumptions do not provide a reasonable basis for the preparation and presentation of the IAPF II Forecast Income Statements for JSE Purposes in accordance with the JSE Listings Requirements relating to Profit Forecasts, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3400), *The Examination of Prospective Financial Information*, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Assumptions provide a reasonable basis for the preparation and presentation of the IAPF II Forecast Income Statements for JSE Purposes.

Annexure C – Independent Reporting Accountant's Reports

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the Assumptions. Sufficient appropriate evidence supporting such assumptions would be obtained from internal and external sources including consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observations of processes performed, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumption and agreeing or reconciling with underlying records.

Our procedures included evaluating the Assumptions on which the IAPF II Forecast Income Statements for JSE Purposes is based for reasonableness.

The procedures performed in a limited assurance engagement vary in nature from and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Assumptions provide a reasonable basis for the preparation and presentation of the IAPF II Forecast Income Statements for JSE Purposes.

Limited assurance conclusion on the reasonableness of the Assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the Assumptions do not provide a reasonable basis for the preparation and presentation of the IAPF II Forecast Income Statements for JSE Purposes for the three months ending 31 October 2020 and the five months ending 31 March 2021.

Part B – Reasonable assurance engagement on the IAPF II Forecast Income Statements for JSE Purposes

Reporting accountant's responsibilities

Our responsibility is to express an opinion based on the evidence we have obtained about whether the IAPF II Forecast Income Statements for JSE Purposes as set out in Column B in Table 3 of 6.5.1: *Forecast Income Statements and IAPF Group Pro Forma Forecast Income Statement* is properly prepared and presented on the basis of the Assumptions and in accordance with the JSE Listings Requirements relating to Profit Forecasts. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3400), *The Examination of Prospective Financial Information*, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether such IAPF II Forecast Income Statements for JSE Purposes are properly prepared and presented on the basis of the Assumptions disclosed in paragraph 6.6.1 *General Assumptions* and *6.6.2.2 Specific Assumptions – IAPF II* of the Document and in accordance with the JSE Listings Requirements relating to Profit Forecasts.

A reasonable assurance engagement in accordance with ISAE 3400 involves performing procedures to obtain evidence that the IAPF II Forecast Income Statements for JSE Purposes are properly prepared and presented on the basis of the Assumptions and in accordance with the JSE Listings Requirements relating to Profit Forecasts. The nature, timing and extent of procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, of the IAPF II Forecast Income Statements for JSE Purposes. In making those risk assessments, we considered internal control relevant to IAPF II's preparation and presentation of the IAPF II Forecast Income Statements for JSE Purposes.

Our procedures included:

- Inspecting whether the IAPF II Forecast Income Statements for JSE Purposes are properly prepared on the basis of the Assumptions;
- Inspecting whether the IAPF II Forecast Income Statements for JSE Purposes are properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- Inspecting whether the IAPF II Forecast Income Statements for JSE Purposes are prepared on a consistent basis with the historical financial information, signed agreements and using appropriate accounting policies.

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

Opinion on the IAPF II Forecast Income Statements for JSE Purposes

In our opinion, the IAPF II Forecast Income Statements for JSE Purposes are properly prepared and presented on the basis of the Assumptions and in accordance with the JSE Listings Requirements relating to Profit Forecasts for the three months ending 31 October 2020 and the five months ending 31 March 2021.

Purpose of the report

This report has been prepared for the purpose of satisfying the requirements of paragraphs 8.35 to 8.44 of the JSE Listings Requirements and for no other purpose.

Report on other legal and regulatory requirements

In accordance with our responsibilities set out in the JSE Listings Requirements, paragraph 8.40(a), we have performed the procedures set out in International Standard on Assurance Engagements (ISAE 3400), The Examination of Prospective Financial Information. If, based on the procedures performed, we detect any exceptions, we are required to report those exceptions. We have nothing to report in this regard.

KPMG Inc.
Registered Auditor

Per Tracy Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director
15 October 2020

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Annexure C – Independent Reporting Accountant's Reports

ANNEXURE C PART G: INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE REVIEWED INTERIM HISTORICAL FINANCIAL INFORMATION OF IAPF I FOR THE FOUR MONTHS ENDED 31 JULY 2020

The Directors
Investec Property Limited as responsible entity of Investec Australia Property Fund
Level 23 Chifley
Tower 2 Chifley Square
Sydney 2000

To the directors of Investec Property Limited

The defined terms in Section 13: *Glossary* of the Document to which this letter is attached apply *mutatis mutandis* to this independent reporting accountant's review report ("**Report**") on the interim historical financial information of IAPF I for the four months ended 31 July 2020.

Introduction

For the purposes of the Document, we have reviewed the historical financial information of IAPF I for the four months ended 31 July 2020 ("**Reviewed IAPF I Income Statement**") which comprises of the consolidated income statement for the four months ended 31 July 2020 as set out in Column A in Table 1 of Paragraph 1.3: *IAPF I Forecast Income Statement* of Annexure B included in the Document, prepared in accordance with the basis of preparation set out in point a to Paragraph 1.2.1: *IAPF I Forecast Income Statement* included in Annexure B of the Document for purposes of compliance with Section 13 of the JSE Listings Requirements.

KPMG Inc. is the independent auditor and independent reporting accountant to IAPF I.

Responsibilities of the Independent Directors for the Reviewed IAPF I Income Statement

The Independent Directors are responsible for the preparation and presentation of the Reviewed IAPF I Income Statement in accordance with the basis of preparation set out in point a to Paragraph 1.2.1 *IAPF I Forecast Income Statement* included in Annexure B – *Additional JSE Disclosure* of the Document for purposes of compliance with Section 13 of the JSE Listings Requirements, and for determining that the basis of preparation is acceptable in the circumstances.

The Independent Directors are also responsible for the compilation, contents and preparation of the Document, including the Reviewed IAPF I Income Statement included therein, in accordance with the JSE Listings Requirements.

Independent Reporting Accountant's Responsibilities for the Reviewed IAPF I Income Statement

Our responsibility is to express a review conclusion on the Reviewed IAPF I Income Statement, prepared in accordance with the basis of preparation set out in point a. to Paragraph 1.2.1 *IAPF I Forecast Income Statement* included in Annexure B – *Additional JSE Disclosure* of the Document for purposes of compliance with Section 13 of the JSE Listings Requirements, based on our review.

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information performed by the Independent Auditor of the Entity* read together with ISA 805 (Revised), *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*.

A review of interim financial information consists of making inquiries, primarily of persons responsible for 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.

Conclusion on the Reviewed IAPF I Income Statement

Based on our review, nothing has come to our attention that causes us to believe that the Reviewed IAPF I Income Statement set out in Column A in Table 1 of Annexure B – *Additional JSE Disclosure* of the Document is not prepared, in all material respects, in accordance with the basis of preparation set out in point a. to Paragraph 1.2.1 *IAPF I Forecast Income Statement* included in Annexure B – *Additional JSE Disclosure* of the Document for purposes of compliance with Section 13 of the JSE Listings Requirements.

Emphasis of Matter – Basis of Preparation

We draw attention to the basis of preparation set out in point a. to Paragraph 1.2.1: *IAPF I Forecast Income Statement* included in Annexure B – *Additional JSE Disclosure* of the Document, which describes the basis of preparation, including the approach to and the purpose for preparing the Reviewed IAPF I Income Statement. Our conclusion is not modified in respect of this matter.

Restriction on use

This Report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purpose.

KPMG Inc.
Registered Auditor

Per Tracy Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director
15 October 2020

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Annexure C – Independent Reporting Accountant's Reports

ANNEXURE C PART H: INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF IAPF II AT 3 SEPTEMBER 2020

The Directors
Investec Property Limited as responsible entity of Investec Australia Property Fund
Level 23 Chifley
Tower 2 Chifley Square
Sydney 2000

To the directors of Investec Property Limited

Introduction

The defined terms of Section 13: *Glossary* of the Document to which this letter is attached apply *mutatis mutandis* to this independent reporting accountant's assurance report ("**Report**") on the historical financial information of IAPF II.

At your request, and for the purposes of the Document, we have audited the historical financial information of IAPF II at 3 September 2020 (date of establishment), presented in Annexure B Part A of this Document, which forms the Report of Historical Financial Information of IAPF II for the purposes of this report.

The historical financial information of IAPF II comprises the statement of financial position, statement of comprehensive income and the statement of changes in equity and notes thereto, including a summary of the significant accounting policies at 3 September 2020 ("**IAPF II Historical Financial Information**"), presented in Annexure B Part A of this Document, and has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and for the purpose of providing financial information to satisfy the requirements of Section 8 of the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**") and for no other purpose.

The Independent Directors are responsible for the preparation of the Report of IAPF II Historical Financial Information. The Independent Directors are also responsible for the compilation, contents and preparation of the Document, including the Report of IAPF II Historical Financial Information, prepared in accordance with IFRS and for the purpose of providing financial information to satisfy the requirements of Section 8 of the JSE Listings Requirements, and presented in Annexure B Part A of this Document.

KPMG Inc. is the independent auditor and independent reporting accountant to IAPF II.

Historical Financial Information of IAPF II

Independent Reporting Accountant's Report on the Historical Financial Information of IAPF II

Opinion

We have audited the Historical Financial Information of IAPF II, which comprises the statement of financial position, statement of comprehensive income and the statement of changes in equity and the notes thereto, including a summary of significant accounting policies at 3 September 2020, prepared in accordance with IFRS for the purpose of providing financial information to satisfy the requirements of Section 8 of the JSE Listings Requirements, and presented in Annexure B Part A of this Document.

In our opinion, the Historical Financial Information of IAPF II at 3 September 2020, as presented in Annexure B Part A of this Document, presents fairly, in all material respects, for the purpose of the Document, the financial position of IAPF II as at 3 September 2020 and its financial performance for the period then ended in accordance with IFRS and for the purpose of providing financial information to satisfy the requirements of Section 8 of the JSE Listings Requirements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the *Independent Reporting Accountant's Responsibilities for the Historical Financial Information of IAPF II* section of our report. We are independent of IAPF II in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of Historical Financial Information in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Historical Financial Information of IAPF II.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Historical Financial Information of IAPF II. These matters were addressed in the context of our audit of the Historical Financial Information of IAPF II as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

No key audit matters were identified in respect of our audit of the Historical Financial Information of IAPF II.

Responsibilities of the Independent Directors for the Historical Financial Information of IAPF II

The Independent Directors are responsible for the preparation of the Historical Financial Information of IAPF II in accordance with IFRS and for the purpose of providing financial information to satisfy the requirements of Section 8 of the JSE Listings Requirements and for such internal control as the Independent Directors determine is necessary to enable the preparation of Historical Financial Information of IAPF II that is free from material misstatement, whether due to fraud or error.

In preparing the Historical Financial Information of IAPF II, the Independent Directors are responsible for assessing the ability of IAPF II to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Independent Directors either intend to liquidate IAPF II or to cease operations, or have no realistic alternative but to do so.

Independent Reporting Accountant's Responsibilities for the Historical Financial Information of IAPF II

Our objectives are to obtain reasonable assurance about whether the Historical Financial Information of IAPF II is free from material misstatement, whether due to fraud or error, and to issue an independent reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Historical Financial Information of IAPF II.

As part of audits in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Historical Financial Information of IAPF II, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IAPF II's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Independent Directors.
- Conclude on the appropriateness of the Independent Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of IAPF II to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent reporting accountant's report to the related disclosures in the Historical Financial Information of IAPF II or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent reporting accountant's report. However, future events or conditions may cause IAPF II to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Historical Financial Information of IAPF II, including the disclosures, and whether the Historical Financial Information of IAPF II represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Independent Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Independent Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Annexure C – Independent Reporting Accountant's Reports

From the matters communicated with the Independent Directors, we determine those matters that were of most significance in the audit of the Historical Financial Information of IAPF II at 3 September 2020 and are therefore the key audit matters. We describe these matters in our independent reporting accountant's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. There are no key audit matters to report.

KPMG Inc.
Registered Auditor

Per Tracy Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director
15 October 2020

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

ANNEXURE C PART I: INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF NON-IFRS FINANCIAL INFORMATION

The Directors
Investec Property Limited as responsible entity of Investec Australia Property Fund
Level 23 Chifley
Tower 2 Chifley Square
Sydney 2000

To the directors of Investec Property Limited

Introduction

The defined terms in Section 13: *Glossary* of the Document to which this letter is attached apply *mutatis mutandis* to this independent reporting accountant's assurance report ("**Report**") on the compilation of the Non-IFRS Financial Information.

We have completed our assurance engagement to report on the compilation of the Non-IFRS Financial Information. The Non-IFRS Financial Information included in the Document has been prepared by the Independent Directors.

The Non-IFRS Financial Information is included in Table 4 of Section 6.5.2 *Consolidated Distribution Statements* of the Document, as follows:

- Column A presents the IAPF I Forecast Income Statement;
- Column D presents the IAPF Group Forecast Income Statement; and
- Column F presents the IAPF Group Pro Forma Forecast Income Statement.

The Non-IFRS Financial Information included in Columns A, D and F of Table 4 of Section 6.5.2 *Consolidated Distribution Statements* of the Document comprises of the following Non-IFRS financial measures and ratios:

- FFO per unit; and
- AFFO per unit

  (Collectively "**Non-IFRS Financial Measures**")
- FFO accretion;
- AFFO accretion;
- Distribution as a percentage of FFO; and
- Distribution as a percentage of AFFO.

  (Collectively "**Non-IFRS ratios**")

The Non-IFRS Financial Measures and Non-IFRS ratios are collectively referred to as "**Non-IFRS Financial information**".

The applicable criteria on the basis of which the Independent Directors have compiled the Non-IFRS Financial Information is specified in JSE Limited Listings Requirements ("**JSE Listings Requirements**"), and described in the basis of preparation to the Non-IFRS Financial Information set out in Section 6.2.5: *Non-IFRS measures and disclosures* of the Document.

The Independent Directors and management use the Non-IFRS Financial Information to provide investors with a performance metric that is commonly used within the industry and allows for direct comparison of Australian real estate organisations.

As part of this process the relevant financial statement captions have been extracted from the IAPF I Forecast Income Statement; IAPF Group Forecast Income Statement and the IAPF Group Pro Forma Forecast Income Statement (collectively "**Source Documents**")

Independent Directors' Responsibility for the Non-IFRS Financial Information

The Independent Directors are responsible for compiling the Non-IFRS Financial Information on the basis of the Applicable Criteria specified in the JSE Listings Requirements and described in the basis of preparation to the Non-IFRS Financial Information set out in Section 6.2.5: *Non-IFRS measures and disclosures* of the Document ("**the Applicable Criteria**").

Independent Reporting Accountant's independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Annexure C – Independent Reporting Accountant's Reports

KPMG Inc. applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Reporting Accountant's responsibility

Our responsibility is to express an opinion about whether the Non-IFRS Financial Information has been compiled, in all material respects, by the Independent Directors on the basis of the Applicable Criteria.

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 we plan and perform procedures to obtain reasonable assurance about whether the Non-IFRS Financial Information has been compiled, in all material respects, 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 Source Documents used in compiling the Non-IFRS Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Non-IFRS Financial Information.

The Independent Directors and management use the Non-IFRS Financial Information to provide investors with a performance metric that is commonly used within the industry and allows for direct comparison of Australian real estate organisations.

A reasonable assurance engagement to report on whether the Non-IFRS 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 Independent Directors in the compilation of the Non-IFRS Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the events and conditions and to obtain sufficient appropriate evidence about whether:

- The pro forma adjustments give appropriate effect to the Applicable Criteria; and
- The Non-IFRS Financial Information reflects the proper application of the pro forma adjustments to the unadjusted Source Documents.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the IAPF Group or the events in respect of which the pro forma adjustments relating to the Non-IFRS Financial Information have been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Non-IFRS 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 Non-IFRS Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

Restriction on use

This report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purposes.

KPMG Inc.
Registered Auditor

Per Tracy Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director
15 October 2020

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Annexure D – Comparison of Listings Requirements

Annexure D – Comparison of Listings Requirements

As a dual listed entity (with a primary listing on both the ASX and the JSE), IAPF must comply with both the ASX Listing Rules and the JSE Listings Requirements. However, under the Constitutions as described in Section 11.8 of this Document, if it is not possible for the Responsible Entity to comply with both sets of Listings Requirements, the Responsible Entity must comply with the rule or requirement of the Main Trading Exchange at the relevant time. In the event a direct inconsistency became apparent, the Responsible Entity would seek to consult with the relevant exchange and confirm the proposed course of action (which may include requesting a waiver or dispensation).

Currently, the Main Trading Exchange of IAPF is the JSE. However, if more Stapled Securities by volume were traded on the ASX than on the JSE during the immediately preceding half year trading period, the Main Trading Exchange for that particular trading period will be the ASX.

IAPF's interim and final Distributions are currently paid in the months of June and December respectively, in accordance with the Constitutions and the corporate actions timetables under the JSE Listings Requirements. However, if the Main Trading Exchange becomes the ASX, the Responsible Entity will comply with the Distribution timetables under the ASX Listing Rules. Note also that, if the Proposal is implemented, it is intended that IAPF will amend its financial year end to report on a 30 June financial year basis, which would impact the payment date of Distributions (see Section 3.9 of this Document).

The table below provides a summary of the key differences (and/or similarities) between the ASX Listing Rules and the JSE Listings Requirements for comparison purposes.

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
1. Securities		
Issue of new securities	**Issue of new securities of up to 15% does not require approval and issue of new securities >15% requires security holders' approval (subject to exceptions including a pro rata offer)** IAPF must not issue equity securities that represent more than 15% of its equity capital without security holders' approval (ASX Listing Rule 7.1). There is no pre-emption right in favour of existing security holders but a rights offering is an exception to this 15% capacity rule. There are exceptions to the 15% threshold (ASX Listing Rule 7.2), including where the issue is: • pro rata issue to existing holders; • issue under a takeover bid (excluding a reverse takeover) or under a merger by way of scheme of arrangement; • issue on the conversion of convertible securities (provided the original issue of the convertible securities was compliant); • issue under an employee incentive scheme (subject to meeting certain requirements); • issue under a dividend or distribution plan; and • issue made with the approval of security holders. The following information must be included in the notice of meeting for the holders of existing securities to approve an issue of new securities (ASX Listing Rule 7.3): • the number and class of securities to be issued;	**Issue of new equity securities <30% may be implemented under a security holders' general approval and issue of new equity securities ≥30% requires security holders' specific approval (subject to exceptions including a pro rata offer/right of pre-emption)** A right of pre-emption applies in respect of unissued equity securities (in favour of existing security holders). The Responsible Entity may not issue unissued equity securities for cash unless these securities are first offered to the existing equity security holders in proportion to their existing holdings (JSE Listings Requirement 3.30). A pro rata offer of securities does not require security holders' approval. There are exceptions to the right of pre-emption where the issue is: • a capitalisation issue (bonus issue); • for the acquisition of assets, a vendor consideration placing related to an acquisition of assets, or an issue for the purposes of an amalgamation or merger with another entity in consideration for the securities of that other entity and specifically excluding issues for cash; • an issue pursuant to options or conversion rights (however, issues of options and convertible securities must themselves be approved by security holders); and • an issue in terms of a security incentive scheme approved in terms of the JSE Listings Requirements.

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
	• the date by which IAPF will issue the securities, which, if the securities are being issued under or, to fund a reverse takeover, must be no later than six months after the date of the meeting or otherwise in all other cases no later than three months after the date of the meeting; • the price or other consideration IAPF will receive for the securities; • the name of the persons to whom IAPF will issue the securities, or the basis upon which those persons will be identified or selected; • if the securities are not fully paid ordinary securities, a summary of the material terms of the securities; • the purpose of the issue, including the intended use of any funds raised by the issue; • if the securities are being issued under an agreement, a summary of any other material terms of the agreement; • a voting exclusion statement; and • if the securities are being issued under, or to fund a reverse takeover, information about the reverse takeover.	Securities may be issued for cash on terms that are: • generally approved by equity security holders (by 75% of votes cast) in a general meeting or an annual general meeting by granting the Responsible Entity with the authority to issue securities up to a certain amount, which authority will be valid until the next annual general meeting or for 15 months from the date of the relevant resolution (whichever period is shorter); and • specifically approved by equity security holders (by 75% of votes cast) in a general meeting in respect of a particular issue. An issue under general authority is subject to certain limitations (JSE Listings Requirement 5.52), including that: • the maximum discount at which the equity securities may be issued is 10% of the 30-business day VWAP of the equity securities prior to the date the issue price is agreed; • the equity securities which are the subject of the general authority may not exceed more than 30% of the total listed equity securities as at the date of the relevant notice of meeting; and • the equity securities must be issued to public security holders and not to related parties. An issue under specific authority is subject to, *inter alia*, the following (JSE Listings Requirement 5.51): • no limitation on the number of equity securities, or the price at which the equity securities may be issued, applies; • if any of the equity securities are to be issued to non-public security holders, this fact must be disclosed; and • security holders' approval is not required if: – the dilution, as a result of a once-off issue, is equal to or less than 0.25%; and – the price at which the equity securities are issued is equal to or at a premium to the 30-business day VWAP prior to the date that the price of the issue is agreed in writing between IAPF and the party subscribing for the equity securities.

Annexure D – Comparison of Listings Requirements

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
Prescribed timetables and accelerated rights offerings	**Required to comply with timetables and accelerated rights offerings are permitted** IAPF must comply with the timetables set out in Appendices 6A or 7A of the ASX Listing Rules (as applicable) when undertaking certain corporate actions (ASX Listing Rules 6.24 and 7.40). An accelerated rights offering can be conducted in accordance with the timetables set out in Appendix 7A of the ASX Listing Rules.	**Required to comply with corporate action timetables and accelerated rights offerings are permitted** IAPF is required to comply fully with the JSE Listings Requirements including the corporate action timetables in Schedule 2 Form H1 of the JSE Listings Requirements. With effect from 18 December 2017, the JSE amended the JSE Listings Requirements to include new measures on accelerated equity capital raises in the form of: • accelerated specific issues of securities for cash, which will be approved by the JSE within 48 hours (JSE Listings Requirements 11.19B and 16.3); and • non-renounceable rights offers, which may be done in accordance with an accelerated timetable set out in Schedule 2 Form HI of the JSE Listings Requirements, provided the maximum discount at which the securities are to be offered does not exceed 10% of the VWAP of such equity securities measured over the 30-business days prior to the date that the issue price was determined (JSE Listings Requirement 5.23(b)).
Stapled securities	**Stapled securities permitted at the discretion of the ASX** The ASX may admit more than one entity to the Official List on the basis that the listed entities' securities will be stapled together and jointly quoted.	**Stapled securities permitted at the discretion of the JSE** The JSE Listings Requirements do not prohibit the issue of stapled securities, but the JSE has a general discretion to allow or disallow such an issue, having regard to the circumstances of each case.
Settlement of securities traded on the exchange	**Settlement on a T+2 basis** Securities traded on the ASX are settled on a T+2 basis.	**Settlement on a T+3 basis** Securities traded on the JSE are settled on a T+3 basis.

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
2. Distributions		
Distributions	**Required to comply with distributions timetable** IAPF must comply with the timetables for paying distributions set out in Appendix 6A of the ASX Listing Rules (subject to applicable ASX waivers), including: • setting the distribution record date at least four business days after announcement of the distribution and record date; and • payment of the distribution any time after the record date (or at least 2 business days after the record date, if IAPF had a distribution reinvestment plan). IAPF has applied for a waiver such that the rate of a Distribution need not be advised to the ASX on the date the record date is announced on the condition that an estimated Distribution rate is advised to the ASX on that date and the actual rate is advised to the ASX as soon as it becomes known.	**Required to comply with corporate action timetable for distributions** IAPF must comply with the corporate action timetables of the JSE Listings Requirements (Schedule 2 Form H1) in respect of the payment of distributions, including: • publication of declaration data at least 13 business days prior to the record date, and finalisation information at least eight business days prior to the record date; • securities trading "ex" distribution two business days prior to the record date; and • payment of distribution must occur one business day following the record date. The record date for a distribution must be a Friday unless the Friday is a public holiday, in which case it will be on the last business day of that week. IAPF must immediately announce the declaration of dividends, interest and other similar payments by IAPF, or if IAPF decides not to declare such payments and such decision is deemed to be price sensitive (JSE Listings Requirements 3.11 and 3.12).
3. Continuous disclosure		
Price sensitive information	**Obligations to disclose price sensitive information (subject to exceptions)** IAPF must immediately tell the ASX once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of IAPF's securities, unless the information is (i) confidential; (ii) a reasonable person would not expect it to be disclosed; and (iii) one of the following applies: • it would be a breach of law to disclose the information; • the information concerns an incomplete proposal or negotiation; • the information comprises matters of supposition or is insufficiently definite to warrant disclosure; • the information is generated for the internal management purposes of IAPF; or • the information is a trade secret (ASX Listing Rules 3.1 and 3.1A).	**Obligations to disclose price sensitive information (subject to exceptions)** IAPF must release price sensitive information (i.e. unpublished information which is specific or precise, which if it were made public, would have a material effect on the price of IAPF's securities) without delay unless the information is confidential for a limited period of time (JSE Listings Requirement 3.4). IAPF must make a cautionary announcement immediately after IAPF (JSE Listings Requirement 3.9): • knows of any price sensitive information and the necessary degree of confidentiality of such information cannot be maintained; or • suspects that confidentiality has or may have been breached. Notwithstanding the disclosure obligations above, if the Directors consider that disclosure to the public of price sensitive information will, or probably will, prejudice IAPF's legitimate interests, the JSE may grant a dispensation from the requirement to make such information public (JSE Listings Requirement 3.10).

Annexure D – Comparison of Listings Requirements

<table>
<tr><th>Issue</th><th>Position under ASX Listing Rules</th><th>Position under JSE Listings Requirements</th></tr>
<tr><td>Trading update</td><td>Trading update required if there is a significant change to financial results

If IAPF becomes aware that its financial results will differ significantly (downwards or upwards) from any financial forecast it has published, or that its exploration or production results for a period will differ significantly (downwards or upwards) from any target it has published, it may have a legal obligation to notify the market of that fact (ASX Listing Rule 3.1).</td><td>Trading update required if there is a significant change to financial results (quantitative thresholds apply)

IAPF (if its quarterly results are not published) must publish a trading statement as soon as it is satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported on next will differ by at least 20% (or 15% in limited circumstances) from the most recent financial results for the previous corresponding period or a profit forecast previously provided in relation to such period (JSE Listings Requirement 3.4(b)).</td></tr>
<tr><td>Directors' dealings</td><td>Directors' dealings need to be announced / disclosed within five business days

IAPF must tell the ASX:
• the notifiable interests of a Director on the date IAPF is admitted to the Official List and on the date that a Director is appointed;
• a change to a notifiable interest of a Director, including whether the change occurred during a prohibited period under IAPF's trading policy, where prior written clearance was required and if so, whether such clearance was provided; and
• the notifiable interests of a Director when they cease to be a Director.

A "notifiable interest of a Director", in relation to IAPF, is a relevant interest (within the meaning of section 9 of the Corporations Act) in securities of IAPF.

These announcements must be given to the ASX no later than five business days after the triggering event occurs (ASX Listing Rule 3.19A).</td><td>Directors' dealings need to be announced / disclosed within 24 hours

IAPF must make an announcement of details of transactions in securities relating to IAPF by or on behalf of (JSE Listings Requirement 3.63(a)):
• a director, company secretary and prescribed officer of the Responsible Entity;
• a director and company secretary of a major subsidiary of IAPF; or
• any associate of the director, company secretary or prescribed officer of the Responsible Entity or major subsidiary of IAPF.

Announcements of Directors' dealings in IAPF's securities must be made without delay and, in any event, by no later than 24 hours after receipt of the information from the Director concerned (JSE Listings Requirement 3.65).

Directors (excluding their associates) must get clearance to trade in IAPF's securities under section 3.66 of the JSE Listings Requirements.

Clearance will not be granted during prohibited periods. A "prohibited period" is (i) a closed period, and (ii) any period where there exists any matter which constitutes price sensitive information in relation to IAPF's securities (whether or not the Director has knowledge of such matter). A closed period is:
• the date from the financial year end up to the date of earliest publication of the preliminary, abridged or provisional report;
• the date from the expiration of the first six month period of the financial year up to the publication of the interim results;</td></tr>
</table>

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
		• the date from expiration of the second six month period of a financial year up to the date of publication of the second interim results, in cases where the financial period covers more than 12 months; • if reporting is done on a quarterly basis, the date from the end of the quarter up to the date of publication of the quarterly results; and • any period where an issuer is trading under a cautionary announcement.
4. Periodic disclosure		
Half year disclosure	**Half year reports due within two months** IAPF must give the half year disclosure to the ASX in any event no later than two months after the end of the relevant accounting period (ASX Listing Rules 4.2A and 4.2B).	**Half year reports due within three months** IAPF must publish the half year reports by no later than three months after the end of the relevant accounting period (JSE Listings Requirement 3.15).
Annual disclosure	**Annual reports due within three months after financial year end** IAPF must give the ASX a copy of its financial report and its Directors' report no later than three months after the end of the financial year (ASX Listing Rule 4.5).	**Annual reports due within four months after financial year end (and at least 15 business days before the annual general meeting)** IAPF must distribute to its equity security holders within four months after each financial year and at least 15 business days before the date of the annual general meeting (JSE Listings Requirement 3.19): • notice of the annual general meeting; and • the annual financial statements for the relevant financial year, reported on by its auditor. Simultaneously, a copy of the notice of the annual general meeting and annual financial statements must be submitted to the JSE and a copy of the abridged annual financial statements published on SENS.
Quarterly disclosure	**Quarterly reports due within one month** If IAPF is required to report on a quarterly basis, Appendix 4C must be completed immediately after the information is available for release to the market and in any event within one month after the end of each quarter (ASX Listing Rule 4.7B).	**Quarterly reports due as soon as possible** If IAPF reports on a quarterly basis, the quarterly reports must be published as soon as possible after the expiration of each quarter (JSE Listings Requirement 3.15).

Annexure D – Comparison of Listings Requirements

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
Preliminary final report	**Preliminary final reports due within two months** Following the financial year end, IAPF must lodge Appendix 4E by no later than two months after the financial year end (ASX Listing Rule 4.3A). IAPF must immediately disclose any circumstances which are likely to materially affect the results contained in Appendix 4E (ASX Listing Rule 4.3D).	**Provisional annual financial statements due within three months** If IAPF has not distributed annual financial statements within three months of its financial year end, provisional annual financial statements must be published within the three months, even if unaudited (JSE Listings Requirements 3.16 and 3.20).
Forecast statement	No equivalent requirement under the ASX Listing Rules.	A forecast statement of comprehensive income is required on the subject matter of a Category 1 acquisition for IAPF (JSE Listings Requirement 13.7).
Compliance declaration	No equivalent requirement under the ASX Listing Rules.	A collective investment scheme in property (**"CISIP"**), such as IAPF I, must submit a compliance declaration relating to certain listing criteria for property entities to the JSE within four months of IAPF I's financial year end (JSE Listings Requirement 13.56). The compliance declaration is signed by the Responsible Entity and directors of the Manager, and confirms that the CISIP has complied with JSE Listings Requirement 13.46(h).
5. Significant transactions		
Significant transactions	**Certain significant transactions require security holders' approval** If IAPF proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to the ASX as soon as possible and in any event, before making the change (ASX Listing Rule 11.1). ASX may require that IAPF: • must get the approval of security holders; and • meet the ASX Listing Rules requirements as if IAPF were applying for admission to the Official List. If the significant change involves IAPF disposing of its main undertaking, IAPF must get the approval of security holders (ASX Listing Rule 11.2).	**Certain significant transactions require security holders' approval and other steps being taken** The JSE Listings Requirements classify transactions (as specified in JSE Listings Requirement 9.1) into Categories "1" or "2", or reverse takeovers, depending on the "percentage ratio" of the transaction. Different requirements apply in respect of the different categories of transactions. The "percentage ratios" are figures, expressed as a percentage, resulting from the following calculations (JSE Listings Requirement 9.6): • Consideration-to-market-capitalisation percentage: the consideration for the transaction divided by the aggregate market value of all the listed equity securities of IAPF (excluding treasury securities); • Dilution percentage: the number of listed equity securities that will be issued by IAPF as consideration for the transaction, compared to those in issue (excluding treasury securities) prior to the transaction; and

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
		• For transactions to be settled partly in cash and partly in securities: one should first assess the consideration-to-market-capitalisation percentage and then add this calculated percentage to the dilution percentage. Subject to certain exceptions, the JSE will require transactions completed during the 12 months prior to the date of the latest transaction to be aggregated with the latest transaction for the purposes of determining the below categorisation to apply to the latest transaction (JSE Listings Requirement 9.11). Transactions will normally only be aggregated if they (a) are entered into by IAPF with the same party or associates thereof; (b) involve the acquisition or disposal of securities or an interest in one particular company or asset; or (c) together lead to substantial involvement in a business activity that did not previously form a part of the principal activities of IAPF and its controlled entities. *Category 1 transactions* (JSE Listings Requirements 9.5(b) and 9.20 to 9.22) are transactions which have a percentage ratio (consideration-to-market-capitalisation percentage or dilution percentage) of 30% or more, or where the total consideration for the transaction is not subject to a maximum. Category 1 transactions require: • an announcement; • security holder approval; • a circular, which must include information which would be in a pre-listing statement if the transaction would result in an issue of securities which would increase the securities of the same class issued by more than 50% (counted together with securities issued in previous three months); and • immediate publication of announcement and despatch of a circular with notice of general meeting within 60 days of agreeing terms of the transaction.

Annexure D – Comparison of Listings Requirements

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
		Category 2 transactions (JSE Listings Requirements 9.5(a), 9.15 and 9.16) are transactions which have a percentage ratio (consideration-to-market-capitalisation percentage or dilution percentage) of 5% or more but both percentage ratios are less than 30%. Category 2 transactions: • require an announcement and immediate publication of the announcement; but • does not require security holder approval or a circular. *Reverse takeovers* (JSE Listings Requirements 9.5(c), 9.23 and 9.24) are acquisitions which have a percentage ratio of 100% or more or acquisitions which would result in a fundamental change in the business, or a change in the board of directors of the Responsible Entity or voting control of IAPF, in which case this will be considered a new listing. Reverse takeovers require: • an announcement; • security holder approval; • a circular and listing particulars; and • immediate publication of announcement and despatch of a circular with notice of general meeting within 60 days of agreeing terms of transaction. For a CISIP, it may only issue further participatory interests by way of a rights issue to existing CISIP investors for cash or in consideration for the acquisition of a property investment. If it is in consideration for the acquisition of a property investment, the categories noted above would apply (JSE Listings Requirement 13.33).

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
6. Related party transactions		
Related party transactions	**Related party transactions require security holders' approval** IAPF must obtain the approval of its security holders before it may acquire or dispose of a substantial asset to (ASX Listing Rule 10.1): • a related party; • a subsidiary; • a person who is, or was at any time in the 6 months before the transaction or agreement, a substantial (10%+) holder in IAPF; • an associate of the above; and • a person whose relationship to IAPF referred to above is such that, in the ASX's opinion, the transaction should be approved by security holders. The notice of meeting to obtain approval must comply with ASX Listing Rule 10.5. An asset is substantial if its value or the value of the consideration being paid or received by IAPF for it is, or in ASX's opinion is, is 5% or more of the equity interests of IAPF as set out in the latest accounts given to the ASX (ASX Listing Rule 10.2). Security holders must be provided with a report on the transaction from an independent expert and a voting exclusion statement must be included in the notice of meeting (ASX Listing Rule 10.5). Subject to certain exceptions, unless prior security holders' approval is obtained, IAPF must not issue or agree to issue equity securities to • a related party; • a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in IAPF; • a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in IAPF and who has nominated a director to the Board pursuant to a relevant agreement which gives them a right or expectation to do so; • an associate of a person referred to above; or • a person whose relationship with IAPF or a person referred to above, is such that, in the ASX's opinion, the issue or agreement should be approved by security holders (ASX Listing Rule 10.11).	**Related party transactions require security holders' approval** A "related party transaction" is a transaction (as specified in section 9.1 of the JSE Listings Requirements) or other agreement, or any variation or novation of an existing agreement, between IAPF (or any of its subsidiaries) and a related party (JSE Listings Requirement 10.1(a)). In addition, notwithstanding the above definition, the JSE may, in its sole discretion, determine that a transaction is a related party transaction if extra-ordinary conditions exist (JSE Listings Requirement 10.1). The following scenarios are not considered related party transactions (JSE Listings Requirement 10.6): • a transaction with a related party where both of the percentage ratios are equal to or less than 0.25%; and • in respect of other agreements, (i) the grant of credit by a related party to IAPF on normal commercial terms and on an unsecured basis; (ii) a benefit arising to a Director from an employment agreement or employee option/incentive scheme; (iii) indemnification and Directors' insurance; (iv) financial assistance to related parties for subscription of securities in IAPF; (v) loans and other financial assistance to Directors; and (vi) an underwriting agreement with a related party where the fees are not greater than the current market related rates. A transaction with a related party where the percentage ratios fall between 0.25% and 5% (5% inclusive) are considered "small related party transactions" but do not require security holders' approval (provided the independent professional expert referred to below confirms in its fairness opinion that the transaction is fair insofar as securities holders are concerned). However, the JSE must be informed of the transaction and an announcement must be made. A fairness opinion is also required from an independent professional expert (JSE Listings Requirement 10.7).

Annexure D – Comparison of Listings Requirements

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
		Transactions with a related party where the percentage ratios exceed 5%, as well as small related party transactions which are considered unfair by the independent professional expert, are considered related party transactions and require security holders' approval and require (JSE Listings Requirement 10.4): • an announcement; • submission of the agreement to the JSE; • a circular; and • a fairness opinion from an independent professional expert and fairness statement from the Directors. IAPF is exempt from providing a fairness opinion where a related party transaction involves property the subject of a valuation report, as set out below (see 'Valuation report' in paragraph 12 below) (JSE Listings Requirement 13.10). The JSE will require all transactions to be aggregated that are entered into by IAPF, or any of its subsidiaries, with the same related party, and/or any of its associates, in any 12 month period and which have not been approved by security holders or announced (JSE Listings Requirement 10.8). A "related party" means (JSE Listings Requirement 10.1(b)): • a material security holder (any person who is, or within the previous 12 months was, holder of 10% or more of the voting participatory interests in IAPF); • a director, or a director within the previous 12 months, of the Responsible Entity or of IAPF's holding entity, including a person who is or was not a Director but in accordance with whose directions or instructions the Directors are or were accustomed to act; • an adviser of IAPF that has, or within the previous 12 months had, a beneficial interest (whether direct or indirect) in IAPF or its associates; • a person that holds, or within the previous 12 months held, a position as a principal executive officer of the Responsible Entity; • the Manager, including anyone whose assets the Manager manages or administers; • the controlling security holders of the persons in the above paragraph; or • an associate of any of the persons listed above.

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
Prohibited actions	**Directors' dealings in securities are prohibited during certain periods and subject to a trading policy** IAPF is required to have a trading policy that specifies fixed periods when its Key Management personal are prohibited from trading in IAPF's securities (ASX Listing Rule 12.9). Part 7.10 of the Corporations Act deals with prohibited conduct relating to financial products, including: • market manipulation; • false trading and market rigging; • dissemination of information about illegal transactions; • false or misleading statements; • inducing persons to deal; • misleading and deceptive conduct; and • insider trading.	**Directors' dealings in securities are prohibited during certain periods** The JSE Listings Requirements prohibit Directors (and their associates who are considered "controlled" associates) from dealing in IAPF's securities during prohibited periods as set out above (see 'Directors' dealings' in paragraph 3 above). Section 80 of the Financial Markets Act No. 19 of 2012 ("**FMA**") contains a list of prohibited trading practices. These include any practice that would create a false or deceptive appearance of the demand for, supply of, or trading activity of a security or create an artificial price for that security. Section 81 of the FMA regulates false, misleading or deceptive statements, promises or forecasts.
7. Constitutions		
Constitutions	**Can be amended by special resolution or by Responsible Entity if no adverse effect on member rights but must meet certain standards** The Constitutions may be amended by means of a special resolution (i.e. at least 75% of the votes exercised on the resolution). The Constitutions can also be amended by the Responsible Entity if it reasonably considers that the change will not adversely affect members' rights. Such change will need to be made by deed poll and will take effect once a copy of the amended constitution is lodged with ASIC.	**Can be amended by special resolution but must meet certain standards** The Constitutions may be amended by means of a special resolution of the equity security holders (i.e. at least 75% of the votes exercised on the resolution). The Constitutions must comply with Schedule 10 of the JSE Listings Requirements (i.e. certain provisions must be included in the Constitutions including clauses regulating unissued securities, transferability of securities and transfer of securities, ratification of ultra vires acts, preferences, rights, limitations and other terms of securities, dividends and payments to security holders, other corporate actions, resolutions and meetings etc).

Annexure D – Comparison of Listings Requirements

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
8. Trading halts, suspension and delisting		
Trading halts	**Trading halt can be requested due to risk of uninformed market and time required to correct disclosure** The ASX may grant a trading halt at the written request of IAPF (ASX Listing Rule 17.1). Interruptions to trading (including trading halts) should only be permitted where: • there is a material risk that trading in a particular security might occur while the market as a whole is not reasonably informed; or • it is needed to correct or prevent a false or disorderly market. IAPF should consider requesting a trading halt whenever it becomes aware of information that a reasonable person would expect to have a material effect on the price or value of its securities but it is not in a position to make an announcement about the information to the market promptly and without delay. If the ASX agrees to a trading halt, the written request for the trading halt will be published on the ASX Market Announcements Platform. The ASX may impose trading halts on receipt of market sensitive announcements (such as a takeover bid or a scheme of arrangement) or in cases of extreme trading.	**Trading halt can be requested due to risk of market manipulation and announcement required on decision to request trading halt** The JSE Listings Requirements do not deal with trading halts, which take place in accordance with the JSE Equity Rules under Market Regulation. Under the JSE Equity Rules, the Director (Market Regulation) (of the JSE) may declare a trading halt in the circumstances where they determine that the trading activity in any equity security: • is being or could be undertaken by persons possessing unpublished price sensitive information that relates to that security; • is being influenced by a manipulative or deceptive trading practice; or • may otherwise give rise to an artificial price for that equity security. In these exceptional circumstances, it is recommended that IAPF should request a trading halt. Immediately following a trading halt, IAPF must release a SENS announcement explaining the circumstances leading to the decision.
Voluntary suspension	**Voluntary suspension can be granted due to risk of uninformed market and time required to correct disclosure** The ASX may at any time suspend IAPF's securities, or a class of them, from quotation at the written request of IAPF (ASX Listing Rule 17.2). Interruptions to trading (including voluntary suspension) should only be permitted where: • there is a material risk that trading in a particular security might occur while the market as a whole is not reasonably informed; or • it is needed to correct or prevent a false or disorderly market. IAPF should consider requesting a voluntary suspension: • whenever it is necessary to manage its continuous disclosure obligations and to avoid trading in its securities happening on a basis that is not reasonably informed;	**Voluntary suspension can be granted due to uninformed market and announcement required on decision to request suspension** The JSE may suspend the listing of securities in the following circumstances (JSE Listings Requirement 1.10), being where: • IAPF is placed under provisional liquidation, has adopted a special resolution to be wound up voluntarily or is placed under business rescue proceedings; • a written request is made by the Directors to the effect that there are two levels of information in the market and that the situation cannot be remedied by the immediate publication of an announcement; or • IAPF has ceased to do business. Immediately following a suspension, IAPF must release a SENS announcement explaining the circumstances leading to the decision.

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
	• where it anticipates not being able to make an announcement to satisfy those obligations for a longer period than the maximum permitted duration of a trading halt; and • where it has been in a trading halt pending an announcement and it becomes clear that it will not be in a position to make the anticipated announcement before the end of the trading halt.	
Suspension or removal by the exchange	**ASX may initiate removal or suspension of listing** The ASX may initiate the suspension and removal of the listing of securities: • following compulsory acquisition (ASX Listing Rules 17.4 and 17.14); • for failure to pay annual listing fee (ASX Listing Rules 17.6 and 17.15); • if IAPF is unwilling or unable to comply with, or breaks, any ASX Listing Rule (ASX Listing Rules 17.3.1 and 17.12); • if IAPF has no quoted securities (ASX Listing Rule 17.12); • if it is appropriate for some other reason, including where securities have been suspended from quotation for a continuous period of two years (ASX Listing Rule 17.12 and paragraph 3.4, ASX Guidance Note 33).	**JSE may initiate removal or suspension of listing** The JSE may, subject to the removal provisions of the FMA, initiate the removal of the listing of securities (JSE Listings Requirement 1.12) if: • it furthers one of the objects in section 2 of the FMA (e.g. to ensure that the South African financial markets are fair, efficient and transparent), which may also include if it is in the public interest to do so; or • IAPF has failed to comply with the JSE Listings Requirements and it is in the public interest to do so, provided the listing of such securities shall first have been suspended as set out below. The JSE may also, subject to the suspension provisions of the FMA, suspend the listing of securities in the following circumstances (JSE Listings Requirement 1.6), being if: • it furthers one of the objects in section 2 of the FMA, which may also include if it is in the public interest to do so; or • IAPF has failed to comply with the JSE Listings Requirements and it is in the public interest to do so. In addition, the JSE may suspend the listing of securities when, in the JSE's opinion, there are two levels of information in the market and the situation has not been remedied by the Directors in a timely manner (JSE Listings Requirement 1.9). If the listing of securities is suspended and IAPF fails to take adequate action to enable the JSE to reinstate the listing within a reasonable period of time, the JSE may remove the listing (JSE Listings Requirement 1.8). Immediately following a suspension, IAPF must release a SENS announcement explaining the circumstances leading to the decision.

Annexure D – Comparison of Listings Requirements

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
Delisting	**Fund may request to delist, subject to the ASX's approval and security holders' approval (unless as a result of a takeover or scheme)** IAPF may request to be removed from the Official List (ASX Listing Rule 17.11). The ASX's decision to act upon a request from IAPF for removal from the Official List would usually be subject to the satisfaction of certain conditions, such as security holders' approval where the securities are not readily able to be traded on another exchange. In such case, the ASX may impose voting exclusions on large / controlling security holders. Security holders' approval is not required following a takeover bid under certain conditions, including that: • the relevant bidder and its related bodies corporate own or control at least 75% of IAPF but have not met the conditions to proceed to compulsory acquisition of the remaining securities under the Corporations Act; and • the bidder foreshadowed in its bidder's statement that it intended, if it secured control of IAPF, to cause IAPF to apply for removal from the Official List (paragraph 2.10, ASX Guidance Note 33).	**IAPF may request to delist, subject to security holders' approval (unless as a result of a takeover or scheme)** The securities of IAPF may be delisted at the request of IAPF. Under those circumstances, IAPF must send a circular to the security holders and obtain security holders' approval by means of an ordinary resolution excluding any controlling security holder, its associates and any party acting in concert. In addition, an offer must be made to IAPF's security holders, a fairness opinion obtained from an independent expert must confirm that such offer is fair insofar as security holders (excluding any related parties) are concerned and the Directors must include a fairness statement in the circular (JSE Listings Requirements 1.14 to 1.16). A circular and security holders' approval are not required if delisting is intended (JSE Listings Requirement 1.17) following: • a takeover offer in respect of a company under section 124 of the South African Companies Act (which 90% of the security holders have accepted) and notice has been given by the relevant bidder of its intention to cancel the listing of the securities; or • the completion of a scheme of arrangement in respect of a company with security holders in terms of section 114 of the South African Companies Act, as a result of which either all the securities have been acquired or the JSE is satisfied that IAPF no longer qualifies for listing.
9. Dual listed entities		
Reporting	**ASX Listing Rules apply in full** IAPF, as a dual listed entity with a primary / standard listing on the ASX (unlike a foreign exempt listing), is required to comply with the ASX Listing Rules in full. IAPF must immediately give to the ASX a copy of any document it gives to the other overseas exchange that will be made public by that overseas exchange and includes financial information and is not materially the same as another document that IAPF has already given to the ASX (ASX Listing Rule 3.17B).	**JSE Listings Requirements apply in full** IAPF, as a dual listed entity with a primary listing on the JSE, must fully comply with the listing rules of the JSE Listings Requirements (despite being listed on a foreign exchange and subject to their listing rules) (JSE Listings Requirement 18.2). If the respective exchanges have different financial reporting standards or anomalies / uncertainties arise, IAPF would need a standing ruling or an exemption from the JSE (e.g. for the foreign exchange's listing rules to take precedence).

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
Trading halt / suspension	**Trading halt / suspension should be requested on both exchanges** If IAPF is trading on another exchange while it is in a trading halt or voluntary suspension on the ASX, it may be appropriate for it to publish a notice to that other exchange that an announcement is pending and investors should be wary of buying or selling securities ahead of that announcement. If IAPF is given a trading halt or voluntary suspension on another exchange for a period during which the ASX is also trading, it will need to contact the ASX to request an equivalent trading halt or voluntary suspension (paragraph 5, ASX Guidance Note 16).	**Trading halt / suspension should be requested on both exchanges (but the JSE not required to implement a suspension or trading halt instituted by the ASX)** Where IAPF has a dual listing, and there is a suspension or trading halt in the primary market, the JSE will generally follow the regulatory approach of the primary market and mirror the suspension or trading halt on the JSE. However, the JSE will not be obliged to implement a suspension or trading halt instituted by the other exchange.
10. Authority of the ASX and the JSE		
Authority of the ASX and the JSE	**The ASX has authority to amend or waive ASX Listing Rules and suspend or remove securities from the Official List for breaches of ASX Listing Rules** The ASX has the power to initiate the suspension and removal of a listing of securities (as described above) (ASX Listing Rule 17). In relation to its application of the ASX Listing Rules, the ASX has the power to, among other things: • waive an ASX Listing Rule or part of a rule (with or without conditions) (ASX Listing Rule 18.1); • vary and revoke decisions at any time (ASX Listing Rule 18.3); • ask an entity to give any information, document or explanation to the ASX to enable the ASX to be satisfied that the entity is or has been complying with the ASX Listing Rules, or reasonably required by ASX to perform its obligations as a licensed market operator, in each instance within the time specified by ASX (ASX Listing Rule 18.7); • release to the market correspondence between it and an entity if the ASX has reserved the right to do so and considers it necessary for an informed market (ASX Listing Rule 18.7A); and/or • change an entity's admission category to another category at the request of the entity or on its own accord (ASX Listing Rule 18.9).	**The JSE has authority to amend or waive JSE Listings Requirements and impose a broader range of penalties for breaches of the JSE Listings Requirements** The JSE may exercise any powers granted to it in terms of the FMA in its sole discretion, and subject to certain exceptions, including judicial review and the appeal provisions in the FMA, the JSE's rulings shall be final (JSE Listings Requirement 1.3). The JSE has the power to, among other things (JSE Listings Requirements 1.1 and 1.21): • grant, defer, refuse, suspend or remove a listing of securities; • prescribe, from time to time, the JSE Listings Requirements with which IAPF, the Directors, officers, agents, sponsors and certain other advisors must comply; • alter or rescind a JSE Listings Requirement; • impose a private or public censure on IAPF and/or the Directors and/or officers; • impose a fine; • disqualify the Directors and/or officers from holding office; and/or • issue any other appropriate penalty. The JSE may elect, in its discretion, to publicise the imposition of a penalty and/or to convene an investigation or hearing, in which IAPF or the Directors will bear the costs incurred (JSE Listings Requirement 1.22).

Annexure D – Comparison of Listings Requirements

Issue	Position under ASX Listing Rules	Position under JSE Listings Requirements
11. Spread requirements		
Spread requirements	**IAPF must maintain sufficient spread (as specified by ASX)** IAPF must maintain a spread of security holdings in its main class which, in the ASX's opinion, is sufficient to ensure that there is an orderly and liquid market in its securities. If the ASX requires IAPF to obtain a sufficient spread, IAPF must: • obtain the required spread within three months after the date the ASX requires it to do so; and • inform all security holders that if the required spread is not obtained within three months after such date, the ASX may suspend quotation of IAPF's securities. The ASX's requirement is not met if the spread is obtained by artificial means (ASX Listing Rule 12.4).	**IAPF must use best endeavours to maintain sufficient spread (quantitative threshold applies)** IAPF must use its best endeavours to ensure that a minimum of 20% of each class of securities is held by the public to ensure reasonable liquidity (JSE Listings Requirement 3.37).
12. Requirement to obtain valuation or independent experts' reports		
Requirement to obtain valuation or independent experts' reports	**Independent valuation report must be obtained in certain circumstances** An independent expert report must be obtained by IAPF in certain circumstances, including, among other things in connection with: • seeking security holder approval for related party transactions (as described above) (ASX Listing Rule 10.5); and • the participation by option holders in new issues of securities which are approved by security holders (in which event the notice of meeting must contain an independent expert report on the effect of the proposed right of participation) (ASX Listing Rule 6.20.3).	**Independent valuation report must be obtained in certain circumstances** A valuation report prepared by an independent registered valuer must be obtained by (JSE Listings Requirement 13.20): • a new entity applying for listing on the JSE, if it is a property entity; • an issuer that is the subject of a reverse listing into the property sector; • an issuer, on the subject of any property transaction that is a Category 1 transaction, as set out above (see 'Significant transactions' in paragraph 5 above); • an issuer, on the subject of any related party transaction involving property, which transaction requires a circular to be prepared as set out above (see 'Related party transactions' in paragraph 6 above); or • an applicant issuer with a substantial property asset preparing a prelisting statement or revised listing particulars.

Annexure E – Notice of Meeting and Proxy Form

Annexure E – Notice of Meeting and Proxy Form

NOTICE OF EXTRAORDINARY GENERAL MEETING

Investec Australia Property Fund
Established in Australia and registered with ASIC as a managed investment scheme (ARSN 162 067 736)
Registered as a foreign collective investment scheme in terms of the Collective Investment Schemes Control Act No. 45 of 2002
Operated by Investec Property Limited (ACN 071 514 246; AFSL 290 909) (the **Responsible Entity**)
Unit code: IAP
ISIN: AU0000046005
(**IAPF I**)

Directors of the Responsible Entity
Richard Longes (independent non-executive chairman)
Graeme Katz (chief executive officer)
Sally Herman (lead independent non-executive)
Hugh Martin (independent non-executive)
Georgina Lynch (independent non-executive)
Sam Leon (non-executive)
Stephen Koseff (non-executive)

Notice of Extraordinary General Meeting

Notice is given that an extraordinary general meeting of unitholders of IAPF I (the **Meeting**) will be held on:

Time: 5.00pm (Sydney time) / 8.00am (Johannesburg time)
Date: Tuesday, 17 November 2020

Due to the continuing developments in relation to the COVID-19 pandemic and the health and safety of all attendees being of paramount importance, the Meeting will be held virtually. Accordingly, Unitholders will not be able to physically attend the Meeting. We encourage you to participate in the Meeting in the manner described in the Explanatory Notes (see below – *How to Participate in the Meeting).*

This Notice of General Meeting (**Notice**) (which is available in English only) is important and requires your immediate attention. The action you need to take is set out in this Notice. If you are in any doubt as to what action to take, please consult your broker, attorney or other professional advisor immediately.

Terms used in this Notice have the same meaning as set out in the Glossary of the explanatory memorandum, product disclosure statement and circular to which this Notice forms part (**Document**), unless indicated otherwise.

BUSINESS OF MEETING

Resolution: Approval of the Proposal

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the unitholders of IAPF I:

RESOLVED THAT:

a. *the Proposal as described in the Document accompanying the Notice convening this meeting, be approved for all purposes, including for the purposes of Chapter 2E (as modified by Part 5C.7) of the Corporations Act 2001 (Cth), ASX Listing Rule 10.1 and section 10.4(d) of the JSE Listings Requirements; and*

b. *Investec Property Limited as responsible entity of each of Investec Australia Property Fund and Investec Australia Property Fund II, be authorised to do all things which it considers as necessary, desirable or reasonably incidental to give effect to the Proposal.*

Further information on the Resolution (including a detailed explanation of the rationale for the Resolution) is set out in the Document and the accompanying Explanatory Notes (including instructions on how to participate in the Meeting and Notes Relating to Voting) which form part of this Notice.

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

Lucy Spenceley
Company Secretary

Sydney
20 October 2020

Annexure E – Notice of Meeting and Proxy Form

HOW TO PARTICIPATE IN THE MEETING

Unitholders can participate in the Meeting online using one of the following methods:

- From their computer, by entering the URL in their browser: https://web.lumiagm.com/366897748
- From their mobile device by either:
  - entering the URL in their browser: https://web.lumiagm.com/366897748; or
  - by using the Lumi AGM app, which can be downloaded from the Apple App Store or Google Play Store.

The Lumi online platform will allow unitholders to listen to the Meeting, vote and ask questions online in real time. Visitors will be able to listen to the Meeting via the Lumi online platform but will not have access to vote or ask questions.

Further information is set out below.

Participating in the Meeting online (including voting)

Unitholders can submit questions in relation to the business of the Meeting, and vote on the Resolution in real time during the Meeting via the Lumi online meeting platform.

Unitholders participating in the Meeting using the Lumi online platform will be able to vote between the commencement of the Meeting and the closure of voting as announced by the chairman during the Meeting.

By participating in the Meeting online you will be able to:

- hear and view Meeting slides;
- submit questions at the appropriate time whilst the Meeting is in progress; and
- vote during the Meeting.

Instructions on how to log on to ask questions during the Meeting are outlined below and available on IAPF I's website at www.iapf.com.au.

If you choose to participate in the Meeting online, registration will open at 4.00pm (Sydney time) / 7.00am (Johannesburg time) on Tuesday, 17 November 2020 (one hour prior to the start of the Meeting).

To participate in the Meeting online, you can log in to the Meeting in the following ways:

- from your computer, by entering the URL in your browser: https://web.lumiagm.com/366897748;
- from your mobile device by either entering the URL in your browser: https://web.lumiagm.com/366897748; or
- by using the Lumi AGM app, which is available by downloading the app from the Apple App Store or Google Play Store.

Once you have selected one of the options above, you will need the following information to participate in the Meeting in real-time:

- the Meeting ID, which is 366-897-748;
- your username, which is your SRN/HIN; and
- your password, which is the postcode registered to your holding if you are an Australian unitholder.
- Unitholders on the South African register who wish to participate in and vote at the Meeting should apply for credential to log into the Lumi online platform by sending an email to proxy@computershare.co.za. Unitholders whose units are held with a broker or custodian need to also include a letter of representation issued by PLC Nominees to the application together with an email address or contact number to obtain credentials to log into the Lumi online platform. This process will also apply to appointed attorneys and corporate representatives.

Further information regarding participating in the Meeting online, including browser requirements, is detailed in the AGM Online Meeting Guide available on IAPF I's website: www.iapf.com.au.

Proxy voting and proxyholder participation

The Responsible Entity encourages all unitholders to submit a proxy vote ahead of the Meeting.

For unitholders on the Australian Register proxy votes can be lodged online at www.investorvote.com.au.

Further information on lodging a proxy vote ahead of the Meeting is set out below – *Voting by proxy*.

Unitholders who submit a proxy vote can either participate in the Meeting themselves or appoint a proxy to participate for them.

To participate in the Meeting proxyholders will need to contact IAPF's Registry:

- Computershare Investor Services, Australia on +61 3 9415 4024 during the online registration period which will open one hour before the start of the Meeting; or
- Computershare Investor Services Proprietary Limited, South Africa by emailing proxy@computershare.co.za to obtain their login details to participate live online. Computershare South Africa should receive requests by 9.00am (Johannesburg time) on Friday, 13 November 2020 to allow sufficient time to verify details prior to issue of the login details.

Questions and comments

Please note, only unitholders may ask questions online once they have been verified. It may not be possible to respond to all questions raised during the Meeting. Unitholders are therefore encouraged to lodge questions prior to the Meeting by emailing their question to iapinvestorrelations@investec.com.au by no later than 5.00pm (Sydney time) / 8.00am (Johannesburg time) on Friday, 13 November 2020.

Technical difficulties

As this Meeting is a virtual meeting technical issues may arise. In that event, the Responsible Entity will have regard to the impact of the technical issue on unitholders and the chairman of the Meeting may, in exercising their powers as the chairman, issue any instructions for resolving the issue and will adjourn the Meeting if it is appropriate to do so.

Annexure E – Notice of Meeting and Proxy Form

NOTES RELATING TO VOTING

Unitholders on South African Register

Unitholders holding units on the South African Register please note:

Certificated unitholders

Unitholders who have not Dematerialised their units or who have Dematerialised their units with "own name" registration are entitled to attend and vote at the Meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their place.

Dematerialised unitholders

Unitholders who have Dematerialised their units, other than those unitholders who have Dematerialised their units with "own name" registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:

- to provide them with their voting instructions; and
- in the event that they wish to attend the Meeting, to obtain the necessary authority to do so.

Voting majority

In order for the Resolution to be passed, more than 50% of the votes cast by Unitholders entitled to vote on the Resolution must be cast in favour of the Resolution.

Voting entitlements

The board of the Responsible Entity has determined that for the purposes of determining voting entitlements at the Meeting, units will be taken to be held by persons who are registered as unitholders on the Register on Friday, 13 November 2020 at 7.00pm (Sydney time) / 10.00am (Johannesburg time) (**Voting Record Date**).

Voting exclusion statement

There are a number of voting exclusions under the Corporations Act, the ASX Listing Rules and the JSE Listings Requirements which apply to the Resolution.

Under section 253E of the Corporations Act, the Responsible Entity and its associates are not permitted to vote on the Resolution if they have an interest in the Resolution other than as a member.

For the purposes of the ASX Listing Rules, the Responsible Entity will disregard any votes cast on the Resolution by:

- the Seller and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of IAPF I Units); or
- any associate (as defined in the ASX Listing Rules) of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chairman to vote on the Resolution as the chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Under the JSE Listings Requirements, the Proposal constitutes a related party transaction on the basis that the Seller is a related party of Investec Property Limited by virtue of being the holding company of Investec Property Management Pty Limited, the manager of IAPF I. Accordingly, under paragraph 10.4(e) of the JSE Listings Requirements, any votes exercisable by the Seller and its Associates (as defined in the JSE Listings Requirements) would be disregarded in determining whether the Resolution is passed by the requisite majority.

On the basis of the voting restrictions above, no Investec Group Entities or their associates will be entitled to vote on the Resolution. However, IWI may vote in respect of IAPF I Units which are held under client mandates provided their clients advise their voting instructions to IWI, IWI otherwise has no voting discretion in respect of the IAPF I Units and the client is not otherwise acting in concert with the Investec Group.

Voting by poll

The Resolution will be decided on a poll. In a resolution determined by poll, each unitholder present in person or by proxy has one vote for every dollar of the total interest they have. The value of a unitholder's total interest in IAPF I will be calculated by reference to the last sale price of the units on the ASX on the last day of trading immediately prior to the Meeting, being Monday, 16 November 2020.

Jointly held units

If your units are jointly held, only one of the joint unitholders 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 Meeting online, such appointment must be made by a duly executed power of attorney.

The power of attorney must be received by Computershare Investor Services Pty Limited, Australia, or Computershare Investor Services Proprietary Limited, South Africa, by 5.00pm (Sydney time) / 8.00am (Johannesburg time) on Sunday, 15 November 2020, being 48 hours before the Meeting (**Proxy Deadline**). As a practical and administrative matter because the Proxy Deadline falls on a weekend, you should seek to deliver your power of attorney by close of business on Friday, 13 November 2020.

Corporations

Where a corporation that is a unitholder appoints a person to act as its representative, the appointment must comply with section 253B of the Corporations Act. The appointment must be received by Computershare Investor Services Pty Limited, Australia or by Computershare Investor Services Proprietary Limited, South Africa by the Proxy Deadline.

Voting by proxy

The Responsible Entity encourages all unitholders to submit a proxy vote ahead of the Meeting. Unitholders who do so may either attend the Meeting themselves online, or appoint a proxy to attend for them. The proxy does not need to be a unitholder. If you appoint two or more proxies, you may 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.

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 Meeting, in accordance with section 253B of the Corporations Act; and
- the instrument appointing the corporate representative is received by Computershare Investor Services Pty Limited, Australia or by Computershare Investor Services Proprietary Limited, South Africa by the Proxy Deadline.

A body corporate may appoint an individual as a representative to exercise all or any of its powers at a meeting of a registered scheme's members. The appointment may be a standing one.

The appointment must set out what the representative is appointed to do and may set out restrictions on the representative's powers. If the appointment is to be by reference to a position held, the appointment must identify the position.

A body corporate may appoint more than one (1) representative but only one (1) representative may exercise the body corporate's powers at any one time.

Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body corporate could exercise at a meeting or in voting on a resolution.

Lodgement of proxy forms and authorities

Proxy forms along with any document of appointment should be completed and returned by no later than the Proxy Deadline, in one of the following ways. As a practical and administrative matter because the Proxy Deadline falls on a weekend, you should seek to return your Proxy Form by close of business on Friday, 13 November 2020.

Annexure E – Notice of Meeting and Proxy Form

If you hold IAPF I Units on the Australian Register:

Online: www.investorvote.com.au. You will need a specific six digit control number to vote online. This number is located on the front of your proxy form. In order to take effect, the electronic proxy appointment (and the power of attorney or other authority under which it is signed, if any)must be submitted by the Proxy Deadline.

By fax: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

By mail:
Investec Property Limited as responsible entity of Investec Australia Property Fund
C/- Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

If you hold IAPF I Units on the South African Register:
By email: proxy@computershare.co.za

By mail:
Investec Property Limited as responsible entity of Investec Australia Property Fund
C/- Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg 2196
Private Bag X9000
Saxonwold 2132 South Africa

Undirected Proxies
The chairman intends to vote available undirected proxies in favour of the Resolution.

Enquiries
If you have any questions, please contact Investor Relations by email at: iapinvestorrelations@investec.com.au.

PROXY FORM – SOUTH AFRICAN REGISTER UNITHOLDERS

Investec Australia Property Fund
ARSN 162 067 736

Unitholders holding IAPF I Units on the South African register please note:

FOR USE BY CERTIFICATED UNITHOLDERS AND OWN-NAME DEMATERIALISED UNITHOLDERS AT THE GENERAL MEETING OF IAPF I TO BE HELD AT 5.00PM (SYDNEY TIME) / 8.00AM (JOHANNESBURG TIME) ON TUESDAY 17 NOVEMBER 2020

Certificated Unitholders or Dematerialised Unitholders with “own-name” registration who are entitled to attend and vote at the Meeting, are entitled to appoint one or two proxies to attend, speak and vote in their place.

Dematerialised Unitholders, other than Dematerialised Unitholders with “own-name” registrations, must not return this proxy form to the Registry or deliver it to the chairman of the Meeting. Dematerialised Unitholders, other than Dematerialised Unitholders with “own-name” registration, should instruct their CSDP or broker as to what action they wish to take. This must be done in the manner and time stipulated in the agreement entered into between them and their CSDP or broker.

I/We (full name in BLOCK LETTERS)

of (full address)

being a unitholder/unitholders of Investec Australia Property Fund ARSN 162 067 736 (IAPF I) and entitled to attend and vote, appoint

(full name in BLOCK LETTERS)

of (full address)

(or, in his/her absence, or if no person is named, the chairman of the Meeting) as my/our proxy to vote for me/us on my/our behalf at the Meeting to be held on Tuesday, 17 November 2020 and at any adjournment or postponement of the Meeting and to demand a poll.

If two (2) 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 overleaf).

If you wish to instruct your proxy how to vote, please tick or otherwise mark the appropriate box opposite the Resolution. Unless instructed to the contrary, the chairman intends to vote proxies in favour of the Resolution.

The Resolution is an ordinary resolution for the purposes of the Corporations Act, the ASX Listing Rules and the JSE Listings Requirements. To be passed, it must be approved by a simple majority of the total votes validly cast by unitholders voting on the Resolution (including unitholders who are voting by proxy).

		For	Against	Abstain
1	Approval of the Proposal			

Please sign

Individual or Member 1	**Member 2**	**Member 3**
Sign here	Sign here	Sign here
Individual/Sole Director and Sole Company Secretary *(delete whichever does not apply)*	Director	Company Secretary/Director *(delete whichever does not apply)*
Date:	Date:	Date:

Please read the notes that follow.

NOTES TO THE PROXY FORM

1. If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form. If 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 resolution 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.

2. The chairman of the Meeting 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 Meeting will act in place of the nominated proxy and vote in accordance with any instructions.

   If the chairman of the Meeting is your proxy, you can direct the chairman of the 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.

3. The chairman intends to vote available undirected proxies in favour of the Resolution.

4. A unitholder entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of the unitholder. An additional proxy form will be supplied by the Responsible Entity on request. Where two (2) 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.

5. A proxy need not be a unitholder of IAPF I.

6. 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 (2) 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 IAPF I, then the relevant authority must be enclosed with the proxy form unless it has previously been provided to the Responsible Entity.

7. The proxy form and authority (if any) under which it is signed must be deposited at one of the locations below:

   Email: proxy@computershare.co.za

   Investec Property Limited as responsible entity of Investec Australia Property Fund

   C/-Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg 2196
Private Bag X9000
Saxonwold 2132 South Africa

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

PROXY FORM – AUSTRALIAN REGISTER UNITHOLDERS

Investec
Australia Property Fund

ABN 19 924 970 814

IAP

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?

Phone:
1300 157 204 (within Australia)
+61 3 9415 4080 (outside Australia)

Online:
www.investorcentre.com/contact

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **5:00pm (Sydney time) on Sunday, 15 November 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING AT THE MEETING

Online: To access the dedicated Extraordinary General Meeting website you will be required to log- in using your SRN or HIN. Instructions are available in the Online Meeting User Guide". We recommend that you complete the set-up in the guide before the commencement of the Meeting. The guide and other important information about the Extraordinary General Meeting are available at www.iapf.com.au.

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 IND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Investec Australia Property Fund hereby appoint

☐ **the Chairman of the Meeting** **OR** ____________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Investec Australia Property Fund on Tuesday, 17 November 2020 at 5:00pm (Sydney time) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Approval of the Proposal	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

Mobile Number	Email Address

Annexure F –
Investec Information

In this Document, "Investec Information" means:

a. the final sentence of the first paragraph of the 'Background' sub-section of the 'Important information and disclaimer' Section of this Document;
b. the 'Investment risk and Banking Act 1959 (Cth) disclaimer' sub-section of the 'Important information and disclaimer' Section of this Document;
c. the second sentence of the first paragraph of the 'Obtaining a copy of this Document' sub-section of the 'Important information and disclaimer' Section of this Document;
d. the first sentence of the final paragraph of the 'Responsibility statement' sub-section of the 'Important information and disclaimer' Section of this Document;
e. the final sentence of the first paragraph in the Chairman's letter;
f. the paragraph that begins with "*Against this background*" in the Chairman's letter, in 'What is the background to the Proposal' in the 'Questions and answers' Section and in Section 2.1 of this Document;
g. the following sentence in 'What is the Proposal?' in the 'Questions and answers' Section of this Document: "*which is the holding company of the Responsible Entity, the Manager and certain other entities that operate the business of IAPF I*";
h. the following sentence in 'What related party transactions are contemplated by the Proposal?' in the 'Questions and answers' Section of this Document: "*At the same time, the Investec Group will reduce its current commitment to invest up to $40 million in the TAP Fund and will retain a binding commitment to invest up to $10 million in the TAP Fund (see Section 1.1(o) of this Document)";*
i. the following in 'What is the TAP Fund?' in the 'Questions and answers' Section of this Document: the first two paragraphs, other than the sentence "*There is not currently expected to be an overlap in the investment mandate of the TAP Fund and IAPF I*"; the third paragraph, other than the sentence "The TAP Fund has a target return hurdle of 15% IRR before fees and taxes"; the second bullet point of the fourth paragraph; the sixth paragraph; the second bullet point of the eighth paragraph; and the following in the third bullet point of the eighth paragraph "*IAPF II will commit to invest up to $30 million in the TAP Fund (via the TAP Commitment)*";
j. the final bullet point of 'What are the implications if the Proposal is not approved?' in the 'Questions and answers' Section and the final bullet point of Section 2.7 of this Document;
k. the first sentence of the sixth bullet point of 'What are the risks of the Proposal?' in the 'Questions and answers' Section of this Document;
l. the final bullet point of 'What will be the relationship between IAPF and the Investec Group following implementation of the Proposal?' in the 'Questions and answers' Section of this Document;
m. the following sentence in 'Who are the Key Management' in the 'Questions and answers' Section and in Section 5.3 of this Document: "*and have been employed by the Investec Group for 14, 13 and 11 years respectively*";
n. the fourth sentence of Section 2.1 of this Document;
o. the following sentence in Section 2.2 of this Document: "*which is the holding company of the Responsible Entity, the Manager (which holds the management rights to IAPF I) and certain other entities that operate the business of IAPF I*";
p. the fourth last sentence of Section 2.2 of this Document;
q. the following in the 'Overview of the TAP Fund' sub-section of Section 3.2.4 of this Document: the first two sentences; the two bullet points of the fifth sentence; the seventh sentence; and the second bullet point and the first sentence of the third bullet point of the paragraph that begins with "*As at the date of this Document, IAPF has no ownership interest in, or management rights to, the TAP Fund*";
r. the last sentence of the third paragraph of the 'Investors in the TAP Fund and other funding sources' sub-section of Section 3.2.4 of this Document;
s. the fourth and seventh sentences of the 'Investments of the TAP Fund' sub-section of Section 3.2.4 of this Document;
t. the first two sentences of Section 5.6.1 of this Document;
u. the eighth sentence of Section 6.2.1 of this Document, as well as the following in the ninth sentence: "*with the employee, operational and administration costs of the management function being historically incurred by the broader Investec Group*";
v. the first sentence of note 8 to table 2 in Section 6.4 of this Document;
w. the fifth, sixth and ninth sentences of the 'Revenue from services' sub-section of Section 6.6.2.2 of this Document (including the first sentence of the footnote therein);
x. column B in table 6 in Section 6.9.2 of this Document;
y. note 1 and the first sentence of note 3 to table 6 in Section 6.9.2 of this Document;
z. the five rows under 'External Management Agreements' in the table at the beginning of Section 11 of this Document;
aa. the third sentence of 'Employee arrangements' in the table in Section 11.1 of this Document;
bb. the first sentence of Section 11.2 of this Document;

Annexure F – Investec Information

cc. the first six sentences of Section 11.5 of this Document;

dd. the second sentence of Section 11.6.1 of this Document;

ee. Section 11.6.2 of this Document;

ff. Section 11.14 of this Document other than the following: the last three sentences in the row 'Term and termination rights' in the 'TAP Investment Management Agreement' column; and the third bullet point in the row 'Services provided by the Manager' in the 'TAP Investment Management Agreement' column;

gg. the rows of the table in Section 12.3 of this Document that refer to Investec Australia Property Holdings Pty Limited, Investec Templewater No.1 Pty Limited, Investec Templewater No.2 Pty Limited, as well as the following in respect of Investec Wentworth Pty Limited: "Trustee of Hold Trust and Point Cook Trust";

hh. the first, second, sixth, seventh and tenth sentences of Section 12.10.2 of this Document;

ii. the row of the table in Section 12.12 of this Document that refers to IBL;

jj. the final bullet point of Section 12.20 of this Document;

kk. the ninth sentence of Section 12.21 of this Document other than each of the bullet points within this sentence;

ll. the following defined terms in Section 13 of this Document: Hold Trustee; IAPH; IAPI; IBL or Sponsor; Investec Australia; Investec Australia Finance; Investec Group or Investec; Investec Group Entity; Investec Information; Investec Limited; Investec Management Assets; Investec Plc; IWI; Manager; Point Cook Investment; Point Cook Trust; Retention Scheme; Riverside Security Trust; Seller; Sponsor; Sub Trustee; TAP Commitment; TAP Fee Letter – KPG1 Investment; TAP Fee Letter – Metro Northcote Investment; TAP Fund; TAP GP; TAP Head Trust; TAP Investment Management Agreement; TAP Limited Partnership Agreement; TAP LP; TAP Sub Trustee; TAP Trustee;

mm. the following in Annexure E: "the Seller is a related party of Investec Property Limited by virtue of being the holding company of Investec Property Management Pty Limited, the manager of IAPF I"; and

nn. this Annexure F.

Corporate Directory

Responsible Entity

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

Financial Advisors

J.P. Morgan Securities Australia Limited
Level 18, J.P. Morgan House
85 Castlereagh Street
Sydney NSW 2000
Australia

Macquarie Capital (Australia) Limited
50 Martin Place
Sydney NSW 2000
Australia

Sponsor

Investec Bank Limited
100 Grayston Drive
Sandown
Santon
2196
South Africa

Australian Legal Advisor

King & Wood Mallesons
Level 61, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia

South African Legal Advisor

Cliffe Dekker Hofmeyr Inc
11 Buitengracht Street
Cape Town
Western Cape 8001
South Africa

Independent Expert

Deloitte Corporate Finance Pty Limited
Grosvenor Place
225 George Street
Sydney NSW 2000
Australia

Investigating Accountant

KPMG Transaction Services
Level 38, Tower Three, International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000
Australia

Australian Auditor and Tax Advisor

KPMG
Level 38, Tower Three, International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000
Australia

South African Auditor and Independent Reporting Accountant

KPMG Inc.
KPMG Crescent
85 Empire Road
Parktown 2193
South Africa

Australian Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Australia

South African Registry

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue, Rosebank
Johannesburg 2196
South Africa

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Out of the Ordinary®

Investec

Australia Property Fund