

Out of the Ordinary®



Australia Property Fund

INVESTEC AUSTRALIA PROPERTY FUND

Registered in terms of the CIS Act

Registered in terms of ASIC (ARSN 162 067 736)

("IAPF" or "the Fund")

(Share code: IAP ISIN: AU60INL00018)

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

PRE-LISTING STATEMENT

Investec Property Limited is the Responsible Entity of the Fund and is the issuer of this Pre-listing Statement. The Fund is not a legal entity. Therefore Investec Property Limited, in its capacity as responsible entity of the Fund, performs such actions on behalf of the Fund.

The definitions commencing on page 9 of this Pre-listing Statement have, where appropriate, been used on this cover page.

Prepared and issued in terms of the JSE Listings Requirements relating to:

- **the inward listing of Units in the "Real Estate Holdings and Development" sector of the JSE; and**
- **the Private Placing by way of an offer for subscription to Invited Investors of a maximum value of AUD112 685 000 of new Units at a Private Placing Price of between AUD0.95 and AUD1.05 per Unit.**

The Private Placing Price may however, be outside the Private Placing Price Range. Based on this range, the maximum number of Units available in terms of the Private Placing is 118 615 789 and the minimum number of Units available is 54 495 000.

2013

Opening date of the Private Placing (09:00)	Monday, 30 September
Closing date of the Private Placing (12:00) by which date Invited Investors are required to submit their Application Forms in order to qualify for participation in the Private Placing	Thursday, 10 October
Notification of allotment in respect of Private Placing	Monday, 21 October
Listing Date (09:00) (Units owned by a wholly-owned subsidiary of IBAL listed on the JSE)	Wednesday, 23 October
Listing of remaining Units on the JSE	Tuesday, 24 October

The Fund is pursuing a secondary listing on the Bermuda Stock Exchange under the Chapter 6 Section IV, Collective Investment Vehicles, Unit Trusts sector of the Listing Regulations of the Bermuda Stock Exchange with ISIN: AU60INL00018.

The Private Placing is an invitation to Invited Investors only.

Invited Investors must participate in the Private Placing for an amount of not less than the AUD equivalent of R100 000 per institutional investor and not less than the AUD equivalent of R1 000 000 per non-institutional investor.

Following the Private Placing, based on a mid-range Private Placing Price of AUD1.00 and including the 22 000 000 Units currently held by a wholly-owned subsidiary of IBAL, the issued Unit capital of IAPF will comprise 134 685 000 Units with an initial value of AUD134 685 000, assuming that the maximum value of AUD112 685 000 of Units in terms of the Private Placing is raised.

Approval of an application for the listing of up to 140 615 789 Units in the "Real Estate Holdings and Development" sector of the JSE, under the name "Investec Australia Property Fund" has been granted by the JSE subject to the required spread of Unitholders having been obtained. The JSE code will be IAP and the ISIN will be AU60INL00018.

This Pre-listing Statement is not an invitation to the public to subscribe for Units. It is issued in compliance with the JSE Listings Requirements for the purpose of giving information to the public regarding IAPF and to provide information to Invited Investors with regards to the Private Placing. The listing of Units is subject to, amongst other considerations, a minimum amount of AUD54 495 000 being raised in terms of the Private Placing.

The Units to be issued pursuant to the Private Placing will rank *pari passu* with all other Units in issue.

The Units will be traded only in electronic form and as such all Unitholders who elect to receive Units in certificated form will have to Dematerialise their Certificated Units should they wish to trade them.

Date of issue: 25 September 2013

**Corporate Advisor and
Bookrunner**

Out of the Ordinary®



Attorneys (South Africa)



Independent Sponsor

Deloitte.

Deloitte & Touche Sponsor Services (Pty) Ltd
(Incorporated in the Republic of South Africa)
(Registration number 1996/000034/07)

Attorneys (Australia)



Independent Valuers



Sponsor

Out of the Ordinary®



**Independent Reporting
Accountants**



CORPORATE INFORMATION

Directors of the Responsible Entity

Richard Longes[#] (*Chairman*)
Sam Hackner (*Non-executive*)
Graeme Katz (*Executive*)
Samuel Leon (*Non-executive*)
David Gonski[#] (*Non-executive*)
Sally Herman[#] (*Non-executive*)
Michael Crawford[#] (*Non-executive*)
[#] *Independent non-executive*

Company Secretary of the Responsible Entity

Anthony Rubin (*BCom, BAcc, Member of Australian Institute of Chartered Accountants*)
Level 23, Chifley Tower
2 Chifley Square
Sydney
New South Wales
2000
Australia

Responsible Entity

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

Corporate Advisor and Bookrunner

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

Directors of the Manager

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

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

Australia:

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

Local representative office:

2nd Floor
100 Grayston Drive
Sandown
Sandton
2196

Fund established on 12 December 2012 in Sydney, Australia. Registered as a Managed Investment Scheme with ASIC under the Corporations Act on 6 February 2013.

On 23 August 2013 the Registrar authorised the Fund to solicit investments in the Fund from members of the public in the Republic of South Africa in terms of Section 65 of the Collective Investment Schemes Control Act, 45 of 2002, as amended.

Manager

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

Transfer Secretaries

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

Sponsor

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

Attorneys (South Africa)

Fluxmans Inc.
11 Biermann Avenue
Rosebank
Johannesburg
2196
(Private Bag X41, Saxonwold, 2132)

Independent Valuers

m3Property Pty Limited
(ACN 100 183 748)
Level 14, 1 Castlereagh Street
Sydney
New South Wales
2000
Australia

Colliers International Consultancy and Valuation Pty Limited
(ACN 076 848 112)
Level 12, Grosvenor Place
225 George Street
Sydney
New South Wales
2000
Australia

Custodian

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

Independent Party

FirstRand Bank Limited
Bank City, 3 First Place
1st Floor, Corner Simmonds and Jeppe Streets
(PO Box 7713, Johannesburg, 2000, South Africa)

Independent Sponsor

Deloitte & Touche Sponsor Services Proprietary Limited
Building 6
The Woodlands
Woodmead
2196
(Private Bag X6, Gallo Manor, 2052)

Attorneys (Australia)

Herbert Smith Freehills
Level 38, MLC Centre
19 Martin Place
Sydney
New South Wales
2000
Australia

Independent Reporting Accountants and Auditors

KPMG Inc.
(Registration number 1999/021543/21)
KPMG Crescent
85 Empire Road
Parktown, 2193
(Private Bag 9, Parkview, 2122)

Bankers

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

IMPORTANT INFORMATION

It is important that you read this Pre-listing Statement carefully and in its entirety before deciding whether to invest in Units. In particular, you should carefully consider the risk factors outlined in paragraph 25 of this Pre-listing Statement and the tax implications outlined in paragraph 17 of this Pre-listing Statement as they relate to your personal financial circumstances and objectives. The potential tax effects of the Private Placing will vary between investors. Other risks may exist in addition to those identified in this Pre-listing Statement, which should be considered in light of your personal circumstances. If you have any questions relating to any aspects of this Pre-listing Statement or the Private Placing, you should consult your broker or other independent financial advisor before deciding whether to invest.

Australian regulatory requirements

This document is a Product Disclosure Statement (“**PDS**”) for the purposes of Part 7.9 of the Corporations Act. Investec Property Limited (ACN 071 514 246, AFS Licence Number 290 909) is the Responsible Entity of Investec Australia Property Fund (ARSN 162 067 736) and is the issuer of this PDS. The Responsible Entity takes full responsibility for the whole of this PDS.

The PDS comprising this document is dated 30 September 2013, being the date that this PDS is lodged with ASIC. No Units will be issued or sold pursuant to this document as a PDS during the exposure period for this PDS. ASIC takes no responsibility for the contents of this PDS.

Offer restrictions

This Pre-listing Statement has been prepared to comply with the requirements of the laws of South Africa and Australia. No Units are being offered to any person whose registered address is outside South Africa or Australia unless the Responsible Entity is satisfied that it would be lawful to make such an offer.

No action has been taken to register Units or otherwise permit a public offering of Units in any jurisdiction outside of South Africa and Australia. This Pre-listing Statement does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Pre-listing Statement in jurisdictions outside South Africa or Australia may be restricted by law and persons who come into possession of it who are not in South Africa or Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Pre-listing Statement may not be distributed to, or relied upon by, persons in the United States. This Pre-listing Statement does not constitute an offer to any person in the United States. The Units have not been, and will not be, registered under the U.S. Securities Act of 1933 (“**U.S. Securities Act**”) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

Cooling-off rights do not apply to an investment in Units pursuant to the Private Placing. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

Returns not guaranteed

Investments in the Fund do not represent investments in, deposits with or other liabilities of Investec Bank Limited, Investec Plc, Investec Bank (Australia) Limited, the Responsible Entity, or any other member of the Investec Group. None of Investec Bank Limited, Investec Plc, Investec Bank (Australia) Limited, the Responsible Entity, nor any of their respective related bodies corporate, directors, officers or associates in any way stands behind the capital value of the Fund or gives any guarantee or provides any assurance as to the performance of an investment in or the underlying assets of the Fund, the repayment of capital or any particular rate of capital or income return. Investments in the Fund are subject to investment and other risks, including delays in repayment and loss of income and capital invested.

Not an authorised deposit-taking institution

Investec Property Limited ABN 93 071 514 246 (the Responsible Entity) is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Cth). The Responsible Entity's obligations do not represent deposits or other liabilities of Investec Bank (Australia) Limited ABN 55 071 292 594. Investec Bank (Australia) Limited does not guarantee or otherwise provide assurance in respect of the obligations of the Responsible Entity.

Not investment advice

The information contained in this Pre-listing Statement is not financial product advice. This Pre-listing Statement has been prepared as general information only, without reference to your investment objectives, financial situation or particular needs. You should carefully consider the risk factors outlined in section 25 of this Pre-listing Statement as they relate to your personal circumstances, objectives and needs, recognising that other risk factors may exist in addition to those identified and which should also be considered when deciding whether to invest. You should obtain your own independent financial advice and taxation advice, tailored to your personal circumstances, before deciding whether to invest in Units.

Forward-looking statements

This Pre-listing Statement contains forecast financial information as well as other forward-looking statements identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends”, and other similar words that involve risks and uncertainties. These forecasts and other forward-looking statements are subject to known and unknown risks, uncertainties and other factors (many of which are beyond the control of the Responsible Entity and its directors, officers, employees, agents and advisors) and that could cause the actual results, performance or achievements of the Fund to vary materially from those expressed or implied in such forward-looking statements. Some of the risk factors that impact on forward-looking statements in this Pre-listing Statement are set out in paragraph 25 of this Pre-listing Statement. Other than as required by law, none of the Responsible Entity, its directors, officers, employees, agents or advisors nor any other person gives any representation, assurance or guarantee that the events expressed or implied in any forward-looking statements in this Pre-listing Statement will actually occur.

Time of information

All financial and operational information contained in this Pre-listing Statement is stated as at the Last Practicable Date, unless otherwise specified.

Information regarding the Private Placing may need to be updated from time to time. Any updated information about the Private Placing that is considered not materially adverse to investors will be released on SENS and the Corporate Advisor and Bookrunner will provide a copy of the updated information free of charge to any Invited Investor who requests a copy by contacting Investec Corporate Finance (+27 11 286 7324) before the closing date of the Private Placing. In accordance with its obligations under applicable law, the Responsible Entity may issue a supplementary disclosure document to supplement any relevant information not disclosed in this Pre-listing Statement. You should read any supplementary disclosures made in conjunction with this Pre-listing Statement before making an investment decision.

Responsibility and consents

The Directors, whose names appear in paragraph 18.1 on page 56 of this Pre-listing Statement, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by the JSE Listings Requirements. Each Director as at the date of this Pre-listing Statement has consented to the lodgement of this Pre-listing Statement with ASIC and the JSE.

The Independent Reporting Accountants, the Independent Valuers and Jones Lang LaSalle, whose reports are contained in this Pre-listing Statement, have given and have not, prior to publication, withdrawn their written consent to the inclusion of their reports (and to the references to their reports) in this Pre-listing Statement in the form and context in which they appear: The Corporate Advisor and Bookrunner; Sponsor; Independent Sponsor; Attorneys, Independent Valuers, Transfer Secretaries, Custodian, Independent Reporting Accountants, and Auditors, Manager; Banker; Independent Party and Jones Lang LaSalle, whose names are included in this Pre-listing Statement, have given and have not, prior to publication, withdrawn their written consent to the inclusion of their names in the capacities stated and, where applicable, to their reports being included in this Pre-listing Statement.

The Manager has given, and has not, prior to publication, withdrawn its written consent to the inclusion of the statements in this Pre-listing Statement made by, or said to be based upon statements made by it, in the form and context in which the statements appear.

No person is authorised to give any information or make any representation in connection with the Private Placing described in this Pre-listing Statement, which is not contained in this Pre-listing Statement. Any information or representation not contained in this Pre-listing Statement may not be relied on as having been authorised by the Responsible Entity in connection with the Private Placing.

Privacy

The Application Form requires you to provide information that may be personal information for the purposes of the Australian Privacy Act 1988 (Cth) ("**Privacy Act**"). The Responsible Entity (and the Bookrunner and Transfer Secretaries on its behalf) collects, holds and uses that personal information in order to assess your application, service your needs as an investor, provide facilities and services that you request and to administer the Fund. The Corporations Act requires certain particulars of Unitholders to be collected and maintained in a public register.

Access to information may also be provided to other Fund entities and to the Responsible Entity's related bodies corporate and its and their respective agents and service providers on the basis that they deal with such information as required by law and in accordance with the Responsible Entity's privacy policy. This may involve transferring the information overseas.

If you do not provide the information requested of you in the Application Form, the Bookrunner and Transfer Secretaries may not be able to process your Application Form appropriately.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Responsible Entity. You can request access to your personal information by contacting the Company Secretary (+61 2 9293 2000).

In accordance with the Corporations Act, you may be sent material (including marketing material) approved by the Responsible Entity in addition to general corporate communications. You may elect not to receive marketing material by notifying your broker or CSDP or contacting the Transfer Secretaries directly. Contact details for the Transfer Secretaries can be found in the Corporate Information section of this Pre-listing Statement.

Other matters

An abridged version of this Pre-listing Statement will be released on SENS on Monday, 30 September 2013 and published in the press on Tuesday, 1 October 2013.

This Pre-listing Statement is available only in English. Copies of this Pre-listing Statement may be obtained from the local representative office of the Fund, or the offices of the Corporate Advisor and Bookrunner, the Independent Sponsor or Transfer Secretaries, details of which are set out in the "Corporate Information" section of this Pre-listing Statement, during normal office hours from Monday, 30 September 2013 to Thursday, 24 October 2013.

TABLE OF CONTENTS

	<i>Page</i>
Corporate information	1
Important information	3
Important dates and times	8
Definitions	9
PURPOSE	
1. PURPOSE	14
THE FUND	
2. OVERVIEW OF THE FUND	17
3. REGULATION OF THE FUND	21
OVERVIEW OF AUSTRALIAN ECONOMIC ENVIRONMENT AND PROPERTY SECTOR	
4. MACROECONOMIC ENVIRONMENT	23
5. THE INVESTMENT OPPORTUNITY	24
6. PROPERTY SECTOR	24
PROPERTY PORTFOLIO	
7. DETAILS OF THE PROPERTIES	26
8. DETAILS OF THE PROPERTY PORTFOLIO	37
9. PROSPECTS	40
MANAGEMENT OF THE FUND	
10. RESPONSIBLE ENTITY	41
11. THE MANAGER	43
12. CUSTODIAN	49
13. INDEPENDENT PARTY	49
14. CONFLICTS OF INTEREST	50
FINANCIAL INFORMATION	
15. UNAUDITED FINANCIAL INFORMATION	52
16. DISTRIBUTION POLICY	54
17. TAXATION	55
DIRECTORS	
18. DIRECTORS	56
LISTING AND PRIVATE PLACING	
19. PARTICULARS OF THE LISTING AND PRIVATE PLACING	59
EXCHANGE CONTROL	
20. SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS	64
UNIT CAPITAL	
21. UNIT CAPITAL	65
22. ADEQUACY OF WORKING CAPITAL	66
23. OTHER LISTINGS	66
24. UNITHOLDERS	66

RISK FACTORS

25. RISK FACTORS	67
------------------	----

GENERAL INFORMATION

26. CODE OF CORPORATE PRACTICE AND CONDUCT	72
27. MATERIAL CHANGES	72
28. MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES	72
29. MATERIAL LOANS AND BORROWINGS	72
30. ACQUISITIONS AND DISPOSALS	76
31. PRELIMINARY EXPENSES AND ISSUE EXPENSES	77
32. PROMOTERS AND OTHER INTERESTS	77
33. MATERIAL CONTRACTS	77
34. EXPERTS' CONSENTS	78
35. GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW	78
36. LITIGATION STATEMENT	79
37. DOCUMENTS AVAILABLE FOR INSPECTION	79

ANNEXURE 1	Overview of the Australian Property Sector	81
ANNEXURE 2	Details of the Property Portfolio	101
ANNEXURE 3	Details of Directors of the Responsible Entity	103
ANNEXURE 4	Forecast statement of comprehensive income of IAPF	111
ANNEXURE 5	Independent Reporting Accountants' limited assurance report on the forecast financial information of IAPF	117
ANNEXURE 6	<i>Pro forma</i> statement of financial position	122
ANNEXURE 7	Independent Reporting Accountants' report on the compilation of the <i>pro forma</i> financial information	127
ANNEXURE 8	Independent Reporting Accountants' review report on value and existence of the properties and/or liabilities to be acquired	130
ANNEXURE 9	Historical financial information of the Fund	133
ANNEXURE 10	Independent Reporting Accountants' report on the historical financial information of the Fund	140
ANNEXURE 11	Details of vendors	142
ANNEXURE 12	Independent valuer's valuation report on the Walker Portfolio	145
ANNEXURE 13	Independent valuer's valuation report on the Punt Road Property	151
ANNEXURE 14	Independent valuer's valuation report on the Elizabeth Street Property	163
ANNEXURE 15	Corporate governance statement	174
ANNEXURE 16	Extracts from the Constitution	184
ANNEXURE 17	Extracts from the Articles of the Responsible Entity	210
ANNEXURE 18	Extracts from the Management Agreement	212
ANNEXURE 19	Australian regulatory framework – Registered Managed Investment Schemes	222
ANNEXURE 20	Fees and costs	228
ANNEXURE 21	Differences identified between South African and Australian requirements	231

Application Form (blue)	Attached
--------------------------------	----------

IMPORTANT DATES AND TIMES

The definitions commencing on page 9 of this Pre-listing Statement apply to these important dates and times:

2013

Pre-listing Statement available	Monday, 30 September
Opening date of the Private Placing (09:00)	Monday, 30 September
Abridged Pre-listing Statement released on SENS	Monday, 30 September
Abridged Pre-listing Statement published in the press	Tuesday, 1 October
Closing date of the Private Placing (12:00)	Thursday, 10 October
Date upon which investors will be notified of their selection to participate in the Private Placing and the number of Units which they have been allocated	Friday, 11 October
Notification of allotment in respect of Private Placing	Monday, 21 October
Listing Date (09:00) (Units owned by a wholly-owned subsidiary of IBAL listed on the JSE)	Wednesday, 23 October
Listing of remaining Units on the JSE	Thursday, 24 October
Accounts at CSDP or broker updated and debited in respect of Dematerialised Unitholders	Thursday, 24 October

Notes:

1. These dates and times are South African dates and times and are subject to amendment. Any such amendment will be released on SENS and published in the press.
2. Invited Investors may only receive Units in Dematerialised form and must advise their CSDP or broker of their acceptance of the Private Placing in the manner and cut-off time stipulated by their CSDP or broker.
3. CSDP's effect payment on a delivery-versus-payment basis.

DEFINITIONS

In this Pre-listing Statement and the annexures hereto, unless otherwise indicated, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing one gender include the other gender and references to a person include references to a body corporate and *vice versa*:

"48 Hawkins Crescent Property"	the property located at 48 Hawkins Crescent, Bundamba, Queensland, for which the title details are Lot 4 on Survey plan 238273, which property forms part of the Walker Portfolio;
"2-8 Mirage Road Property"	the property located at 2-8 Mirage Road, Direk, South Australia, for which the title details are Volume 6085 Folio 738, which property forms part of the Walker Portfolio;
"24 Sawmill Circuit Property"	the property located at 24 Sawmill Circuit, Hume, Australian Capital Territory, for which the title details are Volume 2038 Folio 78, which property forms part of the Walker Portfolio;
"44 Sawmill Circuit Property"	the property located at 44 Sawmill Circuit, Hume, Australian Capital Territory, for which the title details are Volume 2025 Folio 84, which property forms part of the Walker Portfolio;
"47 Sawmill Circuit Property"	the property located at 47 Sawmill Circuit, Hume, Australian Capital Territory, for which the title details are Volume 1936 Folio 4, which property forms part of the Walker Portfolio;
"57 Sawmill Circuit Property"	the property located at 57 Sawmill Circuit, Hume, Australian Capital Territory, for which the title details are Volume 1936 Folio 2, which property forms part of the Walker Portfolio;
"Act"	the Companies Act, No. 71 of 2008, as amended from time to time;
"AFSL"	Australian financial services licence;
"Application Form"	the blue application form attached to and forming part of this Pre-listing Statement, which Invited Investors are required to complete and return in accordance with the instructions contained therein in order to be considered for participation in the Private Placing;
"Articles"	the constitution of the Responsible Entity;
"ASIC"	the Australian Securities and Investments Commission;
"ASX"	ASX Limited (ACN 008 624 691) and, where applicable, the securities exchange operated by the ASX;
"Attorneys"	collectively, Herbert Smith Freehills and Fluxmans Inc. (Registration number 2000/024775/21);
"AUD"	Australian dollar(s);
"Audit and Risk Committee"	the audit and risk committee of the Board of the Responsible Entity, consisting of Sally Herman (chairman), Richard Longes and Michael Crawford;
"BBSY"	the average bid rate for the relevant interest calculation period as quoted on the Reuters page "BBSY" at approximately 10:30am (Sydney time) on the first day of the relevant period (rounded up to 2 decimal places) or if there is none, the rate selected by Westpac as equivalent or the rate equivalent to its cost of funds;
"Board"	the board of directors of the Responsible Entity as set out in paragraph 18.1 of this Pre-listing Statement;
"Bookrunner"	Investec Corporate Finance, a division of Investec Bank Limited;
"Business Day"	any day other than a Saturday, Sunday or official public holiday in South Africa (or Australia as the case may be) and in the event that a day referred to in terms of this Pre-listing Statement should fall on a day which is not a Business Day, the relevant date will be extended to the succeeding Business Day;

“Certificated Units”	Units which have not yet been Dematerialised into the Strate system, title to which is represented by a Unit certificate or other physical document of title acceptable to the Directors;
“CIS Act”	the Collective Investment Schemes Control Act, 2002 (Act 45 of 2002) of South Africa, as amended from time to time;
“Collective Investment Scheme”	means a collective investment scheme as defined in Section 1 of the CIS Act;
“Common Monetary Area”	collectively, South Africa, the Kingdoms of Swaziland and Lesotho and the Republic of Namibia;
“Constitution”	the constitution (otherwise known as the trust deed) of IAPF as amended from time to time;
“Corporate Advisor”	Investec Corporate Finance, a division of Investec Bank Limited;
“Corporations Act”	the Corporations Act 2001 (Cth) of Australia as amended from time to time;
“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, No. 19 of 2012, as amended;
“Custodian”	Perpetual Corporate Trust Limited (ACN 000 341 533);
“Custody Agreement”	the custody agreement entered into between the Responsible Entity and the Custodian dated 2 April 2013 in terms of which the Responsible Entity has contracted the Custodian to hold the assets of the Fund on behalf of the Responsible Entity;
“Debt Agreement”	the agreement signed with Westpac in terms of which the Westpac Debt Facility has been made available to the Fund;
“Dematerialise”	the process whereby Certificated Units are replaced by electronic records of ownership under Strate and recorded in the sub-register of Unitholders maintained by a CSDP or broker;
“Dematerialised Units”	Units which have been incorporated into the Strate system and which are no longer evidenced by Unit certificates, certified transfer deeds, balance receipts or any other physical documents of title;
“Dematerialised Unitholders”	Unitholders who hold Dematerialised Units;
“Director(s)”	refers to a director of the Responsible Entity;
“Elizabeth Street Assumption Deed”	the assumption deed dated 25 July 2013 entered into between IBAL and SPV Trustee, as trustee for Investec Australia Sub Trust No. 2 (a subsidiary trust of the Fund), in terms of which IBAL will provide certain support arrangements in respect of the Elizabeth Street Property;
“Elizabeth Street Option Deed”	the option deed dated 25 July 2013 by which SPV Trustee, as trustee for Investec Australia Sub Trust No. 2 (a subsidiary trust of the Fund), has been granted an option to buy the Elizabeth Street Property, the salient details of which are set out in paragraph 7.3.1;
“Elizabeth Street Property”	the property located at 35-49 Elizabeth Street, Richmond, Victoria 3121, being the land comprised in certificate of title Volume 11015 Folio 951;
“Elizabeth Street Support Deed”	the income support deed dated 25 July 2013 entered into between IBAL and SPV Trustee, as trustee for Investec Australia Sub Trust No. 2 (a subsidiary trust of the Fund), in terms of which IBAL will provide certain support arrangements in respect of the Elizabeth Street Property;
“Enterprise Value”	the sum of the market capitalisation of the Fund, based on the 30-day volume weighted average traded price per Unit multiplied by the average number of Units in issue over the 30-day period ending immediately before the relevant date, and the total amount of debt owing by the Fund and all subsidiary trusts (excluding inter-company loans) as at the relevant date, less the total amount of cash and cash equivalents held by the Fund and all subsidiary trusts as at the relevant date;
“Exchange Rate”	AUD to Rand exchange rate;
“Financial Year”	the financial year of the Fund and for the time being ending 31 March;

“FIRB”	the Australian Foreign Investment Review Board;
“FSB”	Financial Services Board;
“GLA”	gross lettable area;
“GST”	goods and services tax or similar value added tax levied or imposed in Australia pursuant to the GST Act or otherwise on a supply;
“GST Act”	a New Tax System (Goods and Services Tax) Act 1999 (Cth), as amended from time to time;
“Group”	in relation to a company (wherever incorporated), that company, any company of which it is a subsidiary (being its holding company) and any other subsidiaries of any such holding company and each company in a Group is a member of the Group. Unless the context otherwise requires, the application of the definition of Group to any company at any time will apply to the company as it is at that time;
“Hold Trust”	Investec Australia Hold Trust No. 1, an intermediary holding trust that is a wholly-owned subsidiary of IAPF and is the holding trust of the various subsidiary trusts that own or are intended to own the Property Portfolio;
“Hold Trustee”	Investec Wentworth Pty Limited, the trustee of Hold Trust and ultimately wholly-owned by IBAL;
“Income Tax Act”	Income Tax Act, No. 58 of 1962;
“Independent Party”	FirstRand Bank Limited (Registration number 1929/001225/06), a company duly incorporated and registered in South Africa and has been appointed by the Fund to provide an independent oversight function required in terms of the CIS Act;
“Independent Reporting Accountants”	KPMG Inc. (Registration number 1999/021543/21), a company duly incorporated and registered in South Africa;
“Independent Sponsor”	Deloitte & Touche Sponsor Services Proprietary Limited (Registration number 1996/000034/07);
“Independent Valuers”	collectively, m3property Pty Limited (ACN 100 183 748), being the independent valuer of the Walker Portfolio and Colliers International Consultancy and Valuation Pty Limited (ACN 076 848 112), being the independent valuer of the Punt Road Property and the Elizabeth Street Property;
“Investec Australia Property Fund” or “the Fund” or “IAPF”	Investec Australia Property Fund (ARSN 162 067 736), duly registered as a Managed Investment Scheme under the Corporations Act; also recognised as a foreign Collective Investment Scheme and authorised to solicit investments in the Fund from members of the public in South Africa in terms of Section 65 of the Collective Investment Schemes Control Act, 45 of 2002, as amended;
“Investec”	the Investec group of companies comprising Investec Plc and Investec Limited and their subsidiary companies;
“Investec Bank (Australia) Limited” or “IBAL”	a company registered in Australia (ACN 071 292 594) and a wholly-owned subsidiary of Investec Plc;
“Investec Bank Limited”	Investec Bank Limited (Registration number 1969/004763/06), a company incorporated in South Africa and a wholly-owned subsidiary of Investec Limited;
“Investec Limited”	Investec Limited (Registration number 1925/002833/06), a public company incorporated in South Africa and listed on the JSE, with secondary listings on the Botswana Stock Exchange and the Namibian Stock Exchange;
“Investec Plc”	a company registered in England and Wales with registered number 3633621 and listed on the LSE with a secondary listing on the JSE;
“Investec Property Limited” or “Responsible Entity”	Investec Property Limited (ACN 071 514 246 AFSL 290 909) the responsible entity of the Fund and a wholly-owned subsidiary of IBAL;
“Investment Committee”	a committee consisting of all the members of the Board, established to consider investment opportunities, disposals and capital expenditure to be made by the Fund;

“Invited Investors”	those private clients, selected financial institutions and private client stockbrokers who have been invited to participate in the Private Placing;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company registered and incorporated in South Africa and licensed as an exchange under the Financial Markets Act, No. 19 of 2012;
“JSE Listings Requirements”	the JSE listings requirements, as issued by the JSE from time to time;
“Last Practicable Date”	Monday, 23 September 2013, being the last practicable date prior to the finalisation of this Pre-listing Statement;
“Listing”	subject to the fulfilment of the Unitholder spread requirements of the JSE Listings Requirements and a minimum amount of AUD54 495 000 of capital being raised, the proposed inward listing of the Fund in the “Real Estate Holdings and Development” sector of the JSE with share code “IAP” and ISIN: AU60INL00018, with effect from the commencement of trade on the JSE on the Listing Date;
“Listing Date”	the anticipated date of the Listing of the Fund on the JSE, being, Wednesday, 23 October 2013. On this date, the 22 000 000 Units held by IBAL will be listed. The Units held by remaining Unitholders will be listed on the day following the Listing Date, being Thursday, 24 October 2013, on which date all Units are tradable;
“LSE”	London Stock Exchange;
“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;
“Managed Investment Trust”	as defined in section 12-400 of Schedule 1 to the Australian <i>Tax Administration Act</i> 1953 (Cth) being a unit trust that satisfies certain requirements enabling it to be classified as a Managed Investment Trust and to which concessional withholding tax rates apply to distributions to investors in certain countries (including South Africa);
“Management Agreement”	the management agreement between the Responsible Entity and the Manager dated 1 August 2013 pursuant to which the Manager will provide certain asset management and property management services to the Fund, the Hold Trust and each Sub Trust, the salient details of which are set out in paragraph 11.2;
“Manager”	Investec Property Management Pty Limited (ACN 161 587 391), a wholly-owned subsidiary of IBAL which has been contracted to perform certain asset management and property management functions to the Fund, the Hold Trust and each Sub Trust;
“Option Deeds”	collectively, the Punt Road Option Deed and the Elizabeth Street Option Deed;
“Post-listing Acquisitions”	the acquisitions of the Punt Road Property and the Elizabeth Street Property, to be acquired and partially funded from the proceeds of the Private Placing following the Private Placing;
“Pre-listing Statement”	this pre-listing statement, dated 25 September 2013 and the annexures thereto, which have been prepared in compliance with the JSE Listings Requirements;
“Private Placing”	means the private placing to Invited Investors of a maximum value of AUD 112 685 000 of new Units priced between AUD0.95 and AUD 1.05 per Unit in terms of an offer for subscription. Based on the Private Placing Price Range, the maximum number of Units to be issued will be 118 615 789 and the minimum number of Units to be issued will be 54 495 000;
“Private Placing Price”	the price at which the Units will be allocated to investors in terms of the Private Placing;
“Private Placing Price Range”	the proposed pricing range of the Private Placing, being AUD0.95 to AUD1.05;
“Property Portfolio”	collectively, the Walker Portfolio and the Post-listing Acquisitions;

“Punt Road Assumption Deed”	the assumption deed dated 25 July 2013 entered into between IBAL and SPV Trustee, as trustee for Investec Australia Sub Trust No. 3 (a subsidiary trust of the Fund), in terms of which IBAL will provide certain support arrangements in respect of the Punt Road Property;
“Punt Road Option Deed”	the option deed dated 25 July 2013 by which SPV Trustee as trustee for Investec Australia Sub Trust No. 3 (a subsidiary trust of the Fund), has been granted an option to buy the Punt Road Property, the salient details of which are set out in paragraph 7.3.1;
“Punt Road Property”	the property located at 449 Punt Road, Cremorne, Victoria 3121, being the land comprised in certificate of title Volume 11020 Folio 509;
“Punt Road Support Deed”	the income support deed dated 25 July 2013 entered into between IBAL and SPV Trustee, as trustee for Investec Australia Sub Trust No. 3 (a subsidiary trust of the Fund), in terms of which IBAL will provide certain support arrangements in respect of the Punt Road Property;
“Rand”	the currency of South Africa, being South African Rand;
“Registrar”	Registrar of Collective Investment Schemes;
“Review Services Agreement”	the review services agreement between the Responsible Entity and the Independent Party dated 29 July 2013;
“REIT”	real estate investment trust;
“Responsible Entity” or “Investec Property Limited”	Investec Property Limited (ACN 071 514 246 AFSL 290 909) the responsible entity of the Fund and a wholly-owned subsidiary of IBAL;
“SENS”	Stock Exchange News Service;
“Services Agreement”	an agreement entered into between IBAL and the Manager under which IBAL agrees to make available essential services to the Manager such as staff, premises and systems etc to enable the Manager to perform its obligations under the Management Agreement;
“South Africa”	the Republic of South Africa;
“SPV Trustee”	Investec Propco Pty Limited (ACN 161 587 186), the trustee of various Sub Trusts of the Fund and a wholly-owned subsidiary of IBAL;
“Strate”	Strate Limited (Registration number 1998/022242/06), a limited liability public company duly incorporated in South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system used by the JSE;
“Sub Trust(s)”	Investec Australia Sub Trust No. 1, Investec Australia Sub Trust No. 2, Investec Australia Sub Trust No. 3 and any other subsidiary trust of Hold Trust created to hold assets of the Fund;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a company duly registered and incorporated in South Africa;
“Unit(s)”	participatory interests in IAPF;
“Unitholders”	holders of Units;
“US Person”	has the meaning given in Rule 902 of Regulation S under the US Securities Act of 1933, as amended;
“WALE”	weighted average lease expiry;
“Walker”	Walker Corporation Pty Limited (ACN 001 176 263), a private company incorporated in Australia and the vendor of the Walker Portfolio;
“Walker Acquisition”	the acquisition of the Walker Portfolio prior to the Listing;
“Walker Portfolio” or “Walker Properties”	collectively, the 48 Hawkins Crescent Property, the 47 Sawmill Circuit Property, the 57 Sawmill Circuit Property, the 24 Sawmill Circuit Property, the 44 Sawmill Circuit Property and the 2-8 Mirage Road Property;
“Westpac”	Westpac Banking Corporation (ACN 007 457 141); and
“Westpac Debt Facility”	the debt facility of up to AUD125 000 000 made available by Westpac to the Hold Trust for the purposes of acquiring the Property Portfolio and potential future acquisitions.

PURPOSE

I. PURPOSE

The purpose of this Pre-listing Statement is to:

- provide Invited Investors with relevant information relating to the Fund, the Property Portfolio and the Responsible Entity;
- communicate the strategy and the objectives of the Fund;
- provide information in relation to the financial position and forecast performance of the Fund; and
- set out the salient details of the Private Placing and the procedure for participating therein.

THE FUND

About the Fund

IAPF is an Australian-domiciled real estate investment trust (REIT) that is currently 100% owned by a wholly-owned subsidiary of IBAL. The Responsible Entity of the Fund is Investec Property Limited. The Responsible Entity has the primary responsibility for the governance and operation of the Fund. Certain asset and property management functions have been outsourced to the Manager pursuant to the Management Agreement. The Manager is a wholly-owned subsidiary of IBAL.

For further information see section 2

The Fund currently owns six industrial properties and will acquire a further two office properties immediately following the Private Placing. The Property Portfolio is located across Melbourne, Canberra, Adelaide and Brisbane and is being acquired for a total consideration of AUD 131 025 223. The Fund is currently 60% geared, which will be reduced to between 0% to 45% post the Private Placing.

Regulation of the Fund

IAPF is an Australian-domiciled Managed Investment Scheme registered in Australia under the Corporations Act and subject to regulatory oversight by ASIC.

For further information see section 3

In South Africa the Fund is recognised as a foreign Collective Investment Scheme in terms of Section 65 of the CIS Act. Furthermore, the listing of IAPF on the JSE will be a primary listing, thus the Fund will be required to adhere to the JSE Listings Requirements.

The Private Placing at a glance

The Private Placing comprises a placement to Invited Investors of a maximum value of AUD 112 685 000 of new Units, priced between AUD 0.95 and AUD 1.05 per Unit. The proceeds from the Private Placing will be utilised to facilitate the acquisition of the Punt Road Property and the Elizabeth Street Property and pay Fund establishment expenses and Listing costs. The gearing of the Fund will be reduced to between 0% to 45% post the Private Placing depending on the level of demand for and the amount of new equity raised through the Private Placing. The Private Placing is offered to Invited Investors in South Africa.

For further information see section 19

Key investment benefits

- Australian macroeconomic considerations – interest rates and inflation are expected to remain low.
- Australia offers attractive property yields relative to South Africa:
 - the persistent spread of listed property sector yields to bond yields indicates a potential for capital uplift; and
 - Australian sector appears to be relatively attractively priced compared to South Africa.
- The Fund will benefit from positive gearing in Australia as it will have access to debt funding in Australia at a relatively lower cost of debt than available in South Africa.
- Investors will be investing in a hard currency with AUD income and capital returns.
- The Fund will be managed by an experienced and entrepreneurial management team on-the-ground in Australia with track record and it will have the ability to leverage off the Investec platform providing opportunities for growth.

For further information see sections 7, 8 and 10

- The Property Portfolio consists of a diverse mix of industrial and commercial assets located across Australia with long-term leases and quality tenants offering sustainable income.

Key investment risks

- The Fund is a newly established fund with no previous trading history. Income and expenditure may not develop as expected and may be affected by a range of factors outside of the Fund's control, which may have an adverse effect on the Fund's yield and operating performance.
- The Fund may fail to identify suitable properties for acquisitions or fail to obtain the necessary capital to finance acquisitions or may only be able to access capital at unfavourable rates. For further information see section 25
- The Fund is exposed to market risk from interest rate fluctuations.
- The Fund is currently not subject to Australian tax. Changes in the Fund's business activities or Australian tax legislation could result in the Fund incurring income tax in future, or if the Fund ceases to qualify as a Managed Investment Trust, distributions to South African investors may become subject to higher withholding tax rate.
- Stability of rental income may be adversely affected by economic uncertainty or loss of key tenants.
- The Fund will be exposed to risks that are typical of investment in property assets i.e. property investments are illiquid and their values may fluctuate as a result of factors outside the Fund's control.
- Unitholders are exposed to risk from exchange rate fluctuations.
- Changes in economic and market conditions or applicable law may adversely affect the Fund's operations.

Fees and costs

There are no fees directly applicable to the investor for making an investment in the Fund. The Fund is however subject to one-off offer costs incurred in respect of the Listing and Private Placing equating to approx. 2.7% of net asset value of the Fund on Listing, and ongoing operating expenses totalling 1.0% of net asset value. For further information see Annexure 20

How to apply

To participate in the Private Placing, complete and return the attached Application Form to the Bookrunner by 12:00 on Thursday, 10 October 2013. All commitments by applicants are to be made in ZAR. Applicants will be notified of the exchange rate to be applied in determining the AUD equivalent of the subscription amount and the number of Units being applied for. Applicants will be informed of their allocated Units, if any, on Friday, 11 October 2013. For further information see section 19

Each successful applicant must then make the necessary arrangements to enable their CSDPs to make payment for the allocated Units by Friday, 18 October 2013. The allocated Units will then be transferred on a 'delivery-vs.-payment' basis to the successful applications on the day following the Listing.

2. OVERVIEW OF THE FUND

2.1 Background and history of the Fund

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

The Fund is currently 100% owned by a wholly-owned subsidiary of IBAL.

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

2.2 Background of the Investec Group

Investec is an international specialist banking, wealth management and asset management group. It provides a diverse range of financial products and services to a niche client base in three principal markets, the United Kingdom, South Africa and Australia, as well as certain other geographies. In July 2002, Investec implemented a dual listed companies structure and became the first South African company to list on both the LSE (as Investec Plc) and JSE (as Investec Limited).

IBAL is the Australian operation of the international banking group and is a 100% subsidiary of the LSE-listed Investec Plc. The company provides banking, advisory, and investment products and services to a range of private, corporate, and institutional clients in Australia. IBAL employs around 400 people and is headquartered in Sydney with offices located in Brisbane, Melbourne and Perth.

Amongst other specialist banking services, Investec has a global property business. In South Africa, the property division is one of South Africa's best recognised property operations, and the division has built strong portfolios within the specialist areas of developments, property trading and land conversion. In Australia, the property division has offices in Sydney and Melbourne and manages property fund investments as well as principle property investments on behalf of IBAL. The team identifies fund management opportunities, raises equity capital and sources and manages direct property investments.

2.3 Background and history of the Responsible Entity

The Responsible Entity of the Fund is Investec Property Limited, a wholly-owned subsidiary of IBAL. The Responsible Entity holds an Australian Financial Services Licence (AFSL 290 909) issued by ASIC which permits the Responsible Entity to operate Managed Investment Schemes investing in real estate.

Investec Property Limited was incorporated in the Australian Capital Territory on 24 October 1995 and has undertaken property activities on behalf of IBAL since that time.

Investec Property Limited has been managing third party funds and operating Managed Investment Schemes since 2005. Investec Property Limited is currently the responsible entity of three unlisted funds with approximately AUD400 million of gross assets under management. At their peak, gross asset under management in these funds exceeded AUD720 million.

2.4 Background and history of the Custodian

The Responsible Entity has appointed Perpetual Corporate Trust Limited as independent custodian who will hold the assets of the Fund on behalf of the Responsible Entity.

Perpetual Corporate Trust Limited is a subsidiary of Perpetual Limited. Founded in Sydney in 1886, Perpetual Limited is the parent entity of an independent financial services group operating in funds management, financial advisory and trustee services. Its origin as a trustee company, coupled with its strong track record of investment performance, has created a reputation as one of the strongest brands in financial services in Australia. Perpetual Limited's funds under management are approximately AUD26.0 billion as at 31 March 2013. See paragraph 12 for further details.

2.5 Independent Party

FirstRand Bank Limited has been appointed by the Responsible Entity as an independent party to oversee certain operational functions in respect of the Fund. Details of these duties can be found in paragraph 13.

2.6 Fund structure

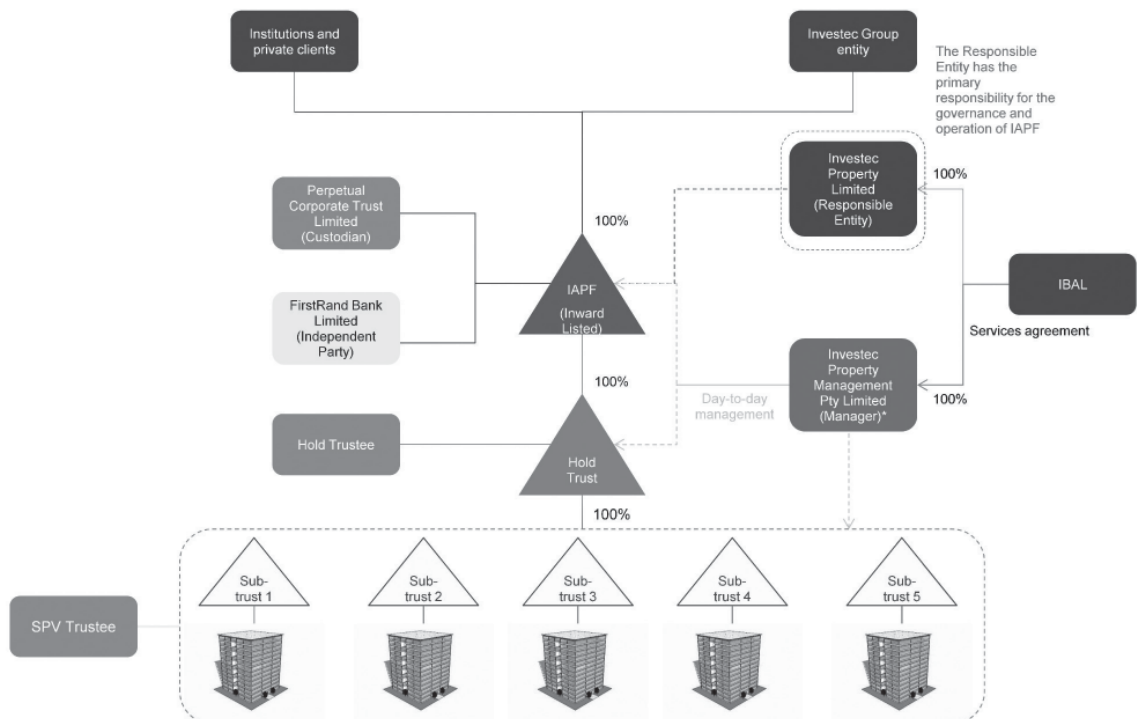
IAPF is an Australian REIT which allows for the tax efficient flow-through of net rental income to Unitholders. The Fund is an uncapped and open-ended fund and existing and future Unitholders will hold a participatory interest in IAPF, which entitles Unitholders to a *pro rata* share of the underlying income generated by the Fund and a *pro rata* beneficial interest in the assets of the Fund.

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

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

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

The diagram below sets out the illustrative structure of IAPF and the relationship between the Responsible Entity, the Manager, the Custodian and the Independent Party. The role of the Responsible Entity, the Manager, the Custodian and the Independent Party are further detailed in paragraphs 10, 11, 12 and 13 respectively. At this stage, only three subsidiary trusts have been established. Additional subsidiary trusts will be established as required for purposes of future acquisitions.



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

The Fund currently has a gearing ratio of 60% against the purchase price of the Walker Portfolio, which will be reduced to between 0% to 45% post the Private Placing and the acquisition of the Punt Road Property and Elizabeth Street Property depending on the level of demand for and the amount of new equity raised through the Private Placing. For further information, refer to paragraph 29 which contains details about the loan facility and associated interest rate and fees.

2.7 **Ownership structure**

IAPF is currently 100% held by a wholly-owned subsidiary of IBAL, MSN 1438 Pty Limited. Immediately after completion of the Private Placing, and depending on the quantum of capital raised, the Investec Group (IBAL or another Investec Group entity) will hold an interest in IAPF ranging between 16% to 29% assuming the mid range Private Placing Price of AUD1.00.

2.8 **Strategy**

IAPF's strategy is to invest in high quality commercial real estate assets (office, industrial and retail) that are well located in major metropolitan cities or established commercial precincts in Australia and New Zealand. The Responsible Entity has identified the following objectives for the Fund:

- to grow and diversify the Fund's asset base with further investments offering attractive income and capital growth profiles which will also spread investment risk;
- to offer Unitholders sustainable growth in income and capital appreciation across a sectorally diversified portfolio; and
- to maintain a strong corporate governance framework to ensure the interests of Unitholders are protected.

To achieve these objectives, the Responsible Entity intends to pursue the following strategies:

- focus on property fundamentals;
- acquire quality commercial real estate with the following characteristics:
 - medium to long-term lease profiles;
 - situated in well-located commercial precincts;
 - limited or no short-term capex requirements;
 - contracted rental growth; and
 - sustainable income supported by strong tenant covenants;
- leverage off the Responsible Entity's on-the-ground presence in Australia and existing relationships with key players in the industry to source growth opportunities;
- maximise property performance through pro-active asset management, property management and leasing; and
- implement appropriate debt and equity funding strategies and adopt a prudent interest rate hedging policy.

While the primary intention of the Fund is to invest in direct immovable property, should the opportunity arise, the Fund may consider investment in the listed/unlisted securities of other property funds/trusts, participatory interests in Collective Investment Schemes in property or shares/interests in other concerns which derive income from property-related investments. An investment in any non-direct property investment is subject to the following restrictions:

- the total investment exposure to any particular asset included in the Fund's portfolio will not exceed 25% of the market value of all the assets comprising the portfolio;
- all assets issued by a single concern will not exceed 10% of the market value of all the assets comprised in the portfolio; and
- Investment Committee approval will be obtained prior to the acquisition of any such asset.

Decisions will be made with a view to holding the investments for the long term and for the purpose of contributing favourably over time to capital and income returns for Unitholders in a sustainable manner.

New acquisitions are expected to be financed by borrowings and/or equity depending on market conditions at the time and as the Responsible Entity considers appropriate. In this regard, the Responsible Entity has adopted a policy of maintaining the Fund's gearing ratio below the regulatory limit in terms of the CIS Act of 60% at any given time.

The Fund may only invest in derivatives for the purposes of hedging the Fund's interest rate exposure arising from its debt funding costs and/or efficient portfolio management. The Responsible Entity intends to adopt a hedging policy to maintain at least 75% of its debt at fixed interest rate. Save for this, the Fund does not intend to invest in any other derivative instruments.

Decisions about the Fund's investments are based primarily on market specific and general economic factors. Labour standards or environmental, social or ethical considerations are not taken into account for the purpose of selecting, retaining or realising investments for the Fund except to the extent that they affect the financial value of an investment. Environmental factors are addressed as part of normal property due diligence.

For further information, please refer to Annexure 4 "Forecast statement of comprehensive income of IAPF" and Annexure 6 "Pro forma statement of financial position" which includes further information about the prospects of the Fund, including important notes and material assumptions used in preparing the relevant forecast statements.

2.9 Acquisition of properties following Listing

Stamp duty is a tax imposed at state and territory level on certain transactions in Australia, such as transfers of business assets or land, and acquisitions of interests in certain property-owning companies, partnerships or trusts. It is calculated at rates of up to 5.75% on the gross market value of certain Australian property assets (held directly or indirectly).

In the context of listing a property fund, there are additional provisions of the stamp duty legislation that can result in further stamp duty being imposed on property that is owned by the relevant fund at the time of the listing. It is therefore a standard practice when establishing a listed property fund to acquire property after the fund is already listed.

The Fund has already acquired the Walker Portfolio, in respect of which it has incurred and paid stamp duty. In the event of a greater than 50% change in ownership in IAPF *before it is listed*, stamp duty could be payable on the properties located in South Australia and the Australian Capital Territory, and furthermore, any change in ownership in IAPF before it is listed would result in stamp duty on the property located in Queensland. For listed entities (such as IAPF, once listed), only a 90% change in ownership will incur stamp duty.

It is therefore proposed that the Fund be listed on the Listing Date, being one Business Day prior to the issue of Units to South African investors as part of the Private Placing on Thursday, 24 October 2013, resulting in the change in ownership occurring post the Listing. The issue of Units to new investors as a result of the Private Placing will constitute a change of ownership of the order of 84% (based on 0% gearing) or 71% (based on 45% gearing), being less than 90%, therefore, no additional stamp duty is incurred on the Walker Portfolio.

In order to further distinguish the change of ownership occurring post the listing of the Units, the Units issued to investors in terms of the Private Placing will be listed at 09:00 on Thursday, 24 October 2013, but only issued to Unitholders at 09:30. Thus each Unitholder's CSDP or broker account will only be updated and debited with Units at 09:30, at which time the Unitholder may commence trading.

In terms of the typical JSE listing process, if Units in the Fund are issued to investors to facilitate the acquisition of property, but those Units are not quoted on the JSE in advance of the transfer to the Fund of such property, then the Fund could be required to pay stamp duty on the subsequent quoting of the Units, in addition to stamp duty that is already paid when the properties are acquired.

In respect of the Punt Road Property and the Elizabeth Street Property, as the Fund will be listed and all Units quoted on the JSE before the properties transfer, there will be no additional stamp duty incurred on the acquisition of these properties on the listing of IAPF or on the change in ownership of IAPF as a result of the Private Placing (which will occur at the IAPF level), as stamp duty will only be triggered if there is a greater than 90% change in ownership for a listed entity. The Fund will have obtained Unitholder commitments prior to Listing such that it will be able to satisfy the unitholder spread criteria of the JSE Listings Requirements on the day after Listing.

2.10 Australian property transfer process

The Fund has entered into the Option Deeds in terms of which it will acquire the Post-listing Acquisitions immediately following the Private Placing (see paragraph 7.3.1 for further details on the Option Deeds). Immediately upon exercise of the options, the Fund will enter into the Acquisition Agreements with the vendors and proceed to affect the transfer of the Post-listing Acquisitions.

Registration of the transfer of the Post-listing Acquisitions to the Fund involves the following steps:

Settlement

- The vendors will deliver signed transfers of land to the Fund ("**Transfers of Land**").
- The vendors transfer to the Fund all rent and profits in respect of the Post-listing Acquisitions in accordance with the Acquisition Agreements.

Stamp Transfers of Land

- Immediately following settlement, the Transfers of Land can be presented for stamping at the State Revenue Office Victoria.
- The Transfers of Land can be stamped immediately after settlement of the acquisition of the Post-listing Acquisitions. In particular, the State Revenue Office Victoria is prepared to stamp the Transfers of Land on the same date they are lodged with payment by bank cheque of the stamp duty amount.

Register Transfers of Land

- Immediately following stamping, the Transfers of Land can be lodged at Land Victoria for registration, along with the relevant registration fees.
- Generally, Transfers of Land can be registered on the date of settlement provided that settlement and stamping occur in the morning.
- Following confirmation that the Fund has been registered as the owner of the Punt Road Property and the Elizabeth Street Property, the Fund will pay the purchase price under the Acquisition Agreements.

Assuming the steps above are followed, the Directors have no reason to believe that registration of the transfer of the Post-listing Acquisitions to the Fund will not occur within three Business Days of Listing.

3. REGULATION OF THE FUND

IAPF is an Australian-domiciled Managed Investment Scheme registered in Australia under the Corporations Act and subject to regulatory oversight by ASIC.

In South Africa the Fund is recognised as a foreign Collective Investment Scheme in terms of Section 65 of the CIS Act. Approval has been obtained from the Registrar for the Fund to be registered as a foreign Collective Investment Scheme, which allows for the solicitation of investors into the Fund in South Africa.

Furthermore, the listing of IAPF on the JSE will be a primary listing, thus the Fund will be required to adhere to the JSE Listings Requirements.

3.1 Corporations Act

A summary of the Australian regulatory framework governing Management Investment Schemes is provided in Annexure 19.

3.1.1 Regulation of corporate activity

The provisions of Chapter 6 of the Corporations Act, which regulate takeover offers, do not apply to Managed Investment Schemes unless listed on an Australian securities exchange such as the ASX. Accordingly, Chapter 6 will not apply to the Fund until such time as it may in the future list on the ASX and until then takeover offers can be made in relation to the Fund without having to comply with the Australian takeovers regulatory regime in Chapter 6.

However, takeover protections based on those in Chapter 6 of the Corporations Act have been incorporated into the Constitution. These apply while the Fund remains listed and while the statutory protections of Chapter 6 do not apply.

Key takeover protections include:

- restrictions on acquiring certain interests in Units where this results in an increase of a person's voting power in the Fund from either 20% or below to more than 20% or from a starting point that is above 20% and below 90%;
- rules regulating the conduct of takeover bids for the Fund, including rules regulating the terms of any offer and the content of disclosure documents provided to Unitholders in relation to any takeover offer; and
- an obligation to notify the Responsible Entity of acquisitions of relevant interest in Units exceeding 5%.

Key provisions relating to these takeover protections are set out in Annexure 16 which contains the relevant extracts from the Constitution.

No specific Corporations Act regime regulates mergers or schemes of arrangement involving Managed Investment Schemes. Mergers of Managed Investment Schemes are typically implemented by unitholders in the scheme passing a special resolution amending its constitution (requiring a 75% vote) to give effect to the merger.

The Fund is also not regulated in terms of the Companies Act in South Africa or by the broader CIS Act other than Section 65 relating to foreign Collective Investment Schemes. Therefore, subject to the JSE Listings Requirements, corporate actions cannot be done through other mechanisms under the Companies Act or CIS Act and are not regulated by any regulatory body in South Africa.

3.1.2 **ASIC declarations and exemptions**

An application was made to ASIC by the Responsible Entity for certain modifications and exemptions in relation to the operation of the Corporations Act. On 2 July 2013, ASIC granted relief to Part 5C.6 of the Corporations Act to permit the Responsible Entity to conduct on-market buy backs of Units that are listed on the JSE.

Application may need to be made to ASIC by the Responsible Entity for certain modifications and exemptions in relation to the operation of the Corporations Act should the Responsible Entity wish to exercise certain powers conferred on it under its Constitution. These modifications include:

- a modification of subsection 601FC(1)(d) of the Corporations Act to permit the Responsible Entity to exercise the power to exclude foreign holders from a rights issue or similar arrangement and exercising a power of sale in respect of a foreign holder's Units; and
- a modification of Part 5C.6 of the Corporations Act to permit the Responsible Entity to conduct an off-market buy back of Units.

OVERVIEW OF AUSTRALIAN ECONOMIC ENVIRONMENT AND PROPERTY SECTOR

4. MACROECONOMIC ENVIRONMENT

With gross domestic output of approximately AUD1.5 trillion, the Australian economy is one of the major world economies boasting more than two decades of uninterrupted annual growth, low inflation and low unemployment. This is largely due to structural reforms made early in the 1980s and strong demand from Asia, particularly China, for the country's abundant mineral and energy resources. The country experienced strong GDP growth in the first half of 2012 supported by mining investment. However, a decline in commodity prices towards mid-end 2012 resulted in mining companies scaling back their investment plans. The Reserve Bank of Australia ("RBA") has cited the peak of the mining investment boom in 2013, the push for tighter government budgets, the persistently high Australian dollar, and little sign of a pick-up in non-mining investment as reasons why forecasts for 2013 growth remain modest at around 2.5%. However, the RBA retains optimism that an improvement in housing markets, observed in both building approvals and home price data over the second half of 2012, may help support economic activity.

During 2012, there was a significant easing in monetary policy. Although the full impact of this will take further time to become apparent, there are signs that the easing is having some of the expected effects: the demand for some categories of consumer durables has picked up; housing prices have moved higher; there are early indications of a pick-up in dwelling construction; and savers are starting to shift portfolios towards assets offering higher expected returns. On the other hand, the exchange rate remains higher than might have been expected, given the observed decline in export prices, and the demand for credit is low, as some households and firms continue to seek lower debt levels.

Inflation is consistent with the medium-term target, with CPI at around 2.4% on the latest reading (June 2013). Looking ahead in 2013, with the labour market softening somewhat and unemployment edging higher, conditions are working to contain pressure on labour costs. Moreover, businesses are likely to be focusing on lifting efficiency under conditions of moderate demand growth. These trends should help to keep inflation low, even as the effects on prices of the earlier exchange rate appreciation wane. The Reserve Bank's assessment remains that inflation will be consistent with the target rate of 2% to 3% over the next one to two years.

The unemployment rate has remained steady in June 2013 at 5.7% and the proportion of eligible people either working or actively seeking work (i.e. the participation rate) remained at 65.3% in June 2013 from 65.2% a month earlier. Australia's unemployment rate remains low by global standards and is significantly lower than the figures in U.S., U.K. and Europe. It peaked at 5.8% in the wake of the financial crisis. The current forecasts anticipate only modest employment growth in the near term, given the softer outlook for demand growth, the high exchange rate and the resulting pressure on firms to boost competitiveness.

Long-term interest rates faced by highly rated sovereigns, including Australia, remain at exceptionally low levels. Capital markets remain open to corporations and well-rated banks, and Australian banks have had no difficulty accessing funding, including on an unsecured basis. Australian banks continue to shift away from wholesale liabilities towards domestic deposits.

Australia continues to be a top destination for foreign direct investment ("**FDI**"), with total FDI stock growing 6.6% to reach a record AUD507 billion in 2011. This growth reflects the upturn in global FDI activity since 2010 and Australia's strong competitive position in the global economy. Foreign entities have been active investors in Australian commercial real estate for a number of years. Since 2008 foreign entities have been net purchasers, although there has been a transition from European and North American purchasers to those located in the Asia-Pacific region. Foreign investment in commercial real estate has averaged approximately AUD3 billion per annum (25% of total investment) over the past four years, reflecting the attraction of Australia as an investment destination; namely that it has strong property fundamentals (strong rental growth and internationally high yields) combined with a transparent regulatory structure.

In the eyes of foreign investors NSW (Sydney) and Victoria (Melbourne) have been the targeted areas of investment with NSW accounting for 30% (AUD10.6 billion) of foreign direct investment in commercial real estate since 2008 and Victoria accounting for AUD9 billion (26%). The office sector remains the most attractive to all foreign investors, accounting for AUD8.3 billion, almost two-thirds of total investment since 2008. The hotel sector (AUD1.9 billion), retail (AUD1.2 billion) and industrial (AUD795 million) round out the top four.

5. THE INVESTMENT OPPORTUNITY

The Australian property market, and in particular the listed property sector, was significantly impacted by the global financial crisis. At the peak of the market in late-2007, the S&P/ASX200 A-REIT Index reached 1910 points, its highest level on record. As global economic conditions rapidly deteriorated, the index fell by a staggering 70%. This compares to the broader S&P/ASX 200 Index which fell by 40% over the same period. At the end of Q1/2012, the S&P/ASX200 A-REIT Index was still 57% below its 2007 peak. As at the Last Practicable Date, the index was at 1024.9.

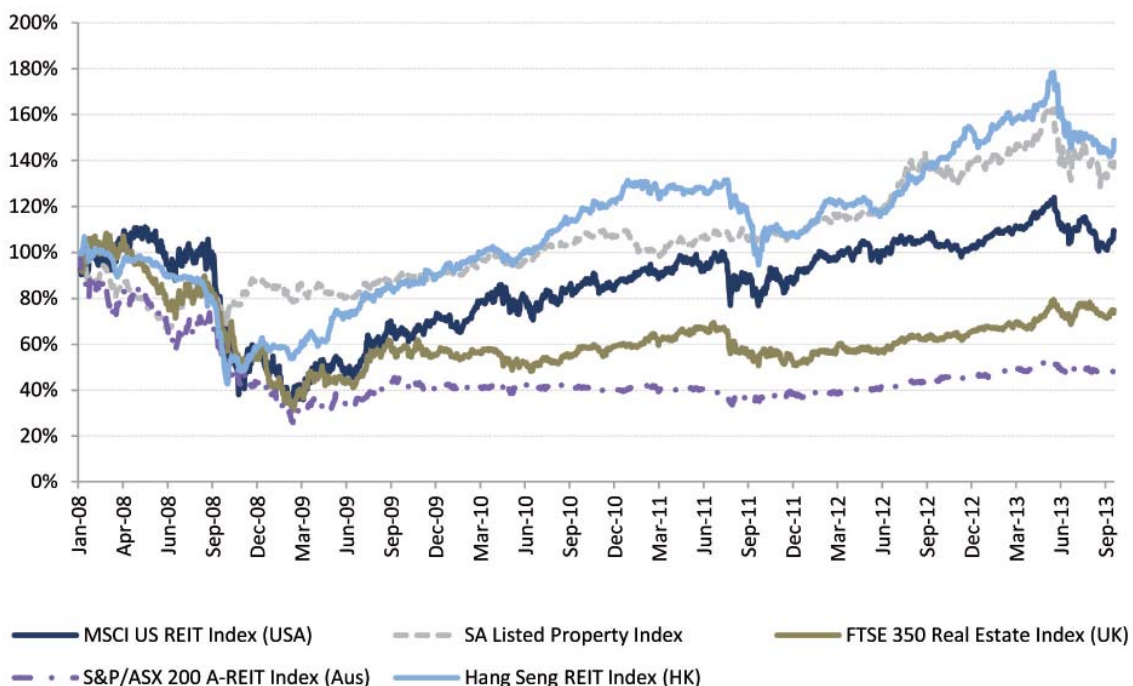
The following reasons collectively contributed to the poor performance of A-REITs during this period:

- unsustainably high distributions. Earnings payout ratios – the portion of earnings paid out as dividends – were high in late 2007, with most A-REITs' payout ratios close to 100%. This was at an unsustainably high level, given the need to retain some earnings to cover general maintenance and building renovations to keep property assets in a good state;
- sourcing earnings from newer, less stable income sources (such as development earnings, funds management, and underresearched overseas property investments) rather than from traditional Australian property rental income sources;
- a number of A-REITs had broadened their activities into mezzanine financing of property developments exposing them to increased levels of credit risk; and
- listed Australian property funds were over geared – during the mid-1990's the A-REITs had an average gearing level of around 10%. This figure grew substantially with a number of funds' gearing ratios in excess of 50% by the end of 2007. As asset values collapsed and debt markets froze globally the A-REITs undertook substantial equity capital raisings to recapitalise their portfolios. Average gearing levels are now stabilised at around 30%.

These factors, coupled with the underlying reduction in the direct capital value of property, and the sell-off in listed property portfolios by institutional investors resulted in listed property stocks having to undertake deeply discounted capital raisings significantly below net asset value, in order to avoid breaching covenants on debt facilities. These factors contributed to the significant underperformance of the Australian property sector, compared to other global property markets, as depicted in Chart 1 below.

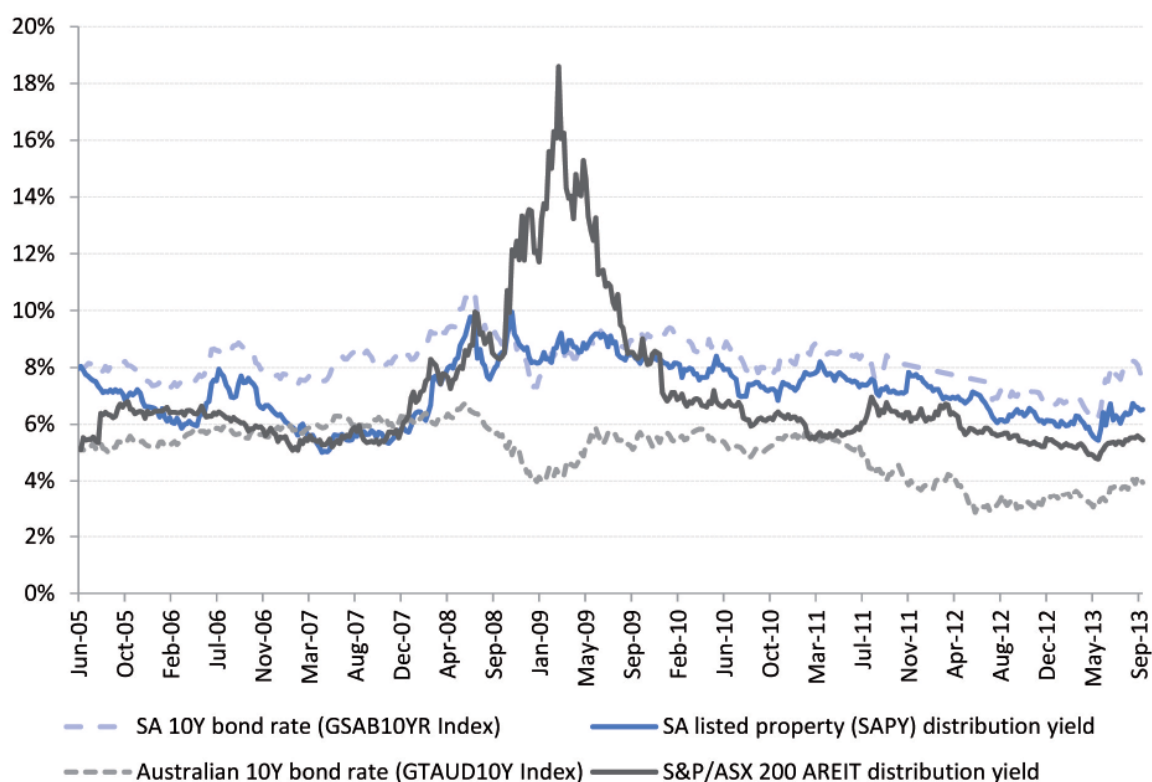
6. PROPERTY SECTOR

Refer to Annexure 1 for an overview of the direct property market and listed property sector in Australia. Please note that information in Annexure 1 is historical and should not be relied on as indicative of future performance in the Australian economy generally or A-REIT sector in particular, as future trends may not necessarily follow the historical trend.



Source: Bloomberg

Chart 1: Global listed property performance



Source: Bloomberg

Chart 2: Australian and South African listed property yields vs long-term bond yields

The relative valuation differential of the Australian sector is also evident when comparing the spread between the 10-year Australian government bond and the historic yield of the S&P/ASX A-REIT index as at 31 July 2013. In South Africa, the spread of listed property yields below the 10-year government bond is approximately 161 bps. The opposite currently applies in Australia with the S&P/ASX A-REIT index yielding 151 bps higher than long-term government bonds, reflecting the potential for yield compression through increased capital values in the Australian listed property sector.

The S&P/ASX A-REIT index has shifted to a less risky return profile over the past two years and listed A-REITs are currently trading at an average premium of around 13.6% to their net tangible assets indicating a positive outlook for the sector. Over the past two years most A-REITs have restructured their balance sheets and reviewed their business strategies in response to the impact of the global financial crisis. Continued low interest rates in Australia, the persistent spread of listed sector yields to bond yields and the low returns on cash are expected to help drive property markets, direct and listed, over the medium to long term.

Please note that this information is historical and should not be relied on as indicative of future performance in the Australian economy generally or A-REIT sector in particular, as future trends may not necessarily follow the historical trend.

PROPERTY PORTFOLIO

7. DETAILS OF THE PROPERTIES

The Property Portfolio will consist of eight properties of which six properties comprising the Walker Portfolio are industrial properties and the Punt Road Property and the Elizabeth Street Property are office buildings. The total acquisition cost of the Property Portfolio (including transaction costs) is AUD131 025 223.

The Property Portfolio is balanced in terms of geographic diversification and has a tenant profile with an attractive WALE. All the properties are modern buildings with high depreciation allowances (see paragraph 17.2 for further information on depreciation allowances).

The Property Portfolio has been independently valued at AUD129 850 000. The summary valuation reports prepared by the Independent Valuers are set out in Annexure 12, 13 and 14 to this Pre-listing Statement.

Below in paragraph 7.1, is a reconciliation of the differences between the total cost of the Property Portfolio and the value as determined by the Independent Valuers.

7.1 Reconciliation

Property name	Independent valuation (AUD)	Purchase price (excluding transaction costs) (AUD)	Weighting (%)	Total acquisition cost (including transaction costs) (AUD) ¹	GLA (m ²)
POST-LISTING ACQUISITIONS					
Punt Road Property	28 700 000	28 676 412	22	28 676 412	6 384
Elizabeth Street Property	54 500 000	54 470 701	41	54 470 701	11 917
Total Post-listing Acquisitions	83 200 000	83 147 113	63	83 147 113	18 300
WALKER PORTFOLIO					
48 Hawkins Crescent Property	3 500 000	3 356 475	3	3 597 465	2 045
47 Sawmill Circuit Property	8 800 000	8 439 134	7	9 059 642	5 535
57 Sawmill Circuit Property	8 200 000	7 863 738	6	8 441 939	7 079
24 Sawmill Circuit Property	8 500 000	8 151 436	7	8 750 791	6 300
44 Sawmill Circuit Property	8 600 000	8 247 335	7	8 853 741	4 639
2-8 Mirage Road Property	9 050 000	8 678 882	7	9 174 532	6 783
Total Walker Portfolio	46 650 000	44 737 000	37	47 878 110 ²	32 381
Total Property Portfolio	129 850 000	127 884 113	100	131 025 223	50 681

- Includes purchase price, stamp duty payable by and out of the Fund to the revenue offices in the relevant states (if any), transaction registration fees payable in South Australia, advisory and due diligence costs.
- Fair value impairment of AUD1 228 110 has been applied to the acquisition cost such that the Walker Portfolio has been valued at the independent valuation of AUD46 650 000 in the *pro forma* statement of financial position in Annexure 6. In Australia, acquisition costs of properties, which are capitalised, are typically higher than South Africa as a result of stamp duty. Thus, fair value impairments of this nature are considered to be normal.

The difference between the total purchase price (excluding transaction costs) and independent valuation of the Property Portfolio relates to differences in valuation assumptions made by the Directors and Independent Valuers.

7.2 The Walker Portfolio

On 21 December 2012, the Fund (through SPV Trustee as trustee for Investec Australia Sub Trust No. 1) acquired the Walker Portfolio for a total acquisition cost of AUD47 878 110 (including transaction costs), which was discharged as follows:

- 60% of the purchase price, net of debt establishment costs, equating to AUD26 732 640, was funded with senior debt funding provided by Westpac; and
- the balance of AUD21 145 470 was funded with equity contributed by a wholly-owned subsidiary of IBAL, which resulted in that entity holding a 100% interest in the Fund.

The Fund currently has a gearing ratio of 60% against the purchase price of the Walker Portfolio, which will be reduced to between 0% to 45% post the Private Placing and the acquisition of the Punt Road Property and the Elizabeth Street Property depending on the level of demand for and the amount of new equity raised through the Private Placing; see paragraph 29.1 for further information about the senior debt funding arrangements with Westpac.

The Walker Portfolio consists of the following six properties:

7.2.1 **48 Hawkins Crescent Property (Ipswich, Queensland)**



Building type	Logistics
Year built	2012
Title	Freehold
Site area/GLA	5 586m ² /2 045m ²
Acquisition cost (AUD)	3 597 465
Value per m ² (AUD)	1 641
Weighted average base rent per m ² p.a. (AUD)	156.5 (excluding parking)
Property yield	8.8%
Weighted average rental escalation	3.5%
Tenancy	100%
WALE (by income)	4.1 years ¹
Number of tenants	1
Major tenants	OneSteel Reinforcing
Number of parking bays	19

¹Excludes two year vendor rent guarantee commencing on expiry of existing lease. The WALE including the vendor rent guarantee is 6.1 years by income.

The property is a distribution facility located in the industrial Citiswich Business Park estate approximately 25km south west of the Brisbane CBD. The estate is one of the largest industrial projects under development in Queensland and is located on the junction of three major highways, providing superior access to the national highway network and key centres such as the Port of Brisbane, Brisbane Airport and the Brisbane CBD. The property contains a drive through facility with separate truck entry/exit and car parking and two 5-tonne overhead gantry cranes.

The property is a tenanted by OneSteel Reinforcing on a triple net lease. The lease commenced on 21 September 2012 and the initial term expires on 20 September 2017. Upon expiry of the initial term, the tenant has the option to renew the lease a further 3 times for a period of five years each time. If the options are not exercised by the tenant, the lease will terminate.

7.2.2 **47 Sawmill Circuit Property (Canberra, Australian Capital Territory)**



Building type	Logistics
Year built	2011
Title	Leasehold (91 years)
Site area/GLA	13 550m ² /5 535m ²
Acquisition cost (AUD)	9 059 642
Value per m ² (AUD)	1 421
Weighted average base rent per m ² p.a. (AUD)	127.4 (excluding parking)
Property yield	7.6%
Weighted average rental escalation	4.0%
Tenancy	100%
WALE (by income)	12.9 years
Number of tenants	1
Major tenants	Allied Pickfords
Number of parking bays	68

The property is an office park and warehouse facility located in the Monaro Industrial Park, a 30-hectare estate located in the established industrial precinct of Hume. It adjoins the Fund's property at 57 Sawmill Circuit which is used by the tenant as a warehouse facility and hardstand (see paragraph 7.2.3 below). The Monaro Industrial Park is located in close proximity and within easy access to the Monaro Highway, the Canberra CBD and Canberra Airport.

The property is tenanted by Allied Pickfords, a global relocation and storage business, on a triple net lease. The lease commenced on 2 August 2011 and the initial term expires on 1 August 2026. Upon expiry of the initial term, the tenant has the option to renew the lease a further 2 times for a period of five years each time. If the options are not exercised by the tenant, the lease will terminate.

7.2.3 **57 Sawmill Circuit Property (Canberra, Australian Capital Territory)**



Building type	Logistics
Year built	2011
Title	Leasehold (91 years)
Site area/GLA	11 610m ² /7 079m ²
Acquisition cost (AUD)	8 441 939
Value per m ² (AUD)	1 192
Weighted average base rent per m ² p.a. (AUD)	102.1 (excluding parking)
Property yield	8.4%
Weighted average rental escalation	4.0%
Tenancy	100%
WALE (by income)	2.9 years ¹
Number of tenants	1
Major tenants	Allied Pickfords
Number of parking bays	68

¹ Excludes two year vendor rent guarantee commencing on expiry of existing lease. The WALE including the vendor rent guarantee is 4.9 years by income.

The property is a warehouse facility and hardstand located in the Monaro Industrial Park, a 30-hectare estate located in the established industrial precinct of Hume. It adjoins the Fund's property at 47 Sawmill Circuit which is used by the tenant as an office and warehouse facility (see paragraph 7.2.2 above). The Monaro Industrial Park is located in close proximity and within easy access to the Monaro Highway, the Canberra CBD and Canberra Airport.

The property is tenanted by Allied Pickfords, a global relocation and storage business, on a triple net lease. The lease commenced on 2 August 2011 and the initial term expires on 1 August 2016. Upon expiry of the initial term, the tenant has the option to renew the lease a further 2 times for a period of five years each time. If the options are not exercised by the tenant, the lease will terminate.

7.2.4 **24 Sawmill Circuit Property (Canberra, Australian Capital Territory)**



Building type	Logistics
Year built	2012
Title	Leasehold (89.4 years)
Site area/GLA	10 940m ² /6 300m ²
Acquisition cost (AUD)	8 750 791
Value per m ² (AUD)	1 294
Weighted average base rent per m ² p.a. (AUD)	113.9 (excluding parking)
Property yield	8.1%
Weighted average rental escalation	3.75%
Tenancy	100%
WALE (by income)	4.2 years ¹
Number of tenants	1
Major tenants	Toll Transport
Number of parking bays	30

¹ Excludes two year vendor rent guarantee commencing on expiry of existing lease. The WALE including the vendor rent guarantee is 6.2 years by income.

The property is an office and warehouse facility located in the Monaro Industrial Park, a 30-hectare estate located in the established industrial precinct of Hume. The Monaro Industrial Park is located in close proximity and within easy access to the Monaro Highway, the Canberra CBD and Canberra Airport. The property includes a 1 050m² mezzanine internal lift.

The property is tenanted by Toll Transport, one of Australia's largest transport and logistics businesses, on a triple net lease. The lease commenced on 1 December 2012 and the initial term expires on 30 November 2017. Upon expiry of the initial term, the tenant has the option to renew the lease a further 2 times for a period of five years each time. If the options are not exercised by the tenant, the lease will terminate.

7.2.5 **44 Sawmill Circuit Property (Canberra, Australian Capital Territory)**



Building type	Logistics
Year built	2012
Title	Leasehold (89.4 years)
Site area/GLA	16 948m ² /4 639m ²
Acquisition cost (AUD)	8 853 741
Value per m ² (AUD)	1 778
Weighted average base rent per m ² p.a. (AUD)	178.5 (excluding parking)
Property yield	9.2%
Weighted average rental escalation	3.75%
Tenancy	100%
WALE (by income)	9.1 years
Number of tenants	1
Major tenants	Toll Transport
Number of parking bays	44

The property is a purpose built cross docking and warehouse facility located in the Monaro Industrial Park, a 30-hectare estate located in the established industrial precinct of Hume. The Monaro Industrial Park is located in close proximity and within easy access to the Monaro Highway, the Canberra CBD and Canberra Airport. The property features a cross-dock facility with full drive-around access.

The property is tenanted by Toll Ipec Pty Limited as associated company of Toll Transport, one of Australia's largest transport and logistics businesses, on a triple net lease. The lease commenced on 3 October 2012 and the initial term expires on 2 October 2022. Upon expiry of the initial term, the tenant has the option to renew the lease a further 2 times for a period of five years each time. If the options are not exercised by the tenant, the lease will terminate.

7.2.6 **2-8 Mirage Road Property (Direk, South Australia)**



Building type	Logistics
Year built	2010
Title	Freehold
Site area/GLA	19 930m ² /6 783m ²
Acquisition cost (AUD)	9 174 532
Value per m ² (AUD)	1 280
Weighted average base rent per m ² p.a. (AUD)	119.8 (excluding parking)
Property yield	8.7%
Weighted average rental escalation	3.5%
Tenancy	100%
WALE (by income)	9.0 years
Number of tenants	1
Major tenants	Toll Transport
Number of parking bays	56

The property is a warehouse and distribution facility located in the Vicinity Industrial Base estate approximately 25km north of Adelaide and within the emerging industrial precinct of Greater Edinburgh Parks. The 100-hectare estate is located in close proximity and easy access to the new Northern Expressway and Port River Expressway “super highways”, the Adelaide CBD and Port Adelaide. The estate is also one of the only industrial estates in South Australia which will benefit from B-triple road train access which facilitates the movement of large trucks. The property includes 1 952m² of heavy duty container storage, 10m wide awnings, trailer parking and a drive-through facility.

The property is tenanted by Toll Transport, one of Australia’s largest transport and logistics businesses, on a triple net lease. The lease commenced on 14 September 2010 and the initial term expires on 13 September 2022. Upon expiry of the initial term, the tenant has the option to renew the lease a further 2 times for a period of five years each time. If the options are not exercised by the tenant, the lease will terminate.

7.2.7 **Walker income support arrangement**

In respect of the 24 Sawmill Circuit Property, the 57 Sawmill Circuit Property and the 48 Hawkins Crescent Property, SPV Trustee, as trustee for Investec Australia Sub Trust No. 1 (a subsidiary trust of the Fund), has obtained the benefit of unsecured rental guarantees from Walker for a period of two years from the expiry of the initial term under the current leases in the following circumstances:

- (a) the tenant does not extend or renew the tenant’s lease when the current term ends (other than as a consequence of the Fund’s breach or default);

- (b) the Fund has not entered into a new lease with the tenant; and
- (c) the Fund is the owner of the relevant property.

Walker must pay the amount by which the income guaranteed by Walker exceeds the amount of rent actually received. SPV Trustee must use reasonable endeavours to obtain a replacement lease on reasonable commercial terms so that Walker's obligation to provide the rent support arrangements described above is reasonably minimised. SPV Trustee is permitted to assign its rights in respect of the rent support arrangements to a new purchaser of the relevant property.

This rent support results in the weighted average lease expiry for the Walker Portfolio increasing from 7.4 years to 8.3 years by income.

7.3 **The Post-listing Acquisitions**

The Fund has entered into the Option Deeds in terms of which it will acquire the Punt Road Property and the Elizabeth Street Property immediately following the Private Placing. In terms of the Australian Government's foreign investment policy, the Fund has obtained approval from FIRB for the Post-listing Acquisitions.

7.3.1 **The Option Deeds and Acquisition Agreements**

The SPV Trustee, as trustee for Investec Australia Sub Trust No. 2 and Investec Australia Sub Trust No. 3, has entered into the Punt Road Option Deed and the Elizabeth Street Option Deed with Maclaw No. 452 Pty Limited and Maclaw No. 651 Pty Limited respectively (collectively, "**the Vendors**"), both dated 25 July 2013 ("**Option Deeds**").

Under the Option Deeds, SPV Trustee, as trustee for Investec Australia Sub Trust No. 3, has been granted an option to buy the Punt Road Property for AUD 28 676 412 and SPV Trustee, as trustee for Investec Australia Sub Trust No. 2, has been granted an option to buy the Elizabeth Street Property for AUD 54 470 701. The options must be exercised on or before 16 December 2013. SPV Trustee will exercise the options immediately following the Listing. On exercise of the options, SPV Trustee and the Vendors will be obligated to execute contracts for the sale and purchase of the Punt Road Property and the Elizabeth Street Property in the form attached to the respective Option Deed ("**Acquisition Agreements**"). SPV Trustee has been granted a power of attorney by the Vendors to do all things necessary to give effect to the Acquisition Agreements.

The Acquisition Agreements are conditional on the SPV Trustee being satisfied in its absolute discretion that any and all outstanding incentives (including cash payments, rent free periods and contribution to fitout works) owing or payable to a tenant at the Punt Road Property and the Elizabeth Street Property:

- (a) are no longer applicable; or
- (b) have been paid out or extinguished,

or such other arrangements have been made by the SPV Trustee in relation to the outstanding incentives such that SPV Trustee will have no obligations in respect of outstanding incentives owing or payable to a tenant of the Punt Road Property and the Elizabeth Street Property. The Directors have determined that the arrangements described in paragraphs 7.3.3 and 7.3.5 will allow the Fund to confirm that the Acquisition Agreements are unconditional.

Under the Acquisition Agreements SPV Trustee has the right to determine the settlement date on which the transfer of the Post-listing Acquisitions will occur. The SPV Trustee will determine the settlement date to be within three Business Days of the Listing Date ("**Settlement Date**"). On or shortly after the Settlement Date, the transfer of land will be stamped and registered. Generally, transfer of the Post-listing Acquisitions can be stamped and registered on the same date as the Settlement Date. Notwithstanding the requirement to stamp and register the transfer of land, risk and reward in the Punt Road Property and the Elizabeth Street Property will pass to the Fund on and from the Settlement Date (including the right of the Fund to receive all rental income from the Post-listing Acquisitions).

7.3.2 Punt Road Property (Cremorne, Victoria)



Building type	Office
Year built	2009
Title	Freehold
Site area/GLA	2 170m ² /6 384m ²
Acquisition cost (AUD)	28 676 412
Value per m ² (AUD)	4 492
Weighted average base rent per m ² p.a. (AUD)	346.1 (excluding parking)
Property yield	8.8%
Weighted average rental escalation	3.6%
Tenancy	100%
WALE (by income)	5.6 years ¹
Number of tenants	2
Major tenants	Carsales.com, ThoughtWorld
Number of parking bays	180

¹ Excludes income support arrangement; including income support arrangements, WALE is 5.7 years by income.

The Punt Road Property is located in one of Melbourne's best performing secondary office markets, which is popular for companies involved in the marketing, advertising, publishing and fashion industries. This is an A-grade office property comprising a five level building plus three levels of premium basement car parking for 180 cars. The curved glazed facade offers a unique working environment and the flexible floor plates allow for single or multiple future tenancies to be created. It is prominently located less than 3km east of the Melbourne CBD and the immediate area is well serviced by public transport, with Richmond train station 400 metres to the north and nearby trams running directly into the Melbourne CBD. There are significant depreciation tax allowances available to be claimed and offset against withholding taxes.

The building is substantially (89%) leased to Carsales.com, an ASX-listed company that is a leading online automotive classified sales company in Australia, on a triple net lease. The lease commenced on 1 October 2011 and the initial term expires on 30 September 2019.

7.3.3 **Punt Road Support Arrangements**

SPV Trustee, as trustee for Investec Australia Sub Trust No. 3, has entered into the Punt Road Support Deed with IBAL under which the following support arrangements will be provided by IBAL:

- in respect of an area of 691m² on the ground floor of the building, IBAL will provide income support for the period commencing on 1 March 2015 and ending on 29 February 2016 ("**Support Period**") in the event:
 - that the income supported by IBAL (AUD326 210) exceeds the actual gross rent received;
 - the reason for this is not a consequence of the breach or default of the SPV Trustee; and
 - the SPV Trustee (or the assignee of its rights) is the owner of the Punt Road Property.

At the commencement of the Support Period, SPV Trustee will advise IBAL of the estimated amount of the support and IBAL must pay that amount by equal monthly instalments in advance beginning on the first day of the Support Period. If at any time during this period, the actual rent received in respect of the relevant area increases/decreases by more than 1% from the rent amount that was used to calculate the estimated amount of the support, then the SPV Trustee must notify IBAL of the change and adjust the instalments of the support.

As soon as practicable after the expiry of the Support Period, the SPV Trustee must give IBAL a statement containing:

- the amount of the support actually paid by IBAL;
- the actual rent received by the SPV Trustee; and
- any additional amount payable by IBAL or overpayment owing to IBAL, which must be settled within 15 business days.

This income support relates to the area currently tenanted by ThoughtWorld, whose lease expires on 28 February 2015. ThoughtWorld has two six-month options which, if exercised, will result in the Fund not needing to call on the income support from IBAL.

SPV Trustee must use reasonable endeavours to obtain a lease or leases for the relevant area on reasonable commercial terms so that IBAL's obligation to provide the income support arrangements described above is reasonably minimised. SPV Trustee is permitted to assign its rights under the Punt Road Support Deed to a new purchaser of the Punt Road Property.

SPV Trustee, as trustee for Investec Australia Sub Trust No. 3, has entered into the Punt Road Assumption Deed with IBAL under which the following support arrangements will be provided by IBAL:

- in respect of stamp duty payable to the State Revenue Office Victoria of AUD1 577 203, IBAL has agreed to assume the liability to pay the stamp duty and to pay such amount when it becomes due and payable.

7.3.4 **Elizabeth Street Property (Richmond, Victoria)**



Building type	Office
Year built	2008
Title	Freehold
Site area/GLA	4 045m ² /11 917m ²
Acquisition cost (AUD)	54 470 701
Value per m ² (AUD)	4 571
Weighted average base rent per m ² p.a. (AUD)	359.4 (excluding parking)
Property yield	8.5%
Weighted average rental escalation	3.5%
Tenancy	97.6% ¹
WALE (by income)	6.7 years ²
Number of tenants	Multi-tenanted – 6
Major tenants	Department of Justice, Mercy Health, BMS Telecorp
Number of parking bays	350

¹ Based on vacancy by GLA, however, this is covered by a rent support resulting in vacancy of 0% by income.

² Excludes income support arrangement. The WALE including income support arrangements is 6.8 years by income.

The Elizabeth Street Property comprises seven levels of state-of-the-art A-grade office accommodation together with car parking for 350 vehicles. Located in the well sought after office hub of Richmond, where supply of quality building is limited and tenancy demand is good, the property is a well-exposed landmark property with four street frontages. The building adjoins a major retail shopping strip and transport node and offers excellent views of the Melbourne CBD skyline and parkland.

The building is multi-tenanted and is 97.6% leased to quality tenants, including 41% to the State Government of Victoria's Department of Justice, on triple net leases. There are significant depreciation tax allowances available to be claimed.

7.3.5 **Elizabeth Street Support Arrangements**

SPV Trustee, as trustee for Investec Australia Sub Trust No. 2, has entered into the Elizabeth Street Support Deed with IBAL under which the following support arrangements will be provided by IBAL:

- in respect of the existing lease with the Department of Justice, there is a rent abatement of AUD55 351 (excluding GST) per month. The rent abatement ends on 31 August 2015. For the period commencing on the date SPV Trustee becomes the owner of the Elizabeth Street Property and ending on 31 August 2015, IBAL will pay to SPV Trustee a monthly amount equivalent to the

rent abatement such that SPV Trustee is receiving the full face rent for this area. IBAL must pay this amount in advance on the first date of each month. This arrangement will only apply if the lease with the Department of Justice has not terminated and SPV Trustee (or the assignee of its rights) is the owner of the Elizabeth Street Property;

- in respect of the existing lease with BMS Telecorp, there is a one-off incentive payment of AUD1 130 940 (excluding GST). The payment is due on 1 November 2014. IBAL has agreed to make this payment and will provide a bank guarantee in support thereof. This arrangement only applies if the lease with BMS Telecorp has not terminated and SPV Trustee (or the assignee of its rights) is the owner of the Elizabeth Street Property;
- there is an area of 642m² that is currently tenanted by Domaine Chandon, which lease expires on 19 October 2014. Domaine Chandon has the option to extend this lease to 19 October 2017. If Domaine Chandon does not exercise their options, IBAL will provide a gross rent support at prevailing market rents in relation to the period commencing on 20 October 2014 and ending on 19 April 2016. The total value of this support is AUD496 570 and SPV Trustee may request this in one or more instalments with no obligation to mitigate. Even if SPV Trustee is able to secure a tenant, it is still entitled to the full amount of the support. This arrangement only applies if SPV Trustee (or the assignee of its rights) is the owner of the Elizabeth Street Property; and
- in respect of a vacant area of 289m² on the ground floor and 92 car parks not leased, IBAL will provide a rent support at prevailing market rents for two years commencing on the date SPV Trustee becomes the owner of the Elizabeth Street Property. The total value of this support is AUD546 240 and SPV Trustee may request this in one or more instalments with no obligation to mitigate. Even if SPV Trustee is able to secure a tenant, it is still entitled to the full amount of the support. This arrangement only applies if SPV Trustee (or the assignee of its rights) is the owner of the Elizabeth Street Property.

SPV Trustee is permitted to assign its rights under the Elizabeth Street Support Deed to a new purchaser of the Elizabeth Street Property.

SPV Trustee, as trustee for Investec Australia Sub Trust No. 2, has entered into the Elizabeth Street Assumption Deed with IBAL under which the following support arrangements will be provided by IBAL:

- in respect of stamp duty payable to the State Revenue Office Victoria of AUD2 995 889, IBAL has agreed to assume the liability to pay the stamp duty and to pay such amount when it becomes due and payable.

8. DETAILS OF THE PROPERTY PORTFOLIO

Immediately following the Private Placing, the Property Portfolio will consist of eight properties with a total GLA of 50 681 m². An analysis of the Property Portfolio by market value, sector, tenancy, geographical spread and by lease expiry profile is set out below.

All graphs and figures are related to the twelve-month forecast period ending 31 March 2014.

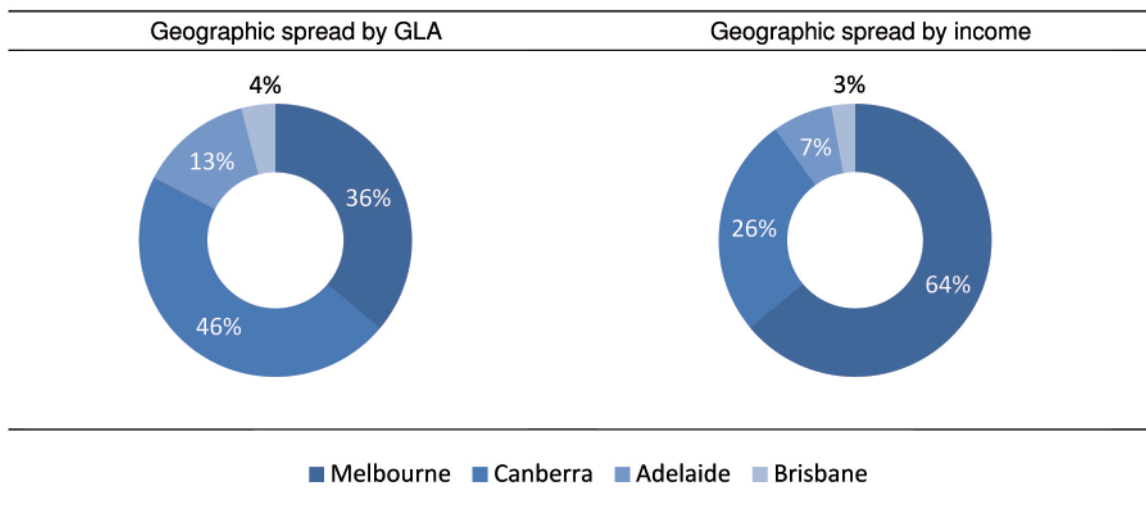
8.1 Purchase price per square metre

The purchase price (including transaction costs) per square metre per sector for the Property Portfolio is as follows:

- Industrial: AUD1 479/m²
- Office: AUD4 543/m²

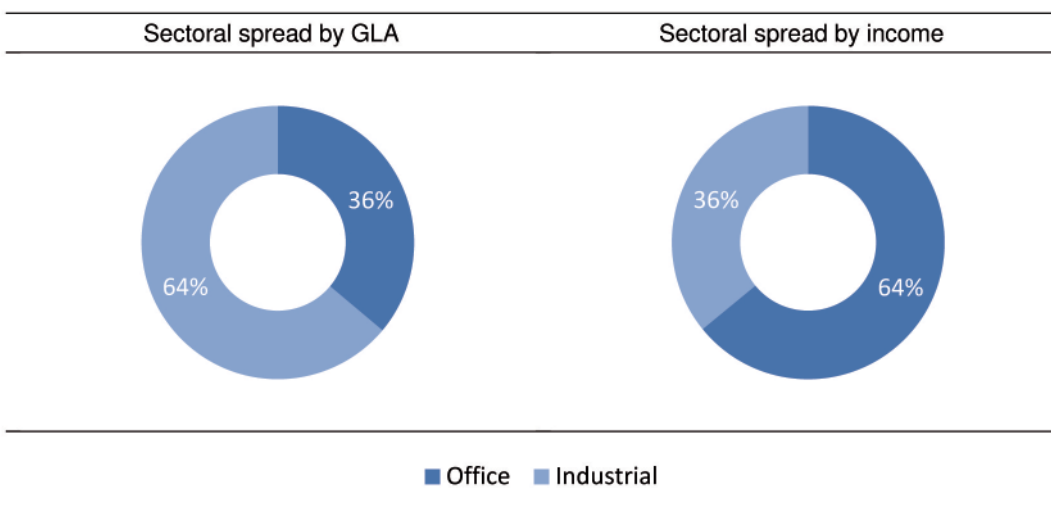
8.2 Geographic spread

The Fund intends to further diversify the geographic profile of the Property Portfolio over time dependent on the investment opportunities as they arise on a case-by-case basis.



8.3 Sectoral spread

The Fund intends maintaining exposure to both the industrial and office sectors. The Fund will consider investments in retail properties if appropriate opportunities arise.



8.4 Contracted vs uncontracted rental income

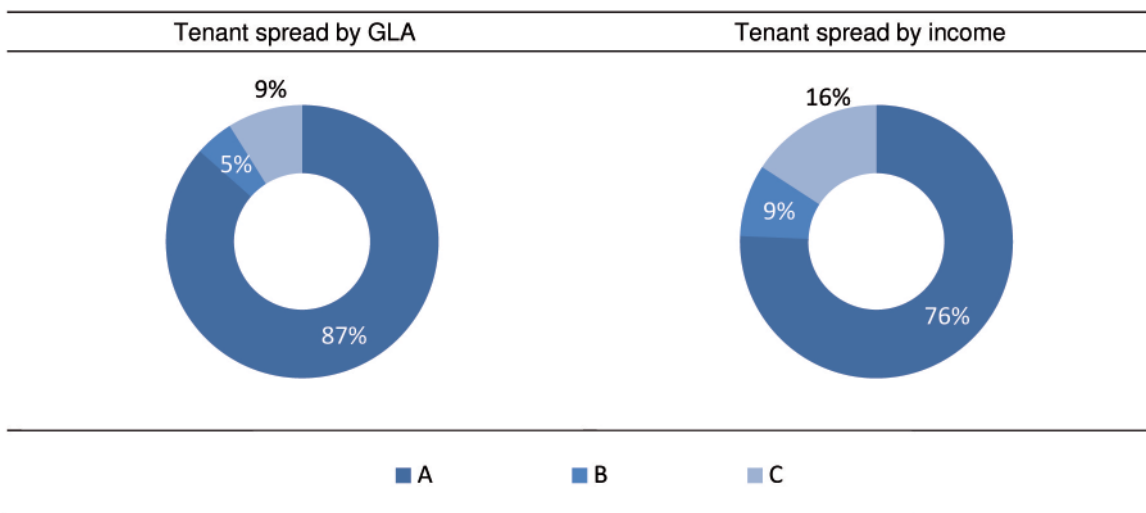
100% of the rental income of the Property Portfolio as at Listing is contracted. Reference should be made to the support arrangements described in paragraphs 7.2.7, 7.3.3 and 7.3.5. Over a three-year period, 99.6% of rental income is contracted.

8.5 Tenant spread

The Property Portfolio has a strong tenant base which is weighted toward national and listed tenants.

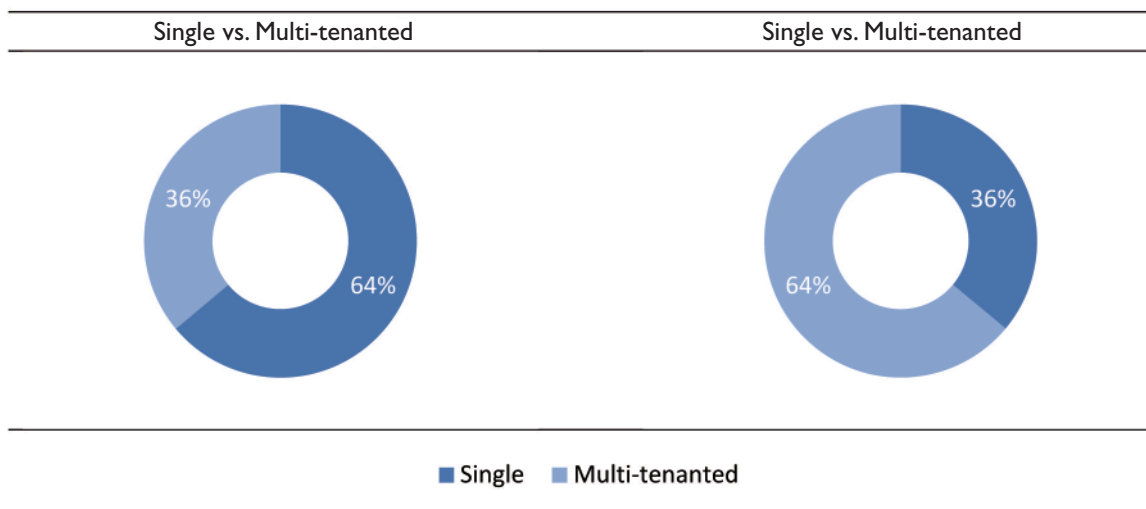
For the graphs below the following key is applicable:

- A Large national tenants, large listed tenants, government and major franchises.
- B National tenants, listed tenants, franchisees and medium to large professional firms.
- C All other tenants that do not fall into either of the other two categories.



8.6 Single vs multi-tenanted buildings

The properties comprising the Walker Portfolio are single-tenanted, while the Elizabeth Street Property and the Punt Road Property are multi-tenanted.



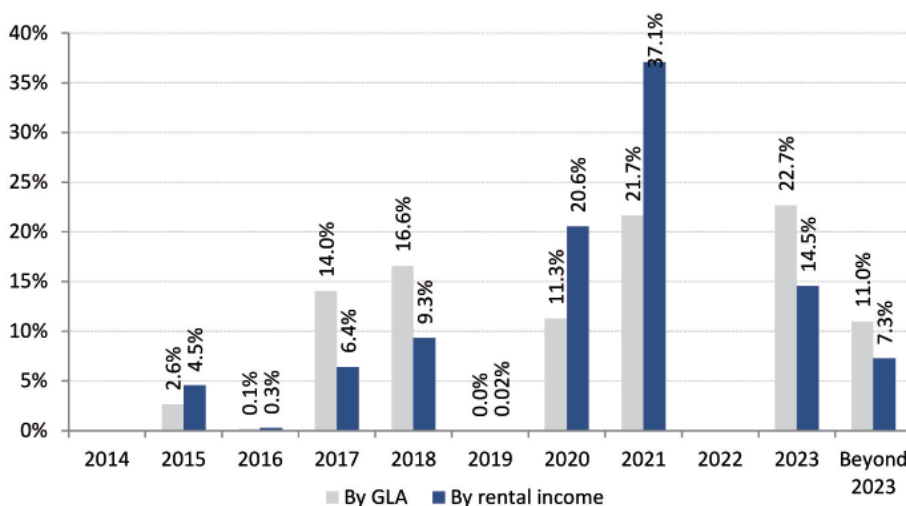
8.7 Vacancy profile by sector

The Property Portfolio on Listing has a vacancy of 0.6% by GLA and 1.0% by rental income. If the support arrangements described in paragraphs 7.2.7, 7.3.3 and 7.3.5 are included, the Property Portfolio on Listing is considered to have no vacancies.

8.8 Lease expiry

The WALE of the Property Portfolio is 6.8 years by GLA and 6.7 years by income (excluding support arrangements).

The lease expiry profile below reflects current leases expiring as a percentage of both GLA and rental income for the Property Portfolio, excluding support arrangements. Current leases exclude the support arrangements described in paragraphs 7.2.7, 7.3.3 and 7.3.5. If the support arrangements are included, the WALE on Listing would be 7.5 years by GLA and 7.1 years by income.



8.9 Rental escalations and rental per square metre

The average base rental per square metre per month for the Property Portfolio by sector is as follows:

- Office (excluding parking): AUD29.6/m²
- Industrial: AUD10.6/m²

The average outgoings per square metre per month for the Property Portfolio by sector is as follows:

- Office (excluding parking): AUD7.0/m²
- Industrial: n/a

The weighted average rental escalation (by GLA) for the Property Portfolio is:

- Office: 3.5%
- Industrial: 3.8%

These are above inflation in Australia, last reported at 2.4% as at June 2013.

9. PROSPECTS

The Directors are of the opinion that the Fund's investment strategy and the strength, experience and track record of the Responsible Entity and the Manager's management team place the Fund and its investors in an attractive position with an exciting pipeline.

The criteria applied in the selection of properties for the Fund has ensured that the Property Portfolio is composed of high-quality assets offering attractive yields underpinned by an appropriate tenant mix, coupled with low vacancies and medium- to long-term expiry profiles. These fundamentals provide adequate stability for the creation of earnings and capital growth over the long term. The cash flows have been forecast with due regard for prevailing market conditions and all costs reasonably anticipated in respect of projected letting, capital and maintenance expenditure have been provided for.

The Directors are confident that the Responsible Entity and the Manager's management team have the necessary experience and ability to enhance portfolio value through active management of the Property Portfolio and the network to grow the portfolio through identification of and investment in further quality properties with a balanced geographical spread.

Annexure 4 "Forecast statement of comprehensive income of IAPF" and Annexure 6 "Pro forma statement of financial position" include further information about the prospects of the Fund, including important notes and material assumptions used in preparing the relevant forecast statements.

Forecasts do not guarantee future performance. Unforeseen events or circumstances may also occur subsequent to the date of this Pre-listing Statement and the actual results achieved may therefore differ materially from the forecast.

MANAGEMENT OF THE FUND

10. RESPONSIBLE ENTITY

10.1 The Responsible Entity

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

Under the Constitution, the Responsible Entity is entitled to receive out of the Fund an annual fee of 0.025% p.a. of Enterprise Value plus reimbursement of certain costs (see Annexure 20 for further details of fees and other costs payable to the Responsible Entity). The Responsible Entity has agreed to defer its right to receive the annual fee while entities associated with the Investec Group are both the Responsible Entity and the Manager. The Investec Group is being remunerated through its role as the Manager in respect of the management services performed for the Fund. Where payment is deferred, the deferred remuneration continues to accrue daily until paid.

Details of the Board are included in paragraph 18 and Annexure 3.

10.2 Duties of the Responsible Entity

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

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

As detailed in paragraph 2.6, the Responsible Entity has the ability to outsource certain day-to-day management functions relating to the Fund, the Hold Trust and each Sub Trust and has entered into the Management Agreement with the Manager, the details of which are set out in paragraph 11.2 below and selected terms are set out in Annexure 18.

10.3 Responsible Entity financial requirements

Under the Corporations Act, the Responsible Entity is required to meet certain financial asset requirements.

Unless all scheme property is held by a custodian who holds AUD5 million net tangible assets ("**NTA**"), the Responsible Entity must hold NTA equal to the greater of:

- AUD5 million; or
- 10% of average RE revenue.

"RE revenue" includes the Responsible Entity's revenue within the meaning given by the accounting standards and any amounts paid or payable out of scheme property for the performance of obligations imposed on the Responsible Entity in connection with all of the registered schemes it operates, even where performed by another entity.

If scheme property is held by a custodian who holds AUD5 million NTA:

- the Responsible Entity must hold NTA equal to the greater of:
 - AUD150 000;
 - 0.5% of the average value of scheme property of the registered scheme(s) the Responsible Entity operates, up to AUD5 million; or
 - 10% of average RE revenue; and
- the Responsible Entity must hold the required NTA in liquid assets and the greater of AUD150 000 or 50% of the required NTA in cash or cash equivalents.

Both the Responsible Entity and the Custodian currently hold AUD5 million NTA.

10.4 **Change of Responsible Entity**

Under the Corporations Act, the Responsible Entity can retire or be removed by the Unitholders. If the Responsible Entity wants to retire, the Responsible Entity must call a meeting of Unitholders, explain why it wants to retire and allow Unitholders to vote on a resolution to appoint a replacement responsible entity. The resolution must be an extraordinary resolution if the scheme is not listed on the ASX (passed by 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution, including those not present in person or by proxy). Investec Property Limited has no current intention to retire as Responsible Entity of the Fund.

If the Unitholders want to remove the Responsible Entity, the Unitholders can call a meeting and vote on resolutions to remove the Responsible Entity and appoint a replacement responsible entity. These resolutions must be extraordinary resolutions (as above) if the scheme is not listed on the ASX.

If the Responsible Entity is changed, then under the Corporations Act, subject to some exceptions (such as the right to be paid fees) the rights, obligations and liabilities of the former responsible entity in relation to the scheme become rights, obligations and liabilities of the new responsible entity. In respect of a document to which the former responsible entity is a party, if the document is capable of having effect after the change, the document has effect as if the new responsible entity were a party to it. This would apply for example, in relation to the Management Agreement.

10.5 **Complaints process**

The Responsible Entity provides a complaints handling and dispute resolution process in accordance with the Corporations Act and the Constitution. If you have a complaint about the Fund or the Responsible Entity in connection with your investment in the Fund, you can:

- write to the Compliance Officer at Level 23, The Chifley Tower, 2 Chifley Square, Sydney, NSW, 2000;
- telephone +61 2 9293 2000 between the hours of 9.00am and 5.00pm (Sydney time) from Monday to Friday (other than on public holidays); or
- lodge a complaint in person at Level 23, The Chifley Tower, 2 Chifley Square, Sydney, NSW, 2000 between the hours of 9.00am and 5.00pm from Monday to Friday (other than on public holidays).

The Compliance Officer will acknowledge your concern as soon as possible and within 45 days, investigate it and report back to you. If you are dissatisfied with the response or the complaint is not resolved within 45 days, you may raise the matter directly with the Financial Ombudsman Service Limited. Its contact details are:

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
(Australia)
Telephone: 1 300 78 08 08

In addition, complaints may also be directed to Paulos Mahlangu at the Collective Investment Schemes Department of the FSB, whose contact details are as follows:

Telephone number: 012 428 8004

General call centre number: 0800 110 443/0800 20 20 87

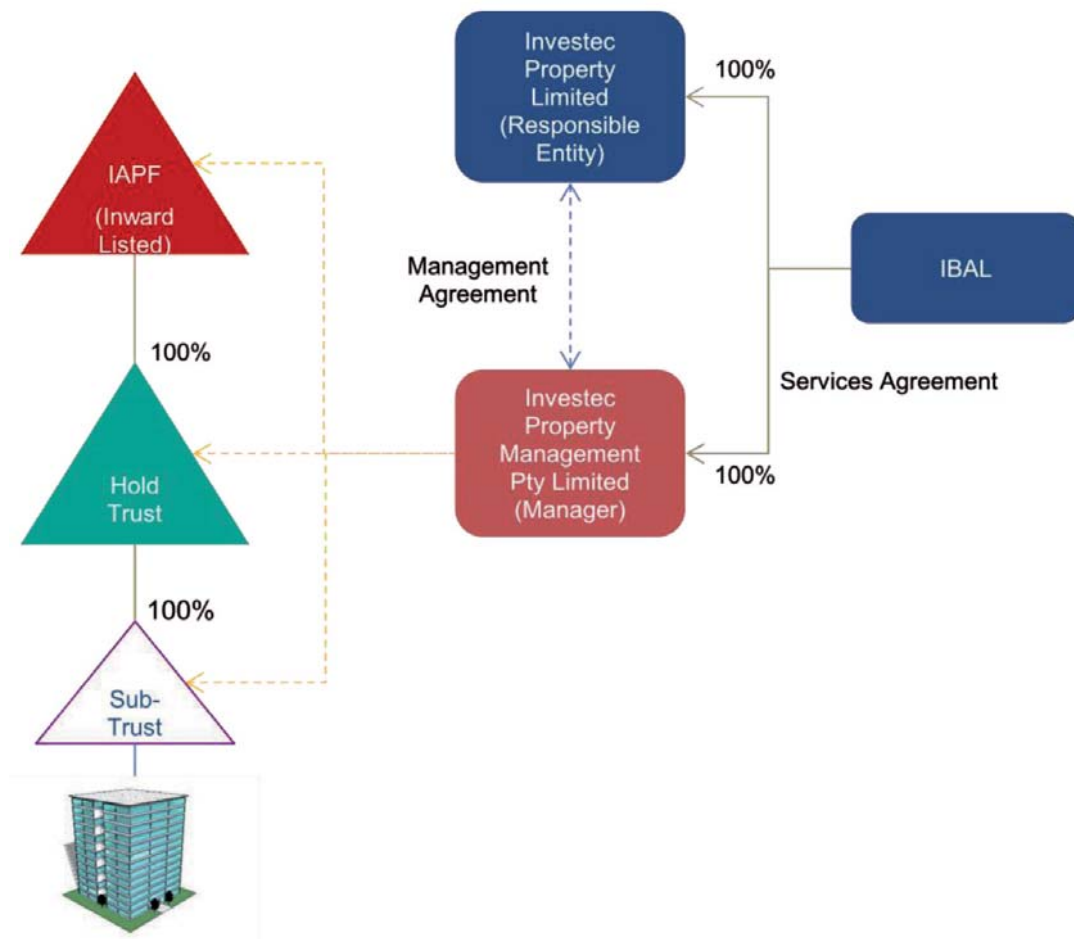
Email address: paulos.mahlangu@fsb.co.za
info@fsb.co.za

Physical address: CIS Department: Supervision Department
Financial Services Board
Riverwalk Office Park, Block B
41 Matroosberg Road (Corner Garsfontein and Matroosberg Roads)
Ashlea Gardens, Extension 6
Menlo Park
Pretoria
South Africa
0081

Website: www.fsb.co.za

II. THE MANAGER

II.1 The Manager



The Responsible Entity has entered into the Management Agreement with the Manager, under which the Manager will perform certain asset management and property management services for the Fund (including the Hold Trust and each Sub Trust). The Manager is a wholly-owned subsidiary of IBAL. The Manager will be entitled to a fee for managing the Fund, the Hold Trust and each Sub Trust as detailed in paragraph 11.5.

11.2 Management Agreement

The Management Agreement is available for inspection in accordance with paragraph 37. A brief summary of the terms of the Management Agreement, the services to be provided by the Manager, and the fees payable by the Fund under the Management Agreement is set out below. Extracts of the Management Agreement have been included in Annexure 18.

11.2.1 Term of the Management Agreement

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

11.2.2 Termination rights

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

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

11.2.3 Payment of termination amount

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

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

The termination amount will comprise three components:

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

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

- if any management activities are outsourced by the Manager, an amount to reimburse the Manager for costs associated with cancellation of third-party contracts **(PMbc)**.

Base fees and property management fees are described in paragraph 11.5 below.

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

11.2.4 **Termination payment example**

Based on the formula detailed in paragraph 11.2.3, an illustrative example is provided below, based on a gearing level of 45%.

- (1) The Enterprise Value of the Fund will be AUD129.8 million on Listing. The Manager is entitled to a base fee of 0.6% p.a. Thus, the monthly base asset management fee would be AUD129.8 million x 0.6%/12 = AUD64 899 **(BFm)**.
- (2) Based on a gearing level of 45%, the forward distribution per share to 31 March 2014 is 9.0 cents per share (see Annexure 4). Assuming a 30-day volume weighted average traded price of AUD1.00, the applicable multiple is 100/9.0 cents per share = 11.1x **(Mbf)**.
- (3) Property management fees range from 2.00% to 2.50% of rental income (see Management Agreement, Schedule 2). Thus an average of 2.25% applied to monthly rental income (see Annexure 4) results in monthly property management fees of approximately AUD25 555 **(PMFm)**.
- (4) A multiple of 6.0x has been assumed as the market-based EV/EBIT multiple for a comparable property management businesses conducted in Australia **(Mpmf)**.

Thus,

BFm x 12 x Mbf	64 899 x 12 x 11.1 =	8 690 382
PMFm x 12 x Mpmf	25 555 x 12 x 6.0 =	1 839 960
PMbc	Negligible (if applicable)	–

Termination payment (AUD)

10 530 342

The termination payment is proportional to the size of the Fund.

The table below illustrates the value of the management business over a 10-year period, based on assumed acquisitions of AUD50 million per annum. The potential termination payment in years 1, 2, 5, 7 and 10 may be as follows:

AUD'000	Mar-14	Mar-15	Mar-18	Mar-20	Mar-23
Beginning asset value	129 797	129 797	279 797	379 797	529 797
Assumed acquisitions		50 000	50 000	50 000	50 000
Closing asset value	129 797	179 797	329 797	429 797	579 797
Approximate termination payment	10 530	14 587	26 756	34 869	47 039

The termination payment is reduced following the initial 10-year term as the termination payment in respect of the asset management business is based on an EV/EBIT multiple going forward.

The above example has been prepared for illustrative purposes only and because of its nature may not accurately reflect the enterprise value of the Fund, the value of the management business or the termination payment under the Management Agreement. The example is not intended to be and should not be understood as a forecast for the performance of the Fund.

11.3 Details of directors of the Manager

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

Full name	Address	Resumes
Graeme Anthony Katz (50) Director	Level 23, Chifley Tower 2 Chifley Square Sydney, NSW, 2000	Graeme joined IBAL to head up the Property Investments team in 2006. Prior to that he was General Manager of Investment Sales at Mirvac Group where he was the Key Person and responsible Officer for the Mirvac Real Estate licence dealing with their registered and unregistered schemes. Graeme is a Director of Investec Property Limited and a number of other companies within the Investec Group. He was previously a Director of the Property Investors Association of Australia. Graeme holds a Bachelor of Social Science (Economics), and has completed the Industrial Relations Development Programme (University of Stellenbosch Business School) and has qualification in Financial Planning Principles and Practice (Securities Institute).
Zachary Scott McHerron (38) Director	Level 23, Chifley Tower 2 Chifley Square Sydney, NSW, 2000	Zach has 15 years' experience in a range of legal, corporate, property funds management and property development roles. After three years with a leading corporate law firm in New Zealand, Zach worked for British Telecom Plc in London in a major transactions group focusing on investments, divestments and joint ventures. Before joining IBAL, he worked for an Australasian property finance group responsible for capital markets activity and major projects. Zach joined IBAL in 2007 and during this time has been involved in the structuring, capital raising and management of three funds with peak gross assets in excess of AUD700 million. Zach has a Bachelor of Laws degree, Bachelor of Commerce (Finance) degree and a Post Graduate Diploma in Business Administration.

Full name	Address	Resumes
Matthew Paul Liston (39) <i>Director</i>	Level 49, 120 Collins Street, Melbourne Victoria, 3000	Matthew has 17 years' experience in property funds management, property development and property valuations. Since joining IBAL in 2007, Matthew has been responsible for the implementation of IBAL's property investment and development strategies. Prior to joining IBAL, Matthew worked for five years at the Mirvac Group, as a senior development manager in Victoria responsible for property acquisitions and also for Mirvac Funds Management where his key focus was the establishment of Australia's first wholesale residential development fund, which raised in excess of AUD300 million in equity. Matthew has an MBA, Bachelor of Business Property, Graduate Certificate in Property Investment and a Graduate Diploma of Valuations. Matthew is also a licensed real estate agent in Victoria.
Jason Aron Sandler (34) <i>Director</i>	Level 23, Chifley Tower 2 Chifley Square Sydney, NSW, 2000	Jason has 13 years' experience in a range of accounting, finance and operational roles across property funds management, property activities, investment banking and private equity funds management. Prior to joining IBAL, Jason spent six years with PricewaterhouseCoopers in Australia and London in assurance and business advisory services. Jason has been with Investec for six years where he has been responsible for operational, accounting and finance functions for property funds management and property investment activities.
Samuel Ronald Leon (63) <i>Director</i>	100 Grayston Drive Sandown, Sandton, 2196 South Africa	Sam Leon has over 35 years of experience across all sectors of the property industry with 20 years at Investec Property, firstly as a director, then managing director and currently as deputy chairman. He was a founder of the transformation of Growthpoint into South Africa's largest listed property fund and was a director until Investec sold its interests in October 2007. Sam was also a director of a specialist listed property fund Metboard Properties Limited, until it was sold to Growthpoint in April 2007, as well as a board member of SAPOA (the South African Property Industry body). He is currently a member of the board of directors and advisory board of the Investec GLL Global Special Opportunities Real Estate Fund, a R3.7 billion Luxembourg-based fund for investment in global real estate. Sam is currently also chief executive officer of Investec Property Fund Limited, a R5.3 billion property fund listed on the JSE.

The directors of the Manager are employees of IBAL or Investec Bank Limited. A Services Agreement has been entered into between IBAL and the Manager under which IBAL will make available staff and other ancillary resources such as premises and systems to the Manager to enable the Manager to fulfil the functions set out in the Management Agreement.

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

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

11.4 Management services

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

- identifying investment opportunities, evaluating investment proposals presented by external parties, and making recommendations to the Responsible Entity;
- determining general strategies to optimise performance of the Property Portfolio, and strategies with regard to property acquisitions, disposals, funding the expansion of the Property Portfolio, the formulation of marketing strategies and the implementation thereof and all matters incidental thereto;
- arranging valuations of the Fund's assets to occur as required by any applicable law, the JSE Listings Requirements, any other applicable listing requirements and otherwise as requested by the Responsible Entity;
- identifying, and seeking Responsible Entity approval for, appropriate risk management and compliance policies and procedures, and implementing and complying with those policies and procedures;
- providing advice and making recommendations to the Responsible Entity in relation to compliance and corporate governance issues, including any likely or identified breaches of, or departures from, the policies and procedures;
- undertaking an annual audit of the policies and procedures and making recommendations to the Responsible Entity on improving the policies and procedures;
- monitoring all borrowing covenants and ensuring the Responsible Entity is advised of all reporting obligations under the borrowing facilities;
- in relation to potential acquisitions, procuring and reviewing research data, valuations and reports, coordinating with tax, legal and other advisers in relation to authorisations and other regulatory approvals, and procuring and reviewing financial modelling and structuring of transactions;
- providing reports in relation to and, on approval by the Responsible Entity, implementing capital expenditure works in relation to the Property Portfolio;
- ensuring that the Fund's assets are insured in accordance with customary market practice and standards;
- preparing an annual budget for the Fund, and any other budgets of the Fund and financial plans in respect of the Fund's assets as may be contemplated in the governing documents or requested by the Responsible Entity;
- preparing annual and half year accounts and financial statements as required by any applicable law, the JSE Listings Requirements, any other applicable listing requirements or the governing documents;
- arranging for an audit of the accounts and financial statements to be prepared by the auditor appointed by the Responsible Entity;
- providing treasury and cash management services, including preparing bank reconciliations for the Fund's and Sub Trusts' accounts and advising and making recommendations on the working capital of the Fund;
- undertaking or procuring all administrative, accounting, auditing, tax (including GST) and secretarial functions relating to the Fund;
- identifying prospective tenants and marketing properties to prospective tenants;
- engaging and liaising with property managers and leasing agents with regard to day-to-day management and leasing of properties;
- negotiating the terms of leases with prospective tenants and coordinating the execution of leases;
- liaising with property managers with regard to the day-to-day management of the Property Portfolio;
- advising on and coordinating reports on maintenance and repairs required for the Property Portfolio, calculating and budgeting for maintenance and repair and coordinating and supervising maintenance and repair of the Property Portfolio;

- in relation to potential disposals, appraising the market and evaluating and sourcing potential purchasers of the Property Portfolio, and procuring and reviewing research data; and
- preparing marketing material and brochures, and investor materials and liaising with Unitholders in respect of the Fund.

11.5 Fees payable to the Manager

11.5.1 Base Fee

The Responsible Entity will pay the Manager a monthly base fee, calculated as 0.05% per month of the Enterprise Value of the Fund, being the sum of the Fund's market capitalisation (based on a the 30-day volume weighted average price) and net debt i.e. total interest-bearing borrowings less cash and cash equivalents held by the Fund. The base fee is calculated and payable monthly in arrears.

11.5.2 Property Management Fee

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

11.5.3 Leasing Fees

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

12. CUSTODIAN

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

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

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

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

The Custodian has not authorised or caused the issue of this Pre-listing Statement and does not make, or purport to make, any statement in this Pre-listing Statement. The Custodian, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Pre-listing Statement (other than a reference to its name).

13. INDEPENDENT PARTY

FirstRand Bank Limited has been appointed by the Responsible Entity as an independent party to provide an oversight function over certain operations and ensure compliance with relevant regulations and legislation, as required by the FSB in South Africa in respect of the fiduciary duties to Unitholders. The functions of the Independent Party is summarised as follows:

- ensure that the basis on which the issue, redemption or cancellation, as the case may be, of Units effected by or on behalf of the Fund is carried out is in accordance with the Constitution and the JSE Listings Requirements;
- ensure that the issue or redemption price of securities is calculated in accordance with the provisions of applicable legislation and the Constitution of the Fund. This entails confirming that Units are issued at Market Price, redemptions are conducted at Current Unit Value less allowable deductions, and verifying the calculation of Net Asset Value per Unit (all terms as defined in the Constitution);

- (c) verify that in transactions involving the assets of the Fund, any consideration is remitted to the Fund within time limits that are in accordance with market practice;
- (d) verify that the income accruals of the Fund are applied in accordance with the provisions of the Constitution;
- (e) verify by receiving confirmation from the Custodian that the Custodian maintains legal separation of assets held under custody, that the equitable entitlement of investors to such assets is assured, that appropriate internal control systems are in place, and that records clearly identify the nature and value of all assets under custody, the ownership of each asset and the place where documents of title pertaining to each asset are kept;
- (f) monitoring the Fund's compliance committee and ensuring that the powers and processes of this committee are correctly applied in ensuring adherence to applicable law and the Constitution;
- (g) prepare and submit an annual report to the Fund stating whether the Fund was administered in accordance with the limitations imposed by the Fund's investment and borrowing powers and if there has been non-compliance, state the reasons for the non-compliance and outline the steps taken to rectify the situation;
- (h) satisfy itself through obtaining confirmation from the Fund's auditors that every income statement, balance sheet or other return prepared by the Fund fairly represents the assets and liabilities, as well as the income, expenses and distributions of the Fund;
- (i) report to the Directors any irregularity or undesirable practice of which it becomes aware in relation to the Fund, whether declared in terms of legislation or not, and if steps to rectify the irregularity or practice in question are not taken to the satisfaction of the Independent Party, it must as soon as possible report such irregularity or undesirable practice to ASIC;
- (j) verify execution of agreements entered into by the Responsible Entity on behalf of the Fund;
- (k) maintain copies of title deeds in respect of the Fund's properties and other documents evidencing title to the assets of the Fund;
- (l) verification of bank reconciliations prepared by management and reconciliation to current bank balance; and
- (m) review SENS announcements in respect of any corporate activity undertaken by the Fund and confirm that regulators have been notified of any associated changes to constitutional documents and the necessary approvals have been obtained.

14. **CONFLICTS OF INTEREST**

Investec anticipates maintaining an interest in the Fund on a proprietary basis and therefore its interests will be aligned with other Unitholders.

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

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

- the Management Agreement the terms of which (including fees payable) have been summarised in paragraph 11.2 and further detailed in Annexure 18;
- the Elizabeth Street Support Deed and Elizabeth Street Assumption Deed in respect of the Elizabeth Street Property, as described in paragraph 7.3.5;
- the Punt Road Support Deed and Punt Road Assumption Deed in respect of the Punt Road Property, as described in paragraph 7.3.3;
- IBAL is a lender to the vendor of the Elizabeth Street Property and on completion of the purchase of the Elizabeth Street Property by the Fund, IBAL will have its loan repaid and release its security over the Elizabeth Street Property;
- IBAL is a lender to the vendor of the Punt Road Property and on completion of the purchase of the Punt Road Property by the Fund, IBAL will have its loan repaid and release its security over the Punt Road Property; and
- Investec Corporate Finance has been appointed as Corporate Advisor and Bookrunner in terms of the Private Placing.

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

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

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

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

FINANCIAL INFORMATION

15. UNAUDITED FINANCIAL INFORMATION

The tables below set out the salient unaudited profit forecast and salient *pro forma* statement of financial position information of the Fund and should be read in conjunction with the unaudited financial information disclosed in Annexures 4 and 6 of this Pre-listing Statement. Such information has been prepared for illustrative purposes only and because of its nature may not accurately reflect the financial position and results of the Fund. The unaudited profit forecast and the *pro forma* statement of financial position are the responsibility of the Directors.

The statement of comprehensive income has been shown for the current financial year being the seven months ending 31 March 2014 and for the forecast year ended 31 March 2015.

15.1 Forecast statement of comprehensive income

Based on a gearing scenario of 0%, the forecast statement of comprehensive income of IAPF for the seven months ending 31 March 2014 and for the year ending 31 March 2015 is shown below:

AUD	Unaudited forecast for the 7 months ending 31 March 2014			Unaudited forecast for the year ending 31 March 2015			% change y/y* (%)
	Walker Portfolio	Post- Listing Acquisi- tions	Total Property Portfolio	Walker Portfolio	Post- Listing Acquisi- tions	Total Property Portfolio	
Units on issue on Listing ('000)	48 407	86 278	134 685	48 407	86 278	134 685	
Normalised earnings per Unit (cents)	6.3	8.3	7.6	8.8	8.3	8.5	11.8
Normalised headline earnings per Unit (cents)	8.8	8.3	8.5	8.8	8.3	8.5	(0.3)
Normalised distribution per Unit pre-withholding tax (cents)	7.5	7.4	7.4	7.8	7.7	7.7	3.7
Normalised distribution per Unit post-withholding tax (cents)	7.0	6.9	7.0	7.2	7.1	7.2	2.9
Normalised forward yield pre-withholding tax (%)	7.5	7.4	7.4	7.8	7.7	7.7	3.7
Normalised forward yield post-withholding tax (%)	7.0	6.9	7.0	7.2	7.1	7.2	2.9

* Disclosed for comparative purposes, based on full year numbers for FY14, assumes Walker Portfolio and Post-listing Acquisitions have been included for the full year to 31 March 2014.

Based on a gearing scenario of 45%, the forecast statement of comprehensive income of IAPF for the seven months ending 31 March 2014 and for the year ending 31 March 2015 is shown below.

AUD	Unaudited forecast for the 7 months ending 31 March 2014			Unaudited forecast for the year ending 31 March 2015			% change y/y* (%)
	Walker Portfolio	Post- Listing Acquisi- tions	Total Property Portfolio	Walker Portfolio	Post- Listing Acquisi- tions	Total Property Portfolio	
Units on issue on Listing ('000)	27 493	49 002	76 495	27 493	49 002	76 495	
Normalised earnings per Unit (cents)	7.1	10.7	9.4	11.6	10.6	11.0	16.5
Normalised headline earnings per Unit (cents)	11.6	10.7	11.0	11.6	10.6	11.0	(0.4)
Normalised distribution per Units pre-withholding tax (cents)	9.3	9.1	9.2	9.8	9.6	9.7	5.1
Normalised distribution per Units post-withholding tax (cents)	9.0	8.8	8.9	9.4	9.1	9.2	3.8
Normalised forward yield pre-withholding tax (%)	9.3	9.1	9.2	9.8	9.6	9.7	5.1
Normalised forward yield post-withholding tax (%)	9.0	8.8	8.9	9.4	9.1	9.2	3.8

* Disclosed for comparative purposes, based on full year numbers for FY14, assumes Walker Portfolio and Post-listing Acquisitions have been included for the full year to 31 March 2014

Annexure 4 contains the full forecast statement of comprehensive income of the Fund on the basis and for the periods set out therein.

The Independent Reporting Accountants' limited assurance report on the forecast statements of comprehensive income is contained in Annexure 5.

15.2 Pro forma statement of financial position

The pro forma statement of financial position as at 31 March 2013 is shown below based on gearing of 0%.

As at 31 March 2013	Before the Private Placing, Walker Acquisition and Post- listing Acquisitions	Adjustments for the Walker Acquisition	Total before Post-listing Acquisitions	Adjustments for the Post-listing Acquisitions	Adjustments for Fund establishment	Pro forma combined entity
Number of Units in issue ('000)	2 500	19 500	22 000	109 026	3 660	134 685
Net asset value per Unit (AUD)	1.00	0.94	0.94	1.00	–	0.96
Net tangible asset value per Unit (AUD)	1.00	0.94	0.94	1.00	–	0.96

The *pro forma* statement of financial position as at 31 March 2013 is shown below based on gearing of 45%.

As at 31 March 2013	Before the Private Placing, Walker Acquisition and Post-listing Acquisitions	Adjustments for the Walker Acquisition	Total before Post-listing Acquisitions	Adjustments for the Post-listing Acquisitions	Adjustments for Fund establishment	Pro forma combined entity
Number of Units in issue ('000)	2 500	19 500	22 000	51 478	3 017	76 495
Net asset value per unit (AUD)	1.00	0.94	0.94	1.00	–	0.94
Net tangible asset value per unit (AUD)	1.00	0.94	0.94	1.00	–	0.94

The full *pro forma* statement of financial position and accompanying notes and assumptions are set out in Annexure 6.

The Independent Reporting Accountants' reasonable assurance report on the compilation of the consolidated *pro forma* statement of financial position of the Fund is set out in Annexure 7.

15.3 Historical financial information

The audited historical statement of financial position of the Fund as at 12 December 2012 is presented in Annexure 9. The Independent Reporting Accountants' report on the historical financial information is presented in Annexure 10.

16. DISTRIBUTION POLICY

Prior to Listing, all accrued profits will be declared and paid by IAPF to MSN 1438 Pty Limited, a wholly-owned subsidiary of IBAL, being the sole Unitholder in the Fund prior to Listing. The financial information as set out in Annexures 4 and 6 has been prepared on this basis.

The Responsible Entity will declare and pay a distribution within three months after the end of each distribution period, being the last day of the 6th calendar month and year-end periods. Thus, half-yearly and final distributions are expected to be paid by December and June, respectively, each year. Additional interim distributions may also be made on any such other date as the Responsible Entity may determine. The Fund will declare distributions in AUD. The distribution declaration announcement will disclose the Exchange Rate at which the Fund will convert the AUD distribution to Rand. The Rand-denominated distributions will be transferred to the bank accounts of the various South African CSDPs and Unitholders will then receive the Rand equivalent of the AUD distributions.

The Directors anticipate that the first distribution payable to Unitholders post the Private Placing will be the distribution in respect of the period ended 31 March 2014 which is expected to be declared and paid by June 2014.

The Fund is able to undertake a distribution of capital at any time, including in the event of a sale of property within the Fund. Investors in South Africa will not be liable for capital gains tax unless they hold an interest of 10% or more in the Fund. For interests less than 10%, refer to paragraph 17 below for the Australian tax treatment of distributions by the Fund (including distribution of gains in respect of the sale of a property within the Fund) to investors in South Africa.

Subject to any applicable law relating to unclaimed money or property, the Responsible Entity must hold any unclaimed money (eg distributions) on trust for the relevant Unitholder for not less than three years from the date on which such money became due and payable. Any such money will not be part of the Fund and will be held by the Responsible Entity on a separate trust for the relevant Unitholder entitled to that distribution. The Responsible Entity has the same powers to manage and invest such money as the Responsible Entity has in respect of the Fund. All interest and other income earned from the investment is income of the Fund and the relevant Unitholder will not be entitled to such interest or income.

There are no arrangements in terms of which future distributions are waived or agreed to be waived.

17. TAXATION

17.1 Tax treatment of distributions

In Australia the Fund is recognised as a REIT which is a flow-through vehicle and therefore should not be subject to Australian income tax on any of the net income derived by the Fund, provided that:

- its activities are limited to deriving rental income from real property directly or indirectly held by the Fund and deriving gains from sale of real property held for rental purposes; and
- it fully distributes its net income (subject to amounts permitted to be retained) to investors year on year during or within three months after the relevant income year

Furthermore, the Fund and management arrangements are structured to meet the required criteria to be classified as a Managed Investment Trust for Australian tax purposes. As a Managed Investment Trust, the Responsible Entity will be required to withhold tax in Australia at a concessional rate of 15% on distributions to individual and institutional investors in South Africa (including distributions of capital gains) to the extent that it is not a "tax deferred distribution", a distribution of interest income or non-Australian sourced income.

A "tax deferred distribution" is the excess of cash distributed over the investors' proportionate share of the Australian taxable income of the Fund.

The Responsible Entity will be required to withhold tax in Australia at 10% on distributions of interest income to investors in South Africa.

The distributions, net of withholding tax, received by South African institutional and individual investors will constitute income and will be subject to income tax in South Africa at the investors' marginal tax rate. Individual investors will be able to claim a rebate against the withholding tax paid in Australia. Non-tax paying institutional investors will not be taxed and will therefore not be entitled to claim a rebate.

The above summary of the tax treatment of the foreign distribution does not constitute legal or tax advice and is based on taxation law and practice at the date of this Pre-listing Statement. Investors should take their own tax advice as to the consequences of their investment in the Fund.

17.2 Depreciation allowances

In terms of the Income Tax Assessment Act 1997, there are two types of tax deductions available to investment property:

- *Division 43 deductions* – the owner of investment property may be able to claim tax deductions for the construction cost of buildings, extensions, alternations and structural improvements (broadly, structural elements of a building and the items within the property that are deemed irremovable) based on the undeducted portion of the original construction costs.
- *Division 40 deductions* – refers to tax deductions for depreciating assets (broadly, removable fixtures and fittings within the property) over the assets' effective life.

Details of the tax deductions for Division 43 are being obtained from the vendor of each property. Detailed depreciation schedules for each property have been obtained from quantity surveyors, estimating the amounts of annual Division 43 deductions and Division 40 deductions. The Division 40 and Division 43 amounts are deducted from net operating income to calculate Australian taxable income.

Australian Managed Investment Trust withholding tax (15% for investors in South Africa) will be levied only on that portion of the distribution net of depreciation allowances, which represents Australian taxable income. The excess of the distribution, as calculated by reference to net operating income, over the Australian taxable income is "tax deferred" and no withholding tax is levied on this amount. However, such amounts reduce the Australian capital gains tax cost base of the units (only relevant for investors holding 10% or more). As such, the depreciation allowances will result in the effective tax on distributions during the holding period to investors in South Africa being less than the Australian Managed Investment Trust withholding tax rate.

DIRECTORS

18. DIRECTORS

18.1 Directors of the Responsible Entity

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

Full name	Age	Capacity	Business address
Richard Anthony Longes (Australian)	68	Chairman and independent non-executive director	Level 23, Chifley Tower; 2 Chifley Square, Sydney, NSW 2000 Australia
Graeme Anthony Katz (Australian)	50	Executive director	Level 23, Chifley Tower; 2 Chifley Square, Sydney, NSW 2000 Australia
David Michael Gonski (Australian)	59	Independent non-executive director	Level 23, Chifley Tower; 2 Chifley Square, Sydney, NSW 2000 Australia
Sam Hackner ¹ (South African)	57	Non-executive director	100 Grayston Drive, Sandown Sandton, 2196, South Africa
Samuel Ronald Leon ² (South African)	63	Non-executive director	100 Grayston Drive, Sandown Sandton, 2196, South Africa
Sally Herman (Australian)	56	Independent non-executive director	Level 11, 139 Macquarie Street Sydney NSW 2000, Australia
Michael Crawford ³ (South African)	70	Independent non-executive director	Stratford House, The Braes Bryanston Drive, Bryanston 2021

¹ Sam Hackner is currently Chairman of Investec Property Fund Limited

² Sam Leon is currently Chief Executive Officer of Investec Property Fund Limited

³ Michael Crawford is currently an independent non-executive director of Investec Property Fund Limited

Resumes of the Directors are set out in Annexure 3.

All non-executive Directors have been appointed in terms of a letter of appointment with the Responsible Entity. The executive director has been appointed under an employment contract with IBAL. Appointments of Directors are for an indefinite period but remain subject to all applicable laws and the provisions of the Articles.

None of the appointed Directors has:

- been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements;
- entered into any receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company where such Directors are or were Directors with an executive function during the preceding 12 months;
- entered into any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such Directors are or were partners during the preceding twelve months;
- entered into any receiverships of any asset(s) or of a partnership where such Directors are or were partners during the preceding 12 months;
- been publicly criticised by a statutory or regulatory authority, including recognised professional bodies or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; and/or
- been involved in any offence of dishonesty, fraud or embezzlement.

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

18.2 Qualification, borrowing powers of the Directors

The powers and limitations of the Directors are set out in the Articles and the Constitution.

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

Subject to the provisions of the Constitution, the Board has all the powers that it is possible to confer on a Responsible Entity, and has all the powers that are incidental to ownership of the Fund as though the Responsible Entity were the absolute and beneficial owner of the Fund's assets (including interest held in the Hold Trust and any Sub Trust). The Board may, without limitation, acquire or dispose of any real property or personal property, borrow or raise money, encumber any asset of the Fund, incur any liability, guarantee any obligations of any person, enter into joint venture arrangements or fetter any power. The Board has adopted a policy to maintain a gearing ratio below 60% which has been incorporated into the Constitution.

18.3 Appointment of Chief Financial Officer

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

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

18.4 Remuneration of Directors

As at the Last Practicable Date, no fees have been paid by the Fund to the Directors or officers of the Manager since incorporation.

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

It is accordingly anticipated that the Directors' annual remuneration will be as follows:

Directors of the Responsible Entity	Salary (including emoluments paid by IBAL)	Directors' fees	Fees for other services	Provident/pension fund and medical aid contributions	Bonuses	Total
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
Sam Hackner ¹	–	18	–	–	–	18
Sam Leon ¹	–	18	–	–	–	18
Graeme Katz ²	150	–	–	–	–	150
David Gonski ³	–	18	–	–	–	18
Richard Longes ³	–	36	–	–	–	36
Sally Herman ⁴	–	30	–	–	–	30
Michael Crawford ⁴	–	24	–	–	–	24
Total	150	144	–	–	–	294

¹ Sam Hackner and Sam Leon receive salaries as employees of Investec Property Limited, the property division of Investec Limited in South Africa and are not separately remunerated for their services as Directors of the Responsible Entity. An estimate of attributable fees has been provided based on market related non-executive directors' fees and proportion of time allocated to IAPF, however these directors are not remunerated out of the Fund.

² Graeme Katz is not separately remunerated for his services as Chief Executive Officer and Director of the Responsible Entity as he is remunerated by IBAL. The amount disclosed represents an allocation of his remuneration commensurate with his role as an executive Director of the Responsible Entity but will not be a cost to the Fund.

³ Apportionment of Directors fees paid by IBAL that is attributable to the Fund. David Gonski and Richard Longes are not separately remunerated for their services as Directors of the Responsible Entity as they are remunerated by IBAL for their services as directors of IBAL. An estimate of attributable fees has been provided based on market related non-executive directors' fees and proportion of time allocated to IAPF. Mr Longes, being the Chairman of IAPF, is assumed to allocate a higher proportion of time to the Fund. However these Directors are not remunerated out of the Fund.

⁴ Sally Herman and Michael Crawford are independent, non-associated and non-executive Directors of the Responsible Entity and their remuneration is apportioned between all funds managed by the Responsible Entity based on gross asset value. Ms Herman is also remunerated for her role as Chairperson of the Audit and Risk Committee.

Notes:

1. Aggregate Directors fees for the Responsible Entity per independent, non-associated and non-executive Directors is AUD40 000 and AUD50 000 for chairperson of a committee. Per note 4 in the table above, the fees of Sally Herman and Michael Crawford will be apportioned between all funds managed by the Responsible Entity such that 60% is attributable to Investec Australia Property Fund. Directors of the Manager are not remunerated for their role as directors of the Manager.
2. The Directors do not receive any sums by way of an expense allowance.
3. The Directors do not receive any other material benefits.
4. The Fund has no commission, gain or profit-sharing arrangements with any Directors.
5. The Fund has not granted any options to Directors.
6. The Fund has not issued any Units to the Directors in terms of an incentive scheme.

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

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

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

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

18.5 **Directors' interests**

None of the Directors or officers of the Manager currently has or has had any material beneficial holding, either direct or indirect, in Units since the date of incorporation of the Fund to the date of this Pre-listing Statement.

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

Certain of the Directors and officers of the Manager have indicated that they may make an application to acquire Units in the Fund in terms of the Private Placing. Any such application will be treated the same as any application from an Invited Investor.

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

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

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

18.6 **Board meetings**

No business may be transacted at meetings of Directors unless a quorum of Directors is present at the time, as specified in the Articles.

A meeting of Directors at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Directors. Questions arising at a meeting of Directors are to be decided by a majority of votes cast by the Directors present and any such decision is considered to be a determination of the Directors. In the case of an equality of votes upon any proposed resolution, the chairperson of the Board will not have a second vote or casting vote and the proposed resolution is to be taken as having been lost.

18.7 **Directors' responsibility statement**

The Directors, whose names are set out in paragraph 18.1 above, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all necessary information required by the JSE Listings Requirements.

LISTING AND PRIVATE PLACING

19. PARTICULARS OF THE LISTING AND PRIVATE PLACING

19.1 Purpose of the Listing and the Private Placing

The main purposes of the Listing and Private Placing are to provide Invited Investors with a foreign-domiciled but local-listed alternative to South African property investment. The Australian property market is currently offering attractive yields relative to the South African property sector and other global property markets. As a consequence of this a significant number of South African investors are currently invested in the Australian property market, either directly or in the listed REIT market on the ASX. The Listing on the JSE of IAPF affords South African investors the following opportunities:

- to gain exposure to an attractive foreign real estate investment in a hard currency but through a locally traded instrument on a regulated South African exchange; and
- access to management and brand with long-standing track record in property.

19.2 Anticipated application of proceeds of Private Placing

The proceeds from the Private Placing will be utilised to facilitate the following:

- the acquisition of the Punt Road Property and the Elizabeth Street Property; and
- payment of Fund establishment expenses and Listing costs.

The minimum subscription amount represents the amount of equity required to achieve an acceptable gearing ratio of no more than 45% on the Property Portfolio post the Private Placing. Should the Private Placing be fully subscribed, the Fund will have a gearing ratio of 0%, providing it with capacity to pursue future debt-funded acquisitions going forward.

19.3 Details of the Private Placing

The Private Placing comprises a placement to Invited Investors of a maximum value of AUD112 685 000 of new Units, priced between AUD0.95 and AUD1.05 per Unit.

The level of investor demand will determine the level of gearing utilised to fund the Post-listing Acquisitions. Assuming the Private Placing is fully subscribed, a maximum of 112 685 000 Units will be issued in terms of the Private Placing assuming a mid-range Private Placing Price of AUD1.00. The Units issued in terms of this Pre-listing Statement will rank *pari passu* with the existing issued Units. The consideration received for the Units issued in the Private Placing will accrue to the Fund. No other Units are being issued simultaneously with the Private Placing. There will be no fractions of Units offered in terms of the Private Placing.

The Private Placing is conditional upon the raising of a minimum amount of capital of AUD54 495 000, inclusive of Listing costs.

19.4 Private Placing Price

The Private Placing Price is estimated to be between AUD0.95 and AUD1.05 per Unit. The final Private Placing Price may, however, be outside of the Private Placing Price Range.

The Bookrunner is seeking indications of interest from Invited Investors to acquire Units in terms of the Private Placing as part of a book-building process. Following this book-building process, the Private Placing Price will be determined by the Bookrunner after consultation with the Responsible Entity, prior to, or on the closing date of the Private Placing. Investors will be required to provide commitments in Rand. The Private Placing Price will be exclusive of securities transfer tax and will be payable in full in Rand without deduction or set-off.

Among the factors which may be considered by the Bookrunner in determining the Private Placing Price are:

- prevailing market yields of the South African listed property sector;
- prevailing market yields of the Australian listed property funds;
- the Exchange Rate;
- the demand for Units; and
- the Fund's desire to establish an active after-market in Units.

Prior to the Listing, there has been no public market for Units and no assurances can be given that an active trading market will develop or that the Units will trade above the Private Placing Price.

Post the Listing, the price of the Units will be determined by supply and demand in the market through active trading on the JSE.

19.5 **Currency**

The functional currency of the Fund is AUD. All distributions to Unitholders and all calculations pursuant to the terms of this Pre-listing Statement are in AUD.

19.6 **Participation in the Private Placing**

The Private Placing is offered at the Private Placing Price Range to:

- selected institutional investors; and
- the private clients of selected stock broking companies in South Africa.

19.6.1 **Selected institutional investors**

Selected institutional investors are to provide the Bookrunner with their completed irrevocable Application Forms by 12:00 on Thursday, 10 October 2013. Selected institutional investors will be informed of their allocated Units, if any, on or from Friday, 11 October 2013, when the collated applications will be provided to the Transfer Secretaries and Strate. Institutional investors must make the necessary arrangements to enable their CSDP to make payment for the allocated Units by Friday, 18 October 2013. The allocated Units will be issued, on a 'delivery-versus-payment' basis, to successful institutional applicants on the day following the Listing Date, being Thursday, 24 October 2013.

19.6.2 **Selected private clients**

Selected private clients are to provide the Bookrunner with their completed Application Forms by 12:00 on Thursday, 10 October 2013. Selected private clients will be informed of their allocated Units, if any, on or from Friday, 11 October 2013. Selected private clients must make the necessary arrangements to enable their CSDP or broker, as the case may be, to make payment for the allocated Units by Friday, 18 October 2013. The allocated Units will be issued, on a 'delivery-versus-payment' basis, to successful private client applicants on the day following the Listing Date, being Thursday, 24 October 2013.

19.7 **Conditions to which the Listing and the Private Placing are subject**

The Listing and Private Placing are conditional on:

- the achievement of a public spread of Unitholders acceptable to the JSE and thereby obtaining approval from the JSE for the Listing of all the issued Units on the JSE;
- the achievement of a public spread of Unitholders sufficient in order for the Fund to qualify as a Managed Investment Trust;
- a minimum of AUD54 495 000 being raised in terms of the Private Placing; and
- favourable market conditions prevailing prior to the prospective date of Listing, which will be determined at the discretion of the Directors,

failing which the Private Placing and any acceptance thereof shall not be of any force or effect and no person shall have claim whatsoever against Investec or the Fund or any other person as a result of the failure of any condition.

19.8 **Applications**

No applications will be accepted after 12:00 on Thursday, 10 October 2013.

The Private Placing does not constitute an offer to the public and is subject to:

- a minimum subscription amount per institutional investor acting as principal, being the AUD equivalent of R100 000; and
- a minimum subscription amount per non-institutional investor acting as principal, being the AUD equivalent of R1 000 000.

Applications submitted by Invited Investors will be denominated in Rand and are irrevocable and may not be withdrawn once received by the Bookrunner.

Copies or reproductions of the Application Form will be accepted at the discretion of the Responsible Entity. Any alterations on the Application Form must be authenticated by full signature.

Receipts will not be issued for Application Forms, application monies or supporting documents received.

Other than as detailed in the Application Form, no documentary evidence of capacity to apply need accompany the Application Form, but the Bookrunner reserves the right to call upon any applicant to submit such evidence for noting, which evidence will be held on file with IAPF or the Transfer Secretaries or returned to the applicant at the applicant's risk.

The Directors reserve the right to accept or refuse any applications, either in whole or in part, or to abate any or all applications (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine.

19.9 **Time and date of the opening and closing of the Private Placing**

The Fund will be listed on the Listing Date, being one Business Day prior to the issue of Units to South African investors on Thursday, 24 October 2013. On Listing Date, the 22 000 000 Units currently held by a wholly-owned subsidiary of IBAL will be listed on the JSE. Unitholders will be notified of their allotment on Monday, 21 October 2013 and these Units will be issued on Thursday, 24 October 2013, being the day after the Listing Date.

	2013
Pre-listing Statement available	Monday, 30 September
Opening date of the Private Placing (09:00)	Monday, 30 September
Abridged Pre-listing Statement published on SENS	Monday, 30 September
Abridged Pre-listing Statement released in the press	Tuesday, 1 October
Closing date of the Private Placing (12:00) by which date Invited Investors are required to submit their Application Forms to Investec in order to qualify for participation in the Private Placing	Thursday, 10 October
Date upon which investors will be notified of their selection to participate in the Private Placing and the number of Units which they have been allocated	Friday, 11 October
Payment to be received from investors	Friday, 18 October
Notification of allotment in respect of Private Placing	Monday, 21 October
Listing Date (09:00) (Unit owned by a wholly-owned subsidiary of IBAL listed on the JSE)	Wednesday, 23 October
Listing of remaining Units on the JSE	Thursday, 24 October
Accounts at CSDP or broker updated and debited in respect of Dematerialised Unitholders	Thursday, 24 October

The dates and times in this Pre-listing Statement are subject to change and any changes will be communicated on SENS and in the South African press.

19.10 **Representation**

Any Invited Investor applying for or accepting the Units in the Private Placing shall be deemed to have represented to the Bookrunner and the Fund that such investor was in possession of a copy of this Pre-listing Statement (and any supplementary or replacement document) at that time.

Any Invited Investor applying for or accepting Units on behalf of another person shall be deemed to have represented to the Bookrunner and the Fund that they are duly authorised to do so and warrants that they and the person for whom they are acting as agent is duly authorised to do so in accordance with all relevant laws and such person guarantees the payment of the Private Placing Price and that a copy of this Pre-listing Statement (and any supplementary or replacement document) was in the possession of such investor for whom they are acting as agent.

19.11 **Issue and allocation of Units**

All Units applied, subscribed and issued for in terms of this Pre-listing Statement will be issued at the expense of the Fund.

All of the Units will be allotted subject to the provisions of the Constitution and each class will rank *pari passu* in all respects, including entitlement to distributions, with any existing issued Units of that class. There are no convertibility provisions relating to the issued Units and redemption provisions are detailed in Annexure 16.

The basis of allocation of the issued Units will be determined by the Bookrunner in its sole discretion, after consultation with the Responsible Entity. It is intended that notice of the allocations will be given on Friday, 11 October 2013. Depending upon the level of demand, applicants may receive no Units or fewer than the number of Units applied for. Any dealing in Units prior to delivery of the Units is entirely at the applicant's own risk.

19.12 **Over-subscription**

The maximum number of Units that will be placed in terms of the Private Placing is 118 615 789 Units. The Fund will not issue any additional Units beyond this in respect of any over-subscriptions. In the case of over-subscriptions the Units will be allocated on an equitable basis determined by the Responsible Entity and Bookrunner in their discretion.

19.13 **Payment and delivery of Units**

No payment should be submitted with the Application Form delivered to the Bookrunner.

Each successful applicant must, as soon as possible after being notified of an allocation of Units, forward to:

- its CSDP, all information required by the applicant's CSDP and instruct its CSDP to pay the aggregate Rand-denominated price for such Units to the designated account of the Bookrunner. It is recommended that such information and instructions must be confirmed to the applicant's CSDP by no later than 14:00, on Wednesday, 16 October 2013 **as payment is required to be made by the CSDP by Friday, 18 October 2013**; and
- the Bookrunner, details of the applicant's CSDP, the name of the account holder and number of Units and such other information as is required by the Bookrunner in order to affect delivery of the relevant Units. Such information must be confirmed to the Bookrunner by no later than 14:00, three Business Days (expected to be Friday, 18 October 2013) prior to the Listing Date.

Applicants are advised to consult their CSDP with regards to the date by which they are required to transfer their funds to the CSDP. Each applicant must then place its funds with its CSDP or make other necessary arrangements to enable its CSDP to make payment for the allocated Units on Friday, 18 October 2013 in accordance with each applicant's agreement with its CSDP.

The applicant's CSDP or broker must commit to Strate to the receipt of the applicant's allocation of Units against payment by no later than 16:00 on Thursday, 24 October 2013.

On the first Business Day after the Listing Date, i.e. Thursday, 24 October 2013, the applicant's allocation of Units will be issued and credited to the applicant's CSDP or broker during the Strate settlement runs which occur through the day. The CSDP or broker concerned will receive and hold the Units in Dematerialised form on the applicants' behalf.

19.14 **Dematerialisation of Units**

Units will be issued to successful applicants in Dematerialised form only. Accordingly, all successful applicants must appoint a CSDP, directly or through a broker, to receive and hold the Dematerialised Units on their behalf.

Should a Unitholder require a physical certificate for its Units, it will have to materialise its Units following the Listing, for which a fee will be charged, and should therefore contact its CSDP to do so. All Unitholders who elect to convert their Dematerialised Units into Certificated Units will have to Dematerialise their Units should they wish to trade them under the terms of Strate (see paragraph 19.16 below).

Each applicant's duly appointed CSDP or broker will receive the Dematerialised Units on its behalf on the first Business Day following the Listing Date, which is expected to occur on Thursday, 24 October 2013 during the Strate settlement runs.

19.15 **Applicable law**

This Pre-listing Statement, the Private Placing, applications, allocations and acceptances will be exclusively governed by the laws of South Africa subject to the provisions of the Constitution which is governed by the law of New South Wales and each applicant will be deemed, by applying for Units, to have consented and submitted to the jurisdiction of the Courts of South Africa in relation to all matters arising out of or in connection with the Private Placing.

19.16 **Strate**

Units may be traded only on the JSE in electronic form (Dematerialised Units) and will be trading for electronic settlement in terms of Strate immediately following the Listing.

Strate is a system of “paperless” transfer of securities. If you have any doubt as to the mechanics of Strate please consult your broker, CSDP or other appropriate advisor and you are referred to the Strate website (<http://www.strate.co.za>) for further information.

Some of the principal features of Strate are as follows:

- electronic records of ownership replace certificates and physical delivery of certificates;
- trades executed on the JSE must be settled within five Business Days;
- all investors owning Dematerialised Units or wishing to trade their securities on the JSE are required to appoint either a broker or a CSDP to act on their behalf and to handle their settlement requirements; and
- unless investors owning Dematerialised Units specifically request their CSDP to register them as an “own name” holder (which entails a fee), their respective CSDP’s or broker’s nominee company holding Units on their behalf, will be the holder (member) of the relevant securities and not the investor. Subject to the agreement between the Unitholder and the CSDP or broker (or the CSDP’s or broker’s nominee company), generally in terms of the rules of Strate, the Unitholder is entitled to instruct the CSDP or broker (or the CSDP’s or broker’s nominee company), as to how it wishes to exercise the rights attaching to the Units and/or to attend and vote at Unitholder meetings.

19.17 **Statement as to Listing on the JSE**

Approval has been granted by the JSE, subject to obtaining the required spread of Unitholders and the placing of a minimum of 54 495 000 Units (based on the mid range Private Placing Price), for the listing of up to 140 615 789 Units – with the listing of 22 000 000 Units currently owned by IBAL to commence on Wednesday, 23 October 2013 and the balance of Units issued in the Private Placing to be listed on Thursday, 24 October 2013 – in the Real Estate Holdings and Development sector of the JSE. The JSE code will be IAP and the ISIN: AU60INL00018.

At the date of this Pre-listing Statement all the relevant JSE Listings Requirements have been complied with, save for the Unitholder spread requirements which can be met only once the allocations have been completed in respect of the Private Placing.

EXCHANGE CONTROL

20. SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS

IAPF has obtained exchange control approval from the SARB for the inward listing of the Fund on the JSE and the issue of Units in terms of the Private Placing. A summary of the Exchange Control Regulations relating to the acquisition of Units after the Listing of Units on the JSE is provided below. Exchange Control Regulations currently do not apply to the borrowings of the Fund as this will be raised in Australia with no recourse to South Africa.

Exchange Control Regulations restrict the export of capital from the Common Monetary Area, without the prior consent of the South African Reserve Bank. The Exchange Control Regulations apply to transactions involving South African residents, including both natural persons and legal entities.

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:

20.1 South African individuals

South African individuals will be able to acquire units of foreign entities that are inward listed on the JSE, as IAPF will be, without restriction. Such units are reflected on the South African register and are Rand-denominated. Consequently, an acquisition of Units 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 Units on their behalf as they would with any other listed security on the JSE.

20.2 South African institutional investors

As announced by the Minister of Finance in the 2011 Medium Term Budget Policy Statement all inward listed shares/units on the JSE, traded and settled in Rand, are now classified as domestic for the purposes of exchange control. Accordingly, South African retirement funds, long-term insurers, collective investment scheme management companies and investment managers who have registered with the SARB Financial Surveillance Department as institutional investors for exchange control purposes and Authorised Dealers approved as such by the SARB may now invest in such shares/units without affecting their permissible foreign portfolio investment allowances or foreign exposure limits.

South African institutional investors may therefore subscribe for Units in terms of the Private Placing or acquire Units on the market without affecting their foreign portfolio investment allowances or foreign exposure limits.

20.3 South African corporate entities, banks, trusts and partnerships

South African corporate entities, trusts and partnerships may invest in instruments that are inward listed on the JSE without restriction. A South African corporate entity need not take any additional administrative actions and can instruct its broker to accept, buy, and sell Units on its behalf as it would with any other listed security on the JSE.

20.4 Non-residents of the Common Monetary Area

Non-residents of the Common Monetary Area may acquire Units 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 Rands.

Non-residents of the Common Monetary Area may sell Units on the JSE and repatriate the proceeds without restriction.

Former residents of the Common Monetary Area who have emigrated may use blocked funds to acquire Units in terms of the Private Placing or acquire Units on the market.

UNIT CAPITAL

21. UNIT CAPITAL

21.1 Units in issue

The beneficial interest in the Fund is divided into Units, which will trade on the JSE.

The issued capital of the Fund, before and after the Private Placing is set out below:

	Fund capital AUD
Before the Private Placing	
Issued Unit capital of IAPF 22 000 000 Units	22 000 000
After the Private Placing	
Issued Unit capital of IAPF 134 685 000 Units ⁽¹⁾	134 685 000

(1) Based on the issue of 112 685 000 Units at a mid range Private Placing Price of AUD1.00 under a 0% gearing scenario

21.2 Rights attaching to Units

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

Subject to any restrictions imposed by FIRB, Units are generally freely transferable for acquisitions less than 10% and are each entitled to participate equally in the distribution and liquidation proceeds attributable to that class. Units redeemed by the Fund become null and void. Refer to paragraph 35 for further details on restrictions imposed by FIRB.

All of the Units (including those sold in terms of the Private Placing) are of the same class and rank *pari passu* in every respect. The Units, which are of no par value and which must be fully paid upon issue, carry no preferential and/or conversion rights. The rights to distributions, redemption rights and rights on liquidation or distribution of capital are set out in Annexure 16 which contains the relevant extracts from the Constitution.

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

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

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

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

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

21.3 **Alterations to Unit capital**

The only Units the Fund has issued since its establishment and prior to the Private Placing were to IBAL's wholly-owned subsidiary MSN 1438 Pty Limited, during December 2012 at a price of AUD1.00 each thereby raising total subscription proceeds of AUD22 000 000. The majority of this seed capital (AUD21 145 470), together with borrowings of AUD26 732 640 provided by Westpac, was used to fund the acquisition of the Walker Portfolio for AUD47 878 110 inclusive of acquisition costs. MSN 1438 Pty Limited has since been the sole Unitholder in the Fund.

There have been no consolidations or sub-divisions of Units since the creation of the Fund.

21.4 **Stapled securities**

The Constitution makes provision for the creation of "stapled securities", which enables an investor to hold two or more securities which are related and bound together and as such must be traded together. Securities that may be stapled onto a Unit include:

- (a) shares, debentures, notes, bonds, units in a trust, interests in a registered Managed Investment Scheme;
- (b) legal or equitable rights or interests in securities referred to in (a); or
- (c) options to acquire any of the securities referred to in (a) or (b).

This practice is common in Australia and occurs if, for example, the Manager is sold to the Fund. The securities of the Manager could be stapled to the Units such that an investor will hold a "stapled security" which consists of one Unit and one share in the Manager.

21.5 **Redemption of Units**

Under the Constitution, only the Responsible Entity is able to initiate redemption of Units.

The Responsible Entity may also undertake a *compulsory redemption*, but only in specific instances where it reasonably believes:

- (a) that there are, or are reasonably likely to be, material adverse tax consequences for the Fund or any other Unitholder arising from the Unitholder remaining a holder of the relevant Units;
- (b) that the Unitholder continuing to hold such Units would, or would be reasonably likely to, result in the Responsible Entity, the Fund, or any other Unitholder, incurring any material tax liability or suffering any other material financial disadvantage;
- (c) that this is the most efficient means for returning capital of the Fund to Unitholders having regard to tax, legal and regulatory considerations; or
- (d) the Responsible Entity has determined that the Unitholder is a US Person and the relevant Units may not be held by any US Persons.

The Responsible Entity will require ASIC modifications and exemptions from the Corporations Act to implement a compulsory redemption in these circumstances.

The trading and sale of Units by Unitholders in the ordinary course of business must occur through the JSE.

22. **ADEQUACY OF WORKING CAPITAL**

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

23. **OTHER LISTINGS**

The Fund is pursuing a secondary listing on the Bermuda Stock Exchange under Chapter 6 Section IV, Collective Investment Vehicles, Unit Trusts sector of the Listing Regulations of the Exchange with ISIN: AU60INL00018.

24. **UNITHOLDERS**

Since incorporation IBAL has, indirectly through a wholly-owned subsidiary, held 100% of the issued Units of the Fund. Post the Private Placing, depending on the extent of demand in the Private Placing, IBAL or another member of the Investec Group will hold between 16% to 29% in IAPF.

The Fund is not expected to have a controlling Unitholder, being any Unitholder holding in excess of 35%, post the Private Placing.

RISK FACTORS

25. RISK FACTORS

As with all investments, an investment in the Fund will be subject to risks, many of which are outside the control of the Responsible Entity. If they eventuate, these risks may adversely affect the value of your investment and the return you receive.

It is the Responsible Entity's current opinion that the following are some of the key risks of an investment in the Fund. The list of risks discussed below is not exhaustive.

As well as considering the risks below, you should also consider how an investment in this Fund fits into your overall investment portfolio.

RISKS RELATING TO THE FUND

25.1 **Income from, and expenditure in relation to the Property Portfolio, may not develop as expected, which may have an adverse effect on the Fund's yield and operating performance, and the financial forecasts included in the Pre-listing Statement may prove to be inaccurate.**

This Pre-listing Statement contains forward-looking statements regarding forecast income for the period ending 31 March 2014 and the year ending 31 March 2015 and the adequacy of working capital for at least 12 months from the date of this Pre-Listing Statement. These forward-looking statements are based on a number of assumptions, certain of which are subject to contingencies and uncertainties, such as assumed interest rates and assumed amount of transaction costs that may not materialise or may change. Moreover, the Fund's revenue is dependent on a number of factors, primarily the timely receipt of rent payments. Revenues generated by rent payments may decrease for a number of reasons, including a decline in market conditions, declining occupancy rates, the renewal of leases on less favourable terms to the Fund, delinquent rental payments and the insolvency of tenants, the occurrence of which could have an adverse effect on the Fund's ability to achieve the forecasted results included herein.

In addition, unanticipated events may adversely affect the actual results the Fund achieves in future periods whether or not the Fund's assumptions relating to the forecasts included herein prove to be correct.

25.2 **The Fund may fail to identify suitable properties for acquisition, fail to obtain necessary capital to finance acquisitions or property refurbishments, fail to integrate acquisitions successfully or incur liabilities in connection with acquisitions.**

A key element of the Fund's strategy is making selective acquisitions of additional industrial, retail or commercial properties in Australia and New Zealand. Future property acquisitions may be limited by the Fund's ability to identify and acquire suitable properties at satisfactory yields. Because the Fund distributes almost all of its net income per its distribution policy (subject to withholding an amount for working capital), it may not have sufficient reserves with which to finance future acquisitions or the redevelopment/refurbishment of existing properties. Accordingly, the Fund's ability to make acquisitions or undertake redevelopments/material refurbishments of existing properties will depend on its ability to access additional debt funding and/or funding in the equity and/or debt capital markets. In addition, the Fund is likely to face competition from a variety of other potential purchasers in identifying and acquiring suitable properties.

25.3 **The Fund's success depends on its ability to attract and retain key personnel**

The Funds' success will, to a significant extent, depend on the continued services of the Responsible Entity and the Manager whose directors and management have substantial experience in the property sector. In addition the Fund's ability to continue to identify and acquire suitable properties depends on the directors' and management's knowledge of and expertise in the property markets in which the Fund operates.

25.4 **The Fund's ability to make scheduled debt payments may be affected by a range of factors, many of which are outside its control**

The Fund's ability to generate sufficient cash flow to make scheduled payments on its indebtedness and its ability to refinance such indebtedness when due will depend on its future financial performance, which will be affected by a range of economic, competitive and business factors.

25.5 **The Fund is exposed to market risk from interest rate fluctuations**

An increase in interest rates or an increase in the margins on which financing can be obtained may increase the Fund's financing costs. To the extent that the Fund incurs variable rate indebtedness that is unhedged, increases in interest rates may increase the cost of borrowing and this may adversely affect the Fund's ability to make timely principal and interest payments. 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.

The Fund is subject to restrictive debt covenants, which limit its financial and operating flexibility. These are outlined further in paragraph 29.

A general disruption in global or regional credit markets could result in diminished appetite for lending and this may cause the terms on which the fund is able to obtain credit, if at all, to be more restrictive than the terms and covenants governing the Fund's operations currently.

In the event of a default, the lenders may terminate their commitments and declare all amounts owed to them to be due and payable. The Fund may be unable to pay these debts in such circumstances and this could have a material adverse effect on the Fund's business, financial conditions and results of operations.

25.6 **The Fund's debt will be secured by substantially all of its assets and any failure to meet the Fund's obligations may have an adverse impact on its business**

The Fund's indebtedness has been incurred, subject to the satisfaction of certain conditions precedent, on a secured basis, with the security being granted over the Fund's assets. If the Fund defaults on its secured obligations and the lenders force a sale of any of the secured properties, there is a risk that the value received may be less than the amount of the secured obligation. The Fund may suffer reputational damage which could result in lenders unwilling to extend additional finance or potentially raise future borrowing costs.

25.7 **The Fund may be unable to access additional capital, or may be able to access additional capital only on unfavourable terms**

The Fund's ability to raise funds on favourable terms depends on a number of factors, including its financial condition, its ability to negotiate new or increased credit facilities and lenders' estimates of the stability of the Fund's cash flows, as well as general economic, political and capital market conditions and credit availability. There can be no assurances that future financing will be available on terms acceptable to the Fund, or at all.

The Fund is a geared investment product. As discussed in paragraph 2.6, the Fund's gearing ratio immediately post-Private Placing will depend upon the degree to which Invited Investors take up the Private Placing. The Fund intends to continue to utilise debt funding in the future. The use of debt funding creates an opportunity for increased returns to Unitholders, but involves a higher degree of financial risk because the level of the Fund's loan-to-value ratio will magnify the effect of any movement in the value of the Property Portfolio, interest rates and/or any downturns in the economy. Further, if the Fund's gearing level increases, this may make it more difficult for the Fund to refinance existing facilities and/or obtain finance in the future, which in turn may limit the Fund's ability to acquire further assets and may affect the future profitability of the Fund.

The Fund will also be exposed to market risk both as to availability of funding and terms on which it is available, when refinancing the Westpac Debt Facility, which is due to mature on 21 December 2015.

25.8 **Tax treatment**

As noted in section 17, the Fund should not be subject to Australian tax on any of the net income derived by the Fund so long as (a) its activities are limited as described in that section, and (b) it fully distributes its net income to Unitholders year on year. Changes in the Fund's business activities or Australian tax legislation could result in the Fund incurring income tax on its net income in the future. In this event, subsequent distributions would be paid on a "post-tax" basis.

The Australian taxation treatment of Managed Investment Trusts, including REITs, has been under review in Australia for several years. There is a risk that if the concessional rates described in section 17 change, or if the Fund ceases to qualify as a Managed Investment Trust in the future, distributions to investors in South Africa may become subject to a higher withholding tax rate.

For further details of salient tax features, see section 17.

RISKS RELATING TO THE PROPERTY PORTFOLIO AND OTHER INVESTMENTS IN PROPERTY

25.9 The Fund depends on revenues in the form of rental payments from its tenants which can be adversely impacted during periods of economic uncertainty

The Fund's ability to generate revenues from the Property Portfolio is linked to, among other things, the financial stability of the tenant, occupancy levels, default rates, rental rates and the scope for rental increases. These factors are in turn impacted by the underlying performance of the tenants, which is influenced by a number of general economic factors beyond the Fund's control. The limited diversification of the portfolio by sector and geography has the potential to magnify the effects of general economic factors (such as downturns affecting a particular industry) on rental income.

Vacancy periods may have an adverse impact on the Fund's net income and distributions, a property's capital value and potentially the Unit price (once listed).

Cost increases are typically passed on by landlords to tenants and there can be no assurances that the Fund's tenants will be able to assume increased costs. Furthermore, if the Fund is forced to evict a tenant, it may not be easy to re-let such property on terms that are favourable to the Fund as the previous lease agreement. During an economic recession, these risks increase.

25.10 The loss of key tenants could reduce rental income and such tenants could be difficult to replace

The sustained performance of some properties depends on the key tenants thereof. Further, each of the Walker Portfolio properties is a single-tenant property, and the Punt Road Property has two tenants. If a key tenant defaults for whatever reason, terminates its tenancy, fails to make timely rental payments, fails to renew its tenancy or seeks to negotiate more favourable lease terms, the Fund may lose significant revenues, incur substantial costs in seeking to recover missed rent payments and/or be unable to re-let such space on favourable business terms, or at all. Although support arrangements have been implemented in respect of both the Walker Portfolio and the Post-listing Acquisitions in order to help manage some of these risks, there can be no assurance that the loss of a tenant or a payment default will not adversely affect the Fund's financial condition or performance. Similarly, if the Fund calls upon the support arrangements and the counterparty fails to make timely payments, the Fund may lose significant revenues and incur substantial costs in seeking to recover missed payments.

25.11 The Fund faces competition from other property investors and organisations active in the Australian property market

The real estate market in Australia is highly competitive. The Fund faces competition in identifying and acquiring new property assets, cultivating relationships with property developers and key tenants and executing its growth strategy. Competitors include other property portfolio companies, institutional investors and foreign investors. Competition may make it difficult to achieve rents in line with the Fund's expectations and may result in increased pressure to offer new and renewing tenants more favourable financial and other incentives upon renewal.

25.12 The value of the Property Portfolio may fluctuate as a result of factors outside the Fund's control

In accordance with International Financial Reporting Standards, the properties comprising the Property Portfolio will be independently revalued on a periodic basis, and any increase or decrease in the value of the Property Portfolio may be recorded in the Fund's income statement in the period during which the revaluation occurs. As a result, the Fund can have significant non-cash revenue gains and losses depending on the change in fair market value of its Property Portfolio from period to period, whether or not such properties are sold.

If a substantial decrease occurs in the fair market value of the Property Portfolio, the Fund's results of operations could be adversely affected and, as a result, the Fund may have difficulty maintaining its desired gearing ratio and other financial measures. Movements in the fair value of properties may also negatively affect the ability of the Fund to meet the gearing ratios in its financing arrangements.

There is a risk that natural phenomena (including flooding, terrorist attacks or force *majeure* events) may affect a property or could result in a reduction of demand for the properties or by the customers of the tenants of the properties. To the extent that the Fund's tenants are impacted by such events, their ability to continue to honour their obligations under their existing leases could be adversely affected.

There are certain events for which insurance cover is not available or for which the Fund does not have cover. If the Fund is affected by an event for which it has no insurance cover, this would result in a loss of capital and a reduction in distributions. An event of this type could also result in an increase in insurance premiums applicable to other areas of cover.

25.13 **Property investments are relatively illiquid**

Because investment properties are relatively illiquid compared to other types of investments, the Fund's ability to promptly sell one or more of its properties in response to changing economic, financial and investment conditions may be limited. The property market is affected by many factors such as general economic conditions, the availability of financing, interest rates, supply and demand and other factors that are beyond the Fund's control. There can be no assurances that the Fund will be able to sell any of its properties in a timely manner for the price or on the terms set by the Fund, or whether any price or other terms offered by a prospective purchaser would be acceptable to the Fund.

25.14 **Capital expenditure**

There is a risk that capital expenditure could exceed expectations, resulting in increased funding costs and potentially lower distributions.

25.15 **Property contamination**

Property income, distributions or property valuations could be adversely affected by:

- discovery of an environmental contamination; or
- incorrect assessment of costs associated with an environmental contamination or with property preservation.

This risk may occur irrespective of whether the contamination was caused by the Fund or prior owners.

RISKS RELATING TO THE PRIVATE PLACING

25.16 **Suitability of investment**

Prospective investors are not to construe the contents of this Pre-listing Statement as financial, tax or legal advice. Prior to acquiring and/or subscribing for Units, investors should consult with their financial, tax and legal advisers to determine the appropriateness and consequences of an investment in the Fund.

25.17 **The Units have not previously been publicly traded and their price may be volatile and fluctuate significantly in response to various factors**

Upon listing on the JSE the market price of Units will fluctuate due to numerous factors including general movements in interest rates, exchange rates, the Australian and South African general investment markets, economic conditions, global geo-political events and hostilities, investor perceptions and other factors that may affect the Fund's financial performance and position.

There can be no guarantee that an active market in the Units will develop, that the price of Units will increase or that liquidity will be maintained (and the Investec Group's initial holding of up to 29% of the issued Units may have the effect of reducing liquidity of the Units), and the number of potential buyers or sellers of the Units on the JSE at any given time may vary. This may increase the volatility of the market price of the Units and therefore affect the market price at which investors are able to sell their Units. Further, if a large Unitholder chooses to sell its stake, this may affect the prevailing market price of the Units. As a result of fluctuations in the market price of Units, investors may not be able to sell their Units at or above the Private Placing Price, if at all.

25.18 **The Fund's ability to make distributions in the future is not guaranteed**

There can be no assurances that the Fund will make any distributions in the future. The Fund's ability to make distributions will be affected by a number of factors, including having sufficient distributable income from operations.

25.19 **Dilution of participatory interests**

Future capital raisings and equity-funded acquisitions by the Fund may dilute the holdings of investors. In the normal course of managing the Fund the Responsible Entity is seeking to increase distributions to investors while providing the potential for capital growth. In order to provide this growth, capital raisings may be undertaken to acquire properties.

At the extreme, a capital raising may need to be undertaken to reduce debt in order that the Fund remain compliant with its debt covenants, and the raising may have a material adverse effect on the Fund's financial performance, distributions, growth prospects and Unit price.

25.20 **Unitholders are exposed to risk from exchange rate fluctuations**

Units are denominated in Rand on the JSE but distributions will be denominated in AUD and earnings derived from Australian properties will be denominated in AUD. This may involve a currency exchange risk for Unitholders. The value of the Units (in Rand terms) will go up or down according to changes in the exchange rate between the Rand and AUD. These changes may be significant.

Additionally, earnings derived from any New Zealand properties (if and when acquired) will be denominated in New Zealand dollars ("**NZD**"). Movements in the exchange rate at such times between AUD and NZD may adversely affect the results of operations and/or the balance sheet of the Fund.

GENERAL INVESTMENT RISKS

25.21 **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 Unit price.

The overall performance of your investment 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

25.22 **Legal and regulatory matters**

There is the risk that changes in any law, regulation or government policy affecting the Fund's operations (which may or may not have a retrospective effect) will have an effect on the Property Portfolio and/or the Fund's performance. This may include changes to taxation regimes.

GENERAL INFORMATION

26. CODE OF CORPORATE PRACTICE AND CONDUCT

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

Details of the Fund's code of corporate practice and conduct is set out in Annexure 15 to this Pre-listing Statement.

27. MATERIAL CHANGES

The Directors confirm that, save as set out in this Pre-listing Statement, there has been no material change in the financial or trading position of the Fund or in the business of the Fund since establishment, other than those set out in this Pre-listing Statement.

As at the Last Practicable Date, there has been no change in the controlling Unitholder of the Fund or the trading objects of the Fund since its incorporation.

28. MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES

Other than as disclosed in this Pre-listing Statement at the Last Practicable Date, the Fund had no material commitments, lease payments or material contingent liabilities.

29. MATERIAL LOANS AND BORROWINGS

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

29.1 Westpac Debt Facility

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

29.1.1 *Loan amount and purpose*

A facility of AUD26 840 000, which may be increased up to AUD125 000 000 subject to financier approval and other specified conditions being met.

An amount of AUD26 840 000 (inclusive of debt establishment fees) has been utilised to finance the acquisition of the Walker Portfolio prior to Listing. The Walker Acquisition was funded utilising 60% gearing against the purchase price of the Walker Portfolio, which will be reduced to between 0% – 45% post the Private Placing utilising the proceeds of the Private Placing. This amount remained outstanding as at the Last Practicable Date.

For the Post-listing Acquisitions, additional borrowings may be utilised under the Westpac Debt Facility, if required, depending on the level of demand for the Private Placing, and in this regard the Hold Trust has a credit approved term sheet pursuant to which Westpac has credit approval, subject to satisfactory amendments to the finance documents being made and certain conditions precedent being met no later than 30 September 2013, to increase the facility limit to AUD65 000 000 to support the Post-listing Acquisitions.

29.1.2 *Interest and fees*

The interest rate on the Westpac Debt Facility is at the aggregate of BBSY plus the margin applicable to the facility. The relevant margin is determined as follows:

Loan-to-value ratio	Line fee	Margin	All-in margin
< 40%	0.85%	0.85%	1.70%
≥ 40% and < 45%	0.925%	0.925%	1.85%
≥ 45% and < 50%	1.00%	1.00%	2.00%
≥ 50% and < 55%	1.1075%	1.075%	2.15%
≥ 55%	1.175%	1.175%	2.35%

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

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

An establishment fee of 0.40% was payable by the Hold Trustee on the facility limit on the date of Financial Close, being the date at which all conditions precedent to the first drawing were met and Hold Trustee drew down on the facility.

With respect to any overdue amounts under the Westpac Debt Facility, the interest rate will be the aggregate of 2.00% p.a. 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 BBSY for bills having a tenor of 30 days and the Margin payable monthly and on demand.

The Hold Trustee's policy on hedging in respect of interest rate risk is to maintain at least 75% of its borrowings as fixed, concurrently fulfilling the 50% requirement in terms of the Westpac Debt Facility. It is anticipated that following the Private Placing, 75% of the Hold Trustee's borrowings will be hedged.

29.1.3 **Repayment terms**

Subject to Hold Trustee's right to make voluntary prepayments, the Hold Trustee shall repay whatever the amount outstanding on the Westpac Debt Facility in full on the third anniversary of the date on which funds were first made available to the Hold Trustee i.e. as of 21 December 2012, being the date of first draw down for the purposes of acquiring the Walker Portfolio.

Sale proceeds of any property must be applied to the repayment of the amount outstanding until such time the loan-to-value ratio is \leq 50%. In an event of default, 100% of sale proceeds of a property must be applied to facility repayment and cancellation.

29.1.4 **Prepayment and cancellation**

The Hold Trustee is able to make voluntary prepayments of all outstandings on giving not less than five Business Days' irrevocable written notice to Westpac. Any prepayment must be in a minimum amount of AUD500 000 and a multiple of AUD500 000 unless Westpac agrees otherwise.

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

29.1.5 **Security**

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

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

- guarantees granted by the SPV Trustee as trustee of each Sub Trust (each a Guarantor); and
- each other present or future security interest, guarantee or other document or agreement created or entered into as security (directly or indirectly) for the payment of any secured money in favour of a finance party under a finance document.

29.1.6 **Financial undertakings**

The following financial undertakings are required to be complied with by the Hold Trustee and each Guarantor at all times:

1. **Group gearing ratio:** Total liabilities to total tangible assets (calculated on a "look-through" basis) not to exceed 60% (stepping down to 55% on 15 October 2013).
2. **Group interest cover ratio:** The ratio of group (i.e. IAPF and all subsidiaries) EBITDA to group interest expense for the preceding 12 months period (or such lesser period from 20 December 2012) to be ≥ 1.75 times.
3. **Loan-to-value ratio:** The ratio of borrowings outstanding under this facility/value of the property (based on the last acceptable valuation) not to exceed 60% (stepping down to 55% on 15 October 2013) and must not exceed 50% on 15 October 2013.
4. **Interest cover ratio:** The ratio of net income to interest expense of Hold Trust for the preceding 12 months period (or such lesser period from 20 December 2012) (i.e. the borrower) to be ≥ 1.75 times.

Each of the above financial undertakings is to be complied with at all times and will be tested semi-annually.

29.1.7 **General undertakings**

Undertakings given by the Hold Trustee and each Guarantor are standard for a facility of this nature and include, but not be limited to, the following:

Status and general business:

- (Corporate existence): Maintain its corporate existence and its registration in the place of its registration as at the date of the Debt Agreement.
- (Constituent documents): Not change its constituent documents in any material way.
- (Carry on business): Carry on its business in a proper and efficient way and not do anything to materially change the nature of its business from that conducted at the date of the Debt Agreement.
- (Use of proceeds): Ensure that proceeds from the Westpac Debt Facility are utilised solely for the relevant purpose.
- (Material authorisations): Obtain, renew, maintain and comply with all material authorisations necessary for the execution, delivery, performance, validity or enforceability or a transaction document, or for the effectiveness of a security, or which is material to its business, and on request provide copies to Westpac.
- (Pay taxes): Pay when due all taxes assessed, levied or imposed on it or its secured property, other than taxes being contested in good faith.
- (Maintain books): Keep proper and adequate books and records in accordance with Australian Accounting Standards and not change its financial year.
- (Comply with laws): Comply with all applicable laws (including environmental laws), authorisations and mandatory requirements of any Government Agency where failure to do so would have, or be likely to have, a material adverse effect.
- (Hedging): On and from 15 November 2013, enter into and maintain interest rate hedging arrangements (satisfactory to Westpac) so that at any time not less than 50% of the forecast principal outstanding is hedged against interest rate risk for the term of the facility.
- (Other information): To supply any other financial or business information that Westpac may reasonably request.

Secured property undertakings:

- (Security interests): Comply with the terms of the security requirements binding on it in respect of its property from time to time and, unless Westpac first consents in writing, not create or permit to exist any other securities over its property, other than permitted security interests.

- (Access and inspection): Ensure that properties, and records relating to them, are available for inspection without notice while a default subsists.
- (Condition and protection): Keep properties in good working order and condition and protected from loss, theft and damage, allowing for fair wear and tear.
- (Insurance): Appropriate insurance to be maintained in a form and substance satisfactory to Westpac and noting Westpac as loss payee.
- (Trust accounts): Maintain rental proceeds and other accounts with Westpac.

Negative undertakings:

- (Distributions): No distributions if:
 - a review event or default event is subsisting at the time or if the distribution would lead to a review event or default event; or
 - in respect of Hold Trustee, the distribution would result in a reduction of $\geq 10\%$ of the capital in respect of units in Hold Trust in the 12-month period immediately prior to the reduction.
- (Negative pledge): Not to create or permit to exist any security interest or encumbrance over it or any of its assets other than the security provided to Westpac or other permitted security interests.
- (Acquisitions): No acquisitions of:
 - an interest in real property other than certain leases; and
 - an asset which is or will become upon acquisition the subject of a security interest (other than a permitted security interest),
 without the consent of Westpac.
- (Disposals): No disposal of secured real property (without the consent of Westpac) other than:
 - there will be ≥ 10 properties in the portfolio (following disposal);
 - the sale price is $\geq 90\%$ of the latest approved valuation;
 - total value of properties is \geq AUD300 million (following disposal);
 - no more than 15% of the total value of properties to be disposed of in the 12 months immediately prior to the disposal; and
 - no review event, event of default or potential event of default will occur as a result of the disposal.
- (Financial accommodation): Not provide any loans or other financial accommodation to any third party without Westpac's consent or otherwise permitted under a Westpac Debt Facility transaction document.
- (Assigning of lease): Do not consent to the assignment of any material lease without Westpac's consent.
- (Financial indebtedness): Do not incur any additional financial indebtedness (including by giving a guarantee), other than certain financial indebtedness permitted under the Debt Agreement.
- (Partnerships): Do not enter into any joint venture or partnership without consent of Westpac.
- (Side agreements): Not enter into or amend in a material way an Asset Management Agreement or Services Agreement without the consent of Westpac.
- (No merger): Not merge or consolidate with another entity.

The Responsible Entity and Custodian also give undertakings including but not limited to, undertakings not to (or agree or attempt to) assign, transfer, dispose, lease, license or otherwise deal with:

- units in the Hold Trust, rights to acquire further units and amounts payable to the Custodian or Responsible Entity as holder of such units;
- debt owed by the Hold Trustee to the Responsible Entity; and
- the Responsible Entity's rights in relation to the Management Agreement, rights to recover money or other property in, and all other rights, in respect of the Management Agreement.

However, we note that, in summary, the Responsible Entity irrevocably authorised, instructed, and directed the Custodian to enter into and perform, and agreed to, subject to and in accordance with the Custody Agreement, indemnify the Custodian on demand against any cost, expense, loss or liability incurred by the Custodian in entering into or performing, the Custodian's obligations in connection with the finance documents to which the Custodian is a party.

29.1.8 **Events of default and review events**

Events of default are standard for a facility of this nature, and include, without limitation, non-payment, breach of financial covenants and other obligations, misrepresentation, cross-default, judgment, cessation or change of business, insolvency, loss of material authorisations, compulsory acquisition, termination of trust, material adverse events and environmental liability.

The facility may also be reviewed (at Westpac's request) on the occurrence of certain events, including without limitation, if:

- one or more persons, (except persons who control any of the relevant entities as at the date the agreement was signed, IBAL or a related body), acquires control of:
 - the Fund or the Hold Trust; or
 - a trustee of the Fund, the Hold Trust or a Sub Trust;
- Units are removed from the official list of any exchange on which they are listed or are suspended from trading for five consecutive trading days; or
- there is a change to the trustee of the Fund, the Hold Trust or a Sub Trust, or any step is taken to appoint a new or additional trustee, except where Westpac is satisfied the new trustee is acceptable.

There are no conversion or redemption rights under the Westpac Debt Facility. Save for this, the Fund has not received any material loans or issued any loan stock or other form of loan capital and does not have any off-balance sheet financial commitments.

The Westpac Debt Facility has been advanced at the Hold Trust level (to Hold Trustee as borrower). There may be inter-company loans between Hold Trust and the Sub Trusts to facilitate the acquisition of properties within the Sub Trusts. These loans will be made on commercial terms.

30. **ACQUISITIONS AND DISPOSALS**

30.1 **Property acquired or to be acquired**

Since incorporation, the Fund has acquired the Walker Portfolio and has options to acquire the Punt Road Property and the Elizabeth Street Property post the Private Placing as detailed in paragraph 7.3. Details of these acquisitions and the vendors can be found in Annexure 11.

Details of the Property Portfolio are set out in Annexure 2.

The application for Listing does not coincide, directly or indirectly, with the acquisition by the Fund of securities in or of the business undertaking of any other company, in consequence of which that company or business undertaking will become a subsidiary of or part of the business of the Fund.

30.2 **Property disposed of or to be disposed**

No property has been disposed of by the Fund since incorporation and no property is intended to be disposed of by the Fund in the first 12 months after the Listing.

31. PRELIMINARY EXPENSES AND ISSUE EXPENSES

Details	Payable to	AUD (\$'000)
Investment banking fee	Investec	470.0
Capital raising fee	Investec	1 690.3 ¹
Sponsor fee	Deloitte	10.6
Independent valuer's fees	m3 Property Strategists	28.0
Independent valuer's fees	Colliers International	23.0
Tax advice	KPMG	266.1
Tax ruling	SARS	6.4
Legal fees (South Africa)	Fluxmans	42.6
Legal fees (Australia)	Herbert Smith Freehills	857.4
Accounting and auditing fees	KPMG	60.0
JSE listing	JSE	34.0
JSE documentation fees	JSE	6.5
Transfer secretaries	Computershare	0.5
Printing, publication, distribution and advertising expenses	Ince	53.2
FSB application and structure set up fee	FSB	7.4
Bermuda stock exchange listing fees	Investec Corporate and Investment Banking	88.0
Sundry		16.0
TOTAL		3 660.1

(1) Based on gearing assumption of 0% against purchase price for the Property Portfolio; capital raising fees of 1.5% on external equity raised

32. PROMOTERS AND OTHER INTERESTS

No promoter has had any material beneficial interest, direct or indirect, in any property acquired or to be acquired by the Fund. No amount has been paid since incorporation, or is proposed to be paid to any promoter, partnership, syndicate or other association of which the Fund is or was a member.

Since incorporation no commission, discount, brokerage or other special terms have been granted by the Fund in connection with the issue or sale of any Units.

33. MATERIAL CONTRACTS

Material contracts, which have been entered into by the Responsible Entity in respect of the Fund during the two years preceding the Last Practicable Date, other than in the ordinary course of business, are:

- the Management Agreement detailed in paragraph 11.2 of this Pre-listing Statement, the salient features of which are set out in Annexure 18;
- the Punt Road Option Deed, the salient details of which are set out in paragraph 7.3.1;
- the Punt Road Support Deed, the salient details of which are set out in paragraph 7.3.3;
- the Punt Road Assumption Deed, the salient features of which are set out in paragraph 7.3.3;
- the Elizabeth Street Option Deed, the salient details of which are set out in paragraph 7.3.1;
- the Elizabeth Street Support Deed, the salient details of which are set out in paragraph 7.3.5;
- the Elizabeth Street Assumption Deed, the salient features of which are set out in paragraph 7.3.5;
- the Westpac Debt Agreement in respect of the loans detailed in paragraph 29 and associated security documents;
- the Custody Agreement; and
- the Review Services Agreement.

Save for those contracts listed above, the Responsible Entity has not entered into any other material contract, being a contract entered into otherwise than in the ordinary course of business, in respect of the Fund within the two years preceding the Last Practicable Date or at any time containing an obligation or settlement that is material to the Fund at the date of this Pre-listing Statement.

The Fund is not subject to any royalty agreements.

34. **EXPERTS' CONSENTS**

The Corporate Advisor and Bookrunner, Sponsor, Attorneys, Independent Reporting Accountants and Auditors, Independent Sponsors, Independent Valuers, Custodian, Independent Party, Manager, Banker, Transfer Secretaries and Jones Lang LaSalle have consented in writing to act in the capacities stated and to their names being included in this Pre-listing Statement and have not withdrawn their consents prior to the publication of this Pre-listing Statement.

The Independent Reporting Accountants and Independent Valuers have consented to the inclusion of their reports (and to the references to their reports) in the form and context in which they appear and have not withdrawn such consents prior to the publication of this Pre-listing Statement.

Jones Lang LaSalle has consented in writing to the inclusion of its report (and to the references to its report) in Annexure I of this Pre-listing Statement in the form and context in which it appears, and has not withdrawn its consent prior to the publication of this Pre-listing Statement.

The Manager has consented in writing to the inclusion of the statements in paragraph 11 of this Pre-listing Statement made by or said to be based upon statements made by it, in the form and context in which the statements appear, and has not withdrawn its consent prior to the publication of this Pre-listing Statement.

Herbert Smith Freehills has given and has not, before the date of this document, withdrawn its written consent to be named in this Pre-Listing Statement as Australian attorneys to the issuer in the form and context in which it is named.

Herbert Smith Freehills has not made any statement that is included in this Pre-Listing Statement or any statement on which a statement made in this Pre-Listing Statement is based, except as stated above. Herbert Smith Freehills expressly disclaims and takes no responsibility for any statements in or omissions from this Pre-Listing Statement. This applies to the maximum extent permitted by law and does not apply to any matter to the extent to which consent is given above.

In this Pre-listing Statement, where a third party is named as a source for data represented in a graph or chart (e.g. Bloomberg, CapitalIQ, IRESS), unless otherwise specified, that third party has not consented to the inclusion of the data in this Pre-listing Statement.

35. **GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW**

35.1 **Australia's Foreign Investment Review Board ("FIRB")**

Foreign persons who, either alone or together with associates, propose to acquire a non-passive interest in the Fund (being an interest of 10% or more in the Fund, or an interest acquired for the purpose of building a strategic stake in the Fund, or to influence or control the Fund), and foreign governments and their related entities who propose to acquire any interest in the Fund must notify FIRB, and obtain the approval of the Australian Treasurer (as advised by FIRB) for their proposed acquisition of Units prior to acquisition.

For the purposes of Australia's Foreign Investment Policy, foreign governments and their related entities include:

- a body politic of a foreign country;
- entities in which foreign governments, their agencies or related entities, from a single foreign country, have an aggregate interest of 15% or more;
- entities in which foreign governments, their agencies or related entities, from more than one foreign country, have an aggregate interest of 40% or more; or
- entities that are otherwise controlled by foreign governments, their agencies or related entities, or could be controlled by them including as part of a controlling group)

and a foreign person is:

- a natural person not ordinarily resident in Australia;
- a corporation in which a natural person not ordinarily resident in Australia or a foreign corporation holds a controlling interest;
- a corporation in which two or more persons, each of whom is either a natural person not ordinarily resident in Australia or a foreign corporation, hold an aggregate controlling interest;
- the trustee of a trust estate in which a natural person not ordinarily resident in Australia or a foreign corporation holds a 15% or greater interest; or
- the trustee of a trust estate in which two or more persons, each of whom is either a natural person not ordinarily resident in Australia or a foreign corporation, hold an aggregate 40% or greater interest.

FIRB will assess whether the proposed acquisition of Units is contrary to the Australian national interest by considering a range of factors including national security, competition, the impact of the proposed acquisition on other Australian government policies (including tax), the general economy and the community and the character of the investor. If FIRB determines that the proposed acquisition of Units is contrary to the Australian national interest, FIRB may prohibit or apply conditions to the proposed acquisition. If FIRB is not notified of the proposed acquisition of Units or if the proposed acquisition is completed before FIRB has had the opportunity to assess whether it is contrary to the Australian national interest, FIRB may take action including ordering that the Units be sold, or that distributions to a non-complying foreign Unitholder are withheld.

The Treasurer may take up to 30 days from receipt of notification to decide whether or not to approve the proposed acquisition, and has a further 10 days to notify his or her decision. If a decision is not made within 30 days, or notified within the further 10 days, approval is deemed to have been given. However, if the Treasurer has not had sufficient time to consider an application, the Treasurer may make an order extend the period for consideration of applications by an additional 90 days.

35.2 **FIRB notification**

If an investor wishes to acquire a greater than 10% interest in the Fund (or an interest acquired for the purpose of building a strategic stake in the Fund, or to influence or control the Fund), the onus will be on the investor to seek approval from FIRB prior to acquiring units. Applications should contain sufficient information regarding the parties, the proposed investment (including its nature, methods of acquisition, the value of the investment, timetables and whether the investment is public), a statement of the investor's intentions (immediate and ongoing) and how the proposed investment may impact on the national interest. In this regard, the Government considers factors such as national security, competition, tax, impact on the economy and community, character of the investor etc.

Applications forms are available on the FIRB website:
http://www.firb.gov.au/content/how_to_apply/how_to_apply.asp.

36. **LITIGATION STATEMENT**

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 incorporation of the Fund, a material effect on the financial position of the Fund, the Hold Trust each Sub Trust or the Responsible Entity.

37. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents, or copies thereof, will be available for inspection at the Responsible Entity's registered office or the office of the Corporate Advisor at any time during business hours on weekdays (official public holidays excluded) prior to the close of the Private Placing at 16:00 on Thursday, 10 October 2013:

- the Constitution;
- the Articles of the Responsible Entity;
- the Management Agreement;
- the Punt Road Support Deed;
- the Elizabeth Road Support Deed;
- the Punt Road Assumption Deed;
- the Elizabeth Road Assumption Deed;
- the Punt Road Option Deed;
- the Elizabeth Road Option Deed;
- the Custody Agreement;
- Letter of appointments of Directors;
- the Review Services Agreement;
- a signed copy of this Pre-listing Statement;
- the abridged independent valuation report on the properties constituting the Walker Portfolio and the full valuation reports thereon;

- the abridged independent valuation reports on the Punt Road Property and the Elizabeth Street Property and the full valuation reports thereon;
- the unaudited forecast statement of comprehensive information of the Fund and the Independent Reporting Accountants' assurance report thereon as set out in Annexure 4 and 5, respectively, of this Pre-listing Statement;
- the *pro forma* statement of financial position of the Fund and the Independent Reporting Accountants' assurance report thereon as set out in Annexure 6 and 7, respectively, of this Pre-listing Statement;
- the Independent Reporting Accountants' report on the value and existence of the properties;
- the historical financial information of the Fund and the Independent Reporting Accountants' report on the historical financial information of the Fund as set out in Annexure 9 and 10, respectively, of this Pre-listing Statement; and
- the written consents of the experts detailed in paragraph 34.

SIGNED BY OR ON BEHALF OF THE DIRECTORS OF INVESTEC PROPERTY LIMITED AS THE RESPONSIBLE ENTITY OF INVESTEC AUSTRALIA PROPERTY FUND:

GRAEME KATZ

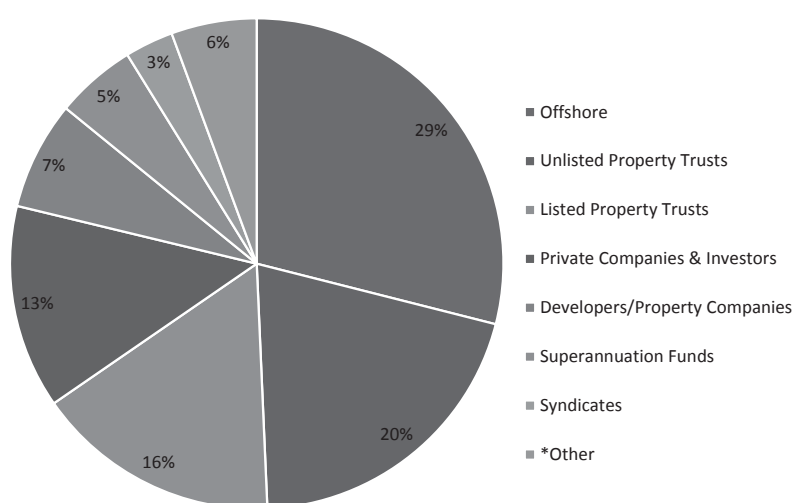
25 September 2013
Sandton

OVERVIEW OF THE AUSTRALIAN PROPERTY SECTOR

1 Australia real estate overview

Australia's economy is the world's 12th largest, and accounts for an estimated 2.47% of global institutional grade real estate¹. The commercial real estate sector is highly institutionalised through a range of investment vehicles – unlisted funds, Australian publicly listed real estate investment trusts (A-REITs) and superannuation (pension) funds, as well as private investors and syndicates. The diversity of ownership is reflected in the 2012 buyer profile (Figure 1). The three major purchaser groups – offshore investors, unlisted funds and A-REITs - accounted for 65% of all transaction in 2012.

Figure 1: Buyer Profile – All Sectors, Calendar Year 2012*

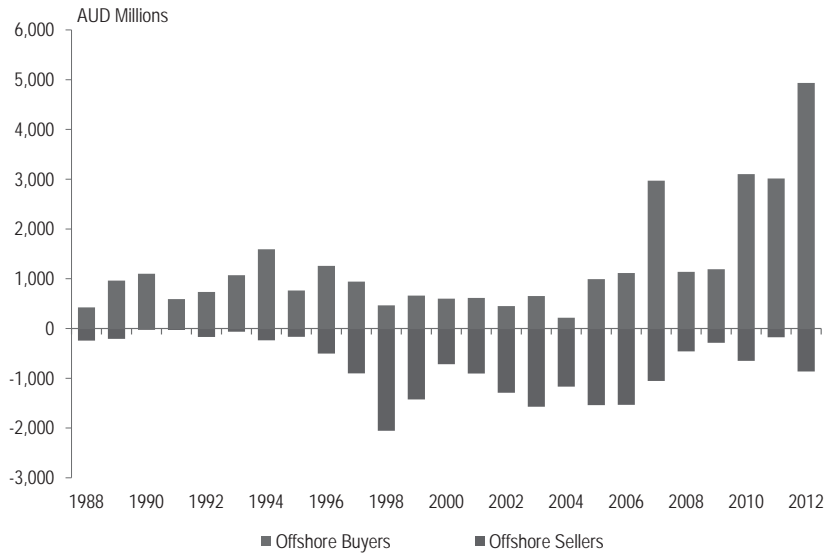


* Office, retail and industrial sectors, transactions AUD 5 million and over
Source: Jones Lang LaSalle

An important driver of real estate investment is the Australian superannuation system, which currently holds AUD 1.36 trillion in funds under management (FUM). Around 10% of superannuation funds are allocated to real estate, either as direct holdings or indirectly through a range of listed and unlisted investment vehicles. Between 2007 and 2012 superannuation FUM grew by 17.9%, implying around AUD 21 billion potentially seeking exposure to real estate over this period.

¹ Pramerica Real Estate Investors: *A Bird's Eye View of Global Real Estate Markets 2012 Update*, February 2012.

Figure 2: Offshore real estate investment into and out of Australia



Source: Jones Lang LaSalle

Offshore investors have always been active in the Australian real estate market, but their presence has increased in recent years. Australia typically experiences real estate cross-border investment flows in both directions (Figure 2). However, since 2007 inflows have exceeded outflows by a wide margin. In 2012, offshore investors accounted for AUD 5.1 billion, a record 29% of all transactions². Offshore investors seeking direct exposure to the Australian market include sovereign wealth funds, global REITs and major Asian, Middle Eastern and North American pension funds.

A range of factors draw offshore investors to the Australian market – high real estate yields relative to many offshore markets, backed up by a stable and growing economy and a AAA-rated banking system are among the attractions. Most Australian markets (office, retail and institutional grade industrial) exhibit low vacancy rates and a limited supply pipeline. In a post-GFC (Global Financial Crisis) environment, with increasing focus on regulatory transparency, Australia rates highly. Australia was ranked 3rd globally in the 2012 Jones Lang LaSalle Real Estate Transparency Index, behind the US and the UK. In comparison, Hong Kong, the second highest rated Asia Pacific market, ranked 11th and South Africa ranked 21st out of 97 countries analysed.

² Sales transactions AUD 5.0 million and over: office, industrial and retail sectors only: Jones Lang LaSalle data

2 Market Profile and Performance

2.1 National Overview – Office

The Australian office markets comprise 25.4 million sqm of office space, 65% of which is located in the six CBD markets³. Jones Lang LaSalle estimates that the value of the Australian CBD office stock is around AUD 115 billion.

The average CBD vacancy rate (March 2013) was 9.8%. The supply outlook through 2013 and 2014 is modest, and office projects under construction have an estimated 75% pre-commitment rate. Across CBD markets the average prime yield (weighted by Net Lettable Area) was 7.38% in March 2013, compared with a trough of 6.01% in December 2007. The combination of limited supply, high yields relative to bond rates and in comparison with many offshore office markets, and the falling cost of debt, supports an argument for modest yield compression for premium quality assets over the next three years⁴.

Table 1: Australian Office Market Profile, Q1/2013

	Net Lettable Area	Vacancy	Prime Face Rent	Incentives*	Prime Equivalent Yield	Supply Pipeline (2013-14)**	Capital Value Growth (2002-12)
	'000 sqm	% NLA	AUD/sqm/ pa	%	%	% NLA	% pa
CBD Markets							
Sydney	4,927	9.5	937	32	6.75	0.8	4.1
Melbourne	4,352	8.6	528	28	7.25	4.3	4.5
Brisbane	2,169	12.9	710	29	7.25	-0.3	7.0
Adelaide	1,368	12.2	482	20	8.38	2.5	8.2
Perth	1,622	6.5	900	12	7.88	1.6	12.6
Canberra	2,115	10.9	410	16	8.25	1.4	4.4
Major Non-CBD markets							
North Sydney	848	8.6	670	31	7.88	0.9	3.3
Parramatta	717	8.4	432	26	8.38	0.3	2.6^^
Melbourne Fringe	1,651	9.5	417	22	8.38	1.4	3.2^^
Brisbane Near City	1,223	10.3	509	30	8.38	8.3	7.9

All data for March 2013 unless otherwise stated

* Incentives are estimated as rent-free months on a standard 10-year lease, calculated as a percentage

** Forecast net increase including refurbishments and withdrawals: % of March 2013 stock

^^ CV growth 2006 to 2012

Source: Jones Lang LaSalle

Market supply

Over the five-year period 2008-2012, Australia's CBD office markets recorded around 2,500,000 sqm of additions to stock comprising 2,000,000 sqm of new construction and 500,000 sqm of refurbished space. This is equivalent to a gross addition of 16.6% to 2007 stock. Offsetting this, 540,000 sqm was withdrawn from stock for refurbishment or conversion to other uses such as residential apartments.

³ CBD markets are: Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra.

⁴ Office assets in Australia are categorised as prime (premium and A-grade) and secondary (B, C and D-grade).

As Table 1 illustrates, the CBD construction pipeline (2013-14) is limited. Annual additions to CBD office stock, comprising new and refurbished space, peaked at 647,000 sqm in 2009, and are forecast to trough in 2014, at 214,000 sqm. The reduction in the commencement of new construction projects since 2007 reflects increased conservatism by developers, financiers and investors in a post-GFC environment, which limits speculative development. Of the identifiable additions to CBD office stock through 2013 and 2014, Jones Lang LaSalle estimates that 75% of additions to space are already pre-committed.

The construction pipeline in non-CBD markets is similarly constrained, in part because the smaller tenants that frequent these markets often lack the financial capacity to offer the long-term pre-commitments required to support development activity. Therefore, although vacancy across non-CBD office markets was 9.7% in March 2013, unusually lower than the average CBD vacancy rate, new construction is likely to remain below trend in non-CBD markets through 2013 and 2014.

New office development in Australia has been cyclical, with a substantial construction cycle in 1988-1991 and a more subdued cycle of completions in 1998-2000. As a result of limited construction over recent decades, many of Australia's office markets are characterised by relatively high levels of ageing office stock. Sydney CBD is an example of this, with an estimated 46% of stock more than 30 years old. Many of these older-style buildings do not meet modern requirements for environmental sustainability, flexible open-plan space, security of access and utilities, and staff amenities. Therefore, despite double-digit vacancy rates in some markets, tenants with specific requirements for modern, flexible space with strong environmental sustainability attributes and large efficient floor plates, often find limited options.

In addition to the limited supply pipeline, past construction cycles have been associated with high levels of withdrawals, either for refurbishment or for conversion to other uses such as residential or hotels. On average in Australian office markets since 1992, for every 10 square metres of new construction, six square metres have been withdrawn.

A limited pipeline of identifiable new construction in the short term, and a large volume of potential withdrawals for refurbishment or replacement in the longer term, both suggest limited downside to office rents and capital values even if, as expected, demand for office space is subdued over the next 12 to 18 months.

Market demand

Since the onset of the GFC in late-2007 white-collar employment growth has slowed. Nevertheless, CBD white collar employment is estimated to have grown by 8.3%, or 81,000 jobs, between 2007 and 2012⁵. CBD office occupancy rose by one million square metres, or 7.3%, between December 2007 and December 2012.

While office demand in Australia is broadly linked to the growth of the overall economy, individual markets vary widely in sensitivity to specific drivers. Since 2000 this diversity has led to wide divergences in rental growth and investment performance between metropolitan areas.

For example, the tenancy profiles of the Perth and Brisbane CBD markets are heavily weighted towards the mining and resources sector. Strong growth in these sectors saw occupied stock in Perth increase by 225,000 sqm, or 17.3%, over the period 2007-2012.

In contrast, the Sydney and Melbourne CBDs are more heavily exposed to financial and business services activities. Net absorption of office space in Sydney, in particular, has historically been more closely correlated with the US economy than with variations in Australia's economic growth. Global capital market volatility since 2007 is reflected in subdued space absorption. Over the period 2008-2012, the Sydney CBD recorded net absorption of 18,000 sqm, or a 0.4% increase in occupied stock, and Melbourne recorded 259,000 sqm, a 7.0% increase in occupied stock.

⁵ Australian Bureau of Statistics data.

In addition to diverse economic drivers, all CBD office markets have some exposure to the public sector, although again, with substantial variation between markets. For example, the public sector occupies an estimated 7.3% of CBD office space in Sydney, but 36.8% in Brisbane. Currently the Federal, and most State governments, are implementing policies to limit or reduce administration and associated real estate costs. Strategies vary between states and include the sale of government owned office assets, reduction of headcount and relocation of staff to non-CBD locations. Broadly, the impact of all these strategies is a net reduction in office occupancy, although a high proportion of space to be vacated is located in secondary grade accommodation. At the same time the State governments of Western Australia and Queensland have initiated projects to centralise some public sector operations in modern purpose-built office buildings to be located in the Perth and Brisbane CBDs.

Vacancy

Net absorption of around one million sqm (2008 to 2012), offset by a net increase in stock of around two million sqm, caused the average CBD office vacancy rate to rise from an unsustainably low 4.2% in December 2007 to 9.8% in March 2013. "Equilibrium" in Australian office markets is generally considered to be in the 7% to 9% range.

Take-up of office space slowed across most office markets during 2012, resulting in net absorption of 43,000 sqm across CBD markets, or just 15% of the 10-year average of 291,400 sqm. The moderation in demand for office space during 2012 is a global trend, not confined to Australia. In Australia, take-up of office space is expected to remain relatively subdued through 2013, with a moderate recovery to around 160,000 sqm in 2014 as the economy gathers momentum and business and consumer confidence improves.

As a result, Jones Lang LaSalle expects that average CBD office vacancy will peak at 10.7% in December 2013 before commencing a steady decline to 8.4% in 2017. Individual office markets, however, are expected to follow different trajectories, reflecting diverse demand drivers and supply profiles.

Purchaser profile

While leasing activity was subdued in 2012, investment activity was strong. Sales of AUD 9.3 billion (\geq AUD 5 million) were recorded in 2012. The five-year average is AUD 5.9 billion. In 2012, offshore groups accounted for 42.9% of total office transactions.

In 2013, unlisted domestic funds and A-REITs are re-emerging as active purchasers of office assets. Since the GFC, many A-REITs have restructured their portfolios, repaid debt and refocused their activities away from development activity and offshore markets. A-REIT investment activity is primarily in the main CBD office markets of Sydney, Melbourne, Brisbane and Perth. There has been a recent trend towards A-REITs selling non-core assets in suburban markets while retaining / purchasing core CBD assets.

Private investors were net buyers of office assets in 2012, with activity being concentrated in non-CBD markets. Private companies and investors remain the largest buyer cohort outside of the CBD markets in 2013. Relatively high yields and smaller assets attract these investors to non-CBD markets. Often these investors are able to capitalise on local knowledge to identify attractive investment opportunities.

2.2 National Overview – Industrial

The Australian industrial market comprises a diverse range of assets, broadly divided into manufacturing and logistics facilities.

Australia's manufacturing sector has been under pressure in recent years. Strong competition from low wage-cost countries in the Asia Pacific region, emphasised by the strong Australian dollar, has exposed the domestic manufacturing sector to import competition. Domestically, manufacturing competes for labour, raw materials and capital with the buoyant mining and energy sectors. In recent years, many manufacturing businesses have closed, contracted or moved offshore. Between 2007 and 2012 the Australian economy grew by 13.3%, but manufacturing output contracted by 2.7%.

In contrast, the logistics sector has grown strongly. Import volumes, an important driver of demand for industrial land, grew by 32.4% between 2007 and 2012. Over this period the number of containers handled by Sydney's ports grew by 23.8% with strong growth also in Melbourne. Container traffic inflows have historically been correlated with industrial land values and rents in the Sydney and Melbourne industrial markets.

Jones Lang LaSalle estimates that the value of industrial assets in Australia (>= 5,000 sqm) is around AUD 29.0 billion.

Table 2: Australia Industrial Market Profile, Q1/2013

Selected Markets	Net Face Rent AUD/sqm pa	Five year avg. growth (2007-2012) (% pa)		Prime Yields %
Sydney Outer Central West	113	1.6%		7.75-8.50
Perth East	148	2.4%		7.75-8.25
Brisbane Southern	117	2.2%		7.50-8.00
Sydney South	151	0.9%		7.75-8.50
Melbourne West	73	1.4%		8.00-8.75
Melbourne South East	81	0.5%		7.75-8.50
Canberra	140	n.a.		7.75-8.75
Metropolitan Totals	Completions 2012 sqm	5 year Average sqm. pa	Gross Take-up 2012 sqm	5 year Average sqm.
Sydney	593,080	515,762	531,734	481,008
Melbourne	311,315	422,614	583,598	532,045
Brisbane	262,181	311,951	532,012	425,923
Adelaide	59,235	75,710	144,732	141,947
Perth	118,827	158,149	215,561	177,849

Source: Jones Lang LaSalle

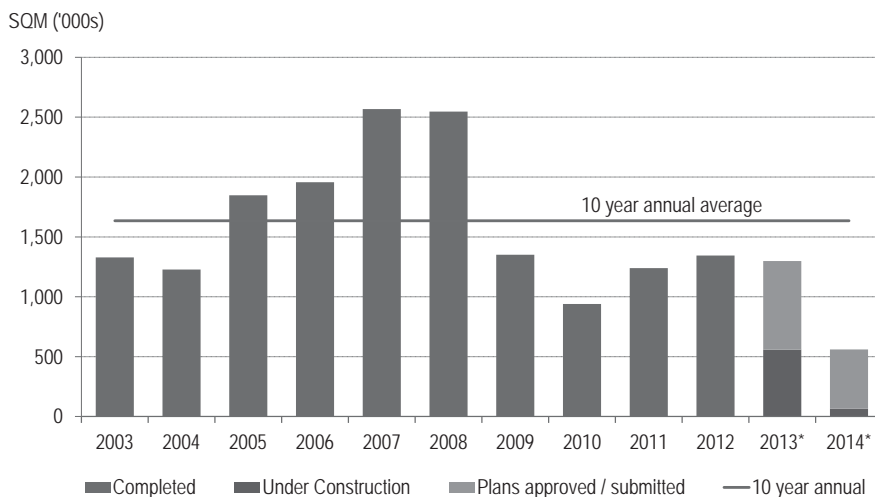
Market supply

Since the onset of the GFC, construction activity in Australia's industrial markets has been subdued and well below their peaks of 2007 (Figure 3). As at Q4/2012 only 558,800 sqm was under construction and due to complete in 2013. The pre-commitment rate for this stock was 74%, indicating some speculative construction, most notably in Sydney and Melbourne, but also now evident in Brisbane and Perth.

Supply conditions vary across individual markets. In the East Perth market, for example, supply of industrial space is limited by land availability. In the South Sydney market, located close to the Sydney CBD, competition from residential developers is inflating land values and crowding out industrial development activity.

As at December 2012, there was 748,100 sqm of projects that had planning approval or planning documents submitted for approval that are scheduled to complete in 2013. Even assuming all of these projects are completed during the year, the supply pipeline in 2013 will be below the 10 year annual average, the fifth successive year supply has remained below average. The volume of construction completed over the last couple of years suggests we may be witnessing a return to 'normal' levels of activity following the supply spike of 2005 to 2008.

Figure 3: National Industrial Supply Pipeline, 2003-2014



* As at Q4/2012

Includes traditional & high-tech projects

Source: Jones Lang LaSalle

Market demand

After a slowdown post-2007, signs of a sustained recovery in the industrial markets are now emerging. Gross take-up of industrial space rose in the three major eastern seaboard industrial markets (Sydney, Melbourne and Brisbane) in 2012 and demand in all major metropolitan markets was above the five year average. Tenant movement, however, remains constrained by the lack of available quality vacant space, which has stimulated increased interest in pre-lease opportunities and the design-and-construct market.

While rising import volumes create an immediate demand for logistics facilities, Australia's major retail chains have also been investing in upgraded distribution facilities. Retail margins are under pressure. Subdued domestic retail spending and intense competition between major retailers, emphasised by growing competition from on-line sales and the arrival of offshore retailers, limits the ability of retailers to raise prices. An alternative strategy to preserve margins has been cost reduction through investment in supply-chain strategies. These include tighter control of inventories, investment in on-line sales capabilities and centralisation of distribution activity close

to major markets. Investment in recent years in new transport infrastructure, such as the M7 Motorway in Western Sydney and the Deer Park by-pass in Melbourne, has also increased demand to relocate to modern, purpose-built facilities in industrial estates served by improved infrastructure.

Vacancy

Data on vacancy rates across the industrial market are not available on a consistent basis. However, subdued construction and a noticeable rise in gross take-up in 2012 suggests the market for quality industrial stock is relatively tight, with low vacancy helping to support rent levels.

An indication of vacancy rates in prime industrial facilities can be derived from reports by listed A-REITs with substantial industrial portfolios. In December 2012, reported industrial portfolio vacancy rates by major A-REIT owners were:

- Goodman: 4.0%
- Dexus: 5.6% (includes recently completed speculative developments)
- Mirvac: 1.8%
- Australand: 0.0%
- GPT: 1.8%
- Stockland: 2.7% (June)

Purchaser profile

Direct industrial sales (\geq AUD 5 million) of AUD 1.8 billion were recorded in Australia in 2012. The five-year average is AUD 1.7 billion. Offshore buyers accounted for 14.1% of transactions, compared with the five-year average of AUD 12.3%. There is reasonable depth in the investment market for purchasers of industrial property. The major participants remain private investors, but offshore groups looking to build their presence in the market, and existing domestic institutional funds with a focus on the industrial sector as a core mandate have also been active. Portfolio sales have become attractive with domestic and offshore groups who are looking to build scale in the Australian industrial sector.

Offshore groups are attracted to prime grade Australian industrial assets by the high entry yield (compared to prime grade retail and office assets), the strong lease covenants available from major corporate occupiers such as major retailers, as well as Australia's sophisticated and transparent commercial real estate market.

2.3 National Overview – Retail

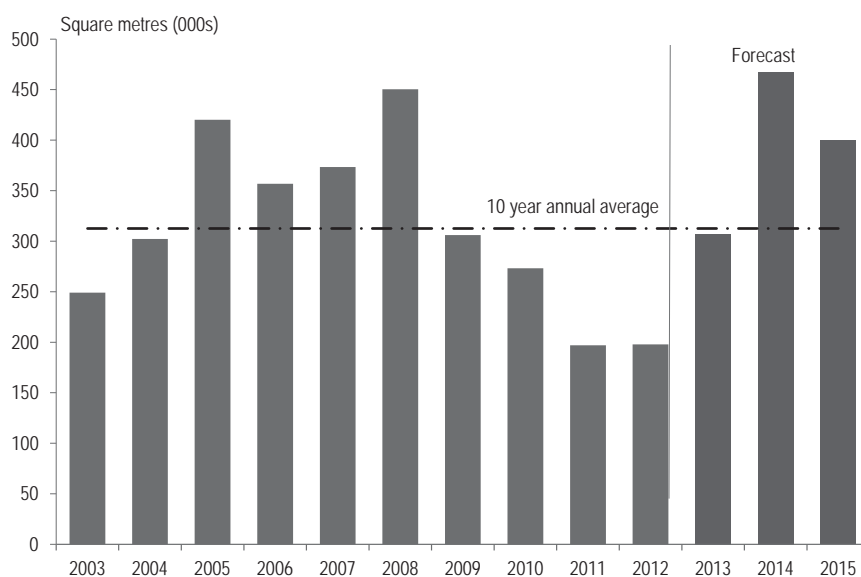
The Australian retail sector is segmented geographically and by format. Self-standing shopping centres are categorised as regional, sub-regional and neighbourhood according to size and tenancy characteristics. Other formats are bulky goods (big box) retailing, strip shopping precincts and CBD retail centres. Institutional investor interest has historically focused on the regional and sub-regional formats, although limited availability of these assets has recently stimulated growing interest in CBD and neighbourhood centres. Jones Lang LaSalle estimates that Australian regional centres have a capital value of around AUD 44 billion, and sub-regional centres, AUD 20 billion.

Market supply

Construction activity in the retail sector (excluding bulky goods developments) is currently at 20-year lows, although supply is increasing. Completions across all retail formats (excluding bulky goods) in 2012 were 198,000 sqm, well below the 10-year average of 312,600 sqm. New supply is forecast to increase to 307,000 sqm in 2013 and 468,000 in 2014 (Figure 4). Subdued growth in retail spending and restrictive planning policies that limit site availability for major new retail developments has resulted in a focus on refurbishment and expansion of existing core assets rather than development of new assets. Investment and refurbishment activity fell sharply

with the onset of the GFC in 2007, resulting in a backlog of work for some major retailer centre owners.

Figure 4: National Retail Supply Pipeline, 2003-2015



Note: Includes national CBD, regional, sub-regional and neighbourhood centre supply data in Sydney, Melbourne, SE Queensland, Perth, Adelaide and Canberra

Source: Jones Lang LaSalle

Access to finance for small to mid-tier private developers has been limited in recent years, leading to national retailers such as Coles and Woolworths developing their own centres in order to fulfil expansion plans. Coles and Woolworths are also dominant in the bulky goods sector, with their respective hardware chains (Bunnings and Masters). Currently, development of these two chains accounts for an estimated 92% of new bulky goods supply in 2013.

Table 3: Australia Retail Market Profile, Q1/2013

CBD Markets	Prime Net Face Rent AUD/sqm pa	Five year avg. growth (2007-12) (% pa)	Completions 5 year avg. (sqm. pa)	Prime CBD Yields Range (%)
Sydney	3,624	2.0	13,915	5.25-7.75
Melbourne	3,511	1.3	29,220	6.00-8.00
Brisbane	3,079	0.7	2,713	6.00-8.25
Adelaide	1,864	1.2	676	6.25-8.50
Perth	1,149	0.1	6,989	7.50-8.50
Regional Centre Markets	Net Face Rent AUD/sqm pa	Five year avg. growth (% growth pa)	Completions 5 year avg. (sqm. pa)	Regional Centre Yields Median (%)
Sydney	1,952	1.6	31,585	6.25
Melbourne	1,472	2.0	27,268	6.25
SE Queensland	1,294	1.7	16,345	6.25
Adelaide	1,194	2.1	-	6.75
Perth	1,775	3.1	9,028	6.13

Source: Jones Lang LaSalle

Market demand

Demand for retail space is driven by a range of factors, including expansion of store networks by retailers, new retail formats entering the market, population growth and growth in overall retail spending.

Population growth in Australia remains relatively strong, with annual growth for the year to June 2012 at 1.6%. The unemployment rate (5.6% in March 2013) has remained below 6% since July 2003. Average weekly earnings (AWE) grew by 4.2% pa (2007 to 2012), well ahead of the average inflation rate (2.8% pa).

Despite this favourable backdrop, retail spending has grown at an average 3.3% pa pace since 2007, well below the pre-GFC pace (7.4% pa 2002-2007). In 2012, retail spending grew by 2.4%. Consumer spending has remained robust, growing at 4.8% pa (2008 to 2012) but spending on non-retail categories such as healthcare, education and utilities has taken an increasing share of household disposable income.

With relatively weak growth in retail turnover, demand for retail space has been subdued⁶. Jones Lang LaSalle analysis shows that over the 2012 calendar, none of the national retail sectors recorded rental growth. The average declines were:

- Prime CBD: -0.6% pa;
- Regional: -0.1% pa;
- Sub-regional: -0.4% pa;
- Neighbourhood: -0.1% pa; and
- Bulky goods: -1.0%.

Retail turnover growth is expected to accelerate to 5.8% in 2013⁷. Consumer sentiment strengthened to a two year high in February 2013, as lower interest rates and greater optimism about the economy started to flow through to consumers. House prices appear to have stabilised and the Australian sharemarket S&P/ASX200 index rose by 14.6% through 2012. Since 2007, household saving has been running around 10% as a proportion of disposable income, leading to a reduction in home mortgage balances and credit card debt. Therefore the household balance sheet is strengthening steadily.

Vacancy

Vacancy rates across the retail sector have increased since the GFC but remain relatively low, particularly for regional and sub-regional centres. Table 4 compares the national vacancy rate in the CBD, regional, sub-regional and neighbourhood sectors as at December 2007 and December 2012.

Table 4: National Vacancy by Retail Sector, Dec-07 and Dec-12

Retail Sector	As at Dec 2007 (%)	As at Dec 2012 (%)
CBD	2.9	5.7
Regional Centres	0.5	1.3
Sub-regional Centres	1.8	2.8
Neighbourhood Centres	2.7	4.6

Source: Jones Lang LaSalle

⁶ Estimates based on face rents for new leases, specialty stores only

⁷ Forecast by Deloitte Access Economics.

Purchaser profile

A-REITs are the major owner of large CBD and regional centre assets. Regional centre assets in particular are tightly held, with few assets coming to market. However, in 2012, 11 regional centre assets were traded, including part-shares in 10 assets. Part ownership arrangements are rising in popularity. A-REIT investors have been active in introducing strategic joint venture partners to their major assets while retaining management rights.

For offshore investors, joint venture arrangements provide access to premium grade retail assets without the responsibility of centre management. For domestic owners, part-ownership sales free up capital for recycling into refurbishment or expansion of existing assets. In 2012, unlisted funds, A-REITs and private investors were the main purchasers of retail assets, accounting for 32%, 24% and 18% respectively of all major transactions (\geq AUD5 million). Private investors were most prominent in the AUD 5 million to AUD 20 million price range.

3 Investment Performance: Return and Risk

Australian commercial real estate markets are cyclical. As Table 5 illustrates, office markets have shown greater volatility of investment returns than industrial markets, which in turn are more volatile than retail shopping centres. These trends reflect the underlying demand/supply characteristics of these sectors. In office markets, long supply lags are associated with periods of low vacancy, followed by rising rents and a strong supply cycle. Arguably, Australian office markets are entering a low supply period from 2013, with limited new supply on the horizon and an extended period of declining vacancy rates.

Demand for industrial space is also cyclical, but the faster supply response limits rent and vacancy volatility. However, industrial facilities are typically single-tenant, leading to increased vacancy risk on expiry of the lease. In recent years major retailers and related tenants have been willing to commit to longer leases for major logistics facilities. As a result, the sector has become more attractive to institutional investors, leading to a re-rating of the sector.

Retail assets are supported by household spending, which has been relatively stable even through the recent economic slow-down, while the diverse tenancy mix of shopping centres, which includes exposure to discretionary and non-discretionary spending categories, as well as a range of personal and financial services, provides a natural portfolio risk diversifier.

These diverse characteristics are reflected in the yield profile (Table 6). While prime grade office yields have remained relatively stable over the past 20 years, the retail sector has recorded a re-rating as the inherent stability of the sector has been more widely appreciated. Similarly the industrial sector has been re-rated in response to longer leases by blue chip tenants and increased institutional investor demand.

Table 5: Average Investment Performance 2002 to 2012

Selected Markets	Income (% pa)	Capital (% pa)	Total (% pa)	Volatility (%) (SD)*
Prime CBD office	5.5	5.1	10.8	7.1
Prime industrial	8.3	4.3	13.2	5.1
Retail (Regional centres)	6.2	4.8	11.4	4.5

* Standard deviation (SD) of quarterly returns, annualised

Source: Jones Lang LaSalle

4 Drivers of Future Performance

4.1 Yield, yield spreads and relative value

Currently prime grade yields (office, industrial and retail) are trading close to long-term averages (Table 6). However, globally, government bond yields are close to multi-decade or multi-century lows. For example, the Australian benchmark 10-year bond recorded a 64-year low of 2.848% in June 2012 and in April 2013 was trading at around 3.30%.

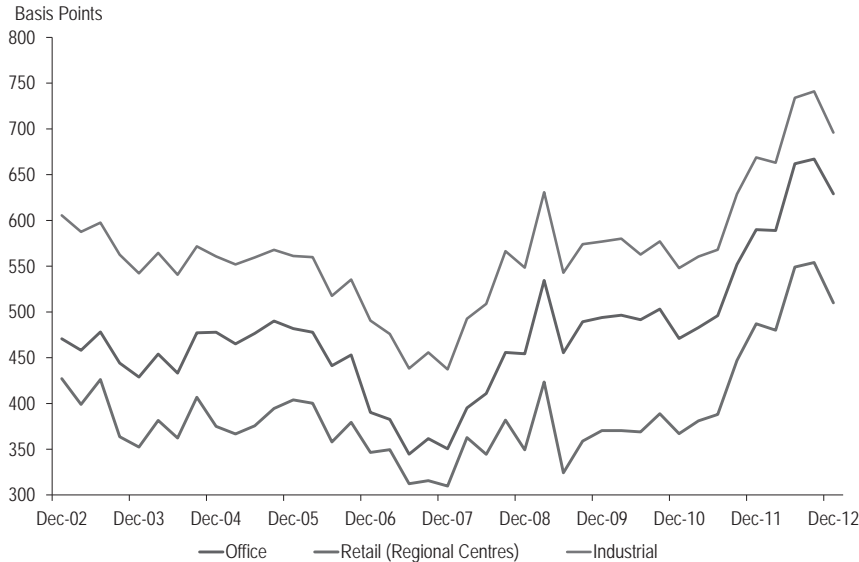
Table 6: Current yields compared to long-term averages

Country	CBD Prime Office %	Retail (Regional) %	Retail (Sub-Regional) %	Prime Industrial %
Current (Q4/2012)	7.45	6.32	7.67	8.14
10-year average	7.22	6.39	7.47	8.16
20-year average	7.39	7.12	8.82	9.10

Source: Jones Lang LaSalle

Yield spreads between Australian prime real estate assets and real (inflation-indexed) bond rates are currently close to record levels (Figure 5). Jones Lang LaSalle believes that these spreads are unsustainably high. While most of the adjustment is likely to come from the bond markets, Jones Lang LaSalle expects some yield compression from prime grade real estate assets in response to strong demand by domestic and offshore investors for the limited stock of premium grade assets available in the Australian market. At the same time, the falling cost of debt and repricing of the A-REIT sector since 2011 has opened the way for domestic investors to return aggressively to the domestic market.

Figure 5: Prime Yield Spread to Real Bond Rate, Dec-01 to Dec-12



Source: Jones Lang LaSalle, Reserve Bank of Australia

4.2 Transparency – international comparison

Jones Lang LaSalle conducts a biennial survey of global real estate market transparency. Transparency is defined across a range of attributes such as Disclosure and Governance, Professional Standards and Transactions Process and availability of Market Data. In the most recent survey, conducted in 2012, comprising 97 countries, Australia rated No 3 globally after the United States and the United Kingdom. In the regulated post-GFC environment, transparency is an attribute highly valued by global investors and sovereign wealth funds.

4.3 Asset scarcity – supply pipeline versus offshore markets

While offshore investors have been prominent in the Australian real estate market in recent years, domestic investors are emerging more aggressively. Many A-REITs have recapitalised through equity raisings. Debt has been repaid or rolled over, often with increased duration and at lower cost. During 2012, A-REIT valuations shifted from a sharp discount to Net Tangible Asset (NTA), to, in many cases, parity or to a premium, as estimated by a range of share-broking analysts. Re-pricing opens the way for yield accretive investments. As a result, demand for institutional grade assets from domestic investors is likely to increase through 2013, supported by continued growth in superannuation funds under management.

4.4 Global and Asia Pacific portfolio re-weighting

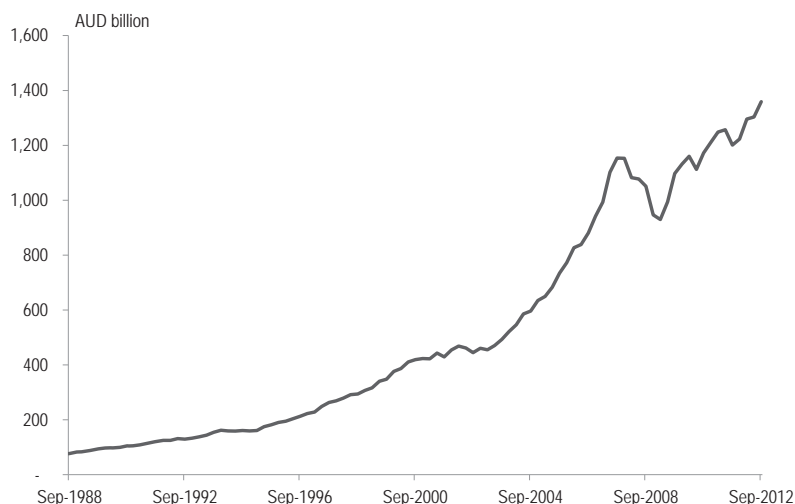
Within the Asia Pacific region, Australia has been the destination of preference in recent years. Jones Lang LaSalle estimates that 45 cents of every dollar flowing in the Asia Pacific region from outside the region has been invested in Australia (2011 and 2012). In comparison, Japan has attracted 19 cents and China, 18 cents. The inflow of investment funds into the Australian domestic market should be set against the relative size of the Australian market. To put this in context, Pramerica Real Estate Investors has estimated that Australia accounts for 9.15% of the Asia Pacific institutional grade real estate universe.

The Asia Pacific region has recovered from the GFC more quickly than other regions. In 2012, direct real estate investment volumes in the Asia Pacific region were 77% of 2007 levels (117% excluding Japan). The comparable figure for Europe was 46% and for the Americas, 62%.

4.5 Domestic superannuation funds under management

In addition to offshore investment, the underlying demand from domestic investors is also growing (Figure 6).

Figure 6: Superannuation Funds under Management, 1988 - 2012



Source: Jones Lang LaSalle, Australian Bureau of Statistics

A significant driver of domestic demand is the growth in “superannuation” (pension) funds. This has been through both direct and indirect investment (listed and unlisted trusts). Australian wage and salary earners compulsorily contribute 9% of income to superannuation, which is likely to rise to 12% in future years. Currently, this pool of capital is around AUD 1.36 trillion, and is forecast to rise in future years. Between December 2007 and September 2012, superannuation funds under management (FUM) grew by 17.9%. Around 10% of superannuation FUM has historically been invested in real estate (direct and securitised). This implies an additional AUD 20.7 billion potentially allocated to real estate over the past five years.

Disclaimer

1. Jones Lang LaSalle (NSW) Pty Ltd ACN 002 851 925 (the “**Company**”) nor any of its related bodies corporate (as that term is defined in the Corporations Act 2001 (Cth) of Australia) and affiliates, nor their respective businesses, directors, officers, employees, consultants, lenders, agents or advisors make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this Pre-listing Statement or any other written or oral information made available to you or your representatives during or in connection with the Pre-listing Statement (collectively referred to as “**Information**”) and do not accept:
 - (a) any responsibility arising in any way for any errors in or omissions from the Information or for any lack of truth, accuracy, completeness, currency or reliability of the Information;
 - (b) any responsibility for any interpretation that the recipient of the Pre-listing Statement or any other person may place on the Information or for any opinion or conclusion that the recipient of the Pre-listing Statement or any other person may form as a result of examining the Information; and
 - (c) any liability (whether direct or indirect or consequential) for any loss, damage, cost, expense, outgoing, interest, loss of profits or loss of any kind (**Losses**) suffered or incurred by any person (whether foreseeable or not) as a result of or by reason of or in connection with the provision or use of the Information, or you or your representatives or advisers acting on or relying on any Information, whether the Losses arise in connection with any negligence, default or lack of care on the part of the Company or any other cause.
2. The Information is not based on any actual or implied knowledge or consideration of the investment objectives, financial situation, legal or taxation position or any other needs or requirements of the recipient of the Pre-listing Statement and should not be construed in any way as a recommendation to participate in the transaction.
3. Any forecasts included in the Pre-listing Statement or any other written or oral forecasts of the Company made available to you or your representative as part of the Pre-listing Statement are not to be taken to be representations as to future matters. These forecasts are based on a large number of assumptions and are subject to significant uncertainties, vagaries and contingencies, some, if not all, of which are outside the control of the Company.
4. No representation is made that any forecast will be achieved. Actual future events may vary significantly from forecasts. You should make and must rely on your own business judgment, enquiries and investigations regarding the assumptions, uncertainties and contingencies included in the Information.
5. By accepting the Pre-listing Statement, you acknowledge, agree and represent that:
 - (a) you and your representatives and advisors have not and will not rely on the Information and will rely entirely upon your own assessment and independent advice and investigations in deciding whether to participate in the transaction; and
 - (b) you release and indemnify the Company from and against all claims, actions, damages, remedies or other matters, whether in tort, contract or under law or otherwise, arising from or which may arise from or in connection with the provision of the Information to or any purported reliance by you or your representatives and advisors on the Information, and you covenant that no claim or allegation will be made against the Company in relation to the Information.
6. For the avoidance of doubt, the Information is based on data reasonably available to the Company as at April 2013.
7. Acceptance of the Pre-listing Statement will be taken to be acceptance by you that you will only be relying on your own independent judgment, enquiries, investigations and advice.

David Snoswell
 Director
 Research & Consulting
 L22, Grenfell Centre
 25 Grenfell Street
 Adelaide SA 5000
 + 61(8) 8233 8843
 david.snoswell@ap.jll.com

David Rees
 Director
 Head of Research and
 Consulting
 420 George Street
 Sydney NSW 2000
 + 61(2) 9220 8514
 david.rees@ap.jll.com

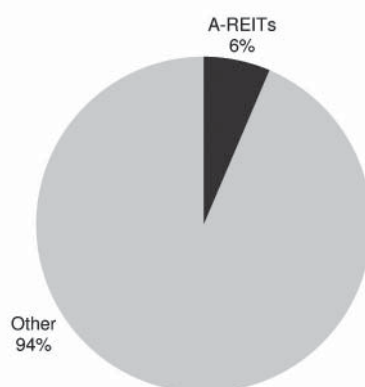
LISTED PROPERTY SECTOR

INTRODUCTION

The Australian Real Estate Investment Trust (A-REIT) sector commenced in 1971 with the listing of the first property vehicle on the Australian Securities Exchange (“**ASX**”). By ASX definition, A-REITs comprise listed investment vehicles which hold portfolios of property assets that provide investors with exposure to both the value of the property portfolio and the potential for rental income from the properties. In some cases the activities of A-REITs have expanded in recent years to include property funds, property development activities, international property assets and alternate property asset classes like residential developments and retirement property assets.

Today, there are currently 36 A-REITs listed on the ASX with a total market capitalisation of approximately A\$93.1 billion (ZAR831.0 billion).¹ As shown below, A-REITs comprise 6% of the total market capitalisation of the ASX² and are a material proportion of property ownership and activities in the Australian market.

Market capitalisation of the ASX 300 (A\$1.4 trillion)



Source: IRESS

A-REITs are either structured as externally managed or internally managed vehicles. Under an external management structure, investors buy units in the property trust and the units trade independent of the manager, with the REIT managed by an external third party. The external third party charges a management fee that can include a base fee and a performance fee that is typically based on gross assets of the REIT. It may also charge the REIT such additional fees as acquisition, disposal fees and property management fees.

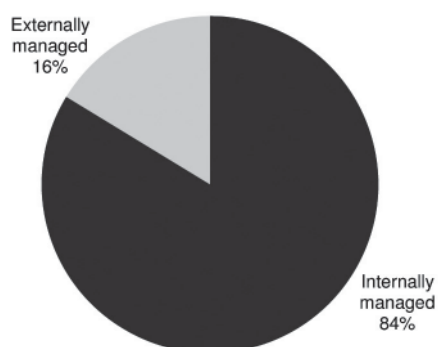
For internally managed A-REITs, the responsibility for management of the A-REIT is undertaken by a company within the same consolidated group as the A-REIT. These arrangements are typically structured as stapled securities. Under a stapled securities structure, management duties are carried out by an internal management company that is “stapled” to the trust. This structure gives investors one unit in the trust and one share in the management company, which are stapled and traded together on the ASX.

A number of externally and internally managed A-REITs exist on the ASX, with the majority by number and value internally managed.

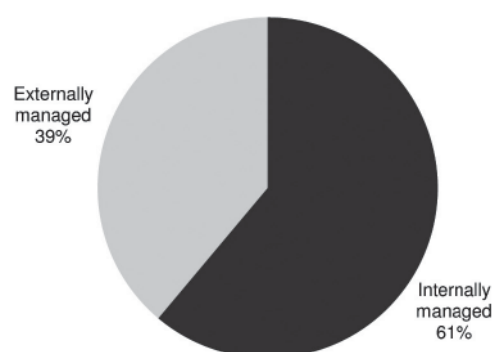
1. At an exchange rate of AUD1:ZAR8.9295 as at 6 August 2013
2. Based on market capitalisation of the S&P/ASX 300 as at 6 August 2013

A-REIT sector by management structure

By market capitalisation (A\$93.1 billion)



By number (36 A-REITs)



Source: IRESS, Investec analysis

Each A-REIT has its own set of characteristics as to the type of real estate, and can include property across a diversity of geographic regions, lease lengths, and tenant types. A-REITs broadly invest across the following asset classes³:

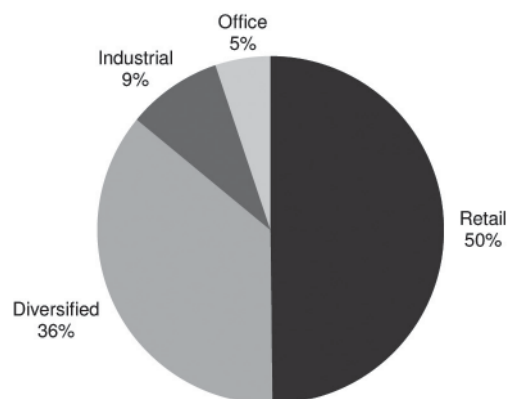
- **Industrial:** Investment in warehouses, factories, and industrial parks
- **Office:** Investment in large to medium scale office buildings generally in and around major cities
- **Retail:** Investment in shopping centres, including metropolitan, regional and sub-regional centres

A number of asset class-specific A-REITs exist in addition to A-REITs which are diversified across a number of asset classes and activities rather than focussing on a specific class or activity. As noted, in some cases the activities of A-REITs have expanded in recent years to include property funds, property development activities, international property assets and alternate property asset classes like residential developments and retirement property assets.

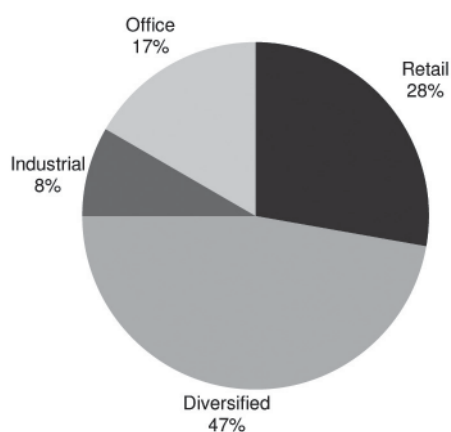
The following chart shows the breakdown of A-REITs by asset class by number and volume.

A-REIT sector by asset class

By market capitalisation (A\$93.1 billion)



By number (36 A-REITs)



Source: IRESS, Investec analysis

PERFORMANCE

The A-REIT sector went through a significant growth phase in the early to mid-1990s, before a period of rationalisation and corporate activity in the late 1990s and early 2000s. From the early 2000s until 2006, the A-REIT sector experienced significant growth, driven by further corporate activity, asset acquisitions, overseas expansion and asset price growth.

The A-REIT sector was significantly impacted during the global financial crisis, with the S&P/ASX 300 A-REIT Index declining 79% from its peak of 2,587 in February 2007 to its trough of 533 in March 2009. During this period a number of A-REITs were forced to undertake significantly dilutive equity capital raisings to reduce gearing and restructure balance sheets and operations.

3. Note that listed trusts investing in hotel/leisure real estate or operating predominantly as property developers have been excluded

More recently, the A-REIT sector has outperformed the broader ASX market, with the S&P/ASX 300 A-REIT Index up 17.1% in calendar year 2013 relative to the broader S&P/ASX 300 Index, which was up 16.5% over the same period. The A-REIT sector has benefited from improved operating performance, stable property values and a declining interest rate environment.

S&P/ASX 300 A-REIT Index v S&P/ASX 300 Index



Source: IRESS, Investec analysis

VALUATION METRICS

Based on a selection of leading A-REITs, the sector currently trades at an average FY14 forward distribution yield of ~6.5%. The average capitalisation rate across the sector is ~7.7% and on average A-REITs are trading at a 13.6% premium to their net tangible asset backing. Average gearing across the A REIT sector is currently ~26%.

The table below outlines the current trading metrics across the leading A-REITs.

Valuation metrics of select A-REITs

\$m unless otherwise stated	Security Price	Premium/ (Discount) to NTA	Equity Value	Net Debt	Current Gearing	Enterprise Value	Capitalisation Rate	DPS Yield			DPS CAGR FY12 to FY14	
								2012A	2013E	2014F		
DIVERSIFIED												
Stockland	\$3.85	10.0%	8 877.1	2 234.4	16%	11 111.5	7.4%	7.8%	6.2%	6.3%	0.3%	
GPT Group	\$3.59	(4.5%)	6 084.6	1 745.1	19%	7 829.7	6.5%	5.4%	5.6%	5.9%	4.4%	
Mirvac Group	\$1.74	7.4%	6 377.0	2 040.8	22%	8 417.8	7.5%	6.9%	5.2%	5.4%	4.1%	
Dexus Property Group	\$1.01	(4.3%)	4 696.5	2 152.6	28%	6 849.1	7.5%	5.7%	6.1%	6.2%	2.3%	
Australand	\$3.57	0.0%	2 064.6	1 355.9	33%	3 420.5	8.1%	6.0%	6.0%	6.2%	1.6%	
Cromwell Property Group	\$1.02	45.7%	1 753.5	1 106.8	43%	2 860.3	8.5%	10.2%	7.4%	7.6%	3.2%	
Charter Hall Group	\$3.79	77.9%	1 171.2	15.2	2%	1 186.4	8.0%	8.0%	5.8%	6.1%	7.2%	
Abacus Property Group	\$2.30	(0.9%)	1 061.4	758.8	36%	1 820.2	8.7%	8.1%	7.3%	7.5%	2.0%	
Growthpoint Properties Australia	\$2.58	29.0%	1 068.7	777.5	46%	1 846.2	8.3%	8.4%	7.4%	7.6%	3.4%	
Challenger Diversified	\$2.51	(8.4%)	537.4	247.7	28%	785.1	8.3%	7.8%	7.5%	7.7%	4.0%	
Mean		15.2%	3 369.2	1 243.5	27%	4 612.7	7.9%	7.4%	6.5%	6.6%	3.3%	
Median		3.7%	1 909.1	1 231.4	28%	3 140.4	8.0%	7.8%	6.2%	6.3%	3.3%	
OFFICE												
Commonwealth Property Office	\$1.16	0.4%	2 710.8	906.8	24%	3 617.6	7.6%	6.0%	5.8%	5.9%	2.2%	
Investa Office Fund	\$2.99	(7.4%)	1 836.0	604.1	22%	2 440.1	7.3%	5.8%	6.3%	6.4%	3.8%	
Mean		(3.5%)	2 273.4	755.5	23%	3 028.8	7.5%	5.9%	6.0%	6.2%	3.0%	
Median		(3.5%)	2 273.4	755.5	23%	3 028.8	7.5%	5.9%	6.0%	6.2%	3.0%	
INDUSTRIAL												
Goodman Group	\$4.95	84.0%	8 507.6	1 603.4	18%	10 111.0	7.9%	4.8%	4.2%	4.5%	7.6%	
Mean		84.0%	8 507.6	1 603.4	18%	10 111.0	7.9%	4.8%	4.2%	4.5%	7.6%	
Median		84.0%	8 507.6	1 603.4	18%	10 111.0	7.9%	4.8%	4.2%	4.5%	7.6%	
RETAIL												
Westfield Group	\$10.88	29.2%	23 591.1	11 512.6	33%	35 103.7	n/m	4.5%	4.7%	4.8%	3.1%	
Westfield Retail Trust	\$3.01	(13.3%)	9 017.8	2 988.2	22%	12 006.0	6.0%	6.2%	6.6%	6.8%	4.4%	
CFS Retail Property Trust	\$2.03	(0.5%)	5 802.3	2 459.2	28%	8 261.5	6.4%	6.8%	6.8%	6.9%	3.3%	
Federation Centres	\$2.26	1.8%	3 226.5	1 388.0	26%	4 614.5	7.5%	3.3%	6.6%	6.9%	5.2%	
BWP Trust	\$2.30	16.2%	1 442.5	285.4	20%	1 727.9	7.9%	7.1%	6.4%	6.6%	3.7%	
Charter Hall Retail REIT	\$3.75	13.0%	1 281.9	612.8	30%	1 894.7	8.2%	7.9%	7.3%	7.6%	2.9%	
Shopping Centres Australasia	\$1.52	(3.2%)	976.5	434.9	28%	1 411.4	8.1%	n/a	7.2%	7.3%	22.0%	
Mean		6.2%	6 476.9	2 811.6	27%	9 288.5	7.3%	6.0%	6.5%	6.7%	6.4%	
Median		1.8%	3 226.5	1 388.0	28%	4 614.5	7.7%	6.5%	6.6%	6.9%	3.7%	
Mean (total)		13.6%	4 604.3	1 761.5	26%	6 365.8	7.7%	6.7%	6.3%	6.5%	4.5%	
Median (total)		1.1%	2 387.7	1 231.4	27%	3 519.1	7.9%	6.8%	6.3%	6.5%	3.5%	

Source: Company filings, company websites and Capital IQ as at 23 September 2013

DETAILS OF THE PROPERTY PORTFOLIO

Property name	Registered legal description	Physical address	Sector	Purchase price (excluding transaction costs) (AUD)	Independent valuation ² (AUD)	GLA (m ²)	Vacancy rate as at Listing Date (%)	Weighted average base rental per m ² per annum (excluding parking)	Zoning	Freehold/Leasehold	Age of building (years)	Effective date of acquisition
PROPERTIES CURRENTLY OWNED												
48 Hawkins Crescent Property	Lot 4 on survey plan 238273	48 Hawkins Crescent Ipswich, Queensland	Industrial	3 356 475	3 500 000	2 045	0	156.5	Regional business and industry – medium impact	Freehold	1	21 Dec 12
47 Sawmill Circuit Property	Volume 1936 Folio 4	47 Sawmill Circuit Hume, Australian Capital Territory	Industrial	8 439 134	8 800 000	5 535	0	127.4	General industrial zone	Leasehold with 91 year lease expiring on 22 Oct 2101	2	21 Dec 12
57 Sawmill Circuit Property	Volume 1936 Folio 2	57 Sawmill Circuit Hume, Australian Capital Territory	Industrial	7 863 738	8 200 000	7 079	0	102.1	General industrial zone	Leasehold with 91 year lease expiring on 22 Oct 2101	2	21 Dec 12
24 Sawmill Circuit Property	Volume 2038 Folio 78	24 Sawmill Circuit Hume, Australian Capital Territory	Industrial	8 151 436	8 500 000	6 300	0	113.9	General industrial zone	Leasehold with 89.4 year lease expiring on 22 Oct 2101	1	21 Dec 12
44 Sawmill Circuit Property	Volume 2025 Folio 84	44 Sawmill Circuit Hume, Australian Capital Territory	Industrial	8 247 335	8 600 000	4 639	0	178.5	General industrial zone	Leasehold with 89.4 year lease expiring on 22 Oct 2101	1	21 Dec 12
2-8 Mirage Road Property	Volume 6085 Folio 738	2-8 Mirage Road, Direk South Australia	Industrial	8 678 882	9 050 000	6 783	0	119.8	Industry zone	Freehold	3	21 Dec 12
PROPERTIES TO BE ACQUIRED POST LISTING												
Elizabeth Street Property	Certificate of Title Volume 11015 Folio 951; Land in Plan of Consolidation No 369642M	35-49 Elizabeth Street Richmond, Melbourne	Office	54 470 701	54 500 000	11 917	0 ¹	359.4	Business 3 zone	Freehold	4	On transfer date ³
Punt Road Property	Certificate of Title Volume 11020 Folio 509; Land in Plan of Consolidation PC370374D	449 Punt Road Richmond, Melbourne	Office	28 676 412	28 700 000	6 384	0	346.1	Business 3 zone	Freehold	3	On transfer date ³
				127 884 113	129 850 000	50 681						

Notes:

- ¹ Includes a two-year vendor rental guarantee in respect of a vacant area of 289 m² on the ground floor and 92 car parks currently not rented, actual vacancy is 2.4%.
- ² The effective date of the valuations of the properties within the Walker Portfolio range between 13 to 15 August 2013, while the effective date of the valuations of the Punt Road Property and the Elizabeth Street Property is 10 July 2013.
- ³ See paragraph 7.3.

The Independent Valuers referred to herein, being m3property Proprietary Limited and Colliers International Consultancy and Valuation Proprietary Limited, who have conducted the valuations reflected herein, are independent external valuers and are registered as Certified Practising Valuers with the Australian Property Institute and have been approved by the JSE as independent registered valuers in terms of Section 13 of the JSE Listings Requirements. A reconciliation between the purchase price of the properties and the independent valuations have been provided in paragraph 7.1 of the Pre-listing Statement.

DETAILS OF DIRECTORS OF THE RESPONSIBLE ENTITY

Name	Sam Hackner
Business address	100 Grayston Drive, Sandown, Sandton, 2196, South Africa
Qualifications	BCom (Hons), Dip Acc, CA(SA)
Current position	Non-executive director
Resume	Sam Hackner has over 30 years experience in the property industry and is currently the Chief Executive Officer and global head of Investec Property. In 2003 he was appointed chairman of Growthpoint, the largest property fund listed on the JSE. Sam resigned as chairman of Growthpoint in July 2008, a year after the property management and asset management functions were sold by Investec to Growthpoint. He is currently a member of the board of directors and advisory board of the Investec GLL Global Special Opportunities Real Estate Fund, a R3.7 billion Luxembourg-based fund for investment in global real estate. Sam is currently also Chairman of Investec Property Fund Limited, a R5.3 billion property fund listed on the JSE.

Directorships/Partnerships	Current	Resigned
	Braamfontein 4410 Share Block Limited	Changing Tides 5 Proprietary Limited
	83 Protea Properties Proprietary Limited	Flip-Flap Properties Proprietary Limited
	Maritzburg Mall Investments Proprietary Limited	Growthpoint Properties Limited
	Tecnom Properties Proprietary Limited	Hentiq 2395 Proprietary Limited
	Blue Strata Trading Proprietary Limited	Investec Investments Limited
	Cenacle Properties Proprietary Limited	The Meat Company (Montecasino) Proprietary Limited
	Plantation I cc	The Meat Company (Melrose Arch) Proprietary Limited
	Copperleaf Country Estate Proprietary Limited	Metboard Properties Limited
	Grayston Prop Number 002 Proprietary Limited	Metropolitan Board Nominees Limited
	Grayston Prop Number 005 Proprietary Limited	New Heights 344 Proprietary Limited
	Growthpoint Managers Proprietary Limited	Paramount Property Fund Limited
	Investec Insurance Brokers Proprietary Limited	Paraprop Asset Managers Proprietary Limited
	Investec GLL Fund Management S.A	RSG Distributors Proprietary Limited
	Investec GLL Global Special Opportunities Real Estate Fund FCP	South African Golf Development Board Skillfull 62 Proprietary Limited
	Investec Property Fund Limited	Paraprop Property Managers Proprietary Limited
	Investec Property Investments Proprietary Limited	Tresso Trading 337 Proprietary Limited
	Investec Property Proprietary Limited	
	Investec Trust Proprietary Limited	
	Investec Property Group Holdings Proprietary Limited	
	Iptco 0004 Proprietary Limited	
	Notae Resorts Proprietary Limited	
	Protea Hospitality Holdings Proprietary Limited,	
	Riverport Trading 143 Proprietary Limited	
	Secupar Properties Proprietary Limited	
	Tresso Trading 119 Proprietary Limited	
	Vesque Limited (<i>in deregistration process</i>)	
	Capricorn Business & Technology Park Proprietary Limited	

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

Name Sam Leon

Business address 100 Grayston Drive, Sandown, Sandton, 2196, South Africa

Qualification LLB (London)

Current position Non-executive director

Resume Sam Leon has over 35 years of experience across all sectors of the property industry with 20 years at Investec Property, firstly as a director, then managing director and currently as deputy chairman. He was a founder of the transformation of Growthpoint into South Africa's largest listed property fund and was a director until Investec sold its interests in October 2007. Sam was also a director of a specialist listed property fund Metboard Properties Limited, until it was sold to Growthpoint in April 2007, as well as a board member of SAPOA (the South African Property Industry body). He is currently a member of the board of directors and advisory board of the Investec GLL Global Special Opportunities Real Estate Fund, a R3.7 billion Luxembourg-based fund for investment in global real estate. Sam is currently also Chief Executive Officer of Investec Property Fund Limited, a R5.3 billion property fund listed on the JSE

Directorships/Partnerships

Current

55 Fox Street Share Block Limited
 Fifty Eight Marshall Street Limited
 Maser Properties Proprietary Limited
 Capensis Investments 241 Proprietary Limited
 Cenacle Properties Proprietary Limited
 C S Street Investment Proprietary Limited
 Elandsfontein Rem Erf 57 Proprietary Limited
 Erf 764 Building Investment Proprietary Limited
 Grayston Property Managers Proprietary Limited
 Grayston Prop Number 001 Proprietary Limited
 Huddle Investments Proprietary Limited
 Imine Investments Proprietary Limited
 Investec GLL Fund Management S.A
 Investec GLL Global Special Opportunities Real Estate Fund FCP
 Investec Property Fund Limited
 Investec Property Group Holdings Proprietary Limited
 Investec Property Proprietary Limited
 Italite Investments Proprietary Limited
 S.D.Mdlalo Properties Proprietary Limited
 Midrand Town Centre Proprietary Limited
 Oxford Rosebank Hotel Services Proprietary Limited
 Randburg Street Property Proprietary Limited
 Rosebank Employees Proprietary Limited
 Royal Ascot Property Development Proprietary Limited
 South African Property Owners Association
 Smile Properties Proprietary Limited
 Tresso Trading 119 Proprietary Limited

Resigned

Changing Tides 5 Proprietary Limited
 Flip-Flap Properties Proprietary Limited
 Growthpoint Properties Limited
 LPG (Property Management) Proprietary Limited
 Majorshelf 184 Proprietary Limited
 Metboard Properties Limited
 New Heights 344 Proprietary Limited
 Paraprop Asset Managers Proprietary Limited
 Scopefull 157 Proprietary Limited
 Paraprop Property Managers Proprietary Limited
 Tresso Trading 337 Proprietary Limited

Name	David Gonski	
Business address	Level 23, The Chifley Tower, 2 Chifley Square, Sydney, NSW, Australia	
Qualifications	BCom; LLB (UNSW); Life Fellow of the Australian Institute of Company Directors, Fellow of the Certified Practising Accountants, Solicitor admitted in New South Wales and to the High Court.	
Current position	Non-executive director	
Resume	<p>David Gonski is Chairman of Investec Bank (Australia) Limited (the Australian subsidiary of Investec Bank PLC), the Guardians of the Future Fund, Coca-Cola Amatil Limited and Ingeus Limited</p> <p>David is also Chancellor of the University of New South Wales, Chairman of the National E Health Transition Authority Limited, the UNSW Foundation Limited, Swiss Re Life & Health Australia Limited and the Sydney Theatre Company. He is also a Director of Singapore Telecommunications Limited and of Infrastructure NSW, a member of the ASIC External Advisory Panel and the board of the Lowy Institute for International Policy and is a Patron of the Australian Indigenous Education Foundation.</p> <p>He was previously a member of the Takeovers Panel, President of the Art Gallery of New South Wales, Director of ANZ Bank Limited, Singapore Airlines Limited and the Westfield Group, Chairman of ASX Limited, the Australia Council for the Arts and the Board of Trustees of Sydney Grammar School.</p>	
Directorships/Partnerships	Current	Resigned
	Australian Philanthropic Services Limited	Amondi Proprietary Limited
	Guardians of the Future Fund of Australia	ASX Limited
	ASIC External Advisory Panel	Avesta Holdings Proprietary Limited
	Cibalis Proprietary Limited	Freenseal Proprietary Limited
	Clabon Proprietary Limited	Hammada Proprietary Limited
	Coca Cola Amatil Limited	Investec Executive Nominees Proprietary Limited
	Donalisa Proprietary Limited	Investec Wentworth Proprietary Limited
	Gallium Proprietary Limited	King Elizabeth Investments Proprietary Limited
	Gold Fields House Nominees Proprietary Limited	Network Ten Investments Limited
	Gonski Foundation Proprietary Limited	Onepath Funds Management Limited
	Helal Proprietary Limited	Pelegar Proprietary Limited
	Infrastructure NSW	Richmond-Tweed TV Proprietary Limited
	Ingeus Limited	Seargant Pacific Proprietary Limited
	Investec Australia Direct Investments Proprietary Limited	Singapore Airlines Limited
	Investec Bank (Australia) Limited	Sydney Grammer School Foundation Limited
	Investec Holdings Australia Limited	Terablake Proprietary Limited
	Investec Wentworth Private Equity Limited	Waman Proprietary Limited
	Investec Property Limited	Wentworth Private Equity Proprietary Limited
	Langston Place Investments Proprietary Limited	Westfield America Management Limited
	Larapinta Nominees Proprietary Limited	Westfield C Fund Proprietary Limited
	Lowy Institute for International Policy	Westfield Holdings Limited
	Macareus Proprietary Limited	Westfield Management Limited
	Manbra Holdings Proprietary Limited	Westfield Nominees Proprietary Limited
	Matila Nominees Proprietary Limited	WPE Holdings Proprietary Limited
	Mercury Corporate Proprietary Limited	WPE Services Proprietary Limited
	MGB Equity Growth Proprietary Limited	
	MGB Equity Growth Nominees Proprietary Limited	
	National E-Health Transition Authority Limited	
	Narraboth Nominees Proprietary Limited	
	Nodicorn Proprietary Limited	
	Orda Investments Proprietary Limited	

Patjon Proprietary Limited
 Redlake Enterprises Proprietary Limited
 Rowshore Proprietary Limited
 Sarai Proprietary Limited
 Singapore Telecommunications Limited
 South Sydney Central Proprietary Limited
 Sunraysia Foundation Proprietary Limited
 Sydney Theatre Company
 Swiss Re Life & Health Australia Limited
 University of New South Wales
 University of New South Wales
 Foundation Limited

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

Name Richard Longes

Business address Level 23, The Chifley Tower, 2 Chifley Square, Sydney, NSW, Australia

Qualifications BA (Sydney University); LLB (Sydney University); MBA (University of NSW); Solicitor (non-practicing)

Current position Chairman

Resume Richard is a non-executive director of Investec Bank (Australia) Limited. Richard was previously Chairman of MLC Limited and General Property Trust, and Deputy Chairman of Lend Lease Corporation, a founding principal of Wentworth Associates and a partner of the legal firm Freehills. He has held positions with Government advisory boards, including the Review of the National Museum and the Funds Management Committee for the IIF programme, and non-profit organisations including NIDA, Bangarra Dance Theatre and currently with the Pain Management Research Institute, National Centre of Indigenous Excellence (NCIE) and Board of Patrons of the National Aboriginal Sporting Chance Academy (NASCA). In 2003, Richard chaired a Federal Government enquiry into Indigenous Business.

Directorships/Partnerships

Current

Austbrokers Holdings Limited
 Balfour Centre Proprietary Limited
 Boral Limited
 Crown Gardens Proprietary Limited
 Croxstar Proprietary Limited
 Eastgardens Proprietary Limited
 Elanora Country Club Limited
 Gemnet Proprietary Limited
 Homemakers Supacentre – Belrose Proprietary Limited
 Homemakers Supacentre – Taren Point Proprietary Limited
 Investec Bank (Australia) Limited
 Investec Property Limited
 Investec Holdings Australia Limited
 JS Securities Proprietary Limited
 Jaslito Proprietary Limited
 Joeta Holdings Proprietary Limited
 Kalayla Proprietary Limited
 Lanlex no. 177 Proprietary Limited
 LFI Group Proprietary Limited
 Liberty Fiduciary Limited
 Liberty Financial Proprietary Limited
 Lorellin Proprietary Limited
 Minerva Financial Group Proprietary Limited
 Pain Management Research Institute Limited
 Pain Management Research Services Limited
 Pelican Holdings Proprietary Limited
 Prospect Enterprises Proprietary Limited
 Saunders Family Investment Fund Proprietary Limited
 Supacenta Issuer Co. Proprietary Limited
 Supacenta Proprietary Limited
 Terrace Tower Canberra Proprietary Limited
 Terrace Tower Group Proprietary Limited
 Terrace Tower Holdings Proprietary Limited

Resigned

Australian Biotechnology & Healthcare Fund No. 3 Limited
 Investec Wentworth Proprietary Limited
 Macareus Proprietary Limited
 Metcash Limited
 Nasca Partnership Foundation
 National Centre of Indigenous Excellence Limited

Terrace Tower Management Proprietary Limited
 Terrace Tower Proprietary Limited
 Timc Proprietary Limited
 Toga Accommodation Fund Subsidiary 1 Limited
 Toga Accommodation Fund Subsidiary 2 Limited
 Tuggerah Business Park Proprietary Limited
 Venti Seven Proprietary Limited
 Voyages Indigenous Tourism Australia Proprietary Limited
 Warner Business Park Proprietary Limited
 Woodbury Park Estates Proprietary Limited
 Zurga Proprietary Limited

Name Michael Crawford

Business address Stratford House, The Braes, Bryanston Drive, Bryanston, 2021

Current position Independent non-executive director

Resume Mr Crawford has approximately 35 years experience in property development. He was the founding shareholder of RPP Developments, a successful property development company, and acted as managing director and later, Chairman thereof. Mr Crawford is currently the Chairman of Stratford Property Ventures. Major developments overseen by him include Centurion Shopping Mall, Fourways Golf Park (office park) and the Tygerberg Business Park (industrial).

Directorships/Partnerships

Current

Arendal Number Four cc
 Belle Vue La Ridge Proprietary Limited
 Belle Vue The Braes Proprietary Limited
 Belle Vue The Wedge Proprietary Limited
 Bridgeport Properties No 62 Proprietary Limited
 Champion Sports Cars cc
 Classic Number Trading 143 Proprietary Limited
 Constitution Road Developers Proprietary Limited
 Crawford Heights Proprietary Limited
 Crawford Management Consulting Proprietary Limited
 Divine Inspiration Trading 79 Proprietary Limited
 Erf 1 Frankenwald Proprietary Limited
 Fordcrow Properties Proprietary Limited
 Four Arrows Investments 227 Proprietary Limited
 Fourways Longdrive Proprietary Limited
 Georgian Terrace Proprietary Limited
 Golden Dividends 53 Proprietary Limited
 Golden Falls Trading 420 Proprietary Limited
 Green Willows Properties 89 Proprietary Limited
 Harviprox Investments Proprietary Limited
 Investec Property Fund Limited

Resigned

Avadon 19 Proprietary Limited,
 Basfour 2882 Proprietary Limited
 Belldev Properties Proprietary Limited
 Bluegate Developments Proprietary Limited
 Bluegate Properties Proprietary Limited
 Capricorn Business & Tech Park Proprietary Limited
 Capricorn Square Proprietary Limited
 Compagnie Interfricane de Trav Aux
 Grinaker-LTA Limited
 Grinaker-LTA Properties Proprietary Limited
 Putalong Proprietary Limited
 RPP Developments Proprietary Limited
 RPP Developments (Namibia) Proprietary Limited
 Safrich RPP JV Proprietary Limited
 Shock Proof Investments Proprietary Limited

Kusasa Commodities 11 Proprietary Limited
Lyricwood Properties Proprietary Limited
Marples Developments Proprietary Limited
UK,
M P Crawford Holdings Proprietary Limited
M P C Properties (Northam) Proprietary
Limited
Mphodimo Bush Lodge Proprietary Limited
Northriding Investments Proprietary Limited
Nogoduka-Ngumbela Consortium
Proprietary Limited
Pacific Eagle Properties 86 Proprietary
Limited
Phindana Properties 6 Proprietary Limited
Prosperisense 37 cc
Setswatswa Trackers Proprietary Limited
Stratford Property Investments Proprietary
Limited
Stratford Property Ventures Proprietary
Limited
Stratford Property Ventures Namibia
Proprietary Limited
Superstrike Investments 41 Proprietary
Limited
The Foreman's Cottage Proprietary Limited
VDB Property Leasing Proprietary Limited

FORECAST STATEMENT OF COMPREHENSIVE INCOME OF IAPF

Set out below are the forecast statements of comprehensive income of IAPF for the seven months ending 31 March 2014 and the 12 months ending 31 March 2015, based on two scenarios:

- 0% gearing scenario assumes that all Units offered in terms of the Private Placing are fully taken up and no gearing is required by the Fund; and
- 45% gearing scenario assumes that only the minimum number of Units is taken up in the Private Placing and the Fund will require gearing of 45%.

The Walker Properties were acquired in December 2012 and are already owned by the Fund. The Fund has entered into the Option Deeds in terms of which it will acquire the Punt Road Property and the Elizabeth Street Property immediately following the Private Placing. Thus the profit forecast for the Property Portfolio has therefore been disclosed from the acquisition of the Punt Road Property and the Elizabeth Street Property i.e. for a period of seven months to 31 March 2014 and for the full 12 months to 31 March 2015.

The forecast information of IAPF is the responsibility of the Directors.

The forecasts have been prepared in compliance with IFRS and in accordance with IAPF's accounting policies as set out in Annexure 9.

The forecast information should be read in conjunction with the Independent Reporting Accountants' report thereon as set out in Annexure 5.

SCENARIO 1: 0% GEARING

	Unaudited forecast for the 7 months ending 31 March 2014 Walker Portfolio AUD'000	Unaudited forecast for the 7 months ending 31 March 2014 Post-listing Acquisitions AUD'000	Unaudited forecast for the 7 months ending 31 March 2014 Total AUD'000	Unaudited forecast for the year ending 31 March 2015 Walker Portfolio AUD'000	Unaudited forecast for the year ending 31 March 2015 Post-listing Acquisitions AUD'000	Unaudited forecast for the year ending 31 March 2015 Total AUD'000	% Change (y/y)* (%)
Revenue							
Gross rental and related revenue	2 763	5 225	7 988	4 853	9 169	14 022	3.8
Straight-line rental revenue adjustment	340	396	736	481	508	989	
Rental revenue	3 103	5 621	8 724	5 334	9 677	15 011	0.8
Property expenses	(350)	(976)	(1 326)	(614)	(1 743)	(2 357)	5.0
Net rental and related revenue	2 753	4 645	7 398	4 720	7 934	12 654	0.1
Operating expenses							
Fund expenses	(98)	(174)	(272)	(172)	(307)	(479)	3.0
Asset management fee	(161)	(287)	(448)	(284)	(506)	(790)	3.0
Operating profit	2 494	4 184	6 678	4 264	7 121	11 385	(0.3)
Fair value adjustments	(1 228)	—	(1 228)	—	—	—	—
Finance expense	—	—	—	—	—	—	—
Profit before taxation	1 266	4 184	5 450	4 264	7 121	11 385	11.8
Taxation	—	—	—	—	—	—	—
Profit after tax attributable to equity holders	1 266	4 184	5 450	4 264	7 121	11 385	11.8

* Disclosed for comparative purposes, based on full year numbers for FY14, assumes Walker Portfolio and Post-listing Acquisitions have been included for the full year to 31 March 2014.

	Unaudited forecast for the 7 months ending 31 March 2014 Walker Portfolio AUD'000	Unaudited forecast for the 7 months ending 31 March 2014 Post-listing Acquisitions AUD'000	Unaudited forecast for the 7 months ending 31 March 2014 Total AUD'000	Unaudited forecast for the year ending 31 March 2015 Walker Portfolio AUD'000	Unaudited forecast for the year ending 31 March 2015 Post-listing Acquisitions AUD'000	Unaudited forecast for the year ending 31 March 2015 Total AUD'000	% Change (y/y)* (%)
Reconciliation of attributable earnings to distributable earnings:							
	1 266	4 184	5 450	4 264	7,121	11 385	11.8
Profit after taxation attributable to equity holders							
Adjustments:							
Fair value adjustments	1 228	–	1 228	–	–	–	
Straight-line rental revenue adjustment	(340)	(396)	(736)	(481)	(508)	(989)	(28.8)
Distributable earnings (pre-withholding tax)	2 154	3 788	5 942	3 783	6 613	10 396	3.7
Withholding tax	(145)	(256)	(401)	(276)	(491)	(767)	15.6
Distributable earnings (post-withholding tax)	2 009	3 532	5 541	3 507	6 122	9 629	2.9
Normalised full-year earnings (post withholding tax)*			9 361			9 629	
Units on issue on Listing ('000)	48 407	86 278	134 685	48 407	86 278	134 685	11.8
Normalised earnings per Unit (cents)	6.3	8.3	7.6	8.8	8.3	8.5	(0.3)
Normalised headline earnings per Unit (cents)	8.8	8.3	8.5	8.8	8.3	8.5	3.7
Normalised distribution per Units pre-withholding tax (cents)	7.5	7.4	7.4	7.8	7.7	7.7	2.9
Normalised distribution per Units post-withholding tax (cents)	7.0	6.9	7.0	7.2	7.1	7.2	3.7
Normalised forward yield (based on DPU pre-withholding tax) (%)	7.5	7.4	7.4	7.8	7.7	7.7	2.9
Normalised forward yield (based on DPU post-withholding tax) (%)	7.0	6.9	7.0	7.2	7.1	7.2	2.9

* Disclosed for comparative purposes, assumes that Walker Portfolio and Post-listing Acquisitions are included in the portfolio for the full financial year to 31 March 2014.

SCENARIO 2: 45% GEARING

	Unaudited forecast for the 7 months ending 31 March 2014 Walker Portfolio AUD'000	Unaudited forecast for the 7 months ending 31 March 2014 Post-listing Acquisitions AUD'000	Unaudited forecast for the 7 months ending 31 March 2014 Total AUD'000	Unaudited forecast for the year ending 31 March 2015 Walker Portfolio AUD'000	Unaudited forecast for the year ending 31 March 2015 Post-listing Acquisitions AUD'000	Unaudited forecast for the year ending 31 March 2015 Total AUD'000	% Change (y/y)* (%)
Revenue							
Gross rental and related revenue	2 763	5 225	7 988	4 853	9 169	14 022	3.8
Straight-line rental revenue adjustment	340	396	736	481	508	989	
Rental revenue	3 103	5 621	8 724	5 334	9 677	15 011	0.8
Property expenses	(350)	(976)	(1 326)	(614)	(1 743)	(2 357)	5.0
Net rental and related revenue	2 753	4 645	7 398	4 720	7 934	12 654	0.1
Operating expenses							
Fund expenses	(98)	(174)	(272)	(172)	(307)	(479)	3.0
Asset management fee	(161)	(287)	(448)	(284)	(506)	(790)	3.0
Operating profit	2 494	4 184	6 678	4 264	7 121	11 385	(0.3)
Fair value adjustments	(1 228)	—	(1 228)	—	—	—	
Finance expense	(627)	(1 119)	(1 746)	(1 076)	(1 918)	(2 994)	0.3
Profit before taxation	639	3 065	3 704	3 188	5 203	8 391	16.5
Taxation							
Profit after tax attributable to equity holders	639	3 065	3 704	3 188	5 203	8 391	16.5

* Disclosed for comparative purposes; based on full year numbers for FY14, assumes Walker Portfolio and Post-listing Acquisitions have been included for the full year to 31 March 2014.

	Unaudited forecast for the 7 months ending 31 March 2014 Walker Portfolio AUD'000	Unaudited forecast for the 7 months ending 31 March 2014 Post-listing Acquisitions AUD'000	Unaudited forecast for the 7 months ending 31 March 2014 Total AUD'000	Unaudited forecast for the year ending 31 March 2015 Walker Portfolio AUD'000	Unaudited forecast for the year ending 31 March 2015 Post-listing Acquisitions AUD'000	Unaudited forecast for the year ending 31 March 2015 Total AUD'000	% Change (y/y)* (%)
Reconciliation of attributable earnings to distributable earnings:							
Profit after taxation attributable to equity holders	639	3 065	3 704	3 188	5 203	8 391	16.5
Adjustments:							
Fair value adjustments	1 228	—	1 228	—	—	—	
Straight-line rental revenue adjustment	(340)	(396)	(736)	(481)	(508)	(989)	(28.8)
Distributable earnings (pre-withholding tax)	1 527	2 669	4 196	2 707	4 695	7 402	5.1
Withholding tax	(55)	(96)	(151)	(121)	(216)	(337)	43.7
Distributable earnings (post-withholding tax)	1 472	2 573	4 045	2 586	4 479	7 065	3.8
Normalised full-year earnings (post withholding tax)*			6 804			7 065	
Units on issue on Listing ('000)	27 493	49 002	76 495	27 493	49 002	76 495	
Normalised earnings per Unit (cents)	7.1	10.7	9.4	11.6	10.6	11.0	16.5
Normalised headline earnings per Unit (cents)	11.6	10.7	11.0	11.6	10.6	11.0	(0.4)
Normalised distribution per Units pre-withholding tax (cents)	9.3	9.1	9.2	9.8	9.6	9.7	5.1
Normalised distribution per Units post-withholding tax (cents)	9.0	8.8	8.9	9.4	9.1	9.2	3.8
Normalised forward yield (based on DPU pre-withholding tax) (%)	9.3	9.1	9.2	9.8	9.6	9.7	5.1
Normalised forward yield (based on DPU post-withholding tax) (%)	9.0	8.8	8.9	9.4	9.1	9.2	3.8

* Disclosed for comparative purposes, assumes that Walker Portfolio and Post-listing Acquisitions are included in the portfolio for the full financial year to 31 March 2014.

Notes and assumptions:

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

1. The forecast financial information for the seven months ending 31 March 2014 and year ending 31 March 2015 are based on information derived from the underlying tenant leases, property managers and work performed by the Independent Valuers.
2. Contracted revenue is based on existing lease agreements and support arrangements from IBAL and has been forecast on a property by property basis. Contracted revenue accounts for 100% of rental income. Refer to paragraphs 7.2.7, 7.3.3 and 7.3.5 of the Pre-listing Statement for details of income support arrangements provided.
3. Current vacant space has been forecast on a property by property basis, but in all cases is underpinned by support arrangements which have been included within revenue during the forecast period. Refer to paragraphs 7.2.7, 7.3.3 and 7.3.5 for details of support arrangements provided.
4. Leases expiring during the period have been forecast on a lease-by-lease basis and upon expiry, it is assumed that any rental guarantee will come into effect at the rates detailed in paragraph 7.3.3 and 7.3.5.
5. Operating expenditure has been based on discussions with, and records of, the property managers and historical costs where available, taking into account the effects of inflation on these. An assumed inflation rate of 3% has been applied. No material expenditure items have been increased in the forecast period ending 31 March 2014 by more than 15% over the historical financial period and no material expenditure items have been increased in the forecast year ending 31 March 2015 by more than 15% over the previous financial period. The only material expenditure item of the Fund relates to the asset management fee.
6. The Walker Properties were acquired in December 2012 and are already owned by the Fund. The Punt Road Property and the Elizabeth Street Property are assumed to have transferred in the month of September 2013 and therefore the seven month period to 31 March 2014 and the 12 months to 31 March 2015 have been shown. At the Last Practicable Date, the SPV Trustee had entered into the Punt Road Option Deed and the Elizabeth Street Option Deed for the option to acquire the Punt Road Property and the Elizabeth Street Property respectively, which options will be exercised by the SPV Trustee post the Private Placing.
7. No further properties will be acquired and no properties will be disposed of during the forecast period;
8. No fair value adjustments relating to the Property Portfolio have been provided for; however fair value adjustments relating to transaction costs capitalised have been made and added back in the distribution calculation.
9. No material refurbishment capital expenditure or any other material capital expenditure is forecast for the seven months ending 31 March 2014 or the year ending 31 March 2015;
10. The base fee paid to the Manager is in line with the Management Agreement and amounts to 0.6% pa of the Enterprise Value of the Fund. For purposes of the forecast the Enterprise Value has been assumed to equal the cost of the Property Portfolio, being AUD127 884 113 for the entire forecast period.
11. There will be no surplus cash on Listing.
12. 75% of interest costs have been hedged in arriving at a base funding cost of 3.20%.
13. In Scenario 1, it is assumed that the Fund will have a gearing ratio of 0% for the entire forecast period and in Scenario 2, the Fund will have a gearing ratio of 45% for the entire forecast period.
14. There is no deferred tax on the straight-line rental revenue adjustment on the basis that the Fund is a 'flow through' entity for Australian tax purposes and is therefore not subject to Australian income tax.
15. It has been assumed that distributable earnings will be distributed to Unitholders in full.
16. Straight-line rental revenue adjustments are performed on an individual lease basis, are based on current lease agreements and exclude any assumptions of renewals or new leases during the respective forecast periods.
17. The forecast statements of comprehensive income have been prepared utilising the accounting policies of IAPF detailed in Annexure 9 to the Pre-listing Statement.

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

18. It has been assumed in terms of the Private Placing that 112 685 000 Units are issued at AUD1.00 per Unit, raising gross proceeds of AUD112 685 000 under the 0% gearing scenario and that 54 495 000 Units are issued at AUD1.00 per Unit, raising gross proceeds of AUD 54 495 000 under the 45% gearing scenario;
19. No unforeseen economic factors that will affect the lessees' ability to meet their commitments in terms of the existing lease agreements have been included;
20. Circumstances which affect the Fund's business, but which are outside of the control of the Directors, will not change in a way that will materially affect the trading situation of the Fund;
21. The distribution is shown before and after the impact of applicable Australian withholding tax, which is currently 15%, the effect of which is reduced by the depreciation shield. Unitholders will receive the distribution net of withholding tax; and
22. Save for the fair value adjustments to the value of the properties in respect of the transaction costs, all the assumptions and adjustments detailed above are expected to have a continuing effect.

The above assumptions are material to the forecast and the actual profit of the Fund will depend on them. Unforeseen events or circumstances may also occur subsequent to the date of this Pre-listing Statement and the actual results achieved during the seven months ending 31 March 2014 and the year ending 31 March 2015 may therefore differ materially from the forecast.

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE FORECAST FINANCIAL INFORMATION OF IAPF



KPMG Inc
KPMG Crescent
85 Empire Road, Parktown, 2193
Private Bag 9, Parkview, 2122, South Africa

Telephone +27 (0)11 647 7111
Fax +27 (0)11 647 8000
Docex 472 Johannesburg

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

19 August 2013

Dear Sirs

Independent reporting accountants' limited assurance report on the forecast information relating to Investec Australia Property Fund ("IAPF/The Fund")

We have examined the profit forecasts and the related assumptions of IAPF for the 7 month period ending 31 March 2014 and the year ending 31 March 2015 (collectively, "the forecast information"), amounting to an attributable net profit before distribution to unitholders of AUD 5.4 million, AUD 11.3 million on an assumption of a 0% gearing, and AUD 3.7 million and AUD 8.4 million based on a 45% gearing respectively as set out in the pre-listing statement to be dated on or about 21 August 2013.

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

Directors' responsibility

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

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

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

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

Registration number 1999/021543/21

Policy Board:
Chief Executive: RM Kgosana

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

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

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



Reporting accountants' responsibility

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

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

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

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

Information and sources of information

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

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

- the audited historical financial information for the Fund as at 12 December 2012;
- tenancy schedules of the Walker Portfolio, the Punt Road Property and the Elizabeth Street Property;
- management prepared forecasts for the period ending 31 March 2014 and the twelve months ending 31 March 2015;
- Vendor prepared budgets for the period ending 31 March 2014 and the twelve months ending 31 March 2015;
- discussions with management of IAPF regarding the forecasts presented;
- discussions with management of IAPF regarding the prevailing market and economic conditions;
- lease agreements of the Walker Portfolio, the Punt Road Property and the Elizabeth Street Property held under such leases;

- single management agreement, the acquisition agreements and the trust constitution;
- term sheet and loan agreement with Westpac; and
- Valuation reports in respect of the properties, prepared by M3 Property and Colliers.

Procedures

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

Rental income

Rental income

- The forecast fixed rental income streams as contained in the profit forecast model, was selected and agreed to the underlying lease agreements. The total coverage obtained was 100% of the forecast contracted rental income.
- The calculation in respect of the straight-lining of revenue was re-performed on a sample basis.
- Current vacant space has been included in the forecast on a property by property basis, and has been agreed to the rental guarantee support agreements, where applicable.

Property expenses

The forecast property expenses were compared to independent vendor estimates. Explanations were obtained for any significant differences.

The detailed forecast expenditure was reviewed to ensure that all material expenditure items, as required by paragraph 13.14(g) of the listings requirements, were disclosed.

Material operating expenditure items

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

Westpac Loan

The value of the loan and the interest rate used to calculate the interest expense were compared to the loan agreements from Westpac.

Application of accounting policies

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



Model review

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

Lease expiry and vacancy profile

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

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

We compared the vacancy profile and lease expiry profile included in paragraphs 8.8 and 8.9 of the Pre-listing statement to the vacancy and lease expiry profile in the forecast model and found them to be in agreement.

Accuracy of the information

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

Conclusion

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

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



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

Yours faithfully
KPMG Inc.

A handwritten signature in black ink, appearing to read 'Mickey Bove', written over a light grey background.

Per Mickey Bove
Chartered Accountants (SA)
Director

PRO FORMA STATEMENT OF FINANCIAL POSITION

The *pro forma* statement of financial position of the Fund/IAPF before and after the Private Placing and the Walker Acquisition and the Post-listing Acquisitions is set out below, based on a 0% gearing scenario and a 45% gearing scenario.

The *pro forma* statement of financial position has been presented for illustrative purposes only and because of its nature, may not fairly present the Fund's financial position and results of operations nor the effect and impact of the Private Placing, the Walker Acquisition and Post-listing Acquisitions going forward.

It has been assumed for purposes of the *pro forma* statement of financial position that the Private Placing, the Walker Acquisition and the Post-listing Acquisitions takes place as at 1 April 2013 and:

- under the 0% gearing scenario, assumes that all Units offered in terms of the Private Placing are fully taken up and no gearing is required by the Fund; and
- under the 45% gearing scenario, assumes that only the minimum number of Units is taken up in the Private Placing and the Fund will require gearing of 45%.

The Directors are responsible for the compilation, contents and preparation of the *pro forma* information contained in this Pre-listing Statement and for the financial information from which it has been prepared.

The *pro forma* statement of financial position is presented in a manner consistent in all respects with IFRS and with the accounting policies of the Fund as detailed in Annexure 9. The *pro forma* statement of financial position as set out below should be read in conjunction with the Independent Reporting Accountants' reasonable assurance report as set out in Annexure 7 to this Pre-listing Statement.

SCENARIO 1: 0% GEARING

	Before the Private Placing, Walker Acquisition and Post-listing Acquisitions ⁽¹⁾	Adjustments for the Walker Acquisition	Adjustments for the Post-listing Acquisitions (includes apportionment of capital raised from Private Placing)	Adjustments for Fund establishment (includes apportionment of capital raised from Private Placing)	Pro forma combined entity ⁽¹⁰⁾
		Total after Acquisition but before Post-listing Acquisitions			
AUD'000					
ASSETS					
Non-current assets					
Investment property	–	46 650 ⁽³⁾	83 147 ⁽⁴⁾	–	129 797
Current assets					
Bank balance and cash	2 500	855	(855)	–	–
Other assets	–	–	–	–	–
Total assets	2 500	47 505	82 292	–	129 797
EQUITY AND LIABILITIES					
Equity					
Contributed equity	2 500 ⁽²⁾	22 000	109 025 ⁽⁵⁾	– ⁽⁶⁾	131 025
Retained profits	–	(1 228) ⁽⁷⁾	–	–	(1 228)
Non-current liabilities					
Other liabilities	–	–	–	–	–
Long-term debt	–	26 733 ⁽²⁾	(26 733) ⁽⁸⁾	–	– ⁽⁹⁾
Total equity and liabilities	2 500	47 505	82 292	–	129 797
Number of Units in issue ('000)	2 500	22 000	109 025	3 660	134 685
Net asset value per Unit (AUD)	1.00	0.94	1.00	–	0.96
Net tangible asset value per Unit (AUD)	1.00	0.94	1.00	–	0.96

Notes and assumptions:

1. The "Before the Private Placing, Walker Acquisition and Post-listing Acquisitions" column was extracted, without adjustment from the audited statement of financial position of the Fund as at 12 December 2012, as set out in Annexure 9, assuming that the Walker Acquisition, Post-listing Acquisitions and the Private Placing took place at that date.
2. Utilisation of the AUD22 000 000 of seed capital provided by IBAL through the issue of 22 000 000 Units at AUD1.00 each, and AUD26 732 640 draw-down from the Westpac Debt Facility for purposes of acquiring the Walker Portfolio.
3. The acquisition of the Walker Portfolio for net amount of AUD46 650 000 determined as the aggregate of the purchase price and transaction costs and net of fair value adjustments, acquired as going concern assets. Consistent with IAS 40, directly attributable costs of acquiring the Walker Portfolio such as stamp duty, conveyancing, architects, legal, and property valuer's fees amounting to AUD3 141 110 have been capitalised as part of the cost of these assets.
4. The acquisition of the Punt Road Property and the Elizabeth Street Property for an aggregate price of AUD83 147 113, acquired as going-concern assets.

In accordance with the Punt Road Assumption Deed and the Elizabeth Street Assumption Deed, IBAL, a related party of the Responsible Entity of the Fund, has assumed responsibility for the payment of stamp duty in relation to the acquisition of the Elizabeth Street Property and the Punt Road Property, with no requirement for the Fund to reimburse IBAL. Purchase prices of those properties have been disclosed net of the amount of stamp duty paid by IBAL (AUD4 813 091) in the Forecast Statement of Comprehensive Income and the *Pro Forma* Statement of Financial Position. There are no outstanding balances or commitments at 31 March 2014 in relation to this transaction.

5. Represents the capital raising from the Private Placing assuming the issue of 112 685 000 Units at an assumed mid range Private Placing Price of AUD1.00 each, equating to a total consideration of AUD112 685 000, net of Fund establishment costs of AUD3 660 053. All of the cash raised through the Private Placing will be used for the settlement of the agreed purchase consideration owing to the vendor of the Punt Road Property and the Elizabeth Street Property, related transaction costs, fund establishment costs incurred in setting up the Fund as well as to extinguish outstanding liabilities.
6. Fund establishment costs of AUD3 660 053 written off against equity ie equity raised is immediately used to settle fund establishment costs thus net effect is zero.
7. Fair value adjustments of properties included in profit and loss.
8. A portion of the proceeds from the capital raising used to settle outstanding debt of AUD26 732 640 incurred in the acquisition of the Walker Portfolio, resulting in a gearing level of 0%.
9. Represents the total gearing post acquisition of the Property Portfolio of 0%.
10. The "After the Acquisition and Private Placing" column reflects the *pro forma* statement of financial position after the acquisition of the Property Portfolio and the Private Placing.

SCENARIO 2: 45% GEARING

	Before the Private Placing, Walker Acquisition and Post-listing Acquisitions ⁽¹⁾	Adjustments for the Walker Acquisition	Adjustments for the Walker Acquisition	Adjustments for the Post-listing Acquisitions (includes apportionment of capital raised from Private Placing)	Adjustments for Fund establishment (includes apportionment of capital raised from Private Placing)	Pro forma combined entity ⁽¹⁰⁾
AUD'000						
ASSETS						
Non-current assets						
Investment property	–	46 650 ⁽³⁾	46 650	83 147 ⁽⁴⁾	–	129 797
Current assets						
Bank balance and cash	2 500	(1 645)	855	(855)	–	–
Other assets	–	–	–	–	–	–
Total assets	2 500	45 005	47 505	82 292	–	129 797
EQUITY AND LIABILITIES						
Equity						
Contributed equity	2 500 ⁽²⁾	19 500 ⁽²⁾	22 000	5 147 ⁽⁵⁾	– ⁽⁶⁾	73 478
Retained profits	–	(1 228) ⁽⁷⁾	(1 228)	–	–	(1 228)
Non-current liabilities						
Other liabilities	–	–	–	–	–	–
Long-term debt	–	26 733 ⁽²⁾	26 733	30 814 ⁽⁸⁾	–	57 547 ⁽⁹⁾
Total equity and liabilities	2 500	45 005	47 505	82 292	–	129 797
Number of Units in issue ('000)	2 500	19 500	22 000	5 147	3 017	76 495
Net asset value per Unit (AUD)	1.00	0.94	0.94	1.00	–	0.94
Net tangible asset value per Unit (AUD)	1.00	0.94	0.94	1.00	–	0.94

Notes and assumptions:

1. The “Before the Private Placing, Walker Acquisition and Post-listing Acquisitions” column was extracted, without adjustment from the audited statement of financial position of the Fund as at 12 December 2012, as set out in Annexure 6, assuming that the Walker Acquisition, Post-listing Acquisitions and the Private Placing took place at that date.
2. Utilisation of the AUD22 000 000 of seed capital provided by IBAL through the issue of 22 000 000 Units at AUD1.00 each, and AUD26 732 640 draw-down from the Westpac Debt Facility for purposes of acquiring the Walker Portfolio.
3. The acquisition of the Walker Portfolio for net amount of AUD46 650 000 determined as the aggregate of the purchase price and transaction costs and net of fair value adjustments, acquired as going concern assets. Consistent with IAS 40, directly attributable costs of acquiring the Walker Portfolio such as stamp duty, conveyancing, architects, legal, and property valuer's fees amounting to AUD3 141 110 have been capitalised as part of the cost of these assets.
4. The acquisition of the Punt Road Property and the Elizabeth Street Property for an aggregate price of AUD83 147 211, acquired as going-concern assets.

In accordance with the Punt Road Assumption Deed and the Elizabeth Street Assumption Deed, IBAL, a related party of the Responsible Entity of the Fund, has assumed responsibility for the payment of stamp duty in relation to the acquisition of the Elizabeth Street Property and the Punt Road Property, with no requirement for the Fund to reimburse IBAL. Purchase prices of those properties have been disclosed net of the amount of stamp duty paid by IBAL (AUD4 813 091) in the Forecast Statement of Comprehensive Income and the *Pro Forma* Statement of Financial Position. There are no outstanding balances or commitments at 31 March 2014 in relation to this transaction.

5. Represents the capital raising from the Private Placing assuming the issue of 54 495 000 Units at an assumed mid range Private Placing Price of AUD1.00 each, equating to a total consideration of AUD54 495 000, net of Fund establishment costs of AUD3 017 387. All of the cash raised through the Private Placing will be used to settle the agreed purchase consideration owing to the vendor of the Punt Road Property and the Elizabeth Street Property and related transaction costs as well as fund establishment costs incurred in setting up the Fund.
6. Fund establishment costs of AUD3 017 387 written off against equity i.e. equity raised is immediately used to settle fund establishment costs thus net effect is zero.
7. Fair value adjustments of properties included in profit and loss.
8. Additional borrowings drawn down to achieve a target gearing level of c.45%.
9. Represents the total gearing post acquisition of the Property Portfolio of c.45% amounting to AUD57 547 851 of borrowings provided under the Westpac Debt Facility at a funding cost of 4.90%.
10. The “After the Acquisition and Private Placing” column reflects the *pro forma* statement of financial position after the acquisition of the Property Portfolio and the Private Placing.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA FINANCIAL INFORMATION



KPMG Inc
 KPMG Crescent
 85 Empire Road, Parktown, 2193
 Private Bag 9, Parkview, 2122, South Africa

Telephone +27 (0)11 647 7111
 Fax +27 (0)11 647 8000
 Docex 472 Johannesburg

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

19 August 2013

Report on the Compilation of Pro Forma Financial Information

Introduction

We have completed our assurance engagement to report ("Report") on the compilation of the pro forma, net asset value and net tangible asset value per unit of Investec Australia Property Fund ("IAPF" or the "Fund") pro forma statement of financial position of IAPF and the related notes, including a reconciliation showing all of the pro forma adjustments to the share capital, reserves and other equity items relating to IAPF, (collectively "Pro forma Financial Information"). The Pro forma Financial Information is set out in Annexure 6 of the Pre-listing statement to be issued by the Fund on or about 21 August 2013 ("Pre-listing statement").

The Pro forma Financial Information has been compiled by the directors of the Responsible Entity of IAPF to illustrate the impact of the Private Placing, the Walker Acquisition and the Post-Listing Acquisitions ("Transaction") as detailed in the Pre-listing statement on IAPF's financial position and changes in equity as at 12 December 2012.

As part of this process, IAPF's statement of financial position has been extracted by the directors of the Responsible Entity of IAPF from the Funds' published financial statements for the period ended 12 December 2012 ("Published Financial Information"), on which an audit report has been published.

In addition, the directors of the Responsible Entity of IAPF have calculated the net asset value and net tangible asset value per unit as at 12 December 2012 based on financial information extracted from the Published Financial Information.

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

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

Registration number 1999/021543/21

Policy Board:
 Chief Executive: RM Kgosana

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

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

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



Directors' Responsibility for the Pro forma Financial Information

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

Reporting Accountants' responsibility

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

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

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

The purpose of Pro forma Financial Information included in the Pre-listing statement is solely to illustrate the impact of the Transaction on the unadjusted Published Financial Information as if the Transaction had been undertaken on 12 December 2012 for purposes of the net asset value and net tangible asset value per share and statement of financial position. Accordingly, we do not provide any assurance that the actual outcome of the Transaction, subsequent to its implementation, will be as presented in the Pro forma Financial Information.

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

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

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



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

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

Opinion

In our opinion, the Pro forma Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

Yours faithfully
KPMG Inc.

A handwritten signature in black ink, appearing to read 'Mickey Bove', written over a light grey circular stamp.

Per Mickey Bove
Chartered Accountants (SA)
Director

INDEPENDENT REPORTING ACCOUNTANTS' REVIEW REPORT ON VALUE AND EXISTENCE OF THE PROPERTIES AND/OR LIABILITIES TO BE ACQUIRED



KPMG Inc
KPMG Crescent
85 Empire Road, Parktown, 2193
Private Bag 9, Parkview, 2122, South Africa

Telephone +27 (0)11 647 7111
Fax +27 (0)11 647 8000
DoceX 472 Johannesburg

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

19 August 2013

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

Introduction

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

- the **existence** of the property portfolio to be acquired by or on behalf of IAPF;
- the **value** at which the property portfolio is reflected in the "Adjustments for Walker acquisition" and "Adjustments for Post listing acquisitions" columns of the pro forma statement of financial position of IAPF set out in Annexure 6 of the Prelisting document to be dated on or about 21 August 2013; and
- no **liabilities** other than those disclosed exist.

Responsibilities of the directors

The directors of the Responsible Entity are solely responsible for the compilation, contents and presentation of the pro forma statement of financial position contained in the Pre-listing statement and for the financial information from which it has been prepared, including the financial information relating to the property portfolios to be acquired.

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

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

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

Registration number 1999/021543/21

Policy Board:
Chief Executive, RM Kgosana

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

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

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



Reporting accountants' responsibility

Our responsibility is to express a review conclusion regarding the existence and value of the property portfolio to be acquired by IAPF, as reflected in the adjustment columns of the *pro forma* statement of financial position of IAPF.

Scope of review

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

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

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

Summary of work performed

Existence and valuation of the property portfolio

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

- physically inspected four of the properties in the Walker portfolio to be acquired to establish existence;
- examined the title search included in the independent valuation reports for all of the properties;
- obtained confirmation of the existence and value of liabilities in respect of the mortgage registered over the properties;
- compared the value at which the properties are being acquired as reflected in the pro forma statement of financial position to the valuations included in Annexure 12 of the Pre-listing statement;
- considered the valuations provided by the independent valuers (M3 Property Strategists and Colliers) in accordance with the guidance in ISA 620: Using the work of an expert and obtained evidence of the following:
 - the professional competence of the independent valuer, in particular, membership of an appropriate professional body and experience and reputation in the field;

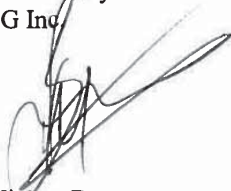
- the independence of the independent valuer, including confirmation from the valuer that there were no actual or apparent conflicts of interest that might impair, or be perceived to impair, his or her objectivity;
- that the scope of the independent valuer's work was adequate for the purposes of determining the property values included in the pro forma statement of financial position; and
- the appropriateness of the independent valuer's work as audit evidence regarding the values at which the properties are reflected in the pro forma statement of financial position.

Conclusion

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

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

Yours faithfully
KPMG Inc



Per Mickey Bove
Chartered Accountant (SA)
Registered Auditor
Director

HISTORICAL FINANCIAL INFORMATION OF THE FUND

1. BASIS OF PREPARATION

The statements of financial position and changes in owners' equity and the related notes for the date of incorporation being 12 December 2012 (“**historical financial information**”) has been extracted, without adjustment from the audited statutory financial statements (“**AFS**”) of the Fund.

The AFS were prepared in the manner required by the JSE Listings Requirements and in accordance with International Financial Reporting Standards and was reported on without qualification by KPMG Inc.

The historical financial information is the responsibility of the Directors.

The text of the independent reporting accountants' report on the historical financial information is set out in Annexure 10 to this Pre-listing Statement.

2. DIRECTORS' COMMENTARY

Nature of business

The Fund is a real estate investment trust.

Review of activities

On 12 December 2012, Investec Australia Property Fund was established with the issue of 2 500 000 Units at AUD1.00 each.

Dividends

No dividends were paid or declared

Equity capital

2 500 000 units were issued at an issue price of AUD1.00. Prior to the issue there were no changes to the authorised or issued unit capital.

3. SUBSEQUENT EVENTS

Subsequent to the period end the Fund has applied for a listing on the JSE in the “Real Estate Holdings and Development” sector:

Other material facts and circumstances occurring subsequent to the period end include:

- On 18 December 2012, an additional 19 500 000 Units were issued to a wholly-owned subsidiary of IBAL at AUD1.00 each.
- On 21 December 2012, the trust acquired the Walker Portfolio for a total cost of AUD47 878 110 (including transaction costs), which was discharged as follows:
 - 60% of the purchase consideration (excluding transaction costs), equating to AUD26 732 640, was funded with senior debt funding provided by Westpac; and
 - the balance of AUD21 145 470 was funded by equity.

INVESTEC AUSTRALIA PROPERTY FUND
STATEMENT OF FINANCIAL POSITION

as at 12 December 2012

	Notes	12 December 2012
		AUD'000
ASSETS		
Current assets		
Amounts due from group companies	2	2 500
TOTAL ASSETS		2 500
EQUITY AND LIABILITIES		
Capital and reserves		
Contributed equity	3	2 500
Distributable reserves		–
TOTAL EQUITY AND LIABILITIES		2 500
Net asset value per unit (AUD)		1.00

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 12 DECEMBER 2012

	CONTRIBUTED EQUITY	DISTRIBUTABLE RESERVES	TOTAL
	AUD'000	AUD'000	AUD'000
2 500 000 Units of AUD1.00 issued	2 500	–	2 500
Total comprehensive income for the period	–	–	–
Balance at 12 December 2012	2 500	–	2 500

NOTES TO THE FINANCIAL INFORMATION

1. **Accounting policies and basis of preparation**

The trust financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the South African Companies Act, as amended, and incorporate the principal accounting policies set out below.

The financial statements are prepared on the fair value basis for investment properties. Other assets, liabilities and equity are stated at historic cost. Fair value adjustments (where applicable) do not affect the calculation of distributable earnings but do affect the net asset value per unit to the extent that adjustments are made to the carrying values of assets and liabilities.

Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Fund and all entities, including special purpose entities, which are controlled by the Fund. Control exists when the Fund has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 *Business Combinations* are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 *Non-current Assets Held-For-Sale and Discontinued Operations*, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Fund assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for the Fund's purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity, and a financial liability or equity instrument of another entity. All transaction costs relating to "financial instruments at fair value through profit or loss" are immediately expensed. Any gains or losses on these instruments arising from fair value adjustments, where appropriate, do not affect distributable earnings. The Fund recognises financial instruments on the date it commits to purchase or sell such instruments. From this date, any gains and losses in the fair value of the financial assets and financial liabilities are recorded.

Certain financial instruments are designated upon initial recognition as "at fair value through profit or loss", as this eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains or losses on them on different bases.

The Fund 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 the entity is recognised as a separate asset or liability.

Listed property investments

Listed property investments are designated as "held at fair value through profit or loss" financial assets. These assets are initially recognised and subsequently measured at fair value, with gains or losses being recognised in profit or loss. The fair value of these assets is their quoted bid price at the close of business on the reporting date.

Trade and other receivables

Trade and other receivables are initially recognised and subsequently measured at fair value. An estimate is made for credit losses based on a review of all outstanding amounts at the year-end. Bad debts are written off to profit or loss during the year in which they are identified.

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 measured at fair value.

Trade and other payables

Trade and other payables are initially recognised and subsequently measured at fair value.

Other financial liabilities

Non-derivative financial liabilities other than debentures are measured initially and subsequently at fair value by discounting the future cash payments using the market rate applicable at the reporting date.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the Fund has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Investment property

Investment property consists of land and buildings, installed equipment and vacant land held to earn rental income for the long-term and subsequent capital appreciation. Properties are measured initially at cost on acquisition and subsequent additions that will result in future economic benefits and whose cost can be measured reliably, are capitalised. Investment property under construction is valued at fair value.

Direct costs relating to major capital projects are capitalised until the properties are brought into commercial operation. Subsequent to initial recognition, investment properties are measured, at their fair value. 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 charged against income. Independent valuations are obtained on a rotational basis, ensuring that every property is valued every three years. The Directors value the remaining properties annually on an open market basis. The calculations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs, using amongst others, the discounted cash flow valuation method and the capitalisation of net income approach. This method takes projected cash flows and discounts them at a rate which is consistent with comparable market transactions. The discount rates reflect the risks inherent in the net cash flows and are constantly monitored by reference to comparable market transactions. Surpluses and deficits on revaluation or disposals of investment properties are recognised in profit or loss. Such surpluses or deficits are excluded from the calculation of distributable earnings.

Investment property held under an operating lease is recognised in the group's balance sheet at its fair value.

Impairment

The carrying amount of the group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smaller group of assets that generate cash inflows from continuing use that are largely independent of the cash inflow of the other assets or groups of assets (the "cash-generating unit"). An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Unit capital

Units are classified as equity if it is non-redeemable at the election of the Unitholder and does not become redeemable after a certain period, or it is redeemable only at the Responsible Entity's option, and any dividends are discretionary. The issued Unit capital represents the amount of consideration received for Units issued by IAPF. 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. All Units rank equally with regard to IAPF's residual assets.

Leases

The Fund is party to numerous leasing contracts as the lessor of property. All leases are operating leases, which are those leases where the company retains a significant portion of the risks and rewards of ownership. An adjustment is made to contractual rental income earned to bring to account in the current period the difference between the rental income that the Fund is currently entitled to and the rental for the period calculated on a smoothed, straight-line basis over the period of the lease term. This does not affect distributable earnings. The Fund is party to leasing contracts as the lessee of some property and equipment. Leases are classified as operating leases, where substantially all the risks and rewards associated with ownership of the asset are not transferred from the lessor to the lessee. Operating lease rentals with fixed escalation clauses are recognised in profit and loss on a straight-line basis over the lease term. The resulting difference arising from the straight-line basis and contractual cash flows is recognised as an operating lease asset or operating lease liability.

Revenue recognition

Rental income

Revenue from the letting of investment property comprises gross rental income and recoveries of fixed operating costs. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Recoveries of costs from lessees, where the group merely acts as an agent and makes payment of these costs on behalf of lessees, are offset against the relevant costs.

Investment income

Interest from listed property investments is recognised using the effective interest method. Dividends from listed property investments are recognised on the date the group's right to receive payment is established. Interest earned on cash invested with financial institutions is recognised on an accrual basis using the effective interest method.

Property letting commissions paid

When considered material, letting commissions are written off over the period of the lease. Letting commissions paid in respect of new developments, are capitalised to the cost of the property.

Operating profit

Operating profit included in profit or loss represents the net property income earned from investment property and includes investment income on listed property investments.

Distributions

Distributions are paid to Unitholders half-yearly, being on the last day of the 6th calendar month and the year-end periods. The responsible entity must determine the distributable income of the Fund for each Financial Year before the end of the relevant Financial Year, in accordance with the formula stipulated in the Constitution. The Responsible Entity must have distributed all of the distributable income for a Financial Year within three months of the end of the relevant year. A provision for distribution is made for the amount of any distribution declared on or before the end of the Financial Year but not distributed at reporting date.

Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of a past event and it is probably that an outflow of resources embodying economic benefit will be required to settle the obligation and, in addition, a reliable estimate of the amount can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Taxation

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

Borrowing costs

In the event that borrowing costs are incurred prior to the qualifying asset being ready for its intended use, such costs will be capitalised until such time as the asset is substantially ready for its intended use. Qualifying assets are those that necessarily take a substantial period of time to prepare for their intended use. Capitalisation is suspended during extended periods in which active development is interrupted.

All other borrowing costs are expensed in the period in which they are incurred using the effective method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. These financial guarantee contracts are classified as insurance contracts as defined in IFRS 4 Insurance Contracts. A liability is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the contract and a reliable estimate can be made of the amount of the obligation. The amount recognised is the best estimate of the expenditure required to settle the contract at the reporting date. Where the effect of discounting is material, the liability is discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Fund performs liability adequacy tests on financial guarantee contract liabilities to ensure that the carrying amount of the liabilities is sufficient in view of estimated future cash flows. When performing the liability adequacy test, the Fund discounts all expected contractual cash flows and compares this amount to the carrying value of the liability. Where a shortfall is identified an additional provision is made.

Related party transactions

Related party transactions are transactions which result in a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related parties refer to entities in which the group directly or indirectly through one or more intermediaries controls or is controlled by or is in common control with. These include the holding trust, subsidiaries and fellow subsidiaries.

Revised IAS 24 "Related party disclosures" was issued in November 2009. It supersedes IAS 24 "Related party disclosures" issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government related entities to disclose details of all transactions with the government and other government-related entities.

The Fund has adopted this standard in the preparation of its historical financial information and will continue to adopt it going forward.

Key judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Amounts due from group companies

	12 December 2012
	AUD'000
MSN 1438 (Pty) Limited ¹	2 500
	2 500

¹MSN 1438 (Pty) Limited is a 100% owned subsidiary of IBAL and is the sole unitholder of IAPF

3. Contributed equity

	12 December 2012
	AUD'000
2 500 000 ordinary units of AUD1.00 each	2 500
	2 500

4. **Taxation**

No provision has been made for taxation as the Fund is a “flow-through” entity for Australian tax purposes and is therefore not subject to Australian income tax.

5. **Related party transactions**

Related parties exist with Investec Bank (Australia) Limited as well as MSN 1438 (Pty) Limited.

All transactions with related parties are concluded at arm's length.

	12 December 2012
	AUD'000
<i>Amounts invested by related parties</i>	
– MSN 1438 (Pty) Limited	2 500
	2 500

6. **Financial risk management**

The Fund's principal financial liabilities could comprise bank loans and overdrafts, debentures and trade payables. The main purpose of these financial liabilities is to raise finance for the Fund's operations. The Fund could have various financial assets such as trade receivables, finance leases and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Fund's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Directors reviews and agreed policies for managing these risks are summarised below.

7. **Liquidity risk management**

The Fund's objective is to maintain a balance between continuity of funding and flexibility through the use of adequate borrowing facilities.

8. **Statement of comprehensive income**

No statement of comprehensive income was prepared as there were no transactions at the date of this report.

9. **Statement of cash flows**

No statement of cash flows was prepared as there were no transactions at the date of this report.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE FUND



KPMG Inc
 KPMG Crescent
 85 Empire Road, Parktown, 2193
 Private Bag 9, Parkview, 2122, South Africa

Telephone +27 (0)11 647 7111
 Fax +27 (0)11 647 8000
 DoceX 472 Johannesburg

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

19 August 2013

Dear Sirs

Independent Reporting Accountants' Report on the Historical Financial Information of Investec Australia Property Fund ("IAPF/The Fund")

Introduction

At your request, we present our Reporting Accountants' Report on the Historical Financial Information for the period ended 12 December 2012 which comprises the statements of financial position, statements of changes in equity and a summary of significant accounting policies and other explanatory notes ("The Historical Financial Information"), of Investec Australia Property Fund ("IAPF/The Fund"), which is incorporated in Australia, only for the purposes of complying with the Listings Requirements of the JSE Limited (the "JSE Listings Requirements") and for inclusion in the Pre-Listing statement dated on or about 21 August 2013.

Responsibility of the directors

The directors of the Responsible Entity of IAPF are responsible for the compilation, contents and preparation of the Pre-listing statement including the financial information, in accordance with the JSE Listings Requirements and the Companies Act of South Africa.

The directors of the Responsible Entity of IAPF are also responsible for the fair presentation in accordance with International Financial Reporting Standards and for such internal control as the directors of the Responsible Entity of IAPF determine is necessary to enable the preparation of the Historical Financial Information are free from material misstatement, whether due to fraud or error.

Responsibility of the Independent Reporting Accountants

Our responsibility is to express an audit opinion on the Historical Financial Information for the year ended 12 December 2012, included in Annexure 9 to the Pre-listing statement, in accordance with International Standards on Auditing. No adjustments have been made to the previously reported Historical Financial Information of IAPF when compiling the Historical Information.

Policy Board:
 Chief Executive: RM Kgosana
 Executive Directors: T Fubu, A Hari, E Magondb, JS McIntosh, CAT Smit, D van Heerden
 Other Directors: DC Duffield, LP Fourie, N Fubu, TH Hoole, A Jaffer, M Letsits, A Masemoia, AM Mokgabud, Y Suleman (Chairman of the Board), A Thunström

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
 KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.
 Registration number 1999/021543/21

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



Historical Financial Information

Introduction

We have audited the Historical Financial Information attached as Annexure 9 to the Pre-listing statement prepared in accordance with the International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Responsibility of the independent reporting accountants on the Historical Financial Information

Our responsibility is to express an opinion on the Historical Financial Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the Financial Information of IAPF as set out in Annexure 9 to the Pre-listing statement presents fairly, in all material respects, for the purposes of the Pre-listing statement the financial position of IAPF at 12 December 2012 and the financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Yours faithfully

KPMG Inc.

Per Gavin De Lange
Registered Auditor
Director

DETAILS OF VENDORS

Property acquired	Date acquired	Name of vendor	Address of vendor	Name and address of beneficial shareholders of the vendor(s) (if company)	Consideration	Goodwill paid and manner in which accounted for	Loans incurred to finance the acquisition ¹	Date of acquisition by vendor (if acquired within last 3 years)	Cost of asset to vendor if acquired within last 3 years /Cost of development	Amount of goodwill paid by vendor
					(AUD)	(AUD)	(AUD)	(if acquired within last 3 years)	(AUD)	(AUD)
PROPERTIES CURRENTLY OWNED										
48 Hawkins Crescent Property	21 Dec 12	Walker Bremer Park Pty Limited (a related entity to Walker)	Level 21 Governor Macquarie Tower 1 Farrer Place Sydney, NSW 2000	Walker Level 21 Governor Macquarie Tower 1 Farrer Place Sydney, NSW 2000	None	n/a – direct purchase of immovable property	2 005 665	n/a – developed by vendor	n/a ²	n/a – direct purchase of immovable property
47 Sawmill Circuit Property	21 Dec 12	Walker	Level 21 Governor Macquarie Tower 1 Farrer Place Sydney, NSW 2000	Langley, Alexander Walker (75%) and Suzanne Merle Walker (25%) 12 Crescent Street Hunters Hill NSW, 2110	None	n/a – direct purchase of immovable property	5 042 813	n/a – developed by vendor	n/a ²	n/a – direct purchase of immovable property
57 Sawmill Circuit Property	21 Dec 12	Walker	Level 21 Governor Macquarie Tower 1 Farrer Place Sydney, NSW 2000	Langley, Alexander Walker (75%) and Suzanne Merle Walker (25%) 12 Crescent Street Hunters Hill, NSW 2110	None	n/a – direct purchase of immovable property	4 698 985	n/a – developed by vendor	n/a ²	n/a – direct purchase of immovable property

Property acquired	Date acquired	Name of vendor	Address of vendor	Name and address of beneficial shareholders of the vendor(s) (if company)	Consideration	Goodwill paid and manner in which accounted for	Loans incurred to finance the acquisition¹	Date of acquisition by vendor (if acquired within last 3 years)	Cost of asset to vendor if acquired within last 3 years) /Cost of development	Amount of goodwill paid by vendor
Property acquired	Date acquired	Name of vendor	Address of vendor	Name and address of beneficial shareholders of the vendor(s) (if company)	Issue of securities (AUD)	Cash portion (AUD)	(AUD)	(if acquired within last 3 years)	(AUD)	(AUD)
24 Sawmill Circuit Property	21 Dec 12	Walker	Level 21 Governor Macquarie Tower 1 Farrer Place Sydney, NSW 2000	Langley, Alexander Walker (75%) and Suzanne Merle Walker (25%) 12 Crescent Street Hunters Hill, NSW 2110	None	8 151 436	4 870 899	n/a – developed by vendor	n/a – direct purchase of immovable property	n/a – direct purchase of immovable property
44 Sawmill Circuit Property	21 Dec 12	Walker	Level 21 Governor Macquarie Tower 1 Farrer Place Sydney, NSW 2000	Langley, Alexander Walker (75%) and Suzanne Merle Walker (25%) 12 Crescent Street Hunters Hill, NSW 2110	None	8 247 335	4 928 203	n/a – developed by vendor	n/a – direct purchase of immovable property	n/a – direct purchase of immovable property
2-8 Mirage Road Property	21 Dec 12	Heaslip Property Pty Limited (a related entity to Walker)	Level 21 Governor Macquarie Tower 1 Farrer Place Sydney, NSW 2000	Walker Group No.1 Pty Limited Level Farrer Place Sydney, 21 Governor Macquarie Tower; Farrer Place Sydney, NSW, 2000 (ultimate parent: Walker Group Holdings Pty Limited)	None	8 678 882	5 186 075	n/a – developed by vendor	n/a – direct purchase of immovable property	n/a – direct purchase of immovable property

Property acquired	Date acquired	Name of vendor	Address of vendor	Name and address of beneficial shareholders of the vendor(s) (if company)	Consideration	Goodwill paid and manner in which accounted for	Loans incurred to finance the acquisition ¹	Date of acquisition by vendor (if acquired within last 3 years)	Cost of asset to vendor if acquired within last 3 years) /Cost of development by vendor	Amount of goodwill paid by vendor (AUD)
PROPERTIES TO BE ACQUIRED POST-LISTING										
Elizabeth Street Property	Date of transfer ³	Maclaw No. 651 Pty Limited	381 -387 Richmond VIC, 3121	Punt Road Benjamin William Genser 4 Waltham Street, Richmond VIC 3121	None	54 470 701	n/a – direct purchase of immovable property	n/a – developed by vendor	n/a ²	n/a – direct purchase of immovable property
Punt Road Property	Date of transfer ³	Maclaw No. 452 Pty Limited	381 -387 Richmond VIC, 3121	Punt Road Benjamin William Genser 4 Waltham Street, Richmond VIC 3121	None	28 676 412	n/a – direct purchase of immovable property	n/a – developed by vendor	n/a ²	n/a – direct purchase of immovable property

¹ Loan incurred in respect of Walker Acquisition has been allocated to properties based on 60% gearing against cost of property

² Information not disclosed by vendor

³ See paragraph 7.3

Notes:

- The vendors have provided warranties and indemnities to the Fund that are standard to transactions of such nature. The vendors have not guaranteed the book debts of the letting enterprises acquired or to be acquired by the Fund.
- The agreements with vendors do not preclude the vendors from carrying on business in competition with IAPF or impose any other restrictions on the vendors. Accordingly, no cash payments have been made in respect of restraints of trade.
- There are no liabilities for accrued taxation that will be settled in terms of agreements with vendors.
- No Director or promoter has any beneficial interest, direct or indirect, in any transactions detailed herein. No benefit or securities were given within the three preceding years or proposed to be given to any promoter.
- The properties comprising the Walker Portfolio were transferred on 21 December 2012 and are assets of the Fund. The completion of the acquisition of the Punt Road Property and the Elizabeth Street Property are conditional on the Private Placing and these assets will only become assets of the Fund following the Private Placing. Save for the pledge to Westpac in respect of the Westpac Debt Facility, none of the properties acquired or to be acquired have been ceded or pledged or any third-party.

INDEPENDENT VALUER'S VALUATION REPORT ON THE WALKER PORTFOLIO

AD:ad
129375

19 August 2013



Mr Richard Volpe
Property Investments
Investec Property Limited
Level 23, The Chifley Tower
2 Chifley Square
SYDNEY NSW 2000

Dear Sir,

RE: INDEPENDENT VALUERS REPORT
48 HAWKINS CRESCENT, IPSWICH, QLD; 47 SAWMILL CIRCUIT, HUME, ACT
57 SAWMILL CIRCUIT, HUME, ACT; 24 SAWMILL CIRCUIT, HUME, ACT
44 SAWMILL CIRCUIT, HUME, ACT & 2-8 MIRAGE ROAD, DIREK, SA

We refer to your instructions requesting us to prepare a market valuation of the above properties. We inspected the properties between 13 and 16 November 2012 and have completed comprehensive valuations and reports as requested. We further inspected the properties between 13 and 15 August 2013 and completed update valuations as at these dates. There have been no material changes in circumstances relating to the properties since the initial dates of valuation (13 to 16 November 2012) and since the dates of valuation update (13 to 15 August 2013) that would materially affect the valuations.

This valuation summary has been prepared for inclusion in the pre-listing statement for the Investec Australia Property Fund.

m3property Pty Ltd consents to being named in the pre-listing statement and to the inclusion of the summary valuation in this document. As at the date of the pre-listing statement, this consent has not been withdrawn.

For further information reference should be made to the full copy of the valuations and reports dated 13, 14 and 16 November 2012 and update valuations dated 13 and 15 August 2013 which are available for inspection at the offices of Investec Property Limited.

m3property (NSW) Pty. Ltd.
ABN 46 330 373 527
Level 14/1 Castlereagh Street
Sydney NSW 2000
Telephone 02 8234 8100
Facsimile 02 9232 5144
info@m3property.com.au
www.m3property.com.au



VALUATION SUMMARY

A summary of the valuations is as follows:

Property Address	48 Hawkins Crescent, Ipswich, Qld	47 Sawmill Circuit, Hume, ACT
Title Details	Lot 4 on Survey Plan 238273	Volume 1936 Folio 4
Date of Inspection	13-Aug-13	15-Aug-13
Date of Valuation	13-Aug-13	15-Aug-13
Description	A modern industrial building with single level office and high clearance warehouse and two gantry cranes.	A modern industrial building with single level office, high clearance warehouse, internal mezzanine floor and exterior container store.
Land Area	5,586 m ²	13,550 m ²
Gross Lettable Area	2,045 m ²	5,535 m ²
Approximate Age of Buildings	2 years	2 years
Zoning	Regional Business and Industry - Medium Impact	General Industrial Zone
Tenure	Freehold	Leasehold
Leasehold Term & Expiry	N/A	88.2 year lease expiring 22 October 2101
Tenant/Sub Tenant	OneSteel Reinforcing Pty Limited	Sirva Pty Limited (Allied Pickfords)
Lease/Sub Lease Expiry	20-Sep-17	1-Aug-26
Net Passing Income (pa)	\$314,480	\$716,517
Valuation Approach	Capitalisation of net income and discounted cash flow	Capitalisation of net income and discounted cash flow
Market Value	\$3,500,000	\$8,800,000
Valuer	James Park Registration No. 3185	Andrew Duguid Registered Valuer No. 017876

Property Address	57 Sawmill Circuit, Hume, ACT	24 Sawmill Circuit, Hume, ACT
Title Details	Volume 1936 Folio 2	Volume 2038 Folio 78
Date of Inspection	15-Aug-13	15-Aug-13
Date of Valuation	15-Aug-13	15-Aug-13
Description	A modern industrial building with high clearance warehouse and extensive external hardstand areas.	A new industrial building with two storey office component, high clearance warehouse and extensive external hardstand areas.
Land Area	11,610 m ²	10,940 m ²
Gross Lettable Area	7,079 m ²	6,300 m ²
Approximate Age of Buildings	2 years	2 years
Zoning	General Industrial Zone	General Industrial Zone
Tenure	Leasehold	Leasehold
Leasehold Term & Expiry	88.2 year lease expiring 22 October 2101	88.2 year lease expiring 22 October 2101
Tenant/Sub Tenant	Sirva Pty Limited (Allied Pickfords)	Toll Transport Pty Limited
Lease/Sub Lease Expiry	1-Aug-16	30-Nov-17
Net Passing Income (pa)	\$734,119	\$703,395
Valuation Approach	Capitalisation of net income and discounted cash flow	Capitalisation of net income and discounted cash flow
Market Value	\$8,200,000	\$8,500,000
Valuer	Andrew Duguid Registered Valuer No. 017876	Andrew Duguid Registered Valuer No. 017876

Property Address	44 Sawmill Circuit, Hume, ACT	2-8 Mirage Road, Direk, SA
Title Details	Volume 2025 Folio 84	Volume 6085 Folio 738
Date of Inspection	15-Aug-13	15-Aug-13
Date of Valuation	15-Aug-13	15-Aug-13
Description	A new purpose built cross dock facility building with single storey office component, high clearance warehouse and extensive external hardstand areas.	A modern industrial building with single level office and high clearance warehouse.
Land Area	16,949 m ²	19,930 m ²
Gross Lettable Area	4,639 m ²	6,783 m ²
Approximate Age of Buildings	2 years	3 years
Zoning	General Industrial Zone	Industry Zone
Tenure	Leasehold	Freehold
Leasehold Term & Expiry	88.2 year lease expiring 22 October 2101	N/A
Tenant/Sub Tenant	Toll Ipec Pty Limited	Toll Transport Pty Limited
Lease/Sub Lease Expiry	2-Oct-22	13-Sep-22
Net Passing Income (pa)	\$814,866	\$798,764
Valuation Approach	Capitalisation of net income and discounted cash flow	Capitalisation of net income and discounted cash flow
Market Value	\$8,600,000	\$9,050,000
Valuer	Andrew Duguid Registered Valuer No. 017876	Neil Bradford



The valuations are subject to the qualifications and assumptions contained within our full valuation reports and the existing leases.

SUMMARY OF VALUES

Summary of Valuations	
<i>Leasehold</i>	
47 Sawmill Circuit, Hume, ACT	\$8,800,000
57 Sawmill Circuit, Hume, ACT	\$8,200,000
24 Sawmill Circuit, Hume, ACT	\$8,500,000
44 Sawmill Circuit, Hume, ACT	\$8,600,000
Sub total	\$34,100,000
<i>Freehold</i>	
48 Hawkins Crescent, Ipswich, QLD	\$3,500,000
2-8 Mirage Road, Direk, SA	\$9,050,000
Sub total	\$12,550,000
Total	\$46,650,000

METHOD OF VALUATION

In arriving at our valuations we have examined the available market evidence relevant to each property and applied this analysis to the Capitalisation of Net Income approach, Discounted Cash Flow approach and Direct Comparison approach.

ASSUMPTIONS

In undertaking our valuations we have made various value dependent assumptions which are clearly outlined in our valuation reports. The critical assumptions adopted include the following:

48 Hawkins Crescent, Ipswich, Qld

- The vendor rental guarantee is transferable to a future purchaser.

47 Sawmill Circuit, Hume, ACT

- The sublease requirement for the Sublessor to warrant the floor and hardstand is suitable for and able to withstand various pressures and loads is specific to the original Lessor and current Vendor, Walker Corporation or the Vendor has been provided with satisfactory evidence to demonstrate the slab has been built in accordance with these specifications.



57 Sawmill Circuit, Hume, ACT

- The sublease requirement for the Sublessor to warrant the floor and hardstand is suitable for and able to withstand various pressures and loads is specific to the original Lessor and current Vendor, Walker Corporation or the Vendor has been provided with satisfactory evidence to demonstrate the slab has been built in accordance with these specifications;
- The vendor rental guarantee is transferable to a future purchaser.

24 Sawmill Circuit, Hume, ACT

- The vendor rental guarantee is transferable to a future purchaser.

44 Sawmill Circuit, Hume, ACT

- N/A.

2-8 Mirage Road, Direk, SA

- N/A.

PLANNING RESTRICTIONS

Full town planning details have been supplied in the detailed valuation reports including conditions and restrictions and the properties have been checked against such conditions. There do not appear to be any infringements of local authority regulations by any of the properties.

The valuations have further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are in accordance with the relevant planning regulations.

INTRA-GROUP LEASES

Having inspected all the tenant schedules it is noted that there are no intra-group or related-party leases.



SOURCES OF INFORMATION

In preparing our valuations we have obtained information from a range of sources and have verified this information where possible and within the scope of our retainer and limited to our expertise as valuers. The sources of information relied upon in our valuations includes:

- Investec Property Limited and Walker Corporation Pty Limited (the Vendor) for survey plans, leases and subleases, outgoing budgets, etc.;
- Physical inspections of each property;
- Land Titles Office in each State and Territory;
- ACT Planning and Land Authority;
- Salisbury Council;
- Ipswich City Council;
- Local market sources including agents active in the respective markets.

We advise that outgoing budgets have been benchmarked against other similar properties and market information including sales and rental evidence has been checked, where possible, with parties involved in the respective transactions as well as published transaction records.

MATERIAL CONTRAVENTIONS OF STATUTORY REQUIREMENTS

We are not aware of any material contravention of any statutory requirements that could affect the value of the properties.

RENTALS

Several properties are leased at rentals above market levels. A summary of the current passing rent and the adopted market rent, together the calculated reversions is shown below.

Property	Net Passing Income	Net Market Income	Reversions/Overage
48 Hawkins Crescent, Ipswich, QLD	\$314,480	\$265,850	\$265,489
47 Sawmill Circuit, Hume, ACT	\$716,517	\$664,200	\$382,251
57 Sawmill Circuit, Hume, ACT	\$734,119	\$672,505	\$156,668
24 Sawmill Circuit, Hume, ACT	\$703,395	\$693,000	\$35,327
44 Sawmill Circuit, Hume, ACT	\$814,866	\$718,999	\$549,248
2-8 Mirage Road, Direk, SA	\$798,764	\$746,130	\$744,233

The properties have been valued subject to the existing leases and there are currently no vacancies. We have not made any specific allowance in our capitalization approach for vacancies.



OPTION TO PURCHASE

We are not aware of any option to purchase any of the properties by a third party.

LIABILITY DISCLAIMER AND OTHER INFORMATION

m3property were involved only in the preparation of this summary and the valuations referred to herein, and specifically disclaims liability to any person in the event of any omission from, or false or misleading statement included in the pre-listing document other than in respect of the valuation and summary. m3property is not licensed to provide financial product advice under the Corporations Act 2001. m3property confirms it has been paid a fee of \$28,000 excluding GST by Investec Property Limited for this summary and valuation.

The purpose of this abridged valuation is to be published in full in the Fund's Pre-Listing Statement (ie. Offer Document).

No liability is accepted for any loss or damage (including consequential or economic loss) suffered as a consequence of fluctuations in the property market subsequent to the date of valuation. m3property is not related to Investec Property Limited and is therefore independent of them. m3property have no interest in the subject properties and no personal interest with respect to the parties involved.

Neither the valuer nor m3property Pty Ltd has any pecuniary (or other) interest giving rise to a conflict of interest in valuing the property.

Yours faithfully,
m3property

A handwritten signature in black ink, appearing to read 'A. Duguid'.

Andrew Duguid B.Bus (Prop) AAPI F Fin
Certified Practising Valuer/Director
NSW Registration No. 011056

Level 14, 1 Castlereagh Street,
Sydney, NEW SOUTH WALES 2000

INDEPENDENT VALUER'S VALUATION REPORT ON THE PUNT ROAD PROPERTY

Level 32, Optus Centre
367 Collins Street
Melbourne Vic 3000

DX 178 Melbourne
www.colliers.com.au

MAIN +61 3 9940 7217
FAX +61 3 9092 1417
MOB +61 410 595 552
EMAIL peter.volakos@colliers.com



19 August 2013

Mr Robert Bezette
Investec Property Limited
Level 49, 120 Collins Street
Melbourne VIC 3000

Via E-mail: robert.bezette@investec.com.au

Dear Robert,

**RE: Valuation as at 27 February 2013 and Valuation Review as at 10 July 2013
449 Punt Road, Cremorne, VIC 3121**

We refer to the instructions issued by Investec Property Limited as Responsible Entity for the Investec Australia Property Fund and Investec Propco Pty Limited as Trustee for the Investec Australia Sub Trust No. 3 dated 14 January 2013 requesting Colliers International Consultancy and Valuation Pty Limited (CICV) to assess the Freehold Market Value of 449 Punt Road, Cremorne, Victoria (the Property) for First Mortgage Security, Financial Reporting and Product Disclosure Statement purposes and to further instructions dated 4 July 2013 to undertake a review of the valuation in order confirm whether there has been a material change in market value in the form of a Valuation Update letter. We have been instructed to provide a summary of the valuation report for inclusion in a Product Disclosure Statement (PDS) issued by Investec Property Limited as Responsible Entity for the Investec Australia Property Fund. We note that Investec Bank (Australia) Limited is currently a Mortgagee of the Property. In accordance with section 13 of the JSE Listing Rules we note that we are not aware of any option held by any party to purchase the property however we have not made specific enquiries in this regard.

This summary outlines the key considerations adopted in arriving at our opinion of Market Value. For further information, reference should be made to the full valuation report (Our Ref: VM6788) as at 27 February 2013 and our Valuation Update Letter as at 10 July 2013 held by Investec Property Limited.

We inspected the property on 27 February 2013 and re-inspected on 10 July 2013 and we are informed by Investec Property Limited that there have been no material changes in circumstances relating to the property since the initial date of valuation (being 27 February 2013) and the date of valuation update (10 July 2013), that would materially affect the valuation. Note we have not made additional detailed inquiries in this regard nor have we re-inspected the property other than as noted above. We confirm that the valuation complies with all relevant industry standards and codes.

Basis of Valuation

The valuation has been completed in accordance with the following definition of Market Value as defined by the International Valuation Standards Committee (IVSC), endorsed by the Australian Property Institute (API) and embodied within the current Corporations Law:



"Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Value is to a third party owner other than the present owner.

Summary of Value

We have assessed the Market Value of the freehold interest in the Property as at the initial date of valuation being 27 February 2013 to be the sum of \$28,700,000 (excluding GST), subject to the qualifications and assumptions contained within our formal valuation report. We have further confirmed that there has not been a material change to this valuation as at 10 July 2013 and we reaffirm our initial valuation subject to the qualifications and assumptions contained within our valuation update letter. Refer to the 'Material Assumptions' section further in this letter.

Brief Description of Property

The subject property comprises a five (5) level commercial building known as 449 Punt Road, Cremorne. The improvements were constructed in 2009 (approx. four (4) years old) and provide a total of 6,383.60 m² NLA of accommodation in total comprising 13.90 m² of retail accommodation within the ground level foyer, 6,369.70 m² NLA of office accommodation over Ground Level to Level 4 and 181 car parking bays (including 161 single bays and 20 tandem bays). The improvements occupy a site of 2,170 m².

The Property is located on the eastern CBD Fringe within the suburb of Cremorne. This location offers convenient accessibility to the Melbourne CBD. Access to Melbourne's wider road network is available via Punt Road providing a direct link to the Eastern Freeway to the north and to the Nepean Highway to the South. The Cremorne access ramp for the CityLink Freeway is also located directly to the south of the Property. Public transport is available within walking distance via the Richmond commuter railway station and various tram services on Swan Street.

The Property is contained within a Business 3 Zone (B3Z) under the Yarra Planning Scheme and is also covered by Design and Development Overlay – Schedule 2 (DDO2) and Land Subject to Inundation Overlay (LSIO). 'Office' is a 'Section 1 – Permit Not Required' use under the Business 3 Zone (B3Z). We have not requested a town planning permit for the property and therefore cannot confirm the town planning conditions which related to the development.

As at the date of initial valuation the property is occupied by Carsales.com Limited (81.63%), Thought World Pty Ltd (10.84%) and PBS Vic Pty Ltd (0.22%) and there is a proposed additional lease to Carsales.com Limited (Proposed Lease A) (7.32%) for the remainder of the vacant space. This remains the case as at the date of valuation update.

Our title search indicated the presence of a Statutory Charge lodged under Section 96 (1) of the Land Tax Act 2005 by the State Revenue Office Victoria for an outstanding Lax Tax liability. For the purposes of this valuation we have assumed that any outstanding liability for Land Tax would be the vendors responsibility in the proposed transaction. We are not aware of any other material





contravention of statutory requirements however we have not undertaken detailed investigations in this regard and therefore cannot confirm that there are no such non-compliance issues.

Based on the information provided to us we are not aware of any options to acquire the property granted by the owner in favour of any other party.

Rental Profile

As at the initial date of valuation of 27 February 2013 the current passing rental equates to \$2,582,597 per annum net. The average passing office rent equates to \$332.00 per m² net and the average passing car parking licence fee is \$2,229.68 per space per annum which includes 20 bays which are currently vacant. Additional income is generated from retail and signage of \$65,375 per annum.

The current passing net income of \$2,606,597 per annum (fully leased) is above our estimated net market income of \$2,427,278 per annum.

As at the date of our update valuation as at 10 July 2013 the current passing rental equates to \$2,582,499 per annum net reflecting an updated outgoings budget for the year ending 30 June 2014.

We are informed that as part of the proposed transaction the vendor will meet all outstanding obligations in relation to outstanding incentives and Investec Bank (Australia) Limited will provide a rental guarantee over a potential vacancy at expiry of the Thought World Pty Ltd Lease in March 2015. In the event that such guarantees are not provided the Market Value referred to herein will be subject to a material change and should be referred back to the valuer for comment and amendment if necessary. We note that there are no related party leases involving any Investec entities.

We have assessed market rentals that differ somewhat from the passing rentals. It is noted that the adopted Average Market Office rental reflects \$315 per m² net face (\$393 per m² gross face), as compared with an Average Passing Office rental of \$332 per m² net (\$410 per m² gross), a variance of \$-17.5 per m² net. We have made an adjustment for the Present Value of the rental shortfall in the Reversionary Capitalisation approach. In the Discounted Cashflow Approach we have adopted our assessed market rentals on expiry of the existing leases which have been escalated in accordance with our market rental growth forecasts as stated in the full valuation report.

A schedule of the current annual rentals and estimated future annual rentals are included in the 'Discounted Cash Flow Conclusions' section on page 73 of the detailed valuation report. We note that these estimated future rentals are presented for the purposes of Discounted Cash Flow Analysis only and are undertaken on a consistent basis with comparable sales evidence. However future income streams, outgoings and capital expenditure items at the property will be variable and dependant on changing market conditions which we cannot predict with any accuracy. The estimated future annual rentals are provided as a valuation tool only, and we make no representation in relation to the actual future income streams to be derived from the property and we do not provide any warranty in this regard.





Valuation Methodology

In determining the Market Value of the Property, CICV has examined the available market evidence and applied this analysis to the Capitalisation of Net Income and Discounted Cash Flow (DCF) Approaches. These approaches have in turn been checked by the Direct Comparison Approach on the basis of sales analysed at a rate per square metre of NLA.

The Capitalisation of Net Income Approach has been undertaken by applying a yield to both the potential fully let passing net income (initial yield) and the potential reversionary net income (equated reversionary yield). To the value derived, adjustments have been made for any rental reversions, vacancies, leasing costs and capital expenditure required over the first two (2) years.

The DCF has been undertaken over a 10-year time horizon discounting the net income over this period on a monthly basis together with the value of the property, net of selling expenses, in the 121st month. The net present value has been determined after allowing for capital expenditure and costs associated with the purchase of the property.

Our valuation has been undertaken on a GST exclusive basis.

Valuation Analysis and Assumptions

The following criteria has been adopted:

- (i) We have capitalised the net passing income at 9.00% in line with available market evidence. We have also considered the reversionary approach, whereby the net market income has been capitalised at a market yield of 8.75% with cognisance of available market evidence.
- (ii) A DCF analysis over a 10-year investment horizon has been undertaken, based upon a discount rate of 9.75%, average net face office rental growth over the cash flow term of 3.11% per annum, and an adopted terminal yield of 9.00%.
- (iii) Outgoings have been adopted at \$500,468 per annum or \$78.40 per m² (based on the June 2013 budget) which appears appropriate for this style of property, being a modern suburban office building. As at the date of the valuation update letter on 10 July 2013 the outgoings budget had increased to \$545,400 per annum or \$85.44 per m² (based on the June 2014 budget).
- (iv) We have allowed twelve (12) month gross down time periods to which we have applied a 50% renewal probability, i.e. six (6) months within our valuation analysis. Note that where rental guarantees apply these vacancy allowances are offset.
- (v) Where passing rentals are different to market rentals we have made adjustments to the future speculative income which reflect our opinion of market rentals.
- (vi) Based upon our adopted value of \$28,700,000, the subject property reflects an initial passing yield of 9.00%; an equivalent initial yield of 9.02%; an equivalent reversionary yield of 8.66%, an IRR of 9.89% (including capital expenditure), 10.28% (excluding capital expenditure) and a capital value of \$4,496 per m² of NLA. These parameters are considered reasonable given the available and comparable sales evidence and the current market dynamics. There was no material change to these metrics as at our valuation update on 10 July 2013.





Sale History

The Property was developed in 2009. It was offered to the market for sale in 2012 and we are informed that an exclusive Due Diligence process was entered into with Primewest Funds Limited at a price of \$27,750,000 (GST Exclusive). This price was agreed on the basis that the ground level of the Property was vacant and all costs, loss of income and risk associated with leasing the vacant space would be borne by the purchaser. We are informed by Investec Property Limited that Primewest Funds Limited later withdrew from the proposed transaction. The Property was then withdrawn from the market when Investec Property Limited proposed the transaction which is now pending. We note that since that time the property has improved with the leasing of the ground level and as part of the proposed transaction all leasing costs and tenant incentives will be borne by Maclaw No. 651 Pty Ltd (the Vendor).

Market Commentary

Cremorne is a CBD Fringe suburb of Melbourne comprising a mix of various property uses and is considered to be a reasonably favourable office location overall.

Rental levels in Cremorne appear to be stable, however significant incentives are currently being offered in the form of rent free periods and capital contributions to attract tenants. The relatively stable rental environment is evidenced by the recent lease transactions that have occurred within Cremorne and other CBD Fringe office locations generally.

Cremorne is not officially monitored by the Property Council of Australia (PCA) however, our own internal research would suggest there is a vacancy level of sub 8% within the CBD Fringe office market. While tenant demand has been moderate in recent years limited new supply has been delivered to the market.

Sales activity across the Melbourne metropolitan market has been relatively steady over the last 24 months, with a number of transactions throughout 2012 and 2013. The most relevant recent sales evidence, including a transaction from 2010, is summarised in the table following.





Property	Sale Price (\$ million)	Sale Date	Capital Value (\$ per m ²)	Equivalent Initial Yield (%)	Equivalent Reversionary Yield (%)	IRR (%)
294 Bay Road, Cheltenham (Detailed Analysis is Confidential) Subject to Capital Raising	Confidential (Circa \$23,000,000 to \$25,000,000)	June 2013	Confidential (Circa \$4,500 to \$5,500)	Confidential (Circa 8.00% to 9.00%)	Confidential (Circa 8.00% to 9.00%)	Confidential (Circa 9.00% to 10.00%)
92-100 Brougham St & 103-107 Corio St, Geelong	\$22,500,000	April 2013	\$7,651	8.22%	9.13%	9.55%
12 Lakeside Drive, Burwood East	\$16,000,000	April 2013	\$3,548	9.59%	9.45%	9.33%
541 St Kilda Road, Melbourne	\$28,000,000	May 2013	\$3,403	8.78%	8.91%	9.25%
615 St Kilda Road, Melbourne	\$34,880,000 *	April 2013	\$4,088 *	8.06%	8.08%	9.14%
417 St Kilda Road, Melbourne	\$81,300,000	December 2012	\$3,977	8.63%	8.75%	9.64%
101 Cremorne Street, Richmond	\$15,550,000	December 2012	\$5,055	7.89%	7.89%	8.75%
180-188 Burnley Street, Richmond	\$20,200,000	December 2012	\$3,635	10.08% / 8.85%	9.02%	9.07%
370 Docklands Drive, Docklands (Adjusted)	\$38,300,000	December 2012	\$5,372	8.11%	8.01%	9.53%
436 Johnston Street, Abbotsford,	\$32,000,000	December 2012	\$3,163	10.29%	10.15%	10.36%
11 Dorcas Street, South Melbourne	\$14,380,000	August 2012	\$3,970	8.11%	7.94%	8.60%
15-31 Pelham Street, Carlton	\$20,600,000	June 2012	\$3,489	8.39%	8.33%	9.24%
863 High Street, Armadale	\$14,500,000	June 2012	\$4,557	8.37%	8.53%	9.23%
Building 3, 658 Church Street, Richmond	\$29,100,000	June 2012	\$3,547	8.28%	8.82%	9.80%
'SERO 108', 108 Power St, Hawthorn	\$17,500,000	May 2012	\$4,680	8.43%	8.47%	9.94%
607 St Kilda Road, Melbourne	\$28,541,000	April 2012	\$3,960	7.99%	8.26%	9.20%
100 Wellington Parade, East Melbourne	\$22,550,000	April 2012	\$3,714	6.95%	6.95%	8.75%
Building 8, 658 Church Street, Richmond	\$18,350,000	August 2010	\$3,583	8.75%	8.85%	9.43%

*Includes Capital Expenditure

Material Assumptions

Material assumptions are contained within the full valuation report (Our Ref: VM6788) as at 27 February 2013 and our Valuation Update letter dated 10 July 2013 held by Investec Property Limited. This letter should be read in conjunction with the full valuation report and update letter and we cannot fully summarise all matters discussed within the full valuation report within this letter. That said some of the primary matters that could affect the valuation are noted below, however we caution that such matters are not limited to the following:



- We note that tenant Thought World Pty Ltd was provided with three (3) months gross rent free at the beginning of year 1 and one (1) month gross rent free at the beginning of year 2. We are advised by Investec Property Limited that all outstanding incentives at the property will be paid out by the vendor prior to the sale transaction being settled. Note we have not been provided with any documentation confirming this and we recommend that the reliant parties seek their own legal advice in relation to this item in order to confirm that all incentives have been paid out. We have assumed that all outstanding incentives have been paid out by the vendor in our valuation calculations. Should this prove incorrect we reserve the right to review and amend our valuation.
- We highlight that the lease on part ground level to Thought World Pty Ltd includes an exercise of two (2) option terms of six (6) months each prior to commencement of the subsequent Carsales.com Limited lease on 1 March 2016 within the same tenancy. Investec has advised that as part of the proposed transaction the Investec Bank (Australia) Limited will provide a rental guarantee for the period of 1 March 2015 to 28 February 2016 in the event that Thought World Pty Ltd does not exercise its two (2) option terms of six (6) months each.
- We have been provided with a report on Defect Rectification Status and Capital Expenditure Forecast undertaken by Napier Blakeley Pty Ltd as at February 2013. In relation to Defects Rectification Status the report states that works in progress include remedial spoon drainage works to the basement due for completion by end of February 2013 and sealing of rock anchor holes due for completion by end of February 2013 (refer to further comments in Section 8.6). Our recent discussions with Investec Property Limited indicate that these works were continuing as at the date of valuation. In this regard we have been instructed to undertake the valuation on the basis that any defects rectification works required will be borne by the vendor, Maclaw No 452 Pty Ltd, in the proposed sale transaction.
- there are 3 separate parties with leases at the building. The lease to Thought World Pty Ltd is due to commence on 1 March 2013 and as at the date of our inspection fit out works had not yet begun. We have also been provided with a lease to Carsales.com Limited over this same space on part Ground Level which will commence on 1 March 2016 following expiry of the Thought World Pty Ltd lease of three (3) years (initial term of two (2) years plus two (2) option terms of six (6) months each) and we note that the lease provided was not signed. A further unexecuted lease over the remaining part ground level to Carsales.com Limited from 1 March 2013 has also been provided but was not signed. We have been instructed to undertake our valuation on the basis that these leases are signed and executed. We advise the reliant parties to obtain adequate guarantees that these leases will be executed. We reserve the right to amend our valuation in the event that these leases are not executed.
- We are aware that the basement has experienced flooding and drainage issues since it was completed in 2009 with water leaking through the external walls in the basement car park resulting in pooling. We are informed by Investec Properties Limited that various measures have been implemented in recent times to correct this fault including a gradual process of injecting a synthetic waterproofing material into the walls and modification to the drainage system. On our inspection we noticed some pooling of water (refer photo in section 8.1 of the full valuation report) and noted the presence of building equipment in the basement which we understand is currently being utilised to correct these faults. We also understand that pooling





of water has been experienced in the lift shaft and that the cause of this issue has been inadequate drainage on the shaft floor to enable water to reach the drains. We are informed that works are proposed to be undertaken shortly to re-shape the lift shaft floors to correct this fault. We would assume that these issues are somewhat exacerbated by the close proximity to the Yarra River. We have not been provided with a capital expenditure estimate for these rectification works. Investec Properties Limited has advised that the terms of the proposed transaction will require the vendor, Maclaw No. 452 Pty Ltd to rectify these issues at its cost. Accordingly we have made no allowances for capital expenditure in this regard. We are not experts in this area and we make no representations in relation to the state of these building faults. Further comments in this regard are made in section 4.3 and 8.6 of this report.

- We have been provided with a draft and unsigned Contract of sale which notes Maclaw No. 452 Pty Ltd as the Vendor but does not state the name of the purchaser. The contract states the sale price as \$28,676,412 and Investec Property Limited advise that the transaction will not incur GST as it is a 'going concern'. We are not experts in this area and accordingly we recommend that the reliant parties seek their own expert advice on this matter. For valuation purposes we have relied on the assumption that there will be no GST payable on the transaction as advised by Investec Property Limited and we reserve the right to amend our valuation in the event that this assumption is incorrect. We note the contract does not contain any statement confirming that the vendor will retain responsibility for all outstanding leasing incentives however Investec Property Limited has confirmed that this will be a condition of the transaction contained in the final executed contract. We have also been provided with an Income Support Deed that states income support to be provided for the period 1 March 2015 to 29 February 2016 in the amount of \$326,210 exclusive of GST relating to the Part Ground Level tenancy currently occupied by Thought World Limited. We reserve the right to amend our valuation in the event that this Deed is not executed.
- Statutory Charge lodged under Section 96 (1) of the Land Tax Act 2005 by the State Revenue Office Victoria for an outstanding Land Tax liability. For the purposes of this valuation we have assumed that any outstanding liability for Land Tax would be the vendors responsibility in the proposed transaction. We reserve the right to amend our valuation herein in the event that this assumption is correct.
- As at the date of our Valuation Update letter (10 July 2013) the property manager has provided updated tenancy and financial information indicating the property remains substantially leased with a rental support agreement proposed at expiry of the current lease to Thought World Pty Ltd on Part Ground Level in accordance with our previous valuation. We have been provided with an updated version of the Draft Income Support Deed which provides for a total Supported Income amount of \$326,210.
- We understand that Investec Bank (Australia) Limited will fund part of the initial start-up cost of the Investec Australia Property Fund however we are not aware of the amount of this commitment. We highlight that this aspect of the transaction is somewhat unusual and a typical investment fund purchaser would not normally receive such a payment as part of an acquisition transaction. However we also note that each different investment vehicle will have its own individual start-up and on-going operating costs, and accordingly we do not typically have regard for these variable costs in undertaking market valuations. However the reliant



parties should be aware of this benefit to the purchaser when considering the transaction and our valuation of the property.

Information Sources

Our valuation conclusions have been reached after reviewing a variety of information including financial and tenancy information provided by the Property Manager (Colliers International) and our discussions with the onsite facility manager and Investec Property Limited. We have relied on information provided and we have not independently verified this information. We have reviewed the leases and tenancy schedule for the purpose of confirming the income. The information reviewed and supplied includes, although is not limited to, the following:

- Lease documents for tenancies;
- Tenancy schedule;
- Actual outgoings for the year ending June 2012 audited by Grant Thornton;
- Budgeted outgoings for the year ending June 2013 and June 2014;
- Copy of statutory rating assessment notices;
- Defect Rectification and 10 year Capital Expenditure forecast prepared by Napier Blakely as at February 2013;
- Car park plan;
- Survey plans prepared by Realserve in May 2011; and
- Other relevant information.

Qualification and Warning

CICV has been engaged by Investec Property Limited as Responsible Entity for the Investec Australia Property Fund and Investec Propco Pty Limited as Trustee for the Investec Australia Sub Trust No.3 to provide a valuation of 449 Punt Road, Cremorne, Victoria.

Investec Property Limited and Investec Propco Pty Limited wish to include the Report in the PDS and have requested that Colliers International Consultancy and Valuation Pty Limited consent to the inclusion of this Report. Colliers International Consultancy and Valuation Pty Limited consents to the inclusion of this Report in the PDS and to being named in the PDS, subject to the comments, terms and assumptions contained within our full valuation report, this summary letter and the further condition that Investec Property Limited and Investec Propco Pty Limited include this Qualification and Warning:

- (i) This Report has been prepared for Investec Property Limited and Investec Propco Pty Limited only and for the specific purposes outlined within the full valuation report and cannot be relied upon by third parties.
- (ii) In the event that Investec Property Pty Limited or Investec Propco Pty Limited is, currently, or subsequently becomes the Responsible Entity for an investment vehicle with an interest in the subject property Colliers International Consultancy and Valuation Pty Limited does not extend reliance authority for this valuation to any party beyond the Responsible Entity and does not





extend reliance authority for this valuation to any third parties which may have an interest in such an investment vehicle.

- (iii) This Report is a summary of the valuation of the subject property, 449 Punt Road, Cremorne, Victoria as at 27 February 2013 and valuation update as at 10 July 2013 and has not been prepared for the purpose of assessing the property as an investment opportunity.
- (iv) Colliers International Consultancy and Valuation Pty Limited has not been involved in the preparation of the PDS nor has the Report had regard to the other material contained in the PDS. The Report and its content do not take into account any matters concerning the investment opportunity contained in the PDS.
- (v) Colliers International Consultancy and Valuation Pty Limited makes no representation or recommendation to a Recipient in relation to the valuation of the property or the investment opportunity contained in the Report.
- (vi) Recipients must seek their own advice in relation to the investment opportunity contained in the PDS.
- (vii) The events of early 2008 including the initial sub-prime fallout in the United States and subsequent Global Financial Crisis (GFC) created uncertain times for both the equities and property markets in Australia which softened considerably during this period. This change in markets impacted to varying degrees upon a variety of participants.

Whilst a degree of uncertainty still remains within these markets, the magnitude would appear to be less than that evident throughout 2008 and the majority of 2009. Improving levels of investor confidence and general market activity within Australian property markets were evidenced throughout 2010 and until early to mid-2011. Since this time the concerns regarding European sovereign debt crises appear to have re-introduced a layer of general market conservatism into domestic markets, somewhat setting back the momentum that appeared to be gaining throughout late 2010 and early 2011.

We note that investment returns for good quality assets with secure cash flows generally stabilised over 2010, with a degree of yield compression evident for certain assets. We have seen this trend continue to date, although reinforce that healthy levels of demand are only evident for quality stock. In contrast, we note poorer quality assets and particularly those with considerable existing vacancy and / or short term major tenant expiry continue to be priced by the shallower market on an opportunistic basis, and thereby remain at risk of a prolonged period of softer investment fundamentals.

In the main, leasing markets remain subdued, albeit with improved levels of activity over more recent times. The degree of momentum in which improvement becomes evident in the leasing market is likely to be a key driver of future investment market fundamentals, along with the availability of funds from the major lending institutions.

We draw your attention to the fact that the market value adopted herein is subject to the issues outlined above, and should be closely monitored in light of future events. Furthermore, it is our strong recommendation that regular valuation updates be initiated and instructed by the party wishing to rely upon this valuation.

Colliers International Consultancy and Valuation Pty Limited has prepared this Report on the basis of, and limited to, the financial and other information (including market information and third party





information) referred to in the Report and contained in the full valuation report. We have assumed that the third party information is accurate, reliable and complete and confirm that we have not tested the information in that respect.

Liability Disclaimer

In the case of advice provided in this letter and our report which is of a projected nature, we must emphasise that specific assumptions have been made by us which appear realistic based upon current market perceptions. It follows that any one of our associated assumptions set out in the text of this summary may be proved incorrect during the course of time and no responsibility can be accepted by us in this event.

This report has been prepared subject to the conditions referred to in our Qualification & Warning. Neither CICV nor any of its Directors makes any representation in relation to the PDS nor accepts responsibility for any information or representation made in the PDS, apart from this letter.

CICV has prepared this summary which appears in the PDS. CICV was involved only in the preparation of this summary and the valuation referred to herein, and specifically disclaim any liability to any person in the event of any omission from, or false or misleading statement included in the PDS, other than in respect of the valuation and this summary. We confirm that this summary may be used in this PDS.

The valuation is current as at the date of the valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period as a result of general market movements or factors specific to the particular property. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

CICV confirms that it does not have a pecuniary interest that would conflict with its valuation of the property.

CICV is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. Colliers International does not, nor does the Valuer, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the properties detailed in this report.





Valuers Experience and Interest

The Valuer, Peter Volakos AAPI (Valuer No. 62971) has had in excess of five (5) years continuous experience in the valuation of property of similar type and is authorised by law to practise as a Valuer in Victoria. We advise that Colliers International Consultancy and Valuation Pty Limited has received a total fee of \$17,500 (GST Exclusive) for the preparation of the valuation report and this summary letter. Further, we confirm that the nominated Valuer does not have a pecuniary interest that could conflict with the proper valuation of the property, and we advise that this position will be maintained until the purpose for which this valuation is being obtained is completed.

Yours sincerely

Colliers International Consultancy and Valuation Pty Limited

A handwritten signature in black ink, appearing to read "D. Hillier", written over a light grey rectangular background.

Dwight Hillier AAPI, MRICS

National Director - Valuation & Advisory Services



INDEPENDENT VALUER'S VALUATION REPORT ON THE ELIZABETH STREET PROPERTY

Level 32, Optus Centre
367 Collins Street
Melbourne Vic 3000

DX 178 Melbourne
www.colliers.com.au

MAIN +61 3 9940 7217
FAX +61 3 9092 1417
MOB +61 410 595 552
EMAIL peter.volakos@colliers.com



19 August 2013

Mr Robert Bezette
Investec Property Limited
Level 49, 120 Collins Street
Melbourne VIC 3000

Via E-mail: robert.bezette@investec.com.au

Dear Robert,

**RE: Valuation as at 27 February 2013 and Valuation Review as at 10 July 2013
39-45 Elizabeth Street, Richmond, VIC 3121**

We refer to instructions issued by Investec Property Limited as Responsible Entity for the Investec Australia Property Fund and Investec Propco Pty Limited as Trustee for the Investec Australia Sub Trust No. 2 dated 14 January 2013 requesting Colliers International Consultancy and Valuation Pty Limited (CICV) to assess the Market Value of 39-45 Elizabeth Street, Richmond, Victoria (the Property) for First Mortgage Security, Financial Reporting and Product Disclosure Statement purposes and to further instructions dated 4 July 2013 to undertake a review of the valuation in order confirm whether there has been a material change in market value in the form of a Valuation Update letter. We have been instructed to provide a summary of the initial valuation report and subsequent valuation update for inclusion in a Product Disclosure Statement (PDS) issued by Investec Property Limited as Responsible Entity for the Investec Australia Property Fund. We note that Investec Bank (Australia) Limited is currently a Mortgagee of the Property. In accordance with Section 13 of the JSE Listing Rules we note that we are not aware of any option held by any party to purchase the property however we have not made specific enquiries in this regard.

This summary outlines the key considerations adopted in arriving at our opinion of Market Value. For further information, reference should be made to the full valuation report (Our Ref: VM6787) as at 27 February 2013 and our Valuation Update Letter as at 10 July 2013 held by Investec Property Limited.

We inspected the property on 27 February 2013 and re-inspected on 10 July 2013 and we are informed by Investec Property Limited that there have been no material changes in circumstances relating to the property since the initial date of valuation (being 27 February 2013) and the date of valuation update (10 July 2013), that would materially affect the valuation. Note we have not made additional detailed inquiries in this regard nor have we re-inspected the property other than as noted above. We confirm that the valuation complies with all relevant industry standards and codes.

Basis of Valuation

The valuation has been completed in accordance with the following definition of Market Value as defined by the International Valuation Standards Committee (IVSC), endorsed by the Australian Property Institute (API) and embodied within the current Corporations Law:





"Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Value is to a third party owner other than the present owner.

Summary of Value

We have assessed the Market Value of the freehold interest in the Property as at the initial date of valuation being 27 February 2013 to be the sum of \$54,500,000 (excluding GST), subject to the qualifications and assumptions contained within our formal valuation report. We have further confirmed that there has not been a material change to this valuation as at 10 July 2013 and we reaffirm our initial valuation subject to the qualifications and assumptions contained within our valuation update letter. Refer to the 'Material Assumptions' section further in this letter.

Brief Description of Property

The subject property comprises a six (6) level commercial building known as 35 to 49 Elizabeth Street, Richmond. The improvements were constructed in 2008 (approx. five (5) years old) and provide a total of 11,916 m² NLA of accommodation comprising 75.20 m² of retail accommodation in the ground level building foyer, 11,841.50 m² NLA of office accommodation and 346 car parking bays (314 single bays and 32 tandem bays). The improvements occupy a site of 4,054 m².

The Property is located on the north eastern CBD fringe within the suburb of Richmond. This location offers convenient accessibility to the Melbourne CBD. Access to Melbourne's wider road network is available via Victoria Parade and Hoddle Street both located within close proximity and providing a direct link to the Eastern Freeway to the north and the CityLink Freeway to the south. Public transport is available within walking distance via the North Richmond commuter railway station and trams on Victoria Street.

The Property is contained within a Business 3 Zone (B3Z) under the Yarra Planning Scheme and is not subject to any Planning Overlays. 'Office' is a 'Section 1 – Permit Not Required' use under the Business 3 Zone (B3Z). We have not requested a town planning permit for the property and therefore cannot confirm the town planning conditions which related to the development.

As at the date of initial valuation the property is occupied by the Department of Justice (40.71%), Brydon Management Holdings Pty Ltd (31.40%), Mercy Health and Aged Care Inc. (19.45%), Domaine Chandon Australia Pty Ltd (5.39%) and Hengxiang Australia Pty Ltd (0.63%). The property has a vacancy rate as at the date of valuation of 2.42% and a Weighted Average Lease Expiry of 7.08 years (by Area). This remains the case as at the date of valuation update.

We are informed that the building does not have a current National Australia Built Environment Rating System (NABERS) rating which could contravene the *Building Energy Efficiency Disclosure Act 2010*. For the purposes of this valuation we have assumed that any non-compliance issues will be the responsibility of the vendor and if this is incorrect we reserve the right to amend our valuation. We are not aware of any other material contravention of statutory requirements however we have not





undertaken detailed investigations in this regard and therefore cannot confirm that there are no such non-compliance issues.

Based on the information provided to us we are not aware of any options to acquire the property granted by the owner in favour of any other party.

Rental Profile

As at the initial date of valuation of 27 February 2013 the current passing rental equates to \$4,405,062 per annum net. The average passing office rent equates to \$317.63 per m² net, the average passing car parking licence fee is \$1,834.36 per space per annum which includes 94 bays which are currently vacant. Additional income is generated from retail and storage of \$32,327 per annum.

The current passing net income of \$4,634,225 per annum (fully leased) is slightly below our estimated net market income of \$4,667,963 per annum.

As at the date of our update valuation as at 10 July 2013 the current passing rental equates to \$4,404,153 per annum net reflecting an updated outgoings budget for the year ending 30 June 2014.

We are informed that as part of the proposed transaction Investec Bank (Australia) Limited will meet all outstanding obligations in relation to outstanding incentives and will provide rental guarantees over current vacant space. In the event that such guarantees are not provided the Market Value referred to herein will be subject to a material change and should be referred back to the Valuer for comment and amendment if necessary. We note that there are no related party leases involving any Investec entities.

We have assessed market rentals that differ somewhat from the passing rentals. It is noted that the adopted average market office rental reflects \$331 per m² net face (\$412 per m² gross face), as compared with an average passing office rental of \$326 per m² net (\$407 per m² gross), a variance of \$5.3 per m² net. We have made an adjustment for the Present Value of the rental shortfall in the Reversionary Capitalisation approach. In the Discounted Cashflow Approach we have adopted our assessed market rentals on expiry of the existing leases which have been escalated in accordance with our market rental growth forecasts as stated in the full valuation report.

A schedule of the current annual rentals and estimated future annual rentals are included in the 'Discounted Cash Flow Conclusions' section on page 73 of the detailed valuation report. We note that these estimated future rentals are presented for the purposes of Discounted Cash Flow Analysis only and are undertaken on a consistent basis with comparable sales evidence. However future income streams, outgoings and capital expenditure items at the property will be variable and dependant on changing market conditions which we cannot predict with any accuracy. The estimated future annual rentals are provided as a valuation tool only, and we make no representation in relation to the actual future income streams to be derived from the property and we do not provide any warranty in this regard.





Valuation Methodology

In determining the Market Value of the property, CICV has examined the available market evidence and applied this analysis to the Capitalisation of Net Income and Discounted Cash Flow (DCF) Approaches. These approaches have in turn been checked by the Direct Comparison Approach on the basis of sales analysed at a rate per square metre of NLA.

The Capitalisation of Net Income Approach has been undertaken by applying a yield to both the potential fully let passing net income (initial yield) and the potential reversionary net income (equated reversionary yield). To the value derived, adjustments have been made for any rental reversions, vacancies, leasing costs and capital expenditure required over the first two (2) years.

The DCF has been undertaken over a 10-year time horizon discounting the net income over this period on a monthly basis together with the value of the property, net of selling expenses, in the 121st month. The net present value has been determined after allowing for capital expenditure and costs associated with the purchase of the property.

Our valuation has been undertaken on a GST exclusive basis.

Valuation Analysis and Assumptions

The following criteria has been adopted:

- (i) We have capitalised the net passing income at 8.50% in line with available market evidence. We have also considered the reversionary approach, whereby the net market income has been capitalised at a market yield of 8.50% with cognisance of available market evidence.
- (ii) A DCF analysis over a 10-year investment horizon has been undertaken, based upon a discount rate of 9.75%, average net face office rental growth over the cash flow term of 3.11% per annum, and an adopted terminal yield of 8.75%.
- (iii) Outgoings have been adopted at \$933,509 per annum or \$78.34 per m² (based on the June 2013 budget) as at the initial date of valuation date of 27 February 2013, which appears appropriate for this style of property, being a modern suburban office building. As at the date of the valuation update letter on 10 July 2013 the outgoings budget had increased to \$980,884 per annum or \$82.31 per m² (based on the June 2014 budget).
- (iv) We have allowed twelve (12) month gross down time periods to which we have applied a 50% renewal probability, i.e. six (6) months within our valuation analysis. Note that where rental guarantees apply these vacancy allowances are offset.
- (v) Where passing rentals are different to market rentals we have made adjustments to the future speculative income which reflect our opinion of market rentals.
- (vi) As at the initial valuation date of 27 February 2013, based upon our adopted value of \$54,500,000, the subject property reflects an initial passing yield of 8.08%; an equivalent initial yield of 8.46%; an equivalent reversionary yield of 8.49%, an IRR of 9.88% (including capital expenditure), 10.24% (excluding capital expenditure) and a capital value of \$4,573 per m² of NLA. These parameters are considered reasonable given the available and comparable sales evidence and the current market dynamics. There was no material change to these metrics as at our valuation update on 10 July 2013.





Sale History

The Property was offered to the market in November 2011 and we are informed that a Heads of Agreement was entered into at a price of \$53,000,000 (GST Exclusive). This price was agreed on the basis that the ground level of the Property and vacant car parking bays were sold without any rent support and all costs, loss of income and risk associated with leasing the vacant space would be borne by the purchaser. This price was also agreed on the basis that Maclaw No. 651 Pty Ltd (the Vendor) would set aside sufficient funds to undertake upgrade and defect rectification works required to obtain a 4.5 Star NABERS energy rating. We are informed that the main item of works required was the replacement and reconfiguration of air conditioning fans and ducting which had been incorrectly specified by the developer (which has now been rectified according to Investec Property Limited) and in addition to the outstanding defect rectification items as described in our full valuation report. According to Investec Property Limited over the course of these negotiations the current transaction was proposed and accordingly the property was withdrawn from the market.

As at the date of valuation we are informed that the abovementioned air conditioning issue has been rectified and that a NABERS Energy rating will be assessed once sufficient operating data has been recorded. Both Investec Property Limited and the on-site building manager have indicated that the building has been designed to obtain a 4.5 Star NABERS Energy rating, however this cannot be accurately measured as at the date of valuation. We also note that the current proposed transaction is improved by rental guarantees over the vacant space.

Market Commentary

Richmond is a CBD Fringe suburb of Melbourne comprising a mix of various property uses and is considered to be a reasonably favourable office location overall.

Rental levels in Richmond appear to be stable, however significant incentives are currently being offered in the form of rent free periods and capital contributions to attract tenants. The relatively stable rental environment is evidenced by the recent lease transactions that have occurred within Richmond and other CBD Fringe office locations generally.

Richmond is not officially monitored by the Property Council of Australia (PCA), however our own internal research would suggest there is a vacancy level of sub 8% within the CBD Fringe office market. While tenant demand has been moderate in recent years limited new supply has been delivered to the market.

Sales activity across the Melbourne metropolitan market has been relatively steady over the last 24 months, with a number of transactions throughout 2012 and 2013. The most relevant recent sales evidence, including a transaction from 2010, is summarised in the table overleaf.





Property	Sale Price (\$ million)	Sale Date	Capital Value (\$ per m ²)	Equivalent Initial Yield (%)	Equivalent Reversionary Yield (%)	IRR (%)
294 Bay Road, Cheltenham (Detailed Analysis is Confidential) Subject to Capital Raising	Confidential (Circa \$23,000,000 to \$25,000,000)	June 2013	Confidential (Circa \$4,500 to \$5,500)	Confidential (Circa 8.00% to 9.00%)	Confidential (Circa 8.00% to 9.00%)	Confidential (Circa 9.00% to 10.00%)
92-100 Brougham St & 103-107 Corio St, Geelong	\$22,500,000	April 2013	\$7,651	8.22%	9.13%	9.55%
12 Lakeside Drive, Burwood East	\$16,000,000	April 2013	\$3,548	9.59%	9.45%	9.33%
541 St Kilda Road, Melbourne	\$28,000,000	May 2013	\$3,403	8.78%	8.91%	9.25%
615 St Kilda Road, Melbourne	\$34,880,000 *	April 2013	\$4,088 *	8.06%	8.08%	9.14%
417 St Kilda Road, Melbourne	\$81,300,000	December 2012	\$3,977	8.63%	8.75%	9.64%
101 Cremorne Street, Richmond	\$15,550,000	December 2012	\$5,055	7.89%	7.89%	8.75%
180-188 Burnley Street, Richmond	\$20,200,000	December 2012	\$3,635	10.08% / 8.85%	9.02%	9.07%
370 Docklands Drive, Docklands (Adjusted)	\$38,300,000 (Adjusted)	December 2012	\$5,372	8.11%	8.01%	9.53%
913 Whitehorse Road, Box Hill (unconfirmed)	\$116,750,000 (unconfirmed)	December 2012	\$5,932	8.00%	8.00%	8.00%
436 Johnston Street, Abbotsford,	\$32,000,000	December 2012	\$3,163	10.29%	10.15%	10.36%
11 Dorcas Street, South Melbourne	\$14,380,000	August 2012	\$3,970	8.11%	7.94%	8.60%
15-31 Pelham Street, Carlton	\$20,600,000	June 2012	\$3,489	8.39%	8.33%	9.24%
863 High Street, Armadale	\$14,500,000	June 2012	\$4,557	8.37%	8.53%	9.23%
Building 3, 658 Church Street, Richmond	\$29,100,000	June 2012	\$3,547	8.28%	8.82%	9.80%
'SERO 108', 108 Power St, Hawthorn	\$17,500,000	May 2012	\$4,680	8.43%	8.47%	9.94%
607 St Kilda Road, Melbourne	\$28,541,000	April 2012	\$3,960	7.99%	8.26%	9.20%
100 Wellington Parade, East Melbourne	\$22,550,000	April 2012	\$3,714	6.95%	6.95%	8.75%
Building 8, 658 Church Street, Richmond	\$18,350,000	August 2010	\$3,583	8.75%	8.85%	9.43%

*Includes Capital Expenditure

Material Assumptions

Material assumptions are contained within the full valuation report (Our Ref: VM6787) as at 27 February 2013 and our Valuation Update letter dated 10 July 2013 held by Investec Property Limited. This letter should be read in conjunction with the full valuation report and update letter and we cannot fully summarise all matters discussed within the full valuation report within this letter. That said some



of the primary matters that could affect the valuation are noted below, however we caution that such matters are not limited to the following:

- We have been instructed to undertake the valuation on the basis that the cost of any defects rectification works required will be borne by the vendor, Maclaw No. 651 Pty Ltd, in the proposed sale transaction. Accordingly we have not made allowances for rectification works. (Refer to Section 8.6 of the report).
- We are advised by Investec Property Limited that all outstanding incentives will be covered by an Income Support Deed whereby Investec Bank (Australia) Limited will guarantee sufficient funds for the payment of all outstanding incentives as part of the transaction. Accordingly we have undertaken our valuation calculations on the basis that there are no outstanding incentives for which the purchaser would be responsible. If this information is incorrect we reserve the right to review the valuation herein.
- As at the initial valuation date of 27 February 2013 we are informed that as part of the proposed transaction that Investec Bank (Australia) Limited will provide rental guarantees in the following amounts for the office vacancy on part ground level, the vacant car parking bays, and to cover the potential vacancy in the event that Domaine Chandon Australia Pty Ltd vacates in year 3 of the cashflow.
 - First Guarantee Amount: \$514,770
 - Second Guarantee Amount: \$496,570

As we understand it, the amounts above can be called upon by the purchaser at any time during the vacancy period in order to cover loss of rental, leasing incentives or leasing costs such as agents fees. We have reflected this in our valuation and we reserve the right to review our valuation in the event that this information is incorrect.

As at the valuation update on 10 July 2013 we have been provided with an updated version of the Draft Income Support Deed and we note that the First Support Amount under the Draft Income Support Deed has increased from \$514,770 to \$546,240.

- We have been provided with a draft and unsigned Contract of sale which notes Maclaw No. 651 Pty Ltd as the Vendor but does not state the name of the purchaser. The contract states the sale price as \$54,470,701 and Investec Property Limited advise that the transaction will not incur GST as it is a 'going concern'. We are not experts in this area and accordingly we recommend that the reliant parties seek their own expert advice on this matter. For valuation purposes we have relied on the assumption that there will be no GST payable on the transaction as advised by Investec Property Limited and we reserve the right to amend our valuation in the event that this assumption is incorrect. Note the contract does not contain any statement confirming that the vendor will retain responsibility for all outstanding leasing incentives however Investec Property Limited has confirmed that this will be a condition of the transaction contained in the final executed contract.

We have also been provided with a Draft Income Support Deed confirming that the Investec Bank (Australia) Limited will cover outstanding leasing incentives to Brydon Management Holdings Pty Ltd (\$1,130,940 exclusive of GST on 1 November 2014) and Victorian Minister for Finance (\$55,531 per month exclusive of GST until 31 August 2015). The Draft Income





Support Deed also notes income support in the amounts of \$284,320 exclusive of GST in the first two years relating to the vacant space on Part Ground Level and the vacant car parking bays) and \$496,570 from 20 October 2014 to 19 April 2016 (relating to the Domaine Chandon Australia Pty Ltd tenancy and exercisable if that tenant does not renew its lease). We have only been provided with draft documents and we have not sighted final executed documents. We recommend that the reliant parties should obtain their own legal advice prior to reliance on this valuation and if the terms of the final document differs in any way the matter should be referred to the valuer for comment and amendment of the valuation if necessary.

- In relation to the Defects Rectification Status the report states that works in progress include air conditioning rectification works expected to be complete by the end of February 2013 and Cooling tower VSD system installation expected to be completed by mid-March 2013. (refer to further comments in Section 8.6 of our valuation report). In this regard we have been instructed to undertake the valuation on the basis that any defects rectification works required will be borne by the vendor, Maclaw No 651 Pty Ltd, in the proposed sale transaction.
- We understand that Investec Bank (Australia) Limited will fund part of the initial start-up cost of the Investec Australia Property Fund however we are not aware of the amount of this commitment. We highlight that this aspect of the transaction is somewhat unusual and a typical investment fund purchaser would not normally receive such a payment as part of an acquisition transaction. However we also note that each different investment vehicle will have its own individual start-up and on-going operating costs, and accordingly we do not typically have regard for these variable costs in undertaking market valuations. However the reliant parties should be aware of this benefit to the purchaser when considering the transaction and our valuation of the property.

Information Sources

Our valuation conclusions have been reached after reviewing a variety of information including financial and tenancy information provided by the Property Manager (Colliers International) and our discussions with the onsite facility manager and Investec Property Limited. We have relied on information provided and we have not independently verified this information. We have reviewed the leases and tenancy schedule for the purpose of confirming the income. The information reviewed and supplied includes, although is not limited to, the following:

- Lease documents for tenancies;
- Tenancy schedules dated December 2012 and June 2013;
- Actual outgoings for the year ending June 2012 audited by Grant Thornton;
- Budgeted outgoings for the year ending June 2013 and June 2014;
- Copy of statutory rating assessment notices;
- Defect Rectification and 10 year Capital Expenditure forecast prepared by Napier Blakely as at February 2013;
- Car park plan;
- Survey plans prepared by Realserve in March 2011; and





- Other relevant information.

Qualification and Warning

CICV has been engaged by Investec Property Limited as Responsible Entity for the Investec Australia Property Fund and Investec Propco Pty Limited as Trustee for the Investec Australia Sub Trust No.2 to provide a valuation of 39-45 Elizabeth Street, Richmond, Victoria.

Investec Property Limited and Investec Propco Pty Limited wish to include the Report in the PDS and have requested that Colliers International Consultancy and Valuation Pty Limited consent to the inclusion of this Report. Colliers International Consultancy and Valuation Pty Limited consents to the inclusion of this Report in the PDS and to being named in the PDS, subject to the comments, terms and assumptions contained within our full valuation report, this summary letter and the further condition that Investec Property Limited and Investec Propco Pty Limited include this Qualification and Warning:

- (i) This Report has been prepared for Investec Property Limited and Investec Propco Pty Limited only and for the specific purposes outlined within the Instruction section of this report and cannot be relied upon by third parties.
- (ii) In the event that Investec Property Pty Limited or Investec Propco Pty Limited is, currently, or subsequently becomes the Responsible Entity for an investment vehicle with an interest in the subject property Colliers International Consultancy and Valuation Pty Limited does not extend reliance authority for this valuation to any party beyond the Responsible Entity and does not extend reliance authority for this valuation to any third parties which may have an interest in such an investment vehicle.
- (iii) This Report is a summary of the valuation of the subject property, 39-45 Elizabeth Street, Richmond, Victoria as at 27 February 2013 and valuation update as at 10 July 2013 and has not been prepared for the purpose of assessing the property as an investment opportunity.
- (iv) Colliers International Consultancy and Valuation Pty Limited has not been involved in the preparation of the PDS nor has the Report had regard to the other material contained in the PDS. The Report and its content do not take into account any matters concerning the investment opportunity contained in the PDS.
- (v) Colliers International Consultancy and Valuation Pty Limited makes no representation or recommendation to a Recipient in relation to the valuation of the property or the investment opportunity contained in the Report.
- (vi) Recipients must seek their own advice in relation to the investment opportunity contained in the PDS.
- (vii) The events of early 2008 including the initial sub-prime fallout in the United States and subsequent Global Financial Crisis (GFC) created uncertain times for both the equities and property markets in Australia which softened considerably during this period. This change in markets impacted to varying degrees upon a variety of participants. Whilst a degree of uncertainty still remains within these markets, the magnitude would appear to be less than that evident throughout 2008 and the majority of 2009. Improving levels of investor confidence and general market activity within Australian property markets were evidenced throughout 2010 and





until early to mid-2011. Since this time the concerns regarding European sovereign debt crises appear to have re-introduced a layer of general market conservatism into domestic markets, somewhat setting back the momentum that appeared to be gaining throughout late 2010 and early 2011. We note that investment returns for good quality assets with secure cash flows generally stabilised over 2010, with a degree of yield compression evident for certain assets. We have seen this trend continue to date, although reinforce that healthy levels of demand are only evident for quality stock. In contrast, we note poorer quality assets and particularly those with considerable existing vacancy and / or short term major tenant expiry continue to be priced by the shallower market on an opportunistic basis, and thereby remain at risk of a prolonged period of softer investment fundamentals.

We further comment that demand and enquiry from investors looking for high quality assets with long weighted average lease durations is expected to continue to remain strong throughout 2013. Forecasts suggest that the weight of capital chasing quality assets will lead to a further tightening of Premium and A Grade yields by as much as 25 basis points over the next 12 months, aided by the continuing lack of available stock and attractiveness of the available returns relative to other forms of investment.

However, as at the date of valuation there has not been the required level of investment transactions to support a further tightening of yields. Whilst the weight of capital chasing quality assets is expected to remain high, the subdued leasing market and projected rental growth is expected to decrease the overall forecasted investment returns (IRR's) to below present levels.

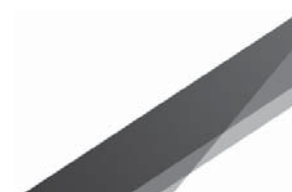
In the main, leasing markets remain subdued, with the outlook for effective rental growth currently weak. The degree of momentum in which improvement becomes evident in the leasing market is likely to be a key driver of future investment market fundamentals, along with the availability of funds from the major lending institutions.

We draw your attention to the fact that the Market Value adopted herein is subject to the issues outlined above, and should be closely monitored in light of future events. Furthermore, it is our strong recommendation that regular valuation updates be initiated and instructed by the party wishing to rely upon this valuation.

Colliers International Consultancy and Valuation Pty Limited has prepared this Report on the basis of, and limited to, the financial and other information (including market information and third party information) referred to in the Report and contained in the full valuation report. We have assumed that the third party information is accurate, reliable and complete and confirm that we have not tested the information in that respect.

Liability Disclaimer

In the case of advice provided in this letter and our report which is of a projected nature, we must emphasise that specific assumptions have been made by us which appear realistic based upon current market perceptions. It follows that any one of our associated assumptions set out in the text of this summary may be proved incorrect during the course of time and no responsibility can be accepted by us in this event.





This report has been prepared subject to the conditions referred to in our Qualification & Warning. Neither CICV nor any of its Directors makes any representation in relation to the PDS nor accepts responsibility for any information or representation made in the PDS, apart from this letter.

CICV has prepared this summary which appears in the PDS. CICV was involved only in the preparation of this summary and the valuation referred to herein, and specifically disclaim any liability to any person in the event of any omission from, or false or misleading statement included in the PDS, other than in respect of the valuation and this summary. We confirm that this summary may be used in this PDS.

The valuation is current as at the date of the date of our Valuation Update only (10 July 2013). The value assessed herein may change significantly and unexpectedly over a relatively short period as a result of general market movements or factors specific to the particular property. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

CICV confirms that it does not have a pecuniary interest that would conflict with its valuation of the property.

CICV is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. Colliers International does not, nor does the Valuer, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the properties detailed in this report.

Valuers Experience and Interest

The Valuer, Peter Volakos AAPI (Valuer No. 62971) has had in excess of five (5) years continuous experience in the valuation of property of similar type and is authorised by law to practise as a Valuer in Victoria. We advise that Colliers International Consultancy and Valuation Pty Limited has received a total fee of \$17,500 (GST Exclusive) for the preparation of the valuation report, update letter and this summary letter. Further, we confirm that the nominated Valuer does not have a pecuniary interest that could conflict with the proper valuation of the property, and we advise that this position will be maintained until the purpose for which this valuation is being obtained is completed.

Yours sincerely

Colliers International Consultancy and Valuation Pty Limited

A handwritten signature in black ink, appearing to read "D. Hillier", written over a light grey rectangular background.

Dwight Hillier AAPI, MRICS

National Director - Valuation & Advisory Services



CORPORATE GOVERNANCE STATEMENT

The Responsible Entity is fully committed to the principles of the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance for South Africa, 2009 ("**King Code**").

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

The Fund is a recently established entity and the Directors are still in the process of establishing various procedures and policies appropriate to the Fund's business in keeping with its commitment to follow best practices in corporate governance and to ensure compliance with the King Code. Where compliance has not yet been achieved, the Directors will use their best endeavors to ensure the prompt implementation of new policies to fulfill all the requirements of the King Code, as appropriate to the Fund. These policies will be reviewed by the Board from time to time.

The formal steps taken by the Directors are summarised below.

I. **BOARD OF DIRECTORS AND BOARD SUB-COMMITTEES**

In terms of the JSE Listings Requirements, the minimum number of directors required is four. This is contrary to the Articles of the Responsible Entity, which allows for a minimum of three directors. The Board currently consists of 7 Directors, 1 executive and 6 non-executive, of whom 4 Directors are considered independent. This achieves compliance with the King Code as the majority of the Board comprises non-executive directors and the majority of non-executive directors are independent. The appointed non-executive Directors, representing both South Africa and Australia, have a diverse and wide range of expertise, financial and commercial experience and property industry knowledge and other skills that enable them to bring independent judgment to Board deliberations and decisions. The Board will ensure that there is an appropriate balance of power and authority on the Board, such that no one individual or block of individuals can dominate the Board's decision making.

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

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

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

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

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

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

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

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

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

2. TERMS OF EMPLOYMENT OF DIRECTORS

The Directors who are employees or directors of IBAL or another entity within the Investec Group will not be remunerated for their services as directors of the Responsible Entity. A disinterest quorum of Directors will determine the remuneration of the non-executive Directors, which will be limited to the re-imbursment of reasonable expenses incurred by such person for purposes of attending Board meetings and the appropriate Director's fees.

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

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

3. COMPANY SECRETARY

The Board is satisfied that a suitably qualified, competent and experienced company secretary (Anthony Rubin) has been appointed and is appropriately empowered to fulfill duties with regards to assistance to the Board. In arriving at this appointment, the Directors evaluated Mr. Rubin's qualifications and experience – Mr. Rubin is a member of the Australian Institute of Chartered Accountants and has experience in a company secretarial role as he is currently company secretary of IBAL and other companies within the Investec Group.

The company secretary together with the Fund's Sponsors will provide the Board as a whole and Directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Fund. The company secretary will provide a central source of guidance and advice to the Board, and within the Fund, on matters of ethics and good corporate governance and will assist with the appointment of directors. The company secretary, together with the assistance of the Fund's Sponsors, will ensure that the Fund complies with applicable laws and JSE Listings Requirements. In addition, the company secretary, together with the Fund's Sponsors, will be subjected

to an annual evaluation by the Board. Directors have access to the services and advice of the company secretary. The company secretary is not a director of the Responsible Entity and has an arm's length relationship with the Board, who can also remove him from office.

4. **AUDIT AND RISK COMMITTEE**

The Audit and Risk Committee is comprised of three independent non-executive directors as set out below, one of whom shall be the chairperson:

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

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

Furthermore, the Audit and Risk Committee will have general oversight over and report on the sustainability issues, will review the integrated report to ensure that the information contained therein is reliable and does not contradict the financial aspects of the report and will oversee the provision of assurance over sustainability issues. The Audit and Risk Committee will review the content of the Fund's interim results and will engage external auditors to provide assurance on the summarised financial information.

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

The Audit and Risk Committee must consider and satisfy itself as to the appropriateness of the expertise and experience of the financial function being the chief financial officer, Jason Sandler. The Board will confirm this by recording in the annual report that the Audit and Risk Committee has executed this responsibility.

The Audit and Risk Committee must nominate the external auditor for appointment and must approve the terms of engagement and remuneration for the external audit engagement. KPMG Australia has been appointed as external auditors of the Fund.

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

The Audit and Risk Committee will report at the Fund's annual general meeting and in the annual report how it has discharged its duties during the relevant financial year.

5. **REMUNERATION COMMITTEE**

At this stage, the Board does not believe a Remuneration Committee is required given that the Fund has no employees. The executive Directors are employees of and paid by IBAL and will not be remunerated for their services as Directors of the Fund. The Board will determine the remuneration of the non-executive Directors.

6. **INVESTMENT COMMITTEE**

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

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

7. **RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS**

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

The most significant risks faced by the Fund are tenant vacancies relating to the Property Portfolio and the possible termination of the Management Agreement. Further risks include total or partial destruction of the Property Portfolio and other insurable risks in this regard. Furthermore, the level of borrowings and the exposure to currency and interest rate movement will need to be carefully monitored. Corrective action will be taken to address and /or control any deficiencies identified.

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

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

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

The Board will provide comment in the integrated annual report on the effectiveness of the system and process of risk management.

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

8. **DIRECTORS' DEALINGS AND PROFESSIONAL ADVICE**

The Fund will operate a policy incorporating the terms of the JSE Listings Requirements and the Corporations Act of prohibiting dealings by Directors and employees of the Responsible Entity and Manager in periods preceding the announcement of its interim and year-end financial results and at any other time deemed necessary by the Board.

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

9. **COMMUNICATION**

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

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

10. **INTEGRATED REPORTING**

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

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

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

II. BUSINESS RESCUE

The Board will consider business rescue proceedings or other turn-around mechanisms as soon as the Fund is financially distressed. In this regard the Board will ensure the Fund's solvency and liquidity is continuously monitored, a suitable practitioner will be appointed in the event that business rescue is adopted and the practitioner will be required to provide security for the value of the assets of the Fund.

While it is not a strict requirement in terms of Australian corporate law, IAPF has resolved as a business philosophy to adopt and pursue the principles prescribed by the King Code report to the extent feasible, given the unique nature of the Fund in a South African context. The Fund therefore strives to meet those objectives in accordance with the content of the table below:

King III Code principle	Comments
BOARD AND DIRECTORS	
The Board should provide effective leadership based on an ethical foundation	Applied – the Board is committed to promoting the highest standard of ethical behaviours amongst all persons involved in the Fund's operations. The Responsible Entity adheres to a compliance plan and the values and code of conduct of the Investec Group will govern the actions of the Directors.
The Board should ensure that the Fund is and is seen to be a responsible corporate citizen	Applied – as the Responsible Entity is governed by the policies of the Investec Group in this regard and will apply the same principles in respect of the Fund so as to promote sustainable stakeholder confidence in the Fund.
The Board should ensure that the Fund's ethics are managed effectively	Applied to the extent possible, as detailed above. The Fund has no employees and thus ethics can only be managed/ implemented at Board level. The Responsible Entity adheres to a compliance plan and the values and code of conduct of the Investec Group will enable the Directors to discharge their responsibilities in this regard.
The Board should act as the focal point for and custodian of corporate governance	Applied – the Board has adopted a resolution to apply the principles of the King Code and will ensure that their leadership is based on these principles.
The Board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied – the Board has established an Audit and Risk Committee (see paragraph 4 above)
The Board should report on the effectiveness of the Fund's system of internal controls	Policy has been applied and will be reported on in next annual report

King III Code principle	Comments
The Board and its Directors should act in the best interests of the Fund	Applied – In compliance with the terms of the Responsible Entity's AFSL, the Responsible Entity owes fiduciary and statutory duties to unitholders (see section 601FC of the Corporations Act). The Directors also owe fiduciary and statutory duties to unitholders (see section 601FD of the Corporations Act). Thus, legally and through the adoption of the values and philosophies of the Investec Group, the Directors are obliged to act in the best interests of the Fund and its Unitholders.
The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Fund is financially distressed	Applied – it is unlikely that business rescue will be an eventuality. However, the Fund's policy in this regard is detailed in paragraph 11 above.
The Board should elect a chairman of the Board who is an independent non-executive director. The CEO of the Fund should not also fulfil the role of the chairman	Applied – see detailed explanation in paragraph 1 above
The Board should appoint the chief executive officer and establish a framework for the delegation of authority	Applied – see detailed explanation in paragraph 1 above
The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Applied – see detailed explanation in paragraph 1 above
Directors should be appointed through a formal process	Applied – While Directors are not appointed by Unitholders, the appointment of a director occurs by way of resolution and through a letter of appointment.
The induction of, and ongoing training and development of directors should be conducted through formal processes	Applied – the Directors receive appropriate training of Investec values and philosophies and training to inform them of their duties, responsibilities, powers and potential liabilities. Individual training and development needs will be discussed with each Board member going forward.
The board should be assisted by a competent, suitably qualified and experienced company secretary	Applied – see detailed explanation paragraph 3 above
The evaluation of the board, it's committees and the individual directors should be performed every year	Applied – per the resolution adopted by the Board to adopt the principles of the King Code, the Board will ensure that the various Board committees and individuals directors will be evaluated every year.
The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Applied – the Board has established an Audit and Risk Committee and an Investment Committee in this regard.
A governance framework should be agreed between the group and its subsidiary boards	n/a – the group has no subsidiary boards

King III Code principle	Comments
The Fund should remunerate directors and executives fairly and responsibly	n/a – the Fund has no employees; Executive directors are not remunerated by the Fund; Directors of the Fund who are directors of IBAL are not remunerated by the Fund but are remunerated by IBAL for their services as directors of IBAL; non-executive directors' remuneration will be limited to reimbursement of expenses and directors fees
The Fund should disclose the remuneration of each individual Director	Applied – this has been disclosed in paragraph 18.4
Unitholders should approve the Fund's remuneration policy	n/a – the remuneration policy of the Directors is set by the Directors but the shareholder of the Responsible Entity (being IBAL) may fix a limit on the amount of remuneration payable to the Directors
AUDIT COMMITTEE	
The Board should ensure that the Fund has an effective and independent Audit and Risk Committee	Applied – see detailed explanation in paragraph 4 above
Audit and Risk Committee members should be suitably skilled and experienced independent non-executive directors	Applied – see detailed explanation in paragraph 4 above; refer to Annexure 3 for Directors' qualifications
The Audit and Risk Committee is to be chaired by an independent non-executive director	Applied – the Audit and Risk Committee is chaired by Sally Herman, an independent non-executive director.
The Audit and Risk Committee should oversee integrated reporting	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraph 4 above.
The Audit and Risk Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraph 4 above.
The Audit and Risk Committee should satisfy itself of the expertise, resources and experience of the Fund's finance function	Applied – the Board has adopted a resolution in this regard; see paragraph 18.3 of Pre-listing Statement for further details.
The Audit and Risk Committee should be responsible for overseeing Internal Audit	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraph 4 above.
The Audit and Risk Committee should be an integral part of the risk management process	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraph 4 above.
The Audit and Risk Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraph 4 above.
The Audit and Risk Committee should report to the board and unitholders on how it has discharged its duties	Applied – report to be provided in first annual report

King III Code principle	Comments
GOVERNANCE OF RISK	
The Board should be responsible for the governance of risk	Applied – the Audit and Risk Committee has been established in this regard; refer to paragraphs 4 and 7 above for detailed explanation.
The Board should determine the levels of risk tolerance	Applied – the Audit and Risk Committee has been established in this regard; refer to paragraphs 4 and 7 above for detailed explanation. In this regard, the Board has already adopted a policy of interest rate hedging and gearing, as detailed in paragraph 2.8 of the Pre-listing Statement.
The Audit and Risk committee should assist the Board in carrying out its risk responsibility	Applied – refer to paragraphs 4 and 7 above for detailed explanation.
The Board should delegate to management the responsibilities to design, implement and monitor the risk management plan	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraphs 4 and 7 above.
The Board should ensure that risk assessments are performed on a continual basis	To be applied as part of the Fund's risk management policy
The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Applied, as required in terms of the Responsible Entity's Compliance Plan
The Board should ensure that management considers and implements appropriate risk responses	Applied, as required in terms of the Responsible Entity's Compliance Plan
The Board should ensure continual risk monitoring by management	Applied per the terms of the Audit and Risk Committee; see detailed explanation in paragraphs 4 and 7 above.
The Board should receive assurance regarding the effectiveness of the risk management process	Applied – the Audit and Risk Committee will receive feedback from the Manager and through IBAL's internal audit function.
The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholder	Applied – see paragraph 9 above for detailed explanation
GOVERNANCE OF INFORMATION TECHNOLOGY	
The Board should be responsible for information technology (IT) governance	Applied to the extent possible as the Fund will not have IT systems of its own but through as Services Agreement with the Manager; will make use of IBAL systems and will be governed by the IT governance framework of IBAL
IT should be aligned with the performance and sustainability objectives of the Fund	To be applied going forward – assisted by the Manger; the Responsible Entity will ensure that the IT processes currently in place are aligned to the performance and sustainability objectives of the Board

King III Code principle	Comments
The Board should delegate to management the responsibility for the implementation of an IT governance framework	The Board has not formulated an IT governance policy as the Fund does not have IT systems of its own. The IT governance framework of IBAL will be adopted
The Board should monitor and evaluate significant IT investments and expenditure	The Responsible Entity will oversee all significant expenditure on behalf of the Fund
IT should form an integral part of the Fund's risk management	Applied per the terms of the Audit and Risk Committee
The Board should ensure that information assets are managed effectively	Applied per the Compliance Plan
The Audit and Risk Committee should assist the Board in carrying out its IT responsibilities	Applied per the terms of the Audit and Risk Committee
COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS	
The Board should ensure that the Fund complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied – refer to paragraph 3 of the Pre-listing Statement for details on regulation of the Fund
The Board and each individual Director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Fund and its business	The Board will be assisted by the company secretary and its Sponsors in this regard
Compliance risk should form an integral part of the Fund's risk management process	Applied – refer to paragraph 7 above for detailed explanation.
The Board should delegate to management the implementation of an effective compliance framework and processes	The Responsible Entity adheres to a Compliance Plan in this regard
INTERNAL AUDIT	
The Board should ensure that there is an effective risk based internal audit	The Fund will make use of the internal audit function of IBAL
Internal audit should follow a risk based approach to its plan	The Fund will make use of the internal audit function of IBAL
Internal audit should provide a written assessment of the effectiveness of the Fund's system of internal controls and risk management	The Fund will make use of the internal audit function of IBAL
The Audit and Risk Committee should be responsible for overseeing internal audit	The Fund will make use of the internal audit function of IBAL
Internal audit should be strategically positioned to achieve its objective	The Fund will make use of the internal audit function of IBAL
GOVERNING STAKEHOLDER RELATIONSHIPS	
The Board should appreciate that stakeholders' perceptions affect a company's reputation	Applied – the Board will adopted a communication policy per paragraph 9 above
The Board should delegate to management to proactively deal with stakeholder relationships	Applied – the Board will adopted a communication policy per paragraph 9 above
The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Fund	Applied – the Board will adopted a communication policy per paragraph 9 above

King III Code principle	Comments
Companies should ensure the equitable treatment of Unitholders	Applied – the Board will adopted a communication policy per paragraph 9 above
Transparent and effective communication with stakeholders is essential building and maintaining their trust and confidence	Applied – the Board will adopted a communication policy per paragraph 9 above
The Board should ensure that disputes are resolved as effectively efficiently and expeditiously as possible	Applied – the Board will adopted a communication policy per paragraph 9 above
INTEGRATED REPORTING AND DISCLOSURE	
The Board should ensure the integrity of the Fund's integrated report	To be applied when the Fund prepares its integrated report
Sustainability reporting and disclosure should be integrated with the Fund's financial reporting	To be applied when the Fund prepares its integrated report

EXTRACTS FROM THE CONSTITUTION

This extract below should be read in conjunction with the Constitution of the Fund in its entirety and the definitions contained therein. The meanings of the terms used in this extract are set out at the end of this Annexure.

Extracts from the Constitution:

Main purpose

“The Trust has been established to acquire and hold direct or indirect interests in Australian and New Zealand real property assets.”

Interest of Unitholders

“3.1 Division into Units

- (a) The beneficial interest in the Fund is divided into Units. No Unit confers on a Unitholder an interest in a particular part of the Fund.
- (b) A Unitholder may not:
 - (1) interfere with or question, or seek to interfere with or question, the rights, powers, authority or discretion of the Responsible Entity;
 - (2) claim or exercise any right in respect of any Asset of the Fund or lodge any caveat or other notice affecting any Asset of the Fund; or
 - (3) require that any Asset of the Fund be transferred to a Unitholder.
- (c) Unitholders may not give any directions to the Responsible Entity (whether at a meeting convened pursuant to sections 252B, 252C and 252D of the Corporations Act or otherwise) if it would require the Responsible Entity to do, or omit doing, anything which may result in the exercise of any discretion expressly conferred on the Responsible Entity by this deed or the determination of any matter which under this deed requires the agreement of the Responsible Entity.”

Classes of Units

“3.5 Classes of Units

- (a) Subject to clause 3.5(b)(2) and the Listings Requirements, the Responsible Entity may at any time issue Units in 2 or more classes with rights, obligations and restrictions as it determines and which may be preferential or subordinated to the rights, obligations and restrictions of any other class.
- (b) While any Units or Options are Listed:
 - (1) the Responsible Entity may only create a new class of Units with the approval of a Special Resolution of Holders and otherwise in accordance with the Listings Requirements; and
 - (2) in any event, Units must not be issued with any special rights, or privileges, in relation to voting at general Meetings in addition to the voting rights that the relevant Unitholder has in respect of its interest in the Trust under the Corporations Act.
- (c) Units in class must:
 - (1) be in all respects identical;
 - (2) carry the same rights as to unrestricted transfer, attendance and voting at Meetings and in all other respects; and
 - (3) be entitled to distributions at the same rate and for the same period, so that at the next ensuing distribution, the distribution payable in respect of each Unit in the class is the same amount.
- (d) The Responsible Entity may convert any Units from one class to another class or reclassify Units from one class to another.
- (e) The Responsible Entity must enter on the Register the class or Terms of Issue of Units held by a Unitholder.”

Benefits and obligations of Unitholders

“3.6 Benefits and obligations of Unitholders

- (a) A Unitholder holds Units subject to this deed and such Terms of Issue as apply to those Units. Except where expressly provided in this deed, or any applicable Terms of Issue, to the contrary, all benefits and obligations contained in this deed apply for the benefit of and bind each Unitholder to the extent provided in this deed.
- (b) Where the interests of Optionholders and Unitholders conflict the Responsible Entity must prefer the interests of Unitholders.”

Liability of Unitholders

“3.7 No further liability

- (a) This clause 3.7 is subject to any separate agreement between a Unitholder and the Responsible Entity.
- (b) The liability of each Unitholder in its capacity as such is limited to the Holder’s investment in the Trust.
- (c) A Unitholder is not required to indemnify the Responsible Entity or a creditor of the Responsible Entity against any liability of the Responsible Entity in respect of the Trust.
- (d) The recourse of the Responsible Entity and any creditor of the Responsible Entity is limited to the Assets of the Fund.
- (e) Except where expressly provided in this deed, nothing in this deed makes the Responsible Entity the agent of a Holder, nor does it create any relationship other than (as between a Unitholder and the Responsible Entity) that of beneficiary and Responsible Entity.”

Power to issue Units and grant Options

“6.1 Powers Cumulative

The Responsible Entity may issue Units and Options only in accordance with this clause 6 and other relevant provisions of this deed. No provision in this clause 6 limits any other such provision.”

“6.2 Issue of Units at fixed price

In addition to any other power the Responsible Entity has to issue Units under this deed, the Responsible Entity may issue Units at any time to any person at an Issue Price as follows:

- (a) if Units are Listed and have not been suspended from Listing (other than temporarily):
 - (1) at the Market Price of such Units immediately before the date on which the Unit is issued; and
 - (2) in respect of Units issued on exercise of an Option, at an Exercise Price equal to the Market Price of a Unit immediately before the date on which the Option was granted, less the Issue Price of the Option specified in the Terms of Offer or Terms of Issue for that Option; and
- (b) if Units have been suspended from Listing (other than temporarily) or have otherwise ceased to be Listed, at the Current Unit Value calculated as at a date not less than 20 Business Days before the date of issue.”

“6.3 Issue of Options at fixed price

In addition to any other power the Responsible Entity has to grant Options under this deed, the Responsible Entity may grant Options at any time to any person at an Issue Price as follows:

- (a) at the Issue Price as is specified in the Terms of Offer or Terms of Issue for that Option: or
- (b) if Options of the same class are Listed and have not been suspended from Listing (other than temporarily):
 - (1) at the Market Price for those Options immediately before the date upon which the Option is granted; and
 - (2) in respect of Units issued on exercise of any such Options, at the Exercise Price for those Options determined in accordance with their Terms of Issue.”

“6.7 Other issues of Units or Options

In addition to any other power the Responsible Entity has to issue Units or Options under this deed, the Responsible Entity may issue Units or Options at an Issue Price determined by the Responsible Entity, being a price other than the issue price calculated in accordance with clauses 6.2, 6.3 or 6.10, in any circumstances where the Corporations Act does not restrict the Responsible Entity from doing so.”

“7.1 Pre-emptive rights

- (a) While Units are Listed, the Responsible Entity must exercise its powers to issue Units and Options only in the situations permitted in this clause 7.1.

(b) Situation 1 – *pro rata* offer

If the Responsible Entity conducts an offer of Units or Options to all Unitholders (or to all holders of a class of Units) on a *pro rata* basis (whether rights or entitlements to participate in such offer are renounceable or non-renounceable), the Responsible Entity may issue Units or Options:

- (1) to Unitholders who apply for the relevant Units or Options pursuant to such offer, or their assignees or nominees; or
- (2) to the extent that relevant Units or Options are not taken up by Unitholders (or their assignees, or nominees) pursuant to such offer; to any underwriter or sub-underwriter of any such offer.

For these purposes:

- an offer of Units or Options includes an invitation to apply to subscribe for Units or Options; and
- an offer will be regarded as having been conducted on a *pro rata* basis even if the Responsible Entity excludes any Foreign Holders (or class of Foreign Holders) from participation in the offer.

(c) Situation 2 – issue to acquire an asset

The Responsible Entity may issue Units or Options for purposes of the acquisition of an asset by:

- (1) the Trust or any Sub Trust;
- (2) any trust, managed investment scheme, partnership, body corporate or other entity controlled by the Responsible Entity in its capacity as responsible entity of the Trust, or by the trustee of any Sub Trust in its capacity as trustee of such Sub Trust; or
- (3) any Stapled Entity.

Such issue may be to the person disposing of the relevant asset, or their assignee or nominee, or as the Responsible Entity otherwise determines for purposes of funding the acquisition.

For these purposes, control, in relation to an entity, means the possession, direct or indirect of the power to direct or cause the direction of the management, policies or activities of the entity, whether through the ownership of securities, by contract or agency or otherwise.

(d) Situation 3 – issue approved by Holders

The Responsible Entity may issue Units or Options if such issue is:

- (1) authorised or approved by a resolution of Holders;
- (2) approved by the JSE; and
- (3) otherwise conducted subject to the Listings Requirements.

(e) Situation 4 – other issues permitted by the Listings Requirements

The Responsible Entity may otherwise issue Units or Options in any circumstances where the Listings Requirements do not prohibit the Responsible Entity from doing so."

"7.2 Terms of Issue and Terms of Offer

Subject to the other provisions of this deed, the Responsible Entity may determine:

- (a) in relation to a Unit or Option, the Terms of Issue (if any) for that Unit or Option; and
- (b) in relation to an offer to acquire an Option, the Terms of Offer (if any) for that Option."

Transfer

"8.3 Transfer

- (a) Subject to clauses 8.3(b) and 8.7, all transfers of certificated Units or Options must be implemented by a proper instrument of transfer and in a manner approved by the Responsible Entity. The Responsible Entity may decline to register a transfer of Units or Options under this clause 8.3(a) unless the instrument of transfer:
 - (1) is duly stamped (if applicable);
 - (2) is accompanied by such evidence as the Responsible Entity requires to prove the title of the transferor; and
 - (3) complies with any requirements prescribed by the Responsible Entity from time to time.
- (b) While Units or Options are Listed, all transfers of such Units or Options (as applicable) must be given effect in accordance with the Listings Requirements and the requirements of any applicable depository system or computerised or electronic system of transfer or registration and other applicable rules made as contemplated by clause 8.7.

- (c) A transferor of a Unit or Option remains the Holder until the transfer is registered and the name of the transferee is entered in the Register in respect of that Unit or Option or the transfer is otherwise implemented in accordance with the Listings Requirements.
- (d) Distributable Income to which a Unitholder is entitled when a transfer or transmission of Units is recorded in the Register remains credited to the transferor."

Odd lots

"8.10 Odd Lots

- (a) This clause 8.10 applies while the Units are Listed. No part of this clause 8.10 will apply to the extent that the Listings Requirements specifically allow the Responsible Entity to act in a manner contrary to this clause 8.10.
- (b) Subject to the provisions of this clause 8.10, and to compliance with the Listings Requirements, the Responsible Entity may, in its discretion from time to time, sell or redeem any Units held by a Holder without request by the Holder where those Units comprise an Odd Lot. The Responsible Entity may only sell or redeem Units on one occasion in any 12-month period and must only do so in respect of all Holders who hold Odd Lots except those Holders who have advised the Responsible Entity, in accordance with clause 8.10(e) that they wish to retain the Units.
- (c) The Responsible Entity must notify the relevant Holder whose Units it proposes to sell or redeem of its intention to sell or redeem Units under this clause 8.10, and give the Holder at least six weeks from the date of the notice in which to tell the Responsible Entity that the Holder wishes to retain the Units. The notice must be given to all Holders whose Units comprise Odd Lots.
- (d) The Responsible Entity will not sell or redeem the relevant Units before the expiry of six weeks from the date of the notice given under clause 8.10(c);
- (e) If, within the six weeks allowed by clause 8.10(c):
 - (1) the Holder advises the Responsible Entity that the Holder wishes to retain the Units; or
 - (2) the market value or number of Units held by the Holder increases so that they no longer hold an Odd Lot the Responsible Entity will not sell or redeem the relevant Units.
- (f) The power to sell Units under this clause 8.10 lapses following the announcement of a takeover; but the procedure may be started again after the close of offers made under the takeover.
- (g) The Responsible Entity or the purchaser of the Units must pay the Costs of the sale or redemption as the Responsible Entity decides.
- (h) The Responsible Entity is entitled to execute on behalf of a Holder any transfer of Units under this clause 8.10.
- (i) Each Holder whose Units comprise an Odd Lot from time to time irrevocably appoints the Responsible Entity as the Holder's agent and attorney to do on behalf of the Holder all things that the Responsible Entity reasonably considers necessary, incidental or desirable to implement any transfer of Units under this clause 8.10, including executing transfers and other documents, and receiving, holding and paying money. The Responsible Entity is authorised to execute these documents and do these things without needing further authority or approval from the Holder.
- (j) Where a Unit forms part of a Stapled Security, the Responsible Entity may only redeem Units under this clause 8.10 if the Securities to which those Units are Stapled are the subject of a contemporaneous redemption and may only sell Units under this clause 8.10 if the Securities to which those Units are Stapled are the subject of a contemporaneous sale."

Redemption

"9.1 Redemption offer

- (a) Before the termination of the Trust, the Responsible Entity may, by notice to a Unitholder, offer to redeem all or some of the Units held by the Unitholder as specified in the notice. The notice must set out:
 - (1) the period (being a period not shorter than 15 Business Days and not longer than three months from the date the notice is given) within which the Unitholder may accept the offer (the Redemption Offer Period);
 - (2) whether the redemption offer relates to all or some of the Units held by the Unitholder (and if to some only, the proportion or number of Units to which it relates);
 - (3) whether the Unitholder can only request redemption of all of the Units to which the redemption offer relates, or whether the Unitholder may also request redemption of less than all of the Units to which the redemption offer relates; and
 - (4) any other terms to apply to the redemption offer.

- (b) Following receipt of a notice given under clause 9.1(a), a Unitholder may request that the Responsible Entity redeem all (or, if contemplated in the notice, some only) of the Units to which the notice relates. The request must be:
 - (1) made in such form and manner; and subject to such terms, as the Responsible Entity determines when making the redemption offer; and
 - (2) lodged or made at the such place or address, and in such manner, as the Responsible Entity determines when making the redemption offer before the end of the Redemption Offer Period.

A Unitholder may not withdraw a redemption request except with the Responsible Entity's consent.

- (c) If:
 - (1) a Unitholder makes a redemption request in accordance with clause 9.1(b);
 - (2) the Responsible Entity accepts the redemption request; and
 - (3) the Unitholder continues to hold the number of Units to which the redemption request relates, subject to clause 9.1(d), the Responsible Entity will:
 - (4) send a notice to the Unitholder that the redemption request has been accepted by the Responsible Entity within 21 days of accepting the redemption request; and
 - (5) redeem the relevant Units within 3 months after the end of the Redemption Offer Period.
- (d) If the Responsible Entity determines to not accept the redemption request, the Responsible Entity will, within 21 days of such a determination, send a notice to the Unitholder informing them that the request for redemption has not been accepted.
- (e) At any time before Units are redeemed pursuant to a redemption offer, the Responsible Entity:
 - (1) may cancel the redemption offer if the redemption offer contains a material error; and
 - (2) must cancel the redemption offer if required by law, or if the Responsible Entity otherwise considers that it is in the best interest of Unitholders to do so.

Notice of the cancellation must be given to the Unitholders to whom the redemption offer was made.

- (f) Except as provided in this clause 9, the Responsible Entity has no obligation:
 - (1) to offer to redeem or accept a redemption of Units, to repurchase Units;
 - (2) to pay any part of the Redemption Price out of its own funds; or
 - (3) to redeem any Units or cause any Units to be redeemed."

"9.2 Redemption of Units

- (a) Any redemption of Units will take effect on payment of the Redemption Price for those Units.
- (b) The Responsible Entity may pay the Redemption Price in Cash, or with the consent of the relevant Unitholder, by transferring an Asset of the Fund to the Unitholder rather than paying Cash in satisfaction of all or part of a redemption. Any Asset of the Fund transferred together with any Cash paid must be of value equal to the amount due to the Unitholder in respect of the redemption. The Responsible Entity must determine the value of the Asset to be transferred and the Responsible Entity's determination is final. To the extent they are not paid before the transfer takes effect, the Costs and liabilities incurred in the transfer of the Asset will be taken into account as a deduction under clause 9.4 for purposes of calculating the Redemption Price for the Units.
- (c) Where a redemption would otherwise result in a Unitholder holding a fraction of one Unit, the Responsible Entity may round the number of units issued downwards or upwards to the nearest whole number at the Responsible Entity's discretion. Any excess money which results from the rounding becomes an Asset of the Fund.
- (d) On redemption of Units, the Responsible Entity:
 - (1) must cancel the Units redeemed and immediately remove the name of the Unitholder from the Register in respect of the redeemed Units; and
 - (2) may give the Unitholder a confirmation advice.
- (e) The Responsible Entity must notify the relevant Unitholder of that portion (if any) of the Redemption Price paid to a Unitholder which represents Distributable Income of the Trust and the extent to which the Redemption Price is composed of capital and income. For this purpose, the Distributable Income component of the amount paid to that Unitholder will be determined in accordance with clause 13 as if the relevant Distribution Period ended on the date of the redemption.
- (f) For the purposes of section 601KA of the Corporations Act, the period for satisfying a redemption offer that has been accepted is three months."

“9.5 Redemption Price

Any redemption of Units will occur at a price equal to:

- (a) the Current Unit Value determined on the Business Day preceding the relevant redemption; less
- (b) any amounts which may be deducted under this deed, including clause 9.4, rounded as determined by the Responsible Entity to the nearest whole cent.”

Responsible Entity’s powers

“10.1 General powers of Responsible Entity

- (a) Subject to this deed, the Responsible Entity has all the powers that it is possible to confer on a trustee, and has all the powers that are incidental to ownership of the Fund as though the Responsible Entity were the absolute and beneficial owner of the Fund.
- (b) In the exercise of its powers the Responsible Entity may, without limitation, acquire or dispose of any real property or personal property, borrow or raise money, encumber any Asset of the Fund, incur any liability, guarantee any obligations of any person, enter into joint venture arrangements or fetter any power.”

“10.2 Exercise of powers

Subject to the requirements of the Corporations Act and any other applicable law, except as expressly provided otherwise in this deed (including clause 10.4), the Responsible Entity:

- (a) may make any determination, election or other decision under this deed, whether as responsible entity, trustee, agent, attorney or otherwise, in the Responsible Entity’s absolute discretion; and
- (b) may otherwise decide how and when to exercise its powers, including its powers as responsible entity, trustee, attorney, agent or otherwise arising under or in relation to this deed, in its absolute discretion.”

“10.3 Delegation by Responsible Entity

The Responsible Entity may:

- (a) appoint a person, including an Associate of the Responsible Entity, as its delegate, attorney or agent to exercise its powers and perform its obligations; and
- (b) appoint an agent, custodian or other person, including an Associate of the Responsible Entity (each of whom may, with the approval of the Responsible Entity, sub-delegate to any person any of its functions as it thinks fit), to acquire, hold title to, dispose of or otherwise deal with any Asset of the Fund on behalf of the Responsible Entity and perform any action incidental or ancillary thereto or otherwise approved by the Responsible Entity.”

“10.4 Manager

- (a) The Responsible Entity must appoint the Manager to manage the Assets of the Fund under the Management Agreement.
- (b) The Management Agreement binds the Responsible Entity in its capacity as trustee of the Trust and the Responsible Entity’s rights, obligations and liabilities in respect of the Management Agreement from time to time are held and owed in relation to the Managed Investment Scheme constituted by the Trust.
- (c) The Responsible Entity is authorised to, and must, pay all fees and Costs and other amounts payable under the Management Agreement out of the Fund.”

“10.5 Custodian

- (a) The Responsible Entity must appoint a Custodian to hold title to the Assets of the Fund for the Responsible Entity under a Custody Agreement.
- (b) The Custody Agreement binds the Responsible Entity in its capacity as trustee of the Trust and the Responsible Entity’s rights, obligations and liabilities in respect of the Custody Agreement from time to time are held and owed in relation to the Managed Investment Scheme constituted by the Trust.
- (c) The Responsible Entity is authorised to, and must, pay all fees and Costs and other amounts payable under the Custody Agreement out of the Fund.”

“10.8 Borrowing restriction

The Responsible Entity must ensure that the Fund's gearing ratio, calculated in accordance with the following formula, does not exceed 60% at any time:

$$\mathbf{GR} = \frac{\mathbf{GTL}}{\mathbf{GTA}} \times 100\%$$

Where:

GR is the gearing ratio at the relevant time

GTL is the total amount of the liabilities, in respect of money borrowed or raised or any financial accommodation, of the Trust Group as shown on a consolidated basis in the most recently issued statutory financial statements of the Trust Group (adding back Trust Group members' share of any liabilities for any equity accounted investments and, for the avoidance of doubt, excluding any liabilities owing by one member of the Trust Group to another)

GTA is the total book value of all Tangible Assets of the Trust Group on an aggregated basis shown by the most recently issued statutory financial statements of the Trust Group, less any such amounts attributable to equity accounted assets (but adding back the Trust Group members' interest in such assets)”

Responsible Entity's liability

“11.1 No limitation of other undertakings

This clause 11 does not limit or affect any limitations of liability or indemnities given to the Responsible Entity in this deed or under any law.”

“11.2 Limitation of liability of Responsible Entity

Except where the Corporations Act expressly provides otherwise:

- (a) the Responsible Entity, and each director and officer of the Responsible Entity, are not personally liable to a Holder; or any other person, in connection with the office of the Responsible Entity or director or officer of the Responsible Entity; and
- (b) the Responsible Entity will not be liable to any Holder to any greater extent than the extent to which it is entitled to be indemnified, and is in fact indemnified, out of the Assets of the Fund actually vested in the Responsible Entity in respect of the Trust.”

“11.3 Circumstances where Responsible Entity is not liable

- (a) Except where the Corporations Act expressly provides otherwise, the Responsible Entity is not responsible for:
 - (1) any Costs and liabilities incurred by any fraud, negligence, breach of duty or breach of trust or otherwise, by any agent, delegate, attorney or custodian and any of their agents or delegates;
 - (2) any Costs and liabilities incurred by relying on any notice, resolution, information, documents, forms or lists unless it reasonably believes such item not to be genuine or not to have been passed, executed or signed by the proper parties; or
 - (3) Costs and liabilities if a person fails to carry out an agreement with the Responsible Entity or an agent or delegate of the Responsible Entity.
- (b) The Responsible Entity will not be liable to anyone in respect of any failure to perform any act or do anything which by reason of:
 - (1) any provision of any present or future law; or
 - (2) of any decree, order or judgment of any competent court; or
 - (3) any document or agreement binding on the Responsible Entity (including the Management Agreement, Custody Agreement and Review Services Agreement) the Responsible Entity is prevented, forbidden or hindered from performing or doing.”

“11.4 Responsible Entity may rely on advice

The Responsible Entity may take and act upon:

- (a) the opinion or advice of counsel or solicitors instructed by the Responsible Entity in relation to the interpretation of this deed or any other document (whether statutory or otherwise) or generally as to the administration of the Trust or any other matter in connection with the Trust; and
- (b) the opinion, advice, statements or information from any bankers, accountants, auditors, valuers architects, engineers and other persons consulted by the Responsible Entity who are in each case believed by the Responsible Entity in good faith to be expert in relation to the matters upon which they are consulted,

and the Responsible Entity will not be liable for anything done, suffered or omitted by it in good faith in reliance upon such opinion, advice, statements or information.”

Interested dealings

“11.5 Interested dealings by Responsible Entity

The Responsible Entity, or an officer, employee or Associate of the Responsible Entity, may:

- (a) be a Holder;
- (b) be the Manager;
- (c) act in any fiduciary, vicarious, professional or other capacity, including as a banker, accountant, auditor, valuer, solicitor, independent contractor or other consultant or adviser to or representative, delegate, attorney or agent of the Responsible Entity or any Holder or as an executor, administrator, receiver or trustee;
- (d) have an interest in or enter into a contract or transaction with:
 - (1) the Responsible Entity or an Associate of the Responsible Entity;
 - (2) any Holder; or
 - (3) any other person, including one whose shares or other securities form an Asset of the Fund; or
- (e) hold or deal in or have any other interest in an Asset of the Fund, and may retain, and is not required to account for, any benefit derived by doing so.”

Income and distributions

“13.1 Determining Distributable Income and reserves

- (a) The Responsible Entity must determine the distributable income of the Trust for each Financial Year (Distributable Income) before the end of the relevant Financial Year. The Responsible Entity may do this by making a standing determination of principles for calculating Distributable Income, and may change the principles from time to time.
- (b) To the extent that the Responsible Entity does not make a determination under clause 13.1(a) before the end of a Financial Year, the Distributable Income for the Financial Year will be the greater of:
 - (1) the net income of the Trust calculated in accordance with the Accounting Standards excluding for these purposes any unrealised gains or losses; and
 - (2) the net income of the Trust calculated in accordance with the principles applicable under section 95(1) of the Tax Act, reduced by the amount of any franking credits or other notional income included in the assessable income of the Trust.
- (c) In making the determinations under this clause 13.1:
 - (1) the Responsible Entity may determine whether any item is income or capital and the extent to which reserves or provisions need to be made; and
 - (2) the Responsible Entity does not have to take into account the Accounting Standards or generally accepted accounting principles and practices which apply to trusts.
- (d) The preparation of the accounts of the Trust in accordance with current Australian or South African accounting standards and generally accepted accounting principles is not to be regarded as a determination of the method for calculating the Distributable Income.”

“13.2 Income Distribution Entitlements

Subject to the Terms of Issue for any Unit and entitlements to distributions of each class of Units:

- (a) each Unitholder’s Income Distribution Entitlement for a Distribution Period other than a Distribution Period ending on the last day of a Financial Year is to be determined in accordance with the following formula:

$$DE = DIA \times \frac{UH}{UI}$$

Where:

DE is the Income Distribution Entitlement for that Distribution Period

DIA is the Responsible Entity’s estimate of the Distributable Income for the Distribution Period (calculated in the same manner as determinations of Distributable Income for a Financial year)

UH is the total of the number of Units which are entitled to participate fully in Distributable Income for that Distribution Period held by the Unitholder as at the close of business on the Record Date for that Distribution Period, plus the total number of each category of Units carrying a proportional entitlement to participate in distributions of Distributable Income held by the Unitholder as at the close of business on the relevant Record Date multiplied by the relevant proportion

- UI is the total number of all Units which are entitled to participate fully in Distributable Income for that Distribution Period as at the close of business on the Record Date for that Distribution Period, plus the total number of Units in each category of Units carrying a proportional entitlement to participate in distributions of Distributable Income as at the close of business on the relevant Record Date multiplied by the relevant proportion;
- (b) each Unitholder's Income Distribution Entitlement for a Distribution Period ending on the last day of a Financial Year is to be determined in accordance with the following formula:

$$DE = (DIAfy - DIAp) \times \frac{UH}{UI}$$

Where:

DE is the Income Distribution Entitlement for that Distribution Period

DIAfy is the Distributable Income for the Financial Year calculated in accordance with clause 13.1

DIAp is the total amount of Distributable Income amounts estimated by the Responsible Entity for previous Distribution Periods in the Financial Year; including (without double-counting) any amounts of the Redemption Price paid to a Unitholder in respect of any redemptions during the Financial Year that the Responsible Entity has determined represent Distributable Income in accordance with clause 9.2(e).

UH is the total of the number of Units which are entitled to participate fully in Distributable Income for that Distribution Period held by the Unitholder as at the close of business on the Record Date for that Distribution Period, plus the total number of each category of Units carrying a proportional entitlement to participate in distributions of Distributable Income held by the Unitholder as at the close of business on the relevant Record Date multiplied by the relevant proportion

UI is the total number of all Units which are entitled to participate fully in Distributable Income for that Distribution Period as at the close of business on the Record Date for that Distribution Period, plus the total number of Units in each category of Units carrying a proportional entitlement to participate in distributions of Distributable Income as at the close of business on the relevant Record Date multiplied by the relevant proportion."

"13.7 Reinvestment

- (a) From time to time, subject to clause 7.1, the Responsible Entity may notify Unitholders that Unitholders may on terms specified in the notice participate in an arrangement under which Unitholders may request that all or a portion of specified Distribution Entitlements due to them be satisfied by the issue of further Units.
- (b) The Responsible Entity may hold money on behalf of a Unitholder for purposes of reinvestment and aggregate such amounts until the total reaches the amount required to pay the Issue Price of a whole Unit."

Meetings

"14.1 Meetings

The Responsible Entity may convene a Meeting at any time. Part 2G.4 of the Corporations Act (other than sections 252F, 252G, 252H, 252T and 253E, while the Trust is not a Registered Scheme) and the provisions of Schedule 1 apply to Meetings. The provisions of paragraph 10.11 of Schedule 10 of the Listings Requirements also apply to Meetings to the extent they are not inconsistent with Part 2G.4 of the Corporations Act."

"14.2 Passing of resolution

A resolution passed at a Meeting held in accordance with this deed and not inconsistent with the Listings Requirements is binding on all Holders."

Remuneration of Responsible Entity

"19.1 Fee

- (a) The Responsible Entity is entitled to receive out of the Fund an annual management fee, being 0.025% of Enterprise Value.
- (b) The Responsible Entity's fee accrues daily, is calculated as at the end of each calendar month, is payable in arrears and must be paid within 10 Business Days after the end of the relevant calendar month.
- (c) The right of the Responsible Entity under this clause 19.1 to be paid fees out of the Fund is available only in relation to the proper performance of its duties."

“19.2 Waiver or deferral of remuneration

The Responsible Entity may waive or defer the whole or any part of the remuneration to which it would otherwise be entitled. Where payment is deferred, the deferred remuneration continues to accrue daily until paid.”

“19.3 Priority of Responsible Entity’s remuneration

The remuneration of the Responsible Entity has priority over the payment of all other amounts payable from the Fund.”

Responsible Entity’s indemnity

“20.1 Responsible Entity’s indemnity for Costs and liabilities

- (a) In addition to the Responsible Entity’s right of remuneration under clause 19.1 and any other right of indemnity which the Responsible Entity may have under this deed or any law, the Responsible Entity is indemnified and entitled to be reimbursed out of, or have paid from, the Fund all:
 - (1) Costs and liabilities incurred at law or under this deed in the performance of its duties or the exercise of its powers, the course of its office or in relation to the administration or management of the Trust;
 - (2) Costs and liabilities necessarily incurred by the Responsible Entity in relation to its acting as Responsible Entity of the Trust; and
 - (3) Costs and liabilities associated with the raising of capital for the Fund including the payment of any fees payable to a broker in respect of an Application for Units, including any Costs and liabilities incurred as a result of any act or omission of a delegate or agent or attorney appointed by the Responsible Entity.
- (b) The indemnity in clause 20.1 (a) includes all Costs and liabilities connected with:
 - (1) this deed, the Management Agreement, Custody Agreement and Review Services Agreement;
 - (2) the formation of the Trust and registration of the Trust as a Registered Scheme;
 - (3) the preparation, review, distribution and promotion of any PDS, Pre-Listing Statement or other offering document in respect of Units or Options and other promotion of the Trust; and
 - (4) the Responsible Entity’s internal running, administration and operating costs attributable to its role as Responsible Entity of the Trust (such as overheads, internal staff costs, including travel costs, amounts payable to directors, compliance costs, computer systems etc).
- (c) In calculating the amount to be indemnified and reimbursed to the Responsible Entity under this clause 20.1, and in particular under clause 20.1 (b)(4), while the Responsible Entity is the trustee or responsible entity of one or more trusts or registered schemes in addition to this Trust, the amount calculated and payable to the Responsible Entity for the internal running, administration and operating costs as expenses incurred in acting as Responsible Entity of the Trust will be an amount determined by the Responsible Entity to be a fair and reasonable proportion of the Responsible Entity’s total running, administration and operating costs and expenses having regard to:
 - (1) the Enterprise Value of the Trust compared with the gross asset value of the other trusts or Registered Schemes for which the Trustee acts as trustee, calculated at comparable points in time;
 - (2) whether or not the other trusts are Registered Schemes; and
 - (3) any other costs or liabilities of the Responsible Entity that are separate and in addition to its role as trustee or responsible entity for any trust or Registered Scheme.
- (d) Notwithstanding clause 20.1 (c) any Costs and liabilities that are incurred by the Responsible Entity solely in relation to its role as Responsible Entity of this Trust may be fully recovered by the Responsible Entity out of the Fund in accordance with the indemnity in this clause 20.1.
- (e) To the extent they are not paid at the time the relevant Costs or liabilities are incurred, the amounts payable under this clause 20.1 are payable monthly.
- (f) If there is any dispute relating to the amount payable under this clause 20.1, the amount will be the amount as determined by the Responsible Entity’s auditor, or by such person who is independent of the Responsible Entity as the auditor nominates.”

“20.2 Waiver or deferral of Costs and liabilities

The Responsible Entity may waive or defer the whole or any part of the indemnity for Costs and liabilities to which it would otherwise be entitled. Where payment is deferred, the deferred Costs or liabilities continue to accrue daily until paid.”

“20.3 Proper performance of duties

- (a) The rights of the Responsible Entity to be indemnified out of the Fund for Costs and liabilities incurred in relation to the performance of its duties, are available only in relation to the proper performance of those duties.
- (b) The Responsible Entity may exercise any of its rights of indemnification or reimbursement out of the Fund to satisfy a liability to any creditor of the Responsible Entity (as trustee of the Trust) even though the Fund may have suffered a loss or may have diminished in value as a consequence of any unrelated act, omission or breach of trust by the Responsible Entity or by any delegate or agent or attorney appointed by the Responsible Entity.”

Term of Trust and termination of Trust

“23.1 Term of Trust

The term of the Trust ends on the earlier of:

- (a) the date determined by the Responsible Entity as the date on which the Trust is to be terminated; and
- (b) the date on which the Trust is terminated under this deed or by law.”

“23.2 Procedure on winding up of Trust

- (a) In winding up the Trust, the Responsible Entity must:
 - (1) realise the Fund;
 - (2) pay any amount due to it under clause 23.2(c);
 - (3) pay all Costs and liabilities of the Responsible Entity in its capacity as Responsible Entity of the Trust including liabilities owed to any Unitholder who is a creditor of the Trust otherwise than in their capacity as a Unitholder; and
 - (4) subject to the Terms of Issue of any Unit or the direction in writing of all Unitholders, distribute the net proceeds of realisation among the Unitholders pro rata in accordance with the proportion of Units held by Unitholders.
- (b) The Responsible Entity may distribute an Asset of the Fund to a Unitholder in specie. The Responsible Entity must determine the value of the Asset to be distributed in specie. Any Costs payable on an in specie distribution must be paid by the Unitholder before the distribution is made.
- (c) The Responsible Entity is entitled to:
 - (1) be paid from the proceeds of realisation of the Trust before any payment is made to the Unitholders all Costs and liabilities incurred or which it establishes will be incurred:
 - (A) by it before the winding up of the Trust which it has not recouped;
 - (B) by it in connection with the winding up of the Trust and the realisation of the Fund;
 - (C) by or on behalf of any creditor of the Responsible Entity in relation to the Trust;
 - (D) by or on behalf of any agent, solicitor, banker, accountant or other person employed by the Responsible Entity in connection with the winding up of the Trust;
 - (2) an indemnity against the amounts referred to in clause 23.2(c)(1) which may be satisfied out of those proceeds before any distribution under clause 23.2(a)(4) is made; and
 - (3) following the termination of the Trust and until the winding up is completed, its remuneration (if any) provided for in clause 19.
- (d) The Responsible Entity may postpone the realisation of the Fund for as long as it thinks fit and is not liable for any loss or damage attributable to the postponement.
- (e) The Responsible Entity may retain for as long as it thinks fit any part of the Fund which in its opinion, may be required to meet any actual or contingent liability of the Responsible Entity or any amounts payable actually or contingently to the Responsible Entity under this deed, including under clause 23.2(c).
- (f) The Responsible Entity must distribute among the Unitholders in accordance with this clause 23.2 anything retained under clause 23.2(e) which is subsequently not required.”

SCHEDULE 3 – Takeover Provisions

Prohibited acquisitions

“2.1 20% maximum

Subject to the exceptions in clause 3.3, a person must not acquire a Relevant Interest in a Security if, because of the acquisition, that person's or someone else's Voting Power in the Trust increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Any holding of a Unit or an Option or acquisition of a Relevant Interest in breach of this clause 2.1 does not cause such acquisition or holding to be invalid.”

“2.2 Responsibility

- (a) A person holding or acquiring a Relevant Interest, together with their Related Entities, is considered as one person in respect of such Relevant Interest or exercise of Voting Power. Each of them, to the extent that they hold one or more Units or Options, is jointly and severally liable for each other's obligations under this Schedule 3, and may be made subject to the remedies referred to in clause 7.1(a).
- (b) If one or more persons pursuant to an agreement, arrangement or understanding act together for the purpose of:
 - (1) acquiring or holding a Relevant Interest;
 - (2) exercising Voting Power at a general meeting; or
 - (3) circumventing the prohibition in clause 2.1 or the obligation in clause 5 or 6.1, all of them are considered as one person in respect of such Relevant Interest, exercise of Voting Power or circumvention. Each of them, to the extent that they hold one or more Units or Options, is jointly and severally liable for each other's obligations under this Schedule 3, and may be made subject to the remedies referred to in clause 7.1(a).”

“2.3 Situations not giving rise to a Relevant Interest

A person does not have a Relevant Interest in relation to Securities, if the Relevant Interest arises merely because:

- (a) of a mortgage, charge, lien or other security interest taken for the purpose of a transaction entered into by the person, if:
 - (1) the mortgage, charge, lien or security interest is taken or acquired in the ordinary course of the person's business of providing financial services and on ordinary commercial terms; and
 - (2) the person whose property is subject to the mortgage, charge, lien or security interest is not an Associate of the person;
- (b) the person acquires a Relevant Interest solely as a nominee or trustee for a person who may direct the nominee or trustee as to the exercise of any power relating to the Relevant Interest;
- (c) the person is licensed to conduct a financial services business and holds the Securities on behalf of someone else in the ordinary course of that financial services business;
- (d) the issuer of the relevant Securities has entered into an agreement to buy-back, repurchase or redeem the relevant Securities;
- (e) the person has been appointed to vote as a proxy or representative of a holder of Securities if:
 - (1) the appointment is for one meeting of the relevant entity only; and
 - (2) neither the person nor any Associate gives valuable consideration for such appointment;
- (f) of a market traded option (as defined in the Corporations Act) over the Securities, or a right to acquire the Securities given by a derivative, until such time as the obligation to make or take delivery of the relevant Security arises under the market traded option or derivative;
- (g) of an agreement if the agreement:
 - (1) is conditional on a resolution referred to in clause 3.2;
 - (2) does not confer any control over, or power to substantially influence, the exercise of Voting Power attached to the Securities; and
 - (3) does not restrict the disposal of the Securities for more than three months from the date when the agreement was entered into;
- (h) this deed, the constitution of the issuer of the relevant Securities, or any applicable law gives all holders pre-emptive rights on the transfer of Securities if all holders have pre-emptive rights on the same terms;
- (i) the person is a director of an entity having a Relevant interest;

- (j) the person holds Securities as a custodian or depository to enable the Securities to be traded on a securities exchange, if such person is licensed to provide such custodial or depository services under applicable law; or
- (k) the person provides facilities for the clearing or settlement of transactions and the person holds Securities in connection with the provision of such facilities.”

Exceptions to the prohibition

“3.1 Acquisitions approved by the Responsible Entity

The prohibition in clause 2.1 does not apply to an acquisition of a Relevant Interest to the extent that the Responsible Entity has previously approved the acquisition, having in good faith determined that the acquisition:

- (a) is consistent with the purposes in clause 1.4; and
- (b) complies with the principles in clause 4.1 as they apply to the acquisition, subject to such adjustments as the Responsible Entity determines in good faith are appropriate having regard to the particular circumstances of the acquisition but without derogating from the purposes in clause 1.4.”

“3.2 Acquisitions approved by Holders

The prohibition in clause 2.1 does not apply to an acquisition of a Relevant Interest to the extent that the acquisition has been approved previously at a Meeting by an ordinary resolution of Holders if:

- (a) no votes are cast in favour of the resolution by:
 - (1) the acquirer and its Associates; and
 - (2) except in the case where the acquirer is acquiring Units or Options from all other Holders (or all Holders other than one or more Associates of the acquirer), the persons from whom the acquisition is to be made and their Associates; and
- (b) the Holders were given all information known to the acquirer or its Associates, or known to the Responsible Entity, material to the decision on how to vote on the resolution, including:
 - (1) the identity of the acquirer and its Associates;
 - (2) the maximum extent of the increase in the acquirer’s Relevant Interest in Units and Options, and the acquirer’s Voting Power; that would result from the acquisition;
 - (3) the Relevant Interest in Units and Options, and Voting Power; that person would have as a result of the acquisition;
 - (4) the maximum extent of the increase in the Relevant Interest in Units and Options, and Voting Power; of each of the acquirer’s Associates that would result from the acquisition; and
 - (5) the Relevant Interest in Units and Options, and Voting Power; that each of the acquirer’s Associates would have as a result of the acquisition.”

“3.3 Takeover Bids and On-Market Transactions

The prohibition in clause 2.1 does not apply to an acquisition of a Relevant Interest to the extent that the acquisition results from:

- (a) the acceptance of offers under a Takeover Bid; or
- (b) an On Market Transaction if:
 - (1) the acquisition is by or on behalf of the bidder under a Takeover Bid;
 - (2) the acquisition occurs during the bid period in respect of the Takeover Bid;
 - (3) the Takeover Bid is for all the Bid Securities; and
 - (4) the Takeover Bid is unconditional.”

“3.4 Exchange offer

The prohibition in clause 2.1 does not apply to an acquisition of a Relevant Interest to the extent that the acquisition results from the acceptance of offers made by the Responsible Entity for the Securities of another entity, where Units or Options, or Securities convertible into Units or Options, are included in the consideration for the acquisition of Securities under those offers.”

“3.5 Issues

The prohibition in clause 2.1 does not apply to an acquisition of a Relevant Interest to the extent that the acquisition results from:

- (a) an issue by the Trust under a PDS or prospectus (or similar disclosure document) to a person as underwriter or sub-underwriter to the issue where the relevant disclosure document disclosed the effect that the issue would have on the person’s Relevant Interest in Units and Options, and Voting Power;

- (b) an issue (including to a person as underwriter or sub-underwriter to the issue) that satisfies all of the following conditions:
- (1) the Responsible Entity offers to issue Units or Options of a particular class;
 - (2) offers are made either:
 - to all Holders (or, as the case may be, all Holders other than such Foreign Holders as have been excluded in accordance with clause 6.11 of the deed) as at a record date that the Responsible Entity determines (being a date not more than 20 Business Days before the date of the offer), in proportion to the value of each relevant Holder's interest in the Trust as at that record date; or
 - to all Holders of Units or Options in the same class (or, as the case may be, all such Holders other than such Foreign Holders as have been excluded in accordance with clause 6.11 of the deed) as at a record date that the Responsible Entity determines (being a date not more than 20 Business Days before the date of the offer), in proportion to the value of each relevant Holder's percentage holding of Units or Options in the relevant class as at that record date;
 - (3) the Issue Price of all the Units or Options offered is the same;
 - (4) the Units or Options are offered to Holders at substantially the same time;
 - (5) agreements to issue are not entered into until the specified time for acceptance of offers has closed; and
 - (6) the terms of all the offers are the same; or
- (c) an issue (including to a person as underwriter or sub-underwriter to the issue) of Units or Options under a distribution reinvestment arrangement referred to in clause 13.7 of the deed."

"3.6 Other corporate actions

The prohibition in clause 2.1 does not apply to an acquisition of a Relevant Interest to the extent that the acquisition results from:

- (a) a buy back, repurchase, redemption or cancellation of Units or Options conducted in accordance with this deed and any applicable law; or
- (b) a transaction contemplated by clause 3 of Schedule 2."

Takeover Bids

"4.1 General principles

In addition to fulfilling the purposes in clause 1.4, a Takeover Bid must comply with the following principles:

- (a) An offer for Bid Securities must be an offer to buy all of the Units or Options in the same class as the Bid Securities or a specified proportion of the Units or Options in the same class as the Bid Securities. The proportion specified must be the same for all Holders of the Bid Securities.
- (b) A person who holds one or more parcels of those Units or Options as trustee or nominee for, or otherwise on account of, another person may accept the offer as if a separate offer had been made in relation to:
 - (1) each of those parcels; and
 - (2) any parcel the person holds in the person's own right.
- (c) All the offers made must be the same, disregarding for these purposes:
 - (1) any differences in the offers attributable to the fact that the number of Bid Securities that may be acquired under each offer is limited by the number of Bid Securities held by the Holder;
 - (2) any differences in the offers attributable to the fact that the offers relate to Bid Securities having different accrued distribution entitlements;
 - (3) any differences in the offers attributable to the fact that the person making the offer may issue or transfer only whole numbers of Securities as consideration for the acquisition; and
 - (4) any additional cash amount offered to Holders instead of the fraction of a Security that would otherwise be offered.

However, if the consideration offered under the Takeover Bid includes an offer of Securities, the Securities do not need to be offered to Foreign Holders if under the terms of the Takeover Bid:

- (5) the offeror under the Takeover Bid must appoint a nominee for Foreign Holders approved by the Responsible Entity (such approval not to be unreasonably withheld or delayed);

- (6) the offeror under the Takeover Bid must issue or transfer to that nominee the Securities that would otherwise be issued or transferred to the Foreign Holders who accept the Takeover Bid for that consideration, or the right to acquire those Securities; and
 - (7) the nominee must sell the Securities, or those rights, and distribute to each of those Foreign Holders their proportion of the proceeds of the sale net of expenses.
- (d) The consideration offered for Bid Securities must equal or exceed the maximum consideration that the person making the offer (or any of its Associates) directly or indirectly provided, or agreed to provide, for Units or Options under any purchase or agreement during the 4 months before the first day of the period of the offer.
 - (e) A person making an offer for Bid Securities must not directly or indirectly, during the period of the offer, give, offer to give or agree to give a benefit to a person if:
 - (1) the benefit is likely to induce the person directly or indirectly to accept the offer or dispose of Units or Options; and
 - (2) the benefit is not offered to all holders of Bid Securities.
 - (f) Each offer must be in writing and have the same date. This date is the day the first offer is made. The period of the offer must:
 - (1) start on the date the first offer is made; and
 - (2) last for at least one month, and not more than 12 months.
 - (g) If, within the last seven days of the period of the offer:
 - (1) the offers are varied to improve the consideration offered (including by offering an alternative form of consideration); or
 - (2) the number of Units or Options in which the person making the offer holds a Relevant Interest, or both, increases to more than 50% of the Units or Options (as applicable) on issue, the period of the offer is extended so that it ends 14 days after the event referred to in paragraph (1) or (2) above.
 - (h) Offers must not be subject to a maximum acceptance condition. A maximum acceptance condition is one that provides that the offers will terminate, or the maximum consideration offered will be reduced, if one or more of the following occurs:
 - (1) the number of Bid Securities for which the person making the offer receives acceptances reaches or exceeds a particular number; or
 - (2) the number of Units or Options in which the person making the offer directly or indirectly holds a Relevant Interest, or both, reaches or exceeds a particular percentage of Units on issue in the Trust; or
 - (3) the percentage of Bid Securities the person making the offer has a Relevant Interest in reaches or exceeds a particular percentage of Bid Securities in that class.
 - (i) Offers must not be subject to a discriminatory condition. A discriminatory condition is a condition that allows the person making the offer to acquire, or may result in that person acquiring, Bid Securities from some but not all of the people who accept the offers.
 - (j) Offers must not be subject to a condition if the fulfilment of the condition depends on:
 - (1) the opinion, belief or other state of mind of the person making the offer or an Associate of that person; or
 - (2) the happening of an event that is within the sole control of, or is a direct result of action by, any of the following:
 - the person making the offer (acting alone or together with an Associate); or
 - an Associate of the person making the offer (acting alone or together with the person making the offer or another Associate of that person).
 - (k) The person making the offer may only vary the offer made by:
 - (1) improving the consideration offered (including by offering an additional form of consideration); or
 - (2) extending the period of the offer.

The terms of accepted offers must be varied in the same way. Any person who has already accepted an offer must be entitled to the improved consideration and, in the case of an addition of a new form of consideration, be entitled to make a fresh election.
 - (l) A person making an offer that is unconditional may extend the period of the offer at any time before the end of the offer. A person making an offer that is still subject to conditions may only extend the period of the offer at least seven days before the end of the period of the offer unless during that seven-day period another person announces a bid for Bid Securities or improves the consideration offered under another bid for Bid Securities."

“4.2 Bidders statement

- (a) The person making the offer must, at the same time it gives its offer to Holders of Bid Securities, also give a document to those Holders setting out:
 - (1) all information known to the person that is material to the making of the decision by a Holder of Bid Securities whether or not to accept the offer; and
 - (2) any areas in which the disclosure provided with its offer departs from the disclosure which would have otherwise been required to be provided to holders of Bid Securities if the Takeover Bid were an Regulated Bid.
- (b) The document referred to in clause 4.2(a) must be given to the Responsible Entity and the Securities Exchange at least 14 days before it is given to these Holders and must be dated the date on which the document is given to the Securities Exchange. If the person making the offer becomes aware of:
 - (1) a misleading or deceptive statement in the document;
 - (2) an omission from the document of information required by clause 4.2(a); or
 - (3) a new circumstance that has arisen since the document was given to the Responsible Entity and would have been required by clause 4.2(a) to be included in the document if it had arisen before the document was given to the Responsible Entity

that is material from the point of view of a Holder of Bid Securities, the person making the offer must prepare a supplementary document that remedies this defect. The person making the offer must give the supplementary document to the Responsible Entity and give a copy to the Securities Exchange. The supplementary document must be dated the date on which the supplementary document is given to the Securities Exchange.”

“4.3 Regulated Bid

A bid for Units or Options is taken to comply with the principles in clause 4.1 if it is a Regulated Bid at all relevant times. The Responsible Entity must act reasonably and in a timely manner in agreeing with a person making a Regulated Bid to any modifications or exemptions to the application of Parts 6.4, 6.5, 6.6 and 6.8 of the Corporations Act to a Regulated Bid having regard to the purposes in clause 1.4, the principles in clauses 4.1 and 4.2 and Australian Law and Policy.”

“4.4 Target statement

If a Takeover Bid is made, the Responsible Entity must:

- (a) give to all Holders of Bid Securities, the Securities Exchange and the person making the Takeover Bid a document in a timely manner setting out all information that the Holders and their professional advisers would reasonably require to make an informed assessment whether to accept an offer under the Takeover Bid. The document must contain such information:
 - (1) only to the extent to which it is reasonable for investors and their professional advisers to expect to see the information in the document; and
 - (2) only if the information is known to the Responsible Entity.The document must also include a statement by each director of the Responsible Entity:
 - (3) recommending that offers under the Takeover Bid be accepted or not accepted, and giving reasons for the recommendation; or
 - (4) giving reasons why a recommendation is not made.

The document must be dated the date on which the document is given to the Securities Exchange.

- (b) If the Responsible Entity becomes aware of:
 - (1) a misleading or deceptive statement in the document; or
 - (2) an omission from the document of information required by clause 4.4(a); or
 - (3) a new circumstance that has arisen since the document was given to the person making the offer and would have been required by clause 4.4(a) to be included if it had arisen before the document was given to the person making the offer;

that is material from the point of view of a holder of Bid Securities, the Responsible Entity must prepare a supplementary document that remedies this defect and give it to the person making the offer and the Securities Exchange. The supplementary document must be dated. The date is the date on which the supplementary document is given to the Securities Exchange.”

Substantial Holder notices

“5.1 Requirement to give notice

A person must give the Responsible Entity a notice setting out the information referred to in clause 5.2 if:

- (a) the person begins to have, or ceases to have, a Substantial Holding;
- (b) the person has a Substantial Holding and the person's Voting Power increases or decreases by 1 or more percentage points from the percentage they most recently disclosed pursuant to clause 5; or
- (c) the person makes a Takeover Bid.

If the Responsible Entity has prescribed a form for giving the information in clause 5.2, the notice must be in that form.”

“5.4 When information must be given

The Substantial Holder (or former Substantial Holder, as applicable) must give the information referred to in clauses 5.2 and 5.3:

- (a) within two Business Days after they become aware of the circumstances referred to in clause 5.1(a) or clause 5.1(b); or
- (b) by 9.30 am on the next Business Day after they become aware of the circumstances referred to in clause 5.1(c).”

Tracing beneficial ownership

“6.1 Disclosure notice

At any time, the Responsible Entity may give a Holder a notice requiring the Holder to give to the Responsible Entity within two Business Days a notice setting out the following information:

- (a) full details of the Holder's Relevant Interest in Units and Options and of the circumstances giving rise to that Relevant Interest;
- (b) the name and address of each other person who has a Relevant Interest in the Units or Options held by the Holder together with full details of:
 - (1) the nature and extent of that Relevant Interest; and
 - (2) the circumstances that give rise to that person's Relevant Interest; and
- (c) the name and address of each person who has given the Holder or the person as referred to in paragraph (b) above instructions about:
 - (1) the acquisition or disposal of a Relevant Interest in Units or Options;
 - (2) the exercise of any Voting Power or other rights attached to a Unit or Option; or
 - (3) any other matter relating to the Units or Options,together with full details of those instructions (including the date or dates on which those relevant instructions were given).”

“6.2 Further disclosure notice

Where the information given to the Responsible Entity includes any details referred to in clause 6.1(b) or 6.1(c), the Responsible Entity may give a further notice to the Holder requiring the Holder to provide, or procure that another person referred to in clause 6.1(b) or 6.1(c) provides, within two Business Days the information referred to in clause 6.1.”

The following definitions are extracted from the Constitution and apply only to the extracted clauses in this Annexure.

Term	Meaning
Accounting Standards	<ol style="list-style-type: none"> 1. the accounting standards required under the Corporations Act (including the Approved Accounting Standards issued by the Australian Accounting Standards Board) and other mandatory professional reporting requirements issued by the joint accounting bodies (including the Australian Accounting Standards issued either jointly by CPA Australia and the Institute of Chartered Accountants in Australia or by the Australian Accounting Research Foundation on behalf of CPA Australia and the Institute of Chartered Accountants in Australia) from time to time; and 2. if no accounting standard applies under the Corporations Act or other mandatory professional reporting requirements, the principles set out in Australian Statements of Accounting Concepts from time to time.
Application	<p>any of the following, as the context requires:</p> <ol style="list-style-type: none"> 1. an application for Units; 2. an application for Options; or 3. a notification of the exercise of Options.
Application Money	<p>the property required to be transferred by an applicant to the Responsible Entity, or as otherwise directed by the Responsible Entity, on the making of an Application, which property may comprise Cash, property other than Cash or both.</p>
ASIC	<p>the Australian Securities and Investments Commission.</p>
Assets	<p>in relation to the Fund, include:</p> <ol style="list-style-type: none"> 1. direct interests in real property assets; 2. interests in Sub Trusts; 3. Securities of, and interests in, real property funds or real estate investment trusts which are listed on any securities exchange; 4. participatory interests in Collective Investment Schemes which invest in real property; and 5. Securities of, and interests in, trusts, managed investment schemes, partnerships or other entities which derive income from real property-related investments.
Associate	<p>has the meaning given to that term in sections 11, 15 and 16 of the Corporations Act.</p>
Attached Security	<p>a Security which is from time to time Stapled together with other Securities to form a Stapled Security, and:</p> <ol style="list-style-type: none"> 1. in relation to a Unit, a share, debenture, note, bond, unit, interest or legal or equitable right referred to in the definition of Security which is from time to time Stapled to the Unit; and 2. in relation to an Option, an option or similar Security which is from time to time Stapled to the Option.
Auditor	<p>the auditor from time to time appointed by the Responsible Entity to audit the financial reports of the Trust.</p>
Bank	<ol style="list-style-type: none"> 1. an ADI (authorised deposit-taking institution) within the meaning given to that term in the Banking Act 1959 (Cth); 2. a person who carries on State banking within the meaning of paragraph 51 (xiii) of the Commonwealth Constitution; or 3. a public company registered as a bank in terms of the Banks Act 94 of 1990 (South Africa).
Business Day	<p>a day other than a Saturday or Sunday on which banks are open for general business in Sydney and Johannesburg.</p>

Term	Meaning
Cash	money in Australian or South African currency and includes cheques and bank cheques in Australian or South African currency.
CISCA	<i>Collective Investment Schemes Control Act No 45 of 2002 (South Africa).</i>
Collective Investment Scheme	has the meaning given to that term in the CISCA.
Companies Act	<i>Companies Act No 61 of 1973 (South Africa).</i>
Corporations Act	Corporations Act 2001 (Cth) (including as modified in its operation by any applicable ASIC class order; exemption or declaration).
Costs	costs, charges, fees, expenses, commissions, losses, damages, Taxes and loss of Tax benefits and all amounts payable in respect of any of them or like payments.
Current Unit Value	<p>the amount calculated as follows:</p> $\text{CUV} = \frac{\text{NAV}}{\text{NU}}$ <p>where:</p> <p>CUV is Current Unit Value</p> <p>NAV is Net Asset Value</p> <p>NU is the number of Units on Issue</p>
Custodian	<p>Perpetual Corporate Trust Limited ABN 99 000 341 533 or such other independent person, who:</p> <ol style="list-style-type: none"> 1. is not, in relation to the Responsible Entity or Manager, either a holding company or subsidiary or fellow subsidiary company within the meaning of those terms as defined in the Companies Act; and 2. is appointed from time to time under a Custody Agreement to hold title to the Assets of the Fund as custodian for the Trust.
Custody Agreement	the Custody Agreement between the Responsible Entity (in its capacity as trustee of the Trust) and Perpetual Corporate Trust Limited ABN 99 000 341 533 dated 2 April 2013, and such other agreement under which a person may be appointed, from time to time, to hold title to the Assets of the Fund as custodian for the Trust.
Distributable Income	in relation to a Distribution Period, the distributable income for that period determined in accordance with clause 13.1 subject to clauses 13.9 and 13.10.
Distribution Date	<p>either:</p> <ol style="list-style-type: none"> 1. a day not more than three calendar months after the Distribution Period End Date for the relevant Distribution Period; or 2. if the Responsible Entity determines that it is in the interests of Unitholders to delay the Distribution Date for a particular Distribution Period, the date determined by the Responsible Entity as being the appropriate Distribution Date for the Distribution Period.
Distribution Entitlement	in respect of a Unitholder, an Income Distribution Entitlement or entitlement to participate in any other distribution (including a distribution of capital, previous reserves or previous provisions).
Distribution Period	<ol style="list-style-type: none"> 1. for the first Distribution Period, the period beginning on the date of establishment of the Trust to the next occurring Distribution Period End Date; 2. for the last Distribution Period, the period beginning on the day after the preceding Distribution Period End Date to the date of termination of the Trust; and 3. in all other circumstances, the period beginning on the day after the preceding Distribution Period End Date to the next occurring Distribution Period End Date.

Term	Meaning
Distribution Period End Date	the last day in each Financial Year; the last day in the sixth calendar month of each Financial Year and such other dates as the Responsible Entity may determine.
Enterprise Value	<p>as at the date on which Enterprise Value is to be determined, is the sum of:</p> <ol style="list-style-type: none"> 1. the Market Price of a Unit as at the relevant date multiplied by the average number of Units on Issue over the period of 30 consecutive business days (as defined in the Listings Requirements) immediately before the relevant date (whether or not a sale was recorded on a particular day); and 2. the total amount of debt owing by the Trust and all Sub-Trusts (other than amounts owing by the Trust to a Sub Trust, by a Sub Trust to the Trust or by a Sub Trust to another Sub Trust) as at the relevant date <p>less the total amount of Cash and cash equivalents (including money market instruments, short-term government bonds, treasury bills, bank certificates of deposit, bankers' acceptances and commercial paper) held by the Trust and all Sub Trusts as at the relevant date.</p>
Exercise Price	in relation to an Option, the dollar or rand value of the total consideration payable in respect of the exercise of that Option determined in accordance with the applicable provision in clause 6 pursuant to which the Option was granted.
Financial Year	<ol style="list-style-type: none"> 1. for the first Financial Year; the period beginning on the date of establishment of the Trust to the next 31 March; 2. for the last Financial Year; the period beginning on 1 April before the date the Trust terminates to the date the Trust terminates; and 3. in all other circumstances, the 12-month period ending on 31 March in each year. <p>However, if the Australian Commissioner of Taxation grants the Trust a substituted accounting period, the Responsible Entity may elect to replace the time reference points in this definition with references to the new substituted accounting period.</p>
Foreign Holder	a Unitholder or Optionholder (as the context may require) whose address appearing in the Register is a country other than Australia or South Africa.
Fund	all the Cash, investments, rights and other property of the Trust held by the Responsible Entity pursuant to this deed, or by the Custodian for the Responsible Entity under the Custody Agreement.
Government Agency	any government or governmental, semi- governmental, administrative, fiscal or judicial body, department, commission, authority, bureau, tribunal, agency or entity in any part of the world.
Holder	a Unitholder, Optionholder or Stapled Securityholder (as the context may require).
Income Distribution Entitlement	in respect of a Unitholder and Distribution Period, the amount calculated in respect of the Unitholder in accordance with clause 13.2.
Independent Expert	an expert appointed by the Responsible Entity for the purpose of carrying out a valuation who is independent of the Responsible Entity.
Issue Price	in relation to a Unit or Option, the dollar or rand value of the total consideration payable at any time in respect of the issue of that Unit or the grant of that Option determined in accordance with the applicable provision in clause 6 pursuant to which the Unit was issued or the Option was granted.
JSE	JSE Limited (a company registered and incorporated with limited liability under the company laws of the Republic of South Africa under registration number 2005/022939/06, and licensed as an exchange under the SSA) and, where relevant, a market for trading Securities offered by the JSE.

Term	Meaning
Liabilities	<p>the liabilities of the Trust, including:</p> <ol style="list-style-type: none"> 1. unpaid Costs including administrative costs and expenses and including fees of the Responsible Entity; 2. accrued charges in respect of or owing in relation to any Assets of the Fund; 3. amounts required to meet present liabilities; 4. amounts of all borrowings; 5. any provision for Tax which in the opinion of the Responsible Entity should be taken into account; 6. any other amounts required to meet liabilities or other expenditure (including deferred liabilities) which in the opinion of the Responsible Entity should be taken into account in determining the amount of liabilities in any of the preceding items having regard to the Accounting Standards, but excludes liabilities: 7. to applicants for Units in respect of application money or property in respect of which Units have not yet been issued; or 8. to Unitholders, arising in connection with the Unitholders' right to request redemption or buy-back of their Units or to participate in the distribution of the Assets of the Fund on winding up of the Trust.
Listed	<p>admitted to the 'Main Board' of the list of securities maintained by the JSE. For purposes of this deed, where a Unit or Option is Stapled, and the Stapled Security is Listed, the Unit or Option will be regarded as Listed as well as the Stapled Security.</p>
Listings Requirements	<p>the Listings Requirements as amended from time to time by the JSE whether by way of practice note or otherwise.</p>
Managed Investment Scheme	<p>has the same meaning given to that term in the Corporations Act.</p>
Management Agreement	<p>the Management Agreement between the Responsible Entity (in its capacity as trustee of the Trust) and Investec Property Management Pty Limited ACN 161 587 391 to be entered into before Units are Listed.</p>
Manager	<p>Investec Property Management Pty Limited ACN 161 587 391 or such other person as is appointed from time to time under the Management Agreement to manage the Assets of the Fund including the provision of property management, property leasing, lease administration and development management services.</p>

Term	Meaning
Market Price	<p>of a Unit on a particular day is:</p> <ol style="list-style-type: none"> 1. the volume weighted average traded price per Unit at which Units are traded on the JSE for the 30 most recent business days (as defined in the Listings Requirements) immediately before the relevant day, provided that, in determining such volume weighted average traded price, trades which: <ol style="list-style-type: none"> a. are effected other than through the normal trading systems of the JSE; but b. are nevertheless settled through the settlement systems of the JSE; <p>are disregarded; or</p> <ol style="list-style-type: none"> a. if Units have not been Listed for at least 30 consecutive business days (as defined in the Listings Requirements) before the relevant day; or b. if in the Responsible Entity's opinion a determination under item 1 above would not reflect the fair market value of the Unit having regard to the proposed offer or issue of Units, the Unit's Terms of Issue, and the circumstances in which the offer or issue is made or the Market Price is being determined (including because the Unit is Listed as part of a Stapled Security) <p>the price per Unit that the Responsible Entity or an Independent Expert determines to be the market value of a Unit on the relevant day (including having regard to the matters referred to in item 2b above).</p> <p>The Market Price of an Option or other Security on a particular day is determined in the same manner.</p>
Market Value	<ol style="list-style-type: none"> 1. for Cash or a deposit with a Bank, its face value (plus any accrued interest that is not included in its face value); 2. for an interest in real estate, the amount most recently determined by an Independent Expert which the interest would realise if sold on the date of the valuation in the open market by a willing seller to a willing buyer; 3. for Securities in, or of, an entity that are listed or quoted for trading on a financial market, the latest sale price for that Security on the relevant financial market which is readily available to the Responsible Entity, or if the Responsible Entity reasonably believes that it does not represent the fair market value of the Securities, the fair and reasonable value of the Securities determined by an Independent Expert having regard to the volume weighted average price of the Securities over such period as the Independent Expert considers appropriate; 4. for interests in a Managed Investment Scheme that are not listed or quoted for trading on a financial market: <ol style="list-style-type: none"> a. until the underlying assets in the Managed Investment Scheme are first valued, the cost of acquisition (including all related Costs and liabilities); and b. following this, its market value quoted by the responsible entity, trustee, general partner or other applicable manager of the Managed Investment Scheme on the relevant date or the nearest earlier date, except that, if the Responsible Entity reasonably believes that such prices do not represent the fair market value of the interests, the fair and reasonable value of the interests determined by an Independent Expert; and 5. for any other asset – the value of the asset determined in accordance with the Accounting Standards or, if the Responsible Entity reasonably believes that this does not represent the fair market value of the interests, the fair and reasonable value of the assets determined by an Independent Expert.
Meeting	a meeting of Holders convened in accordance with this deed.

Term	Meaning
Net Asset Value	<p>the sum of the values of Assets of the Fund including assets that relate to derivative instruments used for hedging determined in accordance with clause 12.2 less:</p> <ol style="list-style-type: none"> 1. all amounts required to repay borrowings and to meet Liabilities (including the amount of any provisions the Responsible Entity determines, in consultation with the Auditor, should be made, and including Liabilities relating to derivative instruments used for hedging); and 2. following any Distribution Period End Date, the amount of any Distribution Entitlements payable but not paid to Unitholders on the day on which the Net Asset Value is determined.
Odd Lot	has the meaning given to that term in paragraph 5.123 of the Listings Requirements.
Option	an option granted by the Responsible Entity in respect of unissued Units giving the holder of the option the right, but not the obligation, to subscribe for Units.
Optionholder	a person recorded in the Register as a holder of an Option from time to time, including any persons jointly registered.
PDS	a product disclosure statement as required by Part 7.9 of the Corporations Act in respect of an offer or an issue of Units or of Options (as the context requires).
Pre-Listing Statement	a pre-listing statement/prospectus/listing particulars as required under the Listings Requirements.
Record Date	in relation to a Distribution Period, the date the Responsible Entity determines (subject to clause 1.9, as applicable) as the record date for that Distribution Period.
Redemption Offer Period	has the meaning given in clause 9.1(a)(1)
Redemption Price	the redemption price for Units, calculated on the basis set out in clause 9.5.
Register	the register of Unitholders or Optionholders maintained by, or on behalf of, the Responsible Entity pursuant to Chapter 2C of the Corporations Act and in accordance with the Listings Requirements, or the register of Stapled Securities maintained as contemplated by Schedule 2, as the context requires.
Registered Scheme	a scheme registered by ASIC as a managed investment scheme under Chapter 5C of the Corporations Act.
Responsible Entity	<ol style="list-style-type: none"> 1. initially, Investec Property Limited; 2. while the Trust is not a Registered Scheme, the trustee of the Trust from time to time; and 3. while the Trust is a Registered Scheme, any other body corporate named in ASIC's record of registration for the Trust from time to time as the responsible entity of the Trust.
Review Services Agreement	the Review Services Agreement between the Responsible Entity (in its capacity as trustee of the Trust) and FirstRand Bank Limited (Registration number 1929/001225/06) to be entered into before Units are Listed, and such other agreement under which a person may be appointed, from time to time, to carry out certain operational functions which the CISCA requires independent trustees to provide.
Securities	<ol style="list-style-type: none"> 1. shares, debentures, notes, bonds, units in a trust, interests in a Registered Scheme; 2. legal or equitable rights or interests in securities referred to in item 1 above; and 3. options to acquire (whether by way of issue or transfer) securities referred to in item 1 or 2 above.
Special Resolution	has the meaning given to that term in the Corporations Act.
SSA	Securities Services Act 36 of 2004 (South Africa).

Term	Meaning
Stapled	the linking together of Securities so that one may not be dealt with without the other or others, and in relation to a Unit or Option and another Attached Security or other Attached Securities, being linked together so that one may not be dealt with without the other or others.
Stapled Entity	<ol style="list-style-type: none"> 1. if Units or Options are Stapled to Securities of another Australian or overseas trust, managed investment scheme, partnership, body corporate or other entity the Trust and each other such entity; and 2. if Units or Options are Stapled to other Securities issued by the Responsible Entity in its capacity as trustee of the Trust (even if they are not they are Stapled to securities of any other entity), the Trust.
Stapled Security	the Security created by Stapling Units or Options together with other Securities.
Stapled Securityholder	a person recorded in the Register of Stapled Securities as the holder of a Stapled Security from time to time, including any persons jointly registered.
Sub Trust	each trust through which the Trust indirectly holds an interest in any real property, from time to time.
Tangible Assets	all assets other than goodwill, patents, trademarks, design rights, franchises, future Tax benefits, underwriting and formation expenses, capitalised exploration and development expenditure and all other assets and items which according to the Accounting Standards are regarded as intangible assets.
Tax	any Duty, tax, levy, charge, impost, fee, deduction, compulsory loan or withholding which is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or other amount imposed in respect of any of the above.
Tax Act	Income Tax Assessment Act 1936 (Cth) and Income Tax Assessment Act 1997 (Cth) as applicable.
Terms of Issue	in relation to a Unit or Option, the terms and conditions on which that Unit or Option is issued (other than those contained in this deed).
Terms of Offer	in relation to an offer to acquire an Option, the terms and conditions on which the Option may be subscribed for and the conditions (if any) governing the transfer of the right to acquire the Option.
Trust	the trust constituted under this deed.
Trust Group	the Trust and each Sub Trust which forms part of the same consolidated group as the Trust under the Accounting Standards, and, where applicable, each responsible entity or trustee of the Trust and each Sub Trust (but solely in their respective capacities as such).
Trustee	the Responsible Entity.
Unit	an undivided participatory interest in the Fund as provided for in this deed.
Unitholder	a person recorded in the Register as the holder of a Unit from time to time, including any persons jointly registered.
Units on Issue	the number of Units created under this deed from time to time and not cancelled.
The following definitions are extracted from Schedule 3 of the Constitution and apply only to the extracted clauses of Schedule 3 of the Constitution which are included this Annexure.	
Associate	has the meaning given in sections 12(2), (3), (4) and (5), subject to section 16(1), of the Corporations Act.

Term	Meaning
Australian Law and Policy	<ol style="list-style-type: none"> 1. decisions of an Australian court; 2. published regulatory guides and other guidelines and public releases issued by ASIC; and 3. published decisions, rules, guidance notes and other guidelines and public releases issued by the Takeovers Panel, each in relation to the Corporations Act (and any predecessor legislation).
Bid Securities	the Units or Options being bid for under a Takeover Bid (including where such Units or Options are Stapled to other Securities).
Control	<p>in relation to an entity:</p> <ol style="list-style-type: none"> 1. the possession, direct or indirect, of the power to direct or cause the direction of the management, policies or activities of the entity, whether through the ownership of securities, by contract or agency or otherwise; or 2. having a Relevant Interest in Securities which together carry the right to cast 20% or more of the total number of votes that may be cast at a general meeting of holders of Securities of that entity, and Common Control has a corresponding meaning.
On Market Transaction	a transaction that is given effect on a Securities Exchange in the ordinary course of trading on that Securities Exchange.
Regulated Bid	<p>a bid for Units or Options made in compliance (so far as is possible) with Parts 6.4, 6.5, 6.6 and 6.8 of the Corporations Act in respect of off-market bids (as defined in the Corporations Act) as if the Trust were a Registered Scheme to which Chapter 6 of the Corporations Act applied (pursuant to section 604 of the Corporations Act) and were the target (as defined in the Corporations Act), subject to:</p> <ol style="list-style-type: none"> 1. any requirement in those provisions for a document to be lodged with ASIC being taken to be satisfied if the document is given to each Securities Exchange instead; and 2. any other modifications or exemptions that the Responsible Entity and person making the bid agree in accordance with clause 4.3.
Related Entity	<p>in relation to an entity:</p> <ol style="list-style-type: none"> 1. any entity, directly or indirectly, through one or more intermediaries that is a related body corporate of (as that term is defined in the Corporations Act) that entity; or 2. any entity that, directly or indirectly, Controls, is Controlled by, or is under Common Control with, that entity.

Term	Meaning
Relevant Interest	<p>subject to clause 2.3, a person has a Relevant Interest in Securities if they:</p> <ol style="list-style-type: none"> 1. are the holder of the Securities; 2. have power to exercise, or control the exercise of, a right to vote attached to the Securities; or 3. have power to dispose of, or control the exercise of a power to dispose of, the Securities. <p>It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.</p> <p>For these purposes, power or control includes:</p> <ol style="list-style-type: none"> 1. power or control that is indirect; 2. power or control that is, or can be, exercised as a result of, by means of or by the revocation or breach of a trust, an agreement, a practice (or any combination of them), whether or not they are enforceable; and 3. power or control that is, or can be made, subject to restraint or restriction. <p>It does not matter whether the power or control is express or implied, formal or informal, exercisable alone or jointly with someone else. It does not matter that the power cannot be related to a particular Security.</p>
Securities Exchange	<p>any securities exchange on which Units or Options are listed or quoted, including the JSE, and where Units or Options are listed or quoted on more than one securities exchange, the securities exchange nominated by the Responsible Entity as the primary securities exchange in relation to the Units or Options.</p>
Substantial Holder	<p>a person who has a Substantial Holding.</p>
Substantial Holding	<p>a person has a Substantial Holding if the total votes attached to Units or Options in which the person or their Associates:</p> <ol style="list-style-type: none"> 1. have a Relevant Interest; or 2. would have a Relevant Interest but for the operation of clause 2.3(f) or clause 2.3(g), <p>is 5% or more of the total number of votes attached to all Units and Options on issue.</p>
Takeover Bid	<p>a bid for Units or Options, or both, that at all relevant times is consistent with the purposes in clause 1.4 and complies with clauses 4.1 and 4.2.</p>
Voting Power	<p>a person's Voting Power in the Trust calculated in accordance with the following formula:</p> $VP = \frac{V}{TV}$ <p>Where:</p> <p>VP is the person's Voting Power</p> <p>V is the total number of votes attached to all the Units and Options (if any) in which the person or an Associate directly or indirectly has a Relevant Interest</p> <p>TV is the total number of votes attached to all Units and Options on issue.</p>

EXTRACTS FROM THE ARTICLES OF THE RESPONSIBLE ENTITY

This extract should be read in conjunction with the Constitution of the Responsible Entity in its entirety and the definitions contained therein.

Extracts from the Constitution:

DIRECTORS

“6.1 Appointment and removal of directors

- (a) There must be:
 - (1) not less than three directors; and
 - (2) subject to article 6.1(c), not more than 12 directors.
- (b) The names of the first directors must be determined in writing by the subscribers to the memorandum of association or a majority of them.
- (c) The company may by resolution:
 - (1) increase or reduce the maximum number of directors; and
 - (2) appoint or remove a director.
- (d) The directors may appoint any natural person to be a director: either to fill a casual vacancy or as an addition to the existing directors, but the total number of directors must not at any time exceed the maximum number allowed under these articles.
- (e) Subject to article 6.2 and to the terms of any agreement entered into between the company and the relevant director: a director holds office until the director dies or is removed from office pursuant to article 6.1(c)(2).”

“6.2 Vacation of office

The office of a director becomes vacant:

- (a) in the circumstances prescribed by the Corporations Law;
- (b) if the director becomes of unsound mind or a person who is, or whose estate is liable to be dealt with in any way under the law relating to mental health; or
- (c) if the director resigns by notice in writing to the company.”

“6.3 Remuneration of directors

- (a) Each director is entitled to such remuneration out of the funds of the company as the directors determine, but if the company in general meeting has fixed a limit on the amount of remuneration payable to the directors, the aggregate remuneration of the directors under this article 6.3(a) must not exceed that limit.
- (b) The remuneration of directors:
 - (1) may be a stated salary or a fixed sum for attendance at each meeting of directors or both; or
 - (2) may be a share of a fixed sum determined by the company in general meeting to be the remuneration payable to all directors which is to be divided between the directors in the proportions agreed between them or, failing agreement, equally and if it is a stated salary under article 6.3(b)(1) or a share of a fixed sum under article 6.3(b)(2), will be taken to accrue from day to day.
- (c) In addition to their remuneration under article 6.3(a), the directors are entitled to be paid all travelling and other expenses properly incurred by them in connection with the affairs of the company, including attending and returning from general meetings of the company or meetings of the directors or of committees of the directors.
- (d) If a director renders or is called upon to perform extra services or to make any special exertions in connection with the affairs of the company, the directors may arrange for a special remuneration to be paid to that director, either in addition to or in substitution for that director’s remuneration under article 6.3(a).
- (e) Nothing in article 6.3(a) restricts the remuneration to which a director may be entitled as an officer of the company or of a related body corporate in a capacity other than director which may be in addition to or in substitution for that director’s remuneration under article 6.3(a).”

“6.4 Share qualification

- (a) A director is not required to hold any shares in the company to qualify for appointment.
- (b) A director who is not a member of the company is nevertheless entitled to attend and speak at general meetings.”

“6.5 Interested directors

- (a) A director may hold any other office or place of profit (other than auditor) in the company or any related body corporate in conjunction with his or her directorship and may be appointed to that office or place upon such terms as to remuneration, tenure of office and otherwise as the directors think fit.
- (b) A director of the company may be or become a director or other officer of, or otherwise interested in any related body corporate or any other body corporate promoted by the company or in which the company may be interested as a shareholder or otherwise and is not accountable to the company for any remuneration or other benefits received by the director as a director or officer of, or from having an interest in that body corporate.
- (c) The directors may exercise the voting rights conferred by shares in any body corporate held or owned by the company in such manner in all respects as the directors think fit (including voting in favour of any resolution appointing a director as a director or other officer of that body corporate or voting for the payment of remuneration to the directors or other officers of that body corporate) and a director may, if permitted by law, vote in favour of the exercise of those voting rights notwithstanding that he or she is, or may be about to be appointed, a director or other officer of that other body corporate and, as such, interested in the exercise of those voting rights.
- (d) A director is not disqualified merely because of being a director from contracting with the company in any respect including without limitation:
 - (1) selling any property to, or purchasing any property from, the company;
 - (2) lending any money to, or borrowing any money from, the company with or without interest and with or without security;
 - (3) guaranteeing the repayment of any money borrowed by the company for a commission or profit;
 - (4) underwriting or guaranteeing the subscription for securities in the company or in any related body corporate or any other body corporate promoted by the company or in which the company may be interested as a shareholder or otherwise, for a commission or profit; or
 - (5) being employed by the company or acting in any professional capacity (other than auditor) on behalf of the company.
- (e) No contract made by a director with the company and no contract or arrangement entered into by or on behalf of the company in which any director may be in any way interested is avoided or rendered voidable merely because of the director holding office as a director or because of the fiduciary obligations arising out of that office.
- (f) No director contracting with or being interested in any arrangement involving the company is liable to account to the company for any profit realised by or under any such contract or arrangement merely because of the director holding office as a director or because of the fiduciary obligations arising out of that office.
- (g) Subject to article 6.5(h), a director who is in any way interested in any contract or arrangement or proposed contract or arrangement may, despite that interest:
 - (1) be counted in determining whether or not a quorum is present at any meeting of directors considering that contract or arrangement or proposed contract or arrangement;
 - (2) vote in respect of, or in respect of any matter arising out of, the contract or arrangement or proposed contract or arrangement; and
 - (3) sign or countersign any document relating to that contract or arrangement or proposed contract or arrangement to which the seal is affixed.
- (h) Article 6.5(g) does not apply if, and to the extent that, it would be contrary to the Corporations Law.
- (i) The director may make regulations requiring the disclosures of interest that a director, and any person deemed by the directors to be related to or associated with the director, may have in any matter concerning the company or a related body corporate and any regulations made under this article will bind all directors.”

EXTRACTS FROM THE MANAGEMENT AGREEMENT

“2 Appointment

2.1 Appointment of Manager

The Responsible Entity appoints the Manager for the Term to carry out management activities in relation to the Trust and each of the Sub Trusts by providing:

- (a) the Services; and
- (b) subject to any necessary approvals pursuant to the Governing Documents, and subject to agreement on any additional fees for such services, such other services as the parties may from time to time agree,

on the terms of this agreement, and the Manager accepts the appointment.

2.2 Authority

The Responsible Entity authorises the Manager to do all things on behalf of the Responsible Entity which the Manager reasonably considers necessary, incidental or desirable for the efficient provision of the Services in accordance with, and performance of its functions and duties under, this agreement.

2.3 Responsible Entity's delegates

The Responsible Entity may delegate its authority in connection with various matters to specified persons (Authorised Persons) subject to any limits of authority notified by the Responsible Entity to the Manager from time to time. Where the Responsible Entity's consent, approval or agreement is required under this agreement in respect of any such matter, the Manager may obtain such consent, approval or agreement from the relevant Authorised Person subject to any applicable limits of authority of which the Manager has been notified."

“3 Obligations of the Manager

3.1 Services

The Manager must provide the Services in relation to the Trust and each of the Sub Trusts in accordance with this agreement.

3.2 Property Management Services

- (a) Each time the Trust or a Sub Trust acquires an interest in a Property, the Manager and Responsible Entity must in good faith consider whether the Manager's engagement will be extended to cover the provision of property management services in respect of that Property. If the Manager and Responsible Entity agree that the Manager will provide property management services in respect of a Property, the Manager and Responsible Entity may vary Schedule 2 so that it sets out in Table 1 in Schedule 2:
 - (1) the Property;
 - (2) the property management services that the Manager will provide in respect of that Property; and
 - (3) the fee to which the Manager will be entitled in respect of the provision of such Property Management Services, or may make such other arrangements as they consider appropriate in respect of the provision of such services.
- (b) Each time the Trust or a Sub Trust disposes of its interest in a Property included in Table 1 in Schedule 2 (such that the Trust no longer has any direct or indirect interest in such Property), the Manager and Responsible Entity will promptly vary Schedule 2 to remove that Property and the Property Management Services and Property Management Fee relating to that Property.
- (c) The Manager must provide Property Management Services in respect of a Property in accordance with this agreement from the date on which Table 1 in Schedule 2 is varied as contemplated by clause 3.2(a) to include that Property until such date as the Trust no longer has any direct or indirect interest in that Property (whether or not Table 1 in Schedule 2 has been varied to remove references to that Property), or for such other term as the parties may from time to time agree.
- (d) Nothing in this clause 3.2 in any way limits the parties' rights to vary any part of this agreement, including Schedule 2, as contemplated by clause 16.6(a), nor does a failure to agree any matter contemplated by this clause 3.2 affect the continuing operation of any other provision of this agreement.

3.4 Investment Policy

In providing the Services, and performing its functions and duties under this agreement, the Manager must comply with the Investment Policy.

3.5 Standard

In providing the Services, and performing its functions and duties under this agreement, the Manager must:

- (a) act honestly and in good faith;
- (b) use the degree of care, diligence and skill reasonably required of a manager providing services similar to the Services;
- (c) provide the Services, and perform its functions and duties, in such a way as to assist:
 - (1) the Responsible Entity to carry out its obligations and functions as responsible entity of the Trust; and
 - (2) each Sub Trustee to carry out its obligations and functions as trustee of each relevant Sub Trust;
- (d) provide the Services, and perform its functions and duties, in a timely, efficient and competent manner and in accordance with any service standards agreed with the Responsible Entity from time to time;
- (e) devote sufficient financial and non-financial resources to enable it to provide the Services to the standard required by this agreement;
- (f) have regard:
 - (1) to all agreements in respect of the Trust to which the Responsible Entity is a party and which have been disclosed to the Manager; and
 - (2) to all agreements in respect of each Sub Trust to which each relevant Sub Trustee is a party and which have been disclosed to the Manager;
- (g) comply with all applicable laws and Authorisations and ensure that its conduct does not cause the Responsible Entity or any Sub Trustee to breach any applicable laws or Authorisations;
- (h) comply with the Governing Documents and ensure that its conduct does not cause the Responsible Entity or any Sub Trustee to breach the Governing Documents;
- (i) act in accordance with any conflicts policies or protocols that are in place in relation to the Trust and Sub Trusts from time to time;
- (j) comply with any reasonable requests from the Trust's or any Sub Trust's auditor and any auditor of the Compliance Plan for information or assistance in relation to the Fund or the financial statements for the Trust and Sub Trusts;
- (k) not receive, or permit its Associates to receive, any benefits in the nature of soft dollar benefits in relation to the investment or management of Fund and the assets of any Sub Trusts; and
- (l) comply with any directions issued under clause 3.6.

3.6 Responsible Entity directions

- (a) In providing the Services, and performing its functions and duties under this agreement, the Manager must:
 - (1) subject to clause 3.6(b), comply with any directions that the Responsible Entity gives the Manager from time to time including any directions withdrawing or varying any directions previously given to the Manager; unless to do so would contravene any law, Authorisation or the express terms of this agreement, or otherwise be inconsistent with the Governing Documents;
 - (2) if the Manager considers that any direction is ambiguous or unclear in any respect, promptly seek the Responsible Entity's clarification of the direction; and
 - (3) promptly notify the Responsible Entity of any directions with which it has not complied and the reason for non-compliance. Upon receipt of the notice, the Responsible Entity may either withdraw or modify, by direction, any specific direction with which the Manager is unable to comply.
- (b) The Responsible Entity must not, and must not direct the Manager to, make any decision, take any action or omit to take any action in relation to a matter the subject of this agreement, if such direction would cause a breach of any applicable law or Authorisation, of the duties of the Responsible Entity or the Responsible Entity's directors (as directors), of the duties of the Sub Trustees or the Sub Trustees' directors (as directors) or of the Governing Documents.

- (c) The Responsible Entity acknowledges that the Manager:
 - (1) may act on directions given by the Responsible Entity without confirming that they might be given in breach of clause 3.6(b); and
 - (2) does not have to comply with any direction that the Responsible Entity gives in breach of clause 3.6(b).
- (d) Despite any other term in this agreement, the Manager is not liable to the Responsible Entity for any Loss to the Trust incurred as a result of the Manager acting in accordance with a direction given by the Responsible Entity.

3.7 Reports and information

- (a) The Manager must prepare and give to the relevant person in respect of the Trust the reports set out in Schedule 3.
- (b) At the Responsible Entity's request, the Manager must also give the Responsible Entity (or, as applicable the relevant Sub Trustee) any additional information that the Responsible Entity reasonably considers necessary, incidental or desirable for the purposes of:
 - (1) enabling the Responsible Entity to carry out its obligations and functions as responsible entity of the Trust;
 - (2) enabling any Sub Trustee to carry out its obligations and functions as trustee of a Sub Trust;
 - (3) assessing the Manager's performance in providing the Services, and performing its functions and duties under this agreement;
 - (4) completing returns and reports to any Government Agency; and
 - (5) complying with any applicable law or Authorisation or with the Governing Documents.
- (c) The Manager must use reasonable endeavours to ensure that all reports and information provided under this clause 3.7 are complete and accurate, and are not false or misleading (by inclusion or deliberate omission) in any material respect.

3.8 Insurance

- (a) The Manager must, at its own expense, maintain for the Term appropriate insurance in relation to the Services, and the performance of its functions and duties under this agreement, including (subject to any contrary agreement between the Responsible Entity and Manager):
 - (1) professional indemnity insurance cover of at least \$10 million on an each and every claim basis; and
 - (2) public liability insurance cover of at least \$20 million on an each and every claim basis.
- (b) The Manager must give the Responsible Entity any information that the Responsible Entity reasonably requests about the currency and scope of cover of the insurance referred to in clause 3.8(a).
- (c) The Manager must, in connection with the insurance referred to in clause 3.8(a):
 - (1) subject to its obligations to insurers, inform the Responsible Entity immediately upon becoming aware of any actual, threatened or likely claim in respect of the Services, the Trust, or any Sub Trust under any the insurance policy or to which the insurance policy may respond which could materially reduce the available level of indemnity;
 - (2) upon becoming aware, promptly notify the Responsible Entity of any event which may result in the insurance policy lapsing or being cancelled; and
 - (3) as soon as reasonably practicable, give the Responsible Entity details of any material changes made to the insurance policies, such as material changes to the level of cover, amount of the deductible, insurance provider, exclusions or other material terms or conditions.

3.9 Delegation and professional advice

- (a) Subject to clause 3.11, the Manager may delegate the provision of any Services, and the performance of its functions and duties under this agreement, to any of the following:
 - (1) any Investec Group Member; or any director, secretary, employee or agent of any Investec Group Member; and
 - (2) the Responsible Entity or an Associate of the Responsible Entity, except as prohibited by any applicable law.
- (b) Subject to clause 3.11, and without limiting the Manager's rights to delegate under clause 3.9(a), the Manager may delegate the provision of, or appoint on behalf of the Responsible Entity or relevant Sub Trustee a person to provide directly to the Responsible Entity or relevant Sub Trustee, the following Services:

- (1) Property Management Services;
 - (2) Leasing Services; and
 - (3) any other Services (other than those referred to in paragraphs (1) and (2) above), but only if, in the case of delegation to, or appointment of, a Third Party:
 - such Third Party is appropriately qualified to provide such Services; and
 - Unitholders pass an ordinary resolution approving the delegation or appointment (as applicable), except as prohibited by any applicable law.
- (c) The Manager:
- (1) may obtain advice and assistance from professional advisers (including lawyers, accountants and financial and tax advisers), specialists and other experts, as the Manager reasonably considers necessary, incidental or desirable for the purpose of providing the Services, and performing its functions and duties under this agreement; and
 - (2) is entitled to reimbursement from the Trust for any costs or expenses incurred in relation to such engagement.
- (d) Delegation under this clause 3.9 will not relieve the Manager of its responsibility to provide the Services, and perform its functions and duties, in accordance with this agreement (irrespective of whether the Manager or its delegate performs or fails to perform any of the Services) and the Manager:
- (1) must exercise reasonable care in selecting, appointing and agreeing the terms of appointment of any delegate;
 - (2) is liable to the Responsible Entity for any Loss to the Trust caused by a delegate in the provision of the Services, or performance of functions and duties under this agreement, as if any act or omission of such delegate were an act or omission of the Manager; and
 - (3) must provide reasonable assistance to the Responsible Entity in connection with any action by, or exercise of any rights of, the Responsible Entity against any such delegate.

3.10 Discontinuation of Services

- (a) The Responsible Entity may at any time by notice to the Manager request that the Manager cease providing one or more Services (other than specified Property Management Services or Leasing Services) from a date specified in the notice. The Manager must comply with any notice given under this clause 3.10(a) as soon as practicable. This does not reduce or otherwise affect the amount of the Base Fee payable to the Manager pursuant to clause 5.2.
- (b) At any time, the Responsible Entity may, by notice to the Manager, request that the Manager cease providing specified Property Management Services to one or more Properties or specified Leasing Services from a date specified in the notice. The Manager must cease providing the Property Management Services in respect of the relevant Properties or Leasing Services from the date specified in the notice served under this clause 3.10(b). From the date the Manager ceases providing the specified Property Management Services in respect of a particular Property or the specified Leasing Services, the Property Management Fee or Leasing Fee referable to the provision of those Services (as applicable) ceases to accrue.
- (c) If, as a result of the Manager ceasing to provide one or more Services pursuant to clauses 3.10(a) or 3.10(b), the Manager no longer requires some or all of the services provided by a Third Party to the Manager:
 - (1) the Manager may terminate, cancel or vary any relevant services agreement with the Third Party to discontinue the provision of those services; and
 - (2) the Responsible Entity must indemnify the Manager against all Third Party Break Costs that the Manager incurs in good faith in connection with the termination, cancellation or variation (whether such termination, cancellation or variation is by agreement or otherwise) of any such services agreement.

3.11 Managed investment trust status

- (a) The Manager must use reasonable endeavours to ensure that, for any assets located in Australia, a substantial proportion of all of the investment management activities (for the purposes of section 12-400(1)(c) of the Taxation Administration Act 1953 (Cth)) in relation to those assets are carried out in Australia so that the Trust qualifies as, and continues to qualify from time to time, as a MIT.
- (b) The Manager must, promptly on being requested to do so by the Responsible Entity, provide any information, and accurately complete, sign and provide any document, which the Responsible Entity reasonably requests from time to time for the purpose of the Trust qualifying, and continuing to qualify as, a MIT.

- (c) Despite any other provision of this agreement, if at any time there is a requirement to vary this agreement to ensure that the Trust continues to be a MIT, the Responsible Entity and the Manager must use all reasonable endeavours to vary this agreement accordingly.’

“5 Fees

5.1 General

- (a) In consideration for the Manager agreeing to provide the Services, and perform its functions and duties under this agreement, the Responsible Entity, out of the Fund, must pay to the Manager the Fees (exclusive of GST).
- (b) Other than as outlined in this clause 5, the Manager is not entitled to any other fees or remuneration from the Responsible Entity or the Trust in connection with this agreement. This does not affect the Manager’s entitlement to be paid costs and expenses in accordance with clause 6 of this agreement.

5.2 Base Fee

- (a) The Manager is entitled to receive a base management fee (Base Fee) calculated at the end of each calendar month as follows:

$$\mathbf{BF = 0.0005 \times EV}$$

Where:

BF for a calendar month, is the Base Fee payable in respect of that calendar month

EV on the last day of the relevant calendar month, is the sum of:

- the Market Price of a Unit as at the last day of the relevant calendar month multiplied by the average number of Units on issue over the period of 30 consecutive business days (as defined in the Listings Requirements) immediately before the last day of the relevant calendar month (whether or not a sale was recorded on a particular day); and
- the total amount of debt owing by the Trust and all Sub Trusts (other than amounts owing by the Trust to a Sub Trust, by a Sub Trust to the Trust or by a Sub Trust to another Sub Trust) as at the last day of the relevant calendar month,

less the total amount of Cash and cash equivalents (including money market instruments, short-term government bonds, treasury bills, bank certificates of deposit, bankers’ acceptances and commercial paper) held by the Trust and all Sub Trusts as at the last day of the relevant calendar month.

- (b) The Base Fee, which is payable monthly in arrears, accrues daily, is calculated as at the end of each calendar month, and must be paid out of the Fund within 10 Business Days after the end of the relevant calendar month.

5.3 Property Management Fee

- (a) The Manager is entitled to receive a property management fee for each Property set out in Schedule 2 calculated as set out in Table 1 in Schedule 2 (Property Management Fee).
- (b) The Property Management Fee payable in respect of Property Management Services provided for a particular Property will accrue from the date on which Table 1 in Schedule 2 is varied as contemplated by clause 3.2(a) to include the provision of Property Management Services in respect of that Property until the earlier of:
- (1) the date on which the Trust no longer has any interest in that Property (whether or not Table 1 in Schedule 2 has been varied to remove references to that Property); or
 - (2) the date on which the Manager ceases providing Property Management Services in respect of the relevant Property as contemplated by clause 3.10(b), or for such other term as the parties may from time to time agree.
- (c) Except to the extent specified otherwise in Table 1 in Schedule 2 in respect of a Property, the Property Management Fee is payable monthly in arrears, is determined at the end of each calendar month, and must be paid out of the Fund within 10 Business Days after the end of the relevant calendar month.
- (d) The Property Management Fee in respect of a Property is payable in addition to the reimbursement of any Costs incurred in respect of that Property under clause 6, unless the parties agree otherwise.

5.4 Leasing Fee

- (a) The Manager is entitled to receive a leasing fee for the provision of Leasing Services, as determined under clause 3.3(c) for the relevant Leasing Services (the Leasing Fee).
- (b) Except to the extent agreed otherwise, the Leasing Fee payable in respect of Leasing Services must be paid out of the Fund within 10 Business Days after the date on which the Manager gives the Responsible Entity

an invoice for the Leasing Fee payable in respect of the relevant Leasing Services, which invoice may only be issued after the relevant Lease documentation is signed (if the Leasing Services relate to a particular Leasing transaction).

- (c) The Leasing Fees in respect of Leasing Services provided in relation to a Property are payable in addition to the reimbursement of any Costs incurred in respect of that Property under clause 6, unless the parties agree otherwise.

5.5 Waiver or deferral of remuneration

- (a) The Manager may waive or defer the whole or any part of the Fees to which it would otherwise be entitled. Where payment is deferred, the deferred Fee continues to accrue daily until paid.
- (b) Where payment of any Fees is deferred or delayed, for any reason, for more than 30 days from the date the Manager is entitled to be paid the relevant Fee, the Fee payable accrues interest daily at the Interest Rate until paid.

5.6 Resolution of disputes

The parties must resolve disputes in relation to the entitlement to, calculation of, or payment of, Fees in accordance with the dispute resolution procedures in clause 10."

"9 Term and termination

9.1 Term

- (a) This agreement starts on the Start Date and continues for an initial period of 10 years from the Start Date (Initial Term) unless terminated earlier in accordance with this agreement.
- (b) On expiry of the Initial Term, if a resolution to renew this agreement is passed in accordance with clause 9.1(c), this agreement will be renewed for a further period of 10 years (Renewed Term). This clause 9.1(b) applies repeatedly so that at the expiry of each Renewed Term, this agreement will be renewed for successive periods of 10 years (if a resolution to renew is passed in accordance with clause 9.1(c)).
- (c) Before expiry of the Initial Term and each Renewed Term, the Responsible Entity must ensure that:
 - (1) a meeting of Unitholders is held to consider and vote on an ordinary resolution to renew this agreement at the end of the Initial Term or relevant Renewed Term (as the case may be); and
 - (2) the votes of the Responsible Entity, the Manager and their Associates are excluded for purposes of that ordinary resolution.

This agreement expires at the end of the Initial Term or Renewed Term (as the case may be) if Unitholders (excluding the Responsible Entity, the Manager and their Associates) do not pass the ordinary resolution to renew this agreement.

9.2 Termination by the Responsible Entity

The Responsible Entity may terminate this agreement:

- (a) on six months' notice to the Manager if the Responsible Entity has first obtained approval by an ordinary resolution of Unitholders (excluding for these purposes, any votes on the resolution cast by the Responsible Entity, the Manager or any of their Associates);
- (b) on 10 Business Days' notice to the Manager if the Responsible Entity disposes of all or substantially all of the assets of the Trust; and
- (c) with immediate effect by notice to the Manager if an Event of Default or Insolvency Event occurs in respect of the Manager.

9.3 Termination by the Manager

The Manager may terminate this agreement:

- (a) on six months' notice to the Responsible Entity;
- (b) on 10 Business Days' notice to the Responsible Entity if the Responsible Entity disposes of all or substantially all of the assets of the Trust;
- (c) on 10 Business Days' notice to the Responsible Entity if the Responsible Entity is removed pursuant to a resolution contemplated by section 601FM of the Corporations Act; or
- (d) with immediate effect by notice to the Responsible Entity if an Event of Default occurs in respect of the Responsible Entity or an Insolvency Event occurs in respect of the Responsible Entity (in any capacity) or the Trust.

9.4 Termination payment

- (a) The Responsible Entity irrevocably offers to the Manager to enter (or to procure a Nominee to enter) into a contract with the Manager on the terms of the Business Sale Agreement (the Offer). The consideration provided by the Manager for the offer includes the Manager's undertakings under this agreement. The Offer may only be accepted in the circumstances set out in clause 9.4(b) and automatically expires 3 months after expiry or termination of this agreement.
- (b) If this agreement expires under clause 9.1 (without being renewed as contemplated by clause 9.1(c)), is terminated by the Responsible Entity under clauses 9.2(a) or 9.2(b), or is terminated by the Manager under clauses 9.3(b), 9.3(c) or 9.3(d):
- (1) On or before the 5th Business Day after expiry or termination of this agreement, the Responsible Entity may give the Manager a notice nominating a person as the 'Buyer' for purposes of the Business Sale Agreement (the Nominee). The notice must set out the Nominee's address for receipt of notices and be accompanied by a power of attorney under which the Nominee appoints the Manager to complete and execute the Business Sale Agreement on the Nominee's behalf on substantially in the same terms as those set out in clauses 9.4(j) and 16.15.
 - (2) At any time after the 5th Business Day after expiry or termination of this agreement and before the expiry of the Offer, the Manager may give the Responsible Entity a notice accepting the Offer by giving the Responsible Entity (and, if applicable, the Nominee):
 - a notice accepting the Offer; and
 - a Business Sale Agreement completed and executed by or on behalf of the Manager and Responsible Entity (or, if applicable, the Nominee).Immediately on the Manager giving the notice accepting the Offer and Business Sale Agreement, the parties are bound by a contract on the terms of the Business Sale Agreement.
 - (3) On completion under the Business Sale Agreement, the Responsible Entity must pay out of the Fund, or ensure that the Nominee pays, the amount calculated in accordance with clause 9.4(c) (the Termination Amount) to the Manager in satisfaction of the buyer's obligation to pay the purchase price under the Business Sale Agreement.
- (c) The Termination Amount payable in respect of the acquisition of the business of the Manager under the Business Sale Agreement is calculated as follows:

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

Where:

TA is the Termination Amount

BFm is the total amount of Base Fees payable in respect of the last calendar month ending before the date of expiry or termination of this agreement

Mbf is the multiple applicable to the annualised Base Fee determined as follows:

- (1) if this agreement was terminated at any time before the end of the Initial Term:

- by the Responsible Entity under clauses 9.2(a) or 9.2(b); or
- by the Manager under clauses 9.3(b), 9.3(c) or 9.3(d),

the multiple is equal to:

- the Market Price of a Unit on the date of termination of this agreement; divided by
- the anticipated future distributions per Unit for the Fund determined in accordance with clause 9.4(d) or, if disputed by the Responsible Entity in accordance with clause 9.4(e), determined in accordance with the dispute resolution provisions in clause 10; or

- (2) if this agreement has expired under clause 9.1 (without being renewed as contemplated by clause 9.1(c)) or was terminated at any time on or after the end of the Initial Term:

- by the Responsible Entity under clauses 9.2(a) or 9.2(b); or
- by the Manager under clauses 9.3(b), 9.3(c) or 9.3(d), the multiple is equal to the EV/EBIT Multiple for an asset management business conducted in Australia determined and notified by the Manager in accordance with clause 9.4(f)(1) or, if disputed by the Responsible Entity in accordance with clause 9.4(g), determined in accordance with the dispute resolution provisions in clause 10.

PMFm is the total amount of Property Management Fees payable in respect of the last calendar month ending before the date of expiry or termination of this agreement.

- Mpmf is the multiple applicable to the annualised Property Management Fee being the EV/EBIT Multiple for a property management business conducted in Australia determined and notified by the Manager in accordance with clause 9.4(f)(2) or, if disputed by the Responsible Entity in accordance with clause 9.4(g), determined in accordance with the dispute resolution provisions in clause 10.
- PMbc is the total amount of Third Party Break Costs that the Manager incurs, in good faith, in connection with the termination, cancellation or variation (whether such termination, cancellation or variation is by agreement or otherwise) of any services agreement with a Third Party as a result of the Manager no longer requiring the relevant services as a result of the expiry or termination of this agreement.
- (d) At any time on or before the 5th Business Day after the parties become bound by the Business Sale Agreement pursuant to clause 9.4(b)(2), the Responsible Entity must determine and give the Manager a notice setting out the anticipated future distributions per Unit that the Responsible Entity reasonably considers reflects:
- (1) the market consensus of broker forecasts as to anticipated distributions; and
 - (2) if there are no broker forecasts as to anticipated distributions, the forecast anticipated distributions as approved by the board of the Responsible Entity,
- for the period starting on the date on which this agreement expires or terminates, and ending on the first anniversary of that date.
- (e) The Manager may give the Responsible Entity a notice disputing the anticipated future distributions per Unit at any time on or before the 5th Business Day after receiving the notice under clause 9.4(d), in which case determination of the anticipated future distributions per Unit will be a Disputed Matter and must be referred to resolution in accordance with clause 10. Unless the Manager gives the Responsible Entity a notice disputing the anticipated future distribution per Unit within that time, the Manager will be taken to have agreed to the anticipated future distribution per Unit, and the Termination Amount will be calculated in accordance with such anticipated future distributions per Unit.
- (f) At any time on or before the 5th Business Day after the parties become bound by the Business Sale Agreement pursuant to clause 9.4(b)(2), the Manager must determine and give the Responsible Entity a notice setting out:
- (1) if this agreement has expired under clause 9.1 (without being renewed as contemplated by clause 9.1(c)), or was terminated at any time on or after the end of the Initial Term, an EV/EBIT Multiple which the Manager reasonably considers to be a market-based average EV/EBIT Multiple for asset management businesses conducted in Australia of similar scale to that conducted by the Manager at the time the notice is given;
 - (2) in any event, an EV/EBIT Multiple which the Manager reasonably considers to be a market-based average of EV/EBIT Multiples for property management businesses conducted in Australia of similar scale to that conducted by the Manager at the time the notice is given; and
 - (3) the Third Party Break Costs incurred or which the Manager reasonably expects to incur in connection with the termination, cancellation or variation (whether such termination, cancellation or variation is by agreement or otherwise) of any services agreement with a Third Party as a result of the Manager no longer requiring the relevant services as a result of the expiry or termination of this agreement.
- (g) The Responsible Entity may give the Manager a notice disputing one or more of the EV/EBIT Multiples and Third Party Break Costs amount on or before the 5th Business Day after receiving the notice under clause 9.4(f), in which case determination of the relevant amounts will be a Disputed Matter and must be referred to resolution in accordance with clause 10. Unless the Responsible Entity gives the Manager a notice disputing the relevant amounts within that time, the Responsible Entity will be taken to have agreed to the relevant EV/EBIT Multiple or Third Party Break Costs amount (or both), and the Termination Amount will be calculated in accordance with such EV/EBIT Multiple or Third Party Break Costs amount (or both).
- (h) The parties acknowledge and agree that the Termination Amount represents a genuine and reasonable pre-estimate of the value of the Manager's business having regard to, among other matters:
- (1) the lost value of fees for the remainder of the Initial Term or Renewed Term (as applicable) and anticipated renewals of such terms;
 - (2) the value of intellectual property and goodwill generated in respect of the Manager's business; and
 - (3) the cost savings accruing to the Responsible Entity in acquiring the capability to perform the various management services provided under this agreement itself.

- (i) Clause 9.4(b) and the Business Sale Agreement do not impose an obligation on the Responsible Entity to pay the termination payment to the extent that the obligation to pay the Termination Amount is held to be unenforceable by the Manager against the Responsible Entity after all proper avenues of appeal and review of such determination, whether judicial or otherwise, have been exhausted. The parties must take all reasonable steps to ensure that any such determination applies to the minimum extent possible.
- (j) For the purposes of giving effect to, and to secure the Manager's rights under, this clause 9.4, the Responsible Entity irrevocably appoints the Manager as the Responsible Entity's agent and attorney to execute all documents and do all things which the Manager reasonably considers necessary, incidental or desirable to implement the execution of the Business Sale Agreement and completion of the transactions contemplated by this clause 9.4 and the Business Sale Agreement (including determining and notifying the forward yield under clause 9.4(d) and payment of the Termination Amount), including:
 - (1) completing blanks in, and executing, the Business Sale Agreement; and
 - (2) executing any documents necessary, incidental or desirable to the transfer and assignment assets, and the making of offers of employment, as contemplated by the Business Sale Agreement.
- (k) The Manager is authorised to execute these documents and do these things without needing further authority or approval from the Responsible Entity. The Responsible Entity must not interfere with the Manager's lawful and proper exercise of its powers as agent or attorney in accordance with this clause 9.4.

9.6 Transition to new manager

On termination or expiry of this agreement, the Manager must for up to 3 months after termination or expiry, or such other period as the parties may agree:

- (a) co-operate with, and provide all reasonable assistance requested by, the Responsible Entity and any successor service provider appointed by the Responsible Entity, as is reasonably necessary to ensure:
 - (1) a smooth transition of the Services from the Manager to the Responsible Entity (or, as applicable, the successor service provider); and
 - (2) reasonable continuity of the Services; and
- (b) give the Responsible Entity all data held by it, and access to all records in its possession, which relate to the Services (other than any Confidential Information of Manager Related Persons), and if requested by the Responsible Entity, provide such data and records to the successor service provider.

The provisions of this agreement (including clause 6) continue to apply to in respect of the all things that the Manager does to discharge its obligations under this clause 9.6.

9.7 Effect of termination

- (a) On termination or expiry under this clause 9, the parties are discharged from performance of further obligations under this agreement, except those expressed to survive termination.
- (b) Despite anything else in this agreement, the parties' rights and obligations in the following provisions continue independently from the other obligations of the parties and survive termination of this agreement:
 - (1) clause 1; and
 - (2) clauses 7 to 16 (inclusive).
- (c) Furthermore, termination does not prejudice:
 - (1) any transaction entered into before termination;
 - (2) the Manager's rights to accrued Fees and Costs for the period to termination;
 - (3) the Manager's rights to any amounts payable under clauses 9.4 and 9.5 or otherwise as a consequence of termination or expiry in accordance with this agreement; and
 - (4) a party's accrued rights it had against the other in relation to any breach of this agreement occurring before termination or expiry."

"10 Dispute Resolution

10.1 Escalation

- (a) If either party considers any matter in connection with this agreement to be in dispute (a Disputed Matter), it may give the other party a notice describing the nature of the Disputed Matter.
- (b) The parties must ensure that Senior Representatives of each party meet within 10 Business Days of a party giving the other a notice under clause 10.1(a) to discuss, and negotiate in good faith a resolution of the Disputed Matter.

- (c) If the Senior Representatives agree a resolution of the Disputed Matter, such agreement is binding on the parties (in the absence of manifest error). The parties must take all reasonable steps to implement the Senior Representatives' agreement in relation to the Disputed Matter.

10.2 Expert

- (a) If the Senior Representatives are unable to agree a resolution of a Disputed Matter within 20 Business days of a party giving the other party a notice under clause 10.1(a), either party may refer the Disputed Matter to an Independent Qualified Person agreed by the parties within a further 10 Business Days for resolution. If the parties cannot agree on who the person will be, either party may request the President for the time being of the Law Society of New South Wales, or the President's nominee for the time being, to appoint an Independent Qualified Person to determine the Disputed Matter.
- (b) The parties must instruct the Expert to decide within the shortest practicable time the Disputed Matters by applying the principles set out or referred to in this agreement and give to the parties a report (Expert's Report) that states, on the basis of the Expert's decision, its opinion as to the Disputed Matters including the reasons for the Expert's decision.
- (c) The parties must provide, and must take reasonable steps to ensure that any relevant third party provides all information and assistance which the Expert reasonably requests for the purpose of preparing the Expert's Report.
- (d) Each party may make a submission to the Expert in respect of each of the Disputed Matters and may make a response to the submission of the other party.
- (e) The procedures to be used by the Expert in determining the dispute will be as follows:
 - (1) the Expert will review the documents submitted by each party and have the opportunity to ask specific questions of, or request specific historical documents from, either party to clarify the Expert's understanding of the submissions;
 - (2) in relation to questions asked of one party, the other party may submit to the Expert dissent to any response submitted by the first party to the Expert; and
 - (3) copies of any submission, response or document provided to or by the Expert by or to a party as contemplated in this clause 10.2 will be submitted by the Expert to the other party simultaneously or as soon as received, as the case may be.
- (f) The Expert will act as an expert, not as an arbitrator, in determining the dispute. The Expert's decision is final, conclusive and binding (except in the case of manifest error). The parties must take all reasonable steps to implement the Expert's decision.

10.3 Expert's costs

- (a) The cost of the Expert must be paid by the party determined by the Expert and the parties must instruct the Expert to determine which party is to pay the cost of the Expert. If the Expert is, for any reason, unable to make such a decision and so certifies to the parties, the cost of the Expert must be shared equally and paid by the parties.
- (b) Otherwise, each party must bear its own costs in complying with clauses 10.1 and 10.2.

10.4 Parties to continue to perform

Each party must continue to perform its obligations under this agreement, despite any dispute, or the commencement of any proceedings, under this clause 10.

10.5 Dispute resolution procedures binding

- (a) Subject to clause 10.5(b), compliance with this clause 10 is a condition precedent to a party's entitlement to commence legal proceedings in relation to a Disputed Matter.
- (b) This clause 10 does not apply to a dispute in which a party seeks urgent interlocutory relief."

AUSTRALIAN REGULATORY FRAMEWORK – REGISTERED MANAGED INVESTMENT SCHEMES

The Fund is, and is expected at all relevant times to remain, a Managed Investment Scheme, registered under the Corporations Act.

Australian Managed Investment Schemes are regulated by the Corporations Act, along with regulations and other instruments made under that Act. ASIC is the Australian regulatory authority responsible for regulating Managed Investment Schemes.

This Annexure provides an overview of key Australian investor protections and other regulatory requirements that apply to Managed Investment Schemes. It is a high level summary of specific aspects of the regulatory regime only, and is not intended to constitute legal advice. You should consult a qualified Australian legal adviser should you require advice as to your rights as an investor, or otherwise on aspects of the regulatory regime that applies to Managed Investment Schemes.

A. The responsible entity and its duties

Responsible entity and licensing (section 601FA Corporations Act)

All Managed Investment Schemes must have a single responsible entity, which is responsible to investors who hold interests in the Managed Investment Scheme (**members**).

The responsible entity must be an Australian public company that holds an AFSL which authorises it to operate the Managed Investment Scheme.

Responsible entity's duties (sections 601FB, 601FC, 601MA, 1317E, 1324 and 1325 Corporations Act)

The responsible entity is responsible to members for the operation the Managed Investment Scheme and for the performance of the functions and duties conferred on it by the Managed Investment Scheme's constitution and the Corporations Act.

In exercising its powers and carrying out its duties the responsible entity must:

- (a) act honestly;
- (b) exercise reasonable care and diligence;
- (c) act in the best interests of members and, if there is a conflict between members' interests and its own interests, give priority to the members' interests;
- (d) treat members who hold interests of the same class equally and members who hold interests of different classes fairly;
- (e) not make use of information acquired as the responsible entity to:
 - (i) gain an improper advantage for itself or another person; or
 - (ii) cause detriment to the members;
- (f) ensure that the Managed Investment Scheme's constitution and compliance plan meet the requirements of the Corporations Act;
- (g) comply with the Managed Investment Scheme's compliance plan;
- (h) ensure that the Managed Investment Scheme's property is clearly identified and held separately from other property of the responsible entity;
- (i) ensure that the Managed Investment Scheme's property is valued at regular intervals;
- (j) ensure that all payments out of the Managed Investment Scheme's property are made in accordance with the Constitution and Corporations Act;
- (k) report to ASIC any breach of the Corporations Act in relation to the Managed Investment Scheme that has had, or is likely to have, a materially adverse effect on the interests of members; and

- (l) carry out or comply with any other duty, not inconsistent with the Corporations Act, that is conferred on the responsible entity by the Constitution.

These duties cannot be extinguished or attenuated by the Managed Investment Scheme's constitution.

ASIC may enforce these duties by seeking imposition of civil penalties in respect of a contravention. In addition, members who suffer a loss as a result of a contravention can recover the loss.

The responsible entity holds the property of the Managed Investment Scheme as trustee for members. As such, it is also subject to the general law fiduciary duties that apply to trustees. These include the duty to act honestly in the best interests of beneficiaries of the trust, to exercise reasonable care, and not to deal in trust property for its personal benefit.

AFSL Obligations and conditions

(sections 601FF, 912A and 915C Corporations Act and the Responsible Entity's AFSL)

As a licensee, in addition to the statutory duties outlined above the responsible entity must also comply with Corporations Act requirements which apply to AFSL holders, including:

- (a) ensuring that the financial services covered by its AFSL are provided efficiently, honestly and fairly;
- (b) having in place adequate arrangements for the management of conflicts of interest that may arise;
- (c) complying with the financial services laws;
- (d) having available adequate resources (including financial, technological and human resources) to provide the financial services covered by its licence;
- (e) maintaining the competence to provide those financial services;
- (f) ensuring that its representatives are adequately trained, and are competent, to provide those financial services;
- (g) having adequate risk management systems;
- (h) meeting certain financial requirements by holding specified net tangible assets (see section 10.3 of the PLS for further details); and
- (i) maintaining professional indemnity and fidelity insurance.

The responsible entity must also comply with any specific conditions that apply to its AFSL.

ASIC has general powers of surveillance under section 601FF of the Corporations Act to check whether or not the responsible entity is complying with the Constitution, the Fund's Compliance Plan and the Corporations Act. If the responsible entity is not complying with its obligations, ASIC has a range of options available to it including accepting an enforceable undertaking from the responsible entity, and in some cases ASIC may suspend or cancel the responsible entity's AFSL, in which case it can no longer operate any Managed Investment Scheme.

Delegation and responsibility for agents

(section 601FB Corporations Act)

The responsible entity may delegate its functions to agents or other persons. However, it remains responsible to members and is taken to have done (or failed to do) anything that the agent or person has done (or failed to do), even if the agent or person acts outside of their scope of authority.

Duties of officers and employees

(sections 601FD Corporations Act)

The directors, secretary and other officers of the responsible entity also have statutory duties under the Corporations Act.

The responsible entity's officers must:

- (a) act honestly;
- (b) exercise reasonable care and diligence;

- (c) act in the best interests of the members and, if there is a conflict between the members' interests and the interests of the RE, give priority to the members' interests;
- (d) not make use of information acquired through their position to:
 - (i) gain an improper advantage for themselves or another person; or
 - (ii) cause detriment to the members;
- (e) not make improper use of their position to gain an advantage for themselves or another person or to cause detriment to the members; and
- (f) take all steps that a reasonable person would take, if they were in the officer's position, to ensure that the responsible entity complies with:
 - (i) the Corporations Act;
 - (ii) conditions imposed in the responsible entity's AFSL; and
 - (iii) the constitution and compliance plan of the Managed Investment Scheme.

Related party transactions

(Part 5C.7 Corporations Act)

The Corporations Act restricts responsible entities from providing financial benefits out of the property of the Managed Investment Scheme (or benefits that could endanger such property) to related parties except for benefits provided in certain circumstances. 'Related parties' include related bodies corporate of the responsible entities, as well as various other persons and entities associated with the responsible entity and its directors. Permitted financial benefits include:

- (a) benefits approved by an ordinary resolution of members of the Managed Investment Scheme (other than any member who is to receive the benefit or their associates);
- (b) benefits are provided on arm's length terms;
- (c) certain remuneration, expense reimbursements, indemnities and insurance policies provided for officers of the responsible entity; and
- (d) benefits given to a related party who is a member of the Managed Investment Scheme on a non-discriminatory basis.

Changing the responsible entity

(sections 601FL and 601FM Corporations Act)

Members of a Managed Investment Scheme can replace the responsible entity by passing an extraordinary resolution at a members meeting. This right to replace the responsible entity cannot be removed or qualified by the constitution of the Managed Investment Scheme.

An extraordinary resolution is one that has been passed by at least an absolute 50% of the total votes that may be cast by members entitled to vote on the resolution (including members who are not present at the meeting in person or by proxy).

If the responsible entity wishes to retire, it must call a members' meeting, explain why it wishes to retire and allow members to vote on a resolution to appoint a replacement responsible entity. If members do not appoint a replacement responsible entity the retiring responsible entity may apply to the court to appoint a temporary responsible entity.

B. Constitution, compliance plan and compliance committee

Constitution

(sections 601GA and 601GB Corporations Act)

The constitution of a Managed Investment Scheme must make adequate provision for:

- (a) the consideration to be paid to acquire interests in the Managed Investment Scheme;
 - (b) the responsible entity's power to invest and deal in the Managed Investment Scheme's property;
 - (c) how complaints will be dealt with;
 - (d) winding up of the Managed Investment Scheme;
 - (e) any fees and indemnities out of assets of the Managed Investment Scheme to which the responsible entity may be entitled (which fees and indemnities may only be available in relation to the proper performance of the responsible entity's duties);
 - (f) any borrowing powers that the responsible entity may have; and
 - (g) any rights members may have to withdraw from the scheme, and the procedures for making and dealing with withdrawal requests.
-

Changing the constitution

(section 601GC Corporations Act)

The constitution of a Managed Investment Scheme may be replaced:

- (a) by special resolution of members; or
 - (b) if the responsible entity reasonably considers that the change will not adversely affect members' rights, by the responsible entity.
-

Compliance plan

(sections 601HA and 601HG Corporations Act)

As well as a constitution, a Managed Investment Scheme must have a compliance plan which sets out the measures that the responsible entity applies in operating the Managed Investment Scheme to ensure compliance with the Corporations Act and the constitution. These include arrangements for ensuring:

- (a) the property of the Managed Investment Scheme is held separately from other property and regularly valued;
- (b) adequate records are kept;
- (c) the proper functioning of the compliance committee; and
- (d) annual audit of compliance with the plan by an authorised auditor.

As well as providing a report to the responsible entity the auditor must notify ASIC of any circumstances that the auditor suspects amount to a significant contraventions of the Corporations Act.

Composition of the responsible entity's board and compliance committee

(sections 601JA, 601JB and 601JC Corporations Act)

If at any time less than half of its board members are external directors (generally directors not associated with the responsible entity), the responsible entity must establish a compliance committee. The compliance committee must have a majority of external members.

The compliance committee's role is to monitor the responsible entity's compliance with the compliance plan.

The compliance committee must report to ASIC if it considers that the responsible entity has not taken appropriate action to deal with contraventions of the Corporations Act or the Constitution reported to it.

C. Members' rights

Calling members' meetings and proposing resolutions

(sections 252B, 252D, 252L and 252N Corporations Act)

The responsible entity must call a members' meeting if requested to do so by members with at least 5% of the votes, or by at least 100 members. The request must set out the resolutions proposed to be put to members at the meeting.

Members with at least 5% of the votes may also call a members' meeting themselves.

Members with at least 5% of the votes, or at least 100 members, may require that a resolution be put at a members' meeting, or that a notice be circulated to other member.

Voting at members' meetings

(sections 253C, 253E, 253K and 253L Corporations Act)

On a show of hands each member has 1 vote.

On a poll, each member has 1 vote for each dollar of the value of the total interests in the Managed Investment Scheme that they hold. A poll may be demanded by five members present at the meeting entitled to vote on the resolution, members with at least 5% of the votes that may be cast on the resolution or the chair.

The responsible entity and its associates cannot vote any interests in the Managed Investment Scheme that they may hold if they have an interest in the resolution other than merely as a member.

Distributions of income and capital

Members' entitlements to distributions of income and capital are governed by the Managed Investment Scheme's constitution.

Members' rights to withdraw

(sections 601KA, 601KB and 601KD Corporations Act)

Where a Managed Investment Scheme is liquid, its constitution may set out members' rights to withdraw their investment. A Managed Investment Scheme will be liquid where at least 80% of its assets comprise, cash, bank accepted bills, marketable securities or other assets that readily realisable within the timeframe specified in the constitution).

For a non-liquid Managed Investment Scheme, any withdrawal offer by the responsible entity needs to be given to all members of the Managed Investment Scheme (or a particular class of members) setting out particulars of the withdrawal offer. Members who take up the offer to withdraw must be paid within 21 days of the end of the offer period. Where the proceeds of realisation of the Managed Investment Scheme's assets are insufficient to satisfy all such members' withdrawals, each withdrawing member receives a proportional amount.

Winding up

(section 601NB Corporations Act)

The responsible entity must wind up the Managed Investment Scheme and distribute its surplus assets to members if the members pass an extraordinary resolution (see part A above) directing the responsible entity to wind it up.

Information

(section 247A Corporations Act)

On a member's application, the Court may authorise the member to inspect the books of the Fund.

Replacing the responsible entity and changing the constitution

See part A above for an outline of members' rights to replace the responsible entity.

See part B above for an outline of members' rights to vote on changes to the constitution.

D. Other matters

Financial reporting

(section 292(1), 301(1), 314 and 319(1) Corporations Act)

A financial report prepared in accordance with Australian Accounting Standards must be prepared for the Managed Investment Scheme each financial year and audited.

The report must be sent to members and lodged with ASIC.

Acquisitions of interests

(section 604 Corporations Act)

Managed Investment Schemes are not subject to takeovers or tender offers regulation under Australian law (unless they are listed on an Australian securities exchange).

However, Australian law takeover style protections are contained in the Constitution which, while the Fund is Listed, will apply to an increase of a person's voting power in the Fund from either 20% or below to more than 20% or from a starting point that is above 20% and below 90%.

Furthermore, generally acquisitions of interests that would result in a non-Australian person or corporation acquiring more than 10% of certain types of Managed Investment Schemes (including the Fund) must first be approved by the Treasurer under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (see section 35 of the PLS for further details on restrictions imposed by FIRB).

FEES AND COSTS

The Corporations Act requires that the following warning and information about fees and costs be included in any product disclosure statement.

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 AUD 100 000 to AUD 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 contribution fees and management costs where applicable. Ask the Fund 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.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

Fees and other costs

Table 1 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 the Fund as a whole.

Taxes are set out in paragraph 17 of this Pre-listing Statement.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Table 1:

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the Fund		
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
Termination fee The fee to close your investment	Not applicable	Not applicable

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Ongoing management fees and other costs		
Ongoing management fees The fees and costs for managing your investment and operation of the Fund	The Responsible Entity is entitled to receive out of the Fund an annual management fee of 0.025% p.a. of the Fund's Enterprise Value. However, the Responsible Entity has agreed to defer its right to receive this fee until further notice. The Responsible Entity will however recover its costs in operating the Fund (" Operating Expenses "). The aggregate of the Operating Expenses of the Fund are estimated at 1.0% p.a. of the net asset value of the Fund, i.e. AUD520 for every AUD50 000 invested in Units.	To be reimbursed from the assets of the Fund as the Responsible Entity incurs the Operating Expenses.
Offer costs	Estimated at AUD3 660 053 being 2.7% of net asset value of the Fund i.e. AUD1 359 for every AUD50 000 invested in Units	One-off expenditure incurred upon Listing of the Fund; to be paid by the Responsible Entity and reimbursed from the assets of the Fund.
Service fees		
Switching fees The fee for changing investment options	Not applicable	Not applicable

Note: Fees in Table 1 marked "not applicable" are not applicable because, amongst other reasons, such fees are not charged by the Fund and, as the Fund is a listed entity, such fees are not charged by the JSE on the trading of units. Fees may be charged by your local CSDP or broker.

Example of annual fees and costs

The following table shows a breakdown of estimated ongoing management fees and costs for the 12-month period ending 31 March 2014¹

You should use this table to compare the Units with other managed investment products. All amounts are exclusive of GST.

EXAMPLE	BALANCE OF AUD50 000	
Contribution fees	Nil	Nil
PLUS Management Costs	For every AUD50 000 you have in the Fund you will be charged the following amounts in the first year:	
Management fees	Nil	The Responsible Entity has agreed to defer its right to receive this fee until further notice.
Operating expenses of the Fund	Estimated at 1.0% of net asset value	Estimated at AUD520 for every AUD50 000 initial investment.
Offer costs	Estimated at 2.7% of net asset value on Listing	Estimated at AUD1 359 for every AUD50 000 invested in Units on Listing.
EQUALS Cost of the Fund	If you had an investment of AUD50 000 at the beginning of the year you would be charged fees of approximately AUD1 879 for the year: What it costs you will depend on the investment option you choose and the fees you negotiate with the Fund or your financial adviser.	

¹ The estimates are based on a capital raising of AUD1 12 685 000 under the Private Placing and figures estimated in the *pro forma* balance sheet and forecast statement of comprehensive income. Actual fees and costs as a portion of the net asset value of the Fund may vary from estimated amounts.

Additional explanation of fees and costs

Operating Expenses

The Operating Expenses referred to above include the Base Fee (see paragraph 11.5.1), fees and expenses paid to the Custodian and Independent Party as well as other costs and expenses payable by or reimbursable to the Responsible Entity out of the Fund.

The operating expenses exclude the Property Management Fee and Leasing Fees (as described in paragraph 11.5). Whilst these fees are payable out of the Fund to the Manager, they are generally recovered from tenants and are not ultimately borne by investors.

Offer costs

These costs are one-off in nature such as the transaction costs described elsewhere in the Pre-listing Statement and have not been included in the forecast management costs of the Fund in subsequent years. Offer costs are payable from proceeds raised from the Private Placing.

Broker fees

Additional fees may be charged by your local CSDP or broker.

DIFFERENCES IDENTIFIED BETWEEN SOUTH AFRICAN AND AUSTRALIAN REQUIREMENTS

SOUTH AFRICAN

AUSTRALIAN

Regulation

- Listed South African property loan stock companies are regulated by the JSE under the JSE Listings Requirements.
 - In addition to the JSE, property unit trusts are also regulated by the FSB under the CIS Act.
- In Australia, the Fund is regulated by ASIC under the Corporations Act.
 - In South Africa, the Fund is regulated by the JSE under the JSE Listings Requirements, and the FSB under Section 65 of the CIS Act.

Structure and management of the Fund

- South African property unit trusts (PUT) are structured such that the fund itself has no employees or directors of its own.
 - The CIS Act requires that a PUT be managed by an approved and licensed management company ("**Manco**"). The board of directors of the Manco is considered to be the board of the fund. These directors operate in terms of the Memorandum of Incorporation of the Manco.
 - Under the CIS Act, the FSB requires a property unit trust to appoint an independent trustee. The responsibilities of the trustee are governed by the CIS Act and encompass protecting unitholders interests, acting as the custodian of the assets and securities and ensuring compliance by the management company with the fund's trust deed.
- IAPF has a licensed Responsible Entity that performs the role of the trustee and has the primary responsibility for the governance and operation of the Fund. The Responsible Entity is appointed in terms of the Fund's Constitution.
 - Furthermore, certain asset and property management functions have been outsourced to the Manager pursuant to the Management Agreement.
 - As required by the FSB, the Independent Party has been appointed as an independent trustee to carry out certain operational functions in South Africa in respect of the fiduciary duties to Unitholders. The Independent Party is appointed under the Review Services Agreement and its responsibilities are governed by the CIS Act.
 - As required by the FSB, the independent Custodian has been appointed through the Custody Agreement to hold the assets of the Fund, together with the title deeds of immovable property, on behalf of the Responsible Entity.
 - The Fund has no employees of its own.
 - The directors of the Responsible Entity ("**Directors**") govern the Fund. These Directors operate in terms of the Articles of the Responsible Entity.

Variations in terms of the Constitution

Constitutional Documents

- The constitutional document of a property fund is the Trust Deed or Memorandum of Incorporation.
- The constitutional document of a Managed Investment Scheme is known as the Constitution. This constitutes a legally binding document between the Responsible Entity and all Unitholders.

Stapled securities

- This is not common practice in South Africa and is not applicable at this stage of the Fund's development. Stapled securities will only apply if the Fund should list on the ASX.
 - The JSE will be approached in the event that the Fund wishes to create and list stapled securities at a later stage.
- The Constitution makes provision for the creation of "stapled securities". This practise is common in Australia and it enables an investor to hold two or more securities which are related and bound together and as such must be traded together. See paragraph 21.4 for further information.
-

SOUTH AFRICAN

AUSTRALIAN

Options

- This is not common practice in South Africa.
 - Although there are currently no plans to issue options, in the future the Responsible Entity may grant investors options to subscribe for unissued units, subject to compliance with applicable JSE Listings Requirements. Depending on the nature of the options, the Responsible Entity might seek to list the options on the JSE, however, the JSE will be approached for approval in this regard.
- The Constitution grants the Responsible Entity the power to issue options to subscribe for unissued units. Under the Corporations Act, unless a Managed Investment Scheme's Constitution provides specific provisions governing the issue of options, the Managed Investment Scheme may not be able to issue options.

Fractional Units

- Fractions of securities cannot be issued in terms of the JSE Listings Requirements and the electronic trading systems of Strate do not accommodate this.
- To accommodate JSE Listings Requirements, the Constitution of the Fund does not permit the issue of fractional Units.

Unissued securities (JSE LR Section 10.1)

- Section 10.1 of the JSE Listings Requirements requires a company's Memorandum of Incorporation to provide that shareholders in general meeting may authorise the directors to issue unissued securities as the directors in their discretion deem fit, provided that such corporate action has been approved by the JSE and are subject to the Listings Requirements.
- This requirement does not apply to the Fund, as there are no unissued Units. Units are immediately cancelled when repurchased.
- The Responsible Entity will create new Units in the event that it needs to issue new Units. The creation and issue of new Units will be subject to the pre-emptive rights of existing Unitholders as set out in clause 7.1 of the Constitution of the Fund (see Annexure 16) and the JSE Listings Requirements.

Transferability of securities (JSE LR Section 10.2(a))

- Section 10.2(a) of the JSE Listings Requirements requires that securities for which a listing is sought must be fully paid up and freely transferable, unless otherwise required by statute.
- To accommodate JSE Listings Requirements, the Constitution of the Fund does not permit the offer of any Units for subscription other than as fully paid up.
- The free transferability of Units is impacted by the Australian requirement to notify FIRB in the event of an acquisition of a non-passive interest (generally, over 10%) in the Fund. Investors wishing to acquire passive interests (generally up to 10%) will be able to trade freely up to this threshold.

Voting (JSE LR S10.5(b))

- Section 10.5(b) of the JSE Listings Requirements requires every holder of a Unit must have one vote in respect of each Unit that he holds.
 - The principle of voting in proportion to one's unitholding is reflected in the Corporations Act. However, voting is based on the value of Units held, rather than the number of Units held.
-

SOUTH AFRICAN

AUSTRALIAN

Preferential securities (JSE LR Section 10.5(c))

- Section 10.5(c) of the JSE Listings Requirements requires that the holders of preferential securities not be entitled to vote on any resolution taken by the Fund (except under the special circumstances detailed in section 10.5(h) of the Listings Requirements). In the event that such securities are entitled to vote at general/annual general meetings, their votes may not carry any special rights or privileges and they shall be entitled to one vote for each security held, provided that their total voting right at such general/annual general meeting may not exceed 24.99% of the total voting rights of all Unitholders at such meeting.
- In terms of the Corporations Act, for a registered Managed Investment Scheme, a member's voting rights are fixed by reference to the relative value of their interest. Thus, the following aspects of this Listings Requirement cannot be fulfilled:
 - the Constitution cannot provide that other classes of securities cannot vote except on specified resolutions; and
 - The Constitution cannot cap other classes of securities votes at a general/annual general meeting at 24.99% as this arises by operation of law and cannot be contracted out of.
- Therefore, to accommodate the JSE Listings Requirements:
 - the Constitution has been amended to restrict the issue of units with special voting rights and privileges; and
 - the Fund has provided an undertaking to the JSE that no classes of securities will be created or issued before consulting with the JSE, and the issue of Units will be subject to the JSE Listings Requirements and a special resolution of Unitholders.

Authorised capital (JSE LR Section 10.5(d)(iv))

- Section 10.5(d)(iv) of the JSE Listings Requirements requires approval by special resolution of Unitholders for the amendment to a fund's Memorandum of Incorporation involving an increase in the number of securities of a class.
- The Fund is not able to comply with this requirement as the concept of authorised capital and number of securities in a class does not exist under Australian law.

Capitalisation issues (JSE LR Section 10.6)

- Section 10.6 of the JSE Listings Requirements requires any capitalisation issue by the Fund to be subject to a solvency and liquidity test.
 - Such tests are not applicable to distributions by Australian Managed Investment Schemes. In particular, the balance sheet solvency test is not applicable to a trust, which can make distributions of capital (even if this results in negative net assets).
 - The main restriction on paying distributions (whether income or capital) out of a Managed Investment Scheme is that such payment must not render the responsible entity unable to pay its debts as and when they fall due.
 - To accommodate the JSE Listings Requirements in this regard, the Constitution has been amended to provide that in the event of a capitalisation issue, the Responsible Entity may only provide a cash-out option if it is satisfied that, if it paid the maximum amount of cash payable under such an arrangement, this payment would not cause the Fund to become insolvent.
-

SOUTH AFRICAN

AUSTRALIAN

Minimum number of directors (JSE LR Section 10.16(a))

- Section 10.16(a) of the JSE Listings Requirements requires a minimum of four directors on the board of a fund.
 - Section 10.16(d) of the JSE Listings Requirements requires that if the number of directors fall below the minimum provided in the Memorandum of Incorporation, the remaining directors must, within three months, fill the vacancies or call a general meeting for the purpose of filling the vacancies.
- The Fund is not able to comply with these requirements as it has no directors of its own.
 - The Directors act as directors of the Fund. The Board consists of seven directors.
 - This is also in compliance with the Articles, which states that the Board may not consist of less than three Directors.
 - In terms of the Articles, Directors may by resolution appoint a Director and are entitled to appoint any natural person to be a Director to fill a casual vacancy or as an addition to the existing Board so long as this does not exceed the maximum number allowed under the Articles (i.e. 12 Directors).

Appointment of directors (JSE LR S10.16(b) and Section 10.16(c))

- Section 10.16(b) of the JSE Listings Requirements requires that a fund's unitholders have the right to nominate directors. The appointment of all directors should be subject to shareholder approval at any general/annual general meeting.
 - In addition, section 10.16(c) requires the appointment of a director, to fill a casual vacancy or as an addition to the board, to be confirmed by shareholders at the next annual general meeting.
- The Fund is not able to comply with this requirement as it has no directors of its own.
 - Members of the Board are appointed by the shareholder of the Responsible Entity, being IBAL. Thus Unitholders are not able to appoint Directors.
 - Unitholders are however, able to appoint and remove the Responsible Entity.

Directors' employment in other capacities (JSE LR Section 10.16(e))

- Section 10.16(e) of the JSE Listings Requirements provides that directors may be employed in any other capacity in the company or as a director or employee of a company controlled by, or itself a major subsidiary of, the company and, in such event, their appointment and remuneration in respect of such other office must be determined by a disinterested quorum of directors.
- The Fund is not able to comply with this requirement as it has no directors of its own.
 - The Board has however adopted this policy, which is applicable in respect of Directors that are only directors of the Responsible Entity (and not employed elsewhere in the Investec Group). Their remuneration in respect of the appointment to other entities that are controlled by the Fund, or of which the Fund is a subsidiary, will be determined by a disinterested quorum of Directors.
 - Of those persons that are employed/directors elsewhere within Investec, their remuneration is set and paid by other companies in the group and not by the Fund.

Directors' remuneration (JSE LR Section 10.16(f))

- Section 10.16(f) of the JSE Listings Requirements provides that directors may be paid all their travelling and other expenses incurred by them in conducting the business of the company and if any director is required to perform extra services, to reside abroad or be specifically occupied about the company's business, he may be entitled to receive such remuneration as is determined by a disinterested quorum of directors, which may be either in addition to or in substitution for any other remuneration payable.
- The Fund is not able to comply with this requirement as it has no directors of its own.
 - The Board has however adopted the policy that a disinterested quorum of Directors will determine the remuneration of the non-executive Directors, which will be limited to the re-imbursment of reasonable expenses incurred by such person for purposes of attending Board meetings and the appropriate Directors' fees.
-

SOUTH AFRICAN

AUSTRALIAN

Retirement of directors (JSE LR Section 10.16(g) and 7.B.11(b))

- Section 10.16(g) of the JSE Listings Requirements provides that in a new company, all the directors are to retire at the first annual general meeting. Thereafter, at least one third of non-executive directors must retire at the company's annual general meeting.
 - These retiring members of the board of directors may be re-elected, provided they are eligible. The board of directors, through the nomination committee, should recommend eligibility, taking into account past performance and contribution made.
 - Section 10.16(k) of the JSE Listings Requirements provides that life directorships and directorships for indefinite periods are not permissible.
 - 7.B.11(b) requires disclosure of the provisions of the Constitution with regard to retirement or non-retirement of directors under an age limit.
- The Fund is not able to comply with these requirements as it has no directors of its own.
 - The Directors are appointed for indefinite periods subject to applicable law and the provisions of the Responsible Entity's Articles.
 - Directors hold office until they die or are removed from office through a resolution by the shareholder of the Responsible Entity.
 - Directors have been and will be nominated based on their competency, credibility, knowledge, experience, impact they are expected to have and time and attention they can devote to the role.
 - The Fund is unable to provide the required disclosure in terms of 7.B.11(b) as the Directors are not subject to retirement as a result of age limits.

Written board resolutions (JSE LR Section 10.16(j))

- Section 10.16(j) of the JSE Listings Requirements provides that a decision that could be voted on at a board meeting may be adopted by written consent of a majority of the directors, given in person or by electronic communication.
 - Any such resolution may consist of several documents and shall be deemed to have been passed on the date on which it was signed by the last director who signed it.
- The Fund is not able to comply with this requirement as it has no directors of its own.
 - In terms of the Articles, Board resolutions of the Responsible Entity may be passed by way of written resolutions in a similar manner as stated in the JSE Listings Requirements.

Principles of the King Code that cannot be complied with

- The Board should ensure that the Fund's ethics are managed effectively
 - Unitholders should approve the Fund's remuneration policy
- The Fund has no employees and thus ethics can only be managed/implemented at Board level.
 - The Fund cannot apply this principle as the remuneration policy of the Directors is set by the Directors. However, the shareholder of the Responsible Entity (being IBAL) may fix a limit on the amount of remuneration payable to the Directors.
-
- The Board should be responsible for information technology (IT) governance
 - The Board should delegate to management the responsibility for the implementation of an IT governance framework.
 - The Board should monitor and evaluate significant IT investments and expenditure
- These principles cannot be applied fully as the Fund will not have IT systems of its own.
 - Through a Services Agreement with the IBAL, the Manager will make use of IBAL systems to operate the Fund and will be governed by the IT governance framework of IBAL.
 - The Responsible Entity will oversee all significant expenditure on behalf of the Fund.
-
- Corporate governance principles related to internal audit
- The Fund cannot fully apply these principles as it will not have an internal audit function of its own.
 - The Fund will make use of the internal audit function of IBAL.
-

SOUTH AFRICAN

AUSTRALIAN

Takeover Law

- Corporate activity (i.e. schemes, mergers, takeovers) by South African companies are regulated by the Takeover Regulation Panel under the Companies Act.
 - In contrast, property unit trusts are Collective Investment Schemes that are regulated under the CIS Act and are therefore not subject to the Takeover Regulations. Therefore, no takeover regime governs merger/acquisition activity of property units trusts in South Africa.
- Fund will not be governed by the takeover provisions of the Corporations Act and no specific Corporations Act regime regulates mergers/schemes of arrangements involving Managed Investment Schemes.
 - Certain key principles and protections of the takeover regime in Australia have been included in the Fund's Constitution.
-

Out of the Ordinary®



Australia Property Fund

INVESTEC AUSTRALIA PROPERTY FUND

Registered in terms of the CIS Act

Registered in terms of ASIC (ARSN 162 067 736)

("IAPF" or "the Fund")

(Share code: IAP ISIN: AU601NL00018)

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

APPLICATION FORM TO PARTICIPATE IN THE PRIVATE PLACING

The definitions commencing on page 9 of the Pre-listing Statement to which this Application Form is attached, apply throughout this Application Form, unless the context clearly indicates otherwise.

-
- **The inward listing of the Units in the “Real Estate Holdings and Development” sector of the JSE; and**
 - **The Private Placing by way of an offer for subscription to Invited Investors of a maximum value of AUD 112 685 000 of new Units at a Private Placing Price of between AUD 0.95 and AUD 1.05 per Unit.**
-

The Private Placing is at the discretion of the Directors.

Please refer to the instructions overleaf before completing this Application Form. This Application Form must not be distributed unless included in, or accompanied by, the Pre-listing Statement.

This Application Form, when completed, should be sent to:

Attention: Nick Riley
Investec Corporate Finance
100 Grayston Drive
Sandown
Sandton
2196
(PO Box 785700, Sandton, 2146)

The Application Form must be received by the Bookrunner by no later than 12:00 on Thursday, 10 October 2013.

NO LATE APPLICATIONS WILL BE ACCEPTED

Reservation of rights

The Directors reserve the right to accept or refuse any application(s), either in whole or in part, or to pro rate any or all application(s) (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine.

The Directors reserve the right to accept or reject, either in whole or in part, any applications should the terms contained in this Pre-listing Statement of which this Application Form forms part and the instructions herein are not properly complied with.

Invited Investors must participate in the Private Placing for an amount of not less than the AUD equivalent of R100 000 per institutional investor and not less than the AUD equivalent of R1 000 000 per non-institutional investor.

To the Directors:

Investec Australia Property Fund

1. I/We, the undersigned, confirm that I/we have full legal capacity to contract, and, having read the Pre-listing Statement, hereby irrevocably apply for and request you to accept my/our application for the under mentioned number of Units at a Private Placing Price of between AUD 0.95 and AUD 1.05 per Unit or any lesser number that may, in your absolute discretion, be allotted to me/us.
2. I/We agree to being issued the number of Units I/we apply for (or a lower number issued in accordance with the Pre-listing Statement and to being bound by the Constitution of the Fund.
3. I/We understand that the Private Placing in terms of the Pre-listing Statement is conditional on the granting of a listing of the Units by Wednesday, 23 October 2013 or such later date as the Directors may determine, on the JSE and on the raising of a minimum of AUD 54 495 000 in terms of the Private Placing.
4. I/We declare and represent that I am/we are in possession of a copy of the Pre-listing Statement (and any supplementary or replacement document) and have read them all in full and understood their contents. If I am/we are applying for or accepting Units on behalf of another person, I/we declare and agree that I am/we are duly authorised to do so and the person for whom I am/we are acting as agent is duly authorised to do so in accordance with all relevant laws, my/our principal guarantees the payment of the Private Placing Price, and my/our principal is in possession of a copy of the Pre-listing Statement (and any supplementary or replacement document).

5. I/We declare and represent that I am/we are not in the United States, have not sent and will not send the Pre-listing Statement or any other material relating to the Private Placing to any person in the United States, and that I/we have not received or accepted the Private Placing in the United States.
6. I/We understand that the Units to be issued in the Private Placing have not been and will not be registered under the US Securities Act and may not be offered, sold or resold in the United States, except in transactions exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws.
7. I/We understand that the Pre-listing Statement does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer; and that no action has been taken to register the Units or otherwise permit an offering of Units in any jurisdiction outside of Australia or South Africa (it being acknowledged that no offer is made in Australia).
8. I/We agree that I/we will not send the Pre-listing Statement or any other material relating to the Private Placing to any person, nor offer or sell the Units to be issued in the Private Placing, in any jurisdiction except in compliance with all applicable laws.
9. I/We understand that personal information is collected on the Application Form by the Bookrunner and Transfer Secretaries for the purpose of maintaining registers of unitholders, facilitating distribution payments and other corporate actions and communications. I/We consent to personal information being disclosed to the Responsible Entity's related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. Such sharing may necessitate the information being transferred overseas, and I/we consent to such transfer.
10. I/We authorise the Responsible Entity and the Bookrunner and their officers or agents, to do anything on my/our behalf necessary for Units to be issued to me/us, including to act on instructions received by the Transfer Secretaries and Bookrunner using the contact details in the Application Form.

Dated: _____

Signature: _____

Assisted by (where applicable): _____

Telephone number: _____

Mobile number: _____

Name of corporate body/surname	
First names in full (if individual)	
Postal address (preferably PO Box address)	
Refund cheque (if any) and Unit certificate (if applicable) will be sent to this address	
	Postal code
Total amount of cheque or banker's draft to cover the number of Units applied for herein at between AUD0.95 and 1.05 per Unit Note: <i>Minimum applications detailed in paragraph 19.8 of Pre-listing Statement.</i>	R (Enter figures only – not words)

Required information must be completed by CSDP or broker with their stamp and signature affixed thereto:

CSDP name	
CSDP contact person	
CSDP contact telephone number	
CSA or bank CSD account number	
Scrip account number	
Settlement bank account number	
Stamp and signature of CSDP broker	

INSTRUCTIONS:

1. Copies or reproduction of the Application Form will be accepted at the discretion of the Directors.
2. Please refer to the terms and conditions of the Private Placing as set out in paragraph 19 of the Pre-listing Statement. Applicants should consult their stockbroker, banker or other professional adviser in case of doubt as to the correct completion of this Application Form.
3. Applicants must submit only one Application Form.
4. No receipts will be issued for Application Forms.
5. All alterations on this Application Form must be authenticated by a full signature.
6. In determining the basis of allocation, the date that applicants committed to applying for the purchase of Units in terms of the Private Placing will be taken into account.

